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PROCEEDINGS AND DEBATES OF THE 97th CONGRESS, FIRST SESSION

SENATE—*Tuesday, October 6, 1981*

(Legislative day of Wednesday, September 9, 1981)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Reverend James David Ford, D.D., Chaplain, U.S. House of Representatives, offered the following prayer:

Let us pray.

Almighty God, from whom we receive our strength and in whom we live and move and have our being, grant that we will listen to Your promises and heed Your word. In the course of our daily concerns, may we hear Your voice of calm and assurance, and amid the clamor of our world, may we be led by Your divine guidance.

Bless those who turn to You and may Your spirit enable all people to see the way of truth and justice. Help us not to be overcome by the challenges that come from every side, but supported by Your love, may we do those things that bring honor to You and are of service to those in need. In Your name, we pray. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. Mr. President, I thank the Chair.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that, after the recognition of the two leaders under the standing order and certain Senators as heretofore identified on special orders, there be a brief period for the transaction of routine morning business of not more than 20 minutes in length in which Senators may speak for not more than 5 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ASSASSINATION ATTEMPT ON PRESIDENT SADAT

Mr. BAKER. Mr. President, I was shocked this morning to learn on television of the assassination attempt on President Anwar Sadat, of Egypt.

We do not know the details yet. Indeed, we are not sure whether or not President Sadat has survived this attempt on his life. But we are sure that it was a savage attack on a great world statesman, a friend of this country, and a leader for peace.

I wish to express, Mr. President, my personal regrets and my profound sorrow. I believe that I must surely speak for every Member of the Senate when I say that we extend to President Sadat and his family our very best wishes for his recovery, and to the people of Egypt our hopes for their continued stability and movement toward prosperity and peace.

Mr. President, if the distinguished minority leader wishes me to yield to him at this time, I am happy to do so.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader.

Mr. President, I share the majority leader's expressions of grave concern with respect to the events that have taken place in Egypt.

As the distinguished majority leader has indicated, we here on this floor are unsure at the moment as to precisely what the state of President Sadat's condition is. We hear conflicting reports.

Our hopes and our prayers are that he will, indeed, survive this dastardly assassination attempt. If those prayers cannot be answered, we pray that there will be peace in the Middle East. I pray that we will be cool at this moment and that we will not make hasty judgments.

I know that there are those who feel that this event may have some impact on the AWACS sale. I would simply wish to caution that we ought to take a step back and we ought not reach any hasty decisions. We ought to see how things fall into place, what occurs, what the implications are, and be patient and careful in reaching our decisions on this matter, realizing that, after all, the interests of the United States are much involved and should always have top priority in our thinking and in our judgments.

Mr. President, I join with the distinguished majority leader in expressing our sorrow to the family of President Sadat and to the families of the others who were injured.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER (Mr. ABDNOR). The majority leader is recognized.

Mr. BAKER. Mr. President, in deference to our concern for the welfare of President Sadat, the Vice President of Egypt, the Defense Minister, and others who were involved, I will withhold any further comments at this time.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I am prepared to yield the remainder of my time, if any remains, to the minority leader or to any Senator who may wish to have it.

Mr. ROBERT C. BYRD. Mr. President, I accept the generous offer of the majority leader. There is going to be a colloquy on my side of the aisle that will require some time, I understand. I would like to use the time the majority leader has offered to yield.

Mr. BAKER. Mr. President, I now yield the remainder of my time to the distinguished minority leader.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER. The minority leader is recognized.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader.

HOUSING INDUSTRY DOWNTURN

Mr. ROBERT C. BYRD. Mr. President, the housing industry has long been regarded as a bellwether of this Nation's general economic health. A major downturn in housing strains the entire economy. The housing industry employs a wide range of skilled and unskilled labor, and many small businessmen throughout the country earn their livelihood through the industry. Housing investments tend to have a multiplier effect as people purchase appliances and furniture, and make improvementes in their property.

Two years ago, on October 6, 1979, the Federal Reserve Board began a new policy of tight money. The Fed said that it

would permit a relatively modest and constant growth in the money supply, and let interest rates go wherever demand for money would push them. At that time, I warned against a period of sustained high interest rates, and of the waste of human potential and economic capacity that they bring. We are now seeing exactly how bitter the medicine has become, as we reexamine the Fed's policy of tightening credit and raising interest rates, and the destruction it has fostered.

We are now in our 34th month of decline in housing starts and it appears clear that 1981 may be the worst year for housing since 1946—when 1,023,000 housing units were started. Housing starts in August fell to a seasonally adjusted annual rate of 937,000 units. This is only the third time since World War II that housing starts have fallen so drastically. Moreover, the August rate was supported by federally subsidized section 8 housing starts. As the budget cuts begin, federally subsidized activity will also plunge in the upcoming months.

The Fed's action to tighten credit has reduced both the demand for and the supply of mortgage money.

It is estimated that unemployment in the construction industry alone could climb for 17 to 21 percent of the construction workforce, or more than a million workers.

The Chairman of the Federal Home Loan Bank Board, Richard Pratt, has stated that 80 percent of the country's savings and loan associations are experiencing operating losses under present economic conditions.

Real interest rates are at their highest levels since World War II. The Federal Reserve Board appears unwilling to back away, even a few steps, from its policy of tight money. In fact, this year monetary expansion targets were lowered, and are being lowered again for 1982.

Since the housing industry is among the largest industries in the country, a severe collapse would shock the economy. The housing industry cannot be left alone, without aid, to bear the brunt of what the Fed contends are our only real anti-inflationary policies. Before the crisis worsens, the administration must insure that adequate credit is made available to the industry. This means further reexamination of the Federal Reserve Board's tight money policy. It means close scrutiny of administration proposals to cut Federal loan guarantee authority for housing. Americans continue to need new and affordable housing, and the Congress must work to see that this need is met.

Mr. President, I, too, have an order which was entered on yesterday for 15 minutes. I ask unanimous consent that I may combine the two time periods under my control and that I may utilize my entire time later this morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I thank the Chair.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin (Mr. PROXMIRE) is recognized for not to exceed 15 minutes.

Mr. PROXMIRE. I thank the Chair.

WHAT CAN THE CONGRESS DO TO REDUCE HIGH INTEREST RATES AND INFLATION?

Mr. PROXMIRE. Mr. President, none of us can go back to our States and talk to more than a handful of people without recognizing that the problem that is troubling the American people more than any other right now is high interest rates as the cruel, cutting edge of inflation. High interest rates are caused in very large part by massive Federal debt and huge deficits.

HIGH INTEREST RATES DEEPEN FEDERAL DEFICIT

First these interest rates constitute a very, very serious extravagance for the Federal Government itself.

Next year, the estimates are that this Federal Government will have to spend $100 billion to service the national debt. That will constitute the biggest percentage of gross national product for service on the national debt ever in the history of our country, including the peak of World War II and the period after World War II when we had a larger national debt in relationship to our gross national product. But the cost of servicing this national debt would be far greater, and far greater even in relationship to the size of our much bigger economy, than it was at that time because interest rates are so high.

To put it into some immediate perspective, I might point out that the cost if distributed among all of our 220 million people would be about $500 per year for every man, every woman, and every child in this country.

That means for a family of four, their burden for just servicing the national debt, buying nothing, buying no defense, buying no programs for the least fortunate in our society, buying nothing but air, buying just interest on the national debt, is $2,000 for the typical family of four in this country.

That $100 billion that we will have to spend next year just to service the national debt is bigger than the entire budget in 1961, just 20 short years ago.

Let me repeat that: The $100 billion we will spend next year to pay interest on the national debt is bigger than our entire budget when John F. Kennedy was President of the United States. That is how colossal, how burdensome, how overwhelming the interest on the national debt has become.

INTEREST ON DEBT UNCONTROLLABLE

Furthermore, that $100 billion is absolutely uncontrollable. It is not like other expenditures where we can vote to cut it down. We cannot reduce it to $80 or $50 billion, or any other figure, just by passing legislation to reduce it. It is an obligation. Every Member of this body, Republican and Democrat, realizes that this country must keep its obligations. Our obligations are sacred.

As Alexander Hamilton recognized at the time of the Revolution, keeping our obligations and keeping our promises are absolutely essential if we are going to be able to borrow money in the future to keep our Government going. So we cannot cut that terrific burden. We have to pay that $100 billion a year whether we like it or not. It is almost the only element in our budget which is not controllable.

We can even reduce the entitlement programs. In fact, we will have to reduce the entitlement programs. We can do that by legislation. We are very reluctant to do it, we do not like to do it, but we can do it. We cannot, however, reduce the interest on the national debt, at least not directly by legislation.

But there is something we can do to hold it down and get it under control, which I will come to at a later date. We cannot pass a law saying we are going to pay less interest. We have no choice. We have to pay it.

HIGH INTEREST RATES DEVASTATE ECONOMY

Also, this huge Federal debt that we have and the enormous deficits that we are running have a more immediate effect, a devastating effect on homebuilders, on auto dealers, on farmers, on small businessmen.

What happens, of course, is that the borrowing by the Federal Government to fund the deficit, borrowing to fund off-budget borrowing, crowds out Americans who need credit. That borrowing simply takes the place of the kind of loans that literally hundreds of thousands of businessmen could get, and at lower rates, if the Federal Government were not in the credit market so deeply.

So the fact that we have a $1 trillion national debt that we are pushing to $1 trillion, 79 billion is the fundamental problem that we have if we are going to do anything about getting interest rates down. We have to do something about that colossal debt, those enormous deficits. That is the core of the problem, Mr. President.

HIGH INTEREST RATES AGGRAVATE INFLATION

Furthermore, Mr. President, these huge Federal deficits and massive debts, by themselves, are aggravating inflation. In fact, I think it is the most inflationary element we have in our Federal policies because, by forcing interest rates up, we increase the cost of virtually everything we buy.

We live in a credit economy, Mr. President, and there is nothing that we can buy that is not affected by the rate of interest that the businessman has to pay in producing it. Of course, the most conspicuous element is a home. Today, the average price for a home is over $70,000. Because interest rates are so high, when a typical buyer goes to buy a home—of course, almost nobody can pay cash for his home. Who can come up with $70,000? You have to borrow and, if you are lucky, you have to come up with a downpayment of only 20 percent. So you have to borrow with a mortgage.

HOUSING

The typical mortgage now is 17 or 18 percent. Let us take the 17-percent figure. If the mortgage is 17 percent, calculations that have been made by the housing experts on the Banking Committee are that the typical home buyer will have to make a $1,000-a-month payment on that average-priced house—$1,000 a month. Mr. President, that just knocks out the overwhelming majority of the American people. They cannot

afford to pay $1,000 a month for their housing.

After they pay taxes—social security tax, income tax—the average family in this country has about $16,000 or $17,000 left. If they have to pay $12,000 for housing, that gives them $5,000 for everything else and they cannot get along on that. That is a poverty income. So it knocks an average family, even knocks a family that has a better-than-average income, out of the housing market.

The important point to recognize here is that out of that $1,000 a month, 80 percent—$805 to be exact—is the interest cost. The interest cost is the culprit. If we could cut that in half, we could reduce the monthly payments from $1,000 to $600 a month. That is still very high, but it would be reasonable enough so that literally hundreds and hundreds of thousands of families that cannot buy homes would buy them.

AUTO INDUSTRY

Of course, that is true of automobiles. Very few people can afford to pay cash for an automobile these days—$5,000, $6,000, $7,000, $10,000 to buy a new car, or even a used car. The overwhelming majority of people have to finance that purchase. When they finance the purchase, a big element in the cost is interest. It is a prohibitive element.

You talk to any auto dealer. He will tell you that he is unable to sell cars now because the monthly payments for buying those cars is too high. He cannot even afford to keep in stock a sufficient inventory so he can show his customers the new cars he has available. Why? Because he has to pay thousands of dollars a month with a typical dealership just to pay interest on his inventory. So this is having a devastating effect on the automobile business.

The head of American Motors was in my office just a few weeks ago. He was talking about the grim outlook for all automobile companies. He pointed out the heart of it was high interest rates. That is what is throttling the automobile industry. That is why Detroit and States like Indiana, Ohio, Wisconsin, too, and many other States, are in such dire shape. Of course, every State, including South Dakota, has many auto dealers who are very, very important in the local economies. They are really suffering. Many are going out of business because they simply cannot afford to continue with interest rates as high as they are.

CREDIBILITY

Mr. President, I suppose the most important damaging effect of these huge Federal deficits we are running and the massive debt is that they destroy any credibility that our policies can have with the American people that we really are getting a grip on inflation. I noticed in the paper just yesterday an article interviewing former Secretary of the Treasury Michael Blumenthal. Mr. Blumenthal, as we all know, was Secretary of the Treasury between 1977 and 1979. He is a brilliant businessman. He has been very successful as a businessman. He understands the business psychology. He also understands a great deal about our Federal Government and the problems of our Federal Government, having been a Secretary of the Treasury for a number of years and, I think, a very responsible and intelligent Secretary. Here is what Secretary of the Treasury Blumenthal said the other day.

SECRETARY BLUMENTHAL

He said he is dismayed by the prospect of large budget deficits in the next several years. He warned that that same fear among business leaders generally is discouraging the pickup in corporate investment that the administration is hoping for. He said he sympathizes with the frustrations of Treasury Secretary Regan, who has bluntly told business executives that they ought to be responding to the President's program by stepping up their investment plans; but he points out that the administration has done rather well for the business and financial community, and business is grateful. So he does not think that President Reagan is being picked on, but it is pretty clear that the loss of three-quarters of a trillion dollars in tax receipts for the next 6 years represents a gap that no one can see being bridged very easily.

Mr. President, he is talking about the fact that we face the likelihood of massive deficits over the next 5 years, at least.

BUSINESS WEEK

Business Week, which, as we know, is a spokesman for American business, a very eloquent one and a very reasonable one, in its most recent issue—as a matter of fact, it is dated October 12, but it came out yesterday. Their lead editorial says:

President Reagan's initial tax and spending victories in Congress were due, in large measure, to an impressive grassroots lobbying blitz by a united business community. But as the White House girds for a second round of budget-cutting, it is finding that some top Washington corporate lobbyists are distinctly cool to the new call to arms.

It indicates that they are going to have great difficulty in making these reductions not because they are opposed by labor and opposed by consumer groups and others, but because many of these cuts will be opposed by business itself.

FORTUNE MAGAZINE

Then we have Fortune Magazine the other great spokesman for the American business community. They have an article entitled "What The Markets Are Telling Reagan." It says they are not saying the economic plan will not work; they are afraid he will not stick with it.

Then in a very revealing and perceptive paragraph, Fortune says this:

But the public has come to equate deficits with inflation, and justifiably so. While the Fed doesn't have to monetize them, the political pressure to do so grows as the Treasury increases its demands on the money markets and more and more private borrowers are frustrated in their desires for credit. The connection between deficits and money growth seems incontrovertible: from 1946 through 1966, monetary growth was modest, inflation was generally low, and the cumulative deficit came to all of $2.4 billion.

That was from 1946 to 1966, a cumulative deficit that was virtually a balanced budget during those years. Then, of course, as we know, we had low inflation. We had an average inflation of around 1 or 2 percent.

Since then, monetary policy has been disastrous, inflation has risen to double digits, and deficits have totaled more than $350 billion.

Not only has monetary policy been disastrous, of course, Mr. President, but these enormous fiscal deficits we have been running have been devastating for credibility for our economy.

SECRETARY REGAN

Now, Mr. President, in the current issue of U.S. News and World Report, we get a truly alarming revelation regarding the Secretary of the Treasury. This is also October 12. U.S. News reports that Secretary Regan says:

The debt limit will have to be raised next year, maybe twice.

In other words, $1.79 trillion is not enough. We will have to go higher—not once, but twice next year. What this means—the signal this is giving to the American people—is that we can expect that we are going to have deeper deficits, demanding more of the credit markets, driving interest rates higher, and increasing the rate of inflation in the next couple of years, and that will be the policy of this administration.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator's 15 minutes have just expired.

Mr. PROXMIRE. Mr. President, my time has expired, and I yield the floor. I will speak later on this subject.

RECOGNITION OF SENATOR EAGLETON

The PRESIDING OFFICER. Under the previous order, the Senator from Missouri (Mr. EAGLETON) is recognized for not to exceed 15 minutes.

Mr. EAGLETON. I yield 1 minute to the Senator from Wisconsin.

Mr. PROXMIRE. I thank my good friend from Missouri.

I will conclude my remarks at a later date, but I have a statement on another subject at this time.

OUR RECORD DEMANDS THAT WE RATIFY THE GENOCIDE TREATY

Mr. PROXMIRE. Mr. President, when the Senate debated the International Security and Development Cooperation Act of 1981, a key issue of concern was the question of American military and economic assistance to El Salvador. The bill as reported by the Foreign Relations Committee imposed certain conditions on U.S. aid to the Duarte government. The chief objective of these conditions was to insure that in order to continue to receive assistance, the Duarte government would have to demonstrate significant improvement in the area of human rights.

Specifically, the bill requires the President to certify to the Congress that the Government of El Salvador is making significant progress controlling gross violations of human rights and is moving to bring an end to the indiscriminate murder of Salvadoran citizens by some elements of its own armed forces.

Mr. President, I am extremely pleased the Senate voted to support these pro-

visions of the bill. This action which reflects an active and firm commitment to the fight for human rights is far from being the first step this body has taken in attempting to safeguard the basic human rights of people all over the world. It has certainly not been through inaction that we have earned the reputation as a vanguard in the international fight for human rights.

Mr. President, what could be a more appropriate expression of our convictions than to ratify the Genocide Convention, a treaty which would make mass murder—the most heinous crime known to man—an international crime?

Why have we waited so long to join over 80 other nations in a treaty which seeks purely to safeguard the most basic precious human right? Surely we have not judged such a measure to be unworthy of our support.

I urge my colleagues to act quickly to erase this blemish from our record of support for human rights. We must ratify the Genocide Treaty now.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, will the distinguished Senator from Missouri permit me to interrupt him?

Mr. EAGLETON. I yield.

Mr. BAKER. I thank the Senator.

ASSASSINATION ATTEMPT ON PRESIDENT SADAT

Mr. BAKER. Mr. President, I regret to advise the Senate that the Vice President of the United States has just notified me, and asked me to notify the Senate, that President Sadat of Egypt has just passed away.

The Vice President asked me to convey this information to the Senate and to pass on to you the information that our notification, at this moment, is that President Sadat did die from the wounds suffered in an assassination attempt.

As I receive an official confirmation of that or other information, I will pass it on to the Members of the Senate.

Mr. EAGLETON. Mr. President, all in this body are stunned by the tragic developments that have unfolded in Cairo this morning.

President Sadat is one of the great men of modern times, a man of extraordinary wisdom, a man of extraordinary courage.

It is one of the tragedies of our era that decent men of good will become intentional targets of lunatics, fanatics, the obsessed, the possessed. How long will this incredible toll be taken among civilized mankind?

The consequences to world peace of President Sadat's death are staggering, and those consequences will not be easily or readily discerned in the immediate future. There are too few great statesmen in the world today; and when one is gunned down, as President Sadat was this morning, the whole world suffers. This is not simply a loss to Egypt, cruel and deep as that loss is. It is a loss to mankind. It is a loss to civilization as a whole.

Mr. President, I have a speech on another subject which I will pursue, but I notice that the distinguished minority leader is in the Chamber at this time. If he is of a mind to say something at this tragic time, I will yield to him.

Mr. ROBERT C. BYRD. I thank the distinguished Senator from Missouri for his thoughtfulness and his courtesy.

Mr. President, there are still mixed signals coming to us with respect to President Sadat's condition, and I will await further information.

THE WINDOW OF VULNERABILITY

Mr. EAGLETON. Mr. President, President Reagan's announcement of last Friday with respect to the MX missile with the B–1 bomber were, to say the innocuous, interesting and, to tell the truth, downright mystifying.

MX MISSILE

The President has decided to "narrow the window of vulnerability" by putting our newest and most accurate missile in our most vulnerable hole, the present Titan hole. If President Carter had recommended this, Senator TOWER would have called for his impeachment. There is no way to harden adequately the Titan hole to protect it as the new receptacle for the MX.

What the Presdient's decision does do is to enhance potentially our first-strike capability against the Soviet Union. This may warm the hearts of America's superhawks, but will chill the minds of the Soviet Union's generals and possibly put those generals on a nuclear-war-hair-trigger. Seventy percent of the Soviet Union's missile force is land-based—as contrasted with the United States' rough one-third land, one-third air, and one-third sea. The MX missile in the old Titan hole poses a potential first-strike threat to the heart of the Soviet missile system and thus risks greater United States-Soviet destabilization.

Further, the placement of the MX in the vulnerable Titan hole makes presumed sense from an American retaliatory point of view only if we pretend to protect that Titan hole with a point-site ABM. Thus, if the President gets his way on placing the MX in the Titan hole, he will in time then proceed to seek to abrogate the ABM Treaty between ourselves and the Soviets. Will that not be wonderful in terms of United States-Soviet Arms Control negotiations?

Let us face it, the President's MX decision was purely and simply political. It was the politics of Nevada and Utah, the politics of Senators LAXALT and GARN who told the President to keep the MX out of their States. What will our European allies tell us when we say to them, "Don't let domestic European politics interfere with the placement of the neutron bomb in Europe"? If we play domestic politics with missiles in the United States, why cannot they play domestic politics with neutron bombs in Europe?

B–1 BOMBER

The B–1 bomber is a "turkey." It will be outmoded virtually at the very time we have it in any meaningful numbers. It will not be able to penetrate Soviet air defenses after 1990.

It serves as a sop to Air Force generals who like to fly on new bombers.

It serves as a sop to President Reagan's hawkish, anti-Carter campaign pledges.

If we spend billions on the B–1 turkey, we will not have the billions to modernize the B–52-cruise missile combination or to proceed rapidly with the Stealth bomber, the bomber that can penetrate Soviet air defenses well into the 21st century. We will not only be wasting billions, but will be weakening our defenses by short-changing programs that could enhance our defense posture such as conventional force preparedness.

It is as if Reagan social and defense policies have finally merged. We will be placing a social safety net under the window of vulnerability to protect the truly needy. And who are the truly needy? North American Rockwell, the builders of the B–1 bomber.

ORDER OF PROCEDURE

Mr. EAGLETON. Mr. President, I have additional time which I will be delighted to yield to someone if someone so wishes. If there is no desire for that additional time, I will then yield back the remainder of my time.

I ask the Senator from Tennessee and the Senator from California whether either of them wishes the remainder of my time.

Mr. BAKER. Mr. President, I have no need for the remainder of the time. I appreciate the offer.

Mr. EAGLETON. Mr. President, I yield back the remainder of my time.

RECOGNITION OF SENATOR CRANSTON

The PRESIDING OFFICER. Under the previous order, the Senator from California (Mr. CRANSTON) is recognized for not to exceed 15 minutes.

TRAGIC EVENTS IN THE MIDDLE EAST

Mr. CRANSTON. Mr. President, I had intended to speak about high interest rates and the deep concern we all have about them, what they are doing to our economy and about the policies that produce them.

I wish first to express my sorrow over the tragic events in Egypt.

At the time that I speak I am not absolutely certain that President Sadat has died, although the reports seem to indicate that that is the case.

This is a tragic act, that is one of violence against one of the world's greatest leaders of our time, a man who has contributed so much to peace in the Middle East and who has been such a staunch friend of the United States.

The consequences of this act cannot be measured in terms of their negative im-

pact upon the peace process in the Middle East and the developing friendship and relationship of stability between Israel and Egypt and its impact on the rest of the Middle Eastern world and on the many issues that we are presently contending with and considering that relate to our relationship with that part of the world. All of that is now in an unpredictable state.

THE HIGH INTEREST RATE COST OF REAGANOMICS

Mr. CRANSTON. Mr. President, today is the second anniversary of the Federal Reserve Board of Governors' decision to keep interest rates high until inflation abates.

We are entering the third year of a policy which was initiated with the announced intention of keeping interest rates high until the Federal Government matches spending with income—in other words, balances the budget.

But to complicate matters further, the Reagan administration has installed and is holding fast to a stimulative fiscal policy calling for massive deficit spending.

The Reagan program is called by the President and others a supply-side program.

The supply-side label, however, will not stretch far enough to hide what the Reagan program actually is: The biggest deficit spending program in history.

The Federal Government's revenues simply will not match the President's promises of increased defense spending and his commitment to our citizens for basic income maintenance and basic Government services.

The fact that the deficit is caused primarily by an accelerating decline in revenues does not change the way the Government must finance the deficit. Obviously, the Federal Government will finance the deficit by borrowing record-breaking sums of capital sorely needed by others in private business, industry and construction.

Earlier this year spokesmen for the Reagan administration attempted to explain why the administration's projected deficit would not be inflationary. As they explained it, "the Fed would refuse to monetize the deficit."

The Fed has indeed refused to monetize the deficit.

The result will be that the administration with one hand has prescribed a supply-side tax cut for the economy but with the other hand it throttles the patient so he cannot swallow the medicine.

Apparently, some in the administration recognize this.

This weekend the Secretary of the Treasury asked that the Fed loosen its grip—make more credit available at lower interest rates—so the economy can recover.

I applaud his statement.

But if recent history is a guide we can expect some spokesperson or other in the administration say that the Secretary did not mean what he said.

For the fact of the matter is the administration is playing both sides of the monetary policy game.

In September both President Reagan and Secretary of the Treasury Regan complained about the Fed's high interest rate policies. In both cases, spokesmen for each either denied or contradicted the earlier statements. The complaints of the President and the Secretary get front page headlines, but the retractions by their aides get inside coverage in the business pages.

These "good guy" laments by the President and his Secretary distract attention from the very real economic pain being inflicted upon the American people by the policies of this administration.

What we need are some good guy actions by the President to bring down interest rates, and soon.

Small business now rates high interest rates as the single most important problem affecting business. The National Federation of Independent Business reports that this is the first time in history that small business members of the Federation have ranked high interest as the worst problem they face.

The Federation reports that 55 percent of small businesses in California are paying rates in the 19 to 22 percent range. If inventories financed at these rates remain unsold, bankruptcies, shutdowns and lay-offs are foreseeable in the near future.

Housing construction is, as the National Association of Homebuilders describes it, "a nightmare."

Gone is the American dream of owning a home.

The median price of a home in California is approximately $100,000. The average income of families in California is about $28,000. But, to qualify for a loan to purchase a $100,000 home with a 20 percent down payment and a mortgage rate currently in excess of 16 percent requires a household income in excess of $50,000. This excludes most people, especially first-time buyers, from the market.

Only 135,000 new units will be built in California this year. This is 60 percent below the 315,000 units needed merely to keep up with demand. California will be short an estimated 400,000 units in 1982. The shortage will keep housing costs high.

The downturn in construction has sent unemployment in the construction industry soaring. Since 1979, 72,000 workers have lost jobs in the building trades—40,000 went on the unemployment roles this year.

The depression in the housing industry is causing slowdowns and layoffs in related fields. Unemployment compensation claims in California jumped 45 percent in mid-September due in part to layoffs in the lumber industry.

New car sales are off because consumer loans costing 16 percent are shutting buyers out of the market or shifting these into the used car market. Dealerships are closing down at record rates.

In fairness, everyone is puzzled by the tentative state of the economy. The underlying factors suggest we should be headed for a major period of strong growth, but we appear to be in some sort of suspended animation waiting for something to happen.

In fairness, too, we have much doubt about the answer: The Fed's high interest rates have to come down before the economy will move.

But unless the Fed acts, few see how interest rates will come down without an accompanying crash.

In the meantime the high cost of investment is stopping business plans to invest except in those industries having strong individual markets. The slowdown in economic growth—unless turned around—will close off any prospect that President Reagan's economic expectations for the Nation will ever be realized in his term of office.

There may be those who will welcome the prospect of crashing home prices, wiping out the basic wealth of countless American families, the loss of industries and markets, but I do not. America and the world were changed permanently by the Great Depression and if we have another great economic crisis we will not emerge the same.

Mr. President, I am mindful that I have layed the responsibility to act at the feet of the President.

I am not overlooking my own responsibility as a member of the Senate Banking Committee.

I have introduced legislation (S. 971) to make the Federal Reserve Chairman more responsive to the President's economic and fiscal policies.

I will be introducing soon legislation to deal with the problem created by the independent status of the Federal Reserve Board—an independence that I view as contradictory to the fundamental principles of our representative democracy.

For too long our Nation's monetary policy and even the social objectives of its fiscal policy have been controlled by a group of men who are not elected, who serve 14-year terms, and who are virtually immune from any political accountability for their actions. The supposedly neutral, principled actions of the Federal Reserve Board of Governors necessary to maintain a sound monetary system have intruded into fiscal and other policies.

It is time we recognize that the distinction between monetary policy and other fiscal policy objectives is at best artificial. I intend to work with the majority on the Banking Committee to bring these critically important issues before the committee for hearings, debate, and legislation. The time for so-called gentlemen's agreements with the Fed has ended. There must be a major restructuring of the Federal Reserve Board with provision for an active role for Congress and the administration in reaching agreement with the Fed on monetary policy matters.

RECOGNITION OF SENATOR WILLIAMS

The PRESIDING OFFICER. Under the previous order, the Senator from New Jersey (Mr. WILLIAMS) is recognized for not to exceed 15 minutes.

Mr. WILLIAMS. Mr. President, I am happy to yield to the Senator from Illinois.

Mr. DIXON. I am glad to yield to the Senator from New Jersey.

TRAGEDY IN EGYPT

Mr. WILLIAMS. Mr. President, of course, we all come to the Chamber and with the heaviest of hearts learn of the tragedy that unfolded in Egypt today.

We all think back to the first great help that came to that troubled part of the world that was started on the path to peace and understanding under the leadership of this great man, and this moment we are shocked beyond belief and saddened beyond belief also.

We only hope that the leadership he has given, the leadership that did start that part of the troubled world in the past toward peace, will still be the chart for the future.

HOUSING, HIGH INTEREST RATES, AND THE ECONOMY

Mr. WILLIAMS. Mr. President, I am grateful for the arrangement made by the members of the Committee on Banking, Housing, and Urban Affairs, that we have this morning period to express our deep concern about the impact of today's high interest rates on our economy's most important segment, the housing industry.

Today, homebuilders and realtors from all over the country have come to Washington to dramatize, from their own individual experience, how high interest rates are threatening to destroy their livelihoods, and the Nation's ability to provide decent, affordable housing opportunities for its people. Their message is simply stated: Interest rates must come down.

The latest housing statistics reveal how the interest rate crisis is wrecking the housing industry and dashing the homebuying aspirations of millions of American would-be homeowners.

Housing starts for August 1981, are down to an annualized rate of 937,000 units, the third lowest rate since World War II, and more than 50 percent below what is considered necessary to meet minimum national housing needs. The human and economic consequences of this production collapse is heavy. Some 863,000 wage and salary workers in the construction industry are unemployed, and homebuilders in August experienced a 42-percent rise in bankruptcies over a year ago.

Potential home buyers today face mortgage payments that can take their breath away, if not their whole paychecks. A $70,000, 30-year mortgage at a 17-percent interest rate requires a monthly payment of $900 a month, compared to $615 a month at 10 percent. Clearly these rates and those monthly payments are way beyond the range of most American families.

The housing industry stands on the brink of disaster, and only a drop in the interest rates can pull it back. Whether interest rates fall, or continue at this dizzying pace and go to dizzying heights depends on the quality of the economic policies the Nation pursues.

Reaganomics has always required us to see what just was not there. It offers a wonderfully attractive picture. The Nation could cut taxes, increase tax revenues, boost growth, cut inflation, hold down the money supply, protect the truly needy, and shift billions of extra dollars to the Pentagon. All of these things could happen at the same time.

But this was a smoke and mirrors program from the start. The numbers do not add up. The economic assumptions were based on wishful thinking. Now the smoke has begun to clear, and reflected in the glass is stark reality, a reality that even the President can see, as he comes to Congress to request a change in his program on the eve of its going into effect.

The program was hailed as a new beginning. Public confidence in our economic future would blossom. Business activity would grow, and the economy would enjoy a rebirth of prosperity. Well, what seemed like spring just a few weeks ago has quickly turned to fall, and winter lies just ahead.

The administration's program contains little kernels of truth, that have grown into enormous misconceptions. It is true, tax rates may reach a point where they impede economic growth. And, just as true, if those rates are reduced to some extent, new investment may actually increase revenues. But in moving from these concepts to the administration's economic program requires a giant leap of faith. And, I fear that implicit in the administration's economic program will not be a vital economy, and a shrinking national debt, but runaway inflation and national bankruptcy.

One of its major flaws is the continued budget deficits that necessarily accompany the tax cuts. When combined with the administration's military spending spree, the deficits becomes enormous. It's truly ironic that the administration's package results in such deficits. For years, the old right has preached that deficit spending cannot continue, that balancing the budget is the cornerstone of a healthy economy. At the very moment that the American people and Congressional Democrats have endorsed this idea, the new right proclaims a different message. In the words of Congressman KEMP, "we don't worship any longer at the shrine of the balanced budget." In other words, just as the temple was filling with converts, the high priests ran off to found a new religion.

The budget cuts that featured in the initial plan were large but the lost tax revenues and increase military spending have overwhelmed them. Moreover, these budget cuts were cruel, going far beyond elimination of waste and frills for programs on which millions depend for a basic, decent existence.

Now, with Wall Street running for cover, and the Federal Reserve grimly sticking to its tight money policies, the administration is requesting a second round of budget cuts, which like the first round, pick the pockets of the poor. The Pentagon budget remains almost sacrosanct—with only a proposed $2 billion in cuts for fiscal year 1982, and a paltry $13 billion over the next 3 years, out of a total military budget exceeding $700 billion during that time. There are unspecified cuts of $28 billion in entitlement programs over the next 3 years, clearly, to come from medicare, medicaid, food stamps, housing assistance, aid to our cities, and other domestic program areas. And, of course, the administration will continue to claim, as before, that such cuts do not affect the truly needy.

The centerpiece of the new round of budget cuts is a 12-percent across-the-board reduction in a wide range of nonentitlement domestic programs, totaling about $17.5 billion in outlays. In reality, more than 12 percent would be lopped from some programs, because the 12 percent is measured against the President's March budget and then subtracted from spending levels, which in some cases are already below March's proposals. If the President's new cuts are approved, the result would actually mean the elimination of the UDAG program, an 80-percent slash in Economic Development Administration programs, a one-third reduction in student loans, and a 50-percent cutback in Amtrak and Conrail.

In my view, these cuts have little to say about balancing the budget. After all, the Pentagon, with waste abounding, escapes virtually untouched. No, these cuts are another twist of the administration's knife in the heart of the Federal Government's work over the last 50 years to encourage a basic standard of equal opportunity and human decency for all Americans.

Recent testimony before Congress by Congressional Budget Office Director Alice Rivlin reveals that under CBO's budget assumptions, if the administration's economic program is followed, by fiscal year 1984 defense, benefits to individuals under entitlement programs, and interest on the national debt will consume 98.9 percent of projected revenues, meaning either a total wipeout of other programs or an enormous deficit.

Mr. President, not only the administration's safety net, but its economic program is full of holes. The growing lack of confidence in the program's ability to point the way toward a stronger economy are reflected in the behavior of interest rates, and, the plight of homebuilders, autoworkers, and small business people across the country signals the real future for the economy at large unless national

economic policies are made to operate with consistency.

Mr. President, we can place our faith in a program at war with itself. We can proclaim that a combination of tax cuts for the rich, budget cuts for the poor, and continued huge budget deficits will somehow lead us to the promised land of economic revitalization, or we can take a different course. We can reexamine the magnitude of our tax reduction policies and we can assure a balanced budget in a manner which will gain the confidence of the credit markets and the private investor, without tearing at the fabric of our society.

Mr. President, the honeymoon of last spring and summer is over. The credit markets are telling us that it is time for action to replace the promises. The administration should pay close attention.

I yield back the remainder of my time. I see the Senator from Illinois is seeking recognition.

RECOGNITION OF SENATOR DIXON

The PRESIDING OFFICER (Mr. COHEN). Under the previous order, the Senator from Illinois is recognized for not to exceed 15 minutes.

HIGH INTEREST RATES

Mr. DIXON. I thank the Chair. I want to thank the Senator from New Jersey for those very fine remarks.

Mr. President, as we all know only too well, persistent high interest rates are having a serious impact on our economy. In fact, it is a tribute to the underlying strength and resiliency of the U.S. economy that it has performed as well as it has.

But let there be no mistake. Let no one think that our economy can adjust to the current high interest rates. It cannot, without disastrous consequences for many of its vital components. It is critically important, therefore, that we act, and act quickly, to bring interest rates down.

American agriculture, small business, the homebuilding industry, and the American automobile industry cannot stand much more delay. Failure to act, or the wrong action, could cause all of them irreparable harm.

American agriculture has already been devastated by a prime rate that is currently 19 percent. A recent Wall Street Journal story states that:

> Inflation, high interest rates and even the stronger dollar overseas are combining with a growing grain glut to batter American agriculture. Farm income this year is likely to be no better than last year's $19.9 billion.

Net farm income has fallen 40 percent, in real terms, since 1979. Farmers, like most small businessmen, borrow from commercial banks, but are not able to borrow at the concessionary rates available to Fortune 500 companies.

Past farm credit crises revolved around the availability of credit. However, this time the problem is not availability; rather, it is cost. Farmers simply cannot afford current rates of interest. They are forced to postpone needed new machinery purchases, thus hurting farm productivity. Worst of all, many family farmers are forced to give up farming, because the costs are too high and the profit opportunity too small. The result is that precious, indeed irreplaceable, farmland is often lost.

Farmers, however, are not the only ones suffering from ridiculously high interest rates. The housing industry is also suffering. In fact, housing may have the unwanted distinction of being the industry most adversely affected by the current too-high interest rates.

Mr. President, housing starts in 1981 are headed for their lowest level in 35 years.

Too high interest rates are pricing home ownership out of the reach of the average American. They simply cannot afford 17-percent mortgages.

The result is houses do not sell, houses are not built, and mortgages are not made. And so construction industry unemployment is over 16 percent, construction firm bankruptcies are up over 160 percent since 1978, and the Federal Home Loan Bank Board abolishes its problem list of thrift institutions—perhaps because there are now literally hundreds of savings and loans on it. Too-high interest rates are the cause, and unless action is taken, and taken quickly, who will be left to build homes and who will be left to finance them?

And who will be left to buy new cars, because too-high interest rates are also forcing the average American out of the automobile market? "Sticker shock" is an understatement for what happens to the potential car buyer when he or she walks into an automobile showroom. Added to the "sticker shock" is "payment shock."

Looking at the monthly payments and the longer and longer terms of new car loans, the potential buyer may not be sure whether it is a car or a house that he or she is purchasing. So, the buyer drops out. The result is auto sales are one-third below their 1978 level, massive unemployment in the automobile industry and large losses for the auto makers. Auto dealers are left wtih cars they cannot sell, financed at interest rates that make them too expensive on the lot—and too many are forced into bankruptcy.

Auto dealers, like most small businesses, have high debt-equity ratios, like small businesses, their bankruptcy rate has soared due, in no small part to the impact of sky-high interest rates. Small business growth and vitality is being severely affected by the current interest rate crisis.

Now, Mr. President, there are many across this land who believe the Federal Reserve Board is responsible for the current interest rates mess. Even the Secretary of the Treasury now seems to be among them, which is certainly a departure from the administration's tight-money policy.

Now it is true that the Federal Reserve is partially responsible for the current high rates of interest. The Federal Reserve has been trying to reduce inflation—and having some real success—by holding down the rate of monetary growth. However if the Fed hits its monetary growth targets for this year, it could mean a reduction in the rate of money growth of over 40 percent.

It is important to remember that, although the long-run effect of lower rates of growth in the money supply can be lower inflation and lower interest rates, the short-run effect is likely to be an increase in interest rates. As the lower rate of monetary growth chokes off the supply of credit, interest rates must climb to reduce credit demand.

This explanation, however, does not explain interest rates that are an unprecedented 10 percentage points above the current rate of inflation, when in the past, rates averaged only 3 or 4 percent over the inflation rate. The Federal Reserve Board is not primarily responsible for this phenomenon. That honor, I believe, must go to the current administration.

The new Republican administration took office in January promising a four-part program to restore the health of the American economy:

Budget cuts, to reduce the rate of growth of Government spending and to balance the budget;

A tax cut, to put more money in people's pockets and to stimulate economic growth;

Reduced regulation, to improve productivity and reduce unnecessary Government paperwork; and

A tight money policy to help fight inflation.

Those are sound objectives, objectives that I support, as do most Americans. But the administration program was based on a theory of expectation. People will be confident as a result of the new program, so the theory goes, and so will behave differently than they ever have before when looking at the combination of expansionary fiscal policy and tight money.

People have not behaved differently, however, and the stock market declined and interest rates stayed high.

Interest rates are high in no small part because people are uncertain, and people are uncertain because administration policy provides no certainty.

The administration is committed to reducing Federal spending and balancing the budget. But it is also committed to a large expansion of the defense budget and huge tax decreases.

The administration wanted to cut taxes to stimulate savings and investment, but it proposed a measure that deprives the Federal Government of the revenues it needs—revenues essential to finance expansion of the U.S. defense effort while continuing to meet high priority domestic needs.

The administration proposed a safety net of programs to meet human needs that would not be touched. The net has holes; however, holes that seem in danger of being enlarged.

What is clear, Mr. President, about administration policy is that it is unclear.

Now the administration argues that its policies are consistent and clear, invoking something known as "supply-side" economics to prove that it all makes sense.

Supply-side economics say deficits do not matter. But the administration is proposing a second round of budget cuts designed to try to hold the deficit to $42.5 billion.

I believe that this proposal may signal that it now believes that deficits do matter. I believe they do. I believe the American people believe they do, and I have spent 31 years in politics listening to Republicans tell me that they do.

Reducing the size of the tax cut could provide confirmation of the administration's return to conservative fiscal principles. The result, I am sure, would be that interest rates would begin to decline.

The current too-high interest rates must be dealt with—quickly. The American economy—particularly agriculture, housing. The automobile industry and small business—cannot stand much more. They will not be brought down, however, by an expansionary Federal fiscal policy masquerading as "supply-side" economics. That term will not cover up what the American people see as inconsistent policies.

Only the administration has the ability to bring down interest rates. Action by the Federal Reserve Board would provide temporary relief, at best, and perhaps at substantial inflationary cost. The administration must act, and act quickly, to bring down these crippling interest rates. I urge it to do so. Sound action on its part will have my support and, I am confident, the support of the entire Congress.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. SARBANES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. DANFORTH). Without objection, it is so ordered.

Mr. SARBANES. Mr. President, I seek to proceed under the time that Senator DIXON had under a special order.

The PRESIDING OFFICER. Without objection, it is so ordered.

RIGID POLICIES OF THE FEDERAL RESERVE BOARD

Mr. SARBANES. Mr. President, I wish to address once again the question of the high interest rates and the devastating impact which those interest rates are having upon the economy.

Mr. President, only recently a number of us, members of the Committee on Banking, Housing and Urban Affairs, in the course of considering the Second Monetary Policy Report for 1981 submitted a set of additional views, joined in that by Senators WILLIAMS, CRANSTON, RIEGLE, and DODD.

In those additional views, Mr. President, we underscored the distressed situation which is being caused in certain interest-sensitive sectors of the economy by the extremely high interest rates.

Mr. President, they provoke a near depression in the homebuilding industry, with respect to realtors, with respect to auto dealers, all of whom have joined together today in communicating with their Representatives and Senators here in the Congress and bringing to them first-hand testimony of the devastating impact which the high interest rates are having upon their ability to operate.

Mr. President we are not talking about marginal economic enterprises; we are talking about some of the most well-established, extremely well-run, long-standing business enterprises.

During the August recess I held hearings in my own State under the auspices of the Joint Economic Committee about the impact of the interest rates. It is very clear that these rates made it virtually impossible for well-established, highly productive, efficient, highly respected businessmen to carry forward their activities.

Mr. President, over the weekend I noticed that the Secretary of the Treasury, for the first time on the part of any major administration spokesman, indicated that the Federal Reserve should loosen its tight money policy.

In the course of the Additional Views filed with the Second "Monetary Policy" Report, the five Senators joining in that indicated it is time for the administration to make clear to the Federal Reserve that the course upon which the Fed has embarked must be reevaluated in the light of its economically counterproductive and inequitable consequences. Therefore, I welcome the statement on the part of the Secretary of the Treasury sending a signal to the Federal Reserve. It is the first time this has been done by a significant spokesman for the administration. It is sending a signal to the Federal Reserve that it should loosen its tight money policy.

In that statement, the Secretary of the Treasury indicated his concern that the economy, in fact may be moving into a recession. It is my own view that these interest-sensitive sectors of the economy are already in recession and, in fact, are almost approaching a near-depression. The Secretary of the Treasury recognizes the impact which the very, very tight monetary policy of the Federal Reserve is having on the economy.

No one has argued that they should open the floodgates, but the Fed has fallen short of its own monetary targets. Of course, the major distortions created to the economy by this policy have been very well and thoroughly spelled out by the various sectors which are suffering so much, and particularly by those who have come to Washington today to bring their problems to the attention of their elected Representatives.

Mr. President, I ask unanimous consent that the additional views to the Second Monetary Policy Report of the Committee on Banking, Housing, and Urban Affairs be printed in full at this point in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

ADDITIONAL VIEWS OF SENATORS WILLIAMS, CRANSTON, RIEGLE, SARBANES, AND DODD

In Additional Views to the Committee's First Monetary Report for 1981 Senator Sarbanes, Williams, and Riegle expressed their concern about rigid policies on the part of the Federal Reserve which could have highly undesirable practical consequences—interest rates remaining at unprecedented high levels. Those apprehensions have unfortunately been borne out.

Notwithstanding a recent slight decline in the prime rate, interest rates remain at levels that have wrought near-depression conditions in certain interest sensitive sectors of the economy. The current situation is unparalleled. The prime rate has not fallen below 17.5 percent this year, and it has been as high as 21.5 percent. The mortgage rate of many financial institutions is over 18 percent, the mortgage rate at many financial institutions is over 18 percent, the highest it has ever been. The interest rate on tax-free municipal bonds is now over 11 percent, twice what local government had to pay only four years ago.

The rates have caused major distortions in our economy, producing problems urgently requiring remedy. At stake in interest-sensitive sectors of the economy, notably farming, housing, automobile dealerships and small business generally, is the survival of numerous well-established efficient and productive enterprises, important economic resources in their own communities. Their ability to stay in business is threatened not by mismanagement, inefficiency or under capitalization on their part but by an interest-rate situation which they did not create, cannot control and in the long run cannot surmount. The damage done thus far is serious; and if conditions are not soon improved, it will be irreparable.

Furthermore, continuing high interest rates are working at cross purposes with efforts to build a stronger, more productive economy. First of all, while ostensibly designed to check inflation, the high rates themselves become an important contributing factor to inflation. In housing, the availability of an assumable loan or so-called creative financing, which brings down the cost of financing purchase of a home, is almost always reflected in the higher price of that home. Farmers and small businessmen have no choice but to pass on the high cost of credit to consumers in the form of higher prices.

Second, in two respects high interest rates are an obstacle to efforts to reduce the Federal deficit. On the one hand, they increase the carrying charge on the existing debt, thereby raising expenditures. On the other hand, and very importantly, by provoking recession in certain sectors of the economy they cause workers to be laid off, with the result that they cease to be taxpayers and begin instead to draw unemployment compensation from the Treasury.

Third, current interest rates create an absolute disincentive to productive investment. Even in cases where they can continue to operate, business men and women now ask whether it makes good financial sense to invest in expanding operations or replacing outworn equipment when they can earn an immediate, greater return simply by putting available funds into money market funds.

This striking disincentive to productive, employment-generating investment runs precisely counter to efforts to strengthen the nation's productive base.

Fourth, at a time when state and local government jurisdictions face sharp reductions in financial support from the Federal Government, they also face serious obstacles in the bond market. Important capital improvements are being deferred, to the detriment of the economic infrastructure so important to the private sector, as governments must pay rates above 11 percent and shorten significantly the terms of their bond issues.

Fifth, mortgage rates have eliminated all but 5–10 percent of American families from the housing market. While construction of luxury and vacation homes continues in some communities, lower- and middle-income residential construction has virtually ceased. Families required to move for employment reasons face a discouraging choice: to forgo a job opportunity or to run the risk of being unable either to sell a home in one community in order to buy a home in another.

Sixth, small-scale farming is reserved for those who marry or inherit it; interest costs have placed the initial investment beyond the reach of prospective young farmers however enterprising they may be. Established farmers are delaying investment in farm equipment, with obvious adverse effects on productivity.

In view of this situation, which has reached crisis proportions, we cannot simply accept the conclusions of this Report. We do not accept the notion of an "evaluation" of monetary policy that focuses on a single variable, such as bank reserves, without regard for the effects of that policy as they are translated into interest rates. What is at stake in the nation's monetary policy is the overall vigor and balance of the economy, not a theoretical prescription to be adhered to regardless of its consequences.

Nor do we accept the Committee's assertion that there is no reason to think that by adjusting the growth of the monetary aggregates, the Federal Reserve could help to moderate current interest rates. The Fed has actually undershot its own targets for M1B. We are not talking here about opening the floodgates to an increase in the money supply. It does however seem reasonable and necessary for the Fed to reconsider the zeal with which it is surpassing its own targets.

Finally, we reiterate our earlier expression of concern that the Federal Reserve and the Committee give serious consideration to the problems of persistent unemployment and the relationship of monetary policy to employment levels. Current monetary policy is impacting severely on the interest-sensitive sectors of the economy, especially community-based small businesses of all sorts, which are being asked to absorb the costs of a policy that restricts credit while making no distinction between productive and speculative investment.

We therefore regard as insufficient the Committee's expression of deep concern "over the personal costs and the cost in terms of foregone output associated with the unemployment caused in certain credit-sensitive industries by high interest rates." Such a routine response to the crisis in those industries overlooks the profound and perhaps permanent damage which continuing high interest rates may inflict on the diverse productive base of our economy. It is time for the Administration to make clear to the Federal Reserve that the course upon which the Fed is embarked must be re-evaluated in the light of its economically counter-productive and inequitable consequences.

HARRISON WILLIAMS, Jr.
ALAN CRANSTON.
DON RIEGLE.
PAUL SARBANES.
CHRISTOPHER J. DODD.

Mr. SARBANES. Mr. President, I also ask unanimous consent that the article from the Washington Post dated Sunday, October 4, 1981, in which the Secretary of the Treasury says that the Fed should ease its policy, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

REGAN SAYS FED SHOULD EASE POLICY

(By John M. Berry and Caroline Atkinson)

Treasury Secretary Donald Regan, concerned that the U.S. economy may be in a recession, said in an interview with The Washington Post that the Federal Reserve should loosen its tight-money policies.

Regan stressed that he was not calling for an "easy-money" policy. "What I'm saying is that we are coming to a time here where a change has to be made," he said, and Federal Reserve officials "have to be very sensitive . . . as to when is the proper time to change."

"In this flat period, or indeed if it is later determined that this is a recession . . ., the Fed has to go countercyclical rather than pro-cyclical," Regan explained. "What I mean by that is that at times in the past it has seemed that in recessionary periods, at least for a while, the Fed has held on too tightly to the monetary reins. . . .

"What we are trying to do this time, and I know the Fed is as sensitive to this as I am, is to anticipate that and not stay in a low [money] supply mode any longer than is necessary in the downturn."

Regan and other officials were demanding earlier this year that the Fed follow just such a tight-money course to slow inflation. But with interest rates still at levels so high that they are jeapordizing the administration's predicted economic recovery, worried administration economists want the Fed, one way or another, to get interest rates down and boost growth of the money supply.

Regan declined to say exactly how much of a change he wants in Federal Reserve policy, particularly whether he believes the central bank's targets for money growth for 1982 are too low. Federal Reserve officials have told Regan and his administration colleagues that the targets, designed to combat inflation, will not provide enough money to finance the sort of booming recovery the administration wants.

"I'm not going to try to tell the Fed, since I am secretary of the Treasury and they're an independent group, exactly what mechanisms to use in order to do this," Regan said in the interview Friday in a conference room next to his office at the Treasury. But the result, he said, "would be a sufficiency of money to enable the economy to recover nicely from its current flat period."

Regan acknowledged that financial market analysts, already upset by the possibility of very large federal budget deficits for several years to come, might react adversely to an easing of Federal Reserve policy. Rather than falling, interest rates might rise in anticipation of more inflation.

"The Fed's actions could be misinterpreted and that's the danger of their easing too quickly on money, or too much," he said. "We wouldn't want that."

But he said he thought the financial market is beginning to recognize the "flat period" the economy is in, and is becoming more realistic about the possibility that the Fed will have to ease its money policies eventually.

The tight-money policy, along with expectations that inflation will begin to rise again, has kept interest rates unusually high even though the economy has been flat for the last eight months. The shortage and high cost of mortgage money have devastated the homebuilding industry. Many smaller businesses, including a significant number of automobile dealers, are going bankrupt because they cannot afford to borrow at such high rates to finance their inventories. Farmers borrowing against the sale of this year's crops have been hard hit, too.

Officially, the administration has not changed its forecast that the economy, after adjustment for inflation, will grow by 5.2 percent during 1982. And in the interview, Regan maintained that after three flat quarters in a row, including the current three months, "the recovery will start in the first quarter of 1982."

However, that forecast apparently has become conditional upon a shift in Federal Reserve policy, in Regan's opinion.

But while calling for an easier monetary policy, the Treasury secretary suggested that continuing economic weakness could lead the Reagan administration to propose an even tighter fiscal policy.

Less than two weeks ago, President Reagan proposed an additional $13 billion in spending cuts for 1982 and $3 billion worth of tax increases in an attempt to reduce what would otherwise be an estimated $59 billion federal budget deficit. If a recession caused a large drop in revenues, or a significant increase in spending for unemployment benefits and similar programs, Regan said, more cuts might have to be made.

In addition, some forecasts, based on an expected weak economy, peg federal revenues for 1982 at $15 billion or more below administration estimates. Of such predictions, Regan said, "If we are going to lose that amount, we'd have to take a very close look at other things. But I don't agree with that forecast."

Regan partly disagreed with economists who argue that it is counter-productive for the government to attempt to reduce a budget deficit which is a result of a recession that is lowering personal incomes and corporate profits.

Mr. SARBANES. Mr. President, I yield the floor.

HIGH INTFRFST RATES ARE KILLING ECONOMIC RECOVERY

Mr. DODD. Mr. President, I am pleased to participate in this discussion of a phenomenon which, if continued unchecked, will dash any hope of economic recovery. For the week ending October 2, the average prime rate was in excess of 19 percent—6 points above the level of 1-year earlier. Ninety-one day Treasury bills were issued at over 14 percent—more than 4 points above those issued a year earlier. Average mortgage rates exceeded 18 percent—5 points over those of a year ago. Across-the-board, around the country, we are hearing an increasingly unified message from people in all walks of life—high interest rates are killing economic recovery.

Now, there are undoubtedly many who will argue that this is not a new problem, that various credit-sensitive industries have been hurting for several years, un-

der the policies of both Democratic and Republican administrations. Furthermore, individuals and businesses have suffered various adverse economic developments—high inflation, inadequate job creation, low-productivity growth, chronic trade deficits and so on. Consumers who have paid rising fuel, food, and health costs, young people who have sought employment and have been unable to find it, entrepreneurs who cannot acquire the capital to establish and continue operating productive enterprises, all experience firsthand the adverse effects of a sluggish economy and high interest rates.

As a new Member of the Senate, who sits on the Banking Committee, I have had the opportunity to examine, in detail, the impact of our present situation on the most credit-sensitive industry of all—the housing industry. The need for more adequate housing is unquestionable.

The present level of housing starts is not even adequate to meet one-half of the projected demand for housing in the 1980's. The combination of excessive purchase and financing costs has effectively eliminated over 90 percent of American families from the housing market. Unemployment in the construction industry is more than twice the national average. Construction and subcontracting firms are experiencing unprecedented rates of insolvency. According to the National Association of Homebuilders, this inactivity has cost the national economy $223 billion since the beginning of the current housing downturn in 1978.

I mentioned the dilemma faced by the housing industry to make a point. But the damage caused by our present situation is by no means limited to the housing industry—it is merely most visible in that industry. Small businesses, farmers, the auto industry, and others are all feeling the crunch. Even governments find their expenditures pushed upward when interest costs rise.

The Reagan administration has announced, and so far, successfully secured the adoption of, an economic program which it claims will lower interest rates, lower inflation, accelerate real growth, and improve productivity. In general terms, this program consists of four components: Federal spending restraint, tax cuts, regulatory reform, and monetary "discipline." Not only does this program supposedly address our economic problems in a direct fashion, but it has an equally important objective the elimination of negative expectations about our economic future. As investors and consumers gain confidence as a result of the Reagan program's adoption, they will supposedly behave in a manner which will lead to greater work effort, greater saving, and greater investment. However, this confidence, if it exists, has not become apparent in the stock and bond markets. I suspect that one major reason is that, when you look at the specifics of the program, the numbers simply do not add up. Direct revenue losses exceed spending reductions by roughly $140 billion during fiscal years 1982 through 1984. Two-thirds of that revenue loss is attributable to tax cuts which will encourage immediate consumption, not saving. The multiyear quality of the Tax Act will lock us in to a fiscal policy that will severely hamper our ability to respond to sudden changes in the economic environment, such as an oil cutoff or crop failures. And inclusion of indexing, beginning in 1985, will all but guarantee continued large deficits into the foreseeable future.

The simple fact is that, while the administration continues to advocate both large deficits and tight money, the result cannot be anything other than high and rising interest rates. Simply put, the two most important components of the Reagan economic program—fiscal policy and monetary policy—are on a collision course, and the likely losers are the American people. If we are to avoid eventual economic disaster, something will have to give.

If we are to bring interest rates down in a timely manner, we will have to start by providing convincing evidence that huge deficits will not continue. We will not be able to provide credible evidence of fiscal responsibility as long as the present program remains in place.

All of us recognize the importance of keeping taxation and spending down to reasonable levels. But we have to recognize that, despite significant reductions in Federal spending, the Tax Act is excessive. The President erred in proposing, and Congress erred in accepting, tax rate reductions of that magnitude, and, in my view, we should face that fact. The sooner the better. It is tough to admit mistakes, I know. But I sincerely believe that the American people will think much more highly of this body if it recognizes its error and corrects it, in the national interest.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order there will now be a period for the transaction of routine morning business.

WALTER JOSEPH STEWART

Mr. HUDDLESTON. Mr. President, the Senate recently passed Senate Resolution 214, which commends Joe Stewart for his contributions to the Senate over the last 30 years, and I can think of no one who deserves this honor more. He has served with distinction in every position he has held in the Senate, and although associated with the Democrats, he has been extremely helpful to Members on both sides of the aisle.

Joe's history in the Senate is an example of the American work ethic—he started at the bottom and worked tirelessly to make it to the top. I, personally, have a hard time picturing Joe as a page, but I have it on good information that that's how he started back in 1951. While putting himself through college and law school, he headed the staff of the Democratic Cloak Room and then moved to assistant secretary of the majority. He joined the professional staff of the Appropriations Committee before moving to the staff of my friend and colleague from West Virginia in 1971. And as we all know, he has most recently served under Senator BYRD as secretary to the majority and minority. The rise of Joe Stewart through the ranks was no accident—it required long hours, dedication and loyalty, not to mention patience and determination.

We will all miss Joe—virtually none of us can remember the Senate without him—and it is not easy to replace someone who has worked so hard and dedicated so much of his life to this institution. I would like to take this opportunity to thank him for all of those years and for all the assistance he has provided me and my staff during my 9 years in the Senate. I wish him the best in his new career and am sure he will be as successful and effective in the private sector as he has been in the Senate.

TRIBUTE TO WALTER "JOE" STEWART

Mr. WILLIAMS. Mr. President, I should like to join my colleagues in thanking and praising Walter "Joe" Stewart for his dedicated and loyal service to the U.S. Senate. I have had the pleasure to work with Joe during my 23 years in the Senate, and I have marveled at his ability to perform every task that he undertook with utmost efficiency, whether he was monitoring floor proceedings, succinctly clarifying issues, or working out difficult compromises on controversial matters. Moreover, Joe is one of those rare individuals who has a keen understanding of the intricate processes of Congress, and his insight has proven to be invaluable to all Members of the U.S. Senate.

Joe's career has been mentioned countless times before, and deservedly so, but I would simply like to emphasize that his rise from a page, under the sponsorship of Senator Spessard Holland, to Secretary of the Majority, and later, Secretary of the Minority, illustrates Joe's mastery of any task that he has undertaken. In particular, his successive responsibilities as Secretary of the Majority and the Minority of the Senate required the energy and the diligence that only a person like Joe could muster. When the Senate was engaged in a rather lengthy session, Joe was always working behind the scenes to the very end.

Joe is the best example of a dedicated and effective public servant. He attacked every problem thoroughly and with genuine concern. I wish Joe all the best in his new endeavors. He will be missed very much by all of us.

WALTER JOE STEWART

Mr. MOYNIHAN. Mr. President, I am pleased to have this opportunity to commend and thank Joe Stewart for his 30 years of extraordinary service to the Senate. And, indeed, to our country. Through his work he has made my services in this body a pleasure and through his friendship he has made it a joy.

Joe shall long be remembered in this Chamber for his hard work and devotion to Members on both sides of the aisle. He began his career in the Senate

in 1951 as a page and in 1953 he graduated from page school as president of his class. He was soon appointed supervisor of the Democratic cloakroom and several years later he was appointed administrative assistant to the Secretary of the Majority—all the while Joe was attending undergraduate and law school. In 1971 he served as legislative assistant for Senator BYRD, and 6 years later, because the then Majority Leader ROBERT C. BYRD recognized talent when he saw it, Joe was appointed assistant to the majority leader for floor operations. In 1979 Joe was elected Secretary for the Majority of the Senate and served in that capacity until 1981 when he was elected Secretary of the Minority. Joe's activity transcended his involvement in Government. He worked tirelessly in restoring the Capitol to its former grandeur and in bringing Capitol Hill back to life as he puts it.

Mr. President, Joe Stewart's departure from Senate service will be a loss to us all. I have learned much from Joe over my years in the Senate—ranging from the complexities of party politics to the esthetics of Washington architecture—he gave me the watercolor of my Capitol Hill residence I so enjoy gazing at each morning. I shall miss him greatly and wish him much success in his new career. Judging from his sparkling past record, no doubt success will continue to be his.

PRESIDENT REAGAN'S STRATEGIC PROGRAM

Mr. THURMOND. Mr. President, I rise to express my support for President Ronald Reagan's strategic defense program, which is designed to regain and then maintain our Nation's strategic defense posture.

This program is a balanced, affordable and reasoned plan which increases our strategic defense in the near term and lays the groundwork for the necessary strength in the long term.

It adds power to each leg of our defense Triad. This is accomplished by building and deploying the MX for our land forces; building and deploying the B–1 bomber for our air forces, and improving the long range and cruise capability of our sea forces.

By greatly enhancing our strategic posture this program will rebuild our strategic security, while at the same time serving as a basis for any genuine arms reduction agreement with the Soviet Union.

Mr. President, I commend President Reagan for proposing these initiatives for strategic defense programs we have lacked in the past. We now have a viable strategic defense proposal. Further, I urge that Congress support this program and in so doing tell friend and foe that America stands ready to defend her vital interests.

These interim proposals recommended by the administration appear sound and will greatly improve our defense capabilities until decisions are made on the longer term and more permanent programs involved in rebuilding our strategic defense posture.

Mr. MITCHELL. Mr. President, I ask unanimous consent that I be permitted to proceed as if in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, will the Senator yield to me for a brief moment?

Mr. MITCHELL. I yield to the majority leader.

Mr. BAKER. Mr. President, I ask unanimous consent that the remarks I am about to make and the request not be charged against time allocated to the Senator from Maine.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I propose to ask unanimous consent that morning business be closed and all remaining unfilled special orders be vitiated at the conclusion of the remarks of the Senator from Maine.

Mr. MITCHELL. Mr. President, I inquire of the majority leader. It is my understanding that one or possibly two other Senators may wish to make brief remarks on the subject which I am now discussing relating to this legislation.

Will the leader object to amending his order so that they could, if they show up, make those remarks and then go into the recess?

Mr. BAKER. Yes. Mr. President, let me do it this way, then.

ORDER FOR RECESS UNTIL 2 P.M.

Mr. BAKER. Mr. President, I ask unanimous consent that the Senator from Maine be granted control of time not to exceed 20 minutes in which he may yield to other Senators and at the conclusion of the remarks of the Senator from Maine, which includes yielding to any other Senator on this subject, that morning business be closed and the Senate then stand in recess until 2 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

S. 1706—ACID DEPOSITION CONTROL ACT

(Introduced by Mr. MITCHELL, for himself, Mr. STAFFORD, Mr. CHAFEE, Mr. COHEN, Mr. DURENBERGER, Mr. HART, Mr. DODD, Mr. TSONGAS, Mr. RUDMAN, and Mr. DANFORTH.)

Mr. MITCHELL. Mr. President, I am today introducing legislation to address the acid rain problem.

As a Senator from Maine, I am deeply concerned about the adverse effects on our natural resources from acid rain.

We are confronted with an environmental problem which has not been completely defined but which is already of substantial dimensions.

Acid precipitation is, first and foremost, an environmental problem. But it is not a conventional problem capable of easy solution. Acid rain defies all of the premises on which our current air pollution policy rests.

It is confined to no single State;

Its effects occur great distances from its sources;

Its damage is silent and often invisible to the naked eye.

But the environmental damage already documented is very real and very great.

Hundreds of lakes and streams, once prized by sportsmen for their trout, bass, and salmon, can no longer support fish.

In the Adirondack Mountains of New York 212 lakes and 140 lakes in Canada are without fish. Another 48,000 Canadian lakes are seriously threatened. Studies in Pennsylvania show acidity has increased in 107 rivers. Fifty-eight percent of these show a decline in the number of fish species present. West Virginia trout streams and Minnesota lakes are threatened. The list goes on and on.

In the State of Maine the acidity of lakes has increased eightfold over the last 40 years. Native brook trout no longer reproduce in small lakes over 2,000 feet in altitude. Tributaries of at least five Atlantic salmon rivers are sufficiently acid to jeopardize young fish.

Destruction from acid precipitation is not limited to aquatic resources. Acid rain mobilizes aluminum and heavy metals such as lead, copper, and zinc from soils while leaching valuable nutrients. This phenomenon is thought to result in diminished forest productivity which, according to a recent Ohio River Basin energy study, may be as high as 5 percent.

Scientists have detected a 45 percent decrease in the density of Red Spruce in Vermont with increasingly acidic soils.

As we in New England learn more about acid rain, we become increasingly concerned. Our land and our water are our livelihood, through forestry, fishing, agriculture, and tourism. We have long recognized the irreplaceable nature of our resources, and have treated them as valuable, not disposable, commodities.

Our efforts are not enough. Pollution from hundreds of miles away now threaten our air, land, and water resources, and we are powerless to prevent it.

We are alarmed by environmental damage trends from acid rain. They have potentially devastating consequences for our national economy, and in particular the areas of the country sensitive to acid precipitation. The extent of this threat is illustrated by the following:

Acid precipitation is thought to cost $250 million annually in damages to lakes and streams east of the Mississippi.

It has been estimated that the economic effect of acid precipitation on existing economic activities in the Eastern United States was $5 billion in 1978.

Approximately $1.5 million in angling revenue is lost each year in just the Adirondacks.

These figures are of deep concern to us in Maine where recreational fishing is critically important. Over 300,000 recreational fishermen enjoyed Maine's lakes and streams last year. Almost one out of every five Maine citizens purchased a fishing license last year. An additional 60,000 out-of-State anglers were attracted to Maine's lakes. Not only is this of great recreational importance, but the sporting industry is important to our economy. Maine's sporting industry generated almost $6 million in revenues last year. The State has spent $1.6 million

to increase recreational fishing opportunities for Maine's sportsmen. A large portion of this is used for salmon and trout restoration projects.

It is clear that the health of Maine's recreational fishing industry has been and continues to be one of the highest priorities in our State. For this reason, I think that we must be aware of the potentially devastating effects of acid rain on our fisheries, a problem which could reverse all of the efforts we have made to develop and protect them.

Acid rain could cost $1.75 billion annually in lost forest productivity. This would have devastating effects on Maine's economy. As I am sure you all know, we are the most heavily forested State in the Union, with about 90 percent of the State covered by forests. Our wood resources are without question the single most important component of the State's economy. Fully 30 percent of all manufacturing jobs in Maine are in the pulp and paper or wood and lumber resources industry. Those industries combined produce better than $2½ billion worth of products, which is 43 percent of the value of all products produced in Maine. If in fact acid rain does cause a reduction in forest growth, it could have a profound effect on Maine's entire economy.

The third dimension of the acid rain problem is its international implications. The large quantities of acid rain generated in the United States and exported to Canada are severely straining United States-Canadian relations. We are neighbors and friends. Our relationship spans more than a century, and is based in part on a common stewardship of one of the richest land masses in the world.

But unless the United States reduces its large contribution to Canadian acid rain levels, the historic relationship between our two countries will be sorely tested, by a problem which the people of my State, and the rest of the Northeast, are not responsible.

Prime Minister Trudeau has made Canada's concerns known to President Reagan more than once. The President has stated that he is committed to solving the problem.

The United States is also bound by the Memorandum of Intent we entered into with Canada in August of 1980. We have committed to combat transboundary air pollution by the development and legislative enactment of domestic air pollution control strategies and by vigorous enforcement of existing laws.

There is no evidence to date that the United States is living up to those commitments. I am today stating my resolve to fulfill them.

I think when the U.S. Government gives its word to another government, when the President of the United States gives his word to the head of a foreign government, that our Government and our President ought to keep their word, and I urge all my colleagues to join me in this endeavor.

My legislation will provide a reasonable and effective solution to the acid rain problem.

The bill establishes a 31-State acid deposition impact region consisting of all States east of or bordering the Mississippi River. In this geographic region is generated 80 percent of sulfur dioxide in the country. It is this region that is also receiving rainfall 20 to 40 times more acidic than normal rainfall.

The bill sets forth two complementary policies.

The first deals with the short run. The bill places a cap on existing sulfur oxide and nitrogen oxide emissions. Emissions would not be permitted to increase over the levels that existed on January 1, 1981. This is a reasonable approach. In the face of growing evidence of natural resource damage from acid deposition, certainly it is the better course of wisdom not to make the problem worse. Emissions have, in fact, been on the increase in 1981. During the first 6 months of this year, the Environmental Protection Agency approved relaxations for 23 sources, most of them in the Midwest, resulting in the emission of an additional 50,000 tons of sulfur dioxide annually. Another 11 applications for relaxations totaling 30,000 tons of sulfur were still pending at that time.

We must remember that the dead lakes, the dying fish, the stunted crops, have resulted from current levels of acid deposition. We are not dealing with projections about what might happen. We are talking about what has happened.

The second goal of this bill is an actual reduction in regional sulfur dioxide emissions over the longer run.

This policy is grounded upon the judgment that we know enough now to act.

One of the arguments against doing anything now is that we do not know enough about the problem, we ought to study it for 5 or 10 or 15 years more. This is obviously not the case.

As the National Academy of Sciences, an independent scientific body of impeccable credentials and national prestige, stated just last month, and I quote from the report of the National Academy of Sciences:

> The Committee believes that continued emissions of sulfur and nitrogen oxides at current or accelerated rates, in the face of clear evidence of serious hazard to human health and to the biosphere, will be extremely risky from a long-term economic standpoint as well as from the standpoint of biosphere protection.
>
> Of the options presently available only the control of emissions of sulfur and nitrogen oxides can significantly reduce the rate of deterioration of sensitive freshwater ecosystems . . . In the most seriously affected area . . . this would mean a reduction of 50 percent in deposited hydrogen ions. Control of SO_2 from new electrical generating plants alone would be insufficient to accomplish this, and thus restrictions on older plants must be considered.

Accordingly, Mr. President, I propose a 10-million-ton reduction of sulfur dioxide emissions in the acid deposition impact region over a 10-year period. This is approximately 40 percent of total sulfur emissions in the region now, from all stationary sources.

This magnitude of reduction is necessary to protect our resources and avoid the costs incurred from their damage or loss. The extent of the resources at risk—both their inherent value and their economic worth—is incalculable. Once lost, our lakes, our forests, our soils, cannot be replaced. And some of those resources have already been lost.

By cutting sulfur loadings significantly, we can buy some additional time to perfect our knowledge which is admittedly imperfect. It has been suggested that we should not act at all because our understanding of the acid rain phenomenon is incomplete.

I take a different view—that for a reasonable investment, we can protect the resources whose buffering capacity has been reduced but not exhausted. I believe it is our responsibility to make such an investment while we still can.

The contribution of each of the 31 States to the total sulfur emissions in the region is unequal. My bill reflects that, and seeks to apportion cleanup responsibility accordingly. Each State will be required to contribute to the 10-million-ton reduction. But each State's share of the reduction will be in proportion to its contribution to the total sulfur emissions in the region.

I have no desire to point a finger at any State. I am simply looking at the facts. Some States contribute more sulfur to the region than others. That is the extent to which they must clean up. To look at the situation any differently would be inequitable. The States of the Northeast have few emissions. Their utilities and industries have cleaned up, and have paid dearly for that cleanup. They cannot in fairness be asked to shoulder a disproportionate share of the cleanup task that remains. In addition, they are already unfairly burdened with the costs of damage to their resources from pollution outside their boundaries.

Under my bill, the States will have the primary responsibility for implementing their required sulfur reductions. Each State will be free to allocate the reductions among sources. Maximum flexibility will be given to States and sources to comply in the most cost effective manner possible.

Mr. President, this will undoubtedly cost something. But we must keep the cost figures in perspective. The fact of the matter is there is now an existing, and there has been for years, cost of damage to our natural resources, and those costs are as real even though not as easily documented as control costs.

States will have 2 years to devise their emission reduction plans. In the event that a State does not avail itself of this opportunity, the equivalent of a uniform emission limit for all major utilities in the State will become effective. Again, flexibility is provided. Each utility must achieve the equivalent of a 1.2 per pound per million Btu emission limit. This reduction can be achieved by any variety of controlled trading.

The costs of achieving a 10-million-ton reduction in sulfur oxide emissions have been estimated to be approximately $2.8 billion annually for strategies similar to my legislation. There is an important difference however. This cost fig-

ure is derived from an analysis which assumed compliance in 1985, while the deadline contained in my bill is 10 years after enactment, a considerably longer period. The additional flexibility provided by the longer compliance period will reduce the cost.

These figures must be kept in perspective. While I do not consider the cost of this acid precipitation strategy insignificant, neither do I consider the costs of damage to our natural resources insignificant. We must not forget that those costs are as real, if not as easily documented yet, as control costs. In fact, if present trends continue, the damage costs may become an order of magnitude greater than control costs.

Another measure of these costs is the increase in electricity rates. For a 10-million-ton reduction strategy with a 1990 compliance deadline, the average increase across the 31-State acid rain impact region would be approximately 2 percent. This does not appear unreasonable to me, when the value of the resources at risk is taken into account.

However, I am today requesting the Joint Taxation Committee to analyze my bill and suggest tax and other financial assistance that could minimize further the costs of control required by this legislation. I will also be seeking such advice from other Government and industry analysts.

I urge my colleagues to keep in mind that damage, in environmental and economic terms, has already occurred. If the sources of acid rain are merely studied for another 5 or 10 years, the natural resources of many States, as well as their economies, may be irrevocably damaged.

We know enough to make it clear that we must act. The only question is whether we have the political will to do so.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 1706

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Acid Deposition Control Act."

SEC. 2. Title I of the Clean Air Act is amended by adding the following new part:

"PART E—INTERSTATE TRANSPORT AND ACID PRECURSOR REDUCTION

"FINDINGS AND PURPOSES

"SEC. 180. (a) The Congress finds that:

"(1) the long range transport of pollutants and their transformation products is an interstate and international problem;

"(2) current levels of emissions of air pollutants from existing sources as well as increased emissions from new existing sources threaten public health and welfare and the environment in States and countries other than those in which emitted;

"(3) reduction of total regional atmospheric loading of pollutants such as sulfur oxides and nitrogen oxides will enhance protection of public health and welfare and the environment;

"(4) more effective regulation of the interstate transport of air pollutants is needed in order to protect the health and welfare of the citizens of downwind states and the economic growth opportunities of downwind states; and

"(5) in particular,

"(A) the deposition of acid compounds from the atmosphere is causing and contributing to widespread long-term ecosystem degradation;

"(B) the principal source of the acid compounds in the atmosphere, and their precursors, is the combustion of fossil fuels;

"(C) the problem of acid deposition is of national and international significance and cannot be addressed adequately without Federal intervention;

"(D) control strategies and technology for precursors to acid deposition exist now that are economically feasible; and

"(E) current and future generations of Americans will be more adversely affected by delayed action, so that efforts to remedy the problem should commence now.

"(b) The purposes of this part are to:

"(1) protect health and welfare and the environment from any actual or potential adverse effect caused by ambient concentrations or deposition of air pollutants, including the products of atmospheric transformation of pollutants; and

"(2) preserve the rights and responsibilities of States to protect the public health and welfare and the environment of their citizens from air pollution originating in other States.

"ESTABLISHMENT OF REGION

"SEC. 181. (a) There is hereby established a long range transport corridor, hereafter referred to as the 'acid deposition impact region,' consisting of the States of Alabama, Arkansas, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennesseee, Vermont, Virginia, West Virginia, and Wisconsin and the District of Columbia.

"(b) The Administrator shall conduct a study of air pollution problems associated with long range transport of pollutants in the portions of the continental United States not included in (a) of this section. Not later than two years after the enactment of this section, the Administrator shall report to the Congress the results of such study.

"ACID PRECURSOR CONTROLS

"SEC. 182. (a) Emissions of sulfur dioxide and of oxides of nitrogen from stationary sources in the acid deposition impact region established under section 181(a) of this Act shall not be allowed to increase over the total actual emissions of each pollutant in such region as of January 1, 1981. No major stationary source in such region shall significantly increase its emissions of sulfur dioxide or of oxides of nitrogen, unless there has been identified for such source in accordance with section 185 of this Act a net reduction in emissions of such pollution at one or more points in such regions in excess of the proposed increase in emissions, and not otherwise required by a State implementation plan under section 110 of this Act or under sections 183 or 184 of this Act.

"(b) There shall be achieved a reduction in annual emissions of sulfur dioxide in the acid deposition impact region established under section 181(a) of this Act of 10,000,000 tons from the total actual annual level of such emissions between January 1, 1980, and December 31, 1980. Such reduction shall be achieved pursuant to a phased reduction and completed no later than ten years after the enactment of this part.

"STATE SULFUR DIOXIDE REDUCTION REQUIREMENTS

"SEC. 183. (a)(1) Each State shall be required to achieve within its borders a reduction in annual sulfur dioxide emissions equal to that fraction of 10,000,000 tons which is the ratio of all the actual utility emissions in such State in excess of 1.2 pounds of sulfur per million British thermal units to the total in all States in the region of all the actual utility emissions in excess of 1.2 pounds of sulfur per million British thermal units.

"(2) The Governors of any two or more States within the region may by agreement reallot among agreeing States the reductions required under (a)(1) provided that the total reductions equal the total required under (a)(1).

"(b)(1) Not later than two years after the enactment of this part, each State shall adopt enforceable measures to achieve the reduction in sulfur dioxide emissions required by subsection (a) of this section, including emission limitations and schedules for compliance for sources within such State and other means of emission reduction in accordance with section 185 of this Act. The Governor of such State shall submit such measures to the Administrator for review in accordance with paragraph (2) of this subsection, and to the Governors of all other States in the acid deposition impact region for comment.

"(2) The Administrator shall approve within four months such measures submitted under paragraph (1) of this subsection if, taking into consideration the comments of Governors of other States in such region, the Administrator finds that such measures (A) contain enforceable requirements for continuous emission reduction, (B) contain requirements for monitoring by the source and enforcement agencies to assure that the emission limitations are being met, and (C) are adequate to achieve the required reduction in sulfur dioxide emissions for such State within the time specified in section 182(b) of this Act.

"(3) Each emission limitation, schedule for compliance or other measure adopted and approved under this subsection shall be deemed a requirement of the State implementation plan approved or promulgated for such State under section 110 of this Act.

"MAJOR STATIONARY SOURCE SULFUR DIOXIDE REDUCTION REQUIREMENTS

"SEC. 184. In any State in the acid deposition impact region established by section 181(a) of the Act which has not in accordance with section 183(b)(1) of this Act adopted measures to achieve the reduction required by section 183(a) of this Act within two years after enactment, or which has not had such measures approved by the Administrator under section 183(b)(2) of this Act within two years and four months after enactment of this Act, the owner or operator of each fossil-fuel burning electric generating facility which is a major stationary source which is not subject to section 111(a) shall comply with an emission limitation or limitations for all such facilities owned or oeprated by the same entity equivalent to an average among such facilities of 1.2 pounds of sulfur per million British thermal units on a 30-day average. The owner or operator of each such facility shall submit to the Administrator a plan and schedule of compliance for achieving such emission limitation or equivalent emission reduction in accordance with section 185 of this Act, not later than three years after the enactment of this part. The Administrator shall approve such plan and schedule for compliance if it (A) contains enforceable requirements for continuous emission reduction, (B) contains requirements for monitoring by the source and enforcement

agencies to assure that the emission limitations are being met, and (C) will achieve the emission reduction required by this section at the earliest practicable date, but no later than ten years after the enactment of this part. Failure of such owner or operator to submit such approvable plan and schedule within three years after enactment of this part, failure to comply with the plan and schedule of compliance, and failure to achieve the emission reduction required by this section at the earliest practicable date, but no later than ten years after enactment of this Act, shall be violations of emission limitations for the purposes of sections 113, 120, and 304 of this Act.

"ENFORCEABLE EMISSION REDUCTION PROGRAMS

"SEC. 185. (a) For the purposes of maintaining the limitation on emissions required by section 182(a) of this Act or attaining emission reductions required by sections 182 (b), 183, or 184 of this Act, the following methods or programs for net emission reduction may be used by a State or the owner or operator of a source, if emission limitations under such methods or programs are enforceable by the Federal Government, States other than those in which the emissions occur, and citizens under section 304 of this Act:

"(1) least emissions dispatch to meet electric generating demand at existing generating capacity;

"(2) retirement of major stationary sources at an earlier date than provided in schedules on file with the Federal Energy Regulatory Commission, the Internal Revenue Service, or State utility regulatory agencies;

"(3) investments in energy conservation where reductions in emissions can be identified with such investments;

"(4) trading of emission reduction requirements and actual reductions on a State or regional basis, for which States and the Administrator are authorized to establish emission reduction banks or brokerage institutions to facilitate such trading;

"(5) precombustion cleaning of fuels.

"(b) A State or the owner or operator of a source required to achieve emission reductions under sections 182, 183, or 184 of this Act may substitute reduction in emissions of oxides of nitrogen for required reductions in emissions of sulfur dioxide, at a rate of two units by weight of oxides of nitrogen for each unit of sulfur dioxide."

SEC. 3. Section 110(a)(2)(E) of the Clean Air Act is amended by inserting after "visibility," the following: "or (III) contribute to atmospheric loadings of pollutants or their transformation products which may reasonably be anticipated to cause or contribute to an adverse effect on public health or welfare or the environment in any other State or foreign country."

Mr. MITCHELL. Mr. President, I yield to the Senator from Rhode Island.

Mr. CHAFEE. I thank my colleague from Maine.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. CHAFEE. Mr. President, I am delighted to be introducing legislation with my esteemed colleague from Maine, Senator MITCHELL, which addresses one of the most complex environmental problems we are facing today—the phenomenon known as acid rain. As a Senator from a State in the Northeast—an area which finds itself downwind from much of the air pollution generated in the Midwest—I am deeply concerned with this problem.

Over the past several years, an enormous amount of research has been committed to this problem, and the causes and effects of acid rain have been heatedly debated. In light of the evidence presented thus far, I think it is time we begin taking steps to curb the devastating effects of acid rain.

Acid rain results from oxides of sulfur and nitrogen reacting with water vapor in the atmosphere. These pollutants are produced primarily by the combustion of coal in powerplants, and in other industrial processes.

The oxides are released into the atmosphere and are chemically transformed into nitric and sulfuric acids. They can be carried hundreds, even thousands, of miles across State and international borders before they eventually return to Earth in rain or snow. As a result, many areas in the Northeastern United States and eastern Canada are being pelted with rain that has been estimated to be 20 to 40 times more acidic than "natural" rainfall. This phenomenon has had a far-reaching effect on the environment and the economies in these areas.

For geologic reasons, these areas receiving acid rain often lack natural neutralizing minerals, such as limestone, to counter or buffer the acids. Lakes which get a heavy dose of acid, particularly during the spring run-off from melting snow, have no means of recovering naturally. It has been estimated that acid rain has wiped out fish populations in 212 lakes in the Adirondack region of New York, and other States in the Northeast are suffering from similar effects as well. Canadian officials believe that between 2,000 and 4,000 lakes in Ontario are similarly dead, and that tens of thousands more could meet the same fate. Since the U.S. exports far more sulfur dioxide and nitrogen oxide to Canada than it receives, our failure to curb acid rain could seriously strain United States-Canadian relations.

There is also considerable evidence that acid rain mobilizes elements locked into minerals in the soil and lake bottom sediments, including aluminum and other heavy metals. It appears that the sudden increase in these concentrations is a major cause of damage to fish populations. Acid rain can also decrease forest and crop growth through leaf damage, disfigurement and the leaching of nutrients from the soil.

Mr. President, the legislation we are introducing today is a first step toward combating the acid rain problem. The bill establishes a three-State acid precipitation impact region consisting of all States east of the Mississippi River plus Minnesota, Iowa, Missouri, Arkansas, and Louisiana. Sulfur dioxide and nitrogen oxide emissions in the region shall not be permitted to increase over the total emissions inventory as of January 1, 1981. The region shall achieve a 10 million-ton reduction in annual sulfur dioxide emissions 10 years after enactment through the use of enforceable emission reduction programs such as least emissions dispatch, banking, early retirement of sources, energy conservation, and precombustion cleaning of fuels.

The required reduction from each State shall be the percentage of the total reduction which is the ratio of such State's actual SO_2 emissions to total actual SO_2 emissions in the region. Emissions from sources that currently emit no more than 1.2 pounds of SO_2 per million Btu shall not be counted in these inventories. Additionally, Governors of two or more States may agree to alter their respective shares of the reduction.

The legislation provides the States with the flexibility they need to meet these requirements. Two years after enactment, each State shall determine how its SO_2 reduction shall be accomplished through emission limits on stationary sources of SO_2. If, however, a State does not draw up an emission reduction plan within this specified time period, the SO_2 emission limit for each major source within the State shall be no greater than 1.2 pounds of SO_2 per million Btu.

Although this legislation is geared to reducing emissions in the Eastern United States, where acid rain has caused the greatest damage, we also recognize that this is truly a national problem. Therefore, the bill also requires the Administrator of the Environmental Protection Agency to study the impact of acid rain in the Northwest, Great Plains, and Southwest regions of the country and report back to Congress within 2 years.

Mr. President, I believe this legislation is a move in the right direction in addressing the acid rain problem. As you know, the Environment and Public Works Committee is in the throes of reauthorizing the Clean Air Act. Throughout the summer, we have had some 23 days of hearings. If there is one thing I think the committee has learned, it is that our clean air program is not working as smoothly as it should and I am hopeful we can fine-tune some of the program's most burdensome requirements.

It is not the purpose of this legislation to create additional redtape and needless burdens for industry. But it is important to recognize that this bill is a starting point from which we can begin to solve the problem of acid rain. As the Environment and Public Works Committee moves forward with the reauthorization of the Clean Air Act and addresses the acid rain problem, I am sure we will hear from those who have a stake in the legislation being introduced today. I will be listening to their concerns.

Mr. President, this legislation has been formulated on strong scientific data. A major study of the acid rain problem concluded just last month by the highly-respected and objective National Academy of Sciences concluded that:

> The committee believes that continued emissions of sulfur and nitrogen oxides at current or accelerated rates, in the face of clear evidence of serious hazard to human health and to the biosphere, will be extremely risky from a long-term economic standpoint as well as from the standpoint of biosphere protection. Of the options presently available, only the control of emissions of sulfur and nitrogen oxides can significantly reduce the rate of deterioration of sensitive freshwater ecosystems . . . In the most seriously-affected area . . . This would mean a reduction of 50 percent in deposited hydrogen ions.

Control of SO_2 from new electrical generating plants alone would be insufficient to accomplish this, and thus restrictions on older plants must be considered.

I would like to point out this legislation proposes a 10-million ton reduction of sulfur dioxide emissions in the 31-State region within a 10-year period. This is about 40 percent of total sulfur emissions presently emitted in the region from stationary sources.

Finally, Mr. President, I would like to note that a large majority of the American people support continued strong environmental protection even if it requires some economic sacrifice. A recent New York Times/CBS poll released Sunday found that more than two out of three surveyed agreed that "we need to maintain present environmental laws in order to preserve the environment for future generations." When questioned specifically about keeping current air pollution laws as tough as they are—even if some factories were to close as a result—nearly two-thirds said they would keep the law tough.

● Mr. HART. Mr. President, I am pleased to join Senator MITCHELL and others in the introduction today of the Acid Deposition Control Act.

Acid rain is one of the most disturbing of all environmental problems we face. It sounds like a science fiction nightmare: the very rain itself carries invisible gases which kill plant and animal life. Yet that is what is happening, not just in Canada and our Northeast, where the problem is most serious and most widely known, but also in the Rocky Mountain West and throughout the United States.

Acid rain is a particularly alarming confirmation of the old adage that what goes up must come down. But, with acid rain, what comes down is much worse than what went up.

Acid rain, acid snow, and dry deposition—in which acids settle out of the air by gravity instead of being washed out of the air by precipitation—are all indirect consequences of the burning of fossil fuels. The combustion produces sulfur dioxide (SO_2) and nitrogen oxides (NOx). These gases can then be carried by the prevailing winds for hundreds of miles in the upper atmosphere. During this journey, the gases combine with other chemicals in the atmosphere and undergo transformations which produce sulfuric acid and nitric acid. These acids, now often hundreds of miles from their points of origin, are washed out of the air by rain or snow or settle out by gravity.

Acid rain causes a wide variety of environmental problems. The most widely known effects of acid rain are caused by the accumulation of acidity in lakes. The acidity itself can keep fish from breathing and reproducing naturally. The acid in the rainfall can also cause mercury and other heavy metals to leach from the soil into watercourses, where they are consumed by fish and other aquatic organisms, and can be accumulated higher up in the food chain. Acid rain also impairs the growth of some types of trees and agricultural crops. And acid rain can destroy statutes, buildings, and other structures.

There is no conclusive evidence yet that acid rain affects human health, but there is reason for concern about the effects of either breathing acidic mists or eating fish containing mercury or other heavy metals washed out of the soil by acid rain. The Canadian Government has found that over half of a sample of 700 Indians in the Hudson and James Bay watersheds, with diets relying primarily on fish, have higher levels of mercury than is normal.

Since acid rain is by far the most serious new air pollution problem to emerge since Congress last revised the Clean Air Act, the National Commission on Air Quality carefully studied the problem. Based on our studies, the Commission adopted 32 separate findings on acid rain. Taken as a whole, our findings amount to an unequivocal confirmation that acid rain is manmade, and is a serious and growing environmental problem. The highlights of the Commission's recommendations include:

The long-range transport of air pollutants particularly of pollutants contributing to acid deposition, has become an international concern. The Canadian Government regards acid deposition as its most critical environmental problem. The U.S. exports about four times as much sulfur oxides to Canada as it imports from that country.

In the early 1950's, scientists related acid deposition to chemical and ecological changes in rivers and lakes in Scandinavia. Acid deposition also may damage the productivity of crops and forests by leaching important elements in compounds from plants and soils, increasing vulnerability to plant pathogens, and increasing susceptibility to drought. Forests in areas with acid-sensitive soils—that is, eastern Canada—are considered particularly vulnerable. Acid deposition has also been linked to damage of building materials, painted surfaces, and statues.

Acidity and toxic substances—for example, heavy metals—have been observed to increase in many lakes and rivers, particularly in New England and southeastern Canada, over the past several decades. Increased acidity in rivers and lakes not naturally acidic adversely affects the hatching of fish and the ability of young fish to survive. The sudden injection of acid, such as during the spring thaw from accumulations in winter snows, can kill even mature fish.

Increased acidity has resulted in more than 100 fishless lakes in the Adirondack area of New York, more than 140 fishless lakes in the Canadian Province of Ontario, and more than 15,000 fishless lakes in Sweden. Several thousand lakes in Minnesota and Wisconsin and 48,000 lakes in the Province of Ontario alone are considered susceptible to increased acid levels.

The most likely source of increased river and lake acidity over a relatively large geographic area, such as New England and southeastern Canada, is atmospheric deposition of acid material through both dry and wet processes.

One mechanism of atmospheric deposition, acid precipitation, has been observed over a large portion of the Eastern United States for the past 25 years.

Analyses of the chemical composition of acid precipitation over the Eastern United States indicate the dominance of ions found in sulfuric acid and nitric acid; preliminary analyses of acid precipitation in the Western United States suggest the dominance of ions found in nitric acid. The precursors to the formation of sulfuric acid and nitric acid in the atmosphere are sulfur oxides—mostly as sulfur dioxide—and nitrogen oxides.

Although acid rain is one of our most serious air pollution problems, it is not controlled directly under the current Clean Air Act. As now written, the act is based upon programs within each State to control sources within that State to meet air quality goals in that State. This scheme does not prevent acid rain, which does not respect State boundaries. In fact, to meet local air quality goals, some plants and factories use tall smokestacks to disperse their pollution—thereby adding to the long-range transport of pollutants which cause acid rain.

One the most important recommendations made by the National Commission on Air Quality is for additional controls on sulfur dioxide emissions to curtail acid rain. The Commission recommended that Congress should require a significant reduction by 1990 in the current level of sulfur dioxide emissions in the Eastern United States. The Commission's recommendation left to Congress the determination of the actual level of the significant reduction to be required and the measures to be required to bring about that reduction.

The Acid Deposition Control Act would implement this Commission recommendation. The act would require the States east of the Mississippi River to reduce their total sulfur dioxide emissions by 10 million tons from the amount of SO_2 they emitted in 1980. This reduction shall be accomplished within 10 years after enactment of the Acid Deposition Control Act. Each State east of the Mississippi shall be free to determine its own plan for reducing SO_2 emissions from sources within its borders, so long as the State plan contributes an adequate share to the overall reduction. Each State's share of the overall 10-million-ton reduction will depend upon the amount of utility emissions in excess of 1.2 pounds of sulfur per million Btu from utilities within that State. If a State fails to adopt a SO_2 reduction plan within 2 years, then utilities within that State would be subject to a Federal limit of 1.2 pounds of sulfur per Btu.

To increase the flexibility of this plan, individual States would be free to trade the amount of SO_2 reduction required of them, and may reduce 2 pounds of NO_x instead of 1 pound of SO_2.

This plan is consistent with the recommendation of the National Governors Association. The Governors support a program to control acid deposition involving the designation by Congress of a

control region in which the States should be granted a reasonable period of time to reach agreement on reducing the long-range transport of air pollutants. If the concerned States failed to reach such an agreement, the EPA should be authorized to take specific appropriate action.

This control of sulfur dioxide will not be easy, and it will not be cheap. But it can be done, and it must be done if we are to end the devastation of acid rain.

As important as the control of sulfur dioxide in the Eastern United States is, we should not delude ourselves that this step alone can solve our acid rain problems. While SO_2 is the primary cause of acid rain in the Eastern United States, nitrogen oxides are also important contributors, and strict controls on NO_x—especially on mobile sources of NO_x—will continue to be essential. In particular, it is crucial that Congress retain the current automobile NO_x emission standard of 1 gram per mile.

The SO_2 reduction program contained in the Acid Deposition Control Act only applies to the Eastern United States. This is appropriate, since North America's most severe acid rain problems are caused by SO_2 emissions east of the Mississippi. However, we must not overlook the recent and growing evidence of acid rain in the West, especially in the Rocky Mountain States. The Environmental Defense Fund has recently completed a survey of 10 research projects now underway on acid rain in the West. That survey, which I shall ask unanimous consent to include in the RECORD at the end of my remarks, shows preliminary agreement by the different researchers that:

Acid rain has been discovered at several points throughout the Rocky Mountain region;

The acid rain is worse at higher elevations;

The acidity of the precipitation is increasing; and

The acid rain is caused by human activity, not natural causes.

While this research is too preliminary, and the acid rain which has been discovered is too limited, to support now a major acid rain control program like that which the Acid Deposition Control Act would establish in the Eastern United States, the research does underscore the need for additional investigation. The Acid Deposition Control Act addresses this need by requiring the Environmental Protection Agency to report to Congress on acid rain in the West.

The survey follows:

"ACID RAIN" RESEARCH IN THE INTERMOUNTAIN WEST

INTRODUCTION

Much speculation has been raised regarding the occurrence of "acid rain" in the western United States. In an effort to determine the extent of the "acid rain" phenomenon in the Rocky Mountain region, the Environmental Defense Fund conducted a telephone survey of researchers who are actively collecting field measurements of acidity in precipitation or in lakes and streams in a number of locations in the region. Those currently conducting research were identified by a preliminary literature search and by referral from state and federal environmental agencies. The list of researchers contacted may not be exhaustive, but the work being done by those reported here is sufficiently broad-based to allow some important, although limited, conclusions about the occurrence of acid deposition at a number of locations in the Rocky Mountain region.

Those contacted were asked to identify the locations and duration of sampling efforts, whether sampling conducted to date showed acidity levels below "normal" (considered to be pH 5.6), and what conclusions, if any, could be drawn from the data collected to date. EDF did not request data unless a written report of a project was publicly available. EDF did not attempt to verify any conclusions related by any researcher contacted. Some researchers indicated that the conclusions they offered are tentative, and are subject to further analysis.

The survey was conducted by Adam Babich. This report was prepared by Mr. Babich and edited by Robert Yuhnke, EDF's Regional Counsel. Dr. Michael Oppenheimer, an atmospheric physicist conducting acid rain research in EDF's New York office, contributed to Section IV, EDF's Evaluation of the Results in Light of Recent Scientific Literature on Acid Rain.

I.—SUMMARY OF CONVERSATIONS WITH RESEARCHERS CONTACTED

A pattern emerged from the conversations with the researchers who were contacted. Three limited, although important, conclusions were commonly expressed among most of those contacted.

1. Acid precipitation, i.e., precipitation with an average pH less than 5.6, is being measured at widely scattered points in the Rocky Mountain region.

2. The incidence of acid precipitation events, or the degree of acidity, or both, is greater at higher altitudes (above 7,500 feet).

3. Two studies show trends toward increasing acidity in precipitation. (Lewis and Grant)

4. One study shows a trend toward increasing acidity in high altitude lakes. (Flat Tops Lake Study, Lewis and Grant)

5. There was general agreement that high acidity is attributable to human activity, and not natural causes.

6. All researchers agreed that insufficient sampling is being conducted in the West to determine gross rates of acid deposition or the sub-regional distribution of acid deposition in the West.

II.—STUDIES OF ACID DEPOSITION IN THE MOUNTAIN STATES

Most precipitation monitoring in the mountain states (Colorado, Wyoming, Montana, Idaho, New Mexico) has been conducted for only a few years. As a result, few of the precipitation studies reported to EDF demonstrate trends which allow conclusions to be drawn regarding whether rates of acid deposition are increasing or have stabilized. Precipitation analysis is only one way to study acid rain. Other techniques include the analysis of lake and snowmelt water, snowpack core studies, glacier core studies and biological studies. The biological studies involve the identification and monitoring of acid-sensitive species of plants and animals.

Acid deposition is being studied in the Rocky Mountains by various organizations including: the National Atmospheric Deposition Program (NADP), the United States Geological Survey (USGS), the Fish and Wildlife Service (FWS), the National Park Service (NPS), the National Center for Atmospheric Research (NCAR), and various university groups.

The National Atmospheric Deposition Program

The NADP is probably the most promising source of precipitation data in the mountain states. Monitoring sites are run by individual participants in the program including the National Park Service (NPS), the Bureau of Land Management (BLM), the National Oceanic and Atmospheric Administration (NOAA), and Colorado State University. Standard collection procedures are followed by all sites and all samples are analyzed by the Illinois State Water Survey in Champaign, Illinois. A 10-year program is anticipated which should result in sufficient data, collected and analyzed by uniform procedures, to etsablish trends. The NADP operates about 88 monitoring sites nationwide. There are 10 in the mountain states, five of these in high altitudes. Another four or five sites are expected to be added shortly.

The U.S. Geological Survey

The USGS has been running precipitation monitors in Idaho and Montana in connection with studies of the Mount St. Helens eruption. Five collection sites were originally used in Idaho; of these, two are left in Sand Point and Moscow. It is anticipated that these will eventually become part of the NADP network. There are two sites in Montana; these and the Idaho sites use equipment and methodology that is essentially the same as that utilized by NADP.

In addition, USGS runs three collection sites in Colorado and will add four more. These sites are located in high altitudes and will be used to assess the impact of the oil shale industry on Rocky Mountain precipitation. The USGS has also been conducting snowpack samples in the Rocky Mountains for about two years.

In New Mexico, USGS has been testing samples of runoff from undeveloped watersheds since the 1960s. In Wyoming, a study of the effects of rainfall chemistry on aquatic life is being proposed.

The Fish and Wildlife Service

The Fish and Wildlife Service has just received funding for a major study assessing the impact of acid deposition on the Rocky Mountain system. The study is expected to last about 18 months and is being conducted by acid rain experts from the east coast as well as from the West. The Rocky Mountain Assessment study which will utilize data collected by NADP is the most important and far-reaching study being conducted in this area.

Other studies

The National Park Service is conducting a study of changes in high elevation lake chemistry due to acid precipitation. NCAR is coordinating a project to collect cloud water in Montana to determine the acidity of precipitation before it falls through alkaline aerosol.

The National Soil Survey Laboratory in Lincoln, Nebraska is analyzing snowpack samples from Colorado. They are setting up for what will be a long-term study.

Carol Baird of the University of Wyoming has done some precipitation monitoring as part of a thesis on precipitation chemistry. Lewis and Grant of the University of Colorado have been measuring the acidity of precipitation in the Como Creek watershed on the eastern side of the Continental Divide along the Front Range in Colorado since 1975.

Under a grant from the National Science Foundation, Colorado University is doing a study of the impact of acid precipitation, among other things, on the Niwot Ridge, the same area studied by Lewis and Grant.

This project is being coordinated by Dr. James Halfpenny. Dr. Lewis will soon publish a study of changes in the alkalinity of Rocky Mountain lakes since 1938.

Finally, a study is being conducted by John Harte of the University of California in Berkeley at high altitude sites near Gothic at the Rocky Mountain Biological Laboratory. They hope to continue monitoring for 10 or 15 years.

In addition this group is analyzing the buffering capacity of the surrounding watershed and monitoring some aquatic life thought to be acidsensitive.

Harte has recently announced his confirmation of the existence of an acid rain problem in this area, including observations of adverse effects on aquatic life.

III.—RESULTS

Only three of these studies have been going on long enough for the researchers to draw conclusions as to trends. These are the Lewis and Grant precipitation study, Lewis's study of the chemistry of Rocky Mountain lakes, and the USGS watershed study resulted in measurements of pH values which have remained constant since the 1960s. These values vary between about 8.3 and 7.2

Lewis and Grant's study on the other hand shows a trend towards acidification in the Como Creek watershed. This study has been criticized, however, both as to methodology and interpretation. Some experts acknowledge the probable existence of the trend but explain it as a local problem caused by upslope winds carrying nitrates from Front Range auto emissions. Lewis and Grant consider it just as likely that long-range transport from the west coast is responsible.

Perhaps supporting the upslope transport theory is that Lewis and Grant have found a level of nitrate in their samples generally higher than that found by other monitors in the Rocky Mountains not affected by Front Range conditions.

But regardless of interpretation, the study points to sources of nitrogen oxides as a cause of acid precipitation along the Front Range.

About to be published is a new Lewis study showing a decline in alkalinity in lakes in the central Rockies from 1938–1979 attributed to acidification of precipitation. The lakes were not continuously monitored during this period, but no reasonable hypothesis other than precipitation chemistry has been identified as the probable cause of pH change in the lakes.

Lewis employs a theoretical quantitative criterion as a screening device to correct for other influences but this technique has not been verified in the field. The study also relies upon the quality of sampling and analysis done from 1938–1942 and from 1949–1952 and a technique to correct for variation in total annual runoff.

This study may be subject to criticism but raises serious cause for concern, and provides substantial support for our recommendations regarding the need for expanded baseline data.

IV.—EDF'S EVALUATION OF THE RESULTS IN LIGHT OF RECENT SCIENTIFIC LITERATURE ON ACID RAIN

The data collected by the referenced researchers indicates that acid deposition is occurring throughout the western United States. Precipitation analyses routinely reveal levels of sulfate and nitrate, the anions of sulfuric and nitric acids, far above what could reasonably be considered natural, background conditions.

Sulfates and nitrates are formed by natural processes, but those natural processes are not known to produce amounts anywhere near the magnitude which result from the emission of sulfur and nitrogen oxides into the atmosphere by automobiles and industrial sources.

In most western states, ecosystems in low elevations are relatively well buffered by alkaline soils and aerosols which neutralize atmospheric acidity carried down by precipitation. High elevation ecosystems, however, contain little if any buffering capacity, and are vulnerable to the effects of acid deposition. Mountain lakes and streams usually lie in unreactive bedrock incapable of neutralizing the acidity of precipitation. Surrounding terrain also consists of exposed bedrock or limited "soil" material derived from adjacent or exposed bedrock. The bedrock of the Rockies consists mostly of sandstones and granite which have little or no capacity to buffer acids.

The devastating impact of acid precipitation on the ecology of aquatic systems insufficiently protected by natural buffering is well documented by studies of lakes in the northeastern United States, Canada, and Europe.[1] Many lakes in these areas are now incapable of supporting life. Effects on soil-based systems, including plants and wildlife, are less thoroughly documented, but may likely prove equally disastrous. (A survey of the literature of the effects of increasing acidity on natural systems was prepared by EDF's Washington staff and is attached as Appendix I.)

The precipitation sampling data reported by the researchers contacted in our survey appear to show that precipitation at higher altitudes is substantially more acidic than at lower elevations. Higher acidity at high altitude is combined with much greater precipitation rates (annual averages ranging from 30" to 150" above 7,500 feet, as compared with 8" to 15" below 5,500 feet), thus resulting in substantially greater rates of total acid deposition at high altitude.

High altitude deposition is of much greater concern because of the lack of buffering capacity, the extensive mineralization of the exposed bedrocks, and the likelihood that increased acidity will leach heavy metals and radionuclides into lakes, streams, and groundwater. Many toxic heavy metals and radionuclides are relatively insoluble in a neutral environment, but are easily leached in an acid solvent. Thus metals which have remained bound in the bedrock for millions of years can be released by contact with acid waters. This phenomenon has been observed in the northeastern United States.[1] See Appendix I.

The rate at which toxic metals would be released into surface waters, and ultimately contaminate water supplies for downstream municipal and agricultural uses, depends on a number of variables. These include, among others, the strength of the acidity, concentration and solubility of each metal and the chemistry of the bedrock involved.

Without adequate measurements of the rate of acid deposition over extended periods, it would be impossible to even begin to predict rates of heavy metal contamination of runoff from high altitudes.

But experience in the northeastern United States, Canada and Sweden is sufficient to anticipate that one of the likely long-term consequences of increased acidification of lakes and streams in high altitude areas of the West will be the increased contamination of high-country runoff with toxic metals.

No one can claim that the acid rain phenomenon is thoroughly understood. Until more is known about the long-range atmospheric transport of acid-forming pollutants and their capture by precipitation, it will be impossible in most cases to connect the acidity in a particular precipitation event with a particular source or set of sources. It is also impossible at this time to predict how rapidly the acidity of the waters of mountain lakes and streams will increase without additional baseline data. Once sufficient data are available, models developed for watersheds in the Northeast can be modified to estimate how much the atmospheric loading of acid pollutants will have to be reduced in order to prevent the ultimate degradation of our mountain ecosystems.

A few things, however, are already clear. Sulfates and nitrates which form acids in the air or after deposition on the ground are formed by the chemical conversion of SO_2 and NO_x in the atmosphere. Most of the SO_2 and NO_x emitted by human activity will return to earth as sulfates and nitrates. In the West, the primary sources of sulfur dioxide are primary smelters and coal-fired power plants. The 14 primary smelters in the western United States emit over 1.1 million tons of SO_2 per year, and power plants in the same region add another ¼ million tons per years.[2] The primary sources of nitrogen oxides are combustion processes using air as the oxygen source where the combustion occurs under high temperature conditions. The greatest percentage of nitrogen oxides in the West are emitted by automobiles, with most of the remainder emitted by fossil fuel-fired power plants.

When interpreting acid rain data it is important to be aware of some possible sources of controversy.

It is recognized by the scientific community that there is the possibility of error in the collection and analysis of precipitation samples. Conclusions based on comparison of data collected and analyzed using different techniques may be viewed with suspicion. Data collected in this country prior to 1976 may not be comparable with more recent data. It is only recently that organized networks utilizing the same type of collection and similar analytic procedures have been brought into operation in America.

Data on acid rain are often reported in terms of one of two parameters—concentration and deposition of pollutants in rainfall. It is important that these be distinguished. Concentration is the amount of pollutants in the rain and does not speak to the amount of pollutants eventually deposited on a watershed. Deposition is the concentration of pollutants multiplied by the amount of rainfall—the total amount of pollutants deposited on a given area of earth.

Concentration is to a certain extent a function of the intensity of rainfall. The highest concentrations of pollutants are found in drizzles under 1 mm/hr. Concentrations in rainfalls of greater intensity do not vary significantly with intensity.

Confusion can result when different parameters are used to evaluate an acid rain problem in a particular area. Areas with a high concentration but little precipitation may receive less deposition than areas with a lower concentration and more precipitation.

Studies have not been able to establish direct correlations between a specific source and a specific acid rain event. But trajectory analysis and long-range transport modeling have demonstrated that regions where acid deposition is greatest are located in the path of persistent winds from regions where emissions of SO_2 and NO_x are greatest.

While the specific mechanisms by which acid is formed in the atmosphere, transported

[1] This summary of the current status of scientific research on the formation, long-range transport and deposition of acid pollutants are drawn from the five volume "Interim Report of the Working Group" (February 1981) prepared by representatives of the U.S. EPA and Environment Canada pursuant to the United States-Canada Memorandum of Intent on Trans-Boundary Air Pollution. The volumes of primary interest are "Atmospheric Modeling" which describes the current knowledge of atmospheric conversion processes and long-range transport mechanisms, and "Impact Assessment" which evaluates available data showing the impacts on lakes, streams, sensitive species and contamination of water supplies.

[2] General emission inventories for sources of NO_x and SO_2 are reported in *Protecting Visibility, An EPA Report to Congress* (October 1979), Chapter 6. EDF has also conducted an independent evaluation of smelter emissions in the West based on source-specific emissions data obtained from EPA regional offices.

and deposited are the subject of legitimate scientific debate, the acid precipitation research needed to answer all the questions raised by this debate is not proceeding at a pace which will guarantee clear answers before serious harm to life-supporting ecosystems occurs. Once the limited buffering capacities of the mountain areas have been exhausted, damage done thereafter will be irreversible.

Wise public policy suggests that the pace of measurement and research should be increased so as to permit conclusions to be drawn as quickly as possible.

But during those years necessary to obtain sufficient data to draw scientifically reliable conclusions about the rate of deposition, and the strategies needed to reduce deposition to harmless levels, policies should be adopted to minimize existing emissions of acid precursor pollutants to the extent consistent with the use of available control technology on the most significant sources of those pollutants in the West, i.e., autos, smelters, and power plants.

V.—RECOMMENDATIONS

1. The most urgent need is for better information regarding the geographical distribution and rate of acid deposition in the West. Better information means both expanding current sampling programs to include areas not now being studied, and the use of standardized sampling and analytical procedures to ensure the maximum usefulness of data now being collected.

To achieve an expanded program, EDF strongly recommends that the environmental protection programs of the three major federal land management agencies be expanded to include an integrated, interagency sampling program to better characterize total acid deposition in various regions, and the development of water quality data measurement system capable of identifying long-term changes in acidity and mineral leaching.

The Forest Service and National Park Service should be immediately funded for the express purpose of establishing and maintaining acid precipitation sampling programs in parks and wilderness areas throughout the West which are designated Class I under the Clean Air Act.

Currently, the Parks Service maintains a limited number of sampling stations in a few large parks along the Continental Divide. This program should be expanded to include other national parks and monuments which would help develop a wider distribution of samples under more diverse conditions, and with varying proximity to major sources of acid-precursor pollutants.

The Forest Service has initiated efforts to establish an acid precipitation station in Colorado in an area likely to be affected by new emissions of acid-forming pollutants from oil shale retorts.

Other wilderness areas should also be included in a broader effort by the Forest Service to measure acid deposition.

Expanded efforts to develop baseline data in Class I areas are absolutely essential if these management agencies are to have the capability to carry out their duty to protect "air quality related values" under section 165(d) of the Clean Air Act.

2. Major sources of acid-precursor pollutants—SO_2 and NO_x—should be controlled to minimize total atmospheric loadings of those pollutants until trends in the rate of acid deposition can be established.

Given the potentially high economic, environmental and social costs of widespread destruction of ecosystems and contamination of water supplies that may result from current levels of acid deposition in the West, it is prudent public policy to minimize the possible adverse effects until better data are available to more accurately assess the risks of substantial harm.

Focusing on the most significant sources of NO_x and SO_2 emissions, the most effective strategies for minimizing these pollutants include:

(1) Retaining the existing statutory standards for the emission of NO_x from motor vehicles (section 202), rather than doubling the standards as proposed by the automobile industry. Production of vehicles complying with standards now in the law will achieve a 40 percent reduction in total NO_x emissions from mobile sources by 1990. See National Commission on Air Quality Report, Table 21, p. 198. Enactment of the auto industry proposals will result in maintaining or slightly increasing total loadings by 1990. The 1981 auto fleet meets the existing 1.0 gr/mi NO_x standard. New technology is not required.

(2) Retain the existing requirement that all new sources of pollution be required to use "best available control technology" (section 165). Fluidized bed combustion technology and other techniques for reducing NO_x emissions from power plants and other major stationary sources of NO_x should be required as best available control technology for new sources. Experimental applications of fluidized bed technology have shown that major reductions in total NO_x emissions can be achieved, whereas now stationary sources are not required to reduce NO_x emissions.

(3) SO_2 emissions from smelters in the West should be required to comply with state implementation plans. Current SO_2 emissions from smelter exceed 1.1 million tons of SO_2 per year, and account for about 80 percent of all SO_2 emissions * * * from smelters to less than 400,000 tons per year. The technology now exists to achieve the levels of control required by state plans. But these reductions can be achieved only if the compliance exemptions enacted in 1977 (section 119) are repealed.

3. The duty of Federal Land Managers and the states under section 165(d) of the Act to protect "air quality related values" in national parks and wilderness created before 1977 should be extended to new national park and wilderness areas. The "air quality related values" test for federal lands is the only provision which gives the government authority to regulate emissions which will cause harm by the deposition of acids.

4. The protections against visibility impairment in parks and wilderness areas should also be retained because EPA research shows that the sulfates and nitrates which cause acid rain are also the pollutants responsible for visibility impairment. Protecting visibility may provide substantial protection against acid deposition.

VI.—RESEARCHERS CONTACTED FOR THE SURVEY

NADP and the Fish and Wildlife Service Rocky Mountain Assessment: Dr. James Gibson, C.S.U., Fort Collins, Colorado, 491–5571.

USGS: Colorado, John Turk, 234–3487; New Mexico (water runoff study), Kim Ong, (505) 766–2011; Idaho, Tom Edwards, (208) 334–1750; and Montana, Roger Napton, (406) 449–5263.

NPS: Colorado Rocky Mountain National Park Study, Jill Baron, 491–5642; Colorado, General Information, Ray Herman, 491–5642.

National Soil Survey Laboratory, Lincoln, Nebraska: George Hohmgren, (402) 471–5363.

University of Wyoming: Carol Baird, (307) 766–6732.

University of Colorado: Dr. Michael Grant, 492–7869; Dr. William Lewis, 492–6378; Dr. James Halfpenny, 492–8841; and Dr. Patrick Weber (Niwot Ridge Study), 492–7909.

NCAR: Allan Lazarus, 494–5151.

University of California project at Gothic, Colorado: John Harte, Rocky Mountain Biological Lab, Crested Butte, Colorado 81224; Lawrence Berkeley Laboratory, University of California, Berkeley, California 94720, (415) 486–6119.

APPENDIX I

(Memorandum)

ENVIRONMENTAL DEFENSE FUND,
August 10, 1981.

To: Concerned Officials, Organizations and Individuals.

From: William Y. Brown, Scientists, Wildlife Program, Michael J. Bean, Attorney, Wildlife Program.

Subject: Acid Rain and Wildlife Conservation.

Enclosed is an EDF paper entitled "Acid Rain and Wildlife Conservation." The paper distills a mass of information compiled jointly by the United States and Canada in preparation for the negotiation of an international agreement on transboundary air pollution. Although prepared for internal governmental use, these data were recently made available to the public. Several additional studies, including in particular work done on damage to forests, are also included in the EDF paper.

The observations summarized in this paper are sobering. Major areas of eastern North America, and perhaps the West, are threatened with massive loss of life forms because of acid rain. Although continuing, intensive research on the problem is essential, failure to take immediate steps to curtail the responsible pollutants, sulphur dioxide in particular, would demonstrate a reckless attitude of our society toward living resources.

We urge you to read the paper carefully and to do what you can to solve the problem. Two fundamental steps are urgent:

The Congress must not weaken the limits on sulphur and nitrogen oxide pollution currently required under the Clean Air Act.

A new law should be enacted to substantially reduce sulphur dioxide emissions in the eastern United States. The National Clean Air Coalition is working on this bill and it needs your support.

Please contact us if we can be of further assistance.

ACID RAIN AND WILDLIFE CONSERVATION

(By Dr. William Y. Brown)

Acid deposition is currently being observed in most of eastern North America. Within this half-continent are large areas in which the surface soil material and bedrock types have little buffering capacity for acid inputs and are identified as "potentially sensitive." These areas include some of the most unique unspoiled and biologically productive environments in North America. The potential is high for environmental degradation from the deposition of acid and other pollutants. (U.S.-Canada Work Group on Impact Assesment of Transboundary Air Pollution, Interim Report, January 15, 1981.)

THE CAUSES

Acid rain is caused principally by pollution of the air with sulphur oxides and nitrogen oxides. Most sulphur oxides come from the smoke of coal-fired power plants and ore smelters. These power plants, plus car and truck exhaust, add nitrogen oxides to the air. In atmospheric water, sulphuric acid and nitric acid are formed. These acids fall with rain and snow, then flow to streams and lakes. Precipitation in large areas of North America is forty times more acid than normal. Sometimes combined with acids formed on the ground by gaseous and solid pollution, this acid rain is destroying wildlife in poorly buffered areas over much of the eastern United States and Canada.(1,2)

THE MECHANISMS

Acid rain destroys wildlife primarily in three ways. First, acid rain directly inhibits reproduction in many species.(2,3,4) Second, acid rain can release toxic metals (aluminum, manganese, iron) which kill animal and plant life.(5,6,7,8,9) Third, acid rain can discharge from ecosystems other metals which

are essential to many plants and animals (calcium and magnesium).(8,9)

THE DESTRUCTION OF WILDLIFE

Freshwater lakes and streams

Acid rain can dramatically alter the kinds and diversity of animals and plants inhabiting lakes and streams. Many lakes have been stripped of most native life altogether.

Disruption of microorganisms

Field and laboratory studies in Scandinavia and North America indicate that bacterial diversity decreases in acidified water, accompanied by an increase in fungi, decrease in community respiration, and possible inhibition of the Nitrogen Cycle.(2,10)

Degradation of plankton

Plankton communities in lakes are sensitive to rising acid concentration. Generally one or two species of resistant algae become abundant while other native species diminish and may be lost.(11, 12) Overall, species diversity drops.(13, 14, 15) The dominant algae in acid lakes, a group called dinoflagellates, cannot readily be eaten by invertebrate animals in the plankton.(2, 11)

Invasion of Sphagnum moss

When lakes become acid, species of larger plants may be replaced by Sphagnum mosses. Moss invasion has been documented in Sweden, Canada, and New York State.(16, 17, 18, 19) Sphagnum moss forms extensive, dense beds. In New York State, growth of moss has been accompanied by proliferation of acid tolerant algae, which has completely covered larger plants in some areas and blocked the capture of sunlight.(19)

Disappearance of molluscs and crustaceans

Molluscs and crustaceans cannot live in acid waters. Molluscs are generally restricted to water with pH greater than 5.8 to 6.0—less acidic than many lakes affected by acid rain.(20, 21, 22) Many crustaceans are similarly sensitive.(23) The need of these animals for calcium, and its depletion from waters turned acid, may be responsible.(2)

Failure of reproduction in amphibians

Many species of frogs, toads and salamanders breed in temporary pools of meltwater formed in the spring. These pools are often very acid. Embryonic mortality and deformity is great in certain salamanders at pH less than 6.0. Yet the average breeding pool for these same species is 32 times more acid.(3, 24) Particularly sensitive species of amphibians include:(25)

Wood frog (Rana sylvatica).
American toad (Bufo americanus).
Northern spring peeper (Hyla crucifer).
Chorus frog (Pseudacris triseriata).
Yellow-spotted salamander (Ambystoma maculatum).
Blue-spotted salamander (Ambystoma laterale).
Tremblays salamander (Ambystoma tremblayi).

It is inevitable that amphibian species such as these will suffer severe decreases and will become locally extinct. Reduction in the biomass of amphibians may have far-reaching effects in both aquatic and terrestrial ecosystems, because salamanders and frogs are important prey for birds and mammals.(2)

Fish loss

High acid concentration can inhibit larval development of fish and promote aluminum and mercury concentrations to toxic levels. (2, 5, 7, 26–30) Massive kills have been observed for Atlantic salmon (31) and brown trout (32) in Europe and for pumpkinseeds, during spring snow melt, in North America. (33) However, less dramatic increases in mortality and drops in reproduction are more significant over the long term, eliminating many species from significant areas of their range:

Brook trout no longer can survive in at least 180 acidified Adirondack ponds where they formerly lived. (34)

Nearly half of the Adirondack lakes may be acidified and devoid of fish—10 times more than 50 years ago. (35)

Fish have disappeared from many lakes in Ontario, Canada. Consider Lumsden Lake (one of 68 case studies): (33)

1950s: 8 species of fish present.
1960: Last report of yellow perch and burbot.
1960–65: Sport fishery fails (pH 6.8 in September of 1961).
1967: Last capture of lake trout.
1968: White sucker suddenly rare.
1969: Last capture of trout perch, lake herring and white sucker.
1970: Only lake chub present.
1971: Lake Chub very rare (pH 4.4 in August of 1971).

Thousands of lakes in Ontario and Quebec, many of them prime sport fisheries for U.S. and Canadian citizens, may be similarly lost if acid rain continues at present rates. (2)

In Nova Scotia, acidification threatens 30% of the Atlantic salmon populations. Salmon reproduction has ceased in nine rivers where the fish once lived. Canada may be following in the footsteps of Norway, where acid rain has devastated salmoid fish. (36)

Fish populations in lakes and rivers generally are genetically distinct, being locally adapted. Elimination of a population is therefore not reversible by restocking. Furthermore, replacement stocks will not survive if acid rain is not abated, nor will they survive with lower acid concentrations if essential elements have been expelled from the ecosystem by former high acidity. (2)

Decline of birds and mammals

Birds and mammals which depend on acid-sensitive animals and plants for food can be expected to decline when feeding lakes and streams become acidified. Fish-eating birds have disappeared from acid lakes in Sweden.(14, 37) In North America, the Common Loon has declined in the Adirondacks over the last 15 years, paralleling the decline in fish populations as well as increased human disturbance.(38, 39) The following birds and mammals are considered particularly susceptible to acid rain in North America and should be monitored closely:

Birds and Mammals Susceptible to Acid Rain(25)

Common Loon (Gavia immer).
Common merganser (Mergus merganser).
Hooded merganser (Mergus cucullatus).
Red-breasted merganser (Mergus serrator).
Great blue heron (Ardea herodias).
Belted kingfisher (Megaceryle alcyon).
Common goldeneye (Bucephalus clangula).
Ring-necked duck (Aythya collaris).
Black Duck (Anas rubripes).
Green-winged teal (Anas carolinensis).
Mallard (Anas platyrhynchos).
Northern pintail (Anas acuta).
American widgeon (Anas americana).
American mink (Mustela vison).
River otter (Lutra canadensis).
Muskrat (Ondatra zibethicus).

Forests

Beech and spruce forests in West Germany provide the only long-term information concerning effects of acid rain on forests.(8) In these forests, already acidic rain is made two to four times more acid by sulphur dioxide and particulates. The acid is releasing aluminum salts in the soil, killing rootlets. The beech forest is considered to be doomed and the spruce forest unlikely to survive.

These studied West German forests are grown on sensitive, unbuffered soil. No industry is in the forest area, although the Essen-Dusseldorf Industrial Area lies 130–150 km to the west. No study has demonstrated such damage to forests in North America.

However, many forest ecosystems should be considered at risk and monitored carefully. These include such unique ecosystems at the Boundary Waters Canoe Area Wilderness of Northern Minnesota,(40) the Great Smoky Mountains National Park in Tennessee and North Carolina,(41) the Adirondack Mountains in New York,(42) and the Kejimkujik National Park in Nova Scotia.(2)

THE SOLUTION TO THE PROBLEM

Acid rain will abate only with reduction in the amount of sulphur and nitrogen oxides put into the air by coal-fired power plants, smelters, refineries, cars, trucks, and other sources.

A major positive and feasible step would be reduction in the amount of sulphur dioxide emissions by power plants. The National Commission on Air Quality has estimated that a seven million ton reduction in annual sulphur dioxide emissions by eastern utilities can be achieved by 1990 with an average increase of less than two percent in eastern utility bills.

The National Clean Air Coalition is investigating the additional cost of a reduction totaling ten millions tons. Because a reduction of seven to ten million tons of sulphur dioxide constitutes some 40 to 57 percent of total emissions in the East, the abatement of acid rain would be substantial.

To stop the destruction of wildlife by acid rain, concerned citizens, organizations, government agencies and elected officials should:

Support those existing limitations on emissions of sulphur and nitrogen oxides which have been set under the Clean Air Act. Many efforts are now underway to weaken the Clean Air Act this autumn, and your help is needed to keep the law intact.

Support the efforts of the National Clean Air Coalition to have new legal authority enacted to substantially reduce sulphur dioxide emissions by 1990.

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● Mr. STAFFORD. Mr. President, I am pleased to cosponsor Senator MITCHELL'S bill.

Three years ago, I was somewhat doubtful that there was a phenomenon called acid rain.

Two years ago, I believed in acid rain, but was not certain as to its causes.

One year ago, I was persuaded not only that it existed, but that acid rain was caused by sulfur and nitrogen oxides emitted primarily from utility and industrial boilers, especially in the Midwest. What I doubted was the will of Congress to deal with the issue.

Today, I believe the Congress has acquired not only the knowledge, but the will. Whatever happens to the Clean Air Act, it is becoming increasingly certain that the Congress will have no choice but to deal with the acid rain issue.

I know that Senator MITCHELL has developed this proposal over the course of several months and compliment him on his efforts. He has made every attempt to respond to the complaints and comments of all sides interested in this issue. He has made every attempt to develop a bill which all sides can support, for which he deserves great credit. Rather than responding to a sensitive political and environmental issue in an unthinking and rigid fashion, he has attempted to develop a balanced and reasonable bill.

Mr. President, I hope that during this session the Committee on Environment and Public Works, the Senate, and the Congress can address the acid rain problem. I believe Senator MITCHELL'S bill is an excellent foundation for our work, and I am pleased to join him in its introduction.●

Mr. CHAFEE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MITCHELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MITCHELL. Mr. President, I yield back the remainder of my time.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. All time having been yielded back, morning business is closed.

RECESS UNTIL 2 P.M.

Under the previous order, the Senate will stand in recess until 2 p.m.

Thereupon, at 1:05 p.m., the Senate recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. KASTEN).

TELECOMMUNICATIONS COMPETITION AND DEREGULATION ACT OF 1981

The PRESIDING OFFICER. The clerk will state the pending business before the Senate.

The legislative clerk read as follows:

A bill (S. 898) to amend the Communications Act of 1934 to provide for improved domestic telecommunications, and for other purposes.

Mr. PACKWOOD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BRADLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRADLEY. Mr. President, in a few minutes I will send an amendment to the desk and ask for its immediate consideration. This is an amendment which deals with the exchange area section of the bill. It is one, I think, that is consistent with the intent of the bill.

If an exchange area is altered because of growth, the bill states that it shall be reduced to the SMSA, which, in certain States, has the effect of converting what are presently local calls into long-distance calls, dramatically increasing costs to the ratepayer. This particularly is true in densely populated States like New Jersey.

The amendment I am offering would give an option to use the standard consolidated statistical areas as well as the SMSA's.

I have cleared this amendment with the chairman.

Mr. PACKWOOD. Mr. President, indeed the Senator from New Jersey has a very unique geographical situation, and this amendment cures what would otherwise be a hardship in the telephone exchange system in New Jersey. I believe both the majority and minority have seen the amendment and we are prepared to accept it.

UP AMENDMENT NO. 466

(Purpose: To include "consolidated statistical areas" for densely populated areas)

Mr. BRADLEY. Mr. President, I send the amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. (Mr. COHEN). The Chair is advised that there is currently pending an amendment before the Senate by the Senator from South Carolina.

Mr. PACKWOOD. Mr. President, I just talked with the Senator from South Carolina and asked if he had any objection to temporarily laying his amendment aside.

I might say to Senator THURMOND, this is not his amendment, but it is Senator HOLLINGS' amendment.

I just talked to Senator HOLLINGS and he said he had no objection to temporarily laying his amendment aside. I ask unanimous consent to temporarily lay aside the amendment of the Senator from South Carolina so we might consider this amendment, and also ask unanimous consent that we might temporarily lay it aside to consider the next amendment, of the Senator from New Jersey.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY) proposes an unprinted amendment numbered 466.

Mr. BRADLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 141, line 23, insert "(or a consolidated statistical area, in the case of densely populated States)" after "area".

On page 142, line 1, insert "(or a consolidated statistical area, in the case of densely populated States)" after "area,".

Mr. BRADLEY. Mr. President, I move adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 466) was agreed to.

UP AMENDMENT NO. 467

(Purpose: To preserve reasonable rates for basic telephone service)

Mr. BRADLEY. Mr. President, I send another amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY) proposes an unprinted amendment numbered 467.

Mr. BRADLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 106, line 7, insert "increase in" after "unreasonable".

On page 137, line 3, insert "(1)" after "(d)".

On page 137, insert the following between lines 13 and 14:

"(2) In establishing practices to ascertain and apportion exchange costs between exchange telecommunications services and exchange access and ensure the universal availability of basic telephone service at reasonable charges the Commission may consider the establishment of charges at rates which will provide a level of revenue to exchange carriers no less than the level of revenue exchange carriers received during the calendar year 1980.".

Mr. BRADLEY. Mr. President, this amendment is consistent with the concept of the bill. The bill before us, S. 898, eliminates certain subsidies which currently are used by State regulatory agencies to hold down the cost of the basic telephone rates to residential consumers. These subsidies—from yellow pages advertising and intra-State long distance rates—would be replaced by the access fees that will be paid by various companies hooking into the regulated system.

The thrust of my amendment simply says that there shall not be an unreasonable rate increase as a result of this shift in subsidy arrangements, and says that the FCC may consider the current subsidy levels as a floor.

That is the thrust of the amendment. The amendment says the FCC may consider, but I think the chairman of the committee also feels that, indeed, the FCC should give consideration to establishing the idea of such a floor.

Mr. PACKWOOD. Mr. President, again, the amendment has been cleared with both the majority and minority. We agree with its purpose and are ready to accept the amendment.

Mr. BRADLEY. Mr. President, I move adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 467) was agreed to.

UP AMENDMENT 468

Mr. PACKWOOD. Mr. President, I see the Senator from South Carolina (Mr. THURMOND) is in the Chamber. Because his amendments have been worked out and are acceptable, I ask unanimous consent that we once more temporarily lay aside the amendment of Senator HOLLINGS so we may dispose of the Judiciary Committee amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from South Carolina.

Mr. THURMOND. Mr. President, it is difficult to overstate the significance of the legislation we consider today. S. 898, the "Telecommunications Deregulation and Competition Act of 1981," is the culmination of over 5 years of arduous effort by the Congress to overhaul the 1934 Communications Act. As we approach the 50th anniversary of the Communications Act, there can be no doubt of the need for Congress to respond to the rapid changes we have witnessed over the last few decades in the field of telecommunications. By amending the 1934 act, S. 898 not only recognizes the tremendous technological advances which have occurred, but serves to foster and promote innovation far into the future.

Clearly, the intent and goal of S. 898 is, as far as possible, to replace regulation with free and open competition in the everbroadening field of telecommunications. I applaud this worthy purpose. The special nature of the telecommunications industry, however, cautions that particular care be given to assuring that the competition this bill authorizes be fair and effective.

Cognizant of its responsibility to protect trade and commerce against unlawful restraints and monopolies, the Committee on the Judiciary has focused much attention on the competitive implications of S. 898. The committee conducted 6 days of hearings on competition in the telecommunications industry, with particular focus on S. 898. We received testimony from numerous witnesses representing a wide spectrum of opinion touching on various competitive concerns.

As a result of these hearings, Mr. President, I am pleased to present to this body a package of amendments to S. 898, designed to alleviate certain competitive problems perceived to presently exist in the bill. These amendments were developed with the full cooperation and constructive input of the Committee on Commerce, Science, and Transportation and I understand that both the chairman and ranking minority member of that committee will be cosponsoring the amendments, or at least supporting them.

The administration also has given its full cooperation, active assistance, and support to the development of these amendments. Indeed, two of the amendments which I offer today were prepared and submitted by the Justice Department. The final package reflects the concern of the administration that deregulation not be effected at the expense of healthy competition in the telecommunications market, so that the consumer will be the ultimate beneficiary of our action today.

Mr. President, the amendments cover a wide range of problems. Their primary goal, however, is to make certain that the dominant-regulated carrier and the "fully separated affiliate" which will be formed pursuant to the bill are, in fact, fully separated. To the greatest extent possible, every avenue between these business entities which would permit dangerously anticompetitive cross-subsidization must be eliminated. To this end, most of the amendments proposed today serve to tighten the separation requirements set forth in the bill.

The other amendments in the package cover a variety of antitrust concerns, all of which provide needed improvements to this bill. I have prepared full explanations of each amendment which I shall ask unanimous consent to have made part of the RECORD.

In conclusion, Mr. President, I urge support of each of these amendments. I feel that the potential antitrust problems which have been identified and so thoroughly discussed over the past few months will be greatly diminished by the amendments. The Committee on the Judiciary cannot shirk and, in this case, has not shirked its responsibility to this body to examine legislation which has significant antitrust implications. We are appreciative to the sponsors of this legislation for being so receptive to our suggestions.

Mr. PACKWOOD. Mr. President.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. PACKWOOD. Mr. President, I want to laud and thank the Senator from South Carolina for the attention he has given to this bill and for the amendments that he has drafted and proposed. They improve the bill immensely and I am in his debt. Initially, I had some resistance to them but, because of his persuasiveness and thoughtful approach of the amendments, I am persuaded of their merits. I am thankful to the Senator from South Carolina for what he has done.

Mr. President, we are prepared to accept the amendments. I believe the minority is, also.

Mr. CANNON. Yes, Mr. President, we accept them.

Mr. PACKWOOD. We are prepared to accept the amendments en bloc.

The PRESIDING OFFICER. The Chair is advised that the amendments have not been offered yet.

Mr. THURMOND. That is fine, Mr. President, if the amendments can be agreed to en bloc, that suits me. I shall send the amendments to the desk and ask that they be stated.

The PRESIDING OFFICER. The amendments will be stated.

The legislative clerk read as follows:

The Senator from South Carolina (Mr. THURMOND) for himself and Mr. CANNON, purposes an unprinted amendment numbered 468.

(Purpose: To establish procurement policies for fully separated affiliates)

On page 168, strike lines 3 through 6 and substitute:

PROCUREMENT POLICIES

SEC. 231. The 1934 Act is amended by inserting the following new section after section 230.

"PROCUREMENT POLICIES

"SEC. 231. (a) Except as provided in section 233, not later than 6 months after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981, the dominant-regulated carrier (referred to in section 203 (b)) shall adopt and implement a purchasing policy for itself and all of its affiliates (not including any fully separated affiliate), for the procurement of telecommunications products (subject to such restrictions as the Commission may establish pursuant to section 240 of the Telecommunications Competition and Deregulation Act of 1981). Such procurement shall be on a fair and nondiscriminatory basis.

"(b) Not later than the second calendar year after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981, the dominant-regulated carrier and its affiliates (not including any fully separated affiliate) shall purchase no lesser percentage of its requirement of telecommunications equipment for each product category from nonaffiliates, than—

"(1) the percentage set forth herein: namely, during the second year, the base period percentage; during each of the next five years, the prior year's percentage multiplied by 1.2; during each of the following five years, the prior year's percentage multiplied by 0.8; or

"(2) 20 percent;

whichever is less. Thereafter, the requirements of this subsection shall be terminated. A dominant-regulated carrier shall have the burden of demonstrating that any failure to meet the mandatory outside purchase requirements is due solely to the lack of reasonable availability on a timely basis of telecommunications products which meet required specifications at competitive prices from nonaffiliates.

"(c) In order to ensure compliance with this section the Commission—

"(1) shall issue regulations under which a dominant-regulated carrier shall report purchases of telecommunications products in such form and for such periods as will enable the Commission to monitor compliance with this section; and

"(2) shall issue other rules and regulations consistent with the purposes of this section.

"(d) For the purposes of this section the term:

"(1) 'Telecommunications products' means equipment, including related services and software programing commonly used in providing exchange and interexchange telecommunications service other than customer-premises equipment.

"(2) 'Product category' means categories of telecommunications products defined by the Commission pursuant to this section, which categories shall be defined so as to effectuate the purpose and intent of this section, except that electronic switching equipment shall be treated on an item by item basis.

"(3) 'Base period percentage' means, for each product category, the percentage of purchases of telecommunications products (A) made during the 2 calendar years ending in the year in which this section was enacted, and (B) that were made by a dominant-regulated carrier from suppliers other than affiliates or fully separated affiliates. For the purpose of making the computations required by subsection (b), the base period percentage for any equipment category shall not have a value of less than 8 percent.

"(e) Nothing in section 228 shall be construed to relieve the dominant-regulated carrier and its affiliates from the requirements of this section.

"(f) The Attorney General of the United States shall have the right to sue in any district court to enjoin violations of this section by a dominant-regulated carrier or any affiliate, or any Federal agency including the Commission. The Attorney General may also commence an action to obtain injunctive relief pursuant to this subsection in order to obtain compliance with the provisions and requirements of this section.

"(g) The Commission shall annually report to Congress concerning the operations of this section. In that report, the Commission shall set forth with particularity difficulties encountered and the progress achieved in obtaining full anad fair competition in the telecommunications products field. Such report may be included as a separate section in the annual report the Commission submits pursuant to the Communications Act of 1934.".

(Purpose: To clarify provisions dealing with patents independently developed by a fully separated affiliate)

On page 160, strike lines 1 through 4 and substitute the following:

"(2) The final judgment described in subsection (a) shall not be construed to require any fully separated affiliate to license patents or provide technical information, developed independently by the fully separated affiliate or by any nonaffiliated person.

"(3) Notwithstanding any other provision of this Act, a dominant-regulated carrier shall not transfer to a fully separated affiliate any patents or related technical information held or developed by the dominant-regulated carrier, provided that the dominant-regulated carrier may license patents and related technical information to the fully separated affiliate on the same terms and conditions that such licenses are issued to third persons.

"(e) The patent licenses required to be granted back to the American Telephone and Telegraph Company and its affiliates by section X applicants under the terms of the final judgment described in subsection 229 (a), at the option of such applicant, may be limited to a term of 5 years, and grants of patent licenses by A.T. & T. and its affiliates, at the option of A.T. & T., may be limited to a term of 5 years.".

On page 160, line 5, strike "(e)" and substitute "(f)".

On page 160, line 13, strike "(f)" and substitute "(g)".

On page 160, line 22, strike "(g)" and substitute "(h)".

(Purpose: To prevent cross subsidization)

On page 105, line 15, insert "cross subsidization and other" and "with".

(Purpose: To provide authority for the Commission to request information with regard to dealings between certain carriers and affiliates)

On page 147, insert the following between lines 15 and 16:

"(i) The Commission may request information from the dominant-regulated carrier or any of its affiliates, or the fully separated affiliate regarding the conduct of business between the fully separated affiliate and the dominant-regulated carrier or any affiliate in order to properly enforce the provisions of this section.".

On page 147, line 16, strike "(i)" and substitute "(j)".

On page 147, line 19, strike "(j)" and substitute "(k)".

(Purpose: To clarify transitional provisions)

On page 175, insert the following between lines 2 and 3:

"(C) Any service which the Commission determines subject to effective competition and deregulated pursuant to subparagraphs (A) or (B) shall continue to be offered under tariff for a transition period not to exceed 6 months from the date of such determination.".

(Purpose: To clarify provisions relating to the governing board of a fully separated affiliate)

On page 143, line 4, insert "which percentage shall also include any individual specified in subsection (a)(1)" after "affiliate".

(Purpose: To minimize the availability of funds for cross subsidization)

On page 119, insert the following new sentence at the end of line 13: "All such tariffs shall be accompanied by economic cost support data establishing the justness and reasonableness of such tariffs.".

(Purpose: To assure that a fully separated affiliate bears its fair share of costs of marketing)

On page 143, line 18, insert "advertising, installation, production," after "sales".

On page 143, line 21, insert "of a type not related to specific services, facilities, and equipment" after "advertising".

(Purpose: To prohibit cross-subsidization)

On page 147, insert the following between lines 22 and 23:

"(K) Nothing in this section shall be construed to permit cross-subsidization or any other anticompetitive conduct by a dominant-regulated carrier.".

(Purpose: To clarify provisions relating to protocols and information)

On page 129, line 18, strike "until filed" and substitute " except".

On page 129, insert the following between lines 18 and 19:

"(C) No information regarding operational protocols or interface requirements, or anticipatel modification in such protocols or interface requirements, may be disclosed by the dominant-regulated carrier or any of its affiliates to a fully separated affiliate (or to an affiliate providing support (manufacturing, research, and development) for the fully separated affiliate or that provides components or subassemblies to the fully separated affiliate) except that such information may be filed with the Commission and released by the Commission pursuant to paragraph (2).".

(Purpose: To revise provisions relating to the assets evaluation board)

Beginning on line 18, page 152, strike out through line 4 and substitute:

"(5) There shall be established an assets evaluation board composed of three members selected by the Commission, at least one of whom shall be chosen upon the recommendation of the National Association of State Commissions. The Board shall determine the value of any assets transferred from the affected dominant-regulated carrier and any affiliate to any fully separated affiliate. Evaluations of such Board shall be binding upon the Commission and upon State commissions. Any failure of the Board to take action shall not delay any such transfer contingent upon either party's option to rescind such transfers upon Board valuation.".

(Purpose: To clarify provisions relating to full separation)

On page 151, line 16, strike "exclusively".

On page 151, strike lines 18 through 24 and substitute "affiliate or a nonaffiliate.".

On page 152, lines 3 and 4, strike "exclusively".

On page 152, line 4, strike "nonaffiliate, except" and substitute "nonaffiliate".

On page 152, beginning with line 6, strike out all through the period on line 11.

On page 152, line 12, strike "except as otherwise provided in this subsection,".

On page 152, insert the following between lines 17 and 18:

"(5) Upon petition by the dominant-regulated carrier, the Commission may permit the purchase of subassamblies or basic components from the dominant-regulated carrier or affiliate under condition that the dominant-regulated carrier or affiliate offer to sell the same type of subassembly or component to nonaffiliates at the same charges and on the same terms and conditions, and subject to such other terms and conditions as the Commission shall prescribe.

On page 152, line 18, strike "(5)" and substitute "(6)".

(Purpose: To clarify provisions relating to inside wiring)

On page 171, line 7, insert "(1)" after "(a)".

On page 171, insert the following between lines 10 and 11:

"(2) Inside wiring that is installed 2 years after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 shall not be subject to regulation, and may not be provided by a dominant-regulated carrier.

"(3) No person owning or controlling inside wiring may require, prohibit, or otherwise restrict the interconnection of such wiring with any telecommunications carrier or any customer-premises equipment which meets such standards as the Commission may establish under section 234(c)(1).".

(Purpose: To strengthen full separation)

On page 143, line 24, strike "and".

On page 144, line 5, strike the period and insert a semicolon.

On page 144, insert the following between lines 5 and 6:

"(7) not use real or personal property except in accordance with the requirements established in subsection (d) of this section; and

"(8) not enter into any joint venture or partnership other than as permitted by subsections (c) and (g) of this section.".

On page 144, strike lines 6 through 20 and substitute:

"(b)(1) A fully separated affiliate may conduct business with respect to the transfer of goods, services, and facilities with its dominant-regulated carrier, provided that such business is conducted".

On page 144, line 21, strike "shall be".

On page 144, line 24, strike all after the period.

On page 144, line 25, insert the following before "pursuant":

"(2) Such conduct of business shall be".

On page 145, insert the following at the end of line 4: "Nothing in this subsection shall be construed to allow the use of any contract or other arrangement which has the result of assigning or allocating the research, development, manufacturing, marketing, management or other costs of service, facilities, interexchange equipment or customer-premises equipment to other services, facilities, or equipment which remain subject to regulation.".

On page 147, insert the following between lines 15 and 16:

"(l)(1) All applied research, development, manufacturing, marketing, and all other services provided by a dominant-regulated carrier to any of its affiliates or to a fully separated affiliate which relate to the production or marketing of telecommunications products or customer-premises equipment shall be provided only on a fully auditable and compensatory basis. No cost of such activities shall be included as a cost underlying the determination of charges for any regulated interexchange and exchange telecommunications service except as reflected in the price paid by the dominant-regulated carrier for telecomunications products or customer-premises equipment purchased from the affiliate or fully separated affiliate.

"(2) All administrative or other general expenses provided by the dominant-regulated carrier on behalf of any affiliate or fully separate affiliate shall be provided only on a fully auditable and compensatory basis, and each affiliate and fully separated affiliate shall reimburse a dominant-regulated carrier for a pro rata share of the common administrative and general expenses of such carrier.

"(3) No results of research or engineering studies (including drafts, work in progress, or preliminary results) the costs of which are used in the determination of charges of the regulated interexchange and exchange telecommunications services of a dominant-regulated carrier (other than as provided in subparagraph (1)) shall be made available to a fully separated affiliate engaged in the manufacture of telecommunications products prior to the time such results are made available to competitors of such fully separated affiliates. If such results are provided to any fully separated affiliates, they shall be provided to their competitors without charge.".

On page 147, line 16, strike "(l)" and substitute "(j)".

On page 147, line 19, strike "(j)" and substitute "(k)".

(Purpose: To clarify provisions relating to customer-premises equipment)

On page 172, line 18, strike "and" and substitute "and 235(c),".

On page 172, strike lines 19 through 21 and substitute "under seciton 233, no dominant-regulated carrier".

On page 175, line 9, strike the quotation marks and the second period and substitute the following new sentence: "The Commission may extend this period for up to an additional 2 years if the Commission finds that such extension serves the purposes of this Act.".

(Purpose: Special Procurement and Open Market Sales (No. 1))

At the appropriate place insert the following:

"SPECIAL PROCUREMENT AND OPEN MARKET SALES REQUIREMENTS

"SEC. . (a) In the second calendar year after the calendar year in which this Act is enacted, and in each of the following calendar years, the ratio of the gross annual sales of telecommunications products made by any affiliate or any fully separated affiliate of a dominant-regulated carrier to the dominant-regulated carrier, to such sales made to nonaffiliated entities shall not exceed the product of the 'access line ratio' times the 'access line multiplier', as determined in accordance with this section.

"(b) For the purpose of this section the term:

"(1) 'Telecommunications products' means equipment, related services and software programing commonly used in providing regulated exchange telecommunications service.

"(2) 'Internal sales' means the sale of telecommunications products made by any affiliate or any fully separated affiliate of a dominant-regulated carrier to such dominant-regulated carrier.

"(3) 'Noninternal sales' means the sale of telecommunications products by an affiliate or fully separated affiliate of a dominant-regulated carrier to nonaffiliated entities.

"(4) 'Equipment category' means categories of telecommunications products defined by the Commission pursuant to this section, which categories shall be defined, as nearly as practicable, on an item-by-item basis so as to afford, with respect to every item, the market test provided by this section.

"(5) 'Access line ratio' means a fraction having as its numerator the number of customer access lines served by affiliates of a dominant-regulated carrier and having as its denominator the number of customer access lines served by all other domestic carriers providing exchange telecommunications service (except carriers affiliated with a manufacturer of telecommunications products).

"(6) 'Access line multiplier' means an integer having a value of 10 in the second calendar year after enactment of this section and decreasing by one in each succeeding year until the eleventh year after enactment. Thereafter, the access line multiplier shall have a value of one.

"(c) The international sales by an affiliate or fully separated affiliate of a dominant-regulated carrier shall not exceed, for any equipment category, its noninternal sales multiplied by the product of the access line ratio times the access line multiplier, provided however—

"(1) that the dominant-regulated carrier shall not be deemed to have violated this section unless it fails to adhere to such limitations on an average basis, over a 3-year period; and

"(2) that these limitations shall not apply to equipment that is available to a dominant-regulated carrier from nonaffiliated domestic manufacturers only at prices significantly higher than those they charge contemporaneously to other entities.

"(d) Internal sales subject to this section shall be made at prices no greater and under terms and conditions no less favorable than the prices, terms, and conditions extended to nonaffiliated entities.

"(e) The purpose of this section is to provide, to the extent practicable, a market test for the prices and other terms under which telecommunication products are purchased by any dominant-regulated carrier from any affiliate or fully separated affiliate. The Commission—

"(1) shall issue regulations under which all carriers providing exchange telecommunications service shall report purchases of telecommunications products in such form and for such periods as will enable the Commission to monitor compliance with this section;

"(2) shall define equipment categories as narrowly as is practicable in order to achieve the purposes of this section; and

"(3) upon a showing of good cause, shall increase or decrease the limitations on internal sales imposed by this section if it finds, with respect to a particular equipment category for a specified period, that an exception is in the public interest and is consistent with the purpose of this section.

"(f) (1) Not later than one year after the date of enactment of the Telecommunications Deregulation and Competition Act of 1981, and not later than the same date in each following calendar year, the Commission shall make the calculations and other determinations required by this section. The Commission shall specifically determine—

"(A) the gross annual 'Internal sales' and 'noninternal sales' in each equipment category during the previous calendar year;

"(B) the total average number of customer access lines served by a dominant-regulated carrier domestically during the same period; and

"(C) the total average number of customer access lines served by all other domestic carriers providing exchange telecommunications services during that same period.

"(2) In making these determinations, the Commission shall use generally accepted statistical sampling and accounting procedures, and shall rely to the maximum extent possible on otherwise generally available information. The Commission shall also consult in a timely fashion with the Attorney General.

"(3) As soon as possible following the de-

terminations and consultations required above, the Commission shall make the mathematical calculations required by this section. The Commission shall notify each dominant-regulated carrier of the results of these calculations.

"(g) The Attorney General of the United States shall have the right to sue in any district court to enjoin violations of this section by a dominant-regulated carrier, any affiliate, any fully separated affiliate, or any Federal agency including the Commission. The Attorney General may also commence an action in the nature of mandamus pursuant to this subsection in order to obtain compliance with the provisions and requirements of this section.

"(h) The Commission shall annually report to Congress concerning the operations of this section. In that report, the Commission shall set forth with particularity difficulties encountered and the progress achieved in obtaining full and fair competition in the telecommunications products field. Such special report may be included as a separate section in the annual report the Commission submits pursuant to other provisions of this Act.".

(Purpose: To revise interconnection for exchange access)

On page 115, lines 2 and 3, strike "regulated" and substitute "interexchange".

On page 115, insert the following between lines 19 and 20:

"(c)(1) Not later than September 1, 1984, every exchange carrier shall begin to offer to all interexchange carriers exchange access (as that term is defined in section 222(j)(1)) on an unbundled, tariffed basis, that is equal in type and quality to that provided for its own interexchange telecommunications services and those of any affiliated interexchange carrier. Not later than September 1, 1985, such equal access shall be offered through end offices of the exchange carrier serving at least one-third of the exchange access lines of the exchange carrier, and, upon bona fide request, every end office shall offer such access not later than September 1, 1986: *Provided*, That with respect to access provided through an end office employing switches technologically antecedent to electronic, stored program control switches or those offices served by switches that characteristically serve fewer than 10,000 access lines, an exchange carrier may apply for a waiver pursuant to paragraph (3). Nothing in this section shall be construed to permit an exchange carrier to refuse to provide to any interexchange carrier, upon bona fide request, exchange access that is less than equal in type or quality to that provided for its own interexchange services or those of an affiliated carrier at charges reflecting the reduced cost of such access.

"(2)(i) Notwithstanding paragraph (1), in those instances in which an exchange carrier is providing exchange access for basic telephone service at the time of enactment of this section through access codes that do not permit the designation of more than one interexchange carrier, then exchange access for additional carriers shall be provided through access codes containing the minimum number of digits necessary at the time access is sought to permit nationwide, multiple carrier designation for the number of interexchange carriers reasonably expected to require such designation in the immediate future.

"(ii) Each exchange carrier shall offer as a tariffed service exchange access that permits each subscriber automatically to route, without the use of access codes, all the subscriber's interexchange communications to the interexchange carrier of the customer's designation.

"(iii) The requirements of subparagraphs (i) and (ii) of this paragraph are subject to waiver under paragraph (3).

"(iv) At such time as the national numbering area (area code) plan is revised to require the use of additional digits, each exchange carrier shall provide exchange access to any interexchange carrier, including any dominant-regulated carrier, through a uniform number of digits.

"(3) Upon application of an exchange carrier, the Commission may grant a limited waiver of the September 1, 1986, deadline for equal access in those instances in which waiver is permitted under paragraphs (1) or (2). Such a waiver may be granted only upon a showing that for particular categories of services such access is not physically feasible except at costs that clearly outweigh potential benefits to users of telecommunications services. Any waiver granted under the preceding sentence shall be for the minimum divergence in access necessary, and for the minimum time necessary, to achieve such feasibility, and shall not be for a period greater than five years. A waiver may be renewed for additional periods upon a showing of the continued existence of the factors that justified the initial waiver: *Provided, however*, That no waiver will be required of an exchange carrier until such time as that exchange carrier receives a bona fide request for equal exchange access: *Provided further*, That in the case of an exchange carrier serving fewer than 100,000 access lines, a waiver shall be granted based upon certification that such exchange carrier has complied to the maximum extent possible, taking into account the costs and physical feasibility of providing such access with the requirement for equal access as prescribed in this section. Except upon complaint by any interexchange carrier which has made a bona fide request for equal access, the certification shall be deemed conclusive of the justification for a waiver.

"(4) The Commission shall annually report to Congress concerning the operation of this subsection. In that report, the Commission shall set forth with particularity difficulties encountered and the process achieved in obtaining full and fair competition in exchange access. Such special report may be included as a separate section in the annual report the Commission submits pursuant to other provisions of this Act.

"(5) The Attorney General of the United States may commence an action in an appropriate district court in order to obtain compliance with a provision or requirement of this section.".

On page 115, line 20, strike out "(c)" and substitute "(d)".

On page 115, line 23, insert "in an action commenced by the Attorney General" after "$250,000".

On page 135, line 6, strike "equitable" and substitute "equal".

Beginning on line 23, page 136, strike out through line 2, page 137, and substitute "section shall, for the purpose of subsequent Commission action, have the status of decisions initially made by an administrative law judge pursuant to section 557 of title 5, United States Code.".

On page 137, insert the following between lines 18 and 19:

"(2) A tariff for exchange access shall be filed on an unbundled basis specifying each type of service element by element, and no tariff shall require an interexchange carrier to pay for types of exchange access that it does not utilize. The charges for each type of exchange access shall be cost justified and any differences in charges to carriers shall be cost justified on the basis of differences in services.

"(3) Every exchange carrier offering exchange access as part of a joint or through service shall offer to make exchange access available to all interexchange carriers on the same terms and conditions, and at the same charges, as are provided as part of such service. Where an exchange carrier provides exchange access as part of a joint or through service, no payment or consideration of any kind shall be received by the exchange carrier for the provision of such joint or through service other than through tariffs filed pursuant to this Act in accordance with the requirements of this section.

"(4) Nothing in this section shall be construed to amend, limit, or otherwise modify the authority of the Commission pursuant to sections 202(e) and 222(i).".

On page 137, line 19, strike "(2)" and substitute "(5)".

On page 138, insert the following before line 1:

"(f)(1) Notwithstanding any other provision of this section, after September 1, 1986, the charges for the less-than-equal exchange access provided by an exchange carrier to a nonaffiliated interexchange carrier pursuant to a waiver under section 207(c)(3) shall be no greater than (A) the charges for the type of exchange access provided to the exchange carrier or affiliated carriers that were the subject of the waiver proceeding, less (B) the decreased value to the nonaffiliated interexchange carrier and its customers of the exchange access provided such carrier in comparison with the exchange access provided the exchange carrier or its affiliated carriers. From the date of enactment of this section until September 1986, if an exchange carrier fails to provide equal exchange access to a nonaffiliated interexchange carrier, a tariff of the exchange carrier reflecting the decreased value of the less-than-equal access shall also be considered in conformance with this section. Tariffs reflecting an agreement among carriers as to the decreased value of less-than-equal access shall be considered by the Commission to be in conformance with this paragraph.

"(2) This section shall not be construed to require a regulated exchange carrier to allow joint use of its switches used exclusively to provide interexchange telecommunications, or to require such a carrier to allow colocation in its buildings of the equipment of other carriers. For the purposes of this section, when a dominant-regulated carrier uses facilities that (A) are employed to provide exchange telecommunications or exchange access or both, and (B) are also used for the transmission or switching of interexchange telecommunications, then the costs of such latter use shall be allocated to the interexchange use and shall be excluded from the costs underlying the determination of charges for either of the former uses.

"(3) No payments by an exchange carrier to a dominant-regulated carrier under a license agreement, contract, or otherwise shall be included as a cost underlying the determination of charges for exchange telecommunications or exchange access to the extent that such payment is utilized to provide research, development, manufacturing, engineering, or management of facilities or services (including software programing) used to provide interexchange telecommunications.".

On page 138, line 1, strike "(f)" and substitute "(g)".

On page 138, line 18, strike "(g)" and substitute "(h)".

On page 138, add the following between lines 22 and 23: "Notwithstanding any other provision of this Act, until such standards, procedures and criteria have been implemented through the filing of exchange access tariffs, no interexchange carrier shall be required to pay more for exchange access than is paid by any other interexchange carrier or customer for similar services or facilities.".

On page 138, line 23, strike "(h)" and substitute "(i)".

On page 139, strike lines 13 through 20 and substitute the following:

"(j) For purposes of this section and section 207 the term—

"(1) 'Exchange access' means the provision of exchange services by an exchange carrier for the purpose of originating or terminating interexchange telecommunications including those of the exchange carrier. Exchange services shall be provided by facilities in an exchange area for the transmisison, switching, or routing of originating or terminating interexchange traffic, and such facilities shall include a point of concentration above the local end office, and trunking thereto, of interexchange traffic.

"(2) 'Exchange services' include any activity, information services or function performed by an exchange carrier in connection with the origination or termination of interexchange telecommunications, or for the benefit of any affiliated interexchange carrier, including but not limited to, the provision of network control signalling, answer supervision, automatic calling number identification, carrier access codes, directory services, testing and maintenance of facilities and the provision of information necessary to bill customers. Notwithstanding subsection 207(c) of this Act, an exchange carrier that bills its subscribers for sums due to an affiliated interexchange carrier shall not be required to bill for interexchange services performed by a nonaffiliated carrier: *Provided, however,* That such an exchange carrier may not discontinue local exchange service to enforce collection of interexchange charges unless such exchange carrier is also within the group of carriers not classified as regulated carriers in section 203(a).

"(3) 'Exchange carrier' means any carrier engaged in providing exchange telecommunications services or in providing exchange access to the facilities of a carrier providing regulated exchange telecommunications.".

(Purpose: To assure use of rights of way to competitors of A.T. & T.)

On page 130, line 12, strike out all after the first period.

On page 130, between lines 12 and 13, insert the following:

"(h) When any carrier is unable to obtain the rights of way, including use of poles, ducts, and conduit, required for rendition of its services without undue expense or consumption of time, the Commission may order regulated carriers having such rights of way to permit the carrier to use them subject to such terms as the Commission shall find in the public interest.".

Mr. BAKER. Mr. President, I ask the Senator to add my name as a cosponsor.

Mr. THURMOND. I ask unanimous consent that the able chairman of the committee be added as a cosponsor to the amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I send to the desk a statement explaining each amendment, and ask unanimous consent that the statements be printed in the RECORD.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

PROCUREMENT POLICIES

Adds New Section 231:

The purpose of this amendment is to open the Bell System market to non-affiliated domestic manufacturers. This market has been generally foreclosed to them as a result of AT&T's near total reliance on Western Electric. The result is that the domestic telecommunications manufacturing industry has too small a domestic base to export and to meet rising foreign competition in this country. By increasing domestic sales, this amendment will facilitate greater research and development by domestic manufacturers and thus enhance their competitive position abroad.

At the same time, the amendment contains safeguards against unfettered foreign intrusion into domestic markets. By reference to Section 240 of the Act, the amendment permits exclusion from its application of competition from any foreign country where AT&T does not have reciprocal sales rights.

The amendment requires AT&T to adopt a procurement policy with respect to telecommunications products used or sold by AT&T and/or any of its affiliates. As part of this policy, AT&T is to evaluate product purchases on the basis of merit rather than automatically purchasing products from AT&T's manufacturing affiliate, Western Electric.

The amendment further requires AT&T and its affiliates to increase their outside purchases at a gradual but steady rate of twenty per cent (20%) per year for a period of five years. It is expected that this will be sufficient to open the market so that over the succeeding five years the percentage requirement may be gradually phased out without any adverse impact on competition. Moreover, Congress will be kept apprised of the progress achieved in obtaining full and fair competition by means of an annual report by the Commission. This will permit Congress to reconsider the phase out if the formula is not effective at achieving its goal.

The amendment also safeguards our national defense capabilities by providing that equipment purchases essential for national security purposes can be limited to domestic suppliers.

PATENT LICENSING AND TRANSFER

Amends Section 229(d) (2) and (3); Adds New Section (e):

S. 898 currently provides that all patents developed by the FSA with its own funds are not subject to the 1956 Consent Decree provisions. This decree requires that patents developed through the use of monopoly rate payer funds be available to others on either a cross-licensing or payment basis. Without amendment, the bill could have been interpreted as permitting non-FSA patents to be transferred to the FSA. This amendment closes that potential loophole by clarifying that no patent developed by AT&T before the FSA is established, can be transferred to the FSA in order to avoid the provisions of AT&T's 1956 Consent Decree.

SPECIFIC PROHIBITION OF CROSS SUBSIDIZATION

Amends Section 202(c)(1):

This amendment clarifies that the Commission has the authority to prohibit cross subsidization as well as other anticompetitive practices. Cross subsidization is highlighted since it has the potential of a serious negative impact on the competitive health of the entire telecommunications industry.

COMMISSION REQUESTS FOR INFORMATION

Amends Section 227(h):

The purpose of this amendment is to put the Commission in a position to compare the records of the FSA with the records of the regulated portions of AT&T in order to detect cross subsidies. The amendment authorizes the Commission to request the FSA to produce books and records on an information basis so that the Commission can more effectively perform its oversight duties.

TRANSITION PERIOD FOR COMMISSION ORDERED DEREGULATION

Amends Section 235(b)(3)(B):

This amendment establishes a transition period, not to exceed six months, between the time when the Commission makes a determination that a telecommunications service should be deregulated and the time the deregulation becomes effective. The purpose of the transition period is to permit users of telecommunications services to adjust to the changes that might be expected to occur with deregulation.

COMPOSITION OF FSA BOARD OF DIRECTORS

Amends Section 227(a)(3):

S. 898 now provides that the FSA have not less than five members on its board of directors and that not more than fifty per cent may be employees or officers of the FSA. This means that one a five-person board, two can be affiliated with the FSA. The bill further provides for one member of the board from AT&T, the parent company. The result is that three AT&T affiliated individuals could be board members with only two from the outside.

The amendment seeks to insure that at least fifty per cent of the board be composed of outside directors. This would tend to make the FSA act more independently of the rest of the Bell System, helping to deter the possibility of anticompetitive conduction.

COST JUSTIFICATION OF TARIFFS

Amends Section 210(2)(A):

This amendment requires that tariffs be accompanied by economic cost support data establishing the justness and reasonableness of such tariffs. The amendment makes clear that it is the intent of Congress that tariffs filed under Section 210(2)(A) be cost justified, that proposed rates be just and reasonable and that no cross subsidization should occur between regulated and unregulated services.

ALLOCATION OF ADVERTISING COSTS

Amends Section 227(a)(5):

This amendment requires the FSA to carry out its own advertising, installation, and production, in addition to marketing, sales, maintenance, manufacturing and R&D. It also defines institutional advertising, which may be done jointely, to be of a type not related to specific services, facilities and equipment. It is intended to assure that the fully separated affiliate bears its full share of all costs associated with marketing and related activities in regard to its own product.

PROHIBITION AGAINST CROSS SUBSIDIZATION IN INTERNATIONAL OR NATIONAL DEFENSE CONTRACTS

Adds New Section 227(k):

This amendment clarifies that the bill's exemption of international and national defense activities from the normal separation requirements is not intended to create a loophole for cross subsidization or other anticompetitive activities that would have a negative impact on the domestic telecommunications market.

DISCLOSURE OF PROTOCOL INFORMATION

Amends Section 214(g)(1)(B); Adds New Section 214(g)(1)(C):

This amendment deals with disclosure of information to the FSA, to an affiliate providing support to the FSA (manufacturing, research and development) or to an affiliate that provides components or subassemblies to an FSA. Under the present bill, concerns exist that the FSA could gain a competitive advantage by obtaining information prior to its disclosure to competitors and in a more useful form. Also, the FSA could obtain information related to network design through its purchases of components and subassemblies from the unseparated part of AT&T.

This amendment clarifies that all information required to be disclosed regarding the network by the dominant-regulated carrier or affiliates must be disclosed in the same form and on the same basis to non-affiliated persons as it is to the FSA. It also requires that any anticipated telephone network changes which are disclosed by AT&T to the

FSA be disclosed at the same time to all competitors. There is, however, no requirement that AT&T disclose any anticipated changes before they are ready to do so.

VALUATION OF TRANSFERRED ASSETS

Amends Section 228(c)(5):

This amendment, like the original provision in the bill, establishes an assets evaluation board which is empowered to determine the value of any assets transferred from AT&T to an FSA. However, the bill currently makes AT&T a member of the Board and gives AT&T a vote in selecting the third member. This amendment is intended to exclude AT&T from the Board, and instead permits the Commission to select all three members, with the restriction that one member shall be chosen upon the recommendation of the National Association of State Commissioners. This is intended to assure a more objective evaluation of the transferred assets and thereby guard against the danger of cross subsidization through under valuation of such assets.

COMPONENTS AND SUBASSEMBLIES

Amends Section 228(c)(3) and (4); Adds New Section 228(c)(5):

The bill, as reported, allows the FSA to purchase subassemblies and components from Western Electric, which will be manufacturing for the regulated portions of the Bell System, if Western Electric offers to sell the same type of items to non-affiliates at the same charge and on the same conditions. If this market test does not work effectively, however, such sales would raise the potential for cross subsidization between the regulated and unregulated entities.

This amendment requires a complete separation of the FSA from Western Electric in the production of components and subassemblies. The commission may permit some narrow exceptions to the prohibition, but this is anticipated to be granted only where the dominant-regulated carrier would, in fact, be expected to sell the same items to competitors of the FSA, and where FSA purchases will have no anticompetitive results.

INSIDE WIRING

Amends Section 234(a):

This amendment clarifies that inside wiring installed two years after enactment will be deregulated. However, there will be a continuing requirement that persons who own or control the wiring must interconnect with any customer-premises equipment that meets established standards.

JOINT ACTIVITIES

Amends Section 227 (a) and (b):

This amendment eliminates provisions in S. 898 which permit all joint ventures and partnerships, and instead limits such joint activities to national defense and international undertakings. It also clarifies that joint use of property will be permitted only when the requirements of subsection (d) are met. The concern is that joint ventures and partnerships between the dominant-regulated carrier and the FSA, and unfettered joint use of management facilities, computer capacity and the such, would override the other separation provisions in the bill. This, in turn, would render the protections against cross subsidization between the regulated and unregulated entities significantly less effective.

This amendment further affirms that any business between the dominant-regulated carrier and the FSA for the transfer of goods, services, facilities, and property must be on a fully-auditable and compensable basis and by contract. Such contracts must be available for public inspection except for portions which contain information not necessary for enforcement of this section.

LICENSE CONTRACTS

Amends Section 227(b), Adds New Section 227(1):

This amendment prevents contracts between the dominant-regulated carrier and its affiliates which would have the effect of assigning product-related research and development (R&D), manufacturing, marketing, or management costs for deregulated services or products, to services or equipment which remain under regulation. It also requires that all costs of services provided by the dominant-regulated carrier to affiliates, including the FSA, be on a fully-auditable and compensatory basis.

At the current time, R&D within the Bell System is financed by Western Electric or through a license contract arrangement with the Bell Operating Companies whereby each operating company is assessed a fixed percentage against its revenues. This license contract, in addition to funding R&D, supports general administrative services provided by AT&T management (e.g., legal services and pension administration). The proposed amendment would require changes in the license contract to exclude charges for product-related R&D performed by AT&T that can be done on an auditable and compensable basis.

The amendment would not prohibit AT&T from funding basic R&D with rate-payer revenues from license contracts. It would require that if AT&T chooses to disclose its basic R&D to a fully-separated affiliate, it must also disclose it to the public. However, my understanding is that it is AT&T's policy to disclose basic R&D to the world, and I would expect this policy to continue. Moreover, it is the intent of this amendment that if research which began as basic becomes product-related, the costs of that research must be allocated to the product.

SPECIAL PROCUREMENT AND OPEN MARKET SALES REQUIREMENTS

Adds New Section:

This amendment deals with the sales of telecommunications equipment by affiliates of the dominant regulated carrier to the operating companies and the interexchange network. The amendment establishes that as a precondition to selling any telecommunications equipment to its regulated affiliates, the Bell System must succeed in selling the very same items of equipment to unaffiliated enterprises in open competitive markets. This imposes a check on equipment quality and price to assure that there cannot be a flow of funds out of the rate base with which the phenomenon of cross subsidization can be financed.

INTERCONNECTION AND PRICING OF EXCHANGE ACCESS

Amends Sections 207 and 222:

S. 898 currently requires every carrier offering regulated services to establish interconnection of such services and not discriminate with respect to such interconnection. It provides that all local and regulated long-distance carriers must interconnect with any telecommunications equipment, private telecommunications system, or long distance carrier which meets Commission technical standards and makes a reasonable request for interconnection. It further provides that regulated carriers must not discriminate among carriers or customers with respect to the rates, terms, or conditions of interconnection.

These amendments focus in more detail on the issue of local exchange access by interexchange or long-distance carriers. Since AT&T and other established carriers offer both long-distance (interexchange) and local (exchange) service and since other long-distance carriers must access these same exchange facilities to originate or terminate their calls, there has been some concern about possible discriminatory treatment by exchange carriers.

The amendment to Section 207 specifies more explicitly the obligations of exchange carriers to provide exchange access to all interexchange carriers in a non-discriminatory manner. AT&T and other local exchange carriers would be required to offer exchange access that is equal in type and quality to that provided their own interexchange services. The amendment would require that the access be offered on an unbundled, tariffed basis according to a mandated time schedule unless a waiver is granted by the Commission under specified circumstances. In addition to resolving other specific exchange access issues, the amendment would require exhange carriers to offer a service that would automatically route all long-distance calls to a carrier of the customer's choosing, although the customer could still access other carriers by use of access codes.

The amendment to Section 222 would define the terms "exchange access," "exchange services," and "exchange carrier." Importantly, the definition of exchange access would have the effect of requiring the exchange carrier to provide a call concentrating function for collecting and distributing interexchange traffic among a number of local exchange switching offices. Such a concentration function is generally available today to the established carriers but not their competitors. The definition of exchange services spells out the type of local services that are included in exchange access and provides that while a local exchange carrier is not required to bill customers for sums due an unaffiliated carrier, it must provide the information necessary to do so.

The amendments to Sections 207 and 222 discussed above deal primarily with the type and quality of access services offered by local exchange carriers. There are further amendments to Section 222 that deal primarily with the pricing of access services and stem from the same concerns about discriminatory treatment. Basically, they seek to add further assurance: (1) that every local exchange carrier will handle the origination and termination of long-distance calls for all interexchange carriers on the same terms and conditions, and at the same charges; and (2) that the charges for access be cost justified. They explicitly prohibit an exchange carrier from obtaining any compensation except that received pursuant to tariff and also prohibit the local Bell company from including any costs of AT&T's own interexchange services in the charges for access paid by AT&T's long-distance services. The latter prohibition prevents the flow of funds from the use of monopoly local facilities to the competitive interexchange part of the business.

The amendments explicitly do not require the exchange carrier to allow joint use of switches which are used exclusively to provide interexchange telecommunications or to require such a carrier to allow co-location in its buildings of equipment of other carriers. However, when AT&T uses the same facilities for both local services and long distance, then it must allocate the costs of the latter to the interexchange use.

Moreover, I would think it preferable that the dominant regulated carrier not construct special tandem offices for exchange access for use solely by the competing interexchange carriers. To provide exchange access to the competing carriers on this basis could be expensive and might place them at a competitive disadvantage. In any case, before such an approach could be used, there would have to be a showing that the arrangement would provide "equal" treatment among all telecommunications carriers as provided in the amendment to section 222(a)(1).

The amendments also give the Commission authority to review decisions of the Federal-State Joint Board, which apportion costs between and within the interexchange and exchange services of the established carriers. Under S. 898 as currently written, the Joint Board decisions were essentially binding on the Commission.

CUSTOMER-PREMISES EQUIPMENT

Amends Section 235(c) (with conforming Amendments to Section 234(e)(1)):

S. 898 currently provides that all customer-premises equipment (e.g., telephone handsets) which is deregulated by the terms of the bill, be transferred from the Bell Operating Companies to the FSA within two years. Some of this equipment may currently be overdepreciated and undervalued. This raises concerns that the transfer would create a windfall for the FSA since it could, after the transfer, resell the equipment to customers at a profit, giving the FSA an unfair competitive advantage. Moreover, the transfer of such equipment might provide the FSA with an information advantage over its competitors with respect to the identity of current equipment customers and the type and condition of their equipment.

This amendment would permit the Commission to delay the transfer for an additional two years if the Commission determines such a delay is necessary to prevent anticompetitive impact which might otherwise result from the transfer.

Mr. THURMOND. Mr. President, unless there is some question, I think we can just take the whole group of amendments.

Mr. PACKWOOD. I move the adoption of the amendments en bloc.

The PRESIDING OFFICER. The question is on agreeing to the amendments en bloc.

The amendments (No. 468) were agreed to en bloc.

Mr. THURMOND. I move to reconsider the vote by which the amendments were agreed to.

Mr. PACKWOOD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PACKWOOD. Again, Mr. President, I thank the Senator from South Carolina for his help in proposing these amendments.

Mr. THURMOND. Mr. President, it was a pleasure to work with the distinguished Senator from Oregon on this matter. It is a matter of paramount importance. I hope we can get through with this bill as soon as possible and send it to the House.

(Later the following occurred:)

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the action of the Senate with regard to part of the language of amendment No. 468 be rescinded. The language to be deleted is as follows:

On page 172, line 18, strike "and" and substitute "and 235 (c),".

On page 172, strike lines 19 through 21 and substitute "under section 233, no dominant-regulated carrier".

On page 175, line 9, strike the quotation marks and the second period and substitute the following new sentence: "The Commission may extend this period for up to an additional 2 years if the Commission finds that such extension serves the purposes of this Act.".

The PRESIDING OFFICER. Is there objection?

Mr. HOLLINGS. Reserving the right to object, Mr. President.

The PRESIDING OFFICER. Will the Senator send that language to the desk?

Mr. PACKWOOD. It is to delete language that has been provided by Senator CANNON's amendment to the Senator's amendment.

Mr. HOLLINGS. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Oregon is recognized.

Mr. PACKWOOD. Mr. President, I wish to address a question to the distinguished junior Senator from South Carolina, if I may.

As I understand it, we are attempting to work out a compromise in conference on the "ratepayer" amendments?

Mr. HOLLINGS. That is correct, Mr. President. I am working with my staff and the staff of the distinguished Senator from Nevada (Mr. CANNON).

Mr. PACKWOOD. I believe the amendment of the Senator from South Carolina is now the pending amendment. Would he agree to setting it aside as pending business so we may take up the amendments of Senator CANNON and Senator GOLDWATER on cable television?

Mr. HOLLINGS. That is fine with me, Mr. President.

Mr. PACKWOOD. I thank the distinguished Senator.

Mr. President, I ask unanimous consent that we set aside the amendment of the Senator from South Carolina (Mr. HOLLINGS) and take up the amendment of the Senator from Nevada (Mr. CANNON) and the Senator from Arizona (Mr. GOLDWATER) concerning cable television.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 469

(Purpose: Possible cable fee compromise)

Mr. CANNON. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Nevada (Mr. CANNON) for himself and Mr. PACKWOOD proposes an unprinted amendment numbered 469.

Mr. CANNON. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning on line 12, page 107, strike out through line 16, page 107, and substitute the following: "nals.".

On page 107, insert the following between lines 23 and 24:

"(j) The provisions of subsections (h) and (i) shall not be construed to apply to any franchise agreements which are in effect on the date of enactment of the Telecommunications Competition and Deregulation Act of 1981.".

On page 107, line 24, strike "(j)" and substitute "(k)".

On page 140, strike lines 4 through 12 and substitute "by repealing subsection (e)".

Mr. CANNON. Mr. President, Chairman PACKWOOD and I have offered a substitute to the amendment introduced by Senator GOLDWATER addressing the cable provisions of S. 898. We seek this compromise in an effort to find a reasonable solution between the cable television operators and the communities they serve.

The cable provisions in S. 898 are not new, nor are the concepts in the Packwood-Cannon cable amendment. Indeed, in the last Congress, legislation providing for a sweeping deregulation of the cable industry was introduced by Commerce Committee members and referred to the Commerce Committee for consideration. And, I add, extensive hearings were held on the cable television issues.

The cable issues in S. 898 have been addressed by the committee and I, for one, believe the Commerce Committee has developed an adequate hearing record to make sensible and equitable recommendations to the Senate. I fail to see why another 2 years of hearings are necessary.

The Packwood-Cannon amendment protects the right of each city to regulate basic cable television service under existing and further franchise agreements. We believe cities must maintain their right to set rates for the provision of basic service. This insures that a maximum number of people will be able to receive the retransmission of broadcast signals at affordable rates.

Mr. President, our amendment codifies the deregulation of only those pay cable services which have historically not been subject to regulation. Our objective in deregulating these pay services is to aid in the development of additional cable services so we may take full advantage of the services envisioned by the public.

We believe that regulating these now deregulated services will inhibit growth of innovative uses for cable television.

The amendment offered by Senator PACKWOOD and me would instruct the Federal Communications Commission to continue its present policy of establishing ceilings on franchise fees paid by cable television operators to municipalities.

The limits on franchise fees established by the Commission are necessary so that cable television operators will not pay more than their fair share to municipalities and also that each city will have adequate revenues to defray the costs of local regulation.

Our amendment will repeal only that portion of the pole attachment law which imposes a 5-year sunset on the Commission's authority to set rates, terms, and conditions to access utility poles by cable operators. Our amendment does not pertain to telephone or electric cooperatives. The pole attachment law was enacted in 1978 when Congress added section 224 to the present act. This section directed the Commission to regulate rates, terms, and conditions under which cable television operators are afforded access to the poles and rights of way controlled by a utility that are essential to the provision of cable television service. This provision is scheduled to expire in 5 years after enactment. We believe the Commission should continue in its present role to best enforce the intent of Congress.

No other cable provisions would be deleted from S. 898, Mr. President. We reaffirm the rights of cities to provide access channels for public, educational, and governmental use.

Our compromise would preserve the

current relationship between cities and cable operators. We believe this is a fair solution which best enables the cities and cable operators an opportunity for continually improved service to the public.

Mr. GOLDWATER. Mr. President, I have to oppose the Packwood-Cannon amendment for a number of reasons, but chiefly because it is not a compromise. I repeat, it is not a compromise. I want to read a statement by the National League of Cities and the U.S. Conference of Mayors:

On behalf of the nation's cities we wish to thank you again for your steadfast and courageous leadership in bringing the Goldwater Amendment to S. 898 to the Senate floor this morning. Having observed the debate throughout the day, we thought it might be useful to clarify and emphasize some major points.

We support the Goldwater amendment because:

There have been no hearings on Municipal Regulation of Cable.

Let me repeat, Mr. President: There have been no hearings on cable television, even though I, as chairman of the subcommittee, have promised the cable television industry that we would not legislate without hearings.

It's one thing to talk about general hearings on telecommunications in 1981 or 1979. However, the most important point is that municipal/cable relations were not a subject of those hearings. Municipal officials were specifically told that cable would not be included in 898 and that cable would be dealt with in a separate bill after the Commerce Committee completed action on S. 898. As a result, we were not involved in the development of S. 898.

No representatives of cities "acquiesced" in the S. 898 mark-up. City representatives discovered the cable provisions barely 24 hours before the mark-up. We did what we could to ensure that access channels were not prohibited, but we did not in any way agree to drop our opposition to the cable provisions.

Cities and Mayors look forward to a separate Cable bill. The U.S. Conference of Mayors and the National League of Cities, as well as all members of the Coalition to Delete Cable TV Provisions from S. 898, look forward to sitting down with members of the Senate Committee on Commerce, Science ad Transportation, as well as the cable television industry, to develop a comprehensive cable television bill that makes sense to all parties. We want to do this in the open and will willingly participate in such an endeavor following passage of the Goldwater amendment and deletion of cable TV provisions from S. 898.

A Role for Local Governments in Cable Television Oversight at the Local Level. Cities wish to discuss in an open forum the positive and essential role which local governments play in protecting the public interest in franchising cable television and regulating rates for some cable services. We realize that the Goldwater amendment is aimed at procedural injustices and look forward to passage of the Goldwater Amendment so that we can have our day in court and can plainly and clearly state our substantive case before the Senate.

We oppose the Packwood-Cannon amendment because:

Cities in no way participated in its preparation. The Packwood-Cannon Amendment, again at the 11th hour, with no consultation hearings or discussions, attempts to set the framework for cable/city relationships for the future. We appreciate Senators Packwood and Cannon's view that their amendment meets our needs. Cities themselves would like an opportunity to directly explain to all Senators how municipal regulation serves the public interest in this complicated field. Only passage of the Goldwater Amendment will allow us to have this opportunity.

The Packwood-Cannon Amendment does not guarantee cities the ability to regulate basic cable services. It has been stated that the Packwood-Cannon Amendment guarantees cities the right to regulate basic cable service. In fact, under the amendment cities could only regulate "retransmission of broadcast signals." We believe that this definition is far narrower than basic cable service which in most communities includes access programming and programming transmitted by satellite, as well as retransmitted broadcast signals.

The Packwood-Cannon Amendment does not guarantee access for programmers, other than those selected by the cable operator. Under S. 898, cities are apparently prohibited from requiring leased access. This is an important public policy question which should not be decided without careful consideration of the consequences of giving the cable operator monopoly control of programming (other than government, public, and educational access).

Cities and Mayors need a separate Cable bill. It has been alleged that cities should accept the Packwood-Cannon amendment because we will never do as well in a separate legislation. However, we believe that is not an appropriate reason for cities to suddenly decide that all concerns have been met in the cable area and that hearings and full consideration are no longer necessary. We believe that hearings and careful deliberation are essential and only the Goldwater amendment can bring that about.

We appreciate the effort of Senators Packwood and Cannon in moving in the right direction. However, for all the reasons stated above, we emphatically support the Goldwater amendment and urge rejection of the Packwood-Cannon amendment.

We thank you again and hope you will have an opportunity to share this with your distinguished colleagues.

Mr. President, I have no more to say about this. I will have a few remarks relative to this matter and to the problems rural people face under the same bill, and my amendment would correct that, too. But I will save that until my amendment is called up.

I repeat: I may wind up agreeing with the provisions in this bill, but we have had no public hearings. They will recite, yes, back in 1977 and 1979 we had some hearings. They were not extensive. They did not get into this. We did not know enough about cable television, and we still do not know enough about it, frankly, to sit down and draw legislation on cable television.

As I have said on this floor, I am a great backer of cable television, which I use in my home. I am a firm believer that it will replace antenna television. But I want to see us go about this in a right way and not use material that was injected at the last moment by the cable television people themselves.

Mr. President, that is all I have to say, and I am prepared to vote on the Packwood-Cannon amendment.

Mr. PACKWOOD. Mr. President, let me respond, because I know that everyone involved in this debate is acting in good faith.

First, in the bill, there are several provisions relating to cable. There is a provision permitting telephone companies to offer, cable television. That section has been in S. 898 since its introduction. So to say that there was no provision effecting cable until these amendments were introduced at committee markup is wrong.

Second, this is what the Packwood-Cannon amendment does. I might say, initially, that there are varying mistakes in communications. Senator CANNON and I thought we had the acquiescence of the lobbyists who represent the cities here. Obviously, we were wrong. They did not agree to it, but we thought they did at the time we put it in. There is no question that they did not agree to the present amendment. But for those who have been getting letters from their municipalities, let me explain what this amendment does.

First, there is a grandfather clause. Any existing franchise is not affected, period. This does not change any right the municipality has under the present franchise.

Second, the present pole attachment law is not changed. The change we had made in the bill was to extend the requirement to electric and telephone cooperatives and municipally owned utility companies, requiring them to grant cable companies access to their poles at reasonable rates. That requirement applies to A.T. & T. and the independent telephone companies in the United States now. All A.T. & T. operating companies and General Telephone & Electric have to allow the cable companies to attach to their poles at reasonable rates. The bill extended that to the rural cooperatives. Under the Cannon-Packwood amendment, that extension is taken out. Therefore, the law remains exactly as it is so far as pole attachments are concerned.

Third, there is no change in the franchise fee language. The municipalities are free to charge any franchise fee they wish, which the Federal Communications Commission permits. That language today is 3 percent of gross revenues and, under certain exceptions, 5 percent.

Fourth, the municipalities can require and continue to require cable companies to provide access channels—educational channels, a channel devoted to watching the proceedings of the city council and the zoning commission, a channel required for cultural use to watch the symphony and art museums.

Last, local governments, municipalities, can regulate the nonpay aspects of cable television. Frankly, this is the political problem many municipalities face. What would happen if all their viewers had been used to watching all the shows on commercial television and the rates were fixed, and suddenly they cannot fix the rates? They cannot fix rates on pay channels. Home Box Office for example.

They cannot fix the rates on smoke alarms and burglar alarms and other services offered by cable television systems, and this is most important—most of America today is not yet wired for cable. Most of the local governments have not yet let cable franchises. So most

of them are still in the bidding stage, if they have even progressed that far. Three, four or five companies are bidding, and the municipality is free, by its franchise agreement with the cable company, to put in any provision the cable company will agree to at the time of franchise.

With the competitive bidding going on and with many cable companies wanting it in every service area, the municipalities are in a great position at the time of the initial franchise to drive a hard bargain.

They are permitted to do all this under the Cannon-Packwood amendment.

So when I said yesterday that I think this solves all the problems, I honestly think it does. I believe it is as much as they would be likely to get out of days and days of hearings.

It is more than a fair compromise. It goes 95 percent of the way toward every solution they wanted.

I hope, therefore, that the Senate will adopt the Cannon-Packwood amendment as a fair, decent compromise and one which was offered and made in good faith.

Mr. DECONCINI. Mr. President, those provisions in the pending legislation (S. 898) affecting the cable television industry and its relationship to State and local government have generated considerable interest and debate. It is my understanding that they were added to the bill at the 11th hour while my colleague and friend, the senior Senator from Arizona, Mr. GOLDWATER, was out of the country. Inasmuch as his subcommittee has responsibility for these matters and inasmuch as Senator GOLDWATER has personally been extremely interested in the development of the cable television industry, I believe that procedure was inappropriate.

Given the clear fact that the cable television industry is among the most rapidly growing in the Nation and that the future impact of cable television on our daily lives is likely to be extremely great, I find the procedures adopted by the Commerce Committee questionable. Such sweeping legislation may be proper; but it is only proper after the conflicting issues have been thoroughly aired so that reasonable national policy can be developed.

Unfortunately, Mr. President, I will have to disqualify myself from voting on these sections. Although I do not feel I have an actual conflict of interest, the fact that my brother is associated with one of the companies vying for the cable contract in Tucson while the husband of a member of my Arizona staff is also associated with another of the companies might be viewed as a conflict. Furthermore, my wife and I have a financial interest in two television broadcasting companies that might conceivably be affected by the cable sections.

Mr. GOLDWATER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. PACKWOOD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, I am prepared to vote, if no one else has any comments.

The PRESIDING OFFICER. The question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Nevada (Mr. LAXALT), the Senator from Maryland (Mr. MATHIAS), the Senator from Illinois (Mr. PERCY), and the Senator from Wyoming (Mr. WALLOP) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Hawaii (Mr. INOUYE), and the Senator from Georgia (Mr. NUNN) are necessarily absent.

The PRESIDING OFFICER. Are there any Senators in the Chamber who have not yet voted?

The result was announced—yeas 52, nays 40, as follows:

[Rollcall Vote No. 306 Leg.]

YEAS—52

Andrews	Ford	Murkowski
Armstrong	Glenn	Nickles
Baker	Gorton	Packwood
Baucus	Grassley	Pell
Boren	Hawkins	Pryor
Bradley	Hayakawa	Quayle
Bumpers	Heflin	Randolph
Byrd, Robert C.	Helms	Rudman
Cannon	Huddleston	Schmitt
Chafee	Humphrey	Simpson
Cochran	Jackson	Stafford
Cranston	Kassebaum	Stevens
D'Amato	Leahy	Symms
Denton	Lugar	Thurmond
Dodd	Matsunaga	Weicker
Dole	McClure	Zorinsky
Domenici	Melcher	
East	Moynihan	

NAYS—40

Abdnor	Goldwater	Mitchell
Biden	Hart	Pressler
Boschwitz	Hatch	Proxmire
Burdick	Hatfield	Riegle
Byrd, Harry F., Jr.	Heinz	Roth
	Hollings	Sarbanes
Chiles	Jepsen	Sasser
Cohen	Johnston	Specter
Danforth	Kasten	Stennis
Divon	Kennedy	Tower
Durenberger	Levin	Tsongas
Eagleton	Long	Warner
Exon	Mattingly	Williams
Garn	Metzenbaum	

ANSWERED "PRESENT"—1

DeConcini

NOT VOTING—7

Bentsen	Mathias	Wallop
Inouye	Nunn	
Laxalt	Percy	

So the Cannon-Packwood amendment (UP No. 469) was agreed to.

Mr. CANNON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PACKWOOD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 541, AS MODIFIED

(Purpose: To delete certain provisions relating to the authority of the Federal Communications Commission, State government, and local government with regard to cable television and to delete provisions relating to pole attachments)

Mr. GOLDWATER. Mr. President, I call up my amendment No. 541 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Arizona (Mr. GOLDWATER), for himself, Mr. WALLOP, Mr. BOSCHWITZ, Mr. PRESSLER, and Mr. LEVIN, proposes an amendment numbered 541.

Mr. GOLDWATER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with, and I ask unanimous consent that I may amend my amendment in view of the amendment just agreed to.

The PRESIDING OFFICER. The Senator may modify his amendment.

Mr. GOLDWATER. I send the modification to the desk.

The PRESIDING OFFICER. The amendment will be so modified.

The amendment, as modified, is as follows:

Beginning on line 20, page 106, strike out through line 23, page 107, and all that follows up to but not including line 24.

On page 107, line 24, strike "(k)" and substitute "(j)".

On page 140, strike lines 2 through 12.

Mr. PACKWOOD. Mr. President, have the yeas and nays been requested on the Goldwater amendment?

The PRESIDING OFFICER. No.

Mr. GOLDWATER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. PACKWOOD. Mr. President, can I ask what the additional language was that the Senator added?

Mr. GOLDWATER. In view of the amendment just agreed to, although I do not believe the change is necessary I made changes to make such that my amendment will take care of the amendment just agreed to.

Mr. PACKWOOD. All right.

The PRESIDING OFFICER. Will the Senator suspend until Senators leave the well?

The Senator from Arizona.

Mr. GOLDWATER. Mr. President, I think every Member of the Senate is aware of the position I have taken on this and the position that mayors of the cities in the United States have taken; namely that we have had no hearings on cable television.

In 1977 maybe there was one, and in 1979 a part of one. But we have never had hearings on this because, frankly, Mr. President, we do not know enough about cable television yet to write any legislation, especially legislation that destroys a prerogative of the mayors and supervisors of this country.

Mr. President, I ask unanimous con-

sent that a telegram from the American Public Power Association, representing 1,700 publicly-owned electric systems and a letter from the United States Catholic Conference, department of communication, both supporting my amendment, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

AMERICAN PUBLIC POWER ASSOCIATION,
Washington, D.C., September 30, 1981.
Hon. BARRY GOLDWATER,
Senate Office Building,
Washington, D.C.

American Public Power Association, representing 1,700 publicly-owned electric systems, urges you to support Goldwater's amendment striking cable TV provisions from S. 898. CATV provisions erode local control by imposing burdensome Federal regulations on local issues, and are too complex to resolve without hearings.

ALEX RADIN,
American Public Power Association.

UNITED STATES CATHOLIC CONFERENCE,
New York, N.Y., September 30, 1981.

DEAR SENATOR: I would like to ask your support for an amendment to be offered by Senator Goldwater during the forthcoming floor action on S. 898, the Telecommunications Competition and Deregulation Act of 1981.

Senator Goldwater, who chairs the Telecommunications Subcommittee of the Committee on Commerce, Science and Transportation, seeks to have three provisions dealing with local cable television stricken from S. 898. Specifically, these provisions would do the following:

(1) Remove some of the local authority to regulate basic subscription rates if alternative electronic media services are "reasonably available."

(2) Instruct the FCC to establish ceilings for fees to be paid to states or cities by cable companies receiving franchises. (Current FCC rules impose three to five percent of gross revenues.)

(3) Provide that utilities "shall afford reasonable access for pole attachments to any person purchasing cable services."

Senator Goldwater quite accurately points out and bases his objections on the fact that these provisions were added during final Committee mark-up of S. 898, without the benefit of any recent hearings. Thus, state and local governments, users and others aware of the tremendous importance of the burgeoning cable industry to local and national communications, have been denied an opportunity to express their ideas and concerns.

The instances of two or more cable companies competing for subscribers is extremely rare. Thus, once a franchise is awarded cable becomes a monopoly. This local regulation of cable television is not unlike the basic government responsibility exercised over other public entities using public rights-of-way. Those regulatory powers are needed to ensure that service is provided as promised, that rates are equitable, that public access be provided, and that all segments of the community be able to avail themselves of this service. Without commenting on the third provision regarding pole attachments, USCC is greatly concerned about the ability of state and local governments, under these restrictions, to negotiate, obtain and enforce those contractual agreements which best serve the needs and interests of the entire community.

It is universally accepted that any such amendments to the Communications Act of 1934 should further the needs and interests of the community. We feel there are many serious questions regarding the efficacy of these amendments to do so.

We therefore urge your support for Senator Goldwater's amendment to delete these provisions from S. 898.

Sincerely,

Mr. RICHARD H. HIRSCH,
Secretary of Communication.

Mr. GOLDWATER. Mr. President, I am ready to vote.

Mr. CANNON. Mr. President, in 1979, the Commerce Committee had hearings on 5 days (April 26, April 27, June 6–8) that dealt either partially or exclusively with the issue of cable regulation.

Of the 17 members of the Commerce Committee, 14 were on the committee when these hearings were held. Thus, the issues are not novel to the members and virtually all were prepared to vote on them in committee.

Two days before the committee mark-up, the League of Cities sent a letter to all members of the committee expressing their opposition to any cable provisions in the bill. Each member received such letter and hence the league itself informed the members of the issue in advance of the markup. In other words, the proposal was no secret.

The language that is in the bill we have modified by the Packwood-Cannon amendment, making it more acceptable now to cities than the original language in the bill. In my judgment, this puts the cities in a much better position with respect to the issues they were concerned about.

I think if they look at the Cannon-Packwood proposal carefully and then look at what Senator GOLDWATER has proposed, they ought to jump at this compromise proposal or certainly not complain if Congress decides in the future to deregulate cable altogether.

Mr. PACKWOOD. Mr. President, now that we have a fair number of Senators here, might I take just about 3 minutes so that everyone understands what is in this bill, what is not in this bill, so they can make a decision for themselves?

First, let me say that when Senator CANNON, I, and the committee were considering this, we thought, at the time we were doing this, we had an acceptable compromise with the National League of Cities. It was simply a mistake, period.

If the Goldwater amendment is agreed to, most of the provisions on cable television are wiped out of the bill. They are gone. If it is not agreed to, this is what will remain in the bill:

One, the grandfather clause. Any existing franchise is not affected, period.

Two, the right of any city, any municipality, that is franchising at the time of awarding the franchise—and Lord knows there are more cable companies than there are franchises since this is one of the most competitive businesses around right now—at the time of the franchise the city and the cable company can enter into any kind of an agreement they want, any kind. It is truly a free enterprise spirit.

If a cable company wants a franchise so badly that they will say, "We will give you 20 extra channels and we will pay so much a month, and we will pay you so much more," and they can do so at any time, when they enter into the franchise contract at the time the franchise contract is up for renewal.

Three, the municipalities can require unilaterally the provision of access channels. These are the so-called public access channels. Normally a cable company has 50 or 60 channels so they say, "We will set aside 10 channels to publicize the city council meetings, the zoning commission meetings, the symphony performances, and the junior high school choir. They are political, educational, artistic channels." The cities can require those to be set aside.

In addition, and this was the sensitive part that all of us got telegrams on, the cities were afraid, especially those with existing franchises, even though they were grandfathered, that the monthly rate paid by those who subscribe to cable could be raised unilaterally by the cable companies without the approval of the cities.

Under this amendment, the cities would continue to have the unilateral right, let alone what they might enter into bilaterally at the time a franchise is awarded, to regulate the rates on what you and I would call normal, commercial television, retransmission of "Maude," "Mork and Mindy," of anything we see on the rebroadcast channels. The fee for that can be controlled by the city council.

What they cannot control, and this is the only limitation on their power, what they cannot control unilaterally, although they could at the time of contract, is what is already pay television, Home Box Office. The subscriber pays a certain fee to see movies. This fee will be determined by the cable company. Also the prices charged for services like burglar alarms or fire alarms. Some of these services are more likely to be commercial rather than residential for a long period of time. That is basically it.

I think it is a fair—I will not use the word compromise because I know the Senator from Arizona does not think it is a compromise and the National League of Cities does not. I think it is an eminently fair proposal and I think it is as much as the cities would get if we had 5 days of hearings. I would hope that the Senate would now vote to keep in the bill the amendment we have just adopted which gives the cities 95 percent of what they want, and that we vote down the amendment of the Senator from Arizona.

Mr. GOLDWATER. Mr. President, the statement was made that we held hearings on cable TV. I would like to clarify that no mayors and no representatives of municipal organizations testified in the 1979 hearings. There are four volumes of hearings on legislation to amend the Communications Act that were held in 1979 but no one from the League of Cities and no one from the U.S. Conference of Mayors appeared at those hearings.

The subject of municipal cable provisions was not one of the central issues of those hearings. In fact, the Senate may never have held hearings primarily concentrating on the subject on the relationship between cities and cable systems. So

the fact that one or two witnesses may have discussed cable is beside the point. The relevant fact is that the municipal regulation of rates was not a subject on which both sides testified.

The PRESIDING OFFICER (Mr. MURKOWSKI). The question is on agreeing to the amendment, as modified, of the Senator from Arizona. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. DECONCINI (when his name was called). Present.

Mr. STEVENS. I announce that the Senator from Iowa (Mr. JEPSEN), the Senator from Nevada (Mr. LAXALT), the Senator from Maryland (Mr. MATHIAS), and the Senator from Wyoming (Mr. WALLOP) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN) and the Senator from Hawaii (Mr. INOUYE) are necessarily absent.

The PRESIDING OFFICER (Mr. DENTON). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 59, nays 34, as follows:

[Rollcall Vote No. 307 Leg.]

YEAS—59

Abdnor	Gorton	Murkowski
Andrews	Grassley	Nickles
Baker	Hart	Nunn
Biden	Hatch	Percy
Boschwitz	Hatfield	Pressler
Burdick	Hawkins	Proxmire
Byrd, Harry F., Jr.	Heinz	Riegle
	Hollings	Roth
Chiles	Humphrey	Rudman
Cohen	Jackson	Sarbanes
Danforth	Johnston	Sasser
Denton	Kassebaum	Schmitt
Dixon	Kasten	Specter
Dole	Kennedy	Stennis
Domenici	Levin	Stevens
Durenberger	Long	Thurmond
Eagleton	Mattingly	Tower
Exon	McClure	Tsongas
Garn	Metzenbaum	Warner
Goldwater	Mitchell	Williams

NAYS—34

Armstrong	East	Packwood
Baucus	Ford	Pell
Boren	Glenn	Pryor
Bradley	Hayakawa	Quayle
Bumpers	Heflin	Randolph
Byrd, Robert C.	Helms	Simpson
Cannon	Huddleston	Stafford
Chafee	Leahy	Symms
Cochran	Lugar	Weicker
Cranston	Matsunaga	Zorinsky
D'Amato	Melcher	
Dodd	Moynihan	

ANSWERED "PRESENT"—1

DeConcini

NOT VOTING—6

Bentsen	Jepsen	Mathias
Inouye	Laxalt	Wallop

So Mr. GOLDWATER's amendment No. 541, as modified, was agreed to.

Mr. GOLDWATER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PACKWOOD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PACKWOOD. Mr. President, I believe the Senator from New Jersey will have an amendment next. Even if there is a vote on that amendment, I see no reason why it should take more than a half hour.

We have worked out an amendment of the Senator from South Carolina (Mr. HOLLINGS), the ratepayer amendment. Whether there will be a vote on that, I do not know.

I understand that Senator BOSCHWITZ has withdrawn his amendment.

So we are getting down to where I believe we can finish this bill between 5:30 and 7 o'clock tonight, and I hope we do finish.

I yield the floor, and I believe the Senator from New Jersey is ready with an amendment.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. At the moment, there is pending an amendment by the Senator from South Carolina, which will have to be laid aside by unanimous consent.

Mr. PACKWOOD. Mr. President, I have talked to the Senator from South Carolina, and I ask unanimous consent that his amendment be laid aside so that we might consider the amendment of the Senator from New Jersey.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 470

(Purpose: To provide not less than one very high frequency commercial television broadcasting station be located in each State)

Mr. BRADLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY) proposes an unprinted amendment numbered 470.

Mr. BRADLEY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without obection, it is so ordered.

The amendment is as follows:

On page 178, line 2, insert "(a)" after "Sec. 238.".

On page 180, insert the following between lines 21 and 22:

(b) Section 307 of the 1934 Act is amended by adding at the end thereof the following new subsection:

"(f) In order to carry out the intent of subsection (b) of this section, it shall be the policy of the Commission to assign channels for very high frequency television broadcasting in a manner which ensures that not less than one such channel shall be licensed to a commercial station located in each State, if technically feasible. If the Commission at any time on or after January 1, 1980, declines to renew, or revokes, the license of any very high frequency commercial television station whose authorized channel of operation is assigned to a State with more than one such assignment, it shall, if technically feasible, assign such channel to a State in which no very high frequency television broadcasting station is operating commercially.".

Mr. BRADLEY. Mr. President, this is exactly the same amendment that the Senate adopted on the reconciliation bill of the last period. The amendment would reallocate a commercial VHF television station from a State that has such television stations to a State that does not have any commercial VHF television station. The amendment reads in part:

If the Commission at any time on or after January 1, 1980, declines to renew, or revokes, the license of any very high frequency commercial television station whose authorized channel of operation is assigned to a State with more than one such assignment, it shall, if technically feasible, assign such channel to a State in which no very high frequency television broadcasting station is operating commercially.

Mr. President, New Jersey is one of two States in this country that do not have a commercial VHF television station. There are many States that have 5, 6, 10, 12 television stations. New Jersey has 7½ million people but no commercial VHF television stations. There are six commercial VHF stations in New York and four substations in Philadelphia.

This amendment would rectify what is a very serious problem for the State of New Jersey. I do not speak here of access by political candidates to the airwaves, but I speak of serious public issues. For example, in the last several years, New Jersey has had a number of very serious toxic waste spills.

Toxic wastes generally are a serious problem. There are over 233 dump sites in the State of New Jersey.

A commercial VHF television station that was located in New Jersey would, I think, have a higher degree of responsibility in simply conveying information to the public so that they do not panic.

Last year we have had a major water shortage. Information about that water shortage could have been conveyed on television to the citizens of New Jersey. As it was we had virtually no information because the commercial VHF television stations were not located in New Jersey.

So, Mr. President, this is a very simple amendment. It simply says that if a station becomes vacant, available, due to a decline of renewal or revocation that it shall be allocated to the State that has no television station.

Again, there are only two States in the Union: New Jersey is one; Delaware the other.

I ask unanimous consent that Senator WILLIAMS be listed as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRADLEY. Mr. President, I reserve the remainder of my time.

Mr. WILLIAMS. Mr. President, will the Senator yield for 1 minute?

Mr. BRADLEY. I yield.

Mr. WILLIAMS. Mr. President, I applaud my colleague for his initiatives in bringing this again to the Senate, and I also say that our unique situation is well understood by members of the committee who bring this bill here.

Certainly the Senator from Arizona and the Senator from South Carolina over the years have understood fully how we have in New Jersey been unable to be part of modern-day communications, being one of two States without a VHF facility. This will make it possible.

I express my gratitude for the understanding of our situation on the part of the committee.

Mr. PACKWOOD. Mr. President, I indeed sympathize with the plight of the State of New Jersey. I went to law school in New York and I know the difficult situation with which New Jersey is faced. New Jersey must rely upon either New York or Philadelphia for television, both of which are good television markets, but obviously they have a tendency to concentrate their news coverage on their own markets. Thus, New Jersey comes out on the low end of the totem pole.

I have some ambivalent feelings about mandating by statute the allocation of a television station.

This bill does not quite mandate it, only if indeed the Commission does not grant renewal. The particular station involved happens to be an RKO station, which is faced with the problem as to whether or not the sin of its parent, which was apparently found guilty of violating the Foreign Corrupt Practices Act, will be visited on the subsidiary. The courts will ultimately determine whether this is a sufficient reason to deny them their license.

I wish to make sure that I understand one thing from the Senator from New Jersey. To the extent that RKO wins and to the extent that their license is renewed, this is not a mandate to take away their license. This is simply a mandate to say if a license becomes available because of revocation or failure to renew then New Jersey shall be given preference.

Mr. BRADLEY. The Senator is correct, that there must be a failure to renew, decline to renew, or revocation.

I state for the record, however, that in proceeding before the FCC on the regulatory path RKO has stated for the record that, if indeed they remain the owner of the channel, they would have no objection if they were allocated to New Jersey. So I think the Senator is protected there.

It is clearly the intent of the amendment and the party involved understands that and concurs with the move if indeed the regulatory route were exhausted.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. PACKWOOD. I am happy to yield.

Mr. GOLDWATER. Mr. President, I concur in the observations of my chairman. I think it would probably be wrong for us to try by legislation to award a license anyplace, but I see nothing wrong in our committee and the full Commerce Committee making it abundantly clear to the FCC that we would like to see every State in this Union have at least one station. I think we can recognize why New Jersey has not had a station and why Delaware has not had a station. The other single television station States are in New England.

But I see no reason why a station should not exist in the State of New Jersey so that its local problems can be explained. A station in New York is not going to particularly direct its remarks to a sewage problem in New Jersey or a road problem or a problem of education where a station in New Jersey can direct its full resources at that, and I think that is one of the great attributes of television and radio, the ability to explain local situations to local people.

The press just does not seem to get it through because they spend too much time, whether it is New Jersey or Timbuktu, trying to explain what happens all over the world instead of what is happening in their own backyards.

I can say to my friends from New Jersey what I told them before. In my position on the Subcommittee on Communications, I will certainly do everything in my power to see to it that the Chairman of the FCC and the members of that body are sufficiently aware of what we would like to see happen, and I am sure that whatever we come out with here will be a further inducement to those people to do what I think is fair.

Mr. BRADLEY. I thank my colleague from Arizona for his continued support of this amendment. He did support it by speaking in favor of it in the Chamber during the reconciliation bill, and I am pleased that he continues to be concerned that New Jersey, which has no commercial VHF station, have available to it a commercial VHF station if there is a decline of renewal or revocation of an existing station.

Mr. President, I ask for the yeas and nays.

Mr. PACKWOOD. Mr. President, if the Senator will withhold, we are prepared to accept the amendment. I think I can guarantee it will pass overwhelmingly. Unless the Senator insists on the yeas and nays, both Senator CANNON and I are willing to accept it.

Mr. BRADLEY. Mr. President, I wish to have the yeas and nays. I think it important that the Senate be recorded on this vote.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

NEW JERSEY'S NEED FOR A TELEVISION STATION

Mr. WILLIAMS. Mr. President, 20 years ago, New Jersey found itself to be one of only two States in this Nation with no commercial VHF television service.

In 20 years, the telecommunications industry has blossomed, network and local news programing has become infinitely more sophisticated and New Jersey has been left out. It is not fair and that is why Senator BRADLEY and I rise today to offer this amendment.

I must remind my colleagues that this same amendment was accepted by the Senate on June 25, 1981, as an additional provision to the reconciliation measure. While I was reluctant to offer that type of substantive addition to reconciliation, that action was taken in view of the fact that many other substantive provisions were added by the Commerce Committee to that measure, and in light of the long and frustrating struggle which has been waged on this matter over the years.

Unfortunately, and to my mind inexplicably, the substance of that amendment was not one of the communications provisions to emerge from the Conference Committee on Reconciliation. So, once again, we must seek to establish equity for the citizens of New Jersey who so desperately require at least one VHF source of news and public affairs based in the Garden State.

Over the years, many of us in New Jersey have worked to rectify New Jersey's lack of commercial VHF television. I have served for a decade as cochairman of the New Jersey Coalition for Fair Broadcasting, a citizen's group formed to advocate New Jersey's cause.

The coalition petitioned the Federal Communications Commission in 1974 to seek relief and we all were heartened when the Commission found, quote, that "New Jersey's television needs and its overall circumstances constitute a special case warranting unique and responsive action by the Commission."

But, Mr. President, that finding occurred 7 long years ago and New Jersey still does not have its own VHF TV station.

The Commission has explored a variety of options, it has asked New York and Philadelphia stations to pay more attention to my State, it has even suggested that we might fill the airwaves with UHF programing about New Jersey.

But none of the solutions or recommendations can alter the fact that when people tune in the TV, they tune in the big stations with a strong signal. And if you live in New Jersey, it means that when you flip on the switch you will hear all about the latest transit strike in New York, what the city's delightful mayor is doing, or what's happening in the City of Brotherly Love.

But you hear and see precious little about what is going on in your own backyard.

Nor will the growth and development of cable TV alleviate the situation, for there will still be millions of New Jerseyites who will not be cable subscribers. And even for those who do take advantage of this new service, their additional viewing choices will consist of movies and sports, but not an adequate New Jersey-based news service.

Mr. President, there have been studies and articles over the years which suggest that New Jerseyans have trouble identifying with their State because there is no television station to help focus attention on the issues, problems, and success stories which would give people greater understanding of the place they call home.

That is now beginning to change and New Jerseyans are becoming even more proud of their State. We need a television station to invigorate our self-awareness and to teach us more about ourselves. It should be such a simple thing and with action today by the Senate, an appropriate, sensible and efficient solution may be discovered in short order.

The amendment which Senator BRADLEY and I again offer would simply say that the policy of this Nation is to insure that each State has at least one commercial VHF television station. That is not particularly radical or complex and it is certainly in keeping with the spirit, if not the letter, of the original Communications Act of 1934.

Second, our amendment provides that if a station becomes available for relicensing in a State which already has other VHF television stations, then the Federal Communications Commission should give that station to a sister State with no VHF station when it is technically feasible to do so.

This provision will have no dramatic impact on the distribution of licenses across the Nation. In fact, there is probably only one situation where it would apply and that situation is, not surprisingly, New Jersey. Should a station become available in a city like New York, either through litigation or action by the FCC, then this amendment would give the FCC the clear mandate it needs to reallocate the station to New Jersey.

And that solution, ladies and gentlemen of the Senate, would be a blessing to the 7 million residents of my State who do not enjoy the kind of VHF television service which they deserve.

We have debated this provision over the years. Senator BRADLEY and I and Senator Case before that have testified, and introduced and sponsored and amended and now is the time, finally, to gain the action from the Senate which we have awaited for so long.

I am delighted that interest in this amendment has been shown by many capable and distinguished members of the Commerce Committee, and I know that some of them sympathize with my sense of frustration over New Jersey's plight. Senator GOLDWATER, during the June debate, stated that he "could not agree more" with the substance of the amendment, that "it does not make any sense for a State not to have a television station." And Senator HOLLINGS, while expressing his concern in regard to the amount of substantive language finding its way into the reconciliation measure, remarked, "I agree and support the initiative" of the New Jersey TV amendment.

I appreciate their concern and I would certainly appreciate the support of my colleagues on this seemingly small, but very important amendment. The people of New Jersey will thank you.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Jersey.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from California (Mr. HAYAKAWA), the Senator from Nevada (Mr. LAXALT), the Senator from Indiana (Mr. LUGAR), the Senator from Maryland (Mr. MATHIAS), the Senator from Illinois (Mr. PERCY), the Senator from South Dakota (Mr. PRESSLER), and the Senator from Wyoming (Mr. WALLOP) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN) and the Senator from Hawaii (Mr. INOUYE) are necessarily absent.

The PRESIDING OFFICER (Mr. EAST). Are there any Senators in the Chamber who have not voted?

The result was announced—yeas 86, nays 4, as follows:

[Rollcall Vote No. 308 Leg.]

YEAS—86

Abdnor	Exon	Metzenbaum
Andrews	Ford	Mitchell
Armstrong	Garn	Murkowski
Baucus	Glenn	Nickles
Biden	Goldwater	Nunn
Boren	Gorton	Packwood
Boschwitz	Grassley	Pell
Bradley	Hart	Proxmire
Bumpers	Hatch	Pryor
Burdick	Hatfield	Quayle
Byrd, Harry F., Jr.	Hawkins	Randolph
	Heflin	Riegle
Byrd, Robert C.	Helms	Roth
Cannon	Hollings	Rudman
Chafee	Huddleston	Sarbanes
Chiles	Humphrey	Sasser
Cochran	Jackson	Schmitt
Cohen	Jepsen	Simpson
Cranston	Johnston	Stafford
Danforth	Kassebaum	Stennis
DeConcini	Kasten	Stevens
Denton	Kennedy	Symms
Dixon	Leahy	Thurmond
Dodd	Levin	Tower
Dole	Long	Tsongas
Domenici	Matsunaga	Warner
Durenberger	Mattingly	Weicker
Eagleton	McClure	Williams
East	Melcher	Zorinsky

NAYS—4

D'Amato	Moynihan	Specter
Heinz		

NOT VOTING—10

Baker	Laxalt	Pressler
Bentsen	Lugar	Wallop
Hayakawa	Mathias	
Inouye	Percy	

So Mr. BRADLEY's amendment (UP No. 470) was agreed to.

Mr. BRADLEY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PACKWOOD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from South Carolina.

Mr. PACKWOOD. Mr. President, might I yield just for a moment to the Senator from New Jersey so that he may add two cosponsors to the amendment just agreed to?

Mr. BRADLEY. Mr. President, I ask unanimous consent that Senator BIDEN and Senator ROTH be added as consponsors to the amendment just agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, it would be my hope that we could take up the two amendments of the Senator from South Carolina. The first is rate payer amendment, on which I believe there is agreement. Then there is the outside shareholder amendment. I hope we can finish both amendments by 5 o'clock.

The Senate will be briefed at 5 o'clock by Secretary Haig on the situation in the Middle East. I do not know what the plans of the Senate are for recessing during that period of time, but I doubt if any Senators will be on the floor during that briefing.

In any event, Mr. President, I am sure the Senator from South Carolina is ready to proceed.

AMENDMENT NO. 578

(Purpose: To amend the Communications Act of 1934 to ensure that telephone users pay reasonable rates)

Mr. HOLLINGS. Mr. President, I think we ought to ask the Senate to take up the ratepayer amendment and the ownership amendment, so I ask unanimous consent that we move to consideration of the ratepayer amendment that I have up there.

The PRESIDING OFFICER. Without objection, the clerk will state amendment No. 578.

The assistant legislative clerk read as follows:

The Senator from South Carolina (Mr. HOLLINGS) proposes an amendment numbered 578:

RATEPAYER PROTECTION

SEC. . Notwithstanding any other provision of this Act, in order to protect ratepayers of basic, regulated, and exchange telecommunications services, the Commission shall—

(1) review and modify as required any decision of the Assets Evaluation Board (established under section 228(c)(5) of the 1934 Act) to ensure that such decision—

(A) is not arbitrary and capricious,

(B) is not inconsistent with the policy or purposes of this Act, or

(C) does not harm the ratepayers of basic, regulated and exchange telecommunications services;

(2) require that any customer-premises equipment that is recorded in the accounts of the dominant-regulated carrier on the date when a fully separated affiliate is established shall remain under regulation for its remaining life;

(3) provide users of basic telephone service and other regulated telecommunications services with public notice and an opportunity to seek rejection, or a hearing with respect to any tariff filed pursuant to section 210(a);

(4) extend the period specified in section 228(g) of the 1934 Act for a period not to exceed 2 years where the services or facilities specified in such subsection are not subject to effective competition or where it is necessary to protect ratepayers from degraded service; and

(5) for a period of 5 years after the date of enactment of this Act, a State commission shall not be precluded from taking into account for ratemaking purposes revenues derived from printed yellow pages.

Mr. HOLLINGS. Mr. President, I understand that the distinguished Senator from Nevada, our ranking member, will present an amendment in the nature of a substitute to my amendment, which has been agreed to by the Senator from Oregon, the Senator from Nevada, the Senator from South Carolina, and others who have been working on this problem of ratepayer protection. I yield so he may present his substitute.

UP AMENDMENT NO. 471

(Purpose: To amend the Communications Act of 1934 to protect ratepayers of basic, regulated, and exchange telecommunications services)

Mr. CANNON. Mr. President, my distinguished colleague from South Carolina has offered the ratepayer protection amendment. I believe the amendment we have worked out now, while a slightly different version, would be a good substitute for his amendment, which has a great deal of merit. I offer this amendment on behalf of myself, Senator HOL-

LINGS, Senator PACKWOOD, Senator THURMOND, Senator FORD, Senator DECONCINI, and Senator BAUCUS.

The substitute I offer is identical in its intent—to protect ratepayers of basic, regulated, and exchange telecommunications services. The substitute has five provisions, which capture the essence of the five provisions advocated yesterday by Senator HOLLINGS.

Although I see no need to describe these provisions in the same eloquent detail as Senator HOLLINGS did yesterday, I will describe them briefly.

First, the amendment provides that the Commission may review and modify decisions of the Assets Evaluation Board. The only difference from Senator HOLLINGS' proposal yesterday is that our substitute incorporates the standard of review upon which we have previously agreed that the Federal Communications Commission should use in reviewing decisions of the Joint Board which is established by section 222 of the bill. We believe this standard of review ("arbitrary or capricious or otherwise not consistent with the policy or purposes" of the Act) is somewhat clearer than the standard proposed yesterday.

Second, S. 898 requires that customer premises equipment continue to be offered under tariff for a period of 2 years. Yesterday's proposal would have lengthened this to an indefinite period for a dominant regulated carrier by requiring it to keep existing equipment under tariff for all its remaining life.

Although I can agree with my friend that a longer time period is needed than is provided for in S. 898, I do not believe that an indefinite period of time is proper. Terminal equipment should not be offered indefinitely by both the regulated part of A.T. & T., and at the same time, by the new unregulated affiliate. We propose that the time period during which existing equipment continues to be regulated be extended from 2 years to 3 years and that, in addition, the FCC be given the authority to extend the time period for up to 2 additional years if it determines that doing so is necessary to protect ratepayers. Thus, we are providing a transition period of up to 5 years compared with the 2 years now in S. 898, and at the same time, providing a date certain in the future when all customer premises equipment will be deregulated.

Third, the amendment offered yesterday would have required the Commission to provide public notice and the opportunity to protest tariffs filed under section 210(a). In this respect, our substitute is identical to the one offered yesterday. We also agree that the FCC should retain its existing power to suspend tariffs and hold hearings in order to investigate tariffs.

Fourth, our substitute is similar to the amendment offered yesterday in directing the FCC to extend the period of time provided in section 228(g) for 2 extra years where the Commission finds that the facilities in question are not subject to effective competition. Section 228(g) now provides that the fully separated affiliate of a dominant regulated carrier may not be provided any services or facilities for a period of 2 years when those services are required to be offered (by section 235) under tariff for the same 2 years. The two sections (228(g) and 235) taken together provide a basic transition mechanism: Existing services are to continue under regulation for 2 years and the new affiliate cannot offer those services at the same time. The effect of Senator HOLLINGS' suggestion which we have adopted is to extend that transition period whenever the Commission finds that facilities are not subject to effective competition.

Fifth and last, our substitute deals with the issue of yellow page revenues which some States consider for ratemaking purposes. At the present time, the yellow pages are not regulated. Nevertheless, some States have been successful in using the profits earned through the publication of the yellow pages to count against the revenue needs of regulated service and thereby reduce local rates. Other States have either not chosen to do so or the courts have ruled that they may not do so. In S. 898, as we voted it out of the Commerce Committee, we attempted to end cross subsidies between regulated services and unregulated services.

I believe the principle is a sound one that no one would disagree with: Profits earned in unregulated, competitive services are not to be used to subsidize regulated services, and losses incurred in competitive services are not to be borne by the ratepayers of regulated services. S. 898 as it stands before you is philosophically consistent with the desire to prevent cross subsidies—they may not flow either way—and this means that yellow page earnings could no longer be used to offset local revenue needs.

I believe that this is appropriate long-term policy. I cannot accept the proposal that all States should be able to count upon such revenues flowing from unregulated services. Nevertheless, I realize that a transition period is needed for some States. Therefore, our substitute incorporates a transition period of 4 years during which States which now offset revenue needs with yellow page earnings may continue to do so.

Finally, Mr. President, the substitute would require the full affiliate to file reports with the Securities and Exchange Commission.

Mr. President, that is a simplification of the amendment. I ask for its adoption.

The PRESIDING OFFICER. Will the Senator send the amendment to the desk? The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Nevada (Mr. CANNON), for himself, Mr. HOLLINGS, Mr. PACKWOOD, Mr. THURMOND, Mr. DECONCINI, Mr. FORD, and Mr. BAUCUS, proposes an unprinted amendment numbered 471.

Mr. CANNON. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In the previously agreed to amendment on page 153, line 1, strike "commissions." and substitute "commissions, unless the Commission determines it to be arbitrary or capricious or otherwise not consistent with the policies or purposes of this Act.".

On page 175, lines 8 and 9, strike "for a period of not less than 2 years from such date." and substitute "for a period of 2 years from such date, except that any customer premises equipment recorded in the accounts of a dominant-regulated carrier on such date shall continue to be made available under tariff for a period of 3 years from such date. The period of time during which customer-premises equipment recorded in the accounts of a dominant-regulated carrier shall continue to be made available under tariff may be extended by the Commission for a period of time of not to exceed 2 additional years.".

On page 143, line 11, insert "(including filing such annual reports as may be required by the Securities Exchange Commission, if the fully separated affiliate were a possibly held corporation)" after "requirement".

On page 119, line 18, strike "or".

On page 119, strike line 23 and substitute "lawful; or".

On page 119, insert the following between lines 23 and 24:

"(iv) set for a hearing and suspend a tariff filing for a period not to exceed 4 months from the proposed effective date of the tariff, for good cause shown.".

On page 121, after line 8, insert the following:

"(7) The Commission shall provide users of basic telephone services and other regulated telecommunications services with public notice and an opportunity to seek rejection or a hearing with respect to any tariff filed pursuant to this subsection.".

On page 156, add the following at the end of line 2: "For facilities, the Commission shall extend such period of time for a period not to exceed 2 additional years where the services or facilities of the dominant regulated carriers are not subject to effective competition.".

On page 122, strike the period at the end of line 20 and substitute the following: ", except that for a period of 4 years beginning after the date of enactment of this subsection, nothing in this Act shall prohibit a State commission from taking into account revenues derived from printed yellow pages for ratemaking purposes.".

The PRESIDING OFFICER. The amendment as presented is not in order. It will take unanimous consent to consider it as a substitute to the Hollings amendment.

Mr. CANNON. Mr. President, I ask unanimous consent that it be in order to consider the amendment as a substitute for the Hollings amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, I am encouraged by this amendment. I hope the Senate will adopt it now without a rollcall vote.

Mr. HOLLINGS. Mr. President, I appreciate the cooperation and the chance to effect this compromise. I learned long ago that a man convinced against his will is of the same opinion still. But you take what you can and move to legislation which is more competitive and has a more clearly defined line of authority and responsibility. The valuation of equipment is an important thrust of the entire bill in deregulating A.T. & T. and forming its fully separated subsidiary.

As I understand, the first section is the part about giving the FCC the authority to determine whether or not there is

arbitrary or capricious action by the Assets Evaluation Board. The next section has to do with the life of on-premises equipment. We proposed in the original amendment that this now substitutes for that the equipment would be there and regarded as of value for the life of the equipment. The compromise says that this equipment shall be kept in the regulated rate base for 3 years and that the Commission may extend it for another 2 years.

Moving on, we take the original authority under the Communications Act of 1934 and we reinstitute that authority of the FCC with respect to the filing of tariffs, so that we have the suspension section reinstituted, with a 4-month time period and then there is a requirement that the Commission give notice and a hearing. That is provided for in those next two sections.

On the facilities, we comprised at two plus two or 4 years. I never did want any facilities in a wholly owned subsidiary, because I wanted to make certain it operated without any damage whatsoever to its basic, public common carrier telephone service to customers in America. But the compromise as is at least gives us a transition period for those who would compete to brace themselves.

The next to last section, on the yellow pages, says that we compromise on a 4-year period rather than a 5-year period for the States to continue to include the yellow pages and the revenues received therefrom in the ratemaking process.

I ask the distinguished Senator from Oregon or Nevada, either one, to read the last section, because this has been worked on by staff and I understand there is a section in there, that I just glanced at but do not have in my copy, that requires the fully separated subsidiary to file such forms as are required by the Securities and Exchange Commission of publicly held corporations.

Mr. PACKWOOD. Mr. President, that is the language from the next amendment, section 227(a)(1)(a), of the exact language.

Mr. HOLLINGS. That is what is required by that last section?

Mr. PACKWOOD. That is correct.

Mr. HOLLINGS. That would require, then, a form 10(k) to be filed.

Mr. PACKWOOD. It requires whatever the Senator's language requires. We debated this yesterday and I said I am not a lawyer, but it requires whatever the Senator's language requires.

Mr. HOLLINGS. It would be, then, in particular a form 10(k). It so happens that I brought to the floor and have in my hand the form (M) used by the FCC and the 10(k) form used by the Securities and Exchange Commission for the American Telephone & Telegraph Co. By reading form (M), you can see the one by the Federal Communications Commission would not be that useful to the investing public. If you look carefully, you see all the particular requirements and information, far more voluminous, open, and revealing, in a sense, required by the Securities and Exchange Commission.

Ordinarily, the habit here is to ask unanimous consent that they be printed, but I forego that, because it would be just a big printing bill and I do not believe even I would read them if they were in the RECORD.

Mr. President, I do not want anyone to be under any false illusions relative to my accepting the amendment, particularly the last part about our position on public ownership. I know the distinguished Senator from Oregon and others could well argue that now that he has the form 10(k) report, what is he arguing about? You will hear it.

What we want in the outside financing amendment is the public participation and the public interest shown, not just in audits but the audits that can be obtained now that these terms are agreed to in this particular amendment; public interest will then emerge from this particular information to keep the separate subsidiary honest; in other words, to keep it operating as a separate, competitive subsidiary and not just a tool of the parent company.

I shall still be arguing that, Mr. President, but I shall go along with this compromise.

Mr. PACKWOOD. Mr. President, I ask unanimous consent to add the Senator from Kentucky (Mr. HUDDLESTON) as a cosponsor to this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. I ask unanimous consent to have printed in the RECORD at this place a table prepared by the National Association of Regulatory Utility Commissioners outlining the use of the telephone directory advertising revenues in State ratemaking.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

USE OF TELEPHONE DIRECTORY ADVERTISING REVENUES IN STATE RATEMAKING

[Prepared by National Association of Regulatory Utility Commissioners]

Name of agency	Considers directory advertising revenue for ratemaking	Net revenue derived from directory advertising and applied in ratemaking		Gross revenue necessary to replace loss of directory advertising revenue for ratemaking	Increase in subscriber's monthly bill if directory advertising revenue not applied in ratemaking	Fiscal year ended
		Bell System	Other telephone companies			
Alabama PSC						
Alaska PUC	Yes			[1] $4,000,000	$5.50	Dec. 31, 1980.
Arizona CC	Yes					
Arkansas PSC						
California PUC	Yes	$121,600,000	[2] $41,400,000		1.25	
Colorado PUC	Yes	12,175,000		[3] 23,668,000	1.59	Do.
Connecticut PUCA						
Delaware PSC	Yes	1,900,000		3,900,000	1.38	Do.
District of Columbia PSC	Yes	2,500,000		5,900,000	.71	Do.
Florida PSC	Yes	35,300,000	13,700,000	98,000,000	1.81	Do.
Georgia PSC						
Guam PUC						
Hawaii PUC	Yes		4,887,821	8,969,700	1.86	Do.
Idaho PUC	No					
Illinois CC	Yes	57,293,589			1.08	Do.
Indiana PSC	Yes	12,127,320			1.51	Do.
Iowa SCC	Yes	11,556,761		[4] 23,231,501	2.04	Do.
Kansas SCC	Yes	9,666,000	197,000	[5] 20,135,000	2.01	June 30, 1981.
Kentucky PSC	Yes	4,389,447	1,620,922	11,840,756	.75	Dec. 31, 1980.
Louisiana PSC						
Maine PUC						
Maryland PSC	Yes	14,250,795		30,713,042	1.46	Do.
Massachusetts DPU						
Michigan PSC	Yes	37,528,927	2,431,845	74,001,430	1.73	Do.
Minnesota PUC						
Mississippi PSC						
Missouri PSC	Yes			63,938,578	2.51	Dec. 12, 1980.
Montana PSC	Yes	1,450,000		2,940,000	.92	June 30, 1980.
Nebraska PSC	Yes					
Nevada PSC	Yes			21,015,746		Dec. 31, 1980.
New Hampshire PUC						
New Jersey BPU						
New Mexico SCC	No [6]					
New York PSC						
North Carolina UC	Yes	7,578,746	7,500,000	31,000,000	1.14	May 31, 1981.
North Dakota PSC	Yes	2,719,124	906,812	6,351,690	1.93	Dec. 31, 1980.
Ohio PUC	No					
Oklahoma CC						

USE OF TELEPHONE DIRECTORY ADVERTISING REVENUES IN STATE RATEMAKING—Continued

[Prepared by National Association of Regulatory Utility Commissioners]

Name of agency	Considers directory advertising revenue for ratemaking	Net revenue derived from directory advertising and applied in ratemaking		Gross revenue necessary to replace loss of directory advertising revenue for ratemaking	Increase in subscriber's monthly bill if directory advertising revenue not applied in ratemaking	Fiscal year ended
		Bell System	Other telephone companies			
Oregon PUC	Yes	$20,574,000	$4,869,000	$38,041,000	$2.81	Do.
Pennsylvania PUC	Yes					
Puerto Rico PSC						
Rhode Island PUC	Yes					
South Carolina PSC	Yes	3,736,782		[4] 7,473,564	.77	Do.
South Dakota PUC						
Tennessee PSC	Yes			21,057,476	1.08	Do.
Texas PUC	Yes					
Utah PSC						
Vermont PSB						
Virgin Islands PSC	No					
Virginia SCC	Yes	10,125,000		[4] 19,463,000	1.00	Aug. 31, 1981.
Washington UTC	Yes	18,855,000	3,653,000	43,638,000	2.06	Dec. 31, 1980.
West Virginia PSC						
Wisconsin PSC	Yes	11,200,000	5,200,000	37,500,000	1.56	
Wyoming PSC	Yes					Do.

[1] Anchorage Telephone Utility (municipal) represents at least 50 percent of all gross revenues.
[2] General Telephone of California only.
[3] Applies only to Mountain Bell intrastate.
[4] Bell System only.
[5] Figures derived from rate cases of Southwestern Bell Telephone Co. and United Telephone Co. of Kansas which supplies approximately 20 percent of independent main stations.
[6] However, New Mexico SCC is seeking constitutional amendment to permit consideration of directory advertising revenue for ratemaking purposes. The net revenue derived from directory advertising by Mountain Bell is $7,029,000 and the net revenue derived from such advertising by the 3 largest independents (Continental, General Tel. of S.W. and Navaho) is $791,718.

Mr. PACKWOOD. Mr. President, I am ready to vote.

The PRESIDING OFFICER. The amendment amends language already amended. Does the Senator ask unanimouse consent that that be the order?

Mr. PACKWOOD. I so ask unanimous consent, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment.

The amendment (UP No. 471) was agreed to.

Mr. PACKWOOD. I move to reconsider the vote by which the amendment was agreed to.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment as amended.

The amendment No. 578 was agreed to.

Mr. PACKWOOD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HOLLINGS. I move to lay the motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 579

Mr. PACKWOOD. Mr. President, now there is the second amendment of the Senator from South Carolina.

The PRESIDING OFFICER. Amendment No. 579.

Mr. HOLLINGS. Mr. President, I ask for the yeas and nays.

I will have to forgo that request until a few more Senators come to the floor, unless the distinguished Senator from Oregon wants to accept the amendment. [Laughter.]

The Senator has become very agreeable this evening.

Mr. PACKWOOD. It is not that late in the evening.

Mr. HOLLINGS. We do have the partial outside ownership amendment, and various questions have been asked by colleagues, since we debated it yesterday, as to why 10 percent is not enough.

To the point, we first tried for 30 percent, which we thought would keep the process open and competitive. We compromised down to 10 percent ownership.

It is very fundamental with the outside ownership that they have the information necessary to act as stockholders. I am pleased that we now have as part of the bill the Securities and Exchange Commission purview and requirement of a form 10–K and other forms that inform the stockholders, but there is no reason just to inform lawyers and defeat this amendment. Lawyers look on each side. I hope we can get away from the lawyer fees side of this measure.

What I wanted to bring to the fore was active public participation, so that, as I expressed yesterday, they can deal with the media and the free press. The free press plus the public ownership gaining that information from the Securities and Exchange Commission could do much more than the audits and the accounting requirements.

In fact, I have an amendment that the Senator from Oregon might accept. I call the attention of the Senator from Oregon to page 150, and I give him a copy of this amendment. Perhaps we can agree on this.

I ask the Senator to look at page 174. I am confident that the Senator is totally familiar with the thrust of the bill. It reads:

"(2) Not later than 2 years after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 or by such extended time, the Commission shall determine, after an expedited hearing in which any interested party may join—

"(A) which of the telecommunications services described in subsection (b)(1) are not subject to effective competition as defined in section 203(c)(1); and

"(B) which of such services are subject to effective competition.

After making that determination, it is necessary for these plans to be submitted.

We were talking yesterday about the plan and the FCC vis-a-vis the SEC and the power of the Commission and how it would respond. I refer to the words of the distinguished Senator from Oregon yesterday, on page S11060:

Mr. PACKWOOD. Just to set the record straight—and I am not sure there is much point in delaying the Senate any longer on this—absolutely nothing can be transferred to the affiliate except customer equipment after a certain number of years. No assets, no transmission facilities, no nothing, unless the Federal Communications Commission approves.

A little later, at the conclusion of that statement:

But the bill provides that those transfers cannot take place without FCC approval.

When we look at what is required on pages 149 and 150, we see on line 6, "the plan shall demonstrate," and we turn to the requirement of the plan and we see:

"(iv) the assets proposed for transfer to the proposed fully separated affiliate will be fairly and properly valued; and

"(v) the initial capitalization has been fairly and properly valued.

We are talking about valuation and not the fundamental thrust that first the services and facilities proposed to be offered are subject to effective competition.

In that particular section, that is what I was referring to so strongly relative to the inadequacy, and perhaps we could add a section.

I ask the Senator from Oregon to consider that and let his staff review it. so that what is intended is understood clearly, and that is that we add a section providing that the services and facilities proposed be offered by the fully separated affiliate are subject to effective competition. That is the whole point.

The Senator from Oregon said:

No assets, no transmission facilities, no nothing, unless the Federal Communications Commission approves.

But in the general language, we are approving only the valuation and we are not approving exactly the fundamental thrust of the bill, that it is subject to effective competition.

Mr. PACKWOOD. I want to make sure what the amendment does. It does not go to the customer premises equipment that we already have taken care of.

Mr. HOLLINGS. No. It goes to the plan to be submitted, as the Senator can see, commencing on page 149, above the fully separated affiliate.

Mr. PACKWOOD. I see where it goes. It goes between lines 10 and 11 on page 150, a new item (vi).

Mr. HOLLINGS. That is right.

Mr. PACKWOOD. I may be prepared to accept it, but I do not understand what it adds to the bill that is not already there.

Mr. HOLLINGS. It adds just the fact that we were debating yesterday: The transfer of these particular facilities. The Senator from Oregon said that the Commission had to approve that transfer.

What the Senator and I are mostly concerned with, as the amendment makes absolutely clear, is that there is effective competition before they transfer, under the plan, those services and facilities. We find on pages 149 and 150 all references to the plan, but all the references lead to the Commission approving only the valuation. They do not approve whether or not there is competition.

If we start where the section commences on page 149, it reads:

The dominant-regulated carrier and any affiliate have an accounting system . . .

Then, the accounting system shall have, under (I) on line 10, "all costs related to services . . ."

On line 17, under (II):

all costs of any fully separated affiliate, including those related to services . . .

When we turn the page, it is still talking about the accounting system, under (ii). Under (iii), "the proposed fully separated affiliate complies with the requirements of section 227."

Then, under (iv):

The assets proposed for transfer to the proposed fully separated affiliate will be fairly and properly valued.

Under (v):

The initial capitalization has been fairly and properly valued.

One can see they approve the plan, but the plan only goes to accounting and valuation and not to the fundamental that concerned the Senator from South Carolina when we were talking about it. I thought I should put it at the end of the bill there. But I thought on that plan in order not to confuse it but to make it clearly understood that we wanted to make certain about the services and facilities proposed of the dominant regulated carrier.

I started to draw the amendment in that particular fashion so that there be no misunderstanding, but they tell me the better form is just to insert it there as part of the plan so there is no misunderstanding or subterfuge.

We wanted it to be approved by the Commission when the Commission determines as provided in the all-encompassing section right at the very end of the bill that the service and facility is subject to effective competition.

I think that is the real crux of submitting the plan and the very meat, as I saw, in the coconut; namely, that there be competition there. I think we could clarify the act because that is what the Senator from Oregon was saying on yesterday that they must approve it.

No assets, no nothing could be transferred until the Commission approved it and then, when we look to find out what the Commission approves, it only approves an accounting system, it only approves valuation, but it does not approve the fundamental; namely, that there is effective competition.

So if they can, along with that same plan, have this as part and parcel of that particular review of the plan, then I do not think there will be any redundancy, but there will be clarity to it and there will be complete understanding, and it will be just exactly as represented by the Senator from Oregon in the debate on yesterday afternoon.

It could be that we can have the staff study this and go ahead and vote on this other one as a separate thing.

Mr. PACKWOOD. I want to make sure of the effect of the proposed amendment. The Senator is talking about amending the minority ownership amendment. He is talking about amending another section of the bill?

Mr. HOLLINGS. Yes.

Mr. PACKWOOD. I appreciate it.

This is the first time I have seen it. I am hesitant to adopt technical language frankly before the full import is known. I do not know. Why do we not go back.

Does the Senator have any additional remarks on the minority ownership amendment?

Mr. HOLLINGS. No. I think the minority ownership amendment has been fully discussed, unless there are some questions by the manager or other particular Senators.

I think the distinguished Senator from Nevada wanted to require that the 10 percent outside ownership not take place for 5 years. The amendment as now proposed says the 10-percent ownership will occur right away. In committee the committee has an amendment that had a 5-year delay. I do not think that is a problem of the amendment, I say to the Senator from Nevada. I want to be open and aboveboard with him.

I shall move to amend. We have not ordered the yeas and nays on it.

Mr. PACKWOOD. Now I am confused. We are back on the minority ownership amendment?

Mr. HOLLINGS. That is right.

Mr. PACKWOOD. The Senator is changing the 10-percent requirement to say that it does not have to be met until 5 years passes?

Mr. HOLLINGS. That is right, not take place until 5 years.

Mr. PACKWOOD. I still oppose the amendment. I have no objection to the Senator making that change. I am going to argue against it whether it is imminent or 5 years away. But if he has the language for that amendment I will not object to his offering it.

Mr. HOLLINGS. Mr. President, I ask that on line 16 of my amendment, subsection (3), there be inserted at the beginning of the sentence commencing:

No less than 10 percent of the shares of each class of stock originally authorized for issuance by a fully separated affiliate shall be reserved and offered for purchase by persons other than the dominant-regulated carrier or its affiliates or any of its fully separated affiliates at the same subscription price as that paid by the dominant-regulated carrier or its affiliates.

I ask unanimous consent that the section there be amended to insert the phrase at the very beginning:

Not later than 5 years after a fully separated affiliate has been initially established pursuant to the requirements of this section and section 228,

And then commence:

no less than 10 percent of the shares of each class of stock—."

The PRESIDING OFFICER. Is the Senator modifying his amendment?

Mr. HOLLINGS. I am modifying the amendment, yes.

The PRESIDING OFFICER. Will the Senator please send the modification to the desk?

The modified amendment is as follows:

On page 147, insert the following between lines 22 and 23:

PARTIAL OUTSIDE OWNERSHIP

SEC. 227A. (a)(1)(A) Each fully separated affiliate of adominant-regulated carrier shall be organized as a corporation and shall register its securities in accordance with the requirements of the Securities Act of 1933 and the Securities and Exchange Act of 1934.

(B) The registration requirement established in subparagraph (A) shall apply to a fully separated affiliate regardless of the number of persons owning shares of stock in such fully separated affiliate.

(2) A fully separated affiliate shall not have any authority to limit or restrict the transferability of securities issued by such fully separated affiliate.

"(3)(A) Not later than 5 years after a fully separated affiliate has been initially established pursuant to the requirements of this section and section 228,".

(3)(A) No less than 10 percent of the shares of each class of stock originally authorized for issuance by a fully separated affiliate shall be reserved and offered for purchase by persons other than the dominant-regulated carrier or its affiliates or any of its fully separated affiliates at the same subscription price as that paid by the dominant-regulated carrier or its affiliates.

(B) All stock issued after the initial issuance shall be on a basis proportionate with the initial stock issuance.

(C) In any case in which the dominant-regulated carrier or any of its affiliates owns shares of stock in the fully separated affiliate, shares of stock held by nonaffiliated persons shall carry the same rights and benefits as shares of stock owned by the dominant-regulated carrier and its affiliates.

(4)(A) Each fully separated affiliate shall submit a plan to the Commission relating to its initial and any subsequent capitalization. Each such plan shall be reviewed by the Commission within 90 days after submission for purposes of determining whether such plan meets the requirements of this section.

(B) Failure of the Commission to issue an order under this paragraph before the end of the applicable time period shall constitute approval of the plan or amended plan involved.

(5)(A) The fully separated affiliate may incur an indebtedness to the dominant-regulated carrier and its affiliates for purposes of the initial capitalization of the fully separated affiliate. The Commission shall oversee this indebtedness to ensure it does not harm the ratepayer of the dominant-regulated car-

rier and its affiliates. Any such indebtedness shall be paid back by the fully separated affiliate within 7 years after the indebtedness is incurred.

(B) In any case in which a dominant-regulated carrier or its affiliates engage in any offering of bonds, debentures, or other certificates of indebtedness, such dominant-regulated carrier shall not have any authority to make available the proceeds from such offering for use by, or for the direct or indirect benefit of, any fully separated affiliate of such dominant-regulated carrier.

(C) Except as provided in subparagraph (A), neither the dominant-regulated carrier nor its affiliates shall make any loan or otherwise lend money to any fully separated affiliate of such dominant-regulated carrier. Neither the dominant-regulated carrier nor its affiliates shall buy or guarantee any bonds, debentures, or other certificates of indebtedness issued by any fully separated affiliate of such dominant-regulated carrier.

(6) The time limits established by this subsection may be extended by the Commission for a period not to exceed 2 years upon a finding that such an extension would be in furtherance of the purposes of this Act.

Mr. CANNON. Mr. President, will the Senator yield?

Mr. HOLLINGS. I am delighted to yield.

Mr. CANNON. As the Senator knows I voted in support of his amendment on outside ownership when he offered it in committee and as I recall it was different than the provision now in the bill.

I take it that this modification he is sending to the desk now is to return to the concept that he proposed in the committee that there would be a 5-year phase-in of the outside ownership requirement.

Is that correct?

Mr. HOLLINGS. That is exactly correct; yes.

Mr. CANNON. If we are going to impose such a requirement we should give them sufficient time to get organized and that original 5-year proposal seems to me is more reasonable.

I would vote for him as I did in committee if he makes that change, but otherwise I do not think I can support it.

Mr. HOLLINGS. I appreciate the support of the Senator from Nevada, bringing it frankly to my attention because there was no intent to leave that particular part of the amendment out.

Mr. President, a parliamentry inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HOLLINGS. Is the amendment now so modified?

The PRESIDING OFFICER. The Senator is correct.

Mr. HOLLINGS. Very good.

Then the Senator from South Carolina will be prepared to vote.

Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. PACKWOOD. Mr. President, I wish to make a few comments on this amendment and they are directed to the amendment as modified and they would have been directed to the amendment without modification.

First, as the Senator from South Carolina said, we have adopted his amendment requiring the fully-separated affiliates to file all of the information required by the Securities Act of 1933 and the Securities and Exchange Act of 1934. That was one of the major arguments he made yesterday, that information filed with the FCC even if it is identical to the information filed with the SEC is reviewed through different eyes and with a different view by the Securities and Exchange Commission and consequently that has been put into the bill.

Second, I wish to read two statements from two of the principal brokerage houses in this country. One is from E. F. Hutton, a letter dated September 22, 1981, from Mr. Robert Fomon:

One amendment which may again be proposed when the bill reaches the floor is the requirement that a fully separated affiliate of AT&T have some minority ownership. Congress should avoid imposing such irreversible requirements with potentially mischievous consequences. As I understand the bill, the issues of cross-subsidies and public disclosure of the separated affiliates' activities—which minority ownership purports to address—are adequately dealt with by the present bill.

Second is a letter from Salomon Bros. from John Gutfreund:

It is my understanding that when S. 898 comes upon the Senate floor a number of amendments are likely to be proposed. I am particularly concerned about an amendment which would not allow AT&T full ownership of a fully separated affiliate and would limit its participation in the debt financing of the affiliate. An amendment to that effect, proposed by Senator Ernest Hollings, was defeated in Committee and is expected, I believe, to be offered again on the floor.

Such an amendment would restrict the flexibility of an affiliate to finance its operations, create potential conflicts of interest within management, and establish a poor precedent by Congress for the structuring of diversified industries in highly competitive fields. Further, such a provision would set a fixed, but highly dubious course which would not contribute to its ostensible purpose—the prevention of cross-subsidies between parent and affiliate. That concern is adequately addressed elsewhere in the bill.

Mr. President, let me make a few other comments:

First, bear in mind we have total public disclosure in this bill. We require filing with the Federal Communications Commission. Now, we require filing with the Securities and Exchange Commission. Every single transaction between the affiliate and the parent must be by contract. The contracts are public and they are subject to the scrutiny not only of the SEC and FCC but every one of the competitors of the affiliate. Every one of them. And, there is infinitely better monitoring when a competitor is watching than when the Government is watching. Therefore, it does not really matter if you have 10-percent minority ownership or 30-percent minority ownership. It is not going to do any more for disclosure as far as diluting A.T. & T. control is concerned. They are still going to have either 70 percent or in this case 90 percent of the control.

Second, with private shareholders, think to yourself for a moment—the argument is cross-subsidization. The parent is going to try to subsidize the affiliate.

If you are one of these minority stockholders, one of these 10 percent in the affiliate, what is going to be your interest? Your interest is going to be in getting the parent to subsidize as much of the affiliate as possible so that its profits are greater and your dividends are greater. So that by requiring these minority stockholders, if we require them, we are creating an incentive for them to encourage A.T. & T. to subsidize the affiliate.

Third, if by chance the fully separated affiliate that we have required be established in this bill does not work for whatever reason, and I am the first to admit on occasion when we draft legislation it does not always work as we intended, it is much easier to undo it if there are no private minority stockholders.

Once we have minority ownership, once we have people who have invested their own private money in this corporation, then we have the problem of minority stockholders and buying them out and the question would arise as to what their rights are if we try to restructure the affiliate years down the road.

It is simply much easier to restructure it with only A.T. & T. as the owner of all the affiliate stock.

Once more I will say, in conclusion, Mr. President, no assets short of the customer premises equipment, which has been covered, no assets can be transferred to the affiliate without approval of the FCC.

That, together with the public disclosure at the FCC, at the SEC, and with the scrutiny of the private competitors of the affiliate is all that is needed to guarantee that there will be no nefarious self-dealing between the affiliate and the parent, and is all the guarantee that is needed to insure that the rigors and the competition of the marketplace will work.

So I hope, Mr. President, we will reject this amendment and get on with the rest of the bill.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER (Mr. CHAFEE). The Senator from South Carolina.

Mr. HOLLINGS. The hope in the marketplace authority is very interesting. I am much tempted by the majority leader's observation that that crowd is on drugs. I remember him saying that when they rebuffed Reaganomics here in August and when we returned after the Labor Day break.

But the fact of the matter is they are not on drugs. They are making money. Maybe some day we will understand that that is the purpose of the New York Stock Exchange. It is not for patriotism that it is organized. It is organized to make money.

Salomon Bros., if they would only answer, would be glad to come and tell you exactly how much they made in money from A.T. & T.

On Wall Street, their A.T. & T.'s "Banker for Bonds"—that is the way all the different brokers describe them—Salomon Bros. managed A.T. & T.'s two most recent debt offerings, and it played a role in selling A.T. & T. stock, as almost

every broker on Wall Street has a role in selling that stock. So we asked Salomon Bros. to let us know the amount of their bonds and their profits to see whether they were making an impartial statement.

We have not yet gotten an answer. I do not hope that we will hold the legislation up until we do get an answer. When you have got the biggest and the best and the most successful money-making operation in the world you do not interfere with it, and that is why they want to continue. There are 300 lobbyists in these halls right now from A.T. & T. telling us to get on with the bill so they can all go back home.

Let us look at an impractical group when we talk about stockbrokers and requirements. I am sure the members of the General Accounting Office filed an impartial report: They did not act at my request. They filed this report on September 24, and this is just October 6, and they said:

A requirement of outside equity participation is not without precedent in the Commission's regulatory proceedings. For example, in 1975, in connection with what was to become the Satellite Business Systems venture launched by International Business Machines Corp., the Communications Satellite Corp., and Aetna Casualty and Surety Co., FCC required a minority financial participation by a third party. The purpose of this requirement was to act on the competitive incentives of the major participants in the venture. Specifically, the Commission was concerned that International Business Machines and the Communications Satellite Corp., because of their significant business ties with AT&T, might have reasons to limit or restrain their joint venture's competition with AT&T and other carriers in the specialized service market.

Now that is exactly what we were concerned about here, that they subsidize the affiliate. What do you think they would do in Southern Bell? Exactly what the parent company, A.T. & T., wants. They own all the stock. Necessarily, if they own all the stock and there are no outside holdings, ownership or interest, they are going to do exactly what the parent wants. Similarly, here in this so-called fully separated affiliate, which is not fully separated.

Continuing to quote from the GAO report:

It was felt that participation of another partner, not having such business ties, would alleviate concerns regarding the new venture's competitive posture and zeal and influence it toward pursuing FCC's policy objective that all domestic satellite systems be competitive to the greatest extent possible with AT&T and other carriers in the specialized service marketplace.

So, the idea of outside ownership is to ease the pressure of the parent to subsidize further. The parent could well withhold the rigors of competition. There would not then be a fully separated entity, and thereby unfair competitive practices would ensue.

I quote further from the GAO report:

Notwithstanding its recognition of the potential benefits of independent equity participation, the Commission determined not to impose such a requirement as one of the initial, basic Computer II conditions. The Commission observed in the final decision that the corporate and regulatory implications of outside financing had not been addressed in any significant detail during the Computer II proceeding and asserted that there was a need for further exploration of the underlying issues. The Commission expressed the view that it would be appropriate to wait until carriers subject to the separate subsidiary requirement (only AT&T as a result of reconsideration) had submitted their separate subsidiary capitalization plans for Commission approval before deciding what further action, if any, was warranted in this area.

Because of the potential benefits to be gained through a requirement of outside equity participation, we believe that this matter should receive the fullest and most careful consideration by FCC in connection with its intended review of the proposed structuring and capitalization of separate subsidiaries.

So there is the impartial General Accounting Office, the arm of the national Congress, suggesting just exactly what this amendment suggests, and it is certainly suggesting it so that all the horror stories coming from a minority ownership as characterized by my colleagues from Oregon can be laid to rest.

The benefits of an independent equity participation requirement derive primarily, in our view, from the salutary impact which it could have on the incentives of a stand-alone separate subsidiary and from its contribution to facilitating regulatory oversight tasks of the Commission. The added visibility.

Therein I am talking about that stockholder and filing—once you get them working together you have exactly what we are talking about, visibility, and then they talk about the visibility given by the forms to be filed, working with those forms, wherein the public would bring these kinds of noncompetitive practices that may come about to the public's attention as well as to management's attention, and we could see whether or not there was fair competitive performance of the fully separated entities.

So, Mr. President, let us not worry. We have checked with all of them. They will tell you off the record, just like they do right now about the interest rates. They tried to tell the administration as best as they knew how, but they would not listen. So now they are being told with their pocketbooks, and that is why the bond market has gone kaput, and that is why the stock exchange prices have gone down 150 points, because they are telling them as loudly as they possibly can with the pocketbook what they think.

We know exactly what they think, and we see it reported right here in the General Accounting Office report of the Federal Communications Commission and commending the two instances where it has already been employed.

So this is not a radical proposal of some dissident Senator trying to cause trouble but rather trying to postulate, if you please, the thrust of the bill that a competitive market develop and a fully separated affiliate operate so as a competitor to A.T. & T. not as its pawn.

The PRESIDING OFFICER. The yeas and nays having been ordered, the question is on agreeing to the amendment of the Senator from South Carolina, as amended. The clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Nevada (Mr. LAXALT), the Senator from Maryland (Mr. MATHIAS), and the Senator from Wyoming (Mr. WALLOP), are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Hawaii (Mr. INOUYE), and the Senator from New Jersey (Mr. BRADLEY), are necessarily absent.

The PRESIDING OFFICER (Mr. SPECTER). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 26, nays 68, as follows:

[Rollcall Vote No. 309 Leg.]

YEAS—26

Baucus	Hayakawa	Nunn
Cannon	Hollings	Pell
Cranston	Jackson	Proxmire
Dodd	Kassebaum	Riegle
Durenberger	Kennedy	Sasser
Eagleton	Leahy	Specter
Ford	Levin	Stennis
Gorton	Matsunaga	Tsongas
Hart	Moynihan	

NAYS—68

Abdnor	East	Mitchell
Andrews	Exon	Murkowski
Armstrong	Garn	Nickles
Baker	Glenn	Packwood
Biden	Goldwater	Percy
Boren	Grassley	Pressler
Boschwitz	Hatch	Pryor
Bumpers	Hatfield	Quayle
Burdick	Hawkins	Randolph
Byrd, Harry F., Jr.	Heflin	Roth
	Heinz	Rudman
Byrd, Robert C.	Helms	Sarbanes
Chafee	Huddleston	Schmitt
Chiles	Humphrey	Simpson
Cochran	Jepsen	Stafford
Cohen	Johnston	Stevens
D'Amato	Kasten	Symms
Danforth	Long	Thurmond
DeConcini	Lugar	Tower
Denton	Mattingly	Warner
Dixon	McClure	Weicker
Dole	Melcher	Williams
Domenici	Metzenbaum	Zorinsky

NOT VOTING—6

Bentsen	Inouye	Mathias
Bradley	Laxalt	Wallop

So Mr. HOLLINGS' amendment (No. 579), as modified, was rejected.

RECESS SUBJECT TO THE CALL OF THE CHAIR

Mr. STEVENS. Mr. President, there is a meeting going on. It is the leadership's hope that we can put this matter aside now and take it up again tomorrow morning. There will be other matters before the Senate this evening yet, but I ask unanimous consent that the Senate stand in recess subject to the call of the Chair and announce that there will be further proceedings of the Senate tonight.

There being no objection, the Senate, at 5:19 p.m., recessed awaiting the call of the Chair. At 6:15 p.m., the Senate reassembled when called to order by the President pro tempore (Mr. THURMOND).

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. I thank the Chair.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, there will be no more rollcall votes this evening. I ask unanimous consent that there now

be a brief period for the transaction of routine morning business to extend not past the hour of 6:30 p.m., during which Senators may speak.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXPRESSION OF DEEP REGRET OVER ASSASSINATION OF PRESIDENT ANWAR EL-SADAT

Mr. BAKER. Mr. President, I send to the desk a concurrent resolution for myself and for the distinguished minority leader (Mr. ROBERT C. BYRD), on behalf of the Senator from Massachusetts (Mr. KENNEDY), the Senator from Illinois (Mr. PERCY), the Senator from Rhode Island (Mr. PELL), the Senator from Texas (Mr. TOWER), and Mr. BOSCHWITZ, Mr. BIDEN, Mr. MATSUNAGA, Mr. KASTEN, Mr. SASSER, Mr. BENTSEN, Mr. SARBANES, Mr. FORD, and Mr. LEVIN and ask for its immediate consideration. I ask that the clerk read the entire resolution.

The PRESIDENT pro tempore. The resolution will be stated.

The assistant legislative clerk read as follows:

S. CON. RES. 39

A concurrent resolution (S. Con. Res. 39) to express the deep regret of the Congress of the United States over the assassination of President Anwar el-Sadat of the Arab Republic of Egypt.

Whereas, the Congress of the United States has learned with profound sorrow and deep regret of the tragic death of President Anwar el-Sadat of the Arab Republic of Egypt; and

Whereas, President Sadat has been a true friend of the United States and a true partner in the search for peace in the Middle East; and

Whereas, President Sadat has earned the affection and respect of the people of the United States for his historic leadership and statesmanship in the cause of international peace; and

Whereas, the Congress has confidence that Egypt's leaders and institutions will carry on the responsibilities of government with full competence and dedication, including moving forward in the search for an enduring peace settlement in the Middle East and in promoting the economic well being of all Egyptians; and

Whereas, the leaders of Egypt have today reaffirmed their intent to follow the policies of President Sadat: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That:

(1) the United States expresses its deep sympathies to the family of President Sadat and the people of Egypt for their tragic loss; and

(2) the United States reaffirms its friendship with and full support for the Government and people of Egypt.

Mr. BAKER. Mr. President, I am sure I join the Nation and the world in mourning the death of one of the great leaders of our time, President Anwar Sadat of Egypt.

There have been few men, if any, in this century, whose courage, whose vision, whose resolute sense of purpose has matched that of President Sadat.

Surely no man has ever risked more than he in the cause of peace. Today we must say that no man has ever sacrificed more.

In the days ahead, I trust that Vice President Mubarak and those who follow in his footsteps in the leadership of the great nation of Egypt will take up his fallen standard and show the world that Egypt's commitment to peace, its belief in democracy, its national courage did not die with this extraordinary man.

I recall that when President Sadat came to Washington to negotiate the Camp David accords, I quoted an ancient philosopher who said, "It is in the interest of every commonwealth that there be some man in its leadership against whom fortune has no power." President Sadat was such a man.

No threat, no effort at intimidation from whatever quarter, could veer him from the course he believed right for his country and for the world. That President Sadat should become the latest victim of political savagery is an appalling testament to the strife and alarm that engulfs so many political lives.

If the enemies of peace believe that the primitive power of a bullet could accomplish what no political or military power on Earth could do, they are tragically mistaken.

Mr. President, President Sadat's dream of peace shall never die.

Mr. ROBERT C. BYRD addressed the Chair.

The PRESIDING OFFICER (Mr. NICKLES). The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, the world is stunned and saddened by the tragic assassination of Egyptian President Anwar El-Sadat in Cairo. This event is a tragedy of enormous proportions for the entire world.

If there has been one bright spot in the violence-plagued Middle East in recent years, it has been the peace initiative launched by President Sadat 4 years ago. As the first Arab leader to recognize the right of Israel to exist, he has toiled these 4 years on behalf of finding a comprehensive solution to the Arab-Israeli dispute which has produced so much human suffering for more than three decades.

Risking virtual isolation within the Arab world, and personal risk to himself, President Sadat traded the barrel of the gun for the olive branch. While much remains to be done in furthering this peace process, President Sadat accomplished much since his historic visit to Israel on November 19, 1977. It was a courageous and statesmanlike act on the part of this extraordinary leader who remained extremely popular with the American people for his leadership and wisdom.

On September 17, 1978, the "Framework for Peace in the Middle East Agreed at Camp David" was signed by President Sadat, Prime Minister Begin, and President Jimmy Carter. On March 26, 1979, Egypt and Israel formally signed a treaty of peace.

Yet, it was that one act—traveling to Israel in November 1977—which did so much to dispel the mistrust and mutual fears that had characterized modern-day Israel's relationship with her Arab neighbors. We owe President Sadat a deep debt of gratitude for seeking a peaceful solution to the Arab-Israeli conflict.

How tragic that such a price should be paid for being a peacemaker. How tragic for the people of Egypt, from whom President Sadat had lifted the burden of senseless sacrifice in war. How tragic for the peoples of the strife-torn Middle East that the gun has once again replaced the olive branch.

Mr. President, our prayers go out to the family of this remarkable leader. Our hearts are heavy with sorrow. Our prayers and unequivocal support go out to Vice President Hosni Mubarak, the man President Sadat had selected as his successor.

If there is one legacy President Sadat left us, it is the legacy of peace. I am oft reminded of his remarks in ceremonies at the White House celebrating the historic signing of the Egypt-Israeli Peace Treaty. President Sadat said:

Let there be no more wars or bloodshed between Arabs and Israelis.

Let there be no more suffering or denial of rights.

Let there be no more despair or loss of faith.

Let no mother lament the loss of her child.

Let no young man waste his life on a conflict from which no one benefits.

Let us work together until the day comes when they beat their swords into plowshares and their spears into pruning hooks.

And God does call to the abode of peace, he does guide whom he pleases to his way.

This is an eloquent testimony to President Sadat's vision and commitment to humanity. This is the legacy he has left us. Therefore, let us heed his words and renew our efforts at peacemaking.

In conclusion, Mr. President, I am deeply saddened by the events of today. America not only lost a good and close friend. The world has lost a rare and outstanding leader. Whoever is responsible for this deed has destroyed a man, but they have not destroyed the spirit. President Sadat will go down in history as a giant among men—a leader who dared to take risks for peace and an example to all in the world who cherish the olive branch over the gun.

Mr. PERCY. Mr. President, I thank the distinguished leadership for joining Senator PELL, Senator KENNEDY, and me in this resolution.

I ask unanimous consent, at their request, that the names of Senator BOSCHWITZ and Senator BIDEN be added as cosponsors of the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, I simply should like to indicate that in the resolution, we express our deep sympathy to the family of President Sadat and to the people of Egypt for their tragic loss. Our thoughts particularly go to a great humanitarian who has stood alongside him as a leader in her own right, Mrs. Sadat.

It has been our great pleasure to have her here, to host her at a luncheon at the Foreign Relations Committee, because of her own magnificent achievements. Her husband was tremendously proud of her. We are tremendously proud of her. The world is proud of the role she has played with reference to the disabled, the mentally and physically handicapped, and the role of women in the world today, where she has been a true leader.

Our thoughts also go to their daughter, who was stricken with a temporary illness while here. I had the privilege of visiting her in the hospital. She is the

personification of her father and mother. Our thoughts and sympathy and prayers go to her and to the entire family.

When I first met President Sadat 6 years ago, I came back to the Senate and reported that, in my judgment, he was the noblest man I had met; he was the greatest man of peace I had met in the Middle East. There was some criticism of those comments, because he was not at that time perceived to be a man of peace.

Since then, everyone has joined—that is, the United States, Israel, Egypt, and certainly many people throughout the world have joined—in recognizing not only the creativity, the imagination, and the boldness of President Sadat but also his total dedication. He gave his life for peace in the Middle East—and he did literally give his life for that purpose.

When tragedy strikes in all our families, I know how deeply it affects all of us. I have experienced it. I know that Senator KENNEDY feels deeply about what has transpired. We are honored and pleased to have him join us in this resolution.

President Sadat was a man of uncommon vision and courage who reached out to Israel to end the state of war and to start the process toward Mideast peace. He taught the world the lesson that long-held animosities and grievances can be overcome by a magnanimous gesture of conciliation and peace.

Fortunately, President Sadat surrounded himself with a group of dedicated Egyptian leaders who share the same, forward-looking views on foreign policy. This policy had the overwhelming support of the Egyptian people. This leadership should have continuing U.S. support as it carries forward President Sadat's efforts for a broader peace.

Mr. President, I hope that at this time Senator KENNEDY will be recognized, as a cosponsor of this resolution.

Mr. KENNEDY. I thank the chairman.

Mr. President, I ask unanimous consent that the name of the Senator from Hawaii (Mr. MATSUNAGA) be added as a cosponsor of the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, how can we accept that this has happened for the third time in a year—and that this time, the worst has happened and the world has broken our hearts again?

The President of Egypt, my friend Anwar Sadat, has died. But he was more than the President of a great country, more than a friend of Kings, Presidents, Prime Ministers, Senators, and the powerful of the world. He was the friend of common people everywhere who yearn for peace. His only real enemy, the enemy that struck him down, was the common scourge of human history—the forces of killing and war and hatred.

One day, as he said, he bounced his grandson on his knees and looked into his eyes. Then and there, Anwar Sadat decided that the next generation of Egyptian grandchildren would not be another generation sent to battle. And so he dared to step from the shadows of a terrible conflict into the light of peace. He watched a child's smiling face—and he made that light to shine upon the Middle East and across the Earth. Where there was ancient enmity, he sought healing. Where there was endless stalemate, he brought progress. Where there was recurring death, he opened the way for a hundred million human beings to live out their lives in purpose and peace.

So many of us here came to know him. He was warm, spontaneous, graceful, and restless in his quest. Americans came to admire him as we have seldom admired any leader of another land. And perhaps the most remarkable testament to him was that this Egyptian President was loved by the people of Israel.

Anwar Sadat was a realist who knew the risks he ran. He understood that the very violence he tried to tame might take him at any time. But he also believed that it was far better to live greatly, to dare greatly than to follow the safe and easy path.

My heart goes out to his wife Gehan Sadat and to his family. I know what they are feeling. I share their sorrow. I pray that they will find consolation and sustenance in his memory. And we all pray that the peace he began will last and flourish. The greatest tribute that we can pay to him now is to finish his work.

For his family and his country, there is the certainty that his name shall endure through the ages and his example shall light the way for a weary and war-laden world. Few individuals ever truly achieve greatness. Fewer still achieve it by making peace instead of war, for too often history has valued conquest instead of those who calm the Earth. But as John Milton reminds us:

> Peace has her victories no less renowned than war.

Anwar Sadat's life was among the rare and renowned victories for peace in all the recorded history of the human race.

Let us now repeat the prayer he said on the day the Camp David accords were signed:

> Let us join in prayer to God Almighty to guide our path. Let us make . . . a new chapter in the history of our nations.

In his words, we pray for our world. Each in our own way, we pray for him. Sixty-two years ago, he was born on Christmas Day, the birthday of the Prince of Peace. Now he leaves us as a prince of peace for our generation. Anwar Sadat gave us peace. May he rest in peace forever.

Mr. MATSUNAGA addressed the Chair.

The PRESIDING OFFICER. The Senator from Hawaii.

ANWAR SADAT: PEACEMAKER AND PEACE PRACTITIONER

Mr. MATSUNAGA. Mr. President, the assassination of President Anwar Sadat of Egypt has deprived the world of a great peacemaker. President Sadat clearly was a leader who rejected the notion that war is inevitable and believed that the incidence of violence and conflict in the Middle East and in the world can be reduced through peaceful processes. As one who shares that belief, I join my colleagues in expressing the sorrow of the American people at his violent and untimely death.

President Sadat demonstrated his commitment to the peaceful resolution of conflict during the historic Camp David talks. Using the Camp David accords as a basis, he and Prime Minister Begin of Israel continued their search for a peaceful settlement of problems in the Middle East.

Prof. Roger Fisher, of Harvard Law School, one of a number of experts who helped U.S. officials prepare for the Camp David talks, later observed to members of the U.S. Commission on Proposals for the National Academy of Peace and Conflict Resolution that "Camp David is one of many stories that illustrate the power and importance of methods of coping with differences." Professor Fisher further noted that while within the United States we have developed numerous methods of coping with differences on the family, local and national levels, "we need to apply that knowledge to the international situation."

As a peacemaker and winner of the Nobel Peace Prize, President Sadat was surely well aware of the importance of finding new methods to cope with international conflict and he had the courage to pursue that goal. Hopefully, as a result of his death, we will rededicate ourselves to the search for world peace. There could be no better memorial to that great peacemaker.

The history of mankind, it is said, records the course of human events, influenced and shaped by prominent personalities. President Sadat will surely be recorded as one who influenced and shaped the course of history in this century.

As one of a number of Senators who had the great privilege of breaking bread and discussing the grave situation in the Middle East on an informal basis with President Sadat on several occasions, I am deeply saddened, as though I have lost a close personal friend. To Mrs. Sadat and to her family I extend my heartfelt condolences and to the people of Egypt my prayer for a peaceful and orderly transition.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, the report of President Sadat's death means this will go down as yet another senseless act of violence that seriously threatens the stability of the entire Middle East. I am shocked and deeply saddened by this development.

I had the opportunity to visit with Sadat on several occasions—in Washington and in Cairo. I questioned him at length about the situation over there and I admired not only his answers, but his continuing determination to bring peace to the Middle East.

His death will be a loss that will be felt far beyond the Egyptian borders. It will be a major setback to the potential for peace and security in the Middle East, and that is a tragedy—for not only Egypt but our Nation as well.

Mr. FORD. Mr. President, I ask unanimouse consent that I may be added as a cosponsor to the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, it is with a deep sense of brief and personal loss that I rise today to express my regret at the assassination of President Anwar el-Sadat of Egypt.

I consider it one of the highlights of my career in the U.S. Senate to have known this great statesman, to have heard him speak of his dream of peace in the Middle East, and to have witnessed the great risks which he took personally and politically to make his dream a reality. His open, modest appearance belied the greatness of this man. Yet, it endeared him to millions of people in the United States and abroad. He was, indeed, a man of courage, a man of vision, and a man of determination.

Against tremendous odds, President Sadat took the initial steps toward what he hoped would be a lasting and just peace in the Middle East. He proved that one man, by dedicating himself to understanding and fairness, could make a lasting impact on the world. Unfortunately, President Sadat has been taken from us at a time when his leadership is most needed in this continuing struggle for peace.

Now, we must all redouble our efforts for peace in the Middle East as a testament to the man who captured the hopes and imagination of all of us who desire world peace. Anwar Sadat has shown the way, illumined by his acts of personal courage. It is for us to follow.

Mr. President, I feel a great sense of personal loss with the passing of President Sadat. Through discussions and correspondence with him, I have gained an appreciation for his compassion and sense of justice. The world cannot suffer the loss of such a leader without pausing to reflect upon his accomplishments and expressing gratitude for his faithful service to his fellow man.

To his family, I extend my deepest sympathy; to the Egyptian people, I join with my fellow Americans in pledging my continued support for the democratic ideals reflected in the leadership of President Anwar el-Sadat.

Mr. NUNN. Mr. President, the death of President Sadat is a tragedy for the world. No man in recent history has displayed more courage and statesmanship than Anwar Sadat. He has played the major role in laying a foundation for peace and good will in the Middle East.

His leadership inspired wisdom. His example inspired courage. His life was a ray of hope for a troubled world. While others were cursing the darkness, Anwar Sadat was lighting a candle for his people and the people of the world.

My heart goes out to his family and the people of Egypt. I thank God for President Sadat's life and for his example.

Mr. RIEGLE. Mr. President, today's bloody attack upon and murder of Egyptian President Anwar Sadat has come as a brutal shock and a sad reminder to those of us who are committed to the pursuit of stability in the Middle East. President Sadat exemplified the most progressive and idealistic currents in Arabic culture and politics. He was staunchly religious, but tolerant of other religious faiths. He recognized the important distinction between religious devotion and the exercise of politics; and he refused to permit Islamic fundamentalism to undermine the operations of his government or progress toward a lasting peace in the region.

Even more dramatic than Sadat's domestic policies have been his contributions to peace in the Middle East. He turned his back on two decades of hostilities between the Arab world and Israel and took the first bold steps toward a lasting peace. He did so at great risk; and indeed, his untimely death may be the final price for his bravery. In seeking a lasting peace with Israel and the ultimate resolution of the Palestinian question, President Sadat displayed those rare qualities of accommodation, reason, selflessness, historical vision, goodness of heart, courage and commonsense which are, collectively, the hallmark of true statesmen. The description is as apt as it is selfevident: Anwar Sadat was a true statesman.

The world will sorely miss Anwar Sadat. And I rise today on the floor of this Senate to add my voice to those of my constituents who pray that we may continue down the path of peace in the Middle East—and in the world as a whole—the path that President Sadat has helped us all see more clearly.

Mr. PELL. Mr. President, the death of President Sadat comes as a deep shock to me and to all Americans. President Sadat was unquestionably one of the great men of our era. I was privileged to meet him several times. He was a man devoted to the well-being of the Egyptian people, to deep and friendly ties between the Egyptian and American peoples, and to peace in the troubled Middle East.

He was bold and imaginative—we must all recall the drama of his visit to Israel, and the excitement of the Camp David accords. Inevitably, such boldness breeds opposition. But he perservered courageously, knowing the risks, until he was felled by this heinous and cowardly attack.

I know that I speak for my colleagues in this Chamber, for the people of Rhode Island, and for peace-loving people everywhere as I greviously lament his passing. I extend heartfelt condolences to Mrs. Sadat and their family, to Vice President Mubarak and his colleagues in the Egyptian Government, and to the Egyptian people whom Anwar Sadat served so ably. We all hope that this passing will spur the process of regional peace and stability. Such a legacy would be fitting.

Few persons are given the opportunity to influence history in a positive direction; fewer still take that opportunity. Even fewer men have ever enjoyed respect and regard outside their own national borders. Anwar Sadat was such an exceptional man of destiny. I and other Americans have lost a friend; Egypt has lost a noble son.

Mr. LEVIN. Mr. President, the world will remember Anwar Sadat as a man who made extraordinary contributions to his people and to peace in the world under excrutiatingly difficult circumstances. His epical visit to Jerusalem to make peace was one of the truly notable events of the century.

President Sadat's death is a major tragedy for peace, for his family, and for all of us who knew him as a friend and admired him as a most charismatic and courageous leader on the world scene.

We must all hope and pray that his successors will continue the policies he so bravely pursued.

Mr. President, I ask unanimous consent that I be added as a cosponsor to the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I join millions of peace-loving Americans today in mourning the death of Egyptian President Anwar Sadat.

And, like my fellow countrymen, I deplore the savage means by which his assailants perpetrated this attack. For, above all, Anwar Sadat's message was not the bullet, but the olive branch.

In 1977, President Sadat journeyed to Israel to extend the hand of peace to Egypt's longstanding foe. His extraordinary vision has transformed the future of relations between Israel and its Arab neighbors, and my fervent hope is that the reconciliation process will continue now that President Sadat is gone.

It is beyond the means of any of us to predict what might happen in the Mideast, and it remains to be seen what effect President Sadat's death will have on U.S. security interests. But Anwar Sadat's legacy of courage is one that I hope is emulated by his successors, and we pray for the future of democracy in Egypt.

Mr. WILLIAMS. Mr. President, I am shocked at the news of the assassination of President Anwar Sadat. President Sadat was a dynamic force for peace in the Middle East and his courageous leadership resurrected the close historic bounds between the people of the United States and the Egyptian people. When President Sadat took the heroic steps to normalize relations with Israel and to enter into the Camp David process, he was keenly aware of the great personal risks involved. Nevertheless, he was steadfast in his conviction that no risk was as important as the pursuit of peace. I am deeply saddened by the tragedy of this loss. But I am also inspired, as are decent people everywhere are by his heroic example to all of us.

Mr. President. I send my deepest and most heartfelt sympathies to Mrs. Sadat and to the people of Egypt who have suffered this incalculable loss.

Mr. HEFLIN. Mr. President, I am deeply saddened by the death of Egyptian President Anwar Sadat. I join with my colleagues in the Senate and with all Americans in mourning the tragic death of this dynamic, remarkable, and charismatic man who has been a good and reliable friend of the United States.

I deplore the assassination of this

truly great leader and condemn those people who took part in this killing and the type of violence and terrorism these murderers employ.

The Egyptian people have lost a capable and visionary leader. The American people have lost a beloved and respected friend. The world has lost one of the most courageous and dynamic political leaders of this century.

Mr. President, Anwar Sadat earned the respect and admiration of all American citizens and of all peace-loving people of the world when he took his historic initiatives to bring about a just and lasting peace in the Middle East. It took an enormous amount of backbone and determination for President Sadat to make overtures to Israeli leaders and to participate in the Camp David peace process.

Ironically, it was President Sadat's earnest and genuine desire to bring peace to his nation and to the world that led to his brutal assassination.

Mr. President, I am concerned over the future stability of the Government of Egypt and I have a great deal of anxiety over our future continued good relations with that nation. The United States has based a large part of its Middle East policies on the long-term stability of Sadat's Egypt. The death of President Sadat could have a devastating effect on the stability of the entire region.

Mr. President, I cannot condemn adequately enough the perpetrators of this dastardly and cowardly act. The terrorists and murderers who carried out this political assassination have no proper place in a civilized society.

I know that the prayers and love of millions of Americans go out to Mrs. Sadat and to the rest of President Sadat's family. Mrs. Sadat has been a strong and dynamic leader in her own right. I wish to extend my own prayers to her and to reassure her that her husband made a significant positive impact on the world.

Mr. RANDOLPH. Mr. President, the Roman philosopher Seneca said:

> Men do not care how nobly they live, but only how long, although it is within the reach of every man to live nobly, but within no man's power to live long.

Probably no man realized the truth in this statement as did the late President of Egypt, Anwar Sadat. He lived nobly. I do not dwell on the barbarism involved in the assassination of this magnificent and beautiful champion of peace. The horrifying nature of this act of killing is clear.

Now, I focus on the peace-making endeavors of President Sadat. His leadership in achieving harmony among nations stood out like a tenfold beacon in the night lighting the way to peace. His memory must now be our inspiration to accelerate the process of achieving a world free of conflict. It is not the time to build monuments of stone or name plazas of grand design. Rather, let the leaders of the world strive more earnestly to secure the golden hope of universal peace outlined so eloquently by Anwar Sadat in his speech to the Israeli Knesset on November 4, 1977:

> Introduce to the entire world the image of the new man in this era so that he might set an example of the man of our age, the man of peace everywhere. Ring the bells for your sons. Tell them that we are upon a new beginning, a new life; a life of love, prosperity, freedom and peace.
>
> Amidst the ruins of what man has built, among the remains of the victims of mankind, there emerges neither victor nor vanquished. The vanquished remains always a man—God's most sublime creation.

And he added:

> When the bells of peace ring, there will be no hands to beat the drums of war.

Mr. President, we mourn the death of this gallant crusader for peace.

Mr. JEPSEN. Mr. President, Anwar Sadat was one of the most able and courageous leaders of the 20th century. He is the Arab leader who made peace with Israel. I join those who fear that his passing may be the end of an era. It is uncertain whether the new Egyptian leadership will pursue continued peace with Israel.

Yet it is also very possible that Sadat, who knew for years that killers were on his trail, had made plans for his own succession. If men of peace continue to reign in Egypt, it would be a fitting last victory for this remarkable man.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The concurrent resolution (S. Con. Res. 39), with its preamble was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to and instructed to transmit an enrolled copy of the resolution just adopted to the Secretary of State with a request that it be forwarded to the family of President Sadat.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORITY FOR COMMITTEE TO FILE REPORT

Mr. BAKER. Mr. President, I believe this request has been cleared. I ask unanimous consent that the Banking, Housing, and Urban Affairs Committee be permitted to file a report between the hours of 9 a.m. and 3 p.m. on Friday, October 9, to accompany S. 708.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, there are three items on the Executive Calendar that I am prepared to deal with. I would inquire of the minority leader if he is in a position to address the nominations beginning on page 1 with Lee M. Thomas, of South Carolina, to be an Associate Director of the Federal Emergency Management Agency, through Gary L. Jones, of Virginia and Edward A. Curran, of Maryland, for the nominations as will appear in the RECORD.

Mr. ROBERT C. BYRD. Mr. President, those nominees have been cleared for action on this side.

Mr. BAKER. I thank the minority leader.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now go into executive session for the purpose of considering the three nominations just identified.

The PRESIDING OFFICER. Without objection, it is so ordered.

FEDERAL EMERGENCY MANAGEMENT AGENCY

The legislative clerk read the nomination of Lee M. Thomas, of South Carolina, to be an Associate Director.

Mr. MURKOWSKI. Mr. President, during hearings on the nomination of Lee M. Thomas to be Associate Director for State and local programs and support of the Federal Emergency Management Agency, Mr. Thomas was asked in writing whether the Disaster Relief Act of 1974 could be used when confronted with social and economic problems as well as in response to natural or physical catastrophes. I am greatly concerned by his answer and do not believe it should go uncontested.

Mr. Thomas answers:

> By the terms of the act and its legislative history, its application does not appear to be limited to natural or physical occurrences and I would urge that its broad application to respond in crisis conditions to relieve hardship and suffering and protect public health and safety be retained.

Mr. RANDOLPH. Will the Senator from Alaska yield at this point?

Mr. MURKOWSKI. I am happy to yield to Senator RANDOLPH, who was serving as chairman of the Public Works Committee when the Disaster Relief Act was originally written in that committee.

Mr. RANDOLPH. I thank the Senator. As I expressed before the committee when this nomination was ordered reported on September 22, I too am disturbed by the interpretation of the act that it can be used for social and economic problems. To the contrary, I believe it was the intent of the Congress that the act should not be used except for natural, physical disasters. Neither the legislative history nor, until recently, the implementation would support a broad interpretation covering social and economic problems.

Clear enunciation of congressional intent has been provided as recently as last fall, when the Congress extended monetary authorizations for the act. The committee report (No. 96–891) which accompanied S. 3027 stated:

> The Committee clearly believes that this act should not be used for extraordinary occurrences not specifically enumerated in the statute. This law is not designed to provide assistance to incidents of strictly a social or economic nature.

When the monetary authorization bill (S. 3027) passed the Senate on September 26, 1980, Senator BURDICK—chairman of the subcommittee that wrote the 1974 act and manager of the bill—stated:

The Committee position has been clear that this Act could not also embrace social and economic distress in addition to the events set forth in the Act itself.

Mr. President, I believe these are very straightforward statements of congressional intent and legislative history. They do not support the broad application suggested by Mr. Thomas' answer.

I have a thorough study of the act and its implementation done by Dr. Clark F. Norton, specialist in American National Government at the Library of Congress. His study covers congressional actions on disaster relief legislation extending over 30 years. He was intimately involved in the development of the current and its predecessor legislation as a then member of the staff of the Public Works Committee.

In his report he states, and I quote:

No documentary evidence has been found showing that, in enacting the Disaster Relief Act of 1970 and 1974 and the various other amendments, Congress contemplated broadening disaster assistance coverage beyond the causes specifically listed in the law.

He states also:

In the absence of data to the contrary, it seems fair to conclude that there has been no congressional intent to expand the concept of "other catastrophe" in disaster relief legislation to include causes not commonly recognized as natural hazards.

Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of these remarks the relevant portions of the Congressional Research Service's study by Dr. Norton entitled "'Other Catastrophe' Statutory Authority for Major Disaster Declarations."

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. RANDOLPH. Mr. President, it is important that we not let this broad interpretation of the act go unchallenged. Not only are the intent and legislative history contrary to this interpretation. The record of implementation also is contrary. The Library of Congress study states:

Presidential authority to extend disaster assistance has been exercised almost exclusively in cases where damage was caused by or was closely related to some act of nature.

Nearly all of the 630 declarations of major disasters in the past 30 years have been for damages attributable to natural causes set forth in law such as floods, tornadoes, hurricanes, and earthquakes.

Mr. MURKOWSKI. I agree with what the Senator from West Virginia has said and I believe it is very important that it be stated at this time. To say nothing might imply acceptance or agreement with this broad, sweeping expansion of the act. Such an expansion could have major budgetary implications and should not be undertaken without full consideration by both the Congress and the administration.

I would inform my colleagues that the Subcommittee on Regional and Community Development—which I chair—has recently held hearings on the Disaster Relief Act and suggested amendments to it. A major concern of the committee is the ambiguity of the definition of disaster that could lead to a legal interpretation that assistance under the act is not restricted to natural or physical phenomena. I expect the subcommittee will act this year to complete its work. Revisions to the act can be enacted before the end of this session.

Mr. STAFFORD. I greatly appreciate the remarks of the ranking member of the Committee on Environment and Public Works, (Mr. RANDOLPH), and of the Senator from Alaska (Mr. MURKOWSKI). This discussion is valuable in setting the record straight about the legislative history and congressional intent of the 1974 act.

You will be interested to know that I have just received a letter from Mr. Thomas about his intentions to administer the act. He states that he wishes to amplify on his oral testimony to the committee on September 22 and to clarify the written response delivered later to the committee prior to its business meeting on September 23. Remarking that he knows the strong views of the committee that the act should not apply to situations other than natural disasters and those causes specifically listed in the act, he states and I quote:

I share this view and assure you and the Committee that I will recommend declarations under the Act consistent with that interpretation.

I am glad to have this statement of his position, and I ask unanimous consent that a copy of the letter be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. RANDOLPH. I ask the chairman of the committee: Does he know if it is the view of this administration that the act can be used for social or economic problems?

Mr. STAFFORD. No, I do not. During the hearing I asked Mr. Thomas what is the view of this administration. He responded that he had not discussed it with them. I believe it is important that the officials in the agency determine the view of the new administration. I will want to do so as well before we proceed to markup amendments to the act.

EXHIBIT 1

"OTHER CATASTROPHE" STATUTORY AUTHORITY FOR MAJOR DISASTER DECLARATIONS

Since 1950 permanent statutory authority has authorized the President to declare a major disaster (and since 1974 to declare an emergency) because of the occurrence of what is listed in the law as an "other catastrophe," as well as for numerous other specific causes. The lack of a legal definition of this phrase, however, has led to questions, especially in recent years, about its meaning. In particular, whether or not it allows such a declaration to be made for other than so-called "natural events" has become an important issue.

Nearly all of the 630 declarations of major disasters in the past 30 years have been to provide Federal assistance for loss or damage attributable to one or more of the natural causes set forth in disaster relief laws, such as floods, tornadoes, hurricanes, earthquakes, etc. Nevertheless, in a few instances aid has been extended by the President in situations which resulted primarily, if not entirely, from human activity rather than natural hazards. A bill has been introduced in the Senate (S. 3027) in an attempt to clarify as well as to limit the reasons for which a President may declare a major disaster or emergency by inserting the words "physical or natural" before the word "catastrophe." The purpose of this report is to examine the legislative history, intent, previous application and interpretation of the "other catastrophe" clause and the possible effects which such an amendment might have in the future.

LEGISLATIVE HISTORY AND CONGRESSIONAL INTENT

Although the words "other catastrophe" have been incorported in all three permanent disaster relief laws adopted since 1950, earlier usage of the same phrase may help to understand its meaning in the later acts. The same words appear in disaster measures adopted in 1947, 1948 and 1949 which in several respects serve as precedents for the 1950 basic law. The framers of the latter probably understood the phrase to have a context similar to that of the previous acts.

In the 1947 act (61 Stat. 422; P.L. 80–233; July 25, 1947) the War Assets Administration was directed to transfer to the Federal Works Administrator, whenever the President determined it to be necessary or appropriate because of a "flood or other catastrophe," personal property declared surplus under the Surplus Property Act of 1944. The Administrator of the latter in turn was authorized to loan or transfer such property, with or without compensation, to States and to local governments "situated in any area struck by any such flood or catastrophe."

By employing the word "struck" in conjunction with "flood or catastrophe," it could be inferred logically that Congress intended such surplus goods to be transferred only for damage caused by natural hazards and not for losses resulting from other types of events. It seems unlikely that the term catastrophe would have been used here to apply to purely man-made incidents, which are seldom thought of as "striking" an area. When an area is described as having been "struck" by a disaster, in normal parlance the reference is to some act of nature, such as a flood, earthquake or tornado. This interpretation is supported, moreover, by language in the Senate report on this provision, which refers to the use of surplus property for purposes of assisting in the "shelter, protection, and medical care of distressed people. . . ."[1]

As part of the Second Deficiency Appropriation Act of 1948, Congress appropriated $500,000 to enable the President to supplement State and local government efforts and resources whenever he found that "any flood, fire, hurricane, earthquake or other catastrophe" proved to be of enough severity to justify assistance (62 Stat. 1027; P.L. 80–785; June 25, 1948). With regard to the intended meaning of "other catastrophe," it is important to note a proviso in the act which stipulated that no expenditures could be made "with respect to any such catastrophe" until the Governor of a State had entered into a prescribed agreement. Rather than repeating the specific natural causes (flood, fire, hurricane, and earthquake) listed earlier, the proviso simply grouped them together in one category as "any such catastrophe."

It would seem reasonable to conclude, from this treatment of the word "catastrophe" as inclusive of other types of natural hazards, that Congress intended the phrase "other catastrophe" to apply only to such natural events not to man-made situations. Otherwise, it would have been necessary to list again the separate natural causes and to indicate, by adding the phrase "or other catastrophe," that assistance could be provided for other reasons. The interchangeable usage of the word "catastrophe" with specific natural hazards only appears on its face to exclude causes that were not purely acts of nature.

Footnotes at end of article.

The language of the report by the House Committee on Appropriations on this 1948 bill (H.R. 6935) provides further evidence substantiating this view. According to the Committee, the $500,000 was being appropriated primarily for the purpose of relieving distress in a disastrous flood in the Columbia River Valley, but it also stated that the bill was ". . . written in such terms as to permit its use for any similiar catastrophe occurring elsewhere."[2] The phrase "any similar catastrophe" as used here clearly seems to refer to damage that might be inflicted by some act of nature like a flood and not to other kinds of situations.

A similar conclusion can be implied from the wording of an act passed by Congress in 1949. An emergency fund of $1 million was appropriated in the Independent Offices Appropriation Act for fiscal year 1950, which was to be used by the President to supplement the efforts and resources of State and local governments or other agencies in "alleviating hardship or suffering caused by flood, fire, hurricane, earthquake, or other catastrophe" (63 Stat. 631; P.L. 81-266; August 24, 1949). Just as in the 1948 appropriation act cited above, the language of the 1949 law lists the four specific natural hazards only once, then in subsequent provisions employs the phase "such a catastrophe" three different times and the word "catastrophe" once to refer to them as an entity. Again, this seems to indicate that "other catastrophe" was used in this law to apply only to natural phenomena, since the phrase was used interchangeably with specifically listed natural hazards with no implication that it encompassed other types of causes.

The same reasons for extending disaster relief—flood, fire, hurricane, earthquake, or other catastrophe—contained in the 1948 and 1949 appropriation acts were repeated in the bill (H.R. 8396) which became the Disaster Relief Act of 1950. Although some attention was paid to the meaning of the words "other catastrophe" during consideration and passage of this bill, the evidence is not conclusive of congressional intent.

The possibility that damages inflicted during military or subversive operations might qualify as a catastrophic event was referred to in two of the ten comments on the bill submitted by departments and agencies to the House Committee on Public Works. Jess Larson, Administrator of the General Services Administration, stated that the measure ". . . evidently in intended to apply in general to peacetime civilian disasters even though the definition of 'major disaster' in section 2(a) is broad enough to include disasters engendered by war, enemy attack, or subversive action." John L. Thurston, Acting Administrator of the Federal Security Agency, noted that the bill ". . . would be applicable to 'any catastrophe' which is a major disaster and thus seems to include disasters due to enemy action."[3] The latter suggested that the relationship of peacetime disaster relief to civil defense ought to be considered.

Debate in the House of Representatives on the bill focused mainly on such issues as to whether or not Federal aid should continue to be extended, as it had been in the past, by special act of Congress each time a disaster occurred rather than by general legislation, and whether it would be appropriate to establish a new, probably expanding program at a time when the country was engaged in military action in Korea. Nevertheless, three members (all from Minnesota) suggested that disaster aid could be provided under the bill for damages caused by military activity. Representative Fred Marshall (Dem.-Minn.) conjectured that the phrase "or other catastrophe" could be the "vehicle that we might have to take care of damage done by bombs." Representative Harold C. Hagen (Rep.-Minn.) said that it would include "bombing of cities like New York and Chicago," and Representative H. Carl Andersen (Rep.-Minn.) stated that in his opinion ". . . it could cover any calamity our people suffer." On the other hand, in response Representative John W. Byrnes (Rep.-Wis.) pointed out that the bill ". . . does not even mention disaster as the result of enemy action" and that aid for such damage would be handled "by legislation designed specifically for that purpose."[4]

These scattered references seem insufficient to demonstrate beyond doubt that Congress intended in the Disaster Relief Act of 1950 to expand the implied or unspecified reasons for which disaster assistance could be provided. With respect to those reasons the language of the bill and of the act was identical with that of the 1948 and 1949 appropriation acts discussed above. There is nothing to indicate, moreover, that the original author of H.R. 8396, Representative William Lemke (Rep.-N.D.), who died before the bill was enacted, did not simply incorporate the earlier phraseology without contemplating any change in its meaning. It is true that Representative Hagen, who suggested that "bombings" might be encompassed within the word catastrophe, did introduce a bill (H.R. 8461) similar to that of Representative Lemke. Nevertheless, neither the official committee reports nor the debates during passage of the bill indicate a clear intent by Congress to enlarge the scope of disaster causes beyond those falling within the category of natural events.[5]

Despite numerous occasions on which disaster assistance legislation has been considered during the past 30 years, there has been no change in the phrase "other catastrophe" as an addendum to particular listed causes for which a major disaster can be declared. In this period Congress adopted three basic laws, the Disaster Relief Acts of 1950 (P.L. 81-875), of 1970 (P.L. 91-606) and of 1974 (P.L. 93-288). Amendments to the 1950 Act were passed in 1951 (P.L. 82-107), in 1953 (P.L. 83-134), in 1955 (P.L. 84-71), in 1962 (P.L. 87-502), in 1966 (P.L. 89-769) and in 1969 (P.L. 91-79). The 1970 Act was amended in 1971 (P.L. 92-209) and in 1972 (P.L. 92-318 and 92-385), and the 1974 Act was extended for three years in 1977 (P.L. 95-51). In addition special disaster relief acts were adopted providing assistance in 1964 for damage inflicted by the Alaskan Earthquake (P.L. 88-451) and in 1965 by floods in the Pacific Northwest States (P.L. 89-41) and by a hurricane in the Southeast Gulf States (P.L. 89-339). Aid to elementary and secondary schools for disaster losses was authorized in 1965 (P.L. 89-313) and in 1968 (P.L. 90-247). Other acts not part of the basic disaster relief laws also have provided for flood insurance, loans for disaster losses incurred by homes, businesses and farms, and other types of assistance.[6]

Although Congress has taken formal action on measures affecting disaster relief law at least 18 times during the past three decades, the "other catastrophe" language in the basic legislation has remained intact. On the other hand, several specific reasons for which a major disaster may be declared, all but one of which clearly applied only to natural causes, were added in each of the three general statutes passed in this period. Drought and storm were joined by the 1950 Act to the four causes (flood, fire, hurricane, and earthquake) listed in the 1948 and 1949 Appropriations Acts noted above. Incorporated in the 1970 Act as further reasons were high-water, wind-driven water, and tidal wave, and in the 1974 Act tsunami, volcanic eruption, landslide, mudslide, snowslide, and explosion were also included. The latter—explosion—was the only one of the 11 new items which normally might be the direct result of a man-made as well as a natural cause.

No documentary evidence has been found showing that, in enacting the Disaster Relief Acts of 1970 and 1974 and the various other amendments, Congress contemplated broadening disaster assistance coverage beyond the causes specifically listed in the law. Even though a few proposals were made in the past decade to provide disaster aid for situations not attributable to acts of nature, such as economic suffering, severe unemployment, energy shortages, and home heating needs, none of them was adopted. For example, a bill (S. 2394) which would have amended the Disaster Relief Act to authorize a declaration of a major disaster for an area experiencing an economic disaster was passed by the Senate on August 3, 1971, but received no action in the House of Representatives. Economic disaster aid for communities also was proposed by a House bill (H.R. 808) in 1977, and at least two other bills (H.R. 3427 in 1977 and H.R. 3195 in 1979) advocated disaster aid during energy shortages. Likewise, a 1979 Senate bill (S. 1331) would have authorized the Director of the Federal Emergency Management Agency to provide assistance to any State or substate area in which he determined that an emergency existed.

It is important to note that, while none of these bills proposing to extend economic disaster aid became law, their authors apparently did not believe that the "or other catastrophe" phrase could be construed properly to apply to man-made events. Certainly there has been no lack of opportunity during the last 30 years, when 11 new specific causes were added and other amendments were being adopted, to review and broaden disaster assistance coverage to other types of situations. In the absence of data to the contrary, it seems fair to conclude that there has been no congressional intent to expand the concept of "other catastrophe" in disaster relief legislation to include causes not commonly recognized as natural hazards.

INTERPRETATION AND APPLICATION

In the absence of a clear legal definition of the words "other catastrophe," the interpretation and application of this phrase in actual practice assumes greater significance. Presidential authority to extend disaster assistance has been exercised almost exclusively in cases where damage was caused by or was closely related to some act of nature. There certainly has not been any extensive usage of the "other catastrophe" phraseology to provide aid for losses ascribed primarily to human causes. Although aid has been provided sometimes in situations under different legislative authority by the Small Business Administration, Farmers Home Administration, Veterans Administration, or other agencies, it seldom has been made available under the three basic Disaster Relief Acts of 1950, 1970 and 1974. Even with respect to the two causes listed in the law which are not necessarily the result of natural events only—fire and explosion (the latter added in 1974)—there have been very few declarations of a major disaster or an emergency.

A review of certain cases in which Presidents have refused to declare a major disaster or an emergency when requested by a State governor seems to indicate that in several instances the determination depended mainly upon the fact that losses were not incurred because of natural causes. Of course, this cannot be ascertained with finality from documentation only, because such a rejection may be for different reasons. For instance, a President may decide that a particular situation is not, and does not threaten to become, of sufficient severity or magnitude to warrant assistance, or that a State and its local subdivisions have not devoted a sufficient amount of their own efforts and resources to alleviate damage, hardship or suffering. Nevertheless, in the following instances it appears that a leading factor contributing to turndowns for requested assistance may have

Footnotes at end of article.

been the human involvement in the cause of the event itself:

1967—Riot damage in Detroit, Michigan.

1972—Railroad car explosion in Illinois.

1974—Collapsed bridge in Tennessee.

1974—Commercial salmon fishing loss in Washington because of a court-ordered reduced season.

1974—Train explosion and fire in Illinois.

1975—Water supply problem in New Jersey.

1977—Power outage and resulting damage in New York.

1977—Oil spills in Massachusetts and Rhode Island.

1977—Sewerage plant contamination in Kentucky.

On the other hand, assistance has been provided in a few instances under the authority of disaster relief laws for damage or suffering which appears to have been attributable more to human than to natural causes or where human error played a more significant role than some kind of natural hazard. Listed below are those few major disaster or emergency declarations by the President that have been located in which an act of nature does not appear to have been the primary determining factor:

1962—Accidental sinking of a chlorine-laden barge in the Mississippi River (major disasters Nos. 135 and 139; Mississippi and Louisiana; Oct. 10 and Nov. 5, 1962).

1963—Bursting of dam (Baldwin Hills), the cause of which was claimed to be inadequate construction and safety standards (major disaster No. 161; California; Dec. 21, 1963).

1972—Bursting of private slag-pile dam on Buffalo Creek attributed to unsafe structure (major disaster No. 323; West Virginia; Feb. 27, 1972).

1973—Flooding caused by failure of dam (major disaster No. 379; Colorado; May 8, 1973).

1976—Collapse of Teton Dam, a Bureau of Reclamation structure determined later to be faulty in engineering, construction and site location (major disaster No. 505; Idaho; June 6, 1976).

1977—Collapse of private, earthen dam at Toccoa Falls College (major disaster No. 541; Georgia; Nov. 7, 1977).

1978—Adverse impact of buried toxic chemicals at Love Canal, Niagara Falls City (emergency No. 3066; New York; Aug. 7, 1978).

1979—Emergency chemical waste disposal (major disaster No. 568; Kentucky; Dec. 12, 1978; amended Jan. 10, 1979, to provide assistance in disposing chemical waste).

1980—Extraordinary impact and expenses caused by arrival of large number of undocumented aliens from Cuba (emergency No. 3079; Florida; May 6, 1980).

1980—Relocation and temporary housing for families adversely affected by chemical wastes buried at Love Canal, Niagara Falls City (emergency No. 3080; New York; May 21, 1980).

Perhaps it should be pointed out also that a few major disaster declarations have been made in the past decade for damages resulting from acts of nature which are not listed specifically in disaster relief legislation. As noted below, Presidents have extended aid for losses incurred because of such matters as toxic algae, freezing, ice, frost and cold weather, none of which is included among the causes set forth by statute. Authority for these determinations must depend upon interpretation of the "or other catastrophe" clause. By making declarations for these particular reasons, a President in effect is recognizing that other natural causes for disasters exist which may be implied but have not been enumerated in the law. At the same time such declarations also may tend to support, at least to some extent, the viewpoint that the words "or other catastrophe" were intended to refer mainly to other acts of nature than those listed and not to damage resulting from human factors.

1972—Damage to shellfish industry caused by toxic algae (the so-called "red tide"; major disasters Nos. 356 and 357; Maine and Massachusetts; Sept. 28, 1972).

1974—Freezing of red salmon spawning areas (major disaster No. 444; Alaska; June 24, 1974).

1977—Ice conditions preventing oystering on Chesapeake Bay (major disasters Nos. 524 and 525; Maryland and Virginia; Jan. 26, 1977).

1977—Citrus industry damage caused by frost and freezing (major disaster 526; Florida; Jan. 31, 1977).

1977—Shrimp loss because of cold weather (major disaster No. 536; Georgia; June 2, 1977, declared several months after the event occurred).

1980—Toxic paralytic shellfish poisoning (emergency No. 3082; Sept. 20, 1980).

FOOTNOTES

[1] U.S. Congress. Senate. Committee on Expenditures in the Executive Departments. Alleviation of Damage from Flood or Other Catastrophe. Report to Accompany S. 1515. Senate Report No. 435, 80th Cong., 1st Sess. Washington, U.S. Govt. Print. Off., 1947. p. 3.

[2] U.S. Congress. House of Representatives. Committee on Appropriations. Second Deficiency Appropriation Bill, 1948. Report to Accompany H.R. 6395. House Report No. 2348, 80th Cong., 2nd Sess. Washington, U.S. Govt. Print. Off., 1948. p. 2.

[3] For departmental comments on the bill, see U.S. Congress. House of Representatives. Committee on Public Works. Authorizing Federal Assistance to States and Local Governments in Major Disasters. Report to Accompany H.R. 8396. House Report No. 2727, 81st Cong., 2nd Sess. Washington, U.S. Govt. Print. Off., 1950. p. 5–16.

[4] For these remarks and other debate on the bill, see Congressional Record v. 96, Aug. 7, 1950. p. 11908–11909.

[5] The House report referred to the purpose of the bill as one to provide assistance to alleviate damage resulting from "a major peacetime disaster" and called attention to previous appropriations for "relief from floods and snowstorms," and the Senate report quoted the House report verbatim. See U.S. Congress. House of Representatives. Committee on Public Works. Authorizing Federal Assistance to States and Local Governments in Major Disasters. Report to Accompany H.R. 8396. House Report No. 2727, 81st Cong., 2nd Sess. Washington, U.S. Govt. Print. Off., 1950. p. 2. U.S. Congress. Senate. Committee on Public Works. Authorizing Federal Assistance to States and Local Governments in Major Disasters. Report to Accompany H.R. 8396. Senate Report No. 2571, 91st Cong., 2nd Sess. Washington, U.S. Govt. Print. Off., 1950. p. 1–2.

[6] For a brief description of disaster relief legislation see U.S. Library of Congress. Congressional Research Service. Emergency Preparedness and Disaster Assistance: Federal Organization and Programs. Report No. 78–102 GOV, by Clark F. Norton. Washington. 1979. 119 p. p. 25–57.

EXHIBIT 2

FEDERAL EMERGENCY MANAGEMENT AGENCY,
Washington, D.C., October 2, 1981.

HON. ROBERT T. STAFFORD,
Chairman, Committee on Environment and Public Works, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The Committee has raised a question about my written response to Senator Burdick's question regarding the Administration's position on the application of the Disaster Relief Act to social and economic emergencies—or which the influx of Cuban refugees last year was one example. I would like to amplify on my oral testimony to the Committee and to clarify the written response delivered later to the Committee prior to its business meeting approving the nomination.

I know the strong views of the Committee that the Disaster Relief Act should not apply to situations other than natural disasters and those causes specifically in the Act. I share this view and assure you and the Committee that I will recommend declarations under the Act consistent with that interpretation.

As I have discussed with members of the Committee and its staff, I would be pleased to work with you in considering revised definitions of "major disaster" and "emergency" under the Act if you feel it would be helpful for me to do so.

If any additional information is required, please do not hesitate to contact me.

Sincerely,

LEE M. THOMAS,
Associate Director-Designate, State and Local Programs and Support.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DEPARTMENT OF EDUCATION

The legislative clerk read the nomination of Gary L. Jones, of Virginia, to be Deputy Under Secretary for Planning and Budget.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

NATIONAL INSTITUTE OF EDUCATION

The legislative clerk read the nomination of Edward A. Curran, of Maryland, to be Director of the National Institute of Education.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has given its consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

APPOINTMENT BY THE PRESIDENT PRO TEMPORE

The PRESIDING OFFICER (Mr. KASTEN). The Chair on behalf of the President pro tempore, pursuant to the provisions of Public Law 92-484 appoints the Senator from Nevada (Mr. CANNON) to the Technology Assessment Board in lieu of the Senator from Illinois (Mr. STEVENSON) retired.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

EXTENSION OF PERIOD OF PRODUCTION FOR NAVAL PETROLEUM RESERVE—MESSAGE FROM THE PRESIDENT—PM 81

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Armed Services:

To the Congress of the United States:

In accordance with section 7422(c) of the Naval Petroleum Reserves Production Act of 1976 (10 U.S.C. 7422(c)), I wish to inform you of my decision to extend the period of maximum efficient rate production of the naval petroleum reserves for a period of three years from April 4, 1982, the expiration of the current statutorily mandated period of production.

I am transmitting herewith a copy of the report investigating the necessity of continued production of the reserves as required by section 7422(c)(2)(B) of the Naval Petroleum Reserves Production Act of 1976. In light of the findings contained in that report, I hereby certify that continued production from the naval petroleum reserves is in the national interest.

RONALD REAGAN.

THE WHITE HOUSE, *October 6, 1981.*

PRESIDENTIAL APPROVALS

A message from the President of the United States reported that he had approved and signed the following act and joint resolution:

On September 30, 1981:

S. 1475. An act to extend the expiration date of section 252 of the Energy Policy and Conservation Act.

On October 2, 1981:

S.J. Res. 78. Joint resolution to provide for the designation of October 2, 1981, as "American Enterprise Day."

S.J. Res. 103. Joint resolution to authorize and request the President of the United States to issue a proclamation designating the 7 calendar days beginning October 4, 1981, as "National Port Week."

On October 5, 1981:

S.J. Res. 65. Joint resolution proclaiming Raoul Wallenberg to be an honorary citizen of the United States, and requesting the President to ascertain from the Soviet Union the whereabouts of Raoul Wallenberg and to secure his return to freedom.

MESSAGES FROM THE HOUSE

At 11:06 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House had passed the following bill, in which it requests the concurrence of the Senate:

H.R. 4. An act to amend the National Security Act of 1947 to prohibit the unauthorized disclosure of information identifying certain United States intelligence officers, agents, informants, and sources.

ENROLLED BILL SIGNED

The message also announced that the Speaker has signed the following enrolled bill:

ENROLLED BILL SIGNED

H.R. 4048. An act granting the consent of Congress to the agreement between the States of Kansas and Missouri establishing their mutual boundary in the vicinity of the French Bottoms near Saint Joseph, Missouri, and Elwood, Kansas.

The enrolled bill was subsequently signed by the President pro tempore (Mr. THURMOND).

At 2:11 p.m., a message from the House of Representatives, delivered by Mr. Berry, announced that the House disagrees to the amendment of the Senate to the following bill:

H.R. 4608. An act to continue in effect any authority provided under the Department of Justice Appropriation Authorization Act, Fiscal Year 1980, for a certain period, and for other purposes.

The message also announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 1026. An act to transfer responsibility for furnishing certified copies of Miller Act payment bonds from the Comptroller General to the officer that awarded the contract for which the bond was given; and

H.R. 1029. An act to amend section 1 of the Act of June 5, 1920, as amended, to authorize the Secretary of Commerce to settle claims for damages of less than $2,500 arising by reason of acts for which the National Oceanic and Atmospheric Administration is responsible.

HOUSE BILLS REFERRED

The following bills were read twice by unanimous consent, and referred as indicated:

H.R. 1026. An act to transfer responsibility for furnishing certified copies of Miller Act payment bonds from the Comptroller General to the officer that awarded the contract for which the bond was given; to the Committee on the Judiciary.

H.R. 1029. An act to amend section 1 of the act of June 5, 1920, as amended, to authorize the Secretary of Commerce to settle claims for damages of less than $2,500 arising by reason of acts for which the National Oceanic and Atmospheric Administration is responsible; to the Committee on the Judiciary.

HOUSE BILL PLACED ON CALENDAR

The following bill was read twice by unanimous consent, and placed on the calendar:

H.R. 4. An act to amend the National Security Act of 1947 to prohibit the unauthorized disclosure of information identifying certain U.S. intelligence officers, agents, informants, and sources.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2019. A communication from the Deputy Assistant Secretary of Defense (Facilities, Environment, and Economic Adjustment), transmitting, pursuant to law, a report on a construction project to be undertaken by the Air National Guard; to the Committee on Armed Services.

EC-2020. A communication from the Deputy Assistant Secretary of Defense (Facilities, Environment, and Economic Adjustment), transmitting, pursuant to law, a report on a construction project to be undertaken by the Army Reserve; to the Committee on Armed Services.

EC-2021. A communication from the Assistant Secretary of the Air Force (Research, Development, and Logistics), transmitting, pursuant to law, a report on a study with respect to converting the transient aircraft maintenance function at Maxwell Air Force Base, Alabama, and the decision that performance under contract is the most cost effective method of accomplishment; to the Committee on Armed Services.

EC-2022. A communication from the Deputy Secretary of Agriculture, transmitting, pursuant to law, notice that a report on planned programming of food assistance will be delayed until approximately October 9, 1981; to the Committeee on Agriculture, Nutrition, and Forestry.

EC-2023. A communication from the Director of Congressional Relations, Federal Home Loan Bank Board, transmitting, pursuant to law, the annual report of the Board on the economic viability of depository institutions; to the Committee on Banking, Housing, and Urban Affairs.

EC-2024. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Comptroller of the Currency Needs Authority to Dispose of Property Remaining from Failed National Banks"; to the Committee on Banking, Housing, and Urban Affairs.

EC-2025. A communication from the Acting Director of the Public Health Service, Department of Health and Human Services, transmitting, pursuant to law, a report of the National Institute on Aging Panel on the Experienced Pilots Study; to the Committee on Commerce, Science, and Transportation.

EC-2026. A communication from the Chairman of the Federal Communications Commission, transmitting, a second set of proposals for revision of the Communications Act of 1934; to the Committee on Commerce, Science, and Transportation.

EC-2027. A communication from the Secretary of the Federal Trade Commission, transmitting, an errata sheet to accompany the

previously submitted annual report of the Commission; to the Committee on Commerce, Science, and Transportation.

EC–2028. A communication from the Chairman of the Interstate Commerce Commission, transmitting, pursuant to law, the report of the Commission on the Rail Carrier Cargo Liability Study; to the Committee on Commerce, Science, and Transportation.

EC–2029. A communication from the General Counsel of the Department of Energy, transmitting, pursuant to law, notice of a meeting related to the International Energy Program; to the Committee on Energy and Natural Resources.

EC–2030. A communication from the Federal Inspector, Alaska Natural Gas Transportation System, transmitting, pursuant to law, notice notifying the Congress that the first segment of the system will begin operation on October 1, 1981; to the Committee on Energy and Natural Resources.

EC–2031. A communication from the Acting Secretary of the Interior, transmitting, pursuant to law, a report stating that it is necessary to construct modifications to Guernsey Dam, North Platte River project, Wyoming; to the Committee on Energy and Natural Resources.

EC–2032. A communication from the Administrator of the Energy Information Administration, Department of Energy, transmitting, pursuant to law, the administration's quarterly report on imports of crude oil, residual fuel oil, refined petroleum products, natural gas, and coal; refinery activities; and inventories; exploratory activity; exports; nuclear energy; and electric power; to the Committee on Energy and Natural Resources.

EC–2033. A communication from the Acting Comptroller General of the United States transmitting, pursuant to law, a report entitled "Eliminating Contractor Inspections of Federal Water Projects Could Save Millions"; to the Committee on Environment and Public Works.

EC–2034. A communication from the Deputy Secretary of the Treasury transmitting a draft of proposed legislation to amend the State and Local Fiscal Assistance Act to reduce the Federal payment for fiscal year 1982 by 12 percent; to the Committee on Finance.

EC–2035. A communication from the Acting Assistant Legal Adviser for Treaty Affairs of the Department of State transmitting, pursuant to law, copies of International agreements other than treaties entered into within the previous 60 days; to the Committee on Foreign Relations.

EC–2036. A communication from the Custodian of Group Insurance and Retirement Plans, Department of the Army, transmitting, pursuant to law, the fiscal year 1980 Report on the U.S. Army Nonappropriated Fund Retirement Plan; to the Committee on Governmental Affairs.

EC–2037. A communication from the Secretary of the Retirement Committee of the Farm Credit Banks of Texas transmitting, pursuant to law, the annual report on the financial condition of the Farm Credit Banks of Texas Retirement Plan; to the Committee on Governmental Affairs.

EC–2038. A communication from the Acting Comptroller General of the United States transmitting, pursuant to law, the audit of the National Credit Union Administration for the year ending December 31, 1980; to the Committee on Governmental Affairs.

EC–2039. A communication from the Acting Comptroller General of the United States transmitting, pursuant to law, notice of its approval of the design of the District of Columbia government's Water and Sewer Billing System; to the Committee on Governmental Affairs.

EC–2040. A communication from the Deputy Director of ACTION transmitting, pursuant to law, a report on a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC–2041. A communication from the Acting Comptroller General of the United States transmitting, pursuant to law, a report entitled "Fraud in Government Programs: How Extensive Is It? How Can It Be Controlled?"; to the Committee on Governmental Affairs.

EC–2042. A communication from the Secretary of the Trust Committee of the Ninth Farm Credit District transmitting, pursuant to law, its "Statement of General Information" for the plan ended February 28, 1981; to the Committee on Governmental Affairs.

EC–2043. A communication from the Acting Commissioner of Immigration and Naturalization transmitting, pursuant to law, copies of orders suspending certain deportations pursuant to section 244(a)(1) of the Immigration and Nationality Act; to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HELMS, from the Committee on Agriculture, Nutrition, and Forestry, without amendment:

H.R. 4612. An act to temporarily delay the October 1, 1981, increase in the price support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S. 1672. A bill to expand the membership of the United States Holocaust Memorial Council from sixty to sixty-five and for other purposes.

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S. Res. 222. An original resolution authorizing supplemental expenditures by the Committee on the Judiciary; referred to the Committee on Rules and Administration. (Rept. No. 97–200).

By Mr. DENTON, from the Committee on the Judiciary, with amendments:

S. 391. A bill to amend the National Security Act of 1947 to prohibit the unauthorized disclosure of information identifying certain United States intelligence officers, agents, informants, and sources and to direct the President to establish procedures to protect the secrecy of these intelligence relationships (Rept. No. 97–201).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation:

James J. Carey, of Illinois, to be a Federal Maritime Commissioner for the remainder of the term expiring June 30, 1985; and

Harold E. Shear, of Connecticut, to be Administrator of the Maritime Administration.

(The above nominations were reported from the Committee on Commerce, Science, and Transportation with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. PACKWOOD. From the Committee on Commerce, Science, and Transportation, I also report favorably two nomination lists in the Coast Guard which have previously appeared in the CONGRESSIONAL RECORD and, to save the expense of printing them on the Executive Calendar, I ask unanimous consent that they lie on the Secretary's desk for the information of Senators.

The PRESIDING OFFICER. Without objection it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of September 9 and September 24, 1981, at the end of the Senate proceedings.)

By Mr. COHEN, from the Committee on Armed Services:

James R. Ambrose, of North Carolina, to be Under Secretary of the Army; and

Jay Raymond Sculley, of Virginia, to be an Assistant Secretary of the Army.

Mr. COHEN. Mr. President, from the Committee on Armed Services, I report favorably the following nominations: in the U.S. Naval Reserve there are 20 permanent promotions to the grade of rear admiral (list begins with Nelson O. Heyer) and Maj. Gen. James H. Ahmann, U.S. Air Force, to be lieutenant general. I ask that these names be placed on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COHEN. In addition, in the Air Force Reserve there are 73 promotions to the grade of lieutenant colonel (list begins with Donald K. Acheson), in the Regular Air Force there are 2,635 promotions to the grade of major (list begins with Paul R. Aarnio), in the Navy there 169 permanent promotions to the grade of commander and below (list begins with Stephen M. Bahr), and in the Marine Corps and Marine Corps Reserve there are 798 permanent appointments/promotions to the grade of lieutenant colonel and below (list begins with Jeffery L. Abate). Since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing again, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of September 24, 1981, at the end of the Senate proceedings.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. McCLURE (by request):

S. 1705. A bill to amend the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701) to permit temporary use by Federal departments and agencies of public lands controlled by the Bureau of Land Management, Department of the Interior; to the Committee on Energy and Natural Resources.

By Mr. MITCHELL (for himself, Mr. STAFFORD, Mr. CHAFEE, Mr. COHEN, Mr. DURENBERGER, Mr. HART, Mr. DODD, Mr. TSONGAS, Mr. RUDMAN, Mr. DANFORTH, Mr. MOYNIHAN and Mr. LEAHY):

S. 1706. A bill to amend the Clean Air Act to better protect against interstate transport

of pollutants, to control existing and new sources of acid deposition, and for other purposes; to the Committee on Environment and Public Works.

By Mr. HART:

S. 1707. A bill to amend the Internal Revenue Code of 1954 to impose a tax on the importation of crude oil and refined petroleum products, to transfer the revenues from such tax, and from any oil import fee imposed by the President, to the Social Security Trust Fund, to reduce social security taxes, and to expand lower income energy assistance; to the Committee on Finance.

By Mr. TSONGAS (for himself, Mr. CRANSTON, Mr. PACKWOOD, Mr. MOYNIHAN, Mr. WEICKER, Mr. KENNEDY, and Mr. INOUYE):

S. 1708. A bill to prohibit discrimination on the basis of sexual orientation; to the Committee on Labor and Human Resources.

By Mr. MOYNIHAN:

S. 1709. A bill to amend the Clean Air Act to provide for a program to control acid precipitation; to the Committee on Environment and Public Works.

By Mr. ANDREWS:

S. 1710. A bill to designate the sunflower as the national flower of the United States; to the Committee on the Judiciary.

By Mr. HATCH:

S.J. Res. 113. Joint resolution to designate the week beginning November 8, 1981, as "National Home Health Care Week"; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. McCLURE (by request):

S. 1705. A bill to amend the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701) to permit temporary use by Federal departments and agencies of public lands controlled by the Bureau of Land Management, Department of the Interior; to the Committee on Energy and Natural Resources.

TEMPORARY USE OF PUBLIC LANDS UNDER CONTROL OF THE BUREAU OF LAND MANAGEMENT

● Mr. McCLURE. Mr. President, today I am introducing, by request, a bill to amend the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701) to permit temporary use of Federal departments and agencies of public lands controlled by the Bureau of Land Management, Department of the Interior.

The objective of the bill is to amend the Federal Land Policy and Management Act of 1976 in such a way as to preserve the system under which the Secretary of the Interior awarded temporary use permits to the armed services for maneuvers and for Corps of Engineers projects on land controlled by the Bureau of Land Management.

The bill simply expands the means through which Federal departments and agencies may obtain authority to use Federal lands by authorizing the Secretary of the Interior to issue temporary use permits to such departments and agencies. Presently there are three: First, rights-of-way; second, withdrawals; and third, cooperative agreements.

I ask unanimous consent that the bill be printed in the RECORD along with the letter of transmittal from the Department of the Army.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 1705

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 302(b) of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1732(b)) is amended by inserting the phrase "temporary use permits" between the comma following the words "Section 204 of this Act" and the word "and" in the first proviso.

DEPARTMENT OF THE ARMY,
Washington, D.C., September 2, 1981.

Hon. GEORGE BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a draft of legislation "To amend the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701) to permit temporary use by Federal departments and agencies of public lands controlled by the Bureau of Land Management, Department of the Interior."

The proposed legislation is part of the Department of Defense Legislative Program for the 97th Congress. The Office of Management and Budget advises that from the standpoint of the Administration's program, there is no objection to the presentation of this legislation for the consideration of the Congress. The Department of the Army has been designated the representative for the Department of Defense for this legislation. It is recommended that this legislation be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The purpose of the proposed legislation is to authorize temporary use of public lands by Federal departments and agencies under such regulations as may be promulgated by the Secretary of the Interior.

The provisions of section 302(b) of the Federal Land Policy and Management Act of 1976 authorize the Secretary of the Interior to permit Federal departments and agencies to use, occupy, and develop public lands only through rights-of-way, withdrawals, and cooperative agreements where the proposed use and development are similar or closely related to programs of the Secretary of the Interior for the public lands involved. These provisions severely limit the ability of Federal departments and agencies to use public lands on a temporary basis and, in fact, are more restrictive than the provisions for private use of such lands.

The amount and variety of Interior-controlled public land in the continental United States and Alaska, together with its diversified terrain and climatic conditions, present the military services with opportunities to vary their training operations and yet not require the use of any one particular area on a recurring basis. In addition, there are frequent occasions where requirements for the temporary use of public lands for other than military training arise. These uses include, but are not limited to, surveys and exploratory work (surface and subsurface test holes) in connection with feasibility studies for military and civil non-military projects, and the testing of various types of military or other equipment. The proposed amendment would authorize the issuance of such short-term temporary permits. In no case would such interim use authorizations guarantee approval of the requested use authorization or authorize permanent construction or other activities not acceptable to the Secretary of the Interior on the land in question.

The provisions of section 501(a) of the Federal Land Policy and Management Act specify the purposes for which rights-of-way may be granted by the Secretary of the Interior. For the most part, these purposes are limited to those uses which require the employment of lineal areas of land, such as canals, pipelines, and roads. It is possible that very liberal interpretations of the provisions of section 501(a) could result in the granting of rights-of-way for some minor maneuvers or Corps of Engineers' functions. It is almost certain, however, that the use of large areas of public lands for other military operations, such as the major winter and summer exercises in Alaska, could not be authorized through rights-of-way. In addition, the liberal interpretations of the rights-of-way provisions would be the subject of constant debate and confusion. As a result, the enactment of this legislation is preferable to reliance on the present provisions.

The remaining methods of obtaining authority to use public lands are not readily adaptable to the requirements for temporary military use of such areas. The successful withdrawal of areas required for only temporary uses might well frustrate other Congressional intentions, such as those expressed in the Alaska Native Claims Settlement Act (43 U.S.C. 1600). The acquisition of temporary military use of public lands through cooperative agreements with the Secretary of the Interior, although feasible, is improbable because of the requirement that the proposed use of the land be similar or closely related to the programs of the Secretary for the public land involved.

The temporary use is consistent with procedures formerly used by the Bureau of Land Management, Department of the Interior, to authorize special uses of public lands on a temporary basis (43 CFR 2920). Our proposal recognizes that the Secretary of the Interior will use the more detailed procedures recognized in FLPMA, section 302(b), for permitting long-term use, occupancy or development by Federal departments or agencies on public land areas managed by the Bureau of Land Management. Of course, issuance of temporary use permits would be subject to environmental review by the Secretary of the Interior in the same manner as are other land use authorizations. Temporary use permits will be issued for periods not exceeding three years. Such a limitation is consistent with the three year limitation on other types of temporary use permits currently authorized by regulations in 43 FR 2801.1–1 that cover rights-of-way under the Federal Land Policy and Management Act of 1976, and in 43 CFR 2881.1–2 that cover rights-of-way under the Mineral Leasing Act.

COST AND BUDGET DATA

Enactment of this amendment will cause no apparent increase in budgetary requirements for the Department of Defense.

Sincerely,

PAUL W. JOHNSON,
Deputy for Installations and Housing OASA (IL&FM).●

By Mr. MITCHELL (for himself, Mr. STAFFORD, Mr. CHAFEE, Mr. COHEN, Mr. DURENBERGER, Mr. HART, Mr. DODD, Mr. TSONGAS, Mr. RUDMAN, and Mr. DANFORTH):

S. 1706. A bill to amend the Clean Air Act to better protect against interstate transport of pollutants, to control existing and new sources of acid deposition, and for other purposes; to the Committee on Environment and Public Works.

ACID DEPOSITION CONTROL ACT

(The remarks of Mr. MITCHELL, Mr. CHAFEE, and Mr. STAFFORD on this legislation appear earlier in today's RECORD.)

By Mr. HART:

S. 1707. A bill to amend the Internal Revenue Code of 1954 to impose a tax on the importation of crude oil and refined

petroleum products, to transfer the revenues from such tax, and from any oil import fee imposed by the President, to the social security trust fund, to reduce social security taxes, and to expand lower income energy assistance; to the Committee on Finance.

OIL IMPORT FEE

● Mr. HART. Mr. President, today, the Reagan administration notified Congress of its intent to sell five AWACS and other aircraft equipment to Saudi Arabia. The administration contends the proposed sale is in the best interest of U.S. national security, as well as the interests of the Saudis. But we do recognize the real threat to U.S. security? The threat posed by our excessive dependence on foreign oil. The proposed AWACS sale reveals the failure of our national energy policy.

Two months ago, the administration submitted its national energy plan to Congress. In that report, the administration's forecast showed American oil imports rising during the 1980's—to 7 or 8 million barrels a day, maybe even higher. This was the administration's so-called "free market" strategy. It offered no serious measures to reduce our oil imports, only plans to eliminate some of our most promising programs promoting conservation and renewable energy.

This policy carries dire consequences for the United States. Oil is the lifeblood of the Western World. If Saudi oil supplies were interrupted for just 1 year, the American economy would suffer its greatest blow since the Great Depression.

The administration recognizes this potential catastrophe. It proposes we spend approximately $4.5 billion on the rapid deployment force and $1.5 billion to fortify the American military bases near the Persian Gulf. And now, it proposes—against our best interests—to sell the AWACS to the Saudis.

This "oil boat diplomacy" is unnecessary and a threat to our national interest. While the administration is compelled to spend billions of dollars to protect American interests in the Middle East, it has failed to address the underlying problem—our excessive dependence on imported oil, especially Middle East oil. While the administration contends we should sell AWACS to the Saudis, it has proposed drastic cuts in appropriations for nonconventional fuels. While the administration talks openly of fighting a war to maintain the flow of oil from the Persian Gulf it opposes standby measures to allocate crude oil and petroleum products during a severe disruption.

It seems appropriate that today, as we begin consideration of this new arms sale to Saudi Arabia, that we also address the real threat to the U.S. security—our dependence on foreign oil. Therefore, I am proposing the imposition of a fee on imports of crude oil and refined petroleum products. This fee is warranted on both economic and security grounds as a reasonable and efficient way to reduce the level of American oil imports. Working through the price mechanism, the import fee will encourage cutbacks in domestic oil demand which in turn will help to prevent future price increases. Moreover, by holding down energy prices we can minimize the inflationary drag of high oil prices on long-run economic growth. In addition, the oil import fee will reduce the transfer of national income from the United States to oil-producing States and thus improve our balance of payments.

An oil import fee will also enhance our national security. By reducing our dependence on foreign oil, we decrease our vulnerability to future oil supply interruptions. Furthermore, enactment of this proposal will send to other oil-consuming nations and to OPEC producers an unmistakable message of our willingness and ability to curb our demand for foreign oil. This message will tell the oil exporters that they cannot continue to ratchet up oil prices.

Energy analysts estimate a $10-per-barrel import fee would lead directly to import savings of at least a half million barrels per day over the next 2 or 3 years. More importantly, the import fee would increase oil prices and thereby encourage greater energy efficiency and more substitution of other fuels for oil.

Of course, although an oil import fee encourages import reductions, it will impose certain economic costs. Therefore, in this bill, I am also proposing to rebate all of the revenues collected under the import fee to taxpayers through reductions in social security taxes and low-income energy assistance. This provision should mitigate any loss of consumer purchasing power induced by the oil import fee.

America's energy problem is clear—an unnecessary, excessive, and dangerous dependence on foreign oil. In spite of oil price decontrol and the response of international oil markets to substantially higher prices, the United States remains dangerously dependent on OPEC oil supplies.

The imposition of an oil import fee would represent an important step toward the achievement of our energy independence. Together with efforts to build a balanced energy mix based on improved energy efficiency and increased domestic production of conventional fuels and renewables, an oil impact fee can enable our Nation to attain greater energy sufficiency.●

By Mr. TSONGAS (for himself, Mr. CRANSTON, Mr. PACKWOOD, Mr. MOYNIHAN, Mr. WEICKER, Mr. KENNEDY, and Mr. INOUYE):

S. 1708. A bill to prohibit discrimination on the basis of sexual orientation; to the Committee on Labor and Human Resources.

LEGISLATION TO PROHIBIT EMPLOYMENT DISCRIMINATION ON THE BASIS OF SEXUAL ORIENTATION

● Mr. TSONGAS. Mr. President, I rise today on behalf of myself, Senators CRANSTON, PACKWOOD, MOYNIHAN, WEICKER, KENNEDY, and INOUYE, to introduce legislation that will amend title VII of the 1964 Civil Rights Act to prohibit employment discrimination based on sexual orientation. This law already bans job discrimination on the basis of sex, race, color, religion, and national origin. As a matter of consistency and simple justice, we should not allow discrimination in employment to be based on sexual orientation.

I recognize that this is an emotional issue, and that the legislation introduced today will be denounced and distorted. To me it is primarily a matter of equal rights and, indeed, a matter of privacy. Most employees do not allow their sexual orientation to interfere with their work. This bill simply provides a legal recourse for persons fired or denied employment because of this aspect of their private lives. While my bill prohibits employment discrimination, it does not require nor suggest affirmative action programs for homosexuals.

Employment discrimination against homosexual persons generally occurs after the individual has been hired. Typically, the supervisor discovers that an individual is gay, and has the employee dismissed. A study by the National Institute of Mental Health, for example, showed that over 16 percent of all gay people in this country have employment problems and over 9 percent lose their jobs solely because of their sexual orientation. Without legal protection, such a person's livelihood is jeopardized for a lifetime. This causes undue mental anxiety, and robs the community of that individual's talents and productivity. The result is wasteful and unjust.

Moreover, job discrimination essentially deprives gay people of a basic constitutional right: the right to privacy. The use of an irrelevant factor, such as sexual orientation, in evaluating an applicant or employee is a blatant invasion of that person's privacy. Despite satisfactory performance on the job, gays have long been looked on by employers as second-class citizens solely on account of their personal lives. If such discriminatory practices are not made illegal, the right to privacy of an estimated 10 percent of the population will continue to be devalued—along with their dignity and self-respect.

The issue of nondiscrimination against gays in employment is gaining acceptance in many cities throughout the country. In the past decade, three States and more than 40 municipalities have adopted statutes barring discrimination against gay people in employment. And despite the dire predictions of those who opposed them, these statutes have worked well.

Nondiscrimination in employment has also found wide acceptance in the business community. Among the many firms that have announced nondiscrimination policies are A.T. & T., DuPont, Ford, and IBM. The following statement by Penn Mutual Insurance Co. speaks to the sound reasons for business support for nondiscrimination:

> It is Penn Mutual's policy to provide equal employment and advancement opportunities for all employees, regardless of their race, color, religion, sex, national origin, age or sexual preference. Equality of opportunity is a sound business objective that, by allowing us to make effective use of human resources, helps us secure profitable growth.

In addition, the American people have indicated growing support for fair employment for gay citizens. Virtually all of the national polls—including Gallup, Harris, and NBC/Associated Press—have consistently shown that a majority of Americans favor extending fair employment laws to gay people.

Mr. President, the issue is simple. Every American must have an equal right to a job based on his or her ability. Sexual orientation is essentially a private matter that should have nothing to do with job performance. This legislation is consistent with strong public disapproval of Government intrusion in the private lives of Americans. Despite the issue's sensitivity, it is fundamentally a matter of equal rights under the law. I invite my colleagues to join Senators CRANSTON, PACKWOOD, MOYNIHAN, WEICKER, KENNEDY, INOUYE, and myself in our effort to end this form of discrimination.

Mr. President, I ask unanimous consent that the text of S. 1708 be printed in the RECORD, along with a listing of corporations that support nondiscrimination in employment on the basis of sexual orientation, and municipalities and States with laws that bar such discrimination.

There being no objection, the bill and list were ordered to be printed in the RECORD, as follows:

S. 1708

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled,

EQUAL EMPLOYMENT OPPORTUNITIES

SECTION 1. (a) Sections 703(a), 703(b), 703(c), 703(d), 703(e), 703(j), 704(b), 708(g), and 717(a) of the Civil Rights Act of 1964 (42 U.S.C. 2000e–2, –3, –5, and –16) are amended by inserting after "sex" each place it appears a comma and the following: "sexual orientation".

(b) Section 717(c) of such Act (42 U.S.C. 2000e–16) is amended by inserting "sexual orientation," after "sex".

(c) (1) Section 703(h) of such Act (42 U.S.C. 2000e–2) is amended by inserting after "sex" the first place it appears a comma and the following: "sexual orientation".

(2) Such section 703(h) is further amended by inserting after "sex" the second place it appears a comma and the following: "sexual orientation,".

DEFINITION

SEC. 2. Section 701 of the Civil Rights Act of 1964 (42 U.S.C. 2000e–1) is amended by adding at the end thereof the following new subsection:

"(1) The term 'sexual orientation' means male or female homosexuality, heterosexuality, and bisexuality by orientation or practice."

PROVISION TO PREVENT MISINTERPRETATION

SEC. 3. No amendment made by this Act shall be construed to permit or require—

(1) the determination that discrimination exists to be based on any statistical differences in the incidence of persons of a particular sexual orientation in the general population as opposed to in the activity wherein such discrimination is alleged; or

(2) the fashioning of any remedy requiring any sort of quota for the activity under which such discrimination is alleged for persons of any particular sexual orientation.

RIGHT OF PRIVACY PROTECTED

SEC. 4. Nothing in this Act or any amendment made by this Act shall be construed to require any person to disclose a personal sexual orientation.

CORPORATIONS NOT DISCRIMINATING

Corporations which have stated that they do not discriminate in employment on the basis of sexual orientation:

ACF Industries, Addressograph Multigraph, Allied Chemical, American Airlines, American Brands, Inc., American Broadcasting Co., American Can Co.

American Motors Co., AT&T, AMP Inc., Bank of America, Bell and Howell, Bendix, Bemis, Bethlehem Steel Co.

Boise Cascade Co., Bristol Meyers Co., Carnation, Carrier Co., CBS, Celanese, Chesebrough-Ponds Inc., Cincinnati Milacron.

Citicorp, Colgate-Polmolive Co., Collins and Aikman, Conagro, Congoleum, Control Data Co.

Coors Co., Corning, CPC International, Crown Zellerback, Cutler-Hammer, Inc., American Cyanamid, Cyclops.

Dana, Dart, Dow, DuPont de Nemours, Eastern Airlines, Eaton, Exxon, Fairchild, Federal Mogul, Ferro Co., Fieldcrest Mills, Inc.

Firestone, Ford, General Electric, General Foods Co., General Mills, Inc., General Motors Co., General Signal Co., Genesco.

Green Giant Co., Greyhound Co., Gulf Oil Co., Gulf and Western Ind. Inc., Hanna Mining Co., Honeywell, Hoover Universal, IBM.

Inland Steel Co., Joy Manufacturing Co., Kellogg Co., Kimberly-Clark Co., Knight-Ridder Newspaper, Inc.

Kodak, Kippers, Levi Strauss and Co., Lilly and Co., Louisiana-Pacific Co., Lowenstein and Sons, Inc.

McDonalds, McDonnell Douglas Co., McGraw-Hill Inc., Merck and Co., Inc., Minnesota Mining and Mfg. (3M), Mobil Oil Co., Monsanto, Multifoods.

NBC, National Can, Natomas Co., Norton Co., Norton Simon Inc., Ogden Co., Olinkraft, Oscar Meyer and Co.

Penn Mutual Life Ins. Co., Philip Morris, Inc., Pillsbury Co., Potalatch Co., PPG Industries, Proctor and Gamble, Quaker State Oil, Quaker Oats Co.

Republic Steel, Rockwell International, Rohm & Haas Co., Schering Plough, Scott, Scovill, SCM Co., Staley Mfg. Co.

Standard Brands Inc., Sterling Drug, Inc., Sun Company, Texaco, Time, Inc., TRW, Union Carbide. Union Oil/California.

United Merchants, Warner Communications, Inc., Washington Post Co., Western Electric, Weyerhaeuser Co., Williams Co., Witco Chemical, Xerox.

MUNICIPALITIES THAT BAR DISCRIMINATION

Among the over 40 municipalities with ordinances that bar discrimination in employment on the basis of sexual orientation and date act was enacted:

Alfred, NY, May 1974.
Amherst, MA, May 1976.
Ann Arbor, MI, July 1972.
Aspen, CO, November 1977.
Atlanta, GA, July 1971.
Austin, TX, July 1975.
Berkeley, CA, October 1978.
Bloomington, IN, December 1975.
Boston, MA, April 1976.
Champaign, IL, July 1977.
Chapel Hill, NC, September 1975.
Columbus, OH, January 1979.
Cupertino, CA, February 1975.
East Lansing, MI, May 1973.
Evanston, IL, August 1980.
Hartford, CT, April 1979.
Honolulu, HI, March 1981.
Iowa City, IA, May 1977.
Ithaca, NY, September 1974.
Los Angeles, CA, May 1977.
Madison, WI, March 1975.
Marshall, MN, April 1975.
Milwaukee, WI, July 1980.
Minneapolis, MN, April 1974.
Mountainview, CA, March 1975.
New York, NY, January 1978.
Palo Alto, CA, August 1974.
Philadelphia, PA, October 1980.
Portland, OR, December 1974.
Pullman, WA, April 1976.
San Francisco, CA, July 1978.
Santa Barbara, CA, August 1975.
Seattle, WA, October 1975.
Troy, NY, January 1979.
Tucson, AZ, January 1977.
Urbana, IL, April 1979.
Washington, D.C., November 1973.
Yellow Springs, OH, July 1975.

States with statutes that bar discrimination in employment on the basis of sexual orientation and date enacted:

California, April 1979.
Michigan, March 1981.
Pennsylvania, April 1976.●

● Mr. MOYNIHAN. Mr. President, I am pleased to join Senator TSONGAS in again introducing legislation to prohibit employment discrimination against gay people. The measure we introduce today is identical to that which we proposed during the 96th Congress. I would simply reiterate the statement I made on that occasion.

I have always opposed discrimination of any kind. I see no reason why the Federal Government should treat gay men and women differently from anyone else. Guarantees against employment discrimination accorded other citizens should protect all citizens.

My opinions on this matter are long-held ones. However, I would wish to again acknowledge my debt to the insights of an old friend and sometime staff member of mine, Mr. Robert Livingston. He was a most persuasive proponent of ridding the law of any bias against sexual orientation. I ask unanimous consent that my 1976 letter to Mr. Livingston on this subject be printed in the RECORD. To the sadness of many, Bob Livingston died in 1979. I am pleased to honor his memory by again introducing this legislation and would urge my colleagues to support it.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DANIEL PATRICK MOYNIHAN,
New York, N.Y., October 12, 1976.

ROBERT L. LIVINGSTON, Esq.,
The National Gay Task Force,
New York, N.Y.

DEAR MR. LIVINGSTON: I strongly oppose and have always opposed discrimination of all sorts, including discrimination against gay men and women. That means first that the Federal government should treat gay people no differently from anyone else; both in its employment practices and in the guarantees extended to other citizens by Federal law. And it means that the right to privacy of all American citizens must be upheld.

Feeling as I do, I therefore endorse the aims of HR 5452 and will, at the appropriate time, cosponsor a Senate equivalent which endorses legislation at the Federal level which would prohibit discrimination on the basis of sexual or affectional preference in the areas of employment, housing, public accommodation and all publicly-funded programs.

Sincerely yours,
DANIEL PATRICK MOYNIHAN.●

By Mr. MOYNIHAN:

S. 1709. A bill to amend the Clean Air Act to provide for a program to control acid precipitation; to the Committee on Environment and Public Works.

ACID PRECIPITATION CONTROL ACT OF 1981

● Mr. MOYNIHAN. Mr. President, I rise today to introduce a measure which would at long last do something to con-

trol one of our Nation's most alarming environmental problems—acid rain.

From hearings I have held in New York State, from the testimony of expert witnesses, and from the dramatic stories of those who live in regions which suffer from acid rain, the evidence is quite clear: If we do not act, and do not act soon, we run the risk of causing irreversible damage to our environment not the least of which will be turning our acid-sensitive lakes into large vats of vinegar.

When sulfur dioxide and nitrogen oxide emissions are released into the atmosphere they can be transported hundreds, even thousands, of miles by prevailing winds. These pollutants then return to Earth in a process that acidifies rain, snow, and other forms of precipitation.

There is only one "plausible explanation for acid deposition" in the judgment of a recent report released by the National Research Council. The council confirms that sulfur dioxide and nitrogen oxide emissions from manmade sources such as powerplants, industrial, commercial, residential boilers, and motor vehicles are the cause.

This Nation, through its Congress, has acted responsibly to cleanse the air we breathe and free our atmosphere of devastating pollution. But the structure of existing law, specifically the Clean Air Act, is not adequate to deal effectively with the problem of acid rain. The provisions of that act were designed to protect ground-level air quality. They are not the appropriate controls for pollutants which have traveled many miles, across State boundaries, to their destination.

While the matter of acid rain concerns me as a New Yorker—New York being one of several States dramatically affected by the acid rain phenomenon—I should say that the effects of acid rain threaten the environment of a good part of North America. We are talking about 22 million tons of annual sulfur dioxide emissions in the Eastern half of the United States alone. There are over 200 lakes and ponds in the Adirondack Mountains in New York that have lost all aquatic life. There are thousands of such lakes in Canada.

Thousands of additional acres of pond water are endangered. Heavy metal concentrations in acidified water are killing fish and threatening human life when vital water supplies become involved. Buildings and statues have been found to erode under the corrosive effect of acid precipitation. Soil nutrients are subject to accelerated leaching. We are now even aware that these pollutants can sometimes filter to Earth without a rainfall—drifting down from the sky in the form of fine particulates which can lodge in the lungs and jeopardize human health.

Mr. President, I am a member of the Senate Environment and Public Works Committee and thus, particularly sensitive to the grave danger posed by acid rain. I am also a Senator with some experience in matters of international significance and I must say that the question of acid rain deeply troubles our neighbor to the north, Canada. Even as I speak, representatives of the Canadian Government are here on Capitol Hill to testifying about that nation's fear of acid precipitation. Canada has some million square kilometers of "acid-sensitive terrain" within its borders, according to the National Research Council. And the Canadians are not incorrect in pointing out that a large portion of the pollutants falling on that terrain generate from sources within the United States.

While it is true that emissions from Canadian sources also travel to the United States, the Canadians are taking action to limit their emissions. The Province of Ontario is requiring a significant reduction in sulfur dioxide emissions at the Inco, Ltd. smelting operation in Sudbry, Ontario. The Province has also directed Ontario Hydro to undertake an emissions reduction program that will require a capital expenditure of $500 million and annual operating costs of $90 million. In December 1980, the Canadian Parliament unanimously passed amendments to their Clean Air Act giving the Canadian Federal Government authority to deal with transboundary air pollution.

The Canadians have taken appropriate action. It is time for our Nation to do so as well. We might not know all there is to know on the subject of acid precipitation, but we can recognize, clearly, that there is imminent danger. I sponsored the Acid Precipitation Act of 1980 which established an interagency task force to coordinate an acid precipitation assessment program. Thus, I understand the need for continued, even accelerated, research into the subject. However, I feel we know enough now to begin our effort at controlling the causes of acid precipitation. As the National Research Council notes:

> Continued emissions of sulfur and nitrogen oxides at current or accelerated rates, in face of clear evidence of serious hazard to human health and to the biosphere, will be extremely riskly from a long-term economic standpoint as well as from the standpoint of biosphere protection.

The action we take to control acid rain must be sensible, it must be reasonable, and it must be cost effective. The bill I introduce today meets those goals.

Approximately 80 percent of all current sulfur dioxide emissions in the United States originate in a 31-State region consisting of States bordering on or lying east of the Mississippi River. Fossil-fuel burning electric powerplants account for the largest share of sulfur dioxide emissions, representing about two-thirds of the total. As such, this bill targets its directives on the 31-State region and declares that area to be an acid rain mitigation (ARM) region.

Under the bill States within the ARM region which have large powerplants that are the major emitters of sulfur dioxide would be required to achieve the greatest reductions in levels of sulfur dioxide emissions. These States are assigned emission reduction requirements equal to 85 percent of the actual emissions from those large powerplants and they will be given until December 31, 1991 to meet that goal. Large powerplants would be defined as those emitting over 50,000 tons of sulfur dioxide per year at a rate of more than 3 pounds of sulfur dioxide per million British thermal units (Btu) of output. Generating units subject to new source performance standards under the Clean Air Act are excluded from the reduction calculation. There is also a maximum amount that any State may be asked to reduce. That maximum figure would be based upon a percentage of a State's total allowable emissions. No State will be asked to do more than it can reasonably be expected to achieve.

The mission reductions required by this bill must take place in addition to whatever other reductions occur as sources come into compliance with current provisions in State implementation plans and new source performance standards. Compliance with currently enforced Clean Air Act provisions will result in a 2- to 3-million ton reduction in annual sulfur dioxide emissions. This bill provides for an additional reduction of just over 6 million tons in annual emissions by December 31, 1991. The total reduction in annual sulfur dioxide emissions is therefore between 8 and 9 million tons.

This bill gives States the complete flexibility to select whatever measures they want to achieve their emission reduction requirements, including the ability to trade emissions offsets between States. Each State is responsible for amending its current State implementation plan to include a program to attain the specified emission reduction requirement by December 31, 1991. Because the emission reduction requirements are well targeted, fewer States need to be involved in the process of amending State implementation plans.

Should a State fail to amend its implementation plan in a manner that will achieve the necessary reductions by December 31, 1991, the Administrator of the Environmental Protection Agency is directed to develop suitable plan amendments that will result in the emission reduction being met. After initially approving a State's plan amendments, the Administrator is periodically required to review a State's plan to determine if the amendments remain appropriate for meeting the State's emission reduction requirement. In addition, if a State fails to enforce its plan amendments the Administrator is directed to take enforcement action, including applying any sanctions against or limitations on emissions from large powerplants.

This bill take a targeted yet flexible approach toward controlling the major cause of acid precipitation, sulfur dioxide emissions. Large emissions reductions can be achieved in the most cost-effective manner. States are given the leading role in devising emission reduction schemes, yet the Environmental Protection Agency is given a substantial review and enforcement role to exercise when necessary. Finally the control program contained in this bill easily fits into the structure of the current Clean Air Act.

Mr. President, my distinguished colleague the Senator from Maine today introduced a bill, which I intended to cosponsor, that also provides for a major

reduction in annual sulfur dioxide emissions in the Eastern United States. Critical issues often bring forth multiple pieces of legislation. Our bills have some differences but their overriding objective is the same, a major reduction in sulfur dioxide emissions.

I commend my colleague for his initiative, as always he displays excellent judgment and a keen understanding of those matters that are truly important in this Nation. He is a wise and patient man and as a fellow member of the Environment and Public Works Committee I am honored to join him in a unified effort to secure passage of legislation to control the problem of acid rain.

Mr. President, I ask unanimous consent that the text of the bill and a section-by-section analysis of the bill be printed in the RECORD.

Without objection, the text of the bill and the section-by-section analysis were ordered to be printed in the RECORD, as follows:

S. 1709

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Acid Precipitation Control Act of 1981".

STATEMENT OF FINDINGS

SEC. 2. The Congress finds that—

(1) manmade sulfur dioxide and nitrogen oxide emissions are known to be precursors of acid precipitation;

(2) sulfur dioxide and nitrogen oxide emissions are being transported through the atmosphere and deposited in both dry and wet forms in areas far from the original source of the emissions;

(3) current provisions of the Clean Air Act are not adequate to address the problem of acid precipitation; and

(4) acid precipitation—

(A) is responsible for the elimination of aquatic life in hundreds of lakes in the United States and thousands of lakes in Canada;

(B) contributes to the increasing levels of heavy metal concentration in public reservoirs and water distribution systems that often exceed recommended standards for human health;

(C) is known to cause the corrosion of metals and erosion of buildings and statutes made of calcareous rock resulting in substantial economic losses;

(D) can cause a retardation of a wide variety of forest growth;

(E) can cause adverse changes in the growth and development of crops;

(F) is likely to accelerate the processes of plant nutrient leaching from soil; and

(G) is an interstate and international problem.

IMPLEMENTATION PLANS

SEC. 3. Section 110(a)(2)(J) of the Clean Air Act is amended by inserting before the semicolon at the end thereof the following: ", and part E of this title (relating to acid precipitation control)".

ACID PRECIPITATION CONTROL PROGRAM

SEC. 4. Title I of the Clean Air Act is amended by adding at the end thereof the following new part:

"Part E—Acid Precipitation Control

"PURPOSES

"SEC. 181. The purposes of this part are—

"(1) to control acid precipitation by significantly reducing the precursor emissions of sulfur dioxide and nitrogen oxide from manmade sources;

"(2) to mitigate or prevent adverse ecological impacts and economic losses resulting from acid precipitation; and

"(3) to reduce the transport of air pollutants across international boundaries.

"DEFINITIONS

"SEC. 182. For the purposes of this part—

"(1) the term 'acid precipitation mitigation region' means the region consisting of the States of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, Delaware, Maryland, the District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, Mississippi, Arkansas, and Louisiana;

"(2) the term 'major stationary source' has the same meaning as defined in section 302(j);

"(3) the term 'major emitting powerplant' means a fossil-fuel fired electric powerplant which—

"(A) had total 1980 annual sulfur dioxide emissions exceeding 50,000 tons; and

"(B) had a 1980 annual sulfur dioxide emissions rate that exceeded three pounds;

"(4) the term 'sulfur dioxide emissions rate' means the number of pounds of sulfur dioxide emitted per million British thermal units of energy output; and

"(5) the term 'statewide utility sulfur dioxide emissions rate' means the number of pounds of sulfur dioxide emitted from all utility owned fossil-fuel fired electric powerplants having a generating capacity greater than one megawatt within a State per million British thermal units of energy output from all such powerplants.

"EMISSIONS REDUCTION REQUIREMENTS

"SEC. 183. (a) (1) Except as otherwise provided in paragraph (2), each State in the acid precipitation mitigation region shall be required to reduce, prior to December 31, 1991, sulfur dioxide emissions from all major stationary sources, as determined for the base year under subsection (b), by an amount equal to 85 perecnt of the actual 1980 sulfur dioxide emissions from all major emitting powerplants within such states, but disregarding any emissions from a separate generating unit or units of such powerplants that are subject to the provisions of section 111 of this Act.

"(2) The amount of the reduction in sulfur dioxide emissions required under this subsection for any State shall not exceed—

"(A) in the case of any State having a 1980 annual statewide utility sulfur dioxide emissions rate equal to or less than two pounds, an amount equal to 50 percent of the base year sulfur dioxide emissions (as determined under subsection (b)) from all fossil-fuel fired electric powerplants having a generating capacity greater than one megawatt in such State; or

"(B) in the case of any State having a 1980 annual statewide utility sulfur dioxide emissions rate of more than two pounds, an amount equal to 75 percent of the base year sulfur dioxide emissions (as determined under subsection (b)) from all fossil-fuel fired electric powerplants having a generating capacity greater than one megawatt in such State.

"(b) For purposes of subsection (a), the base year emissions for major stationary sources and the base year emissions for any powerplant or group of powerplants shall be equal to the total actual annual amount of sulfur dioxide emissions in 1980 from any such major stationary source, from any such powerplant, or from any separate generating unit of such a stationary source or powerplant, which was in operation at any time during the calendar year 1980, but disregarding any such emissions which were in excess of the allowable emissions under the provisions of section 110 (a) (2) (B) or section 111 of this Act.

"(c) The Administrator shall, within 60 days after the date of the enactment of this part, identify each major emitting powerplant within the acid precipitation mitigation region, using the best available data and methodology to determine the total actual 1980 sulfur dioxide emissions and the actual 1980 sulfur dioxide emissions rate for each major emitting powerplant.

"(d) The Administrator shall, within 90 days after the date of the enactment of this part, establish a sulfur dioxide emissions reduction requirement pursuant to subsection (a) for each State in the acid precipitation mitigation region, and shall, within 120 days after the date of the enactment of this part, notify each State in such region of its sulfur dioxide emissions reduction requirement.

"PLAN REQUIREMENTS

"SEC. 184. (a) Each applicable State implementation plan shall, within one year after the date of the enactment of this part, be amended so as to contain emissions limitations, schedules, and timetables for compliance with such limitations, or such other enforceable measures as may be necessary for meeting the sulfur dioxide emissions reduction requirement specified under section 183 by December 31, 1991. Such other measures may include, but are not limited to, the trading of emissions offsets within the acid precipitation mitigation region, early retirement of sources, and energy conservation.

"(b) In meeting its total sulfur dioxide emissions reduction requirement, a State may substitute a reduction in nitrogen oxide emissions for a reduction in sulfur dioxide emissions, in a ratio of two parts nitrogen oxide to one part sulfur dioxide.

"(c)(1) In meeting its emissions reduction requirement by December 31, 1991, no State shall be allowed to include any reduction in emissions from any major stationary source, or separate generating unit thereof, which was in operation before December 31, 1980, to the extent that such reduction represents compliance with Federal emission standards other than those imposed under this part.

"(2) In meeting such requirement by December 31, 1991, a State may include any reduction in emissions from a major stationary source, or separate generating unit thereof, which was not in operation before December 31, 1980, to the extent that such reduction is greater than the reduction required under Federal emission standards other than standards imposed under this part.

"AUTHORITY OF THE ADMINISTRATOR

"SEC. 185. (a)(1) The Administrator shall, within 90 days after submission of all plan amendments pursuant to section 184, review each applicable State implementation plan and make a finding as to whether the plan amendments will insure that a State's sulfur dioxide emissions reduction requirement will be met by December 31, 1991. The Administrator shall approve any such plan amendments or parts thereof which he determines will insure that such emission reduction requirement will be met by December 31, 1991.

"(2) If the Administrator finds, pursuant to paragraph (1), that a State's plan amendments or parts thereof submitted pursuant to section 184 will not insure that such State's sulfur dioxide emissions reduction requirement will be met by December 31, 1991, the Administrator shall promptly, but in no event later than 6 months after making such a finding, prepare and publish revisions to such State's implementation plan setting forth emission limitations, schedules, and timetables for compliance with such limitations, or other such measures (as described in section 184 (a)) as may be necessary to insure that such State's sulfur dioxide emissions reduction requirement will be met by December 31, 1991.

"(b)(1) The Administrator shall periodically, but not less often than every three years after approval of an amendment to a

State implementation plan under subsection (a), review each such plan and make a finding as to whether such plan continues to insure that such emissions reduction requirement will be met by December 1, 1991.

"(2) If the Administrator finds, pursuant to paragraph (1), that a State implementation plan no longer insures that such emissions reduction requirement will be met by December 31, 1991, the Administrator shall take actions to insure compliance in the same manner as provided in subsection (a)(2).

"(c) If, at any time, the Administrator determines that a State is not carrying out its State implementation plan in a manner which insures that such emissions reduction requirement will be met by December 31, 1991, the Administrator shall, in addition to any other penalties or enforcement proceedings authorized under this Act, apply such additional sanctions or limitations on emissions with respect to any major emitting powerplant in such State as the Administrator determines to be necessary to insure that such requirement will be met by December 31, 1991.".

SECTION-BY-SECTION ANALYSIS

Section 1 contains the short title of the bill, "The Acid Precipitation Control Act of 1981."

FINDINGS

Section 2 contains the findings of Congress that sufur dioxide and nitrogen oxide emissions are precursors of acid precipitation, that such emissions are being transported long distances through the atmosphere resulting in sulfate and nitrate deposition far from the original source of the emissions and that current provisions in the Clean Air Act are not adequate to address the problem of acid precipitation. There are further findings that acid precipitation: is responsible for the elimination of aquatic life in lakes in the U.S. and Canada; contributes to increasing the levels of heavy metal concentration in public reservoirs and water distribution systems beyond recommended standards for human health; is known to cause the corrosion of metals and erosion of buildings and statues made of calcereous rock; can cause retardation of a wide variety of forest growth; can cause adverse changes in the growth and development of crops; is likely to accelerate the processes of plant nutrient leaching from soil; and is an interstate and international problem.

IMPLEMENTATION PLANS

Section 3 amends the Clean Air Act to incorporate the acid precipitation control program, established by the new Part E of Title I, into the state implementation plan development and review process.

ACID PRECIPITATION CONTROL PROGRAM

Section 4 amends Title I of the Clean Air Act by adding a new Part E entitled "Acid Precipitation Control." Part E contains sections 181 through 185.

Section 181 contains the purposes of Part E. These are: to control acid precipitation by significantly reducing the precursor emissions of sulfur dioxide and nitrogen oxide; to mitigate or prevent adverse ecological impacts and economic losses resulting from acid precipitation; and to reduce the transport of air pollutants across international boundaries.

Definitions

Section 182 contains the following definitions used in Part E:

(1) acid rain mitigation region;
(2) major stationary source;
(3) major emitting powerplant;
(4) sulfur dioxide emissions rate; and
(5) state-wide utility sulfur dioxide emissions rate.

Reduction requirements

Section 183 requires states in the acid rain mitigation region (the 31 states bordering on or east of the Mississippi River, and the District of Columbia) to reduce annual sulfur dioxide emissions by a specified number of tons by December 31, 1991.

Under Section 183(a) each state in the acid rain mitigation (ARM) region is required to reduce its base year sulfur dioxide emissions from all major stationary sources by December 31, 1991 by an amount equal to 85 percent of the actual 1980 sulfur dioxide emissions from all major emitting powerplants within such state. (Major emitting powerplants are defined as those having total 1980 annual sulfur dioxide emissions exceeding 50,000 tons and a 1980 sulfur dioxide emissions rate exceeding 3 pounds per million British thermal units of output.) The intent is to target the emissions reduction requirements to states having the major sources of sulfur dioxide pollution in 1980.

However, any emissions from a separate generating unit or units of a major emitting powerplant that are subject to new source performance standards under Section 111 of this Act are excluded from the calculation of actual 1980 sulfur dioxide emissions for the purpose of establishing each State's sulfur dioxide emissions reduction requirement. The intent of this provision is to recognize the fact that generating units currently in the process of complying with new source performance standards are already making a significant contribution toward reducing sulfur dioxide emissions.

Furthermore, there is a maximum amount of emissions reduction that any state is required to meet. The intent is to avoid an excess burden being placed on any particular state. For states with 1980 annual average state-wide utility emissions rates equal to or less than 2 pounds, a reduction of no more than 50 percent of all base year sulfur dioxide emissions from all fossil fuel fired electric powerplants with a generating capacity of greater than one megawatt is required. For states with 1980 annual average state-wide utility emissions rates greater than 2 pounds, a reduction of no more than 75 percent of all base year sulfur dioxide emissions from all fossil fuel fired electric powerplants with a generating capacity of greater than one megawatt is required. (Average state-wide utility emission rates are defined as the amount of sulfur dioxide from all fossil fuel fired electric powerplants, with a generating capacity greater than one, emitted per million British thermal units of energy output from all such powerplants.

Section 183(b) defines base year emissions for all major stationary sources and base year emissions for all powerplants or group of powerplants. Base year emissions are equal to the total annual amount of sulfur dioxide emissions in 1980 from any major stationary source or powerplant, or separate generating unit of such stationary source or powerplant, that was in operation at any time during the calendar year 1980. In calculating base year emissions, however, emissions in excess of those allowed under state implementation plans and new source performance standards enforced during 1980 shall not be included. The intent is to make base year emissions the equivalent of allowable emissions.

Section 183(c) directs the Administrator of the Environmental Protection Agency to identify each major emitting powerplant within the ARM region within 60 days after the date of the bill's enactment. In so doing, the actual 1980 annual sulfur dioxide emissions for each major emitting powerplant and the actual 1980 annual sulfur dioxide emissions rate for each major emitting powerplant must be determined by the Administrator using the best available data and methodological techniques.

Section 183(d) requires the Administrator to calculate a sulfur dioxide emissions reduction requirement for each state in the ARM region for which it is appropriate within 90 days after the bill is enacted and to notify each state of such requirement within 120 days after the bill is enacted.

Plan requirements

Section 184 mandates that each state to which the Administrator assigns an emissions reduction requirement revise its state implementation plan to include specific measures to meet its emission reduction requirement by December 31, 1991. The intent is to give the states the ability and flexibility to develop their own program for reducing sulfur dioxide emissions by the amount specified. This allows states to coordinate the acid precipitation control program with their general efforts to meet national ambient air quality standards and other provisions of the Clean Air Act.

Section 184(a) requires that within one year after the enactment of this bill each applicable state implementation plan be revised to contain emissions limitations, schedules and timetables for compliance with such limitations, or such other enforceable measures as may be necessary for meeting a state's sulfur dioxide emissions reduction requirement by December 31, 1991. Other enforceable measures include, but are not limited to, the trading of emissions offsets within the acid rain mitigation region, early retirement of sources, and energy conservation. The intent is to give states maximum flexibility in devising programs to meet their emissions reduction requirements anywhere within state borders and beyond. In particular, the ability to trade emissions offsets between states should result in a least cost approach to meeting overall sulfur dioxide emissions reductions within the acid rain mitigation region.

Section 184(b) provides states with the ability to substitute a reduction in nitrogen oxide emissions for a reduction in sulfur dioxide emissions. Studies have found that acid rain usually contains about two parts of sulfuric acid for each part of nitric acid. Therefore, substituting a reduction in two units of nitrogen oxide emissions for each unit of sulfur dioxide emissions is permitted.

Section 184(c) provides that in meeting their emissions reduction requirements by December 31, 1991 states may not count reductions in sulfur dioxide emissions from any source that result from meeting requirements contained in other provisions of the Clean Air Act. The intent is that the emissions reduction requirement provided for under the acid precipitation control program be accomplished over and above emissions reductions that represent compliance with other federal air pollution standards. However, a state may get credit toward its sulfur dioxide emissions reduction requirement for emissions reductions that are in excess of whatever is required under other provisions contained in the Clean Air Act at sources put into operation after December 31, 1980.

Authority of the Administrator

Section 185 requires the Administrator of the Environmental Protection Agency to insure that each state's revisions to its implementation plan are adequate to meet emissions reduction requirements by December 31, 1991. If a state fails to develop satisfactory plan revisions the Administrator must put enforce plan revisions capable of meeting a state's emissions reduction requirement by December 31, 1991. If a state fails to carry out its plan revisions the Administrator is directed to take selective enforcement action against the major emitting powerplants.

Section 185(a) provides that the Administrator initially review, within 90 days after submission, each state's proposed revisions to its implementation plan made pursuant to Section 184 to determine if such revisions will enable a state to meet its emissions reduction requirement by December 31, 1991. The Administrator is directed to approve any

proposed revisions, or portion thereof, that will in the Administrator's judgment insure or help to insure that a state will meet its emissions reduction requirement by December 31, 1991. If the Administrator finds that a state's proposed plan revisions, or any portion thereof, are not adequate to insure that the state's emissions reduction requirement is met by December 31, 1991, the Administrator is within six months after making such a finding required to prepare and publish revisions to such state's implementation plan setting forth emission limitations, schedules and timetables for compliance with such limitations or other such measures as necessary to meet such state's emissions reduction requirement.

Section 185(b) requires that the Administrator repeat the process of review and finding periodically, but in event less than every three years after approval of revisions to a state's implementation plan, to determine if a state's implementation plan continues to insure that such state's emissions reduction requirement will be met by December 31, 1991. If there is a negative finding the Administrator is required to make such revisions to the state's implementation plan as are necessary to insure that its emissions reduction requirement is met by December 31, 1991.

Section 185(c) requires the Administrator to take action if (s)he finds that a state is not carrying out its implementation plan revisions. The Administrator must, in addition to any other penalties or enforcement proceedings authorized under the Clean Air Act, apply such sanctions or limitations on emissions with respect to any major emitting powerplant in such state as the Administrator determines to be necessary to insure that the state's sulfur dioxide emissions reduction requirement will be met by December 31, 1991.●

By Mr. HATCH:

S.J. Res. 113. Joint resolution to designate the week beginning November 8, 1981, as "National Home Health Care Week"; to the Committee on the Judiciary.

NATIONAL HOME HEALTH CARE WEEK

● Mr. HATCH. Mr. President, our country is now facing a crisis of major proportions, one built on the steadily growing population of older Americans in need of both chronic and acute long-term health care. Back in 1900, 1 in every 25 Americans was 65 years or over. Today, the proportion is 1 in 10. By the turn of this century, in the year 2000, it promises to be 1 in 8.

Meanwhile, it is becoming more evident every day that our Nation cannot depend on nursing homes and institutionalized hospital care alone. To provide care for our elderly and infirm friends and family members, new and innovative arrangements have been in the past and are now being devised. All of these are in one way or another based on the concept of home health care.

Home health care organizations and programs, whether proprietary or nonprofit, and whether or not they are hospital-based, have shown that they can provide quality, cost-effective care. Most important of all, they help older people remain in their own homes or apartments, where they often desperately wish to stay.

On January 22 of this year, I introduced S. 234, the Community Home Health Services Act of 1981, and scheduled our first hearing on the bill on March 4. A final hearing will be held in the Senate Labor and Human Resources Committee on November 10.

Since our first hearing, many of the most prominent health service organizations in our country have endorsed S. 234, a partial list of which includes the National Multiple Sclerosis Society; the U.S. Catholic Health Association; the American Cancer Society; San Francisco Home Health Services, Inc.; the American Dietetic Association; the American Hospital Association; the National Association of Home Health Agencies; the National Home Caring Council; the Council of Home Health Agencies and Community Health Services of the National League of Nursing; the Home Health Services and Staffing Association; the American Federation of Home Health Agencies; and the American Association of Respiratory Therapy.

The Government Accounting Office, based on my original request, is just now completing their comprehensive study of the cost impact and an economic analysis of S. 234, results we will have fully aired at our forthcoming November 10 hearing.

My purpose in speaking today, however, is less to make yet another case for my own home health care approach as I have incorporated in S. 234, then to seek a general show of legislative intent for the home health care idea. This is why I solicit the support of my colleagues for a sense of the Senate resolution I am today introducing, designating the week of November 8, "National Home Health Care Week."

Two of our friends and distinguished colleagues on the House side, Congressmen PANETTA and CONABLE, earlier sponsored similar legislation in the House. I am fully aware that the Post Office and Civil Service Committee already has more days of celebration and specially designated weeks than the Federal Government can possibly keep track of. Yet I can think of few causes more worthy, few which stem from a greater need for attention and encouragement than the movement to raise our national community consciousness about the need for home health care.

I solicit the support of my colleagues for this resolution, and I respectfully request the President and the majority and minority leaders for their considerable assistance in granting this legislation the very earliest action.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 113

Whereas organized home health care services to the elderly and disabled have existed in this country since the last quarter of the eighteenth century;

Whereas home health care is recognized as an effective and economical alternative to unnecessary institutionalization;

Whereas caring for the ill and disabled in their homes places emphasis on the dignity and independence of the individual receiving these services;

Whereas since the enactment of the medicare program including skilled nursing services, physical therapy, speech therapy, social services, occupational therapy, and home health aide services, the number of home health agencies providing these services has increased from less than five hundred to more than three thousand; and

Whereas many private and charitable organizations provide these and similar services to millions of patients each year preventing, postponing, and limiting the need for institutionalization: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week beginning November 8, 1981, hereby is designated "National Home Health Care Week", and the President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to observe such week with appropriate ceremonies and activities.●

ADDITIONAL COSPONSORS

S. 1394

At the request of Mr. DECONCINI, the Senator from North Carolina (Mr. EAST) was added as a cosponsor of S. 1394, a bill to improve the ability of the Secret Service to protect the President and other designated protectees.

S. 1648

At the request of Mr. HATFIELD, the Senator from Maryland (Mr. MATHIAS) was added as a cosponsor of S. 1648, a bill entitled the "Military Spouse Retirement Equity Act."

S. 1697

At the request of Mr. HELMS, the Senator from California (Mr. HAYAKAWA) was added as a cosponsor of S. 1697, a bill to temporarily delay the October 1, 1981, increase in the price support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

SENATE CONCURRENT RESOLUTION 29

At the request of Mr. HOLLINGS, the Senator from California (Mr. HAYAKAWA), the Senator from Ohio (Mr. METZENBAUM), and the Senator from Delaware (Mr. ROTH) were added as cosponsors of Senate Concurrent Resolution 29, a concurrent resolution disapproving certain coastal zone management Federal consistency regulations.

SENATE RESOLUTION 222—ORIGINAL RESOLUTION TO AUTHORIZE SUPPLEMENTAL EXPENDITURES BY THE COMMITTEE ON THE JUDICIARY

Mr. THURMOND, from the Committee on the Judiciary, reported the following original resolution; which was referred to the Committee on Rules and Administration:

S. RES. 222

Resolved, That section 2 of the Senate Resolution 53, Ninety-seventh Congress, agreed to March 3 (legislative day, February 16), 1981, is amended by striking out

the amounts "$4,272,722" and "$172,490" and inserting in lieu thereof "$4,425,590" and "$179,990", respectively.

AMENDMENTS SUBMITTED FOR PRINTING

RESTORATION OF MINIMUM SOCIAL SECURITY BENEFITS

AMENDMENT NO. 581

(Ordered to be printed and to lie on the table.)

Mr. EAGLETON submitted an amendment intended to be proposed by him to the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum social security benefits under the Social Security Act.

NOTICES OF HEARINGS

COMMITTEE ON SMALL BUSINESS

Mr. WEICKER. Mr. President, I would like to announce for the information of the Senate and the public that the Senate Small Business Committee will hold a full committee field hearing in Hartford, Conn., on October 13, 1981. The hearing will convene at 9 a.m., in the senate chambers of the State capitol. Senator WEICKER will chair.

This hearing will be a continuation of the committee's examination of the problem of high interest rates and their effects on the economy.

For additional information contact Jim O'Connell of the committee staff at 224–5175.

Mr. President, I would like to announce for the information of the Senate and the public that the Senate Small Business Committee will hold a full committee field hearing in New York City on October 14, 1981. The hearing will convene at 10 a.m., in the Rotunda Room, Federal Hall, 26 Wall Street, New York, N.Y. Senator WEICKER will chair.

This hearing will be a continuation of the committee's examination of the problem of high interest rates and their effects on the economy.

For additional information contact Jim O'Connell of the committee staff at 224–5175.

SUBCOMMITTEE ON AGRICULTURAL RESEARCH AND GENERAL LEGISLATION

Mr. LUGAR. Mr. President, I wish to announce that Chairman Philip Johnson of the Commodity Futures Trading Commission will brief the Senate Agriculture Subcommittee on Agricultural Research and General Legislation on the CFTC's pilot program in options trading in nonagricultural commodities Chairman Johnson will also brief the subcommittee on the National Futures Association.

The briefing will be held on Wednesday, October 14 and will begin at 10 a.m. in room 324, Russell Building.

Anyone wishing further information should contact the Agriculture Committee staff at 224–2035.

ADDITIONAL STATEMENTS

WHERE TO SEND COMPLAINTS ABOUT FEDERAL PAPERWORK

● Mr. DANFORTH. Mr. President, the Paperwork Reduction Act, Public Law 96–511, requires each Federal agency to assign a single senior official to be responsible for the paperwork generated by the agency. With these designations, anyone who has a complaint or concern about the forms produced by an agency knows where to send the complaint.

The Office of Management and Budget has recently provided my office with the complete list of agency officials responsible for the paperwork in their agencies. In order to share that information with the public, I ask that that list be printed at this point in the RECORD.

The list follows:

OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., September 25, 1981.

Hon. JOHN C. DANFORTH,
Chairman, Subcommittee on Federal Expenditures, Research and Rules, Governmental Affairs Committee, Washington, D.C.

DEAR MR. CHAIRMAN: Public Law 96–511, the Paperwork Reduction Act of 1980 requires that each agency head designate a senior official (or in the case of the military departments, officials) to be responsible for the agency's information management activities.

Subsequently, OMB requested agencies to advise us of those designations. Enclosed for your information is a copy of our most current list of agency senior information management officials. We will provide updates of that list directly to your staff and look forward to working with you in the implementation of the Paperwork Reduction Act.

Sincerely yours,

JAMES C. MILLER III,
Administrator for Information and Regulatory Affairs.

SINGLE OFFICIAL LIST

Mr. Mark Blitz, Director of the Office of Policy and Planning, ACTION, 806 Connecticut Avenue, N.W., Washington, D.C. 20503, 254–7630.

Mr. Frank L. Suman, Administrative Officer, Advisory Council on Historic Preservation, 1522 K Street, N.W., Washington, D.C. 20005, 254–3967.

Mr. John F. Owens, Acting Assistant Administrator, Agency for International Development, 320 21st Street, N.W., Washington, D.C. 20523, 632–9890.

Mr. Michael D. Sherwin, Acting Managing Director, Civil Aeronautics Board, Washington, D.C. 20428, 673–5980.

Mr. Charles H. Atherton, Secretary, Commission of Fine Arts, 708 Jackson Place, N.W., Washington, D.C. 20006, 566–1066.

Dr. Eugene Mornell, Assistant Staff Director for Program Planning and Evaluation, Commission on Civil Rights, 1121 Vermont Avenue, N.W., Washington, D.C. 20425, 254–6644.

Mr. Charles W. Fletcher, Executive Director, Committee for Purchase from the Blind and Other Severely Handicapped, 2009 14th Street, North Arlington, VA 22201, 557–1145.

Ms. Susan W. Wagner, Executive Director, Commodity Futures Trading Commission, 2033 K Street, N.W., Washington, D.C. 20581, 254–3350.

Mr. James B. Lancaster, Jr., Acting Assistant Director for Management, Community Services Administration, 1200 19th Street, N.W., Washington, D.C. 20506, 254–5330.

Honorable R. David Pittle, Acting Chairman, Consumer Product Safety Commission, 1111 18th Street, N.W., Washington, D.C. 20207, 634–7726.

Mr. Raymond D. Lett, Executive Assistant to the Secretary, Department of Agriculture, 14th and Independence, S.W., Washington, D.C. 20250, 447–5538.

Honorable Arlene Triplett, Assistant Secretary for Administration, Department of Commerce, Washington, D.C. 20230, 377–4951.

Honorable Jack R. Borsting, Assistant Secretary of Defense (Comptroller), Department of Defense, Washington, D.C. 20301.

Mr. Kent Lloyd, Deputy Secretary for Management, Department of Education, 400 Maryland Avenue, SW., Washington, D.C. 20202, 245–8703.

Honorable William S. Heffelfinger, Assistant Secretary for Management and Administration, Department of Energy, Washington, D.C. 20585, 252–5940.

Honorable Dale W. Sopper, Assistant Secretary for Management and Budget, Department of Health and Human Services, Washington, D.C. 20201, 245–6396.

Honorable Judith L. Tardy, Assistant Secretary for Administration, Department of Housing and Urban Development, Washington, D.C. 20410, 755–6940.

Mr. Richard L. DeHaan, Director of the Systems Policy and Planning Staff, Department of Justice, Washington, D.C. 20530, 633–4292.

Honorable Alfred M. Zuck, Assistant Secretary for Administration and Management, Department of Labor, 200 Constitution Avenue, NW., Washington, D.C. 20210 523–9086.

Honorable Thomas M. Tracy, Assistant Secretary for Administration, Department of State, Washington, D.C. 20520, 632–1492.

Honorable Russell D. Hale, Assistant Secretary of the Air Force for Financial Management, Department of the Air Force, Washington, D.C. 20330.

Honorable Joel E. Bonner, Jr., Assistant Secretary of the Army for Installations Logistics and Financial Management, Department of the Army, Washington, D.C. 20310, 695–2254.

Honorable J. Robinson West, Assistant Secretary for Policy, Budget and Administration, Department of the Interior, Washington, D.C. 20240, 343–6181.

Honorable Robert H. Conn, Deputy Undersecretary of the Navy, Department of the Navy, Washington, D.C. 20350, 697–2325.

Honorable Cora P. Beebe, Assistant Secretary of Administration, Department of the Treasury, Washington, D.C. 20220, 566–5391.

Honorable Robert L. Fairman, Assistant Secretary for Administration, Department of Transportation, Washington, D.C. 20590, 426–2332.

Mr. Nolan E. Clark, Associate Administrator for Policy and Resource Management, Environmental Protection Agency, Washington, D.C. 20460, 755–2900.

Ms. Issie Jenkins, Acting Executive Director, Equal Employment Opportunity Commission, 2401 E Street, N.W., Washington, D.C. 20506, 634–6814.

Mr. Adrian B. Wainwright, Vice President-Administration, Export-Import Bank of the United States, 811 Vermont Avenue, N.W., Washington, D.C. 20571, 566–8111.

Mr. Larry H. Bacon, Deputy Governor, Farm Credit Administration, 490 L 'Enfant Plaza, SW. Washington, D.C. 20578, 755–2181.

Mr. Richard D. Lichtwardt, Executive Director, Federal Communications Commission, 1919 M Street, N.W., Washington, D.C. 20544, 632–6390.

Ms. Margaret L. Egginton, Deputy to the Chairman—Public Affairs, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, D.C. 20429, 389–4211.

Mr. Robert C. Goffus, Acting Associate Director for Resource Management and Administration, Federal Emergency Manage-

ment Agency, 1725 Eye Street, N.W., Washington, D.C. 20472, 653–7803.

Mr. William G. McDonald, Executive Director, Federal Energy Regulatory Commission, 825 North Capitol Street, Washington, D.C. 20426, 357–8300.

Mr. John S. Buchanan, Executive Staff Director, Federal Home Loan Bank Board, 1700 G Street, N.W., Washington, D.C. 20552.

Mr. Lawrence G. Pedersen, Deputy Director for Finance and Administration, Federal Labor Relations Authority, 1900 E Street, N.W., Washington, D.C. 20424, 634–7925.

Mr. James K. Cooper, Managing Director, Federal Maritime Commission, 1100 L Street, N.W., Washington, D.C. 20573, 523–5800.

Mr. Danny W. Funkhouser, Assistant Director of Administration for Administrative Services, Federal Mediation and Conciliation Service, 2100 K Street, N.W., Washington, D.C. 20427, 653–5310.

Mr. Robert J. Phares, Federal Mine Safety and Health Review Commission, 1730 K Street, N.W., Washington, D.C. 20006.

Governor Emmett J. Rice, Member of the Board of Governors, Federal Reserve System, 20th & Constitution Avenue, N.W., Washington, D.C. 20551, 452–3285.

Mr. Christian S. White, Executive Director, Federal Trade Commission, Washington, D.C. 20580, 523–3740.

Mr. Robert L. Maddex, Supervisory Attorney, Foreign Claims Settlement Commission, 1111 20th Street, N.W., Washington, D.C. 20579, 653–5883.

Honorable Ray Kline, Deputy Administrator of General Services, General Services Administration, Washington, D.C. 20405, 566–1226.

Mr. Malcolm C. McCormack, Executive Secretary, Harry S. Truman Scholarship Foundation, 712 Jackson Place, N.W., Washington, D.C. 20006, 395–4831.

Mr. Leon M. Parker, Executive Officer, Inter-American Foundation, 1515 Wilson Boulevard, Rosslyn, VA 22209, 841–3870.

Mr. James Hackett, Associate Director for Management, International Communications Agency, 1750 Pennsylvania Avenue, NW., Washington, D.C. 20547, 724–9136.

Mr. William R. Johnson, Managing Director, Interstate Commerce Commission, Washington, D.C. 20423, 275–7480.

Mr. Richard Redenius, Managing Director, Merit Systems Protection Board, 1717 H Street, NW., Washington, D.C. 20419, 653–6842.

Mr. E. C. Kilgore, Associate Administrator for Management Operations, National Aeronautics and Space Administration, Washington, D.C. 20546.

Mr. Malcolm L. Trevor, Assistant Executive Director for Administration, National Capital Planning Commission, Washington, D.C. 20576, 724–0187.

Dr. Toni Carbo Bearman, Executive Director, National Commission on Libraries and Information Science, 1717 K Street, NW., Washington, D.C. 20036, 653–6252.

Mr. William H. Russell, Director, Office of Administration, National Credit Union Administration, Washington, D.C. 20456, 357–1235.

Mr. Nicholas C. Maravell, Acting Director of Administration, National Endowment for the Arts, Washington, D.C. 20506, 634–6365.

Mr. John Whitelaw, Deputy Chairman for Management, National Endowment for the Humanities, 806 15th Street, NW., Washington, D.C. 20506, 724–0650.

Mr. Rowland K. Quinn, Executive Secretary, National Mediation Board, 1425 K Street, NW., Washington, D.C. 20572, 523–5950.

Mr. Thomas Ubois, Assistant Director for Administration, National Science Foundation, Washington, D.C. 20550, 357–9482.

Mr. B. Michael Levins, Director, Bureau of Administration, National Transportation Safety Board, Washington, D.C. 20594, 472–6111.

Mr. Daniel J. Donoghue, Director, Office of Administration, Nuclear Regulatory Commission, Washington, D.C. 20555, 492–7335.

Ms. Sarah T. Kadec, Deputy Director, Office of Administration, Washington, D.C. 20500, 456–2804.

Ms. Linda L. Smith, Assistant Director for Administration, Office of Management and Budget, Washington, D.C. 20503.

Ms. Ann Brassier, Director, Office of Management, Office of Personnel Management, Washington, D.C. 20415, 632–6161.

Mr. John P. Giacomini, Director-Management, Office of the United States Trade Representative, Washington, D.C. 20506, 395–5123.

Mr. K. E. Goldsberry, Chief, Administrative Services Division, Panama Canal Commission, APO Miami 34011, 52–7757.

Dr. Nancy Kingsbury, Director, Office of Personnel and Management, PEACE Corps, 806 Connecticut Avenue, NW., Washington, D.C. 20525, 254–7394.

Mr. Robert E. Geiger, Director, Office of Management Services, Pension Benefit Guaranty Corporation, Washington, D.C. 20006, 254–4776.

Mr. David F. Harris, Secretary, Postal Rate Commission, Washington, D.C. 20268, 254–3880.

Mr. William A. Oczkowski, Assistant Executive Officer, Railroad Retirement Board, 844 Rush Street, Chicago, Ill. 60611.

Mr. George G. Kundahl, Deputy Executive Director, Securities and Exchange Commission, Washington, D.C. 20459, 272–2142.

Mr. David A. Cox, Associate Director for Management Information Systems, Selective Service System, Washington, D.C. 20435, 724–0872.

Mr. Roger H. Jones, Assistant Administrator for Administration, Small Business Administration, 1441 L Street, N.W., Washington, D.C. 20416, 653–6805.

Colonel William E. Ryan, Jr., Director, Operations and Finance. The American Battle Monuments Commission, 20 Massachusetts Avenue, NW., Washington, D.C. 20314, 275–0536.

Mr. Walter C. DeVaughan, Assistant Public Printer for Management and Administration, U.S. Government Printing Office, Washington, D.C. 20401, 275–3400.

Mr. Charles W. Ervin, Director of Operations, U.S. International Trade Commission, Washington, D.C. 20436, 523–4463.

Mr. John Frost, Acting Assistant Director for Operations, U.S. Water Resources Council, 2120 L Street, NW., Washington, D.C. 20037.

Mrs. Elizabeth Burkhart, Special Assistant to the Administrator, Veterans Administration, Washington, D.C. 20420, 389–3116.●

THE HONORABLE EDMUND MUSKIE ON "HUMAN RIGHTS POLICY: THE CASE FOR CONTINUITY"

● Mr. CRANSTON. Mr. President, I wish to commend to my colleagues an excellent and timely speech recently given by Ed Muskie. As a respected and distinguished Member of this body for many years and as an effective former Secretary of State, Ed Muskie has devoted much of his time and energies to the cause of human rights. The speech he recently delivered at Gallaudet College is entitled, "Human Rights Policy: The Case for Continuity." He spoke with experience and with conviction on the meaning of human rights to Americans—their central place in our history and in our foreign policy. Indeed, he reminds us that "the idea of human rights has a global meaning as old as our Republic. It is embedded in our history. It is established in our practice of diplomacy. It is explicit in our statute law."

I fully agree with Ed Muskie that as the first nation born in the name of human freedom and of human rights that we must not ignore such basic rights for all and that there must be continuity in our efforts to encourage nations around the world to respect human rights. Ed Muskie states this case with his characteristic eloquence. I ask that the full text of his speech be inserted in the RECORD at this time.

The remarks follow:

"HUMAN RIGHTS POLICY: THE CASE FOR CONTINUITY"

I.

We are told in Scripture that when Moses, in the wilderness, encountered God in the form of a burning bush, he was admonished: "Take off thy shoes, for this is holy ground."

Perhaps we should all make a similar gesture tonight: For surely this place is hallowed ground—hallowed by history, and hallowed by its purpose.

Consider its history. It was Abraham Lincoln who signed the legislation chartering Gallaudet College. For 125 years, Gallaudet has grown in stature, influence, and effectiveness—until today, it is not only a national resource, but an institution of importance in the world.

And consider its purpose. This college—this university—is dedicated to a proposition that we identify with Lincoln and indeed with America: The proposition that all human potential is precious; that no arbitrary barrier should stand between a person and the fulfillment of that potential. Because of its dedication to that principle, this college deserves—perhaps more than others—to be called a liberating institution.

How appropriate it is, then, that we should gather here to commemorate Lincoln the man, and the animating idea of his political career: To preserve America as a union "conceived in Liberty, and dedicated to the proposition that all men are created equal."

I am honored to deliver the first Lincoln lecture on Liberty and Equality. And I have chosen to explore tonight the meaning of these American ideas as they apply to American foreign policy.

A few years ago, in a toast he delivered at the White House in President Kennedy's Administration, the French philosopher Andre Malraux observed that America was the first nation on Earth consciously organized around an idea. That idea, of course, was the idea of human freedom: The idea of unfettered individual expression, of respect for the sanctity of the individual; the idea of full play for the citizen's fundamental rights.

That idea, of course, remains basic to our political union. It is what makes America the wellspring of the world's contemporary human liberation movements, from the civil rights movement to the crusade for women's rights.

That idea of human freedom, in my judgment, should also be one of the motivating forces of our nation's foreign policy. So tonight I want to talk briefly about the foreign policy of human rights.

The subject is not only challenging, but timely. For the issue of support for human rights in foreign policy has generated, in recent months, intense controversy, considerable misunderstanding—and some dramatic shifts in direction.

After an Administration which sought, however imperfectly, to make support for human rights an explicit theme of foreign policy, the pendulum has abruptly swung. We have been told by our new Secretary of State that "international terrorism will take the place of human rights in our concern because it is the ultimate abuse of human rights."

Now, no one can gainsay that concern for international terrorism is important. But I would suggest that it should accompany, not replace, support for human rights. And I am concerned lest the idea spring up that American support for human rights is somehow optional—a sort of policy garment that we put on or take off as the political weather changes.

So tonight I want to explore with you the question of human rights and American foreign policy. How did the idea arise that America had a mission to support human rights? What have our policies and practices been in the past? What are they now? And what should they be in the future?

My hope is to suggest some common ground on which all of us—liberals and conservatives—may stand together.

II.

Let me begin by dispelling, as best I can, two misconceptions that have sprung up about human rights and American foreign policy.

The first is that there is something novel—something recent—about human rights as a theme of foreign policy. In fact, the idea that human rights has a global meaning is as old as our Republic. It is embedded in our history. It is established in our practice of diplomacy. It is explicit in our statute law.

It is interesting in this connection to consider the words our Founders used when they spoke and wrote about the new nation they hoped to conceive. Their words clearly suggest that they considered liberty and equality a gift of God to all persons—not just those who happened to reside in the rebellious colonies.

It is important to recall, for example, that Thomas Jefferson couched the language of the Declaration of Independence in universal, not local terms. He wrote, "When in the course of human events . . ." And later, ". . . that all men are created equal, and endowed by their Creator with certain inalienable rights . . ." All—not some.

In other pronouncements, also, it is abundantly clear that Jefferson and his colleagues saw themselves as launching a movement not just for national independence, but for universal human liberty. Their supporters abroad understood and shared their idea.

"I have sworn upon the altar of Almighty God," Jefferson wrote elsewhere, "eternal hostility against every form of tyranny over the mind of Man." It is difficult to conceive of words less circumscribed, more sweeping or universal, than these.

The scandal of chattel slavery in early America, under which a slave was defined as not a person, but one-fifth of a person, dims but does not erase the glory of the Founders' conception of human rights. When the institution of slavery was finally abolished, it was abolished in large part because people of conscience considered slavery inconsistent with the Founders' conception of human rights as universal and inalienable. The ideals of liberty and equality were betrayed for a time, but in the end they were a decisive force for change.

Almost a century after our Founding, when Lincoln spoke of "government of the people, by the people, for the people," he, too, spoke of it in global and universal terms. He was concerned that democratic government "should not perish from the earth"—not just that it should survive in America.

Similarly, when Franklin Roosevelt enunciated his famous Four Freedoms during World War II, he did so in terms that made clear their relevance to the world. And John F. Kennedy's inaugural address explicitly embraced an American mission to "ensure the survival and success of liberty."

Cynics may quibble. But I would argue that this concept of human rights as universal, which has given our nation over the years a distinct sense of mission in the world, has been for the most part a positive force. It may have its dark underside of clumsy naivete and self-righteousness: Witness Vietnam and the Spanish-American war. But this sense of mission, based on a conception of universal human rights, also has an overriding, constructive, even noble, aspect: witness Point Four and the Marshall Plan.

So the idea of human rights as globally relevant is a theme in our history. It is also a feature of international instruments we have helped to shape over the years. The Universal Declaration of Human Rights, The United Nations, the Human Rights Commission of the Organization of American States—all these are legal instrumentalities to which we have been bound for at least a generation.

Finally, we Americans are bound to international support for human rights by our own laws: by Acts of Congress, not whims of this or that administration. These human rights laws commit us to support for the nurturing of democracy abroad; they articulate our commitment to respect and support international standards of human rights, and they require that in our own aid and trade policies, we actively discourage human rights violations committed in other nations.

Section 502(b) of the Foreign Assistance Act of 1961, as amended, for example, directly links United States arms aid decisions to human rights. The human rights provisions in this law evolved over a period of six years, from 1974 to 1980. Its history clearly demonstrates that a primary purpose of its passage was to discourage United States association with torture or repression by foreign governments.

Another statute, Section 701 of the International Financial Institutions Act of 1977, mandates that human rights must be an important criterion in our votes on multilateral loans which do not serve the basic human needs of a country. The law is explicit: The United States government, in connection with its voice and vote in the multilateral banks, shall—in the words of the law—"advance the cause of human rights . . . by seeking to channel assistance toward countries other than those whose governments engage in a consistent pattern of gross violations of internationally recognized human rights . . ."

It was largely on the basis of such laws, and not on the basis of transient political whim, that the Carter Administration institutionalized human rights as a major element of our foreign policy. It was in compliance with these laws that the Bureau of Human Rights and Humanitarian Affairs was established. It was in obedience to these laws that every American ambassador was instructed to report regularly on human rights conditions in the country to which he or she was posted. These laws gave rise to the State Department's annual country reports on human rights. And these laws made it inevitable that human rights would be placed squarely on the diplomatic table between the United States and other countries.

So let us lay to rest the notion that support for human rights is somehow temporary or optional. It is not. It is firmly justified by history and diplomatic practice; it is required by law. We may argue whether the laws are wise. We may argue whether they should remain upon the statute books. But surely no one—and surely no conservative—will argue that the laws should be ignored or disobeyed. Support for human rights is not a garment to be donned or shed at will; it is skin: something we must live within.

III.

Another misconception is equally pernicious. It is the notion that support for human rights, as an element of U.S. foreign policy, is a sort of moralistic luxury, unrelated to the pursuit of our basic national interests; that it is a side issue, justifiable mainly on the idealistic or sentimental grounds, but not justifiable in terms of our national interests.

Those who fall victim to this misconception tend to feel that support for human rights is somehow "soft," rather than tough-minded, pragmatic and muscular. Indeed, the idea seems to have emerged that virtually any visible expression of support for human rights is dangerous to our interests: that it threatens to weaken our position in the world and to destabilize friendly governments.

I disagree. And I want to suggest, very briefly, several reasons why a policy of visible support for human rights—carefully pursued—is important to our national interest and security.

In 1977, Secretary of State Cyrus Vance set forth a careful definition of what our government meant by fundamental human rights. He divided those rights into three categories, which I will paraphrase as follows:

First, the right to be free from violations of the human person—torture, arbitrary arrest or imprisonment, summary execution and denial of due process;

Second, the right to fulfill vital economic needs such as food, shelter, education, and health care; and

Third, civil and political rights—freedom of thought, expression, assembly, travel, and participation in politics.

Such basic rights, as the American philosopher Henry Shue has reminded us, constitute "the moral minimum . . . the lower limits on tolerable human conduct." To define these rights describes, as Henry Shue reminds us, only the point at which "decent life starts."

I would argue that for our Nation to uphold this moral minimum in our foreign policy is not sentimental: it is essential.

I would argue, first, that a policy of visible support for human rights, consistently applied, serves our long-term interest in peace and stability.

There is, perhaps, a natural temptation to equate stability with the status quo. Yet experience has demonstrated that the opposite is often true. The heavy silence of repression may appear to be "stability"—but it is too often the ominous calm before a violent, revolutionary storm. In such storms of violence, American interests have often been damaged—and targets of opportunity created for the Soviet Union or other forces hostile to the United States.

I am convinced that by alleviating the sources of tension and discord before they erupt into violence, nations can help build real stability. And I am convinced that the United States, by encouraging this process, can help prevent damage to its long-term interests and can help remove the inviting target that social unrest presents for intervention by our foreign adversaries.

There are several cases I could cite as illustrations, but I need mention only one: Zimbabwe. There, a process of negotiation and a free election—which the United States unswervingly supported—ended a violent civil war, gave new credibility to U.S. policy in Africa, and frustrated the hope of the Soviet Union to exploit racial violence to its own ends.

Certainly we should recognize that American support for democratic change in other countries is complex and risky. The dangers of destabilizing friendly governments are real ones, and we must never forget that mere good intentions do not constitute a foreign policy. But the alternatives can be equally risky for our security interests. Certainly we should be aware of the pitfalls of equating change with progress. But to equate the status quo with "stability" can be equally fraught with pitfalls.

Second, I am convinced that the United States will be more secure in a world where more governments respect the rights of their people.

I would argue that countries which respect human rights make stronger allies and better friends. Our allies in Western Europe, Japan, and some Latin American countries underscore this point. Because they strive to respect human rights, they have an inner strength and resilience that helps them stand with us against the challenges we face together. And to the extent that our other friends in the world commit themselves seriously to human rights, I believe they will gain the same kind of inner strength: strength which enhances their security and ours.

We should face squarely the fact that not all our friends and allies can meet our standards of democratic practice: that it will never be easy to combine our security assistance with human rights persuasion. But we should not abandon our efforts to combine the two.

Consider our dealings with Allies like South Korea and the Philippines, for example: nations whose friendship is important to our security, but whose governments fall far short on human rights issues. Such cases present some of the most difficult dilemmas in the practical application of a human rights policy. I believe we can amply justify our security assistance to such countries on the ground that it supports a basic human right: the right of their people to live in safety from external attack. But we must never fail to urge such governments to undertake internal reforms that will improve life for their people. For if we fail to encourage those reforms, our security assistance will look cynical at best. And it may ultimately prove not enough to defend those societies, for the ultimate security is the security that comes from within.

Third, I am convinced that our support for human rights can enhance the influence of the United States in important world arenas.

In essence, support for human rights can give us a way of emphasizing what we are for, not simply what we oppose. It can give us a way of taking the ideological initiative, instead of merely reacting. It gives us a rubric under which to organize our support for due process, economic progress and democratic principles.

I can attest, for example, from my own conversations with the President of Nigeria, that our visible support for human rights in Zimbabwe and southern Africa improved our standing on that continent.

Fourth, I am convinced that visible devotion to human rights can underscore the dramatic differences—differences of philosophy and behavior—between us and the Soviet Union.

We should uphold human rights fundamentally because to do so is right: Because to do so is consistent with our own ideals. But it is inescapable that human rights and closed societies are incompatible. The contrast between our system and the closed societies of our adversaries should be dramatically visible. The Soviets have always disliked and feared our emphasis on human rights, because they know what a powerful attraction freedom has for millions of people everywhere on Earth. The Soviets do not like to be reminded of all the provisions of the Helsinki Accords.

In the competition between the Soviet Union and ourselves, we stand to benefit enormously from the comparison between our values and political methods and theirs. We should not deny ourselves that benefit.

To argue these points, let me emphasize, is not to argue that every human rights decision of the last Administration was perfect. The lessons we learned about human rights in the last few years were hard ones, and it will do no good to pretend otherwise. We learned, for example—if there was ever any doubt—that it is easier to help individuals than to reform whole social systems. We learned that the most effective moment to apply human rights persuasion is not when a government is in danger of imminent collapse. We learned that the cumbersome machinery of economic assistance is at best an imperfect instrument of persuasion.

But some of the lessons of the last few years were hopeful ones and should not be forgotten. There were important achievements. In large part because the United States used its influence positively.

A threat to free elections was averted in the Dominican Republic;

36,000 political detainees were released in Indonesia;

The Korean opposition Leader Kim dae Jung was saved from execution;

The number of "disappearances" in Argentina was reduced sharply;

Opposition figures in the Philippines were permitted exile instead of harsher fates.

My argument is not that past policies were an unmixed success; it is simply that our national interest, as well as our national conscience, requires America to take a positive stand on human rights; we cannot duck the issue. In my judgment, it will prove neither wise nor possible to pretend that we can do without an affirmative policy on human rights.

IV.

Yet the evidence so far suggests that our current Administration is attempting to do just that. And in this process, it is allowing the impression to arise that the United States is not serious about human rights, except perhaps within the Soviet orbit of influence—and thereby giving the "green light" to those who would like to torture and suppress without publicity or penalty.

There is, first of all, the administration's continuing failure to name a replacement after the withdrawal of Mr. Ernest Lefever from consideration for the post of Assistant Secretary for Human Rights. To cite budgetary reasons for leaving the post vacant is hardly convincing.

And there are other signs as well, some of them more troubling than mere inaction:

The Administration, for example, has lifted Export-Import Bank restrictions on Chile, and reversed our long-standing practice of opposing Chile's human rights violations at the United Nations Human Rights Commission in Geneva. What an embarrassment when we voted with the Soviet Union, rather than the democratic countries of Latin America and western Europe, against continuing the mandate of the working group on Argentinian disappearances!

The legal requirements of the International Financial Institutions Act have been strained, if not violated, by United States votes for loans to Argentina, Chile, Paraguay and other nations with serious human rights deficiencies.

The Administration has announced that human rights will not play a significant role in discussions on arms sales, a position which violates the spirit, if not the letter, of the Foreign Assistance Act. And in fact, it appears that the Administration, reaching decisions on arms sales to Salvadoran and Guatemalan military governments, has given little or no thought to human rights considerations.

The Administration has diluted our government's formerly strong support for the Human Rights Commission of the Organization of American States, which for years has been an effective factfinding and investigative body in the field of human rights.

And in a decision that can only be described as bizarre for a conservative government bent on showing toughness to the Soviet Union, the Administration lifted the grain embargo against the Russians—while the Soviets continue to occupy Afghanistan. What is being done, practically speaking, to get the Soviet boot off the body politic of Afghanistan? Are we more interested in tying down the "bear" in southwest Asia—than in freeing human beings from foreign aggressors?

To this list of unfortunate substantive gestures, we must add some disturbing symbolic ones: public acts and statements by Administration figures who seem almost embarrassed by the idea of support for human rights.

Last April 30, President Reagan, while addressing a "Day of Remembrance" of the Holocaust, seemed to affirm the fundamental nature of human rights. ". . . (E)ven at the negotiating table," he said, "it shall never be forgotten for a moment that wherever it is taking place in the world, the persecution of people for whatever reason—persecution of people for their religious beliefs— . . . is a matter to be on that negotiating table or the United States does not belong at that table."

But then a White House spokesman felt it necessary to assure the New York Times that Mr. Reagan "had not meant to alter his policy of playing down the rights issue in foreign relations."

On June 30, the Vice President attended Philippine President Ferdinand Marcos's inauguration and said, in a luncheon toast, "We love your adherence to democratic principle and to the democratic processes . . ." His words seemed—and still seem—oddly effusive for a President who has jailed and exiled his political opponents.

Late last month the Assistant Secretary of State for African Affairs, Mr. Chester Crocker, told a convention audience that "it is not our task to choose between black and white" in South Africa, where blacks and their sympathizers are denied fundamental rights. Is there any doubt that this administration is sending signals to South Africa—and to the rest of Africa—both in our foreign policy postures and in the domestic policies emerging from the Justice Department? We must not retrogress into endorsing racism.

And recently our United Nations Ambassador during a visit to Chile, called for normalizing relations between our two countries in spite of "outstanding questions" between us. One of those outstanding issues, of course, is the murder of Orlando Letelier, a former Chilean diplomat, by Chilean operatives on the streets of Washington; Chile has so far refused to cooperate in bringing them to justice. Two days after our Ambassador departed Chile, that country exiled four human rights advocates—without protest from Washington. On that same trip, she even criticized the democratic government of Costa Rica—for not having an army!

Last year Mrs. Kirkpatrick, writing in Commentary, drew a distinction between authoritarian governments and totalitarian regimes. In authoritarian governments, she suggested—which are often our allies—there is at least the possibility of evolution toward greater freedom; under totalitarian regimes, repression is suffocatingly complete; it extends to every realm of life. Her distinction, it seems to me, is potentially useful—if in fact we are working to bring about the evolution toward freedom of which she writes; if we are willing to use our powers of persuasion; if we vigorously encourage our authoritarian allies to move toward expanded liberty for their people. What a tragedy it would be, however, if her distinction between the authoritarian and the totalitarian turned out to be simply a rationalization: an excuse for letting repressive allies off the hook.

The Administration has suggested—and has assured the Congress—that it will practice a quiet diplomacy in support of human

rights. But quiet diplomacy will count for little if it is undercut by public acts and statements to the contrary.

Quiet diplomacy can be effective. But to be so, it must be true and firm; it must be vigorous and unambiguous. And it must, at every step, be backed by the possibility of public gestures. After almost a year in office, this Administration has not simply shifted to a strong but quiet diplomacy or human rights; it has, instead, allowed an impression to arise that it will not be concerned with human rights in our dealings with our friends and allies.

This is a misfortune. It is a misfortune not just because it demoralizes people abroad who look to us for leadership in the field of human rights. It is a misfortune because a human rights policy that looks only in one direction—toward the violations of our adversaries—will have zero credibility in the world. And it is a misfortune because our diplomacy, in the end, cannot succeed unless it advances a decent vision of human life: unless it raises "a standard to which the wise and honest may repair."

V.

This issue of human rights, in the end, should not be a liberal issue or a conservative issue, nor even an exclusively American issue. It is a human issue which challenges and tests us all. On the issue of human freedom, liberals and conservatives, supporters of Jacobo Timerman and Alexandr Solzhenitsyn, should be able to find common ground.

Those conservatives who have taken up the cause of Soviet Jewry and the Soviet dissidents, who have publicized the heroism of the Helsinki Watch Group, have understood this—and they have built a record of support for human rights. Their record suggests that liberals and conservatives can find some common ground on the issue of human rights. I would suggest that we might agree on a few first principles:

That the United States has a legitimate interest in promoting human rights;

That the United States should take an active official stand against practices which outrage human dignity, from torture to "internal exile"; and

That the ultimate purpose of our foreign policy must be not only to ensure our physical survival, but to establish democratic institutions.

Let those conservative champions of human rights come forward now. Let them suggest, to their President and their Secretary of State, that it is not too late for this Administration to fashion an affirmative policy of support for human rights: a policy that underscores, for example, the power of democratic capitalism as a force for freedom and diversity.

It is not too late, less than a year into a new Administration, to begin that effort. And a great deal is at stake. The tide that is running in the world on behalf of freedom—in Africa and Chile as well as in Poland—should not be ignored or resisted by the first nation born in the name of human rights.

What is at stake? Not only our moral credentials, but our national security as well. For if America and her allies are ever to be safe in the world, not only our armies but our values must be strong—and visible for all the world to see. So on this issue, I say, America, "to thine own self be true."●

DEPARTMENT OF DEFENSE PROCUREMENT PRACTICES

● Mr. ROTH. Mr. President, on Sunday the Washington Post ran an excellent story concerning the cost problems which have haunted the procurement of the Trident submarine. It is a thought-provoking, well-researched article which reveals, in great detail, some of the serious problems which plague the development and purchasing of major weapons systems in DOD.

While the article was a penetrating analysis, it is sad to note that little it revealed is new to the business of buying weapons. Inadequate cost estimates, inappropriate contracting procedures, excessive development and production lead times and expansion in the sophistication of weapons procurements, as revealed in the Post article, are not unique to the Trident program. Unfortunately, history repeats itself over and over again in many DOD procurement programs and the broken record of excessive costs in DOD has long since worn down the patience of the taxpaying public.

Mr. President, I do not dispute the need to enhance our defensive capability. However, because of inefficient DOD practices, more money seems to be buying less protection for our Nation.

My Committee on Governmental Affairs will, in late October, be holding hearings on ways to improve DOD's management of its procurement practices. I am hopeful we can, through those hearings, identify and add our committee's support to effective methods of improving the procurement process. Examples of apparent DOD mismanagement, as in the case of Trident, dilute public support for Defense programs and make it more difficult to do the job that needs doing.

Mr. President, I ask that the article entitled "Depth Charge," written by Morton Mintz, be printed at this point in the RECORD.

The article follows:

[From the Washington Post, Oct. 4, 1981]

DEPTH CHARGE

(By Morton Mintz)

In 1973 and 1974 a bitter dispute raged behind the scenes in the Pentagon over a stupefying technical subject: the terms of a contract.

The contract was for the first Trident, a new submarine almost as long as two-football fields. The Navy is buying eight, is authorized to buy a ninth, and has a wish list for 15, possibly even 29.

Each would lurk in the oceans with probably 168 or 336 thermonuclear warheads, just one of them able to take out a city or, if the desired accuracy is achieved, a hardened missile silo with a blast four or five times greater than the one that leveled Hiroshima.

The contract dispute was fundamentally over the cost of the first hull. One faction saw no way to predict the cost, and wanted the contract to be open-ended to reflect this candidly.

The other faction was bent on sustaining the impression that the cost could be nailed down in advance, in just the amount, it happened, that Congress already had budgeted.

The second faction won. Its victory contributed to one of the largest overall cost overruns in Defense Department history.

The Navy, in 1972, was roughly figuring the cost of a Trident including its interim missiles at $1.35 billion. By 1977 the Navy, still lacking detailed estimates and constantly changing its definition of unit costs, acknowledged an increase of $650 million per ship, and the General Accounting Office rated even that calculation too low.

Last year the Carter administration figured $2.4 billion, a number omitting the missiles and some other costly items. Now the Reagan administration, computing costs the same way but claiming more optimism about inflation, says $2 billion.

How did this happen? This is an account of how politics on Capitol Hill and in the Navy, log-rolling at the White House and the Pentagon, massaged a new concept, envisioned as "rather austere," into an awesomely expensive weapons system, a submarine that dwarfed it original prospectus in size and complexity and, above all, cost.

What happened? The evidence, including many Pentagon documents never revealed previously, shows that the Navy rushed to Congress for construction funds before its designs were ready, even before it was fully certain what the Trident should be like.

Then the Navy signed an ingenious rubber contract with the shipbuilder that would appease the congressional worries about costs but at the same time assure the contractor that the real price tag would be much higher.

This happened too; once the Trident construction was launched, Congress looked the other way, even though procurement experts warned repeatedly that the contract cost figures were a sham. Today, many years later, those experts have been proved correct.

The Navy, meanwhile, is continuing to obscure the true cost of the Trident. It is possible, unless Congress develops more zeal in the matter, that the American taxpayers won't know what these formidable boats have actually cost until 1986, long after many Tridents are cruising the seas with their thermonuclear warheads.

Sometime in the coming weeks at the Groton, Conn., yard of the Electric Boat Division of General Dynamics Corp., the first completed Trident, the *Ohio*, is expected to be delivered to the Navy. This will be almost four years after the first delivery date given to Congress, when speedy production was a winning argument on Capitol Hill.

Neither Congress nor the administration takes much interest in questions about Trident program mistakes these days. But the lessons may be relevant, as the government busies itself with plans for awesome new weapons, new concepts and new contracts that will stretch out over the coming decade, consuming hundreds of billions of dollars.

ALWAYS A NEXT STEP

Expensive ideas have complicated histories. The Navy first began to build nuclear-powered submarines in the 1950s, then to convert some of them into underwater launching pads for ballistic missiles.

It eventually built 41 of these Polaris and Poseidon missile-launching subs. Together they had the theoretical capability to fire more than 5,300 thermonuclear warheads up to 2,500 miles, enough to reach any point in the Soviet Union from somewhere in the seas. Jimmy Carter observed in 1979 that just one Poseidon boat had the ability to "destroy every large- and medium-sized city in the Soviet Union."

But weapons systems grow old and become outdated like everyone else—two Polaris subs already have been taken out of service—and there is always a next step in weaponry.

In 1966 the Defense Department set up a panel of experts, called Strat X for Strategic Experimental, to assess more than 100 ideas for increasing U.S. ability to fire nuclear missiles into the Soviet Union if the Soviets were to develop an effective antiballistic-missile system.

Then, as now, a critical question was how to base whatever missiles were to be employed. One alternative the Strat X group finally endorsed was an underwater basing system: a new submarine to lurk in the depths.

Rear Adm. George H. Miller, retired head of the Navy's strategic systems office, who was the Navy's representative on Strat X, says that as first envisioned the ship was to be "rather austere," in part because it would

not have to go very fast and consequently wouldn't need a very large nuclear power plant.

The towering figure in all Navy nuclear matters is the powerful and cantankerous admiral known as the father of the nuclear Navy, Hyman G. Rickover, 81. Importantly, Congress looks on him as a guru in nuclear naval matters.

He wanted a huge reactor, with 60,000 horsepower, arguing on Capitol Hill that it would give Trident the high speeds it needed to escape if detected. Critics warned, however, that the noise accompanying such speeds would make the boat easy to detect and destroy. Rickover, as is his policy, declined to be interviewed for this article.

A larger reactor meant a larger and costlier sub, and less money for other new ships the Navy wanted. "It was a very close choice," retired Adm. Elmo P. Zumwalt, who was the chief of naval operations, recalled in an interview. "The overriding thing was that you couldn't get Adm. Rickover's support without going along with the requirement for the reactor he wanted."

And why was Rickover's support so important?

"Because you couldn't get congressional support without it," Zumwalt said. "It was clear that we badly needed to get the Trident missile to sea. The only way we could do it was to buy Adm. Rickover's reactors. We had to do it. I considered the Russians a bigger problem than Rickover."

But Rickover was not the only one who had to be accommodated. Other strategists were concerned less with the size of the reactor than with the reach, and therefore the size, of the ultimate Trident 2 missile. It will weigh 63 tons and be 42 feet long and 7 feet in girth. "The missile sized the submarine," said retired Adm. Isaac C. Kidd Jr., former chief of the Navy Material Command.

In any case, the Trident came out about half the size of a World War II battleship. Its diameter is 42 feet. The length of a standard city bus is 40 feet. It is 560 feet long and displaces 18,750 tons. The Strat X sub was to be about 100 feet shorter, was to displace about 8,000 tons, and might have had external missile tubes.

Another decision was to carry 24 missiles inside each Trident, eight more than on a Poseidon boat. Why 24? Miller, the Strat X expert, said the decision was "arbitrarily made, just to make the expensive sub look more cost-effective."

According to new Pentagon timetables the Trident 2 will begin to be deployed much behind schedule, in 1989. It will replace the interim Trident 1, which is basically a Poseidon missile souped up with a third-stage rocket to extend its reach to 4,000 miles. The Strat X panel had urged a brand new 6,000-mile missile, and contractors would have competed to build it. A 6,000-mile range is also the goal for Trident 2.

Then-defense secretary Melvin R. Laird and his deputy, David Packard, opted in 1971 for a transition with Trident 1, a missile that could be built only by the then-financially troubled Lockheed Corp., the Navy's exclusive missile supplier. The decision was tantamount to a huge noncompetitive award to Lockheed, which is now also the contractor Trident 2.

HURRY, HURRY, HURRY

Laird decided in December, 1971, to try to accelerate the Trident program. He approved a request to Congress for $900 million, partly for research and development, but also partly to start production.

The production request was made even though the Navy was nowhere close to a final Trident design. This was too much even for the usually supportive Senate Armed Services Committee, which rejected the $900 million item in an initial vote in April, 1972.

But even as the committee was voting, a wholly new and unrelated factor was coming into play. It was SALT, the strategic arms limitation treaty with the Soviet Union that Richard M. Nixon signed in May, 1972. To sell SALT in the Senate, Nixon wanted the support of the Joint Chiefs of Staff.

In return for their support, the chiefs wanted more arms commitments. What happened next was reported in an article written in 1975 by John Steinbrunner, a Brookings Institution military affairs expert, and Barry Carter, who worked on SALT as a National Security Council analyst under Henry A. Kissinger.

Adm. Thomas H. Moorer, then chairman of the joint chiefs, "made approval of strategic funding requests, including that for the accelerated Trident program," a condition for his support of the SALT agreements, Steinbrunner and Carter wrote.

The administration fulfilled its part of the bargain by redoubling its efforts, asking Congress for $908 million in fiscal 1973 to speed up the Trident program. Appropriate that much, it told Congress, and the first ship can be at sea by 1978.

There was still resistance. Led by Sen. Lloyd Bentsen (D-Tex.), many senators protested that the administration had made no "clear and compelling" case for freezing the design, let alone for starting production in what they portrayed as a violation of Packard's much-touted "fly-before-you-buy" policy. The record showed that concurrent development and production all but guarantees a cost overrun of about 25 percent, they warned.

And, they wondered, why the hurry for Trident when the probably invulnerable Polaris and Poseidon boats would be on station for 20 years to come? (A year later, the Pentagon would admit that not until the early 1980s would the Soviets acquire the capacity to threaten the Polaris/Poseidon deterrent. Even today, there is no evidence that the Soviets can detect and track those boats.)

They also were angered by the Pentagon's coziness about key data, such as whether the number of missile tubes was frozen at 24. At a supremely opportune moment, the Navy assured Sen. Henry M. Jackson (D-Wash.), a Rickover ally, that the number of tubes could be reduced as late as the fall of 1973.

Subsequently, the Navy made a surprise announcement: it would build a $750 million, job-creating Trident base in Jackson's Washington state, not as most everyone had been led to believe, on the Atlantic Coast.

On the Senate floor in 1972 Bentsen tried to knock out the production money, leaving only R&D funds of $400 million. He lost, 47 to 39.

The next year, the administration was back with a request for $1.5 billion more for Trident for fiscal 1974. Again there was a promise of a Trident at sea in 1978. Again there was high-powered lobbying, with leading roles being played by then-defense secretary James R. Schlesinger and Rickover and Zumwalt.

And again there was resistance. Pleading for a 1980 delivery date, then-senator Thomas J. McIntyre (D-N.H.) led a fight to cut the outlay to $642 million. He, too, was defeated, 49 to 47, in September, 1973. Congress had voted to proceed with the giant new submarine, full speed ahead, while the Navy rushed to complete the design.

WHICH COST METHOD?

There are two basic kinds of shipbuilding contracts: fixed-price and the cost-plus-incentive fee which gears the amount of a builder's profit to his success in holding costs down.

It is basic Navy policy to use "cost type" for ships that are the first of a kind. Cost type is regarded as fairer to builders and more realistic, in that new ships almost always turn out to be more complicated and costlier to build than had been expected.

In the case of the first Trident, however, there developed what retired Rear Adm. Kenneth L. Woodfin, then deputy chief for contracts in the Navy Sea Systems Command, remembers as "great pressure" to use "fixed price."

This pressure came partly from Capitol Hill, where skeptical senators had been assured that Tridents could be built relatively swiftly, and for a very specific amount, $1.35 billion each.

It also came from within the Navy, where there were fears that Trident would drain off too large a share of the total construction budget, and where fixed-price contracts were powerfully urged by the redoubtable Rickover.

All though the lengthy contract negotiations period admirals wrote memos reminding each other that a cost-type procurement would be right for the *Ohio*. At one point, Adm. Kidd, nominally Rickover's superior officer, wrote that his "convictions were reaffirmed that a cost-type contract is the responsible and proper instrument to build a first-of-class ship. The lead Trident is no exception."

Rickover, however, is known to have argued internally that Trident was not really different from predecessor submarines, just larger, that it was "bread-and-butter shipbuilding," and that a fixed-price contract was a necessary discipline on the construction process.

And when the Navy, in May, 1973, asked two shipyards to submit bids to build the *Ohio*, it was on a fixed-price basis.

One of the shipbuilders, Newport News Shipbuilding and Drydock Co of Virginia., refused. Instead, it offered to build the *Ohio* on a cost basis with delivery in May, 1981, more than three years after the delivery date the Navy had dangled temptingly before Congress.

Newport News Shipbuilding could afford to be this assertive in its response to the Navy: it is the only builder of nuclear-powered surface warships and submarines, as well as of conventional merchant ships, and so it did not need the business that badly.

By contrast, the other shipbuilder, Electric Boat in Groton, builds only submarines. It is a company with one customer: the Navy.

At the outset, notably, even weaker Electric Boat refused to undertake the *Ohio* on a fixed-price basis. In a letter to the Navy in November, 1973, the company said there were too many "inherent cost uncertainties" to justify a fixed-price commitment.

Its plea was unavailing. The Sea Systems Command told Electric Boat to resubmit its proposal in fixed-price form. Company counsel William Gorvine was asked in an interview earlier this year why the Navy was so insistent. "My more-than-belief is that it was Adm. Rickover," he replied.

In the close-order contract negotiations that followed, the Navy and Electric Boat each had rules of thumb for extrapolating costs. Essentially, these derived from standard calculations, the man-hours required to build, say, a piping system, and from experience.

Electric Boat had built its first submarine in 1900 and, at peak production in World War II, produced one every two weeks. The company also had done some of the preliminary research and development work on Trident and a full-size wooden mock-up.

Yet judgments and guesses were unavoidable. For one thing, Gorvine said, the Navy was able to provide few detailed drawings, leaving Electric Boat with "very little information" on which to base cost estimates.

Also, the company would rely on two new and untested major production resources: a $150 million land-level submarine construction facility, the world's first, and a "revolutionary" plant at Quonset, R.I., for auto-

mated prefabrication of 42-foot-diameter hull sections.

Predictably, the company and the Navy each came to the negotiating table with estimates favoring its own side. In March 1974, the direct costs of materials were figured by the company at $64.6 million and by the Navy at $53.3 million; of manufacturing labor, $98.6 million as against $68.7 million, and of overhead, $74.4 million against $53.2 million. The company total for hull construction was $308.9 million, including a 14.2 percent profit.

It was striking that the Navy total, $244.7 million, coincided with the amount budgeted by the Sea Systems Command. Just such practices in the Pentagon had riled Jerome H. Stolarow, once the General Accounting Office's senior procurement analyst.

"I think the planning estimates are not honest," he told a House Government Operations subcommittee in 1979. The subcommittee found that, over the 1970s, every major weapons system had come in over the planning estimate, and the average final cost had turned out to be more than double the initial figure.

In the Trident case, there were similar internal objections, voiced at the time. One came from Navy financial specialist P. W. Peterson.

"A more realistic target price," one allowing adquately for expected additional costs of $34.9 million and for a profit of $31.1 million, was $310.7 million, he wrote in an internal paper when the Navy was shooting at $244.7 million. The lead ship, he said bluntly, was $66 million short of being "fully funded."

The negotiations bogged down. Kidd then revealed his worries about the basic course the Navy was steering, writing a March 18, 1974, memo "about the probability of (1) budget figures driving the pricing of the ship contract, (2) budget figures dictating the use of an inappropriate type of contract and (3) an unreasonable delivery date: December 1977."

Kidd sent the memo to Robert C. Gooding, the vice admiral (three stars) who headed the Sea Systems Command in which Rickover (four stars) was, on the organization chart, a subordinate.

A decision was finally made to go back to the bargaining table for another 60 days. Those 60 days produced a contract, a marvelously inventive rubber document that both was and was not for the fixed price the Navy wanted.

It was, as the now-retired Goodling observed in an interview, a fixed-price contract with "rather liberal provisions." At the top levels of the Pentagon, Rear Adm. Woodfin wrote in a memo, the contract "was epitomized as in reality a 'cost-type with a ceiling.'" He underlined the word "reality."

As noted, this contract was only for the hull, including installation of government-furnished equipment. The administration's current $2 billion estimate includes some of that gear, R&D and a share of the base at Bangor, Wash.

But it excludes a pro-rated share of tens of billions of dollars to be spent for both interim and final missiles, nuclear reactor cores and fuel, a projected East Coast base and support costs over the system's life cycle.

The joker in the Electric Boat contract was that the difference between "target cost" and "ceiling price" was the greatest in Navy history. These were its terms:

It set the "target cost" of the Ohio hull at $253 million; and provided a profit (or "incentive") of an additional $32.4 million. But target plus incentive were not all the Navy would pay. The contract also held out what were called "share lines" to Electric Boat. These were provisions for sharing costs in excess of the target figure.

Of the first $26.6 million in such costs, the Navy promised to pay 95 percent. Electric Boat attorney Gorvine acknowledged in the interview that this was a roundabout way of writing into the contract the target figure "we really believed in," meaning $279.6 million. Yet it left the Navy able to say on Capitol Hill that it was staying within its $253 million authorized budget and cash reserves.

But the contract also contained the further promise that the Navy would pay 85 percent of costs from $279.6 million to $385.4 million, the "ceiling price." This ceiling was 152 percent of the target price. Only beyond that point would the company become fully liable for costs.

Finally, all these arrangements were independent of inflation. The Navy agreed to pay 100 percent of cost overruns attributable to inflation, no matter how late delivery might be, and no matter who would be at fault for late delivery.

In a touch of pure showbiz, the Navy extracted from Electric Boat a penalty-free, non-binding pledge to make its "best efforts" to deliver the Ohio in December, 1977. It did this even though a separate contract set a mid-1978 date for IBM to deliver the command control system, so that an Ohio delivered in December, 1977, would have been inoperable.

There was also a "guarantee" of delivery by April, 1979, but once again no penalty for being late.

The Ohio contract also spoke of work on three more Tridents. At one point Electric Boat had wanted to be guaranteed contracts for these "follow" or "option" vessels. The Navy had balked, because Congress had not funded them. But it did the next best thing: it spelled out how much it would pay Electric Boat if the company did get the contracts.

At the time, reliable cost data even for the Ohio were relatively scanty. Yet the Navy somehow divined precise target costs and ceiling prices for each of the three option subs, boats that had yet to be purchased and that would not be delivered for several years. The putative combined ceiling price for all four hulls was set at $1.2 billion: 147 percent of the combined target costs.

Adm. Kidd, with the candor that is his hallmark, now says, "Obviously, in retrospect, there were a lot of rash promises made, and bad guesses." He had resisted the Ohio contract, then went along.

"In retrospect, I was wrong," he now says. "In retrospect, it's probable, one can never be absolutely sure, that we would have been better off if I had stuck to my guns."

Another memo Kidd wrote at the time suggests under what pressure he, the other flag officers and the Navy generally were.

"Keep in mind," he said, "that the Navy and the United States can only stand to lose if we fail to come up with a reasonable and practicable solution devoid of the guesswork and optimism which has characterized so many of our past shipbuilding contracts."

The Navy's top procurement specialist, however, did not acquiesce in the contract. He is Gordon W. Rule, praised by Kidd as "one of the finest, if not the finest, contracting gentleman I've been privileged to be associated with."

Rule was honored by the Navy with its highest civilian award for distinguished service. A famously outspoken civil servant, now retired, he was then head of the Navy's Procurement Control and Clearance Division, which reviews the business aspects of major contracts before they are let.

Asked to clear the Ohio contract, Rule refused.

It has a "built-in overrun" and was "the most flagrant and unforgiveable example of the Navy knowingly insisting upon the wrong kind of contract," he said in an interview.

Partly because Rule refused to back off, the Navy procurement brass bucked the contract up to then-deputy defense secretary Bill Clements, now the Republican governor of Texas, who asked an aide, Vice Adm. Eli T. Reich, to analyze it.

The award of a lead ship "under other than a cost-type contract appears to run counter to the stated Navy policy," the now-retired officer told Clements in a memo.

But both the contracting officer and the project manager seemed "sanguine that the contract can be brought in successfully under the FPI [fixed-price-incentive] arrangement," he wrote. "We are constrained to agree with them even though we do not share their extreme optimism." He advised Clements personally to seek "a concurrence by the top management" of General Dynamics that it takes "satisfaction" in the contract.

Reich said he believes Clements did this. The company's response could not have been a surprise: it was delighted to get a sole-source, risk-free contract that would keep its threatened shipyard busy for its only customer for years to come and could bring in more than $1 billion in the first, four-boat phase of what could be a 15-boat or even larger program.

The contract was signed July 25, 1974.

AN EPIC EVENT

In the tight world of defense procurement. Rule's refusal to sign off on the Trident contract was an epic event. Word of it quickly seeped out to Rep. Les Aspin (D-Wis.), a member of the House Armed Services Committee and frequent critic of the Pentagon, where he once worked in systems analysis under Robert S. McNamara.

Asin wrote Rep. Charles E. Bennett (D-Fla.), chairman of the Armed Services seapower subcommittee, urging an investigation. He had heard that the contract might be headed for "a classic screw-up," Aspin said.

Bennett's response was unenthusiastic. Like many other senior members of the military committees on Capitol Hill, he does not claim to be a zealous overseer of the armed services. "The main function of Congress is to get whatever national defense is needed," he said. "Oversight is not a major function."

The chairman did not feel that he could ignore Aspin's request entirely, however. So he asked for "input" from Rule and the GAO.

Rule's 19-page response was so blistering that Adm. Kidd forwarded it only with some anguish, saying in a covering letter defending the contract that he felt Rule had "transgressed the bounds of propriety."

Among many other things, Rule said the Navy had simply caved in to what he called the "dictates" of Adm. Rickover in drafting the contract, that as a result the contract carried the label "fixed price"; but that in fact there was "an obvious . . . overrun of target cost built in."

He also said the contract was really for four ships, not one; that its provisions as to three option ships after the first were part of a "quid pro quo" for Electric Boat's acceptance of a fixed-price arrangement, and that its price limitations were meant to guarantee that Newport News shipbuilding would never invest the $50 million needed to get started as a competitor to Electric Boat in the Trident business.

The GAO came to almost the same conclusions. Its heretofore undisclosed draft report, completed in February, 1975, said that, because of "considerable risks" and "uncertainties—in design, in achieving performance goals, in obtaining required material and labor over a long performance period, and in completing expanded facilities," a fixed-price contract "does not seem appropriate" for the Ohio. The word "not" was underlined. "Solely on the basis of the size and complexity of the Trident as compared with other previous submarines, a cost-type contract would have been more appropriate," the report continued.

It also said that:

With only 15 percent of the drawings complete for the Ohio, and with a large share of the cost estimates for materials unsupported by quotations from suppliers, the Navy lacked a "realistic" or "valid" basis for cost projections. Consequently, "We do not know whether the target cost . . . is underestimated or overestimated."

"We do not believe that the Trident contract should be characterized as a competitive procurement."

The commitment to specific prices for the option ships was made "too early."

The experience gained by Electric Boat in building the first four Tridents will leave Newport News unable to compete on price.

The Navy's insistence on delivery of the option ships no later than December 1980, made it unrealistic for Newport News to seek to compete, it having set May 1981, as the earliest delivery date for the lead boat.

On the other hand, although it is "evident" that the contractor will build the three option ships, "we find no evidence that Electric Boat agreed to accept [a fixed-price contract] because the Navy gave it a four-ship contract."

Three GAO officials came to Bennett's office to present him with these findings on Feb. 12, 1975. They were not received in friendly fashion by Bennett and two aides. Flanking them were two admirals and a lieutenant commander who had key roles in pushing the contract through and who had close ties to Rickover. Not invited was Rule.

One participant wrote in a memo at the time that Bennett, becoming more and more agitated as the GAO officials described the contract's faults, accused the congressional watchdog agency of "supplying ammunition to the country's enemies."

In their presence, Bennett then dictated a letter to Elmer B. Staats, then comptroller general and head of the GAO, saying that as drafted the GAO report would "not be helpful to Congress, or to the country, in deciding on the propriety of the contract" but would "only confuse and mislead."

All he really wanted, Bennett wrote, was "a simple, preferably one-sentence opinion as to whether this is the wrong kind of contract."

Perhaps disarmingly, he added: "Do not let any of my opinions as expressed in this letter influence your substantive judgment one way or the other."

Staats responded in a letter in which he first accurately summed up the report, then pulled some of its sharpest teeth by saying, "We do not believe the Navy's choice of a contract was wrong," and by rating its criticisms of the Navy's handling of the contract "minor." GAO critics have complained for years that it tends to find what Congress wants it to find.

A week after he received Staats' letter, Bennett exploited it by issuing a news release with an exultant headline: "GAO Finds Trident Contract Charges Generally Unfounded."

Shortly afterward, Rule, mentioned several times in the news release, became the rare civil servant who excoriates a member of Congress.

In a six-page letter, he accused Bennett of an attempted "cover-up," of a "disservice," of helping "to perpetuate the horrible track record we have in buying ships in recent years," and of an effort to browbeat Staats into providing "a watered-down version [of the GAO staff report] to better suit your purpose."

Rule also called the news release, "misleading and inaccurate," and said it "fails utterly to reflect" the GAO's "fair and factual" and "unlaundered" findings and was an effort to bury them.

Recalling the meeting with the GAO investigators, Rule told Bennett that "You . . . obviously did not like what you heard or perhaps did not understand it." He enclosed a copy of the draft report so "that you may read it someday and learn exactly what the GAO said."

Bennett's response was gentle: "I certainly hold you no ill will; and frankly, I was surprised that your letter to me indicated great sensitivity that I felt had no foundation in anything that I had done or thought." The letter was closed, "with kindest regards."

MEANWHILE, IN 1981

Over the years, long after Congress lost interest, it developed that Rule and the other critics were right. On several occasions, the Trident contract produced public embarrassment for the Navy. One was a November, 1977, news conference called after reports appeared in the press that the Trident was far over budget.

Confirming a $400 8 million overrun on the *Ohio*, the Navy accounted for it with confusing, inconsistent and wrong numbers it kept changing on the spot and later.

In its final breakdown of the $400.8 million, given to the GAO months afterward for an April, 1978, report, the Navy listed overruns of $114.4 million on the Electric Boat contract, $80 million on design changes, $73.2 million on government-furnished gear and $133.2 million for inflation.

Those who had favored a fixed-price contract had argued internally that the Trident was just like any other submarine, no special case. Now the Navy reversed itself in public.

"I'd like to emphasize that this ship is over twice as large as any submarine we've ever built before," Rear Adm. Donald P. Hall, a Trident program director, told the news conference. "The technology is extremely advanced . . . ."

So did Edward A. Hidalgo, secretary of the Navy in the Carter administration. When asked if Trident was a new class of ship, Hidalgo said: "God knows Trident is. Notoriously."

Again this year the Trident contract came to the surface, this time mainly over questions of quality of workmanship and delay. The new sub is not ready, even as the old Polaris subs have to be taken out of the water.

An indignant Navy has left no doubt whom it holds responsible for the gap between promises and performance, Electric Boat, as though the Navy had had no role in the broken promises. "Pure flimflam," says Rule.

And how much is the Navy going to end up paying Electric Boat for the *Ohio*? In 1978 that question was asked at a Senate Armed Services Committee hearing.

The Navy's answer was that it could not say. There was no way of separating out the first Trident from the three follow ships for which Electric Boat had been granted the contracts in due course.

Why was there no way? Because, at Electric Boat's instigation 2½ years earlier, the Navy, telling no one, not even its own contract-clearance shop, had consolidated the contracts into a single group.

"Contractual arrangements are such that target and ceiling are only applicable for each group of ships, not each ship," Vice Adm. C. R. Bryan, then head of Sea Systems, told the committee.

After the Navy failed to respond to repeated Washington Post inquiries about the consolidation and related matters, Rep. Bennett volunteered to relay them directly to Navy Secretary John F. Lehman Jr.

Two months later, prodded also by Freedom of Information Act requests, the Navy did produce some figures. The *Ohio* hull, it said, will exceed its $285.4 million "target price," made up of the target cost and agreed-upon profit, by $100.3 million, or 35 percent, not counting the costs of inflation and late delivery. The first three follow ships also will exceed their combined target prices of $699.4 million by $124.8 million.

These figures came over the signature of acting Navy Secretary Robert J. Murray. "No attempts to conceal 'overruns,'" have been made, he wrote. Inflation aside, he said "there is no projected overrun" on the four hulls.

That meant no overrun of the combined ceiling price, the price that's 147 percent of the combined target cost, the price tag sold to Congress a decade ago.

The Navy has since expanded the first group of ships to seven. Not until all seven are completed, perhaps in 1986, will their final costs "be releasable to the public," the Defense Contract Audit Agency said in response to an inquiry.

If that is so, the taxpayers will not learn the final cost of the Ohio until five years after it is commissioned and 15 years after Congress first ordered an impressive new weapon system called Trident.●

THE EFFECT OF HIGH INTEREST RATES ON THE ECONOMY

● Mr. BOREN. Mr. President, I rise again to speak of high interest rates and their effect on our Nation's economy. Today, I point with some sense of satisfaction, though I will say very slight satisfaction, at the surfacing of statements of members of the administration which seem to indicate they are finally beginning to understand the need for immediate action to relieve the upward pressures on interest rates.

I point to a story on the front page of the Washington Post this past Sunday quoting Treasury Secretary Donald Regan as being concerned that the U.S. economy may be in a recession and that the Federal Reserve Board should begin thinking about loosening its tight money policies.

Mr. President, this is exactly the contention I have been making for many weeks.

Also, in today's edition of the business and financial section of the Post is a story referring to a split that may be emerging over monetary policy within the administration.

All of this seems to indicate that the continuation of high interest rates and the anticipation of little relief in the near future has finally begun to force the administration to action. The latest set of economic data clearly shows our continuing dilemma. Although the prime rate has dropped to 19 percent as of today we must recognize that a year ago the prime interest rate was 13½ percent. The stated reason for the drop in the prime rate today was that the interest rates on new issues of Treasury bills had dropped to 14.6 percent. However, again, we must realize that a year ago, the 91-day T-bill rate was 10.524 percent.

It is certainly true that the economy is on the verge of a recession, if not actually in the early stages of one. Real gross national product growth was at an annual rate of minus 1.6 percent as of the end of the second quarter of 1981. Housing starts are down and bankruptcies to date in 1981 are over 11,000 compared to some 8,000 a year ago. The Consumer Price Index is up over a year ago as is the deficit in our balance of trade. All in all, a less than encouraging picture.

I welcome the administration's recognition of the need for action, and I encourage them to use the powers at their control to turn that recognition into action soon.

Mr. President, I ask unanimous consent that the two articles to which I referred be printed in the RECORD.

The articles follow:

MONETARY POLICY SPLIT EMERGES

(By Caroline Atkinson)

Signs of a split within the Reagan administration emerged yesterday over monetary policy.

A senior budget official said yesterday he does not think money has been too tight, while other administration sources agreed with Treasury Secretary Donald T. Regan's weekend comments that the time is coming for the Federal Reserve to change policy to ensure "a sufficiency of money to enable the economy to recover nicely."

Sources said, however, that the White House did not want to urge the Federal Reserve publicly to ease its policy. White House spokesman Larry Speakes told reporters that the administration was not "retreating" from its support for monetary restraint but that money growth should be "within" the target range. At present one key money measure—M1-B—is growing below the Fed's target range.

However, Budget Director David Stockman pointed out in a breakfast meeting with reporters yesterday that other money measures are growing at the top of their ranges. While M1-B may grow faster in the coming months, for technical reasons, this will be neither "helpful nor a hindrance" to the economy, he said.

Stockman also suggested that interest rates may stay relatively high for some time to come before financial markets are convinced that Congress will enact the administration's policies. "In the interim, there is a possibility that interest rates will fall anyway" as a sluggish economy chokes off private credit demand, he said. He added that such a "temporary" fall "is a cyclical phenomenon that doesn't address the structural" problem of rebuilding financial confidence.

However, the budget director said he would not predict that a fall in rates in coming weeks would be followed by further rises next year if the economy recovers. Many economists believe that this may happen as a result of the very tight money policy combined with a relatively large federal deficit.

Stockman also said that if the budget deficit swells because growth was lower than forecast, which would cut tax revenues, then it would "not be wise" to offset this with more spending cuts or revenue raisers. "If the budget deficit widens due to recession, then that's clearly a cyclical phenomenon" whereas "I'm concerned about the structural" deficit, he told reporters. Most economists would agree that cyclical changes in the deficit generally should not be corrected.

Stockman maintained that he is "confident" that Congress eventually will approve the administration's proposed new spending cuts because all the other options are unpalatable.

Yesterday, however, two liberal House Democrats suggested separately that it is time for a "bipartisan" effort to "remedy the excesses" of the Reagan economic program by rolling back or deferring the scheduled 1982 and 1983 tax cuts.

Rep. Morris K. Udall (D-Ariz.), in a speech at the Women's National Democratic Club, and Rep. Richard Bolling (D-Mo.), in an interview with a group of reporters, both said that the tax package approved by Congress in August spelled mounting deficits, which can best be cured by slowing the scheduled tax cuts or repealing some newly opened "loopholes."

The administration is planning to raise a further $3 billion in tax revenues in a new tax bill for fiscal 1982. Stockman remarked yesterday that he hopes "it's a revenue-raising bill and not a large Christmas tree." He echoed other administration officials, saying that they would not like a repeal or delay of the tax package just enacted.

Stockman also redefined the "truly needy" who are to be protected from budget cuts as the "dependent poor." He said that there "never were any exemptions from spending cuts" and there was no "permanent waiver" of cuts on programs that were spared in the original budget round in February.

But he described the president's campaign promises on Social Security by saying that "current beneficiaries would not have current benefits" changed, and that the president would be "very reluctant" to tamper with the cost-of-living adjustments. A spokesman later emphasized that Social Security cuts were now ruled off limits until early 1983 when the president's suggested commission is supposed to report.

REGAN SAYS FED SHOULD EASE POLICY

(By John M. Berry and Caroline Atkinson)

Treasury Secretary Donald T. Regan, concerned that the U.S. economy may be in a recession, said in an interview with The Washington Post that the Federal Reserve should loosen its tight-money policies.

Regan stressed that he was not calling for an "easy-money" policy. "What I'm saying is that we are coming to a time here where a change has to be made," he said, and Federal Reserve officials "have to be very sensitive . . . as to when is the proper time to change."

"In this flat period, or indeed if it is later determined that this is a recession . . ., the Fed has to go countercyclical rather than pro-cyclical," Regan explained. "What I mean by that is that at times in the past it has seemed that in recessionary periods, at least for a while, the Fed has held on too tightly to the monetary reins. . . .

"What we are trying to do this time, and I know the Fed is as sensitive to this as I am, is to anticipate that and not stay in a low [money] supply mode any longer than is necessary in the downturn."

Regan and other officials were demanding earlier this year that the Fed follow just such a tight-money course to slow inflation. But with interest rates still at levels so high that they are jeopardizing the administration's predicted economic recovery, worried administration economists want the Fed, one way or another, to get interest rates down and boost growth of the money supply.

Regan declined to say exactly how much of a change he wants in Federal Reserve policy, particularly whether he believes the central bank's targets for money growth for 1982 are too low. Federal Reserve officials have told Regan and his administration colleagues that the targets, designed to combat inflation, will not provide enough money to finance the sort of booming recovery the administration wants.

"I'm not going to try to tell the Fed, since I am secretary of the Treasury and they're an independent group, exactly what mechanisms to use in order to do this," Regan said in the interview Friday in a conference room next to his office at the Treasury. But the result, he said, "would be a sufficiency of money to enable the economy to recover nicely from its current flat period."

Regan acknowledged that financial market analysts, already upset by the possibility of very large federal budget deficits for several years to come, might react adversely to an easing of Federal Reserve policy. Rather than falling, interest rates might rise in anticipation of more inflation.

"The Fed's actions could be misinterpreted and that's the danger of their easing too quickly on money, or too much," he said. "We wouldn't want that."

But he said he thought the financial market is beginning to recognize the "flat period" the economy is in, and is becoming more realistic about the possibility that the Fed will have to ease its money policies eventually.

The tight-money policy, along with expectations that inflation will begin to rise again, has kept interest rates unusually high even though the economy has been flat for the last eight months. The shortage and high cost of mortgage money have devastated the homebuilding industry. Many smaller businesses, including a significant number of automobile dealers, are going bankrupt because they cannot afford to borrow at such high rates to finance their inventories. Farmers borrowing against the sale of this year's crops have been hard hit, too.

Officially, the administration has not changed its forecast that the economy, after adjustment for inflation, will grow by 5.2 percent during 1982. And in the interview, Regan maintained that after three flat quarters in a row, including the current three months, "the recovery will start in the first quarter of 1982."

However, that forecast apparently has become conditioned upon a shift in Federal Reserve policy, in Regan's opinion.

But while calling for an easier monetary policy, the Treasury secretary suggested that continuing economic weakness could lead the Reagan administration to propose an even tighter fiscal policy.

Less than two weeks ago, President Reagan proposed an additional $13 billion in spending cuts for 1982 and $3 billion worth of tax increases in an attempt to reduce what would otherwise be an estimated $59 billion federal budget deficit. If a recession caused a large drop in revenues, or a significant increase in spending for unemployment benefits and similar programs, Regan said, more cuts might have to be made.

In addition, some forecasts, based on an expected weak economy, peg federal revenues for 1982 at $15 billion or more below administration estimates. Of such predictions, Regan said, "If we are going to lose that amount, we'd have to take a very close look at other things. But I don't agree with that forecast."

Regan partly disagreed with economists who argue that it is counterproductive for the government to attempt to reduce a budget deficit which is a result of a recession that is lowering personal incomes and corporate profits.●

EPA JOINS THE INTERIOR DEPARTMENT IN OPPOSING THE DICKEY-LINCOLN SCHOOL HYDROELECTRIC PROJECT

● Mr. COHEN. Mr President, 1 week ago, the Department of the Interior informed the Council on Environmental Quality of its strong opposition to the proposed Dickey-Lincoln School Lakes Hydroelectric Project on the St. John River in northern Maine. A second Federal agency, the Environmental Protection Agency (EPA), has now voiced its serious reservations over the unacceptable environmental impacts of the project.

In an October 1, 1981, letter, EPA informed the New England division of the Army Corps of Engineers that:

We find that the Dickey-Lincoln project will result in unacceptable environmental

impacts, that the need for the project has not been fully justified, that practicable and less damaging alternatives are available, and that the project does not comply with Guidelines issued under Section 404(b)(1) of the Clean Water Act.

EPA further concluded that:

Enough information is now available so that no further study of this project is necessary.

For the information of my colleagues, I submit the text of EPA's letter to the Army Corps of Engineers for the RECORD.

The correspondence follows:

U.S. ENVIRONMENTAL PROTECTION AGENCY,
Boston, Mass., October 1, 1981.

C. E. EDGAR III,
Colonel, Corps of Engineers, Commander and Division Engineer, Waltham, Mass.

DEAR COLONEL EDGAR: In accordance with our responsibilities under the National Environmental Policy Act and the Clean Water Act, we are submitting to you our comments on the Final Environmental Impact Statement (EIS) for the proposed Dickey-Lincoln Hydroelectric and Pumped Storage Project, Aroostook County, Maine.

It is our understanding that the Corps plans to submit this EIS to Congress under the provisions of Section 404(r) of the Clean Water Act. Under Section 404(r) a federal construction project specifically authorized by Congress is not subject to regulation under Sections 301, 402, or 404 of the Clean Water Act if a Final EIS is submitted to Congress which contains information on the effects of the project, including consideration of EPA's Guidelines under Section 404(b)(1). As you know, in these cases EPA's responsibilities include not only reviewing and commenting on the EIS as required by NEPA, but also judging: (a) whether the EIS contains the requisite information on the effects of the project, and (b) whether the project is consistent with EPA's Section 404(b)(1) Guidelines.

Over the past four years we have expressed to the Corps our reservations about the unavoidable and unmitigable environmental damage this project would cause to the waters of northern New England, to fish and wildlife resources, and to recreational, aesthetic and economic values. The EIS has been very frank and thorough in its disclosure of these impacts and we compliment you on these aspects of the statement. However, our reservations about the project remain unchanged.

In our review of the Final EIS we have used the Final Section 404(b)(1) Guidelines (FR Dec. 24, 1980). Projects for which Final EIS's are filed after April 1, 1981, are subject to the Final Guidelines. The guiding principles in the Guidelines are that a project must not cause unacceptable degradation of waters of the United States, must not cause or contribute to violations of applicable state water quality standards and must not have practicable alternatives less damaging to the environment.

We have determined that the Dickey-Lincoln project fails to comply with the 404(b)(1) Guidelines. Our reasons are as follows:

The project will permanently destroy through inundation 287 miles of very high quality rivers and streams, 30 lakes and ponds, and 1900± acres of wetlands. These water resources, which are among the highest quality in the northeast, support an excellent naturally maintained brook trout fishery and diverse aquatic plant and animal habitat.

Violations of state water quality standards will occur downstream for a considerable distance for approximately five years during construction and two years during initial operation. The Corps' designation of a 39-mile downstream reach as a "mixing zone" implies that standards violations are acceptable over the entire reach. This is an inappropriate application of the mixing zone concept. The 404 Guidelines define the term "mixing zone" as "a limited volume of water serving as a zone of initial dilution in the immediate vicinity of a discharge point where receiving water may not meet water quality standards or other requirements otherwise applicable to the receiving water. The mixing zone should be considered as a place where wastes and water mix and not as a place where effluents are treated" (Section 230.3). Furthermore, EPA and the State normally restrict mixing zones to less than a few hundred yards in length.

The 88,000 acre impoundments created by the project will be of marginal water quality and will support a fishery of little value. As we have previously documented, information presented in the EIS does not support the Corps' conclusion that the lake fishery would be viable. The U.S. Fish and Wildlife Service, the Federal agency with the most expertise in fishery resources, also disputes the Corps' conclusion.

80,455 acres of land and the timber and wildlife resources it supports (including 36,893 acres of deer yards) will be permanently eliminated through inundation with the resulting loss of 50% of the deer herd in the 684,000 acre St. John region.

The construction and maintenance of 389 miles of transmission lines will degrade the headwaters of hundreds of New England's rivers and streams through erosion, sedimentation, and herbicide runoff.

The project will result in severe economic losses to the timber industry in northern Maine, already stressed by spruce budworm damage, through the taking of hundreds of thousands of acres (128,212 acres to be taken for the impoundments and buffer zone, 112,370 or more acres to be acquired for wildlife mitigation, and more than 180,000 acres to be effectively isolated from U.S. access).

The Dickey-Lincoln project is not the best available alternative, should a clear need to improve New England's peak power generating capacity be determined to exist in the future. Moreover, project alternatives, such as pumped storage and gas turbines, have far less environmental and economic impact than this project and do not require such a massive commitment of land, water and economic resources so far in advance of a determination of the true requirement for peaking power 20 years from now.

As we have stated in earlier comments, state permits have not been applied for, as requested by the State of Maine and as required by Section 404(t) of the Clean Water Act. If this project were to go forward, application for state permits would have to be made. Section 404(t) provides that any federal agency proposing to place fill material in any portion of the waters of the U.S. within the jurisdiction of a state shall comply with any state requirements (both substantive and procedural) controlling the placing of such material to the same extent any person is subject to such requirements. The Corps' position that this Section only applies to maintenance dredging projects is not explained anywhere in the EIS and in our view is unsupported by the language of the statute itself and the legislative history.

We believe a concern of equal importance is whether there is a true need for Dickey-Lincoln and whether less expensive and less damaging alternatives are available. In our past comments we have requested that the Corps obtain a statement from the New England Power Pool (NEPOOL) as to their view of the need, and we note that this statement was not provided in the Final EIS. One would expect that if there were a true need, NEPOOL would have said so. In the absence of their expert opinion, the Corps has performed its own analysis which we believe does not demonstrate that this project is needed.

Based on our ongoing review of the New England and national energy situation, and of the Electric Council of New England's 1980 Statistical Bulletin, we believe the facts show that:

New England can expect to carry a 30 percent or better generating reserve even during peak periods through the predictable future without Dickey-Lincoln. A 20 percent reserve capacity is normally considered to be an adequate factor of safety.

While oil displacement is a key concern, the oil which Dickey-Lincoln would displace, that used for peaking power, is a tiny fraction of New England's oil usage, amounting to less than one half of one percent.

There will be significant power losses from the 386 mile long transmission lines. The New England load center is closer to Washington, D.C. that it is to this project. Nearly 10 percent of the electricity will be lost in transmission to the load center and the same amount would be lost as pumping power is transmitted back to the project. In addition, significant adverse environmental impacts will occur as a result of the transmission project alone.

In conclusion, for the reasons stated above and in our past comments, we find that the Dickey-Lincoln project will result in unacceptable environmental impacts, that the need for the project has not been fully justified, that practicable and less damaging alternatives are available, and that the project does not comply with Guidelines issued under Section 404(b)(1) of the Clean Water Act. We further believe that enough information is now available so that no further study of this project is necessary. Finally, in accordance with the Memorandum to Agency Heads from the Chairman, Council on Environmental Quality (November 17, 1980), we request that you include our 404 finding in your transmittal of the Final EIS to Congress.

Sincerely,

WALLACE E. STICKNEY, P.E.,
Director, Environmental Impact Office.

AUTO THEFT: A COSTLY, GROWING MENACE

● Mr. HUDDLESTON. Mr. President, automobile theft is one of the fastest growing crimes in the country with total monetary loss to the American public estimated at $4 billion per year. What many people think of as a crime committed by teenagers out for a joyride is in reality a crime in which professional auto thieves are taking the American public for a joyride by milking us of tax dollars, forcing higher insurance premiums and raising the price of other consumer goods.

An expert car thief can open and start a car without keys in about 40 seconds. He can either disguise the stolen car with a paint job or other superficial changes, or he can simply get a vehicle identification number—VIN—plate and title from a similar junked car. He switches the plates and can easily sell the vehicle to an unsuspecting buyer either in the same State, or out of State, or overseas.

The fastest growing area of auto theft is the "chop shop" operation where a stolen car is dismantled and the parts resold for far more than the value of the whole car. An efficient chop shop can strip a car in 40 minutes and deliver the parts to a repair shop on a day's notice. This saves the repairer time and money,

yet the full cost of new parts usually is passed on to the consumer bringing in his or her car for repairs. This kind of operation makes it difficult for the legitimate salvage dealer or bodyshop operator to compete.

Profit is just one incentive for entering the auto theft field. The actual chances of being imprisoned for the crime are extremely small. In fact, the Justice Department estimates that only 4 percent of all vehicle thefts result in arrests, much less convictions.

The cost of automobile theft in this country is astronomical. Anyone who buys insurance foots the bill for theft losses because insurance rates reflect the number and dollar value of losses which must be paid from premiums. An insured driver pays part of the cost of a loss through his or her deductible. Today deductibles of $250, $500 and even $1,000 are not unheard of. Moreover, policyholders in higher crime areas pay more than those who live where the theft rate is lower.

This widespread crime cuts into the income of legitimate car dealers, repairment, parts manufacturers and salvage of recyclers. The theft of heavy equipment and large trucks raises the consumer costs for those items. In addition, auto theft profits frequently are siphoned off into other illegal activities such as loan sharking, drug sales and gambling.

As a result, the taxpayer must pick up the tab for police and judicial efforts to curb these crimes and the bill is growing every year.

Almost all insurance companies who write automobile insurance are working on ways to cut theft. Most contribute money and data to support the efforts of the National Automobile Theft Bureau, an organization which employs trained investigators to recover cars stolen from its members. The bureau works closely with local authorities in investigating thefts and has helped expose more than 400 theft rings and prosecute more than 950 ring members.

For the last 5 years, the Kentucky Independent Insurance Agents Association has sponsored an incentive program to encourage police recovery of stolen vehicles. During its first year of operation, State police more than doubled recoveries and tripled arrests.

This kind of program is a good start, but other State and Federal action is needed to cut down on these crimes. My State of Kentucky, considered one of the biggest stolen car dumping grounds in the country because of its lack of a titling law, is working to enact legislation and improve enforcement programs to deal with the problem.

Federal legislation was proposed during the last Congress to help combat auto theft but the measure died with adjournment. Aiming squarely at the "chop shop" operation, the bill would have required permanent, uniform identification on all major car parts. Tampering with those numbers in any way would have been a crime under the bill, as would possession of parts with altered numbers.

The bill also proposed tougher penalties for trafficking in stolen vehicles or parts and would have expanded the Secretary of the Treasury's authority over illegally exported cars and parts.

Legislation on this order is needed to overcome the problems of interstate and international theft. As it is now, thieves can move from one jurisdiction to another as each State toughens up on their activities.

A vehicle is stolen every 29 seconds in this country, and as long as auto theft is ignored, it will continue to grow. The time has come to take the profit out of auto theft and put some serious risk in. Help is needed from legislators, media, insurers and individuals to make a less attractive environment for the thieves who are costing everyone millions of dollars.

I ask that the material from Kentucky's insurance industry to printed in the RECORD.

The material follows:

KENTUCKIANS CALLED ON TO ASSIST IN FIGHT AGAINST AUTO THEFT

FRANKFORT, February 17.—The commander of the Auto Theft Section of the Kentucky State Police today called for a massive effort by all Kentuckians to help stop automobile theft—a "gold mine" for professional thieves.

Lt. Richard McQuown said, "It is time we stop Kentucky from being a 'gold mine' for organized chop shop operators and join together to drive the professional car thieves out of the Commonwealth."

Thieves made off with 10,000 automobiles in Kentucky in 1979, McQuown noted. He said many of the stolen autos ended up in the hands of the 35 to 40 chop shops operating in Kentucky, reaping millions in profit for professional thieves. Chop shops, McQuown explained, strip cars and trucks and then resell the "spare parts."

McQuown added that the value of an automobile's replacement parts—fenders, hoods, side panels etc.—often is three or four times the value of the original automobile, according to a recent insurance study.

"In cases where the vehicles aren't recovered," Lt. McQuown said, "we aren't talking about teenage joy riders. The cars that disappear forever are those taken by professionals who are part of a $4 billion-a-year national car theft business."

McQuown pointed out the cost of these stolen autos is not borne by just out-of-luck motorists. "Stolen autos cost all citizens of the state through higher insurance premiums and tax dollars spent to investigate and prosecute offenders."

There are a number of steps each citizen can take to help in the crackdown on the auto thieves, McQuown said. "Don't leave your keys in the ignition. Lock your car. Take the extra time to mark auto parts with your identifying number or personal insignia," he suggested.

"In fact," McQuown said, "Kentucky's state and local police forces will mark motor vehicle parts for all Kentucky citizens upon request." This effort, the Vehicle Identification Program (VIP), is aimed at deterring professional thieves from selling stolen motor vehicle parts without detection.

McQuown said he and the state's insurance industry are working on a long-term effort to crack down on auto theft. "We will not be able to eliminate or even reduce auto theft overnight," he concluded, "but with all Kentuckians working together, we can have a serious impact."

AUTO THEFT: A COSTLY, GROWING MENACE

Does a discussion of auto theft conjure up visions of teenagers hotwiring someone's convertible and going for a joyride? Do you imagine that when the six-packs are empty and the party's over, the kids will abandon the car, perhaps a bit the worse for wear, where it will easily be found? Do you dismiss auto theft as a boys-will-be-boys caper that merely inconveniences the owner and maybe costs a big insurance company a few dollars from its deep pocket?

If so, you are badly out of touch with reality.

BACKGROUND

Automobile theft has been a problem for as long as there have been autos, but the nature of the crime and the criminals engaged in it have changed dramatically in recent years.

Today, a car is stolen every 29 seconds somewhere in this country. Thieves make off with more than one million vehicles a year, including cars, motorcycles, trucks, farm and other heavy equipment.

No longer confined to the cities, auto theft has become the fastest growing crime in rural America. It is a costly crime as well. The U.S. Department of Justice in 1978 estimated that this criminal activity costs the American public roughly $4 billion a year of which $3 billion goes for insurance losses and $1 billion in criminal justice costs.

While the number of thefts increases annually, the recovery rate is steadily decreasing. Nationally, the recovery rate has dropped from 90 percent in 1960, to 61 percent in 1978. In Kentucky, the recovery rate is significantly lower: only three of every ten stolen vehicles are found despite expanded police efforts to curtail this crime.

These figures mean one thing. Auto theft is no longer dominated by the amateur joyriding teenager. Rather, it is the professional auto thieves who are taking the American public for a joyride, milking them of tax dollars, forcing higher insurance premiums and raising the price of other consumer goods.

Professionals make the cars disappear for good. They disguise or dismantle them for resale here and abroad, and they do so with relative ease, despite the efforts of law enforcement agencies.

EASY

An amateur thief "borrows" a car, uses it and abandons it. A professional thief uses a variety of techniques to make a car vanish permanently.

An expert car thief can open and start a car without keys in about 40 seconds. He may have an order for a specific car type, such as the high-demand prestige vehicles like Mercedes, Cadillacs or Continentals. Or, he may be after a specific part, like a door or a fender. The latest rage is to make off with economy cars.

When he wants the whole car, he can either disguise it with a paint job or other superficial changes, or he can simply get a vehicle identification number (VIN) plate and title from a similar junked car. He switches the plates and can easily sell the vehicle to an unsuspecting buyer either in the same state, out of state or overseas.

If he wants a part, he steals the car and delivers it to a chop shop. There, the car is dismantled and the parts resold for far more than the value of the whole car. This is the fastest growing area of auto theft.

Inflation has driven the price of parts and labor to exhorbitant levels. A study by the Alliance of American Insurers shows that the cost of all parts for a new U.S. compact car is $25,458. $19,440 more than the invoice cost to the dealer of $6,018. Chop shops will supply the replacement parts for as little as one-third the cost of new parts, and they can deliver them quickly.

An efficient chop shop can strip a car in 40 minutes and deliver the parts to a repair shop on a day's notice. This will save a delay in time for the repairer and will save him money too, yet the full cost of new parts usually is passed on to the consumer bringing his car in for repairs.

The parts business is the least risky aspect

of this industry because parts rarely are stamped with the identifying VIN number. As a result, they are impossible to trace once removed from the original vehicle.

During Congressional hearings in 1979, Lt. Richard McQuown of the Kentucky State Police testified that 35 to 40 organized vehicle theft rings are operating in the state and about half of those are choppers. He attributed the rise in the chop shops popularity to the "almost endless" supply of easily stolen vehicles and to the demand for crash replacement parts. Lt. McQuown noted that in Kentucky it would take the average body shop 30 to 45 days to order parts for repairing a 1979 Chevrolet Malibu's damaged front end whereas the chop shops could supply it in a day, or two, making it difficult for the legitimate salvage dealer or body shop operator to compete.

He also noted that people who wish to unload a gas guzzler or defective car can turn the vehicle over to a chopper and report it stolen to their insurance companies.

The chop shops are the most lucrative side of the underworld "industry" but even shops that specialize in giving stolen vehicles new identities—the re-taggers—make handsome profits tax free. At the same hearings, a convicted re-tagger told the Senate Permanent Investigations Subcommittee that he made between $150,000 and $200,000 a year.

LOW RISK

Profit is just one incentive for entering the auto theft field. The other big plus is the fact that chances of actually being imprisoned for the crime are small. In fact, the U.S. Justice Department estimates that only four percent of all vehicle thefts result in arrests, much less conviction.

Lt. McQuown described cases to the Subcommittee where arrests and prosecution hung on such thin evidence as a hair in a vehicle's paint, bird droppings on the roof of a pickup, and cat tracks on the hood. Without VIN numbers or other uniform types of identification it is almost impossible to identify stolen goods, even if all the signs point that way.

COST

Insurance claimants, and the public in general, should not be apathetic. Claims costs are but one aspect of the price auto theft imposes on consumers.

Anyone who buys insurance foots the bill for theft losses. Insurance rates reflect the number and dollar value of losses which must be paid from premiums. The more often cars are stolen and the more they are worth on today's market, the more premiums will rise since theft accounts for a large percentage of the comprehensive coverage.

In cases where motorists are uninsured, they bear the full loss from theft. But even an insured driver pays part of the cost of a loss through his deductible. Today deductibles of $250, $500, and even $1000 are not unheard of. Moreover, policyholders in higher crime areas pay more than those who live where theft is lower. The result is the same as if an auto thief demanded the extra money directly from the consumer, but instead the extra loss goes unnoticed.

The money gained through stealing motor vehicles cuts into the income of legitimate car dealers, repairmen, parts manufacturers and salvage recyclers. The theft of heavy equipment and large trucks raises the operating costs of many suppliers of goods and services and raises the consumer costs for those items. In addition, auto theft profits frequently are siphoned off into other illegal activities such as loan sharking, drug sales and gambling. A number of recent murders around the country have been traced to organized crime involvement in auto theft as well.

As a result, the taxpayer must pick up the tab for police and judicial efforts to curb these crimes and the bill is growing every year.

There are other invisible costs imposed on individuals and society by auto theft. One is the human toll from accidents. The thief who steals a car is 200 times more likely to have the accident than the owner is, according to the National Automobile Theft Bureau. Auto theft is second only to robbery in causing crime-related absenteeism from work largely because of injuries suffered in these accidents.

Auto theft also is closely allied with other crimes—such as stealing a car and using it as the getaway vehicle after a robbery. It also may turn into the launching pad for a career in crime. A young person's conviction for stealing cars for a joyride or on commission for a professional may lead to more serious criminal acts.

WHAT IS BEING DONE

Almost all insurance companies who write automobile insurance are working on ways to cut theft. Most contribute dollars and data to support the efforts of the NATB. This organization employs trained investigators to recover cars stolen from its 500 members. So far, the NATB staff has located 127,465 vehicles of the 234,254 stolen in 1979. In addition, the Bureau works closely with local authorities in investigating thefts and has helped expose more than 400 theft rings and prosecute more than 950 ring members. Last year, the Bureau trained almost 23,000 police officers in theft investigation techniques and in use of NATB services.

For the last five years the Kentucky Independent Insurance Agents Association has sponsored an incentive program to encourage police recovery of stolen vehicles. The "Screaming Eagle" program was initiated in 1975. During its first year in operation, state police more than doubled recoveries and tripled arrests.

The insurance industry also published and distributes anti-car theft material and has helped sponsor campaigns to prevent this crime in a number of states, including the new program in Kentucky. These efforts include proposals for legislative reforms, awareness campaigns, and training assistance.

WHAT NEEDS TO BE DONE

Federal legislation (S. 1214 and H.R. 4178) was proposed during the 96th Congress to help combat auto theft but the measure died with adjournment. Had it been enacted, the Motor Vehicle Theft Prevention Act would have provided many of the tools necessary to cope with the increased involvement of professional criminals.

Aiming squarely at chop shop operations where organized crime is most active, the bill would have required permanent, uniform identification on all major car parts. This would help eliminate the problem investigators now have in identifying stolen parts once they are removed from a vehicle. Tampering with those numbers in any way also would have been a crime under the bill, as would possession of parts with altered numbers.

The bill also proposed tougher penalties for trafficking in stolen vehicles or parts. These included a fine of up to $10,000 and five years in prison because those prosecuted could be tried under the Racketeer Influenced and Corrupt Organizations (RICO) Statute.

Because so many cars and parts are being illegally exported, the bill would have expanded the Secretary of Treasury's authority over exports and given the U.S. Customs Service arrest powers. In addition, the measure permitted issuance of a federal safety standard requiring car manufacturers to improve vehicle security systems.

Legislation on this order must be passed to overcome the problems of interstate and international theft. As it is now, thieves can move from one jurisdiction to another as each state toughens up on their activities. Insurers and law enforcement officials have supported this measure actively and will undoubtedly strive to have it reintroduced when the new Congress convenes in January, 1981.

STATES

The states should require all business dealing with salvaged cars and parts to be licensed and to maintain careful records and inventories. The states also could make sure that these inventories and records are available to investigators and require that VINs be stamped on all major parts.

Also helpful would be immunity laws to protect people or organizations who report theft information to police. Such a law would protect against civil suits from suspected thieves.

One big problem Kentucky has in fighting auto thefts is its lack of a titling law. This situation makes Kentucky an ideal place for professional rings to set up operations. What is needed is a requirement for an alter-proof title. Illinois has developed such a title and created a unit within the Secretary of State's office to check for title alterations. Since the titles cannot be tampered with without destroying the printed information on them, thieves lose a valuable tool to making cars look legitimate. Neither can they switch a title on a salvaged vehicle to a stolen car in order to disguise it.

On the enforcement side, states could impose mandatory sentences for repeat offenders and restitution for damage done in a theft. By making false theft reports a criminal offense, states could help curb fraudulent claims on phantom cars and on cars junked by their owners for the insurance payment. States also could toughen penalties for causing death or injury with a stolen car or for fleeing police at high speed in a stolen vehicle.

Finally, states like Kentucky can bolster their police units and offer special training in theft investigation. Moreover, they could give police greater authority in seizing vehicles believed to be stolen or re-tagged.

INSURERS

Insurance companies that have not already done so should institute new procedures to help protect against fraud and to trace stolen vehicles. These would include a special anti-fraud unit to inspect claims for signs of fraud, requiring agents to inspect cars before insuring them, and reporting stolen cars immediately to the NATB. They also can participate in and organize anti-theft campaigns and develop more careful procedures for disposing of salvaged vehicles.

INDIVIDUALS

It may seem impossible to stop the professional car thief when he can break into almost any car in seconds. But if nothing else, a motorist can slow him down with anti-theft devices.

The most important anti-theft device is your key. Lock your car even in front of your house. Never leave your car running while dashing into a store, close windows tightly when parking and turn front wheels sharply to make towing difficult. Park in a locked garage when possible and try to avoid parking lots where you have to leave the keys. Keep your title and registration in a safe place. They can be stolen and used to make a "hot" car legitimate. Engrave your vehicle identification in hard-to-find places on the car to ease identification if it is stolen. Consider installing theft deterrents.

Encourage police and government activities to deter auto theft and assist by keeping an eye out for suspicious "hot deals" on cars.

A fresh paint job on a late-model car is a tip off as is a seller who doesn't have manufacturer-made keys. Report any suspicious circumstances to police immediately. People who can not resist a "bargain" have ended losing both the stolen car and the money they paid for it.

SUMMARY

As long as auto theft is ignored, it will continue to grow. The time has come to take the profit out of auto theft in Kentucky and put some serious risk in. The police are trying but they need help from legislators, media, insurers and individuals to make this state a less attractive environment for the thieves who are costing everyone millions of dollars.●

U.S. POPULATION

● Mr. PACKWOOD. Mr. President, I wish to report that, according to the latest U.S. Census Bureau approximations, the total population of the United States on October 1, 1981, was 229,872,795. This represents an increase of 206,444 since September 1, 1981. In 1 short month we have added enough people to our population to more than fill the city of Fresno, Calif.

Currently in the United States, there is approximately one birth every 9 seconds and one death every 16 seconds. One immigrant enters this country every 60 seconds and one emigrant leaves every 15 minutes. This results in an addition of one person to our population every 16 seconds.●

YURI FEDEROV AND ALEXEI MURZHENKO

● Mr. NICKLES. Mr. President, as part of the congressional vigil for Soviet Jews, I would like to add my voice to many of my distinguished colleagues in behalf of the persecuted, the silenced, and the imprisoned in the Soviet Union. Specifically, I would like to call attention to the plight of Yuri Federov and Alexei Murzhenko, both prisoners of the Perm labor camp since 1970.

Federov and Murzhenko were sentenced to the labor camp 11 years ago after attempting to fly a plane to Israel. Murzhenko currently suffers from tuberculosis; Federov, from chronic nephritis coupled with an ulcer. Neither receive medication, a special diet, nor relief from the strenuous work required of prisoners. Their families fear that they will not survive the remaining 3 to 4 years of their sentence.

It is difficult for us in the West to comprehend a restriction on the basic freedom of travel, much less such lack of sensitivity for the preservation of human life. Mr. President, I am sure that all Members will join me in publicly urging Soviet authorities to release these two prisoners.●

TYKE PEACOCK—A GREAT HIGH JUMPER

● Mr. DIXON. Mr. President, I would like to take this opportunity to call to the attention of my colleagues the outstanding athletic achievements of Mr. Tyke Peacock, who is a native of Urbana, Ill., in Champaign County.

Mr. Peacock is a young man of 20 years, and so his career as a high jumper, we all expect, will flourish for some time to come. But that career reached its current height—literally—on September 6, in Rome, Italy, when he defeated a nine-man field from all over the globe, and jumped 7 feet, 5¾ inches to win the World Cup Games for himself and for the United States.

Mr. Peacock has shown steady and excellent improvement in his career. He has added more than a foot to his best jump in the past 5 years.

He first came to prominence as a great jumper for Urbana High School, then won the California State junior college title competing for Modesto Junior College, and owns the national junior college high jump record. He now competes and I point this out most painfully, for the University of Kansas.

Mr. President, on October 17, in his homeown, Tyke Peacock will be honored with a "day" sponsored by Urbana Downtown Promotions.

His family and friends will join him on that happy occasion to take note of his accomplishments.

I join them in their celebration, and send along my own congratulations to Mr. Peacock on what he has already achieved, and wish him the best of luck in his future undertakings.●

TOWARD A RATIONAL FOOD SAFETY POLICY

● Mr. HATCH. Mr. President. there is quiet on the food safety front. No imminent crises. No public alarms. No important food substances about to be removed from our dinner tables. On June 25, Congress eagerly agreed for the third time in 4 years to extend the date of the moratorium on FDA's previously proposed ban of saccharin for an additional 2 years. In addition, the scientific evidence on nitrites has been examined and the initial fears about its potential toxicity have been assuaged, letting bacon remain on our breakfast table, at least for the moment.

Yet the momentous task of reexamining the broader questions of food safety policy remain. Four years ago, amidst the tumultuous public reaction against the proposed saccharin ban, Congress defused the situation by postponing revision of the food safety laws in lieu of further study it requested to be conducted by the National Academy of Sciences. This study having since been concluded, NAS's findings include recommending an overhaul of the food safety laws currently enacted. In the view of NAS, "the law has become complicated, inflexible and inconsistent in implementation . . . [and] is inadequate to meet changing and increasing problems of food safety." Under the Carter administration, the FDA's Task Force on Food Safety advocated significant revision of the statute. In fact, the General Accounting Office recently completed a survey of former FDA commissioners revealing a strong consensus for major reform.

But what reform? I recently introduced S. 1442, The Food Saftey Amendments of 1981, as one way to revise and update the food safety law. Of course, I recognize that in this scientifically and legally complex area, which so directly affects U.S. public health policy, no single legislative proopsal has a monopoly on reasonableness. Every alternative ought to be examined. Unfortunately, the debate on food safety has in the past been less than dispassionate. Too many consumer groups and food processors have been raining invective on each other. At the center of this storm is the Delaney clause, requiring that any substance shown to induce cancer in man or animals be banned whether or not there are any benefits associated with its use. Nor is an exception made for substances found in such infintestimal amounts so as to present the most insignificant risk to humans.

In the past, combatants in the food safety war were either fighting for the Delaney clause or against it. What in fact is needed is some fine tuning. The basic purpose of the Delaney clause represents sound public policy. No substance should be added directly to food if it is a carcinogen.

How should substances like saccharin be regulated? Applying a rigid inflexible rule to a substance that has been in use for decades and for which there are no available substitutes is at best shortsighted. For diabetics and others who cannot eat sugar, cutting off their only viable substitute sweetener is unfair. Some consideration of benefits is necessary for those substances to which we have grown accustomed and cannot easily replace.

Reasoned decisionmaking is even more crucial in decisions affecting the supply and marketing of our basic foods. Natural nutrients found in foods like potatoes, onions, and black pepper have been implicated as potential carcinogens. Essential nutrients such as selenium, vitamin D, and calcium, substances required by humans in our diet, act in high doses as carcinogens. The logical extension of implementing the current law as written would lead to banning these most basic foods by FDA. Fortunately, FDA has chosen the more prudent course of action and ignored the statute.

Yet the law should not be merely an option or a suggestion which a Federal agency can accept or reject with impunity. Laws are normative, which means they not only tell us what we can and cannot do, but set standards reflecting what a consensus of us in the community consider reasonable policy. Right now, the Delaney clause as a law which provides for summarily banning foods without any recourse or appeal is not reasonable. A failure to revise this law not only questions the legitimacy of our Nation's food safety policy, but violates the integrity of the legal process itself.

Our revision of it should keep pace with scientific advancements. Scientists can now detect traces of potentially harmful substances at parts per trillion—a million fold increase in analytical sensitivity compared with the meth-

ods available 20 years ago when the Delaney clause was conceived and the law was last examined. Traces of such substances are being found throughout our food supply in very minute quantities. Attempting to eliminate all these food substances not only threatens the quantity of our national food inventory, but promises only the most nominal impact in our common cause to improve the public health.

Keeping our food supply safe is of the highest priority. Yet some degree of risk is inherent. Zero risk has been proven to be impossible to achieve. The FDA must focus its resources on eliminating those risks that have a potential for actually harming humans. Trivial or speculative risks should not be regulated.

Revision of the food safety laws is only the first step in assuring the American people a safe and plentiful food supply. Increasing our knowledge by supporting research in the fields of nutrition and disease prevention is of equal importance. For only if sound and reliable information is available can consumers, industry, and FDA make informed and rational decisions.●

ORDERS FOR WEDNESDAY

Mr. BAKER. Mr. President, in a moment I will ask unanimous consent that the Senate stand in adjournment until tomorrow, Wednesday, October 7. But before I do that, I ask unanimous consent that when the Senate reconvenes on Wednesday, October 7, the reading of the Journal be dispensed with, no resolution, over under the rule, the call of the calendar be dispensed with, and following the time allocated to the two leaders under the standing order, there be a period for the transaction of routine morning business not to excede 30 minutes in length and that Senators may be permitted to speak therein for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT UNTIL 11 A.M.

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business tonight it stand in adjournment until the hour of 11 a.m. tomorrow, Wednesday, October 7, 1981.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF SENATOR LUGAR AND SENATOR HARRY F. BYRD, JR.

Mr. BAKER. Mr. President, I ask unanimous consent that on tomorrow, after the recognition of the two leaders under the standing order, there be special orders in favor of the Senator from Indiana (Mr. LUGAR) and the senior Senator from Virginia (Mr. HARRY F. BYRD, JR.) of not to exceed 15 minutes in length.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, if the Chair will indulge for a brief moment while I examine the file on my desk I can make a further announcement in respect to the program of the Senate.

Mr. President, I know of no further business to transact this evening.

I inquire of the minority leader is there any other matter he wishes to address to the Senate?

Mr. ROBERT C. BYRD. Mr. President, could the distinguished majority leader state again whether or not he would anticipate completing action on the telecommunications bill tomorrow and, if so, what he would have in mind for the remainder of the day up until 3 p.m.?

Mr. BAKER. Yes. Mr. President, I thank the minority leader. I should have reviewed the agenda of the Senate for tomorrow.

PROGRAM

Mr. BAKER. Mr. President, on tomorrow the Senate will convene at 11 a.m. After the recognition of the two leaders under the standing order, the recognition of the two Senators on special orders, and a period for the transaction of routine morning business, the Senate will resume consideration of S. 898, the telecommunications bill.

It is the hope and it is the expectation of the leadership that that measure will be completed tomorrow and will be completed in fairly short order.

Mr. President, I hope that after the telecommunications bill is completed the Senate can turn briefly to the consideration of the social security bill, so-called. I would not anticipate time will permit more than opening statements and limited debate for it is not the intention of the leadership to ask the Senate to engage in rollcall votes after 3 p.m. tomorrow.

It is possible that the Senate will go substantially beyond 3 p.m. with debate and other matters, not late, however, and not past the normal adjournment or recess hour. But there will be no rollcall votes after approximately 3 p.m. That time might shift a little bit in order to accommodate the circumstances of that moment.

But I urge Senators to try to complete the communications bill well in advance of the 3 p.m. time I have just assigned or just suggested so that we will have time to begin on the social security bill before we go out for the week's recess.

Mr. ROBERT C. BYRD. I thank the distinguished majority leader.

ADJOURNMENT TO 11 A.M. TOMORROW

Mr. BAKER. Mr. President, if there be no further business to come before the Senate, I move now, in accordance with the previous order, that the Senate stand in adjournment until the hour of 11 a.m. tomorrow.

The motion was agreed to; and, at 6:43 p.m., the Senate adjourned until Wednesday, October 7, 1981, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate October 6, 1981:

DEPARTMENT OF STATE

Geoffrey Swaebe, of California, to be the Representative of the United States of America to the European Office of the United Nations, with the rank of Ambassador.

CIVIL AERONAUTICS BOARD

Clinton Dan McKinnon, of California, to be a Member of the Civil Aeronautics Board for the remainder of the term expiring December 31, 1985, vice Marvin S. Cohen, resigned.

IN THE AIR FORCE

The following officers for appointment in the Regular Air Force, in the grades indicated, under the provisions of section 531, title 10, United States Code, with dates of rank to be determined by the Secretary of the Air Force:

To be lieutenant colonel

Allen, Theodore M., xxx-xx-xxxx
Alvey, Dennis H., xxx-xx-xxxx
Anderson, Charles E., xxx-xx-xxxx
Anderson, Kenneth R., xxx-xx-xxxx
Anderson, Michael G., xxx-xx-xxxx
Armourlightner, Rosetta A., xxx-xx-xxxx
Armstrong, Gordon S., xxx-xx-xxxx
Asmus, John J., Jr., xxx-xx-xxxx
Baber, Jerry W., xxx-xx-xxxx
Baker, John E., xxx-xx-xxxx
Baker, Robert L., xxx-xx-xxxx
Baker, Roy B., III, xxx-xx-xxxx
Barrett, Owen M., xxx-xx-xxxx
Bayha, Carl F., Jr., xxx-xx-xxxx
Bayless, William E., xxx-xx-xxxx
Bennett, George R., xxx-xx-xxxx
Bettner, Donald J., xxx-xx-xxxx
Beyer, Mary D., xxx-xx-xxxx
Blackburn, Thomas R., xxx-xx-xxxx
Blair, Richard S., xxx-xx-xxxx
Blass, Lawrence, xxx-xx-xxxx
Blocker, Phil, xxx-xx-xxxx
Bloss, James F., xxx-xx-xxxx
Bogan, Robert L., xxx-xx-xxxx
Bolick, Carl A., Jr., xxx-xx-xxxx
Bone, James A., xxx-xx-xxxx
Bottorff, Garald L., xxx-xx-xxxx
Bourgeois, Paul J., xxx-xx-xxxx
Bovenkerk, Paul E., xxx-xx-xxxx
Brand, Roderick P., xxx-xx-xxxx
Breese, Richard P., xxx-xx-xxxx
Brenzel, Robert C., xxx-xx-xxxx
Bridges, James E., xxx-xx-xxxx
Bright, Burton K., xxx-xx-xxxx
Brown, Gene E., xxx-xx-xxxx
Brown, J. T., xxx-xx-xxxx
Brown, James E., Jr., xxx-xx-xxxx
Burch, Michael I., xxx-xx-xxxx
Bustamente, Elizabeth L., xxx-xx-xxxx
Butler, Darrell P., xxx-xx-xxxx
Butler, Jay M., xxx-xx-xxxx
Byrd, Henry C., Jr., xxx-xx-xxxx
Byrd, Jack R., xxx-xx-xxxx
Cameron, Robert F., xxx-xx-xxxx
Campana, Augustine F., xxx-xx-xxxx
Canfield, James R., xxx-xx-xxxx
Capito, David A., xxx-xx-xxxx
Carlile, Billy R., xxx-xx-xxxx
Carlson, Myron R., xxx-xx-xxxx
Carlson, Roger W., xxx-xx-xxxx
Carucci, Michael J., xxx-xx-xxxx
Cecrle, William J., xxx-xx-xxxx
Chambers, Corwin E., xxx-xx-xxxx
Christianson, Don R., xxx-xx-xxxx
Christoffersen, Neil J., xxx-xx-xxxx
Claytor, Richard L., xxx-xx-xxxx
Clutter, James W., xxx-xx-xxxx
Coladarci, Barbara, xxx-xx-xxxx
Collins, William A., xxx-xx-xxxx
Collmer, Philip R., Jr., xxx-xx-xxxx
Coniglio, Joseph G., xxx-xx-xxxx
Connelley, James M., xxx-xx-xxxx
Conner, William L., xxx-xx-xxxx
Cooke, Douglas W., xxx-xx-xxxx
Cooper, Charles R., xxx-xx-xxxx
Coronado, Gil, Jr., xxx-xx-xxxx
Cronan, William C., xxx-xx-xxxx
Crump, Ronald H., xxx-xx-xxxx
Curry, Robert G., xxx-xx-xxxx
Cutler, Willard M., Jr., xxx-xx-xxxx
Daboll, Louis F., Jr., xxx-xx-xxxx
Dargue, James H., xxx-xx-xxxx
Davis, Edward P., xxx-xx-xxxx
Davis, Robert S., xxx-xx-xxxx
Davis, William E., xxx-xx-xxxx

Davis, Woodrow E., Jr., xxx-xx-xxxx
Deconti, Richard C., xxx-xx-xxxx
Delaino, William E., Jr., xxx-xx-xxxx
Dellinger, Joseph P., xxx-xx-xxxx
Deluca, Robert, xxx-xx-xxxx
Denis, Philippe, C. J., xxx-xx-xxxx
Depree, Donald C., xxx-xx-xxxx
Derebery, Daniel P., Jr., xxx-xx-xxxx
Dermody, William E., Jr., xxx-xx-xxxx
Dickinson, John Y., III, xxx-xx-xxxx
Dittberner, Gerald J., xxx-xx-xxxx
Donaldson, David L., xxx-xx-xxxx
Dorris, John W., xxx-xx-xxxx
Doty, Gary L., xxx-xx-xxxx
Doughty, Benjamin T., Jr., xxx-xx-xxxx
Dowd, William F., xxx-xx-xxxx
Downer, David R., xxx-xx-xxxx
Drane, Melvin E., III, xxx-xx-xxxx
Drauszewski, Joseph C., xxx-xx-xxxx
Drew, Vernon O., Jr., xxx-xx-xxxx
Duffey, John G., Jr., xxx-xx-xxxx
Dunlap, Ralph N., xxx-xx-xxxx
Dwyer, Denis J., xxx-xx-xxxx
Dzialo, Walter F., xxx-xx-xxxx
Edick, Floyd K., xxx-xx-xxxx
Edwards, Jerry M., xxx-xx-xxxx
English, William H., Jr., xxx-xx-xxxx
Ernst, Larry M., xxx-xx-xxxx
Evans, Gerald D., xxx-xx-xxxx
Farias, Matias, xxx-xx-xxxx
Ferguson, Reeser S., Jr., xxx-xx-xxxx
Fiederer, Nancy E., xxx-xx-xxxx
Fiegel, David A., xxx-xx-xxxx
Fischer, Joseph W., xxx-xx-xxxx
Fisher, Darell R., xxx-xx-xxxx
Flook, Gerald L., xxx-xx-xxxx
Foley, David D., xxx-xx-xxxx
Ford, Jesse J., Jr., xxx-xx-xxxx
Frausto, Julio, Jr., xxx-xx-xxxx
Freed, Ronald D., xxx-xx-xxxx
Freund, Donald W., xxx-xx-xxxx
Frye, Donald E., xxx-xx-xxxx
Fuller, Richard L., xxx-xx-xxxx
Galindo, Raymond, xxx-xx-xxxx
Gallego, Louis V., xxx-xx-xxxx
Gere, David A. B., xxx-xx-xxxx
Gibson, William H., xxx-xx-xxxx
Gniadek, Edward J., xxx-xx-xxxx
Gomez, Daniel, xxx-xx-xxxx
Goodwin, William S., xxx-xx-xxxx
Gordon, Massalena M., xxx-xx-xxxx
Gott, Robert L., xxx-xx-xxxx
Grace, Dennis C., xxx-xx-xxxx
Graham, Alex L., xxx-xx-xxxx
Grau, David W., xxx-xx-xxxx
Green, Edgar A., Jr., xxx-xx-xxxx
Green, Leroy W., xxx-xx-xxxx
Green, Thomas A., xxx-xx-xxxx
Greves, John H., xxx-xx-xxxx
Grimsley, John C., xxx-xx-xxxx
Gruhn, Jeremy J., xxx-xx-xxxx
Grybko, Richard J., xxx-xx-xxxx
Guetig, Donald A., xxx-xx-xxxx
Gullett, Jeffrey L., xxx-xx-xxxx
Gunn, Earnest L., xxx-xx-xxxx
Gurner, Roger A., xxx-xx-xxxx
Hagberg, Russell C., xxx-xx-xxxx
Hamada, Richard K., xxx-xx-xxxx
Hamilton, James P., xxx-xx-xxxx
Hamilton, James R., Jr., xxx-xx-xxxx
Han, Melvin T. S., xxx-xx-xxxx
Hanner, Larry F., xxx-xx-xxxx
Hanstad, Richard K., xxx-xx-xxxx
Harry, Maxey L., xxx-xx-xxxx
Harris, John H., III, xxx-xx-xxxx
Hart, Don F., xxx-xx-xxxx
Hartman, John E., xxx-xx-xxxx
Hayslett, Hilbert H., Jr., xxx-xx-xxxx
Hengel, Raymond J., xxx-xx-xxxx
Hennessy, Ellen A., xxx-xx-xxxx
Hennessy, John M., xxx-xx-xxxx
Henry, John E., xx...
Hicks, Jackie L., xxx-xx-xxxx
Hidden, James G., xxx-xx-xxxx
Higbie, Richard M., xxx-xx-xxxx
Hightower, Jerry B., xxx-xx-xxxx
Hoffman, Peter V., xxx-xx-xxxx
Hoien, John A., xxx-xx-xxxx
Holder, William W., xxx-xx-xxxx
Hollobaugh, Gordon F., xxx-xx-xxxx
Hosmer, Philip C., xxx-xx-xxxx
Howayeck, Michael J., xxx-xx-xxxx
Howe, Jack S., xxx-xx-xxxx
Hubbard, Charles R., xxx-xx-xxxx
Hufford, Berle K., Jr., xxx-xx-xxxx
Hughes, Albert E., Jr., xxx-xx-xxxx
Huhn, Aaron M., xxx-xx-xxxx
Hulen, Dennis E., xxx-xx-xxxx
Hull, Edwar L., xxx-xx-xxxx
Hurlbut, Edmund W., xxx-xx-xxxx
Ibsch, William H., xxx-xx-xxxx
Jacobson, Robert A., xxx-xx-xxxx
Johnson, Floyd E., xxx-xx-xxxx
Johnson, Jimmy N., xxx-xx-xxxx
Johnson, Thomas R., xxx-xx-xxxx
Johnston, William B., Jr., xxx-xx-xxxx
Joines, Jack L., xxx-xx-xxxx
Jones, Marvin G., xxx-xx-xxxx
Justice, Dale S., xxx-xx-xxxx
Kamper, William A., xxx-xx-xxxx
Kane, Francis E., xxx-xx-xxxx
Kauffman, William D., xxx-xx-xxxx
Kaye, Robert, xxx-xx-xxxx
Keene, David V., xxx-xx-xxxx
Kelley, Francis J., xxx-xx-xxxx
Kelley, Larry J., xxx-xx-xxxx
Kelnhofer, Joseph T., xxx-xx-xxxx
Kenny, Robert J., xxx-xx-xxxx
Keough, James P., xxx-xx-xxxx
King, Wayne D., xxx-xx-xxxx
Knam, Stephen B., xxx-xx-xxxx
Kosak, Robert Jr., xxx-xx-xxxx
Kossmann, Randolph I., xxx-xx-xxxx
Kost, Frederick J., xxx-xx-xxxx
Kosters, Howard C., xxx-xx-xxxx
Kretlow, Thomas E., xxx-xx-xxxx
Kruschwitz, Albert M., Jr., xxx-xx-xxxx
Kuzminski, Robert B., xxx-xx-xxxx
Laird, Norman S., xxx-xx-xxxx
Landry, Charles D., xxx-xx-xxxx
Laslo, Alexander J., xxx-xx-xxxx
Lawton, William P., III, xxx-xx-xxxx
Leedle, Donald E., xxx-xx-xxxx
Lees, Richard J., xxx-xx-xxxx
Lehman, Harry A., xxx-xx-xxxx
Lemen, William R., xxx-xx-xxxx
Leppa, Larry D., xxx-xx-xxxx
Lerfald, Marvin D., xxx-xx-xxxx
Levesque, David A., xxx-xx-xxxx
Levy, Michael D., xxx-xx-xxxx
Libsack, Gerald H., xxx-xx-xxxx
Liebsack, Richard H., xxx-xx-xxxx
Liggins, Arthur T., xxx-xx-xxxx
Lindeke, Ronald C., xxx-xx-xxxx
Lingenfelter, Jack K., xxx-xx-xxxx
Linton, William, Jr., xxx-xx-xxxx
Locke, John E., xxx-xx-xxxx
Lockhart, Charles R., Jr., xxx-xx-xxxx
Lockwood, Phillip D., xxx-xx-xxxx
Logan, Edward C., xxx-xx-xxxx
Look, Horace H., xxx-xx-xxxx
Loucks, Justin E., xxx-xx-xxxx
Lupton, David E., xxx-xx-xxxx
Lystlund, James R., xxx-xx-xxxx
MacAllister, Roderick D., xxx-xx-xxxx
Mack, Oliver T., xxx-xx-xxxx
Maddox, Roscoe, xxx-xx-xxxx
Mahar, John J., xxx-xx-xxxx
Mallar, John L., xxx-xx-xxxx
Mallets, Thomas J., xxx-xx-xxxx
Malmoe, Thomas B., xxx-xx-xxxx
Mancuso, Lawrence R., xxx-xx-xxxx
Maniscalco, Christopher N., xxx-xx-xxxx
Martin, Charles E., xxx-xx-xxxx
Maryanow, Maurice, xxx-xx-xxxx
Masek, Edward V., xxx-xx-xxxx
Masenheimer, Philip G., xxx-xx-xxxx
Matassov, George, xxx-xx-xxxx
McAndrew, William H., xxx-xx-xxxx
McCarty, Michael L., xxx-xx-xxxx
McCaw, Robert H., xxx-xx-xxxx
McClelland, David H., xxx-xx-xxxx
McCrabb, Donald G., xxx-xx-xxxx
McGuire, George G., xxx-xx-xxxx
McKechney, William J., xxx-xx-xxxx
McKibben, George E., xxx-xx-xxxx
McKimmey, Jerry L., xxx-xx-xxxx
McMichael, George W., Jr., xxx-xx-xxxx
McNamara, Dan C., xxx-xx-xxxx
Meadows, Charles D., xxx-xx-xxxx
Meesig, Robert T., xxx-xx-xxxx
Meyer, George E., Jr., xxx-xx-xxxx
Michalowski, Thomas J., xxx-xx-xxxx
Miles, Joan C., xxx-xx-xxxx
Miller, Harold W., Jr., xxx-xx-xxxx
Miller, James J., xxx-xx-xxxx
Miranda, Eugene F., xxx-xx-xxxx
Mitchell, Timothy L., xxx-xx-xxxx
Molnar, John M., xxx-xx-xxxx
Molyneaux, William L., xxx-xx-xxxx
Moore, Donald W., xxx-xx-xxxx
Morgan, Daniel L., xxx-xx-xxxx
Morris, James L., xxx-xx-xxxx
Morrison, John A., Jr., xxx-xx-xxxx
Morrissey, Kathleen R., xxx-xx-xxxx
Moss, Dennis D., xxx-xx-xxxx
Murphy, Joseph E., Jr., xxx-xx-xxxx
Murphy, Thomas D., xxx-xx-xxxx
Musmanno, Victor H., xxx-xx-xxxx
Nagy, Norbert S., xxx-xx-xxxx
Nevin, Richard, xxx-xx-xxxx
Newton, Jack M., xxx-xx-xxxx
Noack, Leonard A., xxx-xx-xxxx
Noblitt, Richard C., Jr., xxx-xx-xxxx
Norman, Charles M., xxx-xx-xxxx
Nunn, James R., xxx-xx-xxxx
Nye, Larry E., xxx-xx-xxxx
Ohlsen, John W., xxx-xx-xxxx
Orourke, Gerald M., xxx-xx-xxxx
Orsini, Joseph A., xxx-xx-xxxx
Owens, Dennie L., xxx-xx-xxxx
Pahoresky, Herbert J., xxx-xx-xxxx
Paillex, Robert G., xxx-xx-xxxx
Pannage, Charles M., Jr., xxx-xx-xxxx
Paquette, James R., xxx-xx-xxxx
Parish, Anson G., xxx-xx-xxxx
Parker, Thomas A., xxx-xx-xxxx
Parkinson, Thomas H., II, xxx-xx-xxxx
Parnell, Charles R., xxx-xx-xxxx
Patterson, Charles W., xxx-xx-xxxx
Pavone, John W., Jr., xxx-xx-xxxx
Payne, David L., xxx-xx-xxxx
Payne, Kenneth L., xxx-xx-xxxx
Pearce, James P., xxx-xx-xxxx
Pearce, William M., Jr., xxx-xx-xxxx
Peot, Thomas E., xxx-xx-xxxx
Perkins, Larry F., xxx-xx-xxxx
Peterson, Richard W., xxx-xx-xxxx
Pettengill, Arthur S., xxx-xx-xxxx
Philliber, Neil P., xxx-xx-xxxx
Phillips, David H., xxx-xx-xxxx
Pickering, Willis O., Jr., xxx-xx-xxxx
Piffarerio, Pierre A., xxx-xx-xxxx
Porter, Charles P., xxx-xx-xxxx
Porter, Harl M., xxx-xx-xxxx
Pratt, Bruce S., xxx-xx-xxxx
Pray, Harold L., xxx-xx-xxxx
Purdy, Frank K., Jr., xxx-xx-xxxx
Putnam, Jerald L., xxx-xx-xxxx
Putters, James E., xxx-xx-xxxx
Raboin, Edward J., xxx-xx-xxxx
Raper, Richard O., xxx-xx-xxxx
Redman, James S., xxx-xx-xxxx
Reed, David, Jr., xxx-xx-xxxx
Reinhard, James T., xxx-xx-xxxx
Remley, Carl E., xxx-xx-xxxx
Rice, Johnny R., xxx-xx-xxxx
Richards, Stephen M., xxx-xx-xxxx
Risik, Daniel W., xxx-xx-xxxx
Roberts, George E., xxx-xx-xxxx
Robinson, Ronald J., xxx-xx-xxxx
Rochester, James S., xxx-xx-xxxx
Roeder, Charles R., xxx-xx-xxxx
Rogala, Frank A., Jr., xxx-xx-xxxx
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Rondholz, Frederick W., xxx-xx-xxxx
Rose, Galen J., xxx-xx-xxxx
Ross, James L., xxx-xx-xxxx
Rowe, Palmer W., Jr., xxx-xx-xxxx
Roy, Osborne J., Jr., xxx-xx-xxxx
Rudy, James D., xxx-xx-xxxx
Sabean, William E., xxx-xx-xxxx
Salinas, Gilberto, Jr., xxx-xx-xxxx
Samuels, Lewis M., xxx-xx-xxxx
Sato, Rodney T., xxx-xx-xxxx
Scarborough, Bobby A., xxx-xx-xxxx
Schaub, Paul H., xxx-xx-xxxx
Schellenger, Raymond D., xxx-xx-xxxx
Schlegel, John B., xxx-xx-xxxx
Schleicher, Donald W., xxx-xx-xxxx
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Schmitt, Arthur E., xxx-xx-xxxx
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Schubert, Norman L., xxx-xx-xxxx

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Scredon, Richard M., xxx-xx-xxxx
Searle, Ronald L., xxx-xx-xxxx
Seymour, Francis J., Jr., xxx-xx-xxxx
Shady, Norman D., xxx-xx-xxxx
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Shea, William J., xxx-xx-xxxx
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Sidwell, David A., xxx-xx-xxxx
Simcoe, Larry P., xxx-xx-xxxx
Simms, Robert A., Jr., xxx-xx-xxxx
Simon, Ross J., xxx-xx-xxxx
Simon, William E., Jr., xxx-xx-xxxx
Simpson, Cleveland, xxx-xx-xxxx
Simpson, Harold J., xxx-xx-xxxx
Simpson, James C., xxx-xx-xxxx
Slater, Robert E., xxx-xx-xxxx
Sleight, Leo M., xxx-xx-xxxx
Smith, Charles E., xxx-xx-xxxx
Smith, Orville L., xxx-xx-xxxx
Snell, Richard D., xxx-xx-xxxx
Soares, Daniel C., xxx-xx-xxxx
Soves, Andrew P., xxx-xx-xxxx
Stadheim, Terrance F., xxx-xx-xxxx
StClair, Robert G., xxx-xx-xxxx
Steblay, Louis A., xxx-xx-xxxx
Steele, Donald L., xxx-xx-xxxx
Stegenga, Peter, Jr., xxx-xx-xxxx
Steinhart, Robert J., xxx-xx-xxxx
Stewart, Robert C., xxx-xx-xxxx
Stillwell, Charles E., xxx-xx-xxxx
Stovall, Robert L., xxx-xx-xxxx
Striegel, Robert L., xxx-xx-xxxx
Sullivan, Regis A., xxx-xx-xxxx
Svoboda, Leroy E., xxx-xx-xxxx
Sweeting, Gerald W., xxx-xx-xxxx
Swinarsky, Gerald, xxx-xx-xxxx
Tagnesi, John P., xxx-xx-xxxx
Thomas, Anthony W., xxx-xx-xxxx
Thompson, Richard L., xxx-xx-xxxx
Thornton, Richard M., xxx-xx-xxxx
Tisdale, David W., Jr., xxx-xx-xxxx
Toman, Ronald G., xxx-xx-xxxx
Tomola, James A., xxx-xx-xxxx
Topping, Mickey L., xxx-xx-xxxx
Torre, Rocco J., xxx-xx-xxxx
Tracy, John L., xxx-xx-xxxx
Travis, Robert L., xxx-xx-xxxx
Umberger, James S., xxx-xx-xxxx
Vanderslik, Richard J., xxx-xx-xxxx
Vasquez, Jesse S., xxx-xx-xxxx
Vaughan, Louis M., xxx-xx-xxxx
Voxland, Michael D., xxx-xx-xxxx
Wade, William E., xxx-xx-xxxx
Wadell, James A., xxx-xx-xxxx
Wagner, Jon G., xxx-xx-xxxx
Walling, Darrell H., xxx-xx-xxxx
Wallisch, William J., Jr., xxx-xx-xxxx
Walsh, Robert B., xxx-xx-xxxx
Ward, Clarence E., xxx-xx-xxxx
Ward, Gerald M., xxx-xx-xxxx
Warniment, Daniel A., xxx-xx-xxxx
Watson, Robert N., xxx-xx-xxxx
Way, Carolyn E. L., xxx-xx-xxxx
Wedra, Arthur H., xxx-xx-xxxx
Weikel, John D., xxx-xx-xxxx
Welch, Guy F., xxx-xx-xxxx
Welch, Russell C., xxx-xx-xxxx
Wheeler, Steven E., xxx-xx-xxxx
Whiting, Hubert L., xxx-xx-xxxx
Whitman, Donald R., xxx-xx-xxxx
Wilcox, Robert J., xxx-xx-xxxx
Willett, Dale F., xxx-xx-xxxx
Williams, David T., xxx-xx-xxxx
Williams, George L., xxx-xx-xxxx
Williams, Gerald O., xxx-xx-xxxx
Williams, Jimmy R., xxx-xx-xxxx
Williams, Tate P., xxx-xx-xxxx
Wilson, Larry D., xxx-xx-xxxx
Wilson, Thomas L., xxx-xx-xxxx
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Zeak, Paul W., xxx-xx-xxxx.
Zebarth, Thomas L., xxx-xx-xxxx.
Zenk, Arvid C., xxx-xx-xxxx.
Ziegenhorn, Cylde E., Jr., xxx-xx-xxxx.
Ziegler, Michael, xxx-xx-xxxx.
Zielinski, Robert S., xxx-xx-xxxx.
Zinn, Donald B., xxx-xx-xxxx.
Zirpoli, Donald, xxx-xx-xxxx.
Zolock, Stephen J., Jr., xxx-xx-xxxx.
Zuber, Donald W., xxx-xx-xxxx.
Zurow, William R., xxx-xx-xxxx.
Zwieg, Richard D., xxx-xx-xxxx.
Zwirnbaum, Rickey D., xxx-xx-xxxx.

The following officers for appointment in the Regular Air Force, in the grades indicated, under the provisions of section 531, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties indicated, and with dates of rank to be determined by the Secretary of the Air Force:

CHAPLAIN

To be colonel

Acerra, Angelo T., xxx-xx-xxxx.
Brennan, Gerald M., xxx-xx-xxxx.
Gilhooley, John P., xxx-xx-xxxx.
Hoffman, Sydney L., xxx-xx-xxxx.
Laplante, Joseph A., xxx-xx-xxxx.
McDonough, John P., xxx-xx-xxxx.
McGahren, Joseph J., xxx-xx-xxxx.
Sullivan, Joseph T., xxx-xx-xxxx.

NURSE CORPS

To be colonel

Lofstrom, Mary M., xxx-xx-xxxx.
Tucker, Pearl E., xxx-xx-xxxx.

BIOMEDICAL SCIENCES CORPS

To be colonel

Manders, William W., xxx-xx-xxxx.

MEDICAL SERVICE CORPS

To be lieutenant colonel

Wilson, Charles E., xxx-xx-xxxx.

CONFIRMATIONS

Executive nominations confirmed by the Senate October 6, 1981:

DEPARTMENT OF EDUCATION

Gary L. Jones, of Virginia, to be Deputy Under Secretary for Planning and Budget, Department of Education.

NATIONAL INSTITUTE OF EDUCATION

Edward A. Curran, of Maryland, to be Director of the National Institute of Education.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

FEDERAL EMERGENCY MANAGEMENT AGENCY

Lee M. Thomas, of South Carolina, to be an Associate Director of the Federal Emergency Management Agency.

HOUSE OF REPRESENTATIVES—*Tuesday, October 6, 1981*

The House met at 10 a.m.

The Reverend Wayne W. Anderson, First Baptist Church, Tyler, Minn., offered the following prayer:

He hath shewed Thee, O man, what is good; and what doth the Lord require of Thee, but to do justly, and to love mercy, and to walk humbly with thy God?—Micah 6: 8.

Our Holy Heavenly Father, the task we have before us is greater than our ability to perform without Thy wisdom and guidance. Lead this great people in the responsibility which is ours.

Help us, as a lawmaking House, to deliberate on and to make laws that will be fair and just. Help us to set aside our personal preferences that there might be equity for all of our citizens. May righteousness prevail in all that we do. May we not call evil, good and good, evil.

Guide us in our decisionmaking this day. Give us unity of purpose in sustaining and supporting our President, our anointed leader. May Thy holy Word, the Bible, be our light and our guide. For we ask this blessing in Jesus' name. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. LOTT. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. LOTT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 369, nays 18, answered "present" 2, not voting 44, as follows:

[Roll No. 243]

YEAS—369

Addabbo	Annunzio	AuCoin
Akaka	Anthony	Badham
Albosta	Archer	Bafalis
Alexander	Ashbrook	Bailey (MO)
Anderson	Aspin	Bailey (PA)
Andrews	Atkinson	Barnard
Barnes	Erdahl	Leath
Beard	Erlenborn	LeBoutillier
Bedell	Ertel	Lee
Beilenson	Evans (DE)	Leland
Benedict	Evans (GA)	Lent
Benjamin	Evans (IN)	Levitas
Bennett	Fary	Livingston
Bereuter	Fascell	Loeffler
Bethune	Fazio	Long (LA)
Bevill	Fenwick	Lott
Biaggi	Ferraro	Lowery (CA)
Bingham	Fields	Lowry (WA)
Bliley	Findley	Lujan
Boland	Fish	Luken
Boner	Fithian	Lundine
Bonior	Foglietta	Madigan
Bouquard	Foley	Markey
Bowen	Ford (TN)	Marks
Breaux	Fountain	Marlenee
Brinkley	Frank	Marriott
Brodhead	Frost	Martin (IL)
Brooks	Fuqua	Martin (NC)
Broomfield	Garcia	Martin (NY)
Brown (CO)	Gaydos	Matsui
Brown (OH)	Gephardt	Mattox
Broyhill	Gibbons	Mavroules
Burgener	Gilman	Mazzoli
Burton, Phillip	Gingrich	McClory
Butler	Ginn	McCloskey
Byron	Glickman	McCollum
Campbell	Goldwater	McCurdy
Carman	Gonzalez	McDade
Carney	Gore	McDonald
Chappell	Gradison	McEwen
Chappie	Gramm	McGrath
Cheney	Gray	McHugh
Clausen	Green	McKinney
Clinger	Gregg	Mica
Coats	Grisham	Michel
Coelho	Guarini	Mikulski
Coleman	Gunderson	Miller (CA)
Collins (IL)	Hagedorn	Miller (OH)
Conable	Hall (OH)	Mineta
Conte	Hall, Ralph	Minish
Conyers	Hall, Sam	Mitchell (NY)
Corcoran	Hamilton	Moakley
Coughlin	Hammerschmidt	Moffett
Courter	Hance	Molinari
Coyne, James	Hansen (ID)	Mollohan
Coyne, William	Hartnett	Montgomery
Craig	Hatcher	Moore
Crane, Daniel	Hawkins	Moorhead
Crane, Philip	Hefner	Morrison
D'Amours	Heftel	Motti
Daniel, R. W.	Hertel	Murphy
Danielson	Hightower	Murtha
Dannemeyer	Hiler	Myers
Daub	Hillis	Napier
Davis	Holland	Natcher
de la Garza	Holt	Neal
Deckard	Hopkins	Nelligan
DeNardis	Howard	Nelson
Dicks	Hoyer	Nichols
Dixon	Hubbard	Nowak
Donnelly	Huckaby	Oakar
Dorgan	Hughes	Oberstar
Dornan	Hunter	Obey
Dougherty	Hyde	Panetta
Dowdy	Ireland	Parris
Downey	Jeffords	Pashayan
Dreier	Jeffries	Patman
Duncan	Jenkins	Patterson
Dunn	Jones (TN)	Pease
Dwyer	Kastenmeier	Perkins
Dymally	Kazen	Petri
Dyson	Kemp	Pickle
Early	Kildee	Porter
Eckart	Kindness	Price
Edgar	Kogovsek	Pritchard
Edwards (AL)	Kramer	Pursell
Edwards (CA)	LaFalce	Quillen
Edwards (OK)	Lagomarsino	Rahall
Emerson	Lantos	Railsback
Emery	Latta	Rangel
English	Leach	Ratchford
Regula	Shaw	Vento
Rhodes	Shumway	Volkmer
Richmond	Shuster	Walgren
Rinaldo	Siljander	Wampler
Ritter	Skeen	Washington
Roberts (KS)	Smith (AL)	Watkins
Roberts (SD)	Smith (IA)	Waxman
Robinson	Smith (NE)	Weaver
Rodino	Smith (NJ)	Weber (MN)
Roe	Smith (PA)	Weber (OH)
Roemer	Snowe	Weiss
Rogers	Snyder	White
Rose	Solarz	Whitehurst
Rosenthal	Solomon	Whitley
Rostenkowski	Spence	Whittaker
Roth	St Germain	Whitten
Roukema	Stangeland	Williams (MT)
Rousselot	Stanton	Williams (OH)
Roybal	Staton	Wilson
Rudd	Stenholm	Winn
Russo	Stokes	Wirth
Santini	Stratton	Wolf
Sawyer	Studds	Wolpe
Scheuer	Stump	Wright
Schneider	Synar	Wyden
Schulze	Tauke	Wylie
Schumer	Tauzin	Yates
Seiberling	Taylor	Yatron
Sensenbrenner	Traxler	Young (FL)
Shamansky	Trible	Young (MO)
Shannon	Udall	Zablocki
Sharp	Vander Jagt	Zeferetti

NAYS—18

Collins (TX)	Gejdenson	Mitchell (MD)
Daniel, Dan	Goodling	Sabo
Derwinski	Harkin	Schroeder
Dickinson	Heckler	Smith (OR)
Evans (IA)	Jacobs	Walker
Forsythe	Johnston	Wortley

ANSWERED "PRESENT"—2

Ottinger	Swift

NOT VOTING—44

Applegate	Flippo	Lungren
Blanchard	Florio	O'Brien
Boggs	Ford (MI)	Oxley
Bolling	Fowler	Paul
Bonker	Frenzel	Pepper
Brown (CA)	Hansen (UT)	Peyser
Burton, John	Hendon	Reuss
Chisholm	Hollenbeck	Savage
Clay	Horton	Shelby
Crockett	Hutto	Simon
Daschle	Jones (NC)	Skelton
Dellums	Jones (OK)	Stark
Derrick	Lehman	Thomas
Dingell	Lewis	Young (AK)
Fiedler	Long (MD)	

Mr. ROSTENKOWSKI changed his vote from "present" to "yea."

□ 1015

So the Journal was approved.

The result of the vote was announced as above recorded.

REV. WAYNE W. ANDERSON

(Mr. WEBER of Minnesota asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEBER of Minnesota. Mr. Speaker, the prayer today, I am proud to say, was delivered by a dear friend and constituent of mine, the Reverend Wayne W. Anderson, from Tyler,

Minn. Reverend Anderson, celebrating his fourth year at the First Baptist Church of Tyler on October 19, attended the Central Baptist Theological Seminary in Minneapolis, Minn.

Reverend Anderson and his family are visiting the Washington area as part of an extended vacation.

Pastor Anderson is a leader in the community as well as in southwest Minnesota, in the same county where our congregation was once served by the Chaplain of the House, Pastor Ford.

I want to thank the Members for giving Pastor Anderson a warm welcome today. I count him as a friend and counselor as well as a constituent.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed a concurrent resolution of the following title in which the concurrence of the House is requested:

S. Con. Res. 38. Concurrent resolution authorizing a technical correction in the enrollment of S. 917.

The message also announced that the Vice President, pursuant to Public Law 84-689, appointed Mr. MATHIAS (chairman), Mr. SPECTER, and Mr. BIDEN (vice chairman) to attend the North Atlantic Assembly, to be held in Munich, Germany, October 11-16, 1981.

PRIVATE CALENDAR

The SPEAKER pro tempore (Mr. WRIGHT). This is Private Calendar day. The Clerk will call the first individual bill on the Private Calendar.

REMEDIOS R. ALCUDIA, CHRISTOPHER, EZRA, VERMILLION, AND PERISTELLO ALCUDIA

The Clerk called the bill (H.R. 1547) for the relief of Remedios R. Alcudia, Christopher, Ezra, Vermillion, and Peristello Alcudia.

Mr. ROUSSELOT. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

MRS. FRIEDA SIMONSON

The Clerk called the bill (H.R. 1608) for the relief of Mrs. Frieda Simonson.

There being no objection, the Clerk read the bill, as follows:

H.R. 1608

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of title VI, section 602, of the International Claims Act of 1949, as amended, to provide for the determination of the validity and amounts of claims of nationals of the United States against the German Democratic Republic, that the Chairman of the Foreign Claims Settlement Commission or his authorized agents or representatives, is hereby authorized and directed to receive and reconsider the claim submitted by Mrs. Frieda Simonson, Jamaica, New York, and to authorize the grant of any award to which she is entitled.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JEFFERSON COUNTY MENTAL HEALTH CENTER, INC.

The Clerk called the bill (H.R. 1635) for the relief of the Jefferson County Mental Health Center, Inc., and of certain current and former employees thereof.

There being no objection, the Clerk read the bill, as follows:

H.R. 1635

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury or his delegate, upon proof reasonably satisfactory to him that repayment has been made prior to May 14, 1975, to any individual by the Jefferson County Mental Health Center, Incorporated (hereinafter referred to as the "health center"), of a sum representing the amount of taxes imposed on such individual under section 3101 of the Internal Revenue Code of 1954 (relating to rate of tax) and deducted and paid by the health center under section 3102 of such Code (relating to deduction of tax from wages) for any period beginning after December 31, 1971, and prior to May 14, 1975, shall consider such sum so repaid to such individual as an overpayment of tax under section 6413(b) of such Code (relating to overpayment of certain employment taxes) and shall approve a claim for a refund, credit, or adjustment for such overpayment filed by the health center prior to, or within ninety days after, the date of enactment of this Act under section 6402 of such Code (relating to authority to make credits or refunds) or 6611 (a) or (b)(2) of such Code (relating to interest on overpayments). For the purposes of applying section 6611(b)(2) the date of the overpayment shall be considered to be May 14, 1975.

SEC. 2. Any period of limitations for filing a claim for credit or refund under section 6511 of such Code (relating to limitations on credit or refund) shall be waived with respect to any claim for refund, credit, or adjustment made by the health center in accordance with section 1 of this Act. Section 6514 of such Code (relating to credits or refunds after a period of limitation) shall not apply to any such claim.

SEC. 3. Nothing in this Act shall be construed to relieve the health center of any liability for the payment of taxes imposed by section 3111 of such Code with respect to any wages paid by it to any individual for any period.

SEC. 4. Upon payment of a claim authorized by section 1 of this Act, the United States shall be subrogated to all rights of the health center against the individuals referred to in that section who were repaid amounts representing the amount of taxes imposed on such individuals under section 3101 of the Internal Revenue Code of 1954 and deducted and paid by the health center under section 3102 of such Code for any period beginning after December 31, 1971 and prior to May 14, 1975.

With the following committee amendment:

Committee amendment: Strike all after the enacting clause and insert:

That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Jefferson County Mental Health Center, Inc. the sum of $50,000 in full settlement of all claims of the center against the United States for repayment of amounts the center erroneously refunded to its employees for social security contributions in the period after December 31, 1971 and prior to May 14, 1975 pursuant to instructions by the Internal Revenue Service.

SEC. 2. No part of the amount appropriated in the Act in excess of ten percent shall be paid, delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this section shall be deemed guilty of a misdemeanor and, upon conviction thereof be fined any sum not exceeding $1,000.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

S. SGT. ANNE M. FISHER

The Clerk called the bill (H.R. 3127) for the relief of S. Sgt. Anne M. Fisher, U.S. Army Reserve.

There being no objection, the Clerk read the bill as follows:

H.R. 3127

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Staff Sergeant Anne M. Fisher, United States Army Reserve, SSN 550-76-1260, 308 Van Buren, apartment 1A, Jackson, Michigan 49201, the sum of $7,310.10, in full satisfaction of her claim against the United States for reimbursement of medical care expenses incurred by her in 1978 and 1979 while serving on active military duty. No part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WASHINGTON POST, WASHINGTON STAR, DISPATCH (LEXINGTON, N.C.), BROOKLYN TIMES, EQUITY ADVERTISING AGENCY, INC., SEATTLE POST-INTELLIGENCER, AND NEWS TRIBUNAL

The Clerk called the bill (H.R. 1231) for the relief of the Washington Post, the Washington Star, the Dispatch (Lexington, N.C.), the Brooklyn Times, Equity Advertising Agency, Inc., the Seattle Post-Intelligencer, and the News Tribune.

There being no objection, the Clerk read the bill, as follows:

H.R. 1231

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Comptroller General of the United States is authorized and directed to settle and adjust, for not more than the following amounts, the claims of the Washington Post, the Washington Star, and the Dispatch (Lexington, North Carolina), for advertising furnished to the Department of the Navy:

Claimants:	*Amount*
The Washington Post	$320.60
The Washington Star	329.06
The Dispatch (Lexington, North Carolina)	224.40

Such amounts shall be payable from the applicable appropriations of the Navy.

SEC. 2. The Comptroller General of the United States is authorized and directed to settle and adjust, for an amount of not more than $280, the claim of the Brooklyn Times, Brooklyn, New York, for an advertisement published on March 29, 1978, for the Department of the Army. Such amount shall be payable from the applicable appropriations of the Department of the Army.

SEC. 3. The Comptroller General of the United States is authorized and directed to settle and adjust, for an amount of not more than $19,256.94, the claim of Equity Advertising Agency, Incorporated, for advertisements published on March 23, 1980, for the Environmental Protection Agency. Such amount shall be payable from the applicable appropriations of the Environmental Protection Agency.

SEC. 4. The Comptroller General of the United States is authorized and directed to settle and adjust, for an amount of not more than $76.48, the claim of the Seattle Post-Intelligencer for advertisements published for the Department of the Army. Such amount shall be payable from the applicable appropriations of the Department of the Army.

SEC. 5. The Comptroller General of the United States is authorized and directed to settle and adjust, for an amount of not more than $34.32, the claim of the News Tribune for advertisements furnished to the Civilian Personnel Office of the Ninth Infantry Division and Fort Lewis. Such amount shall be payable from the applicable appropriations of the Department of the Army.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LASZLO REVESZ

The Clerk called the bill (H.R. 1352) for the relief of Laszlo Revesz.

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

JACOBO COSIO-FRANCO

The Clerk called the bill (H.R. 1796) for the relief of Jacobo Cosio-Franco.

There being no objection, the Clerk read the bill, as follows:

H.R. 1796

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for purposes of the Immigration and Nationality Act (8 U.S.C. 1101 et seq.), Jacobo Cosio-Franco shall be held and considered to have been admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper officer to deduct one number from the total number of immigrant visas and conditional entries which are made available to natives of the country of such alien's birth under section 203(a) of the Immigration and Nationality Act (8 U.S.C. 1153(a)) or, if applicable, from the total number of visas and entries which are made available to such natives under section 202(e) of the Immigration and Nationality Act (8 U.S.C. 1152(e)).

With the following committee amendment:

Committee amendment: Strike out all after the enacting clause and insert in lieu thereof the following:
That, in the administration of the Immigration and Nationality Act, Jacobo Cosio-Franco may be classified as a child within the meaning of section 101(b)(1)(F) of the Act, upon approval of a petition filed in his behalf by Mr. and Mrs. David R. Archer, citizens of the United States, pursuant to section 204 of the Act: *Provided,* That the natural parents or brothers or sisters of the beneficiary shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

THERESA MACAM ALCALEN

The Clerk called the bill (H.R. 1624) for the relief of Theresa Macam Alcalen.

There being no objection, the Clerk read the bill, as follows:

H.R. 1624

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Theresa Macam Alcalen shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper officer to deduct one number from the total number of immigrant visas which are made available to natives of the country of the alien's birth under section 203(a) of the Immigration and Nationality Act or, if applicable, from the total number of such visas and entries which are made available to such natives under section 202(c) of such Act: *Provided further,* That any fee received by any agent or attorney on account of services rendered relating to the introduction of this bill shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendments:

Committee amendments: Page 2, line 6 delete the words "and conditional entries". Page 2, line 9 delete the words "and entries".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MARIA (JOY) C. VILLA

The Clerk called the bill (H.R. 1977) for the relief of Maria Gloria (Joy) C. Villa.

There being no objection, the Clerk read the bill, as follows:

H.R. 1977

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Maria Gloria (Joy) C. Villa may be classified as a child within the meaning of section 101(b)(1)(F) of the Act, upon approval of a petition filed in her behalf by Florencia C. and Lourdes C. Villa, citizens of the United States, pursuant to section 204 of the Act: *Provided,* That the natural parents or brothers or sisters of the beneficiary shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. MARUKO KUBOTA SMITH

The Clerk called the bill (H.R. 3478) for the relief of Mrs. Maruko Kubota Smith.

There being no objection, the Clerk read the bill, as follows:

H.R. 3478

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Mrs. Maruko Kubota Smith shall be held and considered to have been lawfully admitted to the United States for

permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee.

With the following committee amendments:

Committee amendments: Page 1, line 4, delete the word "Maruko" and insert in lieu thereof "Haruko."

Page 2, after line 2, insert the following new sentence:

Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper officer to deduct one number from the total number of immigrant visas which are made available to natives of the country of the alien's birth under section 203(a) of the Immigration and Nationality Act or, if applicable, from the total number of such visas which are made available to such natives under section 202(e) of such Act.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended to read: "A bill for the relief of Mrs. Haruko Kubota Smith.".

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. This concludes the call of the Private Calendar.

PERMISSION TO FILE CONFERENCE REPORT ON S. 1181, UNIFORMED SERVICES PAY AND BENEFITS ACT OF 1981

Mr. NICHOLS. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the Senate bill (S. 1181) to increase the pay and allowances and benefits of members of the uniformed services and certain dependents, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

□ 1030

MAKING IN ORDER ON WEDNESDAY, OCTOBER 7, 1981, OR ANY DAY THEREAFTER, CONSIDERATION OF CONFERENCE REPORT ON S. 1181, UNIFORMED SERVICES PAY AND BENEFITS ACT OF 1981

Mr. NICHOLS. Mr. Speaker, I ask unanimous consent that it may be in order on Wednesday, October 7, 1981, or any day thereafter, to consider the conference report on the Senate bill (S. 1181) to increase the pay and allowances and benefits of members of the uniformed services and certain dependents, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

Mr. MITCHELL of New York. Mr. Speaker, reserving the right to object, I do not intend to object, but I would like to provide the distinguished chairman of the subcommittee an opportunity to explain his request.

Mr. NICHOLS. If the gentleman will yield, in general, Mr. Speaker, I will say to the gentleman from New York that the Senate conferees and the House conferees have reached a conclusion on the conference report. It is targeted, and we are ready to report and would like to get this on the President's desk for signature in time so that the emoluments could be in the October pay check of the service people.

Mr. MITCHELL of New York. Further reserving the right to object, Mr. Speaker, the chairman's explanation makes excellent sense. I support his reasoning completely. I withdraw my reservations.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

Mr. ADDABBO. Reserving the right to object, Mr. Speaker, I want to commend the chairman of the subcommittee and my colleague, the gentleman from New York, for working this out. I think they have expressed the will of the House and the Senate, and I think they will best serve the future of our service by keeping the right people in the service.

Mr. NICHOLS. I thank the gentleman for his remarks.

Mr. ADDABBO. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

EXTENDING UNTIL APRIL 1, 1982, AUTHORITY PROVIDED UNDER JUSTICE DEPARTMENT AUTHORIZATION ACT OF 1980

Mr. RODINO. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4608) to continue in effect any authority provided under the Department of Justice Appropriation Authorization Act, Fiscal Year 1980, for a certain period, and for other purposes, with a Senate amendment thereto, and disagree to the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 1, strike out "April 1, 1982" and insert "November 1, 1981".

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, can the chairman explain the purpose of his request?

Mr. RODINO. If the gentleman will yield, I would like to respond to the gentleman from California that what we are attempting to do here is to extend the continuing resolution for the Department of Justice Appropriation Authorization Act.

The House last week took this measure up and passed a continuing appropriation authorization for a period of 6 months. The Senate acted by amending the bill. The Senate amendment was an authorization for a shorter period than the House authorized. It leaves us in a dilemma, and we are sending it back to the Senate to remedy the situation.

Mr. ROUSSELOT. I thank the Chairman for his explanation.

Mr. McCLORY. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. Further reserving the right to object, Mr. Speaker, I yield to the gentleman from Illinois.

Mr. McCLORY. I thank the gentleman for yielding.

Mr. Speaker, I concur with the request of the chairman. I think it is necessary that we have a longer period of time than the November 1 date that the Senate has recommended. Since the Senate amendment is so unrealistic in view of the fact that the Senate has not yet completed action on the authorization bill, we must send this back to the Senate and urge that we have a 6-month extension for the continuing resolution. In the meantime, if the Senate finally acts on the authorization and we reconcile the differences between the Houses, that agreement would take effect on enactment, superseding the 6-month extension. That being so, we should insist on our position.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON SCIENCE AND TECHNOLOGY TO MEET TODAY DURING 5-MINUTE RULE

Mr. GORE. Mr. Speaker, I ask unanimous consent that the Committee on Science and Technology be allowed to meet today during the 5-minute rule.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, the gentleman knows that we have a rather substantial bill before the House today. Is the gentleman that anxious to deny the members of his committee the chance to be present and understand what is occurring?

Mr. GORE. If the gentleman will yield, we do not anticipate staying in

very long. We have a hearing in progress now on the engineering manpower concerns facing this country, an important matter. People have come in from out of town, from all parts of the country, to participate. At 11 o'clock there will be two ministerial matters voted on briefly, and the hearing will be concluded, I would expect, before lunch.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, is the committee meeting for purposes of hearing only?

Mr. GORE. If the gentleman would yield to the chairman of the committee, there are two purposes.

Mr. ROUSSELOT. Further reserving the right to object, Mr. Speaker, I would be glad to yield to the distinguished chairman, the gentleman from Florida (Mr. FUQUA).

Mr. FUQUA. There are two reports pending from the committee, one to be voted on, on which the previous question has already been ordered, and one that is not controversial. It has been cleared with the ranking minority member of the subcommittee that reported it, the gentleman from Pennsylvania (Mr. WALKER), and he is in total accord with the request.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, the intention of the committee members, then, is the committee probably will not meet much beyond noon?

Mr. FUQUA. It probably will not take more than 10 minutes.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON ENERGY RESEARCH AND PRODUCTION OF THE COMMITTEE ON SCIENCE AND TECHNOLOGY TO SIT TOMORROW AFTERNOON DURING 5-MINUTE RULE

Mrs. BOUQUARD. Mr. Speaker, I ask unanimous consent that the Subcommittee on Energy Research and Production of the Committee on Science and Technology be permitted to sit tomorrow afternoon during the House proceedings under the 5-minute rule, for the purpose of receiving testimony from outside witnesses on waste management proceedings.

There will be no votes taken. It is my understanding that this has been cleared with the minority.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Tennessee?

There was no objection.

REAGAN PLACES POLITICS ABOVE NATIONAL SECURITY

(Mr. DOWNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOWNEY. Mr. Speaker, it is now known that the Joint Chiefs of Staff are not personally in agreement with President Reagan's plan to place the MX missile in vulnerable silos.

Four years ago, they similarly disagreed with President Carter's decision to cancel the B-1 bomber. But here the similarity ends.

Carter's decision was made purely on national security grounds, on the self-evident superiority of the cruise missile. Subsequent events have vindicated his judgment. It has become increasingly clear that the original B-1, lacking all Stealth technology, would have met its match in Soviet lookdown air defenses and monopulse missiles in the late 1980's. This is not just my conclusion, but that of the Strategic Air Command.

There are military problems with the Carter multiple-point MX plan which bothered me, but there is no evidence that these played any significant part in Mr. Reagan's decision. Instead, he rejected the multiple-point system for three reasons:

First, because he is politically unwilling to ratify SALT II, even though neither he nor the Secretary of Defense appear to have the foggiest idea of what the treaty does. As a result, today there is no limit on the number of strategic warheads the Soviet Union can deploy against us.

Second, because he did not want to embarrass his political allies in Nevada and Utah.

Third, because he did not want to accept a Carter system.

If these are the grounds on which we now make national security decisions, I can only say heaven help national security.

THE ATTACK ON PRESIDENT SADAT

(Mr. VENTO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VENTO. Mr. Speaker, I believe I speak for the whole House when I express my dismay at the attempted assassination of President Sadat.

I join my colleagues in wishing for his speedy recovery and expressing sympathy for the families of those killed in this reprehensible action. While we must react with shock and horror, we cannot, however, dismiss these events and the lessons they offer. While we wait for definitive news of President Sadat's condition, our Middle East policy is in disarray because we have placed an undue emphasis on personalities in a volatile and unstable area of the world. Sadat has been and hopefully will continue to be a strong ally, a valiant fighter for peace. However, today's tragic episode shows the folly of relying on a single country and its leader as the keystone of our Middle East policy. The news in recent weeks of internal conflict in Egypt has been disturbing and should be a warning to policymakers.

The U.S. interests require nothing more and nothing less than that the Middle East be a region of peace and stability. Today's events show that this cannot be achieved by relying on a single country or leader. We must endeavor to gain a regional approach to attain stability. This same type of approach has served us well in Europe and elsewhere in the world. Such an approach is certainly not well served by considering one country, Saudi Arabia, the sole repository of U.S. military hardware. Too much of our overseas military sales—40 percent—already goes to Saudi Arabia. We should not increase our reliance on this one country. This is not a criticism of Saudi Arabia; it is a criticism of U.S. policy. The lesson of today's tragic events is that the AWACS sale to Saudi Arabia should be canceled, and U.S. policy should be oriented not to buying friends in regional conflict but rather to insuring that the risk of military conflict in the region is minimized. We need to challenge our diplomats, not our arms salesmen.

WHAT IS THE DISEASE THAT PUSHES WORLD INTO HAIR-TRIGGER STATE?

(Mr. AUCOIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. AUCOIN. Mr. Speaker, as I heard the news from Egypt this morning, I had to ask myself a question that apparently has no answer: What is this disease that keeps pushing the world deeper and deeper into a hair-trigger state?

It is my hope that President Sadat will survive.

But I just also hope that this violence will show us a larger truth in terms of the world, and mankind, and arms—namely, that nations cannot build more and more nuclear missiles and think we will still be safe because their use is unthinkable.

This presumes that the rational judgment of men will supersede their ambitions. But Mr. Speaker, the trigger finger of some man or men in Egypt this morning proves how wrong that may be.

INTRODUCING BILL TO AUTHORIZE ISSUANCE OF NATIONAL HOMEBUILDING BONDS

(Mr. RUDD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RUDD. Mr. Speaker, I have today introduced a bill to authorize the issuance of national homebuilding bonds which, if enacted, will do the following:

Permit hundreds of thousands of young families to acquire the new housing they so desperately want and need but are presently prevented from doing so by excessive high interest rates on residential mortgage loans.

Provide employment for hundreds of thousands of construction workers now out of work because of the depressed housing industry.

Provide a new source of funds to savings and loans, thrift institutions, and banks to be loaned on residential mortgages.

Revive the depressed homebuilding industry. Sharply increase demand for building materials of all types and residential appliances.

The bill authorizes a measure of tax forgiveness as an incentive to purchasers of national homebuilding bonds and will result in an increase in tax revenue. The benefits—social and economic—will be distributed throughout the entire Nation.

The tax forgiveness provision deals equitably with all classes of taxpayers, providing the same benefit incentive to the investor in the 32-percent tax bracket as it does to the investor in the 50-percent tax bracket.

I have taken a special order later today to discuss this bill and invite my colleagues to cosponsor the bill.

MEMBERS URGED TO SUPPORT RESPONSIBLE APPROACH TOWARD DAIRY PRICE SUPPORT PROGRAM

(Mr. STANGELAND asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STANGELAND. Mr. Speaker, during consideration of the 1981 farm bill, there will be strong efforts made on the House floor to drastically reduce the support level for the dairy price support program. I strongly urge my colleagues to reject these efforts and instead support a reasonable approach toward correcting the current imbalance between dairy product supplies and demand.

Few would argue that we currently have a problem of surplus production in the dairy industry. Nevertheless, I firmly believe it would be a terrible mistake for this Congress to drive a great many dairy farmers out of business by now allowing unprecedented cuts in the price support level. Such action would serve to destroy the very stability that the dairy price support program originally intended, and has since served, to promote.

The farm bill passed by the Senate would allow the Secretary of Agriculture discretionary authority to lower the dairy support to a level he sees fit. Based on Government purchase volumes, bankruptcy would likely be the only option available for a vast number of the small- and medium-sized dairy producers in my district and this country should we allow the support level to be adjusted below 70 percent of parity.

It is true that recent conditions have resulted in an expansion of domestic milk production and an associated increase in Commodity Credit Corporation dairy product purchases. However, I seriously caution the Members of this body not to seek a "quick-fix" solution that would have serious consequences for the small- and medium-sized dairy farmers of this country, and the consumers who have come to rely on a stable supply of fresh and wholesome dairy products at reasonable cost.

Again, I urge my colleagues to support a responsible and reasoned approach toward the dairy price support program that will retain a measure of stability in the dairy industry while protecting the livelihoods of our individual producers.

□ 1045

INTERNATIONAL DAY OF BREAD

(Mr. ROBERTS of Kansas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROBERTS of Kansas. Mr. Speaker, today is the International Day of Bread. It is part of an international celebration called Harvest Festival Week. As a symbol of our country's ability to feed both ourselves and a very troubled and hungry world, each of my colleagues, courtesy of my office, and following the example of my predecessor, the Honorable Congressman Keith Sebelius, will be receiving a loaf of bread.

Today, there are ominous signs for the farmer. As my distinguished colleague and friend, the gentlewoman from Nebraska (Mrs. SMITH) pointed out yesterday in her "Dear Colleague," it is fitting that we break this bread as we consider the new farm bill. The challenge we have is to try to fit a size 40 farm bill into a pair of size 34 jeans.

I think we can do it. The farmer is quite willing to do his part, asking only for a fair return for his investment in labor through a free market.

In addition, Mr. Speaker, I cannot think of a better day than the Day of Bread to reflect upon our office motto, which is, "Be fair to the farmer, he is the backbone of the Nation."

I urge my colleagues to do so as we consider this farm bill.

FOOD AND AGRICULTURE ACT OF 1981

(Mrs. SMITH of Nebraska asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SMITH of Nebraska. Mr. Speaker, as the House resumes consideration of H.R. 3603, the Food and Agriculture Act of 1981, it is my honor to put the House on notice of a special treat available today only in the Members dining room.

When you eat in the Members dining room on Tuesday, October 6, you will see Nebraska-shaped loaves of bread on the tables. You are invited to sample the bread made with wheat from America's heartland—Nebraska.

This is being served while we are considering the 1981 farm bill because it is important to draw your attention to the plight of the producer of the principal ingredient in bread—wheat. Whether the producers be from Nebraska, the Dakotas, Kansas, Colorado, Wyoming or wherever, they are in a tremendous squeeze.

On an average it costs them $5.32 to produce a bushel of wheat. The current price they can expect for their grain averages about $3.61 a bushel. This is too great a difference. They cannot continue producing for long unless the gap between the cost of production and the market price is closed.

The target prices and loan rates in H.R. 3603, while not adequate, are better than what the Senate passed, but they need to be improved. I respectfully urge you to support amendments to set target prices and loan rates at more reasonable levels.

In the long run, low prices for wheat and corn are bad for everyone—including consumers—because eventually grain production will decline and bread, meat, and milk prices will soar. Anyway, I do not believe any consumer wants to benefit at the expense of an increasingly destitute farm economy. Congress certainly should not be a party to the perpetuation of such disparity between what it costs to grow wheat and what it brings on the market.

Farmers are consumers, too. But they face special risks in sustaining and helping to fulfill our national economic policies that for generations have called for an abundance of food and fiber for domestic use and exports. Farmers cannot be expected to face alone the overwhelming hazards of weather, war, political turmoil, and world trade conditions shaped by forces totally beyond their control.

Agriculture must make immense capital commitments far in advance of any available solid price information. Despite these enormous difficulties, the U.S. food-producing complex has no peer in the world because our agricultural programs and policies have worked. Americans pay less for food as a percentage of their incomes than any other nation in the history of the world.

I ask you to give farmers special consideration by supporting target prices and loan rates that bring them closer to the cost of production. Farmers understand budget restraints. They cope with them all of the time. They do not want to be "budget busters," but they do want a fair shake so that none of us will ever have to worry about having bread on the table at reasonable prices.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. While extending the courtesies of the House to our guests, who are visitors in the gallery, the Chair would call attention to those in the gallery that they are guests of the House, and under the rules of the House, demonstrations of approval or disapproval are forbidden by those in the gallery.

VIOLENCE IN THE WORLD MUST BE ELIMINATED

(Mr. CARMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CARMAN. Mr. Speaker, first, there was an attempt to kill President Reagan. Second, they tried to kill the Holy Father. Now it is President Sadat who has been shot. Three leaders for world peace.

Violence and instability seem to flourish throughout the world. Clearly it must be stopped. Men of good will everywhere offer prayers for President Sadat and the others who have been wounded in Cairo.

Let us now underline and recognize the special instability of the Mideast region and carefully examine every aspect of our foreign policy in that area. Let us now rededicate ourselves to the elimination of violence and the promotion of peace everywhere in the world.

EXTENSION OF THE VOTING RIGHTS ACT

(Mr. LUNGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUNGREN. Mr. Speaker, yesterday was a rather exhilarating and frustrating experience at the same time—exhilarating because I joined my colleagues in working out one of the most important pieces of legislation we will probably have come before us this year or next; that is, the extension of certain parts of the Voting Rights Act.

It was frustrating I admit, however, because I do not believe that a number of amendments which were offered in a good-faith attempt to create a better legislative vehicle were not, I believe, given full consideration. By that I do not mean the rules of the House were not proper to allow that, but in some way I think a lot of people had their minds made up irrespective of the merits of a particular amendment.

The only thing I would like to say for those of us who were offering amendments and who have a deep commitment for an extension of the Voting Rights Act is that we will be working together with the Senate to make sure that we do have a completed bill this next year so that we will have an extension of those parts of the Voting Rights Act which are scheduled to expire next August.

AMENDMENT STRIKING $74 MILLION FROM LABOR-HHS APPROPRIATIONS TO BE OFFERED

(Mr. NATCHER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NATCHER. Mr. Speaker, I would like to announce to the Members of the House that at the proper time when the appropriations bill for the Departments of Labor, Health and Human Services, and Education is being considered, I will offer an amendment to strike from the bill $74 million.

GENERAL LEAVE

Mr. NATCHER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter, along with tables and charts, on H.R. 4560.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS, 1982

Mr. NATCHER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4560) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1982, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to not to exceed 2 hours, the time to be equally divided between the gentleman from Massachussets (Mr. CONTE) and myself.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Kentucky (Mr. NATCHER).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. ROUSSELOT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 360, nays 40, answered "present" 1, not voting 32, as follows:

[Roll No. 244]

YEAS—360

Addabbo	Clinger	Evans (IA)
Akaka	Coelho	Evans (IN)
Albosta	Coleman	Fary
Alexander	Collins (IL)	Fascell
Anderson	Collins (TX)	Fazio
Andrews	Conte	Fenwick
Annunzio	Conyers	Ferraro
Anthony	Corcoran	Findley
Ashbrook	Coughlin	Fish
Aspin	Courter	Fithian
Atkinson	Coyne, James	Foglietta
AuCoin	Coyne, William	Ford (MI)
Badham	Craig	Ford (TN)
Bafalis	Crane, Daniel	Fountain
Bailey (PA)	Crane, Philip	Frank
Barnes	Crockett	Frenzel
Beard	D'Amours	Frost
Bedell	Daniel, Dan	Fuqua
Beilenson	Daniel, R. W.	Garcia
Benedict	Danielson	Gaydos
Benjamin	Dannemeyer	Gejdenson
Bennett	Davis	Gephardt
Bereuter	de la Garza	Gibbons
Bethune	DeNardis	Gilman
Bevill	Derwinski	Gingrich
Biaggi	Dickinson	Ginn
Bingham	Dicks	Glickman
Blanchard	Dixon	Goldwater
Bliley	Donnelly	Gonzalez
Boggs	Dornan	Goodling
Boland	Dougherty	Gore
Boner	Dowdy	Gradison
Bonior	Downey	Gray
Bouquard	Duncan	Green
Bowen	Dunn	Gregg
Breaux	Dwyer	Grisham
Brinkley	Dymally	Guarini
Broomfield	Dyson	Gunderson
Brown (OH)	Early	Hagedorn
Broyhill	Eckart	Hall (OH)
Burgener	Edgar	Hall, Sam
Burton, Phillip	Edwards (AL)	Hamilton
Butler	Edwards (CA)	Hammerschmidt
Byron	Edwards (OK)	Hance
Carman	Emery	Hansen (UT)
Carney	English	Harkin
Chappell	Erdahl	Hartnett
Chappie	Erlenborn	Hatcher
Chisholm	Ertel	Hawkins
Clausen	Evans (DE)	Heckler
Clay	Evans (GA)	Hefner

Heftel	Mitchell (MD)	Shannon
Hertel	Mitchell (NY)	Sharp
Hightower	Moakley	Shelby
Hillis	Moffett	Shuster
Holland	Molinari	Siljander
Hollenbeck	Mollohan	Simon
Hopkins	Montgomery	Skeen
Howard	Moore	Skelton
Hubbard	Moorhead	Smith (AL)
Huckaby	Morrison	Smith (IA)
Hughes	Mottl	Smith (NE)
Hunter	Murphy	Smith (NJ)
Hutto	Murtha	Smith (PA)
Hyde	Napier	Snowe
Ireland	Natcher	Snyder
Jeffords	Neal	Solarz
Jeffries	Nelligan	Spence
Jenkins	Nelson	St Germain
Jones (OK)	Nichols	Stangeland
Jones (TN)	Nowak	Stanton
Kastenmeier	Oakar	Stark
Kazen	Oberstar	Staton
Kemp	Obey	Stenholm
Kildee	Oxley	Stokes
Kindness	Panetta	Stratton
Kogovsek	Parris	Studds
Kramer	Pashayan	Stump
LaFalce	Patman	Swift
Lagomarsino	Patterson	Synar
Lantos	Pease	Tauke
Leach	Pepper	Tauzin
LeBoutillier	Perkins	Taylor
Lee	Petri	Traxler
Leland	Pickle	Trible
Levitas	Porter	Udall
Livingston	Price	Vander Jagt
Long (LA)	Pursell	Vento
Long (MD)	Quillen	Volkmer
Lowry (WA)	Rahall	Walgren
Lujan	Railsback	Wampler
Luken	Rangel	Washington
Lundine	Ratchford	Watkins
Lungren	Regula	Waxman
Madigan	Reuss	Weaver
Markey	Richmond	Weber (MN)
Marks	Rinaldo	Weber (OH)
Marlenee	Ritter	Weiss
Marriott	Roberts (KS)	White
Martin (IL)	Roberts (SD)	Whitehurst
Martin (NC)	Robinson	Whitley
Matsui	Rodino	Whittaker
Mattox	Roe	Whitten
Mavroules	Rogers	Williams (MT)
Mazzoli	Rose	Williams (OH)
McClory	Rosenthal	Wilson
McCloskey	Rostenkowski	Winn
McCollum	Roth	Wirth
McCurdy	Roukema	Wolf
McDade	Roybal	Wolpe
McEwen	Russo	Wortley
McHugh	Sabo	Wright
McKinney	Santini	Wyden
Mica	Scheuer	Wylie
Michel	Schneider	Yates
Mikulski	Schroeder	Yatron
Miller (CA)	Schumer	Young (FL)
Miller (OH)	Seiberling	Young (MO)
Mineta	Sensenbrenner	Zablocki
Minish	Shamansky	Zeferetti

NAYS—40

Bailey (MO)	Hall, Ralph	McGrath
Barnard	Hansen (ID)	Myers
Brodhead	Hiler	Roemer
Brown (CO)	Holt	Rousselot
Campbell	Johnston	Rudd
Coats	Latta	Sawyer
Conable	Leath	Schulze
Daub	Lent	Shaw
Deckard	Lewis	Shumway
Dorgan	Loeffler	Smith (OR)
Dreier	Lott	Solomon
Emerson	Lowery (CA)	Walker
Fields	Martin (NY)	
Gramm	McDonald	

ANSWERED "PRESENT"—1

Ottinger

NOT VOTING—32

Applegate	Brown (CA)	Derrick
Archer	Burton, John	Dingell
Bolling	Cheney	Fiedler
Bonker	Daschle	Flippo
Brooks	Dellums	Florio
Foley	Jacobs	Pritchard
Forsythe	Jones (NC)	Rhodes
Fowler	Lehman	Savage
Hendon	O'Brien	Thomas
Horton	Paul	Young (AK)
Hoyer	Peyser	

□ 1100

Mr. FIELDS changed his vote from "yea" to "nay."

So the motion agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4560) with Mr. FUQUA in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimous-consent agreement, the gentleman from Kentucky (Mr. NATCHER) will be recognized for 1 hour, and the gentleman from Massachusetts (Mr. CONTE) will be recognized for 1 hour.

The Chair recognizes the gentleman from Kentucky (Mr. NATCHER), the chairman of the subcommittee.

Mr. NATCHER. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, at this time we present the Departments of Labor, Health and Human Services, and Education and related agencies appropriation bill for the fiscal year 1982.

For the Department of Labor, we recommend the sum of $8,717,291,000. This is $5,616,507,000 less than the amount appropriated for fiscal year 1981.

For the Department of Health and Human Services, Mr. Chairman, we recommend the sum of $63,791,549,000. This is $4,654,669,000 more than the amount appropriated for fiscal year 1981 and $1,707,146,000 less than the amount requested for fiscal year 1982.

For the Department of Education, we recommend the sum of $13,941,324,000. This is $251,876,000 less than the amount appropriated for fiscal year 1981.

□ 1115

Mr. Chairman, one of the nicest things that has happened to me since I have been a Member of Congress is the opportunity that I have had to serve in the House with my friend, the distinguished gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE, as the Members know, is not only the ranking minority member on the Subcommittee on Health, Education, and Welfare, but he is the ranking minority member on the full Committee on Appropriations, not only one of the able Members of the House but, Mr. Chairman, one of the best committee members that I have seen since I have been a Member of Congress.

Our subcommittee spent many weeks, Mr. Chairman, hearing witnesses on this bill. Our subcommittee members include Mr. SMITH of Iowa, Mr. O'BRIEN of Illinois, Mr. OBEY of Wisconsin, Mr. PURSELL of Michigan, Mr. ROYBAL of California, Mr. LIVINGSTON of Louisiana, Mr. PORTER of Illinois, Mr. STOKES of Ohio, Mr. EARLY of Massachusetts, and Mr. DWYER of New Jersey. All of these Members, Mr. Chairman, are able Members of the House, and I want to thank all of them at this time and to say to them again that it is a distinct honor and a privilege for me to serve, with them on this subcommittee.

Mr. Chairman, as soon as we finish general debate, I will ask unanimous consent that the bill be open for amendments at any point. I will further ask unanimous consent that all debate on the hill and all amendments thereto close at 5 o'clock.

Mr. Chairman, the 1982 Labor-HHS-Education appropriation bill comes to the House later than usual because of unprecedented circumstances which have put us about 2 months behind schedule.

Our subcommittee began its hearings on the 1982 budget on February 4, 1981. After completing our review of the budgets of the 12 agencies which form the related agencies portion of the bill, we decided to await the submission of President Reagan's budget revisions before commencing our consideration of the budgets of the Departments of Labor, Education, and Health and Human Services. We received those revisions on March 10. They included changes in the budgets for both fiscal years 1981 and 1982. The 1981 revisions for the agencies within the subcommittee jurisdiction involved supplemental appropriation requests of $918,474,000 and rescissions of $2,887,644,000. The 1981 rescission and supplemental appropriation bill (H.R. 3512, Public Law 97-12) which was enacted on June 5, 1981, included rescissions totaling $1,856,369,000 and supplemental appropriations amounting to $547,436,000 for those agencies. Thus, Congress approved about 64 percent of the rescissions, and 60 percent of the supplemental appropriations proposed by the President, the net effect being an increase of $664,237,000 in budget authority and an outlay increase of an equal amount, most of which would occur in fiscal year 1982.

President Reagan's revisions to the 1982 budget for the three Departments and the related agenices funded in the bill involved net reductions below the Carter budget of $12,123,935,000 in budget authority.

The subcommittee resumed its hearings on the 1982 estimates on March

20, 1981. Hearings with the Federal officials, including the Secretaries of the three Departments, were concluded May 29, 1981. They were followed by 11 days of testimony by Members of Congress, organizations and individuals who have an interest in one or more of the hundreds of programs which are funded in the appropriations bill. Those hearings concluded on June 24.

In all, the subcommittee has conducted 45 days of hearings with some 500 witnesses on the 1982 budget estimates. Our 1982 hearings have been printed, and they are available to the public in 9 volumes incorporating 10,966 printed pages.

We are often asked how many programs are funded in our bill. This is difficult to determine precisely, because of the lack of a generally accepted definition of what constitutes a program. Nevertheless, it is possible to get an idea as to the complexity of the bill by counting the number of entries on the table we use in our markups and which we normally insert in the CONGRESSIONAL RECORD when the House acts on the bill and the conference report. This year, our table includes 427 line items, each of which requires a decision as to a funding level for the coming fiscal year.

On June 24, when we concluded our hearings on the 1982 estimates, Congress was in the midst of its deliberations on H.R. 3982, the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35). This bill, to which Congress made a commitment when it enacted the first budget resolution for fiscal year 1982 (House Concurrent Resolution 115), contained authorization ceilings for 1982, 1983, and 1984 for many of the programs funded in the Labor-Health and Human Services, and Education appropriations. It also contained provisions modifying the legislation which governs the spending requirements for the entitlement programs which are funded in our bill. Obviously, it was not possible to proceed with a markup of the 1982 appropriations bill until the Reconciliation Act had become law. This occurred on August 13. The district work period, during which the Congress was not in session, lasted from August 1 to September 8. Our subcommittee marked up the appropriations bill on September 10. It was reported from the full Appropriations Committee on September 23. Under normal circumstances, this bill would have been considered in the House in June or July. The President's budget revisions in March, the enactment of the budget resolution in May, and the reconciliation bill in August, have delayed the consideration of this bill by several months. The President has just submitted further revisions to the 1982 budget. The fiscal year began last week, on October 1. The Senate can, if it so desires, take the President's latest budget revisions into consideration when it acts on this bill. We believe that the Congress should now move forward with enactment of the 13 annual appropriation bills, 10 of which have already passed the House.

It is worth noting that one of the major reasons for passage of the Congressional Budget Act in 1974, was to facilitate the enactment of annual appropriation bills before the beginning of the fiscal year. The budget act moved the date of the beginning of the fiscal year from July 1 to October 1. Nevertheless, continuing resolutions have been necessary in every year since the passage of the Budget Act.

COMMITTEE RECOMMENDATIONS

In arriving at its recommendations for 1982 appropriations for the many programs covered by the bill, the committee has given consideration to many factors, including: First, the 1981 appropriation level for each program; second, the President's budget request for 1982; third, the 1982 ceilings contained in authorizing legislation as amended by the Reconciliation Act; and fourth, the targets for budget authority and outlays contained in the 1982 Budget Resolution, as further subdivided by the Appropriations Committee in its reports of June 11 and July 16 pursuant to section 302 of the Budget Act. The bill as reported is quite consistent with the actions taken by Congress to date on the 1982 budget. The budget authority in the bill as reported amounts to $87,255,250,000. As the table on page 3 of the report shows, this amount is $870,985,000 more than the President requested, and $1,234,651,000 less than the comparable appropriations for fiscal year 1981. The committee expects that it will be necessary for the President to request an additional $1.1 billion in budget authority for various entitlement programs as a result of congressional action in the Omnibus Budget Reconciliation Act.

BUDGET RESOLUTION TARGETS

The committee has made a serious effort to keep the budget authority in the bill within the targets set by the first congressional budget resolution for 1982. Under that resolution the Appropriations Committee was allocated a total of $464,627,000,000 in budget authority, and $430,241,000,000 in outlays. The Appropriations Committee subdivided these amounts among the 13 subcommittees in House Reports 97-139 and 97-178. The Labor-Health and Human Services-Education Subcommittee was allocated total budget authority of $86,603,000,000 and total outlays of $94,785,000,000.

The 1982 budget authority in the bill (adjusted for advance appropriations) is $85,530,000,000. If the $1,070 million in additional new budget authority expected to be required for 1982 costs of entitlement programs is added to the total 1982 new budget authority of $85.5 billion contained in the bill, it will be seen that the subcommittee has used up all but $3 million of its section 302 allocation of budget authority. The committee's subdivision among the subcommittees in its report 97-139 and 97-178 contained further subdivisions of both budget authority and outlays into mandatory and discretionary. It appears that the bill as reported exceeds the discretionary budget authority target by $74 million, and falls short of the mandatory target by $77 million.

RECONCILIATION ACT

The committee was very careful not to exceed the authorization ceilings established in the Omnibus Budget Reconciliation Act. That act sets specific 1982 authorization ceilings for programs funded in the bill which add up to a total of $26,223,415,000. The bill provides $24,876,577,000 for these programs, which is $1,346,838,000 below the total authorized by the Reconciliation Act, and $1,468,869,000 more than the President requested for those programs. The committee has not knowingly exceeded any of the 1982 authorization ceilings for individual programs contained in the Reconciliation Act.

It is worth noting that this year, for the first time in many years, the committee has not been obliged to leave out of the bill substantial sums for ongoing programs whose authorizations have expired. The Omnibus Budget Reconciliation Act either extended, modified, or terminated all expiring authorization legislation which would normally be funded in the Labor-Health and Human Services and Education Appropriations Act.

THE 1982 BILL

The 1982 bill provides $87,255,250,000 in total budget authority; of which $8,717,291,000, or 10 percent is for the Department of Labor; $63,791,549,000 or 73 percent is for the Department of Health and Human Services; $13,941,324,000 or 16 percent is for the Department of Education, and $805,086,000 or 1 percent is for the 12 related agencies which are funded in the bill. The total budget authority for 1982 represents a reduction of $1,234,651,000 or 1.4 percent below the comparable 1981 budget authority. This is the net result of a reduction of $5,616,507,000 in budget authority for the Department of Labor; an increase of $4,654,669,000 for the Department of Health and Human Services; a reduction of $251,876,000 for the Department of Education, and a reduction of $20,937,000 for the related agencies.

The appropriations in this bill exceed the President's budget request by $870,985,000 or about 1 percent. The components of this net increase are: A reduction of $623,579,000 below

the budget for the Department of Labor; an increase of $540,959,000 for the Department of Health and Human Services; an increase of $951,958,000 for the Department of Education, and an increase of $1,173,000 for the related agencies.

ENTITLEMENT PROGRAMS

The great bulk of the appropriations in this bill are for mandatory or entitlement programs. These are programs in which payments are mandated by law, or are fixed by Federal matching formulas. The major programs in this category are:

	Amount in the bill
Federal unemployment benefits and allowances	$306,000,000
Advances to unemployment trust funds and other funds	2,368,000,000
Special benefits	348,892,000
Black lung disability trust fund	769,244,000
Medical facilities guarantee and loan fund	30,000,000
Retirement pay and medical benefits for commissioned officers	106,172,000
Grants to States for medicaid	17,623,843,000
Payments to health care trust funds	14,338,000,000
Payments to social security trust funds	844,698,000
Supplemental security income	7,754,477,000
Assistance payments	7,421,383,000
Grants to States for social services and foster care	2,400,000,000
Student loan insurance	1,773,846,000
Higher education—interest subsidy grants	25,000,000

Out of the total budget authority of $87,255,250,000 provided in the bill, entitlement programs account for $57,558,337,000. As a general rule, the committee includes in the bill the amounts which the Congressional Budget Office estimates to be required under the currently prevailing legislation. In cases where the CBO estimate exceeds the budget request, the committee usually provides the amount of the budget request, recognizing that a supplemental appropriation may be necessary at a later date.

The remainder of the bill, or $29,696,913,000, consists of discretionary appropriations which are relatively controllable through the annual appropriations process. Compared with fiscal year 1981, the bill includes a net increase of $3,430,454,000 for entitlement programs, and a net reduction of $4,665,105,000 in budget authority for discretionary programs. It should be emphasized that spending for entitlement programs can be controlled or limited through changes in basic law but not through the amounts included in annual appropriation bills.

TOTAL BUDGET AUTHORITY

In addition to the amounts appropriated in the bill, very large sums are automatically appropriated each year for Labor, Health and Human Services, and related programs without consideration by the Congress during the annual appropriations process. The principal components of this category of permanent appropriations are amounts in the social security, unemployment compensation, and railroad retirement trust funds. In the aggregate, total permanent and annual budget authority for programs covered by the bill will increase from $277,816,140,000 in 1981 to $308,628,184,000 in 1982, an increase of $30,812,140,000. These programs constitute about 40 percent of the total Federal budget in 1982.

The following is a discussion of the principal provisions of the bill.

DEPARTMENT OF LABOR

For the Department of Labor, the committee recommends $8.7 billion for fiscal year 1982. This is a reduction of $2.2 billion from the President's March budget request and $5.6 billion below the 1981 level. In addition, the bill includes authorization to expend $2.3 billion from trust funds, an increase of $93 million over the budget. The decrease below 1981 is largely attributable to the elimination of CETA public service employment. The committee is below the budget largely because of entitlement reductions made by the Reconciliation Act; the budget has not yet been amended to reflect the lower amounts.

MAJOR PROGRAMS

CETA, title II training programs: The bill provides $1.410 billion, a reduction of $117 million from the budget. In addition, $606 million will be available from deferred 1981 PSE funds. About 325,000 service-years of training will be financed.

CETA, title IV-A youth programs: We included $400 million to continue this as a separate activity in 1982; the budget proposed no funding. That amount, along with carryover funds, will provide about 100,000 service-years of employment and training for young people.

Summer youth employment: We provide the budget request of $766 million, about the same as 1981. This will finance about 800,000 part-time summer jobs for young people.

Job Corps: The bill includes $628,263,000, a reduction of $106.2 million from the budget request. The amount recommended by the committee is the full amount authorized to be appropriated. The current Job Corps enrollment is around 43,000; the committee hopes that enrollment will not have to be reduced in 1982.

Older American employment: We recommend $277 million, the amount requested, and the same as 1981. This provides for continuation of the current level of 54,200 part-time jobs.

State employment security agencies: We provide $2.289 billion, an increase of $93 million over the budget. The committee added $93 million to the employment service request to finance the disabled veterans' outreach program and to restore part of the staffing reduction proposed in the budget.

Black lung trust fund: The bill includes $770 million to pay black lung compensation and medical benefits during 1982. The Department estimates that about 206,000 people will be drawing benefits by the end of 1982.

Worker safety and health: We recommend a total of $380.5 million, including $224.8 million for OSHA and $155.7 million for MSHA.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

The bill includes $63.8 billion for the programs administered by the Department of Health and Human Services. This in an increase of $4,655 million over the amount appropriated for these programs in 1981 and a decrease of $1,707 million below the amount requested by the President in March. The comparison with budget is distorted, however, by the failure of the administration to submit revised estimates for entitlement programs to reflect savings mandated by the Reconciliation Act. If the President's original estimates for these savings are figured into this calculation, the committee bill is actually $524 million over the spending level proposed by the President for this Department; $51.6 billion of the funds recommended in the bill for this Department are for payments mandated by law. These entitlements consume 81 percent of the budget for the Department. The bill as recommended is a complex mix of increases and decreases from the President's request. For the discretionary programs of the Department it recommends increases totaling $781.7 million offset by $187.7 million of reductions. For entitlement programs, the committee bill is $70 million in net below the total level recommended by the President on March 10, including items proposed for later transmittal. The following items are some of the most important programs included by the committee in its recommendation.

HEALTH SERVICES ADMINISTRATION

The bill as recommended includes $1,051,916,000 for programs administered by the Health Services Administration. This is $70,665,000 more than recommended for these programs by the President but $342,818,000 less than available in fiscal year 1981. The Reconciliation Act made several changes in the authorizations for this agency which have significantly limited the committee prerogatives in recommending amounts for these programs. Authorizations have been significantly reduced, many programs have been consolidated, and the closure of the Public Health Service hospitals has been mandated. In addition to the changes in the Reconciliation Act, the President's budget proposed funding levels which were in most cases 25 percent below 1981. While the bill accepts many of the reductions, it restores some funding for a number of programs including community health centers, $258,750,000; migrant health centers, $40,000,000; family planning, $130,000,000; and health professions student assistance, $160,862,000. The bill also includes $331 million for the initial year of funding for the newly

expanded maternal and child health block grant.

The bill appropriates $97,712,000 for the Public Health Service hospitals and clinics; this is $25 million more than requested by the President; $72,712,000 will be used to close down hospitals and terminate Federal involvement in facilities. The $25 million added over the budget will be used to facilitate the conversion of a few of these hospitals to local community control. This conversion assistance as well as closure are both authorized by the Reconciliation Act. The amount of funds recommended for conversion is the amount recommended by the Budget Committee for this purpose.

The bill as recommended includes initial allocations for program support and program management activities of this agency at the level proposed by the President. On page 18 of the report, however, we indicate our intention to provide additional amounts for these items either through supplementals or reprogramings. In the interim, it is the clear intention of the committee that these programs be staffed at a responsible level which reflects congressional action on the Reconciliation Act and on appropriation bills. A wholesale reduction-in-force which is based on the President's March budget, is not compatible with this intent and should not be carried out. At the same time, the committee understands that staffing adjustments may be appropriate in those areas where the executive branch and legislative branch have reached agreement, such as is the case with the Public Health Service hospitals and clinics. This principle also applies to other accounts in the Public Health Service.

HEALTH BLOCK GRANTS

The Reconciliation Act of 1981 merges a number of health programs into three new or newly expanded health block grants. These are formula programs which transfer funds and authority to the States. Within very broad guidelines, States will eventually be permitted to decide what programs will be funded and at what level. During the first year, however, the law provides some protection for existing programs and activities. While fewer programs have been blocked in fiscal year 1982 than originally proposed by the President, the Congress has enacted very significant changes in these programs. The committee allocation for these grants is a total of $911 million. This includes $331 million for maternal and child health programs, $95 million for prevention grants, and $485 million for alcohol, drug abuse, and mental health grants. These amounts are significantly below the 1981 funding available for those programs, which have now been blocked.

PREVENTIVE HEALTH ACTIVITIES

The bill as reported includes $326,590,000 for health prevention activities administered by the Centers for Disease Control. This is $22,397,000 more than recommended by the President but $10,935,000 less than available for these programs in fiscal year 1981. The bill recommends increases over the budget for venereal disease programs, immunization activities, and occupational safety and health training. The bill also includes language, adopted by the committee and the subcommittee, prohibiting the move of the National Institute of Occupational Safety and Health to Atlanta, Ga.

NATIONAL INSTITUTES OF HEALTH

The committee's recommendations for the National Institutes of Health provide a total of $3,834,958,000, an increase of $72,475,000 over the budget requests and $265,725,000 over the comparable appropriations for 1981. The President's budget request proposed an increase of $193,250,000 for NIH. The bill provides a small increase over this amount to be used for indirect costs and institutional allowances associated with National Research Service awards, for additional research project grants, for the initiation of several important clinical trials, and for certain special programs in the National Institute on Aging. The bill continues the committee's policy of stabilizing support for research training at the annual level of about 10,000 trainees, and of stabilizing support for investigator-initiated research project grants at about 5,000 competing and new awards each year. The committee's recommendation also seeks to distribute the additional research project grant funds among the various Institutes so that all of them will be able to fund grants for projects having a priority score of 190 or better. The committee's intent is to make sure that the best science is supported, regardless of which of the 12 Institutes and research divisions funds it. We continue to believe that appropriations for biomedical research represent one of the best investments for the future which the Nation can possibly make.

The National Institutes of Health is the largest single supporter of medical research in the world. In the United States, NIH is the chief support of basic health research in the universities. Original ideas and research are derived from investigator-initiated work which NIH supports through research project grants. NIH supports approximately 16,000 research project grants annually. These research project grants constitute one-half of NIH's budget.

In order for the fruits of this research to be fully realized, there must be continuity of funding to create a stabilization of the science base. For NIH to best serve the health science research needs of the United States and the world, Federal support must be maintained at the highest levels possible under a constrained budget.

Examples of some of the promising research currently supported by the Institutes include: In the area of cancer prevention research, derivatives of vitamin A show promise in controlling the progress of cancer. In the area of diagnosis, discoveries in hybridoma cell technology involving fusion of cells to create an antibody are promising. In the Heart, Lung, and Blood Institute work has been done with calcium ion drugs in the treatment of irregular heartbeat, and diseases of the heart as well as high blood pressure. Clinical trials conducted by the Institute in the areas of hypertension detection and cholesterol level monitoring have contributed to a decline in the number of deaths from heart attack and stroke. In the national Institute of Allergy and Infectious Diseases, research work involving recombinant DNA technology and hybridoma cell fusion have advanced the development of vaccines for such infectious diseases as hepatitis, gonoccal infection, and genital and oral herpes simplex infections. The National Institute of Arthritis, and Diabetes, Digestive and Kidney Diseases, as its name suggests, supports research on a wide range of diseases. There continues to be a great deal of congressional interest in the activities of this Institute, as illustrated by the enactment last year of Public Law 96-238 which added the words "Diabetes" and "Kidney" to the Institute's name; established Associate Institute Directors for: first, arthritis and muskuloskeletal and skin diseases; second, diabetes, endocrinology and metabolic diseases; third, digestive diseases; and fourth, kidney, urologic and hematological diseases. This law also created subcommittees within the Institute's advisory council for each of the four categories of research; directed the Secretary to establish national advisory boards and interagency coordinating committees for arthritis, diabetes, and digestive diseases; and also directed the Secretary to establish an information and education center for digestive diseases to: first, identify, collect, analyze, and disseminate information respecting the diseases; and second, serve as a national educational resource for patients with such diseases and their families, physicians, and other health professionals. We intend to monitor these new developments during the coming year, and of course we continue to take an interest in how this Institute deals with all of the competing demands for the reaserch funds which it administers.

HEALTH RESOURCES ADMINISTRATION

The Health Resources Administration administers Federal programs re-

lating to health planning and resources development as well as health professions education, including nurse training. The President's budget proposed to reduce appropriations for the agency's programs from the 1981 level of $380,831,000 to $233,685,000 in 1982, a reduction of $147,146,000, or 39 percent. The Reconciliation Act included 1982 authorization ceilings for these programs which were in most cases higher than the President's budget request. The bill includes $292,746,000, an increase of $59,061,000 over the budget request. For health planning, the bill contains $50,000,000 for the local health systems agencies, $43,400,000 more than the budget request but $32,880,000 less than the amount available in 1981, and $15,000,000 less than the maximum amount authorized in the Reconciliation Act. For State Health Planning and Development agencies, the bill maintains the current level of $32,000,000.

The Reconciliation Act modifies the law to make possible the consolidation of health systems agencies and make alternate sources of revenue available to them. The bill will provide continued support for most of the health professions and nurse training programs, in accordance with authorization levels set by the Reconciliation Act. Among the programs for which funds are provided are assistance for schools in financial distress, and assistance for training in public health, health administration, family medicine, and general internal medicine and pediatrics. Support is also included for training of physicians assistants, area health education centers, and assistance for disadvantaged students. Nurse training programs will be maintained at slightly reduced levels. The budget proposed to terminate most of the nurse training programs. The committee is concerned about plans to make drastic reductions in the staffing of the Health Resources Administration, and expects that the funds provided in the bill for the Assistant Secretary for Health will be used to augment the Health Resources appropriations to the extent necessary for continued administration of ongoing programs. To the extent that additional funds are needed, we would consider requests for reprograming and/or supplemental appropriations.

INCOME MAINTENANCE ACTIVITIES

A large portion of the funding provided to the Department of Health and Human Services is for cash or in-kind payments to the elderly and the indigent. This includes primarily funds for the assistance payments program (including AFDC), supplemental security income, black lung benefits, refugee assistance, social services programs, and low-income energy assistance. The 1982 bill includes almost $20 billion for these programs. Several of these allocations are above the level proposed by the President. In particular, the committee bill includes $1,800 million for low-income energy assistance grants. This is $50 million less than appropriated in 1981 but $400 million more than requested by the President. The bill also includes the full amount currently authorized for title XX social services of $2.4 billion.

HEALTH FINANCING PROGRAMS

In addition to the income maintenance activities, the bill also includes approximately $32 billion in Federal funds for the medicare and medicaid program; $17.6 billion is for the Federal share of State medicaid costs. This allocation is substantially below the current estimate of the Health Care Financing Administration. It is based on the September 9 Congressional Budget Office estimates which show lower costs in 1981 (which have been confirmed by the Department), and greater savings as a result of reconciliation. These two factors result in a reduction of $1.2 billion from the amounts currently recommended by the Office of Management and Budget. In addition to funds for medicaid, the bill includes a $14.3 billion subsidy payment for the medicare part B program which is now 74 percent supported by general funds. Finally, the committee bill recommends a funding level of $97,973,000 for the professional standards review program (PSRO's). This will permit funding of 130 agencies rather than the 85 proposed in the budget.

OTHER PROGRAMS INCLUDING HEAD START AND AGING

The committee recommends $950,000,000 for Head Start, an increase of $130 million over last year. About 374,000 children participate in Head Start programs. Child welfare, child abuse prevention, and similar programs would be continued at 1981 funding levels.

The bill, as reported, also includes $768.7 million for programs administered by the Administration on Aging, an increase of $24 million over the budget and $10.5 million over last year. Within this total, $462.8 million will be available for nutrition programs, an increase of $28,000,000 over fiscal year 1981. The bill includes a total of $1,266,785,000 for programs directly affecting the aging (not including medicare and social security), including $86,059,000 for the National Institute on Aging, $94,971,000 for Foster Grandparents, Senior Companions, and Retired Senior Volunteers, and $277,100,000 for Community Service Employment for Older Americans.

DEPARTMENT OF EDUCATION

For the Department of Education, the committee recommends a total of $13.9 billion for fiscal year 1982. This is an increase of $952 million over the President's budget for 1982. The committee bill is $252 million below fiscal year 1981 appropriations. We are below the 1981 level solely because of reductions we had to make in the impact aid program as a result of reduced authorizations enacted by the Reconciliation Act. Otherwise wherever possible, we tried to avoid cutbacks from 1981 funding for all education programs.

For title I, elementary and secondary education, grants for disadvantaged children, the committee recommends $3.2 billion, an increase of $392.5 million over the budget and $100 million over 1981 funding. The grants go to 14,000 school districts, or about 90 percent of the total number of districts in the country. About 6 million disadvantaged schoolchildren will be assisted by this program.

In the bill, we have $143.8 million for bilingual education. This is the amount requested in the budget, but it is $17.6 million below fiscal year 1981. The reduction from last year is due to the reduced authorization level contained in the Reconciliation Act.

The committee bill includes $1.1 billion for educating handicapped children. This figure is $178 million over the President's budget, and $43 million over the 1981 appropriation. Included in the total is $914.5 million for the State grant program which will assist in educating about 3.9 million handicapped children.

For rehabilitation programs for the disabled, we recommend $953.7 million, an increase of $229 million over the budget request. All of these programs would be continued at the 1981 appropriation level. These programs will help rehabilitate over 1 million disabled individuals.

For vocational education, the committee recommends $696.5 million. this is $80 million over the budget and $22 million over last year. Over 17 million individuals are currently enrolled in vocational education programs.

The bill includes $3.8 billion for various college student aid programs. This is $40 million over the budget, and $32 million over 1981 appropriations. Within the total, we include $286 million for direct loans, an increase of $100 million over last year. For other student grants and work study, we maintain the same program level as in fiscal year 1981.

The bill includes $396 million for various programs designed to assist universities and junior colleges. This is $8 million over the budget and about the same amount for these programs as they had in 1981. Some of the programs included in this category are cooperative education, aid to developing institutions, international education, and graduate training.

We include $83.7 million for public and college library programs. All of the programs would continue at about the 1981 funding level. The President

was proposing to cut these programs by $17.6 million from last year.

For impact aid, the committee recommends $475 million, the full amount authorized for 1982. This is $74 million over the budget, but a reduction of $282 million below last year. Although the total is a 30-percent reduction from 1981, we try to give priority to category A children and category B children of military families.

With regard to the new block grant program for elementary and secondary education, the committee recommends $521.5 million. This is the aggregate amount available for fiscal year 1981, for the categorical programs consolidated in the block grant.

Under the President's request for the fiscal year 1982 budget for the Department of Education, there was a proposal to consolidate programs of the Elementary and Secondary Education Act into two block grants to the States with a 25-percent cut in funding. This proposal was rejected by the Congress in the reconciliation process. Compensatory education programs for the disadvantaged and education for the handicapped were thought to be best served by a continuation of funding from the Federal level. Doubts as to accountability procedures, targeting of funds, maintenance of effort, and protection of the underprivileged and the handicapped were instrumental in the defeat of this proposal.

In place of this proposal, one block grant to the States emerged which includes small categorical programs in the areas of basic skills, education improvement and support, and special projects. Six percent of this block grant money is for discretionary use by the Secretary of Education in book distribution, arts in education, alcohol and drug abuse education, educational television programing, national diffusion program, gifted and talented, and portion of funding not earmarked for funding.

Title I Compensatory education programs show an increase of $392,249,000 over the President's request. These programs compensate children living in poverty, or children whose circumstances warrant special attention such as migrant and Indian children. The purpose of compensatory aid is to give these children the opportunity to keep up with the average child in learning experiences so that they have an equal opportunity to develop their future.

Education for the handicapped is $177,781,000 over the President's request and has been kept a categorical program in its entirety. Under the proposed block grant consolidation, it was not clear whether the funds necessary to carry out this law would be targeted to handicapped children, and if not, it was also not clear what recourse would be available. The intent of the law in this area is clear and the possibility of funds for these children not being delivered was not acceptable to the committee. Since the passage of the Education for All Handicapped Children Act of 1975, millions of children have been served through these programs.

RELATED AGENCIES

The bill includes $805 million for 12 related agencies, an increase of $1.1 million over the budget and a reduction of $20.9 million from 1981.

ACTION

We recommend $148.5 million for the domestic programs of ACTION, an increase of $3,250,000 over the budget request and a reduction of $4,515,000 from 1981. Included are $20.7 million for VISTA, $49.7 million for Foster Grandparents, $28.7 million for the RSVP program, and $16.6 million for the Senior Companion program. These are the full amounts authorized by law.

PUBLIC BROADCASTING

We recommend $110 million for the Corporation for Public Broadcasting, the amount requested for fiscal year 1984. This is $27 million below the 1983 appropriation.

Mr. Chairman, this is a good bill and we recommend it to the committee.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I yield to my friend, the distinguished gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, first I wish to compliment my colleague, the gentleman from Kentucky (Mr. NATCHER), the chairman of the Subcommittee on Labor, Health and Human Services, for an outstanding job on a very difficult subject matter, especially in a difficult year.

I personally feel, as does my colleague from Kentucky (Mr. NATCHER), that the membership of this committee should not undertake to cut these programs any more.

We presently are serving less than 50 percent of the disadvantaged children of this Nation, just to mention the elementary and secondary education title I program.

Now I would like to ask my colleague: When President Reagan took over, we had already appropriated, just for title I, the Elementary and Secondary Education Act, $3.5 billion. That was for fiscal 1981. And I do not think we should lose sight of the fact that we took a 12-percent cut just as soon as President Reagan came in, for fiscal year 1981, cutting the program back to $3,111 million. And the committee's recommendation today for fiscal year 1982 is only $3,211,620,000, only $100 million over the 1981 fiscal year.

Considering inflation and everything else that has taken place in this country, I feel that if we are going to have any program at all, a worthy program, that we would really do considerable harm if we were to cut title I back any further than this.

I would like to ask my distinguished colleague if we cut this program anymore if we would not be performing a disservice to all the disadvantaged children of this country, and the program in many sections would really not be what we intended it to be?

Mr. NATCHER. Mr. Chairman, I would like to say to my distinguished friend, the gentleman from Kentucky (Mr. PERKINS), the chairman of the Committee on Education and Labor, that in our markup, the members of the subcommittee decided that we would increase the amount requested in the budget for title I by $392 million.

This is a good program. We believe our action was right.

Mr. PERKINS. If the gentleman will yield further, I would like my colleagues to notice that I have been using 1981 appropriation figures. I noticed in my colleague's statement that, in the appropriation bill, it provides less for the Department of Education than was provided in the 1981 appropriation, but while the gentleman was holding the overall appropriation down for the Department of Education, I think my distinguished colleague provided some increases for the most worthy programs such as title I and vocational education.

Mr. NATCHER. That is correct.

Mr. PERKINS. Again, I wish to compliment my colleague for a great job on this subject.

Mr. NATCHER. I want to thank my colleague.

Mr. CONTE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, as I am sure everyone here can appreciate, this has been a particularly challenging year in which to mark up a labor, health, and human services, and education appropriations bill that is both fiscally responsible and humanly responsive to the needs of many Americans.

We have faced dramatic reductions in nearly all of the President's budget requests.

We have worked hard to determine the impact that these reductions would have on the very programs that year in and year out we have worked to support.

Producing this bill has not been an easy process. Nevertheless, a great deal of credit for the sound bill we present here today goes to our chairman, BILL NATCHER. The gentleman from Kentucky worked hard to help us all face some tough decisions about funding levels during our nearly 11 hours of subcommittee markup.

At the end of that marathon session our bill was $292 million above our 302 allocation of $86,600 million. That is

when the true colors of our subcommittee came through.

The gentleman from Kentucky (Mr. NATCHER) said it has been his great privilege to serve with me. It certainly has been the highlight of my 30 years in politics to be able to serve with BILL NATCHER. He is a great Congressman. He is a great American, and one of the most conscientious gentlemen that I have ever met.

Mr. Chairman, we went around the table and each one of us offered to trim a little here and a little there in order to get within our 302 allocation. Even during that trimming process we paid careful attention to individual programs and did not take any indiscriminate, across-the-board cuts.

What you have in front of you now is a sound package with strong bipartisan support among the Appropriations Committee.

In total the bill contains $87,255,250,000 in budget authority. This represents a decrease of $1.1 billion from fiscal 1981 program levels.

When you compare the committee's recommendations with the President's proposed March budget request of $86,386 million, the committee's recommendations exceed the March budget request by $869 million.

Included in these totals are: $8.7 billion for the Department of Labor, a level $5.6 billion below the fiscal 1981 level; $63.8 billion for the Department of Health and Human Services; and $13.9 billion for the Department of Education. In every instance within these agencies, we have used our best judgment to try and achieve savings that will help this Nation's economy without actually destroying those vital and effective services that we have all worked to develop over the years.

This bill contains many major changes in funding levels for numerous discretionary programs.

No surprise to anyone is the fact that there is no funding for any of the public service employment programs under CETA. In addition, however, the total appropriation for CETA programs has been reduced by more than $3.9 billion from the 1981 levels.

Even with CETA's bottomline being nearly $4 billion below fiscal 1981, the committee did believe that some funds should be maintained in the youth training and employment program under CETA title IV-A. To that end we put in $400 million—a full 43-percent reduction from fiscal 1981. These funds would provide about 100,000 service years of youth employment at a time when unemployment among youths is approaching 20 percent and unemployment among minority youth is approaching 50 percent.

A particularly painful decision for all of us was the funding level for the maternal and child health block grant. The committee has recommended $331 million. That level is $126 million below the current program level—a reduction of fully 27 percent in a single year. I should add that that level is equal to the President's request and $43 million below the reconciliation level.

For all programs within the Health Resources Administration covering the vital area of health manpower training, the committee bill recommends a level $88 million, or 23 percent below the current year level.

The committee bill contains $1.8 billion for the low-income energy assistance program. While that level exceeds the President's request, it is $50 million below the fiscal 1981 level, and $75 million below the level set by reconciliation.

For title I of elementary and secondary education, the committee added $392 million to the President's request. Even at that level, programs under title I would, at best, be continued at their current program level. I might add that the committee's recommendation for title I is $276 million below the level provided by reconciliation.

The committee's recommendation cuts current impact aid levels by 37 percent or $281 million. At that level every school district across the country will lose funds it received last year.

I could go on and talk in more detail about education for the handicapped where we added money to the President's budget while keeping our recommendation $82 million below the reconciliation level. Or, I could talk about programs for the aging and vocational rehabilitation as further examples of vital services that must be preserved. However, it is more important for me to make the point that we have a good bill here. It represents a lot of compromises, but they are compromises that were always made with the needs of the Nation and our people foremost in our minds.

Let me just reiterate that this bill is already $1.2 billion below fiscal 1981 levels for these vital health and human service programs. It is a good bill. The committee spent more than 9 weeks, 5 hours every day, in hearings examining every nerve ending of this bill. We spent 11 hours in subcommittee markup debating every line item and making concessions to help achieve a reduced deficit.

This bill is America's investment in humanity and we cannot afford to reduce funding for these programs further than the committee, in its wisdom, has already recommended.

I urge my colleagues on both sides of the aisle to support this bill.

I also wish to make it clear that while there are not funds in this bill for title I of the Higher Education Act, it should be clear that the functions of the National Advisory Council on Continuing Education are broader than simply the Outreach program and are not dependent upon the duration of that program.

Our committee has had evidence of a need for funding to enable the Advisory Council to carry out its responsibilities and urges the Secretary of Education to make the necessary amount available from the salaries and expenses account as provided in this bill.

I wish to bring to my colleagues' attention some unanticipated and potential problems resulting from passage of the Multiemployer Pension Plan Act of 1980, the implementation of which is being accomplished by the Pension Benefit Guarantee Corporation.

For example, the 1980 act requires that an employer wholly or partially withdraws from a pension plan, pay a share of any unfunded liability which would then be calculated by the plan.

But, it now appears that this liability for which the employer was not legally obligated prior to 1980, can be so large as to prevent certain companies from liquidating or relocating or selling their business. Apparently it is quite possible that the costs of this new liability could exceed a company's net worth.

The newly imposed withdrawal liability can also disrupt ongoing business operations.

Consideration is being given by the Financial Accounting Standards Board to require employers to footnote this pension liability on financial statements. The effect of this requirement could be to drastically reduce the ability of the company to borrow money. For the many small businessmen, the inability to borrow money likely could result in liquidation which again triggers withdrawal liability.

Most disturbing is that the net result will be to discourage new companies from joining such plans, and that fact could cause serious problems for all existing multiemployer pension plans.

In light of these problems, I hope my colleagues will join me in urging the Pension Benefit Guarantee Corporation to take whatever administrative steps are at its disposal to identify solutions to these problems and mitigate any negative impact there may be on pension plans, employers, and employees.

Mr. Chairman, when I voted for the Gramm-Latta bill, I spoke to the President and I spoke to the leaders on my side, and I said to them, "I will vote for Gramm-Latta under one condition—under one condition—that we can have the flexibility in our Committee on Appropriations to come in with that bottomline on Gramm-Latta."

We have done that, Mr. Chairman, and we deserve the support of those who sought Gramm-Latta and sought

our pledge to vote for that at that time.

They now should come back and support us, because we have come under Gramm-Latta here. We have got a good bill and I hope the Members support it.

□ 1130

Mr. NATCHER. Mr. Chairman, at this time I yield 5 minutes to the distinguished gentleman from Ohio (Mr. STOKES).

Mr. STOKES. Mr. Chairman, I rise in support of the fiscal year 1982 Labor-HEW appropriations bill. At the outset, I want to personally commend the distinguished gentleman from Kentucky (Mr. NATCHER), who has made the work of the subcommittee much easier through his exceptional hard work. Our subcommittee chairman has demonstrated superb leadership in the development of this bill. He has always been fair and equitable and has permitted every member of this subcommittee every opportunity to serve his constituency. We are indeed fortunate in this Congress to have a chairman of the caliber of BILL NATCHER.

Mr. Chairman, our subcommittee worked very hard on this bill under very difficult circumstances. The fiscal year 1982 revised budget submitted by the President slashed Federal spending for the programs contained in our bill in blatant disregard of the impact of these cuts on the millions of poor, disadvantaged, and elderly who receive services as a result of these programs.

The spending targets of the fiscal year 1982 Labor-HHS-Education appropriations bill established under the first concurrent budget resolution and the reconciliation bill made it impossible to address all of the real human needs which are provided for under this bill. In the aggregate, the spending target for this bill is nearly $2 billion below fiscal year 1981 spending levels. But, in spite of these tremendous obstacles, I believe that the committee has made a valiant effort to insure that the health, education, and welfare needs of the American people are met. Thus, I urge your support of the bill.

There are several items in this bill that I would like to mention specifically. Pursuant to the Reconciliation Act, the bill includes $3.7 billion for employment and training assistance for disadvantaged persons under CETA. This amount is a whopping 50-percent reduction from what we now spend on CETA activities, but nearly the full amount authorized.

Because of my strong interest in the youth unemployment problem, which is particularly devastating among black youth, I hope you will support the committee's recommendation of $766 million for the summer youth employment program and $628 million for Job Corps. In addition, the committee restored $400 million to the budget for the youth employment and training program in order to address mounting unemployment among disadvantaged youth. Regrettably, the President proposed to terminate targetted youth training activities.

Recent statistics from the Labor Department show that the official unemployment rate among black youth is now over 50 percent, unofficially, we know that in inner city areas in Cleveland, New York, Detroit, the District of Columbia and other cities, the minority youth unemployment rate is more nearly 60 to 70 percent. Despite this situation which has reached a crisis level, the committee's recommendation of $400 million to provide job opportunities for these youth is still a 52-percent reduction from what we spent last year for the same purpose. A total of $576 million was authorized.

Our committee also restored $6 million to the budget for the national youth sports program, currently administered by the community services administration which has been abolished under the President's budget plan. The national youth sports program helps to keep thousands of young people who otherwise would have nothing to do during the summer constructively occupied. Most importantly, this program exposes young people to college campuses, provides athletic and health instruction, physicals, and meals.

In the area of health, the committee made significant decisions. For the National Institutes of Health (NIH), the President had proposed very little or no growth for most of the institutes which would have crippled our Nation's research program. This bill protects and continues the Nation's investment in research and research training by providing $3,835 billion for NIH. The bill provides funds to stabilize individual investigator-initiated research projects at about 5,000 new and competing awards, and provides funds to maintain current training activities.

For the health block grants newly authorized under the Reconciliation Act, our committee recommends: $331 million for the maternal and child health block grant—28 percent reduction from the amount currently spent on these activities; $258 million for the community health centers—A 20-percent reduction from the amount currently spent on these activities; $485 million for the alcohol, drug abuse, and mental health block grant, a 10-percent reduction from current levels and nearly the maximum amount authorized; and $95 million for the preventive health services block grant—the maximum amount authorized.

These funds are absolutely vital to maintaining a minimum level of health services, particularly in urban and rural communities which lack adequate health care facilities and health practitioners. Funds are also included in the bill to maintain at minimum levels health professional and nursing programs which the President would like to all but eliminate. Our committee has attempted to insure that our Nation continues to address existing health manpower and nursing shortages, and the escalating demand for health practitioners. In particular, the committee has provided continued funding for health professions loans, exceptional need scholarships, nursing student loans, and traineeships to maintain access to health professions for all students regardless of income status.

The bill does well by our young people with respect to their educational development. Under the President's budget, our Nation's school systems would have been devastated by 20-percent cutbacks in Federal educational aid on top of those cutbacks already imposed in the revised fiscal year 1981 budget. In general, our committee has recommended fiscal year 1982 funding levels for elementary and secondary education programs which equal current appropriations. In inner-city schools in particular, the quality of the educational programs are at dangerously low levels. They cannot withstand any further budget cutbacks.

The committee recommends $3.2 billion for the title I program. If there ever was a program deserving of congressional support, title I is it. The National Institute of Education, GAO, and independent evaluators all agree that title I dollars are dollars well spent; $1.068 billion is also recommended for education for the handicapped and $696 million for vocational education. These funds may mean the difference between thousands of young people wasting their lives away and having a cadre of young people who will possess the basic skills necessary to become productive members of our society. Therefore, I hope that you will support these recommendations.

An equally good investment is the committee's recommendation of $950 million for Head Start—the full amount authorized. These funds will be used simply to maintain current enrollment levels in local Head Start projects.

Mr. Chairman, I could go on and on with respect to the specific provisions of the bill—among those programs which I have not mentioned are student financial assistance, low income energy assistance, programs for the elderly, and so forth. But, I would just like to conclude by emphasizing that our committee labored long and hard over this bill. At the end of the subcommittee markup session, we discovered that we had exceeded the section

302 allocation targets. We went back and made selective reductions in the bill in order to stay within those targets. Needless to say, this was a difficult and arduous process. Our subcommittee deliberated all day long to develop a compassionate but fiscally responsible bill.

So, I sincerely hope that you will keep this in mind as we debate this bill, and reject any amendments which may be offered today to further slash spending for human needs programs. To do otherwise would be to ignore our responsibility to the people of this Nation, to ourselves, to our children, and to their children. Thus, I urge you to approve the fiscal year 1982 Labor-HHS-Education Appropriations Act, as reported out of committee.

Mr. CONTE. Mr. Chairman, I yield 3 minutes to the gentlewoman from Nebraska (Mrs. SMITH).

Mrs. SMITH of Nebraska. Mr. Chairman, I rise to address a provision in a 1979 medicaid regulation (42 CFR 435.403) scheduled to go into effect on October 15, 1981. I have had under consideration an amendment to prohibit enforcement of the provision, which would result in Nebraska's medicaid dollars' being spent on out-of-State residents who are already institutionalized in or would enter Nebraska for health care.

This provision requires each State—by October 15—to complete a review on a case-by-case basis of medicaid patients in health care facilities in that State, and to expend its medicaid funds on any patient who declares an intent to be a resident of that State. It also provides for each State to pay from its medicaid budget for any incoming medicaid patient who states an intent to be a resident of that State.

The provision is particularly adverse for Nebraska's medicaid program, because Nebraska, with sufficient nursing home beds, is surrounded by States that are underbedded, so it could become a victim of carpetbagging.

During markup of this bill by the Appropriations Committee on September 24, Mr. NATCHER, the esteemed chairman of the Labor, Health and Human Services, and Education Subcommittee, was sympathetic to my efforts to gain relief from this provision, either administratively or legislatively. I am grateful to the gentleman from Kentucky for his consideration and understanding.

Having worked with the Department of Health and Human Services' Health Care Financing Administration for nearly 2 months on this issue, I am pleased to say that the agency has been responsive. A deregulatory task force within HCFA will take up the provision at the end of October. In order to give the task force time to review the provision, HCFA is recommending to HHS Secretary Richard Schweiker that implementation be delayed for at least 6 months, through a notice in the Federal Register, with perhaps an action transmittal to speed the news to the States.

Due to such responsiveness, I have decided not to propose an amendment today. However, if the matter is not resolved administratively, I shall certainly seek legislative remedy.

Throughout my deliberations on this issue, Mr. NATCHER and his subcommittee staff have been most helpful. I rise today not only to state my intent on this issue but also to recognize the thoughtfulness of the gentleman from Kentucky.

Mr. NATCHER. Mr. Chairman, if the gentlewoman from Nebraska would yield to me, I would like to say to the Members of the Committee that this matter was brought to the attention of the full committee by the gentlewoman from Nebraska. She explained it in detail. This is a matter that she is now endeavoring to work out with the Secretary of Health and Human Services, a regulation which was issued.

I would like to say to the gentlewoman, as one member of the subcommittee, I hope the gentlewoman is successful. I think she is entitled to be successful and I hope that the Secretary of Health and Human Services, our former colleague in the other body, will go along with the request of the gentlewoman from Nebraska. I think that her request is fair. I think it should be approved.

Mrs. SMITH of Nebraska. I thank the gentleman very much.

Mr. CONTE. Mr. Chairman, I yield 3 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Chairman, H.R. 4560 is the result of careful, dedicated work by an able and hardworking committee headed by two of our body's premier legislators, the distinguished chairman from Kentucky (Mr. NATCHER), and the equally distinguished gentleman from Massachusetts (Mr. CONTE).

Unfortunately, I am still not going to be able to vote for it because I believe that it does not represent enough effort on our part to reach the fiscal targets that we all say we support. H.R. 4560 does not show enough self-control. It does not give a strong enough signal that Congress really believes in the change toward fiscal sobriety.

We have a problem with this bill in that the Budget Committee has had difficulty analyzing the bill. Our problem centers in the fact that the Appropriations Committee works in different terms than the Budget Committee. We are operating on different frequencies. We are singing songs from different scores. The Appropriations Committee apparently deals in budget authority or obligations. The Budget Committee works in both outlays and budget authority.

So, it is exceedingly difficult for the Budget Committee to come to the House of Representatives and say a bill is exactly over or under budget by this much because there are too many figures involved, and too many ways of figuring.

For instance, the Appropriations Committee can reduce budget authority, and its report will show that it has made a reduction from the budget amount. However, the reduction in budget authority may not result in a reduction in outlays, and therefore, since our deficit is measured in outlays at the end of the year, we may find that those claimed reducations were not real.

We also find sometimes that the Budget Committee makes a low estimate on so-called mandatory or entitlement expenditures. Extra supplementals are required later, and the real deficit mounts. For instance, last year we passed a budget resolution calling for a balanced budget. That was our first budget resolution. The budget year just ended, and we are $60 billion in the hole.

Therefore, it is difficult, if not impossible, to reconcile any complicated appropriations bill to a budget resolution. The comparison will differ with the date of figures used, the kind of figures, and the assumptions which are used.

I believe this bill is not consistent with our first budget resolution. I doubt our ability to meet the deficit goal under almost any set of probabilities. I am, however, very confident we cannot meet that goal if this bill is passed.

□ 1145

It is not the fault of the Appropriations Committee anymore than it is the fault of the Budget Committee; it is the fault of all of us.

What I want to say to the Members is that we have great difficulty in being able to present to the House a real assessment of where the appropriations figure is as against the budget figure. We must, in the future, refine our assessment, but it, of necessity, will have to come to us with several alternative sets of figures.

So when somebody says to us that this is way over or way under the budget, it requires a little digging by the Members. The committee cannot come to us finally and say, "This is the one number," and that it is over or under. It may be over in budget authority, it may not be in outlay, or vice versa. There may be supplementals following that we cannot discern at this time.

So I think we have to be very careful when we discuss these matters. The Appropriations and Budget Commit-

tees have a long way to go before they can present the House with understandable figures on our appropriations.

The CHAIRMAN. The time of the gentleman from Minnesota (Mr. FRENZEL) has expired.

Mr. NATCHER. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Wisconsin (Mr. ASPIN).

Mr. ASPIN. Mr. Chairman, as the gentleman from Minnesota (Mr. FRENZEL) was speaking, I realized that we are getting upon a subject that will be very hotly debated in the bill that is on the floor before us, and that is, namely, the question of whether the Labor-HHS bill is or is not over the target. I think it is important that we talk about that a little bit because the Budget Committee did have some problems with this bill, and I think that the committee is trying in a lot of ways to alleviate the concerns the members of the Budget Committee had about the bill.

Mr. Chairman, there are lots of ways of scorekeeping any appropriation bill. We can compare it to the President's request that he made originally when he sent his budget up to Congress. We can compare it to the President's latest request, after he asked on television just recently for an additional 12-percent cut.

Both of those comparisons are interesting, but they are not relevant to the question of whether the Labor-HHS appropriation bill is or is not over the budget, because the budget to which we compare appropriation bills is the budget that the Congress itself passed. The House and the Senate in the first budget resolution passed a budget against which we must scorekeep and judge whether various appropriation bills are over or under.

The way the process works is that after the Congress has passed the budget resolution, the money in that bill is allocated among various committees, and a very large chunk of that, of course, is allocated to the Appropriations Committee. The Appropriations Committee then in turn allocates that money among its various subcommittees, and a portion of that is allocated to the Subcommittee on Labor-HHS. It is on that comparison that we must ask, is this bill that we are voting on today over or under the budget? It is that allocation to the Labor-HHS Appropriation Subcommittee that we have to examine when we are dealing today with the issue of whether or not we are meeting the budget target.

So I would say to the members of the Committee here that any comparisons with the President's budgets are interesting, but the real question is: Is it over or under the budget resolution which the Congress itself passed?

Now, that sounds like a simple question, but it yields a complicated answer because there are lots of ways in which we can look at this budget. We could look at, first of all, budget authority, and, second, outlays. We could consider mandatory programs, and we could consider the discretionary programs. It depends a lot upon what we are looking at and what we consider important.

The budget authority is clearly the thing that we have the most control over—"we" meaning the Congress—because we can actually control the budget authority numbers rather accurately. We vote on that money, and we appropriate it on a yearly basis.

The outlays are less easy to control because once we have approved the budget authority, the outlays get spent, and maybe we get a lot in the first year and less in the second year or vice versa. We make an estimate of how much is going to be spent in each of the succeeding years, and outlays therefore depend upon estimates of the way that budget authority is going to be spent.

So the outlays this year are a combination of the budget authority we have approved this year, plus some budget authority for the previous years, and it is an estimate.

The budget authority we can control. The outlay numbers are less easy to control. In terms of the discretionary and the mandatory programs, some of the money which this Appropriations Subcommittee appropriates today is money that has been mandated by previous actions of Congress. It has been mandated by various authorizing committees, most importantly by the authorizing committee headed by the gentleman from Kentucky (Mr. PERKINS).

The committee of the gentleman from Kentucky (Mr. NATCHER) has very little influence over those mandatory programs. The program has been approved, and he has to approve the money. The discretionary program, however, is something that is controlled by the Appropriations Subcommittee.

So what we have is budget authority which we can count and outlays which we are less able to count, and we have discretionary programs we can control, and mandatory programs we are less able to control.

The nub of the matter is that the main thing that the Budget Committee has focused on historically over the years, since its creation and this year, is the budget authority numbers and, in particular, the discretionary budget authority number. That is the one number in the whole process that we can both control and count. It is the one number that we have some ability to count with certainty and some control over as a Congress.

Mr. REGULA. Mr. Chairman, will the gentleman yield?

Mr. ASPIN. Let me just finish this first, and then I will be happy to yield.

Mr. Chairman, that is the number that is $74 million over in the targets. That is the number on which, as I understand it, the gentleman from Kentucky (Mr. NATCHER) is going to offer an amendment to bring the budget under that number.

If we do that, we will at least be consistent with the stand that Congress has taken through the Budget Committee before on how we should scorekeep and how we should judge appropriation bills. There is to be sure going to be some argument raised about the bill being over in outlays. As a Budget Committee, we have never judged bills in the past on outlays.

So the issue of the outlays is something on which each Member will have to make a judgment for himself or herself. But as far as the Budget Committee is concerned, the most important issue is that the discretionary budget authority be brought down by $74 million, which means not only that we adopt the amendment of the gentleman from Kentucky (Mr. NATCHER)—and we hope that will pass—but that other amendments, if ordered, will in some way net out to the fact that we are not over the limit of discretionary budget authority.

The outlays are another problem. They are less controllable. Different Members have different views on that, and it is kind of a situation of "every man for himself."

Mr. Chairman, at this time I would be pleased to yield to the gentleman from Ohio (Mr. REGULA).

Mr. REGULA. Mr Chairman, I thank the gentleman for yielding.

Does the gentleman have any idea what the staff of the Appropriations Committee did concerning allocation in the 302(a) allocations in terms of the 302(b) report? Did they in fact increase the money in relationship to what we assumed in the budget resolution?

Mr. ASPIN. Mr. Chairman, it is my understanding that under the 302(b) allocation, which is the allocation coming back from the Appropriations Committee, the money to this particular subcommittee was increased, and the money to other subcommittees was decreased by a commensurate amount.

Mr. REGULA. So if in fact we use the 302(a) number that the budget resolution was predicated on by this committee, it would be even more than it is?

Mr. ASPIN. The 302(a) allocation has no standing.

The 302(b) allocation is the thing that has the standing, because if we have already judged the previous bills by which the money was cut out to give this committee more money, we have already judged this under 302(b)

and we ought to judge this subcommittee under the 302(b) allocations as well.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. ASPIN. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, I want to thank the gentleman from Wisconsin (Mr. ASPIN) for his presentation. I disagree with him about the bill, but I would agree that he has accurately described the difficulties in determining how an appropriation bill measures up to the first budget resolution.

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. ASPIN) has expired.

Mr. CONTE. Mr. Chairman, I yield 8 minutes to my good friend, the gentleman from Ohio (Mr. REGULA).

Mr. REGULA. Mr. Chairman, I thank the ranking minority member for yielding this time to me.

Mr. Chairman, I must very reluctantly rise in opposition to H.R. 4560.

Let me start by first commending the distinguished chairman of the subcommittee, the gentleman from Kentucky (Mr. NATCHER), and the ranking Republican member, the gentleman from Massachusetts (Mr. CONTE), for an excellent job. They and the members of their subcommittee have accomplished a great deal in this bill. They have brought the bill in at $1.2 billion below the comparable 1981 appropriations.

I think that is an important point, and much to the credit of this subcommittee, that they have been able to reduce the overall bill $1.2 billion below the 1981 figure. I appreciate the fact that this was no easy task, for this bill is the safety net for the truly needy, which we have heard so much about during this budget cycle.

Unfortunately, this bill is still $869.6 million over the President's March request and, more importantly—and I think this is the issue today—it is $763 million over the budget resolution outlay targets we adopted less than 4 months ago.

Now, I recognize that this arises from the fact that the entitlements are large. I also recognize that the committee had a very difficult task in getting the numbers down. Nevertheless in terms of the credibility of this House and the Senate and the first budget resolution that we adopted on May 21, we can talk about outlays and we can talk about budget authority, but in the final analysis the total is $763 million over the budget resolution. If we want to conform to what we adopted, we will have to reduce it by that amount.

Admittedly, the bulk of this increase comes in the entitlement or mandatory spending programs in this bill which account for over $55 billion of the bill's total of $87 billion. The committee has no control over 70 percent of this bill, so they have to get their cuts out of 30 percent of the total, and that makes it extremely difficult.

In fact, the bill is only $74 million over in budget authority for discretionary spending and is $844 million under in outlays. However, until we can come to grips with the entitlement spending, the discretionary programs will have to continue to bear the brunt of the budget-cutting burden.

This bill in total is way over both the President's and our own budget targets.

I think it is unfair to place the whole burden of budget cutting on discretionary programs because we have the obligation of the entitlement programs. Unfortunately, this is the only option available to us now. This is the only solution I can see in the absence of a second reconciliation measure to reduce entitlements and to lower the pressure on the credit markets. This means a lower deficit and, therefore, lower interest rates.

That is what we are talking about. We have heard a lot about high interest rates, and they are not coming down very fast. This condition will continue so long as Congress continues to spend far more than the Government receives in taxes. This is the present situation. Therefore, we are faced with the fact that we have to address this issue in the appropriation bills.

As the Members well know, this bill includes some of the most important spending programs which we fund each year. It includes billions of dollars for programs which aid the elderly, the mentally and physically handicapped, and the financially needy. We cannot back off from our commitment to take care of the people who cannot take care of themselves.

It is for this reason that I have been working, over the past 2 weeks, to fashion a package of amendments which will bring the bill closer in line with our own budget targets and the first budget resolution and have the least impact on the physically, mentally, and financially disadvantaged. Because of the broad range of programs included in this bill, I do not believe any across-the-board percentage cut—which clearly would be the easiest way to bring this bill under budget—is a responsible approach.

□ 1200

This kind of a broad brush cut would provide no safety net for programs affecting the needy which have already been cut significantly by the committee. As with any appropriation bill, however, this bill does contain some targets for reduction.

I uncovered about $800 million in additional cuts that could have been made and, in my judgment, would not impose any further burden on the elderly, the handicapped, or the mentally retarded. For example, this bill includes $123 million for the Bureau of Labor Statistics. This agency provides general purpose economic statistics about American workers to Congress, private industry, and the executive branch. A cutout of the Bureau of Labor Statistics would not hamper the programs we have for the needy or the handicapped. This is a 17-percent increase over fiscal 1981. Why should one agency of the Government such as BLS get 17 percent when the overall increase in the budget is 7 percent?

Clearly these are support services which we can ill afford to increase by 17 percent in a year when the overall average increase in Government is 7 percent. So I would suggest we keep BLS at the 1981 level and save $12 million.

Similarly, the Center for Disease Control's budget grows by 17 percent, again more than we are giving other programs. It has grown from a level of $41 million in 1970 to $326 million in 1982, an increase of 694 percent in 12 years. That is far more than the growth of the gross national product in this Nation, far more than the growth even of the Federal budget.

By keeping this agency to a 7-percent growth rate, which is what we are doing for others, we could save $23 million.

I could identify a number of other similar cuts that could be made without affecting in any way the needy, the handicapped, or the mentally ill, and yet would reduce the amount that we are spending for the agency's programs. Even the agency itself, the Labor Department, could certainly be reduced by several million dollars without creating any serious problems.

One more area in the education field is bilingual education. We heard a lot of discussion about that last night. I think we could reduce that probably by $17 million. To give an example, in 1971 this program was funded at a level of $25 million. In 1981, just 10 years later, it has grown to $180 million. This illustrates how programs grow and grow and grow, and why it is so difficult to restrain the budget deficits.

These are just examples of some of the cuts that I would recommend. But it is not my intention to circumvent the appropriations process. I am a member of the full committee. I believe the committee and subcommittee should make priority decisions. As a member of the full committee, I think it is the initial responsibility of the subcommittee members to deal with the priority judgments. In the budget process we assume that.

As a member of the committee, I fully appreciate the time and work that have gone into fashioning this bill. As I said earlier, the subcommit-

tee has done an excellent job. But clearly the bill before us is a candidate for a veto. It is over the President's budget and our own budget targets.

While I do not believe an additional $3.8 billion in cuts—the amount needed to come in line with the President's revised budget—can be found in the discretionary spending programs, I do believe the bill can and should be brought in line with our own budget targets. To do this we need to reduce it $763 million.

If we as a body are to have any credibility about our desire to control spending, we must get these kinds of cuts, we must bring this bill in line with our own budget targets. Therefore, at the conclusion of the debate on the amendments, I am going to propose and will offer a motion to recommit this bill to the committee. I urge all of my colleagues to support the recommital motion. It will be without instructions because I believe the committee is in the best position to make these necessary reductions, to bring the overall total of the bill in line with the budget resolution target adopted by this body.

I think it is the responsible way to handle this piece of legislation.

Mr. NATCHER. Mr. Chairman, I yield 7 minutes to the distinguished gentleman from California (Mr. PANETTA), a member of the Budget Committee.

Mr. PANETTA. Mr. Chairman, this has been a year in which we have dealt with many numbers, and today is not going to be any exception. I think Members are going to be very confused by the numbers that are used on both sides as we try to compare numbers either with the budget resolution or with the 302 allocations or with the President's requests or with the overall totals of one kind or another.

I think to try to simplify it, there are two important questions that Members have to ask themselves. The first is: Is it important to abide by budget targets? If so, what are those targets and how do the figures in this bill compare with those targets?

The first question, it seems to me, is very important: Should the House abide by those targets? There are Members—and I respect their views—Members who believe that the programs in this bill are so important that regardless of the budget targets that have been established that it does not make much difference; we ought to proceed with funding for those programs.

In addition, there are those who feel that the Gramm-Latta budget resolution was inherently unfair and therefore it ought not to apply, even though adopted by a majority of the Congress. For those Members frankly, there is no issue here. Funding ought to be provided.

But if my colleagues believe that the purpose of the budget process is to establish budgetary targets by a majority vote of the House of Representatives, and that, whether we agree or disagree with the targets that have been established, it is important to implement and enforce the budget process to protect the credibility of the Congress, then the only conclusion is that the House must abide by those targets. If my colleagues believe that this is the case, then it takes us to the next question: What are those targets and how does the bill compare to those targets?

The targets essentially are established by the budget resolution. That is the key that establishes the level of allocation that is provided to the committees, and particularly the Appropriations Committee. The Appropriations Committee divides that allocation among their various subcommittees, but it is that allocation which tests whether the subcommittee is meeting its targets or not.

Those are the targets that are important. Those are the targets established by the House.

I recognize that some may argue about the President's targets or OMB's targets but, very frankly, we, as a House of Representatives, have to direct ourselves to the targets that we provided to the Appropriations Committee. Assuming that is the case, how do the figures in the bill compare to those targets?

On discretionary budget authority, the amount provided by the committee exceeds the target in the 302 allocation by $74 million. On mandatory outlays there is an excess of $1.6 billion, but if we put mandatory and discretionary outlays in aggregate, the total comes to $763 million.

The focus of the Budget Committee's enforcement effort has always been directed toward budget authority. So clearly the $74 million violates the 302 allocation and, therefore, we on the Budget Committee would strongly oppose this bill if the $74 million were not eliminated.

As I understand it, the chairman of the subcommittee (Mr. NATCHER) and the gentleman from Massachusetts (Mr. CONTE) have agreed to remove the $74 million and, therefore, it would be in line with the 302 allocation.

But, having said that, it is important that we also not ignore the outlay figure. I realize the difficulties that are involved with mandatory outlays but, at the same time, it is clear that outlays contribute to the deficit. I think it is the responsibility of the Budget Committee to point out that there are, indeed, problems with regard to this bill on the outlay side, and that Members recognize the budgetary impact of those outlays.

The bottom line here is that with regard to enforcement on the Budget Act, the $74 million is the key figure to be focused on. As I said, as I understand it, that figure will be reduced and, therefore, this bill will be in line with the 302 allocation.

I also think Members have to focus on the outlay side, however, and that each of the Members must decide what that reduction ought to be. But clearly we ought not to ignore the fact that we are dealing with $763 million in addition on the outlay side and that figure should be reduced if we are to meet the overall goals of the budget resolution.

I recognize that there are those that are going to argue that this bill exceeds the President's budget by $3 billion to $4 billion. But, very frankly, that is not the test that ought to guide the House of Representatives today. It is our own budget resolution that ought to determine whether we are in or out of our targets.

I realize there are those that will say we are forcing a choice here between food, and health care, and education for our elderly, and for our children, and for our needy. I sympathize with those arguments. But very frankly, when Gramm-Latta was passed here as a resolution, to some extent that decision was made as to what those targets would be. It is unfortunate, but that is the case, and that is the resolution that we must be guided by.

Last, there are some that will say that this is a test somehow between the appropriations and the budget process. I would hope not. The fact is that the Appropriations Committee has done an outstanding job in meeting its overall targets. Of the 11 bills that have been presented by the Appropriations Committee, very frankly, 10 of them have met the targets. This is the one bill that raises questions with regards to excesses in both budget authority relating to the $74 million, as well as the $763 million on the outlay side.

But, very frankly, the Appropriations Committee has done an outstanding job in trying to stick to the targets provided by the 302 allocation.

I think the simple reality is this, that we have gone too far in the budget process and in the appropriation process to abandon the efforts to stand by the targets that control in this House. We have told the American people that we are serious about our responsibility to sound fiscal management. The test of that responsibility will be in this bill.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. I just want to take this opportunity to compliment the gentleman in the well (Mr. PANETTA) for a

very fair and very responsible statement.

Mr. REGULA. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Ohio.

Mr. REGULA. Would the gentleman agree that the $763 million in outlays, which this bill is over the budget target, will increase the deficit by that amount in fiscal 1982?

Mr. PANETTA. That is why I believe we have a responsibility to point that out to the Members, that because of the outlay side and the $763 million, that clearly will feed into the deficit for 1982.

Mr. CONTE. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan (Mr. PURSELL).

Mr. PURSELL. Mr. Chairman, I would like at the outset to first congratulate the outstanding leadership on this bill by the gentleman from Kentucky, BILL NATCHER, and the members of his subcommittee, and SIL CONTE, our outstanding leader on our side for, I think, a responsible effort with over 11 hours of markup and continuous hearings. It looks like we are going to have, I think, at the end of the day a responsible bill that should be recommitted, with all due respect to my colleague from Ohio (Mr. REGULA) who spoke previously.

Mr. Chairman, I rise in support of H.R. 4560 as recommended by the House Appropriations Committee and its Labor-Health and Human Services-Education Subcommittee, on which I serve.

I am proud of the bipartisan spirit and hard work that resulted in this legislation—a sincere and cooperative effort under the leadership of Chairman BILL NATCHER and ranking Republican SILVIO CONTE.

Through its budget and tax votes earlier this year, Congress endorsed President Reagan's economic recovery program, which is designed to slow the growth of Government spending and allow taxpayers to keep more of their earnings.

H.R. 4560 does its part to meet the objectives set forth in the economic recovery program. In fact, the bill actually calls for less funding in fiscal year 1982 than was spent by the affected agencies during the past year. Despite a situation where many programs are automatically adjusted—indexed—to inflation, the appropriations total contained in H.R. 4560 not only does not account for inflation, but provides $1.113 billion less than that appropriated in fiscal year 1981.

At one point during the course of the subcommittee markup, it became apparent that the bill did not fall within the constraints called for in the Gramm-Latta I, the first concurrent budget resolution. Accordingly, in a real display of bipartisan cooperation, the subcommittee went back and cut literally hundreds of millions of dollars so as to meet those budget constraints.

At the same time, the subcommittee was able to maintain the effectiveness of vital programs affecting the quality of life of millions of Americans. For example:

LABOR

Comprehensive Employment and Training Act (CETA) programs have been redirected to emphasize jobs for youth, that segment of the population experiencing the highest rate of unemployment.

HEALTH AND HUMAN SERVICES

As winter approaches, seniors and others can look forward to continued help under the low-income fuel assistance program.

Where the deepest cuts were made, the subcommittee attempted to direct funds, so that they would be used in the most efficient manner. For example, with respect to the nursing profession, assistance was directed to research, advanced training, practitioners, and student assistance. Although I, in this case, would have liked to have seen additional funds to help alleviate the nursing shortages and maldistributions, I was pleased to note the care taken in targeting remaining funds.

Similarly, while funds for research were reduced, direction was given to insure continuance of work in the behavioral and social sciences. Those social dilemmas that fall under these categories, such as alcoholism and drug abuse, thus, will continue to receive the attention of our best minds.

EDUCATION

The subcommittee has kept our most precious resource, our children, in mind as it attempted to guarantee that their special educational needs are met through such programs as title I, handicapped, and gifted and talented. No less important are the needs of those in higher education. The cooperative education program will receive sufficient funding to allow students to choose a career by coordinated exposure to both the world of work and academia. The more traditional general student financial assistance programs also were given high priority.

In sum, H.R. 4560 is a balanced, carefully crafted bill, aimed at meeting the Federal Government's commitment to important human needs, while achieving a degree of fiscal restraint vital to success of the President's economic recovery program. I support H.R. 4560.

However, before another round of cuts are made in important domestic programs—whether today on the floor, or later in committee—it is my view that equity dictates that the proposed defense budget be given the same degree of scrutiny accorded to social programs. As a former military officer, I am convinced that plenty of fat can be trimmed from the Pentagon budget, without in any way jeopardizing our national security.

Accordingly, I urge rejection of any amendments offered today that would significantly raise or lower the overall funding level contained in H.R. 4560. This legislation is online with the course set by the economic recovery program and I highly recommend it to my colleagues.

Mr. NATCHER. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Oklahoma (Mr. JONES), the chairman of the Budget Committee.

Mr. Chairman, I would like the members of the committee to know this: The distinguished gentleman from Oklahoma, one of the able Members of the House, has been exceedingly fair and kind to our subcommittee and to our full committee. The gentleman has worked with us. We have consulted with the gentleman not only on this bill but on all other bills. The same applies to the gentleman from Wisconsin (Mr. ASPIN), and the gentleman from California (Mr. PANETTA), the other two speakers.

I want the gentleman to know that we on our committee appreciate his efforts.

Mr. JONES of Oklahoma. I thank the distinguished chairman of the subcommittee for yielding and for those kind words. Let me say, Mr. Chairman, that there is no Member of this body for whom I have greater respect than the gentleman from Kentucky (Mr. NATCHER), both for his professional skills and for the fine job he has done in working with the Budget Committee in this House.

Mr. Chairman, I take this time for two purposes. One, a more narrow purpose, dealing with one part of the Labor-Health and Human Services-Education appropriations bill, and that is the funding of the National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases. I think what your subcommittee, Mr. Chairman, has done there is very good, and I just hope that the Institute, in dispensing those funds, will give greater consideration to juvenile arthritis than they have in the past, and I hope that the record will show that.

My second purpose for rising today is a broader purpose, and that is to look at this particular appropriations bill from the standpoint of the budget resolution.

As has been ably pointed out by the gentleman from California (Mr. PANETTA), we as a Budget Committee have a responsibility to this body to try to keep score as to whether or not the budget resolution the Congress passes is being adhered to.

In the past, the scorekeeping method has been inexact at best. After I became chairman of the Budget Committee, we asked the Budget Committee staff, working with the Congressional Budget Office, to try to tighten up the scorekeeping methods so that we could accurately relate to the House where we are in the appropriations process and whether or not we are in fact meeting the targets in the budget resolution.

In the past, the only measurement on whether the appropriations committees were meeting the budget resolution was whether or not they came within the discretionary budget authority targets. In the past, also, we found an underestimating of mandatory programs in order to fund more for discretionary programs. Inevitably we came into the springtime with a supplemental appropriations that breached the budget ceiling and forced a third budget resolution. We wanted to put together a budget resolution this year that would be binding, would be realistic, and would stick, without the necessity of a third budget resolution.

Now, our scorekeeping method is still imperfect. We are trying to work out the problems with it. In an effort to do that, I have appointed a special task force headed by the gentleman from Wisconsin (Mr. ASPIN), the ranking Republican member, the gentleman from Minnesota (Mr. FRENZEL), and the ranking Democratic member, the gentleman from Indiana (Mr. BENJAMIN). They are in the process of trying to tighten up scorekeeping.

As it pertains to this particular appropriations bill, let me reiterate where we are. In the traditional measurement as to whether or not the Appropriations Committee is meeting the budget resolution target on discretionary budget authority, this appropriations bill is in excess, it is over the budget resolution, by $74 million.

I am very pleased that over the past several days, in working with the distinguished chairman, the gentleman from Kentucky (Mr. NATCHER), he is going to offer amendments that bring the discretionary budget authority within the budget resolution. As long as it is within the budget resolution on discretionary authority, I would not vote to recommit this to the committee. But as has been pointed out by the gentleman from California, we are still over by $763 million in outlays for fiscal year 1982.

I think it is also instructive that we realize how we got to this outlay overage of $763 million, and I hope it is instructive to us when we deal with the budget resolution next year. Primarily, this outlay overage is due to two factors: First, optimistic estimates which could not be fulfilled that were included in the Gramm-Latta substitute; and second, and more importantly, the fact that the 1981 supplemental appropriations had about $700 to $800 million in funding that would spend out in 1982, and which the Gramm-Latta substitute failed to include in its 1982 budget. Now, I recognize that the Gramm-Latta substitute was done hurriedly, haphazardly; but these are the kinds of mistakes that result from it. Whose fault it is, is immaterial at this point, from my perspective. The fact is that in outlays at the present time, this appropriations bill is $763 million over the budget resolution passed by the House and endorsed by the President. I cannot ignore that as an individual Member, and I bring this to the attention of the House so that each Member can decide this for himself on final passage.

Let me also state that we have asked the CBO and the House Budget Committee staff today to be here to listen and to monitor the amendments and to work with the Appropriations Committee so that after the amendments are completed we will have a better understanding as to whether we are over or under in both budget authority and in outlays. I do commend this committee for trying to adhere to the budget resolution and I commend the sense of cooperation and interest Members have had in trying to make sure this budget resolution is adhered to in the appropriations process.

Mr. Chairman, I again state my strong support for the funding of the National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases.

I am particularly concerned about research in the area of juvenile arthritis. I personally did not know much about the problems of juvenile arthritis until one of my constituents approached me with the problems her child has had in suffering with this affliction.

Kristy Long was diagnosed as having juvenile arthritis at the age of 2. Her symptom at first was a very high fever with no apparent source. Doctors concluded that she had juvenile arthritis only by a process of elimination whereby they ruled out other possibilities. Through the years, it has become clear that this is what ails Kristy.

Kristy is now 14 years old, and confined to a wheelchair. Her condition has degenerated through the years, and she was forced into a wheelchair only 2 years ago. Her joints are deteriorating and her limbs are crippled. She lives with a tremendous amount of pain. Her condition affects every aspect of her life, and Kristy cannot hope to live a normal life until a cure is found for this crippling condition.

Currently, we know that there are six different varieties of juvenile arthritis which affect roughly one-quarter of a million children in the country. Children have fewer treatments available to them than their adult counterparts, who also suffer greatly. There are many drugs that reduce the pain or are anti-inflamatory treatments which are simply too strong to use with a child safely. In the extreme cases, gold injections are used periodically to ease the pain, but these also can have very adverse side effects on the patient's kidney and must be used sparingly. While this ailment could not be termed a "killer," it certainly means that the child's life will be lived from one painful moment to the next. Many adults who have arthritis now also had it as a child. A breakthrough in the area of juvenile arthritis could be the key to understanding the adult problem also.

For this reason, and for the sake of our children who suffer daily with juvenile arthritis, I hope that special research will be conducted in this area.

Finally Mr. Chairman let me conclude with our budget perspective on H.R. 4560.

The House Budget Committee has developed a scorekeeping system to keep track of budget authority and outlays for spending bills and to compare these amounts with the targets or ceilings approved by the Congress in the budget resolutions. This system allows us to account for spending in both discretionary and mandatory programs. Scorekeeping is important. If the budget authority for either discretionary programs or total budget authority exceeds the targets in the budget resolution, the Clerk of the House if authorized under section 305 of the conference report on the first budget resolution for fiscal year 1982 not to enroll the bill until the second budget resolution is adopted. H.R. 4560, as reported by the Appropriations Committee, is $74 million over the target for discretionary programs. These targets were developed by the Appropriations Committee pursuant to the first budget resolution for fiscal year 1982. However, the discretionary outlays in the Labor-HHS bill are under the target by $844 million. The $74 million in budget authority is only slightly over the target. However, if this bill were returned from conference at its present level, it could not be sent to the President for signing until after the second budget resolution passed the Congress.

The total target for this subcommittee also includes mandatory entitlement programs. Among these are medicaid, AFDC, and supplementary security income. In addition, it also includes all fiscal year 1982 outlays that result from Labor-HHS appropriations bills enacted in prior years. The amount included for mandatory programs is essential to honor existing legal commitments. The budget authority recommended by the Appropriations Committee for these manda-

tory programs is under the target by $344 million in budget authority and over in outlays by $1,607 million. Of this outlays overage, 44 percent, $704 million, results from enactment of the fiscal year 1981 spring supplemental. The problem is that the Gramm-Latta substitute budget resolution approved by the House in the spring specifically accommodated the 1981 budget for the supplement rescission bill, but failed to account for the outlays which would result in fiscal year 1982. The remaining outlay overage is due to more current CBO estimates than were included in the first budget resolution and in the President's budget request.

In total, these committee recommendations for discretionary and mandatory programs are under the Appropriation Committee authorization target by $260 million. Total outlays are over the target by $763 million.

Mr. CONTE. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois (Mr. O'BRIEN).

Mr. O'BRIEN. Mr. Chairman, not unlike my other colleagues, I feel constrained to comment, first, about the personnel of our committee. That includes the staff. And with special emphasis, not only on the membership, but on our chairman, the gentleman form Kentucky (Mr. NATCHER), and the ranking minority member, the gentleman from Massachusetts (Mr. CONTE).

It is quite a compliment to serve on this committee. It is a very consensus-oriented committee. We each have our special interests, let us say, and we grind them out, maybe occasionally, abrasively against one another. But when we finish, we all seem to have a product that we are rather proud of. And that, candidly, is the case today.

When you think of what this particular bill does and what it has done in the past, keep in mind that under the March request I suspect we would have been required to come in with a reduction from 1981 of something over $2 billion in a very sensitive area. We did not do badly. We came in $1.2 billion below the 1981 program.

Most of the broad generalizations have been made, so I think I shall turn my attention to the subject of amendments. We will have something like 12 to 15 amendments to reduce this bill. We will probably have 7 to 10 amendments to increase it. We will have a handfull that earmark, a handfull that transfer, a couple that take a sweeping percentage of the top, and several miscellaneous types that probably defy description.

Let me simply say this is a good bill, a very sensible bill. It may not be everybody's panacea, but it will withstand a lot of criticism and a number of tests in this House. It is directed at helping U.S. citizens, particularly those in need.

For those who would add to the bill, let me assure you that we have tried not to overlook anyone. We have been as generous as we possibly can, under the circumstances. Let the bill be. For those who would cut it, then, I must say, before you make your cuts, consider where we are headed, and, under the 12-percent request of the administration, consider priorities. Consider not just human rights, because those are universal things. They apply to all people. But consider privileges, privileges that belong to American citizens that stem from that citizenship, that you do not enjoy unless you are an American. To my thinking, one privilege relates to the old adage, "Charity begins at home." One privilege should be not to be the first at which a scalpel's razor edge is directed. Notwithstanding our precarious financial situation, let us not look at once at our needy; let us not look to the neediest members of the U.S. family first. Let us give them the priority of being the last we will turn our attention in our efforts to continue to cut back.

I guess that is about all I have to say, Mr. Chairman, except that I address to those who would amend this bill, a statement made some years ago by a great English theologian named C. S. Lewis. Mr. Lewis wrote a book called The Screw Tape Letters, and in the closing pages he wrote about "truth" and what it was beset by and how it would be attacked. If I recall correctly, his words went something like this:

> And I see in my vision the divine chariot, hurling across the heavens, the wild truth reeling but erect, the dull heresies, sprawling and prostrate.

I think this bill is like the wild truth. Let us tenaciously hold onto it, no matter how beleaquered, no matter criticized. It is worth the fight.

Mr. NATCHER. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Wisconsin (Mr. OBEY) a member of the Appropriations Committee, and also a member of the Budget Committee.

Mr. OBEY. Mr. Chairman, I would like to observe that what we are doing here today is focusing once again, as we almost always do on budget issues, on the hole of the doughnut. We are told that the Appropriations Committee ought to go back and cut $17 million here, $9 million there, $30 million another place, little dribs and drabs, in terms of the overall budget which we deal with each year because some people feel that we ought to be following the marching orders of the President of the United States.

I would simply like to make three points about that view. No. 1, people have to understand, with all of the focusing that is going on on mandatory spending today, that the Appropriations Committee has nothing whatsoever to do with mandatory spending.

If you are unhappy because the mandatory items in this bill are higher than you think they ought to be, what you have to blame for that is the budget resolution.

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If we look at that, if we take a look at the reconciliation proposal which passed as a result of our actions on the budget resolution we will see, that that is where we lost most of the money people are talking about. This committee cannot do anything about it. We have an obligation under the law to fund entitlement programs at the level that the law requires us to fund them.

If I can point out AFDC, for instance. We are told that we ought to be at $6.9 billion. We were supposed to be at $6.9 billion for AFDC. The fact is that the reconciliation proposal which this House passed and which the President happily signed, was for $7.5 billion for AFDC.

Now this committee, if we would like, could appropriate only $6.9 billion rather than $7.5. But if we did that, we would get sued by the States, and we would lose, because we are required to meet the law.

If the Members are unhappy about the fact that this bill is over the amount it ought to be showing for mandatories, then we ought to go back and examine what we did on the reconciliation bill, because that is where the problem was created and this committee has no choice except to follow the instructions given to it by the law.

Take a look at title XX. The same thing happens. I think title XX is an essential program, but, nonetheless, we cannot fund title XX at a level $200 million less than we are required to fund it under the law.

If we take a look at the student loan program, we have lost $300 million just on estimates on interest rates for the student loan program, because the President's budget and the reconciliation proposal had some crazy estimates about what interest rates were going to be on student loans.

There is nothing the Appropriations Committee can do about that.

I think the Budget Committee has made quite clear that in terms of the items over which this committee has control, we are in absolute compliance with the budget resolution and anybody who suggests otherwise does not understand the budget resolution and the budget process or the appropriation process as it relates to that.

Second, I would say that this again highlights the importance of focusing on entitlements as we go through the entire budget process year after year. It is absolutely stupid; it is a warped way to do business for us to continually, year after year, focus our cuts on discretionary programs as the nondis-

cretionary portion of the budget grows and grows and grows like Topsy.

If we want to get at the portions of the budget that grow the fastest, then look at those entitlements. Do not keep looking at the hole of the donut.

I myself must also say that I am shocked. I do not quite understand how the gentleman from Kentucky can express concern, if I may be facetious for a moment, about the fact that we are too low on title I and that we are below where we ought to be on CETA.

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. OBEY) has expired.

Mr. NATCHER. Mr. Chairman, I yield 2 additional minutes to the gentleman from Wisconsin.

Mr. OBEY. Does the gentleman not understand that we have to be that low in order to make room for the outrageous $27 billion bailout for big business which was described on the front page of the Washington Post yesterday.

The Washington Post described the new subsidy for inefficient corporations which was folded into that tax bill which permits corporations to enter into lease transactions which the Post said exist more on paper than in fact in order to allow corporations with low profits to lease unusable tax credits and depreciation deductions to profitable firms.

The article quoted one of the fellows who was instrumental in seeing that happen in the tax bill, saying this was done in order to create a corporate marketplace in tax shelters without the emotional excess baggage of appearing to be Federal subsidies.

It then went on to describe a transaction between specific corporations which would result in a 4-year interest-free loan totaling $10,143,000, courtesy of Uncle Sam.

I am surprised that the gentleman from Kentucky does not recognize that we have to make all of these cuts in social service programs so that we can make available those kinds of goodies to the truly needy corporate structure of America.

I am really shocked that there is not general across-the-board recognition of that need.

I would suggest also to the gentleman from Ohio, that to say that we ought to cut BLS because it does not provide any direct service is a very risky suggestion at best. I invite my colleague to check how much money we distribute around the country on the basis of BLS statistics. CETA money, maternal and child health care money, extended benefits under unemployment compensation, we ship out literally billions of dollars a year under the formulas devised by BLS and we had better make certain that those formulas are accurate and make sense.

Mr. CONTE. Mr. Chairman, I yield 5 minutes to the distinguished minority leader, the gentleman from Illinois (Mr. MICHEL).

Mr. MICHEL. Mr. Chairman, I thought earlier in the year that for the first time in over 20 years it would not be necessary for me to take the well of the House on this particular measure, one for which I have had some measure of responsibility as a member of the Appropriations Committee before I was elected leader on our side.

I am happy to follow my friend from Wisconsin (Mr. OBEY), because of his mention of the problem of entitlements.

I would remind my colleagues of the effort we made about 2 years ago for the first time in making a run at entitlements in the child welfare area. We were successful on that occasion in making one small change. Seventy percent or more of this bill is in the form of entitlements, so unless we do address ourselves forthrightly to that problem of changing substantive law, we are not going to make any long-range savings in this area. It has got to be done.

This bill before us is a paradox. It is the best of bills and the worst of bills. If we are to judge the performance on past experience, then I would say that the Appropriation Subcommittees on Labor, Health and Human Services, and Education has performed well.

It is an honest response to the mandate of the President of last March and the budget adopted by this House last May.

I cannot shortchange the subcommittee, its distinguished chairman, and members of the committee.

On another day and at another time I suspect this legislation would enjoy overwhelming support, and I would be in the vanguard of those supporting it. However, this is not another day and this is an extraordinary time. We are racing in front of an economic locomotive that has been building up steam for a decade or more. Saddled with the levels of this legislation we would not be able to outrun that locomotive. We are going to fall in our tracks and promptly be run over unless we make some changes.

It does not matter from whose perspective we look at the numbers, the Appropriations Committee, the CBO, the Budget Committee, the Office of Management and Budget, the answer is still the same. The bill is over the budget. It is excessive and the President surely will consider it unacceptable.

I know it is frustrating not to have a set of baseline assumptions on which everyone agrees. The Budget Committee contends that the bill exceeds the 1982 budget by $74 million or so in discretionary authority, and I understand that there will be that amendment introduced to bring the bill more in line with those estimates.

The Appropriations Committee admits that this bill exceeds the President's March budget by $1.6 billion in discretionary authority. The Office of Management and Budget tells us that this bill is $4.1 billion over what the President requested in his September message in discretionary program authority.

One can use any figures one wants, and I am sure they will all be used today.

The estimates are contradictory and far apart. It would be very easy for anybody in this Chamber to draw their own conclusions and then to conveniently pluck out of the air any facts and statistics they need to justify those conclusions.

I want to put aside those figures for a moment and address what we do know and what we must do. We do know that the bill is over budget. That is not an issue. The issue is by how much.

What we must not do is take the easy and expedient way out. This Congress and the Nation have embarked on a historic and difficult journey. We know why. We all know where we want to go. Our course has been laid out for us over two decades of neglect and irresponsible action.

Through March, through May, and through July, our path was straight. Now we are at a crossroads. Do we stop? Do we turn around? Do we take a side road? Do we continue along the path we began even though the incline is a bit steeper and the road a bit rockier?

The answer happens to be clear to me. We have to stay the course. We have no other choice. I would much have preferred to deal with some other aspect of the problem first rather than this bill, because it is without a doubt the most sensitive of all the appropriations bills we have to consider, touching practically the life of every individual in this country in one way or another.

We can make a token reduction in this bill through that amendment that will be before the committee. We can vote for that. Then we can turn around and pat ourselves on the back, but that will not change reality. Reality is this. First, the Federal deficit is still out of control. Spending is out of control.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. MICHEL) has expired.

Mr. CONTE. Mr. Chairman, I yield 2 additional minutes to the gentleman from Illinois.

Mr. MICHEL. The President has taken his stand and he will not waiver.

Third, we in this Congress can either help the President meet his goals or

we can hinder him. There is no in between.

Fourth, if we hinder the President, I have to believe he will be true to his word and veto any legislation that does not move us in the right direction.

Fifth, time is short and our options are extremely limited.

In all fairness to the committee, this bill was marked up prior to the President's submission of the new budget reductions and the committee should have the opportunity to respond to the President's message in proper fashion. That is why I personally support the move to recommit the bill without instruction.

We would not ask or do not ask for an across-the-board reduction. We do not demand reductions that I know this House would not agree to. During all that time for which I was responsible on our side for this bill, I think I know what can and cannot be done. We are simply asking that the committee do the best it can to bring this bill more in line with the President's overall goals.

So, it is without prejudice that we would recommend a motion to recommit be passed by this House. Let us give those who have worked so hard and so diligently under one set of ground rules initially a chance to change the figures to better conform with what new challenge the President has given us.

Mr. REGULA. Mr. Chairman, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Ohio.

Mr. REGULA. I thank the gentleman for yielding.

Would the gentleman agree that it would be far better to have the subcommittee make the reductions to conform to the budget resolution than to be faced with a veto, as the gentleman is suggesting and then be under the gun?

It is a choice whether we do it in this House or whether we leave it to the President to do it?

Mr. MICHEL. It would be much more preferable because if it is passed in its present form it will be very difficult to get a conference agreement with the Senate. For example our figures will be high as though we were in the attic and the Senate would have to go down to the basement with their figures in order for us to end up on the first floor so to speak with something acceptable. I am afraid with all the delay in time and the continuing resolution expiring November 20, and all the other appropriation bills to be finalized, we may very well be confronted with a scenario where there is no recourse but to lump everything together in one final omnibus bill. I would be less than frank if I did not say that I get the distinct feeling that in the other body there is considerable sentiment for this approach.

Mr. NATCHER. Mr. Chairman, I yield 3 minutes to the gentlewoman from Maryland (Ms. MIKULSKI).

Ms. MIKULSKI. Mr. Chairman, these are tough times and they call for very tough decisions.

I rise to support the committee bill and to compliment them on their activity and to oppose any motion to recommit.

I would like to compliment the committee on the way it has worked with the authorizing committees to try to carry on the basic programs that were designed to help our people.

I would like to compliment the committee in what they have done, particularly in the field to help women and children, whether that be the maternity and child health block grants, or rape crisis programs, or the educational programs, but I especially would like to thank the committee for the work they have done in maintaining the viability of the public health hospitals.

The committee, as I understand it, has taken the lead to create the financial structure to allow the public health hospitals to convert where they are viable.

It is my understanding that this committee has expressly designated $25 million for the public health hospital conversion.

□ 1245

I would like to clarify by some additional questions with the gentleman from the committee.

Mr. Chairman, was it the intent of the committee that the Department of Health and Human Services make its decisions regarding how many and which hospitals could remain open based on the figures that were just outlined and on the basis of other sources of income that may exist for conversion; for example, money remaining from closure costs, other funds remaining in the HHS budget in 1981, and also the funds for reimbursement that could be retained by the hospitals?

Mr. NATCHER. Mr. Chairman, if the gentlewoman will yield, I would like to say to the gentlewoman from Maryland that her statement is correct. As the gentlewoman knows, in our bill we carry $72 million for phaseout money as far as public service hospitals and clinics are concerned.

In addition, we put into the bill $25 million to help as far as conversion is concerned.

I want to commend the gentlewoman from Maryland on the work that she has done in regard to this particular matter. She has done an excellent job, Mr. Chairman, and the gentlewoman's statement is correct.

Ms. MIKULSKI. I thank the gentleman for clarifying that. I am satisfied there will then be the funds necessary to maintain the public health hospitals. I thank the gentleman for his cooperation.

Mr. CONTE. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois (Mr. PORTER).

Mr. PORTER. Mr. Chairman, as a member of the subcommittee I would first like to compliment my subcommittee chairman, the distinguished gentleman from Kentucky. I think that three words describe BILL NATCHER very well: One, of course, is discipline, as all of us know; but also compassion, and I think it is a rare balance between those two that BILL has; and third, fairness. No Member in the House has ever had a greater privilege than those of us who serve on this subcommittee, because we serve under a man who is eminently fair to each one of us, even the most junior, which I am.

What appears to me to be involved this morning is perhaps a lack of coordination between the Budget Committee and the Appropriations Committee. I think that all of us serving on Appropriations and working on this bill felt as we were going through it that we were within the guidelines, that we were doing what had to be done and it is very difficult to bring this budget into line; yet we find this morning when we are discussing the bill that members of the Budget Committee say no, we are over $74 million in appropriations and $763 million in outlays.

Our purpose, of course—our primary purpose—was to meet the 302(b) requirements. Yet during our deliberations we received no real guidance from the Budget Committee, no guidance from OMB, and none to my knowledge from the Congressional Budget Office nor any other source regarding whether what we were doing would be right or wrong.

Perhaps had we known what the gentleman from Ohio (Mr. REGULA) and the gentleman from California (Mr. PANETTA) told us this morning about the outlay figures, we might have acted differently.

A great deal of hard work has gone into the markup of this bill and as my ranking minority member, the gentleman from Massachusetts (Mr. CONTE), who does such a fine job on our side, said earlier, we spent a number of hours trying to wring out the final $291 million and bring the entire bill within reconciliation.

Perhaps what we need between the appropriation subcommittees and the Budget Committee is a great deal more coordination so that we can plan as we go along and not get to the point where we find that the bill is out of line. We could not have known, of course, at the time we marked up this bill what the President was about to

propose in terms of further cuts; but I think that it is obvious in relation to the original requests and the reconciliation requirements that additional coordination on outlay measurements is very much needed.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. CONTE. Mr. Chairman, I yield 1 additional minute to the gentleman.

Mr. PORTER. Now knowing what I have been told about excess outlays, I personally do not rule out recommittal, if that is necessary, and further work in the committee on the bill. I am proud of the work the committee has done on the bill up to this point. However, perhaps we have not done well enough in light of the information on outlays now presented to us.

Mr. MYERS. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield to the gentleman from Indiana.

Mr. MYERS. Mr. Chairman, I thank my colleague for yielding.

I have to agree with what our leaders, Mr. MICHEL and Mr. PORTER have said. I regret to do this, because the chairman of the subcommittee and the ranking member are very dear friends of mine. I have a high regard both for them personally as well as their judgment. I know how they feel right now, that the rug has been somewhat jerked out from underneath them; but we are faced with a situation with this bill. Earlier today I was one of a handful to vote against bringing it up at this time, because it is obvious that the President will veto the bill in its present form because of the number of dollars.

I do not think anyone here believes that we have enough votes to override that veto, as much as some might desire to override that veto. It is just not in the books.

It seems to me it would have been better not even to bring this bill up and waste today, and I am sorry to say it is a waste on this legislation at this time. The bill should have gone back to the committee for them to make the necessary changes to get it signed. I will join the gentleman in recommitting. I regret that I must do this, but I think we are faced with the situation where we must do that.

Mr. CONTE. Mr. Chairman, I yield 3 minutes to the gentleman from Texas (Mr. LOEFFLER).

Mr. LOEFFLER. Mr. Chairman, I wish first to commend the distinguished chairman of the subcommittee and the distinguished ranking minority member of the subcommittee, as well as Members on both sides of the aisle who serve on the subcommittee, because they have achieved a milestone. In comparing proposed expenditures in the bill that we currently have before us to the amount expended in fiscal year 1981, the pending legislation is in excess of $1 billion below what was spent in 1981. However, according to the administration figures, in comparison to the President's September 24 request, the committee bill exceeds the administration's request for fiscal year 1982 by $4.9 billion in budget authority and $3.9 billion in outlays.

The committee bill is $800 million in budget authority and $1.4 billion in outlays over the administration's fiscal year 1982 entitlement request. I realize the Appropriations Committee and members of the subcommittee are not to be held accountable for this increase. It has been described very well by those who preceded me in the well during the debate on this appropriation bill. However, in the discretionary programs on which the Appropriations Committee can take action, the committee bill exceeds the administration's September request by $4.1 billion in budget authority and $2.5 billion in outlays.

With respect to CBO numbers, the scoring of the bill against the section 302(b) allocation assumptions contained in the first budget resolution is an out-of-date, inaccurate measure of the impact of this bill on the budget deficit and on total Federal spending for fiscal year 1982.

The Congressional Budget Office, in doing its section 302(b) scoring for the Budget Committee, relies on spending estimates contained in the first budget resolution, and we all know that since the congressional action on the first budget resolution the total spending estimates have increased from $695 billion to approximately $722 billion in outlays, an increase of almost $27 billion. This has come as a result of an economy that continues to waver.

Mr. Chairman, I also wish to address the amendment which will be offered when we move on to the amendment cycle.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. CONTE. Mr. Chairman, I yield 2 additional minutes to the gentleman.

Mr. LOEFFLER. There will be an amendment offered that will reduce by $74 million funds which will be available for discretionary budgetary authority. We can all debate whether it will be $74 million in budget authority or in fact $74 million in actual outlays for fiscal year 1982. Assume that the best could happen; that $74 million would be actual outlays for 1982; according to the administration figures, we would still have a situation where this bill would be $3,789,000,000 over the administration's request.

I recognize the difficulty for our subcommittee and I appreciate very much what our distinguished chairman and ranking minority member and members of the subcommittee have done. It has been a very difficult, tedious, tough task. I believe as well that these are members of our great body who truly have the expertise that is necessary and who upon reconsideration can make rational, appropriate, fair, equitable, and yes, tough reductions.

Just to deal with budget authority is merely giving us all a hoodwink, saying to the Nation, "Look what we have done," and in the same breath laying the groundwork so that we are forced to come back and say what we could not do at a later date with respect to deficit spending.

The distinguished chairman of our subcommittee has said, properly so, that this bill is a "people's bill." I agree.

I also believe that we have a responsibility not only to those people who are directly affected by this legislation but to all people of America. Therefore, as we consider this bill—which calls for the appropriation of $87 billion—we must remember that in addition to those people who are direct recipients of this legislation, we have a responsibility to all others who will feel the impact of additional inflation, additional unemployment, and higher interest if we do not take some responsible and tough action to reduce the expected outlays for 1982.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. CONTE. Mr. Chairman, I yield 1 additional minute to the gentleman.

Mr. LOEFFLER. Mr. Chairman, as a member of the Appropriations Committee I am a strong believer and supporter of the members of the subcommittee. They are truly the experts. These are the people who should have an open opportunity to address what they believe is the best fashion for further reductions.

I therefore urge my colleagues to join the gentleman from Ohio (Mr. REGULA), myself and others in support of the motion to recommit their legislation to the Appropriations Committee for further review.

I thank my distinguished ranking member for yielding.

Mr. NATCHER. Mr. Chairman, I yield 1 minute to the distinguished gentleman from New York (Mr. OTTINGER).

Mr. OTTINGER. Mr. Chairman, I thank the chairman for yielding. I thank my distinguished colleague, the gentleman fron New York (Mr. WEISS) for permitting me this time.

I rise to express my strong support for the community health center program. Congress created this program specifically to meet the health needs of medically underserved areas of this country. Today, these centers serve over 5 million Americans.

During the past 8 years, I have worked closely with the four health centers in my area and I know first hand how critical they are to the pop-

ulation they serve. Without the centers, medically underserved families would not have access to the basic human need of health care.

Furthermore, these centers focus on preventive, comprehensive care. Clearly, this kind of care is far less expensive than sometimes unnecessary hospitalization. Nationwide, these centers have proven to be highly effective and efficient when costs for health services are compared to other providers. For example, these centers reduce hospitalization between 25 percent and 50 percent which saves public and private expenditures. Comparing the costs per visit for health center patients to that of a medicaid patient or other insured patient, health center costs are 41 percent less. Without a health center these people will flood hospital emergency rooms and outpatient departments where costs are 50 percent higher—and someone will foot the bill. Or they will go without health care until the condition is serious enough to require hospitalization where costs will be at least 500 percent higher. Health centers are an extremely reasonable investment and particularly significant in light of our attempts to save tax dollars and contain overall health care expenditures.

The fiscal year 1981 appropriation of $323 million supported 850 different center projects. Although the subcommittee's recommendation is $15 million over the President's budget request, it is $26 million below the authorization level contained in the Budget Reconciliation Act and $65 million—that is 20 percent—below the fiscal year 1981 appropriation. A cut of this size is going to have a devastating impact on projects and their patients all around the country.

In addition, the Senate appropriations committee is recommending only $243.8 million. In light of this, I feel it is absolutely vital that the House approve a higher level of funding and insist on this in conference.

In addition, I am extremely concerned about the decision in the Senate to provide $2 million for primary care block grant planning grants to the States. This seems particularly inappropriate at a time when we are cutting back substantially the funding for health services. Furthermore, it is outrageous that Federal funds should be spent to build State bureaucracies in order that they be able to take over this program. The House did not provide a similar appropriation for State planning grants and I believe this is the correct position and hope that the House members will stand firm on this point. This $2 million is desperately needed to continue health services.

I know that the gentleman from Kentucky has been a leading advocate of community health centers as a cost-effective way of delivering health care services to the poor. I hope we can count on his continued efforts to seek the maximum possible funding level for this program and to reject the Senate's primary care planning grants for the States which, in view of the drastic Federal cutbacks, seem totally inappropriate.

Mr. NATCHER. I would like to thank the gentleman from New York who has been a long and effective supporter of the community health center program for his remarks. I want to assure him that I will do everything I can to seek the maximum possible funding level and will maintain the House position and oppose the provisions relating to funds for State planning grants.

Mr. OTTINGER. I thank the chairman.

Mr. NATCHER. Mr. Chairman, I yield 4 minutes to the distinguished gentleman from New York (Mr. WEISS).

Mr. WEISS. Mr. Chairman, I would like at the very outset to express my appreciation and commendation to the distinguished chairman of the subcommittee, the gentleman from Kentucky. I know what a difficult job he and his subcommittee have had to perform. I know that within the constraints that they operated under they did in many of the areas the best that they possibly could.

I am especially sympathetic to what they have had to go through, because I have the privilege of serving with the gentleman from Kentucky (Mr. PERKINS) on the Education and Labor Committee. We went through the same agonizing process earlier this year in making the decisions as to who should live and who should die, what programs to cut and which of our citizens we would disadvantage to the point of severe pain, and as I believe in some instances, death.

□ 1300

The ironic part about where we are at this point, Mr. Chairman, is that we finished our work in the Education and Labor Committee, with the assurances that the authorizing committees would have the option under the Gramm-Latta I budget resolution of making the judgments as to where the cuts would take place so long as we came in with the bottom line figure of the resolution. We then came to the floor of this House and when the Republican minority prevailed on the vote on the previous question (on the rule) they were able to substitute their own Reconciliation bill, totally disregarding what we did in our committees.

So the Reconciliation Act, the Omnibus Reconciliation Act that was finally passed, was not the work product of the committees; it was the work product of the Republican side in consultation with Mr. Stockman. Remember, that was the 500-some odd page bill that nobody had ever seen before.

And now, having foisted that upon this House and upon this Nation, the President comes to us and says, "Congress didn't give us what we wanted," when, in fact, this House adopted down to the last comma and misstatement and erroneous telephone number whatever the Republican side wanted.

Now we are asked to disregard the pain that has already been inflicted in $35 billion worth of cuts imposed on the American people and increase it by $16 billion for the current fiscal year because the President has concluded that his deficit is going to be larger than he had anticipated. And why is it going to be larger? Because they came in here, the same Republican side, in a similar kind of all-or-nothing vote on the tax bill, and provided for a $747 billion, 5-year tax cut, mandating deficits running perhaps in excess of $100 billion this fiscal year.

For most of this year, we in this House have been participants in an institutional process that has been totally perverted by direction of the White House, and now they want to pervert it some more.

Under the Budget Act we were not intended to adopt reconciliation provisions until the second budget resolution. The first budget resolution was intended only to provide targets. If we had done that, we could provide for some corrections now. But having forced us to adopt the reconciliation bill as part of the first budget resolution, our Republican colleagues now tell us to recommit this bill, never mind the work of the Appropriations Committee. The President changed the ground rules on us, the distinguished minority leader tells us, and so we, the Congress and the people of America are expected to jump through his hoop.

If the Congress sits still for that, I guess it will sit still for anything.

I want to talk about a little of the substance, because it is not the problems we or the President face that really matter; what matters are the problems that the American people face.

We in our Committee on Education and Labor, for example, gutted the employment and training programs for the people of this country, for young and old alike. Look at the unemployment levels. Youth unemployment across the country is close to 20 percent. In minority communities, it is hovering around the 50-percent mark.

Does anybody believe that we are not going to have serious social dislocation if this Congress allows that condition to prevail without at least attempting some hope and some opportunity?

Mr. Chairman, I fully understand the tight constraints under which the

committee had to work in crafting this bill. I sympathize with their difficult position, and would like to thank them for including larger amounts in many areas of the bill than requested by the President. I know that they would have liked to have been able to go even further in many of those areas in restoring human service programs. They have diligently performed a critical task with the best of intentions.

Yet there remain many areas that are funded below levels set by the reconciliation package. Title I of the Elementary and Secondary Education Act, and concentration aid within it; aid to handicapped children; education block grants; youth employment; three of four health block grants; low-income energy assistance; community services block grant, and child abuse programs are all reduced below reconciliation. I am deeply concerned about these gaps between appropriations and authorization.

The cuts directed by the first budget resolution and codified in reconciliation constitute an unconscionable tearing down of programs that help people, done in pursuit of overly stringent budget goals.

This bill continues that process. It should be reshaped to hold the line, so far as possible. Further cuts must not be made through the appropriations procedure. I can vote for this bill only if every substantial gap between it and funding set by reconciliation is closed.

Even if that were accomplished, this bill would finalize the shrinking of programs, and put hardship on those Americans who can least afford it. Yet, money is now literally to be thrown at wasteful programs that buy more weapons of death than we can justify possessing. This bill, and the constraints under which it has been built, asks the elderly, the poor, the handicapped, the children, the students, to tighten their belts. But if they could tighten them much further, there would be no need for these programs in the first place.

The Labor-HHS-Education bill funds the vast majority of social programs in the Federal Government. Their disfavor under the current administration is clearly reflected in it.

Several specific features of this bill deserve detailed examination. These include the implementation of several new block grants; the inadequate funding for many programs, including such major ones as medicaid, community services, elementary and secondary education, title 20, and youth employment. Other programs would receive more money than recommended by the President, such as the maternal and child health block grant, yet still remain underfunded. And statutory changes that have been made by other measures have impaired additional programs, such as school impact aid, and aid to families with dependent children.

Block grants will distort the impact of the budget cuts. The least powerful, the least affluent, the least noisy groups will be those who lose the most funding as States scramble to allocate funds. Certainly we are in danger of long-honored Federal priorities being abandoned without any scrutiny from Washington. Categorical grants had been established with the express intention of protecting many constituencies from the infighting that will now ensue, and from the loss of aid they will now suffer. I am deeply distressed and angered by the easy resort to block granting that the administration has made, and hope that in the future we can repair the damage that will be done.

Block granting has been used most notably in the health area, where four new block grants have been created, ending direct Federal control of 19 health programs. Three block grants—primary care, alcohol-drug abuse-mental health, and maternal-child health—would be funded below reconciliation levels, and fall significantly below 1981 funding. Though the impact is far from certain, I can say that in my State of New York we will lose the capacity to care for over 64,000 people, given the cuts in the primary care programs alone. Health centers in the most deprived areas of New York City will be lost. Cuts in mental health programs—under alcohol, drug abuse, and mental health—will reduce New York's share by 26 percent, from $10.4 to $6.9 million a year. And drug and alcohol abuse programs will lose 3,100 treatment slots as part of a similarly large cutback.

The tuberculosis treatment program may furnish a tragic example of how block granting may indeed kill some of our citizens. In New York City, 1,500 cases a year are found of this disease. A newly established categorical program, tuberculosis treatment receives no separate funding. Instead, it is included in the preventive health block grant. Yet New York State has historically refused to fund tuberculosis control in the city, an ominous precedent.

Funding cutbacks, both from 1981 and from reconciliation levels, are a second area of deep concern in this bill.

Under the Labor Department, funds for employment and training have been slashed almost by half from 1981. Obviously, the bulk of the reduction represents the loss of public service employment, a victim of the budget and reconciliation process.

Yet two other programs in this area that survive suffer significant, unsupportable cuts. Training programs under title II-B and II-C of CETA receive just $1.4 billion, an amount $117 million under even the President's budget. Deferred funds from PSE for 1981 will make up most of the gap, but overall spending will be lower than last year.

In addition, just $400 million is provided for youth unemployment and training under title IV-A—a staggering $425 million less than last year's appropriation. I applaud the committee's determination that this program continue. The President would cancel it. Yet the $400-million level is still $176 million under the level authorized in reconciliation, and I have offered an amendment to bring its funding up to that level. It is aid that our young people desparately require at a time when unemployment is at national levels approaching 20 percent and among minority youth it approximates 50 percent.

In the health area, scholarships under the National Health Service Corps have been cut by 40 percent, from $63.4 million last year to $37.9 million. This figure allows for no new scholarships for education of health professionals who repay America by serving a year in medically underserved areas for each year of aid.

Funding below reconciliation is also provided, as I have noted, for three of the four major health block grants. The worst impact will be in primary care. A cut of $64 million from 1981—$25 below reconciliation—will force hundreds of health centers to close, and more than a million patients will lose access to care. Yet only 10 percent of the eligible population is now served.

In education, funding would fall below reconciliation levels in State block grants for elementary and secondary education; for title I of elementary and secondary education; and for aid to handicapped children. No funds whatever were provided for concentration aid, which reconciliation authorized at a level of $84 million. This program is particularly important to the urban poor, and must continue. In New York City, and cities throughout the Nation, loss of this funding, and the other education reductions, will hurt our most vulnerable students.

Cuts under social services also will have severe impact. The community services block grant is cut below the reconciliation level, which represents a 20-percent reduction from 1981. Child abuse programs are cut 32 percent from 1981. Low-income energy assistance is funded at $75 million below reconciliation level of $1.875 billion. VISTA would be cut by more than one-third, reducing volunteers from 4,000 last year to 2,500.

Finally statutory changes in several programs made by reconcilation are incorporated in this bill. I continue to object to these changes, such as reduced levels of medicaid funding; restrictive conditions on impact aid; a whopping $591 million cutback from

the 1981 authorization in title XX block grants under the Social Security Act; increased deductibles for medicare recipients; and harsh rules against AFDC recipients owning more than $1,000 worth of personal property—excluding home and a car—and work incentive provisions that are just the opposite. These changes are cuts, not just legislative tinkering. Make no mistake. They will take benefits from those who need and deserve them.

This bill contains the by now standard prohibitions on funds being used to finance abortions and to bus students for purposes of achieving racial balance in public schools. These repugnant provisions should be eliminated. The abortion provision, in particular, is an unbelievably deep incursion into the rights of the individual, and allows abortions only in cases where the life of the mother is endangered by the prospect of giving birth. To forbid use of funds for abortions of pregnancies resulting from rape or incest is inhumane, callous and a threat to our most basic notions of decency.

This appropriations bill is a harsh blow to those in America who need the most help. We have committed ourselves to providing a minimal level of aid for them; yet I cannot say that in the past we have reached anywhere near a satisfactory level. Today we would reduce our previous effort by a clearly unacceptable degree. I cannot justify it, and I hope my colleagues will agree.

It is time to stop the Reagan bulldozing of the poor, the elderly, the sick, the children, the disabled. Let us draw the line now, and insist that we spend the money needed to keep our commitments, and to help our citizens who really need it.

Mr. CONTE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, in closing this debate I want to once again reiterate that our committee approached this bill as a team of highly skilled surgeons. We had our patient on the operating table during 9 weeks of hearings—5 hours every day. We spent 11 hours in subcommittee markup carefully testing every vein, every artery, every vital nerve that carries life-sustaining resources to the patient.

It was delicate surgery to be sure. There were no meat axes in that operating room. Only finely honed scalpels and bandages. There were no partisan procedures aimed at amputating an arm or leg here, a lung there.

We sought advice and information from those experts that have lived and worked with the patient day in and day out. These are persons who know where incisions can be made, where waste, overregulation, fat, and ineffective operations can be surgically removed without rendering the patient immobile or impotent.

We listened and questioned as more than 200 citizens flocked to the bedside of our patient with their expressions of care and support for his well being, good health, and longevity.

Let me further remind you that our subcommittee, under the chairman's strong guidance, did not turn away from that difficult task of making cuts when we marked up. We looked at each program in turn and made many reductions in labor, health, human service, and education programs.

Further cuts beyond what our committee is recommending only threaten the very existence of these programs. Even worse, a nondiscriminating attack shows no sensitivity for the goals and purposes of these programs.

I again urge my colleagues to stick with this committee and vote down the motion to recommit. We cannot bring out a better bill. There is no way that we can do it.

I now yield to my good friend, the gentlewoman from New Jersey, the level-headed MARGE ROUKEMA.

Mrs. ROUKEMA. Mr. Chairman, I rise to call to the attention of the gentlemen from the Appropriations Committee a particular problem I foresee with regard to the amount of money provided in the committee bill for the guaranteed student loan program.

First of all, I would point out that the administration has indicated its intent to send us legislation soon which would be designed to achieve additional savings in the guaranteed student program beyond those already achieved in the Omnibus Budget Reconciliation Act. Mr. Chairman, I did support those reductions in the original Reconciliation Act since I felt that they were a necessary redefinition of entitlement to reform the program. Those reductions, in my opinion, were realistically defined to provide necessary assistance in a time when education costs are mounting rapidly. This also achieved a fair reduction in total expenditures to comply with the need for budget reductions. At the time, this restructuring represented a reduction of 16 percent in direct spending for the program.

Therefore, I am concerned that the committee has provided funding for the guaranteed student loan program in an amount which is far below any recent estimates as to what the program will actually cost in fiscal year 1982. Your bill provides $1.77 billion, yet current estimates are that at least $2.4 billion will be needed. My concern is that the funding will run out for the program very quickly and require the enactment of a supplemental appropriation.

I do understand that your committee has left room within its budget allocation under section 302(b) to allow for additional funding for the program at a later date. Could the gentleman from Kentucky please explain why the committee chose to provide the low amount which it did when it is obvious that additional funding will be needed to comply with the Omnibus Budget Reconciliation Act?

Mr. NATCHER. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Kentucky.

Mr. NATCHER. Mr. Chairman, I would like to say to the distinguished gentlewoman from New Jersey that the committee was in a difficult position on this matter in that we were faced with a number of inconsistent estimates as to the amount needed for the program next year. Meanwhile, the administration had sent up no revised budget request for the program above the $1.77 billion contained in its March budget. It was our best judgment to go with the amount provided in the administration's budget while leaving enough room in our allocation for a later addition.

I want to assure the gentlewoman from New Jersey if that is complied with, every consideration will be given to the request of the gentlewoman.

Mrs. ROUKEMA. Then the gentleman can assure me that the lower amount is not an indication of an intent to provide further reductions in the program, or that there is an expectation that such reductions will occur through changes in the rules of the program?

Mr. NATCHER. The gentlewoman is exactly correct.

Mrs. ROUKEMA. Would the gentleman from Massachusetts be in agreement with that?

Mr. CONTE. I would like to reiterate what the chairman said. The committee put in the $1.77 billion, and that is what President Reagan requested in his March budget. There has been no revised budget request prior to the markup in the full committee. While we put $1.77 billion in, we left room under the 302 allocation ceiling for an additional $900 million on the guaranteed student loan program. We left that in so we could respond to a supplemental request from the administration if and when it comes.

This past week the administration sent up a revised appropriation request for $2.4 billion for GSL. There has been no time for hearings, no time for consideration, and as I understand it, Mrs. ROUKEMA, we will do everything we can, as we have in the past, when we get a supplemental, hold hearings and move that thing out.

Mrs. ROUKEMA. I thank the gentleman.

Mr. DE LA GARZA. Mr. Chairman, I rise today to express my interest in behalf of many of my constituents who comprise one of the poorest, most hardworking, most downtrodden, yet most valuable segments of our society, the migrant farmworker. Have you

ever given a thought to what you would eat if there were no one to pick the crops?

This long titled appropriations bill which we consider today provides funds for CETA title III, section 303. I want to be sure that it also includes funds for the Hope Migrant Labor Center, about $170,000. This is not a large, or expensive program, but it is vital to many.

This center, located in Hope, Ark., provides sleeping and cooking facilities, showers and restrooms, and a laundry, for use by migrant farmworkers as they travel throughout the country picking food for our tables. This is no freebie, the people pay $1 per night for what are not deluxe accommodations.

Every spring, after the Rio Grande Valley crops are picked, many of my constituents head north for Michigan, the Dakotas, and many other places, looking for work in the fields. The migrant center provides accommodations as they head north in the spring, or south in the fall. Without it, they would be forced to sleep in their cars with their families at the side of the road, as they must do in many other parts of the country. Most migrants are to poor to be able to afford hotel rooms for their large families.

The migrant center is certainly no vacation spot, but it allows the poor migrant a place to recoup his strength, repair his car, or wash his clothes. It is certainly a better place to stay than the housing in many labor camps, which should have been closed down years ago. In many places throughout the country, farmworker housing lacks proper cooking and sanitary facilities, not to mention all the other amenities we take for granted.

Newspaper reports recently stated that the center would be forced to close for lack of funds from the Department of Labor. While I have received no written guarantee, some Department officials have assured me indirectly that funds would be provided to keep the center open in fiscal year 1982.

In voting for this bill, I do so under the assumption that funds for the migrant center will be provided. We cannot afford to turn our backs on those so poor, but on whom we depend for so much, the migrant farmworker.

● Mr. RAHALL. Mr. Chairman, I rise in support of H.R. 4560, the Labor-HHS-Education appropriations bill for fiscal year 1982. However, while this legislation approves the administration's request for 3,471 permanent positions for the Mine Safety and Health Administration, this figure is 337 fewer than the 1981 staffing level and indicative of a growing cancer in the ability of this agency to properly insure the safety of this Nation's coal labor force.

This situation is perhaps no more prevalent than in my own State of West Virginia. For example, in 1978 there were approximately 33 inspectors in the Logan, W. Va., MSHA field office. Today, there are only 11 regular inspectors at this office. Under the law, MSHA must conduct four inspections per year in underground coal mines and two inspections per year in surface coal mines. However, the Logan field office is incapable to meet this quota due to lack of trained personnel. During the first 3 months of this year, the field office was required to conduct 91 underground mine inspections. It conducted only 76 inspections. This figure dropped even further during the months of April through June when the same 91 inspections were required, but with only 62 being conducted.

Inspections of this level represent a travesty of the law we in Congress worked hard to implement. The situation at the Logan field office appears to be no different than at many other coal producing regions of this Nation. This lack of proper mine inspection levels not only circumvents the law, but represents a reactionary view of coal mine safety. It is putting lives in jeopardy.

These are the same lives, I might add, that are dedicated toward producing domestic coal in order to allow this Nation a measure of energy security.

When dealing with life and death situations such as this, budget considerations are no longer applicable. It is not only our responsibility under law to insure every precaution is taken to protect these lives, it is also our moral obligation.●

● Ms. MIKULSKI. Mr. Chairman, I would like to rise in support of the overall framework presented by the Labor-HHS-Education appropriations bill for fiscal year 1982 currently before the House. In the best of all possible worlds, this would not be the bill that the House of Representatives would be considering. It funds programs of the Labor, Health and Human Services, education, and related agencies at a level which is $1.2 billion below the levels provided in fiscal year 1981. We all know the effect that inflation has on the cost of providing services. We also all know, therefore, that a $1.2 billion reduction actually translates into a much larger, and more substantive reduction for scores of important programs.

There is no doubt, however, that the Appropriations Committee was faced with a hard task in crafting this bill. Under the circumstances. I would like to commend them for an excellent job. In most of the cases, they followed the figures that those of us in the authorizing committees had agreed to for the Omnibus Budget Reconciliation Act of 1981. Those figures represented difficult and harsh reductions—and this bill reflects those difficult reductions. However, the reductions of the Reconciliation Act and of the Appropriations Committee also reflect hours of serious consideration to what programs could be reduced and the best way of crafting those reductions. Thus, the basic framework of the bill, as reported out of committee, should be supported.

I would like to briefly speak, however, to a number of specific programs within this framework that are of interest to me.

I believe that a basic education is the right of every child in America. Education helps us help ourselves. The President claims that he is for self-help. Then how are further cuts in self-help education programs justified?

These are some of the self-help programs that may face drastic reductions, reductions that I feel cannot be made. Education for the handicapped is a vital self-help program. It provides the special tools disadvantaged children need to better themselves. We cannot allow funds to be so severely cut for these programs. Crippled, blind, deaf children deserve an equal chance for success, too.

We cannot cut vocational education. If we do not provide the knowledge and skills people need in order to get a job, then how can we expect to lower the unemployment rate? The expansion and development of vocational education programs are more justified than the cutting back of it.

Students loans—financial aid to higher education is also of integral importance to our Nation. We should not allow income barriers to keep those who are willing to study, to better themselves, from pursuing a higher education.

Numerous other programs—impact aid for one cannot be further reduced. Cities do not have the money to take up the slack. Children of Federal workers should not be discriminated against in the costs of their education. Head Start, title I, help for children of disadvantaged backgrounds—these are genuinely beneficial to society. They have already been slashed in reconciliation; let us not kill them entirely.

The employment programs in this bill affect the day-to-day lives of most Americans. Therefore it is absolutely essential that we give full and careful consideration to the funding levels contained in this bill.

The comprehensive employment and training program has provided jobs and training for countless people who would otherwise be caught in the web of unemployment or welfare. This program has assisted folks of all ages and backgrounds to self-sufficiency. It addresses the special employment needs of such groups as teenagers, of migrant farmworkers, of homemakers

wishing to reenter the paid labor force. Any attempts to further weaken this program would destroy the once-in-a-lifetime opportunity of millions of people to become fully employed, tax-paying citizens.

OSHA AND MSHA

We are proposing to appropriate the minimum needed to insure the safety of workers. The Occupational Safety and Health Administration will have 397 fewer positions than it had in 1981. The Mine Safety and Health Administration will have 337 fewer positions. We must not erode our commitment to the health and safety of the American worker any further than we already have. We cannot ask men and women to work in chemical plants, to work in fields sprayed with pesticides, to climb into mines, without assuring them that we are committed to preserving their life and health.

TRA AND UNEMPLOYMENT

As we all know the trade readjustment assistance program and unemployment have been cut back. I remind my colleagues that we are doing this at a time when unemployment is rising. Once again, I must pose the question that constituents pose to me. Where is this country's commitment to the working person? The guy or woman who works for 15 to 20 years, then gets laid off, and needs temporary help until she/he can find another job. Help that will keep the family together, keep the house from having to be sold, the kids in winter clothes. While we are experimenting with supply-side economics, let us not experiment with American's paychecks.

RAPE CRISIS CENTERS

I am gratified to note that the bill includes $3 million for rape crisis centers. These funds are badly needed to develop new, and strengthen existing programs to assist women and children who are victims of this horrendous crime. the authorization committee, in recognition of the need for these centers, earmarked the $3 million for this program. It is my hope that the States will apply for these funds and use them in their areas to provide these vital services.●

Mr. WAXMAN. Mr. Chairman, I rise in support of the recommendations of the Committee on Appropriations.

I have made no secret of my dislike of the budget process which has brought us to this point. It has required that we look at programs as numbers and statistics, rather than as diseases prevented and cured.

The proceedings have been difficult from the beginning.

But Democrats and Republicans of both Houses have come to agreement on the cuts and consolidations, and while each compromise is not as I might have chosen, the final agreement for health programs is carefully drawn and one which I have supported and defended.

I am pleased to note that, in large part, the subcommittee chaired by the gentleman from Kentucky and the committee chaired by the gentleman from Mississippi, have followed the outlines of the reconciliation conference. The work behind this appropriations bill has been particularly strenuous and I would like to take this opportunity to note the leadership and foresight which each of these gentlemen has displayed during the development and piloting of the bill. The recommendations of the committee which are before us today reflect general agreement that we have cut health programs as far as it is safe or responsible to cut them. Further cuts would invite a shortage of qualified personnel; a lack of needed medical services for the elderly, children, and the poor; and widespread epidemics of preventable disease.

Let me give you a few examples from these recommendations:

The childhood immunization program provides funds for immunization of school children against such diseases as polio, measles, and tetanus. Each dollar invested in the program can save $90 in unnecessary costs of treatment and disability. Under the proposed appropriation for 1982 this program will be funded at the same level as in 1981, although the cost of vaccines has risen 30 percent this year. This inflation alone means that we will be able to immunize half a million fewer children next year.

In an effort to provide aid to young people who want to become nurses, the Federal Government has traditionally given scholarships and low-interest loans to eligible students. Since hospitals across the Nation are reporting budgeted nursing shortages of 10 to 50 percent, the national problem seems to be getting worse. In the budget bill, we doubled the interest rates for these loans and eliminated the scholarships. In the recommendations before you the loan fund is also reduced by 50 percent.

The maternal and child health program has been remarkably successful in providing health care and has significantly reduced infant mortality rates. The bill before us recommends a 27.5 percent cut—before adjusting for inflation—from the amounts appropriated in 1981 for the programs consolidated into the new block grant. As I indicated in a letter to the chairman, I believe that the $373 million authorization level for the new maternal and child health block represents the maximum cut that this program can sustain without real effects on infant mortality rates. I would urge that, in discussions with the Senate, the House conferees on this bill give every consideration to arriving at a higher appropriations level.

I also note that, in its report accompanying this bill, the Appropriations Committee notes that the new maternal and child health block directs the Secretary of HHS to retain 15-percent of the total funds appropriated for grants to projects of regional or national significance, training and research, hemophilia treatment centers and genetic counseling programs. The committee report at page 17 states, "The committee expects this provision of the law to be implemented." I am surprised that it is necessary to remind the Department to discharge a clear statutory mandate. However, lest there be any doubt, let me stress once again the intent of the House and Senate conferees who developed the maternal and child health block grant created under Public Law 97-35: The Department is to implement a 15-percent set-aside provision under section 502(a) of the law, as well as discharging the responsibilities set forth in section 509(a). The Federal Government still has an important role to play in meeting the maternal and child health needs in this country.

Almost every other major health program has received similar cuts: Family Planning by $32 million; mental health by $30 million; health planning by $33 million—almost half its budget.

I do not mean to say that I fault this appropriations bill for any of these changes. Once again I must compliment the gentleman from Kentucky and the gentleman from Mississippi on the strong leadership they have shown in these matters. The bill before us makes careful decisions among programs and will, I feel certain, enable as many Americans as possible to prevent or treat illness with a very limited number of dollars.

But I do mean to point out that real cuts have been made in these programs. Even now I am afraid that the funding provided in this bill for maternal and child health is painfully inadequate. I am apprehensive about the rising tuberculosis epidemic in this country and am disturbed that there is no funding provided here for a national program to combat TB. And I believe that the omission of funds for the National Center for Health Care Technology will cost the Government and the Nation hundreds of millions of dollars over the years.

I also believe that many of these so-called savings will haunt us as long-range costs for disabled children and the institutionalized elderly.

But for now I urge my colleagues to support the bill before us. We cannot afford to spend less.

I would now like to turn to a matter which directly affects the manner in which funds appropriated for the medicaid program will be spent during the fiscal year 1982. As you know, the

medicaid program was significantly revised by the Omnibus Reconciliation Act of 1981, Public Law 97-35, signed into law less than 2 months ago. I had the privilege of serving as a conferee to represent the House position in negotiations with Senate conferees, ably chaired by Senator DOLE, on the issues relating to medicaid. The conference was a complex and difficult one, but with the help of the distinguished Finance Committee chairman, we were able to iron out a reasonable and workable compromise.

Unfortunately, the Department of Health and Human Services yesterday issued interim final regulations on medicaid eligibility and coverage criteria that misinterpret the compromises achieved in several significant respects I want to make it clear to all those affected—the States, the beneficiaries, and the Department—that the following provisions of these regulations are in direct conflict with both the medicaid statute as amended and the intent of the conferees in crafting those amendments. I know that Chairman DINGELL, who is necessarily absent today, joins me in these remarks.

Section 2171 of Public Law 97-35 provides increased flexibility to States with respect to coverage of the medically needy. The medically needy are individuals whose income or resources are too high to qualify for cash assistance under the aid to families with dependent children (AFDC) or supplemental security income (SSI) programs but too low to enable them to meet the cost of needed medical care. Under the medicaid statute as amended by Public Law 97-35, States that choose to cover the medically needy are no longer required to cover all medically needy groups—that is, the aged, blind, disabled, and mothers and dependent children—or to offer a comparable package of services to each group. This agreement reflects a compromise between the Senate provision, section 926 of S. 1377, which provided for extensive flexibility regarding coverage of the medically needy, and the House version, H.R. 3982, which made no changes in the current rules governing medically needy programs.

The flexibility granted to the States is not unlimited. The new amendments provide that, if a State chooses to cover any medically needy group, then it must cover all children under 18 and pregnant women who, but for income and resources, would be eligible for medicaid as categorically needy. The September 30 regulations do not require States to cover all children under 18; instead, they allow a State to cover "any reasonable category" of children under 18. This result was expressly considered by the conferees and expressly rejected during the course of our deliberations. It is totally inconsistent with the intent of the statute: To assure that States which choose to cover any medically needy group continue to make coverage for primary and preventive health services available to all needy children under 18, not just those in foster homes or those under 6 or some other category. Section 2172 of Public Law 97-35, which provides flexibility to States in the coverage of needy individuals aged 18 through 21, does not, and was not intended to, give States the option of denying coverage to any categories of medically needy children under 18.

Related to this first question is the matter of what coverage a State is required to offer to medically needy children under 18. The statute requires that at a minimum, these children receive coverage for ambulatory services. The "Statement of Managers" accompanying the conference report (H. Res. 97-208 at p. 971) explained that the conferees understood this term to mean "physician, clinic, nurse practitioner, dental and preventive services." Each of these services is to be "of sufficient amount, duration, and scope to achieve its purpose." Again, this ambulatory services package requirement represents a compromise between the Senate bill, which allowed States complete discretion to establish benefit coverage for the medically needy, and the House bill, which retained current minimum service requirements in order to protect current recipients.

Inexplicably, the Department's September 30 regulations do not define the term "ambulatory services," but leave this totally to the discretion of each individual State. Had it been the intent of the conferees to leave this decision entirely to the States, we would not have bothered to set forth what we meant by the term in the "Statement of Managers." Had we meant physician, clinic, nurse practitioner, dental and preventive services to be merely illustrative, as the Department seems to believe, then we would have indicated that they were examples. However, these services were intended to represent the essential elements of an ambulatory services package for medically needy children under 18. The States have flexibility with respect to the amount, duration, and scope of these services, and with respect to the offering of additional services to children. But the conferees did not intend that the States provide fewer ambulatory services than those specified in the conference report.

Section 2171 of Public Law 97-35, which provides flexibility to States in the medically needy groups they must cover and the services they must offer those groups, did not, and was not intended to, make any changes in the current income or resource standards for the medically needy or in the current rules for treating income and resources. No such changes were contemplated by the Senate provision or the House provision. In fact, the question as to whether to make any changes in the current medically needy income or resource standards or methods for treating income or resources was expressly considered by the conferees and expressly rejected. Unfortunately, the Department's September 30 regulations propose to give States flexibility with respect to medically needy income levels, resource standards, and methodologies for determining income and resources. For reasons that I cannot begin to understand, the regulations contain these provisions despite the express language in the Statement of Managers to the contrary:

> It is not the intent of the conferees to alter the requirements under section 1902 (A) (17) if the Social Security Act relating to comparable treatment of income and resources between categorically needy and medically needy programs.

See the CONGRESSIONAL RECORD of July 31 at pages 18948 and 18957.

The regulations are, in all these respects, flatly inconsistent with the statute and the intent of the conferees.

The Department issued medicaid regulations on September 30 other than those relating to eligibility and coverage criteria. I have not yet had an opportunity to review all of these regulations, and I do not know whether the Department's interpretations with respect to the other provisions in Public Law 97-35 are as inconsistent with the statute and congressional intent as they are with respect to section 2171. I certainly hope not, for such administrative overreaching will only cause unnecessary confusion on the part of States, providers, beneficiaries, and courts alike. In any event, I would urge the Department to act as quickly as possible to correct, through an issuance in the FEDERAL REGISTER, the misinterpretations in its new medically needy regulations. If the poor are to be deprived of needed medicaid benefits—and I would hope they would not be—the decision must be made by statute through Congress, not through regulations by the Department.

There is one other issue of statutory interpretation that I would like to address. It relates to those provisions of the Omnibus Reconciliation Act of 1981, Public Law 97-35, regarding the orderly closure or transfer of the Public Health Service hospitals and clinics. These provisions established a framework for the conversion of these facilities to local control during fiscal year 1982. The Secretary of Health and Human Services is directed to evaluate applications in light of certain statutory criteria and to assist qualified applicants in implementing their conversion plans. One of the qualifying criteria set forth under sec-

tion 987(c) of Public Law 97-35 is whether, under the proposal, the hospital or clinic has "a reasonable expectation of financial viability."

On October 2, Secretary Schweiker notified Chairman NATCHER that, because no funds had been appropriated by Congress as of September 30, 1981, for the purposes of such transfers, the proposals for local control had no "reasonable expectation of financial viability," and he had no choice under the statute but to reject them and order the facilities closed as of October 31, 1981.

As the author of these statutory provisions, I would like to reemphasize for the benefit of the Secretary and other interested parties that the question of "reasonable expectation of financial viability" is totally separate from the question of whether sufficient funds have been appropriated to finance all of the approvable proposals. As the committee report (H. Rept. 97-158, vol. II, p. 373) makes clear, the Secretary's judgment as to whether a facility has a "reasonable expectation of financial viability" depends on "whether the facility can expect, after transfer, to collect sufficient reimbursement from all sources and have adequate utilization to meet operating expenses without assistance from direct appropriations."

The point here is that, whenever Congress enacts appropriations for fiscal year 1982, these funds be awarded only to those applicants who, in the judgment of the Secretary, could reasonable be expected to operate the hospital or clinic without continued Federal assistance after transfer, in light of local market conditions. The only purpose of the September 30, 1981, deadline for evaluating the proposals for transfer is to assure early identification of those facilities which ought to be closed immediately for lack of an approvable plan, leaving more funds available to assist those with approvable proposals in making an orderly transition to local control during the course of fiscal year 1982.

It is my understanding that the Appropriations Committee has provided $25 million for conversion of PHS facilities in the bill before us today, and that Chairman NATCHER would be willing to seek further funding for qualified transfer proposals. When these funds become available, the Secretary has the authority under Public Law 97-35 to move forward and implement approvable proposals. I urge the Secretary to use the discretion that Congress has given him to do so.

● Mr. GARCIA. Mr. Chairman, like so many States, New York State must confront extensive budget reductions in education this year, and additional cuts in the years ahead. We are greeting the 1981 school year with $90 million less than last year, and with prospects for further reductions in the near future. The administration, ignoring the authorization levels set by this Congress, is requesting appropriations that are 25 percent under the authorization levels that we have stipulated. It is quite possible that the administration's request will result in a $700 million loss for education in New York State, and have devastating repercussions for disadvantaged and handicapped students; vocational and higher education. Those in pursuit of a higher education may look forward to a reduction in the financial assistance previously available to them.

We are all working hard to move this Nation forward; to build a bright future for ourselves, and for our children. Without the guarantee of an education for all of those children who desire one, we must face the fact that this is but an impossible dream. Inevitably, we will be forced to place the responsibliity of achieving our goals into the hands of a vastly ignorant generation of young men and women. We owe our children the opportunity to acquire as much knowledge as they desire; further reductions will only insure that much potential and untapped talent will be wasted. It is this possibility, above all, that we cannot afford.

I would like to bring your attention to an article released by New York State Education Commissioner Gordon Ambach, entitled, "Impact of President Reagan's Budget Reductions on Education in New York State." In this article the ramifications of the budget cuts are clearly outlined:

IMPACT OF PRESIDENT REAGAN'S BUDGET REDUCTIONS ON EDUCATION IN NEW YORK STATE

As a result of the President's actions on budget reductions for education earlier this year, New York has $90 million less Federal aid for the current school year than last year. The authorization levels agreed to by Congress and signed by the President just over one month ago provided a similar reduction from this year to the next.

The President's message and request last night for further budget cuts will have a devastating impact of education in New York State, starting this year. The Administration's new proposed cuts are to be taken from the base the President proposed in March, not the base approved in August. The Administration is requesting appropriations that are at least 25 percent under the authorization levels and current year appropriation levels already set by Congress.

The specifics of the latest Administration proposals are difficult to estimate now but they will probably amount to more than a $700 million loss for education in New York. We expect a severe impact on programs for disadvantaged students and handicapped students—two vital Federal aids to education which have resulted in an increase in reading scores and improved services for the handicapped in our schools. Vocational education, essential to our State's economy, will be cut another 20 percent, after suffering a 14 percent loss from last year to this.

The effects for higher education will also be devastating, particularly for student financial aid. The guaranteed student loan program, now providing half the Federal/State student assistance, will be drastically reduced. Vocational rehabilitation services and cultural institutions will all be hit hard.

The Administration's overall program is focused on strengthening our economy with the development of business and industry and creation of new private sector jobs. The program also includes a substantial strengthening of the nation's defense capacity. If there is to be a substantial increase in job opportunities, they will have to be in jobs that require greater technical skills. We must have a strong educational system to provide qualified persons for those jobs. If the military is to be strengthened, the key must be in trained personnel. Here again, the nation must rely on its total educational system.

Our objectives at the national level to strengthen the economy will not be met unless there is a continued national commitment to education. We urge the Members of the Congress to continue that commitment.●

● Mr. BIAGGI. Mr. Chairman, I rise to express my opposition to the pending amendment offered by my colleague from California. I especially want to associate myself with the remarks of my friend from Massachusetts, Mr. CONTE.

I consider an additional $20 million cut for family planning services, title X, to be an extreme sacrifice for this program to make. Already the committee bill reduces funding for title X by some $31 million. I contend that the fundamental objectives of title X are sound. One cannot dispute the fact that the program today is serving some 6 million individuals in 5,000 clinics and projects across the country.

There are some who have suggested that opposition to this amendment would be a vote against the so-called right to life movement. I reject this premise because the fact is I have and will continue to oppose Federal funding for abortion unless the life of the mother is endangered. I see a vote for a modes funding level of $130 million for family planning services to be defensible and sound and I urge my colleagues to reject the pending amendment.●

● Mr. WIRTH. Mr. Chairman, I rise in opposition to the motion to recommit the Labor, Health and Human Services and Education appropriations bill. I intend to support final passage of this bill because the Appropriations Committee has done its job in adhering to restrained levels in the first budget resolution the President urged the Congress to adopt in June. At the same time, the committee has preserved as much as possible of the health, education, training, and employment programs which are essential to our Nation's long-term health.

Mr. Chairman, I am deeply concerned that in our decisions on where to cut spending this year, we do not lose sight of our national needs in the long term. A large number of budget cuts which have been enacted or rec-

ommended this year have been very shortsighted. I strongly supported the total amount of budget cuts the President proposed in March. I also firmly believe that we must take further actions to reduce the fiscal year 1982 budget deficit. Our Nation's economy is changing rapidly. Healthy economic growth in the 1980's and beyond will require an increasingly skilled work force and maintaining our Nation's lead in development of new technologies and services.

It makes no sense to reduce or eliminate our commitment to education and training programs when our work force needs increasingly sophisticated skills and particularly when we are facing increasingly stiff economic competition from Japan and Europe in the very technologies which promise new markets and new jobs for Americans.

Many of our Nation's economic competitors have realized that the technological revolution which is upon us demands a better educated work force than ever before. Japan, for example, has granted more degrees to engineers in recent years than has the United States, although its population is roughly half of ours.

While our Nation has never before had such a great need for a well-educated citizenry, recent statistics have indicated that the current generation of American students is, for the first time in our history, less literate than their parents.

Under such conditions, Mr. Chairman, Congress has still shown restraint in education funding levels for this year. Elementary and secondary education programs, for example, are funded in the appropriations bill at $465 million less than the administration's request, and far below 1981 levels. Assistance for students planning to attend college is hardly generous in the bill when we consider the effects of continuing inflation.

Our world lead in science and technology was built largely on our national commitment to education at all levels. Now that we are entering a technological revolution, we need to maintain, not decrease that commitment. We need highly skilled scientists and we need workers trained to use complicated machines.

Employment and training programs should not be gutted, but instead redesigned so that our people's ability to adjust to the new realities is enhanced.

In short, while I remain firmly committed to reducing the Federal deficit, I cannot accept plans to further slash our essential commitments to meeting our long-term goals in education, training, and employment.

The entire Federal budget must be examined as we seek to further reduce the deficit and the size of the Federal Government. Proposals to take the lion's share of these additional budget cuts from one area of the budget which offers such great benefits to our entire society in the coming decades simply sacrifice our future for short-term budget gains.

The Labor-Health and Human Services appropriation bill before the House is now under the budget ceilings set in the first budget resolution, following the adoption of Chairman NATCHER's amendment to reduce discretionary spending—programs over which we have immediate control in this legislation—by $74 million, an amendment I supported.

Some argue now that this legislation, adopted by the Appropriations Committee before the President's speech 2 weeks ago, should be recommitted because it does not include the additional 12 percent across-the-board reduction in expenditures he proposed at that time. I cannot accept that view. We have made major cuts in these programs—in education, in training and employment programs, and others. We cannot justify further cuts in these areas until we have completed a careful analysis of the rest of the Federal budget, to eliminate waste in programs in every area, including defense; to engage in a serious effort to eliminate wasteful Federal subsidies from our tax laws; and to see that those who use Government services developed exclusively for them, bear their cost. Until we have fulfilled that responsibility, we cannot justify further reductions in the Federal efforts included in this legislation.

We face a number of difficult decisions in the coming months, for despite the President's economic package, the Federal deficit remains unsupportably large. But we simply must make those decisions by looking at the entire Federal budget and the national goals it represents. We cannot achieve the healthy economy we seek by taking aim at this one critical appropriations bill—a bill which includes some of the most important investments in our own future that our society can make.●

● Mr. JEFFORDS. Mr. Chairman, the Congress passed the Youth Employment Demonstration Projects Act in 1977 in response to the critical employment problems of youth in this country, especially minority and low-income youth. The YEDPA passed in the House with overwhelming support. At the time, the Comprehensive Employment and Training Act, of which YEDPA became a part, was the only program providing employment services to youth through its general training component, title IIB. The YEDPA was to expand on this and, at the same time, provide funds to experiment with and demonstrate different program approaches so that we would learn what works best for which participants.

An analysis of the young people in need of employment services was conducted as a part of YEDPA. Figures range from 1.9 million youth who are low-income and unemployed to 3.3 million youth who are unemployed and discouraged but not necessarily low-income. The Vice President's Task Force on Youth Employment estimated that 4 million youth are "at risk." These 4 million split equally between in-schoolers and out-of-schoolers, including high school dropouts, and appear in high concentrations among four groups: Low-income, minorities, high school dropouts, and young women.

Unemployment rates for youth are much higher than those for adults, 7.5 percent in September. The most recent figures show teenage unemployment at 18 percent. The rate for minority teens is close to 46 percent. It is clear that the situation continues to need remediation.

YEDPA provided services to 400,000 youth in fiscal year 1978, 450,000 in fiscal year 1979, 485,000 in fiscal year 1980, and 500,000 in fiscal year 1981. Unfortunately, the appropriations bill will provide only $400 million for youth programs. This means that as the problem continues for us all and grows for some groups, only about 225,000 youth can be served through the 100,000 service years that the $400 million will provide. It is crucial that the level of $400 million be maintained if we are to protect our commitment to youth. Clearly an investment such as this will pay itself off in social benefits, including decreased crime, lower illegitimacy rates, and increases in the number of productive citizens in this country.

Our votes last year prove that there is a widespread support for the youth programs. The level of funding at $2 billion—split equally between Education and Labor, indicated our intent to serve a greater proportion of the young people who need assistance. Unfortunately, this year, the reputation of the public service employment program definitely tainted the other CETA programs, including youth programs, making them less popular and easy targets for cuts. We should not forget that these training programs are important. The social costs of not taking action are enormous. Consider that male minority youth have a nearly 100 percent chance of being arrested before they reach 20 years of age in sections of cities such as Chicago and Los Angeles; and that the cost of building one prison cell is now $100,000. Is it not less expensive and more productive to prepare young people for the world of work through the youth programs at only about $1,600 per participant?

The effort that the Appropriations Committee has made has not been

easy. I urge them to stand by the $400 million level in conference. It is my understanding that both the Senate and House Committees based their estimates, at least in part, on carryout figures for fiscal year 1981 that appear to be higher than that which will actually be available. The figure that we have recently received is only $60 million, rather than the $195 million on which the appropriation levels were based. It is very important that we maintain an actual funding level of at least $400 million so that we maintain the bare minimum of program operations and thereby allow Congress the flexibility of reassess the programs later this year when the employment and training programs are reauthorized. If programs are cut further, the proportion of those needing services will be very small and the social costs will not be substantially altered.

I am conducting hearings in my State in 2 weeks on the reauthorization of employment and training programs. I intend to propose an alternative program shortly thereafter that will take into account budget constraints and the lessons that we have learned over the past several years. I am hopeful that this proposal, which will seek to use a new approach to serve as many people as possible, will receive widespread support from many groups and will continue the traditional concern that we have had for the unemployed in this country.●

Mr. CONTE. Mr. Chairman, I yield back the balance of my time.

Mr. NATCHER. Mr. Chairman, we yield back any time that we have remaining on this side.

The CHAIRMAN. The Clerk will read.

The Clerk proceeded to read the bill.

Mr. NATCHER (during the reading). Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was objection.

The CHAIRMAN. Are there any points of order against parts of this bill?

POINT OF ORDER

Mr. JOHNSTON. Mr. Chairman, I make a point of order against the language on page 13 of the bill, lines 15 through 24.

The portion of the bill to which the point of order relates is as follows:

Provided further, That none of the funds appropriated under this paragraph shall be used to fund any grant to any business, union, trade association, or other grantee which is not properly reviewed under the peer review procedures used in fiscal year 1980. Furthermore, none of the funds appropriated under this paragraph shall be used to provide grants to any business, union, trade association, or other grantee that does not have an established and effective program for educating employers or employees about occupational hazards and disease.

Mr. JOHNSTON. Mr. Chairman, the language prohibits grants to any grantee which does not have "an established and effective program" for education. In order to implement this requirement, the Department would have to establish a new procedure for determining what represents an "established and effective" program.

In addition, this would preclude as a recipient any group establishing such a program in the future.

Both of these requirements impose additional duties on the Department and those represent legislation on an appropriations bill.

In addition, it precludes the Secretary from monitoring the expenditures of these funds in the future—all of this in violation of clause 2, rule XXI, of the House.

The CHAIRMAN. Does the gentleman from Kentucky (Mr. NATCHER) wish to be heard on the point of order?

Mr. NATCHER. Mr. Chairman, I would like to point out that this is strictly a limitation on the use of funds in this bill and it should be in order, Mr. Chairman.

The CHAIRMAN. Does the gentleman from North Carolina (Mr. JOHNSTON) wish to be heard further?

Mr. JOHNSTON. Mr. Chairman, I take exception to that in that it calls for the institution of a monitoring procedure on the part of the Under Secretary of Labor that is not now in effect in establishing the existing peer review procedures and monitoring, and this is legislation in an appropriations bill.

The CHAIRMAN. Does the gentleman from Wisconsin (Mr. OBEY) wish to be heard?

Mr. OBEY. Yes, I do, Mr. Chairman.

I would like to make the point that the Department has established procedures under which these grants are made available, and this simply is a limitation of the funds which can be expended under the procedures which the Department has now and has had in the past.

The CHAIRMAN. The Chair is prepared to rule.

The gentleman from North Carolina (Mr. JOHNSTON) makes a point of order against the language contained on page 13 of the bill. The Chair has been persuaded by the argument, because he is not sure what is meant by "properly reviewed" or what is contained in "an established and effective program," as contained on line 23, and upholds the point of order of the gentleman from North Carolina (Mr. JOHNSTON) on the basis that those terms impose new duties and determinations on executive officials.

Are there further points of order against the bill?

If not, for what purpose does the gentleman from Kentucky (Mr. NATCHER) rise?

Mr. NATCHER. Mr. Chairman, I ask unanimous consent that all debate on the bill and all amendments thereto conclude not later than 5 o'clock.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. WEISS. Reserving the right to object, Mr. Chairman, I reserve the right to object only because it is my understanding that at the time the general debate commenced, we thought that perhaps less than the full 2 hours would be taken. Since it was, I wonder if the distinguished gentleman from Kentucky (Mr. NATCHER) would not agree that a 6 o'clock time frame would be more appropriate?

□ 1315

Mr. NATCHER. Mr. Chairman, I would accept the recommendation, and so move.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. WALKER. Mr. Chairman, reserving the right to object, could the chairman give us any indication as to how many amendments that he knows of might be offered within the time frame we are talking about?

Mr. NATCHER. Mr. Chairman, if the gentleman will yield, I would like to advise the distinguished gentleman from Pennsylvania that a number of amendments that are pending pertain to language, to changes as far as language in the bill are concerned. We estimate there will be 14 or 15 amendments.

Let me say this to the gentleman from Pennsylvania: As I explained and said at the time of the statement that I made in general debate, it is not our intention to cut off a single member in this committee on any amendment. We want every member in this committee to be able to offer his amendments, and the gentleman has our word on that.

Mr. WALKER. Further reserving the right to object, the problem would be, I think, under that kind of arrangement, people who might have amendments toward the end of the time if no one is cut off early, and I certainly concur with the gentleman's attempt to be fair to all Members, we could run into a situation where some Members would not have adequate opportunity for the amendments that might fall toward the end of the day, particularly if we have a large number of amendments. Could the gentleman give us some indication as to the number of substantive amendments he thinks might be offered within the time frame we are talking about?

Mr. NATCHER. I would advise the gentleman that according to the infor-

mation we have, there are approximately seven amendments that would fall into the category that the gentleman has mentioned. I know of the gentleman's interest in one or more amendments that he has in mind. The gentleman could offer those amendments, or that amendment. That amendment could come within the next 10 or 15 minutes. The gentleman is fully protected.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I will be glad to yield under my reservation.

Mr. CONTE. Mr. Chairman, I have spoken to the gentleman beforehand, and we find that the strategy on this side, of the Republican leadership, is to have a motion to recommit. Rather than drag this thing on, unless someone has got a bad home life and does not want to go home for dinner with his family, let us get to the jugular vein, get to the gut issues and fight it clean. The gentleman's amendment will not take long. He usually wins anyway, because of his power.

Mr. WALKER. Mr. Chairman, I thank the gentleman, and I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The CHAIRMAN. The time will be limited to 6 o'clock.

AMENDMENTS OFFERED BY MR. NATCHER

Mr. NATCHER. Mr. Chairman, I offer two amendments, and I ask unanimous consent that the amendments be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The portion of the bill to which the amendment to the language on page 33 relates is as follows:

WORK INCENTIVES

For carrying out a work incentive program, as authorized by part C of title IV of the Social Security Act, including registration of individuals for such programs, and for related child care and other supportive services, as authorized by section 402(a)(19)(G) of the Act, including transfer to the Secretary of Labor, as authorized by section 431 of the Act, $364,803,000 which shall be the maximum amount available for transfer to the Secretary of Labor and to which the States may become entitled pursuant to section 403(d) of such Act, for these purposes.

The Clerk read as follows:

Amendments offered by Mr. NATCHER: On page 33, line 13, strike "$364,803,000" and insert "$321,025,000".

On page 62, after line 23, insert a new section as follows:

SEC. 513. Appropriations for salaries and expenses in this Act are hereby reduced by $30,222,000.

Mr. NATCHER. Mr. Chairman, these two amendments reduce the bill by $74,000,000, to bring it within the section 302 allocation under the Budget Act for discretionary programs. The funds will be taken from the work incentives program in the Department of Health and Human Services, $43,778,000; and from salaries and expenses for Federal staff throughout the bill. And that amount, Mr. Chairman, would be $30,222,000. The two figures together meet the total of $74,000,000.

The reduction for work incentives brings that program down to the budget request level of $321,025,000. That should enable the program to continue to operate in an acceptable manner. The salaries and expenses reduction is a general provision at the end of the bill, reducing the departments and agencies in the bill by $30,222,000. This should be applied across the board by the executive branch. The impact on any single agency would be minimal. These amendments are necessary to bring the bill into line with the budget resolution.

Mr. Chairman, as it has been pointed out during the general debate on the bill, under section 302, our subcommittee was allowed the sum of $86,600,000,000 for budget authority; $57,100,000,000 for mandatory, and $29,500,000,000 for discretionary. The bill is $77,000,000 under in mandatory, and now if this amendment is adopted, we will be even in discretionary.

Mr. Chairman, we ask respectfully that the amendment be adopted.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I yield to my distinguished friend from Massachusetts, Mr. CONTE.

Mr. CONTE. Mr. Chairman, I thank the gentleman for yielding. I, too, join with the gentleman from Kentucky in cosponsoring these amendments. We have discussed them at great lengths. We have to come under 302 budget. Members have all heard the debate of Mr. PANETTA and Mr. JONES and others here, and therefore, I hope that in order to comply with section 302 of the budget allocation, these amendments will be adopted on a voice vote.

Mr. REGULA. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I yield to the gentleman from Ohio.

Mr. REGULA. Mr. Chairman, since the gentleman is reducing budget authority by $74,000,000, does he know what the spendout will be in terms of 1982 outlays?

Mr. CONTE. I think $74,000,000.

Mr. REGULA. So that these amendments will reduce actual expenditures in fiscal year 1982?

Mr. CONTE. By $74,000,000.

Mr. REGULA. I thank the gentleman.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Kentucky (Mr. NATCHER).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. ASPIN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 383, noes 30, not voting 20, as follows:

[Roll No. 245]

AYES—383

Addabbo	DeNardis	Heckler
Akaka	Derrick	Hefner
Albosta	Derwinski	Heftel
Alexander	Dickinson	Hertel
Anderson	Dicks	Hightower
Andrews	Dixon	Hiler
Annunzio	Donnelly	Hillis
Anthony	Dorgan	Holland
Applegate	Dougherty	Hollenbeck
Archer	Dowdy	Holt
Ashbrook	Downey	Hopkins
Aspin	Dreier	Horton
Atkinson	Duncan	Howard
AuCoin	Dunn	Hubbard
Badham	Dwyer	Huckaby
Bafalis	Dyson	Hughes
Bailey (MO)	Early	Hunter
Bailey (PA)	Eckart	Hutto
Barnard	Edgar	Hyde
Barnes	Edwards (AL)	Ireland
Beard	Edwards (CA)	Jeffords
Bedell	Edwards (OK)	Jeffries
Benedict	Emerson	Jenkins
Benjamin	Emery	Johnston
Bennett	English	Jones (OK)
Bereuter	Erdahl	Jones (TN)
Bevill	Erlenborn	Kastenmeier
Blanchard	Ertel	Kazen
Bliley	Evans (DE)	Kemp
Boggs	Evans (GA)	Kildee
Boland	Evans (IA)	Kindness
Bolling	Evans (IN)	Kogovsek
Boner	Fary	Kramer
Bonker	Fascell	LaFalce
Bouquard	Fazio	Lagomarsino
Bowen	Fenwick	Lantos
Breaux	Ferraro	Latta
Brinkley	Fields	Leach
Brodhead	Findley	Leath
Brooks	Fish	LeBoutillier
Broomfield	Fithian	Lee
Brown (CA)	Foley	Lehman
Brown (CO)	Ford (MI)	Lent
Brown (OH)	Forsythe	Levitas
Broyhill	Fountain	Lewis
Burgener	Fowler	Livingston
Butler	Frenzel	Long (LA)
Byron	Frost	Long (MD)
Campbell	Fuqua	Lott
Carman	Gaydos	Lowery (CA)
Carney	Gejdenson	Lowry (WA)
Chappell	Gephardt	Lujan
Chappie	Gibbons	Luken
Cheney	Gilman	Lundine
Clausen	Gingrich	Lungren
Clay	Ginn	Madigan
Clinger	Glickman	Marks
Coelho	Goldwater	Marlenee
Coleman	Goodling	Marriott
Collins (TX)	Gore	Martin (IL)
Conable	Gradison	Martin (NC)
Conte	Gramm	Martin (NY)
Corcoran	Green	Matsui
Coughlin	Gregg	Mattox
Courter	Grisham	Mavroules
Coyne, James	Guarini	Mazzoli
Craig	Gunderson	McClory
Crane, Daniel	Hagedorn	McCloskey
Crane, Philip	Hall (OH)	McCollum
D'Amours	Hall, Ralph	McCurdy
Daniel, Dan	Hall, Sam	McDade
Daniel, R. W.	Hamilton	McDonald
Danielson	Hammerschmidt	McEwen
Dannemeyer	Hance	McGrath
Daschle	Hansen (ID)	McHugh
Daub	Hansen (UT)	Mica
Davis	Harkin	Michel
de la Garza	Hartnett	Mikulski
Deckard	Hatcher	Miller (CA)

Miller (OH)	Richmond	St Germain
Mineta	Rinaldo	Stangeland
Minish	Ritter	Stanton
Mitchell (NY)	Roberts (KS)	Stark
Moakley	Roberts (SD)	Staton
Molinari	Robinson	Stenholm
Mollohan	Roe	Stratton
Montgomery	Roemer	Studds
Moore	Rogers	Stump
Moorhead	Rose	Swift
Morrison	Rosenthal	Synar
Mottl	Rostenkowski	Tauke
Murphy	Roth	Tauzin
Murtha	Roukema	Taylor
Myers	Rousselot	Traxler
Napier	Roybal	Trible
Natcher	Rudd	Udall
Neal	Russo	Vander Jagt
Nelligan	Sabo	Vento
Nelson	Sawyer	Volkmer
Nichols	Scheuer	Walgren
Nowak	Schneider	Walker
O'Brien	Schroeder	Wampler
Oakar	Schulze	Watkins
Oberstar	Schumer	Weaver
Obey	Seiberling	Weber (MN)
Oxley	Sensenbrenner	Weber (OH)
Panetta	Shamansky	White
Parris	Shannon	Whitehurst
Pashayan	Sharp	Whitley
Patman	Shaw	Whittaker
Patterson	Shelby	Williams (MT)
Paul	Shumway	Williams (OH)
Pease	Shuster	Wilson
Pepper	Siljander	Winn
Perkins	Simon	Wirth
Petri	Skeen	Wolf
Pickle	Skelton	Wolpe
Porter	Smith (AL)	Wortley
Price	Smith (IA)	Wright
Pritchard	Smith (NE)	Wyden
Pursell	Smith (NJ)	Wylie
Quillen	Smith (OR)	Yatron
Rahall	Smith (PA)	Young (AK)
Railsback	Snowe	Young (FL)
Ratchford	Snyder	Young (MO)
Regula	Solarz	Zablocki
Reuss	Solomon	Zeferetti
Rhodes	Spence	

NOES—30

Biaggi	Foglietta	Moffett
Bingham	Ford (TN)	Ottinger
Burton, Phillip	Frank	Rangel
Chisholm	Garcia	Rodino
Collins (IL)	Gonzalez	Savage
Conyers	Gray	Stokes
Coyne, William	Hawkins	Washington
Crockett	Jacobs	Waxman
Dellums	Leland	Weiss
Dymally	Mitchell (MD)	Yates

NOT VOTING—20

Beilenson	Fiedler	Markey
Bethune	Flippo	McKinney
Bonior	Florio	Peyser
Burton, John	Hendon	Santini
Coats	Hoyer	Thomas
Dingell	Jones (NC)	Whitten
Dornan	Loeffler	

□ 1330

Mrs. COLLINS of Illinois, Messrs. YATES, MOFFETT, RODINO, and BIAGGI changed their votes from "aye" to "no."

Mr. PERKINS and Mr. ST GERMAIN changed their votes from "no" to "aye."

So the amendments were agreed to.

The result of the vote was announced as above recorded.

AMENDMENTS OFFERED BY MR. WAXMAN

Mr. WAXMAN. Mr. Chairman, I offer amendments.

The portions of the bill to which the amendments relate are as follows:

Page 25:

ASSISTANT SECRETARY FOR HEALTH

SALARIES AND EXPENSES

For expenses necessary for the Office of the Assistant Secretary of Health and for carrying out titles III, XII, XIII, and XVII of the Public Health Service Act, $140,039,000: *Provided*, That $54,029,000 for Public Health Service termination expenses shall remain available until September 30, 1983 and may be transferred to other appropriations of the Public Health Service.

Pages 21 and 22:

RESEARCH RESOURCES

To carry out, except as otherwise provided, sections 301 and 472 of the Public Health Service Act with respect to research resources and general research support grants, $191,965,000: *Provided*, That none of these funds, with the exception of funds for the Minority Biomedical Support program, shall be used to pay recipients of the general research support grants programs any amount for indirect expenses in connection with such grants.

JOHN E. FOGARTY INTERNATIONAL CENTER FOR ADVANCED STUDY IN THE HEALTH SCIENCES

For the John E. Fogarty International Center for Advanced Study in the Health Sciences, $9,589,000 of which $1,800,000 shall be available for payment to the Gorgas Memorial Institute for maintenance and operation of the Gorgas Memorial Laboratory.

NATIONAL LIBRARY OF MEDICINE

To carry out, to the extent not otherwise provided for, section 301 with respect to health information communications and parts I and J of title III of the Public Health Service Act, $46,252,000.

BUILDINGS AND FACILITIES

For construction of, and acquisition of sites and equipment for, facilities of or used by the National Institutes of Health, where not otherwise provided, $10,310,000 to remain available until expended.

The Clerk read as follows:

Amendments offered by Mr. WAXMAN: Page 25, line 6, strike out "$140,039,000" and insert in lieu thereof "$142,039,000"; and insert before the period in line 9 the following: "and $2,000,000 shall be made available to carry out section 309 of the Public Health Service Act".

Page 22, line 2, strike out "$191,965,000" and insert in lieu thereof "$191,465,000"; in line 10 on that page strike out "$9,589,000" and insert in lieu thereof "$9,089,000"; in line 18 on that page strike out "46,252,000" and insert in lieu thereof "45,752,000"; and in line 3 on page 23 strike out "$36,502,000" and insert in lieu thereof "$36,002,000".

Mr. WAXMAN. Mr. Chairman, I ask unanimous consent that the amendments be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. WAXMAN. Mr. Chairman, I have offered this amendment to provide $2 million in funding for the National Center for Health Care Technology.

I believe this Center is an important agency of Government. It reviews the implications of new health care technologies. Its findings are helpful in insuring that we do not pay for technologies that are wasteful. A recent study indicates that savings to the Federal Government from NCHCT recommendations to medicare on coverage questions exceed $300 million. I believe we ought to continue to fund this Center at the modest sum of $2 million.

In a minute, Mr. Chairman, I am going to withdraw my amendment because of the assurances that I have from the gentleman from Massachusetts (Mr. EARLY) and the chairman of the subcommittee, the gentleman from Kentucky (Mr. NATCHER), that they will secure funding for this Center in the conference report. However, before I ask unanimous consent to withdraw my amendment, I would like to ask the chairman of the subcommittee this question:

Under the Health Incentive Grant, often called 314d, the States participated in a uniform national health reporting system, providing essential information on the use of those funds. The new preventive health and health services block grant requires that the States submit to the Secretary annual reports which include a description of their activities and the purposes for which funds were spent. Is it the committee's intention to maintain a uniform national health reporting system through which the Secretary can secure the required reports?

Mr. NATCHER. Mr. Chairman, will the gentleman yield to me?

Mr. WAXMAN. I am pleased to yield to the gentleman from Kentucky.

Mr. NATCHER. Mr. Chairman, the answer to the gentleman's question is "Yes." The gentleman is correct.

Mr. WAXMAN. Mr. Chairman, I am pleased that such a system will be continued.

I would like to know if it is the committee's intent that such a system insure that State reports be sufficiently uniform to allow aggregation for a national view and comparisons of similar State programs.

□ 1345

Mr. NATCHER. The answer to the gentleman's question is "Yes." The gentleman is correct.

Mr. WAXMAN. Is it the committee's intent that funding for this reporting system be drawn by the Secretary from funds appropriated under the block grants without requiring an increase in appropriations, and that the funds be drawn by the Secretary from the grants to the States?

Mr. NATCHER. The gentleman is correct.

Mr. WAXMAN. I would like to inquire as to the committee's intention in limiting appropriations for National Alcohol Research Center awards to the existing nine centers. Subsection 965(b) of Public Law 97-35 requires the Secretary to award a new NARC grant in fiscal year 1982 to study the

effects of alcohol on the elderly. This is an enormously important area of research and one which deserves attention by researchers with special expertise in alcoholism and gerontology. By prohibiting the award of NARC moneys for the designation of new centers, the committee report appears to preclude the Secretary from seeking competitive applications for the aging center grant required by reconciliation.

Was it the committee's intention to limit the number of eligible recipients for this special grant to the existing centers?

Mr. NATCHER. Mr. Chairman, I want to thank the gentleman from California for his question. The committee does not intend to restrict the number of applicants eligible to receive awards for the NARC aging grant authorized by the Reconciliation Act. Although existing alcoholism research centers are eligible to submit application for this new grant, the committee does not intend to restrict the Secretary from awarding a grant to a 10th center for the purpose of subsection 965(b) of Public Law 97-35. However, with this single exception, the committee does not intend any new centers to be designed in fiscal year 1982.

Mr. WAXMAN. I thank the gentleman very much for this opportunity to clarify the legislative intent.

Mr. EARLY. Mr. Chairman, will the gentleman yield?

Mr. WAXMAN. I would like to yield to the gentleman from Massachusetts (Mr. EARLY) on the substance of the amendment I have offered regarding the National Health Center for Health Technology.

Mr. EARLY. I thank the gentleman for yielding. I would appreciate it if the gentleman would withdraw his amendment. I agree with what the gentleman suggested and that the Center has potential to save an awful lot of money in health care delivery. I think it would be a better approach if the committee, in conference, would try to find that $2 million elsewhere rather than take it from the four areas the gentleman suggested we take it.

Mr. WAXMAN. I thank the gentleman for his suggestion and I will ask that the amendment be withdrawn, and I will rely on the gentleman's abilities, if he is able to do so, to obtain funding for the National Center for Health Care Technology. I think it is an important function but I would not want in any way to take money from biomedical research.

Mr. Chairman, I ask unanimous consent that the amendment be withdrawn.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. LOTT. Mr. Chairman, I move to strike the requisite number of words.

I would like to address a couple of questions to the distinguished chairman of the subcommittee handling this legislation.

Mr. Chairman, I would address a couple of questions to you because there were a number of Members as they came on the floor and voted on the gentleman's amendment just a moment ago who were asking what the real effect would be. They understood that it would reduce the cost of this bill by $74 million, but one of the questions that was asked was what outlay effect would the gentleman's $74 million cut have in fiscal year 1982.

Mr. NATCHER. Mr. Chairman, will the gentleman yield?

Mr. LOTT. I would be glad to yield to the gentleman from Kentucky.

Mr. NATCHER. I would like to say to the distinguished gentleman from Mississippi that it would be almost 100 percent, the $74 million. As the gentleman knows, under section 302, and I do not intend to consume all of the gentleman's time, under the section 302 targets our subcommittee was allocated the sum of $86,600,000,000 for budget authority, $57,100,000,000 mandatory and $29,500,000,000 discretionary. The bill is $77 million under in mandatory and we were $74 million over in discretionary.

The amendment that we have just offered corrects that defect.

Mr. LOTT. Mr. Chairman, is this legislation still considerably over the President's budget request of March of this year?

Mr. NATCHER. The answer to the gentleman would be "yes." But the gentleman understands full well that as far as this bill and all other appropriation bills we are bound by the budget resolution adopted by this House, the reconciliation bill and section 302 funding that was allocated to the subcommittees. There are three controlling factors as far as this subcommittee is concerned, as was pointed out by the members of the Budget Committee who so ably addressed the committee a few moments ago.

Mr. LOTT. So, it goes without saying that it is over the President's request of March and of September?

Mr. NATCHER. The gentleman is correct.

Mr. LOTT. What is the total cost of this bill as it presently stands?

Mr. NATCHER. The total figure in this bill is $87,181,250,000.

I would like to point out to the gentleman that the bill is $1.2 billion under the 1981 level.

Mr. LOTT. I have one final question. I understand that perhaps the entitlement area of the bill is underfunded. Maybe it is not. I would like to hear from the chairman because what worries me is in the past we have had to come back later on with supplemental appropriation bills in this area. The bill is already an extravagant $88 billion, and are we faced, because of a potential underfunding in the entitlement area, with the possibility or even the probability of a supplemental appropriation bill in this area a little later on?

Mr. NATCHER. If the gentleman will yield further, on our subcommittee we know that there will be approximately $1,100,000,000 in additional funding where we have no budget request. Those two items consist of foster care for approximately $100 million, and then for guaranteed student loans it would run about $1 billion. What we did in computing the figures in this bill, we kept those two figures in mind so we would not run over and that is about $1,100,000,000. We are waiting on budget estimates.

Mr. LOTT. Is it anticipated then we may have to have a supplemental appropriation in this area?

Mr. NATCHER. The gentleman is correct.

Mr. LOTT. I thank the gentleman for responding to my questions.

Mr. RATCHFORD. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to ask my good friend from Kentucky (Mr. NATCHER) if we might engage in a colloquy.

Mr. Chairman, I understand that this bill contains a recommendation of zero funding for title I of the Higher Education Act; is that correct?

Mr. NATCHER. Mr. Chairman, will the gentleman yield?

Mr. RATCHFORD. I yield to the gentleman from Kentucky.

Mr. NATCHER. The gentleman is correct.

Mr. RATCHFORD. Mr. Chairman, however much I disagree with this recommendation, I wish to point out that the National Advisory Council on Continuing Education has already been reauthorized through 1985; is independently funded by the Secretary of Education's salaries and expense accounts; and has a broad mandate to review all Federal continuing education and training activities. Am I correct in assuming, Mr. Chairman, that it is not the committee's intent to place in doubt the council's continuing authority to carry out its important tasks?

Mr. NATCHER. The gentleman is correct.

Mr. RATCHFORD. I thank the chairman and yield back the balance of my time.

Mr. DAUB. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, I do not intend to use all my time. My purpose is to ask the distinguished subcommittee chairman, the gentleman from Kentucky (Mr. NATCHER) a question. I appreciate the

hard work that it has taken to bring this very comprehensive bill to the floor.

The chairman may recall that I testified before his subcommittee this year on the topic of impact aid. I want to take this opportunity to clarify one item as it refers to this program.

Is it the intention of the committee to fully fund section 3(D)(2)(b) of Public Law 81-874, that section of the law which covers the most highly impacted school districts?

Mr. NATCHER. Mr. Chairman, will the gentleman yield?

Mr. DAUB. I yield to the gentleman from Kentucky.

Mr. NATCHER. I would like to say to the distinguished gentleman from Nebraska that we want him to know we appreciate his interest and support for this program. As the gentleman pointed out, he appeared before our committee and testified as to the particular problem of those school districts which serve military installations.

The committee bill gives consideration to all category A children and to military B pupils. This matter was carefully reviewed in our hearings and in markup of this particular bill.

The budget balancing section 3(D)(2)(b) of the impact aid law is intended to give the Secretary of Education sufficient flexibility to assist those districts which meet the threshold requirement of 50 percent impaction with category A and B, and are unable to achieve a comparable educational program with other districts in a particular State without such additional financial assistance.

The committee bill does include amounts sufficient to fully fund 3(D)(2)(b) of the budget balancing section. We fully realize the problem of school districts that are heavily impacted with military children.

I hope that this response to the gentleman's question is sufficient. Again I want the gentleman to know that we not only appreciate his interest in this program, but also the cooperation that he has given our subcommittee since he has been a Member of Congress.

Mr. DAUB. I appreciate those kind words. I do very much appreciate the very explicit language which will now be a part of the RECORD on impact aid, especially for those very highly impacted districts like the one I represent, which is the headquarters of the Strategic Air Command in Sarpy County, Nebr., and for the gentleman's kind attention to my request. I appreciate it very much.

Mrs. SMITH of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. DAUB. I am happy to yield to my distinguished friend from Nebraska (Mrs. SMITH).

Mrs. SMITH of Nebraska. Mr. Chairman, I planned to support the amendment offered by the distinguished chairman of the Health and the Environment Subcommittee, to assure continuance of essential functions of the National Center for Health Care Technology. These funtions are to assess health care technologies and to provide advice on them to the Department of Health and Human Services' Health Care Financing Administration, which disseminates the information to its medicare agents.

This information is essential to Mutual of Omaha, the medicare fiscal intermediary for the State of Nebraska, and to other fiscal intermediaries, such as Blue Cross/Blue Shield. Such advice on the safety, efficacy, effectiveness, and cost-efficiency of individual medical technologies results in savings for the medicare program, at a time when this entitlement program must be made more cost effective.

AMENDMENT OFFERED BY MR. NATCHER

Mr. NATCHER. Mr. Chairman, I offer an amendment.

The portion of the bill to which the amendment relates is as follows:

Provided further, That no payment shall be made from this appropriation to the General Services Administration Federal Buildings Fund for Standard Level User Charges or actual costs after March 31, 1982, related to Social Security field offices (excluding Social Security Administration regional offices, program service centers, data operations centers and offices in trust fund constructed or federally owned space) except for costs of services above the standard level or for services which can only be provided by General Services Administration or which can be provided most economically by General Services Administration:

The Clerk read as follows:

Amendment offered by Mr. NATCHER: On page 31, line 9, after the colon, strike all language down to and including the colon on line 19.

Mr. NATCHER. Mr. Chairman, the distinguished gentleman from Illinois, Mr. FARY, chairman of the subcommittee pertaining to this particular matter on the Public Works Committee, has discussed this language with me in detail. Mr. Chairman, a number of Members, the distinguished gentleman from Pennsylvania, Mr. WALKER, and a number of other Members, have called this to the attention of the committee. The amendment that I have just offered deletes language on page 31 of the bill related to the General Services Administration and the Social Security Administration. This language would have had the practical effect of requiring the General Services Administration to delegate to the social security system the authority to acquire and maintain its own facilities for branch and district offices.

The committee's recommendation to mandate this delegation has evolved after 4 years of unsuccessful efforts to solve this problem administratively. During the hearings, Mr. Chairman, off and on for a period of 5 years we have inquired of the social security system as to why adequate space has not been acquired, why they no longer have adequate space. Each year for a period of about 5 years the answer to that question was that GSA is not acquiring space as fast as we need it. They are not putting us in a position where we can operate the social security system.

Mr. Chairman, we believed when we marked this bill up that this language was necessary. We thought it was very much in order. Since that time the new Administrator of the General Services Administration, and also the new Administrator of the Social Security Administration have not only discussed the matter but they have directed a letter to our subcommittee which indicates, and which will be a part of the record, that this matter will be resolved and that hopefully the social security system will no longer run into the same problem year after year, month after month, and week after week.

□ 1400

Now, Mr. Chairman, that, in substance, is what the amendment would do. It would strike the language which prohibits the transfer of money to GSA to acquire the space necessary for the social security system. This is based on this new agreement with GSA, SSA, and the Public Works and Appropriations Committees.

At this time, Mr. Chairman, I yield to my distinguished friend, the gentleman from Massachusetts (Mr. CONTE), and then I do want to yield to the distinguished chairman of the Subcommittee on Public Buildings and Grounds, the gentleman from Illinois (Mr. FARY).

Mr. CONTE. Mr. Chairman, I concur with the gentleman on the amendment. As the gentleman recalls, we had discussions. I was going to offer the identical same amendment in full committee, and at the gentleman's request I did not because the gentleman wanted to look into this further. It has resolved itself, and the amendment should be adopted.

Mr. NATCHER. Mr. Chairman, I would like to yield now to the distinguished chairman of the Subcommittee on Public Buildings and Grounds, the gentleman from Illinois (Mr. FARY).

Mr. FARY. I thank the gentleman for yielding.

Mr. Chairman, the gentleman can be assured that the Subcommittee on Public Buildings and Grounds of the Committee on Public Works and Transportation was recently made aware of the housing problem that the Social Security Administration is currently experiencing. In this regard, as chairman of the Subcommittee on Public Buildings and Grounds, I strongly extend my appreciation for

the efforts undertaken by your committee, as well as the Ways and Means Committee on Social Security, chaired by the distinguished gentleman from Texas (Mr. PICKLE), in helping to rectify this matter.

I can assure the gentleman that the House Committee on Public Works and Transportation, charged with jurisdiction over the general housing departments and agencies by the General Services Administration, intends to hold in-depth hearings on this matter, at which time we will have officials of GSA, as well as officials of the Health and Human Services Department, along with officials of the Social Security Administration. In fact, I am pleased to advise you that the Subcommittee on Public Buildings and Grounds has today received initial testimony from the Department of Health and Human Services on this matter involving SSA space problems.

The gentleman has my assurance that the House Committee on Public Works and Transportation will be pleased to join with your committee and the Ways and Means Committee in seeking to obtain the objectives set forth in the letter at an early date and in a satisfactory fashion.

The CHAIRMAN. The time of the gentleman from Kentucky (Mr. NATCHER) has expired.

(By unanimous consent, Mr. NATCHER was allowed to proceed for 3 additional minutes.)

Mr. NATCHER. Will the gentleman help us on this matter, if the General Service Administration fails to fulfill its goals under the new plan?

Mr. FARY. If the gentleman will yield further, I certainly will agree to join with the gentleman in taking the appropriate action if the GSA fails to meet its prescribed goals. As I indicated previously, we will be holding in-depth hearings on this matter. If as a result of those hearings GSA has failed to substantially achieve the prescribed goals, then the gentleman can be assured that the House Committee on Public Works and Transportation will take appropriate action, including legislation, if necessary.

Mr. PICKLE. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I yield to the gentleman from Texas.

Mr. PICKLE. Mr. Chairman, the question of adequate space for the social security office has been an ongoing, perplexing, confused matter now for 3 or 4 or 5 years. Repeatedly, we have held hearings and meetings with the SSA and the General Services Administration. We still have many offices over the United States today that we cannot get space for. The procedure is slow as molasses, usually, and this works to the detriment of people who ought to have good services.

I thought the language that the committee had was appropriate. At least we would say that you would delegate to the SSA the right to make these leases. And I had hoped that it would have prevailed. I can understand the feeling of the GSA that they would want to handle it differently, and they make the same promise now we have had for two or three sessions.

The Chairman has made the statement that this matter has now been solved. I would inquire: How has it been solved? In what way do we have assurance that that space will be speeded up? What have we done?

I heard the gentleman from Illinois (Mr. FARY) say that it has been solved. But in what way has it been settled? Can someone answer that question for me?

Mr. NATCHER. I have before me, Mr. Chairman, a letter directed to our subcommittee by Mr. Carmen, the Administrator of the General Services Administration. If the gentleman would permit, I would like to just read a portion of this letter. It provides as follows:

Dear Mr. Chairman, on October 1, 1981, members of my staff met with your Subcommittee Staff to review the plan to provide space for the Social Security Administration. At that meeting we delivered two volumes of information that carefully list each proposed space request, its current status, and a timeframe in which each action will be accomplished.

Your staff advised that the Committee will, in March 1982, review GSA's progress on each of the 451 pending space requests listed in the SSA Space Action Accomplishment Report, dated September 30, 1981.

We have also agreed that space requests generated after this date will be processed in accordance with the goals established by HHS and submitted to GSA. New routine space requests will be accomplished between 190-265 days from receipt by GSA. It is understood by both GSA and SSA that new space requests should number 20-25 each month nationwide.

To deal with the primary SSA cases on an expedited basis, we established "Space Acquisition Teams." The teams will be comprised of HHS and GSA employees dedicated to SSA cases. The teams will immediately review all of the outstanding space requests in each region and establish a timeframe for satisfying the requests. An individual plan will be prepared for each team member showing the projected timeframes, with milestones, for execution of each SF 81. This plan will cover all outstanding cases on the revised primary priority listing as agreed to by the team members. The schedule within the management plan for lease completion and occupancy of all outstanding cases will be accomplished by October 1, 1982.

Mr. Chairman, let me say to the distinguished gentleman from Texas that further on in this letter, and in a joint letter signed by each of these two gentleman heading GSA and the social security system, we have received from these gentlemen every assurance that this matter will be solved. The GSA will proceed immediately with the space requirements now pending for the social security system, and these teams will proceed to solve these matters. As the gentleman noted, one portion of the letter indicates that in March 1982 we will have a review to see where we are. Now, I know of the gentleman's interest in this matter as the chairman of his subcommittee. This has been a serious problem for a period of about 5 years. We hope that with these two men being new in that capacity, that they will get together now and solve this problem.

Mr. STANGELAND. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I yield to the gentleman from Minnesota.

Mr. STANGELAND. I thank the gentleman for yielding.

Mr. Chairman, I would like to respond to the gentleman from Texas. I can appreciate his concern, but I would like to advise the gentleman that for 5 years I have served in this Congress I have been a member of the Public Buildings and Grounds Subcommittee. I perhaps have the best attendance record at that subcommittee of anyone other than the chairman and the ranking minority member. I sat in the 96th Congress, most of the time as the acting ranking minority member, and I am the ranking minority member today. That subcommittee has been chaired by no less distinguished people than the Honorable NORM MINETA, the gentleman from California, the Honorable ELLIOTT LEVITAS, the gentleman from Georgia, and now the Honorable JOHN FARY, the gentleman from Illinois.

In those 5 years I cannot recall seeing any great preponderance of prospectuses for space for the Social Security Administration.

Now, if the GSA in that time has been derelict in their duty of meeting the needs and responding to social security, then social security is at all times free to come to the chairman of that subcommittee, the ranking minority people of that subcommittee, the staff of that subcommittee, to advise us of the problems they have in acquiring space. In those 5 years I have been there, I am not aware that they have done this. But I can assure the gentleman that the gentleman from Illinois (Mr. FARY), the present chairman, and this ranking Republican member are going to do everything in our power to make sure that the GSA will discharge its responsibility to acquire space.

The CHAIRMAN. The time of the gentleman from Kentucky (Mr. NATCHER) has again expired.

(By unanimous consent, Mr. NATCHER was allowed to proceed for 2 additional minutes.)

Mr. STANGELAND. If the gentleman will yield further, I think in our testimony we are presently looking at the space needs of various agencies,

looking to the future. And one of our concerns is that GSA adequately meets those needs. In most cases, they do. But we have also queried those various agencies as to what would happen if each had his own authority to go out and lease. What we see, by the various agencies, particularly in Washington, but in other cities as well, a bidding by the various agencies for space, and each agency admits under questioning that that kind of bidding for space would drive up the cost for space. There has to be a central coordinating agency, and that has to be GSA.

I hope that this answers the concerns of the gentleman from Texas.

I thank the gentleman for yielding, and I want to commend the gentleman from Kentucky for offering this amendment.

Mr. NATCHER. Mr. Chairman, further at this point, with the permission of the members of the committee, I have here a letter dated September 23, 1981, addressed to me as the chairman of the subcommittee. It reads as follows:

DEAR MR. CHAIRMAN: In view of the interest of your Subcommittee in this area, we feel it is important to inform you that the General Services Administration and the Social Security Administration have agreed upon a plan of action for meeting the space requirements of the Social Security Administration. Therefore, we do not believe that it is necessary for the Social Security Administration to be granted independent leasing authority.

We appreciate your interest in and attention to this matter, and will keep you informed as to our progress in meeting our plan goals.

Sincerely,

GERALD P. CARMEN,
Administrator,
General Services Administration.
JOHN A. AVAHN,
Commissioner,
Social Security Administration.

I would say to the gentleman from Texas (Mr. PICKLE) that this is signed by the Administrator of the General Services Administration and by the Administrator of the social security system.

At this time, Mr. Chairman, I would like to apologize to my friend, the gentleman from Illinois (Mr. FARY). He made his statement. As I recall, in the gentleman's statement he did say to the members of the committee that this matter was under investigation by the authorizing committee, there would be hearings held, and this matter would be pursued. Is that correct?

Mr. FARY. That is correct.

Mr. NATCHER. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from Kentucky (Mr. NATCHER) has again expired.

(By unanimous consent, Mr. NATCHER was allowed to proceed for 2 additional minutes.)

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

Mr. Chairman, I just want to congratulate the gentleman for this amendment. As the gentleman knows, I had originally felt that a point of order did rest against the bill language, based upon the fact that it was legislation in an appropriation bill, and I am pleased that we were able to accommodate, through the work of the gentleman and the GSA and the Social Security Administration, the kind of conditions that have been laid down now in correspondence with the committee.

I just want to underscore the point. If I understand the chairman correctly, there has now been a compromise entered into which assures that the Congress will be informed by March of next year how much progress has been made in achieving the goals that we have set forth in the correspondence referred by the chairman; is that correct?

□ 1415

Mr. NATCHER. The gentleman is correct.

Mr. WALKER. I thank the gentleman.

Mr. PICKLE. The letter that the gentleman has made reference to from Mr. Gerald B. Carmen, I assume, was received in the gentleman's office within the last day or two and I have to assume further that the letter the gentleman read by GSA and by the SSA Administrator was also sent up here within the last day or two. I have not seen copies of those letters. I regret that they have not notified us they have been entering into these agreements.

Let me say to the gentleman, however, that this same discussion has been going on for 2 to 4 years. GSA made the same promises last session. We had hearings before our subcommittee. We brought in the GAO and GSA, and from the reports they submitted we found out we had nearly a national scandal regarding the delay in the manner in which they have handled this.

The committee says in its own report, and I quote:

Currently approximately one-third of all requests for space pending at GSA are more than 2 years old and almost half are related to requests to expand space by 20 percent or more to accommodate staffing increases in the early or mid-seventies.

The committee recognizes that we have a serious situation here and perhaps the agreement that the GSA and SSA have entered into will be helpful. I hope it will.

I am not going to oppose the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky (Mr. NATCHER).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. STARK

Mr. STARK. Mr. Chairman, I offer an amendment.

The portion of the bill to which the amendment relates is as follows:

Provided further, That none of the funds made available in this Act shall be used to implement the provisions of section 2201 of Public Law 97-35 related to the elimination from the rolls or reduction in benefits of persons receiving the so-called minimum benefit as of October 1, 1981.

The Clerk read as follows:

Amendment offered by Mr. STARK: Page 32, strike out "related" in line 2 and all that follows down through the end of line 5, and insert in lieu thereof the following: "related to the elimination of the so-called minimum benefit.".

Mr. STARK. Mr. Chairman, I would like to explain my amendment. It would amend a provision of the bill which prohibits the Department of Health and Human Services from expending funds to reduce the minimum social security benefits for current recipients, by simply extending this protection to future recipients.

At present the bill does not speak to the issue of prospective recipients, the people who will become entitled to the minimum benefit in the future. In July, this body approved H.R. 4331, by a vote of 404 to 20. In that legislation we included protections for both present and prospective or future recipients of the minimum benefit. I think our action indicated quite clearly the intention of this House not to go along with the administration attempts to eliminate minimum benefits from current recipients and from those people who have been promised over the years that these benefits will be available to them upon retirement.

The Appropriations Committee wisely included language in the bill that would accomplish part of this result. They did not, however, deal with what was surely the consensus and intention of the House in July and my intention today to protect all minimum benefit recipients, present and future. My amendment is simply consistent with our prior action on this matter.

The issue of minimum benefits has been discussed back and forth a great deal. I do not intend to repeat all of the arguments here today. But a letter from my constituent, Ms. Rose Dellamonica, who represents the Gray Panthers in Oakland, Calif., eloquently expresses the reasons for my amendments. Ms. Dellamonica writes that she agrees that social security needs improvement so that its funds have not been diverted for other uses, but reducing benefits she argues is not the answer. Mr. Chairman, I think that her statement says it all.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. STARK. I yield to the gentleman from New York.

Mr. BIAGGI. I thank the gentleman for yielding and I commend the gentleman for this amendment.

It is consistent with the action of the House and I understand on this very day in the other body attention is being given to the question of elimination of the minimum benefits, that would be terminated on February 28, as a result of our Budget Reconciliation Act, but, whatever we can do to assure that the current recipients can be assured of the continuation of these meager funds should be done. The gentleman's amendment in this case does it well.

The President, if I may say, has committed himself to the restoration of funds, but he qualifies it to the truly needy and a case can be made for his position. But as far as these individuals who are currently receiving it, it would be catastrophic for many, at least 2½ million of the 3 million who are women over 75. For them it would be most needy.

Mr. STARK. I thank the gentleman for his kind remarks.

I must add that I have a sense that my amendment will be opposed by one of the gentlemen in this body whom I greatly admire and who has borne well the responsibility for this social security system as chairman of the House Subcommittee on Social Security.

I regret that he probably will not fully endorse the amendment. I would say to my colleagues I agree that this should not be the final forum for decisions on minimum benefits. But I do believe our actions today should at least be consistent with our decision several months ago.

I urge the adoption of the amendment.

Mr. NATCHER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from California.

On pages 31 and 32 of our bill, we find the following language:

None of the funds made available in this act shall be used to implement the provisions of Section 2201 of Public Law 97-35 related to the elimination from the rolls or reduction in benefits of persons receiving the so-called minimum benefits as of October 1, 1981.

Mr. Chairman, that language was inserted in our bill after consultation with the Ways and Means Committee and the Subcommittee on Social Security.

The language that we carry in our bill protects those people receiving the minimum benefit as of October 1 of this year.

As to carrying this matter further in an appropriations bill, Mr. Chairman, we believe that it would be a serious mistake.

The distinguished chairman of the Subcommittee on Social Security is here on the floor.

Mr. PICKLE. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I yield to the gentleman from Texas.

Mr. PICKLE. I thank the gentleman for yielding.

The Social Security Subcommittee earlier this year voted to take the position with respect to the minimum benefit that we would eliminate it for the future recipients, that is, prospectively. This was a unanimous agreement of our subcommittee.

The language in the report and the bill submitted by the distinguished gentleman from Kentucky, in effect, maintains that same position.

Now, the House will recall that just before the August recess there was another measure here which would have restored the minimum completely, leaving the law exactly like it was in the past and that bill rests over in the other body at this time.

Now, the language that is in the committee bill would be in conformity with what our subcommittee has said, that is, we could not use the money for people who are currently receiving the minimum.

Now, I think that is a good position to take.

I can recognize the intent of the gentleman from California. This would be yet another vote on this question of the minimum benefits, a wounded horse that we have flailed several times already. I think probably we would be better off staying with the language in the committee bill.

I think we are better off maintaining the chairman's position and I would support that.

Mr. NATCHER. Mr. Chairman, I ask that the amendment be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. STARK).

The question was taken; and the chairman announced that the noes appeared to have it.

Mr. STARK. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

Mr. STARK. Mr. Chairman, I object to the vote on the grounds that a quorum is not present and make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will state that the point of no quorum comes too late.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. PICKLE

Mr. PICKLE. Mr. Chairman, I offer an amendment.

The portion of the bill to which the amendment relates is as follows:

Provided further, That to the extent the Commissioner of Social Security finds it will promote the achievement of the purposes of the Social Security Act in a more efficient and equitable manner, qualified individuals may be appointed to conduct hearings thereunder without meeting the requirements of 5 U.S.C. 3105:

The Clerk read as follows:

Amendment offered by Mr. PICKLE: On page 31 strike the words beginning with the word *"Provided"* on line 19 and ending with the citation "5 U.S.C. 3105:" on line 25.

Mr. PICKLE. Mr. Chairman, I offer an amendment to strike the language which appears on page 31, lines 20 through 25, of the committee reported bill, H.R. 4560. The present language would allow the Commissioner of Social Security to appoint individuals to conduct Social Security Act hearings without meeting qualifications of the Administrative Procedures Act.

This is legislation which should be thoroughly examined and considered by the Social Security Subcommittee in the overall context of the social security appeals process. Our subcommittee has had no request from the administration for this authority, nor, for that matter, any communication indicating the dire nature of the appeals crisis. In the past, legislation creating temporary or emergency ALJ's has caused as many problems as it has attempted to solve. In fact we had to grandfather in the temporary SSI and black lung ALJ's which had been created by previous legislation in the 1977 amendments, and that provision was highly controversial. If we are going to bypass the Administrative Procedures Act, it should be done in a direct manner and after due consideration by the Committee on Ways and Means.

I agree, however, with the gentleman from Kentucky that within the next year there will be a greatly increased number of appeals under the Social Security Act and that some action may be necessary to appoint additional people to hear these appeals. The Social Security Subcommittee intends to hold hearings on the social security appeals process before the end of this month—probably October 23—and the shortage of hearing officers is one of the areas we will address. I can assure the gentleman that our subcommittee is aware of this situation and will actively pursue a legislative solution in the immediate future.

Mr. NATCHER. Mr. Chairman, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from Kentucky.

Mr. NATCHER. I thank the gentleman for yielding.

The gentleman has been kind enough to submit to both sides of our subcommittee a copy of his amendment.

We have no objection on this side.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. PICKLE. I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Chairman, we go along also.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. PICKLE).

The amendment was agreed to.

AMENDMENTS OFFERED BY MR. DANNEMEYER

Mr. DANNEMEYER. Mr. Chairman, I offer amendments.

The portion of the bill to which the amendments relate is as follows:

TITLE II—DEPARTMENT OF HEALTH AND HUMAN SERVICES

HEALTH SERVICES ADMINISTRATION

HEALTH SERVICES

For carrying out titles III, V, VII, VIII, X, and XIX of the Public Health Service Act, the Act of August 8, 1946 (5 U.S.C. 7901), section 1 of the Act of July 19, 1963 (42 U.S.C. 253a), section 108 of Public Law 93-353, section 427(a) of the Federal Coal Mine Health and Safety Act as amended, title V of the Social Security Act and Public Law 97-35, $1,051,916,000 of which $1,969,000 shall be available only for payments to the State of Hawaii for care and treatment of persons afflicted with Hansen's disease and $5,000,000, to be available until expended, shall be used to renovate the National Hansen's Disease Center: *Provided,* That this appropriation shall be available for payment of the costs of medical care, related expenses, and burial expenses hereafter incurred by or on behalf of any person who has participated in the study of untreated syphilis initiated in Tuskegee, Alabama, in 1932, in such amounts and subject to such terms and conditions as prescribed by the Secretary of Health and Human Services and for payment, in such amounts and subject to such terms and conditions, of such costs and expenses hereafter incurred by or on behalf of such person's wife or offspring determined by the Secretary to have suffered injury or disease from syphilis contracted from such person: *Provided further,* That when the Health Services Administration operates an employee health program for any Federal department or agency, payment for the estimated cost shall be made by way of reimbursement or in advances to this appropriation: *Provided further,* That when the Health Services Administration provides health care services to active duty Department of Defense uniformed services personnel and their dependents, to retired uniformed services personnel and their dependents and to the dependents of deceased uniformed services personnel in a Public Health Service medical facility, payment for the estimated cost shall be made by way of reimbursement to this appropriation: *Provided further,* That the Public Health Service Hospitals and Clinics, while under Federal control, collect and retain third-party reimbursements and fees for service from applicable individuals seeking health care at these facilities in 1982 and that moneys collected be credited to this appropriation in the year in which the services were rendered: *Provided further,* That not more than $97,712,000 (excluding reimbursements) shall be available from this appropriation for the operation or closure of the Public Health Service Hospitals and Clinics as authorized by Public Law 97-35: *Provided further,* That in addition to the amounts made available in this paragraph, any funds made available for the Public Health Service Hospitals and Clinics during fiscal year 1981 shall remain available for expenditure until September 30, 1982, for community conversion assistance.

The Clerk read as follows:

Amendments offered by Mr. DANNEMEYER: Page 17, line 13, strike out "$1,051,916,000" and insert in lieu thereof "$1,031,916,000".

Page 19, line 5, insert ": *Provided further,* That not more than $110,000,000 shall be available from this appropriation to carry out title X of the Public Health Service Act" after "assistance".

□ 1430

Mr. DANNEMEYER. Mr. Chairman, I ask unanimous consent that this amendment, which is in two parts, be considered en bloc because it relates to the very same subject matter.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. DANNEMEYER. Mr. Chairman, the amendment I am offering at this time would reduce the appropriation for title X of the Public Health Service Act from the $130 million recommended by the Committee on Appropriations, to a lower level of $110 million in fiscal year 1982. Title X authorizes the major family planning programs administered by the Department of Health and Human Services.

The reduction from $130 to $110 million is consistent with President Reagan's recent request to Congress that non-exempt appropriations be reduced by 12 percent below the March 10, 1981, budget revisions. The March request for title X was $124.5 million. A 12-percent reduction would bring the appropriation down to slightly under the $110 million figure contained in my amendment.

However, my amendment is not based solely on the need to reduce Federal spending in order to sustain the Nation's economic recovery effort. I have a number of concerns with the title X program that I wish to bring to the attention of my colleagues. As a member of the Energy and Commerce Subcommittee on Health and the Environment, which has authorizing jurisdiction over title X, I had the opportunity to examine the title X program. In addition, I attended and participated in our subcommittee hearings on reauthorization of title X family planning.

On June 19, 1981, the General Accounting Office released a report on the title X program. In his letter of transmittal, the Acting Comptroller General wrote:

The report identifies several areas in which family planning program costs can be reduced and services made more attractive to clients without compromising quality care.

The GAO study concluded that the currently operated title X program results in: Too many clinic revisits by women using oral contraceptives, education that does not appear to be needed by all clients, and some routine medical tests for anemia that do not appear to be necessary for all clients. In addition, the GAO review of a select group of clinics shows that many are giving routine venereal disease tests and physical examinations beyond what is required by the standards of the American College of Obstetricians and Gynecologists (ACOG).

The GAO findings and recommendations are based on the standards of ACOG and consultation with the Center for Disease Control, private physicians and even the personnel of some of the local clinics visited by GAO representatives.

GAO concludes that the costs of these practices are substantial. Unfortunately, the GAO report was prepared under the time constraints imposed by congressional consideration of title X reauthorization. Hence, it was not possible for GAO to prepare complete savings estimates. Interestingly enough, however, the report was not available to the Subcommittee on Health and the Environment when hearings were held in April of this year. GAO did provide one national cost savings estimate. They estimate the costs of unnecessary supply revisits alone to be between $6 and $13 million.

GAO also examined the administration and collection of fees from patients. They found, family planning clinics have lost revenue and treated clients inequitably because they have not uniformly applied sliding fee scales based on the clients' ability to pay. The report concluded that some patients were overcharged, some were undercharged, and some were not charged at all. They attributed this situation to the fact that HHS did not keep regulations current and had not emphasized fee collections.

A third and final area of title X examined by GAO is the section 1004 research activities. The GAO report concluded that certain activities were inappropriately classified under the section, which authorizes appropriations for research relating to implementing family planning programs.

I would strongly urge my colleagues to bear in mind in considering my amendment that title X is not the only family planning program funded by the Federal Government. Other HHS programs fall under medicaid, title XX social services, and maternal and child health. For example, the new maternal and child health block grant to the States includes $8 million for adolescent pregnancy. While HHS does not keep itemized data on the portion of adolescent pregnancy funds that go for family planning, it is reasonable to assume that the States will use much, if not all, of the new block grant funds on the existing clinics funded by title X.

While HHS has put together new program guidelines for title X and issued them in late July, I would suggest that this action—while commendable—is not grounds for abandoning a vigilant stand on the operation of the program. The GAO report suggests that the mere existence of guidelines themselves is not a sufficient tool for efficient operation of title X funded clinics. In addition, even legislative action may be needed in some cases, and I have taken that into account in arriving at my amendment's figure of $110 million.

The matter raised by this amendment is not a question of whether one is for or against family planning. The GAO recommendations, for example, detail how money can be saved and the quality of care improved for the benefit of clinic clients. In my judgment, reducing the appropriation by a reasonable amount is consistent with improving the management of Federal programs in nonentitlement areas by keeping appropriations restrictive enough to effect careful administration without being so low as to cripple a program. The GAO report, if fully costed out, would probably identify cost savings far in excess of what would be necessary to operate within the $110 million level.

In summary, Mr. Chairman, this amendment is justified on the following grounds: it parallels the administration's desire to reduce appropriations by 12 percent below the March request, the GAO report identifies substantial cost savings, including a single item of $6 to $13 million, there is the potential for overlap with the new maternal and child health block grant and other programs, and it places a moderate amount of financial pressure to increase the likelihood of the greatest administrative scrutiny by HHS in not only formulating written guidelines, but actually seeing that they are carried out during the upcoming fiscal year.

For these reasons, Mr. Chairman, I urge the adoption of my amendment.

Mr. CONTE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, first of all, I might say that I reluctantly oppose the amendment offered by my friend, the gentleman from California. He is my friend and I consider him a very dear friend.

Let me say first of all for the Members of Congress who are very, very strongly opposed to abortion, this committee has been involved in that issue now since its inception. If you are opposed to abortion, then you better have some other alternative. This is an alternative that some of us have come forth and support.

First of all, the committee already reduced funding for family planning by $32 million over the current year's level and that level sustained a $4 million rescission just this past time June. That represents a reduction of more than 20 percent in one fiscal year. This amount would reduce family planning to a level below fiscal 1978.

During fiscal 1981 approximately 6 million adolescents and disadvantaged women received services through this funding. At the committee's recommended level of $130 million 1.2 million fewer needy persons will be able to receive services in fiscal 1982.

The gentleman from California refers to a GAO report of June 1981 calling for certain improvements in the family planning program as a solid justification for his amendment to cut the program even further than the committee suggests.

Not only has the committee already considered that report, but the committee also had time to consider that report prior to its subcommittee markup. It was the judgment of the subcommittee that the concerns and suggestions of the GAO were being directly and adequately addressed by the agency and the Congress.

More specifically, the committee included report language with our bill—on page 17 of the report—directing the Department to report back to the committee before the fiscal 1983 hearings on any recommendations it can make to improve the operations of the family planning program.

Further, I should point out that the GAO report itself comments on pages 27 and 38 that—

> HHS plans to issue new program guidelines incorporating most changes GAO recommended to improve the efficiency of family planning clinics.

In addition, the GAO report observes that—

> HHS generally concurred with GAO's recommendations to monitor clinics to insure that routine medical services * * * were justified * * * etc.

I might add that not only has HHS concurred with many suggestions made by GAO, the Department has, through its own guidelines and regulations made many of the changes already.

I would also like to point out that more than 5,000 clinics and projects receive some support through this program. Some of the very practices that this GAO report questions such as semiannual clinic visits for women using oral contraceptives, were considered proper and necessary medical procedure until very recently. It is only recently that sound medical practice has acknowledged a reduced need for such frequent visits for users of oral contraceptives and for other respected medical screening techniques.

I strongly oppose this amendment for it will only further cripple a program that is vitally needed by this Nation's disadvantaged and which has already sustained substantial cuts.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I would be glad to yield to my good friend.

Mr. SMITH of Iowa. Mr. Chairman, I want to also point out, as I understood it, the gentleman from California said they can get some money out of maternal and child health block grants. Well, that has already been reduced from $456.7 million last year to $331 million this year. There is not enough money there for the other purposes in the block grant.

Mr. CONTE. We cut that to bare bones. In fact, in my general remarks here I mentioned that we made too big a cut in that particular area.

Mr. NATCHER. Mr. Chairman, will the gentleman yield to me?

Mr. CONTE. I am glad to yield to my good chairman.

Mr. NATCHER. Mr. Chairman, I would like to join with the gentleman from Massachusetts in his opposition to this amendment.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

(By unanimous consent, Mr. CONTE, was allowed to proceed for 2 additional minutes.)

Mr. CONTE. Mr. Chairman, I yield to the distinguished chairman.

Mr. NATCHER. This amendment goes too far, Mr. Chairman. We had a GAO report as to the particular matter involved and I just quote a portion of our committee report regarding this study:

> The committee expects the department to carefully examine the June 19, 1981, General Accounting Office report on family planning. The department should report back to the committee before the fiscal year 1983 hearings, any recommendations it can make to improve the operations of the program relative to the issues raised in the General Accounting Office.

While the GAO report raises important administrative issues about the program, it is not a basis for making the reductions, Mr. Chairman, offered by the distinguished gentleman from California. The gentleman from California is one of the able Members of the House, my friend, but his amendment goes too far, Mr. Chairman. I respectfully request that the amendment be voted down.

Mr. WAXMAN. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I will be glad to yield to my friend, the gentleman from California.

Mr. WAXMAN. Mr. Chairman, I want to join my colleagues in opposing this amendment.

I would like to point out to all of my colleagues in considering the amount appropriated under this program, that there is a reduction already of what would really amount to 26 percent if we took the CBO estimate for what the fiscal year 1981 appropriation

would be with an inflation factor of 8 percent. To ask for an additional reduction $20 million would be very detrimental to the program.

The administrative problems, as the GAO has reported, can be handled it seems to me, through greater efficiencies by HHS, not by reducing the amount of money to operate the program.

So I would urge also that we reject this amendment.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to my good friend, the gentleman from New York.

Mr. BIAGGI. Mr. Chairman, I thank the gentleman for yielding.

I would like to associate myself with the gentleman's remarks and commend him for his statement.

Mr. SCHEUER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from California. As a member of the Subcommittee on Health and Environment chaired by the gentleman from California (Mr. WAXMAN), which voted to authorize title X for another 3 years at a substantially reduced level of funding, I can testify to the great reluctance with which we bit the bullet and cut back funding for such a spectacularly successful and much-needed program.

Let me sum up the case for family planning by saying that this is the most cost-effective program in the entire constellation of Federal health programs. In 1979 alone, our investment in the family planning program saved $558 million that otherwise would have been spent on medical expenses, social services, welfare, and public housing for women who would have carried unwanted pregnancies to term. An additional $12 million would have been spent on abortions that were avoided through the use of proper family planning.

More simply stated, in 1980, for all family planning services, Mr. Chairman, we saved almost $2 for every $1 that was spent in 1979.

For teenagers, we saved about $2.90 for every $1 that was spent in all of these health, welfare, and abortion services that were avoided.

Now, this does not even count, Mr. Chairman, the untold lifetime cost amounting to many thousands of dollars for an infant child who is born out of wedlock to a young teenage mother. From the point of view of cost benefits, this program is sound, solid, and eminently desirable.

□ 1445

Let me quote from Op-Ed piece in this morning's Washington Post, written by Mr. Juan Williams, a member of the editorial staff.

He points out that 58 percent of all children born last year in the District of Columbia were illegitimate. Of all babies born with a low birth weight, 90 percent were born to black teenage girls. These, of course, are children who run a very high risk of encountering health problems affecting their mental and physical development.

Perhaps the most devasting statistic of all, Mr. Chairman, for those of us who are concerned about crime, and the urgent need to do something rational to contain the devasting effect of crime on our society, 75 percent of all of the teenagers now held in the city's detention centers were born illegitimate.

Says Mr. Juan Williams, "Social workers don't know the odds, but they agree that the black illegitimate child has almost no chance at all."

Mr. Chairman, one social service worker summed it all up much better than I could:

So many young people will tell you they didn't plan to become pregnant. If they had the ability to choose, they would say no to getting pregnant. But you must remember that adolescence is a time when very little is planned, and there is a lot of fantasy.

Mr. Chairman, from the point of view of the health of our society, under every test of rationality, does it pay us to deny these young girls the ability to control their fertility, the ability to plan to have their children later, at a time in life when it makes rational sense for them to have a family?

In the name of decency, in the name of rationality, in thinking through what is best for our country, we must provide these young girls and women with the ability to plan their families, and we must save society the horrendous costs of unwanted pregnancy out of wedlock.

For the record, Mr. Chairman, I would like to have Mr. Williams' article from today's Washington Post inserted into the RECORD. I yield back the balance of my time.

ILLEGITIMACY

(By Juan Williams)

Fact: in the District, 58 percent of all children born last year were illegitimate.

Fact: of all the illegitimate children born in the District nearly 70 percent were black; 65 percent of all black children born in the city were illegitimate.

Fact: of all illegitimate children born in the District, 20.9 percent were born to teenage mothers and more than 95 percent were born to black teen-age mothers. And of all low-birth-weight babies born in the city—children who run a high risk of encountering health problems that could damage their mental or physical development—90 percent were born to black teen-agers.

There is one last statistic. It concerns the lives of illegitimate children, and it tells what the high rate of illegitimate births, steadily climbing higher in the last 15 years, could mean in the future. The statistic is this: District officials estimate that 75 percent of the teen-agers in Cedar Knoll and Oak Hill, the city's detention facilities for teen-agers, were born illegitimate.

"Being born out of wedlock is a very unfair starting point," says Marian Wright Edelman, president of the Children's Defense Fund. The obstacles to a black child's success in life are outlined in a study published by Edelman's group earlier this year, "Portrait of Inequality." It reports that a black child is twice as likely to die in the first year of life as a white child. The black child is also twice as likely to live with neither parent and to drop out of school, and three times as likely to have his mother die in childbirth.

These numbers are for all black children, legitimate or illegitimate. Social workers and statisticians do not know the odds for illegitimate children, but they agree that the black illegitimate child really has almost no chance at all.

"If you are mugged by some black youngster, no one would stop and think what a tough life these children have had," says Edelman. "On the other hand, you've got to see beneath the macho routine . . . to understand that they are both victims and victimizers."

If illegitimate birth, particularly among blacks, is a well-known, statistically confirmed key to lifelong membership in the underclass, why then are black women having more and more children outside marriage? A 1970 Census Bureau report on illegitimate births explains the rapid increase since the 1940s as a result of the growing number of unmarried women of child-bearing age.

She's at home now with her mother and the baby. She recently got out to the stores and to see friends for the first time since her baby was born. She is 21, unmarried, and very happy. But she says she doesn't want anyone to be cruel and call her child a "bastard" so she asks not to be named.

The baby was the result of an on-and-off affair with her high-school boyfriend, a man she has known for six years. She has heard from him only twice since the child was born, she said in a recent telephone interview. "He thinks if he comes around here he'll get into a family thing and I'll start talking about getting married. I know he don't have a regular job and can't be paying to take care of no baby. I don't want to marry him. What I want to get married for?"

She has applied for welfare.

Did she want the baby? She hesitates. She didn't plan to have the child, but she was not using birth control. She calls birth control pills "pink poison," and says "he doesn't always have anything (prophylactics) with him." So they took a chance a few times. She was in her first year of night classes at business school, learning typing and basic accounting, when she became pregnant. She quit her job as a clerk at Woodward and Lothrop because of the baby. "You know, I'm not sorry it happened," she says, "I'd had an abortion, and I couldn't do it no more 'cause I really love children. It's going to be hard. We don't have a whole lot of money, but he's mine, and me and my mother, we'll take care of him."

According to social workers, one reason for the continued growth in illegitimate births is black women's—particularly uneducated black women's—opposition to abortion on moral grounds. And mothers often persuade their daughters to give birth, rather than have an abortion, even if it means bringing a child into an unstable family without a father and with no income except welfare. Putting the baby up for adoption is viewed negatively, too, according to social

workers. The result: illegitimate children typically live with a grandmother.

"I think 50 percent of the children I christen are illegitimate," says the Rev. Knighton Stanley of the People's Congregational Church on 13th Street NW. "It's no fault of the children, of course. The children aren't so much illegitimate as the parents are illegitimate. I would not deny any illegitimate child the right to be christened, but I wish the parents would not force me to christen the child at the 11 o'clock service before my son and daughter.

"This wave of illegitimate children is symptomatic of the breakdown of moral values in American society. For the black family an illegitimate child is really a difficult situation because for so long, all we have had was our children."

Why don't more women use birth control?

"So many young people will tell you they didn't plan to become pregnant," says Kathy Cook of Baltimore's Single Parent Services. "If they had the ability to choose they would say no to getting pregnant, but you must remember that adolescence is a time when very little is planned and there is a lot of fantasy. In some cases they don't realize the cost of having a child. One 14-year-old told me she thought that $120 a month in welfare for her child was a lot of money. She didn't know."

Counselors say that not only are the odds against an illegitimate child's succeeding, but that when it is born, the child pulls down the parents' chances for success. Trying to support a child often forces teenagers and young adults out of school and training for good jobs, and pushes them into menial, low-paying jobs.

There are two ways to view the dismal statistics surrounding illegitimate births among blacks. They can be seen as a call for society to help illegitimate children overcome the incredible odds against them, or as a warning to young black men and women to avoid illegitimate births if they care in any way about the quality of the life their children will live.

With the odds as they are, the smart money would have to be on not having a child.

The CHAIRMAN. The question is on the amendments offered by the gentleman from California (Mr. DANNEMEYER).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. DANNEMEYER. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from California (Mr. DANNEMEYER) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.,

The CHAIRMAN. Are there further amendments?

AMENDMENT OFFERED BY MR. WALKER

Mr. WALKER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WALKER: On Page 63, after line 3, add the following new section:

No part of any appropriation contained in this Act shall be used in connection with the issuance, implementation, or enforcement of any rule, regulation, standard, guideline, recommendation, or order which includes any ratio, quota, or other numerical requirement related to race, creed, color, national origin, or sex, and which requires any individual or entity to take any action with respect to (1) the hiring or promotion policies or practices of such individual or entity, (2) the admissions policies or practices of such individual or entity, or (3) the contracting and subcontracting policies or practices of such individual or entity.

Mr. WALKER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

□ 1500

Mr. WALKER. The purpose of this amendment is to prohibit the use of any funds by the Departments of Health and Human Services, Education, and Labor for any racial quota system. I share the support of many of my colleagues in this body for affirmative action when it is practiced in a nondiscriminatory fashion. This amendment in no way strikes out affirmative action programs. It is an attempt to take quotas out of the affirmative action concept.

Affirmative action should reach out to recruit and train individuals who are underrepresented in the labor force. It should destroy discriminatory barriers where they exist and guarantee equal opportunity for all persons. The departments funded through this bill each have an obligation to insure the right of minorities to freely compete and be equally considered for educational and job opportunities in our Nation's schools and workplaces, without their race, gender, color, or creed regarded as factors.

However, many of the Federal Government's procedures for insuring equal opportunity for all have unquestionably become strict, arbitrary quotas, and it is quotas or their practical equivalent that I oppose in this amendment. Quotas have no place in a society which is striving for nondiscriminatory, nonrace conscious equal opportunity for all. Quotas are, by definition and practice, discriminatory. They take race into account, they count by race, they apportion jobs by race.

This amendment is intended to insure that no Federal funds are spent in a manner inconsistent with the fundamental purposes of titles VI and VII of the Civil Rights Act of 1964. Its purpose is to prohibit any Federal activity that uses ratios, quotas or other numerical requirements related to race, creed, color, religion, national origin, or sex to regulate employment admission or procurement practices. It should be carefully noted that the term "numerical requirement" is intended to embrace goals and timetables as those concepts are currently being applied at the Departments of Labor, Education, and Health and Human Services but does not prohibit the use of a goal or a timetable individually. While a theoretical distinction is presently drawn between quotas and "goals and timetables" a combination of goal and a timetable often becomes a quota in practice. While at one time a goal was just that—an objective which the employer was required to make every good faith effort to achieve—the current use of a goal in conjunction with a timetable forces employers to engage in hiring by quotas. However, under my amendment a goal may be used or a timetable may be used so long as their use does not constitute a quota. The amendment will not deprive the Federal Government of mechanisms for remedying discrimination wherever it exists. On the contrary, where discrimination has occurred in the workplace or on the academic campus, the Equal Opportunity Employment Commission will have the same authority and same mandate to provide redress as it does now under civil rights law protections.

This amendment is entirely consistent with the direction in which the present Department of Justice is going. William French Smith, our Attorney General, has stated on one occasion:

The nation must end its overreliance on various remedial devices aimed solely at achieving an inflexible and predetermined mathematical balance.

He further stated:

While well intended, quotas invariably have the practical effect of placing inflexible restraints on the opportunities afforded one race in an effort to remedy past discrimination against another. They stigmatize the beneficiaries. Worst of all, under a quota system, today's minimum may become tomorrow's maximum.

Mr. Chairman, this amendment and the language that is in this amendment has been previously adopted by

this House on several occasions going back to 1977, and I would hope that the House would again today adopt similar language as we have in the past. It is important to emphasize that the practices that this amendment addresses have never been authorized by Congress, but are the products of a decade and a half of executive action. Any effort by OFCCP to remove discriminatory barriers in employment is perfectly legitimate. However, a review of the legislative history of the Civil Rights Act leads one to the unmistakable conclusion that race conscious preferential treatment was never intended.

Certainly we all recognize that discrimination cannot and must not be tolerated. It must be ended where it exists. Unfortunately, however, our overzealous bureaucracy has taken it upon itself to arbitrarily apply numerical quotas in connection with Federal education and labor programs even where discrimination has not been shown. Numerous Federal programs which began with the intention of protecting individuals from discrimination and ending race consciousness have in reality become programs practicing discrimination and promoting race consciousness. The use of quotas or other numerical requirements to further the progress of one individual or one racial or sexual class of individual at the expense of others is entirely counterproductive to any effort to provide equal opportunity for all. These policies in concept and practice have never been authorized by Congress. In fact, in many respects actually contradict the protections in the Civil Rights Act of 1964, which guarantees the rights of all Americans to freely compete for jobs and educational opportunities without fear of being discriminated against.

My amendment will in no way strike affirmative action programs. It will, however, clearly speak to the concern of a clear majority of Americans that racial quotas have no place in American life.

Mr. NATCHER. Mr. Chairman, I move to strike the last word. Mr. Chairman, I ask for a vote on the amendment of the gentleman from Pennsylvania (Mr. WALKER).

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. WALKER).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. SIMON

Mr. SIMON. Mr. Chairman, I offer an amendment.

The portion of the bill to which the amendment relates is as follows:

STUDENT FINANCIAL ASSISTANCE

For carrying out subparts 1, 2 and 3 of part A, and parts C and E of title IV of the Higher Education Act, $3,833,750,000 which shall remain available until September 30, 1983: *Provided*, That amounts appropriated for Pell Grants shall be available first to meet any insufficiencies in entitlements resulting from the payment schedule for Pell Grants published by the Secretary of Education for the 1981-1982 academic award year: *Provided further*, That pursuant to section 411(b)(4)(A) of the Higher Education Act, amounts appropriated herein for Pell Grants which exceed the amounts required to meet the payments schedule published for any fiscal year by 15 per centum or less shall be carried forward and merged with amounts appropriated for the next fiscal year: *Provided further*, That the maximum grant a student may receive in the 1982-1983 academic year is $1,800, notwithstanding section 411(a)(2)(A)(i)(II) of the Higher Education Act: *Provided further*, That the cost of attendance used for calculating eligibility for and amount of Pell Grants shall be established by the Secretary of Education notwithstanding section 482(d) of the Higher Education Act.

The Clerk read as follows:

Amendment offered by Mr. SIMON: Page 46, line 1, strike out "notwithstanding section 482(d) of the Higher Education Act" and insert in lieu thereof the following: "pursuant to section 482(d) of the Higher Education Act, except that subparagraph (A) of paragraph (3) of such section shall be applied by substituting "$1,200" for "$1,100": *Provided further*, That the assessment rates shall be 12.5 percent in the case of total discretionary income which does not exceed $5,000, 15 percent in the case of total discretionary income which exceeds $5,000 and does not exceed $10,000, 17.5 percent in the case of total discretionary income which exceeds $10,000 and does not exceed $15,000, and 20 percent in the case of total discretionary income which exceeds $15,000: *Provided further*, That the family contribution schedule for the 1981-1982 academic year shall also be the family contribution schedule for the 1982-1983 academic year, except that the assessment rates set forth in this paragraph shall apply: *Provided further*, That "effective family income" under section 482(b)(3) of the Higher Education Act shall mean, with respect to a student, the annual adjusted family income, as determined in accordance with regulations prescribed by the Secretary, received by the parents or legal guardians of the student minus Federal taxes paid or payable with respect to such income, and shall include any effective student income after any offset as determined by regulations prescribed by the Secretary: *Provided further*, That any amount paid under the Social Security Act to, or on account of, the student which would not be paid if he were not a student, and one-half any amount paid the student under chapters 34 and 35 of title 38, United States Code, shall be treated as student financial assistance".

Mr. SIMON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SIMON. Mr. Chairman, I have an amendment here that I believe is noncontroversial. It does not add a penny to the appropriation. What it does do is that it takes the schedule for the 1981-82 academic year for the Pell grants and applies it for the 1982-83 year. It is inserted here in the event that somehow the Department of Education and OMB are not able to agree on the schedule. If a schedule that is acceptable does come out prior to the conference, then this can be forgotten. That is basically it.

Mr. NATCHER. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to my distinguished colleague from Kentucky.

Mr. NATCHER. Mr. Chairman, the committee bill, as the gentleman knows, includes $2.5 billion for the Pell grant program. The committee limits the maximum grant of $1,800 and allows the Secretary the flexibility to determine the cost of attendance rules in calculating student grants, as the gentleman well knows.

If the gentleman can assure me and the committee that his amendment will not increase the cost of the program, that the amendment will not violate agreements reached during the reconciliation process, and that the amendment will not adversely affect low income college students, I would have no objection to the amendment.

What does the gentleman say about that statement?

Mr. SIMON. I can assure the gentleman from Kentucky that is precisely what this amendment does. It in fact offers protection both for the low-income students and protection for the colleges so that we do not end up in August of next year without a formula.

Mr. NATCHER. With that statement from the gentleman, Mr. Chairman, we have no objection on this side.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to my distinguished colleague from Massachusetts.

Mr. CONTE. Mr. Chairman, I have discussed this with the gentleman from Illinois. We have had no opportunity to study his amendment, and we have no objection on this side to the amendment.

Mr. SIMON. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. SIMON).

The amendment was agreed to.

Mr. DICKS. Mr. Chairman, I move to strike the requisite number of words.

I would like to engage the distinguished chairman of the subcommittee, Mr. NATCHER, in a colloquy regarding the Public Health Hospital issue, and I would like to preface my remarks by thanking him for the outstanding leadership he has provided in trying to help the Members of this body deal with this rather controversial issue.

In this bill, $25 million is provided for PHS hospital or clinic "conversion assistance." Is this "conversion assist-

ance" to be used for construction, renovation or operation of PHS hospitals and clinics which will be transferred to community control?

Mr. NATCHER. Yes, the $25 million in the bill for "conversion assistance" is to be used for construction, renovation, or operation of PHS hospitals or clinics which will be transferred to community control.

Mr. DICKS. Mr. Chairman, does the bill state that "any funds made available for the Public Health Service Hospitals and Clinics during fiscal 1981 shall remain available for expenditure until September 30, 1982, for community conversion assistance?

Mr. NATCHER. Yes, the bill does.

Mr. DICKS. Does this bill language allow PHS Hospitals or Clinics transferring to community control to retain their accounts receivable for health care provided by the hospitals during fiscal year 1981?

Mr. NATCHER. Yes, the language does.

Mr. DICKS. Does this bill language also allow funds for the Public Health Service Hospitals and Clinics which are unexpended at the end of fiscal year 1981 to be expended during fiscal year 1982 for community conversion assistance (i.e. for construction and renovation or operation) of PHS Hospitals or Clinics which will be transferred to community control?

Mr. NATCHER Yes, it does.

Mr. DICKS. Thank you, Mr. Chairman.

Mr. LOWRY of Washington. Mr. Chairman, will the gentleman yield?

Mr. DICKS. Mr. Chairman, I would like at this point to yield to my friend from Washington, who would also like to engage in a colloquy with the chairman.

Mr. LOWRY of Washington. Mr. Chairman, I thank the gentleman for yielding, and want to commend him for the tremendous job he has done on our behalf on this vital question.

Before I enter into a colloquy, I want to commend the chairman of the committee, and the ranking minority member for the outstanding job they have consistently done in behalf of health care on this vital question. I ask the distinguished chairman, the gentleman from Kentucky (Mr. NATCHER), if he would answer the following questions:

Mr. Chairman, the committee report established that the $15 million in the Office of the Assistant Secretary for Health account will be used in its entirety for termination costs associated with the hospitals. In addition, the committee has allocated $72.7 million for closure of these hospitals and clinics as well as $25 million for conversion. This is available under the continuing resolution. The amount required for severence pay and other closure costs will, undoubtedly, be subject to continual revision as the process unfolds. In the event that there are funds remaining from the closure costs, is it the intent of the committee that this excess will be added to the transition account? In other words, can any unexpended closure costs be used for conversion?

Mr. NATCHER. Yes, it is the intent of the committee that maximum flexibility be allowed the communities transferring to local control. Any excess from the amount appropriated for closure costs can be used for conversion assistance.

Mr. LOWRY of Washington. Mr. Chairman, I am concerned about the merchant seafarers and others who may have been eligible for care at the PHS hospitals in the past, but who no longer are eligible as a result of legislative changes. During the period of transition, can the PHS hospitals, which are transiting to local control, care for these patients in order to maintain continuity of care?

Mr. NATCHER. It is certainly the committee's intention that the hospitals which are making the transition be allowed to care for these people. We have also stipulated that the hospital providing the care shall be allowed to collect and retain reimbursements for such services to the extent the patients have coverage. These funds should aid the transition.

Mr. DICKS. Mr. Chairman, I would also like to thank my distinguished colleague from Massachusetts, the distinguished ranking minority member of the committee (Mr. CONTE), for his help and cooperation on the issues as well, as well as the gentleman from California (Mr. WAXMAN), who in the authorizing areas have made it possible for this transfer to occur.

I would like to insert the following letters which bear upon this issue:

HOUSE OF REPRESENTATIVES,
Washington, D.C., October 2, 1981.

Hon. RICHARD S. SCHWEIKER,
Secretary, Department of Health and Human Services, Washington, D.C.

DEAR MR. SECRETARY: It has been brought to my attention that you have recently sent letters to many of the applicants for Public Health Service hospital and clinic conversion assistance that their proposals have been rejected. In explaining your decision, you indicate that, because no funds for transition assistance had been appropriated by the Congress as of September 30, 1981, none of these proposals satisfy the statutory requirement of "a reasonable expectation of financial viability." The purpose of this letter is to clarify this statutory requirement and to urge you to use the discretion it confers upon you in order to fund the qualified proposals that you have received.

The legislative language in question here appears in section 987(c) of the Omnibus Reconciliation Act of 1981, P. L. 97-35. It requires the Secretary to evaluate each proposal for the transfer of a PHS hospital or clinic to—

"determine, not later than September 30, 1981, whether or not under such proposal the hospital or station—

"(1) will be maintained as a general health care facility providing a range of services to the population within its service area,

"(2) will continue to make services available to existing patient populations, and

"(3) has a reasonable expectation of financial viability . . ."

As you may know, I am the author of this language, which first appeared in H.R. 3768, which I introduced on June 2, 1981. This bill was offered as an alternative to the Administration's proposal, H.R. 3223, introduced by my distinguished colleague, Representative Madigan, on April 10, 1981. H.R. 3223 would have repealed the requirement for maintaining the PHS hospitals effective upon enactment, opening the way for immediate closure. My bill, in contrast, proposed to phase out Federal support for the PHS facilities by the end of Fiscal Year 1982, as required by the Budget Reconciliation instructions (H. Con. Res. 115), in order to give interested communities an opportunity to take control of, and operate, their local PHS facilities.

H.R. 3768, with minor modifications not relevant to the language in question here, was incorporated into H.R. 3982, the Omnibus Reconciliation Act of 1981, as approved by the House on June 26, 1981. In subsequent conference between the House Energy and Commerce Committee and the Senate Labor and Human Resources Committee, in which I participated, the Senate receded to the House position. The entirety of H.R. 3768 now appears as sections 985-987 of Public Law 97-35.

The House Committee Report, explaining the meaning of the language agreed upon by the Conferees, states:

"In determining whether a proposal for transfer has a reasonable expectation of financial viability, the Secretary shall evaluate whether the facility can expect, *after transfer*, to collect sufficient reimbursement from all sources and have adequate utilization to meet operating expenses without assistance from direct appropriations. In making this assessment, the Committee expects that the Secretary will not only be prudent but also realistic, in light of the extremely short time available to applicants for preparations of a proposal and the current financing and marketing constraints under which the facilities now operate." H. Rep. 97-158, Vol. II, p. 373 (emphasis added).

As this excerpt makes clear, the "reasonable expectation of financial viability" test has nothing to do with the availability of appropriations as of September 30, 1981. Instead, this reflects the concern of Congress that Federal funds be awarded only to those applicants who, in your judgment, could reasonably be expected to operate the hospital or clinic without continued Federal assistance *after transfer* given local market conditions. The purpose of the requirement that you evaluate each application by September 30 was to assure an early identification of those facilities which ought to be closed immediately for lack of an acceptable plan, leaving more funds available to assist those with approvable proposals in making an orderly transition during the course of the fiscal year to local control. (Of course, this would not preclude the Department from using available appropriations to fund the operating expenses of a local entity assuming control of a PHS facility before or during the transition.)

When I designed this legislation last June, it was not possible to anticipate how many communities would be interested in taking

over their PHS facilities, under what terms and arrangements those takeovers might occur, or at what cost. Nor could it be anticipated when Congress might complete its work on the fiscal year 1982 appropriations legislation for the Department, or what the appropriations level for the PHS facilities would be. Accordingly, the legislation provides a framework for orderly transfer of the PHS facilities to local community control which gives you all the discretion you need to carry out transfer proposals meeting the three statutory criteria. The only restriction is that you identify the approvable proposals by September 30, so that while final appropriations levels are being determined by the Congress, the Department can take steps to close those facilities without approvable proposals by October 31, 1981.

It is my understanding that Representative Natcher, the Chairman of the House Subcommittee on Labor-HHS-Education Appropriations, and Senator Schmitt, Chairman of the Labor-HHS-Education Appropriations Subcommittee, have advised you in writing of their intent to persuade their colleagues to provide for closure and transfer of PHS facilities to local control during fiscal year 1981. This reflects what I believe to be a broad base of bipartisan support in the Congress for the proposition that "it is in the national interest, consistent with sound budgetary considerations, to assist in the orderly and prompt transfer of such operations to State, local, or private operation . . . where feasible." (Section 985(a)(4), Public Law 97-35). The fact that a fiscal year 1982 appropriations measure had not passed the Congress as of September 30, 1981, does not, and was never intended to, preclude you from funding approvable takeover proposals once Congress makes the necessary appropriations.

If I can be of any further assistance in clarifying the purpose or meaning of any of the provisions of Public Law 97-35 relating to the PHS hospitals and clinics, please do not hesitate to contact me.

With all best wishes,

HENRY A. WAXMAN,
Chairman, Subcommittee on Health and the Environment.

HOUSE OF REPRESENTATIVES,
Washington, D.C., October 5, 1981.

HON. RICHARD SCHWEIKER,
Secretary, Department of Health and Human Services, Washington, D.C.

DEAR MR. SECRETARY: From our recent telephone calls I know that you are well aware of my interest in allowing PHS Hospitals to convert to community control.

Due to this interest, I was greatly disappointed to learn that on Friday you found "no alternative" to the closure of the PHS Hospitals in Seattle, Staten Island, Baltimore and Boston because "Congress has not appropriated the funds necessary to make these proposals financially viable." I am also very concerned about the consequences of your decision to forbid these hospitals to admit new patients.

As I am sure you know, when Congress passed the Omnibus Reconciliation Act of 1981, Public Law 97-35, it provided a framework for the orderly transfer of the PHS facilities to local community control. Public Law 97-35 also gave you the discretion you need to carry out transfer proposals meeting the statutory criteria of Section 987 of the law. The only restriction in Public Law 97-35 is that you identify the approvable conversion proposals by September 30, 1981 so that while final appropriations levels are being determined by the Congress the Department can take steps to close those facilities without approvable plans by October 31, 1981.

When Congress passed the Reconciliation Act nothing in the bill was intended to prevent you from approving conversion proposals merely because the fiscal year 1982 Labor/HHS Appropriations bill has not been passed by the Congress.

Recently, Congressman Natcher and Senator Schmitt, the Chairmen of the Labor/HHS Appropriations Subcommittee advised you that they intend to persuade their colleagues to provide the needed funds for transfer to local control of the PHS facilities during fiscal year 1982. Additionally, PHS hospital conversion funds are included in the House version of the fiscal year 1982 Labor/HHS Appropriations bill. This and the other communications you have received over the past months reflects the continued, broad-based, bi-partisan support which exists for the transfer of the PHS hospitals to State, local or private operations.

At this time, I deeply regret that the Administration continues to refuse to submit an official fiscal year 1982 budget request for the needed hospital conversion funds to Congress. With Congress concerned about "busting" the President's budget, this budget request is absolutely essential for quick House and Senate approval of the needed funds. If the Administration were to send such a request to Congress even at this very late date, I am convinced that it would be approved.

Again, I strongly urge you to ask Mr. Stockman or the President to send the Congress the needed budget request for hospital funds, or a request to transfer or reprogram HHS funds for PHS hospital conversion.

Without one of these actions, I fear that many in our communities and in other parts of the country will remain convinced that the Administration has acted in bad faith on this matter and was insincere when it pledged to assist communities the Administration's refusal to request PHS Hospital conversion funds, or to approve proposals to transfer or reprogram HHS funds for hospital conversion is being viewed as a flagrant breach of the Administration's promise to help Seattle, Staten Island, Baltimore, and Boston convert their PHS Hospitals to community control.

Mr. Secretary, we will have the opportunity to save these hospitals if we act expeditiously. Let's not waste it.

Sincerely,

NORMAN D. DICKS,
Member of Congress.

□ 1515

AMENDMENT OFFERED BY MR. BLILEY

Mr. BLILEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLILEY: Page 39, immediately after line 6, insert the following new section:

SEC. 210. None of the funds appropriated or otherwise made available in this title may be used to pay the salaries of officers and employees for implementation or enforcement of section 2103 of the Omnibus Budget Reconciliation Act of 1981, or for the implementation or enforcement of rules or regulations issued pursuant to such section.

Mr. BLILEY (during the reading). Mr. Chairman I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. BLILEY. Mr. Chairman, this amendment would allow medicare and medicaid recipients to continue to have access to the same drugs as all other Americans.

In 1962, Congress amended the Food and Drug Act to require that, in addition to being safe, drugs had to be proven effective in order to be allowed on the market. At that time there were over 4,000 drugs on the market which the FDA then had to retest for effectiveness. Unfortunately, after 19 years, the FDA has not completed its task, known as the drug efficacy study implementation (DESI), for over 200 drugs.

A provision of the Reconciliation Act, added by staff without the knowledge of the members of the committee and subcommittee involved, would cut off medicaid and medicare reimbursement for DESI drugs. My amendment would prohibit implementation of this policy.

Present and past officials of the Department of Health and Human Services have held that reimbursement for these drugs should continue until a final determination as to their effectiveness is made. Most recently, the district court here in Washington upheld a decision by former HHS Secretary Patricia Harris to that effect.

Mr. Chairman, my amendment is simply a matter of equity: Equity for medicare and medicaid patients who would be denied free choice and equality in their treatment without this amendment; equity for the physicians, hospitals, and pharmacists whose paperwork and inventory costs will be increased without this amendment; and, equity for manufacturers whose due process rights would be denied by the abrogation of Federal court decisions and the foreshortening of the administrative process.

Mr. Chairman, I am sure the opponents will tell us several things about this amendment which I know to be false. The first is that my amendment would cost too much. Well my colleagues who know me know that is not true, and we even have a Congressional Budget Office analysis to that effect. There may be complicated discussions of the costs involved, but the fact is simple: If a patient is sick enough to require medication, and his doctor cannot prescribe one of these medications, he will simply order something else to treat the same condition.

We may be told that it is the drug companies dragging their feet which has caused the delay in final studies. The fact is the FDA, of the legion Federal agencies, is legendary for its prevarication. It takes longer in the United States to have a new drug approved than anywhere else in the world. Even after all the lengthy studies have been completed, it takes several years for the FDA to get its act together. Saying business slows down the Government is like saying the engine slows down the train. In addition, the FDA is already under a court order to complete the DESI process by September 24, 1984.

Lastly, Mr. Chairman, we may be told these drugs are ineffective. This is just plain wrong. Any drug which is found to be ineffective is removed from the market immediately. If you look through reports from the FDA and the National Science Foundation regarding DESI drugs, you will find phrases such as "probably effective," "possibly effective," and even "lacking substantial evidence of effectiveness," but nowhere "ineffective." The fact is all the evidence is not yet in.

I would like to conclude by offering one example of the absurdity of this situation. Many of the drugs under DESI are known as combinations. This is a product with two or more pharmaceutical substances designed to treat multiple symptoms. Many combinations are for sinus conditions and colds. One drug with which I am familiar, donnatal, is a combination of phenobarbital and a group of substances known as belladonna alkaloids. Phenobarbital is one of our more common drugs, sold by some 31 companies in the United States alone, and in dozens of combinations with other drugs. Belladonna has been used since the Roman Empire as an antispasmodic. Some 36 companies sell one or more of the three common belladonna alkaloids. Several companies have FDA approval to sell phenobarbital-belladonna combinations. But because donnatal was one of the earliest products on the market, and because the exact dosage and combination has not been fully tested, donnatal has not yet been approved as effective.

For 19 years, doctors have prescribed donnatal and other DESI drugs, patients have thrived and the FDA has malingered. We should not punish sick people, hospitals, druggists, or even manufacturers for bureaucratic bungling.

Mr. Chairman, before I relinquish the floor, I would like to thank my colleagues on the Health Subcommittee, a majority of whom have pledged their support to this amendment. I would also like to thank the National Association of Retail Druggists, the American Pharmaceutical Association, and the National Medical Association—the organization of the Nation's black physicians—for their expressions of support for this amendment. I am including in the record at this point communications from these groups, as follows:

October 6, 1981.

Hon. Thomas J. Bliley, Jr.,
Cannon House Office Building,
Washington, D.C.

Dear Mr. Bliley: I was very pleased to learn of your amendment to continue Medicare and Medicaid reimbursement for DESI drugs. As President of the National Medical Association—the organization of America's black physicians—I offer my full endorsement and support for your important initiative.

We in the NMA treat a far greater number of Medicaid recipients than most physicians, and we know the importance of allowing the widest possible range of treatment for our patients. The extra expense and trouble of eliminating reimbursement will further discourage physicians from treating Medicaid patients. I can also attest to the fact that, without your amendment, hospitals and pharmacies in poor areas will be especially burdened with additional inventory costs to keep separate records and supplies of DESI drugs. This will only increase the expense of doing business for many already marginal institutions and businesses.

I certainly wish you success with your amendment. Please let me know if there is anything I can do to help.

Sincerely,

Frank S. Royal, M.D.

National Association of
Chain Drug Stores, Inc.,
Alexandria, Va., October 6, 1981.

Hon. Thomas J. Bliley, Jr.,
House of Representatives,
Washington, D.C.

Dear Congressman Bliley: The National Association of Chain Drug Stores (NACDS) which represents the management of over 172 chain drug store companies operating in excess of 12,000 pharmacies, supports your amendment to the Labor-HHS Appropriation Bill which would delay for one year implementation and enforcement of the provision of the Omnibus Budget Reconciliation Act of 1981 cutting off Medicare and Medicaid funding for drugs under administrative review by the Food and Drug Administration (FDA).

The requirement to cease reimbursements for drugs classified as less than effective by the Food and Drug Administration is a counter-productive measure. The administrative expense to both Medicare and Medicaid and to providers will be excessive. In most cases, those products still on the market are combinations of drugs which are effective but for which there is question regarding the appropriateness of the fixed combinations. As a result, physicians will begin to prescribe more expensive medications thereby increasing program costs.

Thank you for the consideration of our views.

Sincerely,

Robert J. Bolger, *President.*

The American
Pharmaceutical Association,
Washington, D.C., October 6, 1981.

Representative Thomas J. Bliley, Jr.,
Cannon House Office Building,
Washington, D.C.

Dear Mr. Bliley: I wish to state the full support of the American Pharmaceutical Association, the national professional society of pharmacists, for the amendment to the Department of Health and Human Services appropriations bill being offered by you and Representative Leland that would delay implementation of Section 2103 of the Omnibus Budget Reconciliation Act of 1981 (PL 97-35). APhA agrees that public funds should not be used to pay for any drug that is ineffective once a *final* determination to this effect has been made by the Food and Drug Administration. Until such a determination has been made as to particular drugs, however, the effect or Section 2103 will be devastating to the nation's pharmacists and patients they serve in the Medicare and Medicaid programs.

The enactment of Section 2103 on August 13, 1981, with an effective date of October 1, 1981, has generated terrible and unavoidable confusion among health-care practitioners, patients, and program administrators at both state and federal levels. There simply has been insufficient time to take steps necessary to prevent such confusion. HCFA regulations implementing Section 2103 were not published until October 1, and the regulations themselves recognize that questions regarding implementation cannot yet be answered. Consequently, prescribers do not know what drugs they can prescribe for their Medicaid patients, pharmacists do not know what drugs they can dispense to Medicaid patients for which they will be reimbursed, and program administrators still do not know what drugs will and will not be covered. This is a dramatic instance of a basically sound policy being threatened by unrealistic and unreasonable implementation.

The American Pharmaceutical Association urges your colleagues in the House to support your effort to bring rationality to implementation of the Section 2103 requirements.

Sincerely,

William S. Apple.

The National Association
of Retail Druggists,
Washington, D.C., October 6, 1981.

Hon. Thomas J. Bliley,
Cannon House Office Building,
Washington, D.C.
(Attention of Dave Mason).

Dear Representative Bliley: The National Association of Retail Druggists represents the owners of more than 30,000 pharmacies where 75,000 pharmacists practice their profession. These pharmacies fill approximately 70% of all prescriptions and serve 18 million consumers daily.

NARD is pleased to assist you in your effort to repeal the consequences of the desi-drug provision of the 1981 Reconciliation Act.

Had an opportunity to air this matter been provided by the Health and Environment Subcommittee, perhaps, rather than attempting to undo an obvious wrong, such

as we have here today, your total resources could be focused on efforts to reduce the devastating interest rates which are yielding bankruptcy at record-setting rates, reminiscent of the Great Depression.

In coordinating our efforts with your very able assistant, Dave Mason, NARD has been in touch with Congressman Natcher, Congressman Neil Smith and others on the Appropriations Subcommittee, as well as the full House Leadership.

Attached is a copy of the NARD letter from William E. Woods, Executive Vice President, to Tip O'Neill.

We wish you every success in this endeavor and assure you of the support of the Officers, Executive Committee and members, as well as the staff ot the National Association of Retail Druggists.

Sincerely,

JOHN M. RECTOR, Esq.,
Director of Government Affairs.

Mr. Chairman, I was disturbed by some of the charges made by the chairman of the Health Subcommittee this morning. First, the gentleman calls DESI drugs ineffective. They are not. If they had been proven ineffective, they would be taken off the market. In fact, the clinical experience of the past 20 years shows us that these drugs are effective. Otherwise, doctors would not continue to prescribe them and patients would not continue to use them.

Second, the gentleman finds fault with the drug companies for delaying the FDA. One of the closing steps in the DESI process is a notice of opportunity for hearing, at which evidence of effectiveness can be presented. The manufacturers have a strict deadline in which to respond. For the drugs we are now discussing, applications for hearings have been in at the FDA for between 3 and 10 years.

In fact the longest delays in recent years has been due to lawsuits by outside public interest groups.

As just one example, I would like to submit for the RECORD the chronology of efforts since 1972 by one company to have its largest selling pharmaceutical product approved. The material is as follows:

CHRONOLOGY OF DESI PROCESS REGARDING DIMETAPP

1972: FDA rules Dimetapp "probably effective".

1973: (April) FDA makes administrative determination of "ineffective" and issues notice of opportunity for hearing (NOOH)

1973: (December) FDA revokes NOOH, pending completion of Monograph on Over-the-counter cough/cold remedies.

1976: (September) FDA issues proposed monograph on cough/cold remedies.

1976-1977: Manufacturer offers to reformulate Dimetapp to comply with monograph. FDA rejects offer, saying it cannot approve drug on basis of "proposed" monograph.

1981: Monograph still in "proposed" stage. Manufacturer continuing research on effectiveness. FDA refuses to consider evidence.

The CHAIRMAN. The time of the gentleman from Virginia (Mr. BLILEY) has expired.

(On request of Mr. WAXMAN, and by unanimous consent, Mr. BLILEY was allowed to proceed for 2 additional minutes.)

Mr. WAXMAN. Mr. Chairman, will the gentleman yield?

Mr. BLILEY. I am happy to yield to my subcommittee chairman.

Mr. WAXMAN. Mr. Chairman, it is my understanding that the gentleman's amendment prohibits HHS from paying any employee to carry out the requirements of section 2103. Now, section 2103 is present law adopted under the reconciliation process.

Am I correct in my statement of what the gentleman's amendment would do?

Mr. BLILEY. I believe the gentleman is, however, I would like to point out, if I may reclaim my time, that in the reconciliation that part of it was slipped into the record without the knowledge of any member of the subcommittee.

Mr. WAXMAN. I will dispute that. However, Mr. Chairman, if the gentleman will yield to me further, I want to get an understanding and a statement from the gentleman as to what his amendment will do and how it would affect present law.

Does the gentleman's amendment amend section 2103 in any way?

Mr. BLILEY. No; it does not.

Mr. WAXMAN. If the gentleman's amendment is passed and enacted, it simply says that it would not be lawful for HHS to pay an employee to enforce section 2103. But would it be lawful for HHS to make medicaid matching payments to the States for drugs prescribed under section 2103?

Mr. BLILEY. Yes.

Mr. WAXMAN. The gentleman is saying that if the amendment is enacted, it would be lawful for HHS to make medicaid payments for drugs that are described under section 2103. The gentleman is not correct. It would not be lawful because the Bliley amendment does not change section 2103. So even if HHS has no one to enforce section 2103; HHS will have no authority to pay for section 2103 drugs.

Mr. McDADE. Mr. Chairman, will the gentleman yield?

Mr. BLILEY. I yield to the gentleman from Pennsylvania.

Mr. McDADE. Mr. Chairman, I know the gentleman did not get to complete his statement, but I just wanted to ask a few questions and then perhaps we can get around to having the gentleman complete his statement.

My understanding is that in what the gentleman is trying to do he is joined by the overwhelming majority of the members of the subcommittee on which he serves; am I correct?

Mr. BLILEY. The gentleman is correct.

Mr. McDADE. On both sides of the aisle the Members agree this amendment ought to be adopted and attached to this bill; is that correct?

Mr. BLILEY. That is correct.

Mr. McDADE. Am I correct that what the gentleman is attempting to do is to leave in place a court decision which was reached this year to set up an orderly process for deciding what FDA ought to do under the terms of the previous conditions of a section that was written in the Budget Reconciliation Act? Is that what the impact of it is?

Mr. BLILEY. That is correct.

The CHAIRMAN. The time of the gentleman from Virginia (Mr. BLILEY) has expired.

Mr. NATCHER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, technically the amendment offered by the gentleman from Virginia (Mr. BLILEY) is in order, but in my opinion it really is not germane to an appropriation bill. It seems to me that instead of using this as a vehicle, the amendment ought to go to the Committee on Energy and Commerce, it ought to go to the Subcommittee on Health, and it ought to go to the Committee on Ways and Means.

Mr. Chairman, during our many years as Members of the House we know that from time to time the Appropriations Committee is bitterly criticized by virtue of permitting amendments such as this to be attached to an appropriation bill. This amendment should not be in an appropriation bill. As to whether this is correct, or as to whether the gentleman from Virginia (Mr. BLILEY) is correct, I do not know. I do not know, and I have no way of knowing. But certainly this amendment should not be hooked on to an appropriation bill.

Mr. Chairman, let me yield to the gentleman from California (Mr. WAXMAN) for his comments, since he is chairman of the Subcommittee on Health.

Mr. WAXMAN. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, let me point out to my colleague that this particular provision which is under dispute was adopted by the House. It survived in the conference on reconciliation. It was part of the conference agreement on reconciliation, and it is now the law.

That provision simply says that we are not going to pay under medicare and under medicaid for drugs that have been deemed ineffective. Now, that does not mean that those drugs are being taken off the market. They will still be sold if a doctor wants to prescribe them and if a patient wants to purchase them, but for purposes of the medicare and medicaid fund we did not think it appropriate to use the taxpayers' money to pay for drugs that had been deemed ineffective.

What does that mean when I say, "Drugs that had been deemed ineffective"? Well, it means that under section 2103, if a drug is determined to be effective for one or more claims but ineffective for all others, or if there is a compelling justification for the continued availability of a drug, then we are going to continue reimbursement, but if a drug is not effective for any purpose whatsoever for which the manufacturer makes claims that it would be effective, then we are just not going to pay for it.

Why has this thing dragged out so long since the 1962 FDA statute? Part of the reason has been the fact that we had the National Academy of Sciences make a determination and then had FDA make a determination as to the effectiveness of these drugs. Both have determined the drugs were ineffective. But we have an additional procedure that allows the drug manufacturers to appeal to FDA and ask for another hearing and then they will have another opportunity to try to establish their effectiveness.

We do not, therefore, prevent them from being sold on the market, but why should we use taxpayers' money to pay for drugs that are not effective?

The GAO said in 1972, in 1974, and in 1980 that savings would be derived by stopping reimbursements and recommended this termination.

Mr. Chairman, the amendment offered by the gentleman from Virginia (Mr. BLILEY) would not overturn the statute that was adopted as part of the Reconciliation Act. What the gentleman would do is say we are not going to pay an employee of HHS to enforce this law. I believe that will mean more lawsuits, because I do not believe the Government is empowered to pay a State under the medicaid program for a prescribed drug that is deemed ineffective and, therefore, not reimbursable under the present law.

With this amendment we are going to have tremendous confusion. We are in effect trying to legislate on an appropriation bill. I would disagree with my colleague on what he would like us to have in the way of legislation, and I would particularly disagree with this form of legislation which tries to remove a law by saying it can no longer be enforced.

I would also contend that it was no surprise to anyone that this provision went through the Congress. It was adopted by the Congress. I would also assert that a majority of the members of the Subcommittee on Health support our position on this issue, just as the Members of the House and the conferees of the House and the Senate agreed that we do not want to pay for these drugs that are deemed ineffective.

Mr. McDADE. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I yield to the gentleman from Pennsylvania.

□ 1530

Mr. McDADE. I am grateful for my colleague, the distinguished chairman of this committee, yielding. I just wanted to ask my friend from California, Mr. WAXMAN, I do not know much about this issue, but I have in my hand a letter, a "Dear Colleague" letter signed by a majority of the members of the gentleman's subcommittee, the Health Subcommittee, which indicates that they support the amendment offered by my friend from the State of Virginia, Mr. BLILEY. Is that not the case?

Mr. WAXMAN. If I may have the time, one of the members, and maybe more than one, was informed that I was not opposed to this move and joined in that letter. We have had further conversation and one of the members on that letter I know for sure——

Mr. McDADE. Which member?

Mr. WAXMAN. Congressman WYDEN asked that his name be withdrawn. But that is not the point.

We did not have a hearing on the amendment of the gentleman from Virginia, Mr. BLILEY. What he is trying to do is repeal a law that is not repealable.

Mr. McDADE. That is right. The gentleman did not have hearings in the subcommittee.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. McDADE. Mr. Chairman, I move to strike the requisite number of words.

May I say, Mr. Chairman, I want to emphasize to the chairman of my committee, Mr. NATCHER, and the distinguished ranking minority Member, Mr. CONTE that, as they know, I do not intrude in their jurisdictions. The only thing that caught my eye as I tried, on this dreadful day when I guess all of us are distracted from our duties by the terrible events that have taken place in the world, but I find in front of me, as we are about to vote on this bill, a "Dear Colleague" letter which has been signed by a bipartisan majority of the members of the Health Subcommittee which the distinguished gentleman from California (Mr. WAXMAN) chairs, indicating that they did not have hearings on this issue and that, in fact, what happened was that during the reconciliation process a section was added by my colleague from California, as was his prerogative, but it was added in reconciliation, not in the normal legislative process as we know it here, not in the legislative committee. We find ourselves in the unusual position now of being forced to deal with it unhappily on an appropriation bill.

But that seems to be the only way that we can deal with this or we will have a court decision which attempted to bring some sort of rationality to this process overruled. I find myself troubled by the fact that a clear majority of our colleagues on the subcommittee with primary responsibility believe that this is not appropriate in terms of legislation through reconciliation, that what ought to be done is my colleague ought to crank up his subcommittee, hold hearings on this issue, and, indeed, if he can get a majority of his subcommittee to report out a bill. That is simply basic procedure that protects the rights of all Americans.

Mr. WAXMAN. Mr. Chairman, will the gentleman yield?

Mr. McDADE. I yield to the gentleman from California.

Mr. WAXMAN. I might point out to the gentleman that the Oversight Subcommittee of the Energy and Commerce Committee has held hearings on this and did come up with a report which served as the basis for our recommendation in the reconciliation process.

I believe that reconciliation was a faulty process. I would say to the gentleman we did not have hearings on Gramm-Latta II either, but this was adopted. This provision was adopted by a majority of the Members of the House and the other body.

Mr. McDADE. If I may reclaim my time, the gentleman has made my point, that the committee that has basic jurisdiction, the Interstate and Foreign Commerce Committee, never reported this bill, that they did not, in fact, hold hearings in this Congress, and that they did not, in fact, report a bill.

In truth, this was done in the dark of night someplace and put into the reconciliation process. It was done without public participation.

I note that my friend from Virginia (Mr. BLILEY) has a letter. I would ask my colleagues to listen. It has the names of Mr. BLILEY, Mr. BROYHILL, Mr. GRAMM, Mr. SHELBY, Mr. BENEDICT, Mr. LELAND, Mr. WHITTAKER, Mr. MADIGAN, Mr. BROWN, and Mr. RITTER, all of whom have joined, saying that this is not an appropriate way to proceed.

Mr. WAXMAN. I would like to point out that Mr. WYDEN has removed his name from Mr. BLILEY's amendment and his "Dear Colleague." We find ourselves left with a dilemma. Here we are, Members of the House, confronted with an issue that could have wide-ranging impact on people who are recipients of medicaid and medicare throughout this Nation. I was requested to get some clarification on what this is. I suggest to my friends that what we ought to do is adopt the Bliley amendment and then my friend from California (Mr. WAXMAN) has ample opportunity to use his commit-

tee as he appropriately should to look into this matter and into any other. If there is a consensus that represents a majority opinion, then bring it to the floor in the normal process. Do not use the reconciliation process. We, all of us, saw that reconciliation process used for 10,000 different items that were shunted into that and that Members did not know certain sections got into that bill. I think it is time we stopped letting that reconciliation process, which occurred without benefit of any public hearings, be used in this fashion, particularly when we are apparently—and I have talked to my colleagues on this committee—overruling a decision of the U.S. Court that was rendered in September of 1980.

If we believe in due process, we have but one course, and that I suggest is to support the gentleman from Virginia and his amendment. I say to my chairman of the committee most reluctantly, and to my ranking member, for whom I have the greatest affection, we are caught with this. We find ourselves faced with it. I do not want to see the legislative process disrupted. So I would hope the Bliley amendment can be adopted.

Mr. GORE. Mr. Chairman, I move to strike the requisite number of words, and I rise to speak against the amendment.

Mr. Chairman, there have been hearings on this matter. The oversight subcommittee of the Interstate and Commerce Committee held hearings in March of 1980. The record was really devastating on this matter.

Moreover, the denial of Federal reimbursement for these ineffective drugs is not a new idea by any means. These drugs that we are talking about are drugs that drug manufacturers have failed for the last 19 years to show any evidence that they are effective.

In 1971, 10 years ago, the Federal Government stopped purchasing these drugs for public health service hospitals and for other direct care programs. Why? Because the amount of money available was limited and they decided not to buy drugs where there is no evidence that they are effective.

Suppose somebody wants to buy snake oil with Federal funds. There is a limited amount of Federal funds available, and the person says, "Well, I like snake oil. I think it does me some good."

Mr. McDONALD. Mr. Chairman, will the gentleman yield to me?

Mr. GORE. I yield to the gentleman.

Mr. McDONALD. Is the gentleman aware of any company in the United States that has snake oil available for prescription?

Mr. GORE. I am sure that the snake oil manufacturers would be up here quite upset about this amendment if there were any. We would be hearing from them. We are hearing from a good many manufacturers of drugs for which there is no evidence whatsoever that they are effective.

Mr. McDONALD. If the gentleman will yield again briefly, I am just curious. I know the gentleman uses the term "snake oil," but I honestly am not aware of anyplace in the United States where it is manufactured. Maybe in the State of Tennessee there is some but beyond that I am not aware of it. Is there anywhere the gentleman is aware of?

Mr. GORE. I am using this as a hypothetical example. If I have misled the gentleman, it was unintentional.

In 1972, in 1974, and again in 1980, the General Accounting Office reported to the Department of HHS that Federal and State governments were spending substantial amounts of money, between $40 and $50 million per year on ineffective drugs. In our hearings before the Oversight and Investigation Subcommittee the Comptroller General strongly reiterated his recommendation that we stop wasting money for this purpose. There is just not enough money to go around.

The GAO has stated the sound rationale for stopping reimbursement, which is that prohibiting Federal sharing in medicaid expenditures for these drugs should result in prescribing of drugs which do have evidence of effectiveness. In every situation there is an alternative drug therapy available, one that has been proven to be effective. The health care of medicaid and medicare recipients would be improved because the cost of treating them for the condition which the ineffective drug did not help would be reduced.

More importantly, in these times of substantial cutbacks in medicaid and medicare we can no longer afford to spend taxpayers' money for items that do not do any good. Those opposing this reimbursement provision have claimed that stopping reimbursement would be an administrative nightmare. This claim is not well founded.

HHS has provided the Subcommittee on Health and the Environment with a list dated September of this year of the drugs affected by this section. Thus it will not take several months to find out which ones are involved. We already know which ones are involved.

Since States now have lists of unapproved drugs, adding the drugs on the list already provided is not burdensome.

The argument that it is an administrative nightmare has already been disproved by some of the States. A few States, despite a lack of direction by the Federal Government, have on their own initiative stopped the reimbursement for ineffective drugs.

We should not be behind the game. We should be trying to lead the way in cutting out unnecessary expenditures.

Some of my colleagues may have been led to believe that the drug companies are purely the victims of FDA bureaucratic delays. As someone who has often conducted vigorous oversight of the FDA, I can say that the reason for delay does not lie entirely with the FDA. Since the efficacy requirement was first enacted, a number of drug companies have tried to put off the inevitable; that is, the removal from the marketplace of drugs that simply do not work. They will often come in and say, "Well, we have a study in progress; we are just starting up the study and we are going to petition you to delay to consider the new evidence that we are in the process of completing."

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

(By unanimous consent Mr. GORE was allowed to proceed for 3 additional minutes.)

Mr. GORE. The drug companies initially fought in the courts FDA's requirements that the companies submit evidence of efficacy. When they were finally required to submit data, the data submitted was often not timely or appropriate. In fact, a number of past FDA Commissioners have requested that the other branches of HHS stop reimbursement.

The proponents of this amendment will claim that stopping reimbursement after the FDA notice for opportunity of hearing is a denial of the company's due process rights. According to a recent analysis by the FDA's General Counsel's Office, the due process rights of the manufacturers would not be violated.

The fact that some States and the Federal Government through their direct care programs have already stopped spending for these ineffective drugs is proof that the due process argument is a weak one.

Finally, these drug companies have failed for the past 19 years to prove that their products work, that these particular products work. All of the while the Federal Government has continued to reimburse for drugs with taxpayers' money after a notice for opportunity of hearing is issued which is, in effect, encouraging the drug manufacturers to request a hearing and providing the financing for the entire process.

I urge the defeat of this amendment.

Mr. BLILEY. Mr. Chairman, will the gentleman yield?

Mr. GORE. I yield to my colleague from Virginia, Mr. BLILEY.

Mr. BLILEY. I thank my colleagues from Tennessee for yielding. I was not here in 1980. The gentleman said he did hold extensive hearings. What happened? What was the disposition? Was the bill reported out of committee?

Mr. GORE. The Subcommittee on Oversight and Investigation does not have legislative jurisdiction. It makes recommendations to the other subcommittees and to the full committee and the Congress.

Mr. BLILEY. Did you make such recommendations?

Mr. GORE. We have recommended that a provision such as the one that was adopted during reconciliation be enacted.

Mr. BLILEY. Is that the method that the gentleman recommended it be done, or did you recommend that the legislative process be followed, that the appropriate committee of jurisdiction hold hearings and have markup and report a bill, or did you recommend that they use this process?

Mr. GORE. We recommended that it be done, and after 19 years we are ready to take the best and most effective way to accomplish a good public policy result. We think in this case that has been done.

Mr. WAXMAN. Mr. Chairman, will the gentleman yield?

Mr. GORE. I yield to my colleague from California (Mr. WAXMAN), chairman of the subcommittee with legislative jurisdiction.

Mr. WAXMAN. I thank the gentleman for yielding. The gentleman's Subcommittee on Oversight and Investigation did not have legislative power, but issued a recommendation that this legislation be adopted.

However, the gentleman's subcommittee was not the only one who made this recommendation. Two previous Secretaries of the Department of, at one time HEW, now HHS, including Caspar Weinberger in 1975——

Mr. GORE. Who was the last one?

Mr. WAXMAN. Caspar Weinberger. He was the Secretary of HEW. He said reimbursement should be stopped in the manner that was carried out in the adoption of the language in the Budget Reconciliation Act.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

(At the request of Mr. WAXMAN and by unanimous consent, Mr. GORE was allowed to proceed for 2 additional minutes.)

□ 1545

Two previous Surgeons General and two previous FDA Commissioners also recommended similar termination of reimbursement. In fact, between 1971 and 1972, public health hospitals under the Department of Health and Human Services and Veterans' Administration and the Department of Defense facilities discontinued use of all pre-1962 drugs which were determined by FDA to be ineffective.

When this legislation was adopted by the House, we went into conference with the Senate. The present Department did not raise an objection to it. The Senate and the House conferees were convinced that the House position should be maintained. We adopted it. And I must say how amazing it is to me that people who do not want to spend Federal money find an excuse to spend Federal money for ineffective drugs when the drug manufacturers happen to be in their districts.

I think we ought not waste money on drugs that do not do anybody any good. We have to make severe and deep cuts in our budgets, our expenditures. Let us not waste the little money we now have by spending it on drugs that do not work.

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I wish to address the issue of cost saving, because I think it is an important item my colleague from California (Mr. WAXMAN) has raised. The gentleman is well aware that the Congressional Budget Office has indicated there is no cost or savings related to this provision—section 2103 of the reconciliation bill. So the House is not saving any money by retaining this section 2103 provision, according to our Congressional Budget Office.

Also, I did not hear my colleague from California tell us what his subcommittee did on the recommendation of the gentleman from Tennessee. Did you vote out a bill? No. You found another way to do it, which I understand is very legal and proper, and that is to put it in the reconciliation bill. But nobody in the conference really knew it was there—or at least we were informed. Nobody in the House voted for putting section 2103 in the reconciliation bill.

So I would like to say to my colleagues that the discussion here has been helpful, but not totally enlightening. A majority of members of the subcommittee of which the gentleman from California (Mr. WAXMAN) is chairman, have said that this provision should not be in place, in fact should not have been put in the reconciliation bill in the first place.

Now I want to say this: I do not believe that this Congress really fully understood that this provision was in reconciliation. My colleague from Virginia (Mr. BLILEY) is merely trying to correct a wrong, and I believe that we should support that effort.

I call now on my colleague from Virginia. Does the gentleman wish to comment on any of the other statements by our colleague from Tennessee?

Mr. BLILEY. I thank the gentleman very much. I do not wish to add any further comments or prolong the business of the Committee.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. Why of course I yield to my distinguished colleague from Tennessee. The gentleman is on the oversight committee now?

Mr. GORE. Yes.

Mr. ROUSSELOT. And the gentleman made these recommendations?

Mr. GORE. And I am proud of it.

Mr. ROUSSELOT. And they did not follow up on them, did they? What a shame.

Mr. GORE. I was just going to suggest that it might be a good idea, following the gentleman's logic, to suspend enactment of all those matters in the reconciliation bill upon which no legislative hearings have been held, or notice given, and go back and do each one of them item by item.

Mr. ROUSSELOT. Well, I am sure, as my colleague knows, with the ingenuity and creativity of the Members of this House, those items with which they have disagreed in the reconciliation bill will be brought up on every single appropriation bill. I have no doubt about that.

I personally believe that on this issue there was not adequate discussion, that the section was inserted without full knowledge of the House, and I think this is the way to rectify it. That is all I say.

Now, if the gentleman finds other items that he thinks were put in the reconciliation——

Mr. GORE. Social security minimum benefit would be a good place to start.

Mr. ROUSSELOT. Of course my collegue knows that issue is not before the House. I am sure we would be glad to correct those, as my colleague from Virginia in now trying to do. And so, unless my colleague from Tennessee has further comments, I am willing to yield back the balance of my time and get on with the vote. I urge my colleague to support the Bliley amendment.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia (Mr. BLILEY).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. BLILEY. Mr. Chairman, on that I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

Mr. CHAIRMAN. Evidently a quorum is not present. The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1600

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have responded. A quorum

of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Virginia (Mr. BLILEY) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 271, noes 148, not voting 14, as follows:

[Roll No. 246]

AYES—271

Albosta	Evans (DE)	Loeffler
Andrews	Evans (GA)	Long (LA)
Anthony	Evans (IA)	Lott
Applegate	Evans (IN)	Lowery (CA)
Archer	Fazio	Lujan
Ashbrook	Fields	Lungren
Badham	Findley	Madigan
Bafalis	Fish	Marks
Bailey (MO)	Fithian	Marlenee
Barnard	Flippo	Martin (IL)
Beard	Foley	Martin (NC)
Benedict	Forsythe	Martin (NY)
Bereuter	Fountain	Mattox
Bethune	Fowler	Mazzoli
Bevill	Frank	McClory
Biaggi	Frenzel	McCloskey
Bliley	Gilman	McCollum
Boggs	Gingrich	McCurdy
Bowen	Ginn	McDade
Breaux	Goldwater	McDonald
Brinkley	Gonzalez	McEwen
Brooks	Gramm	McGrath
Broomfield	Green	McKinney
Brown (CO)	Gregg	Michel
Broyhill	Grisham	Miller (OH)
Burgener	Gunderson	Mineta
Butler	Hagedorn	Minish
Byron	Hall, Ralph	Mitchell (NY)
Campbell	Hall, Sam	Molinari
Carman	Hamilton	Montgomery
Carney	Hammerschmidt	Moore
Chappie	Hansen (ID)	Moorhead
Cheney	Hansen (UT)	Morrison
Clausen	Hartnett	Murphy
Coats	Hatcher	Myers
Coelho	Heckler	Napier
Coleman	Hefner	Neal
Collins (TX)	Hightower	Nelligan
Conable	Hiler	Nelson
Conte	Hillis	Nichols
Corcoran	Holland	O'Brien
Coughlin	Hollenbeck	Oxley
Courter	Hopkins	Parris
Coyne, James	Horton	Pashayan
Craig	Howard	Patman
Crane, Daniel	Hoyer	Paul
Crane, Philip	Hubbard	Petri
Crockett	Huckaby	Pickle
Daniel, Dan	Hughes	Porter
Daniel, R. W.	Hunter	Pritchard
Dannemeyer	Hutto	Pursell
Daschle	Hyde	Quillen
Daub	Ireland	Railsback
Davis	Jacobs	Ratchford
Deckard	Jeffries	Regula
DeNardis	Jenkins	Rhodes
Dickinson	Johnston	Rinaldo
Dorgan	Kazen	Ritter
Dornan	Kemp	Roberts (KS)
Dougherty	Kindness	Roberts (SD)
Dowdy	Kramer	Robinson
Dreier	LaFalce	Roe
Duncan	Lagomarsino	Rogers
Dunn	Latta	Roth
Dwyer	Leach	Roukema
Dyson	Leath	Rousselot
Eckart	LeBoutillier	Rudd
Edwards (AL)	Lee	Russo
Edwards (OK)	Leland	Santini
Emerson	Lent	Sawyer
Emery	Levitas	Schneider
Erdahl	Lewis	Schulze
Erlenborn	Livingston	Schumer
Sensenbrenner	Stanton	Weber (MN)
Shaw	Staton	Weber (OH)
Shelby	Stenholm	White
Shumway	Stratton	Whitehurst
Shuster	Stump	Whitley
Siljander	Swift	Whittaker
Skeen	Synar	Williams (OH)
Skelton	Tauke	Winn
Smith (AL)	Tauzin	Wolf
Smith (NE)	Taylor	Wolpe
Smith (NJ)	Trible	Wortley
Smith (OR)	Udall	Wright
Smith (PA)	Vander Jagt	Wylie
Snowe	Volkmer	Young (AK)
Solomon	Walgren	Young (FL)
Spence	Walker	Zeferetti
St Germain	Wampler	
Stangeland	Watkins	

NOES—148

Addabbo	Foglietta	Ottinger
Akaka	Ford (MI)	Panetta
Alexander	Ford (TN)	Patterson
Anderson	Frost	Pease
Annunzio	Fuqua	Pepper
Aspin	Garcia	Perkins
Atkinson	Gaydos	Peyser
AuCoin	Gejdenson	Price
Bailey (PA)	Gephardt	Rahall
Barnes	Gibbons	Rangel
Bedell	Glickman	Reuss
Beilenson	Gore	Richmond
Benjamin	Gradison	Rodino
Bennett	Gray	Roemer
Bingham	Guarini	Rose
Blanchard	Hall (OH)	Rosenthal
Boland	Hance	Rostenkowski
Bolling	Harkin	Roybal
Boner	Hawkins	Sabo
Bouquard	Heftel	Savage
Brodhead	Hertel	Scheuer
Brown (CA)	Jeffords	Schroeder
Burton, Phillip	Jones (OK)	Seiberling
Chappell	Jones (TN)	Shamansky
Chisholm	Kastenmeier	Shannon
Clay	Kildee	Sharp
Clinger	Kogovsek	Simon
Collins (IL)	Lantos	Smith (IA)
Conyers	Lehman	Snyder
Coyne, William	Long (MD)	Solarz
D'Amours	Lowry (WA)	Stark
Danielson	Luken	Stokes
de la Garza	Lundine	Studds
Dellums	Markey	Traxler
Derrick	Matsui	Vento
Derwinski	Mavroules	Washington
Dicks	McHugh	Waxman
Dixon	Mica	Weaver
Donnelly	Mikulski	Weiss
Downey	Miller (CA)	Whitten
Dymally	Mitchell (MD)	Williams (MT)
Early	Moakley	Wilson
Edgar	Moffett	Wirth
Edwards (CA)	Mottl	Wyden
English	Murtha	Yates
Ertel	Natcher	Yatron
Fary	Nowak	Young (MO)
Fascell	Oakar	Zablocki
Fenwick	Oberstar	
Ferraro	Obey	

NOT VOTING—14

Bonior	Fiedler	Jones (NC)
Bonker	Florio	Marriott
Brown (OH)	Goodling	Mollohan
Burton, John	Hendon	Thomas
Dingell	Holt	

□ 1610

The Clerk announced the following pairs:

Mr. Hendon for, with Mr. Mollohan against.

Mrs. Holt for, with Mr. Dingell against.

Mr. ALEXANDER, Mr. AKAKA, Ms. OAKAR, and Mr. LUKEN changed their vote from "aye" to "no."

Mr. CONABLE and Mr. EMERY changed their vote from "no" to "aye."

So the amendment was agree to.

The result of the vote was announced as above recorded.

□ 1620

Mr. WILLIAMS of Montana. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I take this time for the purpose of asking a question of the distinguished subcommittee chairman.

The gentleman and I have discussed the difficulty, especially among low-income people, of meeting the rising costs of fuel for home heating and transportation. In the past, through the assistance of the gentleman's appropriations subcommittee, the Community Services Administration has been directly involved in helping to mitigate these costs through a program of self-help technologies implemented by energy research and education, field testing, training and outreach.

As the gentleman knows, at the present time the National Center for Appropriate Technology has several CSA-funded programs that are more than half completed. All of the specific projects are consistent with CSA transition language as contained within the Omnibus Budget Reconciliation Act of 1981 and can be completed within fiscal year 1982.

Mr. Chairman, does it remain the gentleman's understanding that the committee supports the necessary moneys to allow NCAT to complete its current projects and continue its commitment and efforts in addressing the special needs of the poor?

Mr. NATCHER. Mr. Chairman, will the gentleman yield to me?

Mr. WILLIAMS of Montana. Yes, I yield to the distinguished chairman.

Mr. NATCHER. Mr. Chairman, I would like to say to the distinguished gentleman from Montana (Mr. WILLIAMS) that I can state to the gentleman that it is our intention that the efforts which this Nation has begun toward appropriate self-help technology research and demonstration should continue.

In addition, Mr. Chairman, I would like to say to the gentleman from Montana that the efforts thus far represent a demonstration of what can be done through the Community Services Administration to assist low-income people who are hardest hit by rising energy costs. The community services block grant provides for discretionary authority within the Secretary's office to address the ongoing activities of national significance. This language within the Omnibus Reconciliation Act of 1981 clearly provides the authority for work of NCAT to complete its existing programs and continue its commitment to address the special needs of the poor.

I want to thank the gentleman from Montana (Mr. WILLIAMS) for bringing this matter to the attention of the committee at this time.

Mr. WILLIAMS of Montana. Mr. Chairman, I thank the subcommittee chairman.

I yield back the balance of my time.

AMENDMENT OFFERED BY MR. BIAGGI

Mr. BIAGGI. Mr. Chairman, I offer an amendment.

The portion of the bill to which the amendment relates is as follows:

COMMUNITY SERVICE EMPLOYMENT FOR OLDER AMERICANS

To carry out activities under title V of the Older Americans Act of 1965, as amended, $277,100,000, of which $221,680,000 shall be for national grants of contracts with public agencies and public or private nonprofit organizations under paragraph (1)(A) of section 506(a) and $55,420,000 shall be for grants to States under paragraph (3) of section 506(a).

The Clerk read as follows:

Amendment offered by Mr. BIAGGI: Page 3, line 8, strike out "$221,680,000" and insert in lieu thereof "$209,847,000", and on line 10, strike out "$55,420,000" and insert in lieu thereof "$67,253,000".

Mr. WIRTH. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. I yield to the gentleman from Colorado.

Mr. WIRTH. I thank the gentleman from New York for yielding.

I would like to have a brief colloquy with the chairman related to funding for public broadcasting. We have discussed this in the Chamber.

Mr. Chairman, I had very much hoped the Labor-HEW Subcommittee would have been able to come to the floor with an appropriation for the Corporation for Public Broadcasting for fiscal year 1984 that had matched the authorizations we provided in the Public Broadcasting Amendments of 1981, which were recently enacted as part of the Omnibus Budget Reconciliation Act.

I was prepared to offer an amendment to this effect, but after discussions with the gentleman from Kentucky, I have decided to withhold.

We had proposed $130 million for each of fiscal years 1984-86 for CPB.

We did not arrive at this figure lightly. It is $80 million less than the current authorization for fiscal year 1982. It is $30 million less than the authorization figure this House decisively sustained by a vote of 265 to 146 last June 23 during the debate on H.R. 3238. It is $7 million less than the $137 million appropriated for fiscal year 1983—and would constitute a full 25-percent reduction from the fiscal year 1982 appropriation.

In conference with the Senate, we agreed that the $130 million authorization was the minimum necessary to insure the basic survival—not expansion, but the basic survival—of public broadcasting services through the mid-1980's.

Our proposal fully reversed the trends of the past where certain programs enjoyed unrealistically high authorizations. Our recommendation of $130 million for CPB was wholly responsive to the need for fiscal restraint—consistent with the imperative of continuing a commitment to public broadcasting.

The system is responding to these new fiscal realities. H.R. 3238, as enacted, provides many more opportunities for public broadcasting to obtain outside support for its activities—and to rely less on Federal funding.

Accordingly, Mr. Chairman, I am disappointed that the Appropriations Committee has not met our authorization for CPB. The $110 million contained in this bill is simply not sufficient for public broadcasting. It will cause national programing activities to be cut severely. It will cause certain stations to go off the air.

Mr. Chairman, the other body will apparently recommend the full $130 million for CPB. I very much hope, in conference, that this matter will be favorably resolved.

Mr. NATCHER. Mr. Chairman, will the gentleman from New York yield to me?

Mr. BIAGGI. I yield to the gentleman from Kentucky.

Mr. NATCHER. Mr. Chairman, I fully understand the concerns raised by the gentleman from Colorado and the members of his subcommittee. We have had extensive discussions on this issue. I am sympathetic to his arguments. I do support public broadcasting and a basic Federal commitment to its activities. I appreciate the gentleman's restraint in not offering an amendment on the floor. In conference with the other body, I will try to work to resolve this matter to the satisfaction of all involved, consistent with the concerns expressed by the gentleman from Colorado regarding the need for adequate funding levels for public broadcasting.

Mr. WIRTH. I thank the gentleman for his assurance. It is extremely helpful. Mr. Chairman, I wish to insert at this point in the RECORD some recent correspondence between my subcommittee and Mr. NATCHER, and a chart outlining the budgetary impact of various proposals on public broadcasting.

STATEMENT OF CPB PRESIDENT EDWARD PFISTER—THE FISCAL YEAR 1984 APPROPRIATION

We all know that reductions in federal spending are inescapable. Public broadcasters understand that as well as anyone. What must not be forgotten, however, is that public broadcasting is vital to millions of listeners and viewers across the nation, people who have already invested millions of dollars toward the development of this institution.

We cannot allow that service to disappear with any one wave of budget cuts. We must assure a stable means of continued service, and to do so we must have a significant commitment from the Congress.

Quite simply, if public broadcasting loses any more of that commitment, we must be concerned with the survival of public broadcasting.

The full House Appropriations Committee has established the appropriation level for the Corporation for Public Broadcasting for fiscal year 1984 at $110 million. (Earlier, the full House voted overwhelmingly to authorize $160 million for CPB in fiscal year 1984.)

The Senate Appropriations Subcommittee already has approved the full $130 million authorized for fiscal year 1984.

Funding levels below $130 million will severely jeopardize the ability of public radio and public television stations to maintain their current level of service. The Corporation itself will have great difficulty in meeting costs associated with crucial system support, such as satellite, copyright and interconnection services. Even at the $130 million level, CPB's direct support to the stations will slip to unacceptably low levels, and its commitment to high-quality, national program production will be strained as program funds fall below amounts deemed necessary to maintain a quality effort.

Even if the full $130 million is appropriated, it still represents a reduction of 25 percent from the fiscal year 1982 appropriation of $172 million and an additional six percent reduction from the $137 million appropriated for fiscal year 1983. Because of inflation, the $130 million appropriation will have the purchasing power of only $104 million in constant dollars by fiscal year 1984.

Public broadcasting is facing a period of great adversity, of great testing. The years immediately ahead will be difficult. But I am convinced that public broadcasting can and will emerge stronger, more efficient and more effective, if the Congress does not let CPB's 1984 appropriation slip below $130 million.

SUBCOMMITTEE ON TELECOMMUNICATIONS, CONSUMER PROTECTION, AND FINANCE OF THE COMMITTEE ON ENERGY AND COMMERCE,
Washington, D.C., September 11, 1981.

Hon. WILLIAM NATCHER,
Chairman, Subcommittee on Labor, Health, Education and Welfare, Committee on Appropriations, Washington, D.C.

DEAR MR. CHAIRMAN: As members of the Commerce Subcommittee on Telecommunications, Consumer Protection, and Finance, we wish to express our strongest encouragement to you and the members of your Subcommittee to provide full funding for the Corporation for Public Broadcasting during your forthcoming consideration of its budget for fiscal year 1984, which is to be contained in the fiscal year 1982 Labor-HEW Appropriations Bill.

As you know, the reauthorization for the Corporation for fiscal years 1984-86 was included in the Omnibus Budget Reconciliation Act. As approved by both Houses, CPB's authorizations were set at $130 million for each of fiscal years 1984, 1985, and 1986. The authorizing legislation also established a detailed formula governing the allocation of CPB's funds for its administrative expenses and support for public television and radio activities.

We believe it critically important that CBP's fiscal year 1984 appropriation match our authorization of $130 million for the following reasons:

(1) At funding levels below $130 million, there exists a severe threat to the maintenance of public television and radio services. The Corporation would have great difficulty

meeting its administrative expenses and costs for system support such as satellite, copyright, and interconnection. In addition, direct support to public television and radio stations would reach unacceptably low levels—conceivably driving some stations off the air. Further, the commitment to national programming would fall below the amount deemed necessary to maintain a viable, quality effort.

(2) The $130 million authorization is a 40-percent cut from the current level of $220 million. If our request is met by your Subcommittee, it would still represent a 25-percent reduction from the fiscal year 1982 appropriation of $172 million, and a further 6 percent from the $137 million appropriated for fiscal year 1983.

(3) Even if the full $130 million is appropriated this year for fiscal year 1984, it will have the purchasing power of only $104 million in constant dollars by the time it is expended, given current estimates of inflation.

In the past, there has been a significant disparity between the authorized figures for CPB and its actual appropriations. In large measure, this has been due to unrealistically high authorization levels. We have fully reversed that situation. Accordingly, we believe the $130 million authorized for CPB should be considered as the minimum possible commitment, and respectfully urge your Subcommittee to fully meet the budget authority we have recommended. In our judgment, this figure is fully responsive to the need for fiscal restraint, while ensuring the maintenance of a basic level of public broadcasting services.

With appreciation for your consideration and attention to our interest, we are

Sincerely,

TIMOTHY E. WIRTH,
Chairman.
HENRY A. WAXMAN.
RON MOTTL.
JAMES P. SCHEUER.
MARC MARKS.
ED MARKEY.
JOHN D. DINGELL.
TOM TAUKE.

CPB BUDGETS FISCAL YEAR 1981 VERSUS 1984

	Current 1981	H.R. 3238 1984	Percent cut from 1981	Labor-HEW Subcommittee 1984	Percent cut from 1981
Total available funds	167.8	130.0	23	110.0	35
CPB	26.28	13.0	51	11.0	58
Administration and contingency	8.62	6.5	25	5.5	37
Interest, satellite, copyright, interconnection, research and training, education, engineering	17.66	6.5	63	5.5	69
Total television and radio	141.53	117.0	18	99.0	31
Television	106.28	87.75	18	74.25	31
CSG's (station support)	81.0	65.81	19	55.69	31
National programing	25.28	21.94	14	18.56	27
Radio	35.25	29.25	18	24.75	30
CSG's (station support)	21.15	14.62	31	12.37	42
National programing	14.1	14.62	.....	12.37	13

Note.—Fiscal year 1982 appropriation is $172 million; accordingly, percentage reductions under both H.R. 3238 and Labor-HEW Subcommittee recommendation will be higher when comparing fiscal year 1982 with fiscal year 1984.

Mr. BIAGGI. Mr. Chairman, I rise to offer this amendment to reallocate the funds provided in the bill for title V of the Older Americans Act. My amendment very simply places the Appropriations Committee bill in compliance with the 1978 Older Americans Act, the governing statute affecting the title V program.

What is at issue here? Section 506(a)(2) of the 1978 Older Americans Act states very clearly that all sums appropriated under this title for fiscal years after September 30, 1978, shall be distributed under a formula providing 55 percent to States and 45 percent to the eight national contractors who receive grants from the Department of Labor.

H.R. 4650 devises a new formula which will distribute the entire $277 million under a formula providing 80 percent to the eight national contractors—and only 20 percent for the States. This is in clear noncompliance with the terms of the law. That is the technical issue at hand.

In addition, the language in the bill goes against the intent of the Budget Reconciliation Act as it relates to title V. As a House conferee to the Older Americans Act, I helped to draft the statement of the conferees which stated very clearly that the $277.1 million authorized in the act was to be used "to maintain the existing activity level of 54,200 20 hour job slots." It did not say that the $277 million was to be used to alter the existing activity level—it said maintain.

To maintain the existing activity level means very simply—$209,847,000 for grants to national contractors and $67,253,000 for grants to States. Maintaining existing activity level does not mean reducing the State program by 18 percent—it does not mean shifting 6,300 job slots from States to national contractors. It means maintaining the status quo—and the figures which my amendment proposes as substitutes represent the status quo.

I emphasize to my colleagues that my amendment does not require additional money—it is simply a reallocation of existing funds. It is done to insure compliance by the Appropriations Committee to the provisions of the standing law governing title V—the Older Americans Act of 1965 as amended.

The committee report accompanying this bill makes the point that the national contractors have done an exemplary job of operating the title V program. This is not in dispute—except to add as a caveat so have the States done an excellent job.

My colleague from Iowa may raise the charge that State run programs consume far more in administrative costs than do national contractors. He may even cite a figure of an individual State with a 30 percent administrative cost figure. First, let me point out to my colleagues that the law specifically bars administrative costs in excess of 15 percent—and indeed if my colleague can identify the particular State program he has in mind—then I would counter by saying that the calculation he made is more likley based on a percentage of expended funds—which in some cases may be lower than funds awarded.

Further—if the argument is made that national contractors operate more efficiently in terms of reduced administrative costs—let me again counter by pointing out that of the eight national contractors—five have administrative costs in excess of 14 percent—with the maximum legal limit being 15 percent. Another is at 11 percent. Meanwhile, according to data supplied by the National Association of State Units on Aging, shows that the average amount of administrative costs among the States is 10.5 percent while the figure for the National contractors is 13 percent.

In addition, in conversations which I had with the Department of Labor this morning, they confirmed one of my major concerns about the impact of this amendment—namely, that there is absolutely no guarantee that the approximately 2,000 jobs which might be lost to the States will be assumed by the national contractors. Further, based on the percentage of administrative costs already assumed by the national contractor, to provide them with a $12 million increase—does not guarantee that all $12 million will go for employment. Out of custom—a portion of these funds will go for nonproductive administrative costs. Meanwhile, if we stick with existing law, and the present allocation formula—every cent that is going to provide part-time employment for older workers—will continue to provide part time work for older people.

Another point worth raising in defense of keeping the status quo. One of the goals of the title V program is not only to provide part-time employment prospects for older workers—but also to provide them with the opportunity to be placed in unsubsidized employment. The placement rate of State run title V programs is as good as or better than the records of 5 of the 8 national contractors.

Mr. Chairman, I believe I have made the case both from a technical and human standpoint for my amendment. Let me conclude by observing several things. First, the title V program since its inception is a success story. It works—why then do we want to tamper with it? Second, I have been an original cosponsor and served on both the subcommittee and full committee which have considered amendments to the Older Americans Act in 1972, 1975, 1978 and again this year. I am well versed in the program and assure my colleagues that there is no pragmatic or political justification for changing this formula. As proof of this, let me advise my colleagues that I have received this morning a commu-

nication from the National Council on Aging—one of the eight national contractors—endorsing my amendment.

I hope my colleagues will join me in support of my amendment.

□ 1630

Mr. SMITH of Iowa. Mr. Chairman, I rise to oppose the amendment.

Mr. Chairman, I am sure we have the same objectives but we have a little different view of what has happened and what we are doing here. The bill as it was reported out of our committee is the same as the bill was last year. The Labor Department illegally failed to follow the bill because they said when it became a continuing resolution they were not bound by the provisions of the bill—and they better not do that again. I am sure that is not within the law.

About 3 years ago we looked into this and we settled this in conference committee with the Senate as to how to divide the money between the two programs; one where nonprofit contractors hire part-time elderly citizens, and the other where State agencies administer the program.

What we found out was that the private contractors were using almost entirely all the funds for the elderly citizens—even the administrative part. The program administration was being done by qualified elderly citizens. Down at the Labor Department they will tell us that the cost of administration is 15 percent but that does not tell the story. The fact is the administration is being done by people qualified to be recipients. That is with nonprofit contractors.

On the other hand, the State agencies take the money. The people there that administer the program are not qualified elderly people by the nature of the agency itself. They do not have retired people working full time in the agency. So, we receive more jobs for the money through contractors like the Retired School Teachers, they have one of these contracts. The Green Thumb under Farmers Union has one. These kinds of contractors can probably provide at least 500 more jobs for elderly citizens with the money we have in the bill.

So, I ask the Members to turn this down. I might also mention, and maybe the gentleman from New York does not have this information yet, the new budget request which we received just a couple of days ago proposes to cut this program $33 million more and that would not provide enough for either program. So, we should make it go as far as we can.

Mr. OBEY Mr. Chairman, Will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I would just like to say that I think that the gentleman in the well is absolutely correct. I urge the committee to stick with the committee and support the committee on this amendment.

Mr. RATCHFORD. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, there is another side to the story that needs to be told. I do not in any way question the workability of the areas in the country that currently have it with a private contractor, but I will say to the Members that I was the commissioner in the State of Connecticut, and I think we have a good program there. The senior aides that we are talking about in some parts of Connecticut were coordinated by the State department on aging. We did have those over age 60 working in the department. We used these positions, I think, effectively.

How did we use them? We used them in advocate's roles so that those over the age of 60—500,000 strong in my State—had a strong say in the policy of the department and working with the legislature.

Second, we worked them effectively in our home care program, a program designed to keep people out of nursing homes. Third, they worked in nursing homes as patient advocates so that we had on board there people who understood the problems of those over the age of 60. Fourth, transportation programs. Fifth, health screening programs. Sixth, Outreach programs.

In each and every one of these our State, speaking for Connecticut, use the program effectively at the State level. So, I would suggest the amendment offered by the gentleman from New York, an individual who is a subcommittee chairman on the Committee on Aging, is the direction we should be taking. It is one that would work in my State. I would suggest that it would work in your State, and it would say that we have private sector involvement, yes, but where States are good, like Connecticut, we use these positions effectively at the State level. So I stand in strong support of the amendment.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from New York. (Mr. BIAGGI).

The amendment was rejected.

AMENDMENT OFFERED BY MR. ROUSSELOT

Mr. ROUSSELOT. Mr. Chairman, I offer an amendment.

The portion of the bill to which the amendment relates is as follows:

MINE SAFETY AND HEALTH ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses for the Mine Safety and Health Administration, $155,734,000 including purchase and bestowal of certificates and trophies in connection with mine rescue and first-aid work, and the purchase of not to exceed forty passenger motor vehicles for replacement only; the Secretary is authorized to accept lands, buildings, equipment, and other contributions from public and private sources and to prosecute projects in cooperation with other agencies, Federal, State, or private; the Mine Safety and Health Administration is authorized to promote health and safety education and training in the mining community through cooperative programs with States, industry, and safety associations; and any funds available to the Department may be used, with the approval of the Secretary, to provide for the costs of mine rescue and survival operations in the event of major disaster: *Provided*, That none of the funds appropriated under this paragraph shall be obligated or expended to carry out section 115 of the Federal Mine Safety and Health Act of 1977 or to carry out that portion of section 104(g)(1) of such Act relating to the enforcement of any training requirement, with respect to shell dredging, or with respect to any sand, gravel, surface stone, surface clay, colloidal phosphate, or surface limestone mine.

The Clerk read as follows:

Amendment offered by Mr. ROUSSELOT: Page 14, line 25, strike out the period and insert in lieu thereof the following: ": *Provided further*, That none of the funds appropriated under this paragraph shall be obligated or expended to prescribe, issue, administer, or enforce any standard, rule, regulation, or order under the Federal Mine Safety and Health Act of 1977 with respect to any person engaged in the surface mining of stone, clay, colloidal phosphate, sand, or gravel, or with respect to any person engaged in construction activities on the surface area of any coal or other mine.".

Mr. ROUSSELOT. Mr. Chairman, this amendment passed this House last year. It is a corrective amendment to change a very substantial disagreement of jurisdiction between OSHA and MSHA. I offered this amendment last year to the Labor Department appropriation bill to provide needed regulatory relief to a variety of small businesses regulated presently by the Mine Safety and Health Administration.

The purpose of my amendment was to deny funds to MSHA to enforce its inflexible rules and regulations against certain industries—namely the sand, gravel, crushed stone, clay, and colloidal phosphate industries—and thereby effect their transfer to the regulatory jurisdiction of OSHA. Let me stress that these industries were not to be left unregulated, but would have been transferred at their request to OSHA, which has certainly not been traditionally considered a "patsy" for the business community. This amendment was subsequently adopted by the House and later added by the Senate to the continuing resolution which would fund MSHA for fiscal year 1981. Unfortunately, during the fight over the congressional pay raise issue, the amendment was lost, along with a hundred other amendments, and therefore did not become law despite the overwhelming congressional support—both in the House and in the Senate.

Mr. Chairman, I am today offering this amendment. My amendment accomplishes the objectives of a bill currently cosponsored by 153 Members of this body, H.R. 1603. H.R. 1603 and other similar bills have languished in the Health and Safety Subcommittee of the Education and Labor Committee in the 96th Congress, and now in the 97th Congress despite the great support this legislation has from many, many Members of Congress. Congressmen MARLENEE and BARNARD—the principal sponsors of H.R. 1603 join me in urging your support for my amendment which is necessitated because of inaction by the committee having jurisdiction over H.R. 1603.

Two years ago the Appropriations Committee included language to deny MSHA funds to enforce complicated and, in many instances, irrelevant training requirements against these same industries. I am pleased to note that prohibition has been continued in the proposal pending before the House today. While our action on the training requirements has helped these industries, there is still a desperate need for further congressional action. My amendment makes it clear that we intend for OSHA to exercise jurisdiction over not only training of employees working in these industries but have total responsibility for assuring a safe and healthful workplace.

The industries I am seeking to have transferred from MSHA to OSHA were made subject to the Mine Safety and Health Act by the amendments that the Congress enacted in 1977. Few of us recognized at that time that we were imposing sophisticated regulations designed for large and highly technical operations on small businesses which are located in virtually every community in our country. The sand, gravel, and crushed stone industries, the two largest industries affected by the amendment, have an average number of employees per operation of 7 and 11 respectively.

The 1977 act has created continuing confrontations between these small businesses and the Federal Government. This adversary relationship is to no one's benefit. The transfer proposed in my amendment will restore a cooperative relationship between Federal safety and health experts and the industries for the benefit of the workers. The industries which would be transferred are not hazardous industries, as their current safety records demonstrate, and our acceptance therefore of this amendment will not provide any less safety and health protection to their employees.

Some of my colleagues have suggested that the relief sought by these industries can be administratively accomplished by the Mine Safety and Health Administration. To date, the only significant administrative relief and possibly all that is available under the constraints of the act has come from the so-called compliance assistance visit program which allows MSHA inspectors to examine an operation that has been closed due to seasonal conditions and provide a citation and penalty free inspection prior to its reopening. This limited and courtesy inspection is in sharp contrast to OSHA's program where an operator can request such an inspection at any time. The problem is that the 1977 Mine Safety Amendments Act leaves the Secretary of Labor with very little flexibility in providing such relief, thus underscoring the necessity for passage of my amendment.

It is regrettable that this serious regulatory problem which has been the subject of 21 days of hearings in the last Congress must be addressed by means of an appropriations rider here today. Hopefully, passage of my amendment will force full House consideration of legislation—specifically H.R. 1603—in the near future to make permanent the changes my amendment would make here today for 1982.

What is the actual effect of my amendment? My amendment simply provides that the regulation of persons engaged in the surface mining of stone, clay, colloidal phosphate, sand, or gravel, or with respect to any person engaged in construction activities on the surface area of any coal or other mine, for safety purposes, is transferred from MSHA to OSHA. One question often asked about this amendment is, Does the MSHA amendment create a void in Federal enforcement of safety and health standards over the surface mining of sand, gravel stone, clay, colloidal phosphate as well as surface mining construction?

No. OSHA, under the Occupational Safety and Health Act, has jurisdiction over these mines. OSHA, by its terms, applies to all employers engaged in a business affecting commerce, title 29, United States Code, section 652(5). Thus, OSHA legally covers mines which are also covered under the Mine and Safety and Health Act of 1977.

Additionally, the drafters of OSHA realized that there was the potential problem of dual regulation. Thus, they included in the act a deferral provision, title 29, United States Code, section 653(b)(1). It provides that where another Federal agency exercises its own statutory authority to prescribe or enforce occupational safety or health standards, then OSHA will not apply. The legislative history of OSHA shows that the key factor triggering deferral is the exercise of another agency's statutory authority over them.

In three separate court cases, three courts of appeals in our country, which incidently are the courts next in authority to the U.S. Supreme Court, it was held that OSHA has jurisdiction when any other agency—for example, Federal Railroad Administration, MSHA, et cetera—is deprived of their jurisdiction.

The appropriations limitation has the effect of not providing funding for fiscal year 1982 for the exercise of MSHA's statutory authority over the surface mines described in the pending amendment. Thus, there will be no exercise of statutory authority by MSHA.

The effect of this nonexercise under section 4(b)(1) of OSHA—title 29, United States Code, section 653(b)(1) thus triggers, by operation of existing law, the responsibility of OSHA to assume enforcement activity over the described surface mines.

Let me talk for a minute about the construction industry.

The construction industry was, and still is, specifically under OSHA jurisdiction for safety and health. In fact, in 1973, the construction industry initiated the call for a single standard, separate and apart from the general industry OSHA standards, so that the specific concerns of the construction industry could be adequately addressed. This was done on the basis of a study which pointed out the shortcomings, overlaps, and voids between the general industry and the construction series of OSHA standards. This step, published in the Federal Register in 1979, is an example of long-term cooperation between the construction industry and OSHA and dedication to a mutual goal—safety with practicability. Unfortunately, those construction contractors working on surface mine sites are considered to be miners and fall under MSHA's rules and regulations. These so-called miners may be constructing a scale house, a garage, a new shop building, or a structure to house a processing plant, but under the 1977 Mine Safety and Health Act, they are considered miners. And they are now subject to rules and regulations established for miners in addition to construction rules and regulations found under OSHA.

Let me give you a specific example. A construction firm is planning on building a highway. Along the right-of-way, the contractor negotiates with a farmer or a rancher for the purchase of stone, sand, or gravel from a "borrow pit" on his property. Suddenly, the farmer has become a mine-owner and the contractor has become a mine operator. This is the result of the MSHA ruling. One day, the contractor may greet an OSHA compliance officer performing an inspection of the site. The next day he may find an MSHA enforcement officer at the gate. Neither operate under the same rules, nor do they use the same or even similar citations of penalties. The

contractor must take time from his schedule to accompany each of these Federal officials during their inspections, or have one of his supervisors do so. In addition, the contractor must also permit the employee representative to join the entourage—all at the contractor's expense. This situation is clearly absurd.

If we are truly serious about budget cuts, and cutting down on truly excess Federal expenditures, then we should be saying, "you cannot send two inspectors to the same jobsite, because there is no reason to pay two people to do one job."

There is an interagency agreement between the Mine Safety and Health Administration and the Occupational Safety and Health Administration which should reduce some of the existing problems. However, all such memorandums of understanding have a degree of fragility about them, in that they commit only those signatory to the document and for an unspecified period. Further, the agreement reclassifies as mining some operations which have traditionally been regarded as construction. It suggests that whenever a construction contractor uses equipment to process or size material which he alone is responsible for excavating, he must be covered by the requirements of MSHA, compelling the contractor to provide 24 hours of superfluous training prior to 1 ounce of productive effort from his work force. Again, this cost spiral is all too obvious.

One construction industry group surveyed its members to get some idea of the cost impact of MSHA on the construction industry. The most conservative estimates of cost impact of MSHA on the Nation's highway program place the increase at 1 percent. That 1 percent comes to $300 million per year. This is only a part of the problem. What about the building contractors who purchase their stone, sand, gravel, aggregates, cement, concrete, brick, and so forth from suppliers? Members of the construction industry report that their material suppliers costs would increase anywhere from 5 to 10 percent. These increases are completely unnecessary.

One member of the industry stated,

If the huge MSHA staff went to the underground mines to work at the mining problem, instead of cluttering up the surface landscape with wasteful, duplicative efforts, we would all benefit.

Now, I would like to address those who say that MSHA is doing a terrific job and it is changing its ways—becoming more and more receptive.

I say that MSHA has not turned over a new leaf, the agency and its supporters are making inaccurate statements about its so-called new look that the situations brought to our attention by constituents with stone, sand, gravel, and clay operations as well as surface construction activities have not been resolved. Conditions have not improved to any appreciable degree.

During the 96th Congress, hearings were held on this issue in the House. And, despite consistent, overwhelming testimony from all elements of the non-coal-mining industry—these hearings are slated to continue ad finitum with the committee in the House showing no inclination to take action toward resolving the injustices found not just in the administration of the act—but in the act itself.

Certainly there is always need in every industry and service to continually improve safety and health conditions. But, the policeman approach of MSHA is not the answer. It appears methods of aggravation are the product, not constructive efforts to better safety.

It is now time to resolve this matter—if at least only for a year. The Senate Subcommittee on Labor has voted out S. 351 which would authorize this change in the MSHA legislation. The Senate has also indicated that they will include my amendment in their version of the Labor-Health, Education Appropriations bill for fiscal year 1982.

I urge support for this amendment to remove the stone, clay, sand, gravel and surface mining construction from the heavy foot of MSHA to OSHA. I urge the support of my colleagues. Let MSHA be directly and principally concerned with deep underground mines—not these surface operations, which can be and should be addressed by OSHA. Assigning jurisdiction over these industries to MSHA ill serves the objective of employee safety and health, imposes unnecessary burdens upon the separate industries and dilutes Government enforcement resources.

I urge my colleagues to vote in favor of this amendment.

□ 1640

Mr. Chairman, I now yield to my good colleague, the gentleman from Georgia (Mr. BARNARD), a sponsor of this legislation.

Mr. BARNARD. Mr. Chairman, I would like to ask this question of the distinguished gentleman from California (Mr. ROUSSELOT): The gentleman is saying here that these particular industries are under the supervision and control of the Office of Safety and Health Administration?

Mr. ROUSSELOT. Primarily they have been. But the problem has come to be that MSHA has attempted to assume jurisdiction and in many cases it has tried to move in where it has basically been unnecessary.

Mr. BARNARD. Actually in many cases MSHA has moved in?

Mr. ROUSSELOT. That is correct.

Mr. BARNARD. So, therefore, many of these industries are under dual jurisdiction.

Mr. ROUSSELOT. And it has become very confusing, and difficult for these small businesses to operate in a proper way.

Again we are not talking about deep mines or any of that type of thing. We are merely talking about sand, gravel, crushed stone, and so forth.

Mr. BARNARD. So we are not really asking that these industries be relieved of any inspections or from any jurisdiction over health and safety?

Mr. ROUSSELOT. Absolutely not.

Mr. BARNARD. But we are asking that they be ascribed to one agency as opposed to two agencies?

Mr. ROUSSELOT. That is correct. I appreciate the statement of my colleague, the gentleman from Georgia (Mr. BARNARD), who is an author of the bill, H.R. 1603, for which there are 153 sponsors in the House.

The answer to the gentleman's question is that this is not an attempt to remove these smaller industries from safety regulation but merely to clarify that OSHA has prime jurisdiction.

The CHAIRMAN pro tempore (Mr. FLIPPO). The time of the gentleman from California (Mr. ROUSSELOT) has expired.

(By unanimous consent, Mr. ROUSSELOT was allowed to proceed for 4 additional minutes.)

Mr. BARNARD. Mr. Chairman, will the gentleman yield further?

Mr. ROUSSELOT. I am delighted to yield to the gentleman from Georgia.

Mr. BARNARD. Mr. Chairman, let me say that the distinguished gentleman from Pennsylvania, the chairman of the subcommittee, has really been concerned about this matter. As a matter of fact, he made a visit to my district and my adjoining district to see firsthand what the conditions were. So I want to give him credit for at least being concerned about this matter.

Mr. ROUSSELOT. Did we change his mind?

Mr. BARNARD. I do not know that we changed his mind, but I think we did get some sympathetic understanding.

Mr. ROUSSELOT. He is more sympathetic now?

Mr. BARNARD. Yes.

Mr. ROUSSELOT. I am glad to hear that.

Mr. BARNARD. But at the same time we are still under the joint jurisdiction of two agencies, and we do not need that.

Mr. ROUSSELOT. It is unbearable to have dual jurisdiction. The gentleman is absolutely correct.

Mrs. SMITH of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to my colleague, the gentlewoman from Nebras-

ka, who is a cosponsor of this legislation.

Mrs. SMITH of Nebraska. Mr. Chairman, I appreciate very much the gentleman's yielding, and I rise in support of this amendment.

This amendment brings needed relief to the sand-and-gravel-pit operators whose longtime excellent safety record shows they do not need this kind of harassment from the Federal Government, and that they are perfectly capable of developing their own safety mechanisms.

I am very familiar with these operations. They are mostly father-son operators who only have two or three people hired, and these final rules that came out of the Mine Safety and Health Administration are an administrative nightmare.

Mr. ROUSSELOT. And they are very confusing.

Mrs. SMITH of Nebraska. Yes, they are very confusing, and we should not put this added burden on this small industry that can barely keep alive.

Mr. ROUSSELOT. Mr. Chairman, I thank my colleague, the gentlewoman from Nebraska (Mrs. SMITH), for her contribution. I know that she has been a watchdog in trying to eliminate dual bureaucratic redtape.

Mr. MARLENEE. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the other cosponsor of the legislation, H.R. 1603, my colleague, the gentleman from Montana (Mr. MARLENEE).

Mr. MARLENEE. Mr. Chairman, let me ask the gentleman this: As I understand it, this amendment would not exempt surface strip coal mines, of which we have a great many in the West, from the regulations of MSHA?

Mr. ROUSSELOT. That is my understanding.

Mr. MARLENEE. These people need the coverage of MSHA. This amendment would not touch that; it would leave that coverage in place?

Mr. ROUSSELOT. That is my understanding.

Mr. MARLENEE. I thank the gentleman from California (Mr. ROUSSELOT).

Mr. KRAMER. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to my colleague, the gentleman from Colorado (Mr. KRAMER), who I know is very familiar with this legislation.

Mr. KRAMER. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, the gentleman from California (Mr. ROUSSELOT) brings an important amendment to the floor, one that I hope the body will support for several reasons.

There has got to be something wrong when an activity is actually asking to be brought under OSHA or asking for OSHA regulation. When that kind of a unique occurrence evolves, one must figure that the Mine Safety and Health Act under which the industries, which are, as I understand it, sand, gravel, and stone, plus surface construction, are regulated, must have some problems. As these industries are presently being regulated, we must have some very serious reservations about the present posture of the Mine Safety and Health Act.

I would like to point out that as I have gotten into this issue as ranking minority member of the Subcommittee on Health and Safety of the Committee on Education and Labor, I have, much to my disturbance, found that enforcement under MSHA is characterized by confrontation and the creation of an adversary relationship between miners and management rather than, as it should be, characterized by conciliation and by working together.

I would like to point out, in addition to the points raised by this particular amendment, that the present MSHA law, unlike OSHA, is characterized by mandatory fines, no matter how small or large the operation.

The CHAIRMAN. The time of the gentleman from California (Mr. ROUSSELOT) has expired.

Mr. KRAMER. Mr. Chairman, I ask unanimous consent that the gentleman from California may be permitted to proceed for 3 additional minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Colorado?

Mr. CONTE. Mr. Chairman, reserving the right to object, we have just given the gentleman in the well an additional 4 minutes, and we have agreed to limit the time to 6 o'clock. We have Members here all over the place with amendments, and in all fairness, we should say, "All right, that's it. Let's not give him any more time by unanimous consent." But I will let it go this time.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Colorado that the gentleman from California (Mr. ROUSSELOT) be permitted to proceed for an additional 3 minutes?

There was no objection.

Mr. KRAMER. Mr. Chairman, I thank the gentleman from Massachusetts (Mr. CONTE) for not objecting to the unanimous-consent request, and if the gentleman from California (Mr. ROUSSELOT) will yield further, let me just summarize briefly. I hope we can share some of these 3 minutes with some of the other Members on our side of the aisle who wish to speak.

I would point out that the smallest infraction under the present law requires a fine. There is no provision for compliance assistance. In other words, unlike OSHA, under MSHA mine operators cannot come to MSHA and say, "Hey, tell me what I am doing wrong. Show me how I can improve my operation." They cannot do that without being slapped with a minimum fine and perhaps a maximum of closure.

There are mandatory inspections set by law that require two surface inspections every year regardless of safety records. So the present enforcement of the law does not permit targeting where targeting is really necessary on unsafe mining operations.

In addition, unlike OSHA, the MSHA law does not allow for State plans. In other words, a State cannot come in and ask for them to be under an appropriately approved plan as a self-regulating arm of mine safety, as is the case under OSHA.

In addition, unlike OSHA, no due process is available under MSHA. There is no right to a full hearing for mine operators, nor is there a right for an appeal from an adverse finding.

Finally, to show the Members just how punitive the law can work, as one example, training is needed for people who are about to engage in a dangerous occupation such as mining, and we have no argument with this requirement, but an office worker who works on the surface must undergo 24 hours of training in order to be qualifed to run a Xerox machine or a keypunch or to run a typewriter under this law.

So what I am saying in essence is that the law is predicated on confrontation rather than cooperation. It is also a shotgun approach where we fail to target on unsafe operations. We are assuming that everyone is unsafe, thus separating our valuable resources from enforcement.

Mr. ROUSSELOT. Mr. Chairman, I thank my colleague, the gentleman from Colorado (Mr. KRAMER), for his contribution, and I want to yield to my colleague, the gentleman from Pennsylvania (Mr. GAYDOS). First, let me say that I know my colleague, the gentleman from Colorado, is an active member of the committee, and I do appreciate his meaningful comments.

Mr. Chairman, I yield to the gentleman from Pennsylvania (Mr. GAYDOS).

Mr. GAYDOS. Mr. Chairman, I want to thank my colleague, the gentleman from California (Mr. ROUSSELOT), for yielding, and I know that he is fair. But let me ask him a question.

Mr. ROUSSELOT. Surely.

Mr. GAYDOS. I want to make sure that I did not misunderstand the statement the gentleman made.

The CHAIRMAN pro tempore. The time of the gentleman from California (Mr. ROUSSELOT) has again expired.

Mr. ROUSSELOT. Mr. Chairman, I would suggest that the gentleman from Pennsylvania (Mr. GAYDOS) secure additional time, because I want to hear what he says.

Mr. GAYDOS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would like my colleagues to understand that today's argument has occurred 6 months ago, a year ago, and 2 years before today.

Basically what we debate every time an appropriation presents itself—and this is the fundamental proposition right now—is that some who mine clay and stone and sand and gravel feel they should not be under the Mine Safety and Health Act; and from their feelings they conclude their position is correct.

Now, I can understand why they may feel they do not want to be under it. But at the time we passed the act back in 1977, when I managed that act on the floor of this House, there was no objection or protest from those who mine sand and gravel or those who mine clay and colloidal phosphates. None.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield at that point?

Mr. GAYDOS. I cannot yield to the gentleman. I simply do not have the time.

Mr. ROUSSELOT. I have some wonderful comments I could make.

Mr. GAYDOS. There was no opposition. I have held hearings since then on the question and no concensus for exclusion developed.

As for what is dangerous and what is not, all forms of mining are very dangerous. This is shown by MSHA's death records, and I think an analysis of those statistics should be part of this record.

□ 1650

I oppose this amendment because it ignores the reality of life in the mines—all miners are at risk whether on the surface or underground, whether dealing with coal or with gravel.

Debating, as will here, whether some should be exempt from the jurisdiction of the Mine Safety and Health Administration is like debating whether it is more harmful to fall 300 yards or 300 meters—distinctions can be found, but there is little difference in the result.

MSHA had a very good year in 1980—complete statistics show a 10-year low in mining fatalities—236 died—and a 44-percent reduction in mining deaths over 10 years.

These same statistics also show there is very little difference in the death rate per 200,000 mine hours among the different forms of mining.

Underground coal mining—by concensus the most dangerous work—had a death rate of 0.08.

Surface stone mining—which this amendment would in effect exempt from MSHA jurisdiction—had a death rate of 0.07.

The MSHA death rates in the agency's best year have all forms of mining fairly close in incidence rates.

Surface coal mining—a death rate of 0.06.

Nonmetal mining, underground—a death rate of 0.07.

Nonmetal mining, surface—a death rate of 0.05.

Sand and gravel, surface—a death rate of 0.05.

Surface metal—a death rate of 0.03.

I think the figures show that some forms of mining for which exemption is sought—on the supposition of difference—approach underground coal mining, the most dangerous, in fatalities.

In addition, the MSHA statistics show that fatalities in stone and sand and gravel mining account for over 18 percent—and that is close to one-fifth of all mining fatalities in the United States.

They account for over 74 percent of the deaths in surface mining.

Stone alone was responsible for 45 percent of the surface fatalities.

Clearly all mining is in the same league—a fast and dangerous one.

In MSHA, we have an effective agency that gives attention to miner safety and health and only miner safety and health. There is concentration, focus, and knowledge.

It has reduced mining deaths by 44 percent over the last decade.

MSHA should have jurisdiction over any form of mining.

The same is true, I believe, of construction at a mine site.

The Subcommittee on Health and Safety has held oversight hearings on the question and found no compelling reason for an exclusion and only divided opinion among those affected.

I have only one more point to make on this amendment.

It is flawed because it would write legislation through an appropriations bill.

At this point the RECORD also should include a statement from the National Limestone Institute dated May 11 of this year and addressed to the Honorable WILLIAM NATCHER.

The letter follows:

NATIONAL LIMESTONE INSTITUTE INC.,
Fairfax, Va., May 11, 1981.

Hon. WILLIAM NATCHER,
Chairman, Subcommittee on Labor-HHS-Education, House Committee on Appropriations, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The National Limestone Institute respectfully urges action on the part of the Subcommittee:

(1) to retain in any new Continuing Resolution for FY 1981 appropriations the current prohibition against expenditure by the Mine Safety and Health Administration of its appropriations to carry out Section 115 of the Act of 1977 with respect to any sand, gravel, surface stone, clay or colloidal phosphate mine;

(2) to incorporate identical prohibition language in MSHA's fiscal 1982 appropriations provision; and

(3) to resist adoption of language in either the FY 1981 Continuing Resolution or FY 1982 Labor-HHS-Education Appropriations Bill that would exempt the surface limestone quarrying industry from the jurisdiction of the Mine Safety and Health Administration.

The Subcommittee should be aware that legislation amending the Mine Safety and Health Act of 1977 (P.L. 95-164) will be introduced in the 97th Congress which will comprehensively resolve the difficulties this industry has experienced, not only with Section 115 of the Act, but in the areas of mandatory civil penalties, number of yearly inspections and on-site consultative services, to name only a few.

Continuance of this prohibition against MSHA expenditure of funds will provide the necessary relief to our industry during this period of time needed to enact permanent, legislative changes in the Act, by working with the House Education and Labor and Senate Labor Committees.

We certainly agree with the philosophy that the real key to health and safety—the non-engineering key—is sufficient training of the individual employee in the workplace. We have testified in this manner in every instance we have appeared before the Congress. We like to believe, too, that we practice what we preach. Certain provisions of Section 115 of the Act and the regulations promulgated pursuant to this section do not apply to the limestone industry and carry a meritorious philosophy in some instances to an unreasonable and impractical degree. We are firmly convinced of this after having tried to view the matter in every other conceivable light and to adapt to present legal requirements.

The past experience indicates, since enactment of this prohibition language in the FY 1980 Appropriations Bill, that MSHA's inability to enforce Section 115 has neither been 1) a deterrent to the formulation and administration by producers of effective training programs nor 2) deleterious to those employed within our Industry.

We ask that you continue this prohibition through FY 1981 and in the upcoming FY 1982. This stop-gap assistance will provide the opportunity to fashion legitimate and effective changes of a lasting value to the Mine Act—a goal we are certain to achieve during this Congress.

NLI does not believe, however, that it is in the best interest of our industry to adopt language in an appropriations bill that would exempt industries from MSHA jurisdiction, resulting in a transfer of regulatory responsibility to the Occupational Safety and Health Administration (OSHA). We are convinced that the resultant chaos from a one-year transfer, in effect only for the life of the Appropriations Bill, would further complicate an already complicated situation, and result in both actions and expenditures that will prove to be unnecessary and wasteful. This is in addition to the confusion and probable additional expenditures limestone producers will incur if required to completely throw out three years of MSHA compliance history and understanding and to begin anew with the myriad of requirements and standards required by OSHA, under which we have never operated and which we might only be mandated to operate for a year.

Let me reiterate that we expect to resolve most of our difficulties with the Mine Safety and Health Act through the Congressional legislative committees with jurisdiction. These are permanent modifications we are looking toward, and we hope that, when they come to the House floor, we will have the Subcommittee Members' support. A freeze within MSHA of the training requirements like that you have sponsored for

the industry since the FY 1980 bill is most helpful. A one-year transfer of regulatory responsibility, through an amendment to an appropriations bill, however, would not be helpful nor, we believe, conducive to the type of permanent solutions we are seeking.

Our membership of over five hundred limestone producers and 80 manufacturers applauds the Subcommittee's dedicated understanding and assistance in the past and your kind consideration this year of our requests.

Respectfully yours,

JAMES H. WILLIAMS,
President.

Mr. GAYDOS. The letter in sum and substance I think is a good, solid argument against what the gentleman wants to do.

I oppose the amendment and urge its defeat.

Mr. MARLENEE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong support of the amendment offered by my colleague from California. This amendment would prohibit the use of funds by MSHA to regulate the surface sand, gravel, stone, and clay industries.

Mr. Chairman, I along with my colleague from Georgia, have been trying for nearly 3 years now to transfer these industries from MSHA to OSHA. My bill, H.R. 1603, had 214 cosponsors in the last Congress and at this time now has 150 cosponsors. Despite this show of strong support by the House we have not been able to obtain a markup session in the subcommittee. Yes, there were extensive hearings in the last Congress, but the chairman of the subcommittee took great pains to say that these were oversight hearings on the 1977 Federal Mine Safety and Health Act amendments. They were not hearings on my bill, or the need for such a bill.

We have been told to wait for MSHA's review of their standards to see if they would correct the abuses of MSHA. We have been waiting over a year and one-half. We have been patient but as we wait, as we procrastinate on taking action, MSHA is increasing highway costs by $310 million per year, sapping $300,000 annually in Iowa alone because of MSHA's requirements, adding from 25 cents to $1 per ton of crushed stone, and annually costing the crushed stone industry over $273 million. Their action does for inflation what gasoline does for fire.

The other body has passed a compromise bill out of their Labor Subcommittee and the Appropriations Subcommittee and in addition has adopted my colleague's amendment in their actions on this appropriations bill. This legislation was also passed last year by the Senate on the continuing appropriations bill, but was later dropped.

Mr. Chairman, I have no quarrel with MSHA having jurisdiction over coal operations, or underground operations. But the sand, gravel, stone, and clay industries, along with the surface construction people, are not coal mines, they are construction outfits and should be regulated accordingly.

I believe that the only recourse left to us is to accept this amendment. The legislation I have introduced since 1979 has been put on hold. It is this inactivity which prompts this amendment today. I urge my fellow colleagues to adopt this amendment.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. MARLENEE. I am happy to yield to the gentleman from California.

Mr. ROUSSELOT. Let me comment in answer to my good colleague from Pennsylvania (Mr. GAYDOS) who referred to the importance of providing safety in the workplace for individuals covered under the law. He was a strong supporter of OSHA. Now he is trying to tell us do not put this group of small businesses under OSHA, something is wrong with it.

OSHA has done its job in many instances better than MSHA. To say that they would not do the job in providing safety in the workplace is just plain bunk. The gentleman heard my colleague from Montana explain very clearly that since MSHA went into power, the death rate has gone up, not down. So they have not done that much in this field of safety.

Mr. TAUKE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from California (Mr. ROUSSELOT). Iowa is a State that has been particularly hard hit by MSHA, since we have no deep mines but an abundance of limestone quarries and gravel pits. Iowa has been tormented for the last few years by MSHA inspectors who have refused to notice the difference between the safety problems of a coal mine and those of a limestone quarry. More than most States, Iowa has felt the crushing weight that the Federal bureaucracy can apply when it tries to overpower a problem rather than dealing with it sensibly.

The amendment will give Iowa some much-needed relief, by transferring jurisdiction over open mines to OSHA; but that relief will end with the current fiscal year, unless Congress adds similar language to next year's appropriations bill. Clearly, a permanent solution is needed, and it has been offered in H.R. 1603, introduced by the gentleman from Montana (Mr. MARLENEE). Like more than 150 of my colleagues, I am a cosponsor of H.R. 1603.

Support in Congress for removing MSHA's authority over open mines is both broad and deep. Last year, both Houses of Congress adopted an earlier version of the Rousselot amendment. This year, the Senate Appropriations Subcommittee on Labor, Health and Human Services, and Education has added the language of the amendment to its version of this bill, and Senate approval of the amendment is virtually certain. Perhaps the approval of the amendment by both Houses will be the prelude to enactment of a permanent reform like that proposed in H.R. 1603.

Mr. BAILEY of Pennsylvania. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I think there is a paucity of information on this issue that has been brought to the floor. In fact, I served on the Education and Labor Committee and I know that we were holding hearings on this issue. Underlying this, much of this discussion, is a conflict of jurisdictions between respective bureaucratic agencies. In fact, I know the chairman of the subcommittee has been holding hearings in that area and they have worked on this subject.

Mr. GAYDOS. Mr. Chairman, will my colleague yield?

Mr. BAILEY of Pennsylvania. I yield to my chairman.

Mr. GAYDOS. I think every Member with a direct or indirect interest in the subject would have to conclude, without reservation, that I have been as fair as I could be in holding hearings. All Members have been listened to, and all invited personally to appear before our committee. I have been fair. Everyone had a say—as long or as short as they wanted to make it. And there was no accumulation of substantial and effective evidence to dictate consideration of legislative changes on the part of the committee. None.

□ 1700

I can emote, probably, just as effectively if not as passionately, as my good friend, the gentleman from California; but I know why there is so much concern about MSHA providing a wrong type of a regulation; it is because the real point of contention that is covered by MSHA have two mandatory aboveground inspections, and four below ground.

But OSHA, based upon estimates of 5 million workplaces and a work force of around 97 million people, could in 20 years inspect them, maybe in 20 years, maybe once. We know that is one of the reasons why they want OSHA—two mandatory inspections by MSHA balanced against the remote possibility of one by OSHA. The difference is that all forms of mining are highly dangerous.

Now, if that is what this group wants, if that is what our colleagues think is just, under the circumstances, and if that is what this group finally determines they are going to do, I

guess it will be done. But I want the record to show that, basically, fundamentally and primarily, through all of those hearings, we had many people before us, that that difference—mandatory certainty versus remote possibility—kept repeating itself. People may say, "Well, who was at those hearings? Who testified? Who took that position?

We went to all people and all associations. We went to the association of bituminous contractors, for example. They testified before us, and they testified they could not support what the last part of this amendment calls for when this amendment calls for the change in the jurisdiction with respect to any person engaged in construction activities on the surface areas of any coal or other mine, they oppose it. They said it, I did not.

If anybody would think about why we set mining apart from other occupations, it would be logical and so clear; mining is inherently more dangerous than those occupations covered by OSHA, and it requires a special body of knowledge.

So I want to conclude by suggesting to my colleagues that, if you want to make your decision based upon the facts, the cold facts are that there are almost as many deaths in the mining of clay, sand and gravel, and colloidal phosphates, as there are in coal mining, and the workers deserve the same protection.

The CHAIRMAN pro tempore (Mr. FLIPPO). The question is on the amendment offered by the gentleman from California (Mr. ROUSSELOT).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. GAYDOS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 254, noes 165, answered "present" 1, not voting 13, as follows:

[Roll No. 247]

AYES—254

Alexander	Burgener	Dannemeyer
Andrews	Butler	Daschle
Anthony	Byron	Daub
Archer	Campbell	Davis
Ashbrook	Carman	de la Garza
Badham	Carney	Deckard
Bailey (MO)	Chappell	Derrick
Barnard	Chappie	Dickinson
Beard	Cheney	Dorgan
Bedell	Clausen	Dornan
Benedict	Clinger	Dowdy
Bennett	Coleman	Dreier
Bereuter	Collins (TX)	Duncan
Bethune	Conable	Dunn
Bliley	Conte	Eckart
Boggs	Corcoran	Edwards (AL)
Bouquard	Coughlin	Edwards (OK)
Bowen	Courter	Emerson
Breaux	Coyne, James	Emery
Brinkley	Craig	English
Brooks	Crane, Daniel	Erdahl
Broomfield	Crane, Philip	Erlenborn
Brown (CO)	Daniel, Dan	Ertel
Broyhill	Daniel, R. W.	Evans (DE)
Evans (GA)	Kemp	Regula
Evans (IA)	Kindness	Rhodes
Fazio	Kramer	Ritter
Fields	Lagomarsino	Roberts (KS)
Findley	Leach	Roberts (SD)
Fish	Leath	Robinson
Flippo	LeBoutillier	Roemer
Foglietta	Lee	Roth
Foley	Lent	Roukema
Forsythe	Levitas	Rousselot
Fountain	Lewis	Rudd
Fowler	Livingston	Santini
Frenzel	Loeffler	Sawyer
Fuqua	Lott	Schulze
Gejdenson	Lowery (CA)	Sensenbrenner
Gephardt	Lujan	Sharp
Gibbons	Lundine	Shaw
Gilman	Lungren	Shelby
Gingrich	Madigan	Shumway
Ginn	Marks	Shuster
Glickman	Marlenee	Siljander
Goldwater	Martin (IL)	Skeen
Goodling	Martin (NC)	Skelton
Gradison	Martin (NY)	Smith (AL)
Gramm	McClory	Smith (IA)
Green	McCloskey	Smith (NE)
Gregg	McCollum	Smith (OR)
Grisham	McCurdy	Snowe
Gunderson	McDonald	Solomon
Hagedorn	McEwen	Spence
Hall, Ralph	McGrath	Stangeland
Hall, Sam	McKinney	Stanton
Hamilton	Mica	Stenholm
Hammerschmidt	Michel	Stratton
Hance	Miller (OH)	Stump
Hansen (ID)	Mitchell (NY)	Swift
Hansen (UT)	Molinari	Tauke
Harkin	Montgomery	Tauzin
Hartnett	Moore	Taylor
Hatcher	Moorhead	Trible
Hefner	Morrison	Vander Jagt
Heftel	Myers	Volkmer
Hendon	Napier	Watkins
Hightower	Neal	Weber (MN)
Hiler	Nelligan	White
Hillis	Nelson	Whitehurst
Holt	Nichols	Whitley
Horton	Nowak	Whittaker
Hoyer	O'Brien	Whitten
Huckaby	Oxley	Williams (OH)
Hughes	Panetta	Winn
Hunter	Pashayan	Wirth
Hutto	Patman	Wolf
Hyde	Paul	Wortley
Ireland	Petri	Wright
Jeffords	Pickle	Wylie
Jeffries	Porter	Young (AK)
Jenkins	Pritchard	Young (FL)
Johnston	Pursell	Young (MO)
Jones (OK)	Quillen	Zablocki
Kazen	Railsback	

NOES—165

Addabbo	Dellums	Heckler
Akaka	DeNardis	Hertel
Albosta	Derwinski	Holland
Anderson	Dicks	Hollenbeck
Annunzio	Dixon	Hopkins
Applegate	Donnelly	Howard
Aspin	Dougherty	Hubbard
Atkinson	Downey	Jacobs
AuCoin	Dwyer	Jones (TN)
Bailey (PA)	Dymally	Kastenmeier
Barnes	Dyson	Kildee
Beilenson	Early	Kogovsek
Benjamin	Edgar	LaFalce
Bevill	Edwards (CA)	Lantos
Biaggi	Evans (IN)	Latta
Bingham	Fary	Lehman
Blanchard	Fascell	Leland
Boland	Fenwick	Long (LA)
Bolling	Ferraro	Lowry (WA)
Boner	Fithian	Luken
Bonker	Ford (MI)	Markey
Brodhead	Ford (TN)	Matsui
Brown (CA)	Frank	Mattox
Burton, Phillip	Frost	Mavroules
Clay	Garcia	Mazzoli
Coats	Gaydos	McDade
Coelho	Gonzalez	McHugh
Collins (IL)	Gore	Mikulski
Conyers	Gray	Miller (CA)
Coyne, William	Guarini	Mineta
D'Amours	Hall (OH)	Minish
Danielson	Hawkins	Moakley
Moffett	Rodino	Stark
Mollohan	Roe	Staton
Mottl	Rogers	Stokes
Murphy	Rose	Studds
Murtha	Rosenthal	Synar
Natcher	Rostenkowski	Traxler
Oakar	Roybal	Udall
Oberstar	Russo	Vento
Obey	Sabo	Walgren
Ottinger	Savage	Walker
Parris	Scheuer	Wampler
Patterson	Schneider	Washington
Pease	Schroeder	Waxman
Pepper	Schumer	Weaver
Perkins	Seiberling	Weber (OH)
Peyser	Shamansky	Weiss
Price	Shannon	Williams (MT)
Rahall	Simon	Wilson
Rangel	Smith (NJ)	Wolpe
Ratchford	Smith (PA)	Wyden
Reuss	Snyder	Yates
Richmond	Solarz	Yatron
Rinaldo	St Germain	Zeferetti

ANSWERED "PRESENT"—1

Bafalis

NOT VOTING—13

Bonior	Dingell	Marriott
Brown (OH)	Fiedler	Mitchell (MD)
Burton, John	Florio	Thomas
Chisholm	Jones (NC)	
Crockett	Long (MD)	

□ 1720

Messrs. FITHIAN, BONER, KOGOVSEK, LATTA, and ROE changed their votes from "aye" to "no."

Messrs. McKINNEY, HOYER, and MARKS changed their votes from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

□ 1720

The CHAIRMAN. The committee will rise informally in order that the House may receive a message.

MESSAGE FROM THE PRESIDENT

The SPEAKER pro tempore (Mr. MURTHA) assumed the chair.

The SPEAKER pro tempore. The Chair will receive a message.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries.

The SPEAKER pro tempore. The Committee will resume its sitting.

DEPARTMENT OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS, 1982

The Committee resumed its sitting.

AMENDMENT OFFERED BY MR. M'DONALD

Mr. McDONALD. Mr. Chairman, I offer an amendment.

The portion of the bill to which the amendment relates is as follows:

ASSISTANT SECRETARY FOR HUMAN DEVELOPMENT SERVICES

COMMUNITY SERVICES BLOCK GRANTS

For carrying out the Community Services Block Grant Act, $362,552,000, of which $32,630,000 shall be for carrying out section 681 of such Act.

The Clerk read as follows:

Amendment offered by Mr. McDONALD: On page 32, line 10, after "Act", strike out "$362,552,000, of which $32,630,000" and insert "$240,000,000 of which $21,600,000".

Mr. McDONALD. Mr. Chairman, on behalf of my colleague, Representative BEARD, I am offering this amendment today to reduce the appropriation for the community services block grant from $362.5 million to $240 million, approximately a one-third reduction. In addition, the discretionary portion of the appropriation, that being the amount, up to 9 percent, the Secretary of Health and Human Services could reserve for his discretionary use, will also be reduced commensurately.

Earlier this summer, Congress abolished the Community Services Administration. The obstensive purpose of the CSA was to administer the morass of welfare and social programs that were begun in the Great Society era and the many programs that have been added in intervening years. All of these programs purportedly had one common goal: To improve the plight of the poor. However, after over a decade of these programs and the expenditure of billions of dollars, we finally faced up to the fact that this money was being wasted on programs and projects that did not in any way touch or affect the lives of the poor. That money is now gone and cannot be retrieved. Furthermore, we have, as I have stated, abolished the CSA.

Before us now is an appropriation of $362.5 million, 90 percent of which must go to existing community action agencies that were administering the programs and projects that prompted us to abolish the CSA. In fact, in a GAO report to Congress dated July 10, 1981, the GAO found that at 12 community action agencies, over $11 million of Federal funds were being either mismanaged or misused.

Looking further at community services, a couple of specific examples of the type of projects and programs that we will be voting to continue may be enlightening:

First. National Center for Community Action received a $750,000 CSA grant in 1977, $360,000 went to salaries and overhead expenses, $55,000 was spent on travel.

Second. National Association of Farmworker Organizations received a $1 million grant for energy training and technical assistance: 40 percent of the grant went to overhead administrative expenses—program directors, travel, et cetera.

Third. CSA gave a $550,000 grant to the Washington based Food Research Action Center. The money, in part, went to help FRAC lobby Congress for expansion of the food stamp program.

Fourth. The Community Nutrition Institute received $200,000 "to develop a national strategy for Indian programs," in order to organize support for CSA programs. This institute has published a newsletter advocating action in support of the CSA program.

Fifth. $49,460 to a contractor called Solar American for "reseach on the solar-heated greenhouse industry."

Sixth. $167,190 to Louis Berger & Associates for an evaluation of the "National Demonstration Water Projects."

Seventh. $1.8 million to the National Consumer Law Center "to be used solely for a 2-year budget to maintain and expand its current advocacy, research, and active litigation with regard to State, Federal, and local utility and energy issues."

Eighth. $200,000 to Citizen-Labor Energy Coalition Foundation to fund for a 2-year period staff, travel, materials for providing training and technical assistance in organizing and coalition building for energy groups.

Without question, many members will feel there are several worthwhile local agencies funded under this program. However, by reducing the appropriation by only one-third, there is no reason why many of them will not continue to receive funding. What will be eliminated is a lot of undeserving grantees, such as the ones that I just mentioned. These can and should be cut. Remember, these are not entitlement programs. Not a single dollar goes to the poor. A substantial portion of the funds are used for administrative expenses such as salaries and travel costs of the poverty bureaucrats who profit the most from these programs. Additional dollars are spent to lobby Congress to provide even more funds to the various community services programs.

We have made some reductions in this appropriation from last year. However, we have not gone far enough. If we are in fact serious about balancing the budget and reducing the size of the bureaucracy of the Federal Government, why do we not start here with what has to be the epitome of the social pork barrel?

I urge you to support this amendment.

Mr. PERKINS. Mr. Chairman, will the gentleman yield to me?

Mr. McDONALD. Yes, I am pleased to yield to the gentleman.

Mr. PERKINS. How much does the gentleman's amendment cut in the community services? I am sorry that I missed the first part of it and I did not hear the figure.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

(By unanimous consent, Mr. McDONALD was allowed to proceed for 1 additional minute.)

Mr. McDONALD. This amendment reduces the community services block grant from $362.5 million to $240 million, approximately a one-third reduction.

In addition, the discretionary portion of the appropriation, that being the amount up to 9 percent the Secretary of Health and Human Services could reserve for discretionary use will also be reduced to a like amount or to a commensurate amount.

□ 1730

Mr. CONTE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is a real bad amendment. I hope I have the attention of the Members.

The gentleman's amendment cuts this program by an additional $122 million. We have already cut it $117 million from the fiscal year 1981 level. There was no March budget request proposed because the President proposed a social services block grant. However, Congress, in its wisdom, in reconciliation, set up the community services block grant at a ceiling level of $389 million.

As I say, the committee already cut the block grant $27 million below the reconciliation level, and $117 million below fiscal year 1981.

Now, listen to this, and the Members know this better than I do: 91 percent of these funds go to States directly for antipoverty programs aimed at the elderly and the disadvantaged. These are funds that go to every local community action agency in this country, including key programs for migrant workers, seasonal farmworkers, rural housing, and programs to promote self-sufficiency for the low-income persons.

These funds go to nutrition programs, weatherization programs, and they leverage in-kind equipment and services from the private sector totaling an estimated $115 million. Nine percent of these funds remain in the Secretary's discretionary fund. The committee specified that these funds should go for community economic development and the national youth sports program. This program bring kids out of the ghettos and into sports programs in the colleges throughout their communities, throughout the United States.

These programs under this gentleman's amendment would suffer an additional 33-percent cut. That is way too much. That is way too much. These are the only antipoverty programs that are left. What do you want to do—hit them in the head?

Perhaps more critical than all other arguments is the fact that the State and the local community action agen-

cies play such an important role in administering the $1.8 billion for the low-income energy assistance program for the poor and the elderly. Members have no heart when they vote for this amendment.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, I will ask the gentleman if the amount provided in the appropriation bill, $362,552,000, was not the amount that President Reagan had in his budget?

Mr. CONTE. It is. And it is $117 million below 1981.

Mr. PERKINS. And October 1 this year it is all block granted to the States. Am I correct?

Mr. CONTE. This was the big argument here: Give it to the States in block grants, make a 27-percent cut, let us buy it. And now the gentleman is coming back here and jabbing them even further.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

Mr. Chairman, if I understand correctly, we are cutting the block grant program. Is that not the case?

Mr. CONTE. Yes; we are already cutting it.

Mr. WALKER. Does it not seem to the gentleman what we could end up doing is undercutting the whole concept of block grants since this is one of the major block grants we passed? It seems to me this amendment runs a risk, at the time we are trying to implement these programs, of giving the States real problems in getting that kind of a program going which will save vast amounts of money in the years ahead.

Mr. CONTE. The gentleman is absolutely right.

Mr. WALKER. I thank the gentleman.

Mr. NATCHER. Mr. Chairman, will the gentleman yield to me?

Mr. CONTE. I yield to the gentleman from Kentucky.

Mr. NATCHER. Mr. Chairman, I would like to associate myself with the statement just made in the well by the gentleman from Massachusetts (Mr. CONTE).

If this amendment is adopted, it would cut 50 percent below last year's level. We took this bill into the subcommittee. We had careful hearings on the bill. We cut 25 percent. The gentleman would agree on that; 25 percent.

This amendment, Mr. Chairman, cuts too deeply. This amendment should be defeated.

Mr. HARKIN. Mr. Chairman, before we consider any motion to recommit this appropriation bill I would like to remind my colleagues of what we are doing to many of the programs which have received support from this House for many years. We are not cutting them; we are killing them and the valuable services they provide our citizens.

Of particular interest to me is the community service block grant (CSBG). This program is the successor to the War on Poverty and the Community Services Administration. In February, the President told us that we should cut waste, fraud, and abuse from this and other programs but cutting them by 25 percent and turning them over to the States. Well, we went along with the President, in fact, we did him one better. Not only did we transfer responsibility for this program to the Governors, we cut it much more than 25 percent. In fiscal year 1981, this program received an appropriation of $541 million. The level set in the omnibus reconciliation bill is $389 million; a reduction of $152 million, or almost 30 percent. Well, that was not enough for Mr. Reagan. His March 10 request for this program was $362 million, down another $27 million from the 30-percent cut already requested. I believe that this is what OMB calls reestimation. I call it a gutting of the program.

Well, the House went along. We cut another $27 million and pared the program down to $362 million.

Now we are told that we still have not cut enough. This program which provides important services to low-income people, both urban and rural, is about to be cut further. Not only are we cutting off funds for many important community-based organizations, which in my rural State are the only places to get services, we are also cutting off funds for small towns to receive assistance in developing clean water and decent housing and assistance for migrant farmworkers to receive help as they travel the Nation picking our food. Today I talked with the Office of Planning and Programming, the agency which administers this program in Iowa. They told me that if we cut this program further we are in effect killing it in Iowa.

Let me remind all of you that the funding level for this program was negotiated with the administration and was set at $389 million. They have come back to us to reduce it further twice; we said yes the first time. This time I hope we change our tune.

I urge you to vote against this amendment.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

The question is on the amendment offered by the gentleman from Georgia (Mr. MCDONALD).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. MCDONALD. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. One hundred and nine Members are present, a quorum.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Georgia (Mr. MCDONALD) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. RANGEL

Mr. RANGEL. Mr. Chairman, I offer an amendment.

The portion of the bill to which the amendment relates is as follows:

HEALTH CARE FINANCING ADMINISTRATION

GRANTS TO STATES FOR MEDICAID

For carrying out, except as otherwise provided, title XIX of the Social Security Act, $17,427,843,000, to remain available until expended.

For making, after June 30 of the current fiscal year, payments to States under title XIX of the Social Security Act, for the last three months of the current fiscal year; and for making after July 31 of the current fiscal year, payments for the first quarter of the succeeding fiscal year; such sums as may be necessary, the obligations incurred and the expenditures made thereunder for payments under such title to be charged to the subsequent appropriation therefor for the current or succeeding fiscal year.

In the administration of title XIX of the Social Security Act, payments to a State under such title for any quarter in the period beginning July 1 of the prior year and ending September 30 of the current year may be made with respect to a State plan approved under such title prior to or during such period, but no such payment shall be made with respect to any plan for any quarter prior to the quarter in which a subsequently approved plan was submitted.

Such amounts as may be necessary from this appropriation shall be available for grants to States for any period in the prior fiscal year subsequent to June 1 of that year.

The CLERK read as follows:

Amendment offered by Mr. RANGEL: Page 26, line 13, after "expended" insert ": *Provided*, That funds available from this appropriation shall be used to make awards to at least 7 States for projects authorized by section 966 of the Medicare and Medicaid Amendments of 1980 (42 U.S.C. 632a)".

Mr. RANGEL. Mr. Chairman, this amendment costs no money.

The Energy and Commerce Committee and the Ways and Means Committee have already authorized the Secretary to have 12 States who want to participate in this program to train AFDC recipients in order to do home health care for the sick and the elderly. We only have two programs in effect now. This merely, at no extra cost, would mandate that seven States come under this provision.

Mr. BAFALIS. Mr. Chairman, will the gentleman yield?

Mr. RANGEL. I yield to the gentleman from Florida.

Mr. BAFALIS. Mr. Chairman, was not this also passed by reconciliation?

Mr. RANGEL. Yes. In 1980.

Mr. BAFALIS. It is my understanding there will be no additional cost as a result of this amendment.

Mr. RANGEL. No additional cost. There is $2 million already set aside under the program.

Mr. BAFALIS. We are in support.

Mr. NATCHER. Mr. Chairman, will the gentleman yield?

Mr. RANGEL. I yield to the gentleman from Kentucky.

Mr. NATCHER. Mr. Chairman, we have had an opportunity on this side to examine the gentleman's amendment. He was kind enough to submit it to us.

We have no objection to the gentleman's amendment.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. RANGEL. I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Chairman, we have had discussions with the gentleman in the well.

We certainly support this amendment. It makes a lot of sense.

Mr. RANGEL. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. RANGEL).

So the amendment was agreed to.

□ 1740

AMENDMENT OFFERED BY MR. LEVITAS

Mr. LEVITAS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEVITAS: Page 62, after line 23, insert the following new section:

SEC. 513. None of the funds appropriated by this Act may be used to implement, administer, or enforce any regulation which has been disapproved pursuant to a resolution of disapproval duly adopted in accordance with the applicable law of the United States.

Mr. LEVITAS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the gentleman from Georgia?

There was no objection.

Mr. LEVITAS. Mr. Chairman, the amendment I am offering would prevent the use of any funds by the departments and agencies funded by this bill for the implementation of any regulations or actions which have been vetoed by Congress using the specific veto procedures provided by applicable law.

There are several programs and agencies funded under this bill which are subject to some sort of legislative veto. For example, regulations issued by the Department of Education under the general education provisions are subject to a legislative veto, as are certain regulations and provisions set forth under the Higher Education Act. Child support standards issued by the Secretary of Health and Human Services are subject to a legislative veto.

The basic issue here, however, transcends the question of legislative veto. Even the few Members who still do not support legislative vetoes, surely must support the doctrine of following the law under which legislative vetoes are enacted and then duly exercised.

I have offered this amendment because past administrations have stated their intentions not to obey the law with regard to legislative vetoes. This unfortunate circumstance became concrete under the Carter administration last year after Congress vetoed four sets of regulations proposed by the Department of Education. In response, the Carter administration, through Attorney General Benjamin Civiletti and Secretary Shirley Hufstedler, announced a decision to ignore these vetoes. In short the Carter administration said it would not obey the law, providing for legislative veto of these regulations, as it was duly enacted by Congress and signed by the President.

The law in this case is very simple. It is very explicit. It says that where both Houses of the Congress have adopted a congressional veto, the regulations become null and void.

However, the problem was not just with the Department of Education. It was the general policy of the Carter adminstration. While I would hope that the Reagan administration will not be willing to disregard the law, we must be sure that the law is followed. This amendment will act as a safeguard to prevent this disregard for the law from occurring again.

The action of past administrations makes the issue one of whether we in Congress are going to allow the law to be ignored. I do not believe any Member of Congress can stand by and allow our mandates to be treated in such cavalier fashion. The Constitution of the United States requires the President of the United States to faithfully execute the laws. He is not given the authority to pick and choose those laws he wants to implement and those that he does not want to implement.

It is not for the executive branch to decide what laws will be enforced. There is a very important case that illustrated that point, Kendall against United States, decided by the Supreme Court in 1838. In that instance, the President of the United States directed the Postmaster General not to pay a certain sum required to be paid by Congress to a contractor with the Post Office, and in issuing the writ of mandamus, the Court said:

To contend that the obligation imposed or the President to see the laws faithfully executed implies a power to forbid their execution is a novel construction of the Constitution and entirely inadmissible.

No, the President of the United States does not have the power or the right or the prerogative not to enforce the laws. Where such disputes exist the proper forum for resolving them lies within the court system and ultimately within the jurisdiction of the Supreme Court. The administration's questions about this provision of the law should be resolved in that arena, not by noncompliance.

Mr. Chairman, this is a simple proposition. Once a legislative veto has been exercised, it is a disobedience of the law by those charged with the responsibility of executing the law to disregard it, and I do not think we ought to give them money to disobey the law. The only way we can effectively enforce these provisions of the law is to provide a limitation for funding so that no funds can be used for purposes of implementing disapproved or vetoed actions.

That is the reason I have offered this amendment, Mr. Chairman. We are facing a significant challenge to our constitutional powers, and we must rise to meet it. My amendment will do so in a simple direct fashion. I urge every Member of this body to support its passage.

Mr. NATCHER. Mr. Chairman, will the gentleman yield?

Mr. LEVITAS. I will be happy to yield.

Mr. NATCHER. Mr. Chairman, we have had an opportunity to examine the amendment of the gentleman from Georgia, and we have no objection to the amendment.

Mr. LEVITAS. I thank the gentleman.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. LEVITAS. I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Chairman, we have no objection to this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia (Mr. LEVITAS).

The amendment was agreed to.

Mr. PICKLE. I move to strike the requisite number of words.

Mr. Chairman, this year in the Budget Reconciliation Act we cut out the beneficiary rehabilitation program at the recommendation of the administration. This means no more trust funds are going to State vocational rehabilitation to rehabilitate workers who are on the disability rolls. Many people argue that this was a penny-wise pound-foolish provision since estimates showed that the program was actually saving the trust fund money. At the conference we did save the House provision which would allow trust fund money for successful rehabilitations. We also authorized in the

legislation advances to the States on some of the anticipated rehabilitations so that the program would not go dead in the water.

Is it the intention of the gentleman from Kentucky that there should be advances to the State agencies so that at least pipeline cases with high potential for rehabilitation can be continued? This is very important if this program which saves money for social security is to be continued in even a very modest way.

Mr. NATCHER. Mr. Chairman, will the gentleman yield?

Mr. PICKLE. I yield.

Mr. NATCHER. Mr. Chairman, I would say to the gentleman from Texas that his contention is correct. The observation he has made is correct. As he will note, on page 74 of our report, in the middle of the page, we set forth language which clears the matter completely and agrees with the statement the gentleman has just made.

Mr. PICKLE. I thank the gentleman.

AMENDMENT OFFERED BY MR. GREGG

Mr. GREGG. Mr. Chairman, I offer an amendment.

The portion of the bill to which the amendment relates is as follows:

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses for the Occupational Safety and Health Administration, $224,834,000, including not to exceed $44,700,000, which shall be the maximum amount available for grants to States under section 23(g) of the Occupational Safety and Health Act, which grants shall be no less than fifty percent of the costs of State occupational safety and health programs required to be incurred under plans approved by the Secretary under section 18(b) of the Occupational Safety and Health Act of 1970: *Provided*, That none of the funds appropriated under this paragraph shall be obligated or expended for the assessment of civil penalties issued for first instance violations of any standard, rule, or regulation promulgated under the Occupational Safety and Health Act of 1970 (other than serious, willful, or repeated violations under section 17 of the Act) resulting from the inspection of any establishment or workplace subject to the Act, unless such establishment or workplace is cited, on the basis of such inspection, for ten or more violations: *Provided further*, That none of the funds appropriated under this paragraph shall be obligated or expended to prescribe, issue, administer, or enforce any standard, rule, regulation, or order under the Occupational Safety and Health Act of 1970 which is applicable to any person who is engaged in a farming operation which does not maintain a temporary labor camp and employs ten or fewer employees: *Provided further*, That none of the funds appropriated under this paragraph shall be obligated or expended to prescribe, issue, administer, or enforce any standard, rule, regulation, order or administrative action under the Occupational Safety and Health Act of 1970 affecting any work activity by reason of recreational hunting, shooting, or fishing: *Provided further*, That no funds appropriated under this paragraph shall be obligated or expended to administer or enforce any standard, rule, regulation, or order under the Occupational Safety and Health Act of 1970 with respect to any employer of ten or fewer employees who is included within a category having an occupational injury lost work day case rate, at the most precise Standard Industrial Classification Code for which such data are published, less than the national average rate as such rates are most recently published by the Secretary, acting through the Bureau of Labor Statistics, in accordance with section 24 of that Act (29 U.S.C. 673), except—

(1) to provide, as authorized by such Act, consultation, technical assistance, educational and training services, and to conduct surveys and studies;

(2) to conduct an inspection or investigation in response to an employee complaint, to issue a citation for violations found during such inspection, and to assess a penalty for violations which are not corrected within a reasonable abatement period and for any willful violations found;

(3) to take any action authorized by such Act with respect to imminent dangers;

(4) to take any action authorized by such Act with respect to health hazards;

(5) to take any action authorized by such Act with respect to a report of an employment accident which is fatal to one or more employees or which results in hospitalization of five or more employees, and take any action pursuant to such investigation authorized by such Act;

(6) to take any action authorized by such Act with respect to complaints of discrimination against employees for exercising rights under such Act: *Provided further*, That the foregoing proviso shall not apply to any person who is engaged in a farming operation which does not maintain a temporary labor camp and employs ten or fewer employees: *Provided further*, That none of the funds appropriated under this paragraph shall be obligated or expended for the proposal or assessment of any civil penalties for the violation or alleged violation by an employer of ten or fewer employees of any standard, rule, regulation, or order promulgated under the Occupational Safety and Health Act of 1970 (other than serious, willful or repeated violations and violations which pose imminent danger under section 13 of the Act) if, prior to the inspection which gives rise to the alleged violation, the employer cited has (1) voluntarily requested consultation under a program operated pursuant to section 7(c)(1) or section 18 of the Occupational Safety and Health Act of 1970 or from a private consultative source approved by the Administration and (2) had the consultant examine the condition cited and (3) made or is in the process of making a reasonable good faith effort to eliminate the hazard created by the condition cited as such, which was identified by the aforementioned consultant, unless changing circumstances or workplace conditions render inapplicable the advice obtained from such consultants: *Provided further*, That none of the funds appropriated under this paragraph may be obligated or expended for any State plan monitoring visit by the Secretary of Labor under section 18 of the Occupational Safety and Health Act of 1970, of any factory, plant, establishment, construction site, or other area, workplace or environment where such a workplace or environment has been inspected by an employee of a State acting pursuant to section 18 of such Act within the six months preceding such inspection. *Provided further*, That this limitation does not prohibit the Secretary of Labor from conducting such monitoring visit at the time and place of an inspection by an employee of a State acting pursuant to section 18 of such Act, or in order to investigate a complaint about State program administration including a failure to respond to a worker complaint regarding a violation of such Act, or in order to investigate a discrimination complaint under section 11(c) of such Act, or as part of a special study monitoring program, or to investigate a fatality or catastrophe: *Provided further*, That none of the funds appropriated under this paragraph may be obligated or expended for the inspection, investigation, or enforcement of any activity occurring on the Outer Continental Shelf which exceeds the authority granted to the Occupational Safety and Health Administration by any provision of the Outer Continental Shelf Lands Act or the Outer Continental Shelf Lands Act Amendments of 1978: *Provided further*, That none of the funds appropriated under this paragraph shall be used to fund any grant to any business, union, trade association, or other grantee which is not properly reviewed under the peer review procedures used in fiscal year 1980. Furthermore, none of the funds appropriated under this paragraph shall be used to provide grants to any business, union, trade association, or other grantee that does not have an established and effective program for educating employers or employees about occupational hazards and disease.

The Clerk read as follows:

Amendment offered by Mr. GREGG: Page 10, line 7, strike the word "ten" and insert in lieu thereof the word "twenty-five".

Page 11, line 15, strike the word "ten" and insert in lieu thereof the word "twenty-five".

Page 11, line 19, strike the word "ten" and insert in lieu thereof the word "twenty-five".

Mr. GREGG. Mr. Chairman, I will try to be brief. This amendment I think is fairly self-explanatory and goes in two directions: First, to try to improve the productivity of small businesses; second, to improve the productivity of OSHA.

It should be noted that what this amendment does is exempt the small employer from OSHA, who has 25 or less employees, and over the years has established a strong track record for safety. In fact, the exemption does not apply unless that employer has a track record of safety which falls above or is better than the national average for that industry. Second, the exemption does not apply for OSHA consultations in the instances where there is a health hazard, in the instances where there is imminent danger, in the instances where there is discrimination, in the instances where there is an accident involving five people or a fatality. So, it is really a very limited exclusion for a very small businessman, a person who has less than 25 people employed.

The reasons for this amendment go to the fact that OSHA has failed in many ways to administer its programs, and it has been found statistically and

over its history that it is spending approximately 50 percent of its investigative time on business with 25 or less people, which represent only 30 percent of the workers in this country, while spending only 50 percent of its time on businesses where 25 or more people are in the shops, which represents 70 percent of the workers in this country, and yet the 30 percent who have employees of under 25 represent about 28 percent of the fatalities, whereas the 70 percent of shops that employ individuals over the number of 25 represent 72 percent of the fatalities. Or, to try to be more simplified, the small businessman with 25 or less employees has a 3 times less injury and fatality rate than the businessman who has 25 or more employees, so we are in a situation where OSHA could better concentrate its time on larger employers, especially since those larger employers represent, as far as a group, only about 10 percent of the number of the people who are under 25.

Second, there is the encouragement that goes to a small businessman who maintains a record of safety, and who knows that by maintaining that record of safety he will not have to deal with OSHA regulation and oversight. I think that is a tremendous incentive to keep the small businessman in the safety category and to keep that person from having a workshop which is not safe.

So, I believe that there is a strong argument first, to promote OSHA to be more efficient; and second, to allow the small businessman to be independent of OSHA regulations.

Mr. GAYDOS. Mr. Chairman, will the gentleman yield?

Mr. GREGG. I yield.

Mr. GAYDOS. Mr. Chairman, my colleague, as he well knows, had his amendment printed in the RECORD providing for a 50-employee exclusion and changed it to 25. Can he give us the statistics how they would affect the number of workers and workplaces?

Mr. GREGG. Yes; by going to 25 or less—I do not have the work sites, but we are dealing with 30 percent of the workers versus the 50 percent level, and if we take in shops which have 25 persons or more we are dealing with 70 percent of the workers.

Mr. GAYDOS. I did not understand the gentleman. His 50 percent, 50 workers in his original amendment would reflect 34 percent of the workers, and he says that figure has changed to what?

Mr. GREGG. It would affect 30 percent of the work force.

Mr. GAYDOS. Thirty percent of the work force—how about the business or work sites?

Mr. GREGG. It would affect 90 percent of the work sites, I would assume, somewhere in that vicinity.

Mr. GAYDOS. It cannot be.

Mr. GREGG. I do not have that figure.

Mr. GAYDOS. Take a look at it again, because when the gentleman had the 50 exemption it affected 66 percent, and he says now it is how many percent?

Mr. GREGG. I do not have that figure, but I believe that for the work sites that have 25 or more employees——

Mr. GAYDOS. I would be the last one to try to confuse my colleague, but for a sense of clarity and fairness so that everybody would understand what we are talking about, does the gentleman have a figure as it affects the number of work sites if the gentleman's amendment would pass; that is, exempting all the shops with 25 or less employees? It is very important.

Mr. GREGG. Yes; I can get the gentleman that figure.

Mr. CONTE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, shortly we will go back into the House and there will be a motion to recommit this bill. I strongly oppose any motion to recommit this bill.

This is a good bill. No, it does not give the administration everything it wants, but it is our job to judge, and it is our job to decide just where this Nation's limited resources should be applied.

You know what this bill represents.

This bill is America's investment in humanity.

This bill is where we express out interest and our concern for our fellow man.

This bill is where we show we still care about those that need a helping hand.

This bill is where we call forth that early American spirit of extending ourselves to help others help themselves.

New Englanders certainly have not forgotten their heritage of extending a helping hand. When a farmer's barn was burned, the community gathered together to build a new one. When the harsh winters threatened the very life of our grandfathers, every individual sacrified their own comforts to help everyone pull through.

Not only is this bill America's investment in humanity, it represents stock in America's future. This Nation's future is based on an investment in our individual and collective health. It is based on an investment in the education of our citizens. Our Government, our Nation, has always functioned most effectively when our citizens have been educated, well informed and involved in their Government. This Nation's future is also based on the labors of its citizens. This bill represents all of these qualities and principles. It is America's investment in humanity.

Sure, you could indiscriminately cut this bill further so long as you showed no regard for humanity, for instance, some here would slash all student aid without regard for the fact that by drastically reducing student financial assistance they are pricing all but the children of wealthy persons out of higher and professional education.

Sure, we could cut another $50 million or $100 million out of maternal and child health programs. By doing so, however, we would severely undermine the provision of any effective services to children with birth defects, to the mentally retarded and to mothers who are clearly at risk of life-threatening, birth complications. Yes, we could take $40 million out of venereal disease prevention programs and watch the rampant spread of sexually transmitted diseases race even faster through our school-aged children.

And, we could eliminate further funding of biomedical research or disease prevention activities. But where would we be today if we had never developed the electron microscope which has made it possible for medical science to untangle secrets that save thousands of lives every year. Where would we be as a Nation of healthy, caring people if we had never developed vaccines.

And we could go further and eliminate the remaining Federal support for "employment and training" activities. We could virtually close out CETA title II by taking another $1 billion there and in the process we would put more discouraged, unemployed persons back on our city streets. And, we could take all the youth employment and training money and put another 1 million youths out of work for next summer.

I do not believe any among us want to be that irresponsible. This bill is America's investment in humanity and we must not sell out the American people. We have made lots of cuts, we have produced a good package here, let us give it our support and protect America's investment in humanity.

Recommitting the bill would not be merely pulling back that helping hand Americans have always been willing and eager to extend, it would be chopping it off at the elbow. We cannot allow that to happen.

Let me just reemphasize that less than 4 weeks ago today our subcommittee marked up this bill. The human needs of the American people were real at that time, they are still very real today. If those needs have changed at all, they have increased; yet here we stand threatening—we, the people's elected representatives, threatening to turn away from those needs, to shirk our responsibilities.

I urge my colleages to support this bill and defeat this motion. The cuts are deep enough in these human areas. Let me just remind you that we have already cut $4 billion from CETA: we have already cut maternal and child health, alcohol, drug abuse, and mental health activities, preventive health services, health resources, and numerous education programs.

□ 1750

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. CONTE) has expired.

Mr. NATCHER. Mr. Chairman, I ask unanimous consent that the gentleman from Masachusetts (Mr. CONTE) be permitted to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

Mr. MILLER of California. Mr. Chairman, reserving the right to object, I would like the gentleman to address the amendment before this body to uncover workers from OSHA and stop with the rhetoric and deal with the issue before us, which is an amendment to raise the exemption from 10 to 25.

Therefore, Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

PREFERENTIAL MOTION OFFERED BY MR. LOTT

Mr. LOTT. Mr. Chairman, I offer a preferential motion.

The Clerk read as follow:

Mr. LOTT moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

POINT OF ORDER

Mr. WEISS. I have a point of order, Mr. Chairman.

The CHAIRMAN. The gentleman will state his point of order.

Mr. WEISS. Mr. Chairman, at the time the gentleman from Kentucky (Mr. NATCHER) requested unanimous consent that debate be terminated at 6 o'clock, we were given assurances that all the amendments that were notices and indeed all the amendments any Member had to offer would be entertained. So I now raise the point of order that in fact the gentleman is proceeding out of the regular order that was agreed to.

The CHAIRMAN. The gentleman from Mississippi (Mr. LOTT) has offered a preferential motion which is in order and not precluded by the unanimous-consent agreement, and under the unanimous-consent agreement, the gentleman from Mississippi is recognized for 2½ minutes.

Mr. LOTT. I thank the Chair.

Mr. Chairman, I would like to express my similar feelings with the gentleman from New York (Mr. WEISS). I regret that this is the procedure we have to use, but under the time restraints that were agreed to, unfortunately by unanimous consent, this is the only way we can make our comments on the motion to recommit before the time expiration and before the vote occurs so we can go to a straight vote on the motion to recommit.

Mr. Chairman, I would like now to yield, before I make any further comments, to the gentleman from Ohio (Mr. REGULA), who will offer the motion to recommit.

Mr. REGULA. Mr. Chairman, I thank the gentleman for yielding.

There will be a motion to recommit without instructions offered because we believe in the committee system. We feel confident that this body will want to bring this bill out at the budget level adopted in this House 4 months ago.

Even with amendments, it is still $689 million over the budget, not the President's budget but the budget of this House.

Are we going to have credibility? Do we believe in what we did, or are we going to just ignore our own budget numbers?

Mr. Chairman, no matter how we slice it, the bill is $689 million over the budget. I believe the committee can best address those problems, and, therefore, it should be recommitted without instructions to the committee.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate my colleague's yielding.

May I ask, do I understand that this bill before us is still over our own budget?

Mr. REGULA. Yes, it is.

Mr. ROUSSELOT. That is shocking. I cannot believe it.

Mr. LOTT. Mr. Chairman, I take this time to make one brief point. This bill is over budget, whether it be the President's budget or the first concurrent resolution on the budget passed by this House. This bill is over budget whether you look at outlays or budget authority.

First, let us look at the programs funded in this bill:

By Budget Committee estimates the bill is over $800 million over the outlays planned for fiscal year 1982.

By OMB's analysis, this legislation is $3.9 billion over the outlays requested by the President on September 24 and $4.8 billion in budget authority over the President's request.

Of that amount, the discretionary funding programs are $2.4 billion over in outlays and $4 billion in budget authority for fiscal year 1982.

Second, and more importantly, let us look at those programs not fully funded in this bill:

The committee has underfunded the entitlement programs for which this body is legally required to provide full funding. The result is a false savings and the necessity of a supplemental appropriation which the chairman himself stated will cost a billion dollars in addition to today's bill.

Since congressional action on the first budget resolution, the total spending estimates have increased from $695.5 billion in outlays to $722.3 billion in outlays for fiscal year 1982, an increase of $26.8 billion. Even so, Mr. Chairman, this bill was significantly over the President's budget before these most recent requests.

An argument has been made that when this bill is coupled with the other appropriations bills the totals are under the budget requests. The fact is that, added together, the 12 appropriations bills considered so far are $7.4 billion over the President's outlay request. That is $7.4 billion which is added to the deficit, which must be borrowed on the open market, which will push up interest rates.

In short, according to the Budget Committee this bill is over budget and adds to the deficit. According to OMB, this bill is over budget and seriously hemorrhages the deficit. I ask the Members to carefully consider voting to increase the deficit and what that will mean to interest rates. And I urge Members to join me in voting to recommit this bill to the committee so that the members of the subcommittee which has the expertise can decide how to bring this bill back to the budget figures required to reach a balanced budget in 1984.

The CHAIRMAN. The gentleman from Kentucky (Mr. NATCHER) is recognized for 2½ minutes.

Mr. NATCHER. Mr. Chairman, under the first budget resolution target as further subdivided by the Committee on Appropriations in its reports pursuant to section 302(b) of the Budget Act, which was the target that our subcommittee was controlled by, we were allowed $86,600 million for budget authority. Of that figure, $57,100 million is mandatory and $29,500 million is discretionary.

This bill is $77 million below the mandatory target and we are now even with the discretionary target.

When we started debate on this bill, the Members will recall that I said that at the proper time we would offer an amendment to take out of this bill $74 million in budget authority. We offered the amendment, and the $74 million was taken out. That put us in line with the section 302 target for discretionary budget authority.

Now, Mr. Chairman, the bill is $1,300 million below the Reconciliation Act. Not a single program in this bill exceeds the amount authorized for it in the Reconciliation Act. Let me tell you what a vote to recommit this bill would mean: When you vote to recommit, you vote against health programs

for the poor, you vote against youth employment programs, you vote against title I elementary and secondary education, you vote against higher education, you vote against student financial aid, and you vote against nutrition programs for the elderly.

□ 1800

You vote against research on cancer, heart disease, and stroke. Think about it, the National Institutes of Health, impact aid, education for handicapped, vocational education, adult education, Head Start, Comprehensive Employment and Training Act, nurse training programs, refugee assistance, rehabilitation of the disabled, library services.

Mr. Chairman, those are only a few. When you vote for a motion to recommit, you can go back to your districts, you can go back to your States and say to your people, "I have voted against elementary and secondary education, I have voted against higher education, I have voted against low income fuel assistance programs." I urge a "no" vote on any motion to recommit this bill to committee.

The CHAIRMAN. All time has expired. The question is on the preferential motion offered by the gentleman from Mississippi (Mr. LOTT).

The preferential motion was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Hampshire (Mr. GREGG).

POINT OF ORDER

Mr. GAYDOS. Mr. Chairman, I make a point of order.

The CHAIRMAN. The gentleman will state his point of order.

Mr. GAYDOS. Mr. Chairman, I am asking the Chair whether or not I have 5 minutes to respond to the amendment as offered by the gentleman from New Hampshire (Mr. GREGG).

The CHAIRMAN. All time for debate on the bill and on the pending amendment has expired.

The question is on the amendment offered by the gentleman from New Hampshire (Mr. GREGG).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. GREGG. Mr. Chairman, I demand a recorded vote, and pending that I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count for a quorum.

One hundred and nineteen Members are present; a quorum is present.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. PEASE

Mr. PEASE. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Is the gentleman's amendment printed in the RECORD?

Mr. PEASE. It is, Mr. Chairman. It is amendment No. 1.

The portion of the bill to which the amendment relates is as follows:

EMPLOYMENT AND TRAINING ASSISTANCE

For expenses necessary to carry into effect the Comprehensive Employment and Training Act of 1973, as amended, sections 236, 237, and 238 of the Trade Act of 1974, as amended (19 U.S.C. 2101), section 51 of the Internal Revenue Code of 1954, as amended (26 U.S.C. 51), sections 210, 211, and 212 of Public Law 95-250, and the Veterans' Employment and Readjustment Act of 1972, as amended (38 U.S.C. 2003A), including the purchase and hire of passenger motor vehicles, the construction, alteration, and repair of buildings and other facilities, and the purchase of real property for training centers as authorized by the Comprehensive Employment and Training Act of 1973, as amended, $3,671,129,000 plus reimbursements, of which $2,001,000 shall be for the National Commission for Employment Policy: *Provided*, That no funds from any other appropriation shall be used to provide meal services at or for Job Corps centers.

The Clerk read as follows:

Amendment offered by Mr. PEASE: Page 3, line 1, strike out the colon and insert in lieu thereof the following: ", and at least $20,000,000 shall be for training under section 236 of the Trade Act of 1974.".

Mr. PEASE. Mr. Chairman, it was not the intention of the 93d Congress to authorize a new unemployment compensation program under the guise of trade adjustment assistance (TAA) when it approved the Trade Act of 1974. But it has been true to date that virtually all of the emphasis and funding has been concentrated on TAA benefits and not on training. The fact of the matter is that the Trade Act was intended to cushion the impact upon American companies and workers affected by increased imports and to provide training for displaced workers in need of new skills and new jobs.

Unfortunately, the history of the TAA program is one of broken promises to workers as far as training is concerned. I had hopes earlier this year that the Reagan administration would at last recognize the importance of employment training in the TAA program. In testimony before the House Ways and Means Committee, Secretary of Labor Ray Donovan stated "that TAA training should be one area that is accentuated." He went on to affirm that if the Reagan administration's proposed trade legislation was enacted that additional amounts of training funds would be available in fiscal year 1982. In April, Mr. William Lewis, Administrator of the Unemployment Insurance Service, testified before the Congress that "upon the enactment of the TAA legislation, the Reagan administration would come forward with a budget amendment and indicate under which authorities it would want the $112 million to be available." Further assurance was provided during markup of the TAA legislation in may when Congressman GUY VANDER JAGT, the ranking minority member of the Trade Subcommittee, stated in reference to TAA training that "they—the Reagan administration—are perfectly willing to make the commitment in whatever form they can that $112 million of this money will go to training, and there will be no broken promises as far as that is concerned."

The sad fact is that the executive branch did not request any funding in fiscal year 1982 for employment training under the Trade Act until last Wednesday—the last day of the outgoing fiscal year. At that late date, the request for approximately $98.6 million could not be factored into the difficult task the Appropriations Committee performed in stretching far fewer training dollars to cover competing needs. Work had been completed on this bill and it had even been scheduled for floor debate.

Currently there are no funds provided in this bill (H.R. 4560) for employment training in what remains of the trade adjustment assistance (TAA) program. We must act to insure that the Reagan administration follows through on its commitment to fund training for thousands of unemployed workers who have lost their jobs in America's basic industries.

My amendment does just exactly that. It will insure that at least $20 million will be available in fiscal year 1982 to fund TAA employment training for Americans laid off as long as 2 years ago in industries like auto, steel, and rubber all across our country. Specifically, my amendment will allocate at least $20 million for TAA employment training of the more than $3.6 billion appropriated in the bill for employment and training assistance. At the same time, it puts the burden exactly where it ought to be—upon the Department of Labor—for determining what, if any, changes will be needed to insure that at least $20 million will be available for TAA training in fiscal year 1982. If the Department determines it is necessary to reprogram funds to accommodate this earmark, its reprograming proposal will be subject to the approval of the House and Senate Appropriations Committees.

Please consider this amendment in its proper perspective. In fiscal year 1980, more than $1.6 billion was paid out in TAA weekly benefits, while only $14 million was provided for training and job search and relocation allowances. In fiscal year 1981, more than $1.6 billion was paid out in TAA weekly benefits, but funding for training, job search, and relocation allowances dropped to $8 million. Then this past summer the Congress cut nearly $1.3 billion from the projected outlays for the TAA program in fiscal year 1982 pursuant to what, at the time.

seemed to be a firm commitment that the Reagan administration would promptly request additional funds beyond the new $238 million program level for training, job search and relocation allowances, and evaluation. But not $1 will be available for TAA training in fiscal year 1982 unless we adopt this amendment.

I realize that many public service employment and job programs are being cut back by 40, 50 percent, and even 60 percent. I share the concern of many of my colleagues about the devastating human impact of these cuts. But unless we act, the TAA training program will be cut out altogether.

I have listened to speeches on this floor maligning the productivity, integrity, and industriousness of American workers on our auto assembly lines and in our other heavy industries. Suggestions have been made that they have grown lazy, that they are unconcerned with the quality and output of their work, and that they want something for nothing. The time has come to clear the air.

These are the same workers who built our country into the industrial giant that it is. Now that some of them have lost their jobs, they need help to recoup from the losses that are not exclusively of their own making. They would be the first to accept some responsibility for their plight, but they want to work. Certainly they deserve support in their quest to reequip themselves for new jobs. That is what this amendment is all about.

I hope you will support my amendment.

Mr. NATCHER. Mr. Chairman, will the gentleman yield?

Mr. PEASE. I yield to the gentleman from Kentucky (Mr. NATCHER).

Mr. NATCHER. Mr. Chairman, a similar amendment was offered by the distinguished gentleman from Ohio last year from $20 million. At that time we agreed to the gentleman's amendment because that $20 million was taken out of the title III discretionary fund in the bill.

This time the amendment offered by the gentleman from Ohio would come out of basic CETA training programs. It would come out of comprehensive training programs. Mr. Chairman, we cannot agree to that.

I would like to say to the gentleman from Ohio that we will be glad to consider a supplemental request on this program. But we could not agree to this amendment today. I am sorry, Mr. Chairman, but we cannot.

Mr. PEASE. I appreciate the chairman's comments. It is true, of course, that last year when this came out of title III it was title III of CETA, so it would be no different this year. This year there is no particular title of CETA earmarked from which to draw the funds, so the Labor Department could draw again from CETA title III as it did last year.

On that basis I think the amendment is similar to the one last year which the committee did adopt, and I would hope the committee would follow its action last year and again approve this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. PEASE).

The amendment was rejected.

AMENDMENT OFFERED BY MR. ERTEL

Mr. ERTEL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Was the gentleman's amendment printed in the RECORD?

Mr. ERTEL. The amendment was printed in the RECORD, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. ERTEL: Page 62, after line 23, insert the following new sections:

SEC. 513. None of the funds provided under this Act to any department or agency shall be obligated or expended to provide a personal cook, chauffeur or other personal servants to any officer or employee of such department or agency.

SEC. 514. None of the funds provided in this Act shall be obligated or expended to procure passenger automobiles as defined in 15 U.S.C. 2001 with an EPA estimated miles per gallon average of less than 22 miles per gallon. This section shall not apply to security, emergency, rescue or armored vehicles.

Mr. ERTEL (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. NATCHER. Mr. Chairman, will the gentleman yield to me?

Mr. ERTEL. I am happy to yield to my colleague from Kentucky.

Mr. NATCHER. Mr. Chairman, we have had an opportunity on this side to examine the amendment of the gentleman from Pennsylvania. We have no objection to the gentleman's amendment and we accept it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. ERTEL).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DAN DANIEL

Mr. DAN DANIEL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Was the gentleman's amendment printed in the RECORD?

Mr. DAN DANIEL. It was not printed in the RECORD, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. DAN DANIEL: Page 62, immediately after line 23, insert the following new section:

SEC. . None of the funds appropriated or otherwise made available by this Act may be used, pursuant to the Comprehensive Employment and Training Act, for the participation of individuals who publicly advocate the violent overthrow of the Federal Government or who have, within the past five years, publicly advocated the violent overthrow of the Federal Government.

Mr. DAN DANIEL (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. DAN DANIEL. Mr. Chairman, I have talked to the two gentlemen and they have no objection to it.

The CHAIRMAN. The Chair must reluctantly inform the gentleman that he has no opportunity to debate the amendment.

The question is on the amendment offered by the gentleman from Virginia (Mr. DAN DANIEL).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. STATON OF WEST VIRGINIA

Mr. STATON of West Virginia. Mr. Chairman, I offer an amendment.

The CHAIRMAN. Was the gentleman's amendment printed in the RECORD?

Mr. STATON of West Virginia. Yes, it was, Mr. Chairman.

The portion of the bill to which the amendment relates is as follows:

BILINGUAL EDUCATION

For carrying out, to the extent not otherwise provided, title VII of the Elementary and Secondary Education Act and part B, subpart 3 of the Vocational Education Act, as amended, $143,810,000, of which $3,840,000 for part B, subpart 3 of the Vocational Education Act shall become available on July 1, 1982, and shall remain available until September 30, 1983.

The Clerk read as follows:

Amendment offered by Mr. STATON of West Virginia: On page 40, line 21 after "amended," strike out $143,810,000 and insert $70,000,000.

□ 1810

Mr. STATON of West Virginia. Mr. Chairman, this amendment will reduce the appropriation for bilingual programs from $143.8 million to $70 million. The appropriation originally called for only $83 million of this appropriation to be used in the classroom as grants to local school districts. The remainder was set aside for training programs, seminars, graduate level fellowships, circulars, stipends, and other nonessential, noninstruction activities.

I offer this amendment for two basic reasons. No. 1, I have a report here that is, to this point, unpublished, which basically states that—

There is no justification for assuming that it is necessary to teach nonlanguage subjects in the child's native tongue in order for the language minority child to make satisfactory progress in school . . .

The findings also include that—

Immersion programs, which involve structured curriculums in English for both language and nonlanguage subjects, show promising results and should be given more attention in program development.

Now, basically this report was designed to study two important points. No. 1, does transitional bilingual education lead to better performance in English, and does transitional bilingual education lead to better performance in nonlanguage subject areas?

Mr. Chairman, I submit that the findings of this report conclusively point out that those two facts have been determined, that these programs do not essentially add to the student's recognition of English.

I might point out, Mr. Chairman, that this report examined well over 300 documents concerning bilingual education, which makes this report, according to its authors, the most comprehensive review to date on bilingual education.

The report was prompted by a regulatory review of the language minority notice of proposed rulemaking, in response to title VI of the 1964 Civil Rights Act. The authors point out that this review's findings simply cannot support the current method of bilingual instruction.

The second reason is simply that, in an English-based society, we do children no favors by giving them instruction in their own language when they will be required to function in our English-speaking society.

The need for education is to instruct in such a manner as to fit the student for performing his or her skills in the economic or academic world. How well prepared will students be if they cannot adequately demonstrate their skills in English?

The reduction of this appropriation to $70 million will still leave, basically, 84.3 percent of the amount requested originally for local school districts. Since approximately 250,000 students are involved in this program, the appropriation would amount to nearly $300 per student, which is not an insignificant amount.

Mr. Chairman, further, it would be my intent that the entire amount, except for that amount designated previously for vocational education, be directed toward actual classroom work.

Mr. Chairman, this is an area where we can both be fiscally right in reducing Federal spending, which we manifestly need to do, but also performing a service to the thousands of boys and girls who are suffering as a result of our experimentation with bilingual education.

Mr. Chairman, I urge my colleagues to support this amendment.

Mr. ROYBAL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I sometimes wonder why it is that every time we hear the word "bilingual" or "bilingual education" we always get an immediate adverse reaction from too many people in the United States.

Now, this great country of ours is made up of a cross-section of humanity. The poor, the rich, people from all walks of life who, regardless of their background are entitled to an equal opportunity in education. Bilingual education is designed to provide an equal opportunity to those individuals whose language of the home is other than English. But the amendment before us is definitely one that is just the opposite. If adopted it would result in the denial of an equal educational opportunity for thousands of children throughout this country. It would gut the bilingual education program, and runs counter to the administration's own recommendation and also that of our committee's proposal that $143,800,000 for bilingual education be appropriated.

Our recommendation already represents—and I want the Members to hear this—a cut of $17,617,000.

Now, my colleague, the gentleman from West Virginia, proposes to impose a massive additional cut of $74 million. This would mean an approximate 57-percent cut from the 1981 appropriations. It would gut grants to local school districts, which represent the heart of the bilingual education program.

In fiscal year 1981, the appropriation for grants to schools came to $99 million. For fiscal year 1982, our committee reduced this figure to $83 million. The amendment before us would further reduce it about $39 million. This is a cut of $16 million for fiscal year 1981. Schoolchildren covered under the bilingual education program would drop approximately 110,000 under the Staton amendment. This represents the elimination of approximately 200,000 children who are currently served by and are in dire need of this program.

If the Staton amendment is accepted, the total number of grants to school districts would drop from 522 to approximately 300. Training would be reduced $32 million in fiscal year 1981. Bilingual vocational training would be reduced from approximately $4 million to less than $2 million, in spite of the fact that there are over 12 million persons 14 years of age and over who are of limited English-speaking ability. High school dropout rates of limited English-speaking people are double the rate of English speakers. This means that these dropouts, then, will not be able to get an education, nor a meaningful job, but forever be relegated to a status of underprivileged minority. Vocational training programs funded by this program have student cooperation rates of 95 percent and placement rates of between 90 and 100 percent; but nevertheless, under this amendment, this program is cut by 50 percent.

Reference has been made to a study called effectiveness of bilingual education, a review of literature. This study was conducted by people who had already concluded that bilingual education was ineffective and went out to examine only those programs that would prove their point. The National Institute of Education reviewed the OPE bilingual effectiveness draft report and concluded that "the report while appearing to be objective and scholarly, in fact represents the data in an uneven manner. The report clearly demonstrates flaws in reasoning, methodology, understanding of bilingual education and bilingual evaluation."

The National Institute of Education, which is the basic research and evaluation arm of the Department of Education with expertise in research methodology and bilingual education, further criticized the Office of Planning and Evaluation draft on the following grounds:

First. The draft applies its own evaluation criteria in a selective and biased manner.

Second. The draft shows no familiarity with the practical aspects of bilingual education or educational evaluation.

Third. The draft ignores the academic achievements of language minority students participating under this program.

Fourth. The draft fails to evaluate the effectiveness of several model programs which have been successful in improving the English proficiency of students.

However, even this study admits, and I quote:

We believe the literature makes a compelling case that special programs in schools can improve the achievement of language-minority children.

A little later on the same page the draft also states:

Indeed, more research and demonstration projects with sound evaluation models are needed to determine which programs are effective with which types of children in which locations.

I sincerely request that fairness prevail and that the amendment before us be defeated.

Mr. NATCHER. Mr. Chairman, will the gentleman yield?

Mr. ROYBAL. I yield to the gentleman from Kentucky.

Mr. NATCHER. Mr. Chairman, I would like to join with the distinguished gentleman in the well on speaking against this amendment. The amount requested of $143,810,000 was contained in the President's budget sent up here on March 10. We accepted it. Mr. Chairman, this amendment ought to be defeated.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. ROYBAL. I yield to the gentleman from Michigan.

Mr. FORD of Michigan. Mr. Chairman, it is unfortunate that when this subject comes up, people think that if you remove the money from this, you are going to end the bilingual program. And what they do not realize is that the history of the bilingual education program is a history of the courts finding that there were violations of State constitutions, primarily in California. Twenty-eight States have the identical language, including my State of Michigan, to the California constitution. If you take all of this money away from us, we will still be compelled to have the bilingual program, and we are going to have to take it out of local school district money to do it. We have not got it in my State. I submit that, after proposition 13, they have not got it in California. If you really want to hurt local school districts and the other kids who are not getting bilingual programs, pass this kind of an amendment, because the court will make you take their money and use it on the bilingual kids.

Mr. CORRADA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment proposed by my colleague from West Virginia, which would reduce funding for bilingual education from $144 to $70 million.

Mr. Chairman, I am most disappointed in this attempt to so drastically reduce Federal participation in bilingual education—one of the fundamental means through which equal educational opportunity for all children is made a reality for those students of limited English proficiency. Under fiscal year 1981 funding of $161.5 million, only 10 percent of the 3.6 million eligible students are able to receive the services of bilingual education. Under the House appropriations bill level, which reflects the administration request, funds will be reduced to $143.8 million, a reduction which will prohibit expansion of grant programs, but which represents the minimum level needed to maintain current services. Yet my colleague would propose further reductions of over 50 percent, the rationale of which I cannot fathom.

Federal intervention in these programs was not initiated by whim of Congress—these efforts were created in direct response to a nationally recognized flaw in the weave of local and State directed educational policy. There is no reason then to now turn our backs on these special educational needs simply because the budget must be reduced—the needs which existed last year are still valid today and will continue to exist tomorrow.

Hispanics experience among the Nation's lowest levels of educational attainment, completing a median of 10.4 years of schooling compared with 12.4 years for the white population. Forty percent of the Hispanic population between the ages of 18 to 24 leaves high school without receiving a diploma, compared with 14 percent of the white population. Department of Education analyses of the survey of income and education indicate that students not proficient in English have a significantly higher potential for delayed education and/or noncompletion.

Bilingual education is necessary in order to increase educational opportunities for limited-English-proficient (LEP) American children. Studies have shown that bilingual education does work.

Federal education spending is a small part of the Nation's total education budget—13.7 percent of funds for higher education, 8.5 percent for elementary and secondary programs. Yet, these funds are extremely important in addressing unmet needs and initiating new efforts to assure an equal educational opportunity for all our children. This is something we cannot leave to the State and local agencies for their action—we must show a Federal commitment of financial support to the precepts of the Constitution and the Civil Rights Act of 1964.

Mr. Chairman, I urge my colleagues to defeat this amendment which would decimate the bilingual education program, and to support the level requested by President Reagan and the House Appropriations Committee.

Mr. GARCIA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, in retrospect, the 1980's will certainly be seen as a period of reassessment of the great Federal social programs of the previous decade. Among the programs being reviewed, the experiment designed to help insure equality of educational opportunity for disadvantaged children has come in for particularly heavy attack.

Bilingual education is an instructional tool that has developed over the past decades to help students whose first language is not English overcome their linguistic and academic difficulties and perform as well as their English-speaking peers in school. The theory is that, by enabling students to master cognitive skill in the language they know best before making the transition to English, bilingual classes will prevent academic retardation.

My colleagues, there are an estimated 3.6 million pupils in the country judged to be in need of some form of special language assistance to enable them to cope with the regular school curriculum. The Federal Government began funding demonstration programs in bilingual education in the late 1960's and now reach roughly 315,000 children. It is safe to say that the total amount of money spent in the field would scarcely make a dent in the national budget for compensatory education programs. Over $3 billion, for example, was appropriated in 1980 just for title I, the largest of such federally supported programs of special assistance to educationally deprived children in low-income areas.

Of all linguistic minority groups, Hispanic Americans, by virtue of their numbers in the population if for no other reason, would seem to have the most at stake in the survival of bilingual education. School enrollments of Hispanic children in some of our major cities alone tell a vivid story: In New York City, they currently comprise 30 percent of the school population: In Los Angeles 45 percent; in San Antonio 52 percent; in Miami 32 percent; in Denver 31 percent; in Hartford 35 percent; In the face of these figures, the question of how best to meet the educational needs of the children, a large proportion of whom speak only Spanish or are not sufficiently proficient in either English or Spanish, becomes one of paramount importance for the country in the years ahead.

Unfortunately, Hispanic children as a whole have not fared well in the public education system. Typically they are two to three grade levels behind other students. A mere 30 percent manage to complete high school. Nationwide, in urban ghetto areas, the school dropout rate for Hispanics reaches as high as 85 percent. Less than 7 percent have completed college. In 1975-76, Hispanics received only 2.8 percent of the B.A. degrees awarded, 2 percent of masters degrees, 2.6 percent of the law degrees, 2.3 percent of the medical degrees, and 2.2 percent of all doctorates.

Not surprisingly, the income figures for Hispanics are very low. In 1978, Hispanic Americans in general had a median annual family income of $12,600 compared with $17,600 for the Nation as a whole. Puerto Ricans were the worst off, with a median family income of only $8,300 and 30 percent living in poverty. Only 8 percent of Hispanics held professional and technical positions, compared with 16 percent of non-Hispanics. Most were found in low-paying jobs in the service and manufacturing industries and in agriculture.

Whatever weight may properly be given to the background of Hispanics themselves, the factor of discrimination must surely assume a major share of the responsibility for the academic problems of Hispanic students. Schools, as transmitters of society's values, in a variety of ways have made a single contribution to the school performance rates of Hispanics—by shunting Spanish-speaking children

from poor families into educational tracks designed for low achievers, by classifying them as mentally retarded or emotionally disturbed, by denigrating their Hispanic heritage, by giving them the message that they cannot or are not expected to, succeed. In short, the public education system as a whole has neither welcomed Hispanic children nor been willing to deal with their learning problems in any effective way.

My colleagues, as for minority children, their education is far too important a matter to be left to chance, vague hopes, rhetoric, or politics. All of us have an undeniable stake in their induction into the larger American society and their preparation to be effective, productive citizens. They are an inescapable part of the Nation's future and therefore of all our futures. At this point I include the following:

FACTSHEET

Bureau of Statistics, Department of Labor, reports that in 1977, median earnings for a person with a college degree working full time were $16,502, whereas earnings for a person similarly employed, with only a high school education were $11,254. Specifically for Hispanics a college degree means a 20 percent increase in salary as compared to holding only a high school degree.

Of majority American women 22 percent had completed college in 1977, while only 4 percent of the Puerto Ricans, and 5 percent of Mexican American women had completed college.

National Center for Educational Statistics reports that Bilingual education programs fail to serve large numbers of eligible students. No state which has a bilingual program served all of the children who had been identified as limited or non-English speakers.

85 percent of the students were being kept in the bilingual programs after they were capable of learning English.

Hispanic students lag far behind whites in almost all aspects of elementary and secondary education, according to the first major study of their educational status.

Hispanic students are more likely to be enrolled below grade level, drop out of school and score lower on standardized tests than their white counterparts.

Hispanics aged 14 to 19 are twice as likely to have dropped out of high school as white students in the same age bracket. The attrition rate for white students is about 8 percent, as compared to about 17 percent for Hispanics.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia (Mr. STATON).

The question was taken; and on a division (demanded by Mr. STATON) there were—ayes 8, noes 64.

So the amendment was rejected.

□ 1820

AMENDMENT OFFERED BY MR. WEISS

Mr. WEISS. Mr. Chairman, I offer an amendment.

The portion of the bill to which the amendment relates is as follows:

CENTERS FOR DISEASE CONTROL

PREVENTIVE HEALTH SERVICES

To carry out titles III and XIX of the Public Health Service Act, the Federal Mine Safety and Health Act of 1977, and the Occupational Safety and Health Act of 1970; including insurance of official motor vehicles in foreign countries; and purchase, hire, maintenance, and operation of aircraft, $326,590,000, of which $1,831,000 shall remain available until expended and shall be for construction and equipment of facilities of or used by the Centers for Disease Control: *Provided*, That training of employees of private agencies shall be made subject to reimbursement or advances to this appropriation for the full cost of such training.

The Clerk read as follows:

Amendment offered by Mr. WEISS: On page 19, line 13, strike "$326,590,000" and insert in lieu thereof the following: "$335,590,000".

Mr. WEISS. Mr. Chairman, I offer an amendment to restore $9 million for preventive health service programs for tuberculosis. This represents the amount authorized by the Omnibus Budget and Reconciliation Act for this new categorical program. There is no separate funding provided in the bill before us today, though the committee report notes the eligibility of tuberculosis prevention for funding under the preventive health services block grant.

Tuberculosis prevention needs a separate categorical grant because the block grant approach is not working. TB is losing out in the competition for funds at the State level, and the vigorous effort of the last 25 years against the disease is faltering. In fact, tuberculosis is making a comeback.

Reported cases of TB rose last year for the first time since 1963, and only the second time in 25 years. Of 28,000 cases nationwide, New York City recorded 1,500—the most in any one jurisdiction. In 1981, cases are running at or above the 1980 level.

An alarming increase in tuberculosis among young children has also been reported: New cases of TB in children under 5 years old rose by 18 percent in 1979, the biggest increase for any age group since reporting began. This fact shows that the disease is not under control, and it is being transmitted by some among the 15 million who are already infected.

Tuberculosis is concentrated in low-income and minority segments of the population, and in the cities of this country. The TB rate in metropolitan areas over 500,000 population is double the national average. The incidence of TB for all nonwhite persons is almost five times the case rate for whites. And Indochinese refugees entering the United States have developed tuberculosis at 40 times the prevailing rate here, and have added to the pool of infected persons already in the United States.

The reconciliation act recognized this problem in authorizing a new categorical program for tuberculosis prevention services. This legislation originated in the Subcommittee on Health and the Environment, chaired by my distinguished colleague from California, HENRY WAXMAN. He and his subcommittee have acted upon their knowledge that an infectious disease, such as tuberculosis, cannot be confined to city or State boundaries, and cannot be controlled through the use of block grants. It is a national problem, and must have a national program to combat it.

Prior to 1966, tuberculosis prevention had its own formula grant. It was then folded into the section 314(d) block grant of the Public Health Service Act, but that grant has received decreasing funding in recent years. Appropriations for it totaled $90 million in 1979, $68 million in 1980, and $36 million in 1981. Even before this decline, funding for the program had not risen with inflation. Tuberculosis has received a lower priority than before, and metropolitan areas, in particular, have struggled to obtain funding.

As a categorical program, tuberculosis prevention services can be targeted to the areas with the highest incidence of the disease. A pool of Federal experts can be maintained and provided to areas that need assistance. And States that are widely separated by geography, but are closely linked by travel between them—such as New York and Florida—can be identified through the Center for Disease Control information clearinghouse.

My amendment would restore the amount authorized by reconciliation—$9 million—and earmark it for tuberculosis prevention. This is a figure that all Members can support, I believe, for a program that is clearly vital to our public health.

I urge my colleagues to support this amendment, to give tuberculosis prevention the funding it deserves.

Mr. WAXMAN. Mr. Chairman, will the gentleman yield?

Mr. WEISS. I yield to the gentleman from California.

Mr. WAXMAN. Mr. Chairman, I thank the gentleman for yielding.

I want to say to the gentleman and my colleagues that I understand the very difficult job the Appropriations Committee has had in trying to come up with an appropriations bill to meet all of the needs that we want to meet with the limited amount of funds. And I am very reluctant in any way to try to suggest that one program or another is deserving of more funds because so many programs are deserving of more funds, but I really must join the gentleman in supporting this particular request for funding.

In this case, we are talking about control of a potential national epidemic of tuberculosis. Infectious disease does not stop at State lines. No matter

how well one State may use its funds under the present health block grant to control tuberculosis, if the next State does not do equally well epidemics will spread.

The number of new cases of tuberculosis among children has risen to unacceptable levels in this country, representing a new increase in a disease which can be controlled. And in view of the fact that we are talking about a potential epidemic, I think we would be remiss in not providing for at least as much money as the administration had requested for the centers for disease control.

The gentleman's amendment would do what the administration requested in the area of tuberculosis under the CDC budget and I join the gentleman in supporting this amendment.

Mr. NATCHER. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment offered by the gentleman from New York (Mr. WEISS).

As the members of the committee will recall, Mr. Chairman, when we started reading this bill under the 5-minute rule, after we had made the preliminary statement that we would reduce the bill $74 million to bring it under the discretionary provision of section 302 funding, we did.

As far as the Budget Committee is concerned, we are now under. If this amendment is adopted, Mr. Chairman, even though it is just $9 million, it puts us $9 million over in discretionary budget authority.

As far as the section 302 target is concerned, we are right back to where we were before we took the $74 million out of the bill. I hate to find myself in disagreement with the gentleman, but, Mr. Chairman, this amendment should be defeated.

Mr. REGULA. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I yield to the gentleman from Ohio.

Mr. REGULA. I thank the gentleman for yielding.

The chairman mentioned the 302(b) allocation that the amendment runs the risk of putting us over on that.

Mr. NATCHER. That is correct.

Mr. REGULA. I wonder if the gentleman would respond to a question, and that is, in the gentleman's judgment, how much of the following four items are underfunded in the bill: medicaid, guaranteed student loans, AFDC, and minimum social security tax, and there is some question whether that really belongs in the bill. But I wonder if the chairman could tell me as to how much we might anticipate would be coming in a supplemental or that the gentleman knows is underfunded in these entitlement programs?

Mr. NATCHER. As the gentleman knows, on the guaranteed student loans, we have the amount of $900 million in the reserve which is not in the bill. We have $170 million for foster care which likewise is in the reserve but not in the budget. These are discussed on page 127 of the report. These two items will be carefully considered and heard when we get the budget amendments.

In marking this bill up, we took into consideration the fact that these amounts would have to be provided for but this money is not in the bill.

For medicaid we provided the full amount estimated to be required by the Congressional Budget Office. For AFDC, we accepted the President's revised budget except for a $3.7 million reduction in Federal administrative costs.

We believe we have adequately provided for all of these entitlements in the bill or in our reserve.

Mr. REGULA. If the chairman will yield further, has the gentleman received any advice from the administration as to what they think the underfunding on medicaid might be?

Mr. NATCHER. I would like to say to the gentleman I am informed by the staff we have received within the last few days a revised budget request on several items.

As to whether or not these are more or less than the amounts in the bill, I cannot answer the gentleman. I am unable to give the gentleman an answer.

Mr. REGULA. I thank the gentleman.

● Mr. BIAGGI. Mr. Chairman, I urge approval of the amendment offered by my colleague and friend, Mr. WEISS, to provide $9 million for preventative health tuberculosis programs in this bill before us.

Mr. Chairman, the Appropriations Committee has not recommended any funds for this program which allows us to inoculate children against tuberculosis. In my own city of New York, this program is essentially needed at a time when tuberculosis continues to flourish at a rate of nearly 1,500 cases a year. The health and safety of our school-age children is essential and time and again we have seen demonstrated the fact that preventive medicine is the best medicine. In order for this small, but cost-effective program to continue, I urge my colleagues to support this amendment to provide a modest amount of funds for a program that insures the well-being of our children who are least able to help themselves.●

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. WEISS).

The question was taken; and the chairman announced that the noes appeared to have it.

Mr. WEISS. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. One hundred and nine Members have answered to their names, a quorum is present.

The pending business is the demand of the gentleman from New York (Mr. WEISS) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. WEISS

Mr. WEISS. Mr. Chairman, I offer an amendment.

The portion of the bill to which the amendment relates is as follows:

EMPLOYMENT AND TRAINING ASSISTANCE

For expenses necessary to carry into effect the Comprehensive Employment and Training Act of 1973, as amended, sections 236, 237, and 238 of the Trade Act of 1974, as amended (19 U.S.C. 2101), section 51 of the Internal Revenue Code of 1954, as amended (26 U.S.C. 51), sections 210, 211, and 212 of Public Law 95-250, and the Veterans' Employment and Readjustment Act of 1972, as amended (38 U.S.C. 2003A), including the purchase and hire of passenger motor vehicles, the construction, alteration, and repair of buildings and other facilities, and the purchase of real property for training centers as authorized by the Comprehensive Employment and Training Act of 1973, as amended, $3,671,129,000 plus reimbursements, of which $2,001,000 shall be for the National Commission for Employment Policy: *Provided*, That no funds from any other appropriation shall be used to provide meal services at or for Job Corps centers.

The Clerk read as follows:

Amendment offered by Mr. WEISS: On page 2, line 25, strike "$3,671,129,000," and insert in lieu thereof the following: "$3,847,129,000.".

□ 1830

Mr. WEISS. Mr. Chairman, the amendment I offer today is simply to restore title IV-A of CETA, the youth employment programs to their authorized funding level under reconciliation of $576 million. The funding in the legislation before us today is only $400 million, or $176 million below the authorized figure.

The CETA program which provides jobs and training programs for thousands of youngsters and adults has been virtually decimated by the reconciliation process. Public service employment which would have funded about 300,000 jobs was totally eliminated. Youth employment job and training opportunities under CETA were cut from $875 million to $576 million. And now the Appropriations Committee has recommended another reduction to $400 million—this is less than half the amount provided during the fiscal year which just ended yesterday.

Certainly unemployment of our Nation's youth is one of the most critical problems this Nation faces. The official rate of unemployment for all 16- to 19-year-olds is 19.3 percent; for black youngsters an appalling 37.5 percent. Over one-third of this Nation's

teenage black population who want to find work are unable to find jobs. Yet we are now debating a bill to cut the major Federal manpower program which may provide these young people their last and only hope for jobs and training.

Is this a responsible approach to this problem? What are we telling the young people of this Nation, both black and white? Are we saying that we as a nation don't care, that Congress is unable to help; that we must simply throw up our hands and tell these unemployed youngsters, "Well, it's certainly unfortunate, but with all these budget cuts, what can we do?"

This is not only insensitive, it is shortsighted. If the Congress is worried about controlling Federal spending, what better way to control spending than by making an immediate, small investment in these young people now. If we do not, if we turn our backs, I fear that the future holds very little for those who are condemned at an early age to an endless cycle of joblessness and despair. And at some point, I fear that the Federal Government will have to provide, whether it be through food stamps, welfare, or some other ultimately more costly program. For if these young people cannot find work, are not able to learn skills, what kind of future can they or our Nation hope for?

This is a very small investment, a meager amount of money in a small but worthwhile program. Over the next few years, the Federal Government will spend billions and billions of dollars for building weapons systems, military hardware and forces; all in the name of national defense. Yet we are debating today an expenditure of $176 million on job and training programs for youth. And this is not even an actual addition, but merely an attempt to lessen the cut from the 1981 program to a 35-percent cut instead of a 55-percent cut. Certainly we owe the young people of this Nation that little.

Mr. MITCHELL of Maryland. Mr. Chairman, will the gentleman yield?

Mr. WEISS. I am delighted to yield to my colleague.

Mr. MITCHELL of Maryland. Mr. Chairman, I thank the gentleman for yielding. Last week in my city of Baltimore, a distinguished black physician, 72 years old, who lived deep in the ghetto, who served the ghetto, was murdered. They apprehended the killers. They were four black teenagers. They share one thing in common. None of them had a job. That is the story of thousands of young people in my city of Baltimore, and we are paying for this. We are paying for it with an upsurge of crime that is almost incomprehensible.

I support the gentleman's amendment. We pay a price if we do not meet this responsibility.

I thank the gentleman for yielding.

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. WEISS. I am pleased to yield to my colleague, the gentleman from California.

Mr. MILLER of California. Mr. Chairman, I rise in support of the gentleman's amendment.

I wish to say that if this appropriation bill before us today represents the best we can offer America's 61 million children, I can only be sorely dismayed; for it demonstrates that despite the longstanding commitments to children which this Congress has made repeatedly over the last several years, we are neither willing to be true to our own commitments, nor heed the evidence which shows that we and the American taxpayer will live to regret our shortsighted frugality, which I think the gentleman in the well, the gentleman from New York, has pointed out by failing to provide job opportunities for young people.

If the appropriations bill before us today represents the best we can offer America's 61 million children, I can only be sorely dismayed. For it demonstrates that despite the longstanding commitments to children which this Congress has made repeatedly over the last several years, we are neither willing to be true to our own commitments, nor heed the evidence which shows that we and the American taxpayer will live to regret our short-term frugality.

In major areas where this Congress has, after careful investigation and long debate, made commitments for specified and targeted support and services for needy children, the evidence shows that the investment is worth the risk. And yet just a few months after the long and arduous process of budget reconciliation, in which the Congress concurred, we are asked to accept less than the amounts agreed to. And the administration would have us completely recant on those agreements, arguing that the economic strains in this country have worsened substantially over the months since their initial budget slashing requests. If the administration had listened to the many respected economists offering their own predictions, they too would have been able to foresee their own predicament. And they too would have been forced to admit that this is not just a war against Federal spending, but a fundamental assault against those in our society who are powerless, whose economic supports are limited, and who—because they are very young or very old, are low-income or disabled in some way—need our protection.

We are being asked to cut back dramatically on the investments we have made, essentially reneging on that protection and on our commitments. But I am here to tell you that as we cut back, so shall we pay.

Millions of children will still need education, child welfare services, preventive and primary health care, job training, and nutritional meals. Their needs will not go away—and in fact every evidence suggests their needs will increase—as politicians in Washington engage in their power struggles and wrap themselves in lofty rhetoric about national security and economic recovery.

HEALTH CARE FOR MOTHERS AND CHILDREN

Children in 1981 continue to have serious health, education, and social service needs:

One in every 72 infants, and 1 in every 47 nonwhite infants dies each year.

Each year 1 million children are subjected to child abuse and neglect; and recent reports from Maine to California indicate that the incidence of such abuse is rising.

Nearly 10 million children—that is, 1 of every 7 American children—has no regular source of primary medical care.

And what has the administration proposed? Even further cutbacks in cash assistance for poor mothers and children, thereby denying millions of individuals essential medicaid benefits as well. And draconian cuts in the WIC program, which provides supplemental foods for women, infants, and children medically certified to be at risk.

We are being asked to make these drastic cuts when the evidence suggests we should be doing exactly the opposite: investing more in these preventive and primary health care programs because they have clear long-term benefits for the children and families involved, as well as to the fiscal health of the Federal budget and the American taxpayer.

Alabama officials estimate that for every dollar spent on maternal and child health services, the State saves $5 to $10 in costs that would otherwise have been incurred from mothers' and children's lack of access to prenatal and primary health care.

The Greater Cleveland Interchurch Council reports that a dollar spent on medicaid health screening programs for children saves an average of $8 in costs of future care for vision, dental, hearing, and other health problems.

Several recent studies of the WIC program demonstrate its cost effectiveness:

A 1978-79 study at Harvard School of Public Health showed that for each $1 spent on prenatal care, $3 was saved in hospitalization costs because fewer babies were born at low weights. Babies weighing less than 5 pounds at birth are more likely to require longer hospital stays and to suffer from

blindness, deafness, and mental retardation

A 1981 study by the Massachusetts Department of Public Health showed neonatal mortality rate one-third lower for the program participants compared with the control group, which was made up of other low-income pregnant women

In a study conducted by the Center for Disease Control in Atlanta there was evidence of a significant reduction in anemia and an increase in growth rate among 1- to 5-year-old participants.

In my own recent communications with local WIC program administrators in California, it is patently obvious that only a fraction of the eligible population is being served. Some communities have been able to reach more than one-half of those eligible low-income medically needy, nutritionally at risk pregnant women and children—but other programs reach only 20 percent of the eligible population. Statewide, only 17.3 percent of the eligible women, infants and children are likely to be served in fiscal year 1982—if no cut is made.

EDUCATION

In education, the administration has presented us with a similar predicament. Millions of children in this country continue to confront serious educational problems:

At least 1 million children continue to be out of school in any one year.

Some 13 percent of all 17-year-olds are functionally illiterate.

Over 1 in 7 people between the ages of 14 and 34 is a school dropout; and over one-fifth of all blacks in this age group is a school dropout.

In the 1979-80 school year, over 4 million handicapped children were receiving special education.

But we are being asked not just to trim the fat from Federal education programs which have been targeted to the most educationally disadvantaged students, but to dismantle them. Does this administration, and this Congress truly believe that we can have a strong national defense without a well-educated and job-ready citizenry?

The evidence suggests that investing in these programs greatly improves the likelihood that children will make substantial academic gains, and that these gains in school achievement will be sustained over time:

This spring, the National Assessment of Educational Progress released survey results showing impressive gains in reading by elementary school children, particularly groups traditionally viewed as disadvantaged.

A federally sponsored longitudinal study of preschool programs found that participation in preschool programs significantly reduces the likelihood of school failure or assignment to special education, thereby substantially decreasing the need for costly treatment programs later in a child's school career.

The most recent and comprehensive evidence on the success of the ESEA title I program serving educationally disadvantaged students from low-income families has demonstrated that title I children achieve better gains in test scores than similar children who do not participate in title I programs, and that children who achieve increased performance in reading and math while they participate in title I programs maintain those increases even after they graduate from title I programs.

But what is the administration asking us to do? To reduce these cost-effective carefully targeted educational programs serving the poorest, most educationally disadvantaged and handicapped students, effectively removing millions of children from these programs. If we were to accept the additional cuts which the President has requested, beyond those which—regretfully—Congress has already approved, we would face the following:

In the title I program alone, an effective cut of 37 percent in real services from the "current policy base" would mean that more than 2.2 million children participating in title I programs would be denied services.

Of this number 1,493,000 would lose supplementary instruction in reading; 693,000 would lose such instruction in mathematics; and 473,000 children would be denied additional instruction in other subject areas. Health and nutrition services would also be lost to 452,000 children, and 1,104,000 children would lose other support services such as transportation, guidance, testing, psychological services, and so forth.

These cuts would be the equivalent of the loss of 72,693 full time staff.

Services for handicapped children in public school would return to the custodial care and inappropriate placements characteristic of special education before Congress overwhelmingly enacted the Education for All Handicapped Children Act nearly 6 years ago. Thousands of teachers would have to be laid off.

Head Start, one of the programs the President vowed to preserve as part of the social safety net would have to stop serving some 45,000 children or cut back to part day programs, with a considerable staff layoff.

CHILD WELFARE

Last year, with overwhelming bipartisan support, Congress enacted major new legislation to remedy serious deficiencies in the foster care system in this country. The law recognized that hundreds of thousands of children are caught up in the limbo of foster care, group care and institutions—but that almost all of those children would be much better served by finding permanent homes.

Within this past year there have been numerous opportunities for both the Senate and the House to make known their continued support for the new law—which emphasizes preventive child welfare services and incentives for adoption as a way of reducing the very expensive placement of children in foster care. And on each occasion—in the first budget resolution, and in reconciliation—both the House and the Senate agreed that the law should remain intact and adequately funded.

Members of both the House and the Senate have continued to endorse this law because, over 5 years, we provided the Congress with uncontroverted evidence that two-thirds of the foster children were inappropriately placed at a cost of billions of dollars to taxpayers. One audit in New York City found the cost of inappropriate placement in that city alone to exceed a quarter of a billion dollars.

We also found proven alternative programs that offered preventive services, adoption supports and periodic review procedures which drastically cut unnecessary foster care by as much as 50 percent.

The administration, however, apparently is unwilling to listen to the repeated bipartisan messages from the legislative branch of Government—and for that matter, from a broad coalition of professionals, social service providers, and volunteer organizations that work on behalf of children. The administration would have us slash funding for child welfare services and limit the funds available for maintaining children out of their homes.

But we ought to learn a lesson from child welfare reform. The new law attempts to redirect Federal fiscal incentives and encourage States to keep families together. Contrary to its own ideology, and certainly contrary to every shred of evidence on cost effectiveness, the administration would have us eliminate those carefully designed mechanisms in the law which would insure that:

Children would enter care only when necessary;

Children who must enter foster care would be appropriately placed;

Children's placements would be periodically reviewed to prevent unduly long stays in the foster care system; and

Children would be returned home or adopted in a timely fashion.

The administration's approach would not only revert to the inhumane, inefficient, and excessively costly system of the past, but would attempt to limit the funds available for children for whom living outside their own homes is completely beyond their control.

As we have proven time and time again, this approach would result in nothing but failure and billions of

wasted taxpayer dollars; because rest assured that we will pay for these children somewhere down the line, either in medical care or penal institutions or other public systems of last resort.

I have reviewed just a few areas where millions of vulnerable children are being asked to bear the brunt of false economies. In fact, there are many others—AFDC, job training, rehabilitation, title XX, child abuse prevention and treatment program, to name a few. They are being asked to do so even after the Congress has acceded to billions of dollars of reductions in programs which serve them. But those children depend on all of us to advance and protect their educational, health and welfare interests. As Hayes Mizell, chairman of the National Advisory Council on the Education of Disadvantaged Children, said in testimony today before the Subcommittee on Elementary and Secondary Education:

Those interests have primacy over any ideology or philosophy about the function of government; indeed, those interests are superior to any particular means for providing supplementary educational services.

I would add that those interests are superior to any particular means of providing health and social services as well.

I know you have heard it before, but it bears repeating: We are being asked to balance the budget on the backs of those most valuable in our society. Recently, some more of you are beginning to understand the truth of that assertion. Yesterday before the House Subcommittee on health, on the occasion of "Child Health Day," the Children's Defense Fund testified that:

In the last 8 months, the Reagan administration has taken away $1 in every $5 going to the sick, poor, abused and hungry children of this country and more than $10 billion from the neediest families. As a result, thousands and thousands are going to become poorer, sicker, colder, hungrier, and more poorly educated than they already are. To paraphrase Winston Churchill, "Never have so few taken so much from so many so quickly." But they're still not satisfied. Now the President is trying to persuade the country and Congress to cut even deeper into those programs which are the lifelines of millions of families and needy children.

Mr. NATCHER. Mr. Chairman, I rise in opposition to the amendment.

The amount contained in this bill for the youth employment and training program is $400 million. If we accept the amendment or vote for the amendment offered by the gentleman from New York, we would be over the ceiling as far as section 302 is concerned by $176 million.

The distinguished gentleman from Wisconsin will tell you that would carry us right back to where we were before we reduced this bill $74 million. It would carry us over the ceiling that we are operating under on this committee by $176 million.

Mr. Chairman, this amendment should be defeated.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I yield to the gentleman.

Mr. JEFFORDS. Mr. Chairman, I want to say that my heart is certainly with the gentleman from New York, but my head is with the chairman of the committee.

I would like to point out for this body that the committee reached this decision under some erroneous figures which were provided by the administration which indicated there would be a carryover of about $195 million and thus it appeared to be fully funded. Since that time it has become apparent that that figure is substantially lower, around $60 million.

The worst part, though, is over in the other body where the subcommittee has a figure of $200 million with the anticipation to carry forward $195 million.

What I would like to ask the chairman is whether or not recognizing this that they will do their very, very utmost to insure that the bare minimum amount that this, our own bill will allow, will be held to the extent possible by the conference committee, and this is essential I believe for the future of these programs.

Mr. NATCHER. Mr. Chairman, we can give the gentleman that assurance without any hesitation. The gentleman understands, we had no budget request. We knew the importance of this program. We put into this bill $400 million. If this amendment is adopted, it carries us over the section 302 ceiling. We are right back where we were before we reduced this bill by $74 million.

Mr. Chairman, this amendment should be defeated.

Mr. ASPIN. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. Yes, I will yield to the gentleman.

Mr. ASPIN. Let me just echo what the chairman is saying. The amendment that is being offered by the gentleman from New York, I have looked at those amendments and they are all good, worthy amendments; but the point that the gentleman from Kentucky is making is absolutely correct. We are up against the budget.

The committee made an admirable amendment earlier in the day. They have done a yeoman's service in coming in under the budget. They are making their best judgment as to how this money can be allocated and to add any money at this point without subtracting from somewhere else would be taking us over the budget.

Mr. NATCHER. I want to thank the gentleman.

● Mr. BIAGGI. Mr. Chairman, I rise in support of the amendment offered by my colleague from New York to increase funding for CETA youth programs under title IV-A by $176 million.

As New York's senior member of the House Education and Labor Committee and a strong supporter of our youth employment and training programs under title IV of CETA, I feel that these additional funds are essential if we are to help stem the massive youth unemployment that plagues our economy. This program, which is designed to make a significant impact upon the education and training of our most disadvantaged young people, has sustained unacceptable cuts to this point.

President Reagan recommended the consolidation of this program under titles B and C which would have virtually eliminated this program. The Budget Reconciliation Act approved separate funding for IV-A at $576 million which represents approximately a 25-percent cut current service levels. My own city of New York will be especially hard-hit and will experience a 40-percent reduction over the 1981 allocation from $27 to $16 million if the levels in the committee bill are maintained—a level $200 million below the authorization.

Mr. Chairman, youth unemployment today in New York City is at an all-time high of 40 percent—other areas of the Nation are experiencing the identical problem and it is not unique to New York—and not fair to impose a hardship on those least able to help themselves without this remedial assistance. The problem of youth unemployment is very real—and adoption of this amendment will allow us to begin to rectify an already crisis situation. I urge adoption of this amendment.●

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. WEISS).

The question was taken; and on a division (demanded by Mr. WEISS) there were—ayes 6, noes 44.

Mr. WEISS. Mr. Chairman, I demand a recorded vote, and pending that I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. One hundred and sixteen Members are present, a quorum.

The pending business is the demand of the gentleman from New York (Mr. WEISS) for a recorded vote.

Does the gentleman insist upon his demand?

Mr. WEISS. I do, Mr. Chairman.

A recorded vote was refused.

So the amendment was rejected.

The CHAIRMAN. Are there any further amendments?

Mr. NATCHER. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amend-

ments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. FUQUA, chairman of the Committee of the Whole House on the State of the Union, reported that that committee, having had under consideration the bill (H.R. 4560) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1982, and for other purposes, has directed him to report the bill back to the House with sundry amendments, with the recommendations that the amendments be agreed to and that the bill, as amended, do pass.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. REGULA

Mr. REGULA. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. REGULA. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. REGULA moves to recommit the bill, H.R. 4560, to the Committee on Appropriations.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. REGULA. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 168, nays 249, not voting 16, as follows:

[Roll No. 248]

YEAS—168

Andrews	Atkinson	Bailey (MO)
Archer	Badham	Barnard
Ashbrook	Bafalis	Benedict
Bereuter	Grisham	Mottl
Bliley	Gunderson	Myers
Breaux	Hagedorn	Nelson
Broomfield	Hall, Ralph	Oxley
Brown (CO)	Hall, Sam	Paul
Broyhill	Hammerschmidt	Petri
Burgener	Hance	Pickle
Butler	Hansen (ID)	Porter
Campbell	Hansen (UT)	Quillen
Carman	Hartnett	Railsback
Chappell	Hendon	Regula
Chappie	Hiler	Rhodes
Cheney	Hillis	Ritter
Clausen	Huckaby	Roberts (KS)
Coats	Hunter	Robinson
Coleman	Hutto	Roemer
Collins (TX)	Hyde	Roth
Conable	Ireland	Rousselot
Corcoran	Jeffries	Rudd
Coughlin	Jenkins	Sawyer
Courter	Kemp	Schulze
Coyne, James	Kindness	Sensenbrenner
Craig	Kramer	Shaw
Crane, Daniel	Lagomarsino	Shelby
Crane, Philip	Latta	Shumway
Daniel, Dan	Leath	Shuster
Daniel, R. W.	LeBoutillier	Siljander
Dannemeyer	Lee	Skeen
Daub	Lent	Smith (AL)
Deckard	Lewis	Smith (NE)
Derwinski	Loeffler	Smith (OR)
Dickinson	Lott	Solomon
Dornan	Lowery (CA)	Spence
Dowdy	Lujan	Stangeland
Dreier	Lungren	Stanton
Duncan	Madigan	Staton
Dunn	Marks	Stenholm
Edwards (AL)	Marlenee	Stump
Edwards (OK)	Martin (NC)	Tauzin
Emerson	Martin (NY)	Taylor
Emery	McClory	Trible
Erlenborn	McCloskey	Vander Jagt
Evans (DE)	McCollum	Walker
Fields	McDonald	Weber (MN)
Findley	McEwen	Weber (OH)
Forsythe	McGrath	Whitehurst
Fountain	Michel	Whitley
Frenzel	Miller (OH)	Whittaker
Gingrich	Molinari	Winn
Goldwater	Montgomery	Wolf
Gradison	Moore	Wortley
Gramm	Moorhead	Wylie
Gregg	Morrison	Young (FL)

NAYS—249

Addabbo	Clinger	Fascell
Akaka	Coelho	Fazio
Albosta	Collins (IL)	Fenwick
Alexander	Conte	Ferraro
Anderson	Conyers	Fish
Annunzio	Coyne, William	Fithian
Anthony	Crockett	Flippo
Applegate	D'Amours	Foglietta
Aspin	Danielson	Foley
AuCoin	Daschle	Ford (MI)
Bailey (PA)	Davis	Ford (TN)
Barnes	de la Garza	Fowler
Bedell	Dellums	Frank
Beilenson	DeNardis	Frost
Benjamin	Derrick	Fuqua
Bennett	Dicks	Garcia
Bevill	Dingell	Gaydos
Biaggi	Dixon	Gejdenson
Bingham	Donnelly	Gephardt
Blanchard	Dorgan	Gibbons
Boggs	Dougherty	Gilman
Boland	Downey	Ginn
Bolling	Dwyer	Glickman
Boner	Dymally	Gonzalez
Bonior	Dyson	Goodling
Bonker	Early	Gore
Bouquard	Eckart	Gray
Bowen	Edgar	Green
Brinkley	Edwards (CA)	Guarini
Brodhead	English	Hall (OH)
Brooks	Erdahl	Hamilton
Brown (CA)	Ertel	Harkin
Burton, Phillip	Evans (GA)	Hatcher
Byron	Evans (IA)	Hawkins
Carney	Evans (IN)	Heckler
Clay	Fary	Hefner
Heftel	Mitchell (NY)	Schumer
Hertel	Moakley	Seiberling
Hightower	Moffett	Shamansky
Holland	Mollohan	Shannon
Hollenbeck	Murphy	Sharp
Holt	Murtha	Simon
Hopkins	Natcher	Skelton
Horton	Neal	Smith (IA)
Howard	Nelligan	Smith (NJ)
Hoyer	Nichols	Smith (PA)
Hubbard	Nowak	Snowe
Hughes	O'Brien	Snyder
Jacobs	Oakar	Solarz
Jeffords	Oberstar	St Germain
Jones (OK)	Obey	Stark
Jones (TN)	Ottinger	Stokes
Kastenmeier	Panetta	Stratton
Kazen	Patman	Studds
Kildee	Patterson	Swift
Kogovsek	Pease	Synar
LaFalce	Pepper	Tauke
Lantos	Perkins	Traxler
Leach	Peyser	Udall
Lehman	Price	Vento
Leland	Pritchard	Volkmer
Levitas	Pursell	Walgren
Livingston	Rahall	Wampler
Long (LA)	Rangel	Washington
Long (MD)	Ratchford	Watkins
Lowry (WA)	Reuss	Waxman
Luken	Richmond	Weaver
Lundine	Rinaldo	Weiss
Markey	Rodino	White
Matsui	Roe	Whitten
Mattox	Rogers	Williams (MT)
Mavroules	Rose	Williams (OH)
Mazzoli	Rosenthal	Wilson
McCurdy	Rostenkowski	Wirth
McDade	Roukema	Wolpe
McHugh	Roybal	Wright
McKinney	Russo	Wyden
Mica	Sabo	Yates
Mikulski	Santini	Yatron
Miller (CA)	Savage	Young (AK)
Mineta	Scheuer	Young (MO)
Minish	Schneider	Zablocki
Mitchell (MD)	Schroeder	Zeferetti

NOT VOTING—16

Beard	Florio	Parris
Bethune	Johnston	Pashayan
Brown (OH)	Jones (NC)	Roberts (SD)
Burton, John	Marriott	Thomas
Chisholm	Martin (IL)	
Fiedler	Napier	

□ 1850

Mrs. BOGGS changed her vote from "yea" to "nay."

So the motion to recommit was rejected.

The result was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

PERMISSION TO INSERT IN RECORD DETAILED TABLE RESPECTING H.R. 4560

Mr. NATCHER. Mr. Speaker, I ask unanimous consent to insert in the RECORD at this point a detailed table showing the amounts in H.R. 4560, just passed, for each of the programs funded in the bill, together with appropriate comparisons.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

H.R. 4560—FISCAL YEAR 1982 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES

	Fiscal year 1981 (comparable)	Fiscal year 1982 budget	Fiscal year 1982 House bill	Fiscal year 1982 bill compared to—	
				Fiscal year 1982 budget	Fiscal year 1981
Title I—Department of Labor:					
Federal funds	14,333,798,000	10,965,870,000	8,717,291,000	−2,248,579,000	−5,616,507,000
Trust funds	(2,123,422,000)	(2,213,842,000)	(2,306,842,000)	(+93,000,000)	(+183,420,000)
Title II—Department of Health and Human Services:					
Federal funds	59,136,880,000	65,498,695,000	63,747,771,000	−1,750,924,000	+4,610,891,000
Trust funds	(3,658,349,000)	(4,204,037,000)	(4,099,939,000)	(−104,098,000)	(+441,590,000)
Title III—Department of Education:					
Federal funds	14,193,200,000	12,989,366,000	13,941,324,000	+951,958,000	−251,876,000
Trust funds	(600,000)	(600,000)	(600,000)		
Title IV—Related agencies:					
Federal funds	826,023,000	803,913,000	805,086,000	+1,173,000	−20,937,000
Trust funds	(37,794,000)	(52,250,000)	(48,000,000)	(−4,250,000)	(10,206,000)
Estimates proposed for later transmittal		−3,873,105,000		+3,873,105,000	
Section 513, salary and expenses reductions	0	0	−30,222,000	−30,222,000	−30,222,000
Total, direct appropriations all titles:					
Federal funds	88,489,901,000	86,384,739,000	87,181,250,000	+796,511,000	−1,308,651,000
Current year	88,352,901,000	84,254,861,000	85,283,909,000	+1,029,048,000	−3,068,992,000
1983 advance		2,019,878,000	1,787,341,000	−232,537,000	+1,787,341,000
1984 advance	137,000,000	110,000,000	110,000,000		−27,000,000
Trust funds	(5,820,165,000)	(6,470,729,000)	(6,455,381,000)	(−15,348,000)	(+635,216,000)
TITLE I—DEPARTMENT OF LABOR					
EMPLOYMENT AND TRAINING ADMINISTRATION					
PROGRAM ADMINISTRATION					
Planning, evaluation and research	4,363,000	4,549,000	4,549,000		+186,000
Trust funds	(345,000)	(341,000)	(341,000)		(−4,000)
Comprehensive employment development	41,467,000	40,095,000	40,095,000		−1,372,000
Trust funds	(54,000)	(54,000)	(54,000)		
Apprenticeship services	15,737,000	13,236,000	16,036,000	+2,800,000	+299,000
U.S. Employment Service	902,000	968,000	968,000		+66,000
Trust funds	(10,190,000)	(10,033,000)	(10,033,000)		(−157,000)
Veterans Employment Service: Trust funds	(7,598,000)	(7,434,000)	(7,434,000)		(−164,000)
Unemployment insurance service	166,000	221,000	221,000		+55,000
Trust funds	(11,292,000)	(11,531,000)	(11,531,000)		(+239,000)
Special review	1,980,000	2,268,000	2,268,000		+288,000
Executive direction and management	27,417,000	28,639,000	28,639,000		+1,222,000
Trust funds	(9,155,000)	(8,706,000)	(8,706,000)		(−449,000)
Total, program administration	130,666,000	128,075,000	130,875,000	+2,800,000	+209,000
Federal funds	92,032,000	89,976,000	92,776,000	+2,800,000	+744,000
Trust funds	(38,634,000)	(38,099,000)	(38,099,000)		(−535,000)
EMPLOYMENT AND TRAINING ASSISTANCE					
General training and employment program (CETA, title II):					
Employment and training services (title II A, B, C)	2,102,000,000	1,527,775,000	1,410,775,000	−117,000,000	−691,225,000
Public service employment (title II–D)	1,929,885,000				−1,929,885,000
(Deferral, nonadd)	(−606,672,000)	(606,672,000)	(606,672,000)		(+1,213,344,000)
Subtotal, (title II)	4,031,885,000	1,527,775,000	1,410,775,000	−117,000,000	−2,621,110,000
Youth programs:					
Special programs (CETA, title IV):					
Youth employment and training programs	696,000,000		400,000,000	+400,000,000	−296,000,000
Youth community conservation and improvement program	129,000,000				−129,000,000
Young Adult Conservation Corps (title VIII)	200,000,000				−200,000,000
(Deferral, nonadd)	(−58,054,000)	(58,054,000)		(−58,054,000)	(+58,054,000)
Summer youth employment program (CETA, title IV)	839,008,000	766,100,000	766,100,000		−72,908,000
(Deferral, nonadd)	(−39,548,000)	(39,548,000)		(−39,548,000)	(+39,548,000)
Job Corps (CETA, title IV)	560,683,000	734,463,000	628,263,000	−106,200,000	+67,580,000
Subtotal, youth programs	2,424,691,000	1,500,563,000	1,794,363,000	+293,800,000	−630,328,000
National programs (CETA, title III)	536,397,000	213,815,000	201,291,000	−12,524,000	−335,106,000
(Deferral, nonadd)	(−46,881,000)	(46,881,000)		(−46,881,000)	(+46,881,000)
Private sector programs (CETA, title VII)	150,000,000	325,000,000	264,700,000	−60,300,000	+114,700,000
Total, employment and training assistance	7,142,973,000	3,567,153,000	3,671,129,000	+103,976,000	−3,471,844,000
Temporary employment assistance (CETA, title VI)	494,525,000				−494,525,000
Subtotal, Comprehensive Employment and Training Act (CETA)	7,637,498,000	3,567,153,000	3,671,129,000	+103,976,000	−3,966,369,000
Community service employment for older Americans	277,100,000	277,100,000	277,100,000		
FEDERAL UNEMPLOYMENT BENEFITS AND ALLOWANCES					
Payments to ex-servicemen	378,000,000	250,000,000	38,000,000	−212,000,000	−340,000,000
Trade adjustment assistance	1,656,500,000	1,500,000,000	238,000,000	−1,262,000,000	−1,418,500,000
Unemployment assistance and payments under other Federal unemployment programs	304,000,000	30,000,000	30,000,000		−274,000,000
Payments to UTF for former Federal personnel	87,000,000				−87,000,000
Total, FUBA, appropriations	2,425,500,000	1,780,000,000	306,000,000	−1,474,000,000	−2,119,500,000
GRANTS TO STATES FOR UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICES					
Unemployment Insurance Service	(963,250,000)	(1,037,800,000)	(1,037,800,000)		(+74,550,000)
Employment services:					
Federal funds	24,500,000	21,900,000	21,900,000		−2,600,000
Trust funds	(731,496,000)	(658,300,000)	(745,000,000)	(+86,700,000)	(+13,504,000)
Subtotal, employment services	755,996,000	680,200,000	766,900,000	+86,700,000	+10,904,000
Contingency fund	(387,325,000)	(478,200,000)	(484,500,000)	+6,300,000)	(+97,175,000)
Total, grants to States	2,106,571,000	2,196,200,000	2,289,200,000	+93,000,000	+182,629,000
Federal funds	24,500,000	21,900,000	21,900,000		−2,600,000
Trust funds	(2,082,071,000)	(2,174,300,000)	(2,267,300,000)	(+93,000,000)	(+185,229,000)
Advances to unemployment trust fund and other funds	1,989,346,000	3,236,000,000	2,368,000,000	−868,000,000	+378,654,000
Interfund payment to black lung disability trust fund (included in advance)	(517,000,000)	(478,000,000)	(478,000,000)		(−39,000,000)
Total, Employment and Training Administration	14,566,681,000	11,184,528,000	9,042,304,000	−2,142,224,000	−5,524,377,000
Federal funds	12,445,976,000	8,972,129,000	6,736,905,000	−2,235,224,000	−5,709,071,000
Trust funds	(2,120,705,000)	(2,212,399,000)	(2,305,399,000)	(+93,000,000)	(+184,694,000)

H.R. 4560—FISCAL YEAR 1982 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES—Continued

	Fiscal year 1981 (comparable)	Fiscal year 1982 budget	Fiscal year 1982 House bill	Fiscal year 1982 bill compared to—	
				Fiscal year 1982 budget	Fiscal year 1981
LABOR-MANAGEMENT SERVICES ADMINISTRATION					
SALARIES AND EXPENSES					
Labor-management relations policy and service	4,777,000	4,961,000	4,961,000		+184,000
Labor-management standards enforcement	17,118,000	17,928,000	17,928,000		+810,000
Veterans reemployment rights	2,439,000	2,583,000	2,583,000		+144,000
Pension and welfare benefit programs	29,466,000	31,199,000	31,199,000		+1,733,000
Executive direction, management, and support	3,985,000	4,644,000	4,644,000		+659,000
Undistributed reduction			−1,100,000	−1,100,000	−1,100,000
Total, LMSA	57,785,000	61,315,000	60,215,000	−1,100,000	+2,430,000
EMPLOYMENT STANDARDS ADMINISTRATION					
SALARIES AND EXPENSES					
Improving and protecting wages	65,642,000	63,132,000	63,132,000		−2,510,000
Elimination of discrimination in employment	49,680,000	48,309,000	48,309,000		−1,371,000
Workers' compensation	38,673,000	40,552,000	40,552,000		+1,879,000
Trust funds	(364,000)	(375,000)	(375,000)		(+11,000)
Program development and administration	16,570,000	14,748,000	13,248,000	−1,500,000	−3,322,000
Total, salaries and expenses	170,929,000	167,116,000	165,616,000	−1,500,000	−5,313,000
Federal funds	170,565,000	166,741,000	165,241,000	−1,500,000	−5,324,000
Trust funds	(364,000)	(375,000)	(375,000)		(+11,000)
SPECIAL BENEFITS					
Federal Employees Compensation Act benefits	315,597,000	344,926,000	344,926,000		+29,329,000
Longshore and harbor workers' benefits	3,672,000	3,966,000	3,966,000		+294,000
Total, special benefits	319,269,000	348,892,000	348,892,000		+29,623,000
BLACK LUNG DISABILITY TRUST FUND					
Benefit payments and interest on advances	704,667,000	734,149,000	734,149,000		+29,482,000
Employment Standards Administration, salaries and expenses	24,670,000	24,302,000	24,302,000		−368,000
Departmental management, salaries and expenses	10,543,000	10,793,000	10,793,000		+250,000
Total, black lung disability trust fund	739,880,000	769,244,000	769,244,000		+29,364,000
Portion funded from advances account	(517,000,000)	(478,000,000)	(478,000,000)		(−39,000,000)
Treasury administrative costs (indefinite)	756,000	756,000	756,000		
Total, Employment Standards Administration	1,230,834,000	1,286,008,000	1,284,508,000	−1,500,000	+53,674,000
Federal funds	1,230,470,000	1,285,633,000	1,284,133,000	−1,500,000	+53,663,000
Trust funds	(364,000)	(375,000)	(375,000)		(+11,000)
OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION					
SALARIES AND EXPENSES					
Safety and health standards	8,292,000	7,420,000	7,420,000		−872,000
Enforcement:					
Federal enforcement	86,425,000	80,125,000	80,125,000		−6,300,000
State programs	43,500,000	48,238,000	48,238,000		+4,738,000
Technical support	16,137,000	18,054,000	18,054,000		+1,917,000
Compliance assistance	40,882,000	58,075,000	58,075,000		+17,193,000
Safety and health statistics	7,069,000	9,013,000	9,013,000		+1,944,000
Executive direction and administration	6,852,000	6,984,000	6,984,000		+132,000
Undistributed reduction			−3,075,000	−3,075,000	−3,075,000
Total, OSHA	209,157,000	227,909,000	224,834,000	−3,075,000	+15,677,000
MINE SAFETY AND HEALTH ADMINISTRATION					
SALARIES AND EXPENSES					
Enforcement:					
Coal	63,812,000	63,229,000	63,229,000		−583,000
Metal/nonmetal	33,716,000	32,824,000	32,824,000		−892,000
Standards development	741,000	1,137,000	1,137,000		+396,000
Assessments	6,538,000	6,320,000	6,320,000		−218,000
National Mine Health and Safety Academy	4,996,000	5,504,000	5,504,000		+508,000
Education and training	11,950,000	12,545,000	12,545,000		+595,000
Technical support	19,348,000	25,138,000	25,138,000		+5,790,000
Program administration	11,025,000	10,837,000	10,837,000		−188,000
Undistributed reduction			−1,800,000	−1,800,000	−1,800,000
Total, Mine Safety and Health Administration	152,126,000	157,534,000	155,734,000	−1,800,000	+3,608,000
BUREAU OF LABOR STATISTICS					
SALARIES AND EXPENSES					
Labor force statistics	38,914,000	43,613,000	43,613,000		+4,699,000
Prices and cost of living	38,553,000	43,348,000	43,348,000		+4,795,000
Wages and industrial relations	14,137,000	15,156,000	15,156,000		+1,019,000
Productivity and technology	3,777,000	4,226,000	4,226,000		+449,000
Economic growth and employmcnt projections	3,037,000	2,964,000	2,964,000		−73,000
Executive direction and staff services	12,663,000	13,735,000	13,735,000		+1,072,000
Total, Bureau of Labor Statistics	111,081,000	123,042,000	123,042,000		+11,961,000
DEPARTMENTAL MANAGEMENT					
SALARIES AND EXPENSES					
Executive direction	10,267,000	11,100,000	11,100,000		+833,000
Legal services	34,811,000	36,582,000	36,582,000		+1,771,000
Trust funds	(217,000)	(230,000)	(230,000)		(+13,000)
International labor affairs	9,249,000	9,992,000	9,392,000	−600,000	+143,000
Administration and management	23,417,000	25,889,000	25,889,000		+2,472,000
Adjudication	7,511,000	7,930,000	7,930,000		+419,000
Promoting employment of the handicapped	1,699,000	2,025,000	2,025,000		+326,000
Women's Bureau	3,311,000	3,866,000	3,866,000		+555,000
Inspector General	33,462,000	37,833,000	38,433,000	+600,000	+4,971,000
Trust funds	(2,136,000)	(838,000)	(838,000)		(−1,298,000)

H.R. 4560—FISCAL YEAR 1982 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES—Continued

	Fiscal year 1981 (comparable)	Fiscal year 1982 budget	Fiscal year 1982 House bill	Fiscal year 1982 bill compared to—	
				Fiscal year 1982 budget	Fiscal year 1981
Minimum Wage Study Commission	894,000				−894,000
Civil rights activities	2,512,000	2,891,000	2,891,000		+379,000
Undistributed reduction			−2,750,000	−2,750,000	−2,750,000
Total, salaries and expenses	129,486,000	139,176,000	136,426,000	−2,750,000	+6,940,000
Federal funds	127,133,000	138,108,000	135,358,000	−2,750,000	+8,225,000
Trust funds	(2,353,000)	(1,068,000)	(1,068,000)		(−1,285,000)
Special foreign currency program	70,000	200,000	70,000	−130,000	
Additional consultant reduction			−3,000,000	−3,000,000	−3,000,000
Total, departmental management	129,556,000	139,376,000	133,496,000	−5,880,000	+3,940,000
Federal funds	127,203,000	138,308,000	132,428,000	−5,880,000	+5,225,000
Trust funds	(2,353,000)	(1,068,000)	(1,068,000)		(−1,285,000)
Total, Labor Department	16,457,220,000	13,179,712,000	11,024,133,000	−2,155,579,000	−5,433,087,000
Federal funds	14,333,798,000	10,965,870,000	8,717,291,000	−2,248,579,000	−5,616,507,000
Trust funds	(2,123,422,000)	(2,213,842,000)	(2,306,842,000)	(+93,000,000)	(+183,420,000)
TITLE II—DEPARTMENT OF HEALTH AND HUMAN SERVICES					
PUBLIC HEALTH SERVICE					
HEALTH SERVICES ADMINISTRATION					
HEALTH SERVICES					
Community health services:					
Community health centers:					
Primary health care centers [1]	323,674,000	243,750,000	258,750,000	+15,000,000	−64,924,000
Research and demonstration centers	3,442,000	3,250,000	2,000,000	−1,250,000	−1,442,000
Black lung services	4,500,000	3,375,000	3,375,000		−1,125,000
Migrant health	43,223,000	32,550,000	40,000,000	+7,450,000	−3,223,000
Family planning	161,671,000	124,535,000	130,000,000	+5,465,000	−31,671,000
Maternal and child health block grant:					
New formula grant [2]		331,000,000	331,000,000		
Predecessor programs:					
Old title V formula grants	357,400,000				
MCH training	25,200,000				
MCH research	4,800,000				
SSI childrens services	30,000,000				
Lead-based paint poisoning prevention	10,098,000				
Sudden Infant Death Syndrome Services	2,802,000				
Hemophilia	3,300,000				
Genetic diseases	13,145,000				
Adolescent health	9,993,000				
Subtotal, MCH	456,738,000	331,000,000	331,000,000		−125,738,000
Program support, MCH and CHS	28,683,000				−28,683,000
Subtotal, Community health services	1,021,931,000	738,460,000	765,125,000	+26,665,000	−256,806,000
Health professions education and services:					
National Health Service Corps:					
NHSC Scholarships	63,400,000	37,873,000	37,873,000		−25,527,000
NHSC field	84,739,000	99,487,000	99,487,000		+14,748,000
Health professions student assistance:					
Loans	16,500,000		6,000,000	+6,000,000	−10,500,000
Loan repayments	1,500,000	4,000,000	4,000,000		+2,500,000
Exceptional need scholarships	10,000,000		6,000,000	+6,000,000	−4,000,000
Subtotal	28,000,000	4,000,000	16,000,000	+12,000,000	−12,000,000
Nursing student assistance:					
Loans	13,500,000		7,000,000	+7,000,000	−6,500,000
Loan repayments and cancellations	750,000	1,000,000	1,000,000		+250,000
Program support	17,635,000	17,000,000	17,000,000		−635,000
Subtotal, health professionals educ. and serv	208,024,000	159,360,000	178,360,000	+19,000,000	−29,664,000
Patient care and spec. health services:					
PHS hospitals and clinics:					
Operations and closure	145,199,000	72,712,000	72,712,000		−72,487,000
Conversion			25,000,000	+25,000,000	+25,000,000
Federal employee health	964,000	1,026,000	1,026,000		+62,000
Payments to Hawaii	1,800,000	1,969,000	1,969,000		+169,000
Program support, BMS	6,083,000	4,617,000	4,617,000		−1,466,000
Subtotal	154,046,000	80,324,000	105,324,000	+25,000,000	−48,722,000
Buildings and facilities	2,700,000	5,000,000	5,000,000		+2,300,000
Program management, HSA	8,033,000	4,692,000	4,692,000		−3,341,000
Proposed legislation, pay reforms		(−6,585,000)	(−6,585,000)		(−6,585,000)
Total, health services	1,394,734,000	981,251,000	1,051,916,000	+70,665,000	−342,818,000
Health services loan limitations:					
Health professionals graduate student loans		(100,000,000)			
NHSC private practice loans		(1,000,000)			
CENTERS FOR DISEASE CONTROL					
PREVENTIVE HEALTH SERVICES					
Preventive health services block grant:					
New formula grant		95,000,000	95,000,000		
Predecessor programs:					
Health incentive grants	9,000,000				
Risk reduction and health education	21,741,000				
Urban rat control	13,408,000				
Fluoridation (State and local activities)	5,000,000				
High blood pressure control	20,000,000				
Emergency medical services	30,000,000				
Subtotal	99,149,000	95,000,000	95,000,000		−4,149,000
Disease prevention programs:					
Veneral diseases:					
Grants	40,000,000	30,000,000	40,000,000	+10,000,000	
Direct operations	7,637,000	7,272,000	6,637,000	−635,000	−1,000,000

H.R. 4560—FISCAL YEAR 1982 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES—Continued

	Fiscal year 1981 (comparable)	Fiscal year 1982 budget	Fiscal year 1982 House bill	Fiscal year 1982 bill compared to—	
				Fiscal year 1982 budget	Fiscal year 1981
Immunization:					
Grants	24,132,000	18,100,000	24,132,000	+6,032,000	
Direct operations	6,290,000	6,774,000	6,774,000		+484,000
Fluoridation (Federal activities)	1,813,000	1,706,000	1,146,000	−560,000	−667,000
Lead control			560,000	+560,000	+560,000
Control of chronic conditions:					
Chronic diseases	18,284,000	18,790,000	18,790,000		+506,000
Environmental hazards	5,223,000	3,681,000	3,681,000		−1,542,000
Occupational safety and health:					
Research	55,017,000	55,976,000	55,976,000		+959,000
Training	8,752,000		7,000,000	+7,000,000	−1,752,000
Program support	4,079,000	2,845,000	2,845,000		−1,234,000
Epidemiology services	30,764,000	33,669,000	33,669,000		+2,905,000
Technology development and application	26,454,000	26,033,000	26,033,000		−421,000
Buildings and facilities	4,451,000	1,831,000	1,831,000		−2,620,000
Programs management	3,480,000	2,516,000	2,516,000		−964,000
Mount St. Helens	2,000,000				−2,000,000
Total, preventive health services	337,525,000	304,193,000	326,590,000	+22,397,000	−10,935,000
NATIONAL INSTITUTES OF HEALTH [a]					
National Cancer Institute	989,423,000	1,025,946,000	1,030,356,000	+4,410,000	+40,933,000
National Heart, Lung, and Blood Institute	549,730,000	579,602,000	583,831,000	+4,229,000	+34,101,000
National Institute of Dental Research	71,189,000	74,627,000	75,277,000	+650,000	+4,088,000
National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases	369,550,000	380,594,000	384,206,000	+3,612,000	+14,656,000
National Institute of Neurological and Communicative Disorders and Stroke	252,648,000	276,156,000	277,700,000	+1,544,000	+25,052,000
National Institute of Allergy and Infectious Diseases	232,201,000	243,755,000	259,763,000	+16,008,000	+27,562,000
National Institute of General Medical Sciences	333,775,000	341,201,000	360,561,000	+19,360,000	+26,786,000
National Institute of Child Health and Human Development	220,681,000	231,093,000	238,411,000	+7,318,000	+17,730,000
National Eye Institute	117,991,000	132,324,000	132,920,000	+596,000	+14,929,000
National Institute of Environmental Health Sciences	93,494,000	110,058,000	111,256,000	+1,198,000	+17,762,000
National Institute on Aging	75,683,000	84,186,000	86,059,000	+1,873,000	+10,376,000
Research Resources	175,659,000	191,863,000	191,965,000	+102,000	+16,306,000
John E. Fogarty International Center	9,124,000	9,589,000	9,589,000		+465,000
Subtotal	3,491,148,000	3,680,994,000	3,741,894,000	+60,900,000	+250,746,000
National Library of Medicine	44,666,000	47,677,000	46,252,000	−1,425,000	+1,586,000
Office of the Director	21,669,000	23,502,000	36,502,000	+13,000,000	+14,833,000
Buildings and facilities	11,750,000	10,310,000	10,310,000		−1,440,000
Total, National Institutes of Health	3,569,233,000	3,762,483,000	3,834,958,000	+72,475,000	+265,725,000
ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH ADMINISTRATION					
ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH					
New alcohol, drug abuse, and mental health block grant		491,000,000	485,000,000	−6,000,000	
Predecessor programs:					
Alcoholism formula and project grants	90,540,000				
Drug abuse formula and project grants	172,245,000				
Mental health services (Systems Act)	278,130,000				
Subtotal	540,915,000	491,000,000	485,000,000	−6,000,000	−55,915,000
Other mental health:					
Mental health services demonstrations, CSP	7,600,000		6,000,000	+6,000,000	−1,600,000
Research	141,739,000	144,594,000	144,594,000		+2,855,000
Research training	19,491,000	11,760,000	16,165,000	+4,405,000	−3,326,000
Clinical training	61,872,000	47,321,000	47,321,000		−14,551,000
Program support	37,000,000	31,131,000	31,131,000		−5,869,000
Subtotal, other mental health	260,102,000	234,806,000	239,211,000	+4,405,000	−20,891,000
Other drug abuse:					
Research	44,630,000	44,288,000	44,288,000		−342,000
Research training	921,000	803,000	850,000	+47,000	−71,000
Clinical training	6,666,000	5,705,000	5,705,000		−961,000
Program support	20,748,000	13,864,000	13,864,000		−6,884,000
Subtotal, other drug abuse	72,965,000	64,660,000	64,707,000	+47,000	−8,258,000
Other alcoholism:					
Research	21,711,000	24,802,000	24,802,000		+3,091,000
Research training	1,300,000	972,000	1,220,000	+248,000	−80,000
Clinical training	4,503,000	3,561,000	3,561,000		−942,000
Program support	10,167,000	8,590,000	8,590,000		−1,577,000
Subtotal, other alcoholism	37,681,000	37,925,000	38,173,000	+248,000	+492,000
Buildings and facilities	5,425,000	1,400,000	1,400,000		−4,025,000
Program management, ADAMHA	10,665,000	5,235,000	5,235,000		−5,430,000
Total, alcohol, drug abuse, and mental health	935,353,000	835,026,000	839,726,000	+4,700,000	−95,627,000
St. Elizabeths Hospital	98,690,000	98,864,000	98,864,000		+174,000
Total, ADAMHA	1,034,043,000	933,890,000	938,590,000	+4,700,000	−95,453,000
HEALTH RESOURCES ADMINISTRATION					
HEALTH RESOURCES					
Health planning and resources development:					
Health planning:					
Local planning (HSA's)	82,880,000	6,600,000	50,000,000	+43,400,000	−32,880,000
State planning and regulation	32,000,000	45,000,000	32,000,000	−13,000,000	
Technical assistance	1,380,000	2,887,000	1,380,000	−1,507,000	
Program support	10,280,000	3,513,000	3,513,000		−6,767,000
Consolidated authorizations					
Subtotal, health planning	126,540,000	58,000,000	86,893,000	+28,893,000	−39,647,000
Health facilities, financing, compliance and conversion:					
Health teaching facilities	4,300,000	4,300,000	4,300,000		
Program support	5,153,000	5,100,000	5,100,000		−53,000
Health professions education:					
Institutional assistance:					
Financial distress	10,000,000	7,400,000	8,200,000	+800,000	−1,800,000
Startup	1,790,000		818,000	+818,000	−972,000

H.R. 4560—FISCAL YEAR 1982 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES—Continued

	Fiscal year 1981 (comparable)	Fiscal year 1982 budget	Fiscal year 1982 House bill	Fiscal year 1982 bill compared to—	
				Fiscal year 1982 budget	Fiscal year 1981
Dental health education:					
Team grants	1,250,000				−1,250,000
Public Health and Health Administration:					
Public Health capitation	4,350,000		4,350,000	+4,350,000	
Public Health traineeships	6,750,000	3,000,000	3,000,000		−3,750,000
Special projects	2,800,000	1,000,000		−1,000,000	−2,800,000
Health Administration grants	750,000	1,500,000	1,500,000		+750,000
Health Administration traineeships	750,000	500,000	500,000		−250,000
Subtotal	15,400,000	6,000,000	9,350,000	+3,350,000	−6,050,000
Primary care:					
Family med/gen. dental res. and training	37,450,000	18,000,000	18,000,000		−19,450,000
Family medicine departments	9,500,000	8,000,000	8,000,000		−1,500,000
General internal medicine and pediatric	19,500,000	18,000,000	17,000,000	−1,000,000	−2,500,000
Subtotal, primary care	66,450,000	44,000,000	43,000,000	−1,000,000	−23,450,000
Special manpower initiatives:					
Physician assistants	8,100,000	5,000,000	5,000,000		−3,100,000
Grad. Med. Educ. Natl. Adv. Committee	500,000	500,000	500,000		
Allied health	1,000,000				−1,000,000
Area health education centers	21,000,000	15,800,000	21,000,000	+5,200,000	
Manpower supply and distrib. analysis	2,700,000		2,585,000		−115,000
Disadvantaged assistance	19,568,000	19,568,000	19,568,000		
Preventive medicine residences		3,000,000		−3,000,000	
Special health professions initiative		5,000,000	1,800,000	−3,200,000	+1,800,000
Nursing programs:					
Institutional assistance:					
Capitation grants	9,900,000				−9,900,000
Advanced nurse training	12,000,000		12,000,000	+12,000,000	
Nurse practitioner	13,000,000	7,800,000	12,000,000	+4,200,000	−1,000,000
Special projects	11,963,000	6,432,000	6,432,000		−5,531,000
Student assistance:					
Traineeships	13,000,000		10,000,000	+10,000,000	−3,000,000
Fellowships	1,000,000		1,000,000	+1,000,000	
Research grants	5,000,000		5,000,000	+5,000,000	
Subtotal, nursing programs	65,863,000	14,232,000	46,432,000	+32,200,000	−19,431,000
Health professions program support	17,382,000	3,000,000	3,000,000		−14,382,000
HRA program management	13,735,000	5,200,000	5,200,000		−8,535,000
Total, health resources	380,831,000	198,685,000	262,746,000	+64,061,000	−118,085,000
Medical facilities guarantee and loan fund		35,000,000	30,000,000	−5,000,000	+30,000,000
Total, Health Resources Administration	380,831,000	233,685,000	292,746,000	+59,061,000	−88,085,000
Health resources, limiation on health facilities loan guarantee	(1,500,000,000)	(1,500,000,000)	(1,500,000,000)		
OFFICE OF THE ASSISTANT SECRETARY FOR HEALTH					
SALARIES AND EXPENSES					
Research, statistics and technology:					
Health services research:					
Research	22,432,000	13,449,000	10,000,000	−3,449,000	−12,432,000
Program support	7,680,000	6,534,000	6,534,000		−1,146,000
Subtotal	30,112,000	19,983,000	16,534,000	−3,449,000	−13,578,000
Health statistics:					
Program operations	34,834,000	35,535,000	35,535,000		+701,000
Program support	3,152,000	3,403,000	3,403,000		+251,000
Subtotal	37,986,000	38,938,000	38,938,000		+952,000
Health care technology:					
Research	2,670,000				−2,670,000
Program support	1,319,000				−1,319,000
Subtotal	3,989,000				−3,989,000
Program management	1,079,000	788,000	788,000		−291,000
Subtotal	73,166,000	59,709,000	56,260,000	−3,449,000	−16,906,000
Health maintenance organizations:					
HMO development activities	8,800,000				−8,800,000
Management training and technical assistance	1,500,000	1,000,000	500,000	−500,000	−1,000,000
Program support	9,937,000	7,211,000	7,211,000		−2,726,000
Subtotal, health maintenance organizations	20,237,000	8,211,000	7,711,000	−500,000	−12,526,000
(Limitation on direct loans)	(155,000,000)	(75,500,000)	(75,500,000)		(−79,500,000)
(Limitation on guaranteed loans)	(170,000,000)	(75,500,000)	(75,500,000)		(−94,500,000)
Special health initiatives:					
Health promotion	4,368,000	2,850,000	2,000,000	−850,000	−2,368,000
Physical fitness and sports	789,000	1,100,000	1,100,000		+311,000
International health	779,000	515,000	515,000		−264,000
Emergency fund		20,000,000		−20,000,000	
Subtotal, special health initiatives	5,936,000	24,465,000	3,615,000	−20,850,000	−2,321,000
Public Health Service management:					
Regional management	5,374,000	2,003,000	2,003,000		−3,371,000
Program direction and support services	16,904,000	16,421,000	16,421,000		−483,000
Subtotal, PHS management	22,278,000	18,424,000	18,424,000		−3,854,000
PHS administrative costs for block grants, termination costs, and miscellaneous S. & E.[4]	40,000,000	80,729,000	54,029,000	−26,700,000	+14,029,000
Total, salaries and expenses	161,617,000	191,538,000	140,039,000	−51,499,000	−21,578,000
Retirement pay and medical benefits for commissioned officers:					
Retirement payments	43,117,000	49,146,000	49,146,000		+6,029,000
Survivors benefits	1,359,000	1,605,000	1,605,000		+246,000
Dependent's medical care	47,482,000	55,421,000	55,421,000		+7,939,000
Total, retirement pay and medical benefits	91,958,000	106,172,000	106,172,000		+14,214,000
Total, Public Health Service	6,969,941,000	6,513,212,000	6,691,011,000	+177,799,000	−278,930,000

H.R. 4560—FISCAL YEAR 1982 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES—Continued

	Fiscal year 1981 (comparable)	Fiscal year 1982 budget	Fiscal year 1982 House bill	Fiscal year 1982 bill compared to—	
				Fiscal year 1982 budget	Fiscal year 1981
HEALTH CARE FINANCING ADMINISTRATION					
GRANTS TO STATES FOR MEDICAID					
Grants to States	16,580,298,000	18,365,608,000	17,427,843,000	−937,765,000	+847,545,000
Appropriation available from subsequent year	4,410,000,000	4,906,000,000	4,606,000,000	−300,000,000	+196,000,000
Appropriation available in prior year	−3,724,775,000	−4,410,000,000	−4,410,000,000		−685,225,000
Total adjusted appropriation including borrowing	17,265,523,000	18,861,608,000	17,623,843,000	−1,237,765,000	+358,320,000
PAYMENTS TO HEALTH CARE TRUST FUNDS					
Military service credits	141,000,000	207,000,000	207,000,000		+66,000,000
Supplemental medical insurance	8,737,000,000	13,489,000,000	13,489,000,000		+4,752,000,000
Hospital insurance for uninsured	659,000,000	808,000,000	808,000,000		+149,000,000
PSRO hospital review activities (Medicaid only)	33,600,000	16,075,000		−16,075,000	−33,600,000
Reconciliation reestimate			−166,000,000	−166,000,000	−166,000,000
Total, payment to trust funds	9,570,600,000	14,520,075,000	14,338,000,000	−182,075,000	+4,767,400,000
PROGRAM MANAGEMENT					
Professional standards review organizations:					
Hospital review:[5] nonadd	(99,075,000)	(48,028,000)	(73,454,000)	(+25,426,000)	(−25,621,000)
Nonhospital activities:					
Federal funds	17,878,000	9,307,000		−9,307,000	−17,878,000
Trust funds	(28,014,000)	(12,849,000)	(24,409,000)	+(11,560,000)	(−3,605,000)
Total, PSRO program	144,967,000	70,184,000	97,836,000	+27,679,000	−47,104,000
Research, demonstration, and evaluation:					
Federal funds	27,000,000	29,000,000	23,000,000	−6,000,000	−4,000,000
Trust funds	(14,000,000)	(17,000,000)	(13,000,000	(−4,000,000)	(−1,000,000)
Subtotal, research and evaluation	41,000,000	46,000,000	36,000,000	−10,000,000	−5,000,000
Medicare contractors: Trust funds	(694,384,000)	(704,384,000)	(725,000,000)	(+20,616,000)	(+30,616,000)
State certification:					
General program support, Federal funds	4,500,000	535,000	535,000		−3,965,000
Medicare certification, trust funds	(23,760,000)	(17,500,000)	(17,500,000)		(−6,260,000)
Subtotal, State certification	28,260,000	18,035,000	18,035,000		−10,225,000
Federal administration:					
Federal funds	67,000,000	68,862,000	66,000,000	−2,862,000	−1,000,000
Trust funds	(111,791,000)	(109,274,000)	(105,000,000)	(−4,274,000)	(−6,791,000)
Subtotal, Federal administration	178,791,000	178,136,000	171,000,000	−7,136,000	−7,791,000
Total, program management:					
Federal funds	116,378,000	107,704,000	89,535,000	−18,169,000	(−26,834,000
Trust funds	(871,949,000)	(861,007,000)	(884,909,000)	(+23,902,000)	(+12,960,000)
SOCIAL SECURITY ADMINISTRATION					
Payment to social security trust funds	672,066,000	848,698,000	844,698,000	−4,000,000	+172,632,000
SPECIAL BENEFITS FOR DISABLED COAL MINERS					
Benefit payments	1,121,299,000	1,094,000,000	1,094,000,000		−27,299,000
Administration	5,180,000	4,765,000	4,765,000		−415,000
Total, black lung	1,126,479,000	1,098,765,000	1,098,765,000		−27,714,000
Appropriation available in prior year	−34,299,000				+34,299,000
Total adjusted appropriation including borrowing	1,092,180,000	1,098,765,000	1,098,765,000		+6,585,000
SUPPLEMENTAL SECURITY INCOME					
Federal benefit payments	6,486,465,000	6,943,529,000	6,943,529,000		+457,064,000
Hold harmless payments	45,000,000				−45,000,000
Beneficiary services	38,351,000	21,616,000	21,616,000		−16,735,000
Federal fiscal liability	47,611,000	15,600,000	15,600,000		−32,011,000
Administration	716,881,000	773,732,000	773,732,000		+56,851,000
Total, supplemental security income	7,334,308,000	7,754,477,000	7,754,477,000		+420,169,000
Appropriation available in prior year	−144,121,000				+144,121,000
Total adjusted appropriation including borrowing	7,190,187,000	7,754,477,000	7,754,477,000		+564,290,000
ASSISTANCE PAYMENTS					
Maintenance assistance:					
AFDC benefit payments	7,287,337,000	6,988,600,000	6,988,600,000		−298,737,000
Adult categories	13,346,000	13,350,000	13,350,000		+4,000
Emergency assistance	54,700,000				−54,700,000
State and local administration and training	767,200,000	861,700,000	861,700,000		+94,500,000
Repatriation	1,519,000	1,653,000	1,653,000		+134,000
Subtotal, maintenance assistance	8,124,102,000	7,865,303,000	7,865,303,000		−258,799,000
Child support enforcement:					
Collections	−260,000,000	−300,000,000	−300,000,000		−40,000,000
State and local administration	416,000,000	458,000,000	458,000,000		+42,000,000
Subtotal, child support enforcement	156,000,000	158,000,000	158,000,000		+2,000,000
Research and evaluation	3,500,000	3,400,000	3,000,000	−400,000	−500,000
Administration:					
Maintenance assistance	26,748,000	28,590,000	26,000,000	−2,590,000	−748,000
Child support enforcement	18,185,000	18,170,000	17,500,000	−670,000	−685,000
Subtotal, administration	44,933,000	46,760,000	43,500,000	−3,260,000	−1,433,000
Reestimates related to reconciliation			−648,420,000	−648,420,000	−648,420,000
Total, assistance payments, appropriation	8,328,535,000	8,073,463,000	7,421,383,000	−652,080,000	−907,152,000
Appropriation available from subsequent year	1,958,258,000				−1,958,258,000
Appropriation available in prior year	−2,582,047,000	−1,958,258,000	−1,958,258,000		+623,789,000
Advance appropriation 1st quarter fiscal year 1983		2,019,878,000	1,787,341,000	−232,537,000	+1,787,341,000

H.R. 4560—FISCAL YEAR 1982 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES—Continued

	Fiscal year 1981 (comparable)	Fiscal year 1982 budget	Fiscal year 1982 House bill	Fiscal year 1982 bill compared to—	
				Fiscal year 1982 budget	Fiscal year 1981
Total adjusted appropriation including borrowing	7,704,746,000	8,135,083,000	7,250,466,000	−884,617,000	−454,280,000
Current year	(7,704,746,000)	(6,115,205,000)	(5,463,125,000)	(−652,080,000)	(−2,241,621,000)
1983 advance		(2,019,878,000)	(1,787,341,000)	(−232,537,000)	(+1,787,341,000)
LOW-INCOME ENERGY ASSISTANCE					
Energy assistance block grant	1,846,500,000	1,398,800,000	1,798,800,000	+400,000,000	−47,700,000
Federal administration	3,500,000	1,200,000	1,200,000		−2,300,000
Subtotal, energy assistance	1,850,000,000	1,400,000,000	1,800,000,000	+400,000,000	−50,000,000
Limitation on administrative expenses	(2,770,050,000)	(3,318,680,00)	(3,198,680,000)	(−120,000,000)	(+428,630,000)
Limitation on research and statistics: Survey of income and program participation (SIPP)		(8,000,000)		(−8,000,000)	
OFFICE OF REFUGEE RESETTLEMENT					
REFUGEE ASSISTANCE (General)					
State administration services:					
Cash assistance	264,239,000	242,448,000			
Medical assistance	135,751,000	173,377,000			
State administration	45,262,000	53,310,000			
Social services	93,678,000	70,387,000			
Pre-1978 Cuban program (phasedown)	36,800,000				
Subtotal, States	575,730,000	539,522,000			
Voluntary agency programs	9,600,000	9,000,000			
Preventive health	7,859,000	7,132,000			
Federal administrative expense	6,095,000	7,051,000			
Services for asylum applicants	5,000,000				
Consolidated refugee education grants	44,268,000	21,000,000			
Consolidated authorization					
Subtotal, refugee assistance	648,552,000	583,705,000			
CUBAN/HAITIAN ENTRANTS RECEPTION AND PROCESSING					
Reception and care	79,000,000				
Resettlement assistance	48,600,000				
Grants for security and safety	5,000,000				
Federal administration	4,500,000				
Contingency funds	20,000,000				
Operating costs, including public health		27,000,000			
Subtotal, C/H entrant reception and processing	157,100,000	27,000,000			
CUBAN/HAITIAN ENTRANTS DOMESTIC ASSISTANCE					
Cash, medical and State administration	46,750,000				
Social services	16,250,000				
Unaccompanied minors	7,000,000				
Education assistance	6,000,000				
Reconciliation (nonadd)					
Contingency reserve	20,000,000				
Domestic assistance cost		73,000,000			
Subtotal, C/H entrant domestic assistance	96,000,000	146,000,000			
Consolidated refugee program			663,705,000		
Total, refugee assistance	901,652,000	683,705,000	663,705,000	−20,000,000	−237,947,000
ASSISTANT SECRETARY FOR HUMAN DEVELOPMENT SERVICES					
Community services block grant (old CSA)	479,585,000	362,552,000	362,552,000		−117,033,000
Grants to States for Social Services (revised title XX) [6]	2,991,100,000	2,739,484,000	2,400,000,000	−339,484,000	−591,100,000
Appropriation available in prior year	−592,440,000				+592,440,000
Total adjusted appropriation including borrowing	2,398,660,000	2,739,484,000	2,400,000,000	−339,484,000	+1,340,000
HUMAN DEVELOPMENT SERVICES					
Programs for children, youth, and families:					
Head Start	818,731,000	950,000,000	950,000,000		+131,269,000
Child welfare training	5,200,000		5,200,000	+5,200,000	
Child welfare research	11,150,000		11,150,000	+11,150,000	
Adoption opportunities	5,000,000				−5,000,000
Child abuse	22,928,000		19,000,000	+19,000,000	−3,928,000
Runaway youth	11,000,000		16,000,000	+16,000,000	+5,000,000
Adoption assistance [6]	5,000,000		5,000,000	+5,000,000	
Child welfare services [6]	163,550,000		163,550,000	+163,550,000	
Foster care [6]	349,202,000		170,934,000	+170,934,000	−178,268,000
Subtotal, children, youth, and families	1,391,761,000	950,000,000	1,340,834,000	+390,834,000	−50,927,000
Programs for the aging:					
Grants for state and community activities		597,000,000		−597,000,000	
State agency activities	22,675,000	22,675,000	22,675,000		
Social services and centers	252,000,000		252,000,000	+252,000,000	
Grants to Indians	6,000,000	6,000,000	6,000,000		
Nutrition:					
Congregate meals	295,000,000		307,300,000	+307,300,000	+12,300,000
Home-delivered meals	55,000,000		60,000,000	+60,000,000	+5,000,000
Agriculture food commodities	84,720,000	95,480,000	95,480,000		+10,760,000
Research, training, and special projects	40,500,000	23,200,000	23,200,000		−17,300,000
Federal Council on Aging	481,000	200,000	200,000		−281,000
National clearinghouse	1,800,000		1,800,000	+1,800,000	
Consolidated authorization					
Subtotal	758,176,000	744,555,000	768,655,000	+24,100,000	+10,479,000
Developmental disabilities program:					
Basic grants and advocacy	49,448,000		50,432,000	+50,432,000	+984,000
Special projects	3,484,000		2,500,000	+2,500,000	−984,000
University affiliated facilities	6,499,000		7,500,000	+7,500,000	+1,001,000
Subtotal, developmental disabilities	59,431,000		60,432,000	+60,432,000	+1,001,000
Social services research	3,550,000				−3,550,000
Social services/community services discretionary programs		60,750,000		−60,750,000	

H.R. 4560—FISCAL YEAR 1982 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES—Continued

	Fiscal year 1981 (comparable)	Fiscal year 1982 budget	Fiscal year 1982 House bill	Fiscal year 1982 bill compared to—	
				Fiscal year 1982 budget	Fiscal year 1981
Subtotal	3,550,000	60,750,000		−60,750,000	−3,550,000
Native American programs	33,800,000	28,000,000	28,000,000		−5,800,000
White House Conference on Aging	3,000,000				−3,000,000
Program direction	64,634,000	63,163,000	63,163,000		−1,471,000
Total, human development services	2,314,352,000	1,846,468,000	2,261,084,000	+414,616,000	−53,268,000
WORK INCENTIVES					
Grants to States	350,960,000	350,760,000			
Program direction and evaluation	14,040,000	14,043,000			
Total, work incentives	365,000,000	364,803,000	321,025,000	−43,778,000	−43,975,000
DEPARTMENTAL MANAGEMENT					
General departmental management:					
Federal funds	140,678,000	146,707,000	146,256,000	−451,000	+5,578,000
Trust funds	8,000,000	8,000,000	8,000,000		
Total, departmental management	148,678,000	154,707,000	154,256,000	−451,000	+5,578,000
Office of the Inspector General:					
Federal funds	56,787,000	82,140,000	82,140,000		+25,353,000
Trust funds	6,000,000	6,000,000	6,000,000		
Total, Inspector General	62,787,000	88,140,000	88,140,000		+25,353,000
Appropriation available from subsequent year	11,625,000	10,000,000	10,000,000		−1,625,000
Appropriation available in prior year		−11,625,000	−11,625,000		−11,625,000
Total adjusted appropriation included borrowing	68,412,000	80,515,000	80,515,000		+12,103,000
Office for Civil Rights:					
Federal funds	17,420,000	18,139,000	18,139,000		+719,000
Trust funds	2,350,000	2,350,000	2,350,000		
Total, civil rights	19,770,000	20,489,000	20,489,000		+719,000
Policy reserach	19,500,000	16,700,000	15,700,000	−1,000,000	−3,800,000
Additional consultant reduction			−12,000,000	−12,000,000	−12,000,000
Total, departmental management:					
Federal funds	246,010,000	262,061,000	248,610,000	−13,451,000	+2,600,000
Trust funds	16,350,000	16,350,000	16,350,000		
Total, Department of Health and Human Services, Federal funds	59,136,880,000	65,498,695,000	63,747,771,000	−1,750,924,000	+4,610,891,000
Current year	(59,136,880,000)	(63,478,817,000)	(61,960,430,000)	(−1,518,387,000)	(+2,823,550,000
1983 advance		(2,019,878,000)	(1,787,341,000)	(−232,537,000)	(+1,787,341,000)
Trust funds	(3,658,349,000)	(4,204,037,000)	(4,099,939,000)	(−104,098,000)	(+441,590,000)
TITLE III—DEPARTMENT OF EDUCATION					
COMPENSATORY EDUCATION FOR THE DISADVANTAGED					
Grants for the disadvantaged (title I):					
Grants to local educational agencies	2,512,614,000		2,711,387,000	+2,711,387,000	+198,773,000
State agency programs:					
Migrants	266,400,000		266,400,000	+266,400,000	
Handicapped	152,625,000		152,625,000	+152,625,000	
Neglected and delinquent	33,975,000		33,975,000	+33,975,000	
State administration	33,930,000		33,930,000	+33,930,000	
Evaluation and studies	6,000,000		6,000,000	+6,000,000	
Concentration grants	98,773,000				−98,773,000
Consolidated authorization		2,811,818,000		−2,811,818,000	
Total, title I	3,104,317,000	2,811,818,000	3,204,317,000	+392,499,000	+100,000,000
Migrant education:					
High school equivalency program	6,095,000	6,345,000	6,095,000	−250,000	
College assistance migrant program	1,208,000	1,208,000	1,208,000		
Consolidated authorizations					
Total, compensatory programs	3,111,620,000	2,819,371,000	3,211,620,000	+392,249,000	+100,000,000
SPECIAL PROGRAMS					
State block grants		527,436,000	490,195,000	−37,241,000	+490,195,000
Secretary's discretionary fund:					
Inexpensive book distribution (including RIF)	5,850,000	5,200,000	5,850,000	+650,000	
Arts in education	3,150,000	2,800,000	3,150,000	+350,000	
Alcohol and drug abuse education	2,850,000	2,400,000	2,850,000	+450,000	
Educational television programing	6,000,000	6,000,000	6,000,000		
National diffusion program	8,750,000	12,350,000	10,750,000	−1,600,000	+2,000,000
Gifted and talented	5,652,000		1,500,000	+1,500,000	−4,152,000
Unearmarked		7,180,000	1,190,000	−5,990,000	+1,190,000
Subtotal, Secretary's discretionary fund	32,252,000	35,930,000	31,290,000	−4,640,000	−962,000
Predecessor programs:					
Emergency school aid:					
State-apportioned funds: General grants to school districts	33,400,000				
Nationally competed funds:					
Special programs and projects	75,859,000				
Magnet schools, pairing and neutral site schools	30,000,000				
Grants to nonprofit organizations	5,000,000				
Educational television and radio	4,450,000				
Evaluation	500,000				
Subtotal, emergency school aid	149,209,000				
Support and innovation grants:					
Improving local educational practice (IV–C)	66,130,000				
Strengthening State educational agency management (V–B)	42,075,000				
School improvement programs: Basic skills improvement	25,650,000				
Special projects and initiatives:					
Metric education	1,380,000				
Cities in schools	2,745,000				
PUSH for excellence	825,000				
Consumer's education	1,356,000				
Law-related education?	1,000,000		1,000,000	+1,000,000	

H.R. 4560—FISCAL YEAR 1982 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES—Continued

	Fiscal year 1981 (comparable)	Fiscal year 1982 budget	Fiscal year 1982 House bill	Fiscal year 1982 bill compared to—	
				Fiscal year 1982 budget	Fiscal year 1981
Ethnic heritage studies	2,250,000				
Teacher corps	22,500,000				
Teacher centers	9,100,000				
Precollege science teacher training	1,875,000				
Career education incentive[7]	10,000,000		10,000,000	+10,000,000	
Biomedical sciences[7]	3,000,000	3,000,000	3,000,000		
Community schools	3,138,000				
School libraries instructional	161,000,000				
Subtotal, block grant	535,485,000	566,366,000	535,485,000		
Training and advisory services (civil rights IVA)	37,111,000	36,540,000	37,100,000	+560,000	−11,000
Followthrough	26,250,000	30,400,000	26,250,000	−4,150,000	
Territorial teacher training assistance	1,800,000		1,800,000	+1,800,000	
General assistance for the Virgin Islands	2,700,000		2,700,000	+2,700,000	
Ellender fellowships	1,000,000		1,000,000	+1,000,000	
Women's educational equity	8,125,000	8,000,000	6,000,000	−2,000,000	−2,125,000
Total, special programs	612,471,000	641,306,000	610,335,000	−30,971,000	−2,136,000
BILINGUAL EDUCATION					
Grants to school districts	98,917,000	79,170,000	83,000,000	+3,830,000	−15,917,000
Training grants	32,075,000	32,075,000	28,000,000	−4,075,000	−4,075,000
Support services	18,375,000	20,125,000	20,370,000	+245,000	+1,995,000
Bilingual desegregation grants	8,100,000	8,600,000	8,600,000		+500,000
Bilingual vocational training	3,960,000	3,840,000	3,840,000		−120,000
Total	161,427,000	143,810,000	143,810,000		−17,617,000
SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS					
Maintenance and operations:					
Payments for "a" children	380,950,000	237,000,000		−237,000,000	−380,950,000
Payments for "b" children	238,450,000				−238,450,000
Special provisions (section 2)	12,350,000	13,000,000	10,000,000	−3,000,000	−2,350,000
Payments to other Federal agencies	75,000,000	75,000,000		−75,000,000	−75,000,000
Disaster assistance		12,000,000	10,000,000	−2,000,000	+10,000,000
Subtotal	706,750,000	337,000,000	20,000,000	−317,000,000	−686,750,000
Construction	50,000,000	64,000,000	20,000,000	−44,000,000	−30,000,000
Consolidated authorization			435,000,000	+435,000,000	+435,000,000
Total	756,750,000	401,000,000	475,000,000	+74,000,000	−281,750,000
EDUCATION FOR THE HANDICAPPED					
Education for the handicapped:					
State assistance:					
State grant program	874,500,000	737,600,000	914,500,000	+176,900,000	+40,000,000
Preschool incentive grants	25,000,000	20,000,000	25,000,000	+5,000,000	
Deaf-blind centers	16,000,000	16,000,000	16,000,000		
Special population programs:					
Severely handicapped projects	4,375,000	4,000,000	4,375,000	+375,000	
Early childhood education	17,500,000	16,240,000	17,500,000	+1,260,000	
Regional, vocational, adult and postsecondary programs	2,950,000	3,560,000	2,950,000	−610,000	
Innovation and development	15,000,000	18,450,000	15,000,000	−3,450,000	
Media and resource services:					
Media services and captioned films	17,000,000	17,000,000	17,000,000		
Regional resource centers	7,656,000	7,800,000	7,656,000	−144,000	
Recruitment and information	750,000	1,000,000	750,000	−250,000	
Special education personnel development	43,500,000	46,400,000	46,400,000		+2,900,000
Special studies	1,000,000	2,300,000	1,000,000	−1,300,000	
Total	1,025,231,000	890,350,000	1,068,131,000	+177,781,000	+42,900,000
REHABILITATION SERVICES AND HANDICAPPED RESEARCH					
Rehabilitation services:					
Basic State grants	854,259,000	640,694,000	854,259,000	+213,565,000	
Service projects	29,860,000	24,645,000	29,860,000	+5,215,000	
Independent living	18,000,000	13,500,000	18,000,000	+4,500,000	
Training	21,675,000	19,125,000	21,675,000	+2,550,000	
Subtotal	923,794,000	697,964,000	923,794,000	+225,830,000	
National Institute for Handicapped Research	29,750,000	26,250,000	29,750,000	+3,500,000	
National Council on the Handicapped	205,000	192,000	205,000	+13,000	
Total	953,749,000	724,406,000	953,749,000	+229,343,000	
VOCATIONAL AND ADULT EDUCATION					
Vocational education:					
State grants and innovative programs:					
Basic grants	518,139,000	448,772,000	540,139,000	+91,367,000	+22,000,000
Program improvement and supportive services	93,323,000	99,623,000	93,323,000	−6,300,000	
Programs of national significance	7,477,000	7,981,000	7,477,000	−504,000	
Special programs for the disadvantaged	14,954,000	15,962,000	14,954,000	−1,008,000	
Consumer and homemaking education	30,347,000	34,717,000	30,347,000	−4,370,000	
State advisory councils	6,500,000	5,187,000	6,500,000	+1,313,000	
State planning	3,738,000	3,990,000	3,738,000	−252,000	
Consolidated authorization					
Subtotal, vocational education	674,478,000	616,232,000	696,478,000	+80,246,000	+22,000,000
Adult education	100,000,000	96,000,000	100,000,000	+4,000,000	
Total	774,478,000	712,232,000	796,478,000	+84,246,000	+22,000,000
STUDENT FINANCIAL ASSISTANCE					
Pell grants:					
Program funds	2,346,000,000	2,486,000,000	2,526,000,000	+40,000,000	+180,000,000
One-time appropriation to meet 1980 deficit	258,000,000				−258,000,000
Census based programs:					
Supplemental opportunity grants	370,000,000	370,000,000	370,000,000		
Work study	550,000,000	550,000,000	550,000,000		
Direct loans:					
Capital	186,000,000	286,000,000	286,000,000		+100,000,000

H.R. 4560—FISCAL YEAR 1982 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES—Continued

	Fiscal year 1981 (comparable)	Fiscal year 1982 budget	Fiscal year 1982 House bill	Fiscal year 1982 bill compared to—	
				Fiscal year 1982 budget	Fiscal year 1981
Cancellations	14,800,000	25,000,000	25,000,000		+10,200,000
Subtotal, direct loans	200,800,000	311,000,000	311,000,000		+110,200,000
State student incentive grants	76,750,000	76,750,000	76,750,000		
Total	3,801,550,000	3,793,750,000	3,833,750,000	+40,000,000	+32,200,000
STUDENT LOAN INSURANCE					
Guaranteed student loan program:					
Subsidies	1,631,193,000	1,131,746,000	1,131,746,000		−499,447,000
Default and other claims	282,573,000	592,600,000	592,600,000		+310,027,000
Administrative allowances		49,500,000	49,500,000		+49,500,000
Consolidated authorization					
Total	1,913,766,000	1,773,846,000	1,773,846,000		−139,920,000
HIGHER AND CONTINUING EDUCATION					
Student services:					
Special programs for the disadvantaged	156,500,000	159,500,000	159,500,000		+3,000,000
Veterans cost of instruction	6,019,000				−6,019,000
Program development:					
Strengthening developing institutions	120,000,000	129,600,000	129,600,000		+9,600,000
Minority institutions science improvement	5,000,000	5,000,000	5,000,000		
Cooperative education	23,000,000	23,000,000	20,000,000	−3,000,000	−3,000,000
International education and foreign language studies:					
Domestic programs	21,800,000	17,000,000	21,800,000	+4,800,000	
Overseas programs	6,200,000	3,000,000	6,200,000	+3,200,000	
Educational outreach programs	2,200,000				−2,200,000
Graduate support:					
Graduate/professional educational opportunities	10,000,000	11,000,000	11,000,000		+1,000,000
Public service grants and fellowships	2,000,000		2,000,000	+2,000,000	
Construction:					
Interest subsidy grants	26,000,000	25,500,000	25,500,000		−500,000
Special endowments:					
Wayne Morse Chair of law and politics	374,000				−374,000
Law related education:					
Legal training for disadvantaged	1,000,000	1,000,000	1,000,000		
Law school clinical experience	3,000,000		1,000,000	+1,000,000	−2,000,000
Fund for the improvement of postsecondary education	13,500,000	13,500,000	13,500,000		
Total	396,593,000	388,100,000	396,100,000	+8,000,000	−493,000
Higher education facilities loan and insurance:					
Appropriation	1,656,000	1,350,000	1,350,000		−306,000
Loan authority	25,000,000				−25,000,000
Total, Higher education loan and insurance	26,656,000	1,350,000	1,350,000		−25,306,000
College housing loans					
EDUCATIONAL RESEARCH AND STATISTICS					
National Institute of Education	65,614,000	61,000,000	55,614,000	−5,386,000	−10,000,000
National Center for Educational Statistics	8,947,000	9,947,000	8,947,000	−1,000,000	
Total	74,561,000	70,947,000	64,561,000	−6,386,000	−10,000,000
EDUCATIONAL, RESEARCH, AND TRAINING ACTIVITIES OVERSEAS					
Research and demonstration	2,000,000				−2,000,000
Grants to American institutions	1,000,000	1,000,000	1,000,000		
Total	3,000,000	1,000,000	1,000,000		−2,000,000
LIBRARIES AND LEARNING RESOURCES					
Public libraries:					
Services	62,500,000	46,875,000	62,500,000	+15,625,000	
Interlibrary cooperation	12,000,000	12,000,000	12,000,000		
College library resources	2,988,000		2,000,000	+2,000,000	−988,000
Training and demonstrations	917,000	1,167,000	1,167,000		+250,000
Research libraries	6,000,000	6,000,000	6,000,000		
Total	84,405,000	66,042,000	83,667,000	+17,625,000	−738,000
SPECIAL INSTITUTIONS					
American Printing House for the Blind	4,921,000	5,595,000	5,000,000	−595,000	+79,000
National Technical Institute for the Deaf:					
Educational programs	20,305,000	23,571,000			
Construction		9,240,000			
Total, National Technical Institute for the Deaf	20,305,000	32,811,000	26,300,000	−6,511,000	+5,995,000
Gallaudet College:					
College programs	26,829,000	32,310,000			
Model Secondary School for the Deaf	10,565,000	11,702,000			
Kendall Demonstration Elementary School	5,780,000	6,390,000			
Construction	6,594,000	11,130,000			
Consolidated authorization			52,000,000		
Total	49,768,000	61,532,000	52,000,000	−9,532,000	+2,232,000
Howard University:					
Academic program	101,637,000	116,093,000			
Howard University hospital	22,106,000	22,106,000			
Construction	10,240,000	15,000,000			
Consolidated authorization			145,200,000		
Total	133,983,000	153,199,000	145,200,000	−7,999,000	+11,217,000
OFFICE FOR CIVIL RIGHTS, SALARIES AND EXPENSES					
Office for civil rights	46,915,000	49,396,000	47,604,000	−1,792,000	+689,000
DEPARTMENTAL MANAGEMENT, SALARIES AND EXPENSES					
Program administration	225,002,000	241,249,000	238,749,000	−2,500,000	+13,747,000
Advisory committees	1,754,000	2,254,000	2,254,000		+500,000

H.R. 4560—FISCAL YEAR 1982 APPROPRIATIONS FOR THE DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION AND RELATED AGENCIES—Continued

	Fiscal year 1981 (comparable)	Fiscal year 1982 budget	Fiscal year 1982 House bill	Fiscal year 1982 bill compared to—	
				Fiscal year 1982 budget	Fiscal year 1981
Program and management evaluation	2,831,000	2,831,000	2,831,000		
Consolidated authorization					
Subtotal, Federal funds	229,587,000	246,334,000	243,834,000	−2,500,000	+14,247,000
Trust funds	(600,000)	(600,000)	(600,000)		
Total, Departmental management	230,187,000	246,934,000	244,434,000	−2,500,000	+14,247,000
OFFICE OF THE INSPECTOR GENERAL, SALARIES AND EXPENSES					
Office of the Inspector General	11,464,000	12,989,000	12,989,000		+1,525,000
Additional consultant reduction			−5,000,000	−5,000,000	−5,000,000
Total, Department of Education	14,193,800,000	12,989,966,000	13,941,924,000	+951,958,000	−251,876,000
Federal funds	14,193,200,000	12,989,366,000	13,941,324,000	+951,958,000	−251,876,000
Trust funds	(600,000)	(600,000)	(600,000)		
TITLE IV—RELATED AGENCIES					
ACTION (domestic programs):					
Volunteers in Service to America:					
VISTA operations	30,843,000	20,744,000	20,744,000		−10,099,000
Service learning	2,800,000	1,830,000	1,135,000	−695,000	−1,665,000
Subtotal	33,643,000	22,574,000	21,879,000	−695,000	−11,764,000
Older Americans volunteer programs:					
Foster Grandparents program	48,400,000	49,670,000	49,670,000		+1,270,000
Senior Companion program	12,783,000	11,110,000	16,610,000	+5,500,000	+3,827,000
Retired senior volunteer program	27,717,000	28,691,000	28,691,000		+974,000
Subtotal, older volunteers	88,900,000	89,471,000	94,971,000	+5,500,000	+6,071,000
Citizen participation and volunteer demonstration programs	1,884,000	3,189,000	2,084,000	−1,105,000	+200,000
Program support	28,663,000	30,091,000	29,641,000	−450,000	+978,000
Total, ACTION	153,090,000	145,325,000	148,575,000	+3,250,000	−4,515,000
Corporation for Public Broadcasting:					
Fiscal year 1982 (advanced in fiscal year 1980) (nonadd)	(172,000,000)				
Fiscal year 1983 (advanced in fiscal year 1981) (nonadd)	(137,000,000)				
Fiscal year 1984 advance (current request)	137,000,000	110,000,000	110,000,000		−27,000,000
Federal Mediation and Conciliation Service	25,919,000	25,075,000	26,075,000	+1,000,000	+156,000
Federal Mine Safety and Health Review Commission	4,344,000	4,457,000	4,457,000		+113,000
National Commission on Libraries and Information Science	691,000	702,000	702,000		+11,000
National Commission on Student Financial Assistance	250,000	1,000,000	1,000,000		+750,000
National Labor Relations Board	118,488,000	128,336,000	125,959,000	−2,377,000	+7,471,000
National Mediation Board	4,780,000	4,956,000	4,956,000		+176,000
Occupational Safety and Health Review Commission	7,806,000	7,787,000	7,787,000		−19,000
President's Commission on Ethical Problems in Medicine	1,500,000	2,200,000	1,500,000	−700,000	
Railroad Retirement Board:					
Dual benefits payments account	350,000,000	350,000,000	350,000,000		
Limitation on administration	(37,794,000)	(52,250,000)	(48,000,000)	(−4,250,000)	(+10,206,000)
Milwaukee Railroad restructuring, administration		250,000	250,000		+250,000
Soldier's and Airmen's Home (trust fund appropriation): Operation and maintenance	22,155,000	23,825,000	23,825,000		+1,670,000
Total, related agencies:					
Federal funds	826,023,000	803,913,000	805,086,000	+1,173,000	−20,937,000
Current year	689,023,000	693,913,000	695,086,000	+1,173,000	+6,063,000
Fiscal year 1984 advance	137,000,000	110,000,000	110,000,000		−27,000,000
Trust funds	(37,794,000)	(52,250,000)	(48,000,000)	(−4,250,000)	(+10,206,000)
Section 513, salary and expenses reductions	0	0	−30,222,000	−30,222,000	−30,222,000

[1] Discretionary block grant in fiscal year 1983.
[2] 15 percent set-aside for programs of national significance, hemophilia and genetic diseases.
[3] Authorization ceiling of $182 million for research training is included under the 1981 Reconciliation Act. This authorization is shared with other agencies of the Public Health Service.
[4] A total of $120,729,000 was originally requested for this purpose to cover fiscal year 1981 and fiscal year 1982 costs. These funds were requested in the fiscal year 1981 supplemental, but the committee chose to defer consideration of $80,729,000 of the request related to 1982.
[5] The cost of medicaid hospital review which was previously directly appropriated in the payments to trust funds account is now funded under grants to States for medicaid. This item also includes medicare trust funds.
[6] New title XX includes grants for territories and training under single entitlement; the budget request includes $339,484,000 for non title XX activities not yet distributed by the administration.
[7] Recommendation provides categorical funding outside the block grant.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 39. Concurrent resolution to express the deep regret of the Congress of the United States over the assassination of President Anwar el-Sadat of the Arab Republic of Egypt.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3403, HAZARDOUS MATERIALS TRANSPORTATION ACT AMENDMENTS OF 1981

Mr. BOLLING, from the Committee on Rules, submitted a privileged report (Rept. No. 97-266) on the resolution (H. Res. 240) providing for the consideration of the bill (H.R. 3403) to amend the Hazardous Materials Transportation Act to authorize appropriations for fiscal years 1982 and 1983, to provide for the establishment of regional training centers to assist in improving the emergency response and enforcement capabilities of State and local personnel, and for other purposes, which was referred to the House Calendar and ordered to be printed.

□ 1900

EXPRESSING DEEP REGRET OF CONGRESS OVER ASSASSINATION OF PRESIDENT ANWAR EL-SADAT

Mr. ZABLOCKI. Mr. Speaker, I send to the desk a concurrent resolution (H. Con. Res. 200) to express the deep regret of the Congress of the United States over the assassination of President Anwar el-Sadat of the Arab Republic of Egypt, and ask unanimous consent for its immediate consideration in the House.

The SPEAKER. The Clerk will report the concurrent resolution.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 200

Whereas, the Congress of the United States has learned with profound sorrow

and deep regret of the tragic death of President Anwar el-Sadat of the Arab Republic of Egypt; and

Whereas, President Sadat has been a true friend of the United States and a true partner in the search for peace in the Middle East; and

Whereas, President Sadat has earned the affection and respect of the people of the United States for his historic leadership and statesmanship in the cause of international peace; and

Whereas, the Congress has confidence that Egypt's leaders and institutions will carry on the responsibilities of government with full competence and dedication, including moving forward in the search for an enduring peace settlement in the Middle East and in promoting the economic well being of all Egyptians; and

Whereas, the leaders of Egypt have today reaffirmed their intent to follow the policies of President Sadat: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That:

(1) the United States expresses its deep sympathies to the family of President Sadat and the people of Egypt for their tragic loss; and

(2) the United States reaffirms its friendship with and full support for the Government and people of Egypt.

The SPEAKER pro tempore (Mr. ZEFERETTI). Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The SPEAKER pro tempore. The gentleman from Wisconsin (Mr. ZABLOCKI) is recognized for 1 hour.

Mr. ZABLOCKI. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, I rise in support of the concurrent resolution.

The resolution conveys our deep sympathies to the Sadat family and to the people of Egypt, and reaffirms the U.S. support for the Government and people of Egypt. The Senate has just agreed to an identical resolution.

Mr. Speaker, the death of President Sadat is a grievous loss to the world, to his country, and ours, to his family, and countless friends everywhere. Those of us who have met him are richer by the very fact that our paths have crossed.

It is a blow to the Middle East peace process, in which he played a key role.

But the movement toward a lasting peace in the Middle East will continue without interruption, for it is directed to a goal which is greater than any one man. The process will receive continued steadfast support from the Congress and the executive branch of the United States, and I am sure from the other nations which have been supporting the effort.

The assassination is another tragic manifestation of the spreading sickness of terrorism. We must redouble our efforts to curb these senseless acts.

I take this opportunity to extend my deepest condolences to the family of President Sadat and the people of Egypt.

We in the United States are deeply saddened to have lost a courageous friend. We must proceed with renewed dedication toward the goals which we shared with this great Egyptian leader.

Mr. Speaker, I hope the concurrent resolution will be unanimously supported, and I urge its adoption.

Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. BROOMFIELD).

Mr. BROOMFIELD. Mr. Speaker, the tragic death of Anwar Sadat is a profound loss for all of us who have sought peace in the Middle East. He was one of our most loyal allies in the region, as well as a man who had the courage to speak his mind to friend and foe alike. President Sadat, a recipient of the Nobel Peace Prize, symbolized the very best qualities of statesmanship. Since assuming the Egyptian Presidency upon the death of Nasser, Anwar Sadat led the Egyptian nation with determination, wisdom and compassion. He did what no other Arab leader dared do—he sought peace with Israel without a prior Israeli guarantee of concessions. Not only did he dare to seek peace, he successfully obtained a peace treaty with Israel. Because of his visionary leadership in the Middle East, war had become less likely. Because of his foresight, the world shared a common hope that permanent stability could be achieved in the Middle East.

I cannot express our deep feelings any more profoundly than did Anwar Sadat himself when he recently said that what should appear on his own tombstone should be, "He lived for peace, and he died for his principles."

The world now mourns the loss of a great man.

Mr. ZABLOCKI. Mr. Speaker, I yield such time as he may require to our respected and admired Speaker, the gentleman from Massachusetts (Mr. O'NEILL).

Mr. O'NEILL. Mr. Speaker, America lost a friend today.

He came from a distant country, and from a different culture. But he represented that same noble character we hope to find in ourselves.

Anwar Sadat had courage. In a region of turmoil, he had the courage to work for peace. In a time of extremism, he had the courage to offer reason. In a time of passion, he had the courage to show vision.

Anwar Sadat was a man who cared. He cared about his people, and about their future. He saw the damage that war had done to Egypt. He saw the poverty. He saw that peace was the first, essential step to ending that poverty.

This great man did not just care about nations, he cared about individuals. A few weeks ago, while he was visiting here in this country, he took the time to call me. He wanted me to know that he missed me this trip and hoped to see me again.

He was that kind of man, that kind of gentleman.

Years from now, historians will look back on these times and try to take the measure of this great man. They will look at how he led his nation, in war and in peace. They will look at how he changed the tide of history. They will call him a great statesman.

But no historian will ever capture the deep and strong feelings which we, the American people, have felt for Anwar Sadat.

At a time of danger, he was strong.

At a time of chaos, he stood for reason.

At a time of need, he was a friend.

Mr. ZABLOCKI. Mr. Speaker, I yield such time as he may require to the minority leader, the gentleman from Illinois (Mr. MICHEL).

□ 1910

Mr. MICHEL. Mr. Speaker, I do not know of any foreign leader who has lost his life in such tragic consequences who has more shaken this House and this Congress and the American people than the events of this day, for Anwar Sadat was indeed a friend who many of us at one time or another got to know personally.

I think his legacy to his country, his region, and to the world was one of political courage, imagination, and principle. Those qualities must survive and endure if peace and justice are to come to all nations of the Middle East. Anwar Sadat in death must continue to symbolize what he fought for in life, and with him gone I think our country must do all that we can to be certain that we strengthen our ties with all of those nations that want to work for a just and peaceful solution to the Middle East problem.

Mr. ZABLOCKI. Mr. Speaker, I yield such time as he may require to the majority leader, the gentleman from Texas (Mr. WRIGHT), who hosted President Sadat when he last visited the United States.

Mr. WRIGHT. Mr. Speaker, I am quite sure that if at any time in the past 4 years the American people had been asked to list the three foreign leaders whom they most respected, the name of Anwar Sadat would have headed almost every list. The world came to recognize in him a rare, almost unique degree of intellectual, moral, and physical courage. He had the courage of his convictions, the courage to take political and personal risks. He had the courage to embark upon a road that he knew would be fraught with peril.

Some of us came to know him also as a very warm and gracious human being. I want to share with my colleagues one comment which I think goes to the depth of this man's real

faith and convictions. In 1977, in the week immediately prior to his historic visit to the Knesset in Jerusalem, he was seeking to use the occasion of a visit with a group of Members of this House as a means of assuring the world that he had been quite serious in his statement of a few days prior to the effect that he would be willing to go to Jerusalem if it would serve the cause of peace. He wanted the world to understand that this was not simply an idle comment but a specific offer.

He said in response to a question from one of the Members of the House, he said:

I think if it were in my hands to take any action which had any chance of restoring peace to this part of the world and I failed to take that chance, I would be answerable to my God.

That I think expresses what motivated this man, and I know that all of us join in mourning his passing and in the fervent prayer that his spirit may continue to dwell among us.

● Mr. McCLORY. Mr. Speaker, the brutal and senseless assassination of President Sadat of Egypt has shocked and grieved me and other Members of Congress.

This gentle and friendly leader of the Egyptian Republic was a symbol of hope and security in the troubled area of the Mideast. The American Government and people have suffered the tragic loss of a good friend and the world has witnessed the passing of one of the most courageous and great political leaders of all time.

I cherish the memories of my personal visits with President Sadat and as I experience personal sorrow, I also extend my deepest respect and sympathy to his bereaved widow and to the Egyptian people.

On behalf of my wife Doris and me, I wish also to convey these sentiments to our beloved Ambassador from Egypt, Ashraf Ghorbal and his dear wife Amal.●

● Mr. KEMP. Mr. Speaker, the assassination of Egyptian President Anwar Sadat is a profoundly disturbing and tragic event. I am personally grieved by the death of this courageous man, whom I had the great privilege to know and greet as a friend and I am grieved for the world who will miss this great leader.

Anwar Sadat's journey to Jerusalem in 1977 marks perhaps the most historic peacemaking overture in modern times, when he announced to the Israeli Knesset, "I carry to you from the people of Egypt a message of peace." The secret to Sadat's effectiveness was his unwavering conviction that, with perseverance, peace would be achieved.

I was particularly gratified today to hear Egyptian Ambassador Ghorbal reaffirm his Government's commitment to the Camp David peace process. The constitutional successor to the Presidency, Vice President Hosni Mubarak, has pledged his support for Camp David and the continuing search for a just resolution of the problems that have divided the Middle East for so long. It is my solemn hope that this precious goal will not fall by the same hand that took President Sadat's life.

While I believe there is little to be gained from public speculation over the impact of Sadat's death upon the future of Egypt and stability in the Middle East, it is clear that those responsible are not friends of peace. The prayer of all Americans is that the Egyptian nation will be able to weather this tragedy with grace and strength, in a manner befitting the memory of their great messenger of peace.

Egypt is a great nation, a great friend of the United States and my prayer is for the people of Egypt and their new leadership.●

● Mr. FISH. Mr. Speaker, President Sadat was a courageous leader, a man of peace. His assassination, therefore, is not only shocking, and a time for expressing condolences; it is a disturbing and major event.

The facts we do not know are vital. Why was Sadat shot? What will be the direction of his successor? What will be the future relations between Egypt and Israel, between Egypt and the United States?

The United States is the key relationship for Egypt. Sadat made this so. Continuity of policy is important to us. At this time, succession appears orderly. For the near term, it is in the interests of Sadat's successor to pursue present policies toward Israel, as all Sinai lands have not been returned.

Sadat's death underscores the instability of the region. With the removal of this pillar of reason moderate Arabs will be watching to determine whether the future lies with the United States or with Arab extremists.

Our policies become critical. I suggest it is a time to put arms sales to unstable nations on hold, to step back while we assess the impact Sadat's death will have in this turbulent part of the world.●

● Mr. BIAGGI. I was shocked, saddened, and sickened by today's assassination of President Anwar el Sadat of Egypt. Once again—a man of peace has been silenced forever by forces of violence. Anwar Sadat was a man who contributed more to world peace than any other world figure over the past two decades. It was his leadership and courage which brought the landmark Camp David peace accords into being. Anwar Sadat was a symbol of stability in the always turbulent Middle East. The United States must work to insure that there is a stable transfer of Government in Egypt and that no forces alien to the Western World be permitted to gain access to the Government of Israel.

Time will provide us with more information on the particulars of the asassination. Right now—all of those in the world who care about peace—and freedom must join in grief over the death today of Anwar Sadat. While good may have succumbed to evil—we must continue to work for the day when good will triumph over evil.●

● Mr. DUNN. Mr. Speaker, the world today mourns the loss of President Anwar Sadat of Egypt. As we are all by now painfully aware, President Sadat was assassinated this morning sending shock waves all over this planet.

Many words will be said of the great respect and admiration other nations' leaders have held for the man. The accolades and tributes paid him today are greatly deserved. Here was a man who stood apart from his Arab neighbors and friends to do what he knew was right. He faced great political and personal danger in initiating peace with Israel; he did so because he believed this was in the best interests of his own people and of the world.

The worst fears associated with this danger have been realized today. The President was brutally murdered, and the world is just barely beginning to grapple with the huge void which remains. Civilized society simply cannot tolerate such acts of savagery. Recent attacks on the Pope and on our own President, a rising tide of terrorism throughout the world, and the horrifying events of today all point to the necessity of nations to deal seriously and harshly with those who thus violate laws of humanity.

Mr. Speaker, there is no doubt diplomatic efforts toward peace in the Mideast will greatly suffer the loss of this revered statesman. I am confident, however, that his vision and purpose remain with the people of Egypt, and a permanent peace will truly be a memorial in his name.●

● Mr. DREIER. Mr. Speaker, I rise today to pay tribute to a great statesman, a true humanitarian, and a man of peace, the late President of Egypt, Anwar el Sadat.

As the entire world now sadly knows, President Sadat was assassinated earlier today while reviewing a military parade in Cairo. This cowardly act of assassination was no doubt carried out by a band of ruthless terrorists who would see the problems of the Middle East settled on the battlefield rather than at the ballot box.

President Sadat, a man who had personally experienced the horrors of war, was genuinely committed to achieving a just and lasting peace in the Middle East. In one of the most magnanimous gestures ever recorded, President Sadat altered the course of

history by traveling to Jerusalem to establish a dialog for peace.

His leadership was both steadfast and visionary. Under his guidance, Egypt was one of the most stable and democratic nations in the world.

His sudden loss will be felt most acutely by his family and his native land of Egypt. Yet we in the United States will also feel the pain from this loss of a good friend.

Mr. Speaker, it is clear that America can no longer stand idly by while terrorists roam the world with a free hand. We must this very day, recommit ourselves to combating international terrorism. We must see that democracy prevails over violence.●

● Mrs. HECKLER. Mr. Speaker, the community of man lost a cornerstone for peace today with the death of Anwar Sadat. If the death of one man diminishes us all, the death of Sadat has diminished the emerging homogeneity of the Middle East. Words like "tragic" and "shock" lose meaning when we think of what Anwar Sadat could have accomplished in the years to come. I knew and respected him, not only for his humanity, but also for his willingness to pursue an unpopular but right course in initiating and then working to maintain peace in the Middle East.

In the long history of man, the elements of darkness have taken or tried to take the best from among us. Today insanity succeeded. But I pray that the Sadat wisdom, courage, and spirit will prevail, that his dream of a lasting peace will not die.

The world mourns, but Sadat can best be remembered if we all continue his work to make his dream of peace a lasting reality.●

● Mr. ROSENTHAL. Mr. Speaker, there are few acts of statecraft more beneficial to mankind than to turn a people away from war and toward peace. During the decade of his rule Anwar Sadat worked with energy, skill, and tremendous imagination to resolve the conflict between Egypt and Israel, and to place in train of settlement the issues outstanding in the wider Arab-Israeli conflict.

President Sadat was the first Arab leader to understand the reality of Israel. He accepted the right of Israel to exist within secure borders and with complete safety for its people. The agreement signed at Camp David, and the Israeli-Egyptian Peace Treaty laid the foundation for a normal relationship between these two neighbors. The next steps in the peace process were underway as he was struck down.

I was always impressed by President Sadat's commitment to the welfare of his people. He had a strong desire to raise the living standard of the Egyptian peasantry and working classes. I believe too that the President yearned for the establishment of democratic institutions in Egypt.

The important work for peace in the Middle East cannot be set aside because of this tragedy. I trust that the peoples of Egypt, Israel, and the United States will continue to advance the cause of the peace. The best memorial to Anwar Sadat will be the establishment of tranquility and prosperity in the country and region to which he gave his life.●

● Mr. LEE. Mr. Speaker, colleagues, I join today with every peace-loving man and woman in this Nation—indeed, in this world—in mourning the tragic death of Egypt's President Anwar Sadat.

We will never know what controls the mind or the actions of the terrorist, what insanity causes this world's most respected and beloved leaders to become the targets of senseless assassination attempts.

We will, however, maintain the lasting memory of a leader with the strength of his convictions to take bold steps in diplomacy on behalf of a safe and peace-filled Earth. Anwar Sadat provided a measure of stability to that region which we have all long recognized as the powderkeg of civilization. Without that calming, reasoned influence, I fear that some very large and potentially disastrous changes are in store.

Our own Nation and each of its leaders must encourage the search for a world figure of understanding to step into these very large shoes of President Sadat. While that search is underway, we must seriously examine American's own dealings in the Middle East. No relation, no sales of armament, or routine commercial dealing in this region must take place until we are certain of the return of stability.

It saddens each of us to be forced today to see an entire section of this globe in a new and disturbing perspective because of the mindless, wanton acts of violence of terrorists, yet I do not see where we have any choice.●

● Mr. LEWIS. Mr. Speaker, the brutal assassination of Egyptian President Anwar Sadat is a tragic loss for Egypt, the United States, and indeed the entire world. He will long be remembered as a courageous leader who changed the course of Middle Eastern events for generations to come. During his historic visit to Jerusalem, he said, "What I want from this visit is that the wall created between us and Israel, the psychological wall, be knocked down." He succeeded. His foresight and zest for peace led to an unprecedented pact with Israel's Menachem Begin in what became a joint effort in a new quest for peace. His was the first treaty of any Arab state with Israel.

It is ironic that Sadat's two most extraordinary acts as leader of the most powerful and populous Arab nation, were the decision to go to war against Israel in October 1973 and the historic move of going to Jerusalem in search of peace in November 1977.

Just days ago, Secretary of State Alexander Haig referred to Egypt as America's full partner in the quest for peace. Now, in the wake of Anwar Sadat's death, we face the loss of a man who provided stabilizing leadership in what has become a very volatile region. Let us hope and pray that his successor, Muhammad Hosni Mubarak, follows in the footsteps of Sadat in following his quest for a lasting peace with Israel.

I join with other Members of Congress in offering my sincere sympathy to the people of Egypt and the family and friends of President Sadat. He will long be remembered as a champion of peace. It is my hope that the goal of peace in the Middle East which he envisioned will grow, be shared, and promoted by the new leadership of Egypt.●

● Ms. FIEDLER. Mr. Speaker, the assassination of President Anwar Sadat of Egypt is another blow by the forces of terrorism and hatred against the peace of the world.

The year 1981 will certainly go down in history as the Year of the Gunman. Our own President Reagan and His Holiness Pope John Paul II were fortunate enough to recover and return to their vigorous activities. It is with deep regret that we see that Anwar Sadat was not as lucky. His death has been a great setback to all those who believe in the cause of peace and stability in the Middle East, and, indeed, in all the world.

Anwar Sadat was a man who grew to the power and responsibility of his office. Moving beyond his earlier anti-Israeli and pro-Soviet stance, Anwar Sadat worked together with American administrations from both parties to achieve a lasting peace in the Middle East. Sadat's crowning achievement was surely finding the courage to shake hands with the leader of the nation that he had fought against with all his skill for 30 years—Israel—and resolve to make war no more, but instead to put aside disputes, to seek a peaceful end to the problems that divide the Middle East. The Camp David Accords were a victory for the forces of peace and reason. We must not allow a handful of bullets on a Cairo street to undo their work. We owe Anwar Sadat much more than that.

Anwar Sadat's skill and vision were not limited to Camp David. He spoke out against Soviet imperialism in the Middle East and throughout the world. Sadat saw how the Soviets operated at close hand, and he helped to alert us to the dangers. Sadat stood against the Qadhafi regime in Libya and its attempts to export terrorism. Sadat led the world in his support of the freedom fighters in Afghanistan

and left an example for us all to follow. He was the West's bulwark against the Soviet-influenced regimes in Ethiopia and Yemen. He was as irreplaceable as any leader could be in the modern world.

Anwar Sadat was a loyal ally and friend to the United States, the Western world, and all those who believe in the cause of peace. He was never a rubber stamp or a doormat for anyone, making him the most valuable of friends, one who did not hesitate to speak his mind, to correct his friends when he thought them wrong, and bear with them with a degree of patience and maturity that one wishes were possessed by more of the world's leaders. Anwar Sadat had those qualities in plenty. For all the ups and downs in the Middle East, for all the troubles the rejectionist states could create, he remained steadfast in his support of the Camp David Accords. He was willing to cooperate with the United States in its search for Middle East peace and stability. That he gained the personal esteem and friendship of the President and Secretary of State who dealt with him shows something of the measure of the man.

I would like to express my sympathy to Anwar Sadat's family and to all the people of Egypt, whom he loved above all else, and to whose cause he gave his life. Once again the forces of hatred and violence have struck and struck hard. It remains for us to see that the achievements of Anwar Sadat have the long and splendid life that was, alas, denied their creator.●

● Mr. DORNAN of California. Mr. Speaker—

Blessed are the Peacemakers for they shall be called the children of God.

President Anwar Sadat is in the loving embrace of his Creator.●

● Mr. GILMAN. Mr. Speaker, I rise in support of the resolution before the House. The tragic and untimely death of President Sadat has saddened peace-loving peoples throughout the world. Anwar Sadat's life has been an inspiration to all of us who have admired his courage and selfless dedication to peace in the Middle East.

For his outstanding role in the Camp David process, along with Prime Minister Begin, he deservingly was awarded the Nobel Peace Prize. His unprecedented effort to bridge the gap between the Arab world and Israel has become the cornerstone of our efforts and hopes to end hostility in the Middle East.

Today's brutal and senseless act of terrorism in Egypt is yet another example of the sickness that has spread throughout the globe. As a former military leader, President Sadat understood the danger that terrorism posed to the civilized world and dedicated his life to the peaceful resolution of conflict.

The United States has lost a staunch ally. The State of Israel has lost a valued friend. The people of Egypt have lost a great leader and patriot. At the time of sorrow we extend our sympathy and compassion to his family, and to the people of Egypt.

As a cosponsor of this measure, I urge my colleagues to join in this resolution deploring this despicable crime that has robbed us all of a great world leader, an outstanding statesman * * * a champion of peace. We reaffirm our support for the people and Government of Egypt as they continue along the historic path that President Sadat has pursued in his search for a lasting peace in the Middle East.●

● Mr. CLINGER. Mr. Speaker, for the third time this year, an assassin's attack on a public figure confronts us with the crushing reality of violence. This time, unfortunately, the attack caused the untimely death of Egyptain President Anwar Sadat.

It is tragically unfortunate that senseless violence has the power to end the life of one who labored so nobly as a progressive force for the good. Where barriers erected by centuries of hatred and distrust and maintained by the billions spent on defense existed, Anwar Sadat took bold steps to break them down. For his efforts, he was awarded the Nobel Peace Prize.

But his work was far from complete. Perhaps he could have captured the imagination of the free world once again in his quest for peace. Certainly, the role that he would have played as a spokesman for the Arab world would have been prominent.

Our best hope is that the example he set can live on as a legend and as a force leading the Middle East away from political instability and violence.●

● Mr. GOODLING. Mr. Speaker, today's outrage added yet another distinguished name to that infinitely tragic list that includes the names of a number of our best Presidents, as well as such men as Mahatma Ghandi and Mountbatten of Burma: men whose lives were cruelly and unnaturally cut short, murdered for that supreme good which they represented and tried to bring about.

Two things which Anwar Sadat said to me when I first met him 6 years ago in Egypt linger in my memory. First, he said to me with tears in his eyes that his people had had enough of war and violence, they are so poor and without so much that they now needed peace. Then he also told me that he did not understand how America could underestimate the Soviet threat to the Middle East. His dearest wish was to achieve a lasting peace in his part of the world, and to insure the freedom and integrity of his own native Egypt.

A deeply religious man, Anwar Sadat serves as an example to us all—Muslim, Jew, and Christian alike. His was not a perverted version of Islam, but a pure Islam based on the words, "Allah the Compassionate." And compassionate was Sadat; on the one hand, he gave hope to his war-weary people, and on the other hand, he welcomed with open arms a tired exile who the rest of the world cast aside for reasons of political expediency. Anwar Sadat was the stuff of which legends are made; and as is the case with such men, his stay among us was far too brief.

I, along with all Americans, share the sorrow of Mme. Sadat and the people of Egypt: We are all much the poorer for his loss.●

● Mr. LOEFFLER. Mr. Speaker, I grieve in the loss of Anwar Sadat, for he was a man I greatly admired, a personal hero, a man of rare vision in a world sadly lacking leaders of selfless courage.

In a relatively short time he did more than most people thought possible to bring his people toward the benefits of the 20th century and, more recently, to bring peace to his part of the world.

It is sadly ironic that Sadat, a worthy Nobel laureate of peace, died in uniform at a parade of the weapons that sustained his dream.

But Sadat the man never lost sight of his dream, of his destiny.

His life started in a small village on the banks of the Nile—where man first witnessed the dawn of time—and he never lost sight of the basic values he learned at the feet of his elders: loyalty, honor, generosity, and courage.

He saw his life as the history of Egypt since 1918.

He saw his life as a journey in search of identity.

As he said himself, "Each step I have taken over the years has been for the good of Egypt, and has been designed to serve the cause of right, liberty and peace."

As we pause and reflect and eulogize this fallen world leader I am reminded of Sadat's own words that his life and that of the Egypt he loved and died for was mainly the story of a search for identity. They were one and the same thing because since childhood he identified himself with his country, the land, and the people.

To use Sadat's own words:

"In every decision I made, in every action I took, I have been directed by my firm belief in the dignity of man and his right to freedom, to peace, and to equality.

"I have never sought power; for early in my life I discovered that my strength lies within me—in my absolute devotion to what is right, just, and beautiful.

"So far, the search has not ended—nor do I believe that it will ever end. For with every action we take to realize ourselves, we fulfill the will of God, and His will is everlasting. There is a long way for me and my people to go before we achieve a life where love, peace, prosperity, and the integrity of man prevail. May God guide our steps and those of our fellow men everywhere."

Only after earning the credentials of revolutionary, in 1952, could Sadat finally pursue those of the statesman.

He was a man of destiny; now, he is part of history.●

● Mr. ROBERTS of South Dakota. Mr. Speaker, October 6, 1981, will long be remembered as a shocking and tragic day for the people of Egypt and for all people throughout the world who are dedicated to the cause of peace. The senseless, violent actions of yesterday which cut short the life of President Sadat will never be understood or accepted. The loss to Egypt, to the Middle East and to the free world can only be described as immeasurable, as this unconscionable act of terror has eliminated a stabilizing and rational force in an otherwise unstable and restless region of the world.

As a decent and honorable man, and as a statesman and leader of the Egyptian people, Anwar Sadat stood by his commitments and convictions regardless of political repercussions. Few men could have presided as he did in a region of the world plagued by terrorism, anarchism, and national leadership all too often characterized by fear and irrational quests for power.

On behalf of the people of South Dakota, I wish to extend our sympathy to the family of President Sadat and to the people of Egypt.

May Sadat's commitment to peace succeed him.●

● Mr. FINDLEY. Mr. Speaker, it is difficult to express the sadness, the fear, the anguish, the anger, and the outrage generated by the death of Anwar Sadat. We will mourn and miss this great man. Who will now inspire us forward on the path to peace in the Middle East? Who will challenge us to meet the threats to our security we face with our friends in the Middle East? Who will be our conscience on the Palestinian and other sensitive issues?

Anwar Sadat was a visionary and, at the same time, a tough and determined political practitioner. He was a man who could compromise and one who held strong beliefs based on solid principles. He called upon the United States to serve as the leader in the Middle East peace process and, when he felt our efforts lagged, he undertook his own daring initiatives. Thus, he went to Jerusalem—a bold and inspired move that shocked a moribund peace process out of its torpor and culminated in the Egyptian-Israeli Treaty of Peace.

We admired this unique man and we loved him, too. He cared so much for people and felt so much concern for the trend of global events that it aroused similar feelings in us all. His personality captivated us—warm, sparkling, and direct with a touch of humor that saved momentous problems from becoming overwhelming.

Anwar Sadat was a friend who recognized the value of friendship. Only last week he sent Vice President Mubarak to Washington to lobby for assistance for the Sudan in light of the heightened Libyan threat to its neighbor. And he made a special trip to Plains, Ga., to see his "good friend, Jimmy Carter" during his August visit to the United States despite the reservations of some that he might sour his relations with the new American President.

We mourn Anwar Sadat and condemn those forces that murdered this friend and statesman. It is important not to permit those who try to force change by assassination to prevail. Indeed, we must stand by Egypt and friendly nations in northern Africa and the Middle East and move the peace process forward. Like Sadat, we must face threats squarely, seek inspired solutions, and not be deterred by our enemies even when the risks are great. For, to do nothing, makes the risks greater yet.●

● Mr. ROUSSELOT. Mr. Speaker, not much can be said of President Sadat that has not already been said on the floor today. All of us have been shocked and deeply saddened by yesterday's tragic events in Cairo. The President of Egypt personified those qualities needed by leaders to make this a better world. He had unqualifying confidence in himself, his goals, his countrymen and in the goodness of mankind. His strength in the face of adversity, his sense of purpose and clear direction in a confused and chaotic part of the world, and his dreams for a better tomorrow were all integral parts of this man we admired.

While other leaders of the Arab world blindly followed a path of ignorance and hatred toward a perceived enemy, President Sadat opened up his mind and his heart. From that base he was able to bring his nation peace—something other Arab leaders will not even allow their people to dream about.

I join my colleagues in extending our deepest sympathy to President Sadat's family and countrymen. But instead of grieving, we should be rejoicing that the world will continue to reap the benefits of his foresight even now that he is no longer with us. It will be the ultimate monument to President Sadat—the leader, if his nation continues down the road toward peace and progress that he so courageously started 4 years ago.●

● Ms. OAKAR. Mr. Speaker, people of goodwill throughout the world are saddened by the tragic death of President Anwar Sadat of Egypt. He was a man of vision and courage. He had the ability to look years ahead to see what needed to be done to bring meaningful peace and a better way of life to his people and to his neighbors. Then he had the courage to break with the past by making the necessary gestures to propel events in such a way as to make his vision a reality. And finally, he had the wisdom to see that peace is a process that consists of small, often painful, and unpopular steps. His goal was noble and worthy and he pursued with dedication and vigor.

The dramatic visit of President Sadat to Jerusalem in 1977 signaled his willingness to take the necessary first step toward the fulfillment of his vision for peace. The cycle of violence that has poisoned life for many millions was interrupted by President Sadat's magnanimous gesture and it paved the way for the Camp David accords for which he won the Nobel Peace Prize. Truly, Anwar Sadat was a leader, not only for his own people, but for the whole region, uniting his own people and his adversaries in pursuit of that vision to which he had dedicated his life: Peace and prosperity.

President Sadat was a giant on the political scene. I was honored to have met him on more than one occasion and I was impressed by his warmth and wisdom. Without him, the whole Middle East faces a vacuum. It is my hope that the example set by President Anwar Sadat will inspire others to build a true monument to this champion of peace: The establishment of harmony and cooperation among all the peoples of the Middle East, from the smallest nation to the largest, from the weakest to the most powerful, among Christians, Muslims, and Jews.

I want to extend my sympathy to President Sadat's family, especially his wife, Jihan, and to the people of Egypt who have lost a remarkable leader.

His beautiful relationship with his wife and children was indeed a role model for others. I know his wife Jihan, who has been a leader in her own right, faces a difficult challenge. I wish her Godspeed in the days and weeks ahead—the world needs her continued love and leadership.

May God bless the family of Anwar Sadat and may we continue his legacy for peace.●

● Mr. ALEXANDER. Mr. Speaker, the civilized world grieves this evening from the assassination of President Anwar Sadat.

During the past several years I have had the privilege of meeting with the

late President on four separate occasions. The last time was this past December when President Sadat invited me and my daughter Alyse to the third opening of the Suez Canal at Port Said.

Anwar Sadat was a great man. Though he possessed many qualities, I was particularly impressed with his ability to rise above the prejudices that preoccupy most of the political leaders that surrounded him in the Middle East and to see a broad view of the world at large. Thus, he had the ability to lead his nation in peace, rather than to succumb to the racial and religious hatreds that have plagued the region for centuries.

Also, Anwar Sadat distinguished himself among political leaders by his extraordinary courage. His bold faith in the future strengthened his ability to address delicate issues with candor. This quality of leadership forged an opportunity for others to come together in discussion of complex subjects which without his presence would normally be timidly avoided.

The American people and all peace loving human beings have lost a friend.●

● Mr. McGRATH. Mr. Speaker, I join with my colleagues in the House and millions of people around the world in mourning the tragic death of Anwar Sadat.

Anwar Sadat ranks as truly one of the great statesmen of this or any other century. He was a true visionary who recognized that the violence in the Middle East ultimately benefited no one, and indeed threatened world order. He put his political position, and in the end his life, on the line to achieve a peaceful and lasting settlement of the Mideast conflict, and for this he will long be remembered by all peace-loving people in the world.

The death of this great leader has cast a shadow of uncertainty over the entire peace process in the Middle East, and the fact that an assassin's bullet can have such a profound impact on the stability of the world we live in must be of deep concern to all of us. I was gratified that the probable successor to President Sadat, Hosni Mubarak, has pledged to carry on the work of his predecessor. Whether he has inherited the rare wisdom, vision, and courage of Anwar Sadat is, of course, another question.

Anwar Sadat was a friend of the United States and to Israel, and a tribute to the people of Egypt whom he led for the past decade. Let us hope and pray that the movement toward peace which he championed will not end with his untimely death.

I join with so many others in the fervent prayer that Anwar Sadat's spirit will continue to dwell among us.●

● Mr. HOYER. Mr. Speaker, I rise in honor of a great humanitarian, a champion of peace, and a friend of our Nation, President Anwar el-Sadat of Egypt. In a time of unrest and turmoil, when the Middle East stood in great jeopardy of igniting into an unthinkable war, a great man ascended to guide, to counsel, to lead his nation and to inspire others to seek peace. Anwar Sadat was a proven positive force in the tumultous Middle East, and without question his work will long be valued by generations of his countrymen.

President Sadat's dignity and courage in the face of adamant opposition to his pursuit of a peaceful coexistence with Israel give evidence to the strength and determination of his will. His willingness to abide by the Camp David accords, against the strong protestations of detractors in his homeland, reveals the depth of his commitment to what he believed was right and just.

Mr. Speaker, I am very much saddened by the loss of a man whom I admired and revered. I am reminded of these words once said on the occasion of the death by violence of another great leader.

O, my friend, it is not what they take away from you that counts; it is what we do with what you have left us.

Anwar Sadat has left us his legacy of concern for moderation, a commitment to uplifting his people, and his devotion to a better world for mankind. His stabilizing presence will be deeply missed, but his contributions will never be lost.●

● Mr. NAPIER. Mr. Speaker, the brutal shooting today of President Anwar Sadat is a heinous crime against mankind. There can be no other words to describe this dastardly act.

President Sadat, I am sure, will be remembered in the years to come as a true statesman from the mold of Great Britain's Winston Churchill. This humane leader was a pragmatic man who rose above the infighting and radical politics that has long plagued the Middle East. He was shaping the structure of his region of the world through a sensible approach to peace and fairness for all.

His idea that peace with Israel should be the first and foremost step toward an overall settlement revealed a rare kind of leadership which this world has desperately needed, especially in the Middle East.

America's commitment to peace and its friendship with the Egyptian people, although temporarily overshadowed by the specter of death and the ugliness of cowardly terrorism, must remain a guiding measure for the entire world. We must mourn for our murdered friend, pray for his family and nation, and condemn this act as a crime against all mankind.

In his memory, we must carry forth the ideas for a peaceful settlement in the Middle East Anwar Sadat steadfastly sought.●

● Mr. LEHMAN. Mr. Speaker, the violent death of President Anwar Sadat, a man of peace, is a great tragedy. Anwar Sadat came close to being as indispensable a man as we have in the world today, truly a man for all seasons. We shall feel his loss for a long time to come. Without his vision and leadership, the Camp David peace treaty would not have been. I have always been hopeful that the peace agreement would be more than an agreement between a man and a country, and I pray that this will become evident in the coming months.

President Sadat's Egypt was truly our anchor in the Arab world, the linchpin in our Middle East peace policy. While Israel has stood ready to negotiate peace with her Arab neighbors, only Anwar Sadat had the courage and determination to speak peace. Now that he is gone, it is incumbent upon the United States to exercise caution before the political dust settles. Fundamental policy questions must be reexamined before we go ahead with carving out a Middle East policy. The uncertainties are real, and we must be allowed to reassess our assumptions in light of this monumental event.

Now is no time to force a decision on the AWACS sale. This ill-fated proposal has already been disapproved by the House Foreign Affairs Committee. I call upon the President to withdraw his plan and to allow the Congress to begin the process of reexamination.●

● Mr. ROE. Mr. Speaker, I rise today to express great sorrow for myself and all the freedom-loving people of the world on the tragic death of President Anwar Sadat of Egypt.

President Sadat was a man of peace. For him to have been slain in a hail of assassins' bullets is the cruelest of ironies.

His was a voice of moderation in a troubled area of the world where violence has unfortunately become a way of life. I pray the stilling of that voice will not lead to further turmoil and violence in the Middle East.

I consider myself most fortunate to have personally known Anwar Sadat. During a factfinding trip to the Middle East last year, President Sadat was kind enough to meet with me in his Alexandria, Egypt, home.

During our discussions, President Sadat made it clear that his basic goals were to insure the continued success of the historic peace agreement he had initiated with Israel and to stymie the constant threat to peace being waged in the Middle East by both the Soviet Union and Libya.

With a world globe on his lap, President Sadat carefully outlined his view of the Soviet plan to achieve dominance in the area, with its ultimate

goal being the control of Middle Eastern oil.

He also warned me that Libya would be the Soviet's tool in stirring up trouble throughout the Middle East.

The bravery of this gentleman must never be forgotten. Despite the constant threat of retaliation from his Arab neighbors, Anwar Sadat forged ahead with the Israeli peace accords.

In Israel, the nation that had been considered Egypt's greatest enemy, Anwar Sadat is regarded with the highest respect. He was the man who was not afraid to take the first step toward peace. And with that first step, and the many that followed, he won the hearts of the Israeli people and millions of others around the world.

That soft-spoken, yet determined and articulate voice has now been silenced forever. The question that has been raised so many times, "What will happen after Sadat?" will now finally be answered.

Let us pray that his legacy will be the peace that he fought so hard to obtain and not the violence that took his life. Anwar Sadat brought us peace. I pray now that he rests in peace.●

● Mrs. HOLT. Mr. Speaker, it was in 1973 that I first met President Anwar Sadat. I was a member of the group from the House Armed Services Committee that went to the Egyptian-Israeli battlefield at the conclusion of their brief war of that year and even before their formal truce was concluded.

In our conversations with President Sadat, we assured him of our interest in a fair resolution of the outstanding issues between Egypt and Israel, and we showed our interest in his description of the problems. Secretary of State Henry Kissinger later said this meeting had made "a distinctive contribution to American policy in the Middle East."

In subsequent years, I met on two other occasions with President Sadat in Egypt, and I was privileged to be there when he offered to go to Jerusalem in his search for lasting peace.

I have difficulty finding words to describe the character of this great man whom it was my honor to know. There was something much more than a strong personality. There was a spirituality in him. I was impressed that this was a man of faith who was motivated by more than nationalism, more than personal power.

A professional soldier born in a small and poor village, he sought a destiny for his people that would be much better than war and poverty. He will be remembered in history as the peacemaker committed to a better life for his people.

His vision went beyond his own country. I felt that he was driven by a passionate commitment to lift the whole world above its ancient hatreds and toward a peace ordained by God's will.

Was this an impossible mission? Will any future generation experience the realization of that ideal?

I do not know the answer, but I know that we will honor the memory of Anwar Sadat if we work to achieve the great mission of his life, peace on earth.

He died for his work to achieve that ideal. His achievement of peace with Israel made him the target of fanatical hatred. He became a martyr to the cause of peace.

He realized his danger and knew the risks of the course he was pursuing, but it never deterred him. He was a man of great courage inspired by faith in God and the commitment of doing God's work.

I thank God for the life of Anwar Sadat and the inspiration he gave to the cause of peace.●

● Mr. PHILIP M. CRANE. Mr. Speaker, shock, dismay, and outrage are the only words which describe, for civilized people, the tragedy of the assassination of President Anwar Sadat of Egypt. The perpetrators of this despicable act should receive in full measure what the law provides when they are properly identified, convicted, and sentenced. In light of recent events both in Rome and Germany, this act is a stark reminder of the desperate forces of terrorism at work in this world and our increased need to stand more firmly than ever before against terrorist and coercive actions.

I had the privilege of meeting President Sadat and his lovely wife at their home in Aswan in 1978. He was a warm and charming host. He was also a bold leader and a strong ally of the United States. Militarily, he helped pro-Western forces in Angola, Sudan, and Afghanistan. He also offered assistance to the U.S. Rapid Deployment Force. Egypt's loss is our loss, for their President and his friendship were of strategic value to this country as well as the cause of peace and freedom worldwide. Our condolences go out to his wife, his family, and loved ones.

His greatest attribute was the courage he demonstrated in his decision to embrace peace with Israel. A son of a poor Egyptian family, he understood the hardships of the poor of Egypt and dedicated his life to turning his country away from war toward peace, away from the dogmas of the past to a better future for his people and mankind. His patience and vision were an inspiration to all of us. Perhaps if his life were to be summed up in one phrase it would be the one he used throughout the Egyptian-Israeli negotiations: "Love must prevail." In the wake of this disaster let us pray that this will be his abiding legacy.●

● Mr. WON PAT. Mr. Speaker, I was deeply shocked and dismayed to hear of the sudden and untimely death of a man whom I deeply admired and respected—President Anwar Sadat of Egypt.

On the several occasions in which I had the privilege of meeting this great leader, I was most impressed with his understanding of the problems facing his people and for his desire to bring peace to the Middle East.

His contributions to peace stand out as a shining example of what a truly dedicated national leader can do. Who will ever forget his historic decision to go to Israel and seek peace at a time when many of his own people were calling for more war? Anwar Sadat is a man of history and I am confident that he shall have a lasting place in the annals of this age for his contributions.

I pray that the people of Egypt will make the transfer to another leader with a minimum of internal disruption. I also pray that they will not forsake the policies of their beloved leader, Anwar Sadat. All of us know that the Middle East is a tinderbox ready to explode perhaps into world war at any moment. To keep this from happening will take all of the resolve and energies of the wisest leaders our world has. Let us hope that we have this resolve and can prevent Egypt from once again sliding into the chasm of hate and war which has brought its people so much misery in the past 30 years.

I also urge President Ronald Reagan to double the efforts of his administration to assure that Egypt retains the peaceful policies of President Sadat. This Nation must do everything possible to prevent hostile forces from taking advantage of the situation in Egypt. Now that we no longer have Anwar Sadat to lead in the Middle East, the task of keeping peace there will certainly not be an easy one.●

● Mr. BOLAND. Mr. Speaker, the assassination of Anwar Sadat has deprived the world of one of its most able and courageous leaders.

President Sadat has rightly been called a man of vision and a man of peace. Few men in recent history have had as profound an impact on their country, their region, and the world, as did Anwar Sadat. He was a man who was unafraid to take chances, a man who dared to move his country in new directions. He personally experienced the futility of war and that experience led him to the realization that more could be accomplished through the pursuit of peace. His decision to recognize Israel and work toward a peaceful resolution of the differences that separate Egypt, Israel, and the Arab States was made at great risk to himself and his country. He did not waiver, however, and traveled to Jerusalem and to Camp David in search of a peace agreement. The Camp David accords and the suc-

cessful work that has been done to implement them are in large part a tribute to the wisdom and courage of Anwar Sadat.

The tragic events of October 6 remind us once again of the tremendous volatility of the Middle East. There are individuals and groups at work in that region who fear reason and order and seek to replace them with chaos and destruction. These people have been, and will continue to be, obstacles to peace. They were the people that Anwar Sadat rejected. I hope that his death does not lead anyone to conclude that his policies have failed and that they should be abandoned. He knew, perhaps better than anyone else, that the road to peace would be long and difficult and that years of animosity would not be dispelled overnight. The course he charted must be followed and I wish the new Egyptian Government every success in their efforts to do so.

Mr. Speaker, humanity has been diminished by the brutal murder of Anwar Sadat. The loss suffered by the people of Egypt is shared by the people of the United States and all those throughout the world who admired and respected him. He was truly a man for the ages. I know I join with all Americans in extending sympathy to President Sadat's wife and family.●

● Mr. DOWNEY. Mr. Speaker, in my view Anwar Sadat was the greatest statesman of the 20th century. This is not a statement I make lightly.

I have seen that when a politician seizes the levers of power, almost invariably the focus of his life becomes that of simply retaining his grip on them. In the Mideast that is commonly done by killing his opponents; in the Western democracies it is commonly done by choosing policies based more on popular appeal than on wisdom. In either case, the national interest is subordinated to the personal interest.

Sadat was different—different to a degree that towers above all others in living memory. He used the levers of power to turn his nation from the downward course of senseless permanent religious war to the soaring course of peace.

The world is full of people who use fatalism as an excuse for inaction. How many times have we heard tolerance of evil justified on the grounds that "I couldn't make a difference if I tried"? We heard it from Germans in the thirties and from Americans in the McCarthy period. Today we hear it from Saudi Arabians who privately claim to be for peace while publicly calling for holy war, and we hear it from Israelis who refuse to condemn the bombing of Beirut they know to be wrong. Sadat proved them all wrong. He proved one man can make all the difference—if he has the necessary courage, ability, and integrity.

He came to power on a political base of the narrowest, darkest, meanest side of human nature. When he came to power the principal industry in Egypt was fanatic hostility to Israel, at regular intervals spewing forth wars in which thousands of his best young men died, and in which even victory would have brought little gain.

He could have pandered to this fanatic hatred. Without exception, his fellow Arab leaders were doing so, and continue to do so today. But he had the clear vision to see that détente with Israel would be a boon to Egypt. He had the integrity not to flinch from what should be done. He had the courage to attempt it. He had the ability to pull it off to make himself a peace hero with popular support far exceeding the brittle fanaticism inspired by the likes of Ayatollah Khomeini. As proof of the depth of his popularity, his successors have promised to continue his policies, and it appears they too will have popular support.

Today there is no shortage of national leaders whose political careers have been built on narrow mindedness and irrationality, but who could if they wish reverse course and take their followers into the sunlight with them. There are the Arab leaders with their self-defeating visceral opposition to Israel. There is our own President Reagan, with his self-defeating visceral opposition to arms control. There are the Vietnamese and Cambodians, slaughtering themselves and each other without reason.

These should take Sadat's example to heart. So should we all.●

● Mr. DERWINSKI. Mr. Speaker, as a cosponsor of House Concurrent Resolution 200, I join the other Members in expressing my deep regret over the assassination of President Anwar el-Sadat of the Arab Republic of Egypt. He was one of the great diplomatic leaders of our time.

Having met President Sadat on numerous occasions, I can attest to his remarkable strength of character and his dedication to peace. The historic journey which President Sadat made to Jerusalem in 1977 was an example of the courage and initiative he brought to his valiant efforts to achieve peace in the Middle East. He richly deserved the Nobel Peace Prize awarded him for his statesmanship.

The assassination of President Sadat is another example of the terrorism rampant in the world, much of which is fostered either directly or indirectly by the U.S.S.R.

Although President Sadat's death is a tragic blow to his country and Middle East peace efforts, the leaders of Egypt have reaffirmed their intent to follow the policies established by President Sadat, and I am very hopeful that we can move forward in the search for an enduring peace settlement. This would be the greatest tribute the world could pay to Sadat's memory.●

● Mr. HANCE. Mr. Speaker, I am shocked and dismayed at the tragic death of Mohammed Anwar el-Sadat, the President of Egypt. His death comes as a brutal attack on peace and progress in the Middle East and around the world.

I met with President Sadat on several occasions and found him to be one of the greatest rulers of the modern world, and a fine and virtuous man. He was a strong and charismatic leader, and his triumphs will live on as examples for all future leaders.

Sadat was a son of the fertile Egyptian soil, a patriot whose purpose in life was the revitalization of his nation and the restoration of its honor and independence. There is a sad irony in the fact that he was killed during the celebration of one of his greatest triumphs—the crossing of the Suez Canal on October 6, 1973, at the beginning of the Yom Kippur war. He was called "The Hero of the Crossing," and his command of the Egyptian Army into the Sinai Peninsula that day is still regarded as one of Egypt's greatest victories.

Yet Sadat was a man of peace, and he singlehandedly turned the course of his nation away from decades of war. He once promised to "walk to the ends of the Earth" for peace, and performed perhaps his grandest gesture in 1977 when he traveled to Jerusalem to address the Israeli Knesset with his challenge for peace between Egypt and Israel. His initiative in the efforts that led to the historic Camp David accords earned him the Nobel Prize for Peace.

During his Presidency, Sadat remained a man of the people. He was born in a small village on the delta of the Nile River, and held several jobs that kept him in touch with the people, among them canal digger, truck driver, and newspaper reporter.

He served faithfully in the Egyptian military, and was a strong and wise soldier dedicated to his country's independence. He was jailed for his beliefs, but played a prominent role in Egypt's drive for independence from the British in the early 1950's. It was he who made the announcement on Cairo radio on July 23, 1952, that the revolution to free Egypt from British military presence had begun. He served his predecessor, Abdul Gamel Nasser, in many capacities, and became President of Egypt upon Nasser's death in 1970.

Egypt grew and prospered under Sadat as it never had before, and his visions, if fulfilled, could carry Egypt well into the next century. Sadat's term as President was marked by his hope and vision, and especially his willingness to perform difficult tasks

that had to be done, despite their potentially hazardous consequences.

Sadat was not afraid to forge new alliances. He was a catalyst in the creation of the Federation of Arab Republics in 1971, which united the many countries of the Arab world. He was not afraid to pursue peace with Israel, though he knew it would bring him the scorn of his Arab brethren. He was not afraid to expel the Soviet Union from his country, which he did twice during his decade in power. He was not afraid to offer shelter to Shah Mohammed Reza Pahlavi of Iran when no other country would offer him refuge.

Throughout his career, Sadat seldom accepted the credit for his victories but always shouldered the criticism for his controversial decisions. During the signing of the historic peace treaty between Egypt and Israel at the White House in 1979, Sadat summed up his feelings, saying, simply,

In all the steps I took, I was not performing a personal mission. I was merely expressing the will of a nation.

The nation Sadat served so well has returned to its legacy of pride and promise. President Anwar Sadat was a fine and masterful leader, and the world shall miss him greatly.●

● Mr. MAZZOLI. Mr. Speaker, I join with my colleagues in the House of Representatives and all peace-loving people throughout the world in mourning the tragic death of Egyptian President Anwar Sadat.

President Sadat was a man of courage who led his people toward a new era of peace in the Middle East. An extraordinary statesman, Mr. Sadat was able to transcend the hatred and prejudice that long characterized his region of the world and emerge with a vision of cooperation and peaceful coexistence in the Middle East.

I pray the world will dwell not on the violence and sorrow of his death, but instead will remember and strive to continue the vision of peace for which he lived.●

● Mr. FLORIO. Mr. Speaker, I wish to join my colleagues and millions around the world in mourning the death of one of this century's greatest statesmen, Anwar Sadat.

Like so many of his countrymen, the late President of Egypt was born into poverty and his visionary policies never departed from his desire to improve the lives of his people. Anwar Sadat believed strongly in the dignity of man and his right to freedom, to peace, and to equality. Sadat's devotion to these beliefs, and his political pragmatism to achieve them, inspired hope and national integrity among his countrymen.

Anwar Sadat personally experienced the futility of war and that experience led him to the realization that more could be accomplished through the pursuit of peace. Thus he discarded the forces of hate and traveled to Jerusalem to achieve a peace that few thought possible. His work captured the attention of a disbelieving world. While other Arab leaders blindly follow the path of hatred and ignorance, Sadat opened his mind and his heart. Truly Anwar Sadat was a leader, not only for his own people, but for the whole region, uniting his people and his adversaries in pursuit of peace and prosperity.

The world has lost a man of peace and America a good and trusted ally. We must hope that the work of Anwar Sadat will be carried forward and inspire the nations of the Middle East away from the policies of hatred and war. I am encouraged that Sadat's chosen successor, Hosni Mubarak, is committed to continuing the Camp David peace process. Let us hope that he may have wisdom, vision, and courage as he sets upon this course in the months ahead.●

● Mr. SCHEUER. Mr. Speaker, the history of the world reveals rare occasions in which the ability, courage, and vision of a single man can be said to have achieved monumental changes for the betterment of mankind and the advancement of world peace—Anwar Sadat was such a man.

President Sadat has been succeeded by an able new leader; but he cannot be replaced. Statesmen of his stature do not appear twice in the same place and time; but the assassins' bullets that struck him down last week must not be allowed to destroy the architecture of peace that Anwar Sadat created. Those who espouse the violence and hatred which continue to plague the Middle East must not be allowed to capitalize on the perverse sense of triumph which they are enjoying in the aftermath of the death of this great and towering figure.

I am convinced that the people of Egypt will not allow their cherished hopes for permanent peace to die with Anwar Sadat. It is up to us and to other responsible governments to do all within our power to guarantee that the historic accomplishments of President Sadat will survive and serve as a foundation for still greater achievements in the years ahead.

Our task is not an easy one; but the legacy which President Sadat has left to us provides both an example of courage and perseverance and the broad diplomatic base on which to construct permanent peace in the troubled Middle East.

Finally, Mr. Speaker, let me express the hope that President Sadat's gracious widow will be comforted by the unparalleled achievements her husband made; and that her demonstrated talents as a spokesperson for her people will continue to be put to use under the new Egyptian Government.●

● Mr. HALL of Ohio. Mr. Speaker, throughout history, differences between nations traditionally have been settled by war. Many of the leaders and statesmen we consider great achieved their status through wartime accomplishments.

Anwar Sadat, the late President of Egypt, had the occasion to lead his country in war. His place in history, however, is secured through his courageous work for peace. In this regard, he is among the most significant statesmen of this century.

It is clear that his death is a great loss for Egypt and for the cause of peace in the Middle East. The world has lost a unique head of state. The world can little afford to lose men with his vision, his sense of history, and his inspiration.

For us, his loss is particularly painful, since he had come to symbolize personally our hope for peace in that troubled part of the world. He seemed to express our own dream for the Middle East when he wrote: "We do not want to fight battles which are long past for we still have the most serious of all battles ahead of us, that of the future, of construction, and progress." He worked to make that dream a reality, and the spirit he brought to that endeavor encouraged us that peace truly was possible among men of good will.

With his passing, we mourn more than the loss of a great and noble man. We mourn, in addition, the loss of optimism and confidence for the future that his leadership provided. His assassination is an affront to the hope that civility will prevail when men attempt to resolve their conflicts.

Events move onward in the Middle East, and we lack adequate time to reflect properly on the life of Anwar Sadat and his contributions to peace. Perhaps his life is best summarized by the inscription on his tomb: "He lived for the sake of peace and was martyred for the sake of his principles."

It is up to us to act upon that legacy of Anwar Sadat. Our finest tribute to his memory can only be the implementation of the peace for which he labored and gave his life.●

● Mr. STOKES. Mr. Speaker, I would like to thank my distinguished colleague, the gentleman from Wisconsin, Mr. ZABLOCKI, for introducing House Concurrent Resolution 200 in honor of the late Egyptian President Anwar Sadat and his goal of peace in the Middle East and in the world.

Mr. Speaker, as the world pauses again in helpless silence to an act of senseless violence against a world leader, it is fitting that we take this opportunity in the House to memorialize Anwar Sadat and his magnanimous deeds.

Mr. Speaker, the late Anwar Sadat will be remembered eternally by citi-

zens of the world and in the annals of history as a principal player and tireless soldier in the pursuit of a lasting peace in the Middle East. Egyptian President Anwar Sadat was a man who, in the face of daily life threatening circumstances and criticism from his peers in other Arab countries, fearlessly pursued without hesitation a course for his beloved Egypt and the world that he felt was morally right.

Because of this heroic stance in the face of fierce adversity, Anwar Sadat made an indelible mark on the peace process in the Middle East. He was a great friend of the United States and the man who opened the lines of communication between Israel and Egypt. More than any other person in recent memory, Anwar Sadat was a peacemaker.

Mr. Speaker, this Egyptian leader was a kind yet a strong man. He was simultaneously a friend of the powerful and the powerless. Anwar Sadat's charisma, power, and sincerity transcended all nationalities, all religions, and all languages.

Mr. Speaker, I was fortunate enough to meet President Sadat on several of his trips to the United States. I was impressed deeply by his sincerity, his willingness to communicate with people, and his attempts to understand world problems in his quest for a better world. He died while striving to make these dreams of peace a reality.

The first time I met the late Egyptian President Anwar Sadat was at Blair House. When I and my colleagues in the Congressional Black Caucus met with him, he listened to brief remarks by Congressman PARREN MITCHELL, who was the chairman.

His initial words to us were these: I come to you with a background of 3,000 years of history and culture behind me. He then spoke of the very special kinship that he felt to each of us. He said that he felt this kinship through his mother whom he described as completely black.

Later on during our conversation with him on that day, he mentioned that there was a great deal of talk and speculation about him getting the Nobel Peace Prize for his courageous leadership in going to Jerusalem to start the negotiations with Israel. He said to us that he did not do what he did for the purpose of receiving an award. He said, "I did what I did because of the principles instilled in me by that black mother."

Mr. Speaker, there are two men in whose presence I have been in during my lifetime who have left an indelible mark on my life. In the presence of each of those men, you could feel their greatness. When you left a room in which they were, you realized that you had just been in the presence of extraordinary human beings.

One of those men was the late Dr. Martin Luther King, Jr. The other man was the late Egyptian President Anwar Sadat. In many respects, these two men shared the same religious fervor, moral convictions, and love for mankind that drove them to pursue justice and peace at all cost.

At the conclusion of our meeting with President Sadat, I can recall the beautiful smile that flashed on the face of former Congresswoman Yvonne Braithwaite Burke when President Sadat turned and pointed at her and said, "You look just like my daughter."

Mr. Speaker, it was this kind of rapport and charisma along with his aggressive pursuit of a just peace plan for the Middle East that made Anwar Sadat a hero in his own time to people of all races and nations. He was the kind of peacemaker, the kind of statesman, and the kind of human being that we desperately needed in these perilous times. We will all miss him tremendously.

Mr. Speaker, with those thoughts in mind, I join with my colleagues in supporting House Concurrent Resolution 200 which mourns the death of Egyptian President Anwar Sadat and encourages the President of the United States to continue supporting the initiatives of President Sadat for a lasting peace in the Middle East. Even though this great man is gone, his initiatives continue to live on.●

GENERAL LEAVE

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the concurrent resolution under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. ZABLOCKI. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the concurrent resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the concurrent resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. DERWINSKI. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device and there were—yeas 411, nays 0, not voting 23, as follows:

[Roll No. 249]

YEAS—411

Addabbo	Applegate	Bailey (MO)
Albosta	Archer	Bailey (PA)
Alexander	Ashbrook	Barnard
Anderson	Aspin	Barnes
Andrews	AuCoin	Bedell
Annunzio	Badham	Beilenson
Anthony	Bafalis	Benedict
Benjamin	Ertel	Lantos
Bennett	Evans (DE)	Latta
Bereuter	Evans (GA)	Leach
Bevill	Evans (IA)	Leath
Biaggi	Evans (IN)	LeBoutillier
Bingham	Fary	Lee
Blanchard	Fascell	Lehman
Bliley	Fazio	Leland
Boggs	Fenwick	Lent
Boland	Ferraro	Levitas
Bolling	Fields	Lewis
Boner	Findley	Livingston
Bonior	Fish	Loeffler
Bonker	Fithian	Long (LA)
Bouquard	Flippo	Long (MD)
Bowen	Foglietta	Lott
Breaux	Foley	Lowery (CA)
Brinkley	Ford (MI)	Lowry (WA)
Brodhead	Ford (TN)	Lujan
Brooks	Forsythe	Luken
Broomfield	Fountain	Lundine
Brown (CA)	Fowler	Lungren
Brown (CO)	Frank	Madigan
Broyhill	Frenzel	Markey
Burgener	Frost	Marks
Burton, Phillip	Fuqua	Marlenee
Butler	Garcia	Martin (IL)
Byron	Gaydos	Martin (NC)
Campbell	Gejdenson	Martin (NY)
Carman	Gephardt	Matsui
Carney	Gibbons	Mattox
Chappell	Gilman	Mavroules
Chappie	Gingrich	Mazzoli
Cheney	Ginn	McClory
Chisholm	Glickman	McCloskey
Clausen	Goldwater	McCollum
Clay	Gonzalez	McCurdy
Clinger	Goodling	McDade
Coats	Gore	McDonald
Coelho	Gradison	McEwen
Coleman	Gramm	McGrath
Collins (IL)	Gray	McHugh
Collins (TX)	Green	McKinney
Conable	Gregg	Mica
Conte	Grisham	Michel
Conyers	Guarini	Mikulski
Corcoran	Gunderson	Miller (CA)
Coughlin	Hagedorn	Miller (OH)
Courter	Hall (OH)	Mineta
Coyne, James	Hall, Ralph	Minish
Coyne, William	Hall, Sam	Mitchell (MD)
Craig	Hamilton	Mitchell (NY)
Crane, Daniel	Hammerschmidt	Moakley
Crane, Philip	Hance	Moffett
Crockett	Hansen (ID)	Molinari
D'Amours	Hansen (UT)	Mollohan
Daniel, Dan	Harkin	Montgomery
Daniel, R. W.	Hartnett	Moore
Danielson	Hatcher	Moorhead
Dannemeyer	Hawkins	Morrison
Daschle	Heckler	Mottl
Daub	Hefner	Murphy
Davis	Heftel	Myers
de la Garza	Hendon	Napier
Deckard	Hertel	Natcher
Dellums	Hightower	Neal
DeNardis	Hiler	Nelligan
Derrick	Hillis	Nelson
Derwinski	Hollenbeck	Nichols
Dickinson	Holt	Nowak
Dicks	Hopkins	O'Neill
Dingell	Horton	Oakar
Dixon	Howard	Oberstar
Donnelly	Hoyer	Obey
Dorgan	Hubbard	Oxley
Dornan	Huckaby	Panetta
Dougherty	Hughes	Patman
Dowdy	Hunter	Patterson
Downey	Hutto	Paul
Dreier	Hyde	Pease
Duncan	Ireland	Pepper
Dunn	Jacobs	Perkins
Dwyer	Jeffords	Petri
Dymally	Jeffries	Peyser
Dyson	Jenkins	Pickle
Early	Jones (OK)	Porter
Eckart	Jones (TN)	Price
Edgar	Kastenmeier	Pritchard
Edwards (AL)	Kazen	Pursell
Edwards (CA)	Kemp	Quillen
Edwards (OK)	Kildee	Rahall
Emerson	Kindness	Railsback
Emery	Kogovsek	Rangel
English	Kramer	Ratchford
Erdahl	LaFalce	Regula
Erlenborn	Lagomarsino	Reuss

Richmond	Shumway	Vander Jagt
Rinaldo	Shuster	Vento
Ritter	Siljander	Volkmer
Roberts (KS)	Simon	Walgren
Roberts (SD)	Skeen	Walker
Robinson	Skelton	Wampler
Rodino	Smith (AL)	Washington
Roe	Smith (IA)	Watkins
Roemer	Smith (NE)	Waxman
Rogers	Smith (NJ)	Weaver
Rose	Smith (OR)	Weber (MN)
Rosenthal	Smith (PA)	Weber (OH)
Rostenkowski	Snowe	Weiss
Roth	Snyder	White
Roukema	Solarz	Whitehurst
Rousselot	Solomon	Whitley
Roybal	Spence	Whittaker
Rudd	St Germain	Whitten
Russo	Stangeland	Williams (MT)
Sabo	Stanton	Williams (OH)
Santini	Staton	Wilson
Sawyer	Stenholm	Winn
Scheuer	Stokes	Wirth
Schneider	Stratton	Wolf
Schroeder	Studds	Wolpe
Schulze	Stump	Wortley
Schumer	Swift	Wright
Seiberling	Synar	Wyden
Sensenbrenner	Tauke	Wylie
Shamansky	Tauzin	Yatron
Shannon	Taylor	Young (AK)
Sharp	Traxler	Young (FL)
Shaw	Trible	Zablocki
Shelby	Udall	Zeferetti

NOT VOTING—23

Akaka	Holland	Pashayan
Atkinson	Johnston	Rhodes
Beard	Jones (NC)	Savage
Bethune	Marriott	Stark
Brown (OH)	Murtha	Thomas
Burton, John	O'Brien	Yates
Fiedler	Ottinger	Young (MO)
Florio	Parris	

□ 1930

So the concurrent resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate concurrent resolution (S. Con. Res. 39) concerning the assassination of Egyptian President Anwar el-Sadat, and ask for its immediate consideration.

The Clerk read the title of the Senate concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 39

Whereas, the Congress of the United States has learned with profound sorrow and deep regret of the tragic death of President Anwar el-Sadat of the Arab Republic of Egypt; and

Whereas, President Sadat has been a true friend of the United States and a true partner in the search for peace in the Middle East; and

Whereas, President Sadat has earned the affection and respect of the people of the United States for his historic leadership and statesmanship in the cause of international peace; and

Whereas, the Congress has confidence that Egypt's leaders and institutions will carry on the responsibilities of government with full competence and dedication, including moving forward in the search for an enduring peace settlement in the Middle East and in promoting the economic well being of all Egyptians; and

Whereas, the leaders of Egypt have today reaffirmed their intent to follow the policies of President Sadat: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That:

(1) the United States expresses its deep sympathies to the family of President Sadat and the people of Egypt for their tragic loss; and

(2) the United States reaffirms its friendship with and full support for the Government and people of Egypt.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

A similar House concurrent resolution (H. Con. Res. 200) was laid on the table.

AUTHORIZING TECHNICAL CHANGE IN ENROLLMENT OF SENATE BILL S. 917

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate concurrent resolution (S. Con. Res. 38) authorizing a technical change to be made in the enrollment of the Senate bill, S. 917, an ask for its immediate consideration.

The Clerk read the title of the Senate concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 38

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate is authorized and directed, in the enrollment of S. 917, and Act to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans, to increase the rates of dependency and indemnity compensation for the surviving spouses and children of disabled veterans, to authorize the Administrator of Veterans' Affairs to guarantee home loans with provisions for graduated-payment plans, to increase the maximum amount payable under the Veterans' Administration automobile assistance and specially adapted housing programs, to expand eligibility for memorial markers, to require advance notification to Congress regarding certain Veterans' Administration reorganizations, and to limit expenditures of medical appropriations in connection with contracting-out studies; and for other purposes, to make the following technical and conforming change: In section 101(a)(7), strike out "$520" and insert in lieu thereof "$521".

Mr. MONTGOMERY. Mr. Speaker, last Friday the House concurred in Senate amendments to S. 917, a bill that would increase the service-connected compensation benefits for our disabled veterans and eligible survivors. When the amendments passed the other body, an error was made in the monthly rate of compensation to be paid to veterans with a 70-percent service-connected disability. The rate should have been $521 rather than $520. The resolution would allow the enrolling clerk to make the dollar change.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

MEMBERS OF CONGRESS SHOULD NOT RECEIVE PAY RAISES

(Mr. VOLKMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VOLKMER. Mr. Speaker, last Wednesday, September 30, 1981, the last day of the 1981 fiscal year, at the very last minute of the day, the House of Representatives was forced to vote on a measure to continue to fund the agencies of the Federal Government so that they can operate until November 20, 1981.

Mr. Speaker the vote was by voice and is not recorded in the CONGRESSIONAL RECORD; however I voted against the conference report on the continuing resolution and I take the time to explain to my colleagues why I voted against the resolution.

Mr. Speaker, the resolution includes a provision to allow Members to deduct unlimited business expenses incurred in Washington, D.C.; and, a provision whereby the annual cost of living increase for Members of Congress is automatically appropriated rather than increased through the normal appropriations process. As I mentioned, Mr. Speaker, I opposed this back door pay raise. The people of my district have spoken very clearly to me and asked me to oppose any type of pay raise to Members of Congress, especially while we are trying to get Government spending under control by reducing funds for Federal programs.

ADJOURNMENT FROM WEDNESDAY, OCTOBER 7, 1981, TO TUESDAY, OCTOBER 13, 1981

Mr. FOLEY. Mr. Speaker, I send to the desk a privileged concurrent resolution (H. Con. Res. 201) and ask for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 201

Resolved by the House of Representatives (the Senate concurring), That when the House adjourns on Wednesday, October 7, 1981, it stand adjourned until 12 o'clock meridian on Tuesday, October 13, 1981.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

REPORT INVESTIGATING NECESSITY OF CONTINUED PRODUCTION OF RESERVES REQUIRED BY NAVAL PETROLEUM RESERVES PRODUCTION ACT OF 1976—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objecting referred to the Committee on Armed Services and ordered to be printed:

To the Congress of the United States:

In accordance with section 7422(c) of the Naval Petroleum Reserves Production Act of 1976 (10 U.S.C. 7422(c)), I wish to inform you of my decision to extend the period of maximum efficient rate production of the naval petroleum reserves for a period of three years from April 4, 1982, the expiration of the current statutorily mandated period of production.

I am transmitting herewith a copy of the report investigating the necessity of continued production of the reserves as required by section 7422(c)(2)(B) of the Naval Petroleum Reserves Production Act of 1976. In light of the findings contained in that report, I hereby certify that continued production from the naval petroleum reserves is in the national interest.

RONALD REAGAN.

THE WHITE HOUSE, *October 6, 1981.*

SUGAR PROVISIONS OF 1981 FARM BILL

(Mr. AKAKA asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. AKAKA. Mr. Speaker, by yesterday all of us received a "Dear Colleague" in support of the sugar provisions of the 1981 farm bill. This letter is the best summary to date of the compelling arguments on an issue that is of critical importance to the 100,000 persons who are directly employed by our domestic sugar industry. Every Member of the House should pay close attention to this "Dear Colleague," for it has been signed by a bipartisan group which represents every tint and hue of the political spectrum. The fact is that the sugar provisions of the farm bill have wide and bipartisan support.

This letter also points to the importance of domestic sugar production as a buffer against the volatility of world sugar trade. Furthermore, the 18-cents-per-pound loan program that was passed by the Senate and included in the Bedell substitute will not cost the taxpayer in this country a penny. The Department of Agriculture reports that the nonrecourse loan program will, in fact, make money in 1982. This is not surprising, since the last time the Government operated a sugar loan program, it returned over $67 million to the U.S. Treasury.

I urge my colleagues to support the Bedell amendment during consideration of the farm bill on the House floor. The domestic sugar industry is important to the economy of 17 States. It is high time that we support American farm products which offer American consumers a better deal—financially and philosophically. If America does not support America's industries, then who will? I also urge my colleagues to support the 1981 farm bill.

Mr. Speaker, I am including this "Dear Colleague" for printing in the RECORD at this point:

HOUSE OF REPRESENTATIVES,
Washington, D.C., October 1, 1981.

DEAR COLLEAGUE: Sugar is a major domestic crop and an essential element of the agricultural sector of our nation's economy. Sugar beet and sugar cane are grown on over 13,000 farms in 17 states. The industry directly employs over 100,000 Americans and contributes over $3 billion to the GNP.

In spite of the fact that sugar is a major agricultural crop upon which the economy of many local communities depends, the United States is the only major sugar-producing nation in the world that has no domestic sugar policy. For forty years, from 1934 to 1974, the U.S. maintained an official policy to preserve this important domestic industry for strategic and economic reasons. It is only since the expiration of the Sugar Act that prices have fluctuated wildly. In 1974 alone, the price for sugar increased from 8 cents to 60 cents per pound. By 1977, the price had declined to 7 cents per pound. In 1980, again in the absence of a domestic program, the price rose to 40 cents per pound before dropping to a low of 11 cents in August of this year.

The non-recourse loan provision for sugar will prevent these wide price fluctuations which hurt both farmers and consumers. It will establish a domestic sugar program designed to maintain a viable domestic sugar producing industry and to assure adequate supplies at stable prices for American consumers. Furthermore, a strong domestic sugar industry maintains jobs and production in our economy. The United States currently has a $2 billion trade deficit annually due to imports of foreign sugar, and this deficit will rise to $4.7 billion in the total absence of a domestic industry.

For these reasons, we ask you to support the loan provision for sugar. This type of loan program has been around for decades and is available for numerous other crops in the Farm Bill. The last time the government operated a sugar loan provision, the program returned a profit of over $67 million to the U.S. Treasury. Sugar farmers are only asking for the same treatment other commodities receive.

You may find the attached fact sheet useful during floor debate on the farm bill. We urge you to support the sugar loan provision on the House floor.

Thomas S. Foley, E (Kika) de la Garza, David R. Bowen, Fred Richmond, William M. Thomas, Delbert L. Latta, Arlan Stangeland, and Sid Morrison.

THE MINE SAFETY AND HEALTH ADMINISTRATION

(Mr. ROGERS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROGERS. Mr. Speaker, I rise today to express my strong opposition to actions taken in the other body which could cause great harm for the miners in my district and across America.

I would like to draw attention to the funding for the Mine Safety and Health Administration, which will be considered by the House as part of the Labor/HHS appropriations bill, and urge my colleagues to join my efforts in supporting the administration's request to increase MSHA's funding for next year.

MSHA is absolutely essential to the coal miners in the Fifth District of Kentucky and throughout the entire country.

Many of you may not be familiar with the work of the Mine Safety and Health Administration. But every day of the week, miners in our districts, benefit from their programs.

The figures speak for themselves: Since the implementation of the act creating MSHA in 1969, coal mine fatalities have been reduced by more than 50 percent. Mine disasters (those terrible accidents claiming more than five lives each) have been cut in half. And this improved safety is all the more impressive considering that during these same years, coal production has been increasing.

What this boils down to is about 100 lives a year, 1,000 lives over the life of the act, that have not been lost in needless, terrifying accidents. That means 1,000 fewer widows and literally thousands fewer orphans.

And what is more, it gives these miners, their wives and their children, just a little extra certainty that when the miners leave for work in the morning, they will return home that night, safe and sound.

If only you could listen to one of the miners in my district. He told of how when he was a young man, he had been sent off to work in the coal mines after his father had died—killed in a coal mine accident. And he remembered as he walked off to work that first morning * * * carrying his late father's lunch pail * * * how other folks in his family had been killed in mine accidents before. As he said goodbye to his mother that morning, he wondered whether some day she would be like one of the mothers he had seen before, mourning the death of a miner at a mine site accident.

Since that time, we have come a long way. Both the miners and the operators have become far more safety conscious, realizing that these horrible accidents can be prevented.

And the Mine Safety and Health Administration has played a major role in making sure that this responsible attitude is encouraged. My efforts are aimed at making sure that their vital and necessary functions continue.

A subcommittee in the other body has adopted an amendment to cut back 50 percent of MSHA's budget. Mr. Speaker, the effects of this cutback would be nothing short of devastating. It would signal a return to those old days when the Government ignored the safety of these miners.

Congress must recognize that a 50-percent cutback in funds would mean an even more severe reduction in enforcement personnel. As a matter of fact, since there are so many costs associated with reductions in force, including payments of accumulated annual leave, sick leave, and severance pay, MSHA estimates that they would lose approximately 1,800 out of 2,400 enforcement personnel. That spells out to a 75-percent reduction.

Mr. Speaker, the administration has not proposed this cut. It is ill-advised, ill-conceived, and ill-considered. It is one thing to get rid of unnecessary or wasteful Federal spending. But MSHA has proven its worth with each of the miners' lives it has saved.

Mr. Speaker, let there be no mistake about my point: The safety of our miners, who are mining coal to meet our country's energy needs, cannot be ignored. A little less red ink in the Federal ledger book cannot compensate for the loss of a single miner's life.

For each maintained ventilation system, for each well-supported roof, for each carefully tended electrical system, there are thousands of miners whose life and limb have been protected. We can never measure the exact success of MSHA, we will never know the exact number of lives saved by the safety efforts—but the miners, their wives, and children would definitely rather not know the alternative.

I urge my colleagues to stand firmly behind the House version of the bill, with the administration's request to increase MSHA funding next year. It is money invested in the lives of our miners—it is money well invested.

NATIONAL HOMEBUILDING BONDS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona (Mr. RUDD) is recognized for 45 minutes.

Mr. RUDD. Mr. Speaker, I am introducing today a bill which will provide adequate mortgage money at an affordable rate for new home construction. It will stimulate the homebuilding industry and put thousands of construction workers—now laid off—back to work. And it will provide a new source of private capital for lending institutions such as savings and loans institutions, and banks.

In addition, Mr. Speaker, it will accomplish all of these things without a dollar of Federal money, placing no new burden on the Treasury. In fact, it will create additional tax revenue for the Federal Government.

Current high-interest rates are threatening to destroy the administration's efforts to create a vigorous growing economy. Perhaps the heaviest adverse impact of high-interest rates is visible in the inability of the lending institutions to provide adequate funding for new home construction at an affordable rate.

The savings and loan industry, which historically has carried the greatest share of new home construction, is in deep trouble, and many savings and loan institutions may not be able to survive if the present supply of mortgage money is not increased. The building trades are a major center of the Nation's unemployment problem. Suppliers of home construction materials are, likewise, suffering. Is there a remedy? Yes. Will this remedy cost the Treasury tax dollars? No.

If this Congress acts now to authorize national homebuilding bonds as detailed in my bill, the inflow of tax dollars to the U.S. Treasury will actually increase. What would be required to implement this national homebuilding bond proposal? Authorization by Federal legislation for the isssuance of national homebuilding bonds to be offered for sale by savings and loans, and banks. The bonds would receive preferential treatment from the Internal Revenue Service.

How would the program work? National homebuilding bonds would be issued in denominations of $1,000 or any multiple thereof. The bonds would pay the investor 10 percent interest, with an effective after-tax yield of 14 percent. Funds flowing into the savings and loans and the banks from the sale of national homebuilding bonds would be dedicated to provide mortgage money for loans to the purchaser of a new home, or the construction of a new home, at an annual rate of 12 percent, 11½ to bank, ½ to insurance.

Borrowing would be restricted to the construction of new homes, with a limit of $100,000 on the individual mortgage. The borrower would be required, as a condition of receiving the 12-percent loan, to warrant the new home was for personal occupancy. The mortgages at 12 percent would carry a clause permitting repayment with no prepayment penalty after 3 years. If interest rates come down, as everyone anticipates in the next 3 to 5 years, the existing mortgage could be liquidated and the home refinanced at a lower rate.

National homebuilding bonds would be sold with a 3-year maturity date. Why would any investor consider buying a 3-year instrument bearing only a 10-percent rate of interest? Because these bonds would carry with them an element of income tax exemption providing the investor with an effective return of 14 percent of the investment. Historically, 14 percent interest is phenomenally high, and the opportunity to lock in such a rate for a period of 3 years, during which interest rates may be falling, should prove very attractive to millions of investors.

For example: The purchaser of a national homebuilding bond would, in reality, receive the same rate of return on $10,000 invested in national homebuilding bonds as would be received on $10,000 invested at 14 percent interest. It is suggested that the possibility of having 14 percent return on a 3-year instrument would attract a great many institutional investors, pension plans, as well as individual savers.

How could this be accomplished without causing the Treasury a loss in income tax? There would be an apparent loss of tax revenue to the Treasury. The amount of income available to the investor free of income tax would vary with the tax bracket of the investor. Let me give a few typical examples.

Investor "A" puts $10,000 in a current CD money market fund or other instrument paying 14 percent—$10,000 times 14 percent equals $1,400 gross interest return. Investor "A" is in a 30-percent tax bracket. Interest yield $1,400 less 30 percent tax equals $980 disposable income for the investor. Investor "A" buys $10,000 worth of national homebuilding bonds paying 10 percent. Yield equals $1,000. This investor is permitted to keep $980 tax free. Theoretical loss to the Treasury is $280 (with homebuilding bonds).

Because of the tax forgiveness investor "A" who has received only 10 percent on his national homebuilding bonds has the same amount of disposable after-tax income as he would have had if the money had been invested at 14 percent with the proceeds fully taxable at his 30-percent rate.

Here is another example. Investor "B" is in the 40-percent tax bracket. Investor "B" puts $10,000 in a current CD or money market fund at a rate of 14 percent—$10,000 times 14 percent equals $1,400; $1,400 less 40-percent income tax charge equals $840 net to investor "B." Investor "B" puts $10,000 in national homebuilding bonds at 10 percent. Gross yield: 10 percent of $10,000 equals $1,000. Investor "B" is permitted to retain free of any income tax $840 or 84 percent of his 10-percent return. Theoretical loss to the Treasury equals $240.

Here is a final example: Investor C is in the 50-percent bracket. Investor C puts $10,000 in CD or money market

funds at 14 percent. Yield: $1,400 less tax at 50 percent equals $700 net yield to investor C. Investor C puts $10,000 in national homebuilding bonds at 10 percent. Yield equals $1,000. Investor C is permitted to keep $700 before tax is applied, or 70 percent of interest from national homebuilding bonds tax free. Apparent loss to Treasury equals $200.

The average amount of tax foregone by the Treasury on these 3 brackets equals $720 divided by 3 equals $240 on each $10,000 invested in national homebuilding bonds. However, when all tax brackets (29 through 50 percent) are considered, the average amount of tax foregone by the Treasury on each $10,000 of bonds equals $242.45 or $2,424.50 on each $100,000. It is this figure I will use for future computations.

It should be pointed out that if investors A, B, and C put their money in CD's or money market funds at 14 percent and paid the present tax rates according to their brackets, the theoretical loss to the Treasury would be $1,680 divided by 3, or $560 average on each $10,000 investment. The investor is giving up the higher yield of 14 percent theoretically and accepting a 10-percent interest yield. If the loss to the Treasury is calculated on the actual loss on the 10-percent return, it averages $242.45 per $10,000, or $2,424.50 for each $100,000 raised through the sale of national homebuilding bonds.

Some would disregard the revenue-raising potential of the national homebuilding bond instrument and insist the Treasury has lost $560 on each $10,000 invested, or a total of $5,600 on each $100,000 raised through the national homebuilding bonds issued. But the Treasury, by insisting its actual tax loss must be measured against a 14-percent interest rate, would be saying the Government wants to encourage investment at a high rate of interest; at the same time, the Reagan administration is saying present interest rates are too high and we must do something to bring them down.

It is inconceivable the administration would permit the Treasury on one hand to argue for maintaining high-interest rates when it is apparent to everyone in the United States that high-interest rates, if they continue, will severely damage the economy.

At least 50 percent of the cost of new housing is represented by labor. Using the figure of 50 percent going to labor, each $100,000 of mortgage money made available though the issuance of national homebuilding bonds would create $50,000 to buy construction labor—electricians, carpenters, plumbers, brick masons, concrete finishers, roofers, sheet metal men, glazers, and so forth.

In the figures just given, we calculated only the new taxable income made available from the face amount of the mortgage; that is, $100,000. But any borrower will be required by the lending institution to put up at least 20 percent of the cost of a new home; thus the $100,000 mortgage money available would inspire the building of a $125,000 house at minimum and the new money available to pay labor wages would be $62,500, not $50,000. Salaries in the construction trade are currently high. It can be safely assumed this minimum $62,500 in new labor money—$50,000 from the mortgage and $12,500 from the purchaser's contribution—would be taxed at the recipient level at a rate of at least 20 percent. Thus, the $50,000 of labor money generated by issuance of $100,000 in national homebuilding bonds, plus the $12,500 required contribution from the builder or purchaser, would produce for the Treasury in tax revenue at least $12,500 the first year.

The actual loss to the Treasury for tax forgiveness on $100,000 of national homebuilding bonds would be on the average about $2,424.50 each year, or $7,273.50 over the 3-year period of the bond's existence. Thus, the actual yield to the Treasury during the 3-year life of the bond would be $5,526.50 more than the amount of the tax forgiveness.

If the Reagan administration is sincere and truly wants to reduce interest rates, and truly wants to assist the construction industry, the savings and loans, and the millions of American families who cannot now buy their own homes, the issuance of national homebuilders bonds appears to be a logical answer.

Homeownership is a fundamental foundation of the American dream. Homeownership creates stability in communities. Homeownership adds to the tax base for local authorities.

With present mortgage rates of 16 and 17 percent, millions of Americans cannot afford to purchase the new housing they need and desire. Because of the current high-interest rates many of them cannot qualify for a loan sufficient to finance the purchase of a new house.

Reduction of the mortgage rate from its present high to 12 percent would permit millions of Americans to qualify for the necessary loans and to be able to afford the payments on a 12-percent interest mortgage. For every $1 billion created with these new bond mortgage instruments, plus the 20-percent contribution of the purchaser or builder, there will be generated for the Federal Treasury $120 million in new taxes, paid by the construction workers and the building trade suppliers.

Each billion dollars in new mortgage money would finance the construction of 10,000 new homes. Industry economists estimate the market could absorb 2 million new homes in the next 12 calendar months.

Orders now being received by building material suppliers are 40-percent below average. The homebuilding industry is at 65 percent of capacity and dropping. We are in a crisis and only resolute action of the sort proposed in my bill can provide a remedy equal to the problem.

I invite my colleagues to cosponsor this legislation with me.

□ 1940

FURTHER BUDGET SUGGESTIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DANNEMEYER) is recognized for 30 minutes.

Mr. DANNEMEYER. Mr. Speaker, once again this Member comes to the well for the purpose of outlining additional cuts that could be made in the Federal budget without working an undue hardship on the handicapped, the sick, the elderly, and the truly needy. It has always been my contention that the American people are willing to support additional cuts, that they will make the sacrifices necessary to restore our fiscal house to order; but today I have solid evidence that such is, indeed, the case.

A recent NBC-AP poll of 1,601 adults, taken September 28 and 29, indicated that 54 percent of all those polled support the President's call for additional cuts; however, and this is what is most significant, 53 percent of those polled did not think Congress would approve the cuts and only 32 percent thought it would.

In short, while a majority of the people think further spending cuts are the best route to go at this time, nearly an equal majority suspect Congress is not yet ready to subordinate its concern for the special interests to the interests of the people as a whole. Given the fact Federal spending has jumped from $100 billion in 1962 to over $700 billion in 1982, that skepticism is easy to understand.

There is, however, one sure way to eliminate this public skepticism and that is to demonstrate that it is unfounded, to show that Congress is willing to cut at least $13 billion from the fiscal year 1982 budget and hopefully more.

Such action would also help convince the financial markets and the business community that inflation and pressure on the credit markets will be eased in the future. Without such reassurance, the type of business news appearing in the paper today—orders for manufacturing goods down 1.9 percent and new construction down 1.6 percent—will keep recurring.

America simply cannot afford a 19-percent prime rate any more than the taxpayers can afford the $96 billion it cost to finance the national debt last year.

With those thoughts in mind, let me turn to a number of possible budget reductions that could be made in the various independent agencies of our Government. As you will note, a number of these agencies are duplicative of functions that are or should be carried out by other Government departments. Without casting aspersions on the good intentions that led to their creation, the thought I would like to convey is that redundancy is a luxury we can no longer afford and some of these agencies may have to be streamlined or combined with other governmental units.

In other cases the need that prompted their establishment may have lessened to the point where they may no longer be necessary. That, too, should be evaluated.

In any event, I would hope that the following suggestions will be given the most careful consideration. If polls mean anything, the public, is expecting us to do something more than complain about how difficult-cutting can be.

The Members will recall that over the course of the past 2 or 3 weeks I have read from a list of some 272 items where reductions could be made in Federal spending, for fiscal year 1982, which started just 5 days ago. These 272 items total some $52 billion.

This Member from California has read from the list over the course of these past 2 weeks and today I will continue from the list that relates to the independent agencies as described in our Federal budget. These total 65, totaling some $1,739,610,000, or about 5.12 percent of the total outlays in our budget.

Beginning then with these remaining independent agencies:

"ICC, salaries and expenses." Our committee in this instance is selecting as an option that we cut 10 percent from 1982 by retaining the original antitrust activities of the ICC but eliminating the regulatory aspects. If we did this, we would save $7,810,000.

Believe it or not, we have a Japan-United States Friendship Commission. We would eliminate this. We do not think it is necessary to operate an agency for the benefit of one trading partner. If we did this, we would save $1,908,000.

"Legal Services Corporation." According to the GAO, correcting audit procedures would save $1,968,000.

Members will be interested to know that we have in the Federal Government a Marine Mammal Commission. It spends $663,000 a year and we just do not believe that it is justified, given the circumstances of our present financial situation.

"The National Commission on Library and Information Science." Here again, we question if we can justify the existence of this Commission. It costs us $740,000 a year and we believe that it should be eliminated.

"National Endowment for the Arts." The GAO has recommended correcting audit procedures, which would save $306,000.

"National Endowment for the Humanities." Here again, the General Accounting Office has questioned certain expenditures as to whether or not they are within the purview of what the program was established to accomplish. If these recommendations were followed, it would save $3,042,000.

"National Institute of Building Science." We just believe it is unnecessary to have this particular institute. It should fall under the jurisdiction of HUD if at all, and in the process we would save $500,000.

"National Mediation Board." We do not question the necessity of having a National Mediation Board, but we do question whether it should exist separate from the National Labor Relations Board. We feel the two should be combined, and if so we could save up to $4,507,000.

"National Science Foundation, research and related activities." We would cut 10 percent from what was spent in 1981. The proposed cuts are insufficient, considering the massive waste. We would curtail the low-priority programs and the input program. If this suggestion were implemented, we would save $15,473,000.

"Neighborhood Reinvestment Corporation." We would eliminate this and transfer its jurisdiction to HUD and/or Commerce; this would save $14,950,000.

"Nuclear Regulatory Commission, salaries and expenses." We would allow 20 percent above what was spent in 1980. The proposal for 1982 represents an increase of 28.1 percent from what was spent in 1980. We believe this is excessive and not justifiable. Allowing for a 20-percent increase would save $30,733,200. In addition, audit procedures should be corrected, according to GAO, for an additional savings of $195,000.

"Nuclear Safety Oversight Committee." We believe that this is a redundant activity. Its activities should fall within the purview of the Nuclear Regulatory Commission, and if it were eliminated or combined, it would save $100,000.

"Occupational Safety and Health Review Commission." Here again it is redundant with the function performed by OSHA, that famous organization that exists at the Federal level. If we combined the two, we could save $7,848,000.

"Office of Federal Inspector for Alaska Natural Gas Transport System." We believe that this could be eliminated. We have tremendous assets, resources, and wealth in the State of Alaska. We question if we need a special Federal inspector for that purpose. If it is necessary to have it, the financing for it could be paid by a fee charge or a user charge or a tax on the gas that is flowing through that system and not out of the general treasury. This, if implemented, would save the general treasury $35,498,000.

"Office of Personnel Management, civil service and retirement disability fund." We would implement the personal consumption expenditure index instead of the CPI. This is the same formula that we recommend for the change in social security. If implemented, it would save $542,188,000.

□ 1950

"OPM, civil service retirement and disability fund." We would change the minimum guarantee provision for disabled Air Force civilian retirees, which is a recommendation of the General Accounting Office. If implemented, it would save $54 million.

"OPM." The General Accounting Office has recommended that audit procedures be corrected, allowing for a savings of $19,824,000.

"Postal Service." Here, again, the General Accounting Office, our investigative arm, has recommended to the Congress that audit procedures be corrected, resulting in the savings of $145,600,000.

These are the total of the independent agencies which this Member from California will read to the Members this evening, indicating where we believe that additional cuts can be made.

We should continue to reflect on the fact that to date, in this fiscal year, it is estimated that borrowing by the Federal Government will consume some $70 billion. That is the most viable estimate this Member has been able to obtain. We consumed in the way of additional borrowing some $90 billion in the fiscal year which closed last September 30, less than a week ago.

We should also reflect that during the course of the last 5 years, our Government has gone into debt an additional $300 billion, which is a part of the $1 trillion national debt we Americans now have the privilege of paying for.

In short, if we have a desire to bring a semblance of responsibility into the credit markets of this Nation by removing our Government from them, or reducing demand for Federal credit, the only way we are going to be able to do that is to reduce spending by this Government.

We should reflect that our deficit this year is projected at between $40 billion and $70 billion. We just cannot go on year after year with spending and borrowing of this magnitude. This

is preventing the economic recovery of the housing industry, the automobile industry, impacting most adversely on those people in the lower economic scale of our society, and it is a prudent action for the Congress to take to get our fiscal house in order.

With these thoughts in mind, I will yield back the balance of my time.

A TRIBUTE TO PRESIDENT ANWAR SADAT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. RODINO) is recognized for 5 minutes.

● Mr. RODINO. Mr. Speaker, the death of President Anwar Sadat of Egypt by assassins' bullets is an incalculable setback to the cause of world peace. President Sadat was a man or courage, of vision, of greatness, a man in heroic pursuit of peace even in the face of violent resistance from his Arab brothers. He was a steadying force in the tempestuous Middle East and, therefore, the world.

I pray that his successors will quickly take up the leadership of his valiant crusade, so that our hopes for peace and stability do not die with him. For this, we all must pray.●

A TRIBUTE TO GENERAL CASIMIR PULASKI

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, October 11 marks the 202d anniversary of the day on which the great Polish patriot, Count Casimir Pulaski, gave his life in order that our country might be free.

President Reagan has issued a proclamation designating October 11 as General Pulaski's Memorial Day and a copy of that proclamation follows:

GENERAL PULASKI MEMORIAL DAY

(A proclamation by the President of the United States of America)

As we pay homage again to the memory of General Casimir Pulaski, we are reminded of his dedication to freedom, his selfless service to our Nation, and his contributions to the achievement of American independence. His tireless devotion to democratic ideals continues to inspire us, his adopted countrymen, today. His name and deeds remain similarly alive in the hearts of the people of his native Poland, and indeed of people the world over. His is a model we can all emulate.

Upon his arrival in America in 1777, General Pulaski was appointed by Congress as Commander of the Horse in the Continental Army. He fought at the battle of Germantown, conducted expeditions to obtain provisions for the Continental soldiers during their harsh winter at Valley Forge, Pennsylvania and, as the Revolutionary War continued, saw service in New Jersey and Delaware. Following a gallant attempt to wrest Savannah, Georgia from British control, this valiant patriot died on October 11, 1779.

Now, therefore, I, Ronald Reagan, President of the United States of America, do hereby designate October 11, 1981 as General Pulaski Memorial Day.

Furthermore, in recognition of the supreme sacrifice General Pulaski made for his adopted country and for the cause of freedom, I do hereby designate October 11 of each succeeding year as General Pulaski Memorial Day.

I invite the people of the United States to honor the memory of General Pulaski by holding appropriate exercises and ceremonies on this date in suitable places throughout our land.

In witness whereof, I have hereunto set my hand this fifth day of October, in the year of our Lord nineteen hundred and eighty-one, and of the Independence of the United States of America the two hundred and sixth.

RONALD REAGAN.

This occasion is one of great significance, not only to Polish-Americans alone, but also to Americans in general. For on this day we hail the name of Casimir Pulaski—hero of the democractic revolutionary cause in Poland, his native land, and of America, the land of his adoption. A summary of Pulaski's contributions to the ideals of liberty follows from the Library of Congress:

Casimir Pulaski was born on March 4, 1747, at Winiary, his parents' estate bear Warka, in the Warsaw district of Poland. Joseph Pulaski, Casimir's father, was a successful and wealthy landowner who brought up his children in an atmosphere of religion and patriotism. The Pulaski family became deeply involved in the resistance to Russian encroachments on Polish independence in the years 1768-1772. When this effort failed, Casimir was forced into exile, where he spent the remainder of his life. Devoted to the idea of fighting for freedom and deprived of the opportunity in his own country, Pulaski offered his services to America. He came to this country on July 23, 1777, to join the American struggle for independence. On the recommendation of General Washington, the Continental Congress appointed Pulaski Brigadier General of Cavalry on September 15, 1777. He transformed the American cavalry from a mounted infantry into a cavalry in the European mode. The "Pulaski Legion" took part in battles in New Jersey in 1778 and was then ordered to the southern theater of war in the following year, where it participated in the defense of Charleston, South Carolina, and the battle of Savannah. Pulaski distinguished himself in that battle, where he was wounded and died two days later, on October 11, 1779, at the age 32.

The Continental Congress voted to have a monument erected in his honor. In 1929 Congress established October 11 as a day of commemoration of the 150th anniversary of Pulaski's death. Since then, United States presidents have issued proclamations to honor that day. The American people across the land have honored him by naming towns, counties, forts, schools, bridges, streets, and organizations after him.

It was noted by all of his comrades-in-arms that Pulaski was a fiery spirit and a master organizer. Working well with fellow officers, he urged along the Revolutionary cause, bolstering the cavalry morale and ever-confident of victory. Primarily, however, he was a courageous example to his men in battle. He was a horseman of consummate skill, a swordsman of heroic effectiveness, and a leader with knowledge, intuition, and daring.

Count Casimir Pulaski is remembered and honored as a hero of two hemispheres—in one for his valiant efforts to prevent the partition of Poland—and in the other, for his outstanding contributions during America's war of independence.

This great man made the supreme sacrifice in the age-old struggle for freedom and it is with a sense of real pride that I join Americans of Polish descent in the 11th District of Illinois, which I am honored to represent, in the city of Chicago, and all over this Nation in commemorating the 202d anniversary of General Pulaski's gallant sacrifice for the noble ideals of freedom.●

FED SHOULD EASE POLICY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. DICKS) is recognized for 5 minutes.

● Mr. DICKS. Mr. Speaker, on September 23 Congressman BONKER and I and many of our colleagues described the crippling economic effects of the Federal Reserve Board's current high interest policy.

We also strongly urged the Fed to loosen its tight money policies and take the necessary actions to bring down high interest rates. This is essential for a healthy national economy especially in the housing, forest products, and automotive sales sectors.

On Sunday, I was gratified to learn that at long last the administration has come to many of the same conclusions about the Fed's high interest policies that most of us in Congress did weeks or even months ago.

Specifically, Treasury Secretary Regan, in an interview with the Washington Post, said that the Federal Reserve Board should ease its tight money policies and ". . . not stay in a low money supply mode any longer than is necessary. . .".

I submit this article for the RECORD and hope that my colleagues will note the change in the administration's position. I also hope that Chairman Volcker and his colleagues at the Fed will note that the Secretary of the Treasury has joined many of us in the Congress in expressing his concern over what can only be called ruinous high interest rates.

Thank you.

[From the Washington Post, Sunday, October 4, 1981]

REGAN SAYS FED SHOULD EASE POLICY

(By John M. Berry and Caroline Atkinson)

Treasury Secretary Donald T. Regan, concerned that the U.S. economy may be in a recession, said in an interview with The

Washington Post that the Federal Reserve should loosen its tight-money policies.

Regan stressed that he was not calling for an "easy-money" policy. "What I'm saying is that we are coming to a time here where a change has to be made," he said, and Federal Reserve officials "have to be very sensitive . . . as to when is the proper time to change."

"In this flat period, or indeed if it is later determined that this is a recession . . . the Fed has to go countercyclical rather than pro-cyclical, Regan explained. "What I mean by that is that at times in the past it has seemed that in recessionary periods, at least for a while, the Fed has held on too tightly to the monetary reins.

"What we are trying to do this time, and I know the Fed is as sensitive to this as I am, is to anticipate that and not stay in a low [money] supply mode any longer than is necessary in the down turn."

Regan and other officials were demanding earlier this year that the Fed follow just such a tight-money course to slow down inflation. But with interest rates still at levels so high that they are jeopardizing the administration's predicted economic recovery, worried administration economists want the Fed, one way or another, to get interest rates down and boost growth of the money supply.

Regan declined to say exactly how much of a change he wants in Federal Reserve policy, particularly whether he believes the central bank's targets for money growth for 1982 are too low. Federal reserve officials have told Regan and his administration colleagues that the targets, designed to combat inflation, will not provide enough money to finance the sort of booming recovery the administration wants.

"I'm not going to try to tell the Fed, since I am Secretary of the Treasury and they're an independent group, exactly what mechanisms to use in order to do this," Regan said in the interview Friday in a conference room next to his office at the Treasury. But the result, he said, "would be a sufficiency of money to enable the economy to recover nicely from its current flat period."

Regan acknowledged that financial market analysts, already upset by the possibility of very large federal budget deficits for several years to come, might react adversely to an easing of Federal Reserve policy. Rather than falling, interest rates might rise in anticipation of more inflation.

"The Fed's actions could be misinterpreted and that's the danger of their easing too quickly on money, or too much," he said. "We wouldn't want that."

But he said he thought the financial market is beginning to recognize the "flat period" the economy is in, and is becoming more realistic about the possibility that the Fed will have to ease its money policies eventually.

The tight-money policy, along with expectations that inflation will begin to rise again, has kept interest rates unusually high even though the economy has been flat for the last eight months. The shortage and high cost of mortgage money have devastated the homebuilding industry. Many smaller businesses, including a significant number of automobile dealers, are going bankrupt because they cannot afford to borrow at such high rates to finance their inventories. Farmers borrowing against the sale of this year's crops have been hard hit, too.

Officially, the administration has not changed its forecast that the economy, after adjustment for inflation, will grow by 5.2 percent during 1982. And in the interview, Regan maintained that after three flat quarters in a row, including the current three months, "the recovery will start in the first quarter of 1982."

However, that forecast apparently has become conditional upon a shift in Federal Reserve policy, in Regan's opinion.

But while calling for an easier monetary policy, the Treasury secretary suggested that continuing economic weakness could lead the Reagan administration to propose an even tighter fiscal policy.

Less than two weeks ago, President Reagan proposed an additional $13 billion in spending cuts for 1982 and $3 billion worth of tax increases in an attempt to reduce what would otherwise be an estimated $59 billion federal budget deficit. If a recession caused a large drop in revenues, or a significant increase in spending for unemployment benefits and similar programs, Regan said, more cuts might have to be made.

In addition, some forecasts, based on an expected weak economy, peg federal revenues for 1982 at $15 billion or more below administration estimates. Of such predictions, Regan said, "If we are going to lose that amount, we'd have to take a very close look at other things. But I don't agree with that forecast."

Regan partly disagreed with economists who argue that it is counterproductive for the government to attempt to reduce a budget deficit which is a result of a recession that is lowering personal incomes and corporate profits.●

SUMMARY OF EARLY WARNINGS ON SPENDING BILLS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. ASPIN) is recognized for 5 minutes.

● Mr. ASPIN. Mr. Speaker, this bill is $74 million over its section 302—budget resolution—targets for discretionary budget authority. It is $844 million under its target for discretionary outlays.

The discretionary portion of the bill—that part under the effective control of the Appropriations Committee—constitutes less than $30 billion, whereas over $55 billion in the bill is for entitlements. The subcommittee total, which includes discretionary amounts in the bill, mandatory amounts, advance appropriations from prior years, outlays from prior-year budget authority, and anticipated supplementals, shows a different result. The subcommittee total is under the total target for budget authority by $260 million. It is over the total target for outlays by $763 million. This outlay overage is almost entirely attributable to the 1982 outlay impact of the fiscal year 1981 spring supplemental-rescission bill. That bill resulted in an increase of $703 million in 1982 outlays above the President's initial estimates, but was not taken into account in the President's Budget or the Gramm/Latta amendment to the budget resolution.

H.R. 3606, AGRICULTURE AND FOOD ACT OF 1981

This bill is substantially over the target for new entitlement authority established in the first budget resolution. Combined with the savings already accomplished in reconciliation, this bill would exceed the section 302—budget resolution—target for entitlement authority by $739 million. However, amendments are being prepared that are expected to reduce the bill below its target.

EARLY WARNING—HOUSE BUDGET COMMITTEE

H.R. 3603, AGRICULTURE AND FOOD ACT OF 1981

This bill is over the committee's allocated new entitlement authority.

Staff analysis

Committee: Agriculture.

Chairman: Mr. de la Garza (Texas).

Ranking Minority Member: Mr. Wampler (Virginia).

Scheduled: Amendments Wednesday, October 7, 1981.

I. Description of bill

The bill provides for the reauthorization of the farm commodity price support, research and services, food stamps, and other programs. The bill raises the price support and target price levels for the agricultural commodities.

II. Comparison with target for discretionary appropriations action

The bill is $739 million over the Agriculture Committee's 302(b) report.

III. SUMMARY TABLE

[In millions of dollars]

	New entitlement authority
1. Amount in bill	2,292
2. Prior action this session	−244
3. Total action to date	2,048
4. 302(b) target	1,309
5. Over (+)/Under (−)	739
6. Amounts assumed but not yet considered	
7. Over (+)/Under (−)	739

IV. Explanation of over/under

The bill raises the commodity price support levels above those assumed in the First Budget Resolution. These higher price support levels result in higher estimated outlays in fiscal year 1982. The bill also provides for a new conservation program that was not assumed in the First Budget Resolution.

V. Comparison with the President

The President's mid-session budget appears to assume a continuation of the farm price support programs as they are operating for the 1981 crops. The Administration has not provided enough detail information to allow a comparison between the mid-session budget and the bill.

VI. Amendments

It is likely the Agriculture Committee will offer an amendment that will result in reducing the new entitlement authority in the bill to below the Agriculture Committee's 302(b) target. There may also be a substitute offered which would essentially replace the farm legislation contained in the House bill with the farm legislation contained in the Senate-passed bill, S. 884, which is also under the new entitlement authority target.

VII. Food stamp authorization

The House bill provides for a food stamp program cap of $10.01 billion in fiscal year 1982. This excludes funding of $825 million for the new block grant for Puerto Rico. The Congressional Budget Office currently estimates the cost of the fiscal year 1982 food stamp program to be $11.70 billion in budget authority and $11.60 billion in outlays under OMB economic assumptions. On September 22, 1981, Agriculture Secretary Block estimated the full funding cost of the fiscal year 1982 program to be $12.10 billion. However, the Secretary states that $12.10 billion is not the administration's budget request and that the administration does not intend to request funding beyond the $10.60 billion included in the March budget.

The House bill includes a number of legislative savings provisions which reduced program costs by $1.20 billion. These provisions, together with an additional $0.45 billion in budget reductions, were incorporated in the Omnibus Reconciliation Act of 1981 (Public Law 97-35).

VIII. Definitions of terms in summary table, section III

Line 1. Amount in bill: this amount is the estimated budget impact that will result from creating new entitlement benefits.

Line 2. Prior action: this amount reflects new entitlement authority (NEA) that was reduced through the enactment of the Omnibus Reconciliation Act of 1981.

Line 3. Total action to date: line 1 plus line 2.

Line 4. 302(b) level: the level for new entitlement authority set by the Agriculture Committee.

Line 5. Over (+) or Under (−): line 3 minus line 4.

Line 6. Amounts assumed but not yet considered: this reflects NEA amounts for legislation assumed in the First Budget Resolution which have not been considered by the authorizing committee.

Line 7. Over (+) or Under (−): line 5 minus line 6.

H.R. 4560, FISCAL YEAR 1982 DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES

This bill is over its targets for discretionary budget authority by $74 million and under for discretionary outlays by $844 million. The subcommittee as a whole, if mandatory items are fully funded, could be under its target by $260 million in budget authority but over in outlays by $763 million.

Staff analysis

Committee: Appropriations.

Subcommittee: Labor, Health and Human Services, and Education and Related Agencies.

Chairman: Mr. Natcher (Kentucky).

Ranking minority member: Mr. Conte (Massachusetts).

Scheduled: Tentative, Tuesday, October 6, 1981.

I. Description of bill

This bill provides funds for the Departments of Labor, Health and Human Services, Education, and related agencies.

The bill as a whole is under the 302(b) target for this subcommittee in budget authority by $1,073 million and $875 million over in outlays (the sum of lines 5 and 12 below). If mandatory programs are "fully funded", the subcommittee could be under its target by $260 million in budget authority and over in outlays by $763 million (the sum of lines 7 and 14).

II. Comparison with target for discretionary appropriations action

Pursuant to the Budget Act and HBC scorekeeping, the subcommittee has two targets: one for discretionary programs and one for mandatory programs. Since the Appropriations Committee is bound by existing entitlement law, it generally cannot effectively change the amounts required for the funding of mandatory programs. Its target for discretionary programs is therefore the main focus for this Early Warning report. Further, if the conference report on this appropriation bill exceeds the target for discretionary budget authority, the bill will be subject to the "delayed enrollment" provision of Section 305 of the First Budget Resolution for Fiscal Year 1982. As shown on line 7 below, the bill is over its 302(b) target for discretionary budget authority by $74 million and under its outlay target by $844 million.

III. Summary Table

[In millions of dollars]

	Budget authority	Outlays
Note: The amounts shown below are only for discretionary 1982 spending in this bill:		
1. Discretionary amounts in bill	29,611	19,889
2. Prior action	.....	.....
3. Total Action to date	.....	.....
4. 302(b) target	29,537	20,733
5. Over (+)/Under (−)	+74	−844
6. Amounts assumed but not yet considered	.....	.....
7. Over (+)/Under (−)	+74	−844
Note: The amounts shown below are only for mandatory appropriations included in this bill:		
8. Mandatory amounts in bill	55,747	50,707
9. Prior action	172	25,064
10. Total	55,919	75,771
11. 302(b) target	57,066	74,052
12. Over (+)/Under (−)	−1,147	+1,719
13. Supplemental amounts needed	+813	−112
14. Over (+)/Under (−)	−334	+1,607

IV. Explanation of over/under

Despite the fact that the House Budget Committee is unable to give a definitive answer to the question of where a particular bill is over or under its 302(b) allocation, it does compare the items in a bill to the assumptions contained in the Budget Resolution. It is important to note that the line item assumptions in the Budget Resolution are not binding on a committee. A list of the major areas where this bill differs from the Budget Resolution follows:

Discretionary Programs*

For education, training and employment programs, the bill recommends an increase of $360 million in budget authority and a decrease of $800 million in outlays. Increases are included for education for the disadvantaged and handicapped persons and for vocational education. The outlay reductions reflect a reduction in education block grants and outlay reestimates in other programs.

Health programs are reduced by $160 million in budget authority and $400 million in outlays. The reductions primarily are in community health and mental health, alcoholism and drug abuse programs, and in health education and training programs.

*The remaining budget authority difference reflects the fact that the 302(b) allocation made by the Appropriations Committee is approximately $500 million above the amount assumed in the 302(a) assumptions in the First Budget Resolution.

Low-income energy assistance programs are increased by $400 million in budget authority and in outlays.

Mandatory Programs

The committee recommendation is $1,147 million under the budget authority assumed in the Resolution for entitlement programs. The Appropriations Committee anticipates that these additional funds will be used for supplementals for the Guaranteed Student Loan and Foster Care Programs.

The mandatory outlay estimate for programs included in this bill is $1,719 million over the Resolution assumption. $704 million of this increase reflects enactment of the fiscal year 1981 spring supplemental. Neither the President's budget nor the Gramm/Latta amendment accounted for these outlays. Most of the rest of the outlay overage is due to CBO estimates of higher outlays associated with mandatory programs, which are higher than those assumed in the President's Budget and the Gramm/Latta amendment.

V. Comparison with the President (discretionary amounts only)

This bill is above the President's requests for discretionary programs by $1,827 million in budget authority and $917 million in outlays.

VI. Credit

The Budget Resolution contains non-binding targets for credit program amounts. This is the first year that there has been a credit scorekeeping system. There is no 302(a) and 302(b) allocation for credit program limitations. For comparative purposes only, the table below shows the bill and First Budget Resolution Assumptions.

	Direct loan obligations	Primary guarantee commitments	Secondary guarantee commitments
1. Credit program limits in the bill	176	76	.....
2. Programs assumed to be limited in the resolution but not acted upon in bill	9	102	.....
3. Credit programs not subject to limit	92	−76	.....
4. Total in bill	277	102	.....
5. Budget Resolution assumptions	227	102	.....
6. Over(+)/Under(−)	+50	.....	.....

The Labor-HHS bill exceeds the direct loan target assumptions by $50 million and matches the target for primary guarantees. The programs assumed to be limited in the resolution but not acted upon in the bill (line 2 in Table 1) are as follows:

Direct Loans

Health Services. A $1 million limitation was proposed for direct loans in health services. No language was included in the bill, nor was there an explanation in the report.

Rural development loan fund. The resolution assumed a $8 million limitation for direct loans for the CSA rural development fund. Sec. 681 of the reconciliation bill included this loan program in the discretionary authority of the Secretary. The appropriations bill provided $32.6 million for the discretionary authority but established no limitation on rural development funds. The July budget eliminated the request for the proposed limitation.

Loan Guarantees

Health professional graduate student loan fund. The resolution assumed a limitation of $100 million. No limitation was included in the bill nor was there an explanation in

the report. The January budget Appendix narrative states that no BA was required for FY 1982.

Rural development loan fund. The resolution assumed a $2 million limitation on loan guarantees. The appropriations bill established no limitation on rural development funds and the July budget eliminated the request for the proposed limitation.

VIII. Definitions of terms in summary table, section III

Line 1. Discretionary amounts in bill: discretionary FY 1982 appropriations in H.R. 4560.

Line 2. Prior action: the FY 1982 budget authority and outlays for this subcommittee that were appropriated in prior bills.

Line 3. Total action to date: line 1 plus line 2.

Line 4. 302(b) target: the target for discretionary appropriations for this subcommittee set by the Appropriations Committee pursuant to the Budget Act.

Line 5. Over(+)/Under(−): line 3 minus line 4.

Line 6. Amounts assumed but not yet considered: these are amounts assumed in the fiscal year 1982 Budget Resolution for which funding has been deferred by the Appropriations Committee, probably until next Spring's supplemental appropriation bill.

Line 7. Over(+)/Under(−): line 5 plus line 6.

Line 8. Mandatory amounts in bill: funding for mandatory programs (entitlements).

Line 9. Prior action: outlays from budget authority enacted for years prior to fiscal year 1982, plus any permanents assigned to the Appropriations Committee.

Line 10. Total: line 8 plus line 9.

Line 11. 302(b) target: the target for mandatory amounts for this subcommittee set by the Appropriations Committee. The target set by the Appropriations Committee includes the effect of assumed authorizing legislation that would change the level of mandatory programs.

Line 12. Over (+)/Under (−): line 10 minus line 11.

Line 13. Supplemental amounts needed: amounts for any new entitlement legislation assumed in the Budget Resolution, for the October 1 pay raise, and to fund mandatory items in the bill at the level estimated in the Budget Resolution.

Line 14. Over (+)/Under (−): line 12 plus 13.

Summary of authorizations

H.R. 3112—Voting Rights Act Extension of 1981

This bill extends the Voting Rights Act of 1965. It maintains the "preclearance requirement", under which affected States and localities must clear changes in election laws and procedures with the Attorney General. It amends the bailout provisions as well, which allow a State or community to free itself from the preclearance requirement. This bill has no budgetary impact in fiscal year 1982.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. BONKER) is recognized for 5 minutes.

● Mr. BONKER. Mr. Speaker, yesterday I was called away to Boston on an important and longstanding speaking engagement, and was unable to be present for several votes during the consideration of the Voting Rights Act extension amendments. I had received assurances even up until the end of last week from the leadership that these important votes would not be taken up on Monday, and was unable to change my longstanding commitment upon learning only yesterday morning that this was not the case.

Had I been present, I would have voted:

"Nay" on rollcall No. 238, adoption of the Butler amendment to allow bailout cases to be heard in the appropriate Federal district court of the jurisdiction seeking bailout rather than in the District Court for the District of Columbia.

"Nay" on rollcall No. 239, adoption of the Campbell amendment to permit a State to petition for bailout if two-thirds of its political subdivisions have obtained such a declaratory judgment and the State has made reasonable efforts to assure the compliance of its political subdivisions with the Voting Rights Act.

"Nay" on rollcall No. 240, adoption of the McClory amendment to strike the language assistance provision which requires minority language voting materials be provided if such groups constitute at least 5 percent of the voting age population.

"Nay" on rollcall No. 241, adoption of the Lungren amendment to exclude ballots from the language assistance provisions of the act.

"Yea" on rollcall No. 242, final passage of H.R. 3112, amendments to the Voting Rights Act of 1965.●

CONFERENCE REPORT ON S. 1181

Mr. NICHOLS submitted the following conference report and statement on the bill (S. 1181) to amend titles 10 and 37, United States Code, to increase the pay and allowances and benefits of members of the uniformed services and certain dependents, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 97-265)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1181) to amend titles 10 and 37, United States Code, to increase the pay and allowances and benefits of members of the uniformed services and certain dependents, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Uniformed Services Pay Act of 1981".

TITLE I—PAY AND ALLOWANCES

Part A—Annual Compensation Increase

Increase in basic pay and allowances

Sec. 101. (a) The adjustment required by section 1009 of title 37, United States Code, in certain elements of the compensation of members of the uniformed services to become effective on October 1, 1981, shall not be made, and no adjustment of the compensation of any member of a uniformed service shall be made pursuant to such section for the period beginning on October 1, 1981, and ending on the date of the enactment of this Act. Effective as of October 1, 1981, the rates for each element of compensation specified in section 1009(a) of such title are as provided in subsection (b).

(b)(1) The rates of monthly basic pay for members of the uniformed services entitled to basic pay under section 204 of title 37, United States Code, based on years of service computed under section 205 of such title, are as follows:

COMMISSIONED OFFICERS[1]

Pay grade	Years of service computed under section 205 of title 37, United States Code													
	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 26
O-10[2]	$4,506.60	$4,665.30	$4,665.30	$4,665.30	$4,665.30	$4,844.10	$4,844.10	$5,215.20	$5,215.20	$5,588.10	$5,588.10	$5,961.90	$5,961.90	$6,333.90
O-9	3,994.20	4,098.90	4,186.20	4,186.20	4,186.20	4,292.70	4,292.70	4,471.20	4,471.20	4,844.10	4,844.10	5,215.20	5,215.20	5,588.10
O-8	3,617.70	3,726.00	3,814.50	3,814.50	3,814.50	4,098.90	4,098.90	4,292.70	4,292.70	4,471.20	4,665.30	4,844.10	5,038.20	5,038.20
O-7	3,006.00	3,210.60	3,210.60	3,210.60	3,354.30	3,354.30	3,549.00	3,549.00	3,726.00	4,098.90	4,380.60	4,380.60	4,380.60	4,380.60
O-6	2,228.10	2,448.30	2,608.20	2,608.20	2,608.20	2,608.20	2,608.20	2,608.20	2,696.70	3,123.60	3,283.20	3,354.30	3,549.00	3,849.00
O-5	1,782.00	2,092.80	2,237.10	2,237.10	2,237.10	2,237.10	2,305.20	2,428.80	2,591.40	2,785.50	2,945.40	3,034.20	3,140.40	3,140.40
O-4	1,502.10	1,828.80	1,951.20	1,951.20	1,986.90	2,075.10	2,216.40	2,341.20	2,448.30	2,555.40	2,626.20	2,626.20	2,626.20	2,626.20
O-3[3]	1,395.90	1,560.60	1,668.30	1,845.90	1,934.10	2,004.00	2,111.70	2,216.40	2,271.00	2,271.00	2,271.00	2,271.00	2,271.00	2,271.00
O-2[3]	1,217.10	1,329.30	1,596.90	1,650.60	1,685.10	1,685.10	1,685.10	1,685.10	1,685.10	1,685.10	1,685.10	1,685.10	1,685.10	1,685.10
O-1[3]	1,056.60	1,099.80	1,329.30	1,329.30	1,329.30	1,329.30	1,329.30	1,329.30	1,329.30	1,329.30	1,329.30	1,329.30	1,329.30	1,329.30

[1] *Basic pay is limited to the rate of basic pay payable for level V of the Executive Schedule.*

[2] *While serving as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, basic pay for this grade is $6,988.50 regardless of cumulative years of service computed under section 205 of title 37, United States Code.*

[3] *Does not apply to commissioned officers who have been credited with over 4 years of active service as enlisted members or warrant officers.*

COMMISSIONED OFFICERS WHO HAVE BEEN CREDITED WITH OVER 4 YEARS ACTIVE SERVICE AS ENLISTED MEMBERS OR WARRANT OFFICERS

Pay grade	Years of service computed under section 205 of title 37, United States Code										
	Over 4	Over 6	Over 8	Over 10	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 26
O-3	$1,845.90	$1,934.10	$2,004.00	$2,111.70	$2,216.40	$2,305.20	$2,305.20	$2,305.20	$2,305.20	$2,305.20	$2,305.20
O-2	1,650.60	1,685.10	1,738.50	1,828.80	1,899.00	1,951.20	1,951.20	1,951.20	1,951.20	1,951.20	1,951.20
O-1	1,329.30	1,419.90	1,472.40	1,525.50	1,578.60	1,650.60	1,650.60	1,650.60	1,650.60	1,650.60	1,650.60

WARRANT OFFICERS

Pay grade	Years of service computed under section 205 of title 37, United States Code													
	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 26
W-4	$1,422.00	$1,525.50	$1,525.00	$1,560.00	$1,631.40	$1,703.40	$1,774.80	$1,899.00	$1,986.90	$2,057.10	$2,111.70	$2,180.40	$2,253.60	$2,428.80
W-3	1,292.70	1,402.20	1,402.20	1,419.90	1,436.70	1,541.70	1,631.40	1,685.10	1,738.50	1,790.70	1,845.90	1,917.30	1,986.90	2,057.10
W-2	1,132.20	1,224.60	1,224.60	1,260.30	1,329.30	1,402.20	1,455.00	1,508.40	1,560.60	1,615.20	1,668.30	1,721.10	1,790.70	1,790.70
W-1	943.20	1,081.50	1,081.50	1,171.80	1,224.60	1,277.40	1,329.30	1,384.20	1,436.70	1,489.50	1,541.70	1,596.90	1,596.90	1,596.90

ENLISTED MEMBERS

Pay grade	Years of service computed under section 205 of title 37, United States Code													
	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 26
E-9 [1]	0	0	0	0	0	0	$1,653.90	$1,691.40	$1,729.80	$1,769.70	$1,809.00	$1,844.10	$1,941.30	$2,130.00
E-8	0	0	0	0	0	$1,387.50	1,426.50	1,464.30	1,502.70	1,542.00	1,577.70	1,616.40	1,711.50	1,902.30
E-7	$968.70	$1,045.50	$1,084.50	$1,122.00	$1,160.70	1,197.30	1,236.00	1,274.10	1,331.70	1,369.50	1,408.20	1,426.50	1,522.20	1,711.50
E-6	833.10	908.40	946.50	986.40	1,023.00	1,060.50	1,099.20	1,155.90	1,192.20	1,230.60	1,249.20	1,249.20	1,249.20	1,249.20
E-5	731.40	796.20	834.60	870.90	927.90	965.70	1,004.40	1,041.30	1,060.50	1,060.50	1,060.50	1,060.50	1,060.50	1,060.50
E-4	682.20	720.30	762.30	821.70	854.40	854.40	854.40	854.40	854.40	854.40	854.40	854.40	854.40	854.40
E-3	642.60	677.70	705.00	732.90	732.90	732.90	732.90	732.90	732.90	732.90	732.90	732.90	732.90	732.90
E-2	618.30	618.30	618.30	618.30	618.30	618.30	618.30	618.30	618.30	618.30	618.30	618.30	618.30	618.30
E-1	551.40	551.40	551.40	551.40	551.40	551.40	551.40	551.40	551.40	551.40	551.40	551.40	551.40	551.40

[1] While serving as Sergeant Major of the Army, Master Chief Petty Officer of the Navy or Coast Guard, Chief Master Sergeant of the Air Force, or Sergeant Major of the Marine Corps, basic pay for this grade is $2,589.00 regardless of cumulative years of service computed under section 205 of title 37, United States Code.

(2) The rates of basic allowance for subsistence for members of the uniformed services entitled to such allowance under section 402 of title 37, United States Code, are as follows:

Officers	$94.39 per month
Enlisted members:	
When on leave or authorized to mess separately.	$4.50 per day
When rations in-kind are not available.	$5.09 per day
When assigned to duty under emergency conditions where no messing facilities of the United States are available.	$6.73 per day

(3) The rates of basic allowance for quarters for members of the uniformed services entitled to such allowance under section 403 of title 37, United States Code, are as follows:

Pay grade	Without dependents		With dependents
	Full rate	Partial rate [1]	
Commissioned officers:			
O-10	$489.00	$50.70	$611.70
O-9	489.00	50.70	611.70
O-8	489.00	50.70	611.70
O-7	489.00	50.70	611.70
O-6	438.90	39.60	535.50
O-5	404.70	33.00	487.20
O-4	360.30	26.70	434.70
O-3	316.80	22.20	390.90
O-2	$275.10	$17.70	$348.00
O-1	214.80	13.20	279.60
Warrant officers:			
W-4	347.10	25.20	419.10
W-3	309.60	20.70	381.60
W-2	269.10	15.90	342.60
W-1	243.00	13.80	314.70
Enlisted members:			
E-9	261.90	18.60	368.70
E-8	241.50	15.30	340.50
E-7	205.50	12.00	316.80
E-6	186.60	9.90	291.60
E-5	179.40	8.70	267.90
E-4	158.10	8.10	235.50
E-3	141.30	7.80	205.50
E-2	124.80	7.20	205.50
E-1	117.90	6.90	205.50

[1] Payable to a member without dependents who, under section 403 (b) or (c) of title 37, United States Code, is not entitled to receive a basic allowance for quarters.

(c) In this section, the term "uniformed services" has the meaning given to that term by section 101(3) of title 37, United States Code.

Monthly Pay of Cadets and Midshipmen

Sec. 102. (a) Section 203(c)(1) of title 37, United States Code, is amended by striking out "$313.20" and inserting in lieu thereof "$461.40".

(b) The amendment made by subsection (a) shall take effect as of October 1, 1981.

Part B—Special and Incentive Pays

Special pay for certain hazardous duty

Sec. 111. (a) Subsection (a) of section 301 of title 37, United States Code, is amended—

(1) by striking out "or" at the end of clause (9); and

(2) by striking out clause (10) and inserting in lieu thereof the following:

"(10) involving frequent and regular participation in flight operations on the flight deck of an aircraft carrier or of a ship other than an aircraft carrier from which aircraft are launched;

"(11) involving frequent and regular exposure to highly toxic pesticides or involving laboratory work that utilizes live dangerous viruses or bacteria;

"(12) involving the servicing of aircraft or missiles with highly toxic fuels or propellants; or

"(13) involving frequent and regular participation in aerial flight by an officer (other than a warrant officer) who is serving as an air weapons controller crew member (as defined by the Secretary concerned) aboard an airborne warning and control system aircraft (as designated by such Secretary) and who is not entitled to incentive pay under section 301a of this title.".

(b) The table contained in subsection (b) of such section is amended to read as follows:

"Pay grade	Years of service computed under section 205						
	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10
E-9	$131	$131	$131	$131	$131	$131	$131
E-8	131	131	131	131	131	131	131
E-7	100	106	106	106	113	119	131
E-6	88	94	94	100	106	113	119
E-5	83	88	88	100	100	106	113
E-4	83	83	83	88	94	100	100
E-3	83	83	83	83	83	83	83
E-2	83	83	83	83	83	83	83
E-1	83	83	83	83	83	83	83
E-4 under 4 months	83						
Aviation cadets	83						

"Pay grade	Years of service computed under section 205						
	Over 12	Over 14	Over 16	Over 18	Over 22	Over 26	Over 30
E-9	$131	$131	$131	$131	$131	$131	$131
E-8	131	131	131	131	131	131	131
E-7	131	131	131	131	131	131	131
E-6	119	125	125	125	125	125	125
E-5	119	119	119	119	119	119	119
E-4	100	100	100	100	100	100	100
E-3	83	83	83	83	83	83	83
E-2	83	83	83	83	83	83	83
E-1	83	83	83	83	83	83	83".

(c) Subsection (c) of such section is amended—

(1) by inserting "(1)" before "For the performance";

(2) by striking out "or (10)," and inserting in lieu thereof "(10), (11), or (12),";

(3) by striking out "$55" and inserting in lieu thereof "$83"; and

(4) by adding at the end thereof the following new paragraph:

"(2)(A) For the performance of hazardous duty described in clause (13) of subsection (a) of this section, an officer is entitled to monthly incentive pay based upon his years of service as an air weapons controller as follows:

"Pay grade	"Years of service as an air weapons controller						
	2 or less	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10
O-7 and above	$200	$200	$200	$200	$200	$200	$200
O-6	225	250	300	325	350	350	350
O-5	200	250	300	325	350	350	350
O-4	175	225	275	300	350	350	350
O-3	125	156	188	206	350	350	350
O-2	125	156	188	206	250	300	300
O-1	125	156	188	206	250	250	250

"Pay grade	"Years of service as an air weapons controller							
	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 24	Over 25
O-7 and above	$200	$200	$200	$200	$200	$200	$200	110
O-6	350	350	350	350	300	250	250	225
O-5	350	350	350	350	300	250	250	225
O-4	350	350	350	350	300	250	250	225
O-3	350	350	350	300	275	250	225	200
O-2	300	300	300	275	245	210	200	180
O-1	250	250	250	245	210	200	180	150

"(B) For purposes of this paragraph, the years of service of an officer as an air weapons controller shall be computed, under regulations prescribed by the Secretary concerned, from the date the officer begins training leading to a designation as an air weapons controller, but there shall be excluded from such computation any period of more than 90 days during which the officer performs primary duties other than as an air weapons controller.".

(d) The amendments made by this section shall take effect as of October 1, 1981.

Aviation career incentive pay

Sec. 112. (a) Section 301a(a)(4) of title 37, United States Code, is amended by adding at the end thereof the following new sentence: "Entitlement to continuous monthly incentive pay ceases for an officer (other than a warrant officer) upon completion of 25 years of service as an officer (as computed under section 205 of this title), but such an officer in a pay grade below pay grade O-7 remains entitled to monthly incentive pay under subsection (b)(1) of this section for the performance of operational flying duty.".

(b)(1) The Tables in clause (1) of section 301a(b) of such title are amended to read as follows:

"Phase I

"Years of aviation service (including flight training) as an officer:	Monthly rate
2 or less	$125
Over 2	156
Over 3	188
Over 4	206
Over 6	400

"Phase II

"Years of service as an officer as computed under section 205:	Monthly rate
Over 18	$370
Over 20	340
Over 22	310
Over 24	280
Over 25	250".

(2) The table in clause (2) of section 301a(b) of such title is amended to read as follows:

"Years of aviation service as an officer:	Monthly rate
2 or less	$125
Over 2	156
Over 3	188
Over 4	206
Over 6	400".

(c) The amendments made by this section shall take effect as of October 1, 1981.

Limitations on amounts payable to aviation officers

Sec. 113. Section 301b of title 37, United States Code, is amended by adding at the end thereof the following new subsections:

"(e)(1) An officer who receives special pay for any period under an agreement under this section is not entitled to aviation career incentive pay under section 301a of this title during such period at a rate that exceeds the rate for such pay in effect on September 30, 1981.

"(2) During the period beginning on the date of the enactment of the Uniformed Services Pay Act of 1981 and ending on September 30, 1982, only agreements executed by officers of the Navy or Marine Corps may be accepted under this section.

"(f) Special pay may not be paid under this section for an agreement that applies to a period of active duty that begins after September 30, 1982.".

Years-of-service for computation of submarine duty incentive pay

Sec. 114. Paragraphs (3) and (4) of section 301c(a) of title 37, United States Code, are amended by inserting ", but excluding, in the case of an officer, periods as an enlisted member before initial appointment as an officer" after "title" each place it appears.

Special pay for diving duty

Sec. 115. Section 304 of title 37, United States Code, is amended to read as follows:

"§ 304. Special pay: diving duty

"(a) Under regulations prescribed by the Secretary concerned, a member of a uniformed service who is entitled to basic pay is entitled to special pay, in the amount set forth in subsection (b) of this section, for periods during which the member—

"(1) is assigned by orders to the duty of diving;

"(2) is required to maintain proficiency as a diver by frequent and regular dives; and

"(3) actually performs diving duty.

"(b) Special pay payable under subsection (a) of this section shall be paid at a rate of not more than $200 a month, in the case of an officer, and at a rate of not more than $300 a month, in the case of an enlisted member.

"(c) A member may be paid special pay under this section and incentive pay under section 301 of this title for the same period of service only if the member is assigned by orders to a hazardous duty described in section 301(a) of this title in addition to diving duty. However, if a member is paid special pay under this section, the member is not entitled to more than one payment of incentive pay under section 301 of this title.

"(d) In time of war, the President may suspend the payment of diving duty pay.".

Sea pay for members of two-crew submarines

Sec. 116. Section 305a(d)(1) of title 37, United States Code, is amended by inserting "or while serving as a member of the off crew of a two-crewed submarine" after "underway".

Reenlistment and enlistment bonuses

Sec. 117. (a) Section 308(e) of title 37, United States Code, is amended to read as follows:

"(e) For the purposes of determining the eligibility of a member for a bonus under this section and of computing the amount of that bonus—

"(1) any period of enlistment (including any extension of an enlistment) (A) that is incurred by the member for the purpose of continuing to qualify for continuous submarine duty incentive pay under section 301c of this title, and (B) for which no bonus is otherwise payable; or

"(2) any unserved period of two years or less of an extension of an enlistment for which no bonus has been paid or for which no bonus is otherwise payable under this section,

may, under regulations prescribed by the Secretary concerned, be considered as part of an immediately subsequent term of reenlistment (or as part of an immediately subsequent voluntary extension of an enlistment).".

(b) Section 308a(a) of such title is amended—

(1) by striking out "$5,000" and inserting in lieu thereof "$8,000"; and

(2) by striking out the second sentence and inserting in lieu thereof the following: "The bonus shall be paid in periodic installments, as determined by the appropriate Secretary, except that the first installment may not exceed $5,000 and the remainder shall be paid in equal periodic installments which may not be paid less frequently than once every 3 months.".

(c)(1) Chapter 5 of such title is amended by inserting after section 308e the following new section:

"§ 308f. Special pay: bonus for enlistment in the Army

"(a) Under regulations prescribed by the Secretary of the Army, a person—

"(1) who is a high school graduate (or has received a high school education equivalency certificate);

"(2) whose score on the Armed Forces Qualification Test is at or above the fiftieth percentile; and

"(3) who enlists in the Army for a period of at least 3 years in a skill designated as critical,

may be paid a bonus in an amount prescribed by the Secretary of the Army not to exceed $4,000. The bonus may be paid in a lump sum or in equal periodic installments, as determined by the Secretary of the Army.

"(b)(1) Under regulations prescribed by the Secretary of the Army, a person who voluntarily, or because of his misconduct, does not complete the term of enlistment for which a bonus was paid to him under this section, or a person who is not technically qualified in the skill for which a bonus was paid to him under this section (other than a person who is not qualified because of injury, illness, or other impairment not the result of his own misconduct), shall refund to the United States that percentage of the bonus that the unexpired part of his enlistment is of the total enlistment period for which the bonus was paid.

"(2) An obligation to reimburse the United States imposed under paragraph (1) of this subsection is for all purposes a debt owed to the United States.

"(3) A discharge in bankruptcy under title 11 that is entered less than 5 years after the termination of an agreement under this section does not discharge the member signing such agreement from a debt arising under such agreement or under paragraph (1) of this subsection. This paragraph applies to any case commenced under title 11 after September 30, 1981.

"(c) No bonus may be paid under this section with respect to an enlistment in the Army after September 30, 1983.".

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 308e the following new item:

"308f. Special pay: bonus for enlistment in the Army.".

(d) The amendments made by this section shall apply to enlistments and reenlistments after the date of the enactment of this Act.

Active-service agreements for nuclear qualified officers

Sec. 118. Notwithstanding subsections (a) and (b) of section 312 of title 37, United States Code, and under regulations prescribed by the Secretary of the Navy, the Secretary of the Navy may permit an officer of the naval service who is performing obligated service as the result of an active-service agreement executed under such section before January 1, 1981, to cancel that active-service agreement effective on the day before an anniversary of the day on which that agreement was executed and execute a new active-service agreement under such section for one period of four years. Any such cancellation of an existing agreement and execution of a new agreement may be effective on the day before an anniversary date occurring on or after January 1, 1981.

Accession bonus for surface nuclear power applicants

Sec. 119. Section 312b(a)(1) of title 37, United States Code, is amended by striking out "submarine".

Bonus for engineering or scientific skills designated as critical

Sec. 120. (a) Chapter 5 of title 37, United States Code, is amended by adding at the end thereof the following new section:

"§ 315. Special pay: engineering and scientific career continuation pay

"(a) In this section, the term 'engineering or scientific duty' means service performed by an officer that requires an engineering or science degree and that requires a skill designated under regulations prescribed by the Secretary of Defense as critical and as a skill in which there is a critical shortage of officers in the armed force concerned.

"(b) Under regulations prescribed by the Secretary of Defense, an officer of an armed force who—

"(1) is entitled to basic pay;

"(2) is below the pay grade of O-7;

"(3) holds a degree in engineering or science from an accredited college or university;

"(4) has been certified by the Secretary concerned as having the technical qualifications for detail to engineering or scientific duty;

"(5) has completed at least three but less than nineteen years of engineering or scientific duty as an officer; and

"(6) executes a written agreement to remain on active duty for detail to engineering or scientific duty for at least one year, but not more than four years;

may, upon acceptance of the written agreement by the Secretary concerned, be paid, in addition to all other compensation to which the officer is entitled, an amount not to exceed $3,000 multiplied by the number of years, or monthly fraction thereof, of obligated service to which the officer agrees under the agreement. The total amount payable may be paid in a lump sum or in equal periodic installments, as determined by the Secretary concerned.

"(c)(1) An officer who does not serve on active duty for the entire period for which he has been paid under subsection (b) of this section shall refund that percentage of the

payment that the unserved part of the period is of the total period for which the payment was made. Nothing in this subsection shall alter or modify the obligation of a regular officer to perform active service at the pleasure of the President. Completion by a regular officer of the total period of obligated service specified in an agreement under subsection (b) of this section does not obligate the President to accept a resignation submitted by that officer.

"(2) Subject to paragraph (3) of this subsection, an obligation to reimburse the United States imposed under paragraph (1) of this subsection is for all purposes a debt owed to the United States.

"(3) The Secretary concerned may waive, in whole or in part, a refund required under paragraph (1) of this subsection if the Secretary concerned determines that recovery would be against equity and good conscience or would be contrary to the best interests of the United States.

"(4) A discharge in bankruptcy under title 11 that is entered less than five years after the termination of an agreement under this section does not discharge the member signing such agreement from a debt arising under such agreement or under paragraph (1) of this subsection. This paragraph applies to any case commenced under title 11 after September 30, 1981.".

(b) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"315. Special pay: engineering and scientific career continuation pay.".

Part C—Travel and Transportation Allowances

General travel and transportation allowances

Sec. 121. (a)(1) Subsection (a) of section 404 of title 37, United States Code, is amended by striking out "Under regulations" and inserting in lieu thereof "Except as provided in subsection (f) of this section and under regulations".

(2) Subsection (b) of such section is amended—

(A) by inserting "(1)" after "(b)";

(B) by redesignating clauses (1) and (2) as clauses (A) and (B), respectively; and

(C) by adding at the end thereof the following new paragraph:

"(2) In prescribing such conditions and allowances, the Secretaries concerned shall provide that a member who is performing travel under orders away from his designated post of duty and who is authorized a per diem under clause (2) of subsection (d) of this section shall be paid for the meals portion of that per diem in a cash amount at a rate that is not less than the rate established under section 1011(a) of this title for meals sold to members. The preceding sentence shall not apply with respect to a member on field duty or sea duty (as defined in regulations prescribed under section 402(e) of this title) or a member of a unit with respect to which the Secretary concerned has determined that unit messing is essential to the accomplishment of the unit's training and readiness.".

(3) Subsection (c) of such section is amended—

(A) by inserting "(1)" after "(c)";

(B) by redesignating clauses (1) and (2) as clauses (A) and (B), respectively;

(C) by inserting "and as provided in paragraph (2) of this subsection" after "Secretaries concerned" the first place it appears; and

(D) by adding at the end thereof the following new paragraph:

"(2) A member authorized under paragraph (1) of this subsection to select a home for the purposes of such allowances may select as his home—

"(A) any place within the United States;

"(B) the place outside the United States from which the member was called or ordered to active duty to his first duty station; or

"(C) any other place.

However, if the member selects as his home a place other than a place described in clause (A) or (B) of the preceding sentence, the travel and transportation allowances authorized by subsection (a) of this section may not exceed the allowances which would be payable if the place selected as his home were in the United States (other than Hawaii or Alaska).".

(4) Subsection (f) of such section is amended to read as follows:

"(f)(1) The travel and transportation allowances authorized under this section for a member who is separated from the service or released from active duty may be paid or provided only for travel actually performed.

"(2)(A) Except as provided in subparagraph (B) of this paragraph, a member who is separated from the service or released from active duty and who—

"(i) on the date of his separation from the service or release from active duty, has not served on active duty for a period of time equal to at least 90 percent of the period of time for which he initially enlisted or otherwise initially agreed to serve; or

"(ii) is separated from the service or released from active duty under other than honorable conditions, as determined by the Secretary concerned;

may be provided travel and transportation under this section only by transportation in kind by the least expensive mode of transportation available or by a monetary allowance that does not exceed the cost to the Government of such transportation in kind.

"(B) Subparagraph (A) of this paragraph does not apply to a member—

"(i) who is retired, or is placed on the temporary disability retired list, under chapter 61 of title 10;

"(ii) who is separated from the service or released from active duty for a medical condition affecting the member, as determined by the Secretary concerned;

"(iii) who is separated from the service or released from active duty because the period of time for which the member initially enlisted or otherwise initially agreed to serve has been reduced by the Secretary concerned and is separated or released under honorable conditions; or

"(iv) who is discharged under section 1173 of title 10.".

(b)(1) Subsection (a) of section 406 of such title is amended—

(A) by inserting "(1)" after "(a)";

(B) by inserting "paragraph (2) of this subsection and" before "subsection (i) of this section"; and

(C) by adding at the end thereof the following new paragraphs:

"(2)(A) Except as provided in subparagraph (B) of this paragraph, a member who is separated from the service or released from active duty and who—

"(i) on the date of his separation from the service or release from active duty, has not served on active duty for a period of time equal to at least 90 percent of the period of time for which he initially enlisted or otherwise initially agreed to serve; or

"(ii) is separated from the service or released from active duty under other than honorable conditions, as determined by the Secretary concerned;

may be provided transportation under this subsection for his dependents only by transportation in kind by the least expensive mode of transportation available or by a monetary allowance that does not exceed the cost to the Government of such transportation in kind.

"(B) Subparagraph (A) of this paragraph does not apply to a member—

"(i) who is retired, or is placed on the temporary disability retired list, under chapter 61 of title 10;

"(ii) who is separated from the service or released from active duty for a medical condition affecting the member, as determined by the Secretary concerned;

"(iii) who is separated from the service or released from active duty because the period of time for which the member initially enlisted or otherwise initially agreed to serve has been reduced by the Secretary concerned and is separated or released under honorable conditions; or

"(iv) who is discharged under section 1173 of title 10.

"(3) The allowances authorized under this subsection may be paid in advance.".

(2) Subsection (b) of such section is amended—

(A) by inserting "(1)" after "(b)";

(B) by striking out "In" and inserting in lieu thereof "Except as provided in paragraph (2) of this subsection, in";

(C) by adding at the end of paragraph (1), as designated by clause (A), the following new sentences: "Temporary storage in excess of 180 days may be authorized. Subject to regulations prescribed by the Secretaries concerned, in the case of a change of permanent station in which the Secretary concerned has authorized transportation under section 2634 of title 10 of a motor vehicle that is owned by the member (or a dependent of the member) and is for the personal use of the member or his dependents, the member is entitled to a monetary allowance for transportation of that motor vehicle to the point at which transportation authorized under section 2634 of title 10 commences and from the point at which transportation authorized under that section terminates. Such monetary allowance shall be established at a rate per mile that does not exceed the rate established under section 404(d)(1) of this title."; and

(D) by adding at the end thereof the following new paragraph:

"(2) The transportation and allowances authorized under paragraph (1) of this subsection may be paid or provided to a member upon his separation from the service or release from active duty only if the member applies for the transportation and allowances not later than 180 days after the date of his separation or release from active duty. If a member to whom this paragraph applies has been authorized nontemporary storage under subsection (d) of this section, the 180-day period shall not begin until such authorization for nontemporary storage expires. This paragraph does not apply to a member to whom subsection (g)(1) of this section applies.".

(3) Subsection (g) of such section is amended—

(A) by inserting "(1)" after "(g)";

(B) by redesignating clauses (1) and (2) as clauses (A) and (B), respectively; and

(C) by striking out all after the second sentence and inserting in lieu thereof the following new paragraphs:

"(2) If baggage and household effects of a member are shipped to a place selected by a member as his home under section 404(c) of

this title that is not a place described in clause (A) or (B) of section 404(c)(2) of this title or to a location other than the home selected by the member, or if transportation is provided for a member's dependents to a place selected by the member as his home under section 404(c) of this title that is not a place described in clause (A) or (B) of section 404(c)(2) of this title, and the costs of that shipment or transportation are in excess of those that would have been incurred if the shipment had been made or the transportation had been provided to a location in the United States (other than Alaska or Hawaii), the member shall pay that excess cost.

"(3) If a member authorized to select a home under section 404(c) of this title accrues that right or any entitlement under this subsection but dies before he exercises it, that right or entitlement accrues to and may be exercised by his surviving dependents or, if there are no surviving dependents, his baggage and household effects may be shipped to the home of the person legally entitled to such baggage and effects. However, if baggage and household effects are shipped under circumstances described in paragraph (2) of this subsection in which the member would have been required to pay the excess costs of that shipment, the surviving dependents or the person legally entitled to the baggage and household effects, as the case may be, shall pay that excess cost.".

(4) Subsection (h) of such section is amended by striking out "owned by the member and for his or his dependents' personal use" in clause (2) and inserting in lieu thereof "that is owned by the member (or a dependent of the member) and is for the personal use of the member or his dependents".

(c) Section 405a(b) of such title is amended by striking out "owned by him and for his personal use, or the use of the dependents," and inserting in lieu thereof "that is owned by the member (or a dependent of the member) and is for the personal use of the member or his dependents".

(d)(1) Except as provided in paragraphs (2), (3), (4), and (5), the amendments made by this section shall take effect on November 1, 1981, and shall apply to members who are separated from the service or released from active duty on or after November 1, 1981.

(2) Paragraph (2) of section 404(b) of title 37, United States Code, as added by subsection (a)(2)(C), shall apply to travel performed after October 31, 1981.

(3) Paragraph (3) of section 406(a) of title 37, United States Code, as added by subsection (b)(1)(C), shall take effect on the date of the enactment of this Act.

(4) The amendments made by subsections (a)(3) and (b)(3) shall take effect on November 1, 1981, and shall apply to members who are retired, placed on the temporary disability retired list, discharged, or involuntarily released on or after November 1, 1981, except that such amendments shall not apply to any member who before November 1, 1981, had completed eighteen years of active service.

(5) The amendment made by subsection (b)(2)(C) shall take effect on the date of the enactment of this Act.

Temporary lodging expenses

Sec. 122. (a)(1) Chapter 7 of title 37, United States Code, is amended by inserting after section 404 the following new section:

"§ 404a. Travel and transportation allowances: temporary lodging expenses

"(a) Under regulations prescribed by the Secretaries concerned, a member of a uniformed service who is ordered to make a change of permanent station—

"(1) from any duty station to a duty station in the United States (other than Hawaii or Alaska); or

"(2) from a duty station in the United States (other than Hawaii or Alaska) to a duty station outside the United States or in Hawaii or Alaska;

may be paid or reimbursed for subsistence expenses actually incurred by the member and the member's dependents while occupying temporary quarters incident to that change of permanent station. In the case of a change of permanent station described in clause (1) of this subsection, the period for which such expenses may be paid or reimbursed may not exceed four days. In the case of a change of permanent station described in clause (2) of this subsection, the period for which such expenses may be paid or reimbursed may not exceed two days and such payment or reimbursement may be provided only for expenses incurred before leaving the United States (other than Hawaii or Alaska).

"(b) Regulations prescribed under subsection (a) of this section shall prescribe average daily subsistence rates for purposes of this section for the member and for each dependent. Such rates may not exceed the maximum per diem rates prescribed under section 404(d) of this title for the area where the temporary quarters are located.

"(c) A member may not be paid or reimbursed more than $110 a day under this section.".

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 404 the following new item:

"404a. Travel and transportation allowances: temporary lodging expenses.".

"(b) Section 411(a) of such title is amended by inserting "404a," after "(d)-(f),".

(c) The amendments made by this section shall take effect on April 1, 1982.

Advance payment of evacuation allowances

Sec. 123. Section 405a(a) of title 37, United States Code, is amended by inserting after the second sentence the following new sentence: "Such allowances may be paid in advance.".

Advance payment of dislocation allowance

Sec. 124. Section 407(a) of title 37, United States Code, is amended by adding at the end thereof the following new sentence: "An allowance payable under this section may be paid in advance.".

Travel and transportation for members serving consecutive assignments overseas

Sec. 125. Section 411b(a) of title 37, United States Code, is amended—

(1) by inserting "(1)" after "(a)";

(2) by inserting "who is ordered to a consecutive tour of duty at the same duty station or" after "District of Columbia" the first place it appears; and

(3) by adding at the end thereof the following new paragraph:

"(2) If, because of military necessity, a member authorized travel and transportation allowances under this subsection is denied leave between the two tours of duty outside the forty-eight contiguous States and the District of Columbia, the member shall be authorized to use such travel and transportation allowances from his current duty station at the first time the member is granted leave.".

Environmental and emergency travel

Sec. 126. (a) Chapter 7 of title 37, United States Code, is amended by inserting after section 411b the following new sections:

"§ 411c. Travel and transportation allowances: travel performed in connection with leave from certain stations in foreign countries

"(a) Under uniform regulations prescribed by the Secretaries concerned, a member of a uniformed service who is serving at a duty station outside the United States in an area specifically designated for the purposes of this section by the Secretary concerned may be paid for or provided transportation for himself and his dependents authorized to reside at his duty station—

"(1) to another location outside the United States having different social, climatic, or environmental conditions than those at the duty station at which the member is serving; or

"(2) to a location in the United States.

"(b) The transportation authorized by this section is limited to transportation of the member, and of each dependent of the member, for one roundtrip during any tour of at least 24, but less than 36, consecutive months or two roundtrips during any tour of at least 36 consecutive months.

"§ 411d. Travel and transportation allowances: transportation incident to certain emergencies for members stationed abroad

"(a) Under uniform regulations prescribed by the Secretaries concerned, transportation for a member of a uniformed service stationed outside the United States (other than Hawaii and Alaska) and for dependents of the member authorized to reside at the member's duty station may be provided from the area of the member's duty station to the United States, Puerto Rico, or the possessions of the United States incident to emergency leave granted for reasons of a personal emergency (or, in the case of transportation provided only for a dependent, under circumstances involving a personal emergency similar to the circumstances for which emergency leave could be granted a member).

"(b) Transportation under this section may be authorized only upon a determination that, considering the nature of the personal emergency involved, Government transportation is not reasonably available. The cost of transportation authorized under this section may not exceed the cost of Government-procured commercial air travel from the international airport nearest the location of the member and dependents at the time notification of the personal emergency is received or the international airport nearest the member's duty station—

"(1) to the international airport within the United States (other than Hawaii and Alaska) closest to the airport from which the member or dependents departed; or

"(2) to an airport in Alaska, Hawaii, Puerto Rico, or the possessions of the United States, as determined by the Secretary concerned,

and return to either the international airport from which the member or dependents departed or the international airport nearest the member's duty station.

"§ 411e. Travel and transportation allowances: transportation incident to certain emergencies for members performing temporary duty

"(a) Under uniform regulations prescribed by the Secretaries concerned, a member of a uniformed service who is performing tempo-

rary duty away from his permanent duty station (or who is assigned to a ship or unit operating away from its home port) may be provided the travel and transportation authorized by section 404 of this title for travel performed by the member from his place of temporary duty (or from his ship or unit) to his permenent duty station (or the home port of the ship or unit) or to any other location, and return (if applicable), if such travel has been approved incident to the serious illness or injury or the death of a dependent of the member.

"(b) Transportation under this section may be authorized only upon a determination that Government transportation is not reasonably available, considering the nature of the personal emergency involved. The cost of transportation authorized under this section may not exceed the cost of Government-procured commercial air travel from the member's place of temporary duty (or from his ship or unit) to the member's permanent duty station (or the home port of the ship or unit), and return (if applicable).".

(b) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 411b the following new items:

"411c. Travel and transportation allowances: travel performed in connection with leave from certain stations in foreign countries.

"411d. Travel and transportation allowances: transportation incident to certain emergencies for members stationed abroad.

"411e. Travel and transportation allowances: transportation incident to certain emergencies for members performing temporary duty.".

Part D—Miscellaneous

Uniform allowances and advance pay for members of the armed forces health professions scholarship program

Sec. 131. (a) Section 415(a) of title 37, United States Code, is amended—

(1) by striking out "or" at the end of paragraph (2);

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; or"; and

(3) by adding at the end thereof the following new paragraph:

"(4) upon reporting for the first period of active duty required by section 2121(c) of title 10 as a member of the Armed Forces Health Professions Scholarship program.".

(b) Section 1006 of such title is amended by adding at the end thereof the following new subsection:

"(i) Under regulations prescribed by the Secretary concerned, not more than one month's pay may be paid in advance to a member of the Armed Forces Health Professions Scholarship program upon reporting for a period of active duty required by section 2121(c) of title 10.".

TITLE II—MISCELLANEOUS ADMINISTRATIVE IMPROVEMENTS

Increase in reserve officers' training corps scholarships

Sec. 201. Section 2107(h) of title 10, United States Code, is amended by striking out "6,000" and "6,500" and inserting in lieu thereof "8,000" and "9,500", respectively.

Clarification of authority to transport certain motor vehicles

Sec. 202. Section 2634(a) of title 10, United States Code, is amended—

(1) by striking out "owned by the member and for his personal use or the use of his dependents" in the first sentence and inserting in lieu thereof "that is owned by the member (or a dependent of the member) and is for the personal use of the member or his dependents";

(2) by inserting "(or a dependent of his)" after "unless a motor vehicle owned by him" in the first sentence; and

(3) by inserting "(or a dependent of the member)" in the second sentence after "motor vehicle of the member".

Nominations by superintendents of the service academies

Sec. 203. (a)(1) Section 4342 of title 10, United States Code, is amended by striking out subsection (d) and inserting in lieu thereof the following:

"(d) The Superintendent may nominate for appointment each year 50 persons from the country at large. Persons nominated under this paragraph may not displace any appointment authorized under clauses (2)-(7), (9), or (10) of subsection (a) and may not cause the total strength of the Corps of Cadets to exceed the authorized number.".

(2)(A) Chapter 403 of such title is amended by inserting after section 4341 the following new section:

"§ 4341a. Cadets: appointment by the President

"Cadets at the Academy shall be appointed by the President alone. An appointment is conditional until the cadet is admitted.".

(B) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 4341 the following new item:

"4341a. Cadets: appointment by the President.".

(b)(1) Section 6953 of such title is amended by adding at the end thereof the following new sentence: "An appointment is conditional until the midshipman is admitted.".

(2) Section 6954 of such title is amended—

(A) by redesignating subsections (d) and (e) as subsections (e) and (f), respectively; and

(B) by inserting after subsection (c) the following new subsection (d):

"(d) The Superintendent of the Naval Academy may nominate for appointment each year 50 persons from the country at large. Persons nominated under this paragraph may not displace any appointment authorized under clauses (2)-(7), (9), or (10) of subsection (a) and may not cause the total strength of midshipmen at the Naval Academy to exceed the authorized number.".

(c)(1) Section 9342 of such title is amended by striking out subsection (d) and inserting in lieu thereof the following:

"(d) The Superintendent may nominate for appointment each year 50 persons from the country at large. Persons nominated under this paragraph may not displace any appointment authorized under clauses (2)-(7), (9), or (10) of subsection (a) and may not cause the total strength of Air Force Cadets to exceed the authorized number.".

(2)(A) Chapter 903 of such title is amended by inserting after section 9341 the following new section:

"§ 9341a. Cadets: appointment by the President

"Cadets at the Academy shall be appointed by the President alone. An appointment is conditional until the cadet is admitted.".

(B) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 9341 the following new item:

"9341a. Cadets: appointment by the President.".

(d) The amendments made by this section shall take effect with respect to nominations for appointment to the first class admitted to each Academy after the date of the enactment of this Act.

Authority of the Secretary of the Navy to issue regulations

Sec. 204. (a)(1) Section 5031 of title 10, United States Code, is amended by adding at the end thereof the following new subsection:

"(d) The Secretary of the Navy may prescribe regulations to carry out his functions, powers, and duties under this title. The authority of the Secretary under the preceding sentence is in addition to the authority of the Secretary under section 6011 of this title.".

(2) Section 6011 of such title is amended by striking out "with the approval of the President".

(b) United States Navy regulations issued under section 6011 of title 10, United States Code, before the date of the enactment of this Act shall remain in effect in accordance with their terms until amended or revoked by the Secretary of the Navy.

Per diem for members of the Naval Research Advisory Committee

Sec. 205. Section 5153 of title 10, United States Code, is amended by striking out subsection (c) and redesignating subsection (d) as subsection (c).

Repeal of deadline for nominations to the Naval Academy

Sec. 206. Section 6956 of title 10, United States Code, is amended by striking out subsections (b) and (c) and redesignating subsections (d), (e), and (f) as subsections (b), (c), and (d), respectively.

Reimbursement for accommodations in place of quarters

Sec. 207. (a) Section 3 of Public Law 96-357 (94 Stat. 1182; 10 U.S.C. 7572 note) is amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1982".

(b) Section 7572(b) of title 10, United States Code, as amended by section 3 of Public Law 96-357 (94 Stat. 1182; 10 U.S.C. 7572 note), is amended to read as follows:

"(b)(1) Under such regulations as the Secretary prescribes, a member of a uniformed service on sea duty who is deprived of quarters on board ship because of repairs or because of other conditions that make the member's quarters uninhabitable and for whom it is impracticable to furnish accommodations under subsection (a) may be reimbursed for expenses incurred in obtaining quarters in an amount not more than the total of—

"(A) the basic allowance for quarters payable to a member of the same pay grade without dependents for the period during which the member is deprived of quarters on board ship; and

"(B) the variable housing allowance that could be paid to a member of the same pay grade under section 403 of title 37 at the location where the member is deprived of quarters on board ship for the period during which the member is deprived of quarters on board ship.

"(2) A member entitled to receipt of basic allowance for quarters may not be reimbursed for expenses under this subsection when deprived of quarters on board ship at a location at which the member can reside with such member's dependents.

"(3) The total amount of reimbursement under this subsection may not exceed $9,000,000 for fiscal year 1981 and $6,300,000 for fiscal year 1982.".

(c) The amendments made by this section shall take effect as of October 1, 1981.

Authority for persons over 65 years of age to serve on local Selective Service boards

Sec. 208. Section 10(b)(3) of the Military Selective Service Act (50 U.S.C. App. 460(b)(3)) is amended by striking out "who has attained the age of 65 or" in the sixth complete sentence thereof.

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill and agree to the same with an amendment as follows:

In lieu of the amendment of the House to the title of the bill, amend the title so as to read: "An Act to increase the pay and allowances of members of the uniformed services, and for other purposes.".

And the House agree to the same.

MELVIN PRICE,
BILL NICHOLS,
G. V. (SONNY) MONTGOMERY,
LES ASPIN,
ANTONIO BORJA WON PAT,
BEVERLY B. BYRON,
WILLIAM L. DICKINSON,
DONALD J. MITCHELL,
MARJORIE S. HOLT,
ELWOOD HILLIS,
Managers on the Part of the House.

JOHN TOWER,
ROGER W. JEPSEN,
WILLIAM S. COHEN,
DAN QUAYLE,
JEREMIAH DENTON,
JAMES J. EXON,
HARRY F. BYRD, JR.
SAM NUNN,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1181) to amend titles 10 and 37, United States Code, to increase the pay and allowances and benefits of members of the uniformed services and certain dependents, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment to the text of the bill struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

Increase in basic pay and allowances (Sec. 101)

The Senate bill contained a provision (sec. 2) that would increase basic pay for uniformed services personnel by amounts ranging from 7 percent to 22 percent depending on pay grade and years of service. The Senate provision would increase basic allowance for subsistence by 14.3 percent for all pay grades and would increase basic allowance for quarters by 14.3 percent for all pay grades except E-5 through E-9 where basic allowance for quarters would increase by 17 percent.

The House amendment contained a provision (sec. 2) that would increase basic pay, basic allowance for quarters, and basic allowance for subsistence by 14.3 percent across-the-board. Under that provision, the President would retain authority in current law to reallocate up to 25 percent of the pay increase among pay grades and years of service.

The conferees agreed to increase basic pay by amounts ranging from 10 percent to 17 percent depending on pay grade. Basic pay for pay grade E-1 would increase by 10 percent; for E-2 and E-3, 10.7 percent; for E-4, 13 percent; for E-5 and E-6, 16.5 percent; for E-7, E-8, and E-9, 17 percent; and for all warrant and commissioned officers, 14.3 percent. Basic allowance for quarters and basic allowance for subsistence would increase by 14.3 percent.

The effective date for the increased levels of pay and allowances would be October 1, 1981.

Monthly pay of cadets and midshipmen (Sec. 102)

The Senate bill contained a provision (sec. 3) that would increase the pay for cadets and midshipmen at the service academies from the current level of $419.40 per month to $448.80 per month.

The House amendment contained no similar provision; however, current law would result in an automatic percentage increase equal to the percentage increase in pay and allowances for members of the uniformed services (14.3 percent).

The conferees agreed to increase pay for cadets and midshipmen from $419.40 per month to $461.40 per month.

Special pay for certain hazardous duty (Sec. 111)

The Senate bill contained a provision (sec. 4) that would add three categories of personnel to the list of personnel eligible for hazardous duty incentive pay: personnel serving as deck crew of a ship, other than an aircraft carrier, from which aircraft are launched; personnel exposed to viruses or bacteria in laboratory situations; and toxic fuel handlers. The provisions would also increase the minimum amount of flight pay for enlisted crew members from the current level of $63 per month to $83 per month. Finally, the provision would increase the rate of hazardous duty incentive pay for enlisted personnel from the current level of $55 per month to $83 per month.

The House amendment contained a provision (sec. 4) that would authorize the service Secretaries to establish administratively additional categories of members entitled to special pay for performance of unusually hazardous duty or for performance of duty under unusually severe working conditions.

The House recedes.

The House amendment contained a provision (sec. 12) that would authorize a special pay for airborne warning and control system aircraft air weapons controllers. The amount of the special pay would range from $125 per month to $400 per month depending on years of commissioned service and would be payable only while serving as an air weapons controller crew member.

The Senate bill contained no similar provision.

The Senate recedes with an amendment limiting the maximum payment to $350 and basing the payment on the total years of weapons controller experience (gained in ground duties or as an air weapons controller crew member).

Aviation Career Incentive Pay (Sec. 112)

The Senate bill contained a provision (sec. 5) that would restructure the Aviation Career Incentive Pay for aviators and increase the maximum monthly payment from the current level of $306 to $400. In addition, it would authorize Aviation Career Incentive Pay to aviators performing operational flying duties after 25 years of service. Finally, it would equalize the rates of Aviation Career Incentive Pay for warrant officers and commissioned officers.

The House amendment contained no similar provision.

The House recedes.

Limitations on amounts payable to aviation officers (Sec. 113)

The Senate bill contained a provision (sec. 28) that would authorize the *increase* in Aviation Career Incentive Pay included in section 112 of this conference report only to aviators who do *not* receive the aviation career bonus. The provision would also authorize payment of the aviation career bonus only to members of the Navy and Marine Corps until September 30, 1982, and would terminate completely the authority for that bonus on that date. The conferees intend that no new bonuses be paid for an agreement that applies to a period of active duty that commences after September 30, 1982.

The House amendment contained no similar provision.

The House recedes.

Years of service for computation of submarine duty incentive pay (Sec. 114)

The Senate bill (sec. 6) contained a provision that would exclude periods of enlisted service from the computation of years of service for officer submarine duty incentive pay.

The House amendment contained no similar provision.

The House recedes.

Special pay for diving duty (Sec. 115)

The Senate bill contained a provision (sec. 7) that would increase the maximum special pay for diving duty from the current level of $110 per month to $300 per month for enlisted personnel and from the current level of $110 per month to $200 per month for officers. In addition, the Senate provision would permit simultaneous payment of special pay for diving duty and one other special pay for hazardous duty.

The House amendment contained no similar provision.

The conferees agree that the new higher rates are appropriate but intend that the authority be implemented to provide a graduated scale of payments with the maximum being paid to master divers.

The House recedes.

Sea pay for members of two-crew submarines (Sec. 116)

The Senate bill contained a provision (sec. 30) that would authorize sea pay for the crew of ballistic missile submarines throughout the period the crew is assigned to the submarine.

The House amendment contained no similar provision.

The House recedes.

Reenlistment and enlistment bonus (Sec. 117)

The House amendment contained a provision (sec. 3) that would permit an enlisted member to reenlist prior to the end of his current enlistment (or extension of enlistment) and to use the unexpired part of the current enlistment or extension (for which no bonus was paid) to determine the reenlistment bonus for a subsequent reenlistment.

The Senate bill contained no similar provision.

The Senate recedes with an amendment that would permit an enlisted member to reenlist prior to the expiration of an extension of an existing enlistment and to use up to two years of the unexpired extension (for which no bonus was paid) in the computation of the reenlistment bonus.

The Senate bill contained a provision (sec. 8) that would increase the maximum enlistment bonus for critical skills from the current level of $5,000 to $7,500; limit the initial payment of an enlistment bonus to $4,000, with the remainder being paid periodically at least every 3 months; and authorize a one-year test program of a $3,000 bonus for high-quality Army enlistees who enlist for three years.

The House amendment contained a provision (sec. 3) that would increase the maximum enlistment bonus to $10,000 and permit a bonus to be paid for enlistments of less than 4 years.

The House recedes with an amendment to increase the maximum enlistment bonus to $8,000; to limit the initial payment of the bonus to $5,000; and to authorize a 2-year test program of bonuses of up to $4,000 for a 3-year enlistment in the Army.

The conferees direct the Secretary of Defense to implement a test program utilizing the full range of enlistment bonuses authorized by this change and to design that program to test the effectiveness of various bonus levels for 4-year enlistments as well as the effectiveness of various bonus levels for 3-year enlistments. The test should also estimate the effect of the interaction between 3- and 4-year bonus programs offered to the same population. The conferees urge the Secretary of Defense to design this test program using the same care that was taken in the design of the educational assistance program test recently conducted. The Secretary of Defense is directed to report the results of this test to the Committees on Armed Services of the Senate and House of Representatives by March 1, 1983.

The conferees are extremely concerned that unearned bonus payments to service members who do not complete the enlistment for which the bonus was paid are not being recouped as is required under current law. The Secretary of Defense is directed to implement procedures to recoup a larger portion of these unearned bonuses and to report on these procedures to the Committees on Armed Services of the Senate and House of Representatives by December 31, 1981.

Active service agreements for nuclear qualified officers (Sec. 118)

The Senate bill contained a provision (sec. 9) that would permit a nuclear qualified officer who entered an agreement to remain on active duty for a four-year period in exchange for a $20,000 bonus before January 1, 1981, to cancel that agreement in exchange for a new agreement under the higher bonus level that became effective on January 1, 1981.

The House amendment contained no similar provision.

The House recedes with the understanding that an officer who cancels an existing agreement will be required to sign a new agreement to remain on active duty for four additional years from the date of that new agreement in order to receive the higher bonus level.

Accession bonus for surface nuclear power applicants (Sec. 119)

The Senate bill contained a provision (sec. 29) that would authorize a $3,000 accession bonus for surface nuclear power applicants similar to the accession bonus available for submarine nuclear power applicants.

The House amendment contained no similar provision.

The House recedes.

Bonus for engineering or scientific skills designated as critical (Sec. 120)

The House amendment contained a provision (sec. 5) that would authorize an accession bonus of up to $15,000 for certain scientific and engineering officers. In addition, the provision would authorize a continuation bonus of up to $3,000 per year for scientific and engineering officers in critical specialties.

The Senate bill contained no similar provision.

The Senate recedes on the continuation bonus, and the House recedes on the accession bonus. The conferees do not intend that the bonus authorized by this provision be used in addition to the accession and continuation bonuses currently authorized. The conferees suggest that the bonus be phased out upon the completion by the officer of 14 years of service. The conferees direct the Secretary of Defense to report to the Committees on Armed Services of the Senate and House of Representatives on a plan to implement the bonus by December 31, 1981.

General travel and transportation allowances (Sec. 121)

Per diem equity.—The House amendment contained a provision (sec. 6) that would clarify the intent of a provision in the Defense Officer Personnel Management Act (Public Law 96-513) that extended the same reimbursement for subsistence to enlisted members on temporary duty as existed for officers.

The provision in the Defense Officer Personnel Management Act was intended to ensure that enlisted members on temporary duty would be entitled to the subsistence portion of per diem in cash (at a reduced rate, sufficient to cover charges for food costs and operating expenses, when a government dining facility is available) and also would be entitled to the basic allowance for subsistence. The provision in the House amendment would clarify that intent. The provision in the House amendment would, in addition, allow exceptions to the requirement to pay the food portion of per diem in cash whenever the Secretary concerned determines that unit messing is essential to accomplishment of the unit's training and readiness mission or whenever the member is performing field or sea duty. In these instances, of course, subsistence would be provided in kind.

The Senate bill contained no similar provision.

The Senate recedes.

Other changes in the Senate bill. The Senate bill contained a provision (sec. 10) that would modify a number of travel and transportation benefits for service members. The provision would authorize reimbursement for travel upon separation only in the event of travel actually performed. It would deny reimbursement for travel if the member separates before completing at least 90 percent of an original enlistment or if discharged under less than honorable conditions. The provision would require the travel and transportation benefit to be used within 90 days of separation. It would limit retirees, upon retirement, to reimbursement for travel within the continental United States but would preserve the current entitlement for individuals with 18 or more years of service to travel and transportation anywhere in the world upon retirement. Finally, the provision would authorize temporary storage of household goods in excess of 180 days and would authorize a mileage allowance for movement of a privately owned vehicle from a member's duty station to a port of embarkation (and from port of debarkation to a duty station).

The House amendment contained no similar provision.

The House recedes with amendments.

Payment for travel actually performed.—The conferees agreed that all members leaving the service, whether by separation, release, or retirement (including disability retirement) would be entitled to travel and transportation allowances only for travel actually performed. Authority currently exists to make advance payments of such allowances under regulations prescribed under section 404(b) of title 37. Existing authority for advance payment would not be changed; however, it is the intent of the conferees that advance payments of such allowances be made in the case of members leaving the service only under circumstances that will encourage performance of the travel and that will facilitate the collection of such advance payments if the travel is not actually performed.

The conferees recognize that collection may, as a practical matter, be difficult to effect in certain circumstances. However, the conferees strongly recommend that the Department of Defense ensure that transportation requests (TR) be issued in such a way as to provide that the commercial ticket received by the member be of a type that could not be redeemed for cash but only used for actual transportation; that advance payments in cash made to retirees be accompanied by an acknowledgement that if the travel is not performed, the cash advance will be a debt that can be collected from retired pay; and that, in the case of an advance payment in cash to a member who is being discharged or released, the advance be limited to a percentage of the travel and transportation allowances in order to encourage actual performance of the travel and limit the amount to be collected if travel is not performed.

The conferees direct the Secretary of Defense to report to the Committees on Armed Services of the Senate and House of Representatives on plans to implement collection procedures by December 31, 1981.

Failure to complete enlistment.—The conferees agreed that members who fail to perform service for a period equal to a substantial portion of their initial service obligation or who are separated under less than honorable conditions should not be entitled to the full travel and transportation allowances to which other members leaving the service are entitled. However, the conferees do not believe such members should be totally deprived of the means to return themselves, their dependents, and their household goods to their homes upon their separation.

The conferees, therefore, agreed that members who fail to perform service equal to 90 percent of the period for which they initially enlisted or orginally agreed to serve or who are separated under less than under honorable conditions would be entitled upon separation or release only to transportation in kind by the least expensive mode of available transportation or to a monetary allowance not exceeding the government's cost of furnishing that transportation in kind, for the member and dependents. The conferees agreed that no additional limitations should be placed on the member's current entitlements to transportation of household goods.

Further, the conferees agreed that the requirement to complete 90 percent of an initial enlistment would not apply to members separated, released, or retired for disability; for other medical conditions of the member, as determined by the Secretary concerned (for example, pregnancy); because the member's enlistment or obligated service has been reduced by the Secretary concerned (for example, in connection with periodic "early release" programs of the services to achieve force reductions or because the time remaining on an enlistment makes a subsequent permanent change of station move not cost effective); or for hardship.

Time limitation on use of benefits.—The conferees agreed to require that any authorized travel and transportation benefit be used within 180 days of separation or release from active duty instead of within 90 days as was contained in the Senate bill. The conferees intend that this requirement could be met as long as *application* for these benefits is made within the 180 days following separation or release from active duty with the actual travel and transportation beginning shortly thereafter.

Retiree travel restrictions.—Regarding the new restrictions that would be placed upon payment for travel and transportation allowances when a member selected as his home a location outside the United States other than the location from which the member was initially called or ordered to active duty, the conferees agreed that if transportation for dependents or transportation of household goods were furnished to such a home, the member would be responsible for payment of costs in excess of those which would have been incurred if transportation for dependents and transportation of household goods had been furnished only to a location in the continental United States. The new restrictions would not affect the travel and transportation allowances for members with 18 or more years of service on the effective date of the change who subsequently retire.

Temporary storage.—The conferees agree that temporary storage in excess of 180 days should be available for storage of household goods in circumstances such as when a member is ordered to perform temporary duty in excess of 90 days or for an indefinite period in connection with a permanent change of station move or when going from and returning to his permanent station or when a member is assigned to a ship or unit operating away from its home port in excess of 90 days or for an indefinite period.

Transportation of vehicles.—In conjunction with a permanent change of station where transportation of a motor vehicle to the port of embarkation and from the port of debarkation is required, the conferees intend to provide only for reimbursement for mileage, not for transportation in kind, and only for reimbursement for one-way travel to the port of embarkation and from the port of debarkation.

The conferees intend that regulations to be prescribed by the Secretaries concerned make clear that this new authority is to be administered in connection with permanent change of station travel entitlements and ensure common-sense application of the new authority. For example, the conferees intend that regulations would determine the place at which travel begins and ends for the purpose of reimbursement. While that place would normally be the old and new duty station, the conferees recognize that circumstances (e.g., relocation of dependents at a place in the United States in connection with an unaccompanied overseas tour; temporary duty enroute to the new duty location) may dictate designation of a place other than the old or new duty station.

The conferees intend this new authority to be administered in a cost-effective manner, considering all other travel and transportation allowances that the member will receive and all the circumstances affecting the permanent change of station. However, it is not intended that purely personal circumstances, such as a member's choice of leave location, would alone affect the administration of this entitlement.

Temporary lodging allowance (Sec. 122)

The House amendment contained a provision (sec. 7) that would authorize a temporary lodging allowance of up to four days per diem in conjunction with a move from any place in the world to a duty station in the United States.

The Senate bill contained a similar provision (sec. 11) but would limit the amount of reimbursement a member and his family could receive during each of those four days to $110 per day.

The House recedes to the limitation on the maximum amount of daily reimbursement. In addition, the conferees agreed to limit the amount of temporary lodging allowance to two days within the continental United States in the circumstance where a member is moving from a duty station in the continental United States to an overseas duty station.

Emergency travel from overseas (Sec. 126)

The Senate bill contained a provision (sec. 15) that would authorize transportation in conjunction with emergency leave to a service member who is stationed overseas in the event of a personal emergency.

The House amendment contained a similar provision (sec. 10) that would authorize travel for a service member and his dependents.

The Senate recedes.

Clarification of authority to transport certain motor vehicles (Sec. 202)

The Senate bill contained a provision (sec. 21) that would permit transportation overseas of a motor vehicle owned by a family member other than the service member but would continue to limit transportation to a single vehicle at any one point in time.

The House amendment contained no similar provision.

The House recedes.

Nominations by Superintendents of the service academies (Sec. 203)

The Senate bill contained a provision (sec. 22) that would permit the Superintendent at each of the service academies to nominate up to 50 persons a year for appointment as cadets or midshipmen at the academies.

The House amendment contained no similar provision.

The House recedes.

Authority of the Secretary of the Navy to issue regulations (Sec. 204)

The Senate bill contained a provision (sec. 24) that would authorize the Secretary of the Navy to issue regulations affecting the operation of the Department of the Navy without Presidential approval. This provision would vest authority with the Secretary of the Navy similar to authority currently vested with the other service Secretaries.

The House amendment contained no similar provision.

The House recedes.

Per diem for members of the Navy Research Advisory Committee (Sec. 205)

The Senate bill contained a provision (sec. 25) that would remove the current $50 per day limitation on per diem for members of the Navy Research Advisory Committee.

The House amendment contained no similar provision.

The House recedes.

Repeal of deadline for nominations to the Naval Academy (Sec. 206)

The Senate bill contained a provision (sec. 26) that eliminates the March 4 date for submission of nominations to the U.S. Naval Academy.

The House amendment contained no similar provision.

The House recedes.

Reimbursement for accommodations in place of quarters (Sec. 207)

The Senate bill contained a provision (sec. 27) that would extend until September 30, 1982, the authority to reimburse members deprived of shipboard quarters for the expense of procuring alternate quarters. In addition, the provision would increase the maximum reimbursement to include the availability in an area of the variable housing allowance.

The House amendment contained no similar provision.

The House recedes.

Authority for persons over 65 years of age to serve on local selective service boards (Sec. 208)

The Senate bill contained a provision (sec. 31) that would eliminate the limitation on persons over age 65 serving on local selective service boards.

The House amendment contained no similar provision.

The House recedes.

Military justice amendments

The Senate bill contained a provision (sec. 17) that would make a number of changes to the military justice statutes.

The House amendment contained no similar provision.

The House conferees pointed out that this provision presented procedural difficulties in the House, and the conferees agreed to drop this provision without prejudice. The House conferees agreed to consider this matter in separate legislation at the earliest possible opportunity.

Military recruiting information

The Senate bill contained a provision (sec. 18) that would authorize the Secretary of Defense to collect high school directory information for confidential use by recruiters and would authorize the Secretary to request criminal history information related to individuals who apply for enlistment.

The House amendment contained no similar provision.

The House conferees pointed out that this provision presented procedural difficulties in the House, and the conferees agreed to drop the provision without prejudice.

Strength Ceiling for E-8 and E-9

The Senate bill contained a provision (sec. 19) that would provide flexibility to distribute the top 3 percent of the enlisted force between the pay grades of E-8 and E-9.

The House amendment contained no similar provision.

The conferees noted that a provision to accomplish this goal was being addressed in conjunction with the Defense authorization bill for fiscal year 1982.

The Senate recedes.

Company commanders at U.S. Military Academy

The Senate bill contained a provision (sec. 23) that would permit commissioned officers of each armed force to serve as company commanders at West Point.

The House amendment contained no similar provision.

The Senate recedes.

S. 1181

MELVIN PRICE,
BILL NICHOLS,
G. V. MONTGOMERY,
LES ASPIN,
ANTONIO BORJA WON PAT,
BEVERLY B. BYRON,
W. L. DICKINSON,
DONALD J. MITCHELL,
MARJORIE H. HOLT,
ELWOOD HILLIS
Managers on the Part of the House.

JOHN TOWER,
ROGER W. JEPSEN,
BILL COHEN,
DAN QUAYLE,
JEREMIAH DENTON,
J. J. EXON,
HARRY F. BYRD, Jr.,
SAM NUNN,
Managers on the Part of the Senate.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. HENDON of North Carolina (at the request of Mr. MICHEL), until 4:30 p.m. today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. JAMES K. COYNE) to revise and extend their remarks and include extraneous material:)

Mr. RUDD, for 45 minutes, today.

Mr. DANNEMEYER, for 30 minutes, today.

(The following Members (at the request of Mr. GONZALEZ) to revise and extend their remarks and include extraneous material:)

Mr. RODINO, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. DICKS, for 5 minutes, today.

Mr. ASPIN, for 5 minutes, today.

Mr. BONKER, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. DE LA GARZA, to revise and extend his remarks in the Committee of the Whole today.

Mr. HARKIN, to revise and extend his remarks on the McDonald amendment in the Committee of the Whole today.

Mr. WAXMAN, during general debate in the Committee of the Whole today.

(The following Members (at the request of Mr. JAMES K. COYNE) and to include extraneous matter:)

Mr. LEWIS.
Mr. PORTER.
Mr. COATS.
Mr. KEMP in two instances.
Mr. LEBOUTILLIER.
Mr. LENT.
Ms. FIEDLER in two instances.
Mr. GREEN.
Mr. BENEDICT.
Mr. ERDAHL.
Mr. BEREUTER.
Mr. DAUB.
Mr. HENDON in two instances.
Mr. LEE.
Mr. GILMAN.
Mr. FISH in two instances.
Mr. BROOMFIELD in two instances.
Mr. JEFFORDS.
Mr. DREIER.
Mr. RITTER.

(The following Members (at the request of Mr. GONZALEZ) and to include extraneous matter:)

Mr. SOLARZ in three instances.
Mr. FROST in two instances.
Mr. LUKEN.
Mr. SCHUMER.
Mr. RANGEL.
Mr. WIRTH.
Mr. BARNES.
Mr. LANTOS.
Mr. FARY.
Mr. SIMON.
Mr. RAHALL.
Mr. WEISS.
Mr. DE LUGO in two instances.
Ms. OAKAR in two instances.
Mr. HUBBARD.
Mr. EDWARDS of California.
Mr. MOTTL.
Mr. DONNELLY.
Mr. RICHMOND.
Mr. EDGAR.
Mr. MARKEY.
Mr. WILLIAM J. COYNE.
Mr. TAUZIN.
Mr. OTTINGER.
Mr. ROSENTHAL.
Mr. PEYSER.
Mr. BONKER.
Mr. BIAGGI in two instances.

ENROLLED BILL SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 3136. An act to amend the Foreign Assistance Act of 1961 with respect to the activities of the Overseas Private Investment Corporation.

ADJOURNMENT

Mr. GONZALEZ. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 53 minutes p.m.), the House adjourned until tomorrow, Wednesday, October 7, 1981, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2315. A letter from the Director of Congressional Relations, Federal Home Loan Bank Board, transmitting the Board's annual report on the economic viability of depository institutions, pursuant to section 206 of Public Law 96-221; to the Committee on Banking, Finance and Urban Affairs.

2316. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the State Department's intention to consent to a request by the Government of Austria for permission to transfer certain U.S.-origin defense equipment to Israel, pursuant to section 3(d) of the Arms Export Control Act; to the Committee on Foreign Affairs.

2317. A letter from the Secretary of Transportation, transmitting a report on the study of truck size and weight limits, pursuant to section 161 of Public Law 95-599; to the Committee on Public Works and Transportation.

2318. A letter from the Chairman, U.S. International Trade Commission, transmitting the 27th quarterly report on trade between the United States and the nonmarket economy countries, pursuant to section 410 of Public Law 93-618; to the Committee on Ways and Means.

2319. A letter from the Acting Comptroller General of the United States, transmitting the audit of the financial statements of the National Credit Union Administration for calendar year 1980, pursuant to section 102(f) of the Federal Credit Union Act, as amended; jointly, to the Committees on Government Operations and Banking, Finance and Urban Affairs.

2320. A letter from the Acting Comptroller General of the United States, transmitting payments of benefits under the Federal Employees' Compensation Act (HRD-81-123, September 25, 1981); jointly, to the Committees on Government Operations and Education and Labor.

2321. A letter from the Acting Comptroller General of the United States, transmitting a report on private pension plan terminations (HRD-81-117, September 30, 1981); jointly, to the Committees on Government Operations and Ways and Means.

2322. A letter from the Federal Inspector, Alaska Natural Gas Transportation System, transmitting a progress report on construction of the system, pursuant to section

7(a)(5)(E) of Public Law 94-586; jointly, to the Committees on Interior and Insular Affairs and Energy and Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. NICHOLS: Committee of Conference. Conference report on S. 1181 (Rept. No. 97-265). Ordered to be printed.

Mr. MOAKLEY: Committee on Rules. House Resolution 240. Resolution providing for the consideration of the bill (H.R. 3403) to amend the Hazardous Materials Transportation Act to authorize appropriations for fiscal years 1982 and 1983, to provide for the establishment of regional training centers to assist in improving the emergency response and enforcement capabilities of State and local personnel, and for other purposes (Rept. No. 97-266). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROOKS (by request):

H.R. 4695. A bill to extend to 60 days the period over which subsistence expenses may be paid to Government employees evacuated from Iran during fiscal year 1979; to the Committee on Government Operations.

By Mr. FORD of Tennessee (for himself and Mr. JONES of Tennessee):

H.R. 4696. A bill to amend the Flood Control Act of May 15, 1928, to authorize improvements in the Memphis harbor; to the Committee on Public Works and Transportation.

By Mr. GOLDWATER (for himself, Mr. FUQUA, Mrs. BOUQUARD, Mr. LUJAN, Mr. ROE, Mr. LOWERY of California, Mr. DUNCAN, Mr. DANNEMEYER, Mr. WALKER, Mr. FORSYTHE, Mr. WON PAT, Mr. BAILEY of Pennsylvania, Mr. WHITEHURST, Mr. MORRISON, Mr. BURGENER, and Mr. WALGREN):

H.R. 4697. A bill to accelerate and provide direction to the Department of Energy's research, development, and technology demonstration program for the disposal of high level radioactive wastes; to the Committee on Science and Technology.

By Mr. MARLENEE:

H.R. 4698. A bill to direct the Department of the Interior to conduct certain studies related to the Muddy Creek special water quality project; to the Committee on Interior and Insular Affairs.

H.R. 4699. A bill to amend the Internal Revenue Code of 1954 to provide that the executor may elect, for estate tax purposes, to value certain items at an amount equal to the adjusted basis of the decedent in such items and to remove certain limitations on charitable contributions of certain items; to the Committee on Ways and Means.

By Mr. SHARP:

H.R. 4700. A bill to amend the Energy Policy and Conservation Act to authorize the President to control oil supplies and prices in the event of a severe petroleum supply interruption, and for other purposes; to the Committee on Energy and Commerce.

By Mr. LAFALCE:

H.R. 4701. A bill to amend the Internal Revenue Code of 1954 to allow individuals a credit against income tax for 50 percent of their contributions to retirement savings; to the Committee on Ways and Means.

By Mr. LAGOMARSINO:

H.R. 4702. A bill to amend title XVIII of the Social Security Act for the purpose of improving certain provisions of the medicare program; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Ms. OAKAR:

H.R. 4703. A bill to amend section 3620 of the revised statutes with respect to payroll deductions for Federal employees; jointly, to the Committees on Banking, Finance and Urban Affairs and Post Office and Civil Service.

By Mr. RUDD:

H.R. 4704. A bill to amend the Internal Revenue Code of 1954 to permit banks, savings and loan institutions, and similar financial institutions to issue tax-exempt certificates for housing purposes; to the Committee on Ways and Means.

By Mr. SHAW (for himself, Mr. FASCELL, Mr. BENNETT, Mr. CHAPPELL, Mr. FUQUA, Mr. GIBBONS, Mr. HUTTO, Mr. IRELAND, Mr. MCCOLLUM, Mr. MICA, Mr. NELSON, Mr. YOUNG of Florida, Mr. PEPPER, Mr. BAFALIS, and Mr. LEHMAN):

H.R. 4705. A bill to amend chapter 207 of title 18 of the United States Code, to provide explicitly for consideration of the sources of bail money and the risk to the safety of the public and other persons in proceedings for the consideration of release of criminal defendants in drug related cases before trial under that chapter; to the Committee on the Judiciary.

By Mr. GREEN (for himself, Mr. RUSSO, Mr. GARCIA, Mr. EDGAR, Mr. MCCLOSKEY, Mr. DWYER, Mr. BARNES, Mr. SCHEUER, Mr. WEISS, Mr. MITCHELL of Maryland, Mr. OTTINGER, Mr. MARKEY, Mr. BEILENSON, Mr. AKAKA, Mr. RANGEL, Mr. LEHMAN, Mr. STARK, Mr. DELLUMS, Mr. WON PAT, Mrs. COLLINS of Illinois, Mr. FOGLIETTA, Mr. RICHMOND, Mr. SEIBERLING, Mr. BINGHAM, Mr. ADDABBO, Mr. MINETA, Mr. GUARINI):

H.J. Res. 335. Joint resolution to provide for the designation of the week beginning October 25, 1981, as "National End Handgun Violence Week;" to the Committee on Post Office and Civil Service.

By Mr. VENTO (for himself, Mr. ADDABBO, Mr. BEVILL, Mr. CORRADA, Mr. DENARDIS, Mr. DWYER, Mr. FAZIO, Mr. FROST, Mr. GUARINI, Mr. HOLLENBECK, Mr. HUGHES, Mr. LAFALCE, Mr. LENT, Mr. NEAL, Mr. OBERSTAR, Mr. PEPPER, Mr. RODINO, Mr. ROE, Mr. SANTINI, Mr. STANTON, Mr. WINN, and Mr. ZEFERETTI):

H.J. Res. 336. Joint resolution commemorating the 500th anniversary celebration of Christopher Columbus' first voyage to the Americas; to the Committee on Post Office and Civil Service.

By Mr. ZABLOCKI (for himself, Mr. WRIGHT, Mr. FOLEY, Mr. ROSTENKOWSKI, Mr. MICHEL, Mr. LOTT, Mr. FOUNTAIN, Mr. FASCELL, Mr. ROSENTHAL, Mr. HAMILTON, Mr. BINGHAM, Mr. YATRON, Mr. SOLARZ, Mr. BONKER, Mr. STUDDS, Mr. IRELAND, Mr. MICA, Mr. BARNES, Mr. WOLPE, Mr. CROCKETT, Mr. SHAMANSKY, Mr. GEJDENSON, Mr. DYMALLY, Mr. ECKART, Mr. LANTOS, Mr. BOWEN, Mr. BROOMFIELD, Mr. DERWINSKI, Mr. FINDLEY, Mr. WINN, Mr. GILMAN, Mr. LAGOMARSINO, Mr. GOODLING, Mr. PRITCHARD, Mrs. FENWICK, Mr. DORNAN of California, Mr. LEACH of Iowa, Mr. ERDAHL, Mr. ROTH, Mrs. SNOWE, Mr. LEBOUTILLIER, Mr. HYDE, Mr. MOFFETT, Mr. LONG of Louisiana, and Mr. KEMP):

H. Con. Res. 200. Concurrent resolution to express the deep regret of the Congress of the United States over the assassination of President Anwar el-Sadat of the Arab Republic of Egypt considered and agreed to.

By Mr. MCEWEN:

H. Res. 241. Resolution relating to disbursements from the allowance for official expenses for telecommunications expenses of Members of the House; to the Committee on House Administration.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

200. By the SPEAKER: Memorial of the Legislature of the State of California, relative to the Longshoremen's and Harbor Workers' Compensation Act; to the Committee on Education and Labor.

201. Also, memorial of the Legislature of the State of California, relative to national defense policy; to the Committee on Foreign Affairs.

202. Also, memorial of the Legislature of the State of California, relative to Klamath River fishing; to the Committee on Interior and Insular Affairs.

203. Also, memorial of the Legislature of the State of California, relative to the tuna industry; to the Committee on Merchant Marine and Fisheries.

204. Also, memorial of the Legislature of the State of California, relative to proclamation of Older Americans Employment Opportunity Week; to the Committee on Post Office and Civil Service.

205. Also, memorial of the Legislature of the State of California, relative to indexing Federal income taxes; to the Committee on Ways and Means.

206. Also, memorial of the Legislature of the State of California, relative to minimum monthly social security benefits; to the Committee on Ways and Means.

207. Also, memorial of the Legislature of the State of California, relative to Federal Indian health programs; jointly, to the Committees on Interior and Insular Affairs and Energy and Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BROOKS:

H.R. 4706. A bill for the relief of the heirs of Master Sergeant Nathaniel Scott, United States Army Retired, deceased; to the Committee on the Judiciary.

By Mr. NOWAK:

H.R. 4707. A bill for the relief of the estate of John P. Hermann; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 1465: Mr. LOTT, Mr. MARTIN of New York, and Mr. BROWN of Ohio.
H.R. 1603: Mr. DUNN.
H.R. 1890: Mr. SCHUNER.
H.R. 2007: Mr. JOHNSTON and Mr. HILLIS.
H.R. 2488: Mr. LUKEN.
H.R. 2964: Mr. DORNAN of California.
H.R. 3392: Mr. STANGELAND and Mr. TRIBLE.
H.R. 3787: Mr. VANDER JAGT.
H.R. 4288: Mr. DASCHLE.
H.R. 4306: Mr. ROTH.
H.R. 4308: Mr. SMITH of New Jersey.
H.R. 4435: Mr. EDGAR.
H.R. 4450: Mr. ADDABBO, Mr. BENEDICT, Mr. BIAGGI, Mr. COELHO, Mr. DOWDY, Mr. DREIER, Mr. DWYER, Mr. EDWARDS of Alabama, Mr. FASCELL, Mr. FAZIO, Mrs. FENWICK, Mr. FISH, Mr. FLORIO, Mr. FORD of Michigan, Mr. FORSYTHE, Mr. HUGHES, Mr. HYDE, Mr. MADIGAN, Mr. MCKINNEY, Mr. MINETA, Mr. MURPHY, Mr. NEAL, Mr. PRITCHARD, Mr. SCHEUER, Mr. STARK, Mr. SUNIA, and Mr. YATRON.
H.R. 4467: Mr. HOLLENBECK and Mr. SMITH of Pennsylvania.
H.R. 4507: Mr. MOFFETT, Mr. MINETA, Mr. NELLIGAN, Mr. FRANK, Mr. ADDABBO, Mr. STUDDS, Mr. SCHUMER, Mr. MAVROULES, Mr. VENTO, Mr. MITCHELL of Maryland, Mr. MITCHELL of New York, Mr. GARCIA, Mr. SOLARZ, Mr. SCHEUER, and Ms. FERRARO.
H.R. 4526: Mr. CHAPPIE and Mr. WHITTAKER.
H.R. 4534: Mr. GLICKMAN.
H.R. 4545: Mr. CORCORAN, Mr. HAMILTON, Mr. FUQUA, Mr. VANDER JAGT, Mr. NEAL, Mr. MURPHY, Mr. CLINGER, Mr. SMITH of Pennsylvania, and Mr. MCDADE.
H.R. 4550: Mr. PEPPER, Mr. CORRADA, Mr. ECKART, Mr. EDGAR, Mr. HOLLENBECK, Mr. HUGHES, Mr. JEFFORDS, Mr. MURPHY, and Mr. ROE.
H.R. 4667: Mr. HUGHES.
H.R. 4673: Mr. FORSYTHE.
H.J. Res. 72: Mrs. MARTIN of Illinois, Mr. BOLAND, Mr. FORD of Michigan, Mr. KINDNESS, Mr. SHELBY, Mr. GORE, Mr. KRAMER, Mr. COLLINS of Texas, Mr. RINALDO, Mr. STARK, and Mr. GUARINI.
H.J. Res. 145: Mr. NEAL, Mr. FAZIO, Mr. CROCKETT, Mr. FARY, Mr. FRENZEL, Mr. MAZZOLI, Mr. CARMAN, and Mr. DAUB.
H.J. Res. 243: Mr. SEIBERLING, Mr. KEMP, Mr. MCDADE, Ms. MIKULSKI, Mr. STRATTON, Mr. ZABLOCKI, and Mr. BROWN of California.
H.J. Res. 323: Mr. LENT, Mr. ANTHONY, Mr. PRITCHARD, Mr. WHITTAKER, Mr. ANDREWS, Mr. ALEXANDER, Mr. YATRON, Mr. FISH, Mr. FAUNTROY, Mr. PHILIP BURTON, Mr. HAGEDORN, Mr. ROEMER, Mr. WHITEHURST, and Mr. BROOMFIELD.
H.J. Res. 332: Mr. JEFFORDS, Mr. RAHALL, Mr. WORTLEY, Mr. WAXMAN, Mr. SUNIA, Mr. RAILSBACK, Mr. FRENZEL, Mr. HAMMERSCHMIDT, Mr. COELHO, Mr. NEAL, Mr. DWYER, Mr. HUGHES, Mr. OBEY, Mr. PERKINS, Mr. EMERY, Mr. FLORIO, Mr. GEPHARDT, Mr. O'BRIEN, Mr. PORTER, Mr. SCHEUER, Mr. REGULA, Mr. HORTON, Mr. FORSYTHE, Mr. WEAVER, Mr. CORCORAN, Mr. HYDE, Mrs. FENWICK, Mr. BEARD, Mr. JOHN L. BURTON, Mr. LEE, Mr. FORD of Tennessee, Mr. ANDREWS, Mr. MAZZOLI, AND Mr. GUARINI.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

232. By the SPEAKER: Petition of Executive Director, Connecticut River Watershed Council, Easthampton, Mass., relative to acid rain; to the Committee on Energy and Commerce.

233. Also, petition of the City Council, Youngstown, Ohio, relative to general revenue sharing; to the Committee on Government Operations.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3403

By Mr. BROYHILL:

—Page 18, strike out line 22 and all that follows through line 15 on page 20.

H.R. 3603

By Mr. FITHIAN:

(Amendment offered by Mr. FITHIAN to the amendment of Mr. STENHOLM.)

—Strike out section 1508 as proposed to be added by the amendment and insert in lieu thereof the following new section:

AGRICULTURAL EXPORT CREDIT REVOLVING FUND

SEC. 1508. Section 4 of the Food for Peace Act of 1966 (7 U.S.C. 1707a) is amended—

(1) in subsections (a) and (b)(1) by inserting ", with funds made available under subsection (c)," after "financed",

(2) by redesignating subsection (c) as subsection (d), and

(3) by inserting after subsection (b) the following new subsection:

"(c)(1) There is hereby created in the Treasury of the United States a revolving fund to be known as the Agricultural Export Credit Revolving Fund (hereafter in this subsection referred to as the 'Fund').

"(2) The Commodity Credit Corporation shall deposit in the Fund—

"(A) a sum of money equal to the aggregate of amounts received by the Commodity Credit Corporation from the liquidation of loans and other financing arrangements made under subsections (a) and (b) before the date of the enactment of this paragraph and liquidated after September 30, 1980, and

"(B) all sums received by the Commodity Credit Corporation from the liquidation of loans and other financing arrangements made under subsections (a) and (b) after the date of the enactment of this paragraph.

Such sums deposited in the Fund shall be available to finance commercial export credit sales under subsections (a) and (b), except that not more than 25 percent of the balance of such Fund on the first day of each fiscal year shall be available to finance export credit sales under subsection (b).

"(3) Section 3 of the Act of August 17, 1961 (75 Stat. 391; 15 U.S.C. 713a-12), shall not apply to any net gain realized by the Commodity Credit Corporation from operations carried out with monies from the Fund.".

By Mr. FOLEY:

—On page 82, line 12, through line 12 on page 84, strike out section 1206 in its entirety and insert in lieu thereof the following new section:

SEC. 1206. Section 1002(a) of the Food and Agriculture Act of 1977 is amended to read as follows:

"(a) Notwithstanding any other provision of law, whenever the President of the United States or any other member of the executive branch of the Federal Government, either directly or indirectly, suspends or causes to be suspended, the export sales of any commodity defined in subsection (d) of this section to any country or area with which the United States continues other commercial trade, the Secretary of Agriculture shall, on the date the suspension is initiated, set the loan level for such commodity under the Agricultural Act of 1949, if a loan program is in effect for the commodity, as provided in this subsection. If such suspension is based upon a determination of short supply, the loan level for such commodity shall promptly be set at 90 per centum of the parity price for the commodity, as such parity price is determined on the date the suspension is initiated. If such suspension is based on reasons of national security or foreign policy, the loan level for such commodity shall promptly be set at a level not less than the average market price for such commodity during the fifteen marketing days immediately preceding such suspension.".

By Mr. FRANK:

—Beginning on page 3, strike out line 2 and all that follows through line 4 on page 7, and insert in lieu thereof the following:

MILK PRICE SUPPORT

SEC. 101. Section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446), as amended by section 150 of the Omnibus Budget Reconciliation Act of 1981, is amended—

(1) in subsection (c) by striking out the second sentence and all that follows through the period at the end of such subsection, and inserting in lieu thereof the following: "Notwithstanding the foregoing, for the period beginning October 1, 1981, and ending September 30, 1985, the minimum level of price support for milk shall be 70 per centum of the parity price therefor: *Provided,* That whenever the Secretary estimates that the net cost of Government price support purchases of milk or the products of milk will exceed $750,000,000 if the support price for milk is established at the level required by the foregoing provisions of this subsection, such level of support may be adjusted to the extent the Secretary deems appropriate but not to a level less than the support price for the prior marketing year: *Provided further,* That the support price, as so adjusted, shall in no case be less than $13.10 per hundredweight of milk containing 3.67 per centum butterfat: *Provided further,* That the level of support for milk for the remainder of the 1981-82 marketing year may be adjusted in accordance with the foregoing although a level of support for such year has been established prior to the effective date hereof. Such price support shall be provided through the purchase of milk and the products of milk."; and

(2) by striking out subsection (d).

By Mr. SHAMANSKY:

—Page 222, after line 25, insert the following new title (and conform the table of contents accordingly):

TITLE XVII—TOBACCO

REPEAL OF PROGRAMS CONCERNING PRICE SUPPORT FOR AND THE MARKETING OF TOBACCO

SEC. 1701. (a) Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) is amended—

(1) in subsection (a) by striking out "tobacco (except as otherwise provided herein), corn," and inserting in lieu thereof "corn"; and

(2) in subsection (d)(3) by striking out ", except tobacco," and all that follows the first semicolon.

(b) Sections 101(c) and 106 of the Agricultural Act of 1949 (7 U.S.C. 1441(c) and 1445) are repealed.

(c) Section 408(c) of the Agricultural Act of 1949 (7 U.S.C. 1428(c)) is amended by striking out "tobacco,".

SEC. 1702. (a) Section 301(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1301(b)) is amended—

(1) by striking out "tobacco," in paragraph (6)(A);

(2) by striking out the following in paragraph (7):

"Tobacco (flue-cured), July 1-June 30;

"Tobacco (other than flue-cured), October 1-September 30;";

(3) by striking out "and tobacco" in paragraph (11)(B); and

(4) by striking out "tobacco," in paragraph (12).

(b) Section 303 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1303) is amended by striking out "rice, or tobacco," and inserting in lieu thereof "or rice,".

(c) Section 361 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1361) is amended by striking out "tobacco,".

(d) The first sentence of subsection (a) and the first sentence of subsection (b) of section 371 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1371) are amended by striking out "peanuts, or tobacco" in each sentence and inserting in lieu thereof "or peanuts".

(e) Section 373 of the Agricultural Adjustment Act of 1938 (7 U.S.C 1373) is amended—

(1) by striking out "peanuts, or tobacco, and" in subsection (a) and inserting in lieu thereof "or peanuts, and";

(2) by striking out "peanuts, or tobacco from" in subsection (a) and inserting in lieu thereof "or peanuts from";

(3) by striking out "all persons engaged in the business of redrying prizing, or stemming tobacco for producers," in subsection (a);

(4) by striking out "$500; " and all that follows in the last sentence of subsection (a) and inserting in lieu thereof "$500"; and

(5) by striking out "peanuts, or tobacco" in subsection (b) and inserting in lieu thereof "or peanuts".

(f) Section 375(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1375(a)) is amended by striking out "peanuts, or tobacco" and inserting in lieu thereof "or peanuts".

(g) The following provisions of the Agricultural Adjustment Act of 1938 are repealed:

(1) section 301(b)(3)(C);

(2) section 301(b)(10)(B);

(3) section 301(b)(14)(B);

(4) section 301(b)(15);

(5) section 301(b)(16)(B);

(6) sections 311 through 314 and 316 through 320; and

(7) section 378(f).

(h) Section 2 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1282) is amended by striking out "tobacco,".

SEC. 1703. The following provisions of law are repealed:

(1) the Act entitled "An Act relating to burley tobacco farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended", approved July 12, 1952 (7 U.S.C. 1315);

(2) section 703 of the Food and Agriculture Act of 1965 (7 U.S.C. 1316); and

(3) section 4 of the Act entitled "An Act to amend the Agricultural Adjustment Act of 1938, as amended, to provide for acreage-poundage marketing quotas for tobacco, to amend the tobacco price support provisions of the Agricultural Act of 1949, as amended, and for other purposes", approved April 16, 1965 (7 U.S.C. 1314c note).

SEC. 1704. The first sentence of section 402 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1732) is amended by striking out " and for the purposes of title II of the Act," and inserting in lieu thereof "or ".

SEC. 1705. Section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c) is amended by adding the following undesignated paragraph at the end thereof:

"Notwithstanding any other provision of law, the Corporation may not exercise any of the powers specified in this section or in any other provision of this Act with respect to tobacco.".

SEC. 1706. Section 8c of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 608c) is amended—

(1) by striking out "tobacco" in subsection (2)(A);

(2) by inserting "tobacco," after "(except honey," in subsection (2)(B); and

(3) by adding the following new sentence at the end of subsection (2):"Notwithstanding any other provision of law, no order concerning tobacco may be issued or enforced under this Act.".

SEC. 1707. The amendments made by this title shall apply to the 1982 and subsequent crops of tobacco.

By Mrs. SMITH of Nebraska:

—Page 64 line 1, insert ", and in the case of the 1981 crop of feed grains (including feed grains for which loans made under section 105A are repaid before maturity) shall provide, at the request of the producers involved, original price support loans in lieu of such extended price support loans," after "grains".

EXTENSIONS OF REMARKS

LOCAL CONTROL

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. DASCHLE. Mr. Speaker, one of the slogans that had great currency in the last election was a strong call for local control, for getting the Federal Government off our backs. I am totally in agreement with that sentiment. There is no excuse that I can see for the Federal Government to be involved in decisions that are in the legitimate jurisdictions of local governments, whether they be State, county, or municipal.

That, I suppose, is why I was so disappointed in the action this body took last Thursday when, in a display of political expediency overcoming rational legal and constitutional processes, a majority of the House repealed the District sexual assault reform law.

I do not want to speak to the particular merits of the bill under question. Those have been extensively discussed, for those who cared to listen, in the debate on this floor last Thursday. Nor do I wish to impugn the individual motivations of any of the Members who voted for the repeal. An individual's own conscience is the final determiner of whether an action was taken out of honest conviction, or out of fear of political reprisal.

I only know that, in my own conscience, I could not agree to an action which intrudes the Federal Government into a local determination of what a local law should be. That is true whether a municipality is Sioux Falls, S. Dak. or Washington, D.C.

An editiorial in the October 5 edition of the Washington Post speaks very well to this problem. I would urge my colleagues to give it a careful reading:

[From the Washington Post]

BEATING UP ON THE DISTRICT

Seizing on bundles of inaccurate, sensationalist information and with no regard for any sanctity of local self-government in the capital, a majority of the House of Representatives has dealt a severe blow to the District of Columbia by striking down the city's sexual assault reform law. How this came to pass is a tragedy of errors, compounded by misinformed and slightly hysterical members of the House eager to score points at home with a cheap shot at a helpless city that has no vote in the chamber.

That the House ever came to care about this bill is one mixed-up story; what happened as a result is even worse. It began in the D.C. Council—duly created by Congress and elected by the voters of this city to act as the local legislature. After a long and careful study by one of the council's most careful legal minds—member David A. Clarke—legislation was drafted and enacted to improve the sexual assault laws and to make others more enforceable and punishable. At no time—no matter what members of the House read, thought or were told by frenzied opponents—did the local council consider any move that would have encouraged or otherwise sanctioned behavior that could be deemed immoral.

But starting with misleading words such as "legalize" that were used to describe the legislation, members of Congress and various political and religious organizations interpreted this recodification effort as a wild effort to turn Washington into Sin City. In fact, the proposed revisions would have made the laws here similar to those in the states from which so much congressional opposition arose.

But then—and this is where the real crime was committed—the opponents, including a minority of local residents urged by nervous religious leaders to plead for congressional intervention—revived the medieval days of colonial rule in the District of Columbia by pressuring the House into its vote to strike down the city's act.

There is no legal question that the House has the authority to shoot down any action of the city government—but the whole congressional idea of the charter that established the elected mayor and council in this city was to allow local government to act on purely local matters. Certain criteria were established for deciding how this congressional oversight should work:

The first question about any council-passed act is, does it violate the D.C. Charter Act? Clearly, this act did not. Second, does it violate the U.S. Constitution? No one argued that this act did. Finally, does enactment raise a federal issue or obstruct the federal interest? This one did not, except by wild stretches of prurient imagination and the most liberal interpretations of the federal interest—often by members who would never stretch the federal interest that far into their own states and laws, and whose own state laws are virtually the same as that which the District is trying to adopt.

Rep. Bob Livingston, a Republican from Louisiana, was one of the few who took the trouble to study the legislation rather than merely rely on a "Hey—dirty pictures!" fantasy about it. In a vain effort to get his colleagues off their approach, he told them:

"It does not in my reading make legal any public displays of homosexuality or any lewd or lascivious conduct. . . . I have gone through this bill extensively, and I am concerned again that the members . . . simply have not taken the time to look at District of Columbia Act 4-69. If they were to do that, they would realize that many of the rumors that have been promulgated about this particular act are not as valid as they think.

"I have to say that I have been labeled as a conservative. I am an ex-prosecutor, and I am not trying to defend homosexuality, incest or any other deviation of mankind, but what I am trying to say is, let us not run away with the emotionalism of the hour, but carefully consider if we want to overturn an act which appears to have been rationally considered by a capable deliberative body within the District of Columbia."

The vote to reject was 281 to 119—a terrible blow to home rule. Nevertheless, it should not be considered a precedent for further incursions into local government in this city, but rather as a gross aberration based on misinformation. The city should proceed to draft the best possible revision of the laws as intended—and Congress should let local democracy work in the capital city.●

TASK FORCE REPORT MAKES COMMONSENSE ON IMPROVED FEDERAL HANDGUN LAWS

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. McCLORY. Mr. Speaker, the Task Force on Violent Crime established by Attorney General William French Smith and headed by Illinois Gov. James Thompson and former U.S. Attorney General Griffin Bell of Georgia made profound recommendations for helping to reduce crime in America.

One of these recommendations related to the subject of handguns and the need for improving our Federal laws to help local and State law enforcement officials in reducing the use of handguns by criminals.

A thoughtful commentary was composed recently by the conservative columnist James J. Kilpatrick which appeared in the Tuesday, September 29, 1981, edition of the Washington Post.

Jack Kilpatrick touches upon the subject of handgun legislation and several other significant elements in the task force report. I am inserting the column for the further edification of my colleagues.

GUNS, BAIL AND COMMON SENSE

(By James J. Kilpatrick)

The statistics on crime no longer shock. We have grown numb to them: one murder every 23 minutes, one forcible rape every six minutes, one robbery every 58 seconds. The mind's eye turns away; it will not look at the fearful reality.

Yet violent crime in the United States is indeed a fearful reality. We think of ourselves as a free people living in a free society, but in every major city in the nation our people are not free. They are held hostage by criminals, most of them young punks, most of them hopped up on drugs.

What can be done about it? Last month the Attorney General's Task Force on Violent Crime brought in a report containing 64 specific recommendations. The proposals make sense. Except for one grant-in-aid program, intended to assist the states in building more prisons, the report does not ask for

legislative appropriations. It asks only for legislative will.

Let me deal here with two recommendations only. One has to do with handguns, the other with bail. In order to act in these areas, Congress must stand up to the gun lobby in the one case, and it must fend off the bleeding hearts in the other. This is what is meant by legislative will.

Handguns figured in half of all murders last year, and in 40 percent of the robberies. We have laws—hundreds of laws—intended to control the sale and to punish the use of handguns, but the laws are often contradictory and their enforcement is inconsistent. Congress has power, under the Commerce Clause, to enact a few laws of national scope—laws with teeth in them.

For one example, federal law now permits, but does not require, the imposition of an additional one- to 10-year sentence for use of a firearm in the commission of a federal felony. The task force urges that the statute be made mandatory, a recommendation President Reagan endorsed in a speech on crime yesterday.

The task force also calls for an amendment to the Gun Control Act of 1968 that would require a waiting period before completion of a firearms sale. The period would permit a tighter check on purchasers, the better to keep weapons out of the hands of criminals and lunatics.

Under present law, the importation of certain concealable handguns is prohibited—but the act is flawed by an intolerable omission: it does not prohibit the importation of the unassembled parts of such guns. The task force would close the loophole.

These and other recommendations on firearms are moderate, realistic and sensible. Only the most paranoid members of the gun lobby could oppose them—and surely Congress can find the backbone to overcome their objections.

The recommendations on bail, also endorsed yesterday by the president, are equally sound. Under present law, judges must release a suspect on bail unless there is convincing evidence to indicate that the suspect will fail to show up for trial. Nothing else matters. The task force remarks that people have never been able to understand why the law permits the release of manifestly dangerous criminals "not only before trial but even after conviction while awaiting sentence." The present Bail Reform Act should be amended to give judges greater discretion.

"It is obvious," says the report, "that there are defendants as to whom no conditions of release will reasonably assure the safety of particular persons or the community. With respect to such defendants, the courts must be given the authority to deny bail."

When the proposal was advanced last month, spokesmen for the American Civil Liberties Union wept tears of anguish. How could the "dangerousness" of a defendant be assessed? The common-sense answer is to let judges use their common sense. And, indeed, this is the short-term, immediate answer to many of the problems of violent crime. Let us cut through the blubber and put the punks behind bars.●

JOHN A. YOUNG, JR.—EAGLE SCOUT

HON. JAMES A. COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. COURTER. Mr. Speaker, on behalf of the residents of Jefferson Township in New Jersey, and Boy Scout Troop 111, I have been asked to say a few words in honor of Mr. John A. Young, Jr., who was awarded the rank of Eagle Scout on September 29, 1981, for his outstanding efforts on behalf of the community.

John Young was awarded the highest honor bestowed upon a Scout for the leadership and responsibility he demonstrated in organizing a recent community blood drive for Jefferson Township residents. At only 14 years of age, John contacted the donor recruiter for the North Jersey Blood Center, and explained his intentions. His enthusiasm and hard work made the drive a successful one.

The Eagle Scout Award is a hard one to attain, and takes several years of concentrated effort to try and accomplish each of the tasks required. John has received many badges of merit and skill awards which demonstrate his further work in the community. By participating in the Boy Scouts, he has made a meaningful contribution to the betterment of his community, and I am sure that his family and friends are very proud of him.

I think it is appropriate now to take a moment to thank John Young from all of his friends, family, and neighbors. May he have continued success in all of his future endeavors.●

A TRIBUTE TO STANLEY BRANCH

HON. THOMAS M. FOGLIETTA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. FOGLIETTA. Mr. Speaker, I am delighted to bring before my colleagues a name which will be familiar to many of them, the name of Stanley Branch. Stanley Branch is a singular man, an extraordinary man, no matter what standards of judgment might be used to evaluate him. I am proud to call him my friend.

Last Friday, he agreed to become chairman of the National Black Veterans Organization. I know of no one more qualified for the job. Stanley Branch is himself a veteran of many wars. As a soldier, he fought on foreign soil in Korea. As a believer in the rights of men—all men—he has struggled for civil rights on all fronts. As head of the Chester, Pa., NAACP, Stanley was an organizer, a fighter, and a leader. When the time came to march, he marched. When the time came to talk, he talked. And when the time came to show his convictions by putting himself on the line physically, to reject intimidation, he was there too. More than once, Stanley Branch's blood has been spilled in the fight to make the words of American democracy true for all people.

Today, Stanley Branch is a very successful man, a man who continues to lead, not just by the beliefs that he holds, but by the example that he sets. As chairman of the board of Atchison & Keller Mechanical Contractors of Washington, D.C., a black-owned company that is one of the largest in the area, he is an example of what is possible in America today. The constraints placed on his time by his position are great, but that has not stopped nor slowed Stanley's dedication to others. He has agreed to serve as chairman to the National Black Veterans Organization at a time when such work is most needed. The moneys that organization like this one have traditionally relied on, such as Federal and municiple funds, are becoming harder to find. Many may not survive. But rather than wait for events to overtake them, the NBVO, under Stanley Branch, is preparing to meet the task by separating itself from Government funds, by becoming independent and raising its own revenues through its own efforts. At such a time, Stanley's leadership, his energy, and his creativity, are indispensible. His efforts will help to make not just independence possible, they will help the NBVO to become more valuable to black veterans around the Nation. The guidance of the NBVO in self-help, in jobs, in housing, and in direction, will make them the kind of organization we will need to help us sustain, and improve, our commitment to others.

I have known Stanley Branch a long while, and in each of his endeavors, I have seen him succeed where others failed, and persevere where others quit. I am honored to be able to recognize him here today.●

AMENDMENT TO H.R. 3603, THE FOOD AND AGRICULTURE ACT OF 1981

HON. DONALD J. PEASE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. PEASE. Mr. Speaker, my distinguished colleague from Vermont and I plan to offer an amendment to H.R. 3603, the Food and Agriculture Act of 1981. The amendment was printed in the CONGRESSIONAL RECORD of last Thursday, October 1. Mr. JEFFORDS' name was not included in the RECORD;

but I want to make it clear at this time that the amendment is a joint effort.

Mr. JEFFORDS and I are gratified by the support we have received from groups such as the National Milk Producers Federation, the National Grange, Bread for the World, and Friends Committee on National Legislation.

We hope that our amendment, which provides for the distribution of surplus dairy products to senior citizens meal sites, child nutrition programs, and food banks will also receive the support of our colleagues.●

KEEP THE BUREAU OF ALCOHOL, TOBACCO AND FIREARMS

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. McCLORY. Mr. Speaker, it is disturbing to me to read that consideration is being given to the demise of the Bureau of Alcohol, Tobacco and Firearms. This Agency, with which I have had numerous contacts in my role as ranking minority member of the House Judiciary Committee, deserves the fullest support of the administration and Congress.

BATF performs admirably in connection with its multiple responsibilities—principally in the area of illegal trafficking of alcohol, tobacco, and firearms.

The Bureau is a principal weapon against the crime of arson and is possessed of an expertise which is irreplacable.

Mr. Speaker, I hope that the merits of retaining, and indeed strengthening the Bureau of Alcohol, Tobacco and Firearms, will be considered thoroughly and that the rumors relating to its transfer or dissolution will be proved incorrect.

At this point in the RECORD I include the following article.

GUNNING FOR THE FIREARMS AGENCY

The American people should be dismayed at a move reportedly underway in Washington to abolish the agency directly charged with administering the nation's federal gun-control laws—the Bureau of Alcohol, Tobacco and Firearms. If the effort is successful, there will be no little amount of glee at the National Rifle Association, which has been waging a relentless campaign, including use of a questionable television film, to vilify and discredit the bureau.

Surely the American people, who have repeatedly indicated their desire to control illicit firearms in the US and help reduce the nation's intolerable crime problem, will not approve such a shortsighted step—provided they are alerted to what is happening.

A minuscule agency by government standards, with a staff of around 3,500 people, most of them agents, the ATF was set up as a separate bureau of the Treasury back in 1972. Before that it had been a division of the Internal Revenue Service. Years back ATF agents went after "moonshiners."

The agency's budget for fiscal 1982 has already been cut as part of the federal retrenchment effort. But Mr. Reagan stopped short of totally scuttling the bureau, in part apparently because of the intervention of Treasury Secretary Donald Regan. Now, so the rumors have it, the administration will call for dismantling ATF in the next round of cuts.

Remember the assassination attempt on President Reagan? Well, it was the ATF that ran the gun check on the weapon used in that incident, tracing it back to a pawn shop in something like 16 minutes. During the 18-month period ending this past March 31, according to the head of the bureau, the ATF sought prosecution in some 2,017 cases, of which 499 involved drug traffickers, 257 organized crime members, 192 motorcycle gang members, and 74 persons linked to extremist groups—apprehended primarily for firearms violations. Also, out of all prosecutions recommended last year, 67 percent involved persons with prior criminal records. What is most needed, in the eyes of many gun control advocates, is to boldly strengthen the enforcement role of the ATF, in whichever department it is placed. But why fragment it? The answer, legitimate budget considerations aside, would seem to be found in the opposition of the NRA. An NRA film currently being shown on television stations around the nation depicts the agency as made up of "jack-booted fascists."

The NRA is naturally concerned about abuses against individuals suspected of gun crimes by ATF agents. But the bureau has already taken steps to prevent the types of occurrences mentioned in the film.

If the bureau is disbanded, it is assumed that its firearms and explosives role would go either to the Secret Service or the Department of Justice. Regulatory and tax-collecting functions would go to the IRS and the Customs Service.

But such a total dismemberment seems dubious. At this particular time law enforcement agencies should be strengthened, not dismantled.●

COAL EXPORT POLICY

HON. NICK JOE RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. RAHALL. Mr. Speaker, the administration is beginning to realize the importance of coal exports to this Nation's balance of payments as witnessed by the formation of the Coal Interagency Working Group's coal export policy. By some estimates, coal exports to Europe and the Asian rim could bring in more revenue to the United States than grain exports within a few years.

However, many problems are faced by those who export coal. In the short term, these problems take shape in the form of antiquated and inadequate coal-loading facilities and lack of ground storage space at the port facilities in addition to the failure in some instances to coordinate the production and transportation of coal from mine to port to be loaded in waiting vessels. The following article ran in the New York Times this Sunday and gives some idea of the problems coal traders must tackle during this age of booming steam coal exports.

This Wednesday, at 9 a.m. in 2167 Rayburn, the Congressional Coal Group is holding a meeting with the Coal Interagency Working Group to discuss its coal export policy and views on legislation to improve this Nation's ocean ports. Also attending this meeting will be interested members from the Subcommittee on Water Resources, Subcommittee on Merchant Marine, Subcommittee on Energy and Water Development, Congressional Port Caucus, Congressional Shipyard Coalition and Congressional Export Task Force. However, attendance to this meeting is not limited to the above and all interested Members and staff are invited to come.

The New York Times article follows:

[From the New York Times Oct. 4, 1981]

COAL TRADER: PIETER L. M. VISMANS OF SSM, HE JUGGLES A HOT NEW COMMODITY IN WORLD TRADE

(By Agis Salpukas)

Pieter L. M. Vismans, looked in exasperation at the Telex message from the Port of New Orleans. It notified him that the coal carrier Royal Lynx, which had arrived there to pick up coal that day, would not be loaded right away.

"That's a loss of two days," he said in an interview on the sixth floor of the Helmsley Spear building on Park Avenue, where the SSM Coal Company has its offices. He estimated that the demurrage, or the costs paid to the owner of the vessel because of the delay, would total $22,000. "That's 50 cents a day for each ton of coal," he calculated quickly. "There's no way to make that up."

Such sudden changes in fortune are commonplace in the world of the coal trader. It has been made even more volatile by the surge in world coal trade as many nations convert their power plants to coal from oil and begin ambitious projects to build new coal-fired plants.

Some coal-trading companies such as SSM have ridden the surge in the coal business, expanding their offices, buying new rapid computer communications systems and expanding their ability to handle coal.

SSM, based in Rotterdam, is a division of SHV, a big Netherlands corporation with annual sales of $4.7 billion that is active in trade and associated services. SSM, which has been trading coal since 1896, began in 1976 to expand its organization to capitalize on the growing coal trade.

Now it is one of the larger coal-trading companies. From six offices in those pre-boom days it has grown to 22, which are tied together by a satellite communications network that can put Mr. Vismans, the president of the New York office, in constant touch with SSM's far-flung staff of traders. The New York office exported 693,662 tons of coal in 1980, a big increase over the 399,442 tons it handled in 1979. The company doesn't disclose sales and profits.

Mr. Vismans, 54 years old, is a stocky man whose office is filled with industry knick-knacks, including figurines of miners carved out of coal. He has been in the business since 1950, when he joined the chartering department in the Netherlands. He came to the United States two years later and worked for an American coal exporter until

he joined the Pittston Company, where he learned how a producer handles the export business. In 1976 he decided to join the SSM group and set up the office in New York. He now has a staff of 15.

There are about 25 coal-trading companies operating in the United States that are not subsidiaries of major coal producers or major coal customers. It is an industry where most of the participants know each other on a first-name basis.

Their business consists of taking an order from a customer and then rounding up the coal from producers and arranging the shipping and delivery at an agreed-on price by a certain date.

It is a business in which one can take all precautions, do everything right and still lose one's shirt on a transaction because of unforeseen circumstances. One can also be lucky and reap windfalls that make up for the losses.

The risks and opportunities have increased with the sudden growth of the international trade in steam coal since the energy crisis of 1973. In 1980, exports of steam coal from the United States rose to 26.8 million tons from 14.1 million tons in 1979.

The risks were dramatically shown last year when some traders had to pay huge amounts in demurrage costs in the scramble for coal that erupted in anticipation of the coal strike. There was such a rush of ships to the major coal ports, such as Norfolk, Va., and Baltimore, that some had to wait three to four months to be loaded.

"Last year we paid $9.2 million in demurrage that we ate," Mr. Vismans said of the costs incurred by his company.

From a thick log of records on his desk he dug out a report on the Alexandra Dio, a 110,000-ton vessel chartered by SSM that arrived at Norfolk on Feb. 2, getting in line with about a hundred other ships that were waiting to be loaded. The ship was caught in a crunch with others in the port that were trying to load before late March, when the coal strike was to begin. On top of that, the Norfolk & Western had just adopted new loading regulations at the port that the ship lost time in meeting. As a result of those complications and the strike, the Alexandra Dio did not sail until April 26. The delay cost SSM $1.95 million in demurrage costs.

Last fall, few traders foresaw the magnitude of the coming congestion and failed to factor the possible costs of demurrage in the prices they agreed on with customers. If they had tried to, Mr. Vismans said, the business might have gone to competitors offering lower prices.

On top of misjudging the extent of port congestion, coal brokers were often caught off guard by wild swings in foreign exchange rates and occasional cheating on coal loading at the mines.

There's a "constant battle to keep people honest," Mr. Vismans said. "If it's black, it's put in the boat. It's a small element in a low market but becomes a big element in a high market. When you scramble for coal anything goes."

One of the major "anythings," he said, is car topping. "It's the curse of the coal trade," he said, shaking his head. Some companies fill the bottom of a railroad hopper car with low-grade coal of 30 percent ash content and then top off each car with high quality coal of 10 percent ash content. "The sampling is done from the top," Mr. Vismans said with a smile.

There are no smiles from him and his customer, however, when it is discovered in Norfolk, or sometimes in Rotterdam, where SSM has a major coal terminal, that the quality does not meet the contract made with the customer. SSM either has to absorb a penalty on the price or fight the producer.

If the producer is a long-time, normally reputable supplier, Mr. Vismans said he would seek a compromise. "You call the guy up and say, 'You really messed up this time but I can handle it. Don't let it happen again or try to make it up on the load next week.'"

"I can compromise and keep him as a friend," he explained. "You've got to be hard-nosed but you have to know when to be hard-nosed."

To keep car topping in check, one of Mr. Vismans's sons, Thomas, who has been a miner in West Virginia, is now working for the company spot-checking the loading of coal cars. He has already earned his salary, Mr. Vismans said, by spotting a small producer using car topping on a recent shipment.

Even when times are slow, such as now when demand is down because of stockpiles built up for the strike and a greater-than-expected drop in consumption of electricity, there can still be problems with producers.

He recalled that he had recently contracted with a small producer for a certain specialized high-grade coal that is in limited supply. A competitor seeking the same coal offered $5 more a ton and the supplier backed out of the agreement with SSM.

"I get the excuses," he said. "The other guy gets the coal. There's very little loyalty from some of the smaller companies you deal with."

The reason that many customers, particularly utilities, use coal trading companies, he said, is that the customers often lack the expertise and staff to deal in the complications of the coal trade. Mr. Visman's traditional customers are Dutch and Danish utilities, along with steel mills such as Cockerill, a major Belgian steel producer; a smaller producer, Société Gustav Boel, and a big coke plant that supplies French steel producers.

Customers also turn to his company, he explained, because "we can offer to supply the client at his pace."

A smaller steel producer such as Boel, he said, does not want to buy 50,000 tons of coal at a time. It may only want 10,000 tons to keep inventory costs down. Mr. Vismans can put together several orders from different customers to fill a 50,000-ton coal carrier. By using a trader, rather than shipping the coal themselves, customers are also spared dealing with all the unexpected problems that can arise even under the best conditions.

Though business is slow now, Mr. Vismans said that as far as demurrage the tide has turned in favor of the traders. Most of them have now protected themselves in terms of asking a higher price for the coal or having the customers take the risk of paying demurrage. Demurrage has also gone down significantly. In some cases ships have been loaded faster than expected, which results in added profits to the exporters. Mr. Vismans noted that the company was reaping some unexpected profits as a result.

New procedures instituted by some of the major railroads no longer require ships to wait in line to be loaded. Once they arrive at the port they are assigned dates at which they must come back and be ready for loading. As a result, congestion has eased considerably.

Still, problems such as the delay on the Royal Lynx or the loss of an expected supply of coal keep Mr. Vismans on his toes. About 20 years ago when he developed an ulcer, he recalled he took the advice of his doctor and learned to leave his problems at the office.

While on the job, he said after taking a call from one of his salesmen overseas, "I keep putting out fires." He added, "I'd rather worry about business on the books than worry about no business on the books."●

MOOG SYNTHESIZER

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. KEMP. Mr. Speaker, western New York State has long been acknowledged as an area whose economic climate encourages and fosters the growth of small business. In increasing numbers, the small businesses of western New York are finding themselves successful in their efforts to become leading enterprises in the business community. This day, I would like to briefly level more testimony to these facts.

The Moog synthesizer, a high-tech electronic musical instrument, manufactured by Moog Music, Inc., a small business of western New York, is currently featured as a major component of the Eureka exhibit.

Sponsored by the Office of Advocacy of the U.S. Small Business Administration, the Eureka exhibit features America's 12 most innovative inventions of the past 200 years. Selected by the Association of Science-Technology Centers of Washington, D.C., the Moog synthesizer is accompanied by the telephone, heart valve, ice cream cone, safety razor, and zipper in the exhibit. Following a tour of 10 major science museums throughout the United States, Eureka is scheduled to be installed as a permanent exhibit at the Smithsonian Institute.

Founded near Ithaca, N.Y. in 1964, Moog Music, Inc. was established by Dr. Robert Moog, who envisioned his invention as a major breakthrough in the world of musical instrumentation. In 1970, Moog Music, Inc. relocated near Buffalo, N.Y. where they presently design, manufacture and market their state-of-the-art electronic music synthesizers. Employing 250 persons, Moog Music, Inc. ships their products to every corner of the world, and have established themselves as the leader in an ever growing industry of electronic music.

Playing to over 2½ million enthusiasts, the Moog synthesizer is easily the most popular component of the Eureka exhibit.

Moog Music, Inc. is proud of their well-deserved honor to represent the

arts in the Eureka exhibit and are equally as proud to represent the small businessman in and through their achievements.●

OUR LADY OF MOUNT CARMEL CHURCH AND PARISH—75 YEARS OF LOVING SERVICE TO GOD

HON. MARIO BIAGGI
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. BIAGGI. Mr. Speaker, on October 24, 1981, the Parish of Our Lady of Mount Carmel, on East 187th Street in the Belmont-Fordam area of the Bronx, N.Y., will celebrate its diamond jubilee, 75 years of loving service to God, in a joyous dinner and dance observance at the Chateau Pelham, Bronx. It will be a time for all the family of Mount Carmel, present and former parishioners, friends and countless admirers who are in some way associated with Our Lady of Mount Carmel Parish, to come together to renew old friendships and relive cherished memories and, above all, rejoice and give thanks to God.

In the story of this great parish, we can see how the need of immigrant settlers to worship God, how their resourcefulness and initiative, laid a foundation of community, a fellowship and brotherhood of common good and spirituality, dedicated to God. Theirs is a story of how a seed, once planted and nurtured, grows and blossoms forth with branches and seedlings far beyond its original capacities or expectations. It is a story of how the Kingdom of God is comprised of many smaller municipalities, seedling structures at first, born out of hope and nurtured by the faith of humble servants, which together, with God's loving guidance, do his work here on Earth.

It is a personal pleasure for me today to present the story of this great parish to my colleagues, and for the benefit of their constituencies throughout the Nation, so that all can duly appreciate the work of the great pioneers of Mount Carmel, and witness the fruits of their labors, in the men and women, all over this country and the world, who still consider Our Lady of Mount Carmel as their church and their home and their roots, no matter where they are.

The story of the Parish of Our Lady of Mount Carmel in the Bronx goes back to 1906-1907. Seventy-five years, and almost four generations have passsed since its humble and modest beginnings. It was just a few years after the turn of the 20th century when Belmont-Fordham was yet a rural hamlet. To this idyllic area first came hundreds, followed soon by thousands, of Italian immigrants to settle with their brides to start and raise their young families. They came from Italy, their beloved motherland and the cradle of western civilization. They brought with them their cultural heritage, century old knowledge and learning, their pride, their industriousness, their ingenuity, and their traditions. Above all, they brought with them their precious and treasured Catholic faith. They had no church to worship God, nor shrine to honor and venerate His Blessed Mother Mary. They had no priest to minister to their spiritual needs.

In June 1906, a small store was rented by Msgr. Daniel F. X. Burke, pastor of St. Philip Neri on 202d Street and Grand Concourse, and with his young curate who also had recently arrived from Italy, Father Giuseppe Caffuzzi, a mission chapel was prepared under the patronage of Our Lady of Mount Carmel. The little grain of mustard seed in this corner of God's Kingdom on Earth had been planted. Indeed, it was the smallest of seeds. In June 1907 the cornerstone was dedicated for the basement church, and finally in 1917 it began to sprout and grow and flourish.

Watered and nurtured by the zeal and love of its founders, the tiny seed grew up and became the largest of plants. The thousands of families were joined by many thousands more, and Mount Carmel parish grew into a huge and beautiful tree. The Kingdom of God in Belmont-Fordham was firmly established and began to produce its fruit. Through the preaching of God's Word, and the reception of the sacraments, the family of man was molded into the family of God. The parish became the focal point, the very life of its people and, like a mighty magnet, drew all to share in the life of God and reflect His divine image.

The parish history has been made up of days and years of ecstatic joys, and days and years of sadness and sorrow in times of peace and war, in times of depression, and in times of prosperity and abundance. The people of Mount Carmel have seen and felt, endured, and overcome all with unbounding faith in God, and confidence in the motherly protection of Our Lady of Mount Carmel.

Mount Carmel holds many indelible memories, and a deep loyalty and love in the minds and hearts of thousands of faithful men and women who still live in Belmont-Fordham. The tens of thousands of her sons and daughters, who are now scattered all over these United States, and in many parts around the world, still consider Mt. Carmel as their own. This love and loyalty has been welded and forged into a mighty and unbreakable chain, with links that will withstand and defy time and distance.

For three quarters of a century, Our Lady of Mount Carmel parish has seen the Pontificates of eight Popes, the leadership of four Cardinal Archbishops of New York, and the service of six pastors, working with hosts of dedicated self-sacrificing priests, all working tirelessly for the glory of God, and the salvation of souls. The beloved pastors of Mount Carmel were Msgr. Daniel F. X. Burke, from 1906 to 1921; Msgr. Joseph Caffuzzi, from 1921 to 1931; Father Severino Focacci, from 1931 to 1944; Bishop Joseph M. Pernicone, from 1944 to 1966, and Msgr. Charles F. Rizzo, from 1966 to 1972. Msgr. Louis A. Martorella is the present pastor, having served since 1972. They have all shaped a holy people, precious in the sight of the Lord. Each man, woman, and child of Our Lady of Mount Carmel was thought to be, by this devoted clergy, a precious diamond in the crown of Our Lady, the Queen Beauty of Carmel, the Patroness of Our Lady of Mount Carmel Church and parish. With so many representatives expected at the 75th anniversary celebration, each a precious diamond, it will indeed be a diamond jubilee.

Standing proudly and invulnerable like a mighty fortress, Mount Carmel Church continues to be the source, the sign, and the pivot of vitality, unity, strength, and stability of the Belmont-Fordham community. The parish and church of Our Lady of Mount Carmel is still very much alive and well, and still growing strong, a vital and active portion of God's Kingdom that started as a grain of mustard seed, the smallest of seeds, and grew up to be the largest of plants.

Mr. Speaker, I know that you and my colleagues here today join with me in saluting Our Lady of Mount Carmel Church and parish on this, their 75th diamond jubilee celebration of loving service to God. To Monsignor Martorella as pastor; Rev. Anthony Napolitano, administrator; Rev. Anthony D'Antonio, Rev. Sebastin Calvo, James Orumpkatt, and dinner chairmen, Salvatore Calabro, Michael Mangovi, and Frank Mantanaro, we extend our best wishes for success as they celebrate this very special event. May God continue to give His blessings to this very devoted clergy for their continuing guidance and inspiration, and to the men, women and children of Mount Carmel who continue to give their church and parish life, each of whom is still yet another precious diamond in the crown of Our Lady of Mount Carmel. May God bless and keep you all.●

AWACS SALE

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. SCHUMER. Mr. Speaker, recent attempts by the administration to resolve the "control issue" regarding the AWACS sale to Saudi Arabia have failed miserable, and with good reason.

At the heart of the "control issue" is the question of how the AWACS will be employed by the Saudis—and if our most advanced reconnaissance technology can be kept from enemy hands. The President's claim that "we will not permit Saudi Arabia to be an Iran" is not assurance enough—given the administration's repeated failure to address Saudi internal instability and to secure adequate American control over the planes. The administration has also consistently ignored the Saudi policy of putting Israel—not the Soviet Union—at the top of their enemies list. Is it any wonder then that the Congress must question how the Saudis—left to their own devices—might possibly employ the AWACS?

It is the duty of the Congress to see to the security of its own Nation and its own defenses—as well as tend to our Nation's responsibility as an ally. To approve the sale under current conditions would be to fail on both accounts.●

GUNSMOKE 1981

HON. MARTIN FROST

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. FROST. Mr. Speaker, the results of a recent worldwide USAF Fighter Gunnary meet at Nellis AFB in Nevada should be of interest to all my colleagues.

Twelve four-plane teams from the U.S. Air Force, the Air Force Reserve, and the Air National Guard were selected from earlier elimination events to participate in "Gunsmoke '81"—a competition recognized as the world series of Air Force tactical bombing and strafing events. The team of Vought A-7D aircraft from the Air National Guard's 140th Tactical Fighter Wing won first place in this competition. Other competing aircraft were the A-10 and the F-4.

It should be recognized that this week-long competition was a rigorous test of the skill of the pilots and the ground crews. But it was an equally rigorous test of the combat effectiveness and the versatility of the aircraft.

The spectacular win by the A-7D team should be a source of satisfaction to the Members of this House who, only a short time ago, voted by a wide margin to continue procurement of A-7's for the Air National Guard. The Air Guard's A-7 Gunsmoke win underlines the wisdom of that vote.

I would also like to remind my colleagues that the A-7 is no newcomer to championships in tactical aviation competition. A-7's were flown by the Air Force Tactical Air Command pilots to victory in the British Royal Air Force's international bombing and strafing competition. It won those honors in 1977 and 1978, the only 2 years the A-7's competed.

The A-7's also excelled in our Rapid Deployment Force exercises in Egypt last November. The New Mexico Air Guard's A-7's flew nonstop from Pease AFB in New Hampshire to a desert base in Egypt. Two hours after landing, the A-7's were again airborne for a combat-type exercise. They maintained a 97 percent mission capable availability for the entire operation ad every one of their bombs and cannon fire were on target.

All these achievements demonstrate that the A-7 is the best attack aircraft in the world. It should be of added interest in these days of budget cutting to know that the A-7 is also the least expensive attack aircraft available.

I am confident that the Members of the House join me in voicing appreciation to the U.S. Air Force for conducting this very important combat-type tactical air competition. A special congratulation, I believe, also goes to the Colorado Air Guard A-7 pilots for their impressive victory.●

WALL STREET JOURNAL CRITIC MAKES SENSE

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. SIMON. Mr. Speaker, one of the favorite whipping boys of those who want to save money in the Federal budget—and we all fall in the category of wanting to save money in the Federal budget—is the National Endowment for the Arts. Someone can always find an illustration somewhere of something that is "not in good taste," because, obviously, the matter of taste differs.

But some day we will be remembered as a civilization not for the highways or the bombers we build or the nuclear weapons we have accumulated, but for our symphonies, for our operas, for our paintings, for things that add to the symphony of life and enrich it immensely.

The finest commentary I have seen yet on this whole question appeared in The Wall Street Journal, written by Edwin Wilson, the Journal's theater critic.

I would urge my colleagues in the House and Senate to read his remarks which I am inserting in the RECORD at this point:

[From the Wall Street Journal]

DOES THE REAGAN TEAM UNDERSTAND THE ARTS?

(By Edwin Wilson)

The great trumpet player Louis Armstrong once said when asked what jazz is: "Man, if you gotta ask you'll never know." That observation unfortunately describes the confusion of many Americans vis-a-vis the arts in general. Right now a presidential task force is preparing a report on funding the arts and one can't help wondering whether the Reagan administration does not suffer from the same problem as Satchmo's questioner.

Historically Americans have been wary of the arts. The country was founded in part by the Puritans, the same group that closed all the theaters in London in 1642 and banned, among others, Shakespeare from the stage. As Lewis Lapham pointed out in a recent article in Harper's magazine, John Adams at the time of the Revolution said that the arts had always been the product of despotism and superstition and had no place in our republic. Mr. Lapham also quoted Ben Franklin's remark that "to Americans one schoolmaster is worth a dozen poets, and the invention of a machine . . . of far more importance than a masterpiece of Raphael."

In certain cities, individuals—most of them strongly influenced by their European heritage—founded and supported symphony orchestras and museums, but the notion that as a nation we should endorse the arts was alien to us. We have been visionaries in many fields, but not in this.

We failed to acknowledge that art is as much a necessity of life as clothing, shelter and sleep. It is not frivolous. The evidence for this is all around us. Every child engages in role-playing and imitation—forms of acting—as ways of learning and growing up. Every society on record has ceremonies complete with costumes. (The Galanos gowns worn by Mrs. Reagan as well as the other finery on view in London at the royal wedding were such costumes.)

On a more mundane level, everyday speech is dependent on devices of poetry. Language and mathematics are symbols pure and simple, and when a scientist speaks of the "big bang" theory of creation, or a businessman of the "bottom line" he is using metaphor.

If the use of art is universal, the question becomes the kind of art a civilization chooses to develop. A nation can survive on junk art just as it can on junk food. Some societies, however, have recognized the profound possibilities of art and have gone for the best. This was the case with the Greeks in the 5th Century B.C. who built the Parthenon and produced the plays of Aeschylus and Sophocles, with the people in Medieval France who built the cathedral at Chartres and with the Medicis, the great patrons of the arts in Renaissance Florence.

Even extremely macho societies—no less macho than our American West—have recognized the vaule of art. The Japanese samurai, among the most disciplined warriors the world has known, were expected to be as adept at writing poetry as at wielding a sword.

We, on the other hand, came quite late to the realization that there may be something

to the arts. A mere 15 years ago the National Endowment for the Arts (NEA) was founded along with the National Endowment for the Humanities (NEH). Most state arts councils are even younger. Twenty-five years ago large foundations began funding the arts and recently corporate giving has been on the rise.

Almost as quickly as we began to support the arts on this scale it became apparent that we were ill-prepared to deal with the situation. After our long history of selling the arts short, we did not have a group of citizens with the background and experience to make intelligent decisions in awarding grants to individual artists and organizations. There were exceptions of course—in cities like Minneapolis and Winston-Salem. But by and large there was a lack of individuals with a genuine understanding of art. As a result, those responsible found it difficult to tell a true artist from a charlatan. Arts panels and boards of directors often backed a flamboyant artistic director who sent an organization's budget through the roof and at other times picked a cautious mediocrity who couldn't tell an abstract painting from a child's doodle.

Despite these problems, though, a beginning was made. Now President Reagan seems determined to turn the clock back. He has asked for a 50% cut in NEA funding, as if it was one of those bloated agencies with an outsized budget. By federal standards the NEA budget is infinitesimal: $159 million in the current year which is two one-hundredths of one percent of the total.

A few pieces of military hardware—a dozen Trident missiles or F16 fighter planes—would cover the entire cost. If we funded the arts on the same per capita basis as France, our budget would be nearly $3 billion, and if the same as Austria, $22 billion.

At the same time that he argued for cuts, the President appointed a task force headed by movie actor Charlton Heston, college president Hanna H. Gray and Daniel J. Terra, ambassador at large for cultural affairs. The main job of the task force, which makes its report in a few days, is to find sources of funding to make up for the losses when the NEA is cut back.

It is almost certain that the differences will not be made up regardless of the clever tax mechanisms to be proposed. And more importantly, this emphasis on money shows where the President's heart is.

Where the arts are concerned there are important issues facing this country; dealing with them should be the first order of business for any task force. Should we stress preserving art from the past, or the creation of new work? If both, in what proportions? Should we fund institutions exclusively, or individual artists as well? Do we support only "serious" or "high" art, or also popular arts like folk music and handicrafts? These are complex issues that can be settled only by a prolonged dialog, not by simplistic pronouncements.

Underlying these questions are more fundamental ones: What values do we seek from the arts, and what role should they play in our national life? How do we educate young people in the arts so that they can assume responsibility for these decisions in the future?

There are indications that some members of the task force wanted to focus on these questions and they are right. Once we settle these matters, the financing becomes easy. If we are convinced that art can play an indispensable role in informing our national spirit, we will find the money.

Of course we could decide that the arts do not matter, in which case we would not have to fund them at all. That would also be tantamount to saying that as a nation we have no soul.●

A TRIBUTE TO AN EXTRAORDINARY TEACHER: ROBERT KARP

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. PORTER. Mr. Speaker, next weekend a group of eighth grade students from Kenilworth, Ill., will embark on the 14th annual Joseph Sears School trip to the Nation's Capital. This will be the last group led by Robert A. Karp, a teacher at the Sears School, who plans to retire at the end of this school year.

I call the attention of my colleagues to Mr. Karp because he is noted by his fellow teachers and local parents and students as one who has set high standards of creativity, rigor and personal devotion in the classroom, to which all educators should aspire.

During his 35 years as a social studies teacher, Mr. Karp has developed many innovative teaching methods to heighten his students' interest in some of the drier subjects included in the junior high school curriculum. Among the better known of these is "geography baseball," which is fondly referred to by an entire generation of Sears students as "G.O.B.O." Yet the "Karp Constitution Challenge," a rigorous written test on the contents and interpretation of the fundamental law of the United States, dispels any notion that Mr. Karp merely presides over child's play.

But most of all, Bob Karp should be commended for the personality he infuses into his lessons. No textbook can match the interest in American history Mr. Karp stimulates among his students with his riveting classroom tales of his experiences in the South Pacific as a Navy fighter pilot during World War II.

I am honored to pay tribute to Robert A. Karp, to extend a warm welcome to Mr. Karp and to the students who have the good fortune to accompany him on his final class visit to Washington, D.C., and to wish him a retirement filled with many long years of happiness and health and fond memories of an extraordinary teaching career.●

JEFFCO MENTAL HEALTH CENTER RELIEF BILL

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. WIRTH. Mr. Speaker, I rise in support of H.R. 1635 which will provide long overdue justice for the Jefferson County Mental Health Center, located in Lakewood, Colo.

The center, which provides mental health services for a tricounty area has suffered from a series of administrative misunderstanding with the Internal Revenue Service which can only be remedied through legislation.

The problem developed over the payment of social security taxes by the center. As a nonprofit organization, the Jefferson County Mental Health Center is exempt from employee participation in the social security program. But employees elected to participate and the proper forms were filed with the IRS.

FICA taxes were deducted and paid by the center. But during an IRS review of the center, it was claimed by the IRS that the center had not filed the proper forms for employee participation.

The center reimbursed 133 employees a total of $74,128, under orders from the IRS. But later, the IRS found out that the proper forms had indeed been filed and were located.

By this time, it was too late to get the money back from the employees. The IRS lacks the legal authority to reimburse the center. The bill I have introduced would provide the reimbursement of funds paid by the center in good faith. I urge your support for this bill. This mental health center needs the money to continue its important work, and should no longer suffer from administrative mistakes.●

NATIONAL END HANDGUN VIOLENCE WEEK, OCTOBER 25-31, 1981

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. GREEN. Mr. Speaker, Today I am joining with my colleagues Mr. RUSSO and Mr. GARCIA in introducing a resolution to designate the week beginning October 25, 1981, as "National End Handgun Violence Week."

Last year over 21,000 Americans were killed by handguns, bringing this grisly total of murders, suicides, and accidents to 250,000 persons since 1968. This violence continues unabated with 63 Americans killed every day with handguns. The United States has

the unenviable notoriety of leading the countries of the world in the number of handgun murders and accidents.

Because this is an issue that needs to be brought before the American people, the National Coalition to Ban Handguns has organized National end Handgun Violence Week. It will be a week when public officials, the clergy, educators, and thousands of citizens will engage in a nationwide effort to address the problem of how to bring the increasing violence attributable to handguns under control. We cannot afford in human terms to ignore the damage the handgun does to our society. The handgun's availability means that our citizens will continue to be killed and injured at an alarming rate. A majority to Americans have expressed themselves time and time again on this subject and I am hopeful that National End Handgun Violence Week will give all of us an opportunity to listen to what our constituents have to tell us about their feeling on this issue.

On August 17, 1981, the Attorney General's Task Force on Violent Crime, appointed by Attorney General William French Smith, submitted their recommendations to him. There are several items in this report which relate to handguns, including recommendations that a waiting period be required for the purchase of a handgun and a prohibition be established on the importation of parts for the manufacture of "Saturday night specials." Among the other recommendations of the task force was a requirement to report the loss or theft of a handgun to a local law enforcement agency and mandatory sentences for the use of a firearm in the commission of a Federal felony. I have written President Reagan urging that he endorse all these recommendations. Given the increasing concern in this area, it is important to point out the reports which are circulating that the Bureau of Alcohol, Tobacco, and Firearms is going to be abolished or have its budget and enforcement capability cut drastically. These are some of the issues which need to be examined, and it is my belief that this will occur to an extent never before seen in our country during National End Handgun Violence Week.

I urge all citizens to participate in the activities which will take place during the week of October 25, 1981, at churches, synagogues, high schools, colleges, and at many community events. I strongly recommend to my colleagues in Congress to listen to what the majority of Americans have to say on the subject of handgun violence.●

A TRIBUTE TO THE FREEDOM FIGHTERS OF HUNGARY

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. LANTOS. Mr. Speaker, the ideals that motivate men and women to be free, to control their own destiny, to be rid of foreign domination, have remained the strongest and most dynamic force of history throughout the ages.

A quarter century ago, it was the sons and daughters of my native Hungary who erupted as a volcano against the Soviet tyranny; it was they who shed their precious blood to be rid of Soviet oppressors.

Though the odds against them were overwhelming, and the outcome predictable, their momentary success and their historic role remained beacons of freedom in the dark annals of Soviet imperialism. Their actions and their heroism were what inspired Prague's wondrous spring of democracy, Poland's present drama, and the Afghan freedom fighters' battle against the Red army.

The will to live as free women and men will be a force on this planet long after the Soviet police state has vanished. Children around the world will honor the brave fighters of Budapest who made their bold strike for their place in the sun, only to be blown off the stage of history by the chill autumn winds of brute totalitarian force.●

ADDRESS TO CONGRESS ON CAPTIVE NATIONS DAY

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. KEMP. Mr. Speaker, I would like to share with you an address to the Congress of the United States given by Yaroslav Stetsko on the occasion of Captive Nations Day on July 15, 1981.

The Ukraine is a Soviet bloc country which shares a desire with other East European countries and the United States to remove the yoke of Russian oppression that dominates all captive nations. Although less publicized than Poland or Afghanistan, the Ukraine is also a strong and persistent country. Having resisted the Russians and Germans in World War II, they will not today or in the future willingly surrender to tyranny and oppression. Their history and commitment to freedom is best expressed in the following address which I commend to you:

ADDRESS TO THE MEMBERS OF THE CONGRESS OF THE UNITED STATES BY YAROSLAV STETSKO, PRIME MINISTER, UKRAINIAN GOVERNMENT, 1941, HEAD OF THE ORGANIZATION OF UKRAINIAN NATIONALISTS (OUN), PRESIDENT OF THE ANTI-BOLSHEVIK BLOC OF NATIONS

I would like to begin by thanking the Congress of the United States for adopting the Captive Nations Resolution on July 17, 1959 and for reaffirming your commitment to the principles therein over the course of the last 22 years. I am particularly pleased that the resolution was adopted unanimously and I expect that this resolution, which remains in the interests of not only the subjugated nations but also the entire free world, will be an integral component of the United States foreign policy.

Allow me to express my heartfelt appreciation to Hon. Edward J. Derwinski, Hon. Samuel Stratton and to Dr. Dobriansky for organizing today's commemoration of the 40th anniversary of the Declaration of the Reestablishment of the Independent Ukrainian State. I would also like to convey my sincere gratitude to Hon. William Green for introducing a resolution in the House of Representatives designating June 30, 1981 as Ukrainian Independence Day. The future will justify the support that you are demonstrating today for the liberation of Ukraine by commemorating the latest period of Ukrainian Statehood which began with the reestablishment of the independent Ukrainian state on June 30, 1941 and lasting through 1951.

It is my conviction that the events of June 30, 1941 were of historical significance not only for my own nation, but also for all other subjugated nations. The Proclamation of the Restoration of Ukrainian Statehood of June 30, 1941 marked the beginning of a period in our history known under international law as the Ukrainian Underground State. As a result of this proclamation the Ukrainian nation launched a two-front war of liberation against Nazi Germany and Soviet Russia—two of the greatest imperialistic, totalitarian and military powers of the twentieth century. The act of June 30, 1941 and the subsequent struggle to consolidate the renewal of Ukrainian statehood are a manifestation of the unshakable will of the Ukrainian nation to achieve the restoration of its freedom and independence.

The Ukrainian Government, created following the proclamation of independence, included not only representatives of the organization of Ukrainian Nationalists under the leadership of Stepan Bandera, but also National Democrats, Socialists, Social Revolutionaries and individuals not affiliated with any party. On the initiative of the organization of Ukrainian Nationalists a parliamentary body was formed under the chairmanship of Dr. Konstantyn Levytskyj, a National Democrat and former Prime Minister of the Western Ukrainian National Republic of 1918. The present patriarch of the Ukrainian Catholic Church, Cardinal Josyph Slipyj, was a leading Member of Parliament, while Metropolitan Count Andreas Sheptytskyj was elected Honorary President. Both the primate of the Ukrainian Catholic Church and Metropolitan Polikarp Sikorskyj of the Ukrainian Autocephalous Orthodox Church issued pastoral letters in support of the newly formed Government. The new Ukrainian Government enjoyed the total support and loyalty of all strata of the Ukrainian nation. This was the only

democratic Government and Parliament in continental Europe at that time.

The ideological and political foundation upon which Ukrainian statehood was restored in 1941 was contained in a manifesto issued in 1940 by the Organization of Ukrainian Nationalists, which stated: "We Ukrainians have raised the banner of struggle for the freedom of nations and man . . . We struggle for the dignity and freedom of man, for the right to openly profess one's beliefs, for freedom of all religious denominations and full freedom of conscience. We struggle for the right of the working man to openly profess his political convictions, for freedom of assembly and the establishment of political, social and professional organizations." Furthermore, the manifesto called upon the revolutionaries of other subjugated nations to join forces with the Ukrainian Nationalists in the struggle to destroy the Soviet Russian Empire. This was the origin of ABN. It also stood as a challenge to Nazi Germany at the time when both totalitarian powers, having divided Europe between themselves, were at the zenith of their might.

The newly-formed Government had the support of the Ukarainian Nationalist Military Formation and numerous insurgent units throughout Ukraine, which immediately engaged the Soviet Army on the field of battle. Having secured the main radio station in Lvov, the revolutionary Government informed the nation of the restoration of Ukrainian statehood. Upon learning of these momentous developments, the Ukrainian population openly and enthusiastically endorsed the new Government at mass assemblies in towns and villages throughout the country.

Consequently, the Nazis were forced to divulge their imperiocolonial aims. Following a period of tempestuous activity of consolidation of the newly-formed state, myself and other members of our Government, as well as several leading members of the Organization of Ukrainian Nationalists, including its leader Stepan Bandera, were arrested by the Gestapo and sent into the concentration camps. Later, the Gestapo murdered three members of the Government. Subseqently, the Organization of Ukrainian Nationalists went underground to continue the struggle for Ukraine's independence.

On behalf of our Government, I sent my last letter of protest against the Nazi military occupation of Ukraine to the German Reich's Chancellor in October, 1941 from the police prison in Berlin. In that letter I warned that Germany's war in the east would be lost within three years, resulting in the Russian Communist occupation of vast areas of Central Europe. Despite this projection, I openly stated that Ukraine and the other freedom-loving subjugated nations would never cease their just struggle for liberty and independence.

On three separate occasions I was confronted with an ultimatum from the highest levels of the German Reich to revoke the declaration of Ukrainian state independence, to resign as Prime Minister and to dismiss the Government. Each of these demands were adamantly rejected.

A state of war existed between Germany and Ukraine. Many thousands of Ukrainian Nationalists and other patriots were executed upon capture, hundreds of thousands were put in prisons and concentration camps. A two-front war against the Russian and German occupiers of Ukraine was fought by the Organization of Ukrainian Nationalists and by the Ukrainian Insurgent Army. Operating underground, the Ukrainian Supreme Liberation Council continued the work of the arrested Government.

By autumn of 1941, thousands of members of the organization of Ukrainian Nationalists were executed, many more thousands were imprisoned by the Nazis who were acting on orders from Berlin such as these:

HEADQUARTERS,
November 25, 1941.

From the Service Command of the Security Police and of the Security Service S/5
To the Advanced Posts of Kyiv, Dnipropetrovsk, Rivne, Mykolaiv, Zhytomyr, and Vinnytsia.
Subject: Organization of Ukrainian Nationalists (Bandera Movement)

It has been ascertained that the Bandera Movement is preparing a revolt in the Reichscommissariat which has as its ultimate aim the establishment of an independent Ukraine. All functionaries of the Bandera Movement must be arrested at once and, after thorough interrogation, are to be secretly liquidated as marauders.

Records of such interrogation must be forwarded to the Service Command C/5.

Heads of commands must destroy these instructions on having made a due notice of them.

———

SS—Obersturmbannfuhrer.

The Ukrainian underground state and the mass armed struggle continued from 1941 to 1951. The Ukrainian Supreme Liberation Council, as the natural extension of the Ukrainian Government, exercised national authority for a decade on various parts of Ukrainian territory. The sovereignty of revolutionary authority was preserved through the military underground of the Organization of Ukrainian Nationalists and the Ukrainian Insurgent Army.

The scope of the struggle had even been acknowledged by the Russians and Germans alike. For example, Nikita Khrushchev wrote in his memoirs that, and I quote: "During the second half of the war he (Stepan Bandera, leader of the Ukrainian Liberation Movement—Y.S.) fought against both us and the Germans. Later, after the war, we lost thousands of men in a bitter struggle between the Ukrainian Nationalists and the forces of Soviet power."

A German general, Ernst Koestring, also reported that, and I quote again: "The military organization known as the Ukrainska Povstanska Armiya (the Ukrainian Insurgent Army) was formed with the aim of establishing an indepenedent Ukraine, controlled neither by Moscow, nor by Germany. When Western Ukraine was recaptured by the Red army the OUN and the UPA called upon the Ukrainian masses to fight against the Bolshevists—the Russian Enemy. German officers who fought their way back to us in 1945 reported that the plight of the Red army was similar to ours: It controlled only the towns and the main communictions routes, while the country itself remained in the hands of the resistance movement."

The contemporary international situation is particularly grave. The expansion of Russian imperialism is well known to us all. Policies of friendship, appeasement, containment, convergence and détente have proven to be useless in stemming the centuries old brazen Russian imperialism which aims at complete world domination.

But the West must realize that within the Russian Empire there exists a new ideological and political revolutionary superpower—the subjugated nations, which is destroying the empire from within. The processes of the disintegration of the Russian Empire are at different stages in the various subjugated nations: Afghanistan, Ukraine, Poland, Lithuania, Turkestan among others.

Taking this factor into consideration, the following points should be included in Western political and military strategy:

(1) The free world should engage Soviet Russia in the struggle of ideas and ideologies by recognizing the liberation movements of the subjugated nations as the legitimate representatives of these countries at all international forums including the United Nations;

(2) The West should provide access to the national liberation movements to the various forms of mass media to facilitate communication with their countrymen behind the Iron Curtain on a mass scale;

(3) Assistance should also be provided in the form of military training as well as other political, material and technological means of support;

(4) All the nations of the free world should proclaim a great charter of independence for all of the nations subjugated by Russian imperialism and communism.

The danger of nuclear holocaust cannot be negotiated away. Soviet Russia has skillfully exploited Western fears of nuclear war by blackmailing the West into weekly acquiescing to ever-increasing conquests. Our strategic alternative is based on the knowledge that the subjugated nations within the Russian Empire represent a vast untapped force, which in a common front with the nations of the free world provides the stragetic raison d'etre for defeating the last remaining empire. Synchronized national liberation revolutions within the Russian Colonial Empire is the only alternative.

I would like to end my address to you, ladies and gentlemen, with the words of an unforgettable personal friend of mine and an outstanding British military thinker, Major General J. F. C. Fuller, who wrote: "Only the unity of the Western Nations and their agreement with the national liberation movements behind the Iron Curtain can insure final victory. The reason should be obvious. It is that the Kremlin is living on a volcano, and it knows that the most explosive force in the world is not to be found in the hydrogen bomb, but in the hearts of the subjugated peoples crushed under its iron heel . . ."●

NATIONAL ASSOCIATION OF ATTORNEYS GENERAL OPPOSE RADIOACTIVE TRANSPORTATION REGULATION

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. WEISS. Mr. Speaker, many urban residents are opposed to a regulation promulgated earlier this year by the Department of Transportation which will allow radioactive shipments through densely populated areas. These shipments unnecessarily create the possibility of a major accident contaminating a large portion of a city, injuring and, possibly killing, thousands.

The National Association of Attorneys General recently adopted a resolution opposing the regulation and

supporting legislation which would prevent the regulation from taking effect as scheduled on February 1, 1982. The resolution cites the potential dangers of a radioactive accident and recognizes the special need for States to have direct authority over radioactive shipments. As coauthor of this legisaltion along with Representative GERALDINE FERRARO, I commend the NAAG's resolution, which follows.

RESOLUTION—ROUTING AND TRANSPORTATION OF RADIOACTIVE MATERIALS

Whereas by notice in the Federal Register of January 19, 1981, the Department of Transportation has proposed regulations which would preempt state laws and rules concerning the routing and transportation of radioactive materials; and

Whereas accidents involving vehicles transporting radioactive materials could have very serious health impacts and endanger the health, safety, and welfare of persons located in the vicinity of such accidents; and

Whereas states have a legitimate interest in the routing of radioactive materials within their jurisdictions and have the power to regulate such routing in order to promote the health, safety and welfare of their residents: Now, therefore, be it

Resolved, That the National Association of Attorneys General supports legislation which would prevent these regulations, as now drafted, from taking effect.●

HOMEBUILDERS ASSOCIATION ON HIGH INTEREST RATES

HON. MARTIN FROST

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. FROST. Mr. Speaker, today, representatives from the National Association of Homebuilders from all over the country are in town to press their case for relief from high interest rates. Their concern is understandable in light of statistics showing near-record slumps in housing starts. Far from being the "chicken little" alarmists the President recently criticized, the homebuilders have a legitimate right to demand that the interest rate situation become the most pressing concern of the President and his economic advisors. It is ironical that the industries whose health are most critical to the administration's economic recovery are the industries most damaged by the byproduct of his program—persistently high interest rates. Any of these industries whose operations depend on the availability of credit—including the homebuilding industry—will be on the losing side of credit competition if the administration does not move to control interest rate increases. Among the options the President should consider are counseling the Federal Reserve to loosen up its tight monetary policy and reevaluating his support for an immediate 3 year tax cut. Failure to consider either of these options is tantamount to accepting permanently high interest rates and will inevitably jeopardize the recovery of the homebuilding industry.●

SALUTE TO THE IRCSI

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. SOLARZ. Mr. Speaker, I would like to bring to the attention of my colleagues the fine work being done by the International Rabbinical Committee for the Safety of Israel.

The IRCSI, through its member rabbis, addresses over 250,000 Jews from their pulpits each week on numerous issues affecting the safety and security of Israel. These messages are ones that should be closely listened to by all Americans, regardless of faith, since Israel is, after all, our only reliable ally in that troubled area of the world.

I would like to salute the chairmen of the IRCSI, Rabbis Isaac Pupko, Herbert Bomzer, Sholom Gold, and Zev Segal, for their outstanding leadership. I am proud to call them friends as well as constitutents.●

ASSASSINATION OF PRESIDENT SADAT SHOULD DOOM THE AWACS SALE

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. LENT. Mr. Speaker, this morning's shocking assassination of President Sadat of Egypt should end any further attempt to sell our invaluable AWACS radar planes and highly secret Sidewinder AIM 9L air-to-air missiles to Saudi Arabia.

Nothing could demonstrate with greater impact the fatal instability of the ruling regimes of Arab nations in this most volatile part of the world. Time and time again we have seen violence overtake and topple seemingly powerful rulers. Time and time again they have been undermined by religious or political or military enemies within their own countries.

Some of these rulers have been friendly to the United States—the Shah of Iran perhaps the outstanding example. Others have been unfriendly. Still others have attempted to be neutral.

But their one common fate was that they were subject to assassination, or removal from office at the whim of an internal enemy.

In just the last three decades violent upheavals have toppled governments in Iran (three times); in Iraq, Egypt, Pakistan, Afghanistan, Syria, and Lebanon, and, yes, even in Saudi Arabia, where the present monarch rules because of the assassination of his predecessor.

Now the death of President Sadat, a towering figure in the Middle East peace process, gives us still another chilling example of this inherent instability in Arab regimes. With this long and tragic record before us, it is the height of folly to put our trust in the stability of the current monarchy ruling Saudi Arabia. To provide them with some of our newest, most secret weapons and radar equipment is to invite a takeover by internal enemies of the current Saudi regime. The weapons and the radar planes are worthless in preventing internal strife, but invaluable to whatever forces might win an internal struggle.

Mr. Speaker, let me point out to my colleagues that there is only one country in this uneasy part of the world which has—for more than three decades—demonstrated reliable stability of government, and reliable friendship toward the United States. I refer, of course, to the nation of Israel. In this region of upheaval and strife, Israel's principles of democracy have provided a constant, consistent, and stable government, with a foreign policy firmly allied to American interests in this vital oil-rich region. Prime Ministers have come and gone regularly in Israel, but the strength and reliability of the governments over which they presided stemmed from the firm base of democracy which elected them.

Mr. Speaker, I call upon our President to place his full faith and trust in our only stable, dependable, and faithful ally in the Middle East—Israel. The tragic event of this morning in Egypt should convince even the stoutest advocate of the sale of $8.5 billion worth of additional weapons to Saudi Arabia that it is a mistake, and will work against the best interests of the United States.

Mr. Speaker, I call upon our President to withdraw his proposal now. If the President will not withdraw his proposal, then, Mr. Speaker, I call upon my colleagues to vote to disapprove the sale when the matter comes before the House. I would point out, Mr. Speaker, that my colleague from Maryland (Mr. LONG) who coauthored our resolution of disapproval, and I, have more than 250 Members of this body as cosponsors of our resolution. I firmly believe that today's tragic event in Egypt will increase still further the strong majority against the sale.

HAZEL SCOTT, 61, JAZZ PIANIST, ACTED IN FILMS, ON BROADWAY

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. RANGEL. Mr. Speaker, fellow Members of the House, I rise to note the passing of one of my dearest constitutents, and a great jazz artist, Ms. Hazel Scott, who passed away this weekend at Mt. Sinai Hospital in New York. Her passing marks the end of a fantastic career as a jazz pianist, that ended just a short time ago, since this courageous woman was determined to perform just as long as she was alive. I would like to enter into the RECORD the New York Times article that recalls her life for those of us who enjoyed her music so much:

HAZEL SCOTT, 61, JAZZ PIANIST, ACTED IN FILMS, ON BROADWAY

(By Les Ledbetter)

Hazel Scott, the pianist and singer who was once married to the late Adam Clayton Powell Jr., died of cancer yesterday at Mount Sinai Medical Center. She was 61 years old.

Miss Scott was known to much of the world only as a performer of jazz, and although that was her forte, she was also accomplished in politics, dramatic acting and classical music.

To these endeavors she brought a certain swinging style that marked her life from its earliest days through last August, when she performed at the Milford Plaza Hotel despite the fact she knew she was dying.

In December 1940, when Miss Scott made her piano debut at Carnegie Hall, she began by playing Liszt's Hungarian Rhapsody No. 2 in a conventional style. Then, to the relief of her fans, she switched the tempo to her own modern-jazz interpretation. "It was witty, daring, modern, but never irreverent," wrote a critic reviewing the performance. "Liszt would have been delighted."

In her most recent performances, Miss Scott's repertory ranged from show tunes to pop to rock to blues and jazz, all sung in an eclectic profusion. Of her performance, John Wilson, jazz critic of the New York Times wrote, "She can be a musical chameleon, but her changes are not just on the surface. Miss Scott has an unusual ability to get into her material, to find the right interpretive qualities, whether she's singing a ballad or a blues or making her piano jump."

BORN IN TRINIDAD

Born in Port of Spain, Trinidad, on June 11, 1920, Hazel Dorothy Scott was the child of an upper-middle-class professional family. Her father, R. Thomas Scott, had been a scholar in Liverpool before emigrating to the then British colony to teach English at St. Mary's College. Her mother, Alma Long Scott, was a talented musician and the daughter of an architect.

In 1924 the family moved to the United States, where Mr. Scott had secured another university position. They settled in Harlem, and Hazel began to show what a prodigy she was. In that year, the 4-year-old Hazel was reading, demonstrated that she had perfect pitch and was already playing the piano with confidence, occasionally improvising.

Her grandmother once told an interviewer that she had discovered Hazel alone in the parlor playing her own arrangements of the lullabies sung to her nightly, including "Rock-a-Bye-Baby" and "Gentle Jesus."

A few years later, Prof. Paul Wagner of the Juilliard School of Music was the first American artist to recognize young Hazel Scott. "I am in the presence of a genius," he said when she finished playing Rachmaninoff's "Prelude" for him at an audition. He immediately began teaching her himself when the school ruled that she was too young to enter.

TO BROADWAY AND HOLLYWOOD

On November 24, 1933, Miss Scott was presented in her first formal recital at the age of 13. When she was 14, her father died and her mother took a job as saxophonist in Mrs. Louis Armstrong's all-girl band. A few months later, Miss Scott's mother organized her own women's band. Hazel played the piano and the trumpet.

At 18, Miss Scott, by then a veteran road musician, appeared on Broadway in "Sing Out the News." The following year, 1939, she appeared at the New York World's Fair.

Soon she was off to Hollywood, where she appeared in numerous films, including "The George Gershwin Story." She returned to Broadway to appear in "Priorities of 1942." Of her performance, Brooks Atkinson, the Times drama critic, wrote: "She has the most incandescent personality of anyone in the show, and she is dressed and turned out to make the best possible use of it. There is not a dull spot in her number. Every moment counts as she intends it to."

Miss Scott was also a fighter for racial justice, and on September 14, 1950 she appeared before the House Committee on Un-American Activities to defend her appearances and performances at rallies and fund raisers for various groups and causes.

Miss Scott was wed in 1945 to Representative Adam Clayton Powell Jr., the Harlem politician and minister who became one of the most powerful Congressmen in the nation.

She is survived by their son, Adam Clayton Powell III, and two grandchildren.●

COMPOSITE CAUCUS

HON. THOMAS A. LUKEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. LUKEN. Mr. Speaker, I rise to announce the formation of a new caucus in this House. This caucus is inspired by our national pastime with special reference to the season just concluded.

The caucus is to be designated the "Composite Caucus," and the organizing Members are from the area surrounding Cincinnati and St. Louis.

This Congress has had occasion in the past, and the present, to look at organized sports from the viewpoint of the consumer, the fan.

The Composite Caucus is considering legislation to accomplish several purposes:

First. Name the Cincinnati Reds the Composite Champions of the National League—West.

Second. Name the St. Louis Cardinals as the Composite Champions of the National League—East.

Third. Outlaw split seasons in the future.

Fourth. Prohibit the "rewarding of incompetence" in any future season.

The Reds and the Cardinals have the best records in baseball, and are not in the playoffs. For that reason, our Members considered organizing a Fair Play Caucus, but decided on Composite because it sounds like compost, and that is what we think of the whole past season. The season reminds us of Bowie Bull, and the second half, from August to October was Bowie Ball. The whole thing was un-American and un-National.

And finally, the Congress should order the Reds and Cardinals to play in the real world's series.●

A BIRTHDAY WISH FOR A PATRIOT

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. LeBOUTILLIER. Mr. Speaker, on February 24, 1981, we marked, with mixed feelings of lament and hope, the 63d anniversary of the Independence of Estonia. Today, on October 6, 1981, I would like to take this opportunity to mark, with feelings of pride and admiration, the 80th anniversary of the birth of a very special resident of New York's Sixth District, Mr. Eduard Vallaste. Mr. Vallaste, a leader in the Estonian American community, is a patriot who has never given up the battle to regain the independence of his native Estonia from Soviet Communist domination.

On September 24 the New York-based, nationally distributed Estonian newspaper, Free Estonian Word, printed a tribute to Eduard Vallaste. Another Estonian patriot and resident of my district, Mr. Hans Kruusamagi, was kind enough to provide me with an English translation of that article which I am privileged to be able to reprint here:

Mr. Eduard Vallaste, a renowned journalist and newspaper editor, had to flee his native country of Estonia, a Baltic Republic, to escape being arrested and shot, as an Estonian patriot and anti-Communist, by the Soviets.

After the end of WWII, Mr. Vallaste was in the service of the British military government in a capacity as Commander of the Dispatched Persons Camp in Goettingen, West Germany, a university town and British occupation zone.

Arriving in the United States in 1949, and becoming a naturalized U.S. citizen, Mr. Vallaste was, for ten years, the editor of the

government-financed radio Estonian Voice of Freedom in New York.

In 1964, Mr. Vallaste was elected to the post of Secretary General on the Estonian American National Council and the Estonian World Council, based in New York, and is still working daily. At the same time he is the Estonian delegate to Baltic Liberation, Inc., a central organization of the Estonian war veterans associations, and a member of the boards of directors of some other Estonian central organizations.

Faithful to his journalistic profession, Mr. Vallaste is still writing a weekly column on domestic and international political topics in the newspaper, Free Estonian Word.

Mr. Speaker, Eduard Vallaste is a credit to the Estonian American community. But he is also much more. He is a man of undying patriotism. He is a man of abounding hope and courage. He is a man who will not yield his efforts in his dream of independence for his homeland. Eduard Vallaste is an example and an inspiration to us all.

I know that my colleagues will want to join me in wishing Eduard Vallaste a very happy and healthy 80th birthday and the realization of his dream with which to celebrate his 81st.●

DEAR MR. PRESIDENT

HON. WILLIAM J. COYNE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. WILLIAM J. COYNE. Mr. Speaker, recently, Albert W. Bloom, executive editor of the Jewish Chronicle of Pittsburgh, Pa., wrote an open letter to President Ronald Reagan. The letter was printed in the October 1, 1981, issue of the Chronicle. Because Mr. Bloom's article raises cogent questions about the proposed sale of arms to Saudi Arabia, I include the article at this point in the RECORD. I recommend that my colleagues read the letter to the President.

DEAR MR. PRESIDENT

(By Albert W. Bloom)

President RONALD REAGAN,
The White House, 1600 Pennsylvania Avenue, Washington, D.C.

DEAR MR. PRESIDENT: AWACS and Anti-semitism?

Please forgive me if I trouble you with a theoretical question which now may not be so theoretical when you are seeking practical answers to the pragmatic questions that beset our country.

Your courage, good humor, and good intent are an inspiration to America, even among those who disagree with some of your policies.

The economy, trillion-dollar deficit, budget cuts, budget-setting and budget-balancing, social security, bloated bureacracy, the creeping Soviet global glacier, the rebuilding of our national military posture all pretty formidable stuff making up the burden bundled onto the shoulders of one man in the White House while back at the ranch in California chopping wood is more exhilirating than dropping budgets. Our sympathies, sir.

So, you will excuse me if I respectfully suggest that some of the people around you might unwittingly, or witlessly, be feeding the fires of antisemitism on the Saudi AWACS deal by putting a wild or weird focus on the reasons for its impending failure.

In truth, the Saudi AWACS deal just won't fly for purely American reasons of prudent strategic interest.

Some Washington honchos are blaming, warning, and with veiled threats saying that Israel and the American Jewish Community will suffer untold discriminations if the Senate for reasons of its own, shoots down the Saudi AWACS.

How all the President's men could have foisted such a flawed bill of political goods (bads) on you is a head-shaking mystery, a political-military policy flop if ever there was one. But that is grist for the mill of another essay at another time.

Now I should like most respectfully to suggest that this issue is an American issue, a policy issue, our own country's issue.

Israel's security concern is very real but that is not the main issue today.

The supersecret AWACS technology that we would not give or sell to Britain or to our NATO allies in Europe we would hand over to a medieval Saudi regime that has openly flouted US Middle East policy—political, military, and economic?

Remember high-jacking-up the price of oil and the Saudis blocking our strategic oil reserves fillup to hinder our ability to protect the free world? Remember?

Such are spinoffs of the main issue.

The real issue is: Can a great America find peace and comfort in a policy of petro-appeasement of Saudi Arabia?

Is the latter-day variation on Chamberlain's umbrella to be a Saudi AWACS radar dish?

Is giving away our top-secret electronic-eye-in-the sky and air battle control technology to an unstable, unfriendly, feudal regime that could be knocked off and toppled tomorrow by internal enemies, or Soviet-surrogates, wise policy?

On the contrary, it is deadly and dangerous to us and to our to our natural allies in the area.

To allow anyone in the political-military-industrial complex in Washington to try to make it a mono-dimensional Israel-interest affair is demagoguery of the worst order, worthy of KKK or Goebbels-type mental misfits.

Don't let it happen, Mr. President.

Do not let them feed the consuming fires of anti-semitism by impugning the people and the motives against the giveaway of U.S. secret AWACS technology to slippery Saudia.

If we all don't look at this issue clearly it could harm the social fabric of America.

Don't let 'em say it is "Begin versus Reagan".

That is horrible in its stupidity the Hitlerian "Big Lie" still stirring evil amongst the decent world.

Even if that is not the intention, it does feed antisemitic feelings. There are still a lot of crazies out here, Mr. President.

As for Israel, of course they stand four-square on any danger to their security. Why not? AWACS in the hands of the "jihad" screaming Saudia is a danger to Israel's security.

Nor is a "joint control" compromise, with due respect to Sen. John Glenn, an answer. If Saudi AWACS eye-spy plane endangers Israel and someone decides to shoot it down, how shuddering that would be with our Americans on board the Saudian craft.

And what a setup for PLO terrorist plot to camouflage a plane to make it look like an Israeli craft, though it really be a radical mischief-making venture from Iran, Iraq, or Libya.

Remember the PLO is funded with Saudi oiled "protection" payoffs. In cahoots, they both can easily set up an "international incident" with PLO terrorists bombs planted in a Saudi AWACS with Americans aboard.

The grim possibilities are endless and dangerous.

Mr. President, we all want to make and keep America safe and strong. Do not allow the misguided petro-buck greedies or the Arabists of Foggy Bottom to splinter us.

If Scandinavia of Benelux protests U.S. neutron bomb or medium range missiles deployed in Europe, no one accuses them of "interfering" with or tripping up US policy. So why cannot Israel raise its voice about dangers to it even more vulnerable security without being demeaned or impugned?

Mr. President, in the interest of American fair play and decency, stop those who so demean and impugn honest differences at home or abroad.

Further, those who sneer at a so-called Jewish lobby impugn the American system where citizens are, and of right ought to be, free to speak out forcefully on national issues affecting us all.

Widespread Senate and House opposition to Saudi AWACS is a spectrum as varied as the individual legislators who rightly are concerned for real American security.

Remember back in 1975, Gen. David Jones, then Air Force Chief of Staff, now Chairman of the Joint Chiefs of Staff said: "The system I think is the greatest breakthrough in command and control in my entire military career is the AWACS . . . the central nervous system of our entire force structure."

What more need be said, Mr. President?

AWACS are already on patrol over Saudi Arabia. Keep them there under full American control.

Don't muddy the waters of US Middle East air security control by giving away top secret technology to a shaky regime that might not last out the decade, or even to the next election in USA.

Americans of all faiths, political parties, ethnic backgrounds, and patriotic postures are formed into the ranks of opposition to the Saudi AWACS giveaway.

Mr. President, please don't let the unwisdom of Saudi AWACS deplete us or divide us in America the Beautiful.

With deep respect and may you be "Inscribed in the Book of Life" for the liturgical New Year of 5742.

SHALOM PEACE.
THE EDITOR.●

PRESIDENT REAGAN'S LATEST BUDGET CUTS

HON. RONALD M. MOTTL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. MOTTL. Mr. Speaker, the President's latest fiscal year 1982 budget cuts, as outlined in the enclosures to his September 30, 1981, letter to you, have come to my attention. To

say I was shocked would be a gross understatement.

The Subcommittee on Hospitals and Health Care of the Committee on Veterans' Affairs, which I chair, has the responsibility to insure that quality and quantity medical services are rendered to veterans. The White House press secretary's office lulled me into a false sense of security for the veteran's medical program by the "Fact Sheet" it released on September 24, 1981, at the time of President Reagan's address to the Nation. After reviewing the enclosures to the President's September 30 letter to you, I must conclude that any similarity in the data in the "Fact Sheet" and the President's proposed additional cuts are purely accidental and fictional.

For the information of Members, the Committee on Veterans' Affairs recommeded a $441.2 million cut in outlays for veterans programs in fiscal year 1982 in lieu of the $830.9 million recommended by the administration on March 10, 1981. Now the administration is asking for an additional cut of $451.7 million over and above the $441.2 that was agreed to. Some $395.9 million of the latest proposed budget cuts would be in veterans' medical programs.

If you compare the current budget recommendations for fiscal year 1982 and the President's March 10, 1981, budget submission to the Congress for veterans' benefits, you will find a surprising similarity. Yet, this second round of budget cuts comes after an agreement had been reached with the administration prior to the House passage of the Omnibus Budget Reconciliation Act of 1981, Public Law 97-35. I, for one, have the uncomfortable feeling of having the rug pulled out from under me. Never have I seen an agreement go down the drain so fast and without any apparent discussion or thought going into the process.

In respect to veterans' benefits, Gramm-Latta II and the Jones budget for fiscal year 1982 were identical, and David Stockman assured us that our figures met with the approval of the administration. Now the administration comes to the Congress requesting practically the same cuts asked for last March. What kind of agreement is this? Does the deficit figure become so allusive that it fluctuates like the Dow-Jones index of leading stocks on the New York Stock Exchange?

Mr. Speaker, veterans' benefits are as much a part of national defense as a weapons system. How can we expect to get the young men and women of this Nation to serve in the Armed Forces when we renege on the promises made to them by a grateful country? You can be sure veterans will be loud in their condemnation if we fail to meet these commitments. It should not come as a surprise to anyone how such a failure would adversely affect the future manpower requirements of the Armed Forces.

I, for one, shall oppose any further reduction in veterans' benefits, and I urge all Members to examine the President's latest recommendations carefully and also reject them.●

JOSEPH VELTRI—MAN OF THE YEAR

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. SOLARZ. Mr. Speaker, I would like to bring to the attention of my colleagues the lifetime of outstanding work done by Mr. Joseph Veltri.

Since 1935, Mr. Veltri has served as an usher at Our Lady of Grace Roman Catholic Church in Brooklyn, N.Y. He has become a veritable institution in the parish. A man of kindness and compassion, Joe Veltri symbolizes through thought, word, and deed what it means to be a Christian and a good citizen.

On Saturday, October 20, Joe will be rightly honored for his decades of service. A dinner, hosted by Msgr. Dominick Sclafani and attended by hundreds of Joe's friends, relatives, and neighbors, will be a well-deserved tribute to this special man.

I look forward to joining my friends at Our Lady of Grace for this memorable event.●

IN HONOR OF PRESIDENT SADAT

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. BARNES. Mr. Speaker, if the unconfirmed reports that President Sadat has indeed been assassinated are true—and it seems they are—then the world has lost a statesman and the United States, a friend. President Sadat had the vision and the courage to bring peace to his country. He saw the future as one in which Arabs and Israelis could live together in the Middle East, peacefully, in harmony, working out their differences at the peace table, not on the battlefield. We hope that his legacy will not be lost and that the peace process he helped begin will continue.

Nevertheless, we have grave cause for concern. The Camp David accords are in their infancy. Peace between Israel and Egypt has yet to be institutionalized, and President Sadat's passing only reminds us again how precarious the political situation is in the Middle East. Indeed, it reminds us all how tenuous the peace we all enjoy might be.

Mr. Speaker, President Sadat's loss is tragic. We can only hope that the path he has established is one we will continue to follow. In his honor, let us reaffirm our commitment to his legacy: "the spirit of Camp David."●

FEDERAL GOVERNMENT SHOULD ABSORB COSTS INCURRED IN SAVINGS ALLOTMENT PROGRAM

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Ms. OAKAR. Mr. Speaker, today I am introducing legislation which will require the Federal Government to provide payroll deduction allotments under the savings allotment program at no cost to the Federal employee or to the recipient financial institution.

Payroll deductions have proved to be an effective and efficient means of encouraging savings for all citizens. It is a sure method by which they can contribute to an overall improvement in our economy, help stall inflation, and play a positive role in bringing down the exorbitant rates of interest we suffer from today. Congress should do all it possibly can to encourage thrift and savings. It is for this reason that my bill is extremely timely and on target.

Mr. Speaker, service charges for the processing of allotment checks are imposed only on savings allotments made under 31 U.S.C. 492(b) which requires that Federal agencies be reimbursed for the additional administrative costs incurred in processing savings allotments for Federal civilian employees by their recipient financial institutions. In other words, under current law, the Federal Government will absorb the administrative cost of sending one check to an employee's designated financial organization—that is, bank, savings bank, savings and loan association, or credit union—but the appropriate Federal agency must be reimbursed by the designated financial organization for any administrative costs incurred in processing additional savings allotment checks, which under current law is limited to two. My bill would simply delete the requirement that administrative costs be reimbursed by the financial organization, and it would require the Federal Government to absorb all administrative costs incurred in the savings allotment program. There is no doubt that the benefits to our economy as a whole as provided by this legislation will far outweigh any additional costs to the Government—which are minimal. The revenues received by the Government for savings accounts allotments averaged $1.67 million per year for fiscal year 1979 and fiscal year 1980. More-

over, it is a fact that most of the private sector now provides such services for their employees at no cost to the employees or to the financial institutions involved.

Under current law, only active and retired military personnel and Department of Defense civilians working overseas are now authorized to make allotments to financial institutions at no cost to them or to their recipient institutions.

Allotments for civilian employees of the Federal Government were permitted in 1961 (5 U.S.C. 5525). These allotments were limited to labor dues, charitable contributions, and taxes—at no charge to the employee. The program was expanded in 1965 by allowing Federal employees to have allotments sent to financial institutions—but it did not require the Government to impose fees for these services. It was not until 1968 that charges for sending allotments to designated institutions were established by the Department of the Treasury. Under 31 U.S.C. 492(b) as amended by Public Law 90-365, the Treasury Department was given the authority to establish charges for two additional allotments sent to financial institutions, excluding an allotment for an employee's regular paycheck—which has been and continues to be sent at no cost to the employee or the designated institution, since it is considered to be an entitlement to the employee. Incidentally, charges were imposed on extra allotments because it was feared that additional allotments might constitute an excessive expense for the Federal Government. However as late as May of last year, the Office of Personnel Management concluded otherwise and proposed a rule which would substantially liberalize the use of payroll allotment programs.

Despite the OPM's findings, the Department of Treasury, on May 22, 1981, published a notice of proposed rulemaking to increase the service charge for allotments of pay to savings accounts of Federal civilian employees. Under the proposal, service charges would increase from 6 cents to 12 cents for each individual payroll deduction and from 12 cents to 27 cents for each check sent to a financial organization.

Although the Treasury Department admitted that the savings allotment program had come far in promoting thrift among Federal employees, that participation by employees and financial organizations led to a steady growth in the program—which would not have been possible without the cooperation and interest that has been demonstrated by financial institutions, and that the proposed increase may impose an additional burden on financial institutions—and therefore, ultimately on the Federal employee; it, nonetheless, concluded that the law requires the recovery of processing costs. Mr. Speaker, how ironic it is that we in the Congress, on the one hand, enact legislation such as the all savers, individual retirement accounts, and other provisions contained in the recently passed Economic Recovery Tax Act of 1981, to encourage savings, and yet, on the other hand, we impose an impediment on our loyal Federal employees who want to save by requiring the Federal Government to charge the employee or the designated financial institution the cost of processing the savings allotment. It simply does not make any sense and my bill corrects this inequity.

Mr. Speaker, it is also a fact that agency costs for administering the allotment program have declined since charges were first imposed in 1968 through the development of more sophisticated electronic delivery systems; it is also a fact, as noted earlier, that most private sector businesses provide allotment benefits cost free to their employees. It is time for the Federal Government to follow the lead of the private sector and provide cost-free allotment benefits to all Federal employees, the cost of which is minimal to the Federal Treasury and at the same time a painless way to fight inflation.

Mr. Speaker, I am proud to announce that my bill has the full support of the Credit Union National Association (CUNA), the Defense Credit Union Council (DCUC), the National Association of Federal Credit Unions (NAFCU), and other financial organizations interested in thrift and savings for the Federal employee and for all Americans.●

BONA FESTE CELEBRATION IN EASTON, PA.

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. RITTER. Mr. Speaker, in a few days, the Nation will pause to mark Columbus Day, the holiday set aside to honor the brilliant Italian explorer whose diligence and commitment to an idea led to the colonization of the Western Hemisphere. It is also the time when we honor the many fine contributions to our Nation and our national culture by Italian Americans throughout the 50 States.

In my own community, Pennsylvania's Lehigh Valley, it is the time of the annual Bona Feste celebration organized by a long list of Italian-American ethnic organizations in Easton and Northampton County.

Mr. Speaker, this is the first year in some time that I will not be present at this celebration. I regret deeply that congressional duties will keep me away.

But my regret at not being able to be present in no way diminishes my esteem for the organizers of this annual event and for the many Italian Americans who live in Easton and throughout the Lehigh Valley. In a region of Pennsylvania known for its strong ethnic ties, the Lehigh Valley Italian-American community can be especially proud of its achievements and of its efforts to keep Italian culture alive in the United States.

The Bona Feste, in particular, is known far and wide as a celebration at which everyone can be Italian. Held in Easton's Center Square, it is a day-long event that features Italian food and music and underscores the contributions of Italian Americans to the richness of life in the Lehigh Valley.

Mr. Speaker, I know my colleagues will want to join me in wishing the Easton-Northampton County Columbus Organization, Inc., well on the occasion of this year's Bona Feste, being held Saturday, October 10. I know, too, they will want to congratulate the organizers of this event for being involved in such a worthwhile project. And most of all, Mr. Speaker, I know my colleagues will want to join me in saying "Bona Fortuna" to the entire Lehigh Valley Italian-American community as we mark Columbus Day, 1981.●

REAGANOMICS—THE CHALLENGE TO THE PRIVATE SECTOR

HON. BRIAN J. DONNELLY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. DONNELLY. Mr. Speaker, I wish to share with my colleagues a column from the Council Reports, the monthly publication of the New England Council, Inc. This column was reprinted in the Boston Herald American of September 22, 1981.

The Column follows:

REAGANOMICS—THE CHALLENGE TO THE PRIVATE SECTOR

(By Congressman BRIAN J. DONNELLY)

In less than eight months, the entire federal government has changed course. The tax code has been redesigned to promote capital formation, investment, and research and development. Government spending is being cut back sharply and few proposals for extending new government benefits are likely to get serious consideration. Regulators are now talking about growth and development with the same verve once reserved for talk about protecting the environment and the consumer from the effects of unchecked growth and development.

In short, the government has adopted the program advocated by the business community for improving the quality of life in the United States.

THE ONE QUESTION YET TO BE ANSWERED IS: WILL IT WORK?

Senate Republican leader Howard Baker has publicly labelled the tax program "a riverboat gamble." Other prominent supporters of the new economic order, in and out of government, privately express similiar doubts about the entire program.

The business community cannot content itself to celebrate the political victories of 1981. It must now prove to Congress and to the country that its program can and will work. If it does not, the political victories will be reversed, and more importantly, the nation will suffer.

If the program is to work, the private sector will have to demonstrate that it is far more adept than the government at providing for the needs of the country that were identified and addressed by Washington in the 60's and 70's.

Jobs must be created and training must be readily available for those who lack skills or whose skills are no longer in demand. The CETA jobs program has been wiped out, but the people it was designed to serve remain.

The cost of higher education continues to rise, but fewer families will qualify for federally backed loans and grants. Our nation's social and economic strength demands a well-educated populace.

The elderly and the poor—too often the same—still require safe and healthful and affordable housing. The federal commitment to subsidized housing is being sharply cut back, though again, the need remains.

The new heads of the Environmental Protection Agency and the Interior Department have expressed an increased sensitivity to the costs of regulation and the need for business development. This does not mean Americans cherish any less our beautiful and fruitful environment.

The federal government is winding down its support for public broadcasting and for the arts and humanities. This decision represents government austerity, not national philistinism.

Most importantly, the government is reducing the share of individual and corporate earnings that it takes in taxes to support public purposes. This is most especially the case among individuals with the highest incomes.

The advocates of this tax program promised the money left in the hands of the taxpayers would not be used for inflation-generating consumer spending. Instead, they claimed it would be used for more productive and socially useful purposes through savings and investment. The health and growth of our economy is depending on it.

A large burden has been shifted from the government to the private sector—to business people as individuals, as investors, as corporate executives and directors. Now it has become largely your responsibility to generate economic growth, restrain inflationary pressures, and promote general welfare. It is no small challenge.●

SHOCKING NEWS NO LONGER SHOCKING

HON. RON de LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. DE LUGO. Mr. Speaker, you have to wonder when it is all going to stop.

This morning I awoke to the no-longer-shocking news that yet another world leader had been the target of an assassination attempt. There, in the comfort of my living room, interspersed between the highlights of the Atlanta-Philadelphia football game and a feature story on the AWACS sale to Saudi Arabia, I suddenly heard that all-too-familiar warning: "We interrupt this program for a special announcement."

As we all know by now, Egyptian President Anwar Sadat was the subject of that announcement. While viewing a military parade in the city of Cairo, a band of terrorists suddenly opened fire upon his reviewing stand. And, unlike the more fortunate likes of President Reagan and Pope John Paul II, President Sadat did not survive the attack.

Some will say it is ironic that this prince of peace, who devoted most of his life to seeking a nonviolent solution to the crisis in the Middle East, should die in such a violent manner. On the other hand, such incidents seem to be the norm. We need only recall the likes of Mohandas Gandhi, Martin Luther King, Jr., and Bobby Kennedy, to remember that advocates of peace are, unfortunately, at the mercy of those who condone violence. We can only pray that the prophets of peace are not deterred in the future.

Mr. Speaker, I could spend this time citing the accomplishments of Anwar Sadat, but that is not necessary. Suffice it to say that he was indeed a "great" man who will be missed by people throughout the world.

I wanted to use this time to express my frustration and despair. When President John Kennedy was killed in 1963 our hearts stopped. Over the years, however, we've become numb to such tragedies. Now, our hearts rarely skip a beat when those "Special Bulletins" interrupt our day. It is this acceptance of violence as the normal course of things that distresses me and it makes me wonder what the future holds for mankind.●

NATIONAL AMBIENT AIR QUALITY STANDARDS

HON. CLEVE BENEDICT

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. BENEDICT. Mr. Speaker, last week I submitted comments stating my position on the Clean Air Act and indicated the need for action by my colleagues on this important issue. Today I would like to follow up on those remarks with an assessment of the Clean Air Act relating to national ambient air quality standards (NAAQS).

There is no doubt that these federally established baselines for nonhazardous pollutants form the backbone of the entire stationary source control program. Through this structure, ambient air quality in this country has been measured, resulting in the classification of nonattainment areas—subject to the requirements under Part D: Nonattainment, of the act—where air standards are not being met and attainment areas—subject to Part C: Prevention of Significant Deterioration, of the act—where air standards are being met.

The initial step in establishing a national ambient air quality standard is the development and publication of criteria documents. These documents are an encyclopedic compilation of information on a specific pollutant and have been compiled for seven pollutants to date.

EPA has been criticized for not using the best scientific information to set NAAQS. This is certainly a valid criticism in light of the fact that EPA has not had to evaluate the quality of the material it reviews or assess the validity of the scientific technique used to obtain this material. EPA's own ongoing reappraisal of the scientific basis for the present ambient standards indicates that much of the evidence of adverse health effects relied upon in 1971 is either flawed or uncomfirmed by later studies. Furthermore, previous EPA Administrators have used the information in the criteria documents selectively when setting standards. As a result, there is no guarantee now that the standards are appropriate to public health and welfare needs.

In an attempt to correct this situation, the 1977 Clean Air Act amendments created the Clean Air Scientific Advisory Committee (CASAC) to assist the Administrator in developing criteria documents. CASAC presently serves as an advisory committee, appointed by the EPA Administrator. This group has no legal authority, however, and EPA continues to set standards which are not based in all instances on the best scientific information available for public or juducial review.

H.R. 3471 contains sound proposals to overcome these shortcomings and make the Clean Air Act a more effective instrument in helping to reach our objective of a healthful environment.

In the process of reviewing scientific studies, CASAC will have the authority to question the validity and scientific acceptability of the design, methodology, analytical techniques, results, and reported conclusions of all essential studies. EPA will continue to devise and administer the review process. No air quality criteria will be issued in final form without the prior approval of CASAC.

To enhance the independent nature of CASAC, membership will be ex-

panded to include nine members. This new membership should include at a minimum one member each appointed by the head of the National Institutes of Health, the National Academy of Sciences, the National Bureau of Standards, and the Surgeon General.

Utilizing this framework, EPA will be required to revise existing NAAQS, both primary and secondary, within 3 years of enactment of Clean Air Act amendments. Standards then will be subject to review every 10 years thereafter.

These and other changes are essential to a continuation of progress toward cleaner air and economic growth. The facts are clear and there is no longer any justification for maintaining an inefficient and detrimental regulatory structure when the means for improvement are at hand. Again, I urge my colleagues to seriously consider the implications of further inaction on the Clean Air Act.●

PERSONAL EXPLANATION

HON. DAN COATS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. COATS. Mr. Speaker, due to family illness I was unavoidably absent from the House floor during two votes on Friday, October 2, 1981.

On rollcall No. 234, the motion to approve the Journal of Thursday's proceedings, I would have voted "aye." On rollcall No. 235, adoption of the rule providing for the consideration of H.R. 3603, the Agriculture and Food Act of 1981, I would have voted "aye."●

MAYOR LUCILLE J. REED

HON. MARY ROSE OAKAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Ms. OAKAR. Mr. Speaker, one of Cuyahoga County's finest public servants has announced her retirement after 20 years of forceful, unselfish public service. Mayor Lucille Reed of Bedford Heights, Ohio, has been an outstanding Democrat and a role model for women throughout the country. We know that her retirement will continue to be a creative experience for her. From all of the people of the 20th District of Ohio, we say, "Well done, Your Honor."

The following is an article which appeared recently in the Bedford Times-Register which mirrors her illustrious career.

[From the Bedford Times-Register, July 23, 1981]

AND AFTER 20 YEARS, LUCILLE RESTED

(By Bradley Neckar)

"Somebody should be in there on the people's side." It was this philosophy towards government that caused Lucille J. Reed to enter the male-dominated world of politics as a councilwoman in 1962. She has carried that ideal throughout a 20 year political career that will earn her a formidable niche in the history of the city of Bedford Heights.

Mayor Reed's recent announcement of her impending retirement almost instinctively forces one to reflect back over her two terms as a councilwoman and eight terms as mayor.

An entire generation of young Bedford Heights residents were raised during the political tenure of Lucille Reed. That generation and the one that voted her into the mayor's office eight times will remember a central figure dominating the body politic of Bedford Heights.

Mayor Reed has had her share of detractors and controversies but also a goodly number of successes. As time weaves its way those controversies and the opinions of her detractors will mellow. Maybe then, they will agree with Reed's contention that she, with the cooperation of her friends and coworkers, "helped to build a city."

Reed was born April 29, 1926, as the first of eight children of Mr. and Mrs. Sam Barbato. Her father co-founded and headed the Order Sons of Italy for 15 years. Reed says that she has always been extremely competitive and interested in politics. As a resident of Maple Heights and then Bedford Heights, she was an active volunteer in political campaigns.

It was the issue of spot rezoning that intensified Reed's political participation. A series of apartments was slated to be built near Reed's neighborhood. She and others went to protest the rezoning but their efforts were in vain. Her disagreement with the idea of spot rezoning would carry over to her early administrations as mayor. Now Reed confidently reports that her administration has "stopped all spot rezoning" in the city.

Her first defeat with the powers that be did dissuade her from running and winning a council seat in 1962. Her successful last minute campaign would never have occurred had not two confident councilmen announced their lack of opposition to the then "citizen Reed."

After two terms as council-woman, Reed made her bid for mayor, taking office in January of 1966.

Within her 16 years of public service as mayor, Reed enumerates several accomplishments that give her the greatest sense of satisfaction. The first is the Lucille Reed Municipal Park. The land, a ravine, was purchased by Reed for one dollar. The Mayor helped design the park and persuaded area businessmen to donate to the project.

The designing and building of the new city hall is the second charm in Reed's administrative bracelet. Critics call it a fortress, a designation Reed half-heartedly admits to. However that does not diminish her pride in the building. She feels people can "sense a woman's touch" with the interior design.

The third aspect of her years as mayor that has special significance to her is the people. The people she has worked with. The people she has served. "I will miss the people I worked with," says Reed. "I didn't do it by myself, it took cooperation."

"One person does not build a mountain."

Mayor Reed feels confident that now is the time to step down. The recent passage of the increase in the city income tax allowed her the security of leaving office knowing the "the city is solvent." "If the tax issue had failed, I would have run again," states Reed. She foresees no financial problems for future administrations. The city can continue to "keep its fine city services," says Reed. Reed estimates that if a citizen utilizes all of the city services available, they can "save $220 to $250 a year."

Reed does not see herself politically active after retirement. "I am willing to give advice if asked but I will not poke my nose into other administrations."

As for her successor, Mayor Reed has already endorsed Councilman Rogert Furlong. She feels they both share much the same philosophy toward public service. She cites his credentials and his compassion for people. Consequently, Reed is "pretty positive" that Furlong will be the next mayor.

Reed summarized her career as one of a small minority of female mayors by saying that she is "very honored to have served eight terms and be part of the history of this country." "I've been lucky," says Reed. "I have good health, a good husband, family, and fantastic friends."●

SOCIAL SECURITY AS A CONTRIBUTORY PENSION

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. HUBBARD. Mr. Speaker, as the debate over the financial status of the social security system continues, James H. Wathen of 31 Comer Drive, Madisonville, Ky., a city that I represent in Congress, has written me urging that social security should be made solely a contributory pension. I feel Mr. Wathen's letter is one which should be shared with my colleagues and I wish to do so at this time. The letter follows:

DEAR REPRESENTATIVE HUBBARD: Much has been said about the possibility of the Social Security system going broke. The debate has led to the ideas of raising retirement age, of cutting benefits like cost of living increases or other such measures. It seems to me that these remedies miss the point.

Social Security was written into law as a form of contributory pension. But over the years, Congress has appended to that statute a series of entitlements which include medical benefits, aid to student survivors of prematurely deceased wage earners, alcohol and drug treatment centers, etc.

As a concerned citizen and member of "Citizen's Choice", I would like to offer the solution to the problem. Make Social Security a contributory pension period! Take away the entitlements and subject them to annual review and fund them outside of the Social Security system.

As an Insurance Agent, I can guarantee that $1,000/year contribution from age 30 to age 65 at 3½% interest will yield $64,867.15 or $421.64/monthly for life. Imagine what insurance companies could do

with the income from Social Security each year as pure pension. Most people contribute more than $1,000 and interest rates on loans to the government would yield more than 10% (not 3½%).

Also, there is another area to attack. Federal employees do not participate in Social Security. They retire on more income than Social Security would provide. Then, they may qualify for Social Security benefits in addition to their pension. They should be unable to draw both.

It is my opinion that some graduated means of participation in the Social Security system by federal employees should be implemented. Since they are half the work force, wouldn't that give the system some immediate relief?

Sincerely,

JAMES H. WATHEN.●

NATIONAL END HANDGUN VIOLENCE WEEK

HON. MARTY RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. RUSSO. Mr. Speaker, today we are introducing a resolution that would designate October 25, 1981, to October 31, 1981, as National End Handgun Violence Week.

The main instrument of murder in this country is the handgun. It is a simple truth, a fact. Everyone in this room knows it and the American people know it. And yet the opponents of gun control legislation remain victorious. It is time to marshal and get the people to join with us. That is what this week is about—a nationwide effort to focus attention on the brutal and senseless deaths and to say, "No more."

I am pleased that today we are introducing legislation to designate National End Handgun Violence Week and to authorize the President of the United States to issue a proclamation calling on the people of the United States to observe this week with appropriate activities. This is a bipartisan resolution and reflects the support and recognition of the importance of national attention to the problem of handgun violence.

During my time with the States attorney office in Chicago, I had the opportunity to work with law enforcement officials, and their overwhelming opinion was that we need some form of gun control. The polls, the mail that comes into my offices, my conversations with the people back home, all indicate the support for limiting this instrument of death. What is missing? Maybe the problem is that too many people accept a view of our country as violent and are almost resigned to it, helpless in the face of the random violence. We are not helpless. Let us say that loudly the week of October 25, 1981, to October 31, 1981. As a country we have to start dealing with the violence in our culture, whether it is directed at the President of the United States or the corner grocer.

I am asking my colleagues to support the National End Handgun Violence Week, Thank you.●

AUDUBON ENERGY PLAN IS PRACTICAL PROPOSAL FOR U.S. ENERGY MIX BY THE YEAR 2000

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. MARKEY. Mr. Speaker, I have the privilege to urge my colleagues to read a recent speech by a distinguished American, Dr. M. Rupert Cutler, the senior vice president of the National Audubon Society. Dr. Cutler, who served from 1977 to 1980 as Assistant Secretary of Agriculture for Conservation, Research, and Education, was addressing the subject of energy and the environment. The conference on the economic future of the Central Gulf South was sponsored by the University of New Orleans College of Business Administration on September 4, 1981.

I believe that the Audubon energy plan, about which Dr. Cutler spoke, is a practical proposal for assuring ourselves of ample energy supplies by the year 2000 without sacrificing environmental quality. This plan envisions a much more limited role for nuclear power than the U.S. Department of Energy and the nuclear industry have proposed. Instead, nuclear power is presented as a temporary expedient during the transition to renewable and safe energy sources that will be completed early in the next century. The Audubon projection for nuclear power is based on the continuation of the present de facto moratorium on new reactor construction. Further, it assumes that only two-thirds of those reactors now under construction will be completed.

Dr. Cutler's speech follows:

AUDUBON'S ENERGY PLAN PROVIDES ENERGY WHILE PROTECTING THE ENVIRONMENT

There's a maxim in the Environmental Movement that goes like this: In the long run there can't be a healthy economy unless there is a healthy environment to support it. Sometimes, when people express objections about the high cost of pollution controls, we put it as a question: What will the cost be if we don't clean up? How much will pollution cost the nation in added health expenses * * * property damage * * * destruction of farmland, grazing lands, and fisheries * * * squandered resources?

Environmental protection is not a rival interest competing with economic programs; it is a vital underpinning of the economy.

Of course, it works both ways. Without a healthy economy we can neither enjoy nor protect our environment. Our food may come from soil, sun, and rain—but it is delivered to us by barges, trains and trucks, and we pay for it with money that comes from a complex economic system. Economic disaster could leave us just as hungry as environmental disaster could. What the Central Gulf South and the rest of the nation must strive for is a wise balance between the interdependent needs of both sides of the equation.

To bring those sweeping generalizations down to more useful specifics, I'd like to tell you briefly about two things my organization, the National Audubon Society, has been working on. One is an innovative technology for meeting future energy needs. The other is a campaign to convince the nation that the Reagan administration has adopted a dangerously retrogressive environmental policy in the misguided belief it will help the economy.

First, the Audubon Energy Plan.

We have drawn up an energy plan which we believe could save the United States hundreds of billions of dollars during the next decade—yes, I said hundreds of billions of dollars—and could also stave off threatened destruction of the environment. Before you dismiss this claim as the impractical dream of some environmentalist do-gooders off in their ivory tower, I ask you to hear me out. We are not advocating a secret plan nobody else has thought of. We are recommending an approach that is shared by a large body of scientific, government, business, and academic leaders around the world. What's more, it is an approach that is already being used by substantial numbers of business leaders and private citizens in this country.

To put our plan in proper context, I must first remind you that energy is one of the overriding environmental concerns of our era. During the two centuries since the Industrial Revolution, the procurement, transportation, and use of wood, coal, and oil to fuel our economy has had a devastating effect on our natural environment and on the health of plants, animals, and people. Most of the pollutants that foul our air come from the production or use of energy: carbon monoxide, sulfur and nitrogen oxides, acid rain, hydrocarbons, coal dust, and particulates. Strip-mining has ripped up fertile lands, marred scenic beauty, and poisoned streams and rivers. Oil spills have smeared coastlines.

An August 28 article in Science reports on the latest findings on the so-called "greenhouse" effect—the trend toward a warmer climate that apparently is due in large part to an increasing level of carbon dioxide in our atmosphere, carbon dioxide released as we burn coal, wood, gas, oil, and gasoline. The heat rise is very slow, but there is evidence that within the next century this effect of burning fossil fuels will be enough to melt part of the Antarctic ice cap, which—among other things—could raise the level of the sea by 15 to 20 feet and flood 25 percent of Louisiana and Florida. This isn't a scare story from "Kooks for the Environment." It is a respected study by scientists of the Goddard Spaceflight Center of the National Atmospheric and Oceanic Administration.

No organization concerned with environmental quality can ignore the energy question. Two years ago we started expanding our science division, and our first major environmental policy study—it took a year to complete—was on energy. We collected facts and figures from all available sources, including oil companies, government agencies, and university research teams. We costed out the alternatives, and came to the following conclusion:

A combination of energy conservation and solar power would cost far less, promote a healthier economy, do more to strengthen national security, and do much less damage to the environment than an all-out effort to produce more oil, nuclear power, and synthetic fuels.

I want to stress that when we talk about energy conservation we don't mean scrimping and lowering the standard of living. We are talking about using available energy sources more efficiently. We contend that by shifting to technologies that are more energy-efficient, this country could be producing 50 to 80 percent more goods and services in the year 2000 than it is producing now without any increase over present energy consumption.

Efficiency is good business. The higher the cost of conventional fuels rises, the more money can be saved by using fuel efficiently. As I said earlier, large numbers of people are already practicing what we are preaching: Homeowners are insulating, drivers are buying more gasoline-efficient automobiles, industries are adopting fuel-saving measures.

The results have been astonishing. In August of 1979 this country was importing about 8.5 million barrels of oil a day. Last month the figure was 5.2 million. That is a drop of almost 40 percent in two years. It also means our annual payments to foreign producers have decreased by about $40 billion dollars—$40 billion dollars a year that is no longer being lost to the U.S. economy. And militarily we have become much less vulnerable. That's what conservation can do.

Speaking of rising costs, I haven't mentioned the cost of nuclear power. A flagrant example of the disappointment that has followed the dream of cheap, safe nuclear power is the partially completed Nine Mile 2 plant beside Lake Ontario in northern New York State. It was originally expected to cost $450 million and to be ready in 1977. It is still unfinished and the cost, it is now estimated, may run as high as $5.6 billion. The industry has often blamed environmentalists and the government red tape for many of its problems, but it hardly would be reasonable to contend those factors could account for a cost overrun of 1,450 percent.

The other half of the Audubon Energy Plan is solar power. Or perhaps I should refer to it as "renewable" energy sources, since we are including indirect solar sources such as wind and water power, and biomass—conversion of plant material into energy in such ways as burning waste wood in the timber industry or turning plant material into alcohol to mix with gasoline and for other energy uses.

Our plan sets realistic goals. Although we favor an eventual phase-out of nuclear power, we do not see any possibility of closing down existing nuclear plants or those under construction: our figures are based on an increase in nuclear power—from 4 to 8 percent of total energy supply—in the next 20 years. We also see no realistic alternative to substantial use of coal in the years immediately ahead, despite the threats it holds for the environment. Likewise, we recognize that there can be pitfalls to wise use of renewable energy sources. Biomass, for example, is a source that could be abused; we have been conservative in our projections. By the year 2000, under our program, 25 percent of the nation's energy supply would come from renewable sources (hydropower and biomass are already supplying 7 percent), 28 percent would come from coal, 39 percent from oil and gas, and, as I mentioned a moment ago, 8 percent from nuclear plants.

The environmental advantages of moving toward increased reliance on renewable energy sources are obvious. The financial advantages may not be. It would cost huge amounts of money to rebuild, retool and replan for the program we propose. Roughly speaking, our plan calls for an investment of $700 billions in energy-efficient buildings, machines, and technologies over the next two decades, plus another $600 billion in renewable energy technologies like biomass, heat collectors, windpower, and photovoltaics for direct conversion of sunlight into electricity.

But the cost of the alternative is far greater. The nation's total energy bill for last year alone was $350 billion. That's five times greater than the yearly cost of the investments required under the Audubon Plan. Reliance on domestic, imported, and synthetic oil could run into the trillions of dollars by the year 2000.

We believe conservation and solar power are the paths to the wisest balance between the needs of the economy and the environment. We believe the rising price of conventional fuels will continue to encourage this path through the play of the free market. But we believe that, in addition, the government should be encouraging and aiding this course.

This brings me to my second point, our campaign to counter this Administration's environmental policies.

A year ago, when Ronald Reagan was campaigning for the Presidency, a major plank in his platform was that the pendulum had swung too far. The powers of big government were out of balance with the powers of state and local government, he said, and bureaucracy and red tape were out of balance with the workings of the free market.

I hope that is a fair paraphrase. I am not taking issue with the President's campaign stand. Like millions of other voters, I agreed that our federal laws and procedures could stand improvement, and I include the environmental protection laws in that statement. My quarrel with the Administration concerns what has been happening to the nation's environmental protection laws since Election Day.

The pendulum has already swung back well past dead center. It is swinging on back toward the Harding and Coolidge era of more than half a century ago when the business of America was business—when the nation believed that if government would just leave business alone, prosperity would follow.

That era—which to some extent was a pendulum swing away from the conservation and anti-trust policies of Teddy Roosevelt—ended in the Great Depression. Then the pendulum started swinging toward environmental protection again. During the next few decades there were major advances in soil conservation and expansion of the national park and national wildlife refuge systems. More recently, as a combination of continued population growth and technological developments have brought new threats to the environment, the Nixon, Ford, and Carter Administrations introduced federal programs to control air and water pollution, to require reclamation of land torn up by strip-mining, protect our wetlands and coastal zones, and—perhaps most important—to establish the Environmental Protection Agency and the Council on Environmental Quality to help the federal government find its way to a sound balance between environmental and economic policies.

Let's take a quick look at what has been happening to some of those agencies and programs under the present Administration.

At CEQ, virtually the entire staff was fired and was replaced by a staff and budget less than one third the size it was when my boss—Russell Peterson, president of the National Audubon Society—was chairman of CEQ during the Nixon and Ford Administrations.

At EPA, the enforcement division has been disbanded and its personnel assigned to providing "technical assistance" to state enforcement efforts. Most of the top appointive posts at EPA, an agency with a highly technical orientation, have been filled by attorneys who have represented corporations in legal actions against EPA rulings and regulations. The administrator herself, while a Colorado legislator, joined in a law suit to block Clean Air Act rulings by EPA in her state.

My successor as Assistant Secretary of Agriculture in charge of the Forest Service wants to raise the annual cut of timber in the National forests to double the amount recommended by the professionals of the Forest Service. And his ultimate goal is to triple the cut.

The newly launched program to save the nation's coastal wetlands has been all but destroyed by budget cuts.

The inspection and enforcement staff of the Office of Surface Mining is being reduced to less than one third of its previous strength. Again, a critic of the act has been appointed to administer the program.

Interior Secretary Watt proposes to make 200 million acres per year available for offshore oil and gas development—five times greater than the total amount leased over the last 40 years and far more than can be developed in an orderly way or supervised effectively.

The Administration has revoked the order that public buildings be heated only up to 65 degrees in winter and air conditioners be set no lower than 78 in summer—an order that accomplished real savings as well as helping to spread a conservation message.

The Administration has backed legislation that would in effect call off any further Forest Service wilderness reviews and discourage Congress from adding more Forest Service lands to the National Wilderness Preservation System.

The Administration, from the top down, has given encouragement to the goals of the Sagebrush Rebellion, the purpose of which is to wrest the public lands of the West away from the federal government and open them more widely to grazing, oil and mineral developments, and timbering—if not to turn them over to private ownership altogether.

Secretary Watt would like to divest his department of the urban park program that was instituted during the Nixon Administration to bring the parks closer to where the people are.

The Department of Energy is cutting the budget for energy conservation and solar energy programs by 77 percent, while increasing nuclear power subsidies by 35 percent—the path directly opposite to the one recommended in the Audubon Energy Plan.

I could go on, but these examples should suffice. There is no way such a record can be construed as an evenhanded attempt to balance economic needs with environmental

ones. Clearly, this Administration believes the economy is more important than the environment.

On this issue, the President is dead wrong. Neither is "more important" than the other. The two are interdependent and cannot be separated. We can't have a healthy economy without a healthy environment.●

TRIBUTE TO HELP THE HANDICAPPED

HON. HAL DAUB

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. DAUB. Mr. Speaker, as the International Year of Disabled Persons enters its last quarter and as we observe Employ the Handicapped Week, I rise today in tribute to those in the State of Nebraska who have selflessly dedicated their time and talents to this important cause.

Through a comprehensive program of films, lectures, workshops, school contests, and conferences, the Nebraska Commission on the International Year of Disabled Persons has been a leader in raising public consciousness and awareness of the potential of disabled persons. Transportation is being made accessible, recreation areas are being adapted, and employment opportunities are being accelerated.

Community, civic, and business efforts are also meeting with success. For example, the Telephone Pioneers, a group of employees at Northwestern Bell in Omaha, have developed the "Beep Ball"—an invention that enables the blind to play softball. Further, they have built a running track for blind children with wires stretched taut along the running lanes that allow the blind runner to follow the track. Creative achievements such as these are not limited to recreational purposes.

Parallel accomplishments in the business environment have opened up new opportunities for the disabled, and this points to the most important challenge before us—to bring the disabled fully into the American economic mainstream.

Many enlightened businessmen and women have learned that hiring the handicapped is not an exercise in charity but rather a wise business decision. Removing workplace barriers—whether they be physical or psychological—not only gives the disabled individual access to new employment opportunities but also gives the employer access to a previously untapped source of workers. With severe shortages of skilled workers projected for the mid-eighties and with a working population that by 1990 will increase its average age by 20 percent, companies that have implemented a policy of hiring the disabled and adapting their workplaces will be better prepared for these developments than their competitors.

Allowing each of our citizens to develop their full potential allows our Nation to develop to its full potential, and this is surely a goal that we all share. I urge all Americans, including my fellow Nebraskans, to support the long-term goals developed jointly by the U.S. Council for the International Year of Disabled Persons and the U.S. Government's Federal Interagency Committee for the International Year of Disabled Persons which calls for: Expanded educational opportunity; improved access to housing, buildings, and transportation; greater opportunity for employment; greater participation in recreational, social, and cultural activities; expanded and strengthened rehabilitation progams and facilities; purposeful application of biomedical research aimed at conquering major disabling conditions; reduction in the incidence of disability through accident and disease prevention; increased application of technology to ameliorate the effects of disability; and expanded international exchange of information and experience to benefit all disabled persons.

With 1,850 communities, 330 national organizations, all 55 Governors of States and territories, and 270 corporations joined in a partnership of pursuing this nine-point program of the International Year of Disabled Persons this year, I urge all Americans to continue this mission well beyond the end of this year. I commend those in my home State of Nebraska who have long recognized this effort and who have worked to advance the rights and the dignity of the disabled. In the words of Eleanor Roosevelt, "Universal human rights begin in small places, close to home—so close that they cannot be seen on any maps of the world." The International Year of the Disabled Persons has offered an opportune time to bring the needs and feelings of those who are disabled to the public's awareness and I am certainly proud of those in my State who are dedicated to these efforts.●

TURNAROUND TAKES TIME

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. BEREUTER. Mr. Speaker, I read a recent editorial in the York News-Times that I would like to share with my colleagues.

It reaffirms a point I have been making. Our economic problems did not occur overnight, and they will not be cured overnight.

Let us give the President's economic recovery plan a chance. If further changes are necessary, let us be deliberate and cautious in our actions.

I ask permission to have the editorial reprinted as follows:

[From York News-Times, Sept. 25, 1981]

OPINION: TURNAROUND TAKES TIME

Whether or not President Reagan's appeal to the nation for support of his economic recovery plan will succeed is almost immaterial, since it's up to a somewhat less than public-conscious Congress which will do the actual deciding.

Democrats in particular and the news media in general have been giving President Reagan a bum rap, because the budget problems he now has aren't of his doing but rather those of his predecessor, James Earl Carter. President Reagan's actual first budget doesn't start until the 1982 fiscal year which will begin Thursday.

Apparently most of the nation felt that as soon as President Reagan was inaugurated, the economy would make a turnaround. Given the fact of a paranoid stock market that can be influenced by such egotistical, power-mad and weird characters as Joseph Granville, it was obvious some time ago that the economy would take time to make a recovery.

Just as a seriously ill patient doesn't get out of a hospital bed and go home the day after receiving a life-saving dose of medicine, neither will our economy climb to dizzying heights of prosperity based on the simple fact a different president was put into office.

President Reagan has been in office less than three-quarters of a year and has had to work with a deficit-ridden budget of his predecessor and yet support for his economy recovery plan is waning. Certainly there can be no one in the nation with any intelligence who expected we would go from a near-depression to prosperity in nine months. If anyone did think that, they are awfully optimistic or pretty stupid.

Democrats against any part of an economic recovery plan seem to dwell mostly on the fact several hundred thousand governmental workers are going to get the axe. That's tough. The Democrats are responsible for the burgeoning federal payroll, padding it with millions of workers who are unneeded and unwanted. Now that the deadwood is being cleaned out, some of the northeastern states' Democratic congressional representatives are starting to cry for their constituents.

Had there been any fiscal responsibility shown prior to the inauguration of President Reagan by the then in-power party, we would likely not be in the fiscal mess that we now are.

It is, in fact, impossible to remedy in a year or even two or three years what the fiscally irresponsible ruling party has accomplished over a period of two decades.

The president needs to be given the chance to see if his economic recovery plan can work. Give him two or three years. After all, we gave the Democrats more than 20 years and look how they screwed everything up. President Reagan deserves a chance. If his plan doesn't work after three years, then we still have 17 coming from the Democrats to find another solution.

But in the meantime, he deserves the support of not only the nation but of the recalcitrant Congress which seems to believe itself collectively smarter than any other body on earth. The plain truth is that although Congress has some extremely intelligent members, it collectively is about as intelligent as your standard tree stump.●

ANWAR SADAT

HON. BOB EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. EDGAR. Mr. Speaker, in April of 1977, my wife and I made a vacation trip to Egypt and Israel. We were fortunate to spend the good portion of a day with Anwar Sadat in his summer villa outside of Cairo. It was a stimulating meeting and a pleasurable and memorable time for us.

Since our visit my admiration and respect for this man of vision and peace has grown and deepened. Anwar Sadat lived a life of positive brinksmanship.

A soldier and a violent revolutionary, he moved the biggest nation in the Middle East to the brink of a lasting peace with Israel. A man of calm and daring who lived always on the brink of violence—a violence which ultimately consumed him—he challenges us all to dare to bring peace to our worlds. At a time when most of us are consumed by the problems of the present, he was able to take a larger view, to take greater risks, and to make seemingly impossible dreams come true.

He reached across boundaries of culture and language and history to touch that which is human in all of us. I shall never forget the picture of Anwar Sadat seated on a couch swapping grandchildren stories with Golda Meir. His pipe, his hearty laugh and his willingness to cloak the outrageous in warm personal terms will be sorely missed in a world where shrill voices and narrow ideologies dominate.

Needless to say, I am stunned by his death and feel a sense of loss for myself and for all persons seeking peace.

Each verse of the Koran starts with the phrase "In the name of God the compassionate and the merciful . . ." At this time of crisis let us hope that compassion and mercy will be shown to Anwar Sadat's successor and to all of us who remain to carry out the dreams that he has challenged us to realize.●

TAX CUTS

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. RICHMOND. Mr. Speaker, in this morning's Wall Street Journal, Prof. Walter Heller of the University of Minnesota explained why the massive tax cuts that Congress enacted last summer at the request of President Reagan will deal a staggering blow to our Nation's economy—unless the revenue loss is offset substantially by new revenue sources.

Professor Heller would prefer that the third-year 10 percent tax cut be rescinded and that the ill-considered decision to index the tax system after 1985 be put in cold storage. However, he also points out that there are a number of measures we could take to enhance our tax revenues that won't require a rollback of the recent tax cuts. These measures include: removing certain unwarranted tax preferences and expenditures, such as the deduction for interest on consumer debt; enacting user fees for private aviation, waterways, and boating; and, boosting the excise taxes on tobacco, liquor, and gasoline.

As Professor Heller concluded: "One could put together a $30 billion to $40 billion revenue program without touching the 1981 cuts."

Virtually all of the Heller suggestions are incorporated in the share-the-burden budget, that I am developing.

The share-the-burden budget would cut spending by $6 billion and raise some $40 billion in new revenue for 1982 in a way that is fair to all Americans. It would provide the restraint called for in today's economic climate without heaping additional hardships on those who have been most seriously burdened by the spending cuts that have already been made at the President's request. Instead, my share-the-burden budget proposal would spread the burden fairly.

First, user fees for a variety of Government services would be imposed or raised to cover costs. There is no reason why yacht owners should not pay for the services they receive from the Coast Guard, why international travelers should not pay for customs services, why inventors should not pay for the protection rendered by the Patent Office, or why recreational and corporate aviation should not pay for safety services rendered by the FAA.

Second, a number of special tax breaks for individuals and businesses would be ended.

Third, excise taxes would be raised on cigarettes, alcoholic beverages, and gasoline.

Finally, social security and Government pensions would be indexed to either the CPI or average wages, to insure that the income of retirees rise only as fast as the incomes of those who are still working.

It is time for a bipartisan effort to get our economy back in shape, by following a prudent budget policy that requires everyone to sacrifice fairly. This is the goal of the share-the-burden budget.

I welcome my colleagues' support and cosponsorship of the share-the-burden budget and I am sure they will be interested in reviewing Professor Heller's excellent article, which follows.

REAGANOMICS: IS THAT ALL THERE IS?

(By Walter W. Heller)

One thing is perfectly clear: Reaganomics is not about to succeed through Great Expectations. Another: With super-supply-siders now revealing that salvation requires not just tax cuts but the gold standard (and, for kicks, the public flogging of Treasury Undersecretary Beryl Sprinkel), they also reveal how threadbare their theory is.

And when Mr. Reagan pins his hopes for lowering interest rates and calming Wall Street's nerves on further budget cuts, one has to ask: Is that all there is? Do we have options other than relentless budget slashing to lead us out of the wilderness of towering interest rates?

"High interest rates are killing us" is the cry of borrowers everywhere, especially in housing, savings institutions, farming, small business, and state and local government. Their cries reflect the escalating costs of containing inflation through tight money:

Economic slack and slow growth: The most obvious impact is the suppression of economic expansion. The White House, as such, has no anti-inflationary program (leaving aside long-run effects of deregulation and investment stimulus) other than to say to the Fed: "sic'em." In fact, by running a pro-inflationary fiscal program, it makes the Fed's job harder.

Retarded investment: Here, the conflict between loose fiscal and tight money policy is particularly evident. The most generous tax breaks for savings and investment in U.S. history show no signs of being able to overcome the stultifying effect of high interest rates. Recent Commerce Department and Conference Board surveys show business fixed investment flat in real terms for 1981–82.

LOW HOUSING STARTS

Housing and autos: They are gasping. Only twice in the past 35 years have housing starts fallen as low as August's annual rate of 937,000 units.

Small business, savings institutions and state-local government: A rising tide of small-business bankruptcies, forced mergers of savings and loans and the withering impact of 14 percent and 15 percent interest rates on state-local borrowing reveal severe economic strain.

Cost-push inflation: As money costs soar into the 15 percent-25 percent range, Federal Reserve efforts to curb demand inflation generate more cost inflation. Mortgage costs, now above 18 percent, are an obvious case. Less obvious is the sharply rising burden of net interest costs of non-financial corporations. From an average of $40 billion a year in 1976–79, that burden rose to $56 billion in 1980 and ran at a rate of $62 billion in the first half of 1981. Insidiously, this tends to give business a vested interest in inflation—a sharp drop in price advances in the face of these soaring fixed charges on business debt would put a big squeeze on profit margins. We are witnessing a transfer of the risks of inflation from lender to borrower.

Pressure on foreign economies: Our high interest rates are forcing restrictive policies on our trading partners that account in significant part for their stagnant economies. Less developed economies are also finding the refinancing of their dollar debts a burden.

Pressure on the federal budget: Interest costs are the fastest-rising and least-controllable major component of the federal budget. The budget is caught in a vicious circle of ballooning deficits that soak up credit and thus generate still higher interest rates, resulting in still higher deficits. In the past decade, the budget as a whole has risen at an 11 percent annual rate while interest rates have risen at a 19 percent annual clip. Since March, the federal tab for interest-related costs in 1982 has been raised by over $15 billion—$10.3 billion from March to July and another $5 billion or $6 billion since the Mid-Session Review.

These costs dominate the Reagan "budget creep" from the $695 billion level promised in March to $726 billion today (prior to new cuts).

Eroded asset values: Fears of flying at high-altitude deficit levels for years to come have played the major role in chopping some $200 billion off stock values and $300 billion off fixed-interest security values since June.

Inequities: High interest rates shift burdens from the strong to the weak. Businesses and individuals in high-income brackets have an automatic shield against the full impact of high interest costs. Those with little or no income have no such shield. Lower-income groups suffer triple exposure: as net debtors or as would-be debtors who can't afford to buy a car or house; as targets of further budget cuts to offset the unanticipated rise in interest on the public debt; and as the ones most likely to lose jobs as tight money squeezes the economy.

It was all supposed to have been so easy. The "new faith" Reaganomics promised to deliver robust growth, ebbing inflation and interest rates and balanced budgets. No hard choices, no tough trade-offs in this economic wonderland that zealous supply siders and monetarists—united in shotgun marriage—offered the Reagan White House. It was, and is, unreal.

In reality, unswerving pursuit of present policies offers huge deficits, suffocating interest rates and a fits-and-starts economy. How can we find some relief from the sky-high interest rates of Reaganomics?

Much of the answer lies in taking some of the excessive burden of fighting inflation off the shoulders of the Federal Reserve by budget cuts and courageous tax action. But part of the answer lies in the Fed's own hands. If it insists on a monetarist target, a sensible first step would be to change cleanly to M1-B, the best index of transaction funds, as its money supply gauge. With M1-B running below the Fed's targets, with the economy sputtering and with favorable breaks on the inflation front, a letup in credit stringency makes sense. It would not relieve us of the inherent contradiction in Reaganomics, but it would allow some short-run trimming of interest rates.

A second step would be for the Fed to provide some informal credit guidance, a few words to the wise in the banking community asking them to conserve the limited supply of credit, to guide it into the most productive channels. It would not take a very heavy hand to dissuade bankers from pumping money into corporate takeovers, commodity speculation and excessive foreign loans in order to give higher priority to plant and equipment investment, farming, small business, residential construction and the like.

This guidance or "credit conservation" would be a logical counterpart to the tax guidance so liberally practiced by the White House and Congress in the Economic Recovery Act of 1981. For example, savings are guided—almost bludgeoned—into All Savers Certificates. Business funds are lured into buildings, refineries and long-lived equipment by 15-10-5-3 depreciation and so forth.

Funds are nudged into public utilities through tax-free dividend reinvestment. Moribund companies are given succor through juicy tax-sheltered leasing arrangements. For the Fed to guide lendable funds into constructive and productive uses is surely no greater interference with private markets than the powerful tax guidance encoded in the 1981 act.

In tightening fiscal policy, the name of the Reagan game is to slash social programs. Surely careful pruning of the defense budget could save more than $13 billion, or 2 percent of the $667 billion of defense spending, in the next three years. Such targets as uneconomic river and harbor projects, overindexing of Social Security, unwarranted tobacco, maritime and peanut subsidies and overgenerous hospital benefits for veterans have hardly been touched. But political and economic limits will stop budget-cutters far short of a balanced budget by 1984.

Mr. Reagan has to recognize that massive tax cuts lie at the heart of the country's deficit jitters. Tax cuts that will cost $150 billion in 1984, $200 billion in 1985 and a staggering $267 billion in 1986—roughly 4½% of projected GNP are widely viewed as fiscally irresponsible.

A COURAGEOUS TAX POLICY

The most important step that should be taken to inject fiscal prudence into Reaganomics lies in a courageous tax policy. Mr. Reagan has back-tracked gracefully on Social Security and school-lunch cutbacks. Why not on tax cuts? Why not roll back the recent tax cut, as Sen. Hollings proposes, or make the third-stage 10 percent tax cut contingent on the outlook for deficits and inflation? Tax indexing, adopted in haste and without hearings, should be put in cold storage. If such logical moves are beyond the political pale, there will be growing pressure for the value-added tax or some other form of consumption tax in a few years.

Significant tax action need not wait on such major moves. The President has already opened a tiny crack with his proposed $3 billion of tax tightening. Indeed removal of some unwarranted income tax preferences or "tax expenditures" should have high priority. Eliminating the deduction of interest on consumer debt could bring in $6 billion a year. Putting a $5,000 lid on deduction of mortgage interest would add $4 billion more. Including half of Social Security benefit payment in taxable incomes for taxpayers with incomes above $15,000 would yield $4.5 billion a year. One might also limit the exemption of contributions to employer health plans; apply withholding to interest and dividends; eliminate deductions for retail sales taxes; and give the IRS funds to bring the underground economy above ground for tax purposes.

The revenue agenda should include not just higher user fees for commercial aviation, waterways, irrigation projects and boating, but boosts in excises on liquor, tobacco and gasoline and extension of the windfall profits tax to deregulated natural gas. One could put together a $30 billion to $40 billion revenue program without touching the 1981 cuts.

Mr. Reagan's new economics of "gains without pains" won't work. If he would open his mind to a balanced approach embracing not just budget cuts, but tax increases and credit guidance (with some White House appeals for wage-price restraint thrown in for good measure), he could quickly improve the economic climate with a minimum of pain.●

SECRETARY HAIG'S MEETING WITH GROMYKO

HON. WILLIAM S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. BROOMFIELD. Mr. Speaker, I wish to praise Secretary of State Haig for his initiative and wisdom in meeting with Soviet Foreign Minister Gromyko. It is a measure of the administration's seriousness and thoroughness in its consideration of United States-Soviet relations that Secretary Haig did not rush off to Moscow at an earlier date. I believe that this measured approach to the Soviet Union reflects our realistic appraisal that rapid progress over key issues with the Soviets is unlikely, but that serious progress can be achieved, over the long run, if we fully prepare ourselves in advance, and approach the Soviets in a determined and balanced manner.

The Haig meeting with Gromyko enabled the administration to give the Soviets an authoritative and comprehensive explanation of U.S. foreign policy. The concept, for example, that arms control is important to the United States, but not the centerpiece of our relationship with the Soviet Union, was clearly set forth for Soviet consumption. The Soviets now understand that the Carter administration's policy of achieving an arms control agreement at any price just would not wash in the Reagan administration. Gone are the days when the United States will turn a blind eye toward Soviet aggression in the Third World or Eastern Europe, lest we rock the invisible boat of détente. Now the Soviets firmly understand that the United States perceives linkages in our complex world. Soviet behavior, good or bad, will have an effect on the full spectrum of our relationship. This realistic approach expounded by Secretary Haig has now put the Soviets on notice that the United States will defend its interests and support its allies, rather than jeopardizing them for fear of the impact upon alleged Soviet goodwill in the arms control arena.

It is significant that the administration's philosophy of negotiating from strength has resulted in an agreement from the Soviets to begin Theatre Nuclear Force negotiations in Geneva on November 30. The administration's determination to press ahead with Pershing and Cruise missile deployment

in Europe has no doubt demonstrated to the Soviets that only serious negotiations can bring about peace between us. We now have before us the prospect of actually limiting the number of nuclear weapons on the European battlefield. Had the administration not forced the Soviets' hand by pushing our own nuclear deployment, it is unlikely that the Soviets would feel it necessary to enter into meaningful talks.

Secretary Haig certainly deserves a strong measure of praise for his handling of Soviet relations to date. His experience has proven invaluable in assessing the Soviet mind, and understanding the web of factors surrounding the United States-Soviet relationship. He has initiated a serious dialog with the Soviets, and has done so on terms most beneficial to the United States. I believe that this first encounter with Gromyko has set the stage for more fruitful negotiations in the future. The administation's success in the long run will be gaged not by how quickly we move to accommodate Soviet interests and assuage their fears, but by how far we move the Soviets toward accepting solutions that further the peace process in a meaningful fashion, thereby furthering both of our interests.●

PERSONAL EXPLANATION

HON. BILL HENDON

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. HENDON. Mr. Speaker, due to official business in North Carolina, I was unavoidably absent from the House earlier today. If I had been present, I would have voted in the following way:

Roll No. 243—motion to approve the House Journal of Monday, October 5, "Yea."

Roll No. 244—Motion to resolve into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 4560, Labor-HHS Appropriations for fiscal year 1982, "No."

Roll No. 245—Natcher amendment to reduce work incentives program, salaries and expenses by $74 million, "Yea."

Roll No. 246—Bliley amendment to allow medicaid and medicare reimbursement for prescription drugs which the FDA has not yet ruled to be effective, but which are available to the general public by prescription, "Yea."●

AN ADEQUATE NUCLEAR DEFENSE OF AMERICA

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. FISH. Mr. Speaker, I would like to take this opportunity to share with my colleagues remarks that my father, Hon. Hamilton Fish, recently made before the Conservative Party of Putnam County, N.Y. My father's remarks express his views on the state of our Nation's defense and I feel that they are quite timely in view of the President's arms proposals of last week.

I know my colleagues share my concern and my father's concern over the need for an adequate nuclear defense of our country. The following remarks are the strong opinions of a former Member of Congress, having served in this House for 25 years and a decorated veteran of World War I.

Mr. Speaker, we must never lose sight that our goal is not a prolonged and costly arms race. Rather, it must be the gradual reduction of nuclear weapons by all nuclear powers, culminating in the elimination of all nuclear weapons and facilities throughout the world. Until such a time as all nations of the world accept this view, we must, unfortunately, continue our efforts to give America a defense that will deter aggression.

I am delighted to be invited to speak to the Conservatives of Putnam County, one of the fastest growing counties in the state. I propose to speak to you about by far the most important issue that has confronted the American people since the Declaration of Independence as it affects the lives of most Americans, regardless of partisanship.

As Chairman of the First Congressional Committee to Investigate Communist Policies I declare war on any Republicans, Democrats or Conservatives who are soft on defense and soft on Communism. Most Americans favor strengthening our common defense to provide for sufficiency or parity to protect their own lives and the security of the nation. I also publicly declare war on misguided advocates of a nuclear superiority race that would bankrupt the United States and lead to the destruction of the whole world. The time has come to publicly expose the harm these war mongers, chauvinists and enemies of peace could do. President Reagan, whom I admire for his courage and leadership, should curb this disastrous race for nuclear superiority. They are not the defenders of our nation, or of peace, but would involve us in a holocaust nuclear war which must be avoided. The American people want peace through strength, sufficiency and parity and as far as possible within the next 4 years in order to protect their own lives and the security of the nation. I congratulate the President on reducing the military budget by 13 billion and hope the time will soon come to reduce it further. But, in the meanwhile, I urge we copy the Soviet Union and immediately build 100 25 megaton weapons and by drilling tunnels into mountains covered by 500 feet of rock. These could be built in 3 or 4 years which are the critical years and be the most effective way of preventing a nuclear holocaust at half the cost of the MX project that will take 8 to 10 years. The dreadful truth, which has been kept from the American people by the media and the Carter Administration is that the 25 megaton Communist bomb could destroy New York City for 30 miles around and when the bomb explodes it will not ask if you are a Democrat, Republican, Conservative, mother or child or black or white. The tragedy of the entire situation is due to some of the media and international appeasers and unilateral disarmers that have covered up the real menace to our own survival within the next 4 or 5 years. I speak to you with as much authority on Communism as anyone in this nation, not only as former Chairman of the First Committee to Investigate Communism, but as a student of the massive Soviet armed buildup, the greatest in the history of the world, during the last 12 years. I propose to send a copy of my remarks to every Senator and Congressman and to all members of the Cabinet because the building of 100 megaton weapons, properly protected, could in itself stop a nuclear war. I am also opposed to building a single 2½ billion dollar aircraft carrier that can be destroyed 200 miles away by submarines or missile ships and because we have 13 and don't need half that number. It is unfair to the American people and to our economic situation to waste billions of dollars on weapons that would be almost useless in a nuclear war.

The American people are entitled to adequate defense in the next 4 years which military experts believe will be the most crucial. Time is running out. God Bless America.●

YONKERS SPORTS HALL OF FAME

HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. PEYSER. Mr. Speaker, on Saturday, October 10, 1981, two outstanding members of the Yonkers, N.Y. community will be inducted into the Yonkers Sports Hall of Fame.

The two inductees are Nick Tremark, who set collegiate batting records at Manhattan College and was a member of the Brooklyn Dodgers, and Stanley J. Bielat, who won the National Public Links Golf Championship in 1950.

The athletic achievements and accomplishments of these two constituents are deservedly being acclaimed by all sports fans in the city of Yonkers and environs. Because they have brought much prestige and honor to themselves as well as to their community, I would like to share the highlights of their careers with my colleagues:

STANLEY J. BIELAT

Stanley J. Bielat was born in Yonkers at 52 Mulberry Street on January 11, 1913 and attended the St. Casimir's School and Saunders Trades School. His first introduction to

golf was at the age of twelve when he brought lunch to his brother, Anthony, a caddy at the Dunwoodie Golf Course. He followed in his brother's footsteps, becoming a caddy and at the same time, a self taught golfer, analyzing players, their strokes and techniques. At the age of fourteen he was hitting 75 scores on a regular basis. He became so proficient at the game that he won the Dunwoodie Golf Course and the Winged Foot Golf Course Caddy Championships and in 1930 finished second to the great Willie Turnesa when they both competed in the Westchester County Caddy Championship at the Oak Ridge Golf Course.

From 1941-45 he served with the U.S. Army as Staff Sergeant in the Medical Department in Saipan, taking time to compete in the All Pacific Army Golf Tournament, reaching the quarter final round. At the age of 35 his game began to fall into place and he won the Yonkers City Golf Championship in 1948. In 1949 he qualified for the National Public Links Championship in Los Angeles. The following year he reached his highest potential when he stunned the golfing world by not only qualifying for the 36th National Public Links Championship in Louisville, Kentucky, but by topping 210 of the country's leading public links champions to win the national title. On his return to Yonkers he was given a city-wide parade up South Broadway with Mayor Kris Kristensen serving as Grand Marshal. That same year he was voted "Yonkers Sports Personality of the Year". He also garnered the Westchester County Public Links crown on the Sprain Lake Course.

In 1958 he won the coveted Doc Rosen Memorial Trophy at the Dunwoodie Golf Club, emblematic of the public links championship of Yonkers, and repeated five years later. In 1962 he was crowned Yonkers Public Links Champion for the second time. Illness forced him to forego competitive golf for the next decade but he came back in 1977 to win the public links championship of Eastchester at the Leewood Country Club and repeated in 1978. In 1979 he captured the Westchester County Senior Public Links title in Maple Moor, White Plains for golfers 66-71 years of age and during the same year won the Red Klein Memorial Public Links Tournament in Mohansic.

Through the years he has represented the metropolitan area in National Public Links competition in Los Angeles, Louisville, Milwaukee, Seattle, Dallas, Honolulu, Buffalo, Detroit, Sacramento and Hershey, Pennsylvania. He also won national recognition when he defeated one of the world's leading professionals and winner of the British Open, Tony Lema, who was touring the United States.

He still plays golf several days a week, mostly at the Sprain Lake Course, and his idol since boyhood, still remains the immortal Ben Hogan.

NICK TREMARK

Nick Tremark was born in Yonkers on October 15, 1912, attended School No. 2 and had his first baseball experience at the age of 15 with the Cook Post American Legion team which won the New York State Championship at Yankee Stadium. He was a star outfielder with Yonkers High School in 1929 and 1930 and played with the Bruins, Chippewas and Seventh Warders in the Yonkers Baseball League, winning the batting championship in 1933. He played freshman and varsity baseball at Manhattan College, serving as captain during his senior year. His stellar play at Manhattan earned him all Metropolitan, all Eastern and Number One College Player of Eastern Colleges honors.

He graduated from Manhattan in 1934 and was immediately signed by the Brooklyn Dodgers and played under Casey Stengel for three years. Stengel adopted him as "his boy" and used his 5 and 4¾ inch outfielder, the shortest player in the major leagues at that time, mainly as a pinch hitter. In fact, in his first appearance at the plate which took place at the Polo Grounds, he singled off Hal Shumacher, the ace twirler of the New York Giants. Some of his run scoring hits were off baseball's greatest pitchers—Paul Derringer, Dizzy Dean, Lon Warnecke, Hugh Mulcahey and Roy Parmalee.

During and after his tenure with the Dodgers, he was farmed out to various International League, American Association, Southern League and Class AA and A teams where he performed brilliantly at bat and in the field. He batted .333 with Reading; was voted the second Most Valuable Player in the New York-Pennsylvania League while batting .379 with Allentown, driving in 108 runs and stealing 25 bases; batting .363 with Hartford where he finished second to Tommy Holmes who later led the major leagues in batting; hit .315 for Wilkes-Barre; played with Little Rock and Louisville and retired in 1940.

In 1943, he joined the U.S. Navy and won fame as the player-manager of the Pensacola Naval Air Base Team which included the immortal Ted Williams and Bob Kennedy of the Chicago White Sox. Nick also played with the Sampson, New York Recruit Training Base and played and managed the team at the Norfolk Naval Training Base. After his separation from service in 1946, he played with the outstanding semi-professional ball clubs in the metropolitan area—the Mount Vernon Scarlets, Springfield Greys, Bushwicks and Yonkers Leaguers.

In 1956, his family moved to Harlingen, Texas to enter the restaurant business. In his leisure moments, he completed his teacher certification and for fifteen years taught in Texas Public Schools and at the Marine Military Academy, a private educational institution.

In 1967, he retired from teaching and turned his attention to tennis where he has won over 75 trophies. For two years, he has been ranked No. 1 in the State of Texas in singles and doubles play in the 65 year and older division.●

AFTER OCTOBER 1—THE AFTERMATH

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. BIAGGI. Mr. Speaker, I would like to bring to the attention of my colleagues another dramatization of the impact of the budget cuts enacted last June by Congress. In an effort to focus attention on the real impact of these cuts, one of the most hard hit of the programs directly benefiting the truly needy—as we have heard them referred to—is the aid to families with dependent children program.

This program, which provides cash assistance to dependent children and their families—most often the poor, single parent—was reduced by some $1 billion in the Budget Reconciliation Act for fiscal year 1982. Eligibility requirements were tightened and benefits eliminated to childless women in the first 5 months of pregnancy, to students over 17—except for 18-year-olds in their last year of vocational high school—to strikers or their dependent children.

The impact upon my own city of New York has been devastating. Approximately 10 percent of the current AFDC caseload—about 25,000 families—are likely to have their benefits reduced or completely eliminated. The Community Service Society of New York City also notes that net family income will be reduced for all recipients with earnings from employment and additional paperwork will be required for the entire caseload.

There is no guarantee that New York State will expand our own State and local-funded home relief program in order to compensate the city for its loss in Federal AFDC funds. In the absence of assured Federal funding at current service levels, it seems likely that, once again, those who are least able to help themselves, will be faced with a year of continued poverty and despair.

Mr. Speaker, I am confident that the promise of this Government to serve those who need it most will not wane any further when the real impact of the precipitous budget cuts are felt and pledge to work to oppose any further reductions in these vital human service programs.●

TWO FEDERAL AGENCIES OPPOSE NORTHERN TIER PROJECT

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. BONKER. Mr. Speaker, contrary to recent comments in the CONGRESSIONAL RECORD, the Northern Tier Pipeline Co. has not received Federal approval to construct its proposed crude oil port and pipeline.

In fact, two Federal agencies, the U.S. Fish and Wildlife Service and the National Marine Fisheries Service, have issued reports that are highly critical of the project and that recommend denial of permits for the oil port and key segments of the pipeline.

The agencies said that the project, which is supposed to transport crude oil from the west coast to the Midwest, poses "unacceptable environmental hazards" and that there is no way to mitigate predicted impacts on the marine resources of Washington State.

These recommendations have been sent to the Army Corps of Engineers, which is still weighing Northern Tier's applications for permits required to build the oil port and segments of the oil pipeline that will lie on the floor of Puget Sound.

The corps has not yet made its decision. Neither has the State of Washington but, after reviewing the record of months of contested case hearings before the State energy facility site evaluation council, an administrative law judge has recommended that the State also deny Northern Tier permission to proceed.

The following are summaries of the opinions of the two Federal agencies.

FISH AND WILDLIFE SERVICE: DENY NORTHERN TIER PERMITS

Throughout our evaluation of this project, we have been cognizant of the intent of the original Public Utilities Regulatory Policies Act (PURPA). Although PURPA does require federal agencies to act expeditiously, it specifically did not guarantee the issuance of any federal permits, nor did it circumvent a thorough analysis of the risks and benefits of the project by federal agencies.

It is the responsibility of the federal agencies to analyze the potential benefits from a project relative to the potential risks. It is therefore important to remember that this is not an energy production project. This project will not create one drop of oil nor will it increase our nation's energy independence.

Risk analyses (of submarine sections of the pipeline) by the Northern Tier Pipeline Company show a 30 percent chance of a leak during the next 20 years, a leak which could release up to 25,000 barrels (one million gallons) of crude oil. Considering the complex geological and hydrological processes in Puget Sound, we are concerned that even this high risk factor may be low.

The average annual fishery value for salmon which migrate through the Strait of Juan de Fuca is over $190 million. Migratory birds are affected by direct, lethal oiling as well as by reduced productivity through long-term ingestion of oil or through contamination of the eggs by slightly oiled adults. Seabirds and waterfowl number in the hundreds of thousands at times during the year within the area surrounding the proposed pipeline route, and over 40,000 breed on Protection Island alone, which is 0.6 mile from the proposed route. Shellfish are most vulnerable to direct damage by oil spills during the larval stage, during the spring and summer. Average annual production of all shell fish in Puget Sound and the Straits north or Tacoma Narrows is over 13 million pounds, valued at over $9 million.

These resources are not Washington State's alone. The anadromous fish using the Strait comprise a large portion of the ocean fishery off Washington, California, Oregon, Alaska and Canada. Several stocks are the subject of treaties with Canada. The migratory birds using the Strait range from Wrangell Island, USSR, to California and are the subject of treaties between the United States and Great Britain, Mexico, Japan and the USSR.

We have been unable to develop permit conditions (for the submarine pipeline segments) that would mitigate the predicted impacts to the resources of Puget Sound and Strait of Juan de Fuca. We must request denial of this permit to protect the natural, economic and aesthetic resources of the Strait and Puget Sound.

By company estimates, there is approximately a 30 percent chance of a major tanker accident (defined as a total loss of ship and contents) over the 20-year life of the project. Total tanker loss could result in 2.4 million barrels (100 million gallons) of crude oil being spilled. In addition, there would be chronic spills due to minor operational problems and the possibility of major spills resulting from anchor dragging the submarine pipeline to the nearby tank farm.

Since complex circulation patterns could spread this oil throughout the Strait and Puget Sound, the resources at risk are the same as noted above. Of particular concern is the effect on Dungeness National Wildlife Refuge. Studies have demonstrated that 50 percent of oil spilled at Port Angeles could accumulate at Dungeness Spit. We do not believe the Spit can be protected from a major spill at Port Angeles, nor from chronic spills during the unfavorable weather conditions common to the Straits.

Again, although we have tried, we have been unable to develop permit conditions to mitigate the losses of the resources at risk from this project. Due to the potential for severe damage and the significance of anadromous fish, migratory birds and shellfish resources of the Strait, we must recommend that the permit (for an oil port) be denied.

NATIONAL MARINE FISHERIES SERVICE: UNACCEPTABLE ENVIRONMENTAL HAZARD

We cannot support issuance of permits for the Northern Tier Pipeline Project as presently proposed. While NTPC has adequately addressed some of our concerns, the majority remain unresolved or at best obscured by conflicting and/or largely ambiguous information. Furthermore, and irrespective of the deficiencies in the information provided by the applicant, we find that the project entails substantial risks to the marine environment of the Strait of Juan de Fuca and its adjacent waters.

Specifically, we are concerned about the excessively high risk of a major oil spill occurring during the life of the project, the environmental and economic impacts which could result from such an oil spill, and the potential for harassment of marine mammals as a result of project construction activity or of a major oil spill.

In order to evaluate the potential impact of the proposed facility on the region's marine environment, an illustrative oil spill scenario was prepared that corresponds to the type of incident that NTPC concedes has about one chance in three of occurring over the nominal, 20-year life of the facility. In our opinion, the consequences of an oil spill of the kind described in the scenario are so severe that the risk of incurring such damage constitutes an unacceptable environmental hazard.

NTPC has not presented information which indicates that the consequences of a major spill could be reduced.

A significant potential does exist for the NTPC project to adversely impact Indian Treaty fishing. Potential impacts associated with a major oil spill could prevent one or more of the Treaty tribes dependent upon such fisheries from realizing a moderate standard of living for some period of time.

We recommend that permits for the construction of the NTPC proposal be denied. We believe that alternatives to the NTPC proposal exist which do not involve substantial risk to the marine and anadromous fisheries resources of Puget Sound. Notwithstanding the discussions herein, we believe considerable gaps exist in the information provided by NTPC. Filling of these information gaps with new and/or more information could alleviate some of our identified concerns. It is our understanding, however, that NTPC has declined to further address most of the issues.●

TRIBUTE TO MURRAY AND MIRIAM JACKSON ON THEIR GOLDEN WEDDING ANNIVERSARY

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. OTTINGER. Mr. Speaker, on October 17, Murray and Miriam Jackson of New Rochelle, N.Y., will celebrate their 50th wedding anniversary. On this happy occasion, I would like to share with my colleagues a brief recognition of their contributions to their community, State, and to the Nation.

Dr. Murray Jackson is a native New Rochellian and has been a practicing physician in New Rochelle for 50 years. He is a general practitioner much loved by his patients and friends. He is also an avid yachtsman, a member of the New Rochelle Waterfront Commission for many years, and serves on the utilization review boards for local nursing homes.

Mrs. Jackson has long been an active and effective member of her community. She has served as vice chairperson of the Democratic Party in Westchester County and acting chairperson from June 1974 to September 1975. In 1976, she was a Democratic city leader in New Rochelle. She now serves on the Westchester County Mental Health Board and the New Rochelle Planning Council for the Aging.

In addition, since 1975 she has served as the chairperson of my advisory committee on aging. She will be my delegate to the White House Conference on Aging later this year. She previously served on the board of directors of the National Council on the Aging here in Washington.

Dr. and Mrs. Jackson have opened up their home and hearts to young people in their community and both work tirelessly to improve and enrich the lives of older Americans. They have made extraordinary contributions to their community that deserve our recognition and commendation. I want to join their many friends and family in offering my warmest congratulations on their golden wedding anniversary.●

DR. MALCOLM TODD HONORED

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. ANDERSON. Mr. Speaker, Dr. Malcolm C. Todd, the American Medical Association's 129th president, from 1974 to 1975, has been a national figure in medicine for over 20 years. But it is Malcolm Todd's strong personal commitment to the less fortunate members of our society that has played a major role in his life. He will be honored this next Wednesday in Long Beach, not for his achievements in the field of medicine, but rather for his work as the founding chairman of the board of the Long Beach Community Development Services Corporation. Under his guidance, an organization was developed and trained to assist the poor, and those not able to help themselves, to receive assistance from a variety of local and Federal sources.

Dr. Todd, one of America's leading experts on health manpower, has practiced continuously in Long Beach since the end of World War II as a general surgeon specializing in stomach and colon surgery and in gastroenterology.

In 1938 Todd received his medical degree from Northwestern University. With the commencement of World War II, he joined the Army Medical Corps and served in Europe as chief of surgical services at several military general hospitals. While overseas he met his future wife, Ruth Schlake, whom he married on June 12, 1945, in England. They settled in Long Beach, where Dr. Todd was medical director of the Texaco Refinery and also maintained a private practice.

During the ensuing years Todd's excellence as a surgeon made him the recipient of numerous honors, and with this recognition added responsibilities. He was a California delegate to the AMA's House of Delegates from 1959 to 1973. In 1967 and 1968 he was president of the California Medical Association. From 1970 till 1972 Dr. Todd represented his country in Geneva as the U.S. delegate to the World Health Organization. In addition, Dr. Todd has been a member of the National Advisory Committee on Health Manpower; the California State Health Planning Council; and the board of trustees of California Blue Cross. Dr. Todd also is a fellow at the American College of Surgeons; the International College of Surgeons; and the American College of Gastroenterology; as well as a regent of the Uniformed Services Health Sciences University.

One of Malcolm Todd's greatest contributions of our society has been his continuing advocacy of the social side of medicine, the physican-patient relationship.

My wife, Lee, joins me in wishing Dr. Todd, his wife Ruth, and their son Malcolm, the very best in the years ahead.●

TRIBUTE TO JOHN PURCHIO

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. EDWARDS of California. Mr. Speaker, I would like to bring to the attention of my colleagues the coming retirement of John Purchio, an outstanding Judge of the Superior Court of Alameda County, Calif. This fine, intelligent, and compassionate man has served on the highest trial court in our State for over 20 years.

John was born in New York on May 16, 1915, the son of Vincenzo and Rachel Purchio. He received his B.S. and LL.B. degrees from Fordham University. He was admitted to practice in New York in 1946 and was subsequently admitted to the California Bar in 1948. During his career in public service he has served as a Hayward City councilman, mayor of Hayward and a member of the California State Highway Commission. He has served as a member of the Judges Association, on the legislative committees of the State bar and on the National Conference of Juvenile Court Judges.

John Purchio is a highly respected member of the judiciary. He served almost 15 years as the presiding judge of the Juvenile Court of Alameda County. Judge Purchio views his work with the youth of our area as the highest calling that a judge can undertake. His many years of work with the boys clubs give further testimony to his interest in and commitment to the youth of our Nation.

John is a long time close friend and I know he will be sorely missed on the bench in Alameda County. But, if I am any judge of Judge Purchio, we will be hearing from and seeing a great deal of John in his retirement years. I know he will continue to be an involved, concerned, and contributing member of our community.

I would like to personally thank John for all his years on the bench. He has served us well.●

GAS MILEAGE: WE CAN DO BETTER

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. HARKIN. Mr. Speaker, gasoline prices have been declining slightly for several months and people have almost forgotten the long lines at the pumps. They have even gotten used to the present higher level of prices.

We went through a similar period of stabilization in the mid-1970's that was followed by a period of scarcity and higher prices. I fear that we will go through another period of scarcity and higher prices in the 1980's.

True, our auto manufacturers are now more committed to the need to develop more fuel-efficient cars. However, they are having a hard time catching up to our foreign competitors. While we are bringing on line our new wave of low mileage cars that will get 30 to 40 miles per gallon, Volkswagen is talking about a car which will achieve 75 miles per gallon.

What is truly frustrating is the availability of resources which continue to be unused by the auto manufacturers. For example, the National Aeronautics and Space Administration (NASA) has tremendous resources and skills which could be of considerable use.

While NASA is commonly thought of as a "Space" agency, it has a long history of assistance to aviation that goes back to the 1920's. Unlike the auto industry, America's aviation industry manufactures and markets the vast majority of planes sold throughout the world. Part of that success is due to NASA's innovations.

The National Automotive Research Act, which I introduced, would allow the full benefit of NASA's expertise to be used to design fuel-efficient cars by our auto industry at great benefit to our citizens and our balance of trade.

The October issue of the magazine "Discover" has an interesting article which discusses the importance of aerodynamics and fuel efficiency. This is just one of the many areas where NASA's aviation work could have great benefit.

I would like to insert in the RECORD the article, "Taking the Drag Out of Driving," by Natalie Angier. I commend it to my colleagues' attention.

TAKING THE DRAG OUT OF DRIVING

When Detroit's finned dinosaurs roamed the earth in vast numbers a generation ago, the notion of aerodynamics was for the birds. Cars were fashioned to slide by not on the streamlined "grease" of their bodies but on the cheap and abundant fuel that powered their V-8 engines. Gasoline was going for 25 cents a gallon, and fuel economy was seldom mentioned; the aim of automobile manufacturers was to create dreamboats that would appeal to the subliminal fixations of the car buying public. Designers of one brand, for example, adorned their car hoods with a ring pierced by an object that looked suspiciously like a flying phallus, while other stylists conjured up projectile-like bumper guards and spoke fondly of the bosoms on their bumpers.

But in this age of scarce resources, bauble and bosoms are banal, and the auto companies are shaping up. In addition to building smaller and lighter cars with more efficient

engines, Detroit has turned to the long-neglected aerodynamics engineer for help in squeezing even more miles from a gallon of gas. Wind tunnel test facilities in Michigan, Georgia, and Maryland are blowing at full speed, as aerodynamics experts seek ways to mold car bodies into streamlined shapes that will meet less energy-depleting wind resistance on the road. The aeorodynamic touch has been apparent for the past two years, but in scientific as well as looks, this fall's line will be notably sleeker.

Cars have less trim, lower windshields and fewer angles. General Motor's slick new J series provides starting fuel efficiency that is partly attributable to aerodynamic design; Chrysler's K series is so aerodynamically—and fuel—efficient that it could help boost the company back to fiscal solvency. Ford's 1983 Thunderbird is reported to be 30 per cent more aerodynamically efficient than the 1978 model.

Even bigger changes lie ahead, for auto aerodynamics is still a fledgling field. As Gary Romberg, Chrysler's manager of aerodynamics, told correspondent Chris Redman, "Our aerodynamic technology is around the 1930s level compared with that of the aerospace industry." Yet the enthusiasm for aerodynamics is growing, and the field could very well enter the 21st century before the rest of the auto business. Says Shawn Buckley, an aerodynamics expert and consultant for Standard Oil of California: "Aerodynamic principles were ignored for so long in Detroit. What they labeled aerodynamic in the past was really laughable. Nobody ignores aerodynamics now. They can't afford to."

The motivating force behind the rediscovery of aerodynamics is the Corporate Average Fuel Economy standards, decreed by Congress, which require a continual improvement in the average gas-mileage efficiency of each U.S. company's cars. For 1985 models, for example, that average must rise from the current minimum of 22.0 miles per gallon to 27.5. Consumers are demanding even greater fuel efficiency, and improvement costs money. Industry experts estimate that the price of raising fuel economy by one-tenth of a mile per gallon is about $100 million per company when the emphasis is put, as it is now, on engine redesign and newer, lighter materials. A 10 per cent improvement in aerodynamic efficiency, on the other hand, translates into a 3 per cent increase in gas mileage, and the cost of this improvement is relatively inexpensive. Says Donald Kopka, Ford Motor Company's design vice president, "Aerodynamic improvements have accounted for at least a one-mile-per-gallon increase in our corporate average since 1978, and the only out-of-pocket expense for these gains was about seven million dollars in wind tunnel testing. That's a gold mine."

For Detroit, tunnel vision is an attribute. Ethereal as it may seem, air is a fluid, and behaves in accordance with the laws of fluid mechanics, exerting pressure against—and moving turbulently around—anything that passes through it. Together, pressure and turbulence constitute resistance to movement, or drag. The pressure acts against the direction of motion; turbulence creates eddies, or vacuum pockets, along the surface and at the rear of an object, which tend to pull it backwards. All moving objects are affected by drag, and cars and trucks, with their angles, indentations, and protuberances, are particularly susceptible.

In their search for ways in which to reduce drag, automobile engineers must deal with the effects of dynamic air pressure (which varies with velocity and temperature), the speed of the vehicle, the car's frontal area (the largest cross section, viewed head-on), and the coefficient of drag, or CD. A numerical description of aerodynamic effectiveness, CD is based roughly on the ratio of the amount of wind resistance an object encounters to that encountered by a flat plate of the same size; the lower the number, the greater the efficiency. The average CD for an American car five years ago was about 0.55. Today it is 0.45. The U.S. car with the lowest CD, 0.34, is Ford's new Mercury LN7. Its European counterpart in the low-drag competition is Porsche model 924 Weissach edition, with a CD of 0.33. Specially designed land-speed-record cars have CDs as low as 0.15.

One reason drag is such a drag is that it increases fourfold for every doubling in velocity of the vehicle, while the horsepower required to overcome it is eight times as great. By contrast, only twice the horsepower may be required to counteract the other major force contributing to the car's inertia—its weight, or "rolling resistance." A typical mid-sized family sedan traveling at 55 miles per hour uses roughly 65 per cent of its horsepower simply to overcome drag. That is why driving at high speeds uses up so much more gas than driving the same distance at low speeds.

Car designers cannot influence dynamic air pressure or the speed at which the car will be driven, but they can control the frontal area and the CD. The design of the frontal area, after all, is generally dictated by the purpose of the vehicle itself, or, as Chrysler's Romberg says, "It's a function of the people package." Cars that need carry only a driver and no luggage can be given a long, cigar-like shape that presents a greatly reduced frontal area. But most cars carry several passengers and luggage, and this limits the extent to which the frontal area can be squeezed into a more aerodynamic profile.

The CD can be cut down by subtle modifications in the basic body shape that will result in a more efficient flow of air over the surface. However, the seemingly logical "eyeball" changes—rounding out an edge or removing a large hood adornment—are not enough. Says Arthur Lewry, executive engineer of aerodynamics at Ford: "Sometimes the cars that look sporty and aerodynamic actually have more drag than a boxier model. You can't tell just by looking at a car when different surfaces are going to compete with each other and create turbulence."

To locate a car's aerodynamic trouble spots, engineers rely chiefly on wind tunnels, in which they test clay and metal models—three-eighths- and full-sized prototypes—as well as the actual production cars. As long ago as the early thirties, Chrysler performed extensive wind tunnel tests on the famous Airflow model, the nation's first scientifically designed aerodynamic car made for mass production. The car met little air resistance on the road, but buyer resistance stopped it cold.

Nowadays, all the big manufacturers are testing in tunnels for drag. Ford, Chrysler, and American Motors all rent time in university and aircraft-industry wind tunnels. GM has its own tunnel, a giant steel-and-concrete loop 926 feet long and, at its largest cross section, 64 feet wide and 48 feet high. The test section, where the vehicles are placed, is narrower than the rest of the tunnel. This neck in the passageway generates a sharp increase in the wind velocity as the air swoops through it. The air is normally pushed by an enormous six-bladed fan at 50 miles per hour (through the neck region) for full-scale models, 150 miles per hour for three-eighths scale models. Air temperature is kept at about 70 degrees Fahrenheit by heat exchangers.

The nerve center of the GM facility is a 48,000-pound balance installed beneath a turntable on which the car sits. The balance measures the loads (lift, drag, and side forces) generated by air flow on the test vehicles and, according to GM engineers, is so sensitive that it can detect the presence of a fifty-cent piece placed on the hood of the car. Readings are analyzed by computers located in a control room.

The balance can give a good picture of the total force acting on the vehicle. To determine the precise turbulence areas, engineers aim laser beams, blow colored smoke, fasten bits of yarn to the body, and splash the front with dye. If the laser beams bend, the smoke curls, the yarn turfs flutter, or the dye spills irregularly, turbulence is the villain. To correct the trouble, the engineers may add a lip here, trim off a tenth of an inch of fender there, recess a door handle, move a side mirror, or redesign a rain gutter—and try again.

Although car designers stress that they look at the car body as an "interactive whole," some areas of the car admittedly produce more problems than others. The underside, for example, is an aerodynamic nightmare of exposed parts that can account for as much as 20 per cent of drag. Racing car designers solve the problem by using large front air dams—shutters attached below the bumper, almost touching the ground—to push the flow of air over and around the car. But family cars are not designed for racing or being driven on smooth tracks. Says Ford's Lewry, "Imagine driving over a driveway or a pothole with only an inch clearance in the front." An obvious solution is to enclose the underside area, but Detroit has yet to work out a cost-effective way of preventing a consequent heat buildup from the engine exhaust system.

The rear of the car presents another trouble spot. The air that has been rushing over, around, and under the car needs to be "dumped" off behind without creating a large vacuum pocket. The ideal rear should have a long, tapering tail that would allow the air to glide off it without separating, but parking space is dear, garages are too short, and such a tail is obviously impractical. The fastback design of recent years is a good compromise, because its sliced-off rear simulates a tail and guides the rushing air along in a relatively streamlined fashion.

Another drag is posed by the frames around windows. Designers have discovered that they can greatly improve the CD by making windows fit flush with the sides of a car. But they are just discovering ways to design such a window that can be built economically with today's manufacturing technology.

The window problem clearly demonstrates one of the greatest challenges facing aerodynamic designers today. They may know the shape and specifications that make for aerodynamic perfection, but they cannot produce them efficiently on assembly lines. It is one thing to admire the sleek and costly sports cars, hand-built by Italian car companies like Ferrari and Lamborghini, but high price is the penalty that must be paid for specialized, labor-intensive produc-

tion techniques. Detroit clearly cannot compete in that fashion. Says Lewry, "We've got to be able to stamp out not one or two of a dozen, but thousands of them."

The latest research car from Volkswagen, the ARVW, is a case in point. It has an extraordinary drag coefficient of 0.15, thanks to a long, 196.9-inch body, an absolute minimum number of vents, and hinged wheel pants that cover the turbulence-generating tires almost entirely. Because of its superb aerodynamic styling, the ARVW delivers 39 miles per gallon at a steady 55 miles per hour. The ARVW uses a standard engine, and, according to its designers, is really not exotic, just perfectly streamlined. Similarly, General Motors' experimental "Aero X," an aerodynamic derivative of the basic X-body (of which the Citation and Phoenix models are good examples), has a drag coefficient of 0.285—a 40 per cent improvement over the X-body's 0.45.

But mass production of these cars is another matter, cost considerations and limitations in technology stand in the way. Such cars as the ARVW require expensive, lightweight materials. They need to be shaped in ways that defy present mass-production techniques, and they may not be marketable in any case.

Aerodynamic experts argue that huge gains can be made, nevertheless, within the bounds of existing technology. Before Chrysler Corporation's compact K cars went into final production, for example, aerodynamics specialists put the car through 320 hours of wind tunnel testing and managed to reduce wind drag by more than 20 percent. A short air dam on the front improved the flow of cooling air to the radiator. The hood and grille shapes were changed, the headlamps subtly contoured, and the roof support pillars and roof trailing edge reshaped.

Ford's 1983 Thunderbird will incorporate modified versions of stylistic details that were developed for one of its experimental cars, the Probe: the grille opening is reduced, and much of the cooling air is taken in below the bumper to avoid turbulence on the hood; headlamps are concealed and windshield wipers hidden to assure uninterrupted air flow over the body; flush wheelcovers lower the turbulence at ground level; and a deck-lid "kicker"—a slight rise where the trunk lid meets the tail—reduces the wake by forcing the air to leave the deck parallel with the ground. The one-of-a-kind Probe's coefficient of drag is 0.25, whereas the assembly-line Thunderbird's is 0.35.

Looking down the road, designers hope to lower Detroit's average CD from 0.45 to about 0.35 by the mideighties. They expect major improvements in boxy station wagons as well as slick two-seaters, through imaginative use of new techniques. One major challenge is posed by the fact that wind resistance changes in relation to the angle at which a car hits the air. Designers may yet develop a suspension mechanism that will change the car's alignment up or down as it picks up speed—somewhat the same way swing-wing aircraft pilots alter the wing shape as they move from subsonic to supersonic speeds. Designers might also be able to get around the difficulties of large front air dams by developing retractable baffles that can be lowered for more efficient freeway driving but raised for rough driving conditions.

Other details will change as well. Mud flaps, rain gutters, and side trim may go the way of the running board. Wheels will get narrower. Side mirrors will be integrated into the body surface. Auto companies are even urging state governments to drop requirements for front-end license plates, which create turbulence.

Aerodynamic changes will come faster and be more precise when computer-aided design techniques are refined. So far, the complexities of the air flow patterns and turbulence regions that surround a moving automobile are not well enough understood to be summed up in a comprehensive computer program. Aerodynamicists use computer graphics to analyze parts of the car—the front bumper, say—but they must still rely on expensive wind tunnel testing to get the complete picture. That will change as scientists unravel the puzzles of turbulent flow and learn to predict and compensate for the effects of powerful side winds, passing trucks, and other such complicating factors.

Finally, production and manufacturing technology will have to change radically. So, too, will people's sense of what a car should look like. Says Fred Heylor, technical representative for Porsche: "We may never get away from thinking a car has to have four wheels, but we might get a more aerodynamic shape with only three. Some of those way-out experimental cars with low drag look quite amusing to us now." Considering the stiff prices at the gasoline pumps, those way-out cars are looking better and better.●

PRESIDENTIAL INAUGURAL ESSAY WINNER

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 6, 1981

● Mr. GILMAN. Mr. Speaker, Michael Bernstein, one of my constituents from New City, N.Y. is a source of pride to our 26th Congressional District and our Nation.

Michael Bernstein is a senior at Clarkstown High School North, New City, N.Y., and was 1 of but 33 American youths declared winners of the 1981 Presidential Essay and Poster Contest. The contest was sponsored by the National School Boards Association and was open to elementary and high school students throughout the Nation. Michael received the citation from Mrs. Reagan at a White House reception on September 23.

This was not the first recognition of Michael's writing ability. In his sophomore year, he was a winner of the New York State High School Arts Essay Contest and his essay was posted in the State capitol. In his junior year, Michael was admitted to the National High School Institute's summer journalism program at Northwestern University.

Michael Bernstein is a member of the National Honor Society and of Mu Alpha Theta, the mathematics honor society. He is also editor in chief of the Ram's Horn, the high school newspaper. He has received a National Merit Letter of Commendation, the Wrightman Community Service Award and the Zindell Community Service Award.

After school Michael puts in 20 hours a week as a computer operator. His long-range goal is admission to the bar and specialization in international law.

Michael lives with his father, Sidney Bernstein, assistant to the president of Matthew Bender & Co., publishers of law and tax treatises, in New City in our 26th Congressional District.

Mr. Speaker, to enable my colleagues to share Michael's thoughts, I am inserting the full text of his Presidential Inaugural Essay at this point into the RECORD:

INAUGURATION: AN AMERICAN BEGINNING

(By Michael Bernstein)

The inauguration of a president has great importance in American government, and therefore in American society.

The inauguration marks the beginning of a new plan, and the institution of new ideas with the aim of keeping America the most powerful and respected nation in the world.

In a time in which many Americans are losing hope, the inauguration brings a new spirit to the people. It gives the country a new vigor and a will to succeed.

The United States has great resources, both human and natural. What the nation needs are creative ideas which will inspire the people to make the most of what they have.

Besides giving the country a new spirit, the inauguration and the transfer of power represent something which is special to our nation. In many lands, the people do not have the opportunity to choose new leadership for their country. Sometimes we take our right to select our own leadership lightly, but it is something which distinguishes us from many nations and many people around the world.

The advantages of being able to select our leaders are countless. America has had a history of great leadership. This is partially because these leaders have been accountable to the American people. Men such as Washington, Jefferson, Lincoln, and Roosevelt have, in reality, been reflections upon the American people of their times.

The inauguration shows that, once again, the people are speaking out; they're saying what they want done and who they think is most capable of carrying out their wishes.

Historically, they have made choices which have guided America to its present greatness.

The inauguration day is a national holiday of rejoicing. It is a day in which Americans celebrate the institution of a new president, but more importantly we celebrate our right to choose our leaders and, in a way, our ability to govern ourselves.

With every new president there come new policies, new programs, and new ideas; but the one thing that remains is that these policies, programs, and ideas are a reflection of the wants and needs of every voting citizen in America.

It is often said that with every right there comes a responsibility. With our right to choose our leaders comes an important responsibility to continue to select those capable leaders who can guide America and her people. The inauguration of a new president represents our acceptance of this important responsibility.●

HOUSE OF REPRESENTATIVES—*Wednesday, October 7, 1981*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We reach out to You, O God, and implore Your blessing upon us and upon people everywhere who are in need of Your guidance. With all the conflicts that rend the human heart and the violence that so disturbs our senses, we pray for Your gift of peace that passes all our understanding. May the promises of good will and conciliation that Your word has given, cause us to be fervent in our desire for justice and righteousness in our world. May Your providence ever lead us in the way of truth where all people will know security in their lives and hope for the morrow which are the marks of a free people. In Your name, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. LUNGREN. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. LUNGREN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 359, nays 20, answered "present" 1, not voting 53, as follows:

[Roll No. 250]

YEAS—359

Akaka	Bailey (PA)	Blanchard
Albosta	Barnard	Bliley
Alexander	Barnes	Boland
Anderson	Bedell	Bolling
Annunzio	Beilenson	Boner
Anthony	Benedict	Bonior
Applegate	Benjamin	Bonker
Archer	Bennett	Bouquard
Ashbrook	Bereuter	Bowen
AuCoin	Bethune	Brinkley
Badham	Bevill	Brodhead
Bafalis	Biaggi	Brooks
Bailey (MO)	Bingham	Broomfield
Brown (CA)	Gibbons	Mattox
Brown (CO)	Gilman	Mavroules
Broyhill	Ginn	Mazzoli
Burgener	Glickman	McClory
Burton, Phillip	Gonzalez	McCollum
Byron	Gore	McCurdy
Campbell	Gradison	McDade
Carman	Gramm	McEwen
Carney	Gray	McGrath
Chappie	Green	McHugh
Clausen	Gregg	Mica
Clinger	Grisham	Michel
Coelho	Guarini	Mikulski
Coleman	Gunderson	Miller (CA)
Collins (IL)	Hagedorn	Miller (OH)
Collins (TX)	Hall (OH)	Mineta
Conable	Hall, Ralph	Minish
Conte	Hamilton	Mitchell (NY)
Conyers	Hammerschmidt	Moakley
Corcoran	Hance	Molinari
Courter	Hansen (ID)	Montgomery
Coyne, James	Hansen (UT)	Moore
Coyne, William	Hartnett	Moorhead
Crane, Daniel	Hatcher	Morrison
Crane, Philip	Hefner	Mottl
D'Amours	Heftel	Murphy
Daniel, Dan	Hendon	Murtha
Daniel, R. W.	Hertel	Myers
Danielson	Hightower	Napier
Dannemeyer	Hiler	Natcher
Daschle	Hillis	Nelligan
Daub	Holland	Nelson
de la Garza	Hollenbeck	Nichols
Deckard	Holt	Nowak
Dellums	Hopkins	Oakar
DeNardis	Horton	Oberstar
Derrick	Howard	Obey
Derwinski	Hoyer	Oxley
Dicks	Hubbard	Panetta
Donnelly	Huckaby	Parris
Dornan	Hughes	Pashayan
Dowdy	Hunter	Patman
Downey	Hutto	Patterson
Dreier	Hyde	Paul
Duncan	Ireland	Pease
Dunn	Jeffords	Pepper
Dwyer	Jeffries	Perkins
Dymally	Jenkins	Petri
Dyson	Jones (OK)	Peyser
Early	Jones (TN)	Pickle
Eckart	Kastenmeier	Porter
Edgar	Kazen	Price
Edwards (CA)	Kemp	Pritchard
Edwards (OK)	Kildee	Pursell
Emerson	Kindness	Quillen
Emery	Kogovsek	Rahall
English	Kramer	Railsback
Erdahl	LaFalce	Rangel
Erlenborn	Lagomarsino	Ratchford
Ertel	Lantos	Regula
Evans (DE)	Latta	Rhodes
Evans (GA)	Leach	Rinaldo
Evans (IN)	Leath	Roberts (KS)
Fary	LeBoutillier	Roberts (SD)
Fascell	Lee	Robinson
Fazio	Lehman	Rodino
Fenwick	Leland	Roe
Ferraro	Lent	Roemer
Fields	Lewis	Rogers
Findley	Livingston	Rose
Fish	Loeffler	Rosenthal
Fithian	Long (LA)	Rostenkowski
Flippo	Long (MD)	Roth
Foglietta	Lott	Roukema
Foley	Lowry (WA)	Rousselot
Ford (MI)	Lujan	Roybal
Fountain	Luken	Rudd
Fowler	Lundine	Russo
Frank	Lungren	Santini
Frenzel	Markey	Sawyer
Frost	Marks	Scheuer
Fuqua	Marlenee	Schneider
Garcia	Martin (IL)	Schulze
Gaydos	Martin (NC)	Schumer
Gephardt	Martin (NY)	Seiberling
Sensenbrenner	Stark	Weiss
Shamansky	Staton	White
Shannon	Stenholm	Whitehurst
Sharp	Stokes	Whitley
Shaw	Stratton	Whittaker
Shelby	Studds	Whitten
Shumway	Stump	Williams (MT)
Shuster	Swift	Williams (OH)
Simon	Synar	Wilson
Skeen	Tauke	Winn
Skelton	Tauzin	Wolf
Smith (IA)	Taylor	Wolpe
Smith (NE)	Trible	Wright
Smith (NJ)	Udall	Wyden
Smith (PA)	Vander Jagt	Wylie
Snowe	Vento	Yates
Snyder	Volkmer	Yatron
Solarz	Walgren	Young (FL)
Solomon	Wampler	Young (MO)
Spence	Waxman	Zablocki
St Germain	Weber (MN)	Zeferetti
Stanton	Weber (OH)	

NAYS—20

Aspin	Gejdenson	Schroeder
Coats	Goodling	Siljander
Coughlin	Harkin	Smith (OR)
Dickinson	Jacobs	Walker
Dorgan	Johnston	Watkins
Evans (IA)	Mitchell (MD)	Wortley
Forsythe	Sabo	

ANSWERED "PRESENT"—1

Ottinger

NOT VOTING—53

Addabbo	Dougherty	McKinney
Andrews	Edwards (AL)	Moffett
Atkinson	Fiedler	Mollohan
Beard	Florio	Neal
Boggs	Ford (TN)	O'Brien
Breaux	Gingrich	Reuss
Brown (OH)	Goldwater	Richmond
Burton, John	Hall, Sam	Ritter
Butler	Hawkins	Savage
Chappell	Heckler	Smith (AL)
Cheney	Jones (NC)	Stangeland
Chisholm	Levitas	Thomas
Clay	Lowery (CA)	Traxler
Craig	Madigan	Washington
Crockett	Marriott	Weaver
Davis	Matsui	Wirth
Dingell	McCloskey	Young (AK)
Dixon	McDonald	

□ 1015

Mr. SMITH of Pennsylvania changed his vote from "nay" to "yea."

So the Journal was approved.

The result of the vote was announced as above recorded.

RESIGNATION AS MEMBER OF COMMITTEE ON THE BUDGET AND COMMITTEE ON AGRICULTURE

The SPEAKER laid before the House the following resignations as a member of the Committee on the Budget and the Committee on Agriculture:

WASHINGTON, D.C.,
October 7, 1981.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: I hereby resign my committee assignment to the Committee on the Budget.

Sincerely,

BERYL ANTHONY, Jr.,
Member of Congress.

WASHINGTON, D.C.,
October 7, 1981.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: I hereby resign my committee assignment to the Committee on Agriculture.

Sincerely,

BERYL ANTHONY, Jr.,
Member of Congress.

The SPEAKER. Without objection, the resignations are accepted.

There was no objection.

DESIGNATING MEMBERSHIP ON CERTAIN STANDING COMMITTEES

Mr. LONG of Louisiana. Mr. Speaker, as chairman of the Democratic Caucus and by authority of the Democratic Caucus, I offer a privileged resolution (H. Res. 242) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 242

Resolved, That the following-named Members be, and they are hereby, elected to the following standing committees of the House of Representatives:

Ways and Means Committee: Beryl F. Anthony, Jr., Arkansas.

Armed Services Committee: Joseph Smith, Pennsylvania.

Mr. LONG of Louisiana. Mr. Speaker, this resolution follows the regular procedure with respect to appointing Members to a committee, and I move adoption of the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

MEMORIAL SERVICE FOR ANWAR SADAT

(Mr. WRIGHT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WRIGHT. Mr. Speaker, I take this time to announce to the House that a memorial service for the late President Anwar Sadat will be held this afternoon in the Washington Cathedral. The service will be conducted beginning at 4 o'clock this afternoon.

Transportation will be provided from the House steps to the National Cathedral for the memorial services, and departure will be at 3:15, just shortly after our adjournment today. We intend to conclude at 3 o'clock.

Those desiring to attend this service are asked to advise the Sergeant at Arms. Call his office and get your names on the list if you would like to attend this service. Those buses will leave at 3:15, returning immediately upon conclusion of the service, which is expected to last from 30 to 45 minutes.

PERMISSION FOR COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION TO HAVE UNTIL MIDNIGHT FRIDAY, OCTOBER 9, TO FILE REPORT ON H.R. 4503

Mr. ROE. Mr. Speaker, I ask unanimous consent that the Committee on Public Works and Transportation may have until midnight, Friday, October 9, 1981, to file a report on the bill (H.R. 4503) to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

BEDELL AMENDMENT TO AGRICULTURE BILL

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEYSER. Mr. Speaker, I take this time today just to explain a procedure that is going to take place on the agriculture bill that will be coming up shortly. The Bedell amendment will be offered, and at that time I am going to ask for a division of the question so there will be a separate vote on the sugar portion of the Bedell amendment.

The Bedell amendment is going to be reducing the cost of the sugar subsidy down to the level of the other body which is still, of course, totally unacceptable in the program.

However, there will be a separate vote on the Bedell amendment and then when the agriculture bill next week reaches title IX, another amendment will be offered to strike the program completely.

TAX GIVEAWAYS RESPONSIBLE FOR HIGH INTEREST RATES

(Mr. FITHIAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FITHIAN. Mr. Speaker, high interest rates are killing small business and ruining our economy. Unless Congress acts—and acts soon—to bring down the size of the Federal deficit, many types of small businesses will face extinction in the near future as a result of high interest rates.

Nowhere are the devastating effects of high interest rates more visible than with the Nation's independent auto dealers.

In the past 12 months, more than 1,600 auto dealerships have gone under as a result of high interest rates.

In Indiana alone, an estimated 160 auto dealerships have been forced to close their doors over the past 24 months, eight times the number we would expect in normal times.

High interest rates affect auto dealers—like most retailers—in two important ways:

The high cost of consumer financing scares off buyers;

The high cost of maintaining adequate inventories blows the lid off dealer costs. Auto dealers are now paying a staggering $160 per month, per car in manufacturer carrying charges.

Small businessmen, and auto dealers in particular, are fiercely independent. They seek no bailout from the Federal Government. What they want is what all Americans have a right to expect from their leaders in government: Sound government fiscal policies which will lead to affordable interest rates.

They are not getting fair interest rates because of budget-busting special interest tax giveaways Congress passed earlier this year. The quickest way to get interest rates back under control is to repeal these costly and unjustified portions of the 1981 tax bill. I urge bipartisan support for this effort.

PLIGHT OF THE FAMILY FARM

(Mr. SYNAR asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SYNAR. Mr. Speaker, today we will be considering the 1981 farm bill. This legislation will structure farm programs for the next several years—programs which will make or break many small family farm operations around this country.

I know my colleagues have been inundated in the last few weeks with facts and figures about the plight of the family farm. I have a story I would like to relate to you that I think will put some of those facts and figures in the right perspective.

There was good news and bad news last month for the Richards family in Rogers County, Okla. At the Muskogee State Fair, Mr. Bob Richards and his family were selected as the Rogers County Farm Family of the Year. That was the good news. The bad news was that this may be the last year the Richards family will be in the farming business. High interest rates, no profits, and a bad year for the cattle indus-

try has sent Bob Richards looking for another job.

In 1973, Richards sold 300 dairy cattle and made $50,000. The next year he borrowed $100,000 and combined that with the previous year's profits to buy 300 beef cattle. A few months later the cattle market collapsed and the Richards were in financial trouble.

The classic argument against farm programs is that only inefficient farmers need the Government's help to succeed. Bob Richards was an efficient, hardworking farmer. And, the Muskogee State Fair officials agreed. He could not make ends meet. The sad part is that he is not alone.

ANWAR SADAT

(Mr. DANIELSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANIELSON. Mr. Speaker, as with all of our Members, I experience a tremendous sorrow at the loss of our good friend, President Anwar Sadat on yesterday.

In November 1976, just after our election, I had the honor of visiting with President Sadat at his residence near Cairo. He was good enough to let me make a tape recording of that meeting, which I am very happy to have among my possessions. This was about 1 year before his precedent shattering initiative when he traveled to Jerusalem to commence the process of bringing an end to the wars in the Middle East.

One part of our conversation was very prophetic, and I wish to share it with you; in substance and effect it went as follows. Mr. Sadat asked:

What kind of a man is this Carter whom you have just elected?

After our response he said:

You know, I think that Mr. Carter and I will get along real fine. He is from a small town and I am from a small town. He is a man of the people and I am a man of the people. He is also a religious man, I understand, and I am a religious man. You know, I think we will get along just fine.

Later in our conversation Sadat commented that attempts on his life had been made and that powerful interests, whom all of us know, had vowed to kill him someday. That was 5 years ago. Constantly aware of the grave personal danger to himself and his family, but dedicated to the cause of peace and the betterment of the lives of his people, he continued as a leader, with unflinching courage, working for the goal of peace throughout the Middle East. He was still the acknowledged world leader in that effort at the time he met his death.

In my opinion, Anwar Sadat, President of Egypt, will live in the memory of man as do the pyramids of his native land.

TRIBUTE TO ANWAR SADAT

(Mr. DYSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DYSON. Mr. Speaker, I would like to join with millions of citizens around the world in paying a final tribute to an outstanding man of leadership and peace, President Anwar Sadat.

It is almost impossible to believe that this vibrant, dynamic, and courageous champion of peace is no longer with us in this world. He was a giant of a man who served the interests of Egypt and the interests of the world. In international affairs, Anwar Sadat represented a force for reason, for strength, and for compassion. He sought to make the world safe for diversity, in a world that put a premium on conformity.

One reason for his sympathetic, human understanding was the many struggles and sorrows of his own life. He rose from the ranks of common man to shine in the world as an uncommon leader who gave words of wisdom to a warring world. He had a mind on fire. It sparkled with brilliancy. His profundity of thought was startling and he sought truth for the sake of peace.

Mr. Speaker, the tremendous outpouring of grief from the citizens of the world from every walk of life has shown well that Anwar Sadat had established a warm and intimate relationship with millions of peace-loving people who were never privileged to know him at close range.

I shall always remember my own meeting with him during his Washington visit in August 1981. I was struck with his determination to speak with calming voice of reason, urging the world to help him in his quest for peace in the Middle East. I mourn with my fellow Americans in the knowledge that this great man was cut down in the prime of his diplomatic life midway through the task he had set for himself and his country.

Life after Sadat will be more difficult in a world of turmoil, but it will also be richer for the contributions he made to the whole of mankind.

Mr. Speaker, as always we must go forward, even with the loss of this great human being. Let us do so with the light of his greatness leading the way.

EFFECT OF BUDGET CUTS ON WORKING MOTHERS

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, before I was elected to Congress I did an awful lot of volunteer legal work for welfare mothers and all of those mothers were trying desperately to get off welfare. I must say I am terribly saddened by the administration's policy that many working mothers who have gotten off welfare but are receiving some Federal benefits are going to have to make a very tough choice as to whether they quit working and go totally on welfare or try to make it without the minimal Federal benefits they were receiving.

As cochair of the Congresswomen's Caucus, we tried to get David Stockman over to talk to us many times, to talk about the tremendous impact this administration's budget was going to have on the working mothers. He would not come. I really hope the administration will reconsider those positions. It is certainly cheaper to fund women who are working than it is to fund care of the whole family on welfare. David Stockman has gone on about how some women were abusing the law, but I remind my colleagues there are ways to solve those abuses of a few people and prior administrations have pointed out those abuses could be cured by capping the benefits.

I repeat it is very important to understand the economics of this, that it is much cheaper for us to subsidize a women's day care expenses than it is to subsidize her entire family on ADC. Further there are so many emotional strains on single working mothers, to add to these economic strains is cruel. I hope this body joins me in writing David Stockman and the administration to get them to change their position.

□ 1030

GRAIN SALES TO THE SOVIET UNION

(Mr. WEAVER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEAVER. Mr. Speaker, we are presently subsidizing the Soviet union with our cheap grain sales. Right now, the Soviet Union is buying our wheat at a price $1.70 below the cost of production. This is almost enough to keep their entire army of occupation in Afghanistan for a year.

How much longer can we spend money on arms to defend ourselves against the Soviet Union and at the same time subsidize them with the most precious commodity in the world, food?

I intend to offer an amendment to the farm bill that will rectify this.

TRIBUTE TO RAYMOND MANCINI

(Mr. WILLIAMS of Ohio asked and received permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WILLIAMS of Ohio. Mr. Speaker, I rise to pay tribute this morning to a courageous young man from Youngstown, Ohio, the city I represent.

The man is Raymond Mancini, who is known to boxing fans throughout the Nation and a large part of the world as "Boom Boom" Mancini. On October 3, of this year, Ray Mancini fought for the lightweight boxing championship of the world. He battled current champion, the veteran Alexis Arguello.

Following his nationally televised title fight, Ray Mancini apologized to the people of Youngstown, Ohio, for not winning the title. On behalf of myself and all of Ray's fans in Youngstown and the world, I want to go on record as saying Ray does not have to apologize for a thing. He fought well. He was defeated by one of the most talented fighters to ever step into the ring. He can certainly hold his head high.

As the story unfolded on national television, the Nation learned of a 20-year-old Youngstown fighter who wanted to win the title for his father and for his community. Because of this and the personal tenacity he displayed during his bout, I am certain Ray Mancini will fight again for the title and win it. My hat is off to Ray Mancini.

THE FARM BILL

(Mr. SILJANDER asked and was given permission to address the House for 1 minute to revise and extend his remarks.)

Mr. SILJANDER. Mr. Speaker, it is important that we walk a fine line on the farm bill which will affect the Nation for the next 4 years. It is imperative that we pass a rather austere bill in order to keep the Reagan economic recovery package on track. The problems facing farmers today are the same problems that the rest of the Nation is facing—inflation and high interest rates. Therefore, the recovery package's success is vital in Michigan's farm economy and the farm economy of the Nation is to improve.

But because of the sorry economic conditions in Michigan, coupled with low commodity prices, lingering effects of the Soviet grain embargo, high interest rates, high farmer debt load, and varying weather conditions many Michigan farmers are facing a serious cashflow problem at the moment.

For this reason, I urge my colleagues to support continuation of a reasonable level of target pricing in order to help farmers from economically depressed States through these tough times.

In addition, I would like to say that the 90-percent-parity level for future selected embargoes seems to me to be a fair level, and I hope that my colleagues will vote to protect farmers from the problems they experienced last year during the Soviet grain embargo. I am confident that a 90-percent-parity level will insure that those farmers will never again be left high and dry with unused surpluses of farm products and an empty bank account while the Government plays politics with their livelihoods.

SADAT'S DEATH: A BLOW TO WORLD PEACE

(Mrs. CHISHOLM asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. CHISHOLM. Mr. Speaker, I am shocked, dismayed, and saddened by the brutal assassination of Egyptian President Anwar Sadat.

Once again, a few seconds of gunfire, a few speeding bullets, have silenced the voice of a great world leader. Once again, violence has replaced reason in world affairs. Once again, the struggle for peace and for moderation has been set back by those whose only methods are death and destruction.

Anwar Sadat bore an inner strength that could immediately be sensed by those around him. He possessed the rare human gifts of enlightened, committed leadership which enabled him to advance his region and his world.

His foresight, commitment, and determination helped build a bridge between bitter enemies. By walking a high but lonely road, he single-handedly softened the hardened hospitility between millions of Arabs and Israelis, and he gave all of us new hope for an end to turmoil and bloodshed in the Middle East.

Now we are left to wonder: Who will continue his great work, who—if anyone—will assume the demanding role of peacemaker, who will restrain the march of communism and extremism in that unstable part of the globe, who will fill the vacuum that his death has created?

Our Nation's leaders, and leaders of all the world's nations, must answer the challenge. We must say "no" to killing, "never" to war, and "now and forever" to the cause of peace and freedom for all the peoples of the world.

LIMITATION OF FBI FINGERPRINT IDENTIFICATION SERVICE

(Mr. HUGHES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUGHES. Mr. Speaker, in August of this year, a notice from the Federal Bureau of Investigation came into all of our offices, and the full impact of that notice is now just being felt. It was a notice that the States will not be able to avail themselves, in many instances, of the fingerprint identification service provided by the FBI. That means that States like California, for instance, cannot plug into their fingerprint identification system to check on those applicants for very sensitive positions in government and in agencies.

In talking with some of the people in California, they brought to mind one case where an applicant for a day care center in fact had a criminal record in another State for child abuse. In fact, she had tossed an infant out of the house into an incinerator.

It is in States like my own, where the Casino Control Commission is endeavoring to screen applicants to make sure they have no ties to organized crime, that the crunch is going to be felt. There is no suitable alternative for our State and local agencies.

I say to my colleagues that if we really want to win the war on crime, we are moving in the wrong direction. This new policy is pennywise and pound foolish.

Mr. DANIELSON. Mr. Speaker, will the gentleman yield?

Mr. HUGHES. I yield to the gentleman from California.

Mr. DANIELSON. Mr. Speaker, I thank the gentleman for bringing up this most important point. This is an outrageous limitation in our war on crime.

Mr. Speaker, I was in the FBI 40 years ago, and the central identification records of the Bureau were then, as they are now, the main clearinghouse for information on crime. It would be a shame to cut off that assistance to law enforcement.

ANWAR SADAT—A GREAT MAN OF PEACE

(Mr. DICKINSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DICKINSON. Mr. Speaker, one of the high points, I suppose, of my life was just a very short time ago, in 1977, when the House Armed Services Committee was in Tel Aviv and we met with Prime Minister Begin and asked him if he would extend an invitation to the President of Egypt for a meeting. He said that he would. We immediately proceeded to Cairo, where we met with President Sadat and asked him if he would accept such an invitation. Being the giant of a man that he was, he said:

> Of course, I will go to Jerusalem, I will go to the Knesset, I would go to the ends of the Earth in the interest of peace.

Three days later the invitation was extended, and since then, all has become history. They did in fact meet and the history of the turbulent

Middle East was changed for the better.

Mr. Speaker, I deplore the senseless slaughter and killing of such a great man of peace. I took great satisfaction in having played a small part in bringing Begin and Sadat—Israel and Egypt—together. If I had a personal ambition, it would be to contribute just a portion of what this great man has done toward world peace.

THE HISTORIC FIRST MEETING OF A CONGRESSIONAL DELEGATION WITH PRESIDENT ANWAR EL-SADAT

(Mr. STRATTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STRATTON. Mr. Speaker, I share the sadness and horror over the assassination of President Sadat.

Mr. Speaker, many of us, as the gentleman from Alabama (Mr. DICKINSON) has already indicated, have memories of our meeting with this great statesman. As a matter of fact, a delegation from the House Armed Services Committee, which I had the honor to chair, back in 1973 became the first congressional delegation to meet with President Sadat. It was just after the Yom Kippur war. We were tremendously impressed with President Sadat's candor and his clearly expressed desire for peace. We came back here and reported that impression to the Congress and to our constituents. Many of them thought we were being misled. But then other congressional groups went to Egypt and had the opportunity to be both charmed and impressed with this great leader of the greatest Arab State. And they came to realize that we were right.

In a very real sense that first historic meeting led directly to the events of the long and painful peace process which President Sadat did so much to inspire—the phased withdrawals from the Suez, the historic trip to Jerusalem, and, finally, the Camp David agreement.

I am proud to have been a part of that original meeting. And all of us who participated in it, I feel sure, will do everything in our power in the months ahead, to assure that the dream of peace, for which President Sadat gave his own life, will indeed become a living reality.

U.S. ARMS SALES WOULD UNDERMINE PEACE FOR WHICH ANWAR SADAT SACRIFICED HIS LIFE

(Mr. PORTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PORTER. Mr. Speaker, Anwar Sadat has been universally acknowledged as a man of peace. Specifically, he was an Arab leader who acknowledged Israel's right to exist and moved his country toward living in peace with her.

For this, he could never be forgiven—not by the Libyans, the Syrians, the Iraqis, the PLO, and not by the Saudi Arabians.

While Sadat was being gunned down yesterday, Yassir Arafat was on his way to Beijing to arrange a purchase of Red Chinese arms for the PLO.

This is the same China that has been making overtures about buying armaments from the United States, arms purchases that would be financed in large part by the Saudis.

Consider it: U.S. offensive F-15 equipment and AWACS for the Saudis, who have declared a holy war of extermination against Israel, and U.S. arms for the Red Chinese, who will sell their arms for Saudi money to the PLO, which has declared Israel's destruction as its No. 1 objective. Somehow, this does not seem like the peace for which Anwar Sadat sacrificed his life.

Mr. KEMP. Mr. Speaker, will the gentleman yield?

Mr. PORTER. I yield to the gentleman from New York.

Mr. KEMP. Mr. Speaker, I congratulate the gentleman on his statement. I just wanted the gentleman to know that I read in this morning's Washington Post that Yassir Arafat's chief aide has announced that he wants to shake the hand of the man who pulled the trigger and killed Anwar Sadat. This should serve as a vivid reminder of the true nature of the PLO, and why this Nation should identify that organization as the No. 1 obstacle to peace in the Middle East.

Mr. PORTER. I thank the gentleman for his statement.

PERMISSION FOR SUBCOMMITTEE ON ADMINISTRATIVE LAW AND GOVERNMENTAL RELATIONS OF THE COMMITTEE ON THE JUDICIARY TO SIT ON TUESDAY, OCTOBER 13, 1981, DURING 5-MINUTE RULE

Mr. DANIELSON. Mr. Speaker, I ask unanimous consent that the Subcommittee on Administrative Law and Governmental Relations of the Committee on the Judiciary be permitted to sit while the House is reading for amendment, if it should be reading for amendment, under the 5-minute rule on Tuesday, October 13, 1981.

The SPEAKER pro tempore (Mr. MURTHA). Is there objection to the request of the gentleman from California?

Mr. WALKER. Mr. Speaker, reserving the right to object, I do so in order to ask the gentleman, do I understand you are marking up a bill?

Mr. DANIELSON. If the gentleman will yield, no. The gentleman may understand that, but that is incorrect. We will be taking testimony only on a hearing.

Mr. WALKER. Testimony only. And has this been approved by the minority?

Mr. DANIELSON. Yes; it has been approved by the ranking minority member of the full committee and the ranking minority member of the subcommittee.

Mr. WALKER. I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

EXTENDING AUTHORITY TO COMPENSATE FOR SEIZURE BY FOREIGN NATIONS OF U.S. FISHING VESSELS

Mr. BREAUX. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1191) to extend for 1 year the authority of the Secretary of Commerce to reimburse commercial fishermen of the United States for certain losses incurred as the result of the seizure of their vessels by foreign nations, with Senate amendments to House amendments thereto, and concur in the Senate amendments to House amendments.

The Clerk read the title of the Senate bill.

The Clerk read the Senate amendments to House amendments, as follows:

In lieu of the matter proposed to be inserted by the House engrossed amendment to the text of the bill, insert:

That section 7 of the Fishermen's Protective Act of 1967 (22 U.S.C. 1977) is amended—

(1) by adding immediately after the fourth sentence of subsection (c) the following new sentence: "Those fees not currently needed for payments under this section shall be kept on deposit or invested in obligations of, or guaranteed by, the United States and all revenues accruing from such deposits or investments shall be credited to such separate account."; and

(2) in subsection (e), by striking out "October 1, 1981" and inserting in lieu thereof "October 1, 1984".

SEC. 2. (a)(1) The first section of the Act of June 29, 1935 (relating to certain seagoing vessels) (46 U.S.C. 367), as amended, is further amended by striking "January 1, 1983" and inserting in lieu thereof "January 1, 1988".

(2) Section 10(c) of the Act of May 28, 1908 (relating to seagoing barges) (46 U.S.C. 395(c)) is amended by striking "January 1, 1982," and inserting in lieu thereof "January 1, 1988,".

(3) The last sentence of section 4426 of the Revised Statutes of the United States (46 U.S.C. 404), as amended, is amended by

striking "January 1, 1983" and inserting in lieu thereof "January 1, 1988".

(b) For the purposes of section 9 of the Rivers and Harbors Appropriation Act of 1899, as amended (33 U.S.C. 401), the portion of the Green River in the State of Washington lying upstream from that State Highway 516 bridge which is in existence on the date of enactment of this Act is hereby declared to be not a navigable waterway.

Amend the amendment of the House to the title so as to read: "An Act to extend for three additional years the provisions of the Fishermen's Protective Act of 1967 relating to the reimbursement of United States commercial fishermen for certain losses incurred incident to the seizure of their vessels by foreign nations; and for other purposes.".

Mr. BREAUX (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendments to the House amendments be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from Louisiana?

Mr. FORSYTHE. Mr. Speaker, reserving the right to object, I make this reservation in order to allow the chairman of the subcommittee to give us a brief explanation of the matter that is before us, and I yield to the gentleman for that purpose.

Mr. BREAUX. Mr. Speaker, I would point out to the Members and the ranking minority member of the subcommittee that this bill passed the House a couple of weeks ago, and when it passed the House it was a permanent authorization. The Senate has come back and made it a 3-year authorization, thereby limiting the bill, which we find acceptable. They have also added two relatively minor amendments. One would extend for 5 years a current exemption which is in the law to grant fishery tender vessels from the various Coast Guard inspection requirements. These exemptions were first granted in 1968 and extended twice, in 1973 and in 1978.

We feel that, as does the Senate, the exemptions are justified.

The other amendment the Senate added was to declare as nonnavigable a portion of the Green River in Washington, which would allow the State to construct some permanent structures across that river.

We find both of the Senate-added amendments to be acceptable, and we would urge the House to accept them.

□ 1045

Mr. FORSYTHE. Mr. Speaker, further reserving the right to object, I fully concur with the explanation of my chairman. I think these two Senate amendments that were added are good amendments, noncontroversial, and should be passed.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from Louisiana (Mr. BREAUX)?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BREAUX. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

CONFERENCE REPORT ON S. 1181, UNIFORMED SERVICES PAY AND BENEFITS ACT OF 1981

Mr. NICHOLS. Mr. Speaker, pursuant to the order of the House on Tuesday, October 6, 1981, I call up the conference report on the Senate bill (S. 1181) to amend titles 10 and 37, United States Code, to increase the pay and allowances and benefits of members of the uniformed services and certain dependents, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 6, 1981.)

Mr. NICHOLS (during the reading). Mr. Speaker, I ask unanimous consent that the statement be considered as read.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The SPEAKER pro tempore. The gentleman from Alabama (Mr. NICHOLS) will be recognized for 30 minutes, and the gentleman from New York (Mr. MITCHELL) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Alabama (Mr. NICHOLS).

Mr. NICHOLS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am pleased to bring to the House the conference report on S. 1181, the Uniformed Services Pay Act of 1981. This legislation will demonstrate the continued resolve of the Congress to insure that military pay does not experience the neglect it suffered in the past. Recent recruiting and retention statistics show significant improvements and are reaching the level that is needed to sustain the size and quality military force we require.

I believe that the recent improvements in these statistics is a direct result of our actions last year in the area of military compensation and the service member's expectation of further action by the Congress this year. The conference report we bring before the House today will maintain this momentum.

The centerpiece of the conference report is the pay increase effective October 1, 1981, for all uniformed services personnel. Pay for enlisted personnel will be increased by 10 to 17 percent, with the larger increases going to the more senior enlisted personnel. All officers will receive a 14.3-percent increase. Importantly, all service members will receive a double-digit pay increase.

The conference report adopts most of the other provisions in both the Senate bill and the House amendment.

Hazardous duty incentive pay will be extended to personnel serving as deck crew of a ship other than an aircraft carrier from which aircraft are launched, to personnel exposed to viruses or bacteria in laboratory situations, and to personnel handling toxic fuel. The rates of hazardous duty incentive pay for enlisted personnel were also increased.

Special pay of up to $350 per month will be authorized for air weapons controllers assigned aboard AWACS.

The rates of aviation career incentive pay—better known as flight pay—will be restructured and increased to a maximum of $400 per month.

Enlistment bonus authority will be modified to permit a maximum payment of $8,000 for a 4-year enlistment in a critical skill; $5,000 of that amount will be payable in a lump sum with the remainder available as a periodic payment. A 2-year test of a bonus of up to $4,000 for a 3-year enlistment in the Army is authorized.

Standing back and evaluating the conference report, one must be struck by the balance between the across-the-board increases required to maintain a service member's financial security and the targeted provisions focusing on critical skills and financial irritants. This has been the philosophy of the Committee on Armed Services and was the philosophy adopted by the House conferees. I think this philosophical underpinning of the conference report has added significantly to its quality.

I urge the Members to support the conference report on S. 1181.

Mr. Speaker, I reserve the balance of my time.

Mr. MITCHELL of New York. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I strongly urge the support of this conference report, S. 1181,

and I would like to stress the fact that time is critical for the adoption of this bill.

This pay raise was scheduled to take effect on October 1 and we need to act on this today because we all realize that October 1 was last Thursday. So we have to complete our activity on this bill today so that the members of the armed services will receive the pay increase in their October 15 paychecks.

It simply will take that much time to process it.

Much attention through the years has been focused on the manpower problems in our armed services and last year Congress responded to that problem with about a $5 billion pay raise and package of incentives. This investment in our Armed Forces is paying off, Mr. Speaker.

Recruitment and retention rates are up markedly, even dramatically in some areas. This bill which represents another pay raise of approximately $5 billion will help to maintain the momentum that we have gotten started as a result of last year's action.

The conference report is a product of considerable compromise.

As my colleagues will recall, the House version provided for a 14.3-percent pay raise across the board. Our primary effort was to provide comparability to all the people in the services, to keep military pay even with civilian pay, which is what Congress had promised as a result of the All-Volunteer Force back in 1972.

The Senate version, on the other hand, used a different philosophy. They stressed targeting. They provided various increases for different grades depending on shortages in the ranks. Their bill provided raises of something between 7 percent and 22 percent. The compromise resulting from all this added up to pretty nearly a perfect split in pay raises for enlisted ranks between the House and Senate version. In the officer ranks, the House was preserved. The House position of 14.3 percent across the board will be used for the officer ranks.

I sincerely feel it is the best pay bill that we could have gotten under the very different circumstances of vastly differing House and Senate positions and pay raise philosophies. I wish to commend the chairman of our subcommittee, the gentleman from Alabama, for the splendid job he did in maintaining the House position during the long and arduous hours of negotiation.

Mr. Speaker, I would urge my colleagues to support this program because I feel it is the best pay raise bill we can get.

Mr. BETHUNE. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL of New York. I yield to the gentleman from Arkansas.

Mr. BETHUNE. I thank the gentleman for yielding.

I would like to compliment the chairman of the subcommittee, the gentleman from Alabama (Mr. NICHOLS), and the gentleman from New York (Mr. MITCHELL), and particularly the distinguished chairman of the Committee on Armed Services, for not only keeping the word that they gave to me and other Members of the House a few weeks ago relative to hazardous and incentive pay, but because I think it was one of the wisest decisions that we have made in a long time. And I would like to say why.

In the report which is before us today, we have a provision which extends incentive pay to toxic fuel handlers like those who work on the Titan missile system in my State of Arkansas and the work of the conference also recedes to the Senate position which would increase the pay for those enlisted men who work on the Titan system and handle that highly toxic gas from $55 per month to $83 per month. That may not sound like a lot of money, but it is one more element in building the type of incentive that we have to have in order to keep those Titan missiles safe so long as they are operative. And under any plan that is being discussed here, it is clear that there they are going to stand and be in existence for at least a few more years.

We have tried to work hard to build a level of safety so that the people who work on the system will insure safety to the citizens that live in the area of the Titan missiles. I think this is a very important step in doing that.

It is very hard to keep a high level of incentive and initiative when you work in a job like that, that most of the time is quite boring, but on occasion presents a reason which makes it plain to the world that those systems are inherently dangerous and do need people who are highly motivated, highly trained, and the best people we will have in the service.

If this bill contains nothing else of value, we should pass it for that purpose alone.

I would like to compliment the gentleman who worked on this so very hard to get this provision in conference. It is one of the best things that I think we have done here in a long time and it makes sense.

Mr. MITCHELL of New York. I thank the gentleman for his contribution and say that his amendment certainly strengthened the pay raise package and certainly made it a far better bill.

Mr. KAZEN. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL of New York. I yield to the gentleman from Texas.

Mr. KAZEN. I thank the gentleman for yielding.

Will the gentleman go over the targeting provisions of this pay schedule—10 percent to 17 percent, as I understand it.

Mr. MITCHELL of New York. Yes. The gentleman is correct.

Mr. KAZEN. And within those figures the services will then target the money to various grades?

Mr. MITCHELL of New York. Yes, the compromise that was arrived at was very similar to the one suggested by the administration.

As the gentleman will recall, our 14.3-percent pay raise——

Mr. KAZEN. Was across the board.

Mr. MITCHELL of New York (continuing). Was across the board and it provided the flexibility for the Secretary of Defense to target up to 25 percent of that.

So the day of the conference the Secretary of Defense wrote us a letter saying that he would target up to 25 percent in a certain way.

Now the compromise closely followed his recommendations.

I will read them for the gentleman, if he is interested.

Mr. KAZEN. No; I just wanted to get it clear in my mind how we got off of the 14.3 percent and then came back toward the theory that was involved in the other body's bill, the targeting.

Mr. MITCHELL of New York. It was the result of the compromise. As the gentleman will recall the Senate version targeted much of their pay raise between 7 and 22 percent. We felt that was confusing and we felt we did not need to target that much money because even though they were stressing retention, our bill did just about as good a job in retaining those senior enlisted grades. We were also concerned with the problems of recruitment down the line and felt our version was superior in this regard.

So, I think it is a good compromise for the enlisted ranks. The compromise results in a position just about halfway between the two original positions.

Mr. KAZEN. I thank the gentleman.

Mr. NICHOLS. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL of New York. I yield to the gentleman from Alabama.

Mr. NICHOLS. I thank the gentleman for yielding.

Let me respond to the gentleman from Texas (Mr. KAZEN) by saying there was a provision in the House bill which carried 14.3 percent across the board, but the Department of Defense in their wisdom could target up to 25 percent.

I am certain if the House bill had passed intact that the Secretary of Defense would have exercised that prerogative. So the targeting bill that we bring to the floor today really has the approval of all of the branches of the services.

Mr. DAN DANIEL. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL of New York. I yield to the gentleman from Virginia.

Mr. DAN DANIEL. I thank the gentleman for yielding.

I take this time to commend the gentleman from Alabama (Mr. NICHOLS) and the gentleman from New York (Mr. MITCHELL), and I hope that when this bill is finalized it will be characterized as the Nichols-Mitchell bill. They have worked hard and long and I think very intelligently. These men are not only compassionate insofar as our military personnel are concerned, but they also are realistic.

I believe that when they looked at the situation and they asked themselves, "What does it take to recruit and retain qualified personnel, what is required to encourage these young people to join the military forces and to remain in the service?" I believe that the package which they have come up with addresses the matter in both the near and long term. I highly commend them for the work that they have done.

Mr. NICHOLS. I thank the gentleman.

Mr. MITCHELL of New York. I thank the gentleman for his kind words and I would also like to commend him for his long, strong support of policies and programs that would benefit the people in our armed services.

Mr. Speaker, I have no further requests for time and yield back the balance of my time.

□ 1100

Mr. NICHOLS. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Missouri, a member of the subcommittee (Mr. SKELTON).

Mr. SKELTON. Mr. Speaker, we all know that national defense is no better than the men and women that we have in uniform.

I wish to commend the chairman of the subcommittee, the gentleman from Alabama (Mr. NICHOLS) that has worked so hard and diligently on this bill.

I think that this bill is a step toward having a continued recruitment and retention in the armed services that we need.

The profession of arms is an honorable calling; however, we must pay these people, these men and women in uniform, an adequate salary. I think this is a compromise bill that does just that. For the enlisted ranks, it ranges from a 10-percent to a 17-percent increase, and for the officers it is a 14.3-percent across-the-board increase. It also includes many other areas that I feel are very important regarding the compensation of those in the armed services. It does give a status of flight pay to those controllers in the AWACS because we see that there has been a shortage of these controllers in the Air Force for some time.

We increased the ROTC scholarships for the Navy as well as for the Air Force, which we did for the Army last year.

We allow for an aviation career incentive pay for those who have been in the flying end of our defense for over 25 years. This continues their flight pay.

All in all, this is an excellent bill, a good compromise. I commend the chairman. I commend the ranking minority leader.

I urge its passage wholeheartedly.

Mr. NICHOLS. Mr. Speaker, I have no further requests for time. I yield back the balance of my time.

I move the previous question on the conference report.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the conference report.

Mr. MICHEL. Mr. Speaker, I object to ordering the previous question.

The SPEAKER pro tempore. The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. LOTT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 416, nays 0, not voting 17, as follows:

[Roll No. 251]

YEAS—416

Addabbo	Bowen	Daniel, Dan	Evans (IN)	Lehman	Robinson
Akaka	Breaux	Daniel, R. W.	Fary	Leland	Rodino
Albosta	Brinkley	Danielson	Fascell	Lent	Roe
Alexander	Brodhead	Dannemeyer	Fazio	Lewis	Roemer
Anderson	Brooks	Daschle	Fenwick	Livingston	Rogers
Andrews	Broomfield	Daub	Ferraro	Loeffler	Rose
Annunzio	Brown (CA)	de la Garza	Fields	Long (LA)	Rosenthal
Anthony	Brown (CO)	Deckard	Findley	Long (MD)	Rostenkowski
Applegate	Broyhill	Dellums	Fish	Lott	Roth
Archer	Burgener	DeNardis	Fithian	Lowery (CA)	Roukema
Ashbrook	Burton, Phillip	Derrick	Flippo	Lowry (WA)	Rousselot
Aspin	Byron	Derwinski	Foglietta	Lujan	Roybal
Atkinson	Campbell	Dickinson	Foley	Luken	Rudd
AuCoin	Carman	Dicks	Ford (MI)	Lundine	Russo
Badham	Carney	Dingell	Ford (TN)	Lungren	Sabo
Bafalis	Chappell	Donnelly	Forsythe	Madigan	Santini
Bailey (MO)	Chappie	Dornan	Fountain	Markey	Sawyer
Bailey (PA)	Cheney	Dougherty	Fowler	Marks	Scheuer
Barnard	Chisholm	Dowdy	Frank	Marlenee	Schneider
Barnes	Clausen	Downey	Frenzel	Martin (IL)	Schroeder
Beard	Clay	Dreier	Frost	Martin (NC)	Schulze
Bedell	Clinger	Duncan	Fuqua	Martin (NY)	Schumer
Bellenson	Coats	Dunn	Garcia	Matsui	Seiberling
Benedict	Coelho	Dwyer	Gaydos	Mattox	Sensenbrenner
Benjamin	Coleman	Dymally	Gejdenson	Mavroules	Shamansky
Bennett	Collins (IL)	Dyson	Gephardt	Mazzoli	Shannon
Bereuter	Collins (TX)	Eckart	Gibbons	McClory	Sharp
Bethune	Conable	Edgar	Gilman	McCloskey	Shaw
Bevill	Conte	Edwards (AL)	Gingrich	McCollum	Shelby
Biaggi	Conyers	Edwards (CA)	Ginn	McCurdy	Shumway
Bingham	Corcoran	Edwards (OK)	Glickman	McDade	Shuster
Blanchard	Coughlin	Emerson	Gonzalez	McDonald	Siljander
Bliley	Courter	Emery	Goodling	McEwen	Simon
Boggs	Coyne, James	English	Gore	McGrath	Skeen
Boland	Coyne, William	Erdahl	Gradison	McHugh	Skelton
Bolling	Craig	Erlenborn	Gramm	McKinney	Smith (AL)
Boner	Crane, Daniel	Ertel	Gray	Mica	Smith (IA)
Bonior	Crane, Philip	Evans (DE)	Green	Michel	Smith (NE)
Bonker	Crockett	Evans (GA)	Gregg	Mikulski	Smith (NJ)
Bouquard	D'Amours	Evans (IA)	Grisham	Miller (CA)	Smith (PA)
			Guarini	Miller (OH)	Snowe
			Gunderson	Mineta	Snyder
			Hagedorn	Minish	Solarz
			Hall (OH)	Mitchell (MD)	Solomon
			Hall, Ralph	Mitchell (NY)	Spence
			Hall, Sam	Moakley	St Germain
			Hamilton	Moffett	Stangeland
			Hammerschmidt	Molinari	Stanton
			Hance	Mollohan	Stark
			Hansen (ID)	Montgomery	Staton
			Hansen (UT)	Moore	Stenholm
			Harkin	Moorhead	Stokes
			Hartnett	Morrison	Stratton
			Hatcher	Mottl	Studds
			Hawkins	Murphy	Stump
			Heckler	Murtha	Swift
			Hefner	Myers	Synar
			Heftel	Napier	Tauke
			Hendon	Natcher	Tauzin
			Hertel	Neal	Taylor
			Hightower	Nelligan	Traxler
			Hiler	Nelson	Trible
			Hillis	Nichols	Udall
			Holland	Nowak	Vander Jagt
			Hollenbeck	O'Brien	Vento
			Holt	Oakar	Volkmer
			Hopkins	Oberstar	Walgren
			Horton	Obey	Walker
			Howard	Ottinger	Wampler
			Hoyer	Oxley	Washington
			Hubbard	Panetta	Watkins
			Huckaby	Parris	Waxman
			Hughes	Pashayan	Weaver
			Hunter	Patman	Weber (MN)
			Hutto	Patterson	Weber (OH)
			Hyde	Paul	Weiss
			Ireland	Pease	White
			Jacobs	Pepper	Whitehurst
			Jeffords	Perkins	Whitley
			Jeffries	Petri	Whittaker
			Jenkins	Peyser	Whitten
			Johnston	Pickle	Williams (MT)
			Jones (OK)	Porter	Williams (OH)
			Jones (TN)	Price	Wilson
			Kastenmeier	Pritchard	Winn
			Kazen	Pursell	Wolf
			Kemp	Quillen	Wolpe
			Kildee	Rahall	Wortley
			Kindness	Railsback	Wright
			Kogovsek	Rangel	Wyden
			Kramer	Ratchford	Wylie
			LaFalce	Regula	Yates
			Lagomarsino	Reuss	Yatron
			Lantos	Rhodes	Young (AK)
			Latta	Richmond	Young (FL)
			Leach	Rinaldo	Young (MO)
			Leath	Ritter	Zablocki
			LeBoutillier	Roberts (KS)	Zeferetti
			Lee	Roberts (SD)	

NAYS—0

NOT VOTING—17

Brown (OH)	Early	Marriott
Burton, John	Fiedler	Savage
Butler	Florio	Smith (OR)
Davis	Goldwater	Thomas
Dixon	Jones (NC)	Wirth
Dorgan	Levitas	

□ 1115

Mr. HERTEL changed his vote from "nay" to "yea."

So the previous question was ordered.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. LUNGREN. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 417, noes 1, not voting 15, as follows:

[Roll No. 252]

AYES—417

Addabbo	Chisholm	Emery
Akaka	Clausen	English
Albosta	Clay	Erdahl
Alexander	Clinger	Erlenborn
Anderson	Coats	Ertel
Andrews	Coelho	Evans (DE)
Annunzio	Coleman	Evans (GA)
Anthony	Collins (IL)	Evans (IA)
Applegate	Collins (TX)	Evans (IN)
Archer	Conable	Fary
Ashbrook	Conte	Fascell
Aspin	Conyers	Fazio
Atkinson	Corcoran	Fenwick
AuCoin	Coughlin	Ferraro
Badham	Courter	Fields
Bafalis	Coyne, James	Findley
Bailey (MO)	Coyne, William	Fish
Bailey (PA)	Craig	Fithian
Barnard	Crane, Daniel	Flippo
Barnes	Crane, Philip	Foglietta
Beard	Crockett	Foley
Bedell	D'Amours	Ford (MI)
Beilenson	Daniel, Dan	Ford (TN)
Benedict	Daniel, R. W.	Forsythe
Bennett	Danielson	Fountain
Bereuter	Dannemeyer	Fowler
Bethune	Daschle	Frank
Bevill	Daub	Frenzel
Biaggi	Davis	Frost
Bingham	de la Garza	Fuqua
Blanchard	Deckard	Garcia
Bliley	Dellums	Gaydos
Boggs	DeNardis	Gejdenson
Boland	Derrick	Gephardt
Bolling	Derwinski	Gibbons
Boner	Dickinson	Gilman
Bonior	Dicks	Gingrich
Bonker	Dingell	Ginn
Bouquard	Dixon	Glickman
Bowen	Donnelly	Gonzalez
Breaux	Dorgan	Goodling
Brinkley	Dornan	Gore
Brodhead	Dougherty	Gradison
Brooks	Dowdy	Gramm
Broomfield	Downey	Gray
Brown (CA)	Dreier	Green
Brown (CO)	Duncan	Gregg
Broyhill	Dunn	Grisham
Burgener	Dwyer	Guarini
Burton, Phillip	Dymally	Gunderson
Byron	Dyson	Hagedorn
Campbell	Eckart	Hall (OH)
Carman	Edgar	Hall, Ralph
Carney	Edwards (AL)	Hall, Sam
Chappell	Edwards (CA)	Hamilton
Chappie	Edwards (OK)	Hammerschmidt
Cheney	Emerson	Hance
Hansen (ID)	McGrath	Scheuer
Hansen (UT)	McHugh	Schneider
Harkin	McKinney	Schroeder
Hartnett	Mica	Schulze
Hatcher	Michel	Schumer
Hawkins	Mikulski	Seiberling
Hefner	Miller (CA)	Sensenbrenner
Heftel	Miller (OH)	Shamansky
Hendon	Mineta	Shannon
Hertel	Minish	Sharp
Hightower	Mitchell (MD)	Shaw
Hiler	Mitchell (NY)	Shelby
Hillis	Moakley	Shumway
Holland	Moffett	Shuster
Hollenbeck	Molinari	Siljander
Holt	Mollohan	Simon
Hopkins	Montgomery	Skeen
Horton	Moore	Skelton
Howard	Moorhead	Smith (AL)
Hoyer	Morrison	Smith (IA)
Hubbard	Mottl	Smith (NE)
Huckaby	Murphy	Smith (NJ)
Hughes	Murtha	Smith (OR)
Hunter	Myers	Smith (PA)
Hutto	Napier	Snowe
Hyde	Natcher	Snyder
Ireland	Neal	Solarz
Jacobs	Nelligan	Solomon
Jeffords	Nelson	Spence
Jeffries	Nichols	St Germain
Jenkins	Nowak	Stangeland
Johnston	O'Brien	Stanton
Jones (OK)	Oakar	Stark
Jones (TN)	Oberstar	Staton
Kastenmeier	Ottinger	Stenholm
Kazen	Oxley	Stokes
Kemp	Panetta	Stratton
Kildee	Parris	Studds
Kindness	Pashayan	Stump
Kogovsek	Patman	Swift
Kramer	Patterson	Synar
LaFalce	Paul	Tauke
Lagomarsino	Pease	Tauzin
Lantos	Pepper	Taylor
Latta	Perkins	Traxler
Leach	Petri	Trible
Leath	Peyser	Udall
LeBoutillier	Pickle	Vander Jagt
Lee	Porter	Vento
Lehman	Price	Volkmer
Leland	Pritchard	Walgren
Lent	Pursell	Walker
Lewis	Quillen	Wampler
Livingston	Rahall	Washington
Loeffler	Railsback	Watkins
Long (LA)	Rangel	Waxman
Long (MD)	Ratchford	Weaver
Lott	Regula	Weber (MN)
Lowery (CA)	Reuss	Weber (OH)
Lowry (WA)	Rhodes	Weiss
Lujan	Richmond	White
Luken	Rinaldo	Whitehurst
Lundine	Ritter	Whitley
Lungren	Roberts (KS)	Whittaker
Madigan	Roberts (SD)	Whitten
Markey	Robinson	Williams (MT)
Marks	Rodino	Williams (OH)
Marlenee	Roe	Wilson
Martin (IL)	Roemer	Winn
Martin (NC)	Rogers	Wolf
Martin (NY)	Rose	Wolpe
Matsui	Rosenthal	Wortley
Mattox	Rostenkowski	Wright
Mavroules	Roth	Wyden
Mazzoli	Roukema	Wylie
McClory	Rousselot	Yates
McCloskey	Roybal	Yatron
McCollum	Rudd	Young (AK)
McCurdy	Russo	Young (FL)
McDade	Sabo	Young (MO)
McDonald	Santini	Zablocki
McEwen	Sawyer	Zeferetti

NOES—1

Benjamin

NOT VOTING—15

Brown (OH)	Florio	Marriott
Burton, John	Goldwater	Obey
Butler	Heckler	Savage
Early	Jones (NC)	Thomas
Fiedler	Levitas	Wirth

□ 1130

The Clerk announced the following pairs:

Mr. Florio with Mr. Brown of Ohio.

Mr. Obey with Mr. Butler.

Mr. Wirth with Ms. Fiedler.

Mr. Jones of North Carolina with Mr. Goldwater.

Mr. Early with Mr. Thomas.

Mr. John L. Burton with Mrs. Heckler.

Mr. Levitas with Mr. Marriott.

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. NICHOLS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the conference report just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

REQUEST FOR PERMISSION FOR COMMITTEE ON FOREIGN AFFAIRS TO FILE REPORT ON HOUSE CONCURRENT RESOLUTION 194

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs have until midnight tonight to file a report on the concurrent resolution (H. Con. Res. 194), disapproving the proposed sales to Saudi Arabia of E-3A airborne warning and control system (AWACS) aircraft, conformal fuel tanks for F-15 aircraft, AIM-9L Sidewinder missiles, and Boeing 707 aerial refueling aircraft.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

Mr. SOLOMON. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

PERMISSION FOR COMMITTEE ON FOREIGN AFFAIRS TO SIT TODAY WHILE HOUSE IS IN SESSION

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs be permitted to sit today during the consideration of the agriculture bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

Mr. MICHEL. Reserving the right to object, Mr. Speaker, and I shall not object, it is my understanding that yesterday there was a gentleman's agreement within the Foreign Rela-

tions Committee that the vote that was scheduled for yesterday would be put off until today in view of the unfortunate circumstances of yesterday. I apologize to the House for the undue delay here, that we might get some agreement; but understanding that even if the House were to adjourn, as we are scheduled to do, by 3 o'clock, it is within the prerogative of the committee to meet after that hour and make whatever decision they would want to make at that time.

Recognizing what that vote will be, and that Members, many particularly on this committee, would want to attend the memorial service for Anwar Sadat at the National Cathedral, for those reasons, I would not object to the committee meeting this afternoon and coming to the conclusion that they were going to come to yesterday had it not been for the gentleman's agreement.

Mr. ZABLOCKI. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I am happy to yield to the distinguished chairman under my reservation.

Mr. ZABLOCKI. I thank the gentleman for yielding. He has very succinctly reported to the House what had happened yesterday. We could have, and indeed would have, reported the House concurrent resolution of disapproval yesterday were it not for the unfortunate assassination of President Sadat. At that time we did not even know that he was killed, but that he was indeed hit, and we adjourned and postponed the consideration of the concurrent resolution to this morning.

If we do not have the permission to sit for approximately half an hour or 45 minutes and complete the committee business, the Chair is constrained to call the committee to order at 3:15 after the House adjourns, and nevertheless report the bill out whichever the way the committee will vote. Of course, we know the result, but denying the committee permission to sit is not going to postpone this legislation 1 day. So, I hope that no one will object.

Mr. SOLOMON. Mr. Speaker, will the minority leader yield?

Mr. MICHEL. I am happy to yield.

Mr. SOLOMON. Mr. Speaker, I will not object, but I think that the committee, with all due respect to the chairman and to the members of the committee, I do not think they ought to be meeting. I think the extenuating circumstances of yesterday should delay any decision the Foreign Affairs Committee and the Congress should make. Even before yesterday's terrible event, the Mideast situation was at best confusing, but now it is completely unknown.

Circumstances may have changed now and if the gentleman insists on going ahead and meeting today and acting, and this matter comes to the floor on Tuesday, I do not think any Member in this House is going to be qualified to make a qualitative decision at that time.

I will not object out of courtesy to the chairman and to the minority leader, but I think we are making a mistake in rushing this thing through, one we may very well regret.

Mr. MICHEL. I thank the gentleman for his comment.

Mr. GREEN. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from New York.

Mr. GREEN. Mr. Speaker, I would like to suggest to my colleague from New York that, if the circumstances are such that this House will not be able to act in a sensible way next week on the arms sale proposal, the appropriate thing would be for the President to withdraw the arms sale proposal.

Mr. MICHEL. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

PERMISSION FOR COMMITTEE ON FOREIGN AFFAIRS TO FILE REPORT ON HOUSE CONCURRENT RESOLUTION 194

Mr. ZABLOCKI. Mr. Speaker, I renew my unanimous consent request that the Committee on Foreign Affairs may have until midnight tonight to file a report on House Concurrent Resolution 194.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

FOOD AND AGRICULTURE ACT OF 1981

Mr. DE LA GARZA. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3603) to provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. DE LA GARZA).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3603, with Mr. MCHUGH in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Friday, October 2, 1981, all time for general debate had expired.

□ 1145

Pursuant to the rule, the bill will be considered under the 5-minute rule by titles and each title shall be considered as having been read.

The Clerk will designate section 1.

Section 1 reads as follows:

H.R. 3603

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act with the following table of contents may be cited as the "Food and Agriculture Act of 1981".

TABLE OF CONTENTS

TITLE I—DAIRY PRODUCTION ACT OF 1981
TITLE II—WOOL AND MOHAIR
TITLE III—WHEAT
TITLE IV—FEED GRAINS
TITLE V—UPLAND COTTON
TITLE VI—RICE
TITLE VII—PEANUTS
TITLE VIII—SOYBEANS
TITLE IX—OTHER COMMODITIES
TITLE X—GENERAL AND MISCELLANEOUS COMMODITY PROVISIONS
TITLE XI—NATIONAL AGRICULTURAL COST OF PRODUCTION STANDARDS REVIEW BOARD
TITLE XII—EXPORT PROVISIONS
TITLE XIII—FOOD STAMP AND COMMODITY DISTRIBUTION AMENDMENTS OF 1981
TITLE XIV—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT AMENDMENTS OF 1981
TITLE XV—CREDIT, RURAL DEVELOPMENT, AND FAMILY FARMS
TITLE XVI—CONSERVATION

The CHAIRMAN. Pursuant to House Resolution 235, it is in order to consider en bloc the amendments printed in the CONGRESSIONAL RECORD of September 30, 1981, by, and if offered by, Representative BEDELL, of Iowa, and said amendments shall be considered as having been read.

The Chair recognizes the gentleman from Iowa (Mr. BEDELL).

AMENDMENTS OFFERED BY MR. BEDELL

Mr. BEDELL. Mr. Chairman, I offer amendments.

The CHAIRMAN. Under the rule, the amendments shall be considered en bloc and are considered as read.

The Clerk will designate the amendments.

The amendments read as follows:

Amendments offered by Mr. BEDELL: Page 3, strike out from table of contents "TITLE IX—OTHER COMMODITIES" and insert in lieu thereof "TITLE IX—SUGAR".

Page 3, strike out line 1 and everything that follows through line 13 on page 10 and insert in lieu thereof the following:

TITLE I—DAIRY PRODUCTION ACT OF 1981

MILK PRICE SUPPORT

SEC. 101. Section 201 of the Agricultural Act of 1949, as amended by section 150 of the Omnibus Budget Reconciliation Act of 1981, is amended by—

(1) striking out everything after the first sentence of subsection (c) and inserting in lieu thereof the following: "Notwithstanding the foregoing, (A) effective for the period beginning with the date of enactment of this provision and ending September 30, 1982, the price of milk shall be supported at such level as determined by the Secretary, but not less than $13.10 per hundredweight for milk containing 3.67 per centum milk fat; (B) effective for the period beginning October 1, 1982, and ending September 30, 1983, the price of milk shall be supported at such level as determined by the Secretary, but not less than 72.5 per centum of the parity price therefor; and (C) effective thereafter for each subsequent fiscal year through the year ending September 30, 1985, the price of milk shall be supported at a level of not less than 70 per centum of parity, except that whenever the Secretary estimates that net Government price support purchases of milk or the products of milk will be less than 3.5 billion pounds (milk equivalent) during any of said latter two fiscal years, the price of milk shall be supported at such level as determined by the Secretary, but not less than 75 per centum of the parity price therefor as of the beginning of the relevant fiscal year. Such price support shall be provided through the purchase of milk and the products of milk."; and

(2) striking out subsection (d) in its entirety.

PRODUCER HANDLERS

SEC. 102. The legal status of producer handlers of milk under the provisions of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, shall be the same subsequent to the adoption of the amendment made by this Act as it was prior thereto.

FEDERAL MILK MARKETING ORDERS

SEC. 103. (a) The Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937 is further amended by—

(1) striking in subparagraph (B) of subsection 8(c)(5) all that part of said subparagraph (B) which follows the semicolon at the end of clause (c) and inserting in lieu thereof the following: "(d) a further adjustment to encourage seasonal adjustments in the production of milk through equitable apportionment of the total value of the milk purchased by any handler, or by all handlers, among producers on the basis of their marketings of milk during a representative period of time, which need not be limited to one year; and (e) a provision providing for the accumulation and disbursement of a fund to encourage seasonal adjustments in the production of milk may be included in an order.".

(2) striking the period at the end of subsection 8c(17) and adding in lieu thereof the following: ": *Provided further*, That if one-third or more of the producers as defined in a milk order apply in writing for a hearing on a proposed amendment of such order, the Secretary shall call such a hearing if the proposed amendment is one that may legally be made to such order. Subsection (12) of this section shall not be construed to permit any cooperative to act for its members in an application for a hearing under the foregoing proviso and nothing in such proviso shall be construed to preclude the Secretary from calling an amendment hearing as provided in subsection (3) of this section. The Secretary shall not be required to call a hearing on any proposed amendment to an order in response to an application for a hearing on such proposed amendment if the application requesting the hearing is received by the Secretary within ninety days after the date on which the Secretary has announced his decision on a previously proposed amendment to such order and the two proposed amendments are essentially the same."; and

(3) inserting after the phrase "pure and wholesome milk" in section 8c(18) the phrase "to meet current needs and further to assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs".

(b) The provisions of subsection (a) shall become effective January 1, 1982 and shall terminate December 31, 1985.

TRANSFER OF DAIRY PRODUCTS TO THE MILITARY AND VETERANS HOSPITALS

SEC. 104. section 202 of the Agricultural Act of 1949, as amended, is amended by striking out "1981" in subsections (a) and (b) and inserting in lieu thereof "1985."

DAIRY INDEMNITY PROGRAM

SEC. 105. The Act of August 13, 1968 (82 Stat. 750, as amended; 7 U.S.C. 450 j, k, and l) is amended by striking out "September 30, 1981" in section 3 and inserting in lieu thereof "September 30, 1985".

ENCOURAGEMENT OF EXPORTATION OF DOMESTIC CONSUMPTION OF DAIRY PRODUCTS

SEC. 106. (a) The Secretary of Agriculture is encouraged to utilize, to the fullest extent practicable, the provisions of section 32 of Public Law 320, Seventy-fourth Congress (7 U.S.C. 612c), title II of the Agricultural Trade Development and Assistance Act of 1954, and other commodity distribution programs of the Department of Agriculture, for the purpose of disposing of excess inventories of dairy products held by the Commodity Credit Corporation.

(b) The Secretary shall examine the feasibility of using inventories of nonfat dry milk held by the Commodity Credit Corporation, and other excess supplies of dairy products, to assist in the production of casein and caseinates in order to reduce the impact that the importation of foreign subsidized casein and other milk protein products is having on the dairy price support program. The Secretary shall notify within ninety days after this legislation becomes effective, in writing, the chairman of the Senate Committee on Agriculture, Nutrition, and Forestry and the chairman of the House Committee on Agriculture the results of such an examination.

Page 61, strike out line 3 and everything that follows through line 15, page 62, and insert in lieu thereof the following:

TITLE IX—SUGAR

SEC. 901. Effective only with respect to the 1982 through 1985 crops of sugar beets and sugarcane, section 201 of the Agricultural Act of 1949 is amended by—

(1) in the first sentence, striking out "honey, and milk" and inserting in lieu thereof "honey, milk, sugar beets, and sugarcane"; and

(2) adding at the end thereof a new subsection (f) as follows:

"(f) The price of each of the 1982 through 1985 crops of sugar beets and sugarcane, respectively, shall be supported in the manner specified below:

"(1) Effective with respect to sugar processed from domestically grown sugarcane and sugar beets, beginning with the date of enactment of this subsection through March 31, 1982, the Secretary shall, through purchases of the processed products thereof, support the price of sugarcane at such level as the Secretary determines appropriate to approximate a raw sugar price of 18 cents per pound and the price of sugar beets at such level as the Secretary determines to be fair and reasonable in relation to the support level for sugarcane.

"(2) Effective October 1, 1982, the Secretary shall support the price of each of the 1982 through 1985 crops of domestically grown sugarcane and sugar beets through nonrecourse loans on the processed products thereof, as follows:

"(A) For the 1982 crop of sugarcane, at such level as the Secretary determines appropriate but not less than 18 cents per pound for raw cane sugar for the 1982 crop. For each of the 1983 through 1985 crops of sugarcane the loan level shall be that of the previous year's crop adjusted to reflect any change in (a) the average adjusted cost of production per acre estimated for the two-year period which includes the crop year for which the loan level will be applicable and the immediately preceding year, from (b) the average adjusted cost of production per acre for the two crop years immediately preceding the year for which the loan level will be applicable: *Provided*, That, for any such crop, the adjustment in the loan level may not exceed one-half cent per pound. The adjusted cost of production for each of such years shall be determined by the Secretary on the basis of such information as the Secretary finds necessary and appropriate for the purpose and shall be limited to (i) variable costs, (ii) machinery ownership costs, and (iii) general farm overhead costs, allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop.

"(B) For each of the 1982 through 1985 crops of sugar beets, at such level as the Secretary determines to be fair and reasonable in relation to the level of loans for sugarcane.

The Secretary shall announce the loan rate to be applicable during any fiscal year as far in advance of the beginning of that fiscal year as practicable consistent with the purposes of this section. Loans during any such fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature before the end of that fiscal year.".

Page 77, after line 2 insert the following:

EMERGENCY FEED PROGRAM

SEC. 1012. The fifth sentence of section 407 of the Agricultural Act of 1949 is amended by striking out the word "shall" wherever it appears and inserting in lieu thereof the word "may".

Page 185, strike out line 13 and everything that follows through line 20, page 186, and insert in lieu thereof the following:

FARM STORAGE FACILITY LOAN PROGRAM

SEC. 1504. Section 4(h) of the Commodity Credit Corporation Charter Act, as amended by section 151 of the Omnibus Budget Reconciliation Act of 1981, is amended by inserting after the word "growers" at the end of the fourth proviso of the second sentence the following: ", except that the Secretary shall make such loans in areas in which the Secretary determines that there is a deficiency of such storage".

Page 205:

(1) line 1, strike out "shall" and insert in lieu thereof "may"; and

(2) line 15, after "$200,000,000" insert the following: ": *Provided*, That the authority provided by this sentence to make loans shall be effective only to the extent and in such amounts as may be provided for in prior appropriations Acts".

Mr. DE LA GARZA. Mr. Chairman, will the gentleman kindly yield to me?

Mr. BEDELL. I yield to the chairman of the committee.

Mr. DE LA GARZA. Mr. Chairman, I appreciate the gentleman's yielding.

I rise in order to tell the Members that the amendment offered by the gentleman from Iowa (Mr. BEDELL) is a consensus amendment of the Committee on Agriculture, and it is a bipartisan amendment which allows us to bring the bill slightly below the budget. The effort of the gentleman from Iowa (Mr. BEDELL) in this amendment allows us to bring our bill to below the requisites of the budget, and this side is ready to accept that amendment.

I would also ask the indulgence and cooperation of my colleagues because of the regretful events of yesterday. There will be a memorial service for President Sadat this afternoon, and also this is the beginning of the religious holiday. I would, therefore, ask the Members to cooperate with us and limit debate as much as possible and not ask for extensions of time. That will be very helpful in all respects.

Mr. Chairman, I thank the gentleman for yielding.

Mr. PEYSER. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I am glad to yield to the gentleman from New York.

Mr. PEYSER. Mr. Chairman, I thank the gentleman for yielding.

I would like to state at this time that after talking with the chairman of the committee and the gentleman in the well, and due to the fact that our time is really running out on us today and Members are going to have to be leaving, and with the memorial service for President Sadat today, rather than call for the division that I was going to call for on this vote on the sugar section, I am not going to call for that division.

The Bedell amendment will, I believe, pass in its present structure, and I will be next week on title IX offering my amendment to strike the sugar program from the bill.

Mr. Chairman, I thank the gentleman for yielding, and I thank my colleagues for their understanding of this situation. We have found ourselves at this late hour today in an unusual situation, and I certainly want to cooperate and try to help the House at this time.

Mr. BEDELL. Mr. Chairman, I thank the gentleman from New York (Mr. PEYSER) for his cooperation.

Mrs. HECKLER. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the gentlewoman from Massachusetts.

Mrs. HECKLER. I thank the gentleman for yielding.

As cosponsor of the amendment which will strike the sugar provisions of the Bedell amendment, I agree that—constrained by the shortened session of the Congress, by the importance of the issue, by the loss we feel at the death of President Sadat, and by the fact that Members have already planned their departures—the important and lengthy debate that this issue deserves would unavoidably be curtailed and thus prevent the airing of a wide range of substantive points. I would like to say that I concur in the decision not to raise the question of the sugar provisions in the Bedell amendment, but I wish the record to show that in no way does this move lend support to the sugar provisions and loan figures that the Bedell amendment incorporates.

Mr. BEDELL. Mr. Chairman, I thank the gentlewoman from Massachusetts (Mrs. HECKLER), and I appreciate her cooperation.

Mr. Chairman, I appreciate this opportunity to ask the House for its support of the 1981 farm bill, as well as urge the adoption of an amendment I will be offering this morning to assure that our farm bill is within the budget.

Last Friday, during the initial debate on this bill, we heard from many documenting the sorry state of the farm economy and the Depression-era level of farm income and commodity prices.

Before explaining my amendment, however, there are a few points I would like to make or reemphasize.

Last year, U.S. farm exports totaled $40.5 billion. The $23 billion surplus in agricultural trade which the United States realized in 1980 went a long way toward paying our foreign fuel bill and helped to keep the dollar strong. This year, farm exports are expected to reach a record $44.7 billion.

This year, as in 6 of the last 7, food prices are expected to increase slower than the general rate of inflation. Food prices in 1981 are expected to increase at a rate of 8 to 10 percent. But did you know that just one-fifth of this moderate increase is do to higher prices paid to farmers for their products? Fully 80 percent of this year's increase in food prices is due to higher processing, transportation, and marketing costs.

Just 16.2 percent of the U.S. consumer's disposable dollar is spent on food. That is the lowest in our history, and it is indisputable that the variety, quantity, and wholesomeness of the food produced by American farmers is unmatched.

In 1978, with the help of a majority of the members of the House Agriculture Committee, as well as the support of many other Members from rural areas, the House approved a bill providing loan guarantees to the city of New York so that New York could once again put itself on a sound financial footing. I hope that urban Members will remember this vote and help to make sure that agriculture stays on it feet.

What I am suggesting here is not a "you scratch my back and I'll scratch yours" type of relationship. What I am suggesting is that I hope that just as many Members from rural areas have tried to understand the problems facing our cities and suburban areas, I hope that those from nonrural districts will make an earnest attempt to understand the challenges facing rural America.

Rural America is in trouble today, just as our cities are facing unprecedented problems and mounting fiscal pressures. But what I hope that we do not see today and next week is urban American pitting itself against its rural counterpart. We need to work together to solve the many challenges facing our country today, and a country divided against itself cannot stand long.

It was recently my pleasure to host my good friend and our colleague from New York (Mr. OTTINGER) on a working tour of farms in northwest Iowa. We made him do farm chores; he had the opportunity to visit with farmers and ask about their way of life; and I hope that he learned much from his trip about the difficulties facing our farmers today. I know that I learned much about the concerns of his constituents when I visited his New York district a couple of years ago.

According to the U.S. Department of Agriculture, up to 1,000 farm families leave their farms each week in the United States and seek work elsewhere. Most of them do not want to leave but are forced off by falling farm income. In addition, last year off-farm income earned by farm families reached a record $36 billion, accounting for two-thirds of total farm family income, as opposed to just one-half in 1979. Farms with sales of less than $20,000 annually relied on off-farm income for about three-fourths of their total income. Indeed, it is almost essential today for farm families, especially young farm families, to seek employment off the farm in order to augment farm income.

With unemployment levels on the increase nationally, we do not need more rural residents leaving the farm to take up work in the city. Our policy should be to strive for a strong farm program that will assure adequate farm income and lead to a healthier Nation as a whole. Adoption by the House of the farm bill before us will help to assure that this goal is attained.

Mr. Chairman, the purpose of my amendment is to assure that our farm bill reflects a responsible fiscal policy

while offering a sound agricultural program.

My amendment reduces fiscal year 1982 budget authority by just over $1 billion and assures that H.R. 3603 complies with the fiscal year 1982 authorization levels for agriculture approved in the first budget resolution. The amendment also reduces the cost of the farm bill to a level nearly equal to that version of the farm bill approved by the Senate.

My amendment attempts to reduce farm program expenditures by reducing certain commodity price support levels and making other programs now mandated by H.R. 3603 discretionary. The amendment reduces the price support level for milk and adopts the lower sugar support prices approved by the Senate. The amendment also makes discretionary the new sunflower and conservation programs authorized in H.R. 3603. It also provides for the continuation of the current farm storage facility loan program and the emergency feed program at the option of the Secretary of Agriculture.

The major changes made by my amendment affect the dairy and sugar price support programs. In the case of dairy, my amendment lowers the price support levels currently authorized in H.R. 3603 at 75 to 90 percent of parity, with annual adjustments through the year 1985. The support schedule for dairy in my amendment would be established as follows:

For 1982, the support level would remain at the current $13.10 per hundredweight. Holding the dairy support level to this figure is estimated to save $619 million in fiscal 1982, a figure accepted by the Budget Committee, and would likely result in the support level falling below 70 percent of parity by the end of fiscal 1982.

In 1983, my amendment provides for a support level of 72.5 percent of parity with the annual adjustment taking effect on October 1, 1982.

In fiscal year 1984 and 1985, the amendment provides for dairy products to be supported at a level not less than 70 percent of parity, with the added provision that if projected net Government price support purchases in fiscal 1984 or 1985 are likely to fall below 3.5 billion pounds—about one-fourth their current level—then the Secretary must support dairy prices at least at 75 percent of parity.

As I mentioned, my amendment also adopts the reduced sugar price support levels approved by the Senate a couple of weeks ago. The language of my amendment provides for a 1982 sugar support price of 18 cents per pound, with subsequent annual increases in the support level to reflect increases in the cost of production, but not to exceed one-half of 1 cent per pound per year.

I believe that this amendment provides for a balanced and responsible reduction in farm program expense but assures our farmers adequate income protection.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I am glad to yield to the gentleman from Louisiana.

Mr. ROEMER. Mr. Chairman, I thank the gentleman in the well for yielding.

As I understand it, the gentleman's amendment would reduce the 1982 funding for this bill by about $1 billion; is that correct?

Mr. BEDELL. That is correct.

Mr. ROEMER. Would it put the figures for 1982 within the budget figures we have already examined in this House?

Mr. BEDELL. That is true.

Mr. ROEMER. What about the out years; would the gentleman respond to that?

Mr. BEDELL. It does that roughly in 1983. The argument comes in 1984 and 1985.

The farm bill, as we have it now, provides for increased support prices based upon increases in the cost of production. It seems to me it is reasonable to anticipate that the increase in the cost of this bill should be based upon what the increased costs of production are.

Anybody who can tell me what the price is going to be for corn or wheat or soybeans in 1984 or 1985 should be out advising my farmers what they should expect.

Mr. ROEMER. I see. So the gentleman is saying this is within the budget, particularly in the foreseeable future, so far as we can with any reason forecast anyway, in 1982 and 1983?

Mr. BEDELL. That is correct. The budget figures are in compliance for 1982. In 1983 it is roughly within the budget. That is correct.

Mr. ROEMER. Very good. Mr. Chairman, I thank the gentleman from Iowa (Mr. BEDELL).

Mr. FITHIAN. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from Indiana.

Mr. FITHIAN. First of all, Mr. Chairman, I want to advise my colleagues in the House that the Bedell effort represents a very, very strong effort at a reasonable approach. I would like to advise the Members also that there was a great temptation on this side of the aisle on the part of many Members to go through with the bill which we probably could pass and that would be much more favorable to the farm sector and which I would personally favor. But then we faced almost a certainty of loss of the bill in various forms, a veto from the White House and all the rest.

While it was tempting to some to offer a farm bill here today that would gain the applause of farmers, we might end up with no bill at all, so I think our colleague, the gentleman from Iowa (Mr. BEDELL), has taken a very, very constructive step to say that, instead of doing what we want to do, he is prepared to do what can be done.

The CHAIRMAN. The time of the gentleman from Iowa (Mr. BEDELL) has expired.

(On request of Mr. FITHIAN, and by unanimous consent, Mr. BEDELL was allowed to proceed for 3 additional minutes.)

Mr. FITHIAN. Mr. Chairman, if the gentleman will yield further, I think this is a very responsible effort. In the course of this effort on the Bedell amendments and the rest of the farm bill, I am sure we will see a whole variety of amendments.

I would urge the Members of the House to defer their opposition to the Bedell amendments and deal with those amendments which may tickle their fancy, whether they are on tobacco or dairy or peanuts or whatever may be coming along, and look at the Bedell amendment for what it is, a constructive alternative to get the farm bill in compliance with the budget.

I would like to see a different farm bill. I would like to have seen a different tax bill pass this House so we would have more to deal with in terms of what is needed in the farm sector. But given the constraints we have, I urge the Members not to pick apart the Bedell amendment for all sorts of other reasons they may have on other subsequent amendments.

I commend the gentleman from New York (Mr. PEYSER) and the gentlewoman from Massachusetts (Mrs. HECKLER) for withdrawing what was going to be a destructive amendment on sugar and not allowing the Bedell amendment to be considered on its own merits. This is a constructive alternative to get the farm bill in within the budget.

Mr. Chairman, I commend my colleague, the gentleman from Iowa (Mr. BEDELL), for his tremendous and very constructive effort on the farm bill. I think we all owe the gentleman a great debt of thanks.

Mr. BROWN of California. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I am glad to yield to the gentleman from California.

Mr. BROWN of California. Mr. Chairman, I want to commend the gentleman in the well also for his very constructive effort to bring the farm bill into a status which I think, while not particularly satisfactory to the farm community, does bring it within the limits of the budget, as has been pointed out, and that should make it generally acceptable.

I rise, not particularly because of that point, but to commend and to

praise the gentleman from Iowa (Mr. BEDELL) for his remarks about the necessity for some urban understanding of the situation we have in this bill.

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I am probably one of the least knowledgeable members of the Agriculture Committee about agricultural policy. The gentleman in the well is far more expert. But I think I do understand something about the urban needs. I am convinced that this bill meets the urban needs of this country in terms of providing for a sound agricultural base.

I am particularly concerned about some of the key commodities such as sugar and milk, both of which are extremely important to the urban population and that is not to belittle the other commodities in the bill, but I think we have reasonable programs in this bill for both of these commodities.

I intend to support the provisions in the Bedell amendment and I would like to urge my urban colleagues to look very carefully at this. I would not ask them to follow my advice, but look very carefully at the bill in this regard, and hopefully to support the entire bill.

The CHAIRMAN. The time of the gentleman from Iowa has again expired.

(At the request of Mr. BEREUTER and by unanimous consent Mr. BEDELL was allowed to proceed for 1 additional minute.)

Mr. BEREUTER. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from Nebraska.

Mr. BEREUTER. I thank my colleague, my friend, and my neighbor for yielding. I commend him for the initiative he has offered in presenting this amendment.

Mr. Chairman, as we today begin the belated consideration of amendments to this important legislation which will establish our farm programs for the next 4 years, I would like to take this opportunity to offer my colleagues a brief overview of current conditions in the agricultural sector of our economy and to stress the need for and benefits of a strong program of price and production stabilization for farm commodities, as provided in this bill. It is vitally important that my colleagues, particularly those who represent urban districts, be made aware that these farm programs benefit not only the farmer himself, but also many other segments of our national economy as well. Last year, farmers in this country spent nearly $100 billion for goods, services, and credit. Obviously, the health and vitality of the manufacturing sector is heavily dependent upon that of our rural regions. Commodity prices impact directly upon the energy and chemical industries. I need not point out the fact that agricultural exports are the backbone of export trade in this Nation, last year contributing $41.3 billion to lessening the balance-of-trade deficit, even with the Soviet grain embargo in place. And, although I realize that some of my urban friends may not be aware of this fact, our farm programs are of great benefit to their consumers in assuring them of a stable and reliable supply of reasonably priced and wholesome food products for their tables.

Mr. Chairman, in spite of our past efforts to provide this protection for the Nation's farmers and consumers, the economy of rural America is today in shambles. Struggling under the oppressive burden of 20 percent interest rates, ever-escalating costs for fuel, chemicals, and equipment, and chronically depressed commodity prices, farmers in the heartland of America are going under. Adjusted for inflation, farm income for the past 2 years will be the lowest of any year since the drought of the mid-1930's. Let me assure my urban friends who fear high food prices that if we fail to preserve the family farm and allow the means of production to fall into fewer and fewer corporate hands, there will come a day when voluntary cutbacks in output by the relatively few producers who remain will cause food prices to skyrocket, and we in America will join the other nations of the world in spending 30, 40, or even 50 percent of our incomes for food. We can avoid that situation, Mr. Chairman, by adopting a fair and workable 4-year program as has been reported to this body.

This legislation, as reported, continues the highly successful farmer-held reserve program, with improved release and call procedures, provides the authority for production controls, established protections for our producers from unfair and extremely costly embargoes such as that imposed by the last administration, and sets the direction for essential programs of soil and water conservation for the next 4 years. I am pleased to see these refinements of past law and hope my colleagues in the House will join with me in supporting these aspects of the bill.

Mr. Chairman, earlier this year the Congress adopted a substantial individual tax cut. I would call to the attention of my colleagues, however, that many of this Nation's farmers were left out of that individual tax cut; they do not pay income taxes because they do not have any net income, with farm prices consistently below the cost of production. It is my ardent hope that we can enact this farm bill substantially as it has been reported.

Mr. Chairman, we must pass a farm bill which will revitalize our agricultural economy, increase farm prices and thus increase the value of our farm exports, put farmers back on the tax rolls, and continue to provide the consumers of this Nation with food and fiber at the most reasonable of prices. I urge my colleagues to consider well these requirements as we debate the 1981 farm bill.

(At the request of Mr. HARKIN and by unanimous consent Mr. BEDELL was allowed to proceed for 2 additional minutes.)

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I will be glad to yield to my colleague from Iowa.

Mr. HARKIN. I, too, want to commend my colleague from Iowa for shaping and for putting together this amendment. I want to especially speak to one portion of the amendment and, of course, that is the dairy portion.

I chair the Dairy Subcommittee of the Agriculture Committee. Let me say at the outset that Members of this body will be provided an opportunity under the first title of this bill to express their will on the dairy provisions.

Let me just say what is contained in the amendment offered by my colleague from Iowa I believe is a reasonable, rational, logical solution, way out of the problem that we find ourselves in in the dairy program in this country.

I do not happen to agree with all of the provisions that are in the gentleman's dairy provision in his amendment. I will have an opportunity later to vote to increase that.

As I understand it, in title I, the gentleman from Massachusetts will be offering an amendment to lower the dairy program considerably. The gentleman from Vermont will be offering an amendment to increase it. So Members will have their choices.

I am hopeful that this body will respond, as I know it has so often in the past when we have debated farm bills, in a reasonable, rational approach, and that what we have shaped in the Bedell amendment will, in fact, be adopted by this floor. I hope Members will resist the urge to gut the dairy program, and will listen to the debate as it develops on title I.

But I hope that the Bedell amendment will be adopted without any other amendments regarding the dairy program so that we can move to title I, to have the debate full and fair on whether or not we want to continue with the Bedell approach to the dairy problem or whether we want to go with the gentleman from Massachusetts or the gentleman from Vermont.

Again I want to commend the gentleman for really shaping an amendment that is rational, reasonable, and fair.

Mr. BEDELL. I thank the gentleman for his comments.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from Missouri.

Mr. VOLKMER. I, too, would like to commend the gentleman from Iowa for showing his leadership in getting the farm bill within the budget and yet being able to provide sufficient funds for the programs for all commodities within the farm bill. He is to be commended for his leadership.

I believe the gentleman's statement in regard to the importance of agriculture to the Nation, the economic backbone that it is, as the gentleman has stated so well heretofore, should point out to the Members of this House that it is important that we keep a strong agriculture in the United States, but that right now agriculture is in trouble. I believe the gentleman's amendment should be adopted, as the other gentleman from Iowa stated, and others, and we should adopt the gentleman's amendment and then go on to the individual programs.

PARLIAMENTARY INQUIRY

Mr. FINDLEY. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. FINDLEY. Mr. Chairman, we have an unusual situation today in that two amendments that are offered, that offered by Mr. BEDELL and that offered by Mr. DE LA GARZA, if adopted, will become original bill language.

My parliamentary inquiry is whether in that event that they are accepted as amendments, will they then be subject to reading as if they were parts of the original bill?

The CHAIRMAN. The gentleman is correct. The Clerk will designate title I if the Bedell amendment is adopted, which title will correspond to the Bedell amendment title I, and then will be subject to amendment in the ordinary course at any point.

Mr. FINDLEY. And the Clerk will be directed to read title I?

The CHAIRMAN. Under the rule, the reading of each title is dispensed with. Therefore, the Clerk will designate title I, which will then be subject to amendment at any point.

Mr. FINDLEY. That means even the Bedell language will not be subject to reading by the Clerk?

The CHAIRMAN. The gentleman is correct.

Mr. FINDLEY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I, too, want to recognize the diligence and hard work of the gentleman from Iowa (Mr. BEDELL) in putting together this amendment. I am sure he would not want to leave the impression that it is a committee amendment. He did consult with me, as he did, I am sure, with other Members in the process of formulating this amendment.

So I do recognize his hard work and I think it is a constructive action. In fact, it is a big improvement over the language reported by the Committee on Agriculture.

But it is obvious that we are not confronted with a choice between the Committee on Agriculture language and the Bedell amendment language. What really counts in our deliberations today is the contrast between the Bedell language and the language adopted by the other body.

My question to the gentleman from Iowa (Mr. BEDELL) is: Does the gentleman have any estimates of the costs from the Congressional Budget Office? If he does, would he make those available to us?

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Iowa.

Mr. BEDELL. The gentleman is talking about costs compared to the bill in the other body?

Mr. FINDLEY. Compared to the bill in the other body. That is really what counts.

Mr. BEDELL. I would say to the gentleman I do. According to the first budget resolution, which was the May estimate, the Bedell bill would cost $2,165,000,000 and the bill in the other body would cost $2,139,000,000.

Mr. FINDLEY. I want to tell the gentleman that I now have a copy of the letter addressed to Chairman DE LA GARZA on this subject.

Does the gentleman have any estimates from the administration on the cost and effect of the amendment?

Mr. BEDELL. No; I do not.

Mr. FINDLEY. Then I would like to direct a question to the chairman of the Committee on Agriculture, the gentleman from Texas (Mr. DE LA GARZA). I did not catch the full comments he made about the need to expedite consideration today. If I could have the attention of Chairman DE LA GARZA, could I direct a question to the chairman of the committee? I heard just a part of the gentleman's comments about the need to expedite consideration today due to the services later this afternoon. It is quite obvious that if we proceed to amendments beyond the Bedell and de la Garza amendments we will get into quite a controversy over dairy. In that event, is it the wish of the Chairman that we proceed with amendments and go to votes on amendments dealing with dairy, or does the gentleman intend to leave that over to the next meeting of the Committee?

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Texas (Mr. DE LA GARZA).

Mr. DE LA GARZA. The intention of the gentleman from Texas, as stated, was not to limit the extent to which we can debate or amend the bill today. The request of the gentleman from Texas was for consideration of the Members to limit their participation in debate within the time that we have available today.

Mr. FINDLEY. Is it the gentleman's intention to ask that the Committee rise about 3 o'clock if it has not finished work on the bill? Is that correct?

Mr. DE LA GARZA. It is our intention to ask the Committee to rise, if we are not in the midst of amendments, at about 2:30, no later than 2:45.

Mr. FINDLEY. I thank the gentleman.

I reiterate that I feel that the Bedell amendment is a distinct step forward, but it is only a step. I feel we should take additional steps during the consideration of the amendment process.

I yield back the balance of my time.

Mr. WAMPLER. Mr. Chairman, I move to strike the requisite number of words.

Mr. RINALDO. Mr. Chairman, will the gentleman yield?

Mr. WAMPLER. I yield to my distinguished colleague, the gentleman from New Jersey (Mr. RINALDO).

Mr. RINALDO. Mr. Chairman, this farm bill, H.R. 3603, is in truth an assault on our economy and on the President's economic recovery program. It will be terribly damaging to the economic interests of all the American people—farmer and nonfarmer alike.

With interest rates at or near record levels and the Federal budget deficit looming ever larger, it is absolutely crucial that we drop unnecessary and wasteful programs from the budget and hold the line on more worthwhile programs. Yet this bill not only fails to make cuts, but expands and widens the claims of the big farm interests on the American taxpayer.

Under the target price system, whenever the national average market price for a crop falls below the target price for a specified period, a producer of that crop becomes eligible for what is called a deficiency payment. This is a direct payment from the U.S. Treasury. The deficiency payment is equal to the difference between the target price and the average market price, or between the target price and the average loan rate, whichever is smaller. This is a staggering point: Regardless of whether an individual farmer makes a profit on his sale, regardless of the price at which he makes his sale, and regardless of whether he takes out a loan on his crop or places it in the grain reserve, he will get his Treasury check so long as the statutory formula is met.

This bill raises the target price of wheat, for example, from $3.81 a bushel to $4.20 a bushel in 1982. It jacks up the target price for corn from $2.40 a bushel to $2.90. Loan rates too are raised accordingly. Mr. Chairman,

target prices thus far have cost us $2.4 billion and they will cost us billions more in the life of this new farm bill. In contrast to the Senate bill, which sets minimum target prices for each year through 1985, leaving any adjustments to the discretion of the Secretary, the House bill sets increases above the 1982 prices according to a formula. This formula is based on changes in farming costs, not changes in productivity or changes in supply or demand conditions. This formula sets a guarantee to cover costs of production. What other business gets such a guarantee from the Government? And we know where these costs will take the target price each year—higher and higher. Loan rates are directly affected by this formula as well. Thus, this indexation provision is a formula for rapidly rising food prices.

Target prices and deficiency payments are not a stabilization program; they are an outright subsidy, a welfare program for farmers. Among the proponents of this bill are Members who, when we debate programs to aid the older, industrialized sections of the country, are eloquent advocates of free enterprise and limited Government. Yet when we take up a bill that will pour out billions of dollars to their constituents in income subsidies, this Chamber does not ring with the same eloquence from their quarter.

David Stockman observes the budget is out of control, and a mere 3 months after we passed the budget, we see the deficit widening by some $16 billion. One reason for this, apart from the vagaries of estimating future economic conditions, is target prices. As recently as March, the Department of Agriculture was anticipating that no deficiency payments would have to be made in fiscal year 1982. Now, with a record wheat crop, a completely unexpected sum of as much as $500 million will have to be doled out for this crop alone, and payments for all crops will be $615 to $980 million in fiscal year 1982 alone.

Mr. Chairman, at a time when we are cutting from agricultural programs huge amounts of money for food stamps and school lunches, not to mention countless other vital programs, at a time of extraordinary budget austerity for every other group in the country, the agriculture lobby is pushing a bill that would cost, according to the Wall Street Journal, $22 billion, double, yes, double, the cost of the bill passed by the Senate. This House bill will cause higher interest rates and higher food prices and will put a still bigger budget deficit on the backs of the American people.

Mr. Chairman, I intended to offer amendments I prepared to abolish target prices. However, after considering the cost of this legislation, I am withdrawing my amendments and voting against the bill. I urge my colleagues to join me in this effort.

Mr. WAMPLER. Mr. Chairman, I support the en bloc amendment offered by Mr. BEDELL of Iowa.

As I view it, it is absolutely necessary, that the Committee of the Whole take this action to reduce the spending provided in this bill so that it meets the constraints placed upon the Committee on Agriculture in the first concurrent budget resolution, (H. Con. Res. 115), as it relates to new entitlement authority.

The Bedell amendment is a moderating amendment; one that should be supported in my opinion by the committee. This is not to suggest that all Members on this side of the aisle will support the Bedell amendment or that they may not support amendments that will be offered to the Bedell amendment.

Many of us on this side of the aisle—in fact, 17 in number—supported a substitute in the Committee on Agriculture that contained most of the spending cuts, in one form or another, that are provided for in the Bedell amendment. For instance, the substitute, which was offered by Mr. THOMAS of California and supported by many of us in committee, provided basically for 70 percent of parity in milk marketing year 1982 if the Secretary projected that Government outlays over the 12-month period covering 1982 exceeded $500 million for dairy price supports. In milk marketing year 1983, if the Secretary anticipated that outlays over the next 12-month period were projected to exceed $500 million for the dairy price supports, the Secretary would have had the authority to adjust milk price supports to not less than 73 percent of parity.

The substitute also provided that the Secretary support domestic sugar beet and sugar cane producers using a program identical to that provided for in the Senate bill as reported by the Senate Committee on Agriculture, Nutrition, and Forestry.

Our minority views in the committee report (H. Rept. No. 97-106) accompanying H.R. 3603 articulate this clearly.

As we all know, the other body substantially changed many of the programs provided for in S. 884 from the time it reported the bill from committee in May until it passed S. 884 on the floor in mid-September. The price supports provided for in S. 884 for the dairy program are lower than those provided for in the Bedell amendment. The target prices and loan levels provided for wheat, feed grains, and other programs were also reduced from the figures contained in S. 884 as it was reported by the Senate Committee on Agriculture, Nutrition, and Forestry.

An examination of the savings provided by the Bedell amendment if adopted as offered are contained in the letter of October 2, 1981, to the chairman of the House Committee on Agriculture signed by Alice Rivlin, Director of the Congressional Budget Office (see copy printed below). That letter would indicate that the savings provided by the Bedell amendment relative to S. 884 as passed would in fact bring H.R. 3603, as thus amended, within the constraints of the first concurrent budget resolution for fiscal year 1982 by some $17 million.

In other words, the constraints of the first concurrent budget resolution on the committee for the farm bill were $2.182 billion for fiscal year 1982. H.R. 3603 as amended by the Bedell amendment would come in at a cost of $2.165 billion according to the Director of the Congressional Budget Office (CBO). However, by 1983 the first concurrent budget resolution would call for new entitlement authority of $1.671 billion whereas the Bedell amendment would only reduce H.R. 3603 to $1.903 billion in fiscal year 1983. In fiscal year 1984, the constraints of the first concurrent budget resolution are set at $1.407 billion by CBO, and the cost of H.R. 3603 for new entitlement as amended by the Bedell amendment would come in at $2.237 billion according to the Director of CBO.

In fiscal year 1985, which is outside of the first concurrent budget resolution and therefore not subject to its provisions, the Commodity Credit Corporation (CCC) outlays under this bill would be nearly $1.4 billion in excess of the outlays for the farm commodity programs as are provided for in S. 884 as passed by the Senate.

I mention this not to sound an element of alarm but only to point out certain facts about which all of the Members should know.

I requested the Director of CBO to provide me with a comparison of the CCC outlays under the 1982 first concurrent budget resolution, H.R. 3603 as reported by the Committee on Agriculture, and S. 884 as passed by the Senate. Because the table prepared by CBO compares the two bills with selected House assumptions underlying the budget resolution, it cannot be used by itself to determine whether the bills are over or under budget resolution targets or committee allocations.

That information was provided by the letter from the Director of CBO to Chairman DE LA GARZA on October 2, 1981, a copy of which I have inserted in the RECORD below.

The Director of CBO also provided me with a comparison of reestimated Commodity Credit Corporation outlays under the policies implicit in the first concurrent budget resolution and the appropriate provisions of both H.R. 3603 as reported by the House Committee on Agriculture and S. 884 as passed by the Senate. The table

which was enclosed contained estimates using the September 1, 1981, USDA crop production estimates. Because the budget resolution assumptions in the table were reestimated, the table cannot be used to determine whether the bills are over or under the budget resolution targets or committee allocations.

As you will note, what has occurred in reading the CBO reestimate of Commodity Credit Corporation outlays is that the actual cost of farm programs have escalated and are causing concern to the Reagan administration. Obviously, farm prices have plummeted since the Committee on Agriculture and the Congress started addressing the budget issues early this year. As a result, the cost of the various programs—such as wheat, feed grains, cotton and rice—will exceed substantially the estimates for fiscal year 1982 and also 1983 and 1984 that were made at the time the Committee on Agriculture was considering H.R. 3603 in April and May of this year. There will, in fact, be substantial deficiency payments to wheat, feed grains, cotton and rice producers this fall. In fact, the cost of the dairy program is estimated to be higher than the estimates provided the Committee in April and May of this year. (See copy of two letters from the Director of the Congressional Budget Office dated September 30, 1981, printed below. I should point out that outlays from CCC, such as those for the tobacco program, do not denote costs in every case but cover outlays for loans which are later recovered.)

Here again, I point this out not to alarm the Members of the House but only to point out that the first concurrent budget resolution is based on assumptions made in December 1980, and earlier in this calendar year.

The real cost of all bills—not just this farm bill—have increased since we considered many of these matters earlier this year. The cost of the farm programs are no exception.

It can be said that farmers are both blessed and cursed by an abundant crop. Their production is higher, but their prices are lower. It is true that the Russians will buy an additional 10 million metric tons of grain and probably more before next October 1. However, the crop estimates in this country are so high this year—with approximately 8 billion bushels of corn and nearly 2¾ billion bushels of wheat—that the announcement of that 10-million-metric-ton sale to Russia had hardly any effect on the market price of corn and wheat the day of the announcement of the sale.

Thus, while I want to point out that the cost of this bill in real terms and real dollars has increased and is of concern to the administration, we on the Committee on Agriculture, are concerned about the plight of the farmer. What affects the farmer impacts on his suppliers—the machinery manufacturer, truck manufacturers, pesticide manufacturers, fertilizer manufacturers, and many others. We cannot afford a deep recession in the farm sector that could have an insidious effect on our entire economy. Therefore, while the House must keep an eye on the costs of this bill, it must also keep in mind that the safety net provided in this bill for farmers and producers is absolutely necessary.

My concern on this whole subject is reflected in my support of the Bedell amendment which reduces the cost of this bill to a reasonable level which will permit us to go to conference with the other body and produce a bill that hopefully will be acceptable to the Reagan administration, both Houses of Congress, and the farmers, and producers.

On the other hand, I must be realistic and understand that it will be difficult to obtain a conference report with the Senate that will please all parties in all respects, but certainly the Bedell amendment amends this bill in a favorable way that will send this bill to the conference with the Senate that will bring both Houses within the budget resolution for fiscal year 1982, and the outyears may have to be the subject of some tough negotiations in that conference.

I add at this point the following letters for the information of my fellow Members.

[Attachment No. 1]

CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., October 2, 1981.

HON. E DE LA GARZA,
Chairman, Committee on Agriculture, U.S. House of Representatives, 1301 Longworth House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 202 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared a cost estimate for Mr. Bedell's amendment to H.R. 3603, the Food and Agriculture Act of 1981. At your request the estimate, which is shown in the attached table, uses the same crop production assumptions as were used in estimating outlays of the Commodity Credit Corporation for the First Concurrent Budget Resolution.

The amendment would require the Secretary of Agriculture to support the price of milk during fiscal year 1982 at a minimum level of $13.10 per hundredweight. Dairy would be supported at 72.5 percent of parity for fiscal year 1983. For fiscal year 1984 and 1985 dairy would be supported at a minimum of 70 percent of parity unless removals fall below 3.5 billion pounds.

The amendment would reduce the sugar support level from 19.6 cents per pound to 18.0 cents per pound for 1982 and limit annual increases to .5 cents through 1985. The amendment would also reduce the availability of loans such that the loans would have to be redeemed within the fiscal year they are made.

The amendment would make the emergency livestock feed program discretionary.

Farm storage facility loans would be made only in areas which the Secretary determines have a deficiency of such storage.

The amendment would require appropriations in advance for conservation programs provided in H.R. 3603.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

ALICE M. RIVLIN, *Director.*

SAVINGS OF BEDELL AMENDMENT RELATIVE TO H.R. 3603, AS REPORTED

[By fiscal years, in millions of dollars]

	1982	1983	1984	1985	1986
Estimated outlays:					
H.R. 3603, as reported	2,185	2,426	2,857	3,472	3,354
Amendment:					
Dairy	−619	−353	−566	−590	−590
Sugar	−75	−165	−25	−7	125
Sunflower	−10	−10	−10	−10	−10
Storage facility loans	−100	−110	−120	−130	−140
Emergency livestock feed	−60	−50	−50	−50	−55
Conservation	−200	−188	−175	−161	−141
Total	−1,064	−876	−946	−948	−811
H.R. 3603, as amended	1,121	1,550	1,911	2,524	2,543
Estimated authorization level:					
H.R. 3603, as reported		47	1,566	1,433	1,725
Amendment			−679	−403	−616
H.R. 3603, as amended		47	887	1,030	1,109

[Attachment No. 2]

CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
Washington, D.C., September 30, 1981.

HON. WILLIAM C. WAMPLER,
Committee on Agriculture, U.S. House of Representatives, 1301 Longworth House Office Building, Washington, D.C.

DEAR CONGRESSMAN: I am pleased to respond to your request for a comparison of the Commodity Credit Corporation outlays under the 1982 First Budget Resolution, H.R. 3603 as reported by the House Committee on Agriculture and S. 884 as passed by the Senate. The enclosed table contains estimates using the same crop production assumptions as were used in estimating outlays for the First Concurrent Budget Resolution. Because the table compares the two bills with selected House assumptions underlying the budget resolution, it cannot be used by itself to determine whether the bills are over or under budget resolutions targets or committee allocations.

Sincerely,

RAYMOND C. SCHEPPACH
(For Alice M. Rivlin, Director).

COMMODITY CREDIT CORPORATION OUTLAYS UNDER FIRST CONCURRENT RESOLUTION, H.R. 3603 AS REPORTED, AND S. 884 AS PASSED

[By fiscal years, in millions of dollars]

	1982			1983			1984			1985			1986		
	Resolution	H.R. 3603	S. 884	Resolution	H.R. 3603	S. 884	Resolution	H.R. 3603	S. 884	Resolution	H.R. 3603	S. 884	Resolution	H.R. 3603	S. 884
Wheat	817	826	817	474	486	464	371	655	357	457	992	440	582	980	565
Feed grains	291	291	291	51	61	25	37	388	9	80	595	48	95	597	70
Cotton	102	102	102	31	31	31	3	3	3	40	40	40	11	11	11
Rice	2	2	2	5	6	8	4	7	8	4	71	8	4	125	8
Soybeans	16	16	16	10	9	9	13	11	11	8	7	7	−5	−5	−5
Peanuts	64	38	36	46	14	13	46	49	22	19	18	6	27	27	9
Tobacco	79	79	79	63	63	63	44	44	44	47	47	47	59	59	59
Sugar		75			165			25			7			−125	
Dairy	890	1,509	890	695	1,289	695	590	1,347	590	580	1,367	580	(1)	(1)	(1)
Sunflowers		10			10			10			10			10	
Conservation		200			188			175			161			141	
Emergency feed and other	−71	−11	−71	−28	22	−28	−55	5	−55	−25	25	−25	−61	−5	−61
Export credit	−536	−536	−536	−152	−152	−152	−10	−10	−10	−9	−9	−9	−9	−9	−9
Storage facilities	−231	−131	−231	−254	−144	−254	−286	−166	−286	−317	−187	−317	−150	−10	−150
Interest	531	531	531	443	443	443	505	505	505	526	526	526	550	550	550
Administration	181	181	181	208	208	208	228	228	228	250	250	250	272	272	272
Wool	47	47	32	57	57	43	67	67	54	74	74	65	(1)	(1)	(1)
Working capital				23	23	23	−150	−150	−150	11	11	11	29	29	29
Total	2,182	3,229	2,139	1,671	2,779	1,591	1,407	3,183	1,330	1,745	4,005	1,672	1,404	2,642	1,348

[1] Not authorized.

[Attachment No. 3]

CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
Washington, D.C., September 30, 1981.

Hon. WILLIAM C. WAMPLER,
Committee on Agriculture, U.S. House of Representatives, 1301 Longworth House Office Building, Washington, D.C.

DEAR CONGRESSMAN: I am pleased to respond to your request for a comparison of the reestimated Commodity Credit Corporation outlays under the policies implicit in the 1982 First Budget Resolution and the appropriate provisions of both H.R. 3603 as reported by the House Committee on Agriculture and S. 884 as passed by the Senate. The enclosed table contains estimates using the September 1, 1981, United States Department of Agriculture, crop production estimates. Because the budget resolution assumptions in this table are reestimated the table cannot be used to determine whether the bills are over or under the budget resolution targets or committee allocations.

Sincerely,

RAYMOND C. SCHEPPACH,
(For Alice M. Rivlin, Director).

COMMODITY CREDIT CORPORATION REESTIMATED OUTLAYS UNDER FIRST CONCURRENT RESOLUTION, H.R. 3603 AS REPORTED, AND S. 884 AS PASSED

[By fiscal years, in millions of dollars]

	1982			1983			1984			1985			1986		
	Resolution	H.R. 3603	S. 884	Resolution	H.R. 3603	S. 884	Resolution	H.R. 3603	S. 884	Resolution	H.R. 3603	S. 884	Resolution	H.R. 3603	S. 884
Wheat	1,581	1,591	1,581	589	765	589	538	1,113	538	457	1,220	457	582	1,551	582
Feed grains	1,548	1,548	1,548	527	588	527	460	505	460	391	693	391	214	655	214
Cotton	445	445	445	6	6	6	24	24	24	25	25	25	25	25	25
Rice	85	85	85	27	24	24	30	26	26	31	26	26	33	28	28
Soybeans	36	36	36	9	10	9	10	11	10	−6	−5	−6	5	6	5
Peanuts	64	38	35	46	14	13	46	49	10	19	18	6	27	27	3
Tobacco	79	79	79	63	63	63	44	44	44	47	47	47	59	59	59
Sugar	−10	300	−10		265			25			7			−225	
Dairy	987	1,648	987	965	1,824	791	946	1,877	750	918	1,910	733	(1)	(1)	(1)
Sunflowers		30			25			10			10			10	
Conservation		200			188			175			161			141	
Emergency feed and other		50			50			50			50			55	
Export credit	−585	−585	−585	−152	−152	−152	−10	−10	−10	−9	−9	−9	−9	−9	−9
Storage facilities	−231	−131	−231	−254	−144	−254	−286	−166	−286	−317	−187	−317	−140	−10	−150
Interest	750	750	750	900	900	900	900	900	900	900	900	900	900	900	900
Administration	175	175	175	201	201	201	214	214	214	242	242	242	264	264	264
Wool	47	47	38	57	57	26	67	67	42	74	74	61	(1)	(1)	(1)
Working capital															
Total	4,981	6,306	4,933	2,984	4,684	2,743	2,983	4,914	2,722	2,772	5,182	2,556	1,960	3,477	1,920

[1] Not authorized.

□ 1215

Mr. ENGLISH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I had not intended to speak this morning on the Bedell amendment, but I think before we get too far into the debate on this farm bill that it is important, in light of what the gentleman from New Jersey said, that we understand a couple of very important facts.

The reason Congress decided back in the 1930's to come up with a farm bill, was not because farmers were nice guys, not because farmers were the salt of the Earth, not because Thomas Jefferson thought so much of them. The reason we have a farm bill is to benefit urban consumers. It was designed to guarantee urban consumers an abundance of food and fiber at a reasonable price. That is the idea behind every farm bill.

I think that one should also look at the fact that, back when the farm bill first came into being, it was decided that the best way to achieve that goal was through the family farmer and through competition, through, if you please, the free enterprise system.

However, since the 1930's, we have all recognized the fact that the farmer does not operate in a free enterprise system or even with a free market. We have Government embargoes, Government interference, all types of Government-caused difficulties laid upon the farmer's shoulders. And we also see competition, the competition that guarantees and assures that urban consumers will have an abundance of food and fiber at a reasonable price, is steadily shrinking each year. I think this leads many of us from farm areas who are on the Agriculture Committee to wonder, in the long run, whether or not we are doing anywhere near an adequate job of achieving our objective of guaranteeing future generations there will be plentiful supply of food and fiber.

Certainly, if you get down to the point where you have two or three or

four large corporations producing the food and fiber of this country, as you do with automobiles, you will not have a plentiful supply of food and fiber at a reasonable price.

So today I think in looking at this farm bill we have got to consider the long term, the objection of the farm bills that we have had ever since the 1930's. Will we be able to assure future generations of an abundance of food and fiber at a reasonable price? I am not optimistic.

Far too often reasonable price has meant a cheap price to farmers.

That is what many interpret "reasonable" to be—a cheap price to farmers.

I have never yet met a farmer who would prefer to receive a deficiency payment over a fair price in the marketplace.

The target prices contained in this piece of legislation for wheat, for instance, is more than $1 below the cost of production according to USDA. What farmer in his right mind would prefer receiving a deficiency payment $1 below the cost of production over receiving a price in the marketplace, which will give him a fair profit?

The next question is whether we are going to produce legislation that will give the farmer a chance to make a profit in the marketplace, whether we are going to give him the tools to manage his overproduction—or penalize him because he is the most productive element within our economy.

Those are some things, I think, Mr. Chairman, that we need to keep in mind as we look at the amendments to this bill and the bill itself. And I might say that many farmers believe that, this bill, even before the Bedell amendment, which must be accepted to bring this legislation in line with the budget, is inadequate. Without question, even though it is better than nothing, we are still going to lose thousands of farmers over the life of this bill.

Mr. HUCKABY. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I yield to the gentleman from Louisiana.

Mr. HUCKABY. Mr. Chairman, I certainly want to commend the gentleman from Oklahoma for a very fine statement, and also the gentleman from Iowa for introducing this amendment.

I do not see how anyone can oppose the Bedell amendment, which will bring the farm bill in line with the budget.

I would also like to echo the fact that the American farmer today finds himself in a worse position than he has been since 1934, when the Government got into the business of providing an agricultural bill.

As the gentleman from Illinois pointed out, our choice, I think, is going to be between the House version and the Senate version, or at least the direction he intends to go, and certainly there is no doubt about it, the House provisions in the bill, even after the Bedell amendment, certainly benefit the American farmers more than the Senate provisions do. And even those benefits are far, far below the cost of production in all of the major commodities today, whether it be wheat, corn, sugar, and so forth.

The CHAIRMAN. The time of the gentleman from Oklahoma (Mr. ENGLISH) has expired.

(On request of Mr. HUCKABY and by unanimous consent, Mr. ENGLISH was allowed to proceed for 1 additional minute.)

Mr. HUCKABY. The gentleman from New York, earlier today, decided to withdraw his amendment to the Bedell amendment which would have questioned the sugar provision.

As we all know, the gentleman from New York is opposed to any sugar provisions in this bill whatsoever, and yet the Bedell provisions were going to lower the support price of sugar from 19 to 18 cents. And let me point out that the sugar provisions of this bill have absolutely zero cost to the American taxpayer. Once we enter the debate in that section, I think we can prove without any doubt whatsoever that the American consumer, since 1974, would have saved more than $½ billion if we would have continued with sugar legislation.

Mr. ALBOSTA. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I yield to the gentleman from Michigan.

The CHAIRMAN. The time of the gentleman from Oklahoma (Mr. ENGLISH) has again expired.

(On request of Mr. ALBOSTA and by unanimous consent, Mr. ENGLISH was allowed to proceed for 2 addditional minutes.)

Mr. ALBOSTA. Mr. Chairman, I want to associate myself with the comments of the gentleman from Oklahoma. I do believe that this bill is a compromise between what we should look forward to for the consumer and what we should look forward to as the best direction for agriculture during these austere times.

Mr. Chairman, today the House of Representatives is considering an extremely important piece of legislation, the 1981 farm bill. Whatever this body does today will affect the future of farming in the 1980's. That is why I think it is so important that we pass a good farm bill, one that will allow farmers to earn a decent price on the crops they produce. Unfortunately, farm prices are way down now and do not show any immediate signs of going up to a reasonable level.

The loan rates on the farm bill need to be raised to enable farmers to keep up with the ever-increasing cost of production. How long can we expect farmers to produce corn at $2.52 a bushel, 35 cents lower than 1 month ago? We have a tremendous potential to produce farm products in this country for exports, to feed hungry nations and to help ease our dependence on foreign oil through the use of gasohol. However, the United States will not have the efficient family farm in the future unless prices go up. The way to do this is through higher loan rates, that will then become the market floor price.

The dairy program that has provided a stable supply of milk and butter in this country for the past decade must be retained. Those who talk of cutting the dairy program below 70 percent of parity do not understand agriculture. They do not understand how long it takes to build up a good dairy herd and how quickly it can be liquidated if the price falls sharply.

Likewise, it is essential that the Congress enact a sugar loan program that will stop this country from becoming entirely dependent on foreign sugar. A simple loan program that is replenished each year with loans paid off by those farmers who grow sugarcane and sugar beets will stop the wildly fluctuating sugar prices we have seen in the last 2 years. Unless we pass a sugar program we will see the price jump up and cost consumers millions of dollars just as occurred in 1979 and 1980. I might also point out that the last sugar program the Government operated after the 1977 farm bill netted, and I stress netted, the U.S. Treasury $67 million.

The farmer owned reserve needs to be continued to enable farmers to orderly market their grain to consumers. This program is one of the lasting monuments to the 1977 farm bill and former Agriculture Secretary Bob Bergland, who helped implement it.

Mr. Chairman, American agriculture is at a crossroads as we move into the 1980's with a new farm bill. Record high-interest rates have pushed many farmers to the brink of bankruptcy. I implore my colleagues to consider the plight of rural America and vote against any weakening amendments that will be offered today. There will be amendments offered today that will strengthen H.R. 3603, the 1981 farm bill. I urge your support so that, together, we can pass a better farm bill, one that will promote American agriculture and help urban and rural people throughout this great country.

Mr. EMERSON. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I yield to the gentleman from Missouri.

Mr. EMERSON. Mr. Chairman, I want to commend the gentleman from Oklahoma (Mr. ENGLISH) and the gentleman from Louisiana (Mr. HUCKABY) on their very fine statements, and I wish to associate myself with their re-

marks. They have identified serious concerns that many of us share, and a dilemma facing this House and this country; namely, that while many of us have reservations about various aspects of this bill we also have an obligation to act in such a way as to restore our overall economy. A healthy general economy, with low inflation and low interest rates, would be enthusiastically welcomed in our agricultural sector. They would probably be the best things that could happen to it. Perhaps more than anything contained in this bill, as important as this bill is, our farmers want lower interest rates. Lower interest rates particularly connotes better and fairer commodity prices to our farmers, and low inflation is necessary if the agricultural sector is to not be further inundated with unbearable costs of production.

Mr. WEAVER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I, too, would like to say that the very cogent remarks of the gentleman from Oklahoma (Mr. ENGLISH) I think went to the heart of our farm problem. Even without the Bedell amendment, the bill does not provide the funds, the income, the profit to the farmers to keep them in business. There will be widespread bankruptcies.

The fundamental issue is much deeper than this bill. The issue is the way commodities are priced. What we do not realize is that the enormous productive capacity of our farmers is such that we always, or usually, have a slight surplus. And the law of commodities—and I do not think even many Members of Congress understand this—works in such a way that, when you have a small surplus, the price does not go down just a little ways; it sinks very deep, until that entire surplus commodity can be bought up. If you have a small shortage, the price goes way up.

So we are now selling our commodities, our grains, oil seeds, at probably one-half the price they should obtain. While it does, as the gentleman from Oklahoma says, help the consumer, gives them cheaper food here in this country, also the foreign nations who buy from us enjoy this enormously low price for our grains. That has always rankled me.

So as we debate here, in an attempt to try to stabilize and raise the price of our grains for our farmers—we do so now, with the loan support price program; but the loan support is so low that the farmers still cannot make a living with it—as we debate this way to do it, what we must do is determine a way to keep the commodity price up to where it is simply reasonable, to where it is simply fair, instead of allowing it to fall because of a small surplus.

We have passed a grain reserve bill in this Congress 4 years ago, and that has helped. I was very proud to have been the sponsor of that farmer held grain reserve. And that grain reserve has indeed helped the farmer, because it has taken supplies off the market, and the price has risen. But not enough.

So I would like to point out to the Members another law of commodities—and if we understand the way commodities are sold, then we will understand what issue we really must deal with—and I ask the members of the committee: When did foreign nations scramble over themselves to buy our grain in this decade? Did they scramble over themselves and beseech us to sell them our grain when the price was lowest, when they should have been buying it? No. It was when the price was highest, back in 1973, they were so anxious to buy our grain. And when the price is low, they say, "Well, we do not need to buy." They yawn, because there are these huge supplies.

So I urge the Members, as they vote on the Bedell amendment, to think of other ways of trying to raise this artificially low price of our grain so that the farmers can once again make a living, stay in business, and keep feeding the consumer as much as they have enjoyed it in the past.

Mr. ROBERTS of Kansas. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to pay special thanks to my colleague, the gentleman from Oklahoma, and my neighbor to the south, Mr. ENGLISH, for his remarks; and I wish to echo his sentiments.

This is a consensus bill. It is an earnest attempt, a very sincere attempt, a very good attempt by my colleague, the gentleman from Iowa (Mr. BEDELL) to fit a size 40 farm bill into a size 34 pair of jeans.

We are in trouble in rural America, as the gentleman has indicated.

I said it is a consensus bill. It is not the bill that I would write. It is not the bill, doubtlessly, that the gentleman from Iowa would write. It is not the bill that, I guess, any of us would write. It is not the best possible farm bill, but it may be the best bill possible under very severe budget restrictions.

I would like to address my comments, too, to the allegations made by my colleague, the gentleman from New Jersey, in regard to this business of a target price somehow going to producers and somehow guaranteeing them a profit.

The price of wheat right now in Dodge City, in my district, where we normally grow more wheat then any State, is approximately $3.50. The target price currently is $3.81, but the important factor is the cost of production. And by the USDA cost estimates, the cost of production is $5.20.

Now, at the current target price of $3.81, that means that that cost of production is $1.39 higher. In the Senate version, if you take the target price of $4, it means that the cost of production is $1.20 higher. If we accept the target price of wheat in this bill at $4.20, it means that the cost of production of raising that crop is $1 higher.

No farmer is going to entertain the notion of accepting target prices if in fact he can get a price for his product. And, until he gets a price for his product I think it is highly advisable that we keep this program so that we in fact can continue to guarantee the consumers of this country the best quality food at the lowest possible price.

□ 1230

Mr. DASCHLE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I rise very reluctantly in opposition to this amendment. It represents, I think, a very earnest attempt on the part of the chairman and the gentleman from Iowa (Mr. BEDELL) to provide an equitable solution to a very difficult problem, but I think we have to understand what we are doing here.

It is very important that before we vote, I think a vote may be overwhelming, that we understand what it is we are doing. We are locking in dairy price supports at the lowest level since 1949, just 2 years after I was born. And we are locking in perhaps one of the lowest points parity that we will see the rest of this century. As a result, dairy farmers will suffer the same consequences as all of their colleagues have suffered throughout the last 5 or 6 years: incredibly high cost of production, incredibly high rates of interest, and a demise to their very future.

Not only that, but they have already been asked to make two reductions this year. They lost the April cost-of-living allowance. They lost in reconciliation when they were reduced from 80 to 75 percent of parity. Then again last week in another attack on the dairy industry, we delayed the adjustments which dairy farmers had anticipated on October 1.

What reasons are given? The reason most often given is that we have to be concerned about the budget. Yet, as I talk to people today, throughout the House, we find that just about everyone representing rural areas understands the inequitability of that budget. They now admit perhaps the figures were too low for dairy and agriculture. They say it is harmful. They say it is unacceptable, but it is that budget that we are using as one of the

reasons to lower the dairy price support in this bill. Second, they say it is going to be a veto that drives us to pass a lower dairy price support and yet, I do not think that is a reason for any of us.

We are an equal body in this Government. We must use this system of checks and balances and we ought to be doing what is right, not what we think the President says is acceptable.

I do not believe there are many of us here who believe once again to lower the dairy price support system for the third time this year we are doing what we honestly think is right. The third reason given is that dairy price supports are too high. Since 1967, however, that has been a myth. We must understand that the CPI is only one-half of that of all other food products and in 1980 the CPI was 28 points lower for dairy than for all other foods.

Consumers have paid $37 billion less for dairy in the last 10 years than they would have if dairy had followed the Consumer Price Index.

You add to that the fact we are gutting the sunflower program. We are slashing sugar prices, and undermining many other worthwhile programs in this bill.

We must ask ourselves, is it fair, is it equitable, can we honestly go home to our people and say this is the best we can do? Is it smart, given the fact that we already know we are going into conference with a Senate that has substantially lower prices marked in their bill?

If bargain chips were the only argument alone, it seems to me we ought to be going into that conference with the strongest possible position, not that position we hope to come out of the conference with.

Are there other options? Absolutely, and we know what they are. The Soviets need 200,000 tons of dairy products this year, and we have not sold them 1 pound. We have found that they have incredibly high unmet demands for products that we could provide them and we have turned our heads. Instead, we make the dairy farmer a pawn in selling butter to New Zealand at 70 cents a pound. If we are serious about dealing with a short-term oversupply of butter, where was the administration when major butter sales could have been made?

Once again we found there are options we have not pursued.

This is not an amendment that I can support. It is not a fair and equitable solution to the quandry we find ourselves in today. I urge the rejection of the amendment.

Mr. TRAXLER. Mr. Chairman, will the gentleman yield?

Mr. DASCHLE. I yield to the gentleman from Michigan.

Mr. TRAXLER. I thank the gentleman for yielding.

I want to commend the gentleman for his statement. If the gentleman had not said it, I would have. I think that the gentleman could further tell us what his opinion is relative to the support levels for the grain feed.

Mr. DASCHLE. Well, I think as the gentleman points out, as we look at dairy, this is only one part of the whole problem we find in the entire farm bill. Certainly when we look at the Bedell amendment, which is all we are addressing right now, my greatest concern is what we are doing in the long term to those dairy farmers and what hope they have of surviving the eighties, given 20-percent interest rates, given the incredible impact of the cost of production, and given our failure in international marketing.

As the gentleman from Michigan knows, that is not the way to do business.

Mr. TRAXLER. The gentleman comes from one of the grand and fine farm States of this Nation that represents some of the best producers, as I do, in this Nation. In the gentleman's opinion, is this the kind of bill that this committee would have crafted had it not been for the hand of the White House and OMB carefully guiding it?

Mr. DASCHLE. Absolutely not. The White House has played a very heavy role.

Mr. TRAXLER. Would the gentleman describe for us, because I am not on the committee and I want to know, precisely what the White House has in mind for rural America and for the farmers I represent?

Mr. DASCHLE. Well, frankly, I think it all began with the Gramm-Latta approach to writing the farm bill. We did not write this farm bill in the months during this summer. The committee did not prepare the major thrust of this farm bill. This farm bill was written when the Gramm-Latta budget was drafted. That is where it was. That was the economic reform package we had to contend with and I do not think anybody in this Congress today can go home to the farmer and say the economic reform package for agriculture is working. That is the problem.

The CHAIRMAN. The time of the gentleman from South Dakota (Mr. DASCHLE) has expired.

(At the request of Mr. TRAXLER and by unanimous consent, Mr. DASCHLE was allowed to proceed for 2 additional minutes.)

Mr. DASCHLE. I think that is the real problem we are under today, and the point I am trying to make is that economic reform for farmers is a myth. It is a myth because we are not living under the budgetary considerations that we thought would exist having passed Gramm-Latta. They do not exist. They will not exist.

Already the President has come back again and asked for corrections in that economic reform package. So there is no way that I think we can expect economic recovery in agriculture today given Gramm-Latta and the incredible pressure put upon farmers as a result of the budgetary constraints today.

Mr. TRAXLER. I thank the gentleman for his answers.

Mr. DASCHLE. I thank the gentleman for his questions.

Mr. HAGEDORN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the Bedell amendment. I think it is an improvement from what the committee did pass out after its action was taken and I think that there are many redeeming features of the Bedell amendment without supporting it in its entirety.

One section that I want to allude to is the area that deals with the dairy program for the next 4 years. As the ranking member on the Subcommittee on Livestock, Dairy and Poultry, I think that the compromise that has been suggested is one which is reasonable. It does send a signal to the industry that production has got to be reduced and I want to remind my colleagues, both supporters and opponents of the dairy program, that in the end, this Congress cannot justify continuing a program that has farmers milking cows for parity and putting their surplus productions into the taxpayers' coolers and their storage bins, but rather for eventual consumption.

The sooner we recognize that we have to make the necessary adjustment, the better off everybody is going to be, producers and consumers and taxpayers alike.

I think what we are suggesting in the Bedell amendment is something that ought to be accepted and I will be supporting it throughout the duration of consideration of this bill.

I do want to allude to the comment made by my colleague from Oregon. There is one thing he said for certain. That is, we have seen evidence in past years that when we have a small amount of surplus production that takes place prices plunge right down into the cellar and when we have a very short supply or just a marginal abundance to meet the needs of our export markets as well as domestic consumption, we find it will probably mean good prices for America's producers.

Unfortunately our history in this Government has been that when prices are high in the last decade or so we embargoed our products and would not sell them overseas, and when they are low we do allow unlimited access to our markets.

I do want to remind my colleagues we constantly hear about the Soviet Union always getting the best deal. The last year in which the grain and soybeans and wheat commodities were embargoed to the Soviet Union they had purchased some of the highest priced commodities and today the American taxpayers own them because we redeemed the grain companies when they did not export them and took over their contracts and they are now held by the U.S. Government in which the taxpayers are paying interest as well as storage costs.

So, let us not always let it appear that the Soviets get the best deal.

We do know that minimum pricing is, as the gentleman constantly talks about, an illusion that this country can just set a price for its grain exports and somebody is going to pay them is sheer fallacy. We are the most efficient producers in the world. We do not want to become the grainery of the whole world, as we certainly would be with that type of legislation that is being offered here in the next few days.

What we need to do with our legislation in the interest of farmers is to provide adequate loan levels in order that they can get operating capital and so they can pay off their farm mortgages and the interest rates, and they are excessively high. That is not something we are going to curb during the consideration of this bill. That is something that every segment of our economy is facing.

But we need to recognize that we should provide support for our most efficient producers and that ultimately that ought to be the objective of this Congress, not to keep every producer in business simply because they want to be a farmer with a loan which assures them of being able to continue their operation.

With that, Mr. Chairman, I relinquish the remainder of my time.

Mr. DORGAN of North Dakota. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am concerned about the debate on the farm bill because I do not think we are talking about the real needs on the family farm today. We are talking about budgets. We are talking about the decision about how much we should spend to try and provide a stable market for farmers in this country.

The budget was developed earlier this year by the same people who told us that ketchup was a vegetable.

We ought to take a look at the judgment of those who have told us how much they feel we should spend for the survival of the family farm in this country.

I think we are going to come up short with this farm bill. It is fine to talk about the budget, but we ought to talk as well about what kind of support price mechanisms, and what kind of loan rates are necessary for the family farmer to survive.

I think the dairy provisions are revealing. As the gentleman from South Dakota (Mr. DASCHLE) indicated, we are talking about the lowest parity price for dairy since 1949, and the other interesting fact is that the cost of the dairy program has been terribly misrepresented.

People talk about the outlay is for the cost of the dairy program, but then the amount of money coming in from the use of this surplus product to various sources is not credited against that cost. That is a terrible misrepresentation.

The other interesting discussion about the farm program is the one about free markets. They say, "You know, what we ought to do is have the farmer operate in a free market." People who say that are always wearing those expensive suits, content to ignore the fact that the markets are not free. The farmers know that.

It was interesting to me recently to see that the Commerce Department under this administration said let us go ahead and sell the Soviets some Caterpillar industrial equipment.

At the same time, Mr. Haig said when it comes the time to sell surplus butter for the benefit of our dairy farmers, let me make sure we do not let the Soviets get any of America's butter.

That is the kind of thinking I do not understand. Why on Earth would this Government decide to go ahead and sell Caterpillar tractors and industrial equipment to the Soviets and worry later on about having the Soviets get a hold of a pound of American butter?

Mr. TRAXLER. Mr. Chairman, will the gentleman yield?

Mr. DORGAN of North Dakota. I yield to the gentleman from Michigan.

Mr. TRAXLER. I thank the gentleman for yielding.

Could the gentleman tell us, did we sell butter to a foreign country?

Mr. DORGAN of North Dakota. Yes.

Mr. TRAXLER. To whom?

Mr. DORGAN of North Dakota. To New Zealand.

Mr. TRAXLER. How much did we get for it? Was it 70 cents a pound?

Mr. DORGAN of North Dakota. Yes, we sold it to New Zealand under the market price because we did not want the butter to get into the Soviets' hands. There is no restriction, of course, for them turning around and selling it to the Soviets out of New Zealand's butter stock.

Mr. TRAXLER. Is New Zealand a dairy exporting nation that has butter they would sell to the Soviet Union at the world price, at least a dollar above?

Mr. DORGAN of North Dakota. That is true. The fact is we lost money. I do not know what happened to the smart Yankee traders.

Mr. TRAXLER. I am worried about this administration's mathematics. I think it is getting Reaganized.

Mr. DORGAN of North Dakota. I am worried as well.

The point I am trying to make is, the trade relationships we have with the Soviets, in which we sell heavy industrial equipment to the Soviets but refuse to sell butter does not make sense. This is representative of the attitude by an administration that says, "You farmers go ahead and deal in the free market," ignoring that the market is not free. And they consistently take action to restrict freedom of the marketplace.

We had a gentleman in the well talk about the cost of producing a bushel of wheat at $5.20. I have a publication from the Agriculture Committee and let me tell the gentleman what this publication says. It says the drop in farm prices—this is the September drop—"depressed the September parity ratio to 59 percent, the lowest level since 54 percent in April 1933." We are talking about a real serious price problem out there on the American farm. Yet on the other side of the ledger the costs that the farmers are facing day after day after day are increasing. And yet what is happening is the prices they receive from the product are falling.

The question I have is this: What about increasing concentration of land ownership? What about the demise of the small communities? What about the killing of rural lifestyles because we are not willing to have the guts to put in place a support price to give farmers a chance?

Again we are not talking about handouts. Nobody is talking about welfare. Nobody is talking about charity. We are talking about a basic support price so that the family farmer, when they plant something in the spring can expect to receive something in the fall for their product.

□ 1245

The best investment we can make in this House of Representatives, I think, is an investment in agriculture. We are talking about $41 billion in agricultural export sales. We are talking about one of the most significant contributions to a healthy American economy, and yet what we are talking about today is a miserable excuse for a farm bill.

I just think we are in serious trouble if we pass this sort of thing under the clerk of budget restrictions enacted earlier this year by the same people who told us ketchup is a vegetable, and then go home and try to tell the American farmer we did anything that was honorable for their well-being.

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

(At the request of Mr. ENGLISH, and by unanimous consent, Mr. DORGAN of North Dakota was allowed to proceed for 1 additional minute.)

Mr. ENGLISH. Mr. Chairman, will the gentleman yield?

Mr. DORGAN of North Dakota. I yield to the gentleman.

Mr. ENGLISH. Mr. Chairman, I just want to commend the gentleman for his statement. I think that he has put his finger on it exactly. There is no question of making a profit out of this farm bill. Let there be no mistakes in that. There is no farmer who is going to make a profit by receiving Government payments. The only way he can make a profit is in the marketplace; but the basic point that has to be kept in mind is that as long as this Government, this administration and every past administration, continues to interfere in that market, then the farmer must be given the tools to survive.

Mr. DORGAN of North Dakota. Mr. Chairman, in conclusion, let me just say that when groups come to this House of Representatives asking for something, some of them have done very well and some not so well. When the major corporations came to the Ways and Means Committee in this House and got their tax stamp provisions so they can buy and sell their tax benefits, they did just fine.

When the major oil companies wanted a major tax break, they did just fine.

Now we are talking about the little folks who need a little something to keep going. They are not doing so well. That is why I think this farm bill is going to be a miserable excuse for the kind of support programs family farmers really need in this country to survive.

The CHAIRMAN. The time of the gentleman from North Dakota has again expired.

(At the request of Mr. HAGEDORN, and by unanimous consent, Mr. DORGAN of North Dakota was allowed to proceed for 1 additional minute.)

Mr. HAGEDORN. Mr. Chairman, will the gentleman yield?

Mr. DORGAN of North Dakota. I would be happy to yield to the gentleman from Minnesota.

Mr. HAGEDORN. Would the gentleman favor a program which had the U.S. Government buying all the extra Caterpillar tractors that they could produce out there in Peoria, Ill., and selling them to the Soviet Union for 50 percent of cost; would the gentleman support that program?

Mr. DORGAN of North Dakota. No, indeed, I would not.

Mr. HAGEDORN. Well, most people would not and I would not, either; but I think the administration was trying to get rid of surplus production, a supply of stock that I do not believe we could raise a majority vote in this Congress to support selling to the Soviet Union butter even at a $1.05 a pound.

I think we ought to quit demagoging the issue quite frankly, because ultimately we may lose a lot of other support for the farmers.

Mr. DORGAN of North Dakota. The important question here is do you support a trade policy that says "yes" to selling industrial equipment to the Soviets, but says no to selling them butter. Does the gentleman support that kind of a trade policy? I think it is a policy that is not grounded in good sense.

Mr. HAGEDORN. I do not think the administration would have any objection to selling butter at the price that American consumers pay, but they do not want to subsidize butter, and we do not subsidize Caterpillars. We do not subsidize wheat, but we do subsidize butter and let us not distort the record, because we paint a false picture to the American people. We know it would not have been supported in this body.

Mr. DORGAN of North Dakota. Well, I think their trade policy demonstrates where their interests are.

Mr. PANETTA. Mr. Chairman, I move to strike the requisite number of words. I rise in support of the amendment.

Mr. Chairman, the bitter reality throughout this debate is that the amendment that is being proposed by the gentleman from Iowa and the farm bill that we are presenting to the floor is really the very best we can do.

The test of this institution is not how well we fail, but how well are we able to deliver to the farmers in this country and to the consumers in this country a realistic farm policy.

It is a tough choice. There are no easy choices here. We understand that the farmers in this country, the small farmers of this country in particular, are in real trouble and need to have greater assistance.

We are sympathetic and concerned about the demise of farming in America; but we are also in a year when we are facing some very difficult budget constraints. The reality is that this House endorsed and the Congress endorsed budget constraints that were contained in the Gramm-Latta resolution.

The reality is that what the committee initially reported out exceeds the budget targets established by that resolution by $983 million, almost a billion dollars.

The reality is that this House would not accept that and that the President and the administration would not accept the breeching of those targets by that extent.

So the gentleman from Iowa has offered a compromise to bring this bill within that budget target for 1982. There are, indeed, some out year problems, but that will depend on yields. It will depend on how we look at the situation in the future; but in terms of 1982, the Bedell amendment brings the farm bill within the budget resolution target.

As I said, it is not an easy choice. We have asked the farmers of this country to accept compromise after compromise for years and we are asking them to accept yet another compromise; but the choice is pretty clear. It is whether we have a farm bill that tries to deal with some of the problems we are facing today or we have no bill at all.

So today I think the simple but bitter reality is that we have to endorse this amendment. We have to support this amendment, not only from a budget point of view, but from an agricultural point of view as well.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Illinois.

Mr. FINDLEY. The gentleman has been very prominent in the budget process and I commend him for that. It has required a lot of commitment and diligence.

The gentleman indicated that we have to live within the budget constraints. It is my understanding that the work of the Senate did provide outlays within the budget constraints for the out years, whereas the amendment now pending before us, offered by Mr. BEDELL does not. Is that the gentleman's understanding?

Mr. PANETTA. As I understand, the Bedell amendment does meet the target for 1982, which from a budget point of view is the main test that we focus on. Does it meet the budget target established for 1982? This amendment meets that goal.

Now, for the out years we would like to be able to keep them within the out years, but to some extent the out years are also dependent on yields and the estimates that are made, that may or may not be true at this time.

The answer to the gentleman's question is that the Senate does in terms of those speculative estimates bring it closer to the mark in terms of the budget resolution than does the Bedell amendment. Both meet the target for 1982.

Mr. STANGELAND. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I just want to rise and say that I am going to support the Bedell amendment. I want to commend my colleague, the gentleman from California, a member of the House Agriculture Committee and a member of the Budget Committee for

bringing this debate back into some decent perspective.

I would much prefer as we move forward on this farm bill to accept what the House Agriculture Committee did. I think we made some major steps and did some positive things; but I think also we have to recognize that we are working within a budget.

I would just like to remind the Members of this body that one of the most crippling, damaging things that has happened to agriculture over many, many years, is inflation. The farmer for years has been the shock absorber for inflation. The farmer has had to take inflation into account. He has had to absorb the inflationary pressures of cost of production increases, while still providing adequate food and fiber so that the consumers of this country enjoy the cheapest food, the best quality food, in the most abundant supply of anywhere in the world and at far lower cost than anywhere else.

Something else that certainly is affecting the farmer as much as any individual segment of our economy is the high interest rates. The farmer cannot write those interest rates into his costs and recover those interest rates in his prices. He has to absorb them.

People in larger businesses can take that interest. They can add it into the selling price of their product and recover that cost. A farmer cannot do that.

So supporting that budget hopefully brings that inflation rate down, brings that interest rate down, and in the end agriculture is going to benefit.

In the meantime, as I say, I think the House agriculture bill, the bill that the House Agriculture Committee drafted, is a better bill; but I think we have to understand the realities that we need to work within that budget.

I want to commend the gentleman from Iowa for bringing this amendment to the floor that does that. While I would prefer the bill as the Agriculture Committee wrote it, I am going to support the Bedell amendment and encourage my colleagues to do likewise.

There are going to be assaults in this bill later on on special commodities, but I just want to advise the Members that those commodity programs are in place and they have contributed to that abundant supply of food and that low cost of food to the consumer.

You know, it was pointed out what the dairy program has done. I think it is simple to point out in the past what the sugar program has done. As long as there was a Sugar Act in place, the cost to the consumer rarely varied and in 40 years of a sugar program, the price went from 9 cents a pound to 15 cents a pound, over 40 years and it was not until the Sugar Act expired that we saw high consumer prices in sugar.

I also would like to point out to the body that the biggest proponents, the most vocal, vociferous proponents of the Sugar Act, are the users, the heavy industrial users, the confectioners, the soft drink bottlers and so on; but it is interesting to note that whenever the price of sugar goes up, the price of their product goes up, or the quantity that they sell for a certain price goes down; but when the price of sugar goes down, that price to the consumer never goes down. It always stays the same or goes up.

These commodity programs have been in place. They have served a useful purpose. This is a market oriented farm bill. The farm bill that we have been operating on for the last 4 years written under a different administration was a market-oriented bill.

I think we ought to put the debate back in perspective and discuss the various merits and issues before us.

Mr. MARLENEE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, now that the oratory has flowed forth like surplus milk, I would like to make my observations and corrections of some statements and false conceptions of many in this body.

First of all, farmers do not want to receive a largesse from the Treasury, nor do they want to carry the consumers of this Nation on their backs with a cheap food policy. However, that is exactly what our agriculture pioneers of abundance have been doing. If the consumer oriented Congressmen want to cut the subsidy program, a simple mechanism will be available. It will be available later in the form of an amendment.

We can cut out the target prices and the deficiency payments and simply raise the loan levels so that the prices raise to levels that more nearly approximate the cost of production. That is the direction that I would like to take and if they would like to cut out the deficiency payments and the money that the farmer receives from the Government, that is the direction that they should take; but the consumers oppose that. That opposition is reflected in the votes against raising loan levels. It is reflected in a cheap food policy that has harnessed the farmers of this nation to a subservient position of providing that cheap food through policies of past administrations and this administration

Let me read to you the response of the USDA to the very question of extracting a better price from the marketplace and from the export market by raising loan levels. They say:

> In the short run these amendments would reduce Government outlays and increase costs—

And I emphasize increase costs—

> for both domestic and foreign consumers.

In other words, we can raise the price that we extract from the marketplace. We can receive more money from the export markets and thereby increase the amount of dollars that are available in this country, that would help the productivity, the economic activity, and the level of payments of this whole Nation.

We can do that by raising the loan levels and yet decrease the amount of draw from the U.S. Treasury; but the consumer does not want that. The USDA does not want that. The consumer oriented Congressmen do not want that.

For those of you who would deteriorate the farm bill, let me point out that it takes incentive to produce. Agriculture is losing that incentive. In 1980 the farmers paid $16.8 billion in interest charges. In 1981 it is estimated that they will not pay twice as much, not three times as much; no, they will pay around 10 times as much, about $120 billion in interest charges.

Fuel prices are up dramatically, 400 and 500 percent over the past 5 years.

A loss of incentive—you bet it is. How long are we going to make our farmers produce under these kinds of conditions? Support a farm bill that gives the agricultural industry an equal footing with the rest of America and agriculture will continue to provide consumers food at a price that cannot be equaled anywhere else in the world.

We can only do that by assuring them a price in the marketplace, a price that approaches parity. You will not give your consumers cheap food by destroying farm producers with a bill that is destroyed by those of you who would be pennywise and pound foolish.

Mr. ALBOSTA. Mr. Chairman, will the gentleman yield?

Mr. MARLENEE. I will be happy to yield momentarily to my colleague.

Mr. ALBOSTA. Mr. Chairman, I think it is important to point out also some real relative facts in terms of sugar itself. I support some type of sugar program simply because we are losing our domestic sugar industry in this country.

Mr. MARLENEE. The gentleman is absolutely correct.

Mr. ALBOSTA. And the fact is that during the Carter administration when the President used an executive order, we came out with $67 million clear to the U.S. Treasury. Is that not ironic in an administrative program?

□ 1300

Mr. MARLENEE. Is it not ironic that the U.S. Treasury would be making money, net profit, from our producers, and yet we have people in this Congress who want to cut out the sugar program?

Mr. ALBOSTA. Something else I think is very important is that I was sitting in my office a few minutes ago and listening to some of the discussion on the floor. What was said here at that particular time was the fact that the U.S. Government should not subsidize the Caterpillar Tractor Co., nor should it subsidize any agricultural program that might bring the prices up.

What do the American people expect the farmer to do? He is the one today that is subsidizing the U.S.S.R. We are putting our products below the cost of production, selling it for export. I believe that that is a subsidy when it is below the cost of production.

I thank the gentleman for yielding.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Iowa (Mr. BEDELL).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. BEDELL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 400, noes 14, not voting 19, as follows:

[Roll No. 253]

AYES—400

Addabbo	Byron	Dunn
Akaka	Campbell	Dwyer
Albosta	Carman	Dymally
Alexander	Carney	Dyson
Anderson	Chappell	Eckart
Andrews	Chappie	Edgar
Annunzio	Cheney	Edwards (AL)
Anthony	Chisholm	Edwards (CA)
Applegate	Clausen	Edwards (OK)
Archer	Clay	Emerson
Ashbrook	Clinger	Emery
Aspin	Coats	English
Atkinson	Coelho	Erdahl
AuCoin	Coleman	Erlenborn
Bafalis	Collins (IL)	Ertel
Bailey (MO)	Collins (TX)	Evans (DE)
Bailey (PA)	Conable	Evans (GA)
Barnard	Conte	Evans (IA)
Barnes	Conyers	Evans (IN)
Beard	Corcoran	Fary
Bedell	Coughlin	Fascell
Beilenson	Courter	Fazio
Benedict	Coyne, James	Fenwick
Benjamin	Coyne, William	Ferraro
Bennett	Craig	Fields
Bereuter	Crane, Daniel	Findley
Bethune	Crane, Philip	Fish
Bevill	D'Amours	Fithian
Biaggi	Daniel, Dan	Flippo
Bingham	Daniel, R. W.	Foglietta
Blanchard	Danielson	Foley
Bliley	Dannemeyer	Ford (MI)
Boggs	Daub	Ford (TN)
Boland	Davis	Forsythe
Boner	de la Garza	Fountain
Bonior	Deckard	Fowler
Bonker	Dellums	Frank
Bouquard	DeNardis	Frenzel
Bowen	Derrick	Frost
Breaux	Derwinski	Fuqua
Brinkley	Dickinson	Garcia
Brodhead	Dicks	Gaydos
Brooks	Dingell	Gejdenson
Broomfield	Dixon	Gephardt
Brown (CA)	Donnelly	Gibbons
Brown (CO)	Dornan	Gingrich
Broyhill	Dowdy	Ginn
Burgener	Downey	Glickman
Burton, Phillip	Dreier	Goldwater
Butler	Duncan	Gonzalez
Goodling	Martin (NC)	Rudd
Gore	Martin (NY)	Russo
Gradison	Matsui	Sabo
Gramm	Mattox	Sawyer
Gray	Mavroules	Scheuer
Green	Mazzoli	Schneider
Gregg	McClory	Schroeder
Grisham	McCollum	Schulze
Guarini	McCurdy	Schumer
Hagedorn	McDade	Seiberling
Hall (OH)	McDonald	Shamansky
Hall, Ralph	McEwen	Shannon
Hall, Sam	McGrath	Sharp
Hamilton	McHugh	Shaw
Hammerschmidt	McKinney	Shelby
Hance	Mica	Shumway
Hansen (ID)	Michel	Shuster
Hansen (UT)	Mikulski	Siljander
Harkin	Miller (CA)	Simon
Hartnett	Miller (OH)	Skeen
Hatcher	Mineta	Skelton
Hawkins	Minish	Smith (AL)
Heckler	Mitchell (MD)	Smith (IA)
Hefner	Moakley	Smith (NE)
Heftel	Moffett	Smith (NJ)
Hendon	Molinari	Smith (OR)
Hertel	Mollohan	Snowe
Hightower	Montgomery	Snyder
Hiler	Moore	Solarz
Hillis	Moorhead	Solomon
Holland	Morrison	Spence
Hollenbeck	Mottl	Stangeland
Holt	Murphy	Stanton
Hopkins	Murtha	Stark
Horton	Myers	Staton
Howard	Napier	Stenholm
Hoyer	Natcher	Stokes
Hubbard	Neal	Stratton
Huckaby	Nelligan	Studds
Hughes	Nelson	Stump
Hunter	Nichols	Swift
Hutto	Nowak	Synar
Hyde	O'Brien	Tauke
Ireland	Oakar	Tauzin
Jacobs	Ottinger	Taylor
Jeffords	Oxley	Traxler
Jeffries	Panetta	Trible
Jenkins	Parris	Udall
Johnston	Pashayan	Vander Jagt
Jones (OK)	Patman	Vento
Jones (TN)	Patterson	Volkmer
Kazen	Paul	Walgren
Kemp	Pease	Walker
Kildee	Pepper	Wampler
Kindness	Perkins	Washington
Kogovsek	Peyser	Watkins
Kramer	Pickle	Waxman
LaFalce	Porter	Weaver
Lagomarsino	Price	Weber (MN)
Lantos	Pritchard	Weber (OH)
Latta	Pursell	Weiss
Leach	Quillen	White
Leath	Rahall	Whitehurst
LeBoutillier	Railsback	Whitley
Lee	Rangel	Whittaker
Lehman	Ratchford	Whitten
Leland	Regula	Williams (OH)
Lent	Reuss	Wilson
Livingston	Rhodes	Winn
Loeffler	Richmond	Wolf
Long (LA)	Rinaldo	Wolpe
Long (MD)	Ritter	Wortley
Lott	Roberts (KS)	Wright
Lowery (CA)	Robinson	Wyden
Lowry (WA)	Rodino	Wylie
Lujan	Roe	Yates
Luken	Roemer	Yatron
Lundine	Rogers	Young (AK)
Lungren	Rose	Young (FL)
Madigan	Rosenthal	Young (MO)
Markey	Rostenkowski	Zablocki
Marks	Roukema	Zeferetti
Marlenee	Rousselot	
Martin (IL)	Roybal	

NOES—14

Daschle	Mitchell (NY)	Roth
Dorgan	Oberstar	Sensenbrenner
Gunderson	Obey	Smith (PA)
Kastenmeier	Petri	Williams (MT)
Lewis	Roberts (SD)	

NOT VOTING—19

Badham	Brown (OH)	Crockett
Bolling	Burton, John	Dougherty
Early	Levitas	St Germain
Fiedler	Marriott	Thomas
Florio	McCloskey	Wirth
Gilman	Santini	
Jones (NC)	Savage	

□ 1315

So the amendments were agreed to.

The result of the vote was announced as above recorded.

AMENDMENTS OFFERED BY MR. DE LA GARZA

The CHAIRMAN. Under the rule, it is now in order to consider en bloc the amendments printed in the CONGRESSIONAL RECORD of September 30, 1981, by Representative DE LA GARZA, of Texas, and said amendments shall be considered as having been read.

Mr. DE LA GARZA. Mr. Chairman, the amendments which are at the desk have a few minor technical corrections different from those that were in the RECORD.

Therefore, I ask unanimous consent that the amendments at the desk be considered rather than the ones that were printed in the RECORD under the resolution.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The amendments read as follows:

Amendments offered by Mr. DE LA GARZA:

Page 76, strike out lines 1 through 15.

Page 80, lines 3, 10, 20 and 23, strike out "Act" and insert in lieu thereof "title".

Page 87, line 3, strike out "subtitle" and insert in lieu thereof "title".

Page 87, strike out line 5 and everything that follows through line 6, page 88.

Page 90, strike out line 1 and everything that follows through line 23, page 91.

Page 95, strike out line 17 and everything that follows through line 3, page 100.

Page 100, strike out line 9 and everything that follows through line 6, page 103.

Page 104, strike out lines 7 through 16.

Page 105, strike out lines 3 through 22.

Page 106, strike out lines 3 through 11.

Page 110, strike out line 14 and everything that follows through line 2, page 111.

Page 114, strike out lines 8 and 9.

Page 120, strike out lines 6 through 22.

Page 175, line 1, strike out "M'INTIRE-STENNIS" and insert in lieu thereof "MCINTIRE-STENNIS".

Page 181, strike out line 1 and everything that follows through line 6, page 185.

Page 187, strike out line 13 and everything that follows through line 2, page 188.

Page 188, lines 3 and 11, strike out the designation "(b)".

Page 189, strike out lines 1 through 3.

Renumber the remaining sections in title X, XIII, and XV accordingly.

Page 132, line 22, insert "National" before "Agricultural".

Page 134, line 14, insert "National" before "Agricultural".

Page 134, line 24, insert "National" before "Agricultural".

Page 135, line 7, insert "National" before "Agricultural".

Page 136, line 11, insert "National" before "Agricultural".

Page 136, line 24, insert "National" before "Agricultural".

Page 137, line 3, insert "National" before "Agricultural".

Page 137, line 15, insert "National" before "Agricultural".
Page 137, line 23, insert "National" before "Agricultural".
Page 138, line 4, insert "National" before "Agricultural".
Page 141, line 18, insert "National" before "Agricultural".
Page 142, line 10, insert "National" before "Agricultural".
Page 143, line 3, insert "National" before "Agricultural".
Page 143, line 23, insert "National" before "Agricultural".
Page 148, line 15, insert "National" before "Agricultural".
Page 150, line 6, insert "National" before "Agricultural".
Page 150, line 14, insert "National" before "Agricultural".
Page 151, line 17, insert "National" before "Agricultural".
Page 152, line 8, insert "National" before "Agricultural".
Page 153, line 3, insert "National" before "Agricultural".
Page 154, line 20, insert "National" before "Agricultural".
Page 155, line 8, insert "National" before "Agricultural".
Page 155, line 19, insert "National" before "Agricultural".
Page 156, line 1, insert "National" before "Agricultural".
Page 157, line 13, insert "National" before "Agricultural".
Page 162, line 19, insert "National" before "Agricultural".
Page 163, line 3, insert "National" before "Agricultural".
Page 163, line 12, insert "National" before "Agricultural".
Page 164, line 14, insert "National" before "Agricultural".
Page 164, line 24, insert "National" before "Agricultural".
Page 165, line 19, insert "National" before "Agricultural".

Mr. DE LA GARZA. Mr. Chairman, we say the amendments are technical in nature in that they strike out from our bill all of the items which were covered by the reconciliation process, and leaves us with an original bill. That is all it does. It takes out the items that were covered in the reconciliation process.

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to the distinguished gentleman from Virginia.

Mr. WAMPLER. Mr. Chairman, I thank my colleague for yielding.

Mr. Chairman, I urge adoption of the gentleman's amendments.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Texas (Mr. DE LA GARZA).

The amendments were agreed to.

The CHAIRMAN. Pursuant to House Resolution 235, the bill, as amended, is considered as an original bill for the purpose of amendment under the 5-minute rule.

The Clerk will designate title I.

Title I reads as follows:

TITLE I—DAIRY PRODUCTION ACT OF 1981

MILK PRICE SUPPORT

SEC. 101. Section 201 of the Agricultural Act of 1949, as amended by section 150 of the Omnibus Budget Reconciliation Act of 1981, is amended by—

(1) striking out everything after the first sentence of subsection (c) and inserting in lieu thereof the following: "Notwithstanding the foregoing, (A) effective for the period begining with the date of enactment of this provision and ending September 30, 1982, the price of milk shall be supported at such level as determined by the Secretary, but not less than $13.10 per hundredweight for milk containing 3.67 per centum milk fat; (B) effective for the period beginning October 1, 1982, and ending September 30, 1983, the price of milk shall be supported at such level as determined by the Secretary, but not less than 72.5 per centum of the parity price therefor; and (C) effective thereafter for each subsequent fiscal year through the year ending September 30, 1985, the price of milk shall be supported at a level of not less than 70 per centum of parity, except that whenever the Secretary estimates that net Government price support purchases of milk or the products of milk will be less than 3.5 billion pounds (milk equivalent) during any of said latter two fiscal years, the price of milk shall be supported at such level as determined by the Secretary, but not less than 75 per centum of the parity price therefor as of the beginning of the relevant fiscal year. Such price support shall be provided through the purchase of milk and the products of milk."; and

(2) striking out subsection (d) in its entirety.

PRODUCER HANDLERS

SEC. 102. The legal status of producer handlers of milk under the provisions of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, shall be the same subsequent to the adoption of the amendment made by this Act as it was prior thereto.

FEDERAL MILK MARKETING ORDERS

SEC. 103. (a) The Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937 is further amended by—

(1) striking in subparagraph (B) of subsection 8(c)(5) all that part of said subparagraph (B) which follows the semicolon at the end of clause (c) and inserting in lieu thereof the following: "(d) a further adjustment to encourage seasonal adjustments in the production of milk through equitable apportionment of the total value of the milk purchased by any handler, or by all handlers, among producers on the basis of their marketings of milk during a representative period of time, which need not be limited to one year; and (e) a provision providing for the accumulation and disbursement of a fund to encourage seasonal adjustments in the production of milk may be included in an order.".

(2) striking the period at the end of subsection 8c(17) and adding in lieu thereof the following: ": *Provided further*, That if one-third or more of the producers as defined in a milk order apply in writing for a hearing on a proposed amendment of such order, the Secretary shall call such a hearing if the proposed amendment is one that may legally be made to such order. Subsection (12) of this section shall not be construed to permit any cooperative to act for its members in an application for a hearing under the foregoing proviso and nothing in such proviso shall be construed to preclude the Secretary from calling an amendment hearing as provided in subsection (3) of this section. The Secretary shall not be required to call a hearing on any proposed amendment to an order in response to an application for a hearing on such proposed amendment if the application requesting the hearing is received by the Secretary within ninety days after the date on which the Secretary has announced his decision on a previously proposed amendment to such order and the two proposed amendments are essentially the same."; and

(3) inserting after the phrase "pure and wholesome milk" in section 8c(18) the phrase "to meet current needs and further to assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs".

(b) The provisions of subsection (a) shall become effective January 1, 1982 and shall terminate December 31, 1985.

TRANSFER OF DAIRY PRODUCTS TO THE MILITARY AND VETERANS HOSPITALS

SEC. 104. Section 202 of the Agricultural Act of 1949, as amended, is amended by striking out "1981" in subsections (a) and (b) and inserting in lieu thereof "1985."

DAIRY INDEMNITY PROGRAM

SEC. 105. The Act of August 13, 1968 (82 Stat. 750, as amended; 7 U.S.C. 450 j, k, and l), is amended by striking out "September 30, 1981" in section 3 and inserting in lieu thereof "September 30, 1985".

ENCOURAGEMENT OF EXPORTATION AND DOMESTIC CONSUMPTION OF DAIRY PRODUCTS

SEC. 106. (a) The Secretary of Agriculture is encouraged to utilize, to the fullest extent practicable, the provisions of section 32 of Public Law 320, Seventy-fourth Congress (7 U.S.C. 612c), title II of the Agricultural Trade Development and Assistance Act of 1954, and other commodity distribution programs of the Department of Agriculture, for the purpose of disposing of excess inventories of dairy products held by the Commodity Credit Corporation.

(b) The Secretary shall examine the feasibility of using inventories of nonfat dry milk held by the Commodity Credit Corporation, and other excess supplies of dairy products, to assist in the production of casein and caseinates in order to reduce the impact that the importation of foreign subsidized casein and other milk protein products is having on the dairy price support program. The Secretary shall notify within ninety days after this legislation becomes effective, in writing, the chairman of the Senate Committee on Agriculture, Nutrition, and Forestry and the chairman of the House Committee on Agriculture of the results of such an examination.

AMENDMENT OFFERED BY MR. FRANK

Mr. FRANK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FRANK: Page 3, beginning on line 2, strike out section 101 and insert in lieu thereof the following:

MILK PRICE SUPPORT

SEC. 101. Section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446), as amended by section 150 of the Omnibus Budget Reconciliation Act of 1981, is amended—

(1) in subsection (c) by striking out the second sentence and all that follows through the period at the end of such subsection, and inserting in lieu thereof the following: "Notwithstanding the foregoing, for the period beginning October 1, 1981, and ending September 30, 1985, the minimum

level of price support for milk shall be 70 per centum of the parity price therefor: *Provided*, That whenever the Secretary estimates that the net cost of Government price support purchases of milk or the products of milk will exceed $750,000,000 if the support price for milk is established at the level required by the foregoing provisions of this subsection, such level of support may be adjusted to the extent the Secretary deems appropriate but not to a level less than the support price for the prior marketing year: *Provided further*, That the support price, as so adjusted, shall in no case be less than $13.10 per hundredweight of milk containing 3.67 per centum butterfat: *Provided further*, That the level of support for milk for the remainder of the 1981-82 marketing year may be adjusted in accordance with the foregoing although a level of support for such year has been established prior to the effective date hereof. Such price support shall be provided through the purchase of milk and the products of milk."; and

(2) by striking out subsection (d).

Mr. FRANK (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. FRANK. Mr. Chairman, along with other Members I want to offer my congratulations to the gentleman from Iowa and to the other members of the Agriculture Committee for a very realistic set of amendments, in some regard, to reduce to some extent the total of the Agriculture bill. But, I do not think in some areas we have gone really far enough.

The dairy price support program has become a very serious national problem. It is a classic case of a problem which brought forth a solution which has in turn eclipsed the problem and become the problem in itself. We are talking about expenditures for this program going well over $1 billion. We are talking about an unmanageable surplus. Indeed, when people worry these days in the Reader's Digest that the debt is a trillion dollars, and calculate their share of the national debt, I guess the one reassuring thing is that they also each own a pound of butter they did not know they had because, thanks to the dairy program, we have got a couple of million pounds of butter in surplus with no sensible thing to do with it.

The gentleman from Iowa has moved to reduce the problem somewhat, but he has not, I think, moved it far enough. Neither, Mr. Chairman, I must say in all candor, do I think I am moving far enough. Originally, I intended to offer an amendment that would have cut the dairy price support program far more than this. In the interests of the problems of the dairy farmers who are now on the dole and need to be weaned a little bit more carefully, and trying to get a bill and in cooperation with others who have been working on this, I have changed my numbers for that reason and I have offered the amendment which is substantially the amendment adopted in the Senate with the support of the President. So, what the Members have before them is Reagan-Jepsen-Frank-Findley approach to dairy support. I am sure that all the other free enterprisers are going to join this distinguished group along with the Chamber of Commerce and public citizens to try to protect the taxpayer and also the dairy farmers.

The differences between this approach and the approach adopted in the amendments offered by the gentleman from Iowa are as follows:

For the first year they are the same. They would both set a support-price level of $13.10 per hundredweight, which is expected to be about 70 percent of parity but is in fact a little bit above 70 percent. They differ in the future. The amendment of the gentleman from Iowa would set a price-support level of 72.5 percent for the next 2 years, and would say after that that the parity level would either go to 75 percent or drop to 70 percent depending on the purchases; that is, he has a trigger. The trigger is that if the Government has to buy more than 3.5 billion pounds, then all we have to be obligated to pay is 70 percent parity level.

If, however, the farmers get the message and reduce production, and the production CCC had to make was less than 3.5 billion pounds, his bill contemplates going back to 75 percent. The position of the Department of Agriculture, which I am offering here and which the Senate adopted, has a trigger in the other direction. We say first that we do not stay with the parity figure here, but we stay with the $13.10 per hundredweight.

Members have heard the statistical descriptions of the problem with the Consumer Price Index. If Members will look at trends and look at statistical validity, the Consumer Price Index is a pristine model of statistical perfection compared to the concept of parity, based as it is on what went on before World War I. So, the very concept of parity is in itself a fraud one.

We go to the $13.10 per hundredweight. However, we have a trigger. We say that if the Government is only going to be obligated to buy less than $750,000,000 worth of milk, cheese, and butter—and think, this is the openhandedness of this program—it says that if the Government is going to spend $750,000,000 to buy milk, butter, and cheese, for which it probably has use for maybe $200,000,000 in a good year, if it is going to spend that extra $550,000,000, a pure subsidy to buy products we do not need and will not distribute, but will allow to go bad; if it gets under $750,000,000 we will go back to 70 percent.

If, however, the program leads to still so much production, a surplus which threatens to leave us awash in butter—to mix a metaphor—then the trigger goes into effect and remains at $13.10 per hundredweight.

The differences between this amendment and the amendment of the gentleman from Iowa are basically twofold: One, the gentleman from Iowa would go to 72.5 percent parity in 2 years, whereas this amendment would stay at 70 percent.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

(By unanimous consent, Mr. FRANK was allowed to proceed for 2 additional minutes.)

Mr. FRANK. The second difference is that, under the amendment of the gentleman from Iowa, he has a trigger of less than 3.5 billion pounds of purchase, which allows parity to go up to 75 percent. In my amendment, we have a trigger of less than $750,000,000, which meant $750,000,000 in purchase obligations, which allows us to reduce parity. In other words, we set a 70-percent level with a safeguard that if 70 percent is going to cost the Government more than three-quarters of a billion dollars a year in these purchases, we can then cut back a little.

The gentleman from Iowa says that if we begin to succeed and we get the purchases we have to make under 3.5 billion pounds we have to go up again to 75 percent. With all due respect, I think the gentleman from Iowa has given us a Catch-22. If we begin to work and get production down to under 3.5 billion purchases, then we go back up to 75-percent parity, and it undoes its own success.

In my case, what we have got is a trigger that will go down if we are going to be spending too much.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, I thank the gentleman for yielding.

I was interested in the figures the gentleman was using. I do not know if the gentleman intends to incorporate these in his remarks as they go into the RECORD, but the CBO figures the gentleman had on expenditures in outyears, as I understand the gentleman——

Mr. FRANK. If I may reclaim my time briefly, I did not mention any CBO figures. The gentleman has anticipated me.

Mr. HARKIN. I wonder if the gentleman is going to incorporate these into his remarks as they appear in the RECORD?

Mr. FRANK. No, I have not mentioned them yet. There are a range of figures, and I think in fact, frankly, my confidence in the ability of our economists to predict what the cows are going to do is a little bit weak.

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So that is why I gave the numbers in the bill rather than the figures which are all over the lot.

Mr. HARKIN. Mr. Chairman, if the gentleman will yield further, the gentleman did say that over the life of this bill the amendment offered by the gentleman in the well would be $500 million less expensive than the Bedell amendment. Did the gentleman not say that?

Mr. FRANK. I do not remember saying that in these remarks, but I am not sure that I did not.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. FRANK) has expired.

(On request of Mr. HARKIN, and by unanimous consent, Mr. FRANK was allowed to proceed for 2 additional minutes.)

Mr. FRANK. Mr. Chairman, the gentleman obviously paid close attention to what I said, and I apologize if I do not remember.

Mr. HARKIN. I wonder what assumption those figures are based upon.

Mr. FRANK. We have several ranges of assumptions, and I have to say, first of all, we should understand we are talking now about speculation; we are talking about price supports, about inflation, about the weather, about the behavior of the cows, and a whole range of things.

Mr. HARKIN. The gentleman's figure of $500 million does not mean anything, then?

Mr. FRANK. No, it means something in those ranges. Obviously we all agree on one thing. I will say that the gentleman is right. If I did not think I was going to be spending less for dairy farmers and all those interests, I would not see all these dairy farmers standing up here getting ready to oppose the amendment. If I thought it was just a fight over language, they would not stop me from getting my point across.

Let me read the numbers that I have from CBO. They have projected a difference under the amendment I am offering, and they say the cycle will be a difference between mine of 75.5 and that of the gentleman from Iowa's of 73.3. There were two reasons for the difference.

Explicitly, without any difference for 2 years, the amendment offered by the gentleman from Iowa now before the House has previously adopted, sets a parity level of 72.5, whereas mine would be 70. I think there would be unanimous agreement that this 2.5 percent of parity is going to cost something.

It is also argued—yes, I believe that is only 1 year, and the parity would change. But we still have a 2.5-percent parity difference for 1 year.

It was also assumed that that might develop more products, and the Department of Agriculture predicts the difference at about $360 million for a 4-year period. So there is a range of difference, but everybody agrees that it is going to cost less.

Mr. HARKIN. No, Mr. Chairman, this gentleman does not agree that it is going to cost less, because on the figures I do not agree with the assumptions.

What I would like to know is, on the assumptions the gentleman has of 2.755, is that based on 70 percent, or is it based on $13.10 per hundredweight?

Mr. FRANK. It was based mostly on 70 percent, because as the gentleman understands, with the 750, we cannot under my amendment get the $13.10 unless purchases would be estimated to exceed 750 million. At no point after fiscal year 1972 in the CBO analysis is it estimated the purchases would hit 750 million, and, therefore, under my amendment we are assuming a 70-percent figure.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. FRANK) has expired.

(On request of Mr. HARKIN, and by unanimous consent, Mr. FRANK was allowed to proceed for 2 additional minutes.)

Mr. HARKIN. Mr. Chairman, if the gentleman will yield further, what the gentleman has done is that he has used the one set of estimates for his own figures and then biased the figures on the Bedell amendment to get another set of figures. As the gentleman knows full well, under the Bedell amendment, the first year is the same and in the outyears, if in fact the purchases are less than 3.5 billion pounds of milk equivalent, the gentleman knows full well the Secretary under our amendment has the ability to lower the support price to 70 percent of parity.

But now what the gentleman has done, though, is mixed apples and oranges in these two assumptions. The gentleman is assuming under his amendment that the Secretary will definitely go to 70 percent and that under our amendment he may not.

Mr. FRANK. No, that is patently not true.

In the first place, I am not assuming any of this; the Congressional Budget Office and the Department of Agriculture are assuming it. I assure the gentleman that, diligent as my staff is, we do not have the capacity to generate these kinds of numbers.

Second, the gentleman is doing a very good job of obfuscating and trying to bog us down in numbers. It is obviously the case that this amendment intends to provide less for dairy farmers; otherwise we would not have four dairy farmers now on their feet objecting to it.

Further, the gentleman has conceded that there is one undeniable difference. There is a 72.5-percent parity figure for 1 year, I am told, now in this amendment, versus 70 percent.

Finally, the other real difference is the safeguard. No one knows what is going to happen. No one predicted the billion and a half. I was not here when other Members who were here voted for this program, and here is a chance to get off that hook. When they voted for that program, no one, not the CBO or not the Department of Agriculture or the seers, told them that it was going to go to a billion and a half in the numbers per week.

The critical differences are these: First, the figure of 72.5 percent by the gentleman from Iowa is for 1 year, and we are at 70. But even more importantly, there are two triggers. Our trigger says that if we have miscalculated and the program has produced too much Government expenditure, we can go below $13.70 to $13.10. The gentleman from Iowa says that if we exceed beyond our expectations and get below $3.5 billion, then we can go higher. The gentleman has got a trigger that goes up, and I have a trigger that goes down.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. FRANK) has again expired.

(On request of Mr. FINDLEY, and by unanimous consent, Mr. FRANK was allowed to proceed for 3 additional minutes.)

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I thank the gentleman for yielding, and I thank him also for not only his logical but entertaining explanation of this amendment.

I want to add this thought: that there were those who felt, when the authority for the existing dairy program was before this body—I think that was 2 years ago—that it did not give the Secretary of Agriculture enough flexibility. At that time my forecast—and I based my forecast on data supplied by the Department of Agriculture—was that we would soon be in surplus trouble, and that if we locked in 80 percent of parity, we would have Government dairy stocks rising higher and higher to the disadvantage of the dairy industry.

This committee saw fit not to accept an amendment I offered which would have given the Secretary of Agriculture, who was Mr. Bergland at that time, the flexibility that would have voided this accumulation.

What the gentleman in the well is now doing is by this amendment pro-

viding the flexibility that the Secretary of Agriculture, Mr. Block, feels he needs today to keep the dairy industry from getting into further trouble.

That does not mean he is going to keep dairy supports at $13.10. He may have to; we hope he will not have to do that. He may elect to have them higher, and he has the flexibility. But only the Secretary can react to the ever-changing supply and price situations that are needed to keep dairy out of further trouble.

Mr. FRANK. Mr. Chairman, let me just emphasize that one point the gentleman from Illinois (Mr. FINDLEY) made. We are talking about minima, and the gentleman stresses this. We are saying that 2 years ago, 3 years ago, and 4 years ago, the dairy program that was adopted went berserk and cost us serious money.

We did not give the Secretary of Agriculture the tools to deal with this. He still can go higher under these bills, but the problem he has got now is that he has not had flexibility in case of error.

I want to stress this again: The fundamental difference between my amendment and the bill as now amended is that we have included a trigger that says if it starts going up above $750 million, if the Government again finds itself in the problem we are in now and have been before, we can cut the support price, whereas the opposite approach that the gentleman from Iowa takes is that if we succeed, if we get to 70 percent and we cut the purchases to the level they used to be, whoopee, we can go back up to 75 percent.

Mr. GUNDERSON. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from Wisconsin.

Mr. GUNDERSON. Mr. Chairman, I thank the gentleman for yielding, and I commend him for his new-found interest in the dairy industry.

In making his statement, the gentleman said that we ought not be hooked on percentages of parity because parity was a more inaccurate formula in the Consumer Price Index, and I think that is correct. A lot of allegations are made by a lot of people, and there may even be some credibility in them.

What in particular does the gentleman object to in the parity price support formula that he thinks ought to be changed?

Mr. FRANK. Mr. Chairman, there are a variety of specifics dealing, for instance, with how much feed is needed and the cost of feed. That is figured into it. There is a question about whether or not the price of feed is accurately figured in.

But the other problem is a fundamental problem, and we are talking about a relationship based on 60 years ago now, and it does not seem to me that kind of arbitrary relationship is necessarily the right one.

I would say to the gentleman that in the spirit of concession that came over me last week, I have gone back to parity. The original amendment, as Members saw me circulate this, said that if we were going to spend more than $250 million for the dairy farmers, we were going to $13.10 and then I gave in. But what I am saying is that if we are going lower than 70 percent, we are going to spend more than three-quarters of a billion dollars.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. FRANK) has again expired.

(On request of Mr. ROEMER, and by unanimous consent, Mr. FRANK was allowed to proceed for 2 additional minutes.)

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from Louisiana.

Mr. ROEMER. Mr. Chairman, I thank the gentleman for yielding.

Just for a point of understanding, so we will all understand what the gentleman's amendment does, if that is possible, as I understand it, the gentleman has a floor and a ceiling concept, and flexibility between the two will be given to the Secretary of Agriculture. The floor is the $13.10 per hundredweight, and the ceiling is 70 percent of parity; is that true?

Mr. FRANK. Yes, it is.

Mr. ROEMER. All right. The gentleman said that he saw all of us "dairy farmers" standing; I happen not to be one, but I do drink milk. But those of us who are concerned about flexibility and accountability in this bill might go with an amendment such as the gentleman offers if we thought the Secretary of Agriculture were actually running the Agriculture Department. But the gentleman from Massachusetts and I both know who runs the Department of Agriculture; it is the OMB.

Mr. Chairman, I thank the gentleman for yielding.

Mr. FRANK. Mr. Chairman, I would just say to the gentleman from Louisiana that a significant number of Members of the House were willing to in fact adopt the budget that OMB wrote without reading it, and I do not know why they should object so much to OMB running the Agriculture Department.

There are some standards that are written in here. The argument that has been made is this: Even Mr. Stockman, who has not been accused of possessing an excess of compassion, says and we have been told that the problem is that we might wind up with a milk shortage, and the purpose of flexibility is to say that there would be additional money paid in to prevent a milk shortage.

But again I want to stress the fact that the gentleman from Iowa (Mr. HARKIN) and I both have floors and ceilings. The difference is this: We have put in a trigger to allow the 70 percent to go lower if we are going to spend too much money. If we are going to go over $750 million, we say, "Let's drop it. Let's tell them not to produce so much milk."

The gentleman from Iowa says, "If we succeed at 70 percent and cut down production, let's go back to 75 percent."

The question is, Which kind of failsafe do we want? Do we want one that sends it up in times that are good, or do we want one that allows it to drop in times of disaster? I think the history in the last couple of years shows that more product than was needed was produced, and that is something neither of us want and something which the gentleman from Iowa did try to stop. That is what we are trying to talk about, and the gentleman from Iowa gives us less protection.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. FRANK) has again expired.

(On request of Mr. STENHOLM, and by unanimous consent, Mr. FRANK was allowed to proceed for 5 additional minutes.)

Mr. STENHOLM. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from Texas.

Mr. STENHOLM. Mr. Chairman, in order to ascertain the main concern of the gentleman from Massachusetts (Mr. FRANK), is it the price of milk in the grocery store to the consumers he represents, plus the cost to the Treasury, or is the cost to the consumer?

Mr. FRANK. No, it is primarily the cost to the Treasury that bothers me. The consumer is a factor, but we are talking now about the cost to the Treasury that has gone to stratospheric heights. I think that is the major problem we have.

Mr. STENHOLM. We have addressed the problem of the Treasury. Does the gentleman have a concern about the price of milk in the grocery store?

Mr. FRANK. Yes, I do have that concern as well. I have been visited in fact earlier this week by some people from supermarkets who are concerned about that.

But again let me say that the gentleman apparently wants to make a point about consumer prices, and I invite him to do that. If I did not make it, he can do that; I am not entirely going to play straight man.

My primary concern is how much it is costing the Government. If the gentleman wants to make a point about the prices in the grocery store, he can make the point.

Mr. STENHOLM. Mr. Chairman, in reply to the gentleman, I was noticing as I was eating a bowl of cereal last night that the price of a gallon of milk in Arlington, Va., is $1.97, which is 9 cents less than it was 3 years ago when I came to the Congress.

Mr. FRANK. At that rate the gentleman could put it in his car.

Mr. STENHOLM. The gentleman from Massachusetts (Mr. FRANK) has talked about the parity issue. My question is, in regard to the lowering of the price of milk, and apparently he would do that. The gentleman would let the price of milk to the dairy farmer go down below even 70 percent. That is the effect of his amendment.

My question to the gentleman is this: In April of this year we lowered the dairyman's income, his net take-home pay, by $7,000. The effect of the gentleman's amendment would be to lower it at least another $7,000. This has reduced the net take-home pay of the dairyman in this country from 30 to 100 percent already. The gentleman's amendment would lower it another 30 to 100 percent.

Mr. FRANK. Mr. Chairman, I am going to make an heretical statement to the head of Conservative Democratic Forum. I do not want to set any particular level; I want the market to do it.

What the gentleman is saying is that the Government should set this price or the Government should set that price. My answer, in all seriousness, to the gentleman from Texas is, "no," it is none of my business to set the price of milk. I am not a good milk price setter, and I do not think anybody else is, because the people who are the experts set a price for us that resulted in a lot of surplus and a $2 billion expenditure. I honestly believe the price of milk can best be set by the market.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. FRANK) has again expired.

(By unanimous consent, Mr. FRANK was allowed to proceed for 2 additional minutes.)

Mr. FRANK Mr. Chairman, when the price is lowered, I do not regard that as my personal responsibility or the Government's responsibility. I think that is something that could be set by the market.

Mr. HAGEDORN. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from Minnesota.

Mr. HAGEDORN. Mr. Chairman, I thank the gentleman for yielding.

I am impressed and intrigued by the gentleman's new found interest in our dairy support program. The gentleman's amendment would lower it to 80 percent.

Let me ask the gentleman, from his exhaustive research, which he has no doubt done, in relationship to the 30-plus-year history of the dairy support program, has he ever seen a period of time in the history of the program when parity levels were set at 75 percent—and the Bedell amendment provides less than that for the first 2 years—and when we had what the gentleman in his most reasonable judgment would consider to be excessive supplies held by the U.S. Government? Has there ever been such a time in 30 years?

Mr. FRANK. Mr. Chairman, I think I understand the question.

Let me say to the gentleman first that there have been a couple of references made to my new found interest in the dairy price support program. Before I came here, I was in the Massachusetts Legislature, and the Massachusetts Legislature does not have a dairy price support program. I was first a member of that body and later a Member of this body. I apologize for not being prompt and expressing my interest before, but this is the first time a legislative body in which I served as a Member considered a dairy price support program. So I think I have been reasonably prompt in my interest.

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Second, the answer is "No," if you look at the past 30-year history.

On the other hand, we are in a constantly changing set of conditions. We are in an inflationary period. Agricultural conditions change, a variety of things change. The key point to me is this: We are in what is admittedly an unpredictable area because I do not think any Member of this House expected 4 years ago when the bill was passed to go to 80 percent, no one figured—the gentleman from Illinois argued it but he was in the minority—the expert opinion was, oh, no, it would not go out of control.

There was a miscalculation that was no one's fault, but because of the uncertain nature of the business, that produced the $2 billion.

What I am saying to the gentleman is that I am skeptical of a whole lot of figures. That is why I come back again to the difference between my amendment and the gentleman from Iowa's. It is which failsafe do you want to have. Do you want the one that goes up to 75 in case things are going well, or do you want to have the one that goes back down?

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. FRANK) has again expired.

(At the request of Mr. HAGEDORN and by unanimous consent Mr. FRANK was allowed to proceed for 2 additional minutes.)

Mr. HAGEDORN. I think if the gentleman will retrace the history up until 1977, the dairy price support program was supported at 75 percent of parity. Quite frankly, it was raised to 80 percent and as high as 83 percent in the last 3 years, mostly for political purposes. There was a lot of consideration and expression of concern about stimulating too much production, but unfortunately the minority did not prevail.

Now, for the very same reason, for political purposes in 1981, we stand here and now we are going to go excessively in the opposite direction, failing to recognize the leadtime that is needed for the industry to get their production into line with what the demand will be. That is the important thing that we need to recognize in this body today, that we do not go overboard the other way, just like we did 4 years ago, which has brought us to this horrendous state that I concur we are in today.

Mr. FRANK. I have to say to the gentleman I do not think it is going overboard in penury to continue a program at a level which will be continuously above $500 million, half a billion dollars a year. In fact, I understand what the gentleman is saying. I understand that it is a problem of getting from here to there too quickly. That is why I backed down on the $250 million trigger. I do not want to see this kind of substantial program.

We have heard a lot about the market, and I have read Milton Friedman and all the others. I have not found the footnote that says, "except dairy farmers," or the footnote that says, "a free market absent agriculture." Agriculture is considered to be by a lot of economists a pretty good competitive sector. There are leadtimes in business, in any business. You cannot go into any business overnight except the ones that we made illegal last week here in the House.

The fact is that you are dealing with uncertainties. I agree, we are presenting a trigger that stops it from going too much, but we still continue a $500 million a year level of subsidy to the dairy farmers. My guess is per capita they will continue to be the most subsidized farmers in the United States and among the most subsidized business people in the United States.

That is what this amendment adopted by the other body and the President does.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

(At the request of Mr. STENHOLM and by unanimous consent Mr. FRANK was allowed to proceed for 1 additional minute.)

Mr. WEBER of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from Minnesota.

Mr. WEBER of Minnesota. I want to ask my friend, I am pleased to be able to listen to my friend today in this exchange with the gentleman from Texas discussing the virtues of the

free market as far as the dairy program goes. I might say that it is pleasing to me to see that our colleague has this new found and rather rigid dedication to the free market.

I wonder if the gentleman is willing to apply that same logic to the value in the price of labor.

Mr. FRANK. Yes; I am. I am not for any price support program for labor. I am not for setting a price support program for labor. I cannot think of a single labor union that I would want to give $500 million a year to for the next 4 years, which is what we are going to be doing with dairy farmers.

Mr. WEBER of Minnesota. Following that logic, then, would it also follow that my colleague would want to abolish the minimum wage?

Mr. FRANK. No; just as I am not for abolishing, totally, I am not for abolishing minimum wage or the dairy price support program. In fact, I have been, if the gentleman wants to have a listing of free enterprise things, then I will be glad to tell the gentleman that I want to deregulate the banks, trucks, airlines, but I do not know if it is terribly relevant.

Mr. STENHOLM. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Does that also hold true for the deregulation of natural gas?

Mr. FRANK. I am for the deregulation of natural gas.

Mr. STENHOLM. Let the market apply?

Mr. FRANK. Yes; as the law now calls for phased in into 1985, just as it was to continue the price support.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

(By unanimous consent Mr. FRANK was allowed to proceed for 1 additional minute.)

Mr. FRANK. The gentlemen seem to have a little difficulty with the principle of consistency. I need 1 more minute of instruction.

I am for, as I understand the law, where we deregulate natural gas in a phaseout until 1985. I have a bill here which would continue a dairy price support program for the same time. So how it could be inconsistent to do that in both cases I do not know. In both cases we are talking about gradual drops.

If the gentleman wants to take the percentage drops in the natural gas regulation and apply them to those agricultural programs, then there will be a Frank/Stenholm or, Stenholm, seniority will win/Frank amendment tomorrow to change that. I will be glad to do that because if we were to deregulate dairy at the pace to which we are committed, and I support deregulating natural gas, the dairy farmers will be a lot madder at the gentleman from Texas than they are at me.

AMENDMENT OFFERED BY MR. JEFFORDS TO THE AMENDMENT OFFERED BY MR. FRANK

Mr. JEFFORDS. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. JEFFORDS to the amendment offered by Mr. FRANK:

Beginning on line 5 of the Frank amendment strike line 5 and the remainder of the amendment and insert the following:

(1) deleting everything after the first sentence in subsection (c) and inserting in lieu thereof the following: "Notwithstanding the foregoing, for the period beginning October 1, 1981, and ending September 30, 1982, the minimum level of price support for milk shall be 70 per centum of the parity price therefor: *Provided*, That the support price shall in no case be less than $13.10 per hundredweight of milk containing 3.67 per centum butterfat: *Provided further*, That such price support shall be provided through the purchases of milk and the products of milk."

Mr. JEFFORDS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. JEFFORDS. Mr. Chairman, this amendment offered by the gentleman from Massachusetts (Mr. FRANK) really does away with the price support program for dairy. I do not think there is any question about that.

My amendment recognizes that we have had a good dairy support program and that program has worked well. As was pointed out by the gentleman from Minnesota, we created a problem by not allowing greater flexibility on the price support program. The last administration increased supports to 83 percent of parity at one point.

My amendment says that for the first year supports will be set at 70 percent in order to get supply and demand in balance. In the following marketing years, supports will revert back to the level that has been in existence for 30 years and that has worked well.

Let me point out if we support the amendment introduced by the gentleman from Massachusetts we will have destroyed the farm bill. It is as simple as that. Why? Because of all the programs we have, the dairy price support program has worked for the consumer better than any other program that we have.

So if we cannot support the dairy program either at my level or at the Bedell level, then we cannot support any program.

Let us take a look the annual cost of all of our agricultural programs. Let me ask what my colleagues would want to pay to preserve their best asset, to make sure that things which had made our country great stay in existence.

Right now this country spends less than 1 percent of its budget in protecting its greatest asset. That is the cost of all agricultural programs. It is a very minimal amount.

Where do we stand in this world relative to supporting agriculture? Let us take a look at the cost of the agricultural support of the United States. We rank the lowest, even behind New Zealand, as to what we spend to support our agricultural programs. So all we are doing in the farm bill is to preserve that great position.

Now let us take a look at what share of our taxed income we spend on food. What do we spend on food in this country relative to the rest of the world? We find that with the exception of West Germany, who always plagues us in these kind of things, our people spend a smaller percentage of their disposable income on food than any other country in the world. That is a good success story for our agricultural programs.

Let us now take a look at what the dairy program has done for this country.

Dairy products, on this CPI, have done better than all food costs and done better than the CPI in general. In fact, consumers have saved over $37 billion over the last 10 years by having a support program.

As I said before, we do have a production problem that must be corrected.

The amendment that I offer lets us go back to the program which works so well. It lets us go back to that program after there is an interim period of adjustment.

My point is this: We have a good dairy support program; it is a program that has worked well. If we adopt the amendment offered by the gentleman from Massachusetts (Mr. FRANK), we will have serious and substantial problems in the future.

The farm bill has benefited the consumer, it has benefited the dairy farmer, and it has benefited this country.

What has happened to the dairy farmer? How has the dairy farmer done relative to other people in this country? If you take a look at the return on equity for dairy farmers versus manufacturing companies, dairy farms have not done well. Why? Because it is the most competitive business in this country.

Why then do we want to destroy that which has done so much for us? I submit that if you vote for the amendment offered by the gentleman from Massachusetts (Mr. FRANK) you will do away with that which has brought all of these great benefits to this country. In fact, I am concerned if my amendment is not adopted we will not be

able to maintain the kind of productivity and the kind of benefits our consumers are accustomed to receiving.

The CHAIRMAN. The time of the gentleman from Vermont has expired.

(At the request of Mr. OBEY and by unanimous consent Mr. JEFFORDS was allowed to proceed for 2 additional minutes.)

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Wisconsin (Mr. OBEY).

Mr. OBEY. I want to say that I think the gentleman has hit the nail on the head when he asserted if we adopt the Frank amendment we really kill the dairy price support program.

The game plan is simply this: You freeze dairy farmers' income for 4 years at the present levels for hundredweight. At the end of that time the support price has gotten so low that it is somewhere between 50 and 60 percent of parity.

At that point people then say "Well, it is so low it is not really having any appreciable beneficial help for farmers anymore, we might as well get rid of the whole program." That is what you are going to see.

I would like to just make one other point. I have had a lot of people on this floor say to me the problem with the dairy support program is that it benefits the big guy. I would ask them what program this Congress has passed in the last several years that has not benefited the big guy. The key question to ask is which kind of operation is going to be hurt the most if you gut the dairy price program, and that is clearly the small operator.

I am amazed that the image that people have in urban areas about dairy farms with 500, 600, and 700, or 1,000 cows. The average farmer in my district has 44 cows. You are not going to get rich on 44 cows. You may keep the family farm together, but you are not going to get very rich.

I urge that we support the gentleman's amendment as opposed to the amendment of the gentleman from Massachusetts (Mr. FRANK).

Mr. JEFFORDS. I would just point out that not only is the small farmer going to be hurt, but the young farmer. Those are the ones that will be out of business. Those are the ones that will be lost. With the average age of our farmers so high, we have a very, very risky problem ahead of us.

Mr. PETRI. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Wisconsin.

Mr. PETRI. Mr. Chairman, the past few days we have seen a number of reports in the news media concerning the budget cuts. There has been a great deal of consternation thrashed about in the pages of our newspapers concerning the impact of President Reagan's budget reductions.

As I read these stories, I feel compelled to remind my colleagues that dairy farmers know all about budget cuts.

In March, as we recall, President Reagan asked Congress to approve a bill that would cancel the April 1 price increase for dairy farmers.

This is a bitter pill, I said at that time, noting that the cut would cost dairy farmers over $5,000 a piece on the average.

But I went on to say that I would support the President's bill as part of his efforts to get a handle on Federal spending.

We all know what happened. President Reagan's first piece of budget-cutting legislation passed and was signed into law. It was the first major budget initiative and it was one aimed at the Nation's dairy farmers.

I bring up this bit of recent history to remind my colleagues that the dairy farmers do not need the newspapers to tell them about budget cuts.

The dairy farmers have been in the forefront of the budget cutting efforts. They have been taking it on the chin for a year when you consider they have not had an increase since last October 1.

The dairy farmers took their share of the cuts then and they have taken their share in the committee bill which drops price supports from 80 percent of parity down to 75 percent.

The dairy farmers who have already taken a terrific reduction are being asked to sacrifice again.

But now along comes the administration whose amendment would result in a 70-percent parity dairy price support with no midterm adjustment. This would put dairy farmers in the position of having to deal with 2 years of increased costs with no increase in price supports.

So, I rise in support of the amendment of the gentleman from Vermont (Mr. JEFFORDS) and in opposition to the amendment offered by the gentleman from Massachusetts (Mr. FRANK).

And as I do so I would like to tell my colleagues some concerns I have about significantly reducing the support for dairy.

In the previous 4-year farm bill Congress saw fit to raise the parity level for dairy to 80 percent. This gave dairy farmers a guarantee that the price for a unit of milk would at least be 80 percent of the value it has during the period 1910–14. The level had been raised from 75 percent of parity. While the 80-percent support level was helpful to many farmers, the United States continued to lose thousands of dairy farmers each year.

Now we have a proposal before us which would lower the parity level to 70 percent. It is hoped that this will have the effect of reducing the large $2 billion dairy surplus the Government now maintains. I urge caution in considering this dubious improvement. I fear that such a change could easily cause more harm than good.

The first point I would like to make is that a dairy operation requires a large amount of investment capital to begin farming. This is one of the significant differences between growing crops only and maintaining a dairy operation. The amount of money required to buy specialized equipment, the barn and other structures, the land, as well as the dairy herd can amount to hundreds of thousands of dollars.

Second, beginning a dairy operation requires a large amount of startup time. While a crop can be planted one year, not planted the next, and again planted the third, the dairy farmer cannot jump in and out of dairy farming as quickly. In many cases it may require 5 to 7 years to develop a complete and profitable dairy operation.

Since a cow has only one female calf every 2 years on average and it takes a calf 2 years to begin producing milk, it takes a long time to build a national dairy herd back up once it has been depleted by slaughtering cows for beef.

Third, the reduction from 80 percent to 70 percent parity would have an adverse effect on the dairy industry as a whole. The industry is expected to generate cash receipts of about $18 billion this year. The loss in price support would reduce these receipts by about $2.3 billion, a very significant loss to the industry, with economists predicting lost jobs, more welfare outlays and reduced tax revenues. The adverse impact on the individual farmer will be painfully felt.

Fourth, USDA officials report that a 1-percent parity reduction is equivalent to about an 18-cent reduction in the price of milk per hundredweight. A 10-percent reduction in parity would mean the dairy farmer would receive about $1.80 less per hundredweight. A USDA study showed that farm milk prices were above average production costs by $1.89 per hundredweight in 1980. This proposed 10-percent reduction will therefore result in a terrible loss of income to the farmer.

In Wisconsin an average dairy farm produces about 500,000 pounds of milk each year. This parity reduction would mean that the dairy farmer would lose about $9,000 in income. How can we ask this of the dairy farmer, to take such a large share of the budget cuts, while he has already taken his fair share last April when the semiannual support adjustment was suspended. Why are we making the dairy farmer support so much of the budget cutting when many other programs have not taken their fair share of the cuts?

The University of Wisconsin estimates that the average dairy farmer makes $2.89 an hour which is about 15

percent less than the minimum wage for skilled work.

That same study also found that the average dairy farmer, his wife, and children work anywhere from 135 to 150 hours a week.

Dairy farmers, who work hard, understand the problems we are having with the economy.

They know we have to cut spending and balance the budget. But they know we have to cut other farm programs than dairy.

I hear that every time I am in my district. "We have taken our cuts." They tell me, "Now, what about these other programs and other commodities?"

I guess I could tell them, "We cannot cut these other commodities because the Washington lobbyists have struck a deal." Or I could tell them, "We cannot cut these other commodities because certain Members of this Congress have a certain friend downtown."

I guess I could tell them that, but I could not do it with a straight face.

The point of the matter is that we need to make cuts in these other farm programs just as we have done over the past few months with the dairy program.

We have to show the same sort of determination to make cuts in these programs as we have had in reducing the dairy price supports and canceling the April price increase.

So despite the high regard I have for the gentleman I am going to oppose his amendment.

In the name of national good we have pushed dairy farmers out on the limb. I see no good reason to push them off.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Missouri.

Mr. VOLKMER. I just want to say I support the gentleman's amendment.

Mr. DE LA GARZA. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I do this in order to ascertain the views of the Members. We have a very tight limitation this afternoon on time, and we have had a substantial debate during the Bedell amendment dealing with dairy. We have had added debate on these two amendments. I would like to see how many Members are interested in pursuing this further in order that I might offer a limitation on time.

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from Virginia.

Mr. WAMPLER. Mr. Chairman, I would say to the gentleman from Texas we have requests for at least two members of the Committee on Agriculture and perhaps there are others here. I certainly want to concur in the spirit of what the gentleman is trying to do. I was just wondering if perhaps we could not proceed here for a few more minutes.

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Mr. DE LA GARZA. We have the possibility of a vote. Some of the Members have been told that we would rise at 2:30, no later than 2:45. If I would ask unanimous consent to limit debate to 2:25, that would give us 25 minutes to further debate the issue and allow time for a vote, if needed, and still finish at 2:45.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I am not clear as to the request the gentleman has made.

Mr. DE LA GARZA. I have not made the request yet. I would like to finish the amendment before we rise this afternoon.

Mr. FINDLEY. We now have two very differing amendments pending. We also have the Bedell amendment, which is in the bill.

Mr. DE LA GARZA. The Bedell amendment has already been approved.

Mr. FINDLEY. It is before us as original language, as if it were not approved, I would say to the gentleman.

Mr. DE LA GARZA. The gentleman is correct. But we will return next week for further consideration of this legislation.

Mr. FINDLEY. I would say to the gentleman that at stake here is a very important part of the farm bill, so regarded by the President and so regarded by the Secretary of Agriculture. I think we really need time.

Mr. DE LA GARZA. No one disagrees with the gentleman. The question is that there comes a time when debate becomes repetitious. There comes a time when debate invites further debate, and there is a limit to what Members can address on one issue. Title I would still be open when we return next week. This would not preclude any further amendments. I think we have spent more time here than we would have consumed if we had taken up another amendment.

Mr. FINDLEY. If the gentleman will yield further, if the gentleman will look around him, there must be at least 20 Members on their feet, each of whom wants to speak. Now, surely a Member of this body is entitled to 5 minutes each. That is an hour. I really think it would be most unfortunate to cut off debate.

Mr. DE LA GARZA. The gentleman from Illinois has done well in inviting Members to stand. I am just trying to get some semblance of order. I know the importance of the issue.

Yesterday, on a multimillion-dollar bill, we limited debate in order to accommodate the membership. No one raised any objection yesterday. But today it becomes so all important.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from Iowa.

Mr. HARKIN. I thank my chairman for yielding.

Mr. Chairman, I can only say that, as chairman of the Dairy Subcommittee, I could take the well now and speak for 1 hour myself on the history of the dairy program and why the Frank amendment is bad and why it is going to kill the dairy farmers and why we need the rational, reasonable approach. I could take the next hour.

I am willing as chairman to give up my time to move to a resolution of these two amendments. I believe the Members know what they are about. I believe the Members have studied them. They have read the "Dear Colleagues." They know what the arguments are. I think we ought to come to a resolution of it today and move on. And I would be willing to give up my time for that.

Mr. DE LA GARZA. Mr. Chairman, the question is: Do we want to delay this? Or do we want to proceed? The Members know where they are. They know the figures. We have had an entertaining interlude by the gentleman from Massachusetts (Mr. FRANK); we have had an edifying interlude by the gentleman from Vermont (Mr. JEFFORDS). The gentleman from Illinois knows better than possibly anyone in this body the figures and what we are doing.

Mr. Chairman, I ask unanimous consent that all debate on the amendment offered by the gentleman from Massachusetts (Mr. FRANK) and on the amendment offered by the gentleman from Vermont (Mr. JEFFORDS) to the amendment offered by Mr. FRANK end at 2:25.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. FINDLEY. Mr. Chairman, reserving the right to object, may I make the suggestion that the request be changed to limit debate on the Jeffords amendment to the Frank amendment? That way there would be time, at least, to consider that amendment, which is quite different from the amendment placed before us by the gentleman from Massachusetts (Mr. FRANK).

In my opinion, no explanation of the Jeffords amendment has been made up to this point. I think we ought to know what is in the amendment.

Mr. DE LA GARZA. The gentleman might not have been listening to the gentleman from Vermont (Mr. JEFFORDS) with his charts and figures.

Mr. FINDLEY. His charts and figures have nothing to do with the amendment before us. As I under-

stand, the amendment is a 1-year amendment, nothing more.

Mr. DE LA GARZA. With all due respect, Mr. Chairman, I insist on my unanimous consent request to close debate on the Frank amendment and the Jeffords amendment to the Frank amendment at 2:25.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. FINDLEY. Mr. Chairman, I object.

Mr. DE LA GARZA. Mr. Chairman, I move that all debate on the Frank amendment and on the Jeffords amendment to the Frank amendment close at 2:30.

The CHAIRMAN. The question is on the motion offered by the gentleman from Texas (Mr. DE LA GARZA).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. FINDLEY. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the motion was agreed to.

The CHAIRMAN. Members standing at the time the motion was agreed to will be recognized for 40 seconds each.

(By unanimous consent, Mr. FRENZEL yielded his time to Mr. MICHEL.)

The CHAIRMAN. The Chair recognizes the gentleman from Vermont (Mr. JEFFORDS.)

(By unanimous consent, Mr. MCCLORY yielded his time to Mr. JEFFORDS).

Mr. McCLORY. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Illinois.

Mr. McCLORY. My question is this: As I understand the gentleman's amendment, it would put a floor on the dairy price support at 70 percent, whereas the amendment offered by the gentleman from Massachusetts (Mr. FRANK) and the amendment offered by the gentleman from Illinois (Mr. FINDLEY) would permit going below that, down to 60 percent, or whatever. Am I correct in that?

Mr. JEFFORDS. I will just compare my amendment and the Frank amendment.

My amendment says we will hold the price as it is until October 1, 1982. At that time, it would go back to the basic law, which is 75 percent of parity, with annual adjustments for the remaining period of the farm bill.

The Frank amendment allows the Secretary to set supports as low as he wants. Let me put it this way: He has to hold the $13.10 price, and he can hold it indefinitely. My guess is that it would be at least 1983 and probably 1984 before there would be any increase in dairy supports if the amendment offered by the gentleman from Massachusetts (Mr. FRANK) were adopted. You would have increases under my amendment.

(By unanimous consent, Mr. PETRI and Mr. OBEY yielded their time to Mr. JEFFORDS.)

The CHAIRMAN. The gentleman from Vermont (Mr. JEFFORDS) is recognized for an additional 80 seconds.

Mr. JEFFORDS. Mr. Chairman, the Bedell amendment is middle ground between my amendment and Mr. FRANK's amendment. The Bedell amendment says that you hold the price for 1 year, and then you go up to 72.5 percent for the second year, and then you go up to 75 percent for the third year. But in the event net Government purchases exceed 3.5 billion pounds milk equivalent, then the Secretary would have the authority to go down as low as 70 percent but not below 70 percent. To those of us who know the dairy industry, going below 70 percent, as the Frank amendment would allow, would be a disaster and would undo all of the benefits that consumers have received from the program.

I happen to believe that the bottom line should be 75 percent, the law since 1949. But the real disastrous amendment would be the Frank amendment.

Mr. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from California.

Mr. CLAUSEN. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Vermont (Mr. JEFFORDS). I was born and raised a dairy farmer from Ferndale, Calif., and believe that there is no American workplace where more productivity, perseverance, hard work, and cooperation can be found than on the farm. Milk production has become more productive per cow; and milk production has grown over the years despite increased food costs for dairy herds and a decrease in the total number of dairy cows. This increase in milk production nationwide has required a sharp increase in Commodity Credit Corporation net purchases of dairy products. As we strive to provide answers for dealing with the large surpluses, I believe that we must remind ourselves of the significance of the changes which are occurring with respect to Government policy. These changes apply clearly to the whole issue of dairy price supports.

Today, net Federal expenditures on dairy price supports are at their highest in absolute terms as well as relative to previous outlays. A large stockpile of federally owned milk products has accumulated, and if we are not extremely careful about how this whole issue is handled, it could be devastating to a large number of our dairy farmers, and particularly the smaller dairy farmer. For this reason, I strongly believe that greater emphasis should be placed on expanding our export markets. Agriculture's contribution to the U.S. trade balance makes it especially fitting that an aggressive market development program to establish dependable new markets for farm exports be a vital part of a coordinated effort to restore both profitability and stability to American dairymen.

I would propose the establishment of a congressional-executive trade and export task force to develop a more aggressive international trade and export policy, based on fair and effective competition. Emphasis should be placed on the marketing of our surplus agriculture products. I have already discussed this matter with Ambassador Brock, and believe that, as we move legislatively to arrive at a phased solution to the dairy support problem, we might be able to arrive at a fair and equitable solution for the dairy farmer. My immediate objective is to come up with a workable compromise—acceptable to both Secretary Block and Ambassador Brock—which can then be developed into a strategy for exports and marketing of these surplus agricultural products. I am convinced that such a strategy can provide the American dairy farmer with a sense of pride in his ability to produce abundant, high quality, and nutritious products for not only our citizens but those most in need throughout the world, while at the same time, supply the largest single component in our export balance of trade.

(By unanimous consent, Mr. CLAUSEN yielded the remainder of his time to Mr. JEFFORDS.)

Mr. JEFFORDS. Mr. Chairman, I would just urge the Members to vote for my amendment and then hold their options open on whether or not they want to vote for the Bedell amendment. The main thing we must do, to have a reasonable program is to defeat the amendment offered by the gentleman from Massachusetts (Mr. FRANK).

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Chairman, the dairy program is the only program which fixes the market price for unlimited production, the only commodity program of that nature. And the Congress in the past has not given the Secretary the flexibility he needs to avoid surplus accumulations at high cost to the taxpayer.

Now, the amendment that is now pending, offered by the gentleman from Massachusetts (Mr. FRANK), is the amendment adopted by the Senate, which would give him the flexibility at least not to go above $13.10. That is the bottom line. It cannot go below that. But at least it gives him the flexibility to avoid an accumulation that would definitely occur under the Jeffords amendment

to a magnitude of more than $1 billion. Under the Bedell amendment it would range between one-half billion dollars and $1 billion. We are talking about a lot of money here. The Jeffords amendment should be defeated and the Frank amendment should be supported.

(By unanimous consent, Mr. DONNELLY yielded his time to Mr. FINDLEY.)

Mr. FINDLEY. I thank the gentleman for yielding his time.

Mr. Chairman, the Jeffords amendment, if I understand it correctly, is a 1-year bill. It is a 1-year bill, after which the dairy program reverts to the standing law of 75 percent of parity. This will get us into $1.5 billion worth of trouble over 4 years, as contrasted to the Frank amendment.

Do we want to pile up dairy surpluses again to that extent?

The Jeffords amendment will not solve any problems for the dairy industry. It will give no incentive to the dairy farmers to cull their herds. And, in all candor, the only way we can bring about adjustments in production is by discouraging the expansion of dairy production. That can be done only if we give the Secretary flexibility enough to draw up price supports, and under the Frank amendment that is possible.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK. Mr. Chairman, the amendment offered by the gentleman from Vermont is not serious, I believe. It is an attempt to go back to 75 percent. What we have got is an attempt to structure the parliamentary situation so that the gentleman from Vermont appears as the prodairy extremist, poor little me as the antidairy extremist, and our wonderful friend from Iowa as the moderate.

Now, our wonderful friend from Iowa is an ideal moderate. But in fact there is no equivalence between the amendment offered by the gentleman from Vermont and my own. The gentleman goes back to 75 percent, and he also, most critically, destroys the safeguard. The critical part of the amendment I have offered, which distinguishes it from both the amendment offered by the gentleman from Vermont and the gentleman from Iowa, is that if we are about to go more than three-quarters of a billion dollars, we can cut back. Without that provision, if my amendment is defeated, we can face a billion or $2 billion again, and there is no flexibility in the Secretary to go below 75 percent.

(By unanimous consent, Mr. ECKART yielded his time to Mr. FRANK.)

Mr. FRANK. I thank the gentleman for yielding.

Mr. Chairman, the point of difference is this: If my amendment is superseded by that of the gentleman from Vermont or defeated and not added to that of the gentleman from Iowa, there is no fail-safe against further accumulation.

I should add that I gave a partially incorrect answer to my friend, the gentleman from Louisiana.

The maximum, under my bill, as under the bill of the gentleman from Iowa, is not 70 percent, but 90 percent, given the discretion of the Secretary; 70 percent is the lowest he can go to unless—and this is the critical difference—unless he sees that there is going to be more than three-quarter of a billion dollars in expenditures. If that happens, and that is his estimate, he can then cut it. It is the only amendment before us that prevents the kind of overruns that are inflationary.

□ 1415

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin (Mr. GUNDERSON).

(By unanimous consent, Mr. WAMPLER yielded his time to Mr. GUNDERSON.)

Mr. GUNDERSON. Mr. Chairman, I think the important thing for us to remember when we conclude the debate in a very short point of time is what has been done to the dairy program so far.

Everyone agrees there was overproduction. But take a look at what we have done. We began this year at 80 percent semiannual at a cost of about $2 billion. In April we eliminated the April 1 adjustment, saving $190 million, and in reconciliation we went from 80 to 75 percent, saving another $380 million.

In the Bedell amendment, which we have just adopted, we went from 75 down to 13.10 this year, saving another $300 million, and by eliminating the semiannual adjustment for next year we save another $100 million.

Already this year we have saved in the dairy program $982 million, a 48-percent reduction in the cost of the dairy price support program to this Federal Government.

We do not ask that of any other commodity. Every other agricultural commodity is getting an increase. Only dairy is being cut.

The gentleman from Massachusetts talks about free enterprise, a free market for dairy. I would like to have a free market for dairy if we had a free trade in this country. At the very time that we cannot trade and sell our agricultural dairy products abroad, we are importing casein from the Soviet Union.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. WEBER).

Mr. WEBER of Minnesota. Mr. Chairman, since coming to Congress, I have become aware of many misconceptions about rural America. Many of my colleagues believe the American farmer is reaping "windfall profits" at the expense of the consumer. Many believe that farmers must only tend to their cows a few hours per day, then rest and wait for their Government checks. Nothing could be further from the truth. Today's dairy farmer is one of the most hard-working productive members of our society. He rises before dawn and works beyond dusk. He provides dairy products at a reasonable price, asking for only a modest profit above his cost of production.

Farm income over the years has not kept pace with incomes in other professions. From 1975 through 1979, the farmer had a return on his capital investment of about 4.5 percent. Manufacturing, during that same period, had a return of 14.3 percent. Surely, you must conclude, as we debate the dairy provision of this farm bill, that farm income is too low, not too high. It is for this reason that I urge my colleagues to act responsibly as we discuss this important provision.

DAIRY IN MINNESOTA

Within the Sixth District of Minnesota, there are more than 207,000 cows, making it the sixth largest dairy district in the country. Milking those cows are 6,503 dairy farmers, many working on small family farms inherited from past generations.

In my travels around the district, I have heard these farmers cite four major problems within their industry. Let me outline and comment on each one:

1. HIGH INTEREST RATES

Dairymen in the Sixth District are under incredible pressure from high interest rates. Like many small businesses, they do not have the luxury of borrowing money at the prime rate. They have to borrow at levels higher than the prime. That, when figured into the cost of production, means that dairymen need a higher income just to maintain their present standard of living.

2. INFLATION

Besides being the root cause of high interest rates, inflation pushes up the cost of goods and services used by the dairymen to produce his products. Unlike the majority of the business sector, dairy farmers can not pass through increased costs. They must become that much more productive to keep competitive.

3. THE GRAIN EMBARGO

I have spoken before about the disasterous effects the Soviet grain embargo had on rural America. It was with great wisdom that President Reagan finally lifted the grain embargo. But its effects still linger, not only hurting grain farmers, but dairy farmers, too. Cheap grain meant cheap meat, beef, pork, and dairy products. Farmers who hold both dairy and feed

grains on their farm knew that producing more milk was a superior alternative to losing money by selling grain at a disasterous price. Thus, the production of milk increased due to a foreign policy decision made by the Department of State.

4. HIGH FUEL COSTS

During the last year, diesel fuel prices have increased by 23 percent. That is 23 cents per gallon. With such an additional burden placed on the dairymen, it is a wonder so many family operations are still in business. If prices continue to rise over the long-term, the cost of production will continue to increase, threatening the livelihood of still more farmers.

The four problems affect all of agriculture, but the dairymen has been supported by a moderate program of parity aiding him through the hard times. Now, if we act irresponsibly, we could be endangering his way of life, making these problems an insurmountable barrier to keeping his farm.

DAIRY ON THE NATIONAL LEVEL

In 1949, this body established a dairy program to do two things:

First. Provide the American consumer with an adequate supply of dairy products; and

Second. Provide the American dairy farmer a reasonable price for his product.

To meet these objectives, the Congress established a pricing system which was designed to take into consideration the dairyman's cost of production. Should there be an excess supply of dairy products, the Government would remove them from the market through purchases from the Commodity Credit Corporation. Then, during periods of greater demand, the products would be released back into the market.

That program worked very well for many years.

For a number of reasons, however, there is a current imbalance in the dairy program. Supply exceeds demand—for the time being. And dairymen understand this problem. They know that production will have to be decreased. But they want production decreased in a responsible way, not by having a "meat ax" approach taken toward the whole program.

We should remember that the dairymen were the first to support the Reagan program by urging us to vote to forgo their price adjustment on April 1. This act alone saved the Government $190 million in fiscal year 1981. They also supported the action taken in reconciliation when the support level was decreased from 80 to 75 percent of parity. This reduction meant that the Federal Government would decrease outlays by $381 million in fiscal year 1982 and $5.934 billion over the next 5 years. Projections indicate that this reduction in parity will mean a loss of about $4,510 in annual income to dairy farmers. Finally, the bill as drafted will further decrease the outlays to dairymen, by some $100 million in 1982. None dare say that the dairymen have not sacrificed to support the recovery package. Instead of Members asking to "gut" the remainder of the program, we should be applauding the efforts of these farmers in supporting fiscal responsibility.

Beside the problem of overproduction, which is being taken care of by the industry itself, there are some other reasons for the supply of products exceeding demand. These, I might add, should be highlighted:

First. Low prices for beef, corn, and cull cows mean more milk production. Low prices discourage the dairy farmer from raising cattle, further encouraging him to continue to milk his herds. Low corn prices mean he can feed his herds more, at a lower cost, to produce even more milk.

Second. American foreign policy has discouraged dairy exports. We have an embargo on butter to the Soviet Union, and we have given New Zealand the power to veto future butter sales. Dairy products continue to be used as tools of foreign policy, which experience shows is seldom in the interest of the farmer.

Third. Imports from other nations have increased. Casein, once used as an industrial product, now is being used to produce cheese substitutes. These imports directly reduce the demand for real products, only making the problem of excess supply worse.

Fourth. A bad economy means less use for dairy products. As you all know, when the economy is down, people will use less real dairy products, searching for cheaper substitutes of inferior quality.

THE REAL COST TO CONSUMERS

There have been some objections to the program with Members arguing that the program is too costly to consumers. An objective examination of this argument reveals that nothing could be further from the truth. For example, since 1967 the Consumer Price Index for dairy products has increased at a rate only half that for all food products. Consider the following:

In 1980, the CPI for all dairy products was 28 points lower than the CPI for all foods. Dairy products were 19 points below the CPI for all items.

Consumers would have paid $37 billion more over the last 10 years if the price of dairy products had followed the CPI for all goods.

In 1950, it took 16 minutes of the working day to buy one-half gallon of milk. Today, it takes only 8 minutes.

Clearly, consumers have benefited by a stable, low-cost supply of milk. The program has served them very well. It continues to meet its objectives set way back in 1949.

FINAL THOUGHTS ABOUT DAIRY

We cannot break the back of our dairy farmers by passing a disastrous dairy section of the farm bill. We must reduce production—everyone understands that—but we cannot do so by putting thousands of family-owned and operated farms out of business. Our efforts here, today, must be responsible—we must be fair and reasonable.

In the final analysis, a bad dairy program will be disastrous to both consumers and farmers.

(By unanimous consent, Mr. WEBER of Minnesota yielded the balance of his time to Mr. GUNDERSON).

Mr. GUNDERSON. I appreciate very much the gentleman yielding because I think it is important to understand that dairy is the only commodity right now that is existing under an embargo. The facts are that while we cannot sell our products to the Soviet Union, they continue to sell their casein here, which costs in the dairy price support program over $10 million a year.

I think it is important we understand that when we try to make aims at the dairy price support program which simply——

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. GUNDERSON) has expired.

(By unanimous consent, Mr. MARLENEE yielded his time to Mr. GUNDERSON).

Mr. GUNDERSON. Something else that is very important to understand is the projections that are being made by the Department of Agriculture economists and by CBO. The facts are that there are all kinds of papers circulating by CBO saying the dairy price support exceeds the first budget resolution. We did not pass the first budget resolution. We passed reconciliation.

Reconciliation sets dairy at 75 percent, something we have cut. Every statistic we see in the CBO certificates that are papers floating around are inaccurate. They are not valid. They are put together by people opposed to the concept of price-support programs for any kind of commodity.

The Department of Agriculture says we are going to leave dairy at $13.10 for 4 years and have an increase of production.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin (Mr. KASTENMEIER).

Mr. KASTENMEIER. Mr. Chairman, I rise to oppose the Frank amendment to the Food and Agriculture Act of 1981, H.R. 3603. This amendment, which is based on the Reagan administration's proposal, would lower the parity floor on dairy price supports from 75 to 70 percent of parity. It would give the Secretary of Agriculture authority to allow the parity level to drop below 70 percent

when Government expenditures exceed $750 million. Finally, it would eliminate the semiannual adjustment in the support price, while retaining the current dollar level of the support price at $13.10 per hundredweight.

Proponents of this measure argue that price supports must be held down in order to reduce dairy surpluses and cut Government spending. The President feels that it is fair to ask dairy farmers to make this sacrifice for the sake of the national economy. Furthermore, he and Agriculture Secretary Block claim their proposal preserves an adequate price-support program for dairy producers.

Mr Chairman, I disagree with the President and his supporters on every point.

Their proposal will not result in an adequate program. On the contrary, it will drive many farm families out of business.

Their proposal is not the only, nor is it the best way to reduce dairy surpluses. The administration has badly mismanaged dairy exports, has failed to act responsibly on limiting imports, and has cut back on important domestic nutrition programs which utilize milk and milk products.

Finally, the amendment is unfair. After having provided huge tax breaks to the wealthiest individuals and corporations in this country, how can this administration and this Congress blame farm families for rising budget deficits?

Before addressing each of these points in more detail, Mr. Chairman, I would like to review some of the history behind this issue.

Four years ago the Congress placed a temporary 80 percent of parity floor on milk price supports. This relatively high-parity floor was enacted to return stability to the dairy market. Previous lower support levels had resulted in extreme fluctuations in supply and price, which hurt both producers and consumers.

The 80-percent floor, along with the semiannual adjustment of the support price, worked remarkably well during the first 2 years. The support price was generally even with or below the market price, and the program acquired a relatively small quantity of dairy products—just slightly above that required for domestic and foreign nutrition programs. In 1979, Congress reaffirmed the 80-percent floor.

Then a severe recession overtook farming. In 1980, net farm income dropped 25 percent, and this year is expected to rise only to 1979 levels. Return on investment for farmers in 1980 averaged 2.4 percent.

This problem was compounded by the restrictions placed on grain exports to the Soviet Union, which helped keep grain prices low.

Dairy farmers did have an adequate price-support program. This had the unfortunate consequence, however, of encouraging farmers to switch their resources from other commodities to milk production, and encouraging dairy farmers to expand their herds.

Against this background, it is not difficult to understand how we arrived at our current situation. Of course we have a surplus of dairy products. When milk is virtually the only major commodity that yields farmers even a marginal profit, we can expect farmers to produce a lot of milk. Unfortunately, the administration's solution is to eliminate the profit in dairy farming, rather than looking for ways to make other commodities more profitable.

However, it is not accurate to portray dairy farmers as growing rich at the expense of consumers and taxpayers. I represent one of the largest dairy districts in the country, and I know that this is simply not the case.

Again, if we look at recent history, we find that dairy farmers work long hours for low wages, and their income has not kept pace with increases in the costs of production. We also find that dairy products are among the best values available to today's consumers.

Dairy farmers must make huge investments in land, buildings, equipment, and livestock. They must be on the job every day of the year. Their days are long, and their work requires much knowledge and skill.

What do they earn for this effort? In 1980, with price supports at 80 percent of parity, dairy farmer income averaged $2.89 per hour according to University of Wisconsin researchers. That is 15 percent below the minimum wage.

Unfortunately, that $2.89 will look awfully good if this amendment passes. Farmers already gave up last April's adjustment of the support price, and it has fallen from 80 to 72 percent of parity. Now the gentleman from Massachusetts offers the White House amendment, which will give the Secretary authority to hold the support price steady for the foreseeable future—at least the next few years.

Some argue that because the dollar level of price supports cannot go below $13.10, we are not really cutting price supports. This is true if production costs remain constant, but as every farmer and businessman knows, that day is far off. Last year dairy production costs rose 10.3 percent. Meanwhile, the prices received by farmers rose only 7.1 percent. Under this amendment those prices would hardly rise at all.

For consumers, dairy prices have not increased as rapidly as other prices. From March 1980 to March 1981, general consumer prices rose 10.6 percent, while dairy prices rose only 10.1 percent. And as I said, the prices received by farmers rose only about 7.1 percent.

Of greater significance is the fact that milk prices have declined in relation to the general wage rate. The minutes of work required to purchase a gallon of milk have declined 44 percent over the past three decades, the period during which price supports have been kept at 75 percent of parity or more.

So we can see, Mr. Chairman, that the American dairy farmer is not getting rich at the expense of the taxpayer and consumer. On the contrary, with limited Government help he has kept his head above water by working long hours and improving productivity.

As I stated earlier, the points raised in support of the gentleman's amendment are open to question.

For example, the administration and the gentleman from Massachusetts claim they are proposing an adequate program. I disagree. This amendment will cost dairy farmers over $1 billion annually when compared to the 75-percent floor proposed by the House Agriculture Committee.

Make no mistake about it, we will be driving family farms out of business with this amendment. Large operators may be able to weather these losses, but a great many small family farms will not.

The administration tells us this is the only way to lower dairy surpluses. Meanwhile, the White House has stalled on imposing import controls on casein, which displaced 333 million pounds of domestic nonfat dry milk in 1980. The administration has also cut important domestic nutrition programs which utilize dairy products. And most disturbing is the fact that the President has given a foreign country, New Zealand, veto power over further sales of Government butter stocks overseas.

In each instance, the administration has rejected other options for disposing of our surpluses.

Finally, there is a question of equity. I certainly agree that the $1.886 billion the Commodity Credit Corporation will spend this year on the dairy program is a lot of money, but so is the $6 billion in tax breaks this Congress gave to those earning over $100,000 in 1982. The same could be said for the $12 billion tax breaks given to the oil industry and the $25 billion given to big business by fiscal 1986.

Mr. Chairman, we must balance the budget, but why are we putting farm families out of business at the same time we are giving huge tax breaks to the wealthiest individuals and corporations in our society?

The American dairy farmers had already accepted a cut in price supports from 80 to 75 percent of parity. The gentleman's amendment will, for all practical purposes, eliminate the

parity floor on the support price. I hope that my colleagues will reject the amendment and give the family farm a chance to survive.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin (Mr. SENSENBRENNER).

Mr. SENSENBRENNER. Mr. Chairman, I rise in support of the Jeffords amendment and in opposition to the Frank amendment.

Two points are relevant in the discussion of these two issues. First, the dairy industry has been unjustly singeled out for cuts in the support program. If the Frank amendment is adopted, this will in effect be the fourth cut in dairy price supports this year, the April 1 COLA skip over, the reconciliation bill, the October 1 COLA skip over, and now the Frank amendment.

Second, if the Frank amendment is adopted, there will in effect be no raise in dairy price supports for over 4 years.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. OBERSTAR).

Mr. OBERSTAR. Mr. Chairman, the specter of surpluses again is raised in support of the argument to cut price supports for dairy farmers. But among the dairy farmers in my district what looms on the horizon is not surpluses, but the specter of bankruptcy.

Again we are hearing arguments to balance the budget and what they are saying is "Take it out of the hide of the dairy farmer."

For the fourth time this year the dairy farmer is being told, "Stand in line and wait." Wait for what? Until they die on the farm?

Let us send the right signal to the young people who want to get into or stay in dairy farming. Let us support the Jeffords amendment and give them an opportunity to make dairy a going business.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. HAGEDORN).

Mr. HAGEDORN. Mr. Chairman, I must reluctantly oppose the amendment offered by my colleague and friend from Vermont. I think we ought to keep the dairy farmers milking the cows and not the taxpayers and we ought to vote down both of the amendments under consideration.

The CHAIRMAN. The Chair recognizes the gentleman from North Dakota (Mr. DORGAN).

Mr. DORGAN of North Dakota. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Vermont (Mr. JEFFORDS). I think that what we are talking about here is whether the small dairy producer is going to have a chance to make it. I think that what we need to do is talk about what is necessary to maintain family farming in this country—and that is a series of price supports that make sense.

Some people do not seem to care whether we maintain family farming in the United States. I do. It is an important lifestyle to maintain and in order to do that, we need price supports for dairy farmers, grain farmers, and others that give them a chance to make a reasonable profit in the marketplace.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin (Mr. ROTH).

Mr. ROTH. Mr. Chairman, I rise in support of the amendment introduced by our colleague from Vermont (Mr. JEFFORDS). The dairy price support program has given us stability in the marketplace. Our customers have benefited, and to those Members who represent urban areas, I would like to pose this question. Those constituents have been the best fed and the best clothed in the world. Why? Because of the productivity of our farms.

Destroy that productivity and the consumers will pay much more for their products.

It takes 18 cents out of every family's dollar to purchase food. We destroy this parity and we destroy that benefit, that boon our American consumers enjoy today. I would like to have the Members remember that when they vote on this issue.

The Jeffords amendment affords the best possible combination of reduced Federal expenditures for the dairy price support program. It simultaneously safeguards the interests of the dairy farmer and the consumer in a fundamentally strong, sound, and responsive dairy price support program.

The cost of our agricultural policy, per person, is the lowest in the world. Agriculture remains the strongest productive segment of our economy. We spend little of our total annual budget on agriculture, yet we experience, year after year, record production levels, bumper harvests, low food prices, and rapidly expanding export markets.

Again I remind my colleagues from urban areas that it is in the best interests of their constituents that the dairy price support program continue to provide consistent prices to the consumer. To illustrate this assertion, I would point out that dairy products are a better buy today than they were 10 years ago. In 1970, it took 10.3 minutes of work to purchase one-half gallon of milk. Today it takes 8.7 minutes.

And let me tell you what the farmer is up against. In 1980, farming costs rose 28 percent from 1979. This is how it breaks down for the Wisconsin farmer: wages, up 82 percent; chemicals, up 66 percent; interest, up 62 percent; and fuel, up 50 percent.

If we decimate the dairy price support program, let us not fool ourselves to believe that we will be hitting the big producers who can stand the cutbacks. The fact of the matter is that the small, beginning dairy farmers are the ones who will be put out of business should the Senate dairy language become the law of the land.

I strongly urge my colleagues to accept the Jeffords amendment and by doing so guard the small dairy farmer and the consumer from unprecedented efforts to balance the budget at their expense.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana (Mr. ROEMER).

Mr. ROEMER. Mr. Chairman, I rise in reluctant opposition to the amendment offered by the gentleman from Vermont and in vehement opposition to the amendment offered by the gentleman from Massachusetts (Mr. FRANK), feeling that the dairy farmers have borne a heavy share of the burden of balancing this budget, but feeling that the Bedell amendment that we have already passed to this bill is substantially middle ground where the farmers can live and we have a chance for fiscal sanity in this country.

(By unanimous consent, Mr. VOLKMER yielded his time to Mr. HARKIN.)

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana (Mr. HUCKABY).

Mr. HUCKABY. Mr. Chairman, I rise in support of the amendment of the gentleman from Vermont and oppose the amendment offered by the gentleman from Massachusetts. From 1949 until 1977, this country had a dairy policy of supporting price at 75 percent of parity. It worked well. It worked well for the American taxpayer, the American consumer, and the American dairy farmer.

Perhaps we made a mistake in 1977 when we increased the price to 80 percent of parity. We accumulated surpluses.

The Jeffords amendment gives us 1 year to reduce and then get back to the 1948 bill of 75 percent of parity which has worked well for over 30 years and I think would serve us well in the future.

The CHAIRMAN. The Chair recognizes the gentleman from Oregon (Mr. WEAVER).

Mr. WEAVER. Mr. Chairman, whatever dairy program we adopt, I hope it meets two conditions: One, that it will not lead to the bankruptcy and forcing out of business of our farmers, because I like to eat and my constituents like to eat. Two, I would hope it would stop the hypocrisy of our selling our surplus butter to New Zealand so they can turn around and sell it to the Soviet Union.

The CHAIRMAN. The Chair recognizes the gentleman from South Dakota (Mr. DASCHLE).

Mr. DASCHLE. Mr. Chairman, I rise in support of the Jeffords amendment and in opposition to the Frank amendment. I think the gentleman from Massachusetts makes some very good points, especially as they reflect the concerns of the consumers. But I think I would tell the gentleman and all of those people who may be listening to the gentleman from Massachusetts that his consumers and all other workers are paying exactly one-half what they paid in 1950 for the dairy products that they buy today in the grocery store.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana (Mr. FITHIAN).

Mr. FITHIAN. Mr. Chairman, I would just make this point. I believe that the Frank amendment would be so damaging and disastrous to the dairy industry as to not merit any serious consideration by this House. I think the gentleman does well in terms of intention, of trying to protect his city consumers, but if we think back to what happened when we did that kind of damage to the dairy bill program earlier, we started putting dairy farmers out of business at the rate of 20,000 per year. That is the worst thing that can happen to the American consumer.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. BAILEY).

(By unanimous consent, Mr. BAILEY of Pennsylvania yielded his time to Mr. FRANK).

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK. Mr. Chairman, one of the things we are now being told is that we have to keep spending more than three-quarters of a billion dollars. Remember, that is the difference. The amendment I have offered is the only one that has a fail-safe if we begin to get above three-quarters of a billion dollars and above the budget.

We are told we have to do that because there should be small farmers. I am for small farmers and small everything. I am not for institutionalizing as a policy of the American Government that we are going to guarantee financially your right to be a small farmer or small grocer or small baseball player or small timer.

The fact is that is a very important question to raise. With fiscal constraints, we simply cannot agree to institutionalize a policy of a federally subsidized right to remain in business as an X, Y, or Z.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa (Mr. BEDELL).

Mr. BEDELL. Mr. Chairman, if my amendment were deficient, I certainly would think most people would feel it would be deficient because it was too modest.

Right or wrong, we need to meet the budget requirements. We have now done that. We have lowered the support price on milk from the previous 80 percent down to 70 percent. We now face an issue of whether or not we are going to have a good farm bill in my opinion.

In my opinion, if we adopt the Frank amendment, we are tearing this farm bill apart similar to the way the Senate tore it apart.

I would urge those people from the urban areas as well as the farm areas to consider what we need to do to have a decent farm program and still meet the budget requirements of the United States. I hope, above all else, they will think of that as they vote on the Frank amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa (Mr. HARKIN).

Mr. HARKIN. Mr. Chairman, I rise again in strong opposition to the Frank amendment. The gentleman from Iowa (Mr. BEDELL) was right and the gentleman from Indiana (Mr. FITHIAN) was right. Make no mistake about it. The Frank amendment is not an attempt to lower Government expenditures. It is not an attempt to help consumers. It is nothing more than an attempt by Mr. Stockman at OMB to totally destroy the dairy price support program as we have had it in this country since 1949; and it has worked well for our farmers and for our consumers, as it has kept the milk supply stable and kept prices stable.

Ask the consumers. Do we want to go back before 1949? In the winter the price of dairy products skyrocketed and there was shortages in the stores.

In the spring and summer they had all the milk they wanted and the prices plummeted and every year 20,000 dairy farmers went out of business.

Do we want to go back to those days? This is what the 1949 program set up, a stable system.

Sure we may have erred 4 years ago in increasing the price support to 80 percent. How could we foresee what was going to happen?

Let us not then go to the other extreme, which is what the Frank amendment is, and do the same thing to the dairy farmers on the other end. Let us take a moderate, rational, reasonable approach and defeat the Frank amendment and keep a fine program working for our country.

□ 1430

The CHAIRMAN. The Chair recognizes the chairman of the committee, the gentleman from Texas (Mr. DE LA GARZA), to close debate.

Mr. DE LA GARZA. Mr. Chairman, what we speak about today here is reality, justice, and equity to the consumer, to the dairy producer, to America and its way of life. It is very difficult to make choices, but the Bedell amendment, if you will only look at the figures, falls in between the Frank and the Jeffords amendments.

I would urge that we vote against both amendments and continue supporting the Bedell amendment.

Further, about guaranteeing anyone, this amendment does not guarantee anyone anything.

I urge a vote for the Bedell amendment and against the Frank and the Jeffords amendments.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Vermont (Mr. JEFFORDS) to the amendment offered by the gentleman from Massachusetts (Mr. FRANK).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. FINDLEY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 123, noes 277, not voting 33, as follows:

[Roll No. 254]

AYES—123

Akaka	Gonzalez	Oberstar
Albosta	Gore	Obey
Alexander	Gunderson	Pashayan
Andrews	Hall, Ralph	Patman
Aspin	Hall, Sam	Perkins
Beard	Hamilton	Petri
Boggs	Hammerschmidt	Pursell
Bonior	Hance	Reuss
Bowen	Harkin	Roberts (SD)
Breaux	Hatcher	Rogers
Brooks	Hefner	Rose
Brown (CA)	Heftel	Roth
Byron	Hightower	Sabo
Clausen	Hopkins	Sensenbrenner
Clinger	Horton	Shuster
Coelho	Hubbard	Simon
Daschle	Huckaby	Skelton
Davis	Jeffords	Smith (IA)
Deckard	Jenkins	Snyder
Derrick	Jones (TN)	Solomon
Dickinson	Kastenmeier	Stangeland
Dorgan	Kildee	Stenholm
Dornan	Kindness	Stratton
Dowdy	Kogovsek	Swift
Duncan	LaFalce	Tauzin
Dyson	Leath	Traxler
Emery	Lee	Volkmer
English	Lewis	Wampler
Erdahl	Lundine	Watkins
Ertel	Marks	Weber (MN)
Evans (GA)	Marlenee	Whitley
Fazio	Martin (NY)	Whitten
Fish	Mattox	Williams (MT)
Fithian	McCurdy	Williams (OH)
Flippo	McDade	Wilson
Foley	McEwen	Wolpe
Fountain	McHugh	Wortley
Fowler	Moore	Wright
Frost	Napier	Young (MO)
Gejdenson	Natcher	Zablocki
Ginn	Neal	Zeferetti

NOES—277

Addabbo	Bailey (MO)	Biaggi
Anderson	Bailey (PA)	Bingham
Annunzio	Barnes	Blanchard
Anthony	Bedell	Bliley
Applegate	Beilenson	Boland
Archer	Benedict	Boner
Ashbrook	Benjamin	Bonker
Atkinson	Bennett	Bouquard
AuCoin	Bereuter	Brinkley
Bafalis	Bethune	Brodhead

Broomfield	Grisham	Oxley
Brown (CO)	Guarini	Panetta
Broyhill	Hagedorn	Parris
Burgener	Hall (OH)	Patterson
Burton, Phillip	Hansen (ID)	Paul
Butler	Hansen (UT)	Pease
Campbell	Hartnett	Pepper
Carman	Hawkins	Peyser
Carney	Heckler	Porter
Chappell	Hendon	Price
Chappie	Hertel	Pritchard
Cheney	Hiler	Railsback
Chisholm	Hillis	Rangel
Clay	Holland	Ratchford
Coats	Hollenbeck	Regula
Coleman	Holt	Rhodes
Collins (IL)	Howard	Rinaldo
Collins (TX)	Hoyer	Ritter
Conable	Hughes	Roberts (KS)
Conte	Hunter	Robinson
Conyers	Hutto	Rodino
Corcoran	Hyde	Roe
Coughlin	Ireland	Roemer
Courter	Jacobs	Rosenthal
Coyne, James	Jeffries	Rostenkowski
Coyne, William	Johnston	Roukema
Craig	Jones (OK)	Roybal
Crane, Philip	Kemp	Rudd
D'Amours	Kramer	Russo
Daniel, Dan	Lagomarsino	Sawyer
Daniel, R. W.	Lantos	Scheuer
Danielson	Latta	Schneider
Dannemeyer	Leach	Schroeder
Daub	LeBoutillier	Schumer
de la Garza	Lehman	Seiberling
Dellums	Leland	Shamansky
DeNardis	Lent	Shannon
Derwinski	Livingston	Sharp
Dingell	Loeffler	Shaw
Dixon	Long (MD)	Shelby
Donnelly	Lott	Shumway
Dougherty	Lowery (CA)	Siljander
Downey	Lowry (WA)	Skeen
Dreier	Lujan	Smith (NE)
Dunn	Luken	Smith (NJ)
Dwyer	Lungren	Smith (OR)
Dymally	Madigan	Smith (PA)
Eckart	Markey	Snowe
Edgar	Martin (IL)	Solarz
Edwards (AL)	Martin (NC)	Spence
Edwards (CA)	Matsui	St Germain
Edwards (OK)	Mavroules	Stanton
Emerson	Mazzoli	Stark
Erlenborn	McClory	Staton
Evans (DE)	McCloskey	Stokes
Evans (IA)	McCollum	Studds
Evans (IN)	McDonald	Stump
Fary	McGrath	Synar
Fascell	McKinney	Tauke
Fenwick	Mica	Taylor
Ferraro	Michel	Trible
Fields	Mikulski	Udall
Findley	Miller (CA)	Vander Jagt
Foglietta	Miller (OH)	Vento
Ford (MI)	Mineta	Walgren
Ford (TN)	Minish	Walker
Forsythe	Mitchell (MD)	Washington
Frank	Moakley	Waxman
Frenzel	Moffett	Weaver
Fuqua	Molinari	Weber (OH)
Garcia	Mollohan	Weiss
Gaydos	Montgomery	White
Gephardt	Moorhead	Whitehurst
Gibbons	Morrison	Whittaker
Gingrich	Murphy	Winn
Glickman	Murtha	Wolf
Goldwater	Myers	Wyden
Goodling	Nelligan	Wylie
Gradison	Nelson	Yatron
Gramm	Nowak	Young (AK)
Gray	O'Brien	Young (FL)
Green	Oakar	
Gregg	Ottinger	

NOT VOTING—33

Badham	Florio	Quillen
Barnard	Gilman	Rahall
Bevill	Jones (NC)	Richmond
Bolling	Kazen	Rousselot
Brown (OH)	Levitas	Santini
Burton, John	Long (LA)	Savage
Crane, Daniel	Marriott	Schulze
Crockett	Mitchell (NY)	Smith (AL)
Dicks	Mottl	Thomas
Early	Nichols	Wirth
Fiedler	Pickle	Yates

□ 1445

Messrs. VENTO, LOWERY of California, GUARINI, OXLEY, CONABLE, SCHUMER, and JOHNSTON, Mrs. BOUQUARD, Messrs. MOLINARI, BLANCHARD, and GOLDWATER changed their votes from "aye" to "no."

Mr. TAUZIN and Mr. HEFTEL changed their votes from "no" to "aye."

So the amendment to the amendment was rejected.

The result of the vote was announced as above recorded.

PARLIAMENTARY INQUIRIES

Mr. HARKIN. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HARKIN. Mr. Chairman, there seems to be some confusion as to where we are right now on this vote. I rise to make a parliamentary inquiry.

Is not the amendment that is now up before the House for a vote an amendment that would, in fact, undo what the Members voted on 2 hours ago?

The CHAIRMAN. The gentleman has not stated a parliamentary inquiry.

Mr. FINDLEY. Mr. Chairman, I have a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FINDLEY. Mr. Chairman, is the pending business of this Chamber a vote on the Frank-Findley amendment on dairy supports as supported by the minority leader Mr. MICHEL?

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. FRANK).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. FRANK. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 153, noes 243, not voting 37, as follows:

[Roll No. 255]

AYES—153

Addabbo	Conte	Eckart
Annunzio	Conyers	Edwards (AL)
Atkinson	Corcoran	Edwards (CA)
AuCoin	Coughlin	Erlenborn
Barnes	Courter	Evans (DE)
Benjamin	Coyne, James	Fary
Bennett	Coyne, William	Fascell
Biaggi	Crane, Philip	Fenwick
Bingham	D'Amours	Ferraro
Boland	Daniel, Dan	Fields
Brodhead	Daniel, R. W.	Findley
Broomfield	Danielson	Foglietta
Broyhill	Dannemeyer	Forsythe
Burgener	Dellums	Frank
Butler	DeNardis	Frenzel
Carman	Derwinski	Garcia
Carney	Donnelly	Gibbons
Chappie	Dougherty	Gradison
Cheney	Downey	Green
Chisholm	Dreier	Gregg
Coats	Dwyer	Grisham
Collins (IL)	Dymally	Guarini
Hall (OH)	McKinney	Rudd
Hansen (UT)	Michel	Russo
Heckler	Mikulski	Scheuer
Hiler	Miller (CA)	Schneider
Hollenbeck	Minish	Schroeder
Howard	Mitchell (MD)	Schumer
Hoyer	Moakley	Seiberling
Hughes	Molinari	Shamansky
Hunter	Moorhead	Shannon
Hyde	Nowak	Shaw
Jacobs	O'Brien	Shumway
Kemp	Parris	Siljander
Lagomarsino	Pashayan	Smith (NJ)
LeBoutillier	Paul	Smith (PA)
Lehman	Peyser	Solarz
Leland	Porter	St Germain
Lent	Pritchard	Stark
Long (MD)	Rangel	Stokes
Lowery (CA)	Ratchford	Studds
Lujan	Rhodes	Trible
Lungren	Rinaldo	Udall
Markey	Ritter	Washington
Martin (NC)	Robinson	Waxman
Mavroules	Rodino	Weaver
Mazzoli	Roe	Weber (OH)
McCloskey	Rosenthal	Weiss
McCollum	Rostenkowski	Wyden
McDonald	Roukema	Wylie
McGrath	Roybal	Young (FL)

NOES—243

Akaka	Evans (GA)	Latta
Albosta	Evans (IA)	Leach
Alexander	Evans (IN)	Leath
Andrews	Fazio	Lee
Anthony	Fish	Lewis
Applegate	Fithian	Livingston
Archer	Flippo	Loeffler
Ashbrook	Foley	Lott
Aspin	Ford (MI)	Lowry (WA)
Bafalis	Ford (TN)	Luken
Bailey (MO)	Fountain	Lundine
Bailey (PA)	Fowler	Madigan
Beard	Frost	Marks
Bedell	Fuqua	Marlenee
Beilenson	Gaydos	Martin (IL)
Benedict	Gejdenson	Martin (NY)
Bereuter	Gingrich	Matsui
Bethune	Ginn	Mattox
Blanchard	Glickman	McClory
Bliley	Goldwater	McCurdy
Boggs	Gonzalez	McDade
Boner	Goodling	McEwen
Bonior	Gore	McHugh
Bonker	Gramm	Mica
Bouquard	Gray	Miller (OH)
Bowen	Gunderson	Mineta
Breaux	Hagedorn	Moffett
Brooks	Hall, Ralph	Mollohan
Brown (CA)	Hall, Sam	Montgomery
Brown (CO)	Hamilton	Moore
Burton, Phillip	Hammerschmidt	Morrison
Byron	Hance	Murphy
Campbell	Hansen (ID)	Murtha
Chappell	Harkin	Myers
Clausen	Hartnett	Napier
Clay	Hatcher	Natcher
Clinger	Hawkins	Neal
Coelho	Hefner	Nelligan
Coleman	Heftel	Nelson
Collins (TX)	Hendon	Oakar
Conable	Hertel	Oberstar
Craig	Hightower	Obey
Daschle	Hillis	Ottinger
Daub	Holland	Oxley
Davis	Holt	Panetta
de la Garza	Hopkins	Patman
Deckard	Horton	Patterson
Derrick	Hubbard	Pease
Dickinson	Huckaby	Pepper
Dingell	Hutto	Perkins
Dixon	Ireland	Petri
Dorgan	Jeffords	Price
Dornan	Jeffries	Pursell
Dowdy	Jenkins	Railsback
Duncan	Johnston	Regula
Dunn	Jones (OK)	Reuss
Dyson	Jones (TN)	Roberts (KS)
Edgar	Kastenmeier	Roberts (SD)
Edwards (OK)	Kildee	Roemer
Emerson	Kindness	Rogers
Emery	Kogovsek	Rose
English	Kramer	Roth
Erdahl	LaFalce	Sabo
Ertel	Lantos	Sawyer

Sensenbrenner	Stenholm	White
Sharp	Stratton	Whitehurst
Shelby	Stump	Whitley
Shuster	Swift	Whittaker
Simon	Synar	Whitten
Skeen	Tauke	Williams (MT)
Skelton	Tauzin	Williams (OH)
Smith (IA)	Taylor	Wilson
Smith (NE)	Traxler	Winn
Smith (OR)	Vander Jagt	Wolf
Snowe	Vento	Wolpe
Snyder	Volkmer	Wortley
Solomon	Walgren	Wright
Spence	Walker	Yatron
Stangeland	Wampler	Young (AK)
Stanton	Watkins	Young (MO)
Staton	Weber (MN)	Zablocki

NOT VOTING—37

Anderson	Florio	Rahall
Badham	Gephardt	Richmond
Barnard	Gilman	Rousselot
Bevill	Jones (NC)	Santini
Bolling	Kazen	Savage
Brinkley	Levitas	Schulze
Brown (OH)	Long (LA)	Smith (AL)
Burton, John	Marriott	Thomas
Crane, Daniel	Mitchell (NY)	Wirth
Crockett	Mottl	Yates
Dicks	Nichols	Zeferetti
Early	Pickle	
Fiedler	Quillen	

□ 1500

The Clerk announced the following pairs:

On this vote:

Mr. Mottl for, with Mr. Richmond against.

Mr. Daniel B. Crane for, with Mr. Nichols against.

Mr. Marriott for, with Mr. Quillen against.

Mr. LATTA and Mr. WOLF changed their votes from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. DE LA GARZA. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MCHUGH, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 3603) to provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes, had come to no resolution thereon.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1181) entitled "An act to amend titles 10 and 37, United States Code, to increase the pay and allowances and benefits of members of the uniformed services and certain dependents, and for other purposes."

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a concurrent resolution of the House of the following title:

H. Con. Res. 201. Concurrent resolution providing for an adjournment of the House from October 7 to October 13, 1981.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1712. An act to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

EXTENDING TIME FOR CONDUCTING REFERENDUM ON NATIONAL MARKETING QUOTA FOR WHEAT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1712), to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

Mr. WALKER. Mr. Speaker, reserving the right to object, and I do not intend to object because the gentleman did discuss it with this side I know, but I do so to give the gentleman a chance to explain that, as I understand it, this bill would save us about $4 million. It that correct?

Mr. FOLEY. Will the gentleman yield?

Mr. WALKER. I will be glad to yield.

Mr. FOLEY. The House passed last week legislation deferring any changes in the dairy price support and deferring any action to conduct a referendum for wheat producers in accordance with the existing requirements of the Agricultural Adjustment Act of 1938. That becomes effective unless we otherwise act on the 15th of this month. If we do not act to postpone that—and this bill passed by the Senate as a part of what we did last—there is some problem in the Senate in considering the dairy portion of our act, but this deals with the wheat referendum portion.

If we do not act it will be, I think, required of the Secretary that he prepare ballots for all wheat producers in the United States to cast those ballots in referendum. The estimated cost of that referendum is $4 million.

It is my very strong belief that when the House and Senate enact and send to the President the current agriculture bill, that wheat referendum will be again postponed as it has been in previous years. So, this is in effect a postponement of the requirements until November 15 of this year in order to give the Congress time to act on the farm bill, and thus save an absolutely unnecessary expenditure of $4 million.

Mr. WALKER. I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1712

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the last sentence of section 336 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1336) is amended by striking out "October 15, 1981" and inserting in lieu thereof "November 15, 1981".

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

MESSAGE FROM THE SENATE

The SPEAKER. The Chair lays before the House the following message from the Senate.

The Clerk read as follows:

Resolved, That the concurrent resolution from the House of Representatives (H. Con. Res. 201) entitled "Concurrent resolution providing for an adjournment of the House from October 7 to October 13, 1981", do pass with the following amendments:

The Clerk read the Senate amendments as follows:

Page 1, line 4, strike out "1981" and insert "1981, and that when the Senate adjourns on Wednesday, October 7, 1981, it stand adjourned until 12 o'clock meridian on Wednesday, October 14, 1981.".

Amend the title so as to read: "Concurrent resolution providing for an adjournment of the House from October 7 to October 13, 1981, and an adjournment of the Senate from October 7 to October 14, 1981.".

The SPEAKER. The question is on the Senate amendments.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

LEGISLATIVE PROGRAM

(Mr. MICHEL asked and was given permission to address the House for 1 minute.)

Mr. MICHEL. Mr. Speaker, I take this 1 minute for the purpose of inquiring of the distinguished majority leader the program for next week.

Mr. WRIGHT. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. Yes.

Mr. WRIGHT. Mr. Speaker, the plan is, of course, that when we will adjourn today we will adjourn until next Tuesday.

When we convene on Tuesday at noon, we will begin to take up seven suspensions. Any recorded votes on these suspensions will be postponed until Wednesday. Those suspensions are as follows:

H.R. 1184, tariff schedule amendments for sugar;

H.R. 4566, omnibus tariff and duties bill;

H.R. 3404, Independent Safety Board Act Amendments of 1981;

H.R. 4145, SEC amendments;

S. 1224, amendments of United States Code, title 39, franking;

H.R. 4327, Immigration and Naturalization Act amendments; and

H.R. 3356, earthquake hazards reduction and fire program authorizations.

□ 1515

On Wednesday, we will meet at 10 o'clock. We will take the recorded votes on any suspensions on which votes have been demanded from the previous day.

Then on Wednesday we will take up the following items:

House Concurrent Resolution 194, disapproval of aircraft sales to Saudi Arabia; and upon completion of that we will go back to the farm bill, H.R. 3603, and complete consideration of that legislation.

Upon completion of the farm bill, we would hope to take up H.R. 3403, the Hazardous Materials Transportation Act amendments;

H.R. 3377, authorizations for nonperforming arts functions for the Kennedy Center; and

H.R. 2330, Nuclear Regulatory Commission authorizations.

In each case, those bills are to be considered under open rules, with 1 hour of general debate.

The House will adjourn by 3 o'clock on Friday, and on any other days the adjournment times will be announced. Conference reports, of course, may be brought up at any time.

Mr. MICHEL. Mr. Speaker, I thank the majority leader.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, do I understand, then, from the schedule that has been announced that there will be no votes scheduled at all for Tuesday, and the Members can count on that?

Mr. WRIGHT. The gentleman is correct. No votes are scheduled for Tuesday. Any recorded votes on suspensions considered on Tuesday would be postponed until Wednesday.

Mr. WALKER. Mr. Speaker, I thank the gentleman.

Mr. MICHEL. Mr. Speaker, I yield back the balance of my time.

AUTHORIZING THE SPEAKER TO ACCEPT RESIGNATIONS, APPOINT COMMISSIONS, BOARDS, AND COMMITTEES AUTHORIZED BY LAW OR BY THE HOUSE, NOTWITHSTANDING ADJOURNMENT

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that, notwithstanding any adjournment of the House until Tuesday, October 13, 1981, the Speaker be authorized to accept resignations, and to appoint commissions, boards, and committees authorized by law or by the House.

The SPEAKER pro tempore (Mr. FARY). Is there objection to the request of the gentleman from Texas?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday, October 14, 1981, may be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION FOR COMMITTEE ON MERCHANT MARINE AND FISHERIES TO FILE REPORT ON HOUSE CONCURRENT RESOLUTION 166

Mr. D'AMOURS. Mr. Speaker, I ask unanimous consent that the Committee on Merchant Marine and Fisheries may have until midnight tonight to file a report on House Concurrent Resolution 166.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 4400

Mr. STOKES. Mr. Speaker, I ask unanimous consent to remove my name as cosponsor of the bill, H.R. 4400.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

ASSASSINATION OF EGYPTIAN PRESIDENT ANWAR SADAT

(Mr. AKAKA asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. AKAKA. Mr. Speaker, the assassination of Egyptian President Anwar Sadat yesterday was the tragic and senseless slaughter of a man the world came to know as one of the greatest advocates of world peace and diplomacy. Sadat was not only a superb diplomat, but he was also a statesman of the first order. An outstanding humanitarian and a great leader, Sadat's untimely death is a monumental loss to the fight for peace in the Mideast.

Since January 17 of this year, there have been 14 attempted assassinations of prominent figures around the world. It is time that the peace-loving nations of the world make it crystal clear to terrorists that terrorism will no longer be tolerated. We must begin to deal with terrorists as surely and as swiftly as they deal with their victims. If we fail to move swiftly against continued international terrorism, we will continue to see the blood of great men run in the streets. I call on the world's leaders to call a global conference on international terrorism and to set up severe and unilateral procedures to put an end to this kind of violence. Only when the nations of the world decide that the time has come to work together to find and eliminate terrorists and the random practice of terrorism can the countries of the world live in peace.

I include the following:

1981's TOLL OF VIOLENCE

The current year has been marked by a large number of assassination attempts on prominent figures around the world:

Jan. 17—Belfast: Assassination attempt on Northern Irish nationalist Bernadette Devlin McAlisky and her husband, Michael.

Jan. 21—Northern Ireland countryside: Sir Norman Stronge, former speaker of Northern Ireland Parliament, and his son, James, assassinated.

Feb. 17—Karachi: Bomb explosion near reviewing stand of Pope John Paul II, kills a Pakistani man and wounds three others.

March 31—Washington, D.C.: President Reagan and three others wounded in an assassination attempt.

April 16—Ajaccio, France: Bomb wounds eight in an airport explosion minutes after President Valery Giscard d'Estaing's plane lands.

May 7—Madrid: General Joaquin Valenzuela, chief military aide to King Juan Carolos is severely injured and three aides are killed in a terrorist bombing.

May 13—Rome: Pope John Paul II wounded in assassination attempt in St. Peter's Square.

June 13—London: Blanks are fired at Queen Elizabeth II.

June 28—Tehran: Ayatollah Mohammed Beheshti, chief justice and head of Islamic Republican Party, is killed in a bombing along with four key government ministers.

Aug. 1—Warsaw: Abu Daoud, a PLO leader, is injured in an assassination attempt.

Aug. 30—Tehran: Iranian President Mohammed Ali Rajai, Prime Minister Hojatoleslam Javad Bahonar, and Col. Houshang Datsgerdi are killed in a bombing attack.

Sept. 11—Tehran: Ayatollah Assadollah Madani, an aide to Ayatollah Ruhollah Khomeini, is killed by grenade attack.

Sept. 15—Heidelberg, West Germany: U.S. General Frederick Krosen, commander of NATO, slightly injured in assassination attempt.

Oct. 6—Cairo: President Anwar Sadat of Egypt is assassinated.

NEW POLL RESULTS SHOW APPROVAL OF BUDGET CUTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DANNEMEYER) is recognized for 30 minutes.

Mr. DANNEMEYER. Yesterday I referred to a recent poll taken by NBC News-Associated Press which indicated public support for the President's budget cuts, contrary to much of the gnashing of teeth around this place. Today I wish to bring to the attention of the Members another poll, this time by the New York Times-CBS, which further substantiates this support.

This poll reveals that 36 percent of those surveyed approve of the cuts. Another 27 percent feel that the cuts were not enough—that we need to cut even more. Fourteen percent had no opinion, and only 23 percent felt that the cuts had gone too far.

These polls bear out what I believe to be overwhelming recognition by the American people that we must cut back the size and cost of the Federal Government, that for all its good intentions, too much has been spent on too little so that too few can run the lives of too many. Too often we have heard in this Chamber the wails of anguish because of harried calls from those affected by the cutbacks. It is quite normal and to be expected to hear from those special interests whose spending schemes are upset. But what about the vast majority of taxpayers we never hear from? What do they want?

It is a general rule of thumb that we are likely to hear from those people with a complaint. We seldom, if ever, hear from those who are satisfied, even if only moderately so. These and similar gages of public opinion across the country—from Gainesville, Ga., to Middletown, Ohio and a variety of other places which have been checked—tell us repeatedly that we are on the right track and that we have to keep going. This is not the time to pull back or veer off in another direction.

Even though many of our citizens may be adversely affected by some of these budget cuts, they realize that certain sacrifices must be made to put our fiscal house in order and our Nation's economy back on its feet. Most importantly, they are willing to make those sacrifices. After all, many people forgo buying a new car if prices are too high; many—all too many these days—go without homes because interest rates are too high; many will simply avoid items, necessities and luxuries alike, because they cannot afford them. If the American people are willing to—and in many cases they are forced to—make those sacrifices, then Congress ought to be willing to face the same reality. We can no longer spend what we do not have.

The Members will recall that over the course of the last several weeks I have taken a few moments at the close of the session for the purpose of bringing to the attention of the Members possible cuts that were listed on a work product of the Republican Research Committee's Economic Task Force Budget Study Subcommittee, listing some 272 items, totaling some $52 billion, which indicate where this Congress can find places where we can further cut Federal borrowing and spending in fiscal year 1982, if we have the courage to do so.

When these items are mentioned, I have asked, and I will again ask this afternoon for the Members to ask themselves, this question: When these proposed cuts are specified, will they impact adversely on the poor, the downtrodden, the handicapped, or the deprived of our society? I think in most instances the answer is that they will not. They are an effort to skim some of the fat out of our bureaucracy, from the excess layers of Government, commissions, bureaus, and what-have-you that have grown over the years, in fact in most instances over a generation.

There really has not been a concerted effort to trim these programs many of which have outlived their usefulness, indeed if they ever had one.

Again, beginning this afternoon with the category headed "Independent agencies," I would like to share with the Members this afternoon a few of the suggested cuts that are in this category.

The first item relates to the Small Business Administration, Business Loan and Investment Fund. The proposal is to cut 10 percent from the 1980 program. As reported by investigative agencies, it has exhibited fraudulent and silly funding for such things, for example, as massage parlors. I question if the Federal taxpayers should be subsidizing the building and managing of massage parlors in this country. The focus of this program was to be on legitimate small business and was designed to fill a need to deal with the economic problems of our country.

It we would cut 10 percent from the 1980 figures, it would save $64,814,700.

Again on SBA, the GAO has recommended correcting audit procedures that would save $192,000.

Then we go to the Smithsonian Institution here in Washington, D.C. They have a special foreign currency program, and in our assessment we question as to whether we need to spend money on programs such as teaching kids in India about "whistling ducks." We do not believe this right to be in the purview of the Smithsonian Institution. This cut, if implemented, would save $3,578,000.

On the Smithsonian Institution, construction costs, we are proposing to fund in 1982 a new quadrangle which is designed to house African art. Now, nobody in this Chamber, this Member included, is going to run down or deprecate the importance of art in our country and in our civilization. But as we wonder through the Smithsonian, we learn that we already have a few museums that exhibit art today, and we question whether this kind of unessential spending makes sense just to build another museum in Washington, D.C., at a cost of $3 million.

On the Smithsonian Institution, the General Accounting Office has recommended correcting audit procedures which, if implemented, would save $141,000.

Next we have the Temporary Study Commissions. Believe it or not, we have a motor carrier ratemaking study at a cost of nearly $840,000 in 1982, and we question whether it is necessary to have a study on motor carrier ratemaking.

Then, on the National Commission on Student Financial Assistance, we believe that this, even through meritorious, must come under scrutiny at this time of budget uncertainty and heavy Federal borrowing. We have an Education Department for this. If it is eliminated, we would save $1 million.

Then we have a Temporary Study Commission on Navajo and Hopi relocation. We wonder why this is in the Federal budget at all. We do not believe it is necessary, and if it is eliminated, it would save $12,814,000.

Then, Temporary Study Commissions—President's Commission for the Study of Ethical Problems in Medicine: It may come as a surprise to some Members in this Chamber to find that we have such a Commission, but it is there in the budget for the next fiscal year. If it continues in existence, it will spend $1,690,000. I seriously question whether we need it or can afford it even if we need it.

Temporary Study Commissions—President's Commission on Pension Policy. That is "only" going to spend $100,000, but we question whether or not this expenditure for a separate commission is necessary. I am not suggesting that it is unnecessary to study the issue; I am just suggesting that I question whether or not it deserves a special commission for that purpose.

On TVA, the General Accounting Office has recommended that by correcting audit procedures, we can save $900,000 in fiscal year 1982.

Then we have the U.S. Holocaust Memorial Council. This Council proposes to expend some $900,000 for fiscal year 1982. I am not suggesting that it is inappropriate to have a memorial for this purpose. We also have

refugees and victims of genocide in Cambodia and in other portions of Southeast Asia. Are we to erect a memorial in Washington, D.C., for all of them? Maybe the answer is "Yes," but I question, at a time when the Federal Government is going to borrow from $70 billion to $809 billion in fiscal year 1982, whether we should be expending $900,000 for this purpose this year.

Then we have the U.S. Metric Board. We have this operation in the Federal Government proposed to expend $3,100,000. I question whether or not we should have a Government agency promoting conversion from the system that we have in this country to the metric system. If that change is to be made—and the metric system certainly has much to be said in its favor by way of needs for measurement—I question whether or not the Federal Government should be subsidizing that. If the change is to be made at all, it should be the marketplace which determines when and how, that is the way it should happen.

If we would implement this suggestion and eliminate this Board, we would save $3,100,000.

□ 1530

Finally, we should understand that if we implement the cuts as presented in this study, and reduce spending and borrowing in fiscal year 1982 by some $52 billion as this proposal suggests, we could reduce the interest costs on carrying the national debt by at least $2.5 billion. That is a substantial sum.

We should be aware as Members of this House that the third highest expenditure in our Federal budget for 1982 will be in the form of debt service on the outstanding debt. To the extent that the Federal Government reduces its borrowing in the next fiscal year, this will reduce the cost of refinancing the existing debt. It is calculated that this would save some $2.5 billion.

This is the list that I have read through over the course of the past several weeks, broken down into some 22 categories and comprising some 272 items. Each of us serving in this House should understand that if we are to bring down the cost of credit, which every American must pay when purchasing a home, buying an automobile, running a business, or just maintaining a standard of living, then the Federal Government must get its heavy hands out of the credit market.

Last year the Federal Government borrowed some $90 billion of new debt. This next fiscal year it is estimated that the Federal Government will borrow another $60 billion to $70 billion in order to finance the debt of the U.S. Government.

I mention this again, but I think it needs mentioning time and time again, that in the current fiscal year it is estimated that this Government will borrow 38 percent of the available credit in the credit markets of the country. Ten years ago it was almost half that. When you add what the Federal Government would borrow in the next fiscal year with what State and local governments will borrow, another 12 percent, it means that the governments of this country are borrowing about 50 percent of the available credit that is available in the credit markets of the Nation. If any of us wonder why we must pay so much for credit when we go to our bank or to our savings and loan, or wherever we borrow our money, it is because our Government, our friendly Government, is there with such an overbearing presence that it is driving up the cost of the credit that we Americans must pay.

The answer I think is obvious, that if we want to drive down the cost of the prime rate from its current high of 19 percent to what business needs in order to survive, which is closer to 10 percent, the Federal Government, which is the cause of this excessive rate of interest, must reduce its demand for borrowing. The way to do that is to reduce some of the budget expenditures for fiscal year 1982.

For those Members who do not like any of the 272 items that are on this list, my sincere challenge to each of them is what are your suggestions, what would you cut in Federal spending over the next fiscal year?

The people of this country in poll after poll have indicated that they want this House to get its fiscal house in order. I think for those of us that are privileged to serve here we should accept the mandate of the people to bring this reality into life.

I yield back the balance of my time.

ENFORCEMENT OF SECTION 605 OF THE COMMUNICATIONS ACT—PENALTIES FOR THE PIRACY OF TELECOMMUNICATIONS SIGNALS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. WAXMAN) is recognized for 5 minutes.

● Mr. WAXMAN. Mr. Speaker, I am today introducing, along with Representative TIM WIRTH, the chairman of the Energy and Commerce Subcommittee on Telecommunications, Consumer Protection, and Finance, legislation to strengthen the provisions of existing law which bar the unauthorized interception of telecommunications signals. Our bill would provide civil and criminal penalties for violations of section 605 of the Communications Act of 1934.

The technological revolution that has brought us an abundance of telecommunications services also contains a threat to their continued existence. We are at a crucial moment in the development of subscription telecommunications—programing services produced for and sold to subscribers who have paid for their use. Nearly 25 percent of American households receive cable television, subscription television, and other pay television services. A new technology, direct broadcast satellites, is on the horizon. However, the means to manufacture devices designed to solely receive such signals are not only in the hands of those distributing the programing. Any electronic entrepreneur can sell anything from decoders to elaborate "black boxes" for the purpose of bringing these signals into the home. Although these products have proliferated in the marketplace, not 1 cent of revenue has been returned to the producers whose programs are being intercepted without their permission.

The unchecked eruption of this technology—and there is an impending explosion in the availability of these products, as can be plainly seen from newspaper advertisements—can destroy the legitimate market for subscription telecommunications. Unless unauthorized interceptions can be effectively deterred, program producers may, in the near future, be forced to withold their product from pay television because their audiences can no longer be protected, diminishing the present and future value of their creative efforts. Unless these trends are reversed, by providing explicit penalties for violations of section 650, the day may soon arrive when everyone can intercept subscription telecommunications, but there will be no programs left to steal.

Two members of the Federal Communications Commission have publicly raised the need to face this issue. On May 11, in a statement accompanying an FCC ruling, Commissioner Joseph Fogarty wrote:

> New technologies have increased the sophistication and capabilities of virtually all forms of communications. Unfortunately, these new technologies have also contributed to the development of refined tools suitable to be used for unauthorized interception and tampering with modern communication services . . . The intensified employment of terrestrial microwave and satellite facilities has resulted in a growing problem involving the theft of material contained in MDS, STV, and satellite transmissions. Cable, while not easily penetrated, is not impregnable . . . The Commission is literally sitting on a "time bomb." We have already had complaints from MDS and STV operators concerning theft of service and the illegal manufacture and sale of equipment to abet such thievery. This problem has apparently reached epidemic proportions in Los Angeles . . .

And in a speech last May to the Federal Bar Association, former Chairman Robert E. Lee said:

> The next challenge in communications law for the eighties will focus on privacy and piracy. Many of the new video services,

such as MDS, pay television, and cable television are currently the target of much piracy. If a regulatory scheme should develop based on the free market theory of competition, it is imperative that the market have the protections of other markets as to theft of services . . . The pirate is diverting revenue which pays for the services being offered.

The central issue involved in this legislation is the distorted contention that because something is in the air it is "free"—and everyone is entitled to an automatic right of access to it. Certain telecommunications signals are free and open to all, such as conventional over-the-air television and radio. But subscription telecommunications are intended only for authorized receivers—those who have paid for the privilege of viewing them. There is no distinction between the integrity of subscription telecommunications and any other private communications via the spectrum, such as telephone calls or data transmission. Just because someone has a black box does not mean there exists a right to tap a telephone line. Subscription telecommunications should enjoy the same unquestioned protection that is essential to all common carrier messages.

Indeed, the courts have so interpreted section 605 of the Communications Act. It provides, in relevant part:

No person not being authorized by the sender shall intercept any radio communication and divulge . . . the . . . contents . . . of such intercepted communication to any person . . .

This section shall not apply to the receiving . . . or utilizing the content of any radio communication which is broadcast . . . for the use of the general public.

The controversy that has erupted over the last 2 years is whether certain pay television signals, such as subscription television, constitute broadcasting "for the use of the general public"—and therefore beyond the protection of section 605.

Typically, STV broadcasts a scrambled signal on the UHF band, which can be received in intelligible form only by viewers who have rented a decoder from the program distributor; the subscriber also pays a monthly fee for the programing services, which are generally first-run movies and sports events. Others, however, have entered the market in decoders, often not hesitating to inform their potential customers about their intent. One firm in Los Angeles is even called Pirate Electronics. To their customers, these companies say: "Why pay STV or HBO a high monthly fee? Get these programs for free!"—as if people were being wrongly deprived of something they have not paid for. Such promotional campaigns legitimize theft in the mind of the public and undercut the subscribers of pay television services, who believed they were purchasing an exclusive entertainment package.

Two Federal circuit courts (*National Subscription Television* v. *S&H TV*, Ninth Circuit, May 7, 1981; and *Chartwell Communications Group* v. *Westbrook*, 637 F.2d 459 (6th Circuit, 1980)) have ruled that subscription television is not broadcasting intended "for the use of the general public," and that the sale of pirate decoders violates the protections of section 605.

Section 605, however, does not explicitly provide penalties for its violation. Accordingly, the legislation I am introducing simply underscores the existing and adequate protections of current law by establishing civil and criminal penalties for the unauthorized interception of programing. It is my belief that the creation of such penalties will effectively deter program piracy—protecting program producers, their audiences, and their legitimate markets.

There are other difficult issues which this legislation touches but does not adequately resolve—and I invite full and open discussion on all these points. Over the past 3 years, the technological revolution has brought relatively low-cost Earth stations onto the market. Small and versatile, they can be set up in backyards or on rooftops, with the ability to capture all programing transmitted by satellite, bringing it into the home. These are fantastic devices, which not only make real the promise of abundance inherent in telecommunications, but also extend service to areas—particularly in rural America—which have been seriously deprived in the past.

Earth stations do not discriminate in their reception; they can pick up conventional broadcasts and subscription telecommunications at the same time. It would be exceptionally unwise public policy, given the clear benefits of this technology, to limit the availability of Earth stations because some of the intercepted signals may be protected under section 605. The growing availability of Earth stations and the growing market in subscription telecommunications, therefore, should spur program producers and distributors to take two important steps:

First, to scramble their signals, preventing unauthorized program interception; and

Second, to reach agreements with private users, such as Earth station owners, for the payment of appropriate programing royalties. Suitable scrambling technology, however, is in the incipient stages of development, and may not be perfected and employed for some time. There are also enormous legal and logistical difficulties in reaching separate royalty agreements with literally thousands of individual users. But these objectives should be fully explored.

My legislation, however, is sensitive to these concerns. First, I do not anticipate that the limited enforcement resources available will be used to prosecute individuals. The basic intent of this bill is to deter commercial programing pirates. Second, this legislation provides only minimal penalties for individuals who were not aware that their unauthorized interception of certain signals violates section 605.

Because of the recent court decisions, the meaning of section 605 is clear. It deserves effective enforcement. This legislation is designed to assist this effort. I trust it will receive full consideration in this Congress by the Commerce Subcommittee on Telecommunications, Consumer Protection, and Finance. I also want to express my profound appreciation to the subcommittee chairman, TIM WIRTH, for his support for this initiative.

Following is the text of our legislation:

H.R. 4727

A bill to amend the Communications Act of 1934 to establish penalties for violations of section 605 of such Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 605 of the Communications Act of 1934 (47 U.S.C. 605) is amended by inserting "(a)" after the section designation, and by adding at the end thereof the following new subsections:

"(b)(1) Any court having jurisdiction of a civil action under this section may grant temporary and final injunctions on such terms as it may deem reasonable to prevent or restrain violations of subsection (a).

"(2) Any person who violates the provisions of subsection (a) shall be liable to any person aggrieved by such violation, for damages as provided by subsection (c).

"(3) In any civil action under this section, the court in its discretion may allow the recovery of full costs by or against any party. The court also may award reasonable attorney fees to the prevailing party as part of the costs.

"(4) Any civil action under this section may be commenced in any United States district court of competent jurisdiction, without regard to the amount in controversy, or in any other court of competent jurisdiction.

"(c)(1)(A) Damages awarded under subsection (b)(2) shall be computed in accordance with subparagraph (B) or subparagraph (C).

"(B) The party aggrieved is entitled to recover the actual damages suffered by him as a result of the violation, and any profits of the person committing the violation that are attributable to the violation and are not taken into account in computing the actual damages. In establishing such profits, the party aggrieved is required to present proof only of the gross revenue of the person committing the violation, and such person is required to prove his deductible expenses and the elements of profit attributable to factors other than the violation.

"(C) The party aggrieved may elect, at any time before final judgment is rendered, to recover, instead of actual damages and profits under subparagraph (B), an award of statutory damages for all violations involved in the action, in a sum of not less than $250, or more than $10,000, as the court considers just.

"(2) In a case where the party aggrieved sustains the burden of proving, and the court finds, that the violation of subsection (a) was committed willfully and for purposes of commercial advantage or private financial gain, the court in its discretion may increase the award of damages, whether actual or statutory under paragraph (1), by an amount of not more than $50,000. In a case where the person committing a violation sustains the burden of proving, and the court finds, that such person was not aware and had no reason to believe that his acts constituted a violation of subsection (a), the court in its discretion may reduce the award of damages to a sum of not less than $100.

"(d)(1) Any person who violates subsection (a) willfully shall be fined not more than $1,000 or imprisoned for not more than 6 months, or both.

"(2) Any person who violates subsection (a) willfully and for purposes of commercial advantage or private financial gain shall be fined not more than $25,000 or imprisoned for not more than 1 year, or both, for the first such offense, and shall be fined not more than $50,000 or imprisoned for not more than 2 years, or both, for any subsequent offense.

"(e)(1) No criminal proceeding shall be maintained under the provisions of this section unless it is commenced not later than 3 years after the cause of action arises.

"(2) No civil action shall be maintained under the provisions of this section unless it is commenced not later than 3 years after the claim accrues.".●

INDEPENDENT TRUCKERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. IRELAND) is recognized for 5 minutes.

● Mr. IRELAND. Mr. Speaker, on December 15, 1978, my Small Business Subcommittee issued a report on the regulatory problems of the independent owner-operator in the Nation's trucking industry. This report followed the first set of congressional hearings ever devoted to the subject of independent truckers. One of our recommendations was:

That the Secretary of Transportation, the Chairman of the Interstate Commerce Commission, and the Administrator of the Small Business Administration coordinate their efforts and proceed with a joint educational project for owner-operators.

The three agencies then conducted a joint interagency feasibility study pursuant to this recommendation. The decision was made to proceed with a pilot phase of a projected initial 2-year program. During July and August 1981, the three agencies conducted a series of 2-day conferences for owner-operators. These 15 sessions presented the pilot portion of the program. The conference objectives were to instruct owner-operators on how best to comply with Federal regulatory requirements and to help them improve their overall business skills and awareness.

Owner-operators are a vital segment of this country's motor-carrier transportation system. For the most part, these men and women are not members of any organization. Very few understand or utilize appropriate business procedures at great financial cost to themselves. Very few are familiar with some of the remedies available to them on the Federal level for various problems. Quite often they are confused by the myriad of Federal regulations.

In recent years many owner-operators have gone out of business. We need them now and will need them even more when the Reagan economic recovery plan begins to stimulate the economy. The pilot series of conferences was a success by any measure. More are needed. The ones already held were a success and cost the Federal Government very little.

On Wednesday, September 30, our subcommittee held a hearing and received a report from the three agencies involved in this project. The report was a very favorable one and the result of a lot of work by many concerned people.

At this point I would like to pay a special tribute to three career Federal employees who have been the shepherds of this project for the last 3 years. They are Mr. Gerald Lawson of the Office of Advocacy at the Small Business Administration, Mr. Bernard Gaillard, Director of the Office of Small Business Assistance at the Interstate Commerce Commission, and Mr. Kenneth Pierson, Director of the Bureau of Motor Carrier Safety at the Federal Highway Administration.

These men have worked long and hard on the problems of independent truckers. They have done a most commendable job and I want people to know about it. I will conclude my remarks with a brief biography of each gentleman.

MR. GERALD T. "JERRY" LAWSON

Mr. Lawson is 47 years old, married with three children and is a resident of Bowie, Md. He has been a professional staff member of the Small Business Administration's Office of Advocacy for the last 6 years. Mr. Lawson was educated in his native Ohio and later attended law school on the west coast while operating several companies. Mr. Lawson has been an executive in private industry and an entrepreneur in the restaurant, franchising, sales promotion, and management consulting fields.

MR. BERNARD GAILLARD

Mr. Gaillard is 37 years old, married with two children and is a resident of Temple Hills, Md. He is an experienced transportation attorney and has worked at the Interstate Commerce Commission since 1970. Mr. Gaillard was educated in his native South Carolina and received a doctor of law degree from Emory University in Atlanta, Ga. Mr. Gaillard has served as legislative assistant to the southern regional council and as a law clerk to the regional council of the Office of Economic Opportunity.

MR. KENNETH L. PIERSON

Mr. Pierson is 49 years old, married with five children and resides in Glen Dale, Md. He has been with the Department of Transportation since 1967 and was employed by the Interstate Commerce Commission prior to that time. Earlier Mr. Pierson served in the Army Ordinance Corps in both Korea and Germany and then drove for an Ohio based motor carrier. He then went to the University of Maryland and graduated cum laude in transportation.●

RULES OF THE COMMITTEE ON WAYS AND MEANS FOR THE 97TH CONGRESS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ROSTENKOWSKI) is recognized for 5 minutes.

● Mr. ROSTENKOWSKI. Mr. Speaker, pursuant to the requirement of clause 2(a) of rule XI of the Rules of the House of Representatives, I submit herewith the rules of the Committee on Ways and Means for the 97th Congress and ask that they be printed in the RECORD at this point. These rules were originally adopted in an open session of the committee on January 29, 1981, and were revised in open session of the committee on September 16, 1981.

COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES: MANUAL OF RULES OF THE COMMITTEE ON WAYS AND MEANS FOR THE 97TH CONGRESS

PART I—RULES OF THE COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, 97TH CONGRESS

Rule XI of the Rules of the House of Representatives, provides in part:

"* * * The Rules of the House are the rules of its committees and subcommittees so far as applicable, except that a motion to recess from day to day is a motion of high privilege in committees and subcommittees.

"* * * Each subcommittee of a committee is a part of that committee, and is subject to the authority and direction of that committee and to its rules as far as applicable.

"* * * Each standing committee of the House shall adopt written rules governing its procedure. Such rules * * *

"(1) shall be adopted in a meeting which is open to the public * * *

"(2) shall be not inconsistent with the Rules of the House or with those provisions of law having the force and effect of Rules of the House * * *."

In accordance with the foregoing, the Committee on Ways and Means, on January 29, 1981, adopted the following as the Rules of the Committee for the 97th Congress. Revised September 16, 1981.

Rule 1. In general

Except where the terms "full committee" and "subcommittee" are specifically referred to, the following rules shall apply to the Committee on Ways and Means and its subcommittees as well as to the respective chairmen.

Rule 2. Meeting date, quorum, and quorum for taking testimony and evidence

The regular meeting day of the Committee on Ways and Means shall be on the second Wednesday of each month while the House is in session. A majority of the Committee constitutes a quorum for business. Provided, however, that two members shall constitute a quorum at any regularly scheduled hearing called for the purpose of taking testimony and receiving evidence.

Rule 3. Subcommittee meetings

Insofar as possible, meetings of the Committee and its subcommittees shall not conflict. Subcommittee chairmen shall set meeting dates after consultation with the Chairman and other subcommittee chairmen with a view toward avoiding simultaneous scheduling of Committee and subcommittee meetings or hearings wherever possible.

Rule 4. Subcommittees

All matters referred to the Committee on Ways and Means involving the Internal Revenue Code, except those revenue measures referred to Subcommittees under paragraphs 1, 2, 3 or 5, shall be considered by the whole Committee and not in subcommittee.

There shall be six standing subcommittees as follows: Subcommittee on Social Security; Subcommittee on Health; Subcommittee on Public Assistance and Unemployment Compensation; Subcommittee on Trade; Subcommittee on Select Revenue Measures; and Subcommittee on Oversight.

The jurisdiction of such subcommittees shall include:

1. Subcommittee on Social Security shall consist of 11 Members, 7 of whom shall be Democrats and 4 of whom shall be Republicans.

In general, the jurisdiction of the Subcommittee on Social Security will include bills and matters referred to the Committee on Ways and Means which relate to the Federal Old-Age, Survivors' and Disability Insurance System, the Railroad Retirement System, and employment taxes and trust fund operations relating to those systems. The jurisdiction of this subcommittee, more specifically, will include bills and matters involving title II of the Social Security Act and Chapter 22 of the Internal Revenue Code (the Railroad Retirement Tax Act), as well as provisions in title VII and title XI of the Act relating to procedure and administration involving the Old-Age, Survivors' and Disability Insurance System.

2. Subcommittee on Health shall consist of 8 Members, 5 of whom shall be Democrats and 3 of whom shall be Republicans.

In general, the jurisdiction of the Subcommittee on Health includes bills and matters which are referred to the Committee on Ways and Means relating to programs which provide payments (from any source) for health care, health delivery systems, or health research. More specifically, the jurisdiction of the Subcommittee on Health includes bills and matters relating to the health care programs of the Social Security Act (including titles V, XI (Part B), XVIII, and XIX thereof) and tax credit and deduction provisions of the Internal Revenue Code dealing with health insurance premiums and health care costs.

3. Subcommittee on Select Revenue Measures shall consist of 11 Members, 7 of whom shall be Democrats and 4 of whom shall be Republicans.

The jurisdiction of this subcommittee shall consist of those revenue measures which, from time to time, shall be referred to it specifically by the Chairman of the full Committee.

4. Subcommittee on Trade shall consist of 14 Members, 9 of whom shall be Democrats and 5 of whom shall be Republicans.

In general, the jurisdiction of the Subcommittee on Trade will include proposed legislation and oversight activities involving: customs and customs administration including tariff and import fee structure, classification, valuation of and special rules applying to imports, and special tariff provisions and procedures relating to customs operation affecting exports and imports; import trade matters, including import impact, industry relief from injurious imports, adjustment assistance and programs to encourage competitive responses to imports, unfair import practices including antidumping and countervailing duty provisions, and import policy relating to dependence on foreign sources of supply; commodity agreements and reciprocal trade agreements including multilateral and bilateral trade negotiations and implementation of agreements involving tariff and non-tariff trade barriers to and distortions of international trade; international rules, organizations and institutional aspects of international trade agreements; budget authorizations for the U.S. Customs Service, the U.S. International Trade Commission, and U.S. Trade Representative; and special trade-related problems involving market access, competitive conditions of specific industries, export policy and promotion, access to materials in short supply, bilateral trade relations including trade with developing countries, operations of multinational corporations, and trade with non-market economies.

5. Subcommittee on Public Assistance and Unemployment Compensation shall consist of 11 Members, 7 of whom shall be Democrats and 4 of whom shall be Republicans.

In general, the jurisdiction of this subcommittee shall include bills and matters referred to the Committee on Ways and Means affecting the public assistance provisions of the Social Security Act including welfare reform, supplemental security income, aid to families with dependent children, social services, child support, eligibility of welfare recipients for food stamps, and low-income energy assistance.

More specifically, the jurisdiction of this subcommittee shall include bills and matters relating to titles, I, IV, VI, X, XIV, XVI, XVII, XX and related provisions of titles VII and XI of the Social Security Act.

The jurisdiction of this subcommittee shall also include bills and matters referred to the Committee on Ways and Means which relate to the Federal-State system of unemployment compensation, and the financing thereof, including the programs for extended and emergency benefits.

More specifically, the jurisdiction of this subcommittee shall include all bills and matters pertaining to the programs of unemployment compensation under titles III, IX and XII of the Social Security Act, Chapter 23 of the Internal Revenue Code, the Federal-State Extended Unemployment Compensation Act of 1970, the Emergency Unemployment Compensation Act of 1974, and provisions relating thereto.

6. Subcommittee on Oversight shall consist of 11 Members, 7 of whom shall be Democrats and 4 of whom shall be Republicans.

The jurisdiction of this subcommittee shall include all matters within the scope of the Committee but shall be limited to existing law and said oversight jurisdiction shall not be exclusive but shall be concurrent with that of the other subcommittees, and with respect to matters involving the Internal Revenue Code said concurrent jurisdiction shall be shared with the full Committee. Before undertaking any investigation or hearing, the chairman of the Subcommittee on Oversight shall confer with the Chairman of the full Committee and the chairman of any other subcommittee having jurisdiction.

Rule 5. Subcommittee chairmen

Democratic members of the Committee shall have the right in order of full Committee seniority to bid for vacant subcommittee chairmanships. Such bids shall be subject to approval by a majority of those present and voting in the Democratic caucus of the Committee. If the caucus rejects a subcommittee chairmanship bid, the next senior Democratic Member may bid for the position as in the first instance. No member of the Committee who serves on the Budget Committee shall serve as a chairman of a subcommittee. A subcommittee chairmanship shall not be considered vacant while the subcommittee chairman has taken a leave of absence to serve on the Budget Committee.

Rule 6. Ex-officio members of subcommittees

The Chairman and the ranking minority member may sit as ex-officio members of all subcommittees. They may be counted for purposes of assisting in the establishment of a quorum for a subcommittee. However, their absence shall not count against the establishment of a quorum by the regular members of the subcommittee. Ex-officio members shall neither vote in the subcommittee nor be taken into consideration for purposes of determining the ratio of the subcommittee.

Rule 7. Reference of legislation and subcommittee report

Every bill, or other matter (expect bills concerning the Internal Revenue Code) referred to the Committee or initiated by the Committee shall be referred by the Chairman of the full Committee to the appropriate subcommittee within 2 weeks from the date of its receipt by the Committee unless by a majority vote in the full Committee, consideration is to be by the full Committee. A subcommittee shall, within 3 legislative days of receipt of a bill referral, acknowledge same to the full Committee.

After a bill has been pending in a subcommittee for a reasonable period of time, the Chairman of the full Committee may make a request in writing to the subcommittee that the subcommittee forthwith report the bill to the full Committee with its recommendations. If within 7 legislative days after the Chairman's written request, the subcommittee has not so reported the bill, then there shall be in order in the full Committee a motion to discharge the subcommittee from further consideration of the bill. If such motion is approved by a majority vote in the full Committee, the bill may thereafter be considered only by the full Committee.

No bill reported by a subcommittee shall be considered by the full Committee unless it has been presented to all members at least 2 legislative days prior to the meeting, together with a comparison with present law, a section-by-section analysis of the proposed change, a section-by-section justification, and a draft statement of the costs of carrying out the bill that is consistent with

the requirements for reported bills under clause 7 of Rule XIII of the Rules of the House of Representatives.

Rule 8. Supervision, duties of committee staff

The staff of the Committee, both professional and clerical, shall be under the general supervision and direction of the Chairman of the full Committee except as provided in clause 5(d) and clause 6 of Rule XI of the Rules of House of Representatives concerning committee expenses and staff. Provided, however, that the chairman of each subcommittee shall be entitled to select and designate at least one professional staff member for said subcommittee and at least one clerical staff member for said subcommittee subject to the approval of a majority of the Democratic members of said full Committee. The ranking minority member shall have the right to designate one staff member. Said staff members shall be compensated at a salary commensurate with the responsibilities prescribed by said subcommittee chairman. Compensation shall be provided out of appropriated amounts—rather than statutory amounts allowed each committee.

Rule 9. Committee budget and expenses

The Chairman, in consultation with the majority members of the Committee, shall, for each session of the Congress, prepare a preliminary budget. Such budget shall include necessary amounts for staff personnel, travel, investigation, and other expenses of the Committee. After consultation with the minority members, the Chairman shall include an amount budgeted to minority members for staff under their direction and supervision. Thereafter, the Chairman shall combine such proposals into a consolidated Committee budget, and shall present the same to the Committee for its approval or other action. The Chairman shall take whatever action is necessary to have the budget as finally approved by the Committee duly authorized by the House. After said budget shall have been adopted, no substantial change shall be made in such budget unless approved by the Committee.

Rule 10. Witnesses

In order to assure the most productive use of the limited amount of time available to question hearing witnesses, a witness who is scheduled to appear before the Committee shall file with the clerk of the Committee at least 24 hours in advance of his appearance a written statement of his proposed testimony. Failure to comply with this rule may result in the witness being denied the opportunity to testify in person. A witness shall limit his oral presentation to a summary of his position and shall provide sufficient copies of his written statement to the clerk for distribution to Members, staff and news media.

Rule 11. Questioning of witnesses

Committee members may question witnesses only when recognized by the Chairman for that purpose. All members shall be limited to five minutes on the initial round of questioning. In questioning witnesses under the five minute rule, the Chairman and the ranking minority member may be recognized first after which members may be recognized in the order of their arrival at the hearing. Among the members present at the time the hearing is called to order, seniority shall be recognized. In recognizing members to question witnesses, the Chairman may take into consideration the ratio of majority members to minority members and the number of majority and minority members present and shall apportion the recognition for questioning in such a manner as not to disadvantage the members of the majority.

Rule 12. Publication of tentative decisions

A copy of any tentative or final legislative decision made by the Committee on the subject matter under consideration shall be made available to each member of the Committee by the next meeting of the Committee, or at the latest, by the next day.

Rule 13. Amendment to provision previously read

In the process of reading a bill for amendments, it shall be in order to return to a previously read portion of the bill for the purpose of considering and acting upon amendments thereto. However, if such previously read portion has been adopted by a record vote, it shall be in order for any member of the majority, on the same or the next day on which a quorum of the Committee is present, to move for the reconsideration thereof, and such motion shall take precedence of all other questions except the consideration of a motion to adjourn, and shall not be withdrawn without the consent of the Committee, and thereafter any Member may call it up for consideration.

Rule 14. Record votes

A record vote on an issue shall be required on the request of a Member which is supported by at least one-fifth of a quorum.

Rule 15. Previous question

The Chairman shall not recognize a Member for the purpose of moving the previous question unless the Member has first advised the Chair and those Members present that this is the purpose for which recognition is being sought.

Rule 16. Recommendation for appointment of conferees

Whenever in the legislative process it becomes necessary to appoint conferees, the Chairman shall recommend to the Speaker as conferees the names of those members of the subcommittee (or subcommittees) which handled the substantive legislation in the order of their subcommittee seniority and such other committee members as the Chairman may designate. In making recommendations of minority members as conferees the Chairman shall consult with the ranking minority member of the Committee.

Rule 17. Records of hearings

An accurate stenographic record shall be kept of all testimony taken at a public hearing. The staff shall transmit to a witness the transcript of his testimony for correction and immediate return to the Committee office. Only changes in the interest of clarity, accuracy and corrections in transcribing errors will be permitted. Changes which substantially alter the actual testimony will not be permitted. Members shall correct their own testimony and return transcripts as soon as possible after receipt thereof. The Chairman may order the printing of the hearing without the corrections of a witness or Member if he determines that a reasonable time has been afforded to make corrections and that further delay would impede the consideration of the legislative action which is the subject of the hearing. A witness appearing in a public hearing, or submitting a statement for the record of a public hearing, or submitting a written comment in response to a published request for comments by the Committee must provide the Committee with a list of any clients or persons, or any organization for whom the witness appears which shall be made available for public inspection unless otherwise directed by the Committee. Verbal testimony and statements for the record, or written comment in response to a request for comments by the Committee, will be accepted only from citizens of the United States or corporations or associations organized under the laws of one of the 50 States of the United States or the District of Columbia, unless otherwise directed by the Chairman of the Committee or subcommittee involved. Written statements from noncitizens may be considered for acceptance if transmitted to the Committee in writing by Members of Congress.

Rule 18. Transcripts of other committee meetings

An accurate stenographic record shall also be kept of all markup and other meetings of the Committee, whether they be open or closed to the public. This record, marked as "uncorrected," shall be available for inspection by Members of the House, or members of the Committee together with their staffs, at reasonable times and places. This record shall not be published or made public in any way except by a majority vote of the Committee. Before any public release of the uncorrected record, Members must be given a reasonable opportunity to correct their remarks. In instances in which a stenographic record is kept of a conference committee proceeding, all of the requirements of this rule will likewise be observed with respect to such record.

Rule 19. Broadcasting of committee or subcommittee hearings

The provisions of clause 3(f) of Rule XI of the Rules of the House of Representatives are by reference specifically made a part of these rules.

Rule 20. Party ratio

The ratio of Democrats to Republicans on any subcommittee of the Committee shall be consistent with the ratio of Democrats to Republicans on the Committee.

Rule 21. Proxy voting

Voting by proxy shall be permitted in accordance with the manner prescribed in clause 2(f) of Rule XI of the Rules of the House of Representatives.

Rule 22. Travel of members of staff

(a) Consistent with the primary expense resolution and such additional expense resolution as may have been approved, the provisions of this rule shall govern travel of Committee members and Committee staff. Travel to be reimbursed from funds set aside for the full Committee for any Member or any Committee staff member shall be paid only upon the prior authorization of the Chairman. Travel may be authorized by the Chairman for any Member and any Committee staff member in connection with the attendance of formal or informal hearings conducted by the Committee, its subcommittees, or any other committee or subcommittee of the Congress on matters relevant to the general jurisdiction of the Committee, and meetings, conferences and investigations which involve activities or subject matter relevant to the general jurisdiction of the Committee. Before such authorization is given there shall be submitted to the Chairman in writing the following:

(1) The purpose of the travel;

(2) The dates during which the travel is to be made and the date or dates of the event for which the travel is being made;

(3) The location of the event for which the travel is to be made;

(4) The names of Members and Committee staff seeking authorization.

Where travel is in connection with the conduct by Members of the Committee of an informal hearing, the prior approval not only of the Chairman but also of subcommittee chairmen shall be required where the hearing involves any matter within the jurisdiction of one or more of the subcommittees of the Committee.

(b) In the case of travel of Members and staff of a subcommittee to hearings, meetings, conferences, and investigations involving activities or subject matter under the legislative assignment of such subcommittee to be paid for out of funds allocated to such subcommittee, prior authorization must be obtained from the subcommittee chairman and the Chairman. Such prior authorization shall be given by the Chairman only upon the representation by the applicable chairman of the subcommittee in writing setting forth those items enumerated in (1), (2), (3), and (4) of paragraph (a).

(c) Within 60 days of the conclusion of any travel authorized under this rule, there shall be submitted to the Chairman a written report covering the information gained as a result of the study or investigation, or meeting, conference or hearing attended pursuant to such travel.

PART II—SELECTED RULES OF THE HOUSE OF REPRESENTATIVES

Part II of the Manual of Rules of the Committee on Ways and Means consists of portions of selected Rules of the House of Representatives, which are also a part of the committee's rules and which affect its day-to-day operation. The rules cited here are by no means all of the rules pertaining to the committee, but are considered to be some of the more important and most often referred to rules.

Rule X. Establishment and jurisdiction of standing committees

* * * * *

The Committees and Their Jurisdiction

1. (v) Committee on Ways and Means—

(1) Customs, collection districts, and ports of entry and delivery.

(2) Reciprocal trade agreements.

(3) Revenue measures generally.

(4) Revenue measures relating to the insular possessions.

(5) The bonded debt of the United States (subject to the last sentence of clause 4(g) of this rule).

(6) The deposit of public moneys.

(7) Transportation of dutiable goods.

(8) Tax exempt foundations and charitable trusts.

(9) National social security, escept (A) health care and facilities programs that are supported from general revenues as opposed to payroll deductions and (B) work incentive programs.

General Oversight Responsibilities

2. (a) In order to assist the House in—

(1) its analysis, appraisal, and evaluation of (A) the application, administration, execution, and effectiveness of the laws enacted by the Congress, or (B) conditions and circumstances which may indicate the necessity or desirability of enacting new or additional legislation, and

(2) its formulation, consideration, and enactment of such modifications of or changes in those laws, and of such additional legislation, as may be necessary or appropriate,

the various standing committees shall have oversight responsibilities as provided in paragraph (b).

(b)(1) Each standing committee (other than the Committee on Appropriations and the Committee on the Budget) shall review and study, on a continuing basis, the application, administration, execution, and effectiveness of those laws, or parts of laws, the subject matter of which is within the jurisdiction of that committee, and the organization and operation of the Federal agencies and entities having responsibilities in or for the administration and execution thereof, in order to determine whether such laws and the programs thereunder are being implemented and carried out in accordance with the intent of the Congress and whether such programs should be continued, curtailed, or eliminated. In addition, each such committee shall review and study any conditions or circumstances which may indicate the necessity or desirability of enacting new or additional legislation within the jurisdiction of that committee (whether or not any bill or resolution has been introduced with respect thereto), and shall on a continuing basis undertake future research and forecasting on matters within the jurisdiction of that committee. Each such committee having more than twenty members shall establish an oversight subcommittee, or require its subcommittees, if any, to conduct oversight in the area of their respective jurisdiction, to assist in carrying out its responsibilities under this subparagraph. The establishment of oversight subcommittees shall in no way limit the responsibility of the subcommittees with legislative jurisdiction from carrying out their oversight responsibilities.

* * * * *

(d) Each standing committee of the House shall have the function of reviewing and studying on a continuing basis the impact or probable impact of tax policies affecting subjects within its jurisdiction as described in clauses 1 and 3.

Special Oversight Functions

3. * * *.

(b) The Committee on the Budget shall have the function of—

(1) making continuing studies of the effect on budget outlays of relevant existing and proposed legislation, and reporting the results of such studies to the House on a recurring basis; and

(2) requesting and evaluating continuing studies of tax expenditures, devising methods of coordinating tax expenditures, policies, and programs with direct budget outlays, and reporting the results of such studies to the House on a recurring basis.

* * * * *

(d) The Committee on Foreign Affairs shall have the function of reviewing and studying, on a continuing basis, all laws, programs and Government activities dealing with or involving customs administration, intelligence activities relating to foreign policy, international financial and monetary organizations, and international fishing agreements.

* * * * *

4. (g) Each standing committee of the House shall, on or before March 15 of each year, submit to the Committee on the Budget (1) its views and estimate with respect to all matters to be set forth in the concurrent resolution on the budget for the ensuing fiscal year which are within its jurisdiction or functions, and (2) an estimate of the total amounts of new budget authority, and budget outlays resulting therefrom, to be provided or authorized in all bills and resolutions within its jurisdiction which it intends to be effective during that fiscal year. The views and estimates submitted by the Committee on Ways and Means under the preceding sentence shall include a specific recommendation, made after holding public hearings, as to the appropriate level of the public debt which should be set forth in the concurrent resolution on the budget referred to in such sentence and serve as the basis for an increase or decrease in the statutory limit on such debt under the procedures provided by rule XLIX.

* * * * *

Rule XI. Rules of procedure for committees

In General

1. (a)(1) The Rules of the House are the rules of its committees and subcommittees so far as applicable, except that a motion to recess from day to day is a motion of high privilege in committees and subcommittees.

(2) Each subcommittee of a committee is a part of that committee and is subject to the authority and direction of that committee and to its rules as far as applicable.

(b) Each committee is authorized at any time to conduct such investigations and studies as it may consider necessary or appropriate in the exercise of its responsibilities under Rule X, and (subject to the adoption of expense resolutions as required by clause 5) to incur expenses (including travel expenses) in connection therewith.

(c) Each committee is authorized to have printed and bound testimony and other data presented at hearings held by the committee. All costs of stenographic services and transcripts in connection with any meeting or hearing of a committee shall be paid from the contingent fund of the House.

(d) Each committee shall submit to the House, not later than January 2 of each odd-numbered year, a report on the activities of that committee under this rule and Rule X during the Congress ending at noon on January 3 of such year.

Committee Rules

Adoption of Written Rules

2. (a) Each standing committee of the House shall adopt written rules governing its procedure. Such rules—

(1) shall be adopted in a meeting which is open to the public unless the committee in open session and with a quorum present, determined by rollcall vote that all or part of the meeting on that day is to be closed to the public;

(2) shall be not inconsistent with the Rules of the House or with those provisions of law having the force and effect of Rules of the House; and

(3) shall in any event incorporate all of the succeeding provisions of this clause to the extent applicable.

Each committee's rules specifying its regular meeting days, and any other rules of a committee which are in addition to the provisions of this clause, shall be published in the Congressional Record not later than thirty days after the Congress convenes in each odd-numbered year. Each select or

joint committee shall comply with the provisions of this paragraph unless specifically prohibited by law.

Regular Meeting Days

(b) Each standing committee of the House shall adopt regular meeting days, which shall be not less frequent than monthly, for the conduct of its business. Each such committee shall meet, for the consideration of any bill or resolution pending before the committee or for the transaction of other committee business, on all regular meeting days fixed by the committee, unless otherwise provided by written rule adopted by the committee.

Additional and Special Meetings

(c)(1) The chairman of each standing committee may call and convene, as he or she considers necessary, additional meetings of the committee for the consideration of any bill or resolution pending before the committee or for the conduct of other committee business. The committee shall meet for such purpose pursuant to that call of the chairman.

(2) If at least three members of any standing committee desire that a special meeting of the committee be called by the chairman, those members may file in the offices of the committee their written request to the chairman for that special meeting. Such request shall specify the measure or matter to be considered. Immediately upon the filing of the request, the clerk of the committee shall notify the chairman of the filing of the request. If, within three calendar days after the filing of the request, the chairman does not call the requested special meeting, to be held within seven calendar days after the filing of the request, a majority of the members of the committee may file in the offices of the committee their written notice that a special meeting of the committee will be held, specifying the date and hour of, and the measure or matter to be considered at, that special meeting. The committee shall meet on that date and hour. Immediately upon the filing of the notice, the clerk of the committee shall notify all members of the committee that such special meeting will be held and inform them of its date and hour and the measure or matter to be considered; and only the measure or matter specified in that notice may be considered at that special meeting.

Ranking Majority Member To Preside in Absence of Chairman

(d) If the chairman of any standing committee is not present at any meeting of the committee, the ranking member of the majority party on the committee who is present shall preside at that meeting.

Committee Records

(e)(1) Each committee shall keep a complete record of all committee action which shall include a record of the votes on any question on which a rollcall vote is demanded. The result of each such rollcall vote shall be made available by the committee for inspection by the public at reasonable times in the offices of the committee. Information so available for public inspection shall include a description of the amendment, motion, order or other proposition and the name of each Member voting for and each Member voting against such amendment, motion, order, or proposition, and whether by proxy or in person, and the names of those Members present but not voting.

(2) All committee hearings, records, data, charts, and files shall be kept separate and distinct from the congressional office records of the Member serving as chairman of the committee; and such records shall be the property of the House and all Members of the House shall have access thereto, except that in the case of records in the Committee on Standards of Official Conduct respecting the conduct of any Member, officer, or employee of the House, no Member of the House (other than a member of such committee) shall have access thereto without the specific, prior approval of the committee.

Proxies

(f) No vote by any Member of any Committee or subcommittee with respect to any measure or matter may be cast by proxy unless such committee, by written rule adopted by the committee, permits voting by proxy and requires that the proxy authorization shall be in writing, shall assert that the Member is absent on official business or is otherwise unable to be present at the meeting of the committee, shall designate the person who is to execute the proxy authorization, and shall be limited to a specific measure or matter and any amendments or motions pertaining thereto; except that a member may authorize a general proxy only for motions to recess, adjourn or other procedural matters. Each proxy to be effective shall be signed by the Member assigning his or her vote and shall contain the date and time of day that the proxy is signed. Proxies may not be counted for a quorum.

Open Meetings and Hearings

(g)(1) Each meeting for the transaction of business, including the markup of legislation, of each standing committee or subcommittee thereof shall be open to the public except when the committee or subcommittee, in open session and with a majority present, determines by rollcall vote that all or part of the remainder of the meeting on that day shall be closed to the public: *Provided, however,* That no person other than members of the committee and such congressional staff and such departmental representatives as they may authorize shall be present at any business or markup session which has been closed to the public. This paragraph does not apply to open committee hearings which are provided for by clause 4(a)(1) of Rule X or by subparagraph (2) of this paragraph, or to any meeting that relates solely to internal budget or personnel matters.

(2) Each hearing conducted by each committee or subcommittee thereof shall be open to the public except when the committee or subcommittee, in open session and with a majority present, determines by rollcall vote that all or part of the remainder of that hearing on that day shall be closed to the public because disclosure of testimony, evidence, or other matters to be considered would endanger the national security or would violate any law or rule of the House of Representatives. Notwithstanding the requirements of the preceding sentence, a majority of those present, there being in attendance the requisite number required under the rules of the committee to be present for the purpose of taking testimony,

(A) may vote to close the hearing for the sole purpose of discussing whether testimony or evidence to be received would endanger the national security or violate clause 2(k)(5) of Rule XI; or

(B) may vote to close the hearing, as provided in clause 2(k)(5) of Rule XI. No Member may be excluded from nonparticipatory attendance at any hearing of any committee or subcommittee, with the exception of the Committee on Standards of Official Conduct, unless the House of Representatives shall by majority vote authorize a particular committee or subcommittee, for purposes of a particular series of hearings on a particular article of legislation or on a particular subject of investigation, to close its hearings to Members by the same procedures designated in this subparagraph for closing hearings to the public: *Provided, however,* That the committee or subcommittee may by the same procedure vote to close one subsequent day of hearing.

(3) Each committee of the House (except the Committee on Rules) shall make public announcement of the date, place and subject matter of any committee hearing at least one week before the commencement of the hearing. If the committee determines that there is good cause to begin the hearing sooner, it shall make the announcement at the earliest possible date. Any announcement made under this subparagraph shall be promptly published in the Daily Digest and promptly entered into the committee scheduling service of the House Information Systems.

(4) Each committee shall, insofar as is practicable, require each witness who is to appear before it to file with the committee (in advance of his or her appearance) a written statement of the proposed testimony and to limit the oral presentation at such appearance to a brief summary of his or her argument.

(5) No point of order shall lie with respect to any measure reported by any committee on the ground that hearings on such measure were not conducted in accordance with the provisions of this clause; except that a point of order on that ground may be made by any member of the committee which reported the measure if, in the committee, such point of order was (A) timely made and (B) improperly overruled or not properly considered.

(6) The preceding provisions of this paragraph do not apply to the committee hearings which are provided for by clause 4(a)(1) of Rule X.

Quorum for Taking Testimony and Certain Other Action

(h)(1) Each committee may fix the number of its members to constitute a quorum for taking testimony and receiving evidence which shall be not less than two.

(2) Each committee (except the Committee on Appropriations, the Committee on the Budget, and the Committee on Ways and Means) may fix the number of its members to constitute a quorum for taking any action other than the reporting of a measure or recommendation which shall be not less than one-third of the members.

Prohibition Against Committee Meetings During Five-Minute Rule

(i) No committee of the House (except the Committee on Appropriations, the Committee on the Budget, the Committee on Rules, the Committee on Standards of Official Conduct and the Committee on Ways and Means) may sit, without special leave, while the House is reading a measure for amendment under the five-minute rule. For purposes of this paragraph, special leave will be granted unless 10 or more Members object.

Calling and Interrogation of Witnesses

(j)(1) Whenever any hearing is conducted by any committee upon any measure or matter, the minority party Members on the

committee shall be entitled, upon request to the chairman by a majority of them before the completion of the hearing, to call witnesses selected by the minority to testify with respect to that measure or matter during at least one day of hearing thereon.

(2) Each committee shall apply the five-minute rule in the interrogation of witnesses in any hearing until such time of each Member of the committee who so desires has had an opportunity to question each witness.

Investigative Hearing Procedures

(k)(1) The chairman at an investigative hearing shall announce in the opening statement the subject of the investigation.

(2) A copy of the committee rules and this clause shall be made available to each witness.

(3) Witnesses at investigative hearings may be accompanied by their own counsel for the purpose of advising them concerning their constitutional rights.

(4) The chairman may punish breaches of order and decorum, and of professional ethics on the part of counsel, by censure and exclusion from the hearings; and the committee may cite the offender to the House for contempt.

(5) Whenever it is asserted that the evidence or testimony at an investigatory hearing may tend to defame, degrade, or incriminate any person,

(A) such testimony or evidence shall be presented in executive session, notwithstanding the provisions of clause 2(g)(2) of this Rule, if by a majority of those present, there being in attendance the requisite number required under the rules of the committee to be present for the purpose of taking testimony, the committee determines that such evidence or testimony may tend to defame, degrade, or incriminate any person; and

(B) the committee shall proceed to receive such testimony in open session only if a majority of the members of the committee, a majority being present, determine that such evidence or testimony will not tend to defame, degrade, or incriminate any person. In either case the committee shall afford such person an opportunity voluntarily to appear as a witness; and receive and dispose of requests from such person to subpena additional witnesses.

(6) Except as provided in subparagraph (5), the chairman shall receive and the committee shall dispose of requests to subpoena additional witnesses.

(7) No evidence or testimony taken in executive session may be released or used in public sessions without the consent of the committee.

(8) In the discretion of the committee, witnesses may submit brief and pertinent sworn statement in writing for inclusion in the record. The committee is the sole judge of the pertinency of testimony and evidence adduced at its hearing.

(9) A witness may obtain a transcript copy of his testimony given at a public session or, if given at an executive session, when authorized by the committee.

Committee Procedures for Reporting Bills and Resolutions

(l)(1)(A) It shall be the duty of the chairman of each committee (except as provided in subdivision (C)) to report or cause to be reported promptly to the House any measure approved by the committee and to take or cause to be taken necessary steps to bring the matter to a vote.

(B) In any event, the report of any committee on a measure which has been approved by the committee shall be filed within seven calendar days (exclusive of days on which the House is not in session) after the day on which there has been filed with the clerk of the committee a written request, signed by a majority of the members of the committee, for the reporting of that measure. Upon the filing of any such request, the clerk of the committee shall transmit immediately to the chairman of the committee notice of the filing of that request. * * *

* * * * * *

(2)(A) No measure or recommendation shall be reported from any committee unless a majority of the committee was actually present.

(B) With respect to each rollcall vote on a motion to report any bill or resolution of a public character, the total number of votes cast for, and the total number of votes cast against, the reporting of such bill or resolution shall be included in the committee report.

(3) The report of any committee on a measure which has been approved by the committee (A) shall include the oversight findings and recommendations required pursuant to clause 2(b)(1) of Rule X separately set out and clearly identified; (B) the statement required by section 308(a) of the Congressional Budget Act of 1974, separately set out and clearly identified, if the measure provides new budget authority or new or increased tax expenditures; (C) the estimate and comparison prepared by the Director of the Congressional Budget Office under section 403 of such Act, separately set out and clearly identified, whenever the Director (if timely submitted prior to the filing of the report) has submitted such estimate and comparison to the committee; and (D) a summary of the oversight findings and recommendations made by the Committee on Government Operations under clause 4(c)(2) of Rule X separately set out and clearly identified whenever such findings and recommendations have been submitted to the legislative committee in a timely fashion to allow an opportunity to consider such findings and recommendations during the committee's deliberations on the measure.

(4) Each report of a committee on each bill or joint resolution of a public character reported by such committee shall contain a detailed analytical statement as to whether the enactment of such bill or joint resolution into law may have an inflationary impact on prices and costs in the operation of the national economy.

(5) If, at the time of approval of any measure or matter by any committee, other than the Committee on Rules, any member of the committee gives notice of intention to file supplemental, minority, or additional views, that member shall be entitled to not less than three calendar days (excluding Saturdays, Sundays, and legal holidays) in which to file such views, in writing and signed by that member, with the clerk of the committee. All such views so filed by one or more members of the committee shall be included within, and shall be a part of, the report filed by the committee with respect to that measure or matter. The report of the committee upon that measure or matter shall be printed in a single volume which—

(A) shall include all supplemental, minority, or additional views which have been submitted by the time of the filing of the report, and

(B) shall bear upon its cover a recital that any such supplemental, minority, or additional views (and any material submitted under subdivisions (C) and (D) of subparagraph (3)) are included as part of the report.

This subparagraph does not preclude—

(i) the immediate filing or printing of a committee report unless timely request for the opportunity to file supplemental, minority, or additional views has been made as provided by this subparagraph; or

(ii) the filing by any such committee of any supplemental report upon any measure or matter which may be required for the correction of any technical error in a previous report made by that committee upon that measure or matter.

(6) A measure or matter reported by any committee (except the Committee on Rules in the case of a resolution making in order the consideration of a bill, resolution, or other order of business), shall not be considered in the House until the third calendar day (or the tenth calendar day in the case of a concurrent resolution on the budget), excluding Saturdays, Sundays, and legal holidays, on which the report of that committee upon that measure or matter has been available to the Members of the House. Nor shall it be in order to consider any measure or matter reported by any committee (except the Committee on Rules in the case of a resolution making in order the consideration of a bill, resolution, or other order of business, or any other committee in the case of a privileged resolution), unless copies of such report and the reported measure or matter have been available to the Members for at least three calendar days, excluding Saturdays, Sundays, and legal holidays during which the House is not in session before the beginning of such consideration: *Provided, however,* That it shall always be in order to call up for consideration, notwithstanding the provisions of clause 4(b), Rule XI, a report from the Committee on Rules specifically providing for the consideration of a reported measure or matter notwithstanding this restriction. If hearings have been held on any such measure or matter so reported, the committee reporting the measure or matter shall make every reasonable effort to have such hearings printed and available, for distribution to the Members of the House prior to the consideration of such measure or matter in the House. This subparagraph shall not apply to—

(A) any measure for the declaration of war, or the declaration of a national emergency, by the Congress; or

(B) any decision, determination, or action by a Government agency which would become or continue to be, effective unless disapproved or otherwise invalidated by one or both Houses of Congress.

For the purposes of the preceding sentence, a Government agency includes any department, agency, establishment, wholly owned Government corporation, or instrumentality of the Federal Government or the government of the District of Columbia.

(7) If, within seven calendar days after a measure has, by resolution, been made in order for consideration by the House, no motion has been offered that the House consider that measure, any member of the committee which reported that measure may be recognized in the discretion of the Speaker to offer a motion that the House shall consider that measure, if that committee has duly authorized that member to offer that motion.

Power To Sit and Act; Subpoena Power

(m)(1) For the purpose of carrying out any of its functions and duties under this rule and Rule X (including any matters referred to it under clause 5 of Rule X), any committee, or any subcommittee thereof, is authorized (subject to subparagraph (2)(A) of this paragraph)—

(A) to sit and act at such times and places within the United States, whether the House is in session, has recessed, or has adjourned, and to hold such hearings, and

(B) to require, by subpoena or otherwise, the attendance and testimony of such witness and the production of such books, records, correspondence, memorandums, papers, and documents as it deems necessary. The chairman of the committee, or any member designated by such chairman, may administer oaths to any witness.

(2)(A) A subpoena may be authorized and issued by a committee or subcommittee under subparagraph (1)(B) in the conduct of any investigation or series of investigations or activities, only when authorized by a majority of the members voting, a majority being present. The power to authorize and issue subpoenas under subparagraph (1)(B) may be delegated to the chairman of the committee pursuant to such rules and under such limitations as the committee may prescribe. Authorized subpoenas shall be signed by the chairman of the committee or by any member designated by the committee.

(B) Compliance with any subpoena issued by a committee or subcommittee under subparagraph (1)(B) may be enforced only as authorized or directed by the House.

Use of Committee Funds for Travel

(n)(1) Funds authorized for a committee under clause 5 are for expenses incurred in the committee's activities; however, local currencies owned by the United States shall be made available to the committee and its employees engaged in carrying out their official duties outside the United States, its territories or possessions. No appropriated funds, including those authorized under clause 5, shall be expended for the purpose of defraying expenses of members of the committee or its employees in any country where local currencies are available for this purpose; and the following conditions shall apply with respect to travel outside the United States or its territories or possessions:

(A) No member or employee of the committee shall receive or expend local currencies for subsistence in any country for any day at a rate in excess of the maximum per diem set forth in applicable Federal law, or if the Member or employee is reimbursed for any expenses for such day, then the lesser of the per diem or the actual, unreimbursed expenses (other than for transportation) incurred by the Member or employee during that day.

(B) Each member or employee of the committee shall make to the chairman of the committee an itemized report showing the dates each country was visited, the amount of per diem furnished, the cost of transportation furnished, any funds expended for any other official purpose and shall summarize in these categories the total foreign currencies and/or appropriated funds expended. All such individual reports shall be filed no later than sixty days following the completion of travel with the chairman of the committee for use in complying with reporting requirements in applicable Federal law and shall be open for public inspection.

(2) In carrying out the committee's activities outside of the United States in any country where local currencies are unavailable, a member or employee of the committee may not receive reimbursement for expenses (other than for transportation) in excess of the maximum per diem set forth in applicable Federal law, or if the member or employee is reimbursed for any expenses for such day, then the lesser of the per diem or the actual unreimbursed expenses (other than for transportation) incurred, by the member or employee during any day.

(3) A member or employee of a committee may not receive reimbursement for the cost of any transportation in connection with travel outside of the United States unless the member or employee has actually paid for the transportation.

(4) The restrictions respecting travel outside of the United States set forth in subparagraphs (2) and (3) shall also apply to travel outside of the United States by Members, officers, and employees of the House authorized under clause 8 of rule I, clause 1(b) of this rule, or any other provision of these Rules of the House of Representatives.

(5) No local currencies owned by the United States may be made available under this paragraph for the use outside of the United States for defraying the expenses of a member of any committee after—

(A) the date of the general election of Members in which the Member has not been elected to the succeeding Congress; or

(B) in the case of a Member who is not a candidate in such general election, the earlier of the date of such general election or the adjournment sine die of the last regular session of the Congress.

Broadcasting of Committee Hearings

3. (a) It is the purpose of this clause to provide a means, in conformity with acceptable standards of dignity, propriety, and decorum, by which committee hearings, or committee meetings, which are open to the public may be covered, by television broadcast, radio broadcast and still photography, or by any of such methods of coverage—

(1) for the education, enlightenment, and information of the general public, on the basis of accurate and impartial news coverage, regarding the operations, procedures, and practices of the House as a legislative and representative body and regarding the measures, public issues, and other matters before the House and its committees, the consideration thereof, and the action taken thereon; and

(2) for the development of the perspective and understanding of the general public with respect to the role and function of the House under the Constitution of the United States as an organ of the Federal Government.

(b) In addition, it is the intent of this clause that radio and television tapes and television film of any coverage under this clause shall not be used, or made available for use, as partisan political campaign material to promote or oppose the candidacy of any person for elective public office.

(c) It is, further, the intent of this clause that the general conduct of each meeting (whether of a hearing or otherwise) covered, under authority of this clause, by television broadcast, radio broadcast, and still photography, or by any of such methods of coverage, and the personal behavior of the committee members and staff, other Government officials and personnel, witnesses, television, radio, and press media personnel, and the general public at the hearing or other meeting shall be in strict conformity with and observance of the acceptable standards of dignity, propriety, courtesy, and decorum traditionally observed by the House in its operations and shall not be such as to—

(1) distort the objects and purposes of the hearing or other meeting or the activities of committee members in connection with that hearing or meeting or in connection with the general work of the committee or of the House; or

(2) cast discredit or dishonor on the House, the committee, or any Member or bring the House, the committee, or any Member into disrepute.

(d) The coverage of committee hearings and meetings by television broadcast, radio broadcast, or still photography is a privilege made available by the House and shall be permitted and conducted only in strict conformity with the purposes, provisions, and requirements of this clause.

(e) Whenever any hearing or meeting conducted by any committee of the House is open to the public, that committee may permit, by majority vote of the committee, that hearing or meeting to be covered, in whole or in part, by television broadcast, radio broadcast, and still photography, or by any of such methods of coverage, but only under such written rules as the committee may adopt in accordance with the purposes, provisions, and requirements of this clause.

(f) The written rules which may be adopted by a committee under paragraph (e) of this clause shall contain provisions to the following effect:

(1) If the television or radio coverage of the hearing or meeting is to be presented to the public as live coverage, that coverage shall be conducted and presented without commercial sponsorship.

(2) No witness served with a subpoena by the committee shall be required against his or her will to be photographed at any hearing or to give evidence or testimony while the broadcasting of that hearing, by radio or television, is being conducted. At the request of any such witness who does not wish to be subjected to radio, television, or still photography coverage, all lenses shall be covered and all microphones used for coverage turned off. This subparagraph is supplementary to clause 2(k)(5) of this rule, relating to the protection of the rights of witnesses.

(3) Not more than four television cameras, operating from fixed positions, shall be permitted in a hearing or meeting room. The allocation among the television media of the positions of the number of television cameras permitted in a hearing or meeting room shall be in accordance with fair and equitable procedures devised by the Executive Committee of the Radio and Television Correspondents' Galleries.

(4) Television cameras shall be placed so as not to obstruct in any way the space between any witness giving evidence or testimony and any member of the committee or the visibility of that witness and that member to each other.

(5) Television cameras shall not be placed in positions which obstruct unnecessarily the coverage of the hearing or meeting by the other media.

(6) Equipment necessary for coverage by the television and radio media shall not be installed in, or removed from, the hearing or meeting room while the committee is in session.

(7) Floodlights, spotlights, strobelights, and flashguns shall not be used in providing any method of coverage of the hearing or meeting, except that the television media may install additional lighting in the hearing or meeting room, without cost to the Government, in order to raise the ambient lighting level in the hearing or meeting room to the lowest level necessary to provide adequate television coverage of the hearing or meeting at the then current state of the art of television coverage.

(8) Not more than five press photographers shall be permitted to cover a hearing or meeting by still photography. In the selection of these photographers, preference shall be given to photographers from Associated Press Photos and United Press International Newspictures. If request is made by more than five of the media for coverage of the hearing or meeting by still photography, that coverage shall be made on the basis of a fair and equitable pool arrangement devised by the Standing Committee of Press Photographers.

(9) Photographers shall not position themselves, at any time during the course of the hearing or meeting, between the witness table and the members of the committee.

(10) Photographers shall not place themselves in positions which obstruct unnecessarily the coverage of the hearing by the other media.

(11) Personnel providing coverage by the television and radio media shall be then currently accredited to the Radio and Television Correspondents' Galleries.

(12) Personnel providing coverage by still photography shall be then currently accredited to the Press Photographers' Gallery.

(13) Personnel providing coverage by the television and radio media and by still photography shall conduct themselves and their coverage activities in an orderly and unobtrusive manner.

* * * * *

Committee Expenses

5. (a) Whenever any committee, commission or other entity (except the Committee on Appropriations and the Committee on the Budget) is to be granted authorization for the payment, from the contingent fund of the House, of its expenses in any year, other than those expenses to be paid from appropriations provided by statute, such authorization initially shall be procured by one primary expense resolution for the committee, commission or other entity providing funds for the payment of the expenses of the committee, commission or other entity for that year from the contingent fund of the House. Any such primary expense resolution reported to the House shall not be considered in the House unless a printed report on that resolution has been available to the Members of the House for at least one calendar day prior to the consideration of that resolution in the House. Such report shall, for the information of the House—

(1) state the total amount of the funds to be provided to the committee, commission or other entity under the primary expense resolution for all anticipated activities and programs of the committee, commission or other entity; and

(2) to the extent practicable, contain such general statements regarding the estimated foreseeable expenditures for the respective anticipated activities and programs of the committee, commission or other entity as may be appropriate to provide the House with basic estimates with respect to the expenditure generally of the funds to be provided to the committee, commission or other entity under the primary expense resolution.

(b) After the date of adoption by the House of any such primary expense resolution for any such committee, commission or other entity for any year, authorization for the payment from the contingent fund of additional expenses of such committee, commission or other entity in that year, other than those expenses to be paid from appropriations provided by statute, may be procured by one or more supplemental expense resolutions for that committee, commission or other entity as necessary. Any such supplemental expense resolution reported to the House shall not be considered in the House unless a printed report on that resolution has been available to the Members of the House for at least one calendar day prior to the consideration of that resolution in the House. Such report shall, for the information of the House—

(1) state the total amount of additional funds to be provided to the committee, commission or other entity under the supplemental expense resolution and the purpose or purposes for which those additional funds are to be used by the committee, commission or other entity, and

(2) state the reason or reasons for the failure to procure the additional funds for the committee, commission or other entity by means of the primary expense resolution.

(c) The preceding provisions of this clause do not apply to—

(1) any resolution providing for the payment from the contingent fund of the House of sums necessary to pay compensation for staff services performed for, or to pay other expenses of, any committee, commission or other entity at any time from and after the beginning of any year and before the date of adoption by the House of the primary expense resolution providing funds to pay the expenses of that committee, commission or other entity for that year; or

(2) any resolution providing in any Congress, for all of the standing committees of the House, additional office equipment, airmail and special delivery postage stamps, supplies, staff personnel, or any other specific item for the operation of the standing committees, and containing an authorization for the payment from the contingent fund of the House of the expenses of any foregoing items provided by that resolution, subject to and until enactment of the provisions of the resolution as permanent law.

(d) From the funds provided for the appointment of committee staff pursuant to primary and additional expense resolutions—

(1) The Chairman of each standing subcommittee of a standing committee of the House is authorized to appoint one staff member who shall serve at the pleasure of the subcommittee chairman.

(2) The ranking minority party member of each standing subcommittee on each standing committee of the House is authorized to appoint one staff person who shall serve at the pleasure of the ranking minority party member.

(3) The staff members appointed pursuant to the provisions of subparagraphs (1) and (2) shall be compensated at a rate determined by the subcommittee chairman not to exceed (A) 75 per centum of the maximum established in paragraph (c) of clause 6 or (B) the rate paid the staff member appointed pursuant to subparagraph (1) of this paragraph.

(4) For the purpose of this paragraph, (A) there shall be no more than six standing subcommittees of each standing committee of the House, except for the Committee on Appropriations, and (B) no member shall appoint more than one person pursuant to the above provisions.

(5) The staff positions made available to the subcommittee chairman and ranking minority party members pursuant to subparagraphs (1) and (2) of this paragraph shall be made available from the staff positions provided under clause 6 of Rule XI unless such staff positions are made available pursuant to a primary or additional expense resolution.

(e) No primary expense resolution or additional expense resolution of a committee may provide for the payment or reimbursement of expenses incurred by any member of the committee for travel by the member after the date of the general election of Members in which the Member is not elected to the succeeding Congress, or in the case of a Member who is not a candidate in such general election, the earlier of the date of such general election or the adjournment sine die of the last regular session of the Congress.

Committee Staffs

6. (a)(1) Subject to subparagraph (2) of this paragraph and paragraph (f) of this clause, each standing committee may appoint, by majority vote of the committee, not more than eighteen professional staff members. Each professional staff member appointed under this subparagraph shall be assigned to the chairman and the ranking minority party member of such committee, as the committee considers advisable.

(2) Subject to paragraph (f) of this clause, whenever a majority of the minority party members of a standing committee (except the Committee on Standards of Official Conduct) so request, not more than six persons may be selected, by majority vote of the minority party members, for appointment by the committee as professional staff members from among the number authorized by subparagraph (1) of this paragraph. The committee shall appoint any persons so selected whose character and qualifications are acceptable to a majority of the committee. If the committee determines that the character and qualifications of any person so selected are unacceptable to the committee, a majority of the minority party members may select other persons for appointment by the committee to the professional staff until such appointment is made. Each professional staff member appointed under this subparagraph shall be assigned to such committee business as the minority party members of the committee consider advisable.

(3) The professional staff members of each standing committee—

(A) shall be appointed on a permanent basis, without regard to race, creed, sex, or age, and solely on the basis of fitness to perform the duties of their respective positions;

(B) shall not engage in any work other than committee business; and

(C) shall not be assigned any duties other than those pertaining to committee business.

(4) Services of the professional staff members of each standing committee may be terminated by majority vote of the committee.

(5) The foregoing provisions of this paragraph do not apply to the Committee on

Appropriations and to the Committee on the Budget.

(b)(1) The clerical staff of each standing committee shall consist of not more than twelve clerks, to be attached to the office of the chairman, to the ranking minority party member, and to the professional staff, as the committee considers advisable. Subject to subparagraph (2) of this paragraph and paragraph (f) of this clause, the clerical staff shall be appointed by majority vote of the committee, without regard to race, creed, sex, or age. Except as provided by subparagraph (2) of this paragraph, the clerical staff shall handle committee correspondence and stenographic work both for the committee staff and for the chairman and the ranking minority party member on matters related to committee work.

(2) Subject to paragraph (f) of this clause, whenever a majority of the minority party members of a standing committee (except the Committee on Standards of Official Conduct) so request, four persons may be selected, by majority vote of the minority party members, for appointment by the committee to position on the clerical staff from among the number of clerks authorized by subparagraph (1) of this paragraph. The committee shall appoint to those positions any person so selected whose character and qualifications are acceptable to a majority of the committee. If the committee determines that the character and qualifications of any person so selected are unacceptable to the committee, a majority of the minority party members may select other persons for appointment by the committee to the position involved on the clerical staff until such appointment is made. Each clerk appointed under this subparagraph shall handle committee correspondence and stenographic work for the minority party members of the committee and for any members of the professional staff appointed under subparagraph (2) of paragraph (a) of this clause on matters related to committee work.

(3) Services of the clerical staff members of each standing committee may be terminated by majority vote of the committee.

(4) The foregoing provisions of this paragraph do not apply to the Committee on Appropriations and to the Committee on the Budget.

(c) Each employee on the professional staff, and each employee on the clerical staff, of each standing committee, is entitled to pay at a single per annum gross rate, to be fixed by the chairman, which does not exceed the highest rate of basic pay, as in effect from time to time, of level V of the Executive Schedule in section 5316 of title 5, United States Code, except that two professional staff members of each standing committee shall be entitled to pay at a single per annum gross rate to be fixed by the chairman, which does not exceed the highest rate of basic pay, as in effect from time to time, of level IV of the Executive Schedule in section 5315 of title 5, United States Code.

(d) Subject to appropriations hereby authorized, the Committee on Appropriations and the Committee on the Budget may appoint such staff, in addition to the clerk thereof and assistants for the minority, as it determines by majority vote to be necessary, such personnel, other than minority assistants, to possess such qualifications as the committee may prescribe.

(e) No committee shall appoint to its staff any experts or other personnel detailed or assigned from any department or agency of the Government, except with the written permission of the Committee on House Administration.

(f) If a request for the appointment of a minority professional staff member under paragraph (a), or a minority clerical staff member under paragraph (b), is made when no vacancy exists to which that appointment may be made, the committee nevertheless shall appoint, under paragraph (a) or paragraph (b), as applicable, the person selected by the minority and acceptable to the committee. The person so appointed shall serve as an additional member of the professional staff or the clerical staff, as the case may be, of the committee, and shall be paid from the contingent fund, until such a vacancy (other than a vacancy in the position of head of the professional staff, by whatever title designated) occurs, at which time that person shall be deemed to have been appointed to that vacancy. If such vacancy occurs on the professional staff when seven or more persons have been so appointed who are eligible to fill that vacancy, a majority of the minority party members shall designate which of those persons shall fill that vacancy.

(g) Each staff member appointed pursuant to a request by minority party members under paragraph (a) or (b) of this clause, and each staff member appointed to assist minority party members of a committee pursuant to an expense resolution described in paragraph (a) or (b) of clause 5, shall be accorded equitable treatment with respect to the fixing of his or her rate of pay, the assignment to him or her of work facilities, and the accessibility to him or her of committee records.

(h) Paragraphs (a) and (b) of this clause shall not be construed to authorize the appointment of additional professional or clerical staff members of a committee pursuant to a request under either of such paragraphs by the minority party members of that committee if six or more professional staff members or four or more clerical staff members, provided for in paragraph (a)(1) or paragraph (b)(1) of this clause, as the case may be, who are satisfactory to a majority of the minority party members, are otherwise assigned to assist the minority party members.

(i) Notwithstanding paragraphs (a)(2) and (b)(2), a committee may employ nonpartisan staff, in lieu of or in addition to committee staff designated exclusively for the majority or minority party, upon an affirmative vote of a majority of the members of the majority party and a majority of the members of the minority party.

Rule XIII. Calendars and reports of committees

1. There shall be three calendars to which all business reported from committees shall be referred, viz:

First. A Calendar of the Committee of the Whole House on the State of the Union, to which shall be referred bills raising revenues, general appropriation bills, and bills of a public character directly or indirectly appropriating money or property.

Second. A House Calendar, to which shall be referred all bills of a public character not raising revenue nor directly or indirectly appropriating money or property.

Third. A Calendar of the Committee of the Whole House, to which shall be referred all bills of a private character.

2. All reports of committees, except as provided in clause 4(a) of Rule XI, together with the views of the minority, shall be delivered to the Clerk for printing and reference to the proper calendar under the direction of the Speaker, in accordance with the foregoing clause, and the titles or subject thereof shall be entered on the Journal and printed in the Record: *Provided*, That bills reported adversely shall be laid on the table, unless the committee reporting a bill, at the time, or any Member within three days thereafter, shall request its reference to the calendar, when it shall be referred, as provided in clause 1 of the rule.

3. Whenever a committee reports a bill or a joint resolution repealing or amending any statute or part thereof it shall include in its report or in an accompanying document—

(1) The text of the statute or part thereof which is proposed to be repealed; and

(2) A comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italic, parallel columns, other appropriate typographical devices the omissions and insertions proposed to be made: *Provided, however*, That if a committee reports such a bill or joint resolution with amendments or an amendment in the nature of a substitute for the entire bill, such report shall include a comparative print showing any changes in existing law proposed by the amendment or substitute instead of as in the bill as introduced.

4. After a bill has been favorably reported and shall be upon either the House or Union Calendar any Member may file with the Clerk a notice that he desires such bill placed upon a special calendar to be known as the "Consent Calendar". On the first and third Mondays of each month immediately after the reading of the Journal, the Speaker shall direct the Clerk to call the bills in numerical order, which have been for three legislative days upon the "Consent Calendar". Should objection be made to the consideration of any bill so called it shall be carried over on the calendar without prejudice to the next day when the "Consent Calendar" is again called, and if objected to by three or more Members it shall immediately be stricken from the calendar, and shall not thereafter during the same session of that Congress be placed again thereon: *Provided*, That no bill shall be called twice on the same legislative day.

5. There shall also be a Calendar of Motions to Discharge Committees, as provided in clause 4 of Rule XXVII.

6. Calendars shall be printed daily.

7. (a) The report accompanying each bill or joint resolution of a public character reported by any committee shall contain—

(1) an estimate, made by such committee, of the costs which would be incurred in carrying out such bill or joint resolution in the fiscal year in which it is reported, and in each of the five fiscal years following such fiscal year (or for the authorized duration of any program authorized by such bill or joint resolution, if less than five years), except that, in the case of measures affecting the revenues, such reports shall require only an estimate of the gain or loss in revenues for a one-year period; and

(2) a comparison of the estimate of costs described in subparagraph (1) of this paragraph made by such committee with any estimate of such costs made by any Government agency and submitted to such committee.

(b) It shall not be in order to consider any such bill or joint resolution in the House if the report of the committee which reported

that bill or joint resolution does not comply with paragraph (a) of this clause.

(c) For the purposes of subparagraph (2) of paragraph (a) of this clause, a Government agency includes any department, agency, establishment, wholly owned Government corporation, or instrumentality of the Federal Government or the government of the District of Columbia.

(d) The preceding provisions of this clause do not apply to the Committee on Appropriations, the Committee on House Administration, the Committee on Rules, and the Committee on Standards of Official Conduct, and do not apply where a cost estimate and comparison prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act of 1974 has been timely submitted prior to the filing of the report and included in the report pursuant to clause 2(l)(3)(C) of Rule XI.

Rule XIX. Of amendments

When a motion or proposition is under consideration a motion to amend and a motion to amend that amendment shall be in order, and it shall also be in order to offer a further amendment by way of substitute, to which one amendment may be offered, but which shall not be voted on until the original matter is perfected, but either may be withdrawn before amendment or decision is had thereon. Amendments to the title of a bill or resolution shall not be in order until after its passage, and shall be decided without debate.

PART III—SELECTED DEMOCRATIC CAUCUS RULES

The organization of the Committee on Ways and Means is controlled by House rules and by directions contained in the House Democratic Caucus Manual applicable to the 97th Congress. For information purposes only, *excerpts* thereof are set forth in this part.

M I. Standing committee memberships

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E. *Rules for Making Committee Assignments.* For the purposes of this section the following committee designations shall apply:

(1) Appropriations; Ways and Means; and Rules Committee shall be "exclusive" committees.

* * * * *

(3) * * *

(a) No Democratic Member of an exclusive committee shall also serve on another exclusive, major, or non-major committee.

* * * * *

(f) Members of the Budget Committee as of December 1, 1974, shall not be deemed to be in violation of the provisions of this clause by reason of their Budget Committee membership and Members of the Appropriations and Ways and Means Committees shall be eligible for membership on the Budget Committee as provided by law, notwithstanding the provisions of subsection (a). Any Member of the Budget Committee shall be entitled to take a leave of absence from service on any Committee or subcommittee during the period he or she serves on the Budget Committee and seniority rights of such Member on such Committee and on each subcommittee to which such Member was assigned at the time shall be fully protected as if such Member had continued to so serve during the period of the leave of absence. Any Member on such leave of absence shall not be deemed to be in violation of the provisions of this clause by reason of their membership on the Committee from which they are on a leave of absence.

M II. Standing full committee and subcommittee chairmanships

A. (1) The chairman of a full committee shall not be the chairman of more than one subcommittee on such full committee.

(2) The chairman of a full committee having jurisdiction shall not be the chairman of a legislative subcommittee of any other such full committee except:

(a) that this provision shall not apply to prevent a person who held a committee chairmanship and a subcommittee chairmanship during the 94th Congress from continuing to hold the same positions, and

(b) that, in any case involving only the chairmanship of nonmajor committees and their subcommittees, this provision shall not become applicable until immediately after the initial committee organization of the 95th Congress and shall not thereafter affect any person who at such time holds committee and subcommittee chairmanships solely on nonmajor committees.

(3) The chairmen of full committees shall, insofar as practicable, permit subcommittee chairman to handle on the floor legislation from their respective subcommittees.

B. No Member shall be chairman of more than one subcommittee of a committee with legislative jurisdiction. A subcommittee chairman shall be entitled to select and designate at least one staff member for said subcommittee, subject to the approval of a majority of the Democratic Members of said full committee. Said staff member shall be compensated at a salary commensurate with the responsibilities prescribed by said subcommittee chairman. The staff members' compensation shall be provided out of appropriated amounts, if any, rather than statutory amounts allowed each committee.

* * * * *

E. The chairman of a full committee shall not serve simultaneously as the chairman of any other full, select, permanent select, special, ad hoc, or joint committee, unless the Democratic Caucus grants an exemption in the case of an ad hoc committee; *Provided, however,* The chairman of the Ways and Means Committee may also serve as chairman of the Joint Committee on Taxation and the chairman of the Committee on House Administration may also serve as chairman of the Joint Printing Committee and the Joint Committee on the Library; *Provided, further,* This provision shall not apply to prevent a person who held simultaneous chairmanships during the 95th Congress from continuing to hold the same positions.

F. Members of the Budget Committee shall be eligible for subcommittee chairmanships on such committee without regard to the first sentence of section B.

G. A vacancy in a committee chairmanship shall be filled within 30 calendar days from the date on which the vacancy occurs in accord with the steps for selecting committee chairmen outlined in section M I. D. The nominee of the Caucus for the vacancy will be submitted to the House of Representatives at the earliest practicable date thereafter.

M III. Committee and subcommittee organization and procedure

A. At the start of each Congress, the chairman of each standing committee or other committee with legislative jurisdiction shall call a meeting of all of the Democratic Members of the committee, giving at least 3 days notice to all Democratic Members of the committee. Said meeting shall be called subsequent to the House Democratic Caucus approval of the committee lists but prior to any organizational meeting of the full committee. Such Caucus shall fill the positions of subcommittee chairmen and subcommittee members in accordance with the procedures described in section M V. A and M V. B and shall approve and secure adoption of committee rules incorporating the following principles:

(1) *Jurisdiction, number, and size of subcommittees.* Prior to the start of the bidding process for subcommittee chairmanships and assignments, the Democratic Caucus of each committee shall establish the number of subcommittees, shall fix the jurisdiction of each subcommittee, and shall determine the size of each subcommittee, *provided, however,* that if the Democratic Caucus determines to change the size of any subcommittee after the start of the bidding process, it may do so, but in that event, all previous action on the bidding process shall be expunged and the bidding process shall start anew. *Provided, further,* That a standing committee shall have no more than eight subcommittees or the number of subcommittees it had on January 1, 1981, whichever is fewer, except:

(a) the Committee on Appropriations is limited to no more than the number of subcommittees it had on January 1, 1981;

(b) exclusive committees with fewer than six subcommittees may increase the number of subcommittees they have up to six;

(c) committees with more than thirty-five members (including delegates) which have fewer than six subcommittees may increase the number of subcommittees they have to six; and, upon granting of a waiver of this limitation by the Steering and Policy Committee, such committees having thirty-five or more members (including delegates) and six or fewer subcommittees may increase the number of subcommittees they have to seven. Waivers of this rule by the Steering and Policy Committee shall not be granted under any other circumstance.

The term "subcommittee" in this paragraph and elsewhere in this Manual shall include any panel, task force, special subcommittees, or any other subunit of a standing Committee which is established for a period of longer than six months.

(2) *Powers and duties of subcommittees.* Each subcommittee is authorized to meet, hold hearings, receive evidence and report to the committee on all matters referred to it. Subcommittee chairmen shall set meeting dates after consultation with the chairman and other subcommittee chairmen with a view toward avoiding simultaneous scheduling of committee and subcommittee meetings or hearings wherever possible.

(3) *Reference of legislation and other matters.* All legislation and other matters referred to a committee shall be referred to all subcommittees of appropriate jurisdiction within 2 weeks unless, by majority vote of the Democratic Members of the full committee, consideration is to be by the full committee.

(4) *Party ratios.* The Democratic Caucus of each committee shall determine an ap-

propriate ratio of Democratic to minority party members for each subcommittee and shall authorize a Member or Members to negotiate that ratio with the minority party; *Provided, however,* That party representation on each subcommittee, including any ex-officio members, shall be no less favorable to the Democratic Party than the ratio for the full committee. *Provided, further,* That Democratic Party representation on conference committees also shall be no less favorable to the Democratic Party than the ratio for the full House committee.

(5) *Subcommittee budget and staffing.* Subject to overall control of a majority of the Democratic Caucus on the committee, each subcommittee shall have an adequate budget to discharge its responsibilities for legislation and oversight. All subcommittee staff shall be selected in the manner provided in M II. B of this Manual.

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M V. Rules for making subcommittee assignments

A. *Subcommittee Chairmen.* Except for the Appropriations Committee, the Democratic Members of any standing committee shall have the right, at the Democratic Caucus described in Section M III. A, to bid, in order of full committee seniority, for subcommittee chairmanships on that committee. The Democratic Caucus on the Appropriations Committee, in its discretion, may use seniority on the subcommittee concerned, as determined by the order in which Members elect to go on the subcommittee, as the criterion for determining subcommittee chairmanships. Any request for a subcommittee chairmanship shall be subject to approval by a majority of those present and voting by secret ballot in the Democratic Caucus on the committee. If the committee Caucus rejects a subcommittee chairmanship bid, the next senior Democratic Member may bid for the position as in the first instance. *Provided, however,* That the full Democratic Caucus also shall vote on each Member nominated to serve as chairman of an Appropriations subcommittee following the same procedure set forth in Caucus Rules for the election of standing committee chairmen. *Provided, further,* That the full Democratic Caucus also shall vote on each Member selected by the Democratic Caucus of a committee to serve as chairman of any subcommittee who, within the two years of the preceding Congress, has been convicted of a felony or has been censured by the House. The debate and vote of the full Democratic Caucus shall be in accordance with the procedures set forth in the Caucus Rules for the election of standing committee chairmen. If the full Democratic Caucus disapproves of the selection of such Member as subcommittee chairman, a new subcommittee chairman shall be selected in accordance with procedures established in this Rule.

B. (1) *Subcommittee Membership.* With the exception of subcommittees of the Appropriations Committee, no Member elected as a subcommittee chairman shall choose a second subcommittee position before Members who served in the preceding Congress and newly elected Members, in order of their rank on the full committee, have selected one subcommittee assignment. All Democratic subcommittee positions on House standing committees shall be filled at the Democratic Committee Caucus described in section M III. A according to these four steps:

(a) Step One—Members who served on that committee in the preceding Congress who are not subcommittee chairmen shall have the option during the first round of bidding, in order of their rank on the full committee, either to retain one subcommittee assignment held on that committee in the preceding Congress (or in the case where the Democratic Caucus of the committee has determined to split a subcommittee into two subcommittees, to select assignments on both of said subcommittees) or to pass and forego their right to retain any committee position held in the preceding Congress. Members of the Appropriations Committee who served on that Committee in the preceding Congress shall be entitled to retain not more than two subcommittee assignments held on that committee in the preceding Congress.

(b) Step Two—Members who passed in Step One shall be entitled, in order of their rank on the full committee, to select a new subcommittee assignment, to the extent that subcommittee size permits. Appropriations Committee Members who retain no subcommittee assignments and new committee members shall be entitled, in order of their rank on the full committee, to select one subcommittee position each.

(c) Step Three—New committee Members shall be entitled to choose any one subcommittee assignment to the extent that subcommittee size permits. Members of the Appropriations Committee who have only one subcommittee assignment shall be entitled, in order of their rank on the full committee, to select a second subcommittee assignment, to the extent that subcommittee sizes permits.

(d) Step Four—Members shall be entitled to select additional subcommittee assignments during further rounds of selection in order of Members' rank on the full committee until remaining subcommittee vacancies are filled.

(2) *Subcommittee Assignment Limitation.* No Member shall serve on more than five subcommittees. For purposes of this paragraph, subcommittees of standing committees only shall count towards the five subcommittee assignment limitation.

(3) (a) *Vacancies and New Subcommittees.* The bidding procedure for subcommittee chairmanships described in section MV. A and the steps for selecting subcommittee membership in section MV. B shall apply to chairmanship and membership vacancies on subcommittees and to chairmanship and membership on special subcommittees or subunits, exclusive to the committee and with legislative jurisdiction, that may be created during a Congress.

* * * * *

M IX. Closed rule restriction

A. It shall be the policy of the Democratic Caucus that no committee chairman or designee shall seek, and the Democratic Members of the Rules Committee shall not support, any rule or order prohibiting any germane amendment to any bill reported from committee until four (4) legislative days have elapsed following notice in the Congressional Record of an intention to do so.

B. If, within the four (4) legislative days following said notice in the Congressional Record, 50 or more Democratic Members give written notice to the chairman of the committee seeking the rule and to the chairman of the Rules Committee that they wish to offer a particular germane amendment, the chairman or designee shall not seek and the Democratic Members of the Rules Committee shall not support, any rule or order relating to the bill or resolution involved until the Democratic Caucus has met and decided whether the proposed amendment should be allowed to be considered in the House.

C. If 50 or more Democratic Members give notice as provided in subsection B above, then, notwithstanding the provisions of Caucus Rule R 5, the Caucus shall meet for such purpose within three (3) legislative days following a request for such a Caucus to the Speaker and the chairman of the Democratic Caucus by said committee chairman or designee.

D. *Provided, further,* That notices referred to above also shall be submitted to the Speaker, the Majority Leader, and the chairman of the Democratic Caucus.

E. To the fullest extent practicable, floor managers for the Committee on Rules (in the case of resolutions relating to the order of business which are both open and noncontroversial) shall limit debate thereon to 10 minutes. And, at least 30 days prior to the organizational meeting of the Democratic Caucus of the 97th Congress, the Committee shall submit to the Speaker a full and detailed report on time usage on rules together with a discussion of any actions the Committee has taken or proposals be taken to reduce time used on rules.

* * * * *

M XI. Election procedure for Ways and Means and the Appropriations Committee Vacancies

The Democratic Caucus shall elect Democratic Members to fill vacancies on the Ways and Means Committee and the Appropriations Committee in accord with the following procedure:

(1) *Nominations.* The Democratic Committee on Committees shall nominate one Member for each Democratic vacancy to be filled on the Ways and Means Committee and the Appropriations Committee and shall distribute the name(s) of such nominee(s) to all Members of the Democratic Caucus at least 4 days prior to the election meeting. Members shall then have 2 days to nominate additional candidates by written notice signed by 5 Democratic Members other than the nominee. Written nominations must be delivered to the offices of the Caucus chairman and the Caucus secretary not later than noon at the second day immediatley preceding the election meeting, and the Caucus chairman or secretary shall mail a list of all nominees to Members of the Caucus that same day.

(2) *Election Procedure.* Election shall be by ballot which lists all candidates in the order they were nominated, and a majority shall be required to elect; *Provided, however,* That any ballot which contains votes for more or fewer candidates than there are vacancies to be filled shall not be counted.

(3) *Previous Members.* The nomination of any Member who served on the committee in the preceding Congress shall be reported by the Committee on Committees for action by the Caucus in the same manner as is provided for nomination of Members to other standing committees.

M XII. Guidelines governing suspensions

A. When scheduling the consideration of bills or resolutions under the suspension of the Rules of the House of Representatives, the Speaker of the House shall observe the following guidelines:

(1) *Requests for scheduling.* Any Committee Chairman requesting that a bill or resolution be brought up under the suspension of the Rules of the House must make this request in writing and include any cost estimate provided to the committee by any of the following:

(a) the committee considering said bill or resolution;

(b) the Congressional Budget Office;

(c) the relevant executive department, agency, or instrumentality having jurisdiction in the matter, or

(d) any other department, agency, or instrumentality of the government,

in every case where such an estimate indicates that the bill or resolution in question may make or authorize appropriations in excess of $100,000,000 for any fiscal year.

(2) *Scheduling.* The Speaker of the House of Representatives shall not schedule any bill or resolution for consideration under the suspension of the Rules of the House of Representatives in any case where a request made under clause 1 of this Rule contains a cost estimate in excess of $100,000,000 in any fiscal year.

(3) *Exception.* In any case where the Speaker of the House requests the Democratic Steering and Policy Committee of the Democratic Caucus to review a request to schedule for consideration under suspension of the Rules of the House an individual bill or resolution which may make or authorize appropriations in excess of $100,000,000 (as established under clause 1 of this Rule) in any fiscal year and the Democratic Steering and Policy Committee authorizes the Speaker to schedule said bill or resolution for consideration under the suspension of the Rules of the House, clause 2 of this Rule shall not apply to such bill or resolution.

(4) *Scheduling of exceptions.* In any case in which the Democratic Steering and Policy Committee of the Democratic Caucus authorizes the Speaker of the House to schedule a bill or resolution for consideration under the suspension of the Rules to the House as provided in clause 3 of this Rule, such bill or resolution shall not be scheduled under the suspension of the Rules before the fourth calendar day (excluding Saturdays, Sundays, and legal holidays) following the day on which the Democratic Steering and Policy Committee authorized such action.

(5) *Advance notice of suspensions.* In scheduling any bill or resolution for consideration under the suspension of the Rules of the House, the Speaker of the House shall provide notice to all Members of the House of Representatives by at least three calendar days (excluding Saturdays, Sundays and legal holidays, but including the day on which such bill or resolution is considered under the suspension of the Rules of the House) that said bill or resolution has been scheduled for consideration under the suspension of the Rules of the House.

(6) *Analyses of suspensions.* The Speaker of the House of Representatives shall provide sufficient time for Members of the House to receive copies of the Whip Advisory regarding any bill or resolution for consideration under the suspension of the Rules of the House, or a comparable analysis of such bill or resolution. In no case shall such time be less than two calendar days (excluding Saturdays, Sundays and legal holidays, but including the day on which such bill or resolution is considered under suspension).

(7) *Emergency provision.* Clauses (1) through (6) of this Rule shall not apply to—

(a) any measure for the declaration of war, or extreme emergency, or

(b) any measure directly related to any executive decision, determination, or action which would become or continue to be, effective unless disapproved or otherwise invalidated by one or both Houses of Congress.

(8) *End of session.* Clauses (1) through (6) of this Rule shall not apply in any session after the adoption by the House of Representatives near the end of that session of a resolution waiving certain Rules of the House for the consideration of legislation for the remainder of that session.●

NEW WORLD INFORMATION ORDER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. SHAMANSKY) is recognized for 5 minutes.

● Mr. SHAMANSKY. Mr. Speaker, early this year I introduced in conjunction with Congresswoman MILLICENT FENWICK, House Resolution 142, which condemned the United Nations Educational, Scientific, and Cultural Organization (UNESCO) efforts to develop a so-called new world information order which potentially contained dangerous efforts directed toward controlling the free flow of news. Our resolution was favorably reported by the full Foreign Affairs Committee and was approved as an amendment to the State Department authorization bill. Unfortunately, the State Department bill failed to pass the House, and we are now in the position of having no official position of this body on this vital issue.

I raise this issue because yesterday Dragoljub Najman, Assistant Director General for UNESCO, stated that the organization intended to move forward in its efforts to establish the so-called new world information order. Speaking at the United Press International's Edicon Conference, Mr. Najman denied that the plan was aimed at restricting press freedom. Unfortunately, the past history of UNESCO on this issue provides little comfort to those concerned about press freedom. In the past UNESCO has all too often been subject to political forces that do not accept basic democratic principles. Some proponents of the new world information order advocated Government control of information for the "public good" rather than the principle of press freedom unhindered by Government control.

Mr. Speaker, I hope that in the near future we will be able to get a vote on House Resolution 142, so that we will be able to send the clear and unmistakable message from this body to those considered advancing the so-called new world information order.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri (Mr. CLAY) is recognized for 5 minutes.

● Mr. CLAY. Mr. Speaker, yesterday I erred when I cast my vote on rollcall No. 245, on the issue of an amendment to H.R. 4560, the Departments of Labor, Health and Human Services, and related agencies appropriations bill for 1982. For the record, I wish it to be known that I am opposed to the reduced appropriations level established by the amendment under consideration in rollcall No. 245, and my vote should have been cast with the "nays."●

VOTING RIGHTS ACT EXTENSION OF 1981, H.R. 3112

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. PEPPER) is recognized for 5 minutes.

● Mr. PEPPER. Mr. Speaker, unfortunately I was not able to be present for votes on three amendments to the Voting Rights Act bill. If present I would have voted:

"No" on rollcall No. 237;

"No" on rollcall No. 238; and

"No" on rollcall No. 239.

Rollcall No. 237 sought to eliminate consent decrees, settlements or agreements as bars to bailouts.

Rollcall No. 238 sought to permit bailout cases to be heard in an appropriate Federal district court in the jurisdiction seeking bailout rather than in the district court in the District of Columbia.

Rollcall No. 239 sought to permit a State to petition for bailout if two-thirds of the State's political subdivisions have obtained such a declaratory judgment and if the State has made reasonable efforts to assure the compliance of its political subdivisions with the Voting Rights Act.●

THE RENEGOTIATION ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. MINISH) is recognized for 5 minutes.

● Mr. MINISH. Mr. Speaker, today, I am introducing legislation which will reactivate a statute called the Renegotiation Act. This act puts an independent check on the profits made by contractors who deal with the Department of Defense and other defense-related agencies. I believe this legislation can save millions of dollars per year on our defense expenditures without reducing defense programs in the slightest. In my statement today, I hope to give Members a general understanding of what is involved in the Renegotiation Act.

WHAT IS RENEGOTIATION?

From 1944 to 1979, there was a small Federal agency called the Renegotiation Board. It was charged with re-

viewing the profits of defense contractors to make sure that those companies did not make excessively high profits on contracts which related to the national security of our country. Any contractor who did a substantial amount of business with the Federal Government was required to submit his costs and profits to examination by the Renegotiation Board. In determining whether a contractor had made excessive profits, the Board looked at his overall business and considered factors such as his efficiency, the reasonableness of his cost and profits especially in comparison to normal earnings in his industry—the contractor's profits as a percentage of his total sales and as a percentage of his net worth, the risk involved in producing his particular product, and other factors. If the Renegotiation Board uncovered excessive profits, it was authorized to require a contractor to return profits in excess of reasonable ones to the U.S. Treasury. Not surprisingly, the Renegotiation Board was extremely unpopular with the defense industry and consequently with the Pentagon.

In 1979, supporters of the defense industry in Congress succeeded in cutting out the Renegotiation Board's appropriation. As a result, the Renegotiation Act is still on the books but no one today examines defense contracts with an eye toward preventing contractors from making excessively high profits. My legislation will update and reauthorize the Renegotiation Act.

WHY DO WE NEED RENEGOTIATION?

As everyone knows, we have authorized huge increases in military spending. At this point, the numbers seem somewhat flexible but clearly we are going to spend somewhere between $1.3 and $1.5 trillion on defense in the next 5 years. In 1980, we spent over $70 billion on military procurement alone. Our procurement expenditures will surely go over $100 billion next year.

We are spending all this money in an industry which is almost completely devoid of competition. In 1980, 64.3 percent of all our military procurement money went to sole sources. Only 7.9 percent of it was awarded after formal advertisement for bids. Last year was not unusual. We have awarded well over half of all defense contracting dollars to sole sources since the 1950's. The result of this noncompetitive situation is that many defense contractors can name their prices and tell the Government to "take it or leave it," but surprisingly, many of these contractors are making profits that are excessively high by any reasonable standards. It is true that if we had real competition in the defense industry, we would not have to worry about unreasonably high profits. In reality, though, many large defense contractors face little competition and minimal risk. All the Renegotiation Board would do would be to look at contractors' profits after they have been made and ask whether the Government is getting a fair deal. This does not seem at all unreasonable to me.

HOW MUCH WILL RENEGOTIATION COST?

There have been all sorts of estimates of the cost of renegotiation. During the debate over proposals to continue renegotiation, the defense industry came up with estimates of paperwork costs ranging from $40 million to $200 million per year. These estimates were not worth the paper they were written on. When the GAO studied this issue in 1977, it found that contractors who had made public estimates of their costs of compliance with the Renegotiation Act were unable to back up those estimates with specific figures. The GAO said that "The contractors' accounting systems were not designed to identify and segregate such data." However, if you look at the information that the Renegotiation Act requires contractors to submit, you find that it is simply data on costs and profits, broken down between government and nongovernment business and among product lines. This is information that any reasonable businessman would have on hand anyway.

The only fact about cost that we know for sure is that the Renegotiation Board itself cost the Government about $6 million a year at its peak, while it returned a lot more than that to the Treasury. From 1953 to 1979, the Board found excessive profits of $1.4 billion and returned $500 million to the Treasury.

One benefit of the Renegotiation Board which is clearly substantial, but impossible to quantify, is the Board's deterrent effect on profiteering. Contractors who knew they would be subject to scrutiny often voluntarily reduced their profits rather than come into conflict with the Renegotiation Act. Some deterrent to price gouging would be welcome in today's grab-what-you-can contracting environment.

DO PRESENT SAFEGUARDS IN THE PROCUREMENT PROCESS PREVENT EXCESSIVE PROFITS?

The answer is "No," and the GAO, in recent testimony before the House Armed Services Subcommittee on Procurement, explained the reasons as well as anyone:

Existing legislation does not protect the Government against unreasonable profits. The Truth in Negotiation Act was designed to place both parties to certain noncompetitive Government contracts in a position of equality at the bargaining table with regard to the cost and pricing data available to the contractor. The Act functions as a limitation on profits only to the extent that it provides the Government with recourse if a contract price is increased due to a contractor's failure to provide accurate, current, and complete cost or pricing data as required by the Act.

Cost accounting standards and regulations promulgated by the Cost Accounting Standards Board are designed to achieve uniformity and consistency in cost accounting under certain negotiated defense contracts. Although the board is no longer in existence, defense contractors and subcontractors are still required to disclose their cost accounting practices and to follow cost accounting standards in estimating, accumulating, or reporting costs on covered contracts.

Both of these provisions represent major improvements in the contracting process which were unavailable at the time of enactment of either the Renegotiation Act or the Vinson-Trammell Act. We support these efforts and their continuing improvement. However, they do not provide any means of controlling profits when a vendor is not in a price competitive environment and seeks to exploit its position.

I might add that the same contractors who opposed renegotiation also fought tooth and nail against all the procurement safeguards that they now cite as reasons for not having renegotiation.

WILL RENEGOTIATION HURT SMALL BUSINESS?

No. In fact, the legislation which I am proposing today will probably help small businessmen by focusing profit-limiting efforts where they belong: on the large defense contractors. Two-thirds of our defense business goes to the top 100 companies in the industry. About 20 percent of it usually goes to the top five. My bill would exempt from coverage by the Renegotiation Act any contractor who does less than $5 million per year in defense business. This would probably exempt about 50 percent of the contractors who were covered by renegotiation in its previous life. It will certainly exempt thousands of small subcontractors. I think this is particularly important because we have to expand our industrial base of smaller subcontractors. Most of the prime contractors are too heavily dependent on the Pentagon to ever leave the defense business and, in any case, they do rather well in terms of overall profitability on their investment. The smaller subcontractors, who are in a much more competitive environment deserve a break, and my bill gives it to them.

In conclusion, I think that it is absolutely essential that we have some watchdog agency to make sure that we are getting the best bargain for our money on defense items. In taking this position, I am not being antimilitary or "soft" on defense. I have been in Congress for 19 years and have always voted for legislation which insures a strong defense. I am not afraid to spend money to protect our country. However, I think it is a crime to throw that money away. In truth, the people who are really soft on defense are the ones who vote to permit waste in our defense budget. If defense contractors pocket excessively high profits for their work, it is waste, and it is waste on a $1 billion scale. The American

people who will get less defense for their money are the ones who will suffer. It should not happen. I hope you will join me in supporting this legislation.

H.R. 4719

A bill to revise and reinstate the Renegotiation Act of 1951

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Renegotiation Act Amendments of 1981".

CONTRACTS SUBJECT TO RENEGOTIATION

SEC. 2. Section 102 of the Renegotiation Act of 1951 (50 U.S.C. App. 1212) is amended by adding at the end thereof the following:

"(f) CERTAIN AMOUNTS RECEIVED AFTER OCTOBER 1, 1976.—Notwithstanding the provisions of subsection (a), the provisions of this title shall not apply to contracts with Departments, or related subcontracts, to the extent of the amounts received or accrued by a contractor or subcontractor during the period beginning on October 1, 1976, and ending on the date of the enactment of this subsection.".

TERMINATION DATE

SEC. 3. The last sentence of section 102(c)(1) of the Renegotiation Act of 1951 (50 U.S.C. App. 1212(c)(1)) is amended to read as follows: "For purposes of this title, the term 'termination date' means September 30, 1986.".

METHOD OF RENEGOTIATION

SEC. 4. Section 105(a) of the Renegotiation Act of 1951 (50 U.S.C. App. 1215(a)) is amended by inserting after the sixth sentence thereof the following: "The Board shall renegotiate all contracts and subcontracts by division and by major product line within a division of the contractor or subcontractor.".

MINIMUM AMOUNT SUBJECT TO RENEGOTIATION

SEC. 5. Section 105(f) of the Renegotiation Act of 1951 (50 U.S.C. App. 1215(f)) is amended—

(1) in paragraph (1), by inserting ", or $5,000,000 in the case of a fiscal year ending after the date of the enactment of the Renegotiation Act Amendments of 1981" after "June 30, 1956" each place it appears therein;

(2) in the second sentence of paragraph (3), by inserting "the $5,000,000 amount," after "the $1,000,000 amount,"; and

(3) in the last sentence of paragraph (3), by striking out "$1,000,000" each place it appears therein and inserting in lieu thereof "$5,000,000".

EFFECTIVE DATE

SEC. 6. The amendments made by this Act shall take effect on the date of the enactment of this Act.

SECTION-BY-SECTION ANALYSIS—RENEGOTIATION ACT AMENDMENTS OF 1981

Section 1. This section provides that the Act may be cited as the "Renegotiation Act Amendments of 1981".

Section 2. This section provides that the Renegotiation Act will not apply to contracts for the period beginning on October 1, 1976 and ending on the date of enactment.

Section 3. This section reauthorizes the Renegotiation Act by providing for termination date of September 30, 1986.

Section 4. This section provides that renegotiation will be conducted by division and by major product lines within a division, rather than by analyzing the total aggregate renegotiable sales of a contractor in a fiscal year.

Section 5. This section exempts from coverage by the Renegotiation Act, all contractors with aggregate fiscal year renegotiable sales under $5 million. The present law contains a $1 million dollar minimum filing floor.

Section 6. This section provides that the amendments made by this legislation will take effect on the date of enactment.●

RESCHEDULING POLAND'S DEBT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. ZABLOCKI) is recognized for 5 minutes.

● Mr. ZABLOCKI. Mr. Speaker, on August 27, 1981, the U.S. Government reached agreement with the Government of Poland to reschedule that country's debt to official U.S. Government agencies. The agreement covers some $380 million that would be due during 1981.

This action on the part of the U.S. Government is an important step in assisting Poland to deal with its economic problems. The executive branch is to be commended for agreeing to the rescheduling.

For the information of the Members, a copy of the agreement and the accompanying letter from the Department of State follows:

DEPARTMENT OF STATE,
Washington, D.C., September 18, 1981.

Hon. CLEMENT J. ZABLOCKI,
Chairman, Committee on Foreign Affairs, House of Representatives.

DEAR MR. CHAIRMAN: Pursuant to Section 603(a)(2) of the International Development and Food Assistance Act of 1978, (P.L. 95-424), I am transmitting to you on behalf of the Secretary of State the enclosed bilateral agreement (Tab 1) on debt rescheduling with Poland. The agreement was signed in Warsaw on August 27 and will go into effect when we notify the Government of Poland that we have complied with domestic laws and regulations covering debt rescheduling.

Our letters of April 8 and May 28 provide additional background to the agreement.

The rescheduling of Poland's debt service which was in arrears as of May 1, 1981 and which falls due between May 1, 1981, and December 31, 1981 arises from multilateral negotiations which took place in Paris on April 9-10 and April 27-28. This bilateral agreement reflects the understandings reached between Poland and its official creditors at that time, which were outlined in our letter dated May 28.

In implementing the provisions of this U.S.-Poland bilateral agreement, the United States will reschedule approximately $380.9 million of principal and interest due and unpaid as of May 1, 1981, and falling due between May 1, 1981 and December 31, 1981. The USG creditor agencies are the Export-Import Bank, the Agency for International Development, and the Department of Agriculture. The weighted average interest rate applicable to the rescheduled debt is 15.3 percent. The debt will be repaid in eight consecutive, semi-annual installments beginning on January 1, 1986.

The impact of this rescheduling on the U.S. budget during FY 1981 and FY 1982 is shown in Table 1, attached. It should be noted that all increases in net U.S. outlays incurred during these fiscal years will be compensated in full, plus additional interest, in subsequent years.

The agreement reflects the prevailing view of participating creditors that a rescheduling of Poland's debts is essential to ensure the repayment of outstanding credits. U.S. participation via this agreement protects our interest in assuring equitable burdensharing among creditors and in maintaining efficient international procedures for treatment of debt cases.

Sincerely,

RICHARD FAIRBANKS,
Assistant Secretary for Congressional Relations.

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE POLISH PEOPLE'S REPUBLIC REGARDING THE CONSOLIDATION AND RESCHEDULING OF CERTAIN DEBTS OWED TO, GUARANTEED BY, OR ASSURED BY THE UNITED STATES GOVERNMENT AND ITS AGENCIES

The United States of America (the "United States") and the Polish People's Republic ("Poland") agree as follows:

ARTICLE I—APPLICATION OF THE AGREEMENT

1. In accordance with the recommendations contained in the Agreed Minute on Poland's Debt, signed in Paris on April 27, 1981, among representatives of certain nations, including the United States, and agreed to by the representative of Poland, the United States and Poland hereby agree to consolidate and reschedule certain Polish debts which are owed to, guaranteed by or assured by the United States or its Agencies, as provided for in this Agreement.

2. This Agreement shall be implemented by three separate agreements (the "Implementing Agreements"), between Bank Handlowy on the Polish side and each of the following United States Agencies: the Agency for International Development, the Commodity Credit Corporation, and the Export-Import Bank of the United States.

ARTICLE II—DEFINITIONS

1. "Contracts" means those loan agreements or other financial arrangements which relate to:

(a) Commercial credits guaranteed by or assured by the United States or its Agencies, which credits had original maturities of more than one year and which were extended pursuant to an agreement concluded before January 1, 1981.

(b) Loans from the United States or its Agencies, which loans had original maturities of more than one year and which were extended pursuant to an agreement concluded before January 1, 1981.

These "Contracts" are listed in Annex A of this Agreement.

2. "Debt" means the sum of the payments of principal, interest and fees covered by the Contracts which: (a) were due and unpaid prior to May 1, 1981; and (b) fall due during the Consolidation Period. It is understood that, for Debt which is guaranteed by or assured by the Commodity Credit Corporation, this Agreement will apply only to that portion of such payments of principal and interest which are covered by the assurance agreement or payment guarantee.

3. "Consolidated Debt" means ninety percent of the dollar amount of the Debt.

"Non-consolidated Debt" means the remaining ten percent of the Debt.

4. "Consolidated Period" means the period from May 1, 1981 through December 31, 1981 inclusive.

5. "Interest" means interest on Debt due and payable in accordance with the terms of this Agreement and on any due and unpaid Interest accruing thereon. Interest shall begin to accrue at the rates set forth in Article III(1)(b) and Article III(2)(b) of this Agreement on the respective due dates specified in each of the Contracts for each scheduled payment of Debt and shall continue to accrue on the outstanding balance of Debt, including any due but unpaid installments of Debt, until such outstanding balances are repaid in full. Interest shall also mean interest at the rates specified in Article III(1)(b) and Article III(2)(b) of this Agreement which shall accrue on due but unpaid installments of Interest, beginning on the respective due dates for such Interest installments, as established by this Agreement, and continuing to accrue until such amounts are repaid in full.

6. "Agency" means: The United States Agency of International Development, the Commodity Credit Corporation, and the Export-Import Bank of the United States.

ARTICLE III—TERMS AND CONDITIONS OF PAYMENT

1. Poland agrees to repay the Consolidated Debt in United States dollars in accordance with the following terms and conditions:

(a) The Consolidated Debt which amounts to approximately $380.9 million shall be repaid in eight equal and consecutive semi-annual installments of approximately $47.6 million plus Interest. Principal payments are payable on each January 1 and July 1, commencing on January 1, 1986, with the final installment payable on July 1, 1989.

(b) The rate of Interest on Consolidated Debt and on any due but unpaid Interest thereon shall be 4.5 percent per calendar year on the outstanding balance of such payments due to the Agency for International Development. For the Commodity Credit Corporation the rate of interest on Consolidated Debt and on any due but unpaid Interest thereon shall be determined on an annual basis and will be based on the appropriate rate which reflects the cost of borrowing by the Corporation. For Interest accruing in calendar year 1981, the annual rate shall be 15.5 percent. For Interest accruing in 1982 and in subsequent years, the Commodity Credit Corporation shall notify Poland of the applicable rate no more than thirty days after the beginning of such year. For the Export-Import Bank of the United States, the rate of Interest on Consolidated Debt and on any due but unpaid interest thereon shall be determined on a semi-annual basis and will be related to the marginal cost of money to the Bank as determined by the Bank prior to the beginning of each six month period. For interest accruing in 1981, the annual rate shall be 13.625 percent per annum. For interest accruing in the first six months of 1982 and in each subsequent six month period, the Export-Import Bank of the United States shall notify Poland of the appropriate rate prior to the beginning of such six month period. All Interest with respect to the Consolidated Debt shall be payable semi-annually on January 1 and July 1 of each year commencing on January 1, 1982.

(c) A table summarizing the amounts of the Consolidated Debt owed to each Agency is attached hereto as Annex B.

2. Poland agrees to pay the Non-consolidated Debt in United States dollars as established by each Agency in its Implementing Agreement. These amounts shall be paid on the dates established in the original repayment schedules.

(a) A table summarizing the amounts of Non-consolidated Debt owed to each Agency is attached hereto as Annex C.

(b) The rate of Interest on due but unpaid installments of Non-consolidated Debt shall be 4.5 percent per calendar year on the outstanding balance of such installments due to the Agency for International Development. For due but unpaid installments of Non-consolidated Debt which is guaranteed or assured by the Commodity Credit Corporation, the rate of Interest shall be the same as the rate of Interest established by the Commodity Credit Corporation under the provisions contained in Article III(1)(b) of this Agreement. The rate of Interest on due but unpaid installments of Non-consolidated Debt due to the Commodity Credit Corporation for direct loans and to the Export-Import Bank of the United States shall be the same as the rates established in the Contracts. Such Interest shall begin to accrue on the respective due dates for installments of Non-consolidated debt and will continue to accrue until such installments are made in full.

3. It is understood that adjustments may be made, as necessary, in the amounts of Consolidated and Non-consolidated Debt by the Implementing Agreements. These Agreements shall include the description of the method of calculation of the Interest rate.

ARTICLE IV—GENERAL PROVISIONS

1. Poland agrees to accord the United States and its Agencies treatment and terms no less favorable than that which may be accorded to any other creditor country or its agencies for the rescheduling or refinancing of debts of comparable term which are covered by the Minute.

2. Poland also agrees to undertake to secure from official and private creditors, including banks, financing or refinancing arrangements comparable to those in this Agreement, making sure to avoid any discrimination between different categories of creditors.

3. Except for modifications made necessary by this Agreement or subsequent Implementing Agreements, all terms of the Contracts remain unchanged.

4. If exceptional circumstances are observed, the United States or Poland may suspend, upon written notice, the operation of this Agreement and related Implementing Agreements. In the event of such suspension, the Contracts will continue in full force and effect and will govern the repayment of Debt and accrued Interest outstanding on the date of suspension and the payment of interest thereon, as provided for in the Implementing Agreements.

ARTICLE V—ENTRY INTO FORCE

This Agreement shall enter into force upon receipt by Poland of written notice from the United States Government that all necessary legal requirements for entry into force of this Agreement have been fulfilled.

Done at Warsaw, Poland, in duplicate, this 27th day of August, 1981.

For the United States of America: FRANCIS J. MEEHAN, *Ambassador.*

For the Polish People's Republic: WITOLD BIEN, *First Deputy Minister of Finance.*

ANNEX A—LOANS SUBJECT TO RESCHEDULING AGENCY FOR INTERNATIONAL DEVELOPMENT

(Loan Numbers: 180-B001 (SPF-1), 180-B-002 (SPF-2), 180-B-003 (SPF-3))

COMMODITY CREDIT CORPORATION

Direct credits

20385, 20519, 20603, 20875, 20876, 20887, 20939, 20943, 20953, 20995, 20969, 20972, 20973, 20978, 20981, 20982, 20995, 20997, 21002, 21005, 21008, 21012, 21015, 21017, 21406, 21054, 21056, 21057, 21058, 21064, 21070, 21080, and, 21097.

Also, 21104,, 21112, 21113, 21120, 21132, 21133, 21135, 21145, 21156, 21157, 21158, 21160, 21169, 21170, 21171, 21172, 21173, 21177, 21178, 21179, 21184, 21185, 21188, 21189, 21196, 21199, 21200, 21201, 21210, 21220, 21221, 2127, and 21228.

Also, 21229, 21231, 21232, 21237, 21238, 21239, 21240, 21244, 21246, 21249, 21253, 21256, 21270, 21273, 21277, 21283, 21284, 21286, 21287, 21289, 21290, 21291, 21292, 21293, 21294, 21295, 21296, 21297, 21316, 21319, 21320, 21335, and 21340.

Also, 21341, 21345, 21347, 21348, 21350, 21351, 21352, 21353, 21335, 21356, 21360, 21361, 21362, 21363, 21364, 21368, 21369, 21371, 21374, 21375, 21376, 21378, 21379, 21380, 21389, 21390, 21392, 21396, 21397, 21400, 21401, 21406, and 21407.

Also, 21409, 21424, 21430, 21431, 21432, 21437, 21439, 21441, 21442, 21443, 21445, 21452, 21453, 21461, 21462, 21463, 21471, 21474, 21478, 21486, 21489, 21491, 21492, 21497, 21501, 21527, 21536, 21539, 21555, 21560, 21562, 21564, and 21567.

Also, 21570, 21572, 21585, 21609, 21610, 21622, 21649, 21650, 21654, 21656, 21659, 21661, 21662, 21667, 21668, 21681, 21684, 21688, 21708, 21713, 21718, 21719, 21720, 21721, 21723, 21727, 21730, 21733, 21748, 21749, 21750, 21752, and 21757.

Also, 21845, 21886, 21887, 21897, 21898, 21901, 21902, 21933, 21951, 21961, 21962, 21963, 21966, 21967, 21971, 21972, 22025, 22026, 22027, 22078, 22082, 22195, 22201, 22202, 22211, 22303, 22304, 22320, 22353, 22379, 22380, 22381, and 22382.

Also, 22384, 22397, 22403, 22414, 22415, 22416, 22418, 22419, 22420, 22436, 22437, 22534, 22568, 22574, 22592, 22593, 22601, 22632, 22636, 22641, 22643, 22644, 22649, 22656, 22663, 22672, 22683, 22685, 22688, 22689, 22705, and 22720.

Also, 22722, 22723, 22725, 22732, 22741, 22742, 22743, 22744, 22745, 22746, 22747, 22750, 22751, 22756, 22757, 22765, 22767, 22770, 22771, 22772, 22773, 22774, 22775, 22777, 22778, 22779, 22784, 22785, 22797, 22798, 22806, and 22807.

Also, 22809, 22810, 22811, 22814, 22815, 22817, 22818, 22827, 22834, 22835, 22837, 22838, 22840, 22851, 22852, 22855, 22856, 22865, 22868, 22875, 22880, 22885, 22886, 22890, 22894, 22900, 22902, 22903, 22907, 22908, 22914, and 22927.

Also, 22930, 22931, 22932, 22936, 22942, 22943, 22944, 22945, 22947, 22954, 23023, 23024, 23025, 23038, 23039, 23044, 23046, 23047, 23048, 23049, 23051, 23052, 23053, 23054, 23055, 23057, 23058, 23059, 23062, 23065, 23066, and 23067.

Also, 23068, 23071, 23371, 23384, 23386, 23396, 23397, 23398, 23399, 23400, 23401, 23404, 23405, 23411, 23418, 23420, 23421,

23423, 23426, 23442, 23457, 23458, 23460, 23467, 23471, 23473, 23478, and 23482.

Export credit guarantees

101-2, 101-3, 101-4, 101-5, 101-6, 101-7, 101-8, 101-9, 101-10, 101-11, 101-12, 101-13, 101-14, 101-15, 101-16, 101-17, 101-18, 101-19, 101-20, 101-21, 101-22, 101-23, 101-24, 101-25, 101-26, 101-27, 101-28, 101-29, 101-30, 101-31, 101-32, 101-37, and 101-38.

Also, 101-39, 101-40, 101-41, 101-42, 101-43, 101-44, 101-45, 101-46, 101-47, 101-48, 101-49, 101-50, 101-51, 101-52, 101-53, 101-54, 101-55, 101-56, 101-57, 101-58, 101-59, 101-60, 101-61, 101-62, 101-63, 101-64, 101-65, 101-66, 101-67, 101-68, 101-69, 101-70, and 101-71.

Also, 101-73, 101-74, 101-75, 101-76, 101-77, 101-78, 101-79, 101-80, 101-82, 101-83, 101-89, 101-93, 101-94, 101-95, 101-96, 101-98, 101-99, 101-100, 101-101, 101-105, 101-106, 101-111, 101-112, 101-114, 101-115, 101-118, 101-119, 101-124, 101-138, 101-139, 101-141, 101-143, and 101-151.

Also, 101-158, 101-174, 101-243, 101-248, 101-278, 101-279, 101-283, 101-284, 101-290, 101-291, 101-292, 101-336, 101-337, 101-338, 101-379, 101-380, 101-381, 101-384, 101-385, 101-388, 101-391, 101-393, 101-432, 101-433, 101-448, 101-473, 101-511, 101-527, 101-552, 101-561, 101-562, 101-572, and 101-584.

Also, 101-585, 101-586, 101-587, 101-588, 101-589, 101-590, 101-591, 101-592, 101-593, 101-594, 101-602, 101-603, 101-607, 101-614, 101-621, 101-623, and 101-629.

Also, 102-3, 102-4, 102-5, 102-6, 102-7, 102-8, 102-10, 102-11, 102-12, 102-14, 102-15, 102-16, 102-17, 102-18, 102-19, 102-20, 102-21, 102-22, 102-23, 102-24, 102-25, 102-26, 102-27, 102-28, 102-29, 102-30, 102-38, 102-39, 102-41, 102-47, 102-49, 102-52, and 102-53.

EXPORT-IMPORT BANK

Direct loans

4372, 4405, 4493, 4652, 4652-A, 4677, 4677-A, 4771, 4831, 4888, 4888-A, 4897, 4897-A, 5176, 5176-A, 5414, 5831, 5876, 5970, 6119, 6190, 6192, 6199, 6277, 6473, 6530, 6743, 6888, and LLA-6716.

CFF credits

14123, 14324, 15096, 20546, 20565, 20572, 20573, 20574, 20588, 20618, 20673, 20674, 20678, 20683, 20708, 20723, 20729, 20730, 20733, 20734, 20735, 20746, 20747, 20748, 20754, 20773, 20774, 20778, and 20790. Also, 20791, 20816, 20824, 20922, 20923, 20928, 20937, 20938, 20929, 20940, 21013, 21094, 21108, 21114, 21127, 21144, 21174, 30008, 30009, 30032, 30035, and 30036.

ANNEX B—*Summary of consolidated debt* [1]

[Millions of U.S. dollars]

Agency for International Development	2.9
Commodity Credit Corporation	355.6
Export-Import Bank	22.4
Total	380.9

[1] Data are rounded and subject to revision per article III, paragraph 3.

ANNEX C—*Summary of nonconsolidated debt* [1]

[Millions of U.S. dollars]

Agency for International Development	0.3
Commodity Credit Corporation	39.5
Export-Import Bank	2.5
Total	42.3

[1] Data are rounded and subject to revision per article III, paragraph 3.

POLISH DEBT RESCHEDULING BUDGETARY IMPACT FOR FISCAL YEARS 1981–83

[U.S. $ in millions]

	Fiscal year 1981	Fiscal year 1982
A.I.D.		
Principal	2.1	0.9
Interest	2	.8
CCC	0.1	.1
Principal	271.9	84.5
Interest	228.2	74.6
TOTAL	43.7	9.9
Principal	274	85.4
Interest	230.2	75.4
	43.8	10.0

Note: Eximbank will also reschedule $22.4 million. This will have no budgetary impact, according to OMB ruling.●

PUBLIC EDUCATION ON EQUAL RIGHTS AMENDMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. RODINO) is recognized for 5 minutes.

● Mr. RODINO. Mr. Speaker, the eyes and ears of Washington will be drawn to a vital issue of human rights this weekend, as the National Organization of Women commences its equal rights amendment countdown campaign. The culmination of the weekend's proceedings will be a call to the Nation's conscience rally on Monday, October 12, at the Lincoln Memorial. The purpose of the campaign is to draw attention to the ongoing denial of a full measure of constitutional rights to a large segment of our society.

The weekend will begin with a screening and reception for the campaign on Friday evening, October 9, at the Shoreham Hotel, and conclude with the rally. Following the events of this weekend, a series of television advertisements in forthcoming weeks will reacquaint the public with the serious ramifications of this issue, and the necessity of the passage of the equal rights amendment.

I pledge my unyielding support for this effort and I ask my colleagues to do the same. Public education on the equal rights amendment is essential to our efforts, and I expect that this rally, with the voices of Eleanor Smeal, president of the National Organization of Women, and former First Lady Betty Ford will spark renewed dedication by ERA supporters all over America to work for its ratification.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. LEVITAS (at the request of Mr. WRIGHT), for October 7 through 16, on account of official business.

Mr. GILMAN (at the request of Mr. MICHEL), for today, on account of official business.●

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. LUNGREN) to revise and extend their remarks and include extraneous material:)

Mr. DANNEMEYER, for 30 minutes, today.

(The following Members (at the request of Mr. ECKART) to revise and extend their remarks and include extraneous material:)

Mr. WAXMAN, for 5 minutes, today.
Mr. GONZALEZ, for 15 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. IRELAND, for 5 minutes, today.
Mr. ROSTENKOWSKI, for 5 minutes, today.
Mr. SHAMANSKY, for 5 minutes, today.
Mr. CLAY, for 5 minutes, today.
Mr. PEPPER, for 5 minutes, today.
Mr. MINISH, for 5 minutes, today.
Mr. ZABLOCKI, for 5 minutes, today.
Mr. RODINO, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. LUNGREN) and to include extraneous matter:)

Mr. BEREUTER.
Mr. HARTNETT.
Mr. FINDLEY in two instances.
Mr. WILLIAMS of Ohio.
Mr. DANIEL B. CRANE.
Mr. ERDAHL.
Mr. CLINGER.
Mr. ROBERTS of South Dakota.
Mr. KEMP in three instances.
Mr. GRISHAM.
Mr. MCGRATH.
Mr. MICHEL in two instances.
Mr. STANTON of Ohio.
Mr. WYLIE.
Mr. COUGHLIN.
Mrs. HECKLER.
Mr. MCCOLLUM.
Mr. BROWN of Ohio.
Mrs. HOLT.
Mr. TRIBLE.
Mr. DORNAN of California.
Mr. WHITTAKER.
Mr. FISH.
Mr. RITTER.
Mr. COLLINS of Texas.
Mr. COATS.

(The following Members (at the request of Mr. ECKART) and to include extraneous matter:)

Mr. HAMILTON.
Mr. KOGOVSEK.
Mr. CLAY in two instances.
Mr. IRELAND in two instances.
Mr. SMITH of Pennsylvania.
Mr. STARK.
Mr. FORD of Michigan.

Mr. HOYER.
Mr. MINISH.
Mr. ROE.
Mr. BOLAND.
Mr. BARNES.
Ms. OAKAR.
Mr. FARY.
Mr. FORD of Tennessee.
Mr. LEHMAN in two instances.
Mr. WAXMAN.
Mr. RATCHFORD.
Mr. PICKLE.
Mr. MCDONALD in three instances.
Mr. WON PAT.
Mr. CONYERS.
Mr. BONKER.
Mr. HARKIN.
Mr. OBERSTAR.
Mrs. CHISHOLM.
Mr. SWIFT.
Mr. LAFALCE.
Mr. SCHUMER.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 917. An act to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; to authorize the Administrator of Veterans' Affairs to guarantee home loans with provisions for graduated-payment plans; to increase the maximum amount payable in Veterans' Administration specially adapted housing assistance; to expand eligibility for memorial markers; and for other purposes.

BILL PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee did on October 6, 1981, present to the President, for his approval, a bill of the House of the following title:

H.R. 4048. An act granting the consent of Congress to the agreement between the States of Kansas and Missouri establishing their mutual boundary in the vicinity of the French Bottom near St. Joseph, Mo., and Elwood, Kans.

ADJOURNMENT TO TUESDAY, OCTOBER 13, 1981

Mr. ECKART. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

The SPEAKER pro tempore (Mr. FARY). Pursuant to the provisions of House Concurrent Resolution 201 of the 97th Congress, the House stands adjourned until 12 o'clock meridian, Tuesday, October 13, 1981.

Thereupon (at 3 o'clock and 35 minutes p.m.), pursuant to House Concurrent Resolution 201, the House adjourned until Tuesday, October 13, 1981, at 12 o'clock noon.

EXPENDITURE REPORTS CONCERNING OFFICIAL FOREIGN TRAVEL

Reports of various House committees concerning the foreign currencies and U.S. dollars utilized by them during the first, second, and third quarters of calendar year 1981 in connection with foreign travel pursuant to Public Law 95-384 are as follows:

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON APPROPRIATIONS, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APRIL 1 AND JUNE 30, 1981

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. Bill Chappell	6/5	6/6	United Kingdom		$119.00						$119.00
	6/6	6/7	France		119.00						119.00
	6/7	6/14	United Kingdom		833.00		$3,240.00				4,073.00
Hon. William Gary	5/25	5/27	France		212.00		391.00				603.00
	5/27	5/30	West Germany		352.00		391.00				743.00
	5/30	5/31	England		136.00		1,392.00				1,528.00
APPROPRIATIONS, SURVEYS AND INVESTIGATIONS STAFF											
Edwin F. Powers	5/22	5/25	Singapore		330.00						330.00
	5/25	5/27	Indonesia		150.00						150.00
	5/27	5/28	Singapore		110.00		3,429.00				3,539.00
Richard C. Carter	6/29		Philippines		128.00		1,010.00				1,138.00
Lewis E. Evans	4/3	4/8	United Kingdom		631.50						
	4/8	4/10	Germany		160.00						
	4/10	4/13	Austria		276.25						
	4/13	4/16	Spain		244.75						
	4/16	4/18	France		239.25		1,246.30				2,798.05
William T. Fleshman, Jr	5/19	5/24	Greece		412.50						
	5/24	5/29	Germany		428.00						
	5/29	6/5	United Kingdom		945.75		1,600.00				3,386.25
Henry H. Jones	4/3	4/8	do		631.50						
	4/8	4/10	Germany		160.00						
	4/10	4/13	Austria		276.25						
	4/13	4/16	Spain		244.75						
	4/16	4/18	France		239.25		1,246.30				2,798.05
Francis Manning	4/1	4/6	United Kingdom		774.00						
	4/6	4/9	Italy		225.00						
	4/9	4/14	Germany		410.00						
	4/14	4/17	United Kingdom		387.00		(*)				1,796.00
Roy T. Mason	6/29		Philippines		128.00		1,010.00				1,138.00
Robert C. Quigley	6/29		do		128.00		1,010.00				1,138.00
Harold W. Switzer	5/19	5/24	Greece		412.50						
	5/24	5/29	Germany		428.00						
	5/29	6/5	United Kingdom		945.75		1,600.00				3,386.25
Thomas L. Van Derslice	6/12	6/18	Japan		621.00						
	6/18	6/20	Korea		178.00		1,836.84				2,635.84
Leonard M Walters	4/1	4/6	United Kingdom		774.00						
	4/6	4/9	Italy		180.00						
	4/9	4/14	Germany		410.00						
	4/14	4/17	United Kingdom		387.00		(*)				1,751.00
H. Branch Wood	6/12	6/18	Japan		621.00						
	6/18	6/20	Korea		178.00		1,836.84				2,635.84
Committee total					14,566.00		21,239.28				35,805.28

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. $ equivalent; if U.S. currency is used, enter amount expended.
[*] Air fare reported on prior report for the period ending March 31, 1981.

JAMIE L. WHITTEN, Chairman.
September 18, 1981.

AMENDED REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON RULES, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Claude Pepper	1/6	1/7	Morocco	75					306.05		75.00
1st quarter amendment	1/7	1/8	Egypt	75							75.00
	1/8	1/9	Kenya	75							75.00
	1/9	1/11	Johannesburg	152							152.00
	1/11	1/13	Zimbabwe	150							150.00
	1/13	1/16	Tanzania	225							225.00
	1/16	1/17	Spain	89							89.00
Military Transportation							7,060.64				7,366.69
Committee totals				841			7,060.64		306.05		8,207.69

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

RICHARD BOLLING, Chairman,
September 29, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON RULES, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1 AND JUNE 30, 1981

Name of member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Trevia A. Dean	6/28	7/6	England	353.75	696		1,154	42.20	83.00		1,933
Lorren V. Roth	6/28	7/6	do	353.75	696		1,154				1,850
Susan B. Annable	6/28	7/6	do	353.75	696		1,154				1,850
Patti Birge Tyson	6/28	7/6	do	353.75	696		1,154				1,850
Donald Wolfensberger	6/28	7/4	do	353.75	696		1,154				1,850
William D. Crosby, Jr.	6/28	7/4	do	353.75	696		1,154				1,850
Committee totals					4,176.00		6,924.00		83.00		11,183.00

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. $ equivalent; if U.S. currency is used, enter amount expended.

RICHARD BOLLING, Chairman,
September 29, 1981.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMISSION ON SECURITY AND COOPERATION IN EUROPE, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JULY 1 AND SEPTEMBER 30, 1981

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Blackburn, Barbara	6/26	7/29	Madrid, Spain to United States	121,888	$1,292.00		[3] $1,578.00				
Burns, Deborah	7/18	7/29	do	88,228	912.00		[3] 1,578.00				
Donovan, Margaret Ann	5/11	7/29	do	573,229	6,132.00		(4)				
Davidson, Lynne Ann	6/26	7/29	do	247,812	2,584.00		[3] 1,578.00				
Wise, Samuel G	6/13	7/24	do	304,197	3,192.00		[3] 1,578.00				
Oliver, R. Spencer	6/15	7/28	do	337,766	3,496.00		[3] 1,643.00				
Misc. Transportation costs, taxis for staff	7/04	7/17					25.83				
Oliver, R. Spencer	8/24	8/26	Munich, FRG	383.76	156		[3] 1,980				
	8/26	9/02	Vienna, Aus		616						
	9/02	9/03	Bonn, FRG		84						
	9/03	9/04	London, Eng		104						
Committee totals					$9,931.40		$18,597.83				

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Round trip.
[4] Submitted last report.

DANTE FASCELL, Chairman.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2323. A letter from the Assistant Secretary of the Interior for Indian Affairs, transmitting a proposed plan for the use and distribution of San Carlos Apache Tribe of Arizona judgment funds awarded in Docket 22-H before the U.S. Court of Claims, pursuant to sections 2(a) and 4 of Public Law 93-134; to the Committee on Interior and Insular Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 861. A bill to amend the National Trails System Act by designating additional national scenic and historic trails, and for other purposes; with an amendment (Rept. No. 97-267). Referred to the Committee of the Whole House on the State of the Union.

Mr. ZABLOCKI: Committee on Foreign Affairs. House Concurrent Resolution 194. Concurrent resolution disapproving the proposed sales to Saudi Arabia of E-3A airborne warning and control system (AWACS) aircraft, conformal fuel tanks for F-15 aircraft, AIM-9L Sidewinder missiles, and Boeing 707 aerial refueling aircraft (Rept. No. 97-268). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. House Concurrent Resolution 166. Concurrent resolution disapproving certain coastal zone management consistency regulations (Rept.

No. 97-269). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. VOLKMER (for himself, Mr. GEPHARDT, Mr. YOUNG of Missouri, and Mr. SKELTON):

H.R. 4708. A bill to amend the Employee Retirement Income Security Act of 1974 with regard to mortgage investments; to the Committee on Education and Labor.

By Mr. BROOKS (for himself, Mr. ENGLISH, and Mr. HORTON):

H.R. 4709. A bill to require the Federal Government to pay interest on overdue payments, and for other purposes; to the Committee on Government Operations.

By Mrs. CHISHOLM:

H.R. 4710. A bill to authorize a study of the appropriate Federal role in the enforcement of alimony, child support, and property settlement orders; to the Committee on the Judiciary.

By Mr. CONYERS:

H.R. 4711. A bill to revise title 18 of the United States Code, and for other purposes; to the Committee on the Judiciary.

H.R. 4712. A bill to establish a Federal Oil and Gas Development Corporation to provide for the exploration for and extraction of oil and gas located on and under Federal land; jointly, to the Committees on Energy and Commerce, Interior and Insular Affairs, and Science and Technology.

By Mr. GINN:

H.R. 4713. A bill to designate certain lands in the Cumberland Island National Seashore, Ga., as wilderness; to the Committee on Interior and Insular Affairs.

By Mr. HEFTEL:

H.R. 4714. A bill to amend title 10, United States Code, to allow the military departments to accept voluntary, uncompensated services from persons desiring to provide such services for military department museums; to the Committee on Armed Services.

By Mr. HUNTER:

H.R. 4715. A bill to provide annuity benefits under the military survivor benefit plan to the surviving spouses of military retirees who died before September 21, 1972, but after their discharge or release from active duty; to the Committee on Armed Services.

By Mr. HOWARD (for himself, Mr. FARY, Mr. CLAUSEN, and Mr. STANGELAND) (by request):

H.R. 4716. A bill to amend Public Law 90-553, to authorize the transfer, conveyance, lease and improvement of, and construction on, certain property in the District of Columbia, for use as a headquarters site for an international organization, as sites for governments of foreign countries, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. JENKINS:

H.R. 4717. A bill to amend the effective date provision of section 403(b)(3) of the Windfall Profit Tax Act of 1980 (Public Law 96-223) to further defer the effective date of certain provisions providing for the recognition of income of LIFO inventory amounts; to the Committee on Ways and Means.

H.R. 4718. A bill to amend the Revenue Act of 1978 to provide that, with respect to the amendments allowing the investment tax credit for single purpose agricultural or horticultural structures, credit or refund shall be allowed without regard to the statute of limitations for certain taxable years to which such amendments apply; to the Committee on Ways and Means.

By Mr. MINISH:

H.R. 4719. A bill to revise and reinstate the Renegotiation Act of 1951; to the Committee on Banking, Finance and Urban Affairs.

By Mr. SCHUMER:

H.R. 4720. A bill to amend the United States Housing Act of 1937; to the Committee on Banking, Finance and Urban Affairs.

By Mrs. SMITH of Nebraska:

H.R. 4721. A bill to amend the Federal Meat Inspection Act to extend the provisions of such act to rabbits, to require that imported meat be subject to certain testing, and to require that the costs of testing and inspecting imported meat be borne by the importers of such meat; to the Committee on Agriculture.

By Mr. SMITH of Pennsylvania:

H.R. 4722. A bill to amend the Internal Revenue Code of 1954 to provide a $7,000 exemption from income tax for retirement benefits attributable to service performed as a police officer or firefighter; to the Committee on Ways and Means.

H.R. 4723. A bill to amend the Internal Revenue Code of 1954 to clarify the tax exemption of proceeds from certain bingo games; to the Committee on Ways and Means.

By Mr. STANTON of Ohio (by request):

H.R. 4724. A bill to enhance the competitiveness of thrift institutions, to protect depositors and creditors of such institutions, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. STARK:

H.R. 4725. A bill to provide that State law shall apply to the enforcement of due-on-sale clauses by national banks; to the Committee on Banking, Finance and Urban Affairs.

By Mr. SWIFT:

H.R. 4726. A bill to amend the Communications Act of 1934 o quantify public responsibility requirements for television and radio broadcasters, to deregulate certain aspects of television and radio broadcasting, and for other purposes; to the Committee on Energy and Commerce.

By Mr. WAXMAN (for himself and Mr. WIRTH):

H.R. 4727. A bill to amend the Communications Act of 1934 to establish penalties for violations of section 605 of such act; to the Committee on Energy and Commerce.

By Mr. WEBER of Minnesota (for himself, Mr. ROBERTS of South Dakota, and Mr. DASCHLE):

H.R. 4728. A bill to amend the Federal Reserve Act to provide that the enforceability of due-on-sale clauses contained in fixed-rate real estate loans made by national banking associations shall be determined under State law; to the Committee on Banking, Finance and Urban Affairs.

By Mr. DYMALLY (for himself and Mr. SOLARZ):

H.J. Res. 337. Joint resolution to authorize participation by the United States in parliamentary conferences with India; to the Committee on Foreign Affairs.

H.J. Res. 338. Joint resolution to authorize participation by the United States in parliamentary conferences with Japan; to the Committee on Foreign Affairs.

By Mr. MOTTL:

H.J. Res. 339. Joint resolution posthumously proclaiming Anwar Sadat to be an honorary citizen of the United States; to the Committee on the Judiciary.

By Mr. HARKIN (for himself, Mr. JEFFORDS, Mr. WOLPE, Mrs. SCHNEIDER, Mr. FAZIO, Mr. BROWN of California, Mr. ADDABBO, Mr. AKAKA, Mr. ALBOSTA, Mr. ALEXANDER, Mr. ANDERSON, Mr. ANTHONY, Mr. APPLEGATE, Mr. ASPIN, Mr. ATKINSON, Mr. AUCOIN, Mr. BAILEY of Pennsylvania, Mr. BARNES, Mr. BEDELL, Mr. BEILENSON, Mr. BENJAMIN, Mr. BEREUTER, Mr. BEVILL, Mr. BINGHAM, Mr. BLANCHARD, Mrs. BOGGS, Mr. BOLAND, Mr. BONIOR of Michigan, Mr. BONKER, Mrs. BOUQUARD, Mr. BROOKS, Mr. BURGENER, Mr. JOHN L. BURTON, Mr. PHILLIP BURTON, Mr. CARMAN, Mr. CHAPPELL, Mr. CHAPPIE, Mrs. CHISHOLM, Mr. CLAUSEN, Mr. CLAY, Mr. CLINGER, Mr. COELHO, Mrs. COLLINS of Illinois, Mr. CONTE, Mr. CONYERS, Mr. JAMES K. COYNE, Mr. CRAIG, Mr. DANIEL B. CRANE, Mr. CROCKETT, Mr. D'AMOURS, Mr. DANIELSON, Mr. DASCHLE, Mr. DECKARD, Mr. DELLUMS, Mr. DENARDIS, Mr. DERRICK, Mr. DIXON, Mr. DONNELLY, Mr. DORGAN of North Dakota, Mr. DORNAN of California, Mr. DOUGHERTY, Mr. DOWNEY, Mr. DUNN, Mr. DWYER, Mr. DYMALLY, Mr. DYSON, Mr. EARLY, Mr. ECKART, Mr. EDWARDS of California, Mr. EDGAR, Mr. EMERY, Mr. ERDAHL, Mr. ERTEL, Mr. EVANS of Georgia, Mr. EVANS of Iowa, Mr. FARY, Mr. FASCELL, Mrs. FENWICK, Ms. FERRARO, Mr. FITHIAN, Mr. FLORIO, Mr. FOLEY, Mr. FORD of Michigan, Mr. FOWLER, Mr. FRANK, Mr. FROST, Mr. FUQUA, Mr. GARCIA, Mr. GEJDENSON, Mr. GILMAN, Mr. GINGRICH, Mr. GLICKMAN, Mr. GOLDWATER, Mr. GONZALEZ, Mr. GORE, Mr. GRAY, Mr. GREGG, Mr. GRISHAM, Mr. GUARINI, Mr. HALL of Ohio, Mr. HAMILTON, Mr. HATCHER, Mr. HAWKINS, Mrs. HECKLER, Mr. HEFTEL, Mr. HERTEL, Mr. HIGHTOWER, Mr. HOLLENBECK, Mr. HORTON, Mr. HOWARD, Mr. HOYER, Mr. HUCKABY, Mr. HUGHES, Mr. IRELAND, Mr. JENKINS, Mr. KASTENMEIER, Mr. KILDEE, Mr. KOGOVSEK, Mr. LAFALCE, Mr. LAGOMARSINO, Mr. LANTOS, Mr. LEACH of Iowa, Mr. LEHMAN, Mr. LELAND, Mr. LENT, Mr. LEWIS, Mr. LOWERY of California, Mr. LOWRY of Washington, Mr. LUJAN, Mr. LUNDINE, Mr. MCHUGH, Mr. MCKINNEY, Mr. MARKEY, Mr. MARLENEE, Mr. MATSUI, Mr. MATTOX, Mr. MAVROULES, Ms. MIKULSKI, Mr. MILLER of California, Mr. MINETA, Mr. MITCHELL of New York, Mr. MITCHELL of Maryland, Mr. MOAKLEY, Mr. MOFFETT, Mr. MOLINARI, Mr. MOLLOHAN, Mr. MOORHEAD, Mr. MORRISON, Mr. MOTTL, Mr. MURPHY, Mr. MCCURDY, Mr. NEAL, Mr. NELLIGAN, Mr. NOWAK, Mr. OBERSTAR, Mr. OBEY, Mr. OXLEY, Mr. PANETTA, Mr. PASHAYAN, Mr. PATTERSON, Mr. PEASE, Mr. PEPPER, Mr. PEYSER, Mr. PORTER, Mr. PRITCHARD, Mr. PURSELL, Mr. RANGEL, Mr. RATCHFORD, Mr. REUSS, Mr. RHODES, Mr. RICHMOND, Mr. RINALDO, Mr. ROBERTS of Kansas, Mr. ROBERTS of South Dakota, Mr. RODINO, Mr. ROE, Mr. ROSE, Mr. ROSENTHAL, Mr. ROYBAL, Mr. RUDD, Mr. ST GERMAIN, Mr. SCHEUER, Mrs. SCHROEDER, Mr. SCHUMER, Mr. SEIBER-

LING, Mr. SHAMANSKY, Mr. SHANNON, Mr. SHAW, Mr. SHARP, Mr. SHUMWAY, Mr. SIMON, Mr. SKEEN, Mr. SMITH of New Jersey, Mrs. SMITH of Nebraska, Mr. SOLARZ, Ms. SNOWE, Mr. STENHOLM, Mr. STOKES, Mr. STUDDS, Mr. SWIFT, Mr. SYNAR, Mr. TAUKE, Mr. TRAXLER, Mr. VENTO, Mr. VOLKMER, Mr. WALGREN, Mr. WATKINS, Mr. WAXMAN, Mr. WEAVER, Mr. WEBER of Ohio, Mr. WEBER of Minnesota, Mr. WEISS, Mr. WHITEHURST, Mr. WILLIAMS of Montana, Mr. WIRTH, Mr. WRIGHT, Mr. WYDEN, Mr. YATRON, Mr. YOUNG of Missouri, and Mr. ZEFERETTI):

H. Res. 243. Resolution expressing the sense of the House of Representatives with respect to the need to continue the tax incentives for energy conservation and renewable energy sources; to the Committee on Ways and Means.

By Mr. MINISH (for himself, Mr. ANNUNZIO, Mr. RATCHFORD, Mr. LEE, and Mr. JAMES K. COYNE):

H. Res. 244. Resolution providing for upgrading of three positions on the Capitol Police, and for other purposes; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HARTNETT:

H.R. 4729. A bill for the relief of Henry Brown, Byron R. Buchanan, Arthur Canady, Robert E. Carter, Edwin L. Clickner, William F. Cummings, Edward F. Fuller, Wilbur Geathers, Donell E. Gourdine, David D. Lorick, Martin N. Olmeda, Lawrence E. Riley, Dean W. Sabo, Leon T. Scarborough, George B. Stone, and Paul K. Vincent; to the Committee on the Judiciary.

By Mr. HEFTEL:

H.R. 4730. A bill for the relief of Librado Perez; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 769: Mr. WIRTH, Mr. ROSENTHAL, Mr. EDGAR, Mr. NELLIGAN, Mr. DIXON, Mr. PANETTA, Mr. MATSUI, Mr. DANIELSON, and Mr. ROYBAL.

H.R. 907: Mrs. CHISHOLM.

H.R. 1325: Mr. OXLEY, Mr. DANNEMEYER, Mr. ARCHER, Mr. BURGENER, and Mr. DORNAN of California.

H.R. 1513: Mr. MARKEY.

H.R. 1516: Mr. MARKEY.

H.R. 1517: Mr. MARKEY.

H.R. 2133: Mr. GEPHARDT, Mr. STUMP, Mr. HANCE, Mr. DANNEMEYER, Mr. CHENEY, Mr. HEFTEL, and Mr. MARRIOTT.

H.R. 2361: Mr. HANCE.

H.R. 2543: Mr. PORTER, Mr. DUNCAN, Mr. CLAUSEN, Mr. HUGHES, Mr. KRAMER, Mr. YATRON, Mr. PANETTA, Mr. GRISHAM, Mrs. MARTIN of Illinois, Mr. VENTO, Mr. HANSEN of Utah, Mr. FRENZEL, and Mr. MCEWEN.

H.R. 2773: Mr. YOUNG of Alaska.

H.R. 3009: Mr. GREEN.

H.R. 3151: Mr. CHAPPELL.

H.R. 3252: Mr. BENNETT, Mr. MATSUI, and Mr. D'AMOURS.

H.R. 4227: Mr. PEPPER, Mr. MURPHY, Mr. WEISS, Mr. YOUNG of Alaska, Mr. ROE, Mr. BAFALIS, Mr. MITCHELL of Maryland, Mrs. BOUQUARD, Mr. DWYER, Mr. VENTO, Mr. NEAL, Mr. FLORIO, Mr. RATCHFORD, Mr. WEAVER, Mr. AUCOIN, Mr. LOWRY of Washington, Mr. ROBERTS of Kansas, Mrs. FENWICK, Mr. CORRADA, Mr. HUGHES, Mr. DOWNEY, Mr. FORD of Tennessee, Mr. SANTINI, Mr. CROCKETT, Mr. GARCIA, Mr. DAUB, Mr. MINETA, Mr. ADDABBO, and Mr. BONKER.

H.R. 4404: Mr. BEDELL, Mr. RATCHFORD, Mr. ROGERS, and Mr. BROWN of Ohio.

H.R. 4429: Mr. FORSYTHE, Mr. DERWINSKI, Mr. NAPIER, and Mr. RUDD.

H.R. 4447: Mr. MITCHELL of Maryland, Mr. FAUNTROY, Mr. SMITH of Pennsylvania, Mr. WON PAT, Mr. MOTTL, Mr. ZEFERETTI, Mr. MINETA, Mr. KILDEE, Mr. WEAVER, Mr. SCHUMER, Mr. DWYER, Ms. OAKAR, Mr. VENTO, Mr. ROSENTHAL, Mr. SIMON, Mr. OTTINGER, Mr. RICHMOND, Mr. ALBOSTA, Mr. RATCHFORD, Mr. SYNAR, Mr. FLORIO, Mr. JOHN L. BURTON, Mr. SEIBERLING, Mr. FORD of Tennessee, Mrs. COLLINS of Illinois, Mr. FOGLIETTA, Mr. DYSON, Ms. MIKULSKI, Ms. FERRARO, and Mr. FROST.

H.R. 4467: Mr. DYSON.

H.R. 4523: Mr. BEVILL, Mr. BEDELL, Mr. RATCHFORD, Mr. DERRICK, Mr. FLIPPO, Mr. JONES of Tennessee, Mr. FROST, Mr. EDGAR, Mr. CROCKETT, Mr. CORRADA, and Mr. PEASE.

H.R. 4639: Mr. BEILENSON, Mr. CROCKETT, Mr. MITCHELL of New York, Mr. RINALDO, Mr. YATRON, Mr. EMERY, and Mr. PEPPER.

H.R. 4673: Mr. NICHOLS, Mr. NAPIER, Mr. COLLINS of Texas, Mr. DUNCAN, Mr. WHITEHURST, Mr. ROBERT W. DANIEL, JR., Mr. LENT, Mr. BAFALIS, Mr. MOLLOHAN, Mr. BROYHILL, Mr. SOLOMON, and Mr. WALKER.

H.J. Res. 72: Mr. WYDEN, Mr. ROSE, Mr. ADDABBO, Mr. ROBERT W. DANIEL, JR., Mr. MOORHEAD, Mr. PERKINS, Mr. FOUNTAIN, Mr. YATRON, Mr. ANNUNZIO, Mr. MINISH, Mr. KEMP, Mr. BEARD, Mr. VENTO, Mr. ENGLISH, and Mr. ROGERS.

H.J. Res. 268: Mr. BOWEN, Mr. CHENEY, Mr. GINGRICH, and Mr. KINDNESS.

H.J. Res. 319: Mr. FROST and Mr. HEFNER.

H.J. Res. 323: Mr. O'BRIEN, Mr. LUJAN, Mr. RODINO, Mr. SCHEUER, Mr. WON PAT, Mr. VANDER JAGT, Mr. BOWEN, Mr. SANTINI, Mr. VENTO, Mr. DUNCAN, Mr. FUQUA, Mr. BREAUX, Mr. SNYDER, Mr. ROBERTS, of South Dakota, Mr. DENARDIS, Mr. FARY, AND Mr. HOLLAND.

H. Con. Res. 194: Mr. MOFFETT, Mr. FLORIO, and Mr. LENT.

H. Res. 101: Mr. HOWARD.

H. Res. 207: Mr. RUDD and Mr. CARMAN.

H. Res. 211: Mr. GINGRICH.

H. Res. 228: Mr. DUNCAN, Mr. HIGHTOWER, Mr. SAM B. HALL, JR., Mr. BEVILL, Mr. DERWINSKI, Mr. REUSS, Mr. STARK, Mr. ANNUNZIO, Mr. GORE, Mr. PERKINS, Mr. BENJAMIN, Mr. MINETA, Mr. FAZIO, Mr. FROST, Mr. HORTON, and Mr. ROGERS.

H. Res. 230: Mr. SMITH of Pennsylvania, Mr. LAGOMARSINO, Mr. WOLF, Mr. ERDAHL, Mr. FORSYTHE, Mr. CONTE, Mr. MITCHELL of Maryland, Mr. CORRADA, Mr. IRELAND, and Mr. FRENZEL.

H. Res. 231: Mr. LANTOS, Mr. RINALDO, Mr. GUARINI, Mr. BROYHILL, Mr. LUNDINE, Mr. HALL of Ohio, Mr. ROE, Mr. PANETTA, Mr. SANTINI, Mr. NOWAK, Mr. ROBERTS of South Dakota, Mr. DIXON, Mr. BEVILL, Mr. MONTGOMERY, Mr. SMITH of Pennsylvania, Mr. FORSYTHE, Mr. PETRI, and Mr. WINN.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 4400: Mr. STOKES.

AMENDMENTS

Under clause 6 of rule XXII, proposed amendments were submitted as follows:

H.R. 3403

By Mr. SHUSTER:

—Page 18, strike out line 22 and all that follows through line 15 on page 20.

H.R. 3603

By Mr. BROWN of California:

—Page 158, line 13, strike "by the state director of the cooperative extension service.".

By Mr. WEAVER:

—Page 77, add the following new section:

ESTABLISHMENT OF AN EXPORT GRAIN BANK

SEC. 1013. (a) That the purpose of this section is to create an Export Grain Bank under the Department of Agriculture. It shall be the function of the Export Grain Bank—

(1) to administer, in accordance with this Section, a system providing for two prices for American farm commodities, one for foreign sales and one for domestic sales; and

(2) to make certain regular payments to growers of agricultural commodities out of the additional revenues obtained from foreign sales under this Section.

(b)(1) No person who enters into a contract of sale for export of an agricultural commodity shall export such commodity unless—

(A) such contract is approved by the Secretary under subparagraph (3); and

(B) such person agrees to make the payments required under subsection (d).

(2) Any person seeking approval of a contract under paragraph (1) shall provide the Secretary with a written statement setting forth—

(A) the financial terms of the contract;

(B) the quantity of each agricultural commodity sought to be exported;

(C) the identity of the buyer; and

(D) the destination of the commodities sought to be exported.

(3)(A) The Secretary shall approve, for purposes of this Section any contract for the exportation of an agricultural commodity unless the price to be paid under such contract with respect to such commodity is less than the minimum price established by the Secretary for such commodity under Subsection (C).

(c)(1) The Secretary may establish as soon as practicable and adjust at such times thereafter as the Secretary considers appropriate, with respect to each type of agricultural commodity, a minimum price below which the export sale of such commodity may not be made. Such minimum price shall be the price which the Secretary, based on a study of domestic and foreign commodities markets, determines—

(A) will achieve the greatest aggregate profits; and

(B) is reasonably obtainable in foreign markets.

(2) The study referred to in paragraph (1) shall be performed by the Secretary not later than 90 days after the date of the enactment of this Act.

(d)(1) Except as provided in paragraph (2), each person receiving approval of a contract of sale for export of an agricultural commodity under Subsection (b)(3) shall, with

respect to such contract, pay into the Export Grain Bank established by Subsection (c), an amount equal to—

(A) the minimum price established for such commodity under subsection (c), reduced by

(B) the domestic market price of such commodity, including a reasonable margin of profit, as determined by the Secretary.

(2) The Secretary may, with respect to any person, modify the amount payable into the Export Grain Bank if the Secretary determines that the modification of such amount is necessary to prevent undue hardship to such person.

(e)(1) There is established in the Treasury of the United States an Export Grain Bank, to which there shall be deposited amounts paid under Subsection (d).

(2) To the extent provided in advance in appropriation Acts, amounts from such Bank—

(a) may be made available to the Secretary for payments to growers of agricultural commodities under subsection (f); and

(B) may be made available for any other program administered by the Secretary.

(f)(1) Amounts made available to the Secretary under subsection (e)(2)(A) shall be paid to each grower who, at such times and in such manner as the Secretary shall prescribe, certifies to the Secretary the aggregate amount of each agricultural commodity which such grower produced in a marketing year.

(2)(A) Except as provided in subparagraph (B), the amount payable to a grower under paragraph (1) with respect to an agricultural commodity produced in a marketing year shall be determined by multiplying—

(i) the amount of the appropriation to be distributed under paragraph (1) with respect to such commodity and such marketing year, by

(ii) a fraction, the numerator of which is the aggregate amount of such commodity certified by such grower under paragraph (1) for such marketing year and the denominator of which is the aggregate amount of such commodity certified by all growers under paragraph (1) for such marketing year.

(B) In determining the amount payable to a grower under subparagraph (A) for the first marketing year to which this Act applies, the Secretary shall adjust the fraction described in such paragraph to reflect amounts stored by growers in the producer storage program for wheat and feed grains which is administered by the Secretary under section 110 of the Agricultural Act of 1949 (7 U.S.C. 1445e).

(3) Any amount which may be payable to a grower in any year under this section shall be made at such regular intervals as the Secretary shall prescribe, except that such payments shall be made at least once every one hundred and twenty days.

(g) There is established an advisory committee for the purpose of advising the Secretary with regard to the responsibilities of the Secretary under this Act. The advisory committee shall be composed of seven members, who shall be appointed by the Secretary from the various sectors of the agricultural community, with at least four of such members to be appointed from among growers of agricultural commodities.

(h)(1) It shall be unlawful for any person to sell an agricultural commodity for export except as provided in subsection (b)(1).

(2) Any person found by the Secretary, after notice and opportunity for an agency hearing on the record in accordance with section 554 of title 5, United States Code, to have sold an agricultural commodity for export in violation of paragraph (1) shall be liable to the United States for a civil penalty. The amount of the civil penalty for each violation of paragraph (1) shall not exceed the revenues derived from the export sale of the agricultural commodity involved in such violation. The amount of such civil penalty shall be assessed by the Secretary by written notice. In determining the amount of such penalty, the Secretary shall take into account the nature, circumstances, extent, and gravity of the prohibited acts committed and, with respect to the violator, the degree of culpability, any history of prior offenses, ability of pay, and such other matters as justice may require.

(3) Any person against whom a civil penalty is assessed under paragraph (2) may obtain review thereof in the appropriate court of the United States by filing a notice of appeal in such court within thirty days after the date of such order and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record upon which such violation was found or such penalty imposed, as provided in section 2112 of title 28, United States Code. The findings and order of the Secretary shall be set aside by such court if they are not found to be supported by substantial evidence, as provided in section 706(2) of title 5, United States Code.

(4) If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order, or after the appropriate court has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General of the United States, who shall recover the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

(5) The Secretary may compromise, modify, or remit, with or without conditions, any civil penalty which is subject to imposition or which has been imposed under this section.

(j) For purposes of this section—

(1) the term "agricultural commodity" means wheat, corn, soybean, grain sorghum, soybean meal, barley, oats, and rice;

(2) the term "grower", when used with respect of an agricultural commodity, means any person actively engaged in raising such commodity; and

(3) the term "Secretary" means the Secretary of Agriculture.

(k)(1) Subject to paragraph (2), this section shall take effect October 1, 1981.

(2) This section shall not apply to any contract of sale for export which is entered into before october 1, 1981, except to the extent that such contract may be extended or otherwise modified after the date specified in paragraph (1).

(3) This section shall not apply to any contract of sale for export which is entered into after October 1, 1985, unless such contract is an extension or modification of a contract entered into on or before that date.

SENATE—*Wednesday, October 7, 1981*

The Senate met at 11 a.m., and was called to order by the Honorable CHARLES McC. MATHIAS, JR., a Senator from the State of Maryland.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us spend a moment in silent prayer for Scott Schulz and his father and family. Scott, a member of Senator PERCY's staff, was killed in a plane crash last night.

Gracious God of Ishmael and his descendants, our hearts are heavy because of the death of President Sadat. We sorrow for this great loss to his family, his nation, Egypt, the Middle East, to us, and the world. We commend to Thy love and peace his wife and family. Cover them with Thy gracious comfort in their hour of profound grief. We pray for his compatriots, the Vice President and all in authority in Egypt. We pray for all who bear rule in the Middle East. Vouchsafe to them patience and wisdom in this sensitive hour of international relations.

We pray for our President and Vice President, for the Secretary of State, Members of the Senate and all who bear the burden of government in our land. Quicken our awareness of the historical significance of all the events which take place in that part of the world where human history began and where Holy Scripture teaches it will end. Help our leaders to view the implications of this trying hour in the womb and grave of human affairs, in the light of biblical truth.

Lord of history, may we seek Thy face to do Thy will and fulfill Thy sovereign purpose for our time and for all peoples. May we continue to seek and find the peace for which President Sadat lived and died. We ask this in the name of the Prince of Peace. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. THURMOND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., October 7, 1981.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable CHARLES McC. MATHIAS, JR., a Senator from the State of Maryland, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mr. MATHIAS thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE ACTING MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The acting majority leader is recognized.

ORDER OF BUSINESS

Mr. STEVENS. Mr. President, what is the order of business for this morning?

The ACTING PRESIDENT pro tempore. Under the previous order, the majority leader is to be recognized, to be followed by the minority leader. Thereafter, there will be special orders for Senators, the Senator from Indiana (Mr. LUGAR) to be recognized for not to exceed 15 minutes; the Senator from Virginia (Mr. HARRY F. BYRD, JR.) to be recognized for not to exceed 15 minutes; and thereafter a period for the transaction of routine morning business for not to exceed 30 minutes.

SECRETARY OF STATE HAIG COMMENDED ON BRIEFING

Mr. BAKER. Mr. President, I want to take this opportunity to thank Secretary of State Alexander Haig for his cooperation and assistance in the face of yesterday's turmoil and sadness.

Secretary Haig came to the Capitol Tuesday at the request of the distinguished minority leader and myself, to brief Senators on the aftermath of the tragic assassination of Egyptian President Anwar Sadat.

The visit proved most informative. The Secretary spoke before almost the entire Senate, and answered over a dozen questions.

Mr. President, we of the Senate appreciate the State Department's support in this trying episode, and commend the Secretary on his discerning presentation.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The minority leader is recognized.

ARMS CONTROL

Mr. ROBERT C. BYRD. Mr. President, it is noteworthy that the administration's announcement of its strategic decisions last Friday gave only a passing reference to the need for arms control negotiations with the Soviet Union. The administration's position has been that true arms control, and real arms reductions, could only be negotiated when we strengthen our strategic posture in comparison to the Soviet Union.

Secretary Haig has engaged in preliminary discussions with his Soviet counterpart on the question of theater nuclear weapons in Europe, but there is still no firm schedule for even preliminary talks on strategic arms control.

It is apparent that the new decisions on the MX, which are to put an initial force of missiles into hardened Titan silos, bear little relation to any well-conceived arms limitation proposal.

Instead, the ramifications of this decision are such as to make the uncertainties over nuclear war more severe, to increase the unknowns in the strategic equation, to possibly shelve the anti-ballistic missile treaty now in force with the Soviet Union, and perhaps to engage in new and unnecessary rounds of the arms race.

The difficulties associated with a new strategic weapons program without any central arms control component have been well expressed by the distinguished Senator from Colorado (Mr. HART), in an article published in the Washington Post on October 4, 1981. The piece, entitled, "No SALT, No Solution," is typical of the incisive analyses Senator HART has produced over the years on defense and arms control questions, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NO SALT, NO SOLUTION

(By GARY HART)

President Reagan's frustrating and protracted search for a solution to the problem of ICBM vulnerability has been doomed from the beginning. The vulnerability problem cannot be solved until there is a SALT limit on the Soviet nuclear threat.

So the president's proposals, announced Friday, for immediate solutions—stuffing 100 "super-hardened" silos with MX missiles—or future solutions—such as an ABM defense of the silos—are not solutions at all. They will not work in the face of an unlimited Soviet force. In short, there is no practical, workable answer to ICBM vulnerability without a SALT treaty.

The Reagan administration inherited the Carter administration's plan for a mobile MX. This involved placing 200 missiles in 4,600 shelters—enough to counter a threat of 6,000 Soviet counter-silo warheads, roughly the size permitted under the then-pending SALT II treaty. The Reagan administration faced the reality that, without SALT limits, the Soviets could increase their threat to about 10,000 to 15,000 warheads, enough to overwhelm the planned MX force.

The Reagan administration could have proposed countering this larger threat by shuttling more MX missiles among more shelters. We could have matched our ability to dig holes in the ground against the Soviets' ability to arm their missiles with more warheads. But the Reagan administration knew that a greatly expanded MX would not be politically palatable, even if it were technically or economically feasible.

Faced with political opposition in the West, the administration for the last few weeks considered a smaller deployment—100 MX missiles in 1,000 shelters. But it was again confronted with the reality that this

limited proposal wouldn't work. It could be overwhelmed by a Soviet threat unconstrained by SALT limits.

Driven by frustrations in seeking a solution that doesn't exist without SALT, the administration reached perhaps the most dangerous decision it could. By placing the new larger missiles in silos believed to be vulnerable, we make them even more attractive targets, and we make ourselves more, not less, vulnerable. A nuclear confrontation in the late 1980s could find both the Soviets and us with ICBMs that could appear mutually vulnerable. This could put a hair trigger on nuclear war, either side might be tempted to use its missiles to avoid losing them. So the administration could lead us toward, not away from, nuclear war.

The administration admits the silo-based MX missile will be, in a few years, as vulnerable as the Minuteman missiles are now—even if the silos are hardened further. It has therefore proposed an array of potential solutions to make the missiles survivable in the future. Unfortunately, none of these solutions will work if we don't also, simultaneously, negotiate treaty limits with the Soviets.

The alternative that will receive the most attention is defending the silo-based MX with an anti-ballistic missile system. This would lead us down a dangerous and blind alley. Even if we could build a modern ABM capable of intercepting a limited threat, the Soviets could overwhelm it as well with a launcher and warhead buildup if there are no SALT constraints.

To counter such an unconstrained buildup with a larger ABM would mean substantially revising or abrogating the 1972 ABM treaty. This would free the Soviets to expand their own ABM system. While we could defeat a Soviet ABM, some Soviets and Americans might doubt we could. We would then face doubts about whether our missiles could penetrate Soviet defenses, as well as doubts about whether they could survive a Soviet attack.

We must not give up the ABM treaty's limits on the Soviet defensive threat for the same reason we should immediately seek a negotiated limit on the Soviet offensive threat. Both enhance our nation's security.

The administration also proposes developing a specially designed plane in which the missiles could be deployed. However, the number of aircraft and MX missiles we would build, the number of air bases we would maintain, the percentage of aircraft kept airborne to ensure survivability—all would soar unmanageably in the face of an unlimited Soviet threat.

Other proposals by themselves are similarly inadequate. Without SALT, in this case, and generally, we can deploy any weapon, develop any technology, spend any amount of money and our children and theirs will still be insecure.

RECOGNITION OF SENATOR HARRY F. BYRD, JR.

The ACTING PRESIDENT pro tempore. The Senator from Virginia.

THE SALE OF AWACS TO SAUDI ARABIA

Mr. HARRY F. BYRD, JR. Mr. President, today I want to discuss the proposed sale of AWACS aircraft to Saudi Arabia.

First, let me say that during the years I have been in the Senate I have been a strong supporter of Israel. Israel is a democratic nation and a close friend to the United States.

I have been in Israel on three different occasions and have great admiration for the Israeli people. It is remarkable how the Israelis have developed that country. And Israel has attained a military structure that on a per capita basis exceeds that of any other nation on Earth.

Israel is important to the United States; it is strongly anti-Soviet and is the only democracy in the Middle East.

Saudi Arabia is also a friend of the United States. The largest producer and exporter of oil in the free world, it is important to our country and, indeed, to the entire free world. Its government is the anti-Communist leader of the Arab world.

Judging from my visits to Saudi Arabia, I feel its government is relatively stable. It is a kingdom, to be sure; it is not a democracy.

In my view, however, its government is in much closer touch with the realities of its country than was the Shah with the people of Iran. I do not equate conditions in Saudi Arabia with those existing in Iran during the latter years of the Shah.

Several months ago President Reagan announced that he planned to sell to Saudi Arabia five aircraft known as AWACS, airborne warning and control systems.

When the President first made known his plan, I stated I would wait until all the facts were reviewed before making a decision on the proposal. I have kept that commitment. I believe that I have listened to everyone who is able to bring out facts about this matter.

I view this as having three dimensions that should be addressed. They are: Internal security, military, and political. I would like to address each of these.

There has been concern about the possible loss of advanced technical data to unfriendly nations, recalling that we lost F–14 aircraft and the Phoenix missile system in Iran after the Shah was deposed.

The first AWACS aircraft would not be turned over to the Saudis until 1985 or 1986. Every knowledgeable person with whom I have communicated related that by 1985 the Soviet Union, Great Britain, France, and perhaps other nations will have sufficient technical data to build their own equivalents to the AWACS that is now being considered for transfer. In fact, the British version is available in the immediate future.

Furthermore, the Secretary of Defense and the Chairman of the Joint Chiefs of Staff assert that American Air Force personnel will be involved in the deployment of Saudi AWACS until 1990 or later.

I have been assured by the Secretary of Defense that Saudi Arabia has agreed to operate and maintain this aircraft under maximum security conditions when it finally becomes a total Saudi AWACS effort.

Our past experience with Saudi Arabia suggests there is minimal risk of the AWACS equipment being compromised. Of course there is no guarantee, just as there could be no guarantee even if U.S. personnel should man the planes.

As evidence, I recall what happened in Iran when American planes and American personnel sought to free the American hostages taken by the Khomeini government. The aborted rescue attempt cost the United States valuable intelligence data and sophisticated equipment.

Next I would like to address the military aspects of the AWACS.

I have been aboard this aircraft. The AWACS is a basic Boeing 707 modified and equipped with sophisticated radar and communications facilities.

Its purpose is defensive—to detect incoming military aircraft and relay that information to the Nation's defensive forces.

The AWACS aircraft has no rockets, no bombs. It is totally unarmed. It has no offensive capability.

The entire concept of the AWACS system is to detect airborne objects traveling above 80 miles per hour and to be able to direct fighter aircraft to intercept those targets.

Just recently the American AWACS detected the Iran air strike on Kuwait.

With AWACS and the F–15 enhancement program American military experts, most particularly the Chairman of the Joint Chiefs of Staff, believe Saudi Arabia can make a credible defense against some of her enemies; without them she cannot.

President Reagan feels the Saudis need the AWACS in order to extend radar coverage to permit their own fighters to intercept incoming attack aircraft. Both our President and our Secretary of Defense feel the AWACS planes are essential in protecting the oil fields and facilities of Saudi Arabia.

Some say this new equipment could not stop the Soviet Union. Of course it could not stop a determined attack by the Soviets; only the United States could do this and the consequences of such a contest are frightening. Yet two Presidents have stated the United States will defend Saudi Arabia against an attack. The purpose of the AWACS sale is to help the Saudis defend themselves. Without AWACS the oil facilities cannot be defended.

We need to remember that Saudi Arabia is surrounded by unfriendly nations with close ties to Soviet Russia, namely, Syria, Iraq, South Yemen, and Ethiopia.

Now let me turn to Israel and the alleged threat of AWACS to Israel.

When the proposed sale was first announced I was concerned as to whether it would jeopardize the security of Israel. I have reached the conclusion that it will not.

AWACS is a totally defensive system; it poses a military threat only to those who attack. In addition the American Government and the American people believe in a free and democratic Israel and are committed to its security.

Yet even without this American attitude I see no practical way the Saudis could use the AWACS offensively against Israel. Israel's military might is awesome and the Saudi AWACS—a totally unarmed aircraft—would need to stay far from Israel's borders else run the risk of being easily shot down.

Now let me turn to the political repercussions throughout the world should President Reagan's proposed sale of AWACS to Saudi Arabia be repudiated by the Senate.

The President of the United States as Commander in Chief of our Armed Forces committed himself to the sale of the AWACS to the Saudis because he is convinced that such a sale is important to the United States.

President Reagan believes, as does the Secretary of Defense and the Chairman of the Joint Chiefs of Staff, that the Saudi Arabian oil facilities are vulnerable and are threatened.

I agree with that assessment.

I am convinced that Russia, over a period of time, is determined through a third country or through internal upheaval to get control of the Saudi oilfields. As I earlier noted, Saudi Arabia is bordered by unfriendly countries with close ties to the Soviet Union.

I talked at some length with President Reagan last week. He is determined to do his utmost to have the AWACS sale approved. He is convinced that it is in the best interests of our Nation and of the free world, of which Israel is an integral part.

Leaders of European nations have warned him that should the AWACS sale be defeated his own credibility and that of the United States would be severely damaged.

In summary, the Saudis will buy the aircraft and will pay cash; the AWACS is a defensive aircraft, totally unarmed, its value being to alert the Saudis of the approach of attacking aircraft; I see no realistic threat to the security of Israel; I see damage worldwide to the credibility of the United States should the sale be repudiated.

In studying all aspects of the AWACS sale to Saudi Arabia, I have decided to support President Reagan's proposal as being in the best interests of the United States.

Mr. THURMOND. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield.

Mr. THURMOND. Mr. President, I wish to take this opportunity to commend the able and distinguished Senator from Virginia for the position he is taking on the sale of the AWACS to Saudi Arabia and for his magnificent statement in support of his position.

Mr. President, ever since I have been in the Senate, or since the Senator from Virginia has been in the Senate, and I believe I have been here longer, I have observed that he has taken a sound stand on matters concerning foreign policy, as well as domestic policy. And I am very proud to see him take the position he has on this particular issue.

There is no question in my mind that we are helping Israel when we furnish these planes to Saudi Arabia. If we do not do it, there is no question they will buy the planes, the Nimrod from Great Britain or other planes from France and we would have no control over them; whereas, if we sell the planes to Saudi Arabia we will have some control. So, from Israel's standpoint, it is much better.

From the standpoint of Saudi Arabia, Saudi Arabia has restrained the OPEC countries in holding down the price of oil. Saudi Arabia has proven to be a friend of ours. Recently they assisted us in practically stopping a war that was about to begin in Lebanon, with Syria and other countries. Further, they have proved very beneficial to the United States in preserving world peace in the Middle East.

From our own standpoint, there is certainly no doubt it is to our advantage. The AWACS plane is purely a defensive plane. It is an early warning plane. By being able to pick up incoming aircraft at an early stage when an assault is about to begin, that will enable the countries that wish to defend the oil in Saudi Arabia and other countries there to send their fighter planes to defend these oil fields.

I am convinced that we ought to back the President. We have only one President. If we repudiate President Reagan in this matter, it will reduce his strength in this country and abroad.

For 27 years I have been in the Senate and I have been frustrated, seeing Government get bigger and bigger and bigger and seeing spending increase and increase. We have balanced the budget but one time in 21 years. President Reagan is trying to balance the budget. He is trying to bring sanity and soundness to our Government.

In addition, overseas, we have only one President who speaks for us. And if we repudiate him in this, it is going to reduce his strength and his power and his influence in dealing with other nations.

I think this is a crucial matter. We cannot afford to turn President Reagan down on this matter. There is no doubt about it, his influence will be hurt locally and overseas, too.

I remember that I have heard many years, when the Democrats were in power, that foreign policy should stop at the water's edge. "Back the President. Back the President on foreign policy matters."

I am hoping the Democrats will back the President here and I am hoping the Republicans will back him, too.

I wish to commend the able Senator from Virginia, who sits on that side of the aisle, for the stand he is taking. I think he has shown his vigor, he has shown his farsightedness, he has shown his patriotism, and he has shown his nonpartisanship. I just wish we had more men in this Senate like HARRY BYRD of Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I just want to express my appreciation to the distinguished and able senior Senator from South Carolina for his very kind and much too generous comments. I appreciate it.

Mr. President, I yield back the remainder of my time.

Mr. STEVENS addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Alaska.

ORDER OF BUSINESS

Mr. STEVENS. Mr. President, I ask unanimous consent that Senator LUGAR may proceed with his special order and that following that time there occur a period for routine morning business pursuant to the previous order.

The ACTING PRESIDENT pro tempore. Without objection, the unanimous consent request of the acting majority leader is so ordered.

Under the previous order, the Senator from Indiana is recognized.

(Mr. STEVENS assumed the chair.)

AWACS

Mr. LUGAR. Mr. President, the U.S. Senate will soon vote on the proposed sale of AWACS aircraft and F–15 enhancements to Saudi Arabia. Until now, I have withheld extensive comment on this sale. I have done so because it is important that the President have an opportunity to present his case for the sale.

The President has now made his case. In doing so, he has responded to the principal concerns of the Congress. Let me address the two leading objections to the sale.

First, important concerns have been expressed about the security of the aircraft. No one wishes to see either the AWACS aircraft or the other equipment compromised. This danger has been adequately addressed by the President and by the Saudis themselves.

The President subscribes fully to a sense of the Senate resolution which reads:

It is the sense of the Senate that AWACS contains equipment and technology warranting continued protection whenever such system is transferred by the United States to a foreign country.

Specifically, the President has agreed that in addition to the usual requirements imposed by the Arms Export Control Act, any transfer of AWACS must meet the following conditions:

(1) A prohibition against granting access to AWACS equipment or technology or information derived from the AWACS to any country other than the United States without the consent of the President;

(2) A requirement that the recipient foreign country share continuously and completely with the United States the information it acquires from the use of the AWACS;

(3) Adequate and effective procedures to require the screening and security clearance of citizens of the recipient foreign country and assurances that only cleared citizens of that country and cleared nationals of the United States will have access to the AWACS equipment, technology or information derived therefrom;

(4) Appropriate agreements upon the areas in which the AWACS may be operated; and

(5) Adequate and effective security measures by both countries for safeguarding AWACS equipment, technology, and information.

The President has agreed that prior to actual transfer of any part of the AWACS system, he will certify to the Committee on Foreign Relations that these conditions have been met.

Americans will substantially maintain, operate, and protect these planes for years to come. The planes will be kept in extra-secure conditions. And the planes will not possess the most sensitive and vital American communications equip-

ment. Security is of course never absolute; but we have in this instance unusual precautions which make it extraordinarily thorough.

I respect the efforts of Senators to obtain in the final days of debate further written concessions from the Saudis on points of security. But I am persuaded that diplomacy through press statements and incessant demands for better conditions which serve only to irritate and not to improve very good arrangements will prove just as tragic as purely ill-motivated prejudice or shortsightedness.

Let me now address the second and related concern: the security of Israel. It is simply not the case that the President—or Congress—would support any proposal which constitutes a threat to Israel. The presence of many Americans in Saudi Arabia; the usual operating procedures of the AWACS planes; the impossibility of inter-Arab operability with the AWACS, and the overwhelming relative military strength of Israel allied with the United States, all render Israel fully secure.

I know of no serious military observer who believes that the planes constitute a material threat to Israel. Indeed, the hearing record of the Senate Foreign Relations Committee supports this judgment of Israeli security overwhelmingly.

The arguments against the sale are simply not substantial. For this reason I see no reason to oppose the President and to jeopardize our relationship with Saudi Arabia. When the Senate Foreign Relations Committee votes, I will support the President.

Unfortunately, the sale is clearly in jeopardy. The arguments advanced for the sale to date have not been much stronger than those advanced against it.

The President stated in a recent press conference that Saudi Arabia is extremely important to U.S. security, so much so, that we would not permit the Saudi oilfields to fall into unfriendly hands. The President's statement is highly significant. He has affirmed that we will not permit to happen to Saudi Arabia what we permitted to happen to Iran.

The sale is in jeopardy because the President and his advisers simply have not made the case to the American public or to the Congress that Saudi Arabia and its oil fields are absolutely vital to our national security. The reality is that there is no urgency felt among the American people at this moment to defend either Saudi Arabia or its oilfields. There are many people who support the sale because they support the President; there are very few who support the President because they support the sale on its merits.

The President, the Secretaries of State and Defense, and the Chairman of the Joint Chiefs of Staff have called Saudi Arabia the linchpin of U.S. policy in the Persian Gulf. How has that viewpoint been argued publicly and persuasively?

Beyond this, even if we accept the importance of Saudi Arabia, it does not necessarily follow that the AWACS sale makes sense. Does the sale represent the best means to our purported end, that is the defense of the Saudi oilfields? This case has not been made. We have been reassured that Saudi pride will permit no greater U.S. presence than is implied in the current sale. At the same time, it is unclear that we have ever forcefully asked for more than we appear to be getting.

The plain truth is this: Saudi Arabia confronts a variety of external threats against which it would be hard put to defend itself, with or without AWACS, F–15 enhancements, or any other technological expedients. And if Saudi Arabia cannot defend its own interests, it will not be able to defend ours.

There is no real substitute for a greater American presence in the region. And by this I do not mean merely technicians or other peripheral figures; I mean the type and number of military forces which will impress other nations in the region, which will impress the Soviet Union, and which will reassure Saudi Arabia itself.

I am not persuaded that this particular sale forecloses any of our options in this respect; but I am certain that failure to confirm this sale will set back vital additional steps which we must take in mutual respect and confidence with Saudi Arabia. Peace in the Middle East is dependent upon the progress of our relationship with the Saudis. We have advanced a long way through several administrations. It would be unthinkable to terminate that progress through lack of understanding of how much is at stake in this current ratification of mutual security.

One further point must be made. This entire episode points to substantial diplomatic work which needs to be done with our allies, allies which are in several instances far more dependent upon Persian Gulf oil than we are. Threats of the sale of the British Nimrod and French aircraft have been employed with rhetorical abandon all around. It simply will not do to approach our common dependence upon Persian Gulf oil in the spirit of commercial rivalry. We need timely cooperation, and we need to involve our heavily oil-dependent friends in a coordinated defense of our common interests.

Let us establish clearly the importance of Saudi Arabia to the West, including the United States; the importance of the United States to Israel; and the importance of the West to Saudi Arabia.

And while the statesmen confer, President Reagan needs to describe to the American people how much is at stake in this arms transaction. The American people need to hear from the President that loss of the Saudi oil fields to unfriendly nations could mean massive unemployment, transportation chaos, and military insecurity in this country, in Western Europe, and Japan, and a potential tipping of the balance of power to the Soviet Union. No President and no Senator can stand by and accept any such trend of events while bearing the trust of the American people.

Ideally, the Saudis would work with us to build bases of military strength and accept in complete trust our willingness to defend vital national interests together. For the moment, the Saudis are not prepared to move with us to the final stage of mutual security. They have been willing to purchase from us the construction of four air bases, two naval bases, three army bases and billions of dollars of arms for their own use in the past 8 years, thus creating a perfect fit between equipment and basing needs of our two countries in the event of external hostile attack. The President must tell the American people that his pledge to keep Saudi oil fields in friendly hands is credible only if we continue to work with Saudi Arabia in mutually advantageous ways which strengthen the safety of the equipment we have supplied, and which strengthen the safety of Israel, Egypt, Jordan, and other peace-loving states in the Middle East.

Peace in Lebanon, progress in furthering the Camp David accords, progress in furthering our strategic relationship with Israel are all at stake in the vote which the U.S. Senate will take in October of 1981 on the proposal which President Reagan has made. Our country wants a strong President who points out our vital interests and asks us to take the proper steps to defend them.

The people of this country also pray for Senators who will work with the President to advise him and to support him when the interests of the United States demand that support.

I intend to support the President because I am convinced that he is on the right course. I ask the President to speak out forcefully in such a way that a large majority of Americans will call upon their Senators to face up to the complex issues involved and strengthen the hand of our President in securing American interests in the Middle East.

Thank you, Mr. President. I yield to the floor.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER (Mr. RUDMAN). Under the previous order, there will now be a period for the transaction of routine morning business, for not to exceed 30 minutes, with statements therein limited to 5 minutes each.

THE AWACS SALE

Mr. DENTON. Mr. President, I take this occasion to welcome most cordially the statement by my dear friend from Virginia, Senator HARRY F. BYRD, JR., whom I respect as much as anyone in Washington, D.C. Also, I am privileged to follow my friend from Indiana, Senator DICK LUGAR, whose wisdom and patriotism in a previous speech I made special note of, and on which I complimented him. I again compliment him for his persuasive argument on the need to approve the proposed AWACS sale to Saudi Arabia.

Mr. President, I implore bipartisan support, as evidenced today by the statement of Senator HARRY F. BYRD, JR., for the administration's sale of the AWACS, which I believe has become more essential and more important as a result of the unfortunate death of President Sadat.

There are many aspects of this matter that need consideration and have received consideration by Senators. I am not going to address those matters individually, because I have addressed them specifically in two "Dear Colleague" letters, which I now ask unanicous consent to have printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., September 22, 1981.

Hon. JOHN C. DANFORTH,
U.S. Senator,
Washington, D.C.

DEAR COLLEAGUE: I have enclosed and commend to you an article written by Mr. Richard V. Allen that appeared in the Washington Post on September 20.

Mr. Allen has stated the case for the proposed AWACS sale, and I strongly support his argument. Of course, the salient point is the crucial advantage to our own vital national security interests. Further, my own experience persuades me that Mr. Allen is precisely correct in his assessment that the sale will make an important contribution to the security of all states in the region—Israel as well as Saudi Arabia—and will promote the efforts of the United States to forge gradually a strategic Mideast consensus as well as to take a step in a comprehensive strategy to counter Soviet adventurism and create the conditions for a durable Mideast peace.

On a narrower question, I can confirm from my background as a military pilot, frequently engaged in research, development, and operation of airborne electronics, that the AWACS aircraft poses a negligible offensive threat to Israel and that the possibility of compromise of its technology is not a serious risk. I should be most pleased to expand on these views should any of you have questions on these points.

In view of the grace implications of the action the Senate must take with respect to the AWACS proposal, I most respectfully urge that all Senators reserve judgment and be receptive to further information that will assist us in our deliberations.

Sincerely,

JEREMIAH DENTON,
U.S. Senator.

WHY THE AWACS SALE IS GOOD FOR US

(By Richard V. Allen)

The President's decision to sell equipment to enhance the air defense capabilities of Saudi Arabia has stimulated intense debate and considerable passion, which have sometimes obscured the core issues. The case for the sale of AWACS, however, can be stated simply and directly: AWACS and the other air defense equipment would make a substantial contribution to the security interests of the United States in a vital part of the world without endangering the security interests of Israel.

This is the studied conclusion of our best military and foreign policy experts. It is also the considered judgment of the president.

The proposed equipment package consists of conformal fuel tanks to extend the range of the F15 fighter aircraft, AIM9L Sidewinder air-to-air missiles, KC707 aerial tankers and E3A Airborne Warning and Control Systems (AWACS) aircraft.

But this sale is not simply an $8.5 billion transaction between an arms supplier and arms recipient. The Saudi equipment package is a central part of a comprehensive U.S. regional strategy to strengthen the stability and increase the security of friendly countries in an area of the world that is vital to the United States and its Western allies.

The proposed sale directly serves U.S. interests in the following ways:

First, it contributes to Saudi capabilities to defend its oil facilities—which are so important to us and our Western allies—from regional threats. In doing so, it responds to the legitimate security requirements of the country whose cooperation is central to the success of our regional security strategy.

Second, it enhances the effectiveness of our own military capabilities if we were ever called upon to deploy U.S. forces in the area. The Saudi AWACS aircraft themselves could help meet our requirements for an early warning network. Moreover, the extensive logistics base and support structure we will be providing as part of the equipment package will be fully compatible with U.S. military equipment.

Third, it advances our goal of enhancing the security of states throughout the Gulf area by laying the groundwork for greater U.S.-Saudi defense cooperation and by supporting the Saudi efforts to develop stronger air defense cooperation among the Gulf states.

Fourth, it helps to rebuild confidence in the United States as a credible arbiter of regional tensions by demonstrating our value as a reliable security partner. This sense of confidence and security is an essential ingredient in fostering a willingness among countries in the area to work for—and to take the political risks posed by—a durable Mideast peace.

In brief, the case for the air defense enhancement package is an impressive one. Yet the proposed sale has aroused widespread controversy and considerable opposition. Much of the opponents' case, however, is based on misunderstandings and misconceptions both about the capabilities of the equipment we are selling and about how that equipment would be used. If the administration is successful in debunking the mythology that surrounds AWACS, the result will be a clear and compelling case that will command overwhelming support in favor of the sale.

The following are some of the misconceptions most frequently heard about the Saudi equipment package:

Argument One: The United States will receive no political benefits—no quid pro quo—from this sale.

Our friendship with Saudi Arabia is not based solely on its role as an oil supplier. Saudi assistance has been crucial in the past in helping nations break away from Soviet influence. Saudi Arabia is playing an increasingly important role in assisting vitally important countries such as Pakistan to shore up their defenses against Soviet expansionism. It has played a key diplomatic role in defusing the crisis in Lebanon and in promoting security cooperation among moderate Persian Gulf states.

Cooperation with friends is not a commodity to be bargained or haggled over. Experience has shown that the quality of our relationship with Saudi Arabia is affected by the security environment that country faces. Events in Iran and the Yemens, Soviet intervention in the Horn of Africa, and the invasion of Afghanistan have all intensified legitimate Saudi security concerns and have taken their inevitable toll of Saudi confidence. We expect Saudi cooperation in fostering peace and stability to broaden as the Saudis become more secure.

Argument Two: AWACS would pose a significant threat to the security of Israel.

President Reagan and his administration are committed to the long-range security of Israel. We also understand Israel's deep and genuine concerns, which were the subject of extensive discussions between the president and Prime Minister Begin just last week. We recognize that the Saudi equipment package will have an effect on Israeli defense planning.

The fact is, however, that the Saudi equipment package—including AWACS—would not pose a qualitatively new threat to Israel or measurably affect her ability to defeat any combination of potentially hostile forces in the region. This judgment is the consensus of both military and intelligence experts.

There are some technical facts that need to be borne in mind: AWACS is essentially an unarmed flying radar platform that has no intelligence collection capabilities; it cannot detect ground targets such as tanks, and it cannot operate effectively with air forces of other countries without extensive joint training and a sophisticated communications network that only the Untied States could provide.

At least as important, however, are the practical considerations. It is a simple fact of life that AWACS aircraft are scarce, expensive and vulnerable. The five AWACS aircraft that would be sold to Saudi Arabia are sufficient to maintain one AWACS continuously in the air. This means that any AWACS deployments to other parts of Saudi Arabia would necessarily come at the expense of full coverage of the eastern province where the oil facilities and other valuable assets are located (and which would benefit most from the improved early warning that AWACS would provide).

It is true that if the Saudis chose to expose their AWACS—which is as vulnerable to attack as the Boeing 707 aircraft from which it is derived—by operating it close to Israel, the aircraft could collect data on Israeli air activities. That information, however, would be valuable for only a few minutes and—as noted above—could not be effectively passed to non-Saudi aircraft.

But all of this is academic. Israel's air defence system—as the Saudis fully recognize—is extraordinarily capable. Saudi missions into or near Israeli air space—either to engage Israeli aircraft or to strike Israeli targets—would be prohibitively costly and would leave Saudi Arabia vulnerable to air attack from every direction. The Saudis are all too aware of this reality.

The fact is that this sale will not alter the balance of power in the region or jeopardize Israel's security. We repeat: The president is irrevocably committed to protecting Israel's security and to preserving Israel's ability to defeat any combination of potentially hostile forces in the region. The proposed Saudi sale neither casts doubt on that commitment nor compromises those Israeli capabilities.

Argument Three: The Saudis don't need and can't use AWACS. AWACS really is a Saudi-imposed test of the U.S.-Saudi political relationship.

There can be no doubt that future U.S.-Saudi relations would be affected by a congressional rejection of this sale, as would the prospects for forging a strategic consensus and lasting peace in the region. But this does not make the equipment package a test of wills. It simply means that rejection would inescapably cause the Saudis to doubt American willingness and ability to meet legitimate Saudi defensive requirements and to work together in pursuit of common security and political objectives.

The vulnerability of the highly concentrated Saudi oil facilities is serious. As the Iran-Iraq war has demonstrated, the threat that these oil facilities could come under attack is real. As our own actions at the start of that war demonstrate, AWACS would be crucial in defense of the Saudi oil fields. The loss of Saudi oil for a prolonged period would be disastrous for the United States and our allies.

With current Saudi capabilities, an attack by low-flying aircraft could not be detected by ground-based radar until it was within two to four minutes of the oil fields. Even under the best conditions, no air force could respond to this threat in time.

AWACS will allow the Saudi air force to

detect attacking enemy aircraft 150 miles or more from the oil fields. The Saudi air force will then have about 15 minutes' warning—enough time to scramble and intercept enemy aircraft before they reach the oil fields.

AIM9L, Sidewinder air-to-air- missiles give the Saudi air force the capability to intercept atacking aircraft head-on. This capability will greatly improve the chances of successfully intercepting hostile aircraft before they are able to bomb the oil facilities or other Saudi targets.

Conformal fuel tanks and KC707 tankers allow Saudi F15s to be based in west central Saudi Arabia, where they would not be vulnerable to a surprise enemy attack and from which they could sustain combat even if bases in eastern Saudi Arabia were put out of action. KC707 tankers also will allow AWACS to remain on station for extended periods of time.

In brief, the Saudis believe they have a legitimate defensive requirement for the AWACS and other equipment we propose to sell. U.S. military experts and policymakers agree with this assessment. The air defense package will improve Saudi capabilities to deter and, if necessary, defend against regional air attacks. The result will be a more secure Saudi Arabia, which will be an anchor of stability within the region and a bulwark against challenges and coercion from outside the region. Such a stable and secure Saudi Arabia clearly serves the security interests of the United States.

Argument Four: We should "lease" rather than sell AWACS to the Saudis.

After the outbreak of the Iran-Iraq war and at the request of the Saudis, the United States deployed four U.S. Air Force AWACS aircraft to Saudi Arabia to help defend the oil facilities. These aircraft are still in the area. Some have argued that, rather than sell AWACS, we should simply continue the present arrangement under a lease agreement in which the Saudis would pick up the tab.

This proposal is superficially attractive. It would appear to maintain close U.S. control over these assets while minimizing the risks that some people believe would be entailed by a sale. The fact is, however, that such an arrangement is unacceptable to the Saudis and unnecessary to secure our interests.

The Saudi government, like any sovereign regime, recognizes its right and responsibility to defend its own population and territory. Moreover, the Saudis have sound political reasons to want to minimize any overt foreign military presence in their country. In brief, the Saudis cannot accept a leasing arrangement because it would not satisfy the requirements of sovereignty nor respect political realities.

For the Saudis, it is not a case of AWACS or nothing. The British-Nimrod has capabilities that are compatible to AWACS, while the French have aircraft/missile combinations that would be attractive alternatives to the F15/AIM9L.

The issue is not whether the Saudis will obtain an enhanced air defense capability, but who will sell it to them. The United States has the choice between benefiting from the closer cooperation and continuing presence that would flow from the sale of the Saudi equipment package or yielding that role to other suppliers. For the Israelis, the question is whether their long-term security interests are better served by a continuing and strengthened U.S. role in Saudi Arabia, or by a Saudi Arabia with substantially the same military capabilities but less responsive to U.S. advice and influence.

A lease arrangement provides the appearance of extensive U.S. control over the operation of the AWACS and safeguards against its misuse. In reality, however, there is no important difference between a lease and a sale. The nature of the AWACS is so complex that U.S. personnel will be required in-country to maintain key elements of the system for its entire life. The withdrawal of U.S. support for the AWACS—whoever owns the aircraft—would quickly result in the system ceasing to operate.

Argument Five: Selling AWACS to the Saudis would jeopardize U.S. security by risking the loss of sensitive technology that is at the heart of our own defense.

AWACS is a very capable system, but selling it to the Saudis does not pose serious risks that sensitive technology will be compromised. The reasons can be traced to the nature of the technology itself and to the arrangements that will be taken to safeguard it.

The AWACS as it will be delivered to Saudi Arabia in the mid-1980s is a system which was designed in the 1960s. The radar textbook technology and the computer is commercially available. The Saudi AWACS will not contain certain of the internal components that are restricted to U.S. or NATO use.

Only the computer software—which is the heart of the system—is regarded as sensitive. The information required to recreate this software will not be supplied to the Saudis (nor to NATO). If the software embedded in the AWACS computer should fall into Soviet hands, it would require a massive effort and several years to decipher. At the same time, we could easily change the software in U.S. AWACS within a matter of days, negating Soviet exploitation.

Despite their outstanding record of protecting sensitive equipment and information, the Saudis recognize and have accepted the need for stringent safeguards in this case.

The analysis above demonstrates that the proposed air defense package for Saudi Arabia will make an important contribution to the security of all states in the region—Israel as well as Saudi Arabia—and will promote our efforts to forge a strategic consensus in the area. The package is not a political favor we are extending to the Saudis, but a balanced and effective component of a comprehensive regional strategy to counter Soviet adventurism and to create the conditions for a durable Mideast peace.

The proposed sale successfully balances the imperative of Israeli security with the need to respond to threats to essential natural resources and regional stability. It provides equipment that meets the defensive requirements of a close friend and key regional state in a way that also protects sensitive technology and makes a tangible contribution to U.S. military capabilities.

The concerns expressed about the Saudi air defense package are sincere. The dilemmas they highlight are difficult. But once the misunderstandings are clarified and the misconceptions are corrected, the case against AWACS surely will yield to the inherent logic of the case for AWACS. That is the basis for the president's confidence in the outcome of the current congressional debate.

U.S. SENATE,
Washington, D.C., September 24, 1981.

Hon. JOHN C. DANFORTH,
U.S. Senate,
Washington, D.C.

DEAR COLLEAGUE: On 22 September I addressed a "Dear Colleague" letter to you on a matter we all recognize as urgent: AWACS. Given the press of business, I recognize that several days may pass before you are able to give my letter your personal attention.

I fully appreciate the strong reservations held by many colleagues. On the other hand, so many of the arguments I have heard advanced against the sale are in conflict with what my experience has taught me that I am under a heavy obligation to do what I can to try to clarify this complex issue.

Please call me if I can help in any way.

Sincerely,

JEREMIAH DENTON,
U.S. Senator.

Mr. DENTON. Mr. President, I wish to address the broader continuum in which I see this decision. I believe we are down to the crunch. I believe that a failure to support our President in this matter will be the gravest error that any Congress has committed in the past three decades.

The only distinction which I might enjoy in this assembly of most distinguished men and women is that perhaps no one is more aware of, nor has suffered personally more from ill-advised and precipitate congressional intervention in the efforts of the Chief Executive to fulfill his constitutional responsibility to direct foreign policy.

While I recognize the necessity for advice and consent, I believe that, starting with Vietnam and until today, we have witnessed several disastrously interventionist actions on the part of Congress that were disastrous to U.S. interests around the world. I submit that the proposed resolution to prohibit the sale of AWACS to Saudi Arabia is potentially another example of ill-advised congressional action taken without regard to the long-term adverse consequences.

The intervention of the Senate to derail the AWACS sale would fly in the face of the overwhelming weight of bipartisan and multiadministration expertise represented by those former and present Cabinet officials, grounded in diplomacy and security affairs, who support the sale. It would also add greatly to a depreciation of our vital security interests with respect to oil, the Mideast, and indeed the world at large.

Going back to the Vietnam situation, no one felt more aware or pained than I when Congress decided to cut off all aid to South Vietnam. This occurred after we had won the war militarily in Vietnam, finally, in December of 1972, shortly before the 4-point agreements were signed which, if observed, would have preserved the freedom of the Republic of Vietnam. At that point, the people of South Vietnam were buried before the fact. We lost that one. The Vietnam syndrome has haunted us ever since.

Another President, Jimmy Carter, came along; and he learned the bitter lesson that Presidents Johnson, Nixon, and Ford learned before him—namely, that the President of the United States did not have the footing in Congress from which to direct foreign policy. I thought those times were passed. I fear they may be upon us again.

At the time when the Russians were lifting Cuban troops into Angola, President Carter said words to this effect: "If you Russians continue to do that, I'll do something unpleasant." The media reaction, which triggered the congressional reaction, was, "Wait a minute, Jimmy, you're going to start another Vietnam." Angola went down the drain. A similar situation occurred with respect to Iran, looked at in proper perspective.

We have had too many examples when the U.S. Government has appeared like a football team following strange rules. The quarterback calls the play in the huddle. The quarterback is well-informed—and right now we have an extremely well-informed quarterback. We line up, the quarterback calls the sig-

nals, and, as we start to snap the ball, the left tackle stands up and says, "Wait a minute, Mr. Quarterback, you shouldn't have called 42 left, you should have called 42 right." Then chaos results, and we are thrown for a loss.

We are in the crunch. We not only have a situation where our security interests are involved, but there are also involved extremely urgent and vital interests involving access to oil on the part of our allies, without which they cannot survive. We are facing the eventuality of a loss of oil, a situation where the United States may not be able to survive in sociological, economic, and political terms.

So I implore my colleagues to join Senator HARRY F. BYRD, JR., and other Democrats to provide this bipartisan support of a President who deserves it.

One of these experts who agree with the necessity for the AWACS sale—I think it was Jim Schlesinger—likened action on another security matter to a decision to punt. I respect Jim Schlesinger, but I would point out that a punt gains some ground. In the case of refusing to sell the AWACS, I would liken it more to fumbling deliberately on your own 1-yard line.

The situation is urgent. I implore my colleagues to consider the weight of the collective knowledge of those former and present Cabinet officials who have supported this sale, who cannot be accused of being against Israel's interests, who cannot be accused of being confused about the technological risks. I ask my colleagues to give our President the vote of confidence he needs to change this pattern of indecisive foreign policy, by which we are rapidly losing the capability to deal with the Soviets, who deal from unity, if from wrong principles in the wrong system.

AWACS SALE TO SAUDI ARABIA

Mr. THURMOND. Mr. President, as the debate continues on President Reagan's proposal to sell AWACS and other military equipment to Saudi Arabia, I would like to call to the attention of the Senate an article written on this subject earlier this year which I believe touches on many of the key points in support of the sale.

The arguments advanced by this writer, although written on May 14, 1981, remain sound today. These arguments stress the need for the United States to maintain our friendship with Saudi Arabia, an argument that assumes additional weight in view of the tragic events of yesterday in Egypt.

The writer, M. Cherif Bassiouni, professor of international law at DePaul University, believes as I do that Israel's security is enhanced rather than endangered by this sale. If we fail to support the Saudis and a radical regime takes power in that nation there is little doubt Israel will be more in danger than that posed by the present Saudi Government. Furthermore, if the AWACS sale is vetoed by Congress the Saudis will buy the British Nimrod plane, an aircraft over which the United States will have absolutely no control, or could purchase planes from France.

Mr. President, I ask unanimous consent that this article which appeared May 14, 1981, in the Chicago Tribune under the heading "Saudis need AWACS planes" be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SAUDIS NEED AWACS PLANES

(By M. Cherif Bassiouni)

Saudi Arabia seeks to purchase five AWACS reconnaissance planes from the United States for some $2 billion, to be delivered in 1985. President Reagan has accepted, but Israeli Prime Minister Menachem Begin says he unqualifiedly opposes the sale; the battle for U.S. public opinion and congressional approval is under way.

The arguments for and against the sale are simple and straightforward: Israel believes that sophisticated reconnaissance would make it vulnerable if the information so secured is used by enemy forces. Saudi Arabia sees the airplanes as essentially defensive against potential enemies, whether it be Iran, the U.S.S.R. or its surrogates, or anyone else who can fly a plane over its oil fields and bomb them.

The Israeli argument is premised on the possibility that information gathered by AWACS may be transmitted to attacking forces, whether they are Saudi or some other nation's. However, the likelihood of such an occurrence must be viewed in its regional context. Israel is at peace with Egypt, and the Saudi air force is limited, of minimal threat, and far from Israel's borders.

It must be noted the AWACS are useful only to aircraft equipped with a special system to receive the information and to be guided by it. No air force other than one equipped by the U.S. has the capability. Consequently, such air forces as Egypt, Iraq, Syria, and Lybia can make no use of the AWACS. Beyond being an airborne traffic control center, the planes have no other strategic use. They cannot detect ground forces movements or ground objectives. Furthermore, the AWACS are to be delivered in 1985 and are to be manned by U.S. technicians for several years to follow.

On the other hand, Israel has a similar reconnaissance capability and as much if not more, information about its neighbors in the region via U.S. satellite. The AWACS would, at best, put Saudi Arabia at parity with Israel in 1985 as to reconnaissance information.

A danger to Israel's absolute air superiority does exist, but the likelihood is quite remote for an actual threat to its security.

The Saudi argument is more clear and convincing. The exposure of its eastern oil fields to air attack from any and all quarters is real and present. This threat is now averted by the U.S.-owned and manned AWACS which provide the Saudis with the same information that Saudi-owned, but U.S.-manned, AWACS would provide in 1985. The difference lies in the ownership of the aircraft and the fact that the information, after 1985, presumably would not be subject to any U.S. filtering designed to protect Israel.

The potential dangers to the Saudi eastern fields, producing 6 million barrels of oil daily, are also significant to the U.S., Western Europe, and other Allied nations such as Japan and South Korea. Nothing more need be said about the consequences of losing that much oil.

On balance, the threat to Israel's security with the planes' sale is less significant than the likely threat to Saudi Arabia, the U.S., and the Western Allies without it.

But the issues involved in the sale transcend these strategic considerations. At stake are some fundamental questions, among them the ability of the U.S. to make strategic and political decisions free from the veto of Israel and its powerful domestic lobby, and most importantly, U.S.-Saudi friendship.

Saudi Arabia has always been a proven and reliable friend of the U.S. It has maintained enough oil production to accommodate the U.S., used its influence to moderate oil price increases by OPEC, kept its petrodollar surpluses mostly in the U.S. and in dollars (estimated at $100 billion), and purchased annually some $8 billion in goods and services from this country ($1 billion in exports means 300,000 jobs). All these and other Saudi gestures of friendship and support over the years deserve to be matched, if not in kind, at least in symbolic ways. Last but not least, the sale will be a test of U.S. reliability as a friend and ally, and the extent of its often expressed commitment to secure the Gulf region.

Of course, Saudi Arabia has not always agreed with all aspects of U.S. policy. It does not favor the Camp David Agreements and their sequels, particularly the Egyptian-Israeli Peace Treaty. But it has never done anything to hinder U.S. policy.

The U.S. should go through with the sale of the AWACS and strengthen its ties with Saudi Arabia. Israel and its U.S. lobby should not make an issue of it.

There are other ways in which Israel can achieve its security objectives. Quiet diplomacy is the way to accomplish it.

The consequences of cancelling the sale would be far too detrimental to U.S. strategic and economic interests in the Mideast. Saudi Arabia could simply reduce oil production, increase prices, shift its holdings to Western Europe and to other currencies, and take its trade to other willing sellers.

Above all, reneging on the sale would be a clear signal to the world that the U.S. is not a reliable friend or ally.

It is time for Israel to make progress in the peace process, to try not to cloud the skies with what could develop into a climate of doubt and mistrust, jeopardizing a precarious situation which already has far too few chances of success. It is also time for Israel's supporters in the U.S. to understand what is at stake for this country.

THE DEATH OF ANWAR SADAT AND THE SALE OF AWACS TO SAUDI ARABIA

Mr. BOSCHWITZ. Mr. President, I rise this morning to express my thoughts and my tribute to one of the great leaders of the world since the end of the Second World War and in my lifetime, Anwar Sadat.

It shows that once again there are interesting quirks of history in the sense that his rise and his eminence as a peacemaker was not what was expected. But if you look at his record during the Second World War, if you look at the expectations that preceded him when he was elevated to the position of the presidency, after having been an unknown in the vice presidency of Egypt, he achieved great things. He achieved great things also in conjunction with the Prime Minister of Israel.

If you look at the Prime Minister's background you would also conclude that this would not be a man who would take the first strong steps toward peace in the Middle East. It is interesting how it all began through one particular incident. That interesting incident was an earlier assassination threat on the life of President Sadat. Apparently the Israeli intel-

ligence became aware of that threat. This was before the peace process had begun, before there was any real connection or open channel between the Governments of Israel and Egypt. But through their intelligence the Israelis became aware of a threat on the life of Sadat. Begin informed Sadat in one way or another of that threat. With that information President Sadat found the threat existed and was able to neutralize it.

Sadat wondered what kind of a man Begin was to do this in his behalf. Eventually President Sadat found himself in Romania and talked to the President of Romania and asked, "What kind of a man is this Begin who would give me such a warning?" The President of Romania said he really did not know but that he would find out what kind of a guy this fellow Begin was.

As a result, the Prime Minister of Israel found himself invited and indeed went to Romania. I heard the Prime Minister of Israel speak some time after that and mention his trip to Romania.

He said he thought it was a good trip, an interesting trip, a trip that had achieved something, without his saying what it had achieved, and we only learned later that the trip had helped lay some of the foundation for the peace process. It laid some of the foundations that brought a great man, a great peacemaker, President Sadat, to Jerusalem, and that eventually brought about the Camp David accords.

Mr. President, I therefore rise in tribute to a great peacemaker who has left the scene, which has thrown the Middle East into turmoil once again, an area that has seen turmoil, and that has been the subject of so many wars and so much misunderstanding and so much hatred.

One of the bizarre aspects of this assassination is that others of President Sadat's Arab people rejoice in his death, and say so publicly, and rush to take credit for his assassination.

It is also interesting to note that among the Arab nations of the world only the Sudan and Oman have paid tribute to President Sadat. Only Oman and the Sudan, among the many nations, have paid tribute to a man who tried to bring peace to this turbulent area of the world, the area of the world that could, perhaps, bring all of us into hostilities, all of us into war once again.

On the other hand, we are now supposed to consider selling our most sophisticated weapons to a "moderate" Arab country. At the White House this morning I spoke about this "moderate" Arab country, Saudi Arabia, to which we are supposed to sell the AWACS and also the F–15 enhancement. This is a country which does not mourn the passing of President Sadat or if it does it does not have the courage to speak out and say so or at least to the best of my knowledge it has not yet had the courage to speak out. I hope I am wrong, and that the Saudis acknowledge that a great man has passed from the Middle East scene.

This is a country—Saudi Arabia—that is putting us to a litmus test, as it has many times before and, in my judgment, as it will many times in the future.

We are going to sell it the AWACS without certain sensitive equipment. But clearly, within a period of months there will be changed circumstances in the world once again that will lead the Saudis back to our door, rapping at the door, saying once again, "Here is another litmus test, an AWACS enhancement package."

This is a "moderate" regime, Mr. President. I agree it is a "moderate" regime among the Arabs. I agree it has only raised its oil price tenfold since 1973 while others want to raise it elevenfold and twelvefold, and yet it is a "moderate" regime. It has only done it tenfold.

It will not allow American bases on its soil. It criticizes harshly the Omanis when they allow us to have bases on their soil. They call our country "medieval bandits" when we respond to a rocket attack on our planes over the Gulf of Sidra by the Libyans. After we shot down those two Libyan planes with AIM–9 missiles, which are also part of the package, the Saudis and the Gulf sheikdoms together called us "medieval bandits." Yet this country among the Middle East is a "moderate" Arab country.

When we want to fill our oil reserve so that in the event of difficulties, in the event of a boycott, in the event of a war, in the event of the closing of the Straits of Hormuz, our country will not find itself short, the Saudis object and say they will raise their price or reduce their shipments if we proceed to fill our oil reserves. Yet they are "moderate."

When we made a desperate attempt to rescue our hostages from Iran we were roundly criticized by our friends, the moderates, the Saudis, for attempting this rescue mission.

When it comes to Israel they are similarly "moderate," Mr. President. They call for a Jihad, a holy war, against Israel. They do not join the Camp David peace process. They have expressed opposition all along to President Sadat, and perhaps that ongoing opposition is the basis for their not paying tribute to this great man at the time of his death.

They have for years financed the PLO and continue to finance the PLO. They do not count the Russians as the principal threat to the Middle East. They say Israel is the principal threat to the Middle East.

And despite this litany of lack of moderation, Mr. President, the Saudis are indeed moderate, which tells you something about the other countries of the Mideast and which shows you the inflammatory nature of the area and the difficulties that can ensue from escalating the pace of armaments.

We should make some kind of arrangement with the Saudis, but not in a way that will compromise our most delicate technology and not in a way that could compromise the most advanced technology, the airplane that is considered the best in the world.

I read through, Mr. President, the statements that were made prior to the sale of seven AWAC planes to Iran. They said the same thing at that time: That Iran was a stable nation; that it was a moderating force in the Middle East, though actually the Arab-Israeli conflict was not part of the argument surrounding that sale. Only the possible loss of technology was considered then. Eventually, it went through, but only after the AWACS package had been withdrawn and new conditions put on it that were accepted by the Shah. My predecessor in the U.S. Senate, Hubert Humphrey, in summarizing why we were selling it to Iran said, "The Shah wanted it." And I say, "Why are we selling it to the Saudis?" "Because they want it and they have the money to do so."

So, Mr. President, as we mourn today the loss of a great peacemaker and wonder what impact it has on the AWACS sale, I regretfully say that it should have an impact on the sale, which should be withdrawn, which should be rejected, because, unfortunately, we have once again seen the implacable trends in the Middle East and we have once again seen the instability of the area. It is not in our interest, it is not in our national interest, to commit to that area our most sophisticated weaponry.

Mr. President, I yield the floor.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

EXTENSION OF TIME FOR MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that morning business be extended for 2 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SYMMS. I thank the majority leader.

WHOSE SOLIDARITY?

Mr. SYMMS. Mr. President, a few Saturdays ago, a handful of labor leaders spent thousands of dollars of their members' dues money to bus into Washington, D.C., 250,000 people to demonstrate against the economic policies of the Reagan administration, policies for which an overwhelming majority of this body voted but a short time ago. Reading the news accounts, and watching the proceedings on television, it was evident that many of the participants were simply taking advantage of free bus rides and the lovely fall weather. Thousands of them paid more attention to the Smithsonian Institution than they did to the fulminations of the leaders of the Government unions.

And yet, before we dismiss the rally as a case of mistaken identity, concluding that most of the rank and file thought they were showing their support for the Polish solidarity movement, we should look at the demonstration in the context of what has been happening in Washington ever since the elections.

It is undeniable, I think, that rank and file union members voted for Ronald Reagan in far greater numbers than has ever happened to a Republican candidate before. That is, the industrial union members did so. They provided Reagan's margin of victory in the industrial States of the Midwest and Northeast. The Government employee unions were some-

thing else again. It is again undeniable that the American Federation of Government Employees and the American Federation of State, County, and Municipal Employees are far less hospitable to the Reagan program than other sectors of the country as a whole, or of the union members specifically.

Now there is nothing wrong with a labor movement opposing the President on this, that, or the other policy. What is disturbing is the coincidence of two facts: That the AFGE represents more than 65 percent of the civilian employees of the Department of Defense, including the constituent services; and that AFGE has been sadly indiscriminate in its choice of associates. According to the candidate himself, the District of Columbia local chapter of AFGE supported the Communist candidate for City Council last year, to the extent of organizing rallies for him, and turning out poll workers to distribute his literature on election day.

In the organization of the Solidarity Day rally, AFGE had as allies a wide selection of left-wing and radical organizers, prominently including the Institute for Policy Studies, which inexplicably continues to enjoy a reputation as just another think tank, despite the detailed exposés of its left-wing connections published in the New York Times and other major publications.

I do not wish to be overly alarmist, Mr. President, and I do nothing more today than raise these issues so that my colleagues can be aware of them. The labor union movement of the United States has served the people, its members, and the country well. American labor has been among the most forceful and faithful of voices raised against the totalitarian menace represented by communism, and in support of a strong national defense. Nevertheless, there are some different breezes blowing, and labor needs to look to its past and future.

As the rank and file member becomes increasingly part of the middle class, due to the very successes of the union movement, the leadership of the movement loses touch with the membership. Then too, the leadership is cooperative with and influenced by those whose interests are not at all congruent with those of the average American, or indeed the average union member. Thus the Solidarity Day rally saw the presence of many figures from the Communist, Socialist, Trotskyite, and radical movements whose adherents have always had such a rough time of it in this country. They still do, except with a certain type of union leader struggling to find an issue on which to differ with the political leadership of the country.

They can find that issue, Mr. President, only by abandoning their union members and allying themselves with forces who wish this country no good. I do not want to see that, and I do not think the average union member does either.

There is more to be said on this issue, Mr. President, and I am confident that more will be said over the course of the next few days, as further analysis of the rally itself becomes available. It is important that all Senators pay attention to this debate, for it is of crucial importance to the future of Government employee unions, and to the survival of the Nation.

THE THRUST TOWARD GENUINE TAX REFORM

Mr. SYMMS. Mr. President, the Reagan tax cuts have just gone into effect, and already some are talking about repealing them, "closing loopholes," or in other ways increasing taxes. In other words, it appears that some of our politicians have learned nothing from our recent economic history.

If there is anything that is certain, Mr. President, it is that we cannot tax ourselves into a balanced budget. We have tried that before, and it simply does not work. Because of the combined effect of inflation and the graduated income tax, marginal tax burdens had become unbearable on the average taxpayer, prior to the Reagan, or Kemp-Roth tax cuts we just enacted. These high marginal rates were choking off investment and savings, driving more and more individuals into leisure, encouraging more and more compensation in the form of untaxable fringe benefits, stoking the fires of an "underground economy" amounting to untaxed billions of dollars a year, and generally throttling a vibrant and growing economy.

The tax cuts enacted earlier this year are not the whole solution to the problem. Their most glaring defect is that they do not do enough. Actually, they do very little more than keep pace with the tax increases enacted during previous years. There should come some regenerative effect from them, but not what we could have anticipated had the basic premises of these liberating cuts been adopted by the Congress.

The revenue-producing side of the tax cuts continues to be underestimated, in my view, by too much traditional economic analysis, and by computer models which fail to take into account the dynamic nature of the individual taxpayer.

Obviously, we will not know what is going to happen until it actually happens—and perhaps not even then—but I prefer to trust the commonsense of my constituents, and my own experience, rather than the abstract models of economists, whose record as forecasters is not untarnished.

Last spring, Mr. Robert Bleiberg, the editor of Barron's National Business and Financial Weekly addressed the student body of Hillsdale College, Hillsdale, Mich., on the subject of taxes. Mr. Bleiberg has been an interested spectator and sometime participant in the battles over taxes and tax reform in the last 30 years. He cogently analyzes our tax system as it existed last spring, and made some predictions about what we could expect from the kind of tax bills then under consideration. I find his comments illuminating, particularly in so far as they relate to our recent tax history. I think all my colleagues would profit from reading these remarks, and therefore ask unanimous consent that they be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

[From the Imprimis (Hillsdale College, Hillsdale, Mich.), September 1981]

THE THRUST TOWARD GENUINE TAX REFORM

(By Robert M. Bleiberg)

In spite of the great academic honor bestowed on me by Hillsdale, which I have come to regard as a second alma mater, I remain a journalist rather than a scholar. And it's in the capacity of journalist that I presume to address you this evening. In my profession, timing is important—after all, yesterday's newspaper, as the old saying goes, is only good for wrapping fish in. Hence on April 23, 1974, when I gave my first von Mises lecture on wage and price controls, the nation's one and only peacetime fling with these disastrous expedients was scheduled within a few days to come to an ignominious end. Twelve months later, under the same auspices, I offered a critical appraisal of federal regulation, which I believed was destined to make headlines for years to come.

My topic tonight is, "The Thrust Toward Genuine Tax Reform." Coming as it does within a week of April 15, that inevitable day of reckoning and annual orgy of financial blood-letting, it aims to carry on the journalistic tradition of good timing. Perhaps it may also convey to you some sense of where we've been in the murky realm of tax policy, as well as where we're going.

Let me sum up the points I hope to make this evening. One: as practiced by our elected representatives in Congress, tax legislation from the late Sixties through the late Seventies was neither an art nor a science, but a game almost anyone—the less skilled the better—could play. To get down to cases, Congress, so an overwhelming weight of evidence suggests, time and again passed measures which it neither understood, weighed nor even necessarily had a chance to read. As a consequence, it had to spend an incredible amount of time clarifying, rewriting and, more often than not, wholly undoing its own handiwork.

Two: not surprisingly, U.S. tax laws, instead of being farsighted and wise, as one would hope, for more than a decade proved to be a succession of financial and economic disasters. They inevitably wound up favoring consumption over saving and investment, undermining incentive and discouraging growth. Finally, three: for the first time in many years, a shift in national thinking is clearly afoot. Principles and premises once embraced unquestioningly have come under heavy attack. Contrariwise, notions like the desirability of capital formation suddenly seem to be ideas whose time has come.

To grasp fully the significance of where the U.S. is heading, we must first understand clearly where it's been. Here a bit of history seems in order. Though lurking in the background throughout most of the Sixties, if not before, so-called tax reform got its first great impetus in January of 1969, when then-Secretary of the Treasury Joseph Burr, in a sort of farewell address, disclosed that 750 people with incomes of more than $100,000 per year, and 154 making $200,000, had paid no federal income tax in 1966–67. In consequence, he warned the Joint Economic

Committee of Congress, the U.S. was facing a taxpayers' revolt, not because taxes were so high, but because the rich were evading their fair share of the burden.

In a fascinating volume called *Tax Loopholes, the Legend and the Reality*, Roger A. Freeman, of the Hoover Institution on War, Revolution and Peace, made the following observations: "Mr. Barr's statement—delivered without an explanation of why or how recipients of huge gross incomes could escape paying taxes—was prominently featured in news media throughout the country and aroused public sentiment to a high pitch. The result was a situation not too different from what he had predicted. Some members of Congress who had viewed tax reform with detachment early in the session came back from Easter recess with a mandate from their constituents and a personal determination to make the rich pay.'" The result was the 225-page Tax Reform Act of 1969, a measure which made hundreds of changes in the tax law and constituted—up till that time, at any rate—the greatest and most complex addition to the Internal Revenue Code in history.

Let's take a harder look at that landmark measure, which ostensibly was aimed straight at all those allegedly tax-delinquent millionaires. Despite its passage, the millionaires got off lightly, but others were hit harder. Among a host of other things, the legislation repealed the Investment Tax Credit (subsequently reinstated); limited accelerated depreciation in real estate; lowered mineral depletion allowances, notably for oil and natural gas—just in time, by the way, for the Arab oil embargo; increased levies on capital gains and pension profit-sharing plans; and, in a thrust at those odious tax avoiders, imposed for the first time a minimum tax on otherwise sheltered income.

Here is how Raymond Saulnier, who headed the Council of Economic Advisers under President Eisenhower, viewed the measure just prior to its passage: "The bill would impair the nation's capability for achieving vigorous economic growth by a number of provisions that would reduce incentives to save and invest, including the proposed treatment of capital gains and the reduction of incentives to invest in real estate and in mineral resources. It would further inhibit growth by reducing—in some cases eliminating altogether—ways in which business concerns reward management achievement. And the balance of its revenue effect . . . would favor consumption at the expense of investment, thereby weakening government efforts to overcome inflation as well as impeding economic growth. . . . One is impressed again and again that what we have here is a massive example of throwing out the baby with the bath water—in this case, a whole family of babies, with a few cups of bath water."

That great tax reform of 1969 was just for openers. Along came 1972 and a Presidential election year, in which Senator George McGovern, the Democratic standard-bearer, introduced his own Tax Reform Act of 1972, a revolutionary set of proposals aimed, in the Senator's view, at "closing $28 billion in tax loopholes which now benefit the rich and the big corporations." Not long afterward, Congressman Wilbur Mills, who at the time still headed the powerful House Ways and Means Committee, jumped on the bandwagon with his so-called Tax Policy Review Act, which, unless Congress took affirmative action, would have phased out every so-called tax preference, 54 all told, by 1976.

Finally, take the Tax Reform Act of 1976. This monstrosity of the legislative process changed virtually everyone's bottom line for good or ill. For example, it gave tax breaks to cigar makers, amateur athletic organizations, private foundations and a number of others, including those with estates of up to half a million dollars. While allegedly closing loopholes, in short, it briskly opened up new ones.

However, its main thrust was anti-capital. Among other things, the '76 law raised from 10 percent to 15 percent the rate on "preference" items, on which taxpayers pay at lower than full rate, including the untaxed portion of capital gains. Moreover, the exemption on preference items was slashed from $30,000, plus part of one's tax bill, to $10,000. Americans who work abroad were faced with heavier levies, to the pleasure and profit of the foreign competition, an inequity, by the way, which remains on the books to this day. Similarly, the length of time which securities and other property must be held to qualify for capital gains treatment was boosted from six to nine months in 1977 and to twelve months in 1978. And most tax shelters—with the significant exception of low income housing—had their advantages severely curtailed. It's also worth noting in passing that this legislation, in one of its less publicized but far-reaching provisions, quietly imposed fairly severe strictures on those who professionally prepare tax returns.

In a scathing commentary on the whole affair, a leading business daily wrote as follows: "Democratic liberals will, of course, argue that their bill only increases taxes on upper income Americans, closing loopholes, tightening treatment of capital gains, increasing the bite of the minimum tax, and expanding business taxation on foreign investment. But as usual, this mindless egalitarianism is unaccompanied by an assessment of its impact on the total economy—output, employment, the tax base and revenues from other sources. . . ." Summed up the publication: "It's a massive volume of tax law that rivals Tolstoy in complexity and Dostoevski in gloom."

And what about those untaxed millionaires? Somehow the IRS never laid a glove on them. In 1970, despite passage of the 1969 legislation, nearly 500 taxpayers in the same two tax brackets also got off scot-free. Every year since, thanks to the array of so-called tax preferences and deductions, some have always succeeded in slipping through the net.

Such results should really come as no surprise. The fact is that until recently, tax legislation was not written so much as put together with Scotch tape and paper clips. For example, in the case of the 1969 measure, despite extensive hearings, which filled 15 large volumes with testimony, the legislative procedure was slipshod. On the day before the bill was scheduled to come up for a vote on the floor, the Chairman of the House Ways and Means Committee called an extraordinary session of the group at noon to ponder the fate of seven million middle-income taxpayers who had somehow gotten lost in the shuffle.

In a dissenting report on the Tax Reform Act of 1969, Rep. Sam M. Gibbons (D., Fla.) was severely critical of the proceedings. He pointed out that not until July 28, 1969, six days before the report was written, did the Committee get a chance to view "any of the more than 360 pages of this very complicated legislation. . . . On that day, just six days ago, we first saw and took under consideration a tentative draft of a part of this bill. On that day, we approved some 83 pages. This same rapid pace without any opportunity for the Committee to examine the language in advance was carried on for the rest of the week. . . . In my opinion, all of these matters are far too important for this type of deliberation and decisionmaking." Small wonder that the measure swiftly became known as the Lawyers' and Accountants' Relief Act.

The so-called Tax Reform Act of 1976 evoked a similar response. In the midst of the debate, Rep. Brock Adams (D., Wash.), then chairman of the House Budget Committee, called the Senate version of the pending tax bill "a Frankenstein monster that ought to be killed if it can't be changed." Chimed in Lowell Weicker (R., Conn.): "The bill we have now before us just totally defies human understanding, never mind Senatorial understanding." By the same token, in a discussion of efforts by the House Ways and Means Committee to prevent recipients of Social Security from enjoying a "double-dip" (which referred to two tax rebates of $50 each), Congressman Ed Jenkins (D., Ga.) remarked: "In the past two days, we've been dipped and double-dipped until I'm totally confused." He added for posterity: "Before we're done, I'm afraid the average taxpayer is going to be skinny-dipped."

Congressman Jenkins swiftly proved to be a prophet in his own country. For the ink had scarcely dried on the Tax Reform Act of 1976—which, by the way, with a cost of thousands had been three years in the making—than the lawmakers hurriedly started to dismantle their handiwork.

Indeed, despite three years of deliberation, the evidence is compelling that the lawmakers literally did not know what they were doing. On that score, consider the critical comments of Sen. Harry F. Byrd, Jr. (Indep., Va.) on the Estate and Gift Tax provisions of the 1976 law.

According to Senator Byrd, the chief purpose of that measure in this realm was to reduce the tax burden upon small and medium-size estates and to help meet the needs of farmers and small businessmen who wanted to pass on their property to the next generation. Quite a laudable goal, but things didn't work out the way the framers of the legislation intended. On the contrary, it soon grew clear that the estate and gift tax provisions were doing precisely the opposite of what they were meant to do. To make matters worse, the 1976 estate and gift tax provisions created an administrative nightmare that added to the complexity and cost of handling the affairs of the deceased: "The law as it now stands will have a disastrous effect over a period of years on small businesses and will aggravate the problem of the ever-increasing concentration of economic wealth and power in a few large corporations."

In the 1976 legislation—three years in the making, let me remind you again—the estate and gift tax provisions weren't the only ones to go awry. In several cases, involving: (a) deductions and the exclusions of income earned abroad by Americans; (b) substitution of a credit for the child care deduction; and (c) substitution of a credit for the elderly for the retirement income credit, the effect was made retroactive to various dates. The shift naturally imposed a burden upon taxpayers who had already made their plans for the fiscal year. To compound the confusion, when the deadlines were extended by law, as they swiftly were, taxpayers were compelled to go through the cumbersome process of seeking refunds.

Though widely condemned by tax experts, lawyers, accountants and others, by the way, retroactive tax legislation has become all-too-popular. On this score, the Tax Reform Act of 1969 took effect according to 84 different time schedules, employing more than 40 different effective dates. Similarly, the so-called Tax Reform Act of 1974, if it had passed as originally drafted by the Ways and Means Committee, would have had over 50 retroactive provisions.

Which brings us to 1978 and the Carter Administration tax proposals. As outlined before the House Ways and Means Committee on January 30, 1978, by W. Michael Blumenthal, Secretary of the Treasury, this program called for more and more of the same. Specifically, the White House proposed broadening and extending the assault on tax shelters. It urged eliminating the special federal deduction for general sales taxes, personal property taxes, gasoline taxes and miscellaneous taxes paid at the state and local levels. Finally (and worst of all), the White House sought to eliminate what was left of the 25% alternative tax for capital gains. And in a thrust that seemed aimed straight at me, it would have outlawed the notorious "three-martini lunch."

But on the way to the forum, a funny thing happened. Thanks to the outbreak of the nationwide tax revolt, the lawmakers that autumn actually approved the first cut in the capital gains tax—from nearly 50% to an effective rate of 28%—since it was put on the books nearly half a century ago. Thus, the Revenue Act of 1978 was a landmark. It signified the overwhelming bipartisan rejection of policies best described not as soak-the-rich but as soak the productive middle class and the beginnings of genuine tax reform, which aims to stimulate investment, production and productivity.

Similarly, during the 96th Congress a spate of forward-looking legislation was dropped in the hopper. Thus, Congressman Richard T. Schulze (R., Pa.) introduced a bill, The Individual Investors Incentive Act of 1980, that would offer the individual taxpayer a credit of up to $1,000 ($2,000 in case of joint return) against his income tax if he invests up to $10,000 in industrial stocks or bonds.

Other pending measures would have encouraged the reinvestment of dividends, granted tax incentives for research and development, and fostered employee stock ownership plans. And a highly innovative piece of legislation, introduced last July by the Senate Majority whip, Alan Cranston of California, one of the few liberals to survive the Reagan sweep, would have established an investment rollover account, whereby an investor could defer the tax liability on long-term gains in securities if he reinvested the proceeds in another security (much like the tax break currently employed by homeowners).

Since the 97th Congress convened in January, the trend, if anything, has grown stronger. President Reagan, of course, has now thrown the full weight of his office behind the Kemp-Roth proposals, which would cut tax brackets virtually across-the-board by 10 percent per year over the next three years, and speed up the write-off of plant and equipment. Moreover, in his State of the Union message, the Chief Executive spoke of a second, or follow-on, tax bill which may prove equally fruitful. Surely the possibilities are almost endless.

Thus, Congressman Schulze has reintroduced his Individual Investors Incentive Act, as well as the Small Business Tax Relief Act of 1981, which, among other provisions, would permit a small businessman to sell his company and reinvest the proceeds within 18 months in another venture without being subject to tax. With fine bipartisanship, both Republicans and Democrats have dropped into the hopper measures that propose to lower the levy on capital gains from 28 percent to 18 percent. One imaginative bigwig on Wall Street is lining up support for a proposal to cut the capital gains levy to zero—but only on new commitments. Here is how he recently outlined his scheme to the House Budget Committee: "If the capital gains tax were reduced to zero on new investments, anyone expecting future gains would have a powerful incentive to sell immediately and reinvest the proceeds. . . . As a result, there is good reason to believe that such a tax change would unleash a large volume of selling and reinvestment of assets. Thanks to the unlocking of existing capital gains through the surge in trading activity, the Treasury would get a substantial windfall in the form of increased tax revenues from a capital gains tax.

"Looking further ahead, general tax revenues should increase by a large amount under this proposal because of its stimulative impact on business activity. We have run this proposal through the DRI econometric model, comparing what would happen after its adoption with a baseline solution that assumes no tax changes. Under those assumptions, the model shows that economic growth would accelerate significantly so that the budget position would show a $122.6 billion surplus by 1985 with an accommodating monetary policy and an $89.3 billion surplus with a non-accommodating monetary policy. Although one may quibble about the assumptions or the precise magnitudes involved, such a tax change seems likely to result in a major increase in revenues to the Treasury. In other words, this is a tax cut that would boost tax revenues in both the short and long run. The large expansion of future revenues would result from an acceleration in business activity, a sharp increase in employment, and an accompanying reduction in unemployment."

And just consider what has happened since the capital gains tax was slashed. As the Securities Industry Association has taken pains to point out, the cost to the Treasury has turned out to be gratifyingly low. Instead of the $2.2 billion per year in lost revenues officially forecast at the time of enactment, the Treasury last summer conceded that thanks to unexpectedly heavy realized gains, the figures would run to only 1.3 billion, or 40 percent less. (Moreover, SIA cogently argues, even these estimates, based as they are on effective tax rates of only 11 percent for 1979–80, instead of the 14.2 percent that prevailed during a comparable period in the late Sixties, continued to overstate the impact on revenues.)

A few weeks ago, new official estimates surfaced. From tax returns filed in 1979, preliminary data now suggest that at worst, the net loss in revenues came to only $100 million. In fact, some studies of the data indicate that far from losing any revenue whatsoever, the Treasury collected over $1 billion more at the lower 1979 rates than at higher rates in the previous year. On the basis of costs to benefits, including a surge in new incorporations and new jobs, the cut in the capital gains tax clearly winds up on the right side of the ledger.

Yet believe it or not, there are those who still fail to understand the significance of what has happened. A year or so ago The New York Times ran an editorial so off-base that it led the W. R. Grace Company to spend tens of thousands of dollars to set the record straight. What the times was saying, briefly, was that the cut in the capital gains tax had achieved virtually nothing. How wrong can you get? Let me share with you the numbers.

The Revenue Act of 1978 was passed in October of that year. In 1978, 45 companies made public offerings of common stock, thereby raising $250 million. In 1979, 81 companies went public, raising $506 million. Last year, 237 companies went public and raised $1.4 billion. To bring the figures up to date, since the turn of the year, 96 companies have gone public, compared to 22 in the like period of 1980. In the process, they have already raised $684.6 million, more than four times as much as was raised in the like period of 1980.

Moreover, there's very little doubt that much of the strength in the stock market as a whole, which has seen a number of leading stock market indices rise to all-time highs, has come from the improved tax climate, especially the cut in the capital gains tax. In a special analysis a year or so ago, the leading stock brokerage firm of Merrill Lynch estimated that without the cut in the capital gains tax, prices on the New York Stock Exchange would be nearly 10 percent below current levels. It went on to add: if the further cuts in the capital gains tax approved last year by the Senate Finance Committee, and increasingly likely in the light of the new political climate, (a maximum rate for individuals of 20 percent, and a called-for alternative tax of 20 percent) should be adopted, the U.S. would enjoy a significant advance in spending on plants and equipment, and a greater rate of growth in productivity. In such circumstances, if one can believe the folks at Merrill Lynch, between now and 1985, the Standard & Poor's 500 would rise from its current level of 130 or so to over 200.

Will the same be true of Kemp-Roth or the other proposed reforms? Nobody can be sure, but there is reason to think so. That's particularly true in the light of the vast explosion of cash transactions, sub rosa dealings, and underreported and unreported income. The underground economy, as it was dubbed by Professor Peter M. Gutmann of Baruch College, City University of New York, first surfaced just a few years ago. Since then estimates of its size, scope and rate of growth have been continuously revised upward.

Back in 1977, when Professor Gutmann, through the use of such techniques as analyzing the amount of currency in circulation, did his pioneering work, he put the size of the U.S. underground economy at $175 billion, or slightly more than 10 percent of the legal gross national product, a figure which a subsequent IRS study did much to confirm. More recently, he has revised upward his estimates to closer to 15 percent of GNP (at current levels, over $2.7 trillion), a staggering total which other scholars nonetheless deem too low.

In testimony before the Joint Economic Committee in November 1979, Professor Gutmann probed deeper; "What is the theoretical . . . tax loss involved in the subterranean economy? The upper IRS estimate is $26 billion for 1976. However, the IRS study team left out a number of categories and may have underestimated others. Once these omitted categories are added, the tax loss for 1976 will be more than $35 billion, corresponding to the higher 13 to 14 percent estimate of the subterranean income as a percentage of legal GNP. For 1979, the tax loss corresponding to the higher 13 to 14 percent estimate of the subterranean income as a percentage of legal GNP would be over $50 billion."

In Professor Gutmann's view, reducing taxes would shift production and trade from the underground to the legal economy, thereby, so to speak, surfacing the scratch. In combination with the Laffer curve, which projects an increase in economic activity at lower tax rates, the result could be an increase in the Treasury's take. "Politicians," presciently writes the economist, "may yet be able to advocate tax reduction and a balanced budget at one and the same time." Long before supply side economics works its long-range miracles, then, the fiscal results may loom large. After all, it's easier to render unto Caesar at reasonable rates.

Let me conclude by quoting some of the observations made last week at a Financial

Writers dinner by Secretary of the Treasury Donald T. Regan. (By the way, unlike his two predecessors, G. William Miller and W. Michael Blumenthal, Don Regan puts his first name up front. That may not make him the greatest Secretary of the Treasury since Andrew Mellon, but it strikes me as a pretty good start.)

In any case, Regan last week said a mouthful: "For the supply-side policy to work, taxpayers don't have to respond to lower marginal tax rates by giving up vacations, going on a double-shift and saving all of their income. When you have a work force of more than 100 million people, small individual responses result in a large aggregate effect. If the average number of hours worked per week rises from 35 to 35.5 GNP rises by $42 billion. If the absentee rate declines by one-half percentage point, GNP rises by $10 billion. If the personal savings rate rises from about 5.5 percent to about 7.5 percent private savings increase by $42 billion annually at current income levels. The increased savings, together with the revenue 'reflows' and the budget cuts, more than pay for the tax cuts, thus making possible increased capital formation."

Regan then told the financial writers: "What this Administration proposes and intends is not a mere tinkering with the machinery. 'New beginning' does not mask just another foredoomed effort at economic fine-tuning. It does not describe a mere nibbling at the edges, or the latest short-term reaction to a long-term problem, or another spasm of counter-cyclical tax cuts. In its scope, capacity for results, daring, and comprehension of the dynamics of our people and the underlying strength of our economic system, it can only be compared with the economic ferment that produced the Federal Reserve System in 1913, or the first hundred days of 1933.

"But I believe that even these comparisons fall short of the real nature of this 'new beginning.' For what is really involved is what our scientific breathren call a new 'paradigm'—a fresh way of looking at a universe. We are proposing nothing less than a new understanding of the mechanics of the economic universe."

April 15, 1981, has come and gone. Before Tax Day rolls around again next year, there's reason to hope and to believe that the whole world of finance will be a different and better place.

PRESIDENT SADAT

Mr. HELMS. Mr. President, President Sadat's death is a tragedy, not only for Egypt, but for the entire free world. Many fine things have been said today about President Sadat's courage and statesmanship.

I share in these sentiments. But I hope we can go one step farther.

President Sadat's great achievement was the peace accords between Egypt and Israel, worked out at Camp David 2 years ago. It was clear from the outset that this peace would be unsustainable in the long run without major progress toward a Palestinian homeland on the West bank.

President Sadat gambled his policy and his life that his great gesture in Jerusalem would be reciprocated in a similar gesture by others so that a comprehensive peace between Jew and Arab could come about. He believed that Israeli security and a Palestinian homeland were not mutually exclusive, but rather that they were in an ultimate sense, two sides of the same coin.

Let us today resolve that President Sadat will not have died in vain. Let us instead take our inspiration from President Sadat's own courage and statesmanship, and redouble our diplomatic efforts to seek a comprehensive settlement in Palestine, and a historic reconciliation between Jew and Arab.

EUROPEAN COMMUNITY TRADE POLICIES AGAIN THREATENING U.S. AGRICULTURAL EXPORTS

Mr. HELMS. Mr. President, our trading relationship with the 10-nation trading group, commonly known as the European Community, or the EC, is in danger of entering the path of serious confrontation. The history of our trading relationship with the EC is replete with conflict and subsequent reconciliation, but nowhere has the occasion for disagreement been more prevalent than with trade in agricultural commodities.

While many of my colleagues in the Senate have heard from time to time of problems in agricultural trade with the European Community, the potential for confrontation currently may exceed that of any prior trade disputes. The potential conflict that I refer to involves policy decisions presently being contemplated by the EC Commission that would infringe upon our export market access.

In essence, the present contention centers around two specific EC policy measures:

First, establishment of new protectionist barriers for their domestic production; and second, more aggressive utilization of export subsidies in order to dispose of surplus production.

While complaints against Community trading practices are not new, the increased use of such measures comes at a time when the world agricultural balance is least likely to absorb the resultant disruptions. In spite of the fact that the Soviet Union will have another short crop this year, world grain production is estimated by the U.S. Department of Agriculture to increase by 60 million tons over the 1980 production level, to 1,490 billion tons.

However, world grain consumption is estimated to increase by only 20 million tons above the level for 1980, to 1,470 billion tons. The end result will be an enlargement in world grain stocks by 20 million tons. Part of the reason why this year's world grain production estimate is above that for 1980 is because of expectations of another large crop in EC nations. Yet, rather than storing this extra production, the EC's apparent strategy is to limit imports and increase export subsidies in order to unload their surplus production on the world market.

This strategy comes as a surprise to many of us associated with U.S. agricultural trade. It was our understanding that the EC leaders were seriously considering reforms to the common agricultural policy, or CAP as it is referred to by trade specialists.

The CAP is the policy framework from which previous EC measures of protectionism and export subsidies have evolved. Reportedly, proposals on effective reform of the CAP were to be acted upon at the July meeting of the EC Council of Ministries. However, it turned out that action on CAP reform was negligible.

We in the U.S. Senate, and particularly the Committee on Agriculture, Nutrition, and Forestry, have recognized the limited short-term benefits, but long-term adjustment problems, inherent when farmers produce for Government guarantees. Inevitably, central governments accumulate large stocks of agricultural commodities when such programs are pursued. Over the past decade, the United States has bitten the bullet and altered the direction of farm programs generally away from Government possession of excess production to market clearance of domestic surpluses.

The Senate recently passed S. 884, the Agricultural and Food Act of 1981, which is a continuation of the trend toward market-oriented farm programs.

Because of the recent policy decisions made in the Senate regarding U.S. agricultural programs, I am all the more disappointed by ominous signals emanating from representatives of the European Community. Their leaders are contemplating the imposition of a consumption tax on edible oils and import restrictions on gluten feed.

Unilateral action of this nature would portend adverse consequences for U.S. exports of soybeans and corn gluten feed into their market. Our Government considers any attempt to impose duties or quotas on these commodities to be nonnegotiable. I support the administration's policy.

In addition, the Community has become more aggressive in its application of export subsidies for wheat shipments in order to displace U.S. market shares in such traditional markets as Brazil, the Caribbean, and Southeast Asia. Subsidies exist on poultry and other commodities which have reduced U.S. market shares for our exports.

With particular reference to EC poultry subsidies, the U.S. industry recently submitted a petition for compensation under section 301 of the Trade Act of 1974. I support this petition as a valid complaint and trust a fair and accurate determination will be made by the Office of the U.S. Trade Representative.

Now, Mr. President, I concede that no nation, including our own, has a perfect record with regard to application of free trade policies. But, by golly, we can and must insist on fair trade. Obviously, we must have fair trade if the agricultural export industry in our country is going to prosper.

Its health is vital to the health of our Nation's economy. Therefore, I remind our trading partners that if they cannot abide by internationally accepted fair

trade practices, that our new farm bill has an export subsidy provision. This authority allows the Secretary of Agriculture to establish and implement export subsidies for agricultural commodities when our exports are significantly displaced by subsidies from another country.

So that there is no misunderstanding, I wish to state for the record that this Senator is no advocate of export subsidies. Nevertheless, I will not stand by and allow our exporters to be disadvantaged by subsidies by some other exporting nation. It was for this reason that I initiated the language that comprises this provision in the farm bill, and I am gratified that it obtained the consent of my colleagues in the Senate.

In summary, Mr. President, I wish to alert my fellow Senators of my concern about the potential for protracted confrontation with the EC should they decide to implement some of the trade policy proposals now being considered by the Commission. It is my hope to hold hearings on these issues later this year in order to explore more in depth all possible ramifications.

Regarding the administration's firm position in light of these threats to our agricultural export trade, Mr. Seely G. Lodwick, Under Secretary of Agriculture for International Affairs and Commodity Programs, recently made a speech in Des Moines, Iowa, where he addressed this topic. Mr. Lodwick's speech, before the Iowa District Export Council, made the following points:

(1) Any prejudicial action against U.S. exports of soybeans to the EC "would lead to immediate counteraction";

(2) The United States would be forced to move decisively to defend its trade interests if the EC "were to act to restrict our market opportunities for non-grain feed ingredients"; and

(3) The use of subsidies to dispose of surplus grain produced in the EC "is not an acceptable practice. The United States cannot accept their use in order to expand the EC share of the world market at the expense of U.S. farmers."

Mr. President, I ask unanimous consent that Mr. Lodwick's speech to the Iowa District Export Council be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

DOING BUSINESS WITH THE EUROPEAN COMMUNITY

Before we begin discussing today's setting let's look back very briefly at the beginning of the European Economic Community. It is important to remember that the United States favored European integration long before 1957 when the Treaty of Rome was signed. The Eisenhower Administration actively supported the formation of the European Community at that time. The EC was and is important for the peaceful resolution of European problems, for the stimulation of economic growth and for mutual protection. Every Presidential Administration since then has recognized the importance to this country of an integrated Europe. This is certainly true of the Reagan Administration.

We have recognized from the beginning that a unified agriculture is essential to an integrated Europe. There are good reasons for this. After all, agriculture is an important part of the European economy and society.

The original commitment to economic integration in the EC included the gradual establishment of a customs union—the freeing of trade between the members and the establishment of a common customs tariff on imports from third countries. In the case of agriculture, this could not be done without bringing some uniformity and centralization to the agricultural programs of the member nations.

Nor could agriculture simply be left out of a customs union. The original membership of the European Community included countries that are major agricultural producers and traders, and certain of these countries expected to benefit directly from the exporting of agricultural products.

One-tenth of the total EC area is agricultural. More than 8 percent of the labor force is still on the land, and that percentage was higher in 1957. Agriculture contributes 5 percent of the total national product of EC countries. Agricultural exports to countries outside the Community amount to $21 billion a year—including dairy products, beef, grains, pork, fruits and vegetables, oils and fats.

Agricultural exports are especially important to two of the EC members that are highly influential in the development of Community policy—France and the Netherlands. France has nearly half the agricultural area represented by the original six EC members and two-thirds of the farms larger than 250 acres. Nearly one Frenchman in four was employed in agriculture in 1957.

While the Netherlands has a much more limited cropland area, its animal product exports are highly important. Germany, too —while less concerned with agricultural exports—has an influential farm and rural population concerned with protecting its long-term interests. All in all, it was apparent in 1957 that a single agricultural policy would be essential to the success of the economic union.

So when the Treaty of Rome was signed by the initial membership of six countries, it laid the basis for a Common Agricultural Policy called the CAP. The purposes of the CAP, as stated in the Rome Treaty, were to increase farm productivity, stabilize markets, ensure a fair standard of living for farmers, guarantee regular supplies, and ensure reasonable prices for consumers. Those are worthy objectives. In practice, the EC's goals are more specific and more controversial.

From the beginning the United States has urged the EC to be outward looking rather than inward looking in its trade and outlook. On matters of agricultural policy we pointed out to the EC in the early days that the United States experience was a good example of what can happen when farmers produce for government guarantees, regardless of whether the goals are self-sufficiency or income protection.

EC AGRICULTURAL POLICIES

Not only have Americans found themselves in conflict with EC policies and practices at times, so have agricultural interests in other countries. In recent months:

The Australians have expressed concern about what they consider to be subsidized and unfair competition from the Community as well as restrictions affecting their markets within the EC. The Australians are concerned about their trade in such varied commodities as beef, canned fruit and wheat flour.

The Australians, along with Brazil and many developing countries, have taken GATT actions against the rapid expansion of sugar production in the Community along with the EC policy of subsidized sugar exports. The rapid increase in subsidized EC sugar exports in recent months has further depressed world sugar prices and has also had unfavorable repercussions on the domestic U.S. sugar market.

Yugoslavia has been frustrated in its effort to obtain an EC quota for its baby beef that would take account of its traditional trade with Greece.

Expansion of the Community this year to include Greece—and the upcoming additions of Spain and Portugal—add new complications. But the basic issues go back to the beginning of the Common Agricultural Policy.

The first CAP regulations, as established in 1962, covered grains, poultry, pork, eggs, and fruits and vegetables. Since then, regulations for practically all other agricultural commodities have been added, and regulations for alcohol and potatoes are now being considered by the Community. All of these basic regulations are centered around three fundamental principles: (1) Community preference, (2) common pricing, and (3) common financing.

Community preference establishes within each EC country a preferred market for agricultural products of other EC countries. This helps insulate the EC from world market price fluctuations. In addition to charging tariffs on some imported goods, the EC imposes variable levies which come into play when world market prices fall below the minimum import prices established by the EC.

When EC agricultural products are exported, especially in the case of surplus items, the Community increasingly uses export subsidies to make these commodities more competitive in the world market. On the other hand, if the EC price should go below the world price, the Community may use an export levy to keep products within the Community.

Domestically, the Community uses intervention prices to further support farm income. The intervention price is the price at which a producer is assured a buyer, since the intervention agency in each EC country is obligated to buy at that price. Last month, for example, the EC price for wheat was $180 per metric ton—about $4.90 a bushel. Any producer who could not get $180 for his wheat in the market could turn it over to the intervention agency and receive that price.

Under the Common Agricultural Policy, the EC also subsidizes the production of processed fruits and vegetables, most oilseeds including soybeans, field beans and peas used in animal feed, and various products used in baking, brewing, and glucose manufacture. The EC also grants direct aid to farmers in underprivileged areas.

The second principle of the CAP—common pricing—requires the price of an agricultural commodity to be the same throughout the EC, without interference from either national duties or subsidies. The common pricing principle has often been disrupted by fluctuations in exchange rates, and to deal with this the Community has a system of offsetting border taxes and subsidies.

Under the third principle—common financing—the cost of the Common Agricultural Policy is shared among the member states through a mechanism known as the European Agricultural Guidance and Guarantee Fund. One section of this fund finances market support expenditures such as intervention purchases, stockpiling costs, and export subsidies. Another section finances internal programs aimed at improving the structure of agriculture.

Where do these funds come from?

PAYING THE COSTS OF THE CAP

The most direct burden falls on the EC budget, and this is causing increased con-

cern within the Community. The cost of the Common Agricultural Policy has increased from $7.7 billion in 1976 to $14.4 billion in 1980.

This we should all recognize is a tax against the consumers within the EC. Often it is easier for an outsider to make this point.

Particularly in the dairy sector, the costs of ever increasing surpluses weigh seriously on the Community's budget. As a result, the EC Commission is now considering ways to reform the CAP in order to reduce support spending on surplus commodities.

The European consumer also pays at the store in the sense that high internal price supports result in higher costs of food at retail. High supports encourage uneconomic production, concentrating resources on commodities that end up in CAP stocks or in subsidized exports, meanwhile discouraging the production of other products that might provide consumers with greater variety and economy. For example, beef, pork, and poultry meat are consistently more expensive in London, Paris, Bonn, and Rome than they are in Washington, Chicago, or Des Moines.

Such overproduction in order to profit from a government policy suggests that the costs of the Common Agricultural Policy are also borne by a third contributor—the world market of which the U.S. is a major part. Increasingly, EC policies seek to shift the cost of domestic programs to other trading countries through unfair competition and through import taxes and other duties and levies. This is an inward looking policy.

An example would be the proposed tax on edible vegetable oils now being advocated by some circles within the Community. Increasingly, the EC's willingness to shift the costs of its domestic programs to the world market and that includes the American farmer is a source of concern to the United States.

THE IMPACT ON U.S. TRADE

I sometimes get the question: Why are you worried about U.S. export business in the European Community in view of the growth that has taken place in that market? U.S. agricultural exports to the Common Market have multiplied 17 times since 1957 when the Treaty of Rome was signed by six nations agreeing to integrate their economies.

That's true. U.S. agriculture's market in Europe has grown since 1957—so has everything. U.S.-farm product sales to the EC-9 expanded from $5.6 billion in calendar year 1975 to $8.9 billion in 1980. I would add three observations, however:

(1) Since 1975, the Community has declined as a share of U.S. agriculture's export market—from over one-fourth to about one-fifth. As an agricultural market, the EC is relatively stagnant in a world market that has generally been growing and dynamic. This is the result of internal EC policy decisions, not the result of basic economic forces.

(2) In 1980, for the first time in history, Europe fell behind Asia as a market for U.S. farm products (I refer to all of Asia and all of Europe, exclusive of the Soviet Union which straddles both continents.) This is an historic shift—after 377 years during which Europe was our primary agricultural market.

(3) The largest category in U.S. agricultural trade—grains—has lost substantial ground in the EC. Between 1975 and 1980, U.S. exports of grains and grain products to the Community fell in value from $2.2 billion to $1.7 billion dollars. The tonnage declined from 15.6 million to 11.5 million.

Feed grain exports, mostly corn, declined from 13 million tons in 1975 to 9.4 million tons in 1980. Wheat exports to that market fell from 2.5 million tons to 1.5 million tons.

That deficit was more than made up by soybeans and other commodities not subject to the EC's variable levy—so that total farm sales to the EC did appreciate, but modestly as I have said. In the five years, U.S. sales of soybeans rose from 5.7 million tons to 9.6 million tons and soybean meal from 2.6 million to 3.8 million tons.

The decline in U.S. corn exports to the Community reflects both an increase in EC production and a declining rate of growth in feed grain consumption. Both are the result of encouragement by the EC of its own production at high prices, isolated from import competition by variable levies. Let us not forget that these levies are a tax on the consumer of the EC.

At the same time the EC system has attracted competitive products, from the United States and elsewhere. As we have seen, U.S.-soybean shipments have increased 68 percent in volume—although even this growth has lagged behind the overall expansion in our world soybean market. U.S. soybean exports to non-EC countries have grown by 74 percent in the past five years.

THE THREAT TO U.S. SOYBEANS AND GRAIN PRODUCTS

Even our $3.9 billion EC market for oilseeds, mostly soybeans, is subject to occasional assault from EC policymakers. And any serious threat to our soybean duty binding would strike at the very heart of our trading relationship with the Community.

The EC Commission is actively considera a proposal for imposing a tax on vegetable and marine fats and oils. It seems that this tax would be imposed directly on soybeans. Similar measures have been proposed in the EC before, and now are being raised in the context of EC enlargement to include Spain. In the past we have vigorously protested that any restriction, such as a tax, would nullify our duty bindings on soybeans and soybean products.

We have once again made that point, this time through Secretary of Agriculture Block, who in late May warned EC leaders in Brussels and other European capitals that we will defend U.S. trading rights in Europe and throughout the world. No other issue has so great a potential as the soybean question for seriously undermining our trade with the Community.

While we support Spanish entry, as we have supported the creation and enlargement of the Community from the beginning, we expect that the Community alone will bear the cost of any economic adjustments that occur. We realize that internal adjustments are sometimes painful to some economic groups but healthful adjustments are the only acceptable option for a responsible trading partner.

The United States views the bindings on soybeans and soybean products as being not negotiable nor will we accept any indirect impairment of these bindings. Any action which would adversely affect this $4 billion export would lead to immediate U.S. counteraction. You see we don't feel that we should bear the cost of the adjustments brought about by the enlargement of the EC. The EC is, after all, a large, vigorous entity hardly needing special concessions.

We are also disturbed by pressures to limit EC imports of non-grain feed ingredients, particularly corn gluten feed. Certain voices in the EC advocate unbinding the zero duty bound in the GATT, citing as a justification the growth in imports of corn gluten and fears that rising output of ethanol and corn sweetener production in the United States will sharply increase imports.

Secretary Block told Community leaders in May that their fears are unfounded. The technology of producing isoglucose corn sweetener is such that even with an increased isoglucose output, corn gluten production will not increase. As for ethanol, this administration has given a very low priority to gasohol production, rescinding $500 million of the $525 million in loans authorized by the previous administration.

Te reason for the increase in U.S. exports of corn gluten to the EC is simply market price. Corn gluten prices in the United States currently are about 25 percent higher than those for domestic corn, while the price of corn gluten in the EC is as much as 20 percent below EC corn prices due to the Community's high price supports. U.S. production has increased moderately, but domestic utilization has declined dramatically as available supplies have been drawn into export channels.

With an export trade in non-grain feed ingredients valued at $600–700 million last year at stake, the United States would be forced to move decisively to defend its trade interests if the EC were to act to restrict our market opportunities.

UNFAIR COMPETITION IN OTHER MARKETS

Even more serious to us is the Community's policy in relation to competition with U.S. products in third country markets.

The EC has, for example, adopted an increasingly aggressive wheat and wheat flour export policy, using subsidies to dispose of surplus grain in world markets. Most recently, it has targeted key U.S. markets in Latin America as well as in China, where the Commission had authorized an additional subsidy above that provided to other destinations.

This is happening despite the EC's assurances that it would carefully monitor its exports and its pledge of restraint in exporting to markets sensitive to the United States. Subsidized wheat exports from the EC are projected to increase by some 4 million tons in the current marketing year.

Now the Community is discussing the adoption of a similar, intensified export policy for other key agricultural products. This would use subsidies, long-term supply agreements, and special credit arrangements to dispose of agricultural surpluses of all kinds in the world market.

Such a plan would directly affect U.S. exports, particularly grains and poultry, and it would put genuine strain on the trade relations between us. We do not question the Community's right under the Subsidy Code to use subsidies. However, we cannot accept their use in order to expand the EC share of the world market at the expense of U.S. farmers, who must compete without any direct assistance in the world market. You see, we welcome economic competition but we do not think American farmers should have to compete against foreign treasuries.

I might say that we have some difficulty in reconciling the EC's need for a surplus disposal program, in grain at least, considering the Community's stocks position in relation to those of other countries and its commitment to world food security.

Although a major grain exporter, the EC maintains carryover stocks at about the same relative level as those held by many developing countries. This is disappointing to us and to other wheat trading countries—importers and exporters alike.

RECENT TRENDS

Recent actions within the European Community are not encouraging. Community officials continue to talk of an increasing emphasis on agricultural exports and domestic problems. And they continue to view their

use of export subsidies as an acceptable trade practice.

The Common Agricultural Policy is nearing an important juncture, a point where the Community must decide its principal direction for the future. Is the Community willing to restrain agricultural production effectively? Or will it continue to become more aggressive as a subsidized exporter? So far, the EC has followed the latter course, one based on increasing production, higher levels of import protection, and policies of subsidized surplus disposal abroad.

Both of these approaches are mentioned in recent proposals for CAP reform, although a policy of aggressive subsidized exporting seems to have the upper hand in both word and deed. For example, the Commission has made the point that it intends in the long run to increase its share of the value added taxes collected by member countries. If member states agree to this—to turn over a larger share of VAT receipts to the Community—this will provide additional revenues to pay for EC export subsidies. Should this not work out, the EC may find additional monies by shifting funds from one agricultural sector to another—for example, from price supports for dairy farmers to export subsidies for grains.

Any expansion in export subsidies by the EC will damage American trade, both within the Community and in other world markets. We are not willing to submit to this, nor is American agriculture. Section 301 complaints are pending or planned on a number of commodities, including sugar, wheat, wheat flour, and poultry. Other actions are being studied both within our government and outside, with a view toward influencing the future policies of the European Community.

THE CASE FOR COOPERATION

Europe is our oldest customer and one of our most valued. More than that, we share with the EC countries common goals of freedom and plenty in a stable world for our citizens, and we are working together toward those goals in many international bodies in which we share membership.

The world's consumers are becoming increasingly dependent on agricultural trade. In our country and many others, agricultural trade is necessary to maintain levels of living. But in some other countries, trade can mean life itself.

Global inflation, monetary instability, and energy problems have seriously affected the developed countries. But they have been excruciating to the developing countries. In view of these problems, the world's major trading nations should give serious thought to our obligations to other nations.

The European Community and the United States account for only 11 percent of the world's population—yet we account for about half of all world trade including about half of all agricultural trade. This places a serious responsibility on us because what we do affects the stability of international trade, the world economy, hence the welfare of other billions of people.

This poses an obligation and an opportunity for the EC and the United States to join in fostering a world of expanding trade, where products move freely, and food becomes more available to all, at stable and fair prices. We do not want to lecture the point, but economic freedom and political freedom walk hand in hand.

Domestic farm policies in this Administration are based on the proposition that American agriculture is now part of a world system. We have reached a point where U.S. farmers are capitalized to produce for the export market. They expect to compete in the world market on a fair and realistic basis—and to benefit wherever they have comparative advantage.

That is why the United States continues to work toward a more liberal trade system in which trade distortions would be at a minimum. This is the philosophy underlying our discussions with European Community officials.

President Reagan is moving the United States toward internal policies favoring individual incentive and enterprise—with a minimum of federal regulation. These policies are consistent with external policies favoring trade expansion on an open and competitive basis.

We approach our customers and competitors with an invitation to negotiate for lower trade barriers wherever they exist. A more open trading world is basic to the successful functioning of a food economy that is increasingly global.

We know that in the future we will have to deal more rationally with the world's food and trade problems. The United States and the European Community have the opportunity to work together in a joint leadership role. We support this objective.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. BAKER. Mr. President, I ask the Chair to inquire if there is further morning business.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? There appears to be none. Morning business is closed.

TELECOMMUNICATIONS COMPETITION AND DEREGULATION ACT OF 1981

The PRESIDING OFFICER. The Senate will now resume consideration of the pending business, which the clerk will state by title.

The assistant legislative clerk read as follows:

A bill (S. 898) to amend the Communications Act of 1934 to provide for improved domestic telecommunications, and for other purposes.

The Senate resumed consideration of the bill.

Mr. BAKER. Mr. President, may I take this opportunity to urge Members who have amendments to this bill to offer them as soon as possible. This will be a short day. I previously announced there would be no rollcall votes to begin after 3 p.m.

I understand the Senator from Minnesota (Mr. BOSCHWITZ) has an amendment he can present at this time.

The chairman of the committee is not here yet, but I will take the responsibility for encouraging the Senator to go ahead and offer his amendment. In the meantime, I will contact the chairman of the committee.

Mr. President, I yield the floor.

Mr. BOSCHWITZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, I believe that the chairman of the committee wants to conduct a dialog with me on the amendment.

Mr. BAKER. Mr. President, if the Senator will yield to me, I am now advised that the Senator from Oregon (Mr. PACKWOOD), who is chairman of the Commerce Committee, is on his way to the floor and should be here momentarily.

Mr. BOSCHWITZ. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, we are ready to start on this bill. I might inquire of the Senator from Minnesota if he is ready with his amendment.

Mr. BOSCHWITZ. I am, indeed.

The PRESIDING OFFICER. The Senator from Minnesota.

UP AMENDMENT NO. 472

(Purpose: To delete section 237)

Mr. BOSCHWITZ. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Minnesota (Mr. BOSCHWITZ), for himself, Mr. PRESSLER, Mr. BURDICK, Mr. DURENBERGER, and Mr. ANDREWS, proposes an unprinted amendment numbered 472.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 176, beginning with line 21, strike out all through line 23 on page 177.

Mr. BOSCHWITZ. Mr. President, I offer my amendment on behalf of myself and Senators PRESSLER, BURDICK, DURENBERGER, and ANDREWS.

Yesterday the Senate, on a vote of 59 to 34, agreed to an amendment by Senator GOLDWATER to remove three provisions dealing with cable television from S. 898. A majority of Senators supported his efforts to remove those provisions from this bill and allow them to be considered in the context of a separate piece of legislation, a piece of legislation dealing only with cable TV.

This amendment would delete the remaining cable provision from S. 898, and allow it to also be considered in the context of a separate cable bill on which Senator GOLDWATER will hold hearings.

Senator GOLDWATER did not include section 237 in his amendment because section 237 was in the bill originally and was not one of those three sections that were added at the last moment. It is only to those last three sections that the Sen-

ator from Arizona addressed himself I want to expand his deletion by one more.

The reason my amendment is necessary is that the Federal Communications Commission has indicated in a January 1981 "Notice of Proposed Rulemaking" that it is strongly considering exempting rural areas from its ban prohibiting telephone companies from owning cable television systems. With the Commission expected to decide this matter within the next couple of months, I believe it is better public policy for the Congress to postpone codifying such a ban until the Commission acts, especially when we have a vehicle for reconsidering the whole issue after that FCC ruling—that vehicle being a separate cable bill which Senator GOLDWATER, as chairman of the Communications Subcommittee, has expressed his intention to hold hearings on.

When the FCC issued regulations banning cross ownership 11 years ago, they expressed their intent to provide a waiver process for rural communities where it is unlikely cable service could be provided except by the local telephone company. When the cross-ownership ban was adopted in January of 1970 the FCC report stated:

A telephone affiliate may be the only feasible source of CATV service to a community . . . adequate provisions will be made for waivers on rules in such cases.

Since that ruling the FCC has attempted to clarify the definition of a rural area on a number of occasions.

What all of this has accomplished toward providing cable service to rural areas is questionable—many rural telephone companies have sought waivers to the FCC ban, and have had them considered. Unfortunately, it has become a very long and drawn out process. In some instances the waiver process has taken 2½ years. In the January 1981 proposed rulemaking the Commission report stated:

The waiver process is a considerable burden on their (the Commission's) limited resources and service to the community is delayed until the administrative processes at the Commission are concluded.

The FCC report further stated:

This review leads us to believe that the policies our rules are designed to promote no longer outweigh the burdens imposed on rural areas.

The Commission went on to discuss various alternatives for defining rural areas. According to FCC staff, a final report and order is due within the next couple of months, as I stated before. Within the next couple of months we will have a definition of what rural areas are. It is my hope that when the FCC does issue this report and order they will define a rural area broadly enough to allow for the greatest provision of cable service as possible in rural areas. The Commission is also expected to issue a report soon that will examine the cross-ownership issue in general. The bottom line is that the FCC expects that an exemption to the cross ownership ban would make cable television service available to rural areas sooner than if cross ownership rules remain in effect as they are.

If section 237 remains in the bill it will require the FCC to go through their administrative, bureaucratic process again to allow for rural exemption to the cross ownership ban. As I stated before, I feel it makes much better sense to allow the FCC to complete their current rulemaking process. We can then review the cross ownership issue when we consider the separate cable bill.

The purpose of my amendment is to insure that the ownership of cable systems by telephone companies is allowed in rural areas where it is unlikely cable service would otherwise be available. I hope my colleagues will join me in allowing the fourth and final cable provision to be considered with the others in a separate bill after the FCC has completed their rulemaking process and allow telephone companies to own cable systems where cable service may not otherwise be available, namely the rural areas.

Let me restate my statement just a little bit, if I may.

Cross ownership is not now allowed. The FCC rules disallow crossownership. However, in the case of rural areas, cross ownership is allowed if the FCC grants a waiver. The granting of waivers has been a long, extended process. The FCC wants to get away from granting waivers. They just want to exempt rural areas from their prohibition against cross ownership.

If this bill is passed, it will inhibit the FCC from proceeding in the direction of no longer having waivers necessary for rural areas, but, indeed, having a provision that does not require waivers.

I think this is a constructive amendment, Mr. President, in the sense that it puts cable where it belongs, in a separate bill. Indeed, I hope Senators will agree with me and will support this amendment.

I yield to the Senator from North Dakota.

The PRESIDING OFFICER (Mr. WARNER). The Senator from North Dakota.

Mr. BURDICK. I thank the Senator.

Mr. President, I rise in support of the amendment. A controversial section of the cable TV amendments is section 237, which codifies the current Federal Communications Commission ban on telephone companies operating cable systems in their local service area. The effect of codifying the ban will probably delay the offering of cable television to millions of Americans.

The cross-ownership ban was issued in 1970 by the FCC to protect the newly developing cable industry from domination by the telephone companies. At that time, the FCC provided a waiver process whereby rural telephone companies could provide cable TV if it was not economically feasible for cable operators to service rural areas.

Since that ruling 11 years ago, the FCC has attempted to clarify the definition of a rural area and to streamline the waiver process to eliminate the rule banning telephone companies from owning cable television in rural areas. The FCC is expected to shortly come out with a final report which would discontinue the ban.

I feel that it is a good idea for the Senate to wait until the FCC comes out with its final report on cross ownership before the Senate codifies the ban. Cooperatives have invested millions of dollars to provide cable services based on the waiver provisions. Failure to wait for a report completed by communication experts, will jeopardize that public investment as well as hold up cable TV services to millions of rural Americans.

I urge my colleagues to support the amendment.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, I yield to the Senator from South Dakota.

The PRESIDING OFFICER. The Senator from South Dakota is recognized.

Mr. PRESSLER. Mr. President, I rise in support of Senator BOSCHWITZ' amendment which would delete section 237, the telephone company/cable television cross ownership ban, from S. 898.

The Federal Communications Commission has indicated, in a proposed rulemaking, that it is strongly considering an exemption of rural telephone cooperatives from this general cross ownership ban. Because the Commission will be making a decision on this matter in the near future, it seems appropriate that Congress postpone codifying such a ban until the Commission acts.

I have heard from many of the rural telephone cooperatives in my State of South Dakota. They have unanimously asked that Congress move to ease this cross ownership restriction which delays and impedes their ability to provide cable service in rural communities. I would like to quote from a letter I recently received from the general manager of the West River Cooperative Telephone Co., in Bison, S. Dak.:

FCC presently has a cross ownership ban on cable television. What this means is that telephone cooperatives like West River cannot provide cable television without a waiver approved by FCC. This has resulted in long and costly delays for rural people who want cable television. The cable companies today are like the power companies were 50 years ago—they don't really want to serve the rural areas, but they don't want anyone else to do it either. They want the cream. The FCC is being encouraged by our people to remove the ban and they may well do it because of the problem it is causing rural people. Section 237 makes the ban law. We think this is a mistake and a detriment to rural people getting cable television.

Mr. President, I am convinced that these co-ops can and will provide cable service in areas which are not attractive to independent cable operators. And I am committed to the task of assisting these co-ops in any way possible.

For these reasons, I ask that my colleague support this amendment. We must guarantee that rural America has access to the same broadcasting di-

versity that is now becoming available to our Nation's urban centers.

Mr. President, I add something of a personal note. I come from the town of Humboldt, S. Dak., with which many Members of the Senate may not be familiar, but it is a town of 450 people in eastern South Dakota. I come from a farm nearby. We do not have cable TV in Humboldt, nor do we have anyone who wants to provide it.

The great communications revolution we have been talking about and hearing about seems to exclude two groups of people—the urban poor and rural people and smalltown people. It is true that some of the larger towns of 800 people and up have cable TV in South Dakota, but we have no real prospect of getting cable TV in Humboldt, S. Dak., unless a cooperative does it.

I believe that was true with respect to rural electricity. We still would not have REA. I recall getting electricity on our farm when I was a small boy.

The point is that all this talk about the communications revolution and all these things that are happening really are not happening in some parts of America, and one part is my hometown, and another part is some of our urban centers.

When I go home on weekends, I cannot get cable TV. In fact, I cannot get it in Washington, D.C., either. So I am a deprived American.

Mr. President, my hometown is an illustration of the need for this particular amendment.

I yield back the remainder of my time.

(Mr. SIMPSON assumed the chair.)

Mr. PACKWOOD. Is the Senator from South Dakota aware that the bill provides that rural telephone companies in the Humboldts of the world no longer have to apply for the waiver? They are granted the privilege of having cable television service without application to the FCC.

Mr. BOSCHWITZ. May I respond for the Senator from South Dakota, if he will yield to me?

As the distinguished chairman of the Commerce Committee knows, what is a rural area is in question. The FCC is just now going through the process of defining what a rural area is.

If this bill contains section 237, the bill does not do anything that the FCC has not already done. The FCC bans cross ownership. But the bill will slow down the bureaucratic works that have been going on since early this year with respect to the definition of what is a rural area.

We respectfully ask the chairman of the committee to delete this section so that we can let the FCC get on with the business of defining what a rural area is, let the FCC provisions that prevent cross ownership remain in place, and have the matter considered together with Senator GOLDWATER's three provisions which he deleted from the bill yesterday.

Mr. PACKWOOD. Mr. President, I do not believe this should be confused with the provisions Senator GOLDWATER was aiming at. That was a genuine and legitimate debate. The municipalities were concerned. There is no municipality I know of asking that this be sent back.

Let us be clear about what we are doing. At the moment, the Federal Communications Commission does indeed have a definition of rural areas—the density, the homes per route mile in a particular area. If you live within that area and you are a telephone company, you may apply for a waiver to allow you to provide cable television to the people in this area. But you must apply for the waiver. The bill does not change any definition of rural area. It still leaves it to the Federal Communications Commission.

Whether this bill passes or does not pass, whether the Senator's amendment is adopted or is not adopted, we still leave to the FCC the defining of a rural area. So there is no change there.

Two, we do say that once you have the definition that you are a rural telephone company in that rural area, you may automatically provide cable television. You do not have to apply any longer to the FCC for a waiver.

So, if the Senator is worried about his rural area, this bill does not change anything in terms of a definition. That is still up to the FCC.

If you want to make the burden easier on your local rural phone company, then you do not want the amendment of the Senator from Minnesota, because he takes out that provision in the bill that says they no longer have to apply for a waiver.

Mr. PRESSLER. Mr. President, I commend the able chairman for his broad work in this matter.

As I understand it, the current definition of a rural area is 30 households per route mile; and in the area where I live, we would not have that number. How would that be defined?

Mr. PACKWOOD. The bill does not define it. The bill leaves it to the FCC. If the Senator from South Dakota wants a definition of rural area, he may offer an amendment saying what it is. The bill does not make any definition of it, and it leaves it to the Federal Communications Commission. That is no different from the present law. The difference that the bill accomplishes is eliminating the requirement of the telephone company, within the defined area to apply for a waiver to offer cable television service.

Mr. BOSCHWITZ. Mr. President, if I may engage in a continuing colloquy with the distinguished chairman, we really are not very far apart. We both want to do the same thing for the rural areas.

The Senate never has gone on record before—Congress has never gone on record before—opposing cross ownership. I believe that cross ownership is now excluded on the basis of FCC rules. Is that correct?

Mr. PACKWOOD. Yes.

Mr. BOSCHWITZ. The Senate, by virtue of section 237, goes on record against cross ownership.

Mr. PACKWOOD. How?

Mr. BOSCHWITZ. It states that cross ownership will not be allowed in certain instances.

Mr. PACKWOOD. We do say even in urban areas—and the Federal Communications Commission will do this now—we say that in urban areas, the telephone company has a right to apply to the Federal Communications Commission for, in essence, a waiver to provide cable service; and the FCC can grant that waiver if they find that the provision of cable service will provide sufficient media diversity and competition.

Mr. BOSCHWITZ. We are concerned that by expressing the intent of Congress that there be a ban on cross ownership, whether it be in rural or urban areas, the Commission will have a different viewpoint with respect to cross ownership and define it.

Mr. PACKWOOD. The Senator talks about rural and urban. This bill eliminates any ban in rural areas on cross ownership. You do not even have to apply for a waiver.

To the extent that you want to write into law a prohibition on cross ownership, we are doing that in rural areas. You can cross own. So if the Senator is worried about the cross ownership, we are talking only about the populated areas, the nonrural areas.

Then we have the philosophical question: Do you want the Chesapeake and Potomac Telephone Co. providing cable service? Is it fair? They already have the city wire. Or, as a matter of policy, should the phone companies—the big phone companies—be kept out of the cable business because they have an inherent unfair advantage because of their complete wiring? Should they be kept out of it unless they can make a showing before the FCC that they should be allowed to provide it because it would not be unfair competition?

The bill has a presumption against large telephone companies automatically being able to offer cable service; that is true. It is just the opposite presumption in rural areas.

Mr. PRESSLER. I should like to ask the chairman a question for the record. Perhaps we do not have an answer to it. I am in no way critical of his efforts.

How are we going to get cable TV to places like Humboldt, S. Dak., if it is not a cooperative effort? Should companies have an obligation to take richer areas?

Mr. PACKWOOD. There is no guarantee, with this bill or without this bill, that a telephone company or the local phone company in Humboldt is going to provide service. This bill does not require Senator BOSCHWITZ or Senator PRESSLER or me or anybody else to compel service. But it does make it slightly easier for the local co-op in Humboldt to provide the service because they do not have to hire a lawyer and go through the application to the Federal Communications Commission to get a waiver.

So, it is a slight incentive in that sense, by removing one layer of bureaucracy from the rural telephone companies.

Mr. BOSCHWITZ. As the chairman knows, we are not lifting any ban on cross ownership by removing this provision. We are not making cross ownership available to the Chesapeake and Potomac Telephone Co., or any other subsidiary of A.T. & T. We simply want to grease the bureaucratic skids.

For the life of me, I am not quite sure why there is any opposition to this amendment, why the whole subject of cable TV cannot be considered in a separate bill, particularly since a number of sections already have been extracted from the bill due to the actions of the Senate on yesterday.

I want to extract the last provision that relates to cable TV and put it where it should properly be, in a cable TV bill.

I also want to allow the FCC, which grinds slowly to be sure as do most agencies, to conclude its process, and by virtue of the colloquy and conversations we are having we may even speed them up a little bit.

The question is not whether there is going to be a waiver process or not. The question really is how rural areas are going to be defined, and that is what the FCC is finally coming to grips with so that they can do what you are doing in section 237(c), eliminate the requirement of a waiver for rural telephone.

Mr. PACKWOOD. But this bill does not hasten or impede the Federal Communications Commission's decision as to how it wants to define or redefine rural areas.

Mr. BOSCHWITZ. I agree with the chairman in that regard.

It is our feeling that since Congress has never before expressed itself against the idea of cross ownership by doing so now we will slow the FCC in its processes.

Mr. PACKWOOD. Mr. President, let me conclude with this, if I might. I think we are reaching the end of the debate. I wish to make sure Senators understand.

This bill encourages cross ownership in rural areas because it eliminates the requirement that the rural telephone company must apply for a waiver to provide cable television service.

So it is saying in a small area we think cross ownership is good, that it is probably the only way you are going to get cable, and any small rural telephone company will like that part of the bill.

Mr. BOSCHWITZ. They do not, however. The small rural telephone companies are the ones that have asked for my help with this. They are afraid that finally the FCC, having ground slowly, is coming to the conclusion that the waiver provision should not be in place, that they should define "rural area" and that they should allow cross ownership in the definition of rural areas.

I do not want to have them grind slower. I do not want to give them any excuse to do that. I am afraid that this section does.

What you say is true, that your section perhaps should not. It is the fear of the rural telephone companies, who you feel should agree with your bill but do not, that the passage of section 237 will slow the wheels of the FCC in coming to the result that we mutually desire.

Mr. FORD. Mr. President, will the chairman yield for a question?

Mr. PACKWOOD. I yield.

Mr. FORD. Mr. President, is it your understanding that S. 898 mandates that the FCC give an answer to the entry into the cable business in 180 days upon enactment of this legislation?

Mr. PACKWOOD. That is correct.

Mr. FORD. Then, Mr. President, I say to the distinguished Senators who are supporting this amendment, I believe you are wrong in trying to exclude this section.

One, it says that they must get an answer in 180 days and that the rural telephone company will have its answer in 180 days, and Congress is saying to them that under these circumstances they will get an answer in 180 days.

Now, if the Senator excludes this whole section, then we have GTE, we have Continental, we have everyone in the telephone business going into cable, if you exclude this whole section.

Mr. BOSCHWITZ. Oh, no.

Mr. FORD. I do not think that is your intention.

Mr. BOSCHWITZ. No.

Mr. FORD. Yes, it does.

Mr. BOSCHWITZ. Oh, no.

Mr. FORD. Oh, yes.

Mr. BOSCHWITZ. Mr. President, will the Senator yield?

Mr. FORD. I have always yielded but I do not want to leave the table without something.

Mr. BOSCHWITZ. The distinguished Senator from Kentucky, with all due regard, is incorrect, or he is correct but he does not realize perhaps that the FCC is within 60 days of coming out with this rule on what is rural and waiving the process for waiving. In other words, waivers will no longer be necessary in what it defines as a rural area.

Mr. PACKWOOD. Wait a minute. You presume that is what they are going to come out with.

Mr. BOSCHWITZ. That is correct. I understand that is what they will come out with.

Mr. PACKWOOD. Whereas this bill guarantees they come out with no waiver.

Mr. BOSCHWITZ. One hundred and eighty days after passage of the bill or signing of the bill which may or may not occur this year. So that we simply will be delaying it, and we will be considering, Senator, the whole business of cable under Senator GOLDWATER's subcommittee and we will have a cable bill up here. Perhaps it will deal with this very subject and simply antedate it.

Mr. FORD. I might say to my distinguished colleague that you are saying I am wrong on a presumption.

Mr. BOSCHWITZ. That is correct.

Mr. FORD. OK. So then I can presume I am right then.

Mr. BOSCHWITZ. You are also correct.

Mr. FORD. OK. I just want you to understand that we are both presuming something here.

I would just say that I do not believe that the Senator wants all that he is asking for in his amendment. I believe that by taking the whole section out he is absolutely opening up everything.

Let me ask him this: In a community, they want to get a cable operation and say the rural telephone company does not want to let a cable company come in. How are they going to get in?

Mr. BOSCHWITZ. Would you repeat the question, Senator?

Mr. FORD. If you have a cable operation that wants to come in and a rural telephone company does not want to let them come in, how are they going to get in? They are going to fight them, are they not?

Mr. BOSCHWITZ. The rural telephone company cannot exclude on the basis of my taking out section 237—they cannot exclude someone. But that is not a realistic question because cable companies do not come in.

Mr. FORD. I am not realistic?

Mr. BOSCHWITZ. Pardon me?

Mr. FORD. I am glad to know you are realistic.

The PRESIDING OFFICER. The Chair states that the participants in this Chamber will direct their comments to the Chair.

Mr. FORD. May I ask——

The PRESIDING OFFICER. Just a moment, please.

I read from the Rules of the Senate.

Senators in debate shall address each other in the third person. It is not in order to address each other in the second person.

I remind the participants of that fact.

Mr. FORD. I apologize if I called anyone other than in the third person.

The PRESIDING OFFICER. Knowing the Senator from Kentucky I have heard him refer to others in various types of persons.

Mr. FORD. I say to the Chair with all due respect that there are some rules about comments from the Chair.

The PRESIDING OFFICER. I just made them.

Mr. FORD. I understand. But there is a rule about that.

Mr. President, may I further my colloquy with the distinguished Senator from Minnesota?

The PRESIDING OFFICER. The Senator may proceed.

Mr. FORD. I thank the Chair.

I ask the distinguished Senator from Minnesota what part of the regulation of telephone companies and cable are covered by the Public Service Commission of Minnesota, South Dakota, or North Dakota? What part is it? Will he tell me?

Mr. BOSCHWITZ. Mr. President, the ratemaking part as well as the part dealing with some local control to obtain the cable TV rights.

If I may add, I believe that the distinguished Senator from Kentucky feels that cross ownership will be allowed by telephone companies in the event that my amendment were agreed to, and that is not so because the FCC presently disallows it. It is not a statutory disallowance but it is a regulatory disallowance and that, of course, would stay in place.

Mr. FORD. Mr. President, I just say to the distinguished Senator from Minnesota I am sure he gets his advice from basically the same place I get mine and that is the staff and some knowledgeable individuals in the field. I know of how very intelligent the Senator is. Will he reconsider his statement that he is allowing by taking this section out, telephone companies to go in, all to go in rather than just trying his best here to take care of the rural area?

I am trying to take care of rural areas. I discussed this with my co-ops. My State public service commission just injected itself into the area and now they are regulating cable as it relates to co-ops. What we do up here has been preempted there, and you may find what you are trying to do and other States have been preempted by your public service commission.

So I think on balance the distinguished Senator from Minnesota is asking us to allow the major telephone companies to go into the cable business and I do not think that is his intent.

Mr. BOSCHWITZ. Mr. President, I note once again to my friend, the distinguished colleague from Kentucky, who recently noted on the floor at the time we had a tobacco bill before us that many of the rural people in his State had nothing other than a rocking chair and their tobacco, we want to assure the Senator that we are anxious to get them cable TV as well so that they will enjoy a full lifestyle.

But the FCC does prohibit the larger telephone companies from cross ownership, from operating cable TV.

Mr. FORD. They were excluded.

Mr. BOSCHWITZ. This bill would not give new cross ownership rights to anyone. It would allow the FCC to continue and complete its rulemaking procedures, and I presume indeed that the rulemaking procedure is close to conclusion.

I thank the Chair.

Mr. FORD. Mr. President, I understand that the distinguished Senator from Minnesota is beginning to understand something other than clear cool water and milk.

He now understands bourbon and cigarettes.

I want to say to the distinguished Senator from Minnesota that cable operations started in the mountains. We could not get television and this is where the cable operations started.

You will find in my State where they are trying to break even just to get lines out to our rural area so they can have television like you do in Minneapolis or St. Paul or the other big communities of your State.

So I say to my distinguished friend we understand what cable television is. We understand the need for it and our people in the rural areas are trying to cooperate. They do not want to get into the business. They have their own hands full trying to get electricity there. They have their own hands full trying to get the telephone system in and they can find some who want to come in and operate.

So today we are not preventing any of the major telephone companies from organizing cable vision, you say. You are wrong. A.T. & T, no, but the rest of them, yes.

So by supporting your amendment you are letting all the major telephone operations, GTE and others, get into cable vision. You say no, I say yes.

Read the bill and see where the bill says that A.T. & T. cannot but the other major telephone companies can. You are trying to take care of the rural and all of a sudden you are taking care of the big companies.

Mr. President, I hope under all the circumstances we have here that our colleagues will not take this amendment too seriously and let us go ahead and provide those things in this bill that are proper for the rural areas, for the cable vision people, so we can reach those people out in the rural areas, so that we can do the job the Senator wants to do and which will exclude us from doing that if his amendment is agreed to.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. CANNON. Mr. President, very simply this section 237 codifies the policies of the FCC which it has followed for the past 2 years, that in general telephone companies should not provide cable services in their own operating areas unless the FCC approves on a case-by-case basis.

Now, carriers serving rural areas with low population densities would be exempted from this cross-ownership prohibition and could provide cable service without FCC approval.

This is a very straightforward and simple provision. It is one that has been thoroughly debated and which has great merit, and I may say the independent telephone companies supported this back in 1979.

Section 237 should remain in the bill and this amendment should be defeated.

Mr. President, I am prepared to vote.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. BOSCHWITZ. I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BOSCHWITZ. Mr. President, I honestly believe that my distinguished colleague from Kentucky is wrong when he says the FCC rules, the existing rules, will prevent the large telephone companies from going into a cross-ownership plan. This amendment will allow rural telephone companies to operate more expeditiously.

I yield the floor.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. DECONCINI (when his name was called). Present.

Mr. STEVENS. I announce that the Senator from Maryland (Mr. MATHIAS), the Senator from Vermont (Mr. STAFFORD), the Senator from Texas (Mr. TOWER), and the Senator from Wyoming (Mr. WALLOP) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Hawaii (Mr. INOUYE), and the Senator from Montana (Mr. MELCHER) are necessarily absent.

I further announce that, if present and voting the Senator from Montana (Mr. MELCHER) would vote "yea."

The PRESIDING OFFICER (Mr. GOLDWATER). Are there Senators desiring to vote who have not voted?

The result was announced—yeas 38, nays 54, as follows:

[Rollcall Vote No. 310 Leg.]

YEAS—38

Abdnor	East	Leahy
Andrews	Exon	Lugar
Armstrong	Goldwater	Mitchell
Boschwitz	Gorton	Moynihan
Burdick	Grassley	Murkowski
Byrd, Robert C.	Hart	Pell
Cohen	Heinz	Percy
Cranston	Helms	Pressler
Denton	Humphrey	Randolph
Dixon	Jackson	Rudman
Dodd	Jepsen	Sasser
Durenberger	Kassebaum	Zorinsky
Eagleton	Kasten	

NAYS—54

Baker	Hatch	Proxmire
Baucus	Hatfield	Pryor
Biden	Hawkins	Quayle
Boren	Hayakawa	Riegle
Bradley	Heflin	Roth
Bumpers	Hollings	Sarbanes
Byrd, Harry F., Jr.	Huddleston	Schmitt
	Johnston	Simpson
Cannon	Kennedy	Specter
Chafee	Laxalt	Stennis
Chiles	Levin	Stevens
Cochran	Long	Symms
D'Amato	Matsunaga	Thurmond
Danforth	Mattingly	Tsongas
Dole	McClure	Warner
Domenici	Metzenbaum	Weicker
Ford	Nickles	Williams
Garn	Nunn	
Glenn	Packwood	

ANSWERED "PRESENT"—1

DeConcini

NOT VOTING—7

Bentsen	Melcher	Wallop
Inouye	Stafford	
Mathias	Tower	

So Mr. BOSCHWITZ' amendment (UP No. 472) was rejected.

Mr. PACKWOOD. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. CANNON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 473

Mr. PACKWOOD. Mr. President, I have a package of technical amendments which have been agreed to. I send to the desk a package of technical amendments which have been cleared by the majority and the minority and ask for their immediate consideration.

The PRESIDING OFFICER. The amendments will be stated.

The legislative clerk read as follows:

The Senator from Oregon (Mr. PACKWOOD) proposes an unprinted amendment numbered 473.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To revise certain provisions relating to exchange access areas)

On page 136, at the end of line 17 add the following: "The State members of any Joint Board established under section 410 (c) shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in Government service are allowed expenses under section 5703 of title 5, United States Code.".

(Purpose: To revise provisions relating to employee protection)

Beginning on line 10, page 162, strike out through line 2, page 168, and insert the following:

EMPLOYEE PROTECTION

SEC. 230. (a) For purposes of this section, the term—

(1) "employee" means any employee of a dominant-regulated carrier or of any affiliate;

(2) "regular employee" means any full-time or part-time employee whose employment is expected to be permanent and who is not classified as a term, temporary, or occasional employee; and

(3) "transferred employee" means any regular employee transferred as a part of a work group or organization to a fully separated affiliate by a dominant-regulated carrier or by any affiliate and whose transfer is the result of the work and duties which the employee and work group performed in the employ of the dominant-regulated carrier or affiliate being transferred to the fully separated affiliate.

(b)(1) If a dominant-regulated carrier or any affiliate transfers a regular employee to a fully separated affiliate, then such transferred employee shall not as the result of such transfer be deprived of employment rights, salary or wages, net credited service, or term of employment during the 5-year period following the date of such transfer except as otherwise provided in this section. The requirements of this paragraph shall continue to apply in any case in which the fully separated affiliate retransfers such transferred employee to the dominant-regulated carrier or to any affiliate, except that any such retransfer shall not have the effect of extending the 5-year period specified in the preceding sentence.

(2) Except as otherwise provided in this section, no term, temporary, or occasional employee shall, as a result of his transfer to a fully separated affiliate, be deprived of employment rights or salary or wages arising from employment in the dominant-regulated carrier or affiliate.

(c)(1) A transferred employee shall be entitled to receive payment (in addition to his regular salary or wages) from the fully separated affiliate to which such employee is transferred for reasonable travel expenses and reasonable moving expenses incurred by such employee or any of such employee's dependents if—

(A) such transferred employee changes such employee's domicile as a result of such transfer; and

(B) the distance between the new work location of such transferred employee and the former domicile of such transferred employee exceeds the distance between the former workplace of such transferred employee and such former domicile by 35 miles or more.

(2) If a collective bargaining agreement applicable to a transferred employee provides transfer benefits which differ from the benefits available to such transferred employee under paragraph (1), then such transferred employee shall receive the greater of the transfer benefits under the applicable collective bargaining agreement or the benefits under paragraph (1), but not both.

(d) During the 7-year period following the establishment of a fully separated affiliate pursuant to this Act, no pension benefits, health or disability benefits, death benefits, or insurance benefits to which a transferred employee is entitled shall be restricted, limited, or reduced as a result of a transfer to a fully separated affiliate, except that the requirements of this paragraph may be superseded by the terms of any collective bargaining agreement between such fully separated affiliate and any labor entity representing the employees of such fully separated affiliate.

(e)(1) Except as provided in paragraph (2), the provisions of any collective bargaining agreement between a dominant-regulated carrier or any affiliate, and any labor entity representing the employees of such dominant-regulated carrier or affiliate shall continue to apply to any transferred employee during the complete term of such agreement.

(2) A fully separated affiliate, or any person who owns or controls such fully separated affiliate, and any labor entity representing the employees of such fully separated affiliate may enter into a collective bargaining agreement at any time after the establishment of such fully separated affiliate. Any such agreement—

(A) shall supersede the terms and application of any collective bargaining agreement specified in paragraph (1); and

(B) shall supersede the requirements of this subsection to the extent such requirements otherwise would apply to such fully separated affiliate.

(f)(1) Except as provided in paragraph (2), a transferred employee, whose employment with the fully separated affiliate is terminated during the 7-year period following the date of such transfer, shall be entitled to receive a termination allowance from such fully separated affiliate in an amount which is not less than the amount of termination allowance, if any, such transferred employee would have been entitled to receive from such dominant-regulated carrier or such affiliate if such dominant-regulated carrier or such affiliate terminated the employment of such transferred employee.

(2) If a collective bargaining agreement between a fully separated affiliate and any labor entity representing the employees of such fully separated affiliate is in effect at the time the employment of a transferred employee is terminated in the manner specified in paragraph (2), and such collective bargaining agreement applies to such transferred employee and provides benefits which differ from the benefits available to such transferred employee under paragraph (1), then such transferred employee shall receive the greater of the benefits under the applicable collective bargaining agreement or the benefits under paragraph (1), but not both.

(g)(1) If any transferred employee is the subject of a layoff by the fully separated affiliate during the 7-year period following the date of the initial transfer of such transferred employee to a fully separated affiliate, then such transferred employee shall have a preferential right of rehire by the fully separated affiliate in his or her occupational specialty (or its equivalent) before such fully separated affiliate hires from the street during the 2-year period following the date of the layoff of such transferred employee, except that such right shall not apply unless such transferred employee is physically able, and equipped by training and experience, to perform the duties of the work available. Such preferential right of rehire shall be in order of term of employment from among those laid-off employees having a preferential right of rehire. Such fully saparated affiliate shall maintain lists of employees who have been separated from employment through layoffs. Such lists shall contain sufficiently detailed information to enable such fully separated affiliate to comply with the requirements of this subsection.

(2) Nothing in this section shall be construed to prevent the fully separated affiliate from offering and a transferred employee from accepting a downgrade to a lower rated job or other reduction in wages and related benefits as an alternative to a layoff by the fully separated affiliate.

(h) A dominant-regulated carrier or any affiliate which intends to transfer to a fully separated affiliate a work group or organization or substantial part thereof in which employees represented by a labor organization are employed shall notify such labor organization at least 30 days prior to the effective date of such transfer. Such notice shall state the effective date of the transfer, the work group or organization involved, the number of employees affected, and the job classifications of such employees.

(i) A dominant-regulated carrier or any affiliate shall not reduce the salary or wages of a regular employee, or separate such regular employee from employment through layoff or termination, during the 6-month period immediately before the establishment of a fully separated affiliate by such dominant-regulated carrier or by such affiliate unless—

(1) such regular employee consents to such actions; or

(2) such action is not related to the establishment of such fully separated affiliate.

(j) The provisions of this section shall not apply to any employee who is transferred to a fully separated affiliate after the 7-year period following the date of the establishment of such fully separated affiliate.

(k) Nothing in this section shall be construed to restrict, limit, or eliminate the authority of a dominant-regulated carrier, an affiliate, or a fully separated affiliate to lay off or terminate the employment of an employee or transferred employee or take any disciplinary or other action against an employee or transferred employee, for cause.

(l)(1) An action to enforce any rights or liabilities created by this section may be brought in a United States district court regardless of the amount in controversy or in any other court of competent jurisdiction. In the case of an action arising under this section which is brought in a district court of the United States, the action may be brought in the judicial district where all the plaintiffs reside in addition to any other judicial district provided by law.

(2) No action may be brought under this section later than 3 years after the right to that action arises.

(3) Nothing in this section shall preclude any employee, employer, or labor organization from seeking any available remedy under an applicable collective bargaining agreement or existing applicable Federal, State, or local law.

(4) Resolution of issues concerning employee representation and appropriateness or clarification of bargaining unit in a fully separated affiliate created pursuant to this Act shall be in accordance with the laws and procedures pursuant to the National Labor Relations Act, as amended. Nothing in this section shall be construed to modify or amend any provision of the National Labor Relations Act.

(Purpose: To clarify cross reference with regard to access charges)

On page 106, line 10, insert "(h)" after "222".

(Purpose: To clarify the definition of "Reciprocal rights")

On page 94, lines 3 and, 5 strike "carriers" and substitute "and information services, facilities, or equipment".

On page 94, line 4, strike "significantly" and substitute "reasonably".

(Purpose: To provide that exchange access shall be provided by a dominant-regulated carrier under tariff, and for other purposes)

On page 136, line 6, insert a period at the end thereof.

On page 136, strike lines 7 and 8.

On page 138, line 24, insert "impose exchange access surcharges to" after "shall".

(Purpose: To modify provisions relating to reciprocal rights)

On page 184, line 9, strike "telecommunications".

On page 184, line 10, strike "entities" and substitute "persons".

On page 184, line 10, insert "telecommunications or" after "supplying'.

On page 184, line 10, insert ", facilities or equipment" after "services".

On page 184, line 16, insert "persons offering" after "foreign".

On page 184, line 16, strike "carrier".

On page 184, line 17, strike "supplier" and substitute "services, facilities, or equipment".

On page 184, line 19, strike "carrier".

On page 184, line 20, strike "supplier is" and substitute "services, facilities, or equipment operations are".

On page 185, line 1, insert "persons supplying" after "foreign".

On page 185, line 2, strike "carrier".

On page 185, line 2, strike "supplier" and substitute "services, facilities, or equipment".

(Purpose: To clarify provisions relating to interconnection requirements)

On page 114, line 7, insert "and facilities" after "service".

On page 115, line 5, strike "manner" and substitute "manner, rates, terms and conditions,".

(Purpose: To revise provisions relating to customer-premises equipment)

On page 178, line 12, strike "and".

On page 178, line 14, strike the period and substitute "; and ".

On page 178, insert the following between lines 14 and 15:

"(3) the development of technical standards for customer-premises services for handicapped people.".

(Purpose: To revise provisions relating to customer-premises equipment)

On page 172, insert the following between lines 10 and 11:

"(3) The Commission may establish model technical standards for customer-premises equipment that would provide internal means for effective and beneficial coupling to hearing aids. Such standards shall not be binding upon any carrier or manufacturer of customer-premises equipment.".

(Purpose: Technical)

On page 184, line 17, strike "are" and substitute "is".

On page 185, line 10, insert ", the Office of the United States Trade Representative" after "Commerce".

(Purpose: Technical)

On page 94, strike "such" and substitute "exchange".

(Purpose: To revise provisions dealing with certain foreign carriers)

On page 189, line 15, insert "(a)" after "Sec. 405.".

On page 189, insert the following after line 24:

"(b) A foreign telecommunications carrier or foreign information supplier or enterprise or entity or foreign person shall not be deemed to include a carrier—

"(1) which is a corporation organized under the laws of the United States or any State thereof;

"(2) at least 75 percent of whose capital stock is owned by United States citizens, and

"(3) which is providing telecommunications services pursuant to a certificate of public convenience and necessity issued by the Commission prior to July 16, 1981.".

(Purpose: Technical)

On page 147, line 4, strike "and".

On page 156, line 16, strike "and".

On page 114, line 20, strike "The" and substitute "Except for interconnection required under section 233(a), the".

On page 189, line 15, strike "The" and substitute "Except as provided in section 233, the".

On page 170, line 3, insert "facilities and" before "facilities".

On page 170, line 23, strike "and" and substitute "which".

On page 170, line 17, insert "204(b)," after "sections".

(Purpose: To revise provisions relating to records and accounts)

On page 132, insert the following between lines 21 and 22:

"(B) permit capital recovery and depreciation at rates comparable to those used by unregulated entities providing competitive services;".

On page 132, line 22, strike "(B)" and substitute "(C)".

On page 132, line 24, strike "(C)" and substitute "(D)".

On page 133, line 15, strike "(D)" and substitute "(E)".

(Purpose: To revise provisions relating to the 1956 consent decree)

On page 157, line 18, insert the following before the period at the end thereof: "or to the domestic affiliate of a foreign-owned business entity, if the domestic affiliate is a manufacturer and performs substantially all of its manufacturing within the United States".

(Purpose: To provide a definition of "Private Land Mobile Services")

On page 91, insert the following between lines 20 and 21:

"(25–A) 'Private Land Mobile Services' means those radio-communications services not subject to rate or entry regulation, which provide a regularly interacting group of base, mobile, portable and associated control and relay stations, whether individually or multiple licensed, intended to provide private one-way or two-way mobile radio communications over designated areas of operation. Private Land Mobile Services include, but are not limited to, dispatch service, community repeater, and specialized mobile radio systems. A person engaged in private land mobile service shall not, insofar as such person is so engaged, be deemed a carrier nor shall the Federal Government or any State or local government impose rate or entry regulation on any private land mobile service.".

On page 91, line 20, insert the following before the period: "and is a service in which all mobiles and portables are capable of communicating with all telephones in the local exchange".

(Purpose: To clarify provisions relating to domestic satellite systems)

On page 187, insert the following after line 23:

DOMESTIC SATELLITE SYSTEMS

SEC. 312. Title III of the 1934 Act, as amended, is further amended by adding the following new section:

"NATIONWIDE SERVICE BY DOMESTIC SATELLITE SYSTEMS

"SEC. 332. The Commission shall not license, authorize, or permit satellite facilities to be located in the orbital area between 119° West Longitude and 135° West Longitude unless such facilities are used or are capable of being used to provide essentially the same services to all fifty States of the United States.".

(Purpose: To clarify that the separation requirements between a dominant-regulated carrier and its affiliates do not apply during times of public peril, disaster or national emergency but do apply to routine purchases by the Department of the Defense and to provide the opportunity for congressional oversight whenever information filed by a carrier under section 214 is not made available to the public)

On page 147, line 3, strike all after the word "equipment".

On page 147, line 4, strike all before the word "during".

On page 156, line 15, strike all after the word "equipment".

On page 156, line 16, strike all before the word "during".

On page 169, line 11, strike "or" and substitute in lieu thereof "and".

On page 130, line 8, at the end of the line, add the following: "In any case where the public release of such information is withheld (whether because of a determination of the Commission or because the Commission has not received the approval of the President), each Secretary cited above who has advised against or objected to the release of such information shall provide the appropriate committees of the Congress with the reasons for the advice or objection not later than 10 days after the advice has been given

to the Commission or the objection has been filed with the Commission.".

(Purpose: To assure the continuance of reasonable rates in Alaska)

On page 128, insert the following between lines 2 and 3:

"(3)(A) Any regulated or unregulated carrier shall have the right to interexchange service or facilities in Alaska. In addition to complying with sections 202(e) and 222, the Commission shall assure that the implementation of the amendments made by the Telecommunications Competition and Deregulation Act of 1981 shall not result in unreasonable charges for any nonbasic interexchange telecommunications service in any part of Alaska which the Commission finds is reasonably required in the present or future public interest, convenience, or necessity. The Commission may adopt, whenever necessary, a mechanism or mechanisms to achieve the purposes of this paragraph.

"(B) The petitioner, in any proceeding brought to the Commission under this paragraph, shall have the responsibility of demonstrating, to the Commission, by clear and convincing evidence, that the unreasonable charges complained of are the result of the implementation of the amendments made by the Telecommunications Competition and Deregulation Act of 1981.".

(Purpose: To clarify provisions relating to reciprocal rights)

On page 185, insert the following between lines 5 and 6:

(c)(1)(A) Not later than 120 days after the date of enactment of this Act, the Office of the United States Trade Representative shall compile a list of foreign countries which, by law or administrative practice, do not provide reciprocal rights to United States telecommunications equipment manufacturers. Such list shall be kept on a continual basis by the Department of Commerce, which shall, upon petition by another United States Government agency, private United States party or foreign entity, revise the list upon the presentation of reasonable evidence to reflect changes in the law or practices relative to the access of United States manufacturers to foreign markets.

(B) Notwithstanding any existing or prospective agreement on telecommunications equipment procurement with a foreign country, such country shall not been deemed to provide reciprocity in access to markets, operations, and rights of ownership unless it is in compliance with such agreement, provides full access to United States telecommunications equipment manufacturers under terms and conditions which do not distort research and development, investment, sales or marketing, and does not encourage or condone practices by its domestic manufacturers or government officials, the effect of which would be to inhibit the sales of United States telecommunications equipment in such country.

(2) Based upon the list compiled in accordance with paragraph (1), it is the policy of the United States Government, if the purchase of foreign telecommunications equipment for regulated or unregulated services is determined to be necessary and in the public interest, to encourage the procurement of foreign telecommunications equipment, including components thereof, from foreign manufacturers located in countries which extend reciprocity to United States telecommunications equipment manufacturers.

(3) The Secretary of Commerce, in consultation and coordination with the Federal Communications Commission and the United States Trade Representative, is authorized to monitor the implementation of subsections (a) and (c) of this section. In addition to the authority granted to the Secretary of Commerce pursuant to section 202(j) of this Act, he is further authorized to collect such information as may be necessary to assist him in implementing subsections (a) and (c) and to promote the findings and policies in section 2(3), section 101 (relating to United States technological leadership), section 104(a)(12), section 201 (relating to reciprocity), section 204(a)(1), and section 240.

(4) The Federal Communications Commission and the Department of Commerce are authorized to promulgate such rules and regulations as may be necessary to implement this subsection.

On page 185, line 6, strike "(c)" and substitute "(d)".

On page 172, after line 10, insert the following:

"(3) The Commission is authorized to deny certification of any customer-premises equipment of which more than one-half of the value added was manufactured in a country or countries which are determined in accordance with section 240(c)(1) to be a country or countries which do not extend reciprocal rights to United States telecommunications equipment manufacturers. Such denial of certification shall not include customer-premises equipment from foreign countries which are in the process of extending reciprocal access to United States telecommunications equipment manufacturers or are engaged in substantive negotiations to extend such reciprocity.".

Strike the following language which was part of amendment No. 463.

"On page 130, line 12, strike out all after the first period.

"On page 130, between lines 12 and 13, insert the following:

"(h) When any carrier is unable to obtain the rights of way, including use of poles, ducts, and conduit, required for rendition of its services without undue expense or consumption of time, the Commission may order regulated carriers having such rights of way to permit the carrier to use them subject to such terms as the Commission shall find in the public interest.".

Mr. CANNON. Mr. President, S. 898 contains several provisions which relate to national defense. The intent of these provisions was to insure that the transition to a more competitive communications environment had no adverse impact on national defense.

A number of people have pointed out that these provisions have been too broadly drafted. For example, they have correctly noticed that the provision intended to give the Department of Defense flexibility in procurement during times of peril or true emergency might be construed to permit A. T. & T. and its fully separated affiliate to ignore the separation requirements in the bill for telephone equipment routinely purchased by the Defense Department. Others have worried that the Defense Department might actually replace the Federal Communications Commission as the regulator of the telecommunications industry.

I can assure you that this was not the intent of the drafters or anyone else involved. The Department of Defense seeks neither the status of a dominant regulated carrier or even that of a fully separate affiliate. And A. T. & T. has not sought to become a branch of the armed services.

To clear up any confusion, the amendments suggested by the Commerce Committee include an amendment drafted by Senator GLENN and Senator HART which clarifies the intent of the committee and I wish to express my appreciation to those gentlemen for their assistance in this area.

Mr. President, I would ask that this letter from the Department of Defense further clarifying this issue be included in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

GENERAL COUNSEL OF THE
DEPARTMENT OF DEFENSE,
Washington, D.C., October 2, 1981.

Senator BOB PACKWOOD,
Chairman, Committee on Commerce, Science, and Transportation, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Recently, some confusion has arisen concerning a prospective role for the Department of Defense in managing our Nation's telecommunications industry under S. 898, the Telecommunications Competition and Deregulation Act of 1981. Nothing could be further from the truth.

The provisions of S. 898 most important to the Department of Defense are those sections regarding the Protection and Restoration of Essential Telecommunications (Section 233), and Network Planning and Management (Section 238). Those provisions, for the first time, recognize in law the critical importance of this Nation's telecommunications industry to national defense and emergency preparedness. They also authorize the President to require, on a fully compensable basis, certain actions to ensure that the nationwide telecommunications network is planned, managed and operated to meet the entire Nation's communications needs. They do not, however, assign the Department of Defense any regulatory or enforcement responsibilities regarding the telecommunications industry.

Section 233 assigns all responsibilities thereunder to the President, not the Defense Department, and also mandates Federal Communications Commission involvement in national defense and emergency preparedness communications planning. Section 238 authorizes all telecommunications carriers to engage in network planning and management and establishes the FCC as the enforcement authority to ensure that such planning, and those actions determined by the President to be necessary under Section 233, are carried out by all telecommunications carriers.

DoD has no enforcement or regulatory role, nor do we seek one, regarding any provisions of the bill. The only responsibility assigned to the Defense Department, and concurrently to the Departments of State and Commerce, is to make a recommendation to the President regarding the public release of information pursuant to Sections 238(b) and 214(g) of S. 898.

It should be clear, therefore, that S. 898 assigns the Department of Defense no regulatory role regarding this Nation's telecommunications industry. Our only responsibilities will be to function, as we do today, as an Executive Branch agency responsible for advising the President and the Federal Communications Commission as to national defense and security telecommunications matters.

The Department of Defense continues, therefore, to support the enactment of S. 898. We believe it will be a positive, forward

step for our telecommunications industry, all users of telecommunications service, and the national defense and security and emergency preparedness of the Nation.

Sincerely,

WILLIAM H. TAFT, IV.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 473) was agreed to.

Mr. PACKWOOD. Mr. President, I have no further amendments, though I think the Senator from South Carolina has an amendment. As soon as that is taken care of, we will be ready for final passage.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, I would like to say again for the benefit of Members, those who may be listening in their offices, that any number of people have asked when we were going to finish this bill. Senator CANNON and I, and I think the committee, are ready to finish it now. We have no other amendments to offer.

We have heard that there are one or two more amendments to be offered. I would suggest to those who are considering offering amendments that if they do not come forward soon, we will suggest third reading and final passage.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GLENN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. Mr. President, I thank the floor managers of S. 898 for including my suggestions among the committee's amendments.

Mr. President, my suggestions are designed to achieve three goals. First, they provide for congressional oversight of decisions by the Secretaries of Defense, Commerce, or State to withhold from the public information filed with the FCC involving operational protocols and interface requirements. Second, they make certain that the waiver of separations requirements between the dominant-regulated carrier and its affiliates may only occur during times of public peril, disaster, or national emergency. Finally, they insure that the powers granted to the President in section 233(b) may only be exercised under certain well-defined circumstances.

I want to make absolutely clear that my suggestions in no way compromise our national defense or security. They do not hamper the President's ability to secure reliable telecommunications during times of war or emergency, nor will they interfere with our efforts to develop and establish a strong, workable defense telecommunications system.

The need for such a system cannot be doubted. In the event of a nuclear attack the system would be used to gather intelligence, to manage our military and diplomatic responses around the world, and to enable the President to speak with and lead the American people. In order to perform these functions the system must be readily accessible at many points, extensively interconnectible, flexible in terms of sharing and preemption, and capable of handling a variety of communications. We cannot expect to have these capabilities—much less rely upon them—unless we plan for and develop them in advance.

Mr. President, I stand squarely with those who are concerned about the security and survivability of our telecommunications network, and for this reason I support passage of S. 898. It will be a strong step toward establishing a basis in law for the kind of advance planning I have spoken about today. With the changes I have suggested, it will insure that the executive and legislative branches of the Federal Government act in unison to address and resolve our defense telecommunications problems.

UP AMENDMENT NO. 468

Mr. PACKWOOD. Mr. President, S. 898, as I indicated Thursday, set forth permissible business activities which the dominant-regulated carrier and the fully separated affiliate would be allowed to conduct under strict public and regulatory scrutiny. The amendment to section 227(b), proposed by Senator THURMOND, has deleted certain business relationships specified in that subsection.

By adoption of this amendment, the Senate does not intend to prohibit any legitimate business transaction that had previously been permitted under this subsection.

Mr. President, I ask unanimous consent that the following explanatory language be added to the explanatory remarks on an amendment numbered 468 to S. 898 introduced by Senators THURMOND and CANNON on October 6, 1981, entitled "Interconnection and Pricing of Exchange Access":

The language added by the amendment on page 138 between lines 22 and 23 dealing with the interim period is to be construed to prevent discriminatory new charges being imposed during that period. It is not intended to affect current payments being made pursuant to the Separations and Settlements procedures for A.T. & T. or the payments for access by other carriers under the ENFIA agreement.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNIFORMED SERVICES PAY ACT OF 1981

Mr. BAKER. Mr. President, I submit a report of the committee of conference on S. 1181 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1181) to amend titles 10 and 37, United States Code, to increase the pay and allowances and benefits of members of the uniformed services and certain dependents, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of today, October 7, 1981.)

Mr. BAKER. I yield to the Senator from Iowa.

Mr. JEPSEN. Mr. President, 8 months ago we embarked on an innovative approach to resolving our military manpower problems. At the time, we recognized the urgent need to stem the hemorrhage of skilled and experienced noncommissioned officers and field grade officers from the ranks of our Armed Forces. Only by retaining this cadre of talented personnel could we hope to maintain a strong and viable All-Volunteer Force capable of meeting our national security objectives.

To meet this challenge the Senate Armed Services Subcommittee on Manpower and Personnel developed a new pay table for uniformed service personnel. This pay table was designed to meet the military's most pressing problem—retention. The task of creating a new pay table has been a difficult one. There are many conflicting objectives pulling at a pay structure anchored in institutionalism. Bonuses, special and incentive pays to meet the unique needs of the four services are coupled with pay tables that over the years have become compressed, provide little incentive for promotion and do not encourage retention.

Targeting the annual military pay adjustment for fiscal year 1982 will provide an immediate partial solution to our most urgent manpower problems. Enactment of enhanced pay rates for middle and senior enlisted grades will provide greater incentives for promotion, career advancement, and retention. In addition, and equally important, such an adjustment will foster a positive attitude toward a military career among service-eligible youth and junior enlisted person-

nel who are evaluating career opportunities.

On September 11, 1981 the Senate by a vote of 81 to 0 gave this approach a resounding vote of confidence. Shortly thereafter 170 Members of the House of Representatives voted to adopt the targeted plan in lieu of their own across-the-board approach. Today, I am pleased to report to my colleagues in the Senate that the Senate and House conferees on S. 1181 have agreed to a targeted pay bill for all enlisted service members. Although the rates for senior enlisted personnel are not as high as I had hoped, this action is a significant first step in relieving pay compression and compensating our career servicemen and women commensurate with their achievements and sacrifices.

Under the conference report increases will range from 10 percent for pay grade E–1 to 17 percent for pay grades E–7, E–8 and E–9. All officers and warrant officers will receive a 14.3-percent increase. Further, there are other compensation initiatives in the bill designed to address critical specialty shortages, alleviate hardships caused by frequent change of station orders and to improve personnel management in selected areas.

Although the Senate, with great reluctance, receded to the House on our military justice provisions, I have been assured by Congressman NICHOLS that he fully supports the substance of these provisions and that they will be considered as separate legislation at the earliest possible opportunity.

In conclusion Mr. President, the compromise wrought out during the conference on S. 1181 is reasonable, cost-effective and supportive of the Senate's position on targeting. It is a giant piece of legislation that begins to restore integrity to the basic pay table. I am deeply indebted to my colleagues on the Senate Armed Services Committee for their support in seeing this legislation through to final passage. It is the Congress's constitutional responsibility to raise and support the Armed Forces. At a time when the American people and their Government are struggling to live within their means, S. 1181 represents a sound approach to accomplish both objectives.

Mr. EXON. Mr. President, as the author of the first targeted military pay raise to be introduced in the Congress since the beginning of the All-Volunteer Force, I support the conference report which Senator JEPSEN and I are bringing to the Senate floor for approval.

This bill represents a significant change in the way we pay our military personnel. By adopting a targeted pay raise weighted toward the career enlisted force, Congress is beginning to address the dual problems of pay compression and retention of our noncommissioned officers.

These problems are not new to many of us, Mr. President. Last year, when Congress passed the 11.7-percent pay raise for military personnel, we gave the Secretary of Defense discretionary authority to reallocate 25 percent of the fiscal year 1981 pay raise in order to begin addressing these problems. Unfortunately, not one dime of last year's pay raise was reallocated. The targeted pay raise required by this conference report is a clear signal that Congress can and will act decisively on military manpower problems even if the Department of Defense cannot.

Mr. President, this was a difficult conference. We have been negotiating with the House conferees for 2 weeks, and we only reached a final agreement yesterday. Frankly, I would have preferred to see more targeting toward the career enlisted force in this bill; however, that was not possible. In the future, we must continue to take the sort of thoughtful approach to the way we pay our military people that this bill represents. An indiscriminate, across-the-board approach serves no one's best interests—neither the taxpayers nor the hardworking men and women who serve and protect each and every one of us.

Mr. President, I have said before that whether the source of manpower for our Armed Forces is the voluntary approach or conscription, we must be able to maintain the cadre of experienced, motivated individuals who are the backbone of our whole Military Establishment. This conference agreement will help us achieve that goal.

Although fiscal year 1982 is a week old, the pay raises in this bill are retroactive to October 1, 1981. If we act expeditiously, all military personnel should receive their pay raise in their pay check for this month.

I urge my colleagues to support this conference report.

Mr. MATSUNAGA. Mr. President, I rise in strong support of the conference report on S. 1181, the Uniformed Services Pay and Benefits Act of 1981. In my judgment, the conferees hammered out, under difficult circumstances, an excellent compromise between the vastly different House- and Senate-passed military pay bills which will go very far to address the serious manpower problems of the All-Volunteer Force and insure its continued viability as a means of manning our military services during peacetime.

Mr. President, the Uniformed Services Pay and Benefits Act, as reported by the conference committee, is now a truly balanced approach to addressing all of our military manpower problems. As my colleagues know, the House bill, which provided an across-the-board, 14.3-percent pay increase, was criticized for not adequately addressing the enlisted retention and pay compression problems. The Senate bill was criticized because it placed too much emphasis on the middle and senior enlisted grades and dropped the pay raise for recruits below comparability, thereby threatening the recruitment of high-quality personnel. The compromise arrived at by the conferees addresses all of the above problems equally and effectively.

First, with respect to the serious problem of career retention, the conference report maintains substantial increases in pay for middle and senior enlisted personnel, with raises ranging from 13 percent for E–4's to 17 percent for E–7's. These pay raises, although slightly lower than those approved by the Senate, will, nonetheless, stem the flow of skilled, career-enlisted personnel from the military services to the private sector. Increased retention of these crucial NCO's will greatly strengthen the readiness of our Armed Forces.

Second, with respect to the problem of pay compression, the conference report maintained adequate pay differentials in the enlisted ranks in an effort to relieve pay compression which has been a contributing factor to career force morale and retention problems.

Third, and in my view, most importantly, the conference report increases the pay raises provided for entry level personnel from 7 and 8 percent under the Senate bill to 10 percent for E–1's and 10.7 percent for E–2's and E–3's.

As the author of the Matsunaga-Hatfield amendment to S. 1181 which, as my colleagues will recall, was designed to increase the recruit pay raises in the Senate bill to 9.1 percent, I am extremely pleased that the Senate conferees agreed to this compromise on recruit pay which will vastly improve the recruiting strength of this pay legislation.

As the Senator from Oregon and I stated on the floor during the consideration of our amendment to S. 1181, the recruiting of high school graduates will become, if it has not already become, the most pressing manpower problem facing the All-Volunteer Force in the 1980's. For this reason, we believed it was vital that this military pay raise legislation address not only the current and very serious career retention problem, but also the pressing problem of the recruitment of sufficient numbers of high school graduates. We argued, as did the Department of Defense, that the below-comparability pay increases for recruits contained in the Senate bill would have an adverse effect on the efforts of the military services to recruit high-quality high school graduates.

Today, Mr. President, the Senator from Oregon and I are most pleased that the conferees on both sides recognized the necessity of taking a balanced approach in this bill toward correcting all of the manpower problems of the All-Volunteer Force. The conference report goes beyond the intent of the Matsunaga-Hatfield amendment by providing entry-level personnel with pay raises of 10 and 10.7 percent—above the 9.1-percent comparability level we proposed in our amendment and slightly higher than the revised comparability figure of 9.7 percent which we brought to light during debate on the Matsunaga-Hatfield amendment.

The fact of the matter is, Mr. President, these above-comparability pay raises for junior enlisted personnel will permit the military services to recruit several thousand more high school graduates than would have been possible under the Senate-passed bill, thereby helping the All-Volunteer Force meet

and possibly even exceed its quantitative and qualitative manpower goals in the difficult recruiting years to come in the 1980's.

I would also emphasize, Mr. President, that akin to the original Matsunaga-Hatfield amendment to raise recruit pay, the compromise agreement does not, in any way, dilute the impact of the pay legislation on the retention of skilled career personnel. The conference committee found a way to provide substantial pay raises to the career enlisted ranks while still providing the recruit grades with decent, above-comparability pay raises which will improve recruiting efforts and help servicemen and their families keep pace with cost-of-living increases.

In this regard, Mr. President, I would point out to my colleagues that the conference report embraces the spirit of the Matsunaga-Hatfield amendment in that it insures that each and every service member, no matter what grade or year of service, will receive a pay raise at or above pay comparability for fiscal year 1982.

In enacting this legislation, I believe that the Congress is sending an important signal to the young people of this Nation, to those who are potential enlistees, that last year was not a fluke; that the Congress and this administration are serious about keeping faith with the basic principle of the volunteer military concept—the maintenance of pay comparability—and serious about the future of the All-Volunteer Force. It will also be a signal to those already serving that the Congress is determined not to repeat the mistakes of the past which led to the recruiting and retention problems of the past several years and the decline of the quality of life of a significant number of the men and women in uniform.

In summary, Mr. President, the conference report on the Uniformed Services Pay and Benefits Act represents a truly balanced approach to solving the most pressing manpower problems now facing the All-Volunteer Force—recruiting of high school graduates and retention of skilled personnel. I urge all of my colleagues to approve this compromise agreement without reservation and with the knowledge that we are finally, after years of neglect, giving the All-Volunteer Force the fair chance and the tools it needs to prove that it can adequately meet our peacetime military manpower requirements.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. EXON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ADJOURNMENT OF THE TWO HOUSES

Mr. BAKER. Mr. President, I am advised that the other body is prepared now to receive our action on the adjournment resolution. I inquire of the Chair whether there is a message from the House on House Concurrent Resolution 201.

The PRESIDING OFFICER. It is at the desk.

Mr. BAKER. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on House Concurrent Resolution 201.

The PRESIDING OFFICER. The Chair lays before the Senate House Concurrent Resolution 201, which will be stated.

The legislative clerk read as follows:

Resolved by the House of Representatives (the Senate concurring), That when the House adjourns on Wednesday, October 7, 1981, it stand adjourned until 12 o'clock meridian on Tuesday, October 13, 1981.

UP AMENDMENT NO. 474

Mr. BAKER. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Tennessee (Mr. BAKER) proposes an unprinted amendment numbered 474:

On page 1, line 4, strike the following: "1981." and insert: "1981, and that when the Senate adjourns on Wednesday, October 7, 1981, it stand adjourned until 12 o'clock meridian on Wednesday, October 14, 1981."

AUTHORITY FOR CERTAIN ACTION DURING ADJOURNMENT

Mr. BAKER. Mr. President, I have a unanimous-consent request.

I ask unanimous consent that during the recess of the Senate over until Wednesday, October 14, 1981, messages from the President of the United States and the House of Representatives may be received by the Secretary of the Senate and appropriately referred, and that the Vice President, the President pro tempore, and the Acting President pro tempore, be permitted to sign duly enrolled bills and joint resolutions.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE ON OCTOBER 14, 1981

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate reconvenes on Wednesday, October 14, 1981, the reading of the Journal be dispensed with, no resolutions come over under the rule, the call of the calendar be dispensed with, and following the time allotted to the two leaders under the standing order, there be a period for the transaction of routine morning business not to exceed 30 minutes in length with Senators permitted to speak for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment.

The amendment (UP No. 474) was agreed to.

The concurrent resolution (H. Con. Res. 201), as amended, was agreed to.

The title was amended so as to read: "Providing for an adjournment of the House from October 7 to October 13, 1981, and an adjournment of the Senate from October 7 to October 14, 1981."

TELECOMMUNICATIONS COMPETITION AND DEREGULATION ACT OF 1981

The Senate continued with the consideration of S. 898.

Mr. BAKER. Mr. President, I inquire of the distinguished managers of the telecommunications bill if it is possible to finish this bill before 3 o'clock today, in view of the requirement that Senators may leave this Chamber for the observance of a religious holiday that begins at sundown today.

Mr. PACKWOOD. As far as I am concerned that is all right.

I inquire of the Senator from Alaska is he going to propose an amendment?

Mr. STEVENS. I state to my friend from Oregon that it is my intention to offer an amendment to the bill dealing with the U.S. Postal Service. I am concerned with the current language and the implications to the future well-being of a viable Postal Service. We are trying to get in a position where we might offer an amendment now. However, I am not prepared to take it up now unless this is the last amendment. If it is I will be happy to start addressing the subject.

Mr. PACKWOOD. I shall appreciate it if the Senator will start addressing the subject because, to the best of my knowledge, no one else is here who has an amendment.

I say to the majority leader the Senator from Alaska has an amendment. I am told that the Senator from Pennsylvania will be proposing an amendment on behalf of the Senator from Texas.

Mr. HOLLINGS. I want to make sure we had that one. Senator SPECTER is coming to the Chamber.

Mr. PACKWOOD. Those are the only two amendments that I know of.

Do you have any more?

Mr. HOLLINGS. No.

Mr. PACKWOOD. We have two more. If we address those, we will finish by 3 p.m.

Mr. STEVENS. I say to the Senator there is no way we can finish the bill by 3 p.m. with the status of my amendment at this time.

Mr. BAKER. Mr. President, I inquire of the distinguished acting majority leader as to when he thinks we could finish because I think it is terribly important that we try to finish this bill today.

I previously announced that there will be no more rollcall votes after approximately 3 p.m. Could the Senator from Alaska give me some indication of how long he thinks this amendment will take?

Mr. STEVENS. I really could not until we ascertain what further objection the Senator from New Mexico has to the provisions that I had intended to include in my amendment.

I am hopeful that we can work out an agreement. We may well be able to work something out so that there will not have to be a rollcall vote.

I remain convinced that this bill must take into account the impact on the U.S. Postal Service and its ability to use electronic mail technology to improve services to the public. We cannot let the bill past until we do address that subject.

Mr. BAKER. All right.

Mr. President, I understand the difficulties involved, and I am sympathetic to the position of the Senator from Alaska and the managers of the bill, but let me repeat that it is very important that we try to finish this bill on today. My previous statement that there be no rollcall votes after 3 p.m. or thereabouts still stands. We may inch up on that a little bit since we spoke of approximately 3 p.m., and we will try very hard to stick as close to that as we can so that Members can be in a position for observance of the religious holidays which begin later.

Mr. President, I urge Senators consider that we have an extraordinary amount of work that needs to be done. This bill simply needs to be finished before we go out.

I yield the floor.

The PRESIDING OFFICER. The question occurs on the committee substitute.

Mr. CANNON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. COCHRAN). Without objection, it is so ordered.

Mr. PACKWOOD. It is my understanding that while the Senator from Alaska and the Senator from New Mexico are attempting to reach a compromise on an amendment, the Senator from Pennsylvania has one, and he is here now and we are prepared to take that one up.

The PRESIDING OFFICER. The Senator from Pennsylvania.

AMENDMENT NO. 580

(Purpose: To clarify interconnection with the services of a fully separated affiliate and to prohibit leasing of transmission facilities or services by the parent from the fully separated affiliate)

Mr. SPECTER. I thank the distinguished Senator from Oregon for yielding the floor.

Mr. President, on behalf of my colleague, the distinguished Senator from Texas (Mr. TOWER), the sponsor of this amendment, on which I am a cosponsor, in Senator TOWER's absence I am bring ing up amendment No. 580, which I believe is already at the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Pennsylvania (Mr. SPECTER), for himself, Mr. TOWER, Mr. HATCH, and Mr. HOLLINGS proposes a printed amendment numbered 580.

Mr. SPECTER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 115, redesignate subsection (c) as subsection (d), and insert immediately after line 19 the following new subsection:

"(c) A fully separated affiliate shall, if a reasonable request is made, establish interconnection of its service with any telecommunications carrier, with any telecommunications facility or private telecommunications system, and with any customer-premises equipment which is owned or leased by a customer of the fully separated affiliate which meets such standards as the Commission may establish under section 234(c)(1); and may not discriminate in an unreasonable or anticompetitive manner with respect to the charges, terms, and conditions for interconnections of its service.".

On pages 145, 146, and 147, redesignate subsections (c) through (j) as subsections (d) through (k) accordingly, and on page 145, insert immediately after line 4 the following new subsection:

"(c) Notwithstanding the provisions of this Act, a fully separated affiliate shall not provide, either directly or indirectly through any contract, agreement, arrangement, joint venture, lease, partnership, sale, or other manner of conducting business, any transmission facilities or transmission services to its dominant-regulated carrier or any affiliate.".

On page 147, line 1, insert ", (c)," after "(b)".

On page 147, line 1, strike "(d)" and substitute "(e)".

Mr. SPECTER. Mr. President, this proposed amendment is a small but essential change to S. 898. It will help assure that customers will be able to make full use of the services of the Bell System's fully separated affiliate and of other available transmission carriers, private transmission systems, and telecommunications terminal equipment. It will help to assure that customers are able to meet their needs by combining the fully separated affiliate's services with telecommunications services and equipment which they obtain from other sources. By requiring that Bell's fully separated affiliate interconnect on nondiscriminatory terms and conditions, we should avoid the continuation of the serious disputes which have embroiled the Bell System and its customers and competitors for two decades.

Normally, I would not propose a compulsory interconnection requirement for a nonregulated, competitive firm. But the Bell fully separated affiliate will be an enormous firm. Press reports have indicated that it may be capitalized at $15 billion or more. And the extent to which it will operate in a competitive services market is problematic. Under the circumstances, this requirement, we submit, is not only reasonable, it is absolutely necessary to avoid an unacceptable risk that our hope for a progressive and efficient telecommunications future will fail.

The amendment will also help assure that the fully separated affiliate not take unfair advantage of its relationship with the other Bell companies by leasing or selling back all or part of its transmission facilities or services to them.

Transmission facilities are the crucial factor in the production of telecommunications services. It has been proposed that we permit Bell's fully separated affiliate to own and operate these facilit.es, after a short transition period, on a completely unregulated basis. Under the circumstances, I submitted that it is essential that we take this minimal measure to prevent manipulation of these transmission facilities in a way which would lead to higher prices for customers of Bell's regulated services and unfair competition for the competitors of the fully separated affiliate.

Mr. President, I yield the floor.

(By request of Mr. SPECTER, the following statement was ordered to be printed in the RECORD:)

● Mr. TOWER. Mr. President, I support my amendment (No. 580) to S. 898, the Telecommunications Competition and Deregulation Act of 1981. As its title suggests, S. 898 is designed to deregulate the telecommunications industry to the maximum extent possible and to allow consumers to realize the benefits of competition wherever marketplace forces can insure that consumers will have access to adequate and efficient telecommunications equipment and services at reasonable prices.

The amendment which I and my colleagues, the distinguished senior Senator from Maryland, the distinguished junior Senator from Utah and the distinguished junior Senator from Nevada, offer, is designed to further the purposes of the bill. Our amendment is not pro-A.T. & T. Neither is it designed for the benefit of A.T. & T.'s competitors. Instead, this amendment is submitted in the interest of all of the citizens and businesses of this country, who rely every day on the availability of sophisticated, efficient, and reasonably priced telecommunications services and products.

Let me explain briefly what this amendment does.

First, it would require the fully separated affiliate of A.T. & T. to interconnect its transmission facilities on reasonable and nondiscriminatory terms and conditions with the facilities of other telecommunications carriers and with the terminal equipment and communications facilities of private individuals and businesses. As you may know, in order for individuals and businesses to obtain the most efficient and cost-effective telecommunications services, it is often necessary for them to connect their own equipment to a carrier's transmission facilities or to establish communications channels by combining and connecting the services of several carriers.

The ability to interconnect non-A.T. & T. equipment and facilities with A.T. & T. facilities has not always been possible. In the last 15 years there have been countless complaints brought both in the courts and before the FCC to force A.T. & T. to honor its interconnection obligations for the benefits of the consuming public. The amendment which we offer will insure that A.T. & T.'s separate subsidiary will provide adequate interconnection once FCC oversight is removed. Of course, the interconnection

obligations of this amendment would not apply in certain circumstances involving emergencies or national security crises.

Second, this amendment would prevent A.T. & T.'s fully separated affiliate from selling or leasing transmission facilities or services back to A.T. & T. or the regulated Bell operating companies. This very limited prohibition would eliminate a primary device which could be used to subsidize unfair competition by the fully separated affiliate.

The intent of S. 898 is to take all reasonable measures to prevent cross-subsidies flowing from the Bell System to the fully separated affiliate and then to let the affiliate compete on an unregulated basis just as any other company. This amendment is fully consistent with the concept.

It permits the fully separated affiliate to own and operate transmission facilities, but it prohibits the type of facilities sharing and internal transfers which historically have formed the basis for protracted regulatory and antitrust disputes. It provides the fully separated affiliate the freedom to do virtually anything it wishes except to dispose of its crucial transmission assets to the regulated Bell companies.

This amendment will reenforce the fully separated affiliate's incentives to avoid building excessive amounts of facilities and to price its services on the basis of true costs. It will give present and potential competitors in the telecommunications services markets a degree of assurance that their success, or lack of it, will be a function of the merits of their services and not of anticompetitive practices by a dominant firm. And it will give customers of the regulated Bell companies a measure of assurance that they are not paying disproportionate prices for transmission services to underwrite predatory prices for the fully separated affiliate's services.

Mr. President, I believe that this amendment will effect a significant improvement to S. 898.●

● Mr. LAXALT. Mr. President. I am a cosponsor of amendment 580 proposed by the distinguished senior Senator from Texas.

The amendment has a very simple purpose—to assure that the competitive activities of A.T. & T.'s fully separated affiliate will be fair to competitors and consumers alike.

The first part of the amendment assures that the fully separated affiliate will interconnect its services with any telecommunications carrier, facility, or private system and with any customer premises equipment upon reasonable request. It forbids the fully separated affiliate to discriminate in the provision of interconnection.

Mr. President, after a transition period, the fully separated affiliate will be permitted to own and operate transmission facilities and to offer services without any regulatory oversight and control. In light of the long history of disputes over interconnection rights between the Bell System and competitive carriers, private communications systems and owners of customer-provided terminal equipment and in light of the predictably overwhelming size of the fully separated affiliate, I believe that this interconnection requirement is a minimal prudent measure to assure that our attainment of S. 898's laudable objectives is not jeopardized or delayed.

It will assure that competitors and consumers will not be disadvantaged by anticompetitive and discriminatory refusals to deal. I believe it will help assure the most productive possible use of our country's overall telecommunications investment. In that sense, it is fully consistent with—and is a contribution to—the Presidents' program to revitalize our country's economic system.

The second part of the amendment guarantees that the fully separated affiliate will—like all other companies in the business—construct or obtain only enough transmission facilities to meet its own foreseeable requirements. It forbids the fully separated affiliate to sell or lease back all or part of its transmission facilities or services to its regulated affiliates. This has the effect of reducing opportunities for cost misallocations or incorrect intrafirm transfer prices which would damage both ratepayers and competitors.

It leaves the full separated affiliate free to meet its own transmission needs and those of its customers, and it also leaves it on an equal footing with other nonregulated entities which cannot reasonably hope to share transmission capacity with, or sell off unwanted, unneeded, or obsolescent transmission facilities to A.T. & T. or the Bell operating companies.

Mr. President, this amendment is a very modest restriction on the fully separated affiliate. In times past, the FCC has thought it necessary to limit the use which A.T. & T. could make its satellite capacity to assure that competitive firms would have a fair opportunity. And more recently, the FCC, in its second computer inquiry decision, denied A.T. & T.'s fully separated subsidiary the right to own any transmission facilities at all. We have been much more permissive in S. 898, allowing the fully separated affiliate to own transmission facilities and, after a short transition period, to use them in any way it chooses. In light of that, I believe that this minimal restriction is necessary to assure that our effort to let the fully separated affiliate compete fully will not result in its competing unfairly.

In conclusion, Mr. President, I am very pleased that the distinguished senior Senator from Maryland and the distinguished junior Senator from Utah have joined in offering this amendment.●

Mr. PACKWOOD. Mr. President, I rise in opposition to this amendment. This is what is known in the trade as the "Tele-Cause" amendment, and was put forth principally by the major, large companies that are in opposition to this whole bill.

What they want to do is, as best as possible, cripple the so-called fully separated affiliate by requiring it to have a common carrier obligation. It would allow every one of these companies to connect to it without requiring any of them to have to connect to each other.

The purpose of this bill is to set up an unregulated, competitive affiliate. It will be free to compete in the marketplace with any of the other companies on an equal footing.

I want to read once more the list of some of these companies that are in "Tele-Cause" that are proposing this amendment:

Honeywell, with revenues of $1.5 billion a year; Control Data, $3.2 billion; Burroughs, $2.8 billion; Rockwell International, $6 billion; International Telephone and Telegraph, $18 billion; J. C. Penney, $11 billion; and Sears Roebuck, $25 billion.

This is not a little person's amendment. This is one more effort by the major giants that are now going to have to compete with this affiliate that will be allowed to compete in the marketplace, to attempt to cripple it. It runs counter to the whole philosophy of the bill. In fact, it would destroy the whole philosophy of the bill.

Second, there is another provision in this amendment. The second provision is that the dominant regulated carrier, A.T. & T., cannot lease any facilities from the affiliate—cannot; period. Now, the bill requires that before any lease can be approved, any lease can be attained between A.T. & T. and the affiliate, it requires permission of the Federal Communications Commission and they cannot grant it if it is going to result in anticompetitive behavior.

But to put into this bill that there can be no leasing, no contract, no arrangement by statute between the affiliate and the parent literally endangers our telecommunications system. It means that if you have a typhoon or a hurricane in Texas or Mississippi and it knocks out communications equipment, that the local telephone company, because it is affiliated with A.T. & T., cannot lease facilities for a week, for a month, or for a year from this fully separate affiliate in order to carry out communication services.

It means that if one of our communications satellites in the sky goes awry or, by chance, if we are in war, gets shot down, A.T. & T. cannot lease some other transmission facilities from the affiliate to carry out its communication functions.

This not only runs counter to the bill, it runs the risk of crippling our communications network to no avail. Because before any lease can be made in the bill, before any lease can be made by A.T. & T., they have to have permission from the Federal Communications Commission and that permission cannot be granted if it is going to result in anticompetitive behavior.

For both of those reasons, I would hope that the Senate would turn down this amendment.

Mr. CANNON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. CANNON. Mr. President, we have gone to great lengths in this bill to require separation of A.T. & T.'s competitive activities from their regulated ac-

tivities. One of the purposes of such separation is to make sure that their competitive ventures are not cross-subsidized by regulated ratepayers. But once such separation is achieved, the competitive activities should be no more or no less regulated than the competitive ventures of IBM, Control Data, or any other competitor.

The basic problem with this amendment is that to effectively require interconnection is to effectively require regulation. To require interconnection means nothing unless interconnection is required on reasonable terms. As has been pointed out, you cannot determine whether or not the terms are reasonable. Only by examining the firm's books and only by requiring the carrier to file its prices can one compare the reasonableness of a particular charge with other charges.

And if the interconnection is judged not to be reasonable, then there is a question as to what authority the FTC would have. The bottom line is clear: To effectively mandate interconnection is to effectively mandate regulation. And if we are to continue to regulate the affiliate, then why go through the fuss and bother of separating it in the first place? We might as well go back to the Bell bill of 5 years ago and regulate everything.

Mr. President, this is a most detrimental amendment. I would urge its defeat.

Mr. PACKWOOD. Vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Pennsylvania.

Mr. SPECTER. Mr. President, I understand Senator HOLLINGS is on his way to the Chamber to speak on this issue. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order of the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, I believe the Senator from Pennsylvania wishes to have a colloquy on this particular issue.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SPECTER. The distinguished Senator from Oregon and I had a colloquy on the meaning of section 404. The Senator has asked if I thought there were any amendments which were necessary. We have discussed the matter informally. I think the matter could be resolved with finality by a brief colloquy.

This relates to section 404 and is intended to provide an appropriate legislative history should this issue arise in any litigation. The section relates to having nothing in this act which would affect the applicability of the antitrust laws of the United States or any defenses or remedies in any pending case. I just want to have the assurance from the distinguished Senator from Oregon that the language "including structural remedies" would include divestiture or any other remedy which is currently available to the judicial branch should any judge in any pending case, including the case of United States against American Telephone & Telegraph Co., now pending in the U.S. District Court for the District of Columbia, or in any other matter, decide on such remedy, including divestiture.

Mr. PACKWOOD. This does not interfere with court suits at all. If the court comes up with divestiture, this bill would not interfere with that.

Mr. SPECTER. I believe that clears up the matter.

● Mr. HATCH. Mr. President, in light of the recent report by GAO on the telecommunications industry, the hearings before the Judiciary Committee concerning the antitrust implications of S. 898, and the debate we have heard on the Senate floor, I think everyone recognizes that there are certain dangers—both to competition and to users—when a regulated monopolist that provides a service on which everyone depends is also permitted to enter unregulated and deregulated fields. That is the sole reason that A.T. & T. is only able to enter unregulated markets through a "fully separated affiliate," or FSA.

It is because of the substantial evidence that the structural safeguards contained in S. 898, as reported, are not sufficient that I am supporting the package of amendments introduced by Senator THURMOND and it is for this same reason that I have cosponsored this amendment by Senator TOWER.

I would like to point out again that these amendments, in this Senator's view, do not represent a condemnation of A.T. & T.; in fact, I believe that A.T. & T.'s system and achievements are in many ways salutory. I would also like to see, as much as anyone, an industry that is fully competitive without Government intervention, but I simply feel that any corporation which has benefited from its regulated status must face certain restrictions when entering deregulated fields in order to insure effective competition.

Senator TOWER'S amendment will, in my opinion, improve S. 898 in two important respects. I do not feel that either of these provisions concerning the relationship between A.T. & T. and the FSA will be drastic restrictions.

Part of the amendment addresses the issue of interconnection. One of the best ways to promote competition is to assure that users have the opportunity to select the terminal equipment and transmission services that best suits their needs. A simple requirement of interconnection will assure that users are permitted to connect their own terminal equipment and their own private communications systems with the transmission services that they need.

As currently drafted, S. 898 requires all carriers to allow interconnection with customer-premises equipment, private communications systems, and other common carriers, but this obligation applies only to regulated services. This bill unregulates many services and the interconnection obligation would not apply. S. 898 would allow the FSA to offer unregulated transmission services, and after 2 years it could offer unregulated transmission services that are the virtual equivalent of currently regulated transmission services. Given the increasing demand for transmission services, many users may be effectively forced to secure their transmission capability from the FSA.

The obvious danger is that the FSA will have incentive to discriminate in providing interconnection to its transmission services between those users that subscribe to the FSA's competitive offering and those that instead use the services or equipment of independent competitors. This could result in users being denied the opportunity to pick and choose freely among various competitive offerings to insure the lowest possible cost to these users and thus ultimately to consumers.

It can be argued that antitrust laws forbid the FSA from insisting that a subscriber to its unregulated transmission services also agree to take terminal equipment from the FSA, but S. 898 could be interpreted as expressing Congress intention to end this requirement. This provision would simply make congressional intent clear and hopefully prevent problems from arising in the first place.

Also, this provision would not impose rate regulation on the FSA, but merely impose a minimal behavioral obligation needed to guard against a likely obstacle to full and fair competition.

The other provision deals with the part of S. 898 which allows the FSA to own its own transmission facilities. As many of you know, the Federal Communications Commission and the General Accounting Office have both concluded that the FSA should be precluded from owning any transmission facilities. In the GAO report, several reasons (pp. 125–28) were given and the GAO concluded:

> We strongly support retention of the resale structure and strict adherence to the ban in construction, ownership and operation of transmission facilities by deregulated separate subsidiaries.

S. 898 does permit the FSA to own its own transmission facilities.

Our amendment would not change this situation, but it would guard against one of the potential abuses that could result. Specifically, the amendment would prohibit the FSA from leasing transmission facilities to its regulated parent.

Many have expressed the concern that there is a strong incentive for the regulated parent to slow the pace of facility construction and devote resources to constructing facilities for the FSA. If the parent then ran short of facilities, and the FSA had excess capacity, then the FSA's facilities could be leased back to the regulated parent at high rates which would inflate the cost of basic telephone service and provide an extra source of funds that the FSA could use in competing against others.

This amendment does not propose any drastic restrictions but I feel it does safeguard against some potential abuses. I urge my colleagues to support this amendment. A requirement of universal interconnection might even be a better approach and if it is the sense of my col-

leagues that the amendment should itself be amended to require universal interconnection, I would be agreeable to that change.●

Mr. SPECTER. Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I commend the Senator from Pennsylvania and the Senator from Texas for originating this amendment. We have fairly well agreed that the facilities should not be moved into the subsidiary until there is effective competition. I understand that there is going to be a technical amendment to make this point absolutely clear.

This amendment would be a surrogate for keeping all facilities, old and new, in the regulated parent until these facilities are subject to effective competition. I, therefore, fully support it. I can understand the concern of the Senator from Oregon, but he and I have debated that and I think we should go ahead and vote.

Mr. PACKWOOD. Mr. President, I am prepared to ask for a rollcall vote if any Member so desires. I will not ask for a rollcall vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 580) was rejected.

Mr. PACKWOOD. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. STEVENS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PACKWOOD. Mr. President, I hope Senator BAKER will be able to hear this. I am going to propose that we move to a compromise on the amendment of the Senator from Alaska.

Has the compromise been worked out?

Mr. STEVENS. I hope it has.

Mr. PACKWOOD. I am going to ask for final passage immediately upon the disposition of the amendment of the Senator from Alaska. I will reserve the right to object on behalf of any who wish me to.

Mr. ROBERT C. BYRD. Mr. President, I would reserve the right to object until I can clear th's with my side of the aisle.

Mr. PACKWOOD. I have no other amendments.

Mr. ROBERT C. BYRD. That vote will be upon the disposition of the Stevens amendment?

Mr. PACKWOOD. That is correct.

Mr. STEVENS. Mr. President, I am hopeful that that time for passage will come quickly.

My amendment will be sent to the desk in a few moments.

Mr. President, the purpose of my amendment is to clarify and expand on the language in the bill concerning the Postal Service so that the requirements in this bill do not inadvertently produce the kind of catch-22 regulation which would rule out effective use by the Postal Service of electronic mail technology to improve its service to the public.

The current language of the bill refers to the Postal Service as a "quasi-governmental entity" and seems to assume it is just like a private corporation with all the powers which corporations have to reorganize themselves into conglomerates by incorporating affiliates. While some reformers proposed to turn the Postal Service into a corporation back in 1970 and while Congress did require it to use more businesslike methods, Congress deliberately refused to make the Postal Service a corporation. It is organized as an independent establishment within the executive branch of the Government, with Governors appointed by the President with the advice and consent of the Senate and with the Postmaster General as its chief executive officer.

The Postal Service cannot short-circuit the chain of command which Congress has provided by law by administratively creating a separate organization with an independent board and chief executive. All employees working for any component of the Postal Service by law are employees of the Postal Service with all the legal protections and restrictions that status affords. Creations of the Postal Service cannot own property or sue in their own name; only the Postal Service itself has been delegated these powers by the Congress.

Even if the Postal Service could perform what the bill would require, the entity which would be created would be neither fish nor fowl. There would be an almost total absence of law controlling the day-to-day operations of this creature. The bill says it cannot be part of the Postal Service, so postal laws would not apply. But it is not a private corporation chartered under the laws of any State, so State law would not be applicable either.

What laws, then, would protect its property and employees? How many Federal protections for postal employees does this provision override—collective bargaining, veterans' preference, workers' compensation, civil service retirement, what else? Could these employees legally go out on strike?

My amendment overcomes these problems by enacting realistic, workable separation requirements while maintaining any postal telecommunications division and its employees as clearly a part of the Postal Service and subject to all the laws governing the everyday operations of the Postal Service. There must be separate books and accounts. Employees must be separately assigned. Property must be separately acquired and paid for. All transactions with other elements of the Postal Service must be documented so that they are auditable in order to provide reassurance against cross-subsidy. If the Postal Service makes available the start-up capital for any of these telecommunications services from other funds, it has to be repaid on reasonable terms over an appropriate period.

As a Senator, I have the right to a say, the entire Senate has the right to a say, in the oversight of this Federal instrument which provides the Nation's postal system.

Under the Constitution and laws, we also advise and consent to the appointment of its governing body. I want to keep it that way, and to make this clear. Any postal telecommunications services must be operated in the public interest under congressional oversight and through the leadership which we have a hand in choosing. This outfit is not going to become some private version of A.T. & T. or Western Electric. It is going to remain a public service operation—operated with methods which are as efficient and businesslike as is practical, but still as a Federal service under the Constitution and on behalf of the public.

Another problem with the bill as reported is the grave potential for paralyzing double regulation. We all know from experience in many different regulatory fields that excessive regulation kills an organization's ability to do its job just as snrely as an outright prohibition. While the reported bill gives the FCC potentially broad authority over any postal telecommunications organization, it does nothing to change the authority of the Postal Rate Commission in the same area. This sets up the possibility for the Postal Service to be caught in the middle in a paralyzing regulatory quarrel over what is an electronic or a regular postal cost or service.

My amendment divides the responsibility so that each agency has its own responsibility for protecting the public interest, without adding any regulatory overlap. The rate and classification authority would remain exactly where it is now, under the same principles and procedures as now apply. The FCC has no experience setting prices for an agency that is required to break even but prohibited from earning a profit, and there is nothing in the Communications Act which would address that kind of situation.

On the other hand, my amendment assigns the FCC the responsibility for overseeing the implementation of the separation requirements for any postal telecommunications division. The FCC also would have the responsibility for supervising interconnection with any postal telecommunications services. The Postal Rate Commission would have no authority in these areas, where the technical expertise required is the telecommunications expertise of the FCC.

The electronic mail service which the Postal Service has been working on would provide for the Postal Service to receive telecommunications transmissions over carrier l'nes hooked up to postal computers, and then print out and deliver the messages in hard copy. It is not at all clear what telecommunications service the Postal Service itself may want to operate. But my amendment requires that if it does operate a service which const'tutes telecommunications as defined in the bill, it must comply with the anticross subsidy and the interconnection provisions under FCC review.

I believe it is crucial to make sure that noth'ng we do today stands in the way of reasonably priced and nondiscriminatory postal electronic mail services. In my State of Alaska, I know that this technology offers a lot of promise for improving the quality of our mail deliv-ery service. It just stands to reason that us'ng telecommunications carrier transmissions to substitute for slower transportation carrier service to the destina-

tion post office can improve the efficiency and speed of mail delivery, particularly where long distances and uncertain weather are big factors as they are in Alaska.

I want to make it clear that the purpose of having the FCC to look at postal electronic mail when the telecommunications part predominates is to protect the public interest and to assure reasonable rates. This authority is not to be exercised in a stifling regulatory way that ties up these services in regulatory knots and a sea of bureaucratic redtape.

I am aware of the present regulatory struggles which have delayed E-COM service and have effectively excluded American circuitry from contributing to the international Intelpost service. This bill as a whole is designed to relax the regulation of services other than the basic telecommunications services.

Through my amendment's requirement for a separate electronic mail division, and through the continuation of rate and classification review, my amendment subjects the Postal Service to more regulation of its electronic mail program than anyone else outside the basic telecommunications industry will face. This regulation must be kept to the minimum necessary to serve its purposes.

Mr. President, the amendment will give the FCC authority to establish rules and regulations to assure that there will be a separate division within the U.S. Postal Service to provide whatever telecommunications services the Postal Service sees fit to offer. Once that separate division is established, the FCC's jurisdiction as to the separation will end. There will not be a paper trail constantly going from the Postal Service to the FCC and back to the Postal Service to determine whether the separation is there. The FCC will have jurisdiction to establish the cost of telecommunications services provided by the FCC. Those costs will then be considered and related by the Postal Rate Commission into the total rate base of the Postal Service, but the FCC will not set the rates for Postal Service.

Finally, there is a separate division, section 207, that the FCC will continue to administer.

I believe—and I hope the Senator from New Mexico will come to the floor and make comments—that we are in agreement that the Postal Service should continue to provide telecommunications services for the individual and for the public at large; and when it does, its use of telecommunications facilities as part of that system should not be individually regulated by the FCC. On the other hand, when it starts providing telecommunications services per se, then it should have the same type of regulation that other providers would have.

I yield to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, I support the Stevens amendment. I support the effort of the Postal Service to offer limited electronic mail service. I will explain what I mean by "limited" in a minute.

In speaking of electronic mail, we are talking about the survival of the Postal Service.

The post office cannot be left to become only a carrier of last resort to places and of kinds of mail no one else wishes to handle.

If we allow the entire new field of electronic mail to be diverted away from the Postal Service, it would lead to greater pressures for rate increases in regular mail services. With the major costs of the post office fixed, but volume—and thus revenue—declining, productivity will fall, per-message cost would skyrocket; and public mails would be put out of reach of millions of Americans in rural areas, who could not afford the costs.

I believe the existence of an economically viable, universal postal system hinges upon the ability of the Postal Service to keep up with technology. It must be allowed to use telecommunications systems to feed messages into the normal mailstreams for delivery by postal letter carriers.

At the same time the Postal Service must operate under reasonable rules of fair competition. This is why I said in my opening statement that the Postal Service should offer "limited" electronic mail services.

In fact, the Postal Service has agreed to conduct its electronic mail activities under guidelines that will assure it does not have any unfair advantage. On March 12 of this year, Edward Hogan, Assistant Postmaster General, gave me a detailed paper spelling out the position of the Postal Service on the marketing and delivery of electronic mail services.

In this paper, the Postal Service pledges it will not build or own an electronic transmission network. It will not subsidize electronic mail by appropriations from tax money or by revenues from other mail services. It will establish a separate organization for accounting and ratemaking purposes to manage its electronic mail activities. It will make mail delivery services available on equal terms to any private firms wishing to offer their own electronic mail services. And it will not provide "Generation III" services which transmit messages all the way through telecommunications.

Although the use of telecommunications is generally associated with business mailers in urban areas, the targets of their communications are, in increasing numbers, rural customers. The Postal Service must be allowed to participate in offering electronic mail to keep up with the growing volume of messages directed at households in rural America, such as the ranchers, farmers, and small businessmen in my State of Arizona.

The Postal Service is an important component of our Nation's economic structure, and it must not be allowed to wither on the vine by being foolishly excluded from a competitive role in the new field of electronic mail. The Stevens amendment contains adequate safeguards to protect open competition and I urge my colleagues to support his proposal.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter and a statement in connection with this matter.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. POSTAL SERVICE,
GOVERNMENT RELATIONS DEPARTMENT,
Washington, D.C., March 12, 1981.

Hon. BARRY GOLDWATER,
U.S. Senate,
Washington, D.C.

DEAR SENATOR GOLDWATER: This is in response to your February 13 letter requesting a brief statement of the Postal Service's current position on the marketing and delivery of electronic mail services.

Enclosed please find the requested position paper. I look forward to working with you and other Members of the Subcommittee to develop equitable legislation to define the role of the Postal Service in electronic communications. If you require additional information, please contact me on 245-4181.

Sincerely,

EDWARD E. HOGAN, Jr.,
Assistant Postmaster General.

ELECTRONIC MAIL AND THE U.S. POSTAL SERVICE

The Postal Service plans to use private telecommunications service, much as it has used advances in private transportation service over the years, to offer the public faster and more efficient transmission of the mails for delivery by postal carrier.

Electronic mail services can enable the public to take advantage of the capabilities of both the nation's telecommunications network and the nation's postal delivery network linked together. The Postal Service believes that both the postal system and the private sector should be entitled to offer such hybrid, part U.S. mail and part private telecommunications services to the public; neither system should have a monopoly over the marketing of these combined services. A diversity of such services will afford the public the broadest selection for meeting the nation's diverse needs. The Postal Service, through its more than 80,000 retail outlets and rural routes spread throughout the country, has the potential to add much to the public's access to electronic mail services as such services grow to maturity.

Linking the telecommunications and mail systems for the provision of electronic mail services need not disturb the historical integrity of either system. The Postal Service and the private telecommunications industry, each within its legal and regulatory framework, should cooperate to make their distinctive services available to each other on a mutually fair and reasonable basis.

The Postal Service has defined the aims of its electronic mail program so as to assure that it builds upon the traditional role of the postal system in an appropriate fashion:

The Postal Service will not provide "Generation III" services which transmit messages all the way through telecommunications. It will offer only "Generation I" or "Generation II" services which convert a telecommunications transmission into "hard copy" for processing in the mails.

The Postal Service will not build or own telecommunications networks of its own. It will obtain needed telecommunications service from telecommunications carriers.

Following from the previous two points, there will be no question of the Postal Service acquiring any monopoly over electronic transmission. The Private Express Statutes will remain applicable only to "hard copy" letters.

Postal electronic mail services will not be subsidized by appropriations from tax money or by revenues from other mail services.

The Postal Service will establish a distinct organization for accounting and ratemaking purposes to manage its electronic mail services in a competitive fashion without cross-subsidization by other mail services.

Mail delivery services will be available on equal terms to private carriers wishing to offer their own electronic mail services.

Technical interconnection standards will be established on a cooperative basis so that all can have access.

To date, the Postal Service has established two electronic mail service classifications, both of which are in preliminary stages of implementation.

INTELPOST, a high-speed international fascimile transmission service, was conceived and developed under the leadership of the U.S. Postal Service beginning in 1978. Services was first offered to the American public in June, 1980, between the United States and Canada. A one-year field trial of service between the United States and Britain through Canada began in January, 1981. Direct service between the United States and overseas participants has been prevented to date by the failure of American satellite circuitry to gain regulatory approval to participate. Current INTELPOST sites in the U.S. are at Postal Service Headquarters in Washington and at the World Trade Center in New York. Equipment at these locations scans a customer's document and transmits an electronic signal to Canada for transmission by satellite to England. Seconds later, printing equipment in England converts the signal to a black and white facsimile which is delivered in the regular mail or picked up at the post office.

A domestic Electronic Computer Originated Mail (E-COM) service was approved in August, 1980, for implementation beginning in 1982. A contract was awarded in January 1981, for the development and installation of commercially available hardware for acceptance, distribution, billing, printing, collating, enveloping, and management support functions. The service will enable large-volume mailers to send computer-generated messages via telecommunications carriers to 25 serving post offices around the country, where the messages will be printed and dispatched for mail delivery. The service will have a two-day delivery standard. The Postal Service will soon file for an amendment to the service classification to provide mailers additional options to enter their messages into the system through their own telecommunications facilities or through computer tapes.

Proceeding at a prudent pace, the Postal Service expects to build on the experience gained from these initial modest offerings toward more broadly available electronic mail services in the future.

Through its workforce, its funding, and its traditions of service, today's postal system represents a tremendous investment of the nation's resources. If compared to the largest private businesses, it would rank in the top 15 industrial corporations and would rank third in the size of its labor force. These figures, together with the all-time record mail volume of over 106 billion pieces handled in FY 1980, are a measure of the continued dependence of the nation's economic and social fabric on the universal delivery system for "hard-copy" letters and materials which the Postal Service provides.

While "Generation III" or all-electronic communications systems have the potential to attract increasing percentages of the nation's communications traffic this has been happening for years as the absolute volume numbers for "hard-copy" mail have continued to grow. It would be foolish to suppose that the need for the kind of delivery service represented today by the 106 billion pieces of mail carried in 1980 will fade away—it will not. Even if purely-telecommunications services grow at a faster pace, the nation will continue to need and demand an effective universal postal system throughout the foreseeable future.

Given these facts, and given the tremendous size of the nation's continuing investment in the postal system, the nation will continue to have a huge stake in the vitality and efficiency of the Postal Service in the coming years. The Postal Service has the responsibility to search far and wide for new opportunities, and to make full use of advancing technologies, in order to continue to be able to provide the public a proper return on its investment. To justify maintaining the quality of the unparalleled service of its present national delivery network, the Postal Service will have to strive to continue to attract the mail volumes needed to fill mail carrier sacks for the carriers' daily rounds.

Even more significantly, in the face of rapid inflation, the Postal Service will have to continue to improve the productivity of its highly labor-intensive operations. This will require the application of technology to automate portions of the job. Efforts now underway to automate mail processing operations through the use of optical character and bar code reading and sorting technology are crucial for productivity improvement. The application of computer and electronic communication technology for automated processing and "transportation" of mail for delivery by mail carrier also offers the promise for improving productivity.

The Postal Service must take advantage of these opportunities in order to continue giving the public the service which it demands from the nation's postal system at prices it can afford.

Mr. STEVENS. Mr. President, I will be pleased to answer any questions about the intent of the amendment. It is being retyped at this time to meet an agreement that has just been reached, and we should be able to have the matter approved, as I understand it. I have checked this with my good friend Senator HOLLINGS, and he has no objection to this concept.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that upon the disposition of the amendment of the Senator from Alaska, we move immediately to final passage of the bill.

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, the matter has been cleared on this side, and there is no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Paragraph 4 of rule XII is waived.

Mr. STEVENS. Mr. President, I do not view this amendment as being one that should be taken lightly, because what we are doing is trying to determine the future of the Postal Service of the United States.

As we move into the age of telecommunications, it is my view that U.S. Postal Service should survive. If it does not survive, there will not be any network to continue to deliver those messages which will still be written, yet there will still be people in this country who will not have telecommunications facilities, will not have television sets able to receive telecommunications signals, and will not be in the circumstance to pay for such expensive service even if they did have the necessary equipment. In case there is any confusion of who I am talking about, I am referring to the average American citizen.

We are going to find especially in rural America, a need for a postal system for the foreseeable future. To put the U.S. Postal Service in the position that it could not modernize would be to assure its doom. Our goal is to put the U.S. Postal Service in a position where it can use new technology to maintain the highest efficiency and the lowest cost delivery of personal and business messages to the extent that they are not provided by other carriers.

In the Civil Service Post Office and General Services Subcommittee, we have been working for a long time on trying to deal with the whole question of the extent to which the Postal Service becomes involved in electronic mail. I am pleased to state to the Senate that one of the first experiments on the use of electronic mail available to the public will take place in providing service to my State, and it will be provided by the Alaskan Communications System (Alascom) a private carrier, working with the U.S. Postal Service and the State government. I believe it will prove to the rest of the country the great facility of using telecommunications services, interconnected with the other services already available for the transportation of written communications by the public.

UP AMENDMENT NO. 475

(Purpose: To clarify provisions relating to electronic mail)

Mr. STEVENS. Mr. President, I see the Senator from New Mexico (Mr. SCHMITT) in the Chamber. I send to the desk an amendment consisting of five pages. I do so for myself and the Senator from Missouri (Mr. EAGLETON).

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Alaska (Mr. STEVENS), for himself and others, proposes an unprinted amendment numbered 475.

Mr. STEVENS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 112, strike lines 1 through 7, and substitute the following:

"(b)(1) If the Postal Service offers to operate any telecommunications service or the electronic delivery of messages to nonaffiliates, whether by resale or otherwise, such operation shall meet the requirements of this subsection with regard to its provision of such telecommunications services. Nothing herein shall be construed to authorize or prohibit such entity or affiliate established under this subsection to provide the electronic delivery of messages to nonaffiliates.

"(2) Any telecommunications services offered by the Postal Service shall be offered by a separate organizational entity within the Postal Service which—

"(A) performs its functions exclusively through its own executives and employees, except that executive and employee services may be obtained from other divisions (consistent with the purposes of this Act) on a fully auditable and compensatory basis as provided in paragraph (3) of this subsection;

"(B) maintains books, records, and accounts separate from the Postal Service and which identify all transactions with other components, prepares finnacial statements which are in compliance with Federal finan-

cial reporting requirements for the Postal Service, files such statements with the Commission, and makes such statements available for public inspection;

"(C) carries out directly (or by arrangement with entities outside the Postal Service) its own marketing, sales, maintenance operations, manufacturing, research, and development relating to services, facilities, and products offered by such entity; provided that institutional advertising carried out by such entity and the Postal Service shall be permitted provided each party pays its pro rata share; and

"(D) shall not own real or personal property either jointly or in common with the Postal Service provided that the entity may exercise all powers of the Postal Service concerning contract and acquisition, disposition, and management of property.

"(3) An entity organized in accordance with paragraph (2) of this subsection may conduct business with the Postal Service provided that any—

"(A) sale, use, exchange, or leasing of property between the parties;

"(B) lending of money or other extension of credit between the parties or between the entity and a third party if directly or indirectly guaranteed by the Postal Service;

"(C) furnishing of goods, services, and facilities between the parties; or

"(D) transfer to, or use by, or for the benefit of the entity of any assets of other divisions of the Postal Service,

shall be on a fully auditable and compensatory basis. Such conduct of business shall be pursuant to contract and shall be reported to the Commission under such rules as the Commission determines necessary. Any such contracts entered for the performance of services under paragraph (2)(A) need not be restricted to individual employees, for any limited period of time or to any particular geographic area. The Commission shall make such terms available for public inspection to ensure proper enforcement of this section.

"(4) The conduct of business by the entity with the Postal Service shall be carried out in the same manner as such business is conducted between such entity and any nonaffiliate. The conduct of business with the Postal Service shall not be based upon, or include, any preference or discrimination arising out of affiliation.

"(5) An entity shall not be deemed to be established in accordance with this subsection unless and until the Commission, upon petition by the Postal Service and after an expedited hearing in which any interested party may join, finds that the relationships of the entity with the Postal Service comply with the requirements of this section. Not later than 45 days after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981, the Commission shall establish procedures for expeditious consideration of petitions filed under this subsection. Such regulations shall provide that any final action on any such petition shall be taken by the Commission not later than 60 to 90 days after filing. Provided that no service available to the public prior to the date of enactment of this section shall be required to be suspended by reason of this subsection while establishment of the separate organizational entity is pending.

"(6) An entity established in accordance with this subsection shall not disclose to the Postal Service any commercial information acquired in its provision of telecommunications services which would provide an unfair competitive advantage.

"(7) The Commission shall promulgate final rules and regulations to carry out this section. The Commission shall not regulate the Postal Service except to assure that the separation specifically required by this section is achieved and to establish costs of telecommunications services authorized and the interconnection provisions of section 207.

"(8) Notwithstanding section 409(d) of title 39, United States Code, the Postal Service may initiate or participate in any legal proceeding affecting its responsibilities pursuant to this Act.

"(9) The separate organizational entity shall file pertaining to the telecommunications portions of its services cost data which would be required if such entity were required to file a tariff with the Commission pursuant to section 210(a). The Commission, based upon such telecommunications submission, shall determine within 90 days the cost of providing such services. Such determination shall be a fiscal agency action for purposes of judicial review. Rates and fees for such service shall be established pursuant to chapter 36 and sections 403(c) and 407 of title 39, United States Code. The Postal Rate Commission shall not recommend a rate or fix a fee below the cost determined by the Commission. Except as provided in this paragraph, the Postal Rate Commission shall not have any authority to administer the provisions of this subsection and shall be bound by decisions rendered under authority of such subsection (b). The Commission and the Postal Rate Commission shall provide each other any information needed to perform their respective duties.

On page 96, line 23, strike out "quasi-government" and substitute "independent government".

On page 97, line 14, strike the period after the word "facilities", substitute a comma, and add the following: "and for purposes of this Act does not include the pickup and delivery by the Postal Service of hard copies of electronically transmitted information.".

On page 112, line 8, strike out "(b)" and substitute "(c)".

On page 114, line 5, strike out "204(a)(3)" and substitute "204(b)(1)".

Mr. STEVENS. I yield to the Senator from New Mexico.

Mr. SCHMITT. Mr. President, I thank the distinguished Senator from Alaska for his cooperation in this matter. In all our conversations, it has been apparent that we have very nearly the same aims and goals for the continued provision of mail service to the American people and to our specific constituents, urban and rural; that we also, I believe, have the same goals with respect to the provision of telecommunications services to those constituents.

Our problem in reaching this agreement, which is represented by this amendment, has been in turning that general philosophical understanding into real legal language. I believe we have accomplished that purpose now. I am satisfied that the amendment as it now stands will not only continue the provision of mail service and the upgrading of that service through the use of modern technologies but also will assure that the consumer and other telecommunications entities are protected from any potential of unfair competition as a result of Postal Service involvement in pure telecommunications services unassociated with the delivery of mail.

The Senator from Alaska and his staff, as well as my staff and the staff of the Commerce Committee, have worked diligently on this matter, and I believe we have come to a legal understanding of what we thought pretty much had been agreed to philosophically.

Mr. President, I am concerned about the continuing uncertainty as to whether the Postal Service may become a resale common carrier in competition with private industry. I understand it is not the intent of the committee or of the amendment offered by the Senator from Alaska that S. 898 would permit the Postal Service, a Government entity with immense financial advantages, to compete with the private sector.

I strongly believe that the Congress should ultimately determine whether the Postal Service is to go into competition with private enterprise. If at a later date this decision is made and the Postal Service is allowed to enter the market, it should be subject to appropriate safeguards to ensure that fair competition can exist. Should we decide that the Postal Service is to become a competitor, it should be required to compete on the same basis and under the same conditions as all other competitors, that is without any cross-subsidies.

I wish to clarify that I am talking about pure telecommunications services in this case and the resale of those services, not about the delivery of mail.

The Postal Service does not pay taxes and is able to borrow at below market rates, yet it would be competing with private companies that do pay taxes and do borrow at market rates. There would be no basis for fair competition without provisions to compensate for these advantages that the U.S. Postal Service has.

I ask my distinguished colleague if that is his understanding of the intent.

Mr. PACKWOOD. I am certain, as I am sure all Congress is, that before any Government entity is permitted to compete with the private sector, congressional authority must first be obtained. If that ever occurs, any competition from the Postal Service must be fair.

Mr. STEVENS. Mr. President, I qualify that statement by saying that my amendment specifically states that nothing is to construe to authorize or prohibit the U.S. Postal Service as far as this legislation is concerned from conducting that activity.

Some of us believe that the U.S. Postal Service is already authorized by law to become involved in telecommunications. Others believe that we must have another separate act of Congress that would have to be determined later, but it is my understanding that we have put that issue aside and we do not attempt to define existing law as to whether it is or is not prohibited or allowed, and we do not make a judgment that another act of Congress is in fact necessary to authorize the Postal Service to undertake this activity.

Mr. SCHMITT. I think the Senator from Alaska states the case. There is disagreement on what the current statute authorizes, but there is no attempt now to settle that dispute.

Mr. STEVENS. That is correct.

Mr. PACKWOOD. I hope, with that colloquy and understanding, and I agree with that understanding, we will be ready to vote.

AMENDMENT TO SECTION 222(e)

Mr. STEVENS. Mr. President section 202(e) of the committee bill requires the Commission to make sure that rates for basic telephone service remain reasonable. Funds necessary to achieve this objective are to be provided by a mecha-

nism such as a surcharge on exchange access charges. Section 222(i) provides a benchmark for determining whether rates for basic telephone service provided by certain carriers including those in Alaska are reasonable. Under that section Alaska basic telephone service rates are not to exceed 110 percent of the national average for comparable service.

Mr. President, an amendment to section 222(e), and I am speaking specifically of proposed section 222(e)(2), provides that exchange access charges shall be set on the basis of cost. Section 222(e)(4) provides that the language of the bill requiring access charges to be based on cost is not intended to limit or modify the Commission's authority under section 202(e) or 222(i).

Mr. President, am I correct in stating that it is the intention of section 222(e)(4) to insure that surcharges to access charges will be set at levels high enough to accomplish the purposes of sections 202(e) and 222(i), and that while access charges must be cost justified, it is not intended that any surcharge to access charges be cost justified?

Mr. PACKWOOD. The Senator is correct. While access charges are to be established based upon costs, the access surcharge system or any other mechanism adopted by the Commission under sections 202(e) and 222(i) is designed to operate independently. While access charges will be based on cost, access surcharges will be set by the Commission to achieve the objectives set forth in sections 202(e) and 222(i). With the addition of proposed section 222(e)(2) any possibility of conflict is eliminated.

Mr. SCHMITT. Mr. President, I ask for clarification of a provision in the section that pertains to the Postal Service. It is my understanding that if any telecommunications service is offered by the separate organizational entity within the Postal Service, that service must be performed by the separate employees of the separate entity.

For those rare instances that might occur in rural or isolated America in which the duties and responsibilities of a separate employee of a separate entity would not be significant, a regular Postal Service employee may be used if the full requirements of arm's-length restrictions of paragraph 3 are applied.

Mr. PACKWOOD. Yes; that is correct. The employees of the entity and the Postal Service must have separate employees except in the isolated instances in which it would make no economic sense.

The separate entity may use Postal Service employees in those rare instances, such as small postal service offices in rural and isolated parts of America if the safeguards are observed.

EMPLOYEE AND PROPERTY SEPARATION

Mr. GOLDWATER. Mr. President, would the Senator confirm my understanding of the effect of this amendment on employee privileges and benefits in the Postal Service. Would the employees of the Electronic Mail Division still have the protection of the Veterans' Preference Act, for example?

Mr. STEVENS. The Senator is correct under the language of my amendment. The employees of the Electronic Mail Division would not work for other divisions in the Postal Service, but they would still be Postal Service employees under the law for all purposes. This would include all of the laws concerning postal pay and benefits, collective bargaining, veterans' preference, workers' compensation, and the like. They would also be subject to all the legal responsibilities of postal employees. This includes the prohibition against the right to strike.

Mr. GOLDWATER. As I understand it, the employees working for the Electronic Mail Division could not be shared for work in any other part of the Postal Service. However, the services of other parts of the Postal Service could be made available to the Electronic Mail Division on a compensatory basis. Would this not mean, for example, that in rural areas or small towns where there is only one or a few postal employees, the same clerk could serve the customer who wants to mail electronic mail as well as those who want to mail other mail or buy stamps, so long as the Electronic Mail Division pays its share of the costs?

Mr. STEVENS. The Senator is exactly right. In Kotzebue, Alaska, for example, it might be very inefficient to have different clerks for electronic mail and other mail. If we required that degree of separation, all we might accomplish is to deny Kotzebue from receiving any electronic mail service. Similarly, it makes no sense to require the Postal Service to duplicate its thousands of mail carrier routes just so that separate employees would handle electronic mail. That would be prohibitive and therefore counterproductive. This does not mean that the Postal Service can indiscriminately share employees with the separate entity, in fact, whenever possible employees should be separate. What we are trying to avoid is inefficiency.

Mr. GOLDWATER. I would take it, Mr. President, if the Senator will respond further, that while the electronic mail unit must purchase or lease its own property for performing its functions, this property would still be deemed property of the Postal Service in the same sense of the various laws concerning protection of property against theft, disruptions, and the like.

Mr. STEVENS. The Senator is again correct. The same principle applies to contracting as well. While the electronic mail unit acquires its own property and executes its own contracts, in doing so it exercises the powers of the Postal Service and is subject to the same rules and laws.

Mr. PACKWOOD. Mr. President, will the Senator yield for a question?

Mr. STEVENS. I yield.

Mr. PACKWOOD. Mr. President, under the agreement as I understand it, postal management would be subject to review by a total of 21 Presidential appointees in order to operate any telecomunications service: 9 governors, 5 rate commissioners, and 7 Federal communications commissioners. This does not even count the courts. How would any organization manage to get the job done with this much regulation?

Mr. STEVENS. The Senator has raised a point which is crucial to the purpose of this amendment. He is exactly right. If postal telecommunications services are provided, it is essential that the problem of multiple, inconsistent, and interminable regulation be avoided. Our constituents have made all of us in this Congress well aware of the evils of appressive and multiple regulation.

My amendment is very specific about this. The rates and mail classifications for any of these services are to be determined exactly as they are now with one difference.

The Postal Service will file cost information with the FCC and the FCC will determine the cost of the telecomunications portions of the service. The Postal Rate Commission or the Postal Service for international services will then take that cost as a given in working on the rates in the usual way under current law.

The FCC also will have the entire responsibility for overseeing the fulfillment of the organization requirements to protect against cross-subsidies of any postal telecommunications service. It also oversees interconnection.

The Postal Rate Commission has no role to play in either of these areas. So the assigned roles are quite distinct. We also have some tight regulatory deadlines under this amendment, as we do under the present postal ratemaking statutes, and these deadlines may not be exceeded.

Mr. PACKWOOD. Would I be correct, then, that the FCC would have no regulatory authority to exclude the Postal Service from operating electronic mail services or any particular service.

Mr. STEVENS. The Senator is correct. The Commission would not rule on whether service should be provided, only on the organization for separating the accounts, on the cost of the telecommunication portions of any service, and on interconnection.

It would be a clear violation of the intent of this amendment for any administrative regulatory authority to be used directly or indirectly to stop the people of Alaska or elsewhere from receiving access to services which the Postal Service is able to provide. I might add that it is not at all clear that much of what the Postal Service plans to do in this field amounts to operating a telecommunications service within the meaning of this bill.

For example, the Postal Service plans to put data processing and printing equipment in post offices and let others who do the telecommunications hook up their lines to the computers.

Mr. PACKWOOD. What about uniform rate policies which assure that many Postal Services are not priced higher in remote areas than in more developed places? Can the Senator advise whether the FCC will receive the authority to require higher rates in some areas of the country than others for electronic mail?

Mr. STEVENS. Absolutely not. The FCC just determines the cost. The rates, rate structure, and service structure all

continue under present procedures and policies under the Postal Reorganization Act.

Mr. PACKWOOD. What about the interconnection requirement? I understand that Western Union already has its own equipment in post offices in order to provide Mailgram service. Does this mean that post offices will be crowded with an inefficient clutter of hundreds of distinctive kinds of receiving and printing equipment? And would this exclude the smaller outfit which can not afford to buy this kind of expensive equipment for installation in post offices around the country?

Mr. STEVENS. Not at all. Interconnection will be available in a reasonable, orderly, and efficient way, with no discriminatory or anticompetitive charges or rules. The Postal Service plans to install its own computers and printers in centrally located post offices, and let the telecommunications companies who own or control the wires hook up to them. Any smaller company, which has the right to hook up to the major telecommunications networks, should be able to interconnect with the postal printers.

Mr. PACKWOOD. As I understand the ECOM service which the Postal Rate Commission and the Postal Service have developed, it doesn't involve the Postal Service in operating any telecommunications lines, or in any resale of telecommunications to the public. The telecommunications carriers, under appropriate FCC regulation, will offer the public the opportunity to transmit messages electronically to the computers in postal facilities, where the Postal Service will print out the messages in hard copy and deliver them.

As I understand it, the FCC is not involved in regulating the Postal Service portion of this service now, in view of the way it is configured. Would the bill as amended by the Senator's amendment get the FCC into regulating the parts of this overall service which it is not regulating now?

Mr. STEVENS. No, the FCC jurisdiction under the amendment is limited.

SECTION 214(E)(3)

Mr. President, the amendment that would add section 214(e)(3) insures that any regulated carrier shall have the right to provide interexchange service or facilities in Alaska. At the same time, this amendment requires the Commission to assure that the implementation of this act will not result in unreasonable charges for any nonbasic interexchange telecommunications service in any part of Alaska where the Commission makes the required findings.

Am I correct, Mr. President, in stating that this amendment would not permit the Commission to limit or in any way inhibit open competitive entry in Alaska but would provide the Commission with authority to address unreasonable charges in nonbasic services in Alaska if at some later time the exercise of such authority becomes warranted?

Mr. PACKWOOD. The Senator from Alaska is correct. This bill assures the benefits of open competitive entry to all States and areas of the country. Open entry is the keystone of this bill, and carriers will be permitted to serve Alaska on the same basis that they are permitted to serve elsewhere in the United States. Should the Commission find that the entry of new carriers providing nonbasic interexchange telecommunications services or facilities in Alaska has resulted in unreasonable charges for such services or facilities, it may adopt a mechanism to ameliorate the economic burden on the Alaskan ratepayers.

But it is only after such a carrier has begun providing service or facilities that an objection may be raised that unreasonable rates have resulted.

Indeed, the objector must demonstrate by clear and convincing evidence that the rates are unreasonable and that competitive entry caused the rate rise, a showing that could only be made after competitive service is instituted.

It is not the intention or purpose of this amendment to inhibit, delay, or deter in any way open competitive entry in Alaska which, as I have noted, is the central focus of this bill and this amendment.

Mr. STEVENS. Thank you, Mr. President.

Mr. President, Alaska depends to a far greater degree than any other State upon domestic satellites for its day-to-day communications services. While domestic satellites provide television programing and specialized services to many parts of the country, basic telephone service is available in many locations in rural Alaska only by satellite.

At the same time, there are only a few domestic satellite orbital positions in which a domestic satellite can be positioned to provide service to all 50 States. These orbital positions lie in the so-called "prime arc" between 119 degrees west longitude and 135 degrees west longitude. Canadian orbital assignments lie between 104 degrees and 114 degrees west longitude and the remaining U.S. assignments are east of 99 degrees.

From these easterly U.S. orbital positions domestic satellite systems can cover only the 48 contiguous states and, in most cases, Hawaii.

In the past the FCC has permitted domestic satellite systems to occupy the prime arc, at least temporarily, even though they do not provide service to all 50 States. This amendment to S. 898, provides that the Commission shall not permit domestic satellite facilities to be located in the prime arc unless they are capable of providing essentially the same services to all 50 States. Mr. President while this would prevent the Commission from authorizing new domestic satellites, that do not provide 50 State coverage, to be located in the prime arc, am I correct that this amendment will insure that satellites currently in orbit, but not serving all 50 States, will not be permitted to enter in the prime arc, that is in orbital positions between 119 degrees West longitude and 135 degrees West longitude?

Mr. PACKWOOD. The Senator is correct. While the Commission has permitted carriers to locate satellites in the prime orbital arc, even though these satellites do not provide 50-State coverage, the amendment will not permit such satellites to be placed or to remain there.

Mr. CANNON. Mr. President, I most reluctantly go along with this proposed amendment because I think it at least clarifies the provisions of the bill. However I still have serious concerns. As Chairman PACKWOOD knows, I and other members of the Commerce Committee have long held the belief that the basic policy decision on the role of the U.S. Postal Service in electronic communications should be made by the Congress.

In fact, just 2 years ago, I participated in a colloquy in which it was agreed by members of the two committees of jurisdiction over telecommunications and postal affairs that the Congress should provide guidelines for both the private sector and the Postal Service concerning these issues.

I stated that—

Clearly the Postal Service is on notice that it should not move in this area without a clear policy statement by the Congress.

I also stated that the "Postal Service seems to take contrary positions * * *" regarding its role in electronic communications. Unfortunately, this continues to be the case and we do not have yet any clear understanding of the Postal Service's intentions. Specifically, does it plan to be a resale carrier in competition with private carriers and, thus, inhibit their aggressive marketing of their own message services?

Or, does it intend to increase its revenues substantially by cooperating with such carriers in the physical delivery of messages printed out in Serving Post Offices?

If we agree to change the provisions regarding the Postal Service, I understand that we will expressly not be authorizing the USPS to become a resale carrier and to compete with the private sector.

Further, I do not understand that we are changing our position that the Congress should affirmatively determine whether the Postal Service should enter into communications common carriage before it embarks on that course.

There appears, as yet, to be no authorization for the USPS to become a competitor in the provision of electronic services to the public. That is because the Postal Board of Governors, in acting upon the Postal Rate Commission's recommended Electronic Computer Originated Mail (ECOM) decision, determined that the USPS, itself, should not become a competitor in the provision of electronic services, except upon "demonstrated need." Until such need has been demonstrated, the USPS is to arrange for the physical delivery of messages transmitted by communications carriers.

As I understand it, no criteria have been established by the Postal Rate Commission or by the U.S. Postal Service to determine what constitutes "demonstrated need." Neither has it been made clear who would make that determination.

As I said 2 years ago:

The Commerce Committee has clearly stated its opposition to direct Postal Service involvement as a carrier.

We must be very careful not to substitute a Federal service where a private service can more economically and efficiently serve the people of this country. We should remember that having the Postal Service transmit messages electronically would reverse nearly 100 years of telecommunications policy. I think full consideration and action by the Congress is mandatory before any determination that the Postal Service is allowed to compete with the private sector.

Is it the intention of both committees of jurisdiction that the Congress be provided with appropriate information and an opportunity to make the decision as to whether to permit the Postal Service to become a resale carrier, or for that matter any kind of direct or indirect telecommunications carrier?

Mr. PACKWOOD. That is correct. I am certain that the entire Congress, as well as the appropriate committees, would be concerned with any policy that would permit Government competition with private industry. The issue is too important to be decided upon without congressional action.

Mr. STEVENS. Mr. President, if there be no further discussion on my amendment, I ask the Senate to adopt my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alaska.

The amendment (UP No. 475) was agreed to.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PACKWOOD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I thank the Senator from Oregon for his patience and my good friend from Arizona for his support and the Senator from New Mexico for his understanding.

Mr. LEAHY. Mr. President, by any standard, S. 898 is one of the most important deregulatory bills ever considered by Congress. I strongly support the intent of the drafters of this bill to set the largest corporate entity in the world free to compete and produce in areas where history and technology have created a competitive marketplace. It makes no sense to regulate 1981 telecommunications with a 1934 statute, any more than it does to use a 1934 vintage phone in the office of a U.S. Senator.

But deregulating A.T. & T. is not a simple business, and the price of failing to do a thorough and craftsmanlike job could be very great. The reason this bill is before us in the sincere belief by many of us that even without divestiture, A.T. & T. can be structured to permit it to enter fields previously barred by our antitrust laws.

Without the amendments we have considered and adopted, the bill would not achieve the laudable goal of recognizing the coming end to monopoly in telecommunications but would remonopolize that industry.

The bill would not achieve the imperative goal of deregulating the private sector and freeing American inventiveness and initiative but would re-regulate the industry it is trying to set free.

I support genuine deregulation and make it one of my top priorities as a Senator. Together with Senator LAXALT, I sponsored and introduced S. 1080, the most far-reaching regulatory reform bill to ever reach this body. But deregulation presumes that marketplace forces are strong, just as we can begin to withhold medicine from an ill patient when his own antibodies can offer adequate protection.

S. 898 prescribes that A.T. & T. operate through a fully separated subsidiary to conduct operations that do not involve the incalculably huge power of its franchised monopolies. Now it is important to note that not even the staunchest supporters of the bill in its current form argue that the fully separated affiliate (or FSA) will behave at all like a company spun off through divestiture. The purpose of the FSA is to create an entity whose operations and accounts would be easily viewed apart from its parent.

While the parent would still have every incentive to cross subsidize the ventures of the FSA, the theory is that accurate audits and competitors with hearty vocal cords would be an adequate safeguard, along with the FCC.

If the operations of the FSA remain functionally intertwined with those of the parent and an accurate audit cannot signal the many ways in which cross subsidization and other predatory conduct is occurring, then the full burden of preserving competition would fall onto the shoulders of the FCC. Without clear and meaningful separation—without the brightest of bright lines—what this bill would achieve would be the effective end of formal restraints upon the largest monopoly in the world.

The FCC, though staffed with dedicated public servants, would be asked to double or triple its effectiveness in areas where it has been unable to become effective in the past. It has been difficult to fathom A.T. & T.'s costs from the outside, and there is some reason to believe that A.T. & T. has not done much better from the inside. The FCC has not been able to regulate even the simplest of A.T. & T.'s operating protocols, which have a sweeping impact on competition.

Nor has the FCC been particularly adept at passing judgment on technological choices, a function that is efficiently performed in the private sector. Yet S. 898 would rely on this capability to a greater extent than in the past.

My comments are not a criticism of the FCC. The bill makes the FCC a financial and technological watchdog, with a necessary appetite for mountains of information and legions of people to interpret it and apply it to the standards set forth in the bill. Even if all of this were achievable, we are buying into a regulatory process that moves with glacial speed, where cases take years and appeals are endless.

Without amendments that build safeguards into the concept of separation, it is unlikely that the regulatory process would be able to keep pace with the change in technology which mandated this legislation in the first place.

Based on the actions of this body yesterday and today, I am willing to proceed with the experiment represented by S. 898. The amendments we have approved will not reduce the load on the FCC, but will support the efforts of the agency by narrowing the inherently anticompetitive activity possible under the bill and thereby lowering the stakes for competitors and consumers.

I am not convinced that the bill is as effective in protecting competition as it ought to be. It will still be possible for A.T. & T. to use its considerable financial clout to support the ventures of its fully separated affiliate, and it is hard to envision a free marketplace that will thrive where one of the participants has virtually no worries about the cost of money.

I am also troubled by the ease with which the facilities of the parent can be transferred to the subsidiary. Even as amended, the present bill falls short of protecting competitors and consumers from the potential anticompetitive effects of these transfers.

On balance I believe the bill is worthy of my support, in light of the great number of difficult issues successfully resolved by amendment. It would be counterproductive after years of hard work on deregulating this industry to discard the large part of this bill that is thoroughly sound.

The House will now take up this legislation, and I have every hope that it will concentrate on improving the mechanism of separation and the safeguards to truly fair competition.

I commend my colleagues for the work over the last weeks and months that has produced the meaningful compromises which convince me to support the bill.

Mr. CANNON. S. 898 as reported insures the right of customers for regulated services to attach any CPE which meets FCC technical standards. In most cases, however, CPE is not attached directly to a telecommunications service, but instead is connected by means of inside wiring. Inside wiring is thus the critical path for nondiscriminatory interconnection of CPE.

Because inside wiring can best be provided under conditions of marketplace competition, this legislation, S. 898, deregulates it after 2 years. It also establishes safeguards to protect users against potential anticompetitive abuses by carriers and other suppliers. Both during and after the transition, all inside wiring must be separately priced, and unbundled from the provision of CPE or telecommunications services.

All suppliers of inside wiring must permit their customers to interconnect the wiring with any CPE meeting the FCC standards, and with any carrier service.

Mr. CANNON. Mr. President, this vote represents the conclusion of one of the longest and most complicated debates that this body has ever undertaken. Reform of common carrier regulation in the telecommunications industry has been proposed for years and been debated in the Commerce Committee virtually endlessly. It is with great pleasure and, quite frankly, relief that we are sending

this issue over to our colleagues in the House for their consideration.

This bill reflects the tireless effort of Senators PACKWOOD and GOLDWATER over the past few years and, although he may not want to claim the credit, Senator HOLLINGS as well. In fact I would guess that the Senator from South Carolina has been more responsible for building the record on this issue than any other Member of the Senate. I must say that when one stands back and looks at the bill objectively—comparing the committee version with the final Senate version—the influence of Senator HOLLINGS is most visible.

I also want to note the courtesy of Senator THURMOND, the distinguished chairman of the Judiciary, and his staff in working with us so closely on amendments to clarify and strengthen the legislation in many respects. His suggestions have been constructive and his willingness to discuss alternatives most gracious.

Finally, let me compliment legislative counsel for an extraordinary effort on this bill. I understand that some remarks have been made on the floor that laid the responsibility for delay in presenting certain amendments on the lap of the legislative counsel's office.

I want to set the record straight on that point—nothing could be further from the truth. In particular, Mr. Dan Murray of the Office of Legislative Counsel, has spent countless hours during the past several years on this legislation and has cooperated in every conceivable way with all parties.

He has remained calm, courteous, and professional throughout. He has also been extremely prompt and generous with his time for parties on all sides of this debate. There is no way a bill of this size and complexity could have reached the floor without skillful legislative counsel.

Mr. THURMOND. Mr. President, it is difficult to overstate the significance of the legislation we consider today. S. 898, the "Telecommunications Deregulation and Competition Act of 1981," is the culmination of over 5 years of arduous effort by the Congress to overhaul the 1934 Communications Act. As we approach the 50th anniversary of the Communications Act, there can be no doubt of the need for Congress to respond to the rapid changes we have witnessed over the last few decades in the field of telecommunications.

By amending the 1934 act, S. 898 not only recognizes the tremendous technological advances which have occurred, but serves to foster and promote innovation far into the future.

Clearly, the intent and goal of S. 898 is, as far as possible, to replace regulation with free and open competition in the ever-broadening field of telecommunications. I applaud this worthy purpose. The special nature of the telecommunications industry, however, cautions that particular care be given to assuring that the competition this bill authorizes be fair and effective.

Cognizant of its responsibility to protect trade and commerce against unlawful restraints and monopolies, the Committee on the Judiciary has focused much attention on the competitive implications of S. 898. The committee conducted 6 days of hearings on competition in the telecommunications industry, with particular focus on S. 898. We received testimony from numerous witnesses representing a wide spectrum of opinion touching on various competitive concerns.

As a result of these hearings, I am pleased to present to this body a package of amendments to S. 898, designed to alleviate certain competitive problems perceived to presently exist in the bill.

These amendments were developed with the full cooperation and constructive input of the Committee on Commerce, Science and Transportation and, I understand that both the chairman and ranking minority member of that committee will be cosponsoring the amendments.

The administration also has given its full cooperation, active assistance and support to the development of these amendments. Indeed, two of the amendments which I offer today were prepared and submitted by the Justice Department.

The final package reflects the concern of the administration that deregulation not be effected at the expense of healthy competition in the telecommunications market, so that the consumer will be the ultimate beneficiary of our action today.

The amendments cover a wide range of problems. Their primary goal, however, is to make certain that the dominant-regulated carrier and the "fully separated affiliate" which will be formed pursuant to the bill are, in fact, fully separated.

To the greatest extent possible, every avenue between these business entities which would permit dangerously anticompetitive cross subsidization must be eliminated. To this end, most of the amendments proposed today serve to tighten the separation requirements set forth in the bill.

The other amendments in the package cover a variety of antitrust concerns, all of which provide needed improvements to this bill. I have prepared full explanations of each amendment which will be made part of the permanent RECORD.

In conclusion, Mr. President, I urge support of each of these amendments. I feel that the potential antitrust problems which have been identified and so thoroughly discussed over the past few months will be greatly diminished by the amendments. The Committee on the Judiciary cannot and, in this case, has not shirked its responsibility to this body to examine legislation which has significant antitrust implications. We are appreciative to the sponsors of this legislation for being so receptive to our suggestions.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment, in the nature of a substitute, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and the third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. CANNON. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is: Shall it pass?

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Vermont (Mr. STAFFORD), the Senator from Texas (Mr. TOWER), and the Senator from Wyoming (Mr. WALLOP) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Hawaii (Mr. INOUYE), and the Senator from Montana (Mr. MELCHER) are necessarily absent.

The PRESIDING OFFICER (Mr. EAST). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 90, nays 4, as follows:

[Rollcall Vote No. 311 Leg.]

YEAS—90

Abdnor	Garn	Moynihan
Andrews	Glenn	Murkowski
Armstrong	Goldwater	Nickles
Baker	Gorton	Nunn
Baucus	Grassley	Packwood
Biden	Hatch	Pell
Boren	Hatfield	Percy
Boschwitz	Hawkins	Pressler
Bradley	Hayakawa	Proxmire
Bumpers	Heflin	Pryor
Burdick	Heinz	Quayle
Byrd, Harry F., Jr.	Helms	Randolph
	Huddleston	Riegle
Byrd, Robert C.	Humphrey	Roth
Cannon	Jackson	Rudman
Chafee	Jepsen	Sarbanes
Chiles	Johnston	Sasser
Cochran	Kassebaum	Schmitt
Cohen	Kasten	Simpson
D'Amato	Kennedy	Specter
Danforth	Laxalt	Stennis
Denton	Leahy	Stevens
Dixon	Levin	Symms
Dodd	Long	Thurmond
Dole	Lugar	Tsongas
Domenici	Mathias	Warner
Durenberger	Matsunaga	Weicker
Eagleton	Mattingly	Williams
East	McClure	Zorinsky
Exon	Metzenbaum	
Ford	Mitchell	

NAYS—4

Cranston	Hart	Hollings
DeConcini		

NOT VOTING—6

Bentsen	Melcher	Tower
Inouye	Stafford	Wallop

So the bill (S. 893), as amended, was passed.

Mr. THURMOND. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EXTENSION OF TIME FOR CONDUCTING NATIONAL MARKETING QUOTA FOR WHEAT

Mr. DOLE. Mr. President, I ask unanimous consent that I might now

bring up a bill with reference to the postponement of the wheat referendum for 30 days.

I might say while this is being sent to the desk, that I have cleared this with the distinguished chairman (Mr. HELMS), with Senator HUDDLESTON, with the distinguished majority leader, the minority leader, and Members on both sides of the aisle. What we are trying to do is to save $4 million by postponing the date from October 15 to November 15. It must reach the House by 2:45 so they can act on it yet this afternoon. They are planning on recessing at 3 o'clock.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 1712) to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning January 1, 1982.

The PRESIDING OFFICER. Without objection, the bill will be considered as having been read the second time at length, and the Senate will proceed to its consideration.

Mr. DOLE. Mr. President, I ask unanimous consent that a letter from the Secretary of Agriculture, dated October 7, 1981, be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., October 7, 1981.

Hon. ROBERT DOLE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR DOLE: We strongly urge that the legislative mandate to conduct a 1982-crop wheat referendum by October 15, 1981 be delayed to November 1981.

Delaying the requirement for the wheat referendum will give the Congress the needed time to complete action on the farm bill which has been passed by the Senate and is now being taken up by the House. The farm bill, once enacted and signed into law, will make the referendum unnecessary since it would suspend the marketing quota and acreage allotment provisions.

Holding the referendum would also be an expensive administrative burden. The federal cost for holding the referendum is estimated at over $4 million. If legislative action to postpone the referendum is not completed today, the Department must set in motion the actions needed to carryout this activity. If legislation to postpone the referendum is passed by October 13, it would result in a saving of approximately $3 million since $1 million would be expended in gearing up for the referendum.

Your assistance in allowing this referendum to be postponed is greatly appreciated since it will save the Department from committing resources to an unnecessary activity, save wheat producers from taking time to vote in a useless exercise and save the taxpayers several millions of dollars.

Sincerely,

JOHN BLOCH,
Secretary.

The bill (S. 1712) was ordered to a third reading, read the third time, and passed, as follows:

S. 1712

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the last sentence of section 336 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1336) is amended by striking out "October 15, 1981" and inserting in lieu thereof "November 15, 1931".

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business to extend not past the hour of 4 p.m. in which Senators may speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

ACID DEPOSITION CONTROL ACT

Mr. COHEN. Mr. President, I rise today in support of the legislation (S. 1706) recently introduced by my good friend and colleague Senator MITCHELL to combat the growing acid rain problem.

The legislation with which I am pleased to associate myself with today would accomplish three basic objectives: It would recognize the problem of acid rain in a special region consisting of all States east of the Mississippi River, it would accelerate further studies of the acid rain problem in order to provide us with sufficient information to take action to prevent the spread of the problems in the future, and it would mandate a reduction in the emission level of the sulfur oxides from those industrial sources responsible for the problem.

There are several reasons why I feel it is imperative that the Congress take action on the acid rain problem at this time.

To begin with, we know the problem of acid rain is having a devastating effect on our environment. A recently published National Academy of Sciences—NAS—report concluded that the circumstantial evidence for the role played by powerplant emissions in the production of acid rain is overwhelming. The report predicts that if current sulfur and nitrogen oxide levels are permitted to continue or increase, the result will be extremely risky from a long-term economic standpoint, as well as from the standpoint of biosphere protection.

Researchers in New York have reported that half of the 2,800 high-altitude Adirondack lakes tested are now devoid of fish, and that 10 percent of them are completely dead—they contain neither fish nor plantlife. Unfortunately, this deadly trend is moving eastward. It has been established that the acidity of the lakes in Maine has been increased eightfold since 1940.

We know we must act now in order to prevent the devastating effects of the spread of acid rain on our resources. If we fail to do so, we threaten our forest growth, our agricultural resources, our fish life, our plantlife, and our clean water. The United States-Canadian International Joint Commission, which has been monitoring the environmental health of the Great Lakes, recently reported that the latest scientific research indicates that widespread destruction of animal and plantlife by acid rain is inevitable in Eastern North America within 10 years unless coal emissions are reduced now. We cannot stand as passive witnesses to this tragic course of events.

We must act to reduce emissions from coal-burning sources. Those States in a downwind position should not have to bear a disproportionate share of the cost of air quality problems merely because of their geographic location. According to the NAS report, of the present options available, "only the control of emissions of sulfur and nitrogen oxides can significantly reduce the rate of deterioration of sensitive freshwater ecosystems." Controls on new plants alone, according to the study, would be insufficient to accomplish such a reduction alone.

Mr. President, much has been said on the Senate floor on the need to consider the economic benefit of every program we fund and the burden on every industry we choose to regulate. However, we cannot put a price tag on the value of our fishing, farming, and forestry resources. I hope my colleagues in the Senate concur, and will join us in this effort to halt the increasing threat of acid rain.

GERALD HOLTON AT WESLEYAN UNIVERSITY

Mr. DODD. Mr. President, I recently had the pleasure of attending the Sesquicentennial Convocation at Wesleyan University in Middletown, Conn. For a century and a half, from the Presidency of Andrew Jackson to the administration of Ronald Reagan, Wesleyan has offered its students the opportunity for a truly outstanding higher education.

A university's 100th anniversary is an occasion not only for congratulation but for stocktaking as well, for reflecting not only on its progress and achievement, but also on its role in today's—and tomorrow's—world.

In selecting its alumnus Gerald Holton to speak to these issues, Wesleyan chose wisely. Professor Holton is a distinguished physicist and honored educator. He is also a thoughtful student of the history of science and one who has written perceptively about how science has brought both substantial progress and new problems to the contemporary world.

Professor Holton's wide-ranging reflections deserve a fuller audience than had the opportunity to hear him in Middletown. I ask unanimous consent that his speech be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

ONE HUNDRED FIFTY YEARS

Imagine what it was like when the good Reverend Wilbur Fisk and his few professors came together to start their infant university on this spot. Practically no buildings, few students, no alumni, no money, just a hillside overlooking the Connecticut river. And how incongruous it must have seemed at just that moment in history when the nation, still only less than six decades young, was expanding in all directions along a seemingly limitless planet. The wagons were rolling from the east toward the Western Reserve, and beyond. The ships on the river

below us were setting their great sails for China, a dangerous voyage taking many months. The best steady speed on land and sea was then still only about 10 miles an hour, as in antiquity. But there was now an awesome centrifugal spirit behind it all. Andrew Jackson was President, and with him the national ideal became expressed in terms of outreach untrammeled by limits or by interdependence, in his own words, "leaving each to move unobstructed."

For some it was a time for bright heroism, for others, a program of rapacious expansion; very harsh on the poor and the sick, on the Indian and the Black. Suffrage was not yet universal, even for white males. The model for planners and builders was not ancient Athens or 19th-century London, or even a renewed Jerusalem, but rather the profitable, new Erie Canal, and the first power-driven railway lines, and Detroit, and an explosively growing village called Chicago.

So the founding fathers of the University in that year of 1831 must have seemed strangely out of place, settling down at this bucolic spot, in the very eye of a hurricane. All around them the order, in practically every field of endeavor, was changing. That was signaled most simply by the passing of some of the world's giants during just the previous few years: The deaths of Thomas Jefferson, John Adams, and Napoleon; of Keats and Blake; of Beethoven and Schubert; of Alessandro Volta and James Watt; of Sadi Carnot and Eli Whitney.

And meanwhile, as if in the wings of a stage they would soon take over, there were some youngsters, most of them children of school age, with such names as Abe Lincoln and Karl Marx, Victoria and Susan B. Anthony, Melville and Walt Whitman, Dickens and George Eliot, Dostoievsky and Tolstoi, Louis Pasteur and Charles Darwin. In terms of the cultural and political life of the nation and the world, a grand shift of the tectonic plates was going on underneath, even as the first classes were meeting here.

But if we study their original program, we find that the Wesleyan founders were of course also pioneers. They clearly sensed that the emerging new world was demanding new things from educators and students, new ways of getting ready to handle the forces tearing at them from all sides. They sensed these shifts, and from them drew courage for breaking away rebelliously from the prevailing classical, prescribed, and stultifying conservative system of higher education in the United States—first of all through the relative novelty in 1831 of opening it up to modern languages and the sciences, side by side with the established humanistic classics.

Through this diversification, they aimed to ready their students more effectively for moral and intellectual freedom, to achieve personal autonomy instead of subservience to uncomprehended events. It was a modern interpretation of the old prescription: liberi, liberaliter educati—free persons, liberally educated. That is still the heart of the liberal arts university, the true link between personal liberty and liberal education.

With all the changes in a century and a half, this central idea, liberal education in the service of liberty, remains our vision here, a vision without which, as Whitehead said, it all becomes merely a welter of minor excitements. But just at that point the question raises itself naturally, whether today we are not again at such a turning point, whether new pressures exist on us individually, as a nation, as a civilization, as a species, which demand new responses perhaps as radical as those of Fisk's, 150 years ago. Human history is first of all the history of the struggle for liberty, and the conditions of liberty are not fixed once and for all. Has the struggle been sufficiently won, or are we facing new opportunities and risks that require new types of responses?

On one level one can feel, on the whole, encouraged. Some battles, while not yet won, are at least heading toward the inevitable victory, for example the fight against racism. In fact, as it happens, 1831 was also the year when William Lloyd Garrison in Boston established his journal, The Liberator, advocating unconditional emancipation of the slaves, and thereby initiating the Abolishionists movement. But on other parts of the horizon there are arising challenges that could hardly have been thought about when this college and others like it were founded, when the modern framework for the higher education of young people in this country was set. And the chief of these is the recognition that a fundamental idea of Jacksonian America was completely wrong.

It turned out that the world is not an infinite oyster, for us to dine on, but rather a closed, relatively small, and increasingly fragile system. Our planet, which had looked so vast, and which had patiently endured our energetic and sometimes reckless activities, is really an organism, subject to ominous infections and little understood diseases. Moreover, the globe has shrunk so much that it now takes less than one single day to travel from the banks of our river to Beijing in China by standard commercial transportation; and by missile, a distance of that sort can be covered in some 20 minutes.

What men have done to one another and to the planet has always involved some balancing of risks and benefits to individual life or to the health of a population. As a species, we have had some experience how to survive that process and perhaps even, so far, come out ahead. But the new thing is that our ever increasing ambitions, exerted on a smaller, closed system having little-understood vulnerabilities, might well endanger not only the individual or the limited population, but a large part of the human race itself. This is a break in history, a new factor that leads the imagination to scenarios of irreversible damage of the biosphere, some so well known that they even have become banalized in horror movies and science fiction.

The more likely ones include the possible depletion and loss of the ozone layer, the warming of the atmosphere and oceans through the greenhouse effect, the possibility of sudden large-scale disasters for corps bred without enough genetic variety, the spread of deserts, and of course the effects of a nuclear war. With all the media publicity, the odd thing is how new and undigested the realization is that the individual members of the human race are truly interdependent, both with one another and with their environment, and also how few good scientific studies have been made so far on the unintended large-scale effects that are likely to result as we pursue our scaled-up bad, old habits in our shrinking nest.

And another odd thing is how few of our educational schemes have incorporated these new facts of cosmic life, as they eventually will have to do. Education has always had to change in response to cultural realities of the time. In the ancient world, the game condition for personal autonomy was chiefly that you must be born to the right parents, and little more was needed. For such a person, the Athenian statesman Solon thought a good education could be had by learning to swim and to read. In early Colonial America, higher education was aimed at the spiritual preparation of ministers. In the 19th century, the end of education became the secular success, the exploitation of ever wider and more varied opportunities. And now we have entered another change of phase where the vulnerabilities of our species and of our habitat force us to underline one more condition for the enjoyment of life, liberty, and the pursuit of happiness, and with it, the condition for a proper education for such a life. To put it in a nutshell, that added condition is the willingness and ability of more of our brightest young men and women to locate their life's work, their service or their research, on the very points where the expansionist drives of commerce, technology, and science come up against the conservative and conservationist demands of our human values.

To bring this point forward in a vivid way, let me return a last time to that magic year of 1931. For one October 17th of that year, there occurred an event even more momentous in history than the founding of our dear Alma Mater. It was on that date that Michael Faraday in London discovered a new scientific fact: When he rotated a copper disk by hand, between the poles of a magnet, there was induced in the disk a steady electric current. It was the discovery or invention of the electric generator, or dynamo.

This simple gadget was a byproduct of Faraday's long search through pure science to find the unity of all nature's forces, which was his own true goal. Now, Faraday's dynamo took of course energy from his hand, and made it reappear as electrical energy in the disk and in the wires that could be connected to it. So far, it would be just a curiosity, and the mirror image, so to speak, of the motor effect that had been found 11 years earlier. But the generator was quickly redesigned to use mechanical energy from any source—wind or water or steam, coal or wood or oil or gas—and issue electrical energy for transmission at once to all distant points, as far as cables could reach; and there, motors could be placed that would reverse the story and yield back mechanical energy to do work, or resistors that would convert the electrical energy to heat or light.

The point was that between the source and the end point, the precious energy was now not tied down to the engine, and in this way differed crucially from the case of the steam engine. The effect produced by the dynamo at a distance was virtually instant, the capacity in principle virtually limitless, the raw materials it used relatively cheap, the sanctions against disposing of the effluent at will practically absent; and as a result the total package was immensely potent, indeed irresistible. The dynamo, in hundreds of forms and uses, was the final key piece that completed the industrial revolution and the modernization of day-to-day life, in home and office, factory and farm.

Even as a symbol, the dynamo, flinging out its crackling energy in all directions, fitted in well with the expansionist view of national destiny. And this is just how it struck Henry Adams, that sensitive historian, philosopher, writer, descendant of two presidents, biographer of Jefferson, and sometime teacher of undergraduates. Fascinated by an industrial exhibition in Paris, Adams elevated the larger generators he saw there into the symbol God-Dynamo, restless, a source of ultimate energy, multiplying, diversifying, reaching everywhere into infinity, where that energy was degraded and eventually lost in chaos. He thought of it both as the product and the description of one kind of human destiny that the culture of the 19th century had defined.

Starting from this perception, Adams made two controversial but thought-provoking extrapolations, one back into earlier history, the other forward into our present. While the Dynamo-God had been given concrete shape by Faraday and perfected later in the 19th century, the principle had really begun to be active much earlier in Western civilization, showing up in the drive to instrumental power, the expanding and diversifying tendency, the extrapolation of logical possibilities.

Against it stood for a long a time, with great success, another drive, inspired in

human culture by the antithetical theme, the striving for unity, the inward turned, in-folding, noninstrumental side, filled with the vitality of the human rather than of the engine; the intuitive and personal, rather than the rational. As symbol for that theme he chose the representation of St. Mary the Virgin, as found in the art and architecture of the gerat French cathedrals of the 11th through 13th centuries.

In his two classic books, Mont-Saint Michel and Chartres, finished in 1904, and in The Education of Henry Adams, written in 1905, Adams symbolized the vision of these two different destinies for mankind by a great diptych image, the Virgin and the Dynamo. He saw cultural history predominantly as a struggle between one and the other, and held that the victory had been in favor of the Dynamo in the 19th century. So he wrote "The new American showed his parentage proudly; he was the child of steam and the brother of the dynamo. . . . The new American, like the new European, was the servant of the powerhouse, as the European of the 12th century was the servant of the Church." And, again: "Child of incalculable coal-power, chemical-power, electric-power and radiating energy as well as of new forces yet undetermined. . . . Every American who lives into the year 2000 would know how to calculate unlimited power."

The choice had been made, and Adams predicted that the choice would be destined to be fatal. In order to feed the Dynamo, the energy sources which mankind would wrench from its environment would continue to rise exponentially, as they had in the 19th century, roughly doubling every ten years, by his estimate. So, too, would the force of explosives and bombs, as part of what he called "stupendous acceleration" of history." Having started with the use of human labor, coal, and other such sources, mankind would eventually turn to harness completely new forces of nature. It is uncanny that Adams was writing at the very moment when, unknown to him and to most of mankind, a young patent clerk in Bern was sending off for publication a physics paper, actually directly derived from Faraday's discovery of the dynamo effect, which contained, as one of its conclusions, that $E=mc^2$.

Somehow, Adams—a solitary man more at home in a Gothic cathedral than in the new multiverse—had gotten a signal; for he wrote that now, after the recent discovery of radium and face to face with "a new avalanche of unknown forces," the curve of history was changing suddenly. He said: "The continuity snapped." Nature herself had never offered the human brain "so violent a stimulant as when she opened to it the possibility of sharing infinite power in eternal life"; in particular, "explosives . . . act as the most violent educators ever known to man . . . [who is] an abject pupil toward explosives."

Adams continued: Now, "Power leaped from every atom, Man could no longer hold it off. Forces grasped his wrist and flung him about as though he had hold of a live wire . . . So long as the rates of progress held good, . . . bombs would double in force and number every ten years. Impossibilities no longer stood in the way . . . Still vaster reservoirs (of energy), supposed to be infinite, steadily revealed themselves, attracting mankind with more compulsive course than all the . . . Gods or Gold that ever existed." It is now "a toss-up between anarchy and order."

One must of course not be carried away by this heady stuff. Henry Adams's imaginative analysis is a literary work, not history, least of all scientific history. The power station at the corner of Andrews Field is patently not a Temple of the Dynamo-God, and Wesleyan's chapel is not Chartres. As Lynn White has shown in a fine essay some years ago, Adams's dichotomy between his two symbols may be useful, but they were not necessarily mutually exclusive, even in medieval history. The great cathedrals were not mere manifestations of transcendentally inspired energies; they were also some of the greatest engineering feats in human history. The great labor involved was much advanced by the availability of new power machinery—the water wheel, the windmill, the weight-driven escapement-regulated clock:

"The chief glory of the middle ages was not . . . its cathedrals . . . (but) the building of a complex civilization upheld not by the sinews of sweeping slaves . . . but primarily by nonhuman power." Moreover, both the "cult of the Virgin Mary and the concept of labor-saving power technology" were founded on the humanistic notion, reinforced by a properly religious sense, that human beings are not expendable. It is not a matter of either/or. "The Virgin and the Dynamo are not opposing principles. . . . They are allies." Or at least, from time to time they have been, and therefore can be.

Let us leave aside whether we must agree with Adams's particular choice of symbols. We do see before us constantly the evidence of the struggle between these two human drives, and of the shifting balance between them, the one an unimpeded thrust outward, the other a compassionate turning inward. these contrary impulses, the aggressive and the caring, are probably in our very genes, and in the evolutionary history of our species. What counts is the balance. If you follow the daily news from Washington, London, Moscow, and elsewhere, the Dynamo seems now rather in the ascendent.

The Dynamo-God has given us many gifts, but also those 50,000 nuclear warheads, standing ready, poised and targetted around the world, as part of an international arms race that has been accelerating exponentially since 1900, just as Henry Adams foresaw, with over half a trillion dollars a year now fueling it to ever-higher levels. One way or another, we shall wake up soon from our childish dream of the pursuit of omnipotence. The question is only whether it will be soon enough.

But now I can hear you say: "Wasn't this supposed to be a joyful occasion? Where is the cause for cheering today?" There are indeed good reasons to celebrate, if you are one of those who is cheered by seeing a severe challenge and, at the same time, how it might be met. Let me just list our strong cards:

First, a university such as ours, a teaching and research institution is by far the best place for trying to clarify and understand the issues I have just discussed, of making more precise the dangers and opportunities we are facing. A university is far more appropriate than the think tank, living project-by-project on federal grants, than the harried and ever-shifting government agency, than the corporation whose loyalties and horizons have to be generally much more limited. We are at the best kind of place to do the necessary homework.

Second, there are now clear signs that scientists and other scholars in universities have been getting ready for this kind of homework. That is, along side and in addition to the undoubted, continuing need to attend to their usual basic research questions that rightly excite the trained professional mind, there is an alternative, complementary motivation making its appearance. For at least a few, the stimulus for research comes now from perceiving an area of basic scientific ignorance that seems to be at the heart of a society-wide problem. And new institutional arrangements are springing up rapidly by which the university readies itself for an expanded role, ranging from building some careful bridges to industry on the one hand, and collaboration between humanists and scientists in designing programs in science and society.

Third, and most important, the universities have their hands on the generation that will be making new policies. It is sobering to faculty members to think that those policymakers who have been committing all the mistakes out there so far were after all students who sat in our classes and those of our professional colleagues. We can now mend our ways. Indeed, the students might be ahead of us in the growing perception that the logic of planetary health itself requires a different balance between the instrumental and the sacred, a closer alliance between the antitheticals. As an aim of education, this has been mouthed since Plato. But until recently it has not really been felt deeply enough and widely enough to show up in actions in institutional guidance—so many credits in each of so many departments, plus so many hours of athletics.

The imperative of the demonstrable interdependence of biological and societal life on the planetary scale requires not just a balancing of credit hours, but a fusion in the educated person of reason and empathy, of logic and sentiment, of technical competence and mankind compassion.

I have no illusion that this can happen quickly, or that it can happen only in universities, or that universities don't have also other and more mundane problems. And I know well that the universities are only one part of the whole socio-political matrix within which our history and our fate is being tested. Much else needs to be done. But we have our own inescapable missions, too.

Wilbur Fisk and his band of pioneers did not come here to concentrate on the easy problems in a pleasant rustic retreat. I think they would be proud if they could see the strong base that has been built up here over these 150 years, a base from which to pioneer again. To them, to me, to all of us here, this strength and resolve should indeed be the cause for joyful celebration. Thank you.

THE POLITICS OF GENOCIDE

Mr. PROXMIRE. Mr. President, in Sunday's New York Times book review, Randolph Braham's two-volume study, "The Politics of Genocide" is hailed as one of the most significant works on that tragic chapter of world history, the holocaust. Mr. Braham knows the politics of genocide all too well, having lost his parents to the death camp at Auschwitz. As the Times reviewer notes, this monumental work should lay to rest—once and for all—the recent nonsense that the holocaust never occurred. Mr. Braham's contribution to a public understanding of the Jewish holocaust is indeed a most important one, because this chapter of holocaust history occurred after the world had come to fully realize the scope of Hitler's final solution.

The slaughter of the Hungarian Jews began near the end of the war, in May of 1944, when every other significant Jewish community in Europe had already been decimated by the Nazis. In only 7 weeks, between May 15 and July 8, almost 450,000 Jews were packed into cattle cars at a rate of 12,000 a day and taken to the crematoriums at Auschwitz.

In July the deportations were finally halted after the Hungarian Government bowed to pressure from President Roosevelt, Pope Pius XII, and the King of Sweden—an action which saved the lives of nearly a third of Hungary's Jews.

The very success of this international effort raises a haunting question, Mr. President. How many more lives could

have been saved had official protest come sooner and from more sources? How many?

Mr. President, unfortunately genocide is not confined to our past. We have witnessed more than a few instances of genocide since the Nazi atrocity and even today this heinous crime continues to exact a toll.

A lesson taught to us by the tragedy in Hungary is that to effectively deal with this odious crime against humanity a concerted international effort is necessary.

Mr. President, the threat of genocide will continue until the international community is prepared to meet this threat squarely. While this convention alone is no panacea, it is a crucial first step.

Let us not delay any longer. We must ratify the Genocide Convention.

Mr. President, I ask unanimous consent that the New York Times Book Review be printed in the RECORD.

There being no objection, the book review was ordered to be printed in the RECORD, as follows:

[From the New York Times Book Review, Oct. 4, 1981]

THE HUNGARIAN EPISODE

(By Elenore Lester)

In the spring of 1944, the 800,000 Jews of Hungary represented the one large European Jewish community that had not been struck by the Nazis. The tide of the war had turned, the German armies were on the defensive, and there was hope that this community would survive.

Then, with lightning speed, at the very moment that world leaders could no longer hide from full knowledge of the final solution, the Hungarian Jewish community was destroyed. In the weeks between May 15 and July 8 nearly 440,000 Jews were deported, most of them to death at Auschwitz. Thousands more went into hiding or served in slave labor battalions in the countryside. In Budapest, some 250,000 Jews lived in star-marked houses or hid under the cover of false papers, expecting deportation at any moment. Before the end of the war, two-thirds of Hungarian Jewry were to die. Winston Churchill, referring to the brutality and assembly-line efficiency of the mass murder, called it "probably the greatest and most horrible crime ever committed in the whole history of the world."

The Hungarian episode is only a small part of the total Holocaust story, however, and the major studies in the field—Gerald Reitlinger's "The Final Solution," Raul Hilberg's "The Destruction of the European Jews" and Lucy Dawidowicz's "War Against the Jews"—deal with Hungary in brief. Randolph L. Braham's two-volume study, which focuses intensively on Hungary and places the Holocaust story within the context of Hungarian political history between the two world wars, now joins the most important works of Holocaust history. Its comprehensive presentation provides insight into how the Jews were able to survive until the German occupation and why the end came with such catastrophic impact.

Mr. Braham sees the groundwork for the disaster in Hungary's loss of two-thirds of its territories through the Trianon Treaty after World War I. The loss was devastating economically. The Jews, once a favored minority in the multi-ethnic society, became the minority scapegoats for the ills of a nation reduced to its Magyar component. In 1922, Hungary became the first country in post-World War I Europe to pass anti-Jewish legislation, a quota on Jewish admissions to the universities.

Throughout the 20's and 30's Hungary struggled to get out of her economic mess, but her national aspirations centered on regaining the lost territories. When Hitler came to power he wooed the nation with loans, technicians and Nazi propagandists, but most important, hope for a territorially restored Hungary. Between 1938 and 1941, Hungary's friendship with the Third Reich brought her handsome dividends in territory.

The ruling elite, however, supported Hitler mainly out of expediency, fearing German expansionism and the possible loss of Hungarian sovereignty. They resisted German pressure to "solve the Jewish problem." They agreed that there was a "problem," and they passed severe anti-Jewish legislation but the Government contended that the "solution"—that is, expulsion—would come after the war because Jewish skills were needed during the war. The "Jewish problem" was not only that Jews existed (and constituted about 5 percent of the population), but that they were very much in evidence in industry and commerce and as physicians, lawyers, journalists and scientists. Despite this, Mr. Braham notes that the majority of Hungarian Jews lived at the bare edge of poverty.

Hungarian stalling on the "solution" came to an end on March 9, 1944. Hitler, aware of Prime Minister Miklos Kallay's peace feelers to the Western Allies, occupied the country and forced Regent Miklos Horthy to set up a puppet regime. At this point Adolf Eichmann stepped center stage, bringing with him years of expertise in exterminating Jews. He alternately bamboozled and terrorized the Jewish leadership into compliance with his orders. With dazzling efficiency he divided the country into six zones and emptied it of Jews zone by zone, getting the Hungarian gendarmerie to do the dirty work of loading the cattle cars, beating helpless men, women and children into them, pulling invalids out of hospitals and the insane and handicapped out of their institutions. Each day for six weeks four trainloads of approximately 3,000 people each left for Auschwitz, where 10 percent were sorted out as acceptable for slave labor. The crematoriums worked on a round-the-clock basis and still couldn't handle the overload.

The 250,000 Jews of Budapest were next on the agenda when pressure from President Roosevelt, Pope Pius XII and the King of Sweden forced Regent Horthy to halt the deportation. It was, however, far from the end. In the fall, Horthy tried to arrange an armistice with the oncoming Russians, but the Germans, aware of his every move, arranged for a coup by the Hungarian Nazi Arrow Cross Party. Eichmann, who had left Budapest in disgust, returned, and he and the teen-age thugs of the Arrow Cross managed to kill off thousands more Budapest Jews before the Soviet troops liberated the city from German and Hungarian Nazis.

The two volumes of "The Politics of Genocide" are crammed with documentation from international archives. Mr. Braham covers the deportations in great detail, giving dates, numbers, significant events, the areas in which people were rounded up for entrainment, the names of authorities who were exceptionally brutal and the names of a few individuals who showed some compassion.

He also pays considerable attention to the response of the Jewish leadership, both traditional and Zionist, and finds that they did the best they could under the circumstances. They counted on dilatory tactics and hoped that the advancing Red Army would arrive in time to cut short the slaughter. It didn't. Mr. Braham scrutinizes the rescue operations of the Christian churches, the neutral powers and the international Red Cross. Although their efforts yielded some results toward the end, particularly in Budapest, their help came too late for the majority of Hungarian Jews.

Much of this monumental detail is fascinating. The full texts of speeches and proclamations by German, Hungarian and Hungarian-Jewish leaders offer a glimpse into the inferno that was Hungary in 1944. Consider a letter, written to Prime Minister Pal Teleki by Regent Horthy, in which he urged that the Hungarian Nazi rabble be removed from positions of authority in the Government: "I have been an anti-Semite throughout my life. . . . I have perhaps been the first to loudly profess anti-Semitism, yet I cannot look with indifference at inhumanity, senseless humiliations, when we still need them [the Jews]."

On the other hand a small group of Budapest Jewish intellectuals decided to address an appeal to their Christian peers: "But if our beseeching voice, appealing for our bare lives, is in vain, then we only request the Hungarian nation to put an end to our suffering here at home before the deportation with its accompanying horrors and cruelties, so that we can at least be buried in the land of our birth."

The appeal was mimeographed, and a few copies were sent out. Then the writers were arrested and thrown into jail. The deportations continued.

At a time when quack "history" books maintaining that the Holocaust was all in the fevered Zionist imagination reach library shelves all over the world, it is a comfort that this book will stand there, too, in its immense and meticulous documentation. Mr. Braham dedicates his book to his parents, who were in the first deportation out of Northern Transylvania and who died at Auschwitz, and to the other victims of the Holocaust in Hungary.

Mr. WARNER. Mr. President, it is the intention of the Senator from Virginia to have a colloquy with the distinguished Senator from Georgia (Mr. NUNN) and to speak for about 15 or 20 minutes. If our colleagues have brief statements, I am happy to yield to them.

I yield to the distinguished Senator from New York.

WHITE HOUSE STOPS DONATIONS LETTER

Mr. MOYNIHAN. Mr. President, this morning's New York Times reports that:

The White House has ordered a halt to the mailing of a Republican fund-raising letter that scolded reluctant contributors for causing the President grave concern.

From what is reported of the letter, it appears to me that this was a wise decision, and that the President's staff is to be commended for acting as it has done.

But one matter in particular should occasion more general concern. It appears that the Republican Presidential task force, on whose behalf the letter was being sent, has been promising contributors of $120 that they would get "President Reagan's personally commissioned medal of merit." This is a proposition that ought to arouse genuine concern to any republican Democrat or democratic Republican. For it is abhorrent to the spirit of the Constitution that the chief of state should ever "personally" create a civil honor.

I have had some experience in this matter. Shortly after taking office President John F. Kennedy mentioned to then Secretary of Labor Arthur J. Gold-

berg that he wondered were it not possible for a system of civil honors to be established, whereby the President might, on behalf of the Nation, recognize exceptional achievement by Americans and, indeed, such persons wherever they might reside. President Eisenhower had much hoped that such a system might be established, and had indeed set up a commission headed by the distinguished Secretary of the Smithsonian Institution, Dr. Leonard Carmichael, to propose one. The Commission did so, and the arrangement might have been established by law had not our memorable colleague, Wayne Morse, of Oregon objected here on the floor that the whole thing smacked of "monarchy" so far as he was concerned. I need not state that nothing was further from the mind or spirit of President Eisenhower. But the bill, nonetheless, failed of passage.

It fell to me to carry out the staff work for President Kennedy, and on Washington's birthday 1963 he announced the creation of the Presidential Medal of Freedom. On July 4, 1963, the first recipients were announced. They were recommended to the President by a panel of distinguished persons, including Ambassador Henry Cabot Lodge. Few would question the quality of the President's choices—some 60-odd names, if memory serves—or the care with which the prescribed process was carried forth.

Since that time, a succession of Presidents have awarded the Presidential Medal of Freedom, albeit without the regularity that President Kennedy had envisaged. Even so, the choices have been made with great care and selectivity. In my view, too few awards have been made. But in any event, none would suggest too many.

Now we learn that, as a fundraising device, a Presidential Medal of Merit may be had for $120. This cheapens both the giver and the recipient, and the White House would do well to put a complete stop to it.

The early 19th century British Statesman Lord Melbourne once remarked that his favorite decoration was the order of the garter, inasmuch as there was "no damn'd nonsense about merit" connected with it. No doubt. But even in those more relaxed days one doubts it was possible to get one for $120.

Mr. President I ask unanimous consent that the Times report be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHITE HOUSE STOPS DONATIONS LETTER—APPEAL CHIDED REPUBLICANS FOR 'HOLDING BACK' ON REAGAN

WASHINGTON.—The White House has ordered a halt to the mailing of a Republican fund-raising letter that scolded reluctant contributors for "causing the President grave concern."

Lyn Nofziger, the White House political director, characterized the appeal as "about the limit of fund-raising letter hyperbole." He said he had been assured no more letters would go out.

Senator Bob Packwood of Oregon, chairman of the National Republican Senatorial Committee, signed the letters as chairman of the Republican Presidential Task Force. An earlier appeal had offered donors membership in the task force for contributions of $120, according to a spokesman for the senatorial committee.

100,000 LETTERS MAILED

Mr. Packwood's letter began, "Forgive me for saying this, but you're causing the President grave concern," and it went on to say that Mr. Reagan "personally asked me to find out why you're holding back."

More than 100,000 letters were mailed in mid-September.

In accompanying literature, potential contributors were told that for their money they would get "President Reagan's personally commissioned Medal of Merit"; a lapel pin; a full-size American flag "dedicated at the President's direction by a special ceremony in the rotunda of our nation's Capitol building"; an embossed membership card with a "toll-free, unlisted, members-only Washington hot-line telephone number"; special insider's briefings and special "action alert" letters from Mr. Packwood.

Finally, the literature promised, "Your name will be inscribed on the President's Honor Roll of Americans and be kept forever with Ronald Reagan's permanent Presidential papers."

"I can't believe you don't want to wear the President's Medal of Merit," Mr. Packwood wrote. "I can't believe you wouldn't be proud to fly the full-size American flag dedicated by ceremony."

"I can't believe you're offended by President Reagan's desire to place your name on his unprecedented honor roll of Americans," the letter also said. "Surely you believe in the good things President Reagan is fighting for."

The letter ends with an admonition that Mr. Reagan is waiting for an answer "and so is America."

Mr. Nofziger said he did not believe the President's name should be used in such a way without clearance. "Unfortunately," he said, "it was not cleared with the White House."

Through his press secretary, Etta Fielek, Mr. Packwood said his only comment was that "it has been a very successful fund-raising appeal." Mr. Packwood, she said, "isn't going to get into it because he didn't write it. He considered it a very standard letter."

The spokesman for the senatorial committee said the letter had been prepared for Mr. Packwood's signature by the committee staff. The mailings went to people who contributed to Republican candidates in the past, he said.

PRICE SUPPORT FOR MILK

Mr. BAKER. Mr. President, there is a bill on the calendar, Calendar Order No. 291, H.R. 4612, an act to temporarily delay the October 1, 1981, increase in the price support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

I believe the Senate has turned its attention to the wheat section of this bill, but it would be my hope that we could now proceed to the consideration of the other part of it; that is, the temporary delay in the increase in the price support level for milk.

Mr. PROXMIRE. Mr. President, if the majority leader would yield, I commend the action of the Senate and particularly the Senator from Kansas, Senator DOLE, in separating the wheat section, because he was correct in doing that. There was no opposition to that part of it.

But, as the Senator knows, I would have to object strenuously and speak at some length in opposition to this attempt to act on the milk section.

The reason I say that is because I still feel deeply convinced that there is a chance, albeit a long chance, but a chance that the House may act to provide for a different fate for our dairy farmers when they act on the farm bill, and they are going to act on the farm bill shortly after they come back.

For that reason, Mr. President, I think I would have to serve notice that, in the event this is called up, I would have to do my very best to prevent it from passing.

Mr. BAKER. Mr. President, I think it would require unanimous consent to get it up under the circumstances.

Mr. PROXMIRE. Under the circumstances, I would have to object.

Mr. BAKER. I make that unanimous-consent request.

Mr. PROXMIRE. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. BAKER. Mr. President, there is one other matter from the Foreign Relations Committee and I believe it is perhaps ready now. If the Chair will indulge me for a moment, I will see if we can proceed to that as well.

Mr. NUNN. Can I ask the majority leader if there is going to be a time gap in this dialog which could be interrupted?

Mr. BAKER. Mr. President, I am told now that perhaps the other matter is not yet cleared. I will yield the floor.

SENATE RESOLUTION 228—RESOLUTION RELATING TO TRANSFER OF AWACS TO ANY FOREIGN COUNTRY

Mr. WARNER (for himself and Mr. NUNN, Mr. HATCH, Mr. JOHNSTON, Mr. ABDNOR, Mr. BAKER, Mr. HARRY F. BYRD, JR., Mr. DENTON, Mr. EAST, Mr. GARN, Mr. GOLDWATER, Mr. HELMS, Mr. HUDDLESTON, Mr. HUMPHREY, Mr. LAXALT, Mr. LUGAR, Mr. MATHIAS, Mr. MCCLURE, Mr. MURKOWSKI, Mr. NICKLES, Mr. PERCY, Mr. RUDMAN, Mr. SIMPSON, Mr. STAFFORD, Mr. SYMMS, and Mr. THURMOND) submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 228

Whereas the Government of the United States seeks to foster security cooperation with friendly countries in regions of strategic importance;

Whereas it is in the national interest of the United States to respond to the legitimate defensive requirements of friendly governments to help them meet challenges to their security and to regional stability;

Whereas it is the goal of United States security assistance to complement United States defense programs in order to enhance the effectiveness of United States military capabilities and to provide tangible military benefits to the United States;

Whereas the security and self-confidence of local states are essential pre-conditions of lasting peace and stability in a region; and

Whereas it is essential to protect the technological advantages which underpin United States national security and military capabilities: Now, therefore, be it

Resolved, That it is the sense of the Senate that Airborne Warning and Control System (hereafter in this resolution referred to as "AWACS") contains equipment and tech-

nology warranting continued protection whenever such system is transferred by the United States to any foreign country, and that, accordingly, the President should transfer such system to another country only upon such terms and conditions consistent with the requirements of the Arms Export Control Act and this resolution to provide adequate continuing protection for the United States equipment and technology to be transferred.

SEC. 2. (a) Any agreement with a foreign country for a transfer by the United States of AWACS to that country shall include all of the requirements specified in the Arms Export Control Act, and in the standard Letter of Offer and Acceptance, as well as the following terms and conditions:

(1) a prohibition against granting access to AWACS equipment or technology or information derived from the AWACS to any country other than the United States without the consent of the President;

(2) a requirement that the recipient foreign country share continuously and completely with the United States the information it acquires from the use of the AWACS;

(3) adequate and effective procedures to require the screening and security clearance of citizens of the recipient foreign country and assurances that only cleared citizens of that country and cleared nationals of the United States will have access to the AWACS equipment, technology, or information derived therefrom;

(4) appropriate agreements upon the areas in which the AWACS may be operated in order to maintain security and regional stability;

(5) adequate and effective security measures for safeguarding AWACS equipment, technology, and information; and

(6) a requirement that such computer software, as designated by the United States Government, will remain the property of the United States Government.

(b) The Senate intends that, in the event of a breach of any of these contractual provisions, the United States will immediately terminate all support for the AWACS system.

SEC. 3. It is further the sense of the Senate that any foreign country receiving AWACS be one that promotes peace and stability.

SEC. 4. It is the sense of the Senate of the United States that, prior to actual transfer of any part of the AWACS system, the President shall certify to the Committee on Foreign Relations of the Senate that the conditions set forth in this resolution have been met.

SEC. 5. The Secretary of the Senate shall transmit a copy of this resolution to the President.

Mr. WARNER. Mr. President, I rise to present a sense of the Senate resolution on behalf of myself and my distinguished colleague from Georgia, Mr. NUNN. We are joined, as of today, on this resolution by 24 other Members of the U.S. Senate.

The resolution is the result of intense periods of consultations by Mr. NUNN and myself with the Secretary of State, the senior White House staff, the leadership of the Senate, and a majority of our colleagues.

It is the intention of the distinguished Senator from Georgia and myself to devise this resolution in such a way as to include conditions covering the transfer of an AWACS system to any country. These conditions will hopefully meet the primary concerns of a number of our colleagues. It is our expectation that this resolution will provide for a consideration by the Senate, first in the Foreign Relations Committee and then on the floor of the Senate, of these conditions in such a way that we can have a full debate, and hopefully, passage.

At the outset, I would like to say that this morning I met with the President and the Secretary of State. At that time, the President indicated that he will advise the Senate in writing that he will meet each of the requirements established by this resolution prior to the transfer of any part of an AWACS system provided this resolution is adopted in its present form.

In view of his commitment, I indicated my commitment to go forward with this resolution and support the sale to Saudi Arabia.

Mr. President, many of our colleagues have expressed legitimate concerns over the proposed sale of these intelligence gathering aircraft to the Saudi Arabian Government. They point to events in the Middle East as recent as yesterday as partial justification.

Many of our colleagues express concern over the possibility of the AWACS aircraft falling into unfriendly hands, of the concern that the intelligence gathered by these aircraft would be used to launch an attack against Israel, and that this aircraft is the most advanced intelligence system we have in operation—that we should not be making it available to others without the United States maintaining control no matter what our relationship.

The resolution I am introducing today speaks to these concerns and many more. This resolution addresses the legitimate security interests of our Nation, while seeking to foster stability and security in the vital Middle Eastern area of our troubled world.

I believe all Senators would agree that it is in our national interest to foster security and cooperation with friendly countries in regions of strategic importance to this Nation.

I also believe all Senators would agree that it is in the national interest of the United States to respond to the legitimate defense requirements of friendly governments and to help them meet challenges to their security and to regional stability.

As a collective body, I believe all Senators agree that the goal of U.S. security assistance is to complement U.S. defense programs and to enhance the effectiveness of our military capabilities, thereby providing tangible military benefits to the United States. By undertaking these efforts every caution is respected to provide protection for the technological advantages this assistance may pervey.

The resolution which I am introducing along with the Senator from Georgia (Mr. NUNN) and other Senators provides these assurances and addresses directly the understandings I believe all Senators hold.

This resolution requires that any transfers of AWACS to any nation be covered by the terms and conditions of the Arms Export Control Act, and that continuing protection for the U.S. AWACS equipment and technology be provided in any such transfer.

This resolution requires that any agreement with a foreign government for the transfer of AWACS shall include all of the requirements of the Arms Export Control Act, and that in a standard letter of offer and acceptance a number of terms and conditions be met by the foreign government to which the transfer is being made.

Among those terms and conditions are the following:

First. A prohibition against granting access to AWACS equipment or technology or information derived from the AWACS to any country other than the United States without the consent of the President of the United States;

Second. A requirement that the recipient foreign country share continuously and completely with the United States the information it acquires from the use of AWACS.

Third. Adequate and effective procedures to require the screening and security clearance of citizens of the recipient foreign country and assurances that only cleared citizens of that country and cleared nationals of the United States will have access to the AWACS equipment, technology or information derived therefrom;

Fourth. Appropriate agreements upon the areas in which the AWACS may be operated in order to maintain security and regional stability;

Fifth. Adequate and effective security measures for safeguarding AWACS equipment, technology and information; and

Sixth. Such computer software, as designated by the U.S. Government will remain the property of the U.S. Government.

This resolution requires that in the event of a breach of any of these contractual provisions, the United States will immediately terminate all support for the AWACS system.

This resolution also requires that any recipient foreign country be one that promotes peace and stability.

And, Mr. President, this resolution requires that prior to the actual transfer of any part of the AWACS system, the President of the United States shall certify to the U.S. Senate Committee on Foreign Relations that the conditions set forth in this resolution have been met.

I say to my colleagues, this resolution addresses your concerns. This resolution provides the assurances many feel vital to our national security, the security of the region, and the security of the world.

I urge the adoption of this resolution and with it a vote of approval for the sale of the AWACS package to the Government of Saudi Arabia.

Mr. President, I ask that the text of the resolution be printed in the RECORD at the conclusion of my remarks.

BACKGROUND

Mr. President, on October 1, President Reagan notified Congress of his intent to sell an air defense enhancement package to Saudi Arabia.

In making this notification, President Reagan set forth the following policy justification for the sale:

This sale will contribute significantly to U.S. foreign policy and national security ob-

jectives by helping to increase the security of a friendly country of vital interest to the United States. In addition to enhancing the overall Western security posture in the Persian Gulf region, the sale will increase regional stability by improving Saudi Arabia's air defense capabilities. In these ways, it will help ensure continued Western access to vital Persian Gulf oil.

This statement strikes at the heart of the matter. Saudi Arabia represents the most concenerated oil resource in the world. This vast nation holds 29 percent of the world's known crude oil reserves and, in 1980, accounted for a little more than 16 percent of the world's oil production.

All of the major Western industrialized nations depend on Saudi Arabia for their life's blood oil supply. In addition to the United States, Canada, Japan, the United Kingdom, West Germany, France, and Italy import more than a third of their required oil from Saudi Arabia.

Saudi oil is vital to the world's economy. Any disruption of that oil supply would bring devastating setbacks. Further, the balance of power in the world could dramatically shift away from the Western World if Saudi oil were suddenly not available.

Beyond the considerations of Saudi Arabia's increasingly important and currently vital role as free-world oil supplier, Saudi Arabia serves as a bridge between continents. It is a crossroads for land, sea, and air travel. As such, Saudi Arabia plays a crucial role in world commerce and military security.

AN ANCHOR OF REGIONAL STABILITY

In that regional sea of unrest and turbulence, the Saudi Government provides calm. As a moderate state, the Saudis have enhanced security and stability in the Persian Gulf and Red Sea. They have played an instrumental role in creating the Gulf Cooperation Council, principally an economic and diplomatic organization, but one which has the potential of becoming an effective regional security alliance.

As a stanchly anti-Communist and anti-Soviet state, Saudi Arabia has used its diplomatic and financial power to lessen the Soviet influence in the region and elsewhere in the Islamic world. Saudi Arabia led Arab world resistence to Soviet activity in Afghanistan, provided encouragement for Egypt's break with the Soviet Union, and supported Somalia in its struggle against Soviet influence.

SINCE 1978

The fall of the Shah in 1979 and the events leading up to that event—beginning in 1978—have been accompanied by the collapse of the U.S. policy of Soviet containment.

The ever-volatile Iranian Government with its anti-American and anti-Saudi policies represent a substantial and threatening military force.

The conflict between Iran and Iraq has the potential of spilling over into other states in the region. This conflict also demonstrates the destruction warfare can bring to the region's oil fields and facilities.

Soviet activities in Afghanistan and the presence of the Soviet-puppet government have stabilized the entire region. Clearly, the Soviet policy is one of adventurism and Soviet presence in Afghanistan is nothing more than a launching pad for future military actions in the area.

Additionally, the Soviets have been aggressively arming radical Arab States with large amounts of military equipment and military advisors. In 1979, for example, 90 percent of all Soviet arms sales—$7.3 billion—were to a handful of Arab States.

Regional Soviet proxies such as South Yeman and Ethiopia have joined forces with the notorious outlaw Colonel Quadafy to further stir unrest and threaten regional stability. Indeed, many experts in our own State Department are of the opinion that the sad events of yesterday are the direct result of this ruthless, adventuristic Soviet policy.

THE SOVIETS

The Soviets have many reasons for their activities in the Middle East. Of principal interest to our Soviet adversaries is to deny the U.S. presence in the region, and to deny the entire Western world access to the region's oil. The Soviets' ability to control this vital area—militarily, politically, and economically—will determine their ability to control the flow of oil. If they close out our options, if they limit our access, if they gain control of area governments or influence the futures of those governments, they can devastate our economy, shut off our military capability, and isolate the United States completely—literally without firing one shot.

While direct Soviet intervention or attack on Saudi Arabia is doubtful, the Soviets have a range of capabilities which could overwhelm Saudi defenses unless the United States is present. That U.S. absence in the region would be a direct invitation for Soviet surge deployment of their tactical air force.

SAUDI DEFENSE AND SOCIETY STABILITY

The Saudi Government continues to show increasing sensitivity to prevailing and potential internal problems—particularly to fundamentalist religious factions.

The Saudi society remains strongly traditional. Despite the fanatic attempt on the Grand Mosque at Mecca in 1979, an isolated act of terrorism, the society's orientation is stable and the House of Saud continues to dominate the bureaucratic structure. As a result of the government's sensitivities and stability, opposition to it remains weak and disorganized.

As for its ability to defend from without, the Saudi capability is vested in a system of ground-based radar units, one battery of 10 improved Hawk launchers with 580 surface-to-air missiles, and an air force which includes 120 F–5's and F–53's—55 of which are configured as interceptors. At best, this force can be described as having low threat capability. The United States has temporarily bolstered this force with four of our own AWACS. Additionally, the Saudis plan to add 60 F–15's, additional improved-Hawk launchers and the air defense package we are now debating.

Logistically, I have mentioned Saudi Arabia's strategic vulnerability as an oil resource and transportation and military cross roads. But Saudi Arabia also suffers from having a low coast line near its oil fields which limits the effectiveness of ground-based radar for early warning in case of low-level air attack. All of Saudi Arabia's potential enemies and hostile neighbors to the east and north have the capability to conduct low level air attacks against the Saudi oil fields.

What early warning capability the Saudis do possess is limited to only 2 to 4 minutes. This clearly is not enough time for the Saudis to react with any of their air defense system until well after an attack has occurred.

Only an airborne early warning capability can detect low-flying aircraft at sufficient range to permit either the Hawk battery or the air defense interceptors to engage the threat prior to it reaching the target.

The AWACS aircraft, with a detection range of low-level air attack at 150 to 200 nautical miles would provide the Saudis about 20 minutes of warning—ample time to intercept the threat before it reaches the oil field targets.

ALTERNATIVE TO AWACS

The Saudis are convinced of the need to acquire an airborne early warning capability. Based on the scenario just given, I am certain Senators would concur with the Saudis' conviction and the seriousness of the threat they perceive. Frankly, if the Saudis do not, or are not able to obtain the American AWACS, they will turn to the British and their very capable Nimrod aircraft—the only other early warning aircraft available from Western sources outside the United States.

The Nimrod and the AWACS are nearly identical in all areas with the exception that the Nimrod has greater potential for near-term microprocessing improvements. Further, the Nimrod could include certain electronic support equipment not now available on the AWACS.

Critics of the AWACS sale might react to this statement by saying, fine, let the Saudis buy their planes from the British.

But I would remind my colleagues that Saudi use of the Nimrod would do nothing to help the United States maintain a strategic presence in the region. The Nimrod would do nothing to help maintain the important communication link we would need between our Air Force and our Navy in the region. And, historically, the British have never had the same relationship with the Israelis that we enjoy. There have never been the intense political pressures between the Israelis and the British like those between the United States and Israel. As a result, there is no reason to believe that the British would be compelled to apply to the Nimrod any of the restrictions which the resolution I have introduced today applies to the sale of the AWACS aircraft.

The air defense package proposed for sale to Saudi Arabia is well-designed and effective. It fully reflects the Saudis' strategic vulnerabilities, geography, limited military manpower and limited military base structure. Moreover, the package

adds to the U.S. military ability to defend the Persian Gulf region by providing the important link with our forces already in the region—something the Nimrod package, were it pursued, could not do.

U.S. MIDDLE EAST STRATEGY

Since the fall of the shah, the United States has sought to forge new relationships in the Middle East in order to reestablish an acceptable degree of regional stability, protect its friends and insure the security of the West's primary source of imported oil. We have sought to develop a consensus of strategic concerns with Western-oriented states which are threatened principally by the Soviet Union and its client-states.

Only if regional states feel confident of U.S. reliability and secure against Soviet threats, will they be willing to take the necessary risks to insure peace. In the administration's view, this policy requires a balanced U.S. policy toward Israel and its Arab neighbors, a credible capability to project U.S. power into the region, and an effort to strengthen the capabilities of our regional friends.

Saudi AWACS would provide an integral capability through increased early warning. The sale further enhances the security of all states in the region by allowing greater coordination of all air defense asset in the region.

The sale of AWACS would add immensely to U.S. military capabilities through data exchange, interoperability, equipment sales and servicing, as well as through establishment of an air defense umbrella under which U.S. forces could be inserted and protected. Defense of American interests in the Persian Gulf region against Soviet thrust would be extremely difficult without free and willing access to Saudi facilities—a key ingredient of this important proposal.

Mr. President, I have examined the multitude of issues that surround this sale. May I say here that no group has lobbied me in a manner that I consider inconsistent with an orderly and proper exchange of information and viewpoints. Yesterday afternoon, and in days before, I spent a number of hours with representatives of groups primarily concerned with those viewpoints sincerely held by Israeli interests. Likewise, I have met with individuals who are primarily concerned with the interests of the Middle East as a region. As I have stated, I have met on numerous occasions in the past 4 or 5 days with the cabinet officers in both the Department of Defense and the Department of State, together with their assistants.

My personal reason for becoming so heavily involved, together with my distinguished colleague from Georgia, is primarily predicated on the national security aspects surrounding the proposed sale of the AWACS system. In my judgment, it is not a question of whether this Nation sells the system or transfers it to Saudi Arabia, but if we do not, who will?

I am convinced beyond a reasonable doubt that the Saudi nation will eventually purchase an air defense system, either the British, together with the French, will supply a system built around the Nimrod aircraft, or the United States will supply a system built around the AWACS airplane.

Therefore, the question, in my judgment, the primary question, is, "Is it in the long-term interests of the United States, as well as Israel and the overall interests of the Middle East?

Should this air defense system be maintained primarily by U.S. interests and should not the United States have control of and access to the data, participate in the security arrangements, and all the other conditions set forth in our resolution? Is that not far preferable to our military units operating in the Mediterranean, the Persian Gulf, and the Arabian Sea, and any rapid deployment force that might be necessary for this Nation to send to the Middle East?

Is it not better that there be a system shared by the U.S. interests rather than the proposed British and French system?

The information provided by this air defense system, in my judgment, is essential to the protection not only of our national interests in this area of the world but to the young men who are sent there as part of our military units. That was the deciding factor whereby I determined to join the President and support this proposed sale, provided these conditions set forth in this proposed resolution are met.

At this time I yield to my distinguished colleague from Georgia.

Mr. NUNN. Mr. President, the Senate resolution Senator WARNER, myself and others introduced today does not contain a magic formula that solves every Senator's concern with the AWACS sales.

It does, however, provide two significant advantages. First, the resolution gives the Senate a vehicle to address the various concerns Senators have with the sale of the AWACS in a broader context than simply the sale to Saudi Arabia. Many Senators are legitimately concerned about the transfer of American technology of this nature to any nation. Many Senators are concerned about the physical security and use of this equipment by any recipient nation. This resolution addresses these broader concerns.

Second, this resolution, if passed, will require that the President certify to the Senate that certain safeguards as enumerated in the resolution have been agreed to by the United States and the recipient country. In the specific case of Saudi Arabia, we have had the administration's testimony in both the Armed Services Committee and the Foreign Relations Committee about certain "assurances, oral understandings, cable traffic, de facto agreements, and assured implications." There have been too many bitter experiences in recent years in our Government for the Senate not to insist on more certainty in respect to the conditions of sale of this equipment than we have so far received in either the Armed Services Committee or the Foreign Relations Committee. The resolution, if passed, requires that the President certify to the Senate that these conditions relative to the sale of AWACS to any nation have been met prior to any transfer of this equipment.

In addition, Senator WARNER and I have been assured by the White House that President Reagan will give a written commitment that each of these conditions will be agreed to in writing with the Saudis before any sale takes place. I recognize that this Senate resolution does not have the binding effect of law on the President, even if passed. A Presidential commitment in writing will be a necessary supplement to this resolution. I believe that President Reagan will live up to any such commitment.

Mr. President, 3 years ago I voted against the sale of F–15's to Saudi Arabia. There has been profound change and much increase in the danger in the Middle East since that time. The Soviets invaded Afghanistan providing a substantial military ground and air presence flanking the gulf. On the opposite flank, the Soviets have strengthened their position in Ethiopia and South Yemen. Libya with its massive store of Soviet arms is led by a fanatic. A former strong U.S. ally, Iran, has become unstable, unpredictable, and chaotic. Iraq and Iran are engaged in a military conflict. And in the middle of all that we have Saudi Arabia and the critical gulf oilfields. Without any doubt, they are in the middle of the most unstable part of the world.

President Carter has publicly committed this Nation to defend the Persian Gulf. President Reagan has repeated and expanded this pledge. We are spending billions of dollars to build and support a Rapid Deployment Force for this primary purpose.

All but lost thus far in the AWACS debate is the essential fact that Saudi Arabia is pivotal to a viable strategy for deterrence in the gulf region. All but lost thus far is the essential role which Saudi Arabia does and will play in support of any U.S. military options for defense of that region and our vital interests.

In testimony before the Senate Armed Services Committee on September 28, 1981, General P. X. Kelley, Assistant Commandant of the Marine Corps, spoke in detail about the military importance of Saudi Arabia and this sale. His testimony unfortunately, was largely ignored by the news media. No person in uniform today has a better understanding of the military requirements and our current deficiencies in protecting our vital interests in the Persian Gulf than General Kelley. He was the first Rapid Deployment Force commander who had to organize this force and establish all the contingency plans for that region.

General Kelley testified that:

> There is no question in my mind that . . . if the U.S. is to display meaningful combat power to that part of the world, be it high threat or low threat, it is absolutely essential that we have free and willing—and I emphasize those two words, free and willing—access to Saudi land bases, Saudi ports, Saudi host nation support, and a considerable labor pool from the Saudis.

General Kelley continued:

> Saudi Arabia is, without question as far as I am concerned, the linchpin to a viable U.S. strategy in the region. We must have meaningful relationships in that area. The consequences of not having such a relationship with the Saudis . . . are a very serious risk to this country. So I ask that the Committee

not only consider the technical aspects of the AWACS, but also consider the geopolitical dimensions of our future relations, not only with the Saudis, but with the entire moderate Arab world . . . .

Mr. President, the success or failure of any viable U.S. military strategy for the Persian Gulf will depend in large measure on how fast we can deploy a credible force to the region after first warning.

The first condition which must be satisfied in any deployment sequence, however, is to establish and maintain air superiority so as to protect American lives as the force moves into the area. To be effective in both neutralizing the enemy and providing close support to endangered U.S. troops on the ground, our land-based and sea-based tactical air must possess knowledge of distant and impending air activity.

We must have the ability to anticipate the enemy's aerial intentions and to destroy enemy aircraft before they reach the battle area. Without the proper level of air cover, the probability of success would be minimal. It goes without saying that the presence of an AWACS—compatible air defense network in Saudi Arabia would greatly facilitate deployment and is a critical element of our strategy. Only the AWACS system can provide the U.S. soldier in the gulf region the kind of timely assistance from the air that the Israeli soldier enjoys in defending Israel by virtue of a superior intelligence network on the ground and in the air.

We presently have inadequate facilities, maintenance equipment, and spare parts in the gulf region to support the exercise and deployment of U.S. forces. Currently, they literally start from zero combat power on the ground. With interoperable equipment like the AWACS, compatible facilities and trained United States and Saudi personnel already in place, the opportunities for a successful strategy are markedly improved.

In addition, when a force the size of the Rapid Deployment Joint Task Force deploys to the gulf as a deterrent or to counter Soviet expansionism, it must have an extensive base and facility infrastructure within reasonable distance for operations and support. Saudi Arabia is the only country in the region which is both large enough and capable enough to provide that critical level of support in the immediate area of the Persian Gulf.

Mr. President, during the course of the last 2 weeks we have heard much about the security of Saudi Arabia, the security of Israel, and the protection of American technology. These are all legitimate and sincere concerns. We have not heard much, however, and certainly not nearly enough in my view, about the protection of American lives.

Almost everyone on both sides of this issue agrees that a rejection of this Presidential proposal will likely result in a termination or phasing out of the AWACS aircraft now operating out of Saudi Arabia under American control. Most experts agree that, in this event, the Saudis will replace the AWACS with the British Nimrod. The Nimrod aircraft, although effective for Saudi purposes in many respects, will be much more difficult for American military forces to coordinate with in emergencies.

If this series of events occurs, and I hope it does not, America:

First. Will have no continuous access to Nimrod information;

Second. Will have no technicians operating or maintaining the Nimrod;

Third. Will have no ground operating sites essential for interface with U.S. forces;

Fourth. Will have no joint training; and

Fifth. Will not have the timely warning so essential to military contingencies.

In summary, without AWACS during the next few crucial years in the Middle East, America's military ability to protect the Persian Gulf pledged by President Reagan and President Carter will be seriously degraded.

Without AWACS on the Arabian peninsula, the Rapid Deployment Force could be deprived of critical warning of an impending hostile military action and could be deprived, once hostilities begin, of the capacity to win the air superiority battle essential to the fate of U.S. forces ashore.

I leave it to the opponents of this sale to explain this serious degradation of our emergency combat capability.

I leave it to the opponents to answer the question of the F–14 pilot flying from the carrier *America:* "Where are the enemy aircraft?"

I leave it to the opponents to answer the question of the Marine landing force commander on the assault ship *Okinawa:* "How will I get close air support once ashore?"

I leave it to the opponents to answer the question of the F–15 ground crew chief in a Middle East emergency: "When will I know about an enemy airstrike headed for my airfield?"

Mr. President, if this sale is vetoed by the Congress, these questions should and will be asked by the American military personnel who are prepared to risk their lives to protect our vital interests. I leave it to the opponents to answer the questions these American fighting men will legitimately pose. I do not have the answers.

I ask my colleagues to thoroughly consider U.S. national interests in the Persian Gulf region and the military requirements of protecting and defending those interests.

Mr. President, I believe the Warner-Nunn resolution enables us to deal with the many legitimate concerns about the sale of AWACS aircraft while not obscuring the paramount issue of how the United States protects its vital interests in the region.

I thank my colleague from Virginia for his diligent work and his long hours in helping prepare this resolution and in coordinating it. I pledge my continued support to him to see that it is adopted by the Senate and, most importantly, that the certifications that the resolution provides come from the White House and are considered by the Senate as a very important part of the deliberations before we vote on the final question of whether this sale shall go through.

Mr. WARNER. Mr. President, I thank my distinguished colleague from Georgia.

First, I should like the record to reflect that if this resolution is to bear a name, it should bear the name "Nunn-Warner.' That reflects a partnership started when I joined the Senate nearly 3 years ago. That partnership existed many years before that, when I, as Secretary of the Navy, received the valuable guidance and assistance of the distinguished Senator from Georgia.

Mr. NUNN. Unfortunately, certain political events have transpired since those days, and because of those events, I believe it should be labeled "Warner-Nunn."

Mr. WARNER. I decline. In Virginia, there is an old saying, "We don't change horses in midstream." We are not going to change now.

Mr. President, throughout my Senate career and much of my public career, I have tried hard to support the freedom, independence, and sovereignty of the State of Israel. I will continue to do so. I know that is a very heavy consideration, likewise, with a number of my colleagues.

This morning, I received assurances from the President that he, also, is committed to the long-term security of the State of Israel. It is his intention to work toward a goal whereby Saudi Arabian leadership will hopefully come in and fill a part of the vacuum left by the late national leader of Egypt, President Sadat.

The President stated this morning that this is definitely a goal. This is the first step. He very carefully portrayed that the first airplane would not be transferred for 4 years and that within that period of time the Nation, the world, and indeed this Congress can watch the actions of Saudi Arabia to determine whether or not they are consistent with the President's goal, and the goal of Congress to bring about peace and stability in the Middle East.

In fact, we have very carefully incorporated a provision in the agreement which provides that, in the event there is a departure by the recipient nation of AWACS of the goal of peace and stability in the Middle East, then our Nation would withdraw certain support which is absolutely vital on a real time basis to operate this system.

So, Mr. President, let me stress that the concerns of my colleagues are legitimate, the concerns of the Israeli people are legitimate. The purpose of this resolution is to try and bridge those concerns with the reality of the need to go forward supporting our President and have Saudi Arabia take a more active role in the peace process.

As the President says, it is 4 years until the first airplane is transferred. Yet, if he is denied the opportunity to go forward and direct the foreign policy, as the duly elected official who under the Constitution has the primary responsibility for foreign policy; if he is thwarted, we may see severe problems, not only for our military, as my distinguished colleague stated, but for the national interests and economic interests of this country.

So balancing against a 4-year period before the first transfer of an airplane,

within which time this body could reconsider the action taken, is the question of denying our President the exercise of his rightful authority under the Constitution. It is my hope that the opponents of this resolution and of the sale will reconsider their views as stated by my distinguished colleague from Georgia.

Mr. President, with the adoption of the resolution I have just submitted and the approval of the proposed air defense package set forth by the administration, I am confident we can meet the security needs of the region and of our Nation. Further, I am confident we can meet the concerns and reservations of many of my colleagues who heretofore have opposed the proposal.

After examination of the military and technical implications of the proposed sale, and after examination and adoption of the resolution we have set forth here this afternoon, I am confident that Senators will conclude this package is in the national interest of the United States.

I urge the adoption of the resolution.

Mr. HATCH. Mr. President, as a cosponsor of this resolution I would like to ask unanimous consent to insert in the RECORD at this time an article in which I recently expressed my concerns for safeguarding the interests of both the United States and Israel in selling AWACS to Saudi Arabia.

This resolution embodies the reassurances which, when combined with other factors, including the tragic loss of President Sadat, has caused me to forego previous misgivings over the wisdom of the sale, and now offer my support to the President. During this period of turbulence in the Middle East I feel especially sensitive to the need to support President Reagan in his efforts to stabilize the area.

I shall have more to say within a few days about the basis of my support for the President's proposal and how this resolution affects my support for the sale.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

I'M NOT SOLD

(By ORRIN G. HATCH)

I was initially appalled at the administration's plans to sell five Airborne Warning and Control System aircraft to Saudi Arabia in the face of strong opposition from the government of Israel. Because Saudi military units have participated, at least symbolically, in every Arab war with Israel, the key argument against the sale was that AWACS under Saudi control would undermine Israel's fundamental strategic doctrine; any potential Arab aggressor can be deterred only by the threat of a pre-emptive Israeli air strike to destroy the aggressor's forces first. Israel had tolerated quietly the proposed F15 package that would significantly enhance the capability of the Saudi air force to destroy Israeli tank forces, but the intelligence-gathering capability of the AWACS was the last straw. There was a mystery for the few of us in the Senate who have supported Ronald Reagan for a long time, especially during the primaries of 1976 against Gerald Ford when Henry Kissinger's support for Israel was called into question: how could the president and James Buckley, undersecretary of state for security assistance, possibly support such a deal?

In the absence of a persuasive case to the contrary, it was not surprising that a majority of both Houses indicated by letter on June 24 that they would not support the AWACS sale. More recently, however, the administration's thinking is becoming clearer, and I believe the AWACS package may be supported in the Senate if—and it is a big if—further questions can be answered in the weeks ahead.

I can tick off five reasons now why some support the sale:

First, the military dimension. Our Air Force and the new Persian Gulf Command will need all the help they can get to defend the vital oil lines of supply and the oil fields themselves. Thus, an air defense system for the Gulf is an important American military interest. To be a part of that air defense system, Saudi F15s and surface-to-air missiles will need to have an alert system and a means of coordination. AWACS does the same job for U.S. forces, for NATO and has operated over Japan from Okinawa.

Second (some would say first) comes the economic dimension, the hard fact that the Saudis have the largest oil reserves and are our paramount foreign source and, most important, are deliberately sustaining a higher rate of oil production than their own experts advise in the face of a worldwide oil glut, a policy with direct positive impact on the president's plans for the American economy.

Third is the diplomatic benefit in developing our relationship with the moderate Arabs who contain and reduce the influence of the hotheads in Libya and elsewhere in the Arab world, a useful objective. Even if the Saudis do not endorse the Camp David agreements or directly support Israel in any way, their diplomatic and financial influence aids U.S. diplomacy in the region such as in the Lebanon-Syria confrontation where Syria's reliance on Saudi funds to finance Syrian forces in Lebanon provided leverage otherwise not available to us.

Fourth, in the psychological sense, now that the AWACS sale has been publicly opposed by the Israelis, Saudi prestige in the Arab world is at stake and the royal family members who have long advocated close ties with the United States have come under scrutiny. At the same time, our own president's campaign promises for a new coherence in U.S. foreign policy have come into question. We do not need the kind of major embarrassment that a congressional veto of the sale would surely deliver to the president's international reputation.

Fifth, there seems to be emerging a possible set of AWACS safeguards that will tend to reduce Israeli security concerns, especially if combined with offsetting security assistance for Israel. These have not yet been made public. They will include U.S.-Saudi sharing of all AWACS intelligence, a U.S. role in operating the systems, measures for rescue or destruction of the sensitive electronic "black boxes" in the event the aircraft might fall into hostile hands, and other limits, such as where ground radar stations are located. Put bluntly, the Israeli air force will have a better than sporting chance to shoot down AWACS if these safeguards are violated, a move we should oppose only if Americans were aboard.

These reasons support the AWACS sale are not sufficient for me. Many senators will await Israel's reassessment of the AWACS safeguards package. Others will raise more fundamental questions about the role of Saudi Arabia in our national strategy, questions that logically apply with equal vigor to the issue of weapons sales to the China of Deng Xiao-ping. In return for military assistance, what are the Saudis (or the Chinese) really likely to do for us in the world in the long term besides supply anti-Soviet rhetoric? Are these stable regimes? Are King Fahd and Deng representative of the leaders of Saudi Arabia and China for the rest of the 1980s, or are we dealing with those whose opposition is about to triumph, as was the case in 1976 with the shah and the Gang of Four?

I, for one, am not ready to vote for the AWACS sale (or arms for China) until these questions have been satisfactorily answered.

LOCAL LAW ENFORCEMENT: OUR FIRST LINE OF DEFENSE IN THE WAR ON CRIME

Mr. PELL. Mr. President, one of the most disturbing trends in our society today is the crime epidemic which is sweeping the Nation. Statistics released by the Justice Department indicate that nearly one out of every three households in America was touched by some form of crime last year. Violent crime in 1980 showed its largest increase in a dozen years, and no region was spared from the spiraling crime epidemic. Nor was the crime jump confined only to urban areas; the figures now show that rural America is as much a victim of this problem as any other area.

It is often easy to overlook the fact that our first line of defense in the war against crime is local law enforcement. And yet it is clear that at a time when we are asking our local law enforcement people to do more and more to stem the crime epidemic, we are giving them fewer resources with which to protect our security.

At the Federal level, many worthwhile programs assisting local law enforcement agencies have been either eliminated entirely or drastically reduced in scope. This is happening at a time when State and local budgets are stretched to the limit, making the job of local crime fighters all the more difficult.

Mr. President, the severity of the problems faced by local law enforcement was made clear recently by an extremely thoughtful address given on this subject by Rhode Island's Attorney General, Dennis J. Roberts. Mr. Roberts makes the points that we can no longer afford to treat crime as a purely local problem, and the Federal Government must continue to provide local law enforcement with assistance to combat the increasing crime rate.

I would like to share Mr. Roberts' fine address on the crime problem with my colleagues, and ask unanimous consent that his remarks, entitled "The Impact of Federal Budget Cuts on Law Enforcement in Rhode Island," be printed in full in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE IMPACT OF FEDERAL BUDGET CUTS ON LAW ENFORCEMENT IN RHODE ISLAND

(By Attorney General Dennis J. Roberts II, of Rhode Island)

Much has been heard on the impact of Reagan budget cuts on various government programs to aid the less fortunate residents of our State and our nation. You likely are already aware of wholesale reductions in education programs, Programs for the elderly, AFDC, and job training programs.

Today I would like to draw your attention to impacts of reduced federal spending on law enforcement, both in the area of criminal law enforcement and a broader kind of public protection, the result of which is to make it more difficult for those of us charged with law enforcement to properly carry out our duty.

If there is to be a national priority given to combatting crime, the federal dollar must

follow the federal rhetoric. Instead, the tide is rushing the other way.

Among the bureaucrats to be dismantled are two critically important agencies which, as the Washington Post put it, are "small agencies with very big enemies"—the Treasury Department's Bureau of Alcohol, Tobacco and Firearms which is a major unit in the fight against interstate organized crime, and the Consumer Product Safety Commission, a key office in the fight against white collar crime and consumer fraud. For those of us charged with state law enforcement, there will be a significant and direct impact from the loss of these agencies. We will lose our ability to rely on their considerable expertise and resources and we will lose a coordinated federal approach to what are very often interstate criminal conspiracies.

But the loss of federal funds has been and will be felt even more directly in Rhode Island law enforcement. In the last few months, we have lost federal fundings for a number of programs which proved highly successful. Among them are an Antitrust Unit which just last year returned over $177,000 to individuals and small businessmen in Rhode Island, while also preventing a variety of illegal and expensive schemes from continuing.

We have lost funding for a Family Violence Unit which converted assault within the family unit, including sexual assault, from a little reported and impossible to convict phenomenon into an event which is reported, and where effective prosecution, where appropriate, can be accomplished.

We have lost federal funding for a Victim Witness Assistance program which recognized for the first time the central role of the victim, who had been the forgotten person in the criminal justice system. This program has been weakened by the loss of CETA funding for many of our victim-witness counsellors.

We are maintaining these programs at present—mostly by doubling up the responsibilities of members of my staff. But this places a severe, although tolerable, strain on the system. I cannot be quite so sanguine in viewing what will happen to us in the next few months.

Unless the direction our federal government is travelling in is reversed, we are scheduled to lose additional valuable programs.

These include:

A sophisticated computerized criminal history program, which allows us for the first time to access automatically the criminal records of thousands of people so that we can know whether a police suspect is in fact a dangerous criminal for whom warrants are outstanding. The program is scheduled to be de-funded in mid-November.

Our statewide Arson Task Force, the only one of its kind in the country dedicated to detecting and prosecuting the expensive and dangerous crime of Arson-for-profit. It was scheduled to be funded for three years. Now we are advised it will go off line after eighteen months.

The Medicaid Fraud Unit, dedicated to eradicating fraud perpetrated by those few providers of medical care who would abuse the system, had been considered safe for continued funding, because it protects money belonging to the federal government. Now its future is in doubt.

This alarming situation is made worse by the fact that the deprivation of social programs and employment opportunities for citizens, including young people, will lead to an increase in crime. In fact, we expect to handle 1000 cases more in 1981 than in 1980 in Providence and Bristol counties alone. The simple fact is that we may well be forced to meet this onslaught with a diminishing number of prosecutors.

The issue we address today is: "How important is it to the people of the State of Rhode Island to have effective law enforcement?"

I believe the answer is "Most important". If that is so, resources from all available sources must be tapped. The alternative is to face a massive—and to my mind, disastrous—shortfall in the ability of law enforcement to match the lawbreakers: the violent criminal, the organized criminal, the economic criminal, the racketeer, the corrupt official.

I submit to you that an ordered and structured society cannot elect to accept that shortfall.

In recent days, Governor Garrahy has brought to public attention the impact on Rhode Island of federal budget reductions in a number of program areas. As the Chief Law Enforcement Officer of our State, it is my duty to bring the hard facts of problems confronting us to your attention. Just as the Governor is committed to doing all in his power to reduce the negative impact of budget reductions foisted on Rhode Island by Washington, so too, I am pledged to making the most exhaustive effort to continue the fight on all fronts of crime that we have carried out over the last several years.

COAST GUARD HEROES

Mr. STEVENS. Mr. President, today I commend the heroism of four coastguardsmen who lost their lives in a rescue attempt near Cordova, Alaska. The circumstances surrounding this rescue attempt are all too familiar to those of us in Alaska, and may help raise the level of consciousness about the mission of the Coast Guard, which is vital and often extraordinarily dangerous in a State like Alaska. Lt. Ernest "Pat" Rivas, 33; Aviation Electronics Technician Third Class John Snyder, Jr., 21; Aviation Machinist Mate First Class Scott Finfrock, 25; and Lt. Joseph Spoja (pronounced Spoya, like toy), 31, whose body has not yet been found, all lost their lives when their helicopter went down trying to rescue the skipper of the Cordova fishing vessel *Marlene* during a horrendous storm. The response of these individuals exemplifies the Coast Guard motto "Semper Paratus." I wish to express my deepest sympathy to their families.

Mr. President, let me describe the conditions faced by these Coast Guard helicopter crewmen. The helicopter was from the Coast Guard air station at Kodiak, which is the closest to Cordova, 320 miles by air. The helicopter went down late Thursday night, August 6, in torrential rain and 40 to 60 knot winds. As of August 12, the official record showed 18.04 inches of rain since the beginning of the month, and some Cordovans claimed rain gages in the city itself recorded over 30 inches of rain from August 6 through the 8th. Eyak Lake in Cordova rose at least 5 feet in a 48-hour period. Governor Hammond, has declared the south central region a disaster area.

I present this information because it is not unusual at home in Alaska, and Coast Guardsmen there work under these types of conditions all the time. Part of their mission is to help those in peril at sea, and given Alaska's fishing industry and weather like that which I have described, this is a monumental task in itself. Fisheries patrols by both ships and aircraft are carried out under the same kind of conditions, and the job is not made easier by the fact that Alaska has 33,904 miles of coastline.

The specific circumstances surrounding the crash of this helicopter are still under investigation. Skip Holden, skipper of the *Marlene*, said:

I've never seen anything like it . . . one minute I was looking up at the helicopter's lights and the next, I'd be on top of a swell looking down on it still flying, but the swells were so high and steep. Just going out on deck was a hazard.

The swells were 15 to 20 feet, and the helicopter simply vanished from sight.

Lt. Larry Hazel, the Coast Guard's public affairs officer in Kodiak, stated:

There are certain hazards and risks that people who join the Coast Guard always know exist; they may not discuss them daily, but we all know there's a possibility they might not return from a search and rescue mission.

These words, and the actions of the four helicopter crewmen who lost their lives, exemplify the highest tradition of the Coast Guard.

Mr. President, there was an article in the Cordova Times which describes this whole incident very graphically, and which we all should read to remind ourselves of the valor of the Coast Guard mission and the courage and dedication of the four fliers who died carrying out that mission in Alaska. I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Cordova (Alaska) Times, Aug. 13, 1981]

GULF RESCUE ATTEMPT DOWNS HELICOPTER

(By Nancy Bird)

What began as a Coast Guard search and rescue operation for a Cordova fisherman last week turned into tragedy for the helicopter crew that made several attempts at picking up the fisherman from stormy Gulf of Alaska waters.

The helicopter went down in an area southeast of Hinchinbrook Island late Thursday night, August 6. Two bodies of the four member crew were found on August 8 on the northeast end of Montague Island, and the helicopter was later located on Naked Island in the middle of Prince William Sound.

A massive search continues for the other two crewmen. It has been hampered by poor visibility, high winds and torrential rains.

Skip Holden, skipper of the 27 foot bowpicker, Marlene, was the object of the initial rescue operation. After the foiled rescue attempt, Holden managed to weather out the storm and eventually, made it safely to Hinchinbrook Island Friday morning.

The rescue operation was started after Holden found himself caught in the breakers of the Copper River Delta with part of his steering unit broken.

After his front steering cable broke, Holden had to steer from inside the cabin of his bowpicker which, in the stormy condition, made it difficult to set a course.

It was a friend of his fishing on the inside of the bar who actually called in the Coast Guard and then told Holden to hang on until they got there.

According to Holden, the weather Thursday afternoon, when he decided to move from Softtuk to Egg Island (in the Delta), had started out calm, but had worsened before

he was able to find the Egg Island channel marker to get inside the bar.

"The Egg Island light was out which made it impossiole to find the channel, but I didn't know that before I started out," said Holden in an interview Tuesday. "After I lost the front steering, I kept going hoping to get out of the breakers."

"As soon as I saw the fathometer hit 60 feet I let my net out," he continued. "By that time it was probably blowing 40 knots, gusting up to 50 or 60."

"My main worry then was that I'd get blown east into the rocks on Hinchinbrook. As it turned out, I ended up drifting southwest toward Montague."

Letting his net out provided drag to slow his drift and helped keep the bow pointed into the seas.

A HC–130 aircraft was the first rescue craft on the scene. Holden communicated totally through the HC–130 with the helicopter when it arrived. For unknown reasons, the helicopter could not reach Holden on his CB.

By the time the helicopter arrived, Holden had his survival suit on, had securely tied down everything on deck, and had all his lights on to insure being seen.

In response to Coast Guard personnel inquiries, Holden responded that he thought he was doing okay, not in an immediate life-threatening situation, but he did admit to having the shakes and a stomach ache.

In the helicopter's first pass, Holden says they made a perfect drop of a yellow line that had shot pellets in the end of it. He wasn't sure what the line was for, but started pulling it in, expecting to feel tension at some point.

The tension never came; only the end of the line with a snap shackle on it. Meanwhile the helicopter was careening off and then made a turn for a second attempt.

"The Coast Guard later told me that chopper could do 120 mph but it sure seemed like it was having a hard time against that 70–80 knot wind," said Holden. "It couldn't seem to get even with me and hold it."

"Their second time by I could see the cradle," continued Holden. "It was pressed up against the bottom of the helicopter, I don't know whether from the wind or what, but they couldn't get it down to me."

"The last pass I saw them make I could see something dangling, didn't know what it was then, but found out later it was a two-way radio. They got pushed back again though, and never got near me."

At that point, Holden said he realized no one going to be able to get to him, so he put his mind to the immediate, bailing the rapidly filling engine compartment and cabin.

Keeping the cabin door open during the helicopter's passes (to be ready to jump in the basket) had let in buckets of water that demanded his attention for the next ten to fifteen minutes.

Holden's memory of the time frame was vague, but Lt. Larry Hazel, the U.S. Coast Guard's Public Affairs officer in Kodiak, said the helicopter was engaged for over an hour in attempting to lower the basket to Holden.

Hazel said the last contact the HC–130 had with the helicopter was at 2:27 a.m. and it was shortly thereafter that the HC–130 crew felt certain something had gone wrong.

The cloud ceiling being 100 to 200 feet, the crew of the HC–130 couldn't see any of the scene below them. And, having instructed Holden to break off his antenna so it wouldn't interfere with the basket being lowered, the crew couldn't reach Holden by radio either.

"I've never seen anything like it," said Holden of the conditions. "One minute I was looking up at the helicopter's lights and the next, I'd be on the top of a swell looking down on it still flying, but the swells were so high and steep. Just going out on deck was a hazard."

While bailing Holden continued to see the helicopter's lights, generally 200 to 300 yards off his stern, as he rolled up and down with the swells. He isn't sure he saw the helicopter actually go down but did notice the lights seeming to disappear in a swell and then never reappearing.

He tried to jerry-rig his AM radio antenna to his CB at that point and sent out messages saying he thought the helicopter had gone down, but was never sure anyone heard.

"That was the sickest feeling in the world," said Holden. "To know something was terribly wrong and not be able to do anything."

When morning finally came, Holden remounted his compass from the front steering area to the cabin so he could set his course from inside. The weather had settled some and he decided to pull in his net and try to run for land.

He found the net full of silver salmon, all but twenty-five of which he threw back, saving the twenty-five to use as a ballast in his fish hold. The last quarter of the net was tight-wadded in a ball which he took a knife to. The tension released nearly pitch-polled his boat.

After running on a north, northwest course for about two hours, Holden came on what he described as a "twilight zone" scene. The downed helicopter lay in front of him in a pool of fuel and oil that seemed to calm the waves around him.

Wanting desperately to find survivors, Holden circled the helicopter screaming for a response, but could only see one survival suit with a body face down. It seemed to be tethered to the helicopter.

Three other inflated objects he thought might be people turned out to be buoys of some kind.

Holden then continued on his north, northwest heading. "I was so tired by then I was seeing land everywhere or a boat or plane," he said. "I had to force myself to focus on the compass to stop hallucinating."

Some time mid-Friday, Holden sighted Hinchinbrook, thought he had it made, only to round the point and run into worse weather again. He finally made it into Anderson Bay where the Sunshine Girl was anchored.

Only then was he able to radio the Coast Guard of his safety and of his spotting the downed helicopter.

"I didn't want anyone coming out because I was the one who got into the mess and I figured there wasn't going to be much they could do in that weather," said Holden in explanation of his not having called the Coast Guard himself.

However, according to Lt. Hazel the Coast Guard strongly feels the proper action was taken by Holden's friend in calling them.

"We expect to be called upon in the worst weather," said Lt. Hazel. "We don't know nor will we know for some time what caused that helicopter to go down, but we certainly don't want people to hesitate in the future to call at the earliest signs of distress."

"Time can make a great difference in our ability to help, and any reluctance on the public's part will only hamper efforts," continued Lt. Hazel. "There are certain hazards and risks that people who join the Coast Guard always know exist; they may not discuss them daily, but we all know there's a possibility they might not return from a search and rescue mission."

As of August 11, an inflated six-man raft, a wet suit and a survival suit from the downed helicopter had been found by search parties in various parts of Prince William Sound. The helicopter itself was recovered on Monday.

Still listed as missing are crewmen Lt. Joseph Spoja, 31, and Aviation Machinist Mate First Class Scott Finfrock, 25. Dead are Lt. Ernest "Pat" Rivas, 33, and Aviation Electronics Technician Third Class John Snyder Jr., 21.

S. 1706—ACID DEPOSITION CONTROL ACT

Mr. DODD. Mr. President, I am pleased to cosponsor an amendment to the Clean Air Act to revise the act's provisions governing interstate air pollution.

A related, and perhaps even more difficult, long-range air pollution transport problem is that of acid rain or acid deposition. The current Clean Air Act simply does not address the acid rain problem. The current act's focus on local ambient air pollution concentrations ignores the long term and cumulative effects of widespread atmospheric pollution. In the case of acid rain, the problem is compounded by the tremendous distances over which pollutants often travel and the fact that several chemical transformations occur in the process of long-range transport of these pollutants.

During the past 30 years the acidity of rain in many parts of the country has been steadily continuing. While normal rain is slightly acidic, in recent years the Environmental Protection Agency has measured rainfall up to 5,000 times more acid than normal. The chief ingredients of the acid compounds that lead to acid rain and other forms of acidic deposits on the land, in water and on vegetation and buildings are sulfur and nitrogen oxides. These combine, under certain meteorological conditions, with other atmospheric chemicals and are eventually deposited back on the ground in the form of rain, gases, and particulate matter that is more acid than normal. This increasing acidity poses a growing threat in many areas.

While there remain many uncertainties surrounding the causes and effects of acid deposition, the evidence we do have is cause for serious concern, particularly in New England and several other vulnerable regions of the country.

In addition, the Canadian Government regards acid deposition as its most critical environmental problem. A recent memorandum of intent between the United States and Canada commits both countries to efforts to reduce the potential for transboundary pollution. Strengthening the Clean Air Act this year is essential to our meeting this international commitment.

The problem of acid rain is not, as some argue, purely hypothetical. Substantial evidence exists that acid deposition, both in rain and dry deposition, has resulted in the disappearance of fish from up to 200 high altitude lakes in the Adirondak area of New York. Similar evidence exists with regard to thousands of fishless lakes in the Canadian Province of Ontario and in Sweden. Several thousand lakes in Minnesota and Wisconsin and an additional 48,000 lakes in Ontario alone are considered susceptible to increased acid levels.

Evidence is also mounting that acid rain damages the productivity of soils, affecting both crop yields and forest growth. While research has indicated

that there are at times positive effects on crop and forest growth from higher levels of sulfur, nitrates, and ammonia in precipitation, the opposite is true in sensitive areas where soils are not well buffered by acid neutralizing elements.

The sensitive regions in North America include New England, parts of New York, large areas of Ontario, Quebec, and the Maritime Provinces of Canada, northern Minnesota, Wisconsin, and Michigan, most of Washington, Oregon and Idaho, and parts of the Appalachia region, Florida, California, Colorado, Montana, Wyoming, Nevada, and Missouri.

Acid deposition has been shown to increase the rate of leaching from soils of numerous heavy metals, some of which, in heavier concentrations than normal are toxic to both aquatic life and plants. Heavier toxic metals leaching into water supplies may also pose human health threats and increased corrosion of copper water piping and of lead soldered joints have also been shown to result from more acidic water supplies.

Acid deposition has also been linked to damage of building materials, creating not only substantial economic losses through the need for more frequent repairs, but also endangering many of the Nation's historic buildings and monuments, many of which lie in the Northeast where the greatest amount of acid deposition takes place.

In spite of the many unknowns regarding acid rain, its formation has been firmly linked to levels of sulfur dioxide and nitrogen oxides in the atmosphere. We also know that 90 to 95 percent of the sulfur emissions in Eastern North America are from manmade sources.

The National Commission on Air Quality determined that the problem of acid deposition is severe enough and that enough is known to recommend that the Congress require a significant reduction, by 1990, in the level of sulfur dioxide emissions in the Eastern United States. A substantial reduction in sulfur dioxide emissions in the East is particularly important in light of the fact that, under present control technologies, nitrogen oxide emissions are projected to continue to increase during the next decade. S. 1706, introduced yesterday by Senator MITCHELL, myself, and others proposes a viable first step toward addressing this pervasive problem.

It establishes an "acid deposition impact region" including all States east of the Mississippi River and one tier of States west of the river. The causes and adverse effects of acid deposition have been most clearly identified in this region and emissions of sulfur and nitrogen oxides in this region pose the greatest threat to the Canadian Provinces.

The bill requires that sulfur dioxide emissions in the region be reduced by 10 million tons during the next 10 years. Current SO_x emissions from this region exceed 20 million tons and nitrogen oxide emissions are expected to equal near that level during the next decade without further control actions. Each State will be responsible for a proportionate share of the total required reduction based on historic levels of sulfur dioxide emissions.

The proposal allows the States and industry substantial flexibility in meeting these emission reductions including emissions trading among States and firms, the substitution of nitrogen oxide emission reductions for sulfur dioxide reductions, precombustion cleaning of fuels and other innovative techniques.

Connecticut, like other New England States and Eastern Canada, is at the end of the pollution pipeline on this continent. Our problems with acid rain and the long-range transport of air pollution are perhaps more severe than other sections of the country. I believe it is clear, however, that no State is immune from these problems. It is also clear that the more we learn about them, the more severe the consequences appear.

Many of the identified effects of acid deposition are irreversible. Delay in addressing the principle known causes of this phenomenon would subject the people and the resources of the vulnerable areas to totally unacceptable risks.

It is crucial that the Congress address this common problem substantively as we proceed with the Clean Air Act Amendments of 1981. Further research is needed and at an accelerated pace. But our current knowledge as well as our commitments to Canada provide a sound basis for further actions to reduce both sulfur dioxide and nitrogen oxide emissions, particularly in the eastern half of the United States.

A recent article by Mr. Robert Boyle in Sports Illustrated provides perhaps the most comprehensive assessment to date of the acid deposition phenomenon. I urge my colleagues to read Mr. Boyle's article and ask unanimous consent that a copy be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AMERICAN TRAGEDY

(By Robert H. Boyle)

A chemical leprosy is eating away at the face of the U.S. It's popularly known as acid rain, but rain isn't the only culprit.

The true name for this phenomenon is acid precipitation. In addition to acid rain, it includes acid snow, acid sleet, acid hail, acid frost, acid rime, acid fog, acid mist, acid dew and "dry" deposits of acid particles, aerosols and gases. And it's not only this country's problem. It is, however, the responsibility of the U.S.—as both perpetrator and victim of this ecological crime—to recognize the extreme dangers of acid precipitation and to take steps to remedy it before it becomes so pervasive as to be irreversible.

Acid precipitation is caused by the emission of sulfur dioxide and nitrogen oxides from the combustion of fossil fuels. Natural sources, such as volcanoes and mud flats, can emit sulful dioxide into the air, but their contribution is small. "About 90 percent of the sulfur in the atmosphere of the northeastern United States comes from man-made sources," says Dr. George R. Hendrey, leader of the Environmental Sciences Group at the Brookhaven (N.Y.) National Laboratory.

Once aloft, the sulfur dioxide and the nitrogen oxides can be transformed into sulfuric and nitric acids by reacting with moisture in the atmosphere, and air currents can carry them hundreds, sometimes thousands, of miles from their source. When these acids precipitate to earth, they can have a devastating impact on lands and waters that have little natural buffering capacity.

Acid precipitation can kill fish and other aquatic life outright. In Scandinavia, which is downwind of pollution pumped into the skies in Western Europe, it has already destroyed fish life in 5,000 lakes in southwestern Sweden and in seven Atlantic salmon rivers and 1,500 lakes in southern Norway.

Acid precipitation can have damaging effects on human health.

Acid precipitation may pose a menace to crops and forests.

Acid deposition is already disfiguring buildings and monuments, including the U.S. Capitol.

Acid precipitation, according to many scientists, is now the single most important environmental problem in North America. It's no Tellico Dam vs. snaildarter issue, in which an obscure branch of the biological tree was threatened by technology. Rather, acid precipitation is a problem of towering dimensions. DDT contamination posed serious problems in this country, but it couldn't match acid precipitation's capacity for destruction on so many fronts and on such an overwhelming scale.

Think this kind of stuff is hyperbole? In Canada, where the province of Ontario alone has lost an estimated 4,000 lakes and could lose another 48,000 in the next two decades, there's an urgent need to curb the sources of the pollution, many of them located in the U.S., that have created such devastation and dismal prospects. But there's precious little indication that Washington is going to act. On the contrary, there's every indication that the Reagan Administration, whose Clean Air Act Working Group is chaired by Interior Secretary James Watt, is planning to gut that act when it comes up for renewal or amendment in Congress this session. The Clean Air Act, which as written in 1970 doesn't really address the problem of acid precipitation, needs strengthening, not gutting—especially by the inclusion of measures to curtail acid precipitation.

The revised law should require, among other things, the burning of low-sulfur coal, the installation of scrubbers at critical plants, investment in alternative energy sources and the establishment of emissions standards on a regional—or "bubble"—basis. The costs would be very little compared to the rate hikes imposed in recent years by OPEC. A 2 percent surcharge on the average utility bill in the East would get rid of half the sulfur dioxide in the region. These aren't far-out figures advanced by some wild-eyed eco-freak; they're from the report of the National Commission on Air Quality, the members of which are appointed by the President.

In the U.S., acid precipitation falls almost continuously on the ecologically vulnerable lands and waters of West Virginia, Pennsylvania, New Jersey, New York, Rhode Island, Massachusetts, Vermont, New Hampshire and Maine; in short, the 182,496-square-mile northeast quadrant of the U.S. Acid precipitation has destroyed trout streams, trout ponds and bass lakes, which is unsettling if not disastrous; it is also very close to rendering the Quabbin Reservoir, which serves more than two million people in the metropolitan Boston area, an economic disaster. The cost to keep the water potable in years to come promises to be enormous. As Alan VanArsdale of the Massachusetts Department of Environmental Quality Engineering explains, "Our charge is to provide good water and, of course, we'll do that. But as the reservoir gets worse, the cost goes way up. Who wants to treat a 39-square-mile lake?"

This is a point often overlooked by the Reagan Administration: Environmental consciousness often makes good economic sense. In the classic pay-me-now-or-pay-me-later scenario, the costs the environment is not exacting today from the industries contrib-

uting to the acid rain problem, it will claim tomorrow from the public sector to clean up the resultant mess.

An official of the Environmental Protection Agency recently told Senator George Mitchell of Maine that the Administration isn't going to take any action as long as acid precipitation was confined to the Northeast. But that part of the U.S. isn't the only affected area. Southeastern states, from Florida to Kentucky, are being hit by the same mess. Some rain that falls on Raleigh, N.C. is more acid than white vinegar; The Charlotte Observer routinely reports on rain acidity on its weather page; and the Blue Ridge Parkway has become known as the Gray Ridge Parkway because of air-polluting ammonium sulfate, a form of acid precipitation.

Acid precipitation, often at levels that have been associated with the beginning of lake acidification in Scandinavia, is now falling on sensitive lands and waters in Michigan and Minnesota. It is also falling in New Mexico, Colorado, Idaho, Montana, California and Washington.

That the barn door is still wide open after several prize horses have escaped seems irrelevant to the very people who are charged with guarding the door. No portion of the U.S. has been harder hit than the Adirondack Mountains in upstate New York. The Adirondacks lie in an area affected by polluted air masses coming from the Ohio River Valley, southern Canada and the Middle West. What has happened in the Adirondacks is a preview of what might occur elsewhere.

"It's insidious," says C. V. Bowes Jr., the owner of Covewood Lodge, a resort on Big Moose Lake in the western Adirondacks. Bowes is standing in the living room of his house looking out at the acid waters of Big Moose, one of 212 Adirondack lakes and ponds that have so far been documented as acidified. It was on Big Moose, in 1906, that Chester Gillette drowned his lover, Grace Brown, thereby providing Theodore Dreiser with the basis for "An American Tragedy," an ironically prophetic title in view of what has happened in recent years. The still pristine-appearing lake is now so acid that swimmers sometimes emerge with bloodshot eyes. Except for the few odd fish that hover about spring holes in the bottom, the trout are gone.

"I can remember how good the fishing was," Bowes says. "Then, 30 years ago, it slowly started to tail off. First the state blamed it on the big blowdown of 1950, when we lost 75 percent of our coniferous trees in the aftermath of a hurricane. The state said that the downed trees made the water poorer for fish. No one suspected what was wrong, but we should have known something was crazy when the trout the state stocked would run out of the lake down the outlet to the Moose River. The state next blamed the beaver. The conservation department said the beaver were warming up the water by damming tributary streams, and the department began dynamiting dam after dam, dozens of them. Acid rain was never mentioned. We never even heard about acid rain until five years ago, when we started reading about the trouble in Sweden and Canada."

By his own account, Bowes should have known better. Before he bought Covewood Lodge, a rustic hotel, in 1951, he was a professional naturalist on the staff of the National Audubon, he ran field trips to Central and South America, the Caribbean and Africa. But for all of his expertise in the workings of the world around him, he admits he didn't have a glimmer about acid precipitation until it was too late.

The incident that opened Bowes's eyes occurred only a year ago, at the start of the tourist season. In July and August, when business is hectic at the Lodge, Bowes, his wife, Diane, and their two young daughters, Kimberly and Rebecca, move out of their house and live in an apartment on the third floor of the hotel. They are downstairs running the hotel all day and use the apartment only at night. One evening in July 1980, Kimberly and Rebecca turned on the faucet in the apartment to get a drink of water. They complained that it tasted "funny." Indeed it did, and analysis disclosed that it contained five times the State Health Department's permissible amount of lead and three times the permissible amount of copper. It was determined that acid precipitates entering the spring that supplied the water for Bowes's hotel had leached the metals from the buildings' plumbing in poisonous amounts.

The lead and copper could be tasted in the water from the apartment faucet because the water had been sitting in the pipe all day. Bowes checked all the water pipes on his property. All but one—a pipe in Bowes's own house—had highly acidic water. Bowes was puzzled by this until he learned that the contractor who had built the well serving only the family's house had used limestone around its tiling. The limestone neutralized the acid in the water. By constructing limestone filter beds for the Lodge's water supply, Bowes was able to correct the problem. Which only begs the question: How many people de endent on wells in the Adirondacks, and other places where acid precipitation comes into contact with metals, know what's in their water? And what's the consumption of that water doing to those who drink it?

Five miles up the road from Covewood Lodge in the hamlet of Big Moose, Bill Marleau sits in an armchair in the living room of his small frame house. He's ticking off the lakes in the area that have been acidified, including Woods Lake, where he has had a small cabin for years. Except for the three years he served in the Navy during World War II, Marleau has spent his entire life in Big Moose. He's of the opinion that acid precipitation has an even more widespread effect on the region than has yet been documented. Marleau isn't a scientist. He doesn't have data printouts to substantiate his views. But he's a state forest ranger—he has been one for 33 years—and until the fishing collapsed, he was an ardent angler.

"Almost everything is down," says Marleau. "Everything. Acid rain affects the birds that feed on fish, the fur-bearing animals that feed on fish. The way I look at it, everything in nature is dependent on food, and when you reduce the food supply of those birds and animals, it affects other birds and animals that aren't direcly dependent on aquatic insects and fish.

"The snowshoe rabbit is down, the fox is way down, deer are down, way down, the bobcat is down, the raccoon is down. Even the porcupine is disappearing. Bear is fairly plentiful, but of course a bear is like a pig. It will eat anything from bark to garbage. Frogs and crayfish are way down. Kingfisher, osprey, gulls, they're all down. The loon has disappeared. There are no mayflies, and darning needles are way down. There used to be clouds of them when there were thick hatches of mosquitoes. The mosquitoes are nothing like when I was a kid.

"You don't see fish jump anymore. There are no fish to jump, and even if there were, there'd be no insects to make them jump. It gets to a point where you're going to have to play God again and start all over by making the environment comfortable for the littlest insect."

Acidity is measured on the pH—literally, potential of Hydrogen—scale, which runs from acidic at its low end to alkaline at the high. Every value below 7, the neutral point, is increasingly acidic. The pH scale is exponential, so that pH 4.6 is 10 times more acidic than pH 5.6, and pH 3.6 is 100 times more acidic.

"Pure" water is slightly acidic, a pH of between 5.6 and 5.7, because the water molecules combine with carbon dioxide naturally present in the atmosphere and form weak carbonic acid. While scientists are not certain that rain was ever "pure"—for instance, a million years ago it may have had pHs as high as 6 or 7 as the result of free-floating alkaline dust—they do know that trouble begins when the acidification of precipitation is intensified. The median pH for precipitation in the Northeast is generally accepted to be 4.3. Although not "officially measured," the lowest recorded level for a single storm anywhere in the world is believed to have occurred in the fall of 1978 in Wheeling, W. Va. According to the U.S. EPA there, over the course of a three-day drizzle, pHs of under 2 were discovered, more than 5,000 times more acid than normal rain. For comparison, the pH of bottled lemon juice is 2.1.

Although data are meager, the evidence indicates that in the last 20 to 30 years the acidity of precipitation has increased in many parts of the U.S. At present, the U.S. annually discharges more than 26 million tons of sulfur dioxide into the atmosphere. Just three states, Ohio, Indiana and Illinois, are responsible for nearly a quarter of this total.

Overall, two-thirds of the sulfur dioxide in U.S. skies comes from gas-, coal-and oil-fired power plants. Other sources: industrial boilers, smelters and refineries, 26 percent; commercial institutions and residencies, 5 percent; and transportation, 3 percent. Between now and the year 2000, utilities are expected to double the amount of coal burned.

At present, the U.S. pumps some 23 million tons of nitrogen oxides into the atmosphere. Transportation sources account for 40 percent; power plants, 30 percent; industrial sources, 25 percent; and commercial institutions and residences, 5 percent. What makes these data even more disconcerting—and statistically unpredictable—is that emissions have trebled in the last 30 years.

In addition to sulfuric and nitric acids, acid precipitation often carries with it other products of combustion, such as lead, zinc, mercury, copper, cadmium and nickel, among other poisonous heavy metals. Besides dumping loads of such metals on once-balanced ecosystems, acid precipation can also leach from the soil metals, notably aluminum, that are already present.

After the Clean Air Act was passed in 1970, utilities often sought to meet its standards by building very tall stacks. The EPA calculates that there are now 180 stacks more than 500 feet tall as compared to only two in 1969. Tall stacks can relieve local air pollution, but they increase acid precipation in downwind areas. In 1974, American Electric Power ran ads boasting that it was the "pioneer" of tall stacks. The ads proclaimed that the tall stacks dispersed "gaseous emissions widely in the atmosphere so that ground-level concentrations would not be harmful to human health or property." These emissions, American Electric Power said, are "dissipated high in the atmosphere, dispersed over a wide area, and come down finally in harmless traces." The ads derided "irresponsible environmentalists" who wanted strict controls over the emissions and accused them of "taking food from the mouths of the people to give [themselves] a better view of the mountain." Except for one thing: It's clear now that those "harmless traces" are not harmless.

The effect of acid precipation on a body of water depends on the nature of the rock and soils in the watershed. A watershed containing readily available calcium and magnesium or carbonates weathered from limestone can buffer acid in much the way an Alka-Seltzer or a Rolaids tablet will neutralize an upset stomach. Some parts of North America, such as the Middle West with its more alkaline soils, have great buffering capacities, but there are other areas that have

hard rock and/or infertile sandy soil, and these have minimal buffering capacity. Geologic outcroppings and anomalies can make for vast differences within an area. How much acid precipitation it takes to acidify a specific body of water depends on that body's acid-neutralizing capacity, chemically measured as its total alkalinity. A lake with, say, 10 parts per million total alkalinity is low on alkalines, and in time acid can destroy it. Knowledge of the total alkalinity of a body of water and whether that alkalinity is decreasing is essential because pH can be a deceptive figure, dropping sharply only as buffering capacity is finally destroyed.

Snowfall can play a key role in acidification. Dr. Ernest W. Marshall, a geologist specializing in snow and ice, believes he can track different storms through the Adirondacks weeks after they have occurred by digging into the snowpack and examining individual storm layers. To Marshall, it's no coincidence that the Adirondack lakes that suffer most each spring lie on the range's western slope and receive the greatest snowfall. "The snow and ice store acids for three to four months," Marshall says, "and then when the spring melt comes, lakes and streams get one hell of a slug of acids. It's as though a pack-a-day smoker gave up cigarettes for four months and then tried to make up for what he had missed by smoking dozens of packs in just 10 days." High acid episodes during snowmelt are not unusual in lakes and streams that otherwise seem normal. In Norway, these episodes have been linked with large fish kills.

At 6.5 pH level, brook, brown, and rainbow trout experience significant reductions in egg hatchability and growth. At 5.5, largemouth and smallmouth bass, walleyes and rainbow trout are eliminated and declines in other trout and salmon populations can be expected. Below 5, most fish are unable to survive.

A low pH can cause female fish to retain their eggs, but even if the eggs are laid, mortality can be high in acidified waters because fish are ultra-sensitive in the egg, larval and fry stages, Ironically, as new year-classes of fish fail to develop, the older fish become bigger because of reduced competition for the food, and anglers will often report sensational catches.

Why do the fish die? Low pH by itself interferes with the salt balance freshwater species need to maintain in their body tissues and blood plasma. But apart from that, there's another factor at work: aluminum. Acid precipitation "mobilizes" (puts into circulation) aluminum, one of the most abundant metals in the crust of the earth, and as Dr. Carl Schofield, a Cornell University aquatic scientist, discovered, aluminum can be lethal to fish and other organisms at pH levels that are normally considered safe for the host fish themselves. Acidification also mobilizes mercury and cadminum, and fish that don't die may become poisonous to predators who eat them—including the human kind—because of the accumluation of such heavy metals in the fish's tissues.

Besides losing its fish life, it appears an acidified body of water also loses hundreds of other organisms, including insects, mollusks and certain types of algae. However, a few species can actually thrive. The water in an acidified lake is often a crystalline blue, but the bottom is sometimes carpeted with fibrous mats of algae, thick enough to be picked up and shaken like a rug. Bacteria that can thrive without oxygen live beneath such mats, where they decompose plant matter and produce gases that bubble to the surface in the summer months. "I suspect that this is the cause of the garbage-dump-like odor that wafts over the surface of some acidified Adirondack lakes during the warmest part of the year," says Brookhaven's Hendrey.

There's another bizarre touch: Tree leaves that fall into streams, lakes and ponds become pickled and simply stay there. The bacteria and fungi that would normally begin to break down the leaves are inhibited, and the same holds for stoneflies and other aquatic insects that eat leaf detritus. Given this, leaves can build up in a body of water, and as Hendrey says, "Acidification is accelerating the rate of the filling-in of ponds. The accumulation of material is abnormal, and it's increasing so rapidly that soon it may have negative effects for human beings."

Scientists at the Freshwater Institute in Winnipeg, Canada are attempting to document the most minute changes that occur in acidified lakes. In 1969, the Canadian government established the Experimental Lakes Area southeast of Kenora, Ontario by setting aside 46 lakes for scientific investigation of pollutants. Like thousands of other lakes in eastern Canada, ELA lakes are situated on the granitic Canadian geologic shield, and because they are remote from sources of pollution, they are basically undisturbed. Inasmuch as the hydrological, meteorological, chemical, biological and physical characteristics of all 46 lakes have been measured, any one of them can serve as an experimental laboratory, with others acting as controls.

Early research in the ELA centered on the effects of phosphate detergents, which led to their reduced use in Canada, and in 1976 the emphasis shifted to the effects of acid precipitation. The scientists took one lake—it has no name, just the designation Lake 223—and over the course of the next four years added three metric tons of sulfuric acid to it. Dramatic changes have already occurred. The pH of 223 has dropped from 6.5 to 5.6; aluminum, zinc and other toxic metals have been mobilized and are present in increasing concentrations; a small mysid shrimp, an important food for lake trout, has disappeared, as has the fathead minnow; the population of slimy sculpins has dropped sharply; and there is a greater incidence of deformed lake-trout embryos.

Although the phenomenon of acid precipitation has been recognized only in recent years, it probably began about a century ago. Dr. Stephen A. Norton and his colleagues at the University of Maine have found buildups of lead and zinc far greater than the natural background levels in sediment cores extracted from the depths of New England and Scandinavian lakes. The cores show that the initial buildups began 100 years ago and then increased startlingly in the 1940s. In approximately 100 years lead has increased as much as 300 percent over the background level and zinc as much as 700 percent. Moreover, additional studies of the sedimentary remains of diatoms, microscopic one-celled algae, and of cladocerans, microscopic crustacea, indicate "biological changes related to acidification of some of the lakes.'

As early as 1872, Robert Angus Smith noted that coal burning in Great Britain caused acid precipitation, and shortly after the turn of the century English scientists C. Crowther and H.G. Ruston reported that "acid rain," the term they used, had killed or reduced the yields of timothy, radish, lettuce and cabbage grown near Leeds in the industrialized Midlands of Great Britain.

In 1959 a Norwegian fisheries inspector, A. Dannevig, first attributed the decline in fish in southern Norway to the increasing acidity of the water, but he had no idea that the acids came from the sky. At the same time Eville Gorham, a Canadian ecologist then in England and now at the University of Minnesota, published a number of papers demonstrating that acid precipitation could affect the buffering capacity of bedrock, soils and lakes.

But it was not until 1967 that Svante Odén, a young colleague of pioneering Swedish atmospheric scientists Karl Gustav Rossby and Erik Eriksson, made the breakthrough that identified acid precipitation as a serious environmental threat. Odén, who had been asked to do research on surface-water chemistry, theorized that the increasing acidity of Swedish waters was the result of atmospheric fallout of sulfates. The Swedish government asked him to write a report on his hypothesis, and while Odén was working on it, he received a call from a fisheries inspector in western Sweden who asked, "Is it possible that a massive fish kill we have found could be related to the acid precipitation?" Odén recalls, "That was a shock to me, because that was the first real indication that acid precipitation had an impact on the biosystem."

Odén's report, issued in 1968, showed that acids emanating from Great Britain and West Germany were having a deleterious impact on Swedish rivers and lakes, particularly in the southwestern part of the country. The report created a sensation, and Odén was invited to lecture at universities in the U.S., where other scientists, notably Dr. Gene E. Likens at Cornell and one of his graduate students, Charles Cogbill; Dr. F. Herbert Bormann of Yale; Dr. James N. Galloway of the University of Virginia; and Dr. Ellis Cowling at North Carolina State began investigating acid precipitation. Cowling was instrumental in the establishment of a National Atmospheric Deposition Program, which has a network of sampling stations across the U.S. and in Canada. Dr. Harold Harvey and Dr. Richard Beamish at the University of Toronto focused on lakes.

Likens and his colleagues at Cornell were in a particularly advantageous location in upstate New York. Dr. Dwight Webster, a Cornell professor of fisheries science, had been working on several Adirondack lakes that had been losing their trout populations, and Schofield, the Cornell aquatic scientist, examined the data Webster had accumulated. As Webster says now, "Everything began to fall into place." In time, even utilities joined in. Since 1977, the Electric Power Research Institute, a non-profit arm of the utility industry, has funded $14.5 million in acid precipitation research.

Apart from being a threat to aquatic life, acid precipitation poses other problems, some of which are the concern of Dr. Michael Oppenheimer, a senior scientist at the Environmental Defense Fund headquarters in New York City. Oppenheimer recently gave up his post as an atmospheric chemist with the Harvard-Smithsonian Center for Astrophysics in Cambridge, Mass. to join EDF so he could deal full time with acid precipitation and related issues.

"On certain days the air pollution from Los Angeles blows across the Southwest," says Oppenheimer. "Add that pollution drifting out of the L.A. basin to that from large power plants and smelters in the Southwest, and some of our best views in the West, such as the view of the surrounding ridges from within the Bryce Canyon National Park, are reduced. The haziness is caused by the microparticulates associated with acid precipitation. Congress was specifically concerned about this when it passed the Clean Air Act. There are possible effects on climate. Particulate matter reduces the penetration of sunlight, and I think it likely this will have some effect on climate in the Northeast and perhaps elsewhere.

"There are also possible adverse effects on human health. The first human-health effect is the inhalation of suspended microparticulates of nitrate and sulfate materials. For years asthmatics have gone West for their health, and the inhalation of microparticulates can affect asthmatics, old people and children. We're concerned now that fine par-

ticles are causing widespread health damage in the Northeast."

The "Northeast Damage Report," written for a consortium of Northeastern states by Jennie E. Bridge of the New England Interstate Water Pollution Control Commission and F. Peter Fairchild of the Northeast States for Coordinated Air Use Management, states "Human health is also directly impacted by sulfates and other fine particles transported in the atmosphere. Impacts range from serious respiratory and cardiovascular diseases to death from cancer. High levels of sulfate in the Northeast, largely due to long-range transport into the region, contribute significantly to morbidity in the region. The probability of dying from air pollution-related diseases is twice as high in the Northeast than in other regions of the United States."

According to Oppenheimer, "A second adverse human health effect is the leaching of toxic materials into drinking water supplies, both ground and surface waters." In some parts of the U.S., homeowners obtain their drinking water from roof catchments that drain into cisterns. In Ohio, for example, there are 67,000 such systems. In a study of 40 catchment-cistern homes in Clarion and Indiana counties in western Pennsylvania, Dr. William E. Sharpe, a water resources specialist at Penn State, found that 28 homes, or 70 percent, had lead concentrations—already in the water when it arrived as rainfall—in their water supplies that exceeded the EPA's "safe" level (50 parts per billion). Nine of the homes had hazardous lead concentrations caused by acid corrosion of the plumbing. "People who rely on roof catchments have very definite problems," Sharpe says. "There are possible health effects, and there are economic costs. They're going to have to lay out $800 to $1,000 per household to make rudimentary changes.

"The rural sections of Clarion and Indiana counties have no public water supplies, and there's an irony here: Deep and surface coal mining has polluted the ground and surface waters so they're unfit to drink, and the people have turned to the sky as a last resort. It's the coal that's mined in the area and shipped to power plants that's coming back to kill their last resort."

Acid deposition readily affects metals, marble and limestone, and it is accelerating the degradation of buildings and monuments in the U.S. and abroad. Some of those affected in this country include the Statue of Liberty, the Washington Monument and the Capitol. "The east side of the Capitol is white Lee marble from Lee, Mass.," says Dr. Erhard Winkler of Notre Dame. "There are craters one-quarter inch or more in it. It looks like shrapnel has hit it. What has happened is that because of acid precipitation, the hard minerals in the marble had changed to talc."

With one or two exceptions, the impact of acid precipitation on crops and forests has yet to be scientifically determined. There are more variables to contend with in terrestrial ecosystems than aquatic ecosystems. But experimental work with simulated acid rain has shown a number of harmful effects on crops, such as the leaching of nutrients from foliage, the inhibition of nitrogen fixation essential to photosynthesis and the reduced yields of pinto beans and soybeans. Indeed Dr. Lance Evans of New York's Manhattan College estimates that as a result of acid precipitation soybean farmers annually suffer a loss of $50 million because of a 1-percent reduction in yield.

Probably the most significant work on North American forests is that being done in the Green Mountains by Dr. Hubert Vogelmann and Margaret Bliss of the University of Vermont and Dr. Thomas E. Siccama of Yale. In a paper to be published in the Bulletin of the Torrey Botanical Club (a peer-review journal), they report a startling 50-percent dieback in red spruce on Camels Hump, Jay Peak, Bolton Mountain and Mount Abraham. The dieback has occurred in the last 15 years on land that the scientists had previously studied. "Examination of dying trees has not revealed disease organisms," they write. "The fact that trees of all ages become necrobiotic suggests that they are under environmental stress, but it is not clear what stress or stresses are involved. . . ." Red spruce decline is especially pronounced at upper mountain elevations where precipitation is high and fog is of frequent occurrence.

Studies currently underway in the Green Mountains indicate that both rain and fog at these elevations are highly acid. . . . Heavy metals (i.e., lead, copper and zinc) are known to be accumulating in forest soils at upper elevations. Since the environment of high elevations is normally fragile, it is possible that recent atmospheric pollution is sufficient to tip the balance of trees already growing in a stressed situation."

What's being done to curtail acid precipitation? A lot, in Canada. Canadians know they have a great deal to lose besides lakes and rivers. Forest products are the biggest industry in that country. The single largest source of sulfur dioxide emissions in North America is the International Nickel Company's nearly one-quarter-mile-high superstack, the tallest in the world, in Sudbury, Ontario. Every day the stack spews 2,500 tons of sulfur dioxide into the atmosphere, and some of it reaches the U.S. The stack used to exude more than 5,000 tons of sulfur dioxide a day, but INCO is now under provincial orders to cut emissions to 1,950 tons a day by 1983 and make further reductions thereafter to the lowest feasible level. Until last year, provincial governments set the standards for emissions of sulfur and nitrogen oxides—much in the manner that the Reagan Administration is planning to propose that emissions regulations be established by individual states—but Canada amended that law in 1980, giving Parliament the authority to control sources that contribute to pollution "across national boundaries."

But Canada can't go it alone. Two-thirds of the sulfuric acid that falls there originates in the U.S., and Canada is waiting to see what the U.S. is going to do when Congress and the Administration reconsider the Clean Air Act, probably in December. If the utility industry has its way, the U.S. will not take effective action now.

Utility arguments against control of emissions sometimes are absurd, but the industry also presents the following seemingly cogent points:

It is unclear whether precipitation is becoming more acid in the East. That's true, but there are large areas of the U.S. and Canada that can't endure anywhere near current levels of acidity without suffering further damage.

Fish in Florida lakes with a low pH "show no sign of dying." Correct. What isn't said is that the fish are stunted and emaciated.

The "three lakes in the Adirondacks" arguments. This is a favorite of Dr. Ralph Perhac of the Electric Power Research Institute. On Feb. 27, 1980, Perhac testified before the House Subcommittee on Oversight and Investigations that: "In EPRI's lake acidification study, we have found three lakes in the Adirondack Mountains of New York State which have very different acidities, yet these lakes lie within a few miles of each other and chemistry of the rainfall is the same at all three. Obviously some factor other than precipitation is responsible for the acidity." What Perhac didn't tell the Congressmen was that the three lakes in question—they happen to be Panther, Sagamore and Woods, Bill Marleau's old favorite—have different buffering capacities. On March 19, 1980, Perhac repeated the same testimony to the Senate Subcommittee on Environmental Pollution.

Sudden acidification of a body of water, in itself, may not be responsible for fish kills. Perhac used this argument before both the House and Senate subcommittees last year, and he cited a case of a kill that occurred in the Tovdal River in Norway in early 1975. It's true that the sudden acidification "in itself," to quote Perhac's hedge phrase, didn't kill the fish. What Perhac didn't say was that it was determined that the likely killing agent was aluminum, mobilized by the acid snowmelt.

Acid rain is turning up in remote parts of the world, such as Hawaii. Therefore acid rain is natural and industry cannot be blamed. This argument is completely irrelevant to the situation in the northeastern U.S., where natural sources are far too small to account for the observed sulfuric acid in precipitation. Yes, rain in Hawaii is acid, ranging from 5.2 at sea level to 4.3 at 7,500 feet, but the scientists who documented this, John O. Miller and Alan Yoshinaga of the National Oceanic and Atmospheric Administration, have suggested that convective rainstorms may reach high up into troposphere to precipitate pollutants coming from distant sources. Recently Canadian scientists reported that pollutants traveling 3,000 miles and more from Europe, Asia and possibly North America are causing a pervasive haze in the Arctic during winter and spring.

A reduction in sulfur dioxide emissions in the Midwest and Northeast, say of 50 percent, wouldn't cause a 50-percent decline in suspended sulfates, wet sulfur deposition and acid precipitation in the Northeast. "It is true that there is not a one-to-one correspondence in reductions," says Oppenheimer, who has been studying the chemical transformation and deposition of sulfur, "but long-range transport models indicate that 50-percent reductions would lead to very significant decreases closer to 50 percent than to zero."

Any acidified waters could be restored by liming. Liming is useful only on a limited Band-Aid scale for the preservation of unique fish populations. "It has its place currently in fishery management, but it isn't viewed as the solution to the problem," says Cornell's Schofield. Harvey of the University of Toronto says, "Let us dismiss out of hand that we can lime the northeast quadrant of a continent." Liming also doesn't answer the other threats posed by acid precipitation.

"In 1980 two scientists who tested ice core samples concluded that acid rain existed long before the Industrial Revolution. They found the samples, which were taken from the Antarctic and the Himalayan Mountains, laden with acid. One sample was 350 years old." This "well-documented and proven information" is cited in the Edison Electric Institute's publication Before the Rainbow: What We Know About Acid Rain. This information is false. It was based on an article that ran in The Wall Street Journal on Sept. 18, 1980. That story began, "Acid rain, a recent concern of environmentalists, has been pelting the earth for centuries, according to findings by two University of New Hampshire scientists." The two scientists referred to, Dr. Paul Mayewski and Dr. W. Berry Lyons, insist they made no such findings. "The story was extremely distorted," says Mayewski. "There were no significant heavy acid traces at all in the cores, and we stressed to the man from The Wall Street Journal that we were doing research on ice and snow, not rain and acid rain." Mitchel C. Lynch, whose byline appears on The Wall Street Journal story, stands by his piece as an accurate presentation of the information given to him by the scientists. On Oct. 1, 1980 the Journal used Lynch's article as a peg for an editorial de-

claring that the "theory" that acid rain is a result of industrialization "has just taken a couple of body blows from Mother Nature."

Others have taken up the cry. In a speech last May at an international acid rain conference at the State University of New York at Buffalo, William N. Poundstone, executive vice president of Consolidation Coal Company, cited "research by two scientists at the University of New Hampshire. They studied Antarctic and Himalayan ice cores, dating back 350 years. Here, clearly in the absence of fossil-fuel burning plants, they found pH values in the low 5s."

Industry representatives often use arguments such as the above to turn out articles that befuddle the public and legislators. Since they all seem to be reaching into the same old bag, it's sometimes difficult to discern who wrote what first. Two articles published back to back in Before the Rainbow: What We Know About Acid Rain, a 102-page paperback published by the Edison Electric Institute as part of its "Decisionmakers Bookshelf," are just about identical, word for word, page after page, except for the placement of some paragraphs.

Essentially that book is a compendium of articles intended to define the utility industry's stance on acid rain. Its tone is set by Editor Carolyn Curtis, who, after seizing upon the fact that "natural rain is somewhat acidic," writes, "So by all rights we should have been saying for years, 'It's acid raining outside,' or 'Take your umbrella. It's going to acid rain today.' This sounds preposterous, but it's true. Thus, our first understanding is that the strong verbal image, 'acid rain,' elicits more fear than it deserves."

Curtis also writes that "what has been printed on this subject ranges from good through mediocre to bad in terms of editorial consistency and scientific soundness. . . . The media—which have many fine writers, editors and, yes, thinkers—have painted for me an amusing portrait of two of our society's most distinguished professions. One is of a scientist who one day comes across some surprising information: that precipitation is higher in acidity than distilled water. He scratches his head and says, 'By golly, I've been wondering why all those fish have been disappearing!' The other is of a government lawmaker. He reads a report that scientists are learning rain has a higher acid content than they realized before. He looks up at a staffer and shouts, 'I knew it! It's those so-and-sos in industry. They've been sending stuff up in the air and now it's showering down on all of us.'

"If scientists and Congressmen were as overly reactive and quick to jump to conclusions as that, we would not have progressed beyond the alchemists and feudal system of the Middle Ages. On the other hand, if we knew all the scientific information there was to know and if every law had been passed, then those folks wouldn't have much to do."

Fred Johnson of the Pennsylvania Fish Commission says, "The utility companies responsible are dragging their feet and screaming and hollering that they need another 20 years of research. If we do that, it'll be too late. . . . They put out propaganda, and this confuses the public, which is going to suffer in the end. I just got another piece of garbage in the mail today from General Public Utilities."

The GPU's brochure that so exercised Johnson is called *Take the Acid Test*, and one of the questions it asks is: Is acid rain a problem in Pennsylvania? GPU's answer is, "The results of the studies to date are inconclusive and often downright contradictory. For example, the Pennsylvania Fish Commission is blaming increasing acidity in the rainfall for low fish populations in some streams. But Dr. Robert P. Pfeifer, an associate professor at Pennsylvania State University, views acid rain as a boon to the Pennsylvania farming community. He said that without the sulfur and nitrogen brought down by acid rain, Pennsylvania would become barren of most vegetation."

The utility industry has some formidable political allies on the state level, notably Ohio Governor James Rhodes, who has said that his state is no more to blame for acid rain than Florida is to blame for hurricanes. James F. McAvoy, former director of Ohio's Environmental Protection Agency, admitted to Congress last year that his state is the largest single emitter of sulfur dioxide in the nation, but he refused to concede that acid precipitation was a "very serious problem." McAvoy testified: "Despite the reported effects of acid rain on the environment we cannot afford to overreact to preliminary data, especially in light of our grave energy needs today. . . . We are aware that both the U.S. EPA and the White House have stated that it will take at least 10 years to accurately determine the extent, effects, sources and controls of this phenomenon. In our opinion, the 10-year figure may be overly optimistic. . . ." Two months ago President Reagan nominated McAvoy for the Council on Environmental Quality.

What do Administration officials think about acid precipitation? In April of 1980, David Stockman, now the Director of the Office of Management and Budget, told a Washington meeting of the National Association of Manufacturers that he was "somewhat of a self-avowed heretic" who didn't belong to the "choir of the faithful committed to issuing melodious harmonies to the tenets of orthodoxy regarding the Clean Air Act." Addressing himself directly to acid rain, Stockman went on to say, "I kept reading those stories that there are 170 lakes dead in New York that will no longer carry any fish or aquatic life. And it occurred to me to question . . . well how much are the fish worth in the 170 lakes that account for four percent of the lake area of New York? And does it make sense to spend billions of dollars controlling emissions from sources in Ohio and elsewhere if you're talking about very marginal volume of dollar value, either in recreational terms or commercial terms?"

After Stockman finished, an NAM spokesman said he found it "encouraging to know that somebody who thinks like that is still in Washington and has something to say." Stockman has much to say now about any approach to acid rain. As director of the OMB he has oversight of all environmental regulations.

After the 1980 presidential elections, Prime Minister Pierre Trudeau of Canada said he planned to discuss acid precipitation with the new President at the first meeting between the two. They met and talked in Ottawa in March, but the signs are that their discussion yielded little progress on acid precipitation problems. A month afterward, Robin Porter, the State Department's specialist on pollution problems with Canada, said that any treaty with Canada on transboundary air pollution was "at least three or four years away." Angry Canadian officials said that any such delay was unacceptable.

Several weeks later the Administration further angered the Candians when it failed to send its official representative—Frederic N. Khedouri, Associate Director of the OMB for Natural Resources, Energy and Science—to an acid rain conference in Buffalo. Among those stood up by Khedouri was Dr. Mark MacGuigan, Canada's Secretary of State for External Affairs.

MacGuigan pointedly told the conference: "To . . . those who propound the view that economic and energy considerations make significant controls unfeasible, I would submit that significant emissions reductions, if wisely applied, need not detract from economic and energy goals. Nor should the legitimate costs of production be passed off to another party—in this case another country. This is spurious in economic terms and irresponsible in the spirit of international legal considerations.

"Acid rain is a serious bilateral issue because Canadians perceive that further delay in tackling the burgeoning threat of acid rain can result in further incalculable damage. Such delays would be particularly repugnant to Canadians if they were the result solely of narrow vested interests.

"It was an international arbitration in the 1930s between Canada and the United States that provided what is still the clearest statement of the international law relating to air pollution. At the conclusion of the Trail Smelter Arbitration, in which Canada had previously accepted liability for damage caused [to farmers] in the state of Washington by fumes from a smelter in British Columbia, the arbitral tribunal stated that 'no state has the right to permit the use of its territory in such a manner as to cause injury by fumes in or to the territory of another, or the properties of persons therein. . .'

"I am certain that all responsible Americans accept that the rule of law should guide their relations with other countries as well as their internal activities. I am also certain that responsible Americans recognize that our mutual obligations must be met by dealing with the causes of acid rain to prevent further damage rather than concentrating on remedies for damage after it has occurred."

The next move is up to Congress. Of all those who have addressed the issue, Oppenheimer of EDF says it best: "We have taken a basic parameter of nature, snow and rainfall, which touches everything, and we have changed the acidity by a factor of 10 to 100 times over normal in the last half-century. Nature operates on a long time scale, but we have been making a host of changes at once, and all the cumulative effects of these changes on this country cannot be understood at once. This is a matter of grave concern. Acid precipitation is an incipient disaster of the first order, and if we don't do anything, within 10 years we'll start to see seriously significant effects beyond already manifest fishless lakes."

A CONTINENT HEADED FOR DISASTER

MAINE

Native brook trout have ceased reproducing in all small lakes over 2,000 feet in altitude. The pH in these lakes is 5 (pHs of less than 5.6 are hazardous to acquatic life). The headwater tributaries of at least five Atlantic salmon rivers are sufficiently acid to jeopardize the lives of young fish.

NEW HAMPSHIRE

The usual picture of acid-pickled lakes is beginning to emerge," says Ronald Towne, chief water pollution biologist of the state's Water Supply and Pollution Control Commission. "We have lakes with low pH, low alkalinities, no fish or missing year-classes, high aluminum." So far, Towne has found that seven high-altitude lakes he has been able to reach by car are "bad," but he hasn't been able to get funds for a helicopter needed to sample remote waters.

VERMONT

Several lakes in the Brooks Wilderness Area of the Green Mountain National Forest have a pH of 4, and two tributaries of the West River Ball Mountain Brook and Wardsboro Brook have been acidified.

MASSACHUSETTS

Acid precipitation is pelting the state—this summer the pH of a rainstorm in Lawrence was 2.9—and Massachusetts' fisheries and drinking-water supplies are both threatened by disaster. The Quabbin Reservoir,

which supplies the Boston area, often registers surface water pH values in the 5s and 4s, according to Alan VanArsdale, head of the Massachusetts Department of Environmental Quality Engineering's Acid Deposition Assessment Program. Other bodies of water that have lost their buffering capacity include the headwaters of the Westfield, Deerfield and Swift rivers; the Wachusett Reservoir, Atkins Reservoir, North Watuppa Pond, the reservoir for Fall River; a series of high-elevation (1,200 to 2,000 feet) ponds and reservoirs in the Berkshires; and the drinking-water ponds in Plymouth County. VanArsdale isn't optimistic about getting the EPA funds needed to investigate or improve the situation. "They're not going beyond step one to start funding activities in the Northeast," he says. "They're waiting till we scream bloody murder."

RHODE ISLAND

Officials are keeping a watch on the Scituate Reservoir system, which serves as the drinking-water supply for nearly half of Rhode Island. The total alkalinity of the reservoir is low, ranging from three to seven parts per million. The average pH of rain this summer was 3.5.

CONNECTICUT

A dozen lakes have a total alkalinity of less than five parts per million, but Charles Fredette of the state's Department of Environmental Protection terms acid precipitation a "long-range" concern. "We don't have high-altitude lakes like New York or New Hampshire," says Fredette, "and we have relatively good buffering capacity."

NEW YORK

It has been documented that 212 Adirondacks lakes and ponds totaling some 10,460 acres are acidified and incapable of supporting fish life. What is infrequently pointed out is that this figure is derived from tests made on only a third of the lakes and ponds. From the same limited sample, another 256 lakes and ponds totaling 63,000 acres were judged to be in danger of losing their fish. The headwaters of the Hudson have been acidified in part. Other sensitive areas in the state include the Tug Hill Plateau to the west of the Adirondacks, the Catskill Mountains, the Shawangunk Mountains, the Hudson Highlands, the Palisades area and Long Island.

NEW JERSEY

Research is just getting under way, but there are "some waters in the northwestern part of the state that show some signs of acidification," says Dr. Dean Arnold of the U.S. Fish and Wildlife Service. According to A. H. Johnson of the University of Pennsylvania, headwaters of streams in the Pine Barrens show signs of acidification from precipitation.

PENNSYLVANIA

At present many of our mountain streams can no longer support rainbow trout, and some of our first- and second-order streams can't even support the more tolerant brown trout," says Fred Johnson, Water Resources Coordinator of the Pennsylvania Fish Commission. "There are also streams that we can't stock before the trout season begins because of the acidity of the snowmelt. The situation is very serious." A portion of Pennsylvania extending through the central and northern sections of the state routinely has the most acidic rainfall of any large area in the country. The average in the summer is pH 3.8.

WEST VIRGINIA

A dozen trout streams are too acid to support fish. Moreover, 150 miles of the state's total of 550 miles of native brooktrout streams are considered "threatened," says Don Gasper of the Department of Natural Resources. "The average pH of this 150 miles of streams is 5.5," he says. "In the springtime it dips down to 4.8 or 5 and then climbs up to 6 in September. If the stream pH were to decline a half a pH unit, there would be no more fish. West Virginia is a stream state, and we're talking about losing one-quarter of our heritage," concludes, Gasper. "What's coming down is very, very bad. We're really very worried." In addition, stocked streams are also being affected. Gasper says that about 150 miles of these are too acid in the spring to be stocked.

KENTUCKY

In Cumberland State Park, located in the southern part of the state, acid deposition is leaching heavy metals into watersheds. Lake Nevin in the Bernheim Forest, which is close to the Kentucky-Indiana border, has detectable levels of lead.

NORTH CAROLINA-TENNESSEE

The Great Smoky Mountains National Park, which covers 509,000 acres in both states, is taking a battering. The beautiful blue haze that comes from lacquers and oils liberated from the forest canopy is rarely seen. Instead, visibility has been greatly reduced, obscured by an ugly gray haze composed of man-made particulates, mostly aluminum sulfates. After the Los Angeles basin, the western slope of the southern Appalachians, from Georgia north to Kentucky, has the highest frequency of air stagnation in the U.S.

The average pH of precipitation in the park has gone from 5.3 in 1955 to 4.4 in 1973 and 4.2 in 1930. In the spring, stream pH levels drop to as low as 4.3, and aluminum leaching is ongoing. In Beech Flats Creek, zinc and aluminum have reached nearly toxic levels for fish, and rainbow trout in the park contained more than the permissible amount of mercury allowed for human consumption until the Food and Drug Administration raised the level from .5 parts per million to 1 in 1979. In lakes lying just outside the park boundary in North Carolina, smallmouth bass have abnormal backbones, generally associated with aluminum toxicity. Amphibians, particularly salamanders, are also threatened. The park contains the greatest diversity of salamanders in the world, including the Plethodontidae, the lungless salamanders that probably evolved in the region.

GEORGIA

Northeastern Georgia, extending from Raymond County to Pickens County, has low buffering capacity, according to state environmental officials. There have been reports of skeletal deformities in smallmouth bass in Lake Chatuga, a northern reservoir, and officials say there's some indication that these might be the effects of low pH.

FLORIDA

Acid precipitation threatens poorly buffered lakes in the sandy central highlands region that runs the length of the peninsula. According to Dr. P. L. Brezonik, water resources specialist formerly of the University of Florida and now at the University of Minnesota, the acidity of Florida rainfall has increased markedly in the last 25 years. The most acidic rains—with a pH of less than 4.7—fall on the northern two-thirds of the state.

MICHIGAN

Some 16,000 lakes of more than 10 acres each are considered susceptible to acid precipitation. More than half the 8,000 lakes and ponds in the Upper Peninsula have an alkalinity of only about 10 parts per million. The Keeweenaw Peninsula on Lake Superior receives one of the heaviest snowfalls in the U.S., averaging about 12 to 13 feet annually, and the median pH for snowfalls in the winter of 1977–78 was 4.5.

WISCONSIN

Twenty-six hundred lakes of more than 20 acres in size are considered very susceptible to acidification because they have a pH of 6 or less and little alkalinity.

MINNESOTA

The northern part of the state, particularly the Boundary Waters Canoe Area Wilderness, is susceptible to acidification. In fact, the "Transboundary Air Pollution Interim Report," prepared last February by a group of American and Canadian scientists, noted that "Atmosphere load near the BWCAW is at levels associated with the onset of lake acidification in Scandinavian countries."

COLORADO

Acid precipitation is falling on the Rockies northwest of Denver. Drs. William M. Lewis, Jr. and Michael C. Grant, environmental biologists at the University of Colorado, accidentally discovered this in 1975 while they were working in the university's mountain research station, 9,000 feet up at Como Creek, adjacent to the Indian Peaks Wilderness Area. In the four years from 1974 to '78 the pH of precipitation dropped at a rapid rate, from 5.4, to 5.0, to 4.8, to 4.7. Then, in August, Dr. John Harte of the Rocky Mountain Biological Laboratory reported that small lakes and streams in the Elk Mountains near Crested Butte in western Colorado have very high levels of acid. Harte said that the pH of rain and snow in the area had sunk as low as 3.6 in some storms.

WYOMING

The average pH of precipitation falling at Yellowstone National Park was 5.2 in 1980.

MONTANA

The pH average for precipitation in Glacier National Park was 4.9.

IDAHO

The 1980–81 pH average at Craters of the Moon National Monument was 4.8. All these Rocky Mountain averages are for wet deposition only.

NEW MEXICO

Acid precipitation with a pH often in the 4s and occasionally in the 3s has been reported for the Teseque Watersheds in the Santa Fe National Forest.

ARIZONA

The 1980 pH average for Tombstone was 5.2.

WASHINGTON

Twenty-four of 68 lakes sampled in the Olympic Mountains and the Cascades by Drs. Eugene B. Welch and William H. Chamberlain, of the University of Washington, had a pH of less than 6. Seven lakes had a pH of less than 5.5; they all were located in the Alpine Lakes Wilderness, due east of Seattle. In a report submitted to the National Park Service, Welch and Chamberlain noted that 70% of the rainfall monitored in Seattle ranged in pH from 5.2 to 4.2.

CALIFORNIA

Dr. Doug Lawson, a researcher for the state Air Resources Board, says, "The state has levels of acid precipitation as high or higher than any place in the country, and we do have areas that are very susceptible in the Sierra Nevada and around Los Angeles where there are exposed granite surfaces." The pH of drizzle measured by Dr. James Morgan of Cal Tech in 1978 was 2.9. Recently, when scientists flew through smog over Los Angeles, they were unable to conduct tests because acids had corroded their instruments.

GI'S IN WEST GERMANY

Mr. NUNN. Mr. President, the Atlanta Constitution recently published a six-part series by its Washington correspondent, Henry Eason, on the American military presence in the Federal Republic of Germany. Mr. Eason spent 2½ weeks with American soldiers and offi-

cials at their bases in Germany and thoroughly examined their conditions and capabilities.

These articles, based on first-hand experience and extensive interviews, highlight several critical aspects of the American soldiers' experience, including their living conditions, equipment, morale, and relations with their German hosts. Because of Mr. Eason's hard work and insightful analysis, I believe the series makes a significant contribution to the dialog on our overall defense posture and our role in the NATO Alliance.

Mr. Eason sheds light on GI attitudes and the problems they have encountered in Europe. He brought to this series a well-deserved reputation for accurate and balanced reporting as well as detailed research and a solid background in the military area. This series only enhances that reputation.

Mr. President, I hope that all my colleagues will take the time to read these enlightening articles. I believe the series will help us in addressing the vital questions involving our military presence in Europe and in devising effective solutions to the problems we face. I ask unanimous consent that the entire series be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Atlanta Journal and the Atlanta Constitution, Sept. 13, 1981]

GI'S IN WEST GERMANY ARE GUNG-HO DESPITE BIG ODDS

(By Henry Eason)

With Second Armored Cavalary on the Czech-West German Border.—The young lieutenant dismounted from his jeep, chomped on a cigar and approached one of the wooden markers that separates East from West. He studied a Czech guard tower with his binoculars and smiled wryly at his companion.

"We're really the first meat in the meat grinder," said 1st Lt. Don Levin.

"But," he remarked as he watched border patrol scouts of the 2nd Armored Cavalry Regiment deployed in the nearby woods, "this regiment can hang and bang."

His comments reflected deep pride in the tradition of the 2nd Cav—a unit that has been "hanging and banging" ever since the Seminole Wars in Florida in 1836 and distinguished itself during World War II under Gen. George Patton.

Levin is one of 220,000 American soldiers in West Germany. Not all of them are as hell-for-leather as this modern cavalryman, who commands a battery of self-propelled artillery capable of pounding Warsaw Pact forces with nuclear shells.

The average American soldier defending West Germany faces superior odds with many aging and some inferior weapons and equipment that he must struggle to maintain in the mud of spring and summer and in the ice and snow of winter.

If he is single, he usually lives in drafty, cramped pre-World War II barracks with decrepit plumbing and lighting. If he is married and is "lucky" enough to obtain it, he and his family will dwell in claustrophobic stairwells that the Germans desparagingly call "American ghettos."

He often feels an alien in a culture whose people are enjoying prosperity that far exceeds his own means. He is likely an economic conscript from a homeland with a high unemployment rate. He grumbles and complains, feels neglected by his own citizenry across the Atlantic Ocean, and yearns to return to what he calls "The World," the good ole U.S.A. And he wonders, not rarely, what on earth possessed him to listen to that Army recruiter.

And, on top of all this, he finds he is depicted in newspaper articles and television documentaries as "dumb."

His machines and quarters may not be the best but when a fight starts, as 7th Corps commander Lt. Gen. William Livsey put it in a low growl, the GI "will kick your butt."

Judging from more than 100 interviews with American soldiers and tours of a dozen bases in West Germany conducted by The Atlanta Constitution, there are strong indications that the GI may be, in most cases, the best thing the Army has going for it. He shows signs of being tough and able, despite working and living conditions that many of his commanders describe as shameful.

"How much is enough?" wondered Maj. Gen. John Faith, commander of the 1st Armored Division in Ansbach, when asked if the American soldiers are being trained well enough to be ready for combat.

"Sure, we'd like to maneuver in the countryside more. We'd like to shoot more. We've been cut down on ammunition."

"Still I'm comfortable that we are a hell of a lot better than we were two years ago. The soldier is trainable. Treat him decently . . . some of them have never been treated decently . . . and they'll fight," Faith said.

Faith identified an issue that other officers allude to as well. The Army may be recruiting many young men and women with barely a high school education and a considerable number of people from low socio-economic origins. But commanders and non-commissioned officers assert that the Army's time-tested methods of training and its centuries-long experience in building fighting morale can, indeed, turn a low-motivated person into an effective soldier.

Asked if the kind of people the Army is recruiting are smart enough to handle its increasingly sophisticated fighting equipment, Nuerenberg-based tanker Sgt. Arthur McCann commented, "We push buttons and pull triggers."

Standing on an M-60A3 tank that contains computerized night-fighting and laser-targeting equipment and a welter of complex electronics gear inside, McCann contended, "I could take a 10-year-old and in two weeks teach him to gun.

"All the people who work for me are outstanding. They can do their job, functions as a team. As far as the Russians are concerned, we can take them on."

In June, during Canadian Cup competition—exercises that test NATO tankers' gunnery and maneuvering skills—American tankers came in third behind the West Germans and the Belgians, bringing a chorus of boos from military commentators.

But the West Germans and the Belgians were using the heralded Leopard II tank, against the U.S.' inferior M-60A3. And the American tankers still scored just narrowly below tankers from the other two countries.

In May's infantry competition, with the Americans operating in substandard M-113 armored personel carriers, GIs came within a hair of edging the West Germans out for first place. American commanders believe training and quality manpower prevented the Americans, despite their aged equipment, from being humiliated by their NATO allies.

Also during NATO-Warsaw helicopter competition in Poland, the U.S. team comprised mostly of Army pilots swept to first place over West Germany, Poland, the Soviet Union and Great Britain, who finished in that order.

Certainly, some non-commissioned officers maintain, some "pretty dumb people" enlist in the Army, but they contend that most problem cases are weeded out at training camps in the States and further culled when they come overseas.

There is encouraging evidence among the enlisted soldiers that they strive to ensure that the men working beside them can do their job well enough to prevent their squad from failing.

E4 Andrew Huenink, with the 2nd Cavalry Regiment in Nuremberg, said, "Morale is very, very high. Some of these guys take weekends off just to train people. Everybody's willing to teach people something. I learned because I had people around me who wanted to learn. A guy's life could depend on it."

Second Cavalry Capt. Pat Blazek said, "Every day you read that the soldiers aren't prepared, can't do the job. But we train to correct deficiencies. A lot of people we talk about have never been with a winner before. This is the oldest surviving regiment in the Army. The spirit's pretty high around here."

Border patrol Sgt. Mike Borton, also with "The Cav," asserted, "It's cohesive, more than I would ever have imagined, because hey, there's nobody between us and the border."

Still manpower problems linger—problems the soldiers themselves, independent analysts and our allies have identified. Many expressed belief that only the draft, which would infuse a broader cross-section of Americans, will solve the problem.

Brookings Institution analyst Martin Binkin said readiness is a very difficult factor to measure, but he remarked that among independent defense experts the quality of the American soldier is a major concern. "The low quality of the Army has been quite evident over there. Everybody is talking about these exercises we have and how poorly we have fared compared to the West Germans and some of the other NATO allies."

Army studies, called "skill qualifications tests," made of the soldiers' readiness over the last few years also showed some readiness problems.

Sen. Sam Nunn (D-Ga.), ranking Democrat on the Senate Military Manpower subcommittee, judged that over the last two or three years the readiness of the American soldier in Europe has improved.

But, he said, "For two or three years the Army emphasized putting their top people in Europe. Then they started running into a huge problem with the readiness of the U.S. (based) divisions. We were bleeding the U.S. divisions of skilled, top-notch people and putting them in Europe. Then, (divisions in the U.S.) got into such a bad state of readiness that (the Army) is now going back in reverse—shipping them from Europe over here—downgrading to some extent the personnel readiness in Europe."

"I think readiness has improved," Nunn said, "But if you compare us to, let's say, the Germans or to some of the other allies, I think we are still deficient in a good many respects . . . and we don't have a lot of credibility (with our allies) right now, because some of the readiness problems we've got."

Lt. Col. Wilhelm Wacker, commander of the Bundeswehr's Rommel Panzer-grendiers at Dornstadt, critiqued his American comrades-in-arms in an interview. "The standard of combat readiness should be higher. We see things that seem to be expressions that some American social problems are in unequal representation in the U.S. Army." He cited drugs, over-representation of blacks and women. "In our view that combat readiness isn't as high as it should be. Our draftee Army has an advantage over the U.S. volunteer Army. The attraction of payments to people in the lower classes (of the United States) isn't right."

"It's tough on soldiers. Re-enlistments are affected. People don't like to come to Germany. Some soldiers in the United States retire when told their next assignment is Germany," said Col. Clark Benn, a staff officer at the Army's European headquarters in Heidelberg.

Because of a widespread loathing for West German postings, the Army has found it difficult to retain men with high combat skills, the very men needed for Europe.

Sgt. McCann said, "It takes one-sixth of the time to train him (the soldier), one-sixth to tank-train him, one-sixth for him to get good. The rest of the time they know they're short (their enlistment is expiring). They say, 'Hey, that's it'."

"There is a dissatisfied element" admitted Brig. Gen. Jimmy Ross, 7th Corps' support commander in Stuttgart. "But we're trying to sell the soldier. We're trying to show them that somebody cares. We want to send them back to the States as proponents of the Army."

"If Congress is concerned," Stuttgart-based Lt. Col. William Batts, commander of an engineers battalion, remarked crisply, "then Congress should provide sufficient funds" for better living and working conditions, conditions that would bolster morale.

Batts, a black officer, said the Army "is not working hard enough. Race relations and equal opportunity are de-emphasized. There have been no explosions. That's perceived as no problem. We may just be waiting for the next eruption."

The American Army in West Germany, in the assessment of many here, has manpower, weapons, logistics and social problems that are straining the baling wire that has held it together for 36 years.

TROOPS STRUGGLE WITH POOR EQUIPMENT

(By Henry Eason)

BRAND, WEST GERMANY.—Almost half an hour after the troops of Camp Gates were roused by the alert siren and deployed in the Bavarian forest near here, an infantry squad was still struggling to mount a .50-caliber machine gun on its armored personnel carrier.

During actual combat, the M-113 armored personnel carrier would be the mechanized infantry's main war horse. These two-decade-old machines are universally regarded as far more vulnerable than similar equipment used by our allies and adversaries alike.

They are less maneuverable than carriers used by other modern armies, do not provide infantrymen the safety of fighting from within the machines and do not have a permanently fixed machine gun, nor do they afford the gunner the protection of an armor-plated turret.

American soldiers have to dismount from these aging machines, exposing themselves to fire from opponents who shoot from gunports within their modern infantry machines.

The Army will not say when the new "Mechanized Infantry Combat Vehicle," which has the modern features of the infantry vehicles of European nations, will be deployed in force in Europe, but the estimates are numbered in years.

The old personnel carrier, according to an Army report, "can no longer adequately handle (its) mission."

The most modern American tank in the European theatre, the M-60A3, was also judged by the Army in another report to be inferior to the Soviet T-72 tank "in terms of armament, mobility and armor protection."

Other tracked and wheeled vehicles are worn and have been repaired many times. It will be several years before the new M-1 "Abrams" tank—a weapon believed to be superior to the T-72—will be in Europe in force.

Some independent defense analysts are equally concerned about the Army's main battle tanks and personnel carriers.

Brookings Institution weapons expert Thomas McNaugher said, "Ten years ago we could always sort of slough off criticism of the numerical disparity (more Warsaw Pact than NATO tanks) by saying we got better tanks. Clearly we haven't fielded a new tank in the interim, while the Soviets have gone through at least two more generations—T-64 and T-72. The qualitative differences are just getting wiped out—so the numerical differences are now such that you can't avoid them. That's why we're so damn worried."

Sen. Sam Nunn, D-Ga., a member of the Armed Services Committee, fears that it may take longer than many think to get new vehicles to the Army in Europe.

"Really it's a matter of dollars and cents," he said. "Can we procure them, with the huge cost per unit, in sufficient numbers to really have the numbers of tanks and Infantry Fighting Vehicles out there that we need?" he said. Nunn also said slow Army procurement procedures complicate the problem.

Not only is the quality of these main-line vehicles comparatively poorer than those of some of our allies and adversaries, but the facilities used to keep them running are generally regarded by the Army and by some members of Congress as a disgrace.

The House Military Construction Subcommittee, chaired by Rep. Bo Ginn, D-Ga., responded to the Reagan administration's dramatic new defense goals by approving expenditures for next year of $372.5 million to upgrade Army facilities in West Germany. Ginn has called the Army's facilities "deplorable" and has vowed to work for their improvement.

Much of this new money will be directed at providing concrete hardstands and better garages to replace the muddy yards in which the tanks and other vehicles are now maintained. By comparison, almost all West German tanks and vehicles are kept in modern facilities and parked on concrete.

But Army and congressional estimates indicate that proposed appropriations may be only about one-tenth the funding needed to bring living and working conditions for the American soldier in West Germany up to an adequate level.

After at least a decade of neglect, brought on by a public aversion to the Vietnam experience and a mirror reflection of this attitude in Washington, the Army is beginning to get funds to purchase and field an array of modern equipment that will give the soldier a reasonable chance of fighting and surviving against Warsaw Pack forces.

But, during the intervening few years, some fear there is a "window of vulnerability" in conventional arms for the United States, just as one is expected for nuclear arms.

An Army review of its equipment concluded, "Most weapon systems now in the field were designed during the 1950s and are in many cases older than the troops operating them."

Specifically, the 1981 report, call "Equipping the Army," said, "Until the Abrams tank is deployed, we lack a main battle tank with the survivability features necessary to stand up to increasing numbers of improved Soviet tanks and anti-tank weapons."

Its critique of U.S. artillery found that, compared to Soviet guns, "our current field artillery capability does not measure up . . . until we get more of our new systems in the field, we will remain outnumbered, outgunned and outranged by the Soviets."

The Army is also gravely concerned that it would be tough to withstand a Warsaw Pact chemical or biological offensive, which Army intelligence believes Warsaw forces at least train to carry out.

Warsaw Pact armies, according to intelligence specialist Maj. Terry Ford at the Army's European headquarters in Heidelberg, "could challenge NATO to the utmost." With minimal mobilization, Ford estimated, 60 Warsaw Pact divisions could be brought to bear on half as many NATO divisions and those are scattered throughout western Europe.

Weapon and equipment problems also contribute to dissatisfaction among American troops in West Germany. It has become a major re-enlistment problem, and the Army is having to tender more attractive offers to retain combat arms specialists.

"Jeez, our motor pool is the pits," veteran 2nd Cavalry Regiment tank Sgt. Arthur McCann complained. "Mud holes . . . when we pull out an engine, change the oil, we have to do it in the cold, with equipment freezing right on the wash rack. That's the best we have. You try pulling one of those (machine) packs in three feet of snow."

E-4 Avery Jenkins, also based with the 2nd Cavalry in Nuremberg, was aghast. "You'd be surpised how many military vehicles don't work well. So many are not up to dukes. There is no way you can take a worn-out piece of junk and make it work. Some are dead sitting ducks. On maneuvers, you'll always see three or four tanks that can't work on the autobahn."

When a group of German officers were asked if they would trade their weapons for American weapons, they immediately shook their heads. Their Leopard 1I tank and their Marder armored personnel carrier are acknowledged as superior.

Brig. Gen. Jimmy Ross, support commander of the VII Corps in Stuttgart, said, "It's a demoralizing thing for young soldiers who come here with a good attitude (from training in the States). But they see the maintenance shops we have and they lose some of that interest. Troops say Europe is a horrible place. I've seen our soldiers stack stuff in facilities with mud floors. We have to tell the young soldiers (to) keep right on truckin'."

A logstics expert, Stuttgart-stationed Lt. Col. Alan Armstrong said during an alert in Stuttgart, "Wheeled vehicles are a particularly tough problem for the Army. The jeeps we have, we have to work really hard to make them work. They're rusting out. We had to wash out a quarter of our vehicles. Trucks are the same. They are very old. It's an open question whether we can sustain any kind of combat because of the fragility of the logistics system."

"Managing poverty," is what VII Corps chief-of-staff Brig. Gen. William Sweet called it in an interview in Stuttgart.

TO U.S. SOLDIERS STATIONED IN GERMANY, DECREPIT HOUSING IS THE REAL ENEMY

(By Henry Eason)

HEIDELBERG, WEST GERMANY.—The most serious "morale breaker," as American soldiers and their commanders call it, for the U.S. Army in West Germany is the substandard, cramped and scare housing for the troops and their families.

The housing problem permeates every other aspect of Army life. Claustrophobic conditions in barracks create tensions among soldiers, many of whom are jammed four to a two-man room.

Soldiers complain bitterly they have no privacy and are deprived of even minimal bath, recreation and meal facilities. Many Army wives—even those of field-grade officers—deplore the spartan quarters they must live in.

General Frederick Kroesen, commander of the U.S. Army in Europe, warned Congress this year that poor housing directly affects the soldiers' readiness to fight, and the Pentagon says it has hurt re-enlistments.

And adequate housing seems at the top of the soldiers' list of grievances here. It makes them feel, they say, that their country does not care about them.

Most troops live in barracks that Americans captured in 1945 from Hitler's army. Quite a few of these buildings were constructed during the First World War. Army engineers—and frequently the men themselves during their "off" time—work con-

stantly to repair antiquated plumbing and wiring and structural failures.

They scrape walls, replaster them and paint them. But they complain they don't have sufficient time or money to do a complete rehabilitation job.

Meanwhile, their German comrades-in-arms dwell in modern, clean facilities, with functional bathrooms and reliable heating systems. Many of the German barracks also contain pleasant lounges where the soldiers can relax in comfort.

American soldiers and their wives and children are also treated in substandard hospitals and infirmaries, none of which are acredited in West Germany. And their few sports and entertainment facilities are decrepit.

According to Army engineers here, half of the 245 Army installations in Europe are housing soldiers in excess of capacity. Many soldiers live in the attics of old Nazi army buildings. The Army estimates that 15,000 additional barracks spaces will be needed over the next few years.

"Family housing in Germany is our most serious peacetime problem. It is difficult to meet the expectations of a sergeant moving from Fort Hood, Tex., where he lived in a ground floor duplex, had a carport and his own garden, when the best USAREUR (U.S. Army Europe) can give him is a fourth-floor apartment in crowded conditions, and he can wait up to 43 weeks to get that," an Army report states.

The cost of repairing old buildings and constructing new cnes is staggering. More than $1.6 billion is needed to repair housing and operational buildings. Another $13.6 billion is required for new construction, according to the Army.

The House Military Construction Subcommittee this year approved its biggest building and repair budget in American history, $372.5 million for erecting housing and operational buildings for the Army in Germany.

But only $76.8 million of this will be spent for the construction or repair of barracks.

"I don't think it is enough," said subcommittee chairman Rep. Bo Ginn, D-Ga., "but it is a significant beginning."

The problem, as Ginn sees it, is that "construction dollars always have to compete with dollars for weapon systems and personnel."

In the small city of Ansbach alone, Lt. Col. Ken Haveman of the Corp of Engineers estimated that he needs $10 million for 10 years to bring the 1st Armored Division facilities there up to standard.

The Pentagon asked Congress for a modest $1.6 million commissary warehouse there, but the House subcommittee declined to recommend it. So Ansbach will receive no new construction or repair money next year.

"I can't continue to put bandages and baling wire on these facilities," Haveman complained. "Some of these windows are falling out."

That means the job of fighting the housing problem falls to men like Ansbach-based 1st Armored Division Sgt. Bill Sonza, who, in addition to his other duties, is charged with enlisting his men to spend their off-duty hours painting and scraping and repairing—that is, if they can find the paint and equipment to do it with.

"Twenty-five to fifty percent of the furniture we have has come from 'property disposal'—that's junk that other people have thrown away," Sonza commented, pointing to the dilapidated chairs and sofas in barracks rooms.

"We also get the stuff that the Germans throw away," added Capt. Mike Crossett, Sonza's company commander, as the two displayed impoverished living conditions in an Ansbach barracks.

Most families who are fortunate enough to get space in military housing are crammed into unaesthetic concrete-block fortresses that stand like public housing ghettoes in prosperous German cities.

Many other soldiers and their families are forced to look for homes on the private German market, where housing shortages make them so expensive that they take a big chunk out of the soldiers' paychecks. Even some of the more expensive dwellings are described as veritable rat warrens.

Commanders here say administrations and congresses have been budgeting for housing here as if the Army were going to be in Europe just one year at a time. But housing for the Army in West Germany is a 36-year-old problem that many here don't believe will ever be properly addressed.

GERMANS, GI'S DON'T ALWAYS GET ALONG

(By Henry Eason)

STUTTGART, WEST GERMANY.—For many American soldiers, their first acquaintance with life in Germany is a high-voltage culture shock. They say it takes patience and time studying the language and customs to mix well with the German people. Too often, they contend, too many GIs don't even make the effort.

Commanders encourage troops to learn German. Non-commissioned officers work to get "barracks rats," those soldiers who avoid any contact with the populace, to get out into the countryside for "Volks marches" with Germans who hike through scenic country. Many officers take their men on field trips.

"The biggest problem is getting the soldier to leave the barracks and use the little bit of German he has to get out and go downtown," said Maj. Steve Fredericks, who is based in Ansbach.

For their part, Germans as a whole seem grateful for American military support, as many GIs will attest.

There is no mistaking the enthusiasm German children have for the uniformed American. They stand and wave and exchange pleasantries and jokes with soldiers whose patrols pass through German towns and villages, especially in areas close to the eastern border, where GIs believe they are better appreciated than in the cities farther away from the Iron Curtain.

Many soldiers have touching stories to tell about fond relationships they have developed with Germans. One squad of troops maintains year-round, all-night surveillance of the East German border from the barnyard of a farmer's house. On snowy nights the farmer and his wife bring hot drinks to the observers and often take them pastries in the morning when their shift is over.

Germans also offer programs, like "Soldier on the Farm," where a GI goes for a short time to work on a farm and commune with the family. Germans also frequently extend invitations to GIs on holidays.

Yet some soldiers and their commanders complain that the Germans put too many of their recreational and eating establishments off-limits to GIs. Others contend that after two decades of prosperity, the Germans now shun the poor American soldier—whose ex-GI father might have told him he could win their friendship with gifts of chocolate, food, cigarettes and silk stockings.

"It's more like a class system now," said Sgt. Mike Morton, who is stationed in Nuremberg. "You try to go into some middle-class clubs and they don't want our business. They don't need it."

And yet Borton is not bitter. He recalled fondly that when he was ill several years ago, the German family with whom he was boarding cared for him meticulously after his surgery. He still delights in accepting dinner invitations from them.

Beyond the level of interpersonal relationships between GIs and Germans is the question of who should pay for the costly U.S. Army presence in West Germany.

In Congress, the House Military Construction Subcommittee has suggested that perhaps the West German government should provide more "host nation support" to the U.S. Army.

"The theory behind host nation support is that countries such as Germany that have experienced sustained economic growth, low inflation and small increases in defense spending should find ways to provide more support to U.S. facilities," the subcommittee's annual appropriations report states.

"A U.S. presence contributes to their economic stability by offsetting what they would have to spend to provide a strong defense. There has been limited success in increasing host nation support in Europe," the report concludes.

Many of those on the panel, including Rep. Bo Ginn, D-Ga., its chairman, believe the West Germans should provide more support.

Lt. Col. William Batts, who commands an engineer battalion in Stuttgart, put it more bluntly. "There is no reason why the American public should suffer more to pay for German defense. It should not be the burden of our taxpayers. The burden should be on the host country. We're protecting them."

The German government does provide the land on which Army installations are based and it has paid to upgrade some facilities and for the restationing of one brigade. But American taxpayers have paid for the lion's share of maintaining the U.S. forces here over the last 36 years.

And, according to West German government spokesman Lothar Ruehl, that's the way his government believes it should be. He said requests for West Germany to share more in the burden of maintaining American soldiers here are untenable.

"If we did this for the United States, we would set a precedent for the other allied forces in the federal republic." The other powers, Ruehl said, "are holding their fire until the outcome of U.S.-German discussions on burden-sharing. If the West German government gives way, he said of the other nations "We would have all of them scurrying here for (German) marks."

He noted that the Carter administration had indicated its desire for greater West German support but added that the Reagan administration has not yet announced whether it will reaffirm this request.

Ruehl acknowledged that some American installations are in shoddy condition, but asserted that some have overemphasized the problem.

One of the major American-German cultural problems here concerns G's and their local girlfriends, encounters that sometimes lead to comic and not-so-comic situations.

"We're trying to provide more education in boy-girl relations," Lt. Col. Mike Clark said. "The American male is more dominant (in dealing with women). He looks for a little more resistance in his women. A wink of the eye will be a come-on."

Because of their experiences in America, said Clark, chief of 7th Corps' public information office here, some G's will interpret a German woman's "no, no" to mean "yes, yes," and will continue to press their amorous attentions. But a German girl means "no" when she says it.

"The German girl is taught not to resist," Clark continued. "She will submit, and the guy thinks that's consent. It's not. The guy can often face prosecution (for rape)."

Sending red roses to a German girl sets her household busily preparing for a marriage. A German woman is insulted if a man holds the door open for her. It means he is unwilling to see if the environment inside is suitable for her. And, in a theater, you don't slip down a row to your seat with your backside toward German faces.

Despite the cultural conflicts, there have been a number of marriages between American soldiers and German women, and they tend to strengthen ties between the host nation and the guest army. Many soldiers like Germany well enough to remain there when their tour of duty ends.

"What I did and what people still do is escape (from hassles at post)—you go downtown and find yourself a German girlfriend. If you can, you try to get one who will let you stay the night with her, so you don't have to spend the night in the barracks," said Nuremberg-based Sgt. Rick Pomerance, who is married to a German woman and plans to make Germany his home.

The Army takes social relations seriously. There are posters throughout the barracks, reminding soldiers of the differences in social customs. One frequently seen poster shows a lovely German girl in a bar, looking alluring. The caption tells the soldier that she's probably just being friendly and doesn't want to sleep with him.

"We are trying to stay out of trouble. We are in a country other than our own, a different culture. There are 63 million people here in a nation the size of Oregon," said Lt. Col. Dragon Stefanovic, the 1st Armored Division's German-American relations specialist in Ansbach. "We've got to try to get along."

Portions of this story were provided by Victoria Pope, Constitution Special Correspondent in Bonn, West Germany.

GI NIGHTMARE: WOMEN IN BODY BAGS

(By Henry Eason)

ANSBACH, WEST GERMANY.—Army commanders assert that, even though women are prohibited from serving in combat units, many of the 19,000 female soldiers here still would be killed if war erupts in Europe.

"How long will American public opinion stand it when females come back in body bags? Will it bother them more (than seeing dead male soldiers)? Where we have to employ them here, there will be some women injured and killed," said Col. Thomas Settle, commander of the 1st Armored Division's support battalion here.

Army strategists predict that there would be no traditional, defined front in a conventional war between NATO and Warsaw Pact forces. The actual front could be a hundred miles deep, with East Bloc artillery and aircraft bombarding targets throughout it.

That would mean women truck drivers ferrying supplies and women in numerous other jobs providing close support to forward combat units would be caught in the middle.

Some of the commanders wonder privately if the first wave of female casualties, wounded and dead, arriving in America would touch off an immediate public reaction to force the president to pull women out of the combat theater. That, they say, could severely disrupt close-support units.

The Pentagon is in the midst of an intensive study of women in the military, one that the Army command here hopes will address some of these concerns.

The role of women in the Army has expanded, paralleling the diversification and growth of women in the civilian world over the past two decades. Commanders here believe that increased numbers of women in the Army have brought problems and new opportunities.

Women soldiers, based on interviews with several dozen of them, generally appeared to have at least as much esprit as if not more than the male soldiers.

But the Army headquarters staff in Heidelberg contends that as many as 10 percent of all women soldiers here are pregnant at any one time. Additionally, they believe that, because women have less upper body strength than men, they cannot perform even many noncombatant functions that men carry out.

Nonetheless, Heidleberg-based Brig. Gen. Ronald Zeltman, in charge of personnel matters for the Army in Europe, maintained that women soldiers are "as good as any we have ever had in our peacetime army." They tend, he continued, to be more disciplined and patient in training and in executing their missions.

Women maintain tank equipment, serve as military police, perform clerical duties, man radar installations, conduct intelligence work and lay wire in the engineers corps. they are often even billeted in the same barracks as men, though they have separate bathrooms.

A group of men and women lunching in a mess hall here were asked about the female soldier in Germany. They occasionally disagreed, but there was substantial agreement that women are as much a part of the Army as men.

Most women serve in medical support functions, but one male captain expressed doubt that a woman could pull a wounded 200-pound man from his wrecked tank. Other men said women cannot pull up field hospital tents as quickly as men.

A woman sergeant responded, "We have women in a medical battalion that can't pull their weight, but we have men who can't either."

A woman lieutenant quickly added, "I don't believe there is anything in a medical battalion that a man can do that a woman can't. Sometimes, it might take just a little longer. Sometimes not."

"That's if you have enough time. Sometimes the time can be critical," a male lieutenant colonel chimed in.

There are other problems that are special to women, like sexual harassment.

Capt. Kathleen Poppinga, in charge of a group of warehouses for the 1st Armored Division here, said, "I get sexual harassment every day. I jogged past our company the other day and the whole camp started yelping."

In Stuttgart, Col. Carroll Tichenor said, "I would be concerned about women going into the (men's) barracks at night." As a commander of Army lawyers, he explained that he routinely sends a male soldier from his office to accompany a woman lawyer who must interview a soldier in his barracks at night.

But other women contend that the Army has cracked down so hard on sexual harassment that many men are afraid of getting into trouble if they press their advances too vigorously with women soldiers. And some say that in coed barracks, male and female soldiers often develop "brother-sister" relationships.

Spec. 4 Katie Haynes, who works in a 1st Armored Division motor pool near here, said the behavior of some women soldiers encourages sexual harassment. "When I first came into the Army, I had a problem with black guys. They'd hang out of windows and say things to you . . . a lot of guys assume that you would go to bed with every guy. A lot of women here are like that, too. It makes it hard for the other women."

Pregnancies among her troops are a problem for Capt. Poppinga, "So many are getting pregnant"—many of them, she said, doing it simply to obtain discharges.

Stuttgart-based Spec. 4 Diane Woods, an English graduate from the University of Southern Maine, said barracks life "is a circus," one she often escapes on weeknights by checking into an inn and on weekends by traveling with friends to see the German countryside. Her problem, she said, might best be solved by applying to officers' candidate school.

But, for most women in the Army, ascending to the more comfortable preserve of the officers' corps is not an avenue open to them any more than it is for most of the men.

Brookings Institution analyst Martin Binkin, who co-authored a study of women in the Army several years ago, said the Army "probably went too far too fast with the women question . . . now they're taking a hard look at it."

"My impression," he continued, "is that what they're running into is predictable. Number one. Women may not be as happy in non-traditional jobs as people thought they would be. Secondly, the quality of women—as they took more in, it went down."

The troublesome issue of how female soldiers should be used, especially in a theatre like Europe where combat is always a possibility, will continue to confront the Army and the women who serve in it.

ARMY BRACES ITSELF ON ALCOHOL AND DRUGS: G'S BASED IN GERMANY SEEK RELIEF FROM BOREDOM IN NARCOTICS AND BEER

(By Henry Eason)

NUREMBERG, WEST GERMANY.—"Hey narc! How you doin'?" one of several enlisted men seated in a mess hall near here called out sarcastically to a soldier who walked in alone for his lunch. The soldier filled his tray and went to an empty table.

"We're giving him the silent treatment. He was transferred from the MPs. Started asking too many questions when he got here," the one who had yelled at the isolated figure explained to an observer.

The word is going around American barracks in West Germany that the Army is making its biggest push yet to eradicate drug use by fielding many more undercover agents.

The program, which is being run from the Army's European headquarters in Heidelberg, is part of the Defense Department's $101 million effort this year to keep soldiers, sailors and airmen from using hard and soft drugs and abusing alcohol.

The Army is trying, by the use of informants, to identify and prosecute the many narcotics dealers who peddle to what some say may be as many as half of the soldiers in Europe on an occasional or regular basis. Two big drug raids in Stuttgart alone this summer netted several dozen users and pushers.

In 1980, there were 12,300 drug offenses out of a population of 220,000 soldiers in West Germany, according to Army crime statistics.

Recently the Army attempted to find out just how many soldiers were using drugs by passing out questionnaires that the troops could fill out anonymously. The returns indicated that 6.5 percent of the soldiers use a hard drug (those other than marijuana and hashish) on a regular basis and that another 20 percent use marijuana or hashish at least once monthly.

But in interviews, some soldiers said they lied about their drug use on the questionnaire because they knew the Army would crack down on them harder if the general trend showed higher drug usage in Europe.

In a separate survey, the House Select Committee on Narcotics Abuse and Control said this week that 42.3 percent of Army personnel at 22 installations in West Germany and Italy used drugs while on duty the month before the survey was taken this summer. Rep. Leo Zeferetti, D-N.Y., committee chairman, said the finding shows a "shocking level of drug abuse within the ranks of our Nation's armed forces."

Brig. Gen. Lyle Barker, the Army's chief spokesman at the Pentagon, acknowledged that it is difficult to measure this phenomenon and offered a rough estimate, based on his recent tour of Europe, that has as many as 50 percent of the soldiers using drugs occasionally or frequently.

Army commanders often argue that, proportionately, probably no more young soldiers use narcotics than do young civilian Americans.

But Rep. Glenn English, D-Okla., chairman of the Congressional Task Force on

Drug Abuse in the Military, said recently, "The real issue is the question, can we tolerate drug abuse to the levels in the military that we have within society? The other part of the question is, you know, should we expect the military to tolerate it?"

Despite the level of drug abuse, Lt. Gen. William Livsey, commander of the 7th Army Corps in Stuttgart, said, "We all know we've got drug usage," but he added, "I have not seen this—and this is a professional, honest assessment—affect my readiness. And I mean that."

Another general confided privately that, since it is apparent that most soldiers who smoke marijuana or hashish are doing so only on an occasional "recreational" basis, the hue and cry about drugs in the Army is overblown.

Alcohol abuse, both Livsey, the other general and many others asserted, is a far more serious problem in terms of the readiness of the soldier to fight.

Livsey expressed pride in the Army's alcohol treatment program. "We treat it as a disease. Our people that come out of there come out with no stigma."

One soldier said he was accused by others in his barracks of being an undercover agent because he would not smoke hashish with them. Eventually, he got a transfer to a barracks with a lower level of drug use.

One of the same sergeants who complained about drug use said, "It's alcohol here that's the real problem. Here in Germany it's easier for a drinker to become a full-time alcoholic. Part of the initiation here is to go to a *Gasthaus* (tavern) and learn to drink German beer. Drinking is one of the main, acceptable social events here. . . . Boredom is a big factor. I was drunk more than any time in my life when I was without my family here."

Many of the soldiers maintain that all the drug-education and enforcement programs in the world will not counter narcotics and alcohol abuse here. Unless something is done to raise the soldier from the pitiful living and working conditions he must endure, they say, drugs and alcohol will continue to be a dismal, if temporary and destructive, sanctuary for the American soldier in West Germany.

TRIBUTE TO WALTER J. STEWART

Mr. MATHIAS. Mr. President, speaking on the subject of service, Oliver Wendell Holmes, Jr., once said:

I learned in the regiment and in the class the conclusion, at least, of what I think the best service that we can do for our country and for ourselves: To see as far as one may, and to feel the great forces that are behind every detail . . . and to hammer out as compact and solid a piece of work as one can, and try to make it first rate, and to leave it unadvertised.

In paying tribute today to Walter "Joe" Stewart, I wonder whether he ever read those words. Actually, it matters little, for he lived them.

Beginning his service with the Senate as a page, Joe Stewart not only continued to accept the increasing responsibilities which attended the various positions he held, but also, at each step of his career, he had that far-ranging vision mentioned by Holmes which enabled him to prepare for increasingly important service.

Thus it was, early in his career, for instance, that while a full-time employee of the Senate, he attended undergraduate and law school at night and eventually earned an LL.B. degree from the American University Law School.

The same dedication and sense of purpose continued throughout Joe Stewart's entire career with the Congress, enabling him, in the tradition of the Holmes' remark, to hammer out compact, solid, first-rate pieces of work—as supervisor of the staff of the Democratic Cloakroom; as Assistant to the Secretary for the Majority; as a member of the professional staff of the Senate Committee on Appropriations; as legislative assistant for our distinguished colleague from West Virginia, Senator ROBERT C. BYRD; as Assistant to the Majority Leader for Floor Operations; as Secretary for the Majority; and finally, as Secretary for the Minority.

In conclusion, Mr. President, I can accurately note that Joe Stewart performed his duties "unadvertised." It is, therefore, a particular pleasure to join with my colleagues as Joe Stewart begins a new career in private industry to provide belatedly a little of the "advertising" which his service in our midst so justly deserves, and to wish him well in his new endeavors.

SENATOR STAFFORD DISCUSSES REVIEW OF THE CLEAN AIR ACT

Mr. RANDOLPH. Mr. President, the major environmental activity of the Committee on Environment and Public Works this year is our review of the Clean Air Act. Extensive hearings have been conducted, numerous conferences have been held with concerned individuals and organizations, and members and staff are now reviewing options for possible amendment to the act.

The able chairman of our committee, Senator ROBERT T. STAFFORD, was an active participant in the national town meeting program of September 24, at which the topic for discussion was the Clean Air Act.

Mr. President, Senator STAFFORD's opening statement at that program reports on our progress in reviewing the Clean Air Act. He describes the approach of the committee in this effort. The importance of this legislation causes me to include Senator STAFFORD's remarks. They will be of interest to Members of the Senate. I ask unanimous consent that they be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR ROBERT T. STAFFORD

The question posed not only here, but in the Congress and the White House as well, is whether environmental regulations are hurting or helping.

At the risk of sounding flippant, my answer is yes.

Yes, they are hurting; and yes, they are helping.

Children today swim in lakes that were not swimmable and fish in rivers that were not fishable. They breathe air that was once a threat to their health. That air is cleaner because of the Clean Air Act and the water because of the Clean Water Act.

Those laws are the modern progeny of 80 years of environmental legislation at the Federal level. They started with the Refuse Act of 1899, continued with the Clean Air Act of 1955, and matured with amendments in Eisenhower, Johnson, Nixon and Carter Presidencies.

There is absolutely no question that those laws have saved thousands of human lives and preserved the health of millions of citizens.

But, yes, the laws also hurt.

In some cases that hurt is unavoidable.

Presumably, however, the "hurt" we are discussing today is that which is not intended. And there is a goodly supply of that as well.

The Senate Committee on Environment and Public Works is now engaged in reauthorizations of both the Clean Air Act and the Clean Water Act. Our goal is to eliminate or modify provisions in those laws which are causing unintended or unnecessary pain. We are making good progress on water, and hope we can achieve the same with air. Our ability to promptly and reasonably amend the Clean Air Act is yet to be determined however.

Personally, I am committed to getting on with the job. I am convinced we can finish the Clean Air Act amendments this year, if—and only if—we proceed on a course of what I like to call sweet reason.

There is an old saying on Wall Street. Of course, Wall Street is not too popular these days, but there is still a lot of truth in the saying:

You can get rich being a bull, or your can get rich being a bear. But nobody ever got rich being a pig.

If those on all sides of the Clean Air debate will ask for only reasonable, justifiable changes in the law we can finish the job quickly and well. But an excess of greed will doom the process.

I have been saying this since December, but now the time for talking is over. We are starting to write a bill, and I want to write a good one.

Speaking only for myself as Chairman of the Committee on Environment and Public Works I want to take the unnecessary sting out of the Clean Air Act. But our Committee, the Senate, and the Congress need the help and restraint of everybody here to do it.

A GREAT LOSS

Mr. PACKWOOD. Mr. President, Egypt has lost a great President, and the world has lost a great leader.

Anwar Sadat was an extraordinary man. He was as patient as he was passionate. Above all, he was a statesman of both courage and vision.

President Sadat's contribution to the cause of peace in the Middle East was recognized in 1978 with the Nobel Peace Prize, which he shared with Israeli Prime Minister Menachem Begin.

No one who cherishes peace can forget what Sadat called his "sacred mission" to Israel to seek the end of hostilities. Standing before the Israeli parliament, this dynamic Arab head of state spoke bluntly:

We used to reject you, true. We refused to meet you anywhere, true. We referred to you as the 'so-called Israel,' true. At international conferences our representatives refused to exchange greetings with you, true. At the 1973 Geneva Peace Conference, our delegates did not exchange a single direct word with you, true. Yet today we agree to live with you in permanent peace and justice. Israel has become an accomplished fact recognized by the whole world and the superpowers. We welcome you to live among us in peace and security.

By his dramatic visit to Israel, Sadat opened the door to peace. And he did so even as he knew that he would be standing alone in the Arab world; knowing that he would become the target of the terrorists who were as dedicated to sabo-

taging peace as President Sadat was devoted to bringing it about.

By any measure of leadership, Anwar Sadat was a leader, not only of his people, but of all the world. He pointed the way from darkness toward the light. And he has paid the ultimate price, a price he was willing to pay that others might live in a more just world.

If President Sadat's successor can do one-half as much for peace as did Anwar Sadat, then he also will be able to count himself a great leader.

The death of President Sadat is a tragedy for Egypt. His loss to the world and the cause of peace is incalculable.

TRIBUTE TO WALTER J. STEWART

Mr. EAGLETON. Mr. President, I would like to join my colleagues in paying tribute to, and wishing the best for the future to, Walter "Joe" Stewart. I have known Joe Stewart for most of my service in this body. He has been a trusted friend and counselor to all of us on this side of the aisle, and, I dare say, to many on the other side who have served during his employment here.

Joe has always shown a deep respect for, and love of, the Senate, its traditions, and Members. I salute him, and thank him, for the work he has done here, and I wish him the best in his new career.

THE DEATH OF ANWAR EL-SADAT

Mr. MATHIAS. Mr. President, what is it in human nature that makes us so angry at men of peace? Yet time and again, a man of peace has been struck down by violence, while the peace he sought is still fragile and insecure, and while the hearts of the people are still yearning for peace.

Now Anwar el-Sadat joins those men and women, honored and violated, the martyred peacemakers of history. The hopes of the world lift them up to a pinnacle where they become targets to be struck down so that fear will rule and light will be snuffed out by darkness.

Anwar el-Sadat's journey to Jerusalem is one of the epic voyages of history. It was not an impressive trip in the calculation of distance traveled but it was one of the most splendid trips on record in terms of courage, aspiration, and achievement.

It was somehow symbolic that Sadat journeyed to Jerusalem in an airship, flying above the pyramids, the Nile, Suez, the Sinai, ancient Judea, and holy Jerusalem.

As he flew high over the sherds of history, the evidence of old and unforgotten conflicts and cruelties, so he flew in spirit far above the hatred and prejudice that poisons the world today. By flying so high, he evoked a heroic response in Israel and brought peace to the lands over which he had flown.

But in transcending the ancient feuds and enmities, he did not neglect the ancient truths. As he stood before the joint session of the U.S. Congress, Sadat invoked the names of Abraham and Isaac whose God he worshiped. Among his own people he prostrated himself in prayer and faithfully performed the rites of his religion.

And so it was that he could speak like a prophet with the voice of history, his words formed by the vision of a prophet which is not limited by the horizon. A prophet must, of course, first be human. His gift is not all divine inspiration. It is in part a trained intellect. Sadat, the Egyptian villager, spoke five languages: Arabic, English, French, German, and Farsi. He would say, however, in self-deprecation that his Farsi was better than his German.

The prophet's gift is also the very embodiment of humanity. Sadat's greeting to a friend was to clasp him close in a firm embrace as if to feel the beat of a warm and friendly heart. In a Nordic society such a gesture would be excessive, but with Sadat it was an expression of the commandment to love thy neighbor as thyself.

It is the tragedy of peacemakers that they seldom enjoy the peace for which they strive. Sadat will not see the desert of Sinai blossom nor the Moslem, Jewish, and Christian sanctuary on the mountain about which he dreamed.

He has, however, already built a temple that is loftier than that he planned to construct on Mount Sinai to bring together the symbols of the three great religions.

That temple exists in the hearts of men and women for whom peace had become an impossible dream and for whom hate had replaced hope. Sadat, walking the path of the pilgrim, changed their world and their lives and won their hearts.

The wives and mothers in Israel and Egypt can join together in the words of Isaiah:

> How beautiful upon the mountains are the feet of him that bringeth good tidings, that publisheth peace.

But the feet of that pilgrim walk no more on the road to Jerusalem, although his journey is not completed and his work is not finished. And so it is we, the people of the world, who must now walk finding the path and surmounting the obstacles.

Like Moses dying on Mount Nebo, Sadat had only a glimpse of the good land that may lie before us. Whether we push on to the promised land of peace and plenty is the test of whether this generation of mankind is as great as Sadat wanted us to be.

COASTAL ZONE MANAGEMENT FEDERAL CONSISTENCY REGULATIONS

Mr. HOLLINGS. Mr. President, on August 3 of this year, I introduced, with Senator CRANSTON and Senator WEICKER, Senate Concurrent Resolution 29 disapproving certain coastal zone management Federal consistency regulations. These regulations, issued by the Department of Commerce in July, we believe misinterpreted the intent of Congress in adopting the Coastal Zone Management Act of 1972, as amended, and seriously weakened the effect of the requirement that Federal activities directly affecting a State's coastal zone be consistent with that State's federally approved coastal zone management plan.

We were joined on that resolution by 26 other Senators, including my esteemed senior Senator from South Carolina, my colleague STROM THURMOND, 1 of 10 cosigners on our "Dear Colleague" letter. If you look closely at our colleagues who have cosponsored Senate Concurrent Resolution 29, if you look closely at the coastal States that have joined the lawsuit against the regulations, if you look closely at the State Governors from both coastal and inland States who support the States' rights that the proposed regulations would have destroyed, who support the balanced Federal-State partnership that has been established and has succeeded well under this law, then you must recognize clearly what is at stake here.

For what we have here is an issue that is not even bipartisan in its impact; it is completely nonpartisan. It is an issue of the relationship between the States and the Federal Government in making not only OCS leasing decisions, but also the entirety of Federal activities in the coastal zone.

And it reflects a law that was developed and amended in a nonpartisan manner over the life of the act. And it is a law that has worked well. The Coastal Zone Management Act in my view embodies the spirit of New Federalism which the administration espouses, and which all of of who have joined in the cosponsorship of this resolution, support.

The good word of the Department of Commerce was given to the chairman of our Committee on Commerce, Science, and Transportation, Senator PACKWOOD, on Monday afternoon, October 5, that these Federal consistency regulations would be withdrawn.

On that basis, the hearing scheduled for the next morning was cancelled, and we have suspended our proceedings on the resolution and the addition of more cosponsors for the moment. We are presently awaiting the letter from the Department of Commerce to the chairman that the withdrawal of these regulations is going forward.

I commend the Department of Commerce on agreeing to withdraw these proposed rules. It is now my hope that a new spirit of cooperation and consultation between the Department, the costal States, the Congress, and other interested parties will be infused into the process to develop new regulations on this issue. But whether or not this occurs rests with the Department of Commerce. It is up to the Secretary of Commerce, for whom I have great respect, to see that the Department comports itself in an evenhanded way in this matter.

I believe I can speak for all my colleagues who have joined in this effort to date when I say that we in the Senate are willing to cooperate with the Commerce Department and will welcome consultation on developing new regulations.

Mr. President, at this point I ask unanimous consent that our "Dear Colleague" letter on Senate Concurrent Resolution 29 be printed in the RECORD.

There being no objection, the letter and resolution was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., September 29, 1981.

DEAR COLLEAGUE: On August 3, we introduced Senate Concurrent Resolution 29 dis-

approving certain Coastal Zone Management Act regulations. These regulations, recently issued by the Commerce Department, in our view misinterpret the intent of Congress in adopting the CZMA and seriously weaken the effect of the requirement that Federal activities directly affecting a state's coastal zone be consistent with that state's federally-approved Coastal Zone Management Plan.

The legislative history is very clear. The Coastal Zone Management Act was designed to encourage coastal state governments to develop management plans for wise and balanced use of their land and water resources. The Act was passed to assure that rapidly increasing demands for industrial, commercial, recreational, and conservation needs of our coastal regions would be accommodated in a prudent and far-seeing manner. In return for developing federally-approved management programs, states were promised, through the "Federal consistency" provision, that the Federal government would seek, to the maximum extent practicable, to make its own actions consistent with these state- and locally-developed plans.

On July 14 of this year, however, the Department of Commerce, under strong pressure from the Department of Interior, abandoned its traditional position and reissued regulations so narrowly construing "directly affecting" as to preclude any meaningful Federal consistency determination in connection with OCS leasing activities prior to actual leasing of OCS tracts.

The legislative history clearly envisioned that OCS pre-lease activities be reviewed for consistency with State plans. Pre-lease activities define and establish the basic parameters for subsequent development and production. During the pre-leasing stage, decisions are made on the size and location of tracts, timing of the sale, and stipulations to which leases are to be subject. Each of these are key OCS planning decisions. The purpose of the CZMA would not be served by excluding states entirely from this critical OCS decision-making. If a state is consulted only after the plans are drawn and the parameters for exploration and development set, the state will be relegated to the defensive role of objecting to proposals of individual lessees as they are presented, and comprehensive planning in accordance with the state's management plan cannot occur.

Conflict's over a state's policy choices within its management plan are resolved—as envisioned by the drafters of the CZMA—in the Federal approval process, under which Federal agencies are given significant influence over state policy choices. The Secretary of Commerce may not approve a state's proposed plan "unless the views of Federal agencies . . . have been adequately considered." Once the comprehensive state plan has Federal approval, Federal activities are, to the maximum extent practicable, expected to be consistent with the plan.

The consistency requirements supplies a mechanism for avoiding litigation and promoting better cooperation between affected states and the Federal government, and has, since enactment, generally served both purposes well. In the sole instance of litigation, California v. Watt, a Federal District Court rejected the Interior Department's contention that pre-leasing activities do not directly affect a state's coastal zone within the meaning of the CZMA. The case is now on appeal. "Federal consistency" does not confer a state veto as some have erroneously contended, since it simply reflects existing states' rights. The provision merely permits state input at an earlier point in the Federal planning process.

The regulations recently issued by the Department of Commerce would destroy the balanced Federal-state partnership concept of the CZMA, which has streamlined the permitting process in coastal states. Adoption of the regulations would set back this progress, throwing states back to the courts to protect their vital interests. This can only delay OCS development. Already California, joined by Alaska, Massachusetts, and South Carolina, has filed suit to challenge these regulatory proposals. Most of the other coastal zone states are expected to join as well.

These regulations would seriously impair states' rights and violate the very spirit of the "New Federalism" espoused by the Administration—a concept we wholeheartedly support. Because it results in better cooperation and coordination between states and the Federal government, the CZMA has always enjoyed bipartisan support. Consequently, it is not surprising that when the Western Governor's Conference met in Wyoming in August, it voted unanimously to support Senate Concurrent Resolution 29 and House Concurrent Resolution 166, the pending resolutions of disapproval.

We urge you to join us in support and co-sponsorship of S. Con. Res. 29, a copy which is attached, along with a copy of the resolution adopted by the Western Governor's Conference.

If you have any questions or need further information, kindly have a member of your staff call Deb Stirling at 224–4912 or Hal Gross at 224–8121.

Sincerely,

Alan Cranston, Strom Thurmond, Henry M. Jackson, Howard W. Cannon, William S. Cohen, Ernest F. Hollings, Lowell P. Weicker, Jr., Slade Gorton, Joseph R. Biden, Jr., and Edward M. Kennedy.

S. CON. RES. 29

Resolved by the Senate (the House of Representatives concurring), That the Congress disapproves the final rule promulgated by the Secretary of Commerce dealing with the matter of the Federal consistency provisions of section 307(c)(1) of the Coastal Zone Management Act of 1972, as amended (16 U.S.C. 1456), which final rule was submitted to the Congress on July 14, 1981.

A GOODBY TO JOE STEWART

Mr. METZENBAUM. Mr. President, I extend my official "goodby and good luck" to Joe Stewart, who is leaving the post of Secretary for the Minority to go into private industry.

I personally like Joe very much. He had a long and illustrious career here in the Senate, and in my dealings with him he always was very friendly and helpful. He carried out his duties with efficiency, diligence, and with a smile. Those of us on either side of the aisle will agree that Joe contributed greatly to the smooth operation of this Senate.

We all will miss Joe. But I wish him luck as he embark upon an exciting new chapter in his life.

REDUCING DEPENDENCE ON FOREIGN OIL

Mr. HART. Mr. President, in his efforts to secure congressional approval of the proposed AWACS sale, President Reagan has argued that the sale is essential to our national security interests. The real threat to U.S. security, however, cannot be met by AWACS, but only by reducing our dependence on foreign oil.

The proposed AWACS sale represents the failure of our national energy policy. Yesterday I introduced legislation to establish an oil import fee which would enhance U.S. national security by reducing our dependence on Persian Gulf oil.

In a perspective analysis in today's New York Times, Ronald Steel explains why AWACS is not the problem, but rather the symbol of what the problem is all about. He concludes that our first task must be to reduce our dependency on Persian Gulf and Saudi oil as fast as possible. I ask unanimous consent that the article be printed in the RECORD at this point. I urge my colleagues to read it carefully.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BUYING MIDEAST ALLIES

(By Ronald Steel)

The assassination of Anwar el-Sadat not only throws the whole Camp David settlement up for grabs but also dramatizes the failure of a Middle East policy based on muscle-flexing and allies who are for sale. Egypt may be Iran all over again, and so may Saudi Arabia. In its eagerness to sign up military surrogates, the Reagan Administration has failed to consider the United States' long-term interests in the area.

The refusal to put the Awacs deal into this wider context is what gives the current debate such a phony ring.

Critics of the deal argue that the planes pose a potential threat to Israel's security—or even to our own, should they fall into unfriendly hands. The Reagan Administration, for its part, tells us that the Saudis need the radar planes to give advance warning in case the Russians attack the oil-fields. And, anyway, the Pentagon says, our friends in Riyadh will be miffed if we now deny them the fancy new devices. They might decide that we don't love, or even trust, them.

Both sides have a point. There are good reasons to support the deal, and good reasons not to.

The $8.5 billion Saudi arms package, of which the Awacs planes are a big part, would fill the coffers of some United States defense contractors and help offset the $14 billion we're paying Riyadh this year for imported oil. Score a plus for the supply-siders.

On the other hand, it's questionable that the Saudis are really worried about a Soviet invasion. If that were the case, why not just let the United States set up its own bases in the desert kingdom and operate its own Awacs to protect them? But the Saudis will have none of that. For this reason, the Israelis may be excused for suspecting that Saudi Awacs will be used against them, not the Russians.

In the long run, it may not matter greatly whether or not the Saudis get the planes. If they don't, they will pout for a while, and then come back with a new shopping list of missiles and attack bombers that the Administration will feel morally obliged to provide as compensation.

If they do get the Awacs, within a few years, following the Saudis' own Iran-style revolution, the planes will no doubt fall into the hands of Col. Maummar el-Qaddafi or even the Russians. Then we, or the Israelis, can shoot them down. As for the Israelis, their security rests—as Richard M. Nixon had the temerity to point out last week—not on denying Awacs to the Saudis but on retaining a privileged relationship with the United States.

What the episode demonstrates is that the Reagan Administration thinks that all it needs do to defend American interests is to flex American muscle. Muscle can do a lot. It is great for moving mountains. But it is not so great for repairing broken crystal. Like Mr. Sadat's Presidency, the Saudi throne

is a fragile vessel. Keeping it intact requires more than Awacs and promises of undying support. In fact, there may be nothing that the United States Government, for all its pledges, can do to keep that particular regime in one piece. What happens if it cracks—Awacs or no Awacs? Do we go down with, it as we did in Iran?

The fight over Awacs is about the competing power of the Israeli and Saudi lobbies. But behind that grunt-for-grunt TV wrestling match is the more important reality of the commitment we have made to the Saudi monarchy. We have linked our interests to its survival. President Reagan spelled it out last week when he said that he would not let Saudi Arabia "be an Iran" or fall into the hands of "anyone that would shut off" its oil supplies to the West.

This goes considerably beyond Jimmy Carter's declaration of January 1980 that the United States would repel "by any means necessary" attempts by an outside force to control the Persian Gulf. Outside has now moved inside, and defense of the Gulf against a hypothetical attack has today become defense of the Saudi monarchy against a far more likely fundamentalist upheaval from within.

The assumption behind Mr. Reagan's statement is that a firm declaration of United States support will dissuade malcontents from overturning the Saudi throne. Maybe. But what if it doesn't? It didn't prevent the assassination of Mr. Sadat. Then will Mr. Reagan send in American troops to support "our" Government, just as the Kremlin ordered the Red Army into Afghanistan to prop up "theirs"? And if he does, can he guarantee that the rebels won't sabotage the oilfields and pipelines, or that the other Arab oil states won't, in retaliation, cut off shipments to the West—as they did in 1973?

What is our interest in the Persian Gulf? Ensuring a steady supply of the oil we need. But less than 20 percent of the oil we use comes from Saudi Arabia and the Gulf. So long as we need the oil, we will have a stake in the kind of regimes that rule in the area. Our first task clearly is to reduce that dependency as fast as possible. Twenty percent is not very much. We could eliminate our dependency on Saudi oil by conservation. The Europeans and Japanese, who rely on imports, have more of a problem. This means that if the solution is military, they should contribute to it. And if it is political, they should play a role. In the meantime, we have to make sure that we don't nail our interests to the House of Saud, as we did in Iran to the Shah, and in Egypt to Mr. Sadat.

Awacs planes aren't the problem. They're only the symbol of what the problem is about.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 11:04 a.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its clerks, announced that the House has agreed to the following concurrent resolutions, without amendment:

S. Con. Res. 38. Concurrent resolution authorizing a technical correction in the enrollment of S. 917; and

S. Con. Res. 39: Concurrent resolution to express the deep regret of the Congress of the United States over the assassination of President Anwar el-Sadat of the Arab Republic of Egypt.

The message also announced that the House has passed the following bills, in which it requires the concurrence of the Senate:

H.R. 1796. An act for the relief of Jacobo Cosio-Franco;

H.R. 1977. An act for the relief of Maria Gloria (Joy) C. Villa;

H.R. 3112. An act to amend the Voting Rights Act of 1965 to extend the effect of certain provisions, and for other purposes;

H.R. 3127. An act for the relief of Staff Sergeant Anne M. Fisher, United States Army Reserve; and

H.R. 3478. An act for the relief of Mrs. Haruko Kubota Smith.

The message further announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 201. Concurrent resolution providing for an adjournment of the House from October 7 to October 13, 1981.

ENROLLED BILL SIGNED

The message also announced that the Speaker has signed the following enrolled bill:

H.R. 3136. An act to amend the Foreign Assistance Act of 1961 with respect to the activities of the Overseas Private Investment Corporation.

The enrolled bill was subsequently signed by the President pro tempore (Mr. THURMOND).

At 12:21 p.m., a message from the House of Representatives, delivered by Mr. Gregory, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the following bill:

S. 1181. An act to amend titles 10 and 37, United States Code, to increase the pay and allowances and benefits of members of the uniformed services and certain dependents, and for other purposes.

At 1:35 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House agrees to the amendments of the Senate to the amendments of the House to the following bill:

S. 1191. An act to extend for 1 year the authority of the Secretary of Commerce to reimburse commercial fishermen of the United States for certain losses incurred as a result of the seizure of their vessels by foreign nations.

The message further announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 1231. An act for the relief of the Washington Post, the Washington Star, the Dispatch (Lexington, North Carolina), the Brooklyn Times, Equity Advertising Agency, Incorporated, the Seattle Post-Intelligencer, and the News Tribune;

H.R. 1608. An act for the relief of Mrs. Frieda Simonson;

H.R. 1624. An act for the relief of Theresa Macam Alcalen; and

H.R. 1635. An act for the relief of the Jefferson County Mental Health Center, Incorporated, and of certain current and former employees thereof.

ENROLLED BILL SIGNED

At 3:26 p.m., a message from the House of Representatives, delivered by Mr. Berry, announced that the Speaker has signed the following enrolled bill:

S. 917. An act to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; to authorize the Administrator of Veterans' Affairs to guarantee home loans with provisions for graduated-payment plans; to increase the maximum amount payable in Veterans' Administration specially adapted housing assistance; to expand eligibility for memorial markers; and for other purposes.

The enrolled bill was subsequently signed by the President pro tempore (Mr. THURMOND).

At 3:58 p.m., a message from the House of Representatives, delivered by Mr. Berry, announced that the House has passed the following bill, without amendment:

S. 1712. An act to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

The message also announced that the House has passed the following bill in which it requests the concurrence of the Senate:

H.R. 4560. An act making appropriations for the Department of Labor, Health and Human Services, and Education, and related agencies, for the fiscal year ending September 30, 1982, and for other purposes.

The message further announced that the House agrees to the amendments of the Senate to the following concurrent resolution:

H. Con. Res. 201. Concurrent resolution providing for an adjournment of the House from October 7 to October 13, 1981.

HOUSE BILLS REFERRED

The following bills were read twice by unanimous consent, and referred as indicated:

H.R. 1231. An act for the relief of the Washington Post, the Washington Star, the Dispatch (Lexington, North Carolina), the Brooklyn Times, Equity Advertising Agency, Incorporated, the Seattle Post-Intelligencer, and the News Tribune; to the Committee on the Judiciary.

H.R. 1608. An act for the relief of Mrs. Frieda Simonson; to the Committee on the Judiciary.

H.R. 1624. An act for the relief of Theresa Macam Alcalen; to the Committee on the Judiciary.

H.R. 1635. An act for the relief of the Jefferson County Mental Health Center, Incorporated, and of certain current and former employees thereof; to the Committee on Finance.

H.R. 1796. An act for the relief of Jacobo Cosio-Franco; to the Committee on the Judiciary.

H.R. 1977. An act for the relief of Maria

Gloria (Joy) C. Villa; to the Committee on the Judiciary.

H.R. 3127. An act for the relief of Staff Sergeant Anne M. Fisher, United States Army Reserve; to the Committee on the Judiciary.

H.R. 3478. An act for the relief of Mrs. Haruko Kubota Smith; to the Committee on the Judiciary.

H.R. 4560. An act making appropriations for the Departments of Labor, Health, and Human Services, and Education, and related agencies, for the fiscal year ending September 30, 1982, and for other purposes; to the Committee on Appropriations.

ENROLLED BILL PRESENTED

The Secretary reported that on today, October 7, 1981, he had presented to the President of the United States the following enrolled bill:

S. 917. An act to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; to authorize the Administrator of Veterans' Affairs to guarantee home loans with provisions for graduated-payment plans; to increase the maximum amount payable in Veterans' Administration specially adapted housing assistance; to expand eligibility for memorial markers; and for other purposes.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2044. A communication from the Deputy Secretary of the Treasury, transmitting a draft of proposed legislation to permit transfers of funds among appropriations of the Department of the Treasury; to the Committee on Appropriations.

EC-2045. A communication from the Acting Deputy Assistant Secretary of Defense for Facilities, Environment, and Economic Adjustment, transmitting, pursuant to law, notification of a construction project to be undertaken by the Air Force Reserve at Homestead Air Force Base, Fla.; to the Committee on Armed Services.

EC-2046. A communication from the Deputy Assistant Secretary of Defense for Administration transmitting, pursuant to law, notice that the Department of the Navy intends to exclude the examination of records by the Comptroller General from a contract with the United Kingdom through Rolls Royce Ltd. providing product support through the Pegasus Support Arrangement for the Harrier Aircraft; to the Committee on Armed Services.

EC-2047. A communication from the Secretary of Transportation transmitting, pursuant to law, a report on an investigation of truck size and weight limits; to the Committee on Commerce, Science, and Transportation.

EC-2048. A communication from the Secretary of Energy transmitting, pursuant to law, notice of the Department's intention to cease planning for the 3-year pilot energy self-sufficiency program using renewable resources; to the Committee on Energy and Natural Resources.

EC-2049. A communication from the Acting Comptroller General of the United States, transmitting pursuant to law, a report entitled "Tax Revenues Lost and Beneficiaries Inadequately Protected When Private Pension Plans Terminate"; to the Committee on Finance.

EC-2050. A communication from the Chairman of the U.S. International Trade Commission transmitting, pursuant to law, the Commission's 27th quarterly report on trade between the United States and the nonmarket economy countries; to the Committee on Finance.

EC-2051. A communication from the Assistant Secretary of the Interior for Indian Affairs transmitting, pursuant to law, a proposed plan for the use and distribution of San Carlos Apache Tribe of Arizona judgment funds awarded by the Court of Claims; to the Select Committee on Indian Affairs.

EC-2052. A communication from the Acting Comptroller General of the United States transmitting, pursuant to law, a report entitled "Injury Compensation Process Delays Prompt Payment of Benefits to Federal Workers"; to the Committee on Labor and Human Resources.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. SYMMS, from the Committee on Environment and Public Works: with amendments:

S. 1024. A bill to authorize appropriations for the construction of certain highways in accordance with title 23 of the United States Code, and for other purposes (additional views filed) (Rept. No. 97-202).

By Mr. SYMMS, from the Committee on Environment and Public Works, without amendment:

S. Res. 223. An original resolution to waive section 402(a) of the Congressional Budget Act with respect to the consideration of S. 1024, the Federal-Aid Highway Improvement Act of 1981; referred to the Committee on the Budget; and

S. Res. 224. An original resolution waiving section 303(a) of the Congressional Budget Act of 1974 for consideration of S. 1024; referred to the Committee on the Budget.

By Mr. GOLDWATER, from the Select Committee on Intelligence, without amendment:

S. Res. 225. An original resolution authorizing supplemental expenditures by the Select Committee on Intelligence for the procurement of consultants (Rept. No. 203); referred to the Committee on Rules and Administration.

By Mr. CHAFEE, from the Committee on Environment and Public Works, without amendment:

S. 1716. An original bill to amend title II of the Clean Water Act, and for other purposes (Rept. No. 97-204).

By Mr. CHAFEE, from the Committee on Environment and Public Works, without amendment.

S. Res. 226. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1716; referred to the Committee on the Budget.

By Mr. McCLURE, for Mr. WALLOP, from the Committee on Energy and Natural Resources, without amendment:

S. 1119. A bill to correct the boundary of Crater Lake National Park in the State of Oregon, and for other purposes (Rept. No. 97-205).

By Mr. McCLURE, for Mr. WALLOP, from the Committee on Energy and Natural Resources, with an amendment:

S. 188. A bill to authorize the Secretary of Agriculture to convey certain lands in the Gallatin National Forest, and for other purposes (Rept. No. 97-206).

S. 146. A bill to authorize the Secretary of the Interior to assist in the preservation of historic Camden in the State of South Carolina, and for other purposes (Rept. No. 97-207).

By Mr. McCLURE, for Mr. WALLOP, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute, and an amendment to the title:

S. 794. A bill to amend the National Trails System Act to designate the General Crook Trail in Arizona and the Beale Wagon Road in Arizona, for study to determine the feasibility and desirability of their designation as national historic trails (Rept. No. 97-208).

By Mr. HATCH, from the Committee on Labor and Human Resources, without amendment:

S. Con. Res. 4. Concurrent resolution expressing the sense of the Congress with respect to implementing the objectives of the International Year of Disabled Persons (1981).

By Mr. DOMENICI, from the Committee on the Budget, without amendment:

S. Res. 217. Resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S.J. Res. 100.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary:

John A. Smietanka, of Michigan, to be United States Attorney for the Western District of Michigan for the term of four years;

Kenneth W. McAllister, of North Carolina, to be United States Attorney for the Middle District of North Carolina for the term of four years;

Samuel T. Currin, of North Carolina, to be United States Attorney for the Eastern District of North Carolina, for a term of four years;

Rodney Scott Webb, of North Dakota, to be United States Attorney for the District of North Dakota for the term of four years;

George W. F. Cook, of Vermont, to be United States Attorney for the District of Vermont for the term of four years;

Thomas C. Greene, of Alabama, to be United States Marshal for the Northern District of Alabama for the term of four years;

Melvin E. Jones, of Alabama, to be United States Marshal for the Southern District of Alabama for the term of four years;

Lynn H. Duncan, of Georgia, to be United States Marshal for the Northern District of Georgia for the term of four years;

Ralph D. Morgan, of Indiana, to be United States Marshal for the Southern District of Indiana for the term of four years; and

Leonard R. Gilman, of Michigan, to be United States Attorney for the Eastern District of Michigan.

By Mr. ROTH, from the Committee on Governmental Affairs:

Matthew Norman Novick, of the District of Columbia, to be Inspector General, Environmental Protection Agency.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. MELCHER:

S. 1711. A bill to authorize the Secretary of the Interior to engage in feasibility studies of various potential hydroelectric power projects, and to authorize the Muddy Creek Basin Erosion Control Project in Montana subject to a finding of economic, financial, and environmental feasibility; to the Committee on the Judiciary.

By Mr. DOLE:

S. 1712. A bill to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982; considered and passed.

By Mr. MATHIAS (for himself, Mr. SARBANES, Mr. HATFIELD, Mr. JACKSON, and Mr. WILLIAMS):

S. 1713. A bill to amend the Internal Revenue Code of 1954 to permit the rollover of gain from sale of farmland development rights to a State or a political subdivision therefor under a farmland preservation program, and for other purposes; to the Committee on Finance.

By Mr. METZENBAUM:

S. 1714. A bill to designate the U.S. Post Office and Courthouse Building in Cincinnati, Ohio, as the "John W. Peck Building"; to the Committee on Environment and Public Works.

S. 1715. A bill to amend the Internal Revenue Code to eliminate special rules for leases; to the Committee on Finance.

By Mr. CHAFEE:

S. 1716. An original bill to amend title II of the Clean Water Act, and for other purposes; from the Committee on Environment and Public Works; placed on the calendar.

By Mr. DURENBERGER:

S. 1717. A bill to provide for a temporary suspension of the duty on certain freight containers; to the Committee on Finance.

By Mr. DODD (for himself and Mr. DURENBERGER):

S. 1718. A bill to amend the Clean Air Act with respect to interstate pollution abatement; to the Committee on Environment and Public Works.

By Mr. THURMOND:

S. 1719. A bill for the relief of Henry Brown, Byron R. Buchanan, Arthur Canady, Robert E. Carter, Edwin L. Clickner, William F. Cummings, Edward F. Fuller, Wilbur Geathers, Donell E. Gourdine, David D. Lorick, Martin N. Olmeda, Lawrence E. Riely, Dean W. Sabo, Leon T. Scarborough, George B. Stone, and Paul K. Vincent; to the Committee on the Judiciary.

By Mr. GARN:

S. 1720. A bill to enhance the competitiveness of depository institutions, to expand the range of services provided by such institutions, to protect depositors and creditors of such institutions, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

S. 1721. A bill to combine the funds of the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation and the National Credit Union Share Insurance Fund, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. MATSUNAGA:

S. 1722. A bill to amend title 5, United States Code, to provide that air traffic controllers entitled to immediate retirement annuities may not be entitled to training under section 3381, and for other purposes; to the Committee on Governmental Affairs.

By Mr. MATSUNAGA (for himself and Mr. BAUCUS):

S. 1723. A bill to implement the Convention on the Means of Prohibiting Illicit Import, Export, and Transfer of Ownership of Cultural Property; to the Committee on Finance.

By Mr. ROTH (for himself, Mr. RUDMAN, Mr. COHEN and Mr. NUNN):

S. 1724. A bill to amend the Federal Employees' Compensation Act, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. ROTH (by request):

S. 1725. A bill to authorize the Bureau of Engraving and Printing to use recording clocks to record time and attendance of employees; to the Committee on Governmental Affairs.

S. 1726. A bill to amend section 207(c)(1) of the Federal Property and Administrative Services Act of 1949, as amended, to change the criteria therein so that the provisions of section 207 shall not apply to disposals of surplus real property having an estimated fair market value less than $1,000,000; to the Committee on Governmental Affairs.

S. 1727. A bill to amend the act of May 3, 1945 (40 U.S.C. 293) by adding the expenditure of moneys through existing working capital fund operating within the General Services Administration for such additional purposes as internal mail processing, library facilities, and other centralized services; to the Committee on Governmental Affairs.

S. 1728. A bill to amend section 203 of the Federal Property and Administrative Services Act of 1949, as amended, to require the submission to the appropriate committees of Congress, of an explanatory statement of the circumstances of each negotiated disposal of real property having a fair market value in excess of $500,000; to the Committee on Governmental Affairs.

S. 1729. A bill to authorize the Director of the Federal Emergency Management Agency to provide transportation for certain persons engaged in activities at the Federal Emergency Management Agency Special Facility.

By Mr. HATCH:

S. 1730. A bill entitled "The Freedom of Information Reform Act"; to the Committee on the Judiciary.

By Mr. HART (for himself and Mr. RANDOLPH):

S. 1731. A bill to provide tax incentives for voluntary private contributions to mitigate the adverse community effects of rapid energy development; to the Committee on Finance.

S. 1732. A bill to provide assistance to State and local governments and Indian tribes for the mitigation of adverse community effects of rapid energy development; to the Committee on Energy and Natural Resources.

By Mr. DODD (for himself, Mr. METZENBAUM, Mr. DOMENICI, Mr. BOREN, Mr. LEVIN, Mr. MOYNIHAN, Mr. EXON, Mr. JOHNSTON, Mr. MITCHELL, Mr. SASSER, Mr. HEINZ, Mr. ZORINSKY, Mr. COCHRAN, Mr. LUGAR, Mr. CRANSTON, Mr. DOLE, Mr. EAGLETON, Mr. BRADLEY, Mr. HOLLINGS, Mr. SARBANES, Mr. GLENN, Mr. GARN, and Mr. PELL):

S.J. Res. 114. Joint resolution to authorize and request the President to designate October 23, 1981, as "Hungarian Freedom Day"; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MATHIAS (for himself, Mr. SARBANES, Mr. HATFIELD, Mr. JACKSON, and Mr. WILLIAMS):

S. 1713. A bill to amend the Internal Revenue Code of 1954 to permit the rollover of gain from the sale of farmland development rights to a State or a political subdivision thereof under a farmland preservation program, and for other purposes; to the Committee on Finance.

ROLLOVER OF GAIN FROM SALE OF FARMLAND DEVELOPMENT RIGHTS

● Mr. MATHIAS. Mr. President, agriculture is our Nation's largest industry. It employs as many as 17 million people; it accounts for 1 of every 5 private sector jobs. The industry's assets are in excess of $900 billion equal to almost 90 percent of the capital assets for all manufacturing firms. Farming alone employs more workers than the auto, steel, and transportation industries put together.

Our Nation is also the world leader in agricultural exports. One of every 3 acres of farmland produces for export. In 1980 agricultural exports totaled a recordbreaking $40 billion, a tremendous boost to our otherwise sagging balance of trade. And all signs point to a growing demand for American food as markets in the Middle East and China develop.

Yet in the face of this demand and marvelous productivity, we are converting 3 million acres of farmland each year to nonagricultural uses. In the last decade, urbanization has swallowed up farmland the size of West Virginia. And there is no end in sight.

Several State and local governments have tried to slow this trend. With the cooperation of farmers, they have devised farmland preservation programs to help farmers resist the pressure to sell their prime farmland to developers. Under these programs, the State or local government pays a farmer cash for an easement on the land which limits his or her rights to sell the land for development purposes. The State and locally run and funded programs have worked extremely well—the government gets the assurance that the land will continue as farmland, the farmers get a cash bonus which helps them keep farming, and the consumer reaps the benefits of a steady supply of fresh and reasonably priced produce.

The State and local governments have done a commendable job within the constraints of limited funds. At the Federal level, we can help them in a limited, but important way. Last year, James Clark, the distinguished president of the Maryland Senate, and I put together a proposal to help these programs stretch their funds and encourage farmers to participate in them. Jim Clark has long championed the defense of America's farmland, and his contribution to the cause has won him a well-deserved national reputation. He is a farmer as well as a legislator, and he speaks with great knowledge and authority on the problems of preserving America's farmland. We have drafted a bill that will provide Federal tax benefits to farmers who sell the development rights to their farms. Specifically, the bill would exempt from capital gains taxation the income the farmer gets from the sale of easement rights, provided it is rolled over into the purchase of new farmland or used for capital improvements in the existing farm. It would also grant a one-time $100,000 capital gains exemption on the income if the farmer is over 55. Furthermore, since limited funds often require that the easement rights be sold at less than fair market value, the bill would allow the difference between the fair market value and the amount actually received to be deducted as a gift for tax purposes.

The bill would encourage farmers to participate in these programs and would foster the creation of similar plans in other regions across the Nation. By so doing, we will help preserve our Nation's most fertile farmland. The preservation of farmland near our cities, which is the hardest hit by developers, will reduce marketing and transportation costs and will prevent the destruction of many family farms.

But we must act quickly. In the 5 minutes it has taken me to explain this bill, 30 acres of farmland have been plowed up and replaced by suburban crabgrass. I urge all of my colleagues to study the bill carefully and to join me in support

of this measure to protect our Nation's greatest natural resource.

Mr. President, I ask unanimous consent that the text of my bill appear in the RECORD following my remarks.

A recent article in the Washington Post illustrates how the farmland preservation program is working in Maryland. I ask for unanimous consent that it too be inserted in the RECORD after my remarks.

There being no objection, the bill and article were ordered to be printed in the RECORD, as follows:

S. 1713

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. ROLLOVER OF GAIN PERMITTED.

(a) IN GENERAL.—Part III of subchapter O of chapter 1 of the Internal Revenue Code of 1954 (relating to common nontaxable exchanges) is amended by adding at the end thereof the following new section:

"SEC. 1041. ROLLOVER OF GAIN FOR SALE OF FARMLAND DEVELOPMENT RIGHT.

"(a) NONRECOGNITION OF GAIN.—If a taxpayer sells farmland development rights to a State or a political subdivision thereof under a qualified farmland preservation program, and within the period beginning 18 months before the date of such sale and ending 18 months after such date, qualified farming property is purchased by the taxpayer, then gain on the development rights sale shall be recognized only to the extent that the amount realized by the taxpayer on such sale exceeds the taxpayer's cost of purchasing such qualified farming property.

"(b) DEFINITIONS.—For purposes of this section—

"(1) FARMLAND DEVELOPMENT RIGHTS.—The term 'farmland development rights' means the right of the owner of real property to use that property for purposes other than farming purposes.

"(2) QUALIFIED FARMLAND PRESERVATION PROGRAM.—The term 'qualified farmland preservation program' means a program which—

"(A) is established under the law of a State or a political subdivision thereof for the purpose of assuring that property currently devoted to farming purposes will continue to be devoted to such purposes, and

"(B) provides for the purchase of farmland development rights by the State or a political subdivision thereof in order to carry out that purpose.

"(3) FARMING PURPOSES.—The term 'farming purposes' shall have the same meaning as in section 2032A(e)(5).

"(4) QUALIFIED FARMING PROPERTY.—The term 'qualified farming property' means—

"(A) any real property,

"(B) any improvement on real property, or

"(C) and item chargeable to capital account,

which is used by the taxpayer for farming purposes.

"(c) RECAPTURE.—

"(1) IN GENERAL.—If a taxpayer who has claimed the benefit of subsection (a) in connection with the sale of farmland development rights—

"(A) devotes the property from which the farmland development rights were sold to a use other than farming,

"(B) sells or exchanges such property for a use other than farming, or

"(C) uses the qualified farming property purchased during the period described in subsection (a) for purposes other than farming purposes within the 5-year period beginning on the date of sale of such farmland development rights,

then there shall be included in the taxable income of the taxpayer for the taxable year an amount equal to the amount not recognized under subsection (a).

"(2) SALE OR EXCHANGE FOR USE OTHER THAN FARMING.—For purposes of paragraph (1)(B), a taxpayer shall be treated as having sold or exchanged property for a use other than farming if the taxpayer knew that the property was going to be devoted by the person acquiring such property, directly or through another party or transaction, to purposes other than farming purposes.".

(b) CLERICAL AMENDMENT.—The table of sections for such part is amended by adding at the end thereof the following new item:

"Sec. 1041. Rollover of grain from sale of farmland development rights.".

SEC. 2. ONE-TIME EXCLUSION OF GRAIN FROM SALE OF FARMLAND DEVELOPMENT RIGHTS BY INDIVIDUAL WHO HAS ATTAINED AGE 55.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to items specifically excluded from gross income) is amended by redesignating section 128 as 129 and by inserting after section 127 the following new section:

"SEC. 128. ONE-TIME EXCLUSION OF GAIN FROM SALE OF FARMLAND DEVELOPMENT RIGHTS BY INDIVIDUAL WHO HAS ATTAINED AGE 55.

"(a) GENERAL RULE.—At the election of the taxpayer, gross income does not include gain from the sale of farmland development rights (as defined in section 1041(b)(1)) to a State or a political subdivision thereof under a qualified farmland preservation program (as defined in section 1041(b)(2) if—

"(1) the taxpayer has attained the age of 55 before the date of such sale, and

"(2) during the 5-year period ending on the date of the sale, the property from which the farmland development rights were sold has been owned and used by the taxpayer for farming purposes (as defined in section 2032A(e)(5)) for periods aggregating 3 years or more.

"(b) LIMITATIONS.—

"(1) DOLLAR LIMITATION.—The amount of the gain excluded from gross income under subsection (a) shall not exceed $100,000 ($50,000 in the case of a separate return by a married individual).

"(2) APPLICATION TO ONLY 1 SALE.—Subsection (a) shall not apply to any sale by the taxpayer if an election by the taxpayer or his spouse under subsection (a) with respect to any other sale is in effect.

"(c) ELECTION.—An election under subsection (a) may be made or revoked at any time before the expiration of the period for making a claim for credit or refund of the tax imposed by this chapter for the taxable year in which the sale or exchange occurred, and shall be made or revoked in such manner as the Secretary shall by regulations prescribe. In the case of a taxpayer who is married, an election under subsection (a) or a revocation thereof may be made only if the spouse joins in such election or revocation.

"(d) SPECIAL RULES.—

"(1) PROPERTY HELD JOINTLY; PROPERTY OF DECEASED SPOUSE.—For purposes of this section, the rules set forth in paragraphs (1), (2), (4), (6), and (8) of section 121(d) shall apply to sales to which this section applies.

"(2) PROPERTY USED IN PART FOR FARMING.—In the case of property only portion of which, during the 5-year period ending on the date of the sale, has been owned and used by the taxpayer for farming purposes for periods aggregating 3 years or more, this section shall apply with respect to so much of the gain from the sale of such property as is determined, under regulations prescribed by the Secretary to be attributable to the portion of the property so owned and used by the taxpayer.".

(b) CLERICAL AMENDMENT.—The table of sections for such part is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 128. One-time exclusion of gain from sale of farmland development rights by individual who has attained age 55.

"Sec. 129. Cross references to other Acts.".

SEC. 3. CHARITABLE CONTRIBUTION DEDUCTION ALLOWED FOR GAIN FOREGONE BY REASON OF SALE OF FARMLAND DEVELOPMENT RIGHTS.

Section 172 of the Internal Revenue Code of 1954 (relating to charitable, etc., contributions and gifts) is amended by redesignating subsections (i) and (j) as subsections (j) and (k), respectively, and by inserting after subsection (h) the following new subsection:

"(i) SALE OF FARMLAND DEVELOPMENT RIGHTS.—In the case of a taxpayer who sells farmland development rights (as defined in section 1041(b)(1)) to a State or a political subdivision thereof under a qualified farmland preservation program (as defined in section 1041(b)(2)), the taxpayer shall be treated, for purposes of this section, as having made a charitable contribution to the State or a political subdivision thereof in an amount equal to the amount by which—

"(1) the fair market value of the property with respect to which the farmland development rights were sold (determined, as of the day before the date on which such rights were sold, on the basis of the highest and best permissible use of such property) minus the value of such property as farmland (determine as of such date), exceeds

"(2) the gain from the sale of the farmland development rights (determined without regard to section 1041).".

SEC. 4. EFFECTIVE DATE.

The amendments made by this Act shall apply with respect to sales occurring after December 31, 1980.

[From the Washington Post]

DIGGING IN: TILLERS OF THE SOIL PERSIST IN AREA DESPITE THE BULLDOZER'S ADVANCE

(By Ward Sinclair)

No more than 20 miles from midtown Washington, at the outer edge of cosmopolitan sprawl, the Real America begins.

It is a jostled America of uneasy accommodation with the developer's advancing bulldozer, but it is still the stuff of nostalgic old calendars—barns, silos and human beings who wrest a living from the soil.

On the capital's fringes, men drive pickup trucks and wear hats with farming logos. Orchards and small produce stands dot the blacktopped roads. Corn, wheat and soybeans march from fence to fence. As in agricultural Iowa, signs announce implement dealers, hybrid corn plantings, 4-H clubs.

This is working farm country, for sure. The quick impression may be that urbanization since World War II has dealt a knockout blow to farming in the Maryland and Virginia counties ringing the District of Columbia. That is certainly true of Arlington County; for all practical purposes, it is gone—converted to a large bedroom.

In neighboring counties around the Capital Beltway, however, the blow has been less severe. The city continues to chew up farmland, but the area's farming industry—while contributing a relative pittance in terms of national food supply—remains surprisingly vigorous.

Tobacco is a prized and major crop in Prince George's County, bringing farmers income of well over $3 million annually. Fruit and vegetables from little farms outside the Beltway find their way into the city's fancy restaurants and stock some of the super-

markets, open-air farmers' markets and home canning operations.

Milk from Montgomery and Fairfax counties is drunk at the city's dinner tables, and it becomes butter marketed as far away as Florida and New York. Locally grown hay and grain feed the hogs and cattle that populate these farms. Urbanization, with its demand for lawn grass sod, has stimulated a booming turf-farm business in the region.

All that, of course, is a far cry from the post-World War II era when Fairfax, for example, was Virginia's leading dairy county, with about 120 farms. Last year there were six; this year there are four. Less than 10 percent of Fairfax County land remains for commercial agriculture, and there are only about 35 full-time farmers left in the county.

But Prince George's, down to only one active dairy farm, according to the Maryland and Virginia Milk Producers Association, still has roughly 25 percent of its land in agricultural use.

And Montgomery, with roughly 131,000 acres, or 30 percent of its land, in farm use, still has more than 50 dairy operations, making it Maryland's fifth-largest producing county.

No one would maintain that this farming activity is anywhere close to making the capital area agriculturally self-sufficient. It doesn't, even though statistics show that Montgomery produces enough beef to give every resident of the county 13 pounds a year, enough milk to give everyone a third of a cup a day and enough grain to provide a daily slice and a half of bread.

It all contributes to the food chain, but some of these statistics mislead. The U.S. agricultural census of 1978, just published, show Fairfax with 187 farms, with an average size of 109 acres. That's nine more farms than the county showed in the 1970 census. What's going on?

It's a matter of definitions. A two-acre tract in outer Fairfax, where a fellow keeps a horse for the children, counts statistically as a farm if it has gross sales of $1,000 or more in a year. The guy sells the horse for $1,001, and suddenly he's counted as a farmer.

Not too long ago, this was all open country, reaching out along both sides of the Potomac, encompassing some of the richest farmland in the East, where generations of families had dutifully tilled the soil and mined its wealth. In 1954, there was enough wheat grown in Montgomery County that more than a half-dozen voting places were needed to accommodate a farmers' marketing-quota referendum.

Newer generations of those same families cling to the land in many places, and while the bulldozers may roll, they cannot quash the spirit. Todd Butler, 26, an agriculture graduate of the University of Maryland, farms with his family in upper Montgomery, making a decent living from fruits and vegetables. He can hear the hum of distant 'dozers, but he is undaunted.

"We're farming 300 acres, but we only own a third of it. It becomes risk to plant more on land we don't own," he said, referring to the uncertainty of growing costly fruit trees and plants on another owner's property.

"We're hoping that Montgomery County's agricultural lands protection program will help keep development away. But when and if a time comes that we can't farm [here] anymore, I intend to farm somewhere."

The Montgomery County government has taken steps in recent years to protect the remaining farm base by adopting an innovative land protection plan, one of a very few in the country. This new program, adopted last fall, complements a state law that allows taxation of working farms at farm rates, rather than at rates reflecting the urban-development value of the land.

Planners have marked off 73,000 acres in a strip across the upper end of the county as farm reserve. A home built in that area may be on a parcel no smaller than 25 acres—an approach that stops the subdividing. Developers or land owners with property in the farm reserve area, meanwhile, will be given special rights to build more densely in other parts of Montgomery.

"Most farmland in the county has been leased by farmers," said Melissa Banach, a planner with the Maryland-National Capital Parks and Planning Commission. "As time goes on with this new program, farmers will be able to own their land outright, buying it at its farm value, while the owner keeps the rights to develop elsewhere. I'm very excited about this."

Montgomery farmers have reacted to the plan in a mixed way. Some complain that it deprives them of the right to turn a clear profit by selling out to speculators or developers after years of struggling with low farm income. Others see it as their salvation, providing a chance for ownership and permanence on the land.

Neither Prince George's nor Fairfax has made such a move toward setting aside agricultural preserves, and that is the kind of inaction that makes a full-time farmer like W. A. Gallahan III uneasy.

Gallahan and his two sons raise tobacco and pick-your-own fruits and vegetables on a spread in Prince George's near Clinton. The land has been in the family since 1865, and while heavy urban development hasn't squeezed them yet, they feel it coming.

"We're not about to go from here," Gallahan said the other day, pausing from the grueling work of hanging racks of gentle green tobacco leaves in a drying barn. Added his son Mike, 27: "No, I think there's a future in this. People go crazy for our strawberries and the fresh vegetables."

But the urban bogyman is nearby. Just outside the tobacco barn stands what used to be the Gallahans' nine-foot-deep irrigation pond. It's a bog now, filled with uncontrolled sediment from a subdivision development on a hill just above the farm.

"A farmer shouldn't have to pay for something like that," the elder Gallahan said, "but it forced us to build a new pond and put in a new irrigation system."

In the big picture, the pressure on farmers to sell their land for high-priced developments is intense, and only the toughest survive. Prince George's for example, had 2,120 farms in 1950. By 1960, that was down to 1,251. Today, extension agent David Conrad reports, the county has slightly fewer than 680 farms.

What that means to many farmers—those who want to stay in agriculture—is finding ways to accommodate and compensate. As Richard D. Wootton, administrator of the Montgomery County extension service, put it: "Some of the best agricultural land in this county now is under Silver Spring. It turns out that the best farm land is also the best land for urban development."

One result is that farmers pushed toward less-green pastures must learn to cope with poorer quality land and cope with smaller amounts of it. Many, according to Wootton, are not doing badly with the land that's left.

And others who in the past might have made no effort to work their small holdings are now trying their hand. "There is a trend toward self-sufficiency. More and more people are making an effort to get a payoff from the land as their holding goes beyond 20 acres," he said.

They seek the advice of the extension agents, experts in a program run jointly by the University of Maryland and the U.S. Department of Agriculture, and they turn to innovative techniques to get farming payoffs.

No-till cultivation, for example, a technique that minimizes fuel use with no plowing and lessens soil erosion, was introduced years ago by extension agent Bob Raver and is used now almost exclusively in Montgomery for such crops as corn and soybeans that put heavy strains on the land. From Montgomery's early successes, no-till has spread throughout Maryland and the Middle Atlantic region.

Other farmers with smaller amounts of land have gone into fruit and vegetable production, specializing in pick-your-own (PYO) operations, which bring customers to the farm and reduce the grower's harvest and marketing costs.

Some go it alone with little or no outside income. Others depend on a spouse to help the farm's cash-flow needs. "The economy here," agent Wootton said, "is geared to the two-income family, so this pulls together to make a package—a husband on the land, the wife out working, earning the benefits and the cash they need. This approach is evolving in Montgomery County."

Such is the case with Benoni Allnutt, 29, whose wife works away from home while he operates his pick-your-own Homestead Farm near Poolesville. Allnutt uses his father's land, depends on his wife for the quick infusions of cash while he tends the crops.

Allnutt grew up on this farm, went to Kentucky to study horticulture and then came home to Montgomery County to work as a landscaping salesman. But the land was where he belonged, he decided, and he started the PYO farm, a burgeoning new type of agriculture in the capital region.

The future in farming? "I'm optimistic," Allnutt said. "It means a lot when someone tells you you grow the best cantaloupes in the world."●

By Mr. METZENBAUM:

S. 1714. A bill to designate the U.S. Post Office and Courthouse Building in Cincinnati, Ohio, as the "John W. Peck Building"; to the Committee on Environment and Public Works.

JOHN W. PECK BUILDING

● Mr. METZENBAUM. Mr. President, it is with great pleasure that I introduce today legislation to acknowledge the achievements of Judge John W. Peck, senior circuit judge for the U.S. Court of Appeals for the Sixth Circuit. In recognition of the outstanding service he has given to our judicial system, this legislation designates the U.S. Post Office and Court House in Cincinnati as the John W. Peck Building.

Mr. President, it is fitting that this building bear Judge Peck's name, for he has served with great distinction in this building for nearly two decades.

Judge Peck's involvement with the law and career as a public servant did not begin in 1969, however. Upon graduation from the University of Cincinnati School of Law in 1938, he joined the law firm of Peck, Shaffer, and Williams in Cincinnati. He remained at that law firm until 1947, except for a brief 3-year period in the U.S. Army, where he served as a captain in the European theater during World War II. From 1947 to 1949 he was executive assistant to Gov. Frank J. Lausche, who later served the State of Ohio and the country as a U.S. Senator for 12 years. From 1951 to 1953, Judge Peck served as tax commissioner to the State of Ohio.

Judge Peck's career on the bench began in 1953 when he became a judge for the court of common pleas in Cincinnati. In 1958, he joined the Ohio supreme court bench, where he served until his appointment to the U.S. district court in

1961 by President John F. Kennedy. In 1965, President Lyndon Johnson appointed Judge Peck to the Sixth Circuit Court of Appeals. Although he elected to become a senior judge for the circuit last year, he has by no means retired and continues to carry a full caseload.

As testimony to Judge Peck's compentence, he has been designated by the Chief Justice to sit on a special emergency court of appeals which hears very complicated oil-related litigation. Also, former Chief Justice Earl Warren appointed Judge Peck to a special commission to revamp the Criminal Code.

Judge Peck's judicial duties have not prevented him from giving his time and energy to professional organizations and educational institutions. He is a member of the Cincinnati, Ohio, and Federal Bar Associations, serving as chairman of the board of the Cincinnati Chapter of the Federal Bar. He is a past member of the board of trustees of Miami University, and for many years, he taught at the University of Cincinnati College of Law.

As an interesting note, I might add that Judge Peck's uncle, also named John W. Peck, served as a U.S. district court judge in the same building this legislation would designate as the John W. Peck Building.

Next Tuesday, October 13, 1981, will mark the 20th anniversary of Judge Peck's swearing-in as a Federal judge. I cannot think of a more appropirate way to honor both a great jurist and the law itself. I urge my colleagues to join me in this effort through their support of S. 1714.●

By Mr. METZENBAUM:

S. 1715. A bill to amend the Internal Revenue Code to eliminate special rules for leases; to the Committee on Finance.

SPECIAL RULES FOR LEASES

● Mr. METZENBAUM. Mr. President, today I am introducing a bill to eliminate a provision in the tax bill just passed by Congress having to do with the issue of leasing provisions for corporations. I believe that legislation was adopted by Congress without adequate review and without full consideration. As a separate issue it received virtually no debate in the Senate Chamber. Yet this provision will cost the Federal Treasury an estimated $27 billion over the next 5 years—and many experts believe the cost will be much higher.

This provision is extremely arcane, but it is also extremely profitable for many corporations. It even has a provision to allow retroactivity, so that companies can take advantage for the full period of 1981.

Under this provision, the so-called leasing provision, companies that have little or no taxable income are able to "sell" the tax writeoffs they would enjoy if they were more profitable.

A recent article in the Washington Post describes in detail how this provision works:

A hypothetical company called Chryford spends $100 million for new equipment to retool its plants. Chryford has been operating in the red and consequently cannot use the full investment tax credit, worth $10 million, or the accelerated depreciation, worth $46 million over 5 years to a profitable company.

Under the new law—still using the Post example—Chryford could, within 90 days of buying the equipment, to a profitable company—a computer or oil company, for example—and in effect "sell" the equipment to the profitable company.

The profitable company has no real interest in owning the equipment, except for the resultant tax advantages. In fact, under this exceptionally loose law governing this transaction, the profitable company does not even have to take legal title to the equipment, just something called the "tax title." Ownership, property tax liability, responsibility for upkeep insurance coverage, and everything else stays with Chryford.

In the final accounting, Chryford gets to buy the equipment at a $15 million discount, and the profitable company gets $1.6 million out front and a 4-year interest-free loan totaling $10,143,000.

The fact is nobody knows exactly how much this provision will cost the Treasury. But we do know that a major tax provision slipped through Congress with virtually no scrutiny. I believe this provision should be repealed until it can be more thoroughly examined.

Mr. President, yesterday David Stockman appeared before the Senate Budget Committee and informed us that we must find another $16 billion in spending cuts in order to hold the budget deficit to $43 billion in fiscal year 1982. For the first time, the administration is also starting to look at "revenue enhancement" provisions—users' fees and tax expenditures—to raise $3 billion in fiscal year 1982.

I believe the time is long past when we can ignore the spending side of the ledger. Tax revenues are being lost to the Treasury in billions of dollars and they are going for no productive purpose. Oil companies are still allowed to write off intangible drilling costs, which cost the Treasury $2 billion a year, even when the oil industry is enjoying record profits. The industrial revenue bonds are being used to subsidize McDonald's hamburger stands and racketball clubs, costing the Treasury $500 million a year. There are billions of dollars in lost revenues through such loopholes. I believe they should be closed before we continue to slash away at more social programs.

I believe this leasing provision in the new tax bill is another example of the rich getting richer, while the poor get poorer. I am introducing this legislation to repeal the new leasing provision because it is costly and it is wrong. I urge the Finance Committee to act quickly on this repeal, so we can avoid these lost revenues in 1982 and beyond.

Mr. President, I ask unanimous consent that various articles relating to the subject be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Oct. 5, 1981]

THREE WHO SOWED TAX PROVISION REAP ITS BUSINESS BONANZA

(By Thomas B. Edsall)

A controversial provision in the 1981 tax bill allowing corporations in effect to sell tax breaks they cannot use was engineered in large part by three former Treasury Department officials who now represent companies standing to reap significant shares of the $27 billion bonanza over the next six years.

Their success in winning approval of what amounts to a backdoor federal tax subsidy to unprofitable companies reflects the power exercised by the business community in the development of the administration's $749 billion tax bill.

The new provision permits corporations to enter into lease transactions existing more on paper than in fact—a kind of fiscal netherworld in which businesses with low profits, or none, can "sell" unusable tax credits and depreciation deductions to profitable firms.

The Treasury Department estimates that this one section of the bill will result in lost revenues totaling $27 billion through 1986, although many business executives and lawyers in the field believe the figure will be far higher.

The key figures behind the administration's decision to adopt the provision, each of whom considers it to be an economically sound way of spreading encouraging investment and of the tax breaks evenly in the corporate community, are the following:

Ernest S. Christian, Jr., a partner in the lobbying firm of Patton, Boggs and Blow whose clients include the Chrysler Corp., which is already planning to "sell" its tax credits. Christian, legislative counsel for the Treasury in 1973–74 and deputy assistant treasury secretary for tax policy in 1974–75, said he has been working overtime since the passage of the legislation, putting together deals in which low-profit firms or those running in the red will "lease" investments exceeding $1 billion to profitable companies.

These leases, he said, really amount to the selling of $560 million or more in tax breaks over the next five years, of which $190 million translates into tax breaks for the current year.

Charles E. Walker, of Charles E. Walker Associates, whose status among Washington lobbyists has reached its zenith with the election of President Reagan. Walker, under secretary of the treasury from 1969 to 1972 and deputy secretary of the treasury in 1972 and 1973, includes among his clients such capital-intensive companies as Ford Motor Co., Bethlehem Steel Corp., American Airlines and Trans World Airlines, all of which would be unable to profit fully from the basic elements of the business tax cuts without the ability to "sell" tax breaks.

Frederick W. Hickman, assistant treasury secretary for tax policy from 1972 through 1975. Hickman is widely credited by colleagues with coming up with the basic leasing concept adopted. A partner in the Chicago law firm of Hopkins, Sutter, Mulroy, Davis and Bacon, Hickman said he was putting together deals on a scale similar to that of Christian, about $1 billion.

These three men played critical roles in the leasing tax provisions: Hickman producing the idea, Walker and the chief executive officers of his corporate clientele "soften-up" Treasury officials reluctant to take a provision that might appear to be a federal subsidy, and Christian nurturing the provision through the complex paths from the Senate Finance Committee to the Senate floor into the House version and finally through the House-Senate conference committee.

The drive to create the new mechanism grew out of the fact that the basic business tax cut was larger and offered more benefits than many companies could use.

The basic cut took the form of a depreciation speedup, allowing companies to depreciate new investments at a rate significantly faster than the actual useful "life" of the machinery, buildings, cars, trucks purchased.

But for companies with little or no taxable income, these accelerated deductions, along with the existing 10 percent investment tax credit, were of no use: They had no income against which to write off the investments.

Christian said experts knew from the outset that not all companies could take full advantage of this basic tax cut.

Walker, who has been representing a group of companies operating in the red or with only marginal profits—airline, mines, Ford Motor Co., steel companies—had as a member of the Reagan task force on taxes, unsuccessfully pressed for a concept of "refundability" to help such companies.

Under refundability, a low- (or no-) profit company that makes an investment would get a direct payment from the federal government in place of the unusable 10 percent tax credit. The idea would not sell in Republican circles, where it looked like a subsidy to companies unable to make it in the free market.

A political strategist of no small will or influence, Walker engineered a meeting in March between the chief executive officers of what had become known in the lobbying world as the "refundability group" and Treasury Secretary Donald T. Regan. The administration was still unwilling to go the route of refundability, but a task force was appointed, ultimately headed by William S. McKee, tax legislative counsel at Treasury.

A key argument Walker and his clients used was that the massive new tax breaks created by the legislation posed the danger of encouraging a breakout of corporate takeovers: profitable companies would find it worthwhile to buy unprofitable companies just to pick up the tax breaks.

During this period, Hickman, who shares a number of clients with Walker, began to press for the concept of "leasing" as an alternative to refundability.

Leasing, Hickman suggested, offered a way to create a corporate marketplace in tax shelters without the "emotional excess baggage" of appearing to be federal subsidies. "This was a way to sort of sweep the slate clean," Hickman said.

As an example: an automobile company, hypothetically called Chryford, spends $100 million for new equipment to retool its plants. Chryford has been operating in the red and consequently cannot use the investment tax credit, worth $10 million, or the accelerated depreciation, worth $46 million over five years to a profitable company.

Under the new law, Chryford could, within 90 days of buying the equipment, go to a profitable company—a computer or oil company, for example—and in effect "sell" the equipment to the profitable company.

The profitable company has absolutely no interest in owning the equipment, except for the resultant tax advantages. In fact, under the exceptionally loose law governing this transaction, the profitable company does not even have to take legal title to the equipment, just something called "tax title," according to congressional aides. Ownership, property tax liability, responsibility for upkeep, insurance coverage and everything else stays with Chryford.

Using a model developed by Peter K. Nevit, president of Bankamerilease, the "lease" between Chryford and the profitable company could be structured as follows:

The profitable company buys the equipment from Chryford and gives a down payment of $15 million for the equipment, effectively reducing Chryford's purchase cost by that amount. At the end of five years, the profitable company agrees to "sell" the equipment back to Chryford for one cent.

The profitable company would immediately claim the investment tax credit of $10 million and the first year of depreciation, or $6.9 million, for a tax break of $16.9 million. Chryford would be ahead by $15 million and the profitable company is ahead by $1.9 million.

For the next five years—the accelerated-depreciation period for the equipment—the profitable company would "pay" Chryford annual payments of $25,356,820 (principal and interest at 15 percent on the $100 million) and Chryford would pay a "rental" or "lease" fee back to the profitable company of exactly the same amount. These payments would cancel each other.

Until the last of the five years, the profitable company would be able to deduct depreciation on the equipment, reducing its tax liability by a total of $10,143,200 over four years. The profitable company would owe this same amount to the federal government as a tax liability in the fifth year, but the money for those four years would function as the equivalent of an interest-free loan of $10,143,200.

In sum, Chryford gets to buy the equipment at a $15 million discount, and the profitable company gets $1.6 million out front and a four-year interest-free loan totaling $10,143,200.

Asked about his interest in the provision at this point, Christian said that until the concept was adopted by Treasury he had no clients with a direct interest in leasing as a way of shifting tax benefits.

But soon after the approach was accepted, "it was at that stage that I had from then on a very substantial interest in the matter and spent a lot of time working on the subject," he said.

Christian contends that the leasing provisions of the 1981 tax bill are "marvelous" and will emerge as "one of the most important developments in the tax law."

As for providing the legal work for lease arrangements, he said, "In one form or another, I'm probably involved in close to a billion dollars. . . . I've been working hard, that's all I can tell you."

Hickman said he had picked up about the same amount of business. "I think that our office and Christian's office, because of the fact that we were involved in the genesis of the thing, . . . undoubtedly [we are] heavier in it than the normal office."

[From the Los Angeles Times, Aug. 18, 1981]

CORPORATE FOOD STAMPS

(By Robert J. Samuelson)

Ernie Christian is working overtime these days negotiating tax deals, following the time-honored custom of lawyer-lobbyists: first you write the law, then you write the deals.

Christian is a top tax attorney with the Washington firm of Patton, Boggs & Blow. The provision that has him preoccupied is an obscure section of the new tax law for which he—and a few Treasury officials—can rightfully claim paternity. What it does is create an open bazaar for tax write-offs: if a company has more write-off than it can use, it can sell them to another firm.

The few specialists who understand this provision describe it in superlatives, though not necessarily complimentary ones. Alan Greenspan, chairman of the Council of Economic Advisers under President Gerald R. Ford, calls it the corporate equivalent of food stamps.

It promises to be a booming business. By the mid-1980s, according to the Treasury, companies could be buying and selling perhaps $10 billion worth of tax benefits a year. The main beneficiaries include airlines, railroads, some steel companies (Bethlehem Steel Corp. is a good example), some auto firms (Ford Motor Co. and Chrysler Corp.) and any company with low profits.

Whether it is a desirable business is another question entirely. The answer depends largely on whether you think that the tax code ought to reward economic efficiency or simply promote investment—two goals that usually are believed to be identical, but they aren't.

Only once during the congressional tax debate did this distinction receive any attention. That happened when the House Ways and Means Committee allowed six distressed industries—autos, steel, paper, airlines, mining and railroads—to cash in unused investment tax credits.

The 10 percent investment tax credit means that a firm that makes a $1-million investment can reduce its taxes $100,000, but many companies in the "distressed" industries didn't have sufficient profits to use the credit. Under the proposal, these firms would have received special write-offs for some of their past unused credits, perhaps $1 billion to $3 billion worth.

Ridiculed as a special-interest subsidy for the inefficient, that proposal didn't make it into the final tax bill. But tax stamps amount to the same thing—except that they're bigger, less visible and permanent. Instead of receiving a check directly from the Treasury, a firm sells its benefit to another company, which simply reduces its own taxes.

To understand its implications better, consider two firms. Both have $100 million in sales, both make the same product (say, detergent), but firm A has pretax profits of $15 million and firm B breaks even. Firm A is more efficient; it either operates at less cost or makes a superior detergent.

The same reasoning applies to companies that make different products—say, detergent and roller skates. If the roller-skate company isn't profitable, either it's operating inefficiently or people don't want enough skates to support a profitable price. In the real world, of course, these firms are the Chryslers and the Pan Americans.

The justification for helping such firms reflects a welfare mentality. Lobbyists such as Christian view taxes as an active level of government economic management in the case, to promote investment. Why should low-profit or unprofitable companies be denied benefits if they do what the government wants? Clearly, unfair.

The Administration embraced much the same approach. To stimulate investment, it drastically cut depreciation lives—the period over which firms can deduct the cost of an investment. These "lives" now have virtually no relationship to the actual useful life of the investment. The generosity of these write-offs means, paradoxically, that many currently low-profit firms soon won't have any taxable profits. They won't be able to use all their depreciation or investment tax credits.

Not only did this seem discriminatory, but, in the view of some Treasury officials, it risked giving some firms such huge unrealized tax benefits that they would become candidates for "uneconomic" mergers. Tax stamps were the ingenious answer.

The basic issue here is whether society benefits more by having only highly profitable firms make investments or by treating high- and low-profit firms equally.

The reasons for poor profitability stretch well beyond inefficiency, poor management and unwanted products. Outmoded labor-management relations have hobbled some industries, both steel and autos suffer from excessively high wages, which overprice their products and keep demand down.

But showering corporate losers with preferential tax treatment—tax subsidies—isn't the answer to these problems. Indeed, they may make them worse. They increase cash flow (that's the point, after all) and make it easier to evade fundamental sources of weakness.

In practice, we may perpetuate bad habits and promote poor investments. We may get too many electric generating plants because electric rates are held too low, demand is too

high and tax benefits are too generous. We may be promoting more traditional heavy industry at the expense of fewer advances in high-technology areas.

All this stemmed from an uncritical acceptance of the link between higher investment and economic progress. Most economists think that some extra investment is desirable and that inflation made depreciation write-offs unrealistic in the 1970s. But the solution that emerged in this tax bill goes well beyond sensible compensation.

The free-market alternative was to adjust depreciation schedules modestly, eliminate the investment tax credit and then cut the basic corporate tax rate. That was too simple. It would have obviated the need for many high-priced lawyers and accountants to evade taxes and trade benefits. And it wouldn't have left much to plug for in the future. Perish the thought.

[From the Wall Street Journal, Aug. 27, 1981]

BUSINESS BONANZA: NEW TAX LAW MAKES ONCE-UNUSABLE CREDITS A BOON FOR MANY FIRMS

(By Leonard M. Apcar and Robert W. Merry)

WASHINGTON.—At the beginning of this year, Ford Motor Co. was sitting on $340 million in tax credits that it couldn't use. CSX Corp., which owns the Chessie railroad system, was holding $200 million of unusable credits, and Bethlehem Steel Corp. had nearly $150 million.

The companies couldn't use the tax breaks because they didn't owe enough taxes against which to apply the benefits. But starting with tax credits that the concerns accumulate this year, all that has changed.

Thanks to Congress and the Reagan administration, these companies and thousands like them can cash in on the generous corporate-tax reductions in the recently passed Economic Recovery Tax Act even if they don't owe any taxes. Essentially, they can sell their depreciation deductions and investment tax credits to well-heeled companies wanting to reduce their own taxes.

Such tax-break transfers could revolutionize corporate finance, experts say. The new tax rules greatly liberalize federal rules governing so-called leveraged tax leasing. Under such arrangements a company with unusable tax breaks can lease equipment—usually through a leasing firm—and a profitable company can put up some of the cost of the equipment in return for the first company's tax credits.

HUGE TRANSFERS LIKELY

The new rules can be used to transfer billions of dollars of tax credits from company to company through the loosest kinds of lease arrangements. Most of these arrangements will be leasing agreements on paper only. For example, a profitable energy company can "lease" assembly-line tooling to an ailing auto maker by swapping cash for tax benefits within the framework of a lease; the energy company doesn't physically lease equipment to the auto maker, but merely arranges for the lease through an agreement with the auto company * * * The new tax rules greatly liberalize federal rules governing so-called leveraged tax leasing. Under such arrangements, a company with unusable tax breaks can lease equipment—usually through a leasing firm—and a profitable company can put up some of the cost of the equipment in return for the first company's tax credits.

Investments generate tax breaks because companies buying property and equipment with at least a five-year life receive a 10% investment tax credit based on the purchase price. Such tax credits can be used to reduce the year-end tax bill for a profitable concern or can be spread out over a number of years to trim taxes.

So valuable is information about the new leasing rules and their effect on taxes that earlier this month, Dean Witter dispatched a messenger to Capitol Hill to grab one of the first available copies of the completed tax bill and ship it off to New York to enable the firm's investment experts to study it a day ahead of competitors.

"Any change offers an opportunity for someone who acts fast," Mr. Gartland says. A top executive at Chrysler Corp., which figures to reap huge benefits from the new law, says the ailing auto maker already is receiving unsolicited calls from companies eager to get control of Chrysler's huge tax benefits.

Helping Chrysler and other distressed companies was partly what Treasury Department officials had in mind when they developed the new leasing rules. The new rules were a compromise designed to palcate corporate interests pushing for a "refundable" investment tax credit—that is, a credit that companies lacking tax liability could take in cash in lieu of tax reductions. That idea, pushed by former President Carter, didn't get very far.

Treasury officials also say the new rules were designed to nullify what some saw as a major problem stemming from President Reagan's corporate-tax reductions. Without the leasing provisions, they say, many companies holding unusable tax benefits generated by the bill would become targets of takeover bids by corporations seeking to latch onto the benefits and thus to reduce their taxes.

To forestall that, the administration offered to allow the easy transfer of tax benefits. In doing so, it gave business some financing tools that companies have wanted for years but that the old law barred.

The old tax-leasing rules, in effect, prohibited any kind of lease arrangement that seemed to be designed primarily to enable a company to trade its unusable tax breaks for cash. To set up a legitimate leasing agreement under the old law, for example, an airline could lease a new airplane through a leasing company for 15 years or so, with the leasing firm putting up at least 20% of the plane's cost and the other 80% coming from an unrelated third party.

Generally, the leasing firm had to hold title to the plane. It would reap the benefit of the 10% investment tax credit and of depreciation and, after the lease ended, would profit from the plane's market value. In addition, the law said that in figuring the profits from the lease, in order to establish its validity, the leasing firm couldn't look to the tax benefits alone; it had to make a profit apart from the tax benefits.

SWEEPING CHANGES

Also, to make sure that the lease was genuine, the old law prohibited the lease from extending throughout the useful life of the aircraft. After the lease expired, the airline could purchase the equipment at its fair market value, or the equipment could be sold to a third party. Finally, the law barred the airline from putting up any of the plane's original purchase price.

These rules, by favoring the leasing firms, "created an awful lot of profit" for them, Mr. Christian, the tax lawyer, says. The firms profited by retaining title to the equipment and selling it when the lease was up.

But the new law wipes away nearly all those requirements and, according to leasing-industry officials, restores the balance to transactions between leasing firms and companies that use the equipment. Other experts worry that the new law may go too far in favor of the companies using the equipment. They can hold title to the property. And not only doesn't the property have to have much usable life when the lease is up, but also the company using the asset may buy it for as little as one dollar, rather than at fair market value. In addition, the old requirement that the leasing firm put up at least 20% of the asset's cost is trimmed to 10%. And the leasing firm needn't make a profit apart from the tax benefits.

HUGE TRANSFERS LIKELY

The new rules can be used to transfer billions of dollars of tax credits from company to company through the loosest kinds of lease arrangements. Most of these arrangements will be leasing agreements on paper only. For example, a profitable energy company can "lease" assembly-line tooling to an ailing auto maker by swapping cash for tax benefits within the framework of a lease; the energy company doesn't physically lease equipment to the auto maker, but merely arranges for the lease through an agreement with the auto company or a third party acting as a broker.

The new law loosens, among other things, previous restrictions on what constitutes a lease, on the financing of the equipment or property, and on the profits to the firm arranging the lease. The law also makes it far cheaper for the company using the equipment to buy it when the lease expires. "It's no more a lease than you are my grandmother," quips one corporate tax expert.

Critics say the more lenient leasing law is little more than an expensive subsidy to chronic corporate money-losers. It's "sort of the equivalent of food stamps for undernourished corporations," says Alan Greenspan, the chairman of the White House Council of Economic Advisers in the Ford administration. He says the leasing law will "basically subsidize capital investment in areas which the market wouldn't support"—and at a government-estimated annual loss in tax revenue of a huge $9.6 billion by 1986.

But supporters of the new law see big things ahead. Arthur Gartland, vice president of Dean Witter Reynolds Inc., a securities firm heavily involved in corporate leasing, says: "These changes are truly dramatic. . . . I think you'll see a substantial expansion of the leasing business."

SWINGING INTO ACTION

Already, the new rules have unleashed a torrent of activity by tax lawyers, equipment-leasing firms and corporate giants eager to get in on the windfall. Peter Nevitt, the president of Bank of America's leasing unit, predicts that tax-leasing volume, currently running 10 billion to $15 billion a year, should double or triple within a few years.

An immediate stimulus is the new law's provision giving companies three months from the law's enactment on Aug. 13 to transform 1981 purchases into lease transactions. As a result, companies such as Ford, which has already rolled up millions of dollars in unusuable tax benefits this year, can go back and refinance the equipment through a lease by trading the credits for cash—in effect, cutting the cost of the equipment.

Dean Witter's Mr. Gartland estimates that up to $3 billion of new leases will be written during these three months. Even before the President signed the tax-cut bill, Ernest Christian Jr., a Washington tax lawyer, received calls seeking his advice on leasing transactions totaling more than $500 million, Mr. Christian says. Such agreements are sure to involve auto makers, airlines, railroads and just about any company that either is ailing or is making such large capital outlays that it can't use all the tax breaks generated by its investments.

Here's an example of the form a lease could take. A money-losing auto maker purchases $10 million of assembly-plant tooling and thereby generates a $1 million investment tax credit that it can't use. A profitable company, seeking tax breaks, agrees to "lease" the tooling to the auto maker; it makes a minimum investment of $1 million, or 10 percent, and gives the auto maker a five-year note for the

90 percent balance of the cost of the tooling. In return, the profitable company can use immediately the $1 million in tax breaks and the depreciation on the tooling to cut its taxes.

Moreover, the lease is set up for a term of five years, and the payments, with interest, exactly match the note payments that the profitable company agreed to make for the 90 percent balance of the tooling. Hence, no funds need change hands between the money-making outfit and the ailing auto maker. The auto maker takes care of all the insurance, maintenance and taxes on the equipment and at the end of the lease can purchase the equipment for one dollar.

In short, the profitable company has swapped $1 million in cash for a $1 million investment tax credit, $460,000 in first-year depreciation allowances and the interest deductions on the note. Moreover, both the depreciation and the interest deductions extend through the life of the lease. The auto maker winds up with $10 million in tooling that actually cost it $9 million, thanks to the cash paid by the profitable company.

MANY UNCERTAINTIES

That's just one example of how tax leasing under the new law would work. And not surprisingly, there are lists of questions on the desks of leasing-firm executives these days that they say need to be answered by Treasury officials before they can proceed on some leases.

The new law seems tailor-made for some companies, however. One likely candidate for taking advantage of it is United Airlines, although its finance executives won't say whether the UAL Inc. unit will act under the new law during the three-month period in which already-purchased equipment can be refinanced. "We're looking hard at the new tax proposals," a spokesman says, but he declines to elaborate. At the beginning of this year, United leased about 22 percent of its aircraft.

United's predicament is shared by nearly all its domestic rivals. Despite losses, most airlines are jetting ahead with ambitious capital-spending programs to replace old and inefficient planes and equipment. United, for example, has scheduled more than $2 billion in spending over four years for new, fuel-thrifty Boeing 767s and for replacement engines for other planes.

But United hasn't made any profit since 1978, and without profits during those big-spending years the tax benefits can't be used. Under the new leasing laws, United can swap those benefits to a company with a big tax bill in return for a leased plane.

The new law holds plenty of advantages for profitable companies as well. For many of them, their profits and resultant tax bills aren't large enough to use all the tax benefits reaped from investments. "There is just so damn much investment required . . . we've never been able to use all the investment tax credits we've generated," says James T. Lyon, the vice president for taxes of CSX.

CSX's Chessie hasn't done any significant leasing over the past decade or so for several reasons, including the old law's requirement that the leasing railroad had to pay market value to buy the asset when the lease expired—or part with it. "That was far too punitive," says Mr. Lyon, who joined a group of businessmen that included auto and steel executives to push for more lenient lease laws.

With the new laws, Chessie expects to lease about 80 percent of the more than $2 billion capital acquisitions that it plans over the next four years. Included may be rail cars, yard facilities, even bridges and signal equipment. "No holds are barred," Mr. Lyon says. "We can lease anything as far as the tax laws are concerned." When the tax law cleared Congress, CSX ordered an inventory of its purchases this year to see which ones could be leased.

For some projects, a decision whether to buy or lease a facility or equipment could make the difference between a profit or a loss, Mr. Lyon suggests. Leasing, he says, "is basically a financial mechanism. It increases our flexibility, liquidity and financial health."

Chrysler also is hopeful. It believes that the changes in the law, which it monitored intensively while legislation was being drafted, may go a long way toward narrowing the gap between its cost structure and that of its richest rival, General Motors Corp. "Our cost of equipment is being reduced. We think it restores fairness to our competitive position versus that of GM and others," says R. S. Miller Jr., a Chrysler executive vice president and chief financial officer. "This is a major improvement in our ability to compete."

GM has usually been able to use the investment tax credits generated by its capital outlays to reduce its taxes and costs; but under the old law, Chrysler, because of its large losses, couldn't do that. Under the new law, Mr. Miller says, "we can realize, through leasing, the tax benefits that go with new investment." Chrysler also can get a quick infusion of badly needed cash from a leasing firm, which must put up at least 10 percent of the cost of the purchase to make the lease.

"MAD SCRAMBLE" PREDICTED

Already, Chrysler is holding talks with several leasing firms in what Mr. Miller predicts will be "a mad scramble" over the next three months as Chrysler tries to convert to leases some equipment and facilities acquired this year. Mr. Miller says he isn't sure how much leasing Chrysler will do, but "it will be a substantial sum." In the past, Chrysler did very little leasing.

The new law bars individuals from participating directly in the new leasing game. However, some experts think that individual investors may still profit from it indirectly. Profitable companies may be able to avoid taxes altogether by purchasing investment tax credits, and in some cases, predicts Bank of America's Mr. Nevitt, "you'll see some dramatic earnings increases."

For leasing firms, the new law is likely not only to stimulate a boom but also to open the door to many innovations. These might include such deals as a leasing broker buying a huge lease from a corporate giant, then dividing it into units and selling portions to several smaller companies that need the tax breaks.

More important, the new law simplifies leasing. Mr. Gartland of Dean Witter says a lease of two Montana power plants that he is working on has involved, among other things, talks with the Internal Revenue Service for about a year over whether the project was permissible; now, the talks aren't needed. "Congress just said, 'Go ahead and do it, guys,'" he says.

[From the Wall Street Journal, Sept. 15, 1981]

AUTO MAKERS RUSH TO GAIN FROM NEW LAW THAT LETS THEM SELL UNUSED TAX CREDITS

(By Amanda Bennett)

DETROIT.—U.S. auto companies are scrambling to take advantage of changes in the U.S. tax law that could be worth hundreds of millions of dollars to them.

The legislation, passed by Congress last month, allows money-losing companies to sell investment tax credits that would otherwise go to waste. The goal is to help car makers and other troubled industries like railroads and airlines. Heavy investment by the auto companies to develop smaller cars and modernize plants has earned them big tax credits, but most of the credits have gone unused because of the industry's big losses.

The law loosens the rules on leasing. Now money-losing companies can transfer their investment tax credits to profitable firms by selling or leasing new equipment to the companies. That gives the profitable company the use of investment tax credits amounting to 6 percent to 10 percent of the purchase price. Meanwhile, the money-losing company, which doesn't need the credits because it pays no taxes, can lease the equipment back and use it.

But the steps required to benefit from the new law are complex. To figure them out, the auto makers have had to assemble teams of legal and financial advisers.

Right now, Ford Motor Co. and Chrysler Corp. are rushing to find out which of their assets are eligible and are looking for buyers. General Motors Corp., which expects to be profitable this year, is busy figuring out how it can profit from the law as a buyer. Here's a look at each company's situation:

FORD MOTOR CO.

As soon as the tax bill passed, a half dozen experts from Ford's legal, capital finance and accounting staffs started to work. Richard G. Bentley, Ford's assistant controller, says they checked with "5,000 desks around the country" to find out which areas of Ford's capital spending are eligible for tax credits already.

Ford forecasts it could have $60 million to $70 million in credits available for sale. Its estimate is based on projected 1981 capital spending of about $2.8 billion, of which about half will go toward eligible items—buildings, tooling and machines in the U.S.

Ford doesn't know what price it can put on the credits. No one has ever made a market in them before. But, Mr. Bentley says, the company is busy "building a picket fence," trying to stake out its bargaining position.

Officials at Ford have identified two kinds of transactions, though their interpretation is subject to final Treasury Department rulings. In the first, Ford would lease the equipment to a profitable company and then lease it back. As a result, the profitable company would get the investment tax credit, but Ford would keep title to the equipment and retain the benefit of tax-reducing depreciation.

Under the second method, Ford would sell the equipment to another company and lease it back. (Ideally, the buyer's purchase payments would match Ford's lease payments so no money would change hands.) This approach would mean more cash immediately, because Ford would be selling two tax benefits—the right to use depreciation as well as investment tax credits.

But this method involves greater risk. The auto market might turn profitable suddenly, and Ford might want to get back the depreciation it traded away. "There are future uncertainties," says Mr. Bentley. "If you're wrong, you're wrong."

CHRYSLER CORP.

Chrysler got an early start in figuring out what the law meant because its law firm, Patton, Boggs & Blow, watched closely as the legislation took shape. The head start helps because companies have a deadline of mid-November for selling credits on 1981 purchases that they made before mid-August. (After mid-August they have 90 days from the date the items are put into use.)

Chrysler hopes to convert "every single piece" of qualified equipment to leases by the deadline, says R.S. Miller Jr., Chrysler's executive vice president, finance. "If we start to run out of time, we may not get as good a price," he says, but he figures any benefit is better than none.

Plenty of people want the job of helping Chrysler with the conversion. "We're just waiting for the phone to stop ringing," Mr. Miller says.

The company figures it has about $100 million in 1981 investment that's eligible for the tax credits. Mr. Miller says it expects more credits in the future, when increased capital spending is planned. Chrysler believes the new law may actually encourage

spending by increasing the amount of cash that's available to it immediately.

The company isn't counting on having taxable income for awhile. Even if it becomes profitable, it has tax-loss credits to use up from the $3 billion in losses it accumulated in the past three years. As a result, Chrysler is focusing on leasing arrangements that will permit the sale of both depreciation and tax credits. It's "more money for Chrysler," Mr. Miller says.

GENERAL MOTORS CORP.

GM believes it may want to be a tax credit buyer. "There's a profit, in principle," in buying other companies' tax credits by using leases, says F. Alan Smith, executive vice president, financial staff.

The company might even end up holding and leasing equipment from Ford and Chrysler, though Mr. Smith maintains that "we don't have anything under study right now involving the other two auto companies."

GM may also benefit from the fact that the new law that loosens requirements on leases in general. The company already leases very expensive items, such as its locomotives, because the law may reduce the cost of such leases for GM, it may make them more profitable.

Mr. Smith adds that GM expects to have the whole situation figured out "within two to three months."

[From the Washington Post, Sept. 26, 1981]

WELL-OFF FIRMS WOOING MONEY-LOSERS TO ACQUIRE THEIR SURPLUS TAX BENEFITS

(By William H. Jones)

A provision in the new tax law that takes effect Thursday has touched off an unprecedented bidding war by American corporations to acquire tax benefits from money-losing businesses that have more such benefits than they can use.

The leasing provision in President Reagan's tax law permits profitable companies to "buy" tax credits and deductions from unprofitable firms by purchasing some of the firms' equipment or other assets and leasing them back to the sellers.

The price will be "cash on the barrelhead," said Richard G. Bentley, assistant controller of Ford Motor Co., one of the unprofitable companies that hopes to make full use of the new provision.

Tax experts and lawyers are being besieged by corporate executives seeking to make a deal. One Wall Street firm has canceled vacations to send its executives around the country in a matchmaking blitz.

In effect, officials at such currently unprofitable firms as Ford, United Airlines' parent, UAL Inc., International Harvester and Chrysler Corp. are being courted by the hour, as profitable companies seek indications of how much they will have to bid to buy the other company's tax benefits.

Ford's Bentley said yesterday that he is talking to a number of companies and that "some offers and counteroffers are being traded back and forth."

What Ford has to offer is some $70 million of investments made this year, for which it cannot claim tax writeoffs because it is headed for another large loss.

Financial community sources say the initial payment by Ford's profitable buyer is expected to range from 14 to 25 percent, and Bentley said he obviously prefers the higher figure.

If Ford were to get 20 percent on $70 million of investments, for example, it would mean an overnight transfusion of $14 million.

Chrysler has about $100 million of investment credits for sale, from which it could get $20 million or more.

Administration officials hope much of the money going to weaker firms will be used for plant modernization. In addition, it is possible that a bankrupt firm such as Washington's Auto-Train Corp. could get its passenger trains running again between Northern Virginia and Florida by working out a deal to sell its benefits in return for some immediate cash.

"It's the hottest area of business today," said Jeffrey Puma, a tax specialist in Washington with the big accounting firm of Peat, Marwick, Mitchell & Co.

The pace of negotiations has become furious in recent days because the new tax law provides that all credits for investment spending in 1981 are up for grabs retroactive to Jan. 1, but only if agreements are signed by Nov. 12.

At stake are untold billions of dollars in benefits to profitable and money-losing businesses alike, and in fees to accountants, lawyers and others that have set up shop as middlemen for the new bidding. General Electric Credit Corp., the financing subsidiary of GE, is one of the middlemen.

Officially, the administration has estimated that tax revenues lost because of the new provisions will total $27 billion over the next six years. However, one congressional estimate puts the loss at some $31 billion, and tax specialists said the flurry of negotiations in recent days may indicate a substantial increase in the amount of lost revenues. This could complicate the administration's short-term and long-range budget planning.

Alan Greenspan, who headed the Council of Economic Advisers under President Ford, says the new tax provisions are "sort of the equivalent of food stamps for undernourished corporations," allowing subsidies for sectors of the economy that the private markets wouldn't support.

And one prominent financier, who said he is aware of many negotiations "on a very big scale," expressed concern about a "stormy reaction" to diminishing levels of corporate taxation in the next few years because of the leasing provision and other sections of the Economic Recovery Tax Act.

But Ernest Christian, a strong supporter of the new rules and a tax lawyer with the firm of Patton, Boggs & Blow, predicted yesterday that the leasing provisions "will prove in time to be the crucial element in causing the increased capital investment" envisioned in the tax law overall.

Since the Treasury Department is not expected to issue a draft of proposed regulations covering the benefits until early October, tax specialists and their client corporations will have less than six weeks to reach financial agreements before the Nov. 12 deadline.

After that, the new law will apply to subsequent business investments, not to earlier 1981 spending.

According to Puma, of Peat Marwick, the transaction does not require much more than a paper exchange. An unprofitable firm that owns assets purchased in 1981, usually acquired through outside financing with a manufacturer or creditor, sells those assets to a profitable firm in a deal called a "sale-leaseback."

Part of the cost of the assets is paid initially in cash, and the balance becomes a note that requires no actual payments since principal and interest payments to the profitable firm exactly match the purchase installments due the original seller.

Thus, if unprofitable company A sells $100 million of assets to company B and company B agrees to pay 20 percent in cash immediately, the troubled firm gets $20 million on the spot and company B gets current and future tax benefits from owning the $100 million of goods: a 10 percent investment tax credit worth $10 million in reduced taxes plus a 15 percent depreciation writeoff that translates into about $7 million in tax reductions, for a total tax reduction of $17 million over the first year.●

By Mr. DURENBERGER:

S. 1717. A bill to provide for a temporary suspension of the duty on certain freight containers; to the Committee on Finance.

SUSPENSION OF DUTY ON CERTAIN FREIGHT CONTAINERS

● Mr. DURENBERGER. Mr. President, today I am introducing legislation that would save the Government and our international transportation firms countless thousands of man-hours and needless expenses.

Under existing customs regulations, foreign manufactured freight containers carrying cargo, even though subject to duty, are permitted temporary duty-free entry into the United States under bond, as instruments of international traffic. The containers can then be repositioned to another port to accept export cargo as long as they go by a "reasonably direct' route to the second U.S. port. As long as they comply they are not subject to tariff, but both Customs Service and the users must police the movement of the containers to make certain that the repositioning is "reasonably direct." It has been estimated that as many as 14,000 Customs Service personnel-hours alone are expended on this effort. Our international transportation firms undoubtedly are required to apply even greater hours to this task.

The amounts collected as a result of the duty, when it is paid, are relatively small since over 90 percent of the containers are reexported in compliance with the "reasonably direct" route requirement. Even those that are not reexported produce little revenue since the duty of 3.8 percent is assessed only on the residual value of the containers, usually about $200 to $400. The current duty of 3.8 percent is being reduced by 0.6 per year as a result of the MTN agreement. It will reach zero in 1987.

Thus, the effect of the legislation would be simply to accelerate the reduction of the duty to zero and thereby accelerate the day on which the Government and private interests are relieved of this unnecessary burden.

Mr. President, this is precisely the type of unnecessary Government administrative burden from which private industry needs relief. The public and private administrative costs undoubtedly exceed the revenue gained. It is my hope that this much-needed amendment to our customs law can be expeditiously enacted.●

By Mr. DODD (for himself and Mr. DURENBERGER):

S. 1718. A bill to amend the Clean Air Act with respect to interstate pollution abatement; to the Committee on Environment and Public Works.

INTERSTATE POLLUTION ABATEMENT

Mr. DODD. Mr. President, I am introducing today, with Senator DURENBERGER, a bill to amend the Clean Air Act to correct several serious deficiencies in the act's provisions governing interstate air pollution.

The Clean Air Act properly recognizes that the prevention and control of air pollution is the primary responsibility of State and local governments. But the act also recognizes, in addition, air pollution does not respect political boundaries. Strong and effective Federal intervention is the only mechanism available to protect the people of one State from air pollution generated due to the failure of another State to take effective action against polluters.

The current provisions of the Clean Air Act fail to provide this protection.

Two sections of the Clean Air Act contain the chief provisions for addressing interstate air pollution. Section 110 requires each State's implementation plan to include provisions to prohibit "any stationary source" of pollution in the State from producing emissions that will "prevent attainment or maintenance" of air quality standards in another State. Section 126 allows a State or local government to petition the Administrator of the Environmental Protection Agency (EPA) to require emissions reductions from a source in another State that violates the prohibition in section 110.

The limitation of these provisions to stationary sources has proven too narrow to address major interstate pollution problems, the standard of proof required of a State suffering pollution from sources in another State has proven impossible or virtually impossible to meet, and timely action by the EPA on allegations of interstate pollution has proven impossible to obtain.

The amendment I am proposing addresses these three problems.

The amendment does not establish new air quality standards. It does not impose new technical requirements on States or on industry. It does not create new bureaucratic mechanisms and redtape.

The amendment simply makes workable the currently unworkable provisions of the Clean Air Act designed to protect the people of one State from pollution generated in another area over which their own State government has no control.

Specifically, my amendment broadens the interstate pollutions provisions to cover all sources of pollution emissions that are currently regulated by the States under the Clean Air Act. This would allow a State affected by emissions from areas in another State, such as those generated by automobiles or concentrations of smaller industrial plants, to bring a clean-up action against the polluting State. Currently, as I have noted, only emissions from "major" stationary sources are covered under the interstate pollution prohibition.

My proposal would also amend section 110 to require that State implementation plans control emissions that would "interfere with" another State's ability to meet air quality standards or which would "endanger public health and welfare in any other State." Current technology for detecting the movement of pollutants over long distances is simply inadequate to enable a State to demonstrate incontrovertably whether pollution from a distant source actually "prevents" attainment or maintenance of air-quality standards as required under current law.

In conjunction with this change, the amendment adds criteria to section 126 spelling out the factors that should be considered in evaluating a potential violation of the interstate pollution prohibition. These criteria include: First, the total emissions of the relevant pollutant from sources in each State; second, reasonable estimates of the contribution to one State's pollution from sources in another State; third, the meteorological conditions affecting the areas involved; and fourth, the comparative economic impact on both States of requiring additional pollution controls or of allowing the existing level of interstate pollution to continue.

These criteria recognize that interstate pollution disputes rarely lend themselves to answers of scientific exactitude. But that an equitable sharing of the burden is a principal objective of the Clean Air Act. If unworkable provisions allow one State to pollute the air in another State, the results can be both adverse health effects from that pollution and the lost opportunity for jobs and economic growth due to necessarily stricter pollution controls.

On the other hand, realism and a sense of equity demand a recognition of both the technological constraints on and the economic consequences for the State generating interstate pollution.

It should be made clear from the outset that these changes in no way relieve any State of the obligation to reduce emissions that impede attainment of the primary national ambient air quality standards in another State. Under the law these standards are required to be set at levels that protect the public health with an adequate margin for safety. Where the health standard is violated, cost-benefit analysis consistently has been deemed inappropriate. The provisions of my amendment urging consideration of comparative economic impact among States do not alter that judgment. Consideration of comparative economic impact under my amendment may be used only in those circumstances where economic considerations are otherwise allowed under the provisions of the Clean Air Act.

Where such circumstances exist, my amendment makes clear that the EPA is to consider the burden imposed on the State affected by transported pollution as well as the costs to the polluting State of reducing those emissions. Too often in the past only the latter costs have been considered.

The intent in establishing these criteria is to provide the States and the Administrator of the EPA with reasonable guidelines to follow in determining whether or not a violation of the interstate pollution prohibition exists. The past practice of relying solely upon computer modeling results in evaluating interstate pollution cases imposes an unwarranted rigidity on the States. It imposes a standard of proof that is limited by the capabilities of existing modeling techniques. While such modeling results are useful in estimating pollution transport over relatively short distances, they are often inconclusive in evaluating pollution buildups in many longer range cases.

The amendment also serves the purpose of taking the full burden of proof of an interstate pollution violation off of the State affected by the pollution. It assigns the Administrator partial responsibility for establishing the facts of the case without bias or presumption on behalf of any State involved in a dispute.

Finally, this legislation attempts to provide the States a more effective recourse if the Administrator fails to comply with the interstate pollution provisions of the act. Current law requires that the Administrator either confirm or deny such petitions within 60 days of their receipt. Six petitions have been filed under the act. Yet none has received a ruling by the Administrator within the required 60 days. In fact, in most cases, more than a year has elapsed without the Administrator acting.

These kinds of delays are totally unconscionable. They constitute a violation by the Federal Government of the legislatively established rights of the States. To allow such violations to continue without consequence would send a message to both the administration and the States that the Congress is indifferent to the enforcement of the laws it enacts and that the rights of the States under the Clean Air Act are rights in theory, not rights in fact.

To permit continued cavalier treatment of these rights would make a mockery of the law.

To correct this situation, my amendment would grant States, upon whose section 126 petitions the Administrator has failed to act in the required time, the right to file immediate suit in the appropriate U.S. district court to obtain an order directing the Administrator to act on the petition. In addition, the amendment directs the court, upon finding that the Administrator failed to act in the required time, to award to the petitioning State all costs of litigation and a $100,000 penalty.

My amendment extends the time in which the Administrator is required to act on section 126 petitions from 60 to 120 days. I believe this extension grants the Administrator ample time within which to reach an informed judgment on the merits of these petitions. I am hopeful that the penalties established by my amendment will provide sufficient incentive for the Administrator, perhaps with the prodding of the Departments of Justice and Treasury, to be more diligent in carrying out the mandates of the law than has been the case in the past.

I urge my colleagues to give careful consideration to these proposed changes. States throughout this country confront the dilemma of how to protect their people and resources from pollution emissions originating in another State. This is a problem that must be approached with reasoned consideration of the constraints, both economic and technological, faced by all States. This legislation establishes more effective procedures for accomplishing these objectives.

I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1718

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 110(a)(2)(E) of the Clean Air Act is amended to read as follows:

"(E) it contains adequate provisions (i) prohibiting a source or sources within the State from emitting any air pollutant in amounts which will (I) interfere with the attainment or maintenance by any other State of any such national primary or secondary ambient air quality standard, (II) interfere with efforts by any other State under part C to prevent significant deterioration of air quality or to protect visibility, or (III) contribute to air pollution which may reasonably be anticipated to endanger public health or welfare in any other State, and (ii) insuring compliance with the requirements of section 126, relating to interstate pollution abatement;".

(b)(1) Section 126(a) of such Act is amended to read as follows:

"(a) Each applicable implementation plan shall—

"(1) require each major proposed new (or modified) source—

"(A) subject to part C (relating to significant deterioration of air quality), or

"(B) which may significantly contribute to levels of air pollution in violation of section 110(a)(2)(E)(i) in any air quality region outside the State in which such source intends to locate or (make such modification),

to provide written notice to all nearby States the air pollution levels of which may be affected by such source at least sixty days prior to the date on which opportunity for public comment on the construction or modification permit commences, and

"(2) identify all major existing stationary sources, and areas of origin of emissions from all sources, which may have the impact described in paragraph (1) with respect to new or modified sources and provide notice to all nearby States of the identity and location of, and the level of pollutants emitted from, such sources and areas not later than July 1, 1982.".

(2) Section 126(b) of such Act is amended to read as follows:

"(b) Any State or political subdivision may petition the Administrator for a finding that any source or sources emit or would emit any air pollutant in violation of the prohibition of section 110(a)(2)(E)(i). Within 120 days after receipt of any petition under this subsection, during which time a public hearing shall be held, the Administrator shall make such a finding or deny the petition.".

(3) Section 126 of such Act is amended by redesignating subsection (c) as subsection (e) and inserting after subsection (b) the following new subsections:

"(c) In considering petitions filed pursuant to subsection (b), the Administrator may not require the petitioner to rely solely on modelling or other methodologies previously approved by the Administrator for estimating interstate air pollution, but shall also consider—

"(1) the total loadings of any pollutant emitted from sources in the affected air quality control regions in each State subject to the petition,

"(2) reasonable estimates of the contribution to air quality problems in the petitioning State that come from sources outside the State,

"(3) the prevailing winds and other meteorological factors affecting the transport of any pollutant between the affected air quality control regions,

"(4) the comparative economic impact, including, but not limited to, the impact on jobs and the potential for economic growth, in affected air quality control regions in each State subject to the petition, of making such a finding or denying such petition, and

"(5) such other factors as the Administrator may establish by regulation.

"(d) If, within 120 days after receipt of any petition under subsection (b), the Administrator has not made a ruling on such petition, the petitioning State may apply for an order in accordance with section 304(a)(2) directing the Administrator to act, without regard to the 60-day notice requirement of section 304(b)(2). The court, on finding that the Administrator has failed to act within 120 days after receipt of such petition, shall issue such order, shall award costs to the petitioning State as authorized under section 304(d), and shall assess a civil penalty in the amount of $100,000 against the United States, to be paid to the petitioning State.".

(c) Section 110(a)(4) of such Act is amended by striking out "and" before "(B)" and by inserting before the period at the end thereof the following: ", and (C) provide an opportunity for public comment, to extend for at least 60 days, prior to issuance of a permit to commence construction or modification".

By Mr. THURMOND:

S. 1719. A bill for the relief of Henry Brown, Byron R. Buchanan, Arthur Canady, Robert E. Carter, Edwin L. Clickner, William F. Cummings, Edward F. Fuller, Wilbur Geathers, Donell E. Gourdine, David D. Lorick, Martin N. Olmeda, Lawrence E. Riley, Dean W. Sabo, Leon T. Scarborough, George B. Stone, and Paul K. Vincent; to the Committee on the Judiciary.

RELIEF OF CERTAIN EMPLOYEES OF THE CHARLESTON NAVAL SHIPYARD

Mr. THURMOND. Mr. President, I am today introducing a bill which will provide monetary relief for 16 civil service employees at the Charleston Naval Shipyard. These employees are currently being required to repay the Government the overpayment of the per diem allowances which they received for expenses incurred while attending a long-term training program in 1976.

The Navy regulations, which governed the per diem to which they were entitled, were changed while these employees were attending this program. The Navy, through administrative error, failed to reduce the per diem as required by the new regulations and thus overpaid the 16 employees. The Navy has acknowledged this error but interprets current law as prohibiting cancellation of repayment.

I am, therefore, introducing legislation to relieve these employees of all liability for the amounts which they were overpaid. I introduced this same legislation during the 95th Congress when I first became aware of this situation. My bill, S. 1909, passed the Senate on June 8, 1978; but the House of Representatives failed to take action. The Department of the Navy only recently renewed its efforts to collect these overpayments.

The total amount to be nullified by my bill is $12,434.60. The amounts per individual varies from a low of $434 to a high of $1,250.05. This variation among the 16 employees is due to differences in calendar time and training time during the specified temporary duty period for which per diem allowances were authorized and paid.

Mr. President, when my constituents brought this problem to my attention in 1977 and provided the documentation supporting the administrative error, I requested the Department of the Navy to investigate this matter. For clarification of the problem I would like to quote a portion of that Navy report:

The employees for whom you have inquired received overpayment of per diem while attending long-term training programs. All of the employees in question were assigned to training programs which lasted in excess of 120 continuous calendar days. Prior to commencing their training assignments, the employees were issued travel orders which authorized per diem not to exceed the maximum allowable, which at that time was $33.00 per day. Effective 1 August 1976, the Joint Travel Regulations (JTR), Volume 2, which set forth the regulations governing travel and transportation entitlements of Department of Defense civilian personel, were revised to provide that employees assigned to a continuous full-time training program of 120 or more calendar days are entiled to receive 55 percent of the maximum amount allowable for the locality where the training is being conducted. This change thus affected those employees already in attendance at training programs and resulted in a reduction in per diem entitlement effective 1 August 1976. Payments made to those Charleston Naval Shipyard employees on whose behalf you have inquired, were not reduced as required by the change in the regulations, resulting in an overpayment for which repayment has now been sought.

The per diem rates stipulated in the JTR are applicable to all Department of Defense personnel and are mandatory for the various conditions of travel described unless otherwise provided. The Comptroller General of the United States has consistently held that amendatory regulations changing per diem rates have the force and effect of law and are applicable from the stated effective date thereof. This ruling is applicable not only in cases where the individual employee has not received notice of the increase or decrease in rates, but also in cases where the installation directing the travel has not received actual notice of the amendment. Furthermore, an employee has no vested right to be paid at the rate in effect on the date his travel orders are issued for the duration of those orders in the presence of a regulatory revision to the rate in the interim.

The current provision of the JTR, which was effective 1 August 1976 and requires a reduction in the rate of per diem for long-term training programs of 120 or more calendar days, was initiated on the basis that when an employee is attending a course of instruction for a period in excess of four months he can reasonably be expected to procure semi-permanent quarters on other than a daily basis and with facilities sufficient for the preparation of meals, thereby reducing lodging and substance expenses. This provision is also in consonance with the Department of Defense policy that a civilian employee performing travel on official business is expected to exercise the same care in incurring expenses that a prudent person would if traveling on personal business.

Civilian Manpower Management Instruction (CMMI) 410.10 sets forth the Department of the Navy policy on assignment of employees to long-term training and education provided by the Government Employees Training Act of July 7, 1958, and as codified at Chapter 41 of title 5, United States Code. In the statement of scope, that CMMI provides in part that "As used in this CMMI,

the term long-term training and education refers to the off-the-job training (other than apprenticeship, cooperative education, and management intern programs) to which an employee is assigned on a full-time basis and which consists of more than 120 consecutive working days." Such a statement clearly indicates that the definition as used therein relates solely to the expenditure of Government funds as authorized under the law to procure instructional or training services for employees to further development and thus provide improved service to the Government. It does not indicate that such definition governs in determining entitlement to travel and transportation allowance expenditures.

As requested in your letter of 25 May 1977, following is a list of amounts overpaid to those employees on whose behalf you have inquired:

Henry Brown	$476.00
Byron R. Buchanan	1,077.00
Arthur Canady	450.00
Robert E. Carter	442.00
Edwin L. Clickner	476.00
William F. Cummings	1,077.00
Edward F. Fuller	1,077.00
Wilbur Geathers	482.85
Donnell E. Gourdine	1,250.05
David D. Lorick	1,077.00
Martin N. Olmeda	1,077.00
Lawrence E. Riley	617.00
Dean W. Sabo	1,077.00
Leon T. Scarborough	902.75
George B. Stone	442.00
Paul K. Vincent	434.00

It is regretted that the erroneous payments of per diem were caused by a misinterpretation of applicable regulations relating to long-term training, and that the information was accepted in good faith by the employees in question. The Comptroller General has consistently ruled, however, that the United States is not bound by erroneous or unauthorized acts of its officers and employees. Such a misinterpretation may not, therefore, serve as a basis for an exception to the regulations. Though Public Law 92-453 (5 U.S. Code 5584) permits the waiver of erroneous payments of pay and allowances to employees, travel and transportation allowances are specifically excluded from the provision. There is, therefore, no authority under which the overpayments of per diem made to your constituents may be waived.

Mr. President, these employees who are hard working family men have been financially penalized due to a government error. I strongly urge my distinguished colleagues to support this bill. Congressman HARTNETT of South Carolina is introducing a similar bill in the House of Representatives.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1719

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that (a) each of the present or former civil service employees of the Charleston Naval Shipyard, Charleston, South Carolina, named in subsection (b) of this section, is relieved of all liability to repay to the United States the sum specified opposite the name of each such employee. Each such sum represents the overpayment, due to an incorrect interpretation of applicable regulations and other administrative error on the part of the Navy, of a per diem allowance and travel pay to each such employee during a training program conducted in 1976, which sum was accepted in good faith by each such employee.

(b) The employees referred to in subsection (a) and the corresponding sums of money are as follows:

Henry Brown	$476.00
Byron R. Buchanan	1,077.00
Arthur Canady	450.00
Robert E. Carter	442.00
Edwin L. Clickner	476.00
William F. Cummings	1,077.00
Edward F. Fuller	1,077.00
Wilbur Geathers	482.85
Donell E. Gourdine	1,250.05
David D. Lorick	1,077.00
Martin N. Olmeda	1,077.00
Lawrence E. Riley	617.00
Dean W. Sabo	1,077.00
Leon T. Scarborough	902.75
George B. Stone	442.00
Paul K. Vincent	434.00

SEC. 2. The Secretary of the Treasury shall pay, out of any money in the Treasury not otherwise appropriated, to each employee named in subsection (b) of the first section of this Act an amount equal to the sum of any amounts paid by such employee, and any amounts withheld out of any sum otherwise due such employee, on account of the liability for the overpayment referred to in the first section of this Act.

By Mr. GARN:

S. 1720. A bill to enhance the competitiveness of depository institutions, to expand the range of services provided by such institutions, to protect depositors and creditors of such institutions, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

S. 1721. A bill to combine the insurance funds of the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, and the National Credit Union Share Insurance Fund, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

DEPOSITORY INSTITUTIONS LEGISLATION

● Mr. GARN. Mr. President, today I am introducing the Financial Institutions Restructuring and Services Act of 1981, legislation to deal with a number of competitive and fiscal issues facing the Nation's financial system, and the Federal Deposit Insurance Consolidation Act of 1981, a bill to merge the Federal Savings and Loan Insurance Corporation and the National Credit Union Share Insurance Fund into the Federal Deposit Insurance Corporation.

The need to consider comprehensive legislation is a result of steadily increasing competition within the financial services industry which has made existing laws and regulations obsolete in many cases. Additionally, inflation and high interest rates of recent years have caused financial institutions and consumers to adjust their thinking, making institutions more sensitive to efficient operations, strategic planning, effective product marketing, and even survival, and making consumers more aware of innovative, nontraditional investment and savings vehicles. Revisions must be made in the financial system's structure to accommodate the changes which have occurred. Depository institutions should have increased flexibility to enable them to engage in profitable activities and to serve better the needs and wishes of their customers.

Because of the inability of some institutions, particularly the thrifts, to adjust their earning assets to widely fluctuating interest rates and changes in their deposit structure, Congress must act to provide the Federal supervisory agencies with the additional tools they may need to deal with depository institutions facing serious financial problems. In essence, what these bills represent is a shifting of gears to facilitate the continued stability and growth of our financial system.

The restructuring and services bill contains seven titles, with provisions ranging from municipal revenue bond underwriting authority for commercial banks to an increase in deposit insurance to $250,000 on IRA/Keogh retirement accounts. The types of services authorized to be offered by depository institutions would be expanded, with Federal savings and loan associations being allowed to make commercial loans, credit unions offering a broader range of real estate loans, commercial banks having greater flexibility in bankers' acceptances, and all types of depository institutions being able to manage and sell mutual fund investments.

The bill also reduces regulatory burdens by revising or eliminating unnecessary and duplicative reporting requirements mandated by the Financial Institutions Regulatory and Interest Rate Control Act of 1978. Additionally, the legislation permits capital markets to function more freely by preempting State consumer usury ceilings, which must be accomplished if institutions are to earn enough to pay market rates of interest on savings deposits.

While comprehensive, the restructuring and services bill does not affect all areas of concern to financial institutions and their customers. Changes to the general prohibitions against interstate banking in the McFadden Act and the Douglas amendment, as well as a broad review of Glass-Steagall issues, will have to wait until next year.

The changes in the financial system and the need for legislative action to enact statutes which reflect market realities became evident to me during and after the Banking Committee's financial institutions hearings this past spring. Most of the issues dealt with in the restructuring and services bill have been discussed over several years. Economic conditions may have been the spark which hastened the need to act on these issues this year, rather than next, but I would assure my colleagues that the coals have been smoldering a long time under most of this legislation.

The legislation I am introducing today will sharpen the Banking Committee's focus, prompting what I intend to be final congressional action this year on a bill to address some of the significant financial issues our Nation faces. As we move through hearings on the bill, much of which has been drafted by the regulatory agencies, the committee should be better able to consider the merits of its various provisions and prepare for prompt committee markup action.

Although most of the provisions in the restructuring and services bill, such as

municipal revenue bond underwriting, usury preemption, and extraordinary powers for Federal supervisory agencies, have been discussed in the Banking Committee during the past few years, the deposit insurance consolidation bill, which would merge the functions of the Federal Savings and Loan Insurance Corporation and the National Credit Union Administration's Share Insurance Fund into the FDIC, has not been considered at length by the committee.

However, given the relatively small sizes of the FSLIC—$5 billion in assets—and NCUA—$230 million in assets—funds compared with the resources of the FDIC—$12.6 billion in assets—I believe the merger proposal should be explored by the committee as a way of promoting the continued safety of insured deposits and the streamlining of an important governmental function.

Several of the provisions in the restructuring and services bill reflect individual pieces of legislation previously introduced by other members and former members of the Banking Committee. Senator CHAFEE authored legislation (S. 1424) to permit depository institutions to operate and sell mutual fund investments. Senator LUGAR is the principal sponsor of the usury preemption bill (S. 1406). Senator HEINZ is responsible for legislation regarding bankers' acceptances. Senator D'AMATO introduced a bill (S. 1508) to exempt International Banking Facilities from FDIC deposit assessments. Senator TSONGAS is the sponsor of legislation (S. 1680) to permit greater flexibility in lending transactions between a bank and its affiliates, and Senator MITCHELL is the principal sponsor of a bill (S. 207) to restrict bank holding company participation in the insurance business.

Senator PROXMIRE, the distinguished former chairman of the Banking Committee, is a cosponsor of many of these individual bills. Thus, in introducing the restructuring and services bill, I wish to note that it includes numerous provisions from pending legislation, and I wish to recognize the efforts of those Senators who are primarily responsible for developing such other legislation. And, of course, I look forward to having their assistance as the Banking Committee considers the merits of these and other proposals joined in this bill.

The Banking Committee will begin its consideration of these legislative initiatives on Monday, October 19, 1981, with Donald Regan, Secretary of the Treasury, as the first witness. Within the next few days, I will announce the complete schedule of committee hearings on the bills.

For more than 10 years, Congress has been conducting and receiving reports and studies regarding the health and structure of our financial system. Last year, with the Depository Institutions Deregulation and Monetary Control Act, Congress took a first step in realining the statutory framework under which depository institutions operate. Some would argue that it was a faltering step, but its thrust was positive in that it pointed toward greater competition among institutions and broader services for consumers.

What I am urging my colleagues to do now is to consider and approve further refinements in our efforts to insure a financial system which is strong and responsive to the credit and savings needs of individual and business consumers.

Mr. President, I ask unanimous consent that the section-by-section summaries, as well as the texts, of the bills be printed in the RECORD.

There being no objection, the bills and analyses ordered to be printed in the RECORD, as follows:

S. 1720

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Financial Institutions Restructuring and Services Act of 1981".

TITLE I—DEPOSITORY INSTITUTIONS INSURANCE AND SERVICES

SHORT TITLE

SEC. 101. This title may be cited as the "Depository Institutions Insurance and Services Act of 1981".

PART A—FORM OF CHARTER; DEMAND ACCOUNTS

CHARTERING AND PURPOSE

SEC. 111. Section 5(a) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464 (a)) is amended to read as follows:

"SEC. 5. (a) In order to provide thrift institutions for the deposit or investment of funds and for the extension of credit for homes and other goods and services, the Board is authorized, under such rules and regulations as it may prescribe, to provide for the organization, incorporation, examination, operation, and regulation of associations to be known as 'Federal Savings and Loan Associations', or 'Federal Savings Banks', and to issue charters therefor, giving primary consideration to the best practices of thrift institutions in the United States.".

DEMAND ACCOUNTS AND CAPITAL STOCK

SEC. 112. Paragraphs (1) and (2) of section 5(b) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(b)) are amended to read as follows:

"(1) An association may raise capital in the form of such savings deposits, shares, or other accounts, for fixed, minimum, or indefinite periods of time (all of which are referred to in this section as savings accounts), or in the form of such demand accounts, as are authorized by its charter or by regulations of the Board, and may issue such passbooks, time certificates of deposit, or other evidence of accounts as are so authorized. All savings accounts and demand accounts shall have the same priority upon liquidation. Holders of accounts and obligors of an association shall, to such extent as may be provided by its charter or by regulations of the Board, be members of the association, and shall have such voting rights and such other rights as are thereby provided. Except as may be otherwise authorized by the association's charter or regulation of the Board in the case of savings accounts for fixed or minimum terms of not less than fourteen days, the payment of any savings account shall be subject to the right of the association to require such advance notice, not less than fourteen days, as shall be provided for by the charter of the association or the regulations of the Board. The payment of withdrawals from accounts in the event an association does not pay all withdrawals in full (subject to the right of the association, where applicable, to require notice) shall be subject to such rules and procedures as may be prescribed by the association's charter or by regulation of the Board, but any association which, except as authorized in writing by the Board, fails to make full payment of any withdrawal when due shall be deemed to be in an unsafe or unsound condition to transact business within the meaning of subsection (d) of this section. Accounts may be subject to check or to withdrawal or transfer on negotiable or transferable or other order or authorization to the association, as the Board may by regulation provide. Notwithstanding any limitation of this section, associations may establish remote service units for the purpose of crediting savings or demand accounts, debiting such accounts, crediting payments on loans, and the disposition of related financial transactions, as provided in regulations prescribed by the Board.

"(2) To such extent as the Board may authorize by regulation or advice in writing, an association may borrow, may give security, may be surety as defined by the Board and may issue such notes, bonds, debentures, or other obligations, or other securities, including capital stock, as the Board may so authorize.".

CONVERSIONS TO FEDERAL CHARTERS

SEC. 113. Section 5(i) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(i)) is amended to read as follows:

"(i)(1) Any institution which is, or is eligible to become, a member of a Federal Home Loan Bank may convert itself into a Federal Savings and Loan Association or Federal Savings Bank under this Act (and in so doing may change directly from the mutual form to the stock form, or from the stock form to the mutual form), but such conversion shall be subject to such rules and regulations as the Board shall prescribe, and thereafter the converted association shall be entitled to all the benefits of this section and shall be subject to examination and regulation to the same extent as other associations incorporated pursuant to this Act.

"(2) Subject to the rules and regulations of the Board, any Federal association may convert itself from the mutual form to the stock form of organization, or from the stock form to the mutual form, and any Federal association may change its designation from a Federal Savings and Loan Association to a Federal Savings Bank, or the reverse.

"(3) Any Federal association may convert itself into a savings and loan or savings bank type of institution organized pursuant to the laws of the State, District, Commonwealth, or Territory (hereinafter referred to in this section as the 'State') in which the principal office of such Federal association is located if—

"(A) the State permits the conversion of any savings and loan or savings bank type of institution of such State into a Federal association;

"(B) such conversion of a Federal association into such a State institution is determined upon the vote in favor of such conversion cast in person or by proxy at a special meeting of members or stockholders called to consider such action, specified by the law of the State in which the home office of the Federal association is located, as required by such law for a State-chartered institution to convert itself into a Federal association, but in no event upon a vote of less than 51 per centum of all the votes cast at such meeting, and upon compliance with other requirements reciprocally equivalent to the requirements of such State law for the conversion of a State-chartered institution into a Federal association;

"(C) notice of the meeting to vote on conversion shall be given as herein provided and no other notice thereof shall be necessary; the notice shall expressly state that such meeting is called to vote thereon, as well as the time and place thereof, and such notice shall be mailed, postage prepaid, at least thirty and not more than sixty days prior to the date of the meeting, to each member or stockholder of record of the Federal association at his last address as shown on the books of the Federal association and

to the General Counsel of the Federal Home Loan Bank Board, Washington, District of Columbia;

"(D) in the event of dissolution of a mutual association after conversion, the members or shareholders of the association will share on a mutual basis in the assets of the association in exact proportion to their relative share or account credits;

"(E) in the event of dissolution of a stock association after conversion, the stockholders will share on an equitable basis in the assets of the association; and

"(F) such conversion shall be effective upon the date that all the provisions of this Act shall have been fully complied with and upon the issuance of a new charter by the State wherein the association is located.

The act of conversion constitutes consent by the institution to be bound by all the requirements that the Federal Savings and Loan Insurance Corporation may legally impose under section 403 of the National Housing Act. The association shall upon conversion and thereafter be authorized to issue securities in any form currently approved at the time of issue by the Federal Savings and Loan Insurance Corporation for issuance by similar insured institutions in such State. If the insurance of accounts is terminated in connection with such conversion, the notice and other action shall be taken as provided by law and regulations for the termination of insurance of accounts.

"(4) Any aggrieved person may obtain review of a final action of the Board or the Federal Savings and Loan Insurance Corporation which approves, with or without conditions, or disapproves a plan of conversion from the mutual to the stock form, only by complying with the provisions of subsection (k) of section 408 of the National Housing Act within the time limit and in the manner therein prescribed, which provisions shall apply in all respects as if such final action were an order the review of which is therein provided for, except that such time limit shall commence upon publication of notice of such final action in the Federal Register or upon the giving of such general notice of final action as is required by or approved under regulations of the Corporation, whichever is later.

"(5) To the extent authorized by the Board—

"(A) any Federal savings bank chartered as such prior to the enactment of this paragraph may continue to make any investment or engage in any activity not otherwise authorized under this section, to the degree it was permitted to do so as a Federal savings bank prior to such enactment; and

"(B) any Federal savings bank formerly organized as a mutual savings bank under State law may continue to make any investment or engage in any activity not otherwise authorized under this section, to the degree it was authorized to do so as a mutual savings bank under State law.

The authority conferred by this paragraph may be utilized by any Federal association that acquires, by merger or consolidation, a Federal savings bank enjoying grandfathered rights hereunder.".

CONVERSION FROM STATE MUTUAL TO STATE STOCK

SEC. 114. Section 402(j) of the National Housing Act (12 U.S.C. 1725(j)) is amended—

(1) by amending paragraph (1) to read as follows:

"(1) Except as provided in section 5 of the Home Owners' Loan Act of 1933, no insured institution may convert from the mutual to the stock form except in accordance with the rules and regulations of the Corporation."; and

(2) by striking out paragraphs (2), (3), (5), and (6) and redesignating paragraph (4) as paragraph (2).

TECHNICAL AMENDMENTS

SEC. 115. (a) Section 2(d) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1462 (d)) is amended by striking out "mutual" wherever it appears.

(b) Section 403(a) of the National Housing Act (12 U.S.C. 1726(a)) is amended by striking out "mutual".

(c) Section 408(a)(1)(A) of the National Housing Act (12 U.S.C. 1730a(a)(1)(A)) is amended to read as follows:

"(A) 'insured institution' means a Federal savings and loan association, a Federal savings bank, or a building and loan, savings and loan, or homestead association, or a cooperative bank, the accounts of which are insured by the Federal Savings and Loan Insurance Corporation;".

PART B—INVESTMENTS

OVERDRAFTS

SEC. 121. Section 5(c)(1)(A) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)(1)(A)) is amended to read as follows:

"(A) ACCOUNT LOANS.—Loans on the security of its savings accounts and loans specifically related to transaction accounts.".

REAL ESTATE LOANS

SEC. 122. Section 5(c)(1)(B) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)(1)(B)) is amended to read as follows:

"(B) REAL PROPERTY LOANS.—Loans on the security of liens upon residential or nonresidential real property.".

TIME DEPOSITS

SEC. 123. Section 5(c)(1)(G) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)(1)(G)) is amended to read as follows:

"(G) DEPOSITS.—Investments in the time deposits, certificates, or accounts of any bank the deposits of which are insured by the Federal Deposit Insurance Corporation, or in the savings accounts, certificates, or other accounts of any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation.".

GOVERNMENT SECURITIES

SEC. 124. Section 5(c)(1)(H) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)(1)(H)) is amended to read as follows:

"(H) STATE SECURITIES.—Investments in obligations of, or issued by, any State or political subdivision thereof (including any agency, corporation, or instrumentality of a State or political subdivision).".

COMMERCIAL AND OTHER LOANS

SEC. 125. Section 5(c)(1)(L) of the Home Owners' Loan Act (12 U.S.C. 1464(c)(1)(L)) is amended to read as follows:

"(L) COMMERCIAL AND OTHER LOANS.—Secured or unsecured loans for commercial, corporate, business, or agricultural purposes. No association may make loans to one borrower under the authority provided by this subparagraph in excess of the amount a national bank having an identical total capital and surplus could lend such borrower.".

HOUSING AND LAND DEVELOPMENT LOANS

SEC. 126. Section 5(c)(1)(O) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)(1)(O)) is amended to read as follows:

"(O) HOUSING AND LAND AND URBAN DEVELOPMENT INSURED OR GUARANTEED INVESTMENTS.—Loans (i) secured by mortgages as to which the association has the benefit of insurance under title X of the National Housing Act or of a commitment or agreement for such insurance, or (ii) as to which the association has the benefit of any guarantee under title IV of the Housing and Urban Development Act of 1968 or under part B of the National Urban Policy and New Community Development Act of 1970 or under section 802 of the Housing and Community Development Act of 1974, or of a commitment or agreement therefor.".

CORPORATE SECURITIES

SEC. 127. Section 5(c)(1)(P) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)(1)(P)) is amended to read as follows:

"(P) CORPORATE SECURITIES.—An association may invest in, sell or hold commercial paper and corporate debt securities, as defined and approved by the Board. No association may make investments under the authority provided by this subparagraph in the paper or securities of one obligor or maker in excess of the amount a national bank having identical total capital and surplus could so invest in the paper or securities of one obligor or maker.".

INVESTMENT COMPANIES

SEC. 128. Section 5(c)(1)(Q) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)(1)(Q)) is amended to read as follows:

"(Q) INVESTMENT COMPANIES.—An association may invest in, redeem or hold shares or certificates in any open-end management investment company which is registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and the portfolio of which is restricted by such management company's investment policy, changeable only if authorized by shareholder vote, primarily to such investments (without regard to any percentage-of-assets restriction applicable to such investment under this subsection) as an association by law or regulation may invest in, sell, redeem, hold, or otherwise deal with.".

CONSUMER LOANS

SEC. 129. Section 5(c)(1) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)(1)) is amended by adding at the end thereof the following:

"(R) CONSUMER LOANS.—An association may make secured or unsecured loans for personal, family, or household purposes, and loans reasonably incident to the provision of such credit.".

ADDITIONAL INVESTMENT AUTHORITIES

SEC. 130. Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)) is amended—

(1) by striking out paragraph (2);

(2) by redesignating paragraph (6) as paragraph (5);

(3) by inserting after paragraph (1) a new paragraph as follows:

"(2) INVESTMENTS IN PERSONALITY.—An association may invest in tangible personal property, including, without limitation, vehicles, mobile homes, machinery, equipment, or furniture, and may hold such property for rental or sale, but such investment may not exceed 10 per centum of the assets of the association.";

(4) in paragraph (3)—

(A) by striking out subparagraph (D); and

(B) by amending subparagraph (A) to read as follows:

"(A) EDUCATION LOANS.—Loans made for the payment of educational expenses."; and

(5) in paragraph (4)—

(A) by amending subparagraph (B) to read as follows:

"(B) SERVICE CORPORATIONS.—Investments in the capital stock, obligations, or other securities of any corporation organized under the laws of the State in which the home office of the association is located, if the entire capital stock of such corporation is available for purchase only by savings and loan associations of that State and by Federal associations having their home offices therein, but no association may make any investment under this subparagraph if its aggregate outstanding investment under this

subparagraph would exceed 5 per centum of the assets of the association. An association may make an investment under this subparagraph notwithstanding that the service corporation in which investment is authorized has invested in any other corporation (i) that is not chartered by the State in which the home office of the association is located, or (ii) that has stock available for purchase by entities other than savings and loan associations of that State or by Federal associations having their home offices in such State.";

(B) by amending subparagraph (C) to read as follows:

"(C) FOREIGN ASSISTANCE INVESTMENTS.—Investments in housing project loans having the benefit of any guaranty under section 221 of the Foreign Assistance Act of 1961 or loans having the benefit of any guarantee under section 224 of such Act, or any commitment or agreement with respect to such loans made pursuant to either of such sections and in the share capital and capital reserve of the Inter-American Savings and Loan Bank. This authority extends to the acquisition, holding and disposition of loans having the benefit of any guaranty under section 221 or 222 of such Act as hereafter amended or extended, or of any commitment or agreement for any such guaranty. Investments under this subparagraph shall not exceed, in the case of any association, 1 per centum of the assets of such association."; and

(C) by amending subparagraph (D) to read as follows:

"(D) SMALL BUSINESS INVESTMENT COMPANIES.—An association may invest in stock, obligations, or other securities of any small business investment company formed pursuant to section 301(d) of the Small Business Investment Act of 1958, for the purpose of aiding members of the Federal Home Loan Bank System, but no association may make any investment under this subparagraph if its aggregate outstanding investment under this subparagraph would exceed 1 per centum of the assets of such association.".

INCIDENTAL ACTIVITIES

SEC. 131. Section 5(c) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)) is amended by adding at the end thereof the following:

"(6) INCIDENTAL ACTIVITIES.—An association may engage in any activity or venture the Board determines to be incidental to the exercise of the authority conferred by this subsection or by subsection (b).".

LIQUIDITY INVESTMENTS

SEC. 132. Section 5A(b)(1)(B) of the Federal Home Loan Bank Act (12 U.S.C. 1425a (b)(1)(B)) is amended by striking out "and commercial banks" and inserting in lieu thereof the following: ", institutions which are, or are eligible to become, members thereof, and commercial banks".

REGULATORY JURISDICTION

SEC. 133. Section 2(c) of the Bank Holding Company Act of 1956 (12 U.S.C. 1841 (c)) is amended by inserting after "Islands" the following: ", except an institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation,".

BRANCHING

SEC. 134. Section 5 of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464) is amended by adding at the end thereof the following:

"(o) No association may establish, retain, or operate a branch outside the State in which the association has its home office, unless the association qualifies as a domestic building and loan association under section 7701(a)(19), of the Internal Revenue Code or meets the asset composition test imposed by subpargraph (C) of that section on institutions seeking so to qualify. No out-of-State branch so established shall be retained or operated unless the total assets of the association attributable to all branches of the association in that State would qualify the branches as a whole, were they otherwise eligible, for treatment as a domestic building and loan association under said section 7701(a)(19). The limitations of this subsection shall not apply if (1) the branch results from a transaction authorized under section 408(n) of the National Housing Act; (2) the branch was authorized for the association prior to the enactment of the Financial Institutions Restructuring and Services Act of 1981; (3) the law of the State in which the branch is or is to be located would permit establishment of the branch were the association an institution of the savings and loan or savings bank type chartered by the State in which its home office is located; or (4) the branch was operated lawfully as a branch under State law prior to the association's conversion to a Federal charter. The Board, for good cause shown, may allow associations up to two years to comply with the requirements of this subsection.".

HOLDING COMPANY ACTIVITIES

SEC. 135. Section 408 of the National Housing Act (12 U.S.C. 1730a) is amended by adding at the end thereof the following:

"(m) No savings and loan holding company, or any subsidiary thereof which is not an insured institution, whose subsidiary insured institution fails to qualify as a domestic building and loan association under section 7701(a)(19) of the Internal Revenue Code, shall commence, or continue for more than three years after such failure, any business activity other than those specified for multiple savings and loan holding companies and their subsidiaries under subsection (c)(2) hereof.".

PART C—PREEMPTION OF DUE ON SALE PROHIBITIONS

PREEMPTION

SEC. 141. Section 501 of Public Law 96-221 (12 U.S.C. 1735f-7 note) is amended by redesignating subsections (f) and (g) as subsections (g) and (h), respectively, and adding a new subsection (f) to read as follows:

"(f)(1) The provisions of the constitution or the laws of any State limiting the ability of a depository institution or a lender approved by the Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act (or their transferees), to enter into contracts, or to enforce contracts, whenever executed, providing that the institution may, at its option, declare due and payable sums secured by the institution's or lender's security instrument if all of any part of the property, or an interest therein, securing the loan is sold or transferred by the borrower without the institution's or the lender's (or their transferees') prior written consent shall not apply to contacts involving loans secured by a lien on residential real property, by a lien on stock allocated to a dwelling unit in a residential cooperative housing corporation, or by a lien on a residential manufactured home. Except as limited by the Federal Home Loan Bank Board pursuant to subsection (g) herein, exercise by the institution or lender (or their transferees) of such option (hereafter referred to as a 'due-on-sale clause') shall be exclusively governed by the terms of the loan contract, and all rights and remedies of the institution or lender (or their transferees) and borrower shall be fixed and governed by the contract. In the exercise of its authority under subsection (g), the Board may require institutions and lenders to observe appropriate consumer safeguards to the extent it is authorized to require such observance by Federal savings and loan associations.

"(2) Except as provided in paragraph (3), the provisions of paragraph (1) shall not apply in any State after the date (on or after the date of enactment of the Financial Institutions Restructing and Services Act of 1981 and before 3 years after such date of enactment) on which such State adopts a law or certifies that the voters of such State have voted in favor of any provision, constitutional or otherwise, which states explicitly and by its terms that such State does not want the provisions of paragraph (1) to apply in such State.

"(3) In any case in which a State takes an action described in paragraph (2), the provisions of paragraph (1) shall continue to apply to a contract involving—

"(A) any loan, mortgage, credit sale, or advance which is made after the date such action was taken pursuant to a commitment therefor which was entered during the period beginning on the date of enactment of the Financial Institutions Restructuring and Services Act of 1981, and ending on the date on which such State takes such action; and

"(B) any loan, mortgage, or advance which is a rollover of a loan, mortgage, or advance, as described in regulations of the Federal Home Loan Bank Board, which was made or committed to be made during the period beginning on the date of enactment of the Financial Institutions Restructuring and Services Act of 1981, and ending on the date on which such State takes any action described in paragraph (2).".

RULEMAKING

SEC. 142. Subsection (g) of section 501 of Public Law 96-221 (12 U.S.C. 1735f-7 note) is amended to read as follows:

"(g)(1) The Federal Home Loan Bank Board is authorized to—

"(A) issue rules, regulations, interpretations, or approvals governing the implementation of this section; and

"(B) delegate authority to duly authorized officials, employees, or agents of the Board, of the Comptroller of the Currency, or of the National Credit Union Administration Board to issue interpretations of approvals governing the implementation of this section.

"(2) No provision of the constitution or laws of any State imposing any liability, penalty, or forfeiture shall apply to any act done or omitted in good faith in conformity with any rule, regulation, interpretation, or approval under this section by the Federal Home Loan Bank Board or in conformity with any interpretation or approval by an official, employee, or agent of the Board, or of the Comptroller of the Currency, or of the National Credit Union Administration Board duly authorized by the Board to issue interpretations or approvals under this section under such procedures as the Board may prescribe therefor, notwithstanding that, after such act or omission has occurred, such rule, regulation, or approval is amended, rescinded, or determined by judicial or other authority to be invalid for any reason.".

EFFECTIVE DATE

SEC. 143. Subsection (h) of section 501 of Public Law 96-221 (12 U.S.C. 1735f-7 note) is amended by inserting before the period the following: ", except for subsection (f)".

PART D—EXTRAORDINARY AUTHORITY RELATING TO THRIFTS

EMERGENCY THRIFT ACQUISITIONS

SEC. 151. (a) Section 408 of the National Housing Act (12 U.S.C. 1730a) (as amended by section 135) is amended by adding at the end thereof the following:

"(n) Notwithstanding any other provision of State or Federal law, except as provided in subsections (e) (2) and (1) hereof, and in the third sentence of this subsection, the Corporation, upon its determination that severe financial conditions exist which

threaten the stability of a significant number of insured institutions, or of insured institutions possessing significant financial resources, may authorize, in its discretion and where it determines such authorization would lessen the risk to the Corporation, an insured institution that is eligible for assistance pursuant to section 406(f) of this Act to merge or consolidate with, or to transfer its assets and liabilities to, any other insured institution or any insured bank (as that term insured bank is defined in section 3(h) of the Federal Deposit Insurance Act (12 U.S.C. 1813(h)), may authorize any other insured institution to acquire control of said insured institution, or may authorize any company to acquire control of said insured institution or to acquire the assets or assume the liabilities thereof. Mergers, consolidations, transfers, and acquisitions under this subsection shall be on such terms as the Corporation shall provide. Where otherwise required by law, transactions under this subsection must be approved by the primary Federal supervisor of the party thereto that is not an insured institution. In considering authorizations under this subsection, the need to minimize financial assistance required of the Corporation shall be the paramount consideration, but the Corporation shall make a reasonable effort to authorize transactions under this subsection in the following sequence: First, between institutions of the same type within the same State; second, between institutions of the same type in different States; third, between institutions of different types in the same State; and fourth, between institutions of different types in different States. As used herein, the term 'type' shall refer to the purpose of the organizations and the general nature of their powers rather than to the identity of the characters or their form of corporate organization.".

(b) Section 4(c)(8) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(c)(8)) is amended by adding at the end thereof the following: "Notwithstanding any other provision of this Act, if the Board finds that an emergency exists which requires it to act immediately on any application under this subsection involving a thrift institution, and the primary Federal regulator of such institution concurs in said finding, the Board may dispense with the notice and hearing requirement of this subsection and the Board may approve or deny any such application without notice or hearing.".

CONFORMING AMENDMENT

SEC. 152. Section 408(e)(2) of the National Housing Act (12 U.S.C. 1730a(e)(2)) is amended—

(1) by inserting after "subsection" in the first sentence the following: ", or any transaction under subsection (n) hereof,"; and

(2) by inserting after "acquisition," in the third sentence the following: "except a transaction under subsection (n) hereof,".

EMERGENCY STOCK CHARTERS

SEC. 153. (a) Section 5 of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464) (as amended by section 134) is amended by adding at the end thereof the following:

"(p) Notwithstanding any other provision of this section or State law, and consistent with the purposes of this Act, the Board may authorize (or in the case of a Federal association, require) the conversion of a mutual savings and loan association or mutual savings bank into a Federal stock savings and loan association or Federal stock savings bank, or charter a Federal stock savings and loan association or Federal stock savings bank to acquire the assets of, or merge with such a mutual institution under the rules and regulations of the Board. The Board may condition its approval of the conversion or acquisition of a mutual savings bank under this subsection that was previously insured by the Federal Deposit Insurance Corporation upon the receipt from the Federal Deposit Insurance Corporation of reasonable indemnification of the Federal Savings and Loan Insurance Corporation for losses that may be incurred by the latter as a consequence of its insuring the accounts of such institution, as agreed to by the Corporations, and the Federal Deposit Insurance Corporation is authorized to pay such indemnification, without regard to any other provision of law. Authorizations under this subsection may be made only to assist an institution in receivership, or if the primary Federal supervisor has determined that severe financial conditions exist which threaten the stability of an institution and that such authorization is likely to improve the financial condition of the institution, or when either of the Corporations has contracted to provide assistance to such institution under section 406 of the National Housing Act or section 13 of the Federal Deposit Insurance Act.".

(b) Section 2(i) of the Bank Holding Company Act (12 U.S.C. 1841(i)) is amended by adding after the word "shares" the following: "or, (4) a Federal stock savings bank or savings and loan association organized under section 5(p) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(p))".

ASSISTANCE TO THRIFT INSTITUTIONS

SEC. 154. Section 406(f)(2) of the National Housing Act (12 U.S.C. 1729(f)(2)) is amended by adding at the end thereof the following: "The Corporation may provide any party acquiring control of, merging with, consolidating with, or acquiring the assets of an insured institution under section 408(n) of this Act with such financial assistance as it could provide an insured institution under this subsection.".

CONSERVATORSHIP AND RECEIVERSHIP

SEC. 155. (a) Section 406(a) of the National Housing Act (12 U.S.C. 1729(a)) is amended by striking out "savings and loan".

(b) Section 406(b) of the National Housing Act (12 U.S.C. 1729(b)) is amended to read as follows:

"(b) In the event that a Federal association is in default, the Corporation shall be appointed as conservator or receiver and as such (1) is authorized (A) to take over the assets of and operate such association, (B) to take such action as may be necessary to put it in a sound and solvent condition, (C) to merge it with another insured institution, (D) to organize a new Federal association to take over its assets, (E) to proceed to liquidate its assets in an orderly manner, or (F) to make such other disposition of the matter as it deems to be in the best interest of the association, its savers, and the Corporation, and (2) shall pay all valid credit obligations of the association. The Corporation shall pay insurance as provided in section 405. The surrender and transfer to the Corporation of an insured account in any such association which is in default shall subrogate the Corporation with respect to such insured account, but shall not affect any right which the insured member may have in the uninsured portion of his account or any right which he may have to participate in the distribution of the net proceeds remaining from the disposition of the assets of such association.".

(c) Section 406(c) of the National Housing Act (12 U.S.C. 1729(C)) is amended by striking the phrase "savings and loan" wherever it appears.

(d) Section 406(c)(1) of the National Housing Act (12 U.S.C. 1729(c)(1)) is amended by inserting "(A)" after "(c)(1)" and by adding at the end thereof the following:

"(B) Notwithstanding any provision of State law, or of this section, in the event the Federal Home Loan Bank Board determines that any of the grounds specified in section 5(d)(6)(A)(i), (ii), or (iii) of the Home Owners' Loan Act of 1933 exist with respect to an insured institution, other than a Federal association, the Board shall have exclusive power and jurisdiction to appoint the Corporation as sole conservator or receiver of such institution. In such cases the Corporation shall have the same powers and duties with respect to insured institutions as are conferred upon it under subsection (b) of this section with respect to Federal associations.".

(e) Section 406(c)(2) of the National Housing Act (12 U.S.C. 1729(c)(2)) is amended by inserting "conservator or" immediately after "sole" in the first sentence.

(f) Section 406(c)(3) of the National Housing Act (12 U.S.C. 1729(c)(2)) is amended—

(1) by inserting "conservator or" immediately prior to the word "receiver" wherever it appears therein;

(2) by striking out "paragraph (2)" and inserting in lieu thereof "paragraph (1) or (2)"; and

(3) by striking out the second sentence.

(g) Section 406(d) of the National Housing Act (12 U.S.C. 1729(d)) is amended to read as follows:

"(d) In connection with the liquidation of insured institutions, the Corporation shall have power to carry on the business of and to collect all obligations to the insured institutions, to settle, compromise, or release claims in favor of or against the insured institutions, and to do all other things that may be necessary in connection therewith, subject only to the regulation of the Federal Home Loan Bank Board, or, in cases where the Corporation has been appointed conservator, receiver, or legal custodian solely by a public authority having jurisdiction over the matter other than said Board, subject only to the regulation of such public authority.".

ASSISTANCE TO HOME LOAN BANK MEMBERS

SEC. 156. Section 16 of the Federal Home Loan Bank Act (12 U.S.C. 1436) is amended by inserting "(a)" after "Sec. 16." and adding at the end thereof the following:

"(b) Notwithstanding subsection (a) or any other provision of this Act, if the Board determines that severe financial conditions exist threatening the stability of member institutions, it may suspend temporarily the requirements under subsection (a) that a portion of net earnings be set aside semiannually by each Federal Home Loan Bank to a reserve account and permit each Federal Home Loan Bank to declare and pay dividends out of undivided profits. Thereafter, dividends shall be paid in accordance with subsection (a).".

BORROWING AUTHORITY

SEC. 157. (a) Section 402(d) of the National Housing Act (12 U.S.C. 1725(d)) is amended by inserting before the period at the end of the first sentence the following: ", except that interest on loans from the Federal Home Loan Banks shall be not less than their current marginal cost of funds, taking into account the maturities involved, and loans from the Federal Home Loan Banks shall be adequately secured, as determined by the Federal Home Loan Bank Board".

(b) Section 402(i) of the National Housing Act (12 U.S.C. 1725(i)) is amended—

(1) in the first sentence, after the word "source" by inserting the following: ", except the Federal Home Loan Banks"; and

(2) in the first sentence, after the first place the word "loan" appears subsequent to the first colon, by inserting "from the Treasury".

(c) Section 11 of the Federal Home Loan Bank Act (12 U.S.C. 1431) is amended by adding at the end thereof the following:

"(k) The Federal Home Loan Banks are authorized to make loans to the Federal Savings and Loan Insurance Corporation, as directed by the Board, but subject to section 402(d) of the National Housing Act."

SECONDARY INSURANCE RESERVE

SEC. 158. Section 404 of the National Housing Act (12 U.S.C. 1727) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following:

"(h) Notwithstanding any other provision of this section, the Corporation, upon its determination that extraordinary financial conditions exist increasing the risk to the Corporation, may terminate distribution of shares of the secondary reserve and utilize said reserve on the same basis as the primary reserve. If otherwise authorized, the Corporation may resume such distribution upon its determination that said conditions no longer exist.".

PART E—EXTRAORDINARY AUTHORITY RELATING TO BANKS

ASSISTANCE TO INSURED BANKS

SEC. 161. Section 13(c) of the Federal Deposit Insurance Act (12 U.S.C. 1823(c)) is amended to read as follows:

"(c)(1) In order to reopen a closed insured bank or, when the Corporation has determined that an insured bank is in danger of closing, in order to prevent such closing, the Corporation, in the discretion of its Board of Directors, is authorized to make loans to, or purchase the assets of, or make deposits in, such insured bank, upon such terms and conditions as the Board of Directors may prescribe, when in the opinion of the Board of Directors the continued operation of the bank is essential to provide adequate banking service in the community.

"(2) Whenever severe financial conditions exist which threaten the stability of a significant number of insured banks, the Corporation, in the discretion of its Board of Directors, is authorized to make loans to, or purchase the assets of, or make deposits in, any insured bank so threatened, upon such terms and conditions as the Board of Directors may prescribe, if it is probable such action will substantially reduce the risk of loss or avert a threatened loss to the Corporation.

"(3) Any loans and deposits made pursuant to the provisions of this paragraph may be in subordination to the rights of depositors and other creditors.".

LOANS TO INSURED BANKS

SEC. 162. The first paragraph of section 13 (e) of the Federal Deposit Insurance Act (12 U.S.C. 1823 (e)) is amended to read as follows:

"Whenever in the judgment of the Board of Directors such action will reduce the risk of loss or avert a threatened loss to the Corporation and will facilitate a merger or consolidation of an insured bank with another institution or will facilitate the sale of the assets of an open or closed insured bank to and assumption of its liabilities by another institution, the Corporation may, upon such terms and conditions as it may determine, make loans secured in whole or in part by assets of an open or closed insured bank, which loans may be in subordination to the rights of depositors and other creditors, or the Corporation may purchase any such assets or may guarantee any other institution against loss by reason of its assuming the liabilities and purchasing the assets of an open or closed insured bank. Any insured national bank or District bank, or the Corporation as receiver thereof, is authorized to contract for such sales or loans and to pledge any assets of the bank to secure such loans. As used in this subsection, the term 'institution' means an insured bank or an association or bank insured by the Federal Savings and Loan Insurance Corporation.".

CONVERSION OF MUTUAL SAVINGS BANKS

SEC. 163. (a) Section 26 of the Federal Deposit Insurance Act (12 U.S.C. 1831c) is amended by inserting "(a)" immediately after "SEC. 26."; by inserting "mutual" after the word "Federal" the first two times it appears; and by striking out "or a savings bank which is (or within sixty days after the merger or consolidation becomes) an insured institution within the meaning of section 401 of the National Housing Act".

(b) Section 26 of the Federal Deposit Insurance Act (12 U.S.C. 1831c) is amended by adding at the end thereof the following new subsection:

"(b) Whenever, pursuant to section 5(p) of the Home Owners' Loan Act of 1933, a State-chartered insured mutual savings bank converts into a Federal stock savings bank or merges with or is acquired by a Federal stock savings bank, the Corporation, in the discretion of its Board of Directors, may provide reasonable indemnification to the Federal Savings and Loan Insurance Corporation, as agreed to by the two corporations, for losses that may be incurred by the latter as a consequence of the Federal Savings and Loan Insurance Corporation insuring the accounts of such institution.".

FEDERAL DEPOSIT INSURANCE CORPORATION ASSESSMENTS

SEC. 164. The third sentence of section 7(d)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1817(d)(1)) is amended—

(1) by striking out "and" the second place it appears; and

(2) by inserting before the period at the end thereof the following: "; and (4) any lending costs for the calendar year, which shall be the difference between the rate of interest earned, if any, from each loan made by the Corporation pursuant to section 13 after January 1, 1981, and the Corporation's average investment portfolio yield for the calendar year".

EXTRAORDINARY BANK ACQUISITIONS

SEC. 165. Subsection (e) of section 13 of the Federal Deposit Insurance Act (12 U.S.C. 1823(e)) is amended—

(1) by redesignating the first paragraph as "13(e)(1)" and the second paragraph as "13(h)"; and

(2) by adding the following new paragraph as "13(e)(2)":

"(2)(A) Whenever an insured bank that had total assets equal to or greater than 0.12 per centum of aggregate assets in domestic (United States) offices of insured banks (as determined from the most recently compiled Reports of Condition filed by insured banks) is closed and the Corporation is appointed receiver, then, the receiver may, in its discretion and upon such terms and conditions as it may determine, and with such approvals as may elsewhere be required by any State or Federal courts and supervisory agencies, sell assets of the closed bank to and arrange for the assumption of the liabilities of the closed bank by an insured depository institution located in the same State as that in which the closed bank was chartered but owned by an out-of-State bank or bank holding company. Notwithstanding subsection (d) of section 3 of the Bank Holding Company Act of 1956 or any other provision of State or Federal law, the acquiring institution is authorized to be and shall be operated as a subsidiary of the out-of-State bank or bank holding company, except that an insured bank may operate the assuming institution as a subsidiary only if specifically authorized by law other than this paragraph.

"(B) In determining whether to arrange a sale of assets and assumption of liabilities of a closed insured bank under the authority of this paragraph (2), the receiver may solicit such offers as is practicable from any prospective purchasers it determines, in its sole discretion, are both qualified and capable of acquiring the assets and the liabilities of the closed bank.

"(C) If, after receiving offers, the highest acceptable offer is from a subsidiary of an out-of-State bank or bank holding company, the receiver shall permit the highest acceptable offeror among any existing in-State insured depository institutions and subsidiaries of in-State bank holding companies to submit a new offer for the assets and liabilities of the closed bank. If the in-State institution reoffers a greater amount than the previous highest acceptable offer, then the receiver shall sell the assets and transfer the liabilities of the closed bank to that institution.

"(D) If there is no acceptable offer received from an existing in-State depository institution or subsidiary of an in-State bank holding company, or if there is no reoffer greater than the highest acceptable offer, then the receiver shall permit the highest acceptable offeror of the subsidiaries of the insured banks chartered in States adjoining the State in which the closed bank was chartered and bank holding companies whose banking subsidiaries' operations are principally conducted in States adjoining the State in which the closed bank was chartered (if its offer was not the highest received by the receiver) to make a new offer for the assets and liabilities of the closed bank. If this subsidiary reoffers a greater amount than the previous highest acceptable offer then the receiver shall sell the assets and transfer the liabilities of the closed bank to that institution.

"(E) If no offer under subparagraph (C) or (D) is received which exceeds the original highest acceptable offer, then the receiver shall sell the assets and transfer the liabilities of the closed bank to the highest acceptable offeror.

"(F) In making a determination to solicit offers under subparagraph (B), the State bank supervisor of the State in which the closed insured bank was chartered shall be consulted. The State bank supervisor shall be given a reasonable opportunity, and in no instance a period of less than twenty-four hours, to object to the use of the provisions of this paragraph. If the State supervisor objects, the receiver may use the authority of this paragraph only by a unanimous vote of the Board of Directors. The Board of Directors shall provide to the State supervisor, as soon as practicable, a written certification of its determination.

"(G) The receiver shall not make any sale under the provisions of this paragraph—

"(i) which would result in a monopoly, or which would be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States; or

"(ii) whose effect in any section of the country may be substantially to lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint of trade,

unless it finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.

"(H) Nothing contained in this paragraph shall be construed to limit the Corporation's powers in paragraph (1) to assist a transaction under this paragraph.

"(I) As used in this paragraph—

"(i) the term 'receiver' shall mean the Corporation when it has been appointed the receiver of a closed insured bank;

"(ii) the term 'insured depository institution' shall mean an insured bank or an association or bank insured by the Federal Savings and Loan Insurance Corporation;

'(iii) the term 'existing in-State insured depository institution' shall mean an insured depository institution that is chartered in the same State as the State in which the closed bank was chartered;

"(iv) the term 'in-State bank holding company' shall mean a bank holding company whose banking subsidiaries' operations are principally conducted in the same State as the State in which the closed bank was chartered; and

"(v) the term 'out-of-State bank or bank holding company' shall mean an insured bank having its principal place of banking business in a State other than the State in which the closed bank was chartered or a bank holding company whose banking subsidiaries' operations are principally conducted in a State other than the State in which the closed bank was chartered.".

PART F—MISCELLANEOUS

DELEGATIONS

SEC. 171. Section 17(a) of the Federal Home Loan Bank Act (12 U.S.C. 1437(a)) is amended by inserting after the first sentence the following: "Notwithstanding any other provision of law, the Board may from time to time make such provision as it deems appropriate authorizing the performance by any officer, employee, agent, or administrative unit thereof of any function of the Board (including any function of the Federal Savings and Loan Insurance Corporation), except with regard to promulgation of rules and regulations in accordance with the Administrative Procedures Act, and adjudications subject to such Act.".

ATTORNEYS FEES

SEC. 172. Section 5(d)(8)(A) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(d)(8)(A)) is amended by inserting in the last sentence thereof, after the word "party", the following: ", which prevails,".

SECONDARY MARKET PURCHASE AUTHORITY

SEC. 173. (a) Section 305(a)(1) and (b) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454 (a)(1) and (b)) are amended by inserting "the Federal Deposit Insurance Corporation, the National Credit Union Administration," after "Federal Savings and Loan Insurance Corporation," each place it appears.

(b) Section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) is amended by amending the third sentence to read as follows: "The Corporation may purchase a conventional mortgage which was originated more than one year prior to the purchase date only if the seller is the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the National Credit Union Administration, or any other sellers currently engaged in mortgage lending or investing activities.".

(c) The fourth sentence of section 302(b)(2) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(b)(2)) is amended to read as follows: "The corporation may purchase a conventional mortgage which was originated more than one year prior to the purchase date only if the seller is the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the National Credit Union Administration, or any other seller currently engaged in mortgage lending or investing activities.".

SECURITY FOR ADVANCES

SEC. 174. Section 10 of the Federal Loan Bank Act (12 U.S.C. 1430) is amended—

(1) by amending subsection (a) to read as follows:

"(a) Each Federal Home Loan Bank is authorized to make secured advances to its members upon such security as the Board may prescribe.";

(2) by striking out the first two sentences of subsection (b); and

(3) by striking out the word "twelve" wherever it appears in subsection (c) and inserting in lieu thereof the word "twenty".

INSURANCE OF ACCOUNTS IN MERGERS

SEC. 175. Section 405(a) of the National Housing Act (12 U.S.C. 1728(a)) is amended by inserting after the first sentence the following: "Whenever the liabilities of an insured institution for accounts shall have been assumed by another insured institution or institutions, whether by way of merger, consolidation, or other statutory assumption, or pursuant to contract, all accounts so assumed shall have separate insurance which shall terminate at the end of six months from the date such assumption takes effect or, in the case of any certificate account, the earliest maturity date after the six-month period.".

DELETION OF OBSOLETE REQUIREMENT

SEC. 176. Section 6(c)(2) of the Federal Home Loan Bank Act (12 U.S.C. 1426(c)(2)) is amended to read as follows:

"(2) Notwithstanding any other provision of this subsection, no action shall be taken by any bank with respect to any member pursuant to any of the foregoing provisions of this subsection if the effect of such action would be to cause the aggregate outstanding advances, within the meaning of the last sentence of subsection (c) of section 1430 of this Act or within the meaning of regulations of said Board defining said term for the purposes of this sentence, made by such bank to such member to exceed twenty times the amounts paid in by such member for outstanding capital stock held by such member.".

COMPENSATION OF ADVISORY COMMITTEE MEMBERS

SEC. 177. Section 8a of the Federal Home Loan Bank Act (12 U.S.C. 1428a) is amended by striking the fifth sentence thereof and adding in lieu thereof the following: "Subject to the provisions of section 7 of the Federal Advisory Committee Act, all members and alternates of the Council may be compensated and shall be entitled to reimbursement from the Board for traveling expenses incurred in attendance at meetings of such Council.".

WITHDRAWAL FROM MEMBERSHIP

SEC. 178. (a) Section 6(1) of the Federal Home Loan Bank Act (12 U.S.C. 1426(1)) is amended by inserting before the period at the end of the second sentence the following: "except that in the case of a voluntary withdrawal, such liquidation shall be deemed a prepayment of any such indebtedness, and shall be subject to any penalties applicable to such prepayment".

(b) Section 6 of the Federal Home Loan Bank Act (12 U.S.C. 1426) is amended by adding at the end thereof the following:

"(m) Notwithstanding any other provision of this Act, (1) no Federal Home Loan Bank member institution that withdraws from membership may acquire membership in any Federal Home Loan Bank thereafter, except where a transfer of membership between Banks is involved, or in consequence of obtaining insurance of accounts from the Federal Savings and Loan Insurance Corporation, and (2) no institution eligible for such Federal Home Loan Bank membership may obtain such membership in consequence of an application for such membership filed after December 31, 1987, or five years after the date of the granting of the institution's original charter, whichever is later, except in consequence of obtaining insurance of accounts from the Federal Savings and Loan Insurance Corporation. The Board may provide a reasonable extension of time, not to exceed two years, beyond the deadlines imposed by this subsection, to allow a rejected applicant which filed in good faith and pursued its applications with diligence, to file a second application.".

TITLE II—PROVISIONS RELATING TO NATIONAL AND MEMBER BANKS

PART A—GENERAL PROVISIONS

LENDING LIMITS

SEC. 201. Section 5200 of the Revised Statutes (12 U.S.C. 84) is amended to read as follows:

"SEC. 5200. (a)(1) The total loans or extensions of credit by a national banking association to a person outstanding at one time and not fully secured, as determined in a manner consistent with paragraph (2) of this subsection, by collateral having a market value at least equal to the amount of the loan or extension of credit shall not exceed 15 per centum of the unimpaired capital and unimpaired surplus of the association.

"(2) The total loans or extensions of credit by a national banking association to a person outstanding at one time and fully secured by readily marketable collateral having a market value, as determined by reliable price quotations reasonably continuously available at least equal to the amount of the association's advance and in accordance with any other rules or regulations established by the Comptroller of the Currency, shall not exceed 10 per centum of the capital and unimpaired surplus of the association. This limitation shall be separate from and in addition to the limitation contained in paragraph (1) of this subsection.

"(b) For the purpose of this section—

"(1) the terms 'loan or extension of credit' and 'loans or extensions of credit' include all advances of funds to a person made on the basis of that person's obligation to repay the funds or repayable from specific property pledged by or on behalf of the person;

"(2) the term 'person' includes an individual, sole proprietorship, partnership, joint venture, association, trust, estate, business trust, corporation, sovereign government or agency, instrumentality, or political subdivision thereof, or any similar entity or organization; and

"(3) the amount of loans or extensions of credit to one person shall include the amount of all loans or extensions of credit to all other persons where the first person receives the benefit from the proceeds of such loans or extensions of credit.

"(c) The limitations contained in subsection (a) shall be subject to the following exceptions:

"(1) Loans or extensions of credit arising from the discount of commercial or business paper evidencing an obligation to the person negotiating it with recourse shall not be subject to any limitation based on capital and surplus.

"(2) The purchase of bankers' acceptances of the kind described in section 13 of the Federal Reserve Act (12 U.S.C. 372 and 373) and issued by other banks shall not be subject to any limitation based on capital and surplus.

"(3) Loans or extensions of credit secured by bills of lading, warehouse receipts, or similar documents transferring or securing title to readily marketable staples shall be subject to a limitation of 25 per centum of capital and surplus in addition to the general limitations if the market value of the staples securing the additional loans or extensions of credit at all times equals or exceeds 115 per centum of the outstanding amount of the loan or extension of credit. The staples shall be fully covered by insurance whenever it is customary to insure such staples.

"(4) Loans or extensions of credit secured by bonds, notes, certificates of in debtedness, or Treasury bills of the United States or by

other such obligations fully guaranteed as to principal and interest by the United States, shall not be subject to any limitation based on capital and surplus.

"(5) Loans or extensions of credit to or secured by unconditional takeout commitments or guarantees of any department, agency, bureau, board, commission, or establishment of the United States or corporation—wholly owned by the United States shall not be subject to any limitation based on capital and surplus.

"(6) Loans or extensions of credit secured by a segregated deposit account in the leading bank shall not be subject to any limitation based on capital and surplus.

"(7) Loans or extension of credit to any financial institution or to any receiver, conservator, superintendent of banks, or other agent in charge of the business and property of such financial institution, when such loans or extensions of credit are approved by the Comptroller of the Currency shall not be subject to any limitation based on capital and surplus.

"(d) The Comptroller of the Currency may prescribe rules or regulations defining or further defining terms used in this section determining when loans or extensions of credit to one person shall be deemed to be loans or extensions of credit to any other person, or interpreting any of the provisions of this section.".

BORROWING LIMITS

SEC. 202. Section 5202 of the Revised Statutes (12 U.S.C. 82) is amended to read as follows:

"SEC. 5202. The Comptroller of the Currency may, by rule or regulation, establish limitations on the amount by which a national banking association may be indebted or in any way subject to liability to make payments, including limitations on both ascertainable and contingent debts and liabilities. The Comptroller of the Currency may establish separate limitations on particular types or classes of transactions involving national bank indebtedness or liability and may alternatively or additionally establish aggregate limitations on total indebtedness and liability of national banking associations.".

REAL ESTATE LOANS

SEC. 203. Section 24 of the Federal Reserve Act (12 U.S.C. 371) is amended to read as follows:

"REAL ESTATE LOANS

"SEC. 24. (a)(1) A national banking association may make loans secured by liens on interests in real estate (hereinafter referred to as 'real estate loans') in accordance with the provisions of this section.

"(2) A lien taken by an association may be in any form recognized as a perfected lien on real estate under the law of the State in which the property is located. If the security for a loan consists of a lien upon or the assignment of a leasehold estate, the loan shall be deemed a real estate loan regardless of the characterization of the bank's lien under State law; in such a case the lease term must extend for at least ten years beyond the maturity date of the loan.

"(3) The amount advanced on any real estate loan shall not exceed an amount that an association can reasonably expect to recover in a timely manner if required to look to the lien for repayment of the loan.

"(4) A real estate loan shall adequately provide, through a schedule of installment and other payments, a takeout commitment, or a similar means, for the payment of all interest and the repayment of the principal of the loan within a reasonable period of time.

"(b) The limitations and restrictions of this section shall not apply to—

"(1) a loan secured by a lien on an interest in real estate but with respect to which an association does not rely on the lien as the primary security, but the association shall maintain on file adequate documentation that the primary security is other than the real estate lien;

"(2) a real estate loan which is 20 per centum or more insured or unconditionally guaranteed by the full faith and credit of the United States or any agency or instrumentality thereof; or

"(3) financing of the acquisition or development of real estate, whether in the form of construction loans to developers, loans to real estate purchasers, or loans to other real estate lenders if, in connection with such financing, there is a valid and binding agreement with a financially responsible lender or other financially responsible party which is either entered into directly with the lending association or assigned to or otherwise made for the benefit of the association, pursuant to which a lender or other party is unconditionally required to advance to the association within a reasonable time after the loan is made, considering the purpose of the association's loan and all the facts surrounding the particular transaction, the full amount of the association's loan.

"(c) An association may arrange real estate loans and may purchase or sell any real estate loan obligations in whole or in part.

"(d) No association shall make real estate loans in an aggregate amount in excess of its time and savings deposits.

"(e) Notes representing loans made under this section to finance the construction of residential or farm buildings and having maturities of less than nine months shall be eligible for discount as commercial paper within the terms of the second paragraph of section 13 of this Act if accompanied by a valid and binding agreement entered into by an individual, partnership, association, or corporation acceptable to the discounting association, to advance the full amount of the loan upon the completion of the building.

"(f) Any loan made pursuant to this section shall be subject to any terms, conditions, or limitations which may be prescribed by the Comptroller of the Currency by rule or regulations.".

TECHNICAL AMENDMENTS

SEC. 204. Section 5239(b)(1) of the Revised Statutes (12 U.S.C. 93(b)(1)) is amended by inserting before "or any regulation issued pursuant thereto," the following: "any of the provisions of the first section of the Act of September 28, 1962 (76 Stat. 668; 12 U.S.C. 92a),".

BANKERS BANKS

SEC. 205. (a) Section 5169 of the Revised Statutes (12 U.S.C. 27) is amended by adding at the end thereof the following: "The Comptroller of the Currency may also issue a certificate of authority to commence the business of banking pursuant to this section to a national banking association which is organized solely to do business with other financial institutions, their officers, directors, or employees, if such association is owned exclusively (except to the extent directors' qualifying shares are required by law) by other depository institutions and is engaged exclusively in providing banking services for other banks and their officers, directors, and employees, and it does not do business with the general public.".

(b) Paragraph seven of section 5136 of the Revised Statutes (12 U.S.C. 24) is amended by adding at the end thereof the following: "Notwitstanding any other provision of this paragraph, the association may purchase for its own account shares of stock of a national banking association which is organized solely to do business with other financial institutions, their officers, directors, or employees, if such association is owned exclusively (except to the extent directors' qualifying shares are required by law) by other depository institutions and if such association is engaged exclusively in providing banking services for other banks and their officers, directors, and employees, and it does not do business with the general public, but in no event shall the total amount of such stock held by the association exceed at any time 10 per centum of its capital stock and paid in an unimpaired surplus and in no event shall the purchase of such stock result in the association's acquiring more than 5 per centum of any class of voting securities of such association.".

(c) Section 8(b) of the Federal Deposit Insurance Act (12 U.S.C. 1818 (b)) is amended by adding at the end thereof the following:

"(5) This section shall apply, in the same manner as it applies to any insured bank for which the appropriate Federal banking agency is the Comptroller of the Currency, to any national banking association chartered by the Comptroller of the Currency.".

VENUE PROVISION

SEC. 206. Section 5198 of the Revised Statutes (12 U.S.C. 94) is amended to read as follows:

"SEC. 5198. Actions and proceedings against any association under this title, for which the Federal Deposit Insurance Corporation has been appointed as receiver, may be brought in any district or territorial court of the United States within the district in which said association is located or in any State, county, or municipal court having jurisdiction in similar cases, in the county or city in which said association is located.".

LEGAL HOLIDAYS

SEC. 207. The last sentence of section 4(b)(1) of the Act of March 9, 1933 (12 U.S.C. 95(b)(1)) is amended to read as follows: "In the event that a State official authorized by law designates any day as a legal holiday for ceremonial or emergency reasons, for the State or any part thereof, that same day shall be a legal holiday for all national banking associations or their offices located in that State or the part so affected. A natonal banking association or its affected offices may close or remain open on such a legal holiday unless the Comptroller of the Currency by written order directs otherwise.".

AMENDMENTS TO DEREGULATION ACT

SEC. 208. (a) Sections 721 and 722 of the Depository Institutions Deregulation and Monetary Control Act of 1980 (12 U.S.C. 191 note) are amended by striking out the phrase "closed on or before January 22, 1934" each place it appears and inserting in lieu thereof "which have been closed and for which the Comptroller has appointed a receiver other than the Federal Deposit Insurance Corporation".

(b) Title VII of such Act is amended by adding after section 723 the following:

"PART C—DISPOSITION OF UNCLAIMED PROPERTY RECOVERED FROM CLOSED NATIONAL BANK

"PURPOSE

"SEC. 731. The purpose of this part is to dispose of unclaimed property in the possession, custody, or control of the Comptroller of the Currency by—

"(1) providing final notice of the availability of unclaimed property from closed national banks;

"(2) barring rights of claimants to obtain such property from the Comptroller after a reasonable period of time following such notice; and

"(3) authorizing the Comptroller to dispose of such property for which no claims have been filed under this part.

"DEFINITIONS

"SEC. 732. For purposes of this part—

"(1) the term 'Comptroller' means the Comptroller of the Currency;

"(2) the term 'unclaimed property' means any articles, items, assets, other property, or the proceeds thereof from safe deposit boxes or other safekeeping arrangements with closed national banks, in the possession, custody, or control of the Comptroller in its capacity as successor to receivers of those banks; and

"(3) the term 'claimant' means any person or entity asserting a legal interest in title to or possession of unclaimed property.

"DISPOSITION OF UNCLAIMED PROPERTY

"SEC. 733. (a) Within one hundred and eighty days following the date of the enactment of this part, the Comptroller shall publish notice once a week for four weeks in the Federal Register that all claims to rights of any person or entity to obtain possession of any unclaimed property in the possession, custody, or control of the Comptroller must be filed within twelve months following the last date of publication of such notice or shall thereafter be barred. Such notice shall contain the names of last known owners, if any, names and locations of affected closed banks, and a general description of the types of unclaimed property held by the Comptroller. Reasonable opportunity for inspection of subject property by possible claimants shall be provided in Washington, D.C.

"(b) The Comptroller shall deliver such property to any demonstrably rightful owner or his or her authorized representative upon receiving adequate proof that such claimant is entitled to the property, but only if the claimant files for the property within twelve months following the last date notice is published. Such proof shall include convincing documentary evidence of entitlement, together with an affidavit by the claimant attesting to his or her rights or interest in the property. The Comptroller shall have authority to determine the validity of all claims filed. All expenses associated with the delivery of any property shall be borne by the claimant.

"(c) If, after twelve months from the date final notice is published, any such property remains in the possession, custody, or control of the Comptroller for which no valid claim has been filed, all rights, title, and interest in such property shall immediately be vested in the United States. The Comptroller shall thereupon, in its discretion, sell, use, destroy, or otherwise dispose of any such unclaimed property. The proceeds of any sale authorized by this provision, after recoupment by the Comptroller of any expenses incident thereto, shall be covered into the Treasury as miscellaneous receipts.

"(d) The Comptroller or any officer, employee, or agent of the Comptroller of the United States shall not be subject to legal liability for delivery, sale, destruction, or other disposition of any unclaimed property made in accordance with this part.

"RULEMAKING AUTHORITY

"SEC. 734. The Comptroller may issue rules and regulations necessary or appropriate to carry out this part.".

BANKERS ACCEPTANCES

SEC. 209. The seventh paragraph of section 13 of the Federal Reserve Act (12 U.S.C. 372) is amended to read as follows:

"A member bank may accept drafts or bills of exchange drawn upon it having not more than six months sight to run, exclusive of days of grace, which grow out of transactions involving the importation or exportation of goods, which grow out of transactions involving the domestic shipment of goods, or which are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples. No member bank shall accept such bills for which it shall not be and remain fully secured to an amount equal at any time in the aggregate to more than 200 per centum of its paid-up and unimpaired capital stock and surplus but the Board, under such conditions as it may prescribe, may authorize, by regulation or order, any member bank to accept such bills for which such member bank shall not be and remain fully secured to an amount not exceeding at any time in the aggregate 300 per centum of its paid-up and unimpaired capital stock and surplus. No member bank shall accept, whether in a foreign or domestic transaction, for any one person, partnership, corporation, association, or other entity to any amount equal at any time in the aggregate to more than 10 per centum of its paid-up and unimpaired capital stock and surplus, unless such member bank is secured either by attached documents or by some other actual security growing out of the same transaction as the acceptance. Amounts (i) representing the shipment of goods where a member bank is fully covered by primary obligations to reimburse it that are also guaranteed by banks, bankers, or corporations regulated under section 25 or 25a of this Act; or (ii) with respect to which a member bank is covered by participation agreements from other banks or corporations regulated under section 25 or 25a of this Act shall not be counted toward the limitations in the preceding two sentences. In order to effectuate the purposes of this paragraph, the Board may define any of the terms used herein.".

BANKING AFFILIATES

SEC. 210. (a) This section may be cited as the "Banking Affiliates Act".

(b) Section 23A of the Federal Reserve Act (12 U.S.C. 371c) is amended to read as follows:

"SEC. 23A. (a) RESTRICTIONS ON TRANSACTIONS WITH AFFILIATES.—

"(1) A member bank and its subsidiaries may engage in a covered transaction with an affiliate only if—

"(A) the covered transaction is made on substantially the same terms as those prevailing at the time for comparable transactions with other nonaffiliated companies;

"(B) in the case of any affiliate, the aggregate amount of covered transactions of the member bank and its subsidiaries will not exceed 10 per centum of the capital stock and surplus of the member bank; and

"(C) in the case of all affiliates, the aggregate amount of covered transactions of the member bank and its subsidiaries will not exceed 20 per centum of the capital stock and surplus of the member bank.

"(2) A member bank and its subsidiaries may not purchase a low-quality asset.

"(b) DEFINITIONS.—For the purpose of this section—

"(1) any transaction with a director, officer, or other employee or with any representative of an affiliate shall be deemed to be a transaction with the affiliate to the extent that the proceeds of the transaction are used for the benefit of, or transferred to, the affiliate;

"(2) except in the case of a company that controls the member bank, any transaction with a subsidiary of an affiliate or with a subsidiary of that subsidiary shall be deemed to be a transaction with such affiliate;

"(3) the term 'affiliate' with respect to a member bank means—

"(A) any company that controls the member bank and any other company that is controlled by the company that controls the member bank;

"(B) a bank subsidiary of the member bank;

"(C) any company (i) that is controlled directly or indirectly, by trust or otherwise, by or for the benefit of shareholders who beneficially or otherwise control, directly or indirectly, by trust or otherwise, the member bank or any company that controls the member bank; or (ii) in which a majority of its directors or trustees constitute a majority of the persons holding any such office with the member bank or any company that controls the member bank;

"(D) any company, including a real estate investment trust, that is sponsored and advised on a contractual basis by the member bank or any subsidiary or affiliate of the member bank; and

"(E) any company that the Board determines by regulation or order to have a relationship with the member bank or any subsidiary or affiliate of the member bank, such that judgments by the member bank or its subsidiary, with respect to transactions with such company, may be affected by the relationship to the detriment of the member bank or its subsidiary;

"(4) the following shall not be considered to be an affiliate:

"(A) any company, other than a bank, that is a subsidiary of the member bank;

"(B) any company engaged solely in holding the premises of the member bank with which it is affiliated;

"(C) any company engaged solely in conducting a safe deposit business;

"(D) any company engaged solely in holding obligations of the United States or its agencies or obligations fully guaranteed by the United States or its agencies as to principal and interest; and

"(E) any company where control results from the exercise of rights arising out of a bona fide debt previously contracted, but only for the period of time specifically authorized under applicable State or Federal law or regulation or in the absence of such law or regulation for a period of two years from the date of the exercise of such rights or the effective date of this Act, whichever date is later, subject, upon application for good cause shown, to authorization by the Board for extensions of time for not more than one year at a time, but such extensions in the aggregate shall not exceed three years;

"(5)(A) a company or shareholder shall be deemed to have control over another company if—

"(i) such company or shareholder, directly or indirectly, or acting through one or more other persons owns, controls, or has power to vote 25 per centum or more of any class of voting securities of the other company;

"(ii) such company or shareholder controls in any manner the election of a majority of the directors or trustees of the other company; or

"(iii) the Board determines, after notice and opportunity for hearing, that such company or shareholder, directly or indirectly, exercises a controlling influence over the management or policies of the other company; and

"(B) notwithstanding any other provision of this subsection, no company shall be deemed to own or control another company by virtue of its ownership or control of shares in a fiduciary capacity, except as provided in paragraph (3)(B), but shares shall not be deemed to be owned or controlled in a fiduciary capacity if the company owning or controlling such shares has sole discretionary authority to exercise voting rights with respect thereto, or if the company owning or controlling such shares is a business trust;

"(6) the term 'subsidiary' with respect to a specified company means a company that is controlled by such specified company;

"(7) the term 'bank' means any institution organized under the laws of the United States, any State of the United States, the District of Columbia, any territory of the

United States, Puerto Rico, Guam, American Samoa, or the United States Virgin Islands which (A) accepts deposits that the depositor has a legal right to withdraw on demand, and (B) engages in the business of making commercial loans. Such term does not include any company operating under section 25 or section 25(a) of the Federal Reserve Act, or any company which does not do business within the United States or whose only business within the United States is incidental to its activities outside the United States;

"(8) the term 'company' means a corporation, partnership, business trust, association or similar organization. Unless specifically excluded, the term 'company' includes a 'member bank' and a 'bank';

"(9) the term 'covered transaction' means with respect to an affiliate of a member bank—

"(A) a loan or extension of credit to the affiliate;

"(B) a purchase of or an investment in securities of the affiliate;

"(C) a purchase of assets, including assets subject to an agreement to repurchase, from the affiliate;

"(D) the acceptance of securities of the affiliate as collateral security for a loan or extension of credit to any person or company; or

"(E) the issuance of an acceptance, guarantee, or letter of credit, including an endorsement or standby letter of credit to, or on behalf of, an affiliate;

"(10) the term 'aggregate amount of covered transactions' means the amount of the covered transactions about to be engaged in added to the current amount of all outstanding covered transactions;

"(11) the term 'securities' means stocks, bonds, debentures, notes, or other similar obligations; and

"(12) the term 'low-quality asset' means an asset that falls in any one or more of the following categories:

"(A) an asset classified as 'substandard', 'doubtful', or 'loss' or treated as 'other loans especially mentioned' in the most recent report of examination prepared by either a Federal or State supervisory agency;

"(B) an asset in a nonaccrual status;

"(C) an asset on which principal or interest payments are more than thirty days past due; or

"(D) an asset whose terms have been renegotiated or compromised due to the deteriorating financial condition of the obligor.

"(c) EXEMPTIONS.—The provisions of this section shall not be applicable to—

"(1) any transaction, except for the purchase of a low-quality asset, with a bank—

"(A) which controls 80 per centum or more of the voting shares of the member bank;

"(B) in which the member bank controls 80 per centum or more of the voting shares; or

"(C) in which 80 per centum or more of the voting shares are controlled by the company that controls 80 per centum or more of the voting shares of the member bank;

"(2) making noninterest bearing deposits in an affiliated bank;

"(3) giving immediate credit to an affiliated bank for uncollected items received in the ordinary course of business;

"(4) making any loan or extension of credit to any affiliate that is fully secured by obligations of the United States or its agencies or obligations fully guaranteed by the United States or its agencies as to principal and interest;

"(5) purchasing securities of any company of the kinds described in section 4(c)(1) of the Bank Holding Company Act of 1956; and

"(6) purchasing assets having a readily identifiable and publicly available market quotation and purchased at that market quotation.

"(d) SECURITY FOR CERTAIN TRANSACTIONS WITH AFFILIATES.—

"(1) Each loan or extension of credit to, or guarantee, acceptance, or letter of credit issued to, or on behalf of, an affiliate by a member bank or its subsidiary shall be secured at the time of the transaction by collateral having a market value equal to—

"(A) 100 per centum of the amount of such loan or extension of credit, guarantee, acceptance, or letter of credit if the collateral is composed of obligations of the United States or its agencies or obligations fully guaranteed by the United States or its agencies as to principal and interest, or notes, drafts, bills of exchange or bankers' acceptances that are eligible for rediscount or purchase by the Federal Reserve Banks;

"(B) 110 per centum of the amount of such loan or extension of credit, guarantee, acceptance, or letter of credit if the collateral is composed of obligations of any State or political subdivision of any State;

"(C) 120 per centum of the amount of such loan or extension of credit, guarantee, acceptance, or letter of credit if the collateral is composed of other debt instruments, including receivables; or

"(D) 130 per centum of the amount of such loan or extension of credit, guarantee, acceptance, or letter of credit if the collateral is composed of stock, leases, or other real or personal property.

"(2) Any such collateral that is subsequently retired or amortized shall be replaced by additional eligible collateral where needed to keep the percentage of the collateral value relative to the amount of the outstanding loan or extension of credit, guarantee, acceptance, or letter of credit equal to the minimum percentage required at the inception of the transaction.

"(3) A low-quality asset shall not be acceptable as collateral.

"(4) The securities of an affiliate of the member bank shall not be acceptable as collateral for a loan or extension of credit to, or guarantee, acceptance, or letter of credit issued to, or on behalf of, that affiliate or any other affiliate of the member bank.

"(5) The collateral requirements of this paragraph shall not be applicable to an acceptance that is already fully secured either by attached documents or by other property having an ascertainable market value that is involved in the transaction.

"(e) RULEMAKING AND ADDITIONAL EXEMPTIONS.—

"(1) The Board may prescribe, by regulation or order, limitations or other requirements as to any transactions with any company in which the member bank or a bank affiliate of the member bank owns, directly or indirectly, a minority equity interest other than in a fiduciary capacity, and may issue such further regulations and orders, including definitions consistent with this section, as may be necessary to administer and carry out the purposes of this section and to prevent evasions thereof.

"(2) The Board may, at its discretion, by regulation or order exempt transactions or relationships from the requirements of this section if it finds such exemptions to be in the public interest and consistent with the purposes of this section.".

(c) Section 23A of the Federal Reserve Act, as amended by this section, shall apply to any transaction entered into after the date of enactment of this Act, except for transactions which are the subject of a binding written contract or commitment entered into on or before , 1981, and except that any renewal of a participation loan outstanding on , 1981, to a company that becomes an affiliate as a result of the enactment of this Act, or any participation loan to such an affiliate emanating from the renewal of a binding written contract or commitment outstanding on , 1981, shall not be subject to the collateral requirements of this Act.

(d) Section 18(j) of the Federal Deposit Insurance Act (12 U.S.C. 1828(j)) is amended by striking out ", within the meaning of section 2 of the Banking Act of 1933, as amended, and".

EXEMPTION FROM RESERVE REQUIREMENTS

SEC. 211. (a) Section 19(b)(9) of the Federal Reserve Act (12 U.S.C. (461(b)(9)) is amended—

(1) by inserting "(A)" after "(9)"; and

(2) by adding at the end thereof the following:

"(B) Requirements imposed under paragraph (2) of this subsection shall not apply to any depository institution which has less than $5,000,000 in deposits as of the close of its most recent full fiscal year, which amount shall be adjusted as provided in subparagraph (C).

"(C) Not later than December 31 of each year beginning in 1982, the Board shall issue a regulation increasing for the next succeeding calendar year the dollar amount contained in subparagraph (B) (or which was last determined pursuant to this subparagraph) by an amount obtained by multiplying such dollar amount by 80 per centum of the percentage increase in the total deposits of all depository institutions. The Board may calculate the amount of the increase by using information on deposits received periodically by the Board for selected depository institutions. The increase in deposits shall be determined by subtracting the amount of such deposits on June 30th of the preceding calendar year from the amount of such deposits on June 30th of the calendar year involved. No adjustment will be made for a decrease in total deposits.".

(b) Section 19(b)(7) of the Federal Reserve Act is amended by inserting "including those exempted under subparagraph (9)(B)" after "Any depository institution".

(c) Section 11A(c)(2) of the Federal Reserve Act is amended by inserting "including those exempted under subsection 19(b)(9) of this Act" after "nonmember depository institution".

PART B—FINANCIAL INSTITUTIONS REGULATORY ACT AMENDMENTS

LOAN LIMITS

SEC. 221. Section 22(g) of the Federal Reserve Act (12 U.S.C. 375a) is amended by deleting the phrase "not exceeding $60,000" in paragraph (2), and by deleting the phrase ", not exceeding the aggregate amount of $20,000 outstanding at any one time," in paragraph (3).

CIVIL PENALTIES

SEC. 222. Subsection (l)(1) of section 19 of the Federal Reserve Act (12 U.S.C. 505(1)); section 5(d)(8)(B)(i) of the Home Owners' Loan Act (12 U.S.C. 1464(d)(8)(B)(1)); section 8(b)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. 1847(b)(1)); and section 106(b)(2)(F)(i) of the Bank Holding Company Act Amendments of 1970 (12 U.S.C. 1972(2)(F)(i)), are amended by inserting before the period at the end thereof the following: ": *Provided*, That the agency having authority to impose a civil money penalty may, in its discretion, compromise, modify, or remit any civil money penalty which is subject to imposition or has been imposed under such authority".

REPEAL OF REPORTING REQUIREMENT

SEC. 223. Section 22 (g) of the Federal Reserve Act (12 U.S.C. 375a) is amended by striking out paragraph (9)(12 U.S.C. 375a(9)), and redesignating paragraph (10) as paragraph (9).

DISCRETIONARY ASSESSMENT AND COLLECTION

SEC. 224. Each of the following provisions is amended by striking the term "shall" and inserting in lieu thereof the term "may":

(1) the second sentence of section 29 of the Federal Reserve Act (12 U.S.C. 504(a));

(2) the second sentence of section 19(l)(1) of the Federal Reserve Act (19 U.S.C. 505(1));

(3) the second sentence of section 5239(b)(1) of the Revised Statutes (12 U.S.C. 93(b)(1));

(4) the second sentence of section 8(b)(1) of the Bank Holding Company Act of 1956 (12 U.S.C. 1847(b)(1));

(5) the second sentence of section 408(j)(4)(A) of the National Housing Act (12 U.S.C. 1730a(j)(4)(A));

(6) the second sentence of section 8(l)(2)(l) of the Federal Deposit Insurance Act (12 U.S.C. 1818(l)(2)(l));

(7) the second sentence of section 407(k)(3)(A) of the National Housing Act (12 U.S.C. 1730(k)(3)(A));

(8) the second sentence of section 5(d)(8)(B)(l) of the Home Owners' Loan Act (12 U.S.C. 1464(d)(8)(B)(l));

(9) the second sentence of section 206(j)(2)(A) of the Federal Credit Union Act (12 U.S.C. 1786(j)(2)(A));

(10) the second sentence of section 18(j)(3)(A) of the Federal Deposit Insurance Act (12 U.S.C. 1828(j)(3)(A); and

(11) the second sentence of section 106(b)(2)(F)(l) of the Bank Holding Company Act Amendments of 1970 (12 U.S.C. 1972(2)(F)(l)).

APPROVAL OF CERTAIN LOANS

SEC. 225. Section 22(h)(2) of the Federal Reserve Act (12 U.S.C. 375b(2)) is amended by striking the phrase "a majority of the entire" and inserting "the" in lieu thereof.

LOANS TO OFFICERS OF SUBSIDIARIES

SEC. 226. Subparagraphs (D) and (E) of section 22(h)(6) of the Federal Reserve Act (12 U.S.C. 375b(6)) are amended by striking out the phrase ", or with any other subsidiary of such bank holding company" each place it appears therein.

TECHNICAL AMENDMENTS

SEC. 227. (a) Section 5239(b)(1) of the Revised Statutes is amended by striking out "chapter" and inserting in lieu thereof "Title".

(b) Section 407(h)(1) of the National Housing Act (12 U.S.C. 1730(h)(1)) is amended—

(1) by striking out "persons" in the first sentence and inserting in lieu thereof "person"; and

(2) by striking out "(3)" in the last sentence and inserting in lieu thereof "(2)".

(c) The first sentence of section 8(b)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1818(b)(3)) is amended by striking out "25A" and inserting in lieu thereof "25(a)".

EXCLUSION OF FOREIGN BANKS

SEC. 228. Section 18(j)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1828(j)(2)) is amended by adding at the end thereof the following: "The provisions of this subsection shall not apply to any foreign bank, as defined in section 1(b)(7) of Public Law 85-369 (12 U.S.C. 3101(7)) having an insured branch in the United States, but shall apply to the insured branch.".

TECHNICAL AMENDMENTS

SEC. 229. (a) Section 107(a)(1) of the Financial Institutions Regulatory and Interest Rate Control Act of 1978 is amended by striking out "Section 8(b)" and inserting in lieu thereof "Section 8(b)(1) and 8(b)(2)" and by striking out "(12 U.S.C. 1818(b)) is" and inserting in lieu thereof "(12 U.S.C. 1818(b)(1) and (b)(2)) are".

(b) Section 205(2) of the Depository Institution Management Interlocks Act (12 U.S.C. 3204(2)) is amended by striking "25A" and inserting in lieu thereof "25(a)".

REMOVAL AUTHORITY

SEC. 230. (a) Section 5(d) of the Home Owners' Loan Act, as amended (12 U.S.C. 1464(d)) is amended—

(1) by redesignating paragraphs (4)(C) through (E) as paragraphs (4)(D) through (F), respectively, and inserting after paragraph (4)(B) the following new paragraph:

"(C) Whenever, in the opinion of the Board, any director or officer of an association has committed a violation of the Depository Institution Management Interlocks Act (12 U.S.C. 33201 et seq.), the Board may serve upon such director or officer a written notice of its intention to remove him from office or to prohibit his further participation in any manner in the conduct of the affairs of the association.";

(2) by striking out "(A) or (B)" each place it appears in paragraphs (4)(D) and (4)(F), as redesignated, and inserting in lieu thereof "(A), (B), or (C)";

(3) by striking out "(E)" in the second sentence of paragraph (4)(D), as redesignated, and inserting in lieu thereof "(F)";

(4) by striking out "(C)" in paragraph (F), as redesignated, and inserting in lieu thereof "(D)";

(5) by striking out in paragraph (5)(A), "or (C)" and inserting in lieu thereof "(C) or (D)"; and

(6) by striking out in paragraph (12)(A), "(C), (4)(D)" and inserting in lieu thereof "(D), (4)(E)".

(b)(1) Section 407(g) of the National Housing Act (12 U.S.C. 1730(g)) is amended—

(A) by redesignating paragraphs (3) through (5) as paragraphs (4) through (6), respectively, and inserting after paragraph (2) the following new paragraph:

"(3) Whenever, in the opinion of the Corporation, any director or officer of an insured institution has committed a violation of the Depository Institution Management Interlocks Act (12 U.S.C. 3201 et seq.), the Corporation may serve upon such director or officer a written notice of its intention to remove him from office or to prohibit his further participation in any manner in the conduct of the affairs of the institution.";

(B) by striking out "or (2)" each place it appears in paragraphs (4) and (6), as redesignated, and inserting in lieu thereof ", (2) or (3)";

(C) by striking out "(5)" in paragraph (4), as redesignated, and inserting in lieu thereof

(D) by striking out "(3)" in paragraph (6), as redesignated, and inserting in lieu thereof "(4)".

(2) Section 407(h) of the National Housing Act (12 U.S.C. 1730(h)) is amended by striking out in paragraph (h)(1), "or (3)" in the fourth sentence and inserting in lieu thereof "(3) or (4)".

(3) Section 407(p)(1) of the National Housing Act (12 U.S.C. 1730(p)(1)) is amended by striking out "(g)(3), (g)(4)," and inserting in lieu thereof "(g)(4), (g)(5),".

(c)(1) Section 206(g) of the Federal Credit Union Act, as amended (12 U.S.C. 1786(g)) is amended—

(A) by redesignating paragraphs (3) through (5) as paragraphs (4) through (6), respectively, and inserting after paragraph (2) the following new paragraph:

"(3) Whenever, in the opinion of the Board, any director, officer, or committee member of an insured credit union has committed any violation of the Depository Institution Management Interlocks Act (12 U.S.C. 3201 et seq.), the Board may serve upon such director, officer, or committee member a written notice of its intention to remove him from office.";

(B) by striking out "or (2)" each place it appears in paragraphs (4) or (6), as redesignated, and inserting in lieu thereof", (2), or (3)";

(C) by striking out "(5)" in paragraph (4), as redesignated, and inserting in lieu thereof "(6)"; and

(D) by striking out "(3)" in paragraph (6), as redesignated, and inserting in lieu thereof "(4)".

(2) Section 206(k) of the Federal credit Union Act (12 U.S.C. 1786(k)) is amended by striking out "(3), (g)(4)" and inserting in lieu thereof "(4), (g)(5)".

(d)(1) Section 8(e) of the Federal Deposit Insurance Act (12 U.S.C. 1818(e)) is amended—

(A) by redesignating paragraphs (3) through (5) as paragraphs (4) through (6), respectively, and by adding at the end of paragraph (2) the following new paragraph:

"(3) Whenever, in the opinion of the appropriate Federal banking agency, any director or officer of an insured bank has committed any violation of the Depository Institution Management Interlocks Act (12 U.S.C. 3201 et seq.), the agency may serve upon such director or officer a written notice of its intention to remove him from office."; and

(B) by striking out "or (2)" each place it appears in paragraph (4), as redesignated, and inserting in lieu thereof ", (2), or (3)".

(2) Section 8(f) of the Federal Deposit Insurance Act (12 U.S.C. 1818(f)) is amended by striking out "(e)(5) or (e)(7)" and "(e)(1), (e)(3) or (e)(7)" and inserting in lieu thereof "(e)(4) or (e)(5)" and "(e)(1), (e)(2), (e)(3), or (e)(5)", respectively.

(3) Section 8(g)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1818(g)(1)) is amended by striking out "or (3)" in the penultimate sentence and inserting in lieu thereof ", (3), or (4)".

(4) Section 8(j) of the Federal Deposit Insurance Act (12 U.S.C. 1818(j)) is amended by striking out "(e)(3), (e)(4)," and inserting in lieu thereof "(e)(4), (e)(5),".

REPORTING REQUIREMENT

SEC. 231. Section 106(b)(2) of the Bank Holding Company Act Amendments of 1970 (12 U.S.C. 1972(2)) is amended—

(1) by inserting in subparagraph (G)(i) the phrase "(other than either a foreign bank having an insured branch or the insured branch of a foreign bank)" after the term "insured bank";

(2) by striking out in subparagraph (G)(i) the phrase "such executive officer or shareholder has outstanding an extension of credit" an inserting in lieu thereof "there is outstanding an indebtedness to such executive officer or person or to any company or political or campaign committee controlled by such officer or person";

(3) by striking out in subparagraph (G)(i) the term "corresponding" and inserting in lieu thereof "correspondent";

(4) by striking out in subparagraph (G)(i)(2) the term "ten" and inserting in lieu thereof "thirty";

(5) by inserting in subparagraph (G)(iii) the phrase "(other than either a foreign bank having an insured branch or the insured branch of a foreign bank)" after the term "Each insured bank" and by inserting "of section 7" after the words "subsection (k)(1)"; and

(6) by striking out in subparagraph (G) the terms "stockholder of record", "stockholder", and "shareholder" in each case where they appear and inserting in lieu thereof the term "person" and by striking the terms "stockholders of records" and "stockholders" in each case where they appear and inserting in lieu thereof the term "persons".

DISCLOSURE OF MATERIAL FACTS

SEC. 232. Section 7(k)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1817(k)(1)) is amended by inserting the phrase "(other than either a foreign bank having an insured branch or the insured branch of a foreign bank)" after the term "Each insured bank", by striking the term "stock-

holder of record" each time it appears and inserting the term "person" in lieu thereof, any by striking the term "stockholders of record" and "stockholders" each time they appear and inserting in lieu thereof the term "persons".

TECHNICAL AMENDMENT

SEC. 233. Section 1006(b)(2) of the Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3305) is amended by striking the term "unaccepted" and inserting the term "unacceptable" in lieu thereof.

TITLE III—SECURITIES ACTIVITIES

GLASS-STEAGALL AMENDMENT

SEC. 301. (a) Paragraph seventh of section 5136 of the Revised Statutes of the United States (12 U.S.C. 24) is amended by adding at the end thereof the following: "The limitations and restriction contained in this paragraph as to dealing in and underwriting investment securities shall not apply to all other nongeneral obligations issued or guaranteed by or on behalf of a State or any political subdivision thereof (except special assessment obligations and industrial revenue bonds) which are at the time eligible for purchase by a national bank for its own account, except that (1) no association shall hold such obligations of any one obligor or maker as a result of underwriting, dealing, or purchasing for its own account (and for this purpose obligations as to which it is under commitment shall be deemed to be held by it) in a total amount exceeding at any one time 10 per centum of its capital stock actually paid in and unimpaired and 10 per centum of its unimpaired surplus fund, (2) the purchase of such obligations by a national bank as fiduciary from such bank as an underwriter or dealer shall not be permitted unless lawfully directed by court order, (3) no association may purchase such obligations as fiduciary from a member of a syndicate in which such association is participating until the syndicate has closed as to underwriting, (4) any sales of such obligations by an association to any of its depositors or borrowers or to any correspondent bank (whether for such bank's own account or as trustee) must be accompanied by a disclosure in writing to the purchaser that the association is selling as an underwriter or dealer, and (5) the purchase, during the underwriting period, of any such obligations by an association for its own investment account, from such association's own account acting as underwriter, dealer, or trader, or from any entity affiliated with such association within the meaning of subsection (b)(1) of section 2 of the Banking Act of 1933, as amended (12 U.S.C. 221a(b)(1)), shall not be permitted: *Provided*, That this restriction shall not apply to any purchases by an association for its investment account or accounts of any such obligations (A) it alone has underwritten or (B) directly from the underwriting syndicate or member thereof in which it is a participant, or to associations not in the underwriting syndicate. For purposes of this paragraph, the term 'industrial revenue bond' shall mean an obligation, not secured by the full faith and credit of the issuer, payable solely from the rentals received by the issuer from private entities.".

(b) The Secretary of the Treasury shall submit an annual report to the Congress showing the extent to which the business of underwriting and dealing in State and local obligations is being carried on by commercial banks as compared with other banking institutions with a view to determining the effect of the amendment made by subsection (a) on the institutional distribution of such business. As used herein, the term "State and local obligations" means obligations issued or guaranteed by or on behalf of a State, political subdivision of a State, or an agency of a State or political subdivision thereof.

AMENDMENT TO THE INVESTMENT COMPANY ACT OF 1940

SEC. 302. Section 22 of the Investment Company Act of 1940 is amended by adding at the end thereof the following:

"(h)(1) Notwithstanding paragraph 'Seventh' of section 5136 of the Revised Statutes (12 U.S.C. 24), the twentieth paragraph of section 9 of the Federal Reserve Act (12 U.S.C. 335), sections 20, 21, or 32 of the Banking Act of 1933 (12 U.S.C. 377, 378, or 78), or the Bank Holding Company Act of 1956 (12 U.S.C. 1841 et seq.), a bank, a bank holding company or a subsidiary thereof, a savings and loan association, a savings bank, or a credit union—

"(A) may organize, sponsor, operate, control, or render investment advice to an investment company (including a company which would be an investment company except for the provisions of section 3(c)(1) of this title); or

"(B) may underwrite, distribute, sell, or issue securities of any investment company if the officers and employees of the banks, savings banks, savings and loan associations, or credit unions who sell or issue such securities meet such standards with respect to training, experience, and sales practices as the agencies referred to in paragraphs (2) and (3), in consultation with the Federal Financial Institutions Examination Council, shall prescribe by regulations.

"(2) Compliance with the standards established under paragraph (1)(B) shall be enforced under—

"(A) section 8 of the Federal Deposit Insurance Act, in the case of—

"(i) national banks, by the Comptroller of the Currency;

"(ii) member banks of the Federal Reserve System (other than national banks), by the Board of Governors of the Federal Reserve System;

"(iii) banks and savings banks insured by the Federal Deposit Insurance Corporation (other than members of the Federal Reserve System), by the Board of Directors of the Federal Deposit Insurance Corporation;

"(B) section 5(d) of the Home Owners' Loan Act of 1933, section 407 of the National Housing Act, and section 17 of the Federal Home Loan Bank Act, by the Federal Home Loan Bank Board (acting directly or through the Federal Savings and Loan Insurance Corporation), in the case of any institution subject to any of those provisions; and

"(C) the Federal Credit Union Act, by the National Credit Union Administration Board with respect to any federally insured credit union.

"(3) For the purpose of the exercise by any agency referred to in paragraph (2) of its powers under any Act referred to in that subsection, a failure to meet any standard prescribed under paragraph (1)(A) of this subsection shall be deemed to be a violation of a requirement imposed under that Act. In addition to its powers under any provision of law specifically referred to in paragraph (2), each of the agencies referred to in that subsection may exercise, for the purpose of enforcing compliance with any such standard, any other authority conferred on it by law. Except to the extent that enforcement of such standards is specifically committed to some other Government agency under paragraph (2), the Securities and Exchange Commission shall enforce such standards.

"(4) A savings and loan association, savings bank, or credit union shall not be deemed to be a 'broker' or 'dealer', as those terms are used in the Securities Exchange Act of 1934, by reason of its engaging in any of the functions described in this subsection.

"(5) As used in this subsection, the terms 'bank holding company' and 'subsidiary' with respect to a bank holding company have the meanings given them in section 2 of the Bank Holding Company Act of 1956.".

TITLE IV—USURY PROVISIONS

SHORT TITLE

SEC. 401. This title may be cited as the "Credit Deregulation and Availability Act of 1981".

BUSINESS AND AGRICULTURAL CREDIT

SEC. 402. (a) Section 511 of the Depository Institutions Deregulation and Monetary Control Act of 1980 (94 Stat. 161; Public Law 96-221) is amended to read as follows:

"SEC. 511. (a) The provisions of the constitution or the laws of any State prohibiting, restricting, or in any way limiting the rate, nature, type, amount of, or the method of calculating or providing or contracting for interest, discount points, a time price differential, finance charges or other fees or charges that may be charged, taken, received, or reserved shall not apply in the case of business or agricultural credit.

"(b) 'Agricultural credit' means credit extended primarily for agricultural purposes to a person that cultivates, plants, propagates, or nurtures an agricultural product. 'Agricultural purposes' include the production, harvest, exhibition, marketing, transportation, processing, or manufacturing of an agricultural product and the acquisition of farmland, real property with a farm residence and personal property and services used primarily in farming. 'Agricultural product' includes agricultural, horticultural, viticultural, and dairy products, livestock, wildlife, poultry, bees, forest products, fish and shellfish and any products thereof, including processed and manufactured products and any and all products raised or produced on farms and any processed or manufactured products thereof.

"(c) 'Business credit' means credit extended primarily for business or commercial purposes, including investment, and any credit extended to a person other than a natural person.

"(d) 'Credit' includes all secured and unsecured loans, credit sales, forbearances, advances, renewals and other extensions of credit.".

(b) Section 512 of the Depository Institutions Deregulation and Monetary Control Act of 1980 is amended to read as follows:

"SEC. 512. (a) Except as provided in subsection (b) of this section, the provisions of this part shall apply with respect to business and agricultural credit extended on or after April 1, 1980.

"(b) The provisions of this part shall not apply to any business or agricultural credit extended in any State after the effective date (if such effective date occurs on or after April 1, 1980, and prior to three years after the effective date of the Credit Deregulation and Availability Act of 1981) of a State law or a certification that the voters of such State have voted in favor of any provision, constitutional or otherwise, which states explicitly and by its terms that such State does not want the provisions of this part to apply with respect to credit extensions subject to the laws of such State, except that such provisions shall apply to any credit extended on or after such date pursuant to a commitment to extend such credit which was entered into on or after April 1, 1980, and prior to such later date.

"(c) Credit shall be deemed to be extended during the period to which this provision applies if such credit extension—

"(1)(A)(i) is funded or made in whole or in part during such period, regardless of whether pursuant to a commitment or other agreement therefor made prior to April 1, 1980;

"(ii) was made prior to or on April 1, 1980, and bears or provides for interest during such period on the outstanding amount thereof at a variable or fluctuating rate; or

"(iii) is a renewal, extension, or other modification of an extension of credit made prior to April 1, 1980, and such renewal or extension or other modification is made during such period with the written consent of any person obliged to repay such credit; and

"(B)(i) has an original principal amount of $25,000 or more ($1,000 or more on or after the date of enactment of the Housing and Community Development Act of 1980 or any amount on or after the date of enactment of the Credit Deregulation and Availability Act of 1981); or

"(ii) is part of a series of advances if the aggregate of all sums advanced or agreed or contemplated to be advanced pursuant to a commitment or other agreement therefor is $25,000 or more ($1,000 or more on or after the date of enactment of the Housing and Community Development Act of 1980 or any amount on or after the date of enactment of the Credit Deregulation and Availability Act of 1981); or

"(2) is a renewal, extension, other modification or use of a credit agreement or extension made during such period, including an agreement entered during that period that contemplates future extensions of credit from time to time in which the charges that are assessed for or in connection with credit are calculated from time to time, in whole or in part, on the basis of the outstanding balance and the credit is extended not later than eighteen months after the effective date of the State law or certification.".

CONSUMER CREDIT

SEC. 403. Title V of the Depository Institutions Deregulation and Monetary Control Act of 1980 (94 Stat. 161; Public Law 96-221) is amended by adding at the end thereof the following new subpart:

"PART D—CONSUMER CREDIT

"SEC. 531. The provisions of the constitution or laws of any State prohibiting, restricting, or in any way limiting the rate, nature, type, amount of, or the manner of calculating or providing or contracting for covered charges that may be charged, taken, received or reserved shall not apply to an extension of consumer credit made by a creditor.

"SEC. 532. (a) As used in this part, the terms set forth below shall be defined as follows:

"(1) 'Covered charges' means—

"(A) interest, discount points, a time price differential, fees, charges or any other compensation paid to the creditor or arising out of the credit agreement or transaction for the use of credit or credit services. The term shall not include, however, fees, charges or other amounts paid to the creditor or arising out of the credit agreement or transaction that are paid or arise solely as the result of the failure or refusal of the debtor to comply with the terms and conditions of the debtor's agreement with the creditor; and

"(B) fees or charges paid for the availability of credit, payment mechanism services, or for similar purposes, including periodic, transaction and access fees.

"(2) 'Credit' includes all secured and unsecured loans, credit sales, forbearances, advances, renewals and other extensions of credit, all without regard to the nature of any property that might secure its repayment.

"(3) 'Creditor' means any person that regularly makes extensions of consumer credit, which, for purposes of this definition, shall include extensions of credit that are subject to the provisions of section 501(a) of this title. A person is not a 'creditor' with respect to a specific extension of consumer credit if, except for this part, in order to assess or collect covered charges in connection with that transaction, the person would be required to comply with licensing requirements imposed under State law, unless such person is licensed under applicable State law and such person remains, or becomes, subject to the applicable regulatory requirements and enforcement mechanisms provided by State law.

"(4) 'Extension of consumer credit' means any credit extended to a natural person primarily for personal, family, or household purposes, except that it does not include credit subject to the provisions of section 501(a) of this title.

"SEC. 533. (a) Except as provided in subsection (b) of this section, the provisions of section 531 shall apply with respect to any extension of consumer credit made by a creditor on or after the effective date of the Credit Deregulation and Availability Act of 1981.

"(b)(1) The provisions of section 531 shall not apply to any extension of consumer credit in any State made on or after the effective date (if such effective date occurs on or after the effective date of the Credit Deregulation and Availability Act of 1981 and prior to a date three years after such effective date) of a State law or a certification that the voters of such State have voted in favor of any provision, constitutional or otherwise, which states explicitly and by its terms that such State does not want the provisions of this part to apply with respect to extensions of consumer credit subject to the laws of such State, except that such provisions shall apply to any consumer credit extended on or after such date pursuant to an agreement to extend such credit which was entered into on or after the effective date of the Credit Deregulation and Availability Act of 1981 and prior to such later date.

"(2) Credit shall be deemed to have been extended during the period to which this provision applies, if it—

"(A) is funded or extended in whole or in part during such period, regardless of whether pursuant to a commitment or other agreement therefor made prior to that period;

"(B) was made prior to such period and bears or provides for covered charges that may vary or fluctuate during that period;

"(C) is a renewal, extension, or other modification of a credit extension made before such period and such renewal, extension or other modification is made during such period with the written consent of any person obligated to repay such credit; or

"(D) is extended in accordance with an agreement entered during that period that contemplates future extensions of consumer credit from time to time in which the covered charges are calculated from time to time, in whole or in part, on the basis of the outstanding balance and the credit is extended not later than eighteen months after the effective date of the State law or certification.

"(c) Any law or certification adopted by a State or its voters pursuant to subsection (b) of this section may specify that portion of the extensions of consumer credit made in such State, or those types or kinds of covered charges, to which the provisions of section 531 will not apply.

"SEC. 534. The Board of Governors of the Federal Reserve System is authorized to publish Board interpretations regarding the scope and application of section 531 of this part. Upon its own motion or upon the request of any creditor, State, or other interested party which is submitted to the Board in accordance with procedures it establishes, within sixty days the Board shall issue an official interpretation regarding the scope of section 531 and its relationship to specific provisions of State law, or shall make public a Board determination (accompanied by an appropriate explanation) that the question presented does not involve a significant issue or does not affect a substantial number of creditors or extensions of consumer credit.".

FEDERAL CREDIT UNIONS

SEC. 404. Section 1757(5)(A)(vi) of the Federal Credit Union Act is amended to read as follows: "rates of interest shall be established by the board of directors of the Federal credit union;".

TITLE V—CREDIT UNIONS

CREDIT UNION MERGERS

SEC. 501. Section 205 of the Federal Credit Union Act (12 U.S.C. 1785) is amended—

(1) by redesignating subsections (d) through (g) as subsections (f) through (j), respectively; and

(2) by inserting after subsection (c) the following:

"(d) Notwithstanding any other provision of this Act, other Federal law or any State law, the Board may authorize a merger or consolidation of an insured credit union which is insolvent or is in danger of insolvency with any other insured credit union or may authorize a purchase and assumption by an insured credit union of all or any part of the assets and liabilities of any other insured credit union which is insolvent or in danger of insolvency if the Board is satisfied than an emergency requiring expeditious action exists with respect to the credit union, that other alternatives are not reasonably available, and that the public interest would best be served by approval of such merger, consolidation, or purchase and assumption.

"(e) Notwithstanding any other provision of this Act or any State law, the Board may authorize a purchase and assumption of all or any part of the assets, liabilities, and insured accounts of an insured credit union that is insolvent or in danger of insolvency by a federally insured financial institution other than a credit union. For purposes of this authority, insured accounts of the credit union may upon consummation of the purchase and assumption be converted to insured deposits or other comparable accounts in the acquiring institution, and the Board and the National Credit Union Share Insurance Fund shall be absolved of any liability to the credit union's members with respect to those accounts.".

SHARE INSURANCE FUND AUTHORITY TO BORROW FROM CLF

SEC. 502. Section 203 of the Federal Credit Union Act (12 U.S.C. 1783) is amended by adding at the end thereof the following:

"(f) In addition to the authority to borrow from the Secretary of the Treasury provided in subsection (d), if in the judgment of the Board, a loan to the fund is required at any time for carrying out the purposes of this title, the fund is authorized to borrow from the National Credit Union Administration Central Liquidity Facility.".

CLF INVESTMENT AUTHORITY

SEC. 503. Section 307(a) of the Federal Credit Union Act (12 U.S.C. 1795f(a)) is amended—

(1) by striking out "and" at the end of paragraph (15);

(2) by striking out the period at the end of paragraph (16) and inserting in lieu thereof a semicolon; and

(3) by adding at the end thereof the following:

"(17) make loans not to exceed thirty days in maturity to banks and other financial institutions and acquire financial assets for the purpose of effective cash management;

"(18) to exercise such incidential powers as shall be necessary to requisite to enable it to carry out effectively the purposes for which the Facility is incorporated; and

(19) advance funds to the National Credit Union Share Insurance Fund under such terms and conditions as may be established by the Board.".

CLF TAX EXEMPTION

SEC. 504. (a) Title III of the Federal Credit

Union Act (12 U.S.C. 1751 et seq.) is amended by adding at the end thereof the following new section:

"TAX EXEMPTION

"SEC. 311. (a) The Central Liquidity Facility, its franchise, activities, capital, reserves, surplus, and income shall be exempt from all Federal, State, and local taxation now or hereafter imposed, other than taxes on real property held by the Facility (to the same extent, according to its value, as other similar property held by other persons is taxed).

"(b) The notes, bonds, debentures, and other obligations issued on behalf of the Central Liquidity Facility and the income therefrom shall be exempt from all Federal, State, and local taxation now or hereafter imposed, other than—

"(1) the Federal income tax liability of the holders thereof; and

"(2) Federal, State, and local gift, estate, inheritance, legacy, succession, and other wealth transfer taxes.

"(c) For purposes of this section—

"(1) the term 'State' includes the District of Columbia; and

"(2) taxes imposed by counties or municipalities, or any territory, dependency, or possession of the United States shall be treated as local taxes.".

(b) The amendment made by subsection (a) shall take effect on October 1, 1979.

CLF AS AGENT OF FEDERAL RESERVE SYSTEM

SEC. 505. Title III of the Federal Credit Union Act (12 U.S.C. 1795–1795l) is amended by adding at the end thereof the following:

"AGENT OF THE FEDERAL RESERVE SYSTEM

"SEC. 312. The Facility is authorized to act upon the request of the Board of Governors of the Federal Reserve System as an agent of the Federal Reserve System in matters pertaining to credit unions under such terms and conditions as may be established by the Federal Reserve Board.".

NCUA CONSERVATORSHIP AUTHORITY

SEC. 506. (a) Section 206 of the Federal Credit Union Act (12 U.S.C. 1786) is amended by redesignating subsections (h) through (o) as subsections (i) through (p), respectively, and by inserting after subsection (g) the following new subsection:

"(h)(1) The Board may, ex parte and without notice, appoint itself as conservator and immediately take possession and control of the business and assets of any insured credit union in any case in which—

"(A) the Board determines that such action is necessary to conserve the assets of any insured credit union or to protect the Fund or the interests of the members of such insured credit union; or

"(B) an insured credit union, by a resolution of its board of directors, consents to such an action by the Board.

"(2) Not later than ten days after the date on which the Board takes possession and control of the business and assets of an insured credit union pursuant to paragraph (1), such insured credit union may apply to the United States district court for the judicial district in which the principal office of such insured credit union is located, or the United States District Court for the District of Columbia, for an order requiring the Board to show cause why it should not be enjoined from continuing such possession and control.

"(3) Except as provided in paragraph (2), in the case of a Federal credit union, the Board may maintain possession and control of the business and assets of such credit union and may operate such credit union until such time—

"(A) as the Board shall permit such credit union to continue business, subject to such terms and conditions as may be imposed by the Board; or

"(B) as such credit union is liquidated in accordance with the provisions of section 207.

"(4) Except as provided in paragraph (2), in the case of an insured State-chartered credit union, the Board may maintain possession and control of the business and assets of such credit union and may operate such credit union until such time—

"(A) as the Board shall permit such credit union to continue business, subject to such terms and conditions as may be imposed by the Board;

"(B) as the Board shall permit the transfer of possession and control of such credit union to any commission, board, or authority which has supervisory authority over such credit union and which is authorized by State law to operate such credit union; or

"(C) as such credit union is liquidated in accordance with the provisions of section 207.

"(5) The Board may appoint such agents as it considers necessary in order to assist the Board in carrying out its duties as a conservator under this subsection.

"(6) All expenses incurred by the Board in exercising its authority under this subsection with respect to any credit union shall be paid out of the assets of such credit union.

"(7) The authority granted by this subsection is in addition to all other authority granted to the Board under this Act.".

(b) Section 206(b)(2) of such Act (12 U.S.C. 1786(b)(2)) is amended by striking out "subsection (i)" and inserting in lieu thereof "subsection (j)".

(c) Section 206(j)(1) of such Act (12 U.S.C 1786(j)(1)), as so redesignated by subsection (a), is amended—

(1) in the first sentence by striking out "subsection (h)(3)" and inserting in lieu thereof "subsection (i)(3)"; and

(2) in the fourth sentence, by striking out "subsection (i)" and inserting in lieu thereof "subsection (j)".

(d) The first sentence of section 206(j)(2) of such Act (12 U.S.C. 1786(j)(2)), as so redesignated by subsection (a) is amended by striking out "subsection (h)(1)" and inserting in lieu thereof "subsection (i)(1)".

(e) The first sentence of section 206(1) of such Act (12 U.S.C. 1786(1)), as so redesignated by subsection (a) is amended by striking out "(h)" and inserting in lieu thereof "(i)".

(f) Section 206(m) of such Act (12 U.S.C. 1786(m)), as so redesignated by subsection (a), is amended—

(1) by striking out "subsection (i)" and inserting in lieu thereof "subsection (j)"; and

(2) by striking out "subsection (h)" and inserting in lieu thereof "subsection (i)".

(g) The section heading for section 206 of the Federal Credit Union Act (12 U.S.C. 1786) is amended by inserting "; TAKING POSSESSION OF BUSINESS AND ASSETS" after "COMMITTEE MEMBERS".

REMOVAL OF CALENDAR YEAR REQUIREMENT FOR AUDIT

SEC. 507. Section 102(f) of the Federal Credit Union Act (12 U.S.C. 1752a (f)) is amended by striking the words "on a calendar year basis".

ELIMINATION OF REQUIREMENT FOR PARTIAL YEAR PREMIUM AND REBATES

SEC. 508. Section 202(c) of the Federal Credit Union Act (12 U.S.C. 1782(c)) is amended by—

(1) striking out paragraphs (3) and (6); and

(2) redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

INVESTMENT OF NCUA OPERATING FUNDS

SEC. 509. Section 105 of the Federal Credit Union Act (12 U.S.C. 1755) is amended by adding at the end thereof the following new subsection:

"(e)(1) Upon request of the Board, the Secretary of the Treasury shall invest and reinvest such portions of the annual operating fees deposited under subsection (d) as the Board determines are not needed for current operations.

"(2) Such investments and reinvestments may be made only in—

"(A) interest-bearing securities of the United States;

"(B) securities guaranteed as to both principal and interest by the United States; or

"(C) bonds, securities, or other obligations of the United States which are lawful investments for fiduciary, trust, and public funds of the United States.

"(3) All income derived from such investments and reinvestments shall be deposited to the account of the Administration described in subsection (d).".

MATURITY LIMIT OF FIRST MORTGAGE LOANS

SEC. 510. Section 107(5)(A)(i) of the Federal Credit Union Act (12 U.S.C. 1757(5)(A)(i)) is amended by inserting "or such other limits as shall be set by the NCUA Board" after "not exceeding thirty years".

REMOVAL OF MEDIAN SALES PRICE REQUIREMENT

SEC. 511. Section 107(5)(A)(i) of the Federal Credit Union Act (12 U.S.C. 1757(5)(A)(i)) is amended by striking out "the sales price of which is not more than 150 per centum of the median sales price of residential real property situated in the geographical area (as determined by the board of directors) in which the property is located,".

REFINANCING

SEC. 512. Section 107(5)(A)(i) of the Federal Credit Union Act (12 U.S.C. 1757(5)(A)(i)) is amended by striking out "which is made to finance the acquisition of" and inserting in lieu thereof "on" and by striking out the word "for" the first time it appears in that section and inserting in lieu thereof "that is or will be".

SECOND MORTGAGE LOANS

SEC. 513. Section 107(5)(A)(ii) of the Federal Credit Union Act (12 U.S.C. 1757(5)(A)(ii)) is amended by striking out "or for the repair, alteration, or improvement of a residential dwelling which is the residence of a credit union member" and inserting in lieu thereof "a second mortgage loan secured by a residential dwelling which is the residence of a credit union member".

PROMPT CREDITING OF PREPAYMENTS

SEC. 514. Section 107(5)(A)(viii) of the Federal Credit Union Act (12 U.S.C. 1757(5)(A)(viii)) is amended by inserting before the semicolon at the end thereof the following: ", except that on first or second mortgage loans a Federal credit union may require that any partial prepayments (I) be made on the date monthly installments are due, and (II) be in the amount of that part of one or more monthly installments which would be applicable to principal".

INSURABILITY OF CUSTODIAL ACCOUNTS

SEC. 515. Section 101(5) of the Federal Credit Union Act (12 U.S.C. 1752(5)) is amended by inserting ", and such terms mean custodial accounts established for loans sold in whole or in part pursuant to section 107(13)" after "section 207 of this Act".

AUTHORITY TO ISSUE GNMA MORTGAGE-BACKED SECURITIES

SEC. 516. Section 107(7)(E) of the Federal Credit Union Act (12 U.S.C. 1757(7)(E)) is amended by inserting before the semicolon the following: "or in obligations, participations, securities, or other instruments of, or issued by, or fully guaranteed as to principal

and interest by any other agency of the United States and a Federal credit union may issue and sell securities which are guaranteed pursuant to section 306(g) of the National Housing Act".

TERMINATION OF INACTIVE MEMBERS

SEC. 517. Section 118 of the Federal Credit Union Act (12 U.S.C. 1764) is amended to read as follows:

"EXPULSION AND WITHDRAWAL

"SEC. 118. (a) Except for those circumstances set out in subsection (b) of this section, a member may be expelled by a two-thirds vote of the members of a Federal credit union present at a special meeting called for the purpose, but only after opportunity has been given him to be heard.

"(b) The board of directors of a Federal credit union may, by majority vote of a quorum of directors, adopt a policy with respect to expulsion from membership based on nonparticipation by a member in the affairs of the credit union. In establishing its policy, the board should consider a member's failure to purchase shares from, obtain a loan from, or lend to the Federal credit union.

"(c) Withdrawal or expulsion of a member pursuant to either subsection (a) or (b) of this section shall not operate to relieve him from liability to the Federal credit union.".

TITLE VI—PROPERTY, CASUALTY, LIFE INSURANCE ACTIVITIES OF BANK HOLDING COMPANIES

SEC. 601. Section 4(c)(8) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(c)(8)) is amended by striking out the period at the end of the first sentence and inserting in lieu thereof the following: ", but for purposes of this subsection it is not closely related to banking or managing or controlling banks for a bank holding company to provide insurance as a principal, agent, or broker except (A) where the insurance is limited to assuring repayment of the outstanding balance due on a specific extension of credit by a bank holding company or its subsidiary in the event of the death, disability, or involuntary unemployment of the debtor and, in the case of involuntary unemployment, where the coverage is offered in connection with a bank credit card and the cardholder is solicited to purchase the coverage after the credit card has been issued by the creditor; (B) in the case of a finance company which is a subsidary of a bank holding company, where the insurance is also limited to assuring repayment of the outstanding balance on an extension of credit in the event of loss or damage to any property used as collateral on such extension of credit and, during the period beginning on the date of the enactment of this subparagraph and ending on December 31, 1980, such extension of credit is not more than $10,000 ($25,000 in the case of an extension of credit which is made to finance the purchase of a residential manufactured home and which is secured by such residential manufactured home) and for any given year after 1980, such extension of credit is not more than an amount equal to $10,000 ($25,000 in the case of an extension of credit which is made to finance the purchase of a residential manufactured home and which is secured by such residential manufactured home) increased by the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers published monthly by the Bureau of Labor Statistics for the period beginning on January 1, 1980, and ending on December 31 of the year preceding the year in which such extension of credit is made; (C) any insurance agency activity in a place that (i) has a population not exceeding five thousand (as shown by the last preceding decennial census), or (ii) the bank holding company, after notice and opportunity for a hearing, demonstrates has inadequate insurance agency facilities; (D) any insurance agency activity which was engaged in by the bank holding company or any of its subsidiaries on June 12, 1980, or which the Board approved for such company or any of its subsidiaries on or before June 12, 1980, or which was covered by an application accepted for processing on or before April 29, 1980, and approved after June 12, 1980, including (i) sales of insurance at new locations of the same bank holding company or the same subsidiary or subsidiaries with respect to which insurance was sold on June 12, 1980, or approved to be sold on or before June 12, 1980, or covered by an application accepted for processing on or before April 29, 1980, and approved after June 12, 1980, if such new locations are confined to the State in which the principal place of business of the bank holding company is located, any State or States immediately adjacent to such State, and any State or States in which insurance activities were conducted by the bank holding company or any of its subsidiaries on June 12, 1980, or were approved to be conducted by the bank holding company or any of its subsidiaries on or before June 12, 1980, or were covered by an application accepted for processing on or before April 29, 1980, and were approved after June 12, 1980, and (ii) sales of insurance coverages which may become available after June 12, 1980, so long as those coverages insure against the same types of risks as, or are otherwise functionally equivalent to, coverages sold on June 12, 1980, or approved to be sold on or before June 12, 1980; (E) any insurance activity where the activity is limited solely to supervising on behalf of insurance underwriters the activities of retail insurance agents who sell (i) fidelity insurance and property and casualty insurance on the real and personal property used in the operations of the bank holding company or any of its subsidiaries, and (ii) group insurance that protects the employees of the bank holding company or any of its subsidiaries; or (F) any insurance agency activity engaged in by a bank holding company, or any of its subsidiaries, which bank holding company has total assets of $50,000,000 or less: *Provided, however*, That such bank holding company and its subsidiaries may not engage in the sale of life insurance or annuities except as provided in subparagraph (A), (B), or (C).".

TITLE VII—MISCELLANEOUS

DEPOSIT INSURANCE OF RETIREMENT ACCOUNTS

SEC. 701. (a)(1) The first sentence of section 405(d)(3) of the National Housing Act (12 U.S.C. 1728(d)(3)) is amended by striking out "$100,000" and inserting in lieu thereof "$250,000".

(2) The first sentence of section 11(a)(3) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(3)) is amended by striking out "$100,000" and inserting in lieu thereof "$250,000".

(3) The first sentence of section 207(c)(3) of the Federal Credit Union Act (12 U.S.C. 1787(c)(3)) is amended by striking out "$100,000" and inserting in lieu thereof "$250,000".

(b) The amendments made by subsection (a) are not applicable to—

(1) any claim arising out of the closing of a bank prior to the effective date of this section;

(2) any claim arising out of a default, as defined in section 401(d) of the National Housing Act (12 U.S.C. 1724(d)), where the appointment of a conservator, receiver, or other legal custodian as set forth in that section became effective prior to the effective date of this section; or

(3) any claim arising out of the closing of a credit union for liquidation on account of bankruptcy or insolvency pursuant to section 207 of the Federal Credit Union Act (12 U.S.C. 1787) prior to the effective date of this section.

INTERNATIONAL BANKING FACILITIES

SEC. 702. Paragraph (5) of section 3(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(1)) is amended to read as follows:

"(5) such other obligations of a bank as the Board of Directors, after consultation with the Comptroller of the Currency and the Board of Governors of the Federal Reserve System, shall find and prescribe by regulation to be deposit liabilities by general usage, except that the following shall not be a deposit for any of the purposes of this Act and shall not be included as part of total deposits or of an insured deposit:

"(A) any obligation of a bank which is payable only at an office of the bank located outside of the States of the United States, the District of Columbia, Puerto Rico, Guam, American Samoa, and the Virgin Islands; and

"(B) any international banking facility deposit, including an international banking facility time deposit as that term is from time to time defined by the Board of Governors of the Federal Reserve System in its Regulation D or any successor regulation thereto.".

DEFINITION OF CREDITOR

SEC. 703. Section 103(f) of the Truth in Lending Act (15 U.S.C. 1602(f)) is amended to read as follows:

"(f) The term 'creditor' refers only to a person who both (1) regularly extends, whether in connection with loans, sales of property or services, or otherwise, consumer credit which is payable by agreement in more than four installments or for which the payment of a finance charge is or may be required, and (2) is the person to whom the debt arising from the consumer credit transaction is initially payable on the face of the evidence of indebtedness or, if there is no such evidence of indebtedness, by agreement. Notwithstanding the preceding sentence, in the case of an open end credit plan involving a credit card, the card issuer and any person who honors the credit card and offers a discount which is a finance charge are creditors. For the purpose of the requirements imposed under chapter 4 and section 127(a)(5), 127(a)(6), 127(a)(7), 127(b)(1), 127(b)(2), 127(b)(3), 127(b)(8), and 127(b)(10) of chapter 2 of this title, the term 'creditor' shall also include card issuers whether or not the amount due is payable by agreement in more than four installments or the payment of a finance charge is or may be required, and the Board shall, by regulation, apply these requirements to such card issuers, to the extent appropriate, even though the requirements are by their terms applicable only to creditors offering open end credit plans.".

RELATION TO STATE LAWS

SEC. 704. (a) Subsections (b), (c), and (d) of section 111 of the Truth in Lending Act are redesignated as subsections (c), (d), and (e), respectively.

(b) Section 111 of the Truth in Lending Act (15 U.S.C. 1610) is amended by inserting under the caption the following:

"(a)(1) Except as otherwise provided in this section, this title supersedes any State law that is similar in purpose, scope, requirement, or content to this title, to the extent of the similarity. Similar laws include, but are not limited to, laws relating to the disclosure or advertising of consumer credit or lease terms, credit card and credit billing practices, liability for consumer lease transactions, and the rescission of consumer credit transactions.

"(2) Upon its own motion, or upon the request of any creditor, lessor, State, or other interested party, the Board shall determine whether a State law is similar to this title, and thereby superseded, and shall publish notice of such determination.

"(b) The provisions of this title shall not apply to any extension of consumer credit or any consumer lease in any State which

makes a determination that such provisions shall not apply with respect to extensions of consumer credit and consumer leases subject to the laws of such State. Such determination must—

"(1) explicitly and by its terms indicate the provisions of this title that shall not apply in such State;

"(2) occur on or after the date of enactment of this Act and prior to a date three years after such date;

"(3) provide for an effective date at least one year subsequent to such determination and permit creditors and lessors to comply with such determination prior to such effective date; and

"(4) be transmitted to the Board, which shall publish notice of the State's determination, upon a finding that the State law complies with the requirements of this subsection.".

(c) Sections 123, 171, 186(a), and 186(b) of such Act are repealed.

(d) Section 167 of such Act is amended by adding at the end thereof the following:

"(c) Notwithstanding any other provisions of this title, any discount offered under subsection (b) shall not be considered a finance charge or other charge for credit under the usury laws of any State or under the laws of any State relating to disclosure of information in connection with credit transactions, or relating to the types, amounts or rates of charges, or to any element or elements of charges permissible under such laws in connection with the extension or use of credit.".

CIVIL LIABILITY

SEC. 705. (a) Section 130(a) of the Truth in Lending Act (15 U.S.C. 1640(a)) is amended to read as follows:

"(a) Except as otherwise provided in this section, a creditor who fails to comply with any requirement imposed under this chapter, including any requirement under section 125, or chapter 4 or 5 of this title with respect to any person is liable to such person in an amount equal to the sum of—

"(1) any actual damage sustained by such person as a result of the failure;

"(2) in the case of an individual action, an amount not greater than $5,000, and in a class action, an amount not greater than the lesser of $500,000 or 1 per centum of the net worth of the creditor, if the court finds that—

"(A) the creditor failed to comply with a requirement of section 125; section 127(a); paragraph (4), (5), (6), (7), (8), (9), or (10) of section 127(b); paragraph (2) (insofar as it requires a disclosure of the 'amount financed'), (3), (4), (5), (6), or (9) of section 128(a); section 182; or section 183; and

"(B) the creditor's actions reflect substantial noncompliance with the requirements of this title,

except that in determining liability under this paragraph, the court shall consider, among other relevant factors, the amount of any actual damages awarded, the frequency and persistence of failures of compliance by the creditor, the resources of the creditor, the number of persons adversely affected, and the extent to which the creditor's failure of compliance was intentional; and

"(3) in the case of any successful action to enforce the foregoing liability or in any action in which a person is determined to have a right of rescission under section 125, the costs of the action, together with a reasonable attorney's fee as determined by the court.".

(b) Section 130(d) of such Act is amended to read as follows:

"(d)(1) When there are multiple obligors in a consumer credit transaction or consumer lease, there shall be no more than one recovery of damages under subsection (a)(2) for a violation of this title.

"(2) With respect to any failure to make disclosures required under this chapter or chapter 4 or 5 of this title, liability may be imposed only upon the creditor required to make disclosure, except as provided in section 131.".

(c) The last sentence of section 625(c) of Public Law 96-221 is amended by inserting "and by section 705 of the Financial Institutions Restructuring and Services Act of 1981" before the period.

EXTENSION OF TRUTH IN LENDING SIMPLIFICATION EFFECTIVE DATE

SEC. 706. Section 625(a) of the Depository Institutions Deregulation and Monetary Control Act of 1980 is amended to read as follows:

"SEC. 625. (a) Except as provided in section 608(b), the amendments made by this title shall take effect upon the expiration of two years and six months after the date of enactment of this title.".

EFFECTIVE DATE

SEC. 707. The amendments made by sections 703, 704, and 705 shall take effect on the effective date of title VI of the Depository Institutions Deregulation and Monetary Control Act of 1980.

LIMIT ON ADVANCES

SEC. 708. Section 10(c) of the Federal Home Loan Bank Act (12 U.S.C. 1430(c)) is amended by striking the word "twelve" each time it appears and inserting in lieu thereof the word "twenty".

TECHNICAL AMENDMENT TO RIGHT TO FINANCIAL PRIVACY ACT

SEC. 709. Section 1114(b)(2) of the Right to Financial Privacy Act of 1978 (12 U.S.C. 3414(b)(2)) is amended by striking "of" following "institution".

[Section-by Section Analysis]

FINANCIAL INSTITUTIONS RESTRUCTURING AND SERVICES ACT OF 1981

Section 101. Title: Depository Institutions Insurance and Services Act of 1981.

Section 111. Chartering and Purpose: This section would revise § 5(a) of the Home Owners' Loan Act of 1933 ("HOLA") to specify that the Bank Board may charter Federal associations known as Federal savings and loan associations or Federal savings banks and that the purpose of such activity shall be to provide thrift institutions for the deposit or investment of funds, and for the extension of credit for homes, and other goods and services. Present language limiting the chartering of Federal mutual savings banks ("FMSBs") and providing them investment and activity limitations different from those of Federal S&Ls basically is eliminated in order to provide a parity of entitlements between all Federal associations. Consistent with the liberalization of stock conversion options and association investment authority contained in the bill, references in § 5(a) to Federal associations as mutual institutions are deleted, and the purposes of such associations are widened, as indicated previously, beyond the current exclusive focus on housing.

Section 112. Demand Accounts and Capital Stock: This section would revise § 5(b)(1) and (2) of the HOLA. Under revised § 5(b)(1), Federal associations would be able to offer any customer a demand account. At present, Federal S&Ls are not authorized to offer demand accounts; their only transactions account, the NOW account, is statutorily subject to a 30-day notice requirement.

Federal MSBs are allowed to offer demand deposits to customers with which they have a business loan relationship, and are thus handicapped to a lower degree.

In addition, § 5(b)(1) would be amended to lower the statutory notice-of-withdrawal period for savings accounts (including NOW accounts) to fourteen days from the current thirty days. This would put S&Ls on a par with commercial banks with respect to this type of account.

The amendment to § 5(b)(2) would delete an existing prohibition against the issuance of capital stock by Federal S&Ls and substitute an explicit grant of authority to issue such stock. The current prohibition acts to prevent the Bank Board from authorizing Federal stock S&Ls on a de novo basis, for explicit provisions elsewhere now authorize Federal stock association on a conversion basis, notwithstanding the prohibition contained in § 5(b)(2).

Section 113. Conversions to Federal Charters: This section would amend § 5(i) of the HOLA to allow any institution that is a Federal Home Loan Bank member (or is eligible to become a member) to convert to a Federal S&L, a Federal savings bank, or a Federal mutual savings bank. As part of the conversion process (or thereafter), the converting (or converted) institution could change from the mutual to the stock form (or the reverse) and would be free to elect to designate itself as a Federal S&L, a Federal savings bank, or a Federal mutual savings bank, regardless of its previous denomination. Present law does not allow Federal stock savings banks, and does not authorize de novo charters of Federal savings banks or of Federal stock S&Ls. Moreover, current law does not permit state stock associations to obtain Federal stock charters unless they existed as stock entities before 1976, and forbids chartering of Federal stock associations in states that do not allow state stock institutions. Procedures for conversions back to state institutions would be changed slightly, making explicit provision for conversion to stock institutions, deleting an obsolete reference to the General Manager of the FSLIC and substituting the Bank Board's General Counsel, and striking obsolete provisions pertaining to Treasury or Home Owners' Loan Corporation ownership of Federal association shares. Persons aggrieved by final action of the Bank Board respecting a conversion would be provided the same right of review currently granted in such cases by § 402(j)(4) of the National Housing Act. Because current law may allow Federal mutual savings banks to engage in certain activities and make certain investments not authorized under this bill, revised § 5(i)(4) would permit FMSBs that converted prior to enactment of the bill to continue those activities or investments to the extent authorized by the Bank Board. These grandfathered rights would pass to the successor institution in the event of a merger or consolidation. Grandfathering also would continue to be extended to Federal savings banks that convert to that status from state charters.

Section 114. Conversion from State Mutual to State Stock: This section would amend extensively § 402(j) of the National Housing Act. That provision governs the now expired moratorium on mutual-to-stock conversions, and is substantially obsolete. Currently significant provisions that would be dropped include a burdensome annual report on conversion activity, and a prohibition against creation of Federal stock institutions in states where stock assocations do not exist. As revised, § 402(j) simply would retain current FSLIC jurisdiction over state mutual to state stock conversions involving insured institutions, and would preserve the existing judicial appeal procedure available to persons aggrieved by agency conversion decisions.

Section 115. Technical: This section would amend § 2(d) of the HOLA to ensure that statutory references to Federal S&Ls include all Federal savings banks, not just FMSBs.

This section would also establish the duty of the FSLIC to insure the accounts of all Federal savings banks, rather than simply FMSBs, as the statute currently provides.

This section would additionally include Federal savings banks within the listing of entities defined as insured institutions for Savings and Loan Holding Company Act purposes.

PART B.—INVESTMENTS

Section 121. Overdrafts: This section would amend § 5(c)(1)(A) of the HOLA to provide that overdraft loans could be issued with respect to any transactions account of a Federal association, rather than only against NOW accounts, as is currently the case.

Section 122. Real Property Loans: This section would amend § 5(c)(1)(B) of the HOLA to allow Federal associations to invest up to 100 percent of their assets in loans secured by loans on residential or nonresidential real property. At present, § 5(b)(1)(B) allows 100 percent investment in residential real property loans, but provides an extensive list of loan-to-value ratios that must be observed, depending on the nature of the security property. These statutory restrictions would be eliminated by the amendment. Under current law, nonresidential real estate lending is limited basically to 20 percent of assets, and the loans must be secured by first liens on other improved real estate. The amendment would eliminate the percentage-of-assets and first lien restrictions, as well as dispense with the requirement that the real estate securing the loan be of any particular nature.

Section 123. Time Deposits in S&Ls: This section would amend § 5(c)(1)(G) of the HOLA to allow associations to invest in each other's time and savings deposits. Currently associations wishing to invest in time and savings deposits must utilize FDIC-insured commercial banks, except to the limited extent authorized under 12 U.S.C. § 1730b.

Section 124. Governmental Securities: This section would amend § (c)(1)(H) of the HOLA to allow Federal associations to invest up to 100 percent of their assets in obligations of or issued by State or local governments. At present, investments in such securities are limited to general obligations, and to certain housing-related instruments.

Section 125. Commercial and other loans: This section would amend § 5(c)(1)(L) to allow Federal associations to invest up to 100 percent of their assets in secured or unsecured loans for commercial, corporate, business or agricultural purposes. Federal S&Ls currently have no power to make loans of this kind and FMSBs can only make commercial, corporate or business loans to the extent of 5 percent of their assets, and only within 75 miles of the institution's home office. The section would replace existing paragraph (L), dealing with loans to financial institutions. Loans under section 205 could be made to one borrower only to the extent a national bank having the same capital and surplus could lend to one borrower.

Section 126. Technical: would remove from § 5(c)(4)(C) existing authority for Federal associations to invest in certain insured land development loans and place such authority in § 5(c)(1)(O). This is merely intended to permit an easier reading of § 5(c), as the reorganization will place the land development loans in a provision dealing with other insured loans of similar type, and will leave revised § 5(c)(5)(C) to deal solely with foreign assistance investments. In addition, in § 5(c)(1)(O), the amendment would change the name of the "Urban Growth and New Community Development Act of 1970" to the "National Urban Policy and New Community Development Act of 1970."

Section 127. Corporate Securities: This section would amend § 5(c)(1)(P) to allow Federal associations to invest up to 100 percent of their assets in commercial paper and corporate debt securities. The limit on such investment now stands at 20 percent. This provision would replace authority regarding state housing corporation investments that is to be subsumed under section 204, supra. An association could invest in one obligor or maker, however, only to the extent allowable for a national bank having the same capital and surplus as the association.

Section 128. Mutual Funds: This section would amend § 5(c)(1)(Q) of the HOLA to allow Federal associations to invest in a wider variety of mutual funds. Currently, associations are restricted to investing in funds having portfolios comprised entirely of assets which they could invest in directly. The amendment would permit investments in mutual funds having portfolios consisting primarily of assets in which associations could invest on a direct basis.

Section 129. Consumer loans: This section would create a new § 5(c)(1)(R) of the Home Owners' Loan Act authorizing investments in consumer loans, including inventory and floor planning loans. Without the authority to make loans of the latter two types, the effectiveness of the power to extend consumer credit is substantially diminished. Present law limits Federal association consumer loan authority to 20 percent of assets.

Section 130. Additional Investment Options: This section would provide further liberalization of the investment options open to Federal associations.

1. Equipment Leasing. Revised § 5(c)(2) would give Federal associations authority to invest directly in tangible personal property. This new empowerment would enable associations to engage in equipment leasing, an activity that has been profitable for the commercial banking industry.

2. Education Loans. Amended § 5(c)(3)(A) would expand the scope of the current 5 percent-of-assets education loan authority to include any loan for educational purposes. At present, Federals may make such loans only for the purpose of paying for the expenses of university, college or vocational education.

3. Service Corporations. Under amended § 5(c)(4)(B), Federal associations would be able to invest 5 percent of their assets in their service corporation subsidiaries, instead of the 3 percent currently authorized. Unlike current practice, there would be no explicit statutory requirement that a portion of the investment authority be used primarily for community, inner-city, and community development purposes. In addition, the bill would clarify the status of subsidiaries of service corporations—so-called "second-tier" service corporations—by specifically stipulating that primary service corporations would be able to invest in such entities regardless of the state-of-charter and stock ownership restrictions that affect Federal association investment in service corporations. Associations are only permitted to invest in service corporations chartered in their home state, and whose stock is available for purchase only by savings and loan associations headquartered in that state, and a recent U.S. District Court case in New Jersey indicated that these restrictions likewise should apply to investments by primary service corporations in their subsidiaries.

6. Foreign Assistance Investments.

7. Small Business Investment Corporations. New § 5(c)(4)(D) would restore authority to Federal associations to invest in Small Business Investment Corporations that inadvertently was deleted from § 5(c) in the course of the reenactment of that provision by Public Law 96-221. This replaces authority to invest in certain state and local government obligations that is to be subsumed under section 204, supra.

Section 131. Incidental Activities: This section would create a new § 5(c)(8) that would clarify the power of Federal associations to engage in activities and ventures incidental to the exercise of authority conferred under § 5(b) or (c). For instance, questions have been raised as to the ability of Federals under current law to form joint ventures with investors to facilitate the sale of low-yield mortgages. Given the present power of associations to sell mortgages, new paragraph (8) would remove any doubt as to the authority of those institutions to enter into business relationships designed to facilitate such sale. That paragraph also would remove doubts as to the ability of Federals to engage in correspondent activities, and to issue money orders or cashier's checks.

Section 132. Liquidity Eligible Investments: This section would amend § 5A(b)(1)(B) of the Federal Home Loan Bank Act (12 U.S.C. § 1425a(b)(1)(B)) to specify that members of Federal Home Loan Banks could use their investments in time and savings deposits in other members, or in institutions eligible to become members to help satisfy the statutory requirement that they maintain at all times a certain amount of liquid assets. Present law authorizes time and savings deposits to count toward satisfaction of this liquidity requirement only if the deposits are in Federal Home Loan Banks or commercial banks.

Section 133. Overlapping Jurisdiction: This section would ensure that FSLIC-insured institutions would continue to be exclusively governed by the Savings and Loan Holding Company Act with respect to acquisition of control by other companies. Without this amendment, such insured institutions conceivably could be required to meet the requirements of both the Bank Holding Company Act and the Savings and Loan Holding Company Act, a burdensome and confusing result.

Section 134. Limitation on branching by Federal associations: This section would limit interstate branching by Federal associations to those which have an asset composition such that they qualify for the benefits of the so-called "bad debt deduction" under the Internal Revenue Code. Furthermore, retention of out-of-state branches would be contingent upon the Bank Board's determination that total assets attributable to branches in the foreign state are such that those branches, taken as a whole (assuming they otherwise were eligible), would qualify for the bad debt deduction. Federals with existing interstate branches would be grandfathered, and state institutions with interstate branches that convert to federal charters would likewise not be forced to give up their out-of-state facilities. In addition, Federals would be able to branch into those states that permit such penetration by out-of-state thrifts. The provision clarifies the fact that branches resulting from the extraordinary powers granted the FSLIC under section 301 of the bill would not be affected by the section 214 limitation. Finally, the section would allow the Bank Board to give Federals up to two years to dispose of illegal branches.

Section 135. Limitation on savings and loan holding company activities: This section would limit the activities permissible for a savings and loan holding company and its non S&L subsidiaries when the company's S&L subsidiary acquires an asset mix such that it no longer qualifies for the bad debt deduction. The activities thereafter permissible would be those available to multiple savings and loan holding companies and their subsidiaries under 12 U.S.C. § 1730a(c)(2). Affected companies would be given three years to either come into conformance or sell the S&L subsidiary.

PART C.—PREEMPTION OF DUE-ON-SALE PROHIBITIONS

Part C would provide for Federal preemption of state laws prohibiting exercise by lenders of so-called due-on-sale clauses that

stipulates that a borrower's mortgage becomes due when he sells his home. The preemption would apply to all depository institutions, not just savings associations, and to HUD-approved lenders. Regulations and interpretations governing implementation of the preemption would be issued by the Bank Board, which could require observance of appropriate consumer safeguards.

Part C also provides states with an opportunity to override the Federal preemption within three years of enactment of this bill.

Specific provision would be made in the amendment for delegation by the Bank Board to its staff, or to the staffs of the Comptroller of the Currency or of the National Credit Union Administration Board, of authority to issue approvals or interpretations, and any lender relying in good faith on the Bank Board's regulations or on its interpretations or those of its staff would be free from application of state law penalties. This delegation and good-faith reliance provision would apply as well to the Bank Board's existing authority to implement the Federal preemption of state mortgage usury laws.

PART D.—EXTRAORDINARY AUTHORITY RELATING TO THRIFTS

Sections 151 and 152. Emergency Thrift Acquisitions: These sections would allow the FSLIC, regardless of any other law (except antitrust law) to authorize an insured institution eligible for FSLIC assistance to merge with any other insured institution or an FDIC-insured bank, or to be acquired by any holding company. This would enable the FSLIC to arrange mergers of institutions across state lines notwithstanding interstate branching prohibitions, and to let holding companies acquire institutions other than in their home state, or without regard to normal activities restrictions. In making such authorizations, the paramount consideration would be minimize the cost to the FSLIC, but the Corporation would have to make a reasonable effort to arrange transactions involving: first, institutions of the same type in the same state; second, institutions of the same type in different states; third, institutions of different types in the same state; and, fourth, institutions of different types in different states. The condition precedent to the use of the authority conferred by this section would be the existence of severe financial conditions which threaten the stability of a significant number of insured institutions or of institutions possessing significant resources. Under section 401(b), the Federal Reserve could approve, in emergencies, bank holding company acquisitions of thrifts, subject to the approval of the thrift's primary Federal regulator.

Section 153. Emergency Stock Charters: This section would allow the Bank Board to authorize (or in the case of a Federally-chartered association, require) a mutual institution to become, or merge into a newly chartered, Federal stock association, regardless of other state or Federal law. These authorizations could be granted only with respect to: (1) an institution in receivership; (2) an institution that has contracted to receive FDIC or FSLIC assistance; or (3) an institution the stability of which is threatened by the existence of severe financial conditions, provided the authorization is likely to improve its financial condition. In cases where the converting institution is FDIC-insured, conversion to a Federal charter would be accompanied by an indemnification agreement between the FDIC and FSLIC that would be negotiated on a case-by-case basis, rather than being tied to the statutory indemnification provisions applicable to ordinary conversions involving changing of deposit insurers.

Section 154. Assistance to Thrift Institutions: This section would allow the FSLIC to provide assistance to any party acquiring a financially troubled insured institution.

Section 155. Conservatorship and Receivership Powers: This section would provide the FSLIC with conservatorship/receivership powers over State-chartered insured institutions approximately equal to those which it now has with respect to Federal associations. While the FSLIC still could accept an appointment as receiver or conservator from a State authority, and operate according to its regulation, the Bank Board would be able to appoint the FSLIC as sole conservator or receiver of a State-chartered insured institution, superseding and preempting any state appointment, upon a determination that the institution was in an unsafe or unsound condition to transact business, had substantially dissipated its assets, or had assets less than its obligations. Under current law, such preemptive power exists only where an institution actually has been closed or a State receiver has been appointed for at least 15 days, where grounds exist identical to those required to appoint a receiver or conservator for a Federal association, and an account-holder has been unable to obtain a full withdrawal of his account.

Section 155 also would clarify the fact that when the FSLIC acts in its capacity as a receiver of a Federal association, it pays the credit obligations of that institution only in its capacity as receiver. The present statutory language raises the possibility that the FSLIC's insurance fund might be held liable for all the debts of a defaulted Federal association. Additionally, the amendment would allow the FSLIC as receiver of a defaulted institution, to make such disposition of the defaulted institution as it determines to be in the best interests of the association, its savers and the Corporation itself. Currently, an anomalous situation exists whereby the ability of the FSLIC to make "such other disposition" of a defaulted S. & L. as is in the best interests of its insured members applies only to state-chartered insured institutions, and not to Federal associations.

Section 156. Assistance to Federal Home Loan Bank Members: Section 406 would allow the Bank Board, upon its determination that severe financial conditions exist threatening the stability of member institutions, to waive the requirement of § 16 of the Federal Home Loan Bank Act that a portion of net earnings of the FHLBanks be set aside semi-annually to a reserve account, and allow the Banks to pay dividends from undivided profits.

Section 157. Borrowing Authority: This section would allow the FSLIC to borrow from the FHLBanks, as long as the rate on the loan is not less than the FHLBanks' marginal cost of funds, and the loan is adequately secured.

Section 158. Secondary Insurance Reserve: Section 408 would permit the FSLIC, when it determines extraordinary financial conditions exist increasing the risk to it, to terminate the payback of the secondary insurance reserve and to use the reserve exactly as it uses the primary reserve. The payback could continue thereafter, if otherwise authorized by law. Under present law, the FSLIC's secondary reserve (now approximately $700 million) is required to be paid back to insured institutions until such time as the aggregate of primary reserve and the secondary reserve is not at least equal to 1¼ percent of the total amount of all accounts of insured members of all insured institutions. The secondary reserve at present may be used only to cover losses of the Corporation, and only to the extent the primary reserve is not available.

PART E—EXTRAORDINARY AUTHORITY RELATING TO BANKS

Section 161. This section expands FDIC's authority to provide financial aid to insured banks. When the stability of a significant number of insured banks is threatened, FDIC would be authorized to make loans to, purchase assets of, or make deposits in any threatened bank if such assistance would substantially reduce FDIC's risk of loss. Under the present law, FDIC must find the continued operation of the bank essential to adequate community banking service before providing such assistance.

Section 162. Under this section FDIC is permitted to provide assistance to any insured bank or FSLIC insured institution which will facilitate its merger or consolidation with an insured bank. Existing law does not permit such assistance to FSLIC-insured institutions.

Section 163. This section permits the FDIC to make an indemnification agreement with FSLIC when an FDIC insured converts to a federal charter in connection with a merger. The terms of the indemnification agreement would be negotiated on a case-by-case basis rather than being tied to statutory indemnification provisions applicable to ordinary conversions involving changing of deposit insurers.

Section 164. This section permits the FDIC to expense the loss of earnings occassioned by extending loans below the rate of return on its investment portfolio.

Section 165. This section allows the FDIC, when appointed receiver for a closed insured bank that has assets greater than 0.12 percent of the U.S. total, to sell the assets of the bank to a subsidiary of an out-of-state bank or bank holding company regardless of Federal or state laws which now may prohibit the transaction. The subsidiary must be located in the same state as the closed bank. The section prescribes a process to give first priority to in-state financial institutions and second priority to institutions in adjacent states, before sale to subsidiaries of other out-of-state institutions is allowed. Prior to soliciting offers for a sale and assumption, the FDIC must consult with the State bank supervisor in the state in which the closed bank was chartered. The FDIC must take into account the antitrust implications before authorizing a sale under this section.

PART F—MISCELLANEOUS

Section 171. Delegations: Section 501 would allow the Bank Board to delegate any of its functions, except those of promulgating regulations, and performing adjudications. The Federal Reserve already has similar power under 12 U.S.C. § 248.

Section 172. Payment of Attorneys' Fees: This section would clarify that a court may assess attorneys' fees against the Bank Board only in the event the agency loses a lawsuit.

Section 173. Federal Home Loan Mortgage Corporation Authority:

Subsection (a) would authorize the Federal Home Loan Mortgage Corporation to purchase mortgage loans from the Federal Deposit Insurance Corporation and the National Credit Union Administration. The amendment particularly would assist these agencies in the orderly management of their portfolios of acquired mortgage loans, and facilitate the liquidation of the mortgage assets of institutions under their control. The amendment would also equate the FHLMC's purchase authority from the FDIC and NCUA with that from the FSLIC and reflect in general the growing use of the Mortgage Corporation's programs by institutions other than S&Ls.

Subsection (b) would remove the limitation on the number of mortgages more than one year old that the Federal Home Loan Mortgage Corporation could purchase, and would clarify that such mortgages could be purchased from the FDIC, FSLIC and NCUA. The amendment would facilitate the development of special placement and other types of transactions that allow residential mortgage lenders to sell older, low-yielding mortgages in negotiated arrangements. This

would improve the liquidity positions of portfolio lenders, and help achieve the objectives of the Depository Institutions Deregulation and Monetary Control Act of 1980 by allowing mortgage lenders to adjust to more volatile interest rate fluctuations.

Subsection (c) would provide purchase authority to the Federal National Mortgage Association comparable to that provided FHLMC in the preceding subsection.

Section 174. Collateralization of FHLBank Advances: Section 504 would strike the extensive and detailed statutory collateralization requirements appearing in § 10 of the Federal Home Loan Bank Act, and give the Bank Board authority to prescribe what should constitute acceptable security. In addition, it would correct a technical omission connected with the recent liberalization by Congress of the stock-to-advances ratio that must be observed by FHLBank members.

Section 175. Insurance of Accounts in Mergers: This section would provide that depositors who have accounts in a FSLIC-insured institution that merges into another such institution in which they have accounts will be able to have separate insurance for the two accounts for a period of six months. Authority to offer short-term dual coverage of this type already is possessed by the FDIC.

Section 176. Deletion of Obsolete Stockholding Requirements: Section 506 would delete obsolete language in § 6(c) of the Federal Home Loan Bank Act that operates to require a handful of FHLBank members to hold stock in excess of the one percent of aggregate loan principal level applicable to all other members.

Section 177. Compensation of Federal Savings and Loan Advisory Council Members: Section 507 would allow the Bank Board to compensate the members of the Federal Savings and Loan Advisory Council, subject to the limitations of the Federal Advisory Committee Act. This would be particularly useful in attracting public interest members of the FSLAC, who currently serve at a considerable financial sacrifice because of the inadequacy of the traveling expense reimbursement currently available to them.

Section 178. Withdrawal from FHLBank Membership: Section 508 would require an institution withdrawing voluntarily from FHLBank membership to pay prepayment penalties in connection with liquidating any indebtedness it owes the Bank, assuming the contract governing the indebtedness calls for imposition of such penalties. In addition, section 508 would prevent institutions leaving the FHLBank System from reentering, except in connection with receiving FSLIC insurance of accounts, and would set a deadline for applying for membership for current nonmembers and newly chartered institutions, beyond which the option of FHLBank membership no longer would be available, except, again, in connection with receiving FSLIC insurance of accounts.

TITLE II—NATIONAL AND MEMBER BANKS

Section 201 amends 12 U.S.C. § 84 to clarify and liberalize the statutory lending limits affecting national banks. The revised provision increases the existing 10 percent single borrower ceiling to permit a national bank to make unsecured loans in an amount up to 15 percent of its unimpaired capital and surplus, plus an additional 10 percent on loans fully secured by readily marketable collateral. Existing statutory exceptions are simplified or deleted as unnecessary where absorbed by the new higher ceiling. The Comptroller is authorized to promulgate regulations further defining terms and establishing standards, including margin requirements, as deemed appropriate.

Section 202 amends 12 U.S.C. § 82, which establishes borrowing limitations for national banks. In lieu of the existing rigid statutory framework, the Comptroller is authorized to adopt appropriate standards and limitations by rule or regulation so as to permit commercial banks greater flexibility to adapt to changing funding patterns.

Section 203 amends 12 U.S.C. § 371 to simplify the statutory framework by which national banks are authorized to engage in real estate activities. The revised provision deletes existing rigid statutory standards and authorizes the Comptroller to promulgate regulatory standards affecting such conduct.

Section 204 clarifies the OCC's authority to bring civil money penalty actions for violations of the national banking laws governing trust powers (12 U.S.C. § 92a).

Section 205 amends 12 U.S.C. § 27 to clarify the authority of the Comptroller of the Currency to charter a "bankers' bank," a national bank which is limited to doing business with other financial institutions, their officers, directors, or employees and is owned by the financial institutions with which it does business.

Section 205 also amends paragraph seven of 12 U.S.C. § 24, which sets forth the powers of national banks, to clarify the authority of national banks to own stock in bankers' banks.

Additionally section 205 amends 12 U.S.C. § 1818(b) to extend the enforcement powers of that statute to a national bank granted a limited charter to operate as a trust company or a "bankers' bank." These banks may not receive retail deposits and may be uninsured. They may be beyond the reach of the cease and desist, removal, and other enforcement authority of Section 1818 which currently apply only to "insured banks" and other institutions specified in § 1818(b) (3) and (4).

Section 206 amends 12 U.S.C. § 94, to retain the existing venue provision only for suits against a national bank for which the FDIC has been appointed as receiver.

Section 207 amends 12 U.S.C. § 95(b)(1) to authorize a national bank to either stay open or close, at its discretion, on a legal holiday declared by a State or District of Columbia official, unless the Comptroller directs otherwise.

Section 208 amends the Depository Institutions Deregulation and Monetary Control Act of 1980 to clarify the authority of the OCC to terminate the closed receivership fund for national banks which have been closed and for which the Comptroller has appointed a receiver other than the FDIC.

Section 208 also provides for notice to potential claimants and final disposition of unclaimed property which has been held by the OCC for over forty years. This property is largely comprised of items recovered from safe deposit boxes of national banks closed during the Depression.

The OCC shall publish periodic notices which describe the unclaimed property to give owners or their heirs, perhaps unaware that the property exists, a final opportunity to obtain possession. Upon receiving convincing proof of a valid claim, the OCC shall deliver the claimed property to its original owner.

If, after twelve months, there remains property for which no valid claim has been filed, it shall become property of the United States.

Section 209. Bankers Acceptances: Increase in the aggregate limit on bankers' acceptances that can be issued by a member bank from 50 percent of capital and surplus (or, with the permission of the Federal Reserve, 100 percent) to 200 percent of capital and surplus (or, with Fed approval, 300 percent).

TITLE II—TRANSACTIONS BETWEEN A BANK AND ITS AFFILIATES

Section 210 revises Section 23A of the Federal Reserve Act to permit a member bank to engage in any credit or investment transaction with bank or nonbank affiliates, so long as the member bank and its affiliates are 80 percent owned by the same bank or bank holding company. Limitations are imposed on transactions between a member bank and its parent holding company, e.g. loans to a parent must be on the same terms as transactions with non-affiliated companies and such loans to the parent may not exceed 12 percent of the member bank's capital and surplus.

Small institutions exemption

Section 211. This provision would exempt financial institutions with $5 million or less of total deposits from the reserve requirements of the Monetary Control Act of 1980 (P.L. 96-221).

PART B—FIRA AMENDMENTS

Section 221 amends Section 22(g) of the Federal Reserve Act by deleting current size limits on loans to executive officers of member banks of $60,000 for real estate loans and $20,000 for loans for children's education. The specific limitation of $10,000 on loans for any other purpose is retained.

Section 222 amends the various civil money penalty provisions of the Federal Reserve Act, Bank Holding Company Act of 1956, Bank Holding Company Act Amendments of 1970, National Housing Act, Federal Credit Union Act, Federal Deposit Insurance Act, and Home Owners' Loan Act to confirm the authority of the respective supervisory agencies to compromise, remit, or modify any civil money penalty subject to imposition or which has been imposed. Such authority will be comparable to that already explicitly granted the Comptroller by Section 103 of FIRA, which added 12 U.S.C. § 93(b)(6).

Section 223 amends Section 22(g) of the Federal Reserve Act by deleting subsection (9), which currently requires each member bank to file quarterly reports on all loans made by the bank to its executive officers. This reporting requirement is duplicative and unnecessarily burdensome inasmuch as 12 U.S.C. § 1817(k)(1) (as amended by Title IX of FIRA) requires all insured banks to provide annual reports containing a list of the bank's executive officers and principal shareholders and the aggregate amount of all credit extensions by the bank during the year to these insiders and to their related interests. Subsection (9) is therefore duplicative of the specific reports required by the new law.

Section 224 further amends the civil money penalty provisions of the statutes listed in Section 102 above, to clarify that the assessment and collection of a penalty by the respective federal agencies is within the discretion of the agency. The amendment substitutes the word "may" for "shall" wherever that term now appears in the various civil money penalty provisions requiring the respective agencies to assess and collect fines.

Section 225 amends Section 22(h)(2) of the Federal Reserve Act to require the prior approval of the board of directors of the bank rather than a majority of the entire board of directors in the case of loans to executive officers, directors and principal shareholders or their related interests aggregating more than $25,000. This, in effect, would permit a bank to establish a loan or executive committee composed of members of the board of directors of the bank to approve such loans.

Section 226 amends subsections 22(h)(6)(D) and (E) of the Federal Reserve Act, to provide that the restrictions on loans by banks to their executive officers, directors and principal shareholders do not automatically apply to persons acting as officers, directors or principal shareholders of any subsidiary of the bank holding company of which the member bank is also a subsidiary.

Section 227 amends Section 5239 of the Revised Statutes. By substituting the word "Title" for the word "chapter," this amendment clarifies the civil money penalty authority granted to the Comptroller.

Section 227 also amends Section 407(h) of the National Housing Act regarding the Federal Savings and Loan Insurance Corporation's power to suspend certain persons from serving as directors or officers of an insured institution by changing "persons" to "person" and paragraph "(3)" to "(2)", which conforms the wording of (h)(1) to the substantially identical provision relating to the similar power of the Federal Home Loan Bank Board with regard to federally chartered savings and loan associations and mutual savings banks (12 U.S.C. § 1464 (5)(A)).

Section 227 also corrects purely technical reference errors in Section 8(b)(3) of the Federal Deposit Insurance Act.

Section 228 amends Section 18(j)(2) of the Federal Deposit Insurance Act to exclude a foreign bank that maintains a branch in the United States but to cover the insured branch. Under the International Banking Act of 1978 (P.L. 95-369), a foreign bank that has an insured branch is treated as a nonmember insured bank (12 U.S.C. § 1813(h)). Without the exclusion, a foreign bank would be subject to the provisions of Section 22(h) of the Federal Reserve Act, which are made applicable to nonmember insured banks as if they were member banks (12 U.S.C. § 1828(j)(2)). This exclusion is consistent with the exemption from Section 23A for foreign banks under the International Banking Act (12 U.S.C. § 1828(j)(1)) and with the requirement of that statute (12 U.S.C. § 3105(c)) that the Board submit to the Congressional banking committees within two years a recommendation regarding limitations that should be placed on foreign banks regarding loans to their affiliates. It should be noted that the Board retains residual supervisory authority over all U.S. operations of foreign banks.

Section 229(a) makes a technical amendment to subsection references in Section 107(a)(1) of FIRA.

Section 229(b) makes a technical amendment to a subsection reference in Section 205(2) of the Depository Institution Management Interlocks Act ("Interlocks Act").

Section 230 amends the Home Owners' Loan Act, the National Housing Act, the Federal Credit Union Act, and the Federal Deposit Insurance Act to explicitly grant the respective agencies power to remove a management official of a federally chartered or federally insured depository institution for a violation of the Interlocks Act. Although the Interlocks Act clearly contemplates the use of either removal or cease and desist proceedings, the required findings under the existing removal statutes may not permit use of such procedures in some cases. Section 205 will permit removal without agency determination that, in addition to violating a law or regulation: (1) the management official's illegal conduct has caused or will probably cause the bank to suffer "substantial financial loss or other damage," or has caused serious prejudice to the depositors' interests, or that the officer received financial gain due to such violation; and (2) the violation was one involving personal dishonesty or showing a "willful disregard" for the safety or soundness of the institution. Such considerations, although retained as relevant to other removal procedings, are not relevant to the competitive considerations underlying the Interlocks Act. The amendment recognizes that the per se nature of an interlocks violation justifies removal without further inquiry.

Section 231, Correspondent Accounts, amends Section 106 of the Bank Holding Company Act Amendments of 1970, relating to reporting requirements for executive officers and principal shareholders of insured banks regarding loans received from banks maintaining correspondent accounts. Paragraph (1) exempts from reporting requirements executive officers and principal shareholders of a foreign bank having an insured branch in the United States. Additionally, paragraph (2) provides that foreign banks with insured branches are not required to report the names of their executive officers and principal shareholders and the aggregate amount of credit extended by correspondent banks to such executive officers and principal shareholders.

Paragraph (3) clarifies that under the correspondent account reporting provisions, borrowings by an insider's related interests must be reported by the insider regardless of whether the insider has obtained a loan.

Paragraph (4) extends the current ten-day requirement to 30 days for bank insiders to report the amount of their indebtedness outstanding from correspondent banks as of a date not more than such specified number of days prior to the filing of the report. The present ten-day limit is insufficient for individuals and parent holding companies with complicated financial situations who must report on loans to "related interests."

Finally, paragraph (6) of the amendment makes the reporting requirements applicable to a "person" or "persons" who directly or indirectly own or control more than ten percent of an insured bank's stock, rather than the "stockholder of record," "stockholder," or "shareholder" (and their plurals) referred to under present law. The use of the broad term "persons" is consistent with Congress' apparent intent to apply the law to direct and indirect owners of more than ten percent of a bank's stock.

Section 232. Disclosure of Material Facts, amends Section 1817(k)(1) of the Federal Deposit Insurance Act, which presently requires all insured banks to annually report to the appropriate federal supervisory agencies a list of principal shareholders and executive officers, and the aggregate outstanding indebtedness of these insiders and their related interests to the bank. Consistent with the changes to the reporting requirements regarding correspondent accounts, the amendment exempts from coverage foreign banks with insured branches and substitutes the word "person" or "persons" for "stockholder(s)" or "stockholder(s) of record." The rationale for the second change, as with the identical change made to the correspondent account report requirements, is to clarify the applicability of the law to direct and indirect principal shareholders of banks.

Section 233, Federal Financial Institutions Examination Council, makes a purely grammatical correction to Section 1006(b)(2) of the Federal Financial Institutions Examination Council Act of 1978. Reference to a Council recommendation that is "found unaccepted" by various supervisors becomes a recommendation "found unacceptable."

TITLE III—SECURITIES ACTIVITIES

Section 301 would amend paragraph seventh of section 5136 of the Revised Statutes so as to permit national banks to deal in and underwrite revenue obligations (except special assessment obligations and industrial revenue bonds) issued or guaranteed by or on behalf of a State or any political subdivision thereof, if such obligations are eligible for purchase by a national bank for its own account.

The section also would establish five protective restrictions on the activities of national banks which deal in or underwrite such obligations.

Section would require the Secretary of the Treasury to submit an annual report to the Congress showing the extent to which the underwriting and dealing in such obligations is being carried on by commercial banks as compared with other institutions.

Section 302 would amend the Investment Company Act of 1940 so as to enable a bank, a bank holding company or subsidiary thereof, a savings and loan association, a savings bank, or a credit union to (a) organize and operate or render advise to an investment company; (b) underwrite, distribute, sell or issue securities of any investment company, if the officers and employees of the institution meet certain standards of training, experience and sales practices. These standards are to be established by the appropriate federal regulatory agencies, which would also be responsible for enforcement of the standards.

The section further provides an exemption from the definition of the terms "broker" and "dealer" in the Securities Exchange Act of 1934 with respect to activities of savings and loan associations, savings banks or credit unions, conducted pursuant to the section.

TITLE IV—USURY PROVISIONS

Section 402. Business and agricultural credit, existing law preempts state rate ceilings in business and agricultural credit extensions of $1,000 or more, subject to an overall rate limitation of 5% over the Federal Reserve discount rate including any surcharges then in effect. This section eliminates that federal rate ceiling on business and agricultural purpose credit transactions. In addition, it eliminates the $1,000 threshold amount that now must be involved in order for the federal preemption provision to be available. The section also adds definitions that describe the types of credit to which this section applies. These definitions would assure that all credit not specifically covered by existing section 501(a) of Title V of the Depository Institutions Deregulation and Monetary Control Act of 1980 or by section 531 of the Title (which is added by Section of this bill), would be covered by this section. In addition, "credit" has been defined to include all types of credit, which, of course, would include refinancings.

Section 402. This section also makes the business and agricultural credit provision permanent, subject to the right of a state to reject the federal preemption within three years of the passage of this bill. State rejection of the federal preemption that has taken place since April 1, 1980 would still be effective. This bill would not reimpose federal preemption in those states that have rejected it. Under existing law, the agriculture and business purpose credit preemption will expire on March 31, 1983. In addition, this section contains certain transitional provisions that reflect existing provisions in the law. In a change from existing law, the section would add a transition provision that would apply if a state acted to reject the federal preemption. Under this change, the federal preemption will continue to apply to certain activities in connection with credit agreements entered during the preemption period so long as the credit is extended within eighteen months of the state law or certification rejecting the federal preemption.

Section 403. Consumer credit, this section adds a new Part D to Title V of the Depository Institutions Deregulation and Monetary Control Act of 1980. The new Part D consists of sections 531, 532, 533, and 534.

Section 531 preempts all state usury laws in connection with extensions of consumer credit made by a creditor. The section depends heavily on the definitions contained in section 532. In effect, this provision does away with all rate ceilings and mechanisms that attempt to limit the rates or types of charges that may be assessed in connection with consumer credit transactions. The provision does not extend to state consumer protection laws that deal with restrictions, limitations or prohibitions against certain types of creditor activity, which are unrelated to enumerated charges assessed in connection with credit transactions. That is true even if the state provision only applies

to specific transactions that may be partially defined by the level or type of charges being assessed. For example, a state law providing that credit transactions with an interest rate in excess of 18% cannot be secured by real estate or a law that limits attorneys fees in those transactions would continue to apply.

Other state provisions that would not be affected by this provision include: state laws or regulations that restrict the use of the rule of 78ths in connection with calculating rebates upon the prepayment of credit transactions that involve a precomputed charge; provisions limiting or prohibiting the use of penalties that are imposed solely as a result of the voluntary prepayment in full of a credit transaction; provisions dealing with refinancing responsibilities when a transaction involves a balloon payment; and requirements that contracts use plain English.

In addition to these types of specific provisions, at a more general level the preemption does not extend to: state licensing provisions, even if an element of the licensing standard involves the type or level of charges assessed (for instance, a state requirement that persons extending credit at more than 18% must be licensed, would not be affected by the bill); state limitations on the amount or term of a credit transaction; or state limitations on specific charges for goods or services even though they may be sold in conjunction with an extension of credit (for example, state insurance regulatory provisions, including those dealing with permissible premiums for insurance sold in connection with credit extensions, would remain unaffected by the bill).

In effect, section 531 contains the preemptive language and therefore describes the extent of the federal preemption. As noted above, matters that do not fall within its scope are not preempted. This coverage, combined with the limitations in the "covered charges" definition contained in the next section, leave intact the states' consumer protection regulatory structures except as they relate to covered charges.

Section 532 provides a series of key definitions that are used in describing the preemptive effect and scope of the bill.

The term "covered charges" identifies the types of charges that are displaced by the bill, and, to an extent, it also limits the preemptive effect of the bill. It is divided into two parts, reflecting the fact that certain charges are assessed for the use of credit while others may more appropriately be characterized as charges for specific services including payment mechanisms that may or may not involve extensions of credit. Both types of fees and charges are preempted under the legislation. Excluded from the definition are fees and charges that arise solely from the debtor's failure to comply with his or her obligations under the credit agreements. As a result, since the preceding section preempts only "covered charges", state limitations on the maximum amount of late charges would not be affected.

The definition of "credit" is similar to that contained in the business and agricultural preemption provisions, simply to make clear that all credit as it is commonly known would be included. The coverage, of course, extends to all kinds of credit extensions, including those secured by any lien on real estate, as well as refinancings.

The term "creditor" refers to persons that regularly make extensions of consumer credit including mortgage credit. In effect, this provision will apply to virtually all persons who are engaged in extending consumer credit. The second sentence deals with the fact that in many states restrictions are tied directly to the interest rate of the credit transaction and licensing provisions. For example, a state may provide that any person who wants to extend credit at a rate in excess of an 8 percent rate contained in the general usury law must be licensed. A lender that wants to make a loan at a rate in excess of 8 percent, for instance 12 percent, must have a license to do so. Various restrictions, including certain "consumer protection" provisions, may be required of those who obtain licenses in order to charge the higher rate. A total preemption would do away the general usury law and thus the need for a creditor to obtain a license. Since the lender would not need a license, the lender would not have to follow the consumer protection provisions. For that reason the term "creditor" as used in the bill does not include persons who, but for this bill, would have to be licensed under state law in order to assess charges at a specific rate, of a particular nature or type, or in a specific amount or manner, unless that person complies with applicable state licensing requirements. In the example described above, the lender wishing to make a loan at a rate of 12 percent would still have to be licensed and thus follow consumer protection provisions required of licensees. This assures that consumer protections that apply only to licensed creditors will continue to be applied as they are now. For purposes of determining whether licensing would be required, the rates used would be those in effect in the state before the bill was adopted, subject, of course, to those rates later being changed by the states. Just as is now the case, those who must be licensed would conform to state law requirements as they are interpreted, implemented and enforced by state governments. Requirements relating to covered charges that are preempted by the bill, of course, would not be followed. Persons who are not required to be licensed (because of the type of credit they extend, the rates they charge for credit or otherwise) would not be affected in any way by this part of the creditor definition.

Finally, the term "extension of consumer credit" defines the types of transactions to which the provision will apply. It adopts the general test that all credit extended primarily for personal, family or household purposes is to be included in this preemption.

Section 533 gives the states the right to reject the federal preemption at any time within three years of the date that the bill becomes effective. This section also includes several transitional provisions that answer questions about transactions undertaken at the beginning of the preemption period and, in one case, after a state has rejected the federal preemption. The transitional provisions dealing with the beginning of the preemption period are drawn largely from provisions contained in current law in connection with the preemption of rate ceilings in business and agricultural credit. The transitional provision dealing with activities after the state rejects the federal preemption provides for a phasing-out of the federal preemption. It applies only in the case of open-end credit transactions and then only in connection with credit extended within an eighteen month period following the state action. This provision will allow for an orderly transition for creditors who have issued credit cards under the terms and conditions permitted during the preemption period, thus permitting them the time necessary to modify or eliminate those programs if required by the reimposition of usury ceilings. This section also provides that a state may, in addition to an outright rejection of the federal preemption provisions, provide that only certain types of transactions or charges are taken out from under the federal preemption. It is anticipated that, in order to be effective, state provisions to displace the federal preemption must be clear and precise as to the areas in which the state law has replaced the preemption, with uncertainty being resolved in favor of continued preemption.

Section 534 provides authority to the Board of Governors of the Federal Reserve System to publish official Board interpretations regarding the coverage of the preemption provision. The authority is limited to official Board interpretations in order to permit creditors and other interested parties to have access to a non-judicial interpretative mechanism but to limit the role of the Board to those issues of significant concern to affected parties. As a result, it is anticipated that there will not be a significant regulatory impact due to the use of this interpretative power, which should be used only to resolve clear questions of coverage under the Act.

Section 404. Federal credit unions. This section amends the Federal Credit Union Act to bring it into conformity with the basic Congressional determination reflected throughout the bill that artificial governmentally-imposed rate ceilings are inappropriate. That conclusion is no less sound for federal ceilings than it is for state ceilings. Rates that may be charged by federally-chartered credit unions are set by federal law. This section reflects that federal as well as state imposed ceilings should be removed, with the rate structure for a particular credit union being determined by its own board. Without this amendment, a federally-chartered credit unions would be the only type of creditor still subject to rate ceilings. Thus, this section assures that federal credit unions are not placed at a competitive disadvantage vis-a-vis other creditors.

TITLE V—CREDIT UNIONS

Explanation:

Section 501. Amends Section 205 of the Federal Credit Union Act to authorize the NCUA Board to approve a merger or consolidation of an insured credit union with another insured credit union without regard to the traditional common bond requirements of section 109 of the Federal Credit Union Act and without regard to requirements of State law, provided the Board determines that no other reasonable alternatives are available and the public interest would best be served if approval is granted. This section would also authorize the NCUA Board to permit a purchase and assumption by an insured credit union of the assets and liabilities of another insured credit union under similar circumstances. The amendment also clarifies the existing authority of the NCUA Board to allow the purchase and assumption of an endangered insured credit union by any other Federally insured financial institution.

Section 502. This authority is intended to enable the fund to continue to function in the event of extraordinary economic conditions while additional support is legislatively authorized and appropriated.

Section 503. Authorizes the Central Liquidity Facility to extend credit to the NCUA Share Insurance Fund in a manner consistent with the authority contained in section 502. The provision would enable the Facility to provide the Share Insurance Fund with interim liquidity, should circumstances require, until additional resources could be legislatively authorized and appropriated.

Section 503 also provides a very limited expansion of CLF's investment authority to enable it to invest in short-term investments strictly for cash management purposes. Current investment authority is limited to Government and Agency securities, CDs and other deposits in federally insured institutions, which restricts the CLF's ability to manage its cash position.

This amendment also would give the CLF needed flexibility in its future operations.

Section 504. This amendment will correct an oversight in the enactment of P.L. 95-630 regarding the Central Liquidity Facility (CLF). The CLF is a central bank for credit unions, is a mixed ownership corporation, is on-budget, and is located within the National Credit Union Administration, an independent government agency; as such, it

should not be required to pay income taxes. After receiving two extensions from IRS, it was required, on June 15, 1981, to file a return for FY 80. The retroactive provisions of this tax exemption amendment will correct an obviously difficult situation before the operations of the CLF are seriously affected.

Section 505 would give the CLF specific authority to act as an Agent of the Federal Reserve System to funnel funds from the Discount Window to credit unions in the event that CLF reaches its borrowing limit and credit unions still have liquidity needs. Such an option might be used in extreme emergencies instead of having to request a draw-down from the emergency line of credit at Treasury. The manner and extent to which this provision could be utilized would be entirely in the discretion and under the control of the Board of Governors of the Federal Reserve System.

Section 506 amends the administrative action provisions in Section 206 of the Federal Credit Union Act to permit the NCUA to exercise the option of taking possession and control of a federally insured credit union when necessary to conserve its assets, protect the insurance fund, or to protect the interest of a credit union's members. The proposed conservatorship authority is similar to that available to the Comptroller of the Currency and Federal Home Loan Bank Board to prevent the liquidation of a credit union by allowing immediate control of operations with a goal of permitting the credit union to resume normal operations. Such conservatorship authority can also be used to prevent deterioration of a credit union's operations pending liquidation and thus lessen the likely impact of a liquidation on creditors, the share insurance fund, and the credit union's membership.

Section 507, which is also requested by G.A.O., would cause NCUA to be audited on a Fiscal year basis consistent with audits of other government agencies.

Section 508. The Act presently requires that each new credit union be assessed a partial year premium during the year in which it is chartered and that each credit union liquidated receive a rebate on premiums paid. The computations required on both of these requirements are sufficiently complex as to exceed in cost the benefits received. After consultation with GAO, the NCUA Office of the Comptroller concluded that these requirements should be deleted on the basis that neither the Agency nor the credit unions are receiving the intended benefits and that many man-hours are being expended in the process.

Section 509. The Federal Credit Union Act presently permits the investment of the share insurance premiums. This amendment seeks similar authority for the operating fees. As with the revenues derived from the investment of the share insurance premiums, NCUA and not the general revenue (Treasury) should be the recipient of such revenues. Since these funds originate directly from the credit unions being regulated, any income therefrom should flow to the agency thereby directly benefitting the credit unions in the form of reduced operating fees, rather than flowing back to the public at large as they do presently.

Section 510. Section 107(5)(A)(i) of the Federal Credit Union Act authorizes Federal Credit Unions (FCU's) to make residential mortgage loans provided the maturity does not exceed 30 years. It is requested that this be changed to permit a conventional real estate loan to be paid in 360 months, starting from the date of the first payment. This would accommodate those situations where the first payment is due more than 30 days after the date of disbursement, and would be more consistent with industry practice.

In addition, we anticipate that the 30 year maturity limit will pose problems for NCUA as we develop our alternative mortgage regulations. Our goal in developing alternative mortgage regulations is to balance the interests of Federal credit unions and the interests of their members. One alternative that we believe should be available to Federal credit unions is to extend the maturity of an adjustable rate loan, so as to keep the payments fixed instead of having increases in the interest rate automatically lead to higher payments. For example, in its VRM regulation, the Bank Board permits extension of a loan for up to a maximum of one-third of the original maturity. In the case of a 30-year mortgage loan, this amounts to an extension to 40 years. NCUA may currently lack the statutory authority to permit borrowers and FCU's to use this option.

Section 511. Section 107(5)(A)(i) permits an FCU to finance the acquisition of a dwelling only if the sales price of that dwelling is not more than 150 per centum of the median sales price of residential real property in the geographical area in which the property is located. The restriction appears to have been placed in order to prevent FCU's from financing so-called "luxury homes." House Rep. No. 23, 95th Cong., 1st Sess. 9 (1977). In practice this restriction has been found to be very burdensome.

Further, we have found that the limit does not preclude Federal credit unions from making loans they want to grant, i.e. they are not receiving applications for loans to finance luxury homes. It simply is difficult for FCU's to obtain reliable data and is burdensome to comply with the terms. Such information must generally be obtained either from the Department of Commerce, the Department of Housing and Urban Development, the Federal Home Loan Bank board, the Federal Housing Administration, the National Association of Realtors, or local realty boards.

Section 512. As homeowners accumulate significant equity in their residences, they often desire to refinance their first mortgages for various purposes, such as to make home improvements or to finance their children's education. Federal credit unions may be inhibited in assisting their members in this fashion, because of the wording of their existing first mortgage lending authority. Thus, we recommend clarification of the authority of an FCU to refinance a member's first mortgage loan.

Section 513. At present, FCU's may grant second mortgage loans with maturities up to 15 years if the loan is for home improvements. Other second mortgage loans are subject to a 12 year maturity limit. This distinction has led to problems in determining the proper treatment of second mortgage loans the proceeds of which are used primarily but not entirely for home improvements. The distinction has also in some instances led to problems in defining precisely what constitutes a home improvement (e.g., does the purchase of an adjacent lot qualify?). In the interest of simplicity and deregulation, we recommend that the maximum maturity for all second mortgage loans be increased to 15 years.

Section 514. Section 107(5)(A)(viii) of the FCU Act states that "a borrower may repay his loan, prior to maturity in whole or in part on any business day without penalty." This may require that a payment be credited immediately upon receipt in order to avoid the imposition of a penalty in the amount of interest that accrues from the date the payment is received until the date the payment is credited. If in fact prompt crediting is required, then there is a conflict between the procedures dictated by the FCU Act and those used in the secondary mortgage market. Institutional investors, such as FNMA and FHLMC, typically require a seller-servicer of loans sold to them to credit payments only on the due dates called for in the loan notes. This is necessary to simplify the accounting and computing for the vast number of loans handled by those purchasers. Uniformity is also necessitated because such institutional purchasers themselves sell securities backed by the mortgages they purchase on the bond markets, where this uniformity is expected. While this problem may be resolved by interpretation of Section 107(5)(A)(viii), any interpretation of that Section will also be applicable to loans other than mortgage loans, which may be contrary to Congressional intent.

Section 515. In P.L. 95-22, Congress granted FCU's the power to sell their loans in whole or in part to third parties. This power was granted to permit FCU's to take advantage of secondary mortgage market facilities. (House Rep. 23, 95th Cong., 1st Sess. 12 (1977)). A financial institution's profit in the granting and sale of mortgage loans generally comes from loan servicing, and specially from holding the custodial accounts.

It appears the Congress did intend for FCU's to service loans sold on the secondary mortgage market. However, this has caused a problem in interpretation, since the institutional investors typically require that the custodial accounts be insured by the Federal government, and NCUA insurance only applies to "member accounts."

Section 516. At this time FCU's are not expressly authorized to issue mortgage-backed securities and, it is unclear whether the FCU Act provides a legal basis for such activity. An argument can be made that § 107(7)(E) (invest funds) or a combination of §§ 107(9) (borrowing) and 107(13) (pledge of eligible obligations) provide the legal bases for such activity. Other arguments may also be available. A clear statutory expression, however, would avoid the possibility of strained interpretations of the provisions of the FCU Act. It would also place FCU's on a parity with Federal savings and loan associations, which were expressly granted this authority by P.L. 95-630.

Section 517. At present, an individual can retain membership in a Federal credit union for an indefinite period by maintaining a $5 share account. In cases where the member maintains such a small account over a prolonged period of time and does not otherwise utilize the credit union's services, the administrative burden and expense to the credit union of maintaining the account are unwarranted.

This amendment would allow an FCU's board of directors to adopt a policy of terminating the membership of any member based on inactivity in the affairs of the credit union. In adopting such a policy, the board should consider the member's failure to vote in annual credit union elections or failure to either purchase shares or investments or utilize a loan account.

TITLE VI—BANK HOLDING COMPANY INSURANCE ACTIVITIES

This title amends Section 4(c)(8) of the Bank Holding Company Act of 1956 to generally prohibit a bank holding company from providing insurance as a principal, agent, or broker. There are six exemptions to this general prohibition, resulting in the prohibition being principally applicable to the underwriting or sale of property and casualty insurance products. The exemptions establish a grandfather date for the continuation of previously authorized insurance activities, such as selling credit related property and casualty coverages, and permit bank holding companies to engage in, among other things, credit life, disability, and involuntary unemployment insurance activities and general insurance agency activities in towns of less than 5,000 people.

TITLE VII—MISCELLANEOUS

Section 707 increases deposit insurance on IRA/Keogh accounts from $100,000 to $250,000.

Section 702. International banking facilities. This section would exempt deposits at International Banking Facilities (limited to foreign deposits) from FDIC deposit and assessment coverage.

Section-by-Section Analysis—Truth in Lending:

Section 703. This section amends the definition of "creditor" to exclude "arrangers of credit", so that in other than open end credit transactions, the Act will apply only to professional extenders of consumer credit, namely, those who regularly extend consumer credit.

Section 704. This section eliminates the overlap of state laws with the Truth in Lending Act by annulling all similar state laws and provisions. In order to resolve ambiguities and provide certainty to creditors and lessors, the Board shall, upon request, determine whether a particular state law is preempted by the Act, and publish notice of such determination in the *Federal Register*.

States are given the right to reject the federal preemption and substitute their own law at anytime within three years, provided the state enactment is explicit as to its intent and scope, provides creditors and lessors with at least a one-year period to phase in the new state provisions and is transmitted to the Board.

Section 705. This section restricts statutory penalties only to situations where the creditor is in substantial noncompliance with the Truth in Lending Act. While the current $100 minimum statutory liability is eliminated, the maximum permissible penalty for individual actions is increased from $1,000 to $5,000. Actual damages would continue to attach to all violations of the Act.

Section 706. This section extends the effective date of the amendments contained in the Truth in Lending Simplification Act for an additional six months.

Section 707. The amendments contained in sections 703 through 705 would take effect at the same time as the amendments made by the Truth in Lending Simplification Act, except that the amendments to the civil liability provisions contained in section 705 would apply to those creditors who elect to comply with the Truth in Lending provisions, as amended by the Truth in Lending Simplification Act, prior to such effective date.

Section 708 makes a conforming technical amendment to Section 10(c) of the Federal Home Loan Bank Act. Section 327 of Public Law 96-153 increased from 12-to-1 to 20-to-1 the stock-to-advances ceiling ratio that Federal Home Loan Bank members must observe. This technical amendment would simply conform the Federal Home Loan Bank Act in all respects to that increase. At present, an anomalous situation exists whereby section 6(c)(2)(ii) allows a member institution to obtain advances as long as its aggregate outstanding advances do not exceed twenty times the amount paid in by the member for outstanding capital stock, while section 10(c) prohibits a member from having aggregate advances exceeding twelve times the amount paid in for outstanding capital stock.

Section 709 amends Section 1114(b)(2) of the Right to Financial Privacy Act by striking the word "of" in the phrase requiring Government officials obtaining financial documents in certain circumstances to provide a Privacy Act compliance certificate to the financial institution in possession of the records. The change is purely technical, as the use of the word "of" is grammatically improper.

S. 1721

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—FEDERAL DEPOSIT INSURANCE ACT

SEC. 101. Section 1 of the Federal Deposit Insurance Act (12 U.S.C. 1811) is amended to read as follows:

"SEC. 1. There is created a Federal Deposit Insurance Corporation (hereinafter referred to as the "Corporation") which shall insure the deposits of institutions eligible for insurance as hereinafter provided, and which shall have the powers hereinafter granted."

SEC. 102. Section 2 of the Federal Deposit Insurance Act (12 U.S.C. 1812) is amended to read as follows:

"SEC. 2(a). The management of the Corporation shall be vested in a Board of Directors consisting of five members, who shall be citizens of the United States to be appointed by the President, by and with the advice and consent of the Senate. One member shall be the Chairman of the Board of Directors of the Corporation and not more than three of the members of the Board of Directors shall be members of the same political party. The members of the Board of Directors shall hold office for such terms as are provided in paragraph (b) of this section and shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment in any insured financial institution or affiliate thereof except that this restriction shall not apply to any member who has served the full term for which he or she was appointed. No member of the Board of Directors shall be an officer or director of any insured financial institution, any affiliate of an insured financial institution, any Federal Home Loan Bank, or Federal Reserve bank or hold stock in any such institution or affiliate; and before entering upon his or her duties as a member of the Board of Directors he or she shall certify under oath that he or she has complied with this requirement and such certification shall be filed with the executive secretary of the Board of Directors.

"(b) Upon the effective date of this statute, the two existing appointive directors of the Corporation shall remain and shall serve for the remainder of their terms. The President shall fill the remaining vacancies by appointing one of the members of the board for a term of three years, one for four years, and one for five years from January 1, 1983. Thereafter, the term of each member shall be six years from the date of the expiration of the term for which his or her predecessor was appointed. Whenever a vacancy shall occur among the members, the person appointed to fill the vacancy shall hold office for the unexpired portion of the term of the member whose place is being filled."

SEC. 103. Section 3(a) of the Federal Deposit Insurance Act (12 U.S.C. 1813(a)) is amended to read: "The term 'State bank' means any bank, banking association, trust company, savings bank, or other banking institution which is engaged in the business of receiving deposits, other than trust funds as herein defined, and which is incorporated under the laws of any State, any territory or possession of the United States (including Guam, American Samoa, and the Virgin Islands), the Northern Mariana Islands, or Puerto Rico or which is operating under the Code of Law for the District of Columbia (except a national bank), and includes any unincorporated bank the deposits of which are insured on the effective date of this amendment, and the word 'State' means any State of the United States, the District of Columbia, any territory or possession of the United States (including Guam, American Samoa, and the Virgin Islands), the Northern Mariana Islands, or Puerto Rico."

SEC. 105. Section 3(e) of the Federal Deposit Insurance Act (12 U.S.C. 1813(d)) is amended to read: "The term 'national member bank' means any national bank located in any of the States of the United States, the District of Columbia, any territory or possession of the United States (including Guam, American Samoa, or the Virgin Islands), the Northern Mariana Islands, or Puerto Rico which is a member of the Federal Reserve System."

SEC. 105. Section 3(e) of the Federal Deposit Insurance Act (12 U.S.C. 1813(e)) is amended to read: "(1) The term 'national nonmember bank' means any national bank located in any territory or possession of the United States (including Guam, American Samoa, the Virgin Islands), the Northern Mariana Islands, or Puerto Rico which is not a member of the Federal Reserve System."

SEC. 106. Section 3(g) of the Federal Deposit Insurance Act (12 U.S.C. 1813(g)) is amended by striking out ": *Provided, further*, That such bank to be considered a savings bank must elect to become subject to regulations of the Corporation with respect to the redeposit of maturing deposits and prohibiting withdrawal of deposits by checking except in cases where such withdrawal was permitted by law on August 23, 1935, from specifically designated deposit accounts totaling not more than 15 per centum of the bank's total deposits".

SEC. 107. Section 3(h) of the Federal Deposit Insurance Act (12 U.S.C. 1813(h)) is amended—

(1) by striking out "bank" the first and fourth time it appears and inserting "financial institution" in lieu thereof;

(2) inserting ", credit union, or savings and loan association" after "insured branch)" and after "bank" the fifth time it appears.

SEC. 108. Secton 3(i) of the Federal Deposit Insurance Act (12 U.S.C. 1813(i)) is amended—

(1) by striking out "bank" the second time it appears and inserting "financial institution" in lieu thereof.

SEC. 109. Section 3(j) of the Federal Deposit Insurance Act (12 U.S.C. 1813(j)) is amended—

(1) by striking out "bank or a branch of foreign bank" the first time it appears and inserting "financial institution" in lieu thereof.

SEC. 110. Section 3(l) of the Federal Deposit Insurance Act (12 U.S.C. 1813(l)) is amended—

(1) by designating the introductory phrase "The term 'deposit' means" as paragraph "(1)" and changing it to read: "(1) The term 'deposit' for an insured bank means—";

(2) by redesignating paragraphs (1), (2), (3), (4) and (5) as subparagraphs (a), (b), (c), (d), and (e), respectively, of the new paragraph (1);

(3) by revising the proviso in the new subparagraph (e) of paragraph (1) to read: "*Provided further*, that any obligation of a bank which is payable only at an office of the bank located outside of the States of the United States, the District of Columbia, the territories and possessions of the United States (including Guam, American Samoa, and the Virgin Islands), the Northern Mariana Islands, or Puerto Rico, shall not be a deposit for any of the purposes of this Act or be included as part of total deposits or of an insured deposit."; and

(4) by adding new paragraphs (2) and (3) to read:

"(2) The term 'deposit' for a credit union means, the unpaid balance of money or its equivalent received or held by a credit union in the usual course of business for which it has given, or is obligated to give, credit to a share, share certificate, or share draft account of a member of the credit union, of a nonmember in the case of a credit union serving predominately low-income members (as defined by the Corporation's Board of

Directors after consultation with the National Credit Union Administration Board), or of nonmember credit unions and nonmember units of Federal, State, or local governments and political subdivisions thereof. The share, share certificate or share draft accounts shall be the type approved by the Corporation's Board of Directors after consultation with the National Credit Union Administration Board and may include the equivalent of such accounts under State law.

"(3) The term 'deposit' for a savings and loan association means a savings, tax and loan, or checking deposit (as defined by the Corporation's Board of Directors after consultation with the Federal Home Loan Bank Board) held by the savings and loan association."

SEC. 111. Section 3(m) of the Federal Deposit Insurance Act (12 U.S.C. 1813(m)) is amended—

(1) by striking out "bank" each place it appears in the first and second sentences of paragraph (1) and inserting "financial institution" in lieu thereof;

(2) by striking out the third sentence of paragraph (1) and inserting: "Each officer, employee, or agent of the United States, of any State of the United States, of the District of Columbia, of any territory or possession of the United States (including Guam, American Samoa, and the Virgin Islands), of the Northern Mariana Islands, of Puerto Rico, of the Panama Canal Zone, of any county, of any municipality, of any political subdivision, or of any Indian Tribe therein, herein called "public unit", having official custody of public funds and lawfully depositing the same in an insured financial institution shall, for the purpose of determining the amount of the insured deposits, be deemed a depositor in such custodial capacity separate and distinct from any other officer, employee, or agent of the same or any public unit having custody of public funds and lawfully depositing the same in the same insured bank in custodial capacity."; and

(3) by striking out "ther" in the introductory phrase of paragraph (2) and inserting "term" in lieu thereof.

SEC. 112. Section 3(n) of the Federal Deposit Insurance Act (12 U.S.C. 1813(n)) is amended by striking out "bank" the second, third, and fifth times it appears and inserting "financial institution" in lieu thereof.

SEC. 113. Section 3(o) of the Federal Deposit Insurance Act (12 U.S.C. 1813(o)) is amended to read:

"(o) The term 'domestic branch' includes any branch office, branch agency, additional offices, or any branch place of business of a financial institution located in any State of the United States, any territory or possession of the United States (including Guam, American Samoa and the Virgin Islands), the Northern Mariana Islands, or Puerto Rico (or in the Panama Canal Zone in the case of a credit union) at which deposits are received or checks are paid or money lent; and the term 'foreign branch' means any office or place of business located outside the United States, its territories or possessions, the Northern Mariana Islands, Puerto Rico, or the Panama Canal Zone (in the case of a credit union) at which a financial institution's operations are conducted, including the operations of a credit union authorized by the Department of Defense to be located on American military installations in foreign countries.

SEC. 114. Section 3(p) of the Federal Deposit Insurance Act (12 U.S.C. 1813(p)) is amended by striking out "bank" and inserting "financial institution" in lieu thereof;

SEC. 115. Section 3(q) is amended—

(1) by striking out "banking" in the introductory phrase and inserting "financial institution" in lieu thereof;

(2) by striking out "and" at the end of subparagraph (2);

(3) by striking out "nonmember insured bank (except a District bank)" in subparagraph (3) and inserting "financial institution" in lieu thereof;

(4) by striking out "banking" in the second sentence of subparagraph (3) and inserting "financial institution" in lieu thereof.

(5) by striking out "bank" the first time it appears in the third sentence of subparagraph (3) and inserting "financial institution" in lieu thereof;

(6) by adding new subparagraphs (4) and (5) to read:

"(4) the Federal Home Loan Bank Board for Federal savings and loans associations; and

"(5) the National Credit Union Administration for Federal credit unions.".

SEC. 116. Section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813) is further amended—

(1) by adding a new paragraph (t) which reads:

"(t) The term 'Federal savings and loan association' or 'Federal association' means a savings and loan association chartered by the Federal Home Loan Bank Board under section 5 of the Home Owners' Loan Act of 1933 and, except as the Federal Home Loan Bank Board may otherwise provide, any building and loan building, or homestead association, organized or incorporated under the laws of the District of Columbia.";

(2) by adding a new paragraph (u) which reads:

"(u) The term 'State savings and loan association' or 'State association' means any building and loan, savings and loan, or homestead association, or cooperative bank organized under the laws of any State which may, under those laws, merge or consolidate with a Federal saving and loan association.";

(3) by adding a new paragraph (v) which reads:

"(v) The term 'savings and loan association' or 'association' means any Federal or State savings and loan association.";

(4) by adding a new paragraph (w) which reads:

"(w) The term 'Federal credit union' means a cooperative association organized under the Federal Credit Union Act for the purpose of promoting thrift among its members and creating a source of credit for provident or productive purposes.";

(5) by adding a new paragraph (x) which reads:

"(x) The term 'State credit union' means a credit union organized and operated according to the laws of any State, the District of Columbia, the several territories and possessions of the United States, the Panama Canal Zone, or the Commonwealth of Puerto Rico which laws provide for the organization of credit unions similar in principle and objectives of Federal credit unions."; and

(6) by adding a new paragraph (y) which reads:

"(y) The term 'credit union' means any Federal or State credit union."; and

(7) by adding a new paragraph (z) which reads:

"(z) The term 'territory' as used in this Act includes trust territories.".

SEC. 117. Section 4 of the Federal Deposit Insurance Act (12 U.S.C. 1814) is amended to read as follows:

"SEC. 4(a). Every bank which was insured by the Corporation and every association which was insured by the Federal Savings and Loan Insurance Corporation on the effective date of this Act shall continue to be insured, without application or approval, and shall be subject to the provisions of this Act as an insured financial institution. Every credit union which is insured by the National Credit Union Share Insurance Fund on January 1, 1985 shall become an insured financial institution, without application or approval, and shall be subject to the provisions of this Act.

(b)(1) Every national member bank which is authorized to commence or resume a banking business and which is engaged in the business of receiving deposits, other than trust funds as herein defined, shall be an insured financial institution from the time it is authorized to commence or resume a banking business. Any national nonmember bank which is engaged in the business of receiving deposits, other than trust funds as herein defined, may upon application to the Comptroller of the Currency be an insured financial institution. The Comptroller of the Currency shall certify to the Corporation in the case of a national member or nonmember bank that the bank is engaged in the business of receiving deposits, other than trust funds as herein defined, and that consideration has been given to the factors enumerated in section 6.

(2) Every State bank which becomes a member of the Federal Reserve System and which is engaged in the business of receiving deposits, other than trust funds as herein defined, shall be an insured financial institution from the time it becomes a member of the Federal Reserve System. The Board of Governors of the Federal Reserve System shall certify to the Corporation that the bank is a member of the Federal Reserve System, that the bank is engaged in the business of receiving deposits, other than trust funds, and that consideration has been given to the factors enumerated in section 6.

(3) An insured bank which is admitted to the Federal Reserve System or an insured State bank which is converted into a national member bank shall continue as an insured financial institution and, notwithstanding paragraphs (b)(1) or (2), no certificate is required. A State bank which results from the conversion of an insured national bank shall continue as an insured financial institution. A State bank, resulting from the merger or consolidation of insured banks, or from the merger or consolidation of a noninsured bank or institution with a State bank shall continue as an insured bank.

(c) Every Federal association which is authorized to commence or resume business, and which is engaged in the business of receiving deposits other than trust funds as herein defined shall be an insured financial institution from the time it is authorized to commence or resume business. The Federal Home Loan Bank Board shall certify to the Corporation for each Federal association chartered beginning January 1, 1983 that the association is authorized to receive deposits other than trust funds and that consideration has been given to the factors enumerated in section 6.

"(d) Effective January 1, 1985, every Federal credit union which is authorized to commence or resume business, and which is engaged in the business of receiving deposits other than trust funds as herein defined shall be an insured financial institution from the time it is authorized to commence or resume business. The National Credit Union Administration Board shall certify to the Corporation for each Federal credit union chartered beginning January 1, 1985, that the credit union is authorized to receive deposits other than trust funds and that consideration has been given to the factors enumerated in section 6.".

SEC. 118. Section 5(a) of the Federal Deposit Insurance Act (12 U.S.C. 1815(a)) is amended to read as follows:

"(a) Subject to the provisions of this Act, any State financial institution, upon application to and examination by the Corporation and approval by the Board of Direc-

tors, may become an insured financial institution. Before approving the application of any such State financial institution, the Board of Directors shall give consideration to the factors enumerated in section 6 and shall determine, upon the basis of a thorough examination of such institution that its assets in excess of its capital requirements are adequate to enable it to meet all of its liabilities to depositors and other creditors as shown by the books of the institution.".

SEC. 119. Section 6 of the Federal Deposit Insurance Act (12 U.S.C. 1816) is amended by striking out "bank" each place it appears therein and inserting "financial institution" in lieu thereof.

SEC. 120. (a) The first paragraph of section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)) is amended—

(1) by striking out "State nonmember bank (except a District bank) and each foreign bank having an insured branch" and inserting in lieu thereof "financial institution"; and

(2) by striking out "bank" in the last sentence and inserting in lieu thereof "financial institution".

(b) The second paragraph of section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)) is amended to read as follows:

"(2) The Corporation shall have access to reports of examination made by, and any report made to, the Comptroller of the Currency, any Federal Reserve Bank, any Federal Home Loan Bank, or to the National Credit Union Administration Board. The Corporation may accept any report made by or to the Comptroller of the Currency, any Federal Reserve Bank, any Federal Home Loan Bank, the National Credit Union Administration Board or to any commission, board, or authority having supervision of a State financial institution, and may furnish to the Comptroller of the Currency, any Federal Reserve Bank, any Federal Home Loan Bank, the National Credit Union Administration Board or to any such commission, board, or authority, reports of examination made on behalf of, and reports of condition made to, the Corporation.".

(c) The third paragraph of section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)) is amended—

(1) by striking out the first sentence and inserting in lieu thereof: "Each insured financial institution shall make to the Corporation four reports of condition annually upon dates which shall be selected by the Board of Directors.";

(2) by striking out "banks" each place it appears following the first sentence and inserting in lieu thereof "financial institutions";

(3) by striking out "bank" each place it appears following the first sentence and inserting in lieu thereof "financial institutions";

(4) by striking out "by the respective agencies" at the end of the fourth sentence;

(5) by striking out "said" after "Each" in the fifth sentence;

(6) by striking out "said report of condition" in the sixth sentence and inserting in lieu thereof "reports of condition";

(7) by striking out the seventh sentence;

(8) by striking out "any of the foregoing agencies" in the eighth sentence and inserting in lieu thereof "the Corporation"; and

(9) by adding at the end thereof, the following sentence: "The Comptroller of the Currency, any Federal Reserve Bank, any Federal Home Loan Bank, and the National Credit Union Administration Board may require additional reports of condition or other reports from financial institutions subject to their respective jurisdictions. Such reports shall be in such form and contain such information as required by the appropriate agency."

(d) The fourth paragraph of section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)) is amended—

(1) by striking out "any territory of the United States . . . or Virgin Islands" in the first sentence and inserting "any territory or possession of the United States, (including Guam, American Samoa, and the Virgin Islands), the Northern Mariana Islands, or Puerto Rico or in the Panama Canal Zone or on military installations in foreign countries in the case of credit unions," in lieu thereof;

(2) by striking out "bank" each place it appears therein and inserting "financial institution" in lieu thereof;

(3) By striking out "banks" each place it appears therein and inserting "financial institutions" in lieu thereof.

(e) The sixth paragraph of Section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. 1817(c)) is amended—

(1) by inserting a comma after "Currency";

(2) by striking "and" after "Currency"; and

(3) by inserting after "Federal Reserve System" the following: ", the Federal Home Loan Bank Board and the National Credit Union Administration Board,".

(f) The seventh paragraph of Section 7(a) of the Federal Deposit Insurance Act (12 U.S.C. 1817(a)) is amended—

(1) by striking out "or the Comptroller of the Currency, as the case may be,";

(2) by striking out "banks" each place it appears and inserting in lieu thereof "financial institutions"; and

(3) by striking out "their" before "judgment" and inserting in lieu thereof "its".

(g) Section 7(b) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)) is amended—

(1) by striking out "banks" each place it appears therein and inserting "financial institutions" in lieu thereof;

(2) by striking out "bank" each place it appears therein, except the first time it appears in subparagraph (B) of the fourth paragraph, and inserting "financial institution" in lieu thereof; and

(3) by striking out "in the United States . . . or the Virgin Islands," in subparagraph (5)(B) and inserting "any State of the United States, the District of Columbia, any territory or possession of the United States (including Guam, American Samoa, and the Virgin Islands), or the Northern Mariana Islands or on military installations in foreign countries in the case of credit unions," in lieu thereof;

(h) Section 7(c) of the Federal Deposit Insurance Act (12 U.S.C. 1817(c)) is amended—

(1) by striking out "bank" each place it appears and inserting "financial institution" in lieu thereof; and

(2) by striking out "banks" each place it appears and inserting "financial institutions" in lieu thereof.

(i) Section 7(d) of the Federal Deposit Insurance Act (12 U.S.C. 1817(d)) is amended—

(1) by striking from the first sentence of the first paragraph "As of December 31, 1980, and";

(2) by inserting a comma in the first sentence of the first paragraph after the word "year" the first time it appears;

(3) by striking from the first sentence of the first paragraph "thereafter";

(4) by striking from the third sentence of the first paragraph "and" as it appears before "(3)";

(5) by striking the period at the end of the third sentence of the first paragraph and adding: "; and (4) any lending costs for the calendar year, which shall be the difference between the rate of interest earned, if any, from each loan made by the Corporation pursuant to section 13 of this Act and the Corporation's average investment portfolio yield for the calendar year.";

(6) by striking out "bank" each place it appears therein and inserting "financial institution" in lieu thereof; and

(7) by striking out "banks" each place it appears therein and inserting "financial institutions" in lieu thereof.

(j) Section 7(e) of the Federal Deposit Insurance Act (12 U.S.C. 1817(e)) is amended by striking out "bank" each place it appears and inserting "financial institution" in lieu thereof.

(k) Section 7(f) of the Federal Deposit Insurance Act (12 U.S.C. 1817(f)) is amended by striking out "bank" each place it appears and inserting "financial institution" in lieu thereof.

(l) Section 7(g) of the Federal Deposit Insurance Act (12 U.S.C. 1817(g)) is amended—

(1) by striking out "bank" each place it appears and inserting "financial institution" in lieu thereof;

(2) by striking out the colon at the end of the second sentence and inserting a period in lieu thereof; and

(3) by striking out the last portion of the paragraph, beginning with "Provided, however".

(m) Section 7(h) of the Federal Deposit Insurance Act (12 U.S.C. 1817(h)) is hereby repealed.

(n) Section 7(i) of the Federal Deposit Insurance Act (12 U.S.C. 1817(i)) is amended—

(1) by striking out "(i)" and inserting "(h)" in lieu thereof; and

(2) by striking out "bank" each place it appears and inserting "financial institution" in lieu thereof.

(o) Section 7(j) of the Federal Deposit Insurance Act (12 U.S.C. 1817(j)) is amended—

(1) by striking out "(j)" each place it appears and inserting "(i)" in lieu thereof;

(2) by striking out "bank" and "banking" each place they appear in the first three sentences of the first paragraph and inserting "financial institution" in lieu thereof;

(3) by striking out "bank" in the fourth sentence of the first paragraph the first and third place it appears and inserting "financial institution" in lieu thereof;

(4) by striking out "banking" in the fourth sentence of the first paragraph and inserting "financial institution" in lieu thereof;

(5) by striking out the period at the end of the fourth sentence of the first paragraph and inserting a semicolon in lieu thereof and by adding: "the term 'insured financial institution' shall also include any 'savings and loan holding company,' as that term is defined in section 408 of the National Housing Act (12 U.S.C. 1730a), which has control of any insured financial institution and the appropriate financial institution agency in the case of savings and loan holding companies shall be the Federal Home Loan Bank Board.";

(6) by striking out "bank" and "banking" each place they appear in the second paragraph and, except in the phrase "State bank supervisory agency," inserting "financial institution" in lieu thereof;

(7) by striking out "bank" and "banking" each place they appear in paragraphs three through thirteen, and in paragraph fifteen, and inserting "financial institution" in lieu thereof;

(8) by striking out all of paragraph fourteen, which is hereby repealed;

(9) by striking out "(15)" and inserting "(14)" in lieu thereof;

(10) by striking out "(16)" and inserting "(15)" in lieu thereof; and

(11) by inserting a comma after "(12

U.S.C. 1842)" in paragraph fifteen as redesignated and inserting the following: "or section 408 of the National Housing Act (12 U.S.C. 1730a),".

(p) Section 7(k) of the Federal Deposit Insurance Act (12 U.S.C. 1817(k)) is amended by striking out the entire provision, which is hereby repealed.

SEC. 121. (a) Section 8(a) of the Federal Deposit Insurance Act (12 U.S.C. 1818(a)) is amended—

(1) by striking out "bank" the first and last places it appears in the first sentence and inserting "financial institution" in lieu thereof;

(2) by inserting after "national member bank" the first place it appears in the first sentence the following: ", a Federal association, a Federal credit union,";

(3) by striking out "bank" the first, second, third, fourth, seventh, eighth and tenth places it appears in the second sentence and inserting "financial institution" in lieu thereof;

(4) by inserting after "State member bank" in the second sentence the following: ", to the Federal Home Loan Bank Board in the case of a Federal association, and to the National Credit Union Administration Board in the case of a Federal credit union,";

(5) by striking out "bank" the second, fourth, fifth and sixth places it appears in the third sentence and inserting "financial institutions" in lieu thereof;

(6) by inserting after "State member bank" in the third sentence the following: ", or the Federal Home Loan Bank Board in the case of a Federal association, or the National Credit Union Administration Board in the case of a Federal credit union,"; and

(7) by striking out "bank" each place it appears in sentences four through ten and inserting "financial institutions" in lieu thereof.

(b) Section 8(b) of the Federal Deposit Insurance Act (12 U.S.C. 1818(b)) is amended—

(1) by striking out "banking" and "bank" each place they appear in the first and second paragraphs and inserting "financial institution" in lieu thereof;

(2) by striking out "bank" as it appears in the first sentence of paragraph three in "(other than a bank)" and inserting "financial institution" in lieu thereof;

(3) by striking out "banking" in the second sentence of paragraph three and inserting "financial institutions" in lieu thereof;

(4) by striking out "bank" in the second sentence of paragraph three the second and third places it appears and inserting "financial institution" in lieu thereof;

(5) by striking out "bank" in paragraph four the second and fifth places it appears and inserting "financial institution" in lieu thereof; and

(6) by adding the following paragraph: "(5) This subsection and subsections (c) through (f) and (h) through (n) of this section shall apply to any savings and loan holding company, and to any subsidiary (other than an insured financial institution) of a savings and loan holding company, as those terms are defined in section 408 of the National Housing Act (12 U.S.C. 1730a).";

(c) Section 8(c) of the Federal Deposit Insurance Act (12 U.S.C. 1818(c)) is amended by striking out "banking" and "bank" each place they appear and inserting "financial institution" in lieu thereof.

(d) Section 8(d) of the Federal Deposit Insurance Act (12 U.S.C. 1818(d)) is amended by striking out "banking" and "bank" each place they appear and inserting "financial institution" in lieu thereof.

(e) Section 8(e) of the Federal Deposit Insurance Act (12 U.S.C. 1818(e)) is amended—

(1) by striking out "banking" and "bank" each place they appear in paragraphs one, two, three and five and inserting "financial institutions" in lieu thereof; and

(2) by striking out "bank" each place it appears in the first and fourth sentences of paragraph four and inserting "financial institution" in lieu thereof.

(f) Section 8(f) of the Federal Deposit Insurance Act (12 U.S.C. 1818(f)) is amended by striking out "bank" each place it appears and inserting "financial institution" in lieu thereof.

(g) Section 8(g) of the Federal Deposit Insurance Act (12 U.S.C. 1818(g)) is amended—

(1) by striking out "bank" and "banking" each place they appear in paragraph one and inserting "financial institution" in lieu thereof;

(2) by inserting in the first sentence of paragraph two after "national bank" the following: ", a Federal association or a Federal credit union,";

(3) by inserting in the second sentence of paragraph two after "national bank" the following: ", a Federal association or a Federal credit union,";

(4) by inserting in the second sentence of paragraph two after "Currency" the following: ", the Federal Home Loan Bank Board, or the National Credit Union Administration Board, as the case may be,";

(5) by striking out "bank" the last place it appears in the second sentence of paragraph two and inserting "financial institution" in lieu thereof; and

(6) by striking out "bank" and "banking" each place they appear in paragraph three and inserting "financial institution" in lieu thereof.

(h) Section 8(h) through Section 8(n) of the Federal Deposit Insurance Act (12 U.S.C. 1818(h)-(n)) is amended—

(1) by striking out "bank" and banking" each place they appear and inserting "financial institution" in lieu thereof; and

(2) by striking out "banks" each place it appears and inserting "financial institutions" in lieu thereof.

(i) Section 8(o) of the Federal Deposit Insurance Act (12 U.S.C. 1818(o)) is amended—

(1) by inserting in the first sentence after "national member bank" the following: ", a Federal association or a Federal credit union,";

(2) by inserting in the first sentence after "Currency" the following: ", the Federal Home Loan Bank Board of the National Credit Union Administration Board, as the case may be,";

(3) by striking out "bank" the last place it appears in the first sentence and inserting "financial institution" in lieu thereof; and

(4) by striking out "board of directors" each place it appears in the second sentence and inserting "Board of Directors" in lieu thereof.

(j) Section 8(p) of the Federal Deposit Insurance Act (12 U.S.C. 1818(p)) is amended—

(1) by striking out "banking" the first place it appears in the first sentence and inserting "financial" in lieu thereof;

(2) by striking out "banking" the second place it appears in the first sentence;

(3) by striking out "banking" in the second sentence tnd inserting "financial" in lieu thereof; and

(4) by striking out "banking" each place it appears in the third and fourth sentences.

(k) Section 8(q) of the Federal Deposit Insurance Act (12 U.S.C. 1818(q)) is amended—

(1) by striking out "bank" each place it appears and inserting "financial institution" in lieu thereof; and

(2) by striking out "banks" each place it appears and inserting "financial institutions" in lieu thereof.

SEC. 122. Section 9 of the Federal Deposit Insurance Act (12 U.S.C. 1819) is amended—

(1) by changing the introductory phrase to read: "The Corporation is established as a body corporate and it shall have the following powers";

(2) by striking out "bank" each place it appears and inserting "financial institution" in lieu thereof; and

(3) by striking out "banks" each place it appears and inserting "financial institutions" in lieu thereof.

SEC. 123. (a) Section 10(b) of the Federal Deposit Insurance Act (12 U.S.C. 1820(b)) is amended—

(1) by striking out "nonmember bank" in the first sentence each time it appears and inserting "financial institution" in lieu thereof;

(2) by striking out "bank" after "insured" each time the words appear together in the first sentence and inserting "financial institution" in lieu thereof;

(3) by inserting "or State member" after "District" in the first sentence;

(4) by striking out "bank" after "examination of the" in the first sentence and inserting "institution" in lieu thereof;

(5) by striking out "and" in the second sentence and inserting a comma in lieu thereof;

(6) by inserting "any Federal association, any Federal credit union, or" after "any national bank" in the second sentence;

(7) by striking out "bank" after "condition of any such" in the second sentence and inserting "institution" in lieu thereof; and

(8) by striking out "banks" when it appears in the third sentence and inserting "financial institutions" in lieu thereof.

(b) Section 10(c) of the Federal Deposit Insurance Act (12 U.S.C. 1820(c)) is amended—

(1) by striking out "banks, State nonmember . . . other" and inserting "financial institutions" in lieu thereof;

(2) by striking out "banks" after "become insured" and inserting "financial," in lieu thereof; and

(3) by striking out "banking" after "Federal" and inserting "financial institution" in lieu thereof.

(c) Section 10(d) of the Federal Deposit Insurance Act (12 U.S.C. 1820(d)) is amended by striking out "bank" at the end of the section and adding "financial institution" in lieu thereof.

SEC. 124(a). Section 11(a) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)) is amended—

(1) by revising subsection (a)(1) to read as follows:

(a)(1) The Primary Reserve and the Secondary Reserve of the Federal Savings and Loan Insurance Corporation, as established in section 404 of the National Housing Act, are consolidated with the Federal Deposit Insurance Fund to be used for the insuring of deposits, and the assets of the combined funds shall be held by the Corporation for the uses and purposes of the Corporation. Effective January 1, 1985, the National Credit Union Share Insurance Fund, as established in section 203 of the Federal Credit Union Act, shall be consolidated with the Federal Deposit Insurance Fund to be used for the insuring of deposits, and the assets of the combined funds shall be held by the Corporation for the uses and the purposes of the Corporation. The obligations to and rights of the Federal Savings and Loan Insurance Corporation and the National Credit Union Share Insurance Fund arising before the effective dates of the consolidation of the insurance funds shall be unimpaired and shall be assumed by the Corporation. Obligations to and rights of depositors, insured institutions and other persons arising with respect to the insurance funds and arising out of any event or transaction prior to the effective date of the transfer of the appropriate insurance fund shall be assumed by the Corporation and shall be unimpaired. Except as provided in paragraph (2), the max-

imum amount of the insured deposit of any depositor shall be $100,000".;

(2) by striking out "bank" in every place it appears and inserting "financial institution" in lieu thereof; and

(3) by revising subsection (a)(2)(A)(iv) to read as follows:

"(iv) an officer, employee, or agent of the Commonwealth of Puerto Rico, the Northern Mariana Islands, any territory (including trust territories) or possession of the United States (including the Virgin Islands, American Samoa, and Guam) or the Panama Canal Zone, or of any county, municipality, or political subdivision thereof having official custody of public funds and lawfully investing or depositing the same in time and savings deposits in an insured financial institution in the Commonwealth of Puerto Rico, the Northern Mariana Islands, any territory or possession of the United States (including the Virgin Islands, American Samoa, and Guam) and the Panama Canal Zone, respectively; or".

(b) Section 11(b) of the Federal Deposit Insurance Act (12 U.S.C. 1821(b)) is amended by striking out "bank in every place in which it appears and inserting "financial institution" in lieu thereof.

(c) Section 11(c) of the Federal Deposit Insurance Act (12 U.S.C. 1821(c)) is amended—

(1) by striking out "bank" in every place in which it appears and inserting "financial institution" in lieu thereof;

(2) by redesignating subsection (c) as "(c)(1)";

(3) by adding a new subsection (c)(2) to read as follows:

"(2) Notwithstanding any other provision of law, whenever the Federal Home Loan Bank Board shall appoint a receiver other than a conservator of any insured Federal association hereafter closed, it shall appoint the Corporation as receiver."; and

(4) by adding a new subsection (c)(3) to read as follows:

"(3) Notwithstanding any other provision of law, effective January 1, 1985, whenever the National Credit Union Administration Board shall appoint a receiver of any insured Federal credit union thereafter closed, it shall appoint the Corporation as receiver."

(d) Section 11(d) of the Federal Deposit Insurance Act (12 U.S.C. 1821(d)) is amended—

(1) by striking out "bank" in the three places in which it appears in the first sentence and inserting "institution" in lieu thereof;

(2) by striking out "pursuant to section 5235 of the Revised Statutes (U.S.C., title 12, sec. 193)" in the first sentence;

(3) by inserting after "national banks," in the first sentence the following: "Federal associations, or Federal credit unions as the case may be,";

(4) by striking out "the period of advertisement made pursuant to the aforesaid section of the Revised Statutes," in the third sentence and inserting "any necessary period of advertisement," in lieu thereof;

(5) by striking out "or District bank" in the fourth sentence and inserting ", a Federal association, or a Federal credit union, as appropriate" in lieu thereof;

(6) by striking out "bank" in the fourth sentence and inserting "institution" in lieu thereof; and

(7) by striking out "or the Comptroller of the Currency," in the fourth sentence and inserting ", the Comptroller of the Currency, the Federal Home Loan Bank Board, or the National Credit Union Administration Board," in lieu thereof.

(e) Section 11(e) of the Federal Deposit Insurance Act (12 U.S.C. 1821(e)) is amended—

(1) by striking out "bank (except a District bank)" in the first sentence and inserting "financial institution" in lieu thereof;

(2) by striking out "bank" the last (third) place it appears in the first sentence and inserting "institution" in lieu thereof; and

(3) by striking out "bank" in the first and third places it appears in the second sentence and inserting "financial institution" in lieu thereof.

(f) Section 11(f) of the Federal Deposit Insurance Act (12 U.S.C. 1821(f)) is amended—

(1) by striking out "bank" in the fourth place in which it appears and inserting "institution" in lieu thereof; and

(2) by striking out "bank" in the first and fourth places in which it appears and inserting "financial institution" in lieu thereof;

(g) Section 11(g) of the Federal Deposit Insurance Act (12 U.S.C. 1821(g)) is amended—

(1) by striking out "or District bank" in the first sentence and inserting "Federal association or Federal credit union" in lieu thereof;

(2) by striking out "bank" in the third place it appears in the first sentence and in the first place it appears in the second sentence and inserting "financial institution" in lieu thereof;

(3) by striking out "bank" in the second place it appears in the second sentence and inserting "institution" in lieu thereof;

(4) by striking out ": *Provided*, That, with respect to any bank which closes after May 25, 1938, the" in the third sentence and inserting ". The" in lieu thereof;

(5) by striking out ": *Provided further*, That the" in the fourth sentence and inserting ". The" in lieu thereof;

(6) by striking out "bank" in the first place it appears in the third sentence and in the first place it appears in the fifth sentence and inserting "financial institution" in lieu thereof; and

(7) by striking out "bank" in the second place it appears in the third sentence and in the first and second places in which it appears in the fourth sentence and inserting "institution" in lieu thereof.

(h) Section 11(h) of the Federal Deposit Insurance Act (12 U.S.C. 1821(h)) is amended—

(1) by inserting after "bank" the first place it appears in the first sentence the following: "or an insured association,";

(2) by striking out "bank" in the second and fourth places in which it appears in the first sentence and in every place it appears in the second sentence and inserting "institution" in lieu thereof; and

(3) by inserting after "bank" in the second place in which it appears in the first sentence the following: "or a new Federal association".

(i) Section 11(i) of the Federal Deposit Insurance Act (12 U.S.C. 1821(i)) is amended—

(1) by striikng out "national banking associations" in the fourth sentence and inserting "a national bank or a federal association" in lieu thereof;

(2) by inserting after "Comptroller of the Currency" in the eighth sentence the following: "or the Federal Home Loan Bank Board, as the case may be";

(3) by striking out "bank" in the first and third sentences and inserting "institution" in lieu thereof;

(4) by striking out "bank" in the first place in which it appears in the fourth sentence and inserting "institution" in lieu thereof;

(5) by striking out "bank" in the first and second places in which it appears in the fifth sentence and inserting "institution" in lieu thereof;

(6) by striking out "bank" in the fifth sentence and inserting "financial institution" in lieu thereof;

(7) by striking out "bank" in the first place in which it appears in the sixth sentence and inserting "institution" in lieu thereof;

(8) by striking out "bank" in the first place in which it appears in the sixth sentence and inserting "financial institution" in lieu thereof;

(9) by striking out "bank" in the first place in which it appears in the seventh sentence and inserting "institution" in lieu thereof;

(10) by striking out "bank" in the second place in which it appears in the seventh sentence and inserting "financial institution" in lieu thereof;

(11) by striking out "bank" in the eighth sentence and inserting "institution" in lieu thereof; and

(12) by striking out "bank" in the ninth sentence and inserting "institution" in lieu thereof.

(j) Section 11(j) of the Federal Deposit Insurance Act (12 U.S.C. 1821(j)) is amended by striking out "bank" in every place in which it appears and inserting "institution" in lieu thereof.

(k) Section 11(k) of the Federal Deposit Insurance Act (12 U.S.C. 1821(k)) is amended—

(1) by striking out "but in no event less than that required by section 5138 of the Revised Statutes, as amended (U.S.C., title 12, sec. 51)," in the first sentence;

(2) by deleting the second sentence;

(3) by inserting after "Comptroller of the Currency" in the second sentence the following: "or the Federal Home Loan Bank Board";

(4) by inserting after "national bank" in the first place in which it appears in the second sentence the following: "or a Federal association, as the case may be,";

(5) by inserting after "national bank" in the second place it appears in the second sentence the following: "or a Federal association";

(6) by inserting after "national bank" in the third place in which it appears in the second sentence the following: "or Federal association, as the case may be.";

(7) by inserting after "national bank" in the third sentence the following: "or a Federal association";

(8) by striking out "national bank" in the first sentence and inserting "financial institution" in lieu thereof;

(9) by striking out "bank" in the three places in which it appears in the first sentence and inserting "institution" in lieu thereof;

(10) by striking out "he shall issue to the bank" in the second sentence and inserting "the institution shall be granted" in lieu thereof;

(11) by striking out "bank" in the first, fourth, and fifth places in which it appears and inserting "institution" in lieu thereof; and

(12) by striking out "bank" in the first place in which it appears in the third sentence and inserting "institution" in lieu thereof.

(l) Section 11(l) of the Federal Deposit Insurance Act (12 U.S.C. 1821(l)) is amended—

(1) by striking out the fourth sentence thereof;

(2) by inserting after "Comptroller of the Currency" in the first place in which it appears in the second sentence the following: "or the Federal Home Loan Bank Board, whichever is appropriate";

(3) by inserting after "Comptroller of the Currency" in the second place in which it appears in the second sentence the following: "or the Federal Home Loan Bank Board";

(4) by striking out "bank" in the third place in which it appears in the first sen-

tence and inserting "financial institution" in lieu thereof;

(5) by striking out "bank" in every place in which it appears in the first sentence and inserting "institution" in lieu thereof;

(6) by striking out "bank" in the second place in which it appears in the second sentence and inserting "financial institution" in lieu thereof; and

(7) by striking out "bank" in every place in which it appears in the second and third sentences and inserting "institution" in lieu thereof.

SEC. 125. (a) Section 12(a) of the Federal Deposit Insurance Act (12 U.S.C. 1822(a)) is amended (1) by striking out "or District bank" and inserting "Federal association, or Federal credit union," in lieu thereof.

(b) Section 12(b) of the Federal Deposit Insurance Act (12 U.S.C. 1822(b)) is amended—

(1) by striking out "bank" in the first and third places in which it appears and inserting "institution" in lieu thereof; and

(2) by striking out "bank" in every place in which it appears and inserting "financial institution" in lieu thereof.

(c) Section 12(c) of the Federal Deposit Insurance Act (12 U.S.C. 1822(c)) is amended—

(1) by striking out "bank" in the second place in which it appears and inserting "financial institution" in lieu thereof; and

(2) by striking out "bank" in every place in which it appears and inserting "institution" in lieu thereof.

(d) Section 12(d) of the Federal Deposit Insurance Act (12 U.S.C. 1822(d)) is amended by striking out "bank" in every place in which it appears and inserting "institution" in lieu thereof.

(e) Section 12(e) of the Federal Deposit Insurance Act (12 U.S.C. 1822(e)) is amended—

(1) by striking out "bank" in the fourth and sixth places in which it appears and inserting "financial institution" in lieu thereof; and

(2) by striking out "bank" in every place in which it appears and inserting "institution" in lieu thereof.

SEC. 126. (a) Section 13(b) of the Federal Deposit Insurance Act (12 U.S.C. 1823(b)) is amended—

(1) by striking out "bank" the second, third, fourth, and fifth places it appears in the first sentence and inserting "financial institution" in lieu thereof.

(2) by striking out "banks" in the first sentence and inserting "financial institutions" in lieu thereof.

(b) Section 13(c) of the Federal Deposit Insurance Act (12 U.S.C. 1823(c)) is amended to read:

"(c)(1) In order to reopen a closed insured financial institution or, when the Corporation has determined that an insured financial institution is in danger of closing, in order to prevent such closing, the Corporation, in the discretion of its Board of Directors, is authorized to make loans to, or purchase the assets of, or make deposits in, such insured financial institution, upon such terms and conditions as the Board of Directors may prescribe, when in the opinion of the Board of Directors the continued operation of the financial institution is essential to provide adequate banking service in the community.

"(2) Whenever severe financial conditions exist which threaten the stability of a significant number of insured financial institutions, the Corporation, in the discretion of its Board of Directors, is authorized to make loans to, or purchase the assets of or make deposits in, any insured financial institution so threatened, upon such terms and conditions as the Board of Directors may prescribe, if it is probable such action will substantially reduce the risk of loss or avert a threatened loss to the Corporation.

"(3) Any loans and deposits made pursuant to the provisions of this paragraph may be in subordination to the rights of depositors and other creditors.".

(c) Section 13(d) of the Federal Deposit Insurance Act (12 U.S.C. 1823(d)) is amended—

(1) by striking out "banks" each place it appears in the first and second sentences and inserting "financial institutions" in lieu thereof;

(2) by striking out the third sentence; and

(3) by striking out "bank" and "banks" in the fourth sentence and inserting "financial institution" and "financial institutions", respectively, in lieu thereof.

(d) Sections 13(e) and (f) of the Federal Deposit Insurance Act (12 U.S.C. 1823(e) and (f)) are amended—

(1) by striking out the first paragraph of section 13(e) and inserting in lieu thereof:

"(e)(1) Whenever in the judgment of the Board of Directors such action will reduce the risk of loss or avert a threatened loss to the Corporation and will facilitate a merger or consolidation of an insured financial institution with another insured financial institution or will facilitate the sale of the assets of an open or closed insured financial institution to and assumption of its liabilities by another insured financial institution, the Corporation may, upon such terms and conditions as it may determine, make loans secured in whole or in part by assets of an open or closed insured financial institution, which loans may be in subordination to the rights of depositors and other creditors, or the Corporation may purchase any such assets or may guarantee any other insured financial institution against loss by reason of its assuming the liabilities and purchasing the assets of an open or closed insured financial institution. Any insured national bank, insured Federal association, District bank, or the Corporation as receiver thereof, is authorized to contract for such sales or loans and to pledge any assets of the financial institution to secure such loans.

"2(A) As used in this paragraph (2)—(i) the term 'Receiver' shall mean the Corporation when it has been appointed the receiver of a closed insured bank; (ii) the term 'insured depository institution' shall mean an insured bank or an insured association; (iii) the term 'existing in-State insured depository institution' shall mean an insured depository institution that is chartered in the same State as the State in which the closed bank was chartered; (iv) the term 'in-State bank holding company' shall mean a bank holding company whose banking subsidiaries' operations are principally conducted in the same State as the State in which the closed bank was chartered; and (v) the term 'out-of-State bank or bank holding company' shall mean an insured bank having its principal place of banking business in a State other than the State in which the closed bank was chartered or a bank holding company whose banking subsidiaries' operations are principally conducted in a State other than the State in which the closed bank was chartered.

"(B) Whenever an insured bank that had total assets equal to or greater than 0.12 percent of aggregate assets in domestic (U.S.) offices of insured banks (as determined from the most recently compiled Reports of Condition filed by insured banks) is closed and the Corporation is appointed receiver, then, the Receiver may, in its discretion and upon such terms and conditions as it may determine, and with such approvals as may elsewhere be required by any State or Federal courts and supervisory agencies, sell assets of the closed bank to and arrange for the assumption of the liabilities of the closed bank by an insured depository institution located in the same State as that in which the closed bank was chartered but owned by an out-of-State insured depository institution, bank holding company or savings and loan holding company. Notwithstanding subsection (d) of Section 3 of the Bank Holding Company Act of 1956 or any other provision of law, State or Federal, the acquiring institution is authorized to be and shall be operated as a subsidiary; except that an insured depository institution may operate the assuming institution as a subsidiary only if specifically authorized by law other than this paragraph. The expiration of the effectiveness of this paragraph 2 shall have no effect on the continued legality of any sale or operation authorized while it was effective.

"(C) In determining whether to arrange a sale of assets and assumption of liabilities of a closed insured bank under the authority of this paragraph (2), the Receiver may solicit such offers as is practicable from any prospective purchasers it determines, in its sole discretion, are both qualified and capable of acquiring the assets and the liabilities of the closed bank.

"(i) If, after receiving offers, the highest acceptable offer is from a subsidiary of an out-of-State depository institution or holding company, the Receiver shall permit the highest acceptable offeror of any existing in-State insured depository institutions and subsidiaries of in-State holding companies to submit a new offer for the assets and liabilities of the closed bank. If this institution reoffers a greater amount than the previous highest acceptable offer, then the Receiver shall sell the assets and transfer the liabilities of the closed bank to that institution.

"(ii) If there is no acceptable offer received from an existing in-State institution or subsidiary of an in-State holding company or if there is no reoffer greater than the highest acceptable offer, then the Receiver shall permit the highest acceptable offeror of the subsidiaries of the insured depository institution chartered in States adjoining the State in which the closed bank was chartered and holding companies whose financial subsidiaries' operations are principally conducted in States adjoining the State in which the closed bank was chartered (if its offer was not the highest received by the Receiver) to make a new offer for the assets and liabilities of the closed bank. If this subsidiary reoffers a greater amount than the previous highest acceptable offer then the Receiver shall sell the assets and transfer the liabilities of the closed bank to that institution.

"(iii) If no offer under subparagraphs (i) or (ii) is received which exceeds the original highest acceptable offer, then the Receiver shall sell the assets and transfer the liabilities of the closed bank to the highest acceptable offeror.

"(D) In making a determination to solicit offers under subparagraph (C), the State bank supervisor of the State in which the closed insured bank was chartered shall be consulted. The State bank supervisor shall be given a reasonable opportunity, and in no instance a period of less than twenty-four hours, to object to the use of the provisions of this paragraph (2). If the State supervsior objects, the Receiver may use the authority of this paragraph (2) only by a unanimous vote of the Board of Directors. The Board of Directors shall provide to the State supervisor, as soon as practicable, a written certification of its determination.

"(E) The Receiver shall not make any sale under the provisions of this paragraph (2)—(i) which would result in a monopoly, or which would be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States; or (ii) whose effect in any section of the country

may be substantially to lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint of trade, unless it finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.

"(F) Nothing contained in this paragraph (2) shall be construed to limit the Corporation's powers in paragraph (1) to assist a transaction under this paragraph.";

(2) by striking out "bank" each place it appears in the second paragraph of Section 13(e) as amended and inserting "financial institution" in lieu thereof; and

(3) by striking out the language in section 13(f) and inserting the second paragraph of 13(e) in lieu thereof.

(e) Section 13(g) of the Federal Deposit Insurance Act (12 U.S.C. 1823(g)) is amended by striking out "bank" the first and second places it appears and inserting "financial institution" in lieu thereof.

SEC. 127. Section 14 of the Federal Deposit Insurance Act is amended—

(1) by changing the last sentence to read: "All loans from and repayments to the Treasury shall be treated as public-debt transactions of the United States."; and

(2) by adding at the end a new sentence to read: "This section shall not prevent the Corporation from borrowing from any Federal Reserve Bank or Federal Home Loan Bank on such terms as may be fixed by the Board of Directors of the Corporation and the Board of Governors of the Federal Reserve System or the Federal Home Loan Bank Board, as is appropriate."

SEC. 128. Section 15 of the Federal Deposit Insurance Act (12 U.S.C. 1825) is amended by deleting the first sentence of the section.

SEC. 129. Section 16 of the Federal Deposit Insurance Act (12 U.S.C. 1826) is repealed.

SEC. 130. Section 17(b) of the Federal Deposit Insurance Act (12 U.S.C. 1827(b)) is amended by deleting the fifth sentence.

SEC. 131. Section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828) is amended—

(1) by striking out "bank" each place it appears in subsections (a) and (b) and inserting "financial institution" in lieu thereof;

(2) by striking out "bank or" in clause (A) of subsection (c)(1) and inserting "financial" in lieu thereof;

(3) by striking out the semicolon at the end of clause (A) of subsection (c)(1) and adding the following: "or other institution;";

(4) by striking out "bank or" in clause (B) of subsection (c)(1) and inserting "financial" in lieu thereof;

(5) by striking out the semicolon at the end of clause (B) of subsection (c)(1) and adding the following: "or other institution;";

(6) by striking out "bank or institution" in clause (C) of subsection (C) of subsection (c)(1) and inserting "financial institution or other institution" in lieu thereof;

(7) by striking out "bank." the last place it appears in clause (C) of subsection (c)(1) and inserting "financial institution." in lieu thereof;

(8) by striking out "bank" each place it appears in subsection (c)(2) and inserting "financial institution" in lieu thereof;

(9) by striking out "bank" the first place it appears in clause (C) of subsection (c)(2) and inserting "institution" in lieu thereof;

(10) by striking out "bank" the second place it appears in clause (C) of subsection (c)(2) and inserting "institution" in lieu thereof;

(11) by striking out the period at the end of clause (C) of subsection (c)(2) and inserting a semicolon in lieu thereof;

(12) by adding after clause (C) of subsection (c)(2) the following:

"(D) the Federal Home Loan Bank Board if the acquiring, assuming, or resulting institution is to be a Federal association."

(13) by adding after the last clause of subsection (c)(2) the following paragraph: "Prior written approval shall not be required under this subsection, however, of a proposed transaction if one of the parties is a bank or other corporation that is nonoperating and newly chartered, the proposed transaction is pro forma and in itself of no significant under the factors set forth in paragraph (5), but is employed as a means to facilitate, and its consummation is conditioned upon, the lawful acquisition of bank stock or of the stock of a savings and loan association, which acquisition is the subject of an application under section 3 of the Bank Holding Company Act of 1956 (12 U.S.C. 1842) or under section 408 of the National Housing Act (12 U.S.C. 1730a), and the material details of the proposed transaction are fully disclosed in that application."

(14) by striking out "banks" the first place it appears in subsection (c)(3) and inserting "institutions" in lieu thereof;

(15) by striking out "banks" in clause (D) of subsection (c)(3) and inserting "institutions" in lieu thereof;

(16) by striking out "banks" the first place it appears in subsection (c)(4) and inserting "financial institutions" in lieu thereof;

(17) by striking out "request reports" the first place it appears in subsection (c)(4) and inserting "request a report" in lieu thereof;

(18) by inserting a period after "Attorney General" the first place it appears in subsection (c)(4) and by striking out "and the other two banking agencies referred to in this subsection.";

(19) by striking out "reports" in the second sentence of subsection (c)(4) and inserting "report" in lieu thereof;

(20) by striking out "they are" in the second sentence of subsection (c)(4) and inserting "it is" in lieu thereof;

(21) by striking out "and the other two banking agencies" in the second sentence of subsection (c)(4);

(22) by striking out "the business of banking" in clause (A) of subsection (c)(5) and inserting "any part of trade or commerce" in lieu thereof;

(23) by striking out "banks" in the second sentence of subsection (c)(6) and inserting "institutions" in lieu thereof;

(24) by striking out "reports on the competitive factors have" in the second sentence of subsection (c)(6) and inserting "the competitive factors report has" in lieu thereof;

(25) by striking out "and the other two banking agencies" in the third sentence of subsection (c)(6);

(26) by striking out "reports" in the third sentence of subsection (c)(6) and inserting "a report" in lieu thereof;

(27) by striking out "banking" the last place it appears in clause (D) of subsection (c)(7);

(28) by striking out subsection (c)(9) and (c)(10), which are hereby repealed;

(29) by redesignating subsection "(c)(11)" as subsection "(c)(10)";

(30) by striking out "bank" the first and third places it appears in subsection (d)(1) and the first place it appears in subsection (d)(2) and inserting "financial institution" in lieu thereof;

(31) by striking out "bank" each place it appears in subsection (e) and inserting "financial institution" in lieu thereof;

(32) by striking out "bank" the first, third and fourth places it appears in subsection (f) and inserting "financial institution" in lieu thereof;

(33) by striking out "banks" in subsection (g)(1) the first place it appears in the first sentence and the first place it appears in the tenth sentence and inserting "financial institutions" in lieu thereof;

(34) by striking out "banks" in subsection (g)(1) as it appears in the fifth sentence and, at the last place it appears in the seventh sentence, and inserting "financial institutions" in lieu thereof;

(35) by striking out "bank" at the place it appears in the eighth sentence of subsection (g)(1) and inserting "institution" in lieu thereof;

(36) by striking out "bank" at the places it appears in the twelfth sentence of subsection (g)(1) and inserting "financial institution" in lieu thereof;

(37) by striking out "bank" at the places it appears in subsection (q)(2) and inserting "financial institution" in lieu thereof;

(38) by striking out the ninth and eleventh sentences of subsection (g)(1);

(39) by striking out "bank" in subsection (h) and inserting "financial institution" in lieu thereof;

(40) by striking out "bank" the first place it appears in subsection (i)(1) and inserting "financial institution" in lieu thereof;

(41) by striking out "bank" the first three places it appears in subsection (i)(2) and inserting "financial institution" in lieu thereof;

(42) by striking out "banks" and inserting "bank" in lieu thereof in clause (B) of subsection (i)(2);

(43) by striking out "bank" the second place it appears in clause (C) of subsection (i)(2) and inserting "financial institution" in lieu thereof;

(44) by striking out "bank" the first place it appears in subsection (i)(3) and inserting "financial institution" in lieu thereof;

(45) by striking out "bank or institution" at the end of subsection (i)(3) and inserting "financial institution or other institution." in lieu thereof;

(46) by striking out "bank" in clause (A) of subsection (i)(4) and inserting "institution" in lieu thereof;

(47) by striking out "bank" in the first sentence of subsection (j)(1) the first, second, fourth and seventh places it appears and inserting "financial institution" in lieu thereof;

(48) by striking out "bank" the fifth place it appears in the first sentence of subsection (j)(1) and inserting "institution" in lieu thereof;

(49) by striking out "bank" the fourth and fifth places it appears in subsection (j)(2) and inserting "financial institution" in lieu thereof;

(50) by striking out "bank" the two places it appears in the first sentence of subsection (j)(3)(A) and inserting "financial institution" in lieu thereof;

(51) by striking out "member bank" in subsection (j)(3)(B) and inserting "institution" in lieu thereof;

(52) by striking out "bank" in the first sentence of subsection (j)(3)(C) and inserting "financial institution" in lieu thereof;

(53) by striking out "bank" in the first sentence of subsection (j)(3)(D) and in the first sentence of subsection (j)(3)(E) and inserting "financial institution" in lieu thereof;

(54) by striking out "bank" each place it appears in subsection (k) and inserting, "financial institution" in lieu thereof the first place it aopears, and by inserting "institution" in lieu thereof the second, third and fourth place it appears;

(55) by striking out "bank" the first place it appears in subsection (1) and inserting "financial institution" in lieu thereof;

(56) by striking out "banks" the first place it appears in subsection (1) and inserting "institutions" in lieu thereof.

SEC. 132. Section 19 of the Federal Deposit

Insurance Act (12 U.S.C. 1829) is amended to read as follows:

"SEC. 19. (a) Except with the written consent of the appropriate Federal financial institution agency, no person shall serve as a director or officer of any insured financial institution who has been convicted, or who is hereafter convicted, of any criminal offense involving dishonesty or breach of trust which is punishable by imprisonment for a term exceeding one year under State or Federal law.

"(b) Any person whose employment is prohibited pursuant to paragraph (a) may request in writing an opportunity to appear before the appropriate agency to show that his or her employment does not, or is not likely, to pose a threat to the interests of an institution in general. Upon receipt of any such request, the appropriate Federal financial institution agency within a reasonable period shall provide the individual with a hearing, the agency shall notify the individual of its determination whether the individual may be employed by a specific financial institution. Such notification shall contain a statement of the basis for the agency's decision, if adverse to the individual.

"(c)(1) For each willful violation of the prohibition contained in paragraph (a), the financial institution involved shall be subject to a penalty of not more than $1,000 for each day this prohibition is violated. The penalty shall be assessed and collected by the appropriate Federal financial institution agency by written notice.

"(2) In determining the amount of the penalty the appropriate Federal financial institution agency shall take into account the appropriateness of the penalty with respect to the size of financial resources and good faith of the insured financial institution, the gravity of the violation, the history of previous violations, and such other matters as justice may require.

"(3) The insured financial institution assessed shall be afforded an opportunity for agency hearing, upon request made within ten days after issuance of the notice of assessment. In such hearing all issues shall be determined on the record pursuant to section 554 of title 5, United States Code. The agency determination shall be made by final order which may be reviewed only as provided in subparagraph (4). If no hearing is requested as herein provided, the assessment shall constitute a final and unappealable order.

"(4) Any insured financial institution against whom an order imposing a civil money penalty has been entered after agency hearing under this section may obtain review by the United States court of appeals for the circuit in which the home office of the insured bank is located, or the United States Court of Appeals for the District of Columbia Circuit, by filing a notice of appeal in such court within ten days from the date of such order, and simultaneously sending a copy of such notice by registered or certified mail to the appropriate Federal financial institution agency. The agency shall promptly certify and file in such Court the record upon which the penalty was imposed, as provided in section 2112 of title 28, United States Code. The findings of the agency shall be set aside if found to be unsupported by substantial evidence as provided by section 706(2)(E) of title 5, United States Code.

"(5) If any insured financial institution fails to pay an assessment after it has become a final and unappealable order, or after the court of appeals has entered final judgment in favor of the agency, the agency shall refer the matter to the Attorney General, who shall recover the amount assessed by action in the appropriate United States district court. In such action, the validity and appropriateness of the final order imposing the penalty shall not be subject to review.

"(6) All penalties collected under authority of this section shall be covered into the Treasury of the United States. (d) Each Federal financial institution agency shall promulgate regulations establishing procedures necessary to implement this section."

SEC. 133. (a) Section 20 of the Federal Deposit Insurance Act (12 U.S.C. 1829a) is amended by replacing the words "a State nonmember insured bank" every place they may appear with the words "an insured financial institution".

(b) Paragraph (b) of section 20 of the Federal Deposit Insurance Act (12 U.S.C. 1829a(b)) is amended to read as follows: "(b) An insured financial institution may not permit—(1) the use of any part of its own offices by any person for any purpose forbidden to the institution under subsection (a), or (2) direct access by the public from any of its own offices to any premises used by any person for any purpose forbidden to the institution under subsection (a)."

(c) Paragraph (d) of section 20 of the Federal Deposit Insurance Act (12 U.S.C. 1829a(d)) is amended by removing the word "banking" after the word "lawful".

(d) Paragraph (e) of section 20 of the Federal Deposit Insurance Act (12 U.S.C. 1829a(e)) is amended by removing the words "Board of Directors" and replacing them with the words "appropriate Federal financial institution agencies".

SEC. 134. Section 21 of the Federal Deposit Insurance Act (12 U.S.C. 1829b) is amended by replacing the word "bank" wherever it may appear with the word "financial institutions".

SEC. 135. Section 22 of the Federal Deposit Insurance Act is amended—

(1) by inserting "or association" after "nonmember banks"; and

(2) by striking out "banks" and "bank" when they appear and inserting "financial institutions" and "financial institution", respectively, in lieu thereof.

SEC. 136. Section 25 of the Federal Deposit Insurance Act (12 U.S.C. 1831b) is amended by replacing the words "insured banks" wherever they appear with the words "insured financial institutions" and by replacing the word "bank" at the end of the first sentence of paragraph (a) and in the second sentence in paragraph (a) with the word "institution".

SEC. 137. Section 26 of the Federal Deposit Insurance Act (12 U.S.C. 1831c) is hereby repealed.

SEC. 138. (a) Section 27(a) of the Federal Deposit Insurance Act (12 U.S.C. 1831d) is amended—

(1) by striking out "banks, including insured savings banks and insured mutual savings banks," and inserting "financial institutions" in lieu thereof; and

(2) by striking out "bank" the first, third, sixth, and eighth place it appears and inserting "financial institution" in lieu thereof.

(b) Section 27(b) of the Federal Deposit Insurance Act (12 U.S.C. 1831d) is amended by striking out "bank" the first and third places it appears and inserting "financial institution" in lieu thereof.

SEC. 139. The Federal Deposit Insurance Act is amended by adding a new section 28 which shall read as follows:

"SEC. 28. (a) The time and savings deposits held by insured financial institutions, to the extent they are insured by the Corporation, shall be lawful investments and may be accepted as securities for all public funds of the United States, fiduciary and trust funds under the authority or control of the United States or any officer or officers thereof, and for the funds of all corporations organized under the laws of the United States (subject to any regulatory authority otherwise applicable), regardless of any limitation of law upon the investment of any such funds or upon the acceptance of security for the investment or deposit of any such funds.

"(b) Any insured financial institution may be a depositary of public money and may be employed as fiscal agent of the United States. The Secretary of the Treasury is authorized to deposit public money in any insured financial institution, and shall prescribe such regulations as may be necessary to enable any insured financial institution to become depositaries or public money and fiscal agents of the United States. Each insured financial institution shall perform all reasonable duties as depositaries of public money and fiscal agent of the United States as may be required of it including services in connection with the collection of taxes and other obligations owed the United States."

SEC. 140. This title shall be effective on January 1, 1983.

TITLE II—NATIONAL HOUSING ACT

SEC. 201. Effective January 1, 1983, sections 401 through 407 and sections 409 through 414 of the National Housing Act (12 U.S.C. 1724–1730, 1730b-1730g) are repealed.

SEC. 202. Section 408 of the National Housing Act (12 U.S.C. 1730a) shall be amended by replacing the word "Corporation" wherever it appears with the word "Board".

SEC. 203. Section 408(a)(1)(A) of the National Housing Act (12 U.S.C. 1730a(a)(1)(A)) is amended to read as follows:

"(A) 'insured institution' shall mean an 'insured association' as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813);"

SEC. 204. Section 408(a)(1)(B) of the National Housing Act (12 U.S.C. 1730a(a)(1)(B)) is amended to read as follows:

"(B) 'uninsured institution' means any association, the accounts of which are not insured by the Federal Deposit Insurance Corporation;"

SEC. 205. Section 408(a)(1)(C) of the National Housing Act (12 U.S.C. 1730(a)(1)(C)) is amended by replacing the words "Federal Savings and Loan" with the words "Federal Deposit".

SEC. 206. Section 408(a)(1) of the National Housing Act (12 U.S.C. 1730a(a)(1)) is amended by deleting the word "and" after paragraph (I), replacing the period at the end of paragraph (J) with "; and" and by adding a new paragraph (K) to read as follows: "(K) 'Board' means the Federal Home Loan Bank Board.".

SEC. 207. Section 408(b)(1) of the National Housing Act (12 U.S.C. 1730a(b)(1)) is amended by revising the first sentence in the section to read as follows: "Each savings and loan holding company registered with the Federal Savings and Loan Insurance Corporation on December 31, 1982 shall be registered with the Board without application; any other company, within ninety days after becoming a savings and loan holding company, shall register with the Board on forms prescribed by the Board, which shall include information, under oath or otherwise, with respect to the financial condition, ownership, operations, management, and intercompany relationships of such holding company and its subsidiaries, and related matters, as the Board may deem necessary or appropriate to carry out the purposes of this section.".

SEC. 208. This title takes effect on January 1, 1983.

TITLE III—FEDERAL CREDIT UNION ACT

SEC. 301. Effective January 1, 1985, Title II of the Federal Credit Union Act (12 U.S.C. 1781–1790) is repealed.

TITLE IV—MISCELLANEOUS AMENDMENTS

SEC. 401. (a) Subsection (d)(1) of Section 5 of Public Law 93–100 (12 U.S.C. 1470) is amended by striking out "Federal Savings and Loan Insurance Corporation" and inserting "Federal Home Loan Bank Board", by striking out "insured institutions" and in-

serting "Federal savings and loan associations", and by striking out "nonmember insured banks" and inserting "insured financial institutions".

(b) Subsection (e)(1) of such section is repealed.

(c) Subsection (e)(2) of such section is amended by striking out "State nonmember insured banks" and inserting "State insured nonmember financial institutions".

SEC. 402. (a) Subsection (3) of Section 2 of the Bank Protection Act of 1968 (12 U.S.C. 1881) is amended by striking out "banks" and inserting "financial institutions".

(b) Subsection (4) of such section is amended by striking out ", and institutions the accounts of which are insured by the Federal Savings and Loan Insurance Corporation".

SEC. 403. (a) Subsection (b)(1)(C) of Section 305 of the Home Mortgage Disclosure Act of 1975 (12 U.S.C. 2804) is amended by striking out "banks" the first time it appears and inserting "financial institutions", and inserting after "System" in the parenthesis "federal credit unions and financial institutions referred to in paragraph (2) of this subsection".

(b) Paragraph (2) of subsection (b) is amended by striking out "section 1730 of this title," and "(acting directly or through the Federal Savings and Loan Insurance Corporation)".

(c) Paragraph (3) of subsection (b) is amended by inserting "federal" immediately after "any".

SEC. 404. (a) Subsection (1)(C) of Section 803 of the Community Reinvestment Act of 1977 (12 U.S.C. 2902) is amended by striking out "banks and savings banks" and inserting "financial institutions."

(b) Subsection (1)(D) of such section is amended by striking out "institutions the deposits of which are insured by the Federal Savings and Loan Insurance Corporation" and inserting "Federal savings and loan association, Federal mutual savings banks".

(c) Subsection (2) of such section is amended to read: "the term 'regulated financial institution' means an insured financial institution as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813) other than a credit union as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)."

(d) Subsection (5) of such section is amended by inserting "Federal" after "to" and striking out "the accounts of which are insured by the National Credit Union Administration".

SEC. 405. (a) Subsection (3) of section 207 of the Depository Institution Management Interlocks Act (12 U.S.C. 3207) is amended by striking out "banks" and inserting "financial institutions".

(b) Subsection (4) of such section is amended by striking out "institutions the accounts of which are insured by the Federal Savings and Loan Insurance Corporation," and inserting "Federal savings and loan associations, Federal mutual savings banks."

(c) Subsection (5) of such section is amended by inserting "Federal" after "tc" and striking out "the accounts of which are insured by the National Credit Union Administration."

SEC. 406. (a) Subsection (a)(1)(C) of section 208 of the Depository Institutions Deregulation Act of 1980 (12 U.S.C. 3507) is amended by striking out "banks" and inserting "financial institutions", and inserting after "System" in the parenthesis ", Federal savings and loan associations and "Federal mutual savings banks".

(b) Subsection (a)(2) of such section is amended by inserting "and" between "1437" and "1464(d)", and striking out ", and 1730" and "(acting directly or through the Federal Savings and Loan Insurance Corporation)".

SEC. 407. (a) Subsection (a)(1)(C) of Section 108 of the Truth in Lending Act (15 U.S.C. 1607) is amended by striking out "banks" and inserting "State financial institutions".

(b)(1) Subsection (a)(2) of such section is amended by striking out "section 5(d) of the Home Owners' Loan Act of 1933", ", and sections 6(i) and 17 of the Federal Home Loan Bank Act," and "(acting directly or through the Federal Savings and Loan Insurance Corporation),".

(2) Subsection (b)(2) of such section is amended by striking out "any of those" and inserting "its".

SEC. 408. (a) Subsection (b)(1)(C) of Section 621 of the Fair Credit Reporting Act (16 U.S.C. 1681s) is amended by striking out "banks" and inserting "state financial institutions".

(b)(1) Subsection (b)(2) of such section is amended by striking out "section 5(d) of the Home Owners' Loan Act of 1933", ", and section 6(i) and 17 of the Federal Home Loan Bank Act," and "(acting directly or through the Federal Savings and Loan Insurance Corporation),".

(2) Subsection (b)(2) of such section is amended by striking out "any of those" and inserting "its".

SEC. 409. (a) Subsection (a)(1)(C) of Section 704 of the Equal Credit Opportunity Act (15 U.S.C. 1691c) is amended by striking out "banks" and inserting "state financial institutions".

(b)(1) Subsection (a)(2) of such section is amended by striking out "Section 5(d) of the Home Owners' Loan Act of 1933", ", ", and sections 6(i) and 17 of the Federal Home Loan Bank Act," and "(acting directly or through the Federal Savings and Loan Insurance Corporation)".

(2) Subsection (b)(2) of such section is amended by striking out "any of those" and inserting "its".

SEC. 410. (a) Subsection (b)(1)(C) section 814 of the Fair Debt Collection Practices Act (15 U.S.C. 1692*l*) is amended by striking out "banks" and inserting "state financial institutions".

(b)(1) Subsection (b)(2) of such section is amended by striking out "section 5(d) of the Home Owners' Loan Act of 1933", ", and sections 6(i) and 17 of the Federal Home Loan Bank Act," and "(acting directly or through the Federal Savings and Loan Insurance Corporation),".

(2) Subsection (b)(2) of such section is amended by striking out "any of those" and inserting "its".

SEC. 411. (a) Subsection (a)(1)(C) of section 917 of the Electronic Fund Transfer Act (15 U.S.C. 1693o) is amended by striking out "banks" and inserting "state financial institutions".

(b)(1) Subsection (a)(2) of such section is amended by striking out "section 5(d) of the Home Owners' Loan Act of 1933", ", and sections 6(i) and 17 of the Federal Home Loan Bank Act," and "(acting directly or through the Federal Savings and Loan Insurance Corporation),".

(2) Subsection (a)(2) of such section is amended by striking out "any of those" and inserting "its".

SEC. 412. Title 18 U.S.C. 212 is amended by striking out "bank" and inserting "financial institution".

SEC. 413. Title 18 U.S.C. 213 is amended by striking out "banks" the second time it appears and inserting "financial institutions".

SEC. 414. Title 18 U.S.C. 215 is amended by striking out "bank" the first time it appears and inserting "financial institution".

SEC. 415. Title 18, U.S.C. 709 is amended by striking out the third paragraph.

SEC. 416. (a) The first paragraph of Title 18 U.S.C. 1005 is amended by striking out "bank" the fourth and fifth times it appears and inserting "financial institution" and by striking out "banks" and inserting "financial institutions".

(b) The third paragraph of such section is amended by striking out "bank" each time it appears and inserting "financial institution".

SEC. 417. (a) Subsection (g) Title 18 U.S.C. 2113 is amended by striking out "Federal" and "and any 'insured institution'" and all that follows, and inserting "the deposits of which are insured by the Federal Deposit Insurance Corporation.

(b) Subsection (h) of such section is amended by striking out "Administration of the National Credit Union Administration" and inserting "Federal Deposit Insurance Corporation".

SEC. 418. Section 3(a)(5) of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4003) is amended by deleting "the Federal Savings and Loan Insurance Corporation".

SECTION-BY-SECTION ANALYSIS

FEDERAL DEPOSIT INSURANCE CONSOLIDATION ACT

TITLE I

Sec. 101. Creation of the FDIC and its Function. Expands FDIC's role to be insurer of S&L and CU deposits as well.

Sec. 102. Management of the FDIC. (1) Removes the Comptroller of the Currency from the Board of Directors and establishes a five member Board of Directors. (2) Expands restriction on subsequent employment of Board members to include employment with savings and loans, credit unions and a Federal Home Loan Bank.

Secs. 103–116. Definitions. Besides assorted necessary conforming amendments, (1) expands definition of "appropriate Federal banking agency" to include FHLBB for Federal S&Ls, NCUA for Federal CUs and FDIC for insured State S&Ls and CUs; (2) adds appropriate definitions pertaining to CUs and S&Ls and a definition of a general term "financial institution" which covers all institutions insured.

Sec. 117. Admission of banks to Federal deposit insurance. (1) Provides that every S&L insured by FSLIC on Dec. 31, 1982 shall be insured by FDIC on Jan. 1, 1983 and every CU insured by NCUA on Dec. 31, 1984 shall be insured by FDIC on Jan. 1, 1985. (2) Provides that S&Ls chartered by FHLBB after Jan. 1, 1983 and CUs chartered by NCUA after Jan. 1, 1985 are to be insured by FDIC.

Sec. 118. Applications for Federal deposit insurance. (1) Expands existing provisions to require any uninsured State S&L or CU that wants insurance to apply to FDIC after Jan. 1983 (S&Ls) or Jan. 1985 (CUs) for deposit insurance. (2) Foreign bank requirements unchanged.

Sec. 119. Factors to be considered in acting upon applications. Unchanged, except for technical, conforming amendments.

Sec. 120. Assessments and reports. Currently, national banks and State member banks submit call reports to Comptroller and the Fed, respectively, with FDIC access. Call report dates are determined jointly by FDIC, Comptroller and Fed. Revised to require submittal of all call reports (including S&Ls and CUs) to FDIC upon dates determined by FDIC, with access by the appropriate Federal supervisor.

Extends FDIC insurance to banks located in U.S. territories, including trust territories (FSLIC and NCUA already provide insurance to these areas) and expands assessment base to deposits held in the territories. Also, includes credit unions operating under the jurisdiction of the Department of Defense for insurance and assessment purposes (complies with existing law).

Retains existing assessment provisions, except adds the language proposed in the Regu-

lators' Bill permitting the deduction of lost opportunity costs from gross assessments.

Change of Control requirements remain basically unchanged except that provisions including S&Ls and S&L holding companies are included. Also, annual reporting requirements are removed.

Eliminates § 7(k) reports (added by FIRA) pertaining to loans by banks to their insiders. (The Exam Council has proposed this provision be removed as an amendment to FIRA).

Sec. 121. Enforcement. Generally unchanged except that S&Ls and CUs are included within its provisions.

Sec. 122. Powers of the FDIC. Unchanged, except for technical, conforming amendments.

Sec. 123. Administration of the FDIC. Expands FDIC examination authority to State S&Ls and CUs and special examination authority to Federal S&Ls and CUs.

Sec. 124. Insurance Fund. Revises § 11(a) by deleting § 11(a) (which merges the Temporary FDI Fund and Fund for Mutuals into a permanent insurance fund) and inserting a new § 11(a) to provide for the merger of the FDI Fund and the Primary and Secondary Reserve of FSLIC as of Jan. 1983 and the merger with Share Insurance Fund as of Jan. 1985.

Clarifies that territories and possessions of U.S. includes trust territories.

Provides that FDIC is to be appointed receiver for closed Federal S&Ls and CUs, as well as closed national banks.

Retains DINB provisions but expand also to permit a Deposit Institution Federal Association ("DIFA"). General provisions for a DINB are retained with the FHLBB replacing the Comptroller with respect to a DIFA. The only substantive change is the elimination of a requirement that stock of the DINB (or DIFA) first be offered to the institution's previous shareholders.

Sec. 125. FDIC as receiver. Unchanged, in substance.

Sec. 126. Powers of FDIC. FDIC investment requirements are not changed.

Revises 13(c) powers as proposed in the Regulators' Bill.

Sec. 127. Authority of FDIC to borrow from Treasury. Permits FDIC also to borrow from the Federal Reserve and Federal Home Loan Banks.

Sec. 128. Exemption of FDIC from taxation. Deletes that portion dealing with FDIC notes and debentures. (FDIC lost the power to issue debentures and notes in 1947).

Sec. 129. Forms for FDIC notes and debentures. Deletes as obsolete.

Sec. 130. Annual report and audit by GAO. Unchanged, except deletion of fifth sentence as obsolete.

Sec. 131. Regulation of insured banks. Bank Merger Act generally unchanged except that it is expanded to include S&Ls. (Currently, S&Ls are not subject to a comparable law.) Competitive factor reports (except from the Department of Justice) are eliminated. Annual report to Congress of all bank mergers eliminated. Phantom mergers that are conditioned on a holding company application approval are eliminated as necessary.

Requires State S&Ls and CUs to obtain FDIC approval before branching or retiring capital.

Interest rate provisions remain unchanged, although State S&Ls and CUs are subject to FDIC supervision.

Expands the restrictions of §§ 23A (loans to affiliates) and 22(h) (loans to insiders) of the Federal Reserve Act to State S&Ls and CUs.

Sec. 132. Persons convicted of crimes prohibited from serving with banks. Revised to include S&Ls and CUs, as well as banks. Would apply only to officers and directors, not to "employees." Penalty would increase from $100 to $1,000. Hearing opportunity provision added for individual denied employment. Hearing opportunity and judicial review provisions added for financial institution assessed a penalty.

Sec. 133. Prohibition on participation in lotteries. Unchanged.

Sec. 134. Retention of records (Bank Secrecy Act). Unchanged.

Sec. 135. Nondiscriminatory provisions. Currently provides FDIC is not to discriminate against State nonmember banks, amend to say FDIC will not discriminate in favor of Federal institutions over State institutions or banks over S&Ls or CUs.

Sec. 136. Limitations and disclosures with respect to federally related mortgage. Unchanged.

Sec. 137. Indemnification to FSLIC for converted MSBs. Delete (would be obsolete if FDIC insures Federal MSBs).

Sec. 138. Interest rates of loans. Unchanged.

Sec. 139. Adds a new section providing that insured deposits of institutions are lawful investments and may be accepted as securities for all public funds of the U.S. (This provision is currently in FSLIC law (12 U.S.C. 1730b) with no comparable provisions in FDI Act).

Also adds a new section providing that any insured institution may be a depository of public money and may be a fiscal agent of the U.S. (This provision is currently in NCUA law (12 U.S.C. 1789a) with no comparable provision in FDI Act.)

Sec. 140. Makes title effective January 1, 1983.

TITLE II

Sec. 201. Repeals provisions of National Housing Act relating to FSLIC and Share Insurance Fund effective January 1, 1983.

Sec. 202. Amends National Housing Act to transfer jurisdiction over S&L holding companies to the FHLBB (currently this authority is held by FSLIC).

Secs. 203–206. Make technical conforming amendments to the National Housing Act.

Sec. 207. Provides that S&L holding companies registered with FSLIC on December 31, 1982 shall be registered with the FHLBB without application. Requires all others, within 90 days of becoming an S&L holding company, to register with FHLBB as it prescribes.

Sec. 208. Makes title effective on January 1, 1983.

Sec. 301. Repeals title II of the Federal Credit Union Act.

TITLE IV

Secs. 401–418. Amend all laws (i.e. Trust in Lending Act, CRA, etc.) referring to FHLBB and NCUA as the appropriate authorities over S&Ls and CUs to provide they are the appropriate authorities for Federal institutions and FDIC is the appropriate for insured State S&Ls and CUs.●

By Mr. MATSUNAGA:

S. 1722. A bill to amend title 5, United States Code, to provide that air traffic controllers entitled to immediate retirement annuities may not be entitled to training under section 3381, and for other purposes; to the Committee on Governmental Affairs.

EARLY RETIREMENT FOR AIR TRAFFIC CONTROLLERS

Mr. MATSUNAGA. Mr. President, I am today introducing a bill to provide air traffic control specialists employed by the Department of Transportation at flight service stations with the same important early retirement benefits that all other air traffic control specialists enjoy.

According to the Office of Personnel Management, the community of air traffic control specialists (GS–2152) is divided into the following three categories:

First. Air traffic control specialists (station).

Second. Air traffic control specialists (center).

Third. Air traffic control specialists (tower).

It is axiomatic that all personnel in the same personnel category must receive equal treatment and enjoy equal benefits. Otherwise, a caste system will surely emerge and a master/servant situation will result, with the attendant problems of low morale and degradation of efficiency.

Mr. President, that is exactly the present situation in the Federal air traffic control system—a system vital to commercial, military, and private air transportation in the United States.

Existing Federal personnel management law has established an inequitable distinction between air traffic control specialists employed in towers and centers and those specialists employed in flight service stations. In my view, this distinction must be eliminated if we are to continue safe air transportation in all categories of aviation.

During the past three decades, the Federal Aviation Administration (FAA) has dedicated the preponderance of its resources to the safety of scheduled air carriers—about 2,200 aircraft—and a paucity of its resources to the safety of general aviation—200,000 aircraft. Since air traffic control specialists employed are involved primarily with general aviation, they have become the victims of this outrageous neglect by the Federal Aviation Administration.

Public Law 92–297 was enacted in 1972 to improve the conditions of employment for air traffic control specialists by offering preferential retirement benefits and second career training for those control specialists who, for medical or other reasons, are unable to continue their work.

Moreover, to insure the quality of the force, the law established special appeal procedures for those involuntarily removed from air traffic control work and authority was provided for setting maximum age limitations for recruitment and retention.

Civil service retirement provisions (title V, U.S.C.) were amended to offer the control specialists early retirement benefits which were not applicable to the majority under the civil service system. Under Public Law 92–297, an air traffic control specialist may retire at age 50 if he has completed 20 years of service as a control specialist, and after 25 years of service regardless of age. He is also guaranteed an annuity equal to not less than 50 percent of his average salary over the highest 3 years of his service.

Mr. President, Public Law 92–297 had broad, bipartisan support in both Houses of Congress and was extremely well received by our Nation's air traffic control specialists, with the exception of those air traffic control specialists employed at flight service stations.

Although the FAA had recommended the inclusion of flight service station control specialists in the original early

retirement legislation, they were excluded from coverage in the bill enacted into law. In later hearings concerning the exclusion of flight service station controllers, the Agency revealed that this decision was based primarily on economics. Obviously, Mr. President, this decision was not based on justice.

Since I first introduced legislation in the 94th Congress to bring flight service personnel under the early retirement provisions of Public Law 92–297, there have been attempts to minimize the importance of the services rendered by flight service stations and claims that there is not enough medical evidence to support the granting of early retirement and second career training benefits to station personnel. I would like to speak briefly to these two points.

Mr. President, although the duties of flight service station controllers differ in many respects from the duties of center and tower controllers, they share the same heavy responsibility of safeguarding the lives of the pilots and passengers placed in their care. All air traffic controllers—at stations, centers, and towers—handle or communicate with aircraft prior to, during, and following a flight. At all three facilities, their advice and related assistance to pilots insures each year the safe operation of millions of aircraft movements throughout our Nation's massive air traffic system.

Station controllers perform the duties of actual separation of aircraft from cultural objects, from the terrain, and from hazardous weather conditions, which are recognized as the major cause of aviation accidents. Moreover, the principal duties of station employees involve the furnishing of information to pilots and providing critical assistance to pilots in distress through the use of radio and direction-finding equipment.

Air traffic controllers inflight service stations have been called the lifeline of general aviation. The controller at a station handles flight plans, provides weather reports, and an array of preflight and inflight services to general aviation pilots, air carrier pilots, and military aircraft.

Mr. President, all people familiar with aviation will surely agree that flight service stations do, indeed, fulfill a vital function at the grassroots level for the entire general aviation community. And they become even more important in light of the fact that the volume of air traffic served by flight service stations is expected to increase substantially over the next several years. According to FAA forecasting reports, the number of general aviation pilots in the United States will nearly double by 1990.

In addition, with the recent enactment of airline deregulation legislation, a great expansion of commuter air service among small airports is expected in the immediate future. The commuter air services will rely largely on services provided by air traffic controllers at flight service stations.

Mr. President, it is very clear that station controllers will, in the coming years, play an increasingly important role in aviation safety, particularly for the expanding general aviation community. I, therefore, strongly believe that in the interest of aviation safety, flight service stations must be of the highest quality, staffed with personnel at age and stamina levels which are necessary to effectively carry the heavy physical and mental burdens connected to this occupation.

In evaluating the appropriateness of granting early retirement coverage to controllers, the Department of Transportation has long considered whether or not the stress and pressures of flight service work adversely affect the skills of controller personnel. After reviewing very carefully the medical information relating to the question, I am convinced that the occupation of flight service station control specialist is extremely stressful and that extension of early retirement to these personnel is highly justified.

Medical studies made to date, including stress factor studies, have indicated that stress factors in the workplace are as severe in flight service stations as they are in towers and centers. Information submitted to the House Post Office and Civil Service Committee during the 94th Congress by former Secretary of Transportation William Coleman showed that the percentage of disability retirements and deaths for flight service personnel was far greater than that for center and tower personnel; in fact, three times the percentage for center personnel.

Furthermore, when divided into age groups, the percentage of retirements and deaths for those 49 years of age and under in flight service was 3.5 times greater than tower personnel and almost twice that of center personnel.

Additionally, the assistant regional flight surgeon, eastern region, Federal Aviation Administration, has stated in testimony before the House Post Office and Civil Service Committee that there is stress in all of the air traffic control occupation.

These statistics and this statement, Mr. President, indicate to this Senator that in continuing to withhold from flight service station controllers coverage under Public Law 92–297, we are not acting in the best interest of aviation safety. Through the lack of early retirement, a significant number of flight service controllers must work far beyond their most productive and efficient years; obliged to continue to utilize deteriorating skills for lack of a satisfactory alternative. Compounding this serious problem is the fact that many flight service stations must attempt to provide adequate service to the growing general aviation community with small staffs and outdated equipment.

Mr. President, in enacting Public Law 92–297, the Congress found that the mental and physical abilities necessary to perform air traffic duties in towers and centers begin to decline by age 40, and decline dramatically by age 45, as a result of the tremendous pressures experienced in the workplace. In hearings preceding the enactment of the law, the Post Office and Civil Service Committee concluded that flight service controllers should not be included immediately in the law pending further investigation by the Department of Transportation.

In response to the committee's directive, the Department made further studies, the findings of which, according to the Department, were insufficient evidence upon which to base a decision whether or not to extend early retirement coverage to flight service personnel. Since that time, as I have indicated, conclusive evidence has been gathered demonstrating that flight service station controllers suffer from the same damaging effects of constant stress and pressure as do air traffic control specialists in towers and centers.

Mr. President, it has now been 9 years since the discriminatory decision was made to leave flight service station controllers out of the provisions of Public Law 92–297. Correction by the Congress of this basic inequity is long overdue. The bill I am introducing today will grant flight service controllers employed by the Department of Transportation the same early retirement benefits now provided air traffic control specialists in towers and centers.

Mr. President, in the interest of Justice for flight service controllers and in the interest of safety for our Nation's entire aviation community, I urge favorable consideration of this important legislation.

By Mr. MATSUNAGA:

S. 1723. A bill to implement the Convention on the Means of Prohibiting and Preventing the Illicit Import, Export, and Transfer of Ownership of Cultural Property; to the Committee on Finance.

CONVENTION ON THE MEANS OF PROHIBITING AND PREVENTING THE ILLICIT IMPORT, EXPORT, AND TRANSFER OF OWNERSHIP OF CULTURAL PROPERTY

Mr. MATSUNAGA. Mr. President, on February 5 of this year I introduced S. 426 a bill for myself and the Senator from Montana (Mr. BAUCUS) to implement the United Nations Convention on the Means of Prohibiting and Preventing the Illicit Import, Export, and Transfer of Ownership of Cultural Property. The bill had been drafted by State Department officials to implement the convention which the U.S. Senate had approved on August 11, 1972. The chief purpose of the convention is to combat the illegal international trade of national art treasures.

A number of groups—including art dealers, museums, archeologists, as well as the Customs Service—have recommended various modifications. It is my understanding that all of these changes have the approval of the affected groups, except for the definition of "satisfactory evidence." This issue concerns the documentation procedure which the Customs Service has suggested to facilitate administration.

I have revised the original bill to incorporate these recommendations. The changes include:

A requirement that other nations having a significant import trade, implement comparable restrictions;

The inclusion of archeological or ethnological material of a native population or nonindustrial society;

The limitation of the period for emergency import restrictions;

The restructuring of the cultural property advisory committee;

A revised documentation procedure;

The return of certain forfeited material to the bona fide purchaser or holder of title; and

A safeguard for museum acquisitions.

The revised bill which I am introducing, should expedite consideration of the measure.

The need for this legislation is pressing. I ask unanimous consent that the bill and a recent article from the Washington Post on this matter be printed in the RECORD following my statement.

There being no objection, the bill and article were ordered to be printed in the RECORD, as follows:

S. 1723

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Convention on Cultural Property Implementation Act".

SEC. 2. AGREEMENTS TO IMPLEMENT ARTICLE 9 OF THE CONVENTION.

(a) AGREEMENT AUTHORITY.—If the President determines, after request is made to the United States under article 9 of the Convention by any State Party, that—

(1) the cultural patrimony of the State Party is in jeopardy from the pillage of archaeological or ethnological materials of the State Party;

(2) the State Party has taken measures consistent with the Convention to protect its cultural patrimony;

(3) the application of the import restrictions set forth in section 6 with respect to archaeological or ethnological material of the State Party, if applied in concert with comparable restrictions implemented, or to be implemented, by those nations (whether or not State Parties) having a significant import trade in such material, would be of substantial benefit in deterring a serious situation of pillage, and remedies less drastic than the application of the restrictions set forth in such section are not available; and

(4) the application of the import restrictions set forth in section 6 in the particular circumstances is consistent with the general interest of the international community in the interchange of cultural property among nations for scientific, cultural, and educational purposes;

the President may, subject to the provisions of this Act, enter into—

(A) a bilateral agreement with the State Party to apply the import restrictions set forth in section 6 to that archaeological or ethnological material of the State Party the pillage of which is creating the jeopardy to the cultural patrimony of the State Party found to exist under paragraph (1); or

(B) a multilateral agreement with the State Party and with one or more other nations (whether or not a State Party) under which the United States will apply such restrictions, and the other nations will apply comparable restrictions, with respect to such material.,

A request made to the United States under article 9 of the Convention by a State Party must be accompanied by a statement of the facts known to the State Party that relate to those matters with respect to which determinations must be made under paragraphs (1) through (4). In implementing this subsection, the President should endeavor to obtain the commitment of the State Party concerned to permit the exchange of its archaeological and ethnological materials under circumstances in which such exchange does not jeopardize its cultural patrimony.

(b) EFFECTIVE PERIOD.—The President may not enter into any agreement under subsection (a) which has an effective period beyond the close of the 5-year period beginning on the date on which such agreement enters into force with respect to the United States.

(c) ENTERING INTO FORCE OF AGREEMENTS.—No agreement entered into by the President under subsection (a) may enter into force with respect to the United States unless and until the President determines that the other nations (whether or not State Parties) having significant import trade in the archaeological and ethnological material covered by the agreement have implemented, or have taken the legal and administrative steps necessary to implement, as a part of a concerted international effort with respect to such material, import restrictions that are comparable to those set forth in section 6.

(4) SUSPENSION OF IMPORT RESTRICTIONS UNDER AGREEMENTS.—If, after an agreement enters into force with respect to the United States, the President determines that a number of nations having significant import trade in the archaeological and ethnological material covered by the agreement——

(1) have not implemented import restrictions that are comparable to those set forth in section 6, or

(2) have implemented such import restrictions but are failing to administer them satisfactorily with the result that no substantial benefit in deterring a serious situation of pillage in the State Party concerned is being obtained,

the President shall suspend the implementation of the import restrictions under section 6 until such time as the nations take appropriate corrective action.

(e) EXTENSION OF AGREEMENTS.—The President may extend any agreement that enters into force with respect to the United States for such additional periods of time as the President deems reasonable if the President determines that (1) those factors referred to in subsection (a)(1) through (4) which justified the entering into of the agreement still pertain, and (2) no cause for suspension under subsection (d) exists.

(f) PROCEDURES.—If any request described in subsection (a) is made by a State Party, or if the President proposes to extend any agreement under subsection (e), the President shall—

(1) publish notification of the request or proposal in the Federal Register;

(2) submit to the Committee such information regarding the request or proposal (including, if applicable, information from the State Party with respect to the implementation of emergency action under section 3) as is appropriate to enable the Committee to carry out its duties under section 5(f); and

(3) consider, in taking action on the request or proposal, the views and recommendations contained in the Committee report required under section 5(f) (1) or (2), if the report is submitted to the President before the close of the 120-day period beginning on the day on which the President submitted information on the request or proposal to the Committee under paragraph (2).

(g) INFORMATION ON PRESIDENTIAL ACTION.—In any case in which the President enters into or extends an agreement pursuant to subsection (a) or (e), or applies import restrictions under section 3, the President shall, promptly after taking such action, submit to the Congress a document containing a description of such action (including the text of any agreement entered into), the differences (if any) between such action and the views and recommendations contained in any Committee report which the President was required to consider, and the reasons for any such difference. If any Committee report required to be considered by the President recommends that an agreement be entered into, but no such agreement is entered into, the President shall submit to the Congress a document which contains the reasons why such agreement was not entered into.

SEC. 3. EMERGENCY IMPLEMENTATION OF IMPORT RESTRICTIONS.

(a) EMERGENCY CONDITION DEFINED.—For purposes of this section, the term "emergency condition" means, with respect to any archaeological or ethnological material of any State Party, that such material is—

(1) a newly discovered type of material which is of importance for the understanding of the history of mankind and is in jeopardy from pillage, dismantling, dispersal, or fragmentation;

(2) identifiable as coming from any site recognized to be of high cultural significance if such site is in jeopardy from pillage, dismantling, dispersal, or fragmentation which is, or threatens to be, of crisis proportions; "or

(3) a part of the remains of a particular civilization, native population, or nonindustrial society the record of which is in jeopardy from pillage, dismantling, dispersal, or fragmentation which is, or threatens to be, of crisis proportions;

and application of the import restrictions set forth in section 6 on a temporary basis would, in whole or in part, reduce the incentive for such pillage, dismantling, dispersal, or fragmentation.

(b) PRESIDENTIAL ACTION.—Subject to subsection (c), if the President determines that an emergency condition applies with respect to any archaeological or ethnological material of any State Party, the President may apply the import restrictions set forth in section 6 with respect to such material.

(c) LIMITATIONS.—

(1) The President may not implement this section with respect to the archaeological or ethnological materials of any State Party unless the State Party has made a request described in section 2(a) to the United States; but this section may be so implemented whether or not the State Party indicated, in such request, that an emergency condition exists.

(2) In taking action under subsection (b) with respect to any State Party, the President shall consider the views and recommendations contained in the Committee report required under section 5(f)(3) if the report is submitted to the President before the close of the 60-day period beginning on the day on which the President submitted information to the Committee under section 2(f)(2) on the request of the State Party under section 2(a).

(3) No import restrictions set forth in section 6 may be applied under this section to the archaeological or ethnological materials of any State Party for more than five years after the date on which the request of a State Party under section 2(a) is made to the United States. This period may be extended by the President for three more years if the President determines that the emergency condition continues to apply with respect to the archaeological or ethnological material. However, before taking such action, the President shall request and consider, if received within 60 days, a report of the Committee setting forth its recommendations, together with the reasons therefor, as to whether such import restrictions shall be extended.

(4) The import restrictions under this section shall continue to apply, if before their expiration under paragraph (3), there has entered into force with respect to the archaeological or ethnological materials an agreement under section 2 or an agreement with a State Party to which the Senate has given

its advice and consent to ratification. Such import restrictions shall continue to apply for the duration of the agreement.

SEC. 4. DESIGNATION OF MATERIALS COVERED BY AGREEMENTS OR EMERGENCY ACTIONS.

After any agreement enters into force under section 2, or emergency action is taken under section 3, the Secretary, after consultation with the Director of the International Communications Agency, by regulation shall promulgate, and when appropriate shall revise, a list of the archaeological or ethnological material of the State Party covered by the agreement or by such action. The Secretary may list such material by type or other appropriate classification, but each listing made under this section shall be sufficiently specific and precise to insure that (1) the import restrictions under section 6 are applied only to the archaeological and ethnological material covered by the agreement or emergency action; and (2) fair notice is given to importers and other persons as to what material is subject to such restrictions.

SEC. 5. CULTURAL PROPERTY ADVISORY COMMITTEE.

(a) ESTABLISHMENT.—There is established the Cultural Property Advisory Committee.

(b) MEMBERSHIP.—(1) The Committee shall be composed of 9 members appointed by the President as follows:

(A) Two members from among four nominees, two of which shall be selected by the American Association of Museums and two of which shall be selected by the Association of Art Museum Directors.

(B) Three members from among six nominees, two of which shall be selected by the Archaeological Institute of America, two of which shall be selected by the Coordinating Council of National Archaeological Societies, and two of which shall be selected by the American Anthropological Association.

(C) Two members from among four nominees, two of which shall be selected by the American Association of Dealers in Ancient, Oriental, and Primitive Art and two of which shall be selected by the National Antique and Art Dealers Association of America.

(D) Two members who shall represent the interests of the public.

(2)(A) No individual is eligible for nomination or appointment under paragraph (1)(D) if the individual is an officer or employee of, or is otherwise related in an official capacity to, any organization listed in paragraph (1) (A) through (C).

(B) No individual is eligible for nomination or appointment under paragraph (1) unless the individual is specially qualified to serve on the Committee by virtue of the individual's education, training, or experience.

(C) Appointments and nominations made under paragraph (1) shall be made in such a manner so as to insure fair representation of the various interests of the public sectors and the private sectors in the international exchange of archaeological and ethnological materials, and that within such sectors, fair representation is accorded to the interests of regional and local institutions and museums.

(3)(A) Except as provided in subparagraph (B), members of the Committee shall be appointed for terms of 3 years.

(B) Of the members first appointed—

(i) three shall be appointed for terms of 1 year,

(ii) three shall be appointed for terms of 2 years, and

(iii) three shall be appointed for terms of 3 years,

as designated by the President at the time of appointment.

(C) Any individual appointed as a member of the Committee is eligible for reappointment for one additional term (whether or not consecutive); except that any member initially appointed to the Committee for less than a full term is eligible for reappointment for two additional terms.

(D) A vacancy in the Commission shall be filled in the same manner in which the original appointment was made.

(c) EXPENSES.—The members of the Committee shall be reimbursed for actual expenses incurred in the performance of duties for the Committee.

(d) TRANSACTION OF BUSINESS.—

(1) Five of the members of the Committee shall constitute a quorum. All decisions of the Committee shall be by majority vote of the members present and voting.

(2) A Chairman and Vice Chairman of the Committee shall be elected by the members.

(e) STAFF AND ADMINISTRATION.—

(1) The Director of the International Communications Agency shall provide the Committee with such administrative and technical support services as are necessary for the effective functioning of the Committee.

(2) The Administrator of General Services shall furnish the Committee with such offices, equipment, supplies, and maintenance services as are necessary.

(3) Upon the request of the Committee, the head of any Federal agency may detail to the Committee, on a reimbursable basis, any of the personnel of such agency to assist the Committee in carrying out its functions.

(f) REPORTS BY COMMITTEE.—

(1) The Committee shall, with respect to each request of a State Party referred to in section 2(a), undertake an investigation and review with respect to matters referred to in section 2(a)(1) through (4) as they relate to the State Party or the request and shall prepare a report setting forth—

(A) the results of such investigation and review; and

(B) its recommendation, together with the reasons therefor, as to whether an agreement should be entered into under section 2(a) with respect to the State Party.

(2) The Committee shall, with respect to each agreement proposed to be extended by the President under section 2(c), prepare a report setting forth its recommendations together with the reasons therefor, as to whether or not the agreement should be extended.

(3) The Committee shall in each case in which the Committee finds that an emergency condition under section 3 exists (whether or not the State Party indicated in its request under section 2(a) that an emergency condition exists) prepare a report setting forth its recommendations, together with the reasons therefor, as to whether emergency action under section 3 should be implemented. If any State Party indicates in its request under section 2(a) that an emergency condition exists and the Committee finds that such a condition does not exist, the Committee shall prepare a report setting forth the reasons for such finding.

(4) Any report prepared by the Committee which recommends the entering into or the extension of any agreement under section 2 or the implementation of emergency action under section 3 shall set forth—

(A) such terms and conditions which it considers necessary and appropriate to include within such agreement, or apply with respect to such implementation, for purposes of carrying out the intent of the Convention; and

(B) such archaeological or ethnological material of the State Party, specified by type or such other classification as the Committee deems appropriate, which should be covered by such agreement or action.

(5) If any member of the Committee disagrees with respect to any matter in any report prepared under this subsection, such member may prepare a statement setting forth the reasons for such disagreement and such statement shall be appended to, and considered a part of, the report.

(6) The Committee shall submit to the Congress and the President a copy of each report prepared by it under this subsection.

(g) COMMITTEE REVIEW.—The Committee shall undertake a continuing review of the effectiveness of agreements entered into under section 2 that have entered into force with respect to the United States, and of emergency action implemented under section 3, and if the Committee finds, as a result of such review, that—

(1) cause exists for suspending, under section 2(d), the import restrictions imposed under an agreement;

(2) any agreement or emergency action is not achieving the purposes for which entered into or implemented; or

(3) changes are required to this Act in order to implement fully the obligations of the United States under the Convention;

the Committee may submit a report to the Congress and the President setting forth its recommendations for suspending such import restrictions or for improving the effectiveness of any such agreement or emergency action of this Act.

SEC. 6. IMPORT RESTRICTIONS.

(a) DOCUMENTATION OF LAWFUL EXPORTATION.—No designated archeological or ethnological material that is exported (whether or not such exportation is to the United States) from the State Party after the designation of such material under section 4 may be imported into the United States unless the State Party issues a certification or other documentation which certifies that such exportation was not in violation of the laws of the State Party.

(b) CUSTOMS ACTION IN ABSENCE OF DOCUMENTATION.—If the consignee of any designated archaeological or ethnological material is unable to present to the customs officer concerned at the time of making entry of such material—

(1) the certificate or other documentation of the State Party required under subsection (a); or

(2) satisfactory evidence that such material was exported from the State Party—

(A) not less than 10 years before the date of such entry and that neither the person for whose account the material is imported, nor any related person, contracted for or acquired an interest, directly or indirectly, in such material more than one year before that date of entry, or

(B) on or before the date on which such material was designated under section 4,

the customs officer concerned shall refuse to release the material from customs custody and send it to a bonded warehouse or store to be held at the risk and expense of the consignee, notwithstanding any other provision of law, until such documentation or evidence is filed with such officer. If such documentation or evidence is not presented within 90 days after the date on which such material is refused release from customs custody, or such longer period as may be allowed by the Secretary for good cause shown, the material shall be subject to seizure and judicial forfeiture.

(c) DEFINITION OF SATISFACTORY EVIDENCE.—The term "satisfactory evidence" means—

(1) for purposes of subsection (b)(2)(A)—

(A) one or more declarations under oath by the importer, or the person for whose account the material is imported, stating that, to the best of his knowledge—

(i) the material was exported from the State Party not less than 10 years before the date of entry into the United States, and

(ii) neither such importer nor person, nor any related person, contracted for or acquired an interest, directly or indirectly, in

such material more than one year before the date of entry of the material; and

(B) documentation provided by the consignor, or person who sold the material to the importer, which indicates the date, if known, on which the material was exported from the State Party, or, if not known, the date on which it is believed that the material was exported, and the basis for that belief; and

(2) for purposes of subsection (b)(2)(B), one or more declarations under oath by the consignor or person who sold the material to the importer and the importer or the person for whose account the material is to be imported which state that the material was exported from the State Party on or before the date such material was designated under section 4, together with such other evidence of exportation as the Secretary may require.

(d) RELATED PERSONS.—For purposes of subsections (b) and (c), a person shall be treated as a related person to an importer, or to a person for whose account material is imported, if such person—

(1) is a member of the same family as the importer or person of account, including, but not limited to, membership as a brother or sister (whether by whole or half blood), spouse, ancestor, or lineal descendant;

(2) is a partner or associate with the importer or person of account in any partnership, association, or other venture; or

(3) is a corporation or other legal entity in which the importer or person of account directly or indirectly owns, controls, or holds power to vote percent or more of the outstanding voting stock or shares in the entity.

SEC. 7. STOLEN CULTURAL PROPERTY.

No article of cultural property appertaining to the inventory of a museum or religious or secular public monument or similar institution in any State Party which is stolen from such institution after the effective date of this Act, or after the date of entry into force of the convention for the State Party, whichever date is later, may be imported into the United States.

SEC. 8. TEMPORARY DISPOSITION OF MATERIALS AND ARTICLES SUBJECT TO ACT.

Pending a final determination as to whether any archaeological or ethnological material, or any article of cultural property, has been imported into the United States in violation of section 6 or section 7, the Secretary shall, upon application by any museum or other cultural or scientific institution in the United States which is open to the public, such material or article to be retained at such institution if he finds that—

(1) sufficient safeguards will be taken by the institution for the protection of such material or article; and

(2) sufficient bond is posted by the institution to ensure its return to the Secretary.

SEC. 9. SEIZURE AND FORFEITURE.

(a) IN GENERAL.—Any designated archaeological or ethnological material or article of cultural property, as the case may be, which is imported into the United States in violation of section 6 or section 7 shall be subject to seizure and judicial forfeiture. All provisions of law relating to seizure, judicial forfeiture, and condemnation for violation of the customs laws shall apply to seizures and forfeitures incurred, or alleged to have been incurred, under this Act, insofar as such provisions of law are applicable to, and not inconsistent with, the provisions of this Act.

(b) ARCHAEOLOGICAL AND ETHNOLOGICAL MATERIAL.—Any designated archaeological or ethnological material which is imported into the United States in violation of section 6 and which is forfeited to the United States under this Act shall—

(1) first be offered for return to the State Party;

(2) if not returned to the State Party, be returned to a claimant with respect to whom the material was forfeited if that claimant establishes—

(A) valid title to the material, or

(B) that the claimant is a bona fide purchaser for value of the material; or

(3) if not returned to the State Party under paragraph (1) or to a claimant under paragraph (2), be disposed of in the manner prescribed by law for articles forfeited for violation of the customs laws.

No return of material may be made under paragraph (1) or (2) unless the State Party or claimant, as the case may be, bears the expenses incurred incident to the return and delivery, and complies with such other requirements relating to the return as the Secretary shall prescribe.

(c) ARTICLES OF CULTURAL PROPERTY.—

(1) In any action for forfeiture under this section regarding an article of cultural property imported into the United States in violation of section 7, if the claimant establishes valid title to the article, under applicable law, as against the institution from which the article was stolen, forfeiture shall not be decreed unless the State Party to which the article is to be returned pays the claimant just compensation for the article. In any action for forfeiture under this section where the claimant does not establish such title but establishes that it purchased the article for value without knowledge or reason to believe it was stolen, forfeiture shall not be decreed unless—

(A) the State Party to which the article is to be returned pays the claimant an amount equal to the amount which the claimant paid for the article, or

(B) the United States establishes that such State Party, as a matter of law or reciprocity, would in similar circumstances recover and return an article stolen from an institution in the United States without requiring the payment of compensation.

(2) Any article of cultural property which is imported into the United States in violation of section 7 and which is forfeited to the United States under this Act shall—

(A) first be offered for return to the State Party in whose territory is situated the institution referred to in section 7 and shall be returned if that State Party bears the expenses incident to such return and delivery and complies with such other requirements relating to the return as the Secretary prescribes; or

(B) if not returned to such State Party, be disposed of in the manner prescribed by law for articles forfeited for violation of the customs laws.

SEC. 10. EVIDENTIARY REQUIREMENTS.

Notwithstanding the provisions of section 615 of the Tariff Act of 1930 (19 U.S.C. 1615), in any forfeiture proceeding brought under this Act in which the material or article, as the case may be, is claimed by any person, the United States shall establish—

(1) in the case of any material subject to the provisions of section 6, that the material has been listed by the Secretary in accordance with section 4; and

(2) in the case of any article subject to section 7, that the article—

(A) appertains to the inventory of a museum or religious or secular public monument or similar institution in a State Party, and

(B) was stolen from such institution after the effective date of this Act, or after the date of entry into force of the Convention for the State Party concerned, whichever date is later.

SEC. 11. CERTAIN MATERIAL AND ARTICLES EXEMPT FROM ACT.

The provisions of this Act shall not apply to—

(1) any archaeological or ethnological material or any article of cultural property which is imported into the United States for temporary exhibition or display if such material or article is immune from seizure under judicial process pursuant to the Act entitled "An Act to render immune from seizure under judicial process certain objects of cultural significance imported into the United States for temporary display or exhibition, and for other purposes", approved October 19, 1965 (22 U.S.C. 2459); or

(2) any designated archaeological or ethnological material or any article of cultural property imported into the United States if such material or article—

(A) has been held in the United States for a period of not less than 3 consecutive years by a recognized museum or religious or secular monument or similar institution, and was purchased by that institution for value, in good faith, and without notice that such material or article was imported in violation of this Act, but only if—

(i) the acquisition of such material or article has been reported in a publication of such institution, any regularly published newspaper or periodical with a circulation of at least 50,000, or a periodical or exhibition catalogue which is concerned with the type of article or materials sought to be exempted from this Act.

(ii) such material or article has been exhibited to the public for a period or periods aggregating at least 1 year during such 3-year period, or

(iii) such article or material has been catalogued and the catalogue material made available upon request to the public for at least 2 years during such 3-year period;

(B) if subparagraph (A) does not apply, has been within the United States for a period of not less than 10 consecutive years and has been exhibited for not less than 5 years during such period in a recognized museum or religious or secular monument or similar institution in the United States open to the public; or

(C) if subparagraphs (A) and (B) do not apply, has been within the United States for a period of not less than 10 consecutive years and the State Party concerned has received or should have received during such period fair notice (through such adequate and accessible publication, or other means, as the Secretary shall by regulation prescribe) of its location within the United States; and

(D) if none of the preceding subparagraphs apply, has been within the United States for a period of not less than 20 consecutive years and the claimant establishes that it purchased the material or article for value without knowledge or reason to believe that it was imported in violation of law.

SEC. 12. REGULATIONS.

The Secretary shall prescribe such rules and regulations as are necessary and appropriate to carry out the provisions of this Act.

SEC. 13. ENFORCEMENT.

In the customs territory of the United States, and in the Virgin Islands, the provisions of this Act shall be enforced by appropriate customs officers. In any other territory or area within the United States, but not within such customs territory or the Virgin Islands, such provisions shall be enforced by such persons as may be designated by the President.

SEC. 14. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated after September 30, 1981, such sums as may be necessary to carry out this Act.

SEC. 15. DEFINITIONS.

For purposes of this Act—

(1) The term "agreement" includes any amendment to, or extension of, any agreement under this Act that enters into force with respect to the United States.

(2) The term "archaeological or ethnological material of the State Party" means—

(A) any object of archaeological interest;

(B) any object of ethnological interest; or

(C) any fragment or part of any object referred to in subparagraph (A) or (B);

which was first discovered within, and is subject to export control by, the State Party. For purposes of this paragraph—

(i) no object may be considered to be an object of archaeological interest unless such object—

(I) is of cultural significance;

(II) is at least 250 years old, and

(III) was normally discovered as a result of scientific excavation, clandestine or accidental digging, or exploration on land or under water; and

(ii) no object may be considered to be an object of ethnological interest unless such object is—

(I) the product of a tribal or nonindustrial society, and

(II) important to the cultural heritage of a people because of its distinctive characteristics, comparative rarity, or its contribution to the knowledge of the origins, development, or history of that people.

(3) The term "Committee" means the Cultural Property Advisory Committee established under section 5.

(4) The term "consignee" means a consignee as defined in section 483 of the Tariff Act of 1930 (19 U.S.C. 1483).

(5) The term "Convention" means the Convention on the means of prohibiting and preventing the illicit import, export, and transfer of ownership of cultural property adopted by the General Conference of the United Nations Educational Scientific and Cultural Organization at its sixteenth session.

(6) The term "cultural property" includes articles described in article 1 (a) through (k) of the Convention whether or or not any such article is specifically designated as such by any State Party for the purposes of such article.

(7) The term "designated archaeological or ethnological material" means any archaeological or ethnological material of the State Party which is covered by an agreement under this Act that enters into force with respect to the United States, or subject to emergency action under section 3, and listed by regulation under section 4.

(8) The term "Secretary" means the Secretary of the Treasury or his delegate.

(9) The term "State Party" means any nation which has ratified, accepted, or acceded to the Convention.

(10) The term "United States" includes the several States, the District of Columbia, and any territory or area the foreign relations for which the United States is responsible.

(11) The term "United States citizen" means—

(A) any individual who is a citizen or national of the United States;

(B) any corporation, partnership, association, or other legal entity organized or existing under the laws of the United States or any State; or

(C) any department, agency, or entity of the Federal Government or of any government of any of the United States.

SEC. 16. EFFECTIVE DATE.

(a) IN GENERAL.—This Act shall take effect on the 90th day after the date of the enactment of this Act or on any date which the President shall prescribe and publish in the Federal Register, if such date is—

(1) before such 90th day and after such date of enactment; and

(2) after the initial membership of the Committee is appointed.

(b) EXCEPTION.—Notwithstanding subsection (a), the members of the Committee may be appointed in the manner provided for in section 5 at any time after the date of the enactment of the Act.

[From the Washington Post, July 17, 1981]

MAYAN HISTORY

(By David Remnick)

They come in private planes, in shrimp boats, or simply trek for days through the jungles of Guatemala. Their tools are power saws, shipping crates and, if necessary, machine guns. They are raiders in search of the lost civilization of the Maya Indians, but they are not archeologists in search of knowledge. They are looters motivated by the high fees paid for Mayan relics by art galleries, museums and private collectors throughout the United States, Western Europe and Japan.

Yesterday, at a press conference at the National Geographic Society, a group of archeologists called on Congress to pass legislation that would help prevent the destruction of the ancient Maya civilization.

Among the scholars present was the magazine's staff archeologist, Dr. George Stuart, who on December 29, 1980, led a team into a concealed cave called Naj Tunich, or "stone house." They discovered hieroglyphics, ancient graffiti and even some erotic drawings on the limestone walls dating from about 733 to 762 A.D., the height of the Maya Classic period. They also discovered there had been other visitors. Stuart said looters had left a pile of pottery fragments and had pried apart the masonry walls.

Stuart said his findings are not unique, and pointed to other examples of illegal excavation in Guatemala:

Recently a band of looters came across an eight-foot stele, or column, in Petén, the northern panhandle of Guatemala and the most fertile ground for Mayan artifacts. A mine of information disappeared when looters cut the stele vertically, like a piece of cheese, destroying glyphs along its side. One half is in the Cleveland Museum of Art, the other in the Kimball Art Museum in Fort Worth.

Last April on a site of Mayan tombs known as Rio Azul, dating from 417 A.D., Guatemalan inspectors surprised 10 looters. A shoot-out ensued. "Luckily they were not good shooters; they were better diggers," said Dr. Francis Polo Sifontes, general director of Guatemala's Institute of Anthropology and History. The looters escaped unhurt with pieces of jade, pottery and an entire tomb. The job, said Polo, was the work of experts.

Polo called the looting a "murder of history" and said, "This fertile field of study . . . is threatened to be reduced to a formless pile of archeological debris and rubble."

According to Polo, looters for the past 15 years have been stripping clean anicent Maya Indian relics from nearly 1,000 different sites in Guatemala and shipping the prized objects. He said the smugglers often cover the relics with gum resin, as though they were exporting the resin itself. Once they arrive at their destination, the objects are reassembled for sale.

The Maya civilization, which reached its cultural height between 300 A.D., and its mysterious disappearance in 900 A.D., could be lost to scholars if the looting continues, according to Dr. Clemency Coggins, a research associate at Harvard University's Peabody Museum. "Not since the 16th-century conquistadors ravaged these countries in their search for gold have the Maya been so plundered," said Coggins. "Guatemala has become the most seriously endangered archeological area in the Western Hemisphere."

Although trade agreements between the United States and Mexico have slowed the trafficking of the larger steles, there are still no U.S. laws barring the import of smaller objects. Coggins said the best way to prevent further looting is a bill now before the Senate Finance Committee based on UNESCO legislation barring commerce in stolen cultural property.

Guatemalan law prohibits the export of archeological artifacts, but Polo said his country cannot prevent thefts on its own. "We'd need the entire Guatemalan army to stop the looters," he said.

"If this keeps up," said National Geographic's Stuart, "in 20 years there will be nothing left."

By Mr. ROTH (for himself, Mr. RUDMAN, Mr. COHEN, and Mr. NUNN):

S. 1724. A bill to amend the Federal Employees Compensation Act, and for other purposes; to the Committee on Labor and Human Resources.

FEDERAL EMPLOYEES COMPENSATION ACT ANTI-FRAUD AMENDMENTS OF 1981

● Mr. ROTH. Mr. President, I am introducing today, on behalf of myself and Senators RUDMAN, COHEN, and NUNN, a bill to amend certain provisions of the Federal Employees Compensation Act (FECA). These amendments are designed to counter the fraud and abuses to which the workers' compensation program is so vulnerable—abuses which were startlingly revealed during testimony before the Permanent Subcommittee on Investigations.

On July 22 and 23 of this year, as part of our continuing examination of fraud, waste, and abuse in the Federal Government, the subcommittee conducted hearings which focused on medical providers who, by deceit and falsehood, inordinately profit from the FECA program at the expense of those legitimately entitled to benefits. In one instance, we learned of a physician who billed, and was paid, for applying and reapplying the same cast to a patient's wrist over several months. In another case, this same physician received thousands of dollars for stitching a patient's knee in each of more than 200 visits. In both cases, treatment was actually provided once; the Department of Labor, the agency principally responsible for administration of this program, did not question whether subsequent treatment was in fact rendered.

We heard testimony concerning another case in which the Department of Labor knew from its files that one Federal employee had suffered no lasting injury and had returned to work, yet his physician continued to bill, and receive payment, for intricate cardiac treatments costing hundreds of thousands of dollars.

Despite the fact that this fraud is now known, and despite criminal indictment and conviction of some of the physicians, not one of these unscrupulous doctors has been precluded by the Department of Labor from billing and receiving compensation for further FECA claims. Department of Labor officials admitted at our hearing that under current law they do not have the authority to effectively combat this fraud.

In fact, Senator RUDMAN put this question to the Director of DOL's Office of Workers' Compensation Programs:

After listening to your lament, if I were telling the staff to summarize the results of this hearing in one sentence, I guess what you are saying is you are trying very hard, but right now things are in one hell of a mess. If that a fair statement?

And the reply of the DOL witness was: "That is a fair statement, yes."

In his testimony, the new Inspector General at DOL, Mr. Thomas F. McBride, put his finger on one of the major problems within DOL that underlines the more visible problem of fraud and vulnerability to fraud. He said:

It is a question of will. All of this, I think, gets back to the basic attitudinal problem that there is not a strong anti-fraud, anti-waste posture in the employees of FECA (or those in the workers compensation program office). . . . It is not seen as an overriding priority, and combatting that attitude is a primary concern of myself and Secretary Donovan, and we will be working very hard in the months ahead to begin to turn around the minds and the management attitudes of those of this program and others.

Mr. McBride said his major concern as the Department of Labor Inspector General was that "there had been insufficient attention to fraud and waste problems in the programs of the Office of Workers' Compensation."

The president of the American Federation of Government Employees, Mr. Kenneth Blaylock, took much the same view. While Federal workers themselves are totally opposed to what he called the graft, rip-offs, and kickbacks that he said are definitely involved in the program, it is as bankrupt today as it was when he testified about it in 1977. In 1978, he said, about 800 new positions were created at DOL, but he added: "I am sorry to say we haven't seen much improvement." Mr. Blaylock said his union sees the FECA program as "a very poorly administered program that seems to allow those who are really not qualified to very easily get benefits." He expressed the fear that the program might be "curtailed to the point that people who are honestly entitled to it are not going to have it."

The ranking minority member of our subcommittee, Senator NUNN, put it aptly when he said at the outset of our hearings:

We do not want to dilute the right of federal workers, but we cannot continue to tolerate fraud and corruption in these programs if they are going to continue to exist.

Both Senator NUNN and another of our most active subcommittee members, Senator COHEN, agreed that as things stand now—in the absence of the amendments we are offering—as Senator COHEN put it:

We have no effective means or no serious intent of suspending fraudulent conduct or inept conduct by those who contract with the Federal government.

Senator COHEN recalled that in a previous subcommittee hearing, on fraud in the home health industry:

We found that one firm that either defrauds the government or does not perform services can simply go out of business as such, form another company, take on a different name, but use the same management and continue to do business with the federal government, either providing no services or highly inflated services, the cost of which is borne by the taxpayers.

Much the same is true in the FECA program, except that an unscrupulous doctor does not have to go out of business or change his name in order to continue to treat Federal workers and bill for his services. As Senator COHEN brought out, in the FECA program—

We have a situation where a physician has to lose his license in order to be debarred from receiving business through reimbursement from the federal government. If the physician defrauds the government and is convicted of fraud, still the Department of Labor will continue to pay him or reimburse him for services until such time as his license to practice is revoked.

Senator COHEN and Senator RUDMAN agreed that, as Senator RUDMAN put it:

This government cannot allow others to set standards as to who the government will do business with. . . . We have to have statutory enforcement to ensure that this government does business only with the people it ought to do business with.

The bill I am introducing today, the FECA Antifraud Amendments of 1981, will create a mechanism whereby the Department can exclude fraudulent and unethical medical practitioners from participation in the Federal workers' compensation program. Practitioners who have been indicted or convicted of crimes indicative of a lack of integrity, or who submit false claims and statements, or who have been excluded from participation in medicare and medicaid, may be excluded from participation in FECA.

This bill is similar to the existing authority of the Department of Health and Human Services in excluding Medicare practitioners under 42 U.S.C. 1395. And, I want to stress that exclusion of medical practitioners will not deny medical treatment to Federal employees. Under FECA, Federal workers are entitled to choose any qualified provider of medical services for treatment. The exclusion of practitioners who have proven their lack of trustworthiness will have no impact upon the good faith providers of medical services.

Another revelation at our hearing was the fact that cost containment measures to limit the fees that medical providers charge under this program are completely lacking. The subcommittee learned that, under current Labor Department procedures, a medical practitioner is paid for services without any consideration given to the reasonableness of cost.

The bill I am introducing today will require the Department of Labor to determine, through comparison with the customary charges of the industry, the reasonableness of statements submitted, fees charged, and services or supplies furnished. This measure is similar to cost containment provisions which already apply to medicare and medicaid.

One final problem was identified at the Permanent Subcommittee on Investigations hearings. Instances were discovered of former Federal employees who continued to draw full disability benefits while imprisoned for a felony conviction. As a result of similar abuses uncovered in the social security disability program, Congress passed Public Law 96–473 which prohibited such payments to persons who are incarcerated for felony convictions. The FECA Antifraud Amendments of 1981 will amend the act to exclude such persons in a manner similar to the social security exclusion.

Mr. President, FECA antifraud efforts were strongly supported by Kenneth Blaylock, national president of the American Federation of Government Employees, at our July 1981, hearings. Indeed, in these budget-conscious days, I know of no sound reason to oppose cost-saving, antifraud measures which will ultimately work to insure that Federal workers legitimately entitled to compensation benefits receive their fair share from the Government.

I hope we can act expeditiously, Mr. President, to mandate the implementation and use of fee schedules as well as the exclusion of unfit medical providers from FECA.

Mr. President, I ask unanimous consent that the text and a brief section-by-section analysis be printed in the RECORD.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

S. 1724

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Employees' Compensation Act Antifraud Amendments of 1981".

SEC. 2. Subchapter 1 of chapter 81 of title 5, United States Code, is amended by adding the following new sections at the end thereof:

"§ 8160. Reimbursement of medical, surgical, and hospital providers

"(a) Notwithstanding any other provisions of this subchapter, the Secretary of Labor may not reimburse a provider of medical, surgical, or hospital services or supplies, as determined by rule of the Secretary, under this subchapter where the Secretary determines under this section that the provider—

"(1) has knowingly and willfully made, or caused to be made, any false statement or representation of a material fact for use in an application for reimbursement under this subchapter;

"(2) has submitted, or caused to be submitted, a bill or request for reimbursement under this subchapter containing a charge which the Secretary determines is substantially more than the provider's customary charges for the service or supply, unless the Secretary finds there is good cause for the charge;

"(3) has furnished a service or supply which the Secretary determines is substantially unnecessary or fails to meet professionally recognized standards;

"(4) has been convicted or indicted for committing an offense in connection with the provision of a medical, surgical, or hospital service or supply or any other offense, as determined by rule of the Secretary, which indicates a lack of medical integrity or which seriously and directly affects the person's responsibility as a provider of such services or supplies; or

"(5) has been excluded from participation in a State or Federal program for the provision of medical, surgical, or hospital services or supplies.

"(b) A determination made by the Secretary under subsection (a) shall be effective—

"(1) in connection with any reimbursement requested by a provider, upon notice consistent with the requirements of subsection (c); or

"(2) in connection with any reimbursement requested by a beneficiary, only with respect to reimbursement of expenses accumulated after receipt of notice of the determination by the beneficiary.

The determination shall remain in effect until the Secretary finds and gives notice to the public that the basis for the determination has been removed and that there is reasonable assurance that it will not recur.

"(c)(1) The Secretary shall have full power and authority to make rules and regulations and to establish procedures, not inconsistent with the provisions of this subchapter, which are necessary or appropriate to carry out the provisions of this section, including the nature and extent of the proof and evidence necessary for actions under this section and the methods of taking and furnishing the same.

"(2) Any decision to take action with respect to a provider under this section shall be based on specific findings of fact by the Secretary. The Secretary shall provide notice of the findings and an opportunity for a hearing pursuant to section 553 of this title to a provider who would be affected by a decision under this section. A request for a hearing must be filed within thirty days after notice of the finding is received by the provider making such request. If a hearing is held, the Secretary shall, on the basis of evidence adduced at the hearing, affirm, modify, or reverse his findings of fact and proposed action under this section.

"(3) For the purpose of any hearing, investigation, or other proceeding authorized or directed under this section, the provisions of sections 9 and 10 of the Federal Trade Commission Act (15 U.S.C. 49 and 50) shall apply to the jurisdiction, powers, and duties of the Secretary or any officer designated by him.

"(4) Any provider, after any final decision of the Secretary made after a hearing to which he was a party, regardless of the amount in controversy, may obtain a review of such decision by a civil action commenced within sixty days after the mailing to him of notice of such decision. Such action shall be brought in the district court of the United States for the judicial district in which the plaintiff resides or has his principal place of business, or the district court for the District of Columbia. As part of his answer, the Secretary shall file a certified copy of the transcript of the record of the hearings, including all evidence submitted in connection therewith. The findings of fact of the Secretary, if based on substantial evidence in the record as a whole, shall be conclusive.

"(d) Notwithstanding the other provisions of this subchapter, the Secretary of Labor may not reimburse a provider of medical, surgical, or hospital services or supplies, as determined by rule of the Secretary, for charges which are unreasonable. The Secretary shall by rule adopt a schedule of reasonable amounts that will be paid for particular services or supplies provided in specific geographic areas within one year of the date of enactment of the Federal Employees' Compensation Act Antifraud Amendments of 1981 and revise the schedule at appropriate intervals thereafter. Charges in excess of the scheduled amount may not be paid except pursuant to procedures to be established by the Secretary for determining whether the excess charges are reasonable in any particular case.

"§ 8161. Penal inmates

"(a) Notwithstanding any other provision of this chapter, no compensation may be paid under this chapter to any individual for any period of time during which the individual is confined in a jail, prison, or any other penal institution or correctional facility, pursuant to his conviction for committing a felony, unless the individual is actively and satisfactorily participating in a rehabilitation program which has been specifically approved for the individual by a court of law and which, as determined by the Secretary of Labor, is expected to result in the individual being able to engage in substantial gainful activity within a reasonable time of release.

"(b) Notwithstanding section 552a, or any other provision of law, the head of an agency, as defined in section 552a(a)(1), shall make available to the Secretary of Labor, upon request and to the extent available to the agency, the names and social security account numbers of individuals who are in any month inmates described in subsection (a). The Secretary and all other officers and employees of the Department of Labor shall, with respect to any such information made available by the head of an agency under this subsection, be subject to any statutory requirement relating to confidentiality of information, including section 552a, in the same manner and to the same extent as the head and all other officers and employees of the agency were subject to the requirement with respect to the information immediately before the information was made available. Any information made available to the Secretary pursuant to this subsection may be used by the Secretary or any other officer or employee of the Department of Labor only to the extent necessary to carry out the purposes of this section.".

SEC. 3. The table of sections for subchapter 1 of chapter 81 of title 5, United States Code, is amended by adding the following at the end thereof:

"8160. Reimbursement of medical, surgical, and hospital providers.
"8161. Penal inmates.".

SEC. 4. (a) Subsection (a) of section 8161 of title 5, United States Code, shall apply with respect to compensation paid on or after the date of enactment of this Act.

(b) Subsection (b) of such section shall apply with respect to information relating to months ending before, on, or after the date of the enactment of this Act.

OVERVIEW OF THE FEDERAL EMPLOYEES' COMPENSATION ACT ANTIFRAUD AMENDMENTS OF 1981

OVERVIEW

The Federal Employees' Compensation Act (FECA) was enacted in 1961 to provide direct compensation benefits and medical expense coverage to federal civilian employees injured in the course of their employment. Subsequent amendments, including a major revision in 1974, streamlined the program with the goal of providing just compensation with minimum delay. Administrative responsibility for the program was assigned to the Department of Labor (DOL) in 1950 and remains with DOL's Office of Worker's Compensation Programs (OWCP) today. Disability coverage under the program includes wage loss compensation, medical care and survivors' benefits provisions.

The Department of Labor is principally responsible for determining whether a traumatic injury or occupational disease is causally related to the employee's work or whether a pre-existing injury or illness was aggravated as a result of employment. If a claim is judged valid, DOL determines degree of disability—permanent or temporary, total or partial—and provides the mechanism for automatic benefit payments. The government is liable for all "reasonable" medical costs with no time or monetary limitations imposed on medical care as long as there is a "substantiated" need for continued treatment. Reimbursement for medical services is made directly to the provider. Federal workers have the right to seek treatment from a "qualified" physician of their own choosing.

Since 1974, expenditures to federal employees on compensation benefits have increased by over 300%. In Fiscal Year 1980 alone, the government expended over $670 million in disability benefits and $110 million in medical benefits related to disabilities. This amazing increase in the amount of money spent has occurred during a time when safety efforts in federal work places have increased and the size of the civilian federal workplace has remained relatively constant.

On July 22 and 23, 1981 the Senate Permanent Subcommittee on Investigations conducted hearings on the vulnerability of the FECA program to fraud and abuse. The focus of this hearing was on those medical providers who, by deceit and falsehood, inordinately profit from the FECA program.

Investigation in this area uncovered a myriad of schemes by which medical providers have abused and defrauded the federal government. Physicians were found to have repeatedly billed and received payment for services that were never provided. In one instance, a physician billed, and was paid, for applying and reapplying the same cast to a patient's wrist over several months. In another case, a doctor received thousands of dollars for stitching a patient's knee on each of over 50 visits. In both cases, treatment was actually provided once; the Department of Labor did not question whether subsequent treatment was in fact rendered. In still another case, DOL knew from its files that one federal employee had suffered no lasting injury and had returned to work, yet DOL continued to pay his physician for intricate cardiac treatments costing hundreds of thousands of dollars. This physician is now under indictment for FECA fraud, but is still eligible to participate in the FECA program.

Investigation has also shown schemes whereby the practitioner and patient may collude and fabricate treatments for which they will later be reimbursed. Even in cases where the patient has acted honestly, he may still defer to the doctor's expertise and receive treatments which cost him nothing, rather than refuse recommended treatment and risk his own expense if symptoms recur. In other cases, the patient actually completed all treatments, but the doctor continued to charge for additional treatments without the patient's knowledge.

It was this last type of fraud which the Permanent Subcommittee on Investigations found most prevalent in their review of FECA. Such instances included doctors obtaining patient's signatures on blank forms or merely utilizing the patients' name and any identification numbers to execute fictitious service bills for years after treatments had ceased.

Despite the fact that this fraud is now known, however, and despite the indictment and conviction of some of the doctors, not one of these physicians has been precluded by DOL from billing and receiving compensation for further FECA claims. The only restriction imposed on a physician by DOL is that he or she be "qualified"; that is, within the scope of his or her practice as defined by state law. Outside of this narrow limitation, DOL does not have the authority to prevent past abusers of this or any other medical program from repeating fraud in the FECA program.

The FECA Anti-Fraud Amendments of 1981 will create a mechanism whereby the DOL can exclude fraudulent and unethical medical practitioners from participation in federal workers compensation. Practitioners who have been indicted or convicted of crimes indicative of a lack of integrity, e.g., narcotics offenses, business frauds, or who submit false claims and statements to DOL, or who have been excluded from participation in Medicare and Medicaid, may be excluded from participation in FECA. This provision is similar to the existing authority of the Department of Health and Human

Services in excluding Medicare practitioners under 42 USC § 1395.

Exclusion of practitioners will not deny medical treatment to federal employees. Under the FECA program, federal employees are entitled to choose any qualified provider of medical services for treatment. The exclusion of practitioners who have proven their lack of trustworthiness will have no impact upon the good faith providers of medical services.

Furthermore, while FECA only authorizes the reimbursement of "reasonable" fees for medical services, DOL has not taken appropriate steps to define reasonability, or to control medical costs. The Subcommittee learned that, under current DOL procedures, a medical practitioner is paid for services without any consideration being given as to the reasonableness of cost.

The FECA Anti-Fraud Amendments of 1981 will require the Department of Labor to determine, through comparison with the customary charges of the industry, the reasonableness of statements submitted, fees charged and services or supplies furnished. The Secretary is directed to adopt a schedule of reasonable amounts to be paid for particular services, appliances or supplies provided in specific geographic areas.

One final problem was identified at the Permanent Subcommittee on Investigations hearings. Instances were discovered of former federal employees who continued to draw full disability benefits while imprisoned for a felony conviction. As a result of similar abuses uncovered in the Social Security Disability Program, Congress passed P.L. 96-473 which prohibited such payments to persons who are incarcerated for felony convictions. The FECA Anti-Fraud Amendments for 1981 will amend the act to exclude such persons in a manner similar to the Social Security exclusion.

SECTION-BY-SECTION ANALYSIS OF THE FECA ANTI-FRAUD AMENDMENTS OF 1981

Section 1 indicates the short title.

Section 2 amends Title 5 of the U.S. Code by adding a new section entitled "§ 8160 Reimbursement of medical, surgical and hospital providers."

In § 8160 Section (a) precludes reimbursement to medical providers who have provided false or excessive bills or services. Subsection (1) prevents reimbursement for statements which were made or caused to be made to DOL with the intent of defrauding the program. Under this language the fraud must be willful and deliberate. The language also precludes payment to an individual at whose direction the false statement was made. The misrepresentation must be of a material fact; that is, a fact whose truth or falsity is important in determining whether the misrepresentation was indeed fraudulent.

In § 8160 Section (a)(2) precludes reimbursement for charges which the Secretary of Labor determines to be excessive, unless sufficient justification for such charges may be found. § 8160 Section (a)(3) precludes reimbursement for services and supplies which the Secretary determines to be unnecessary or unprofessional.

In § 8160 Section (a) (4) and (5) are intended to prevent practitioners who have abused their medical authority from utilizing the FECA program for further fraud. Subsection (a)(4) precludes reimbursement to providers indicted or convicted of fraud or criminal offenses relating to the provision of medical services. The latter part of this provision would also exclude those practitioners who have committed offenses which indicate a lack of integrity or affect their ability to provide effective services under FECA. A narcotic offense, a business fraud, or the commission of perjury could be examples of violations indicating a lack of "medical integrity".

In § 8160 Section (a)(5) gives the Secretary the ability to collaterally estop a provider who has been excluded by state or federal medical programs from participating in the FECA program.

In § 8160 Section (b) provides that FECA benefits will be denied only upon proper notice to either a provider or beneficiary. It also provides that the Secretary can reverse an exclusion if there is a reasonable assurance that the causes of the exclusion will not recur.

In § 8160 Section (c)(1), the Secretary is empowered to make any rules, regulations and procedures necessary to implement the provisions of this Act. § 8160 Section (c)(2) establishes that the Secretary shall exclude only on a finding of facts and shall give notice of these facts and shall provide the opportunity for a hearing for the excluded physician, under the procedures already established in Title 5 U.S. Code, Section 556. § 8160 Section (c)(4) establishes procedures for review of any determination of exclusion.

In § 8160 Section (c)(3) utilizes the existing provisions of the FTC Act (15 U.S.C. 49 and 50) to specify the jurisdiction, powers and duties of the Secretary. These provisions empower the Secretary to subpoena witnesses and documents and to depose testimony. It is also made illegal to refuse to answer any lawful inquiry, to provide false information or for any officer or employee of the Secretary to make any information public without first obtaining proper authorization. These sections are standard provisions providing mechanisms for ensuring compliance.

In § 8160 Section (d) mandates that the Secretary shall establish reasonable fee schedules of amounts to be reimbursed for medical services, appliances and supplies. These schedules will be adopted within one year of the enactment of this act, and will be specialized to account for different factors in different geographic areas. Charges in excess of the schedules will only be paid if they are proven to be reasonable in a procedure to be established by the Secretary.

Section 3 of the Federal Employees' Compensation Act Anti-Fraud Amendments of 1981 amends Title 5 of the U.S. Code by adding § 8161, entitled "Suspension of benefit for Inmates of Penal Institutions". Under the current provisions of the FECA program, a recipient of FECA benefits may receive compensatory benefits while incarcerated in a penal institution. Under this section, such payment will be eliminated. There is, however, an allowance for FECA benefits to be paid for vocational rehabilitation if the recipient is enrolled in a rehabilitation program which the Secretary has approved as being likely to result in gainful activity.●

By Mr. ROTH (by request):

S. 1725. A bill to authorize the Bureau of Engraving and Printing to use recording clocks to record time and attendance of employees; to the Committee on Governmental Affairs.

USE OF TIME CLOCKS AT BUREAU OF ENGRAVING AND PRINTING

● Mr. ROTH. Mr. President, I introduce by request a bill to authorize the Bureau of Engraving and Printing to use recording clocks to record time and attendance of employees.

This legislation has been requested by the Treasury Department and I am introducing the proposed legislation in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Governmental Affairs.

I ask unanimous consent that the bill be printed in the RECORD at this point, together with the letter from the Deputy Secretary of the Treasury to the President of the Senate.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 1725

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of August 4, 1950 (64 Stat. 408; 31 U.S.C. 181-181e), as amended, is further amended by adding a new section as follows:

"SEC. 9. Notwithstanding section 6106 of title 5, United States Code, the Bureau of Engraving and Printing in the Department of the Treasury may use recording clocks to record time and attendance of employees."

THE DEPUTY SECRETARY
OF THE TREASURY,
Washington, D.C., August 4, 1981.

Hon. GEORGE BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is transmitted herewith a draft bill to authorize the Bureau of Engraving and Printing to use recording clocks to record time and attendance of employees.

The Bureau of Engraving and Printing is a multiproduct manufacturing organization, which finances its operations from a revolving fund, and, accordingly, is required by law (P.L. 81-656) to operate economically and to be reimbursed by its customers for the direct and indirect costs of operation. In order to do this properly, enactment of the attached draft bill is necessary in that the bill would authorize the Bureau to implement a computerized cost accounting system, including automated daily input of time and attendance data.

In hearings on the Bureau of Engraving and Printing, conducted in the Spring of 1979, the Senate Permanent Subcommittee on Investigations endorsed this concept. Also, the Senate Appropriations Committee expressed support for the adoption of such a system. In addition, the Treasury Department performed a Management Review of the Bureau of Engraving and Printing (April, 1979), and issued a report recommending the implementation of such a system as soon as possible.

The intent of the draft bill is to amend the Act of August 4, 1950 (31 United States Code 181 et seq.) to exempt the Bureau from section 6106 of title 5, United States Code which provides that "[a] recording clock may not be used to record time of an employee of an Executive department in the District of Columbia." This law has been interpreted as a prohibition against the use of automatic data entry devices for the collection and recording of time and attendance data.

Operating under this restriction, the Bureau has for some time utilized a cumbersome, time-consuming, and expensive manual system for recording and processing time and attendance data. Although the volume of the data generated is considerable, there are limitations on its use. The primary difficulties are as follows:

1. The present system does not accurately distribute labor and other costs among products, support, and overhead. Consequently, Bureau customers may not be charged equitable prices for their respective products as is required by law.

2. Since the Bureau is an industrial organization, employees are paid under several quite different pay plans. Further, the Bureau has to deal with many unique time and recordkeeping functions required by an around-the-clock operation, overtime, pay and premium shift differentials, flexitime and compressed work schedules.

These conditions and the lack of a daily time and attendance input reconciliation have produced a realistic concern that people are being paid for overtime that they did not actually work. Every pay period, several hundred adjustment cards are submitted to modify the hours that are recorded on the original time cards. The sheer volume and complexity of such changes inevitably produce errors.

3. The primary cost of Bureau operations is for labor. This represents 70 cents of every dollar spent. Its accurate identification to products is an essential prerequisite to an effective cost accounting system, and is directly dependent upon an accurate identification of hours worked in each cost center. Due to a number of limitations in the Bureau's current reporting system, the variance between the amount that is estimated to be paid on the basis of daily production reports and the amount that is actually paid is large enough effectively to prevent any truly useful cost analysis of Bureau operations.

If the bill were to be enacted, the Bureau expects the following benefits:

1. The Bureau would be better able accurately to track labor costs in that an automated cost accounting system would provide an accurately detailed identification and distribution of costs to products. Such control is essential in a revolving fund.

2. Automated cost accounting activities would cost less than the current manual system of processing data.

3. Payments would be more accurately made, such as for overtime, with cost reductions.

The type of system proposed for the Bureau has been successfully implemented by the United States Government Printing Office, which is comparable to the Bureau in that both are large printing manufacturing plants. The Government Printing Office "PROBE" System, which includes time and attendance, has resulted in an annual savings of $970,000. The Government Printing Office is able to use such a system because it is not an executive branch agency, and, therefore, is not subject to the provisions of section 6106, of title 5, United States Code.

It would be appreciated if you would lay the draft bill before the Senate. An identical draft bill has been transmitted to the Speaker of the House of Representatives.

The Office of Management and Budget has advised that there is no objection from the standpoint of the Administration's program to the submission of this proposed legislation to the Congress.

Sincerely,

R. T. MCNAMAR.●

By Mr. ROTH (by request):

S. 1726. A bill to amend section 207 (c)(1) of the Federal Property and Administrative Services Act of 1949, as amended, to change the criteria therein so that the provisions of section 207 shall not apply to disposals of surplus real property having an estimated fair market value less than $1,000,000; to the Committee on Governmental Affairs.

DISPOSAL OF CERTAIN PROPERTY

● Mr. ROTH. Mr. President, I introduce by request a bill to amend section 207(c)(1) of the Federal Property and Administrative Services Act of 1949 to change the criteria of that law so that the provisions of section 207 shall not apply to disposals of surplus property having an estimated fair market value less than $1,000,000.

This legislation has been requested by the General Services Administration and I am introducing the proposed legislation in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Governmental Affairs.

I ask unanimous consent that the bill be printed in the RECORD at this point, together with the letter from the Administrator of the General Services Administration.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 1726

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 207(c)(1) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 488(c)(1) is amended to read as follows:

(1) real property if the estimated appraised fair market value is less than $1,000,000; or

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GENERAL SERVICES ADMINISTRATION,
Washington, D.C., July 30, 1981.

Hon. GEORGE BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is transmitted herewith for referral to the appropriate Committee, a draft of legislation "To amend section 207(c)(1) of the Federal Property and Administrative Services Act of 1949, as amended, to change the criteria therein so that the provisions of section 207 shall not apply to disposals of surplus real property having an estimated fair market value less than $1,000,000."

The purpose of the bill is to change the basis for the requirement to seek advice from the Attorney General prior to completing disposals of surplus real property to private interests from $1,000,000 *acquisition cost* to $1,000,000 *estimated fair market* value (emhasis added).

Section 207 of the Property Act provides that no executive agency shall dispose of any surplus real property to any private interest until such agency has received the advice of the Attorney General on the question of whether such disposal would tend to create or maintain a situation inconsistent with the antitrust laws.

Subsection (c)(1) of section 207 shall not apply to the disposal of real property if the aggregate amount of the original acquisition cost of such property to the Government and all capital expenditures made by the Government with respect thereto is less than $1,000,000.

By changing this basis from acquisition cost to estimated fair market value, we will be using the best indicator of the actual value of property as the basis for seeking advice concerning antitrust laws. Acquisition cost and cost of capital expenditures have very little bearing on current value of property. Properties with a high acquisition cost may be worth much less when being disposed of because of obsolescence.

On the other hand, properties, such as unimproved lands that were acquired many years ago at a cost to the Government of less than $1,000,000, may be worth millions when being disposed of because of changes in the use of surrounding lands.

The Office of Management and Budget has advised that there is no objection to the submission of this legislative proposal to the Congress, and that its enactment would be in accord with the program of the President.

Sincerely,

GERALD P. CARMEN,
Administrator.●

By Mr. ROTH (by request):

S. 1727. A bill to amend the Act of May 3, 1945 (40 United States Code 293) by adding a provision authorizing the expenditure of moneys through the existing working capital fund operating within the General Services Administration for such additional purposes as internal mail processing, library facilities, and other centralized services; to the Committee on Governmental Affairs.

USE OF EXISTING WORKING CAPITAL FUND AT THE GENERAL SERVICES ADMINISTRATION

● Mr. ROTH. Mr. President, I introduce by request a bill to authorize the expenditure of moneys through the existing working capital fund operating within the General Services Administration for such additional purposes as internal mail processing, library facilities, and other centralized services.

This legislation has been requested by the General Services Administration and I am introducing the proposed legislation in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Governmental Affairs.

I ask unanimous consent that the bill be printed in the RECORD at this point, together with the letter from the Deputy Administrator of the General Services Administration to the President.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1727

Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled, That Clause 1 of the Act of May 3, 1945, C. 106, Title I, 101, 59 Stat. 115, is amended by deleting "central blueprinting, photastating, and duplicating service" and inserting in lieu thereof "central service facility within the General Services Administration to be used for providing such services as blueprinting, photostating, duplicating, internal mail processing, library facilities, and any other centralized service as the Administrator or his designee, in consultation with the Office of Management and Budget, determines necessary and proper."

GENERAL SERVICES ADMINISTRATION,
Washington, D.C., August 19, 1981.

Hon. GEORGE BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Forwarded herewith is a draft bill "To amend the Act of May 3, 1945 (40 USC 293) by adding a provision authorizing the expenditure of monies through the existing working capital fund operating within the General Services Administration for such additional purposes as internal mail processing, library facilities, and other centralized services."

The purpose of this proposed amendment

is to provide for related centralized activities which have evolved subsequent to the enactment of the Act of May 3, 1945. This Act of 1945 provided for central blueprinting, photostating, and duplicating service. Since that time other centralized services of a related nature have been initiated to provide greater economies and efficiencies in this agency's operations.

The General Services Administration recommends prompt and favorable consideration of the draft bill. The Office of Management and Budget has advised that there is no objection to the submission of this legislative proposal to the Congress.

Sincerely,

RAY KLINE,
Deputy Administrator.

SECTION-BY-SECTION ANALYSIS

Clause 1 of Section 101 is amended by deleting the words "central blueprinting, photostating, and duplicating service" and inserting in their place "central service facility within the General Services Administration to be used for providing such services as blueprinting, photostating, duplicating, internal mail processing, library facilities, and any other centralized service as the Administrator or his designee, in consultation with the Office of Management and Budget determines necessary and proper."

The Working Capital Fund was authorized in the Independent Offices Appropriation Act, 1946, approved May 3, 1945 (40 U.S.C. 293), and initial capital of $50,000 was appropriated. The authorizing language provided for this Fund to be reimbursed in order to insure continuous operation, from available funds of constituents of the General Services Administration, or of any other Federal agency or which services are performed, at rates to be determined by the Administrator of General Services on the basis of estimated or actual charges.

The language further provides that at the close of each fiscal year any excess of funds resulting from such operation, after making adequate provision for the replacement of mechanical and other equipment and for accrued annual leave of employees engaged in the work of the Fund by the establishment of reserves therefor, shall be covered into the Treasury of the United States as miscellaneous receipts.

Since that time other centralized services of a related nature have been initiated to provide greater economies and efficiencies in this agency's operations. They include centralized internal mail processing and the centralized GSA library.

These related centralized services in the Working Capital Fund are funded by reimbursements from the various using GSA appropriations and funds, consistent with the amounts budgeted in these using accounts. The basis for the budgeted amounts is the level of usage of these related centralized services.

The purpose of this proposed amendment is to clarify the initial authorizing language and to include a new provision permitting "any other centralized service as the Administrator or his designee, in consultation with the Office of Management and Budget, determines necessary and proper."

This new provision would provide for administrative type services that could be performed in a more cost-effective manner on a centralized basis and financed by reimbursement from the using appropriations and funds. This concept is similar to the Working Capital Fund in the Department of Commerce (Page I–F3 of the President's Fiscal Year 1982 Budget Appendix, transmitted to Congress in January 1981).●

By Mr. ROTH (by request):

S. 1728. A bill to amend section 203 of the Federal Property and Administrative Services Act of 1949, as amended, to require the submission, to the appropriate committees of Congress, of an explanatory statement of the circumstances of each negotiated disposal of real property having a fair market value in excess of $500,000; to the Committee on Governmental Affairs.

DISPOSAL OF CERTAIN REAL PROPERTY

● Mr. ROTH. Mr. President, I introduce by request a bill to require the submission, to the appropriate committees of Congress, of an explanatory statement of the circumstances of each negotiated disposal of real property having a fair market value in excess of $500,000.

This legislation has been requested by the General Services Administration and I am introducing the proposed legislation in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Governmental Affairs.

I ask unanimous consent that the bill be printed in the RECORD at this point, together with the letter from the Deputy Administrator of the General Services Administration.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 1728

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 203(e)(6) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 484(e)(6)), is amended to read as follows:

(6) except as otherwise provided by this paragraph, an explanatory statement of the circumstances of each disposal by negotiation of any personal property having a fair market value in excess of $1,000, and any real property having a fair market value in excess of $500,000 shall be prepared. Each such statement shall be transmitted to the appropriate committees of the Congress in advance of such disposal, and a copy thereof shall be preserved in the files of the executive agency making such disposal. No such statement need be transmitted to any such committee with respect to any disposal of personal property made under paragraph (5) at a fixed price, or for property disposals authorized by any other provision of law to be made without advertising.

GENERAL SERVICES ADMINISTRATION,
Washington, D.C., August 24, 1981.

HON. GEORGE BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is transmitted herewith for referral to the appropriate Committee, a draft of legislation "To amend section 203 of the Federal Property and Administrative Services Act of 1949, as amended, to require the submission, to the appropriate committees of Congress, of an explanatory statement of the circumstances of each negotiated disposal of real property having a fair market value in excess of $500,000."

The purpose of the bill is to eliminate unnecessary delays and administrative costs in the disposal of real properties by negotiation, as authorized in section 203(e)(3) of the Property Act.

Section 203(e)(6) of the Property Act now provides that an explanatory statement of the circumstances of each disposal by negotiation of any real or personal property having a fair market value in excess of $1,000 shall be prepared and transmitted to the appropriate committees of Congress in advance of such disposal. In accordance with section 101–47.304–12(f) of the Federal Property Management Regulations (41 CFR 101–47.304–12(f)), in the absence of adverse comment by an appropriate committee or subcommittee of the Congress on the proposed negotiated disposal, the disposal agency may consummate the sale on or after 35 days from the date of the General Services Administration (GSA) letters transmitting the explanatory statement to the committees.

The $1,000 fair market value limitation on negotiated sales of real and personal property without Congressional review was established before the past decade of accelerating inflation rates and subsequent increases in the cost of all commodities, especially real estate. We believe the $500,000 limit is more representative of present day significant disposal actions of real property than the $1,000 figure. In addition, it is in line with the $500,000 expenditure level which requires the submission of a prospectus for the construction or repair and alteration of a Federal Building to the appropriate committees by GSA.

Under current law, 208 of the negotiated sales of real property awarded by GSA for the Transition Quarter and Fiscal Years 1977, 1978, 1979, and 1980 required the submission of an explanatory statement to the appropriate committees of Congress. If the figure had been $500,000 during that same period of time, GSA would have been required to submit 41 explanatory statements to the committees. Although we are unable to estimate the savings in time and money involved in committee review, we estimate that savings to GSA during the same period of time would have been approximately $100,000 if we had been required to submit explanatory statements of the circumstances of each negotiated disposal of real property having a fair market value in excess of $500,000. The present average estimated cost for GSA to process an explanatory statement for submission to the committees is almost 60 percent of the current lower limit of value requiring such submission.

During the Fiscal Year 1980 alone, 52 required explanatory statements were submitted to the committees of Congress for proposed sales having a total fair market value of approximately $65,772,080. If the figure had been $500,000 during that period of time, GSA would have been required to submit 14 explanatory statements for proposed sales having a total fair market value of $63,094,375 or approximately 96 percent of the total fair market value of the properties submitted. This bill would provide an essential and long-needed step toward modernization of the negotiated sale disposal process. The review of negotiated sales of real property having a fair market value in excess of $1,000 by committees and subcommittee staff members, as well as the additional paperwork which is required for GSA to make such submissions, not only causes additional delays in awarding authorized negotiated sales which are usually approved, but also diverts valuable manpower resources from other more important matters.

The proposal would make Congressional review of real property disposal actions more consistent with acquisition actions. Presently, once Congress has authorized and appropriated large sums of money for general land acquisitions to fulfill the mission requirements of Federal agencies, no explanatory statement of the specific details of each such expenditure is required. On the other hand, disposals by negotiation which generate a substantial return to the Government on its investment in real property require detailed explanatory statements for proper-

ties having a fair market value as low as $1,000, a rather insignificant figure when compared to the cost of real property acquisition actions. Where sale closings are deferred for protracted periods because of the present review process, indirect costs to the Federal Government and its purchasers, generally State and local Governments, can be considerable.

The Office of Management and Budget has advised that there is no objecton to the submission of this legislative proposal to the Congress.

Sincerely,

RAY KLINE,
Deputy Administrator.●

By Mr. ROTH (by request):

S. 1729. A bill to authorize the Director of the Federal Emergency Management Agency to provide transportation for certain persons engaged in activities at the Federal Emergency Management Agency Special Facility; to the Committee on Governmental Affairs.

TRANSPORTATION OF CERTAIN PERSONS

● Mr. ROTH. Mr. President, I introduce by request a bill designed to assure essential transportation support for the effective operation of the Federal Emergency Management Agency's (FEMA) top secret installation known as the Special Facility.

This legislation has been requested by FEMA and I am introducing the proposed legislation in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Governmental Affairs.

I ask unanimous consent that the bill be printed in the RECORD at this point, together with the letter from the General Counsel for FEMA.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 1729

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That

SECTION 1. Whenever the Director of the Federal Emergency Management Agency determines that it is necessary for the effective conduct of the affairs of that Agency, the Director may, at reasonable rates of fare fixed under regulations to be prescribed by the Director, provide assured and adequate transportation by motor vehicle to and from their place of employment for persons, who are assigned to a remote duty station known as the Federal Emergency Management Agency Special Facility.

SEC. 2. Transportation may not be provided under section 1 of this Act unless the Director determines that—

(1) other facilities are inadequate and cannot be made adequate;

(2) a reasonable effort has been made to induce operators of private facilities to provide the necessary transportation; and

(3) the Agency will make proper use of transportation facilities and will supply the most efficient transportation to the persons concerned.

SEC. 3. To provide transportation under section 1 of this Act, the Agency may—

(1) buy, lease, or charter automotive equipment adequate to carry out the purposes of section 1;

(2) maintain and operate that equipment by—

(A) employees of the Agency; and

(B) private persons under contract; and

(3) lease or charter the equipment to private or public carriers for operation under terms that are considered necessary by the Director, and that may provide for the pooling of Government-owned and privately owned equipment and facilities and for the reciprocal use of that equipment.

SEC. 4. Fares received under section 1 of this Act, and proceeds of the leasing or chartering of equipment under section 3 of tihs Act, shall be covered into the Treasury as miscellaneous receipts.

FEDERAL EMERGENCY
MANAGEMENT AGENCY,
Washington, D.C., June 9, 1981.

Hon. GEORGE BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: I am forwarding for consideration and recommended enactment by the Congress draft legislation to assure essential transportation support for the effective operation of the Federal Emergency Management Agency's (FEMA) top secret installation known as the "Special Facility." Specifically, the legislation would authorize the Director to provide transportation services to certain FEMA employees, which services are necessitated by the remote site location. The authority is similar to that now provided for a Secretary of a Military Department under 10 USC 2632 and is needed in connection with continuity of government planning and other FEMA programs for national crisis preparedness.

I have enclosed a Background Paper which outlines briefly the history of the Special Facility and the justification for this legislative action. As you will note, the proposal would establish a proper legislative basis to continue an existing practice that has Congressional approval. Since this proposal would essentially only make permanent legislation which now appears in annual appropriation acts, the legislation does not significantly affect the quality of the human environment.

The Office of Management and Budget advises that there is no objection to the submission of this legislation to the Congress from the standpoint of the Administration's program.

Sincerely,

GEORGE JETT,
General Counsel.

BACKGROUND PAPER

During the 1950's an installation was constructed to provide a capability for continuing the essential functions of the Government during an emergency. This top secret installation, referred to as the Special Facility, has been under the policy direction of FEMA and its predecessor agencies. It was operated by the Department of Defense from its beginning until June 29, 1975, when it was transferred to the jurisdiction of the General Services Administration by order of the Director of the Office of Management and Budget. Effective July 15, 1979, pursuant to Reorganization Plan No. 3 of 1978 and Executive Order 12148, the facility was transferred to FEMA along with the functions of the Federal Preparedness Agency.

There are presently more than three hundred FEMA employees permanently assigned to the Special Facility. The installation is kept in a constant state of readiness to perform its mission in the event of an emergency that requires the relocation of key Government officials. These employees are required to have top secret clearance, to reside within an hour's ride of the Special Facility, and to be available 24 hours a day to report for duty at the Special Facility in the event of an emergency.

Because of the remote location of the Special Facility, as well as its top secret classification, the employees assigned there are not able to use public transportation to travel between their homes and their jobs. Therefore, for many years a bus transportation service, at reasonable rates of fare to the employees, has been operated by the Government between the Special Facility and the nearby communities where the employees reside. The buses remain nightly at predesignated community rendezvous points to ensure transportation for employees to the Special Facility in the event of after-duty-hour emergency recall.

During the years that the Special Facility was operated by the Defense Department, the authority relied on was that contained in 10 U.S.C. 2632. That section authorizes the operation, under stringent conditions, of a bus service by the Secretary of the Military Department, or the Secretary of Transportation (for the Coast Guard).

When the facility was transferred to the Administrator of General Services, the authority was continued by means of "riders" to appropriations acts. For Fiscal Year 1981 there is such authority in the "Administrative Provisions" under the heading "Federal Emergency Management Agency" in the Department of Housing and Urban Development-Independent Agencies Appropriation Act of 1980. (Pub.L. 96-526.)

Permanent legislation, rather than a general provision in an appropriation act, which could be subject to a point of order, is needed in view of the requirements of 31 U.S.C. 638a(c)(2) and holdings by the General Accounting Office (27 Comp. Gen. 1) that the furnishing of transportation facilities to employees from their place of residence to the place of their employment is a personal expense of the employee and cannot be paid from appropriated funds without specific authority.

Enactment of this legislation would entail a continuation of outlays at present levels, Estimated total costs for the next five years amount to $739,000.●

By Mr. HATCH:

S. 1730. A bill entitled the "Freedom of Information Reform Act"; to the Committee on the Judiciary.

FREEDOM OF INFORMATION REFORM ACT

● Mr. HATCH. Mr. President, the first amendment to the Constitution guarantees, among other things, freedom of speech and of the press. While the amendment clearly prohibits Congress from restraining the free dissemination of an individual's thoughts and information through speech or publication, it makes no explicit guarantees about the Government's duties to actively provide information.

Indeed, the Government may even exercise prior restraint of information that the public already has. In its landmark decision on freedom of speech and of the press, the Supreme Court held in *Schenck* v. *U.S.* (240 U.S. 47) that the Government has a right to restraint if "the words used are of such a nature as to create a clear and present danger that they will bring about the substantive evils that Congress has a right to prevent (249 U.S. at 52). Though Court decisions since Schenck have developed a variety of different criteria for prior restraint, the basic doctrine that such restraint is warranted, especially when dealing with matters of national security, has remained intact.

Thus, the Government does not have

any explicit constitutional obligation to provide information but in fact may withhold information and may even exercise prior restraint of information already in the public domain.

Despite the lack of a constitutional requirement for free access to Government information, a general policy has developed, rooted in the first amendment, that the flow of information should be restricted as little as possible. The idea that the public has an interest in open access to information about the Government began with the Founding Fathers. James Madison, author of the first amendment, explained the Nation's interest in a free information policy:

> Knowledge will forever govern ignorance, and a people who mean to be their governors must arm themselves with the power knowledge gives. A popular government without popular information or the means of acquiring it is but a prologue to a farce or a tragedy or both.

George Washington, in praising the role of the press, stated that an open press was necessary so "citizens at large may be well informed and decide, with respect to public measures, upon a thorough knowledge of the facts." James A. Pollard, "The Presidents and the Press" (1947) 29–30.

The basic tenor of these remarks is that an informed electorate will make wiser decisions. The first step toward statutory implementation of this principle came in 1917 when President Wilson established the Committee on Public Information.

Although the committee's task was to insure secrecy during World War I, it did acknowledge that many Government records were not sensitive. President Roosevelt's Office of Censorship in 1941 performed the same service. These Government recommendations did not ripen into policy, however, until 1946.

The first statutory attempt to clearly define the public's access to Government information and the restrictions to this access came in section 3 of the Administrative Procedure Act of 1946. The House report on the measure said that:

> The section has been drawn upon the theory that administrative operations and procedures are public property which the general public, rather than a few specialists or lobbyists, is entitled to know or have ready means of knowing with definite assurance. (H. Rep. 752, 79th Cong. 1st Session, pg. 198.)

While the APA required Federal agencies to index their information and make that information available to the public, the bill also included several restrictions on what the Government was required to fully disclose.

Under section 3, administrative officials were permitted to withhold any information "requiring secrecy in the public interest"; when the person seeking the material was not "properly and directly concerned" or where the information was "held confidential for good cause found"; and "when the information sought was related to the internal management" of a Government agency or department.

These vague restrictions had the effect of making information very hard to acquire from the Government.

Furthermore, no remedy was provided to a citizen who claimed that information was wrongfully withheld from him.

In 1955, the House of Representatives established the Foreign Operations and Government Information Subcommittee to hold hearings and investigations on the process of Government information disclosures.

Largely due to the restrictions on disclosure in section 3 of the APA, the committee's chairman, Congressman John Moss of California, sought to pass a more liberal bill. After several attempts, Congress finally amended the APA (S. 1160) in 1966.

The new bill—the Freedom of Information Act—made three basic changes in the old law.

First, instead of limiting disclosure to people "properly and directly concerned," the new measure guaranteed information access to "any person."

Second, the bill provided several specific categories of information that could be exempt from disclosure rather than the vague restrictions in the APA.

Finally, S. 1160 provided a judicial remedy for citizens who claimed information was wrongfully withheld from them.

The debates on this bill stressed the need to provide citizens with adequate information to be responsible voters. For instance, Congressman Moss asserted that:

> Our system of government is based on the participation of the governed, . . . We must remove every barrier to information about—and understanding of—Government activities consistent with our security if the American public is to be adequately equipped to fulfill the ever more demanding role of responsible citizenship. (112 C. Rec. 13007).

Congressman Rumsfeld further noted that S. 1160 "provides the necessary machinery to assure the availability of government information necessary to an informed electorate" (112 Cong. Res.).

Similarly, in the Senate, Senator LONG pointed to the loopholes in section 3 of the APA and argued that the new bill was necessary to provide crucial information that "our Government and its myriad of agencies make it so difficult for the electorate to obtain" (119 C.R. 17088).

Thus, according to LONG, the purpose of free information was to make people better voters and the obstacles to it must be eliminated.

The 1966 Freedom of Information Act remained unchanged for several years. In the zeal of the Watergate era of the early seventies, however, the act was reopened to congressional scrutiny. In response to the times, Congress amended the act to expand Federal Government obligations to supply information.

The changes included strict rules with regard to the Government's processing of information requests.

Time limits and fee procedures were imposed as well as bookkeeping and indexing requirements.

In addition, the amendments empowered the courts to examine contested materials and to decide whether withheld information was in fact properly labeled "classified."

Finally, the amendments contained a provision that required agencies to disclose segregable portions of documents if only parts of the documents could be exempt under the act.

The House and Senate debates on the FOIA amendments (H.R. 12471) centered on the conflict between the need for a free flow of information to insure a well informed electorate and the Government's legitimate concern about national security.

As the amendments served to increase the amount and types of information available under the 1966 law, some concern was voiced that, particularly in the provision allowing court scrutiny of contested documents, U.S. security could be jeopardized.

Congressman YOUNG of Florida argued that judges were not in a position to override the Government's national security classification system and that the court review provision seriously compromised national security.

Supporters of the amendments claimed, however, that the new measures provided a good balance between free information and security interests.

The 1974 FOIA amendments were vetoed by President Ford on October 17, 1974. In his veto message, the President expressed concern, as had Members of Congress, about the provision allowing court scrutiny of Government documents.

The President asserted that the courts should not be able to make classification decisions "in sensitive and complex areas where they have no particular expertise" (Public Papers of Gerald R. Ford, 8/9–12/31, 1974, p. 375). In an earlier letter to the conference committee considering the 1974 amendments, the President also expressed his concern with the court review provision particularly in its placing the burden of proof that a classification was reasonable on the Federal agencies:

> I simply cannot accept a provision that would risk exposure of our military or intelligence secrets and diplomatic relations because of a judicially perceived failure to satisfy a burden of proof. My great respect for the courts does not prevent me from observing that they do not ordinarily have the background and expertise to gauge the ramifications that release of a document may have upon our national security. (Public Papers, p. 46–47)

In the veto message, the President also objected to the provisions allowing the disclosure of investigatory files, demanding segregable portions of documents be disclosed and establishing time limits. These provisions taken together, said the President, would require rapid line-by-line examination of many millions of pages of documents which would place an unreasonable administrative burden on Government agencies.

Though Congress overrode President Ford's veto, time has proven the legitimacy of the President's concerns about the 1974 FOIA amendments. Present administration of FOIA has indeed placed national security in jeopardy and has put an excessive administrative burden on Federal agencies.

During hearings regarding FOIA in the Senate Judiciary Subcommittee on the Constitution this summer, many witnesses including Robert Saloschin and

Assistant Attorney General John Rose pointed to the same problems with present implementation of FOIA that President Ford had feared. Some of the testimony has brought to the subcommittee's attention important defects in present FOIA administration and will be included at the conclusion of this speech.

Much of the debate over the Freedom of Information Act has centered around the nine exemptions under which Government agencies can withhold information from the public. Since the exemptions are what really define the extent of public access to information under FOIA, they deserve to be described individually.

Below is a brief summary of each of the exemptions in which I will describe the purpose of the exemption as drafted in 1966 and, where appropriate, how they have been altered since then.

EXEMPTION 1: NATIONAL DEFENSE AND FOREIGN POLICY

Exemption 1, as amended in 1974, applies to information that has been explicitly classified by Executive order. The second part of the exemption was added in 1974 in response to *EPA* v. *Mink*, 410 U.S. 73. This 1973 case ruled that courts could not change Government classification even if the documents were improperly classified. This prompted Congress to restructure the exemption to allow courts to question the propriety of a classification.

The House report on the amendment said that the new section was to allow the Court "to look at the reasonableness or propriety of the determination to classify the records under the terms of the Executive order" (1974 H. Rep. 7–8).

In 1978, President Carter issued an Executive order allowing agencies to withhold information that would cause "identifiable damage to the national security."

EXEMPTION 2: INTERNAL PERSONNEL RULES AND PRACTICES

Exemption 2 applies to matters "related solely to the internal personnel rules and practices of an agency." Though there has been some debate over whether "internal personnel" modifies just "rules" or both "rules and practices" the courts have largely adopted the second, narrower interpretation.

The Senate report listed examples of such matters as rules pertaining to personnel's use of parking facilities, regulations of lunch hours, statements of sick leave policy and the like.

EXEMPTION 3: STATUTORY EXEMPTIONS

As amended in 1976, by the Government Sunshine Act, this exemption protects information specifically exempt from disclosure by statute, provided that the statutes absolutely require the matters to be withheld or establish specific criteria for such withholding. The qualifications were added in 1976 to narrow the Courts' expansive definition of "specifically" in the old law. The Supreme Court in *FAA* v. *Robertson*, 422 U.S. 255 (1975), said exemption 3 permitted the FAA to follow a statute exempting any information "that is not required in the interest of the public." Under the amendment, only statutes that specified particular information or types of information applied.

EXEMPTION 4: INFORMATION GIVEN IN CONFIDENCE

Exemption 4 applies to the disclosure of "trade secrets and commercial or financial information obtained from a person and privileged or confidential." The Senate report stated the purpose of the exemption as follows:

To protect the confidentiality of information which is obtained by the Government through questionnaires or other inquiries, but which would customarily not be released to the public by the person from whom it was obtained. (S. Rept. 813, 89th Cong., 1st Sess. p. 6.)

Materials covered would include; Business sales statistics, inventories, customer lists, and manufacturing processes. Also covered would be matters pertaining to the doctor-patient, lawyer-client, and lender-borrower privileges.

EXEMPTION 5: INTERNAL COMMUNICATIONS

Exemption 5 applies to "interagency or intraagency memorandums or letters which would not be available by law to a private party in litigation with the agency." The Senate report argued this was needed because—

It would be impossible to have any frank discussion of legal or policy matters in writing if all such writings were to be subject to public scrutiny." (S. Rept. 6).

The provisions, said the Senate, avoided a hampering of the Government's efficiency by making it "operate in a fishbowl."

EXEMPTION 6: PROTECTION OF PRIVACY

Exemption 6 applies to personnel files, the disclosure of which would be a "clearly unwarranted invasion of personal privacy."

The Senate report stated that:

The exemption enunciates "a policy that will involve a balancing of interests between the protection of an individual's private affairs from unnecessary public scrutiny, and the preservation of the public's right to governmental information" (S. Rept. 6).

It would apply particularly to health, welfare and selective service records.

EXEMPTION 7: INVESTIGATORY FILES

Exemption 7 deals with "investigatory files compiled for law enforcement purposes." These are files prepared by the Government to prosecute law violators. They are exempt where release to a private party could hurt the Government's case in court or where in accordance with the 1974 additions, release would first, deprive a person of a fair trial, second, constitute an invasion of privacy, third, disclose the identity of a confidential source or information provided by that source, fourth, disclose investigation techniques and procedures or fifth, endanger the life or safety of a law enforcement official.

EXEMPTION 8: INFORMATION CONCERNING FINANCIAL INSTITUTIONS

The Senate report of 1966 explains exemption 8 as:

Directed specifically to insuring the security of our financial institutions by making available only to the Government agencies responsible for the regulation or supervision of such institutions the examination, operating or condition reports prepared by on behalf of or for the use of such agencies. (S. Rept. 7).

Thus materials prepared for a Government agency by a financial institution responsible to that agency could not be disclosed.

EXEMPTION 9: INFORMATION CONCERNING WELLS

Exemption 9 covers geological and geophysical information and data, including maps, concerning wells. It was included after witnesses testified that geological maps developed during exploration of private oil companies were not covered under the trade secret provisions in current law and under exemption 4.

Details of oil and gas findings must be filed with Federal agencies by companies which want to lease Government-owned land. The disclosure of these exploratory findings would give an unfair advantage to speculators over the oil companies which spent millions of dollars in exploration.

With this background understood, Mr. President, I would like to proceed now to explain the provisions of my bill to amend FOIA. I will proceed one provision at a time. In each instance, I will attempt to give some reasons why current policy is not working effectively and then explain the proposed change.

FEES AND FEE WAIVERS

CURRENT SITUATION

The original FOIA in 1966 did not appropriate specific amounts of administration of the act. This oversight seems incredibly negligent in the current context of FOIA costs, a 1978 study by the Department of Justice found a minimum cost of administering FOIA Government-wide was $46 million, but estimated that actual costs were probably several times larger; testimony before the Constitution Subcommittee in 1981 showed the costs to the FBI alone reached $11.5 million last year.

The explanation for this oversight is apparent from the committee reports on the 1974 FOIA amendments. Those reports forecast the annual Government-wide costs of FOIA at between $40,000 and $100,000.

Congress clearly did not contemplate that the act would require many agencies to establish full-time FOIA bureaus, not to mention the indirect costs of the act in terms of consultation time with high officials outside of the FOIA bureaus.

Because Congress in 1966 and 1974 did not foresee the extent of FOIA's costs, we can appropriately reconsider FOIA's provisions for user fees in light of current findings.

The FOIA hearings have featured expert testimony that many requests that impose the bulk of the processing costs do not benefit the public at all. Instead corporate interests make detailed and costly requests which often must be scrutinized for many hours to prevent disclosure harm to the submitter of the information.

While these corporate interests may profit immensely from the information, they rarely pay even a fraction of the

cost to the Government of supplying the information.

The 1978 study at the Justice Department found that less than 2 percent of the underestimated $46 million cost figure was collected Government-wide in user fees.

In an era of great concern over unlimited Government expenditures and provision of private benefits at public expense, the failure of FOIA to set fees to cover the costs of providing the information is a situation Congress must correct.

BILL PROVISION

This provision will require the Office of Management and Budget to draft a uniform set of regulations governing fee collections under FOIA. The present act allows each agency to promulgate its own fee regulations. In practice, this current provision has confused requesters of information who have had to learn fee requirements that vary from agency to agency.

In addition, the current provisions seem to have produced little incentive for agencies to collect anything near the actual value of the information disclosed.

This change will require the agencies to consider the cost to the taxpayer of supplying this information and at the same time will acknowledge that fees should be waived when the information is likely to serve a substantial public interest.

This provision should promote openness in Government as well as sound economic policy. In *S.D.C. Development Corp.* v. *Mathews*, 542 F. 2d 1116 (1976), the ninth circuit turned down a request for computerized records that were to be made available to the public for a fee.

The requester had tried to obtain the records without a fee by using FOIA. The Court dealt with the problem of fees in this instance by declaring that the computer records were not agency records within the scope of FOIA.

This provision would avoid interpretations which narrow the scope of FOIA by clarifying congressional intent with regard to fees. It would also promote openness by providing a Government-wide, uniform policy for fees and by providing mandatory free processing for most minor requests and further by providing safeguards against the requester paying for time spent by agencies in legal deliberations on legal or policy issues.

This provision will finally correct Congress' failure to contemplate that FOIA could cost more than $50,000 per year.

TIME LIMITS

CURRENT SITUATION

Under present law, an agency must answer FOIA requests within strict time limits (10 days, and 20 for appeals) or violate the letter of the law. Although courts have frequently been lenient in construing the time limits provisions of FOIA (See *Open America* v. *Watergate Special Prosecution Force*, 547 F. 2d 605 (1976) where court approved first-come, first-served policy for flood of requests), the law nonetheless causes unnecessary litigation which divert attention from the substantive legal issues of a request.

Moreover, the time limits often require the agencies to do hasty processing, which increases the likelihood of denials on legal grounds and unnecessary litigation where a more careful analysis might have allowed the Government to be more open.

Such hasty processing also increases the chance that the Government might disclose trade secrets, the identity of confidential sources, and other protectible interests.

BILL PROVISION

This time limit proposal does not alter the current 10-day limit, thus protecting the requester's interest in obtaining timely information, but does give the agencies an extra time cushion in difficult or unusual circumstances. The current time limits are supplemented with provisions that allow the agencies some flexibility to take more time in unusual cases.

The bulk of all requests will continue to fall under the 10-day limit. When unanticipated circumstances, such as a sudden flood of requests, make compliance with the 10-day limit impossible, the agency departs from normal time standards. This kind of litigation should be rare because the provision does provide workable standards to legalize such departures when they are necessary and proper.

DUPLICATIVE REQUESTS

CURRENT SITUATION

In many cases, agencies are burdened with numerous requests for records that consist mainly of newspaper articles, magazine articles, court records, or other items which are publicly available.

Nonetheless FOIA now requires that this information be copied and sent to the requester.

In other instances, agencies might receive multiple requests from the same party for the same information from time to time. This occurs presumably because the requester wants to uprate his information occasionally. Nonetheless FOIA now requires that the same information be copied and sent to the requester time after time.

BILL PROVISION

Under this bill, an agency could simply refer the requester to the public record for information that might be obtained from any nearby library. The bill also allows the agency to simply update information which has been requested a second or third time by the same requester.

In addition, the bill will allow agencies to coordinate their efforts when a requester has requested the same information from several different agencies. Instead of each agency sending the requester the duplicative information, the agencies may confer to see that the requester receives all available information from a single agency source.

REASONABLY SEGREGABLE

CURRENT SITUATION

During the 1974 rewrite of FOIA, Congress inserted a provision into the act requiring that any portions reasonably segregable from a requested record subject to some exemptions should be disclosed to the requester.

While this is a sound principle, experience with the act has demonstrated that often it requires an agency to undertake wasted work to provide a fragmented record that makes no sense to the average requester, but might jeopardize protectible interests, particularly in the law enforcement and foreign intelligence fields.

BILL PROVISION

This provision means that the word reasonably will be given a reading which takes into account what the reasonable requester would find valuable.

By reducing the risk of mistaken releases of sensitive matter, it should also prove a safeguard to vital law enforcement and foreign intelligence interests.

Moreover, the provision giving criteria for determining what is reasonable should alleviate the costs of processing a request that supplies only gibberish when the exemptions have taken effect.

MANUALS AND ROSTERS—EXEMPTION 2

CURRENT SITUATION

Exemption 2 protects the internal personnel rules and practices of an agency from disclosure. Although the House report on this exemption stated that:

> Operating rules, guidelines, and manuals of procedure for Government investigators or examiners would all be exempt from disclosure.

Several courts have allowed release of sensitive law enforcement manuals and procedures.

For instance, in Jordan against U.S. Department of Justice, decided in the D.C. Circuit Court on October 31, 1978, guidelines on prosecutorial discretion used by U.S. attorneys were ordered released because not specifically covered by exemption 2. In another case, *Lesar* v. *Dept. of Justice*, 636 F. 2d 472 (1980), the D.C. Circuit ordered the release of a roster of all female customs inspectors.

Finally the Supreme Court raised but did not resolve issues such as whether manuals on protecting nuclear power plants or studies on how to tap telecommunications should be subject to disclosure. That case, *Rose* v. *Dept. of Air Force*, 425 U.S. 352 (1976), strongly suggests that Congress clarify its intent.

BILL PROVISION

This provision will clarify congressional intent in conformance with the original House report on exemption 2 and the majority of court cases on this subject. Some of the cases which have found protectible interests in records specificially mentioned under this provision include: *Caplan* v. *BATF*, 587 F. 2d 544 (1978) protected a law enforcement manual; *Ginsburg* v. *FEC*, 591 F. 2d 752 (1978) protected audit review guidelines; *Cox* v. *Department of Justice*, 576 F. 2d 1302 (1978), protected U.S. Marshal's manual. This provision will reaffirm Congress' original intent, as expressed in the House report of FOIA, to protect sensitive law enforcement manuals and auditing records which might enhance vulnerability of Government functions to criminal activity.

The phrase instructions to * * * negotiators in the provision includes those dealing with international trade and other foreign matters, negotiated procurements of goods, labor-management negotiations, negotiations to settle litigation and negotiations for the release of hostages or any other negotiations to

carry out important functions, insofar as the release of such instructions would prejudice the success of the negotiations.

BUSINESS CONFIDENTIALITY—EXEMPTION 4

CURRENT SITUATION

The Constitution Subcommittee devoted an entire hearing to the subject of business confidentiality and the prospect that FOIA could be used by a company to conduct commercial espionage against its competitors.

Rather than catalog at length the need for alteration in this provision, I intend to provide at the conclusion of my remarks the testimony of Jack Pulley, who mentions several personal experiences demonstrating the inadequacies of the current status of the fourth exemption.

Mr. Pulley's testimony explains why both procedural and substantive changes in the implementation of exemption 4 are required to restore Congress original intent for this exemption.

Exemption 4 was a part of the 1966 FOIA, and protects matters that are "trade secrets and commercial or financial information obtained from a person and privileged or confidential."

The Senate report described the confidential information as that "which would customarily not be released to the public by the person from whom it was obtained." This is a more subjective test which was used by the courts in the early decisions addressing the question.

However, in *National Parks & Conservation Assn.* v. *Morton*, 498 F. 2d 765 (1974), the Court developed a two-pronged "competitive harm" test to replace the more subjective test. Under this new test, information was confidential for purposes of exemption 4 if it had either of the following effects: First, to impair the Government's ability to obtain necessary information in the future; or second, to cause substantial harm to the competitive position of the person from whom the information was obtained. This test has been universally adopted as the confidentiality test.

The problem with the new test is that it creates uncertainty. The agencies can no longer promise to keep certain information exempt from release. The subjectivity of the determination switches to the trial judge, who determines what is substantial harm to the business interests of the submitter. This suggests that Congress has an interest in reaffirming its intent to protect sensitive business records from disclosure under FOIA.

The procedural changes in FOIA to avoid problems of undue disclosure of confidential commercial records usually include some statutory notice for submitters of information and an opportunity for the business submitter to inform the agency of reasons the requested record should not be released.

Finally, a recommendation that would give requestors and submitters equal rights involves granting submitters a chance for de novo court review when an agency decides to disclose a business record despite the submitter's objections.

FOIA provides an express right to requestors for de novo review in a district court of an agency decision to deny their request. But no such right is granted to submitters. In *Chrysler Corp.* v. *Brown* 441 U.S. 281 (1979), the Supreme Court held that a submitter has no remedy in the courts under FOIA to protect his information from disclosure.

It reasoned that FOIA is strictly a disclosure statute, and that the exemptions only allow nondisclosure, they do not mandate it. The Court went on to hold that the Trade Secrets Act, 18 U.S.C. section 1905, restricts an agency's discretion to release business secrets, but it does not grant a private right of action either.

Instead, a submitter can only proceed under the Administrative Procedures Act where he would normally have the burden of showing an arbitrary or capricious decision on the part of the agency.

BILL PROVISIONS

This revision of the standard for exemption 4 would change "a" person to "any" person and add "research" to the list of protectable interests to make clear that, despite *Washington Research* v. *HEW*, 504 F. 2d 238 (1974), nonprofit entities, universities, hospitals, and so forth, can have their sensitive research products protected under exemption 4. The revised standard also clarifies that where disclosure would "impair legitimate private, competitive, financial, research, or business interests" the records may be withheld.

This makes it clear that interests other than substantial competitive harm must be weighed when making determinations that could jeopardize vital business secrets.

Finally the detailed procedural changes recommended by this bill grant the submitter notice that his records may be released, a chance to be heard against the release, and de novo court review where the records are scheduled for release despite his objections.

PERSONAL PRIVACY—EXEMPTION 6

CURRENT SITUATION

Both the House and Senate reports of the original FOIA noted that many agencies have great quantities of files containing intimate details about millions of Americans.

Consequently, Congress included exemption No. 6 to insure that the public's interest in knowing about others would not unduly jeopardize rights to individual privacy.

Recently the D.C. Circuit Court has interpreted the language "personnel and medical files and similar files" to mean that only files similar to personnel and medical files will be exempt. This significantly narrows the protections of exemption 6. Many files containing intimate information about an individual could be characterized as outside the limits of personnel or medical files.

Congress instead desired to emphasize that the phrase "clearly unwarranted invasion of privacy" is the central principle of this exemption.

If information in Government files is particularly sensitive, it should be protected regardless of whether it might be a medical or personnel record.

BILL PROVISION

This provision will safeguard individuals against unjustified risk of harm—physical, mental, financial, social, or other types of harm—from releases of information about them held by Federal agencies. The similar files test will be clearly rejected in favor of a test that acknowledges a standard of personal privacy.

In some instances where the public interest in disclosure may substantially override the individual privacy concern, this revision will allow a balancing to protect the public interest. This balancing will be similar to that endorsed by the courts in the *Wine Hobby* v. *U.S. IRS*, 502 F. 2d 133 (1974), and *Getman* v. *NLRB*, 450 F. 2d 670 (1971) cases.

LAW ENFORCEMENT—EXEMPTION 7

CURRENT SITUATION

Law enforcement has been one of the areas of Government concern most affected by FOIA. Witnesses at the Constitution Subcommittee hearings agreed that informants, the primary tool for solving cases, were far more reluctant to share information today because they fear disclosure of their identity through FOIA requests.

Attorney General Bell supplied over 100 instances that a potential informant had refused to cooperate with law enforcement officials due to FOIA. This record was corroborated by Jonathan Rose, current Assistant Attoney General.

BILL PROVISION

The amended exemption 7 would exempt from disclosure any information that would tend to disclose a confidential source, including a State or local government agency or foreign government.

The present exemption only includes information that would disclose a confidential source. The rationale is to broaden the definition of confidential source to be able to include State, local, and foreign governments.

And, more importantly, the inclusion of the word "tend" would permit the agencies to withhold the bits and pieces that, if assembled, could imperil the life of an informant.

The amended exemption 7 would have two other changes: First, records would be exempt if disclosure would constitute an unwarranted invasion of privacy of a person who has been deceased for less than 25 years. The present exemption does not apply to deceased individuals.

Second, records are exempt if disclosure would endanger the life of any natural person, not only the life of law enforcement personnel as presently provided.

FELONS

CURRENT SITUATION

Assistant Attorney General Rose testified that 40 percent of the requests received by the Drug Enforcement Administration are from prisoners and another 20 percent from persons not in prison but known to be connected with criminal drug activities; 11 percent of FBI's total requests come from prisoners.

Given that the FBI and DEA spent over $13.5 million last year to comply with FOIA requests and that requests from prisoners often require substantial review, these two agencies alone spent 20 to 40 times what Congress estimated

the entire act to cost in 1974 just to respond to felons.

BILL PROVISION

This provision will allow OMB to promulgate regulations to restrict the access of imprisoned felons to information in Government files. Since felons do not even vote, an act designed especially to provide information to voters has little applicability to them.

This bill also includes some other provisions to reduce the number of reports made annually by an agency pursuant to FOIA and to make the act read more correctly.

As mentioned earlier in my statement, I would like to include with this statement the testimony of Robert Saloschin and Jack Pulley explaining some of the reasons for the form of this bill.

In addition, I wish to thank a good friend at KSL in Salt Lake City, Ernie Ford, for giving me his thoughtful suggestions as I drafted this bill.

Mr. Saloschin has also contributed significantly to the provisions of this bill.

Although I recognize that this bill is not a final product and look forward to the suggestions of my colleagues for its improvement, I think this bill has made a sincere effort to consider the testimony given in 4 days of hearings before the Constitution Subcommittee. The final day of hearings on this subject will take place next week.

Before that final day, however, I wish to give all interested parties a chance to review this bill and make suggestions. The Freedom of Information Act needs revision in order to carry out its policy of opening Government to voter understanding. This bill should effect that policy.

Mr. President, I ask unanimous consent that the bill, and statements by Robert Saloschin and Jack Pulley be printed in the RECORD.

There being no objection, the bill and statements were ordered to be printed in the RECORD, as follows:

S. 1730

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

FEES AND WAIVERS

SEC. 2. Subparagraph (4)(A) of subsection (a) of Title 5, United States Code 552(a) is amended to read as follows:

"(a)(A)(i) In order to carry out the provisions of this section, the Office of Management and Budget shall promulgate regulations, pursuant to notice and receipt of public comment and after consultation with the agencies, specifying uniform schedule of fees applicable so far as practicable to all agencies, and referring specifically to any variances from such schedule for particular agencies.

"(a) Such regulations shall not provide for any fees to be charged by any agency with respect to any request or series of related requests which requires no more than two hours of services by agency personnel to process and which results in making available copies of no more than twenty pages of records.

"(b) Such regulations shall provide for reasonable standard charges for the cost of services by agency personnel in search, duplication, and other processing of such request, and for other costs incurred in processing the request. The term 'processing' does not include services of agency personnel in resolving issues of law and policy involved in a request, but may include examining records for possible withholding or deletions to carry out determinations of law or policy. Subject to the provision for free processing set forth in (a) above, such regulations may also provide for standard flat charges to categories having similar processing costs.

"(c) Such regulations may, in the case of any request or series of related requests for records containing commercially valuable technological information which was generated or acquired by the government at substantial cost to the public, provide for the charging of a fair value fee or royalties, or both, in addition to or in lieu of any processing fees otherwise chargeable, taking account of such factors as the estimated commercial value of the technological information, its cost to the government, any public interest in encouraging its utilization, and other factors comparable to those set forth in the federal user charge statute, 31 U.S.C. section 483a.

Nothing in this subparagraph shall supercede fees chargeable under a statute specifically providing for setting the level of fees for particular types of records.

"(ii) Documents may be furnished without charge or at a reduced charge where the agency determines that waiver or reduction of the fee meets a substantial public interest because furnishing the information can be considered as primarily benefiting the general public. In determining whether to waive or reduce a fee, an agency may consider the following:

"(a) the extent, if any, by which the cost of computing and collecting it may exceed the amount of the fee,

"(b) permitting use of this Act by indigent persons who might otherwise be unable to make a request due to insufficient funds,

"(c) the likelihood of dissemination to the public of significant information clearly and substantially benefiting public health or safety,

"(d) any indications that the requester has sought to formulate or reformulate a costly request so as better to specify, help locate, and process the records at less cost to the government, and

"(e) the absence of indications that granting the request is likely to benefit the commercial or other private interests of the requester.

The Office of Management and Budget may make arrangement for the speedy, informal, equitable, and impartial resolution of disputes between requesters and agencies concerning fees and fee waivers under this subparagraph, but any such resolution may be reviewed and altered by a court in a suit under this section. In carrying out its functions under the preceding sentence, the Office of Management and Budget, shall solicit and be furnished appropriate cooperation by all agencies, particularly the Office of Management and Budget, the Office of Personnel Management, the Administrative Conference of the United States, and the National Archives and Records Services. Fees for services pursuant to this subparagraph may be charged for services performed after the filing of suit under this section unless the court in such suit shall otherwise direct.

"(iii) One-half of the fees collected under this section shall be retained by the collecting agency to offset the costs of complying with this section. The remaining fees collected under this section shall be remitted to the Treasury's general fund."

TIME LIMITS

SEC. 3. Paragraph (6) of subsection (a) Title 5, U.S.C., is amended to read as follows:

"(6)(A) Except as otherwise provided in this paragraph, each agency, upon request for records made under paragraph (1), (2), or (3) of this subsection, shall—

"(i) determine within ten days (excepting Saturdays, Sundays, and legal public holidays) after the receipt of any such request whether to comply with such request and shall immediately notify the person making such request of such determination and the reasons therefor, and of the right of such person to appeal to the head of the agency any adverse determination; and

"(ii) make a determination with respect to any appeal within twenty days (excepting Saturdays, Sundays, and legal public holidays) after the receipt of such appeal. If on appeal the denial of the request for records is in whole or in part upheld, the agency shall notify the person making such request of the provisions for judicial review of that determination under paragraph (4) of this subsection.

"(B) In unusual circumstances as defined in this subparagraph and as further specified in regulations to be issued by the Attorney General after notice and hearing, the time limits prescribed in either clause (i) or clause (ii) of subparagraph (A) may be extended by written notice to the person making such request setting forth the reasons for such extension and the date on which a determination is expected to be dispatched. No such notice shall specify a date that would result in an extension for more than an aggregate of sixty working days with respect to any request, including any appeal pertaining thereto. As used in this subparagraph, "unusual circumstances" means, but only to the extent reasonably necessary to the proper processing of the particular request—

"(i) the need to search for and collect the requested records from field facilities or other establishments that are separate from the office processing the request.

"(ii) the need to search for, collect, and appropriately examine a voluminous amount of separate and distinct records which are demanded in a single request;

"(iii) the need for consultation, which shall be conducted with all practicable speed, with another agency having a substantial interest in the determination of the request or among two or more components of the agency having substantial subject-matter interest therein;

"(iv) a request which the head of the agency has specifically stated in writing would, if given priority for processing, substantially obstruct and impair the urgent performance of a statutory agency function in aid of the public health, safety, or welfare, the national economy, law enforcement, or the national defense of foreign relations;

"(v) a request for records involving private business or personal information, the proper processing of which involves balancing the interests of the requester and the submitter or subject of the information and the solicitation and appraisal of further information and views from such persons; or

"(vi) a major, abrupt, and unexpected increase in the number of requests or appeals received by an agency, creating a substantial backlog requiring processing on a generally first-come-first-serve basis except hardship cases.

(C) Any person making a request to any agency for records under paragraph (1), (2), or (3) of this subsection shall be deemed to have exhausted his administration remedies with respect to such request if the agency fails to comply with the applicable time limit provisions of this paragraph. If the Government can show exceptional circumstances exist and that the agency is exercising due diligence in responding to the request, the court may retain jurisdiction and allow the agency additional time to complete its review of the records. Where an agency in such exceptional circumstances is exercising due diligence but cannot be allowed additional time because the matter is not in court, the agency shall provide the requester with a

notice of the exceptional circumstances and the due diligence which pertain to the request, together with its best estimate of when a determination on such request will be made. Such notice and the circumstances relating to it

"(i) shall not delay or prevent the filing of a suit under this section or bind a court on the question whether administrative remedies have been exhausted and

"(ii) may be considered by a court in ruling on whether the agency should be allowed additional time, and until a court rules on this issue an agency shall not be considered to have violated the otherwise applicable time limits.

Upon any determination by an agency to comply with a request for records, the records shall be made promptly available to such person making such request. Any notification of denial of any request for records under this subsection shall set forth the names and titles or positions of each person responsible for the denial of such request."

DUPLICATIVE REQUESTS

SEC. 4. 5 U.S.C. 552(a) is amended by adding at the end thereof the following new paragraph:

"(7) In any case in which a portion of the records requested under this subsection consist of newspaper clippings, magazine articles, court records, or any other item which is a public record or otherwise available in public records, the agency shall not be required to copy that portion of the record but may identify such portions by date and source.

"(8) In order to encourage more efficient administration of this section and avoid unnecessary duplication of effort, any person making a request to an agency for records under this section may be asked to state the number of other requests under this section that such person has made within the past two years, the agency to which these were made, and the date of each such request. In any case in which a person makes successive or multiple requests on the same general subject within a two-year period, (a) an agency may arrange with other agencies from which the person requested records on the same general subject, or which hold requested records, for consolidated or coordinated responses, and (b) any agency shall not be required to copy any portion of the records previously furnished to the requestor but shall only be required to update the response with any requested material which is available and was not previously furnished. As used in this paragraph, "person" includes agents of a person or two or more persons acting in concert, and the term "the same general subject" includes substantially similar or related subjects. Each agency head may promulgate regulations, subject to the control of the Attorney General, to assist in the administration of this paragraph."

CLARIFY EXEMPTIONS

SEC. 5. 5 U.S.C. 552(b) is amended to read as follows:

"(b) The compulsory disclosure requirements of this section do not apply to matters that are—".

REASONABLY SEGREGABLE

SEC. 6. Insert after the last sentence in 552(b) the following: "In determining which portions of records are reasonably segregable, the following may be considered:

"(a) any public interest in the release of such portions,

"(b) their intelligibility or other value to the requester,

"(c) the degree to which such portions are readily severable from the balance of the records and any significant costs in making such severed portions available,

"(d) whether the information in such portions otherwise is available to the requester or can be provided, and

"(e) in the case of records containing matter covered by Exemptions 1 or 7 of this subsection, the degree of risk that there may be persons who have such significant information or expertise on the subject of the record as to render deletions of only matter that the agency can prove to be exempt ineffective to protect exempt information which may be derived from such record."

MANUALS AND ROSTERS

SEC. 7. 5 U.S.C. (b)(2) is amended by adding at the end thereof a comma and the following "including manuals and instructions to investigators, inspectors, auditors, negotiators, or protective officers, guidelines for the allocation of prosecutorial resources, and examination material used solely to determine individual qualifications for employment, promotion, or licensing, the disclosure of which would jeopardize law enforcement, negotiations, protection of government officials, or examinations, and further including reports describing the vulnerability to criminal interference of facilities or activities of government or of persons engaged in interstate or foreign commerce."

BUSINESS CONFIDENTIALITY

SEC. 8. 5 U.S.C. 552(b)(4) is amended to read as follows:

"(4) trade secrets and commercial research, or financial information, or other commercially valuable information obtained from any person and privileged or confidential where release may impair the legitimate private, competitive, financial, research or business interests of any person or where release may impair the government's ability to obtain such information in the future;"

BUSINESS CONFIDENTIALITY PROCEDURES

SEC. 9. Section 552(a) of title 5, United States Code, is amended by inserting immediately after paragraph (6) the following new paragraph:

"(7)(A)(i) Whenever an agency receives a request for records containing or based on information which is or may be subject to exemption four (5 U.S.C. 552(b)(4)) and the agency has not decided to withhold such records, the agency shall, within ten working days from the date of receipt of such request, give written notice to the submitter of the information contained in the record, or on which the record is based, of such request. This notice shall describe the nature and scope of the request and advise the submitter of his right to submit written objections and his right to an informal ex parte hearing pursuant to this paragraph.

"(iii) For the purposes of this section, the term 'submitter' includes the private source who provided the requested record or the information contained in the requested record or on which the requested record is based, the private proprietor of such information, and the individually identifiable private party who is the subject of such information.

"(B)(i) The submitter may, within ten working days after receipt of the notice, provide the agency with written objections to disclosure of records requested, clearly and succinctly describing legal grounds for the objections.

"(ii) Upon proper request by the submitter made within five working days after receipt of the notice, the agency shall provide the submitter with an opportunity for an informal ex parte hearing at a location suitable for the interests of the submitter and of the agency, except that the agency may deny a request for hearing upon a written determination that on the particular facts of the case the request is clearly frivolous, the requested hearing would severely prejudice specifically stated interests of the agency or identified third parties, or the requested hearing has been rendered unnecessary by virtue of a determination to deny the underlying request for disclosure. This hearing shall be held no later than thirty days after the agency receives the request for a hearing, but not earlier than a reasonable time for the submitter to prepare his presentation for the hearing.

"(iii) The time limits set forth in this subparagraph may be extended by the agency where required by the circumstances of the case to permit development of the evidence for the record or where required by other exceptional circumstances. When an agency extends such time limits, it shall make a written finding of such circumstances and why such circumstance justifies an extension of the applicable time limits. The agency shall send the submitter a copy of this finding by certified or registered mail.

"(C)(i) Within thirty days after the agency receives the written objections of the submitter, or, if an informal ex parte hearing was held, within thirty days after the conclusion of the hearing, the agency shall make a final decision regarding declosure of the requested agency records, unless such time limitations are extended by the agency due to the existence of exceptional circumstances justifying such extension. When the agency extends such time limitations, it shall make a written finding of such circumstance and why such circumstance justifies an extension of the applicable time limits. The agency shall send the submitter a copy of this finding by certified or registered mail.

"(ii) When the agency makes its final decision, it shall give the submitter written notice of its decision by certified or registered mail. Where the agency has decided to disclose the records requested, this notice shall clearly describe the factual and legal grounds on which the agency based its decision.

"(D) An agency may not disclose records which are subject to the provisions of this paragraph unless—

"(i) more than ten working days have passed since the submitter received notice of the request for disclosure and the submitter has not provided the agency with written objections to the disclosure of the records requested or requested an informal ex parte hearing.

"(ii) more than ten working days have passed since the submitter received notice of the final decision of the agency following submission of written objections where the submitter has not requested an informal ex parte hearing, or where the request of the submitter for such hearing was denied, or

"(iii) more than ten working days have passed since the submitter received notice of the final decision of the agency following an informal ex parte hearing.

"(E)(i) Whenever an agency gives a submitter written notice of a request for agency records pursuant to this paragraph, the agency shall also give the requester written notice by certified or registered mail that the record requested is subject to the provisions of this paragraph and that notice of the request is being given to the submitter: *Provided, however,* That such notice shall not describe or identify in any way the information contained in the requested record or on which the record is based, or identify the submitter of such information.

"(ii) Whenever an agency grants the request of a submitter for an informal ex parte hearing, the agency shall give the requester written notice, by certified or registered mail, that an informal hearing will be held pursuant to the provisions of this paragraph.

"(iii) At the same time the agency gives notice of its decision to the submitter, the agency shall give a similar written notice of its decision to the requester by certified or registered mail. Where the agency has decided not to disclose the requested record or part thereof, the notice shall be made in such a manner so as not to prejudice in any way the status or content of the record, or part thereof, as exempt from the disclosure provisions of this section.

"(iv) Whenever an agency extends the

time limitations set forth in subparagraphs (B) or (C), the agency shall send a copy of the written findings of exceptional circumstances to the requester by certified or registered mail at the same time such finding is sent to the submitter: *Provided, however,* That the copy of such findings sent to the requester shall not prejudice in any way the status or content of the record, or part thereof, as exempt from the disclosure provisions of this section.

"(F) The requester may deem the request for disclosure of records denied if—

"(i) more than forty days after the requester received notice that the requested record was subject to the provisions of this paragraph, the requester has not received written notice that an informal ex parte hearing has been granted, written notice of the final decision of the agency, or a copy of the findings of exceptional circumstances requiring an extension of the time limits of subparagraphs (B) or (C); or

"(ii) more than sixty days after the requester received notice that an informal ex parte hearing has been granted, the requester has not received either written notice of the final decision of the agency or a copy of the findings of exceptional circumstances requiring an extension of the time limits of subparagraphs (B) or (C):

"(G) Any written finding made by an agency that exceptional circumstances require an extension of the time limits of subparagraphs (B) or (C) shall be subject to review in the district court of the United States in the district in which the complainant resides, or has his principal place of business, or in which the agency records are located, or in the District of Columbia. If the reviewing court finds the challenged extension to be unwarranted by the facts, it may declare such extension invalid and order such relief as it deems proper, including initiating de novo review of the request for disclosure and the related objections of the submitter, pursuant to subparagraph (H), and ordering the award of attorney fees, pursuant to subparagraph (4)(E) of this section.

"(H)(i) Any determination made by an agency following the procedures provided by this paragraph to disclose all or part of the records requested to be disclosed shall be subject to de novo review in the district court of the United States in the district in which the complainant resides, or has his principal place of business, or in which the agency records containing the information are situated, or in the District of Columbia. The district court may examine the contents of such records in camera to determine whether such records or any part thereof shall be withheld under any of the exemptions set forth in subsection (b) of this section. The burden is on the agency to sustain its action by a preponderance of the evidence.

"(ii) The court may assess against the United States reasonable attorney fees and other litigation costs reasonably incurred in any case under this subsection, in which the complainant has substantially prevailed.

"(I) Nothing in this paragraph will be construed to be in derogation of any other rights established by law protecting the confidentiality of private information."

CONFORMING AMENDMENTS FOR BUSINESS CONFIDENTIALITY PROCEDURES

SEC. 10. (a) Section 552(a)(3) of title 5, United States Code, is amended by inserting "and except as provided in paragraph (7) of this subsection" immediately after "this subsection".

(b) Section 552(a)(4)(B) of title 5, United States Code, is amended by striking out "On" at the beginning of subparagraph (B) and inserting in lieu thereof "Subject to the provisions of paragraph (7) of this subsection, on".

(c) Section 552(a)(6)(A) of title 5, United States Code, is amended by striking out "Each" at the beginning of subparagraph (A) and inserting in lieu thereof "Subject to the provisions of paragraph (7) of this subsection, each".

(d) Section 552(a)(6)(B) of title 5, United States Code, is amended by striking out "In" at the beginning of subparagraph (B) and inserting in lieu thereof "Subject to the provisions of paragraph (7) of this subsection, in".

(e) Section 552(a)(6)(C) of title 5, United States Code, is amended by striking out "Any" at the beginning of subparagraph (C) and inserting in lieu thereof "Subject to the provisions of paragraph (7) of this subsection, any".

PERSONAL PRIVACY

SEC. 11. 5 U.S.C. 552(b)(6) is amended to read as follows:

"(6) disclosures, including but not limited to disclosures from personnel and medical files and from rosters of law enforcement personnel or personnel of any national intelligence agency, if the disclosure would constitute a clearly unwarranted invasion of personal privacy: As used herein, a disclosure would be an 'invasion of personal privacy' if the individual could reasonably object to it because of intimacy or possible adverse effects on himself or his family, and it would be 'clearly unwarranted' if the detriments of the disclosure are not outweighed by its benefits to the public interest;".

EXEMPTION 7

SEC. 12. 5 U.S.C. 552(b)(7) is amended to read as follows:

"(7) subject to the provisions of subsection (f), records maintained, collected, or used for law enforcement purposes, but only to the extent that the production of such law enforcement records would (A) interfere with enforcement proceedings, (B) deprive a person of a right to a fair trial or an impartial adjudication, (C) constitute an unwarranted invasion of personal privacy or the privacy of a natural person who has been deceased for less than twenty-five years, (D) tend to disclose the identity of a confidential source, including a state, local or foreign government which furnished information on a confidential basis, and, in case of a record maintained, collected or used by a criminal law enforcement authority in the course of a criminal investigation, or by an agency conducting a lawful national security intelligence investigation, confidential information furnished by the confidential source, (E) disclose investigative techniques, and procedures, or (F) endanger the life or physical safety of any natural person."

FELONS

SEC. 13. 5 U.S.C. 552(a)(3) is amended by adding at the end thereof the following: "The Office of Management and Budget, in accordance with public rule making procedures set forth in Section 553 of this title may by regulation prescribe such limitations or conditions on the extent to which and on the circumstances or manner in which records requested under this paragraph or under Section 552a of this title shall be made available to requesters who are persons imprisoned under sentence for a felony under federal or state law or who are reasonably believed to be requesting records on behalf of such persons, as he finds to be (a) appropriate in the interests of law enforcement, of foreign relations and national defense, or of the efficient administration of this section, and (b) not in substantial derogation of the public information purposes of this section."

REPORTING UNIFORMITY

SEC. 14. 5 U.S.C. 552(d) is amended as follows:

(a) The first sentence of 5 U.S.C. 552(d) is amended by substituting in lieu of the words before "Speaker" the following: "On or before December 1 of each calendar year, each agency shall submit a report covering the preceding fiscal year to the . . ."

(b) The last paragraph of 552(d) is amended by substituting "December" for "March" and by substituting for the word "calendar" the second time it appears the word "fiscal."

STATEMENT OF ROBERT L. SALOSCHIN

Mr. Chairman and Members of the Subcommittee:

Let me thank you for this opportunity to participate in your hearings on the Freedom of Information Act. I particularly appreciate it because I had mixed feelings, including a twinge of guilt, when I retired from the Justice Department at the very time when impending changes in the Freedom of Information Act would soon require the attention of the new leadership in the executive and legislative branches. Therefore, I feel that as a private citizen, I have a civic duty to help where I can, and any contribution I can offer will now be free of the constraints of Justice Department or other institutional positions. As of this date, neither I nor my law firm, Lerch, Early & Roseman of Bethesda, Maryland, represent any client for the purpose of either supporting or opposing amendments to the Freedom of Information Act.

It is hard to know where to begin in discussing a subject as large, complex and controversial as Freedom of Information. This is especially true for a witness who seeks to cover the whole subject with one comprehensive statement that will provide a maximum of perspective and usefulness.

Allow me to begin with four preliminaries: A few remarks on the importance of FOIA; on my own background for approaching FOIA questions which may be helpful in your appraisal of my testimony; then a brief attempt to identify the basic issue that underlies all the other FOIA issues which you will face; and then my own conclusion on that basic issue. The body of my statement will discuss seven major areas where legislative changes in FOIA should be considered, and finally, I will be happy to respond to questions.

IMPORTANCE OF FOIA

The Freedom of Information Act (FOIA) is important from several perspectives: History, comparative government, its sheer magnitude, its central objectives, and the major public and private values with which it must be reconciled.

In legal terms FOIA may be only an open records law, but it has been a bellwether for other openness changes in federal, state and private organizations. FOIA really represents a major innovation in modern democratic government, partly comparable to free schools, expanded suffrage, the initiative and referendum, the broadcast media, or even the separation of powers. Moreover, FOIA is with us at a time of explosive growth in information-handling technology—computers and communications—and in the amount of information itself. In a period which some call the "Information Age", the success or even the survival of individuals and institutions may increasingly depend on obtaining (or preventing others from obtaining) access to information, much of it held by the government.

FOIA is being watched not only by states and private organizations but also by other great democracies, including Canada, Australia, Japan, and several European nations. Part of this interest has to do with FOIA's effects on trans-national movements of information in areas such as finance, trade, technology, law enforcement, and national security, and part of it is with a view to developing their own FOIA's in the light of our experience.

FOIA's sheer magnitude should not be for-

gotten, especially since it also embraces infinite variety. It applies to uncounted billions or trillions of records reflecting everything the government has been involved in. It includes more than a thousand federal court decisions with judicial opinions, including a dozen in the Supreme Court.

FOIA's original and central objectives are in harmony with the success and survival of our free society: To make popular government work better, through a better informed electorate, and through better public accountability of government agencies.

The major public and private values with which FOIA must be reconciled can be identified from the statute itself and from experience under it. The Act seeks to strike a balance, which from time to time may need adjustment by Congress, between the public's right to know and the safeguarding of these major values, which I have called "protectable interests." While in legal terms FOIA has nine exemptions that permit withholding, these nine exemptions represent five great "protectable interests"—the public's interests in national security, in law enforcement, and in government efficiency, and the private sector's interests in business confidentiality, and in individual privacy. Whenever there seem to be real conflicts between the public's right to know and any of these five major interests, there will be problems for the agencies, for the courts, for Congress and for a responsible citizenry.

BACKGROUND OF THE WITNESS FOR FOIA QUESTIONS

My background is not purely as a government lawyer. I spent over four years in the Navy; over two years in a large Wall Street law firm; I launched two businesses as sidelines years ago; I have helped create swimming pools, libraries, and zoning master plans as a civic volunteer; like millions of others, I devote some time and money to investments; and I am currently in the private practice of law.

Nevertheless, I have worked thirty-five years for the government, the last twenty-two in the Justice Department, and the last twelve of these in Freedom of Information on a full-time—sometimes an overtime—basis. From 1969, when I was designated the Justice Department's Freedom of Information Committee Chairman in a memorandum to all federal agencies from Assistant Attorney Generals Rehnquist and Ruckleshaus, until I retired from the Department this March, I provided informal advice on thousands of problems faced by federal agencies whose records were requested under FOIA. After 1978, as Director of the Office of Information Law and Policy, I was responsible for a stronger Freedom of Information Committee; an expanded training program for government personnel; a newsletter to keep agencies informed, known as FOIA Update; an improved Freedom of Information Case List for research in the growing mass of FOIA court decisions; the issuance of position papers on major FOIA problems affecting many agencies; and last but not least, a government-wide study to develop possible FOIA amendments. These experiences have taught me many lessons, only one of which I will mention now—that the practical results of a law depend both on how well it is written and on how well it is administered.

THE UNDERLYING ISSUE

You may soon become deeply involved in numerous problems and detailed proposals looking toward greater protection under FOIA for several of the five "protectable interests" which I just mentioned, and toward improving FOIA procedures for administration and litigation. Before engaging in these major labors, it might be useful to try to define the basic issue, to serve as a guide for judging the proposed changes.

I suggest that the basic issue is what changes should Congress make so that FOIA will produce the best mixture of results that is reasonably practicable. By the best mixture, I refer to all results of FOIA that are either beneficial or detrimental to our ultimate goal of preserving and improving a free, prosperous and secure society in today's complex and turbulent world. In 1974, the focus of Congressional attention was only to maximize FOIA's benefits; today the primary concern is to minimize the detriments. Detriments include costs, whether or not they show in conventional budgeting and accounting, particularly if the costs are unnecessary, excessive or unjustified. I believe there is some room for cautious optimism, because the benefits of FOIA are not closely correlated with its detriments—some request produce more good results, and others more bad results.

To formulate the basic issue as I have done may sound like calling for a cost-benefit analysis; but I must caution that a truly valid cost-benefit analysis of FOIA will not be easy. Not only do we lack sufficient data, but some of the more significant costs and benefits are extremely difficult to measure with any accuracy in quantitative terms.

For example, on the benefit side, how do you measure the value to citizens and taxpayers of a law which anyone can use to expose governmental waste, fraud, abuse, favoritism, and corruption? How do you measure the value of law under which useful information for health safety and productivity, which the government has acquired at public expense, is available to the public? How do you measure the value of a law which gives responsible and patriotic citizens enforceable assurances that discussions and debates on public policies can be not only free but also well informed?

But on the other side, how do you measure the costs to the nation of a law with chilling effects on sources who have important information for foreign intelligence or law enforcement or other federal functions, but hesitate to provide it because they fear possible disclosure under FOIA may seriously hurt them? How do such costs relate, for example, to the national cost of interstate theft, or to the cost of a serious international setback in economic or strategic matters? And how can you measure the costs in dollars, morale, and effects on the public of diverting agency staffs away from the work which Congress expects them to perform by making them process large and burdensome FOIA requests made for purely private purposes in order to obstruct, harass and delay legitimate agency activity which the requester or his principal opposes?

MY RESPONSE TO THE UNDERLYING ISSUE

FOIA needs substantial amendments in several areas, probably with respect to the four protectable interests and the three procedural matters discussed below. But FOIA should not be repealed or seriously crippled as an effective instrument for its original objectives. This means preserving FOIA's key fundamentals, including the following: That it applies to all records that belong to an agency and makes them available except as exempt; that requesters do not have to give reasons for asserting their rights of access; that an agency has reasonable discretion to disclose withholdable material, unless disclosure is prohibited by some other law; and that there is effective judicial review of agency withholding with the burden on the agency to justify it.

It is true that our country managed pretty well for most of its 200 years without FOIA, but the same can also be said for indoor plumbing, women's suffrage, and cars, planes and radios. We don't abandon advances because they have problems, we try to correct the problems. Perhaps we could say that FOIA is a lusty baby that is now in real need of a bath, but let's also be careful not to throw out the baby with the bath.

THE PROTECTABLE INTEREST IN NATIONAL SECURITY INFORMATION

We are six percent of the world's population living in a world of spreading nuclear weaponry, unstable nations, unstable alliances, unstable economies, unstable leaders, and unstable national policies. To survive and prosper in such a world, it is vital that the government conduct as effectively as possible its military, diplomatic, and other international activities, including foreign intelligence.

Mr. Carlucci, when he was the Deputy Director of the CIA, testified before Congressional committees on the problems for foreign intelligence collection of the "perceptions" by potential sources of FOIA-related risks in providing our government with information. Although he indicated that the actual likelihood of such risks may be far less than feared by the potential source, the severity of possible damage to the source and his family is so drastic that the source is chilled. Considering the importance of foreign intelligence to our national survival, appropriate legislative action would seem clearly indicated.

THE PROTECTABLE INTEREST IN LAW ENFORCEMENT INVESTIGATIONS

In addition to crime's tragic effects on its victims and those who live in fear of it, crime is a significant drain on our national economy. The efficiency of law enforcement largely depends on cooperation in investigations by sources who have useful information. However, because of fears of embarrassment, reprisals, or even loss of time, such information will often be provided to investigators only if the source is guaranteed that his identity will remain secret.

In the summer of 1979, FBI Director Webster furnished legislators with a collection of about 125 actual illustrations, with names deleted, of recent refusals to provide information for FBI investigations by various persons, including a federal judge, for fear of disclosure of the source's identify under FOIA or the Privacy Act. Similar to the situation of foreign intelligence sources, the actual risk of disclosing identities of law enforcement sources may be very small, but the perception or fear of possible disclosure may result in silence. The result is less effective investigation, meaning more crime unless the same level of enforcement can be maintained in some other way, perhaps by hiring more investigators.

Numerous concepts, proposals, and draft amendments have been devised to reduce the impact of FOIA on federal law enforcement, particularly criminal law enforcement. Some of these are better than others in offering effective protection where it is most needed, without ignoring other factors, such as the public's interest in significant investigations like those of Alger Hiss and of Julius and Ethel Rosenberg. Suffice it for today that there is a real need for careful legislative attention and appropriate action on FOIA's effects upon law enforcement.

THE PROTECTABLE INTEREST IN BUSINESS CONFIDENTIALITY

There are many federal functions and programs that bring business information into federal files. These include a vast variety of civil and military procurements, and various kinds of safety and economic regulation involving labor, transportation, financing, and other aspects of the economy.

Both the private interests of the business firms which submit information and the public's interest in their cooperation with government programs call for adequate protection for sensitive business information found in the government's records. One step would be to provide legislative assurance of timely notice to a business submitter that

information he may consider confidential has been sought or may be released under FOIA. Another would be to assure the submitter a more adequate opportunity to show the agency why the information should be protected. And the third and perhaps most difficult step would be to provide substantive legislative standards that are clearer and better than some which today confuse this area, standards to determine two important questions: What kinds of business information in agency records are protectable, and what should be the limits on agency discretion to release protectable information?

It will not be easy to find good, permanent answers to these two questions, given the vast variety of facts and circumstances, and given the legitimate interests of voters and taxpayers in knowing about agency actions that involve business firms. On the question of what business information should be protectable, one approach might be a general standard of avoiding economic injury, with various factors to consider in applying it, supplemented by special standards or special procedures for particular industries, federal programs, or types of information needing special protection. On the second question, my view is that agency discretion to release information from a business that will jeopardize the business should not exist, unless release will advance a definite public interest, such as health, safety, or the integrity and efficiency of government, when and if such public interest outweighs the risk to the company. Even then, the submitter should have an opportunity to challenge the proposed release in court.

In approaching this whole vast area of business information, two further thoughts are worth bearing in mind. FOIA is generally intended to let the citizen know what the government is doing, not what private persons are doing, but some things, like a government contract, have a dual character. Such a contract is a business deal whose terms the company might prefer to disclose only in part, but it is also government action. The long history of recurrent corruption, favoritism, and waste at all levels of government in the letting of government contracts argues strongly against secrecy, for commercial reasons, as to the terms of such contracts.

The second thought is that protection under FOIA for business information should have some reasonable relation to protection for that other great private sector interest, individual privacy. In protecting private persons from injurious disclosures, the law must be able to withstand comparison of the way it protects business firms and the way it protects individuals. Even though the practical differences are great, both types of interest need substantial protection to avoid adverse effects from government disclosures. I suggest that both should generally have protection where release would involve risks of adverse effects and when, as is common, there is no public interest in disclosure. But protection for these private interests should seldom be absolute if the public has a sufficiently strong justification for disclosure. This is the law today as to individual privacy, where any public interest in disclosure must be balanced against the injury to the individual, and no one today is suggesting the law be changed on this point. The natural question where possible disclosure of business information is concerned, is whether the law will allow a possible public interest in disclosure, however unusual or strong, to be taken into account at all.

THE PROTECTABLE INTEREST IN PERSONAL PROPERTY

When I submitted our study of proposed FOIA amendments to Attorney General Bell in August 1979, there were only three broad information areas that needed legislative attention—foreign intelligence, law enforcement investigations, and business confidentiality. But during the past year, the Court of Appeals for the District of Columbia Circuit, which is the most influential circuit in interpreting FOIA, has rendered a series of surprising decisions cutting back on personal privacy under FOIA Exemption 6. These decisions seriously reduce the ability of federal agencies to protect personal information about individuals when release of the information may adversely affect the individuals and where there may be no public interest to be served by such release.

These recent decisions run counter to the previous understanding of the law by most courts and lawyers, and counter to the intent of Congress in FOIA and the Privacy Act. They are based on a new interpretation of the phrase "similar files" in FOIA Exemption 6. The new interpretation is that "similar files" does not include personal information about specific individuals, the release of which might harm them, unless the information is "intimate" or "highly personal" in character. If the information is just "personal," that is not enough to qualify it for consideration for possible protection, even if its release could result in adverse effects including death. This new interpretation of "similar files" will increase access to most federally-held information about identifiable individuals unless the information is in a "medical file," a "personnel file," or is protected by some special law like that affecting the census.

Until this new interpretation, the statutory standard under FOIA Exemption 6 was whether release of particular information about an individual would be a "clearly unwarranted invasion of personal privacy." But this key question now cannot even be considered if the information is not part of a "similar file" as now interpreted.

The practical results, thus far, have been to preclude consideration of protection under Exemption 6 for personal information relating to an individual's activities in his occupation on the theory that work is not "intimate" or "highly personal"; to deny Exemption 6 protection for personal history information which might expose individuals to foreign harassment or terrorism; and to deny such protection for information that certain individuals worked in a university on CIA projects, even though the individuals did not know that the work was being done for the CIA.

Congress, in passing the Privacy Act, was fully aware of FOIA, and Congress gave little weight to whether personal information was in a file on one general subject or in another. Congress relied on the then interpretation of FOIA Exemption 6. That Exemption, for example, protected mailing lists with home addresses except to the extent the public interest might call for disclosure. And Congress explicitly wrote into the Privacy Act's definition of records the concept that the Act's protection should apply to ". . . any item . . . of information about an individual . . . maintained by an agency, including, but not limited to, his education, financial . . . medical . . . criminal or employment history that contains his name . . . other identifying particular . . ." Since the practical effect of that language depends in large part on FOIA, with which the Privacy Act interrelates, the recent judicial changes in the meaning of FOIA Exemption 6 also curtail the objectives sought by Congress in the Privacy Act.

A careful analysis of these recent decisions appears in the Winter 1981 issue of the Justice Department newsletter, "FOIA UPDATE," beginning at page 3. In a later D.C. Circuit decision in the same vein on February 24, 1981, (*Washington Post Company* v. *Department of State*, D.C. Circuit, Nos. 80–1509, 80–1606), there was an incisive concurring opinion by Circuit Judge Lombard, from the Second Circuit, who was sitting in D.C. by designation. In it he concluded, "I recognize, however, that *Simpson* states the law of this Circuit on the issue. Because of this, and only because of this, I now concur."

I earnestly hope that other judicial circuits and Congress will quickly reject the D.C. Circuit's recent assault on FOIA's privacy exemption. This is especially important because personal privacy, although an interest of great importance with constitutional aspects; does not have effective support by strong organizations as do other major protectable interests. And in addition, it is often impracticable to give notice to individuals before releasing information about them, like the notice given to business submitters, so that they may have an opportunity to object and defend their interests.

FOIA PROCEDURES: TIME LIMITS

Let us be clear on what is right and what is wrong about the present FOIA time limits. These limits are ten working days, which is two weeks, to act on FOIA requests, and twenty days, or four weeks, for appeals.

In normal circumstances, and for requests presenting no great difficulty, these are reasonable limits to protect requests from excessive bureaucratic delays. In other situations, such as the thousands of requests that have caused backlogs at the FBI, the Open America decision (*Open America* v. *Watergate Special Prosecution Forces*, 547 F. 2d 605 (D.C. Cir. 1976)), or various practical accommodations, usually give agencies the time needed to get the work done.

Nevertheless, the present time limits merit legislative attention for two reasons: because they tend to indicate that FOIA work should always take precedence over other agency responsibilities, and because they put government agencies in an apparent position in the eyes of the public of violating the law even when large backlogs or a large or difficult request prevents adherence to the statutory limits. While an agency can give itself brief time extensions of up to ten more working days, in three types of "unusual circumstances," this provision has little practical use. An adequate extension of time to fit a really large request cannot be granted under the present law except by a court, and—Catch 22—there is no way the agency can ask a court for an extension unless the requester chooses to file a suit for the records.

Two changes are, therefore, needed. First, there should be a more realistic list of circumstances that may warrant a time extension, including for example, the need to obtain input from a private submitter of business information. Second, an agency should be able by notice to the requester to extend the limits to a specified date which it finds necessary because of circumstances listed in the statute, giving its reason for the extension, and subject, of course, to the requester's right to file suit challenging the extension as unwarranted or excessive.

FOIA PROCEDURES: FEES

Total fees paid by FOIA requesters cover only a tiny fraction, perhaps two percent or less, of the costs to the government and the taxpayers of handling their requests. But the matter is not that simple. Fees naturally tend to discourage requests, and if fees or higher fees are charged, some information which would benefit the public, or benefit a private citizen at little cost, would not be furnished.

The background for considering changes in this complex subject of fees includes the objectives and benefits of FOIA, which are hard to quantify; the costs of administering FOIA, which are difficult but not impossible to trace; the methods by which the work is actually done; the specific problems of fee administration; and an analysis of FOIA requests according to two key factors: whether they are more costly or less costly to handle, and whether they are made for and result in public as compared to private benefit.

The study which my office completed in 1979 contained detailed recommendations on fees. I still support the general thrust of those recommendations. They include amendments generally designed to produce three effects: that requests which are costly to process and are made for private rather than public benefit will be charged more nearly compensatory fees to reimburse the taxpayer for a large part of the costs; second, to provide minimum fees or none at all where the request will benefit the public and is not costly to handle; and third, to provide in-between treatments for both of the in-between situations, namely, the costly-but-public-benefit kind of request and the inexpensive-but-private-benefit kind.

FOIA PROCEDURES: THE REASONABLY SEGREGABLE CLAUSE

In 1974, Congress inserted at the end of FOIA subsection (b) a clause requiring that an entire record not be withheld just because a portion of it is exempt. The principle is sound, but the provision as now worded has often generated problems in practice, causing additional work and uncertainty for agency personnel. A further result is that requesters sometimes receive useless gibberish, or more rarely but more seriously, receive sensitive information, perhaps about an informant, which slipped through without deletion.

The problem is in applying the statutory word "reasonably," and the cure is to spell out more definite standards to indicate when the segregation and release of non-exempt parts of a record is reasonable and when it is not. The study completed in August 1979 contained such standards, and I believe they would represent a worthwhile improvement in the statute.

CONCLUSION

The foregoing statement hopefully refers to most of the main areas for legislative concern. But there are other significant problems which I have not mentioned, such as the protection of how-to-catch-crooks manuals under FOIA Exemption 2, and the widespread use of FOIA for pre-trial discovery. I also believe it would be desirable to consider what Congress might could do to encourage better administration of FOIA, but that is more than I can cover in today's statement.

STATEMENT TO THE SUBCOMMITTEE ON THE CONSTITUTION OF THE COMMITTEE ON THE JUDICIARY, U.S. SENATE

(By Jack I. Pulley)

My name is Jack Pulley; I am a senior attorney with Dow Corning Corporation, a speciality chemical manufacturing firm. Our products are broadly referred to as silicones and are used in every major industry including automobiles, aerospace, medicine and electronics. Generally, I handle Dow Corning's environmental legal affairs; however, I am also responsible for ensuring the protection of Dow Corning technology submitted to various health and environmental agencies. As you will see from my examples today, I have had experience in responding to requests for documents Dow Corning has submitted to the government and, therefore, I am very interested in the Freedom of Information Act (FOIA)—the subject of this hearing.

Even though my comments today are somewhat critical of FOIA, as it now exists, I must emphasize that we support the underlying public purpose of this Act—that is, an open government. In a democracy the public has a right to know how the government operates. However, this right must be balanced against the rights of those who have a vested interest in information they have given the government.

My basic point today is that there are serious ambiguities in the present statute which encourage those who would use, I should say abuse, FOIA to serve their own private economic interests. This situation adds unwarranted risks and costs to our business. Further, we believe these ambiguities or flaws can be legislatively corrected, without undermining the basic purpose of FOIA.

The risk of losing proprietary information through FOIA abuse is very real. This was clearly illustrated to me by two recent events. The first was the publication of an article entitled "Freedom of Information Act; Strategic Opportunities and Threats," in the Winter, 1978 issue of the Sloan Management Review. In this article, the authors described how FOIA could be used to gain (and I use their words) "a differential competitive advantage." Here is one of America's most prestigious business journals teaching the world how FOIA can be used to serve private economic interests. Such abuse is contrary to both the American way of doing business and the original purpose of FOIA.

The second event which showed me the reality of this abuse was a series of four (4) requests, over a period of about a year and a half, for copies of all environmental permits and supporting documents for Dow Corning's two basic U.S. manufacturing facilities. These documents not only described the character of the discharges to the environment from those facilities, but also contained production capacities, construction cost figures, and certain process operating data.

Initially, one might think these requests would be the ultimate public purpose—a citizen reviewing the government's environmental decisions. However, three of the four requests were filed by large law firms on behalf of an unknown client and the fourth by an environmental consulting firm acting on behalf of an anonymous client reportedly in "the same line of business as Dow Corning."

Two Dow Corning experts and I had to make several trips to discuss with the agencies how they would respond to the requests.

In each case, the agencies ultimately agreed with our appeal to withhold certain information and in each case no further word was heard from the requestor.

We will probably never know who was seeking our documents, but it does not appear they were concerned environmentalists. First, an environmental group would not normally hire lawyers to file a request they could file themselves; and secondly, if they were truly concerned about some aspect of our facilities, why would they not pursue the requests further? Their lawyers would have advised them of their legal recourses and it would be surprising that costs should become a factor so quickly.

It is my opinion that the requester was (in each case) one of our present or future competitors trying to gather information regarding our facilities but more anxious to preserve their own anonymity.

The problems with FOIA, as it is now written, are both procedural and substantive. Together they create an unacceptable degree of unpredictability in the handling of our trade secrets.

Procedurally, the statute does not set forth a uniform and complete approach for agencies to follow in handling FOIA requests for proprietary information. Therefore, as you would expect, each agency has a somewhat different policy which may or may not be completely codified in regulations. As a result, we have a confused situation in which it is very difficult to determine whether a given agency, at a given time will or will not protect proprietary information. Let me give you a specific example.

A while back, Dow Corning was considering filing an application for a refund of the duty we had paid for importing a certain raw material. The U.S. Customs allowed such a refund to the extent the raw material was used in producing exports; this refund is referred to as a duty-drawback. Unfortunately, the duty-drawback application called for a detailed description of the process in which the raw material was used. To Dow Corning, these details were highly confidential and very valuable.

Since the agency did not have regulations completely defining their procedures for handling FOIA requests for confidential information, I telephoned the agency and eventually talked to the FOIA attorney. She immediately assured me that the agency would not disclose confidential information—that is, information that the agency considered confidential.

Quite naturally, I asked how the agency would handle a situation in which the applicant considered the information confidential but the agency did not.

Actually, I had two questions. First, would Customs notify Dow Corning of an FOIA request for our duty-drawback application if Customs did not agree that it contained confidential information; and secondly, would it be possible to obtain a binding determination of whether this application would be entitled to confidential treatment prior to Dow Corning's submitting the application.

Apparently, both were novel questions and it took almost a month to get an answer.

I am sure you can understand that by that time, as far as I was concerned, the answer was irrelevant. I advised Dow Corning not to file the application and risk losing this technology. My reason was that if it took the FOIA attorney almost a month to dig up an answer, I had no assurance that the front line employees actually responding to FOIA requests would be aware and sensitive to this problem.

Our loss was about $10,000 from the duty-drawback and a few thousand more in lost time, effort and energy. This is an unnecessary cost caused by the FOIA's failure to require a uniform and complete procedure for all agencies to follow in handling these matters.

Now, the substantive ambiguity lies in the "competitive harm" test set forth in the National Parks Case[1] decided in the District of Columbia. This case law places a difficult, and sometimes impossible, burden on the original submitter to prove that the release of the information is likely to cause competitive harm.

Again an example—there are many pieces of information such as plant capacity, production rates and certain process operating parameters which are neither patentable, nor within the traditional definition of a trade secret, but which we consider very confidential. The reason for our concern for such information is that our competition may be able to use the information to unfairly reduce their normal risks of doing business.

This is a very difficult thing to prove.

In summary we believe, that S. 1247 corrects both the procedural and substantive flaws in FOIA without understanding its basic purpose.

More specifically, S. 1247 would set forth a uniform and complete procedure for all agencies to follow in handling FOIA requests for business information. This would significantly reduce uncertainty and agency unpredictability, and thereby discourage those who would use FOIA to gain "a differential competitive edge." More importantly, S. 1247 would provide a clear substantive standard to judge whether a given piece of information would fall within the confidentiality exemption and limit an agency's discretion to disclose such information.

In addition to reducing undue risks and

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[1] *National Parks and Conservation Association* v. *Morton*, 498 F.2d 765 (C.D. Cir., 1974).

costs, we would expect S. 1247 to facilitate our relations with various federal agencies since it would no longer be legally necessary to assume a somewhat adversarial posture and scrutinize each agency request for information and challenge such requests where it appeared there was inadequate protection for competitively-sensitive information

We plan on submitting a more detailed written statement but I would be happy to answer any questions you may have at this time.●

By Mr. HART (for himself and Mr. RANDOLPH):

S. 1731. A bill to provide tax incentives for voluntary private contributions to mitigate the adverse community effects of rapid energy development; to the Committee on Finance.

S. 1732. A bill to provide assistance to State and local governments and Indian tribes for the mitigation of adverse community effects of rapid energy development; to the Committee on Energy and Natural Resources.

ADVERSE EFFECTS OF RAPID ENERGY DEVELOPMENT

● Mr. HART. Mr. President, I am pleased to introduce today, on behalf of myself and Senator RANDOLPH, two bills to provide Federal assistance to communities suffering shortages of public facilities and services because of rapid population growth caused by energy development.

The two bills we are introducing today represent a renewal of the 6-year effort Senator RANDOLPH and I have made to provide limited Federal assistance to communities affected by energy development. Last year, the Senate approved, as part of the 1981 Department of Energy authorization, the $3.5 billion energy impact program which we, along with Senators FORD, GLENN, and others had sponsored. However, the House of Representatives did not consider the DOE authorization bill before the sine die adjournment of the 96th Congress.

Earlier this year, Senator RANDOLPH and I reintroduced the energy impact bill as it was passed by the Senate last year. That bill is S. 1244.

Today we are introducing new legislation out of our recognition that, given the major cuts now being made in Federal spending, Congress will not approve a new $3.5 billion energy impact program. Today, more than ever, it is imperative to find innovation, nonbureaucratic ways to solve our national problems.

The Energy Impact Mitigation Act and the Energy Impact Mitigation Tax Incentive Act provide those new ways to fulfill the Federal responsibility to help State and local governments and Indian tribes provide the facilities and services needed to meet the needs of new population drawn by energy development.

The Energy Impact Mitigation Act will continue, at a modest scale, the Federal grants for local planning authorized by the energy impact program created by section 601 of the Powerplant and Industrial Fuel Use Act; will authorize the Synthetic Fuel Corporation to use up to 10 percent of its current loan guarantee authority to guarantee local government loans to meet energy impact needs; and will authorize the prepayment of the State share of payments for leases of Federal lands.

The Energy Impact Mitigation Tax Incentive Act will provide tax incentives to encourage energy companies to fund the public facilities and services necessary to support their work force and others drawn to an area because of rapid energy development.

I ask unanimous consent to include in the RECORD section-by-section analyses of the two bills.

There being no objection, the analyses were ordered to be printed in the RECORD, as follows:

SECTION-BY-SECTION ANALYSIS OF THE ENERGY IMPACT MITIGATION ACT OF 1981

Section 1. The short title of the Act is "the Energy Impact Mitigation Act of 1981."

Title I. This title amends section 601 of the Powerplant and Industrial Fuel Use Act of 1978, which established a limited program of assistance to communities affected by coal and uranium development activities. Under the program, grants are available to local governments for developing community growth plans and for acquiring and developing sites for community facilities (but not for the construction of facilities or the provision of services). The authorization for section 601 expired at the end of fiscal year 1981, and the Administration has not proposed any funding for the program in fiscal year 1982.

Section 101. Assistance under the program would be made available to the communities affected by any type of major energy development, not just to those affected by coal and uranium development. The definition of major energy development would be identical to that included in the Energy Impact Assistance Act of 1980, which the Senate passed as part of the fiscal year 1981 Department of Energy authorization bill (which the House of Representatives did not consider before adjournment).

Section 102. The criteria for areas eligible for designation for assistance under the program would be changed, so that eligibility would be based upon population growth instead of upon growth in employment related to coal and uranium development. The population criterion would be an annual population growth of 7 percent or more in an incorporated community of 5,000 or fewer people, or a percentage population growth determined by the Secretary of Agriculture to represent in larger communities an equivalent degree of impact. The 7 percent/5,000 person population test is the threshold identified by the Administration, in a recent report to Congress on the community effects of military base construction, as the point at which local government resources become severely strained.

Section 103. Indian tribes would be made eligible for assistance in cases of major energy development affecting them.

Section 104. The planning assistance portion of the program is authorized for funding at an annual level of $10,000,000 for each of the fiscal years 1983–1987. The site acquisition and development portion of the program would not be authorized for funding. Planning grants under the program could be made for as much as 75 percent of the costs of developing local plans, instead of the current level of 100 percent.

Section 105. A new provision is added to clarify that the community planning process cannot be used to impede energy development. This provision is identical to that contained in the Energy Impact Assistance Act approved by the Senate in 1980.

Section 106. The Secretary of Agriculture is directed to establish a "one-stop shopping" unit to help affected communities get assistance from existing Federal domestic assistance programs, and to advise other Federal agencies on ways to improve the delivery of assistance to energy impact areas. The Secretary of Agriculture also would chair an interagency council appointed by the President to coordinate Federal domestic assistance to energy impact areas.

Title II. This title amends the Energy Security Act of 1980, which created the Synthetic Fuels Corporation and authorized it to provide Federal financial assistance to synthetic fuels projects.

Section 201. Along with the current criteria for reviewing applications for financial assistance, the Corporation would be required to consider the potential effects on nearby communities of synthetic fuel projects seeking assistance.

Section 202. The Corporation would be authorized to guarantee loans by local governments to provide public facilities and services to meet the needs caused by population growth related to synthetic fuel projects receiving assistance from the Corporation. The Corporation can use up to 10 percent of its current loan guarantee authority of approximately $17 billion for these community assistance loan guarantees.

Title III. This title amends the Mineral Leasing Act of 1920. Under that Act, half of the Federal receipts from the leasing of Federal lands are provided to the state in which the leased lands are located.

Section 301. A new section 35A is added to the Mineral Leasing Act of 1920, providing for prepayment of rentals and royalties. Any Federal lease-holder may elect to prepay the state share of anticipated royalties and rental payments to be due in the future, and when issuing new leases which the Secretary of the Interior determines may have substantial adverse community effects the Secretary may require that prepayment. Any state share which is prepaid shall be transferred to the appropriate state as soon as possible, and may be used by the state, as the state legislature directs, to mitigate the community effects of the lease for which the royalties or rentals are prepaid. If a lease-holder makes prepayments based upon an anticipation that future payments will be greater than they turn out to be, the leaseholder shall be refunded, with interest, the amount of any excess prepayment.

SECTION-BY-SECTION ANALYSIS OF THE ENERGY IMPACT MITIGATION TAX INCENTIVE ACT OF 1981

Section 1. The short title of the Act is "the Energy Impact Mitigation Tax Incentive Act of 1981."

Section 2. A new section 196 is added to the Internal Revenue Code to allow deductions for voluntary private contributions to prevent or mitigate the adverse social and economic effects on communities of rapid population growth caused by energy development. The contributions for which deductions would be allowed include:

Any expenditures to provide direct public facilities (other than housing to be operated for profit) and services in affected communities, if the Governor of the state (or governing body of the Indian tribe in the case of energy development on tribal lands) certifies as having been planned in accordance with appropriate state and local officials (or tribal officials) and as being consistent with applicable state and local (or tribal) plans; and

Any taxes, fees, rents, royalties, or other payments to the Federal government, state or local government, or tribal government which are prepaid to provide a source of government funds for the provision of public facilities or services.

Deductions for energy impact mitigation contributions would not be subject to the tax code's normal limits on the amount of charitable contributions which can be de-

ducted and on the number of years for which net operating losses can be carried over for deduction in future years.

Section 3. A conforming change is made to the table of contents of the Internal Revenue Code.●

By Mr. DODD (for himself, Mr. METZENBAUM, Mr. DOMENICI, Mr. BOREN, Mr. LEVIN, Mr. MOYNIHAN, Mr. EXON, Mr. JOHNSTON, Mr. MITCHELL, Mr. SASSER, Mr. HEINZ, Mr. EAGLETON, Mr. BRADLEY, Mr. HOLLINGS, Mr. SARBANES, Mr. GLENN, Mr. GARN, Mr. ZORINSKY, Mr. COCHRAN, Mr. LUGAR, Mr. CRANSTON, Mr. DOLE, and Mr. PELL):

S.J. Res. 114. Joint resolution to authorize and request the President to designate October 23, 1981, as "Hungarian Freedom Day"; to the Committee on the Judiciary.

HUNGARIAN FREEDOM DAY

Mr. DODD. Mr. President, October 23, 1981, marks the 25th anniversary of the outbreak of the Hungarian Revolution of 1956. On that day, a quarter century ago, students, workers, and other citizens demonstrated peacefully on the streets of Budapest against Soviet occupation and oppression; and in turn, they were fired upon by the security forces of the Hungarian Government. The demonstrators continued their stand after regular Soviet forces intervened, and fought the powerful Russian Army to a standoff. A few days' lull allowed a Government of National Unity to be formed that declared the independence and neutrality of the country. This was more than the Soviet Government was willing to endure and on November 4, at dawn, the full force of the Soviet Army bore down on Hungary. Between 20,000 and 30,000 Hungarians lost their lives during the freedom fight and subsequently many thousands more were executed and imprisoned during a brutal campaign of revenge.

Today I am introducing, on behalf of myself and 22 of my colleagues, a joint resolution to commemorate this historical event and pay respect to its fallen heroes. As I am sure was the case for many of my generation, the Hungarian Revolution provided some of the first lessons of my political education, with its lessons about liberty, tyranny, courage, and man's perennial quest for freedom.

The Soviet suppression of the revolution forced 200,000 Hungarians to flee their country and many of them found new homes in the United States. My own State, Connecticut, has been enriched by the talent of many valuable new citizens, as were many other States. Former Hungarian freedom fighters are among my dearest personal friends. As a tribute to their sacrifice and that of their fallen compatriots I ask my colleagues for a speedy passage of this joint resolution.

I ask unanimous consent that the text of this joint resolution be printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 114

Whereas October 23, 1981, is the 25th anniversary of the start of the Hungarian revolution of 1956, a valiant uprising against the Soviet domination of the countries of Eastern Europe;

Whereas the Hungarian people fought courageously against the overwhelming strength of the Soviet Army and incurred tens of thousands of casualties who spilled their blood for the universal cause of human liberty;

Whereas the brutal suppression of the revolution caused 200,000 Hungarians to flee their country;

Whereas many of these Hungarians found new homes in the United States and became productive citizens of our country; and

Whereas at a time when the Soviet Union unlawfully occupies Afghanistan and threatens the fragile existence of Poland's independent trade union movement Solidarity, the 25th anniversary of the outbreak of the Hungarian revolution of 1956 is an appropriate time to reaffirm our support for the self-determination of all peoples and for their right to establish governments which protect individual human rights and liberties: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating October 23, 1981, as "Hungarian Freedom Day," dedicating that day to the remembrance of those who gave their lives for the universal cause of human freedom, and calling upon Federal, State, and local government agencies, and the people of the United States to observe the day with appropriate programs, ceremonies, and activities.

ADDITIONAL COSPONSORS

S. 178

At the request of Mr. DURENBERGER, the Senator from Kansas (Mrs. KASSEBAUM) was added as a cosponsor of S. 178, a bill to amend the Powerplant and Industrial Fuel Use Act of 1978 to further the objectives of national energy policy of conserving oil and natural gas through removing excessive burdens on the production of coal.

S. 266

At the request of Mr. PERCY, the Senator from Wyoming (Mr. SIMPSON) was added as a cosponsor of S. 266, a bill to establish a Federal Interagency Medical Resources Committee to insure the most efficient and effective use of Federal direct health care resources.

S. 481

At the request of Mr. HELMS, the Senator from Nevada (Mr. CANNON) was added as a cosponsor of S. 481, a bill to restore the right of voluntary prayer in public schools and to promote the separation of powers.

S. 671

At the request of Mr. PELL, the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 671, a bill to amend section 402 of title 23, United States Code, relating to establishment by each State of comprehensive alcohol-traffic safety programs as part of its highway safety program.

S. 789

At the request of Mr. D'AMATO, the Senator from Georgia (Mr. NUNN) was added as a cosponsor of S. 789, a bill to amend the Federal Water Pollution Control Act to provide that the limitation on the use of grants for publicly owned treatment works for treatment, storage, or conveyance of flows of industrial users shall not take effect until November 15, 1984.

S. 1131

At the request of Mr. DANFORTH, the Senator from Alaska (Mr. MURKOWSKI) was added as a cosponsor of S. 1131, a bill to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes.

S. 1230

At the request of Mr. CRANSTON, the Senator from Nevada (Mr. CANNON) was added as a cosponsor of S. 1230, a bill to provide for the minting of commemorative coins to support the 1984 Los Angeles Olympic games.

S. 1288

At the request of Mr. DURENBERGER, the Senator from Arizona (Mr. GOLDWATER) was added as a cosponsor of S. 1288, a bill to amend the Internal Revenue Code of 1954 to encourage greater energy conservation by commercial businesses, and for other purposes.

S. 1354

At the request of Mr. BRADLEY, the Senator from Nevada (Mr. CANNON) was added as a cosponsor of S. 1354, a bill to provide standby authority to deal with petroleum supply disruptions, and for other purposes.

S. 1407

At the request of Mr. PRYOR, the Senator from Tennessee (Mr. SASSER), and the Senator from Kansas (Mrs. KASSEBAUM) were added as cosponsors of S. 1407, a bill to amend title 39, United States Code, by strengthening the investigatory and enforcement powers of the Postal Service by authorizing inspection authority and by providing for civil penalties for violations of orders under section 3005 of such title (pertaining to schemes for obtaining money by false representations or lotteries), and for other purposes.

S. 1436

At the request of Mr. D'AMATO, the Senator from Pennsylvania (Mr. HEINZ) was added as a cosponsor of S. 1436, a bill to amend the Securities Exchange Act of 1934 to provide uniform margin requirements in transactions involving the acquisition of securities of certain U.S. corporations by foreign persons where such acquisition is financed by a foreign lender.

S. 1476

At the request of Mr. DURENBERGER, the Senator from Minnesota (Mr. BOSCHWITZ), and the Senator from Oklahoma (Mr. BOREN) were added as cosponsors of S. 1476, a bill to provide standby authority to deal with petroleum supply disruptions, and for other purposes.

S. 1631

At the request of Mr. SPECTER, the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 1631, a bill to establish a Presidential Commission on the Bicentennial of the U.S. Constitution.

S. 1634

At the request of Mr. COCHRAN, the Senator from Indiana (Mr. LUGAR), the Senator from Hawaii (Mr. MATSUNAGA), the Senator from Rhode Island (Mr.

PELL), and the Senator from Minnesota (Mr. DURENBERGER) were added as cosponsors of S. 1634, a bill to incorporate the National Federal of Music Clubs.

S. 1635

At the request of Mr. WEICKER, the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 1635, a bill to delay the application of Revenue Ruling 81-216 until January 1, 1983.

S. 1656

At the request of Mr. DURENBERGER, the Senator from Idaho (Mr. SYMMS), and the Senator from Mississippi (Mr. STENNIS) were added as cosponsors of S. 1656, a bill to amend the Internal Revenue Code of 1954 to clarify certain requirements which apply to mortgage subsidy bonds, and for other purposes.

S. 1669

At the request of Mr. RIEGLE, the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 1669, a bill to amend the Social Security Act to provide for interfund borrowing, and for other purposes.

S. 1683

At the request of Mr. FORD, the Senator from Rhode Island (Mr. PELL), and the Senator from Missouri (Mr. DANFORTH) were added as cosponsors of S. 1683, a bill to provide for a 2-year Federal budget cycle, to provide for the inclusion of additional matters in the Federal budget, to strengthen congressional authorization, budget, and appropriations procedures, to strengthen congressional oversight of Federal programs, and for other purposes.

SENATE JOINT RESOLUTION 93

At the request of Mr. HAYAKAWA, the Senator from Minnesota (Mr. DURENBERGER) was added as a cosponsor of Senate Joint Resolution 93, a joint resolution to clarify that it is the basic policy of the Government of the United States to rely on the competitive private enterprise system to provide needed goods and services.

SENATE JOINT RESOLUTION 97

At the request of Mr. MITCHELL, the Senator from Rhode Island (Mr. CHAFEE), the Senator from Michigan (Mr. LEVIN), the Senator from Alabama (Mr. DENTON), and the Senator from Nevada (Mr. CANNON) were added as cosponsors of Senate Joint Resolution 97, a joint resolution to designate the second full week in October as "National Legal Secretaries' Court Observance Week."

SENATE RESOLUTION 211

At the request of Mr. BENTSEN, the Senator from California (Mr. CRANSTON), the Senator from Michigan (Mr. LEVIN), and the Senator from Tennessee (Mr. SASSER) were added as cosponsors of Senate Resolution 211, a resolution calling on the Governors of the Federal Reserve System to encourage banks to make loans available for productive uses while eliminating loans for speculative and unproductive uses.

AMENDMENT NO. 580

At the request of Mr. SPECTER, his name was added as a cosponsor of amendment No. 580 proposed to S. 898, a bill to amend the Communications Act of 1934 to provide for improved domestic telecommunications, and for other purposes.

ORDER FOR STAR PRINT—S. 1673

Mr. BAKER. Mr. President, I ask unanimous consent that S. 1673 be star printed to reflect that Senator BAUCUS was the original sponsor and Senator GRASSLEY was a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENATE CONCURRENT RESOLUTION 40—CONCURRENT RESOLUTION RELATING TO A VACANCY ON THE FEDERAL RESERVE BOARD

Mr. BURDICK submitted the following concurrent resolution; which was referred to the Committee on Banking, Housing, and Urban Affairs:

S. CON. RES. 40

Whereas small, independent enterprises form the backbone of America's economy, provide the key to improved productivity, generate much of our innovation and economic growth, and keep alive the best tradition of free enterprise in America;

Whereas Congress has determined that economic progress depends upon adequate growth in the money supply and affordable interest rates;

Whereas the Federal Reserve System's Board of Governors regulates the Nation's money supply and has a major impact on our interest rates;

Whereas the persistent tight-money policy of the Federal Reserve Board is fostering inflationary interest rates, driving thousands of small businesses and farmers into bankruptcy, undermining the housing and auto retail industries, and is frustrating economic recovery;

Whereas the Federal Reserve Board has refused to alter its policy, despite the hardship this policy has inflicted on small, independent enterprises in our country;

Whereas the Federal Reserve Act of 1913, as amended, states that the Federal Reserve Board should have a fair representation of business, farming, and regional interests, as well as financial interests;

Whereas the present Federal Reserve Board does not conform to the spirit of this Act since it consists almost entirely of high-finance economists and bankers, and lacks representation from either the small business or family farm communities, which understand first hand the impact of high interest rates; Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of Congress that the President should fill the 1982 vacancy on the Board of Governors of the Federal Reserve System with a person of substantial small business or farming experience who can genuinely represent the interests and needs of independent businesses and producers in the formation of our Nation's monetary policy.

SENATE CONCURRENT RESOLUTION 41—CONCURRENT RESOLUTION RELATING TO SIBERIAN NATURAL GAS PIPELINE PROJECT

Mr. GARN submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 41

Whereas the Union of Soviet Socialist Republics proposes to construct a three-thousand-six-hundred-mile natural gas pipeline at a cost of $15,000,000,000, running from northwest Siberia to the Federal Republic of Germany;

Whereas the Union of Soviet Socialist Republics proposes that the Siberian natural gas pipeline be built with Western financial, material, and technological resources;

Whereas the construction of the Siberian natural gas pipeline would substantially increase the economic and energy dependence of Western Europe on the Soviet bloc, increase the possibility for economic and political blackmail by the Union of Soviet Socialist Republics, and undermine the historic cultural, economic, and security ties between the United States and Western Europe;

Whereas the construction of the Siberian natural gas pipeline would provide the Union of Soviet Socialist Republics with a substantial source of revenue to further finance its continuing military buildup and worldwide geopolitical offensive;

Whereas the security and economic stability of Western Europe require energy diversification;

Whereas the United States and its allies possess manifold energy sources in need of development; and

Whereas the United States Government has yet to establish a policy with respect to the promotion of the development of Soviet energy resources: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that the President exercising such authority as is available to him, should—

(1) prohibit any participation by the United States in the construction and financing of the Siberian natural gas pipeline project;

(2) urge the nations of Western Europe not to participate in the construction and financing of such project;

(3) propose and enlist the cooperation of the nations of Western Europe and Japan in an alternative energy diversification project in order to develop and maximize the vast energy potentials existing within the free world;

(4) promote this alternative energy diversification project as part of an effort—

(A) to strengthen the security of all free world nations;

(B) to assure reliable and diverse energy supplies within the free world;

(C) to strengthen the Western economy and increase levels of employment;

(D) to strengthen the bond between the United States and its allies; and

(E) to enhance the role of the United States as the leader of the free world; and

(5) establish, in consultation with the Congress, a policy with respect to the promotion of the development of Soviet energy resources.

SEC. 2. The Secretary of the Senate shall transmit a copy of this concurrent resolution to the President.

● Mr. GARN. Mr. President, I am introducing for the consideration of my colleagues and the American people a resolution with respect to the proposed Siberian natural gas pipeline project. On June 24, I was joined by over 40 of my colleagues in the House and Senate in writing to President Reagan urging him to review this proposed Soviet energy project, particularly in light of its potentially dangerous implications for the security and cohesion of Western Europe and the NATO alliance.

My concerns for this project remain strong. I was pleased to see the President adopt a tough stance with our allies at the summit in Ottawa on the issue of the Siberian natural gas pipeline project. At that time, the President urged

our allies to reconsider the security implications of this project and to work with the United States in developing energy alternatives which did not carry with them the heavy price of increased dependency on Soviet energy resources. The Department of Energy (DOE) was given the task of formulating these alternative approaches. DOE has, in large part, completed its work, and senior officials from the executive agencies involved will soon be reviewing the DOE analysis. This is a move in the right direction.

On the other hand, however, recent news reports indicate that U.S. oil companies are deeply involved in the financing negotiations with the Soviets concerning the pipeline. Although I do not question the legality of their involvement at this time, I do not like to see U.S. companies aiding in the bankrolling of a venture which could make Europe more dependent on Soviet energy sources and undermine the long-term security interests of the free world.

I do intend to hold hearings in the Banking Committee to review this entire issue of U.S. export policy with the Soviet Union and its allies. I believe it is appropriate and important at this time, however, to introduce this resolution which expresses the sense of the Congress in support of the position the President took at Ottawa on the pipeline issue. The resolution has three principal points:

First, that the United States should not participate in the construction or financing of the Soviet Siberian natural gas pipeline project;

Second, that the United States should enlist the cooperation of the nations of Western Europe in devising alternative energy programs; and

Third, that the United States should establish a policy with respect to the promotion of the development of Soviet energy resources.

Mr. President, in introducing this resolution, I want to note that it constitutes a companion resolution to House Concurrent Resolution 159, which was introduced in the House by Congressmen LEBOUTILLIER and NELLIGAN. These gentlemen have provided strong leadership on this issue, and I appreciate their efforts in raising this matter in the House.

Finally, I would also ask unanimous consent that two articles, "U.S. Technology Should Not Be Used To Develop Soviet Energy Sources" and "Soviet Gas: Risk or Reward?" be printed in the RECORD following my remarks. I am particularly pleased to introduce this second article by Miriam Karr and Roger Robinson, Jr., both of whom are vice presidents for Chase Manhattan Bank in New York. These two individuals have written a courageous assessment of the pipeline project which will be printed in the fall edition of Georgetown University's Center for Strategic and International Studies Washington Quarterly.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Conservative Digest, August 1981]

U.S. TECHNOLOGY SHOULD NOT BE USED TO DEVELOP SOVIET ENERGY SOURCES

(By Senator JAKE GARN)

Can a pipeline pose a "clear and present danger" to Western security?

Yes, when it extends from the Soviet Union to Western Europe and carries not only natural gas but also the potential for European energy dependence on Moscow and for "Finlandization," 1990-style.

As one of its final foreign policy decisions, the Carter administration approved major U.S. participation in the proposed Soviet Yamal natural gas pipeline project. The pipeline, as planned, would be completed between 1985 and 1987 at a cost many experts believe could exceed $30 billion. It would extend 3,000 miles, from the rich gas fields of northwestern Siberia's Yamal Peninsula across Eastern Europe to the Federal Republic of Germany, where it would be linked to an existing pipeline for distribution. Approximately 1,500 billion cubic feet of Soviet gas would course into Europe's energy veins each year, creating an addiction with international security implications.

The Carter administration's actions apparently were prompted by Europe's understandable desire to free itself from less-than-reliable Middle Eastern energy sources, and by tremendous U.S. industry pressure to reap a financial bonanza from the project. The administration made a cursory review of the project and quickly issued a license to Caterpillar, Inc., to sell sophisticated pipe-laying equipment to the Soviets.

However, a number of us in the Senate and the House wrote a letter to President Reagan, asking him to rescind the previous administration's decision and proposing an alternative program for providing Europe with energy.

The Yamal controversy raises another fundamental question: Should the United States seek to promote the growth and development of Soviet energy? It is the opinion of many experts, and I concur, that the United States should not supply its advanced technology to promote the development of Soviet energy resources. Rather, the United States should cooperate with its allies in the formulation of an alternative Western security program and force the Soviets to make the hard policy decisions with regard to the allocation of their limited resources, so as to hinder their military procurement.

Without sophisticated Western technology and, more importantly, Western financing, the Soviets will not be able to develop their own resources as rapidly. Fears that an oil-deficient Moscow would soak up much of the available world crude are mitigated by the Kremlin's massive shortage of hard currency.

The U.S.S.R. currently supplies oil to its satellites on concessionary terms in order to help maintain bloc reliance on Moscow—and thereby bloc cohesiveness. Reduced Soviet energy deliveries to the Communist bloc countries would serve to thwart the Soviet block goal of economic integration, while promoting independent Eastern European policies.

The argument that helping the Soviets develop their own energy would reduce their inclination to invade the Persian Gulf region also is largely without merit. The U.S.S.R. already has a strong incentive to apply pressure to this region because of its strategic importance to the West and the Kremlin's historic interest in gaining access to warm-water ports. Furthermore, it is folly to believe that the United States can convince the Soviets to adopt a moderate posture in the Middle East by selling energy equipment and technology. The Soviet Union, time and again, has pursued its overall global objectives, regardless of U.S. or Western conciliatory actions.

The administration should make it clear to our NATO allies that while the Soviet Union may appear to be a reliable supplier today—particularly when compared to the volatile Middle East—this situation is not likely to continue. Once Europe is addicted to its energy supplies, Moscow may attempt to further its foreign policy objectives with the threat of an embargo—emulating OPEC's tactics. Furthermore, it should be pointed out that not only will U.S. allies be dependent on the Soviets for gas deliveries; the West will also have to rely on Moscow to repay the massive debt it will owe Western banks in order to build the pipeline. It is an unsavory prospect, no matter how one looks at it.

The United States—with its billions of tons of recoverable coal and its developing synfuels industry—can offer a viable alternative package, including expanded U.S. coal exports, greater European participation in the synthetic fuels industry, U.S. reentry into the nuclear reactor-services market in Western Europe, accelerated development of Norwegian hydrocarbon supplies and other steps.

The gains for the United States and Western Europe would be assured of reliable energy supplies while Americans are put back to work in providing more energy. And the security of all Western nations would be strengthened—something which too often is overlooked in our haste to make a sale.

SOVIET GAS: RISK OR REWARD?

(By Miriam Karr and Roger W. Robinson, Jr.)

In lifting the U.S. grain embargo imposed by President Carter in January 1980 in response to Soviet intervention in Afghanistan, the Administration added a new dimension to the already complicated dialogue between the United States and Western Europe concerning relations with the Soviet Union. At a time when the United States is urging Western Europe to adopt a more vigilant and cautious posture toward the Soviets on a range of policy issues—from the deployment of new Euro-strategic weapons to entering into long-term resource commitments—the administration's decision to terminate the embargo earlier this year may have temporarily weakened U.S. leverage in effecting a consensus on these and other critical issues.

Nevertheless, the opportunity for the United States to use the grain issue to forge a more consistent and unified Western approach toward the U.S.S.R. has not been lost. Because of divergent views within the administration concerning the grain trade issue, the United States decided to defer negotiation of a new long-range grain agreement, probably calling for a higher ceiling on future purchases of U.S. grain, and agreed instead to extend the existing arrangement until the fall of 1982. Although this move may have deprived the administration of the opportunity to negotiate within the context of an anticipated third consecutive poor grain harvest in the U.S.S.R., the deferment may eventually result in greater Soviet willingness to reach accommodations on a broader range of East-West issues prior to a U.S. commitment to improved cooperation in this and other strategic trade questions. Given the priority attached to the U.S.S.R.'s livestock program and continuing shortfalls in domestic grain production, the forthcoming grain negotiations should provide an opportunity for a significant give-and-take.

The importance of U.S. adherence to a consistent policy toward the U.S.S.R. regarding grain is underscored by a parallel devel-

opment dominating West European-Soviet commercial relations, namely the joint construction of a new Siberian natural gas transmission system. The projected new pipeline, which Soviet officials describe as the "largest project in recorded history", and U.S. grain exports are the two pivotal trade issues in East-West economic relations. The Soviets view these issues as important underpinnings of their overall foreign policy strategy toward the West. The Western allies should, therefore, coordinate these central economic issues at the highest level rather than continue the past practice of ad hoc, discontinuous, and at times low level treatment.

Since the controversial U.S. grain sale to the U.S.S.R. in 1973, the grain trade question has sporadically been elevated to the status of a major policy issue in overall U.S.-Soviet political relations, triggering exhaustive public debate. However, it is interesting to note that the large gas-for-pipe compensation arrangements between Europe and the U.S.S.R., dating back to the late 1960s, have never been openly discussed in political terms in this country. The new Siberian gas pipeline, however, represents a watershed event in this series of major resource compensation transactions and, due to its massive proportion, remains a hotly contested public issue in Europe. The major political implication raised is whether the pipeline venture would lead to an imprudent degree of dependency on Soviet gas resources. Whole-hearted U.S. support for a more unified Western stance on economic as well as political issues dictates that the dependency question be viewed with equal or even greater concern on this side of the Atlantic.

The administration's attention to the project was reflected in its decision to place this issue high on the agenda of the Western economic summit in Ottawa in July. Prior to the summit, congressional resistance to the project began to take on momentum after some 50 members of Congress conveyed their serious concern in an open letter to President Reagan. This was followed by the introduction of a resolution in the House of Representatives opposing U.S. participation in the project and urging the president to establish allied cooperation in developing Western energy alternatives. A companion resolution expressing similar views was scheduled to be introduced in the Senate in September by Senator Jake Garn (R-Utah).

Originally, the proposed 3,600-mile gas transmission system was to extend from Yamburg, a new gas field discovered in 1969 on the Tax Peninsula in the Yamal Arctic region of western Siberia, to the western border of the Soviet Union. Soviet industry experts, however, recently decided not to proceed with full development of the Yamburg field in the current five-year plan, but rather accelerate the expansion of the huge Urengoi field that has been producing gas since 1978 and is located 150 miles to the south of Yamburg. Urengoi gas production is slated to increase from 50 billion cubic meters in 1980 to 240 billion cubic meters in 1985. Moreover, Soviet gas specialists claim that this shift in gas exploitation strategy would result in a potential cost saving of an equivalent ruble amount of $1.3 billion. The need for reappraisal of optimal cost effectiveness of gas exploitation becomes more evident in light of a planned 100-percent increase in Soviet investment expenditures in the gas industry during the period 1981 through 1985 to an equivalent of $26 billion.

Nevertheless, as the Soviets bring the Yamburg field on stream during the later stages of the delivery schedule, Yamburg will become a major source of gas for the project. Therefore, it remains practical to refer to the proposed pipeline as the Urengoi-Yamburg project.

At the 26th Communist party Congress in February 1981, President Leonid Brezhnev reiterated that the opening up of western Siberian gas resources and their transmission to the European part of the U.S.S.R. is the centerpiece of Moscow's energy program extending up to 1990. Considering the hard currency earning potential from western Siberian gas sales, the economic rationale of Moscow's stated energy policy is indeed compelling. The anticipated $10 billion to $15 billion annual earnings from Urengoi-Yamburg and other gas revenues from new pipelines expected to be operational in the mid-1990s assume even greater significance at a time when income from oil exports is leveling off.

The new Soviets five-year plan reflects this shift in emphasis from oil to gas by projecting a dramatic rise in gas production from 435 billion cubic meters in 1980 to 600–640 billion cubic meters in 1985. During this period, even according to Soviet figures, the U.S.S.R.'s oil output is expected to peak at 620–645 millions tons, or only marginally more than the 603 million tons that were produced in 1980.

The sluggish expansion of Soviet oil output is primarily due to bottlenecks in exploitation of new oil fields located in harsh permafrost regions. To support the prodigious investment involved in Soviet resource development, the Kremlin leadership is actively promoting large-scale compensation deals, such as Urengoi-Yamburg, which not only lock in substantial earnings over time but also provide the benefits of much needed infusions of Western equipment and technology.

The new pipeline is intended to supply 40 billion to 70 billion cubic meters of natural gas a year to 10 European countries—West Germany, France, Italy, Austria, Finland, Belgium, the Netherlands, Sweden, Switzerland and Greece. A consortium of European companies, led by West German concerns, as in advanced stages of negotiation with the Soviet Union for the supply of large diameter steel pipe, gas compressor stations, pipelayers, and other equipment valued at about $15 billion. Included in this figure are Japanese contract negotiations for similar equipment worth close to $3 billion. Interestingly, Japan's participation as a supplier to Urengoi-Yamburg represents a significant departure from other involvements in Soviet resource development projects which are tied to some form of payment in end product.

Some large U.S. manufacturers have also been invited to bid on equipment contracts, however, the potential level of American involvement in the project is yet unclear. Although the administration has approved a recent sale of U.S. pipeline equipment to the U.S.S.R., the terms of the export license clearly state that the equipment involved is "not to be used in construction of the proposed Siberian-West European gas pipeline project." The official Department of Commerce announcement also reiterates that "this licensing action in no way diminishes the administration's intent to address the long-term security aspects of Western involvement in and dependence on Soviet gas supplies."

The principal players in the negotiations are the major European utilities—Gax do France, Ente Nazionale Idrocarburi (ENI) of Italy, Mineraloelverwaltung of Austria—led by Ruhrgas of the Federal Republic of Germany. These state-owned or partially state-owned companies have been arranging large gas supply contracts with the U.S.S.R. since the late 1960s. Similar to Urengoi-Yamburg, these arrangements were based on a compensation framework whereby Western equipment was financed through deliveries of gas from the U.S.S.R. Soviet deliveries of gas under these agreements reached 23.5 billion cubic meters in 1980. Urengoi-Yamburg is designed to boost gas deliveries to the above countries by about 30 billion cubic meters a year. In addition, Belgium, the Netherlands, Switzerland, and Sweden would be receiving deliveries of Soviet gas for the first time, so that by 1990 it is estimated that the U.S.S.R. would supply 30 percent of Western Europe's gas requirements.

Western experts calculate that for each dollar spent by the U.S.S.R. on imported technology and equipment, an equivalent ruble expenditure of $2.00 is required to cover local infrastructure costs, thereby catapulting the total price tag for Urengoi-Yamburg to about $45 billion. Remarkably, Soviet officials claim that earnings from Urengoi-Yamburg gas deliveries will enable them to amortize the $15 billion Western equipment cost in the short span of two to three years—similar to the accelerated repayment of over $2 billion in Western loans for the Orenburg gas pipeline.

Needless to say, the packaging of each country's equipment procurement for a project of this size requires elaborate financing arrangements. Thus far the financial side of the negotiations has been the proverbial "fly in the ointment." Financing for the Urengoi-Yamburg is being structured bilaterally with each participating country's official export credit program supporting its share of equipment sales.

A consortium of 14 West German banks, led by Deutsche Bank, is orchestrating the major share of the financing. The original terms of the DM 10 billion "in principle" agreement calling for a 10-year loan at a 7.75 percent nominal interest rate became impracticable because of shifts in Bundesbank policy earlier in the year. The ensuing rise in West German domestic interest rates prompted both the banks and Ruhrgas to insist that the wider interest differential be offset by either lower Soviet gas prices or higher West German equipment costs. This complicated loan pricing reflects traditional Soviet insistence on receiving fixed-rate loans at what appear to be lower-than-market rates. These nominal rates are, however, inevitably augmented by more flexible provisions in the commercial contracts.

During the latest round of negotiations with the Soviet Foreign Trade Bank in July a new credit formula was adopted, under which the proposed DM 10 billion credit was trimmed by approximately half the amount. This new financing formula resulted from a decision to split the overall equipment package into two components; gas turbine compressor stations and related equipment, and steel pipe. Although no credit terms have yet been announced, West German commercial bank financing will now be tied solely to the compressors and related equipment. It can be assumed that financing of the steel pipe component will be arranged in the form of supplier credits with all the attendant government guarantees.

A Dutch bank consortium has already concluded a loan agreement with the U.S.S.R. for an eight-year 3 billion guilder (about $1 billion) credit at a fixed rate of 7.8 percent. The Japanese Eximbank has offered to provide a 10-year $3 billion credit at a fixed rate of 8.5 percent, but the Soviets still insist on a 7 percent interest rate. However, a compromise agreement is expected to be reached soon. Belgium is also reportedly near agreement on a $1 billion loan to support the bid of a nine-company supplier consortium.

A group of French banks, led by Credit Lyonnais, initially offered to provide up to FF 15 billion (about $3 billion) also at 7.75

percent a year. The original French package also called for a FF 1.5 billion financial credit. Due to conflicting reports, it is difficult to determine whether the French are delaying in the hope of benefiting from a higher negotiated West German rate, or are genuinely considering scaling down their share of Urengoi-Yamburg gas deliveries.

The economic and commercial rewards for West European participation in resource compensation projects in partnership with the Soviet Union are at least as compelling as those outlined for the U.S.S.R. For example, Urengoi-Yamburg has been under discussion since 1978, when the U.S.S.R. and the Federal Republic of Germany signed a 25-year economic cooperation agreement. Realization of Urengoi-Yamburg would significantly promote the meaningful trade relationship envisioned in this agreement.

Although West German-Soviet trade is still modest compared to West Germany's global trade volume, the U.S.S.R. remains an increasingly attractive export market, especially given the Federal Republic's need to offset worsening trade deficits with the Organization of Petroleum Exporting Countries (OPEC). In 1980, West Germany's oil import bill came to more than $20 billion, contributing to a current account deficit of $14 billion—nearly three times the size of the Federal Republic's first postwar deficit in 1979. Moreover, West Germany's overall economic outlook points to a drop of at least 1 percent in gross national product for 1981, and a projected sharp rise in unemployment from 890,000 in 1980 to 1.5 million in the current year, with the inherent political repercussions.

As West German industry has traditionally represented a major influence on national foreign policy, it can be assumed that Bonn is under intense pressure to seek new or broader political ties with countries that are able to absorb the excess capacity of West German heavy industry. In terms of a break-even analysis of industrial production and profitability, it is clear what the huge equipment orders associated with Urengoi-Yamburg would represent to major industrial suppliers and, conversely, what the loss of such an opportunity would mean in terms of foregone profitability and employment. For example, the 4–5 million metric tons of steel pipe required for the project would entail annual deliveries of 1 million to 1.5 million metric tons of pipe by West German and Japanese suppliers. To put this figure into perspective the four major Japanese steelmakers have an average annual aggregate production of 2.65 million metric tons of wide-diameter pipe, and the leading West German manufacturer of this kind of pipe has an annual estimated production capacity af about 1 million metric tons.

The accelerated development of Soviet gas resources has established the U.S.S.R. as the largest market for wide-diameter steel pipe in the world. Even while no formal commercial contracts for Urengoi-Yamburg have been announced, a major West German pipe producer earlier this year signed a contract for delivery of 550,000 tons of steel pipe to the Soviet Union. This transaction was described as an ordinary export not associated with any specific project. Japan soon followed suit by extending a $400 million Eximbank credit to the Soviet Union to finance Japanese deliveries of 750,000 tons of steel pipe between July 1981 and March 1982.

The rewards associated with the Urengoi-Yamburg project for the Europeans are not solely expressed in terms of providing a vital outlet for capital equipment exports, but also in advancing the role of Soviet natural gas in Europe's emerging long-term energy strategy. In general, this strategy aims at a more diversified energy mix with particular emphasis on natural gas. For example, West Germany's energy dilemma is particularly troublesome because of strong domestic resistance to further development of the nuclear energy option, as well as shared European concern over excessive dependency on OPEC.

To illustrate Europe's new emphasis on gas, over the period 1980–1990, gas consumption in Italy is estimated to increase from 25 billion cubic meters to about 45 billion cubic meters; in the Federal Republic of Germany from 60 billion cubic meters to about 80 billion cubic meters, and in France from less than 20 billion cubic meters to a projected 45–50 billion cubic meters.

In order to secure these levels of future gas requirements each country is reassessing its current sources of supply and actively seeking access to new sources. Italy, whose domestic gas production will average roughly one-third of overall gas requirements in the 1980s, has secured a new long-term source of supply in Algeria which is designed to contribute an equivalent share. The Soviet Union is intended to supply the remaining third, with additional marginal amounts supplied by Libya.

The current gas supply equation in West Germany breaks down as follows: the Netherlands 37 percent, domestic production 30 percent, the U.S.S.R. 18 percent, and Norway 15 percent. Although the outcome is uncertain, the Netherlands is reportedly resisting extension of its long-term supply agreement due to expire in 1990. Should an agreement be reached concerning post-1990 deliveries, the volume of gas supplies from the Netherlands would probably be at reduced levels. This coincides with an anticipated sharp decline in domestic production by the end of the decade. Urengoi-Yamburg deliveries in projected annual amounts of 12–15 billion cubic meters would significantly offset these shortfalls. A "green light" for Urengoi-Yamburg would mean that the U.S.S.R. would replace the Netherlands as West Germany's major gas supplier by 1990.

The recent decision by the Norwegian government to accelerate exploitation of North Sea oil and gas resources was an unexpected boon in the search for new non-Soviet gas supply sources. Of the overall Norwegian $5 billion investment allocation for a series of oil and gas projects, the largest and most important is the construction of a 527 mile gas transmission system, at a cost of about $2 billion, that will transport gas from the Statfjord and Heimdalgas fields to several countries in Europe.

The new gas pipeline system will have a maximum capacity of 15 billion cubic meters, and beginning in 1986 will feed 7 billion cubic meters of gas annually through the existing Norpipe gas system into continental Europe. West Germany will receive 2 billion cubic meters annually. The accepted price for the new Norwegian gas distributed from Emden (West Germany) is $5.50 per million BTU. Other recipient countries will include France, Belgium, and the Netherlands.

Initially, this incremental 7 billion cubic meters of gas will not significantly change the complexion of the European gas supply situation; however, the planned expansion of the Norwegian gas exports up to 15 billion cubic meters will play a more important role in the next decade. For West Germany, additional Norwegian supplies will help offset the anticipated gas supply shortfalls from the Netherlands and from domestic production. Nevertheless, the Soviet share of total West German gas requirements would still remain at a projected 38 percent in the 1990's.

Bonn officials have repeatedly argued that concern over future West German dependency on Soviet energy supplies is exaggerated. This claim is generally based on the assumption that the share of natural gas in West Germany's overall energy mix will remain in the range of 18 percent, while projected Soviet inputs will account for a modest 5 percent of the country's total primary energy requirements. The basis for this argument is that as Soviet oil supplies to West Germany diminish they will be replaced by increased gas deliveries leaving the level of overall Soviet energy inputs unchanged.

On the surface, this calculation may indeed appear reassuring, but upon closer scrutiny it is difficult to dismiss the significance of Soviet gas inputs to certain industrial regions of the country. For example, Bavaria at present depends on the U.S.S.R. for 80 percent to 90 percent of its total gas consumption. Major Bavarian industrial consumers linked to Soviet gas are the chemical, petrochemical, and automotive industries. The Saar and Rhineland regions rely on Soviet sources for about 50 percent of gas consumption, while for Baden-Wuerttemberg and Hessen the share is somewhat less than 50 percent.

In the event of any interruption of Soviet gas deliveries, the vulnerability of these various regions will depend on the flexibility of West Germany's overall gas distribution system in accommodating the necessary reallocations. However, industry experts have highlighted the difficulty of shifting to alternate energy sources, which would be especially troublesome and costly for industrial sectors such as the petrochemical industry.

Proponents of Urengoi-Yamburg also contend that the U.S.S.R. is a more reliable energy supplier than some Middle Eastern energy exporters. It is true that the Soviets have established a track record for meticulous observance of the terms of commercial undertakings. Nevertheless, disruptions in Soviet gas deliveries to Europe have occurred, most recently this year. The Soviet advised gas distributors in the Federal Republic of Germany and in Austria that first quarter 1981 deliveries were to be cut by one third.

In the case of Austria, industrial users were warned to expect cutbacks of up to 50 percent in deliveries beginning in April. Austrian energy experts explained that the disruption in Soviet deliveries was probably due to seasonal difficulties. At the same time, they advanced the theory that sharply reduced deliveries of Iranian and Afghani gas to the Soviet Union may have in turn led to the Soviet gas cutbacks to Western Europe.

A less apparent dimension to East-West resource projects, such as Urengoi-Yamburg, is Moscow's long-term strategy of transforming economic dependencies into tools of international diplomacy. In the words of President Leonid I. Brezhnev: "The accelerated development and exploitation of Siberian natural gas resources is a matter of highest economic *and political* priority" (emphasis ours).

Europe's eagerness to reap the benefits of economic and commercial relations with the U.S.S.R. has obscured the risks inherent in striking individual accommodations with Moscow. This narrow approach leading to largely bilateral dealings with the Soviet Union is in no small measure related to the absence of a consistent and clearly enunciated U.S. foreign policy in the past. The physical proximity of the U.S.S.R. and all of its implications justifiably heightens anxiety among Europeans concerning their own security and well-being. A strong and determined U.S. posture would go a long way toward allaying these anxieties and at the same time instilling sufficient confidence for unified action.

The Soviets have predictably used this fragmented European approach not only to extract best possible commercial terms, but also to weaken the political will and resolve of the Western allies. Discernible inroads made by Moscow in this area are reflected in current European attitudes toward important policy issues, such as deployment of

the Pershing II and cruise missiles on the Continent, and arms limitation talks.

If reducing European dependency on Middle East oil by moving toward greater reliance on Soviet energy sources represents a real problem, then at minimum it is appropriate to construct a safety net of viable short and long-term alternatives. In the short-term category, Western allies should continue to press for accelerated development of North Sea gas resources. The recent breakthrough in Algerian-Belgian negotiations for a liquified natural gas supply agreement may point the way to similar accommodations with other European gas importing countries. Strategic stockpiling and the establishment of a contingency energy-sharing scheme with the United States and other European energy producers should also be considered as alternatives that could be implemented in the short term.

Perhaps the most secure long-term energy supply alternatives lies in the vast underutilized U.S. coal reserves. However, a prerequisite for proper utilization of coal is the accelerated development of the U.S. coal export infrastructure—expansion and improvement of port handling facilities and alleviating transportation bottlenecks. Active participation of major European and Japanese energy importers in the development of U.S. coal export facilities would hasten the process of developing this stable long-term energy flow. The incentive for the United States lies in the favorable impact such arrangements would have on the U.S. balance of payments and domestic employment. These and other alternatives should be developed and implemented on a parallel basis to ensure a meaningful offset to Europe's energy shortfalls, whether or not the Urengoi-Yamburg project goes forward.

How can the Western allies meaningfully respond to the political vulnerabilities inherent in such long-term East-West economic and commercial undertakings?

First, a clear distinction must be made between ordinary commercial relationships and strategic trade arrangements laced with political and security implications. Traditionally there has been substantial confusion in making such distinctions, particularly in the area of high technology transfer and grain sales. Once a decision is made to view an economic or commerical issue as either a lever in furthering foreign policy objectives or a potential political vulnerability, it is imperative to send consistent signals to both allies and adversaries. To do so requires an advance willingness and preparedness to bear the substantial opportunity costs often attendants to such a decision.

As pointed out earlier, the United States appears still undecided as to which category—domestic or foreign policy—the grain issue belongs, with the most recent tendency to view it as a domestic economic issue. Similarly the importation of Soviet energy into Europe was consistently viewed as a domestic issue prior to the Urengoi-Yamburg debate. The U.S.S.R. clearly wishes to reinforce these tendencies by pursuing such negotiating tactics as proposing as "embargo-proof" provision in the next long-term grain agreement with the United States. It is conceivable that a similar proposal could be put forward concerning the construction phase of Urengoi-Yamburg that would be designed to safeguard against any possible Western interruption for political reasons.

Regrettably, these undertakings cannot be considered ordinary commercial relationships. A strong argument can be made in favor of the United States keeping its options open concerning grain sales in the interest of tempering Soviet geo-political behavior. The Europeans, for their part, increasingly have to face the political realities linked to greater dependency on Soviet energy and the U.S.S.R. as an export market for industrial goods.

The flaws of past ad hoc bilateral approaches and the infrequency of summit consultations to address these critical economic and security issues highlight the need for establishing a viable institutional framework through which to handle these issues comprehensively and consistently. Institutions do in fact exist that could be helpful for this purpose.

One possibility is the Directorates for Trade and Commerce and Science and Technology of the Organization for Economic Cooperation and Development (OECD). However, the broad membership of OECD would make it difficult to achieve a solid consensus on such sensitive issues. Another alternative would be CoCom (the Coordinating Committee comprising NATO members and Japan), but the technical nature of this body is not particularly suited to this kind of policy-making.

Perhaps the most appropriate framework would be the underutilized Economic Secretariat within NATO. If granted the same status as the organization's military and political secretariats, the principal mandate of this restructured entity would be to candidly review and assess the risks inherent in projects such as Urengoi-Yamburg. Irrespective of the framework selected, the functions that such an organization should perform would include:

Achieving a consensus view on the broader question, namely under what conditions and at what level should the West actively continue to participate in the extraction, processing, and transmission of Soviet energy resources.

Assessing and gauging the disadvantageous economic and political consequences of a specific project for each of the participating countries.

Evaluating and developing various contingency plans and alternatives that would serve to reduce the vulnerabilities associated with any undue dependencies that could result from a project, i.e. the safety net approach.

Establishing and defining parameters of Soviet behavior that could trigger a decision by the West to delay or terminate the project.

Conducting an ongoing assessment of the extent of the West's political leverage through its control of the flow of technology, equipment, and credits as well as Soviet access to major hard currency markets.

Arriving at a meaningful consensus, based on the aforementioned considerations, as to whether or not the inherent risks involved can be sufficiently mitigated to permit the project going forward.

Beyond the benefits of developing a specific institutionalized framework would be the parallel advantages to Western suppliers stemming from the enhanced stability of East-West commercial relations. This is particularly applicable to U.S. companies which in the past have often been hampered by erratic go-no go government decisionmaking.

The Urengoi-Yamburg debate currently revolves around three basic points of view. Most proponents of the project believe that Urengoi-Yamburg should be treated as a routine commercial undertaking on the assumption that East-West dependencies are evenly balanced. This view tends to gloss over the character of the U.S.S.R.'s command economy that is better equipped to implement major shifts in the allocation of resources when deemed politically necessary. The bulk of the resulting hardships have traditionally been absorbed by Soviet consumers who have a far higher tolerance threshold than their Western counterparts.

A concerned group in the administration and in Congress express the view that the project should be interdicted or at least scaled down because of the political and security considerations. In fact, it is now likely that the Europeans will propose a reduction in gas deliveries following newly revised projections of natural gas consumption requirements in the 1980s. Such a proposal would help diffuse opposition to the project, particularly in the United States. However, as projections for gas requirements in the 1980 remain unchanged, any proposed reductions will probably be temporary, with the project reverting to its original scale in the next decade.

Finally, the view expressed herein entails recognition that the project, in some form, will go forward, but urges that a final commitment be contingent on the Western allies proceeding with a safety net of alternatives and the kind of unified policy framework mentioned above. This position can be summed up in terms of putting the horse of a collective Western economy policy toward the U.S.S.R. before the cart of long-term commercial commitments with security dimensions.

After a lull in negotiations, the Soviets are now pressing for a firm commitment to Urengoi-Yamburg prior to President Brezhnevs announced visit to Bonn, currently scheduled for November. If the United States and its NATO partners fail to reach a coordinated policy approach in the near term, they may face the bleak prospect that the project, in turn, will shape the policy.

Miriam Karr and Roger W. Robinson, Jr. both work for the Chase Manhattan Bank in New York. She is vice-president of Chase Trade Information Corporation and he is second vice-president of the Eastern Europe Banking Division. The views expressed in this article are those of the authors and do not necessarily reflect the views of the Chase Manhattan Corporation or Bank.

"Soviet Gas: Risk or Reward?"

(By Miriam Karr and Roger W. Robinson, Jr.)

The projected joint construction of a new Siberian natural gas pipeline, which the Soviets describe as the "largest project in recorded history," raises compelling questions about East-West economic relations. In the forthcoming Autumn 1981 issue of the Washington Quarterly, two vice-presidents from Chase Manhattan Bank, Miriam Karr and Roger W. Robinson, Jr., provide a balanced analysis of this undertaking in an article entitled "Soviet Gas: Risk or Reward?"

First, the authors note that "the large gas-for-pipe compensation arrangements between Europe and the U.S.S.R., dating back to the 1960s, have never been openly discussed in political terms in this country. However, the new Siberian gas pipeline known as the Urengoi-Yamburg project "represents a watershed even in this series of major resource compensation transactions and due to its massive proportion, remains a hotly contested public issue in Europe." The fundamental question the project poses is "whether the pipeline venture would lead to an imprudent degree of dependency on Soviet gas resources."

The authors examine the financial intricacies of the arrangement covering the negotiations among the major European utilities and the financing for the project, which "is being structured bilaterally with each participating country's official export credit program supporting its share of equipment sales."

Current projections indicate that "by 1990 the U.S.S.R. would supply 35% of Western Europe's gas requirements." Europe's ever-increasing need for gas, Germany's search for a larger market for its steel, and the seeming "reliability" of the U.S.S.R. as an energy supplier make the pipeline an alluring prospect. Moreover, such projects would "not only lock in substantial earnings over time but also provide benefits of much

needed infusions of Western equipment and technology." But Karr and Robinson emphasize that "a clear distinction must be made between ordinary commercial relationships and strategic trade arrangements laced with political and * * *

The authors recommend that an institutional framework be devised to handle these issues, and suggest that the Economic Secretariat within NATO may be the appropriate forum. They emphasize that any such format must rigorously assess "the disadvantageous economic and political consequences of a special project" and conduct "an ongoing assessment of the extent of the West's political leverage through its control of technology, equipment, and credits as well as Soviet access to major hard currency markets."

Should the United States and its NATO partners fail to establish a coordinated policy on such projects, Karr and Robinson warn that "they may face the bleak prospect that the project, in turn, will shape the policy."●

SENATE RESOLUTION 223—ORIGINAL RESOLUTION REPORTED WAIVING CONGRESSIONAL BUDGET ACT

Mr. SYMMS, from the Committee on Environment and Public Works, reported the following original resolution; which was referred to the Committee on the Budget:

S. RES. 223

Resolved, That section 402(a) of the Congressional Budget Act of 1974 is hereby waived with respect to the continuation of S. 1024, the Federal-Aid Highway Improvement Act of 1974.

SEC. 2. This waiver is necessary to consider this bill which was not reported prior to May 15. The levels of authorizations contained in this bill for fiscal year 1982 are $1 billion below those reported to the Senate in the March 15 report of the Committee on Environment and Public Works. The level is also below that contained in S. 1208 reported by the Committee on May 15, 1981. The authorization level is also consistent with the recent request of the President for an additional 12 percent reduction in Federal spending.

SENATE RESOLUTION 224—ORIGINAL RESOLUTION REPORTED WAIVING CONGRESSIONAL BUDGET ACT

Mr. SYMMS, from the Committee on Environment and Public Works, reported the following original resolution; which was referred to the Committee on the Budget:

S. RES. 224

Resolved, That section 303(a) of the Congressional Budget Act of 1974 is hereby waived with respect to the consideration of S. 1024, the Federal-Aid Highway Improvement Act of 1981.

SEC. 2. This waiver is necessary so that multi-year highway legislation may be considered by the Senate. Highway authorizations are contract authority which when enacted creates new spending authority. To consider this multi-year highway bill such a waiver is required by section 303(a).

SENATE RESOLUTION 225—ORIGINAL RESOLUTION REPORTED AUTHORIZING EXPENDITURES BY THE SELECT COMMITTEE ON INTELLIGENCE

Mr. GOLDWATER, from the Select Committee on Intelligence, reported the following original resolution, together with an accompanying report; which was referred to the Committee on Rules and Administration:

S. RES. 225

Resolved, That Section 2 of Senate Resolution 54, 97th Congress, agreed to March 3, 1981, is amended by striking out the amounts "$1,648,000.00" and "$20,000.00" and inserting in lieu thereof, "$1,760,000.00" and "$132,000.00", respectively.

SENATE RESOLUTION 226—RESOLUTION WAIVING CONGRESSIONAL BUDGET ACT

Mr. CHAFEE, from the Committee on Environment and Public Works, reported the following original resolution; which was referred to the Committee on the Budget:

S. RES. 226

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 1716, to amend the Clean Water Act and authorize funding for wastewater treatment construction grants program. Such waiver is necessary to permit consideration of a fiscal year 1982 authorization of appropriations to carry out the purpose of S. 1716.

Such waiver is necessary as S. 1716 was not reported before May 15, 1981, as required by section 402(a) of the Congressional Budget Act of 1974.

Additional time was required to conduct a comprehensive reexamination of this multi-billion dollar pollution abatement program as a result of the fiscal year 1981 rescission and the repeal of the previously enacted authorization for fiscal year 1982 pursuant to the Omnibus Reconciliation Act of 1981.

SENATE RESOLUTION 227—RESOLUTION RELATING TO PROTECTION FOR ISRAEL IN THE EVENT OF SALE OF AWACS TO SAUDI ARABIA

Mr. PRESSLER submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 227

Whereas the United States has a vital interest in maintaining the security of Israel; and

Whereas the sale of AWACS to Saudi Arabia would require Israel to divert resources to meet a potential new threat; and

Whereas a rejection of the Saudi AWACS request could jeopardize United States defense plans for the Persian Gulf; and

Whereas the United States has the capacity to help Israel expand its current radar and communications jamming capability: Now, therefore, be it

Resolved, That it is the sense of the Senate that should the United States decide to sell AWACS to Saudi Arabia, the United States shall assist Israel in procuring and financing any additional radar and communications jamming equipment needed to protect Israel against any new threat poised by a Saudi AWACS.

SEC. 2. The Clerk of the Senate shall transmit a copy of this resolution to the President.

● Mr. PRESSLER. Mr. President, soon the Senate will be engaged in a difficult debate regarding the sale of AWACS aircraft to Saudi Arabia. It is clear to many that should the United States provide such aircraft to Saudi Arabia, Israel may be required to defend itself against such technology. I am today introducing a resolution which addresses this issue.

This resolution would express the sense of the Senate that should this sale be completed, the United States shall assist Israel in procuring and financing any additional radar and communication jamming equipment needed to protect Israel against any new threat posed by a Saudi AWACS.

While I have not favored this sale, I offer this resolution as a vehicle for discussion in the Senate of the issue of Israeli defenses. This resolution is not intended to be the definitive word on this issue. I will be discussing this matter with my colleagues in the coming days in order to best fashion a legislative response to insure Israel continued security.●

SENATE RESOLUTION 230—RESOLUTION RELATING TO COMBAT READINESS

Mr. HART submitted the following resolution; which was referred to the Committee on Armed Services:

S. RES. 230

Whereas, combat readiness is essential to an effective national defense, and

Whereas, combat readiness of our armed services has been one of our lowest defense priorities in the past, and

Whereas, we have failed to budget adequate amounts in past fiscal years for activities which most directly affect the state of combat readiness, such as operations and maintenance, aircraft flying hours, fleet operating tempo, unit training time, spare parts, fuel, and ammunition, and

Whereas, the training of our soldiers is as critical to success on the battlefield as the kinds of weapons they use, and

Whereas, our armed forces are buying increasing complex and sophisticated weapons systems which require more, not less maintenance than simpler equipment of the past, and

Whereas, both the President and the Secretary of Defense have declared that improving the readiness of our armed forces is one of this Administration's two highest priorities in "rearming America," then

Therefore, be it resolved, That it is the sense of the Senate that if further spending reductions are to be made in the Fiscal Year 1982 budget, and if some of those reductions are made in defense spending, no cuts should be made in any activities relating to or improving the combat readiness of our armed forces.

● Mr. HART. Mr. President, I am today submitting a resolution expressing the sense of the Senate that if further budget cuts are to be made in the fiscal year 1982 budget, and if they are made in the area of defense spending, no cuts should be made in any activities relating to or improving the combat readiness of our Armed Forces.

In the posture hearing held by the Senate Armed Services Committee on January 28, 1981, Secretary of Defense Casper Weinberger said:

I have two highest priorities in rearming America. One is to improve the readiness of the forces in being. The other is to redress the imbalances that have developed between our strategic nuclear forces and those of the Soviets.

He pledged that providing more funds for spare parts, training, and consum-

ables—will receive a great deal of emphasis from this administration.

During the last week, the administration has put forward its proposals for our strategic systems. These systems will cost a great deal of money. At the same time, the administration should reaffirm its commitment to its other highest priority: increased combat readiness.

Readiness is essential to a strong national defense. Yet for many years, we have spent too little in this critical area. During the last administration, the spending for new weapons was projected to increase from 5 to 10 percent over the next 5 years, while spending for operations and maintenance—to keep those new weapons working—was to be held roughly constant.

As a result, we have been trying to maintain more complex and sophisticated equipment at the readiness level as simpler equipment, with the same funding. We must budget more for operations and maintenance, beginning immediately. We have bought the complex weapons systems. We cannot trade them in tomorrow for less complex ones, so we are going to have to pay what it takes to maintain them.

The administration's original budget requests took this need into account, and increased spending for readiness over previous levels. But now, as the administration is being forced to find additional budget cuts in the fiscal year 1982 budget, there are proposals to reduce this spending which the administration once called its highest priority.

This resolution expresses the sense of the Senate that budget cuts in the area of readiness would weaken our defenses and undermine our national consensus for an effective military.

This resolution puts the Senate on record against any cuts in programs which improve our combat readiness, such as operations and maintenance, aircraft flying hours, fleet operating temp unit training time, spare parts, fuel, and ammunition. It builds on the administration's own sense of the importance of readiness to the effectiveness of our Armed Forces.

Mr. President, I ask unanimous consent that an excerpt from testimony by Secretary of Defense Weinberger before the Senate Armed Services Committee on March 4, 1981, be printed in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

EXCERPT FROM TESTIMONY

READINESS

First, readiness. Our forces now are consuming themselves. Before even considering the necessity for improved strategic and conventional force requirements, we must consider that we have been left with insufficient funds for operation and maintenance of existing equipment. This forces us to cannibalize some equipment to keep other equipment operational. At the same time, equipment lost in training is frequently not replaced, and training in general is inadequate due to the need to conserve fuel, ammunition and other expendables. We do not have adequate reserve stocks to meet our own resupply requirements, much less for prepositioning or for foreign assistance.

We propose to make significant increases to enhance the readiness of our forces. Specifically, we seek $2.8 billion more in fiscal year 1981 and $8.7 billion more in fiscal year 1982 for additions rejected or not considered by Mr. Carter. These funds will not only augment or accelerate ongoing programs, but will give current force capabilities not affordable in the Carter budget, in areas such as prepositioning, sealift and replenishment, communications, and electronic warfare.

Our priorities are to remove known peacetime deficiencies first, and then to enhance the war fighting capabilities of our forces, including some type of forces that can be rapidly deployed. We must be able to maintain not only our present peacetime training levels, but also to improve those levels without drawing down our limited war reserve stocks, as we have done in the past.

For the Air Force, we plan increased flying hours, additional war reserve spares procurement, more training, and reduced depot maintenance backlogs. For the Army, we are proposing additional POMCUS and combat engineer support equipment, additional war reserve ammunition, tactical and support vehicles, increased O. & M. for new equipment, and reduced depot maintenance backlogs. For the Navy Department, we propose to increase the strategic mobility, sustainability, firepower, and logistics readiness of the Marines; to procure additional missiles, torpedoes, ammunition, aviation and ship spares; and to reduce the backlog of depot maintenance.●

AMENDMENTS SUBMITTED FOR PRINTING

RESTORATION OF MINIMUM SOCIAL SECURITY BENEFIT

AMENDMENT NO. 582

(Ordered to be printed and to lie on the table.)

Mr. EAGLETON submitted an amendment intended to be proposed by him to the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

REMOVING EXCESS BURDENS ON THE PRODUCTION OF COAL

AMENDMENT NO. 583

(Ordered to be printed and referred to the Committee on Energy and Natural Resources.)

Mr. DURENBERGER submitted an amendment intended to be proposed by him to the bill (S. 178) to amend the Powerplant and Industrial Fuel Use Act of 1978 to further the objectives of the national energy policy of conserving oil and natural gas through removing excessive burdens on the production of coal.

TAXING POWERS OVER COAL ON INDIAN LANDS

● Mr. DURENBERGER. Mr. President, I want to place my colleagues on notice that when S. 178 is considered by the Senate, I will amend the language of the bill to clarify its treatment of State taxing powers over coal on Indian lands. As you know, that bill would limit to 12.5 percent any State severance tax on coal taken from Federal or Indian lands.

The Crow Tribe is presently challenging the Federal court the authority of the State of Montana to impose its severance tax on coal held in trust by the United States and developed by third parties. If the eventual resolution of the case finds States having this authority, the 12.5-percent limitation on severance taxes should also apply to tribal coal as well as coal taken from Federal lands. Therefore, the reference to both Federal and Indian lands in the bill is necessary.

Because S. 178, as presently written, limits the severance tax that a State may impose on the development of tribal coal, it may be interpreted to carry with it the implication that Congress recognizes the validity of a State taxing such coal. It is not my intention to imply by this bill that States do have the authority to impose their severance taxes on Indian coal. This is a matter for the courts to decide. Therefore, I will amend the bill to clarify this point.

Mr. President, I ask unanimous consent at this time that the text of the proposed amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

Add a new subsection

"(c) Nothing contained in this Act shall be construed as implying that States have the right or authority to tax the production or severance of coal owned by an Indian Tribe and held in trust by the United States."●

LEGAL SERVICES CORPORATION APPROPRIATION AUTHORIZATION

AMENDMENT NO. 584

(Ordered to be printed and to lie on the table.)

Mrs. HAWKINS submitted an amendment intended to be proposed by her to the bill (S. 1533) to authorize appropriations for the Legal Services Corporation for fiscal years 1982, 1983, and 1984, and to encourage the use of private attorneys in the provision of legal services under that act, and for other purposes.

NOTICES OF HEARINGS

SUBCOMMITTEE ON CIVIL SERVICE, POST OFFICE, AND GENERAL SERVICES

Mr. STEVENS. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Subcommittee on Civil Service, Post Office and General Services, Senate Committee on Governmental Affairs.

A hearing is scheduled for October 15, 1981, beginning at 9:30 a.m. in room 1318 of the Dirksen Senate Office Building. The subcommittee will hear testimony on three similar bills relating to surplus Federal property: S. 134, to authorize donation of surplus real or personal property for use in connection with a public harbor; S. 1422, to authorize donation of surplus property to any State for the construction and modernization of criminal justice facilities; and S. 1444, to authorize the GSA Administrator to donate to State and local governments certain Federal personal property loaned to them for civil defense use.

For further information regarding the hearing, interested parties should con-

tact Peter Fromuth of the subcommittee staff on 224–2254.

COMMITTEE ON SMALL BUSINESS

Mr. WEICKER. Mr. President, I would like to announce for the information of the Senate and the public that the Senate Small Business Committee will hold a full committee hearing on "LTV's acquisition of Grumman Corp.: Consequences for small businesses and the U.S. defense industrial base."

The hearing will be held on Tuesday, October 20, 1981, at 9:30 a.m., in room 424 of the Russell Senate Office Building. Senator WEICKER will chair.

For additional information please contact Brian Hartman of the committee staff at 224–5175.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. ROTH. Mr. President, I would like to announce for the information of the Senate and the public that the Committee on Governmental Affairs will hold hearings on the acquisition process in the Department of Defense on Wednesday, October 21, and Tuesday, October 27, 1981. The committee will meet in room 3302 of the Dirksen Senate Office Building at 9 a.m. on both days. For further information, please contact Linda Townsend at 224–4751.

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

Mr. DURENBERGER. Mr. President, I would like to announce that the Subcommittee on Intergovernmental Relations of the Governmental Affairs Committee has rescheduled its hearing to consider and review standard "boilerplate" language to be included in all future block grant legislation. The language was prepared in consultation with public interest groups representing entities and persons impacted by Federal assistance provided through the block grant mechanism. Included in the language are provisions dealing with the areas of application and planning, nondiscrimination, transition, reporting, and auditing.

The hearing will be in room 357, Russell Senate Office Building, Tuesday, October 6, 1981, starting at 9:30 a.m. Those wishing to submit written statements to be included in the printed record of the hearing should send five copies to Ruth M. Doerflein, clerk, Subcommittee on Intergovernmental Relations, room 507, Carroll Arms Building, Washington, D.C. 20510.

For further information on the hearing, you may contact Pam Hess of the subcommittee staff at 224–6702.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. ROTH. Mr. President, I would like to announce for the information of the Senate and the public that the Committee on Governmental Affairs will continue the congressional budget process review during hearings on Tuesday, October 20 and Thursday, October 22, 1981. The committee will meet on both days at 10 a.m. in room 3302 of the Dirksen Senate Office Building. For further information, please contact Mary Lewis at 224–4751.

SUBCOMMITTEE ON ENERGY REGULATION AND SUBCOMMITTEE ON WATER AND POWER

Mr. MURKOWSKI. Mr. President, I would like to announce for the information of the Senate and the public that the joint oversight hearing previously scheduled before the Subcommittees on Energy Regulation and Water and Power on Friday, October 23 to consider hydroelectric development and licensing procedures has been rescheduled for Thursday, October 29, beginning at 2 p.m. in room 3110, Dirksen. The first day of hearings on this subject will be held on Monday, October 19 at 10 a.m. in room 3110, Dirksen, as previously scheduled.

For further information regarding these hearings you may wish to contact Mr. Howard Useem at 224–5205 or Mr. Russ Brown at 224–5726.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. McCLURE. Mr. President, I would like to announce for the information of the Senate and the public that the oversight hearings to consider the implementation of title I of the Natural Gas Policy Act of 1978 previously scheduled before the Committee on Energy and Natural Resources for Monday, November 2 and Tuesday, November 3 have been rescheduled for Thursday, November 5 and Friday, November 6, beginning at 10 a.m. in room 3110 of the Dirksen Senate Office Building.

For further information regarding these hearings you may wish to contact Mr. Howard Useem or Ms. Marilyn Burkhardt of the committee staff at 224–5205.

SUBCOMMITTEE ON ENERGY AND MINERAL RESOURCES

Mr. WARNER. Mr. President, I would like to announce for the information of the Senate and the public that the oversight hearings previously scheduled before the Subcommittee on Energy and Mineral Resources on Tuesday, October 27 and Wednesday, October 28 have been rescheduled for Tuesday, November 10 beginning at 8:30 a.m. and Friday, November 13 beginning at 10 a.m. in room 3110 of the Dirksen Senate Office Building.

In addition, the subcommittee has scheduled a hearing on Tuesday, October 27, beginning at 10 a.m., in room 3110 of the Dirksen Senate Office Building to consider S. 1516, a bill to amend the Geothermal Steam Act of 1970.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Committee on Energy and Natural Resources, Subcommittee on Energy and Mineral Resources, room 3104, Dirksen Senate Office Building, Washington, D.C. 20510.

For further information regarding these hearings, you may wish to contact Mr. Roger Sindelar of the subcommittee staff at 224–4236.

ADDITIONAL STATEMENTS

FIRE PREVENTION WEEK

● Mr. GLENN. Mr. President, by proclamation of September 28, 1981, President Reagan designated the week of October 4 through October 10, 1981, as Fire Prevention Week.

Each year fire kills 7,800 Americans and injures a staggering 230,000 others. This includes 165 deaths and 100,000 injuries to firefighters. In addition, fire annually causes over $5 billion in direct property losses and billions of dollars more in indirect losses.

In light of these statistics, it is important that we recognize Fire Prevention Week for several reasons.

Fire Prevention Week is a time to honor the many courageous firefighters of this Nation. It is also a time to honor those firefighters who have lost their lives protecting ours. I am proud to say that on October 4, 1981, a National Firefighters Memorial was dedicated on the grounds of the National Emergency Training Center at the National Fire Academy in Emitsburg, Md.

Fire Prevention Week also marks the beginning of the National Smoke Detector Campaign. The Federal Emergency Management Agency (FEMA), in conjunction with a host of organizations, has launched a nationwide campaign to get smoke detector protection into as many American homes as possible. Many of those who need this protection are minorities, the elderly, and the handicapped. According to FEMA, recent findings indicate that "the chances of dying in a fire are reduced by one-half if a smoke detector is present in the home."

Finally, Fire Prevention Week presents us with the opportunity to step up our fight against arson.

Intentionally set fires are the worst kind of fires. Regardless of their motive, each year intentionally set fires maliciously and unnecessarily endanger the lives of countless innocent people. This is why I have made the fight against the crime of arson one of my top legislative priorities in the Senate.

In an effort to control the rapid spread of the deadly, billion dollar crime of arson, I introduced the Anti-Arson Act of 1981—S. 294. The bill, like its predecessor of the 96th Congress, would aid in the construction of a unified, national strategy against the burgeoning arson problem. Today, I am asking the Committee on Governmental Affairs to schedule action on this important legislation.

Fire Prevention Week also presents an excellent opportunity for me to commend two Federal agencies for their outstanding contributions to the fight against arson.

In the area of arson research and training, the U.S. Fire Administration has been invaluable to many local fire departments which are beginning to develop programs to cope with the increasing arson problem. My bill would expand the agency's research and development of techniques and equipment in the areas of arson prediction, prevention, training, and control and make this a permanent and integral part of the agency's mission.

The Bureau of Alcohol, Tobacco and Firearms (ATF) is the other agency I wish to commend. The ATF provides invaluable investigative assistance to State and local jurisdictions, especially in those cases involving the larger arson-for-profit schemes and those involving organized crime. Unfortunately, the success of this program may fall prey to the administration's budgetary ax—this I believe is the result of a misapprehension of the nature and scope of the arson epidemic that plagues our Nation.

I ask that at the conclusion of my remarks that a letter which I recently

wrote to Treasury Secretary Donald T. Regan be printed in the RECORD. The letter concerns my request that the necessary steps be taken to insure that ATF's arson program remains viable and strong. I wrote a similar letter to Congressman WILLIAM J. HUGHES, chairman of the House Judiciary Committee's Subcommittee on Crime. Last week, the subcommittee held hearings on the ATF.

In conclusion, Fire Prevention Week presents us with the opportunity to reaffirm our commitment to stop the spread of arson that threatens to engulf ever larger portions of our society in a fiery wave of death and destruction. I hope that we will avail ourselves of this opportunity.

The letter referred to is as follows:

OCTOBER 1, 1981.

HON. DONALD T. REGAN,
Secretary, U.S. Department of the Treasury, Washington, D.C.

DEAR MR. SECRETARY: I am writing to express my deep concern over the future of the Anti-arson Program of the Bureau of Alcohol, Tobacco and Firearms (ATF). I am concerned for two reasons: The Administration's decision to de-emphasize the ATF's Anti-arson Program and the possibility that the program may be unacceptably reorganized or eliminated entirely. I am requesting that you take whatever steps necessary to ensure that this worthwhile program remains viable, strong and effective, whether or not if remains a part of ATF.

Let me start out by pointing out what the deadly, billion dollar crime of arson is doing to our country. Over the past decade arson has increased approximately 400 percent and represents about 25 percent of all fires. Each year this heinous, indiscriminate killer takes the lives of 1,000 people and injures as many as 10,000 others. Arson also annually causes approximately 1.3 billion dollars in direct property damages and up to 15 billion dollars in indirect losses. The conviction rate for arsonists stands at a dismal 2 percent nationwide. Of this figure, only 0.7 percent are ever incarcerated.

While jurisdictionally a local problem, arson has reached epidemic proportions and is nationwide in scope. Unfortunately, states and localities are ill-equipped to deal with the arson problem. They often lack the money, resources and technical expertise to deal with arson.

This is where ATF has been most effective. ATF's investigative efforts have been consistent with its Federal role, striking the appropriate balance of Federal-state cooperation. ATF has provided assistance to states and local agencies which have significant arson problems that span multijurisdictional boundaries and exceed the capabilities of local authorities, such as the larger arson-for-profit schemes and those involving organized crime.

In supporting the ATF's anti-arson role, the Senate Appropriations Committee recently reported that:

ATF has initiated a realistic approach to the fight against the arson crime problem by selectively focusing on the investigation of explosives-related arson-for-profit schemes . . . ATF's arson program further provides for investigative assistance to state and local authorities experiencing a significant arson problem . . . ATF has promoted and applied the task force approach to attack identified arson problems in specific areas. ATF has four national response teams . . . These teams have a capability of providing a 24-hour response to any location in the country to assist in the investigation of explosives-related incidents of extreme, major proportions. Senate Report No. 97-192, p. 18.

As this language indicates, ATF has assisted—and not preempted—state authority. I received a letter recently from James A. Gamm, the Commander of the Cincinnati Arson Squad. The letter, concerning a $7 million fire in Akron, Ohio, clearly demonstrates how the ATF utilizes its resources and expertise to assist local authorities in arson investigation. In reference to the participation of the ATF's National Response Team in the investigation, Commander Gamm stated that:

In my 24 years of fire fighting . . . I have never seen such a thorough, effective and efficient investigation. What was accomplished in three days by this . . . team would have taken a normal fire investigation team at least two months . . . These men with their bomb scene training and experience . . . have the most professional expertise . . . Their work was like a textbook in action.

Commander Gamm's enthusiasm for the ATF appears well-founded. Indeed, according to the Administration's own figures, in FY 1980 the ATF investigated 667 arson incidents resulting in 30 deaths, 68 injuries and estimated property damage in excess of $122 million. 303 defendants were recommended for prosecution and 79 defendants were convicted with judicial proceedings currently pending against numerous others. All this, I might add, when the conviction rate for arson arrests stands at a dismal 2% nationwide.

In light of the ATF's overwhelming success in combating the arson problem, I fail to see why the Administration would attempt to de-emphasize (or possibly eliminate) the ATF Anti-arson Program. Again, I strongly urge you to take whatever steps necessary to ensure the viability of this program.

As someone who has been involved in the fight against arson for many years, I will be happy to assist you in whatever way I can Please feel free to contact me.

Best regards.

Sincerely,

JOHN GLENN,
U.S. Senate.●

THE LOSS OF A WORLD HERO—ANWAR SADAT

● Mrs. HAWKINS. Mr. President, yesterday the world learned of the tragic death of one of the greatest statesmen and peacemakers of our time. I grieve the passing of this bold and dynamic man who inspired the world with his vision of a Middle East at peace. At a time when it appeared there was little possibility for breaking the cycle of violence that had engulfed the Middle East since 1949, Anwar Sadat launched what he called his "sacred mission." President Sadat's historic trip to Jerusalem gave the world hope that the seemingly intractable problems of the Middle East would be solved, and that the people of the region, Arabs and Jews alike, would lay down their arms and rebuild their war-torn lands.

Anwar Sadat was a visionary leader, and to everyone's benefit he was also a skilled diplomat. Most Americans remember, as I always will, Anwar Sadat's tireless efforts to achieve a framework for peace in the Middle East—culminating in the Camp David peace accords. These accords became the logical starting point for addressing the tragic problems of the region in later years. But Anwar Sadat did not rest on his accomplishments, great as they were, following the signing of the Camp David accords. He continued to work with determination to insure that the fragile peace which he helped construct would be transformed into a lasting one.

I am encouraged because President Sadat's likely successor, Hosni Mubarak, has indicated that he will pursue the late President's policy. I believe that the greatest tribute that we can pay to Anwar Sadat is to pursue his goal of peace in the Middle East with the same courage and boldness he displayed—until peace is accomplished.

Anwar Sadat's peace initiatives brought with them great risk to President Sadat himself. Much of the Arab world reacted to his peace initiative by condemning him as a traitor to the Arab world and isolating Egypt politically. Certain factions in the Middle East even put a price on President Sadat's head. But this did not deter Anwar Sadat from his singleminded quest.

It seems the greater the man, the greater the risk to his life, In the last 7 months, we have seen attacks on the life of our President, Pope John Paul II, and now the peacemaker, Anwar Sadat. The world is grateful that President Reagan and Pope John Paul II survived, and the world is saddened by the loss of Anwar Sadat.

Anwar Sadat earned a special place not only in the hearts of his own countrymen by saving Egypt's youth from new destructive wars, but also in the hearts of all Americans for bringing hope of a fair and lasting peace to a region important to our country. Anwar Sadat is Egypt for most Americans, and Egypt could have had no greater representative.

Let us all rededicate ourselves to peace in the Middle East and in this way pay the highest tribute to a man the world will miss—Anwar Sadat.●

THE WAR ON WORDS: A THREAT TO ALL AMERICANS

● Mr. MOYNIHAN. Mr. President, the American Society of Journalists and Authors recently launched a nationwide campaign against the banning of books and magazines.

Practically every week, another book is removed from a local library because a group of citizens is offended by the language in the book, or by the ideas expressed in it.

The American Library Association, which keeps statistics on these matters, reports that nearly 150 books were challenged in 34 States from January to June this year. Among the books that citizens groups said had no place in the public libraries were Anne Frank's "Diary of a Young Girl," Aleksandr Solzhenitsyn's "One Day in the Life of Ivan Denisovich," and Pearl Buck's "The Good Earth."

School reading lists are also a favorite target for citizen censors. In Alabama this spring, the State Board of Education voted to withdraw its approval for five textbooks to be used in Alabama schools. One of the five was "Unfinished Journey," a book that some parents said glorifies the Soviet Union. Parents objected to a passage that describes how Russia has managed to become a modern industrial country since the revolution in 1917. Said one parent: "That is a damnable distortion of history. The Soviet Union has failed miserably."

Fred Sakon, a university professor and

a member of the Alabama textbook committee, complained that the parents were missing the point. "History is a search for truth. If you exclude others' opinions, are you searching for truth or are you supporting what you already believe?"

Another textbook that was banned was "The American Pageant," a book that many people who went to high school in the Washington, D.C., area will recognize as the standard text for classes in American history.

This kind of censorship is not new. But it does seem to be increasing. Moreover, it offends a basic value enshrined in the American Constitution: That individuals should be free to express ideas, even though the ideas may be wrong, unpopular, or stated in language that annoys but that is not obscene.

On September 10, the American Society of Journalists and Authors issued a statement called "The War on Words: A Threat to All Americans."

The ASJA is a small organization, with only 600 members, but its members include a majority of the regularly published freelance writers in the United States. Its president is Sally Wendkos Olds.

The statement should be read by everyone who values ideas—the freedom to learn the ideas of others and to express ideas of one's own. I ask that it be printed in the RECORD.

The article referred to is as follows:

THE WAR ON WORDS: A THREAT TO ALL AMERICANS

Americans viewed with horror the book-burnings in Nazi Germany a generation ago and the similar conflagrations which followed in the wake of the advent of a repressive regime in Iran. We welcomed authors who fled the Soviet Union and its gagging of those who would not parrot the party line. We shuddered as we learned from the Argentinian editor and publisher Jacobo Timerman of imprisonment and torture visited by a despotic New World government upon one who dared to print the truth. And we counted ourselves fortunate to live in a land where such things could not happen.

We were wrong: they can happen here, and they are happening now. Across our nation, local authorities are capitulating to the demands of small bands of zealots who wish to silence certain authors or ideas. Books and periodicals are being removed from public libraries, banned from school reading lists, swept from newsstands, and even literally burned because they offend the opinions or the sensibilities of one or another religious, political, ethnic, or self-styled "moral" group.

There is no more precious heritage in our nation than freedom of expression: the freedom to speak out, to communicate, to circulate ideas and information. Freedom of speech and of the printed word head the list of guarantees in that most cherished document embodying the first ten amendments to the U.S. Constitution, the Bill of Rights. This is no accident. Our founding fathers intended those freedoms—invariably denied by tyrants past and present—to be the basic rights of all Americans, for only when speech and press are unfettered can other freedoms survive and flourish.

And it is not only our government in Washington which is enjoined from abridging those freedoms. The Fourteenth Amendment declares that no rights enjoyed under our Constitution may be usurped by any state—and the Supreme Court affirmed, 50 years ago, that freedom of speech and of the press are indeed among those inviolable rights.

Now, contrary to the great principles upon which this nation was founded, contrary to all we hold dear as Americans, self-appointed censors—an ugly, but accurate, word—are attempting to impose their own brand of mind control on their fellow citizens. It is the first step in the erosion of liberty, the universal seed from which further encroachments upon freedom spring.

Some may argue that the press has not been silenced. Those who have plucked books from library shelves or periodicals from newsstands have not actually demanded that writers abandon their typewriters, or editors be jailed, or publishers halt their presses. That argument is an empty one. To render the listener deaf is to strike the speaker dumb. What cannot be read may as well never have been written.

The 18th century French philosopher Claude Adrien Helvetius observed that, "To limit the press is to insult a nation; to prohibit reading of certain books is to declare the inhabitants to be either fools or slaves." Those who would insult our nation by limiting the freedom of her citizens in the name of a higher "morality" are in fact imperiling the truly moral foundation of our country.

America's strength rests on her freedoms. The American Society of Journalists and Authors calls upon all Americans who value our heritage to join us in condemning these insidious erosions of our liberty and to take a firm and resolute stand against those who would dictate to others what they may read.

"Freedom," wrote the poet Archibald MacLeish, "is the right to choose: the right to create for oneself the alternatives of choice." If we do not resolve today to defy those who would deny that freedom, we may find tomorrow that we no longer have any choice.

The American Society of Journalists and Authors Professional Rights Committee:

Evelyn Kaye, and
Patrick M. McGrady, Jr.,
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LIVING AND WORKING IN U.S. ARMY, EUROPE

● Mr. HUMPHREY. Mr. President, earlier this year, Gen. Frederick Kroesen, Commander in Chief, U.S. Army in Europe (USAEUR), testified on operational readiness before the Subcommittee on Preparedness of the Senate Committee on Armed Services. At that hearing, General Kroesen mentioned "the appalling living and working conditions" throughout his command. I asked General Kroesen for a report outlining these conditions.

The following points excerpted from General Kroesen's report aptly illustrate why he used the word "appalling" to describe the condition of USAEUR's physical plant. Nearly all of USAEUR's 29,000 buildings, which have economic lifespans of 25 to 55 years, predate World War II. Assuming that each building will last 55 years, the annual replacement rate should be 5 million square feet. Yet, over the past 5 years, this rate has averaged less than one-fourth million square feet per year. The immediate result has been a shortage of more than 7,000 family housing units.

American families have been forced onto the German economy where they have had to live in near squalor due to the fluctuating value of the dollar and insufficient housing allowances. Work facilities, including maintenance areas, motor pools, and supply and storage rooms, are antiquated, inadequate, and barely safe. Nine of USAEUR's 11 hospitals have no type of accreditation. The backlog of maintenance and repair requests (BMR's) for USAEUR, nearly $1.5 billion, represents over 54 percent of all U.S. Army BMR's.

I cannot stress enough the impact this has on force readiness. Lowered troop morale and self-respect aggravate existing retention and drug and alcohol abuse problems. Also, host nation respect suffers when it appears that the United States can neither adequately house its military personnel and their families nor maintain its facilities at minimum level of appearance, sanitation and safety.

Protecting NATO's center sector is one of the most crucial missions given U.S. forces. In any conflict with the Warsaw Pact, USAEUR would be responsible for the defense of much of Western Europe. Yet, by forcing USAEUR elements to live and work under generally deplorable conditions, their ability to meet the threat is greatly undermined. If our troops are to be prepared for a potential outbreak of hostilities in Europe, then we must insure that they have, at a minimum, proper living and working conditions.

For too long, we have neglected the real property maintenance account in the budget of the Department of Defense. In its report for the Department of Defense authorization for appropriations for fiscal year 1982, the Senate Committee on Armed Services found "this problem to be at a critical stage for the United States Army in Europe." The committee also found the Army's projected backlog of maintenance and repair "unacceptably high" even after the addition of $245 million in the amended fiscal year 1982 budget request. I believe that we need to realistically reorganize our priorities, putting real property maintenance in a position commensurate with its value to force readiness.

Only adequate funding can alleviate the problem. The January request for fiscal year 1982 Army real property maintenance was $890 million. The amended request added $245 million. But only the addition of $100 million provided by the Subcommittee on Preparedness of the Senate Committee on Armed Services will begin, for the first time, to reduce the BMR backlog. We must follow through on this initiative if we are at all serious about both attracting people to the All-Volunteer Force and keeping the force prepared for war.

I hope that during consideration of the proposed cuts in the defense budget that the real property maintenance and related accounts be left untouched. Fiscal year 1982 will be the first year that any progress will be made in reducing the BMR backlog. If we are committed to improving the quality of the living and working conditions of our servicemen and their dependents, then we must sustain the momentum, albeit modest, begun with the increased funding for the

real property maintenance account in fiscal year 1982.

I urge my distinguished colleagues to review General Kroesen's excellent report as they deliberate the issue of proposed cuts in the defense budget.

Mr. President, at this time, I ask that the full text of General Kroesen's report entitled, "Living and Working Conditions in U.S. Army, Europe," be printed in the RECORD.

The text referred to is as follows:

LIVING AND WORKING CONDITIONS IN U.S. ARMY, EUROPE

[Figures mentioned in article not reproduced in RECORD.]

The living and working conditions that prevail in United States Army, Europe, are generally appalling. The following report presents an accurate and objective appraisal of those conditions.

United States Army, Europe, operates and maintains facilities at approximately 800 sites and installations located in six countries (West Germany, the Netherlands, the United Kingdom, Italy, Greece, and Turkey), but since ninety-three percent of USAREUR's personnel are in West Germany, this report focuses on conditions there. Troop facilities outside of West Germany are plagued by many of the problems discussed below, and even though many of these facilities benefit from our current remote-site improvement program, new construction authorizations are still needed.

Most of USAREUR's barracks, storage, and work areas were used by the German Wehrmacht until the waning days of World War II when U.S. forces moved into the abandoned facilities. Today these areas are inadequate. The large complexes generally are located in urban areas in plants which are old and obsolete. Some were built in the seventeenth century, many of USAREUR's 29,000 individual buildings were built in the nineteenth century, and almost all of the balance of our work and operational facilities predate World War II. Designed to accommodate foot infantry, horse cavalry and the fledgling mechanized and air forces of the 1930s, they are ill-suited for today's mechanized forces. Modern tanks and self-propelled artillery, for example, cannot fit through the doors of maintenance bays; electrical circuits cannot safely handle loads demanded by modern equipment.

In the early 1950s, the number of U.S. troops in Germany increased, and construction funds were authorized to house additional units. In 1955, at the end of the German occupation period, the last of the reparation money was used to build family housing units and a limited number of barracks. Since that time, the only significant new construction of U.S. Army, Europe, housing, barracks and administrative facilities has been funded by the Germans. These facilities are without question the best in USAREUR. They support the Berlin Brigade, which continues to be funded almost exclusively from reparation agreements, and the brigade of the 2d Armored Division at Garlstedt, the unit which constitutes the U.S. commitments to NATO's Northern Army Group.

Economic and social changes in West Germany, the United States and in the U.S. Armed Forces have detracted from the adequacy of today's facilities. Many of our caserns are located in metropolitan areas, which rebuilt and expanded after the war; the cities are modern and stand in stark contrast to the caserns that our Army uses. The Bundeswehr, like the cities, has been restored since the war; it built many new facilities, tailored to its needs and supported financially by an economy that flourished in its formative period.

Also in the economic realm, the dollar lost value when it was allowed to float against the West German mark—with resulting hardship for soldiers, less interaction with the German society, and bigger utility, maintenance, and construction bills for U.S. forces in Germany. Soldiers do not venture off post as often as they did in the past because of the higher costs; accordingly, their world has become smaller with inadequate facilities at its center. Socially, our Army has turned to volunteers, and concomitantly, the number of minorities, female soldiers, married soldiers and sole parents has increased. Such social factors have changed and increased the demands on our housing and community support facilities.

As our Army in Europe has changed, we have added to, patched and expanded our facilities year-by-year. Until recently, there was no long-range master plan for major renovations and new construction because our presence in these facilities was not guaranted over a sufficiently long period to justify large-scale capital investment, and because repair and maintenance funds fell consistently short of our annual needs. The backlog of maintenance and repair for all types of facilities in Europe has been increasing for over a decade, and at the beginning of the current, year, the backlog for all facilities less family housing stood at $1.28 billion and represented fifty-four percent of the Army-wide backlog. The backlog in the family housing maintenance account at the beginning of the fiscal year was additional $246 million, a figure that will increase in spite of the planned expenditure of $324 million for maintenance and repair this fiscal year. The backlog exists in part because of the magnitude of USAREUR's real property inventories, which exceed the floor space of seventy-five Pentagons and have a replacement value estimated at $27 billion. The backlog also exists because the projected life of many facilities has been exceeded, and the replacement of facilities lags far behind the requirement. Most of our facilities have a projected economic life ranging between twenty-five and fifty-five years If one assumes all buildings will last fifty-five years, USAREUR should program at a minimum replacement rate of over five million square feet annually. The total of new and rehabilitated building construction over the past five years has averaged less than one-quarter of a million square feet per year.

Such statistics can answer the question, "Why do we have deplorable, appalling conditions?," but they fail to convey the impact that such conditions have on troop morale and on readiness. They also fail to convey the impact of such conditions on good, first term soldiers who are considering reenlistment, or on experienced noncommissioned officers who are weighing termination of service or retirement against a tour or another tour in Europe, or on married soldiers who are trying to rectify self and family satisfaction with the separation and conditions that they must live with overseas. A high state of morale and readiness is essential in USAREUR, but more fundamentally, a great nation must project an image that gives confidence to those who observe it and satisfaction to those who represent it.

The present condition of our facilities detracts significantly from these objectives and detracts from the morale and readiness of the force in subtle, yet significant, ways as well. The illustrated narrative that follows presents unstaged and unrehearsed evidence of general conditions that our soldiers, their families, and our allies witness daily. All photographs used in this report were taken during the period 11–19 March 1981. The quotations are from interviews conducted in the same period.

WORKING CONDITIONS

Virtually every unit in USAREUR has a motor pool, where its vehicles are parked and maintained whenever the unit is not on training exercises. In our combat battalions, maintenance is an essential, never-ending task, and the guarding of motor pools is an around-the-clock, every-day-of-the-year requirement. Figure 1 shows the motor pool for the tanks and vehicles, equipment valued at over $57 million, of the 3d Squadron, 12th Cavalry stationed near Buedingen. Figure 2 is an aerial view of the same motor pool, which is periodically graveled, but the combination of precipitation, the weight and churning of personnel carriers and tanks, freezing and thawing, and the soft soil quickly turns it into a sea of mud. The light areas shown in the photo are standing water. No rain had fallen on the day the picture was taken, but this area can expect precipitation on the average of 179 days each year. This precipitation takes the form of snow and sleet on the average of 36 days each year. When our new multi-million dollar tanks, Pershing II missiles and other equipment arrive in the 1980s, they will go into this and similar, woefully inadequate motor pools.

Soldiers from units must also guard such facilities; in Figure 3, a guard checks the identification of those who enter the Buedingen facility. At night, the guards must walk the perimeter of the motor pool. There is no heat in the guard house, and the lighting on the perimeter is poor. In addition to guarding motor pools, unit personnel must maintain their vehicles there. Figure 4 shows the motor pool of the 2d Battalion, 33d Armor, near Giessen, on a warm and sunny day. A soldier of the 1st Battalion, 1st Cavalry in Schwabach stated, "Our motor pool is disgusting. We have to work in two feet of mud. . . . You go down there and get all muddy, filthy muddy. . . . It takes an hour just to clean your boots off." Figure 5 shows a part of the motor pool built by the German government for the 2d Armored Division (Forward) in Garlstedt. The proper maintenance of vehicles requires that they be washed when dirty, and an important facility in every motor pool is the "wash rack." Figure 6 shows a Garlstedt wash rack with its numerous high pressure hoses and ample drains, and Figure 7 shows the tank wash rack at Garlstedt. Figure 8 shows a wash rack with a single garden hose for a battalion of artillery at Herzogenaurach, and Figure 9 shows the wash rack of an engineer battalion near Karlsruhe.

Maintenance shops and tool storage areas associated with the motor pools are generally in a poor state of repair, have poor lighting and electrical systems, and poor or no plumbing and heating. The motor repair shop at Herzogenaurach is shown in Figure 10, and one of the maintenance rooms for the same battalion is shown in Figure 11. Note the deteriorated condition of the ceiling. Figure 12 shows a vehicle maintenance facility near Karlsruhe. The door hinges have been welded and rewelded. Figure 13 shows old signal trailers that have been converted to maintenance work areas; because work space is still limited, work on communication components is performed on the picnic tables.

Aviation maintenance facilities are especially important because of flight safety standards, but like other USAREUR maintenance facilities, those for aviation units are inadequate. There is a shortage of floor space, hard stand, wash areas and overhead hoists required for the removal of engines, transmissions, rotor heads and blades. Figure 14 shows the crowded conditions in the helicopter maintenance hangar at Stuttgart Army Airfield. The chokers attached to the skids of the helicopters are to facilitate the rapid evacuation of the building in case of fire. Figure 15 shows the crowding in the helicopter rotor precision repair shop at the Stuttgart airfield, and Figure 16 shows the exterior of the maintenance hangar there.

At Fliegerhorst Army Airfield near Hanau (Figure 17), a gym has been converted to a maintenance facility. The conditions in nearly every aviation maintenance facility contribute to inefficiency in maintenance operations. The lack of overhead hoists and vertical clearance for wreckers in many areas requires the performance of critical operations out of doors. The absence of adequate heat in over fifty percent of our aviation maintenance facilities impedes the curing of chemical adhesives needed to bond structural panels in aircraft. Commercial hair dryers have been used to overcome this problem. Lighting is judged inadequate in fifty percent of the maintenance hangars and marginally adequate in another seventeen percent. The new Blackhawk helicopter will require additional work space and additional storage space for its repair parts.

Supply and storage areas suffer from many of the same shortcomings as other work areas; they invariably have less floor space than they require, use old buildings constructed for other than storage purposes, have little or no heating and often are relegated to basements, attics and the too-common alternatives, out-of-doors. Figure 18 shows a forklift carrying supplies to the second floor of a warehouse in Hanau. The ramp has been repaired repeatedly because of heavy usage; there are no hoists nor elevators. The lack of sufficient covered areas results in the alternative shown in Figure 19—outside storage for those items that can best survive the damp and cold.

Medical supplies are stored in dark basements in Nuernberg (Figure 20), and wherever petroleum, oil and lubricants are stored, as in Figure 21 at Schwabach, soil contamination becomes an eyesore, a potential for contamination of water supplies, and a source of criticism from local German environmental agencies and some vocal political groups. Figure 22 shows the entrance to a repair parts storage room, which is flooded with four inches of water due to inadequate drainage. This condition exists after heavy rains and melting. Figure 23 shows a soldier assigned to the Schwaebisch-Gmuend community motor pool going to his repair parts storage room.

The inadequacy of USAREUR's hospitals is documented by the fact that of its eleven hospitals, only two—Frankfurt and Landstuhl—have accreditation and that is a provisional accreditation for only one year instead of the usual two years. In addition, this provisional accreditation is based on projected, not accomplished, engineer construction and improvements. Part of the problem is that the existing facilities were neither designed nor built as hospitals, or if they were, they were designed as minimal care or convalescence centers rather than as acute care centers. The austerity, crowding and lack of privacy of the patient areas are shown in Figures 24, 25 and 26. Figure 27 shows the patient "dayroom," located in a hallway of the Nuernberg Hospital. An outpatient waiting area is shown in Figure 28. A crowded playroom of the pediatrics ward of the Nuremberg Hospital is shown in Figure 29. Patient showers are shown in Figure 30.

Administrative work areas are also cowded, poorly located, and plagued by problems that require major engineering redesign or reconstruction. The plans and security officer of the 11th Aviation Battalion at Rose Army Airfield, Frankfurt works in the trailer shown in Figure 31, and the battalion's reenlistment office is shown in Figure 32. The expensive and critical automatic data processing system supporting the 517th Maintenance Battalion in Karlsruhe is in the crowded, windowless room shown in Figure 33. The only space for the platoon officers and platoon sergeants of the 1st Battalion, 41st Artillery (Pershing) is in basement rooms like the one shown in Figure 34, which double as storage areas for the platoon's equipment. Basements throughout USAREUR are used for storage and administrative offices. In the training office of the 3d Battalion, 33d Infantry (Figure 35), the large "number 10 cans" from the mess hall are used to catch drips from the pipes above the ceiling. To remedy this situation, the pipes would have to be replaced.

Working facilities in USAREUR are generally inefficient, inadequate and antiquated. But after long hours and long days among these conditions and frequent field duty where the soldier becomes a part of the environment of rain and cold, and an occasional day of warmth and sunshine, he returns to his barracks or his family. Joyful homecomings are tempered by the conditions that await most of USAREUR's soldiers on such occasions.

LIVING CONDITIONS

USAREUR's living facilities are old, often crowded, and insufficient. In a great number of cases they are located far from work and recreation areas. Private automobiles are expensive to buy, to fuel, to maintain and to insure. Public transportation is expensive, often requires a knowledge of the rudiments of the German language, and seldom services U.S. facilities. Soldiers who live in barracks or U.S housing generally frequent crowded, but convenient facilities on-post. Many who live in economy housing can afford only the least expensive of leisure activities. With regard to number, size, condition, staffing and accessibility, living areas, like most work areas, are in a deplorable state.

In spite of crowding in billets, troops maintain the standards of cleanliness expected. Plumbing and heating problems, however, persistently trouble most units. Figure 36 shows a room where a trench had to be dug to repair a heating line. Note the buckle in the floor beside the desk. Troops are double bunked when necessary (Figure 37), and it is not always possible to provide a soldier the ninety square feet authorized by the Department of the Army standards. The conditions at Garlstedt (Figure 38) again stand in contrast to those typical of the rest of West Germany. Compare the exterior view of the enlisted barracks at Garlstedt (Figure 39) with those of the 3d Battalion of the 16th Infantry at Kirchgoens (Figure 40).

Soldiers are not happy with the facilities that they live with daily. An artillery specialist from Schwaebisch-Gmuend commented, "In the room we're like peas in a pod. There's not even room to sit on a chair. I won't stay here any longer than I have to because there's not been any improvement." A private stationed in Karlsruhe stated, "To improve things here I'd tear this shanty down (reference to his barracks and casern). . . . I'd really consider it." A private first class stationed at Herzogenaurach observed, "I don't even have room for a desk. When I write letters I have to bend over my bed. . . . In the latrine you're lucky if you get hot water for a shower any time of day." A medic from Nuernberg commented on the latrines and barracks, "Any half-decent person, any half-civilized person, would refuse to live there because the odor is horrible. . . . Now I can understand why so many people are getting out of the Army. I would discourage anyone who wants to come to Germany. Stay home. This is not the place to be." Another medic in Nuernberg stated, "It makes me feel like we're in a ghetto. . . ."

Bachelor housing is also crowded, in poor condition and too often unavailable. The castle at Schloss Casern (Figure 41) in Butzbach is used for the 3d Armored Division's Noncommissioned Officer Academy and to house unmarried or unaccompanied senior noncommissioned officers. The room in Figure 42 is in the attic of the castle and is occupied by a master sergeant and a platoon sergeant. It has neither bath nor toilet, which are available down the hall and shared with others. Seventy-three percent of USAREUR's communities cannot provide adequate housing for their bachelor officers and senior NCOs; over thirty-three percent of USAREUR's senior NCOs live on the economy.

Family housing is also generally inadequate. According to the 1980 Family Housing Requirements Survey USAREUR is short 7,277 family housing units. This number represents families who are entitled to quarters but are either separated because they cannot find suitable on- or off-post housing or currently residing in substandard economy housing. Limiting the number of dependents is not the answer—because of the extremely adverse impact such a limitation places on the morale of the soldier who wants to live with his or her family. The 159,700 dependent ceiling that became effective on 30 September 1980 resulted in delaying the travel of 3,500 family members to USAREUR. The delays produced a negative reaction from those affected and a general concern throughout the military population. It had at best an insignificant impact on both the housing shortfall and on the total number of personnel to be evacuated in case of implementation of the Noncombatant Evacuation Order.

The quality of USAREUR's family housing ranges from excellent at Garlstedt to barely adequate in most other areas. Repair and maintenance is the biggest problem. A staff sergeant stationed in Buedingen described some of the more serious problems, "In my living room the plaster is falling all over the floor. In one of my children's rooms the plaster on the walls is peeling. The water faucets constantly leak. They've been fixed, but three months later they're just as bad as before. When the boiler goes out, which it did a couple of times this winter, we have no hot water. One time we went five days without it. When we use certain appliances the circuit breaker blows. In the attic, the boards have spaces anywhere between a half inch to an inch between them, and you can see the sky. The shingles are missing so the water comes straight through. I think that's where the stain in the living room comes from . . . This crack in our kitchen runs all the way up to the fourth floor. Someday this building may just crack open like a big egg. Knowing the conditions that exist here, I would not bring my family back if I were to get assigned here again. I enjoy my job and I like being a tanker. I'm a professional at what I do, but I want my family to be taken care of and have a decent place to live."

Those soldiers who live on the economy with their families are most severely affected by the value of the dollar relative to the Deutsche Mark. In recent years their plight has worsened considerably. Those soldiers in the grade E–4 and below with less than two years of service are not entitled to government quarters. Today, nearly a fourth of USAREUR's soldiers in the grade of E–4 and below are married, and the great majority of these soldiers bring their families to Europe. But whether awaiting quarters or not entitled to quarters, life in economy apartments is difficult.

A sergeant in Stuttgart has a three-room apartment over a sawmill (Figure 43). He and his wife, who is pregnant, share a single bed and have a fold-down bathtub (Figure 44). A private first class in Mannheim rents an apartment for himself and his wife that has no hot water in the kitchen. His wife washes the dishes in the bathtub (Figure 45). Another married private first class in Mannheim pays two hundred dollars a month for a two-room apartment and utilities. Their bathroom is outside. The wife of another private first class living on the economy stated, "We have no car, so I use the

buses and trains to go to the dispensary and to do our shopping. With two kids that's difficult. . . . We pay about two hundred dollars a month for rent and utilities. After that and the food there's nothing left over. I want my husband to stay in, to reenlist, but I definitely don't want to stay here." A specialist in Hanau who is entitled to quarters moved to a one-room economy apartment when he learned that there was a forty-four week wait for quarters. He pays about $350 each month for rent and utilities, which leaves barely enough money to buy food. He stated, "These living and working conditions have ruined my morale. I just come home and I go to work. Nothing else. I work all day and half the night; then I come home and eat dinner. . . . My wife has been looking for a job, but a baby sitter would cost us more than the amount of money she's been offered." He looked forward to moving into quarters: "Once I move into quarters, I'll have a little bit more money, but for the PFCs and Spec 4s who have their families over here and living on the economy—they've got problems."

Other factors affecting the living conditions of our troops include the quality and availability of commissaries, chapels, gymnasiums, day rooms, craft shops and clubs. Commissaries are often crowded, often short of selected items for varying lengths of time, and are several hours away from some customers and even from their warehouses. Chapels are generally small, and must serve a variety of denominational needs in the course of each week. Gymnasiums have been converted to higher priority uses, are generally far too small to serve the athletic needs of a young and competitive population, and suffer from the same space, structural and plumbing problems as other facilities. Day rooms are small and often crowded; equipment and furnishings wear out quickly due to high usage. Craft shops, especially auto craft shops, are well utilized—in part because of the extremely high cost of German labor. Clubs are plagued by high costs, old equipment, and poor management, and they offer little diversion to the soldier who wants to escape his mundane, workday world of old facilities and substandard living.

GENERAL CONDITIONS

In many of the photos and descriptions, conditions are presented that impact on the safety and well-being of soldiers and their families. These conditions fall far short of standards established in the United States for similar facilities. Work areas do not meet the occupational and health requirements prescribed by the Occupational Safety and Health Act or by German law, and no labor union would allow its workers to experience, in peace, conditions that prevail throughout USAREUR. There are no catastrophic deficiencies in USAREUR at this time, but $4.2 million has been allocated to correct critical deficiencies, for example, by installing fire escapes for billets and ventilation systems in maintenance areas, welding shops, battery shops and carpenter shops; by improving lighting and wiring; and by installing automatic sprinkler and alarm systems. The makeshift structures shown in the fuel storage area in Kirchgoens in Figures 46 and 47 do not contribute to a safe and healthy environment. The first aid point shown in Figure 48 is heated by a pot-bellied stove; it is the only heated building in the motor pool, which is used by the 37th Transportation Group in Mannheim. Wiring and ventilation are general problems throughout USAREUR; that toxic fumes from the Mannheim photo lab cannot be removed safely by the small fan shown in Figure 49. Modified and makeshift wiring and overloaded circuits are commonplace (Figure 50). The security of USAREUR's facilities is a constant concern, and time and money are needed to keep perimeter fences intact (Figure 51) and sensitive areas well lighted.

Heating and plumbing are constant problems that require major overhaul to correct. Leaking boilers, like the one at Karlsruhe shown in Figure 52, need to be rebuilt. The inefficiency of old boilers and hand-stoked, coal furnaces leads to higher costs for fuel and to pollution. Sewers are clogged from residues that have built up over years of use, and water and heating pipes clog in time from the high calcium content found in the water throughout Germany. The results of clogged sewer lines, shown in Figures 53 and 54, are sanitation problems that present constant health hazards. The exterior deterioration of utility lines is shown in Figure 55, a photo taken in the basement of the Nuernberg Hospital.

Structural deterioration is generally more visible than that of utility lines, but both illustrate the nature of USAREUR's facilities problems. Figure 56 shows part of a one-quarter mile long fence that separates the Nuernberg Army Hospital from a German thoroughfare. Rotting exists along the length of the fence and presents a poor image of the United States to all who take notice. The existence of leaking roofs has been addressed. Broken slates, like those shown in Figure 57, and missing sections of roofs, like that in the 181st Transportation Battalion's vehicle maintenance building in Mannheim shown in Figure 58, help to explain why living and working conditions in USAREUR are termed "appalling." The interior of a leaking roof is shown in Figure 59; where wood has rotted, major reconstruction is required.

USAREUR's soldiers and its unit leaders work hard to maintain morale and a reasonable standard of cleanliness with soap and water, paint and brushes, mops and brooms, but no one in USAREUR has the resources to correct the major facilities problems. These problems are not the result of soldier abuse nor command neglect; they result from age and economics. No commander is proud to point out the conditions like those shown throughout this report or like the billets of the Landstuhl Army Hospital shown in Figure 60, where an entrance has been blocked because of the falling stucco. No citizen of the greatest nation on the earth should be proud that a report like this can be written.

CONCLUSION

Still, USAREUR is a good Army. Its peacetime manpower needs are being met. It is well trained, and a major modernization cycle, programed to give us fighting equipment that our mission requires and that our troops deserve is underway. Morale is surprisingly good considering the circumstances, and our people are working hard with the resources at hand. Living areas and administrative areas continue to reflect the standards of cleanliness expected of a well-disciplined force. Nevertheless, they are crowded, and the cosmetic and limited engineer-supported improvements that are made cannot stop the deterioration nor correct the wide-spread deficiencies that plague them. Our maintenance and storage areas are crowded and deteriorating, and too often, they cannot accommodate the equipment needed to perform maintenance and storage tasks efficiently. In a recent survey of 11,000 USAREUR personnel, which sought opinions on sixty-eight aspects of daily life, only four items received an expression of dissatisfaction from a majority of respondents. These were barracks privacy, work equipment, work conditions, and the general condition of living quarters. Improvement in each of these areas depends in large part on the availability of funds. We have received financial assistance from NATO and our host nations in the past, and we continue to explore and receive such assistance whenever feasible. But the major repair and construction efforts needed to correct the problems illustrated in this report require U.S. funds because the United States soldier and the United States itself will be the principal beneficiaries of our improvements. Large-scale capital investment is needed to provide our soldiers the basic living and working standards that they and the nation deserve.●

HIGH INTEREST RATES

● Mr. GRASSLEY. Mr. President, much of the legislative action and political strategizing on Capitol Hill this year has revolved around figures and statistics—the stuff of which budgets and tax packages are made.

But behind those statistics are lives of people who are too often built up or broken through the mathematical formulas and fiscal juggling of policymakers in Washington. A poignant example of such a life recently came to my attention through a letter from a friend and constituent in Iowa. I submit his letter for the RECORD because his story provides ample proof that the American people cannot long survive a chaotic economy, and specifically, crushing interest rates. Although this constituent's business is running about $106,000 this year, showing about $10,338 profit by the end of July, that profit was wiped out by the $10,143 interest due the bank by the same date for business loans.

Obviously, no one could survive on the $194 net profit earned by this Iowa businessman during the first 7 months of 1980.

It may, indeed, be tough for some of my colleagues to continue supporting the desperately needed economic reforms in the days ahead. But the dilemma is nothing compared to the suffering awaiting this country if Congress does not muster up the courage to demonstrate true leadership in restoring economic stability through fiscal discipline. But my Iowa constituent says it much better than I.

The letter follows:

CHUCK. I'm sure you get a lot of mail from businessmen who are having a tough time making it because of inflation etc., so this letter will contain nothing new. But you may find the information useful in your efforts in the Senate.

In 1979, the Recorder had gross sales of $100,875.00—in 1978, $97,044.49. We showed a net profit on our income statement of $18,161.20.

In 1975, the Recorder had gross sales of $81,558.30. Our income statement showed a net profit of $11,712.47.

In 1980, the Recorder had gross sales of $105,090. We showed an adjusted gross income on our tax return of $14,347.00.

As of July 31, 1981, our gross sales were $61,662.80, carried to an annual figure, this would indicate we are running at about the $106,000 level. Our profit as of that date was $10,338.36. As of July 31, 1981, we had paid interest and principal to First State Bank of Greene in the amount of $10,143.55, leaving us $194.81 to live on for the first 7 months of 1981. (The debt reduction is not figured into the original profit figure.) We have had to borrow—luckily from relatives at low interest—almost every cent we have had to live on this year.

As I see it at the present time, we are a cat's whisker from bankruptcy. I do not approve of bankruptcy. I feel that as a Christian, I have an obligation to those people who have trusted me enough to extend me credit. Yet we cannot continue on at the present level. Our relative's savings are drying up.

At the present time we are paying 18 per-

cent, reviewed every 3 months, so it will go up shortly, on about $26,000, with additional on a longer term real estate note. As the interest increases, obviously, the length of time it will take to pay the note off increases. The bank is at least keeping the payments the same. If they went up as the interest does, whew!

One example of what has happened over the years. In 1983, our postage bill for the newspaper was $585.00 or $48.75 per month. This year it is $174 per month, and the P.O. Dept. wants to greatly increase that.

We are down one employee from three years ago, let go in an economy move—actually we let two go, but rehired one. It looks as if the only recourse I have now is to let my printer go. He gets $211 per week, closer to $250 in costs when you figure FICA, unemployment charges at 6 percent, insurance, workmen's compensation, etc., I wonder how long I can go before we have to eliminate the other—a single woman. And Syl and I are not sure we can actually operate the place with only one full time person.

We are not alone, obviously. As I go up and down the street, most are having similar problems—the ones that will talk about it. The implement dealers are really in trouble. Normal business planning and judgements don't apply.

We can only hope that the President's economic program works . . . and soon!

A few other quick notes on the same topic. The sales figures for 1979, 80 and this year and 78 which I added, reflect a gradual increase in advertising, subscription, job printing and photography rates and charges.

The interesting thing is that as the rates increased, the trend was for the gross sales to remain relatively the same. Fluctuations of $5–6,000 from one year to the next are not unusual for us because we print ballots on election years, as well as political printing, as you are aware.

So the gross sales remained the same as we raised our prices, indicating a loss of business, but costs continued to climb rapidly. Hence we find ourselves in the current dilemma.

To have kept up with inflation (figured at only 10 percent), we should be running at about the $136,000 level for this year—hardly likely to happen.

I should like to add that also as a Christian, I feel employers have some obligation to their employees. How far that extends I do not know. As you can see, we have talked for some time about cutting the staff, but hoped that "maybe if we get through the summer" etc., things would look up. They haven't so we are still faced with the same hard decision of letting someone go who has been a faithful worker for 25 years. This is the kind of man you hardly find anymore. You don't have to look over his shoulder. He just goes ahead and does his job making money for you—if there is money to be made—but that's not his fault. I feel bad enough that we are not paying him more than we are.

Well, enough. Obviously, there is nothing you can do directly to help us, but I thought perhaps these few thoughts and the data might be useful to you in a hearing or your discussions in the Senate, as you go about working on ways to keep the country solvent.

I should add that I support the President's program fully, as well as I understand it. It is time that we have our attitudes toward fiscal responsibility given a chance. If it works, even if some of us lose our businesses in the process, it will be worth it because it will give our children a better shot at making a go of it. If not, well at least we tried.

I also support the efforts on the defense improvement, but we may have to go a little slower on that if we are to achieve the goal of a balanced budget.

Keep trying, and may God give increase to your efforts.●

SUPPORT FOR AUTO THEFT LEGISLATION

● Mr. CHAFEE. Mr. President, I am pleased to join Senator PERCY in sponsoring the Motor Vehicle Theft Law Enforcement Act of 1981.

Automobile theft is a serious and persistent problem in this country. According to the uniform crime statistics compiled by the Federal Bureau of Investigation, more than 1.1 million automobiles were stolen in the United States in 1980—each with an average value of over $2,800. The total value of automobiles stolen nationally was in excess of $3.2 billion.

Since 1976, the rate of motor vehicle theft per 100,000 population has increased 11 percent, with the actual number of motor vehicle thefts increasing 16 percent.

Not only is the rate and number of thefts increasing, but our ability to catch offenders and recover automobiles is decreasing at the same time. In 1980, 11 percent fewer arrests were made for auto theft than in 1979. In the past 10 years, the recovery rate of stolen automobiles has decreased 25 percent.

My State, Rhode Island, has been particularly hard hit by this problem, with a theft rate almost twice the national average; its theft rate per 100,000 population is the second worst in the Nation.

This problem is so severe that it affects all carowners, regardless of whether or not they have had an automobile stolen. Since car insurance premiums reflect the risk of a given population, all carowners in Rhode Island are paying the cost of this auto theft rate. The portion of comprehensive insurance coverage necessitated by theft averages $50 per car nationally. In Rhode Island, it averages $240.

How would this legislation help us fight this problem? First, the bill would require the Secretary of Transportation to propose within 12 months a standard requiring identification numbers on key car components. A final rule would have to go into effect within 24 months of enactment of this bill.

These identification numbers would be required on key original as well as replacement parts, and would have to be permanently affixed—either by welding, soldering, riveting, stamping, or another similar method. The number of key auto parts would be limited to 14, as determined by a Justice Department study. Any numbering system adopted by the Secretary would be limited to a cost of $10 per car.

Second, the Secretary of Transportation would be required to prepare a study regarding the feasibility of improved security systems for automobiles. The report will weigh the benefits of such systems and the possibility of having such systems optional, and shall include recommendations for legislative and administrative actions to implement its findings.

Some people may question why we are proposing more regulation for an industry that is now perceived as being overregulated. There are two straightforward answers to this question.

One, the problem that these regulations would address is serious and on the rise. Two, the regulations we are advocating are simple and inexpensive.

The changes contemplated under this bill come to an additional cost per car of only $4. Given the average lifespan of a new car, this comes to $1 per year for a significant reduction in the chance of auto theft. In addition, the bill contains a provision that requires a favorable cost benefit analysis by the National Highway Traffic Safety Administration before these regulations could go into effect.

Mr. President, this legislation offers a realistic and workable solution to a problem that is national in scope, and I urge my colleagues to support it.

TRIBUTE TO GEN. CASIMIR PULASKI

● Mr. HUMPHREY. Mr. President, October 11, 1981, will mark the 202d anniversary of the death of Gen. Casimir Pulaski, a renowned Polish patriot and Revolutionary War soldier. General Pulaski's determined efforts to assist the Americans during the Revolutionary War distinguished him as a true patriot and an accomplished military leader.

Each year on the 11th of October, the American people pay tribute to the memory of General Pulaski. The observation of this day acknowledges the cultural ties between our two nations and the contribution which millions of Polish Americans have made to the development of the United States.

Casimir Pulaski was born in a small town outside of Warsaw, Poland, on March 4, 1748. Pulaski joined the Confederation of the Bar, which his father had founded. Together they were active in the revolutionary movements to liberate Poland from Russian encroachment, and while in the service of his native country, he established himself as a courageous cavalry officer. In 1777, Casimir Pulaski journeyed to America to join the fight for America's independence. Pulaski's reputation as a fine cavalry officer preceded him. Upon his arrival in the United States, George Washington recommended that the young Count Pulaski command the Continental Cavalry.

General Pulaski's valiant leadership at the battles of Brandywine and Warren Tavern earned him the title of "Father of the American Cavalry." Following these victories, he established the Pulaski Legion in 1778, which was an army of similarly exiled and adventurous Poles. Together they defended Charleston, S.C., against a threatened British siege.

Unfortunately, General Pulaski was seriously wounded during the battle. Although he was taken aboard the U.S. ship *Wasp* for medical attention, the doctors were unable to remove the bullet which caused his death 2 days later, on October 11, 1779.

General Pulaski's devotion to the fight for independence can be illustrated by his quote "I would rather live free, or die for freedom." This great Polish Ameri-

can's commitment to freedom has ennobled him in the eyes of posterity.●

COMBATING THE PLAGUE OF ALCOHOLISM

● Mrs. HAWKINS. Mr. President, in February of this year the Gallup organization polled Americans on the effect of alcoholism on their homes. A truly disturbing 22 percent of the sample reported that their homes are troubled by alcoholism or alcohol-related problems. This is a problem which has enormous costs to our society, both directly in terms of lost wages and property damage, and indirectly, in terms of psychological scarring which leads to antisocial behavior, perhaps for generations.

As a cosponsor of Senator THURMOND's bill to require the labeling of alcoholic beverages, this area is of obvious interest to me. The success of the cigarette labeling program offers an encouraging example for the utility of legislation of this kind. In the 15 years since labeling of cigarettes was required, the percentage of Americans smoking has declined. The decline has been very gradual, but looked at as a whole it is very encouraging. No one can know for sure how much this measure has saved the Nation, but it is certainly in the hundreds of millions of dollars.

Mr. President, on September 17, Mr. Richard Lindsay addressed the American Council on Alcohol Abuse in Minneapolis on this subject. Mr. Lindsay is director of the special affairs committee of the Church of Jesus Christ of Latter-day Saints, an organization with a long history of interest in this subject. Mr. Lindsay makes some excellent points, points which should encourage action on the alcohol labeling legislation now pending before committee. I ask that Mr. Landsay's remarks be printed at this point in the RECORD.

The remarks follow:●

COMBATING THE PLAGUE OF ALCOHOLISM

(Address by Dr. Richard P. Lindsay)

Now is the time for an intensive campaign against our nation's devastating health hazard, alcohol abuse. The time has come to give alcohol the same opprobrium treatment that has produced a remarkable decline in tobacco consumption among Americans.

Since the anti-tobacco mood has developed so gradually, few of us now notice it. But foreign visitors often remark that, relative to their homelands, smoking is on the wane here. The official numbers support that observation, showing, for example, that among men 25 to 34, smokers declined from 60 percent to 40 percent over the past 15 years.

The drop, dating from the 1964 Surgeon General's Report on Smoking and Health, is the direct consequence of an often fumbling and politically opposed effort to get the public to become aware of the toxic effects of smoking. But despite its limitations, it has been to a substantial extent successful, except among youth smokers, particularly young women.

All the health wreckage that has been reliably traced to tobacco is mild compared to alcohol, whose devastation ranges from the killing and serious injury of innocent scores of thousands on the highways, to the commonplace self-destruction of careers and families . . .

It seems politically and medically scandalous that cigarette packages bear a health warning from the surgeon general—as they should—while alcohol packages don't. The Food and Drug Administration bans various additives because experiments with rats indicate they "might" cause cancer in humans. There is no question that alcohol leads to unnecessary disease and death, yet there presently exists no warning.

Similarly, cigarette advertising is barred from television, while alcohol consumption is permitted to be cleverly depicted in TV ads as integral to good fellowship and joyous events. To the extent that the alcohol industry is under public attack for what it is selling, it responds with odes to moderation. But these actually are relatively infrequent since the plague of alcoholism is widely accepted as a given in modern life.

Having recognized that alcohol seems often invulnerable to police work, we've designated it a medical problem and wait hopefully and patiently while scientists and doctors work on it.

The National Institute on Alcohol Abuse and Alcoholism in its special report to Congress on alcohol and health in 1979 estimated that the excessive consumption of alcoholic beverages that year cost the United States more than $61 billion in lost production, medical expense, fire losses and so forth. . . . Broken down into smaller units of measurement, that means $167.1 million per day, $6.96 million per hour or $116,000 per minute.

Total federal, state and local revenues from alcohol sales in 1979 amounted to $12.1 billion as compared to a conservative estimate of $61 billion as the nation's annual bill for the direct costs of alcohol abuse.

In addition to these statistics we have other recent findings pertaining to the burden of alcoholism upon our community:

The United States Department of Health and Human Services and the Bureau of Alcohol, Tobacco and Firearms report that the consumption of alcoholic beverages by pregnant women is hazardous to the health of unborn children.

The Comptroller General of the United States has stated in his recent report to Congress that the consumption of alcoholic beverages is the single largest factor in highway deaths with some 25,000 persons dying annually in drunk driving or drinking related accidents. Stated another way, that's nearly 500 per week or the equivalent of a loaded 747 passenger jet crashing each week and leaving no survivors. Can you imagine the furor that would create in America and the demand that something be done?

If your family has been adversely affected by alcohol-related problems, you have a lot of company. More than one person in every five reports that alcohol has been a cause of trouble in his or her family. In a February Gallup Poll this year, 22 percent of adult Americans say their homes are troubled by alcohol-related problems, nearly double the 12 percent recorded in 1974. Of particular concern for our nation's future is the fact that slightly more persons under 30 years of age told Gallup interviewers alcohol had caused trouble in their families than did persons 30 years and older.

Current trends of increased per capita alcohol consumption can be reversed: Indeed they must be reversed if the present accelerated rate of wasting our nation's precious human and material resources is to be stemmed. In my personal view we need to seek devine intervention in this battle against powerfully entrenched, well-financed forces who would oppose efforts to reduce unwise consumption of alcoholic beverages. . . .

In addition to the warning label issue, many other initiatives are at hand to thoughtfully contain the spread of alcohol abuse. My church, The Church of Jesus Christ of Latter-day Saints, has gone on record in my home state of Utah with the following recommendations as deterrents to the continuing decay of home and family relationships from alcohol abuse:

Promote further restrictions on the sale and distribution of alcoholic beverages;

Maintain and/or reinstitute the 21-year-old age requirement for legal sale or consumption of alcoholic beverages;

Promote restrictions of the allowable modes and population targets of beverage alcohol advertising, especially for minors;

Legislatively discourage the profit-motive associated with the manufacture and sale of alcoholic beverages;

Provide a more strict enforcement of laws designed to discourage or restrict alcohol use, particularly those relating to liquor sales and driving under the influence;

Promote creative family-centered educational oportunities directed at the prevention of alcohol abuse. Abstinence should be included as a positive alternative in abuse prevention;

Promote the development of social priorities that will strengthen the place of families in the community and allow or encourage parents to assume rightful responsibility for their children.●

CIVIC HUMANISM REBORN: A POLITICAL PHILOSOPHY

● Mr. HATFIELD. Mr. President, some years ago I delivered an address on the restoration of Thomas Jefferson's dream of human scale democracy in America. In it I urged my Republican party to take the lead in decentralizing political and economic power in a fundamental way: To give local neighborhoods and communities the opportunity of genuine political, economic and ecological self-determination, coupled with adequate tax resources under their own control.

On September 24, John McClaughry, who was a young staff assistant to me in my first year in the Senate, delivered an important parallel address in the "Distinguished Lecture Series" at Vermont Law School. In it Mr. McClaughry, now senior policy adviser at the White House, developed and adapted the historical idea of civic humanism as the basis for a political philosophy in the remainder of this century, noting that President Reagan has, many times, exhibited a strong affinity for this point of view, though not by name. Civic humanism—not related to secular humanism—derives originally from the thought of Aristotle, and came into American political thought—notably that of Thomas Jefferson and John Adams—through the writings of the 17th century English political philosopher James Harrington.

President Reagan's call on Monday, October 5, to the National Alliance of Business has been the most clarion effort in some time by a national leader to elucidate this philosophy through enlarging the social responsibility of our citizens. "Helping Americans to help one another" is rooted in both biblical imperatives and civic humanism.

A key tenet of civic humanism is the same decentralization of economic and political power that Jefferson advocated as essential to the vitality of the American revolution. For that reason, I ask

that Mr. McClaughry's thought-provoking address be included in the RECORD, for the real revolution is in our hearts and minds and it continues still.

The address follows:

"WHERE IS THE MOB? I AM ITS LEADER": REASSESSMENT AND REDIRECTION IN AMERICAN POLITICAL THOUGHT

(By John McClaughry)

There is an old story, dating to the French Revolution about the wild eyed man who came running up to a citizen on a street corner. "Where is the mob?", he asked. "I am its leader!"

The point to this story is simply this: that at times in the political life of any nation, a transformation may take place which leaves the old leaders without their mob, while the people themselves create new values, accept new beliefs, and march off in quite different directions.

What then do the American people really want? To what political philosophy—even if only dimly perceived—do they subscribe? Unfortunately the pollsters have served us very badly in the way they have set out to answer this question.

The usual Gallup poll survey begins with a question like "Do you consider yourself very conservative, mildly conservative, middle of the road, mildly liberal, or very liberal?" The respondent is then asked to place himself somewhere on a one-dimensional ideological spectrum, the two poles of which are exceedingly hazy notions to the great majority of Americans.

All this really tells us, it seems to me, is the extent to which the electorate will salivate when someone rings the liberal or conservative bell. The one-dimensional continuum between poorly understood poles is a perfectly dreadful way to describe the political coloration of the American electorate.

There is, to be sure, some real content, historically, to the terms "liberal" and "conservative". Much scholarly analysis has been done on the subject. More varieties of liberalism and conservativism have been identified than species of fungus. The result is endless proliferation and endless confusion.

The bewildering variety of ideologies masquerading under liberal and conservative labels, and the changes over two centuries in the way people have understood these terms, make them useless to all but scholars and historians. They may be relevant to describe attitudes, but they are useless as a guide to political ideology. As President Reagan put it in a 1978 commentary, "The real issue can no longer be discussed in terms of Left and Right. The real issue is how to reverse the flow of power and control to ever more remote institutions, and to restore that power to the individual, the family, and the local community. Millions of other Americans, in both the small towns and great cities of this land, are steadily coming to the same conclusion."

What is badly needed in this society is a new—or rather, a rehabilitated—ideology that can serve us both as a description of actual political belief and as a guide to political action by informed citizens. It must be an ideology that rises above the inherited confusion of liberal versus conservative, and of the one-dimensional Left-Right spectrum so beloved of pundits and pollsters.

My task today is to describe one particular region of political space wherein lies clustered a set of values which are rooted in America's past, but which hold bright promise as a guiding constellation for America's journey into the future. It is not an eclectic pastiche of liberal and conservative notions, of the sort suggested by Jerry Brown's observation, "first you paddle on the right, and then the left, and you float down the middle."

It is, I believe, a coherent political ideology which will attract and is already attracting—millions of Americans. It has no name, and no explicit political spokesman. I have previously referred to it as Jeffersonianism, because that term provided an historical anchor to the ideas, at least for those who understand American political history. But Jefferson was not its originator, or even its systematic apostle, although he came as close to exemplifying this ideology as anyone of comparable prominence in our history. It is noteworthy, by the way, that Ronald Reagan is the most outspoken admirer of Jefferson to hold national office in 50 years.

For the present, I will use the term "civic humanism", a concept dating to Aristotle but more recently revived by the works of scholars such as Hans Baron and J. G. A. Pocock. This is, I should add, no relative of the secular humanism which so distresses the Moral Majority.

Civic humanism is the affirmation that the good and virtuous society is one in which all individuals have opportunity and encouragement to develop their powers and talents toward a self-fulfillment which benefits all. It earns the title of humanism because it is concerned primarily with the growth and development of men and women, instead of homage to a Divine Being. It is civic because it looks to the civic arena—beginning with the neighborhood, the precinct and the polis—as the locus of virtuous activity.

The civic humanist requires that in the free and virtuous society each individual, to be truly human, must participate in public life as a fully autonomous being. Autonomy, and thus virtue, rests on a material foundation. Each person should possess and control the means of his sustenance, which means privately owned property. The ideal form of property—as envisioned by the fountainhead of revived civic humanist thought in 17th century England, James Harrington is a self-sufficient freehold estate, whose owner is a political actor in one or more councils of government, and a military actor when, armed, he accepts the responsibility for the defense of the free republic.

Virtue cannot be achieved without participation in civic life. Only a relative few can actively participate in the councils of a great nation—holding office and sharing in the administration of justice, to use Aristotle's test. Therefore, if virtue is to pervade the society as many political decisions as possible must be made by the broadest number of citizens at the level closest to their daily experience. To Aristotle—and for that matter, to Lao Tzu—that level was the small city or polis. To Jefferson, it was the ward republic. As Hannah Arendt has observed, Jefferson feared the corruption of the American revolutionary experiment by a government guilty of "generalizing and concentrating all cares and powers into one body," rather than dispersing them among the many.

The goal of the republic, Jefferson wrote, was to make each person feel "that he is a participator in the government of affairs, not merely at an election one day in the year, but every day; when there shall not be a man in the State who will not be a member of some one of its councils, great or small, he will let his heart be torn out of his body sooner than his power wrested from him by a Caesar or a Bonaparte."

The material underpinnings of this independence bear examination. It was built around the concept of private property, but in a fuller sense than it is usually thought of today. For to Jefferson, and to Harrington and Locke before him, private property implied the moral responsibility of a supervising owner. It was a concept integrally bound up with the owner's moral personality. Obviously the kind of property that lends itself to this description is not a portfolio of stock certificates, but land—productive land, homestead land, the "mean and sure estate". The concept carried with it a sense of sufficiency but not excess. A man in Locke's state of nature could acquire as much land as he could mix his labor with and make use of without letting any go to waste. The idea of the huge estate existing amid a community of peasants denied access to land and sustenance was a horror to the civic humanist, as Jefferson's famous 1785 letter to Madison from France made eloquently clear.

Of equal horror, however, was the incubus of feudalism, land held not in fee simple, but of a superior. Feudal tenures annihilated autonomy. They bound each vassal to the will of a superior lord—effective, perhaps, for public administration and the raising of armies, but wholly destructive to the ideal of virtue. Hence Jefferson's determined and successful fight to abolish primogeniture and entail in Virginia, and his unsuccessful proposal to endow each white male turning 21 with 50 acres of the state's public domain.

The civic humanist's portrait of the virtuous society cast the individual not only as citizen and landholder, but also as warrior. Like the legionary of the Roman Republic—the yeoman farmer who like Cincinnatus set aside the plow for the sword when the republic was in peril—the civil humanist expected the citizen landholder to defend his republic. This implied universal service, at least of freeholding males, a scheme adopted at least conceptually from the early days of the United States until the debacle of 1812.

But lest anyone leap to the conclusion that the civic humanist favored universal conscription. It should be pointed out that there is a world of difference between a people's army where service is a duty accepted with citizenship, and a professional standing army which uses the power of the state to compel hapless youths to serve or go to jail. The civic humanists saw this latter force as no more than a tool of tyranny, supporting itself by plunder and threatening the liberties of the people of its own country. The strong local militia, on the Swiss model, was fully compatible with the civic humanist ideal; the mass conscript armies of a Napoleon, a Stalin, and—dare we say it—a Westmoreland were viewed as contrary to the spirit of a free society. The civic humanist instinctively resists the demand for gun control precisely because, in his dim ancestral prejudices, he believes that the virtuous republic still requires "a populace numerous and armed," and that an attempt by the State to disarm the citizenry can only be the prelude to unchecked despotism.

This view of the virtuous society built around the individual as citizen, freeholder, and warrior carried with it, though implicitly, a strong bias toward preserving the life of the small community and cooperating with fellow citizens at the local level to create workable human scale institutions of civic betterment. A young Massachusetts Congressman named John F. Kennedy, long before he rose to national fame, perfectly expressed the civic humanist ideal when he told the Italian American Club of Boston that—

"Only by doing the work ourselves, only by giving generously out of our own pockets—can we hope in the long run to maintain the authority of the people over the state, to insure that the people remain the master, the state the servant. Every time we try to lift a problem from our own shoulders, and shift that problem to the hands of the government, to the same extent we are sacrificing the liberties of our people."

It is worth briefly considering what the civic humanist viewed as the ultimate horror: a state characterized by the opposite of virtue—corruption. This meant more than the existence of venal public officials. It meant a society where individuals were denied the opportunity to develop their talents

toward self-fulfillment and the public good.

In the corrupt state, political rule is held and controlled by a few. Decisions are made by an elite, in elite councils. The leaders give the citizens—that is, their subjects—all necessary instructions. The state, or a few individuals virtually synonymous with the state, have supreme control of property, as in feudal times. Everyone is subservient to the central power, in whatever form it might take. The powerful few use the state, as Marx charged, to create privilege for themselves. The state manipulates debt, legitimizes monopoly, systematically debases the currency, and stifles the spontaneous creativity of a free people. A powerful military and police apparatus—composed of persons wholly dependent upon their employers—keeps the populace in line. For those who resist, there is the Star Chamber and the Tower. Giantism is the rule of such a society, and with the rule of giantism, the dream of the civic humanist must perish.

In our time, no more powerful attack on giantism has been voiced than that of Ronald Reagan, six years ago in Chicago. Said he:

"I am calling also for an end to giantism, for a return to the human scale—the scale that human beings can understand and cope with; the scale of the local fraternal lodge, the church congregation, the block club, the farm bureau. It is the locally owned factory, the small businessman who personally deals wtih his customers and stands behind his product, the farm and consumer cooperative, the town or neighborhood bank that invests in the community, the union local.

"In government, the human scale is the town council, the board of selectmen, and the precinct captain.

"It is this activity on a small, human scale that creates the fabric of community, a framework for the creation of abundance and liberty. The human scale nurtures standards or right behavior, a prevailing ethic of what is right and wrong, acceptable and unacceptable."

This, then, constitutes the core of the civic humanist tradition. Its origins lie in ancient Greece; its revival dates from 17th century England; its most famous American disciple passed on a century and a half ago. Is it a viable creed for the future of America?

I believe—obviously—that it is and that its suitability becomes equally obvious when one recapitulates and expands the civic humanist position in contemporary terms.

The modern civic humanist—in Jefferson's tradition—would view as the goal of human life—

The realization of the full potential of all human beings,

The development of their innate intellectual and creative abilities, and our capacity for love and responsibility;

A fuller awareness of the role of each individual as a contributing member of a human community itself a part of an interdependent natural environment;

A continual self-directed transformation of each woman and man into a many-dimensional, whole person, and

An attunement to humanity's higher ethical and spiritual heritage.

Essential to the achievement of this goal is the effective freedom of each person to choose what appears to her or him to be the right path, free from coercion or oppression. But also essential to the achievement of this goal is the existence of a healthy human community, embodying shared values, forming a continuity of past, present and future in which human self-fulfillment can contribute to the enrichment of society as a whole.

Among the shared values of a healthy and humane society are;

A respect for diversity, uniqueness, and individuality;

A reverence for our home, the earth, and all life upon it, including human life yet unborn;

A sense of personal responsibility for one's own behavior and its effect on the environment and one's fellow beings;

An acceptance of "enoughness" or material adequacy, for those who have satisfied their basic needs, rather than the unbounded pursuit of acquisition and consumption;

A belief in the importance of individual self-reliance and autonomy, coupled with mutual aid and cooperation to achieve common ends;

The importance of broad participation in the making of those decisions properly facing the whole community, through an open, democratic process;

An honoring of virtue, character, excellence, truth, craftsmanship, and beauty, not only for their own sake, but as a tribute to the person who exhibits them or brings them forth;

A constant striving toward peace and nonviolence, both among groups and nations, and within one's heart;

A sense of humility, combined with just pride at the worthwhile achievements of the human race;

And an appreciation of the aesthetic and spiritual as essential dimensions of the fully human experience.

Achieving the goal of human life requires convival association in human society, and participation in the decision-making processes of that society, for in helping society to achieve its larger goals, individuals can do much to achieve their own goals.

Such self-directed participation in society must be built upon a base of the self-reliance and autonomy of participants who are free of material or psychological domination by others.

To achieve this, the civic humanist believes that the scale of society's endeavors should be as appropriate as possible to the goals of the small community, the neighborhood, the association, the congregation, and the workplace. It is on this scale that the values of individual initiative, mutual aid, cooperation, and democratic participation are the most easily and directly experienced.

Transformation of society proceeds not as a result of some master plan or indoctrination in an ideology, but by a transformation of the values, attitudes and perceptions of the people who comprise it. Society is a continually evolving organism which carries forward and preserves important values, traditions, and wisdom from its past, while reshaping those values and traditions to meet the needs and challenges of the present and future.

Diversity is essential to a healthy society, for it is out of diversity that new ideas, new perspectives, and new values arise to help human society adapt creatively to new situations.

But even as we emphasize the importance of the small, human scale community, we must continually recognize and affirm that we are citizens of the planet, with responsibilities to others throughout the world. We thus look forward to the creation of a truly global society, a society of people and nations sharing, exchanging, and working together to build a peaceful, healthy world order.

The civic humanist, who centuries ago formed a strong attachment to productive land and agrarian virtue, realizes that the earth is our home, and that we as human beings bear the responsibility for its care and preservation. He knows, that the natural environment is an ecological web, in which every activity interconnects with every other. The realization that we humans are an interdependent part of the natural creation—not separate from it—impels us to show a special reverence for all Creation.

Both ethical values and the necessity for making wise use of the earth's finite resources in our long-run self-interest must lead us to a conserver ethic which emphasizes durability, efficient use, recycling of energy and materials, and the prevention of mindless damage to the environment which sustains our life.

For a civic humanist a good life means more than just good living. It means a continual search for the stimulation of the intellect, for the richness of living in a wholesome human community and for the satisfactions of the spirit.

It implies, too, a sense of sufficiency or "enoughness" rather than the continued accumulation and consumption of material things.

A narrow scientific vision that ignores the holism of human life, the considerations of ecology, and matters not susceptible to empirical measurement is a limiting and potentially destructive way to approach economic and technological questions.

Productive enterprise, like all other things, functions best at a scale appropriate to the goals and values of society. While some enterprises must necessarily be operated on a large scale by experts and specialists, renewed emphasis should be given to the human scale of the household, the farm, the neigborhood and community, and the small entrepreneurial business and the cooperative, for it is at this scale that the largest number of people can fully participate in a meaningful way in the creation of the useful, the unique, and the beautiful.

The private ownership of property, where the owner bears a personal responsibility for its care and use, and where that use does not interfere with the equal rights of others, is a fundamental component of the civic humanist's world view. Such property ownership should be well-distributed, so that the great bulk of society can enjoy the autonomy and security that flows from the ownership of property, and so that the existence of these many independent property owners can constitute a bulwark against economic or political domination.

Private ownership of property includes not only traditional individual ownership, but also ownership designed on a community, tribe, cooperative, worker, or trust model, all of which have a rightful place in a diverse, open economy.

Great concentrations of economic power, whether public or private, can threaten the well-being of society and the liberties of the people. In a healthy economy, the laws governing economic activity will be carefully designed to prevent the concentration of economic power beyond the scale of efficient production.

A sound medium of exchange and standard value is essential to an effective economic system. Depreciation of the value of the currency discourages productive investment, destroys value, and, to quote Lord Keynes, "encourages all the hidden forces of economic law on the side of destruction."

The freedom to exchange goods and services locally, nationally, and internationally is essential to a healthy economy. Interference with this freedom to exchange, whether by private economic power or government regulation, also undermines the moral basis of the economic system.

As real costs, availability of resources, and consumer preferences change over time, new enterprises will advance, while older enterprises that fail to adapt will falter. This is a natural condition and represents a healthy renewal and redirection of energies.

Consumers should be free to shift their preferences to new products and services, and not be coerced or taxed into supporting the market position of dying enterprises.

The mobility of investment capital to seek new opportunities for production of wealth to meet people's needs is an important attribute of a healthy economy. Tax and regulatory policies which impede the mobility of capital and concentrate its control in the hands of a few who doom society to the pre-

servation if the past, while neglecting the future.

In a just economic system, rewards will accrue to those who produce useful goods and services for society. Such a system will secure to all workers their fair share of the fruits of their labors, but will not reward those whose participation in the economic system is based on monopoly or special privilege, rather than real productivity.

Technology is a blessing to humankind when it is used to advance human well-being. It must, however, be used with respect for the interdependence of the environment, with concern for the human beings who make use of it, and in accordance with local culture, traditions, and community needs. Wherever possible, technology should be designed for use at a scale appropriate to human understanding and control, and to the nature of the tasks to be undertaken.

A healthy and humane society will accord to those who have made real contributions to the welfare of humankind, while seeking ways to transform the consciousness of those who act out of a desire for wealth and power divorced from a sense of service to society.

Civil humanism also implies a view of world affairs. Our country should rededicate itself not only to being a responsible member of the community of nations, but also to becoming once again, as Jefferson hoped, the "monument of human rights" and the "repository of the sacred fire of freedom and self-government".

All mankind should enjoy basic human rights and freedoms, including freedom from all forms of oppression and exploitation, the right to freely speak and publish one's views, the security of due process of law, and the right to associate with each other in pursuit of common social, economic, political, and spiritual goals.

It is the duty of each individual, and of humanity as a whole, to oppress tyranny and oppression wherever it may arise.

All peoples and nations should have a full opportunity for self-determination, a right to chart their own course, preserve and enrich their own language and culture, and to make their unique contribution to the human race. At the same time, all peoples and nations have a responsibility to all the people of the planet to live in harmony with the good of the earth and its peoples as a whole.

The force of united moral opinion can be a powerful weapon in the struggle against tyranny and oppression. Freedom of communication among peoples is essential to make the moral opinion effective, as well as to promote a fuller sharing of views and the concurrent development of a new consciousness about the world we live in.

The rule of law among nations and peoples, made effective by appropriate institutions of world order, is essential to the settlement of disputes according to accepted principles of law and right behavior, without recourse to force and violence.

Weapons of mass-destruction pose an awesome threat to human life, offer only an illusion of security, and consume vast resources that could far better be devoted to the improvement of the well-being of the earth's people. This ultimate elimination of such armaments is essential, within a global security framework, assuring peoples that their peaceful development will not be threatened by war.

It was General Douglas MacArthur, who came back from Korea in 1951 to tell the Massachusetts legislature that "We must finally come to realize that war is outmoded as an instrument of national policy, that it provides no solution for international suicide. We must understand that in final analysis the mounting cost of preparation for war is in many ways as materially destructive as war itself. We must find the means to avoid this great sapping of human energy and resource. This requires leadership of the highest order—a spiritual and moral leadership—a leadership which our country alone is capable of providing."

In the long run, any nation's security depends upon a healthy, self-confident people, willing to sacrifice to defend their freedoms if necessary, but whose well-being is not critically dependent upon a level of resource consumption that requires constant economic and military intervention in other parts of the world.

A transformation of the values and perceptions of the peoples of the world, encouraged by transnational linkages at many levels and by the forging of a new synthesis of the world's great ethical and spiritual traditions, can and will play a vitally important role in inspiring humankind to achieve unity and peace.●

INTERVIEW WITH PRESIDENT CHIANG CHING-KUO

● Mr. GOLDWATER. Mr. President, I call the attention of my colleagues to an outstanding editorial relative to the Republic of China in the current issue of U.S. News & World Report. This perceptive article includes official statements by President Chiang Ching-kuo, who replied in writing to several questions asked by Marvin Stone, during a conversation in President Chiang's office.

Mr. President, I remind Senators that the Republic of China on Taiwan is still our friend. Taiwan remains among our trusted and important allies in a very strategic location of the world.

The United States has made promises to Taiwan that we must keep. These pledges are spelled out in the Taiwan Relations Act and have the force of law.

This act expressly provides that the United States will "make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability." We are legally, and by honor, bound to fulfill our commitments under that statute.

It is true that President Carter double-crossed the Republic of China, but this is no excuse for President Reagan to dishonor our word and fail our friend. In fact, I am confident the Reagan administration will make the proper decisions to fulfill the Taiwan Relations Act and restore our good word.

Mr. President, I ask that the editorial from U.S. News & World Report of October 5, 1981, may appear in the RECORD.

The editorial referred to is as follows:

TAIWAN SHOULD BE HEARD

(By Marvin Stone)

TAIPEI.—The Chinese here on their rugged but handsome island are waiting for President Reagan to drop the other shoe. Now that he has agreed to sell modern weapons to the Communist regime on the mainland, they hope he will agree to upgrade Taiwan's own defense forces—and, especially, allow them to buy our sophisticated F-16 combat planes.

The concern here is not that the Communists are going to attack Taiwan tomorrow. It is the uncertain future that worries them. The people on Taiwan are not foolhardy—they don't trust the Communists and they take seriously Peking's threat to get this island one day.

For the realists in Taipei, delivery of the F-16 is somewhat of a forlorn hope. They sense that Peking would scream, and at the very least pull back from expanding relations with Washington, if not break them off entirely. As realists, they understand the U.S. has bigger fish to fry, yet one cannot blame them for their chagrin at the way Jimmy Carter treated them—with abruptness and insensitivity.

Carter in 1978 did something that both Richard Nixon and Gerald Ford had refused to do, and that was to recognize Peking essentially on its own terms—which meant a willingness to dump the 18 million people on Taiwan.

Carter not only "derecognized" the government here, but abrogated the U.S.-Taiwan Mutual Defense Treaty a year later. Fortunately, Congress, in approving anew relationship, the Taiwan Relations Act, left open the door for the further sale of arms to Tapei.

Ronald Reagan, during his presidential campaign, frequently assailed Carter for his head-long rush to Peking, promised arms to Taiwan and suggested more than once that he might restore official relations with the Taipei government. Often during the campaign, prolonged applause greeted such statements.

This issue is receiving little attention in the American press, but it is of burnng interest here among people who fought side by side with us in World War II—and watched also by other Southeast Asian nations, many of them filled with fear of Peking. Many wonder whether it pays to be associated with the U.S., if one is to be the next victim of zigging and zagging by a succession of U.S. Presidents. The U.S. is now served by its eighth President since Franklin Roosevelt died during World War II.

Criticism of recent U.S. policy is muted here, lest it hurt rather than help Taiwan's case. But Taiwan deserves to be heard. With that in mind, I met with President Chiang Ching-kuo. The President, at 71, is the eldest son of the late Chiang Kai-shek. After our conversation in his office, he asked his aides to write out replies to several of my questions so that his responses would carry official weight. While the language may be rather stiff, President Chiang's statements add up to a plaintive, yet proud, appeal for American support.

From the official transcript:

Q Mr. President, given the present backward state of mainland China's military forces, does Peking really pose a threat to the security of Taiwan?

A The Chinese Communists are militarily backward compared with the United States or Soviet Russia but have more troops and guns than the Republic of China. Some of their weapons are also better than ours.

The Chinese Communists have said over and over again that they will solve the "Taiwan problem" forcibly and have written the "liberation of Taiwan" into their 1979 "Constitution." All of the facts support the conclusion that the Chinese Communist regime has not changed its goal of communizing Taiwan, Penghu [Pescadores], Kinmen [Quemoy] and Matsu.

Q How do you see relations developing under President Reagan?

A President Reagan is a political leader of principles and ideals. He has a strong sense of justice and morality. Since his inauguration, he has shown determination and courage in external and internal affairs and a strong distaste for Communism. The relations between the Republic of China and the United States are based on mutual benefit, and mutual trust is gradually being restored. This improvement is expected to continue.

Q Is the United States using the so-called China card against the Soviet Union or is it Peking that is using the U.S. card against Moscow?

A Many people believe that the U.S. should use the "China card" against the Soviet

Union, but this only gives the Chinese Communist regime a golden opportunity to play the U.S. card. These people are of the view that by improving relations with the Chinese Communist regime, the U.S. can enlist the Chinese Communists to oppose the Soviet Union or at least can sharpen the confrontation between the two Communist regimes.

In fact, the Chinese Communist regime and Soviet Russia were at odds before the U.S. began to proceed with "normalization."

The Chinese Communists' strength is so tenuous that they cannot really be considered a card to be played in international politics. The Russian Communists have shown little self-control despite the U.S. recognition of the Chinese Communist regime.

On the contrary, the Soviet has stepped up expansionism in the Asian-Pacific region out of fear of a possible alliance among the U.S., Chinese Communists and Japan. This has increased tension in this region.

Judging from the lessons of history, we cannot be sure that the Chinese and Russian Communists won't bury the hatchet one of these days; both are ambitious to bury capitalism and communize the world.

The Chinese Communist and the U.S. differ in political systems and value judgments. Peking's marriage with the U.S. is one of convenience; its durability and dependability are to be doubted.

If the U.S. goes on to develop closer relations with Peking, it will fall squarely into the Chinese Communist trap. This wouldn't benefit the world but would lead to endless trouble.

Q If you were in President Reagan's shoes, would you argue for an American policy that would rule out normal relations with mainland China, a country of 1 billion people?

A President Reagan is a man of great insight. He said Communism is an aberration and headed for its doomsday. I agree with him.

To have a billion people under tyrannical Communist rule is not in the interest of the United States. As President of the United States, he should take into consideration the longtime well-being of humankind before making a foreign-policy decision.

Q Can you foresee any time in the future when there would be a "one China" arrangement under which Taiwan would have its own government and its own social and economic systems?

A The Chinese Communists have said that under a one-China arrangement, they would allow us to have our own government and social and economic systems. But this is merely one more trick of the treacherous Chinese Communist united front.

Destruction of the Republic of China remains their ultimate and supreme goal. In the last more than 30 years, the Republic of China has implemented Dr. Sun Yat-sen's Three Principles of the People calling for government of the people, by the people and for the people.

Remarkable political, social and economic successes have been recorded. During this same time, the Chinese Communist regime has followed the Communist system on the mainland and produced a fiasco. Only the Three Principles of the People is suited to China and acceptable to the Chinese people. Only under the Three Principles of the People can China be truly unified.

Q It was widely predicted that disaster would strike Taiwan down after the U.S. severed diplomatic relations. Why has that prediction not materialized?

A We did suffer serious setbacks after the United States severed diplomatic relations with us. But we relied on our consistent beliefs and worked hard to maintain our dignity and seek self-reliance.

The government and people showed great fortitude and thus were able to minimize the damage and turn back the adverse tide.

This is the reason why we can still stand tall and straight in the world.●

THREAT TO U.S. SOYBEANS

● Mr. PERCY. Mr. President, this Nation's tradition of liberalism in trade is something that requires constant vigilance. This is once again evident in proposals being discussed in the Common Market to restrict imports of U.S. soybeans there. The Europeans have threatened this from time to time, despite the fact that such action would be illegal—a violation under the GATT of a zero duty binding that we negotiated and paid for years ago. Now there is a new threat to impose an internal tax within the European Community on vegetable and marine fats and oils. Since such a tax would be applied to oil produced from U.S. soybeans, it would be tantamount to a direct tax on imports of our beans.

Secretary of Agriculture John Block began to focus on this possibility months ago preferring to attack the problem as it develops, rather than waiting until too late. He has warned the community directly that the United States intends to stand up for its trading rights in Europe and elsewhere. On September 21, at a world conference of fertilizer industry people in New York, he reaffirmed that position and said that any such action against the United States would lead to immediate counteraction.

The Secretary knows just how critical it is to protect these exports from unfair competition, import taxes, and other duties and levies that stifle trade. The work he has done on behalf of our oilseed exports to Western Europe is particularly noteworthy. American farmers have labored long and hard to build up a soybean market in the EC that is worth over $3 billion a year. They cannot afford to lose that market and the Secretary is working hard to see that they do not.

I join Secretary Block in his concern, as Illinois is the largest producer of soybeans in the United States. About 17 percent of all the Nation's exports originate in Illinois.

I am also concerned about a recent recommendation by a three-member general agreement on tariffs and trade panel upholding the right of the Spanish Government to impose internal consumption quotas on soybean oil crushed from imported soybeans.

The Office of the Special Trade Representative believes that this practice violates article III of the GATT. On November 3, 1981, the full GATT Council will be hearing this case. An adverse decision would injure soybean producers and processors throughout the United States.

Already, the Austrian Government is threatening to limit the importation of soybean meal because of the recommendation of this panel.

In order to assist our negotiators in Geneva, I have already met with the Ambassadors of the Association of Southeast Asian Nations, and I have asked them to support our position before the GATT.

Additionally, the United States' $600 to $700 million nongrain feed exports to Europe are being threatened with the imposition of a levy. This levy would be viewed as violation of the GATT agreement because the contracting parties to the GATT agreed to a zero levy for corn gluten, if one had already been in effect at the time the agreement was signed. I am hoping the European Community will refrain from attempting to impose this levy.

Because of my deep concern about these various moves within Europe to erect barriers to agricultural trade with the United States, I have scheduled a hearing for October 16, 1981, in Urbana, Ill., to address this vexing problem.

I am enclosing an announcement of this Governmental Affairs Subcommittee hearing which outlines the major points of the hearing together with a witness list. I am also including in the RECORD, a speech given by Secretary Block on September 21, 1981, before the World Fertilizer Conference.

The material follows:

PERCY TO CHAIR COMMODITY EXPORT HEARING IN URBANA

WASHINGTON.—Senator Charles H. Percy today announced that he will chair a U.S. Senate Subcommittee field hearing in Urbana to investigate mounting threats to restrict U.S. commodity exports to Europe. The hearing will be held on Friday, October 16th, from 8:30 to 11:45 a.m. at the Levis Faculty Center, 919 W. Illinois Avenue, Urbana, Illinois.

"Illinois is the largest agricultural exporter in the U.S.," Percy said. "And I know that many Illinois producers and processors could be financially injured if the Europeans curtail imports of soybeans and corn gluten feed in an attempt to protect their own heavily-subsidized producers," Percy said.

The hearing has been scheduled in response to a number of recent developments which threaten to curtail the $3.9 billion annual U.S. exports of soybeans and co-products to Europe:

A recent recommendation by a three-member General Agreement on Tariffs and Trade (GATT) panel upheld the right of the Government of Spain to restrict the marketing of soybean oil crushed from imported soybeans. The U.S. Trade Representative believes that the Spanish restriction violates the GATT agreement and has asked the GATT Council of Ministers to review the panel's recommendation at its November 3, 1981 meeting in Geneva.

The European Economic Community (EEC) has recently threatened to impose a levy on corn gluten feed and other protein feed ingredients imported into the EEC. The total value of U.S. export trade in non-grain feeds is valued at $600–$700 million annually.

The EEC may place a consumer tax on edible marine and vegetable fats and oils, including soybean oil. The U.S. believes that the tax would nullify the current zero tariff on soybeans and soybean meal.

The increased use of commodity export subsidies in Europe is presenting a threat to important U.S. export markets in Latin America and China.

"I am deeply concerned by these actions," Percy said. "Because of my commitment to liberal trade policies, I feel we must preclude any need for retaliatory actions which would prove counter-productive. We must contain this problem before it gets out of hand," Percy said.

In calling for the hearing, Percy, Chairman of the Government Affairs Subcommittee on Energy, Nuclear Proliferation, and Government Processes, said, "this subcommittee has a mandated role to review the U.S. relation-

ship with international organizations such as GATT."

Representing Department of Agriculture Secretary John Block, who will be in China at the time of the hearing, will be Thomas A. Hammer, Deputy Undersecretary for International Affairs and Commodity Programs. Assistant U.S. Trade Representative Donald M. Nelson, who has handled the GATT case, will also testify.

A tentative list of the other witnesses is attached.

WITNESS LIST—TENTATIVE; SUBJECT TO REVISION

I. CORN GLUTEN FEED

a. Vernon McMinimy, Director, Commodities Research, A. E. Staley Manufacturing Co., Decatur, Illinois.

b. Bill Mullens, President, National Corn Growers Association, Shaebona, Illinois.

c. Gordon Rapp, Business Manager for Food and Oil Products, Corn Products, a unit of CPC International, Inc., Englewood Cliffs, New Jersey.

d. William H. Taylor, President, Corn Council, Oil, Chemical, Atomic Workers International Union, Argo, Illinois.

II. SOYBEANS AND COPRODUCTS

a. Allan D. Aves, Board Member and Immediate Past Chairman, American Soybean Association and President, DeKalb County Farm Bureau, Kirkland, Illinois.

b. Jerry Gates, President, Land of Lincoln Soybean Association, Tamorora, Illinois.

c. Sheldon Hauck, President, National Soybean Processors Association, Washington, D.C.

d. Stephen C. Schmidt, Professor of Agricultural Marketing and Policy, University of Illinois-Urbana, College of Agriculture, Urbana, Illinois.

III. FEDERAL GOVERNMENT

a. Thomas A. Hammer, Deputy Under Secretary for International Affairs and Commodity Programs, United States Department of Agriculture, Washington, D.C.

b. Donald M. Nelson, Assistant, United States Trade Representative, Office of the U.S. Trade Representative, Washington, D.C.

IV. ILLINOIS GOVERNMENT AND ORGANIZATION WITNESSES

a. Harold W. Dodd, President, Illinois Farmers Union, Springfield, Illinois.

b. Harold B. Steele, President, Illinois Agricultural Association, Illinois Farm Bureau, Bloomington, Illinois.

c. Richard A. Vogen, Marketing Specialist, International Trade Section, Illinois Department of Agriculture, Springfield, Illinois.

REMARKS BY SECRETARY OF AGRICULTURE JOHN R. BLOCK

As I was looking through the Fertilizer Institute's membership report, I was very pleased to see that the first words in your booklet read: "We're not only in the fertilizer business . . . we're also in the business of helping feed the world's people."

When you get right down to it, that's why we are all here. That's the real challenge that we are facing. Our country's population is growing by 5,500 people each day. The world's population is growing by nearly 300,000 people a day. We can talk about the politics of world trade, support programs and many other agricultural issues—but when you get to the real basics, we're talking about an endless rise in the number of people that will have to be fed and clothed. We're talking about a great responsibility that we are all going to have to shoulder.

Today, I'm pleased to be talking with representatives of an industry that can take much of the credit for advances we have seen in agricultural production. Not only has your product played a major role in past agricultural advances, but it is going to be needed even more in the future as we strive to meet the needs of this growing world population.

Granted, the situation that we are faced with today is rather unusual. We know that the world's population is growing. We know that the demand for more food and fiber will challenge our capability to produce and move our commodities into the world market. Yet, we are faced with slumping markets while productivity is projected at record levels. We are trying to trade our products with a world that needs them—yet, we find the road to free trade cluttered with barriers that have to be overcome.

I want to discuss these issues with you today. First we'll talk about what we are hoping to accomplish with our domestic farm policy. Then, we discuss the world market with emphasis on our trading relationships with the Soviet Union and the European Community.

In our domestic policy, I want to draw a distinction between government involvement in agriculture—and government interference. In agriculture, government involvement is best when it provides opportunity. What agriculture needs is an opportunity to let the free-market system work. That's the only way we are going to bring long-lasting prosperity to the industry—a prosperity that is based on a solid self-supporting foundation. The people who work in agriculture want and need prosperity. But, they don't want it at the taxpayer's expense.

At the same time, however, we will be doing all that we can to encourage stronger market prices for our nation's farmers. One of the actions that we have already taken was the announcement of our intentions to implement a reduced-acreage program for the 1982 wheat crop. Other actions will also be taken as the opportunities present themselves.

Net income on the farm is suffering now—partly because of high interest rates, partly because of inflation and partly because we are trying to overcome the damages caused by an ill-advised grain embargo. None of these problems were caused by our producers, and they should not be expected to take more than their share of the burden. We have to help our producers absorb the shock that is bound to occur as we withdraw from years of government interference. I am convinced that once we have completed this task, we will have an agriculture that can depend on the marketplace.

Now, let's talk about where we're heading in the world market. I think we all know that it's going to take a long time to regain what we lost because of the Soviet grain embargo. Our talks in London, and later in Vienna, were solid first steps that led to the one-year extension in the current agreement. That extension was an important step, because it allows us the time needed to negotiate for a new agreement.

Another important step will be our consultations on September 30 and October 1 in Moscow on additional grain sales. The significance of this, of course, is that we are getting back to the table for some serious discussions. As I said earlier, it's going to take time to reestablish our credibility as a trading partner in this important market—but we have our machinery headed in the right direction.

Our attention is also directed towards the European Community and our concerns in that area. First, I want to make it very clear that we consider Europe as one of our most valued, and certainly our oldest customer. They share the common goal of agriculture with us—to provide adequate food and fiber for a growing world population. But, there are some serious problems that will have to be overcome. Until they are resolved, we will not have the free and even-handed trade that is necessary to accomplish these goals.

One area of concern is the Community's consideration of a proposal to impose a tax on vegetable and marine fats and oils. It seems that this tax would be imposed directly on soybeans. In the past we have vigorously protested that any restrictions, such as a tax, would nullify our duty bindings on soybeans and soybean products. I made that point very clear this past May when I visited with Community leaders in Brussels and other European capitals. I warned the Community that any actions such as this would lead to immediate U.S. counteraction—and I would like to re-emphasize that message today.

A more serious problem involves the Community's view on export subsidies. All of us should seek to avoid export subsidies. We understand that at times they might be unavoidable on a temporary basis. But, they should not be used to gain an inequitable share of the world market and to displace other suppliers. We kept this principle very much in mind during our recent butter sale to New Zealand.

On the other hand, for example, the European Community has adopted an aggressive wheat and wheat flour export policy, using subsidies to dispose of surplus grain in world markets. And now the Community is focusing on some of our key markets—in Latin America as well as in China where they have authorized an additional subsidy.

Making the matter even more serious, the Community is now considering adoption of a similar policy for other key agricultural products. They are also contemplating bilateral agreements which would exclude other suppliers, including the U.S., from competing on equal terms. If this happens, I have to say that our trade relationship with the Community will be seriously strained. We simply cannot accept these practices. In fact, we will not accept them.

The producers in our country are already competing against years of inflation. They are competing against high interest rates. We are not going to stand idle while they compete against foreign treasuries. We want and welcome competition in the world. Free and evenhanded competition will benefit agriculture. Anything less will be unacceptable.

When I talk about world trade contributing to a prosperous agriculture, I'm talking about agriculture in its broadest sense. And that includes just about everybody sitting in the room. I am well aware that in the fertilizer industry, export growth translates into producer attitude towards the use of your products. In turn, that helps add stability to your industry.

I'm a producer. I have been all of my life. I believe in production and I know what it takes to make production. Your industry is essential to agriculture, and it is important that you maintain stability. It is important to you, to the farmers that you serve, and to the people of the world who will have to be fed and clothed. I think it represents a tremendous responsibility, a great challenge—and I hope you are as excited about it as I am.●

THE SEPARATION OF THE PEACE CORPS ACTION

● Mr. DURENBERGER. Mr. President, as indicated by my vote on this issue earlier, I favor retaining the Peace Corps within the ACTION Agency.

In 1971 the Federal Government launched its first peacetime effort to stimulate a major American volunteer force with the establishment of the ACTION Agency. ACTION was intended then as it is intended today to make a vital statement to the American people about the importance of volunteers—

older volunteers, young volunteers, volunteers at home and abroad, rolling up their sleeves and taking "action" to respond to the problems of people and communities around the world. It is meant, I believe, to be a single statement about Americans reaching out. Removal of the Peace Corps from ACTION would diminish the importance of that statement.

I do not believe that the fact that Mr. Pauken spent a brief time in military intelligence while serving his country in Vietnam should in any way hinder his capacity for administration of the ACTION Agency, including the Peace Corps. If, in fact, such criteria were allowed to judge one's qualifications to work with volunteers, I too would be determined "unqualified" to devote the many hours of volunteer service I have happily given over the years.

There is no question in my mind that Peace Corps volunteers have made a very special and invaluable contribution to their country, a contribution which has been applauded around the world. But, so too have thousands of seniors, youth, men and women who have given their time and talents here at home.

As a semiautonomous organization within ACTION, the Peace Corps has has been given increased flexibility to deal with the special administrative and personnel problems sometimes associated with volunteers working in other countries.

As you know, volunteerism is a priority concern for me. I believe strongly that volunteers have been the traditional backbone of human relations in this country both on a domestic and on an international level. To faction the cause of volunteerism within itself would only, in my mind, serve to weaken an effort to which we should be devoting increasing strength and encouragement.●

S. 255, THE PATENT TERM RESTORATION ACT (H.R. 1937)

● Mr. GRASSLEY. Mr. President, it has been brought to my attention that S. 255, the Patent Term Restoration Act (H.R. 1937), is presently being considered in the House of Representatives. A clarification is needed to help those patentholders subjected to invalid tests and litigation outside the normal regulatory review period covered in this legislation.

This class of patentholders would not receive the same equity as those who obtain their licenses in the normal course of business. Rather, they lose additional patent life due to the exercise of their administrative/legal rights. I raised a preliminary question about this issue of "trigger provisions"/time extension at our Senate hearing on April 30, 1981, but not feel it was adequately answered.

In the course of applying for licenses, the regulatory agencies require patentholders to provide proof of efficacy and safety. They require patentholders to test their products and they also conduct their own agency research. Many times agencies contract out to private researchers because they lack in-house specialization or equipment. In the process, they remain fully aware of the time limitations placed on the patents of their applicant licensees.

Businesses normally try to obtain licenses at the beginning of their patent-life period, allowing for a full 17-year marketing cycle.

Since most applications are filed during the patent pending stage in the normal regulatory review period, only a few years of patent life are used. The right to patent usually comes along at the same time the license is approved. This is a normal and prudent business practice. However, when one has to exercise their administrative/legal rights due to agency fault, then most of the patent life is consumed as the licensees seek equity.

I strongly recommend that clarifying language with regard to such invalid agency tests from patent holders exercising their lawful administrative and legal rights be included in this legislation. That language, which I am now presenting to the Judiciary Committee of the House of Representatives, Subcommittee on Courts and Civil Liberties is to correct this gap.

A second problem is how to grant time equity for those applicants who came into the regulatory review period pipeline many years ago and are still engaged in the lawful exercise of their administrative/legal rights. If this legislation passes in its present form, they would only have a year or two of redress and no normal marketing period. This is not in conformity with the intent of this legislation.

I propose the effective date of this section be amended to add language allowing for an exception "that such additional time shall be granted to include that period of time lost from patent life due to agency fault." I feel these minor changes in S. 255—H.R. 1937—would restore equity to this class of patent holders I feel are not presently covered. I will work with the final stages of this legislation to insure it is amended properly or clarified to my satisfaction.

I bring this to your attention because there have been numerous challenges to agency testing procedures through the years. They have had to be initiated by regulated licensees who sincerely felt and could prove the agency was at fault in denying them a license or conducting a test. I personally know of an Iowa firm which is involved with such a problem with invalid agency tests and are now losing most of their patent life as they pursue their lawful administrative/legal rights. I feel such people should be compensated and that this action would not be a windfall, but equity.●

SAMUEL T. CURRIN: U.S. ATTORNEY FOR THE EASTERN DISTRICT OF NORTH CAROLINA

● Mr. EAST. Mr. President, on Monday, September 28, 1981, Samuel T. Currin took his oath of office as the U.S. attorney for the eastern district of North Carolina. Sam was presented to the court for his swearing in by his former employer and my distinguished colleague from North Carolina, Senator HELMS.

Mr. President, I have here a copy of Senator HELMS' remarks at the ceremony, and I ask that they be printed in the RECORD.

The remarks follow:

SENATOR JESSE HELMS PRESENTS SAMUEL T. CURRIN FOR SWEARING IN AS THE U.S. ATTORNEY FOR THE EASTERN DISTRICT OF NORTH CAROLINA

Senator HELMS. Your honor, I am delighted to be here. I was thinking, sitting there, that in recent weeks I have had a more than uncommon relationship with members of the judiciary. I had the pleasure of meeting with the new justice of the U.S. Supreme Court. And prior to that, Mrs. Helms and I had dinner with a few other friends, with the outgoing justice, Potter Stewart, who I believe is well known to both distinguished presiding judges here this morning.

I heard a toast that I will share with the court. It went something like this: ". . . here's to Potter Stewart, whose chivalry can't be beat, the only Supreme Court Justice in history to give a lady his seat."

At the outset, I would pay my respects to the able and distinguished Judges Dupree and Britt and thank them for the privilege of presenting to this court a splendid young man for whom I have the highest admiration and affection—Sam Currin—whom the President of the United States has nominated and the United States Senate will shortly confirm to serve as U.S. District Attorney for the Eastern District of North Carolina.

Sam, of course, really needs no introduction to this court. He is no stranger to it. Prior to his coming to Washington to serve ably as my associate in the legislative field, Sam Currin served as Assistant U.S. Attorney in this district. He is therefore a young man with broad experience and understanding of the duties he today is undertaking.

Your honors, to say that Sam will be missed would be an understatement. He is completely dedicated to the restoration of America's values and principles. Moreover, he possesses enthusiasm and conviction and an innate sense of duty and honor. He served well in Washington. He will serve well here.

And I would mention to my friends Judge Dupree and Judge Britt that Sam has told me on many occasions of the high esteem in which he holds both of you, and that he looks forward to working with you. And I am confident that you, in turn, will enjoy your relationship with him as well.

As has been indicated here this morning, Sam was reared in Granville County, the son of Mr. and Mrs. Thomas B. Currin, who have already been recognized. I believe Sam's brother has not been recognized. And for the life of me, I can't remember his first name. He is the handsome young man in the uniform. I suggest that he stand to be recognized.

Sam attended Wake Forest University, where he was graduated cum laude in 1971. He received his law degree from the University of North Carolina at Chapel Hill in 1974. He also has done graduate study at Georgetown University Law Center in Washington.

But his greatest accomplishment is that he is married to the former Margaret Louise Person of Oxford. She has already been recognized, but I want her to stand again. I have a purpose:

Margaret served as legislative director for Senator John Tower of Texas until this past July. She was appointed assistant dean and assistant professor at the Campbell University School of Law. In meeting with Judge Dupree this morning, we agreed that that will probably create the greatest influx of law students at Campbell University in history.

Sam and Margaret reside now in Raleigh, where they have resumed their active mem-

bership as a part of the church family at Hayes Barton Baptist Church.

Now, a few personal words about Sam Currin: It is my judgment that Sam possesses the qualities and ability which are indispensable for one entrusted with the sensitive and tremendously important position of United States attorney.

Over a period of years I have personally observed the high ethical standards which this young man has set for himself. He is unfailingly honest. He is completely fair and straightforward in his dealings with others. His principles and his convictions are unshakable.

Now, with the court's indulgence, at this point I would speak directly to Sam. You and I know that enormous challenges and problems await you in this new endeavor: the growing crisis involving drugs, fraud against the government, corruption within the government, food stamps, all the rest of it. These things must be brought under control.

And I would say to the court that it should be mentioned—and it should be mentioned to Sam for his consideration—that I share the concern that so many of our fellow citizens feel about the growing drug trafficking on North Carolina's coast. I am gratified to know, Sam, that you have already publicly identified this problem as a, if not the, top priority for attention in and by your office.

I commend you, because drugs are disrupting our schools. There is a festering atmosphere being created that can benefit only organized crime. And I have met with countless citizens and organized groups and parents and community leaders and law enforcement officials throughout our state about this problem.

It would not be possible to overstate the intensity of the concern of the people of North Carolina about it. There is unanimous agreement that strong and effective action must be taken and taken now throughout the eastern district.

And I pledge to you, Sam, and to the court and to all engaged in law enforcement my total cooperation.

So Sam, I would say again that you are going to me missed in Washington by all of us who have known you and worked with you. You will no longer be walking onto the Sentae floor to assist in the enactment of legislation. And I kind of hope that you will miss that.

From this point on, you will be playing a vital role in the enforcement of the laws of this great nation.

So with the court's indulgence, it is my pleasure to present to this distinguished court a fine young American whose ability and dedication have been recognized by the President of the United States and, in fact, by all who know him. On behalf of the President, it is my honor to present the Honorable Sam Currin. And, in doing so, I join this court in wishing him every success.

Ladies and gentlemen, the new United States attorney for the eastern district of North Carolina, Sam Currin.●

PRESIDENT ANWAR SADAT

● Mr. QUAYLE. Mr. President, in Anwar Sadat there died one of the greatest friends America has ever known and one of the greatest champions of peace the world has ever known. His loss is immeasurable.

Anwar Sadat exemplified those virtues that the world in the latter half of the 20th century seems to have discarded. In a world with too few heroes, Anwar Sadat was a hero. In a world with too much violence and hate, Anwar Sadat was a man of peace. In a world of expediency, Anwar Sadat was a man of vision. In a world of cowardly acts—like the one that yesterday took his life—Anwar Sadat was a man of courage.

Mr. Sadat's accomplishments were many. He fought for the liberation of his people. He worked so that his people could live in peace. He dedicated his life for the preservation of civilized virtues. Perhaps, the greatest gift he gave us, however, was hope—hope that the world, like Israel and Egypt, might at last live in peace. In the end he died at the hands of those who would destroy that hope.

Mr. President, we have lost a very great man. But let us not lose hope. Rather, let us dedicate ourselves once again to the cause of peace, the cause for which Anwar Sadat gave up his life. And while ones thoughts and prayers go out to Mr. Sadat's family and the Egyptian people, let us recall the words of Winston Churchill:

To die at the height of a man's career, the highest moment of his effort here in this world, universally honored and admired, to die while great issues are still commanding the whole of his interest, to be taken from us at a moment when he could already see ultimate success in view—is not the most unenviable of fates.●

DEATH OF ANWAR SADAT

● Mr. HAYAKAWA. Mr. President, Egypt, the world, and the prospects for peace in the Middle East have suffered a serious blow with the tragic death of Anwar Sadat. Seldom in living memory has a single statesman labored so long and so hard for peace. His historic trip to Israel was a bold gamble that few political leaders would have been willing to take. Indeed, President Sadat suffered rejection and ostracism from the "hardliners" in the Arab world. Undaunted, Sadat continued to devote his time and energy to the implementation of the Camp David peace process. Despite the many obstacles that arose with Israel in the course of this process, Sadat never lost his faith in the ultimate goal—peace in the Middle East. Israeli leaders came to trust Sadat and hold him in high esteem—a relationship not seen before in Israeli-Arab relations. Even Sadat's enemies were forced to admire his courage and steadfastness.

We are faced with a void that it is difficult to foresee being filled with anyone of President Sadat's dedication and world prestige. The peace process in the Middle East has lost its most effective proponent. Under these foreboding circumstances, the United States must redouble its efforts to achieve a lasting peace in the area. Anwar Sadat led the way; now we must follow his footsteps.●

WHERE I STAND

● Mr. CANNON. Mr. President, last Sunday one of Nevada's distinguished newspaper publishers, Hank Greenspun of the Las Vegas Sun, wrote a most provocative "Where I Stand" column bearing on the Jewish New Year and its ramifications for the proposed sale of AWACS radar planes to Saudi Arabia. Because this timely column sheds light on matters of high controversy now before the Senate, I ask that the article be printed in the RECORD. I recommend that my colleagues read Mr. Greenspun's words and consider the arguments he has succinctly put forth.

The article follows:

"WHERE I STAND"

(By Hank Greenspun)

Sound of the ram's horn, there is betrayal in the air.

The blowing of the Shofar, the ram's horn at the start of Rosh Hashana marks the ten days of Penitence ending in Yom Kippur, the Day of Atonement.

It is the holiest day of the year for Jews everywhere and is regarded as the day of judgment for the entire world, when the fate of each person for the coming year is enscribed in the Book of Life.

The blowing of the horn at the start of the holiday is in the nature of an alarm—to alert the worshipper that the time is at hand and it can't be put off any longer—just as the blowing of the Shofar was an alarm for the biblical tribes of Israel in the desert to warn of the approach of an enemy.

The ram's horn sounded on Yom Kippur, 1973, in synagogues throughout Israel. It was a warning that Egypt, Syria, Iraq and Jordan were amassed on Israel's borders ready to attack.

Israel's leaders, alerted by its intelligence agency, knew almost to the minute the time of attack and the strength of the potential onslaught. Israel went wrong in its belief that no nation could be so perfidious as to attack another on its holiest day.

The soldiers were not disturbed in their prayers in the houses of worship and the elderly reservists manning the borders were slaughtered as the Arabs launched tank attacks that outnumbered all the tanks in World War II at least ten times.

It was with almost superhuman courage and fighting skill that Israel turned the tide, and her armies were within a few hours of time of capturing Cairo, Damascus and other Arab national capitals when the United States through its ambassador, Henry Kissinger, called a halt.

Israel withdrew under a battlefield agreement, believing in the assurances of our nation.

In the beginning, before the state was created, Jews in Palestine sought under the present Prime Minister Menachem Begin to drive the British out when they attempted to intern and halt landing of Holocaust refugees on the shores of Tel Aviv.

Israel risked a diplomatic break with France when she bombed the Iraqi reactor which French scientists and workers built and were supplying with fissionable material with which to make nuclear bombs.

After the 1956 war, the United States and the U.N. guaranteed the Jewish nation that if she withdrew from the Suez Canal, Egypt would not be permitted to place missiles within 10 miles of the canal.

It was a matter of a few years that Russian missiles and planes were in the Suez region in the total violation of the U.N. pact. It took another war in 1967 when Israeli pilots shot Russian Migs and Russian pilots down—the first country to shoot Russians out of the air since World War II—and in the process destroyed the missiles and captured the entire Sinai.

Israel has no choice. It must defeat its enemy. It is known as Ahm Yisrael Chai, Israel will live.

It is a pact that was made with the blood and ashes of millions of Jews that never again will there be a holocaust.

Never again will Jews be without a homeland.

It is now Yom Kippur eve, 1981.

The President of the United States has just sent a request to the Congress to approve the

AWACS sale to Saudi Arabia, one of Israel's relentless enemies and the chief source of funds, along with Libya's Khadafy, for the PLO and other anarchist groups, which not only terrorize Israel but most democratic nations, including the Vatican. The Saudis have now announced they will underwrite an Islamic bomb. Against whom?

The United States has been the only friend and ally of the state of Israel, even though some of its leaders have betrayed the Jewish nation in the past. Israel is the only true friend and reliable partner of our country.

Now the U.S. is considering providing its most sophisticated, highly secret AWACS plans to an unstable nation whose leaders, less than a year ago, were ready to flee their country when terrorists took over a Mosque at Mecca.

The U.S. Senate has ample reason and precedent for turning down the sale. The AWACS represent the latest in American technology, and many Senators feel that by selling to the Saudis, we risk the danger of the plane falling into the hands of the Soviets. The sophisticated U.S. planes and equipment that were sold to the Shah of Iran are now in the hands of the Ayatollah Khomeini—and possibly others including Marxists.

The President and his men are telling the Congress that if the U.S. doesn't sell the AWACS, the British will furnish their sophisticated spy plane, the Nimrod, to the oil-rich nation.

The Saudis have implied they might turn to Russia for help.

Let the British, the French and the Russians sell to Israel's enemies, because Israel could deal with these nations and their fighting machines. She will have no reluctance to shoot them down under the law of Ahm Yisrael Chai.

The United States should place Israel in this position because there is no way Jewish pilots would shoot American planes and pilots out of the Middle East skies.

It would be a very unfair betrayal because Israel will be the only one facing grave peril.

The House of Representatives will overwhelmingly reject the sale. The vote will be close in the Senate with the possibility that one vote could make the difference.

What U.S. senator will close the pages of the Book of Life on Israel on this eve of Yom Kippur? What U.S. Senator or high official of our nation will decree that the people of Israel will not have their names inscribed among the living, on this, the holiest day of their year?

Who will live and who will die should not be the decision of any mortal being, even though it be the President of the U.S.

Ahm Yisrael Chai. Israel shall live. It is written in the blood of the Holocaust.

It is with much gratitude and pride in the good sense of the American Congress that we wish our readers of the Hebrew faith and all people and nations of goodwill, may your names be inscribed in the Book of Life at the sounding of the Shofar, and may it be a peaceful and blessed year for all.

L'Shana Tovah! ●

LABOR REQUIREMENTS FOR NUCLEAR AND COAL POWERPLANTS

● Mr. KENNEDY. Mr. President, in recent years there has been a major debate over the future of nuclear power in the United States. One of the issues that is always central in this debate is the question of jobs. Some have argued that we must continue to build nuclear powerplants in greater and greater numbers in spite of their enormous risks because of the need to create new jobs. Because of my longstanding commitment to a full employment economy, I asked the staff of the Joint Economic Committee to prepare a report comparing the labor requirement for building and operating a 1,000-megawatt nuclear and a coal-fired powerplant. I should like to have printed in the RECORD at the end of my remarks a copy of that study.

The study shows that building a new coal plant will result in 63 percent more jobs than building a nuclear powerplant. America has over 400 years of coal. I believe that it should be the central goal of U.S. energy policy to increase research and development efforts in that area so that we can be assured that we can burn coal cleanly and efficiently. A strategy relying on using coal to meet our electrical requirements in an environmentally sound fashion would do the most to create jobs in the American economy.

The study referred to is as follows:

LABOR REQUIREMENTS FOR NUCLEAR AND COAL POWERPLANTS

INTRODUCTION

This study is a comparison of the labor requirements of coal and nuclear power systems. In each case, the estimates are taken directly or extrapolated from government or industry sources. Comparison of the total requirements of a 1,000 MWe coal or nuclear power plant calculated over the facility's lifetime indicates that coal power will result in 63 percent higher labor requirements than a nuclear power plant.

The study examines the construction and operation of 1,000 MWe single unit power plants run at a 75 percent capacity factor. The labor used to construct the mining and processing facilities in the fuel cycle, and the annual operation and maintenance of the power plant are also examined. Although the construction labor is higher for nuclear power plants, the labor required for all other phases of the power system is higher for coal than for nuclear.

OVERALL COMPARISON OF MANPOWER REQUIREMENTS FOR POWERPLANTS (MAN-YEARS)

Activity	Nuclear	Coal
Construction of single unit powerplant	10,343.7	5,647.5
Construction of fuel cycle facilities	170.8	557.8
Total construction	10,514.5	6,205.3
Total operation and maintenance requirements for 30 yr [1]	15,945.0	36,840.0
Total requirements for construction and 30-yr operation	26,459.5	43,045.3

CONSTRUCTION REQUIREMENTS FOR POWERPLANTS

The powerplants were assumed to be single units with each plant using cooling towers. A basic construction labor rate of 8.8 man hrs./kwe was assumed for a coal plant equipped with scrubbers to meet emission standards. The basic rate for the nuclear plant was considerably higher, 15 man hrs./kwe, since construction costs for nuclear plants have risen sharply in the past ten years. Nuclear powerplants that are presently under construction have a rate varying from 13 to 18 man hrs./kwe, so this basic rate (15 man hrs./kwe) is reasonable.[2]

No allowance was made for work delays due to strikes, shipment delays, bad weather, etc. The results are summarized below and given in more detail in Appendix A.

	Nuclear	Coal
Construction labor	[3] 9,253.7	[3] 4,542.5
Supervision	[4] 340.0	[5] 681.0
Architect and engineers	[4] 750.0	[6] 424.0
Total	10,343.7	5,647.5

It should be noted that these figures are averages based on productivity figures from powerplants built in widely varying areas. Productivity rates vary greatly between different regions and even different projects.

CONSTRUCTION LABOR FOR FACILITIES REQUIRED BY POWERPLANTS

Besides building the powerplant, construction labor is required to build the various facilities that are necessary to provide the fuel for the powerplant. Both the uranium and the coal plants require the construction of surface and underground mines, although more coal comes from underground mines than uranium.

More mines are required for the coal plant, but the uranium fuel cycle requires extensive facilities for conversion, enrichment, fabrication, etc. The following labor estimates are that portion of the total labor requirement for these facilities which is necessary to provide the fuel requirements for one 1,000 MWe plant operating at 75 percent capacity for 30 years of operation. Thirty years is the average lifetime assumed for powerplants. Mines are assumed to have 20-year lifetimes. Uranium enrichment facilities are assumed to have 30-year lifetimes.

CONSTRUCTION REQUIREMENTS FOR FUEL CYCLE FACILITIES REQUIRED BY 30-YR OPERATION OF 1,000 MWe POWERPLANTS

[In person-years]

Type of labor	Strip mine	Deep mine	Enrichment
Nuclear: [7]			
Engineering	6.3	12.2	24.1
Field supervision	3.8	7.8	9.2
Unskilled	4.1	7.1	35.9
Skilled manual	18.3	37.2	37.3
Total	23.5	64.3	106.5
Coal: [8]			
Engineering	12.8	80.6	----
Field supervision	42.3	78.9	----
Unskilled	21.5	32.6	----
Skilled manual	190.2	365.7	----
Total	266.8	557.8	----

Taking underground mines as the base case and combining both mine and enrichment parts of the uranium cycle we arrive at labor requirements of:

Category	Nuclear	Coal
Construction	117.5	398.3
Field supervision	17.0	78.9
Engineering	36.3	80.6
Total	170.8	557.8

ANNUAL OPERATING LABOR REQUIREMENTS

In addition to constructing the powerplants and support facilities, labor is also necessary to operating the powerplants. The respective operating power requirements are listed below.

OPERATION AND MAINTENANCE OF POWERPLANTS

[In person-years]

Category	Nuclear [9]	Coal [10]
Administration and technical	39	55
Operators	52	54
Maintenance men	39	49
Total	130	158

Annual fuel cycle labor requirements

Due to the differences in the steps necessary to supply fuel to the two types of plants, the data will be treated separately.

The numbers represent the number of full-time jobs that are necessary to supply the fuel for one plant for one year's operation.

NUCLEAR FUEL CYCLE [11]

Mining	169
Milling	45
Conversion	8
Enrichment	32
Fabrication	24–103
Transportation	84
Total	401.5

COAL FUEL CYCLE

1000 MWe plant at 75 percent capacity would need 3 million tons of coal per year.[12]

Mining totals were computed from the industry-wide average productivity taking into account both strip mining and underground mines.

Mining	[13] 985
Cleaning coal	[14] 19
Transportation:	
Rail	66
Barge	[15] (78)
Total	1,070

CONCLUSION

Although a higher labor requirement in the construction of a nuclear powerplant is shown, consideration of the entire fuel cycle shows that nuclear powerplants are likely to lead to fewer jobs than coal fired plants.

The entire fuel cycle if a coal powered electric generating facility creates substantially more employment than the construction of a nuclear powered electric plant.

APPENDIX A

CONSTRUCTION LABOR FOR 1,000 MWe POWERPLANTS

Trade	LWR nuclear plant [3]	Coal steam turbine [3]	Percent of LWR
Asbestos workers	150.1	147.8	98.0
Boilermakers	333.0	686.3	206.0
Carpenters	1,070.4	384.6	36.0
Concrete finishers	112.0	44.9	40.0
Electricians	1,511.9	839.9	55.5
Iron workers	785.4	372.5	47.4
Laborers	1,495.2	553.5	37.0
Millwrights	209.3	134.8	64.0
Operating engineers	592.4	321.3	54.0
Painters	238.2	38.1	16.0
Pipefitters	2,375.6	856.8	36.0
Sheet metal workers	126.5	71.1	56.0
Truckdrivers	253.7	90.9	36.0
Subtotal	9,253.7	4,542.5	
Site supervision	[4] 340.0	[5] 681.0	
Design engineers, architects, draftsmen, etc	[4] 750.0	[6] 424.0	
Total, construction	10,343.7	5,647.5	

NOTES AND ASSUMPTIONS

[1] The total operation and maintenance requirements for 30 years were estimated by multiplying the total annual requirements by 30. It should be noted that these figures do not reflect changes in productivity, as it was held constant for this calculation. The total annual requirements are:

Comparison of operation and maintenance labor requirements

[Person hours]

Activity	Nuclear	Coal
Annual operation and maintenance	130	158
Annual operation of fuel cycle	401.5	1,070
Total annual requirements	531.5	1,228

FOOTNOTES

[2] **Dr. William Schriver, Project Director, Construction Labor Demand System, U.S. Department of Labor, used these construction labor rates in the DOL study of note 3.**

[3] *Forecast of Labor Requirements to Construct Nuclear and Coal Fired Powerplants,* Construction Labor Demand System, U.S. Department of Labor, December 1980.

[4] *Project Independence Task Force Report,* Nuclear Energy, p. III–5.

[5] Site supervision for coal plant is taken as 15 percent of the required craft labor as in *Project Independence Task Force Report,* Facilities, p. VII–78.

[6] Data for a 900 MWe coal plant was taken and scaled up by a factor of 10/9, assuming linear dependence for a steam turbine plant, *Project Independence Task Force Report,* Facilities, p. VII–87.

[7] *Evaluation of Conventional Power Systems,* Energy & Resources Group, ERG 75–7 July 1975, pp. 150 and 155, University of California, Berkeley, California.

[8] See note 7, pp. 113 and 117.

[9] *Proposed Final Environmental Impact Statement—LMFBR* v. IV, p. 10.2–2.

[10] Data for a 700 MWe plant was scaled up by a factor of 10/7, see note 6 p. VII–34.

[11] Figures for mining, milling, conversion, enrichment, fabrication are supplied by "Technology Characterizations: Environmental Information Handbook," U.S. Department of Energy, June 1980. The figure for transportation is supplied by Sandia National Laboratories. In determining the total labor for the nuclear fuel cycle, the median point of the figure for fabrication, 63.5, was used.

[12] Supplied by Mr. Larry Prete of Electric Power Statistics, Department of Energy. Tons of coal required for a 1000 MWe plant operating at a 75 percent capacity factor. Assuming 8,760 hours per year: 8,760 x 1000 = 8,760,000; 8,760,000 x 75 = 6,570,000. Approximately one-half ton of coal is required per MWe hour. Thus a 1000 MWe coal plant requires 3 million tons of coal per year.

[13] Productivity estimates were supplied by the National Coal Association: in 1979 for deep mining 7.9 tons per man per day, for strip mining 24.8 tons per man per day, for the industrial average 13.4 tons per man per day. Average days worked per year for underground, 225, for surface, 230, the weighted average is 227 man days per year, the industry average is 3045 tons of coal per man year and this divided into the plant's requirement is 985 man years.

[14] See note 7, p. 113.

[15] Over 70 percent of coal used by utilities goes by rail so unit trains are assumed. Data is taken from Project Independence Task Force Report, Transportation, Vol. I. Rail—p. II–7. Most efficient system is unit trains, hauling 6000 tons with a crew of two brakemen, one engineer and one conductor, average trip in 1972 was 283 miles. P. IV–23 Average cycle time for unit train to utilities is 8 days, with a 240 day work year and 8 day trip, 66 men are required to ship 3 million tons. BARGE, p. V–15 average tons, 1 barge = 1500, average barge 1 tow boat = 15. p. V–21 average round trip = 28 days (including time through locks, loading, unloading). Assuming a 5 man crew for each tow boat and 240 work day year, 78 men are needed.●

STARVATION AND MALNUTRITION

● Mr. LEVIN. Mr. President, starvation and malnutrition remains a real and growing problem in the world as war and drought exact an ever increasing toll in such areas as El Salvador, Kampuchea, and Somalia.

As a society, America has fought to reduce the kinds of disparities which leave some without enough to eat. Engrossed in our own problems, we in the United States often fail to recognize the desperate straits of so many millions of people elsewhere even as we fail to appreciate the abundance of our own society. Our task at home is far from complete but we cannot delay addressing the gross inequalities which permeate our international community.

In human terms, this gross inequality means despair, destruction, and death. The figures show that compared to people in more developed nations, citizens of poor countries have a life expectancy one-third lower, a nutritional level below minimum standards for 50 percent of their population and an infant mortality rate eight times higher than that found in the more developed countries. Surely, a nation as humane and as pragmatic as the United States must commit itself to addressing these problems.

The 1981 Church World Services/CROP Washtenaw County Hunger Walk held in Ann Arbor, Mich., offers an opportunity to focus attention on the plight of our unfortunate brothers and sisters and to assist those who lack even the most basic means to feed themselves and their children.

I am pleased to have been designated an honorary cochairman of this seventh annual hunger walk. As a people we have come far in our efforts to address human needs at home and abroad. We now have the opportunity to take the next step—to make sure that our good intentions produce good results, both at home and abroad.●

RECESS UNTIL 5 P.M.

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate stand in recess until 5 p.m.

There being no objection, the Senate, at 4:25 p.m., recessed until 5 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. BAKER).

The PRESIDING OFFICER (Mr. BAKER). In my capacity as Senator from Tennessee, I suggest the absence of a quorum.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. QUAYLE). Without objection, it is so ordered.

Mr. BAKER. Mr. President, could I inquire, are we in morning business?

The PRESIDING OFFICER. The time for morning business has expired.

EXTENSION OF TIME FOR MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that the time for the transaction of routine morning business be extended not beyond the hour of 5:40 p.m. on the same terms and conditions.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF THE VOTING RIGHTS ACT OF 1965

Mr. BAKER. Mr. President, I believe there is a message from the House of Representatives on H.R. 3112, is that correct?

The PRESIDING OFFICER. There is a bill that has been received from the House, H.R. 3112.

Mr. BAKER. Mr. President, I ask for first reading of the bill.

The PRESIDING OFFICER. The clerk will state the bill by title.

The legislative clerk read as follows:

A bill (H.R. 3112) to amend the Voting Rights Act of 1965 to extend the effect of certain provisions, and for other purposes.

Mr. BAKER. Mr. President, I ask that the bill be referred to the Committee on the Judiciary.

Mr. ROBERT C. BYRD. Mr. President, I am constrained to object on the part of other Senators.

The PRESIDING OFFICER. Objection is heard.

Mr. BAKER. Mr. President, there are other matters to be dealt with.

Mr. ROBERT C. BYRD. Will the Senator yield, so I might make a unanimous-consent request that the bill be read a second time?

Mr. BAKER. Yes.

Mr. ROBERT C. BYRD. I thank the distinguished majority leader.

Mr. President, I ask unanimous consent that H.R. 3112 receive a second reading at this time.

Mr. BAKER. Mr. President, I object.

The PRESIDING OFFICER. H.R. 3112, having been read the first time and an objection having been heard to its second reading on the same legislative day, will remain at the desk pending second reading on the next legislative day.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, there are a number of other matters to be dealt with today.

Could I inquire of the distinguished minority leader if he is in a position to consider a list of 10 nominations reported out by the Committee on Judiciary which, by inadvertence, did not reach today's printed calendar? I believe he has a copy of those nominations.

Mr. ROBERT C. BYRD. Mr. President, those nominations have been cleared on this side.

Mr. BAKER. Mr. President, I thank the minority leader.

Mr. President, I would note for the record that ordinarily the leadership on this side does not clear nominations for passage until they have been printed on the Executive Calendar.

However, upon the advice of the distinguished chairman of the Judiciary Committee, an effort was made to see that these names, as reported, did reach the calendar for today. Through an inadvertence, that did not occur. I felt justified in asking that we proceed at this time. I express my appreciation to the minority leader for permitting us to do so.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now go into executive session for the purpose of considering the 10 nominations which I send to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENT OF JUSTICE

Mr. BAKER. Mr. President, I ask unanimous consent that the nominations be considered and confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered. The nominations are considered en bloc and confirmed en bloc.

The nominations confirmed en bloc are as follows:

Lynn H. Duncan, of Georgia to be U.S. Marshal for the northern district of Georgia.

Rodney Scott Webb, of North Dakota, to be U.S. attorney for the district of North Dakota.

George W. F. Cook, of Vermont, to be U.S. attorney for the district of Vermont.

Melvin E. Jones, of Alabama, to be U.S. Marshal for the middle district of Alabama.

Ralph D. Morgan, of Indiana, to be U.S. Marshal for the southern district of Indiana.

John A. Smietanka, of Michigan, to be U.S. attorney for the western district of Michigan.

Thomas C. Greene, of Alabama, to be U.S. Marshal for the northern district of Alabama.

Leonard R. Gilman, of Michigan, to be U.S. attorney for the eastern district of Michigan.

Kenneth W. McAllister, of North Carolina, to be U.S. attorney for the middle district of North Carolina.

Samuel T. Currin, of North Carolina, to be U.S. attorney for the eastern district of North Carolina.

NOMINATION OF GEORGE W. F. COOK, OF VERMONT, TO BE U.S. ATTORNEY FOR THE DISTRICT OF VERMONT

● Mr. LEAHY. Mr. President, it gives me pleasure to speak to you in favor of the nomination of George Wallace Foster Cook for U.S. attorney for Vermont. George was previously U.S. attorney from 1969 to 1977 and served with distinction. From 1969 to 1973 I was the States attorney for Chittenden County, Vt., which includes Burlington, and I had many occasions to work with George on matters of common interest. His competence, his sense of cooperative spirit, and his dedication were conspicuous qualities in all cases.

George is a native Vermonter and was educated at Middlebury College before graduating from Columbia Law School and later obtaining a master of laws degree from Georgetown Law School.

His practical experience includes both the private sector and public service. He is a former corporate attorney and private practitioner. He served in the Federal Government in Washington for 6 years prior to becoming U.S. attorney in 1969.

He has served in the Army Air Force between 1943 and 1945 and has served generously on professional bodies and boards, including the chairmanship of the Vermont Bar Association Committee on the Unauthorized Practice of Law.

George has also served in elective office during six consecutive terms in the Vermont Senate, including 4 years as president pro tempore.

In summary George Cook has served the public interest with zeal and honor during his professional life and clearly merits our support on his reappointment as U.S. attorney.●

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominations were confirmed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, there are other names on the executive calendar, beginning on page 1 under nominations, the Department of Transportation, Harold E. Shear, and continuing with all of page 1 thereafter, page 2, and page 3, including those nominations placed on the Secretary's desk. I would inquire of the minority leader if these nominations are cleared on his calendar and available for action at this time.

Mr. ROBERT C. BYRD. Mr. President, I am in a position to inform the distinguished majority leader that the nominations have been cleared on this side.

Mr. BAKER. Mr. President, I thank the minority leader.

I ask unanimous consent that the nominations just identified be considered and confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered. The nominations are considered and confirmed en bloc. The nominations confirmed en bloc are as follows:

DEPARTMENT OF TRANSPORTATION

Harold E. Shear, of Connecticut, to be Administrator of the Maritime Administration (new position.)

FEDERAL MARITIME COMMISSION

James J. Carey, of Illinois, to be a Federal Maritime Commissioner.

DEPARTMENT OF DEFENSE

James R. Ambrose, of North Carolina, to be Under Secretary of the Army.

Jay Raymond Sculley, of Virginia, to be an Assistant Secretary of the Army.

IN THE AIR FORCE

Maj. Gen. James H. Ahmann xxx-xx-xxxx FR. U.S. Air Force, under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 8066, to be lieutenant general.

IN THE NAVY

The following-named rear admirals of the Reserve of the U.S. Navy for permanent promotion to the grade indicated in the line and staff corps, as indicated, pursuant to the provisions of title 10, United States Code, section 5912:

LINE

Nelson Otto Heyer, to be rear admiral.

Robert Louis Zralek, to be rear admiral.

William Henry Langenberg, to be rear admiral.

Clarence Arthur E. Johnson, Jr., to be rear admiral.
John William Cronin, Jr., to be rear admiral.
Howard Roop, to be rear admiral.
Thomas Albert Stansbury, to be rear admiral.
Lester Robert Smith, to be rear admiral.
Michael Peter Nemchick, to be rear admiral.
Carlso Paul Baker, Jr., to be rear admiral.
Donald Thomas Corrigan, to be rear admiral.
Whitney Hansen, to be rear admiral.
Ted Levy, to be rear admiral.

MEDICAL CORPS

Henry Turner Edmondson, Jr., to be rear admiral.
Joseph Hardy Miller, to be rear admiral.

SUPPLY CORPS

Alexander Jackson III, to be rear admiral.
Gerald Clayton Sullivan, to be rear admiral.

CIVIL ENGINEER CORPS

Roy "L" Dunlap, to be rear admiral.

JUDGE ADVOCATE GENERAL'S CORPS

Julian Robert Benjamin, to be rear admiral.

DENTAL CORPS

Charles Frederick Schreier, Jr., to be rear admiral.

NOMINATIONS PLACED ON THE SECRETARY'S DESK IN THE COAST GUARD, AIR FORCE, NAVY, AND MARINE CORPS

Coast Guard nominations beginning John D. Bogle, to be lieutenant (jg.), and ending Thomas A. Jarrard, to be lieutenant (jg.), which nominations were received by the Senate on August 11, 1981, and appeared in the Congressional Record of September 9, 1981.

Coast Guard nominations beginning Malcolm D. Stevens, to be lieutenant commander, and ending Richard C. Simonson, to be lieutenant (jg.), which nominations were received by the Senate and appeared in the Congressional Record on September 24, 1981.

Air Force nominations beginning Douglas K. Acheson, to be lieutenant colonel, and ending Roger G. Santala, to be lieutenant colonel, which nominations were received by the Senate and appeared in the Congressional Record on September 24, 1981.

Air Force nominations beginning Paul R. Aarnio, to be major, and ending Kenneth A. Lamkin, to be captain, which nominations were received by the Senate and appeared in the Congressional Record on September 24, 1981.

Navy nominations beginning Stephen M. Bahr, to be commander, and ending Andrew A. Kannesieser, to be lieutenant commander, which nominations were received by the Senate and appeared in the Congressional Record on September 24, 1981.

Marine Corps nominations beginning Jeffrey L. Abate, to be lieutenant colonel, and ending Richard D. Young, to be captain, which nominations were received by the Senate and appeared in the Congressional Record on September 24, 1981.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominations were confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask that the President be immediately notified that the Senate has given its consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask that the Senate now return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

JOINT REFERRAL OF A BILL—S. 1683

Mr. BAKER. Mr. President, I ask unanimous consent that S. 1683, entitled Budget Oversight Improvements Act of 1981, be referred jointly to the Senate Committees on the Budget, Rules and Administration, and Governmental Affairs.

Before the Chair rules, may I say, by way of explanation, that this unanimous-consent agreement applies to this bill only and does not in any way modify or affect the standing order of August 4, 1977, which governs the referral of legislation affecting the budget process.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONTINUATION OF AUTHORITY PROVIDED UNDER THE DEPARTMENT OF JUSTICE APPROPRIATION AUTHORIZATION ACT, FISCAL YEAR 1980

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House on H.R. 4608.

The PRESIDING OFFICER (Mr. QUAYLE) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 4608) to continue in effect any authority provided under the Department of Justice Appropriation Authorization Act, fiscal year 1980, for a certain period, and for other purposes.

Mr. BAKER. Mr. President, I move that the Senate insist on its amendment to H.R. 4608.

The motion was agreed to.

BUDGET ACT WAIVER

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate, Senate Resolution 217, a budget waiver for Calendar Order 289 affecting Senate Joint Resolution 100, the Sinai peace accord.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 217) waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S.J. Res. 100.

The resolution (S. Res. 217) was read, considered by unanimous consent, and agreed to as follows:

S. RES. 217

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S.J. Res. 100, a joint resolution to authorize the participation of the United States in a multinational force and observers to implement the treaty of peace between Egypt and Israel, for fiscal year 1982. Such waiver is necessary to allow the authorization of $125,000,000 in additional budget authority for fiscal year 1982 to provide for the United States share of the initial costs of the multinational force and observers.

Compliance with section 402(a) of the Congressional Budget Act of 1974 was not possible by the May 15, 1981, deadline, because the agreement to establish a multinational force was not completed until August 3, 1981.

The effect of defeating consideration of the supplemental authorization will be to prevent United States participation in the multilateral Sinai peacekeeping force which is to be in place prior to the Israeli withdrawal from the Sinai in April of 1982. Funds are required as soon as possible to begin construction of the necessary facilities for the force and observers as well as preparations for other aspects of the infrastructure of the organization.

The desired authorization should not delay the appropriations process and has already been under consideration by the Appropriations Committee. It is also included within the President's proposed revision of his fiscal 1982 budget proposals along with corresponding reductions to offset its impact on the overall budget. The amount required can therefore be accommodated by the Second Concurrent Resolution on the Budget as amended by the Senate.

U.S. PARTICIPATION IN IMPLEMENTING THE TREATY OF PEACE BETWEEN EGYPT AND ISRAEL

Mr. BAKER. Now, Mr. President, I ask that the Chair lay before the Senate, Calendar Order No. 289, Senate Joint Resolution 100, the underlying legislation.

The PRESIDING OFFICER. The joint resolution will be stated by title.

The legislative clerk read as follows:

A joint resolution (S.J. Res. 100) to authorize the participation of the United States on a multinational force and observers to implement the Treaty of Peace between Egypt and Israel.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution which had been reported from the Committee on Foreign Relations with amendments, as follows:

On page 3, after line 5, insert the following:

In accordance with the agreement among the United States, Egypt, and Israel, effected by an exchange of letters signed August 3, 1981, such United States share shall not exceed 60 per centum of the budget for the expenses connected with the establishment and initial operation of the multinational force and observers during the period ending September 30, 1982, and shall not exceed 33⅓ per centum of the budget for the annual operating expenses of the multinational forces and observers for each financial year beginning after that date.

On page 3, line 23, after "4.", insert "(a)";
On page 3, line 24, beginning with "sell", strike through and including "perform" on line 25, and insert "provide";
On page 4, line 1, after "technical", insert "support and";
On page 4, line 1, strike "for the support of,", and insert "to";
On page 4, line 2, after "observers", insert "without reimbursement and";
On page 3, line 3, after "direct", insert the following: "when such provision of support or services would not result in significant incremental costs to the United States."
On page 4, line 5, beginning with "Reimbursements", strike through and including the period on line 7; and
On page 4, after line 7, insert the following:
(b) The President is authorized to provide military training to the armed forces of other countries participating in the multinational force upon such terms and conditions as the President may direct.
SEC. 5. Nothing in this resolution shall affect the responsibilities of the President or the Congress under the War Powers Resolution (Public Law 93–148) nor does this resolution authorize the use of United States Armed Forces or civilian personnel in circumstances or for purposes beyond those specified in the protocol with the Governments of Egypt and Israel signed on August 3, 1981.

Mr. BAKER. Mr. President, I ask unanimous consent that the committee amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, the committee amendments are considered and agreed to en bloc.

UP AMENDMENT NO. 476

Mr. ROBERT C. BYRD. Mr. President, I send to the desk an amendment on behalf of Mr. PELL, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from West Virginia (Mr. ROBERT C. BYRD), on behalf of Mr. PELL, proposes an unprinted amendment numbered 476.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Add a new "SEC. 6. It is the sense of the Congress that the President should give careful consideration to assigning responsibility for the coordination of United States support of the Multinational Force and Observers to the Director of the U.S. Arms Control and Disarmament Agency consistent with his statutory responsibilities."

● Mr. PELL. Mr. President, I am offering an amendment to Senate Joint Resolution 100. My amendment would express:

SEC. 6. It is the sense of the Congress that the President should give careful consideration to assigning responsibility for the coordination of United States support of Multinational Force and Observers to the Director of the United States Arms Control and Disarmament Agency, as consistent with his statutory responsibilities.

In its report on the U.S. peacekeeping role in the Sinai and the establishment of the new multinational peacekeeping force, the Government Accounting Office concluded that the Congress:

May want to require the Executive Branch to establish a focal point within the United States Government to manage U.S. participation.

In response, Assistant Secretary Fairbanks wrote to Chairman PERCY to say that the executive branch recognizes fully the need for such a focal point and is considering various alternatives.

It would be appropriate to assign this responsibility to the Director of the Arms Control and Disarmament Agency.

Section 2(d) describes as one of the four primary functions of the agency:

The preparation for, operation of, or as appropriate, direction of United States participation in such control systems as may become part of United States arms control and disarmament activities.

There is a significant precedent for this since ACDA has been in the forefront of oversight of the implementation of the Antarctic Treaty, which was ratified by the United States in 1960.

The Antarctic Treaty internationalized and demilitarized the Antarctic Continent and provided for its cooperative exploration and future use. It is an example of nations being willing to work together in advance to prevent the possibility of conflict before that possibility develops.

At my suggestion, the committee asked the executive branch to prepare a report assessing the various management and coordination options, including that of assigning primary responsibility to the Director of the Arms Control and Disarmament Agency. That report, which I expect to be available soon, should assist the President in his decision.

Mr. President, my amendment will not bind the President in any way. It will, however, encourage the very careful consideration of the feasibility of a primary role for ACDA in this valuable undertaking.

I ask for the immediate consideration of my amendment.●

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 476) was agreed to.

● Mr. PERCY. Mr. President, President Anwar Sadat of Egypt will be remembered in history for many things, but the most tangible and we all hope the most enduring monument to President Sadat is the Treaty of Peace between Israel and Egypt of March 26, 1979. A basic feature of that treaty is the provision for a multinational peacekeeping force and related observers to be stationed in the Sinai following the Israeli withdrawal from that area. Such a contingent is to perform specified functions designed to enhance the confidence of both Israel and Egypt in the security of the border areas.

Mr. President, the joint resolution before us, Senate Joint Resolution 100, would authorize the participation of U.S. personnel, both military and civilian, in such a multinational force and observers (MFO), as well as contribution of $125 million to get the force underway. That amount is reflected in the President's revised budget proposals for fiscal year 1982 coupled with proposed offsetting reductions. I urge my colleague to support this resolution and thereby give tangible evidence of our support for the peace process which President Sadat so courageously set in motion.

Mr. President, Vice President Mubarak yesterday reiterated the support of the Egyptian Government for the continuation of the peace process and the implementation of the peace treaty with Israel. In this period of uncertainty following President Sadat's death, I think it is essential that the United States give concrete evidence of its own commitment to the process and its willingness to commit people and resources to the goal of a lasting peace in the Middle East.

The Israeli-Egyptian Peace Treaty called for these security arrangements to be provided under the auspices of the United Nations and to be effective prior to the withdrawal of Israeli forces from Egyptian territory on April 25, 1982.

However, during the negotiations leading up to the 1979 peace treaty, the possibility was recognized that an agreement might not be reached in the United Nations for the establishment of such a force. President Carter, therefore, assured both Israel and Egypt in separate letters to each, that—

If the Security Council fails to establish and maintain the arrangements called for in the Treaty, the President will be prepared to take those steps necessary to ensure the establishment and maintenance of an acceptable alternative multinational force.

On May 18, 1981, the President of the U.N. Security Council indicated that the Council would not be able to reach the necessary agreement for a multinational peacekeeping force. Therefore, the United States, whose delegation was led by Ambassador Michael Sterner, proceeded to negotiate with Israel and Egypt an agreement for the creation of such a force. A protocol to that effect was signed on August 3, 1981. The text of this protocol and its annex are appended to the committee's report.

I would emphasize two aspects of this resolution. The first concerns the nature of the U.S. contribution to the MFO. Subject to congressional approval, the United States agreed to contribute to the multinational force an infantry battalion—808 people—a logistics support unit—356 people—and a group of 50 civilian observers. Thus, the number of American military personnel will be about 1,200, or less than half of the total anticipated complement of 2,500 people. The United States also agreed to a financial commitment which should total about $170 million during the first 3 years; $135 million will be contributed during the first year, which is 60 percent of the initial start-up—mainly construction—costs of the operation, the other

40 percent to be borne equally by Israel and Egypt.

In succeeding years, and subject to annual authorizations and appropriations, the U.S. share would be limited to one-third of the annual cost of maintaining the force. Such U.S. share is estimated to be about $35 million, with the other equal shares contributed by Israel and Egypt. The United States also agreed to continue its aerial surveillance to assist in monitoring the treaty.

The director general of the MFO will be an American. Two 500-man infantry battalions, along with units for communications and for boat and air operations, are to be provided from forces outside the region.

To date, Colombia, Uruguay, and Fiji have agreed to contribute units. An active duty Norwegian lieutenant general, has been appointed the military ground commander.

The second aspect of the resolution concerns the issue of war powers. The committee has made clear by adding a new section 5 to the resolution. That it is not intended to supersede or otherwise affect the operation of the war powers resolution of 1973. It is not and should not be cited as advance congressional authority for use of U.S. Armed Forces for any other purpose than the limited functions of the peacekeeping force.

We would expect, for example, that the dispatch of the U.S. military personnel involved would trigger the reporting requirement of section 4(a)(2) of the war powers resolution. I would note for the record that the committee report contains a typographical error on that point in referring to section 4(a)(1).

Mr. President, I think the timing of our approval is very important. The support of the Senate for the multinational force is not in doubt. I urge my colleagues to approve this resolution today without delay.●

● Mr. PELL. Mr. President, I strongly support approval of Senate Joint Resolution 100, which authorizes the participation of the United States in a multinational force and observers arrangement. This force must be brought into existence prior to the withdrawal of Israeli forces from Egyptian territories in the Sinai on April 25, 1982.

The assassination of Egypt's President Anwar Sadat underscores the need to do all that we can to bring peace and stability to that troubled region. The United States should make certain it supports wholeheartedly the efforts of both Egypt and Israel to continue the peace effort.

This measure will keep that peace process on track. In the difficult period ahead, the orderly continuation of the return of the Sinai and the presence of a multinational force in that region will provide a sense of progress and continuity.

Mr. President, we in the Senate are divided on many issues, and some of the most important involve the Middle East. We are not divided as to the importance and need for this measure. I urge its immediate approval.●

The PRESIDING OFFICER. The joint resolution is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The joint resolution having been read the third time, the question is, Shall it pass?

So the joint resolution (S.J. Res. 100) was passed.

The preamble was agreed to.

The joint resolution, with its preamble, reads as follows:

S.J. RES. 100

Whereas the treaty of peace between Egypt and Israel signed on March 26, 1979, calls for the supervision of security arrangements to be undertaken by United Nations forces and observers; and

Whereas the United Nations has been unable to assume those responsibilities; and

Whereas a protocol initialed on July 17, 1981, by the Government of the Arab Republic of Egypt and the Government of the State of Israel provides for the creation of an alternative multinational force and observers to implement the treaty of peace; and

Whereas the Government of the Arab Republic of Egypt and the Government of the State of Israel have requested that the United States participate in the multinational force and observers: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized to assign, under such terms and conditions as he may determine, personnel of the Armed Forces of the United States to participate in the multinational force and observers to be established in accordance with the protocol between Egypt and Israel initialed July 17, 1981, relating to the implementation of the security arrangements of the treaty of peace. The President is also authorized to provide, under such terms and conditions as he may determine, United States civilian personnel to participate as observers in the multinational force and observers. The status of United States Government personnel assigned to the multinational force and observers shall be as provided in section 629 of the Foreign Assistance Act of 1961, as amended.

SEC. 2. The President is authorized to agree with Egypt and Israel that the United States will contribute a share of the costs of such multinational force and observers in accordance with the protocol, subject to the authorization and appropriation of necessary funds.

In accordance with the agreement among the United States, Egypt, and Israel, effected by an exchange of letters signed August 3, 1981, such United States share shall not exceed 60 per centum of the budget for the expenses connected with the establishment and initial operation of the multinational force and observers during the period ending September 30, 1982, and shall not exceed 33⅓ per centum of the budget for the annual operating expenses of the multinational forces and observers for each financial year beginning after that date.

SEC. 3. There are authorized to be appropriated to the President to carry out chapter 6 of part II of the Foreign Assistance Act of 1961, in addition to amounts otherwise available to carry out that chapter, $125,000,000 for the fiscal year 1982 for contributions as authorized by section 2 of this resolution. Amounts appropriated under this section are authorized to remain available until expended.

SEC. 4. (a) Any agency of the United States Government is authorized to provide administrative and technical support and services to the multinational force and observers without reimbursement and upon such terms and conditions as the President may direct when such provision of support or services would not result in significant incremental costs to the United States.

(b) The President is authorized to provide military training to the armed forces of other countries participating in the multinational force upon such terms and conditions as the President may direct.

SEC. 5. Nothing in this resolution shall affect the responsibilities of the President or the Congress under the War Powers Resolution (Public Law 93–148) nor does this resolution authorize the use of United States Armed Forces or civilian personnel in circumstances or for purposes beyond those specified in the protocol with the Governments of Egypt and Israel signed on August 3, 1981.

SEC. 6. It is the sense of the Congress that the President should give careful consideration to assigning responsibility for the coordination of United States support of the Multinational Force and Observers to the Director of the United States Arms Control and Disarmament Agency consistent with his statutory responsibilities.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

INTERNATIONAL YEAR OF DISABLED PERSONS (1981)

Mr. BAKER. Mr. President, I ask unanimous consent that the Chair lay before the Senate, Senate Concurrent Resolution 4, dealing with the International Year of Disabled Persons.

The PRESIDING OFFICER. The concurrent resolution will be stated by title.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 4) expressing the sense of the Congress with respect to implementing the objectives of the International Year of Disabled Persons (1981).

The PRESIDING OFFICER. Without objection, the Senate will proceed to its immediate consideration.

The Senate proceeded to consider the concurrent resolution.

Mr. DOLE. Mr. President, I am pleased to see that the resolution I introduced last February concerning the International Year of Disabled Persons has finally cleared the Labor and Human Resources Committee and will hopefully be passed by the Senate today.

During the months since the initial festivities kicking off the international year, local communities, businesses, and many organizations representing disabled individuals have coordinated efforts to bring about an awareness of the achievements of handicapped Americans, as well as problems they face in their attempts to enter the mainstream of our society. In a way, this year provides a point in time at which to stop and evalu-

ate the progress that has been made over the last decade in assisting our disabled citizens to participate in everyday activities that all Americans seem to take for granted.

It is important to note that 1981 is the year of disabled persons—it is not the year of "handicapped" persons, and this is a significant distinction. A disabled person is handicapped only to the extent that he or she is prevented from achieving a goal, earning a living, or realizing a dream. Throughout my life, I have known persons who might have fallen into the category of physically handicapped, but they succeeded in attaining great things of the mind or spirit. They have personally overcome all kinds of barriers—physical, environmental, psychological, and attitudinal—in order to achieve what they set out to do. Government policy has helped somewhat during the last 10 or so years, but there is still much that can be done. The public sector working hand in hand with the private sector, opens the door to many possibilities.

EMPLOYMENT OF THE DISABLED

We in the United States are beyond the stage where sympathy is a substitute for a chance to develop one's skills. It is time that all Americans realized the tremendous potential among the resources of 35 million citizens—all they are asking for is an opportunity to show what they can do, and not be denied a chance to hold down a job because somebody else simply decided they cannot do it. Physical mobility has increased, and the same thing must happen with economic mobility.

We have a new President who outlined the economic policies of his administration as "jobs, jobs, and more jobs," and we need to make sure that disabled persons are included in these jobs. We look to the President and the Congress to make certain that the millions of new jobs that his economic program is intended to create during the next few years will go to people regardless of whether they are able to walk to work or ride in a wheelchair—whether or not they can hear the sounds of an office around them.

DEMANDS OF BALANCING THE BUDGET

Mr. President, we are all aware that we are living in a time of fiscal austerity and that the Federal budget has been strained beyond belief by the incredible demands for its services. Although the demands for dollars have never been greater, there has been no decrease in the needs of the disabled within our society.

The Congress recognized this fact when it continued to fund most disabled programs at current levels, even giving an unheard-of increase in certain instances at a time when all other programs were being cut back significantly or even dismantled. Although we have a responsibility to help those who cannot help themselves, we have an equal responsibility to make certain that they are given the opportunities to help themselves when possible.

Mr. President, the Senator from Kansas does not foresee any retreat from the commitment of the past decade, but there will be a greater reliance upon the private sector as a partner in meeting the economic needs of the disabled. Across the board, the message that Government can no longer handle all of the fiscal responsibility has been loud and clear, and business will be invited to pick up some of the slack.

This year, we witnessed the passage of the greatest tax cut in American history, and, since much of it was specifically aimed at the business community, it seems fair to ask business to assume a certain amount of social responsibility along with the rewards.

STERLING EXAMPLE OF PRIVATE SECTOR RESPONSIBILITY

Mr. President, last year, I had the opportunity to speak with a Menninger Foundation Council sponsoring the projects with industry program. I think this program exemplifies the kind of path that remains full of possibilities for our disabled citizens. PWI provides the best evidence I can think of to support the theory that a small investment in the disabled can lead to a substantial payoff in both financial and social terms.

Across the country, 90 PWI programs have put 5,500 people to work, and taxes on their $50 million wages alone will more than double the entire public expenditure on the program. It seems to the Senator from Kansas that PWI has been successful because it stresses the capabilities—not the disabilities—of the individuals it employs. It works because it emphasizes independence and competition, as well as compassion.

Most importantly, it gives people a reason to hope, while allowing them to prove their usefulness and take home a paycheck. Along with their participation in this kind of social commitment, employers have discovered that it takes less accommodation than they had originally thought to hire handicapped workers. With the removal of architectural barriers has evolved the fading of attitudinal barriers.

INTENT OF RESOLUTION

Mr. President, this resolution was intended to focus the attention of Members of Congress on the needs and achievements of disabled Americans, and to channel this awareness into constructive initiatives that might be taken through the legislative process to further assist our handicapped citizens, and perhaps improve upon already-existing programs. A companion resolution passed the House of Representatives last spring, and I am pleased to note that 26 of my distinguished colleagues in the Senate have joined me in cosponsoring Senate Concurrent Resolution 4.

The Senator from Kansas would also like to congratulate the U.S. Council for the International Year of Disabled Persons on the tremendous job they have done during the past months in coordinating public and private participation in the activities of the IYDP. Also, a special word of recognition should go to the Federal Interagency Committee which coordinates the activities for the International Year of Disabled Persons within the Federal Government.

Mr. President, this resolution comes before the Senate during a symbolic week that has been designated "National Employ the Handicapped Week." It is this area which requires the vital interest and continuing commitment of the public and private sectors working together, in order to fully implement the objectives of the International Year of Disabled Persons.

For years, we have been aware of the need for rehabilitation and job training for our Nation's handicapped citizens. Although budgets in Washington are facing further trimming, our commitment to economic justice for the disabled can never be cut back. Rather than covering the disabled with a cloak of fiscal austerity, we should be searching for ways to better tap their human resources and permit them to make their contribution to a society that has historically provided opportunities for all Americans. Economic commonsense suggests that we harness the talents and energies of our underutilized population and conscience demands that we open more doors to allow the full participation of 35 million disabled citizens in what has always been the American dream.

Mr. RANDOLPH. Mr. President, it is a privilege to cosponsor and support Senate Concurrent Resolution 4, "expressing the sense of the Congress with respect to implementing the objectives of the International Year of Disabled Persons." The United Nations chose "full participation" as the theme of the International Year of the Disabled. This resolution recognizes the progress made by disabled Americans and the progress that must be made by and on behalf of these persons if the goal of "full participation" is to become a reality.

We realize that achieving the goal of full participation of our handicapped citizens in American society requires courage and commitment to overcome the challenges that face handicapped and nonhandicapped Americans in this endeavor. In recognition of the challenges that full participation poses for this Nation, a group of concerned men and women formed the U.S. Council for the International Year of Disabled Persons. The council has sought to build on the progress in this country toward full participation. Its objective is the securing of meaningful commitments from communities, corporations and organizations in meeting the goal of full participation of our handicapped citizens in our local, State, and national communities.

This partnership program has been a nationwide effort to encourage communities to set local goals and to develop short- and long-term programs to meet those goals. The president of the U.S. Council for the International Year of Disabled Persons, says there are 1,850 communities which are taking part in this grassroots partnership effort. I am gratified that in our State of West Virginia, there are 25 towns and cities participating in an active way.

The corporate partnership program encourages companies to make a firm commitment to the full participation of disabled persons and to undertake efforts consistent with the long-term goals of

the council. The Institute of New Challenges also encourages special initiatives that involve the public and private sections in biomedical research, technology, international interchange, volunteerism, and overcoming attitudinal barriers.

Handicapped persons have historically faced enormous life challenges. The U.S. Council for the International Year of Disabled Persons has chosen a most appropriate slogan, "Meeting the Challenges Through Partnerships"; the efforts made by the council to secure commitments from communities, corporations and organizations assists in creating a foundation for facing those challenges with constructive participation in the years ahead.

Mr. President, I urge my colleagues to gladly support this sense-of-the-Congress resolution, Senate Concurrent Resolution 4.

Mr. HATCH. Mr. President, since October 11–17, 1981, has been designated by the United Nations as the week to commemorate the International Year of the Disabled, I believe that it would be appropriate for us to consider and vote to adopt Senate Concurrent Resolution 4. This resolution expresses the sense of Congress with respect to implementing the objective of the International Year of Disabled Persons (1981).

Last February, President Ronald Reagan issued a White House proclamation declaring 1981 as the International Year of Disabled Persons. He said:

We seek, in the 1980's, an era of national renewal, an era that will set loose again the energy and ingenuity of the American people. Today, there are 35 million disabled Americans who represent one of our most underutilized national resources. Their will, their spirit, and their hearts are not impaired despite their limitations. All of us stand to gain when those who are disabled share in America's opportunities. Through partnerships of disabled and nondisabled persons, of our private sector and our government, and our national state and community organizations, we can expand the opportunity for disabled Americans to make a fuller contribution to our national life.

Let me reiterate a phrase from this proclamation:

Their will, their spirit and their hearts are not impaired despite their limitations.

At the President's Committee for Employment of the Handicapped annual meeting held last spring, I was remined of a quote by Robert Frost. He said:

The world is full of willing people . . . some willing to work and others willing to let them.

Handicapped persons are very willing to work but we need to give them the chance to demonstrate their potential skills and talents. We all know that it is sound economics to provide training, education, and employment for all our citizens. Any individual, independent of government assistance, lightens the taxpayers' burden, strengthens the economy, learns the value of self-worth and the pride of accomplishment.

Take for example, Afton, a 56-year-old handicapped woman from Smithfield, Utah. With appropriate training and placement, Afton is now a contributing taxpayer. Quoting from the Logan Herald Journal:

She loves her job . . . her work is her life, her key to independence and proof of her worth and ability to contribute . . . no one ever criticizes her for not pulling her own weight. In fact, when asked about what she thought about the proposals to raise the retirement age from 65 to 70, Afton thought that it would be great to be able to work the extra five years.

In a hearing I chaired last Thursday, Justin Dart, Jr., a disabled person who is also chairman of the Texas Governor's Committee for Employment of the Handicapped, made the following plea:

I submit to you that this Nation simply cannot afford the moral and economic cost of maintaining millions of potentially productive citizens in unwanted, unjust dependency. I ask each one of you to join with us, the disabled, in our efforts to become self-reliant, productive and independent to get off the welfare roles and onto the tax rolls.

Last week, in preparation for National Employ the Handicapped Week, President Reagan encouraged the Federal Government to become a model utilizing the talents of our disabled citizens. I am proud that Congress is already trying to implement the President's latest admonishment and has been hiring more disabled individuals.

Helen Keller said that the best and most beautiful things in the world cannot be seen or even touched. They must be felt with the heart. Like Helen Keller, may we continue to have compassionate hearts and help our disabled Americans become productive employees and as independent as possible. In this way, we will be able to feel the will, spirit, and hearts of our handicapped citizens not only during 1981, the International Year of Disabled Persons, but for years to come.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution (S. Con. Res. 4) was agreed to.

The preamble was agreed to.

The concurrent resolution, with its preamble, reads as follows:

S. CON. RES. 4

Whereas a new era in recognition of human rights and universal respect for these rights has begun;

Whereas the United Nations General Assembly has declared 1981 as the International Year of Disabled Persons;

Whereas the United States has made great strides during the last decade in improving the lives of thirty-five million American citizens with physical and mental disabilities;

Whereas there is still much to be done to open doors for disabled persons;

Whereas the United States recognizes the need for further progress in strengthening public understanding and awareness of the needs and aspirations of disabled persons; and

Whereas the United States Council for the International Year of Disabled Persons is coordinating public and private participation during the International Year of Disabled Persons: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that the President shall take all steps within his authority to implement, within the United States, the objectives of the International Year for Disabled Persons (1981), as proclaimed by the United Nations General Assembly Resolution 31/123 of December 16, 1976, as well as the goals of the Federal Interagency Committee which coordinates the activities for the International Year of Disabled Persons within the Federal Government.

SEC. 2. The Secretary of the Senate shall transmit a copy of this concurrent resolution to the President.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

U.S. HOLOCAUST MEMORIAL COUNCIL

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate calendar order 292, S. 1672, the Holocaust Memorial Council.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 1672) to expand the membership of the U.S. Holocaust Memorial Council from 60 to 65, and for other purposes.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its immediate consideration.

The Senate proceeded to consider the bill which had been reported from the Committee on the Judiciary.

Mr. THURMOND. Mr. President, the Senate is today taking action on S. 1672, a bill introduced by Senator BOSCHWITZ on September 28 of this year. This bill makes two minor changes in Public Law 96–388 which established the Holocaust Memorial Council. It would first expand the membership of the Council from 60 to 65. Second, it would make certain technical amendments in the appointment authority of the Executive Director, basically authorizing him to hire three assistants outside the GS schedule. Senator BOSCHWITZ, one of the congressional members of the Holocaust Council, feels that these changes will improve the effectiveness of the Council. The administration and the Council are also in support of this bill.

The Committee on the Judiciary considered S. 1672 during its business meeting of October 6 and ordered it favorably reported. The bill was reported to the Senate that same day.

It is my understanding that Senator BOSCHWITZ plans to offer an amendment to the section of S. 1672 dealing with the hiring authority of the Executive Director. This amendment simply clarifies that the three employees which the Executive Director is given authority to hire may not be paid in excess of the basic pay for GS–18 of the General Schedule. This is the pay cap set under Public Law 96–388 for the Executive Director. I might also add the salaries to be paid to these three employees must come out of existing appropriations for the Council. That appropriation is set

at $800,000 for fiscal year 1982 and $850,000 for fiscal year 1983. I support Senator BOSCHWITZ' amendment placing this monetary limitation on the hiring authority of the Executive Director.

UP AMENDMENT NO. 477

Mr. BAKER. Mr. President, I send to the desk an amendment on behalf of the distinguished Senator from Minnesota (Mr. BOSCHWITZ) and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Tennessee (Mr. BAKER), on behalf of Mr. BOSCHWITZ, proposes an unprinted amendment numbered 477.

Mr. BAKER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3, lines 8 and 9, after the word "compensation", add the following: "At a rate not to exceed the maximum rate of basic pay payable for GS-18 of the General Schedule,".

● Mr. BOSCHWITZ. Mr. President, this is a technical amendment to legislation I recently introduced regarding the Holocaust Memorial Council. My bill, S. 1672, expands the membership of the Council from 60 to 65 and makes certain changes in the Executive Director's appointment authority.

The distinguished chairman of the Judiciary Committee, Senator THURMOND, has pointed out to me, however, that my bill creates some uncertainty as to the level of compensation for the staff of the Holocaust Council. Therefore, I am offering an amendment to clarify this uncertainty. My amendment stipulates that no Council staffer can be paid more than the Executive Director, whose own pay is capped by law at the GS-18 level of the General Schedule.

I propose that in section 4, subsection (b), line 17, of S. 1672, immediately following the word "compensation," there be inserted the phrase "at a rate not to exceed the maximum rate of basic pay payable for GS-18 of the General Schedule."

Mr. President, I think this modification improves my bill and I thank the Senator from South Carolina for his suggestion.●

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 477) was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

So the bill (S. 1672) was passed, as follows:

S. 1672

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act to establish the United States Holocaust Memorial Council", approved October 7, 1980 (94 Stat. 1547; Public Law 96-388), is amended—

(1) in subsection (a) of section 2 by striking "sixty" both times it appears and inserting in lieu thereof "sixty-five";

(2) in subsection (b) of section 2 by—

(A) striking "the initial" in the first sentence;

(B) striking all matter in the second sentence preceding "shall serve" and inserting in lieu thereof "All noncongressional voting members";

(C) in division (1) striking "initial" and inserting in lieu thereof "noncongressional voting members";

(D) in division (2) striking "ten" and inserting in lieu thereof "eleven";

(E) in division (3)—

(i) striking "ten" and inserting in lieu thereof "eleven"; and

(ii) striking "initial"; and

(F) in the full sentence following division (3) striking "initial";

(3) in paragraph (1) of subsection (c) of section 2 by striking "the initial members of the Council" and inserting in lieu thereof "noncongressional voting members".

(4) in subsection (b) of section 5 by amending such subsection to read as follows:

"(b) The Executive Director shall have authority to appoint employees in the competitive service subject to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and general schedule pay rates. Notwithstanding any other provision of law, the Executive Director may appoint and fix the compensation at a rate not to exceed the maximum rate of basic pay payable for GS-18 of the General Schedule, of up to three additional employees as are necessary to carry out the functions of the Council.".

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I am advised that one Member on this side has notified us that he is on the way to the floor and has a statement to make and perhaps a resolution to introduce.

I expect to ask the Senate to stand in adjournment after that statement and within the time allocated for the transaction of routine morning business.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader state at this time what the program will be for Wednesday, the day of the reconvening of the Senate?

Mr. BAKER. Mr. President, I thank the minority leader for his query.

SOCIAL SECURITY BILL

The intention of the leadership on this side is to make the pending business the so-called social security bill, which I propose to do in a few moments, assuming that our further check on the clearance for that is satisfactory and complete.

That would mean that when the Senate returns on Wednesday, we would continue the consideration of the social security bill.

FOREIGN ASSISTANCE

I hope, as well, to be able to proceed during that week to the consideration of the foreign assistance bill and to continue with the debate and consideration of that measure until it is completed. We feel that it is essential that the Senate complete its action on that measure at a reasonably early date.

Beyond that, I expect to have an announcement to make shortly after the Senate does reconvene. But, for the time being, I expect that when the Senate returns next week, it will be fully occupied with the consideration of the so-called social security bill and amendments thereto and the foreign assistance bill, which perhaps will extend into the beginning of the following week.

Mr. ROBERT C. BYRD. Will the distinguished majority leader indicate whether or not it might be possible to set a time on Wednesday, upon our return, prior to which there would be no rollcall votes?

Mr. BAKER. Mr. President, in response to the question of the minority leader, the resolution of adjournment, which the Senate will address shortly, provides for adjournment over until Wednesday at noon, I believe.

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. It would not be the intention of the leadership to ask the Senate to engage in rollcall votes, unless they are necessary to establish the presence of a quorum, before late afternoon. I cannot at this time establish a firm time before which there would not be votes, but I anticipate that it would be 4 or 5 o'clock in the afternoon on Wednesday before the Senate would be required to engage in rollcall votes.

Mr. ROBERT C. BYRD. I thank the distinguished majority leader.

Will the majority leader obtain an order for me for 15 minutes on Wednesday?

ORDER FOR RECOGNITION OF SENATOR ROBERT C. BYRD ON WEDNESDAY

Mr. BAKER. Mr. President, I ask unanimous consent that on Wednesday, after the recognition of the two leaders under the standing order, the distinguished Senator from West Virginia (Mr. ROBERT C. BYRD), the minority leader, be recognized on a special order for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I thank the majority leader.

RESTORATION OF MINIMUM SOCIAL SECURITY BENEFITS

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 261, H.R. 4331.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

EXTENSION OF TIME FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that the time for the transaction of routine morning business be extended for 5 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESOLUTION OF DISAPPROVAL OF A SYNFUEL LOAN GUARANTEE

(Submitted by Mr. SCHMITT, for himself and Mr. PROXMIRE.)

Mr. SCHMITT. Mr. President, I am submitting a resolution of disapproval of the proposed loan guarantees extended by the Department of Energy to the Oil Shale Corp., a wholly owned subsidiary of Tosco.

Under section III of the Energy Security Act of 1980 the Department of Energy is authorized to extend loan guarantees provided that neither House disapproves the proposed loan guarantees within 30 legislative days after its submission to Congress. This period for the Tosco project expires October 15. For this reason I am asking that the resolution not be referred to committee, but be held at the desk so that it can be discussed and voted on before the October 15 deadline.

Tosco, an oil refining company, has sought the guarantees to cover its part of the Colony oil shale project. The project, located in Garfield County in western Colorado, is a joint venture with Exxon, wherein Exxon owns 60 percent and Tosco the remaining 40 percent. In the project's huge plant Tosco will use their own process to refine the large oil shale deposits there into liquid fuel, a percentage of which—10,000 barrels a day for 10 years—the Department of Defense would, under the agreement, be allowed, though not required, to buy at market prices. If the project continues as planned, it will begin production in 1985.

The estimated total cost of the plant is $3.154 billion, and TOSCO's share is $1.493 billion of that amount. TOSCO has requested, and the Department of Energy has approved, $1.12 billion in loan guarantees, which is 75 percent of TOSCO's exposure, the maximum permissible percentage under law. Exxon has not asked for Federal assistance for its portion of the financing.

The Colony project is the only full-scale commercial oil shale project to receive all permits necessary to begin construction, and they have demonstrated, to the satisfaction of the Department of Energy, its economic and environmental viability.

The TOSCO project's economic viability, not its environmental viability, has aroused some of my serious questions today. In my opinion, any time the Government interferes in the private market, such as it would by extending the loan guarantees to TOSCO, it is its responsibility to answer to the country for spending their capital. That responsibility has been abandoned to a large degree in the granting of these loan guarantees.

Loan guarantees are promises by the Federal Government to pay any debts that the beneficiary, in this case TOSCO, might be unable to repay to its lenders, theoretically providing security to lenders who otherwise might not risk undertaking certain financial ventures deemed necessary for the Nation's good.

The net effect of the guarantee, of course, is to siphon capital, which is painfully scarce and expensive today, from commercially viable enterprises to enterprises which for some reason cannot stand on their own economically.

In presenting their case to the Department of Energy, and again in hearings in both the Senate and the House, TOSCO has made an excellent case for its commercial viability, stressing the market need for oil shale production and the thorough preparations they have made to insure that the project can go forward immediately. Exxon, who as I said, has not asked for Federal assistance, clearly thinks the project is viable, as is attested by the fact that just this year they paid Arco $300 million in order to purchase their shares in the Oil Shale Corp.

Why, if the promises of the project are so overwhelming, does this venture deserve $1.12 billion in guarantees from the Government? It has not been shown to my satisfaction that TOSCO could not find financing elsewhere. No information has been provided regarding the question of Exxon's willingness to further finance it, or TOSCO's efforts to find other financing. Why should they want to if the Government can underwrite "dream loans" for them, anyway?

Few people realize that last fiscal year Federal loan and loan guarantee programs preempted an even greater share of domestic credit resources than did the deficit. That is, in large measure, because the budget outlays are more published. Because of their unobtrusive nature, loans and loan guarantees have become an easy vehicle though which to siphon vast amounts of capital to favored lobby and interest groups; and unlike the recent exercise in budget cutting that affected many of lower or moderate income groups, many of the Federal lending programs are directed to individuals and enterprises that are not economically disadvantaged and who have access to private sources of credit.

Such may be the case with the TOSCO project; $1.12 billion is not money to throw around, and its effect on the capital market, whether through the budget deficit or loan and loan guarantees is exactly the same. We must begin to get this almost undercover practice of indiscriminate loan guaranteeing under control and recognize it for the devastating force it has become in our economy.

Why does TOSCO need our money? Do they need the full amount? What other options for financing are available? We must answer these questions. They are fundamental to consideration of this project and they have not nearly been answered satisfactorily.

Mr. President, the TOSCO oil shale project is the first of its kind ever to be granted Federal money under the Energy Security Act and as such it is setting a significant precedent that other such companies will expect to be able to follow: $1.12 billion is a great deal of money capable of furthering Federal distortion of this country's credit markets; and where $1.12 billion begins, other such projects can pick up. Congress has only until the 15th of this month to review the loan guarantee.

Mr. President, this loan guarantee is for $1.12 billion and would have the same effect over the same period of time as that addition to the Federal deficit in terms of raising the pressures on interest rates and in allocating credit to the specific projects.

Under the auspices of the Banking Committee, I chaired and participated in a hearing this morning in which appropriate witnesses testified on this project. as the jurisdiction over the Defense Production Act lies within that committee.

I was convinced that the project would proceed in the absence of these loan guarantees. In fact, the partner, TOSCO, has already invested some $300 million in purchasing the ARCO interest in this project; and I fully expect that the obvious corporate decision of Exxon to move into the oil shale synthetic fuels area on this project would proceed without the Government's participation.

Whether that is true or not, it is this Senator's feeling that, as so often is said nowadays, this is not the time. This is not the time to be asking this Senator, as chairman of the Labor-Health-Human Services-Education Subcommittee on Appropriations to cut 12 percent across the board of the controllables under the jurisdiction of that subcommittee—almost $3 billion—in order to relieve pressure on interest rates, while at the same time the administration is asking for a loan guarantee authority which has the same effect as an increase in the Federal deficit.

Mr. President, I ask unanimous consent that the resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

S. RES. 229

Resolved, That the Senate does not favor the synthetic fuel action numbered 1981–1 received by the Congress on September 9, 1981.

Mr. SCHMITT. Mr. President, I now, with the leader's indulgence, ask unanimous consent that the resolution dealing with synthetic fuels action No. 1981–1 received by Congress on September 9, 1981, be held at the desk so that action can take place prior to the October 15 deadline.

Mr. BAKER. Mr. President, reserving the right to object, I say to my friend from New Mexico that I regret to tell him that it is necessary at the moment for me to object on behalf of other Senators. I will be happy to try to expedite

the consideration of this matter in any way I can. I know of his deep interest in this matter and his great expertise. But at this moment I must on behalf of other Senators and I do now object.

The PRESIDING OFFICER. Objection is heard.

Mr. SCHMITT. Mr. President, I recognize the leader's position. I understand it and hope that those Senators who are interested in the time remaining between now and the 15th might be able, through his leadership, to find some accommodation of their views and have an opportunity to consider this resolution on the floor.

Mr. BAKER. I thank the Senator.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader for reserving the right to object and for objecting. Had he not done so I would have been constrained to do the same.

Mr. BAKER. I thank the Senator.

PENDING BUSINESS

Mr. BAKER. Mr. President, if morning business has concluded, and I see by the clock that the time for morning business has expired, then what is the business before the Senate?

The PRESIDING OFFICER. The pending business is H.R. 4331, to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

Mr. BAKER. Very well. I know of no further business to come before the Senate. I know of no other requests to speak. I observe that the minority leader indicates he does not wish to speak and has no requests, I assume.

ADJOURNMENT UNTIL WEDNESDAY, OCTOBER 14, 1981

Mr. BAKER. Mr. President, I move, in accordance with House Concurrent Resolution 201, that the Senate stand in adjournment until 12 o'clock noon, on Wednesday, October 14, 1981.

The motion was agreed to; and at 5:47 p.m. the Senate adjourned until Wednesday, October 14, 1981, at 12 o'clock noon.

NOMINATIONS

Executive nominations received by the Senate October 7, 1981:

DEPARTMENT OF STATE

Jean Broward Shevlin Gerard, of New York, for the rank of Ambassador during the tenure of her service as the U.S. Permanent Representative to the United Nations Educational, Scientific, and Cultural Organization.

DEPARTMENT OF JUSTICE

Robert N. Miller, of Colorado, to be U.S. attorney for the district of Colorado for the term of 4 years vice Joseph F. Dolan, term expired.

Alan H. Nevas, of Connecticut, to be U.S. attorney for the district of Connecticut for the term of 4 years vice Richard Blumenthal, term expired.

Ronald D. Lahners, of Nebraska, to be U.S. attorney for the district of Nebraska for the term of 4 years vice Edward G. Warin, resigned.

Robert D. Olson, Sr., of Alaska, to be U.S. Marshal for the district of Alaska for the term of 4 years (reappointment).

Ralph L. Boling, of Kentucky, to be U.S. Marshal for the western district of Kentucky for the term of 4 years vice Robert L. Wright, resigned.

Charles Pennington, Jr., of Kentucky, to be U.S. Marshal for the eastern district of Kentucky for the term of 4 years vice Billie Lykins, resigning.

Laurence C. Beard, of Oklahoma, to be U.S. Marshal for the eastern district of Oklahoma for the term of 4 years vice Rex O. Presley, resigning.

Kernan H. Bagley, of Oregon, to be U.S. Marshal for the district of Oregon for the term of 4 years vice Wallace P. Bowen, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate October 7, 1981:

DEPARTMENT OF TRANSPORTATION

Harold E. Shear, of Connecticut, to be Administrator of the Maritime Administration.

FEDERAL MARITIME COMMISSION

James J. Carey, of Illinois, to be a Federal Maritime Commissioner for the remainder of the term expiring June 30, 1985.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

DEPARTMENT OF JUSTICE

John A. Smietanka, of Michigan, to be U.S. attorney for the western district of Michigan for the term of 4 years.

Kenneth W. McAllister, of North Carolina, to be U.S. attorney for the middle district of North Carolina for the term of 4 years.

Samuel T. Currin, of North Carolina, to be U.S. attorney for the eastern district of North Carolina for the term of 4 years.

Rodney Scott Webb, of North Dakota, to be U.S. attorney for the district of North Dakota for the term of 4 years.

George W. F. Cook, of Vermont, to be U.S. attorney for the district of Vermont for the term of 4 years.

Thomas C. Greene, of Alabama, to be U.S. Marshal for the northern district of Alabama for the term of 4 years.

Melvin E. Jones, of Alabama, to be U.S. Marshal for the middle district of Alabama for the term of 4 years.

Lynn H. Duncan, of Georgia, to be U.S. Marshal for the northern district of Georgia for the term of 4 years.

Ralph D. Morgan, of Indiana, to be U.S. Marshal for the southern district of Indiana for the term of 4 years.

Leonard R. Gilman, of Michigan, to be U.S. attorney for the eastern district of Michigan, to be U.S. attorney for the eastern district of Michigan for the term of 4 years.

DEPARTMENT OF DEFENSE

James R. Ambrose, of North Carolina, to be Under Secretary of the Army.

Jay Raymond Sculley, of Virginia, to be an Assistant Secretary of the Army.

IN THE AIR FORCE

The following-named officer under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 8066, in grade as follows:

To be lieutenant general

Maj. Gen. James H. Abmann [redacted] FR, U.S. Air Force.

IN THE NAVY

The following-named rear admirals of the Reserve of the U.S. Navy for permanent promotion to the grade of rear admiral in the line and staff corps, as indicated, pursuant to the provisions of title 10, United States Code, section 5912:

LINE

Nelson Otto Heyer
Robert Louis Zralek
William Henry Langenberg
Clarence Arthur E. Johnson, Jr.
John William Cronin, Jr.
Howard Roop
Thomas Albert Stansbury
Lester Robert Smith
Michael Peter Nemchick
Carlos Paul Baker, Jr.
Donald Thomas Corrigan
Whitney Hansen
Ted Levy

MEDICAL CORPS

Henry Turner Edmondson, Jr.
Joseph Hardy Miller

SUPPLY CORPS

Alexander Jackson III
Gerald Clayton Sullivan

CIVIL ENGINEERING CORP

Roy "L" Dunlap

JUDGE ADVOCATE GENERAL'S CORPS

Julian Robert Benjamin

DENTAL CORPS

Charles Frederick Schreier, Jr.

IN THE COAST GUARD

Coast Guard nominations beginning John D. Bogle, to be lieutenant (j.g.), and ending Thomas A. Jarrard, to be lieutenant (j.g.), which nominations were received by the Senate on August 11, 1981, and appeared in the CONGRESSIONAL RECORD of September 9, 1981.

Coast Guard nominations beginning Malcolm D. Stevens, to be lieutenant commander, and ending Richard C. Simonson, to be lieutenant (j.g.), which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on September 24, 1981.

IN THE AIR FORCE

Air Force nominations beginning Douglas K. Acheson, to be lieutenant colonel, and ending Roger G. Santala, to be lieutenant colonel, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on September 24, 1981.

Air Force nominations beginning Paul R. Aarnio, to be major, and ending Kenneth A. Lamkin, to be captain, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on September 24, 1981.

IN THE NAVY

Navy nominations beginning Stephen M. Bahr, to be commander, and ending Andrew A. Kannesieser, to be lieutenant commander, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on September 24, 1981.

IN THE MARINE CORPS

Marine Corps nominations beginning Jeffrey L. Abate to be lieutenant colonel, and ending Richard D. Young, to be captain, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on September 24, 1981.

EXTENSION OF REMARKS

EFFECT OF HIGH INTEREST RATES

HON. ED JONES

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. JONES of Tennessee. Mr. Speaker, I want to take a moment today to speak out on an issue that has been of growing concern to me over the past several months: The effect of outrageously high interest rates on our Nation's agricultural sector.

During the past few months, I have traveled extensively throughout my west Tennessee district talking to farmers and small businessmen about the issues of most concern to them. With the possible exception of feared cuts in the social security program, the most talked about issue on the minds of my constituents was the stagnant and crippling effects of high interest rates now being felt in our rural farm areas.

This high interest rate policy imposed by the Federal Reserve Board, and being fostered and supported by the President and his economic advisers, is having a profoundly detrimental impact on any chance of successful program for economic recovery.

In focusing on the effects of high interest rates on American farmers, I think it is helpful to look at a few cold facts.

According to figures released in August by USDA's Economic Research Service, farm foreclosures are expected to exceed 2,900 in this year alone. This figure represents an incredible 26-percent increase over last year. In large part, I believe the cause for this alarming projection can be attributed to the deadly one-two punch of inflation and high interest rates.

In my own State of Tennessee, the rate of farm foreclosures has more than quadrupled over the past year, and now stands at nearly three times the national average.

The racing increase in the appreciation of land values that we have experienced in recent years seems to be breaking fast. Appreciation in land value is not keeping pace with inflation, and the equity which farmers have in their land is rapidly being eaten away by the high cost of repaying loans for farm production and real estate.

Not only are high interest rates having their devastating effect on the farmer, but the rural resident is not without escape from their effects either. Take the rural electric utility and cooperative sector for example: Interest as a percent of total costs can be in excess of 50 percent.

Contrary to the general impression that rural electrics borrow from the Rural Electrification Administration at very low interest rates, 85 percent of REA financing is loaned at rates currently in excess of 15 percent.

The effects of the high interest rates on the consumer of the rural electric cooperative are devastating. The average monthly interest cost of energy per rural consumer produced by a new plant constructed with the current 15 percent REA-Federal Financing Bank rate is almost $50. This interest cost is for energy production alone and does not include the fuel, distribution, maintenance, administrative, depreciation, taxes, and other necessary costs.

Unless interest rates are brought under control, their effect will be to fuel the fire of inflation through higher electric energy rates and higher costs of food and other basic necessities to all Americans.

Mr. Speaker, I appreciate this opportunity today to share with my colleagues these important concerns. I have personally contacted the President with my views on this issue. If we continue on this road of high interest rate policies, I fear we will shut off any opportunity for the expansion of the economy, particularly in our farm and rural areas, that we are all hopeful of.●

NEW CITIZENS

HON. JOSEPH F. SMITH

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. SMITH of Pennsylvania. Mr. Speaker, I rise today to bring to the attention of the Members of the House remarks which were delivered by the Honorable Gregory G. Lagakos, judge of the court of common pleas for the city of Philadelphia, on the occasion of the naturalization of new citizens.

These words eloquently describe the principles on which our country was based. We should all keep these ideals in mind as we serve the people of our country in this great body.

The remarks follow:

REMARKS OF HON. GREGORY G. LAGAKOS

Your Honor Judge Newcomer, representatives of the Philadelphia Bar Association (our Nation's oldest organized Bar Association), distinguished guests and fellow citizens.

I thank the Honorable Clarence C. Newcomer, Judge of this distinguished United States District Court, for the invitation he has accorded to me. I deeply value the privilege and the opportunity to say a few words of greeting to you our newest fellow citizens. Just a few minutes ago, you received the oath of American citizenship and you have just given your allegiance to the democracy, to the heritage, to the spirit and to the laws of our country.

It was here in Philadelphia that freedom in the New World was born in 1776. As you know, our Nation was founded by immigrants. (The only aborigines are the Eskimo and the American Indian.) And these pioneers brought with them the strong desire to work, to become productive and to give their children and grandchildren a better opportunity to get an education and to have a better life than they could receive elsewhere.

My own parents were immigrants. My father arrived in 1904; my mother in 1909. They knew this was a land of opportunity, just as thousands upon thousands; yes, millions upon millions before them knew this. Today, forty-three children, grandchildren and great grandchildren later, there are thirty-two college and university degrees in my family. And I say this, not in terms of braggadocio—but in tribute to my parents, who inculcated the love of freedom and education into their children and into their children's children.

My fellow citizens, on the base of the Statue of Liberty are the immortal words which symbolize the spirit of America, "Give me your poor, your tired, your huddled masses yearning to breathe free. Send these the homeless, the tempest tossed to me. I lift this lamp beside this golden door." To what golden door did Emma Lazarus refer? To the door of golden opportunity.

But just like any other door—it takes a particular key to unlock it. That key is hard work. There is no substitute for hard work. Opportunity and hard work go hand in hand. In fact, hard work has always been the cornerstone of America's economic progress.

Recently, I received a letter from a great Pennsylvania Superior Court Judge, the Honorable Stephen J. McEwen, Jr. In writing about the United States he said, and I quote, "The orators echo that it is a land of freedom and the authors describe it as a land of abundance. They are, of course, correct, but this country is every bit as much a land of opportunity." Oh, my friends, isn't that beautiful? That is the credo of America!

But with opportunity there also devolves upon us a series of corresponding responsibilities. First, the responsibility and the obligation to obey the law. The statesman Pericles said in one of his great orations wherein he paid honor to his fellow citizens who had laid down their lives in the defense of their country, "We are a free democracy, but we are obedient. We obey the law of Athens."

And so—Obedience to the law is a cardinal principle of good citizenship. We must all obey the law; the laws of the Congress, the

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

laws of our State Legislature and the Ordinances of our City.

What is the second fundamental responsibility of good citizens? Socrates said it over 2,500 years ago (and the concept of citizenship he laid down then still obtains today). He said, "The person who is not interested in the affairs of his government is not a man who minds his own business—but is a man who is good for nothing." The immortal poet, Dante, restated this same principle in slightly different language some 2,000 years later. He said, "The hottest places in Hell are reserved for those who in the time of great moral crisis maintain a neutrality."

What both Pericles and Dante were saying to their fellow citizens in Athens and in Rome, is something in which I strongly believe and that is that a good citizen must be interested in his government and in what goes on in his country. He must be willing to get involved. And this brings us to the third principle and responsibility of citizenship—which could also be really listed as the first. He must Vote.

You, citizens of this great land—of this great democracy—you now have the opportunity—and the obligation—to vote. Later on this morning when you attend the reception to be given in your honor at the Balch Institute for Ethnic Studies (just a few blocks from here), "registration to vote" booths will be set up so that you can register to vote. This will be your first official act as a U.S. citizen. Be certain to avail yourselves of this privilege. Just think of what millions upon millions of people throughout the world would give to have this opportunity—this responsibility!

So, what will you do, my fellow Americans? And this is the beauty of America! No one will ever force you to vote, or to work hard, or to give your children a better education than you were able to receive in you former homeland. It is up to you, you have the freedom of choice. But, remember, the decisions you make will affect your life and the life of this fine Nation as well.

I should like to leave with you a closing thought, with a final observation. Whatever you do in life—whatever occupation you follow—try to pursue excellence. Try to do anything you do better than it has ever been done before. John Gardner said it recently, and he said it much better than I can, so I quote him, "An excellent plumber is infinitely more admirable than an incompetent philosopher. The society that scorns excellence in plumbing, because plumbing is a humble activity, but tolerates shoddiness in philosophy because it is an exalted activity, will have neither good plumbing nor good philosophy—neither its pipes nor its theories will hold water."

Remember that, my fellow citizens—practice it and teach it to your children—"pursuit of excellence". By pursuing excellence, you will help to keep this country great and will become a better citizen in the process. I congratulate you—and America as well. We are now a stronger Nation—because of you.

Good luck and congratulations, my fellow Americans!●

CHARLESTON NAVAL SHIPYARD EMPLOYEES SHOULD NOT BE LIABLE FOR NAVY ERROR

HON. THOMAS F. HARTNETT

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. HARTNETT. Mr. Speaker, 16 civil service employees at the Charleston Naval Shipyard have been required to repay the Government a portion of their per diem allowance, as a result of an erroneous overpayment by the Navy. The Navy, which acknowledges the administrative error, is unable under current law to cancel the repayment order. Therefore, I am introducing a private relief bill to relieve these employees of all liability to repay the Government.

The total amount to be mollified by my bill is $12,434.65. The amounts per individual vary from the lowest of $434 to the highest of $1,250.05. This variation among the 16 employees is due to differences in calendar time and training time during the specified temporary duty period for which per diem allowances were authorized and paid.

This matter was first brought before the Congress in 1977. In that year Senator THURMOND introduced a similar bill which received favorable passage in the Senate. The House, however, failed to consider the companion bill and the Navy has now begun to collect the repayment through payroll deductions.

Mr. Speaker, these employees have been financially penalized due to a Government error. These employees worked and received their payments in good faith. It would be unjust to garnish their wages because of an oversight made by the Navy. I strongly urge my colleagues to support this relief bill.●

FORGOTTEN WIDOWS

HON. DUNCAN HUNTER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. HUNTER. Mr. Speaker, today I am introducing legislation designed to help a class of citizens which has been long ignored, the "forgotten widows." Destitution and despair are often the only legacy of many widows who devoted their lives to following their military husbands around the world in the service of this Nation. Many of them experienced hardships, constant moving, little stability, and in some cases long absence from their husbands. It is a tragedy to know that there are many elderly women in the United States who for 20, 30, or more years made the special sacrifices required by their husbands' careers in the Armed Forces and yet who now live in or near abject poverty, abandoned by the country they felt they too were serving. Many of these widows refuse to swallow their pride and apply for welfare, a term repugnant to many self-reliant older Americans. What adds insult to injury is that they feel, and I wholeheartedly agree, they are entitled to assistance based on their long years of support and service to our military men and should not have to depend on a handout.

I am today introducing the forgotten widows bill, originally sponsored by two longtime champions of military widows, former Congressman Bob Wilson and Senator STROM THURMOND. This legislation would provide coverage under the survivor benefit plan for those widows whose husbands died too soon, that is, for those widows whose husbands died before the survivor benefit plan was enacted in 1972. Those individuals who were widowed prior to enactment of the survivor benefit plan and whose husbands did not participate in the clearly inadequate previous plan, the retired serviceman's family protection plan—RSFPP—were left with nothing. These widows feel that Congress and the Nation has forgotten them and that apt description has stuck.

In 1972, spurred by the desire to create a retirement plan for military personnel on an equitable basis with that provided for civil service personnel, Congress established the survivor benefit plan, which is based on the civil service survivor program in terms of both the cost to the retiree and the ultimate benefit to the survivor. The previous plan, the retired serviceman's family protection plan, which has been in effect for about 20 years was, as I mentioned above, clearly inadequate. The costs were high and the ultimate benefit to the widow low. As a result, participation in the RSFPP in the early 1970's was less than 15 percent. It is interesting to note that the Government had some time ago established a lower cost, higher benefit program for its civilian employees; an adequate military plan took much longer.

When Congress discussed the upgrading of the military survivor benefit program to address the inequities with the civilian version of the program and the serious shortcomings of the RSFPP and the resultant dire circumstances of many military widows, they essentially forgot those whose husbands died before the plan could be enacted. The Defense Department itself has said that the "inability to provide adequate survivor protection will degrade the integrity of the plan and, correspondingly, degrade the cohesive nature of the military compensation system." In several major revi-

sions of the survivor benefit plan since its enactment in 1972, Congress has continued to ignore the forgotten widows. I think that this is clearly degrading to the integrity of the military compensation system and it is high time the situation is corrected. Mr. Speaker, I urge the early passage of this bill to correct the problem.●

A FAMILY TRADITION

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. KEMP. Mr. Speaker, the Federation of Italian American Societies of Buffalo and Western New York holds its 74th annual Columbus Day celebration on October 11, 1981, at the Statler Hotel in Buffalo, N.Y.

On this occasion, the federation has chosen to honor Mr. Louis Russo as its 1981 Man of the Year.

Louis Russo is founder and chairman of the board of Sorrento Cheese Co. located on 2375 South Park Avenue in Buffalo. The success of Mr. Russo and Sorrento Cheese typifies the efforts of so many Italians and other immigrants who came to this country to adopt America as their new home.

While learning how to make cheese in his native village of Sorrento, Italy, where he was born 65 years ago, Lou Russo had an idea. He wanted to be his own boss and start a business which produced a very high quality product efficiently and profitably. America, the land of opportunity became the vehicle for Lou Russo's dream when he emigrated here in 1928.

Now, 53 years later, Sorrento Cheese employs more than 265 people in Buffalo; it produces more than 1 million pounds of milk each day and last year it exceeded $72 million in sales.

More importantly, Lou Russo did not let his drive for business success interfere with his love of family. Anna Mae, his lovely wife of 38 years and Lou Russo are the proud parents of four beautiful children—sons Joseph and John and daughters Carol and Celia. Together, they have made Sorrento Cheese a family affair.

I am very pleased that the federation has chosen to honor a man who has accomplished so much in such a quiet way.

Lou Russo is a man of great character and dignity. He has set a sterling example not only as a successful businessman but as a caring and devoted husband and father.

I am proud to call Lou Russo my friend and I congratulate him on his most fitting tribute.

I now insert an article in the CONGRESSIONAL RECORD which appeared in the Legacy, the Federation of Italian American Societies newspaper, on February 1980 which further describes the accomplishments of Louis Russo:

SORRENTO CHEESE—A FAMILY TRADITION

For Louis Russo, founder and Chairman of the Board of Sorrento Cheese located at 2375 South Park Avenue in Buffalo, you might say that his thriving cheese business is a family affair.

"Our family has been making and selling cheese for four generations" says Russo proudly. "It's been sort of a tradition with us."

Louis Russo first became acquainted with the technique of changing milk into ricotta and mozzerella from his father Peter who in turn had learned it from his father. Since the roots of the business go back to his home town of Sorrento where he was born sixty four years ago.

The second oldest of nine children (4 brothers and 5 sisters) Mr. Russo emigrated to the United States in 1928 and began working for the Polly-O Cheese Company of Brooklyn. It was there that he learned the intracacies of using steam to mass produce huge quantities of cheese demanded by the American public—quite a change from the small village of Sorrento where Louis's mother Theresa would help heat the milk over direct fire.

In addition to learning how to manufacture cheese, Louis Russo's apprenticeship with Polly-O taught him how to market his product to the wholesalers, supermarkets, and pizzerias who needed it.

In 1935, he assumed new responsibilities for Polly-O at their Campbell, New York manufacturing plant in Steuben County. After 15 years at that location, the last 10 serving as plant manager, Mr. Russo was ready to try his own hand in the business.

MOVES TO BUFFALO IN 1946

Three years after he married his wife Anna Mae, Mr. Russo established a fledgling cheese company at the site of the Arcade Co-Op with the help of his partner Francis Porcella.

Soon the Russo expertise and keen business sense began to take hold. In 1949 they needed more space and moved to Beale's dairy at Abbott and Hollywood: by 1960, business was so good that another even bigger location was needed: then came the move to the current South Park address where there has been ever growing expansion for the past five years.

Sorrento Cheese has grown from 18 employees in 1960 to more than 150 people today: the manufacturing and office space now comprises more than 180,000 square feet and most startling is the fact that Sorrento Cheese uses more than 1 million pounds of milk per day and 250 million pounds of milk per year to produce the most delicious and highest quality ricotta, mozzerella, basket, grated Romano, and Spanish cheese anywhere in the United States.

So popular are the Sorrento products, that the demand for them goes well beyond the borders of Buffalo or even New York State. As evidence of this, more than 90% of the total sales of Sorrento are outside Western New York while only 10% is local. You're just as apt to find Sorrento Cheese on supermarket shelves of Detroit, Chicago, Boston, New York City and as far south as Miami as you are at Buffalo's Top's Markets.

And what is the secret of this success? Louis Russo, now a Town of Hamburg resident states it rather simply. "We use premium milk in the best and cleanest equipment and utilize our special patented process to produce and deliver an excellent cheese at a competitive price."

With the able assistance of his sons, Joe, the eldest and corporate President of the firm, John—the Executive Vice President and daughter Celia, Corporate Secretary, Louis Russo anticipates an even brighter future for his company.

"Buffalo offers us a central location to market our products while providing a good water supply and ample electricity for us to operate" claims Russo. In fact, the outlook for even further expansion of Sorrento Cheese is very good indeed.

One of the advantages of teaching the business to his family is that it gives Louis more opportunity to enjoy other pursuits such as the race horses he owns: Winston Hanover and J. J. Judd.

In spite of his great success in Buffalo, Mr. Russo's thoughts occassionally do stray to the place where it all started. "I visited Sorrento in 1970 and had a chance to meet many of my relatives. They are still making cheese, but not the way we do."

Louis enjoyed his trip, he has no regrets about coming to the United States at the tender age of twelve. And it must be said that Sorrento's loss was Buffalo's gain. We are certainly fortunate to have the Russo family and Sorrento Cheese both thriving and contributing to our Western New York community.●

SPEEDING UP GOVERNMENT BILL-PAYING FOR SMALL BUSINESSES

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. WALGREN. Mr. Speaker, a major problem confronting small businesses today is that of late Federal Government payments. Late bill paying robs small businesses of millions of dollars, placing an unfair financial burden on these firms. Since the Government is one of the largest buyers of goods and services, delays create real problems to businesses from which the Federal Government buys.

To solve this problem, I have cosponsored H.R. 2036, a bill that would require the Federal Government to pay its bills within 30 days after payment is due. If the Government fails to meet the payment standards, the Federal agency would have to pay an interest penalty based on a rate determined by the Secretary of the Treasury. The interest penalty would be paid directly from each agency's existing operating funds; thus, there would be no additional costs to taxpayers.

According to General Accounting Office reports, 40 percent of all Federal bills are paid late, with an average delay of 74 days. This condition forces businesses to borrow funds at high interest rates in order to cover their operating costs and to meet cash-flow requirements. Businesses have enough

to worry about without having to deal with late Government payments. They do not have the capability or the resources to finance overdue Government accounts for such long periods of time.

H.R. 2036 would implement a procedure that is already a common practice in the American business communty, that of prompt bill payment. Acting as an incentive, this bill would encourage Federal agencies to review their procedures so payments can be made on time. People and firms have to pay bills on time; so should the Federal Government. Putting an end to bureaucratic bungling in Federal payment practices, enactment of this legislation would solve a major problem that has affected millions of small businesses across America.●

YOUTH UNEMPLOYMENT

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington report for Wednesday, October 7, 1981, into the CONGRESSIONAL RECORD:

YOUTH UNEMPLOYMENT

Few of the problems brought to my attention disturb me more than that of young people who are looking for work but cannot find it. The problem of youth without jobs impresses me each weekend I visit southern Indiana. A young man tells me that he has tried to get a job for months. A college-educated young woman has a job in a drive-in restaurant, but she wants something better. Parents call me aside during a parade and wonder aloud whether education for their unemployed son has really been worthwhile. For these people and many others, a job is the top priority.

Statistics may not adequately measure the true dimensions of youth unemployment. Nonetheless, the available evidence indicates that we have made little progress against the problem. The rate of joblessness among young people aged 16 to 21 years stood at 15.9 percent in July, nearly a full percentage point above the average July figure during the previous five years. Among minority youth, the rate was 34 percent in mid-summer, more than two points over the five-year mid-summer average for that group.

The picture worsens when we look at Indiana alone. It is estimated that 15 to 20 percent of the state's youth is having trouble with employment. The state itself projects that unemployment among teenagers will top 24 percent next year. As we might expect, the basic causes of youth unemployment in Indiana are varied. Some are the ailing national economy, insufficient growth in the Hoosier job market, an uneven geographical distribution of the jobs usually held by young people, discrimination against young women and minority youth, and employers' expectations that youth will have better skills and attitudes. In addition, public and private organizations have not mounted a comprehensive and sustained campaign to find jobs for young people. Also varied are the kinds of young Hoosiers who face the greatest risk of unempolyment. Minorities, high-school dropouts, and children of disadvantaged families are prominent among them, but it should be noted that the high-risk group is three-quarters white and that one-half of its members are high-school graduates. This group is concentrated in large cities, but substantial portions of it are found in the rural areas of the southern part of the state.

Although youth unemployment in southeast Indiana resembles the state's overall problem in many ways, there are key differences. One is the lower number of jobs available to youth who live there. A recent study projects that while nine of ten young Hoosiers statewide will be able to find jobs in 1985, the ratio will be 7.5 to ten in the rural southeast. Employable young people who cannot get work will probably have to move to the cities where more jobs can be found. Another difference is the lack of transportation for rural youth who must commute to work. A job in a distant place is little better than no job at all if young people cannot get to it. Yet another difference is the stigma that may attach to unemployment in the communities of southeast Indiana. People's desire to work is as strong in southeast Indiana as it is anywhere in the nation, so a youth who cannot find a job may eventually come to be regarded as idle.

Whether youth unemployment is viewed from the national, state, or local perspective, its harmful consequences are apparent. A young person who is jobless does not contribute to the economy, and the resource his work represents is wasted. The community may have to support him with a broad variety of costly social services such as food stamps, welfare, and medicaid. Much damage is done to the young person himself. His income is reduced, his self-esteem is diminished, and his social standing is impaired. Without a chance to develop good skills and attitudes early on in life, he may be locked into low-paying, dead-end jobs during his most productive years. His physical and mental health may even be affected. If he commits crimes or begins to abuse drugs and alcohol, he imposes an added burden on the community.

So young people ask me what can be done to help them locate jobs. Any satisfactory answer requires the cooperation of government and the private sector. Many commendable efforts are underway, but we must do better. Since local initiatives are essential, we must work to increase our capacity to deal with local causes of youth unemployment as we concentrate more aggressively on local economic development. Since no single person or institution has, or should have, total responsibility, coordinated programs involving many persons and institutions are needed. Local leaders must help match young people to available jobs, and they must help improve programs of cooperative work-education. Educators must strive to ensure that their students have marketable skills and sound guidance, and they must emphasize basic education in reading, writing, and arithmetic for high-risk students. Family and church must redouble their efforts to create positive attitudes in youth. Businessmen must be willing to offer jobs to young people even if economic conditions are unsteady.

The mood of the country and the condition of the budget will not support massive federal programs to create jobs for young people. However, several federal actions can help put young people back to work. Congress should revise the targeted jobs tax credit so that it would be convenient for employers to use. It should approve special tax incentives for firms which locate or invest in areas where youth unemployment is high. It should strengthen existing programs of education and training so that students would have an easier transition from school to work.

In short, creating jobs for young people should be a top priority for all of us.

NOTE.—Part of this newsletter is based on findings of the Governor's Committee on Youth Employment.●

LEIF ERICSSON DAY

HON. ARLEN ERDAHL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. ERDAHL. Mr. Speaker, on October 12, the Nation will observe Columbus Day, in honor of the Italian seaman credited with discovering the American Continent.

The lands of the Americas were, of course, populated and in existence long before the European presence was established. No doubt the adventure of Christopher Columbus, sailing under a commission of the Spanish Queen, was the real beginning of that presence. I join other Americans, particularly those justifiably proud Italian Americans, in paying tribute to the fortitude and daring of the captain from Genoa.

I want to go back a bit further in history, however, and pay my respects to another great adventurer whose wooden vessel reached these shores several centuries before Columbus' landmark voyage. October 9 of each year has been designated by Congress and proclaimed by the President as Leif Ericsson Day.

Leif Ericsson was neither Italian nor Spanish, but a Norseman, the son of flamboyant Eric the Red of Norway. Leif grew up on the island of "fire and ice" called Iceland.

In about the year 1000, Leif captained a Viking ship, sailing southwesterly until he reached not only land, but land so sumptuous with promise that it was given the name "Vinland."

The early Vikings did not see the land's promises fulfilled, and after only a brief sojourn, left colonization to others. But they were here. And many centuries later, Scandinavian emigrants arrived in North America in significant numbers, among them my own mother and grandparents. Thus, aside from marking an event of history, I have a personal reason for remembering this particular individual, representative of a breed of men and women bold enough to challenge the unknown and uncharted.

This week we have taken special note of men of courage, and are saddened by the brutal death of one of them, Egyptian President Sadat. It is proper that we also count among the memorable figures in world history the Norse adventurer Leif Ericsson.●

DR. KOOP'S NOMINATION

HON. DONALD JOSEPH ALBOSTA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. ALBOSTA. Mr. Speaker, the U.S. Senate has begun confirmation hearings on the nomination of Dr. C. Everett Koop for the position as this Nation's next Surgeon General.

On September 28, 1981, the following article appeared in the Detroit News. This article factually illustrates the high standards and qualifications possessed by this distinguished pediatric surgeon. It is my hope that the Senate will review the many accomplishments made by Dr. Koop in his 35 years of service and act positively on the confirmation of Dr. Koop as the next U.S. Surgeon General.

It is with this thought that I offer the following article for my colleagues in the Congress to review:

[From the Detroit News, Sept. 28, 1981]

POLITICS AND PUBLIC HEALTH

Dr. Charles Everett Koop is President Reagan's proposed nominee for U.S. surgeon general. The pediatric surgeon currently serves as deputy assistant secretary for health, and has compiled an extraordinary record during his 35 years of practice.

Dr. Koop is internationally recognized as a pioneer in his field. He has helped make anesthesia safe for children, had extensive experience treating young cancer patients, and has performed difficult surgery on the separation of Siamese twins. His several awards include the French Legion of Merit.

Yet Dr. Koop's nomination is opposed by several groups, including the American Public Health Association (APHA), whose executive director told a congressional committee that the renowned physician's experience has been too narrow to qualify him for the post of surgeon general.

Never mind that Dr. Koop did extensive volunteer work with public health programs in Third World nations, the APHA leader insists the nominee lacks experience in preventing diseases in large populations.

This complaint is curious considering Dr. Koop's role in preventing a dysentery epidemic in the Dominican Republic; in training Indian nurses to work with an isolated Mexican tribe to prevent the spread of disease; in helping to set up a Ghanan medical school; in beginning a fellowship program to send medical students to rural hospitals in Third World nations; and in aiding in the establishment of public-health facilities in more than two dozen nations.

The distinguished physician's candidacy has run aground on two statutory technicalities. The position requires that the individual possess actual public-health experience, and be under 64 years of age. Dr. Koop's remarkable record in the public-health field does not quailfy as official experience—and he is 64 years old.

His congressional advocates are working to alter these outdated limitations so Dr. Koop will be eligible for the post. His opponents are laboring to block the amendments and the nomination.

Why is APHA, which hasn't in its 109 year history opposed the nomination of anyone to be surgeon general, so adamant about Dr. Koop? The answer, we suspect, lies in the physician's articulate oppostion to abortion.

Prior to joining the government this year, Dr. Koop served on the boards of three right-to-life organizations. He co-authored a book that suggests a philosophical link between abortion, infanticide, and euthanasia. Though APHA denies any philosophical quarrel with Dr. Koop, it has long supported proabortion causes.

His foes have even attempted to portray his religious convictions as fanaticism, hinting that the physician is a backwoods Bible thumper who would politicize the public health service.

If Dr. Koop is judged on his estimable record, he would receive swift confirmation as U.S surgeon general. Should his opponents succeed in blocking the appointment, they will confirm the rapid politicization of the public health service.●

EDITORIAL VIEWPOINT

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. BEREUTER. Mr. Speaker, I wish to share with my colleagues several editorials that have appeared recently in the Norfolk Daily News, one of the newspapers serving my congressional district.

The first, "Found Wanting," discusses the significance of block grants. The second, "A Ceiling That Isn't," discusses recent debate on increasing the debt limit.

Both offer an interesting perspective, and I urge my colleagues to read them.

[From the Norfolk Daily News, Sept. 28, 1981]

FOUND WANTING

President Reagan did not get all he wanted in authority to turn over responsibility for social welfare programs to the states. But the block grants which will be provided to state governments for their use in dealing with such things as mental-health aid, child care subsidies or fuel assistance payments do initiate the concept. That is, the states will exert more control, though the "price" of this authority is represented in lesser total funds from Washington.

The president sought to include more programs, $16.5 billion in fact, in block grants. He received $7.5 billion, and Congress kept strings on some of the programs within that amount.

But at least there is a change in the direction of more federal money with more federal control. Critics of the change believe it to be a return to the days when state's exercised their rights by choosing to do nothing about pressing social problems. At least that is the view of those who feel the federal government ought to be picking up more of the tab.

The welfare responsibilities of government are so commonly accepted these days that such fears are unwarranted. By supplying billions of dollars, yet leaving the details of management to local government, the federal government is not abandoning its "concern" for the needy as critics of block grants suggest. It is, instead, deciding that Congress and the executive branch of government do not need to be quite so meddlesome, that savings may result and the dollars provided may go further in solving the problems which do exist.

Surely the many years of experience in the assumption of greater responsibility by the federal government in resolving the problems of youth unemployment, dealing with poverty, or overcoming education deficiencies have proved something: That the greater the amounts spent and the more federal-level workers involved, the more the problems seem to grow.

If this period in the nation's history had been accompanied by a decline in the numbers of the nation's needy, the disadvantaged or even the disorderly, one could assume the direction taken in national policy was the correct one. The opposite has been evident for a long time. Finally there is a disposition in Washington to look at what is, not what is hoped for.

What is evident is that the federal government is good at raising money and printing it, poor at resolving social problems. It has tried on a grand scale and found wanting. The courage to recognize this result is all that is asked.

[From the Norfolk Daily News, Sept. 30, 1981]

A CEILING THAT ISN'T

The Senate continues its struggle with the measure which was designed to break the federal government's habit of spending more than it takes in. The "debt limit," fixed at $985 billion for this fiscal year, must be raised. If that has not been done by the close of business today, then the limit would have reverted to the "permanent" figure of $400 billion. And the government could have written no checks.

The customary script in this annual play was followed. Late yesterday, the efforts to place amendments on an extension and thereby make it impossible to approve, or of Sen. William Proxmire to filibuster beyond the deadline, were dealt with. The limit was raised, to $1,079 trillion.

When Congress is done with its most urgent work this session, it ought to address the "ceiling" matter once and for all. The current one has no meaning—its existence has not deterred Congresses and past administrations from creating more deficits. We thought it might serve the purpose of slowing up the deficit spenders—but evidence that it has done that is lacking, too.

So the ceiling is nothing more than an excuse for some political posturing every year or two. And even if President Reagan's budget-cutting performance were to get far more cooperation from Congress than has been evident, in two years the ceiling will have to be lifted. So the legislated federal debt limit is much like the human appendix. It seems to exist for a purpose, but no one can figure out quite what that is.●

A SALUTE TO AN OUTSTANDING EMPLOYEE

HON. WAYNE GRISHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. GRISHAM. Mr. Speaker, I would like to take this time to pay a special tribute to my outstanding receptionist-secretary, Mary Margaret Gleason, who will celebrate her 27th birthday on October 9. Although almost everyone on the Hill is aware of this momentous occasion, I want to make sure that my distinguished colleagues are informed of this important date as well.

Mary Margaret Gleason began her career on the Hill 9 years ago, and has been with me since I arrived in the House in 1979. Since day one, she has been invaluable to the smooth operation of my office. Her thorough knowledge of the Hill has served my constituents well, and her effervescent personality makes everyone feel right at home in 120 Cannon.

This is a complex world in which we live, Mr. Speaker, and sometimes people lose the art of communication. Mary Margaret is the master. She goes out of her way to help constituents and always has a kind word for all. It is impossible to be down when Mary Margaret is around.

Mary Margaret Gleason cares about the people she works with, and we care about her. Happy birthday, Mary Margaret, may you have many, many more—in my office.●

NEWS MEDIA CRITICIZED

HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. DANIEL B. CRANE. Mr. Speaker, Mr. Claude Spencer, a brilliant analyst of current events and a man whom I have the honor of calling my friend, recently wrote a letter to the editor of the Danville, Ill. Commercial-News commenting on the news media.

Mr. Spencer points out that the news media can take much of the responsibility for the difficulty in convincing good people to run for elective office. This is due to reporters and editors whose alleged "investigative journalism" gets in the way of truth and factual reporting.

The letter follows:

NEWS MEDIA CRITICIZED

EDITOR: "The sky is falling, the sky is falling," cried the rabbit and all the creatures of the forest ran and ran trying to find a safe place. What had the rabbit heard? It was only the crash of an old dead tree.

We still have the rabbits among us but now they work in the newsroom of our papers, our radio stations and our TV stations and networks.

For example, some aide to the president suggests that consideration be given to cutting the fat out of some social program and immediately the news "rabbits" make headlines with, "The president to cut out bla, bla, bla." Immediately everyone who might or might not be affected sounds the alarm, runs for cover, and writes or calls his congressman. The news is magnified to the point of having no semblance of the truth.

Our news media want "open meetings" that they may know and may inform us of the proceedings that are of interest to us. They even want to attend "study" sessions. Why? To report that consideration is being given to the "falling sky" when someone asked, "What was the noise?"

One of the best techniques for solving problems is that of asking everyone to mention a possible solution even if it may sound ridiculous, that all solutions will be considered and one idea may lead to another. Can you not hear the report that councilman proposed, "Perhaps we should let the sky fall and see what happens." He would be all but crucified in the headlines.

Why do we have so much trouble getting good people to run for office? The news media, I think, can take much of the responsibility.

The news media insists not only upon stating the facts, as they see them, but also in projecting the results as they see them. Would that our newspapers were limited to reporting facts in one section of the paper. Perhaps in another section, we could read or not read their projection. Also, the projections of politicians, business analysts, etc., should be limited to this section.

If given the facts, most people can think for themselves. But in most cases, the facts are adulterated with the opinions of the reporter.

To sort out the truth from the opinions, the projections, is frequently impossible. In fact, many times, the truth is hidden in the "gook" we must read or listen to and we lose interest because of the obviously prejudiced opinion.

CLAUDE E. SPENCER.●

PRESIDENT RECOGNIZES CONTRIBUTIONS OF THE HANDICAPPED IN THE WORK FORCE

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. WALGREN. Mr. Speaker, I am pleased to call to the attention of my colleagues a proclamation issued by President Reagan designating this week as National Employ the Handicapped Week. We have made great strides in breaking down barriers that impeded handicapped Americans in the past. But as the President ably states much more needs to be done.

The proclamation, as published in the Federal Register, follows:

NATIONAL EMPLOY THE HANDICAPPED WEEK, 1981

(A proclamation by the President of the United States of America)

Communities across the land have formed partnerships—between disabled and non-disabled, labor and industry, employers and employees—to assure that disabled people might share fully in the American dream. There is a real need for such partnerships, and for these ties to continue and expand.

Employers throughout the country are opening their doors to qualified disabled workers. This is happening not just because of existing laws, but because disabled men and women have been establishing such fine work records. Yet not all employers have opened their doors equally wide. We must therefore continue our efforts to find more and better jobs for people with disabilities.

Gains have also been made in education, training, housing, transportation and accessability. We need to make the 1980s years in which disabled individuals achieve the greatest possible access to our society, maximum independence, and full opportunity to develop and use their capabilities.

The Congress, by joint resolution of August 11, 1945, as amended (36 U.S.C. 155), has called for the designation of the first full week in October each year as National Employ the Handicapped Week. Recognition of this special week presents the opportunity to dedicate ourselves to meeting the goal of expanded opportunity for disabled Americans.

NOW, THEREFORE, I, RONALD REAGAN, President of the United States of America, do hereby designate the week beginning October 4, 1981, as National Employ the Handicapped Week. I urge all Governors, Mayors, other public officials, leaders in business and labor, and private citizens to help meet the challenge of the future in which all disabled Americans will participate fully in our country's many opportunities.

IN WITNESS WHEREOF, I have hereunto set my hand this second day of October, in the year of our Lord nineteen hundred and eighty-one, and of the Independence of the United States of America the two hundred and sixth.

RONALD REAGAN.●

WILLIAM REES-MOGG RECOMMENDS AN INTERNATIONAL MONETARY SYSTEM BASED ON GOLD

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. KEMP. Mr. Speaker, William Rees-Mogg, former editor of the London Times, probably the most respected journalist in the United Kingdom, has had a special interest in monetary matters for many years. In 1974, he trenchantly outlined the problems of the West with inconvertible paper currencies in a book entitled "The Reigning Error: The Crisis of World Inflation."

In the latest issue of the London Spectator, Mr. Rees-Mogg proposes that the United Kingdom restore gold convertibility for the pound sterling. "No economic policy which does not attack both unemployment and inflation is now worth considering," he observes. He concludes: "Convertibility into an objectively determined standard is now the only way in which we can restore validity to our money;

unless we can revalidate our money both unemployment and inflation will continue to rise."

I believe the opinion of Mr. Rees-Mogg, whom I have the privilege to call a friend, lends weight to the proposal for gold convertibility of the U.S. dollar. The breakdown of the gold-based Bretton Woods system made inflation a global, not merely a national, disease. I recommend this excellent article to my colleagues:

GOLD TO THE RESCUE?

(By William Rees-Mogg)

No economic policy which does not attack both unemployment and inflation is now worth considering. With unemployment at the 3 million mark, it is obviously necessary to take measures which will reduce it. But inflation not only remains at a dangerously high level, but has at least helped to cause the unemployment. Therefore, a policy of attacking unemployment which is itself inflationary can actually lead to higher unemployment.

There are two reasons why inflation causes unemployment. The first is that price increases have a deflationary effect on economic activity. When prices are put up, fewer goods are sold and therefore it is the nature of rising prices to create unemployment. The second is that inflation naturally leads to high interest rates. This has long been observed and there is a very relevant quotation to be made from Keynes's tract on monetary reform (1923):

'When the public take alarm faster than they can change their habits, and, in their efforts to avoid loss, run down the amount of real resources, which they hold in the form of money, below the working minimum, seeking to supply their daily needs for cash by borrowing, they get penalized, as in Germany in 1923, by prodigious rates of money-interest. The rates rise, as we have seen in the previous chapter, until the rate of interest on money equals or exceeds the anticipated rate of the depreciation of money. Indeed it is always likely, when money is rapidly depreciating, that there will be recurrent periods of scarcity of currency, because the public, in their anxiety not to hold to much money, will fail to provide themselves even with the minimum which they will require in practice.'

In the early stages of an inflation, when the rates of price increase are low, these effects are more than offset by the increase in the supply of money and by the encouragement to business of the expectation of profit by the rise in the value of stocks. In the later stages of inflation, it is normal for the real value of the money supply to fall. In August 1923, the real purchasing power of the whole German note issue had fallen by approximately 98.8 per cent from the level in December 1920, despite the enormous increase in the number of notes issued. This contraction in the real value of the money supply inevitably reduced the real level of activity in the economy.

The causes of world recessions, such as the present one, are always complex, but a major factor is the relationship between the level of the rate of interest and the level of profitability in business. Investment will only be made if there is an expectation that the profit from the investment will be higher than the cost of financing the investment over its lifetime.

When normal interest rates are extremely high businessmen do not expect to be able to make a profit by borrowing money. They may be forced to borrow money in order to keep their existing businesses going, but they will be very reluctant to borrow in order to make speculative expansions of their businesses. As investment is necessary to maintain full employment, high interest rates cause unemployment by discouraging investment. The present level of world interest rates, particularly in Britain and the United States, does in fact make it unprofitable to invest, and makes high unemployment inevitable.

It is no good, for reasons which were first explained by John Locke in the early 1690s, to try to depress the rate of interest artificially. Any measures to reduce the rate of interest must be the real measures which operate through the market and not artificial measures which operate against the market.

The first real measure that is open to a government is to adopt a rational rule for its own budget policy and to stick to it. There is no reason why governments should not borrow in order to finance productive capital investment. There is every reason why governments should not borrow in order to finance their current expenditure or transfer payments. It is almost inevitable that such borrowings will both push up the rate of interest and therefore damage business investment and, because they are seldom fully funded they will tend to increase the rate of inflation of the money supply.

We do not need to invent any new rules, though we do need to bring back and improve the rules that used to exist. The division between above the line and below the line expenditure in the budget should be revived and all current expenditure should be covered by taxation. The Government ought to go back to the rule of a balanced budget; they should put capital expenditure including the investment but not the losses of public sector industry below the line. That would give a reasonable future expectation for the requirements of government finance and would allow the market to foresee what calls the Government would be likely to make upon the savings of the community.

This in itself would be helpful, but it would not be anything like sufficient to bring down interest rates to the point which is required. Interest rates now reflect the high expectations of inflation and a general decline in confidence in paper currencies.

The decline in gilt-edged and bond markets shows that fewer and fewer people are prepared to hold currencies for the long term. As most currencies are at a significant risk of hyper-inflation, long-term investment in this rubbishy money has indeed become very foolish.

Apart from inflation itself, the fluctuations in the floating exchange market have helped to erode confidence in all currencies. The chance of a speculative profit by holding a currency does not counter-balance the fear of future loss. The pound has gone in a few months from $2.40 to below $1.80. What a way to encourage speculation and destroy confidence.

It is not merely coincidence that the period of convertible fixed rate currencies was a time of lower interest rates; it is unlikely that long-term interest rates can be restored to reasonable levels unless the world returns to a fixed rate system as well as to balanced budgets.

The problem is that the currencies of the world have deteriorated so much in quality and confidence that to make one type of paper convertible into another type of paper, when both are of low grade, does not add much to confidence in either. You cannot validate pig by pork. You cannot make people trust a lie by making it fully convertible into a fraud.

To get low interest rates, the world will therefore have to restore convertibility into gold at a fixed price. The interest rates on an instrument convertible into gold would be very low. The short-term interest rates on a currency that is convertible into gold at a fixed price would be unlikely to be over 2 per cent.

The ideal course would be to have another international conference on the model of Bretton Woods and reach international agreement on a new exchange system with a strengthened International Monetary Fund and gold convertibility for all major currencies at a fixed rate. Despite the interest in gold in Washington, there is no chance of obtaining such agreements in time to stop British unemployment from rising still further, or in time to do the present Government any good.

It is obviously far more difficult for an individual government to go back on to the Gold Standard on its own, but British problems at present are extreme. The lines of policy that are at present being followed do not, on the most favourable estimate, allow for the radical improvement in control of inflation and employment which is needed. Nor do any of the alternative policies proposed.

If the pound were to be made convertible into gold coin on a single nation basis, that would go very far to validate the pound and it would certainly tend to reduce interest rates, no doubt to less than a quarter of their present level. It might be necessary to have a very wide buying and selling spread. If, for instance, the pound were to be made convertible into gold at £300 to the ounce—which would itself represent a devaluation of more than 98 percent from the 1931 level—the spread might have to be from a buying level of £250 to a selling level of £350. Even such a wide spread would bring to an end the lack of any point of valuation for the pound.

The advantages would be immense. The pound would become a relatively stable currency, British interest rates would fall, activity and employment would start to rise, and there would be an inflow of foreign funds which would be sufficient to prevent a further rise in costs through the depreciation of sterling. It might be that further depreciation in other currencies would in course of time push the pound up, but circumstances of stability and low interest rates would give British industry an excellent opportunity to remain competitive. Of course domestic economic policy would itself have to match these objectives.

What we have been facing since the autumn of 1973 is a world crisis of confidence in currencies caused by the weak and inflationary policies of democratic governments and the success of the OPEC cartel in raising oil prices. That crisis of confidence is continuing to become more acute. Convertibility into an objectively determined standard is now the only way in which we can restore validity to our money; unless we can revalidate our money both unemployment and inflation will continue to rise.●

IN SUPPORT OF THE PUBLIC WORKS AND TRANSPORTATION PROGRAMS

HON. RAY KOGOVSEK

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. KOGOVSEK. Mr. Speaker, I would like to bring to the attention of my colleagues section 402 of title 23, U.S.C., which are important funds for the implementation and continued success of highway safety programs in the United States.

Judge Kim Goldberger of Jefferson County, Colo., came to talk to me about his work and that of Cordell Smith, the Colorado State director of highway safety, in reducing accidents, injuries, and fatalities through judicial education in the State of Colorado.

I am told that only 2 to 3 percent of 402 funds are used in the adjudication portion of highway management according to the Department of Transportation.

On October 5, the National Highway Traffic Safety Administration of the Federal Highway Administration began hearings as required by the Omnibus Budget Reconciliation Act of 1981. [Sec. 1107 (D), Public Law 97-35.]

The Federal Highway Administration should look to funding the adjudication process and also at funding for the National Judicial College, at Reno, Nev.

As a member of the Committee on Public Works and Transportation, I supported Chairman Howard's support of this program. I take this opportunity to urge our colleagues in the Senate to support the funding of section 402 of title 23, U.S.C.●

FLORIDA REGION OF THE NATIONAL FEDERATION OF JEWISH MEN'S CLUBS ISSUES AWACS STATEMENT

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. LEHMAN. Mr. Speaker, I would like to bring my colleagues attention to a resolution recently passed by the Florida region of the National Federation of Jewish Men's Clubs, Inc. The resolution, drafted by Joseph Abelow, chairman of the Federation's Action Committee for the survival of Israel, calls for the disapproval of the sale of AWACS and F-15 enhancements to Saudi Arabia. As a cosponsor of the resolution of disapproval, I am in strong agreement that this sale should not go forward and will vote against the sale when it reaches the House floor. The text of the resolution follows:

RESOLUTION ADOPTED SEPTEMBER 20, 1981

Whereas the Administration is proposing the sale of AWACS electronic surveillance planes to Saudi Arabia, in addition to enormous quantities of the most advanced offensive aircraft and other weaponry;

And whereas Saudi Arabia is closely allied with Syria and Iraq, countries that have received and are receiving vast quantities of advanced Russian planes, tanks and military equipment;

And whereas there have been four Russo-Arab wars of annihilation launched against Israel in repeated attempts to destroy it, to serve Arab dreams of conquest and to give Russia domination over the Middle East;

And whereas Israel has been a bulwark against Russian domination of the Middle East and has been defending vital U.S. interests;

And whereas the Saudi Arabian AWACS planes can be used to spy upon Israel and will enhance the potential for the enormous numerical superiority of Arab military equipment—and this will encourage the Arabs to once again attempt to annihilate Israel—and this will lead to war and conflagration involving the whole world: Now, therefore be it

Resolved that the Florida Region of the National Federation of Jewish Men's Clubs strongly opposes the sale to Saudi Arabia of the AWACS planes and the advanced military offensive equipment—and requests President Reagan, Secretary of State Haig and the Congress of the United States to cancel the aforementioned sale to Saudi Arabia of the AWACS electronic surveillance planes and the other offensive military equipment.●

COMMUNITY IMPROVEMENTS WITHOUT FEDERAL AID

HON. BOB WHITTAKER

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. WHITTAKER. Mr. Speaker, as the Reagan economic program begins its first full week of implementation, we are hearing cries from some States and localities that they will no longer be able to survive without a massive infusion of Federal dollars. However, in my congressional district, one small community has proven that it is possible to not only survive, but to also make community improvements without help from Uncle Sam.

The city of Cedar Vale, Kans., wanted to build a swimming pool, but they realized that under the new budget there would be no Federal money to help out. So, the residents of the community raised over $40,000 and built their pool using volunteer labor. Next summer the residents of Cedar Vale will be able to enjoy the fruits of their labor, and serve as proof that the Reagan economic plan is not going to spell doom for the small towns of America.

This example shows that we can make it without help from Washington, and that when a community bands together in a unified effort, anything is possible.●

VOTING RIGHTS AND ECONOMIC OPPORTUNITIES

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. LEHMAN. Mr. Speaker, I was not able to be present Monday night for the final vote on H.R. 3112, Voting Rights Act extension, because I was on my way to Miami in order to attend a meeting the next morning of the Dade County Commission.

Knowing how important this vote is to minorities and all people who value civil rights, it was not an easy decision to leave before final passage. I certainly would have voted in favor of H.R. 3112 and I was glad to hear that the bill passed by such a large margin.

The meeting of the Dade County Commission was extremely important to the black community in the Miami area. For months I have worked hard with black construction firms in an effort to help them secure contracts for the building of Dade County's new metrorail system. One major obstacle to the minority contractors has been the difficulty in obtaining bonding for such large contracts.

An article by Joe Oglesby in the October 6 Miami Herald described the problems faced by black firms:

A likely scenario is that the black firms will be taken on as subcontractors by some of the large companies. For some, that would be a difficult compromise. Metrorail for these firms was a golden opportunity to obtain substantial bonding capabilities and to prove that they can handle large jobs. It was to be a step out of the perpetual cycle of low bonds, small jobs.

This dilemma has been noticed by some officials. Congressman Bill Lehman organized a task force several months ago to study the problem. The Metro Commission today is expected to take up his recommendation to provide $10 million bonding money for black firms from the interest accrued by $550 million worth of Decade of Progress bonds.

Mr. Speaker, I am pleased to report that the county commission unanimously passed the resolution to provide the bonding for black contractors. This will result in increased economic activity in the black community and provide the jobs that are so badly needed. This decision was so important that I felt it necessary to be present to address the commission and urge its approval.

In order to provide more details about the resolution, I would like to include in the RECORD the text as well as the background information which accompanied the resolution:

DECADE OF PROGRESS UNIFIED TRANSPORTATION SYSTEM INTEREST FUNDS ALLOCATION

RECOMMENDATION

It is recommended that the Board approve the allocation of existing and future interest funds earned on Decade of Progress Uni-

fied Transportation bond proceeds of up to $10 million for Small Contractors, including Minorities, Business Enterprises Construction Bonding Program.

BACKGROUND

Prior to the expenditure of Decade of Progress funds, the Commission is required by Ordinance 72-80 to hold a public hearing. It has been the Commission's policy to treat interest earned on bond proceeds the same as bond funds. Today's public hearing is held to receive input from interested citizens, civic groups and municipalities concerning the following project:

1. Bonding requirements have often been cited as a major impediment to increased Small Contractors, including Minorities, participation in County construction opportunities. The Office of Community and Economic Development has recently implemented a program to assist Small Contractors, including Minorities, in obtaining bid performance and payment bonds from commercial lending institutions. The apparent early success of this program would indicate that to increase participation by Small Contractors, including Minorities, in the Unified Transit Program construction projects, a bond guarantee program should be implemented. There remains in the Unified Transit Program nine major construction contracts for Metrorail and three bus facilities. It is recommended that up to $10 million of Decade of Progress unified Transit interest bonds be placed into a revolving fund to implement a performance bond program in an attempt to resolve the difficulty created for Small Contractors, including Minorities, satisfying bonding requirements, as well as to provide technical assistance and monitoring to ensure the successful completion of the projects. Details of this bond program, together with the proposed contractual relationships, will be presented to the Board within 30 days in order to fully implement the program. We are requesting the use of interest funds for this program at this time.

INTEREST FUNDS

Through the prudent investment of Dade County Decade of Progress bond funds, sufficient bond interest income is or will be available to fund the above item. Bond funds have been available to invest due primarily to funds not yet drawn down from construction projects under contract, time span for land acquisition through condemnation and the time required to complete contract negotiations. It has been the Board's policy to use the interest funds to: (1) pay administrative costs of the program, (2) fund project cost overruns, and (3) add projects which are compatible with the Decade of Progress goals.

RESOLUTION

Whereas, this Board desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated herein by reference,

Now, therefore, be it resolved by the Board of County Commissioners of Dade County, Florida, That the Board hereby approves the use of up to $10,000,000 of interest earned on Unified Transportation System bond proceeds in support of a Small Contractor, Including Minority, Business Enterprise Construction Bonding Program for Unified Transportation System construction projects.●

KNOW YOUR ENEMY

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. MICHEL. Mr. Speaker, one of the best pieces of military wisdom is "know your enemy, actual or potential." With that in mind I wish to bring to your attention a recent article published in the Los Angeles Times. The article offers quite a bit of information about the Soviet "G.I." If this article is accurate, it would appear that life on a Soviet military base makes our own military bases look like finishing schools. The Soviet Union—to put it mildly—cannot be accused of coddling its troops.

At this time I wish to insert in the RECORD "Soviet Army Life Harsh but Soldiers Are First-Rate, Survey of Refugees Shows," Saturday, October 3, 1981.

[From the Los Angeles Times, Oct. 3, 1981]

SOVIET ARMY LIFE HARSH BUT SOLDIERS ARE FIRST-RATE, SURVEY OF REFUGEES SHOWS

EQUIPMENT REPORTED GOOD, CONFIDENCE HIGH

(By Richard A. Gabriel)

MANCHESTER, N.H.—The apparent failure of the all-volunteer force has led to a series of congressional hearings on the quality of the U.S. soldier. One effect of this renewed emphasis on the U.S. soldier has been to overshadow our knowledge of the Soviet soldier.

The truth is that the Soviet soldat is a first-rate soldier, very well-trained, competently led, supplied with ample quantities of excellent equipment and quite capable of executing any mission that can reasonably be foreseen for him.

Since the Soviet army is a conscript force, it draws proportionately from all segments of Soviet society. As a consequence, the physical and mental quality of the average Soviet recruit is much higher than in the West. Moreover, the Soviet soldier receives two years of excellent pre-military training.

The rejection rate for physical and mental reasons is perhaps the lowest in the world, far lower than in the United States. Yet the Soviet conscript does not look forward to his military service: 69% of those I interviewed (in refugee reception centers in Austria, Italy, Canada and the United States) said they would have avoided going into the military if they could have managed it.

SOVIET DRAFT UNPOPULAR

Conscription is not popular with the Russian citizenry, yet is endured without serious resistance.

Life in the Soviet military is harsh. For more than 100 years, the Russians have structured military life around the dictum of "difficult in peace, easy in war," so that military life is made deliberately difficult to condition soldiers for war.

Ethnicity and its conflicts are a constant feature of Soviet military life. As a rule soldiers are not assigned to the areas from which they came and non-Russian soldiers are deliberately spread throughout the army.

As a multinational state, the Soviet Union is acutely aware of its ethnic problems and clearly sees one function of military service as integrating ethnic minorities into the dominant Russian culture. For the most part it doesn't work: Military service for most non-Russian soldiers—and non-Russians make up 49.1% of the population—only intensifies their sense of ethnic identity and perceptions of hostility.

OFFICERS MOTIVATED

The Soviet soldier is led by officers who are technically competent and highly motivated, although they are often perceived by their men as remote.

The NCO corps is comprised mostly of conscripts promoted to NCO rank for the duration of their enlistments. There is no professional NCO corps of any size in the Soviet army.

Given the tough physical and mental regimen that the Soviet soldier must endure, it is not surprising that he develops problems. Alcohol abuse and drunkenness are a constant feature of military life, and alcoholism rates among soldiers are higher than for the society at large. This in a society that has the highest rate of alcoholism outside of Ireland in the West.

AWOL rates are also fairly high, a surprising finding for a totalitarian army; indeed, they are almost as high as in the U.S. Army.

Desertion is less common, but it does occur and is often punished by death or long prison terms.

Interestingly, 36% of the soldiers interviewed reported direct knowledge of troops assaulting officers and NCOs.

Finally, the suicide rate among conscripts is very high, undoubtedly as a reaction to military life.

The Soviet soldier then is a mixture of strength and weaknesses. On balance, however, he is well-trained, well-equipped and generally well motivated and can be expected to fight well, especially in defense of the Soviet motherland.

Soviet soldiers are paid less than $10 a month and parents must often send money to their sons.

Eighty-five percent of the soldiers interviewed felt that the quality of military food was bad and 52 percent thought the quantity was not adequate for the physical demands military service placed upon them.

Barracks housing is very poor, with the soldier having about as much space available to him, about two square meters, as he had in 1905. This leads to terrible overcrowding and an acute lack of privacy, a condition exacerbated by the practice of recruiting KGB spies in every barracks to inform on the troops.

AMENITIES MISSING

The normal amenities of barracks life are frequently missing. Ninety-five percent of the soldiers reported that there was no hot water available for daily showers and 65 percent noted that their barracks lacked indoor toilets.

The Soviet soldier has little free time. In most cases, soldiers are not allowed home furloughs during their enlistment. Although they are granted passes to leave the garrison, usually once a month, these passes are not for overnight stays.

Moreover, even on pass Soviet soldiers are rarely unsupervised, usually accompanied by a noncommissioned officer or even an officer.

Life on an army post is sparce and the training schedule long and arduous. Training is characterized by long hours and a high level of realism, often resulting in a high number of casualties and deaths.

The soldier trains six days a week, most of it in the field, under harsh climate conditions. Although he is allotted 90 minutes a day for free time, this time is taken up cleaning equipment or preparing for inspection.

The Soviet soldier spends about eight hours a week in classes on political instruction and ideology. This is despite the fact that 75 percent of the troops said that ideology was not important in making a good soldier. Few soldiers believe that Marxism is important to them in any sense.●

PERSONAL EXPLANATION

HON. DAN COATS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. COATS. Mr. Speaker, due to official business I was unavoidably absent from the House floor during one vote on Tuesday, October 6, 1981.

On rollcall No. 245, an amendment to reduce funding for work incentive programs within the Department of Health and Human Services and to reduce funding for salaries and expenses for other Federal staff, I would have voted "aye."●

VA EMPLOYEE CHOSEN 1 OF 10 OUTSTANDING HANDICAPPED FEDERAL EMPLOYEES OF 1981

HON. G. V. (SONNY) MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. MONTGOMERY. Mr. Speaker, it is my great honor to offer here today a special salute to a Vietnam veteran and VA employee whose achievements and dedication are being recognized tomorrow morning. Steven N. Tice, a Vietnam veteran with an unusual capacity to relate to others who served in that conflict, has been named 1 of the 10 outstanding handicapped Federal employees of 1981.

The 33-year-old decorated and disabled combat veteran was selected from among 70 candidates from the Veterans' Administration and 32 other Federal agencies submitting nominations.

Mr. Tice was wounded in 1969 when he took a direct hit from a rocket-propelled grenade fired by North Vietnamese forces. He spent almost 2 years in military hospitals recovering from the loss of his right arm and shoulder, multiple head and body wounds and severe internal injuries.

Despite his disabilities and resulting health problems, Mr. Tice's personal and professional accomplishments have been legion. He recently received a master's degree in U.S. social history and has taught on the high school and college levels. Presently, he is employed as a counselor in the Vietnam veterans Outreach program in Las Vegas, coleading two veterans' counseling groups and training other counselors to better relate to disabled veterans. He is a member of a steering committee on public awareness as part of the International Year of the Disabled; has presented numerous seminars and workshops to interested local agencies and groups, and often appears on media programs.

These are but a few of the accomplishments of this outstanding, dedicated young man. Steven Tice and others like him represent the highest ideals of the disabled in the work world, an ideal of successful integration and extraordinary contribution of which we, the public, are the real beneficiaries.

Mr. Speaker, the VA has long recognized the rewards offered by this important segment of the work force. Indeed, without them, VA's mission of service to veterans would be severely diminished. VA presently employs more than 24,000 disabled persons, including more than 13,000 disabled veterans. During 1980, the agency hired 249 disabled veterans with a 30 percent or more compensable service-connected disability. Within the same year, handicapped VA employees received over 2,400 promotions, 500 quality increases, and 100 outstanding performance awards. To commemorate the International Year of Disabled Persons, VA field stations are sponsoring special activities to create a greater awareness of the capabilities and achievements of disabled persons.

I am delighted that Mr. Tice and the other recipients of this award are being honored tomorrow morning at a special ceremony in the Department of Commerce auditorium. I am sure my colleagues in the House join me in congratulating all of them.●

DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS, 1982

HON. AUSTIN J. MURPHY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 1, 1981

● Mr. MURPHY. Mr. Chairman, because of my deep concern over, and interest in the Labor/HHS appropriations action which was taken here in the House yesterday, especially in regards to appropriations for the Mine Safety and Health Administration, I would like to take this opportunity to express my extreme disappointment in my colleagues who voted for the passage of the Rousselot amendment which would provide that any person engaged in the surface mining of stone, clay, colloidal phosphate, sand, or gravel be placed under the jurisdiction of OSHA rather than MSHA as they are currently.

As a lifetime resident of a mining area, and now as a Congressman from that same coal mining area, I have always been aware of the dangers of mining activity. The regulations established by the Federal Mine Safety and Health Act of 1977 have been very instrumental in devising effective safety measures to insure a safe working place for those employed in the mining activities both under and above ground. During the deliberations yesterday one of my colleagues supporting the Rousselot amendment noted that MSHA provides for two mandatory surface inspections every year regardless of safety records, and he seemed to feel that this was an unnecessary expenditure. I would like to advise my colleagues that since the Federal Mine Safety and Health Act was adopted in 1977 mining accidents and deaths have decreased substantially, with fatalities alone decreasing by nearly 44 percent. Did it ever occur to my colleague who feels that these inspections are unnecessary that without them safety in the mining areas may not have been enforced, and the number of accidents and deaths may have been greater. As we all know, we are always more likely to follow regulations and rules when we know that someone is going to be checking up on us regularly.

I sincerely feel that my colleagues have gone too far in adopting such an amendment. Although I introduced a measure during this Congress which would exclude construction workers performing construction activities for independent construction contractors on the surface area of any coal or other mine from the regulations under MSHA, placing them instead under OSHA, my bill does not encompass any mining activity. I sincerely feel that it takes qualified mining inspectors to insure safety in the mining industries, and therefore, could not include any of the mining activities in my particular bill. As my colleague the gentleman from Pennsylvania, Mr. GAYDOS, pointed out, all mining activities are dangerous whether they be the mining of coal, gravel, sand, or clay. It was pointed out during the debate on Mr. ROUSSELOT's amendment that surface coal mining was exempt from his amendment. It puzzles me how you can include other mining activities which use some of the same mining techniques as surface coal mining does, yet feel that that activity is different and more dangerous and should be preserved under MSHA.

As a strong supporter of safety regulations for those employed in mining activities, I feel certain that removal of these mining activities from the jurisdiction of MSHA would place the

worker at a great disadvantage. I do not feel that OSHA will be able to perform the necessary inspections needed to preserve the safety record which has been established in the mining activities by MSHA, nor do I feel that the OSHA inspectors will be qualified to detect safety problems in the mining work areas. I sincerely hope that adoption of this amendment will not be the beginning of a slow death for MSHA and the accomplishments which it has achieved for worker safety in mining activities.●

CONGRESSIONAL SALUTE TO PARTICIPANTS IN WAYNE, N.J., CROP WALK FOR HUNGER

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. ROE. Mr. Speaker, I rise today to salute a great humanitarian effort that will take place in my hometown of Wayne, N.J., in the Eighth Congressional District of New Jersey.

On Sunday, October 18, members of the churches and synagogues in Wayne will take part in a Crop Walk for Hunger to both raise funds for and to bring attention to the plight of hungry poverty stricken people around the world.

The Crop Walk, which has been held annually for the past 9 years, is sponsored by the Wayne Interfaith Clergy Fellowship, an organization composed of the 14 religious congregations of Wayne.

The Wayne Crop Walk will be the culmination of many hard weeks of planning. Special plaudits must go to Crop Walk coordinator Joan Waks and Rev. Albert Newman of the Wayne Presbyterian Church for their dedicated work in setting up this most important event.

Mr. Speaker, I am most honored to have taken part in this honorable endeavor to raise money for the hungry people of the world. I am sure that my fellow House Members will join with me in saluting the Wayne annual Crop Walk for Hunger and give national recognition to the outstanding public service that Crop—the Community Hunger Appeal of Church World Services—has provided.

This year the Crop Walk for Hunger will center its efforts on raising contributions for the people of Somalia, one of the poorest countries in the world. Adequate food for the population of Somalia is difficult even in good economic times. But now Somalia is not only facing a drought and a famine, but also the largest refugee problem in the world. As of January 1981, over 1.2 million refugees resided in Somalia, due to the war over the Oganden which is controlled by Ethiopia but inhabited by ethnic Somalis. Most of the refugees live in crowded camps, which lack food, fuel, and shelter. To place the problem in perspective, 1 million refugees in Somalia is equivalent to an influx of 50 million refugees in the United States.

The conditions existing in one of those refugee camps were vividly described in a recent Senate Foreign Relations Committee report:

Safia Osman has been living in the refugee camp at Saabaad for nine months. The camp is estimated to hold 65,000 people. Osman is responsible for receiving food from the camp supplies for 11 families totaling 108 people. On August 11, she received two days of food rations, the first rations she received in 10 days. Given the low stocks of food in the camp store, she may not receive food for some time to come.

The Somali Government has made commendable efforts to provide for the refugees, and it is sharing its meager resources with them. But, with the exception of a number of countries, international relief efforts have been horribly inadequate.

I have sponsored a resolution in the House of Representatives, House Concurrent Resolution 68, urging the United States to do everything possible to provide immediate humanitarian assistance to Somalia to help that country cope with its massive influx of refugees. It also urges the President and the Secretary of State to call upon other nations of the world to furnish refugee assistance.

Mr. Speaker, the Church World Service has been most active in raising funds to provide food to the troubled areas of the world. I would like to insert into the RECORD at this time a description of Crop's activities.

Crop works to do two things: To make people in the United States aware of the extent and nature of world hunger, and to raise funds for Church World Service—CWS—and other agencies to use in combating it. For hundreds of thousands of Americans, Crop is the way they can extend a helping hand to fellow humans they could not otherwise reach. For hundreds of thousands in other lands, CWS and Crop are indeed the hand of friendship and God's love—not a handout, but a hand up.

Church World Service is the cooperative agency through which some 30 denominations bring relief and development aid to people in great need. Through offerings taken in their congregations, these denominations provide the basic financial support for the work of CWS, Crop, the Community Hunger Appeals of CWS, works outside the regular church channels to raise public awareness of hunger issues and to seek additional funds.

The way CWS applies Crop resource outlines its approach to world need:

Food—for nutrition centers and food-for-work—to help people who are hungry now build a future with food—and more.

Appropriate technology—equipment and other materials that may seem primitive to us, but are "just the thing" in other societies.

Technical consultants—augmenting appropriate technology with the experience, knowledge, and ideas of experts.

Seeds—for small farms, homes, and school gardens—perhaps the most welcome aid CWS gives.

Emergency aid—people in a Guatemala earthquake, a Colorado flood, both are the concern of CWS/Crop. Aid to refugees, family planning, and development education round out a comprehensive program of assistance now, self-development for the future and learning together to understand hunger's causes.

Across the United States of America volunteers form the backbone of Crop. They speak at community gatherings, schools, service clubs, and churches, They write articles or appear on radio and TV. They tell their friends and neighbors, and they organize fund raising events that educate about world hunger while raising much-needed resources.

Some of the more popular Crop events are:

Hunger walks. Walkers secure sponsors who give on the basis of miles walked. Many local committees now use this method to stimulate both giving and community interest.

Fasts for the hungry. Participants identify personally with hungry people while raising funds through sponsors who give according to how many hours the fasters go without eating.

Home-to-home canvasses. For years the chief method of carrying out Crop appeals, volunteers raise funds and commodities by calling on their neighbors and organizing others to do the same.

Friendship farmer program. Whether cooperatively farming a large tract, donating the proceeds from an acre of grain or selling an animal for Crop, many rural Americans have found this to be an ideal way to share.

Individual and group projects. Vacation church school projects, coin cards, special offerings, work days and other marathons such as bowl-a-thons and hymn-a-thons are just some of the ways people are showing their concern.

Educational programs. Schools, clubs, churches, ecumenical meetings, wherever people want to learn more about world hunger, Crop has supportive materials—films and filmstrips, program and study resources—as well as speakers and leaders, ready to help them out. Last year Crop provided assistance to educational gatherings in nearly every State.

Mr. Speaker, I greatly appreciate the opportunity you have availed me to call attention to the Wayne Crop Walk for Hunger. I know that you will want to join with me in extending our best wishes and deep appreciation for their noble efforts to help eliminate human misery, hunger, and poverty.

In closing, let me share with you the Crop appeal for the future which states:

A FUTURE WITH FOOD . . . AND MORE

The future is bleak for the 1.85 million people of the developing world. More than half of them are malnourished. Some are starving. Almost all are impoverished.

Crop is committed to change this. Through food for today's hunger. Through self-help programs for tomorrow. Through changing life-styles. By providing the resources. By helping people develop their full potential . . . with dignity . . . justice . . . and food for all.

It's not going to be easy. It won't happen overnight. But it must happen. In our interdependent world, their hunger is our hunger. Their future is our future.

Will it be a future free from hunger and poverty? It can be, but more is needed.

More than food. More than relief. More than a handout. A helping hand. The means to grow. To develop.

That's what Crop is giving. Won't you help.●

CASIMIR PULASKI: AMERICAN FREEDOM FIGHTER

HON. JOHN G. FARY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. FARY. Mr. Speaker, on October 11, Casimir Pulaski Day is celebrated by Americans and Polish Americans throughout the United States because Count Casimir Pulaski fought heroically for American independence. A loyal son to America and Poland, Pulaski lived his life fighting for the freedom of Poland and America. On this, the 202d anniversary of his death, caused by wounds suffered in the Battle of Savannah in the course of the American Revolution, it is appropriate to remember him.

Born in Poland on March 4, 1747, Pulaski was raised in an atmosphere of religion and patriotism. At age 19 he joined his father Joseph, a devoted nationalist, in the Confederation of the Bar, an organization that resisted the foreign domination of imperialist Russia. Pulaski fought heroically and proved a symbol of courage by occupying the monastery of Chestochawa for the confederation. This capture sustained morale since the monastery housed the Black Madonna, a painting of the Virgin Mary, patron and Queen of Poland. Despite valiant efforts, the confederation's troops proved to be too small and were defeated. Russia confiscated Pulaski's estate and he reluctantly went in exile to Turkey.

Like all heroes who struggle and embrace freedom and liberty, Pulaski was not content to simply wait in exile. In France, hearing from Ben Franklin of others crusading for freedom in the American Colonies, Pulaski, committed to the idea of fighting for freedom and deprived of the opportunity to defend his homeland, offered his humble and loyal service to America and its battle for justice.

Upon arriving in Boston on July 23, 1777, preempted by his heroic reputation, Pulaski received the command of the Continental cavalry from George Washington. Subsequently, Congress made him a general and chief of the cavalry.

With his astute knowledge of the military and persistent goal of liberty, Pulaski transformed the American cavalry from a mounted infantry into a cavalry in the European mode. A noble and wise leader Pulaski and his troops proved strong factors in the Battles of Brandywine, Trenton, Flemington, and Germantown. His leadership in these battles earned him the appropriate title of "Father of the American Cavalry."

In 1778, he formed the Pulaski Legion. Improving his troops capabilities even more, Pulaski incorporated guerrilla warfare into his new legion. Proving a reliable force, Pulaski was called, in 1778, to assist in the southern theater of the war where responsible guidance was critical. He courageously defended Charleston, S.C., and distinguished himself at the Battle of Savannah. However, Pulaski was wounded in this battle and died 2 days later aboard the U.S. brig *Wasp* on October 11, 1779, at the age of 32.

Casimir Pulaski sacrificed his life so that today all races in America can live in peace with liberty and freedom. He is a man deserving praise in America for bringing not only independence to the Colonies but also a heritage to Poland, a country that is a great friend. In the perspective of recent world affairs the symbol of Pulaski inspires the oppressed Poles who now are staging a day-to-day struggle for freedom. In the shadow of Pulaski, his homeland is proposing a Polish renewal to reaffirm dignity and alleviate economic plight. Although centuries apart, these two eras in Poland share a common goal and ideal—liberty.

Recently, I introduced a resolution in the Congress that would provide for agricultural food credits for Poland. Thus, recognizing the situation in Poland and the attitude of the Poles and Polish Americans, I feel an obligation to honor Gen. Casimir Pulaski to reassure them of our support and present Casimir Pulaski as a model to all of them in their struggle for liberty. It is therefore with pride that I record this brief biography of a great Polish patriot and American freedom fighter, Casimir Pulaski.●

SALVADORAN QUAGMIRE

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. STARK. Mr. Speaker, I would like to applaud the U.S. Senate's vote of September 24 rejecting the Helms modified amendment No. 563 concerning El Salvador. This measure would have eliminated a requirement that the President certify twice a year that the Salvadoran Government is improving human rights conditions; is committed to holding free elections; is willing to negotiate an end to the civil war; and is implementing economic reforms, including the land reform program.

The Salvadoran ruling junta has made no progress in any of these areas during the last several months.

Over 13,000 Salvadoran deaths have occurred in political violence during the last year. As Robert White, former U.S. Ambassador to the nation, has pointed out, "The chief killer of Salvadorans is the Government security forces."

The Government cannot control the military because the military controls the Government. Ironically enough, the entrance of moderate Jose Napoleon Duarte into the ruling junta's presidency increased the power of the junta's rightist-military element.

"Negotiations between the colonels and Mr. Duarte's Christian Democrats moved the junta further right. Its most liberal member was forced out. Moreover, Colonel Jose Guillermo Garcia survived efforts to oust him as Minister of Defense," wrote Raymond Bonner in the New York Times Magazine, February 22, 1981.

AN ADORNMENT

According to Bonner, one Latin American diplomat said that with Garcia as Defense Minister, Duarte is just an adornment.

Furthermore, as ex-Ambassador White recently wrote, the increased military aid the Reagan administration has given the junta has served to strengthen the rightist-military members while dissipating the power of Duarte.

As one might expect, human rights conditions have not improved with this military-controlled junta in power. Experts, including American diplomats and moderate Salvadoran church figures, report that human rights violations have increased during the last serveral months.

The junta is committed to holding elections, but these elections would not be free at all. The rebels would need 3,000 signatures to form a political party. If party leaders publicly canvassed for signatures, they would be at the mercy of Government security forces. Voters too would be subject to intimidation.

Furthermore, the rebels must lay down their arms before they can participate in elections. This requirement wrongly addresses the major problem: ending the civil war. Such a requirement basically forces the rebels to surrender outright, and they will not. One clear lesson of the Zimbabwe peace negotiations of 1979 is that in a country torn with strife like El Salvador, a just settlement of the war must be wrought before any meaningful elections can be held. Currently, then, there is no prospect for truly free or meaningful elections.

NEGOTIATION POSSIBILITIES

However, if the Reagan administration was willing to arbitrate negotiations between the junta and the rebel

forces, an equitable settlement could be achieved. The leverage the administration would have over the junta is obvious. It depends on the Reagan administration for its international credibility and economic and military strength. It would collapse without Reagan's support. It currently refuses to negotiate with the rebels.

What few seem to realize is the Reagan administration could exert broad leverage on the rebels too. They have publicly expressed their desire to negotiate a peace through the Reagan administration. They are not Soviet puppets: some of the guerrilla leaders have taken a strong anti-Soviet line. Opposition forces comprise a wide political spectrum. In addition, the Nicaraguan Government, which represents one of the rebels' strongest allies, would push the rebels hard to reach an accord if the Reagan administration held out the prospect of resuming foreign aid to Nicaragua. So if the Reagan administration would seek a just peace instead of trying to bait the Soviets, the tragic saga in El Salvador could be ended.

The current prospects for economic development and equity in El Salvador are bleak. The land redistribution program—the basis of Salvadoran economic reform—has failed. The attached article by Raymond Bonner details the inadequacies of the reform.

In El Salvador, then, human rights conditions—already deplorable—continue to worsen, as Government troops murder civilians. The rightist junta seeks no end to the raging civil war, as the Reagan administration nods approvingly. Peasants remain in poverty. And JESSE HELMS suggests that the Reagan administration be given free reign to provide the murderous junta with weapons and money.

I am glad a majority of the Senate disagreed.

SALVADOR LAND PROGRAM AIDS FEW

(By Raymond Bonner)

SAN CAYETANO, EL SALVADOR.—It has been nearly a year and a half since the Government of El Salvador inaugurated one of the most sweeping land redistribution programs ever attempted in Latin America. But here on this 1,500-acre farm, which has been converted to a peasant-run cooperative, the milking stalls are empty.

The last of the 900 dairy and beef cattle were sold in the weeks before the Government expropriated the farm and turned it over to the peasants who had been working here. That was in March 1980. Since then the cooperative has been unable to obtain bank financing to start a new herd. The banks it dealt with were taken over by the Government at the same time as the land-redistribution program was decreed.

There was widespread hope the program, which involves the creation of such cooperative ventures, would not only reduce the power of the right-wing oligarchs in El Salvador, but also help win the allegiance of the peasants from the leftist guerrillas who are at war with the Government. But the program has so far drawn only mixed reviews from Salvadorans and United States officials

El Salvador, which has five million people and is about the size of Massachusetts, is the most densely populated nation in Latin America. According to the Salvadoran agency responsible for administering the program, less than 15 percent of the country's farmland is now owned by cooperatives. Put another way, only 386,010 people, less than 10 percent of the population, have benefited from the conversion into cooperatives of 282 privately owned cotton, coffee, sugar cane, cattle and other kinds of farms during the first phase of the program.

Asked whether the program had been a success so far, a conservative Salvadoran businessman replied, "Economically no, politically, yes." He was expressing the general view here among private businessmen as well as Salvadoran and United States Government officials.

Peter Askin, the director of the office here of the United States Agency for International Development, which has been working closely with the Government in planning and carrying out the program, said, "It has not been a total economic success.

"But," he added, "up to this point it has been a political success. I'm firm on that. There does seem to be a direct correlation between the agrarian reforms and the peasants not having become more radicalized."

The United States Congress has authorized $62,558,000 for the program, according to the aid agency. "One of these days, Congress is going to ask what we have gotten for that investment," Mr. Askin said.

Languid men, machetes dangling from the waistbands of their work-soiled pants, propped themselves against a broken tractor at the farm here. The farm was formerly owned by the Regalado brothers, members of one of the country's wealthiest families, but, according to the peasants, they had never lived there. Asked how their lives now compared with their lives in those days, the peasants answered, "The same." Then, as now, they earn the equivalent of $36 every two weeks.

"But we have faith," the cooperative's president said, standing in a small office where a picture of one of the former owners still hangs crooked on the blue-green wall above wooden shutters that swing open onto a vista of palm trees and the lush green slopes of a volcano. "There will be profits in the future," he said. "The land is rich."

LARGER FARMS ARE EXPROPRIATED

Under the first phase of the land redistribution program, all farms larger than 1,235 acres were ordered expropriated, with compensation, and turned over to the peasants who had been working them. The second phase calls for the similar conversion of rural estates larger than 247 acres. And the third stage, which is usually referred to as the "land-to-the-tiller law," provides that peasants who were working as tenant farmers will become the owners of the smaller plots, all tiny, many on seemingly vertical hillsides. The last stage has not yet begun.

A few miles from here, at the 1,675-acre San Rafael el Provenir cooperative, only three pieces of farm machinery are parked under the corrugated tin roof of the machinery shed. The machinery is rented, not owned. Five small tractors, two rice combines, four trucks and 1,200 cattle were sold by the former owners two weeks before the farm became a peasant cooperative.

A tall green chalkboard is propped against the wall of the administration building. In neat columns are listed the income, expenses and profits that the cooperative expects from the cultivation of rice, corn, beans, coffee and sugar cane. A profit of 111,892 colones, or $44,756, is projected for this year. But there is a notation that the cooperative will have to pay the Government 320,000 colones, or $128,000, to be used to recompense the former owners. So there will be a net loss.

According to Mr. Askin, several cooperatives have shown a profit, some have broken even, but most are in the red. An employee in El Salvador's Institute of Agrarian Transformation said that only about 10 of 282 cooperatives had paid their bank loans in full. Some of the defaults, which Mr. Askin described as "sizable," may have to be written off as start-up costs, he said.

The question, Mr. Askin said, is, "what price is the country going to pay for the political benefits."

According to Mr. Askin, coffee production has declined 10 to 30 percent since the private owners lost their farms, and there has been a decrease of 30 to 40 percent in the cotton acreage. In recent years, these crops have brought in about 70 percent of the country's export earnings.

But, Mr. Askin said, there will be an increase this year in the production of basic grains such as corn, rice and sorghum.

BUSINESS ACUMEN NEEDED

If the cooperatives are to be economically successful, Mr. Askin said, they must be viewed as business enterprises and less as socially and political experiments. In addition to technical agricultural assistance and easier access to financial credits, he said, the cooperatives most need "business acumen." They need business, bookkeeping and accounting advisers, he said.

Title to the properties is held by the Institute for Agrarian Transformation, not the cooperatives, and the institute decides how each cooperative's income will be allocated—whether, for example, it is distributed as profits, used for capital improvements or transferred to other, financially ailing, cooperatives.

Even the most ardent supporters of the Agrarian changes agree that the institute has been inefficient and corrupt.

El Salvador's armed forces helped carry out the first phase of the land redistribution, occupying the largest estates so that former owners would not interfere with the Government takeover. United States and Salvadoran Government officials have pointed to this as evidence that the army is no longer serving the landed oligarchy as it did for generations.

But the institute and church leaders have charged that the National Guard and Treasury Police, which operate primarily in rural areas, have killed institute workers and pleasant leaders.

And according to an institute worker, more than 40 percent of the peasant cooperatives are paying tribute to the army, an average of $120 a month for each of the six to eight soldiers who "guard" the ranches, he said.

MANY PEASANTS DON'T PARTICIPATE

Another major criticism of the first phase is that only a limited number of peasants have been permitted to participate. According to the Agency for International Development, 38,000 families are cooperative members. The number could be twice that, Mr. Askin said.

Meanwhile, few of the former owners have received the compensation, in bonds

and cash, that the law provides. Because the Government lacks the money to pay the previous owners, one business leader suggested recently that the farms should be returned to them.

A United States Government official said here recently that the program's chances of success would be enhanced considerably if the former owners were paid. "It would get them off the Government's back," he said.

COUNTRY MUST INDUSTRIALIZE

The Minister of the Economy has proposed that they be allowed to use their Government-issued bonds to buy industries and companies owned by a government investment corporation. This way, the minister said, the former owners would become industrialists. Mr. Askin agrees with the proposal because "the country must industrialize."

"The quality and amount of land cannot support a population this size, let alone double, which it might be by the year 2000," Mr. Askin said.

More than 85 percent of the coffee, 75 percent of the cotton and 60 percent of the sugar cane is still grown on farms controlled by a relatively few people. According to an employee of the Institute of Agrarian Transformation, many of these lands are owned by the same people who lost their larger estates in the Phase I conversion.

The United States Ambassador, Deane R. Hinton, said recently that the second phase of the program would not be carried out.

The third phase, the land to the tiller law, has been evaluated by the United States and Salvadoran leaders almost exclusively in political terms. The prototype for the law was developed in Vietnam by Roy L. Prosterman, a professor at the University of Washington Law School, who was instrumental in the adoption here of a similar program.

"The left fears land reform," Mr. Prosterman told a group of apprehensive Salvadoran businessmen last year. "It deprives them of their most valuable weapon in implementing revolution because they can no longer appeal to the landless."

LAW IS HARSHLY CRITICIZED

Since its announcement in early 1980, the land-to-the-tiller law has been harshly criticized primarily because for more than a year no titles were issued to an estimated 125,000 peasant beneficiaries. Now, according to the Agency for International Development, about 500 titles have been issued, usually in ceremonies presided over by a member of El Salvador's governing junta.

A large landowner, who supports the concept of land redistribution, criticizes the land-to-the-tiller law on agricultural principles. The new peasant owners of the tiny plots, she says, will necessarily continue to plant rice, beans and corn for consumption by their families. Thus, she says, there will be no crop rotation and the soil will quickly be depleted.

A Marxist professor here argues that the goal of land reform should not be the creation of landowners but a more equitable distribution of wealth, which for El Salvador's peasants means food.

This, he says, is not achieved by giving a peasant title to a piece of land, which is often too small and of such poor soil that it cannot even grow enough food for an average-size family. Instead, he says, the peasants should be organized into some form of cooperatives, which are agriculturally and economically more efficient.

A Jesuit priest recently criticized the entire land redistribution program because it was hastily put into effect without any signifcant contribution by the peasants. "It was imposed by the junta," he said, "without ever asking the peasants what they wanted."

Asked if a less-than-perfect program was not better than no land redistribution, he said, "No, it would have been better not to have done anything."●

BRITISH TAKE A SMALL STEP IN THE RIGHT DIRECTION IN NORTHERN IRELAND

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. BIAGGI. Mr. Speaker, yesterday, the British Government announced that it was granting prisoners in the Maze Prison the right to wear their own clothes at all times. In addition, the Government also revised the time taken off sentences for good behavior and increased from 25 to 50 the number of other prisoners with whom an inmate can associate with in off hours.

As many of my colleagues will note, this decision comes just days after the hunger strike campaign being waged by Maze prisoners was called off. The hunger strike claimed 10 victims, all of whom died by starvation in pursuit of five basic prison reforms. The British Government's announcement of yesterday deals directly with one of the demands and more indirectly with two others.

Therefore, I consider what the British Government did to be a small but positive step. As chairman of the 4-year-old, bipartisan Ad Hoc Congressional Committee for Irish Affairs, I have a deep and abiding interest in Northern Ireland. I have been as harsh a critic as there is in Congress against the British Government's policies in Northern Ireland. Therefore, while the development itself may be small, it may prove to be a catalyst for additional action by the Government.

The new Secretary of State for Northern Ireland, James Prior, has demonstrated a high degree of sensitivity in his early days. I believe his rapprochement with the various communities in the north is important for him to gain a proper perspective on the complex and tragic situation which exists today in Northern Ireland.

I hope the British Government will not stop here in the belief that they have accomplished all they must. The eyes of the world are focused on these fresh initiatives in the belief that now, more than ever, the opportunity must be seized to bring the situation in the north to a conclusion, a conclusion that guarantees the rights of all citizens who live there and provides a legitimate political vehicle for participation in an equitable solution for all parties.

The United States, which can be a critical catalyst in this process, must stand ready to assist in this effort. I pledge to continue to advocate a more visible role for our Government in the hope of hastening a fair solution to this tragic and troubled area of the world.●

CONGRESSIONAL PAY HIKE MISTAKE

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. FINDLEY. Mr. Speaker, last week, the House of Representatives made the mistake of approving annual cost-of-living pay increases for Members of Congress without a RECORD vote. I opposed the procedure used to slip this pay increase through the House. I stood up on the floor of the House to request a recorded vote. Unfortunately, the pay hike was approved on a voice vote.

In view of the enormous sacrifices that President Reagan has demanded of the American people, the action of the House in approving a pay increase for itself was ill-advised and poorly timed. And it was unconscionable not to require a recorded vote on it.

If this legislation is not changed, it will mean that beginning next year, Congressman will receive automatic pay increases to compensate for inflation. Most Americans would like to have that kind of automatic insulation from inflation, yet most are far less able to control inflation than are Members of Congress. For years I have advocated—and introduced amendments—to balance the Federal budget and thereby control inflation. Since Congress is not willing to take this difficult political step, it should not nevertheless protect its own Members from the very inflation they help to bring about. I hope that the law will be changed.●

H.R. 4603—IS IT INTERSTATE BANKING IN SHEEPS CLOTHING?

HON. BILL McCOLLUM

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. McCOLLUM. Mr. Speaker, there is no one who can dispute that the state of our economy has dealt a devastating blow to some of our Nation's large mutual savings banks. At a time when our financial institutions must be kept stable to keep our Nation strong, it is a very real and very serious concern.

However, a bill which the House Banking, Finance and Urban Affairs Committee reported out yesterday to deal with this problem promises to bring us even greater, more far-reaching problems than the issue it was designed to address. This bill, H.R. 4603, is leading us down the road to complete interstate commercial banking—a concept which is far too important to be allowed to slip in through the back door now without the necessary debate and discussion by the Banking Committee which has been scheduled for later in the session.

As I listened to the testimony on this bill by the regulators and the interest groups to the information disclosed in the executive session, and finally to debate in both subcommittee and full committee, I was convinced that there are segments of our financial structure in need of some help. Many savings and loan associations are in great distress, but the Chairman of the Federal Home Loan Bank Board testified this bill did not address the problems and was not needed to resolve emergency savings and loan cases. I heard the regulators state that existing statutory authority could be used to handle all presently identified emergency matters except for the mutual savings banks situation. I heard almost unanimous concern by the interest groups that this legislation went too far and did not reach the real problems. I felt based on the hearings, the bill could have been vastly improved.

For instance, I offered an amendment which would have limited the interstate acquisition authority contained in section 15 to savings banks and not all commercial banks as well. It was defeated. In the testimony and debate there was no mention of a single commercial bank being in imminent danger of being closed in contrast to the case with mutual savings banks.

Under both the savings and loan and bank provisions (sections 8 and 15 respectively) of the bill, the powers given the regulators are extensive merger powers for vaguely and broadly defined emergency situations. Included within this language is the power to have an out-of-State commerical bank acquire a savings and loan. In the case of failing banks being merged across State lines, the language is not restricted to closed mutual savings banks but includes any bank which has assets greater than 0.12 percent of the U.S. total assets. In these cases the FDIC has complete interstate merger powers with the bid criteria heavily weighted in favor of the largest banks in the United States regardless of locations. Under this bid system, the big get bigger and the rich get richer.

Both powers granted in sections 8 and 15 give particular protection to the insurance funds over other public interest concerns. This bill makes the minimization of financial assistance to troubled financial institutions more the paramount consideration in the merger situation than the order of preference of types of mergers. The bidding procedures in the bill do favor the big banks. Clearly, it can be interpreted as leading to full interstate banking.

In my judgment, if this bill comes before the full House with a rule permitting amendments, the bill must be substantially amended. If the bill is considered under the Suspension Calendar, the bill should be defeated.

I would like to bring to your attention an excerpt from the testimony of Mr. Sid Bailey before my committee. Mr. Bailey represented the Conference of State Bank Supervisors and provided a good analysis of the bill. I would like to recommend it to you for your information and consideration. An excerpt from Mr. Bailey's testimony follows:

The Conference believes H.R. 4603 to be fundamentally flawed in the following respects:

1. H.R. 4603 circumvents the McFadden Act and the Douglas Amendment to the Bank Holding Company Act to an extent not required to meet the currently identified or readily foreseeable "emergency" situations.

2. H.R. 4603 elevates protection of the insurance fund to a position higher than other public interest considerations which should be paramount.

3. H.R. 4603 contains several provisions inconsistent with its temporary "emergency" nature.

These three areas of concern are all based on one overriding concern of the Conference, the potential for lasting damage to the dual banking system of state/federal checks and balances which H.R. 4603 or other hastily-conceived "emergency" legislation might bring about. Legislation should not be written to protect against every conceivable contingency, especially where there is no historical precedent and where the parameters of whatever probable future need may exist have not been drawn. "Emergency" legislation must be tightly written to solve the problem presented at the least cost to the effective operation of the financial institutions industry when the "emergency" has passed.

H.R. 4603 CIRCUMVENTS THE M'FADDEN ACT AND THE DOUGLAS AMENDMENT TO THE BANK HOLDING COMPANY ACT TO AN EXTENT NOT REQUIRED TO MEET THE CURRENTLY IDENTIFIED OR READILY FORESEEABLE "EMERGENCY" SITUATIONS

A key element of the dual banking system is the prerogative of each state to determine the structure best suited to the needs of its populace and its economy. The McFadden Act was adopted in 1927 to liberalize the restrictions of national banks to a single office and to insure equality of competition with the then-dominant state banks. Since that time Congress has adopted a consistent and deliberate course of action to insure equality of competition, wide dispersion of control over financial resources and maintenance of the states' prerogative. Those Congressional goals are embodied in the McFadden Act and the Douglas Amendment to the Bank Holding Company Act. The abandonment of these long-held tenets by Congress, if it is to occur, should occur only following a deliberate Congressional rejection of the long-standing American policy against undue concentration of control over our financial resources.

H.R. 4603 unnecessarily permits serious erosion of McFadden/Douglas and the principles for which they stand.

The Conference does not believe that a sufficient case has been made to warrant the long-term negative consequences to our present financial system. Effective legislation can be drafted without having such an adverse effect on the dual banking system.

H.R. 4603 allows interstate acquisition of institutions without requiring exhaustion of potential intrastate solutions.

Section 8(a) of the bill makes "the need to minimize financial assistance required of the Corporation" the "paramount consideration" in allowing mergers and acquisitions involving troubled thrifts. Similarly, in Section 15(B) a "highest acceptable offer" standard is made paramount in the handling of failed banks. These provisions render meaningless the sequences of preferred transactions contained in those sections, since institutions desiring to circumvent the law to enter otherwise unavailable markets will always pay a premium to do so. It is, in effect, authorizing and encouraging the insurors to accept a bribe to circumvent existing law and places the government in the position of auctioning off footholds to the highest bidder. The insurors will have no reason whatsoever to explore potential instrastate solutions, particularly those which might prove cumbersome to the insuror, such as the splitting of assets and liabilities of the failed institution.

The order of preference contained in Sections 8(a) and 15(B) should be made the "paramount consideration," not the "highest acceptable offer."

H.R. 4603 allows cross-industry acquisition of a troubled thrift institution without requiring steps to lessen either potential anti-competitive consequences or potential injury to the dual banking system. Section 8 provides for the merger or acquisition of institutions of different types either in the same state or in different states. The acquisition of a savings and loan institution by a bank holding company, for example, would allow the BHC to "bankify" the S&L (pursuant to the DIDMCA and currently pending asset power expansion proposals) and branch statewide and interstate in circumvention of the McFadden Act and Douglas Amendment. In addition, despite the "emergency" nature of the legislation, the competitive advantage enjoyed by the acquiring BHC both in terms of asset powers and branching ability, would dictate subsequent erosion of McFadden Act and Bank Holding Company Act restrictions in these areas. Given the current "bankification" of S&Ls, it is clear that H.R. 4603 represents a major circumvention of current state and federal law.

In addition to reducing state structural authority, cross-industry acquisition threatens to upset competitive balances by granting to a few acquiring institutions the power to engage in activities denied like institutions. For example, S&Ls either directly or through subsidiaries, now have authority to engage in real estate development, property management and the operation of insurance agencies dealing in certain types of insurance not now permissible for BHCs. If BHC acquisitions of S&Ls were permitted, the

competitive advantage would be substantial. Increased pressure for a breakdown in the division of commerce and banking would logically follow.

For these reasons, CSBS believes that cross-industry acquisitions by bank holding companies should be eliminated from H.R. 4603.

In the alternative, cross-industry takeovers should be limited to the merger of institutions. Merger, with only one type of institution remaining, avoids most of the problems inherent in differing laws and regulations, including McFadden/Douglas and those governing the institutions respective powers.

As yet another alternative, where an acquisition of a troubled thrift institution by a different type of institution is involved and where the troubled thrift institution remains in existence as a subsidiary, the thrift institution should be made subject to the branching conditions of the laws of the state in which it is located (*i.e.*, "McFaddenized"). This insures that, in the case of transactions between institutions of different types, the acquiring institution will not gain a competitive advantage over other banks or bank holding companies because it has acquired an institution which has greater branching powers. It is possible, in this manner, to minimize the anti-competitive impact of the extraordinary powers granted by this emergency legislation, while neither weakening those powers nor forcing a conversion of thrifts to banks. This limited application of banking law to acquired thrifts is in no manner to be construed as implying that such thrifts are engaged in a banking business.

H.R. 4603, Section 15, authority for "emergency" interstate sale extends to all closed insured banks in spite of the fact that there is no evidence that large numbers of commercial banks are experiencing difficulty. Section 15 limits its application to insured banks having total assets over 0.12 percent of aggregate assets in the U.S. offices of insured banks, yet it fails to be specific as to type of institution. The identified "emergency" being addressed is limited to insured savings banks of that size. Because of the different character of the two types of banks, the different laws and regulations applicable and the simple fact that commercial banks are not facing an emergency, this distinction should be clearly drawn. The underlying idea that the largest institutions should be allowed to merge or be acquired interstate is dangerous when the potential concentration of financial resources and credit allocation is considered, but it is even more so when the most powerful commercial banks might be involved.

Therefore, the "emergency" authority granted the FDIC to allow interstate mergers and acquisitions should be limited to closed savings banks. This conforms the authority granted to the only demonstrated need for the expansion of FDIC's powers. By limiting the application of this Section, the potential for misuse of the expanded powers is greatly reduced without restricting the "flexibility" the FDIC claims it needs. This legislation is put forth as needed to deal with an emergency, as an exemption from existing statutory mandates. Therefore, it should be written and interpreted as restrictively as possible while still serving its purpose.

In addition, where an intrastate sale of assets and assumption of liabilities of a closed insured savings bank to a like institution can be effected by splitting its assets and liabilities, and where such sale and assumption would otherwise involve out-of-state or cross-industry purchase and assumption, the insuring agency should be required to split the assets and liabilities of the institution in question. This would require the insuring agency to split assets and liabilities of a closed institution, where such mechanism is available. This alternative is preferable to a sale and assumption or a merger or acquisition on an interstate or cross-industry basis.

H.R 4603 ELEVATES PROTECTION OF THE INSURANCE FUND TO A POSITION HIGHER THAN OTHER PUBLIC INTEREST CONSIDERATIONS WHICH SHOULD BE PARAMOUNT

The proper role of the government in the regulation of financial institutions has many aspects. Among the most important of these are the safety and soundness of institutions (one aspect of depositor security), maximization of rate of return, availability of capital for all sectors and geographic areas, maintenance of a viable and efficient system of intermediation, assurance of delivery of services and consumer protection. The function of the insuring agencies is very limited. They are in place to provide depositor security by monitoring institutional soundness (preventive) and paying off insured losses (curative). Elevation of the insurance function, and more particularly protection of the insurance fund over all other public interest considerations, is an unfounded, improper and distorted approach.

H.R. 4603, as discussed above, makes "the need to minimize financial assistance" the "paramount consideration." The order of preference stated in the bill should be the "paramount consideration."

H.R. 4603 does not require the concurrence of the primary regulator prior to the exercise of extraordinary "emergency" powers by the insuring agencies. The primary regulators, (the Comptroller of the Currency or FHLBB in the case of nationally chartered institutions and the state regulator in the case of state-chartered institutions), are the only agencies with responsibility for protecting all public interest considerations. They can best judge all of the potential negative impacts on a case-by-case basis that must be accorded deference to insure that the tail (the insurance funds) doesn't end up wagging the dog (our effective system of bank chartering and regulation). It is important to remember that it operates to an insurors benefit to close an institution at the earliest possible point after the institution has fallen below zero net worth, by thereby minimizing the insuror's losses. This is particularly true where sale of the closed institution to the highest bidder is an available remedy. This approach clearly does not allow for consideration of all pertinent public interests.

H.R. 4603 should be amended to require concurrence of the primary regulator prior to the exercise of an extraordinary "emergency" authority by the insuring agencies. This would allow the primary regulator's expertise and knowledge of the situation to be brought to bear prior to commitments of assistance by the insuror. This allows for considerations pertinent both to the specific insured banks to be assisted and to the economy of such institution's home state. Moreover, it recognizes that the interests of the primary regulator go beyond those of an insuror and that risk of loss to an insurance fund should not be the sole consideration determining direct government involvement in the marketplace.

In addition, whenever an interstate transaction is involved, the concurrence of the state regulator in the state in which the troubled or failed insured institution is located should be required. This would both ensure that all public interest considerations are taken into account and recognize the state responsibility concerning structure. Making protection of insurance funds the primary goal of failing institution legislation can be characterized as that of selling a foothold position to the highest bidder, normally an out-of-state bank or bank holding company, without concurrence of the host state.●

ADMIRAL STOCKDALE ON DEFENSE

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. MICHEL. Mr. Speaker, Vice Adm. James Bond Stockdale is currently senior research fellow at Stanford's Hoover Institution. He was the senior Navy prisoner of war for 7 years in North Vietnam and is the recipient of the Congressional Medal of Honor.

When a man with such credentials speaks out on the need to rethink the way we are attracting young Americans to military service, we should all listen. Recently, Admiral Stockdale examined the flaws in the "business-management" concept of attracting and keeping young Americans in the Armed Forces. He makes eminent good sense and I think anyone who thinks seriously about our defense needs must read what he has to say.

At this point I wish to include in the RECORD, "Fighting Fools, Thinking Cowards" by James Bond Stockdale, from the Los Angeles Times, Tuesday, September 29, 1981.

[From the Los Angeles Times, Sept. 29, 1981]

FIGHTING FOOLS, THINKING COWARDS?

(By James Bond Stockdale)

(The nation that will insist on drawing a broad line of demarcation between the fighting man and the thinking man is liable to find its fighting done by fools and its thinking done by cowards.—SIR WILLIAM FRANCIS BUTLER.)

With the advent of the All Volunteer Force, the armed services entered into a high-rolling game of barter and exchange for the cream of this nation's youth, banking on the supposition that they could compete with the civilian job market in attracting and retaining the highest caliber talent. However, with the military recruitment process now underpinned by a marketplace business ethic, the true meaning of service somehow got left out of the equation.

That a program that relies on enticement such as choice of duty station, delayed entry, the promise of specialized training, educational credits and higher salaries should automatically accrue those drives that have kept this nation free for the past 200 years, namely "duty, honor and country," has never tracked. The businesslike style of our recruiting has affected the out-

look and perspective of both potential recruits and those already serving; for many, time in the armed services is simply another job. The Madison Avenue mentality is aiming us toward that bifurcated society of fighting fools and thinking cowards.

Yet history has shown that mercenaries do not win wars or maintain deterrence: People committed to their country and bound by a common duty do. An injection of the nonquantifiable factors that encourage people to serve in the military is overdue, regardless of the future of the All Volunteer Force.

Why won't Uncle Sam's enticement system work? Because the application of rational business concepts to the profession of arms runs contrary to the nature of war; rejects the strong probability of future war; ignores the fact that people, not machines or computers, will win future wars; and disregards the historic promise of freedom on which this nation was founded. The clear and simple rational model never captures the scope of the human predicament. Alfred North Whitehead was right when he said, "There is a danger in clarity, the danger of overlooking the subtleties of truth."

Adapting the business approach to the military profession has serious drawbacks—too many in uniform have caught the trendy habit of looking out for No. 1, of asking "What's in it for me?" This type of self-centered careerism may be *de rigueur* on Wall Street but is the antithesis of the service ethic. War is a unique human enterprise that cannot be managed on the margin the way bureaucrats haggle over budget apportionments. The fact that all but 268 years in the past 4,000 have seen this planet enduring the blight of war is a grim reminder that Vietnam was not an inoculation that would free us from future conflicts any more than was the "war to end all wars" more than a temporary placebo.

For those who believe that we've seen our last war, I commend that application of the logic of the 17th-Century philosopher Blaise Pascal, who advised that in matters of great import, one should choose that outcome by which he'd stand to lose the least in case he's wrong. I don't think that it's too whimsical or too insensitive to apply Pascal's logic to the prime dilemma of our age—the occurrence or non-occurrence of global war in the next decade or two. I think Pascal would agree that the smart wager is that some sort of global conflict will occur.

Despite the "Star Wars" technology of our weapons systems, the next war will be won by people. Sure, they will have very sophisticated arms, computers and the like, but I'm confident that there will be many times when victory or defeat will rest on the ability of the commander on scene to lead, motivate and inspire. I came home from Hanoi after years of listening to sophisticated weaponry pop and crackel in the big world outside the prison, convinced that it is not lasers but bayonets that will determine the course of history for years to come. I fear that our frenetic efforts to man the services fail to recognize this possibility. What our military needs is men and women whose sense of duty overrides personal concerns, whose sense of honor allows them to make do with less, and whose sense of country transcends ethnic or family allegiance. Just how can these people be attracted to the military when service requires not only meeting standards far above those of the common citizenry but also long hours, frequent separation, financial hardship and little recognition?

First, by telling it like it is. Make it clear that there is a very real possibility that there will be combat, perhaps in a foreign country with which we have no clear ties. People, civilian as well as military, may be wounded or killed. Prisoners will likely be isolated and tortured. Moreover, when the chips are down there can be no more carrot and stick—no enticements, no perquisites, no easy way to opt out. Our warriors must rely on themselves and their fellow Americans. Looking out for No. 1 loses its validity very quickly when everyone is looking over the precipice, staring at the bottom of the barrel, together.

Second, by appealing to that better man or women who lives inside every person. Low-order enticements are short term and cannot match the higher order commitment to duty and country. Contemplation during my years in solitary confinement led me to conclude that a good life is one that accumulates high-quality memories. Can memories of comfort and a workaday life, even a workaday life spiced with financial coups, compete with memories of bold strokes of service which one knows in his gut really mattered in the course of history? For what, in his old age, would one trade his lifetime memories of uplifting comradeship in times of shared danger? For what, in his old age, would one trade that flush of comfort in knowing that he has paid his dues as he listens to the band strike up the National Anthem?

Third, by underscoring the historic roots of this nation's freedom. We've fought wars around the globe in freedom's name and have paid a terrible price for our most fundamental national belief. All must be clear on the fact that those in uniform may someday sacrifice their lives for this country and the freedom for which it stands.

The long-term health of our nation depends to a great extent on the ability of our armed forces. Those in uniform are the ones who guard the passes and protect the ramparts. Let's not stoop to marketplace tactics to man our ranks. We owe to those who will don American military uniforms the untainted pride of service to their nation and the respect of a thankful citizenry.●

FIRE PREVENTION WEEK

HON. GERALDINE A. FERRARO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Ms. FERRARO. Mr. Speaker, this is Fire Prevention Week. Last year alone, fires claimed the lives of over 7,800 Americans and injured another 200,000. Property loss due to fires was $5.5 billion.

It is clear to me that we must take steps to prevent this tragic loss of lives. There are some kinds of catastrophes, such as hurricanes, tornadoes, or floods, which are beyond our control. But the loss of lives and property due to fires can be reduced.

In February of this year, I introduced legislation which encourages fire prevention by assisting businesses with their efforts to improve fire safety procedures. This bill would provide a 30-percent tax credit on the purchase of automatic sprinkler systems, early smoke and fire detection systems, fire-rated doors and walls, and other features which upgrade fire protection systems in public buildings. This credit would be an add-on to the existing investment tax credit, and it would not be refundable.

Mr. Speaker, fire prevention saves lives. I, therefore, ask all my colleagues to join me in this effort. Thank you.●

HOUSE MEMBERS URGE CONTROLLERS STRIKE NEGOTIATIONS

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. OBERSTAR. Mr. Speaker, the most important issue in the current air traffic controller strike is the safety of the American traveling public. Seven weeks from today, the country will have its busiest air travel day of the year—the day before Thanksgiving. The country needs a resolution of the strike before then.

Thirty-seven House Members have signed a letter to President Reagan urging the resumption of negotiations between the Federal Aviation Administration and the members of the Professional Air Traffic Controllers Organization. Our intent in this letter is not to criticize. Rather, the intent is to demonstrate the considerable support in the House for a negotiated settlement.

The American people wish to follow the leadership of the President on this issue. He can reverse his position and act in the long-range national interest by ordering the negotiations that will end the strike. It is not a question of backing down from his earlier opposition. The issue he faces is ending a strike that threatens air travel safety and will erode the quality of the air traffic control system.

I ask that a copy of our letter to the President be included in today's RECORD. I urge those of my colleagues who did not join us on this letter to write similar letters to President Reagan.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., October 2, 1981.

Hon. RONALD REAGAN,
The President
The White House.

DEAR MR. PRESIDENT: It is essential that the Federal Aviation Administration and members of the Professional Air Traffic Controllers Organization resume direct negotiations to end the current strike.

The most important issue in the safety of air travel in the United States. A negotiated settlement offers the most promising and responsible course for resolving the strike.

In a letter to PATCO President Robert E. Poli, you stated that as President you would "take whatever steps are necessary to pro-

vide our air traffic controllers with the most modern equipment available and to adjust staff levels and work days so that they are commensurate with achieving a maximum degree of public safety."

You further wrote of your desire to "bring about a spirit of cooperation between the President and the air traffic controllers."

You are in an excellent position to fulfill those promises. A negotiated settlement between the Federal Aviation Administration and PATCO would be in the national interest and would reflect great credit upon all parties.

We urge you to invite the Secretary of Transportation and the President of PATCO to resume negotiations immediately.

With best wishes.

Sincerely,

MICHAEL D. BARNES,
JOHN CONYERS, Jr.,
JAMES L. OBERSTAR,
WILLIAM J. COYNE,
THOMAS J. DOWNEY,
VIC FAZIO,
MARTIN FROST,
FRANK J. GUARINI,
DALE E. KILDEE,
JIM MATTOX,
PARREN J. MITCHELL,
AUSTIN J. MURPHY,
NICK JOE RAHALL II,
JOHN F. SEIBERLING,
FORTNEY H. STARK,
BRUCE F. VENTO,
BERNARD J. DWYER,
THOMAS S. FOLEY,
WILLIAM H. GRAY III,
WILLIAM J. HUGHES,
MIKE LOWRY,
NICHOLAS MAVROULES,
ROBERT H. MOLLOHAN,
RICHARD L. OTTINGER,
ROBERT A. ROE,
JOSEPH H. SMITH,
GERRY E. STUDDS,
DOUG WALGREN,
TED WEISS,
JOSEPH M. GAYDOS,
MARTIN O. SABO,
BOB EDGAR,
MORRIS K. UDALL,
AL SWIFT,
GERALDINE A. FERRARO,
MARY ROSE OAKAR,
ANTONIO B. WON PAT,
Members of Congress.●

"THE SPIKE" IN REALITY—AN EARLIER CHAPTER IN HOW THE SOVIETS FUNDED AMERICAN COMMUNISTS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. McDONALD. Mr. Speaker, as was mentioned during the debate on the placing of a bust of Martin Luther King in the House or Representatives, there is a 50-year seal on the Martin Luther King file, but some facts are already before the public. These concern his connections with the Communist Party of the United States. These connections are firmly established and if there are those who still doubt it, please read the item I am today inserting by my colleague JOHN ASHBROOK. This statement appeared in Human Events for October 10, 1981. The statement follows:

[From Human Events, Oct. 10, 1981]

THE KING-U.S.S.R. CONNECTION—HOW THE SOVIETS FUNDED AMERICAN COMMUNISTS[1]

(By Representative JOHN M. ASHBROOK)

On Feb. 6, 1980, the House Intelligence Committee heard testimony from John McMahon, then the deputy director for operations for the Central Intelligence Agency. McMahon, one of the most experienced and highly regarded CIA officials, was describing to Committee how the Soviet Union carried out their covert action which they call "active measures" against the free world. These are the Soviet operations to influence events in the target countries. They include forgeries, media placement, agents of influence, and funding of Communist and subversive groups.

McMahon described how the Soviets channeled $50 million a year to the Communist parties of the free world. I asked him how much of that comes into the United States. He responded that the CIA does not trace Soviet operations in this country and that we should get the information from the FBI.

Actually, I already knew a great deal about this Soviet operation in our country. As the ranking minority member of the House Committee on Un-American Activities and later the Internal Security Committee, I was able to trace the Soviet subsidies for U.S. Communist party publications from the Soviet Bank for Foreign Trade through a Paris bank owned by the Soviet Union to the Chase Manhattan Bank and into the coffers of the Communist Party, U.S.A. The Paris bank, Banque Commerciale Pour L'Europe Du Nord, is often used to launder Soviet funds to Communist and terrorist groups in the free world.

I also knew something even more startling. Herb Romerstein, a House Intelligence Committee staffer who pays close attention to these matters, had briefed me on a top-secret FBI penetration of the Communist party apparatus that was smuggling in KGB cash for the use of the American Communists. I know much more, but unlike the liberals, I cannot reveal information that is still classified.

I am free to discuss this one aspect, however, because a recent book by David J. Garrow, The FBI and Martin Luther King, Jr., has now revealed the identities of the men who penetrated the supersecret Communist operations for the FBI.

For almost three decades two brothers, Morris and Jack Childs, had been FBI informants deep in the apparatus that transferred Soviet funds to the CPUSA for subversive activities in the United States. According to the book, they had revealed to the FBI that one of their co-workers in the apparatus was Stanley Levison, a white lawyer who served as the chief, behind-the-scenes, adviser to Martin Luther King, Jr. Jack Childs died last year, but his brother Morris continued to serve the FBI, undercover, until the publication of the Garrow book. In a rare example of FBI humor, the brothers were called by the code name "Solo."

The brothers had been Communist party members long before they agreed to cooperate with the FBI. Morris Childs was a member of the Communist party's National Committee. He had served as editor of the Daily Worker and as the state leader of the party in Illinois. But, even more important, he had close associations with the Soviet Communist party and intelligence agencies.

In 1931, he served as a Communist International official in Moscow directing the American Communist students at the Lenin School, the Soviet's international training school. He was a close associate of Soloman Lozovsky, a high Soviet official who ran the Communist-controlled Red International of Labor Unions, which was closely linked to the Soviet intelligence service. Lozovsky was arrested by the Soviet secret police in 1949 or 1950 and was murdered in 1952 during one of the periodic anti-Semitic purges. It may be that the brothers' break with communism was caused by their observations of the true nature of the Soviet regime.

The Garrow book is sympathetic to King and his adviser, Levison. Nevertheless, it confirms the information that many of us had concerning the Communist influence on King's activities. As the FBI files on the Martin Luther King case have been sealed for 50 years, to avoid embarrassment to King's family and supporters, the Garrow book becomes particularly significant.

According to the book, Levison dropped out of the Communist financial manipulations and established a relationship with King in the late 1950s. Members of Levison's family revealed to Garrow that Levison had been associated since 1965 with Victor Lessiovski, a top Soviet official at the United Nations. They told him that they suspected that Lessiovski was a KGB agent. Indeed, he is. Lessiovski, until recently the personal assistant to the secretary-general of the United Nations, is one of the highest-ranking KGB officers ever to serve in the United States. His relationship to Levison shows that the adviser to King remained under KGB control even after leaving the Communist party financial apparatus.

Garrow also reveals that it was Levison who recommended fellow Communist hunter Pitts O'Dell, also known as Jack O'Dell, to be an employe of King's Southern Christian Leadership Conference. O'Dell, then a National Committee member of the Communist party, became a highly trusted King aide. He now works for Jesse Jackson in Operation PUSH.

It was the activities of these two Communists, Levison and O'Dell, that caused Atty. Gen. Robert Kennedy to authorize the famous wiretaps on King. According to Garrow, Kennedy tried on a number of occasions to convince King to get rid of his Communist advisers. King would promise to do so, but each time slipped Levison and O'Dell in through the back door.

The 50-year seal on the Martin Luther King file leaves many questions unanswered. One of these is: Did King get any of the Soviet money? Another is: What role, if any, did the Soviets play in moving King from civil rights activities to anti-Vietnam War agitation?

Sooner or later skullduggery always gets revealed. Now we know some of the details of the Soviet financial support for Communist and subversive activities in the United States. Will we really have to wait 50 years before learning the whole truth about Martin Luther King?●

[1] Reproduced in the publication Human Events is a Chase Manhattan check for $20,000 made payable to the Communist party publication, The Worker. This check was drawn on the order of the Bank for Foreign Trade in Moscow through a Soviet-owned bank in Paris. It was one of many.

RAOUL WALLENBERG—AMERICAN CITIZEN

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. GILMAN. Mr. Speaker, on Monday of this week, October 5, President Reagan signed into law House Joint Resolution 220, bestowing honorary U.S. citizenship upon Raoul Wallenberg. This expression of deep gratitude and respect by the American people has been conferred upon only one other individual in history—Winston Churchill.

The granting of citizenship to Mr. Wallenberg is of great symbolic importance—a reminder of one man's great courage in the face of the awesome inhumanity of others. Mr. Wallenberg is singularly responsible for saving tens of thousands of Hungarian Jews from death at the hands of the Nazis, while working under continual threats to his personal safety. "How can we comprehend the moral worth of a person who saved tens and tens of thousands of lives?" asked President Reagan at the signing ceremony Monday. "Wherever he is, his humanity burns like a torch."

At the request of the U.S. Government, this Swedish diplomat began his humanitarian effort in 1944, and often rescued people from train cars bound for the death camp at Auschwitz by placing Swedish passports in their hands. Among the thousands Mr. Wallenberg saved were our distinguished colleague from California, TOM LANTOS, the author of House Joint Resolution 220, and his wife, Annette.

Mr. Wallenberg, a man of unsurpassed heroism, has not been heard from since 1945, when he was captured by the Soviet occupying forces. Since that time, there have been repeated efforts by many organizations and governments to ascertain the circumstances of Mr. Wallenberg's imprisonment. The Soviets claim that this man of extraordinary energy died of a heart attack in a Soviet jail in 1947, when he would have been but 36 years old. Reports from ex-prisoners over the years, however, indicate that Raoul Wallenberg is still alive and being detained in a Russian prison.

It is outrageous that any nation would imprison this man of peace, whose heroic compassion and self-sacrifice exemplify the best ideals of man. It is my sincere wish that this extraordinary measure we have taken will focus worldwide attention on the fate of Mr. Wallenberg and bring about his release from confinement—if he is still alive.

This act is an important reminder of the atrocities that man is capable of perpetuating upon his fellow human beings, holding in most esteemed contrast the actions of such noble individuals as Raoul Wallenberg. I hope that our action will serve notice to the fact that deplorable cruelty exists in the form of unjust and prolonged imprisonment for the many who are still trapped in the Soviet Gulag.●

EXPIRATION OF THE EMERGENCY PETROLEUM ALLOCATION ACT

HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. BROWN of Ohio. Mr. Speaker, the expiration of the Emergency Petroleum Allocation Act marks the beginning of a new era for the domestic petroleum industry. The industry will soon become more efficient in its distribution of petroleum products. The inefficient elements of the highly profitable oil industry will no longer be subsidized by consumers through the Federal Government.

The absence of the EPAA can mean only one thing: The consumer will benefit. Competition will assure the most equitable distribution of gasoline possible, at a price that is not one penny more than what the market will allow. Conservation is the consumer's most important weapon against high prices. Those refiners that can distribute their gasoline most cheaply and efficiently will prosper, those refiners that cannot may not survive. And only the free market can impose this vital discipline that keeps overall prices down. The result is that the Nation will be left with increasingly efficient refiners, able to distribute their products to meet demand at the lowest cost.

Some of my colleagues do express concern over lack of an allocation program in the event of shortage. Their concern stems from the assumption that their States are perhaps dependent primarily upon refiners in need of subsidization. While these refiners are currently enjoying the benefits of a worldwide oil glut by purchasing crude oil at a reduced price on the spot market instead of under the higher prices paid under long-term contracts, a shortage could conceivably develop at any moment, given the political instability of the Middle East. If such a shortage were to materialize, the least efficient independent refiners would be hard pressed to survive.

Yesterday, we all grieved at the loss of one of the finest men in that region, or indeed, in the world. We must be prepared, of course, for the danger of an oil import interruption. To be prepared must mean to be genuinely ready to avoid the mistakes which only prolonged previous crises and only added to the cost consumers had to pay for petroleum products.

This is certainly no time to lose our resolve. It is, in fact, imperative that we increase our resolve to be ready with contingency plans which work for the benefit of all Americans. Oil price controls and allocation controls, as we now know conclusively, benefit only the special interest groups and negatively affect our consumers of gasoline and of home heating oil.

In order to counteract this fear that consumers could be hurt without the subsidization of inefficient refiners provided under the EPAA, I am introducing into the CONGRESSIONAL RECORD data depicting the current state of the petroleum distribution system. Not one of the continental 48 States are served by less than 7 major refiners, and only 5 States are served by less than 20 total refiners. This data indicates that if there should be a severe shortfall in petroleum supply, resulting in the least efficient independent refiners curtailing service in some areas, or even closing altogether, there will still remain an adequate distribution system, a system in fact that will generally benefit the consumer by being truly competitive and more efficient.

The following data is derived from the "1981 National Petroleum News Factbook," and is the most recent information on this subject:

NUMBER OF MAJOR AND NONMAJOR PETROLEUM FIRMS MARKETING GASOLINE IN EACH STATE, 1981

State	Major refiner	Non-major refiner	Total refiners
Maine	10	7	17
New Hampshire	11	12	23
Vermont	11	7	18
Massachusetts	11	10	21
Rhode Island	11	9	20
Connecticut	12	12	24
New York	12	26	38
New Jersey	12	17	29
Pennsylvania	13	29	42
Delaware	11	8	19
Maryland	13	15	28
Washington, D.C.	11	4	15
Virginia	12	30	42
West Virginia	11	19	30
North Carolina	11	24	35
South Carolina	11	25	36
Georgia	11	36	47
Florida	12	39	51
Ohio	13	31	44
Indiana	14	27	41
Illinois	13	32	45
Michigan	11	27	38
Wisconsin	13	21	34
Kentucky	13	41	54
Tennessee	12	42	54
Alabama	13	29	42
Mississippi	12	25	37
Minnesota	9	21	30
Iowa	9	26	35
Missouri	11	28	39
North Dakota	9	14	23
South Dakota	9	13	22
Nebraska	10	18	28
Kansas	8	23	31
Arkansas	12	21	33
Louisiana	11	22	33
Oklahoma	12	16	28
Texas	12	36	48
Montana	7	9	16
Idaho	9	12	21
Wyoming	9	11	20

NUMBER OF MAJOR AND NONMAJOR PETROLEUM FIRMS MARKETING GASOLINE IN EACH STATE, 1981—Continued

State	Major refiner	Non-major refiner	Total refiners
Colorado	9	20	29
New Mexico	11	15	26
Arizona	10	15	25
Utah	9	9	18
Nevada	9	12	21
Washington	11	13	24
Oregon	9	12	21
California	9	20	29
Alaska	3	0	3
Hawaii	5	1	6

●

SALUTE TO BOWIE-BELAIR'S 20TH ANNIVERSARY

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. HOYER. Mr. Speaker, it gives me great pleasure to rise in recognition of the anniversary of an important milestone for a number of citizens in Prince Georges County, in my own Fifth District of Maryland. Twenty years ago the first residents settled in the Belair subdivision of Bowie, and, from that action, developed one of the most vibrant and active cities in the State of Maryland.

It was near the intersection of Telegraph Road and Route 197 that the neighborhood's first town emerged, created by the great railroad building era of the 1860's and 1870's. Members of the Bowie family, who were large landowners in the eastern section of the county, began to organize a new railroad as a competitive line to the Baltimore & Ohio Railroad. Oden Bowie was one of the organizers of the new line which became the Baltimore & Potomac Railroad.

The settlement was first incorporated as the town of Huntington in 1874, later reincorporated as the town of Bowie in 1888 in honor of Oden Bowie.

The little town of Bowie remained a rather isolated village for many decades. It was not until 1960, almost 100 years after its original settlement, that real change came. It was then that the old town of Bowie annexed the Belair subdivision to become the city of Bowie as it now exists.

At the time the Bowie family was building railroads, the Tasker family was developing an estate called Belair. Known in colonial times as the Forest of Prince Georges, the several-thousand-acre estate had a 600-acre deer park, kennels, stables, and bowling greens, all maintained in the traditional English style of landed proprietors. The land was passed on to the Ogle family who developed Belair as a horse-breeding center.

The horse-breeding tradition begun by the Ogle family was continued by a subsequent owner of the estate who acquired the property around 1900, and established the Bowie racetrack in 1914. The track, organized by investors in the Southern Maryland Agricultural Association, is now an integral part of the Bowie community.

In the late 1950's, wholesale acquisition of tracts of land by the Levitt firm, including the Belair estate, and large-scale construction of subdivisions dramatically changed the landscape.

From an area of 1,000 in 1960, to a thriving city of 40,000 residents, Bowie has become one of Maryland's largest cities and the most populous municipality in Prince Georges County. Today, Bowie is a thriving community, with outstanding library services, health services, and schools. It is a family-oriented place, one where parents and their children play an active role in developing deep community ties.

October 1981 marks the 20th anniversary of the arrival of the first residents to the Belair subdivision. This Saturday, October 10, 1981, residents will celebrate this occasion with a "nostalgia night," organized by several of Bowie's leaders.

Mr. Speaker, I know that my colleagues will join me in wishing those who will gather at the Bowie Community Center a most successful observation of a very significant municipal event, and a hearty congratulations on the anniversary of this occasion.●

PRESIDENT REAGAN'S ECONOMIC RECOVERY PROGRAM

HON. MARJORIE S. HOLT

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mrs. HOLT. Mr. Speaker, the partisan political criticisms being fired daily at President Reagan's economic recovery program are coming from the very same sources that produced the economic mess in which our country finds itself.

There is no way that President Reagan or this Congress can find a magic button to push to make everything instantly right after many years of reckless disregard of sound economic principles.

The important thing is that we have set in motion the policies necessary to rebuild our economy. The task will require months and years, but it will succeed if we stay on course. I have never been more optimistic about the future of the American economy.

There is no magic solution to the economic problems of America. There is no easy or instant cure for inflation or sagging productivity or unemployment, but we have started the process of recovery, and it will work.

The Reagan administration inherited an inflationary economy based on funny money, an extravagent government spending much more than the revenues provided by a rising tax burden, and a public watching in gloom as incomes and jobs were eroded by inflation and taxes.

Today we have an administration committed to a prudent monetary policy that does not finance inflation, and the inflation rate is coming down.

We have enacted tax cuts that will stimulate saving and productive investment. These historic tax cuts are designed to simultaneously fight inflation, rebuild American industry, and increase employment opportunities.

The public and many Members of Congress, including myself, have expressed alarm at the high interest rates. When President Reagan assumed office, the prime rate was 21.5 percent. It is gradually coming down, has currently reached the 19 percent level, and is expected to continue declining in the months and years ahead.

Now what do the critics of the Reagan economic program propose? They propose a return to the same politics that got our country into the mess we are finally trying to correct.

The American people do not want a return to the unworkable nostrums of the past. They want a future of hope and opportunity, and that is what the Reagan economic program offers. But it will take time.●

LET'S BE SENSIBLE ABOUT AWACS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. McDONALD. Mr. Speaker, yesterday's tragic events underscore the fact that the United States has very few friends in the Arab world. It is entirely possible that we could lose the longstanding friendship of Saudi Arabia if we do not provide her with the equipment she needs to defend her oilfields, and perhaps her very existence. It also goes without saying that the AWACS sale will perform a direct contribution to U.S. security interests.

WRC Radio of Washington, D.C., on October 1, had an excellent and most sensible editorial on this subject, which I strongly recommend my colleagues give thoughtful attention to. Editorial follows:

WRC RADIO EDITORIAL

ALVORD. The proposed sale of those AWACS advanced reconnaissance planes to Saudi Arabia is still stirring up the diplomatic waters, and WRC's Vice President and General Manager, Frank Scott, has an editorial opinion now on behalf of WRC Management. Frank, why all the fuss?

SCOTT. We're not quite sure, Ken * * * but we think some self-serving lawmakers may be at fault.

In the first place, just what is the AWACS? AWACS stands for airborne warning and control system. The now familiar AWACS planes, with their frisbee-shaped radar antenna on top, are crammed with sophisticated computer equipment. According to the Defense Department, an AWACS plane can keep an eye on the sky for 200 miles around, but beyond that, AWACS can actually direct traffic in a supersonic air battle high in the sky. The AWACS system keeps track of who's where and who's doing what all over the sky.

That's what AWACS does. How it does it is still a secret. And that, in turn, is where the problem begins. The Saudis claim * * * with some justification * * * that their valuable oil fields are vulnerable to attacks from the air. Putting it bluntly, Saudi Arabia's bankroll * * * and our energy lifeline * * * could go up in smoke if some hostile power decides to launch an air strike on those gushing oil wells. So the Saudis are asking us to provide them with more sophisticated air defense equipment * * * including the AWACS. But israel objects * * * claiming that those defensive weapons the Saudis want could just as easily be turned on Israel as on a more distant enemy.

Led by Oregon Senator Robert Packwood, Israel's supporters on Capitol Hill are pulling out all the stops to kill the AWACS deal. Frankly, we're just a bit disappointed. Saudi Arabia recently made a peace proposal for the Middle East and it was a major step forward. For the first time they offered to recognize Israeli sovereignty. Their efforts and pressure on the PLO and other Arab States was instrumental in achieving the current cease fire in Lebanon. But right here on WRC the other day, Senator Packwood claimed the Saudis had never done anything to aid the search for peace. We are concerned that Senator Packwood and his compatriots are not looking deeply enough into the needs of this Nation as they work so diligently to further the interests of Israel, who we also fervently support.

We are not convinced that the AWACS sale poses any threat whatsoever to Israel. We are also not convinced that the threat of AWACS technology falling into hostile hands if Saudi Arabia should go the way of Iran is credible either.

The first AWACS plane won't even arrive in Saudi Arabia until the middle of the decade. By the time the Saudis would take full control, the technology that now seems so exotic will probably have been surpassed several times over. If the opponents of the AWACS sale prevail, nothing of value will be accomplished.

Israel will not be any more secure * * * in fact, a case can be made that instability in the Middle East as a whole will create an even less secure position for Israel. And, the delicate relationship that is developing between the United States and Saudi Arabia will be seriously, if not mortally, wounded.

We hope the argument over the AWACS sale can be shifted away from emotional rhetoric and back to a hard-headed analysis of what's really best for all concerned.

ALVORD. Responsible replies are welcome.●

NATIONAL PORT WEEK

HON. PAUL S. TRIBLE, JR.

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. TRIBLE. Mr. Speaker, the President has proclaimed this week "National Port Week" and I am pleased to report that members of the administration's coal interagency working group will make a trip to Virginia's Port of Hampton Roads on Thursday. The trip will provide them firsthand knowledge of the problems and possibilities which exist in the port through which passes more than 70 percent of this country's coal exports.

As an island nation, the United States is highly dependent on the seas for its well-being. Without a viable port system, we are unable to bring to our shores critical materials needed for our military might and industrial vigor, nor are we able to export American products to other nations.

Waterborne commerce currently generates more than 1 million jobs and in 1980 contributed more than $35 billion to the gross national product and $12 billion in Federal tax revenues.

However, our ability to take advantage of even greater economic opportunities will be possible only through advanced port capabilities. Due to an increase in demand for coal and a lack of sufficient port capacity in the United States, there is a danger our customers will turn to other sources for coal.

In June, I introduced legislation which addresses the port capacity problem in the United States, and now committees of both the House and Senate are working on legislation which would facilitate the deepening of American ports.

It is appropriate that this week we recognize the importance of American ports to our Nation's economy and defense. Timely congressional action is essential if we are to take advantage of the additional economic opportunities available from increased coal exporting.●

COUGHLIN POLL: TWO-THIRDS SUPPORT SPENDING AND TAX REDUCTIONS

HON. LAWRENCE COUGHLIN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. COUGHLIN. Mr. Speaker, I again am pleased to share the results of my annual mail questionnaire poll of Pennsylvania's 13th Congressional District—a poll that drew an unusually large number of individual responses. A total of 15,407 individual replies was received before the July 15 deadline.

Key findings of the poll, taken before enactment of the proposals, included a 67-percent approval of President Reagan's programs to make major budget cuts and effect significant tax reductions; a majority in favor of his tax rate decreases whether or not deficits still exist; a majority opposing relaxation of clean air laws to help domestic steel and auto industries; 51 percent believing Mr. Reagan's get tough policy will deter Soviet expansionism; 65 percent opposing a law providing that human life begins with conception; 83 percent in favor of requiring a license to buy a handgun, and a fairly even split on whether the United States should sell sophisticated weaponry including AWACS to Saudi Arabia.

In keeping with my practice, I will forward the results to the White House.

Sixty-seven percent responded "yes" to the President's plan for significant budget cuts and major tax reductions to stem inflation, create employment, and improve the economy. Twenty-six percent were opposed with 7 percent registering "undecided."

Asked if the Congress should enact the President's plan for individual tax rate reductions of 10 percent annually for 3 consecutive years whether or not there still are budget deficits, a total of 59 percent responded "yes." Opposed were 33 percent. Undecided were 8 percent.

Constituents were asked to list in order of priority where spending should be cut. Seven areas were specified and a place was provided for writing in other suggestions.

As has been the result in other polls, the ranking named foreign aid as the first area for spending reductions. Listed second in reducing expenditures was "other areas." Among those written in were: Programs assisting or aiding the middle class, aid to States and cities, politicians' salaries, Government employees' pensions, and farm subsidies.

The third priority for cuts was mass transportation. Following, in order, were defense, education, aid to poor, health care, and aid to elderly.

A question asked, "Under the President's budget and tax proposals, which group do you believe would be hurt the most, if any?"

Those answering listed the poor and needy first with 42 percent naming them as the group to be hurt the most. Twenty-one percent ranked, "All would share equally" as second.

Others, in order of ranking, were: middle-class taxpayers, 19 percent; elderly Americans, 12 percent; other, 5 percent, and affluent and wealthy, 1 percent.

Constituents were asked to list, selecting one or more, which course they favored to prevent the social security fund from running out of money to pay retirement benefits as predicted next year.

Chosen first by 46 percent was reducing early retirement benefits for those aged 62 to 65. Second at 30 percent was raising the retirement age from 65 to 68. Third at 29 percent was reducing annual cost-of-living adjustments.

Listed fourth at 28 percent were other alternatives such as eliminating programs not initially included in social security, ending double-dipping, providing tax incentives to set up private plans, and funding privately. Following other alternatives were, in order, raising the social security payroll tax, 15 percent, and reducing retirement benefits for future retirees an estimated 10 percent of previous income benefits, 12 percent. (Figures do not add up to 100 percent because of one or more choices.)

Constituents were asked if they favor opening up Federal lands and the Outer Continental Shelf for expanded energy and mineral development with 44 percent approving and 44 percent opposing. Twelve percent said they were undecided.

A majority opposed relaxing clean air laws to help our domestic steel and auto industries. Fifty-three percent were opposed, 38 percent were in favor, and 9 percent were undecided.

President Reagan's "get tough" policy with the Soviet Union will deter Soviet expansionism, according to 51 percent of those responding. Thirty-seven percent said it will not while 12 percent registered "undecided."

An overwhelming 81 percent said "yes" to the question: "Does the Soviet Union support and encourage terroristic activities throughout the world?" Seven percent said "no." Twelve percent checked off "undecided."

I asked what course should be followed in the Middle East should Soviet expansionism accelerate there. One or more choices were provided.

Sixty-four percent opted for prohibiting all exports to the Soviet Union—the first choice. Listed at 44 percent was prohibiting only food and grain exports. Third at 37 percent was establishing permanent, manned bases in the Persian Gulf.

Following these were: Blockade Soviet aid to Cuba, 27 percent; place additional nuclear missiles in Europe, 19 percent; break diplomatic relations, 18 percent, and other alternatives, 11 percent. Among the suggestions were: Cultivate allies in the Middle East, mind our own business, employ better diplomatic relations, and "bomb them." (Figures do not add up to 100 percent because of one or more choices.)

Sixty-five percent said "no" to a question: "Do you favor a law providing that human life begins at conception?" Twenty-eight percent replied "yes." Undecided were 7 percent.

A second question aimed at the 28 percent responding in favor, asked if this then means that abortion constitutes murder. Of the 28 percent, a total of 69 percent—or 19 percent of all those responding to the original question—said they believed such a measure would mean abortion constitutes murder. Twenty percent said "no" and 11 percent registered "undecided."

Eighty-three percent responded "yes" to the question: "Do you believe a license should be required to purchase a handgun?" Fourteen percent opposed licensing. Only 3 percent said they were undecided.

On the question of selling Saudi Arabia advance warning radar aircraft and offensive equipment for F-15 jet fighters, a total of 43 percent opposed the proposed sales. Thirty-nine percent favored the sales and 18 percent were undecided.

A majority of those answering opposed U.S. aid to the ruling junta in El Salvador. Fifty-six percent registered their opposition, 20 percent approved, and 24 percent were undecided.

Opposing import quotas on Japanese autos if voluntary agreements fail were 53 percent. Favoring quotas were 39 percent. Eight percent were undecided.

Questionnaires were mailed to every household and boxholder in the congressional district. The results were compiled and doublechecked by my staff. To insure accuracy, responses were weighted by ZIP codes.

QUESTIONNAIRE RESULTS—1981

1. President Reagan advocates significant budget cuts and major tax reductions to stem inflation, create employment and improve the economy.

A. Do you agree with his overall plan for budget and tax cuts?

[In percent]

Yes	67
No	26
Undecided	7

B. Should the Congress enact the President's plan for individual tax rate reductions of 10 percent annually for three consecutive years whether or not there still are budget deficits?

[In percent]

Yes	59
No	33
Undecided	8

C. Please rank in order of priority (1, 2, 3, etc.) where you would cut spending.

[In order of priority]

Foreign aid	1
Other	2
Mass transportation	3
Defense	4
Education	5
Aid to poor	6
Health care	7
Aid to elderly	8

D. Under the President's budget and tax proposals, which group do you believe would be hurt the most, if any? (one only)

[In percent]

Poor and needy	42
All would share equally	21
Midle class taxpayers	19
Elderly Americans	12
Other	5
Affluent and wealthy	1

2. To prevent the Social Security fund from running out of money to pay retirement benefits as predicted next year, which alternative do you favor? (one or more)

[Totals more than 100 percent]

Reduce early retirement benefits for those aged 62 to 65	46
Raise the retirement age	30
Reduce annual cost-of-living	29
Other	28
Raise the Social Security payroll tax	15
Reduce retirement benefits for future retirees an estimated 10 percent of previous income benefits	12

3. Problems of energy and environment persist.

A. Do you favor opening up Federal lands and the outer continental shelf for expanded energy and mineral development?

[In percent]

Yes	44
No	44
Undecided	12

B. Should clean air laws be relaxed to help domestic steel and auto industries?

[In percent]

Yes	38
No	53
Undecided	9

4. U.S. relations with the Soviet Union have proven difficult through the cold war and detente.

A. Do you believe President Reagan's "get tough" policy will deter Soviet expansionism?

[In percent]

Yes	51
No	37
Undecided	12

B. Does the Soviet Union support and encourage terroristic activities throughout the world?

[In percent]

Yes	81
No	7
Undecided	12

C. Should Soviet expansionism accelerate in the Middle East, what course would you advocate? (one or more)

[Total more than 100 percent]

Prohibit all exports to the Soviets	64
Prohibit food and grain exports	44
Establish permanent, manned bases in the Persian Gulf	37
Blockade Soviet aid to Cuba	27
Place additional nuclear missiles in Europe	19
Break diplomatic relations	18
Other	11

5. The issue of abortion continues to trouble the Nation.

A. Do you favor a law providing that human life begins at conception?

[In percent]

Yes	28

No	65
Undecided	7

B. If "yes", should this mean that abortion constitutes murder?

[In percent]

Yes	69
No	20
Undecided	11

6. Do you believe a license should be required to purchase a handgun?

[In percent]

Yes	83
No	14
Undecided	3

7. Should the U.S. sell Saudi Arabia advanced-warning radar aircraft (AWACS) and offensive equipment for their F-15 jet fighters?

[In percent]

Yes	39
No	43
Undecided	18

8. Do you approve of U.S. aid to the ruling junta in El Salvador?

[In percent]

Yes	20
No	56
Undecided	24

9. Should voluntary agreements fail, would you support placing import quotas on Japanese autos?

[In percent]

Yes	39
No	53
Undecided	8

Party preference of those responding:

[In percent]

Republican	64
Democrat	22
Non-partisan	13
Other	1

Ages of those responding:

[In percent]

18 to 21	3
21 to 35	22
35 to 50	23
50 to 65	31
65 and over	21●

THE PLIGHT OF THRIFT INSTITUTIONS

HON. J. WILLIAM STANTON

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. STANTON of Ohio. Mr. Speaker, every Member of this House is aware of the plight which has befallen the thrift institutions of this country in recent years. In a nutshell, the liabilities side of their balance sheet has been deregulated, and they have been forced to pay higher rates to savers. This was a desireable measure, and household savers have benefited immensely from it. However, the asset side of the balance sheet has remained relatively fixed, due to the high percentage of fixed-rate mortgages remaining on the books of institutions, resulting in part from slowness in implementing variable rate mortgages. State usury laws and State prohibitions on the enforcement of "due-on-sale" clauses have also impaired the ability of thrift institutions to earn a market rate of return on their assets. Thus, these institutions have been caught in a squeeze between rising costs on their short-term, variable-rate liabilities and the inadequate returns on the long-term, low-interest, fixed-rate mortgages which many institutions continue to hold. Earnings have declined or become negative, and many thrift institutions are experiencing serious erosion of their capital accounts.

Yesterday the Committee on Banking, Finance and Urban Affairs reported H.R. 4603, a bill to give the Federal regulatory agencies increased authority and flexibility to assist troubled institutions and, if necessary, to arrange mergers across State lines and across traditional industry lines.

During the hearings and markups on this legislation, Chairman ST GERMAIN and I stated our conviction that this legislation is necessary, that it should be enacted without delay. H.R. 4603 is not, in our judgment, a proper vehicle for dealing with the longer term problems of thrift institutions.

Today I am introducing, at the request of Chairman Richard T. Pratt, of the Federal Home Loan Bank Board, on behalf of the administration, which has endorsed it, the Thrift Institutions Restructuring Act of 1981. This bill is designed to give Federal thrift institutions the powers they need in order to compete successfully in the financial services market. Although the bill grants extensive new powers to invest in assets which are not directly related to housing, this bill does not represent a repudiation of the traditional commitment of thrift institutions to the financing of housing. Rather, it is the purpose of this bill to enable thrift institutions to survive and to prosper, so that they can continue to play a central role in providing funds to the home buyers of America. I would observe that the powers conferred upon thrift institutions under this bill are so broad that it will probably be necessary to provide other depository institutions with broader powers as well, so that they can compete against securities firms, department stores, and other firms which are entering the financial services industry on a daily basis. This bill provides a proper vehicle for the consideration of these broad issues.

Chairman ST GERMAIN and I have agreed that the Banking Committee will soon commence a series of hearings covering all major issues affecting the powers of depository institutions. I am informed that Chairman GARN of the Senate Committee on Banking, Housing, and Urban Affairs has also introduced this bill, that the committee staff is preparing a draft bill dealing with all of the major issues affecting commercial banks and thrift institutions, and the Senate committee will consider it promptly. The stage is set for thorough hearings and expeditious action in both Houses of Congress.

A section-by-section analysis of the Thrift Institutions Restructuring Act of 1981, follows:

SECTION-BY-SECTION ANALYSIS OF THE THRIFT INSTITUTIONS RESTRUCTURING ACT OF 1981

TITLE I: FORM OF CHARTER; DEMAND ACCOUNTS

Section 101. Title

Section 101 states that the bill may be cited as the "Thrift Institutions Restructuring Act of 1981."

Section 102. Chartering and Purpose

This section would revise §5(a) of the Home Owners' Loan Act of 1933 ("HOLA") to specify that the Bank Board may charter Federal associations known as Federal savings and loan associations or Federal savings banks and that the purpose of such activity shall be to provide thrift institutions for the deposit or investment of funds, and for the extension of credit for homes, and other goods and services.

Section 103. Demand Accounts and Capital Stock

This section would revise §5(b)(1) and (2) of the HOLA. Under revised §5(b)(1), Federal associations would be able to offer any customer a demand account.

In addition, §5(b)(1) would be amended to lower the statutory notice-of-withdrawal period for savings accounts (including NOW accounts) to fourteen days from the current thirty days.

The amendment to §5(b)(2) would delete an existing prohibition against the issuance of capital stock by Federal S. & L.'s and substitute an explicit grant of authority to issue such stock.

Section 104. Conversions to Federal Charters

This section would amend §5(i) of the HOLA to allow any institution that is a Federal Home Loan Bank member (or is eligible to become a member) to convert to a Federal S. & L., a Federal savings bank, or a Federal mutual savings bank.

Section 105. Conversion from State Mutual to State Stock

This section would amend extensively §402(j) of the National Housing Act.

Section 106. Technical

This section would amend §2(d) of the HOLA to ensure that statutory references to Federal S. & L.'s include all Federal savings banks, not just FMSBs.

Section 107. Technical

This section would establish the duty of the FSLIC to insure the accounts of all Federal savings banks, rather than simply FMSBs, as the statute currently provides.

Section 108. Technical

This section would include Federal savings banks within the listing of entities defined as insured institutions for Savings and Loan Holding Company Act purposes.

TITLE II: INVESTMENTS

Section 201. Overdrafts

This section would amend §5(c)(1)(A) of the HOLA to provide that overdraft loans could be issued with respect to any transactions account of a Federal association, rather than only against NOW accounts, as is currently the case.

Section 202. Real Property Loans

This section would amend § 5(c)(1)(B) of the HOLA to allow Federal associations to invest up to 100 percent of their assets in loans secured by loans on residential or nonresidential real property. The amendment would eliminate the percentage-of-assets and first lien restrictions, as well as dispense with the requirement that the real estate securing the loan be of any particular nature.

Section 203. Time Deposit in S. & L.'s

This section would amend § 5(c)(1)(G) of the HOLA to allow associations to invest in each other's time and savings deposits.

Section 204. Governmental Securities

This section would amend § 5(c)(1)(H) of the HOLA to allow Federal associations to invest up to 100 percent of their assets in obligations of or issued by State or local governments.

Section 205. Commercial and other loans

This section would amend § 5(c)(1)(L) to allow Federal associations to invest up to 100 percent of their assets in secured or unsecured loans for commercial, corporate, business or agricultural purposes.

Section 206. Technical

Sections 204 and 206 would amend existing § 5(c)(1)(O) and § 5(c)(4)(C) of the HOLA to remove from § 5(c)(4)(C) existing authority for Federal associations to invest in certain insured land development loans and place such authority in § 5(c)(1)(O). In addition, in § 5(c)(1)(O), the amendment would change the name of the "Urban Growth and New Community Development Act of 1970" to the "National Urban Policy and New Community Development Act of 1970."

Section 207. Corporate Securities

This section would amend §(c)(1)(P) to allow Federal associations to invest up to 100 percent of their assets in commercial paper and corporate debt securities.

Section 208. Mutual Funds

This section would amend § 5(c)(1)(Q) of the HOLA to allow Federal associations to invest in a wider variety of mutual funds.

Section 209. Consumer loans

This section would create a new § 5(c)(1)(R) of the HOLA authorizing ivestments in consumer loans, including inventory and floor planning loans.

Section 210. Additional Investment Options

This section would provide further liberalization of the investment options open to Federal associations.

1. Equipment Leasing: Revised § 5(c)(2) would give Federal associations authority to invest directly in tangible personal property.

2. Education Loans: Amended § 5(c)(3)(A) would expand the scope of the current 5 percent-of-assets education loan authority to include any loan for educational purposes.

3. Service Corporations: Under amended § 5(c)(4)(B), Federal associations would be able to invest 5 percent of their assets in their service corporation subsidiaries, instead of the 3 percent currently authorized. In addition, the bill would clarify the status of subsidiaries of service corporations—so-called "second-tier" service corporations—by specifically stipulating that primary service corporation would be able to invest in such entitles regardless of the state-of-charter and stock ownership restrictions that affect Federal association investment in service corporations.

6. Foreign Assistance Investments: See Section 206.

7. Small Business Investment Corporations: New § 5(c)(4)(D) would restore authority to Federal associations to invest in Small Business Investment Corporations that inadvertently was deleted from § 5(c) in the course of the reenactment of that provision by Public Law 96-221.

Section 211. Incidental Activities

This section would create a new § 5(c)(8) that would clarify the power of Federal associations to engage in activities and ventures incidental to the exercise of authority conferred under § 5(b) or (c).

Section 212. Liquidity Eligible Investments

This section would amend § 5A(b)(1)(B) of the Federal Home Loan Bank Act (12 U.S.C. § 1425a(b)(1)(B)) to specify that members of Federal Home Loan Banks could use their investments in time and savings deposits in other members, or in institutions eligible to become members to help satisfy the statutory requirement that they maintain at all times a certain amount of liquid assets.

Section 213. Overlapping Jurisdiction

This section would ensure that FSLIC-insured institutions would continue to be exclusively governed by the Savings and Loan Holding Company Act with respect to acquisitions of control by other companies.

Section 214. Limitation on branching by Federal associations

This section would limit interstate branching by Federal associations to those which have an asset composition such that they qualify for the benefits of the so-called "bad debt deduction" under the Internal Revenue Code. Furthermore, retention of out-of-state branches would be contingent upon the Bank Board's determination that total assets attributable to branches in the foreign state are such that those branches, taken as a whole (assuming they otherwise were eligible), would qualify for the bad debt deduction. Federals with existing interstate branches would be grandfathered, and state institutions with interstate branches that convert to federal charters would likewise not be forced to give up their out-of-state facilities. In addition, Federals would be able to branch into those states that permit such penetration by out-of-state thrifts. The provision clarifies the fact that branches resulting from the extraordinary powers granted the FSLIC under section 301 of the bill would not be affected by the section 214 limitation. Finally, the section would allow the Bank Board to give Federals up to two years to dispose of illegal branches.

Section 215. Limitation on savings and loan holding company activities

This section would limit the activities permissible for a savings and loan holding company and its non S. & L. subsidiaries when the company's S. & L. subsidiary acquires an asset mix such that it no longer qualifies for the bad debt deduction. The activities thereafter permissible would be those available to multiple savings and loan holding companies and their subsidiaries under 12 U.S.C. § 1730a(c)(2). Affected companies would be given three years to either come into conformance or sell the S. & L. subsidiary.

TITLE III: PREEMPTION OF DUE-ON-SALE PROHIBITIONS

Title III would clarify the non-applicability to federal S&Ls and federal savings banks of state laws prohibiting exercise by lenders of so-called due-on-sale clauses that stipulate that a borrower's mortgage becomes due when he sells his home.

Specific provision would be made in the amendment for delegation by the Bank Board to its staff, or to the staffs of the Comptroller of the Currency or of the National Credit Union Administration Board, of authority to issue approvals or interpretations.

TITLE IV: EXTRAORDINARY AUTHORITY

Sections 401 and 402. Emergency Thrift Acquisitions

These sections generally parallel section 8 of H.R. 4603. Added language would permit expedited procedures before the Federal Reserve in the event of a bank holding company's acquisition of a failing thrift institution.

Section 403. Emergency Stock Charters

This section parallels section 6 of H.R. 4603. It would allow the Bank Board to authorize (or in the case of a Federally-chartered association, require) a mutual institution to become, or merge into a newly chartered, Federal stock association, regardless of other state of Federal law.

Section 404. Assistance to Thrift Institutions

This section would allow the FSLIC to provide assistance to any party acquiring a financially troubled insured institutions. The section parallels section 7 of H.R. 4603.

Section 405. Conservatorship and Receivership Powers

This section would provide the FSLIC with conservatorship/receivership powers over State-chartered insured institutions approximately equal to those which it now has with respect to Federal associations.

Section 406. Assistant to Federal Home Loan Bank Members

This section parallels Section 9 of H.R. 4603.

Section 407. Borrowing Authority

This section parallels Section 10 of H.R. 4603.

Section 408. Secondary Insurance Reserve

This section parallels Section 11 of H.R. 4603.

TITLE V: MISCELLANEOUS

Section 501. Delegations

Section 501 would allow the Bank Board to delegate any of its functions, except those of promulgating regulations, and performing adjudications.

Section 502. Payment of Attorney's Fees

This section would clarify that a court may assess attorney's fees against the Bank Board only in the event the agency loses a lawsuit.

Section 503. Federal Home Loan Mortgage Corporation Authority

Subsection (a) would authorize the Federal Home Loan Mortgage Corporation to purchase mortgage loans from the Federal Deposit Insurance Corporation and the National Credit Union Administration.

Subsection (b) would remove the limitation on the number of mortgages more than one year old that the Federal Home Loan Mortgage Corporation could purchase, and would clarify that such mortgages could be purchased from the FDIC, FSLIC and NCUA.

Subsection (c) would enable the Corporation to buy secured second mortgages where the proceeds are used for purposes other

than those already statutorily specified. This authority parallels that of the Federal National Mortgage Association.

Section 504. Collateralization of FHLBank Advances

Section 504 would give the Bank Board authority to prescribe what should constitute acceptable security.

Section 505. Insurance of Accounts in Mergers

This section would provide depositors in a merged FSLIC-insured institution short-term dual coverage similar to FDIC coverage.

Section 506. Deletion of Obsolete Stockholding Requirements

Section 506 would delete obsolete language requiring some FHLBank members to hold stock in excess of the level applicable to all other members.

Section 507. Compensation of Federal Savings and Loan Advisory Council Members

Section 507 would allow the Bank Board to compensate the members of the Federal Savings and Loan Advisory Council, subject to the limitations of the Federal Advisory Committee Act.

Section 508. Withdrawal from FHLBank Membership

Section 508 would require an institution withdrawing voluntarily from FHLBank membership to pay prepayment penalties in connection with liquidating any indebtedness it owes the Bank, assuming the contract governing the indebtedness calls for imposition of such penalties.●

THE GOVERNMENT SHOULD PAY ITS BILLS

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. BARNES. Mr. Speaker, in this Congress and the last I have been a supporter of H.R. 2036, legislation introduced by our colleague from California, Mr. LAGOMARSINO, which would deal with the problem of forcing the Federal Government to deal fairly with businessmen and others who sell it vital goods and services. This legislation has, unfortunately, been proved time and again to be necessary because the Federal Government often behaves like a deadbeat in performing its basic obligation to pay its bills. A private corporation which operated in this manner would have gone bankrupt long ago and been subject to stiff legal sanctions.

The Lagomarsino "slow pay" legislation, which I have cosponsored, would remedy this situation by providing that the Government pay a penalty—an interest penalty—if it fails to abide by its basic obligations. H.R. 2036 would, basically, require U.S. Government agencies to pay interest if they do not pay their bills within 30 days. The bill would provide an incentive for the Federal agencies to expedite processing of funds due to businesses for services rendered.

Mr. Speaker, as chairman of the Federal Government Service Task Force, I am concerned about maintaining the reputation of the Federal Government and Federal personnel in providing good service to the American people. The Federal community is often subject to unfair and often frivolous criticism, but on this particular subject there is clearly room for improvement.

I would urge my colleagues to examine this legislation closely. Hearings have been held. We should be capable of developing a reasonable mechanism to deal with this problem. Businessmen all over the country would benefit from some simple justice on this issue.●

THE END OF THE FAIR

HON. WILLIAM R. RATCHFORD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. RATCHFORD. Mr. Speaker, it is with great sadness that I rise today to inform my colleagues of the passing of the Great Danbury State Fair, 112 years old and bound for an untimely dissolution.

This is the last weekend the fair will be open. I invite the Members of this House who have heard about the Danbury Fair but have never quite made it up to my hometown to take this final opportunity to visit with this bit of American's heritage. After Monday at 7 p.m., it will be too late.

Mr. Speaker, we in Danbury have known for years that the fair might someday close. We have tried to prepare for that. We recognize the financial realities confronting the trustees of the estate that owns the large fairgrounds; we understand that the value of the property has risen to the point where it has become increasingly difficult to put tradition and sentiment ahead of fiduciary responsibility. We know all that, but we are sad just the same. The new owners of the fairgrounds will undoubtedly build a fine shopping mall there, perhaps the finest in all New England. But in future years, when the first full week of October rolls around and the crisp air and the fiery foliage summon thoughts of the big top and the midway, the prize squashes and the oxen pulls, the familiar sights and sounds and smells of the greatest of country fairs, it will not be the same. We will feel this loss for years.

I grew up in Danbury, Mr. Speaker, and I am proud of my city and the things that have made it a special place. For many years, Danbury was known as the hat capital of the world, so fertile and innovative was its hatting industry. That era ended two and three decades ago, when hat fashions changed and economic conditions drew a number of our manufacturers to other parts of the country. Hats have staged something of a comeback in recent years, and the hat companies that remain in Danbury find business better than it has been in a long time. But we can't really call ourselves the hat capital anymore, not with the new high-technology manufacturing companies and the corporate headquarters that have built the city a new and strong economic base. Time has moved on, and Danbury, the focal point of the fastest growing metropolitan region in Connecticut, has kept pace with it.

The Great Danbury State Fair has been my home town's other claim to fame. When I first entered this body, Mr. Speaker, and my colleagues learned where I was from, the comment I heard most often was: "You're from Danbury? That's a terrific fair they have up there, isn't it?" It has been a terrific fair. I am 47 years old and, if I had to guess, I would say I have probably been to 43 or 44 of the last 47 Danbury Fairs; I know that I missed 2 or 3 when I was in law school, and I can not be certain how early I was taken there as an infant. But year in and year out, in warm and sunny Octobers and wet and chilly Octobers, in good economic times and bad, in wartime and peace, I have returned to the fair and I have loved it. So have all of my neighbors, all of my family, most of the citizens of our part of the State and a good many from elsewhere in Connecticut, the rest of the Northeast, and from across this great country.

The Great Danbury State Fair has been more than a huge and magnificent country fair, more than a splendid amusement park, more than a living classroom in agriculture and animal husbandry for hundreds of thousands of schoolchildren, more than a meeting place and a gathering place for millions of people of all kinds and ages for more than a century. It has been each of those things and all of them, and it has been a source of pride to me, and to every son and daughter of Danbury.

The end of the fair is the end of a long and wonderful era. I will miss its bustle and excitement, the special place it holds in my memories of growing up; I will miss Danbury Day, when all the schools were closed and children were admitted to the fair for free; I will miss the fine men and women who ran the hundreds of booths and shows and ran the fair itself. When I visit the fairgrounds this weekend and say goodbye to the Great Danbury State Fair, I will be saying goodbye to a piece of history I will always treasure, a piece of Danbury—and America—that may not be seen again.

We in Danbury appreciate the inevitable, and we stand with progress. But progress can be painful sometimes, and the end of the Danbury Fair hurts.

I would like to append to my remarks, Mr. Speaker, the texts of several newspaper stories that appeared in the last few days about the 112th and final fair. I ask the permission of the House to reprint them in the RECORD.

[From the News-Times of Danbury, Oct. 2, 1981]

BOY, WHAT A FAIR!

(By Stephen A. Collins)

A lad growing up in Danbury in the 1920s (or earlier), who had managed to save a dollar or two, could have a wonderful time at the Danbury Fair and have a dime left to take the trolley or train back to the center of town.

The train?

That's right. Before World War II, the New Haven Railroad operated a shuttle train between the White Street station and the fair station near Fishweir Crossing (Seegar Street) each day of the fair. The shuttle was particularly convenient to fairgoers who came to Danbury by train from New York, Norwalk and other points to the south, or from Pittsfield, New Milford and towns to the north. In the early 1920s, people could travel by train to Danbury from Waterbury and other points to the east.

But the trolley was more fun for a boy, particularly if he had the patience to wait for one of the open-air summer cars which were pressed back into service during fair week. The outbound trolley went out West Street to Orchard Street, cut through to West Wooster Street to Park Avenue. A short distance beyond Fry's Corner, the trolley line dropped below the grade of Park Avenue to follow the Still River cut to Seegar Street and the trolley station just north of where the Danbury Centerless Grinding plant is located.

The trick for young lads with imagination was to get a seat on the right side outbound or the left side inbound, hang over the side of the trolley and visualize an imminent holdup of cars and passengers by one of the desperados with whom Tom Mix or Hoot Gibson regularly did away at Saturday matinees at the old Empress theater or the then-new Capitol.

But a dime could buy a lot of things at the fair, including an extra spin of the wheel or bottle toss, so many walked to the fair if the distance was not too great. Roads through the southern part of town were still dirt, so one had to use care proceeding from where I was brought up on Brushy Hill (now Southern Boulevard) to Hull's Hill (now Wooster Heights), not because the roads were rough, but because strings of oxen had gone that way en route to the fair a day or so before.

In those days before trucks and tractors, oxen were important farm animals and were driven over back roads in long strings from Roxbury, Newtown, Bethel and other towns in a radius of 20 or 25 miles.

One advantage of walking was that a boy interested in the sights and sounds of life around him could take in more than the fair. Tommy Crane's cider mill on Ferris Avenue (Sugar Hollow Road) was a busy place, although the language was sometimes a bit strong and puzzling to young ears with its references to getting even with "Mr. Volstead and his (expletive deleted) act."

Once inside the grounds, the hardest thing to do was to decide what first—the main tent, the grandstand area, machinery hall, the cattle barns, the midway with the raucus pitchmen, the merry-go-round or some other ride.

My routine was established early. I went looking for Peewee the Whistler. At the start of each fair week, Peewee drove into town in an old roadster which he kept in the garage my uncle, Martin M. Collins, operated at 11 Ives St. and later at 286½ Main St. He stayed, as I recall in the old Groveland Hotel. Other concessionaires, with more lucrative lines, put up at the city's major hostelry, the Hotel Green.

Peewee's whistles were small pieces of metal, bent over like a V, with a hole in the middle. He could make music with them from dawn to dusk, and his mouth had grown extra wide from his practice of playing two of them at once. I could hardly make a sound with them, but each time I bought one and took pride in introducing him to other boys.

Commercial food stands were a rarity in those years. Nearly every church in town sponsored a lunch counter, with members of the Ladies Aid or a similar group providing the food, preparing hot dishes and similar goodies and serving them at counters or tables.

In those pre-ecumenical days, most of the Protestant churches had their lunch stands in a row west of the grandstands and opposite the north side of the main tent. Catholic parishes united through the Council of Catholic Women and had one large booth near machinery hall.

Inside the main tent were huge agricultural and horticultural displays. It seemed the biggest pumpkins in the world had been gathered just for the fair, along with squash, corn and other garden products, home canned goods galore, cakes, pies and other kinds of goodies from the kitchens of area women who never dreamed of a coming day of instant mixes, prepared pie crusts or frozen foods of any sort.

The beekeepers, "apiarists" said some of their fancy signs at their displays, offered a special attraction. Even today, whenever I see or hear a reference to anyone in the Kroba family, I recall J. D. Kroba, his displays in the main tent and the way blue, red, and white ribbons hung from them.

In the background, the New Departure Band from Bristol offered stirring marches and other selections popular in that period. The band did it on its own without amplifiers. The announcers, the barkers, the master of ceremonies all depended on lung power to reach the ears of the crowd.

It was not until 1929, in fact, that a loudspeaker was installed in front of the grandstand, a development duly noted with a story on the fair page of the Danbury Evening News (circulation 7,105 five days a week and 8,215 on Wednesdays).

The fair ran from Monday through Saturday until 1932, when a Sunday closing day was added. That led to some thundering sermons in local churches and in one instance the departure of the minister.

Monday was simply opening day, Tuesday was cattle day and Wednesday was the traditional governor's day. Thursday was usually known as visitors day. Friday was the traditional Danbury Day and Saturday became auto-race day.

Harness racing was featured Monday through Friday and drew light-harness-circuit entries from all the Northeast. There were two or three heats to each event and frequently as many as six trotting and pacing events a day.

The horses were called down by the starter, a man named Pike in my early days of going to the fair and then Steve Phillips. He and his son of the same name were credited with developing the Phillips starting gate, the folding device on the back of the pace car now used at all harness tracks.

Lung power and a megaphone were the starter's best assets. Drivers were supposed to keep their assigned positions as they moved down the track toward the officials stand. The starter would yell to one driver that he was moving too fast, or to another that his sulky was edging too close to another and call them all back if there had been a false start.

The purses of $500 for a routine trot or pace were modest by today's standards, and so were the times, but harness racing was to continue as a major Danbury Fair feature until World War II.

In between the heats, vaudeville acts were staged in front of the grandstand. One year might bring tightrope walkers, acrobats, diving beauties, comedians and trained seals. Another year would bring a different diving act, perhaps with dogs, tumblers, a unicyclist or a dance team.

The 1929 fair had "The Great Wilno" being shot out of a 40-foot howitzer some years before the man-shot-from-the-cannon act became so popular with circus-goers.

Saturday was auto-race day and extra interest was generated any time the great Ralph DePalma or later Ira Vail was scheduled to race. The standard or big racing cars were used. They threw up great clouds of dirt as they made the turns.

The track was considered in good shape if it rained after the last harness race Friday, but not too much, and cleared early Saturday so the sun could dry the surface.

Before or after the races, there was time to visit the other attractions, take in judging of cattle and other animals (and wonder why the judges in suits, hard hats or fedoras frowned so much), wander through the dog show (few boys seemed to be impressed by pedigreed dogs with their own League of Nations pet at home) and walk past the cat show, if there was one that year.

The poultry show was also an attraction, but with many boys having grown up with chickens in their backyard and cleaning coops a Saturday-morning chore, the attraction was more often the bantams and other unusual poultry, rather than the Leghorns, the Rhode Island Reds and the like.

Schoolgirls of the period carefully selected what they would wear to the fair. They would be keeping an eye on what their schoolmates wore and knew the latter had an eye on them.

One Danbury woman recalls that for one fair week, her mother outfitted her and her sister with red-leather coats and leather caps of the type aviators wore. It might have been the 1927 fair, five months after Lindbergh had flown the Atlantic. A state policeman they knew promptly offered them a ride on his motorcycle. Only the older sister accepted.

Late afternoon was time for a final visit to the Big Top and to the wooden U-shaped structure surrounding most of it. There were two wings, extending in back from the administration unit, that housed a wide variety of booths. Many of them were fair week annexes of local stores, selling everything from furniture to men's and women's hats.

Then and for years before and after, fair week was often vacation week for Danburians. They would have a second job for fair week, perhaps as a fair officer, operating a stand, serving as a fair policeman or volunteering at one of the church booths.

Some would work at the fair days and return to downtown jobs at night, because Fair Week always brought an influx of visitors. Hotels and restaurants on Main and White Streets did extra business, and so did some downtown stores, as visitors from out-of-town took advantage of the opportunity to shop.

The Danbury Fair that area residents knew a half century and more ago began to change as agriculture in Fairfield and Litchfield counties gave way to other activities. World War II made the big difference, not just in the agrarian life that the two counties once knew, but in the fair which reflected that life.

Physical changes made by John W. Leahy, the new owner of the fair, in the 1940s and later, improved and expanded the grounds considerably. Paved walkways, resting areas and free attractions, including the bright, gay replicas of animals along the perimeter and through the grounds, were things the fairgoers of old did not experience. They have given children of recent generations thrills that their parents and grandparents did not have.

But somehow, in the minds of many who now qualify as "old timers," the passing of the agricultural and horticultural competitions and displays cannot be offset by the emphasis which has necessarily gone to the carnival aspects in recent decades.

For many of them, the "real" Danbury Fair expired a long time ago, when harness racing and similar events passed from the scene.

After John Leahy took over the fair, it became a local saying that "Leahy's luck" was responsible for the spell of good weather which usually accompanied the 10-day period to which he had extended the fair.

But good weather for fair week was long the norm. In fact, Gov. John H. Trumbull made much of it during his 1928 visit to the fair. Skies had cleared after a night of rain and the governor said he was mystified by the way in which Danbury had always managed to have glorious sunshine for its annual fair. He asked he be given the secret of the fair's power over those who control the weather.

The next 10 days will tell how well this tradition prevails for the final Danbury Fair.

[From the Waterbury Republican, Oct. 2, 1981]

HER LAST TIME UNDER THE BIG TOP

(By David Boraks)

For 35 autumns, New Milford's Arlene Yaple has been a central figure at the Danbury Fair, overseeing the "Big Top," answering questions about everything from squash to insects, and keeping rival exhibitors friendly.

But after this year's fair, which opens tomorrow and runs through Oct. 12, Miss Yaple and the dozens of others who have helped bring it off will be forced into retirement when the fair closes permanently.

"It's sad," says Miss Yaple. "Any time you lose a piece of Americana, whatever it is, it's sad. It's going to leave a big void."

The Danbury site that has been home to the fair since 1866 was sold last May for $25 million to a Rochester developer. The developer reportedly is planning to build the state's largest shopping mall on the turf that for much of its history was covered with little more than hoof prints, shoe prints and tent poles.

Miss Yaple has made the fair a part of her Octobers since 1927. That year she visited it with her family, which lived in Westchester County, N.Y. Since then she has exhibited poultry, competed against other squash-growers, and coordinated the local granges in showing their flowers, fruits, vegetables, canned goods, and baked goods.

Miss Yaple originally became involved with the fair after her family moved to a New Milford farm from New York State.

With 54 years of fairs in her blood, she says she'll feel like something is missing come closing day next week.

"Usually, as you break everything down on the last night you say, 'See you next year,' " Miss Yaple said. "There's a tradition at the fair—you don't say goodbye, just 'See you next year.' This year it's just going to be goodbye."

Miss Yaple says friendships are renewed during the 10 days of the fair, even if people haven't seen one another for an entire year. They've always returned each fall to renew those friendships and make new ones.

"The fair does something. If you're involved in it, during the 10 days there's a sense of camraderie. It's a blending of all kinds of people," she said.

"You make a lot of friends who you see only once a year," she says, but those friends know they can call on one another during the year if they need any kind of help or advice.

But this year, when the goodbye is a real goodbye, that continuity of friendships will disappear. "Come this time of year, the fair is a part of you," Miss Yaple said. "It's really a part you just aren't going to replace. This time of year is not going to be the same without the fair."

As director of the Big Top over the last 35 years, Miss Yaple has made the fair an on-and-off, year-round activity. The Big Top is the large canvas-covered exhibition hall that houses displays and competitions between granges of agricultural products, including fruits, vegetables, canned goods, baked goods and flowers.

She begins the night the fair closes by distributing information packets for the following year's fair. She said she answers occasional questions through the year until summer, when planning starts in earnest. Then she must contact each grange and large farm to find out if they plan to enter any of the competitions or exhibit anything that fall.

"The concentration of time is most the last week or two before the fair," she said.

Although the fair takes up much of her time each fall, Yaple still manages to find time for her year-round occupation as a correspondent covering New Milford for The Republican and The American. She has also worked for newspapers in Danbury and Bridgeport over the years.

It's probably little consolation, but veteran fair-goers like Arlene Yaple will take with them a bagful of pleasant memories, a few light ones and a few they'd probably rather forget. And if you pin them down for a few minutes, you'll catch a few stories that are simply delightful to hear.

Miss Yaple said that in recent years the fair has become more and more "metropolitan," attracting a larger number of New York City visitors who rarely get a chance to see farm animals or vegetables in nearly their natural settings. This has made it gain an educational aspect it never had before, she said.

"In the olden days, we didn't have New Yorkers. We'd have people who'd come and ask how one plate of Baldwin apples got first over another plate. This was the days when you had people who really knew their varieties," she said.

As an example of just how well people knew their varieties, Miss Yaple tells a story of two farmers who once feuded for a year over a plate of bell peppers. It happened back in 1950, after a competition to pick the best plate of five bell peppers. The farmer who took second place insisted that his peppers were closer to the ideal qualities of a bell pepper and felt he should have won the $2.50 premium.

"They proceeded to get into this argument and didn't speak to one another all week. Their trucks were side-by-side packing up on the last day, and do you think they spoke to one another? Of course not. All this over five peppers and $2.50. It lasted until opening day the following year," Miss Yaple recalls.

Then there are the people who ask the crazy questions or bring vegetables or fruit for Miss Yaple to see. The sign above her office in the center of the Big Top reads "superintendent" and accordingly, people look to her for answers.

"They bring me all kinds of things to look at," she said. "One man brought me a big bug in a box. He had punched holes in the box so the bug could get air. But it was only a common, ordinary squash bug."

Other people have brought her everything from pieces of wilted vine to pumpkin marmalade and pumpkin soup. But the one she may remember most is the fellow who brought her a glass milk bottle full of grubs, a common insect larvae, to ask what they were and whether they would ruin his garden.

"Actually, what I spend my week doing is directing and answering questions," she said.

When next fall comes, however, there will be no fair and no one to ask the questions that Miss Yaple has enjoyed answering for so many years.

[From the New York Times, Oct. 5, 1981]

A BITTERSWEET OPENING FOR DANBURY STATE FAIR

(By Richard L. Madden)

DANBURY.—"This is the beginning of the end," said Fred G. Fearn as he snipped a red ribbon to symbolize the opening of the 112th—and last—Great Danbury State Fair.

For the last few Octobers, fairgoers, aware of plans to sell the grounds, have been saying that each visit could be their last. But this year is really it, said Mr. Fearn, the fair's president and general manager.

By next spring, title to the 142-acre fairgrounds is to pass to Wilmorite Inc., a Rochester, N.Y., developer, for $24 million. By next October construction could be under way on a $75 million shopping mall with six department stores and about 150 smaller stores. It would be one of the largest shopping malls in New England.

The Danbury Fair, a crowded but congenial mixture of livestock, homegrown vegetables, carnival rides and booths that take credit cards for the trendy Western hats, is a victim more of its location than of the times. The fair makes a profit, Mr. Fearn said, and the 1981 version may draw a crowd of more than 400,000, a record, by the time the gates close at 7 P.M. on Oct. 12.

SITS ON PRIME SITE

But the once-a-year fair, with its grandstand, race track and oversized statues of farmers, woodsmen and animals, sits on a prime site at the junction of Interstate 84 and Route 7 amid the fastest growing area of western Connecticut. The new corporate headquarters of the Union Carbide Corporation is partly completed a few miles away. A new Hilton Hotel has opened and a Sheraton is in the planning stage.

"Danbury has become a boom town for property values," Mr. Fearn said. The fair and its grounds are owned by the estate of the late John W. Leahy, a Danbury fuel-oil dealer who built the fair to prominence after World War II. Mr. Fearn, one of the executors of the estate, said $24 million was an offer that could not be refused in the interest of the Leahy heirs.

Does a big shopping mall instead of a fair represent progress for the area? "That's what they tell me," Mr. Fearn said.

Does Mr. Fearn believe what they tell him? "No," he said with a tight smile, as he glanced at the first fairgoers streaming past statues of dancing elephants.

Mr. Fearn said he wanted everyone to have a good time at the final fair, but there was unhappiness amid the siren songs of the barkers and the screams from the ferris wheel.

"It's not progress when you take a piece of Americana and destroy it," said Arlene Yaple of New Milford, who has been supervising the grange displays at the fair for 35 years.

The fair has changed over the years, Miss Yaple said, from competition to education, although there are still some competitive events, such as the oxen pulls.

Pointing to a 320-pound squash grown in nearby New Fairfield, Miss Yaple said: "Many people have never seen anything like that grown. They might see it in the First National, or the Piggly-Wiggly, or Gristedes, but they've never seen it where it comes from."

Over by the cider mill, it is the 68th Danbury Fair for Albert G. Kaeser, who, at age 96, still makes and sells cider presses in East Hartford. "I think they had a great thing here," Mr. Kaeser said. "It was educational. People walking around here enjoy it."

BUILDINGS TO BE SOLD

"You kind of hate to see it die," said Linus Gilbert of Thomaston as he led his pair of Devon oxen—"Jerry" and "Terry"—to a water trough. "I don't see why they had to sell it, but that's their business." Mr. Gilbert is 80 years old and attended his first fair in Danbury in 1917.

"I've been coming here since I was 14 and I'm 40," said Elbert Scofield of Bethel. "It's a damned shame," he added. "I love it. It's got a little bit of everything."

Robert Applen, a teen-ager from Manhattan attending his first fair, said, "So where are they going to go? They've got to have a fair someplace."

A group of businessmen and residents of the area who are opposed to the mall have filed suit to try to block the zoning approval that has been given to the proposed mall. But Mr. Fearn said he planned to sell all the buildings, the statues and the equipment after the fair closed.

"It really is an end of an era," he said. "There is nothing quite like this. We considered looking for another place to move it, but you just can't find anything like this."

"It would be like going from a Cadillac back to a Model T Ford," Mr. Fearn added. "We'd rather go out on high." ●

DO NOT CUT GINNIE MAE AND FANNIE MAE PROGRAMS

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. PICKLE. Mr. Speaker, as you know, the housing industry in this country is in deep trouble. Our builders and our homebuyers face their greatest crisis of this generation.

House starts are at the lowest level since World War II, and already we have a backlog of more than 300,000 unsold homes—300,000. That is a 10-month supply at current levels. All of us have suffered, and every industry has made its sacrifice, but none more than the housing industry.

If current trends continue, by Christmas time this year we will see some 5,000 unemployed families in every congressional district across this land—out of work because of the housing slump. A sorry Christmas that will be.

With a scarcity of new homes and outrageously high interest rates to match, few American families today can think of buying their own home. My wife and I own a little house in Austin, one we bought years ago. But Mr. Speaker, I would like for my granddaughter someday to be able to buy her own home, years from now, if she chooses.

The logical step, when faced with a crisis of such proportion, would be for the Government to act swiftly to offer what relief it can. Instead, the discouraging rumor is that the administration plans to cut into the very FHA- and VA-guaranteed loan programs that once allowed this to become a Nation of homeowners, rather than tenants. Once, we prided ourselves that almost every family that worked hard and had the least bit of luck could hope to own its home, its own piece of this country. Today, most young people do not even think of buying. That signals a profound change taking place in this society, and what it forebodes if we do not act, I cannot say.

I do not have all the answers to these problems. But I do know which road not to take. We should not be cutting into the Ginnie Mae and Fannie Mae mortgage programs, taking billions more from the housing sector at this time. We should, instead, be infusing the economy with new mortgage moneys, or surely one American dream may be forgotten altogether.●

ALL SAVERS?

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. LaFALCE. Mr. Speaker, the new fiscal year is underway, and with it the much heralded all-savers certificates have become available at financial institutions across the country. Much of the excitement about these certificates, in the weeks since the tax package was signed into law, has focused on the Internal Revenue Service ruling concerning the ability of banks to offer large interest rates to depositors, prior to October 1, in order to lure customers to convert those deposits to all-savers certificates. That matter was clarified, but the much more central flaw of these certificates has been lost in the ensuing frenzy.

Prior to the vote on the tax cut package, I repeatedly stated that there were a myriad of serious problems with the so-called all-savers provisions. It is quite evident that all savers will not encourage vast new amounts of savings which can be funneled into the mortgage market, but, rather, will largely only redistribute money from taxable to nontaxable forms of savings.

Additionally, all savers will be a veritable bonanza for the banks—be they extremely profitable banks or those institutions really in need of a meaningful boost. Perhaps worst of all, the all-savers certificates really do not help the vast majority of the American taxpayers who are below the 30-percent tax bracket. They could realize a greater aftertax yield by investing the same amount of money in a U.S. Treasury bill, for example.

Our own Congressional Research Service (CRS) has prepared an excellent report on the effect of the all savers certificates on the investment returns and tax liability of typical taxpayers. The report, prepared by Gregg Esenwein of the CRS Economics Division, echoes many of the same points about which Members opposed to all-savers provisions of the tax package were warning prior to our vote.

The full report follows:

THE EFFECTS OF THE ALL-SAVERS CERTIFICATES ON THE INVESTMENT RETURNS AND TAX LIABILITIES OF TYPICAL TAXPAYERS

(Figures listed not reproduced in the RECORD)

INTRODUCTION

Included in the Economic Recovery Tax Act of 1981 were two provisions directly affecting the tax treatment of interest income earned by individual taxpayers. The first provision would allow certain depository institutions to issue a tax-exempt savings certificate beginning October 1, 1981. These certificates, referred to as "All Savers Certificates" (ASC's), will yield a rate of return equal to 70 percent of the yield of United

States Treasury bills (T-bills) with maturities of 52 weeks. For a joint return, $2,000 of interest earned from these certificates could be excluded from income tax. In the case of a single return the amount of interest excludable is $1,000.

The second provision affecting the tax treatment of interest income is the repeal of the partial exclusion of interest income provision contained in the Crude Oil Windfall Profit Tax Act of 1980. Under section 404 of the Crude Oil Windfall Profit Tax Act individuals filing joint returns were allowed to exclude from taxation up to $400 ($200 in the case of single returns) of interest/dividend income. The Economic Recovery Tax Act of 1981 amended this provision so that beginning in 1982 individuals filing joint returns could exclude from taxation up to $200 ($100 in the case of single returns) of dividend income only.

This report examines the effects that these changes in the tax treatment of interest income will have on the tax liabilities and investment returns of typical taxpayers. Specifically, attention focuses on two major areas. First, the report compares the aftertax yield, at various marginal tax rates, on the All Savers Certificates and on an alternative instrument with a taxable interest yield. Second, the combined impact of the general tax rate reductions and the repeal of the partial interest exclusion on the tax liabilities of typical taxpayers is analyzed.

SUMMARY OF FINDINGS

The provisions in the Economic Recovery Tax Act of 1981 affecting the tax treatment of interest income will alter both the tax liabilities and investment returns of typical taxpayers. The most important changes are as follows:

1. The introduction of All Savers Certificates will indirectly (due to the repeal of the interest income exclusions) produce a reduction in the aftertax rate of return on all other investments bearing taxable interest regardless of the investors marginal tax bracket or the size of the initial investment.

2. A comparison of aftertax yields available in 1981 and 1982 indicates that investors with marginal tax rates below 40 percent could realize larger aftertax rates of return on investments in T-bills under the tax regulations applicable in 1981 than with the same investment in ASCs under the tax regulations applicable in 1982. Only when an investment exceeds $9,000, with a marginal tax rate of 40 percent, or $6,000, with a marginal tax rate of 50 percent does a 1982 investment in ASCs produce a greater aftertax yield than the same investment in T-bills in 1981.

3. In 1982, investors at marginal tax rates below 30 percent could realize a larger aftertax yield on an investment in T-bills than the same investment in ASCs. At marginal tax rate above 30 percent the aftertax yield on an investment in ASCs would be larger than the same investment in T-bills.

4. For the majority of taxpayers with interest income, the reductions in personal tax liabilities in 1982 that will result from the tax rate reductions will be partially offset by the repeal of the interest income exclusion.

EFFECTS ON INVESTMENT RETURNS

This section of the report provides an analysis of the effects of the All Savers Certificates and repeal of the interest income exclusion on the investment returns of typical taxpayers. Three comparisons are used to demonstrate the effects of the change in the tax law on the initial investment options of typical taxpayers at various marginal tax rates. These comparisons are not designed to identify an investor's optimal aftertax rate of return nor to evaluate portfolio performance given a variety of investment choices. Rather, the comparisons are used only to demonstrate the effects that the changes in the tax treatment of interest income will have on the aftertax rate of return of an investor's initial investment. It should be noted that for investors with substantial investments, loss of the interest income exclusion would not affect the rate of return on their marginal investments.

All three comparisons concern the aftertax rate of return on investments in somewhat similar interest bearing instruments: 52 week T-bills and ASC's. The term to maturity and risk of default associated with each instrument are virtually identical and therefore are not a consideration. There are, however, differences between the two instruments. The ASC's will be available at a lower minmum denomination; $500, as opposed to $10,000 for Treasury bills. However, earnings for a portfolio of Treasury bills of varying terms and yields are available to investors through money market mutual funds which have minimum balance requirements as low as $500. The penalty for liquidating the two instruments also differ. For the ASC's the penalty is forfeiture of the tax exemption for interest earned. For T-bills, early liquidation would result in a capital loss if interest rates have risen and a capital gain if interest rates have fallen.

This analysis does not take into account the effects that the introduction of ASC's or other developments might have on the interest rates paid by other investment instruments. That is, all three comparisons use the same T-bill rate for 1981 and 1982. Additionally, to isolate the effects of the repeal of the interest income exclusion it is assumed that for 1981 the $400 interest/dividend exclusion is used exclusively to shelter the interest income of an investor's initial investment.

The first comparison examines the change in the aftertax rate of return on T-bills under tax arrangements applicable in 1981 and 1982. This comparison shows that the introduction of the All Savers Certificates will indirectly (due to the repeal of the interest income exclusion) produce a reduction in the aftertax rate of return on all other investments bearing taxable interest regardless of the investor's marginal tax bracket or the size of the initial investment. The effects of the repeal of the interest income exclusion on the aftertax return of T-bills in 1981 and 1982 can be seen in Figure 1. (Graph not printed in RECORD.)

This graph provides a comparison of the aftertax rate of return on identical investments in 1981 and 1982 for joint returns at four different marginal tax rates. The dashed lines in Figure 1 represent the aftertax rate of return in 1981 on a 52 week T-bill with an average investment yield of 18.01 percent.[1] The solid lines represent the aftertax rate of return on the same investment in 1982. The x-axis shows the amount of the initial investment in terms of thousands of dollars.[2]

[1] At the time of this report 18.01 percent was the average investment yield on the most recent auction of 52 week T-bills.

[2] It should be noted that T-bill notes are sold only in denominations of $10,000 or more. For the purpose of this comparison, however, it has been assumed that T-bills can be purchased in increments of $1,000.

As can be seen in Figure 1 in all cases the aftertax yield on a fixed investment in T-bills is lower in 1982 than the aftertax yield in 1981. The reason for this difference in aftertax yields is easily explained. For example, in 1981 a $10,000 investment yielding 18.01 percent would produce $1,801 worth of interest income. Of this $1,801, $400 could be excluded from taxation. If the investor were at the 40 percent marginal tax bracket the total tax owed on this interest income would be $560, ($1,401 x 40 percent). The aftertax rate of return would therefore equal 12.41 percent, (($1,801-$560)/$10,000).

In 1982 the same investment would still yield $1,801 of interest income. Since there is no longer an interest exclusion, however, all of the interest income would be subject to taxation. Hence, if the taxpayer were still at the 40 percent marginal tax bracket the tax on this interest income would equal $720, an increase of $160 over 1981, and the aftertax rate of return would equal only 10.81 percent, a reduction of 1.6 percentage points over 1981.

Additionally, the reduction in aftertax yield is more pronounced at higher marginal tax rates. This is the result of a progressive tax system in which reduction in taxable income is relatively more important at higher marginal tax brackets than it is at lower marginal tax brackets; for instance, a $1.00 reduction in taxable income is worth $.050 to a taxpayer in the 50 percent marginal tax bracket but the same $1.00 reduction in taxable income saves a taxpayer at the 20 percent marginal tax bracket only $0.20. Therefore, for a given level of investment, loss of the interest income exclusion has a relatively more pronounced effect on taxpayers in higher marginal tax brackets.

The second comparison is graphed in Figure 2, which provides a comparison of the aftertax yield of a T-bill under tax arrangements applicable in 1981 with the aftertax yield of an All Savers Certificate. The pretax yields of the two investments used in this comparison are 18.01 percent for the T-bill and 12.61 percent (70 percent of 18.01 percent) for the ASC. Since the yield of an ASC is not taxed, the aftertax yield is the same as the pretax yield (12.61 percent) and is independent of an investor's marginal tax bracket.

For investors with marginal tax rates below 40 percent, an investment in T-bills in 1981 would produce a larger aftertax yield than the same investment in ASC's. This difference in aftertax yields is a function of both the interest income exclusion and the difference in pretax yields of the two investment instruments. In 1981, an investor in the 20 percent marginal tax bracket could realize an aftertax yield on an initial investment in T-bills of no less than 14.4 percent while the same initial investment in ASC's in 1982 would produce an aftertax yield of only 12.61 percent. Without the interest income exclusion, the aftertax yield of a T-bill would be a fixed percentage of the pretax yield (in this case, 18.01 percent, the pretax yield, multiplied by the untaxed portion of each marginal dollar of income, 80 percent). However, the interest income exclusion increases the aftertax yield of an investment by sheltering the first $400 of income from taxation.

The exclusion of the first $400 of interest income also results in a higher aftertax yield on a T-bill in 1981 than on an ASC in 1982 for investors at the 30 percent marginal tax bracket. In the absence of the interest exclusion the aftertax rate of return on a T-bill and an ASC would be identical for

investors in the 30 percent marginal tax bracket (18.01 percent, the pretax yield of a T-bill multiplied by the untaxed portion of each marginal dollar of income, 70 percent, equals 12.61 percent, the aftertax yield of an ASC). Since $400 of interest is tax-exempt, however, the aftertax yield on a T-bill in 1981 will be in all cases somewhat higher than 12.61 percent for investors at the 30 percent marginal tax bracket.

For investors at marginal tax brackets of 40 percent and above, the difference between the aftertax yield of a T-bill in 1981 and an ASC in 1982 is a function of the amount of the initial investment. For an investor at a 40 percent marginal tax bracket an initial investment of $9,000 or less in T-bills would produce a larger aftertax yield than the same investment in ASCs in 1982. Initial investments in T-bills over $9,000 would produce smaller yields than comparable investments in ASC's. At the 50 percent marginal tax bracket the cutoff point at which T-bills produce smaller aftertax yields than ASCs would be $6,000.

The final comparison concerns the aftertax yields of T-bills and ASC's in 1982. In the absence of the interest income exclusion the aftertax yield of any investment in a taxable interest bearing instrument will equal the pretax yield multiplied by the untaxed portion of each marginal dollar of income. The following table provides a comparison of the aftertax yields of T-bills and ASC's in 1982.

TABLE 1.—AFTERTAX YIELD OF T-BILLS AND ASC's IN 1982

Marginal tax bracket (percent)	T-bill	ASC
0	18.01	12.61
20	14.41	12.61
30	12.61	12.61
40	10.81	12.61
50	9.01	12.61

As can be seen in Table 1 investors with marginal tax rates below 30 percent would realize a larger aftertax yield by investing in T-bills than they would with the same investment in ASC's. At the 30 percent marginal tax rate the aftertax yield on T-bills and ASC's would be identical. At marginal tax rates above 30 percent the aftertax yield on an investment in ASC's would be larger than the same investment in T-bills

EFFECTS ON TAX LIABILITIES

Under the Economic Recovery Tax Act of 1981 personal tax rate schedules are reduced across the board in 1981, 1982 and 1983. The nominal rate reductions for joint returns between 1981 and 1982 range from 2 to 5 percentage points. However, for most taxpayers with interest income the expected reduction in personal tax liabilities in 1982 that will result from the tax rate reductions will be somewhat offset by the repeal of the interest income exclusion. Table 2 provides an overview of the combined effects of the general tax rate reductions and the repeal of the partial interest income exclusion on the tax liabilities of six hypothetical taxpayers.

The columns labeled number 1 reflect the decrease in tax liabilities that would result from the general tax rate reduction assuming continuation of the $400 interest exclusion. The columns labeled number 2 represent the actual decrease in tax liabilities that each taxpayer can expect to experience assuming the termination of the $400 interest income exclusion and that the interest income is not earned from ASC's. Column 3 reflects the difference between the general rate reductions and the actual reduction.

As can be seen in Table 2 all taxpayers with interest income see a portion of the expected reduction in their tax liabilities produced by the tax rate reductions between 1981 and 1982 offset by the repeal of the interest income exclusion. The difference between the rate reduction and the actual reduction is a result of the fact that previously sheltered income (the first $400 of interest income) is now subject to taxation. For example, with the termination of the interest income exclusion the $15,000 household, which faces a marginal tax rate of 19 percent, would owe an additional tax of $19 per $100 of taxable interest income up to the $400 exclusion limit. Hence, while the tax rate reductions would produce a decline in the tax liability of $170, the increase in taxable income would offset this reduction by $19 for the first $100 of taxable interest income (and up to $176 for initial interest income of $400).

TABLE 2.—CHANGE IN TAX LIABILITIES FOR JOINT RETURNS WITH INTEREST INCOME BETWEEN 1981 AND 1982

[Assuming 2 exemptions and standard deduction]

Income level	Amount of interest income								
	$100			$250			$500		
	Rate reduction [1]	Actual reduction [2]	Difference	Rate reduction [1]	Actual reduction [2]	Difference	Rate reduction [1]	Actual reduction [2]	Difference
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
$15,000	$170	$151	$19	$167	$120	$47	$165	$89	$76
$20,000	256	234	22	253	198	55	250	162	88
$25,000	367	342	25	362	300	62	359	259	100
$30,000	497	468	29	493	421	72	490	374	116
$40,000	830	791	39	825	728	97	820	664	156
$50,000	1,196	1,152	44	1,190	1,080	110	1,182	1,006	176

[1] Assuming continuation of $400 interest exclusion.
[2] Assuming termination of $400 interest exclusion and interest income is not earned from all-savers certificates.

Table 3 shows the percentage of the expected tax rate reduction that is offset by the repeal of the interest income exclusion. The percentage of the rate reduction offset by the repeal of the interest exclusion increases as interest income increases from $0 to $400 and remains constant thereafter. Additionally, the percentage of the rate reduction that is offset through the repeal of the interest income exclusion is larger for low income taxpayers than it is for upper income taxpayers.

TABLE 3.—PERCENTAGE OF TAX RATE REDUCTION FOR JOINT RETURNS OFFSET THROUGH REPEAL OF INTEREST INCOME EXCLUSION

Income level	Amount of interest income		
	$100—percent of rate reduction	$250—percent of rate reduction	$500—percent of rate reduction
$15,000	11.2	28.1	46.1
$20,000	8.6	21.7	35.2
$25,000	6.8	17.1	27.9
$30,000	5.8	14.6	23.7
$40,000	4.7	11.8	19.02

TABLE 3.—PERCENTAGE OF TAX RATE REDUCTION FOR JOINT RETURNS OFFSET THROUGH REPEAL OF INTEREST INCOME EXCLUSION—Continued

Income level	Amount of interest income		
	$100—percent of rate reduction	$250—percent of rate reduction	$500—percent of rate reduction
$50,000	3.7	9.2	14.9

QUALITY IN EDUCATION

HON. MARGARET M. HECKLER

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mrs. HECKLER. Mr. Speaker, the future of our Nation rests in large part on the quality of the education that our next generation of leaders is receiving today. To the extent that our educational institutions are forward-looking, innovative, and responsive both to the dynamics of ideas and the permanence of values, we can look to the future with confidence and hope.

As one whose congressional district includes several exceptional colleges and universities, I am deeply interested in the development of new educational ideas and the application of those ideas to meet the needs of our society. I believe that this is an area of concern that should be of the most vital interest to all Members of this House.

Last month I was privileged to attend the inauguration of Nannerl O. Keohane as the 11th president of Wellesley College, a renowned women's college located in my hometown of Wellesley, Mass. Since its founding 1870, Wellesley College has been at the forefront of the women's education movement, graduating students who are not simply well versed in academics, but well prepared for

life. Both through its outstanding educational facilities and faculty, and through the work performed at the Wellesley College Center for Research on Women, the college has contributed greatly to the advancement of women in all aspects of our society.

President Keohane's inaugural address is an eloquent exposition of the challenges and responsibilities of women's education today, and for the future. Her recognition of the central roles of an educational institution—to instruct, but also to serve as a community in which ideals can be shared by all its members—applies not only to women's schools, but to all our institutions of learning.

Mr. Speaker, I believe that President Nannerl Keohane's observations contain much that can be of value for the Members of this House, as we look to the future. As I salute President Keohane on the occasion of this fine address, I ask that the text of her speech be reprinted in the RECORD for the benefit of all my colleagues:

INAUGURAL ADDRESS OF NANNERL O. KEOHANE, PRESIDENT OF WELLESLEY COLLEGE

Members of the board of trustees, other Wellesley Colleagues, and assembled friends: All academic festivals, and especially inaugurations, blend the ancient and the novel. The charter of the college, the seal and the keys symbolize aspects of the life of this community that have flourished since its first days. The element of novelty comes in the person being inaugurated. What stamp will she place on these venerable materials? In framing answers to this question, a new president inevitably returns to old themes: The purposes of education, the place of the academy in the world.

Such themes are dangerous. As James March put it in writing about the college presidency: "Almost any educated person can prepare a speech on the goals of the university. Almost no one will listen to such a speech voluntarily." To rescue me from such a dilemma today, I rely upon your natural curiosity, and the fact that new vantage points offer fresh perspectives on familiar territory.

At the inauguration of Wellesley's eighth president, Archibald MacLeish used another metaphor to make this point. "In educational institutions," he said, "A new administration is always a new beginning, for it is by this method that educational institutions, like other shell-forming animals, achieve their growth." A nice image that, of stable accretion and patterned change.

But MacLeish spoke of the fears and forebodings for the future that marked that year of 1950, and admired the spirit of affirmation represented by the induction of a new president. At a time when many questioned whether there would be any future, MacLeish noted that "To educate at all is to profess a faith in the future of the most explicit kind, since education, by its nature, assumes a future."

Education, by its nature, does indeed assume a future—not only in the sense MacLeish used here, of hypothesizing that there will still be time to do things that are worth doing, but in another sense as well. Education assumes the future, takes on the guise of the future, becomes the future as it is experienced today. For in educating ourselves, we shape the future. The great virtue of a liberal arts education is that it does not assume a specific future for its beneficiaries.

A liberal arts college delights in equipping students for an array of possible futures and in doing so makes several futures possible.

Margaret Clapp, addressing this same topic at that inauguration in 1950, pointed out that a liberal education is designed to equip each student with the "power to think" which is a "handle to which any skill can be fitted as a tool." In our own times, the skills available to humankind to fit to the handle of clear thinking are manifold. We have a vastly increased capacity to make a difference in the world—to transform the features of the globe, to touch the universe. Our tools of measurement and memory and control are powerful beyond the imagination of our predecessors, and extended every moment.

No liberal arts college worthy of the name can ignore such challenges today. To meet them we must do three things well:

First, we must ensure that our students have grasped the rudiments of several essential technological skills, such as computing, and are familiar with the basic methods and processes by which scientists reach their bold conclusions, even though not all students become specialists in science or technology. In this way we make it more likely that educated persons in the future will be informed users of the powerful tools at their disposal, capable of appreciating and taking advantage of their powers. These persons will also be perceptive and responsible critics of such tools and techniques. Criticism based on ignorance is the worst sort of luddite behavior; criticism based on familiarity and respect is something else altogether.

In the second place, we must ensure that all students are familiar with the lineaments of the mature humanism developed in many ancient cultures, including—but not limited to—the Hebraic and Hellenic, and brought forward through modern literature and art into the present day. Such cultural depth and breadth will make it more likely that students will be sensitive to important human values that overarch generations. And those who specialize in science and technology will stand a better chance of being creative and imaginative inventors of new tools.

Finally we must ensure that students are trained to understand the complexities of human social life, and to respect the dignity of each individual person. This should make it less likely that we treat other human beings as objects to be controlled, or as the means to more sophisticated forms of knowledge and discovery.

It should also help ensure that there will be a future, and that it will be one in which extended human powers serve human purposes.

These three desiderata are of course the sciences, the humanities, and the social sciences, presented under the rubric of rethinking what a liberal arts education needs to do to serve its scholars well in the 1980's. A liberal arts college as fortunately placed as Wellesley, in cooperation with MIT, where pioneering developments in science and technology occur in unparalleled number, has a special responsibility and a special opportunity to participate in such a "new instauration" of well-proven modes of learning.

I choose the term "instauration" to bring to mind Francis Bacon's robust intellectual energy, the spirit that should inform our enterprise. In 1620, a time of excitement about intellectual and physical discovery comparable to our own, Bacon called on his colleagues to refresh and reconstruct the arts and sciences, "to try the whole thing anew upon a better plan." He also reminded them, as we need to be reminded, that the best powers of our intellect depend not only on being "supplied with the proper aids," but also on being "content to wait upon nature instead of vainly affecting to overrule her."

What about our own most distinctive mission in such an instauration, our special concern with liberal arts education for women? Throughout Wellesley's history, at inaugural ceremonies and at other times, this topic has been at the forefront of attention.

To appreciate why this should be so, recall what preparation for a woman's life was like before the bold pioneers of the nineteenth century opened colleges and universities to women. Even among those classes sufficiently privileged to provide an education for their children, the norm for daughters had always been exposure to the decorous, decorative and domestic arts, rather than the liberal learning that was the hallmark of an educated man. Of course there were exceptions: An unusually talented and determined daughter of an unusually tolerant or eccentric and loving father might be tutored with her brothers, or allowed free run of the library, and emerge sometimes as a well-educated person. But such women were isolated in their experience. For each, the liberal arts was an adventure without companions. There was no sisterhood of scholars: and certainly, no theory of a woman's education.

The notion that a young woman should be liberally educated on the same grounds as a young man—for her own sake, as an individual and a potentially useful member of society—was virtually unknown.

When colleges first opened for women, therefore, it had to be proved that education would not harm them physically or make them wholly unfit for their traditional pursuits. Next it had to be shown that liberal learning, as it had been devised for young men, would actually be of benefit to young women, without being diluted or rearranged especially for them. Then it had to be demonstrated that, given a climate of expectation and encouragement, rather than discouragement and deflection, women cannot only benefit from but excel at every field of the liberal arts.

All these stages in the campaign for the education of women have involved struggle. On all these fronts, the struggle continued. There are still those who assert that if young women are educated they will develop inappropriate ambitions to pursue professions, or to combine careers and family life, and that this will lead to the crumbing of the moral foundations of society. There are still those who hold, publicly or privately, that women cannot be philosophers, or physicists, or engineers.

In such an atmosphere, while these struggles still continue, there is an important place for women's colleges. Our colleges were initially founded because the traditional institutions refused to accept women as students. Almost all the major institutions of higher education in this country have now become coeducational. Thus it might seem that the battles have been won. But such a conclusion would be short-sighted and quite unwarranted.

It is true that coeducational institutions have important strengths in bringing young women and young men together in an easy

and collegial environment that conduces to understanding and to friendship. They also open a wide range of unique educational opportunities to women as well as men. For this, all supporters of women's causes should wholeheartedly salute them. But coeducational colleges and universities, despite much goodwill and hard work, have not reached the point where they provide a truly egalitarian and sex-blind learning environment for members of both sexes. Social prejudices and barriers against women in certain fields, and against women accomplishing, leading, exploring, remain strong in our society.

Such residues are difficult to root out in all of us after centuries of discrimination. They are not entirely absent even in the women's colleges.

But comparatively speaking, they are less present here. At a women's college, women are more likely by far to take part in all disciplines, and to assert themselves in whatever it is they wish to do, without meeting from any quarter the notorious response: "you cannot do that." "Why?" "Because you are a woman."

Only in a woman's college can one enjoy the advantages of being taught by a truly coeducational faculty, where strong scholars of both sexes work together in full collegiality. It would be hard to overstate the importance of this asset, for the students (including male and female exchange students) as well as for the members of the faculty itself. Our coeducational institutions have a long way to go to catch up on this score. At this point coeducation refers primarily to the mixture in the student body and is only gradually being extended to those who teach and administer as well.

At a women's college one is also more likely to discover, through the well-known joys and sorrows of dormitory living, a depth of friendship for other women that enriches the lives and memories of so many Wellesley alumnae, and provides the basis for an "old girls' network" of amazing strength and flexibility.

Too often the case for a women's college today is made in terms of special shelter, as though a women's college were a half-way house for those young women not yet quite confident enough to try their wings in the real world of coeducation. Such a defense is quite inappropriate to Wellesley, and to the other colleges for women represented here today, and at the almost simultaneous inauguration of Mary Metz as president of Mills College across the continent. Today, as in the past, a women's college is a place for pioneers.

Members of the faculty of a women's college do not have to be persuaded that it is important to teach about women, whether one is educating women or men. Thus, courses are more likely to include material from the new scholarship on women. Students are more likely to take the initiative in asking the questions that require such scholarship to provide answers, thus teaching their teachers the importance of considering such issues. Special courses in women's studies are more likely to be developed by faculty and students centerally engaged in planning other parts of the curriculum as well. And since we know that women can perform brilliantly in all the traditional disciplinary modes, we can be bolder and more innovative in criticizing those disciplines for there selective distortions and their areas of blindness, without fearing the cold hostility of an environment in which such questions seem strange and out of place.

Thus scholars—both teachers and students—in a women's college have a distinctive and pioneering contribution to make to "the new instauration" of liberal learning throughout our intellectual life.

Perhaps more important than any of these other assets is the opportunity we have to build a community free from adverse discrimination and oppression of all sorts, grounded in our knowledge of the battles to free women from such shackles in the past. Even the women among us who have lived privileged lives can understand what it means to experience prejudice based on ignorance. This should equip us to feel an empathy with anyone who is treated as a cipher or a token rather than a fully human being.

There is an eloquent passage in a sermon given by the founder of this college, Henry Fowle Durant, on "The Spirit of the College," which is often quoted at Wellesley but perhaps not taken sufficiently seriously on this score. It reads as follows:

The higher education of women is one of the great world battlecries for freedom: For right against might. It is the cry of the oppressed slave. It is the assertion of absolute equality . . .

Wellesley College (said Henry Fowle Durant) desires to take the foremost place in the mighty struggle. All our plans are in outspoken opposition to the customs and the prejudices of the public. Therefore, we expect every one of you to be, in the noblest sense, reformers . . .

I believe that God's hand is in it: That He is calling to womanhood to come up higher, to prepare itself for great conflicts, for vast reforms in social life, for noblest usefulness.

The nobleness of the reformer's spirit Durant enjoins us to take up is that it is not purely self-reflexive. Since women have experienced, in too many of the world's societies, oppression and disadvantage, we can be reformers with a special edge of shared experience; but our reforming spirit should extend beyond ourselves to other human beings of either sex who still suffer discrimination and lack of opportunity by reason solely of race or class or condition of birth. If we fail in this, we fail in the noblest usefulness envisioned more than a century ago by the founders of the college. If we succeed, we shall have embarked upon a program of "affirmative action" that fully deserves the name of affirmation.

And we must begin here, by building a community worthy of the name in this lovely place. This was Mildred McAfee Horton's great theme in her own inaugural address: The vision of the college as a community as nearly ideal as possible, rising above all lines of discrimination, built upon cooperation and understanding sympathy as a bond between individuals. "Such a community," she said, "would supply the rest of the world with an example of the joy of living in a rational social system. From it students can go to the ends of the Earth determined to take the fineness of their college experience into the workaday world."

We know, of course, that such ideals are subject to subversion by all the necessary realities of life. Actual social systems, including our community at Wellesley, must struggle with the deadening experiences of poor communications, inefficiencies, misunderstanding, hard choices.

But these should not become the excuse for abandoning too easily our efforts to work towards our goals. If we maintain our commitment, and our sense of humor and sense of priorities as well, we can create a community that bears a much closer resemblance to one we would call ideal.

Such a community would prepare us for all kinds of lives. It would also make us aware that there are better and worse ways to live, and more and less just ways to treat other human beings. It would teach us that there are patterns of life worth living and fighting for, and that freedom and privilege to take part in such a life for some, and not for others, is by definition incomplete. Thus we could be equipped to help make the world, as President McAfee expressed it, "As good a place for all men (and women) to live in as it seems to be for some." There can be no nobler reformer's goal than that.

The full strength of active and disciplined and enlightened womanhood is only now becoming available for this world's use. Until it has been with us longer, we cannot know its measure and its bounds. It is an exciting time to be alive. It is a good time to be a woman, and a good time to be entrusted with the training and nurturing of women. The course lies clear and open before us. Let us get on with the work.●

A SCENARIO MADE TO ORDER FOR RONALD REAGAN

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. DORNAN of California. Mr. Speaker, contemporary international politics has taken on the appearance of a tale of horror, a continuing series of crises and tragedies from the assassination of presidents and popes and prime ministers to the forcible seizure of hostages as well as terrorist activities of every imaginable kind.

One of the most heart-rending and least publicized atrocities that is taking place even as I speak is the barbarism perpetrated by modern-day pirates who prey upon helpless boat people in the seas of Southeast Asia, particularly the Gulf of Siam. The hapless passengers of these refugee boats are cruelly subjected to robbery, rape, and even murder. Girls as young as 10, 11, and 12 are raped repeatedly while relatives look helplessly on. The women are often subsequently abducted to an island infamously referred to as rape island, there to be subjected to the vicious cruelty of these neobarbarians. Yet virtually nothing is being done to put an end to these atrocities.

In a penetrating article by Columnist Jack Anderson that recently appeared in the Washington Post, the entire shocking episode is movingly described along with specific recommendations as to what must be done to bring this tragedy to a swift conclusion. I commend this excellent article, along with one of my own recent extensions, for the serious consideration of my colleagues as well as all concerned citizens and wholeheartedly endorse Jack Anderson's recommendation to "send in the U.S. Cavalry."

A SCENARIO MADE TO ORDER FOR RONALD REAGAN

(By Jack Anderson)

There was a time, early in this nation's history, when the Barbary pirates terrorized helpless merchant ships in the Mediterranean and held the crews for ransom. The United States sent Stephen Decatur, with a detachment of Marines, to put a stop to the pirates' depravations.

It's time the United States found another Decatur to sweep the Gulf of Thailand clean of the pirates who prey on helpless Vietnamese boat people fleeing their troubled homeland. It is a lucky refugee boat that makes it to Thailand without being attaked, its pathetic passengers subjected to rape, robbery and murder by the vicious crews of the pirate ships.

The Reagan administration has made terrorism its No. 1 foreign policy target. The desperate, unarmed boat people are in dire need of protection from the cowardly Thai corsairs. If the U.S. Navy were to set up a pirate patrol in the South Seas, America would regain its historic reputation as protector of the defenseless.

President Reagan should order the Navy to blow the seagoing terrorists out of the water. So far, the U.S. effort has been strictly a pocketbook venture. We have given the Thai government a few million dollars to do the job. But the Thais' anti-piracy operation has been half-hearted at best.

The Thais simply will never do the job; we must do it ourselves. An administration that insisted on defending the freedom of the seas with naval exercises off Libya should have no qualms about taking on inhuman scum who are terrorizing innocent refugees in the Gulf of Thailand.

And there is no doubt of the need for a campaign against the Southeast Asian pirates. About 3,000 Vietnamese a month make it to refugee camps in southern Thailand. Few, if any, women reach Thailand who have not been raped by at least one gang of pirates. The small boats are at sea for days, and some are attacked as many as a dozen times.

An English-speaking Vietnamese journalist who was on one of the boats described the ordeal to my associate Donald Goldberg:

"The sea pirates attacked us like beasts of prey devouring lambs. They took everything. They used a pair of scissors to take out the golden teeth. Blood filled the mouth and spilled down the victim's shirt. They raped, before my eyes, the girls they selected, mostly 14- and 15-year-olds. One 14-year-old girl was raped successively by one pirate after another."

Some of the young girls are taken away by the pirates, never to be heard from again. Many used to be taken to Ko-Kra, known as the "rape island," where pirate crews stopped to abuse the refugees at their leisure. The Thai navy finally stationed a patrol there.

Reports are heard daily in the refugee camps of women and girls who were raped literally dozens of times; of pirate crews promising to return with help, only to come back with more pirates, and of refugee boats being pillaged and then sunk with the wretched witnesses aboard.

Despite the unarguable extent and bestiality of the atrocities, international efforts to protect the boat people have been minimal. Thailand, with 10,000 fishing boats and 1,100 miles of coastline to look after doesn't have the naval strength to do a proper job.

Many of the pirates are fishermen who have turned to brigandage as an escape from hard times, and the Thai government is not enthusiastic about prosecuting its own people, especially when the victims are Vietnamese, whose presence has been a burden to Thailand.

President Reagan is often derided abroad as "the cowboy." But I suggest that millions of people around the world wouldn't mind seeing Uncle Sam in a white hat, routing the bad guys of the South Seas. It's a scenario made to order for Ronald Reagan.

THE HEINOUS CRIMES OF PIRACY, MURDER, AND RAPE, AGAINST PEOPLE FLEEING FROM COMMUNISM

(Mr. DORNAN of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORNAN of California. Mr. Speaker, last night I listened as my daughter who is just back from months in the refugee camps in Thailand read me letter after letter from her Vietnamese friends left behind. The stories are heartbreaking. There are pirates operating in the Gulf of Siam, hundreds of them, kidnaping and raping 10-, 11-, and 13-year-old girls every day and murdering or robbing the fathers, the brothers, or the husbands of young wives who are also gang raped.

Right at this moment young girls are being ripped from their families, and they are disappearing forever. Some to a place, if you can comprehend this, called "Rape Island."

We should exercise some courage here and at the White House to put pressure on a friendly country an ally—Thailand—to stop these human rights outrages. There are more rapes in this country than in Thailand or the Gulf of Siam. We live in glass house. But we are trying to stop our outrages. Are they? These heinous crimes of piracy, murder, and rape, against weak helpless starving people fleeing from communism must end. Do we have a State Department with any power whatsoever? Let us find out.

I implore the good Government of Thailand to take some immediate steps to stop these ugly crimes on the high seas, and tell us how we can help them to stop this intolerable madness.●

IMPROVING THE RENTAL HOUSING CRISIS

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. SCHUMER. Mr. Speaker, today I am introducing legislation which I believe can form the basis of an improved strategy for addressing the Nation's rental housing crisis. This legislation, almost identical to legislation introduced in the other body by Senator CHRISTOPHER DODD of Connecticut (S. 1069) authorizes the Secretary of the Department of Housing and Urban Development to conduct a demonstration program for the construction of modest multifamily rental housing. Specifically, the bill authorizes the Secretary to make second mortgage loans to private developers of rental housing, for the purpose of bringing rents down to an affordable level.

There can be little doubt that we are indeed experiencing a crisis in the rental housing market. The nationwide vacancy rate is under 5 percent, the lowest figure in the 25 years that this statistic has been kept. In many cities, including my own New York City, the vacancy rate is less than half the national rate. Banks, investors, and builders no longer look upon rental housing as an attractive investment. High construction costs and astronomic interest rates, which give little indication of falling, have effectively precluded the construction of unassisted, moderately priced rental housing. Inflation and the tax advantages of homeownership have skimmed off the upper-income portion of the rental market, depriving it of an important source of new demand. Middle-income families who are now locked out of the single-family market stay in their rental units or in houses they have outgrown, thus choking off a traditional and vital pressure valve on the rental market.

Although supply is constrained, demand has continued to grow. This has narrowed housing opportunities for all, but most severely for low- and moderate-income families. Tenant income has failed to keep up with rising costs and rising rents, leading to displacement in units that can attract higher paying tenants, and to overcrowding, deterioration, and abandonment in units that cannot. The costs, in both economic and human terms, are extreme.

Faced with conditions like these, we cannot afford to shrink from our obligation to look for ways that will improve housing conditions for low- and moderate-income families, a commitment that dates back to the National Housing Act of 1937. But faced also with current budget restraints we must pursue this commitment in the most cost-effective way possible. The current section 8 new construction program does not meet this test. The program links long-term development assistance with long-term rental assistance; but in doing so it may preclude us from pursuing either of these goals efficiently. The result is a program that is expensive, cumbersome, and doomed to fall to the budgetary ax. Clearly, we must find alternatives.

I believe that the program I am proposing today may provide a more workable approach for meeting our housing needs. The underlying premise that the program will test is that splitting the development and income elements of federal housing assistance will enable us to perform each task more efficiently. Production would be promoted through the issuance of second mortgage loans to supplement the principal financing provided by conventional sources, while rental assistance would be provided

through the section 8 existing housing program. The loan would be large enough to bring rents down to the fair market rent level for the section 8 existing housing program—a modest and marketable level.

Developers would apply for these loans through State and local governments. This would grant these governments a larger role in the program than they currently have, and would give them the incentive to find ways to cut costs. In exchange for the loan the developer would be required to pass through the savings to the tenants in the form of reduced rents and to accept section 8 certificates. The Secretary of HUD would monitor rent levels and would have to approve all increases.

The loans would be repayable after 30 years, or upon the sale, conversion, or other disposition as prescribed by the Secretary, with simple interest computed at a rate that takes into account long-term Treasury borrowing costs. Although it is not presently in the bill, a requirement that some portion of rental income go toward repayment may be added. A further addition may be to allow these loans to be used for the development of lower-income, limited-equity cooperatives.

A comparison of current and prospective program costs encourages me to believe that the savings from this program could be substantial. At the rental end, it costs roughly half as much to assist a family in an existing unit as it does to assist it in a new or substantially rehabilitated unit. In most cases it also offers them greater freedom of choice and greater mobility. In an extremely tight market, however, this is not always the case; experience in Brooklyn leads me to believe that some strengthening of the existing housing support program would be desirable before we shift too much of our emphasis on it.

At the other end, subsidizing development up front rather than over a long-term contract promises to reduce costs to the Government substantially. It is not difficult to see the advantages of a one-time loan of $25,000 per unit over a 20-year contract at more than $7,000 per unit per year. Estimates have shown that this approach could save over 30 percent of current costs, even assuming that the loan is combined with a 20-year existing housing subsidy for each unit produced, and that there is no repayment. The fact that virtually all recent section 8 construction projects have required additional assistance through GNMA financing, tax-exempt bonds, or a financial adjustment factor further enhances the potential for savings.

At $25,000 per unit, $1.1 billion, the amount authorized in this bill, could support a production program of 40,000 units. This amount does not necessarily reflect the actual cost of the program. Loan repayments will defray part of the cost. In addition, there are a variety of ways to structure the loans, with each having a different budgetary impact. Senator DODD and I are working to find the method which will minimize the cost of the Government.

Savings of this magnitude could increase substantially the number of people assisted by Federal housing programs. At this point the program is still envisioned as a demonstration, however. I note here that the President's Housing Commission has been discussing a similar program, to be triggered when the market reaches a crisis. The administration has initiated drastic cuts in housing programs and has indicated that it does not believe that the housing markets are in a crisis. Judging from testimony received by the Housing Subcommittee and from calls and letters from my constituents, I think that there is convincing evidence to the contrary.

By selecting cities with the tightest housing conditions for this demonstration we should be able to gain a firm idea of the soundness of the split approach. If severing the tie between development assistance and rental assistance proves to be a more cost-efficient way of expanding the supply of moderately priced rental housing, and allows us to serve more low- and moderate-income families more effectively, then we will have made an important contribution to Federal housing policy.

Mr. Speaker, I ask that the text of the bill be printed in the RECORD.

H.R. —

A bill to amend the United States Housing Act of 1937.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the United States Housing Act of 1937 is amended by adding at the end thereof the following:

"HOUSING DEVELOPMENT LOAN DEMONSTRATION PROGRAM

"SEC. 17. (a) The Secretary is authorized, pursuant to applications submitted by States or units of local government, to provide second mortgage loans or other comparable assistance to owners of multifamily rental housing projects to assist in financing the construction or substantial rehabilitation of such projects.

"(b)(1) The amount of the second mortgage loan for a project assisted under this section shall be that amount which the Secretary determines is sufficient to provide an initial rental which does not exceed the maximum monthly rent established for the area for existing rental dwelling units assisted under section 8.

"(2) Any loan made under this section shall be secured by a second mortgage on the project and shall not be amortized, but shall be repayable upon the earlier of (A) the expiration of 30 years after the loan was made, or (B) the sale, conversion to other use, or other disposition of the project, as determined by the Secretary. When due, such loan shall be repaid with interest thereon (without compounding), for each year and any fraction thereof the loan was outstanding, at a rate determined by the Secretary taking into account the average yield on outstanding marketable long term obligations of the United States during the month preceding the date of the loan.

"(c) A loan under this section may only be made with respect to a project—

"(1) where the owner agrees (A) to pass the reduction in the debt service payments required by virtue of the loan under this section on to the tenants; and (B) to accept tenants who are certificate holders under section 8 of this Act;

"(2) which secures a mortgage (A) with a principal amount not more than the amount which could be insured for the project under section 207 of the National Housing Act, and (B) with an interest rate and other terms and conditions which the Secretary determines are reasonable;

"(3) which is newly constructed or substantially rehabilitated at the time the loan is made and which contains five or more dwelling units and is used predominantly for residential purposes; and

"(4) which meets other conditions consistent with the purpose of this section and specified by the Secretary.

"(d)(1) The first mortgage on a project subject to a second mortgage under this section may be insured under title II of the National Housing Act.

"(2) Section 213(d) of the Housing and Community Development Act of 1974 does not apply to this section.

"(3) Other provisions of this Act which the Secretary determines are inconsistent with the purposes of this section shall not apply to this section.

"(e) In allocating assistance under this section, the Secretary shall insure an adequate distribution of the funds authorized according to population and the market conditions in various regions in order to provide an adequate demonstration in areas with low rental vacancy rates and other factors constraining the supply of rental housing. The Secretary shall give a priority in allocating assistance under this section to proposals involving local contributions in such forms as donations or sales below market of real property. In no case may assistance under this section be provided with respect to any unit of local government which has not demonstrated satisfactory progress in meeting its assisted housing needs.

"(f)(1) Rents charged for units in any such project during the period in which a loan under this section is outstanding with respect to the project shall be approved by the Secretary. In approving such rents, the Secretary shall attempt to assure reasonable rentals to tenants and a reasonable return on the investment of the owner.

"(2) Any schedule of rents submitted by an owner to the Secretary for approval shall be deemed to be approved unless the Secretary informs the owner, within 60 days after receiving such schedule, that such schedule is disapproved.

"(g) Not later than April 1, 1983, the Secretary of Housing and Urban Development shall transmit to the Congress a report on—

"(1) the design of the program under this section; and

"(2) the Secretary's initial assessment, based on a review of applications, of the capacity of applicants to carry out the demonstration and the workability of the mechanism provided by the program as a housing development incentive.

"(h) There are authorized to be appropriated for assistance under this section not to exceed $1,100,000,000 for fiscal year 1983. Of the amount available pursuant to the preceding sentence, not more than $20,000,000 shall be available for technical assistance and evaluation of the demonstration under this section.".●

CRIMINAL CODE REVISION HEARINGS

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. CONYERS. Mr. Speaker, the Judiciary Committee's Subcommittee on Criminal Justice, which I chair, will begin hearings on legislation to revise the Federal Criminal Code later this month. These hearings will focus on two bills, H.R. 1647—which was introduced by two members of the Subcommittee on Criminal Justice, the gentleman from Ohio (Mr. KINDNESS) and the gentleman from Texas (Mr. SAM B. HALL, JR.)—and a bill that I am introducing today.

The two bills are similar in scope, format, and drafting conventions and other technical matters. This will facilitate their comparison. Witnesses will be asked to comment upon the differences in the bills and to make specific, concrete suggestions as to how they should be changed. Markup of the legislation will begin as soon as possible after the conclusion of the hearings.

Persons and organizations wishing to testify at these hearings are requested to contact the Subcommittee on Criminal Justice at 202-226-2406.●

MARVA COLLINS—BEST TEACHER

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. COLLINS of Texas. Mr. Speaker, education of our children is the greatest need and the strongest challenge facing America today.

For great academic development, we need great teachers. I have been so impressed with the tremendous success of Marva Collins in Chicago. This is a private school run by one inspired lady who has done much to help so many deserving youngsters in Chicago. Her life of dedication for others leads the way for education in America.

Recently, Marva Collins visited in Dallas. There was an interesting story written about her in the Dallas Morning News by Debra Martine. You will be interested in some of the key sections in the story. So many talk about education. Through her life and her hard work, she had done more about it than anyone in America.

Marva Collins was a very worried woman.

But were the kids in her school learning today?

"Please let them be learning," said Marva Collins, the schoolteacher who has made national headlines for several years simply being great at her job. "I hope someone is teaching them something back there."

She was apparently thinking that Thursday night, too, when a standing-room-only crowd of 1,500 listened to her talk at the University of Dallas in Irving about her method of educational success.

Making speeches is nice, she said, but, "I'm happiest when I'm teaching."

Mrs. Collins has become a superstar because she cares about kids. Six years ago the former Chicago public school teacher started Westside Preparatory School in Chicago's West Side. Since then, her name and notions have popped up frequently in national magazines and on talk shows.

Actress Cicely Tyson is starring in a made-for-TV movie about her life, "Welcome to Success: The Marva Collins Story," that will air nationally in December. Her biography, "Marva's Children," will hit bookstands in January.

Mrs. Collins is perceived by many to be The Answer to The Problem of Miseducation in American schools. She has been dubbed "Marvelous Marva," a "legend." Nothing short of a "miracle."

But "what I do is not a miracle," she insisted. "A miracle is something that can't be explained. Gee, it's only hard work and common sense."

To others it's more than that. Her Westside Prep is succeeding with students who have been in and out of 12 or 13 other schools. They were considered slightly retarded, or hopelessly truant or ferociously delinquent. Many now read proficiently and are addicted to learning, she said.

Mrs. Collins, a 14-year veteran of Chicago's public schools, founded her school after she grew tired of receiving hate notes and getting her coats slashed. She suspects her tormentors were other teachers. Why? Her kids were learning.

So she took $5,000 from her pension fund and, with her husband, Clarence, started a school in her home with six children. Two were her own.

"I didn't all of a sudden change into some kind of miracle teacher," said Mrs. Collins. "I just deal with the mind of a child like a surgeon. I don't think of the child just as one person, but as the creator of future generations. What we do here molds a child for life."

As the school grew she rented space in an old building on Chicago's West Side. Word of her work got around and magazine articles were written. CBS's "60 Minutes" featured her.

Today the school has seven teachers and 200 students ages 4 to 14 whose minds are developed well beyond their years.

There is no recess and teachers have no desks, yet first-graders read "Aesop's Fables," second-graders use the book "Vocabulary for the College-Bound Student," and upper grades eagerly discuss characters from Shakespeare, Chaucer, Tolstoy and Nietzsche. Most score high on college entrance exams.

"Our education is painful," Mrs. Collins said, "It's not easy or simple. But I feel all children can if we don't teach them too thoroughly that they can't. We always use the positive. If a child spells "they" "t-h-a-y," we say, 'that's good, but let's look at it this way.' It's a soft voice, touching the child, helping him before he's in trouble.

Mrs. Collins believes in teaching children self-reliance and a "good, classical education filled with morality."

She also believes good education begins with parents. "Parents have to get a good education," she said. "But most of the time I'd rather they leave them (the children) alone. I tell my students they're bright and the parents tell them they're dumb. I'd rather they leave them alone and trust good teachers."

Some parents have criticized Mrs. Collins for not teaching her students enough black literature in the classroom.

"I think that's very biased," she said. "A horse can't kick and pull at the same time. I don't worry about what other people think. My kids know about the stock market, CD's, capital returns, black history, Scandinavian history. They know a little bit about everything.

She's reaching the children at Westside Prep. Many mornings they're at the school door at 7:15 or 7:30 a.m., she said, "and school doesn't start until 9 o'clock."

Fame sometimes comes between Mrs. Collins and teaching. After appearing on the Phil Donahue show two months ago, she received 40,000 letters. "I don't answer the phone anymore. I do not see visitors," she said. "There are a lot of pressures on me now. Hardly a day goes by when there's not someone from the press visiting the school."

Now she worries about not having the time to accomplish her goals. "I have some 14-year-old students in my class whose reading ability is slightly better than the second grade.

"But I'll do it. I didn't feel sorry for myself back when I worked nights to start this school, and I won't feel sorry for myself now. I just don't believe in quitting."●

DENY BAIL TO DRUG PUSHERS

HON. ANDY IRELAND

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. IRELAND. Mr. Speaker, I am pleased to join with my good friend and colleague from Florida, Mr. SHAW, in the latest in our common efforts to help stem the tide of illegal narcotics smuggling and use now sweeping our State and Nation.

Our bill H.R. 4705, will provide both the American public and our law enforcement officials with long-needed reform in the bail procedures which now are a laughing stock in the so-called "drug community."

As things now stand, no serious drug dealer is really worried about being arrested and charged with a narcotics offense, because he knows that he can simply post bond—no matter how high the judge attempts to set it—and walk away.

When a dealer who has a weekly handle of thousands, perhaps hundreds of thousands of dollars, it is common in Florida for these people to post bond in cash in six figures.

To date, there is nothing the public or the law enforcement community can realistically do to prevent this, if the judge does not recognize the danger to the community these drug criminals represent.

This far-sighted legislation would rectify this major loophole in the bail procedures presently operating in our courts throughout the land. The bill will require the courts to consider the source of bail money, and, in particular the courts would be required to assess the danger to the community these drug people represent.

If we are ever to put a dent in the drug traffic, we simply must stop the "revolving door" now operating in our courts system. Our bill today will be a giant step toward this critical goal, and I urge our colleagues to promptly join in asking hearings on H.R. 4705, and enactment into law of this important legislation.●

A DECLARATION OF CONCERN

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. McDONALD. Mr. Speaker, a number of us in the House are today expressing our concern over the continued leftward drift of our neighbor, Mexico. The 36 of us who signed this "Declaration of Concern" feel it is appropriate to call attention to this growing closeness of Castro and Mexico on the eve of the so-called Cancún Conference to be held in Cancún, Mexico, on October 22-23, hosted by Mexico, and designed to bridge the gap between have and have-not nations. It carries the official title of "International Meeting on Cooperation and Development."

Unfortunately, the situation in Mexico has not improved since some 30 Members of the House in May of 1976 followed by 76 Members of the House in August of 1976 tried to direct the attention of then President Ford to the deteriorating situation to the south of our borders. Since that time the position of Mexico has become more important with her new discoveries of oil. The "Declaration of Concern" together with the names of the signers, follow:

A DECLARATION OF CONCERN BY MEMBERS OF THE U.S. CONGRESS

On May 5, 1976, during the last year of the term of Mexican President Luis Echeverria, thirty Members of Congress expressed their concern to President Gerald Ford about the ominous events taking place in Mexico. Later that year, on August 10, 1976, seventy-six Members joined in an added expression of concern.

These Members of Congress received a minimal official response, and much unofficial ridicule. By the end of 1976, however, widespread organized land seizures, rumblings of guerrilla and terrorist activity, and the massive devaluation of the Mexican peso had revealed that Congressional concern was far from misplaced.

The influence of Fidel Castro and of the large number of foreign Communists brought into the Mexican government by President Echeverria were responsible for the deterioration of conditions in Mexico in 1976. Today, nearing the end of the six-year term of President José López Portillo, the political heir of Echeverria, the hand of Castro continues to be felt in López Portillo's increasingly anti-American and pro-Communist foreign policy, as the following examples demonstrate.

As President-elect, Ronald Reagan made an unprecedented trip to Mexico before his inauguration, in order to establish immediate cordial relations with the President of Mexico. But what has happened?

Last January, the Communist-led guerrillas in El Salvador launched their "final offensive." It failed dismally, and in failing it revealed the guerrillas' lack of genuine popular support. But Mexico's President then joined the world-wide Communist propaganda effort to demand a "political solution" which would give the guerrillas what they had failed to take by force. Why?

In February, after the United States Government had presented documentary proof of the pervasive Cuban involvement in this assault on El Salvador, President López Portillo came to the defense of Castro in word and deed, both supporting his transparent denials and pledging more of Mexico's wealth to the support of Castro's perennially floundering economy. Why?

This past May, President López Portillo pledged the considerable sum of $200 million from the Mexican Treasury for the support of the Marxist government of Nicaragua. This government, following the example of Castro, has generated an economic mess but has built by far the largest army in Central America, introducing Soviet armor to the mainland of the Americas. Why does Mexico's President dedicate his country to the financial support of this Soviet military outpost?

In August, President López Portillo joined the new Socialist government of France in granting official recognition to the Communist-directed guerrillas assaulting El Salvador. He has also tolerated the use of Mexican territory by guerrillas operating against neighboring Guatemala. These are acts clearly hostile to the legitimate governments of Mexico's Central American neighbors. Yet President López Portillo berates the United States for "interference" while he turns a permanently blind eye to Communist activity directed against the Central American nations. Why?

Just last month, Mexico's President hosted Erich Honecker of East Germany, one of Moscow's more slavish puppets, and joined with him in reciting the Soviet propaganda line on the neutron bomb, a weapon which has no other purpose than to guard against the tens of thousands of Soviet tanks facing Western Europe. Indeed, President López Portillo has strained to find any imaginable pretext to create ties between his country and the slave-state carved from the body of Germany. Why?

Two weeks from now, twenty-two heads of state will attend a meeting hosted by President López Portillo at Cancún, Mexico. According to Newsweek for August 10th, "the momentum for the Cancún conference began to build early last year, after a . . . commission headed by (Willy) Brandt called for a massive international effort to close the gap between the have and have-not nations." Newsweek neglected to mention that Herr Brandt has been a recent president of the Socialist International.

The avowed purpose of the meeting is to induce the United States to provide more billions of dollars to leftist "Third World" governments which have not distinguished themselves for efficient use of previous donations. President López Portillo has continually tried to include Castro in the proceedings at Cancún, but the other heads of state know that his presence would doom their own efforts. It now appears that Mexico's President will serve as Castro's spokesman an Cancún. Why?

Mexico is a nation with a proud and rich heritage. We are neighbors, and we intend to be good neighbors. We believe that both the Mexican and American people reject Communist imperialism in the Americas, and it is a disservice to all of the Americas to support such intrusions.

Mickey Edwards, Bob Daniel, Jim Jeffries, Phillip M. Crane, Samuel Stratton, Dan Marriott, Richard Shelby, Thomas Kindness, John Ashbrook, George Hansen, Eugene Johnston, Ron Paul.

Carroll Campbell, Mark D. Siljander, John Napier, John J. Duncan, Larry P. McDonald, Gerry Solomon, Daniel Crane, Dan Daniel, Floyd Spence, Thomas Hartnett, Don Young, Billy Evans.

Buddy Roemer, Albert Lee Smith, Jr., David Drier, John Myers, Denny Smith, William Carney, Elwood Hillis, Gene Snyder, Carlos Moorhead, Ron Mottl, Doug Barnard, Jr., John H. Rousselot.●

C. CARLTON HARTLEY

HON. CHALMERS P. WYLIE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. WYLIE. Mr. Speaker, on Saturday, September 19, I received the sad news that my longtime friend, Mr. C. Carlton Hartley, had passed away unexpectedly. Carlton Hartley was president of the Central Ohio Printing Corp., which publishes a number of newspapers in my district, including the Madison Press, the Plain City Advocate, and the Mont Sterling Tribune. More than that, he was a leader in civic affairs who believed in using his newspapers as vehicles for community and social progress. He cared deeply about London, Ohio, and the surrounding area, so deeply that he donated 50 acres of land for the grounds of the new London High School. The time, energy, and effort he spent on behalf of London and Madison County have been of inestimable value and will long be remembered and appreciated.

I first came to know Carlton Hartley when he was publisher of the Hilltop Record and I was a candidate for city attorney in Columbus seeking the Record's endorsement. The endorsement was made after a lengthy session of penetrating questions and observations, and a lasting friendship was formed. Over the years I grew to re-

spect his political judgment and admire his commitment to his community. I regret that I will no longer have the benefit of his sound advice on civic affairs.

Carlton Hartley's journalism achievements spanned 50 years. His first job in the field was as a reporter with the Hilltop Record, a weekly newspaper which he later purchased and transformed into a popular and respected daily. After graduating from Ohio State University with a degree in journalism, he bought the Greenfield Times, a small town weekly. He converted the Times into a daily and won attention and new readers with his aggressive coverage of community affairs. His string of journalism successes continued unbroken with his acquisition of the Hilltop Record, his establishment of community newspapers for the suburbs which surround the city of Columbus, Ohio, and his involvement with the development of other newspapers in central Ohio.

His community achievements were equally numerous. He was a past president of the Hilltop Businessman's Association, past president of the London Area Chamber of Commerce, and past president of the Hilltop Kiwanis. He also served as chairman of the board of the Hilltop YMCA for 17 years, lieutenant governor of the 10th Ohio Division of Kiwanis, and founder of the London Kiwanis Club. He was a past president of the Columbus Printing Arts Association and the Ohio League of Home Dailies, and an active member of Hoge Memorial Presbyterian Church and Glenwood United Methodist Church.

Carlton Hartley left behind a legacy of personal involvement and civic pride that we may all benefit from. Marjorie and I extend our condolences to his family and friends.●

THE NATION'S AGRICULTURE POLICY

HON. JAMES J. BLANCHARD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. BLANCHARD. Mr. Speaker, as we prepare to vote on the farm legislation that will determine the Nation's agriculture policy for the next 4 years, I would like to remind my colleagues of the vital role that agriculture plays in the economy of my home State of Michigan.

Agriculture's total contribution to Michigan's economy last year totaled $16.5 billion, including farm gate receipts of $3.3 billion. Michigan's estimated share of all U.S. agricultural exports in fiscal year 1980 was $742.5 million, up 50 percent from its 1979 share.

Agriculture employs 200,000 full time and 40,000 seasonal workers in Michigan. It also provides employment for another quarter of a million persons in related industries.

Michigan's farmers produce a total of 50 commercial products. Of these, Michigan is the No. 1 producer in the Nation of 5 of those products; blueberries, tart cherries, cucumbers for processing, navy beans, and Eastern White Winter wheat. For another 24 products, Michigan rates fifth or higher in the Nation.

Michigan's Saginaw Valley area is the fourth richest agricultural area in the world in terms of soil and climate characteristics. A major feature of this area is its proximity to the Great Lakes, which contain 95 percent of the Nation's surface fresh water supply and which are regarded as the world's largest renewable agricultural water source.

Michigan is also No. 1 in the Nation in the production of plantation grown Christmas trees. Christmas trees grown in Michigan are sold as far away as Arizona and Texas. In fact, this year's White House Christmas tree will be a 50-foot tall white spruce from Michigan's Hiawatha National Forest.

Mr. Speaker, the facts I have cited demonstrate that Michigan's agriculture has been very viable in recent years. It is important to me, however, that the national farm policy on which we will vote today insures that we maintain this viability. It is for this reason that I recognize the key role of farm price supports, as envisioned by the House Agriculture Committee in H.R. 3603. This legislation recognizes the need to provide farmers with a reasonable assurance that they will have a price floor which will provide them with an ability to weather the bad years. The various crop supports in this legislation do not guarantee the farmer a profit for his labors. Rather, they serve to tell the farmer that the Government stands behind him during the bad years so that he will be able to produce in the coming years.

Those of us who live in Michigan know that the agricultural experiment station within the College of Agriculture at Michigan State University is known throughout the world for its excellent personnel and work products. Today's farm legislation provides continued authorization of Federal support for agricultural research and extension activities. These activities will allow us to develop new varieties of seeds; new methods for planting and harvesting; and new methods for improving crop yields. It also supports the development of methods to maintain and improve the health of farm animals that are important sources of milk and meat. This legislation will permit the vital research programs underway at the Michigan State University College of Agriculture and elsewhere in the State and the Nation to continue.

This farm legislation also continues the many lending programs offered by the Farmers Home Administration. These programs help farmers who cannot obtain credit elsewhere to acquire assistance in difficult times, such as in times of disaster. These programs also give rural communities access to the credit needed to develop necessary community facilities such as water and sewer systems. I might add that it is both ironic and unfortunate that the interest rates on these loans will be raised to levels proposed by the Reagan administration, the self-proclaimed enemy of high interest rates.

Finally, this farm legislation reauthorizes the food stamp program. I would like to remind my colleagues that the economy in Michigan is in the worst shape of any State in the Nation. For instance, Michigan has suffered double-digit unemployment rates for 21 consecutive months. Nearly one person in nine in my home State receives food stamps at a monthly value level in excess of $25 million. The alternative to maintaining a food stamp program in a State like Michigan is the absence of an improved economy is, literally, starvation. I would, in addition, point out that this bill, and other ongoing efforts in Congress, is aimed at eliminating the abuses that have been present in the food stamp program. I support these efforts.

Mr. Speaker, the future looks bright for agriculture in my home State of Michigan. Some experts predict that, given its soil composition, climate, water resources, access to technology, and proximity to the marketplace, the Great Lakes area could become the breadbasket of the Nation in future years. I believe that the farmers of Michigan are uniquely prepared to face the challenges that lie ahead.●

HUMAN RIGHTS—CZECHOSLOVAKIA, CONTINUED VIOLATIONS OF THE HELSINKI FINAL ACT

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. BONKER. Mr. Speaker, recently, the Czechoslovakian courts sentenced Rudolf Battek, the leader of the Charter 77 opposition movement, to 7 years for his activities on behalf of freedom and human rights in Czechoslovakia. This was the harshest sentence yet imposed on a Czechoslovakian human rights activist. The severity of the sentence leaves no doubt that it was to serve as an example for individuals and groups which indulge in "nonconformist activity."

This sentence and other attacks on human rights activists is in flagrant violation of the Helsinki Final Act, which commits Czechoslovakia to respect civil and political rights.

Rudolf Battek, who has been one of the best known human rights spokesmen in Eastern Europe, is in poor health, and his sentencing is of particular concern for this reason. I would like to take this opportunity to commend to the attention of my distinguished colleagues a recent appeal from Amnesty International, the winner of the Nobel Peace Prize, on behalf of Mr. Battek, and urge you to make representation to the Czechoslovakian Government.

[Amnesty International appeal follows:]

AMNESTY INTERNATIONAL

CZECHOSLOVAKIA: RUDOLF BATTEK

The trial of Rudolf Battek took place on July 27 and 28, 1981 before Prague Municipal Court. Rudolf Battek had been held in pre-trial detention for thirteen and a half months on charges of "subversion" under both sections 1 and 2 of Article 98 of the Czechoslovak Penal Code. Section 2 of this article refers to subversion "in collusion with a foreign power or foreign agent" and "on a large scale". He was also charged with "causing bodily harm" under section 1 of Article 221 of the penal code. This charge relates to an alleged scuffle with a policeman outside the police station on the day of his arrest, June 14, 1980.

The Prague Municipal Court sentenced Rudolf Battek to seven and a half years' imprisonment, to be served in the second stricter prison regime, to be followed by three years' protective surveillance (during which time Rudolf Battek would have to report regularly to the police). Rudolf Battek has appealed against the sentence.

Amnesty International believes that Rudolf Battek, a sociologist aged 57, is a prisoner of conscience, imprisoned because of his political beliefs. He has a long history of harassment and imprisonment since 1979. In January 1977 he signed the manifesto of the unofficial Czechoslovak Human Rights Movement, Charter 77, and became one of its most active members. In 1978 he joined VONS (Committee for the Defence of the Unjustly Persecuted). At the time of his arrest in June 1980 he was one of the spokesmen for Charter 77.

Amnesty International is particularly concerned about the health of Rudolf Battek who suffers from a serious asthmatic condition. It is believed that a lengthy term of imprisonment would seriously aggravate his condition, possibly endangering his life.●

THE UNITED STATES AND SALVADOR

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. HARKIN. Mr. Speaker, last Friday, the New York Times carried two excellent articles on the twin crises facing us in Central America: El Salvador and Guatemala. Mr. Robert White, former U.S. Ambassador, wrote very eloquently about the serious errors in U.S. policy toward El Salvador and the need now to refocus our policy. His concluding paragraph is a good position to start from:

While there is still time, the United States should adopt the position that the only unacceptable outcome in El Salvador would be military victory for the insurgents. A negotiated solution to the conflict is the one certain way to prevent that military victory.

Flora Lewis, the veteran New York Times reporter, has been in Guatemala and sums up very well the intransigence of the present regime even in face of a U.S. administration which would like to help it. Her concluding paragraph also bears repeating:

"Seeds of the whirlwind are being sown. The best course for America to avoid reaping them would be to disassociate the U.S. as much as possible from this regime, persuade friends like Israel and Taiwan that they have little to gain from collaboration, and make clear we don't share Guatemala's outlook. We can't do anything to improve it, but it's a tar brush we don't need.

[From the New York Times, Oct. 2, 1981]

THE U.S. AND SALVADOR

(By Robert E. White)

WASHINGTON.—The Senate was at its best when on Sept. 24 it refused to drop an amendment proposed by Christopher J. Dodd, Connecticut Democrat, requiring President Reagan, in advance of any further United States assistance, to certify twice a year that El Salvador is working to put an end to the "indiscriminate torture and murder" practiced by its armed forces. This amendment points the way toward a common-sense resolution of the Savadoran crisis.

Administration policies have completely undermined El Salvador's civilian leadership. President José Napoleón Duarte stands for reform, for negotiation, and for an end to the savagery of the armed forces. But the Administration's policy of rejecting negotiation has given final authority to the hardline military of El Salvador. Moderate civilian leaders in Central America fear that the Administration's insistence on military defeat of the Savadoran insurgents could engulf the entire region in fratricidal war.

These fears have a solid base. The Honduran Army already cooperates with its Salvadoran counterpart in anti-insurgent operations. The Salvadoran military regularly violates Honduran territory and airspace in carrying out search-and-destroy missions. Now the Reagan Administration has approved the Pentagon plan known as Operation Falcon's Eye, which will send 180 United States officers and troops to Honduras for joint military exercises early this month.

The Pentagon's success in gaining approval for these exercises implies that the Administration is ready to give the go-ahead to the revival of a new version of the notorious Central American Defense Council, which traditionally has run the exercises. The United States Southern Command, in Panama, is the founder and overload of the council, whose mandate is to create a regional military strategy and a common intelligence service to counter "subversive Communist agents" who infiltrate Central America.

For a few flickering moments in the last days of the Carter Administration, there was some reason to hope that El Salvador might be saved from further bloodshed. An honest beginning on agrarian reform had been made. The Salvadoran Government publicly pleaded with the Revolutionary Democratic Front to come to the negotiating table. Pressure from the United States combined with threats by the Christian Democrats to bolt the Government unless human rights abuses were curbed resulted in small but real progress. The military published a code of conduct and transferred many hardline military officers out of positions of power. In January, the guerrilla forces' highly touted "final offensive" failed. The Salvadoran Government began plans to complete the second and third phases of the agrarian reform. The Front began to talk seriously of entering the negotiations. But within a few weeks, Reagan Administration policy undercut the Government's revolutionary program. Agrarian reform was slowed and the vital second stage of the reform, which decreed the redistribution of the rich coffee lands, was canceled.

The Administration's insistence on a military solution prevented the Christian Democrats from fulfilling its pledge to negotiate with the left. Thus, the Christian Democrats, who have much more in common with the moderate wing of the Democrats, who have much more in common with the moderate wing of the Democratic Revolutionary Front than they do with the oligarchy, were demoted to a subordinate role.

The Reagan policy has diminished to the vanishing point the influence of Mr. Duarte and the Christian Democrats, returned the oligarchy to its formerly dominant position, and associated the good name of the United States with death squads and the massacre of Salvadoran youth.

The Administration condemns as "straight terrorism" the dynamiting of power lines by insurgents, and remains silent while Salvadoran forces routinely practice torture and assassination.

United States policy in Central America has created a serious rift with our allies. Recently, France and Mexico correctly recognized the revolutionary movement as a "representative political force" that must be dealt with if a lasting peace is to be attained. This deft diplomatic initiative calls for the restructuring of the armed forces before the holding of elections. There exists adequate common ground here for the beginnings of a multinational diplomatic effort to bring peace and reconciliation to the Salvadoran family.

While there is still time, the United States should adopt the position that the only unacceptable outcome in El Salvador would be military victory for the insurgents. A negotiated solution to the conflict is the one certain way to prevent that military victory.

[From the New York Times, Oct. 2, 1981]

DESPAIR IN GUATEMALA

(By Flora Lewis)

GUATEMALA.—Nobody seems excited. Nobody sounds emotional. There is an eerie quiet in Guatemala.

Day after day the newspapers print items like one the day I came: "Unknowns killed 31 peasants in Rabinal," a small county. "Unknowns" has become a code for armed men on the Government side. The item also said that "none of the victims has been

identified so far, since the residents who remained alive preferred to flee their [four different] villages and nobody knows where to find them."

Col. Jaime Rabanales Reyes, the army spokesman, said correctly that there was no crisis in Gratemala. "But I feel a crisis coming," he said.

So does practically everyone. A smiling taxi driver said, "Either there will be an arrangement after elections or things will get worse. We don't know what we want." A veteran Western diplomat shrugged and said, "It's hopeless, that's all." And a responsible American official said with tight lips, "I don't get embarrassed about things I can't do anything about."

The cynical atmosphere seems worse than the passions of conflict, but it is bound to burst aflame one day. People are killed by the hundreds each week, sometimes decapitated. Nobody really knows how many. Often, nobody knows why.

Lawyers, teachers, moderate politicians are becoming in short supply, Those who remain live in a numb, almost thoughtless fear. Officials boast chillingly that there are no political prisoners in Guatemala. It seems to be too true, When there is an arrest, a trial, people are sure it's a common criminal because politicos are simply "disappeared" without further ado.

There is a sinister war going on between two cold-blooded groups seeking to dominate by terror. There are no white hats. The great bulk of people are caught between, and if they turn to one side for protection, they know they are marking themselves as targets for the other. Nonetheless the leftist guerrillas seem to be expanding, if only because they lack the capacity to kill as many bystanders as the official forces, and they concentrate on soldiers. So they offend ordinary people less.

The Government forces, often unable to retaliate directly against the hit-and-run guerrillas, take out their fury on the villagers left behind. It isn't hard to pick up firsthand stories, but the sense of outrage is dulled.

President Romeo Lucas Garcia refused to meet with a recent U.S. Congressional delegation, and publicly denounced its members as "Communists" when they left. It is hard to imagine room for anyone to the right of President Lucas, but it does exist in Guatemala.

Support comes from landowners and businessmen who are nevertheless disgusted by his modest raise in the very low minimum wage and his token land reform. "They are like the people," said an American official, "who thought they could make use of Adolf Hitler to preserve their interests."

Their main candidate for the election next March is Mario Sandoval Alarcón, who has said that with power he will kill not hundreds but thousands of "Communists" a week and put an end to the 20-year-old guerrilla campaign. Mr. Sandoval goes often to the U.S., and then claims he was received by the Secretary of State and people close to President Reagan.

That doesn't check out at the State Department. But no matter, it impresses people here. Actually, U.S.-Guatemalan relations are very cold, but both sides make a public pretense of getting on nicely. The Administration theory that tough regimes will be more amenable if they aren't pressured out loud—as with South Africa—has been tried here.

Ex-deputy C.I.A. chief Vernon Walters was sent recently to say Washington would like to help against the real Communist insurgents but that Guatemala must help Washington with Congress and public opinion by showing some willingness to moderation. He was angrily rebuffed.

The establishment here hated President Carter without reserve. But it is no more prepared to indulge the Reagan Administration unless it is backed without question.

Nonetheless, the U.S. silence and a fair amount of American-supplied military equipment—trucks and jeeps—are seen by others here and by most in the rest of the world as a sign of support for the regime. Inevitably, the U.S. is coming to appear as an accomplice.

What can we do? At the moment, the answer must be that there is nothing positive. Guatemala has substantial resources for its widely spread seven million people. It has oil. The leaders seem prepared to withdraw into a kind of Fortress Guatemala, and they have established links outside the U.S. to maintain it.

There are close ties with Argentina and Chile. Israel has traditionally supplied arms, and now South Africa is helping build a weapons factory. Taiwan has the second-largest diplomatic mission and provides technical aid.

Seeds of the whirlwind are being sown. The best course for America to avoid reaping them would be to disassociate the U.S. as much as possible from this regime, persuade friends like Israel and Taiwan that they have little to gain from collaboration, and make clear we don't share Guatemala's outlook. We can't do anything to improve it, but it's a tar brush we don't need.●

STUDY OF ENFORCEMENT OF ALIMONY AND CHILD SUPPORT

HON. SHIRLEY CHISHOLM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mrs. CHISHOLM. Mr. Speaker, today I am introducing a bill to authorize the Attorney General to undertake a study of the appropriate role of the Federal Government in the establishment and enforcement of alimony, child support, and property settlement payments.

In the late 1970's, the number of divorces in the United States reached one-half the number of marriages. From 1960 to 1974, the percentage of illegitimate births increased from 5.3 to 13.2 percent. By 1975, 11.2 million children, or 17 percent of all youths under 18 were living in single-parent households. Today, single-parent households are the fastest-growing family group.

The skyrocketing divorce and illegitimacy rates has meant extreme financial difficulty or poverty for both single parents and their dependent children, as well as older women left without financial support after many years as homemakers. Divorced women in their middle years who have devoted their lives to homemaking often lack the experience and skills necessary to compete in the job market. Divorce leaves these women, often referred to as displaced homemakers, with no source of support. Many of these women are ineligible for unemployment compensation because they have been engaged in unpaid labor; are ineligible for social security either because they are too young or are divorced from the family wage earner. Spousal support is essential to meet the economic needs of these women. Single mothers of young children often face the same problems, along with the unavailability of low-cost child care. This often makes employment impossible even for those who could find jobs.

The need for spousal support in these cases is compelling. Yet, only one-quarter of the families in need of child support receive it from the absent parent. The poverty rate for single-parent families is more than three times that for other persons. When the absent parent fails to pay child support, taxpayers become responsible for their support. Each year, taxpayers maintain children whose parents, almost always fathers, have left because of divorce, separation, or desertion, and have neglected to provide child support payments. More than 80 percent of families receiving aid to families with dependent children (AFDC) have a living parent absent from the home.

The enforcement of duties of support has become a national problem in a mobile society where interstate travel results in widespread evasion of support obligations.

FEDERAL CHILD SUPPORT ENFORCEMENT PROGRAM

In 1975, Congress enacted title IV-D of the Social Security Act to establish a program of child support enforcement. IV-D was devised to reduce the number of children receiving AFDC payments by insuring that absent parents who neglect to provide sufficient child support and are capable of so doing, will be located with greater frequency, brought to court, and ordered to provide assistance to their children. Federal law requires each State to establish a child support enforcement program. The State IV-D agency is responsible for locating absent parents, establishing paternity, establishing child support obligations, and collecting and monitoring child support payments. Applicants for AFDC must assign their support rights to the State in order to receive AFDC payments. Each applicant must also cooperate with the State to establish paternity and secure child support. Support payments made on behalf of AFDC children are paid to the State and are used to reimburse welfare costs. The program also provides services to non-AFDC families on a voluntary basis. States may charge a fee not exceeding $20 and collect excess costs from the child support collected. The act pro-

vides for 75 percent Federal financial participation in the administrative costs incurred by the State in providing support enforcement services.

Unfortunately, the success of the program varies widely from State to State. Sixteen States collect less than what they spend to make their collections. Also, according to HHS's fifth annual report to Congress on child support enforcement, some States' IV-D programs' enforcement efforts were hampered by difficult relationships with courts, lack of available legal staff, or insufficient State agency control over the enforcement function. In some States, the quality of support enforcement varies from county to county. An insufficient legal base also was found to hamper enforcement and collection activities in many States. Lack of statutory support in such areas as wage assignment, garnishment, blood tests, long arm statutes, and income tax offset were reported. Statutes of limitation also prevented some States from establishing paternity and support orders.

ENFORCEMENT PROBLEMS: AFDC VERUS NON-AFDC

In addition to these internal program problems, a 15-percent incentive payment is paid to States to enforce and collect child support for AFDC families within the State and on behalf of other States, while there are no incentive payments made to the States to encourage the enforcement and collection of child support on behalf of non-AFDC families. As a result, although more total dollars were collected on behalf of non-AFDC families in fiscal year 1980—almost $874.5 million as compared to $603 million on behalf of AFDC families—the actual number of non-AFDC families aided was abysmally low. The total child support enforcement caseload of AFDC families averaged 4,582,751 per quarter in fiscal year 1980, while the CSE caseload of non-AFDC families averaged a mere 843,037 per quarter. This is because States have no immediate fiscal incentive to push collections for non-AFDC families, since they receive only reimbursement for their costs. Moreover, last year, six States (Michigan, Pennsylvania, California, New York, Oregon, and New Jersey) made 85 percent of all non-AFDC collections, which means that all other jurisdictions combined collected only 15 percent of the total.

It is imperative that more be done to insure that cases of non-AFDC families be diligently pursued so that families can avoid the economic hardship which often befalls them when the supporting parent neglects financial responsibilities. Enforcing support obligations is after the only way to meet the economic need such families face, as both older women and single mothers of young children seeking entry or re-entry into the job market face overwhelming obstacles.

URESA

Not only is title IV-D ineffective in aiding non-AFDC families, the program in no way aids the enforcement of alimony or property settlement obligations. Moreover, the operation of the IV-D program has sometimes interfered with non-AFDC persons' use of the Uniform Reciprocal Enforcement of Support Act (URESA), used to enforce child support, alimony, and property settlement obligations.

In 1950, the National Conference of Commissioners on Uniform State Laws adopted URESA, reciprocal legislation aimed at improving and extending the enforcement of support duties interstate. By 1955, URESA had been adopted in all of the States. It allows any person owed a support duty to file a petition in the home State and receive a hearing in the State where the obligor resides. This procedure provides for enforcement or modification of an existing support order as well as initial determination of a support duty.

URESA and the IV-D program interact in a manner which can negatively affect URESA petitioners. The IV-D agency may be integrated with the URESA agency. Also, URESA procedures may be used by a State's IV-D agency to enforce court orders. Because the Federal Government makes payments to States for expenditures related to IV-D applications and incentive payments to make IV-D collections, States have a financial advantage in pursuing IV-D cases. This action could delay adjudication of a pure URESA case, where the State processes the application at its own expense or for a minimal fee and receives no portion of the recovery. Also, in States where the URESA office also serves as the agency for administration of the Federal IV-D program, a nonwelfare mother's URESA petition may be processed more slowly than that of an AFDC mother, since the State has a special interest in reimbursement for welfare moneys paid.

URESA is the major focus of interstate enforcement. Yet, in addition to enforcement problems related to URESA's interaction with the IV-D program, there are a number of other problems which hamper its effectiveness. URESA is not, in reality uniform among all States. States have adopted various amendments to URESA or dropped whole sections from the original version. Therefore, before filing a URESA petition, one must assess the responding State's laws. In many cases, differences in the laws of individual States prevent prosecution. For instance, while the initiating State may allow suits for arrearages, the responding State may not have a provision for collecting arrearages. In that case, an action to collect arrearages would be blocked. As an example, the District of Columbia URESA has remained virtually the same as the 1952 act despite several amendments made to the model act by the Commissioners on Uniform State Laws in 1958 and 1968. Among the changes made was an amendment permitting recovery of arrearages. The most important amendment may have been the addition of a registration system permitting the responding State to treat the foreign support petition as if it were issued in the responding State. These omissions in the District of Columbia URESA are gaps that undermine the act's effectiveness as a means for the interstate enforcement of support awards.

For other reasons, URESA is not the answer to interstate enforcement of support obligations. Prosecutorial indifference in the responding State may result in undue delay. Even after the hearing is scheduled, a prosecutor may not adequately represent the absent petitioner, even though URESA provides that the prosecuting attorney shall prosecute the case diligently.

PURPOSE OF STUDY

Payment rates of child support, alimony, and property settlements are scandalously low, especially when the former spouse is out of State as interstate enforcement of support obligations depends both upon reciprocity between States and the compatibility of State laws.

The Federal IV-D program deals solely with child support enforcement and not at all with alimony or property settlement. Incentive payments paid to States to encourage the enforcement of support obligations on behalf of AFDC families leaves the needs of non-AFDC families in second place at best—both within the IV-D program and under URESA in those States where the IV-D and URESA programs are joined.

URESA, which can be used to enforce child support, alimony, and property settlement rights is indeed not uniform among the States, hampering enforcement of these rights.

This bill calls for the Attorney General to conduct a thorough study of the appropriate role of the Federal Government in the establishment and enforcement of obligations of child support, alimony, and property settlement, with consideration of problems that hamper enforcement, as well as actions which the Federal Government can take to improve the situation. A solution to these problems is crucial for the children and women who have no other means of support.●

IN HONOR OF PHILIP MAZZEI DAY

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. FISH. Mr. Speaker, I would like to commemorate a great American patriot, Mr. Philip Mazzei. The versatile, gifted Philip Mazzei—surgeon, merchant, horticulturist, philosopher, diplomat, and author—was an important participant in the panorama of 18th century history both in America and in Europe.

His influence was felt on many levels. It was Mazzei who exhorted the colonists to sever their ties with England; it was his translation of Thomas Jefferson's controversial letter in which Jefferson bitterly attacked the Federalists—that caused an international scandal; and it was Mazzei who reported to the Polish King on the French Revolution.

Mazzei was born on December 25, 1730, in a small village near Florence, Italy, and was educated as a surgeon. He set sail for Virginia in 1773 with plans to live as a gentleman farmer. He settled on land in Charlottesville adjoining that of Jefferson, but farming was soon put aside as he became caught up in the growing political tensions of his adopted country. He lost little time joining with the forces advocating independence and was instrumental in America's fight for her independence. He perceptively called for "one and the same constitution for all the united Colonies." His expression of these ideas early on linked him to the group of Virginia statesmen whose ideas on the theory and form of government were incorporated into the major political writings of the period. Mr. Speaker, I would like to honor this great patriot on October 6, Philip Mazzie day.●

SOVIET IMPERIALISM IN AFGHANISTAN

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. RITTER. Mr. Speaker, I would like to bring to the attention of my colleagues a very informative article on the Soviet occupation of Afghanistan by the Association for Information and Documentation of Afghanistan. This article appeared on the editorial page of the September 16, 1981, Wall Street Journal.

According to this article entitled, "Russia and the Afghan Economy," the Soviets have colonized Afghanistan and forced the Afghan people into economic bondage. The article documents that while the Soviets are using the Afghan countryside as a laboratory for its latest weapons, they are also shipping the natural resources of this country into the Soviet Union. Such resources as gas, petroleum, iron, uranium, chrome, and foodstuffs such as fruits and vegetables are being taken into the Soviet Union and given over to the industry and population of the U.S.S.R. With incredible brass, the Soviets claim that these materials are in reality payment for providing the Afghan people with protection from foreign imperialists. This statement lacks all sense. Yet this is the type of information the Soviets are using to justify their unlawful occupation of Afghanistan.

The Third World and nations which decry imperialists should take a closer look at the Soviet foray into Afghanistan. The occupation of Afghanistan, its loss of sovereignty, and its colonization by the U.S.S.R. is the reality of Soviet communism.

The article follows:

[From the Wall Street Journal Sept. 16, 1981]

RUSSIA AND THE AFGHAN ECONOMY[1]

The disastrous impact made by the Soviet presence on the economy of Afghanistan lends an ambiguous flavor to some of the Kremlin's latest declarations on the situation.

For example, in its response to the holding of a Peoples' Tribunal on Afghanistan in Stockholm in May 1981 (document submitted by an embassy of the USSR in Western Europe to the tribunal), the Soviet government pointed out that before the April 1978 "revolution," the country stagnated in conditions of serious under-development: "One of the poorest and least developed states in the world. In 1977 per capita income was only $162. . . . 86% of the population was rural. . . . Despite favorable conditions for the develoment of agriculture, stockbreeding and mining industries in Afghanistan, the greater part of its needs in foodstuffs and consumer goods had to be imported. . . ."

By first putting the whole debate on the Soviet presence in Afghanistan on an economic plane, the USSR would like to justify its intervention there. Indefensible in terms of international law, highly objectionable in terms of human suffering, the Soviet invasion could somehow find a sort of post facto legitimacy in terms of future economic benefits to be bestowed on the occupied land.

A diplomat from the Afghan Democratic Republic's embassy in Paris apparently agreed with the Soviet point of view in a press conference held on June 30, 1981: "We should like to emphasize, as the leaders of our country have often declared, that our recent economic progress has been due to the brotherly and disinterested help of the Soviet Union, which is now the determining factor in the economic development of our country." Sadly enough, the reality of the economic situation is a bit more complicated than that.

To begin with, any analysis of pre-occupation Afghan economic life demands somewhat more sophistication. Actually, as a traditional agrarian and pastoral society, rural Afghanistan had worked out a balanced way of life in a specific geographical environment (arid and mountainous) many centuries ago.

SEVERE INFANT MORTALITY

Hierarchically organized, Afghan peasants maintained an extensive and delicate network of irrigation canals which enabled them to achieve self-sufficiency in food: The staple crop was wheat, while extensive sheep-herding allowed maximum exploitation of the semi-desert steppes. Infant mortality was assuredly severe, but this checked population growth and limited pressure on available irrigated land. Traditional Afghanistan consequently avoided ovepopulation and was free of famines and of the sort of abject misery of the Indian kind—the disastrous drought of 1972 being an exception.

To borrow an expression used by French geographer P. Gentelle (in his article in Temps Modernes, July/August 1980), Afghanistan was not "under-developed," but "non-developed": Economic transformations had not yet dislocated rural society and sent displaced peasants to dwell in slums around burgeoning industrial centers, as in so many Third World countries. The Afghan countryside before the Soviet occupation did not yet fit into such commonly accepted categories as "poverty" and "proletarianization."

Economic transformations, however, had become inevitable by the late 1960s.

New roads linked Afghanistan with the rest of the world, while the country became progressively integrated into the international market. Such changes were bound to disturb the traditional social order. However, as it tentatively entered the path of modernization (starting in 1953 but especially since 1963), Afghanistan did enjoy a number of natural resources, which were its own to use as it saw fit: These included notably natural gas and exploitable minerals.

What is extremely serious about the present situation is the new, unbalanced relationship between the Soviet Union and Afghanistan. The USSR now confiscates the country's resources and denies Afghanistan the right to use its own natural wealth, according to its own economic and social goals.

With the loss of political sovereignty comes a new kind of economy, the neo-colonial type. Afghan "progress" or economic development is henceforth subordinated to specific Soviet needs. As a vassal state, Afghanistan's economic survival will have to depend on the requirements and fluctuations of Soviet priorities.

By paralyzing pre-occupation Afghan economic activity and through rigid integration of Afghanistan into Soviet economic networks, the USSR has virtually subjected the country—especially in the three key fields of energy, trade and transport.

It has already been years since the USSR became the sole customer for Afghan natural gas, which is piped directly into Soviet Central Asia. Since the occupation, the Soviet Union no longer pays for this gas; instead, it deducts the gas's estimated value from the increasingly heavy debt owed by the Afghan government to the USSR.

This debt essentially represents the cost of the Soviet Union's own military occupation of Afghanistan, which is charged to the Kabul government. The debt now amounts to about $3 billion. Even if this debt were no longer increased (which is impossible), it

[1] The following article was prepared by the Association for Information and Documentation of Afghanistan. The association is a news service recently established by Afghan exiles, with offices in Paris and Peshawar, Pakistan.

would take Afghanistan 10 years to discharge it according to the present flow of its gas to the Soviet Union.

Even this calculation is warped, because in any case the Soviet Union shows no sign of putting an end to its military occupation with its attendant costs. Furthermore nobody really knows how much Afghan natural gas daily leaves the country except for Soviet technicians, who enjoy sole access to gas meters (Afghan officials are barred from the meters). Finally, in mid-1980, the USSR priced Afghan natural gas at the rate of $83 per 1000 cubic meters, which is only half current world rates. In other words, Afghans are condemned to pay back a debt subject to constant inflation, with a natural resource whose price is constantly controlled and deflated by the creditor himself.

The hemorrhage of natural gas has forced industries in the Afghan North, such as the Mazar-e Sharif fertilizer and electric plants built for gas consumption, to switch to coal. However, owing to the success of the resistance forces in controlling most of the countryside, it has become difficult, not to say impossible, for these plants to enjoy access to coal: This has caused economic activity in Northern Afghanistan to plummet. In 1980, Afghan GNP dropped by 50%.

Soviet occupation has broken traditional trade patterns, disturbed transport and sharply reduced commerce with regional customers such as India and Pakistan.

Kabul customs revenue, worth 40 million to 50 million afghanis a day before 1978, has dropped to between 4 million and 5 million afghanis a day this year. Meanwhile, trade links with the USSR have been reinforced.

SPOKESMAN DID NOT SPECIFY

In early 1981, the Kabul government announced that during the year 1980, Afghanistan had exported to the Soviet Union $11 million in fruits and vegetable oil. What the government spokesman did not specify, however, was that such revenue is to be deducted from the Afghan debt to the Soviet government. Such products were exported previously to India and Pakistan at far more favorable prices.

Soviet occupation has also transformed the country into a captive market for Russian products, while provoking the collapse of native industries.

An exceedingly strange trade protocol signed this year agreed that the Soviet Union and Afghanistan should exchange each other's cement production, ton for ton. This agreement, at first glance, would appear merely absurd. Closer inspection reveals the true motive. Soviet cement is a product of notoriously inferior quality and cannot be sold on world markets. Afghan cement, however, is manufactured according to international standards and used to command high prices on Asian markets. This source of income has also now been lost.

Afghan mining facilities have been taken over by the Soviet Union. In April 1981, the USSR signed a protocol agreeing to supply Afghanistan with considerable amounts of mining equipment and to provide the services of Soviet mining experts. The Soviet Union has shown increasing interest in Afghan minerology since the military occupation. In the last 10 years, Soviet geologists invited by former Afghan governments had tended to minimize the importance of Afghan iron, chrome, uranium, coal and oil deposits. Now that the USSR, through military force, enjoys sole access to Afghanistan's mineral resources. Soviet experts recommend intensive mining operations.

Afghanistan's road system is entirely in Soviet hands. Soviet road-building assistance is of an entirely military nature at present and fulfills strategic needs. The only roads built today lead into the Soviet Union.

In conclusion, we should note that in late April 1981, the Kabul government announced the sale of 300,000 tons of wheat by the Soviet Union to Afghanistan. The wheat bill will be added to the amount of the Afghan debt, further justifying the Soviet monopoly on national production. If we remember that before the Soviet occupation Afghanistan was self-sufficient in wheat (except during the 1972 drought), we can measure just how far Soviet "brotherly and disinterested help" has contributed to the impoverishment and proletarianization of the land. In fact, it is the Soviet Union itself which is changing Afghanistan into a typical "underdeveloped" Third World country, "poor," colonial, and under-nourished.

There is really very little but the courageous Afghan freedom struggle to prevent the complete subjugation of the nation.●

PUBLIC RESPONSIBILITY BILL

HON. AL SWIFT

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. SWIFT. Mr. Speaker, for some time I have been talking about the need to deregulate the broadcast industry—and to provide broadcasters with the certainty they need at license renewal time through a measurable, objective public interest standard. Earlier this year, I drafted a bill that proposed one way to quantify the public interest responsibility broadcasters have. In April I wrote to some 150 people interested in the problems posed by deregulating and quantifying broadcasting. Many of them responded with valuable ideas and, after reviewing them all, I have redrafted the bill for introduction today.

The response was—from broadcasters and public interest groups alike—unanimous; they all disliked it. Broadcasters generally rejected the quantification; public interest groups rejected deregulation. However, because nearly everyone also offered constructive suggestions, the process has improved the measure, although probably not enough to satisfy anyone who did not like it before.

Why, then, am I going ahead with it—besides masochism, of course? First, I believe that we can make substantial cuts in unnecessary regulation of the broadcast industry. I believe that public interest groups have placed an unreasonable amount of faith in the present system of regulation to assure the public is properly served. Even with all the present regulations the "bandit" broadcaster can still do a lousy job yet the good broadcaster—typical of the vast majority—is saddled with too much paperwork and process. In trying to hold onto "everything," it is my considered judgment that these public interest groups run the risk of losing it all.

Second, there is an industry contention that there is enough competition in every market to assure that the public interest will be met without any regulation. Obviously, there are some large markets where that has validity, but there are more where it does not. If we are talking about competition from other, nonbroadcasting sources, that is really a case of "apples and oranges." It is the local broadcaster who is in the unique position to provide the programing that serves the public's needs in a specific community.

If we are talking about other broadcast competition, most markets in the Nation are too small to support enough broadcast outlets to establish a sufficient level of competition.

Further, I think deregulation justified by the competition argument alone will have a more difficult time in the House than its had elsewhere. Even in the present political climate, the industry may have a better chance of getting deserved relief from pointless regulations if the justification is based on something other than just the competition argument. Quantification of the public trust responsibility offers that justification.

The happy thing is that, with a different approach to regulation, I think both the industry and the broadcast consumer can get what they want—their interests are not as mutually exclusive as is often painted. The bottom line is that we need deregulation, but we also need to protect the public interest. While my own specific proposal for an objective, measurable public interest standard is not the only answer, it is one idea. From it, different people can reshape the specifics or draw ideas to develop their own approach. I will continue to work on the concept and will welcome any and all suggestions.

The following is a brief section-by-section explanation of the bill:

SECTION-BY-SECTION—PUBLIC RESPONSIBILITY QUANTIFICATION BILL

The Broadcasting Public Responsibilty and Deregulation Act has two major divisions. First, it would establish a system to quantify, through an objective point system, the broadcasters' responsibility to serve the public interest. Second, it substantially deregulates both radio and television.

Although the bill sets out specific guidelines, it relies on the expertise of the Federal Communications Commission (FCC) to develop the specific schedule to be used. In essence, the system would modify the FCC's present rules requiring a gross percentage of air time for public affairs programming by giving added weight to programs that are broadcast during prime listening and viewing hours, to those that are locally produced, and to those that are especially costly to produce. Any programming which now qualifies for public service credit would continue to qualify and certain new types

(e.g. local, live music and drama) are also included. This would allow the broadcaster to choose between continuing to meet his public service requirement by broadcasting more hours of public affairs programming during non-prime time or, if he chooses, to broadcast a comparatively fewer number of hours that qualify for added weight (i.e. those broadcast during prime time, those which are locally produced, etc.).

Section 1 of the bill is the short title.

Section 2 establishes a new Section 331 to the Communications Act of 1934. This section mandates the FCC to establish a quantification system consistent with the requirements of the bill within 2½ years after the date of enactment. Subsection (a) defines terms used in the bill.

Subsection (b) requires the FCC to establish a tentative "licensee evaluation system" that assigns one point per minute for qualifying programs and announcements: public service programs, public service announcements, and locally produced live programs, including news, sports, music, drama, religious and other public affairs programs. Bonus points would be assigned for those broadcast during prime time, those which were especially costly to produce and those which were produced by the station itself. This tentative system should be established within 6 months after enactment.

Subsection (c) requires the Commission after completing the tentative system required in subsection (b), to review the weekly composite program logs it has on file from all radio and TV stations to evaluate the system. In evaluating it, they would assign points to stations as though they were operating under the proposed schedule, using program logs from enough stations to make a statistically valid survey. They would then determine whether the system was easy to use for stations and easy to administer for the Commission. They would then add up the totals and compare stations. From these totals, the Commission would determine what minimum standard would be required for all stations, or, if it decides that different classes of stations should have different minimum standards, then it will determine what categories should be established and what the minimum standard should be for each category. Categories they could consider would include AM, FM, TV, networks affiliates versus non-affiliated stations, large market versus small market stations, etc. Such distinctions would be justified only if the evaluation showed that the stations differ enough to justify having different categories and, there should be as few categories as possible, consistent with the public interest. The FCC is required to report to Congress on their progress within one year after enactment and to finish the evaluation within 18 months.

Subsection (d) requires the FCC to issue rules establishing the point system it has developed. The rules will set forth the point system, the minimum points required for all stations in a category (if it establishes categories) and the categories. This standard may be either annual or quarterly. Stations will be required to file an affidavit once a year certifying to the Commission that they have met the minimum stanadard for the year, or if the quarterly system is chosen, during each quarter of the year.

The Commission will have no authority to require specific types of programing to meet the minimum point standard. Should a broadcaster be in doubt about either his category or whether his proposed programing will meet the minimum standard for that category, he can apply to the FCC for a ruling. This ruling, if it affirms the station's point computations, will be binding on the FCC should the station later be challenged. At least one year's notice will be required for any changes made by the FCC in either the system or the standards. The proposed rule should be final within 2½ years after enactment.

Subsection (e) requires stations to keep sufficient records to show they have met the standard. It also prohibits the FCC from requiring any other programing reports.

Subsection (f) allows the FCC to determine, either on its own motion or in response to a petition, whether a station has met the public interest standard.

Subsection (g) sets penalities. Any station that engages in a willful pattern of failure to comply with the public interest standard will be fined for a first or second violation and have its license revoked for a third violation within a five year period. The fine is determined according to the highest per minute advertising rate charged by the station at the time of the violation. Fine for the first violation will be 100 times the highest ad rate. Second violations will be fined 1000 times the rate. The FCC may lower the fine if the violation is technical or if imposing the full fine would bankrupt the station and it is in the public interest to lower it. If the license is revoked for three violations, the previous licensee may not subsequently apply for the license. Any person who knowingly files a false statement required under this section may be fined up to $10,000 or imprisoned for 5 years, or both.

BROADCAST DEREGULATION

Section 3 prohibits the FCC from having any rules, guidelines or policies that 1) require ascertainment of community needs; 2) limit the length or number of commercial announcements; or 3) require any specific format for program logs or other related logs.

Section 4 allows the FCC to issue radio and TV licenses for up to 10 years.

Section 5 allows a new station to shorten the time it takes to get on the air by applying for a combined construction permit and operating license.

Section 6 eliminates comparative renewals and prohibits the FCC from considering any competing applicant for a station license until the FCC has determined that the incumbent licensee should no longer hold the license.

Section 7 through a technical change to Section 309(b) of the Act, will shorten the time it takes for the FCC to process many applications by changing the beginning of a 30-day waiting period from the date it is "accepted for filing" to the date it is received by the Commission.

Section 8 eliminates petitions to deny a license.

Section 9 amends the Section 315 equal time requirements. Under present law, news programs, spot news and regularly scheduled interview programs are exempted from the equal time requirements of Section 315. Section 9 would extend this exemption to discussion and debate programs and would remove the requirement that interviews, discussions and debates have to be regularly scheduled programs. Section 9 would also remove the requirement that a candidate's appearance in a documentary must be incidental to the subject of the documentary for it to be exempt from the equal time requirements.

All deregulation provisions would take effect when the quantification system is in effect and no longer subject to judicial or administrative review.●

HONORING PAT CULLEN

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 7, 1981

● Mr. FORD of Michigan. Mr. Speaker, these are busy days for us in Washington. While we in Congress wrestle with the problems of high interest rates, balancing the budget, and defense spending, we must never forget the many constituents in our districts who serve their communities in very important ways and do not receive adequate recognition. One of these individuals is my friend, Pat Cullen, who is being honored by his friends and associates at a retirement gathering in his honor on October 17.

A review of Pat Cullen's 32 years of service for the city of Wayne reveal his continuous dedication to the community and his fellow citizens. Mr. Cullen began serving his community in 1949 in the water and sewage department of the city of Wayne. He then diligently worked his way up the ladder to personnel director in 1956, housing director and city clerk in 1963, and assistant city manager in 1970. In 1973, he was appointed to the position of city manager, a job he truly deserved and earned.

Pat Cullen's commitment to his community did not stop there. He went beyond the walls of city hall in helping his fellow citizens. Some of his other accomplishments have been:

Membership on the city of Wayne's personnel board;

Membership on the International City Management Association;

Membership in Wayne Kiwanis Club;

Service as president of the Wayne Jaycees;

Membership on the Michigan Municipal League.

The 15th District is proud to have such an outstanding resident as Pat Cullen. It has been a privilege to work with him. I am proud to call this marvelous man to the attention of my colleagues in the House of Representatives.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate

Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, October 8, 1981, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

OCTOBER 13

10:30 a.m.
Joint Economic
Economic Goals and Intergovernmental Policy Subcommittee
To resume hearings on the effects of defense spending on the economy.
2212 Rayburn Building

OCTOBER 14

9:00 a.m.
Governmental Affairs
Energy, Nuclear Proliferation, and Government Processes Subcommittee
To hold oversight hearings on Soviet energy and Western European energy security matters.
3302 Dirksen Building

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S.J. Res. 110, S.J. Res. 17, S.J. Res. 18, and S.J. Res. 19, measures, amending the Constitution to establish legislative authority in Congress and the States with respect to abortion.
2228 Dirksen Building

10:00 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Research and General Legislation Subcommittee
To hold hearings on the Commodity Futures Trading Commission's pilot program in options trading for nonagriculture commodities.
324 Russell Building

1:00 p.m.
Judiciary
*Immigration and Refugee Policy Subcommittee
To hold hearings to discuss the present conditions of the mass refugee asylum process.
412 Russell Building

2:00 p.m.
Foreign Relations
To resume hearings on the Airborne Warning and Control System (AWACS) and the F-15 enhancements arms sales package to Saudi Arabia.
4221 Dirksen Building
Judiciary
To hold hearings on S. 1639, to modernize the extradition laws of the United States.
2228 Dirksen Building.

OCTOBER 15

9:00 a.m.
*Banking, Housing, and Urban Affairs
Business meeting, to mark up S. 1230, authorizing the minting of special coins commemorating the 1984 summer Olympic games in Los Angeles, Calif.
5302 Dirksen Building

9:30 a.m.
Governmental Affairs
Civil Service, Post Office, and General Services Subcommittee
To hold hearings on S. 134, S. 1422, and S. 1444, bills authorizing the Administrator of General Services to donate certain Federal personal property to State and local governments.
1318 Dirksen Building
Governmental Affairs
Energy, Nuclear Proliferation, and Government Processes Subcommittee
To hold hearings on S. 1226, to establish the National Nuclear Property Insurance Corporation, to provide supplemental insurance coverage for certain clean-up costs following damage to nuclear powerplants.
Room to be announced
Governmental Affairs
Intergovernmental Relations Subcommittee
To resume hearings on State implementation of certain Federal regulations, focusing on standards of the Occupational Safety and Health Administration.
Room to be announced
Judiciary
*Constitution Subcommittee
To resume oversight hearings on the implementation of the Freedom of Information Act, and on S. 1247, S. 1235, and S. 587, bills providing for the protection of certain confidential information from the disclosure requirements of the Freedom of Information Act.
2228 Dirksen Building

10:00 a.m.
Environment and Public Works
To hold oversight hearings to review those programs administered by the Environmental Protection Agency, and on the proposed budget for the EPA.
4200 Dirksen Building
Governmental Affairs
To hold hearings on pending nominations.
3302 Dirksen Building

10:30 a.m.
Energy and Natural Resources
To hold hearings on S. 1674, modifying certain provisions of the Revised Organic Act of the Virgin Islands and providing certain other authorities affecting the territories and possessions of the United States.
3110 Dirksen Building

1:30 p.m.
Judiciary
Security and Terrorism Subcommittee
To resume hearings on the origin, direction, and support tactics of terrorism.
2228 Dirksen Building

OCTOBER 16

9:30 a.m.
Commerce, Science, and Transportation
Merchant Marine Subcommittee
To hold hearings on S. 1682, allowing certain subsidized liner vessel operators in the foreign commerce of the United States to participate in trade between Unalaska Island, Alaska, and the contiguous United States.
235 Russell Building
Finance
Taxation and Debt Management Subcommittee
To hold hearings on miscellaneous tax proposals.
2221 Dirksen Building

10:00 a.m.
Energy and Natural Resources
To resume hearings on S. 1544, authorizing funds for fiscal years 1982, 1983, and 1984 for State and local energy block grant programs.
3110 Dirksen Building
Environment and Public Works
To hold hearings on the nomination of John A. Todhunter, of Maryland, to be Assistant Administrator for Pesticides and Toxic Substances of the Environmental Protection Agency.
4200 Dirksen Building
Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings to discuss policies relating to deportation and exclusion.
412 Russell Building
Judiciary
Security and Terrorism Subcommittee
To continue hearings on the origin, direction, and support tactics of terrorism.
6226 Dirksen Building
Judiciary
*Separation of Powers Subcommittee
To resume hearings on S. 1647, restricting the power of Federal courts in matters of court-ordered school busing, focusing on certain community problems.
2228 Dirksen Building

OCTOBER 19

9:30 a.m.
Finance
Energy and Agricultural Taxation Subcommittee
To hold hearings on S. 750 and S. 1288, bills providing energy tax credits for industrial and commercial business to encourage investment in new energy conserving equipment.
2221 Dirksen Building
Judiciary
*Agency Administration Subcommittee
To hold oversight hearings on the implementation of the Military Personnel and Civilian Employees Claims Act of 1964, title XXI of the Criminal Code.
357 Russell Building
Judiciary
Constitution Subcommittee
To resume hearings on S.J. Res. 110, S.J. Res. 17, S.J. Res. 18, and S.J. Res. 19, measures amending the Constitution to establish legislative authority in Congress and the States with respect to abortion.
2228 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Energy Regulation Subcommittee and Water and Power Subcommittee
To hold joint oversight hearings on hydroelectric development and related licensing procedures.
3110 Dirksen Building

Environment and Public Works
Nuclear Regulation Subcommittee
To resume hearings on S. 1662, establishing a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
4200 Dirksen Building

2:00 p.m.
Finance
Oversight of the Internal Revenue Service Subcommittee
To hold hearings on the recovery of attorneys fees in tax cases.
2221 Dirksen Building

Governmental Affairs
Intergovernmental Relations Subcommittee
To hold hearings to discuss alternative Federal housing programs.
3302 Dirksen Building

OCTOBER 20

9:00 a.m.
Labor and Human Resources
To hold oversight hearings on the implementation of the Comprehensive Employment Training Act (CETA).
4232 Dirksen Building

9:30 a.m.
Agriculture, Nutrition and Forestry
Agricultural Credit and Rural Electrification Subcommittee
To hold oversight hearings on the bidding, purchasing, and elections processes of the Rural Electrification Administration.
324 Russell Building

Commerce, Science, and Transportation
Surface Transportation Subcommittee
To hold oversight hearings on the implementation of the Household Goods Transportation Act (Public Law 96-454).
1318 Dirksen Building

Governmental Affairs
Civil Service, Post Office, and General Services Subcommittee
To hold hearings on S. 1421, to establish the National Archives and Records Administration as an independent executive agency.
Room to be announced

Small Business
To hold hearings on LTV's proposed acquisition of the Grumman Corp. and its impact on small business and the U.S. defense industrial base.
424 Russell Building

10:00 a.m.
Commerce, Science, and Transportation
Business, Trade, and Tourism Subcommittee
To hold hearings on S. 1233, establishing a service industries development program in the Department of Commerce.
235 Russell Building

Energy and Natural Resources
To hold joint hearings with the Committee on Environment and Public Works' Subcommittee on Nuclear Regulation on S. 1606, to provide for a nuclear property damage insurance fund, and to provide additional funds for the cleanup of the contaminated nuclear facility at Three Mile Island.
3110 Dirksen Building

Environment and Public Works
Business meeting, to mark up S. 1192, providing for the completion of Union Station, Washington, D.C., as primarily a transportation center, S. 1493, deauthorizing certain water resource projects within the jurisdiction of the U.S. Army Corps of Engineers, and other pending calendar business.
4200 Dirksen Building

Environment and Public Works
Nuclear Regulation Subcommittee
To hold joint hearings with the Committee on Energy and Natural Resources on S. 1606, to provide for a nuclear property damage insurance fund, and to provide additional funds for the cleanup of the contaminated nuclear facility at Three Mile Island.
3110 Dirksen Building

Governmental Affairs
To resume oversight hearings on the congressional budget process.
3302 Dirksen Building

Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building

OCTOBER 21

9:00 a.m.
Governmental Affairs
To hold hearings to examine the current acquisition process in the Department of Defense.
3302 Dirksen Building

9:30 a.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To hold oversight hearings on certain activities of the Advisory Commission on Intergovernmental Relations.
224 Russell Building

10:00 a.m.
Agriculture, Nutrition, and Forestry
To hold hearings on the nomination of Susan M. Phillips, of Iowa, to be a Commissioner of the Commodity Futures Trading Commission.
324 Russell Building

Commerce, Science, and Transportation
Business, Trade, and Tourism Subcommittee
To continue hearings on S. 1233, establishing a service industries development program in the Department of Commerce.
235 Russell Building

Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

Environment and Public Works
Water Resources Subcommittee
Business meeting, to mark up S. 1692, providing for the operation, maintenance, and construction of deep-draft channels and harbors.
4200 Dirksen Building

Judiciary
To resume hearings on S. 326, prohibiting a refiner, other than an independent or small refiner, from operating a gas station in the United States, and making it unlawful for a supplier to practice price discrimination in the sale of motor fuel.
2228 Dirksen Building

Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings to examine the impact of marihuana on youth, focusing on the areas of health and education.
4232 Dirksen Building

Labor and Human Resources
Education Subcommittee and Employment and Productivity Subcommittee
To hold joint oversight hearings on the implementation of vocational education and youth employment programs.
1224 Dirksen Building

1:30 p.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1554, proposed Bail Reform Act.
6226 Dirksen Building

2:00 p.m.
Environment and Public Works
Environmental Pollution Subcommittee
To hold hearings on S. 1018, authorizing funds through fiscal year 1986 for the protection and conservation of fish and wildlife resources along the coastal barriers of the Atlantic and gulf coasts.
4200 Dirksen Building

OCTOBER 22

9:00 a.m.
Governmental Affairs
Energy, Nuclear Proliferation, and Government Processes Subcommittee
To hold oversight hearings on certain activities of the Office of Surface Mining Reclamation and Enforcement, Department of the Interior.
Room to be announced

9:30 a.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To resume hearings on fiscal disparities within the Federal Government.
6226 Dirksen Building

Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings to discuss temporary worker programs of the Federal Government.
2228 Dirksen Building

Labor and Human Resources
To hold oversight hearings on activities relating to affirmative action of the Office of Federal Contract Compliance Programs, Department of Labor.
4232 Dirksen Building

10:00 a.m.
Agriculture, Nutrition, and Forestry
Forestry, Water Resources, and Environment Subcommittee
To hold hearings on S. 705, authorizing the conveyance of certain National Forest System lands.
324 Russell Building

Governmental Affairs
To resume oversight hearings on the congressional budget process.
3302 Dirksen Building

Judiciary
*Juvenile Justice Subcommittee
To hold hearings on the early detection of juvenile crime.
5110 Dirksen Building

OCTOBER 23

10:00 a.m.
Judiciary
Criminal Law Subcommittee
To hold hearings on violent crime task forces.
2228 Dirksen Building

Judiciary
Separation of Powers Subcommittee
Business meeting, to mark up S. 1647, restricting the power of Federal courts

in matters of court-ordered school busing.
5110 Dirksen Building

OCTOBER 26

9:30 a.m.
Banking, Housing and Urban Affairs
To hold hearings on the use of Defense Production Act authorities to stimulate domestic production of cobalt.
5302 Dirksen Building
*Judiciary
Juvenile Justice Subcommittee
To hold hearings on the judicial systems' policies relating to correctional institutions and sentencing of juveniles.
2228 Dirksen Building

OCTOBER 27

9:00 a.m.
Governmental Affairs
To resume hearings to examine the acquisition process of the Department of Defense.
3302 Dirksen Building
9:30 a.m.
Labor and Human Resources
To hold hearings on S. 1483, proposed Radiation Exposure Compensation Act.
4232 Dirksen Building
10:00 a.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold hearings on S. 1516, to expedite exploration and development of geothermal resources.
3110 Dirksen Building
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building
Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building
2:00 p.m.
*Judiciary
To hold oversight hearings on merger policy in the private sector.
2228 Dirksen Building

OCTOBER 28

9:30 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings on alleged corruption in the International Longshoremen's Association's influence and control over the waterfront industry along the east and gulf coasts.
3302 Dirksen Building
*Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings on granting amnesty to certain illegal aliens.
2228 Dirksen Building
*Labor and Human Resources
Labor Subcommittee
Business meeting, to consider S. 1182, improving the administration of the Longshoremen's and Harbor Workers' Compensation Act by removing certain inequities, reducing incentives for fraud and abuse, and assuring immediate compensation benefits and competent medical treatment for injured employees.
4232 Dirksen Building
10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building
Governmental Affairs
To hold hearings on S. 864, to require each executive agency to submit an annual report to the President on the adequacy of its internal accounting and administrative control systems.
Room to be announced

OCTOBER 29

9:30 a.m.
Commerce, Science, and Transportation
Business, Trade and Tourism Subcommittee
To hold hearings on S. 1256, to regulate interstate commerce by protecting the rights of consumers, dealers, and end users.
235 Russell Building
Governmental Affairs
Permanent Subcommittee on Investigations
To continue hearings on alleged corruption in the International Longshoremen's Association's influence and control over the waterfront industry along the East and Gulf coasts.
224 Russell Building
Judiciary
Courts Subcommittee
To hold hearings on the future income of individuals claiming bankruptcy.
5110 Dirksen Building
Judiciary
Immigration and Refugee Policy Subcommittee
To continue hearings on granting amnesty to certain illegal aliens.
2228 Dirksen Building
Special on Aging
To hold hearings on the employment of the elderly.
6226 Dirksen Building
10:00 a.m.
Energy and Natural Resources
Public Lands and Reserved Water Subcommittee
To hold hearings on S. 625, revising the boundary of Voyageurs National Park in the State of Minnesota.
3110 Dirksen Building
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building
Governmental Affairs
To resume oversight hearings on the congressional budget process.
3302 Dirksen Building
2:00 p.m.
Energy and Natural Resources
*Energy Regulation Subcommittee and Water and Power Subcommittee
To resume joint oversight hearings on hydroelectric development and related licensing procedures.
3110 Dirksen Building

OCTOBER 30

10:00 a.m.
Judiciary
To resume oversight hearings on the implementation of the Copyright Act of 1976, focusing on section 101 relative to cable TV policy.
2228 Dirksen Building

NOVEMBER 3

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

NOVEMBER 4

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
2228 Dirksen Building
Labor and Human Resources
Labor Subcommittee
To hold hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building
10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

NOVEMBER 5

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To continue hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building
Veterans' Affairs
To hold oversight hearings on the implementation of the Office of Management and Budget's circular A-76, providing for the contracting out of certain hospital care for veterans.
412 Russell Building
10:00 a.m.
*Energy and Natural Resources
To hold oversight hearings on the implementation of title I, establishing wellhead prices for natural gas, of the Natural Gas Policy Act (Public Law 95-621).
3110 Dirksen Building
Judiciary
Juvenile Justice Subcommittee
To hold hearings to examine the impact of media on juveniles.
6226 Dirksen Building

NOVEMBER 6

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
2228 Dirksen Building
10:00 a.m.
*Energy and Natural Resources
To continue oversight hearings on the implementation of title I, establishing wellhead prices for natural gas, of the Natural Gas Policy Act (Public Law 95-621).
3110 Dirksen Building

NOVEMBER 10

8:30 a.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold oversight hearings on America's role in the world coal export market.
3110 Dirksen Building

9:30 a.m.
Labor and Human Resources
To resume hearings on S. 234, to encourage the establishment of home health care programs and to provide expanded coverage of home health services under the medicare and medicaid programs.
4232 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

NOVEMBER 11

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

NOVEMBER 12

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
2228 Dirksen Building

Labor and Human Resources
Labor Subcommittee
To continue hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

Veterans' Affairs
To hold oversight hearings on the effects of the use of Agent Orange.
412 Russell Building

10:00 a.m.
Judiciary
Criminal Law Subcommittee
To resume hearings on S. 101 and S. 751, bills to eliminate or establish an alternative to the exclusionary rule in Federal criminal proceedings.
5110 Dirksen Building

2:00 p.m.
Judiciary
Criminal Law Subcommittee
To continue hearings on S. 101 and S. 751, bills to eliminate or establish an alternative to the exclusionary rule in Federal criminal proceedings.
5110 Dirksen Building

NOVEMBER 13

10:00 a.m.
Energy and Natural Resources
*Energy and Mineral Resources Subcommittee
To resume oversight hearings on America's role in the world coal export market.
3110 Dirksen Building

NOVEMBER 16

1:30 p.m.
Judiciary
Constitution Subcommittee
To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
2228 Dirksen Building

NOVEMBER 17

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

NOVEMBER 18

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

CANCELLATIONS

OCTOBER 15

9:30 a.m.
Judiciary
Criminal Law Subcommittee
To resume hearings on S. 101 and S. 751, bills to eliminate and establish an alternative to the exclusionary rule in Federal criminal proceedings.
5110 Dirksen Building

OCTOBER 22

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1554, S. 1253, S. 482, and S. 440, bills to amend the Federal Criminal Code with respect to the circumstances under which a person charged with or convicted of a crime may be released on bail or personal recognizance.
Room to be announced

OCTOBER 26

9:30 a.m.
Judiciary
Courts Subcommittee
To hold hearings on S. 653, proposed Habeas Corpus Procedures Amendments Act.
2228 Dirksen Building

HOUSE OF REPRESENTATIVES—*Tuesday, October 13, 1981*

The House met at 12 o'clock noon.

The Reverend Dr. Norman E. Mitchell, First Baptist Church, Pocomoke City, Md., offered the following prayer:

O, Lord, our Lord, how excellent is Thy name in all the Earth. Most merciful God, Thou hast promised forgiveness to all who confess and foresake their sins.

With our unworthiness and acknowledgment of our manifold transgressions of Thy righteous laws, make us deeply sensible to our evil deeds and of Thy loving and forgiving spirit as Ruler of all nations.

Let the light of Thy peace and justice shine upon all nations and accept, O Lord, our intercessions for all mankind and may those who have received it, live it to the fullest.

Bless each of these in authority over us and so rule their hearts that they maintain Thy true religion.

We acknowledge that Thy authority is over all and these stand to administer according to their several necessities for the sake of Thy Son, Jesus Christ, our only Saviour and Redeemer, in whose name I pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate insists upon its amendment to the bill (H.R. 4608) entitled "An act to continue in effect any authority provided under the Department of Justice Appropriation Authorization Act, fiscal year 1980, for a certain period, and for other purposes," disagreed to by the House.

The message also announced that the Senate had passed a bill, a joint resolution and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 1672. An act to expand the membership of the U.S. Holocaust Memorial Council from 60 to 65 and for other purposes;

S.J. Res. 100. Joint resolution to authorize the participation of the United States in a multinational force and observers to implement the treaty of peace between Egypt and Israel; and

S. Con. Res. 4. Concurrent resolution expressing the sense of the Congress with respect to implementing the objectives of the International Year of Disabled Persons (1981).

The message also announced that the Presiding Officer, on behalf of the President pro tempore, pursuant to the provisions of Public Law 92-484, appointed Mr. CANNON as a member of the Technology Assessment Board, vice Mr. Stevenson, retired.

DR. NORMAN E. MITCHELL, SR.

(Mr. DYSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DYSON. Mr. Speaker, today it is my privilege to have as my guest Dr. Norman E. Mitchell, Sr., of Pocomoke City, Md., who delivered our opening prayer. The Reverend Dr. Mitchell, a fellow Marylander, is the epitome of spiritual and community leadership and devotion. He is also a very close and dear friend, whom I have had the honor of knowing for many years.

The Reverend Dr. Mitchell has been pastor of the First Baptist Church of Pocomoke City, Md., for the past 11 years. During that time Dr. Mitchell has involved himself in nearly every aspect of community life on the lower Eastern Shore. In 1975, he founded the Pocomoke Bible Institute to afford adults of the Eastern Shore religious training. The institute is accredited by the State boards for higher education in both Maryland and Virginia.

For Dr. Mitchell the teachings of Christ are not a once-a-week experience. His energy and determination to help the people of the community is widely recognized in Maryland. A man of accomplishment, Dr. Mitchell is worthy of our respect and admiration. It is an honor to have him address this body today.

A TRIBUTE TO BROOKS HAYS

(Mr. BETHUNE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BETHUNE. Mr. Speaker, it becomes my sad duty this morning to inform the House of the death of Brooks Hays, who, at age 83, was one of the most beloved former Members of this Chamber. He served here from 1942 to 1958. Members will remember that during the emotional and political turmoil in Little Rock, Ark., in the late fifties, Brooks Hays stood by the rule of law and almost all observers concede it was that courageous stand which cost him his seat here in the Congress. He later became an adviser to Presidents Kennedy and Johnson.

Because of his splendid storytelling ability, he became known as the raconteur of the White House in those days.

New Members here will know Brooks Hays because he is the founding father of the Close-Up program which brings children from all over the country to Washington to participate in an educational program and see their Government in action.

His funeral will be in Arkansas this week and he will be buried Friday in his hometown of Russellville, Ark. Our sympathies are extended, and I know I speak for all Members, to his wife Marian, his son, Steele, his grandson, Steele Hays, Jr., and all of the other members of the family.

Mr. ANTHONY. Mr. Speaker, will the gentleman yield?

Mr. BETHUNE. I yield to the gentleman from Arkansas.

Mr. ANTHONY. Mr. Speaker, we pay tribute today to a great Arkansan and a great American, a man who showed us all that the finest public service may be born of adversity. Brooks Hays, in a time of crisis for Arkansas and the Nation, proved to be a calm and reasonable man, a man who put conscience, principle, and duty above political expediency.

Because of his efforts to mediate between President Eisenhower and Governor Faubus during the 1957 school crisis at Little Rock, Brooks Hays became one of the best known and most widely respected Arkansans. His efforts cost him reelection in 1958, after he had served for 16 years as the U.S. Representative for the Fifth Congressional District of Arkansas.

After his defeat, Brooks Hays went on to make significant contributions in Government, higher education, and the church. He served as Assistant Secretary of State under President Kennedy and as a special assistant to Presidents Kennedy and Johnson. He taught at Wake Forest and Rutgers University. From 1957 to 1959 he served as president of the Southern Baptist Convention.

I first met Brooks Hays in 1979 when he was speaking to Close Up, a group that brings young people to Washington to view Government at firsthand. I recognized that he had a special touch for communicating principles and ideals through humor. After hearing Mr. Hays, I worked with Representative ED BETHUNE to start a Close Up chapter in Arkansas, and we dedicated the organization to Brooks

Hays. That organization is a fitting tribute to a man who so embodied the ideals of public service.

Mr. BETHUNE. I know the gentleman's effort in that regard was well received in Arkansas because people there think so much of Brooks Hays, and for the information of Members generally, the delegation of Arkansas, Mr. HAMMERSCHMIDT, Mr. ALEXANDER, Mr. ANTHONY, and myself will arrange a special order in the near future so that all Members here can pay tribute to this very great person.

LEGISLATION TO TERMINATE SOCIAL SECURITY DISABILITY BENEFITS TO PRISONERS CONVICTED OF A FELONY

(Mr. SKELTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SKELTON. Mr. Speaker, today, I am introducing a bill to terminate social security disability benefits to prisoners convicted of a felony. This is an issue which may sound familiar, and rightly so. Last year, Congress approved legislation to stop social security disability benefits to incarcerated felons when it came to our attention that the famous "Son of Sam" murderer and other convicted felons were receiving benefits. Unfortunately, that law included a loophole which allows a prisoner to continue to receive social security disability benefits if he participates in a rehabilitation program. Mr. Speaker, it seems obvious that any prisoner would enroll in a rehabilitation program if it would earn him some money. This loophole does no favor for the social security system which is having financial difficulty, or for rehabilitation programs which should be entered with a genuine commitment to reform.

Mr. Speaker, my bill would deny social security disability benefits to all incarcerated felons. These convicted criminals have already cost society enough. We should not be paying them to stay in jail when honest Americans are working hard to make a living and paying into the social security system. At a time when we are having to make some serious decisions on social security, terminating benefits to incarcerated felons is a good place to start.

TAX CUT, TAX INCREASE, TAX MADNESS

(Mr. RATCHFORD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RATCHFORD. Mr. Speaker, there is growing taxpayer uncertainty in the land. And its source is the misleading and unfair tax policy of this administration.

In July, the headlines heralded: "Largest Tax Cut in History." On October 1, the average taxpayer found out exactly how large his tax cut was—$1 or $2 a week.

And now, pity the poor taxpayer who picks up his newspaper and reads the administration's latest pronouncement: "$22 Billion in New Taxes Needed."

What kind of taxes is the White House talking about? User taxes: Gasoline, cigarettes, liquor, boating fees. And elimination of the energy tax credit, which has done more to encourage conservation and alternative-energy development than anything I know.

We do not need new taxes, Mr. President, especially user taxes.

Cut out the billions you are giving away to big oil under your tax bill. Scale down the unreasonably large estate and gift tax reductions under your tax bill.

Consider the average taxpayer, Mr. President. Do not add to his burden.

ANWAR SADAT'S FUNERAL AND PRESIDENT REAGAN'S STATESMANSHIP

(Mr. BROOMFIELD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROOMFIELD. Mr. Speaker, for those of us who were privileged to attend President Anwar Sadat's funeral, it was a time filled with sorrow and grief for one of history's great men. His loss was mourned not only by his family and the Egyptian people, but by all people who cherish peace, wisdom, and statesmanship.

I would also like to praise the wisdom and statesmanship of another man, our President, Ronald Reagan. Security reasons precluded the attendance at the Sadat funeral of either President Reagan or Vice President BUSH. Nevertheless, President Reagan recognized the monumental importance of sending the proper level of U.S. representation to the funeral—a level that signified the deep respect in which the United States held Anwar Sadat.

Asking three former Presidents, as well as Secretary Haig, Secretary Weinberger, and former Secretary Kissinger to represent the United States, demonstrated the highest tribute we could possibly pay to Anwar Sadat. It was a bipartisan decision, reflecting statesmanship and sensitivity. President Reagan's selections for such a delegation were unprecedented. It is a measure of the man that his decision was thoroughly appropriate to the occasion, and expressed a sense of unity in our country's approach to the problems of the Middle East.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. MOAKLEY). The Chair desires to announce that pursuant to clause 4 of rule I, the Speaker signed the following enrolled bills earlier today:

S. 1712. An act to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982;

S. 1181. An act to increase the pay and allowances of members of the uniformed services, and for other purposes; and

S. 1191. An act to extend for three additional years the provisions of the Fishermen's Protective Act of 1967 relating to the reimbursement of U.S. commercial fishermen for certain losses incurred incident to the seizure of their vessels by foreign nations; and for other purposes.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such rollcall votes, if postponed, will be taken on Wednesday, October 14, 1981.

RATE OF DUTY ON SUGAR IMPORTS

Mr. ROSTENKOWSKI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1184) to amend the Tariff Schedules of the United States regarding the rate of duty that may be proclaimed by the President with respect to sugar imports, as amended.

The Clerk read as follows:

H.R. 1184

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That headnote 2(i) of the headnotes to subpart A of part 10 of schedule 1 of the Tariff Schedules of the United States (19 U.S.C. 1202, relating to sugars, sirups, and molasses) is amended to read as follows:

"(i) That, if the President finds that a particular rate not lower than 0.0106 cent per pound, less 0.00015 cent per pound for each degree under 100 degrees (and fractions of a degree in proportion) by polariscope test but not less than 0.00685 cent per pound, limited by a particular quota, may be established for any article provided for in item 155.20 or 155.30, which will give due consideration to the interests of the United States sugar market of domestic producers and materially affected contracting parties to the General Agreement on Tariffs and Trade, he shall proclaim such particular rate and such quota limitation.".

SEC. 2. Nothing in the amendment made by the first section of this Act shall be construed as affecting in any manner or to any extent the quota limitation proclaimed under the authority of such headnote 2(i)

and in effect on the date of the enactment of this Act.

□ 1215

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Illinois (Mr. ROSTENKOWSKI) will be recognized for 20 minutes, and the gentleman from Minnesota (Mr. FRENZEL) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Illinois (Mr. ROSTENKOWSKI).

GENERAL LEAVE

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 1184, presently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, under law, the President may vary the tariff on sugar between a range of 0.625 cent per pound and 2.81 cents per pound. H.R. 1184, as amended and reported by the Ways and Means Committee, increases the range over which the tariff may be adjusted, between a new minimum of 0.01 cent per pound and the maximum of 2.81 cents per pound.

By giving the President expanded authority to moderate sugar prices, the bill offers the House a unique opportunity to establish a countercyclical, anti-inflation tool.

Mr. Speaker, I want to assure my colleagues from the sugar-producing States, that it is the committee's intent that this new tariff reduction authority only be used by the President when the price of sugar is high and when tariffs, quotas, and section 22 fees are not necessary.

I yield such time as he may consume to the distinguished chairman of the Trade Subcommittee, Congressman SAM GIBBONS, for a further explanation of H.R. 1184.

Mr. GIBBONS. Mr. Speaker, the tariff on sugar is unusual, in that the President may vary it between a low of 0.625 cent per pound and a high of about 2.8 cents per pound.

This bill will enable the President to reduce this variable tariff all the way to 0.01 cent per pound. This de minimus tariff will insure that Customs continues to keep very accurate count of sugar imports.

As the history of the use of sugar tariffs has shown, the President has alternately used this tariff authority to assist the sugar producers during periods of distressed prices and to assist the consumer once prices were high enough to insure producer profits. In sum, the use of this tariff can be seen as a price moderating tool, both on low prices and high prices.

The bill, amended at the administration's suggestion, simply widens the range over which the President can vary the tariff, thus making it more effective in providing price moderation.

When sugar prices are high, there is absolutely no justification for maintaining a tariff of 0.625 cent per pound. While the tariff raises some revenue for Treasury, it has a disproportionately heavy impact on consumer food inflation.

Therefore, this bill has an incredibly good consumer cost/benefit ratio. While imported sugar accounts for only one-third of our Nation's sweetener needs, it is able to "drive" or control the price for all domestic sugar and corn sweeteners. Thus, if we lower the price of imported sugar, we create a Treasury loss which should be matched by a consumer gain on the price of imported sugar. But, we also create for the consumer lower prices on the other two-thirds of the sweeteners which are domestically grown. In other words, this bill will help the consumer three times more than it will cost the Treasury/taxpayer.

The sugar market is very cyclical: There are low price years in which the sugar companies do not do well—but generally make a profit—then, when sugar prices increase they do very, very well. When prices are low, the industry is protected by tariffs of up to 2.81 cents per pound and, if a loan support program is in effect, by Commodity Credit Corporation loans and high section 22 import fees. Since the industry is protected against low world prices through these various duties, fees, quotas, and on occasion, loan programs, the committee believes the consumer should be partially protected during the high price cycle by enabling the President to take the tariff to virtually zero.

Mr. Speaker, I urge passage of this bill.

Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts (Mr. SHANNON).

Mr. SHANNON. Mr. Speaker, without hurting sugar industry earnings, H.R. 1184 will extend to consumers the same protection that has been available to sugar producers for years.

The President may now set the tariff on imported sugar within a range of 2.8 cents per pound and 0.625 cent per pound. This legislation will establish a new low of 0.01 cent per pound. The upper limit will remain the same. In the past, when the earnings of the domestic sugar industry were low, the President responded by raising the tariff on imported sugar. There was, however, no similar protection for the consumer when sugar earnings were high. This legislation extends the same flexibility in the tariff range to consumers, which has been there for the sugar industry.

Imported sugar accounts for about one-third of U.S. sweetener consumption. Each increase in imported sugar prices affects domestic sweetener prices, and is passed on to the consumer. When sugar industry earnings are high, protective tariff levels are unnecessary for the industry, and punitive for the consumer.

The GAO analysis I requested and received profiling the corporate annual reports and 10-K forms of the six largest sugar companies in the United States showed that between 1979 and 1980, profits increased by 80 percent to a total of $234 million.

These data show that when sugar prices rise, the companies obviously do very well, and the consumer pays.

The 10-K reports contain these statements about 1980 earnings and U.S. Government action to maintain those earnings:

U.S. Sugar: Fiscal year 1980 was the third most profitable year in our forty-nine year history . . . Income from sale of sugar and sugar by-products increased 109 percent over last year.

Alexander & Baldwin: 1980 was our best year ever . . . Thus, as we enter 1981, we are a stronger, better balanced company, less dependent on any one source of income.

The Amalgamated Sugar Company: In 1980 when world prices once again turned upward, skyrocketing above forty cents, Company earnings rebounded strongly . . . It should be noted that in the late seventies when "world" prices were at their low levels, some support was provided to domestic prices through the levy of duties on imported foreign sugar.

High sugar tariff levels have helped to maintain sugar industry earnings. H.R. 1184 will not affect that in years when sugar profits are low and the industry needs the assistance. However, when sugar prices are high, as they were in 1980, we must look, too, at the needs of the consumer.

H.R. 1184 provides an effective tool for fighting inflation, by helping to slow food price increases. It does not alter the tariff limit that the President may impose when the domestic sugar industry needs protection from imports. And, it would afford consumers some protection from inflated prices. I urge passage of H.R. 1184. Consumers certainly merit the same consideration that we have been consistently willing to give the sugar industry.

Mr. FRENZEL. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, I support H.R. 1184, a bill to provide greater flexibility to the President in setting tariffs on sugar imports. With world sugar prices sometimes fluctuating widely, it is important that the President have greater discretion in helping to stabilize sugar prices for the American consumer through tariffs.

As explained by the chairman of the Trade Subcommittee, the President currently has the authority to vary the tariff on sugar imports within a range of 0.625 cent per pound raw value and 2.812 cents per pound. H.R. 1184 would widen this range of tariff discretion by reducing the minimum level to 0.01 cent per pound. This tariff change is necessary because the range within which world sugar prices fluctuate has gone up, especially at the higher end.

Thus, when world prices move to higher levels, the President can bring the tariff down comparably. The Ways and Means Committee expressed its intention that the President would lower the tariff to the minimum only when: First, the domestic industry does not need the additional protection of tariffs, fees, or quotas because the price of sugar is high; and second, consumers would benefit from a moderation in high sugar prices.

In the past, the President has used his discretion to assist the sugar producers during periods of distressed prices and to assist the consumer when prices are high and producer profits are assured. I believe a lowering of this tariff band will allow the President to continue this policy in a manner more consistent with the way price movements now occur.

Mr. Speaker, I urge my colleagues to approve H.R. 1184.

● Mr. MOORE. Mr. Speaker, during September 16 consideration of H.R. 1184 by the Committee on Ways and Means, I brought to the committee's attention several concerns that I had about lowering the minimum tariff on imported sugar from 0.625 cent per pound to 0.01 cent per pound. This new change set by H.R. 1184 in effect sets no minimum tariff at all.

There has been a tariff on imported foreign sugar since 1789, except for the 4-year period between 1890–94. The Sugar Act, which served consumers and producers of this Nation from 1934 to 1974, placed less reliance on tariffs than on a system of supply management, but even that program continued the duty rate at its present minimum of 0.625 cent per pound. In a few days, we will have the opportunity to decide the direction of domestic sugar supply and production management over the course of the next 4 years and I fully support the terms drawn under the amendment to H.R. 3603 by the gentleman from Iowa (Mr. BEDELL) for this purpose. In the absence of no minimum tariff at all as is the case under H.R. 1184 the importance of an 18-cent-per-pound loan rate for sugar becomes more important than ever in view of the cyclical nature of sugar prices and the importance of a reliable steady domestic source of sugar to stabilize prices.

H.R. 1184 is also of fiscal relevance. In 1980, the U.S. Treasury received over $34 million by this means and the 0.625-cent-per-pound minimum tariff was imposed beginning February 1, 1980. The International Trade Commission and the Congressional Budget Office now put revenue loss caused by wiping out the minimum at up to $40 million.

In view of current fiscal straits and a second round of budget cuts, this bill reducing revenues by some $40 million means budget cuts must now grow by $40 million if the deficit is to remain constant. It is at cross purposes with the need to increase revenues by some $3 billion and cut outlays by $13 billion as is desired this year by President Reagan to maintain a deficit of no more than $42.5 billion for the current fiscal year. This bill will not decide the fate of fiscal discipline, but we are now in a process where every source of revenue and indeed the question of $34 million was the case in 1980 or $40 million as may now be the case will impact other budget decisions.

When my colleague from Massachusetts (Mr. SHANNON) introduced this proposal on January 22 of this year the spot price for sugar landed in the United States with duties and fees paid was over 27 cents a pound. That price is now around 15 or 16 cents per pound. This is well below the cost of production. Certainly the new tariff rate window of 0.01 to 2.812 cents per pound offers the opportunity for protection above the minimum rate, but short-term pressure to keep the minimum rate in effect on behalf of the consumer could spell long-term folly by increasing reliance on imports as domestic production falls due to economic conditions. Mr. Speaker, I ask consideration of these factors when my colleagues decide how to vote on H.R. 1184, and I hope they vote "no".●

Mr. FRENZEL. Mr. Speaker, I yield back the balance of my time.

Mr. GIBBONS. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. ROSTENKOWSKI) that the House suspend the rules and pass the bill, H.R. 1184, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

TARIFF REDUCTIONS, SUSPENSIONS, AND EXTENSION OF SUSPENSIONS

Mr. ROSTENKOWSKI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4566) to reduce certain duties, to suspend temporarily certain duties, to extend certain existing suspensions of duties, and for other purposes, as amended.

The Clerk read as follows:

H.R. 4566

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

SECTION 1. AMENDMENT OF TARIFF SCHEDULES; DEFINITION OF ENTERED.

(a) Whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a schedule, item, or other provision, the reference shall be considered to be made to a schedule, item, or other provision of the Tariff Schedules of the United States (19 U.S.C. 1202).

(b) For purposes of this Act, the term "entered" means entered, or withdrawn from warehouse for consumption, within the customs territory of the United States.

SEC. 2. CANNED TUNA.

(a) Item 112.30 is amended—

(1) by inserting "and not the product of any insular possession of the United States," immediately after "15 pounds each,"; and

(2) by striking out "United States Fish and Wildlife Service" and inserting in lieu thereof "National Marine Fisheries Service".

(b) The amendment made by subsection (a) shall apply with respect to articles entered after March 31, 1981.

SEC. 3. CERTAIN CERAMIC INSULATORS.

(a) Subpart D of part 2 of schedule 5 is amended by inserting immediately after item 535.12 the following new item:

"535.13	Ceramic insulators to be used in the production of spark plugs for natural gas-fueled, stationary, internal combustion engines.	3.8% ad val.....	60% ad val. ".

(b) Item 909.20 of the Appendix is repealed.

(c) The amendments made by subsections (a) and (b) shall apply with respect to articles entered after June 30, 1981.

(d)(1) Effective with respect to articles entered after December 31, 1981, item 535.13 (as added by subsection (a)) is amended by striking out "3.8% ad val." and inserting in lieu thereof "3.7% ad val.".

(2) Effective with respect to articles entered after December 31, 1982, item 535.13 is amended by striking out "3.7% ad val." and inserting in lieu thereof "3.6% ad val.".

(3) Effective with respect to articles entered after December 31, 1983, item 535.13 is amended by striking out "3.6% ad val." and inserting in lieu thereof "3.5% ad val.".

SEC. 4. CHIPPER KNIFE STEEL.

(a) Effective with respect to articles provided for in item 606.93 (relating to chipper knife steel) that are entered after each of the dates set forth below, column 1 of such item is amended by striking out the rate of duty in effect on the day before such date and inserting in lieu thereof the rate of duty appearing below next to each such date:

Date	Rate of duty
September 30, 1982	4.4% ad val.
December 31, 1982	4.2% ad val.
December 31, 1983	4% ad val.
December 31, 1984	3.9% ad val.
December 31, 1985	3.7% ad val.

Date	Rate of duty
December 31, 1986	3.6% ad val.

(b) Effective October 1, 1982, item 911.29 of the Appendix is repealed.

SEC. 5. YANKEE DRYER CYLINDERS.

(a)(1) Subpart D of part 4 of schedule 6 is amended by inserting immediately after item 668.04 the following new item:

" 668.05	Yankee dryer cylinders	Free	35% ad val.	"

(2) Item 912.06 of the Appendix is repealed.

(b) The amendments made by subsection (a) shall apply with respect to articles entered after December 31, 1981.

SEC. 6. CERTAIN AIRCRAFT COMPONENTS AND MATERIALS.

In the case of any aircraft which—

(1) was previously exported from the United States,

(2) was composed, at the time of such exportation in part of components and materials which are products of the United States and which were installed—

(A) while such aircraft was within the United States, and

(B) after such aircraft was operational,

(3) is returned to the United States after being so exported without having been advanced in value or improved in condition by any process of manufacture or other means while abroad, and

(4) was entered for consumption before 1970, the rate of duty provided for in item 694.40 on the date of such entry shall, notwithstanding any other provision of law, be assessed upon the full value of such aircraft less the value of such components and materials; and such entry shall, notwithstanding the provisions of section 514 of the Tariff Act of 1930 or any other provision of law, be reliquidated on the basis of such assessment. For the purposes of this section, the value of any such component or material is the cost of such component or material at the time of installation in the aircraft plus the cost of such installation.

SEC. 7. PIPE ORGAN PARTS.

(a) Items 726.60 and 726.62 are amended to read as follows:

" 726.60	Player actions, and parts thereof.	Free	60% ad val.	
762.62	Other	Free	35% ad val.	"

(b) The amendments made by subsection (a) shall apply with respect to articles entered on or after the date of the enactment of this Act.

SEC. 8. TOY TEA SETS.

(a) Subpart E of part 5 of schedule 7 is amended by inserting immediately after item 737.70 the following new item:

" 737.73	Toy tea sets of ceramic ware, made to the approximate scale of 1 to 10 or larger.	Free	70% ad val.	".

(b) The amendment made by subsection (a) shall apply with respect to articles entered on or after the date of the enactment of this Act.

SEC. 9. INCREASE IN VALUE LIMITATIONS FOR DUTY-FREE IMPORTATIONS OF PERSONAL ARTICLES BY RETURNING UNITED STATES RESIDENTS.

(a) Subpart A of part 2 of schedule 8 is amended—

(1) by striking out "$300" in item 813.30 and inserting in lieu thereof "$400"; and

(2) by striking out "$600" and "$300" in item 813.31 and inserting in lieu thereof "$800" and "$400", respectively.

(b) Section 321(a)(2)(A) of the Tariff Act of 1930 (19 U.S.C. 1321(a)(2)(A)) is amended by striking out "$25" and "$40" and inserting in lieu thereof "$50" and "$100", respectively.

(c) The amendments made by this section shall apply with respect to returning residents of the United States who arrive in the United States on or after the date of the enactment of this Act.

SEC. 10. PRAYER SHAWLS.

(a) Part 4 of schedule 8 is amended—

(1) by striking out "and 854.20," in headnote 1 to such part and inserting in lieu thereof "854.20, and 854.30,"; and

(2) by inserting after item 854.20 the following new item:

" 854.30	Prayer shawls, bags for the keeping of prayer shawls, and headwear of a kind used for public or private religious observances, whether or not any of the foregoing is imported for the use of a religious institution.	Free	Free	"

(b) The amendments made by subsection (a) shall apply with respect to articles entered on or after the date of the enactment of this Act.

SEC. 11. INCREASE IN VALUE LIMITATIONS APPLICABLE TO INFORMAL ENTRIES OF IMPORTED MERCHANDISE.

(a) The article description immediately preceding item 869.00 is amended by striking out "$600" and inserting in lieu thereof "$1,000".

(b) The amendment made by subsection (a) shall apply with respect to articles imported on or after the date of the enactment of this Act.

SEC. 12. CAROB FLOUR.

(a) Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

" 903.65	Carob flour (provided for in item 15205, part 9C, schedule 1).	Free	No change	On or before 12/31/84. "

(b) The amendment made by subsection (a) shall apply with respect to articles entered on or after the date of the enactment of this Act.

SEC. 13. WOOD EXCELSIOR.

(a) Item 904.00 of the Appendix is amended by striking out "6/30/81" and inserting in lieu thereof "6/30/83".

(b) The amendment made by subsection (a) shall apply with respect to articles entered after June 30, 1981.

SEC. 14. 4-CHLORO-3-METHYLPHENOL.

(a) Subpart B of part 1 of the Appendix amended by inserting in numerical sequence the following new item:

" 907.08	4-chloro-3-methylphenol (CAS No. 59-50-7) (provided for in item 403.56, part 1B, schedule 4).	Free	No change	On or before 6/30/84. "

(b) The amendment made by subsection (a) shall apply with respect to articles entered on or after the date of the enactment of this Act.

SEC. 15. DOXORUBICIN HYDROCHLORIDE.

(a) Item 907.20 of the Appendix is amended by striking out "6/30/82" and inserting in lieu thereof "6/29/88".

(b) The amendment made by subsection (a) shall apply with respect to articles entered after June 30, 1982.

SEC. 16. TARTARIC ACID AND CERTAIN TARTARIC CHEMICALS.

(a) Subpart A of part 1 of the Appendix is amended by inserting in numerical sequence the following items:

" 907.65	Tartaric acid (provided for in item 425.94, part 2D, schedule 4).	Free	No change	On or before 6/30/84.
907.66	Potassium salts: Antimony tartrate (tartar emetic) (provided for in item 426.72, part 2D, schedule 4).	Free	No change	On or before 6/30/84.
907.68	Cream of tartar (provided for in item 426.76, part 2D, schedule 4).	Free	No change	On or before 6/30/84.
907.69	Sodium tartrate (Rochelle salts) (provided for in item 426.82, part 2D, schedule 4).	Free	No change	On or before 6/30/84. "

(b)(1) The amendments made by subsection (a) shall apply with respect to articles entered on or after the date of enactment of this Act.

(2) Upon request therefor filed with the customs officer concerned on or before the ninetieth day after the date of enactment of this Act, the entry, or withdrawal from warehouse for consumption, of any article—

(A) that was made after June 30, 1980, and before the date of the enactment of this Act; and

(B) with respect to which there would have been no duty if the amendment made by subsection (a) applied to such entry or withdrawal;

shall, notwithstanding the provisions of section 514 of the Tariff Act of 1930 or any other provisions of law, be liquidated or reliquidated as though such entry or withdrawal had been made on the date of the enactment of this Act.

SEC. 17. CERTAIN METAL WASTE AND SCRAP.

(a) Part 7 of schedule 8 is amended—

(1) by inserting the following new headnote immediately after headnote 2 to such part:

"3. (a) Items 870.50 and 870.55 shall not apply when the market price of copper is under 51 cents per pound.

"(b) For purposes of subparagraph (a), the market price of copper has the meaning assigned to it by headnote 5(b) of the headnotes to schedule 6, part 2, subpart C.

"(c) For purposes of subparagraph (a), the market price of copper shall be considered to be under 51 cents per pound only on and after the twentieth day after the date of a report by the United States International Trade Commission to the Secretary of the Treasury that it has determined that the market price has been under 51 cents per pound for one calendar month. After any such report, the market price shall be con-

sidered as not being under 51 cents per pound only on and after the twentieth day after the date of a report by the Commission to the Secretary that it has determined that the market price has been 51 cents or more per pound for one calendar month.

"(d) Determinations by the Commission under this headnote shall be made in the manner prescribed by headnote 5(c) to schedule 6, part 2, subpart C."; and

(2) by inserting immediately after item 870.45 the following:

"	Metal waste and scrap (provided for in part 2, schedule 6), except lead, zinc, and tungsten waste and scrap; unwrought metal (except copper, lead, zinc, and tungsten) in the form of pigs, ingots, or billets (a) which are defective or damaged, or have been produced from melted down metal waste and scrap for convenience in handling and transportation without sweetening, alloying, fluxing, or deliberate purifying, and (b) which cannot be commercially used without remanufacture; relaying or rerolling rails; and articles of metal (except articles of lead, of zinc, or of tungsten, and not including metal-bearing materials provided for in schedule 4 or in part 1 of schedule 6 and not including unwrought metal provided for in part 2 of schedule 6) to be used in remanufacture by melting or to be processed by shredding, shearing, compacting, or similar processing which renders them fit only for the recovery of the metal content:			
870.50	Copper waste and scrap	Free	The column 1-b rate applicable in the absence of this item.	The column 2 rate applicable in the absence of this item.
870.55	Articles of copper	Free	The column 1-b rate applicable in the absence of this item.	The column 2 rate applicable in the absence of this item.
870.60	Other	Free	Free	".

(b) Headnote 5(a) to subpart C of part 2 of schedule 6 is amended by inserting "and for items 870.50 and 870.55," immediately after "In this subpart,".

(c) Subpart B of part 1 of the appendix is amended—

(1) by striking out "911.10, 911.11," in headnote 3(a) to such subpart; and

(2) by striking items 911.10, 911.11, and 911.12 and the superior heading to such items.

(d) The amendments made by subsections (a), (b), and (c) shall apply with respect to articles entered after June 30, 1981.

SEC. 18. FREIGHT CONTAINERS.

(a) Subpart B of part 1 of the Appendix is amended by inserting in numerical sequence the following new item:

"	911.80	Freight containers specially designed and equipped to facilitate the carriage of goods by one or more modes of transport without intermediate reloading, each having a gross mass rating of at least 40,000 pounds and a date of manufacture that precedes January 1 of the calendar year in which entered by not less than 5 years (provided for in item 640.30, part 3A, schedule 6).	Free	On or before 12/31/86.".

(b) The amendment made by subsection (a) shall apply with respect to articles entered on or after the date of the enactment of this Act.

SEC. 19. UPLAND COTTON.

Section 103(f)(3) of the Agricultural Act of 1949 (7 U.S.C. 144(f)(3)) shall be effective for the 1982 through 1985 crops of upland cotton amended to read as follows:

"(3) Notwithstanding any other provision of law, any upland cotton described in items 955.01 through 955.03 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202) imported into the United States during the period of time when a special quota established under this subsection is in effect shall be deemed to be an import under such special quota until the special quota is filled and any such cotton shall be free of duty.".

The SPEAKER pro tempore. Is a second demanded?

Mr. FRENZEL. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. ROSTENKOWSKI) will be recognized for 20 minutes, and the gentleman from Minnesota (Mr. FRENZEL) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Illinois (Mr. ROSTENKOWSKI).

GENERAL LEAVE

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 4566, presently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ROSTENKOWSKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 4566, as reported by the Committee on Ways and Means, is an omnibus bill incorporating 18 noncontroversial tariff and trade bills which were considered separately in the committee. They involve temporary duty suspensions, permanent duty eliminations or reductions, increased tourist duty-free exemptions, and article classifications.

In addition to the various minor tariff provisions included in H.R. 4566, the bill as reported by the Committee on Ways and Means has been amended today to include a new section 19, a very minor technical provision concerning the waiver of duties relating to certain increased quotas on upland cotton. This provision was originally a House Agriculture Committee provision in section 502 of H.R. 3603, the Food and Agriculture Act of 1981, which was considered by the House last week, with further consideration scheduled for later this week. As a result of the inclusion in H.R. 3603 of the upland cotton duty provision that bill was sequentially referred to the Committee on Ways and Means at the time it was reported from the House Agriculture Committee. The House Committee on Ways and Means reviewed that provision on June 18, and found no objection to it and ordered the bill reported to the full House.

It has come to our attention that the Food and Agriculture Act will eventually go to conference with the House version of the bill serving as an amendment to the Senate-passed bill. Under such a procedure, it would not be appropriate to have a duty suspension amendment incorporated as part of a Senate bill. As my colleagues well know, the Committee on Ways and Means feels quite strongly that clause 7 of article I of the Constitution relating to the origination of revenue bills should be strictly adhered to.

As a result of the attachment of the cotton duty quota provision to the bill currently before the House, it is our intention to move to delete this section of section 502 of H.R. 3603 when that bill is before the House later this week. In addition, we will urge the House conferees to work for the deletion of similar language which has been included in the Senate version of the farm bill. While it is true that the relative size of the provision in question is rather small, the principle involved is an important one involving as it does the constitutional prerogatives of this body.

Mr. Speaker, I yield such time as he may consume to the distinguished chairman of the Subcommittee on Trade, Congressman SAM GIBBONS, for the purpose of presenting the various sections of H.R. 4566.

Mr. GIBBONS. I thank the Chairman for yielding me this time.

Mr. GIBBONS. Mr. Speaker, as the distinguished chairman of the Ways and Means Committee has explained, H.R. 4566 consolidates 18 miscellaneous tariff and trade bills which we individually subject to public hearings and consideration in the Subcommittee on Trade. Public testimony and views of executive branch agencies were overwhelmingly in favor of these bills.

I would like to briefly explain the provisions of H.R. 4566, as follows:

Section 1 is a definitional provision applicable to all sections in H.R. 4566.

Section 2, introduced as H.R. 3075 by myself, amends the article description for TSUS item 112.30, which provides for a tariff-rate quota on imports of tuna not packed in oil: First, to indicate clearly that shipments from the U.S. insular possessions are not to be included in determining the extent to which the quota has been filled; and second, to reflect that the agency responsible for the administration of the quota is now the National Marine Fisheries Service.

Section 3, introduced as H.R. 2563 by our colleague Mr. WILSON, reduces the column 1 (MFN) rate of duty in annual stages on ceramic insulators used in spark plugs to a permanent level of 3.5 percent ad valorem on January 1, 1984.

Section 4, introduced as H.R. 2485 by our colleague Mr. ALBOSTA, provides an annual staged reduction in the column 1 (MFN) rate of duty on chipper knife steel at rates which are 0.1 percent ad valorem lower than the concurrent staged reductions in duty on finished chipper knives, rather than to provide duty-free treatment as intended by the bill as originally introduced.

Section 5, introduced as H.R. 2269 by our colleague Mr. SCHULZE, eliminates the column 1 (MFN) rate of duty on Yankee dryer cylinders. These articles presently enter under a temporary duty suspension which will expire on December 31, 1981.

Section 6, introduced as H.R. 3874 by our colleague Mr. CONABLE, exempts from duty certain U.S. aircraft components and materials installed in an aircraft previously exported from the United States and subsequently returned without having been advanced in value or improved in condition while abroad.

Section 7, introduced as H.R. 2082 by our colleague Mr. ARCHER, provides the same column 1 (MFN) duty-free treatment to parts of pipe organs as presently afforded finished pipe organs.

Section 8, introduced as H.R. 2162 by our colleague Mr. PETRI, eliminates the column 1 (MFN) rate of duty on toy china tea sets.

Section 9, introduced as H.R. 1987 by our colleague Mr. FRENZEL, increases the value limitations for duty-free entry of personal articles by returning U.S. residents and increases the value limits under existing administrative duty exemption authorities.

Section 10, introduced as H.R. 833 by our colleague Mr. DERWINSKI, eliminates the column 1 (MFN) rate of duty on prayer shawls, bags for the keeping of prayer shawls, and certain headwear used in religious services.

Section 11, introduced as H.R. 2206 by our colleague Mr. FRENZEL, increases the value limitations applicable to informal entries of noncommercial imported merchandise, in order to achieve reductions in the cost of customs administration.

Section 12, introduced as H.R. 1988 by our colleague Mr. FRENZEL, suspends temporarily the column 1 (MFN) rate of duty on carob flour in powdered form until December 31, 1984.

Section 13, introduced as H.R. 2516 by our colleague Mr. FRANK, extends the temporary suspension of the column 1 (MFN) rate of duty on wood excelsior, which expired on June 30, for an additional 2 years until June 30, 1983.

Section 14, introduced as H.R. 2786 by our colleague Mr. CRANE, suspends temporarily the column 1 (MFN) rate of duty on 4-chloro-3-methylphenol until June 30, 1984.

Section 15, introduced as H.R. 1931 by our colleague Mr. WYLIE, continues the existing temporary suspension of the column 1 (MFN) rate of duty on doxorubicin hydrochloride from June 30, 1982, until June 29, 1988.

Section 16, introduced as H.R. 1910 by our colleague Mr. GREEN, suspends temporarily the duties on tartaric acid and certain tartaric chemicals until June 30, 1984.

Section 17, introduced as H.R. 2479 by our colleague Mr. VANDER JAGT, provided for duty-free treatment of certain metal waste and scrap, unwrought metals, and other articles of metal.

Section 18, introduced as H.R. 2454 by our colleague Mr. JENKINS, suspends temporarily the column 1 (MFN) rate of duty on certain freight containers until December 31, 1986. These containers will become subject to permanent duty-free treatment on January 1, 1987, as a result of a tariff concession in the multilateral trade negotiations.

Section 19 is an amendment to the bill as reported. It transfers a provision approved by the Ways and Means Committee for inclusion in the farm bill, H.R. 3603, to this miscellaneous tariff and trade bill. The provision involved is subsection 2 of section 502 of the farm bill, which provides that when there is a special, temporary enlargement of the upland cotton quota, the cotton entered under that special quota will not have to pay any duty. This provision was requested by the Agriculture Committee and supported by Ways and Means to help alleviate excessively wide, disruptive swings in cotton prices.

We hope to pass this provision today in this bill and when debate resumes on the farm bill, delete it from the farm bill. We are doing this in order to protect the prerogatives of the House by avoiding a precedent of a Senate-numbered bill originating tariff and tax legislation.

The other committee amendment is technical, applying to section 9 which increases the value limitations for duty-free importations of personal articles by returning U.S. residents. The amendment restores the 2-to-1 ratio between duty-free exemptions allowed returning U.S. residents on articles acquired in non-U.S. insular possessions as opposed to purchases in American Samoa, Guam, or the Virgin Islands. Continuation of this relationship was intended by the committee and the author of the original bill, H.R. 1987.

Mr. Speaker, as I have noted, the provisions of H.R. 4566, as amended, are noncontroversial, having been favorably reported by the committee by voice vote.

I urge its passage.

Mr. FRENZEL. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I join my colleague in support of H.R. 4566, an omnibus bill consisting of 17 noncontroversial tariff and trade measures previously introduced as separate bills. In addition, we will be considering one committee amendment to the bill that will incorporate a tariff change on upland cotton reported as part of H.R. 3603, Agriculture and Food Act of 1981, but falling within the jurisdiction of the Ways and Means Committee. The committee amendment also makes a change in section 9 of the bill in order to conform the provision to a similar one passed earlier by the House as part of the customs authorization bill (H.R. 2540).

The chairman of the Trade Subcommittee has outlined each provision of the bill detail, so I would like just to reemphasize two customs provisions which I think are important to efficient and effective customs operations and to the convenience of the traveling public.

The first is section 9 of the bill which increases the value limitation for duty-free treatment of articles brought back to the United States by persons returning from abroad. As amended, this section would increase the value limit of those articles accompanying a person returning from a country outside the insular possessions from $300 to $400. In the case of articles sent or brought back from the insular possessions, the value limit would be increased from $600 to $800, no more than $400 of which can be purchased elsewhere but brought through the possessions.

The primary purpose of the changes, which are identical to those included in the authorization bill approved earlier, is to reduce administrative costs and to facilitate the processing of the traveling public. The changes also reflect the effect of inflation on the real value of items which can be purchased abroad and brought back duty free. I would like to point out that the 2-to-1 advantage for the insular possessions is maintained.

The second provision is related to the first and also makes a change which recognizes the fluctuations in economic conditions over the last several years. Section 11 raises the value limit for informal entries from $600 to $1,000. An informal entry permits a flat rate of duty to be applied to those entries valued below a fixed amount, in this case $1,000, and affects entries in addition to the personal exemptions. The flat rate of duty currently is 10 percent in the case of entries other than from the insular posses-

sions, and 5 percent with respect to entries coming from the possessions.

The informal entry procedure is designed to simplify customs processing and to reduce administrative costs while preserving the revenue that normally would be collected on these types of entries. The increase in section 11 merely tracks inflation and other economic changes which have occurred since the limit was last considered several years ago.

Mr. Speaker, all the provisions of H.R. 4566 either reduce duties, continue duty suspensions already in place or make changes in customs procedures designed to improve efficiency and reduce costs. Although an insignificant revenue loss of $6.5 million would be incurred, the benefit to consumers and those persons undergoing customs clearance will far outweigh this cost. I urge my colleagues to unanimously approve this omnibus bill.

Mr. Speaker, I yield 1 minute to the distinguished gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Speaker, I rise to support H.R. 4566, under consideration today, which incorporates a number of tariff bills approved by the Committee on Ways and Means. The committee has combined these bills into a single omnibus bill to facilitate consideration by the House.

The Subcommittee on Trade initially held hearings on each of the 17 bills in this omnibus legislation. One bill, H.R. 833, which I originally introduced, has been incorporated into section 10 of this omnibus bill. H.R. 833 calls for eliminating the column 1 (MFN) rate of duty on prayer shawls used in religious services. In addition to prayer shawls, section 10 also provides for the bags used for keeping prayer shawls and certain headwear or skullcaps used in religious services. The provision would allow commercial enterprises to import these articles for religious use under the same duty-free treatment provided religious institutions.

The need for H.R. 833 was called to my attention by a firm located in my congressional district. Bylaws of this company mandated that it would represent only Israeli artists living in Israel, and all moneys received for merchandise would be sent to the State of Israel for its benefit.

Prior to my introducing this legislation, imported prayer shawls, also called talaisim, were treated as ornamental wearing apparel under the existing tariff laws and were subject to a 30-percent ad valorem rate of duty. Under current law, if they enter the United States duty free, they may only be imported by a religious institution and be classified as regalia. Advocates of section 10 feel that the only use of this merchandise is purely religious and should be accorded duty-free treatment.

In testimony before the Committee on Ways and Means, administration spokesmen stated that duty-free treatment of these items will benefit consumers in the United States and will not have an adverse effect on American producers. The administration also felt that the description of the product will prevent foreign manufacturers from using this item to circumvent existing restrictions on the importation of textiles and apparel.

I strongly support section 10 and H.R. 4566, and urge my colleagues to offer full support for this measure.

Mr. GIBBONS. Mr. Speaker, I want to pay particular thanks to the staff that handled these very complex pieces of legislation for their fine job that they did in working out the differences that were presented to the committee by the administration and by some of the other people who testified. I would also like to commend a volunteer we have here, Mr. Charles Stableford, who has been working as an intern on the Ways and Means Committee on a congressional fellowship for the excellent job that he has done in handling this complex legislation.

● Mr. SUNIA. Mr. Speaker, I rise in strong support of this important legislation. On behalf of the people of American Samoa, I congratulate the chairman and members of the Ways and Means Committee on their careful consideration of the issue on the tariff-rate quota on imports of certain canned tuna into the United States. Specifically, section 2 of H.R. 4566 excluded the shipments from the U.S. territories, of which American Samoa is one, in determining the extent to which the quota has been filled. Under headnote 3(a) of the tariffs schedule of the United States, tuna canning is listed as the only industry which has been developed successfully in American Samoa. In November of last year, the U.S. Customs Service changed its method of classifying shipments of canned tuna from American Samoa by including these shipments as imports. I am very glad to see that the committee corrected this very important matter by stating that—

Section 2 would make it clear that U.S. insular possessions would not be considered as an import shipment source.

The production of canned tuna and its byproducts is a major economic aid in achieving economic self-sufficiency for our territory. Over 20 percent of our population is employed by the tuna industry making it the territory's chief employer and one of the main sources of locally generated revenues. Passage of H.R. 4566 strengthens American Samoa's role as the Nation's third largest supplier of tuna. I heartily encourage my colleagues to support it.●

● Mr. DE LUGO. Mr. Speaker, I rise in support of H.R. 4566, the Omnibus Tariff and Duties bill.

One of the provisions in this bill—and the one that has the most significance to the tourist industry in the U.S. Virgin Islands—would raise the duty-free ceiling on items carried from the U.S. possessions from the current $600 to $800. The ceiling on items carried back from foreign countries would be raised from $300 to $400, so the territories would retain their traditional 2 to 1 advantage. In addition, the ceilings on items mailed from the possessions is raised from $40 to $100, and the ceilings on items mailed from foreign countries is raised from $25 to $50.

Passage of this legislation will provide a much-needed shot in the arm for our sagging tourism industry. In turn, a thriving tourism industry will contribute significantly in providing aid to private enterprise, helping the local government reduce its balance of payments deficits, and creating jobs for the residents of the Virgin Islands.

I would also like to take this time to thank the Chairman of the Subcommittee on Trade, Congressman SAM GIBBONS, and my friend from South Carolina, Congressman KEN HOLLAND, for their assistance on this matter of great importance to the Virgin Islands. Mr. Speaker, I urge my colleagues to support this bill.●

Mr. GIBBONS. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. FRENZEL. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. ROSTENKOWSKI) that the House suspend the rules and pass the bill, H.R. 4566, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended, and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

UNIFORM MARGIN REQUIREMENTS

Mr. WIRTH. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4145) to amend the Securities Exchange Act of 1934 to provide uniform margin requirements in transactions involving the acquisition of securities of certain U.S. corporations by non-U.S. persons where such acquisition is financed by non-U.S. lenders, to specify a private right of action for violations of margin requirements, and for certain other purposes, as amended.

The Clerk read as follows:

H.R. 4145

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 7 of the Securities Exchange Act of 1934 (15 U.S.C. 78g) is amended by striking out subsection (f) and inserting in lieu thereof the following:

"(f)(1) It is unlawful for any person to obtain, receive, or enjoy the beneficial use of a loan or other extension of credit from any lender (without regard to whether the lender's office or place of business is in a State or the transaction occurred in whole or in part within a State) for the purpose of (A) purchasing or carrying United States securities, or (B) purchasing or carrying within the United States of any other securities, if under this section or rules and regulations prescribed thereunder, the loan or other credit transaction is prohibited or would be prohibited if it had been made or the transaction had otherwise occurred in a lender's office or other place of business in a State.

"(2) For purposes of this subsection, the term 'United States security' means a security (other than an exempted security) issued by a person incorporated under the laws of any State, or whose principal place of business is within a State.

"(3) The Board of Governors of the Federal Reserve System may, in its discretion and with due regard for the purposes of this section, by rule or regulation exempt any class of persons from the application of this subsection.

"(g)(1) Any issuer of securities that are being purchased or carried in violation of this section, or of any rule or regulation promulgated under this section, and any other person who is injured or threatened with injury by reason of such a violation by any other person, in connection with—

"(A) the acquisition or carrying of 5 per centum or more of any class of an equity security, or

"(B) any tender offer for any class of equity security if, after consummation thereof, such other person would, directly or indirectly, be the beneficial owner of more than 5 per centum of such class,

may bring an action in the proper district court of the United States or the proper United States court of any territory or other place subject to the jurisdiction of the United States to recover damages arising from such violation or for such injury or to enjoin such a violation.

"(2) No action shall be maintained to enforce any liability created under this subsection or to rescind any contract the making or performance of which involves a violation of this section unless brought within one year after the discovery of the facts constituting the violation, and three years after the occurrence of the last substantial element of the violation.

"(3) For the purposes of this subsection—

"(A) the term 'person' has the same meaning provided such term by section 13(d)(3) of this Act; and

"(B) the determination of the percentage of any class of security shall be made in the same manner as is required by section 13(d)(4) of this Act.".

(b) Except for purposes of section 32 of the Securities Exchange Act of 1934, the amendment made by this section takes effect on July 16, 1981, and the provisions of section 7(f) of the Securities Exchange Act of 1934, as so amended, shall apply to any purchase of securities occurring on or after such date and to the carrying of such securities on or after such date, if the loan or extension of credit therefor originated on or after such date or if the loan proceeds used to purchase or carry such securities were disbursed on or after such date.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Colorado (Mr. WIRTH) will be recognized for 20 minutes, and the gentleman from Texas (Mr. COLLINS) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Colorado (Mr. WIRTH).

Mr. WIRTH. Mr. Speaker, I doubt that there is a Member of this House, who, during the past year, has not had some concern about the wave of foreign takeovers and takeover attempts and its impact on U.S. economic interests. This is the first legislation to come before the Congress to deal with this critical problem.

A major concern has been takeover attempts by Canadian companies, who have been permitted to invest freely in the United States, while, at the same time, the Canadian Government has practiced discriminatory policies that diminish the value of the Canadian assets of American corporations, and prevent defensive counteroffers by U.S. firms.

We continue to see hostile takeover attempts, as well as efforts by foreign corporations, and even foreign governments themselves, to purchase American firms. This is particularly troublesome when our national energy resources are at stake. Chairman DINGELL has made clear his concerns in this area, and I have pledged him my support, as he moves forward in preparing legislation and holding additional hearings on this issue.

While H.R. 4145 does not deal with the whole of the problem, it is a first step, and a very important step.

This legislation is based upon a bill first introduced by Mr. BROOKS of Texas, and a later bill introduced by Mr. COLLINS of Texas. I drafted this legislation in consultation with Mr. BROOKS and Mr. COLLINS, as well as Chairman DINGELL. It was unanimously reported out of the Subcommittee on Telecommunications, Consumer Protection and Finance in July and, with amendments I offered to the full committee, received the unanimous support of the Committee on Energy and Commerce in September.

Under the current law, foreign firms who borrow from foreign lenders are not required to comply with Federal margin requirements for purchasing U.S. securities. As our report discusses in detail, earlier this year we became aware of several tender offers for American corporations by foreign firms which were borrowing almost 100 percent of the acquisition costs from foreign banks. This clearly was unfair to American companies, who were subject to the Federal Reserve margin requirements of 50 percent and, therefore, were at a competitive disadvantage. There also was concern that such 100 percent leveraged purchases could result in harmful speculative buying and selling in U.S. securities.

This legislation remedies the inequity in the present law and serves the broad objective of promoting and preserving equality of treatment for all investors in the marketplace. With this bill, the margin requirements would apply equally to U.S. and foreign nationals who come into our market to purchase securities, regardless of the source of their financing.

Second, the bill expressly states that parties injured by unlawful extensions of credit under these new provisions have an express right to bring a lawsuit to protect their interests. This supports our view that a party injured by a law violation may be the best enforcer of the law. The SEC has supported this position, and has told us that, with its limited resources, private rights of action provide a necessary supplement to enforcement activities.

I should explain that this newly created express private right of action is limited to purchases of 5 percent or more, because the purpose of this legislation is to address the foreign purchase situation and, in particular, those situations where a foreign purchaser makes a tender offer for, or purchases an amount of stock that might lead to, possible control of a target company. Under existing judicial interpretations, third parties to a margin transaction might not otherwise be entitled to bring an action for a violation. We, therefore, have expressly stated in this bill that an issuer, and other third parties who may be injured by a credit violation, have the right to bring a lawsuit. In addition, in order to provide equality of treatment for both foreign and U.S. firms who purchase substantial amounts of an issuer's securities, the express private right of action would also be available where 5 percent of an issuer's securities is purchased by an American firm.

As our report states, courts have found that there are implied private rights of action for direct parties to margin transactions, in cases based on violations of the existing margin laws. We agree with those courts, and those existing implied private rights of action are not intended to be affected by this bill. Also, it is not our intent to impair existing implied private rights of action or rescission rights under other provisions of the Federal securities laws.

□ 1230

Mr. COLLINS of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to commend the chairman of our subcommittee, the gentleman from Colorado (Mr. WIRTH), for bringing this bill to the floor.

An earlier version of this bill was first introduced back in April and through careful deliberations it has been improved step by step to where I think it represents a most constructive and an absolutely essential piece of legislation.

The final bill was drawn up by our distinguished friend, the gentleman from Colorado (Mr. WIRTH), but it had the support of the chairman of the Committee on Government Operations, the gentleman from Texas (Mr. BROOKS) and myself, serving as the ranking Republican on our subcommittee.

In this country today we see foreign companies coming in with their investments having preferential treatment over those of American companies. We are asking just one thing in this bill. It is equity. We do not ask for Americans to have any advantage at all; but by the same token, we say that foreigners should not have any advantage, that all investors should be treated the same.

The first time that I heard of this issue coming up was in Ohio. There is a company there called the Hobart Co. and the foreign interests came in. They were going to borrow money and borrow money and then they were going to buy an American company with 100-percent financing.

Now, we welcome foreign investments; but what we ask is that foreign investments be made on the same basis as the investments that we make here in the United States.

This bill simply says this, that if you are going to buy stock in an American corporation, you can borrow only 50 percent of the money with which to buy it. That is the requirement of the present law for all American borrowers and for all those borrowing from American lenders. This bill would impose the same requirement on foreign investors borrowing from foreign lenders.

In other words, suppose I wanted to buy General Motors. It sells for about $45 a share and if I were to buy 1,000 shares of General Motors, I could not borrow but $22,000 and I would need to put up $22,000 of my own. I would have to borrow half and pay half. That is sound logic; but what is happening today is that foreign companies borrowing from foreign banks are able to borrow all the money to buy an American company.

I want to give an illustration which made me so actively interested in this, because when any business is affected in your own community, you understand it better. The leading jewelry firm in America, in my concept, is Zale Jewelry. They are in Dallas. They are an outstanding company. They are very efficient. They are highly respected in industry. A Canadian company called Peoples Jewellers Ltd. decided to start buying stock in Zale. When they had bought more than 5 percent, they filed with the SEC and it came out what they were doing. They bought more than 10 percent of Zale; but they were borrowing 100 percent of their money in order to buy Zale.

Now, what is ridiculous is that this company in Canada, Peoples Jewellers, is only 10 percent of the size of Zale. Zale is 10 times as big as the little company in Canada trying to buy them out. It is an absurd economic situation, because they were paying about 22 percent in interest for the money that they borrowed in order to buy the stock. Their dividend would probably be about 7 percent, which meant that they were paying three times as much in interest as there were dividends. In turn, I would anticipate that they would try to force Zale to increase its dividend to pay out and dilute their capital.

Regardless of that, the whole principle of letting foreign companies, foreign investors, buy stock on a preferential basis that we do not allow to American companies is wrong and should be corrected.

Now, in this bill we have made several improvements over the legislation as originally introduced. One suggestion at first was that we impose U.S. margin requirements on foreign lenders. We would have stipulated how banks abroad would be regulated. This bill imposes no requirements on foreign banks. Foreign banks can do business in any way they want to. It does not apply to banks, but instead imposes the requirement on the foreign borrower.

The next thing was, what happens to a small investor? The private right of action in the bill does not apply to investors who are buying less than 5 percent of the stock in an American company. Now, that makes sense. In other words, if you are just buying 5,000 shares or 10,000 shares, the private right of action does not apply; but if you are a foreign company planning to take over an American company, the bill requires that you put up at least 50 percent of what you borrow in cash.

Now, just this past week as an example, we have an oil company from Kuwait that plans to buy a major oil company that is located in California and Texas, but they are buying it with 100-percent cash. Now, that is highly desirable. We welcome that Kuwait cash coming over here and being invested in America.

Most of the operations that I have seen, in fact, outside of Peoples Jewellers, are all coming in with cash. They are buying land. They are buying buildings. They are building shopping centers. They are buying apartments. They are buying them with 100-percent cash, and that is good. But when they start using 100-percent borrowed money in order to buy out American businesses, that does not have any economic justification.

Above all, it has no economic equity, because certainly a foreign investor should not be given preference over an American investor.

All we ask is equal treatment and in this case equal treatment would mean that they would have the same regulations as the Securities and Exchange Commission applies to American investors.

This bill deals with the problem of foreign takeovers of American companies, and its purpose is to equalize the rules under which foreign investors can borrow money for the purpose of purchasing U.S. securities.

Earlier this year, I introduced H.R. 2879 to deal with the problem of foreign takeovers. That bill was the basis for the bill before us today, which I have cosponsored. H.R. 4145 was reported unanimously from the Subcommittee on Telecommunications, Consumer Protection and Finance and was voted out of the Energy and Commerce Committee by a vote of 30 to 0. I certainly want to commend the subcommittee chairman, and the full committee chairman, for moving this legislation through committee so expeditiously. I know that they share my strong concern about the problem of foreign takeovers.

This bill has a simple and equitable purpose—to make foreign investors, borrowing from foreign lenders, subject to the same margin requirements as American investors. Under the law today, an American investor purchasing U.S. securities can borrow only 50 percent of the purchase price. However, a foreign investor borrowing from a foreign lender is not subject to this limitation. This is clearly inequitable and has given foreign companies interested in taking over American companies the edge over other American companies who might be interested in the same takeover. In addition, foreign investors who are financially overextended can more easily engage in speculative buying and selling of U.S. securities which can have a destabilizing effect on American securities markets.

Let me give you an example of the effect of the present law on a company in my own State. Last December, Peoples Jewellers, Ltd., of Toronto purchased 5 percent of the voting stock of Zale Corp. of Dallas. After the initial purchase, Peoples Jewellers announced its intention to purchase an

additional 25 percent of Zale's stock. Peoples is one-tenth the size of Zale and was financing the takeover attempt with 100-percent financing from a Canadian bank. This transaction would have been a violation of U.S. margin requirements if the loan had been made in the United States. Fortunately, Zale was able to fight off this takeover attempt and it was not completed.

We should not continue to allow such situations to arise. Our laws should not treat foreign investors more favorably than American investors. We welcome foreign investment in the United States, and we have always maintained policies to encourage the free flow of foreign capital into the United States. It is not the purpose of this bill to inhibit foreign investment, but instead, to establish equal rules for foreign investors and American investors.

The bill amends section 7(f) of the Securities Exchange Act of 1934. It expands this section, which currently applies only to U.S. persons borrowing from either U.S. lenders or foreign lenders, to apply to all persons. This bill will close the gap in present law which does not apply the margin requirements to foreign persons borrowing from foreign lenders.

In addition, the bill provides a private right of action for takeover target companies and other injured parties, including shareholders in such companies, against violators of the margin requirements. Actions could be brought for injunctive relief or damages. This is intended to provide an additional enforcement tool so that those injured by margin violations will have direct recourse against companies who violate margin requirements in takeover attempts.

In order to eliminate those cases in which harm is insubstantial, the private right of action is limited to cases involving acquisitions of 5 percent of shares or tender offers for more than 5 percent. The inclusion of the private right of action is not intended to have any effect on existing private rights of action which have been implied by courts under section 7 or elsewhere under the securities laws.

I feel that the laws of the United States should not discriminate either in favor of or against foreign investment. The effect of the present margin requirement in section 7(f) of the Securities Exchange Act is to favor foreign investors over American investors. The recent increase in attempts by foreign companies to take over American companies has focused attention on the need to change this loophole in the present statute. That is what this bill would do, and I urge the House to pass the legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. WIRTH. I yield such time as he may consume to the gentleman from Michigan (Mr. DINGELL).

Mr. DINGELL. Mr. Speaker, I commend my good friend and colleague for the outstanding fashion in which he has handled this difficult piece of legislation.

I advise that the Committee on Energy and Commerce will continue its inquiry into matters relative to takeovers of U.S. corporations by Canadian corporations, both in Canada and in the United States, and also with regard to the behavior of this Government in terms of protecting American citizens and American corporations against these takeovers under circumstances engineered to be the most favorable to Canadians and least advantageous to United States citizens.

Mr. Speaker, today the House is considering one of the more important pieces of legislation in this Congress, both in terms of substance and politics. The exceptional bipartisan efforts in the committee have brought a balanced legislative package to the floor. This bill was reported unanimously from the Subcommittee on Telecommunications, Consumer Protection, and Finance on July 16, 1981, and the Energy and Commerce Committee reported the bill by a unanimous vote on September 17, 1981; and I rise in support of the bill, H.R. 4145. This important piece of legislation would amend the Securities Act of 1934 to provide uniform margin requirements in transactions where U.S. corporations are acquired by foreign persons with the aid of foreign lender financing. The bill's thrust is strengthened by the provision of a private right of action for violations of the margin laws.

The statement of the gentleman from Colorado (Mr. WIRTH) summarizes and explains the bill in great detail so I will not belabor the provisions here. I will only indicate that there have been extensive public hearings exploring the complex issues raised by the bill. There was extensive negotiation and consultation with private sector groups and Federal regulators before this bill was redrafted and then finally approved as amended. The significance of the final bill cannot be overstated.

This legislation responds to a series of highly publicized takeover attempts for U.S. companies by Canadian concerns earlier this year. Those takeovers highlighted the Canadian Government's discrimination against U.S. companies in Canada, with emphasis on two particular advantages Canadian companies have in going after assets of U.S. companies.

The longstanding U.S. policy of neither promoting nor discouraging inward or outward foreign investment transactions has come under intense challenge as a result of Canada's growing use of discriminatory investment and trade policies to achieve national, economic, and political objectives, especially in the energy sector.

The controversy centers around Canada's national energy program (NEP) and the related activities of its foreign investment review agency. We have no quarrel with the NEP goal of reducing foreign ownership of energy resources in Canada, now at 70 percent, and increase Canadian ownership to 50 percent by 1990. However, NEP starkly discriminates against foreign ownership of oil and gas resources. U.S. firms claim that Canadian policies have placed their subsidiaries at a severe competitive disadvantage and encouraged "fire sales" of their assets to Canadian investors through securities acquisitions in the United States. The U.S. press has been full of stories supporting those claims.

Another major complaint we heard was that Canada shields Canadian "predators" from counterattack. When a U.S. company attempts to acquire shares of a larger company, a standard defense against the maneuver is a tender offer for the aggressor. But a United States defender cannot do that to a Canadian company. Canada's Foreign Investment Review Agency stands in the way. FIRA has the power to prevent foreign investors from acquiring control of Canadian companies unless their doing so would be of significant benefit to Canada. Preemptive purchase of a Canadian company by a United States company would not qualify.

Finally, and the issue to which H.R. 4145 responds, foreign banks can be much freer than U.S. banks about lending funds to corporate borrowers to acquire stock of other companies. U.S. banks are bound by a Federal Reserve Board margin requirement: If a company borrows to buy stock in another company and uses the stock as collateral, the bank cannot lawfully lend more than 50 percent of the market value. But, for example, Nu-West Group Ltd. of Calgary was able to borrow 100 percent of the value of the purchased shares in its attempt to acquire a U.S. oil company, Cities Service Co. of Tulsa, without putting up any cash. The cost of the stock, some $270 million, was about 10 percent greater than Nu-West's net worth at the end of 1980.

The implications, however, extend well beyond United States-Canadian relations. Many countries control and direct inward investment flows in manners similar to or more restrictive than Canada. Other countries, including Saudi Arabia, Venezuela, and Britain, have far more nationalistic energy policies. Yet these countries enjoy free access to our markets. I note the recent announcement that Kuwait Petroleum Corp., an arm of the Kuwait

oil ministry, would acquire Santa Fe International Corp., a California oil-drilling, services, and exploration company. Some foreign governments are also maneuvering to make it harder for American companies to retain their own holdings abroad. Therefore, the tough question we must eventually address is: How can U.S. policy achieve reciprocity for American investors abroad and how should we respond to inward foreign investments resulting from foreign discrimination. Not to answer these questions soon would be damaging to the U.S. economy as well as the interests of American companies.

Despite pressure from this committee, and elsewhere in Congress, the administration has proved unwilling to protect U.S. mineral concerns by invoking the Mineral Lands Leasing Act, which prohibits a foreign company from leasing Federal land for mineral development unless that country reciprocates. The Secretary of the Interior has yet to declare Canada "nonreciprocal" despite apparent overwhelming evidence of Canadian discrimination.

H.R. 4145, which the House considers today, is a first step and a mild one, which only corrects a disadvantage to U.S. firms. I would find it surprising that anyone could oppose legislation to safeguard the legitimate interests of U.S. businesses. More serious measures are needed to address the current investment discrimination controversy. The Energy and Commerce Committee will be taking up these issues in the near future.

I urge my colleagues to support the bill, H.R. 4145.

Mr. COLLINS of Texas. Mr. Speaker, I yield myself such time as I may consume.

I just want to commend and recommend that we support this thoroughly. It came out of our full committee by a vote of 30 to 0. It was unanimous.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Colorado (Mr. WIRTH) that the House suspend the rules and pass the bill, H.R. 4145, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title was amended so as to read: "A bill to amend the Securities Exchange Act of 1934 to provide uniform margin requirements in transactions involving the acquisition of securities of certain United States corporations by non-United States persons where such acquisition is financed by non-United States lenders, and to specify a private right of action for certain violations of margin requirements."

A motion to reconsider was laid on the table.

AUTHORIZING CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF H.R. 4145, UNIFORM MARGIN REQUIREMENTS

Mr. WIRTH. Mr. Speaker, I ask unanimous consent that the Clerk be directed in the engrossment of the bill (H.R. 4145) to amend the Securities Exchange Act of 1934 to provide uniform margin requirements in transactions involving the acquisition of securities of certain United States corporations by non-United States persons where such acquisition is financed by non-United States lenders, to specify a private right of action for violations of margin requirements, and for certain other purposes, to make the following corrections:

Page 3, line 24, insert "the later of" after "within".

Page 3, line 25, strike out "and" and insert in lieu thereof "or".

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

INDEPENDENT SAFETY BOARD ACT AMENDMENTS OF 1981

Mr. MINETA. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3404) to amend the Independent Safety Board Act of 1974 to authorize appropriations for fiscal years 1981, 1982, and 1983, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3404

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Independent Safety Board Act Amendments of 1981".

INDEPENDENT SAFETY BOARD AUTHORIZATION OF APPROPRIATIONS

SEC. 2. Section 309 of the Independent Safety Board Act of 1974 (49 U.S.C. 1907) is amended by adding at the end thereof the following new sentence: "There are authorized to be appropriated for the purposes of this Act not to exceed $18,540,000 for the fiscal year ending September 30, 1981, $19,925,000 for the fiscal year ending September 30, 1982, and $22,100,000 for the fiscal year ending September 30, 1983, such sums to remain available until expended.".

PRIORITY OF BOARD INVESTIGATIONS

SEC. 3. Section 304(a)(1) of the Independent Safety Board Act of 1974 (49 U.S.C. 1903(a)(1)) is amended by inserting before "The Board may request" the following new sentences: "Any investigation of an accident conducted by the Board under this paragraph (other than subparagraph (E)) shall have priority over all other investigations of such accident conducted by other Federal agencies. The Board shall provide for the appropriate participation by other Federal agencies in any such investigation, except that such agencies may not participate in the Board's determination of the probable cause of the accident. Nothing in this section impairs the authority of other Federal agencies to conduct investigations of an accident under applicable provisions of law or to obtain information directly from parties involved in, and witnesses to, the transportation accident. The Board and the other Federal agencies shall assure that appropriate information obtained or developed in the course of their investigations is exchanged in a timely manner.".

REPORTING OF AVIATION INCIDENTS

SEC. 4. Section 304(a)(6) of the Independent Safety Board Act of 1974 (49 U.S.C. 1903(a)(6)) is amended by inserting "and aviation incidents" immediately after "accidents".

EXAMINATION AND TESTING OF PHYSICAL EVIDENCE

SEC. 5. Section 304(b)(2) of the Independent Safety Board Act of 1974 (49 U.S.C. 1903(b)(2)) is amended—

(1) by inserting immediately before the period at the end of the first sentence the following: ", including examination or testing of any vehicle, rolling stock, track, or pipeline component or any part of any such item when such examination or testing is determined to be required for purposes of such investigation. Any examination or testing shall be conducted in such manner so as not to interfere with or obstruct unnecessarily the transportation services provided by the owner or operator of such vehicle, rolling stock, track, or pipeline component, and shall be conducted in such a manner so as to preserve, to the maximum extent feasible, any evidence relating to the transportation accidents, consistent with the needs of the investigation and with the cooperation of such owner or operator"; and

(2) in the last sentence, by inserting ", examination, or test" immediately after "inspection" each place it appears.

RESPONSE TO BOARD RECOMMENDATIONS

SEC. 6. Section 307 of the Independent Safety Board Act of 1974 (49 U.S.C. 1906) is amended by inserting "(a)" immediately after "SEC. 307." and by adding at the end thereof the following new subsection:

"(b) The Secretary shall submit a report to the Congress on January 1 of each year setting forth all the Board's recommendations to the Secretary during the preceding year regarding transportation safety and a copy of the Secretary's response to each such recommendation.".

The SPEAKER pro tempore. Is a second demanded?

Mr. HAMMERSCHMIDT. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from California (Mr. MINETA) will be recognized for 20 minutes, and the gentleman from Arkansas (Mr. HAMMERSCHMIDT) will be recognized for 20 minutes.

The Chair recognizes the gentleman from California (Mr. MINETA).

Mr. MINETA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 3404 deals with authorizations and related matters for the National Transportation Safety Board. These authorizations will enable the Board to continue its im-

portant work of investigating accidents in all areas of transportation.

H.R. 3404 authorizes appropriations for the Board through fiscal year 1983. The authorization levels are the minimum needed to prevent a serious deterioration in the Board's capabilities. Under the authorization in this bill, the Board's staffing will be 381 for fiscal years 1982 and 1983. This is 16 below the fiscal 1980 staffing levels. The agency believes that it can make these cuts on a systematic basis by cutting overhead and secretarial positions while preserving the agency's technical capabilities. However, any further reduction in staff would have to come from technical positions and would jeopardize the Board's ability to carry out its safety mission.

H.R. 3404 also includes provisions clarifying the Board's jurisdiction in several areas.

First, the bill makes it clear that the Board has authority to require the filing of reports for aviation incidents, as well as for aviation accidents in which there is personal injury or damage of property.

A second provision clarifies that Board investigations, other than in the marine area, have priority over the investigations of other Federal agencies. This section further indicates that there is no intent to impair the authority of other agencies to conduct investigations under applicable provisions of law. The purpose of this provision is to prevent duplicate investigations and unnecessary disputes over jurisdiction, while preserving the role of other agencies which have responsibilities to investigate transportation accidents.

A final provision on NTSB clarifies the Board's power to conduct examinations and testing of vehicles, rolling stocks, tracks or pipeline components, as required to investigate an accident. The examination or testing must be conducted in a manner which does not interfere unnecessarily with the continued flow of transportation services and which preserves, to the maximum extent feasible, the components used in the testing.

In conclusion, Mr. Speaker, H.R. 3404 will further the safety of our transportation system. I urge my colleagues to join me in passing this important legislation.

Mr. Speaker, I yield such time as he may consume to the chairman of the full committee, the gentleman from New Jersey (Mr. HOWARD).

□ 1245

Mr. HOWARD. I thank the gentleman for yielding.

Mr. Speaker, I rise in support of H.R. 3404.

The National Transportation Safety Board plays a critical role in assuring the safety of our national transportation system. The Board is responsible for investigating and determining the probable causes of accidents in five transportation areas: Aviation, highways, rail, pipeline, and marine. Every year the Board holds hundreds of major investigations, and as a result, issues hundreds of recommendations, designed to prevent the recurrence of transportation accidents. More than 80 percent of these recommendations have been accepted over the past 13 years.

The bill before us establishes the minimum funding levels necessary for the Board to continue its important work.

I urge my colleagues to join with me in passing this vital legislation.

I yield back the balance of my time.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 3404 and urge its passage. H.R. 3404 provides authorizations for the National Transportation Safety Board for fiscal years 1982 and 1983. It also includes authorizations for fiscal year 1981 so that the program can trace authorizations in each year since fiscal year 1975.

The bill embodied by the committee amendment would authorize funding of $19.925 million for fiscal year 1982 and $22.1 million for fiscal year 1983. It is estimated that these sums will permit the Board to accomplish its necessary activities with a staffing complement of 381, the lowest level in 6 years. We have been assured that this staffing level will be sufficient to carry out the activities which we have mandated for the Board.

Aside from the funding considerations, the committee amendment to H.R. 3404 contains several clarifying provisions. The first deals with the NTSB's role in investigating aviation incidents. Although the Board does investigate certain aviation incidents, there is an ambiguity in the statute as to its authority to require the filing of incident reports. This provision would clear up that problem by expressly authorizing the Board to require persons to file these reports where necessary.

A second provision clarifies that the NTSB shall be the lead agency in investigations in which it participates except for those in the marine area. Both the Committee on Enegy and Commerce as well as the Committee on Public Works and Transportation felt it would be desirable to have one Federal agency responsible for coordinating accident investigations as is currently the case for aviation accidents. However, nothing in the provision is intended to prohibit any agency from conducting a concurrent investigation.

A third provision clarifies the Board's authority to conduct examinations and testing of vehicles, rolling stock, track and pipeline facilities involved in a transportation accident. Under this bill, the Board will have the authority to examine or test any evidence it deems necessary for the purposes of investigation. That examination should be conducted so that it does not interfere or obstruct unnecessarily the transportation services provided by the owner or operator of the component being tested. It is the intent that any examination or testing should preserve the evidence to the maximum extent possible and, wherever possible, the investigation should be conducted with the cooperation of the owner or operator. It has come to our attention that the pipeline industry had some concern about disruption of their transportation services if the National Transportation Safety Board was given too much authority regarding control, examination, and testing of evidence. We are hopeful that the provision in this bill will provide both the necessary examination and testing needs of the investigating agency while at the same time insuring that necessary transportation services are not disrupted.

The final provision added by the committee amendment is an effort to insure that Congress is kept informed as to what actions, if any, Federal agencies have taken on NTSB safety recommendations. Under this provision, the Secretary of DOT is required to transmit an annual report to Congress describing safety recommendations that have been submitted by the Board to DOT during the year and a description of the Department's response to each recommendation. This provision will simply insure that a single compilation will exist that evidences each DOT response. It will not create an undue burden on the Department since their responses to NTSB recommendations are already required by existing law.

Mr. Speaker, adoption of this legislation will permit the NTSB to continue its important contributions to the safety of our national transportation system. For the foregoing reasons, I urge my colleagues to adopt it.

I yield 5 minutes to the distinguished gentleman from New York (Mr. LENT), who is the ranking member of the subcommittee on the Committee on Energy and Commerce.

Mr. LENT. Mr. Speaker, I rise in support of H.R. 3404 and want to commend the chairman of the Subcommittee on Commerce, Transportation and Tourism (Mr. FLORIO) for his leadership in getting H.R. 3404 to the floor of the House.

This bill does two things: It reauthorizes the National Transportation Safety Board through fiscal year 1983 and it amends the Independent Safety Board Act of 1974.

Briefly, the National Transportation Safety Board has been mandated by

the Congress to independently investigate accidents in the five transportation modes: Aviation, rail, highway, marine, and pipeline. This mandate also includes broad oversight responsibility over other Government agencies involved in transportation safety as well as the authority to make safety recommendations designed to prevent the recurrence of accidents in all of the transportation modes. As the Board's Chairman, Jim King, testified before our subcommittee earlier this year, the Board's efforts have led to a number of safety improvements which will save both lives and property.

The bill before us authorizes the following appropriations for the Board: $18,540,000 for fiscal year 1981; $19,925,000 for fiscal year 1982; and $22,100,000 for fiscal year 1983. I would like to point out that these figures are identical to the figures which have been passed unanimously by the other body.

The bill also includes several amendments to the independent Safety Board Act of 1974 which have been recommended by the Board. These amendments generally clarify the Board's authority in three areas: First, priority of Board investigations; second, investigation of aviation incidents; and third, examination and testing of physical evidence.

These amendments have been carefully worked out by all the affected parties and have been agreed to by both the Public Works and Transportation Committee and the Energy and Commerce Committee, as well as the other body.

Finally, the bill before us requires the Secretary of Transportation to provide the Congress with an annual report consisting of the safety recommendations he has received from the Board during the year and a copy of the Department's response to each recommendation. It is our understanding that this provision will not necessitate the preparation of any new reports by either the National Transportation Safety Board or the Department of Transportation; rather, it simply calls for the compilation and transmittal to Congress of documents that are already prepared. As such it is not anticipated that the provision will create any substantial burden. At the same time, it should keep the Congress better informed as to what actions Federal agencies have taken with respect to the Board's safety recommendations.

I would like to close by again stating my support for this bill and by urging my colleagues to do likewise.

Thank you.

Mr. MINETA. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan (Mr. DINGELL), the very distinguished chairman of the full Committee on Energy and Commerce.

Mr. DINGELL. Mr. Speaker, I rise in support of H.R. 3404, the Independent Safety Board Act Amendments of 1981. This legislation reauthorizes the National Transportation Safety Board for fiscal years 1981, 1982, and 1983.

H.R. 3404 was unanimously reported by both committees of jurisdiction, the Committee on Energy and Commerce and the Committee on Public Works and Transportation. The versions reported by the two committees differed in only two minor respects. The amendment offered by the committees under suspension of these rules reconciles these differences by authorizing the Board at the slightly higher funding levels approved by the Public Works Committee and by including a reporting requirement provided for by the Energy and Commerce Committee.

The authorizations in the bill total about $61 million for the next 3 fiscal years. This amount exceeds that authorized by the Commerce Committee by less than $2 million. The funding levels in the bill will necessitate a personnel reduction of about 4 percent below 1980 levels. Any further reductions would come at the expense of technical expertise and jeopardize the Board's ability to carry out its statutory mission.

The bill also requires the Secretary of Transportation to report annually to Congress on his response to the safety recommendations transmitted to him by the Board during the preceding year. This provision was adopted by the Commerce Committee to provide for more effective congressional oversight over the efforts of the Board and the Department of Transportation to improve transportation safety.

H.R. 3404 also contains amendments strengthening and clarifying the Board's authority. Specifically, the bill provides that the Board's investigations of transportation accidents shall have priority over all other Federal investigations and that the Board shall have authority to examine and test vehicles and facilities involved in accidents. Thus, the Board shall be the lead Federal agency in conducting and coordinating accident investigations and shall have first right of access to relevant physical evidence.

Mr. Speaker, this bill authorizes necessary funding for the National Transportation Safety Board, improves congressional oversight of the Board and DOT, and strengthens the ability of the Board to carry out its statutory responsibilities. It is consensus legislation, representing the combined efforts of the Energy and Commerce and Public Works and Transportation Committees. Therefore, I urge adoption of the bill.

Mr. MINETA. Mr. Speaker, I yield such time as he may consume to the gentleman from Louisiana (Mr. ROEMER), a very fine member of our full Committee on Public Works and Transportation.

Mr. ROEMER. I thank the chairman for yielding.

I rise in support of H.R. 3404, and for the purpose of coloquy with the chairman. Three questions, Mr. Chairman.

Mr. Speaker, I would like to seek clarification with respect to section 5 of the pending legislation regarding testing to be conducted by the NTSB. First, do I understand that the amendment to section 5 would not permit NTSB to interfere with any investigation which the owner or operator is required by existing DOT rules to perform?

Mr. MINETA. Yes, NTSB is required to cooperate with the owner/operator and other Federal agencies in any required investigation.

Mr. ROEMER. My second question is, this section states that any testing be conducted with the cooperation of such owner or operator. When read together with the provision that the testing not disturb unnecessarily business operations of the owner or operator, can I assume that the Board will seek to cooperate to the fullest extent possible with the owner/operator in scheduling and conducting its tests?

Mr. MINETA. The intent of this section is to give the Board the authority to test certain pieces of evidence critical to its investigations of probable accident causation. The Board, in carrying out this section, will seek to cooperate with the owner/operator to maximum extent feasible. The Board has no desire to disrupt normal business operations and in the past has had a good working relationship with industry in this regard.

Mr. ROEMER. My final question has to do with the type of testing conducted. I note that the same subparagraph which contains the cooperation language also provides that the testing shall, to the maximum extent feasible, preserve evidence. Now it is my understanding that in the investigation of accidents, particularly pipeline accidents, there may be a need to conduct certain metallurgy examinations which have the potential of damaging or, in some cases, destroying a section of a piece of evidence. My question is twofold: First, do I understand that the intent of this section is that the Board will seek to preserve the integrity of any evidence to the maximum extent feasible and that second, in those situations in which the Board determines it must conduct a destructive test, the owner/operator will be fully consulted as to the type of test and its scheduling, may choose to have a technically qualified representative present during such testing, and shall be allowed access to the results?

Mr. MINETA. The answer is "yes" to both parts of your question.

● Mr. ANDERSON. Mr. Speaker, I rise in support of H.R. 3404, the Independent Safety Board Act Amendments of 1981.

The bill was jointly referred to the Committee on Public Works and Transportation and the Committee on Energy and Commerce. I wish to thank my colleagues for their cooperation and hard work on this bill.

The bill authorizes appropriations for the National Transportation Safety Board for fiscal years 1981 through 1983. Appropriations shall not exceed: First, $18,540,000 in fiscal year 1981; second, $19,925,000 in fiscal year 1982; and third, $22,100,000 in fiscal year 1983.

Other amendments in the bill deal with a clarification of the Board's investigatory powers. First, the Board is given clear authority to require reports on aviation incidents. This authority parallels the authority of the Federal Aviation Administriaton. Thus, to avoid unnecessary duplicity, the Board and the FAA are directed to enter into a memorandum of understanding specifying each agency's area of jurisdiction.

Second, the bill establishes the primacy of the Board's investigations over other Federal agencies in the investigation of accidents except in the maritime area. This amendment establishes a plain statutory foundation for existing practice.

Finally, the Board's authority to examine or test any vehicle, rolling stock, track or pipeline facility is clarified. The examination or testing must be conducted in a manner which does not interfere with or obstruct unnecessarily the transportation service provided by the owner or operator of the component being tested and must be conducted in such a manner as to preserve the evidence to the maximum extent feasible. Hopefully, this provision will help to create a spirit of cooperation where these types of testings need to be conducted.

Mr. Speaker, I urge the House to act favorably on this legislation.●

● Mr. FLORIO. Mr. Speaker, the Independent Safety Board Act amendments reauthorizes the National Transportation Safety Board for fiscal years 1981, 1982, and 1983.

The bill includes three technical amendments that were requested by the National Transportation Safety Board and have been agreed to by both the Committee on Energy and Commerce and the Committee on Public Works. All three amendments make changes in the Board's authority in order to clarify existing investigative practices.

The first change establishes the Board's primacy in the investigation of all transportation accidents, except in the case of marine accidents, while insuring other Federal agencies that they will be able to participate in the Board's investigation, and if they choose, conduct an investigation of their own.

The second change clarifies the Board's authority to require the filing of reports in aviation "incidents."

The third change specifically provides the Board with the authority to acquire physical evidence for examination and testing in the course of investigating a transportation accident.

An additional change requires the Department of Transportation to submit an annual report to the Congress describing the safety recommendations that have been submitted by the National Transportation Safety Board during the year and a description of the Department's response to each recommendation.

Some agencies within the Department of Transportation, as compared to others, have had a poor track record in accepting the Board's safety recommendations. This provision will keep the Congress better informed as to what the Department of Transportation is doing to address the Board's safety concerns. As with the other provisions of this bill, both committees are in agreement on the need for this reporting requirement.

Mr. Speaker, the Committee on Public Works and Transportation and the Committee on Energy and Commerce both agree with the provisions of this bill. The Senate has already passed nearly identical legislation and House action today will speed the implementation of provisions to permit the Board to more effectively and thoroughly carry out its investigative functions.●

Mr. MINETA. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. MINETA) that the House suspend the rules and pass the bill, H.R. 3404, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

Mr. MINETA. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill, S. 1000, to amend the Independent Safety Board Act of 1974 to provide authorizations for appropriations, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1000

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Independent Safety Board Act Amendments of 1981".

INDEPENDENT SAFETY BOARD AUTHORIZATION OF APPROPRIATIONS

SEC. 2. Section 309 of the Independent Safety Board Act of 1974 (49 U.S.C. 1907) is amended by adding at the end thereof the following new sentence: "There are authorized to be appropriated for the purposes of this Act not to exceed $18,540,000 for the fiscal year ending September 30, 1981, $19,925,000 for the fiscal year ending September 30, 1982, and $22,100,000 for the fiscal year ending September 30, 1983, such sums to remain available until expended.".

PRIORITY OF BOARD INVESTIGATIONS

SEC. 3. Section 304(a)(1) of the Independent Safety Board Act of 1974 (49 U.S.C. 1903(a)(1)) is amended by inserting before "The Board may request" the following new sentences: "Any investigation of an accident conducted by the Board under this paragraph (other than subparagraph (E)) shall have priority over all other investigations of such accident conducted by other Federal agencies. The Board shall provide for the appropriate participation by other Federal agencies in any such investigation, expect that such agencies may not participate in the Board's determination of the probable cause of the accident. Nothing in this section impairs the authority of other Federal agencies to conduct investigations of an accident under applicable provisions of law or to obtain information directly from parties involved in, an witnesses to, the transportation accident. The Board and other Federal agencies shall assure that appropriate information obtained or developed in the course of their investigations is exchanged in a timely manner.".

REPORTING OF AVIATION INCIDENTS

SEC. 4. Section 304(a)(6) of the Independent Safety Board Act of 1974 (49 U.S.C. 1903(a)(6)) is amended by inserting "and aviation incidents" immediately after "accidents".

EXAMINATION AND TESTING OF PHYSICAL EVIDENCE

SEC. 5. Section 304(b)(2) of the Independent Safety Board Act of 1974 (49 U.S.C. 1903(b)(2)) is amended—

(1) by inserting immediately before the period at the end of the first sentence the following: ", including examination or testing of any vehicle, rolling stock, track, pipeline component or any part of any such item when such examination or testing is determined to be required for purposes of such investigation. Any examination or testing (A) shall be conducted in such manner so as not to interfere with or obstruct unnecessarily the continued flow of goods or services in interstate commerce by the owner or operator of such vehicle, rolling stock, track, or pipeline component, and (B) shall be conducted in such a manner so as to preserve, to the maximum extent feasible, any evidence relating to the transportation accidents, consistent with the needs of the

investigation and with the cooperation of such owner or operator"; and

(2) in the last sentence, by inserting ", examination, or test" immediately after "inspection" each place it appears.

MOTION OFFERED BY MR. MINETA

Mr. MINETA. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. MINETA moves to strike out all after the enacting clause of the Senate bill, S. 1000, and to insert in lieu thereof the provisions contained in H.R. 3404 as passed by the House.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title of the Senate bill was amended so as to read: "A bill to amend the Independent Safety Board Act of 1974 to authorize appropriations for fiscal years 1981, 1982, and 1983, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 3404) was laid on the table.

GENERAL LEAVE

Mr. MINETA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

AMENDING TITLE 39, UNITED STATES CODE, RELATING TO CONGRESSIONAL FRANKING

Mr. UDALL. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 1224) to amend the provisions of title 39, United States Code, relating to the use of the frank, and for other purposes.

The Clerk read as follows:

S. 1224

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3210(a)(3)(F) of title 39, United States Code, is amended to read as follows:

"(F) mail matter expressing congratulations to a person who has achieved some public distinction;".

SEC. 2. (a) Section 3210(a)(5) of title 39, United States Code, is amended—

(1) by inserting the words "unless it is a brief reference in otherwise frankable mail" before the semicolon at the end of subparagraph (B)(i);

(2) by inserting the word "or" after the semicolon at the end of subparagraph (B)(iii);

(3) by striking out the semicolon and the word "or" at the end of subparagraph (C) and substituting a period; and

(4) by striking out subparagraph (D).

(b) Section 3210(a) of title 39, United States Code, is amended by adding the following new paragraph:

"(6)(A) It is the intent to Congress that a Member of, or Member-elect to, Congress may not mail any mass mailing as franked mail—

"(i) if the mass mailing is mailed fewer than 60 days immediately before the date of any primary election or general election (whether regular, special, or runoff) in which the Member is a candidate for reelection; or

"(ii) in the case of a Member of, or Member-elect to, the House who is a candidate for any other public office, if the mass mailing—

"(I) is prepared for delivery within any portion of the jurisdiction of or the area covered by the public office which is outside the area constituting the congressional district from which the Member or Member-elect was elected; or

"(II) is mailed fewer than 60 days immediately before the date of any primary election or general election (whether regular, special, or runoff) in which the Member or Member-elect is a candidate for any other public office.

"(B) Any mass mailing which is mailed by the chairman of any organization referred to in the last sentence of section 3215 of this title which relates to the normal and regular business of the organization may be mailed without regard to the provisions of this paragraph.

"(C) No Member of the Senate may mail any mass mailing as franked mail if such mass mailing is mailed fewer than 60 days immediately before the date of any primary election or general election (whether regular, special, or runoff) for any national, State or local office in which such Member is a candidate for election.

"(D) The Select Committee on Ethics of the Senate and the House Commission on Congressional Mailing Standards shall prescribe for their respective Houses rules and regulations, and shall take other action as the Committee or the Commission considers necessary and proper for Members and Members-elect to comply with the provisions of this paragraph and applicable rules and regulations. The rules and regulations shall include provisions prescribing the time within which mailings shall be mailed at or delivered to any postal facility and the time when the mailings shall be deemed to have been mailed or delivered to comply with the provisions of this paragraph.

"(E) For purposes of this section, the term 'mass mailing' means newsletters and similar mailings of more than five hundred pieces in which the content of the matter mailed is substantially identical but shall not apply to mailings—

"(i) which are in direct response to communications from persons to whom the matter is mailed;

"(ii) to colleagues in the Congress or to government officials (whether Federal, State, or local); or

"(iii) of news releases to the communications media.".

SEC. 3. (a) Section 3210(d) of title 39, United States Code, is amended by—

(1) striking "the House" and substituting "Congress" in paragraph (1);

(2) inserting "or State" after "district" in subparagraph (A) of paragraph (1);

(3) inserting "with respect to a Member of the House of Representatives" after "(B)" in subparagraph (B) of paragraph (1);

(4) striking "House of Representatives" and substituting "Congress" in paragraph (2);

(5) inserting "or the State" after "district" in paragraph (2);

(6) redesignating paragraph (4) and paragraph (5) as paragraph (7) and paragraph (8), respectively; and

(7) inserting after paragraph (3) the following new paragraphs:

"(4) Any franked mail which is mailed under this subsection shall be mailed at the equivalent rate of postage which assures that the mail will be sent by the most economical means practicable.

"(5) The Senate Committee on Rules and Administration and the House Commission on Congressional Mailing Standards shall prescribe for their respective Houses rules and regulations governing any franked mail which is mailed under this subsection and shall by regulation limit the number of such mailings allowed under this subsection."

(6)(A) Any Member of, or Member-elect to the House of Representatives entitled to make any mailing as franked mail under this subsection shall, before making any mailing, submit a sample or description of the mail matter involved to the House Commission on Congressional Mailing Standards for an advisory opinion as to whether the proposed mailing is in compliance with the provisions of this subsection.

(B) The Senate Select Committee on Ethics may require any Member of, or Member-elect to, the Senate entitled to make any mailings as franked mail under this subsection to submit a sample or description of the mail matter to the Committee for an advisory opinion as to whether the proposed mailing is in compliance with the provisions of this subsection.".

(b) This section shall become effective 120 days after the date of enactment of this Act.

SEC. 4. (a) Section 3210(e) of title 39, United States Code, is amended by striking out the last sentence.

(b) Section 3210 of title 39, United States Code, is amended by redesignating subsection (f) as subsection (g), and by inserting after subsection (e) the following new subsection:

"(f) Any mass mailing which otherwise would be permitted to be mailed as franked mail under this section shall not be so mailed unless the cost of preparing and printing the mail matter is paid exclusively from funds appropriated by Congress, except that an otherwise frankable mass mailing may contain, as an enclosure or supplement, any public service material which is purely instructional or informational in nature, and which in content is frankable under this section.".

SEC. 5. (a) Section 3211 of title 39, United States Code, is amended by striking out "until the first day of April" and substituting "during the 90-day period immediately".

(b) Section 3213(2) of title 39, United States Code, is amended by striking out "until the thirtieth day of June" and substituting "during the 90-day period immediately".

SEC. 6. (a) Section 3216(a)(1)(B) of title 39, United States Code, is amended by striking out "surviving spouse" and substituting "surivors".

(b) Section 3218 of title 39, United States Code, is amended by inserting after "such Member" the following: "(or, if there is no surviving spouse, a member of the immediate family or the Member designated by the Secretary of the Senate or the Clerk of the House of Representatives, as appropriate, in accordance with rules and procedures established by the Secretary or the Clerk)".

(c)(1) The heading for section 3218 of title 39, United States Code, is amended by striking out "surviving spouses" and substituting "survivors".

(2) The table of sections for chapter 32 of title 39, United States Code, is amended by

striking out the item relating to section 3218 and substituting the following new item:

"3218. Franked mail for survivors of Members of Congress.".

SEC. 7. (a)(1) Section 5(d) of the Act entitled "An Act to amend title 39, United States Code, to clarify the proper use of the franking privilege by Members of Congress, and for other purposes", approved December 18, 1973 (Public Law 93-191; 87 Stat. 742), is amended by striking out "and" the second place it appears therein, and by inserting after "United States Code," the following: "and in connection with any other Federal law (other than any law which imposes any criminal penalty) or any rule of the House of Representatives relating to franked mail,".

(2) The first sentence of section 5(e) of such Act is amended by inserting after "of this section" the following: "(or any other Federal law which does not include any criminal penalty or any rule of the House of Representatives relating to franked mail)".

(b) Section 5(d) of such Act is amended—

(1) by inserting "any former Member of the House or former Member-elect, Resident Commissioner or Resident Commissioner-elect, Delegate or Delegate-elect, any" after "Delegate-elect,";

(2) by inserting "(or any individual designated by the Clerk of the House under section 3218 of title 39, United States Code)" after "any of the foregoing";

(3) by inserting "any" before "other House official"; and

(4) by inserting "or former House official" after "House official".

(c) Section 5(e) of such Act is amended by inserting after the eighth sentence thereof the following new sentence: "In the case of a former Member of the House or a former Member-elect, a former Resident Commissioner or Delegate or Resident Commissioner-elect or Delegate-elect, any surviving spouse of any of the foregoing (or any individual designated by the Clerk of the House under section 3218 of title 39, United States Code), or any other former House official, if the Commission finds in its written decision that any serious and willful violation has occurred or is about to occur, then the Commission may refer the matter to any appropriate law enforcement agency or official for appropriate remedial action.".

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Arizona (Mr. UDALL) will be recognized for 20 minutes, and the gentleman from Illinois (Mr. DERWINSKI) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Arizona, (Mr. UDALL).

GENERAL LEAVE

Mr. UDALL. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks, and to include extraneous matter, on the Senate bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. UDALL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, recently the Senate took an important step forward—a step we in the House have already taken twice, and which I recommend we take again today.

On July 20 the Senate passed S. 1224, a bill which makes further refinements and improvements in the successful Franking Act of 1973. In its provisions which affect the House, S. 1224 is nearly identical to the provisions of a bill which passed the House in the 95th Congress and again in the 96th Congress—but, which, until now, the Senate has never acted on.

The House Commission on Congressional Mailing Standards, the bipartisan body which I have had the privilege to chair since its creation in 1973, has thoroughly examined S. 1224 and strongly recommends its immediate approval by the House. The amendments made to the legislation in the 96th Congress by our committee of jurisdiction—Post Office and Civil Service—are all contained in S. 1224.

This legislation should be enacted without further delay.

Most of the bill's provisions concerning the House are intended to conform the law to existing provisions of House Rule 46:

The 60-day preelection cutoff for mass mailings (existing law specifies only 28 days);

The requirement that postal patron mailings be sent at the most economical rate practicable;

The requirement that proposed postal patron mailings be submitted to the Franking Commission for an advisory opinion as to frankability;

The requirement that the costs of preparing and printing mass mailings be deferred exclusively from appropriated funds (one exception is made by S. 1224 for certain public service materials);

The prohibition against mass mailings outside a Member's district when the Member is a candidate for another public office.

Other provisions of S. 1224 affecting the House—all of which, with one minor exception, were contained in the House-passed bill in the 96th Congress—include:

Providing that congratulatory messages for public distinctions are frankable, but that mailings consisting solely of personal messages of condolence or congratulations for personal achievements are not;

Permitting incidental greetings from a Member's family in otherwise frankable mailings (this provision was not in either of our House-passed bills, and I guarantee that it will be construed narrowly by our Commission);

Exempting chairmen from mass mailings restrictions for matters relating solely to committee or subcommittee business;

Providing a uniform 90-day franking privilege upon leaving office;

Permitting a designated survivor of a deceased Member to use the frank for 180 days if there is no surviving spouse;

Extending the authority of the Franking Commission to deal with any allegations concerning use of the frank by Members, former Members, or survivors.

The bill also authorizes the Senate, as well as the House to use the postal patron privilege. The number of such mailings is to be limited by rule or regulation. House rules provide a limit of six yearly. I note that CBO estimates that giving the postal patron privilege to the Senate should result in annual savings of $9 million. I anticipate that the Senate will impose upon itself a yearly postal patron limitation similar to the House's.

Mr. Speaker, the Franking Act of 1973 has been a resounding success. Before 1973, the only standards of frankability were those formulated by the Postal Service and by the courts. Complaints and lawsuits abounded. I believed then, and I believe now, that it is the responsibility of the Congress to regulate itself in the use of the franking privilege. We wrote strict standards for ourselves in 1973, and we have continued to refine and tighten those standards through our rules, regulations and Commission decisions. The results of our efforts have been impressive. Subjectively, I think the quality of our mailings is better than it was before 1973. Objectively, there are fewer complaints being filed about franked mail. This shows that the law is working. We are striking the delicate and necessary balance between the need for constituent communication and the need for realistic controls on the use of the privilege.

This bill is another step forward. It would put into law the refinements which have resulted from 7 years of experience under the act of 1973.

I strongly urge passage of S. 1224.

Mr. Speaker, I reserve the balance of my time.

Mr. DERWINSKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is a bill which brings into conformity existing rules and the law on the use of the frank. It is essentially the same bill which was passed by the House in the 95th and 96th Congresses, and now at long last, has won approval in the other body. This is a constructive bill which has unanimous support of the Commission Congressional Mailing Standards.

Under the existing rules and regulations of the House Commission on Congressional Mailing Standards, there is a ban on mass mailings 60 days prior to a primary, special, or general election, but statute prohibits the sending of mass mailings 28 days prior to an election. S. 1224 will put the 60-day limit into statute.

The bill also authorizes the other body to use postal patron mailing, which the Congressional Budget Office estimates will save $9 million annually. As you know, postal patron mailing is sent at a lower rate of postage, but even more significantly it will drastically reduce the cost of returned mail because of wrong addresses. Each returned letter costs an additional 25 cents.

In short what we are doing is clarifying and updating legislation enacted December 18, 1973. That legislation was the first comprehensive revision of the franking laws in 200 years. Prior to that, there were no specific guidelines on the use of the frank. We left it up to the old Post Office Department to determine what was and what was not official business. In 1968, the Department made it clear it was not interested in making that determination, and left the decision up to Congress. As you can imagine, the results were chaotic. A number of suits were filed, and Congress found itself in a position where the Federal courts were being asked to rule on what is essentially a legislative matter.

The 1973 legislation created the House Commission on Congressional Mailing Standards and gave it authority to develop and police guidelines for use of the frank. As a member of that Commission, I can testify to its effectiveness. Most of the complaints that have been filed with the Commission have been frivolous and have lacked substance. I think that is a testimonial to the way Members have been cooperating with the Commission on the proper use of the frank.

I urge your support for this bill. It will help us to continue to carry out our mandate to keep the public informed about its Federal Government.

I believe our colleague from Arizona has very properly explained the bill. I would like to go beyond that explanation and make one additional point.

I believe all the Members of the House should be commended for the very effective cooperation the Franking Commission has received. We have been able because of this cooperation from all House Members to reduce the complaints about abuse of the frank to an absolute minimum. The cooperation of the staffs of individual Members and the Members themselves has been excellent, and as a result of effective in-house policing, I believe that never before in our history has the frank been as respected as it is by the Members of the House. I see no reason for that fine record not to be continued.

I urge support of this legislation. We have finally been able to work out an agreement with the Senate. It serves both bodies well. It serves the public well.

I yield back the balance of my time.

Mr. UDALL. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. FORD).

Mr. FORD of Michigan. Mr. Speaker, today I am hopeful that we are about to take another important step down a road which our predecessors began traveling in 1775.

On November 8 of that year, the Continental Congress authorized its Members to use the franking privilege as a means of keeping their constituents fully informed of their actions. The First Congress of the United States enacted a franking law in 1789. In a 1791 congressional debate over the continuance of the franking privilege, the justification for it was summarized succinctly:

> The privilege of franking was granted to the Members, not as a personal advantage, but as a benefit to their constituents, who, by means of it, derive information from those who are best qualified to give it, as they are the persons chosen to administer the General Government.

The franking privilege remained a necessary and valuable tool of our representative Government for nearly 200 years—although, as we all know, the road was not always as smooth or the motivation as pure as our forefathers might have hoped. By the early 1970's, it was clear that most problems concerning use of the frank could be boiled down and traced to two basic flaws in the franking law of that time. First, the absence of standards by which to determine whether mail should be frankable—almost anything was frankable as long as mailings were called "official business". Second, the absence of any one authority with clear responsibility for regulating use of the frank—responsibility was claimed by and spread among various entities within the legislative, executive, and judicial branches of Government.

In 1973, the Congress moved decisively to remedy these two fundamental problems. The act of December 18, 1973, was the first major revision of the franking law since the 18th century. It established clear principles of frankability, and specifically prohibited the franking of certain types of mail matter. Just as importantly, the 1973 act had as its foundation the principle of self-regulation. It established the House Commission on Congressional Mailing Standards and authorized it not only to hear and decide cases concerning abuse of the franking privilege, but also to render day-to-day advice and instruction to Members and their staffs to help prevent problems.

The act of 1973 has been an enormous success. In its early years, the Franking Commission (as it has come to be called) received many more complaints about abuse of the frank than it has received in recent years. I believe this shows the law is working. I also believe that the quality of Members' mailings—especially newsletters—has improved.

The principle of self-regulation is working. And an important aspect of self-regulation is the constant reach for ways to refine and improve which brings us to the task at hand today—the passage of S. 1224.

With several years of experience under the act of 1973 now behind us, it is time to put the fruits of that experience into the law. As they affect the House, the provisions of S. 1224 are essentially those of H.R. 7792, which passed the House in the 95th Congress, and H.R. 3777, which passed the House in the 96th Congress. Neither of those bills reached the floor of the Senate, but today we deal with a bill which has already been passed by that body. Let me describe briefly the purpose and intent of each section of the bill. I should state at the outset that, as a matter of general principle, and practice, the House and Senate have and will continue to have fundamental differing interpretations and differing practices in certain areas relating to use of the frank. After all, we are two very different bodies. Some of those differences are made clear by this bill. Section 5(d) of the act of December 18, 1973 vests—and will continue to vest after the enactment of S. 1224—in the House Commission on Congressional Mailing Standards the sole responsiblity to "prescribe regulations governing the proper use of the franking privilege" by Members of the House.

Most of the amendments affecting the House which are made by S. 1224 reflect provisions which for the past few years have been found in House rules. The first section of S. 1224 is not found in House rules but is identical to a provision in the bill H.R. 3777, which passed the House in the 96th Congress. The provision was added to H.R. 3777 during markup by the Committee on Post Office and Civil Service. It retains existing law's specific authority to frank messages of congratulations for distinctions of a public nature, but removes the existing authority to frank mail matter which consists solely of condolences for a personal loss or congratulations for a personal distinction. The House's intent in formulating and approving this provision is set forth in House Report 96-281, dated June 18, 1979. With specific regard to the often-asked question of whether graduating from school is a public distinction, I wish to say that I believe it is. I believe that, if the test of frankability in such a case is whether a mailing promotes the legislative process, then clearly that test is met, because a message of congratulations from one's Congressman can only inspire greater interest and participation in our representative

form of government by the young person receiving it.

Section 2(a) of S. 1224 is a provision found neither in House rules nor in the bills we approved in the past. It permits the inclusions, in otherwise frankable mailing, of brief greetings from a Member's spouse or other family members. I wish to emphasize here that this amendment is to be given an extremely narrow construction.

Section 2(b) of S. 1224 would basically put into law the provisions of House rule XLVI concerning mass mailing restrictions. A Member could not frank mass mailings during the 60-day period before any election in which he is a candidate, nor could he mass mail outside his district when he is a candidate for another public office. The bill would provide an exception to these provisions for mass mailings by chairmen of certain entities within the Congress—so long as the mailings relate solely and strictly to the normal and regular business of the organization. The exceptions already contained in rule XLVI would also be included in the statute. The House Commission and the Senate Ethics Committee would be authorized to precribe rules and regulations concerning mass mailings for their respective Houses.

Section 3 of the bill authorizes the Senate to use the simplified address—or "postal patron"—privilege. The House has had this privilege for several years. All postal patron mailings would be required to be sent at the most economical rate of postage practicable, and the House Commission and the Senate Rules Committee would be required to limit the yearly number of such mailings. As under House rules presently, Members would be required to submit proposed postal patron mailings to the House Commission for advisory opinions as to frankability. The Senate Ethics Committee may require similar submissions by Senators.

I wish to note that House rules limit the number of postal patron mailings to the equivalent of six per year. I expect that the Senate Rules Committee will impose a similarly frugal limitation on the Senate. CBO estimates that giving the Senate the postal patron privilege will result in yearly savings of about $9 million.

Section 4 of S. 1224 basically puts into the law provisions of House rule XLVI specifying that only appropriated funds may be used for the preparation and printing of mass mailings. The bill makes an exception for purely instructional or informational material of a public service nature which is, in content, frankable. That type of material (for example, a pamphlet on educational opportunities published by a State university system) may be sent as an enclosure to a frankable mass mailing. This exception is to be construed very narrowly.

Section 5 of S. 1224 provides for a uniform 90-day period for use of the frank by a Member upon leaving office to send mail matter relating to closing out his official business. Section 6 also provides that during the 180-day period following the death of a Member, the surviving spouse or a designated survivor (if there is no surviving spouse) may use the frank to send nonpolitical correspondence.

Section 7 of the bill makes needed changes in the statutory authority of the House Commission to strengthen the guiding principle of self-regulation concerning use of the frank.

Mr. Speaker, in conclusion, I would note that S. 1224 contains all the amendments made by the Committee on Post Office and Civil Service to the franking bill in the 96th Congress.

I strongly urge passage of S. 1224.

□ 1300

Mr. UDALL. Mr. Speaker, I yield 3 minutes to the gentleman from Iowa (Mr. HARKIN).

Mr. HARKIN. Mr. Speaker, I rise not so much to object to the bill, but to raise some questions that I would like to ask of the distinguished chairman, Mr. UDALL.

I have some concerns about the franking privilege for postal patron mailing now being extended to the Senate. Whenever anything new like that happens in the Congress, which is bound to cost us more money and which I believe will flood the mails more with Senate mailings than has heretofore been the case, then I rise to ask why we are doing it right now? Why is it, after all of these years that House Members have had the right to send postal patron mailings that were franked and the Senate has not had that privilege, do we now all of a sudden change it, especially at a time when our postal system is being overburdened as it is? Now, the Senate is going to pick this up, and I just wonder why at this point in time we do it? Why was it not done 50 years ago or 30 years ago or 20 years ago?

Mr. UDALL. Mr. Speaker, will the gentleman yield?

Mr. HARKIN. I will be delighted to yield.

Mr. UDALL. Mr. Speaker, the basic reason, I think, is that we do not control the Senate and they do not control us. For reasons that were considered valid over on this side, going back a long time, many years—I do not have the precise time when we first started postal patron mailing, but a long, long time ago the House decided for our own purposes we would like to have the privilege of sending to each postal patron in the district reports on what the Congress is doing, until now, the Senate has chosen for their own reasons not to go down that road, but to have addresses on the mail they send out.

They have now passed through the Senate in this bill a provision giving them the postal patron privilege that we have had over here for several years, and I do not think under the principle of comity that we have any right to tell them that they cannot do it.

There was talk about an orgy of printing over here when the House began to use postal patron mail, but this has proven not to be the case. Costs have been surprisingly low, at least to me.

We are advised that the Senate is going to fix a limitation on the number of postal-patron mailings, just as we have. If the gentleman is talking about the effect on taxpayers of postal patron mail, this bill requires that all such mail be sent at the most economical postage rate. That is the presorted third-class bulk rate—6.4 cents instead of the regular first-class rate of 18 or 20 cents. That makes for rather dramatic savings for the taxpayer.

Mr. HARKIN. Let me ask the gentleman further, will the Senate then be permitted to use lists as they have in the past and send those out at first-class rates, and also have the postal-patron frankable mail at third-class rates?

The SPEAKER pro tempore. The time of the gentleman from Iowa has expired.

Mr. UDALL. Mr. Speaker, I yield 6 additional minutes to the gentleman from Iowa.

Mr. HARKIN. I thank the gentleman.

Mr. UDALL. They will be basically on a par with us. The gentleman presently has, as I have, a choice within the limit of funds to prepare printed materials. We have a choice to send it either to named addressees or postal patrons. The named addressees go first-class. We are charged first-class postage, and the Senate will be in the same position, essentially.

Mr. HARKIN. One other question I might have is concerned with page 2 of the bill S. 1224. There is reference made to the intent of the Congress, that Congress may not mail any mass mailings 60 days before the time of any primary or any general election on which the Member is a candidate for reelection. As I understand it right now, a Member cannot mail out even though that Member is not a candidate. Is that the case?

Mr. UDALL. We have had for a long time now the 60-day cutoff. Originally it was a 28-day cutoff, but by rule we made it 60 days. This bill puts the 60-day cutoff into law, and it will apply specifically to the House and to the Senate.

Mr. HARKIN. In other words, they do have to have that same 60-day limit?

Mr. UDALL. Yes, indeed, that is the intent. The 60-day cutoff is in House and Senate rules now, and will be in the law upon enactment of this bill.

Mr. HARKIN. What about if a Senator happens to be a candidate for a national office or an office outside of the State, and there may be some very valid reasons why that Senator may want to increase the mailings within that State; would that be covered?

Mr. UDALL. The bill is explicit on this point. The people should not be financing somebody's Presidential campaigns, Senator, or otherwise. Let me emphasize that these postal patron provisions apply to these kinds of mass mailings, and there is no way a Senator running for President can send to all the 50 States a mass mailing. We would have to have names, and if he sends to a specific individual in my State or the gentleman's State information on public business that is frankable he can do it today or after this bill is passed.

Mr. HARKIN. I thank the gentleman for his explanation. I just again would say that I have the sense that the Senate is acting on this in a way that will further divide these two bodies. More and more we have seen the Senate take upon itself to increase the amount of honorariums that they can get, the prerequisites of office they get. Now, they are getting this. It seems to me that what we are doing, is, we are really allowing the Senate to, in a form of self-aggrandizement, become a separate and distinct entity above the House; and yet, in the minds of the people in this country, it is not just done by the Senate, it is done by the Congress of which we are Members.

Mr. UDALL. I appreciate the gentleman's concern, but in balance, if this is passed, and signed, as I expect it will be, we will have placed additional limitations on the Senate similar to what we have, and in a way we will be requiring them into coming into compliance with the kind of controls that we have over here.

Mr. HARKIN. I hope the gentleman is right. I believe the House has been very responsibile in the past, by the way, on this whole franking thing, and I believe the Franking Commission has been very responsible on both sides of the aisle.

Mr. UDALL. We will all pray for them and hope they will be as responsible as the gentleman wants them to be.

Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Speaker, I would like to emphasize the point that the gentleman from Arizona made. This legislation brings the other body in line with our procedures where we have been the trailblazers, and certainly they are going to have to look to us for the procedures that we have followed, which have been well handled. Our committee staff has done an excellent job, and I think the other body will be under pressure to do as well.

Mr. HARKIN. Mr. Speaker, if the gentleman will yield, again we have placed limits on ourselves of six a year. Maybe the Senate will put on four or five or six or how many, we have no way of knowing.

Mr. DERWINSKI. I think the intent is that they come in with those same types of restrictions. That is the intent of the legislation here.

Mr. UDALL. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield.

Mr. UDALL. I have a letter from Senator MATHIAS, chairman of the Senate Rules and Administration Committee, which has jurisdiction over this on the other side. He tells me that the limit of six, which the House had since 1978, is something generally the Senate approves. He said the reason the six limitation was not included in the bill they sent over here was due to the belief that such a limitation may be too high for the Senate. He stated the intention in the letter, and it is referred to in the legislation, that a rule will be recommended by his committee to the Senate which will place an effective limit on postal-patron mailings in order to reduce Senate postal costs.

He seems to believe it will be no more than six and probably will be less than six when they get around to setting it.

Mr. DERWINSKI. I thank the gentleman.

Mr. UDALL. Mr. Speaker, I have no further requests for time.

Mr. DERWINSKI. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Arizona (Mr. UDALL) that the House suspend the rules and pass the Senate bill, S. 1224.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill was passed.

A motion to reconsider was laid on the table.

□ 1315

IMMIGRATION AND NATIONALITY ACT AMENDMENTS OF 1981

Mr. MAZZOLI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4327) to amend the Immigration and Nationality Act, and for other purposes, as amended.

The Clerk read as follows:

H.R. 4327

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) this Act may be cited as the "Immigration and Nationality Act Amendments of 1981".

(b) Except as specifically provided in this Act, whenever in this Act an amendment or repeal is expressed as an amendment to, or repeal of, a provision, the reference shall be deemed to be made to the Immigration and Nationality Act.

SEC. 2. (a) Subsection (a)(15) of section 101 (8 U.S.C. 1101) is amended—

(1) by striking out "institution of learning or other recognized place of study" in subparagraph (F) and inserting in lieu thereof "college, university, seminary, conservatory, academic high school, elementary school, or other academic institution or in a language training program"; and

(2) by adding after subparagraph (L) the following new subparagraph:

"(M)(i) an alien having a residence in a foreign country which he has no intention of abandoning who seeks to enter the United States temporarily and solely for the purpose of pursuing a full course of study at an established vocational or other recognized nonacademic institution (other than in a language training program) in the United States particularly designated by him and approved by the Attorney General, after consultation with the Secretary of Education, which institution shall have agreed to report to the Attorney General the termination of attendance of each nonimmigrant, non-academic student and if any such institution fails to make reports promptly the approval shall be withdrawn, and (ii) the alien spouse and minor children of any such alien if accompanying him or following to join him.".

(b) Subsection (b) of such section is amended by striking out "fourteen" in subparagraphs (E) and (F) and inserting in lieu thereof "sixteen".

(c) Subsection (f) of such section is amended—

(1) by striking out paragraph (2); and

(2) by striking out "paragraphs (9), (10), and (23) of section 212(a)" in paragraph (3) and inserting in lieu thereof "paragraphs (9) and (10) of section 212(a) and paragraph (23) of such section (except as such paragraph relates to simple possession of marihuana)".

SEC. 3. Section 204 (8 U.S.C. 1154) is amended by striking out subsection (d) and by redesignating subsection (e) as subsection (d) and the subsection (f), which was renumbered by section 3 of Public Law 95-417, as subsection (e).

SEC. 4. Section 212 (8 U.S.C. 1182) is amended—

(1) by inserting "and who seek admission within five years of the date of such deportation or removal," in subsection (a)(17) after "section 242(b),";

(2) by striking out the second sentence of paragraph (6) of subsection (d); and

(3) by striking out "paragraphs (9), (10), or (12) of this section" in subsection (h) and inserting in lieu thereof "paragraph (9), (10), or (12) of subsection (a) or paragraph (23) of such subsection as such paragraph relates to simple possession of marihuana".

SEC. 5. (a)(1) Section 212 (8 U.S.C. 1182) is amended by striking out the semicolon at the end of paragraph (32) of subsection (a) and inserting in lieu thereof a period and the following: "For the purposes of this paragraph, an alien who is a graduate of a

medical school shall be considered to have passed parts I and II of the National Board of Medical Examiners examination if the alien was fully and permanently licensed to practice medicine in a State on January 9, 1978, and was practicing medicine in a State on that date;".

(2) Subsection (j)(1)(B) of such section is amended by striking out the semicolon at the end thereof and inserting in lieu thereof a period and the following: "For the purposes of this subparagraph, an alien who is a graduate of a medical school shall be considered to have passed parts I and II of the National Board of Medical Examiners examination if the alien was fully and permanently licensed to practice medicine in a State on January 9, 1978, and was practicing medicine in a State on that date.".

(3) Section 602 of the Health Professions Educational Assistance Act of 1976 (Public Law 94-484), added by section 307(q)(3) of Public Law 95-83, is amended by striking and subsections (a) and (b).

(b) Subsection (j) of section 212 is amended—

(1) by inserting "as follows" after "education or training are" in paragraph (1) in the matter before subparagraph (A);

(2) by striking out "(including any extension of the duration thereof under subparagraph (D))" in paragraph (1)(C);

(3) by striking out "Commissioner of Education" and "Secretary of Health, Education, and Welfare" each place it appears and inserting in lieu thereof "Secretary of Education" and "Secretary of Health and Human Services", respectively;

(4) by striking out the semicolon at the end of subparagraph (A) and "; and" at the end of subparagraph (C) and inserting in lieu thereof a period in each case;

(5) by amending subparagraph (D) of paragraph (1) to read as follows:

"(D) The duration of the alien's participation in the program of graduate medical education or training for which the alien is coming to the United States is limited to the time typically required to complete such program, as determined by the Director of the International Communication Agency at the time of the alien's entry into the United States, based on criteria which are established in coordination with the Secretary of Health and Human Services and which take into consideration the published requirements of the medical specialty board which administers such education or training program; except that—

"(i) such duration is further limited to seven years unless the alien has demonstrated to the satisfaction of the Director that the country to which the alien will return at the end of such specialty education or training has an exceptional need for an individual trained in such specialty, and

"(ii) the alien may, once and not later than two years after the date the alien enters the United States as an exchange visitor or acquires exchange visitor status, change the alien's designated program of graduate medical education or training if the Director approves the change and if a commitment and written assurance with respect to the alien's new program have been provided in accordance with subparagraph (C).";

(6) by inserting after subparagraph (D) the following new subparagraph:

"(E) The alien furnishes the Attorney General each year with an affidavit (in such form as the Attorney General shall prescribe) that attests that the alien (i) is in good standing in the program of graduate medical education or training in which the alien is participating, and (ii) will return to the country of his nationality or last residence upon completion of the education or training for which he came to the United States.";

(7)(A) by striking out "(ii)" in paragraph (1)(B) and inserting in lieu thereof "(ii)(I)";

(B) by inserting, in paragraph (1)(B), "(II)" before "has competency", "(III)" before "will be able to adapt", and "(IV)" before "has adequate prior education";

(C) by striking out "December 31, 1981" in paragraph (2)(A) and inserting in lieu thereof "December 31, 1983";

(D) by striking out "and (B) of paragraph (1)" in paragraph (2)(A) and inserting in lieu thereof "and (B)(ii)(I) of paragraph (1)";

(E) by inserting after "if" in paragraph (2)(A) the following: "(i) the Secretary of Health and Human Services determines, on a case-by-case basis, that";

(F) by striking out the period at the end of paragraph (2)(A) and inserting in lieu thereof the following:

", and (ii) the program has a comprehensive plan to reduce reliance on alien physicians, which plan the Secretary of Health and Human Services finds, in accordance with criteria published by the Secretary, to be satisfactory and to include the following:

"(I) A detailed discussion of specific problems that the program anticipates without such waiver and of the alternative resources and methods (including use of physician extenders and other paraprofessionals) that have been considered and have been and will be applied to reduce such disruption in the delivery of health services.

"(II) A detailed description of those changes of the program (including improvement of educational and medical services training) which have been considered and which have been or will be applied which would make the program more attractive to graduates of medical schools who are citizens of the United States.

"(III) A detailed description of the recruiting efforts which have been and will be undertaken to attract graduates of medical schools who are citizens of the United States.

"(IV) A detailed description and analysis of how the program, on a year-by-year basis, has phased down and will phase down its dependence upon aliens who are graduates of foreign medical schools so that the program will not be dependent upon the admission to the program of any additional such aliens after December 31, 1983."; and

(G) by inserting at the end of paragraph (2)(B) the following:

"The Secretary of Health and Human Services, in coordination with the Attorney General and the Director of the International Communication Agency, shall (i) monitor the issuance of waivers under subparagraph (A) and the needs of the communities (with respect to which such waivers are issued) to assure that quality medical care is provided, and (ii) review each program with such a waiver to assure that the plan described in subparagraph (A)(ii) is being carried out and that participants in such program are being provided appropriate supervision in their medical education and training.

"(C) The Secretary of Health and Human Services, in coordination with the Attorney General and the Director of the International Communication Agency, shall report to the Congress at the beginning of fiscal years 1982 and 1983 on the distribution (by geography, nationality, and medical specialty or field of practice) of foreign medical graduates in the United States who have received a waiver under subparagraph (A), including an analysis of the dependence of the various communities on aliens who are in medical education or training programs in the various medical specialties."; and

(8) by adding at the end the following new paragraph:

"(3) The Director of the International Communication Agency annually shall transmit to the Congress a report on aliens who have submitted affidavits described in paragraph (1)(E), and shall include in such report the name and address of each such alien, the medical education or training program in which such alien is participating, and the status of such alien in that program.".

(c) The amendments made by paragraphs (2), (5), and (6) of subsection (b) shall apply to aliens entering the United States as exchange visitors (or otherwise acquiring exchange visitor status) on or after January 10, 1978.

(d)(1) Section 101(a)(27) (8 U.S.C. 1101(a)(27)) is amended by striking out "or" at the end of subparagraph (F), by striking out the period at the end of subparagraph (G) and inserting in lieu thereof "; or", and by adding after subparagraph (G) the following new subparagraph:

"(H) an immigrant, and his accompanying spouse and children, who—

"(i) has graduated from a medical school or has qualified to practice medicine in a foreign state,

"(ii) was fully and permanently licensed to practice medicine in a State on January 9, 1978, and was practicing medicine in a State on that date,

"(iii) entered the United States as a nonimmigrant under subsection (a)(15)(H) or (a)(15)(J) before January 10, 1978, and

"(iv) has been continuously present in the United States in the practice or study of medicine since the date of such entry.".

(2) Section 245(c)(2) (8 U.S.C. 1255(c)(2)) is amended by inserting "or a special immigrant described in section 101(a)(27)(H)" after "an immediate relative as defined in section 201(b)".

(e) The Secretary of Health and Human Services, after consultation with the Attorney General, the Secretary of State, and the Director of the International Communication Agency, shall evaluate the effectiveness and value to foreign nations and to the United States of exchange programs for the graduate medical education or training of aliens who are graduates of foreign medical schools, and shall report to Congress, not later than January 15, 1983, on such evaluation and include in such report such recommendations for changes in legislation and regulations as may be appropriate.

SEC. 6. Section 223(b) (8 U.S.C. 1203(b)) is amended by striking out "one year from the date of issuance: *Provided*, That the Attorney General may in his discretion extend the validity of the permit for a period or periods not exceeding one year in the aggregate" and inserting in lieu thereof "two years from the date of issuance and shall not be renewable".

SEC. 7. Subsection (a) of section 237 (8 U.S.C. 1227) is amended to read as follows:

"(a)(1) Any alien (other than an alien crewman) arriving in the United States who is excluded under this Act, shall be immediately deported, in accommodations of the same class in which he arrived, unless the Attorney General, in an individual case, in his discretion, concludes that immediate de-

portation is not practible or proper. Deportation shall be to the country in which the alien boarded the vessel or aircraft on which he arrived in the United States, unless the alien boarded such vessel or aircraft in foreign territory contiguous to the United States or in any island adjacent thereto or adjacent to the United States and the alien is not a native, citizen, subject, or national of, or does not have a residence in, such foreign contiguous territory or adjacent island, in which case the deportation shall instead be to the country in which is located the port at which the alien embarked for such foreign contiguous territory or adjacent island. The cost of the maintenance including detention expenses and expenses incident to detention of any such alien while he is being detained shall be borne by the owner or owners of the vessel or aircraft on which he arrived, except that the cost of maintenance (including detention expenses and expenses incident to detention while the alien is being detained prior to the time he is offered for deportation to the transportation line which brought him to the United States) shall not be assessed against the owner or owners of such vessel or aircraft if (A) the alien was in possession of a valid, unexpired immigrant visa, or (B) the alien (other than an alien crewman) was in possession of a valid, unexpired nonimmigrant visa or other document authorizing such alien to apply for temporary admission to the United States or an unexpired reentry permit issued to him, and (i) such application was made within one hundred and twenty days of the date of issuance of the visa or other document, or in the case of an alien in possession of a reentry permit, within one hundred and twenty days of the date on which the alien was last examined and admitted by the Service, or (ii) in the event the application was made later than one hundred and twenty days of the date of issuance of the visa or other document or such examination and admission, if the owner or owners of such vessel or aircraft established to the satisfaction of the Attorney General that the ground of exclusion could not have been ascertained by the exercise of due diligence prior to the alien's embarkation, or (C) the person claimed United States nationality or citizenship and was in possession of an unexpired United States passport issued to him by competent authority.

"(2) If the government of the country designated in paragraph (1) will not accept the alien into its territory, the alien's deportation shall be directed by the Attorney General, in his discretion and without necessarily giving any priority or preference because of their order as herein set forth, either to—

"(A) the country of which the alien is a subject, citizen, or national;

"(B) the country in which he was born;

"(C) the country in which he has a residence; or

"(D) any country which is willing to accept the alien into its territory, if deportation to any of the foregoing countries is impracticable, inadvisable, or impossible.".

(b) Subsection (b) of such section is amended—

(1) by striking out "to the country whence he came" in clause (3) and inserting in lieu thereof "to the country to which his deportation has been directed"; and

(2) by striking out "collector of customs" each place it appears and inserting in lieu thereof "district director of customs".

(c) Subsection (c) of such section is amended to read as follows:

"(c) An alien shall be deported on a vessel or aircraft owned by the same person who owns the vessel or aircraft on which the alien arrived in the United States, unless it is impracticable to so deport the alien within a reasonable time. The transportation expense of the alien's deportation shall be borne by the owner or owners of the vessel or aircraft on which the alien arrived. If the deportation is effected on a vessel or aircraft not owned by such owner or owners, the transportation expense of the alien's deportation may be paid from the appropriation for the enforcement of this Act and recovered by civil suit from any owner, agent, or consignee of the vessel or aircraft on which the alien arrived.".

SEC. 8. Section 241(f) (8 U.S.C. 1251(f)) is amended to read as follows:

"(f)(1)(A) The provisions of this section relating to the deportation of aliens within the United States on the ground that they were excludable at the time of entry as aliens who have sought to procure or have procured visas or other documentation, or entry into the United States, by fraud or misrepresentation, whether willful or innocent, may, in the discretion of the Attorney General, be waived for any alien (other than an alien described in subsection (a)(19)) who—

"(i) is the spouse, parent, or child of a citizen of the United States or of an alien lawfully admitted to the United States for permanent residence; and

"(ii) was in possession of an immigrant visa or equivalent document and was otherwise admissible to the United States at the time of such entry except for those grounds of inadmissibility specified under paragraphs (14), (20), and (21) of section 212(a) which were a direct result of that fraud or misrepresentation.

"(B) A waiver of deportation for fraud or misrepresentation granted under subparagraph (A) shall also operate to waive deportation based on the grounds of inadmissibility at entry described under subparagraph (A)(ii) directly resulting from such fraud or misrepresentation.

"(2) The provisions of subsection (a)(11) as relate to simple possession of marihuana may, in the discretion of the Attorney General, be waived for any alien (other than an alien described in subsection (a)(19)) who—

"(A) is the spouse or child of a citizen of the United States or of an alien lawfully admitted for permanent residence, or

"(B) has a son or daughter who is a citizen of the United States or an alien lawfully admitted for permanent residence,

if it is established to the satisfaction of the Attorney General that the alien's deportation would result in extreme hardship to the United States citizen or lawfully resident spouse, parent, or son or daughter of such alien and that such waiver would not be contrary to the national welfare, safety, or security of the United States.".

SEC. 9. Subsection (f) of section 244 (8 U.S.C. 1254) is amended to read as follows:

"(f) The provisions of subsection (a) shall not apply to an alien who—

"(1) entered the United States as a crewman subsequent to June 30, 1964;

"(2) was admitted to the United States as a nonimmigrant exchange alien as defined in section 101(a)(15)(J), or has acquired the status of such a nonimmigrant exchange alien after admission, in order to receive graduate medical education or training, regardless of whether or not the alien is subject to or has fulfilled the two-year foreign residence requirement of section 212(e); or

"(3)(A) was admitted to the United States as a nonimmigrant exchange alien as defined in section 101(a)(15)(J) or has acquired the status of such a nonimmigrant exchange alien after admission other than to receive graduate medical education or training, (B) is subject to the two-year foreign residence requirement of section 212(e), and (C) has not fulfilled that requirement or received a waiver thereof.".

SEC. 10. Section 248 (8 U.S.C. 1258) is amended by striking out "except" and all that follows through the end and inserting in lieu thereof the following: "except in the case of—

"(1) an alien classified as a nonimmigrant under subparagraph (C), (D), or (K) of section 101(a)(15),

"(2) an alien classified as a nonimmigrant under subparagraph (J) of section 101(a)(15) who came to the United States or acquired such classification in order to receive graduate medical education or training, and

"(3) an alien (other than an alien described in paragraph (2)) classified as a nonimmigrant under subparagraph (J) of section 101(a)(15) who is subject to the two-year foreign residence requirement of section 212(e) and has not received a waiver thereof, unless such alien applies to have the alien's classification changed from classification under paragraph (J) of section 101(a)(15) to a classification under subparagraph (A) or (G) of such section.".

SEC. 11. Section 265 (8 U.S.C. 1305) is amended by striking out the first three sentences and inserting in lieu thereof the following: "Each alien required to be registered under this title who is within the United States shall notify the Attorney General in writing of each change of address and new address within ten days from the date of such change and furnish with such notice such additional information as the Attorney General may require by regulation.".

SEC. 12. Subsection (b) of section 274 (8 U.S.C. 1324) is amended to read as follows:

"(b)(1) Any conveyance, including any vessel, vehicle, or aircraft, which is used in the commission of a violation of subsection (a) shall be subject to seizure and forfeiture, except that—

"(A) no conveyance used by any person as a common carrier in the transaction of business as a common carrier shall be forfeited under the provisions of this section unless it shall appear that the owner or other person in charge of such conveyance was a consenting party or privy to the illegal act; and

"(B) no conveyance shall be forfeited under the provisions of this section by reason of any act or omission established by the owner thereof to have been committed or omitted by any person other than such owner while such conveyance was unlawfully in the possession of a person other than the owner in violation of the criminal laws of the United States or of any State.

"(2) Any conveyance subject to seizure under this section may be seized without warrant if there is probable cause to believe the conveyance has been used in a violation of subsection (a) and circumstances exist where a warrant is not constitutionally required.

"(3) All provisions of law relating to the seizure, summary and judicial forfeiture, and condemnation of property for the violation of the customs laws; the disposition of such property or the proceeds from the sale thereof; the remission or mitigation of such forfeitures; and the compromise of claims

and the award of compensation to informers in respect of such forfeitures shall apply to seizures and forfeitures incurred, or alleged to have been incurred, under the provisions of this section, insofar as applicable and not inconsistent with the provisions hereof, except that duties imposed on customs officers or other persons regarding the seizure and forfeiture of conveyances under the customs laws shall be performed with respect to seizures and forfeitures carried out under the provisions of this section by such officers or persons authorized for that purpose by the Attorney General.

"(4) Whenever a conveyance is forfeited under this section the Attorney General may—

"(A) retain the conveyance for official use;

"(B) sell the conveyance, in which case the proceeds from any such sale shall be used to pay all proper expenses of the proceedings for forfeiture and sale including expenses of seizure, maintenance of custody, advertising, and court costs; or

"(C) require that the General Services Administration take custody of the conveyance and remove it for disposition in accordance with law.

"(5) In all suits or actions brought for the forfeiture of any conveyance seized under this section, where the conveyance is claimed by any person, the burden of proof shall lie upon such claimant: *Provided,* That probable cause shall be first shown for the institution of such suit or action. In determining whether probable cause exists, any of the following shall be prima facie evidence that an alien involved in the alleged violation was not lawfully entitled to enter, or reside within, the United States:

"(A) Records of any judicial or administrative proceeding in which that alien's status was an issue and in which it was determined that the alien was not lawfully entitled to enter, or reside within, the United States.

"(B) Official records of the Service showing that the alien was not lawfully entitled to enter, or reside within, the United States.

"(C) Testimony, by an immigration officer having personal knowledge of the facts concerning that alien's status, that the alien was not entitled to enter, or reside within, the United States.".

SEC. 13. Section 286 (8 U.S.C. 1356) is amended—

(1) by redesignating subsection (b) as subsection (c) and by inserting "and subsection (b)" in that subsection after "Except as otherwise provided in subsection (a)", and

(2) by inserting after subsection (a) the following new subsection:

"(b) Moneys expended from appropriations for the Service for the purchase of evidence and subsequently recovered shall be reimbursed to the current appropriation for the Service.".

SEC. 14. Section 316(b) (8 U.S.C. 1427(b)) is amended by adding at the end the following: "the spouse and dependent unmarried sons and daughters who are members of the household of a person who qualifies for the benefits of this subsection shall also be entitled to such benefits during the period for which they were residing abroad as dependent members of the household of the person.".

SEC. 15. (a) Section 329(b) (8 U.S.C. 1440(b)) is amended by inserting "and" at the end of paragraph (3), by striking out "; and" at the end of paragraph (4) and inserting in lieu thereof a period, and by striking out paragraph (5).

(b) Section 334(a) (8 U.S.C. 1445(a)) is amended by striking out "and duly verified by two witnesses,".

(c) Section 335 (8 U.S.C. 1446) is amended—

(1) by striking out "and the oaths of petitioner's witnesses to the petition for naturalization" in the second sentence of subsection (b);

(2) by striking out subsections (f), (g), and (h); and

(3) by redesignating subsection (i) as subsection (f).

(d) Section 336 (8 U.S.C. 1447) is amended—

(1) by striking out "and the witnesses" each place it appears in subsections (a) and (b);

(2) by striking out subsection (c);

(3) by redesignating subsection (d) as subsection (c);

(4) by redesignating subsection (e) as subsection (d) and striking out the last sentence thereof; and

(5) by redesignating subsection (f) as subsection (e).

(e) Section 328(b)(2) (8 U.S.C. 1439(b)(2)) is amended by striking out "and section 336(c)" and "and the witnesses".

SEC. 16. Section 344(c) (8 U.S.C. 1455(c)) is amended by striking out "$6,000" each place it appears and inserting in lieu thereof "$40,000".

SEC. 17. Section 13(b) of the Act of September 11, 1957 (71 Stat. 642; 8 U.S.C. 1255b(b)), is amended by inserting after "Attorney General" the first place it appears the following: "that the alien has shown compelling reasons demonstrating both that the alien is unable to return to the country represented by the government which accredited the alien or the member of the alien's immediate family and that adjustment of the alien's status to that of an alien lawfully admitted for permanent residence would be in the national interest,".

SEC. 18. (a) Section 101 (8 U.S.C. 1101) is amended—

(1) by striking out "Office of Education of the United States" in subsection (a)(15)(F) and inserting in lieu thereof "Secretary of Education";

(2) by striking out the period at the end of each of subparagraphs (H), (J), and (K) of subsection (a)(15) and inserting in lieu thereof a semicolon;

(3) by striking out the period at the end of subparagraph (L) of subsection (a)(15) and inserting in lieu thereof "; or";

(4) by striking out the second sentence of subsection (a)(33); and

(5)(A) by striking out "or" at the end of subparagraphs (A) and (B) of subsection (b)(1),

(B) by striking out the period at the end of subparagraph (c) of such subsection and inserting In lieu thereof a semicolon, and

(C) by striking out the period at the end of subparagraph (E) of such subsection and inserting in lieu thereof "; or".

(b) Section 106(a)(1) (8 U.S.C. 1105a(a)(1)) is amended by striking out the period at the end and inserting in lieu thereof a semicolon.

(c) Section 202(b) (8 U.S.C. 1152(b)) is amended by inserting "and" before "(4)".

(d) Section 204(a) (8 U.S.C. 1154(a)) is amended by inserting out "of the relationships described in paragraphs" and inserting in lieu thereof "of a relationship described in paragraph".

(e) Section 212 (8 U.S.C. 1182) is amended—

(1) by inserting ")" in subsection (a)(32) after "is in the United States", and

(2) by adding at the end the following new subsection:

"(k) Any alien, excludable from the United States under paragraph (14), (20), or (21) of subsection (a), who is in possession of an immigrant visa may, if otherwise admissible, be admitted in the discretion of the Attorney General if the Attorney General is satisfied that exclusion was not known to, and could not have been ascertained by the exercise of reasonable diligence by, the immigrant before the time of departure of the vessel or aircraft from the last port outside the United States and outside foreign contiguous territory or, in the case of an immigrant coming from foreign contiguous territory, before the time of the immigrant's application for admission.".

(f) Section 221(a) (8 U.S.C. 1201(a)) is amended by striking out the period after "is charged" and inserting in lieu thereof a comma.

(g) Section 231(d) (8 U.S.C. 1221(d)) is amended by striking out "subsections" and inserting in lieu thereof "subsection".

(h)(1)(A) The eleventh sentence of subsection (b) of section 242 (8 U.S.C. 1252) is amended by striking out "or (18)" and inserting in lieu thereof "(18), or (19)".

(B) Subsection (e) of such section is amended by striking out "or (18)" and inserting in lieu thereof "(18), or (19)".

(2) Subsection (a) of section 244 (8 U.S.C. 1254) is amended by inserting "(other than an alien described in section 241(a)(19)" after "in the case of an alien" in the matter before paragraph (1).

(i) The fourth sentence of section 243(a) (8 U.S.C. 1253(a)) is amended by inserting a comma after "subject".

(j) Section 244(d) (8 U.S.C. 1254(d)) is amended—

(1) by striking out "nonpreference", and

(2) by striking out "203(a)(7)" and inserting in lieu thereof "201(a) or 202(a)".

(k)(1) Section 29 (8 U.S.C. 1361) is amended by striking out "quota immigrant, or nonquota immigrant" and inserting in lieu thereof "immigrant, special immigrant, immediate relative, or refugee".

(2) Section 349(a)(1) (8 U.S.C. 1481(a)(1)) is amended by striking out "nonquota immigrant" and inserting in lieu thereof "special immigrant".

(l) Section 309 (8 U.S.C. 1409) is amended—

(1) by striking out "(3), (4), (5), and (7) of section 301(a)" in subsection (a) and inserting in lieu thereof "(c), (d), (e), and (g) of section 301", and

(2) by striking out "301(a)(7)" in subsection (b) and inserting in lieu thereof "301(g)".

(m) Sections 320(b), 321(b), and 322(b) (8 U.S.C. 1431(b), 1432(b) 1433(b)) are each amended by striking out "a child adopted while under the age of sixteen years who" and inserting in lieu thereof "an adopted child only if the child".

(n) Section 322 (8 U.S.C. 1433) is further amended by adding after subsection (b) the following new subsection:

"(c) In the case of an adopted child (1) who is in the United States at the time of naturalization, and (2) one of whose adoptive parents (A) petitions for naturalization of the child under this section, (B) meets the criteria of clauses (A), (B), and (C) of section 319(b)(1), and (C) declares before the naturalization court in good faith an intention to take up residence within the United States immediately upon the termination of the employment described in section 319(b)(1)(B), no specified period of resi-

dence within the jurisdiction of the naturalization court or proof thereof shall be required.".

(o) The fourth sentence of section 337(a) (8 U.S.C. 1448(a)) is amended by striking out "or 323".

(p) Section 341 (8 U.S.C. 1452) is amended by striking out "(3), (4), (5), or (7) of section 301(a)" and inserting in lieu thereof "(c), (d), (e), or (g) of section 301".

(q) Section 349 (8 U.S.C. 1481), as amended by section 4 of Public Law 95-432, is amended by striking out the second "(a)" after "349.".

(r) Section 351 (8 U.S.C. 1483) is amended—

(1) by striking out "paragraphs (7), (8), and (9) of section 349" in subsection (a) and inserting in lieu thereof "paragraphs (6) and (7) of section 349(a)", and

(2) by striking out "(5), and (6)" in subsection (b) and inserting in lieu thereof "and (5)".

(s) Section 404 (8 U.S.C. 1101 note) is amended by inserting "(other than chapter 2 of title IV)" after "this Act".

(t) The table of contents is amended by striking out the items relating to sections 345, 350, 352, 353, 354, and 355.

(u)(1) Section 1429 of title 18, United States Code, is amended by striking out "subsection (e)" and inserting in lieu thereof "subsection (d)".

(2) The Act of March 16, 1956 (8 U.S.C. 1401a) is amended by striking out "301(a)(7)" and inserting in lieu thereof "301(g)".

SEC. 19. The numerical limitations contained in sections 201 and 202 of the Immigration and Nationality Act shall not apply to any alien who is present in the United States and who, on or before June 1, 1978—

(1) qualified as a nonpreference immigrant under section 203(a)(8) of such Act (as in effect on June 1, 1978);

(2) was determined to be exempt from the labor certification requirement of section 212(a)(14) of such Act because the alien had actually invested, before such date, capital in an enterprise in the United States of which the alien became a principal manager and which employed a person or persons (other than the spouse or children of the alien) who are citizens of the United States or aliens lawfully admitted for permanent residence; and

(3) applied for adjustment of status to that of an alien lawfully admitted for permanent residence.

SEC. 20. (a) Except as provided in subsection (b) and in section 5(c), the amendments made by this Act shall take effect on the date of the enactment of this Act.

(b)(1) The amendments made by section 2(a) shall apply on and after the first day of the sixth month beginning after the date of the enactment of this Act.

(2) The amendment made by section 16 shall apply to fiscal years beginning on or after October 1, 1981.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Kentucky (Mr. MAZZOLI) will be recognized for 20 minutes, and the gentleman from New York (Mr. FISH) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Kentucky (Mr. MAZZOLI).

Mr. MAZZOLI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 4327 is a noncontroversial legislative package that will improve the efficiency of the Immigration and Naturalization Service, promote a more equitable application of our immigration laws and, at the same time, save several millions of dollars over the next few years.

The legislation has overwhelming bipartisan support, having been approved unanimously by my Subcommittee on Immigration, Refugees, and International Law, and by voice vote by the full Judiciary Committee.

A similar bill passed the House last year.

It is strongly endorsed by the administration.

H.R. 4327 is the product of lengthy study and deliberations by the subcommittee which commenced in 1979 with an administration proposal to "improve the efficiency of the Immigration and Naturalization Service."

In addition, the committee bill includes a number of housekeeping provisions, some stemming from our consideration of private immigration bills and others relating to unnecessary and burdensome congressional reporting requirements.

Both sets of provisions are intended to promote a fairer and more efficient administration of our immigration law.

In general, the bill accomplishes this by eliminating some inequities in existing law, deleting certain requirements that have been proved to be impractical and unproductive, and clarifying certain provisions that have been affected by confusing and sometimes conflicting administrative and judicial decisions.

Let me now briefly highlight some of the major provisions of the bill:

Section 2 creates a new nonimmigrant classification for nonacademic students. This will enable INS to exercise greater control over this category of nonimmigrants and thereby minimize the incidence of abuse and misuse of student visas by nonacademic students and institutions.

Section 3 eliminates unnecessary paperwork by deleting the requirement that approved third and sixth preference visa petitions be reported to the Congress.

Section 4 allows the Attorney General in cases of extreme hardship to waive inadmissibility for simple possession of marihuana for persons who are spouses, parents or children of citizens, or of permanent residents.

Section 5 resolves several problems regarding foreign medical graduates. In particular, it grants permanent resident status to foreign medical graduates (FMS's) if they have been in this country for a lengthy period of time. It also extends the so-called substantial disruption waiver period to prevent a health-care crisis in localities and States which are heavily dependent on FMG's.

Section 7 allows excludable aliens to be deported to a variety of different countries, as opposed to existing law which limits deportation of such aliens to the country from "whence they came."

Section 11 eliminates the annual alien registration requirement but continues to require change of address and reporting requirements for nonimmigrants. According to the Congressional Budget Office, this alone will save $800,000 annually.

Section 12 makes several revisions to INS authority to seize and forfeit conveyances used in smuggling and transporting illegal aliens.

Section 15 eliminates certain naturalization requirements, including the need for two witnesses, whose utility is of marginal value. This section will result in a savings of $1 million annually.

Section 16 allows State courts with jurisdiction to naturalize aliens to retain up to $20,000 in naturalization fees, rather than the current $3,000. This will more adequately compensate the State courts for the increased volume of naturalization petitions and seek to assure that these courts do not withdraw from the naturalization process.

The Senate counterpart has introduced a similar bill cosponsored by its Members.

I urge my colleagues to join me in supporting this bill. It is an important first step in improving the administration and enforcement of our immigration law.

Mr. Speaker, I reserve the balance of my time.

Mr. FISH. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 4327 represents a bipartisan effort to streamline some of the operations of the Immigration Service. The bill incorporates many of the provisions of H.R. 7273, popularly known as the INS efficiency bill, which passed the House in the last Congress. The new administration, in hearings before the Immigration Subcommittee in June, reaffirmed the support given to this legislation by the prior administration. This year, I am pleased to serve again as a cosponsor of an important remedial measure that will minimize reliance on private bills to correct injustices, and eliminate wasteful statutory requirements, and streamline law enforcement to make the INS more efficient.

Congress recently embarked on a major immigration law reform effort that will require many months, and perhaps years, to complete. In March of this year the Select Commission on Immigration and Refugee Policy submitted to the President and the Congress a broad range of proposals. The House and Senate Immigration Subcommittees held joint hearings in May

to begin the congressional review of Select Commission recommendations. In July the administration described its proposals for immigration reform at another joint hearing of the House and Senate Immigration Subcommittees. Your House Immigration Subcommittee, in the weeks ahead, will hold a series of hearings on critical immigration issues.

Mr. Speaker, noncontroversial corrections in immigration law, however, need not await the resolution of major policy debates. Congress has the opportunity now to pass legislation that will facilitate INS activities, improve service, and promote greater fairness.

REDUCES NEED FOR PRIVATE BILLS

H.R. 4327 provides a public legislative remedy in particularly deserving categories of immigration cases—thus obviating the necessity for excessive reliance on private bills. Many private bills, for example, address hardship situations involving foreign medical school graduates. Recently enacted restrictions on the admission of physicians have created serious problems for communities during a period of transition. H.R. 4327 responds by protecting certain State-licensed foreign doctors who have been practicing medicine in the United States for a number of years. This legislation also recognizes that foreign doctors—who do not fully meet the new statutory standards—may continue to be needed for a limited period of time to prevent substantial disruptions in health services.

Congress frequently must consider individual immigration cases, through the private bill process, because the Immigration and Nationality Act fails to bestow appropriate discretion on decisionmakers. The Attorney General, for example, cannot waive the perpetual exclusion of a minor drug offender. H.R. 4327 gives the Attorney General discretion to waive exclusion for "simple possession of marihuana" in cases of extreme hardship to certain relatives in the United States. The availability of a discretionary waiver will not extend to trafficking or to possession of drugs other than marihuana. H.R. 4327 also removes adultery and simple possession of marihuana as absolute statutory bars to a finding of good moral character—a prerequisite to naturalization. The change will permit—but not compel—a finding of eligibility for citizenship.

SAVES RESOURCES AND PAPERWORK

H.R. 4327, coming at a time of financial stringency in the national budget, accomplishes a number of cost savings by eliminating requirements which serve no useful purpose. INS, as a result of the efficiency bill, no longer will generate the paperwork involved in submitting to Congress each year tens of thousands of reports on certain approved applications and waivers. Permanent resident aliens no longer will deluge the Service with annual registration forms but will continue to provide prompt notification of address changes. This modification in present reporting requirements will save the Service approximately $800,000 in the first year alone. The naturalization process will be streamlined with an estimated annual savings of $1.1 million. A critically understaffed Immigration Service presently is being diverted needlessly from important enforcement and service function. These provisions of H.R. 4327 will permit more efficient utilization of existing resources.

ENHANCES ENFORCEMENT OF IMMIGRATION LAW

Other sections of H.R. 4327 provide the Service with important enforcement tools. The bill broadens INS authority to deport excludable aliens by eliminating the restriction that an individual be sent only "to the country whence he came." Present law effectively prevents INS from expelling many people with no legitimate claim to remain in the United States. The change brings removal authority in exclusion cases into line with removal authority in deportation cases. H.R. 4327, in addition to expanding authority to enforce exclusion orders, authorizes the possible deportation of certain persons who enter the United States by fraud or misrepresentation but today enjoy protection against removal. Other changes, incorporated in this legislation, will prevent abuses of nonimmigrant status. Finally, H.R. 4327 will facilitate enforcement efforts greatly by removing unnecessary restrictions on the seizure and forfeiture of vessels used to transport aliens illegally to the United States.

I urge passage of this bill.

Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. LUNGREN), a member of the subcommittee.

Mr. LUNGREN. Mr. Speaker, I would like, first of all, to commend the chairman of the subcommittee and the ranking minority member for bringing this bill to the floor as expeditiously as it has been brought.

We passed a bill that was similar in nature to this bill last year; but there are, I believe, improvements in today's bill. Unfortunately, though, the other body did not have the time nor the wisdom to complete action on that bill and take us on our first step in a long journey toward bringing the Immigration and Naturalization Service into the 20th century—which is probably appropriate since we are now close upon entering the 21st century.

I say that only half facetiously, Mr. Speaker, because I think we have to point out the difficulties that are now attendant with respect to this Service. This is a Service that has been given a duty that is not much thought about until things go wrong. Last year, as we had the freedom flotilla from Florida, as we have had the small flotillas from Haiti, and as we have had the numbers of refugees coming to this country from Southeast Asia, we had our attention focused on this Service. Unfortunately, our focus here in the House seems to be of short duration, and we never seem to get serious about doing those things that must be done.

I think this bill is perhaps just a small step forward, but it is a step nonetheless in the direction we must go if we are going to have, first, an immigration policy that is articulable, and, second, an immigration law that is enforceable. At the present time, for many, many reasons, I think we have neither of those two requirements.

There are a number of changes that were made that have already been spoken of. Let me mention just two changes in passing. One of them has to do with foreign medical graduates.

We did extend a grandfather clause to allow alien physicians who entered the United States before 1978 to become residents if they were fully licensed and practicing medicine in their States after January 1978. The reason we did that and the reason we waived the requirement to take the qualifying examination and to have a tested English equivalency was that prior to that time these people had already come into the United States and had already been adjudged by their particular professional review boards in their States as having the requisite knowledge and skill to practice medicine in those States. The enforcement of the additional requirements was really not clear until that date. Therefore we thought it would be rather foolhardy of us to require of those people who have already proved themselves to be major contributors to their communities in taking care of their health needs that they had to take some steps that may or may not relate to their ability to provide care to those communities.

The other matter I would speak of is the section that deals with alien investors. In this particular case it might be good for my colleagues to know that prior to the effective date of June 1, 1978, our Government was attempting to attract foreign investors in this country with a promise of permanent residency. We set up some requirements as to how much they had to invest, and then they could come to this country and be rather assured that within a reasonable period of time they would enjoy a permanent resident status, with all of the privileges that that would give them. Unfortunately, on June 1, 1978, a new quota system went into effect by which all of the available numbers for permanent resident status that would be potentially available to this group of people were used up. In other words, they could come here and they

could remain here legally, but they were unable to leave the country and come back in. They were unable to bring in members of their family.

In the case of my particular district, a couple in my district had come here from overseas following the precise requirements of the law, made a financial commitment, and became a very meaningful part of one of the communities I represent. Then the rules of the game were changed on them, and they were unable to even bring their daughter here from overseas, so she had to remain behind.

Under those circumstances we felt that the most fair thing to do was to set the date under which no numbers were available, and, therefore, there was no reasonable reliance on the part of foreign investors coming into this country. In other words, what we tried to do was, as we have done in many other areas of this particular bill, to reach the equity decisions that we usually made as a result of private bills that were brought to our attention in our subcommittee.

I know that the chairman of the subcommittee and the ranking minority member have already spoken about the fact that we hope that in this bill we will find some ways to make more reasonable and understandable the work we do in our committee. I think we have chosen, out of myriad of problems that have been presented to us, those problems that can best be dealt with in terms of legislation of this nature.

For that reason, Mr. Speaker, I would ask that all Members support this bill.

● Mr. McCLORY. Mr. Speaker, I am pleased to join with my colleagues on both sides of the aisle in expressing support for H.R. 4327, legislation that will make many technical corrections in the Immigration and Nationality Act, save approximately $2 million annually, and provide new enforcement tools to the Immigration Service. Last year, H.R. 7273, a bill similar in many respects to H.R. 4327, enjoyed the support of the prior administration and passed the House of Representatives. I view it as quite significant that the present administration, after completing its review, expressed the continued support of the executive branch for this legislation. The Judiciary Committee and its Subcommittee on Immigration, Refugees, and International Law made a major effort to confine this bill to noncontroversial provisions and defer proposals for substantial policy changes to a later date.

This bill is a stronger legislative proposal as a result of an amendment adopted by the Committee on the Judiciary last month. The Attorney General's discretion to waive the exclusion of certain relatives of persons in the United States for narcotics offenses—other than trafficking—is now limited explicitly to simple possession of marihuana. Similarly, the elimination of narcotics offenses—other than trafficking—as an absolute bar to a finding of good moral character—required for naturalization—now is limited to cases of simple possession of marihuana.

My colleague, Congressman LUNGREN, of California, deserves credit for introducing this amendment at the full committee—and thus strengthening the bill we have before us today.

Another change, also incorporated by the full committee, retains the quarterly address reporting requirement for persons in lawful temporary resident status. Although reports of address changes by lawful permanent resident aliens adequately meet the needs of the Service, periodic address reports provide an important margin of additional enforcement capability in connection with nonimmigrants. Here I wish to underscore an important point made in the committee report:

> Although data accumulated by INS on nonimmigrants at this time is not readily accessible, it is the Committee's strong desire that sufficient resources be made available to make more meaningful the three-month reports submitted by nonimmigrants. As INS approaches a more advanced automated system, this data could be useful. It was well demonstrated during the Iranian crisis in 1980 that immediate access to records of nonimmigrants may be vital to our nation's security.

Mr. Speaker, Congressman BUTLER, of Virginia, offered the amendment at full committee to retain the nonimmigrant address reporting provision of current law.

The major contribution of H.R. 4327 relates to the enforcement assistance it will provide the Immigration and Naturalization Service. The elimination of unnecessary paperwork requirements can free Immigration Service employees to engage in necessary efforts to uncover violations of our immigration laws. Congress must attempt to meet the enforcement needs of a critically understaffed immigration service not only be restoring positions—as we have recently done—but also by eliminating wasteful paperwork that does not contribute to enforcement objectives.

H.R. 4327 directly addresses the issue of enforcement. The present requirement that an excluded alien be returned only "to the country whence he came" is replaced with INS authority to send the individual, if necessary, to any country willing to accept him. This brings INS authority in the execution of exclusion orders into line with enforcement power in the execution of deportation orders. The United States need not—and should not—be stuck indefinitely with a person here in contravention of our law merely because another country refuses to accept the excluded individual.

I commend my colleagues for their conscientious work on this legislation—including Congressman MAZZOLI, chairman of the Immigration Subcommittee, and Congressman FISH, ranking minority member of the subcommittee—and I enthusiastically advocate its passage.●

● Mr. RODINO. Mr. Speaker, the bill which the committee brings to the floor today, H.R. 4327, will assist the Immigration and Naturalization Service in rendering more efficient service to the public. I commend the chairman of the subcommittee and its members for their diligence in putting together this legislative package.

The committee has long been concerned with the operations of INS, and in recent years the myriad of problems thrust upon the Service have taxed its vital resources. Its manpower in such areas as naturalization, adjudications, and investigations has been diverted to address problems of national dimensions. Many aspects of this bill will streamline INS operations to insure more effective utilization of INS manpower.

Additionally, amendments to the Immigration and Nationality Act will provide a more uniform interpretation of the act. Certain provisions of the law have resulted in the separation of families, and the committee's role in the processing of private immigration bills has pointed to remedial legislation in this area. H.R. 4327 vests the Attorney General with discretionary authority to waive certain grounds of exclusion on behalf of spouses, parents, and children of U.S. citizens where the separation of families would result in extreme hardship.

I am pleased to be associated with this bill, and in particular section 5 relating to foreign medical graduates. The distinguished gentleman from California (Mr. WAXMAN), chairman of the Subcommittee on Health and the Environment, and I cosponsored a bill on this subject. I believe that the United States must reduce its reliance on FMG's without seriously disrupting health-care services in localities where there is a shortage of medical care. Section 5 of this bill addresses this issue in three ways.

First, it provides that doctors entering the United States for graduate medical training may remain for the duration of the program in which they are participating.

Second, it extends the "substantial disruption waiver" to assist certain parts of the country during a phase-down of reliance on FMG's for health-care needs.

Third, it provides a grandfather clause for those doctors who entered the United States in the early part of the 1970's and who have served the Nation's health-care needs at a time

when U.S. medical doctors were in short supply.

This committee and the Committee on Energy and Commerce worked closely in coordinating our efforts in this area, and I thank the members of that committee and particularly the gentleman from California (Mr. WAXMAN) for their support.

I wholeheartedly endorse this legislation and wish to emphasize that this is but one of a series of steps which this committee will undertake to achieve the goal of a more responsive and effective administration of our immigration laws.●

Mr. MAZZOLI. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. FISH. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER. The question is on the motion offered by the gentleman from Kentucky (Mr. MAZZOLI) that the House suspend the rules and pass the bill, H.R. 4327, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MAZZOLI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous material on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

EARTHQUAKE HAZARDS REDUCTION AND FIRE PROGRAM AUTHORIZATIONS

Mr. FUQUA. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3356) to amend the Earthquake Hazards Reduction Act of 1977 and the Federal Fire Prevention and Control Act of 1974 to authorize the appropriation of funds to the Director of the Federal Emergency Management Agency to carry out the earthquake hazards reduction programs and the fire prevention and control program, and for other purposes, as amended.

The Clerk read as follows:

H.R. 3356

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—EARTHQUAKE HAZARDS REDUCTION PROGRAM

SEC. 101. (a) Section 7(a) of the Earthquake Hazards Reduction Act of 1977 is amended by adding at the end thereof the following new paragraph:

"(3) There are authorized to be appropriated to the Director for the fiscal year ending September 30, 1982, $2,000,000 to carry out the provisions of sections 5 and 6 of this Act.".

(b) Section 7(b) of such Act is amended by striking out "and" after "1980;", and by inserting "; and $34,425,000 for the fiscal year ending September 30, 1982" before the period at the end thereof.

(c) Section 7(c) of such Act is amended by striking out "and" after "1980;", and by inserting "; and $27,150,000 for the fiscal year ending September 30, 1982" before the period at the end thereof.

(d) Section 7(d) of such Act is amended by inserting "; and $425,000 for the fiscal year ending September 30, 1982" before the period at the end thereof.

(e) Section 7 of such Act is further amended by adding at the end thereof of the following new subsection:

"(e) FUNDS FOR CERTAIN REQUIRED ADJUSTMENTS.—For the fiscal year ending September 30, 1982, there are authorized to be appropriated such further sums as may be necessary for adjustments required by law in salaries, pay, retirement, and employee benefits incurred in the conduct of activities for which funds are authorized by the preceding provisions of this section.".

TITLE II—FIRE PREVENTION AND CONTROL

SEC. 201. Section 17 of the Federal Fire Prevention and Control Act of 1974 is amended by adding at the end thereof the following new subsection:

"(d) Except as otherwise specifically provided with respect to the payment of claims under section 11 of this Act, to carry out the purposes of this Act for the fiscal year ending September 30, 1982, there are authorized to be appropriated—

"(1) $21,115,000, which amount shall include—

"(A) such sums as may be necessary for the support of research and development at the Fire Research Center of the National Bureau of Standards under section 18 of this Act, which sums shall be in addition to those funds authorized to be appropriated under the National Bureau of Standards Authorization Act for Fiscal Years 1981 and 1982, and

"(B) $654,000 for executive direction by the Federal Emergency Management Agency of program activities for which appropriations are authorized by this subsection; and

"(2) such further sums as may be necessary for adjustments required by law in salaries, pay, retirement, and employee benefits incurred in the conduct of activities for which funds are authorized by paragraph (1) of this subsection.".

TITLE III—MULTIHAZARD RESEARCH, PLANNING, AND MITIGATION

SEC. 301. (a) Pursuant to the Earthquake Hazards Reduction Act of 1977, the Federal Fire Prevention and Control Act of 1974, and title III of Public Law 96-472 (which recognized that "natural and manmade hazards may not be independent of one another in any given disaster"), and further recognizing that emergency personnel are often called upon to meet emergencies outside of their primary field of service, section 301 of Public Law 96-472 is amended—

(1) by inserting before the period at the end of the first sentence the following: ", and it is also recognized that emergency personnel are often called upon to meet emergencies outside of their primary field of service"; and

(2) by striking out "and" after the semicolon at the end of paragraph (5), by striking out the period at the end of paragraph (6) and inserting in lieu thereof a semicolon, and by adding after paragraph (6) the following new paragraphs:

"(7) conduct emergency first response programs so as to better train and prepare emergency personnel to meet emergencies outside of their primary field of service; and

"(8) conduct a program of planning, preparedness, and mitigation related to the multiple direct and indirect hazards resulting from the occurrence of large earthquakes.".

(b) Section 302 of Public Law 96-472 is amended—

(1) by inserting "(a)" after "SEC. 302."; and

(2) by adding at the end thereof the following new subsection:

"(b) For the fiscal year ending September 30, 1982, there are authorized to be appropriated to the Director—

"(1) not less than $4,939,000 to carry out section 301, which amount shall include—

"(A) not less than $700,000 to carry out the purposes of paragraphs (1) through (6) of such section,

"(B) such sums as may be necessary, but in any case not less than $939,000, for use by the United States Fire Administration in carrying out paragraph (7) of such section, and

"(C) not less than $3,300,000 to carry out paragraph (8) of such section with respect to those large California earthquakes which were identified by the National Security Council's Ad Hoc Committee on Assessment of Consequences and Preparations for a Major California Earthquake; and

"(2) such further sums as may be necessary for adjustments required by law in salaries, pay, retirement, and employee benefits incurred in the conduct of activities for which funds are authorized by paragraph (1) of this subsection.".

TITLE IV—GENERAL PROVISIONS

SEC. 401. Funds authorized to be appropriated by title I, title II, or title III may be transferred among the program categories listed in that title, except that neither the total funds transferred from any such program category nor the total funds transferred to any such program category may exceed 10 per centum of the amount authorized for that program category (or of the amount available for that program category after the application of section 402) unless—

(1) thirty calendar days have passed after the Director or his designee has transmitted to the Speaker of the House of Representatives, to the President of the Senate, to the chairman of the Committee on Science and Technology of the House of Representatives, and to the chairman of the Committee on Commerce, Science, and Transportation of the Senate a written report containing a full and complete explanation of the transfer involved and the reason for it, or

(2) before the expiration of such thirty days both chairmen have written to the Director stating that they have no objection to the proposed transfer.

For purposes of this section, the program activity or activities for which funds are authorized by each of the following provisions of law as amended by this Act shall be deemed to constitute one "program category": Subsections (a), (b), (c), (d), and (e) of section 7 of the Earthquake Hazards Reduction Act of 1977, paragraphs (1)(A), (1)(B), and (2) of section 17(d) of the Federal Fire Prevention and Control Act of 1974, and

paragraphs (1)(A), (1)(B), (1)(C), and (2) of section 302(b) of Public Law 96-472.

SEC. 402. If the total amount of the appropriations made by any appropriation Act for program activities within title I, or within title II, or within title III, for the fiscal year ending September 30, 1982, is less than the total amount authorized to be appropriated for those activities by this Act, the amount available from such appropriations for any particular activity shall bear the same ratio to the amount authorized to be appropriated for that activity by this Act as the total amount of the appropriations made by such appropriations Act for all included activities bears to the total amount authorized to be appropriated for all such program activities by this Act (with each ceiling and floor set forth within each title of this Act being reduced in the same ratio for purposes of determining the amounts so available), except to the extent specifically otherwise provided in the text of the Act making the appropriations for the program activities involved.

□ 1330

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Florida (Mr. FUQUA) will be recognized for 20 minutes, and the gentleman from Kansas (Mr. WINN) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Florida (Mr. FUQUA).

GENERAL LEAVE

Mr. FUQUA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter on the bill, H.R. 3356, presently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. FUQUA. Mr. Speaker, I yield myself such time as I may consume.

Today, we are considering authorization for appropriations for the Earthquake Hazards Reduction Act of 1977, the Federal Fire Prevention and Control Act of 1974 and a multihazard research, planning and mitigation program for fiscal year 1982 (H.R. 3356). The Committee on Science and Technology is again authorizing these programs in a single bill, since the responsibility for administration of both acts had been conveyed by Executive order (1978) to the Federal Emergency Management Agency. The committee has done an extensive oversight review of these programs in the course of this authorization process. I want to express my appreciation to Members on both sides of the aisle, particularly Mr. WINN, the ranking minority member of the Committee on Science and Technology, for their recommendations and guidance. I particularly want to comment Mr. WALGREN, chairman of the Subcommittee on Science, Research, and Technology for his excellent job of handling the legislation. Three days of hearings were held on this bill, with witnesses from the agencies involved, including FEMA, NSF, NBS, and USGS. Outside witnesses from academia, State, and local governments, and the private sector also participated.

Title I of the committee bill amends the Earthquake Hazards Reduction Act of 1977 by authorizing $65,000,000 to carry out the national earthquake program. This is an increase of $1,000,000 over the administration's request for fiscal year 1982, but a decrease of $500,000 in the amount reported by the Committee on Science and Technology on May 13. The total authorization figure represents a compromise between the Science and Technology and Interior Committees which both considered the bill and placed high priority on the earthquake program but reported slightly different total authorization figures. Funding priority for the program was prompted, among other warnings, by a recent White House report entitled, "An Assessment of Consequences and Preparations for a Catastrophic California Earthquake: Findings and Actions Taken." This report, prepared by the National Security Council's ad hoc Committee on Assessment of Consequences and Preparations for a major California earthquake stated that, "The United States is essentially unprepared for the catastrophic earthquake that is expected in California in the next 30 years."

The $1 million addition to the USGS budget is to be devoted to the first phase of establishing an operational earthquake prediction network in southern California. Experience has shown that anything but a stable and continuous data base for earthquakes weakens the value of the observations. The first phase would encompass the cost of two or three design studies to develop instrumentation now to minimize the time required for installation of a complete operational network in the future.

Title II, addressing the Federal Fire Prevention and Control Act, is an attempt to augment State and local efforts to reduce fire losses. The committee has authorized $2,115,000 to carry out the National Fire Prevention and Control Act. This total represents $300,000 above the administration's request, earmarked for more effective fire information outreach activities. The administration's request eliminated the newly established fire representatives in the 10 FEMA regions, designated by FEMA. The representatives were being used as a method to improve the outreach and dissemination programs between the U.S. Fire Academy and the 2 million firefighters across the country. During authorization hearings, representatives in the fire service expressed deep concern over the need for a more effective outreach and dissemination program from the U.S. Fire Academy. They commented that having 10 fire regional representatives was not necessarily the best outreach approach, but that more activity was needed. Therefore, the additional $300,000 is not earmarked to fund the 10 fire representatives in the FEMA regions, but is specifically targeted for proved effective outreach and dissemination activities which could include the delivery of training courses and new firefighting technology to more firefighters in the field. The issue of improving the outreach dissemination program of the U.S. Fire Administration is crucial in light of the fact that 80 percent of the fire service is volunteer. The effective delivery of fire information programs to these important individuals who most need them should be given a high priority within the U.S. Fire Administration budget.

In addition to reauthorization of earthquake and fire act programs, the committee recognizes that the research findings and knowledge gained in the development of comprehensive mitigation and planning efforts in the earthquake and fire area apply to other man-made and natural hazards as well. The committee authorizes $4,939,000 to carry out this program area. Of this total, not less than $3,300,000 is authorized to FEMA to conduct a program of planning, preparedness, and mitigations related to the multiple direct and indirect hazards resulting from the occurrence of large earthquakes, which were identified by the National Security Council ad hoc Committee on Assessment of Consequences and Preparations for a Major California Earthquake. The U.S. Fire Administration is authorized $939,000 to carry out the emergency first response programs, so as to better train and prepare emergency personnel to meet emergencies outside of their primary field of service. Also, $700,000 is authorized to the Federal Emergency Management Agency to carry out several multihazard research, planning, and mitigation projects which were mandated by Public Law 96-472 (FEMA 1981 authorization bill).

Mr. Speaker, the committees have worked hard to create a bill which will realistically address the problems of earthquake, fire, and other hazards. We realize that this is a tight budget year, but given the threat to life and property and the very real potential to mitigate the disasters, we urge favorable consideration and passage of H.R. 3356.

Mr. Speaker, I yield such time as he may desire to the chairman of the subcommittee, the gentleman from Pennsylvania (Mr. WALGREN), who has handled the hearings and the markup of this legislation in committee and has done a very, very fine job.

Mr. WALGREN. Mr. Speaker, I would also like to thank members of the Subcommittee on Science, Research and Technology and, in particular, the ranking minority member, Mrs. HECKLER, for their assistance in preparing the bill.

This is the second time that the Earthquake Hazards Reduction Act of 1977 has been reauthorized. In addition, this year marked the second year that FEMA has had the responsibility for implementing the Earthquake and Fire Acts. Since both of these programs are now part of FEMA, our subcommittee again decided it would be appropriate to authorize both acts in a single bill.

It is not a large authorization, but an important one. It expresses the intent of the two administrations and the Congress to bring our emergency preparedness planning together into a single streamlined program. We expect not only to achieve economy in these programs by using the complementary aspects of them to reinforce one another, but also to improve the delivery of emergency services so vital to the protection of our citizens. Communication capability is just one example of a support system that is vital to every kind of emergency; we have in fact placed special emphasis on this area in our authorization report.

I want to address directly the reason the committee included a small addition of funds for fire and earthquake programs above the President's request. We had a great deal of discussion within the committee, and with our colleagues on the Interior Committee. We all felt the need to maintain strong budget restraint in this as in all budget items this year. Yet in the two areas selected for small increases, the earthquake precursor monitoring system, and the fire outreach program, there seemed to be a pressing need.

In the fire case, especially, the testimony and background information pointed us overwhelmingly in this direction. As we spoke with both volunteer and paid firefighters, they stressed the importance to their work of obtaining the latest information concerning technical developments on firefighting. The firefighting establishment is a very decentralized one, and our testimony reflected the needs of those in the field to have access to the benefits of the research and experience at the fire academy.

In fact, I have had the pleasure recently of meeting the new Director of FEMA, General Giuffrida, and discussing the priorities he sees for his agency. He was not, I should add, on board early enough to take part in the initial discussions of budget priorities in this administration. I have discovered that one of his first acts was to reverse the deemphasis on outreach that had been planned by the last administration. I think we sense the same priorities and the committee bill reflects this emphasis.

In the earthquake area, the strongest motivation for action has come from an assessment from the executive branch itself, via the 1980 report, mentioned by Chairman FUQUA, of a National Security Council Committee: "An Assessment of Consequences and Preparations for a Major California Earthquake." In partial response to the well-considered priority steps listed by this report, the committee is recommending an additional $1 million for the USGS to be devoted to the first phase of establishing an operational earthquake prediction network in southern California. The establishment of this prediction network is extremely important. Currently, existing instrumentation networks in southern California are for earthquake prediction research, not for an operational earthquake prediction. The instrumentation and communication devices in place are not at the level of reliability that is needed for an operational system. Instrumentation networks must be geographically comprehensive and data generated must be analyzed immediately, 24 hours a day, at a central location. At present, the data from some instrumentation is collected about every few weeks. Consequently, we are approaching the occurrence of a catastrophic earthquake in southern California chiefly in a research mode. This description of current earthquake monitoring systems in southern California is characteristic of current earthquake monitoring systems throughout the United States. By fully instrumenting and monitoring one well-known fault area, the USGS will be laying the foundation on which to make reasonable predictions about earthquakes in other parts of the country. California is not alone in the threat of earthquake activity. One-third of the U.S. population lives in major or moderate seismic risk areas that are vulnerable to Earth movements strong enough to threaten life and property.

Mr. Speaker, fire and earthquake are not theoretical dangers to our citizens. The United States, along with Canada, continues to have the highest fire death rate in the world. The 7,800 fire deaths in 1979 are equivalent to having two jumbo jets crash in midair each and every month. The emergency personnel whose resources are affected by this legislation are a thin line of protection against the very real hazards and emergencies faced by our people in every area of this country. I urge your support for this important legislation and for our firefighters and emergency personnel in every community.

Mr. WINN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 3356 is an important piece of legislation. As the ranking minority member on the Science and Technology Committee I am well aware of the vital role played by the Federal Emergency Management Agency. In past years I have always supported FEMA's annual authorization. I intend to continue my support of their fine work.

This year's authorization does present a problem in that it is over the budget request. Our Science Research and Technology Subcommittee reported this bill to the full committee at the requested level. However, at the full committee level additional funds were put back in the bill. At the present time it is $1.3 million over the budget request. I realize that in a Federal budget of hundreds of billions of dollars, $1.3 million is a relatively small amount. But in the context of a $90 million FEMA authorization, a $1.3 million overrun is significant. This is, unfortunately, another example of a relatively small Federal agency or commission with a relatively small increase over the budget request that contributes to a very large total Federal deficit. I have been a strong supporter of the President's blueprint for national economic recovery. I have consistently supported holding agencies to the budget request as a means to that national recovery. I do not believe we should make an exception with FEMA, no matter how small the increase over the budget request.

Mr. Speaker, to a large degree this authorization is academic. It is my understanding that the appropriation bill which has already been agreed to is at the budget request. The FEMA authorization in the other body is also at the administration's request. It is my hope that in conference we will come down to that level.

Mr. FUQUA. Mr. Speaker, I yield 2 minutes to my distinguished colleague, the gentleman from Nevada (Mr. SANTINI).

Mr. SANTINI. Mr. Speaker, today we consider H.R. 3356, title I of which would reauthorize the Earthquake Hazards Reduction Act of 1977. I rise in support of this legislation.

The potential for damage to property and loss of life caused by a major earthquake is a serious national problem. Major recorded earthquakes have occurred in every region of the United States over the last 200 years. From Alaska to Texas, from Massachusetts to Hawaii, residents have felt the Earth shake and experienced the destructive force of a major earthquake. If there were a repeat of the San Francisco earthquake of 1906, estimates are that as many as 23,000 fatalities could occur and property damage could exceed $69 billion.

Given the present existence of the San Andreas fault and the prospect

that some day western California could drop off into the Pacific Ocean, creating a mass exodus to the State of Nevada that would necessitate a congressional redistricting that would undoubtedly be substantially influenced by PHIL BURTON, and that I would end up representing Tampa, Fla., rather than the State of Nevada, I am much concerned about the merit, poise, and thrust of this legislation.

In order to advance our knowledge of earthquakes and to develop a strategy to reduce the potential for death and destruction due to a major earthquake, the Earthquake Hazards Reduction Act was passed and signed into law in 1977. The act charges Federal Emergency Management Agency, U.S. Geological Survey, National Science Foundation, and National Bureau of Standards to study earthquakes, and to formulate plans and disseminate information necessary to reduce the hazards associated with earthquakes.

The USGS had studied earthquakes and their causes for many years prior to 1977. Under the act, the Geological Survey was assigned primary responsibility for earthquake prediction, earthquake hazards assessment, and induced seismicity studies. USGS also has joint responsibility with the National Science Foundation for fundamental earthquake research.

The result of work by USGS scientists over the last 4 years has been an improved understanding of the fundamental mechanics of earthquakes leading to the commencement of a prediction system. In addition, valuable information has been supplied to civil and State leaders, architects and engineers, and other Government agencies on seismic risk and potential destructive force of earthquakes to assist them in land use planning and design of structures in high risk areas.

I urge my colleagues to give careful consideration to the goals and purposes of the earthquake hazards reduction program.

□ 1345

Mr. FUQUA. Mr. Speaker, I just want to point out again, as I mentioned in my remarks, and also the distinguished ranking minority member mentioned, that the appropriation bill has conformed to the President's budget.

The Senate bill, as reported out of committee, conforms to the budget and it is our intention to try to conform our bill when we go to conference to that, even though I think some of the increases are justified, as outlined by the gentleman from Pennsylvania (Mr. WALGREN), but the budget situation being as it is this year, we will conform the bill to the budget guidelines.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. WINN. Mr. Speaker, I would like to point out to the gentleman from Nevada that possibly he might be the recipient of some very beautiful beaches if something would happen out in Las Vegas and if it would then become a port city, it would become very interesting.

Mr. Speaker, I have no further requests for time and I yield back the balance of my time.

● Mr. BROWN of California. Mr. Speaker, I rise in support of H.R. 3356, the earthquake hazards reduction and Federal fire prevention authorization, and multihazard research, planning, and mitigation program for the Federal Emergency Management Agency. While I support the entire bill, my remarks today will emphasize the earthquake program and the multihazard program.

The comments already made by the chairman of the Science and Technology Committee, Mr. FUQUA, and the chairman of the Subcommittee on Science, Research and Technology, Mr. WALGREN and the ranking minority member of the full committee, Mr. WINN, explain the basic reasons of this legislation, and why the authorization levels in this bill are being recommended. This legislation is a reauthorization of several laws we passed in the past few years. We continue to reauthorize these programs for a short period of time, this year for only 1 year, in order to maintain close oversight over the implementation of the critically important programs authorized.

In many ways, the consideration of this authorization bill today has a sense of unreality to it. First, as always, the authorization legislation sets upper limits on appropriations and establishes legislative guidelines for the expenditure of those funds. Since the Appropriations Committees have already indicated a lower priority for the programs in these bills, this legislation is essentially a congressional appeal to the executive branch to change its priorities, and seek additional appropriations. Without such administration support, I do not expect the Appropriations Committees to add money that is not wanted, even though it is needed.

Second, even as we debate this bill, the Reagan administration is cutting its own budget for Federal research, development, and planning programs. Rumors are that multimillion-dollar cuts, beyond those made by President Reagan last March, are being planned for the earthquake hazards reduction program in the National Science Foundation, the U.S. Geological Survey, and the Federal Emergency Management Agency. Specifically, I am told, fully one-half of the Federal earthquake prediction program has been targeted for cuts. Thus, while we debate a stay-in-place authorization bill today, requests are almost certain to be made to decimate the Federal research effort that has so painstakingly been put together over the last 6 years. I trust that the Congress will reject those requests, but even if we do, much of the damage will be done. The fact is, without executive branch leadership, difficult and complicated national programs, like our earthquake mitigation program, cannot be effectively implemented. If the Reagan administration is trying to reduce key elements of this program by half, it is hardly demonstrating constructive leadership.

The history of the earthquake hazards reduction program is not something everyone who will be voting on this bill cares to hear about. Yet it is important to note that the Federal law, which was aimed at an accelerated program to develop a workable earthquake prediction and mitigation program, originated under the Ford administration after U.S. scientists learned of a successful earthquake prediction program in China. To encourage the efficient use of resources, first the Ford administration and then the Carter administration recommended a multiagency, centrally coordinated Federal earthquake program. The program was moderately budgeted, with a small but steady increase in certain components of the overall program, especially earthquake prediction and the societal response to earthquakes. It is no secret that the Congress has not appropriated funds to the level recommended in 1976, but it has at least moved ahead.

This year, the March Reagan administration budget proposed relatively small decreases in this overall program, while creating uncertainty in the administration about it. The key uncertainty was with the Federal Emergency Management Agency, which was designated by the Carter administration as the lead Federal agency. The Science and Technology Committee report comments on the lead agency concept, and expressed its concern that FEMA was not fulfilling its responsibilities. Since we voted out this legislation, this situation has grown significantly worse. The new FEMA administrators seem oblivious to their legal and, I should add, public responsibility and obligation. The latest Reagan administration budget proposals have apparently been made, or are being made, without the awareness that there is a coordinated, interagency Federal earthquake program. The budget cuts being discussed in FEMA, USGS, and NSF which affect this program are severe and disproportionate. These ill-founded proposals are being made because of an absence of leadership and concern in the executive branch about a Federal program

that could save thousands of lives and billions of dollars.

Mr. Speaker, I do believe the FEMA programs, much like any other programs, can be made to work more efficiently and effectively. Better research coordination can save money. International cooperation can save money. More State and Federal government cooperation can save money. And a successful earthquake prediction program can save more billions of dollars than all of the budget-cutting votes we are likely to have in this Congress. If there was ever a case of budget cuts being pennywise but pound-foolish, the cuts in our earthquake hazards mitigation program qualify.

The other program on which I wish to comment is the multihazard research, planning, and mitigation efforts which the committee has asked the administration to implement. This is an excellent example of the type of initiatives this committee has taken to encourage the more efficient uses of scarce public resources. We have directed, in the multihazard section, the multiple use of emergency services personnel and equipment. We ask that the Reagan administration develop plans and programs to combine our scarce public resource dollars which are being spent on civil defense, police, fire, flood, and related emergency services into a multiuse response program. Among the activities we envision as cost effective would be an emergency services communications network. As anyone familiar with disasters of any type knows, communications is one of the key weak links which is consistently identified as needing correction.

In conclusion, Mr. Speaker, I urge my colleagues to think carefully before they vote against this bill. It is a modest bill which deserves your support. It would make no sense to vote "no" simply because our numbers do not match the OMB numbers.

Dr. Gilbert White, the Director of the Natural Hazards Research and Applications Information Center, recently wrote:

> The new federal policy of fiscal conservatism and divestment of federal activity . . . could enhance the trend toward decentralization of responsibility for land use, preparedness and reconstruction. . . . It could inspire larger support for the conduct of mitigation programs from citizen groups, private industry and local government.
>
> However, it will not do so unless the impacts of the new policies are timed and directed so as to strengthen the flow of action in established, constructive channels. Programs cannot be turned around without risk of losing their benefits. Unless carefully designed, new policies can either halt the current efforts or divert them into unproductive directions, just as a new constriction on a river can either deepen the channel or dissipate it in shallow overbank flow and backwaters.●

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Florida (Mr. FUQUA) that the House suspend the rules and pass the bill, H.R. 3356, as amended.

The question was taken; and (two-thirds have voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

Mr. FUQUA. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 999) to authorize appropriations for the Federal Fire Prevention and Control Act of 1974, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 999

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 17 of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2216), as amended, is further amended by adding at the end thereof the following:

"(d) There are authorized to be appropriated to carry out the provisions of this Act, except as otherwise specifically provided with respect to the payment of claims under section 11 of this Act, an amount not to exceed—

"(1) $21,100,000 for the fiscal year ending September 30, 1982, which amount includes not less than $4,009,000 for research and development for the activities under section 18 of this Act at the Fire Research Center of the National Bureau of Standards;

"(2) $23,632,000 for the fiscal year ending September 30, 1983, which amount includes not less than $4,490,080 for research and development for the activities under section 18 of this Act at the Fire Research Center of the National Bureau of Standards; and

"(3) $26,467,840 for the fiscal year ending September 30, 1984, which amount includes not less than $5,028,890 for research and development for the activities under section 18 of this Act at the Fire Research Center of the National Bureau of Standards.

The funds authorized under section 18 shall be in addition to funds authorized in any other law for research and development at the Fire Research Center of the National Bureau of Standards.".

MOTION OFFERED BY MR. FUQUA

Mr. FUQUA. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. FUQUA moves to strike out all after the enacting clause of the Senate bill, S. 999, and to insert in lieu thereof the provisions of the bill, H.R. 3356, as passed by the House.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read a third time, and passed.

The title of the Senate bill was amended so as to read: "A bill to amend the Earthquake Hazards Reduction Act of 1977 and the Federal Fire Prevention and Control Act of 1974 to authorize the appropriation of funds to the Director of the Federal Emergency Management Agency to carry out the earthquake hazards reduction programs and the fire prevention and control program, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R 3356) was laid on the table.

SPECIAL ORDER VACATED

Mr. FUQUA. Mr. Speaker, I ask unanimous consent that the special order heretofore entered into by the gentleman from New Jersey (Mr. DWYER) for November 9, be vacated and that it be ordered for November 10 for 60 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

PHOENIX AS TOP-10 CITY

(Mr. RUDD asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. RUDD. Mr. Speaker, Phoenix may seem like a small town to its longtime natives, but its sense of community and self-sufficiency continues to make Arizona's capital, one of our Nation's most attractive and workable metropolitan areas, a city.

An article in today's Washington Post, "Phoenix Risen From Desert to Top-10 City—Biggest Small Town in America," recounts this tremendous economic and population boom, and the resulting growing pains.

Phoenix Mayor Margaret Hance sums up these pains with the positive outlook which most Arizonans share, with these words:

> Arizona still has the western can-do attitude, the feeling that when times are bad, we can take care of ourselves.

Phoenicians, and all Arizonans, have reason to be proud of their leaders' willingness to preserve this "Western" attitude of citizen involvement and self-help.

PHOENIX RISEN FROM DESERT TO TOP-10 CITY

"BIGGEST SMALL TOWN IN AMERICA" NOW FACES PLURALISTIC POLITICS

(By Dan Balz)

PHOENIX.—First it was the airplane, which made Arizona as accessible to northerners as Florida. Then it was air conditioning, which saved people from sprinkling sheets on baking August nights. Cheap land attracted developers, the automobile defined the city's sprawl.

It happened almost overnight: in the middle of a desert, a 20th-century city.

But even with a 30 percent growth rate, booming Phoenix is not bustling.

"We were accused by an eastern writer of being the biggest small town in America," says Mayor Margaret Hance. "To me that's an accolade. It means the openness and friendliness has not disappeared."

Unlike other big cities, Phoenix has the feel and flavor of a small town. Its downtown is quiet by day, desolate by night. Its pace is noticeably slower than in many other large cities. Even its country music stations seem weeks behind those elsewhere.

Phoenix is built not around commerce but recreation, with acres and acres of parks and an outdoor lifestyle that is the principal attraction even for its best and brightest. But the focus of local political power is different.

For an increasing number of people here the small-town facade is giving way to the reality of urban life. They feel powerless and alienated from the city's decision-making. They especially object to the business establishment's degree of control and are fighting to create a new political balance here.

So far they have not been successful, but it appears their time is coming. City elections Nov. 3 could give a clue to how soon.

Most people say Phoenix, three times an All-American city, is attractive, enjoyable and efficiently run by the mayor, a six-member city council, and a strong city manager.

But as with many small towns, real power is exercised by the business and professional establishment, and Phoenix has raised this practice to a high—and increasingly controversial—art.

A few decades ago, this establishment was small. It included Eugene Pulliam, who published the extremely conservative local papers, and a handful of bankers and lawyers. In the late 1940s, they created an organization called Charter Government to help clean up the gambling and prostitution that then existed, and for almost 30 years, Charter Government hand-picked the mayor and the city council. To prevent the city government from having too much power, candidates generally served just two two-year terms.

In the middle 1970s, this informal power elite decided to annoint a new establishment. "Several of us got together and said, 'Why don't we form an organization of younger men with clout?'" says Frank Snell, 81, who came to Phoenix in 1927 and became one of its most powerful citizens.

The group is Phoenix 40, a Who's Who of the business establishment. Out of the Phoenix 40 has come a young leadership group, which each year picks about 45 men and women between the ages of 25 and 45, offers them training in leadership skills and grooms them for power. Phoenix 40 and its subsidiaries have contributed much to the city, but there is growing dissatisfaction with their ideas and their exclusionary approach to city government.

"They are the self-proclaimed group of city leaders," says Terry Goddard, a young lawyer who helped found Urban Focus, which is often at odds with Phoenix 40 over issues. "They have economic muscle and political muscle, and they keep the lid on."

The rapid increase in population is creating pressure for a new governing structure, possibly to expand the council and elect half of its members from districts. A petition drive is under way to put the question before the voters next spring, but the organizer is not confident of victory. "There's an irrational fear of Chicago-style ward politics taking over our clean city," says David C. Tierney.

But there are signs that the city establishment is less opposed to the idea than it has been in the past, and Mayor Hance believes it is inevitable. Changes in the council structure would likely guarantee representation for Hispanics, almost 20 percent of the population with no members on the council.

The nonpartisan city elections in November are also seen as a test. Mayor Hance is running without serious opposition for her fourth two-year term, but an interesting council race is under way. Charter Government has endorsed four of the six incumbents, but not the one black member and the one female, although its slate includes a woman and a wealthy Hispanic businessman.

One outsider trying to get in is Rick DeGraw, a professor at Arizona State University.

"The biggest issue here is that folks don't feel the city council represents them," DeGraw says. "There is an incredible vitality in this city, but it's slowly being eroded because people don't feel secure in their neighborhoods and the city has not done anything to make them feel secure."

But by the standards of older, industrialized cities, local politics here are bland and quiet. "You can argue apathy versus contentment from here to kingdom come," Hance says, admitting the lack of serious opposition concerns her. "Apparently our citizens are content with how things are going."

And how things are going.

Thirty years ago, there wasn't a square foot of shopping center space in the area. Today there are almost 9 million. Phoenix has gone from small town to the top 10 in America in little more than a generation.

It grew from 17 square miles and 107,000 people in 1950 to 329 square miles and 790,000 people in 1980. Its metropolitan area today is home to 1.5 million people. In the last decade alone, the city grew by 30 percent and the metropolitan area by more than 50 percent.

Yet, for a city of 800,000, Phoenix appears remarkably tension-free. Its economy is booming, fueled by the high-technology electronics industry; unemployment in August was 5.3 percent.

Housing is relatively inexpensive and plentiful, with open space for both leisure and future growth. Phoenix is one of the lowest-density big cities in the world, and 35 to 40 percent of its area is undeveloped.

"There aren't any flash points here," said George Britton, an aide to Arizona Gov. Bruce Babbitt and former city official in one of the Phoenix suburbs.

Phoenix is not without its share of big-city problems. Crime is on the minds of many people here, although Mayor Hance says crime decreased 11 percent in the first eight months of 1981.

Traffic is a growing irritant, because Phoenix is one of the few big cities in America without a freeway system. It hopes to have one someday, but without the help of the federal government, the cost may be prohibitive, despite recent approval of a sharp increase in the state gasoline tax.

Water was once thought to be the most serious threat to the city's future, but no longer, thanks to the Central Arizona Project, which will divert water from the Colorado River here beginning in 1985, and to a tough state groundwater policy that will reduce usage in the Phoenix area from about 220 gallons a day per person to about 100 gallons.

"Phoenix looks like it has been watered by Niagara Falls," says Babbitt. "But in wealthy suburbs, it's finally fashionable to have cacti."

The city prides itself on citizen involvement in government, on self-help and efficiency. After the taxcutting Proposition 13 was approved in California in 1978, several hundred citizens were put to work on Phoenix's capital needs.

They decided the city should raise $253 million through the sale of revenue bonds, went out and raised the money necessary for a campaign and got the bond issue approved in 1979.

This spring, when the Reagan administration's budget cuts began to take shape, a local builder called the mayor's office, Hance said, and offered to repair 550 miles of city streets free.

Then an anonymous donor gave $20,000 to keep open three city swimming pools. A service group donated $10,000 to the city's silent-witness program, which encourages people to help solve crimes. Another group of citizens took responsibility for putting lights up at a new park. And a Boy Scout troop adopted a city park and now provides regular maintenance.

"Arizona still has the western can-do attitude, the feeling that when times are bad, we can take care of ourselves," Hance says.

SAM BROWN, AN EMISSARY OF LOVE

(Mr. CAMPBELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. CAMPBELL. Mr. Speaker, last week brought a most personally satisfying accomplishment for me as a Member of Congress. Young Sam Brown, a 14-year-old ninth grader from Liberty, S.C., saw a dream come true because of a compassionate and understanding Reagan White House.

Everyone probably knows the story by now—how Sam 3 years ago wrote an admiring letter to President Sadat and received in return a trip to Egypt as a guest of the Egyptian Government; how then 12-year-old Sam made the trip on his own; how various Government crises prevented Sam from meeting with his hero; how the two remained in correspondence after Sam's trip.

The news of President Sadat's tragic assassination hit Sam hard. His dream of a personal meeting with the world leader could never come true now. But there was one thing that Sam felt he should do—if he could—and that was to make the journey to President Sadat's funeral to pay his last respects and to represent the average Americans who cared about the Egyptian President not just as a world leader but as a good and decent man.

It was at that point that my office got into the act. Sam's father, Mr. Donald M. Brown, called me to ask if there was any chance for Sam to be a

part of the official U.S. delegation to the funeral. Quite frankly, I was skeptical. After all, the delegation included three former Presidents and the Secretary of State, along with other very high level officials. It seemed impossible that an average teenager from South Carolina would be allowed to go.

Nevertheless, I called the White House and put in the request. Several hours later, the good news came through: Sam was a member of the official party.

The next morning, Sam was on his way to Washington. He was an instant celebrity and everyone wanted to talk with him. He faced the press at the Greenville-Spartanburg Jetport; he faced the press in Charlotte; but nothing had prepared him for the barrage of national media that was waiting for us in Washington. The airport was teeming with television crews. Sam hesitated a moment, took a deep breath, and bravely answered the questions that flew at him from all sides.

He handled himself beautifully. Sam was honest and sincere and captured the hearts of some of the most hard-boiled, cynical people in the world. One reporter was heard to say that he had come to cover the Sam Brown story reluctantly, but after meeting the boy, believed that Sam truly belonged on the American delegation as an emissary of love and friendship. My confidence in Sam's ability to represent us well at the funeral was reaffirmed during that day I spent with him.

Our day in Washington was a whirlwind with tours of the White House, the Capitol, and the Smithsonian. Sam wanted to see everything and to learn everything.

Finally, the time came for him to leave for Andrews Air Force Base where he would board Air Force One and embark on the greatest adventure of his life. Sam was excited, but he was sad too. He never lost sight of the fact that the purpose of his trip was to say goodbye to the man he admired most in the world.

Sam will do us proud.

AMENDMENT TO H.R. 3603, THE FOOD AND AGRICULTURE ACT OF 1981

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Vermont (Mr. JEFFORDS) is recognized for 5 minutes.

● Mr. JEFFORDS. Mr. Speaker, my distinguished colleague from Ohio and I plan to offer the attached amendment to H.R. 3603, the Food and Agriculture Act of 1981. Mr. PEASE and I are gratified by the support we have received from groups such as the National Milk Producers Federation, the National Grange, Bread for the World, and Friends Committee on National Legislation.

We hope that our amendment, which provides for the distribution of surplus commodities to senior citizens meal sites, child nutrition programs, and food banks, will also receive the support of our colleagues.

AMENDMENT TO H.R. 3603 OFFERED BY MR. JEFFORDS

Page 77, after line 2, insert the following new section:

DISTRIBUTION OF SURPLUS COMMODITIES

SEC. 1012. (a) Notwithstanding any other provision of law, whenever Government stocks of commodities are acquired under the price support program, such commodities shall be made available without charge or credit to nutrition projects under the authority of the Older Americans Act of 1965 (42 U.S.C. 3001, et seq.), to child nutrition programs providing food service, and to food banks participating in the food bank program established under section 211 of the Agricultural Act of 1980. Such distribution may include bulk distribution to congregate nutrition sites and to providers of home delivered meals under the Older Americans Act. The Commodity Credit Corporation is authorized to use available funds to operate the program under this section and to further process products to facilitate bonus commodity use.

(b) Section 211(a) of the Agricultural Act of 1980 is amended—

(1) in the first sentence by striking out "carry out demonstration projects" and inserting in lieu thereof "establish a program";

(2) in the second sentence by striking out "demonstration projects" and inserting in lieu thereof "program"; and

(3) by striking out the fourth and fifth sentences.

(c) Section 211(b) of the Agricultural Act of 1980 is amended—

(1) in paragraph (1) by striking out "demonstration projects conducted" and inserting in lieu thereof "program established"; and

(2) in paragraph (2)—

(A) by striking out "demonstration projects" and inserting in lieu thereof "program"; and

(B) by striking out "projects" each place it appears and inserting in lieu thereof "program".

(d) Section 211(c) of the Agricultural Act of 1980 is amended in the second sentence by striking out "projects" and inserting in lieu thereof "program".

(e) Section 211(d) of the Agricultural Act of 1980 is amended—

(1) by striking out ", 1982," and inserting in lieu thereof "of each year"; and

(2) by striking out "demonstration projects" and inserting in lieu thereof "program".

(f) Section 211(f) of the Agricultural Act of 1980 is amended by inserting after the word "appropriated" the phrase "such sums as may be necessary", and striking out "$356,000" and inserting in lieu thereof a period.

(g) Section 211 of the Agricultural Act of 1980 is amended—

(1) by redesignating subsection (f) as subsection (g); and

(2) by inserting after subsection (e) the following new subsection:

"(f) The Secretary shall minimize paperwork requirements placed on food banks which participate in the program established under this section and shall otherwise encourage food banks to participate in such program".

(h) The heading for section 211 of the Agricultural Act of 1980 is amended to read as follows: "DISTRIBUTION OF EXCESS AGRICULTURAL COMMODITIES THROUGH COMMUNITY FOOD BANKS".

(i) Section 4(b) of the Food Stamp Act of 1977 shall not apply with respect to distribution of surplus commodities under this section.●

REDUCTION PROPOSED IN OFFICES OF INSPECTOR GENERAL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. FOUNTAIN) is recognized for 5 minutes.

● Mr. FOUNTAIN. Mr. Speaker, there are now 16 statutory Offices of Inspector General in Federal departments and agencies. These offices have responsibility for monitoring the expenditure of around $400 billion annually in public funds. The combined budgets of all 16 offices account for about 6 cents of every $100 expended.

In a report issued on July 30 of this year, the Committee on Government Operations unanimously concluded that staffing and other resources available to the statutory IG offices are "grossly inadequate." The committee further concluded that the inadequacy of IG resources is particularly ironic and indefensible in the light of strong evidence that personnel of these offices return far more in savings and recoveries than the cost of hiring and supporting them.

In view of the above, I was both surprised and deeply concerned to find that the Office of Management and Budget's September 30, 1981, budget requests to the Congress propose a 12-percent across-the-board reduction in the already inadequate budgets of each IG office which has a separate budget line item. If approved, the proposed cuts would aggravate an already bad situation and have a devastating impact on the ability of the Inspectors General to carry out their statutory responsibilities.

I include with my remarks a copy of an October 7 letter to the President concerning the proposed cuts.

INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES SUBCOMMITTEE
Washington, D.C., October 7, 1981.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: During the past few months, you have often expressed your concern—and properly so—about waste and fraud in Federal programs and your determination to take corrective action.

In an address to a joint session of Congress on February 18, 1981, you described waste and fraud in Federal programs as a "national scandal" that "we are bound and determined to do something about." On

March 26, 1981, when you established the President's Council on Integrity and Efficiency, you emphasized that "The reduction of fraud and waste in the operation of all Federal programs is a major commitment and priority of my Administration." You also stated on that occasion that "we are going to follow every lead, root out every incompetent, and prosecute any crook we find who's cheating the people of this Nation. This I promise."

In a statement on April 16, 1981, you reaffirmed that ". . . we will not tolerate fraud, waste, and abuse of the taxpayers' dollars. Every allegation of wrongdoing, every investigative lead will be pursued thoroughly and objectively."

The abovementioned assurances were heartening. However, it is evident that your stated purposes cannot be fully accomplished with the resources presently available to the statutory Offices of Inspector General. These offices, as your Administration has recognized, are essential to the succcess of the fight against waste, fraud and abuse. However, in a July 30, 1981, report, the Committee on Government Operations unanimously found that staffing and other resources available to the statutory Offices of Inspector General are "grossly inadequate."

Although these offices have responsibility for monitoring the expenditure of around $400 billion annually in public funds, the report pointed out that total staffing for all 16 offices is well under 5,500 persons—substantially less than the number employed by the Los Angeles County sheriff alone.

As examples of problems facing Inspectors General, the report noted that the Environmental Protection Agency's OIG has only ten investigators, with a five-year backlog of uncompleted work, to look into fraud, waste and abuse in 12,000 water pollution control grants totaling $29 billion; the Commerce Department Office of Inspector General has such limited resources that there is a 36-year audit cycle for management audits.

The committee further concluded that the inadequacy of OIG resources is particularly ironic and indefensible in the light of strong evidence that additional personnel for these offices would return far more in savings and recoveries than the cost of hiring and supporting them. I might add, in this connection, that a Fact Book on The President's Campaign Against Waste and Fraud issued by OMB in July 1981 indicated that there was an average of $5.50 in questioned costs for every budgetary dollar spent by the statutory Offices of Inspector General during the first six months of fiscal year 1981, without including very substantial additional savings resulting from improved operations and the deterrent value of criminal prosecutions.

In view of the above, I was both surprised and deeply concerned to find that OMB's September 30, 1981, budget requests to the Congress propose a 12-percent reduction in the already inadequate budgets of each Office of Inspector General which has a separate budget line item.

Mr. President, if these proposed cuts are finally approved by the Congress, it will undoubtedly necessitate the firing of a large number of experienced auditors and investigators and deal a crippling blow to the work of their offices. Moreover, since these auditors and investigators are saving and recovering far more than it costs to hire and support them, it will result in a substantial net loss—not a saving—to the taxpayers.

Frankly, Mr. President, I find it hard to believe that you are aware of and personally support these proposed cuts. This is particularly true in view of your statement in a nationwide address on September 24 that ". . . the black market in food stamps must be stopped, the abuse and fraud in Medicaid by beneficiaries and providers cannot be tolerated. . .".

The battle against fraud in the food stamp program is being led by the Agriculture Department's Office of Inspector General, which was instrumental in obtaining more than 600 indictments for food stamp violations during fiscal year 1981. If the proposed cut is approved, that office will be forced to dismiss some of the investigators whose work has led to these indictments.

Approval of the proposed cuts would also necessitate a severe curtailment of the operations of the HHS Office of Inspector General, which has responsibility for combating abuse and fraud in the Medicaid program.

Moreover, there would be little hope that the gap left in the ranks of these Inspectors General could be filled through greater assistance from the Federal Bureau of Investigation, since OMB has proposed a reduction of nearly $48 million in the funds to be appropriated for the FBI.

Mr. President, I urge you to take immediate action to rescind the proposed reductions in the budgets of the statutory Offices of Inspector General and to request increased resources for those Inspectors General who desperately need them.

Sincerely,

L. H. FOUNTAIN,
Chairman.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. BURGENER (at the request of Mr. MICHEL), for today and the balance of the week, on account of serving as a delegate to the North Atlantic Assembly.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. DAUB) to revise and extend their remarks and include extraneous material:)

Mr. EDWARDS of Oklahoma, for 60 minutes, Thursday, October 15.

Mr. JEFFORDS, for 5 minutes, today.

(The following Members (at the request of Mr. FUQUA) to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 15 minutes, today.

Mr. FOUNTAIN, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. DAUB) and to include extraneous matter:)

Mr. WILLIAMS of Ohio.

Mr. BLILEY.

Mr. LUNGREN.

Mrs. SNOWE in two instances.

(The following Members (at the request of Mr. FUQUA) and to include extraneous matter:)

Mr. ANDERSON in 10 instances.

Mr. GONZALEZ in 10 instances.

Mr. BROWN of California in 10 instances.

Mr. ANNUNZIO in six instances.

Mr. JONES of Tennessee in 10 instances.

Mr. BONER of Tennessee in five instances.

Mr. LAFALCE.

Mr. GAYDOS.

Mrs. SCHROEDER in two instances.

Mr. SCHUMER.

Mr. ROYBAL.

SENATE BILL, JOINT AND CONCURRENT RESOLUTIONS

A bill and joint and concurrent resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1672. An act to expand the membership of the United States Holocaust Memorial Council from 60 to 65 and for other purposes; to the Committee on Post Office and Civil Service.

S.J. Res. 100. Joint resolution to authorize the participation of the United States in a multinational force and observers to implement the treaty of peace between Egypt and Israel; to the Committee on Foreign Affairs.

S. Con. Res. 4. Concurrent Resolution expressing the sense of the Congress with respect to implementing the objectives of the International Year of Disabled Persons (1981); to the Committee on Foreign Affairs.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1181. An act to increase the pay and allowances of members of the uniformed services, and for other purposes;

S. 1191. An act to extend for 3 additional years the provisions of the Fishermen's Protective Act of 1967 relating to the reimbursement of U.S. commercial fishermen for certain losses incurred incident to the seizure of their vessels by foreign nations; and for other purposes; and

S. 1712. An act to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

BILL PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval a bill of the House of the following title:

H.R. 3136. An act to amend the Foreign Assistance Act of 1961 with respect to the

activities of the Overseas Private Investment Corporation.

ADJOURNMENT

Mr. FUQUA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 48 minutes p.m.), the House adjourned until tomorrow, Wednesday, October 14, 1981, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2324. A letter from the Acting Comptroller General of the United States, transmitting his review of the deferrals and revised deferrals of budget authority contained in the message from the President dated September 10, 1981 (H. Doc. No. 97-90), pursuant to section 1014 (b) and (c) of Public Law 93-344 (H. Doc. No. 97-98); to the Committee on Appropriations and ordered to be printed.

2325. A letter from the Director, Office of Management and Budget, Executive Office of the President, transmitting a cumulative report on rescissions and deferrals of budget authority as of October 1, 1981, pursuant to section 1014(e) of Public Law 93-344 (H. Doc. No. 97-99); to the Committee on Appropriations and ordered to be printed.

2326. A letter from the Certifying Officer, Pacific Northwest River Basins Commission, transmitting notice of a violation of the Anti-Deficiency Act, pursuant to section 3679(i)(2) of the Revised Statutes, as amended; to the Committee on Appropriations.

2327. A letter from the Deputy Assistant Secretary of Defense (Administration), transmitting notice that the Navy intends to waive the requirement for the examination of records by the Comptroller General from a contract by the United Kingdom, pursuant to 10 U.S.C. 2313(c); to the Committee on Armed Services.

2328. A letter from the Acting Deputy Assistant Secretary of Defense (Facilities, Environment, and Economic Adjustment), transmitting notice of the location, nature, and estimated cost of a construction project proposed to be undertaken by the Air Force Reserve, pursuant to 10 U.S.C. 2233a(1); to the Committee on Armed Services.

2329. A letter from the Secretary of Education, transmitting proposed final regulations for the safeguarding of national security information, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

2330. A letter from the Secretary of Education, transmitting a proposed regulation establishing the 1982-83 expected family contributions for the Pell grant, national direct student loan, college work-study, and supplemental educational opportunity grant programs, pursuant to section 482(a)(2) of the Higher Education Act of 1965, as amended; to the Committee on Education and Labor.

2331. A letter from the Chairperson, National Advisory Council on Adult Education transmitting the annual report of the Council for calendar 1980, pursuant to section 313 of Public Law 89-750; to the Committee on Education and Labor.

2332. A letter from the Acting Vice President for Government Affairs, National Railroad Passenger Corporation, transmitting a report covering the month of July 1981 on the average number of passengers per day on board each train operated, and the ontime performance at the final destination of each train operated, by route and by railroad, pursuant to section 308(a)(2) of the Rail Passenger Service Act of 1970, as amended; to the Committee on Energy and Commerce.

2333. A letter from the Acting Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on Foreign Affairs.

2334. A letter from the Secretary of Energy, transmitting the fourth quarterly report on biomass energy and alcohol fuels, pursuant to section 218(a) of Public Law 96-294; jointly, to the Committees on Agriculture, Energy and Commerce, and Science and Technology.

2335. A letter from the Acting Comptroller General of the United States, transmitting a report on scientific performance accountability systems for research grants made by the National Science Foundation and the National Institutes of Health (PAD-81-29, September 30, 1981); jointly, to the Committees on Government Operations, Energy and Commerce, and Science and Technology.

2336. A letter from the Acting Comptroller General of the United States, transmitting a report on taxation of the life insurance industry (PAD-81-1, September 17, 1981); jointly, to the Committees on Government Operations and Ways and Means.

2337. A letter from the Secretary of Health and Human Services, transmitting a draft of proposed legislation to amend Public Law 94-241, which approved the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, to change the effective date of the applicability of the U.S. social security system to the Commonwealth; jointly, to the Committees on Interior and Insular Affairs and Ways and Means.

2338. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a draft of proposed legislation to provide for the operation and maintenance of the Panama Canal under the Panama Canal Treaty of 1977, to amend certain laws applicable to the Panama Canal, and for other purposes; jointly, to the Committees on Merchant Marine and Fisheries, Post Office and Civil Service, and the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[*Submitted Friday, Oct. 9, 1981*]

Mr. HOWARD: Committee on Public Works and Transportation. H.R. 4503. A bill to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes; with an amendment (Rept. No. 97-270). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CONTE:

H.R. 4731. A bill to amend title 14 of the United States Code to allow the Secretary of the respective department in which the Coast Guard is operating to lease housing facilities for assignment to military personnel on sea duty; to the Committee on Merchant Marine and Fisheries.

By Mr. KASTENMEIER:

H.R. 4732. A bill to amend title 35 of the United States Code to set Federal standards for permissible employee preinvention, and for other purposes; to the Committee on the Judiciary.

By Mr. SKELTON (for himself, Mr. RATCHFORD, and Mr. RUDD):

H.R. 4733. A bill to amend title II of the Social Security Act to terminate the payment of benefits thereunder to inmates of penal institutions; to the Committee on Ways and Means.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

208. By the SPEAKER: Memorial of the Legislature of the State of California, relative to refugees; to the Committee on the Judiciary.

209. Also, memorial of the Legislature of the State of South Carolina, relative to the cost of dredging port facilities and harbors; jointly, to the Committees on Merchant Marine and Fisheries and Public Works and Transportation.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 1595: Mr. BINGHAM.

H.R. 2439: Mr. STUDDS.

H.R. 2640: Mr. COELHO.

H.R. 3465: Mr. MINETA.

H.R. 4457: Mr. NEAL, Mr. YATES, Mr. DOWNEY, Mr. LENT, Mr. ROBERT W. DANIEL JR., Mr. SEIBERLING, and Mr. EMERY.

H.R. 4567: Mr. WILLIAMS of Ohio.

H.R. 4673: Mr. LAGOMARSINO, Mr. BENNETT, Mr. SNYDER, Mr. ROBINSON, Mr. HAGEDORN, Mr. BURGENER, Mr. DAN DANIEL, Mr. BENJAMIN, Mr. LEE, Mr. LUNGREN, Mr. BENEDICT, Mr. RAILSBACK, Mr. GEPHARDT, Mr. MCDONALD, Mr. ROTH, Mr. MOLINARI, and Mr. CHENEY.

H.J. Res. 72: Mr. CONTE, Mr. JENKINS, Mr. PRICE, Mr. ZABLOCKI, Mr. MCGRATH, Mr. DAN DANIEL, Mr. FASCELL, Mr. BUTLER, Mr. BREAUX, Mr. WAMPLER, Mr. LIVINGSTON, Mr. RALPH M. HALL, Mr. ALEXANDER, Mr. WEAVER, Mr. BEILENSON, Mr. NELLIGAN, Mr. FINDLEY, Mr. EDGAR, and Mr. NATCHER.

H. Con. Res. 178: Mr. ERDAHL, Mr. TAYLOR, Mr. STANGELAND, Mr. FROST, Mr. MURTHA, Mr. SNYDER, Mr. PASHAYAN, Mr. BEARD, Mr. FUQUA, Mr. SHELBY, Mr. BOWEN, Mr. KRAMER, Mr. COLEMAN, Mr. SHUMWAY, Mr. BROOMFIELD, Mr. GREGG, Mr. ANTHONY, Mr. WHITTEN, Mr. CORCORAN, Mr. WALKER, Mr. VANDER JAGT, Mr. SAWYER, Mr. LUNDINE, Mr. MCGRATH, Mr. HALL of Ohio, Mr. ROEMER, Mr. LUJAN, Mr. FORD of Michigan, Mr.

STRATTON, Mr. ANDREWS, Mr. AKAKA, Mr. FLIPPO, Mr. HENDON, and Mr. NEAL.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

234. By the SPEAKER: Petition of Angie Stanley, Malvern, Ark., relative to public employee unions; to the Committee on Education and Labor.

235. Also, petition of the 123d convention of the International Typographical Union, Montreal, Canada, relative to the Hobbs Act; to the Committee on Education and Labor.

236. Also, petition of F. S. Schoenberg, Philadelphia, Pa., et al., relative to regulation of citizens' band radio; to the Committee on Energy and Commerce.

237. Also, petition of the 123d convention of the International Typographical Union, Montreal, Canada, relative to social security; jointly, to the Committees on Post Office and Civil Service and Ways and Means.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3603

By Mr. FINDLEY:

—Strike section 101 and insert in lieu thereof the following:

SEC. 101. (a) Effective October 1, 1981, section 201(c) of the Agricultural Act of 1949, as amended, is amended to read as follows:

"(c)(1) For the period beginning October 1, 1981, and ending December 1982, the price of milk shall be supported at the level of $13.10 per hundredweight for milk containing 3.67 per centum butterfat.

"(2) Beginning January 1, 1983, the price of milk shall be supported at such level not in excess of 90 per centum nor less than 70 per centum of the parity price therefor as the Secretary determines necessary in order to assure an adequate supply of pure and wholesome milk to meet current needs, reflect changes in the cost of production, and assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs, reestablished annually as of January 1 of each year: *Provided*, That, if the Secretary estimates, as of January 1 of 1983, 1984, or 1985, that net Government purchases of dairy products, for any such calendar year, will equal or exceed four billion pounds milk equivalent, the support price for such calendar year shall not be in excess of that which was in effect at the end of the previous calendar year: *Provided further*, That if such price for any calendar year has not been increased as of January 1 in accordance with the preceding proviso, the Secretary shall reestimate, as of June 30 of that year, net Government purchases of dairy products during that calendar year and, if such reestimate is less than four billion pounds milk equivalent, he shall adjust, effective July 1 of that year, the support price to not less than 70 per centum of parity price therefor, but in no event shall the adjusted support price be less than the support price currently in effect.

"(3) Such price support shall be provided through purchases of milk and the products of milk.".

(b) Subsection (d) of section 201 of the Agricultural Act of 1949, as amended, is repealed.

EXTENSIONS OF REMARKS

CONYERS INTRODUCES LEGISLATION FOR PUBLIC OIL AND GAS DEVELOPMENT CORPORATION

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1981

● Mr. CONYERS. Mr. Speaker, few things today are as important as solving America's energy problems. The cost of energy, particularly foreign oil, is a major factor behind runaway inflation and unemployment. In 1981, the United States will spend in excess of $80 billion on oil imports; nearly 36 percent of all the oil we consume comes from abroad. In 1979 and 1980, energy price increases accounted for roughly 38 percent of the inflation increase in the United States.

CONYERS INTRODUCES LEGISLATION FOR PUBLIC OIL AND GAS DEVELOPMENT CORPORATION

Creating a national energy program that is responsive to consumers and that is under public control is the key to solving the economic problems we face. Unfortunately, very little has been done so far to deal with the major obstacles: the need to lessen the dependence on foreign oil and to curb the inordinate control that the big oil companies exercise over the entire energy field; the need to control and roll back the prices consumers pay for energy; and the need to create new energy sources.

Today I am introducing the Federal Oil and Gas Development Act of 1981 (H.R. 4712) the purpose of which is:

To protect the rights of the American people to the oil and gas resources that exist on Federal public lands;

To accelerate the development and production of the enormous oil and gas resources that exist on Federal lands;

To assure that the public receives a fair return on the value of Federal oil and gas production; and

To provide full information to the public on oil and gas resources that exist on Federal lands.

The legislation I have introduced, along with an earlier bill to create a Federal oil import agency (H.R. 1851), goes a long way toward curbing dependence on foreign oil, bringing down the price of oil and gas, and lessening the control of the oil companies.

The existing system whereby private individuals and corporations obtain oil and gas leases on Federal lands has proven itself to be contrary to national interest and subject to widespread abuse. The legislation that I am introducing represents a clean break with the past. It provides for a completely new approach by creating a Federal corporation along the lines of TVA to handle all new oil and gas production on Federal lands. This alternative approach has operated successfully abroad and, for the past 40 years, in Long Beach, Calif., through the Long Beach oil properties department.

Under the leasing system, basic geophysical data required to make reliable estimates of reserves is treated as proprietary information by the lessees. The Department of Energy and Interior obtain only the information that the lessees voluntarily furnish.

The Government also relies on generally unaudited information from the firms that are producing oil and gas on Federal lands and therefore lacks fully reliable information on the amounts of such production. There is evidence presented in a recent GAO report that the Government fails to collect millions of dollars of royalties that are due to it.

The Mineral Leasing Act of 1920 provides for the awarding of leases to private persons for the exploration, development, and production of oil and gas on Federal lands. Leases for land with known oil or gas deposits are awarded on a competitive basis. However, many leases are assigned through a noncompetitive lottery system. Widespread fraud and abuse have been uncovered in regard to the awarding of noncompetitive leases through lotteries. Last February the Secretary of the Interior suspended the lotteries and urged Congress to reform the system. At that time Frank Gregg, Director of the Bureau of Land Management stated that—

"The evidence suggests that the noncompetitive leasing system has been subjected to such thorough manipulation that the possibility of lawful bona fide participants successfully obtaining a lease has in many cases been reduced to a very low level."

The Secretary indicated that as much as 80 percent of the applications may have involved fraudulent practices because of the ability of third parties to buy up individual leases for purely speculative gain. "What you want it to do," Guy Martin, an Assistant Secretary of the Interior, commented, "is to create greater oil and gas development, not just a market for speculation."

New legislation in dealing with the extraction of oil and gas on Federal lands is needed for the following reasons:

First, oil and gas production in the United States can be substantially increased and oil imports correspondingly reduced by a vigorous program of exploration, development, and production on Federal lands, onshore and offshore.

The present leasing system leaves the initiative for bringing in production of more oil and gas almost completely in the hands of the lessees, subject only to due diligence clauses in the leases which are generally only weakly enforced.

Under the leasing system, a national policy to insure oil and gas production on Federal lands can only be effectuated by increasing the economic incentives to the oil and gas producers, that is, by raising prices. Even then, there is no assurance that the volume of oil imports will be reduced because the level of oil imports relative to domestic production rests on the relative profitabilities of foreign and domestic oil rather than on price alone.

Second, the Federal Oil and Gas Development Corporation would exercise full initiative in deciding upon the times, geographical locations, and rates of drilling according to a rational plan of resource development. This would enable the establishment of a sequence of priorities for the exploration, development, and extraction of oil and gas on Federal lands, taking into account geological promise, regional needs, and transportation facilities. Under the present leasing system, the sole determinant of oil and gas exploration and development priorities is the outlook for maximum profit-making.

Third, the existing system of the leasing of oil and gas mineral rights on Federal lands yields a poor financial return to the people of the United States.

The reasons for the poor rate of return are several.

One is that oil and gas mineral rights are leased without adequate knowledge by the Federal Government of the prospects for discovering oil and gas, the amounts of oil and gas likely to be discovered, and the likely costs of extraction, which results in leases that are undervalued at the time of leasing.

Another is that the royalty system under mineral rights leasing allows 80 percent or more of the sales prices of the oil and gas, less costs of exploration and development, to be retained by the lessee. Under the Federal Oil and Gas Development Corporation, the private contractors would receive a much smaller percentage of the net profits. In the case of the Long Beach Oil Properties in California, an existing public corporation of similar purpose, the private contractors receive 4 percent of net profits.

Finally, oil and gas production from each field controlled by the Corporation can be set at the maximum efficient recovery rate instead of the lesser rates as often the case at present because of the lessee's interest elsewhere. As for example the holding back of domestic production in favor of more profitable oil imports.

Fourth, considerable oil and gas production is locked in, or at least indefinitely delayed, because of an inadequate mechanism to enforce due diligence clauses with respect to timely exploration and development. Under the proposed act, the Secretary of the Interior, the Secretary of Energy, and the President of the Corporation would be required to review annually the performance of all existing lessees on Federal lands. Those lessees not exercising due diligence would be subject to the cancellation of their leases under the existing terms of the leases. The mineral rights for oil and gas would then be automatically transferred to the Corporation.

The bill provides a new framework for oil and gas development on Federal lands:

The Secretary of the Interior will continue to oversee the management of all Federal lands with respect to environmental protection and make the determination on which lands exploration and development will be opened.

For all unleased lands that are available for development, the new independent Federal Oil and Gas Development Corporation will assume control. In place of leases it will solicit contracts on a competitive basis that will specify the proposed percentage of profits that shall be paid to the contractor, the amount of any initial bonus, and the fees

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

that the contractor incurs for the cost of exploration and development.

The Corporation shall be responsible for the sale of any oil and gas developed on Federal lands to qualified buyers so as to insure that supplies are allocated equitably and competition among refiners is maximized.

The rights to leases that expire or are canceled for reason of failure to exercise due diligence shall be transferred from Interior to the Corporation.

The Corporation consists of a five-member board, appointed by the President with Senate consent whose members can serve a maximum of two 17-year terms.

The Corportion will be operated as a quasi-private firm using established business procedures.●

A TRIBUTE TO SAMUEL PLOTKIN

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1981

● Mr. SCHUMER. Mr. Speaker, it is a great honor for me to have the opportunity to pay special tribute to an individual who has devoted himself to the betterment of his community.

On November 7, 1981, Samuel Plotkin is being honored by the Brookdale Hospital Medical Center. For 25 years, as a member of Brookdale's Associate Board of Directors, and for the last decade as its chairman, he has worked tirelessly for the causes he believes in.

Samuel has continuously shown his friendship and devotion to worthy causes; especially those involving victims of disease, accident, or the cruel adversity of birth injury or defect. He is now receiving the public accolades he so rightly deserves.

In community and civic activities, as in business, and in Government, Samuel has ascended to a position of leadership in every institution and organization to which he has applied his energy, his talents, and his steadfastness of purpose.

In a variety of other endeavors, Samuel Plotkin has helped our community to be a better place. He has made a substantial contribution to the education and development of handicapped, retarded, and disturbed children as board chairman and current president of the Brooklyn School for Special Children. In addition he is the director, and secretary of the New York City Industrial Development Agency; consultant to the Job Development Authority of New York State; past president of the Congregation B'nai Israel of Midwood; and treasurer of the Brooklyn Society for the Prevention of Cruelty to Children.

Samuel Plotkin is a man of the highest caliber, it is with warm affection and deep appreciation that we in Brooklyn are proud to call him one of our own.●

SOCIAL SECURITY: TOWARD A BIPARTISAN SOLUTION

HON. THOMAS J. BLILEY, JR.

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1981

● Mr. BLILEY. Mr. Speaker, solving the financial crisis currently facing the social security system is, perhaps, the greatest challenge confronting the Congress. Social security taxes are already too high, yet revenues are not sufficient to meet current benefit obligations. Every minute of every day, the social security system trust funds are losing $12,300. Clearly, something must be done.

It is the obligation of this Congress to the retired men and women who depend on social security for survival, as well as to those who are now supporting the system through their payroll taxes, to find and enact a permanent solution to the social security system's funding crisis.

All alternatives should be examined fully. However, Congress should not enact any legislation that creates an additional hardship for those senior citizens who depend on social security as their primary means of support. Furthermore, the Congress should not enact legislation that will jeopardize those who have already based their plans for the near future on the benefits available under the current retirement system.

I am convinced that working together we can find a bipartisan solution to the social security funding crisis. Together, we can make social security better meet the needs of the elderly, the disabled and the truly needy—those whom social security was originally designed to serve. At the same time, we can restore to social security a measure of fiscal certainty which older Americans deserve and have a right to expect.

I want to take this opportunity to share the results of my social security constituent questionnaire with my colleagues in hope that the results will serve as a small, yet useful, contribution to our search for a truly bipartisan solution to the social security crisis.

	Percent	
	Yes	No
1. Raise the retirement age from 65 to 68	36	64
2. Change the timing of the cost-of-living adjustment	61	39
3. Increase the social security payroll tax on current employees and businesses	29	71
4. Use general tax revenues for social security benefits	56	44
5. Discourage early retirement before 65 by reducing benefits	62	38
6. Reduce the number of people eligible for disability benefits	80	20
7. Eliminate the nonretirement programs added onto social security over the years	90	10
8. Prohibit so-called double-dipping by those receiving social security and a federal pension	83	17
9. Remove the limit on outside earnings while collecting social security	78	22
10. Include Federal employees under the social security system	69	31

●

LEV ELBERT: RELIGIOUS FREEDOM AND THE RIGHT TO EMIGRATE

HON. MIKE LOWRY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1981

● Mr. LOWRY of Washington. Mr. Speaker, as a participant in the Congressional Call to Conscience Vigil, I would like to call the attention of this body to the plight of Lev Elbert and his family, who have been refused permission to leave the Soviet Union.

Lev Elbert is a devout Jew whose deep religious convictions were doubtless learned from his father, a Soviet Army hero who was decorated seven times. Lev Elbert refuses to work on the Sabbath and on "subbotnik" days, when labor is volunteered to the state. His application for permission to emigrate was originally turned down on the grounds that his military service gave him access to state secrets—although he had served with a construction battalion that built a swimming pool. Since the first refusal, in October 1977, the reason has been changed to "insufficient kinship."

Lev and his wife Inna are prominent members of Kiev's Jewish community. Their religious activities have resulted in harassment by the authorities, and vicious newspaper articles have been published about them. Aside from my letters, they have received no mail since January. Their home has been searched, and books confiscated. Lev continues to run the risk of losing his job as an engineer. His father is in poor health and has a weak heart. His brother Michael has been attacked and severely beaten.

Lev and his family have only one reason for hope, and that is the concern for their well-being that has been expressed by many Americans. I have heard from several people who visited the Elberts, and were unceremoniously taken in for questioning as a result. One of these visitors commented that the Soviet authorities repeatedly asked him why an American Congressman was interested in the Elberts.

I know that every Member of this body would answer that question in the same manner: as long as freedom of worship and the freedom to emigrate are denied anywhere in the world, then all Americans will join in the struggle to guarantee these basic human rights. I am very proud that Lev Elbert calls me his friend. I pledge to speak out on his behalf as long as necessary.●

G. C. MURPHY CO. OBSERVES 75TH ANNIVERSARY

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1981

● Mr. GAYDOS. Mr. Speaker, On October 22, the residents of McKeesport, Pa., will join with area businessmen and officials of the Mon-Yough Chamber of Commerce to commemorate the founding of a small store that grew to be one of the largest retail chains in the Nation.

It was in 1906 when a Mr. George C. Murphy opened a "Five and Ten Cent" shop. Today there are 448 G. C. Murphy stores across the country. The home office, however, with its 950 employees remains in McKeesport and the company is a key component in the economic backbone of the area.

G. C. Murphy's is a store chock-full of nostalgia for many residents of McKeesport. It was in Murphy's where thousands of starry-eyed youngsters were taken to wander up and down the aisles of the toy department, testing the windup wonders of the time and giving parents some clue as to what would delight them at Christmas. Murphy's was where mothers purchased thread, needles, and material to make clothes for toddlers. It was where fathers bought lunch buckets for work. It was Murphy's that signaled the end of summer vacation by advertising back-to-school sales of notebooks, paper, and pencils.

Mr. Murphy built his little store into a small chain of 10 stores in southwestern Pennsylvania before they were purchased in 1911 by John S. Mack and Walter C. Shaw, cofounders of what now is the G. C. Murphy Co.

Under the leadership of these two men, the company prospered. Sales of the company increased from $251,000 in 1911 to more than $800 million in 1980.

Operations expanded with the years. In the 1950's the firm began to spread across country; in the 1960's as shopping centers became popular, Murphy's located in their midst. In 1970, the company launched a new era in its retailing history by opening the first "Murphy Mart" discount store in nearby Bethel Park, Pa.

These "Marts" are a far cry from the early company stores. They range in size from 32,000 to 72,000 square feet of selling space. They are single-floor operations in high-traffic surburban sites with large parking lots. Many are equipped with modern quality restaurants and snack bars. To give the customer total shopping services, the Marts usually are complemented by supermarkets and banks.

Today, the G. C. Murphy Co. is led by two men who have continued the firm's tradition and reputation. C. H. Lytle is president and chief executive officer and T. F. Hudak is chairman of the board and senior vice president.

They represent a company that is far more than an economic unit or a major employer in the McKeesport area. The G. C. Murphy Co. is a good neighbor to every community in which it is located.

Therefore, Mr. Speaker, it gives me a great deal of pleasure to extend to the officers and employees of the G. C. Murphy Co. in McKeesport and throughout the country on the occasion of the firm's 75th anniversary, the congratulations of my colleagues in the Congress of the United States and our best wishes for success in the years to come.●

DR. MALCOLM C. TODD

HON. DAN LUNGREN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1981

● Mr. LUNGREN. Mr. Speaker, tomorrow, in my hometown of Long Beach, a lifelong friend of mine, Dr. Malcolm C. Todd, will be honored for his work as the founding chairman of the board of the Long Beach Community Development Services Corp. This organization was developed to coordinate programs for assisting and training the poor and to facilitate the efficient expenditure of different local and Federal social programs.

Dr. Todd was the 129th president of the American Medical Association, serving from 1974 to 1975. He has been active as a delegate and president of the California Medical Association. From 1970 to 1972, Dr. Todd was U.S. Delegate to the World Health Organization. He has been a member of various health advisory committees.

All of these are important, Mr. Speaker, but perhaps the most significant fact is that Dr. Todd continued in the private practice of Long Beach as a general surgeon. While we many times hear from so-called experts in the medical field who have never treated a patient or who last saw a patient in a professional context when in their last year of residency, Dr. Todd has successfully melded positions of medical and political leadership with a successful medical practice.

I can personally state that Dr. Todd's commitment to his local community, his State, and his Nation has come at no small sacrifice. His many hours of volunteer work with only the hope that his contribution would make things better are examples that many communities would be happy to have emulated.●

PERU'S DEMOCRATIC AND ECONOMIC RECOVERY

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1981

● Mrs. SCHROEDER. Mr. Speaker, last month I shared with my collegues an August 30, 1981, New York Times article on Peru, "A Third World Cinderella."

A column by Flora Lewis, "Good News From Peru," in the October 12, 1981, Times contains additional information about the country's democratic and economic recovery:

GOOD NEWS FROM PERU

(By Flora Lewis)

LIMA, PERU, Oct. 11—In depressing days, Peru is a place of encouraging news and enthusiasm. President Fernando Belaúnde Terry, fairly elected with a whopping vote after 12 years of military dictatorship, puts his goal tersely.

"My biggest hope is to consolidate democracy," he said in an interview. He is going about it with a combination of economic conservatism, social populism and developmental vision that could provide a remarkable example for Latin America.

There are some key factors favoring and endangering the attempt. The main advantage is that everybody knows how thoroughly the years of military rule, strongly leftist for the first seven years, ruined the economy and damaged the country. It left a terrible legacy of inflation, debt and dismay, but peaceful transition was possible because even the military realized what a mess they made.

An unexpected compensation was the new crop of highly competent, finely trained politico-technicians, many of them once Dr. Belaúnde's students.

Their program is tough. Inflation was 80 percent last year when the new regime took over, 60 percent this year, and next year's goal is 45 percent. Subsidies are being removed, and the Government is getting out of business. There were 17 public enterprises when the military took over in 1968. They mushroomed to 178 by 1978.

The new plan is to limit the state mainly to infrastructure—transport, health, education—and seek productive investments from the private sector. It sounds very Reaganish, but Peru's economic team refuses to put a label on it.

Their rhetoric is full of social concern and political liberalism. There has been a wave of terrorist bombings, against property not people. They refuse to be panicked into repression. "We must build in torment," Dr. Belaúnde said.

All this makes for a marvelously refreshing breeze in the gun-metal atmosphere of much of Latin America.

"He gives us an umbrella and keeps us together," the infectiously dynamic Minister of Labor, Alfonso Grados, said of the visionary President. Mr. Grados is part of a three-man top economic group. He points proudly to the fact that labor is now considered as important an element in planning as finance or petroleum and mines. His thesis is "tripartite consultation"—labor, business and government trying to work out austerity measures in concert. One result—the last

general strike was a flop and production is rising.

"You have your doubts," he says when he has explained the ambitious program to enlist labor support by raising wages while cutting subsidies and unemployment. "So do I," he adds quickly with a laugh, a reassurance that here dogma has been related to the back shelf and realism is to reign.

The long-range hope is to break the vicious Latin American cycle of dictatorship and disorder and instead to build steadily. Peru is a vast country with virgin lands and unexplored riches, but the population is growing at a dangerous 3 percent.

Less than a quarter of the people are literate. History is autocratic. But there is a spirit of fresh effort, of potential to be seized, which gives something of an American frontier-style credibility to this new spurt of initiative.

After a military flirt with the Soviet Union, which provided $1 billion in arms, relations with the U.S. are good. There are some shadows, mainly the disastrous drop in silver prices because the U.S. is unloading its stockpile for domestic reasons, and the abrupt replacement of Edwin Corr, the admired U.S. Ambassador.

Instead of complaining, Dr. Belaúnde says, "Power is very relative in such a country as this. We feel a great impetus. There is plenty of will, but limited resources." It is a message that rulers of much bigger, as well as smaller, countries could ponder to their benefit.

Peru isn't a neat case history of a country that swerved far left turning back to democracy and moderation. The military coup in 1968 wasn't a revolutionary mass movement, although an impatience with the slogging, democratic way of development remains. Outrageous poverty is real.

But the reversal does provoke the question of how to judge the political point of no return. What permits a country to pull back from dictatorship, of left or right, without throwing it into another dictatorship?

Peruvian leaders don't pretend to have a ready answer, though they suggest that isolation can push an authentic social movement over the brink. They are for talking to everyone, and taking a long view.

And they would subscribe to the warning of Carlos Guerrero, a Spaniard who runs a wonderful hotel in Cuzco and believes ardently in Peru's future.

"The transition to democracy means working at it," he said. "When someone plunges in the sea and drowns, you can't blame the sea. You must learn to swim." Here, democracy in its most ordinary sense is a hope, not a menace.●

A SALUTE TO MR. JOSIAH H. WELCH

HON. NICHOLAS MAVROULES

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1981

● Mr. MAVROULES. Mr. Speaker, at this time, I would like to share with my colleagues my pride in the outstanding achievements of Mr. Josiah H. Welch, a constituent of mine from Newburyport, Mass. Mr. Welch was awarded the Woodworth Memorial Award by the Independent Insurance Agents of America (IIAA) at their 85th annual convention held in Hawaii this past September. The award is the highest honor IIAA bestows and was presented by IIAA President Robert Reynolds. IIAA, which was founded in 1896, established the Woodworth Memorial Award in 1925 in memory of the late C. H. Woodworth, one of the original founders of the association. Mr. Speaker, IIAA presents this accolade to an individual who has distinguished himself in outstanding service, dedication and contribution to the American Agency System and does so only when such a candidate can be found.

The myriad of services performed by Mr. Josiah H. Welch, both within the Independent Insurance Agents of America and in his community, entitle him to accept this award with distinction, Mr. Speaker. He served as president of the Independent Insurance Agents of Massachusetts and was chairman of IIAA's Diamond Jubilee Convention, the Agency Development Committee, the Agency Contracts Committee, and for 6 years chaired the Small Agency Committee. In addition to being chairman of these four committees, he served on the Stanford Research Implementation Committee, was a 6-year member of the Technical Conference Committee, and for 3 years was a member of the IIAA Executive Committee.

Aside from his position as president and treasurer of Chase & Lunt, Inc., in Newburyport, Mass., Mr. Welch accepted additional responsibilities in his community and is a past president of the Newburyport Rotary Club and the local Chamber of Commerce. He is a trustee of the Newburyport Public Library, Governor Drummer Academy, the Wheelright Scientific School, and the Mosely Fund of Social Services. He is also vice president of the Anna Jacques Hospital, vice president and director of the First Ocean National Bank, president of the Newburyport Maritime Society, a director of the local health center, and has somehow found time to make 105 speaking appearances before State associations, local boards, and other agent groups.

Mr. Speaker, Mr. Welch's prestigious record of service has been acknowledged previously, and he is a four-time recipient of the IIAA Presidential Citation. His record of long and meritorious devotion deserves the time we take here to add our congratulations and to salute Josiah H. Welch along with IIAA.●

TRIBUTE PAID TO EDITOR JAMES F. BROWN

HON. LYLE WILLIAMS

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1981

● Mr. WILLIAMS of Ohio. Mr. Speaker, I would like to take this opportunity to pay tribute to a fine gentleman and a dear friend of mine. His name is James F. Brown. He is retiring after 42 years of service to the Warren (Ohio) Tribune Chronicle. Mr. Brown has been with the Tribune since 1939. His only break in service to the paper came during World War II when he left to serve in the South Pacific with the 33rd Infantry Division.

During his years with the newpaper, Mr. Brown rose from the position of correspondent to reporter to city editor and to the positions of editor in chief and editorial page editor. During his illustrious career, Mr. Brown was a constant inspiration to those who worked with him and to the entire community. His tireless devotion to duty, his ever-present smile and warm personality endeared him to many.

Mr. Brown is the type of man that made America great. He was among the generation of hardworking individuals whose industry and talent helped America rise to a position of greatness earlier in this century. It was men, such as James F. Brown, who gave of themselves to their jobs, their community, and to their country. He, and others like him, were the caring people whose unselfishness and sense of fair play helped make America and the entire free world a better place in which to live.

Since he was named editorial page editor in 1979, Mr. Brown's editorials have won numerous national, regional, and State awards from United Press International, the Associated Press Society of Ohio, the Inland Press Association, and the American Legion.

In addition to his duties at the newspaper, Mr. Brown worked tirelessly for many civic organizations. Among his community activities are service as president of the Warren Hearing Research Foundation and membership in the Warren Library Association and Warren Rotary Club. He was also an elder of the First Presbyterian Church in Warren where he founded and, for several years, edited a newspaper for the congregation.

He is married to the former Gene Ash, retired director of public relations for the Trumbull County (Ohio) Chapter of the American Red Cross. They have two children and three grandchildren.

As Mr. Brown embarks on his retirement, I want to wish him good luck and Godspeed on a rest well deserved. He will be missed, but not forgotten.●

EARTHQUAKE PREDICTION AND BUDGET CUTS

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1981

● Mr. BROWN of California. Mr. Speaker, today the House is debating H.R. 3356, the earthquake hazards reduction and Federal fire prevention authorization. Since this bill is on suspension, the vote in all likelihood will be tomorrow. At this time, I wish to simply draw my colleagues' attention to the debate on this bill, and to the following newspaper article, which is directly related to this legislation.

Mr. Speaker, it is no secret that California is earthquake country. What is less well known is that most of the people of the United States live in hazardous earthquake zones. The ability to predict the time and location of an earthquake is a scientific goal that has enormous societal benefits. If we can know in advance that a disaster is about to strike, we can protect property in the tens of billions of dollars, prevent the loss of thousands of lives, and reduce disruptions and secondary disasters, such as fires, which have generally caused the greatest damage.

The U.S. Government sponsors a small, and in my mind, inadequate earthquake prediction program, located primarily in three Federal agencies. The legislation on the Suspension Calendar today authorizes this small but important program. Unfortunately, at the same time we are considering this authorization bill, the Reagan administration is targeting the earthquake prediction program for a 50-percent budget cut.

Mr. Speaker, at this time, I insert a recent Los Angeles Times article in the RECORD which describes some of what our Federal earthquake prediction program is discovering. I hope we vote to continue this important work.

The article follows:

[From the Los Angeles Times, Oct. 8, 1981]

BUBBLING GASES CONCERN EARTHQUAKE RESEARCHERS

(By George Alexander)

Radon, a naturally occurring gas whose fluctuating concentrations in well water and the ground may be a tip-off to impending earthquakes, has again begun to bubble copiously in two Southern California wells being monitored by Caltech scientists.

By itself, this development would trigger the interest of seismologists and geophysicists. But in addition:

A UC Santa Barbara geologist has been measuring a vigorous flow of the same gas in the soil around Santa Barbara.

The water table has risen so high in some parts of San Bernardino County that at least one long dry well has suddenly become artesian and the water levels in other, still-active wells have varied by as much as 30 feet within the span of a few days.

Springs that had been inactive in the Palmdale and the Frazier Park-Lebec areas, north to northwest of Los Angeles, have become active once again.

A steam vent has popped up in the sea cliffs near Gaviota, west of Santa Barbara.

Because these phenomena, taken either singly or in various combinations, could be construed as precursors to an earthquake in Southern California, two U.S. Geological Survey scientists—Thomas H. Heaton and Carl E. Johnson—notified their agency's headquarters in Reston, Va., of these developments in a Sept. 30 memorandum.

Indeed, in that memo Heaton noted that "despite our present confusion about the significance of (these) recently reported geophysical anomalies, it seems clear that if a large earthquake were to occur in the near future, then many would claim that there were abundant examples of precursory phenomena."

Both scientists, who are assigned by the USGS to Caltech's Seismological Laboratory, insisted that they are not making a prediction of a temblor for Southern California. "If all these things are connected," Heaton said of the radon, the wells, the springs and others, "We don't know at present how they're connected. And if we don't know how, we can't say when, or where, or what."

That uncertainty was reflected by other scientists. "These anomalies do give us some concern," John Filson, director of the USGS office of earthquake studies in Reston, said in a telephone interview Wednesday. "We are planning to have a meeting in Southern California in early November to discuss them. But we don't see anything right now to warrant a change in our assessment of Southern California's seismic status," he said.

At present, that assessment is a Category 2: Earthquake Hazard Watch. The USGS issued this "watch" advisory last year and it basically cautions residents to be prepared to cope with a moderate- to strong-earthquake in the unspecified near future. A Category 3: Earthquake Hazard Warning would alert residents of an area to expect a destructive tremor within a certain number of hours or days and would constitute a specific earthquake prediction.

Other scientists, including several Caltech professors, agreed with Filson, Heaton and Johnson.

The radon finding is particularly intriguing. The Caltech team that has been experimenting with the radon levels in about a dozen test wells scattered around Southern Califorina now believes that levels of the gas increased greatly prior to several recent earthquakes, including the October 15, 1979, Imperial Valley temblor; the Jan. 1, 1979, Malibu quake and the June 29, 1979, Big Bear shake.

Prof. Mark H. Shapiro, the Cal-tech visiting associate in physics who has directed the investigation, said that radon concentrations in test wells at Lake Hughes, near Lancaster, and at Lytle Creek, near Glendora, both rose dramatically beginning in early August.

The level peaked sharply at both wells at about the same time, Shapiro explained, then would subside together and peak again about five days later. And with every such peak, the total amount of radon bubbling in the well water would increase.

Other wells have not shown either such peaking or an overall increase in radon, Shapiro said. "It's puzzling," he said, "and it's a matter of some concern, which we've expressed" to the USGS.

About a mile to the west and north, Prof. Arthur Sylvester of UC Santa Barbara has been measuring the radon content in gases that are continuously percolating out of the earth. Last February, Sylvester noted a big increase in the counts of radon around Santa Barbara. "At first we thought the increase might be due to the enhanced sensitivity of new detectors. But in June, the counts really jumped. We had been getting daily counts of 150 to 200 on the average, with a top of 500, but in June, the counts were up around 5,000. That can't be due just to the new detectors alone," he said.

Sylvester noted that Russian and Chinese experiences with radon suggest that the increased levels of the gas are not found in the epicentral area of a subsequent temblor, but tend to crop up all around the perimeter of a stressed region. The earthquake occurs inside this stressed region.

Here in Southern California, Sylvester said, the radon anomaly associated with the Imperial Valley earthquake of autumn, 1979, was seen all around the Los Angeles area, more than 200 miles from the quake's focus. "The same thing could be working here," the UC Santa Barbara scientists said.●

AWACS SALE OPPOSITION

HON. MIKE LOWRY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1981

● Mr. LOWRY of Washington. Mr. Speaker, I rise today to express my opposition to the proposed sale of AWACS aircraft and F-15 enhancements to Saudi Arabia.

I will be attending a meeting of the North Atlantic Assembly in Munich, West Germany, during the next week. The purpose of this trip is to discuss crucial issues involving the nuclear arms race with European legislators. Since the trip was scheduled, however, the possibility has arisen that a vote on the President's AWACS package may come up during my absence.

I am opposed to the sale out of concern for the security of Israel. But I am also troubled by the possibility that it could set off a round of arms buying among the large Persian Gulf States. Third, I am convinced that these weapons cannot warn Saudi Arabia of the domestic unrest that is the most serious threat to its stability.

For these reasons, I have decided that our national security will best be served by a defeat of the proposed sale. I would therefore vote in favor of the resolution to oppose the sale.●

STATE DEPARTMENT WARNS OF DANGER TO U.S. EXPORTS FROM FARM BILL MEAT AMENDMENT

HON. SAM GIBBONS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1981

● Mr. GIBBONS. Mr. Speaker, the State Department has just written to a number of Members about the dangers which will be created if the Congress adopts certain amendments to the Federal Meat Inspection Act which would, in effect, cut off imports.

The Department's letter describes the serious international relations and trade problems which the amendment would create. Also, it would undoubtedly come back to haunt us as other nations retaliated against our exports. The letter points out that the amendment is unneeded, because present law is adequate to safeguard American consumers against dangerous meat imports. The letter does not mention—since this is not a matter directly under the jurisdiction of the State Department—that the amendment would be highly inflationary since it would wipe out imports of the type of meat used largely by lower income families and the elderly.

The portions of the Department's letter relating to the meat amendment are as follows:

DEPARTMENT OF STATE,
Washington, D.C., October 7, 1981.

Hon. SAM GIBBONS,
Chairman, Subcommittee on Trade, Committee on Ways and Means, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Section 1439 of the Senate Farm Bill (S. 884) includes a clause which would prohibit the importation into the United States of meat and meat products which have been produced using substances "which are not currently approved for the same use in the U.S." Enactment could cause foreign policy problems with such countries as our allies Australia and New Zealand who would view this as a nontariff trade barrier. They could well challenge us in the General Agreement on Tariffs and Trade (GATT) and might take retaliatory action against our trade. The greater risk, however, is the potential threat to our own exports. It could serve as a model to those who would use health and sanitary regulations as barriers to trade. One of the first areas to be affected could be our beef and poultry trade with the EC, where we are currently facing difficulties in such areas as the design of slaughterhouses, the use of hormones, and appropriate means of preventing Newcastle disease in poultry.

If adopted generally, import standards based on use of substances in the importing country could mean, among other things, that it would be impossible to introduce any new chemical or substance at any stage of production of a traded commodity unless all or the majority of the potential customers approved of the new substance or use. The U.S. already uses a variety of chemicals for agricultural purposes which are not used by our customers. These include chemicals used during grain processing. We can use them because they do not leave detectable residues. Should our grain customers adopt the same approach as in this section, we could have a serious marketing problem.

We share the concern of Congress that American consumers be protected from adulterated food products. We believe, however, that current meat legislation is adequate. What is required is promulgated and effective enforcement of appropriate regulations, as permitted by current law.* * *

Sincerely,

RICHARD FAIRBANKS,
Assistant Secretary for Congressional Relations.●

CONSTITUENT CRITICIZES THE POST OFFICE

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1981

● Mrs. SCHROEDER. Mr. Speaker, I recently received an excellent letter from a constituent giving a graphic example of how the Reagan cuts in the Post Office budget are putting her out of business. I ask that it be reprinted so that my colleagues will know what the administration's policies are doing to small business people.

McGRAPHICS,
A MEDICAL PUBLISHING HOUSE,
Denver, Colo., October 1, 1981.

Hon. PAT SCHROEDER,
U.S. House of Representatives, Washington, D.C.

DEAR PAT: I am a young woman in your district with my own small business. About as small as they come, actually, the only thing that is smaller than one woman in business for herself is a kid with a lemonade stand!

Until recently it has been very profitable but the Post Office is killing me! What I produce are the enclosed catalogues for the American and European marketplaces.

It goes without saying that I am, as a publisher, terribly dependent on the post office. Postage is my biggest single expense—disproportionately large in comparison with the other expenses I incur. If you are interested, I would be happy to open my books to you.

Frankly, I have no other choice. If I had a supplier (typesetter, printer or photographer) who did such a uneven job and was so expensive and recalcitrant and unresponsive about correcting their mistakes, I'd fire their butts in a minute.

Now I read in the paper the post office is raising its rates. I'm outraged. The service deteriorates daily. We pay more for less. What a small business like me has to do when we're not operating in budget is work harder, cut frills and simply make less money. Not the post office, everybody there is ben-ied beyond belief (medical and dental services I can't provide for myself), doesn't want to hear my gripes about mail not delivered or received and to boot, righteous holy about wanting a raise. I keep telling them if they don't quit, they'll put me out of business and I'll be looking for a job in the post office too. We already have too many people working for the government. I thought for putting up with all the social meanness the Reagan administration has generated, we would at least get to stay in business for ourselves. Apparently not. The worst of both worlds.

Pat, please do something about this unfair situation.

Sincerely,

SHIRLEY A. MCDERMOTT.●

THE CASE OF THE CURIOUS STATISTIC

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1981

● Mr. LaFALCE. Mr. Speaker, I have repeatedly spoken out on what I perceive to be the ill-advised All Savers Certificates provisions of the recently enacted tax package. The Congress and the American people were told that these certificates would help prop up the troubled savings and loan institutions, give relief to middle-income taxpayers, and, all the while, not be too tremendously costly to the U.S. Treasury because the interest income exclusions would also be repealed as part of the tax package.

An article from the latest issue of Forbes may serve to enlighten those who might actually still believe that that will be the case. The Forbes article clearly documents that using a variety of different scenarios based on differing economic assumptions, the same dismal conclusion is reached—in no way will the All Savers Certificates prove to be the panacea for the savings and loan industry that was promised.

In fact, in addition to the enormous deficits which the tax-free certificates will exacerbate, it is unlikely that S. & L.'s will garner even half of the money which will go into All Savers Certificates. The Forbes column astutely points out that the days of solving problems by throwing billions of dollars at an issue are supposed to be a relic of the past. Yet that is precisely what the Congress has done by including the All Savers provisions in the tax package.

I commend the full text of the Forbes article to my colleagues:

THE CASE OF THE CURIOUS STATISTIC

(By Allan Sloan with Laura Rohmann)

"There are three kinds of lies: lies, damned lies and statistics," runs the bromide. The congressmen who voted to approve our newest financial boondoggle, the All Savers certificate, would have done well to ponder that saying before they threw billions of tax dollars at the savings and loan industry's problem without understanding what they were buying with our money.

On the surface, the All Savers certificates, which went into effect Oct. 1, seems harmless enough. They give savers tax-exempt interest at 70 percent of the yield of one-year Treasury bills. They're supposed to encourage saving, which is all the rage these days. The rationale for creating yet another tax-

exempt security is that All Savers would, at relatively modest cost, channel hundreds of billions of cheap dollars into S&Ls and thus stimulate the stricken housing industry.

But if hundreds of billions of dollars flow into All Savers certificates—which won't happen unless the law is changed—the tax loss will be far greater than Congress thought. If a relatively small amount of money flows into the accounts, it won't help S&Ls much. In any event, it will cost the government about $4 in lost tax revenues for each dollar of benefits for the S&Ls.

Our tale begins with three financial projections made last summer. Each was the product of brainy people from prestigious outfits and each forecast roughly equal tax losses from the All Savers program: $3.3 billion by the staff of Congress' Joint Committee on Taxation, $4.1 billion by Wharton Econometric Forecasting Associates (hired by the U.S. League of Savings Associations) and $5.2 billion by the Treasury. That all looked reasonable compared with the roughly $2 billion that could be saved by reducing the $200 single return/$400 joint return interest and dividend exclusion to $100/$200 for dividends only. The exclusion was cut and All Savers roared through.

All Savers permit S&Ls, banks, savings banks and credit unions to issue one-year certificates from Oct. 1 through the end of 1982. Up to $1,000 of All Savers interest ($2,000 for a married couple filing a joint return) is tax-exempt. The Treasury takes a beating on the deal because All Savers move money from accounts that produce taxable income. Switching $5,000 from a 15% bank money market certificate into an All Savers certificate would take $750 from taxable revenue. If the taxpayer is in the 43% bracket, that means $322.50 of lost revenue.

WHAT'S A FEW BILLION AMONG FRIENDS?

[These are estimates of how much money will flow into All Savers accounts over the next 15 mos., along with the tax loss to the Treasury generated by switching taxable interest income into tax-exempt deposits. Notice the variation—and the fact that the League of Savings Associations somehow manages to project twice as much in deposits as the Treasury does, while anticipating a smaller tax loss]

	Amount (billion)	Rate earned pre-All Savers (percent)	Tax loss (billion)
Treasury	$120	11.4	$5.2
Joint Taxation Committee	65	12	3.3
Data Resources, Inc.	237	12.5	14.0
U.S. League of Savings Associations	238	11	4.1

The size of the revenue loss depends on how much money goes into All Savers, how much taxable interest it was earning where it was and the tax bracket of the investors buying the certificates. Because the Joint Committee on Taxation, the Treasury and Wharton Econometric all produced roughly the same tax-loss numbers, everyone was pretty happy with them.

They shouldn't have been. The Wharton study's assumptions differed greatly from those in the other two. The Joint Committee on Taxation assumed $65 billion would be put into All Savers, the Treasury assumed $120 billion and Wharton an astonishing $238 billion. The Wharton number, which the S&L lobbyists now round up to $250 billion, somehow managed to produce a tax loss smaller than the Treasury's.

Wharton assumes that the $238 billion of All Savers money would be earning 11% interest were it not in tax-exempt certificates. That 11%, a low number, would have produced taxable interest revenues of $26.2 billion. Since another Wharton assumption was that the people holding All Savers are in a marginal tax bracket averaging 40%, that would mean a tax loss of $10.5 billion. That's quite a bit different from $4.1 billion. Nariman Behravesh, the Wharton econometrician in charge of this study, passes the buck. "We only did computations," he says. "All those assumptions and the $4 billion came from Jim Christian, [head economist at the U.S. League of Savings Associations]."

Christian referred our multiplication question to Jim Kaden, the man who prepared the league's computations. Kaden conceded that the $4.1 billion tax loss was for only one year. But All Savers, some of which will mature as late as 1983, obviously involve three years of lost taxes: 1981, 1982 and 1983.

Another study, by Data Resources, a private econometric firm, never surfaced during the congressional debate. It estimates that $237 billion—just $1 billion less than Wharton's number—will go into All Savers. But it pegs the tax loss at $14 billion, more than triple Wharton's number.

Why quibble over a difference of a mere $10 billion? Wouldn't $238 billion of relatively cheap deposits help the S&L industry? Wouldn't that stimulate housing and do wonderful things? Perhaps. But the way the law is written there seems little chance that anything like $238 billion will find its way into those accounts. And even if it does, it's doubtful more than half the money will reach S&Ls.

Consider these numbers. The one-year certificates, advertised for people in the 30%-and-up federal tax brackets, allow a person to earn only $1,000 tax-free. At the rate of 12.61% set for the first batch of All Savers, an investment of $7,930 produces the maximum tax-exempt interest. And the $1,000 is a once-in-a-lifetime—not once-a-year—exclusion. If no one invests more than $8,000 in a certificate—corporations and businesses can't buy them—it would take almost 30 million customers to get to $238 billion.

No one knows how many people are in the 30%-and-above tax bracket, which requires a taxable income after deductions of $15,000 for singles and $24,600 for a joint return. The best number available seems to be an estimate by Tom Bloch of H&R Block, the tax return preparation company. He estimates there were 33 million people (counting joint returns as two) in those brackets last year. Throw in bracket creep, and call it 40 million this year, 45 million next year. Even with those generous assumptions, it takes two-thirds of the potential customers putting up $8,000 each to reach $238 billion.

Some analysts have come up with figures similar to $238 billion, saying that because money-market certificates became 20% of S&L deposits virtually overnight. All Savers could do the same. But there are no limits on the amount of money-market certificates a person can hold.

No one is expecting All Savers to draw money out from under people's mattresses. The assumption is that the new certificates will lure funds from other accounts. To make that easier, regulators are allowing banks and S&Ls to convert six-month money market certificates to All Savers without charging prepayment penalties. But do two-thirds of the single people in the $15,000 bracket have $8,000 squirreled away somewhere? If they all don't and if every one of them doesn't switch to an All Savers, then Congress will have to change the law if it wants to generate hundreds of billions of All Savers deposits.

No one, of course, knows what the interest rate on All Savers certificates will average. New ones will be established every month, based on the current one-year T-bill rate. But for S&Ls to benefit, All Savers will have to cost substantially less than the funds they already have on deposit. The S&L industry and the Treasury project rates of 11% and 11.4%, respectively, being earned on money that will flow to All Savers. But the All Savers rate for the first batch was 12.61%—a negative spread. If you figure that the All Savers money will replace 15% six-month certificates or 18% jumbo certificates of deposit, the S&Ls benefit. But the loss to the Treasury rises like a shot.

Assume, for the sake of discussion, that $238 billion of All Savers certificates are created, half going to S&Ls, the rest going to banks and credit unions. If the $238 billion would otherwise be earning 15% for people in the 40% average bracket, that's $14.3 billion of lost revenue ($238 billion × 15% × 40%). If the S&Ls pay an average of 12% on All Savers, they benefit by 3%; a benefit to them of $3.57 billion ($119 billion × 3%). But the Treasury, remember, will lose 4 times that amount.

Savings and loan lobbyists try to gloss over concerns like these with supply-side calculations designed to show that helping their industry will stimulate so much activity that tax revenues will barely suffer. (These supply-side numbers are not to be confused with the $4.1 billion tax-loss projection. It's a different study.) But among other things, the supply-side calculations don't allow for the fact that the mortgage loans the S&Ls claim they will make with All Savers money will produce interest tax deductions for borrowers. The murky gets murkier.

What does all this mean? If Congress wants to help S&Ls, fine. But we thought the idea of throwing billions of dollars at problems to solve them by osmosis was supposed to have gone out with Jimmy Carter and the Democrats.●

PERSONAL EXPLANATION

HON. BILL NELSON

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1981

● Mr. NELSON. Mr. Speaker, I was absent due to official business in my district on Friday, October 2, and was not present for rollcall votes 234 and 235. Had I been present, I would have voted "yes" on the motion to approve the Journal for Thursday, October 1, 1981, and "yes" on adoption of the rule providing for the consideration of H.R. 3603, the Food and Agriculture Act of 1981.●

HOUSING FACILITIES FOR UNMARRIED MEMBERS OF THE COAST GUARD

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1981

● Mr. CONTE. Mr. Speaker, I have today introduced a bill to authorize the Secretary of the Department under which the Coast Guard is operating to lease housing facilities, for assignment as public quarters, to unmarried members of the Coast Guard who are assigned to sea duty.

Over the years, I have had numerous conversations with Coast Guard officers and enlisted personnel at various ports and installations throughout the country. In almost every discussion on problems of the Coast Guard, the subject of living accommodations for unmarried sea duty personnel surfaced. That complaint basically is that Coast Guard personnel without dependents—assigned to sea duty—endure an onboard living situation consisting of a bunk, a locker, and a sea bag. These cramped and overcrowded conditions must be endured while the personnel assigned to the 82-foot and 95-foot Coast Guard patrol boats are at sea.

The problem arises out of the fact that most of these small vessels perform daily out and back assignments, or assignments of similar temporary periods. Outside of those assignments, much time is spent moored at home ports.

The present conditions dictate that the 10 to 14 personnel assigned to one of these vessels must live onboard the vessel, in an inadequate living arrangement, while in port. These conditions have had and do now have a greatly adverse effect on personnel morale. I might add there that the morale level among Coast Guard personnel has been less than satisfying for sometime now, and situations such as living arrangements for sea duty personnel only further that problem, particularly as regards retention rates.

Presently, Coast Guard personnel on sea duty have to live onboard even in off-duty time. In contrast, married personnel are permitted to live in Government provided or subsidized quarters when their vessel returns to port. We therefore have this inequitable situation which creates, in the absence of alternative inport housing for unmarried personnel, a substantial disincentive to a career in a seagoing specialty.

Under current law, the Commandant of the Coast Guard is permitted to "hire quarters" for personnel assigned to sea duty when those members are deprived of shipboard quarters due to repairs or other conditions which may render them uninhabitable. My bill, Mr. Speaker, would simply amend the law so as to authorize the leasing of housing facilities on a more permanent basis by the Secretary of the Department to which the Coast Guard is assigned.

I think this authority to lease suitable housing facilities for all Coast Guard personnel who are assigned to sea duty will substantially enhance the Coast Guard's ability to encourage its unmarried, career-oriented personnel to seek repeated assignments to sea duty and to thereby insure a high level of seagoing service expertise.

The cost of this bill, according to the figures I have seen, will be relatively small compared with the benefits the Coast Guard will derive.●

A TRIBUTE TO AN OUTSTANDING AMERICAN CITIZEN, MR. ROBERT F. BAUER

HON. WAYNE GRISHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 13, 1981

● Mr. GRISHAM. Mr. Speaker, Friday, October 16, 1981, friends and admirers of Robert F. Bauer will gather to pay tribute to one of America's most outstanding citizens. I would like to take a moment to acquaint my colleagues in the House of Representatives with the glowing accomplishments of Mr. Bauer.

Bob Bauer, who is retiring as chairman of the board of Global Marine, Inc., began his career in 1942 after graduation from the University of Southern California. He worked for Union Oil until 1953 when Mr. Bauer became manager of offshore operations for a joint venture of four major oil companies. Mr. Bauer formed Global Marine in 1959 and has been with the corporation until his retirement this year. Mr. Bauer is presently associated with Bauer Land and Cattle Co.

Through the efforts of Robert Bauer and his expertise in research and development, the technique of drilling into submerged lands from floating vessels has opened up another area for oil and energy exploration. Mr. Bauer has received numerous awards for his work, including the American Institute of Mining, Metallurgy and Petroleum Engineer's 1971 "Engineering Achievement Award;" the University of Southern California School of Engineering 1972 "Outstanding Alumni Achievement;" the USC School of Engineering Alumnus Award in 1981; and the most lasting honor, Global Marine's latest drillship will be christened the *Glomar Robert F. Bauer* in honor of the company's founder.

Many men have achieved greatness in their profession. What distinguishes Robert Bauer is his unselfish and untiring dedication to his country. Bob Bauer is a believer. He believes in the greatness of his country and he believes in the greatness of his community. Mr. Bauer's efforts in that behalf are unparalleled. He is always willing to lend his name and time to an organization, never seeking prestige for himself, only helping to make the community a better place in which to live.

Bob Bauer's belief in his country led to the formation of the Lincoln Clubs of Southern California. He is a former chairman of the United Republican Finance Committee, a Republican Statesman and has been politically active in California and national politics since 1945.

Mr. Bauer's professional and civic affiliations number over 30. He is an associate member of the Boy Scouts of America; a member of Rancheros Vistadores; a Presidential appointee to the National Advisory Committee on the Oceans and Atmosphere and panel chair to the World Petroleum Congress, among many others.

When President Reagan spoke of the spirit of volunteerism in the country, it was Bob Bauer to whom he was referring. I am proud and honored to join his wife Dorothy, his four daughters, and his grandchildren in paying tribute to a man whose professional and civic contributions will forever endure. America is a better place because of Robert F. Bauer.●

HOUSE OF REPRESENTATIVES—*Wednesday, October 14, 1981*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Gracious Lord, Creator of all things and Protector of all who trust in You, we ask Your blessing in those in our world who do not know the freedoms we enjoy and who live in uncertainty and fear. We reach out in fellowship with those who suffer persecution or endure hardship in the cause of peace and reconciliation among nations. Make us conscious, O Lord, of the liberty we have known in our land and may we be thankful for the opportunities we have to speak or to worship or to pray as we would. May Your spirit give courage to those who seek to do the right that justice will roll down like waters, and righteousness like an ever-flowing stream. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

AUTHORIZING CLERK TO MAKE CORRECTION IN ENGROSSMENT OF HOUSE AMENDMENT TO S. 999

Mr. FUQUA. Mr. Speaker, I ask unanimous consent that in the engrossment of the House amendment to the Senate bill, S. 999, to authorize appropriations for the Federal Fire Prevention and Control Act of 1974, and for other purposes, the Clerk be authorized to change the figure $34,425,000 in section 101(b) to $35,425,000.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

Mr. WALKER. Reserving the right to object, I do so principally to ask the gentleman from Florida the purpose of the motion he is making.

Mr. FUQUA. Will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Florida.

Mr. FUQUA. This change conforms to the intended amended version of the House bill, H.R. 3356, as passed yesterday, which was amended by this figure which was inadvertently omitted from the bill at the time the bill was considered under the suspension of the rules.

Mr. WALKER. Further reserving the right to object, I would ask the gentleman if the motion he makes has the approval of the minority and all of the principals concerned.

Mr. FUQUA. This is a technical amendment and has no substantive value. We are trying to correct a technical error that occurred on the passage of the bill yesterday.

Mr. WALKER. Further reserving the right to object, I can assume that everyone agrees with the technical change?

Mr. FUQUA. That is my understanding.

Mr. WALKER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

RECAPTURE OF REVENUE LOSS THROUGH SALES TAXES

(Mr. WRIGHT asked and was given permission to address the House for 1 minute.)

Mr. WRIGHT. Mr. Speaker, disturbing rumors are beginning to float around the Capitol to the effect that administration budget planners, in a frantic effort to recapture some of the huge revenue loss from their $750 billion tax cut, are looking for ways to increase sales taxes of one kind and another upon the consumers of America.

This would be the most outrageous deception imaginable. At the very time when an expensive nationwide television commercial campaign is trying to persuade the average American that the $2 or $3 per month his family may save from the Kemp-Roth cut is a huge bonanza, the Budget Office reportedly is plotting ways to gouge those average taxpayers with the most regressive tax of all, some variety of sales tax which is based not upon ability to pay but upon inability to escape.

Already the Council of State Legislators has complained that reductions in Federal services have caused 30 States to raise State taxes by a total of $2.5 billion this year to take up part of the slack, and when cities like my own city of Fort Worth for the first time in many years have found it necessary to increase the local property tax and all fees levied for such city services as garbage collection, it would add insult to injury for the average American to be confronted with a proposal to levy or increase Federal sales taxes simply to compensate for the benefit which the Kemp-Roth bill has showered upon the wealthiest 5 percent of our citizens.

TRIBUTE TO CHUCK YEAGER

(Mr. STATON of West Virginia asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STATON of West Virginia. Mr. Speaker, today is the 34th anniversary of one of our country's finest hours. Today is the day which marked the true beginning to America's ultimate conquest of space.

In the past several years we have been treated to live television coverage from launch to splashdown of our extremely successful space program. Our astronauts have been treated as heroes, which they rightly are, and given the thanks of our Nation.

Today, Mr. Speaker, I want to pay tribute to the man who went first. The man who crawled into his rocketship and gunned it, and us, past the sound barrier and into the space age. I refer to the man who author Tom Wolfe called "the most righteous of all the possessors of the right stuff: Chuck Yeager."

Had our newspapers and radio been tuned to the happenings at Muroc, Calif., on October 14, 1947, they would have seen what we all saw almost 34 years later when the *Columbia* streaked in from space. For General Yeager and the others who had been at Edwards in the early days of the X-1, X-15 era it must have seemed like deja vu.

Mr. Speaker, I take nothing away from those who flew the *Columbia* on its epic flight but to give emphasis to this giant of aviation let me conclude by quoting Tom Wolfe again as he describes Chuck Yeager's actions after surpassing the speed of sound:

He was master of the sky. His was a king's solitude, unique and inviolate, above the dome of the world. It would take him 7 minutes to glide back down and land at Muroc. He spent the time doing victory rolls and wing over wing aerobatics while Rogers Lake and the High Sierras spun around below.

Mr. Speaker, what a man, Brig. Gen. Chuck Yeager.

STOP SUBSIDIZING LIBYAN TERRORISM

(Mr. DOWNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOWNEY. Mr. Speaker, one thing upon which we can all agree, Democrat and Republican, liberal and conservative, is that the Libyan Dictator Mu'ammar Qadhafi is a blot on the slate of human history.

He has sheltered and financed the most vicious murderers and terrorists in the service of his religious hatred. He has opposed peace in every way he could. When the great statesman Anwar Sadat was killed, Qadhafi gloated.

I am not one to believe in an incarnate evil force. But if I were, there is no question that this man fits the bill.

He is able to conduct his contemptible activities for one reason: He is rich. His wealth comes not from brains, of which he has little, nor from hard work, but simply from the fact that the soil on which he stands fortuitously is laden with oil wealth.

I find it incomprehensible that we, the United States, should grovel before this man and pay him billions of dollars per year, which he then converts into military hardware—bought from the Soviet Union with money obtained from us—and threatens our allies with it.

It is time we put a stop to this shameful practice. I am drawing up legislation which will bar the import of Libyan oil. Let us tell Qadhafi to take his oil and drink it.

AWACS

(Mr. ROEMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROEMER. Mr. Speaker, it is my hope that today the House will offer some constructive criticism to the President and his conduct of foreign policy: Sale of the AWAC system to the Saudis without effective control of its use by the United States is not in the best interest of this country.

The need for close ties to the Saudis is clear. The requirement for the President to control the direction and tenor of foreign policy is essential.

Both the need and the requirement can be achieved if the President and his advisers can negotiate a plan for cooperative control of AWACS. Lacking this control, and, notwithstanding the urgings of Henry Kissinger and Jimmy Carter, the President ought to withdraw this deal and construct a better one.

I offer this suggestion in the same spirit that Ronald Reagan displayed when he opposed Jimmy Carter's sale of the Panama Canal. The deal is not in the best interests of our Nation.

DISAPPROVING PROPOSED SALE OF AWACS TO SAUDI ARABIA

Mr. ZABLOCKI. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the concurrent resolution (H. Con. Res. 194) disapproving the proposed sales to Saudi Arabia of E-3A airborne warning and control system (AWACS) aircraft, conformal fuel tanks for F-15 aircraft, AIM-9L Sidewinder missiles, and Boeing 707 aerial refueling aircraft; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to not to exceed 3 hours, the time to be equally divided and controlled by the proponents of the resolution, the gentleman from Florida (Mr. FASCELL) and the gentleman from Michigan (Mr. BROOMFIELD), and by the opponents of the resolution, the gentleman from Illinois (Mr. FINDLEY) and myself.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Wisconsin (Mr. ZABLOCKI).

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BROOMFIELD. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device and there were—yeas 353, nays 16, not voting 64, as follows:

[Roll No. 256]

YEAS—353

Addabbo	Ertel	Lent
Alexander	Evans (DE)	Lewis
Anderson	Evans (GA)	Livingston
Annunzio	Evans (IN)	Loeffler
Anthony	Fary	Long (LA)
Archer	Fascell	Long (MD)
Ashbrook	Fazio	Lott
AuCoin	Fenwick	Lowery (CA)
Bailey (MO)	Ferraro	Lujan
Bailey (PA)	Fiedler	Luken
Barnard	Fields	Lundine
Barnes	Fish	Lungren
Beard	Fithian	Madigan
Beilenson	Flippo	Markey
Benedict	Florio	Marlenee
Benjamin	Foley	Marriott
Bennett	Ford (TN)	Martin (IL)
Bereuter	Forsythe	Martin (NC)
Bethune	Fountain	Matsui
Bevill	Fowler	Mavroules
Biaggi	Frank	Mazzoli
Bingham	Frenzel	McClory
Blanchard	Frost	McCollum
Bliley	Fuqua	McCurdy
Boner	Gaydos	McDade
Bonior	Gejdenson	McEwen
Bonker	Gephardt	McGrath
Bowen	Gibbons	McHugh
Breaux	Gilman	Mica
Brinkley	Glickman	Michel
Brodhead	Goldwater	Mikulski
Broomfield	Gonzalez	Miller (CA)
Brown (CA)	Goodling	Miller (OH)
Brown (CO)	Gore	Mineta
Brown (OH)	Gradison	Mitchell (NY)
Broyhill	Gramm	Moakley
Butler	Gray	Moffett
Campbell	Green	Molinari
Carman	Gregg	Mollohan
Carney	Grisham	Montgomery
Chappell	Guarini	Moore
Chappie	Gunderson	Moorhead
Cheney	Hagedorn	Morrison
Clausen	Hall (OH)	Mottl
Clinger	Hall, Sam	Murphy
Coats	Hamilton	Murtha
Coelho	Hammerschmidt	Natcher
Coleman	Hance	Neal
Collins (IL)	Hansen (ID)	Nelligan
Collins (TX)	Hansen (UT)	Nelson
Conte	Harkin	Nichols
Conyers	Hartnett	O'Brien
Corcoran	Hatcher	Oakar
Coughlin	Hawkins	Oberstar
Courter	Heckler	Obey
Coyne, James	Hefner	Oxley
Coyne, William	Hendon	Panetta
Craig	Hertel	Pashayan
D'Amours	Hightower	Patterson
Daniel, Dan	Hillis	Paul
Daniel, R. W.	Holt	Pease
Danielson	Hopkins	Perkins
Dannemeyer	Horton	Petri
Daschle	Howard	Peyser
Daub	Hoyer	Pickle
de la Garza	Hubbard	Porter
Deckard	Huckaby	Price
Dellums	Hughes	Pritchard
DeNardis	Hunter	Pursell
Derrick	Hutto	Quillen
Derwinski	Hyde	Railsback
Dickinson	Ireland	Rangel
Dicks	Jacobs	Ratchford
Dorgan	Jeffords	Regula
Dornan	Jeffries	Reuss
Dowdy	Jenkins	Richmond
Downey	Jones (OK)	Rinaldo
Dreier	Jones (TN)	Ritter
Duncan	Kastenmeier	Roberts (KS)
Dunn	Kazen	Roberts (SD)
Dwyer	Kemp	Robinson
Dymally	Kildee	Rodino
Dyson	Kindness	Roemer
Early	Kogovsek	Rogers
Eckart	Kramer	Rosenthal
Edgar	LaFalce	Rostenkowski
Edwards (AL)	Lantos	Roth
Edwards (CA)	Leach	Roukema
Edwards (OK)	Leath	Rousselot
Emery	LeBoutillier	Roybal
English	Lee	Rudd
Erdahl	Lehman	Russo
Erlenborn	Leland	Sabo
Santini	Snyder	Waxman
Sawyer	Solarz	Weaver
Scheuer	Spence	Weber (MN)
Schneider	St Germain	Weber (OH)
Schroeder	Stangeland	Weiss
Schulze	Stanton	White
Schumer	Stark	Whitley
Seiberling	Staton	Whittaker
Sensenbrenner	Stenholm	Whitten
Shamansky	Studds	Williams (MT)
Shannon	Stump	Winn
Sharp	Swift	Wirth
Shaw	Synar	Wolf
Shelby	Tauke	Wolpe
Shuster	Tauzin	Wortley
Siljander	Thomas	Wright
Simon	Traxler	Wyden
Skeen	Trible	Wylie
Skelton	Udall	Yates
Smith (IA)	Vander Jagt	Yatron
Smith (NE)	Vento	Young (AK)
Smith (NJ)	Volkmer	Young (FL)
Smith (OR)	Walgren	Zablocki
Smith (PA)	Wampler	Zeferetti
Snowe	Watkins	

NAYS—16

Conable	Lagomarsino	Patman
Emerson	Martin (NY)	Shumway
Evans (IA)	Mattox	Solomon
Findley	Mitchell (MD)	Walker
Hiler	Myers	
Johnston	Parris	

NOT VOTING—64

Akaka	Aspin	Bedell
Albosta	Atkinson	Boggs
Andrews	Badham	Boland
Applegate	Bafalis	Bolling

Bouquard	Garcia	Nowak
Brooks	Gingrich	Ottinger
Burgener	Ginn	Pepper
Burton, John	Hall, Ralph	Rahall
Burton, Phillip	Heftel	Rhodes
Byron	Holland	Roe
Chisholm	Hollenbeck	Rose
Clay	Jones (NC)	Savage
Crane, Daniel	Latta	Smith (AL)
Crane, Philip	Levitas	Stokes
Crockett	Lowry (WA)	Stratton
Davis	Marks	Taylor
Dingell	McCloskey	Washington
Dixon	McDonald	Whitehurst
Donnelly	McKinney	Williams (OH)
Dougherty	Minish	Wilson
Foglietta	Napier	Young (MO)
Ford (MI)		

□ 1015

Mr. PARRIS changed his vote from "yea" to "nay."

Mr. RICHMOND changed his vote from "nay" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the concurrent resolution, House Concurrent Resolution 194, with Mr. RATCHFORD in the chair.

The Clerk read the title of the concurrent resolution.

□ 1030

By unanimous consent, the first reading of the concurrent resolution was dispensed with.

The CHAIRMAN. Under the unanimous-consent agreement, the gentleman from Florida (Mr. FASCELL), the gentleman from Michigan (Mr. BROOMFIELD), the gentleman from Wisconsin (Mr. ZABLOCKI) and the gentleman from Illinois (Mr. FINDLEY) will be recognized for 45 minutes each.

The Chair recognizes the gentleman from Florida (Mr. FASCELL).

Mr. FASCELL. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, it would be my purpose to yield some time immediately to the distinguished chairman of the Subcommittee on the Middle East, the gentleman from Indiana (Mr. HAMILTON), and as soon as he concludes his remarks, I would accept unanimous-consent requests in support of the resolution and for revision and extension of remarks at that point, because we have so many Members involved who would like to speak and we do not have that much time. Others have committee commitments and we would like to accommodate them.

Mr. Chairman, I now yield 6 minutes to the chairman of the Subcommittee on the Middle East, the distinguished gentleman from Indiana (Mr. HAMILTON).

Mr. HAMILTON. Mr. Chairman, I oppose the sale of AWACS aircraft to Saudi Arabia, and I will vote for the package resolution of disapproval.

I would like to make several comments about this sale:

First. The strongest arguments against this sale relate less to Israel and more to the United States. I simply feel that we should not be entrusting our most advanced technology and secrets to Saudi Arabia. The sale of the AWACS jeopardizes the security of this highly advanced weapons system. It is unwise for the United States to transfer sophisticated defense technologies to arm Saudi Arabia.

Saudi Arabia is an important friend and we seek and want long-term friendship with Saudi Arabia. But our relationship with Saudi Arabia has not always been harmonious and we have had serious policy differences with them, including their strong opposition to the keystone of American Middle East policy, the Camp David peace process. There are issues and weapons systems we can and should entrust to the Saudis. But AWACS is not one of them.

Second. This sale would not constitute a significant threat to Israel. It would not change the military balance in the Middle East which continues to be strongly in Israel's favor. But the sale of AWACS, combined with 60 F-15's, could impact on Israel's security and undoubtedly would make providing for that security more difficult. Certainly Israeli defense problems would be compounded by this sale.

But my judgment is that Israel is chiefly concerned about what the sale would symbolize about the long-term nature of U.S. relations with Saudi Arabia and our willingness to share our most advanced technology than about the sale itself.

Many Israelis see their special relationship with the United States threatened by the sale. That should not be a basis for rejection of the sale. I do not consider the sale, if it should take place, a step away from the traditional United States-Israeli relationship.

Third. The sale would also fuel, not dampen, the spiraling Middle East arms race. If we sell AWACS to Saudi Arabia, we will have to provide more sophisticated weapons to Israel, creating less stability with a higher level of military balance. An unrestrained arms race with the most sophisticated weapons will hinder, not help, the peace process.

Fourth. Information available to the Committee on Foreign Affairs on the key issue of joint control over the AWACS was vague and confusing. The Saudis have said repeatedly they reject any sharing. Some executive branch witnesses asserted there would be some type of control into the 1990's. Some testimony also suggested that the Saudis were never even asked by U.S. negotiators to accept joint control. Nothing on the important issues of assurances and controls appears to be in writing.

I find myself even now unsure what the arrangements would be for data sharing, AWACS crews, operation of the AWACS, and security measures. This issue cannot be handled easily in the public domain because sensitivities on all sides are involved. But we have been left to accept sincere, but inadequate, impressions by American officials who may or may not be around when the AWACS would be delivered.

Fifth. The sale, to serve U.S. national interests, should be based on a tangible quid pro quo. But the Saudis have not given reciprocal support to U.S. defense efforts and peace initiatives in the area. The Saudis have resisted cooperation with U.S. military efforts in the area. We should not sell our most highly prized weapons without getting something in return.

Sixth. There is important technology on the AWACS plane and no amount of security on the ground can detract from the security loss to the United States if a plane got into unfriendly hands. Elaborate security precautions are planned but yet to be negotiated between the United States and Saudis.

Seventh. If the security problem the United States faces in the Persian Gulf is as serious as administration witnesses have stated, we should continue our present deployment of U.S. AWACS which provides full-time coverage and which has pleased the Saudis. No matter how skillful the Saudis may eventually be in operating this system, they will not improve upon the present system of operation by the U.S. Air Force. No compelling arguments have been advanced for not continuing the present arrangement which has worked well and has served both the United States and Saudi national interests in the present situation.

Mr. Chairman, no one can be happy about this vote. If the sale is approved, U.S. interests could be hurt. If it is disapproved, the short-run consequences of the resolution of disapproval could also be significant. Those of us who disapprove the sale should recognize them. They include:

The President's ability to implement a coherent foreign policy could be adversely affected and his concept of strategic consensus in the Middle East could be jeopardized;

Pro-West Saudi leaders could be sharply questioned at home and abroad;

Many moderate Arab States may question reliability and resolve in the region;

United States-Saudi ties could suffer; and

Saudi Arabia might be persuaded, over time, to move away from any of those moderate policies which we have

so often pressed them to adopt. For example:

It could reduce oil production and be less cooperative on oil price issues;

It could diminish its strategic military cooperation with us and limit the availability of its military facilities to us for a variety of Middle East contingencies;

It could be less helpful on other Middle East issues such as Lebanon where its recent efforts helped assure a temporary cessation of hostilities;

It could seek to diversify its arms purchases and reduce U.S. involvement with its military;

It could prompt Oman and other Gulf States to diminish cooperation with the United States; and

It could be less cooperative on a range of bilateral economic and commercial relations.

I do not prejudge the final outcome of this resolution of disapproval, but those of us who oppose the sale have an obligation to address the question of what should be done to reduce the adverse consequences that could follow from the defeat of this sale.

In particular, we should try to improve the postvote environment in the Middle East and help the administration to press ahead on the more important business of peace in the Middle East.

There are two areas in which we can help limit the potential adverse impact of a successful resolution of disapproval.

First, we must broaden our policies in the Middle East and take some new initiatives. For the last several months it has appeared that the AWACS sale was the cornerstone of Middle East policy. A weapons sale is not a policy. U.S. policy in the Middle East is putting too much emphasis on the military aspects, and not enough on trying to resolve the difficult political problem of the area. We need to renew our support of the peace process which is far more important to the future of the people of the Middle East than AWACS. Fresh impetus is needed to achieve a more permanent reduction of tension in Lebanon and elsewhere.

The major task for U.S. policy is to find a way for the Camp David peace process to produce results for the Palestinians, or else abandon it and find a better way.

My own judgment is that we do not have unlimited time to make the process work. Already forces are building for an alternative.

We will reap a bitter harvest in the Middle East if there is no plane sale and no peace strategy. I do not argue for a Middle East peace plan, but I do argue for urgent and immediate attention on the critical issues of the peace process. The paramount issues for the people of the Middle East are finding a way to meet Israeli security concerns while providing for full autonomy for the Palestinians of the West Bank and Gaza.

Few things can do more harm to our long-term interest in the Middle East than to disapprove this sale and then to let our policy drift in the Middle East.

Second, we must make clear to the Saudis that this action is not motivated by anti-Saudi sentiments, but rather by concern for U.S. security and for the potential compromise of sensitive American technology.

We need to say that we recognize their security problems and want to help Saudi Arabia with its legitimate defense needs and early warning needs for its oil-rich eastern province. We must assure them that more modest military means and more vigorous political and diplomatic efforts will better assure their goals. We must also indicate that we welcome continuing Saudi help on matters of oil policy, Lebanon, and other areas.

We want and need to continue a close working relationship.

Mr. Chairman, my chief hope is that out of the action of the House today and the action of the other body next week will come a refocus on policies in the Middle East and a serious effort to get on with the more important business of peacemaking and peacekeeping in the Middle East.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. LAFALCE).

Mr. LAFALCE. Mr. Chairman, I rise in support of the resolution of disapproval.

Mr. Chairman, I am opposed to the sale to Saudi Arabia of AWACS aircraft and offensive equipment for Saudi F-15 fighter planes for many reasons.

This sale fails to advance the national security interests of the United States and for that matter, the protection of Saudi Arabia. It will fail to contribute to stabilizing the Middle East and will retard the peace process started by the Camp David agreements.

In point of fact, this proposed sale is a losing proposition for all countries it is intended to support.

The United States has a primary interest in insuring the defense of the Saudi oilfields. The sale of this AWACS package to Saudi Arabia for such a purpose is unnecessary, however, because four U.S. AWACS planes under U.S. command and control jointly staffed by Saudi and U.S. personnel have been in Saudi Arabia for a year providing full-time protection for both countries.

This sale would mean the withdrawal of those U.S.-controlled AWACS, leaving the United States with no military presence in the gulf region and no assurances or guarantee of even partial control over the Saudi-owned AWACS.

Additionally, the United States has received no Saudi commitments to continue the flow of oil. For more than a decade the United States has been selling the Saudis sophisticated weapons. That did not prevent them from cutting U.S. supplies in 1973 and exploiting the subsequent panic on the oil markets to quadruple prices. There is no agreement in conjunction with this sale that would guarantee a secure supply of oil at a reasonable cost.

In addition to no agreements for an American presence or a continuous flow of Saudi oil, the sale also does not provide for assurances to permit prepositioning of compatible equipment in Saudi Arabia to support the Rapid Deployment Force. In this instance too, the United States has a greater potential for meeting this strategic interest, establishing a deterrent to a Soviet move on the Persian Gulf, with its present U.S.-owned AWACS already in Saudi Arabia, than would exist if those AWACS are supplanted by Saudi-owned aircraft with no U.S. involvement or assurances.

The present AWACS operation insures that United States and Saudi defense requirements are met, while guaranteeing that this most sensitive advanced technology is not compromised but remains under U.S. control. This equipment is so sophisticated and vitally important to U.S. security that we have agreed to sell AWACS to our NATO allies only under a joint control agreement. Why is it necessary for us to sell this aircraft to Saudi Arabia without such joint control? It is foolhardy to enter into a sale of this nature with a country that refuses to consider arrangements which our long-term European allies willingly accept.

In addition, there is the great and legitimate fear that these planes could get into unfriendly hands if there were political upheaval within Saudi Arabia, thereby jeopardizing the security of Israel, the United States and Saudi Arabia. I went to Saudi Arabia in June 1980. I know that the sale certainly is ineffective in preventing the primary threat to Saudi security, internal political instability caused by civil discontent and local rivalries. Neither would this sale be effective in stopping a Soviet incursion against Saudi Arabia or against isolated terrorist attacks against Saudi oilfields.

The sale does nothing to enhance efforts to achieve peace in the Middle East, a major U.S. foreign policy interest. Saudi Arabia has not cooperated in the administration's efforts to promote a comprehensive peace plan through the Camp David accords, nor has it recognized Israel. There is no indications that this sale will alter the Saudi position in regard to Israel. Rather than promoting the peace

process, this sale has the potential of seriously curtailing progress.

Many of these points have taken on new meaning and greater importance since the assassination of Anwar Sadat. The United States now looks to Sadat's successor, Vice President Hosni Mubarak to continue the Sadat commitment to the Camp David peace process. We are cognizant of the importance of governments honoring past commitments.

In this regard, how can this administration abandon the promises and understanding which the Carter administration gave the Congress when it first sought to sell the 60 F-15 fighters to Saudi Arabia? At that time, the Congress was told that this type of sophisticated equipment, AWACS, would not be supplied or sold to Saudi Arabia. That assurance was essential to securing congressional approval of the F-15 sale in 1978. If we are not living up to our promises and commitments, how will we get the parties to the Camp David agreements to make further concessions? How, in fact, could any country rely upon the United States to honor our assurances? I urge all my colleagues to vote for disapproval of this aircraft sale to Saudi Arabia.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. SCHEUER).

Mr. SCHEUER. Mr. Chairman, I rise in support of the resolution of disapproval.

Mr. Chairman, in 1978, the Carter administration agreed to sell our most advanced fighter aircraft, the F-15, to Saudi Arabia. Along with many other Members of Congress, I was vehemently opposed to that sale; but the President attracted a great deal of support for the transaction with his solemn promise that we would never sell to the Saudis the long-range fuel tanks and deadly Sidewinder missiles that would convert those F-15's into a deadly offensive weapon, capable of striking long distances directly at Israel.

The Carter administration is gone now; and the Reagan administration has simply cast aside the solemn commitment of its predecessor. Those in Congress who took it on faith that the F-15's would never be equipped for long-range offensive operations have been left holding the bag. Israel, of course, has been left in an even more perilous position than she faced when the original terms of the F-15 sale were established.

Now we are being assured by President Reagan that steps will be taken to guarantee that AWACS aircraft will never be used offensively against the State of Israel. Quite apart from the President's personal integrity, of which I have not the slightest doubt, I can only ask a simple question:

How can we be confident that this administration's assurances regarding AWACS will be more binding and durable than were the Carter administration's assurances regarding those F-15's?

How can we be confident that the next administration will treat President Reagan's assurances with any more than President Reagan has treated President Carter's assurances of 1978?

How can we be confident the mercurial political climate in the Middle East will not render meaningless any sanguine assurances that the current administration is able to offer?

Mr. Chairman, this proposed sale presents two separate dangers. First, we simply cannot afford to take the chance that our own security and the security of our Israeli allies will not be jeopardized by this sale. We cannot afford to hand over military equipment on the cutting edge of advanced techonology to a regime that could suffer the Shah's fate at any given moment. We cannot afford to rely on assurances that no one can guarantee.

Second, and perhaps even more important, we cannot afford to set a precedent in which a new administration is allowed casually to ignore a specific, solemn commitment of the previous administration regarding the terms under which a specific weapons system will be sold abroad. Our relations with the executive branch and our Nation's relations with other states must depend on trust. We cannot allow it to be said that an American administration's pledge to the Congress on a matter concerning the highest affairs of state becomes valueless after a national election.

In short, we cannot approve this shortsighted and dangerous sale of advanced military hardware to a nation that has been involved against Israel in each of the Middle Eastern wars, a nation that bankrolls PLO terrorists to the tune of some $300 million a year, a nation that only months ago renewed its call for a "holy war" against Israel.

That is why the House of Representatives will vote overwhelmingly today against a plan which can only be characterized as a threat to world peace as well as to the credibility of our Nation's most solemn stated commitments.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. WEISS).

Mr. WEISS. Mr. Chairman, I rise in strong support of the resolution of disapproval of aircraft sales to Saudi Arabia, House Concurrent Resolution 194.

Mr. Chairman, providing the AWACS planes and enhancement equipment for F-15 planes to the Saudis would be a grave mistake. The President would be undermining America's alliance with Israel and rewarding Saudi Arabia's rejection of the Middle East peace process. The United States would gain nothing of strategic importance from the sale, and we would risk putting sophisticated military equipment in the hands of the Soviet Union.

The tragic assassination of Egyptian President Anwar Sadat has left an ominous void in the Mideast. Libya's renewed threats to the Sudan and growing tension between Israel and many of its Arab neighbors are evidence that the United States must use extreme caution in preventing war and yet protecting our interests in this volatile region.

Saudi Arabia is, at best, an uncertain ally, and a self-proclaimed enemy of Israel. The AWACS could be used to monitor Israel's military movements and communications. These highly sophisticated planes could also be used to engage with other nations in a common war against Israel. Saudi leaders have flatly rejected all U.S. suggestions that restrictions be placed on the use of the AWACS. The Sidewinder missiles and long-range fuel tanks that are part of the package the President wants to provide further increase the dangers to Israel. The fuel tanks really are of no use to Saudi Arabia except for missions directed against Israel. That President Reagan denies the very serious threat to peace that this proposed sale would pose, in spite of these facts, defies all reason.

The President has offered an unrealistic picture of strategic military reasons for making this sale. Despite significant U.S. military aid in the past, the Saudis have not helped protect our Nation's military interests in the Persian Gulf region. The Saudis even refuse to allow the United States to gain access to Saudi military facilities.

Saudi disregard for U.S. interests is exemplified by their rejection of the Camp David accords for peace in the Middle East and by their staunch financial and political support for the terrorist Palestine Liberation Organization. Neither have the Saudis helped control the rise of OPEC oil prices, nor have they in the past abided by export sales conditions set by the United States on military equipment we provided. In the 1973 Yom Kippur war, for example, American military supplies were used in support of the Syrians in the Golan Heights battle.

The possibility that the AWACS and the F-15's add ons might be used against Israel is sufficient reason to reject the President's proposal. Israel is our Nation's closest and strongest ally in the Mideast, and its security must not be endangered.

As my colleagues are aware, the sale also would violate the conditions set for the original 1978 sale of F-15 jets

requested by Saudi Arabia. That sale was approved by Congress only on the condition that the F-15's would not be enhanced by the United States for a longer flight range or made into attack planes. Yet the President seems determined to ignore this agreement.

The President's determination to push forward relentlessly with this sale is wholly irresponsible. Providing this military package would be a dreadful mistake the American people would live to regret. The AWACS deal must be disapproved.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. BIAGGI).

Mr. BIAGGI. Mr. Chairman, I rise in support of the disapproval of the sale of the AWACS.

Mr. Chairman, the date was May 14, 1948. The time was 6:01 p.m. That very moment, the modern State of Israel was born. At 6:11 p.m. that same day, President Harry S. Truman extended full diplomatic recognition to the new nation of Israel. This constituted the beginning of a bond between our two nations which has existed—unbroken—for more than three decades and seven different Presidential administrations.

Today I rise to urge passage of House Concurrent Resolution 194, which will disapprove the administration's proposed sale of AWACS aircraft and other materials to Israel's avid enemy—Saudi Arabia. To permit this sale is to crack the very foundation of the bond which ties the United States and Israel together: a bond of mutual security defense and cooperation.

I reject the sale of AWACS on a variety of grounds: First, the sale threatens the security of Israel and will disrupt the balance of power in the Middle East which is critical to our own security interests; second, the Saudi Government does not have the stability for it to assume proper control of such sophisticated equipment; third, the Saudi Government does not deserve to be rewarded for its moderate oil pricing policies; fourth, the United States may be fueling a dangerous arms race in the Middle East which could threaten world peace, and; fifth, Saudi Arabia does not need the AWACS for their own security.

Let me discuss these points individually.

Point one: The sale threatens the security of Israel. Saudi Arabia is as ardent an adversary as Israel has at the present time. over the 33-year life history of Israel—she has had to fight four wars for her survival—in three of these wars—Saudi Arabia actively participated. Saudi Arabia, as recently as January of these year at the Islamic conference at Taif—reiterated its call for an all-out "Jihad" or "Holy War" to be waged against Israel. Saudi Arabia has steadfastly refused to endorse the Camp David peace accords—the very blueprint for peace in the Middle East. I believe the administration's failure to extract a commitment from the Saudis to support Camp David as a condition for the AWACS sale is the most repugnant aspect of this unsavory proposal. Saudi Arabia has also provided consistent financial support to the Palestine Liberation Organization—an organization whose sole purpose is to destroy Israel and her right to exist. The question one must ask is—why would we, as supporters—yes, even defenders of Israel's right to exist—sell any arms to a nation which has demonstrated such open hostility to Israel?

Further, why after 33 years and seven Presidents do we want to change the major element of our Mideast policies? It is clear that this policy is based on a balance of power in the Middle East—a balance which is achieved by a strong Israel being equal to the challenge posed by her Arab neighbors. For us to now sell 5 AWACS aircraft, 22 ground control systems, 1,177 Sidewinder missiles, 8 aerial refueling tankers, 202 conformal fuel tanks and supply U.S. technical and training support, spare parts and support equipment for each of the items creates a massive shift from current policy. Such a move will realine the balance of power in the Middle East and threaten Israel security, the security of the entire Middle East, as well as our own, which is intrinsically tied to this area.

Point two: An unstable Saudi Government precludes proper usage of such equipment. I have genuine concerns about the internal stability of the Saudi Arabian Government—and because of that concern feel we should not be proceeding with this sale. Contrary to the assertions of some in the administration and of some of my colleagues in the Senate, the tragic death of Anwar Sadat gives us more reason to disapprove this sale. Egypt, which is clearly recognized as one of the most stable governments in the Middle East, demonstrated its vulnerability to the infiltration of extremists and anarchists. The potential for a similar disruption, or perhaps one worse, is even greater in Saudi Arabia. Has the administration forgotten about the attempted takeover of the Grand Mosque on November 1979? At the time, the Saudi Government tried to blame the action on religious fanatics, but seasoned observers of the Saudi scene, including former Defense Secretary James Schlesinger, noted much more of a political motive in the attempt, including a reaction to political corruption in Saudi Arabia.

Point three: AWACS cannot be a reward for reasonably priced oil. Proponents of the sale will argue that it is a reward for the Saudi Government's moderate oil pricing policies of recent years. This argument is not only specious—it is patently false. Why should this Nation reward a country which has raised the price of a barrel of oil from $12 to $32 since 1978? Why should we reward a nation which threatens to cut back oil production? To advance this as a justification for the sale of these sophisticated weapons to Saudi Arabia is an insult to the consumers of this Nation who see Saudi Arabia as it really is—one of the leading members of OPEC. In the eyes of consumers of this oil, OPEC has stood for nothing more than the organization of petroleum extortion countries.

An additional thought—why should we bargain with Saudi Arabia about oil when it is clear that our demand for Saudi oil and for that matter, any OPEC oil, is on the decline. According to the Wall Street Journal, during 1980, U.S. oil consumption dropped by 8 percent from 1979 but more significantly, imports dropped by 20 percent. The United States, in addition to expanding our own domestic energy sources, is turning to other sources of oil, such as Mexico. The Saudi economy depends a great deal upon its exportation of oil to the United States. We should have been more cognizant of this fact before entering into this agreement with the Saudis.

Point four: AWACS in Saudi Arabia will fuel an uncontrollable arms race. Another critically important element against this sale is its potential for placing the United States in an untenable position of promoting an arms doubt in anyone's mind that if this unfortunate sale is approved—it will be followed by an additional shipment of arms to Israel. Justifiably, the Israeli Government will need such protection in the event Saudi conversion of AWACS into offensive weapons. Further, Saudi Arabia is shopping around in other world capitals for weapons and is reported to be ready to purchase hundreds of new tanks from West Germany. Once the faucet of arms sales is turned on, it may be very difficult to turn off. The only commitment of the United States of providing arms and equipment in the Middle East should be for Israel and Egypt. We do not need to be the arms merchant for the rest of the region.

Point five: The Saudis do not need AWACS in light of the current situation in the area. Saudi Arabia does not exist by itself—alone—like an island in the Middle East. It is susceptible to the world around it—the extremism of Libya—the instability of Iran—the influence of the Soviet Union in Iraq. It is not a sound policy for us to be providing a sale of this magnitude to Saudi Arabia when there is no guarantee that it will not fall into the hands

of those who would use it for offensive purposes against Israel—or even against the Saudi Government. One cannot dismiss that possibility lightly. President Sadat was murdered by members of his own military. The same internal disruption which would lead to external chaos could easily happen in Saudi Arabia as well.

Finally, I must express my own strong objection to the Saudi Government's refusal to accept joint United States Saudi command of the AWACS aircraft. The presence of U.S. military personnel would be a source of great reassurance in that they would serve to deter any possible diversion of the aircraft for offensive purposes, as well as minimize the threat of any leaks of AWACS technology. It should be noted that not even our staunchest NATO allies can operate AWACS without joint command with the United States.

In conclusion, the dangers of this proposal far outdistance any benefits which might accrue from it. What do we have to fear if we abandon this sale? The wrath of Saudi Arabia? The leaders of the Saudi Government know full well that we are committed to protecting their nation and its oilfields from outside forces. They know that they do not need AWACS or Sidewinder missiles to guarantee their security—these alone cannot do this. Therefore, why are we proceeding with this sale? The absence of an answer to this question perplexes me as I am sure that it does a number of my colleagues.

To sell AWACS to Saudi Arabia is not a way to reaffirm our friendship with Israel. It is a regressive step away from the triumphs of Camp David. It is a poor investment of American money and prestige. We are receiving very little in return for the very obvious risks we are taking. The administration is bargaining from a position of weakness—something that this Congress should in no way ratify.

There is an old expression that best summarizes my feelings on this issue: The President proposes and Congress disposes. Let us do just that by voting for House Concurrent Resolution 194.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois (Mr. YATES).

Mr. YATES. Mr. Chairman, hearings before the Appropriations Subcommittee on Foreign Operations of which I am a member, conclusively proved, in my opinion, that the AWACS should not be sold to Saudi Arabia at this time.

Mr. Chairman, I support the resolution disapproving the sale of the AWACS. The Appropriations Subcommittee on Foreign Operations, of which I am a member, held hearings on the question of the sale of the AWACS package to Saudi Arabia. In my opinion, although witnesses testified on both sides of the question, the overwhelming weight of the evidence was in opposition to the sale.

I am opposed to the administration's proposal to sell the AWACS arms package, including F-15's and several thousand AIM-9L missiles. The hearings before the Appropriations Subcommittee on Foreign Operations clearly show that such a sale would not benefit the strategic security of the United States and would definitely jeopardize the well-being of the State of Israel.

Witnesses before the committee who favored the sale rationalized their view on the ground that it was "a political decision" to assuage Saudi Arabia which they contend is a force for peace in the Middle East. It was also asserted that such sale was essential to thwart Soviet influence in the area. I believe their arguments were totally unconvincing. Even Saudi Arabia itself has dismissed the Soviet Union as an important threat to its security. Sheik Yamani, Saudi's oil minister, has specifically targeted Israel as its enemy, calling it the greatest threat to peace in the region.

I favor the administration's efforts to build friendly relations with every nation in the region and we recognize that Saudi Arabia is one of the most important. The fact remains that Saudi Arabia has not been the close, loyal friend to the United States the administration represents it to be.

Its dominance over OPEC and over the many increases in oil prices have been made to protect its best interests, not those of other nations, and do not justify the special preference the AWACS sale would provide. The Saudis have turned against the one Arab force definitely seeking peace in the Middle East, the late President Sadat, of Egypt. For his courage, initiative and good will in turning to peace with Israel, Saudi Arabia branded him a renegade and halted its financial support for Egypt, providing instead financial and moral support to the PLO, to Syria, to Iraq, which are the most hostile and aggressive forces opposing the Camp David agreements.

I would still be hesitant to sell AWACS outright to the Saudis even if the basic security of Israel were not involved. Possession of a powerful weapons system such as AWACS will provide the Saudis with the strength and prestige to dominate other nations on the Arabian peninsula including Oman which has shown a greater willingness to make itself available for a U.S. military establishment than Saudi Arabia or any other nation in the area. Oman's location offers many strategic advantages. Moreover, in Oman the concern that the weapons system may be allowed to fall into unfriendly hands because of the instability of the host government would be minimized because of American control, a control which would be lost if AWACS is sold outright to the Saudis.

When the possible impact upon Israel of relinquishing the AWACS to the Saudis is considered, the reasons against the sale become overwhelming. If it were not so deadly serious, it would be amusing to note the fine tuning with which the pentagon planners try to assess and appraise how many weapons of how much power can be turned over to Israel's enemies before they consider that Israel's survival is placed in jeopardy. Two years ago a deal was struck to sell the powerful F-15's to Saudi Arabia upon the then administration's representation that they would be used locally for defensive purposes. Now, as part of the AWACS package, that agreement has been scuttled. Improved bomb racks and extended fuel tanks are to be added to the F-15's so that their range and power and their offensive capability will be increased.

Now, this administration comes forward with a comparable kind of deal in order to obtain approval of the AWACS sale. The administration says: "We will not turn over the total AWACS with the best equipment and computerization so that if by chance the AWACS winds up for some reason in unfriendly hands, our secrets will be safe—the AWACS we deliver to the Saudis will not have full capability. * * * We will condition their use so that they will not be useful as a weapons system should war again break out between Saudi Arabia and Israel."

Promises, promises. Will the administration remember and keep these promises 2 years from now—or will history repeat itself? The fact remains that the AWACS under Saudi ownership presents too many problems to warrant the proposed outright sale.

On the question of the effect of the sale on Israel's security, there is no question that it would contribute to lessening Israel's chances for survival if war were to break again in the Middle East. While it may be true as some assert that Israel would protest turning over any sophisticated weapons to its former and possibly future enemies, AWACS is not the ordinary, run-of-the-mill weapons system. This is the description given AWACS by Gen. George Keegan, formerly head of U.S. Air Force Intelligence to our committee:

> Because of the unique technologies represented by the AWACS and the F-15 with the extension range tanks, these weapons as a system used in concert do in fact constitute the most powerful system ever developed for theatre or regional air warfare.

He continued:

> If those weapons are sold they will serve only to exacerbate the latent instabilities and the very fragile power balances which have existed in the Middle East for more

than 30 years and have been the occasion of some five needless and terrible wars.

Can one doubt that Israel's concern is well justified?

General Keegan's additional testimony is instructive:

The general use of the technology is this. The AWACS, contrary to what Mr. Buckley has said, is invulnerable, because it flies at distances and has detection equipment on board that permits it to detect any intercepting aircraft and to turn away in such time dimension that there is no way you can intercept the vehicle, so I would like to correct that what I think is a false impression.

Secondly, the AWACS and the F-15 in combination have some of the greatest technological breakthroughs since World War II, radars that are in fact capable of seeing down to 100 or 200 feet or any vehicle on the ground moving over 25 miles per hour.

I have flown the AWACS over Washington, D.C. and watched airplanes take off from LaGuardia in that respect.

The F-15s can be introduced on the West Bank, held at 40,000 to 50,000 feet where they cannot be effectively intercepted, and then can detect the incoming low-altitude Israeli fighter bombers and direct them, the F-15s, against those fighter bombers using the look-down/shoot-down radar missile combination on the F-15.

The gentleman from Louisiana (Mr. LIVINGSTON) addressed a key question to General Keegan. I quote from the transcript:

Mr. LIVINGSTON. General, I am still determined not to make up my mind, but I must say you made perhaps the most persuasive statement I have heard since I started studying this issue. I know you were sitting in the room when I addressed my questions to Dr. Cottrell. So that there would not be any mistake about it, I would like to read the full text of the statement that I received from the Israeli lobby to you, and ask you if you agree with it.

"Combined with the F-15 fighter jet, it constitutes an almost insuperable offensive weapon system. Flown well within Saudi air space, the AWACs could monitor virtually all military movement in Israel including every take-off, landing and flight pattern; thereby jeopardizing operations like Israel's Entebbe rescue or the air strike which supplied the critical margin of victory in the Six-Day War."

Do you agree with that statement?

General KEEGAN. The statement is an absolutely correct one, factual in every aspect.

Mr. YATES. Read the other one.

Mr. LIVINGSTON. Do you want me to do that? The other statement is a quotation from the U.S. Defense Department AWACs briefing, April 24.

"This airplane AWACs cannot see any target on the ground. It is impossible. It is not in the physics of the system. We have tested it a great deal and it cannot detect tanks, APCs or any other vehicle. It cannot even differentiate cities and deserts."

Maybe that is not totally contradictory but then they go on and say, "AWACs cannot correct electronic signal intelligence data, see tanks, troops or ground targets, see much beyond 200 miles to detect low-flying planes, take photos, perform jamming."

General KEEGAN. The statements are essentially untrue, but it is a case, in my judgment, of the Pentagon playing the Administration's political strategy games by making statements that on their surface are seemingly true, but which are deceptive because they are wholly irrelevant.

The fact of the matter is that the AWACs aircraft can see any aircraft on the ground out to several hundreds of miles, provided that it is moving more than 25 miles per hour. It was never claimed that the AWACs could see tanks on the ground, but one of the extraordinary things that we discovered in our many, many tests in NATO of the AWACs is that any vehicle moving at more than 25 miles an hour is going to be detected out to several hundred miles, and so the statement that has been read coming out of the Department of Defense representing, being quoted by the Saudi Arabian lobby, is a case of half truths which, on the surface, are technically truthful, but in fact are extremely misleading, because they are wholly irrelevant to the question at hand, and I think you have to recognize this game for what it is, and I do not condone it. And I resent profoundly my former professional colleagues, men in uniform, who sell their souls and their hearts and their bodies and their minds to a 35-year career of committing their lives. I dislike intensely these people being used politically, as they have been by the last three Administrations. And this is a classic case of just exactly what is going on.

Mr. LIVINGSTON. I thank you for your statement, General.

Mr. LONG. Thank you very much.

Mr. LIVINGSTON. I would have to say you are a pretty good witness.

In his questions of General Keegan, the gentleman from Pennsylvania (Mr. GRAY) brought out a most salient point:

Mr. GRAY. Therefore when coupled with the F-15s becomes a tremendous offensive system as well.

General KEEGAN. Yes. Now may I elaborate?

Mr. GRAY. Go right ahead. I would like it if you would be very, very clear on it.

General KEEGAN. The reason I find the Israeli defense force staff so absolutely adamant about this question is an extension of this thought that we have been discussing. The Israelis who fought in the previous wars understand something which I am not certain has ever been understood by any Administration in the United Sates, because of the faulty way in which our intelligence estimates are being projected still to this day.

Before each of the Israeli-Arab wars, there have been a series of intelligence estimates projected by the Central Intelligence Agency, the Defense Intelligence Agency, that have stated the following: Yes, the Arabs have more equipment than the Israelis, but the Israelis, because of their superior motivation, superior leadership, superior training can vastly overpower any combination or aggregation of Arab power, and that is a very unstudied and a very shallow view, and what the Israelis recall is that in 1973 that was the U.S. position, and it misled us into ignoring all the signs, and they were many, that an attack was about to be mounted.

What happened in 1973 that is still not appreciated, certainly not appreciated by this Administration, as best as I can discern, is that Israel almost lost the war, and Israel was almost destroyed as a country. If the Syrian tank divisions, five that went through the Golan Heights and were receiving guidance from Soviet officers flying in Soviet helicopters over the Golan Heights directing strikes against Israel, a fact that three Administrations have attempted to conceal, had that succeeded, there would be no state of Israel today. The state would have been sliced in half, which is a matter of about a day's operations in their tanks, and Israel never could have mobilized the reserves in time.

So the lesson to the Israeli military leaders is that they almost lost their nationhood, and what I am trying to suggest is that the Israeli view of the AWACs F-15 is conditioned by this thought that as powerful as their leaders are, and as sanguine as they are, and as tough, as resourceful as they have proven themselves to be, each time that a war strikes, it brings Israel close to this point of extermination, and in the case of the AWACs, the Israelis see the defeat of the only tactic they have to defeat tanks being introduced from four countries, Arab, through Jordan and the West Bank, so this defensive-offensive play is very critical and what I wanted to emphasize was the fragility of the military balance in that theater, which I think is not appreciated.

In the face of such testimony by a professional soldier, formerly the head of the U.S. Air Force Intelligence, how can the administration possibly justify this sale?

For all these reasons, I oppose the administration's proposal to sell the AWACS package to Saudi Arabia. This proposal will not lessen the chances for war between Arab States and Israel. Rather, it may very well increase them. Five times the Arab nations have pitted their strength in war against Israel. Each time Israel has been able to hurl the Arab forces back in its fight to survive. There is now no peace in the area, except for the Camp David agreements between Egypt and Israel. Only a tenuous armistice exists between Israel and the Arab nations. Can there be any doubt that if the Arab nations believed they had a good chance to win in a war against Israel, it would not take place and quickly?

Truly, the administration is playing with fire when it places additional weights on the Arab side of the balance of armed power in that area. Why should Israel's admittedly superior power be placed to the test by providing the Arab side with the most powerful air weapons system in the world? Why cannot the present arrangement of using AWACS under American control to provide our surveillance over Saudi oilfields be continued? Is it a matter of Saudi prestige? Is that enough reason to throw oil on the Middle East tinderbox?

I believe the AWACS sale to be the height of folly.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Oregon (Mr. AUCOIN).

Mr. AUCOIN. Mr. Chairman, I rise in total opposition to this arms sale to Saudi Arabia and I urge my colleagues

to vote for the resolution of disapproval.

It has not been shown that this sale serves intrinsic security interests of Saudi Arabia or the United States.

Saudi Arabia has AWACS protection today! There are, and have been, at least four AWACS stationed in Saudi Arabia for some time. They are providing 100 percent of the defensive data that Saudi Arabia has asked for and requires.

But these are American airplanes, under American command and the Saudis are not satisfied. They insist on owning the planes and ultimately having them under their command.

Mr. Chairman, these are our most sophisticated intelligence-gathering and surveillance aircraft. AWACS are so sensitive, so advanced, we do not even allow our NATO allies in Europe the exclusive control over the planes that Saudi Arabia seeks.

The Saudis can want these airplanes, then, only for reasons of prestige. And fundamentally, this Congress is being asked to approve the sale so as not to displease the Saudi Government.

And what has Saudi Arabia done to earn such fawning acquiescence?

It boycotted and attempted to destroy the Camp David peace process.

It joined Arab hard-line states in an economic boycott of Egypt for joining in the peace accord.

It helped isolate Egyptian President Anwar Sadat—the greatest peacemaker in the Mideast—and thus encouraged the climate of hostility toward him that in the end took his life.

This is our friend? This record should be rewarded?

Mr. Chairman, it is true that AWACS can be used for defensive purposes—for the early detection of an enemy attack. But the planes are more than that. They are a flying command post with devastating offensive potential—especially when it is used to direct aircraft such as the F-15. AWACS computers can track 400 planes at one time and flash that information to various airborne and ground stations. They can pick up the movement of any object moving at more than 80 miles an hour within a 250-mile radius. It can even detect automobiles moving on highways at those speeds.

Thus, AWACS computers and radar could pick up Israeli jets and direct long-range jet fighter strikes against them—before those jets had even left the runway. Defense Secretary Caspar Weinberger agreed that AWACS flying inside Saudi borders would be able to see nearly every Israeli aircraft as it rose from its base, track the planes, and radio that information to Syria or other adversaries of Israel.

If AWACS are placed in Saudi hands, an Arab surprise attack, in coordination with Syria, Jordan and Iraq, will be possible with these planes being deployed to cover all of Israel's airspace.

I ask my colleagues—does anyone here believe that the raid on Entebbe could have been done if the Saudis had had AWACS monitoring those Israeli rescue planes? And what about the Yom Kippur War in 1973? There were over 2,500 Israelis killed and 7,500 wounded in a war Israel almost lost.

Who, here, is confident Israel would have been able to finally pull it out if AWACS and retrofitted F-15's had been used in a coordinated Arab attack as Israeli forces, stretched thin across a broad eastern border, tried to defend against pinpoint strikes by heavily armed, long-range F-15's?

Mr. Chairman, this sale does not increase the chance for peace. This sale jeopardizes the peace. I ask my colleagues to disapprove this dangerous sale by approving the committee resolution.

Mr. BROOMFIELD. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I regret that a suitable compromise could not be worked out which would permit the AWACS sale to Saudi Arabia while at the same time guaranteeing the security of the sensitive American defense technology aboard those aircraft.

I am hopeful that such a compromise can still be achieved before this issue comes to a vote in the Senate next week.

But lacking such guarantees, I cannot support the sale of this equipment to the Saudis or any other country.

The issue we are confronting is simply U.S. security and the potential compromise of sensitive American technology. Today's vote in no way suggests any lessening of our commitment to the security of Saudi Arabia.

Saudi Arabia is a good friend of the United States. Its long-term interests and our interests are consistent with one another. The defense of the oil fields, the continuation of the Saudi monarchy, peace in the region, and avoidance of Soviet influence or domination in the area are of mutual concern to us.

On the other hand, we risk the loss of sensitive defense technology and we jeopardize the interests of another good friend in the region—Israel. In an era when U.S. forces are grossly outnumbered by our adversaries, the sophisticated technological edge can spell the difference between victory and defeat. If we do not exercise prudent restraint in selling the best and most secret electronic equipment, how can we protect our own forces in times of emergency.

In the final analysis, I believe that our own defense concerns outweigh the advantages of selling AWACS to Saudi Arabia. The risk of losing vital high technology is just too great in this case. I am hopeful that Saudi Arabia will come to better appreciate our position in this matter. They are our good friends and they are important to Western stability. It is regrettable that the administration is moving ahead at this time with the AWACS proposal initiated by President Carter.

Given the unfortunate recent developments in the Middle East, I believe this is a time to proceed cautiously until the situation in that region is clarified.

□ 1045

Mr. ZABLOCKI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in opposition to House Concurrent Resolution 194.

The Foreign Affairs Committee has so far been the focal point of the House's consideration of the administration's proposal to sell five airborne warning and control systems (AWACS) aircraft and the F-15 enhancements to Saudi Arabia. Over the course of the past few weeks, committee members have been privy to intelligence briefings, as well as testimony by Members of Congress, the Department of State, the Department of Defense, the General Accounting Office, and concerned private citizens.

One thing, Mr. Chairman, that proponents and opponents agree to is the following principle: We must do what is in the best national security interests of the United States. In my over 32 years in Congress, that is what has always been my bottom line, to support legislation that is in the U.S. national security interests. That position, as far as I am concerned, remains so in this particular case.

Accordingly, I would like to explain how this proposed air defense package serves a variety of major U.S. national security interests.

It enhances the defense of Saudi Arabia, the major source of the world's oil exports in the Persian Gulf. Saudi Arabia alone accounts for nearly two-thirds of the total Gulf production. Denial of access to Saudi oil by hostile powers would undermine U.S. security, as well as those of our closest allies in Western Europe, Japan, and, yes, Israel.

This sale complements our foreign policy objective of assisting friendly nations and some of the proponents of this concurrent resolution have just confirmed that Saudi Arabia is a friend of the United States. The question occurs to me, are we a friend of Saudi Arabia?

Most recently, the Soviet invasion of Afghanistan, the continued instability in revolutionary Iran, the Iranian-Iraqi war, and the growing Soviet military support activities in South

Yemen, Ethiopia, Syria, and Libya, have posed security threats to our friends and allies in the region. All we have to do is look at a map of the Middle East and the Persian Gulf, and we certainly can immediately understand that the Soviets are encircling that area. And what are we going to do about it? Leave those countries who are being encircled defenseless?

This sale reaffirms the U.S. Government's commitment to the pursuit of a comprehensive peace in the Middle East and recognizes the constructive role Saudi Arabia has and can continue to play in this regard. Illustrative of this is the indispensible role played by Saudia Arabia in achieving the current cease fire in Lebanon. We must build upon, not abandon, this reality.

How are we rewarding Saudi Arabia for its role in Lebanon in bringing a cease fire there? By denying it assistance for its own defenses? Is that reward?

This sale contributes to Israel's security by increasing Saudi defense capabilities against direct or indirect Soviet threats, while preserving Israel's significant military edge over all its Arab neighbors. This fact was confirmed by prior speakers.

The sale enhances the prospects for continued Saudi cooperation in being a price moderator within OPEC as well as maintaining significantly higher oil production than its preferred level. This was seen most recently in Saudi Arabia's response to world oil supply shortages caused by the Iran-Iraq war.

Mr. Chairman, one of the main concerns of those who have expressed reservations about this proposed air defense package revolves about the issue of control of the AWACS. It has been suggested that the United States should pursue a formal agreement with Saudi Arabia for joint control of this defensive aircraft. I believe that such an arrangement is unnecessary. The United States indeed will, both practically and legally, retain effective control over the operation and maintenance of the AWACS aircraft.

Practical U.S. control over the AWACS is assured by the following realities in Saudi Arabia:

U.S. participation in the 17-man crew of each AWACS plane will be necessary until at least January 1990.

For Saudi Arabia to be able to maximize the air defense capabilities of AWACS, U.S. participation in the crew will be necessary even after 1990.

U.S. personnel will be required for both effective operation and maintenance of the aircraft until the year 2000, throughout the entire life of the system.

And without U.S. support personnel, tne Saudis would have a capability to operate the AWACS on their own for only a maximum of 1 week.

De facto U.S. control over the AWACS will be established in written understandings between the United States and Saudi Arabia regarding:

The transfer to third countries of AWACS equipment and data which would be prohibited;

The exchange of mutually beneficial defense information;

Stringent security for the protection of AWACS; and the geographic area in which the Saudi AWACS will operate which can be conducted only within the geographic area of Saudi Arabia.

I am convinced that these controls will provide the United States with sufficient control and influence over both the operation and maintenance of the AWACS aircraft throughout the life of the system.

During the course of our intelligence briefings and hearings on the proposed AWACS sale, many of us repeatedly raised a question of fundamental concern: Would U.S. national security be adversely affected if sensitive AWACS technology fell into hostile hands? Our expert witnesses concurred that such a concern is not well-founded and that the control we will have should allay any concerns.

For example, if the computer software that integrates the AWACS system—the most sensitive portion of the technology and which remains U.S. Government property—were to fall into hostile hands, it could be reprogramed within a week, thus reducing any probability of enemy exploitation. On the other hand, if an enemy power were to attain access to the AWACS aircraft, it would require a massive effort over several years for them to be able to unscramble the computer software portion of the system.

Mr. Chairman, earlier I alluded to a point that needs further clarification. That is, why it is in the interest of both Saudi Arabia and the United States that we sell the Saudis these AWACS aircraft. Quite simply, Saudi and Persian Gulf air defense systems are currently inadequate to insure the survivability of the oil fields and facilities. Without the AWACS, Saudi Arabia has an inadequate capability in defending the oil fields from an attack across the gulf.

Mr. ROSENTHAL. Mr. Chairman, I wonder if the gentleman would yield to me at this point.

Mr. ZABLOCKI. I am delighted to yield briefly to the gentleman from New York.

Mr. ROSENTHAL. Mr. Chairman, has the gentleman thought about the advisability of continuing the present arrangement whereby the United States has four AWACS manned with U.S. personnel and provides air defense coverage for the Saudis directly? What does the gentleman see wrong with the present system? It seems to me to be very efficient and useful.

Mr. ZABLOCKI. I am delighted to answer that question for the gentleman.

I am sure that the gentleman fully knows that there is a question of Saudi sovereignty. We have four AWACS now that are gathering intelligence over the southeastern part of Saudi Arabia. To have the additional five sold to Saudi Arabia with the controls I described earlier including U.S. personnel on board the AWACS until at least 1990 serves U.S. national security interests. I do submit that, no country, certainly not Israel, would ever agree to a sale in which we would insist on having our personnel fly those planes.

Indeed, we do not have adequate control and oversight of the end use of the military equipment that we have sold to that country. We must bear in mind that the Saudi Arabians are proud people. Saudi Arabia is a nation. We must respect their sovereignty and their right to purchase needed defensive arms. We are not giving it to them without controls.

Mr. ROSENTHAL. No, I accept that.

Mr. ZABLOCKI. I would rather not yield any further time now. I have been delighted to yield to the gentleman. I think I have responded to the gentleman's questions.

I must say, Mr. Chairman, should an attack occur, not only will Saudi Arabia's security interests be severely damaged, but so, too, will the interests of the entire free world.

It is the view of past and present U.S. defense and national security officials, a view which I share, that the proposed sale also serves Israeli security interests.

Mr. Chairman, just this past weekend I attended the funeral of President Sadat. Three past Presidents, an historic occurrence, were aboard *Air Force One* attending the funeral. All three past Presidents have the same view on this issue.

I had the privilege of discussing this issue with them and I agree with them.

□ 1100

Both the increased U.S. influence among the moderate Arab States and the hardening of the region to hostile penetration that this sale will engender can only but enhance Israel's long-term security.

To those who have expressed concern regarding the impact of the proposed sale on the Arab-Israeli military base, I commend the following recent statement by Secretary of Defense Caspar Weinberger:

With or without the AWACS and F-15 enhancements, the Saudi Air Force realistically poses no significant threat to the security of Israel.

And a statement made by Under Secretary of State James L. Buckley before the House Foreign Affairs Committee on October 1, 1981:

Israel enjoys today and will continue to enjoy after our proposed sales are completed—so decisive a superiority over any combination of regional forces that the practical impact of our proposals on Israeli security would be small.

In conclusion, let me briefly discuss the implications of congressional disapproval of the proposed sale—implications for the United States, for Israel, and for a comprehensive and lasting peace in the Middle East.

In Saudi Arabia, as well as throughout the Southwest Asia region, questions would be raised as to the reliability of the United States. We would correspondingly, enjoy less influence among the moderate Arab States on a whole host of issues of importance to U.S. national security including, and especially, the promotion of lasting peace in the Middle East.

The Saudis would be forced to turn to other arms suppliers to purchase substitutes for U.S. equipment denied. Clearly, U.S. influence over the Saudi military would decline, and I submit if the Saudis purchase from another source, this is not in the interest of Israel.

Our ability to establish a regional air defense network—as part of our strategic consensus in the region—would be greatly reduced, if not destroyed. And Saudi Arabia's ability to play a moderating role in the Arab-Israeli conflict, as well as on other issues, would clearly be made much more difficult.

Neither the United States, nor Israel nor Saudi Arabia, would benefit from such developments. Yet, congressional disapproval of this proposed sale carries these very risks.

It is, therefore, my firm belief that this air defense package serves U.S. national security interests and that its rejection would damage those interests. And I have addressed the major concerns of those who have expressed opposition to this arms sale.

There are other points that can be made, but time is limited.

I would be delighted to yield to the gentleman from Illinois (Mr. FINDLEY) very briefly.

Mr. FINDLEY. I thank the gentleman for yielding.

Mr. Chairman, there have been many occasions in the past when I have admired and respected the gentleman from Wisconsin for taking statesmanlike positions, but never more so than today. I am on the Foreign Affairs Committee with the gentleman. I was there during the debate and deliberation. I am aware that his position today is somewhat lonely in contrast with the majority of the Democrats on the committee.

As I understand it, there were only two committee Democrats who joined with him in the position he has taken and this makes all the more powerful the arguments the gentleman has made today. I salute him for his courage, for his statesmanship, and I hope his colleagues will heed his recommendations.

Mr. ZABLOCKI. I thank the gentleman for his observation.

Mr. NEAL. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from North Carolina.

Mr. NEAL. Mr. Chairman, I wonder if the gentleman would speak to a concern that I have about this sale, and the concern is this: As I understand it, we want the AWACS aircraft in the Middle East on an ongoing basis to provide intelligence concerning the security of the oil fields. We are most concerned about the possibility of a Soviet invasion of that area, or an invasion by Libya or some other potential enemy of the free world.

Now, we were told when we went out to visit the AWACS at Andrews Air Force Base that they can be vulnerable to a fighter aircraft attack, either in the air or on land.

My concern is this: Given that we need intelligence from that part of the world, and that Saudi Arabia is not, to say the very least, a close friend of Israel, if there were a confrontation between Israel and any other Middle Eastern State, would it not be most likely that the Israelis would seek to take out the AWACS aircraft?

Would not the Israelis, of necessity, see it in their own security interests to knock out the AWACS aircraft? I believe they could do that with their very sophisticated air defense system and if they did would we not be left with no surveillance in that part of the world, which we have all agreed is necessary to our own security interests and that of Western Europe and Japan and the other countries dependent on that area for oil?

Mr. ZABLOCKI. If I may respond to the gentleman, it is my understanding that Israel has no intention of attacking Egypt or Saudi Arabia. And certainly the AWACS would not be used in an offensive attack on Israel, nor does Saudi Arabia intend to attack Israel, nor could such an attack take place without U.S. knowledge.

In the case of the scenario the gentleman proposes, a confrontation between Israel and Saudi Arabia, which I do not expect, nor does anyone anticipate, the AWACS will not be available for the next 4 or 5 years to Saudi Arabia and that then they will have U.S. personnel aboard the 17-man crew of the AWACS until at least 1990. Finally, the software remains U.S. property and the United States will preserve effective control over the AWACS throughout the life of the system.

I do not see where it would be to the benefit of Israel to attack a system that is intended to observe any attack coming from the Soviet Union or any of the Soviet Union's puppets, like Libya, Iraq, or South Yemen. And I am sure the gentleman will agree that Saudi Arabia is a moderate Arab State, and this is also in our interest.

Mr. NEAL. Will the gentleman yield further for another point of clarification on this question?

My point is this: I think the gentleman is correct in saying that it serves all of our interests to have AWACS aircraft in that part of the world. And I did not imply that the kind of confrontation I am talking about would, of necessity, be between Israel and Saudi Arabia.

Mr. ZABLOCKI. There was no such confrontation. A state of war may have been in existence but there have been no fighter units from Saudi Arabia involved in combat with Israel.

Mr. NEAL. The point, though, is that if there were a confrontation between Israel and any Arab State, would not the Israelis suspect that the Saudis would share information with the other Arab States, and then feel it vital to their own interests to try, and I think they could succeed in, knocking out the AWACS aircraft? This is one of my concerns, and I believe this concern could be satisfied if we were able to maintain some kind of control over the information flow of these aircraft.

I believe if we could guarantee that kind of control over the vital information supplied by the AWACS aircraft then we would serve our own interests, as well as the interests of Saudi Arabia, Israel, Western Europe and Japan. Without this kind of shared control I believe we unnecessarily risk the safety of the AWACS aircraft and the vital information they provide.

Mr. ZABLOCKI. All I can say to the gentleman, it is a sorry state of affairs if any nation on the basis of suspicion makes a decision to attack.

Mr. NEAL. Well, I think this is a real concern, Mr. Chairman, and I would like to expand on this and some other issues of concern at this point in the CONGRESSIONAL RECORD.

I fully understand the Saudi desire to have AWACS protection and I think we ought to help them. I also recognize the importance to our country of having AWACS aircraft monitor the skies above the Persian Gulf to protect Saudi oil fields, which are of vital importance to the economic and security interests of the United States and to our Western European allies and Japan. Nevertheless, it seems to me that we are much less assured of their continued presence in the area if we relinquish rather than maintain some control over their use and data. With joint United States-Saudi control over the aircraft, the Israelis, which are fully capable of destroying the AWACS in the air or on the ground, would have little to fear from the aircraft. Whereas we know that they feel very strongly that AWACS would be an offensive threat if left in the total control of Saudi Arabia, a country which has yet to recognize Israel's right to exist and has repeatedly called for a holy war against the Israelis. I am not suggesting that Israel would move to knock out the AWACS as soon as they were delivered to the

Saudis but I can foresee a situation in which the Israelis might make a preemptive strike against them at the outbreak of regional hostilities, fearing that Saudi Arabia would be pressured by their Arab brothers into joining any battle against Israel. Mr. Chairman, it seems to me that would be the worst possible time not to have an AWACS presence in the region.

Mr. Chairman, we might also consider the internal political ramifications for the Saudi Government should that country decline to join the hostilities in support of the Arab combatants. Their inaction could very well be viewed by the Arab community, not to mention their own very large Palestinian population, as a breach of faith. The Saudi family, which the administration has vowed to protect from internal and external threats, would not be left in a very secure position.

As I said, Mr. Chairman, I would have no objection to working out some type of lease arrangement with the Saudis, such as has been proposed by Senator GLENN, among others. We might even offer to lower the price of a sale to compensate them for sharing data. But, Mr. Chairman, the AWACS is a supersophisticated piece of military equipment developed principally for our own defenses and we must insure that it be protected from the prying eyes of the Soviet Union. I do not mean to offend the Saudi Government, Mr. Chairman, but it is, after all, a feudalistic monarchy with tenuous control over a very diverse population and there are those who believe that the greatest threat to the Saudi Government could come from within. It may only be a matter of time before an Iranian-type revolution occurs in that country. I would not, of course, suggest that Saudi Arabia is on the brink of revolution, but if we have learned anything from the tragic events of last week, it should be that revolution in Saudi Arabia is within the realm of possibility. In such an event, the ensuing turmoil could allow the Soviets to gain access to sensitive information contained within the AWACS aircraft—information that could undermine United States and NATO defense systems. Defense officials have informed me, Mr. Chairman, that such a breach in security may have taken place during the first few hours of the Iranian revolution, when American made F-14 jet fighters were left vulnerable to Soviet inspection. My colleagues might remember that it was for security reasons that Congress prevented the Ford administration from selling AWACS to Iran. And even NATO-employed AWACS must remain essentially in U.S. control. Saudi Arabia, therefore, should not feel that it is being singled out for special treatment.

In view of these grave reservations I plan to vote for this resolution of disapproval. It is my sincere hope that the Saudi Government try to understand our objections to the sale. None of my colleagues wish to offend the Saudi Government and I think, quite the contrary, we would like nothing better than to provide the kind of assistance and friendship they desire. But our own defense security needs must also be taken into consideration. We need AWACS capability in the Middle East and can best assure that we have it by maintaining some control. I hope my colleagues will join me in voting for this resolution of disapproval.

Mr. ZABLOCKI. The gentleman is not alone in his concern, but I submit that I firmly believe that the Government of Israel is responsible and would not invite such a confrontation. Finally, my colleagues should know that the information-sharing terms of the sale stipulate that no AWACS data to other countries is possible without prior and mutual consent of the United States and Saudi Arabia.

Mr. Chairman, in conclusion, let me say I firmly believe a dispassionate and careful examination of the administration's proposal should lead to a decision supportive of the sale of this defensive equipment to Saudi Arabia. And I intend to vote in exactly such a fashion.

Mr. Chairman, I reserve the balance of my time.

Mr. FINDLEY. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. RICHMOND).

Mr. RICHMOND. Mr. Chairman, I rise to express my strong opposition to the administration's proposed sale of AWACS and offensive F-15 equipment to Saudi Arabia and I urge my colleagues to support House Concurrent Resolution 194 disapproving this sale.

This arms deal clearly violates assurances given to Congress when the F-15's were originally sold, that we would not sell the Saudis additional equipment to extend the range or provide attack capabilities for these advanced fighter aircraft.

The proposed weapons package would seriously impair the security of Israel, our most stable and loyal ally in the Middle East, without providing any tangible benefits to the United States.

It is impossible to underestimate the threat which this proposed sale poses to Israel. The AWACS and enhanced F-15's would dramatically improve Saudi Arabia's ability to attack Israel, while seriously crippling Israel's defense capabilities. Less than 9 months ago, the Saudis called for a "holy war" against Israel. The Saudis have given extensive support to the PLO and they have strenuously opposed the Camp David peace process.

In exchange for exposing a valuable ally to extreme risks, the United States has received nothing but vague references to friendship. The Saudis have refused to permit joint manning of the AWACS, and they have refused to guarantee future U.S. access to the AWACS or the intelligence gathered by them.

Currently, the United States has four AWACS stationed in Saudi Arabia; once the Saudis have their own AWACS, the four U.S. AWACS will no longer be needed and the United States will have less access to intelligence information in the gulf region than we do now.

The Saudis have not permitted the U.S. Navy to call at their ports, nor have they agreed to grant the United States access to military bases on Saudi soil. In short, the Saudis have offered nothing in exchange for the most sophisticated weapons the United States has to offer.

Mr. Chairman, the proposed sale of AWACS and F-15 offensive equipment to Saudi Arabia is most certainly not in the best interests of the United States, and would severely undermine the security of Israel, our most critical ally in the Middle East. This sale must be disapproved and I urge my colleagues to support this resolution of disapproval.

Mr. FINDLEY. Mr. Chairman, I yield 10 minutes to the distinguished minority leader, the Republican leader, the gentleman from Illinois (Mr. MICHEL).

Mr. MICHEL. Mr. Chairman, I rise in opposition to their resolution to disapprove the sale of AWACS to Saudi Arabia. This debate is not just about Saudi Arabia or AWACS planes.

What we are debating is something far more profound and far reaching. The decisions we make today, combined with those to be made in the other body, will have a deep and historic effect on our future as a power for peace in the Mideast.

The heart of this issue is not AWACS technology but foreign policy, not the security of one type of aircraft but the security of our Nation, the Western alliance and our friends in the Mideast.

Let us look at some of the questions before us.

Some say we should not give the Saudi the AWACS unless there are Americans to man them. Others question the alleged insecurity of the AWACS technology in Saudi hands.

I recall a story I heard the other day. A high-ranking administration official was being questioned by a distinguished Member of the other body about the AWACS deal.

The administration official said to the Senator: "If the Saudi don't buy AWACS from us, they'll simply turn around and buy a similar plane from the British."

And the Senator replied "Let them buy it from the British if that's what they want."

And so the administration official said: "If you have no objection to the Saudi possessing the technology as such, why not let the United States make the sale instead of Great Britain?"

And the Senator's reply to that was, "My time is up and I have no further questions."

A vote against this sale is not going to deprive the Saudi Arabians of sophisticated flying radar technology.

Is there anyone who doubts the capacity of the British Nimrod to eventually perform AWACS tasks? Does anyone doubt the Saudis will buy the Nimrod. It is only a matter of money. And the Saudis have plenty of that.

If the Saudis buy Nimrods, there will be no joint control of the plane. So what are we gaining by forcing the Saudis into a situation which deprives us of any chance of influencing the use of this technology?

Is AWACS a threat to Israeli security? Of course not. The Israelis know perfectly well the Saudis and other Arab nations cannot mesh technologies in such a way that the Saudi AWACS could direct Arab aircraft in a war against Israel.

May I add one more point concerning the security question? For over 30 years the United States of America has been sending our most sophisticated weapons systems to the State of Israel.

But since the creation of the State of Israel, there has not been a single day when anyone could guarantee the survival or security of Israel. They have always lived on the brink of destruction.

For over 30 years we have been told we must give Israel every new weapon system it wants because it is in constant danger of disaster.

But suppose we had replied: "We cannot give Israel high technology equipment because Israel's security is threatened. We risk capture of our state-of-the-art weapons technology. Israel's security from invasion is too unstable to trust them with sophisticated weaponry, which might fall into the wrong hands."

Would not such an argument be missing the point?

In giving threatened Israel sophisticated weaponry for over 30 years we have not taken counsel of our fears. We have, instead, followed our commonsense that Israel's possession of high technology equipment is in our interests, despite the risks it could possibly fall into enemy hands.

The same argument should hold true when it comes to Saudi Arabia. The United States should not base its policy on fear but on self-interest.

We are told that the fate of the shah of Iran is a warning to us all. Do not sell sophisticated equipment to an autocratic ruler in the Mideast because it will fall into the hands of our enemies.

The only thing wrong with such an argument is that it is based on a totally false analogy.

The Iranians and the Arabs are different people with different histories, different customs, different forms of government, and different geopolitical roles.

The shah tried to "force feed" Iran's military modernization process, thereby alienating many Iranians. The Saudis have used 72 to 90 percent[1] of its military agreements with the United States to buy construction services, infrastructures, training, and other elements.

The shah was opposed by Iran's religious leaders. The Saudi family faces no such opposition and is in fact closely tied to the religious leaders.

The shah changed leadership in his armed forces so often there was complete chaos. The Saudis have had great stability and continuity in its command structure and ministerial leadership since the 1960's.

So the analogies with Iran are simply false. We have an entirely different situation in Saudi Arabia.

What about the alleged threat to internal security from the millions of foreign workers who are in Saudi Arabia?

That threat cannot be dismissed lightly. But it also cannot logically stand in the way of the sale.

If an internal threat to the Saudi kingdom is so great that our AWACS will be threatened, the disaster will go beyond the mere capture or destruction of AWACS. It will engulf all of Saudi Arabia itself. The loss of AWACS will be the least of our worries.

Besides, if such a massive and imminent threat exists, it will occur before we sell the AWACS. And if the danger is not immediate, how can we predict what is going to happen in 1985 or 1990?

The United States is irrevocably tied to Saudi Arabia for the foreseeable future. Economically and geopolitically, our two nations have mutual interests.

We may not like it. Some of our constituents may not like it. Mr. Begin certainly does not like it. But like it or lump it, the Saudis need us and we need them.

I am not one of those who say we should be nice to the Saudis because they allegedly hold down the price of oil. We all know they charge exactly what is in their long-range interests. No; we should act only in our self-interest.

And, yes; I am as irritated as anyone over the Saudi reluctance to cooperate with American strategic initiatives in the Mideast. They have been uncooperative when it comes to the question of American forward bases and our role in regional security.

But it stands to reason that not selling them AWACS will not make them any more cooperative. It will only make matters worse.

What about the concerns of many Americans over the effect this sale will have on the State of Israel?

As one who believes that Israel is vital to the national security interests of the United States, I am convinced by all the available evidence this sale will not endanger the security of Israel.

Nobody is asking Israel and Saudi Arabia to like each other. We are not running a computer dating service for Mideast lonely hearts.

All we are saying is that despite mutual dislike, those nations have common enemies that can destroy either or both. Helping the Saudis will not harm Israel—unless Israel decides to "perceive" such help as harmful. And we should not make policy based on the perceptions of other countries.

Saudi Arabia will not go away. The geopolitical problems of the Mideast will not vanish. The hard strategic decisions will not suddenly be solved by denying AWACS to the Saudis.

Our two nations are bound together like contestants in a three-legged race at a picnic. We may be uncomfortable together. We may stumble and find fault with each other. But we have to learn to move together or else we both will lose.

Summing up, we find that every argument presented against this sale has no foundation in fact.

The AWACS will not be a threat to Israel. But the Nimrod might be a threat according to findings of the Senate Foreign Relations Committee.

Joint control of the AWACS does not suit the Saudis. But if they buy Nimrod there will be no joint control, and Americans will have absolutely no voice in how the information is used.

We are told that AWACS cannot help the Saudis against Soviet attack. That is absolutely correct. But it can help the Saudis against air attacks from Soviet client states.

You cannot logically argue that AWACS is good enough to threaten Israel and then argue it is not good enough to help defend the Saudis

[1] This figure comes from "Saudi Arabia, AWACS, and America's Search for Strategic Stability in the Near East," a publication of the International Security Studio Program of the Wilson Center, Smithsonian Institute Building, Washington, D.C.

from attack. But that is exactly what opponents of this sale have argued.

Voting against AWACS will not stop the Saudis from gaining AWACS-type technology. All it will do is insure that we do not have a part in selling the technology, training the crews, and monitoring the information on a "real-time" basis.

Is this what those opposed to the sale want? I do not think so. But it is exactly what they are going to get.

Let history judge which side of this debate best served the cause of freedom, peace, and security.

□ 1115

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Maryland (Mr. BARNES).

Mr. BARNES. Mr. Chairman, my colleagues on the committee are all aware of my views on this issue. I am very strongly opposed to the sale.

Mr. Chairman, after weeks of debate and hours of testimony, I have yet to hear persuasive arguments why we should sell Saudi Arabia the sophisticated military equipment it has requested. Indeed, Mr. Chairman, I believe that the Congress has an awesome responsibility to block the proposed sale. Compelling reasons have led me to this conclusion.

Mr. Chairman, though it gives me no pleasure to oppose the administration in its effort to outline a viable foreign policy for the Middle East, I must point out, as my friend, the distinguished gentleman from Indiana (Mr. HAMILTON) has noted before me: A weapons sale is not a policy.

Indeed, the equipment Saudi Arabia wants to buy from us will not even increase its security. The peninsula, the oilfields, and the Saudi regime are best defended by the United States. The Saudi Air Force does not have the capability to replace American military power and effectiveness that is in the area today. We have four AWACS in full operating service at all times "available to protect Saudi Arabia's security." What the Saudis would purchase does not compare to what they have today. If the purpose of this sale is, as the administration argues, to assure the security of Saudi Arabia, the oilfields, and Western interests in the Middle East, then, I must contend, the sale is based upon an illusion. Both the United States and Saudi Arabia are better served by American maintenance and control of the AWACS.

Mr. Chairman, I also would like to point out that while possession of five AWACS and the enhancement items will not increase Saudi security, they do represent a danger to Israel. Israeli military planners note that with AWACS, Saudi Arabia could monitor nearly all Israeli military movements and communications. The AWACS might also be used in a common war against Israel. In addition, and equally dangerous, Saudi possession of conformal fuel tanks, by increasing the fuel capacity of the F-15's by roughly 75 percent, would mean that Israeli territory could be subject to attack from deep within Saudi Arabia. Moreover, should Saudi pilots obtain Sidewinder missiles, Israeli jets would lose the qualitative advantage they now enjoy.

Unfortunately, if the United States does sell Saudi Arabia the equipment it wants to buy, it will increase the deadly arms race in the Middle East. Israel will be forced at great cost to match Saudi technological advances and, without the large oil reserves Saudi Arabia possesses, will have a difficult time doing so. It will then turn to the United States for increased aid. And, Mr. Chairman, I ask you, in an era when we are forced to cut the budget drastically, can we afford to increase appropriations for foreign aid? This sale makes no sense if we are serious about our commitment to Israel.

Suppose Saudi Arabia does get the AWACS it wants, and suppose further, another war breaks out in the Middle East—what would we expect to happen? The possibility that Saudi Arabia could threaten Israel's existence might bring Saudi Arabia into the Arab-Israeli conflict for the first time. Israeli strategy and psychology in the past has been to assume the worst before it happens. Saudi Arabia might therefore be more secure if it does not represent a threat to other nations in the area. Suffice it to say, I do not believe that the AWACS are defensive weapons. Clearly, they are not.

Mr. Chairman, I would also like to note—and this point bothers me immensely, as indeed it should all of my colleagues—the proposed sale of AWACS and other equipment violates pledges the previous administration made to Congress and Israel in 1978. In negotiations with the Congress, Secretary Brown promised that the United States would not supply Saudi Arabia with AWACS or the enhanced performance equipment for the F-15's. Should we permit the Reagan administration now to violate that pledge, it would raise the serious issue of how valuable any assurance to Congress would be in the future.

I would also like to point out, Mr. Chairman, that Saudi possession of sophisticated AWACS could threaten American military interests. If the Saud royal family, an unrepresentative ruling elite, should be overthrown, as was the Shah of Iran, the United States would lose important technological secrets. The social and economic dislocations a rapidly modernizing Saudi society has faced pose severe challenges to its future stability. American military officials therefore cannot be certain that the AWACS would never fall into unfriendly hands or that the Saudi leadership might never change its position vis-a-vis the United States. The tragic assassination of President Sadat reminds us again how volatile the Middle East really is. We simply cannot be confident about what the future holds.

And, still, despite the continuing, indeed abundant, American military aid they have received, the Saudis have opposed our initiatives to advance an Arab-Israeli peace agreement. In addition, by not allowing the United States access to key military facilities, they have thwarted American efforts to develop a viable Persian Gulf defense strategy. Sale of the AWACS would not increase American leverage on the Saudi regime. At the same time, the sale will anger Israel, making that country less likely to compromise its positions in the future to accommodate American interests. In short, the administration, by not insisting on clear Saudi quid pro quos, would be sending a message of weakness to Riyad and to the world. It is time we made our own demands and stopped allowing the Saudis to make our Middle East policy for us.

It is the Congress responsibility to block this sale. It is time for the administration to begin again to develop a course of action which will advance the cause of peace in the Middle East. The Reagan administration's notion that it can overlook local conflict and unite conservative Arab regimes and Israel in a common anti-Soviet bond is based on an antiquated cold war view of the world which, unfortunately, may prove very dangerous to those countries we would defend.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Florida (Mr. NELSON).

Mr. NELSON. Mr. Chairman, I wish to state my opposition to this sale to Saudi Arabia for the reason that we should not be selling this sophisticated system to anyone.

Mr. Chairman, it is unfortunate that now the test of whether we are friends with Saudi Arabia is whether we sell the highly sophisticated AWACS planes to them.

A big foreign policy mistake has been made by the Reagan administration in allowing the litmus test of our friendship to be sale or no sale.

I do not favor the sale because we simply should not sell this kind of advanced state-of-the-art defense system to anyone.

A majority of the Members of the House of Representatives and the Senate, including myself, have cosponsored resolutions to disapprove the sale of these high-technology aircraft. Some are sincerely concerned about AWACS being a threat to Israel.

But the real issue is not Israel against Saudi Arabia. The issue is whether we can afford to put this sophisticated intellegence-gathering technology in the hands of a country such as Saudi Arabia.

I can understand the President's anxiety about our relationship with Saudi Arabia, which is the world's largest supplier of oil.

I understand Saudi Arabia's desire to have the AWACS. I was in Saudi Arabia in February, and I know what their strategic problems and concerns are. For the near term, they are concerned that Iranian air sorties, or Iraqi air raids, might penetrate their air space and destroy the oil facilities.

But when I was in Saudi Arabia, there was no talk of that government wanting to buy AWACS. For U.S. AWACS with U.S. Air Force crews were then in Riyadh flying surveillance missions for the mutual defense interests of the United States and Saudi Arabia.

I do not believe Saudi ownership of the AWACS planes is essential to the security of that country or of its oil. But I do believe that the continued use of U.S. Air Force planes over the skies of Saudi Arabia immensely improves the security of that country and enhances the protection of U.S. interests. I believe the Saudis would have accepted this if we had not made the mistake of offering to sell them the AWACS.

Now, since the votes are short in the Senate to approve the sale, there is feverish activity by President Reagan to get the Saudis to compromise. Saudi Arabia, trying to save face, continues to insist on the ownership and control of the airplanes that were originally offered by President Reagan.

So it is almost a "no-win" situation for the United States. If we sell the AWACS, sophisticated defense systems could be compromised. If we do not sell, we may lose a friend which has many shared interests.

It is a delicate, uncomfortable, and unnecessary situation for us to be in. Nevertheless, I feel we must stop this sale—because we should not sell this high technology to anyone—and I will vote to disapprove it.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Missouri (Mr. GEPHARDT).

Mr. GEPHARDT. Mr. Chairman, I rise in support of the resolution disapproving the proposed Saudi Arabia arms sale package.

Rather than promoting stability in the Persian Gulf and enhancing our security, the arms sale would be detrimental to Saudi Arabia, to the Middle East and, indeed, to the United States.

In November 1979, I accompanied then-Secretary of the Treasury G. William Miller on a trip to three Persian Gulf kingdoms, including Saudi Arabia. I came home with the conviction that many dangers threaten the security of that country, but the most serious come from within its own boundaries.

The Saudis have requested these weapons in order to protect their exceedingly valuable oilfields from attack. They are justifiably concerned about the threats to their security that have increased in recent years since the Iranian revolution, the Soviet invasion of Afghanistan and growing foreign involvement in neighboring states like Yemen and Ethiopia.

However, a far more likely event than external attack is internal revolt. New oil wealth has forced Saudi Arabia to transform an essentially feudal society into a modern 20th century community in the course of less than 20 years. This brief transition has imposed incredible strains on governmental, religious, and economic institutions.

Despite efforts by the Saud royal family to adhere to traditional religious and social beliefs, oil riches cannot keep out modern inroads that are vehemently opposed by significant groups of religious fundamentalists.

The assault on the Grand Mosque at Mecca, which coincided with my visit, is a clear case in point the rebels were protesting the presence of women in business, soccer, and television.

Exacerbating this problem is the presence of large numbers of foreign nationals the Saudi Government has had to bring in for oilfield work that cannot be accomplished by the small native population which remains untrained in industrial skills and 80-85 percent illiterate. The largest foreign populations are Iranian and Palestinian—posing the obvious threats to Saudi internal security. Many live in abject poverty in striking contrast to the royal family. The effort to close the gap is sincere, but inevitably slow. In the meantime, the potential for revolt is considerable.

Sophisticated AWACS to observe enemy mobilization, conformal fuel tanks to extend flying time for F-15's, and Sidewinder missiles to counterattack enemy aircraft from all directions will do nothing to solve these fundamental social conflicts which undermine the stability of Saudi Arabia.

Nor will they improve the capacity of the military to respond in the event an internal uprising does occur. The difficulty the Army and National Guard had in reclaiming the Grand Mosque from the zealots that seized it 2 years ago has been widely acknowledged. Weapons systems too sophisticated for even the few Saudi officers who are well trained and educated will not provide the miltary with the leadership and decisiveness that was lacking in the crisis, and in fact, will divert attention away from this much-needed kind of training.

While leaving Saudi Arabia vulnerable internally, we are exposing ourselves to security risks if we sell them this advanced weaponry. The Iran parallel has been drawn many times, and rightly so.

Despite the statements of the President that the United States will not allow Saudi Arabia to be another Iran—statements which I am sure are truly sincere—the tragic and shocking assassination of President Sadat last week demonstrated too clearly how far events are beyond our control. Should the Saudi Government be overthrown, these weapons, with all their advanced technology not yet fully known by our adversaries, would surely fall directly into their hands. Thus, rather than enchancing our security by strengthening our presence in the Persian Gulf, this Saudi Arabian arms sale would undermine the effectiveness and increase the vulnerability of some of our most valuable weapons systems.

Finally, I believe the proposed sale would discourage, not promote, peace efforts in the Middle East. Regardless of whether or not these weapons can buy Saudi friendship and cooperation in this process, its contribution to an escalation of the arms race in the region and its likely encouragement of a hardline attitude on the part of Israel would cancel out any benefits we might derive from Saudi gratitude. Events of the past week have thrown this usually volatile region into an exceptionally uncertain phase. We have no idea what events will unfold in the wake of the violent and untimely death of President Sadat. Intra-Arab divisions, not to mention the perpetual Arab-Israeli conflict, are potentially explosive. Fueling the flames with additional weapons cannot possibly cool down the situation.

Nevertheless, the initial developments give some reason for optimism—two respected former Presidents have suggested direct negotiations with the Palestine Liberation Organization and recognition by the PLO of Israel's right to exist.

A weapons sale which the Israelis consider a threat would quash these delicate and tentative overtures toward productive peace negotiations.

In light of these unsettling events, it would be most prudent, in my view,

for the President to withdraw the Saudi arms package temporarily while the post-Sadat Middle East takes shape. In the meantime, not only can we pursue the Arab-Israeli peace process but also possibly renegotiate a more acceptable arms deal with Saudi Arabia, perhaps one which parallels the NATO AWACS arrangement.

Unfortunately, the House does not have that luxury, and today must vote "yes" or "no" on the proposed sale of arms to Saudi Arabia. To decide, I think we must ask, is it a true mark of friendship to sell Saudi Arabia these weapons that they do not need and cannot really use? In answer, I would cite the conversations I had with numerous responsible officials during my 1979 trip. They emphasized that the threat to the countries we were visiting is not external, but internal. They suggested that better than selling our friends in the Middle East sophisticated weapons, we should be candidly and frankly telling them how they could close the gap between the royal families and their people. Most were very concerned about the disturbances in Saudi Arabia and advised us to be brutally frank with our friends in the area about how they are failing regarding internal policies.

The same point was eloquently made in an article former CIA Director Stansfield Turner wrote for the Washington Post last April. As he wrote—

> It would be irresponsible for us to help (the Saudis) prepare to defeat a sophisticated air threat, for which the AWACS was designed and which has a low probability of occurring, when they are incapable of handling the more elementary threats of insurrection and guerrilla warfare that are highly probable. As friends, we should try to draw their attention to the realities of their situation. . . . Even if there are short-term advantages to the United States in establishing some continuing military presence in the Arabian peninsula through the provision of AWACS, we should forgo that in favor of doing what a genuine and long-term friend would do: Be frank and put the friend's interests up front. . . . (The Saudis) would also see, in time, that the way to be a friend is to be honest and frank rather than say yes to an ill-advised request.

This proposed sale is an ill-advised request, and I urge my colleagues to join me in rejecting it.

Mr. FASCELL. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Colorado (Mrs. SCHROEDER).

Mrs. SCHROEDER. Mr. Chairman, I rise in opposition to the sale.

I was a Member of Congress in 1977 when the Carter administration proposed the sale of seven airborne warning and command systems to the Shah of Iran. Those of us who raised objections to the sale could not be accused of being partisan (for I was a Democrat as was President Carter), nor could William F. Buckley, Jr., accuse us as "trying to outdo each other in servility to Begin." Senator THOMAS EAGLETON concluded the only positive aspect of selling the sensitive weapons system to Iran was the possibility of reducing the AWACS unit cost to the U.S. Air Force. Hubert Humphrey, not known for being terse, was terse, and said the case for the sale was: "The Shah expects it."

Congress blocked the sale in 1977 because neither lowering unit costs nor worrying about the Shah's expectations outweighed the risk of jeopardizing the security of one of our revolutionary new weapon systems. We still will not allow NATO allies to operate AWACS except under joint U.S. command because of our continued concern about compromising the system.

When the sale to the Shah was turned down, Carter came up with more assurances: the Shah's regime was guaranteed to be stable, Iran's security record was cited as excellent and so on. Finally, 1 year later the sale was approved. Within 18 months the Shah was overthrown and we still do not know the true cost of having the F-14's and Phoenix missiles compromised. I am only thankful AWACS had not yet been delivered to Iran so it was not added to the "compromised" list. "Assurance" is different than insurance; you cannot collect if an assurance fails.

We now have the same play running on the congressional circuit only with different players. It is important to point out that not only is the Shah gone, but so is Sadat. Sadat was a man much more interested in substance than symbols. I am sure he would be more concerned about furthering the substance of the Camp David accords than the symbol of who attended his funeral. The United States had been hopeful Saudi Arabia would support and work to implement the Camp David accords. They did not. Further, Saudi Arabia has provided refuge for such madmen as Idi Amin from Uganda. I wish we could couple further dealings with Saudi Arabia to their working for the Camp David accords. That would be the kind of substance a man like Sadat would applaud.

The gap in the AWACS debate is: What is U.S. strategy in the Middle East and how does selling AWACS to Saudi Arabia fit into that strategy? The Saudis have opposed any U.S. presence in the Persian Gulf, denied the United States bases in their country, and pressured Oman to back away from their offer of allowing United States access to their country. The Wall Street Journal stated "The Saudis have always wanted the United States to defend them, but to remain 6,000 miles away."

The last thing the Middle East needs is more instability. We have stated that Camp David is the keystone of our Middle East policy. It is unthinkable that we would share our top technology with a so-called ally who does not share our views on what we say is the most important momentum in the region, the Camp David accords. I cannot support the AWACS sale to Saudi Arabia, no matter what they pay us. The cost to our long-term national interests is too high.

Mr. FASCELL. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Maryland (Mr. LONG), chairman of the Subcommittee on Foreign Operations of the Appropriations Committee.

Mr. LONG of Maryland. Mr. Chairman, today we shall be voting on the largest single arms sale in U.S. history—the proposed sale to Saudi Arabia of five AWACS, enhancement equipment for the F-15 fighter and KC-135 tanker aircraft costing $8.5 billion.

In an effort to convince the administration to withdraw the proposed sale I, along with Representative NORMAN LENT introduced in April, a bipartisan resolution of disapproval of the sale because I felt, as I do today, that this proposal would undermine the security interests of the United States. I have felt from the beginning that the national security interests of the United States should be the fundamental issue in deciding on this sale. That is my overwhelming interest and the interest of the 255 Members from both sides of the aisle, nearly 60 percent of the membership of the House, who cosponsored the Long-Lent bipartisan resolution of disapproval.

Last week the Foreign Affairs Committee, under the distinguished leadership of Representatives FASCELL and DERWINSKI voted out this resolution of disapproval by a vote of 28 to 8, with support including the ranking minority member, Mr. BROOMFIELD of Illinois, and substantial majorities from both sides of the aisle.

The assassination of President Sadat reveals in the strongest light the instability of governments in the Middle East and the danger of our most sophisticated technology falling into Soviet hands, and therefore increases the importance of blocking this sale. Just as the Shah of Iran was not kept in power by the sixth largest armed force in the world, built up by our own weapons sales to that nation, and just as President Sadat was not protected by the sophisticated jets flying over him, nor the advanced armor passing before him, Saudi Arabia would not be protected by the AWACS from the real threat to all regimes in the Middle East—internal instability.

Mr. Chairman, this sale would expose our most sophisticated technol-

ogy to the Soviet Union through bribery, defection, accident, capture, or revolution. This Nation had agreed to sell this very AWACS technology to Iran for largely the same reasons now cited by the administration for the sale to Saudi Arabia. Fortunately the delivery date came after the revolution.

Some of the American weapons systems that did fall into Russian hands as a result of the Iranian revolution include the F-12 fighter, the Phoenix missile, the HAWK surface-to-air missile and the TOW antitank missile.

The technology of the AWACS itself is only one part of the risk involved in this proposal. I was most impressed by a letter from 12 American F-15 pilots to Representative TOM LANTOS voicing their objection to the sale of the AIM 9L missile, arguing that the possible betrayal to the Soviets of this missile technology could result in the loss of many brave American pilots in a future conflict, perhaps in the NATO area. That letter comes from the men who have to lay their lives on the line. As our sons and brothers they have a greater claim on our votes that those who in some cases are pushing for greater profits.

Gen. George Keegan, former Chief of Air Force Intelligence and being retired one of the few military experts free to speak his mind, testified before my Foreign Operations Subcommittee:

AWACS technology is the key to the successful air defense of NATO . . . I think any technology we put in there (Saudi Arabia) however guarded by a handful of Americans, is going to be very quickly compromised to Soviet intelligence.

It is argued that we would be selling the Saudi a downgraded version of the plane. However, according to General Keegan;

Even if you downgrade the equipment, as has been alleged is the intent of the current administration, and we move these sensitive equipments, and leave only the 1960's radar technology which the State Department is now characterizing as an ancient radar technology, the fact nevertheless remains that the radar aboard that aircraft, the basic radar and the basic original computer system, does constitute the most powerful radar system ever put into an aircraft.

We have not sold this technology to any other nation including our closest allies in the NATO alliance. The AWACS used by NATO and the AWACS currently in Saudi Arabia are totally under American control. In heavens name why we do not keep it that way.

As chairman of the Appropriations Subcommittee on Foreign Operations, I have the job of trying to get a foreign aid appropriation bill through the Congress. Already, of the administration's request of $4 billion for foreign military sales credits in fiscal year 1982, 62.7 percent would go to the Near East (Egypt, Israel, Jordan, Lebanon, Oman, Morocco, and Tunisia).

This sale would represent a quantum increase in the arms spiral in the Middle East. The American taxpayer would ultimately foot the bill as we would be forced to provide additional military aid to the Middle East nations which feel threatened by the AWACS sale, further straining our foreign aid budget.

The administration has stated that the AWACS "help Saudi Arabia to defend itself against regional threats but will not measurably increase Saudi offensive potential." According to General Keegan, the facts are that because of the unique technologies represented by the AWACS and the F-15, these weapons used in concert do in fact constitute the most powerful offensive weapons system ever developed for theater or regional air warfare.

The Saudis have taken an active part in every war but one against Israel in the Middle East. With this equipment the Saudis would be a much greater asset to any war effort in the Middle East and would be under proportionally greater pressure to join it in a substantive way.

It is argued that the Saudis could buy the British counterpart of the AWACS, but the Nimrod is clearly inferior to the AWACS, in range, endurance, control, and battlefield management capability, and was designed to operate primarily over water rather than both land and water as the AWACS is.

The Saudis need the United States more than the United States needs the Saudis. After all, this Nation is the ultimate guardian of the Saudi oilfields.

Saudi Arabia opposed the American rescue attempt of the hostages in Iran and even the American response to the Libyan attack on U.S. planes in the Gulf of Sidra recently. The Saudis have refused us basing facilities on their soil, are the major bankrollers of the PLO, and are the leaders of the opposition to the Camp David peace process. The price of Saudi oil has risen from $2.59 per barrel in January 1973 to $34 per barrel in January 1981, a 15-fold increase in 8 years. With these high prices and reduced consumption, we now have a worldwide oil glut that is growing all the time.

With this sale we would be lighting matches over the most explosive area in the world today. If World War III should break out with all its horror, this is where it could be set off and in the final analysis the U.S. taxpayer would be paying to ignite his own destruction.

I urge all my colleagues, cosponsors of the Long-Lent resolution of disapproval, as well as other Members concerned with preserving American security, to vote to disapprove the proposed sale of AWACS and F-15 enhancement equipment to Saudi Arabia.

Mr. BROOMFIELD. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. DORNAN).

Mr. DORNAN of California. Mr. Chairman, I would like to associate myself with the remarks of the distinguished gentleman who spoke just before me. It was an excellent statement.

I also rise in support of the resolution. I oppose the sale of advanced AWACS technology to a country, irrespective of dependability or friendship. There are two ironies here that I will mention. The little known fact is that the Israelis did the R. & D. and developed these conformal tanks for the F-15 fighters, so Saudi Arabia will have to pay royalties to Israel if this sale goes through.

Another irony is all of this talk about how stable the Saudi monarchy is. What is this new American fascination with monarchies. It was exactly 200 years ago tonight that one of our forefathers, Alexander Hamilton, as a young officer broke the back of the British in 1781 by leading the charge on redoubt No. 10 at Yorktown. Many of us will be traveling to that site next Monday. And what were we doing 200 years ago—dumping a monarchy. In other words, that we threw over King George III and here we talk about the stability of a monarchy. Granted, with 3,000 princes, all spread uniquely throughout the infrastructure of the country. The irony of it strikes me that we also praised the monarchy of the Shah of Iran as though he were Thomas Jefferson. When he fell, the democratic world seemed utterly shocked. The Peacock throne with its secret police had fallen.

My first speech before this distinguished body in 1977 was about the AWACS. Obviously, my vote not to give that technology to the Shah was one of the better moves I made in my first year.

Now, if I may lecture a former President of the United States, Mr. Jimmy Carter, about his advice yesterday that the Congress has no right to go against a President; that is, to share in important foreign policy decisions, I suggest he re-read the preamble of the Constitution. It says that we here in Congress have the obligation "to provide for the common defense."

In my short time, I want to make three points. One point involves security, both United States and Israeli security. As the distinguished gentleman from Maryland (Mr. LONG) mentioned our own F-15 "Eagle" fighter pilots are concerned about the AIM-9-L sidewinder technology being compromised to the Soviet Union through a leak. I

have discovered that the F-14 Tomcat, which never should have gone to the Shah—ever, ever—is being used now as a mini-AWACS, with its look-down radar, to control the F-4 Phantoms in that ugly war between Iran and Iraq. How shortsighted we were to release our Phoenix system to monarchy.

□ 1130

As far as U.S. security is concerned, the Shah asked for the F-18, the F-16, AWACS, and advanced naval destroyers. Thank God, he never got them. There was nothing in our U.S. arsenal that he did not lust for with his petrodollars, our U.S. consumer dollars by the way.

Friendship is not determined by what petrodollars buy or what weapons they cannot buy; it is determined by the degree of respect nations hold for one another. We respect Saudi Arabia and they respect us. They should. Our dollars are modernizing their country beyond belief. Our Corps of Engineers has spent almost half of $16 billion already building military installations for them. Respect will be heightened by a clear message from this country that they cannot have certain highly classified items such as the Trident sub, the B-1 bomber, the SR-71 Blackbird intelligence aircraft, laser weapons, nuclear missiles, and this advanced technology AWACS.

As far as Israeli security is concerned, I have just come back from that tiny democracy—repeat democracy. I watched them debate in their Congress—the Knesset—for hours. On intelligence matters, they deal with 10-, 20-, and 30-year cycles of probable events based on the survivial of their nation, not 4-year Presidential cycles as we unfortunately do. They see this AWACS sale as a threat and well they should.

The second point I want to make is the AWACS brain drain. The 14-percent pay raise we voted is exactly for the type of highly trained officers and NCO's who man this type aircraft. Obviously the Saudis are going to come to Tinker Air Force Base and cause another hemorrhage of high-quality talent from our military by offering 514 percent raises to entice our men to resign their commissions and fly as mercenaries.

The third, and most important point that I would make this morning is that there was a luncheon held for the PLO 4 weeks ago today in that very special room, EF-100, under the steps where every President has been sworn in from Andy Jackson to Jimmy Carter. Can you believe it? A terrorist representative dining in our hallowed capitol. At the end of my remarks I will insert the 13-year record of terrorism by the PLO and similiar groups. I went uninvited to that luncheon and asked one question: "Why don't you stop targeting and murdering innocent women and children?"

The answer was that the PLO will continue to target and bomb women and children because the PLO represents the victims in the Middle East.

In the Los Angeles Times there was an article pointing out that the PLO has said to the Saudis, "If you get this AWACS technology, then of course you will share it with us." I will also try to insert that article at the end of my remarks. If not, I will put it in tomorrow's RECORD.

The list of terrorist activities by the PLO is horrific. We do not know what the state of Saudi Arabia will be in 1985 or after.

Mr. Chairman, I repeat, I believe that the security of our Nation is jeopardized by this sale.

Mr. Chairman, the material to which I referred in my remarks is as follows:

ACTS OF ARAB TERROR OUTSIDE ISRAEL

Attached is a list of Arab terrorist acts outside Israel, since their beginning, in 1968.

A statistical analysis of terrorist acts outside Israel reveals:

a. By October 1975, terrorists had perpetrated (or planned) 153 acts of terror outside Israel.

b. The year of greatest terrorist activity outside Israel was 1973, with 50 acts of terrorism attempted or actually committed.

c. A significant decrease in terrorist acts outside Israel was noted in 1975 (only 7 instances).

d. Only about 50% of the terrorist acts outside Israel were aimed at Israeli targets.

e. In terrorist acts outside Israel 210 people were killed and 167 wounded.

f. About 80% of casualties (297) were citizens of other countries.

g. In terrorist acts outside Israel 32 Israeli citizens were killed and 27 wounded.

h. Terrorist acts have taken place, or been attempted, in 39 countries: 23 in West Germany, 16 in England, 15 in Italy, 12 in France, 10 in Greece, 10 in the Netherlands, and the remainder in other countries.

i. The Fatah-Black September organization has carried out the largest number of terrorist acts outside Israel—51. The Popular Front for the Liberation of Palestine, headed by George Habash, and non-Arab underground organizations connected with it, have carried out 33 terrorist acts.

RECENT RECORD OF PLO "ARMED STRUGGLE"

25 December 1977: Explosion on Keren Kayemet Street, Jerusalem—no casualties.

27 December 1977: Explosion in No. 27 bus in Jerusalem—no casualties.

28 December 1977: Explosive charge discovered in No. 2 bus in Jerusalem, before it went off.

29 December 1977: Explosion on Shoham Street, Netanya—2 killed, 2 wounded.

1 January 1978: Explosive charge discovered on Mapu Street, Jerusalem, before it went off.

4 January 1978: Explosive charge discovered in East Jerusalem before it went off.

8 January 1978: Explosion at Damascus Gate bus station, Jerusalem—3 wounded.

9 January 1978: Explosive charge discovered in Neve Yaakov quarter, Jerusalem, before it went off.

13 January 1978: Explosion in parking lot in Jaffa—2 killed.

15 January 1978: Explosion in No. 12 bus in Jerusalem—no casualties.

18 January 1978: Explosion at the corner of Carmiel and Jerusalem Streets in Kfar Saba—no casualties.

25 January 1978: Explosion in Shmuel Hanavi quarter, Jerusalem—no casualties.

1 February 1978: Explosive charge discovered near Beit Safafa before it went off.

3 February 1978: Explosion in downtown Jerusalem—no casualties.

10 February 1978: Explosion in supermarket on Agron Street, Jerusalem—no casualties.

13 February 1978: Explosive charge discovered on the outskirts of Jerusalem before it went off.

14 February 1978: Explosion in No. 35 bus in Jerusalem—2 killed, 46 wounded.

16 February 1978: Explosion at Israel Goldstein Youth Village in Jerusalem—no casualties.

Mr. ZABLOCKI. Mr. Chairman, I yield such time as he may consume to the gentleman from New Jersey (Mr. FLORIO).

Mr. FLORIO. Mr. Chairman, I thank the gentleman very much for yielding me this time, and I rise to express my opposition to this proposed sale. I think all the arguments that have been put forth in opposition are certainly meritorious, and I want to be identified with those arguments.

I wish specifically to express my unwaivering opposition to the proposed sale of the five E-3A AWACS aircraft and F-15 enhancements to Saudi Arabia. As I have stated on numerous occasions, the arguments against the sale are overwhelming and compelling.

The tragic events in Egypt last week underscore the fact that the proposed sale will fail to advance our foreign policy and national security interests. We are all too aware of the volatility of the region. Thus, the addition of even more complex and highly sophisticated AWACS radar reconnaissance planes will jeopardize further our efforts to achieve stability in the Middle East.

Israel's value as a strategic and reliable democratic ally to the United States must not be threatened. We must maintain an unwaivering commitment to the security of the State of Israel. What purpose will be served if we sell our most sophisticated weapons technology to an unstable regime that is a declared enemy of the State of Israel? We are all too willing to forget that the Saudis, in addition to attacking the Camp David accords and declaring a jihad against Israel, are a major bankroller of the terrorist activities of the PLO. What kind of a message will we be sending the Saudis

if we appear to be rewarding them for working against us? Unless the Saudis are prepared to provide us with a clear demonstration of their commitment to peace and to our mutual security interests, and unless we can be assured that the armaments that we supply will not be used for an anti-Israeli offensive, we must block the sale. Thus far, we have not received any assurances that the Saudis will define their own security interests in a manner compatible with our own. Furthermore, there are already two AWACS in Saudi Arabia that are controlled and flown by U.S. personnel. I remain unconvinced that the arrangements that the administration has established will insure that the AWACS will not fall into the hands of the Soviets or be used against our own security interests.

Mr. ZABLOCKI. Mr. Chairman, I yield such time as he may consume to the gentleman from Florida (Mr. LEHMAN).

Mr. LEHMAN. Mr. Chairman, this proposed sale does not make good sense. Let us not give our best technology and military power to an unstable government and to a government that is unwilling to cooperate with us.

Mr. Chairman, I wish to speak in support of the resolution of disapproval before us today and to commend my friend and colleague, the distinguished gentleman from Miami, Fla., DANTE FASCELL, for his leadership role in seeking disapproval of the administration's request to sell AWACS and F-15 enhancements to Saudi Arabia.

For months, the Reagan administration has said it would present clear, persuasive arguments for this sale, but it has failed to do so. The administration has not responded in any credible way to the many serious concerns that Members who wish foremost to protect U.S. interests have had and continue to have. The concerns that relate to Saudi control of the AWACS still persist. No written assurances concerning the use of this weaponry have been given by the Saudis, no reasonable or believable statements that these weapons systems would not be directed against our proven ally, Israel, have been offered, especially in view of the offensive threat that AWACS aircraft used in conjunction with the F-15's would pose to Israel.

The Saudi role in coordinating Arab rejection of the most promising comprehensive peace plan in the Middle East should not be condoned. Nor should we have sat quietly by as the Saudis strengthened the PLO hand while weakening the now late-President Sadat's prestige and power by isolating him economically and politically in the Arab world. The United States has, most unfortunately, complied in these anti-Egypt, anti-peace initiatives orchestrated by the Saudis. While ignoring these actions, we have forged ahead in a still hoped-for and as yet unattainable Saudi alliance.

On the merits, this proposed sale does not make good sense. To allow the sale to proceed on the basis of less deserving rationale would do a disservice to ourselves and to our allies. I strongly urge those of my colleagues who are at this moment still undecided on this issue to vote for passage of this resolution of disapproval. Let us heed the lesson of Iran and now of Egypt. Let us not give our best technology and military power to an unstable government and to a government that is so unwilling to cooperate with us.

Mr. ZABLOCKI. Mr. Chairman, I yield 5 minutes to the gentleman from Mississippi (Mr. MONTGOMERY).

Mr. MONTGOMERY. Mr. Chairman, I rise in support of the sale of the AWACS to Saudi Arabia, and I will vote "no" on the resolution.

It seems to me because of the strong opposition by Prime Minister Begin that this issue has become more than just the approval of a sale of military equipment. It has become an issue of whether another nation is going to dictate a part of our foreign policy.

It will be embarrassing to our President and to the Nation to block this sale because we would be saying to the rest of the world, the administration blew this one. That would not be fair to the President. His constitutional authority is to run our foreign policy. He made this decision, and we ought to support the President. Let us be realistic, the sale of AWACS is no earth-shaking matter.

As a member of the Armed Services Committee, I can not find out what is so wrong in selling this defensive weapon to a good friend and ally. The AWACS radar can be jammed by Israel with today's technology; its purpose is to monitor air traffic, not to monitor ground activity. We have sold F-15s, guns and tanks to Saudi Arabia, and these are the destructive weapons.

If the AWACS sale is approved; for many years to come, U.S. airmen are going to process the information coming from the planes to the ground. There is no way the Saudis can process this information and our Nation will share in the intelligence information gathered.

The British will sell the Saudis their Nimrod System if we do not approve this sale. The Nimrod is similar to AWACS but not quite as effective. Would we not be better off processing this intelligence than having the British doing it?

The 8½ billion sale would also put some people back to work in this country and it certainly would help our economy. Prime Minister Begin knows the Saudis can not handle this equipment by themselves. I can not understand why he wants to push this Nation in a corner and split our ranks on this one issue.

The American people really have not been informed on this matter. As they get better information on the sale, I believe you will hear from them. They will say let us put America first and support the administration and the State Department on this sale.

Mr. FINDLEY. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Chairman, I must have an opportunity to meet with the gentleman from my side of the aisle who spoke before me because I was at a complete loss when he was finished to try to determine what Yorktown had to do with the sale of AWACS to Saudi Arabia.

I also find it very difficult to find any similarities between Saudi Arabia and Iran. I do not know how anyone can find any similarities there. We are talking about one nation on the one hand and one leader of a country who tried his best to see how quickly he could Westernize his people without consulting with them as to whether they wanted to go that way or did not want to go that way; he paid no attention to their religious beliefs.

On the other hand, we have a monarchy that is very, very sensitive to the ways of the Saudi Arabian people and their religious beliefs.

But, Mr. Chairman, I want to say that a week ago we were meeting at the time the massacre was taking place in Egypt. We postponed our committee meeting then for 24 hours and the next day were asked to vote on this resolution. At that time I voted "present" because, No. 1, I was not quite sure what was in the best interest of the United States and, therefore, in the best interest of Israel, and, No. 2, I wanted a little time and knew I had a week at least to determine just what is going to take place in that particular area after the assassination.

I am thoroughly convinced today that we have everything on our side if we vote to disapprove this resolution. We have everything on our side because we can do two things: First of all, we can send a message to Qaddafi, to the Kremlin, to Syria, and to all the terrorists in that area, and at the same time, if it is not in the best interest of the United States, we have at least until 1985 to correct whatever we do at this particular time. We must remember that the planes are not delivered until 1985, and then for many years after that we will be in control of those while training the Saudis.

This again gives us a golden opportunity, first of all, to send that message to the terrorists, nations, and individuals, in that area, and at the same time we have an opportunity to see what is in the best interest of the United States and Israel.

Mr. Chairman, let us vote against this resolution and then take that time that we have to determine what is in the best interest of our country and, as I said, that which automatically makes it in the best interest of Israel.

Saudi Arabia, a virulently anti-Communist country, is literally surrounded by pro-Soviet countries. To the south, Saudi Arabia borders on South Yemen, and is just across the Red Sea from Ethiopia. In the Indian Ocean is the Soviet Island base Socota. Directly to the north of Saudi Arabia is Iraq; and next to Iraq is Syria, which has both a friendship treaty and a mutual defense treaty with the Soviet Union. To the west, on the other side of Egypt, is Libya, whose power-crazy ruler Qaddafi will stop at nothing to further his dreams of military glory, aside from being very friendly with the Soviets. The Soviet Union itself, having just occupied Afghanistan, is separated from Saudi Arabia only by a small part of Pakistan and the chaos of Iran.

Critics of the proposed arms sale claim that none of these nations poses a threat to Saudi Arabia. Syria is discounted as the Saudis are flirting, in an effort to cool Lebanon, with the Syrian Government. The question, "What then?" is not asked, and the fact that Syria is a workers state is overlooked. Iraq is discounted because of the Iraq-Iran war. That war will not last forever. As for Ethiopia and South Yemen: Neither country has the economic or military resources to wage war against Saudi Arabia today or tomorrow. What about the day after tomorrow? The Soviet Union would be only too happy to provide the economic and military resources needed for such a war, they need only provide the men as does Cuba for Soviet ventures. The terrorists who took the Grand Mosque in Mecca were trained in South Yemen by Cuban and Warsaw Pact advisers. As for Libya, anything is possible: Chad, Sudan, Egypt, Saudi Arabi. The critics do not say much about Libya.

The instability of the Middle East as a whole is often used as a reason why not to provide arms to Saudi Arabia. But that argument works two ways: Given the volatility of the region, might not Syria and Iraq, friendly today, invade Saudi Arabia tomorrow?

The threat to Israel of such an arms sale to Saudi Arabia is minimal. The AWACS is a defensive system, and Israel is not likely to invade Saudi Arabia. The Saudis, for all their rhetoric to the contrary, are not likely to attempt to invade Israel. Their talk is just that; talk. Talk which stems partly from pride, and partly from the desire to placate the more hardline Arab States. In any case, such an invasion would be highly impracticable because both of the distant location of Saudi air bases vis-a-vis Israel,[1] and of the fact that they would be dependent upon the United States for spare parts and technical assistance.

The secrecy of the equipment to be sold is largely overrated. The sensitive equipment in the AWACS is the software equipment, the little black boxes containing the encryption codes. The Soviets can learn 95 percent of what they want to know simply by monitoring the radar waves of the NATO AWACS. Capture of the software would only confirm what they can already have found out. And in order to break the encryption codes, they would have to work around the clock for roughly 6 months on the little black boxes, while we can change the codes in a day.

Should the Saudi oilfields fall into hostile hands, we in America could survive and continue to function, with a little difficulty, but our allies in Europe could not, neither could Japan. There is a saying in Europe about the "heartland"—Germany:

He who controls the heartland controls Europe; He who controls Europe controls the world.

SAUDI STABILITY

One great fear is that after the sale of sensitive and potentially dangerous equipment to Saudi Arabia, it will go the way of Iran: That Saudi Arabia's internal stability is questionable, as is the power and following of the Saudi royal family. The whole of the Middle East is judged to be an instable area, where, examples abound of revolutionary colonels bringing down kings. The assassination of President Sadat lends some credence to this belief, and the assassination of King Faisal and the takeover of the Grand Mosque in Mecca are seen as examples of Saudi instability. However, charges of Saudi instability are made virtually off the cuff without examination and evaluation.

The Saudi-Iran comparison, for example, does not take in account a number of fundamental differences between Saudi Arabia and the Shah's Iran. The late Shah, in his pursuit of modernization and military might, tried to force-feed Iran with modern technology without regard to Iranian traditions and religious sensibilities. Furthermore, the Shah's government was a secular one which did not seriously seek the advice of the clergy. Lastly, the Shah was inaccessible to his people and so lost contact with their needs and desires; this is simply not the case with Saudi Arabia.

While Saudi Arabia is not a democracy, having neither constitution nor political parties; neither is it a dictatorship and does not have a "strong man" as is the case with dictatorships. Saudi Arabia does, however, have a governing system of checks and balances, rooted in Islamic law and the desires of the Saudi population. The Saudi way of governing is virtually a tribal or family type of system which seeks to resolve disputes through compromise and balance, and rules by consensus. The King and leading princes hold frequent majlis—something like the medieval courts of Europe—which every Saudi may attend and air his particular grievances. In addition to this, the ulema or religious leaders supervise Saudi social life in accordance with Islamic doctrine. In this way Islamic sensibilities are respected and the technological modernization of Saudi Arabia does not push Islam and its traditions into the background, as was the case with Iran.

Additionally, one may note that the strict religious supervision of life in Saudi Arabia applies equally to all levels of the population, prince and nomad alike. Examples of this are the dethroning of King Ibn Abdul in 1964 by leading princes, because of his personal disregard of Islamic lifestyles; and the execution of the unfortunate Princess Misha, who committed adultery. Their rank did not exempt them from Islamic law.

With regards to King Ibn Abdul, his overthrow did not represent instability within Saudi Arabia; on the other hand, it demonstrates the continuity of Saudi domestic and religious policy. Palace revolutions in Saudi Arabia are no more indications of instability than is the change of administrations in the United States: the Saudi King is just a part of the governing body which includes the major princes of the royal family which has 3,000 members.

The assassination of King Faisal was not a demonstration of popular discontent with the governing system, or with the King himself; it was, instead, the act of a deranged prince of the royal family. The subsequent orderly succession of King Khalid, again, demonstrated the continuity and stability of the Saudi regime.

The most frequently cited example of Saudi instability is the 1979 takeover of the Grand Mosque in Mecca by a mixed force of Arab Islamic fundamentalists, who were trained in South Yemen under Soviet supervision. The takeover was accompanied by riots in the eastern oil-producing provinces where the Islamic Shi-ite minority is concentrated. Out of the Saudi population of 7.5 to 9 million, only 300,000 are Shi-ites, as opposed to the Sunni majority. The Grand Mosque takeover would never even have been attempted if it were not for the Shi-ite Islamic revolution in Iran. The takeover was a clear example of the Soviet Union

[1] The Saudi Air Force is deployed to the east, southwest and central areas of Saudi Arabia, around Dhahran, by the oilfields; Riyadh, the capital and major population center; and Taif, guarding the holy cities and the commercial center of Jeddah. Israel is far to the northwest beyond the border with Jordan.

taking advantage of instability in one area of the Middle East to create instability in yet another area of the Middle East. The Mecca coup did not, however, demonstrate Saudi instability, but rather, proved that the vast majority of the Saudi military is loyal to the royal family. The royal family, for its part, did not panic in the wake of the takeover, but did take logical steps to insure that such an incident would not happen again. The Mecca coup demonstrates, if anything, the very real external threat to Saudi Arabia.

Finally, there are charges of corruption within the Saudi royal family; these charges, never clearly articulated, stem, I think, from two main sources—the sensationalist British television film "Death of a Princess," and the fact that a great many royal princes occupy important key posts in the military and civilian infrastructure of Saudi Arabia. The television film was, to my mind, a petty attempt to cash in on a private tragedy within the Saudi royal family. The number of princes in positions of influence is due partly to the size of the royal family—3,000 members—and partly to the fact that as princes they are expected to take leading roles in the governing of the country, which is quite natural as, due to Saudi Arabia's unique form of monarchy, they are all potential future kings. This does not mean that as princes they are assured of permanent governmental positions—they are not. King Khalid has replaced a number of incompetent princes with skilled technocratic commoners, such as the oil minister Ahmad Zaki Yamani.

Although the Saudi political infrastructure is unlike that of any Western country, it is, nevertheless, one of consensus, checks and balances. The regime is not only geared to Saudi needs of tradition and stability, but it has also proven its continued stability. In an extremely volatile part of the world, Saudi Arabia is an island of stability.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Indiana (Mr. FITHIAN).

Mr. FITHIAN. Mr. Chairman, I rise in strong support of this resolution on the grounds of national security, and I rise to speak against the proposed sale of AWACS to Saudi Arabia.

The critical question which should determine our position on the AWACS sale is its impact on American national security. We cannot answer the question of that impact simply in terms of our relations with Saudi Arabia. American security will be affected—not, I believe, for the better—in many ways by the AWACS sale. Selling AWACS will change the balance of military power in the Middle East. To the extent that this sale intensifies the Middle East arms race, destabilizes the balance of power, or undercuts the peace process which our Nation has consistently promoted, it will create an increased threat to American security. To the degree that the AWACS sale lessens our control of AWACS technology, it further endangers American security, since loss of technological control of AWACS would mean a major American loss of military advantage not only in the Middle East, but in Europe.

Some argue the sale is essential to our relations with the Saudis, to protect oil sources and supply lines, and to reaffirm the American presence in the Middle East, weakened by the Iranian revolution. These are laudable goals and important to American security, but they must be balanced against the damage the AWACS sale could do to American security in other respects. Further, we must ask whether these goals could not be as readily achieved by other methods which do not carry the same security threats.

Some details of the proposed sale are in order. It provides for the Saudi purchase of five AWACS—airborne warning and control systems aircraft—1,177 Sidewinder air-to-air missiles, 6 KC-707 aerial refueling tanks—with an option to purchase 2 more, 101 pairs of conformal F-15 fuel pods, and 22 ground radar intercept stations. It is believed to be the largest arms sale in American history—$8.5 billion.

The stated objectives for selling AWACS are to protect the eastern Saudi oilfields and the flow of oil from the Persian Gulf from hostile neighbors, to reward the Saudis for a moderate oil pricing policy, to establish an American presence in the Persian Gulf and restore our credibility as a reliable security partner in the region, to prevent a Soviet thrust into the Middle East, and to establish an anti-Soviet consensus among the moderate Arab States, beginning with the Saudis.

In fact, three of these purposes—protecting the oilfields and transport, establishing an American presence, and preventing a Soviet attack—would be far more effectively achieved by the establishment of an American-Saudi joint airbase in Saudi Arabia. In the event of the sort of Soviet attack envisioned, the Saudis would depend on American military strength which would be far more available and effective from a locally established American base. An American base would also represent a far more convincing American presence and assurance of American commitment to the security of the region than would the sale of American technlogy to the Saudis for operation under Saudi control.

The Saudis are fully aware of and sensitive to the Soviet buildup and the potential threat to the Middle East, and the Saudi ruling family is alert to the lessons of Iran and Afghanistan. This, more than the carrot of military sales, has brought them into our effort to build an anti-Soviet consensus in the Middle East. While they are attuned to this threat and the need for combined efforts, we should take the diplomatic opportunity to urge upon them a real share in the Middle East defense—not by selling them more hardware while they continue to expect us to defend them from the Soviets but by establishing an airbase in Saudi Arabia. Such a base would provide a more meaningful American presence and a more substantive Saudi commitment.

Regarding the administration's desire to reward the Saudis for their moderate oil pricing policy, I would seriously question that Saudi moderation has arisen from any motive but strict self-interest. The Saudis helped form OPEC, which revolutionized oil pricing and plunged the world's economies into uncertainty. The Saudis themselves have increased oil prices from $2 per barrel in 1970 to $32 per barrel in 1981. Though their price is slightly below OPEC's, we should not regard this as a sacrifice to our interests. The Wall Street Journal has pointed out that the dominant member of a cartel always undersells the other members simply as a matter of maximizing profits. In fact, Saudi Arabia's moderation has been in its own self-interest. While we do benefit marginally from their pricing policies, we should not imagine that Saudi warmheartedness in pricing oil is out of concern for the West or that we owe them the AWACS as some kind of good behavior award.

I believe that none of the objectives advanced as justification for the AWACS sale can be considered conclusive. Some of these objectives, valid in themselves, can be more effectively realized by other, less hazardous, approaches, while others—such as the moderate oil pricing argument—are simply not valid. Having looked at the arguments made for AWACS, it is now time to look at the other side of the ledger.

First, the AWACS sale will change the balance of military power in the Middle East. If AWACS did not bolster Saudi strength, the Saudis would not be asking for it, nor the administration promoting it. In fact, AWACS will give the Saudis a quantum jump in their technological advantage over others—with real destabilizing effects. I should also note that this jump comes when Saudi Arabia has already benefited from more American foreign military sales in the last 5 years than any other Middle Eastern nation. The disparity which the AWACS sale would create can be expected to prompt further arms demands from other nations in the region and could well prompt something more danger-

ous—it could make Saudi Arabia so threatening to other nations in the region that the Saudis could become the target for preemptive strikes or sabotage. Such action carries with it the increased chance for wider warfare in this hypersensitive region.

It is specious to argue that this arms sale does not involve offensive capacities. First, the F-15 enhancements provide the Saudis with greater offensive capacity, than they have ever before enjoyed. Based on aerial refueling, F-15's could attack any part of Israel, for example, from deep within Saudi Arabia. The fuel tanks give the F-15 a radius of potential attack of 875 to 2,450 miles—and Isreael is just 124 miles from an airbase at Tabuk, which could be used on a temporary basis, and less than 700 miles from Taif. Second, AWACS itself is a combination detection radar system and centralized combat manager which can coordinate offensive attack operations. AWACS can detect low-flying aircraft at about 200 miles and higher flying aircraft at 345 miles, which means that from the northwest corner of Saudi Arabia, AWACS could monitor all of Israel. Though the administration has promised that American experts will monitor AWACS intelligence and that Saudi Arabia will not share it without American approval, I do not believe that, in the case of a conflict between Israel and one of Saudi Arabia's Arab allies, the Saudis would not find means of relaying information of critical importance. The radar operates in all kinds of weather, over all terrain, can sort out ground and atmospheric clutter, and will be equipped to monitor ships at sea. AWACS can provide the Saudis with information on Israeli activities which would be critical in planning any attack on Israel, and the Israelis know the threat this kind of information would prove to their nation's security. Israel's sensitivity to arming the Saudis with AWACS and F-15 enhancements is all the more valid in the face of Saudi Arabia's continued opposition to the Camp David peace accords and its continued financial and rehetorical support of the PLO.

The administration argues that AWACS will have reduced capability because it will not be supplied with antijamming devices or with black boxes—computer and coding equipment which can instantly guide friendly fighters to their targets. They also argue that AWACS deployment will be limited to the east and south of Saudi Arabia. But as circumstances change, what will prevent the Saudis from redeploying AWACS once they hold the reins—in their territory where they permit no American bases. Limited deployment, as an assurance, is about as convincing as the farmer who sells his best horse, hands over the reins, and says "But you promise never to ride him into town." What control does that farmer have once the horse is sold except to complain to the neighbors? The assurance we have been given on black boxes and antijamming devices is not much stronger, especially when reviewed against the recent American track record. Just 3 years ago we sold 60 F-15's to the Saudis—and Congress did not object because we were promised not to provide enhancements, conformal fuel tanks, auxiliary fuel tanks, refueling capacity, or AIM-9L missiles. Secretary Brown told us that the Saudis "have not asked us for those (AWACS), nor do we have plans to provide them." Now we are asked to assent to the sale of AWACS and F-15 enhancements—and asked not to object because there won't be antijamming devices or black boxes. There are no guarantees that in a few years the administration will not come back telling us that circumstances have changed and asking to sell these further devices.

To return to an earlier mentioned goal of the AWACS sale. I do not believe it restores our credibility among our security partners—which include Israel—when we so readily abandon the restrictions which so recently we gave as assurances of their security.

These limitations, which I do not find adequate, are not enough to change the fact that the AWACS sale will alter strikingly the military balance in the Middle East—including the offensive capacity of the Saudis. I believe that the sale is so perceived by the other nations of the Middle East and that the sale can, as a result, be expected to promote another round of arms escalations, destabilizing the region further, and jeopardizing the peace process which has been a highlight of American diplomacy and which is so important to American security.

Finally, one of the strongest reasons for calling into question the AWACS sale is the importance of this technology to the whole American defense system and the danger of compromising our control of AWACS technology. First, we should discount the downplaying of AWACS capability which has been attempted as part of the effort to make the sale acceptable. The Reagan administration is simply and intentionally misleading the Congress and the American people in an effort to undersell AWACS ability. AWACS, as the Wall Street Journal noted, is "so advanced and sophisticated we have never sold it outright to any other nation, using it in NATO only with joint command relationships." Gen. George Keegan, former chief of U.S. Air Force intelligence, has called AWACS technology "the key to the successful air defense of NATO," and Gen. Robert Dixon, Commander of the Tactical Air Command, testified before the Senate that the Soviet Backfire bomber poses a threat through the 1980's, has a range to reach the United States, and "without AWACS we will be unable to defend the United States against such a threat."

This system—which we have never sold to our closest allies, which even in NATO we use only in joint command relationships—is the system we are giving into the keeping of a feudal regime of insecure ruling families, a kingdom beset by internal dissension and political assassination, a country home to nearly 2 million foreign workers, which it fears deeply. Saudi leaders are haunted by the fate of Iran—another country into which we poured billions of dollars worth of sophisticated military equipment now in unfriendly hands. The administration has promised security from hijackers through ground operated explosive charges and American control of spare parts and maintenance so that we could pull the plug in a matter of days. Given the instability of the Middle East and the example of Iran, I am not reassured. I can't help but think of the stakes involved if we lose control of AWACS technology: It would compromise a key element in our Nation's and NATO's defense; it would give the Soviets a technological leap of 5 to 7 years in developing their own AWACS and the chance to develop a means of jamming our AWACS; and it would seriously compromise the effectiveness of our cruise missile system. The price we would pay for such a loss far outweighs the questionable advantages of the proposed AWACS sale.

To recapitulate, I believe the objectives which the administration argues are a basis for the AWACS sale can be achieved more effectively by other, less hazardous steps or are specious. I believe the price we would pay for the AWACS sale—in triggering a further round of Middle East arms escalation, in upsetting the military balance of the region, in threatening the peace process for which our Government has labored so long, and especially in endangering the security of AWACS technology—is far greater than any illusory advantages could outweigh. In the final balance, I think it clear that the sale of AWACS to the Saudis represents a clear and unacceptable threat to American security. I hope that you will agree with this assessment and join in blocking this dangerous proposal.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan (Mr. WOLPE).

Mr. WOLPE. Mr. Chairman, I rise in very strong support of this resolution, again on the grounds of the national security of the United States.

Mr. Chairman, I rise as a cosponsor of the resolution of disapproval to urge its adoption by the House.

It is clear to all of us that the United States has a direct and compelling interest in promoting the Middle East peace process. As a partner in the Camp David accords, we have played a key leadership role in bringing together the parties to the Middle East conflict, and in resolving the differences that exist between them. Our role as a facilitator continues to be vitally important, and our efforts are made even more essential by last week's tragic events in Cairo. In light of this longstanding commitment, and the current fragile state of the peace process, I must argue against the destabilizing effect that would unquestionably result from the AWACS sale.

In my view, the escalation of the arms race in the Middle East will have a negative effect on both the peace process and the American role in that process. Continued American influence, so crucial to peace, will come only as a consequence of a comprehensive Middle East policy which recognizes the complex social and political causes of instability in that region. Our current preoccupation with military relationships, as exemplified by the AWACS proposal, is counterproductive to peace and to American national security interests.

From the perspective of American national security, there are further reasons to oppose the sale. Particularly in light of the regional instability so graphically demonstrated last week, it makes little sense to place our most sophisticated military technology in such a potentially vulnerable position. It is sobering to recall that the last government which intended to purchase AWACS planes—the Government of the Shah of Iran—was deposed shortly after the contract was signed. It is also worth remembering that AWACS are not the only component of the sale being contemplated; the package also includes very sophisticated Sidewinder missiles, as well as support equipment to enhance the offensive power of the F-15 jet fighters sold to Saudi Arabia in 1978. At that time, it was understood explicitly that there would not be any additional offensive weaponry sold later to supplement the F-15's. Those conditions were accepted because of widespread concern that any increase in the F-15's offensive capacity would result in a significant escalation of the Middle East arms race. I believe that the danger of such esclation still exists, and that the need to observe the conditions set forth in 1978 is still pressing.

Mr. Chairman, the proposed arms sale to Saudi Arabia is not in the interests of peace in the Middle East, and not in the security interests of the United States. At this crucial juncture, we must move forward to diffuse an explosive situation, not to ignite it. We must act to continue our role as a partner in peace, not as an instigator of conflict. I urge my colleagues to recognize these choices and support the resolution of disapproval.

Mr. FASCELL. Mr. Chairman, I yield 6 minutes to the distinguished gentleman from New York (Mr. ROSENTHAL).

Mr. ROSENTHAL. Mr. Chairman, I rise in support of the resolution of disapproval, and I do want to say quite sincerely that I think there are reasonable arguments on both side of the issue. I think one should be deliberative before reaching a judgment.

I also think it is important to restate the position which I think is unanimous with those who support the resolution that we think it is essential to the U.S. national interest for the United States to remain friendly and concerned and deeply involved with Saudi Arabia. That does not mean we should sell them every piece of weaponry they choose to buy at any one given moment. That is where the dispute arises.

I also think it is a reasonable statement to make that in times of crisis and in times of difficulty there is a presumption in favor of the President that we ought to support the President's foreign policy. That is the point my distinguished colleague, the gentleman from Mississippi, made, that when one has doubts, when one has difficulties, and when the world is in turmoil, we do not want to undercut the President; we tend to want to support him. I think we all feel that way.

But in my own view there is a condition precedent before we do support the President, and that is that the President and his administration have a credible and viable foreign policy for the region in question. In this case that is where the failure occurs, because in the first instance, in my view, the administration has no viable existing policy other than an arms sale, and an arms sale is not the basis for a foreign policy. It is like the tail wagging the dog. We cannot let an arms sale be interpreted as being or leading us to think that it is a foreign policy.

The administration, when it first came into being, suggested that our new policy was not either a step-by-step policy, as had been the Nixon-Ford policy, or a comprehensive policy, as had been the Carter policy at various times. They said the new policy was the grand design, the grand alliance policy, and that all friends of the United States would march lockstep together against the Soviet Union, and their regional differences must be set aside. That is the most unrealistic assumption I have ever heard because the countries involved in the Middle Eastern area, a high-tension area, have been involved in four wars and 30 years of acrimony and maybe even 2,000 years of differences. It is inconceivable that they are going to set aside their differences, as much as we want them to in seeking support for the grand design and grand alliance.

That policy in effect has failed. The administration, when it came in, had one option, and that option was to support the Camp David policy. It really was the only act going, and they did not do that. Secretary Haig's first remark on the subject, when asked about the administration's plans for dealing with the Middle East, said, and I quote, "Well, I don't think I would want to inject any sense of urgency in our view of this matter."

Secretary Haig went on to say that the administration would continue to support the Camp David accords of 1978 and to maintain contacts with interested parties, "and I think that's enough for now."

What he did was to create a vacuum for the Middle East. Our former Ambassador, who spent 6 years in Egypt, Ambassador Herman Eilts, who is a distinguished foreign service career officer, said, and I quote:

> This administration can't lay claim to having done anything to promote the peace process in the Middle East.

Former Ambassador Eilts went on to say:

> They have done nothing. Their attitude has been totally passive, and the result has been that the momentum for peace has been lost. Their attitude made Sadat more vulnerable to attacks by his critics, because it made it appear that he had, indeed, sold out to the United States by making a separate peace with Israel.

Ambassador Eilts, who is now a professor at Boston University, went on to say, and I quote—and this is very, very significant—"We share part of the blame for making Sadat more vulnerable."

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Thus if the administration does not have a viable policy we, as Members of the Congress, under existing statute and under the Constitution, have a responsibility to make an individual judgment based on the information that we have available to us, and consistent with the national security interests of the United States.

I am persuaded that there is a risk inherent in giving the Saudis control over these planes. We could argue it back and forth, but my colleagues all know as well as I do that a nondemocratic government, ruled by 4,000 members of the royal family, in a country that has a history of problems and instability, is inherently unstable.

One other point I want to make in response to the distinguished minority leader's comments. The perception by Israel is very, very important. They see this sale as a security threat, and if

they see it as a security threat they are going to be less forthcoming and less cooperative in areas where peace is urgent. The Israelis must feel comfortable and secure in their relationship with the United States to bring together the elements and forces in the peace process.

This sale would have a destabilizing effect not only in terms of U.S. national interests and in the Israeli perception of security, but in terms of the interests of all parties in the Middle East.

Mr. LEACH of Iowa. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. McGRATH).

Mr. McGRATH. Mr. Chairman, I rise in support of House Concurrent Resolution 194, to disapprove the sale of AWACS and enhanced F-15 equipment to Saudi Arabia. I commend the chairman of the Committee on Foreign Affairs, Mr. ZABLOCKI, for bringing this resolution to the floor in a timely fashion, as well as the gentleman from New York (Mr. LENT) and the gentleman from Maryland (Mr. LONG) for their leadership on this issue.

The proposed sale should be rejected for one reason and one reason alone—it does not enhance the interests of the United States in the Middle East and in the end will probably do more harm than good.

Although all of the arguments will be fully developed during the course of the debate, I want to briefly touch on some of my concerns.

First and foremost, the Saudi Government has done nothing to deserve the weapons. The Saudis have stood in the way of all of this Nation's efforts to promote peace in the Middle East. They continue to finance PLO terrorism, continue to refuse to permit U.S. bases or facilities on their territory, and have even refused to agree to some of the basic concessions which, in the minds of some, might have made the AWACS deal supportable. I, for one, am tired of the United States having to prove its friendship to Saudi Arabia when we get so little in return. The original F-15 sale in 1978 was a "litmus test" of friendship; so is this sale. Will the same be the case for the sale of enhanced AWACS equipment some years down the road?

Second, the Saudi Government is inherently unstable, and contains many of the same characteristics of the government of the Shah of Iran. In the case of Iran, the F-14 and several advanced missile systems were compromised after the Shah fell and eventually landed in the hands of the Soviet Union. I find very little advantage to providing perhaps the most sophisticated radar plane in the world, as well as the technologically superior AIM 9L Super-Sidewinder missile to a government whose survival is far from assured. The tragic events of last week, not to mention a long history of violent upheaval throughout the Arab States in the Middle East, should be clear indication of the importance of selecting our friends with the utmost care.

Third, U.S. security interests will never be enhanced by unloading the most sophisticated weapons systems to the highest bidder. In recent years, sales of military equipment to countries like Saudi Arabia have been based as much on economic as on political and military concerns. The military sales market has become the primary outlet for the recycling of Arab petrodollars, and the trend shows no sign of reversing. If anything, the competition between countries of the West for this lucrative market is increasing.

We must put limits on the ability of arms purchasers, and particularly unstable ones, to acquire advanced military equipment. Unless this arms race is stopped, all of our efforts to achieve a peaceful settlement in the Mideast will come to nothing. The United States must not become a supermarket for wide-eyed shoppers who can afford the best military equipment money can buy—including shoppers with $8.5 billion in ready cash.

A true friendship is one which is based on mutual commitment. This is not the type of relationship we have with Saudi Arabia. Over the years we have given Saudi Arabia a great deal, and we have gotten little in return. Through this sale, we would reward Saudi Arabia for being a major obstacle to peace in the Middle East. It would reward the Saudis for increasing oil prices only tenfold instead of elevenfold. It would jeopardize all that we have been striving to achieve in the Middle East by helping to destabilize the region and shift the balance of power.

I urge my colleagues to support House Concurrent Resolution 194 and reject this sale.

Mr. LEACH of Iowa. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. ADDABBO).

Mr. ADDABBO. Mr. Chairman, I thank the gentleman for yielding. I want to associate myself with the remarks of the gentleman who just spoke and my colleague from New York (Mr. ROSENTHAL). I commend the committee for bringing forth this resolution and join in support of it.

Mr. Chairman, I commend the committee for reporting out this resolution of disapproval on the AWACS systems sale to Saudi Arabia.

I believe, in view of the delicate balance of power throughout the Middle East at this point, and because of the critical nature that Saudi Arabia plays in maintaining the present stability there, that going ahead with the sale would not be in the best interest of the United States, the Saudi Arabian Government, nor the Government of Israel.

I should stress that I have great admiration of the Saudis and I am greatly appreciative for what they have done in past years to bring stability to the world economy.

I oppose this sale of the AWACS planes to Saudi Arabia, not out of any distrust of the motives of that Government but because that putting those planes into that part of the world would create tensions almost certain to eventually erupt in violence. I can see the possibility that having those planes there might well instigate an overt attack on the Saudi Government itself by terrorist groups.

Mr. Chairman, the administration seeks to justify this proposal in several ways. First of all, they say that Saudi Arabia has been a good friend for many years and that we should approve it on that basis. The remarks I have just made should adequately refute that proposition, I believe. Additionally, they argue that arms sales are good for the U.S. economy and that we should promote this as best we could. I suggest that inserting a new factor into an already nervous Middle East situation is not way to promote stability in that part of the world and we are not so desperate for exports that we need to profit by creating suffering somewhere else.

The administration also complains that the Israeli Government is overreacting by opposing the sale of the AWACS planes to Saudi Arabia. I would suggest that if I were a member of the Israeli Government and had been forced to send my country's young people into battle as many times as the Israelis have, I would oppose anything that would give any neighbor—no matter how friendly a neighbor—a competitive edge. I think the Israelis are acting just as you and I would act in their place.

But the question here is not what is good or is not good for the Israeli Government. We must concern ourselves with what is good for the Government of the United States. The AWACS plane sale, by adding to the tensions throughout the Middle East and by making the Saudi Arabian Government a prime target for terrorist activities, is not, therefore, in the best interest of the United States. Accordingly, we should accept this resolution of disapproval because in so doing, we will help the administration maintain peace throughout the Middle East.

Mr. LEACH of Iowa. Mr. Chairman, I yield 2½ minutes to the gentleman from New York (Mr. CARMAN).

Mr. CARMAN. Mr. Chairman, I rise in support of the resolution of disapproval.

The recent death of President Sadat, the debacle in Iran, both underscore the instability of the Middle East and the entire Arab world. Developments of the last several days indicate serious deterioration in the relationship of Sudan and Libya. Now there is talk of war. With Qadhafi's record of aggression and hostility, that situation remains precarious.

The United States has a responsibility to do all that it can to maintain peace and stability in one of the more critical regions of the world. Today more than ever the sale of the AWACS to Saudi Arabia is neither sound nor prudent. Rather than stabilizing a tenuous peace in the Middle East, it aggravates developing crises.

Not only does the proposed AWACS sale pose a heightened danger to Israel, but indeed it threatens the very security of the United States and our interests throughout the world.

There are currently four AWACS in Saudi Arabia. These are under the complete control of United States personnel. That kind of situation can continue without adverse effect upon the delicate balance of power in the Middle East.

Many years ago the Queen of France, speaking of another crisis, said, "Don't they have bread? Let them eat cake." In our situation maybe it is time for us to use our heads, not to lose them. Perhaps we should say, "Don't they have sophisticated AWACS? Let them have unsophisticated broomsticks."

We all want to have Saudi Arabia in a secure position. The trouble is that the sale of AWACS is like sprinkling gasoline around a heated area where there is a danger of explosion that none of us seek. This sale is not in the best interest of the national security of the United States.

I urge each of may colleagues to oppose the proposed sale and to support the resolution of disapproval.

Mr. LEACH of Iowa. Mr. Chairman, I yield 5½ minutes to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Chairman, as a cosponsor of House Concurrent Resolution 194, and as a member of the Foreign Affairs Committee, I rise to state my strong opposition to the proposed sale of AWACS aircraft to Saudi Arabia. After hearing extensive testimony, and giving the issue careful and considered thought, I am convinced that the proposed sale of our airborne warning and control system aircraft (E-3A's) would be contrary to the interests of the United States.

Let us set aside, for the moment, the question of how this sale would impact the security of the only stable democracy in the region, our staunch ally Israel. I submit that it is not in our Nation's best interests to supply these command aircraft—the most sophisticated surveillance planes in the U.S. arsenal—to a potentially unstable country in a region as volatile as the Middle East. Just last week, we were witness to tragic proof of the violence and terror that hangs so heavily over that region. For those who scoff at the concern over the stability of the Saudi regime, let me respectfully point out that we engaged in a similar debate in 1977, on the question of whether to sell AWACS planes to another kingdom in that region. At that time, the monarch requesting the aircraft was the Shah of Iran. While we were assured by the previous administration that Iran was a pillar of stability, future events showed just how unpredictable that tumultuous area is. Fortunately, that transaction was not consummated. If it had been, the highly sensitive AWACS technology would have been, in all probability, compromised along with the other U.S. equipment that was left behind, including our F-14 fighter planes.

While I certainly do not predict any revolution in Saudi Arabia similar to that of its neighbor, we must not be blind to the possibility of any upheaval. Fully one-third of the population in the Saudi kingdom is foreign, including large concentrations of Palestinians and Yemenis, which provides for a potentially foreign-inspired internal conflict. Last week's despicable assassination in Egypt but another incident in the long history of violence and revolution in the Middle East. In recent years, many uprisings have been directed against monarchies—a source of no consolation for the Saudis. Indeed, even popular leaders were not immune to attack. The contemptible killers who murdered President Anwar Sadat are thought to be members of a Moslem fundamentalist group. Last Thursday, the Egyptian Government had to quell a violent uprising of Moslem insurrectionists in Asyut, 250 miles south of Cairo. The militant Islamic movement has been growing in strength during recent years and is a source of concern for the majority of countries in the region, irrespective of their East-West alinement. And if it is believed that the religious Saudi regime is immune to these fanatics, I respectfully remind my colleagues of the armed takeover of the Grand Mosque in Mecca, holiest of all sites to Moslems, 2 years ago. Adm. Stansfield Turner, former Director of the CIA, wrote in the Washington Post on April 23, 1981, that—

> It would be irresponsible for us to help them [the Saudis] prepare to defeat a sophisticated air threat, for which the AWACS was designed and which has a low probability of occurring, when they are incapable of handling the elementary threats of insurrection and guerrilla warfare that are highly probable.

It is clear that there exists a very real threat to government stability in the region, and it is therefore unwise to allow another country to possess AWACS aircraft without the guarding presence of Americans. The possibility of the compromise of AWACS technology is an unacceptable risk. There are some who downplay this fear, stating that the AWACS technology is by now quite old. Yet, according to our CIA, the Soviets could move ahead 5 to 7 years in certain capabilitites if they were to capture an AWACS plane. According to Gen. George Keegan, former Chief of Air Force Intelligence:

> Even if you downgrade the equipment . . . and leave only the 1960 radar technology, which the State Department is now characterizing as an ancient radar technology, the fact nevertheless remains that the radar aboard that aircraft, the basic radar and the basic original computer system, does constitute the most powerful radar system ever put into an aircraft.

Our technological edge is one of our few military advantages over the Soviet Union. Why then should we risk narrowing that gap at this time?

An important consideration in this debate is the threat that the sale would pose to the security of Israel. We have all heard the argument that the AWACS would not be any danger to Israel, because they could be easily jammed or shot down. That, unfortunately, is not the case. Gen. David Jones, Chairman of the Joint Chiefs of Staff, has said, "All the experts will agree that the AWACS radar is the hardest to jam that has ever been built." Furthermore, the AWACS are designed to be effective, flying 150 miles or more behind the battle lines with its advanced warning radar. They would be difficult to attack in any surprise raid and if protected by our F-15 fighters—and we must bear in mind that the administration is also proposing to sell advanced Sidewinder air-to-air missiles for the Saudi's formidable F-15's, the best fighter aircraft in the world—the AWACS would not be any "sitting ducks."

The capabilities of the AWACS are undeniably a significant threat to Israel's security interests. As long as Saudi Arabia continues to view Israel as her primary enemy, we have no choice but to assume that all of the Saudi's military strengths are potential threats to Israel. The addition of AWACS planes, along with refueling capability and Sidewinder missiles for the F-15's, would dramatically alter the current military balance.

Given Israel's relatively small size, its location, and population, it has historically relied upon the element of surprise and preemptive strikes to compensate for the overwhelming advantage of its Arab adversaries. The AWACS presents a clear threat to this strategy and to Israel's air superiority. One cannot ignore the possibility that the important "command control" capability of the AWACS could be used to coordinate Arab air attacks.

My opposition to this sale does not imply that I disregard Saudi security concerns. Saudi Arabia is a nation of critical importance to the United States. The Saudis' desire to protect their oilfields is well-founded—witness the damage to oil installations in the ongoing war betweeen Iran and Iraq. Yet Saudi purchase of AWACS aircraft would not increase the security of the fields beyond that now provided by the current arrangement in which AWACS jointly staffed by Saudi and United States personnel patrol the Persian Gulf area.

No other nation—not even any of our closest NATO allies—is permitted to operate AWACS without American presence, nor have we ever sold this advanced aircraft to any other nation. The Saudis, though, have decided that the present arrangement is an insult to their sovereignty. They further state that this sale is a "litmus test" of our friendship. That is not any valid reason to approve the transfer of our most sophisticated surveillance craft. We must not allow such proclamations to pave the way for other countries to act similarly. There have been controversial arms sale proposals scrutinized by Congress in the past, and there will be more in the future. It is the responsibility of the Congress to fulfill our duties of investigation and oversight: We must not be deterred in our determination of the best interests of the United States by intimidating statements from proposed recipients.

As for the view that we should give the Saudis a special favor to increase their strength as a moderating influence in the Arab world, I ask: How effective are they in lessening the extremism of Libya, Iraq, Algeria, or Syria? And what of the Saudis' own policies? The Wall Street Journal reported on September 16, 1981, that "In politics, the Saudis are Arab moderates because, unlike Libya or Iraq, they don't invade their Islamic neighbors. And, of course, because they talk an anti-Soviet line. But, like the Soviets, they supply money and rhetorical support to the terrorist Palestine Liberation Organization. At the time of Camp David, they cast their lot against Egypt's President Sadat. In doing this, they also undermined U.S. policy. For that matter, in 1973, they singled out the United States as the object of an oil embargo. Better, surely, to have a Saudi Arabia led by the House of Saud than by a fundamentalist mullah or a Marxist colonel. But this is not a special friend to whom the United States owes great favors.

Finally, I feel that it is unwise to proceed with the sale at this particular time, in light of last Tuesday's (October 6) tragic events in Egypt. The heinous murder of President Sadat will have profound consequences for the delicate balance of forces in the Middle East. We must not be brash in our action at this crucial period—the only prudent course is for the United States to wait and see how this catastrophic situation develops. It would be an act of undue haste to proceed with the proposed sale of weapons to Saudi Arabia before the full impact of the horrible event is known.

Mr. Chairman, in summarizing my remarks, I stress again that it is in the interests of the United States to insure the stability of Saudi Arabia but do not feel, that this proposed sale will accomplish that objective. Further, the risk of compromising AWACS technology is unacceptable, especially when one considers that the augmented risk would not be accompanied by any gain in the protection of the Saudi oilfields. And we must recognize that this proposed sale would seriously impact the security of Israel, our only constant ally in the region.

It is for these reasons that I oppose the sale, and urge my colleagues to vote for this resolution of disapproval.

This proposed sale to Saudi Arabia was a mistaken Carter initiative. Let us not compound that erroneous policy.

Mr. FINDLEY. Mr. Chairman, I yield 4 minutes to the gentleman from Wisconsin (Mr. ROTH.)

Mr. ROTH. Mr. Chairman, I thank the gentleman for yielding.

First of all I would like to compliment our chairman of the Foreign Affairs Committee, the gentleman from Wisconsin (Mr. ZABLOCKI), for his most outstanding management of our committee. The time he gave to both sides, his judicial approach and willingness to air all points of view is highly commendable. It is sometimes said that in American politics today we do not have people with a lot of backbone. If John Kennedy today were writing "Profiles in Courage," the gentleman from Wisconsin (Mr. ZABLOCKI) would be one of the men he would be talking about.

In our committee I think we had excellent testimony. We had many eloquent remarks as witnessed by the gentleman from New York (Mr. ROSENTHAL) who gave a most articulate presentation of his views. I do not share his viewpoint, but I think in our committee, and what we have said here today, has brought out some of the key issues.

In my opinion, the most fundamental issues are: "What is in the best interests of the United States" and "What is in the best interests of peace in the Middle East." For 4,000 years we have not had peace in the Middle East. Now we have it within our grasp to have peace in the Middle East. Are we going to let it slip away?

What we need in the Middle East is a mediator, a nation that can play the honest, impartial broker role, that can bring these countries together because they will not and cannot come together on their own. What nation can be that mediator? What nation can fulfill that role? Only one. The United States.

But if we are going to be a broker, if we are going to be a mediator, then we must have some disinterest, we must have some impartiality. We can never be totally objective because Israel, and rightly so, is our very closest and our best ally in the Middle East, and we have to remember that. But can we not show some evenhandedness? Can we not even give the Saudis and their needs a modicum of consideration?

What is the alternative? The alternative is, if we do not go through with this transaction the Saudis will go and buy the British Nimrod or the French Mirage. What would we have then? Then we have all kinds of other players coming into this diplomatic chess game. We are going to have the Europeans in there, complicating the situation, and we are never going to get the countries of the Mideast to resolve their problems.

Today the window of opportunity is open. If we do not want to allow the potential for peace in the Middle East to fly out through that window, then we have to play the broker role.

Admittedly, the Saudis feel insecure. If my colleagues here on the floor could envision themselves as members of the Saudi Government, I think they would understand the basis for that feeling of insecurity. Saudi Arabia is beset on all sides by hostile powers, many of which are Soviet surrogates.

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The Saudis currently have only 2 to 4 minutes' warning time regarding the approach of incoming hostile aircraft. What air force in the world, including our own, could scramble and intercept hostile planes with such short warning time? No one.

Beyond that, we must, I think, have a coordinated foreign policy. Therefore, we must speak with one voice, not 535. To hand the President a defeat in his first foreign policy initiative would not only send a shattering signal to the world, but would be especially disruptive to the Middle East. If we veto the President in this foreign policy initiative, he will be perceived as a mere figurehead in foreign policy. We cannot by the leader of the free world if the perception exists that we have no foreign policy, that we have no one person speaking for our country. In foreign affairs, the President has to have power, authority, flexibility, maneuverability, and some discretion. He must be able to speak for the free world. The President must be able to speak for our country and be able to give his word and to stand by his commitments if we are again to be a united nation in foreign policy.

Congress is supposed to be a partner in the foreign affairs process. But the situation has gotten totally out of control. Today we have anarchy in our foreign policy because authority has been taken away from the executive branch. But Congress has been unable to exercise the appropriate degree of responsibility, and that is really the nub of the problem here today, and we all know it.

This resolution is another in a series of attempts to say that "Congress knows best," yet the historical record does not support us. The situation must be corrected. We must show consistency and resolve in our foreign policy.

The AWACS sale is in the best interests of the United States. I believe that the administration has clearly demonstrated that the sale will contribute to our Nation's goals and objectives. It does not harm Israel but will contribute to the defensive capabilities of Saudi Arabia.

I call on my colleagues to reassess the merits of the proposed sale and to join with me in opposition to this resolution.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Florida (Mr. BENNETT).

Mr. BENNETT. Mr. Chairman, I oppose the sale of the AWACS planes to Saudi Arabia because I feel that such a sale is not in the best security interests of the United States. My feelings on this issue are very similar to those that I had when President Eisenhower suggested the Atoms for Peace program which I spoke against and voted against because I felt that ultimately it would be against our national security interests. The passage of the Atoms for Peace program in my opinion made available knowledge which is now being utilized by many countries throughout the world in the direction of atomic warfare, a very serious inflation of danger to mankind regardless of how noble the purposes were for that program. Similar to that measure's thrust, today I feel that the sharing of the secrets of the AWACS airplane system is something that cannot be in the direction of peace and very surely would be against our great national defense interests. When one realizes that our country was contemplating selling AWACS to Iran, does one need any further cautionary reminder than that? Of course, we hope that Saudi Arabia will remain strong and free indefinitely, but no one can guarantee a thing of that type. This sale of AWACS, even to our good ally, is not in the national defense interests of our country. It should be rejected.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK. Mr. Chairman, I am opposed to the sale.

Mr. Chairman, a strong case exists for a joint United States-Saudi operation of American AWACS to pursue the common American-Saudi interest in opposing Soviet expansion in the Persian Gulf. But no case at all exists for selling AWACS to Saudi Arabia to be run wholly by Saudis with no American input in their deployment and no required sharing of information.

If the Saudis want the AWACS to protect themselves against Libya, the Soviet Union, or other hostile radical states, joint American-Saudi manning is a logical solution. But their insistence on total control of the AWACS—a control we have given to no other nation—suggests that they have additional goals in mind for AWACS use.

American foreign policy in the Mideast should focus on getting other Arab States into the Camp David peace process. This is the only framework in which any progress toward peace has been made. By denouncing that process, and by helping isolate and vilify Egypt for its role in that process, Saudi Arabia has played a very unconstructive role in the Mideast. Such opposition to peace should not be rewarded by the sale of AWACS. Nor is it rational to argue that we must assent to this sale because the President has committed us. Unilateral Presidential determination of national security policy was justly repudiated several years ago, and there is no constitutional, statutory, political justification for reenthroning it.

America's interests in a stable, peaceful Middle East will be poorly served by turning complete, unrestricted control of this very advanced equipment to a nation which remains an unremitting enemy of peace talks between Arabs and Israel.

The Saudis oppose Russian expansion out of their own self-interest, not as a favor to us. I believe we should work with them in this regard, but I do not believe we should be extorted into selling them the AWACS.

No true friend would demand as big a price for friendship.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Minnesota (Mr. VENTO).

Mr. VENTO. Mr. Chairman, the air defense package for Saudi Arabia should not be supported. It raises serious questions about our overall Middle East policy and about our true intentions for the Saudis. I rise in strong support of House Concurrent Resolution 194 disapproving the Reagan administration proposal sale.

With the current proposed purchases, Saudi Arabia will account for 40 percent of the book value of foreign military sales orders. The second ranking country is Iran—10 to 20 percent, little of which is likely to be delivered. This demonstrates a "key-country" approach to security which has furthered U.S. interests elsewhere in the world.

At one time, the United States supported Iran as the key country and this policy was brought to ruin with the fall of the Shah. The instability of Iran was at least partly due to forced draft modernization which in itself was partly required by the technical needs of the Shah's new weaponry. Saudi Arabia, which has only had compulsory education for 11 years, may well face a similar problem. We owe it to our friends to allow them to develop at their own pace rather than asking them to exchange their patrimony for gaudy toys of dubious value. The image of the American Indian exchanging mountains of furs for a broken down rifle comes irresistably to mind.

Beyond the potential for internal disaster in a key-country approach is the fact that it generates a self-fulfilling concept of encirclement. If the United States lavishes its latest technological toys merely on one country, then its neighbors will feel threatened. There will also be a tendency, through propinquity, to view the rest of the region through key-state eyes, further exacerbating the difficulty of maintaining U.S. relations with other regional states. It was only the wise decision of the Carter-Mondale administration to step back from the close embrace of the Shah which allowed friendly and close relations to develop with Saudi Arabia. It is only 7 years since the U.S.S. *Constellation* was sent into the Persian Gulf to coerce the Saudis by threatening the same oilfields we now propose to allow to be protected by our latest weaponry.

It is also instructive to examine the course of our relations with Iraq. Iraq and Iran have been and are enemies. In the period of U.S. identification with the Iranian interests in the region, it was natural for Iraq to seek a Soviet alliance out of instinct of self-preservation. Now that United States-Iranian relations have become nonexistent, the Iraqi alinement has changed. They have placed a considerable distance between themselves and the Soviets. Although the Ba'ath ideology is unlikely to allow the Iraqis to view the United States with great favor, it is significant that they are now purchasing a considerable part of their weaponry and high technology from Western Europe—especially France and Italy. It is extremely unlikely that this shift would have occurred if United States-Iranian relations were still as they once were.

With this background, it is possible to argue that arms sales to Saudi Arabia should be conducted within the

context of a regional security approach. Such an approach is available through the 8-month-old Gulf Council for Cooperation which embraces all the states on the southern shore of the Persian Gulf—Kuwait, Saudi Arabia, Bahrain, Qatar, the United Arab Emirates and Muscat and Oman. This organization has a major public focus on economic and social issues. I understand, however, that privately a major focus of attention is that of security. The Gulf Council emerged totally without U.S. intervention or sponsorship.

The United States should welcome this development of movement toward regional security. Such indigenous movements lead to NATO and European security as well as to such organizations as the Organization for African Unity. To sell AWACS to Saudi Arabia is to deny the contributions the other Gulf States are able to make in the interests of security of the region.

Let us face facts, the real reason for AWACS is the defense of the Arabian Peninsula against the barbarous regime in Iran. The reason for the Gulf Council lies in last fall's near involvement of the whole region in the Iranian-Iraqi war. We must not allow such fears to be an excuse for temporary Saudi domination, especially when this denies the right of real participation in the provisions for security. SEATO foundered because many members were not able to make real contributions. Concentration on the arming of Saudi Arabia denies contributions makeable by other members of the Gulf Council. If we come into the question of regional cooperation, one can point out the mountains of Oman provide an ideal location for high-powered radars capable of covering the entire Persian Gulf. Additionally, the shallow coasts of Qatar, Kuwait, Bahrain, the United Arab Emrates provide excellent locations for Texas tower type radar stations. In passing, one can note that the problem is one of maritime surveillance, a task to which the Navy's E-2 is optimized. This aircraft does not have the range to threaten Israel and also has been the aircraft of choice for the other countries to whom we have sold the F-15, Japan and Israel. If we go to a regional security approach, the additional ex-British air bases of Bahrain and Sharjah would become available obviating the need for rear basing and conformal fuel tanks.

It is claimed that rear basing is needed to prevent surprise attack. However, Sharjah used to be a base for British Vulcan bombers—part of the U.K. contribution to the SIOP. The U.K. concerns would not have been less than current Saudi ones.

In short, the regional cooperation which alone can insure stability obviates the need for this arms package. However, by insuring Saudi self-sufficiency, the arms package makes regional cooperation less likely, which defeats the true aims of American policy.

To sum up, the proposed Saudi arms package is neither militarily needed nor is it politically wise. The proposal shows yet another area in which the Reagan administration has a bankrupt policy. Intelligent U.S. diplomacy working toward a regional security system is needed to safeguard U.S. interests in regional stability and to provide for the Saudi security which is an essential part of that stability.

Mr. FASCELL. Mr. Chairman, I yield 4 minutes to the distinguished gentleman from New York (Mr. BINGHAM).

Mr. BINGHAM. Mr. Chairman, I rise in strong support of this resolution opposing the AWACS/F-15 enhancement package and I hope that today's vote on this resolution will send a clear and resounding signal to the administration that the AWACS deal just will not fly. President Reagan can do himself a favor and he can do our Saudi friends a favor by withdrawing this proposal after today's vote. If it is not withdrawn, the entire package must be rejected.

The weakness of the administration's case for the AWACS deal is revealed by the fact that in the last week the Secretary of State and other administration officials have sought to defend the deal as a monument or memorial to President Anwar Sadat. Secretary Haig argues that defeat of the AWACS would "make a mockery of all President Sadat stood for." In truth, the mockery runs the other way. Anwar Sadat's greatness rested on his vision and boldness in the pursuit of peace—his ability to break with past mistakes. But here we have an administration following the same tired old Mideast formula of pouring arms into shaky regimes. Calling that a memorial to Sadat is truly a mockery of the Sadat legacy.

I, of course, do not deny that President Sadat supported the AWACS deal. He did. But it was far from the crux of his Mideast policy. The crux of that policy—and Sadat's real and lasting legacy—was the Camp David peace treaty. Ironically, it was and is the Saudis who constitute the most formidable opposition to the Camp David peace. From the day Sadat began his peace initiative with Israel the Saudis have done everything possible to sabotage the peace process. They joined the "rejectionist front" in censuring Sadat at two Baghdad summits. They cut financial and diplomatic ties to Egypt. They maintained a continuous drumbeat of attack against the Egyptian leader—"abusing me every moment" said Sadat. They increased their financial aid to the PLO—those terrorists who celebrated Sadat's murder by dancing in the streets.

Back in 1978, when the Camp David peace process was still at its early stages, President Jimmy Carter argued that the provision of F-15 aircraft to the Saudis would entice Saudi Arabia to join the peace process. We provided the aircraft and Saudi Arabia continued in its opposition to peace. Now we are told that delivery of the AWACS will help bring the Saudis around—that the Saudis consider the AWACS to be the litmus test of our friendship with them. I ask the administration just what kind of friendship we have with the Saudis that requires us to supply, without conditions, our most sophisticated arms but leads to no sense of obligation on their part. It is fair to ask just how far this path leads. Would we have to say "yes" to whatever fancy modern weapons and facilities the Saudis decide they would like to have? What if they were to ask to buy a nuclear aircraft carrier, fully equipped with aircraft, and accompanied by the necessary escort vessels, and made the purchase a litmus test of our friendship. Would we have to say "yes"? The United States has every right to interpose its own judgment as to the types of military sales to Saudi Arabia that make military sense and do not jeopardize our own national security or the security of our friend and ally, Israel.

Since 1973 we have made $34 billion worth of military sales to the Saudis, including ships, naval vessels, anti-aircraft missiles, armored cars, howitzers, cannons, antitank missiles, F-5 and F-15 fighter planes, and several kinds of bombs and missiles for these planes. We have received very little in return. Why should we not at this point tell the Saudis that we will be prepared to discuss provision of the AWACS when they are prepared to join the Camp David peace process. The AWACS are important to them. Camp David is important to us. So let us negotiate—rather than turn over our most sophisticated arms system for no quid pro quo. The only monument to Anwar Sadat that would really matter is to continue the Camp David peace process—and widen it. To pretend that any arms deal is a fitting memorial to the greatest peacemaker of our time is indeed insulting to Sadat's memory.

But the Sadat argument is not the only specious case being made by the administration in support of this deal. Another one is the argument that rejection of the AWACS package will destroy the President's credibility in the foreign policy area. Reagan himself says that killing the AWACS deal will "cut [me] off at the knees." This reminds me of the days of the Vietnam war when successive Presidents warned that the "loss" of Vietnam would demonstrate to all the world that the United States was a faithless ally. No matter that very few foreign

leaders were pointing to Vietnam as a test of U.S. credibility. But official U.S. spokesmen said it enough times that it almost became true. The same could happen with the AWACS. I do not believe that the credibility of President Reagan rises and falls with the AWACS deal. I have heard no foreign leader—except for Arab leaders—say so. But in saying that it does, administration spokesmen create the very situation that they claim to fear—a self-fulfilling prophecy.

It is more accurate to say that U.S. credibility in the Mideast hangs on the success of the Camp David process. But I don't hear that. Instead I hear that the Congress had better roll over and play dead on the AWACS to spare the President an embarrassing defeat. My response to that is simple—if the administration is so terribly concerned about the ramifications of defeat of this package, they should withdraw it. That is their prerogative. But it is the prerogative of Congress—no, it is our obligation—to judge the AWACS issue on its merits. I am proud that I was the main House sponsor of the amendment to the Arms Export Control Act which gives the Congress the authority to disapprove large and significant military sales. As a result of this procedure executive branch consultation with the Congress on major arms sales has been much closer than would otherwise have been the case.

As I said after the first executive-congressional confrontation over foreign military sales to Jordan in 1975,

> No longer can the President or his representatives commit the United States to supply large quantities of sophisticated weapons to nations abroad. Instead, they must make clear that such sales must first be submitted to the Congress and that congressional objections may require modifications or withdrawal of the sale. The watchword of our arms salesman must now become, "We'll see if we can sell it to Congress."

In the case before us, however, the administration has stubbornly gone ahead in the face of widespread opposition to the package. It argues that, in effect, foreign policy is the exclusive province of the executive branch. The administration's attitude may be summed up in the phrase "poppa knows best." That is understandable—every President argues against congressional involvement in foreign policymaking. But I must point out that Ronald Reagan is in an especially poor position to make that argument. After all, during the Carter administration he was at the forefront of efforts to overturn two of President Carter's most important foreign policy initiatives—the SALT II treaty and the Panama Canal treaty. He lobbied Members of Congress and urged them to vote these agreements down. It hardly behooves him to act the aggrieved party when Congress chooses to exercise its mandated role in examining foreign military sales.

There is another argument being made in behalf of the package that I consider to be particularly unfair. That is the claim that a vote against the deal constitutes a choice of Begin over Reagan, or Israel over the United States. This is nonsense—dangerous nonsense—and the administration knows it. The reason this package is going to be defeated is not Israel or the so-called Israel lobby. It is because a majority of the House and the Senate fear that our own national security could be compromised if we allow a foreign government—and a potentially unstable one—to have possession of our most sophisticated military technology. After our disastrous experience with Iran, Members of Congress are determined that weapons systems like the AWACS not fall into radical hands and, through them, Soviet hands. It is now common knowledge that the secrets of the F-14 fighter, the Phoenix missile, the Harpoon missile, and the improved Hawk missile have fallen into Soviet hands via the Khomeini regime. It would be irresponsible for the Congress to allow such a security breach to repeat itself—this time with the AWACS and Sidewinder technology. That is the main reason why this sale is in trouble.

I am not saying that Israel's security is not a factor in this debate. It is—and rightly so. Israeli defense experts maintain that the F-15's beefed up with additional fuel capacity and improved Sidewinder missiles and the five AWACS would constitute a major threat to their security. I believe them. The Israeli Government was not spoiling for this fight with an administration they consider to be a uniquely friendly one. They did everything they could to avoid this battle. Frankly, I believe that Prime Minister Begin and his government have acted with admirable restraint on this issue despite all the charges of Israeli interference in United States affairs. After all, they believe that the AWACS in Saudi hands jeopardize their security. The administration counters that the Saudis would never use the AWACS in a war against Israel. I can hardly blame the Israelis for skepticism on that score. The Saudis joined three of the last four wars against Israel. They refuse to consider peace with or recognition of the Israeli Government. Moreover the Saudis themselves have admitted that they might use the AWACS against Israel. On June 29 of this year, a "high Saudi official" told the Wall Street Journal that:

> If Saudi Arabia is allowed to buy AWACS radar planes * * * it will use them as it sees fit to defend against any enemy, especially Israel.

Sheikh Yamani himself has repeatedly said that the main enemy of Saudi Arabia is not the Soviet Union but Israel. As recently as 3 weeks ago Saudi Defense Minister Sultan promised to "respond to the call of our jihad in Jerusalem to regain our Holy Jerusalem and the occupied territories." Is it any wonder that Israel fears that the Saudis will use the AWACS technology against them? Is it not possible that the reasons the Saudis are so vehement against joint United States-Saudi control of the AWACS is simpy because they do want to have the option of using the aircraft against Israel? That possibility cannot be ruled out and, accordingly, Israel has behaved quite properly in expressing concern about this deal.

I trust the House will overwhelmingly support this resolution of disapproval.

Mr. BROOMFIELD. Mr. Chairman, I yield such time as he may consume to the gentleman from New Jersey (Mr. HOLLENBECK).

Mr. HOLLENBECK. Mr. Chairman, I rise to express my unequivocal support for House Concurrent Resolution 194 disapproving of aircraft sales to Saudi Arabia. I do not believe that the sale of AWACS or F-15 enhancement equipment to Saudi Arabia is in the best interests of the United States. Recent events in the Middle East including the revolution in Iran, the murder of President Anwar Sadat, and the internal unrest in Saudi Arabia should make us question the wisdom of this proposed sale.

Just 3 years ago, the United States viewed Iran as a dependable ally and provided the Shah with substantial amounts of American manufactured defense equipment. Included within these deliveries were some of our latest technological advances in airborne weapon systems. Now, we can no longer look upon Iran as a dependable ally. Instead, we must regard the country with the greatest of caution. With the ouster of the Shah went all of our guarantees that the weapon systems we provided would not fall into the hands of unfriendly nations lacking our technological expertise.

Despite the Iranian episode, we are debating whether it is appropriate to provide the unstable monarchy in Saudi Arabia with weapon systems even more advanced than we previously provided the Shah. Given our recent experience in the Middle East, I do not believe that the United States should assume the risk of providing this sophisticated equipment to the Saudi regime.

President Sadat's untimely death underscores the inherent instability in the Middle East. Mr. Sadat's assassination can only result in additional turmoil throughout the Arab world, and possibly, generate more internal struggles for the Arab nations, like Saudi

Arabia, that are more moderate and pro Western.

Last year, Saudi military and domestic security forces proved themselves quite inept in quelling a minor disruption at the Great Mosque in Mecca. Despite President Reagan's assurances, I do not believe we can hope to protect the Saudi leadership from all its internal enemies. Simply stated, the United States cannot afford to repeat the mistakes we made in Iran, and I will not stand idly by while a proposal to do exactly that is being offered by the administration. I urge all of my colleagues to join with me in voting to disapprove this dangerous sale.

Mr. BROOMFIELD. Mr. Chairman, I yield 2 minutes to the gentleman from Iowa (Mr. LEACH).

Mr. LEACH of Iowa. Mr. Chairman, Fundamentally there are two issues at stake in this resolution. First is the strategic balance between Israel and the Arab world and whether that balance is disturbed. Many of us believe that if this sale goes through, the United States will be tilting in one direction and Congress will feel obligated to provide even more assistance in the other, at considerable cost to the American taxpayer.

The second issue is the principle of arms sales in general—whether stability is enhanced by increasing or decreasing arms transfers. Can there be any doubt that the challenge of our times is for all civilized governments to take the lead in arms control, not arms transfers? It is time for sanity, not irresponsibility, to prevail in relations between states. Everyone in this House knows there is little strategic justification for this sale. The real problems of societies like Saudi Arabia are internal, not external.

Finally, in terms of rhetoric, Saudi Arabia has been a firm foe of Israel. To date this opposition has not been overly important because in relations between states words cannot hurt; bullets do. The problem with the AWACS sale is that if another conflict breaks out between Israel and one or more of its neighbors, pressure will build for Saudi Arabia to take direct part because it will have the clear technological capacity to do so. No longer will Saudi Arabia be geographically removed from the tumultuous events surrounding Israel's borders. The rhetorical attacks by Saudi political leaders on Israel could all too easily be translated into military action; stones will be cast instead of insults.

On the other side of the coin, if Saudi forces have the perceived capacity to intervene on the side of any of Israel's adversaries, strategic prudence will dictate that Israel consider a preemptive strike in the event of a future conflict in the region.

The profoundest effect, therefore, of the AWACS sale is to jeopardize the security of Saudi Arabia, perhaps more than Israel, and to insure that any future conflict in the Middle East will become more destructive than ever before.

It has been argued that the AWACS sale should go through as a token of American friendship for an important world economic power. Our relations with Saudi Arabia are warm, but is not friendship best reciprocated by refusing to jeopardize Saudi security?

Now is a good time for caution and restraint. This resolution of disapproval should be passed.

Mr. LAGOMARSINO. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, I rise in opposition to the resolution. Anyone who knows my record knows that I have been a strong, vocal supporter for legislative measures and administration initiatives that increase the security of Israel. A strong, secure, independent, democratic ally in the Middle East, Israel represents a vital force in America's foreign policy. I believe no one can disagree that in the United States Israel has its strongest defender in the world. The United States has also been a principal motivating force in seeking a negotiated settlement in the Middle East.

In order for us to be an effective, credible negotiator, the United States must not appear to be so heavily biased toward one party that we lose the confidence of the other side. Virtually no other nation in the world besides the United States has the credentials for approaching the various parties in the Middle East seeking a settlement. For that reason I believe we must not endanger our relationship with Saudi Arabia, the most moderate regime in the Middle East—after Egypt. By that, I do not mean we have to mindlessly agree to every demand made on us as a test of our friendship. But I do believe the proposal made by the administration takes care of most of the concerns critics might have regarding the threat this military assistance might pose for Israel.

Failure to agree to this proposal would in my opinion—and I hope I am wrong—undoubtedly lead the Saudis to disengage or distance themselves from the close relationship with the United States that we now enjoy. It certainly will not help the case of the Pro-West members of the Government. If that were to happen, that could, in no way, be considered a positive contribution to the security of Israel. The United States loss of its influence in Saudi Arabia should be viewed by Israel with as great a concern as we feel. Some are concerned about the stability of the Saudi regime. Two comments: The Saudi regime survived in good fashion, the assassination of the King several years ago. Will turning down this sale help stability in Saudi Arabia? Certainly not in any way helpful to the United States—and the peace progress? The gentleman from Indiana admitted damage would be done if the sale is turned down.

While I would have preferred an agreement with Saudi Arabia that would enable us to lease the services of the AWACS aircraft and crew—and I still hold out hope that negotiations will yield even more compromises from Saudi Arabia permitting a greater U.S. control on the AWACS use—I believe it is vital for us to support this proposal.

LETTER OF OFFER AND ACCEPTANCE (LOA) TERMS AND CONDITIONS

	Standard LOA	Saudi additions
Use of AWACS	Defensive use only	1. No flights outside borders (without USG prior consent).
Security of technology.	Protect classified equipment with procedures similar to U.S. procedures.	1. USG approval of security plan. 2. USG semiannual inspections. 3. High technology security facilities. 4. Only U.S. and Saudi people have access to equipment and documentation. 5. New information security agreement. 6. Computer software (machine language) remains USG property.
Third country transfer.	No transfer of equipment without USG approval.	1. Third country modifications to equipment forbidden. 2. Third country personnel forbidden to perform maintenance.
Information sharing	None	1. AWACS data exchanged between U.S. and Saudi at all times. 2. No AWACS data to other countries without prior and mutual consent of USG and SAG.

From all that I have read, from my inspection of the AWACS aircraft itself, and from my discussions with defense experts, I have come to the conclusion that the AWACS aircraft does not pose the security threat which the Israelis say that it does. The AWACS radar planes, on the other hand, will provide the defense capability Saudi Arabia needs to help it and us prevent an airborne attack against its strategically important oil fields. It should be pointed out also that failure of the United States to sell AWACS will mean less U.S. control of the events in the area, for Saudi Arabia will no doubt purchase the British Nimrod airborne radar system, which is nearly as effective and without U.S. safeguards, and without at least as much influence as we could have.

F-14's from our Indian Ocean fleet can effectively coordinate with AWACS, highly doubtful they could so with Nimrod.

I might add that some prominent newspaper editors and journalists have voiced their support for the sale of AWACS to Saudi Arabia and I would like for four of these commentaries to be included in the record at this point.

[From the Washington Post, Aug. 26, 1981]

AWACS FOR THE SAUDIS

Whether to sell AWACS radar planes to Saudi Arabia is a close question. Sensible people, including those in Congress, will approach it with deeply divided feelings. But it is a sound principle that in close questions of this particular kind Congress owes the president the benefit of the doubt. The congressional veto is properly reserved for those instances in which the administration is clearly and flatly wrong. The AWACS sale is a bad choice to have to make, and one that a more foresighted statecraft might have averted. But it can't be retrieved now, and the Reagan administration is firmly committed to it. Despite its misgivings, the right course for Congress is to let this sale proceed.

The burden of the decision is lightened a little by the knowledge that the AWACS planes are not going to be quite so useful to the Saudis as perhaps the Saudis think (and, of course, as the U.S. Air Force has been telling them). Nor are the planes going to be quite so grave a threat to the Israelis as the Israelis claim. The original American mistake was to allow those planes to become the symbol of this country's support, approval, warm friendship and so forth. The United States has every good reason to show evidence of its support, approval, warm friendship and so forth for the Saudis. Selling them AWACS aircraft is a wretched way to demonstrate that support, etc., but at the present late stage of the affair that is unfortunately irrelevant. The Carter administration favored it. The Reagan administration confirmed the offer forcefully, and to withdraw it would inflict great damage both on the American position in the Persian Gulf region and on the Saudi regime.

The Israeli view is that the Saudi regime remains an enemy, the United States is proposing to arm that enemy, and that's all anybody needs to know. But Israeli military superiority in the air—with or without a Saudi AWACS—is hardly open to question. The passionate Israeli opposition to this sale is fed by the anxiety that it means—symbolically, again—a weakening of the American commitment to Israel. That is incorrect. President Reagan's decision last week to resume delivery of the F16 fighters to Israel entitles him at least to be believed when he speaks of a concern for Israel.

Prime Minister Begin's government needs to come to terms with the message that its friends in this country have been trying for some time to deliver—the message that the frozen rigidity of their policy toward their neighbors, and their apparently increasing reliance on air strikes well beyond their boundaries, affect the security of both the United States and Israel. When the United States works to extend its influence and strengthen its friends in the Arab world, surely that benefits Israeli interests as well.

The administration has left some confusion over the question of restrictions on the use of the AWACS planes by the Saudis. Congress will certainly want that question answered before it votes.

For Americans, the AWACS affair means that American statecraft has still not found a way to carry on an effective diplomacy in the Middle East without entangling itself in questionable sales of increasingly sophisticated warplanes. If Congress allows this sale to proceed, it might usefully take the occasion to urge the administration toward a political style in the Middle East that does not make the marketing of weapons the sole and supreme indicator of American good will.

[From the Los Angeles Times, Sept. 27, 1981]

PLAY BY THE RULES

The Reagan Administration has wisely chosen to face facts rather than face defeat on its proposed $8.5-billion arms sale to Saudi Arabia. The facts are that the arms package as it has been submitted to Congress doesn't have the ghost of a chance of passing the Senate, and with the House long since counted as lost to the Administration's cause, the Senate is the place where the fight must be won. And so, late in the day, talk of compromise is in the air.

Until last week, the Administration, reflecting Saudi attitudes, had ruled out the possibility of compromise. Until last week, too, the Administration has clung to its claim that it could talk around enough Senate opponents of the arms deal to avoid defeat. Reality dawned when, by its own count, the Administration found 63 senators apparently dead-set against the Saudi arms package as it now stands. That left only one way out: to seek salvation through compromise.

Negotiations to that end are now under way. More to the point, they involve the active participation of the Saudis. The chief issue under discussion is control of the AWACS radar surveillance planes that are the centerpiece of the arms package. Up to now, the Saudis had insisted on absolute control over the AWACS they want to buy, contending that anything less would be an affront to their pride and an infringement on their sovereignty. It is by no means certain yet that the Saudis will be ready to put these concerns behind them in return for the protection of their territory that AWACS would provide. What is certain is that unless the Saudis make some concessions, the deal is dead in the Senate.

Two things particularly worry the senators. They don't want to see the Saudis someday use their new air equipment against Israel, and they want something other than verbal assurances that the AWACS will be safe in Saudi hands. The Administration tried to remove these worries by promising that the AWACS sold the Saudis would be stripped versions, lacking certain sensitive equipment. Sen. John Glenn (D-Ohio) spoke for many of his colleagues when he noted that this didn't make a lot of sense. Since defense of the Saudi oil fields is very much an American as well as a Saudi concern, the best possible equipment should be used in that defense. And to prevent misuse of that equipment and to keep it secure, joint U.S.-Saudi control over it should be agreed to.

The Glenn proposal is at the heart of current negotiations. It offers a feasible way to resolve what is otherwise an intractable problem, without—unless they choose to see it otherwise—offending Saudi pride and without jeopardizing U.S. interests. Joint control of AWACS is, after all, the rule even with America's closest allies in NATO. The Saudis are not being asked to accept extraordinary conditions. They are only being asked to go by the rules.

THE AWACS SALE IS VITAL TO US

(By Carl Rowan)

We are in for a time of nastiness as the debate intensifies over the proposed sale of five AWACS radar surveillance planes and other military equipment to Saudi Arabia. Already we hear charges that the United States is jeopardizing Israel just to get back 8.5 billion petrodollars and that senators opposing the sale are groveling for campaign donations from Jews.

When we sweep some of the emotion aside, a few points seem remarkably clear. The first is that for more than three decades the United States has honored its commitment to Israel, even at great financial and political cost.

In 1973, when Israel was in military peril, the United States launched an airlift that helped Israel to turn her war fortunes around—and the United States warned the Soviet Union that Israel would survive as long as the United States survives.

There is nothing about the proposed AWACS sale that suggests the United States is either abandoning or diminishing its commitment to Israel, so it seems to me that the Begin administration and its U.S. supporters are being shortsighted when they push Americans into strife over the AWACS.

Neither this sale nor 100 like it would make Saudi Arabia a credible threat to Israel's security. Beyond that, the United States has made it clear it intends to keep Israel stronger than all her potential foes combined. Thus, I cannot swallow suggestions that this deal will leave Israel naked to her enemies.

On the other hand, there are myriad threats to Saudi Arabia. The Soviet Union, some other Arabs, Moslem fanatics and several other nations and groups would love to oust the Saudi royal family, or take other actions to gain control of the Saudi oil fields. Perhaps never in history has a nation had so much to defend and so little with which to defend it.

Whatever threatens Saudi Arabia also threatens the lifeblood of the industrial West, a point so obvious that the Israelis ought to be saying, "We understand why you must deal with Saudi Arabia on the basis of the same kind of respect you show us."

Instead, the Begin government is spreading a warning around this town that the United States errs in arming a "corrupt, anachronistic" regime in Riyadh and that the Saudi royal family will go the way of the Shah of Iran before the end of this century.

Even though the alarmists can suggest no feasible alternative to the royal family, some members of the Senate are so gullible as to fasten on the above argument, ignoring the Saudi contribution to the United States' security, and thus indirectly to Israel's.

America's current economic woes are modest compared with what they might be if Saudi Arabia had not worked so diligently to halt the spiral of petroleum prices. Prices have even come down a bit recently because of a worldwide glut created mostly because the Saudis pumped more oil than was good for them.

Some opponents of the sale argue that we dare not entrust sophisticated weapons to the Saudis because the Russians will quickly get our secrets. This is a galling argument, given the fact that Great Britain has produced some celebrated traitors, West Germany has had Communist spies right in the office of the chancellor, and other allies such as Italy and France have huge Communist parties; Communists are in the French Cabinet. When we entrust weapons and secrets to these countries, how do we say to the Saudis (who don't even have dip-

lomatic relations with the Soviets): "We can't trust you the way we do our other friends"?

If Congress blocks the AWACS sale, the long-run cost will be great for the United States and for Israel. It is easy for Israel to say to the United States: "If you are our friend, you cannot be Saudi Arabia's friend." But what does Israel do if the United States is crippled and must struggle on one economic leg?

The AWACS sale must go forward.

AND THUS TO ISRAEL AS WELL

(By William F. Buckley, Jr.)

I see, in the AWACS for Saudi Arabia, a long and tangled shadow of symbolism, and that is a pity.

Because, upon reflection—and this is written by someone whose criticism of Saudi Arabia are on the record—Congress should authorize the sale.

Here are the salient considerations:

(1) Do we desire that Saudi Arabia should have the information it would get by the use of the AWACS?

(2) Is the security of Israel threatened by the AWACS?

(3) Is the prestige of the United States government jeopardized by a refusal to sell the AWACS?

If the answers to the above are Yes, No and Yes—then we should go through with the proposed deal.

In geopolitical terms, Saudi Arabia is important as the principal source of Western oil reserves. These reserves need to be protected as obviously as we need to protect the econoic life of our allies. As things now stand, the Saudis would receive two to four minutes' warning from the land-based Saudi radar installations in the event the Soviet Union decided to cripple Saudi oil facilities, which are congested in a small area of the kingdom. With AWACS on duty, this critical interval rises to 15 minutes, during which Saudi planes—and those of its allies—can be launched to provide cover for the fields.

Now if that were the whole of the problem, presumably the Congress would vote overwhelmingly for the sale. But critics argue the offensive capability of these AWACS in respect to Israel.

More mystery, it would seem, attaches to the AWACS in question than is reasonable. They are in one sense formidable intelligence-gatherers, but there is a definite limit to what they can accomplish. They are, after all, Boeing 707s. Their radars were designed sometime in the early '60s. What is of course special is the software, and some critics claim that if the airplanes fell into enemy hands—if Saudi Arabia were to go, say, the way of Iran—the loss would be irreparable. Wrong. The software is designed around codes that could be reciphered overnight.

You see—and here the sales talk is best said in a whisper—the Saudi AWACS have to do not only with the security of the Saudi oil fields, but with our comprehensive presence in the area.

The AWACS are viewed primarily as an instrument for the preservation of the Saudis' treasures, but also as an adjunct of our own intelligence. If the Soviet Union elected to pounce on Saudi Arabia, it would not be the Saudis alone who could deter it. Our presence would be indispensable. But a technical and military cooperation between the United States and the Saudis must be exactly that, a cooperation that preempts the Saudis' alternative. Which is, quite simply, to turn to the Soviet Union.

Mr. Begin cannot seriously believe that the United States is going to risk the security of Israel. He is playing symbolic stakes. And so are a number of congressmen and senators. Begin wants to prove to his people that for any deal in the Middle East involving another power, he is in a position to veto. The congressmen wish to register that no conceivable opponents running for public office can outdo the incumbents in servility to Begin.

It is not right. The haunting part of it is that it isn't right for Israel, either. Because the strength of the American presence in the area is the principal source of Israeli security. Mr. Eugene Rostow, whom no stauncher friend of Israel was ever bred, is (thankfully) in charge of arms control programs for the Reagan administration. His wholehearted backing of the AWACS deal deserves considerable respect.

See Bob Packwood, who is heading the opposition, wears another hat: he is in charge of the Republican Senate Relection Committee, Gentlemen, please behave.

Mr. Chairman, it is worth noting at this point that both President Anwar Sadat and present Egyptian President Mubarak have spoken in strong support of the AWACS sale. With all the factors considered on both sides of the agrument for and against this sale of AWACS to Saudi Arabia, it understandably is a close call. A tough vote, especially in the short run. In my mind however, I believe the balance falls in favor of our honoring a pledge—made not just by one administration, but by two—to one ally that does not damage our pledge to another. During the House Foreign Affairs Committee debate on this issue one of my colleagues talked about a rap on the knuckles to President Reagan. Rap on the knuckles is one thing. There will be many of those during the Reagan administration—I expect I will so vote on occasion, But, especially in light of the Sadat assasination, to turn down this proposal goes far past a rap on the knuckles—in this particular case it is likely to severely damage—if not destroy—the President's ability to formulate and implement an effective practical Middle East peace policy.

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Mr. FASCELL. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from New York (Mr. MCHUGH).

Mr. McHUGH. Mr. Chairman, I rise in opposition to this sale and in support of the resolution of disapproval.

Unfortunately, the proposed sale would not serve the interests of the United States, nor would it promote the cause of peace and stability in the Middle East.

In considering this sale we should be sensitive to the sad history and to the circumstances now existing in the Middle East. This is a region that has experienced five major wars since the end of World War II. It is a region that still spends more of its GNP on arms than any other. Of the 10 nations of the world with the highest percentage of budgeted spending on arms, 6 are in the Middle East. It also spends more to import arms, and the United States is the No. 1 source of those arms.

As we consider this sale, Mr. Chairman, we must be conscious of the unstable situation now prevailing in this region. Iran and Iraq are at war. While a fragile ceasefire holds on the border between Lebanon and Israel, Lebanon remains in the grip of a tragic civil war that has produced internal chaos. Our closest friend in the Arab world has just been assassinated, and the future of the peacekeeping process begun at Camp David hangs in the balance.

This is the context in which we must now decide whether to approve the sale of $8.5 billion of advanced weaponry to Saudi Arabia, perhaps the largest single arms package ever submitted to Congress. The figure seems staggering; yet it is part of a pattern of escalating arms sales to that government. Indeed, the United States has sold $34 billion worth of arms and equipment to Saudi Arabia since 1973.

This particular proposal would enable Saudi Arabia to purchase the following sophisticated military equipment:

Five E-3A airborne warning and control system (AWACS) aircraft

Six KC-707 aerial refueling tankers (with an option to purchase two more)

Two hundred two conformal fuel tanks designed to enhance the range of F-15's previously sold to Saudi Arabia

One thousand and one hundred seventy-seven AIM-9L Sidewinder air-to-air, missiles designed to enhance the firepower of those F-15's

While public attention has focused on the proposed sale of AWACS, it is the overall configuration of the Reagan administration's proposal that makes it dangerous. It is important to remember that we are discussing much more than the sale of AWACS.

Mr. Chairman, I believe that there are at least five compelling reasons to oppose the sale of this equipment.

First, this sale could compromise advanced U.S. technology and, thus, the security interests of the United States. Because of chronic instability in the Middle East, of which we have been reminded by the tragic death of President Sadat, it is quite possible that this sophisticated equipment would fall into the wrong hands, thus compromising technology that is among the most advanced in the world.

In recent weeks the Reagan administration has attempted to downplay the importance of this technology. However, we should not be misled by such arguments of convenience. As Gen. George Keegan, the former Chief of Air Force Intelligence and Executive Vice President of the U.S. Strategic

Institute, noted in testimony before the Foreign Operations Subcommittee on which I serve:

> The AWACS and the F-15 . . . as a system used in concert do in fact constitute the most powerful offensive weapons systems ever developed for theater or regional air warfare.

We know that U.S. secrets were compromised when advanced weaponry sold to the Shah of Iran fell into the hands of the current anti-American regime. We know that equipment was lost, including the F-14, the Phoenix missile, the HAWK surface-to-air missile, and the TOW antitank missile, to name but a few. The only reason the AWACS technology was also not lost is because the Shah fell before those aircraft were delivered to him.

In this connection, it is interesting to recall the testimony of the State Department in 1977 when concerns were expressed about the sale of AWACS to Iran. At that time the Department testified as follows:

> Iran's security record is excellent. Iran has strict security arrangements. We are unaware of any instance in which U.S.-supplied information or equipment has been compromised or lost . . . We are confident that arrangements can be devised to protect fully the aircraft and its systems.

Much the same has been said about Saudi Arabia in recent weeks. Yet, we know that there is some popular resentment against the House of Saud. As the seizure of the Grand Mosque in Mecca last year suggests, it is conceivable that the present government could be overthrown, or that internal pressures could force a significant shift in policy. It is therefore quite possible that the weapons we are proposing to sell could be compromised or used in a way inconsistent with U.S. interests.

Given these risks to our security interests, the burden of proof should be on those who favor the sale to show that it would advance U.S. interests. That case has not been made. Instead, we have been told in essence that the Saudis would like to have this equipment and would be offended if we fail to provide it. That it not a sufficiently sound reason for risking the loss of such advanced weaponry.

The second reason to oppose this sale is that it will do nothing to advance the cause of peace and stability in the Middle East. In fact, it simply advances the flow of sophisticated arms into this region.

Israeli Foreign Minister Yitzhak Shamir recently pointed out the dangers of such a policy. He expressly deplored the "massive flow of all types of weapons into this region from every possible source: the United States, the Soviet Union, and the European countries." His warning was clear:

> These massive quantities of weapons do not strengthen the West in this region; they do not serve any positive purpose, but they do jeopardize peace and endanger Israel.

If peace and stability are our primary goals, Mr. Chairman, we must ask how this major arms sale will promote them. Has Saudi Arabia committed itself to our peace initiatives in the Middle East? Has it rejected terrorism as a tool to achieve political ends?

Unfortunately, the answer to these questions is no. While the Saudi Government has been more moderate than some other Arab governments, and while we have a clear interest in encouraging further moderation, the Saudi Government does not share our views on a number of fundamental points.

For example, the Saudis do not share our view that the Soviet Union is the single most serious threat to peace and stability in the region. They continue to see Israel in that light. The Saudis do not share our view that the PLO engages in unjustified terrorist activities; in fact, they continue to be the chief source of funds for those terrorist activities. The Saudis do not share our view that the Camp David accords were an important step forward in the peace process. They opposed the accords and withdrew their support from President Sadat because of his vision and courage.

It is often argued that the Saudis have done us a favor by working within OPEC to keep the price of oil below what it would otherwise be and by keeping production up. They have done these things, but the Saudis have made it clear that these decisions have reflected their own interests and have not been concessions to Western interests.

It is true that we have some common interests with the Saudis, and, yes, we would like to improve our relations with that government. However, in exchange for this type of sale, with all of its attendant risks for us, there should be some quid pro quo which will clearly advance our interests. One looks in vain to find it.

A third reason to oppose this sale is that it does not respond to any legitimate security need of the Saudis.

The United States shares with the Saudis an obvious interest in securing the Saudi oilfields from outside aggression. For this reason, the Saudis have invited us to operate AWACS planes out of Saudi Arabia and we have been doing so, sharing with the Saudis all collected information which is pertinent to their legitimate defense needs.

This arrangement has worked to the advantage of both sides, and there is no reason to revise it. Transferring absolute control of AWACS to the Saudis would endanger our own security interests and those of our closest ally, Israel. Moreover, the Reagan administration has said that certain systems now on American AWACS planes would not be included in a Saudi sale, and therefore the Saudis themselves would obtain less information in that case than they are presently receiving from us.

The most serious security risk for the Saudis is internal. It is here that they should focus their attention. In the words of former CIA Director Stansfield Turner:

> The most likely threats to Saudi Arabia are internal disorder or rebellion and guerrilla warfare, encouraged and supported by its neighbors.
>
> Against this background, it would be irresponsible for us to help them prepare to defeat a sophisticated air threat, for which the AWACS was designed and which has a low probability of occurring, when they are incapable of handling the more elementary threats of insurrection and guerrilla warfare that are highly probable.

Although aggression from the outside is always a possibility, the Saudis would have to rely upon us for their defense in that event. What we cannot deal with—and they must—is trouble from within. This sale is not in our interest, or theirs, because it diverts attention from the primary threat to Saudi security.

It would appear that we have learned very little from our experience in Iran, where we armed the Shah to the teeth only to see his regime rot from the inside. The simple fact is that AWACS will not be useful at all in dealing with an internal insurrection. Thus, to the extent that we encourage the Saudis to focus their attention on external rather than internal threats and feed their thirst for advanced weaponry as we fed the Shah's, we do them a disservice.

A fourth reason for opposing this sale is because it would endanger the security of Israel, our most stable friend and ally in the region and the strategic anchor of U.S. policy there.

The Reagan administration would have us believe that this sale poses no risks to Israel. However, in addition to the concerns expressed by the Israelis themselves, the testimony of General Keegan is instructive on the issue of risk and deserves to be quoted at length:

> Nearly 5 years ago, after the conclusion of the 1973 Yom Kippur war, some of us were in possession of intelligence about meetings held between Saudi Arabia, Syria, and Iraq about where do they go next in their persistent war against Israel, and there was common recognition with Egypt that the wars of the past have to be avoided—the assaults through the Sinai have not worked, they have cost great treasure in blood and material—and that there was only one tactical resource or option left. That was to move 5 to 15 Arab tank divisions through the West Bank and then drive them through the 8-mile narrows of Israel to the Mediterranean.

General Keegan then went on to note that "if the tanks are inserted, the only defense then is the Israeli fighter bomber," and concluded by pointing out the unique role that

AWACS and the F-15's could play in this situation:

The AWACS can be introduced on the West Bank, held at 40,000 to 50,000 feet where they cannot be effectively intercepted, and then they can detect incoming low-altitude Israeli fighter bombers and can direct the Saudi F-15's against those fighter bombers using the look-down/shoot-down radar missile combination on the F-15.

In a matter of half an hour two squadrons of F-15's, using their look-down/shoot-down technology, flying close to the West Bank, can intercept the entire Israeli Air Force of fighter bombers coming to the defense against the tanks and destroy them in 15 to 30 minutes, and there is no defense against this.

As I mentioned earlier, we are not dealing solely with AWACS in this sale. We are also dealing with equipment designed to enhance the range and firepower of the F-15's previously sold to Saudi Arabia. Thus, it is worth repeating once again General Keegan's statement that "the AWACS and the F-15 . . . as a system used in concert do in fact constitute the most powerful offensive weapons systems ever developed for theater or regional warfare."

Fortunately, Israel is strong militarily. That strength in relation to its Arab adversaries has helped to restrain hostilities. Is there any doubt that if Israel's adversaries believed that they had a military advantage, they would seriously consider war once again? One grave danger with this sale is that it may lead certain of those adversaries to believe that they have gained such an advantage.

Finally, a fifth reason for opposing this sale is that it breaks faith with a prior understanding. As you will recall, the original decision to sell F-15's to Saudi Arabia in 1978 was made only after extended discussion and debate. I opposed selling F-15's to Saudi Arabia at that time, and I was disappointed that the Senate voted against rejecting the proposed sale. However, important concessions were made during the course of that debate. Secretary of Defense Brown gave perhaps the single most important assurance:

Saudi Arabia has not requested nor do we intend to sell any other systems or armaments that would increase the range or enhance the ground attack capability of the F-15.

Unfortunately, those assurances have now been abandoned by President Reagan. The conformal fuel tanks and the Sidewinder missiles that are a part of this package will increase both the range and firepower of the Saudi F-15's.

It is regrettable that the Reagan administration has chosen to ignore previous assurances given to Congress and, at least implicitly, to Israel. The credibility of our word as a nation should not be breached except under the most extraordinary of circumstances, and I see nothing that would justify it in this case. Indeed, only 2 months before his election in 1980, Ronald Reagan made the same point when he argued that "we must rebuild our lost reputation for trustworthiness. We must again become a nation that can be relied upon to live up to its commitments."

There are many ironies in this sale, Mr. Chairman, ironies that might be a source of amusement if what we were discussing was not so deadly serious. It is ironic that the Reagan administration, which so loudly denounced international terrorism, is telling us that we must provide advanced weaponry to a government that finances the terrorist activities of the PLO. It is ironic that we are being told that the way to honor the memory of a peacemaker, Anwar Sadat, is by selling arms to a nation that opposed his efforts. It is ironic that we are being told that the nation to which we have sold more arms than any other since 1975 will be offended if we do not sell these arms. It is ironic that a President that claims we must rebuild our reputation for trustworthiness has proposed a sale that involves breaking commitments that were given. And it is ironic that we are being told that the way to advance the cause of peace is by selling arms.

For the reasons I have suggested, I hope that my colleagues will join me in voting against this sale.

Mr. DERWINSKI. Mr. Chairman, I yield 4 minutes to the gentleman from New York (Mr. KEMP).

Mr. KEMP. Mr. Chairman, at this hour the United States is flying four American-owned AWACS out of Riyadh. That equipment was stationed in Saudi Arabia last year, at Saudi invitation. Its mission is to provide early warning and tactical intelligence along Saudi Arabia's northern border. The outbreak of the war between Iran and Iraq prompted the request, and the continuing conflict requires sustained surveillance of the area. Be assured of my enthusiasm for this critical support provided to Saudi Arabia by the United States.

The Saudis have every reason to be concerned. Their vast oilfields are highly vulnerable to attack. There is no question that the intelligence function performed by American AWACS is vital to Saudi security.

Furthermore, that surveillance capability is essential to America's ability to anticipate and respond to an attack on Saudi oilfields. American interests are inextricably linked with those of Saudi Arabia in seeking to defend those resources. The uninterrupted supply of oil is vital to U.S. security. Thus we responded promptly to Saudi Arabia's request for the AWACS contingent, as we have done in the past—1979. And President Reagan has affirmed that the United States would act as necessary to prevent the oilfields from falling into hostile hands.

Largely in response to their real and pressing security concerns, Saudi Arabia has asked to purchase five airborne warning and control aircraft, plus sidewinder missiles and conformal fuel tanks to upgrade the capabilities of the F-15's lately purchased from this country.

The administration proposes to accommodate this request, fundamentally because it believes the package is reponsive to the legitimate defense needs of Saudi Arabia, and because it believes that enhancing Saudi Arabia's ability to defend itself will thereby enhance the common defense of Western interests in the Persian Gulf.

I respect this position, and I am sympathetic to the appeal of the underlying rationale for the sale. Most emphatically, I share the President's goal of bolstering the ability of the United States to protect our interests in the Middle East, to deny Soviet incursions, and to support all pro-Western states in the region.

I recognize the importance of cultivating the cooperation and goodwill of the more moderate Arab States in general, and of Saudi Arabia in particular. Our need to work together is even more acute in the aftermath of President Sadat's tragic assassination. I am hopeful that mutual recognition of the community of interests we share will continue to grow.

But I fear that the case for the sale of the F-15 package rests upon a seriously false premise.

There is precious little evidence that Saudi Arabia is prepared to identify its interests with those of this country in defense of the Persian Gulf.

The Rapid Deployment Force is the centerpiece of America's ability to project power into the Persian Gulf. Access to military facilities in the area is critical to the effective employment of that force. For this reason, Saudi Arabia's vehement opposition to an American presence in the Middle East raises serious questions concerning the Saudis' loyalty to U.S. interests. The Saudis have looked on in silence as the Soviet Union has established base after base in South Yemen, Iraq, and Syria; yet they have been adamant and vocal in their opposition to an American military presence or the establishment of American facilities in Egypt or Oman—much less in Saudi Arabia. Indeed, the Saudis have pressured the Sultan of Oman to rescind the base rights granted this country.

Equally telling, Saudi Arabia has been the leader among Arab States in rejecting the peace process initiated by the late President Sadat and embodied in Camp David. Hostile and critical of Sadat's efforts for peace, Saudi Arabia ostracized Sadat while he lived, to the extent that Sadat found himself largely alienated in the Arab world. While people of con-

science mourned Sadat's death and condemned his murderers, the Saudis turned their backs in conspicuous silence.

Is this the behavior of a state that sees its interests linked to ours?

I look upon the record of Saudi Arabia's behavior—from condemning American naval air pilots for defending themselves against Libyan attack, opposition to Camp David and outright economic warfare against Anwar Sadat, to financing the terrorist activities of the PLO, to harboring Idi Amin, to calling for a holy war against Israel, to opposing our efforts to build a strategic petroleum reserve, to transshipping Soviet war materiel to Iraq and denying United States equipment to North Yemen and I am left with little confidence that Saudi Arabia is willing to support the United States in protecting our interests in the gulf.

My lack of confidence is reinforced by Saudi Arabia's steadfast refusal to offer some tangible quid pro quo in return for the AWACS sale. Some morsel of support for Camp David, or quelling their opposition to American facilities in the Middle East, would go far in demonstrating a real appreciation for the commonality of our interests and a commitment to the development of closer relations based on mutual respect and reciprocity. But the Saudis have failed to make even a tentative gesture to signal their good faith.

Advocates of the sale of F-15 enhancement equipment have taken exception to this point, arguing that there are at least two recent and important examples of Saudi Arabia's commitment to American security interests in the Persian Gulf: First, Saudi pressures toward price moderation in OPEC; and second, Saudi assistance in securing a cease-fire in Lebanon.

With all due respect, I do not find these examples very persuasive.

In the first place, Saudi oil pricing policy is dictated by their own self-interest, and not by altruistic concerns for the economies of the West. The glut in the oil market today is not a gift from Saudi Arabia to the West. It is instead the result of a sharp drop in demand for OPEC oil, from 31 MMB/D in 1979 to under 20 MMB/D today—a fall in demand by over one-third. And in any case, price increases from $2 per barrel to $32 per barrel in the space of one decade hardly can be called moderate. From $12 to $32 since 1978 when F-15's were sold.

At the same time, it is true that Saudi Arabia was instrumental in securing a cease-fire in Lebanon, in concert with the diplomatic efforts of the United States and the dedication of Ambassador Philip Habib. But what has transpired as a result of that cease-fire? Today Syria remains in control of nearly 45 percent of the territory of Lebanon, while the PLO controls another 20 to 25 percent. Palestinian terrorists have used this interlude to fortify their arsenals. Soviet made surface to air missile batteries are still in place. Two-thirds of Lebanon remains under occupation. Israel is faced with an evergrowing threat of a confrontation state on its northern border. The cease-fire has worked to the advantage of the occupying forces; the people of Lebanon continue to suffer.

The true test of reciprocity is not in oil pricing policy, or diplomatic good offices. It is instead the question of what the Saudis are prepared to do in the future to help the United States defend Western security interests in the Persian Gulf. Judging from the Saudis past record, as I have discussed, I am not encouraged.

The greatest threat to Saudi Arabia today is that of the Soviet Union, or the Soviet Union acting through client states, attempting to seize control of the oilfields. No one believes for a moment that the Saudis are capable of defending against such an action, even with the addition of early warning and control systems and enhancements to their F-15 wings. Indeed, if the Soviet Union believed that the Saudis would have to stand alone against such an incursion, I believe that the Soviet Union would waste no time in moving into Saudi Arabia, just as they have in Afghanistan.

The AWACS the United States is operating out of Saudi Arabia provides valuable intelligence and are thus an important part of our efforts to protect the oilfields. But this component of our defense will be downgraded if the proposed sale is consummated. Our AWACS aircraft will have to be withdrawn. Those sold to the Saudis will not be outfitted as completely as the American AWACS now in place. The Saudis have not been forthcoming with even the most basic assurances concerning the utilization of AWACS once in their control.

The Saudis have refused to renounce the use of the AWACS against Israel. They have refused to give us assurances that the American AWACS now in Saudi Arabia will be allowed to remain even just until the Saudi AWACS are delivered in 1985. They have refused to offer guarantees of intelligence downlinks to U.S. naval vessels in the Persian Gulf. Most disturbingly, there is no joint command structure, such as we have required of our NATO allies.

Finally, it cannot be denied that transferring ownership and control of AWACS to Saudi Arabia represents an escalation in the threat to Israel, a new military contingency that Israel would confront in the event of future hostilities. If in fact the sale were to enhance the ability of this country to protect Western interests in the region, then Israel's security in broad terms would be promoted, and the specific risk of AWACS in Arab hands would be worthwhile.

But it is my considered judgment that the sale would bring no enhanced capability to our ability to defend the region; at least, not in the absence of clearly agreed joint command and control. For this reason, I do not believe that Israel should be expected to bear the added risk that would be incurred by this sale.

As President Reagan has emphasized on many occasions, Israel is our foremost strategic asset in the Middle East. Anything that weakens Israel most assuredly weakens America's ability to protect its interests in the region. From this additional perspective, I believe that the sale of AWACS and other F-15 enhancement equipment to Saudi Arabia would be ill advised.

In short, while I support the President's goals in restoring America's ability to protect our interests in the Middle East, and in working toward regional peace and stability and security against Soviet incursions, I cannot support the sale of the F-15 enhancement package as presently conceived.

It is time that we faced up to the reality that there is no effective substitute for American power and presence. We cannot afford to continue to rely on regional powers to protect Western interests. The debacle in Iran should have been lesson enough. The uncertainty created by Sadat's tragic death was a bitter and sharp reminder of the dangers inherent in such reliance. We should not be lulled into thinking that selling Saudi Arabia AWACS will somehow compensate for the lack of our own capabilities in the area.

I believe that the burden of proof is on the Saudis to demonstrate what the United States stands to gain from sale of this equipment to Saudi Arabia. Without a clear demonstration of the Saudis' commitment to peace and to our mutual security interests, and a clear agreement for joint command and control of the AWACS, I believe that the sale should not be approved and we should quickly move to an alliance with Egypt and Israel that will allow for a codification of our trilateral role in assuring the success of Camp David and the security of Egypt and Israel. Ask Jordan and Saudi Arabia to join that alliance and if they agree, then sell them the equipment they need. Let's find out where they stand.

The CHAIRMAN. The time of the gentleman from New York (Mr. KEMP) has expired.

Mr. LAGOMARSINO. Mr. Chairman, I yield 30 seconds to the gentleman from New York.

Mr. KEMP. I thank the gentleman.

Mr. LAGOMARSINO. The gentleman stated twice that the Saudis have not been helpful in the peace process. Can the gentleman then explain why both the late President Sadat of Egypt and the present President, Mr. Mubarak of Egypt, support the AWACS sale very strongly?

Mr. KEMP. Well, I can understand their taking that position, it is no secret that Egypt must support this sale publicly. I think Egypt has even told the United States to start talking to the PLO, a position with which I disagree. Does the gentleman suggest we should accept the Egyptian position that the United States should start negotiating with the PLO? I understand President Reagan's view that the Saudis helped Philip Habib work out a cease fire in Lebanon. Make no mistake about it, a cease-fire in Lebanon today leaves the Syrians with 35 percent control of Lebanon and the PLO with another 25 percent of Lebanon. The result of which you now see on the northern border of Israel a de facto Palestinian state armed and supported by the Soviet Union. That is not my idea of a great solution to the problems of Lebanon.

Mr. FASCELL. Mr. Chairman, I yield 4½ minutes to the gentleman from New York (Mr. SOLARZ).

Mr. SOLARZ. Mr. Chairman. I have listened very carefully to the arguments on both sides of this issue and I have to say very frankly that I think almost all of them make a good deal of sense.

The truth of the matter is that we are today in a no-win situation. If we reject this sale, we will to some extent undermine the credibility of the President. We will, to some extent, complicate our relationship with Saudi Arabia, and we will, to some extent, create additional problems in terms of our relationship with the other moderate countries in the Arab world.

On the other hand, if we permit the sale to go through, we will potentially jeopardize the security of our most sophisticated military technology and we could conceivably endanger, in the context of another war between Israel and the Arabs, the security and maybe even the survival of our most reliable democratic ally in one of the most critically important parts of the world.

The truth is we never should have been confronted with this choice in the first place. The administration could very easily have said to the Saudis that we have no intention of providing the AWACS to them at a time when we have not given another country in the world the exclusive jurisdiction over this equipment. The administration could have said to Saudi Arabia that if it really wanted the AWACS, it could have it on the basis which we are now providing it, which calls for American ownership and operation. Alternatively, if that was not satisfactory to them, they could have been provided on the basis of the same kind of joint control arrangements which currently prevail with NATO.

But, unfortunately, the administration decided not to proceed down the path and we are instead confronted with a very tough decision today. And that is why I would like very briefly to examine the arguments which have been put forward in favor of this sale because it seems to me, that upon inspection and analysis they do not really hold up.

First of all, we are told that if this sale does not go through it will undermine the credibility of the President. It seems to me that this argument comes with ill grace from an administration presided over by a President who led the fight against the ratification of the Panama Canal and the SALT II treaties. Furthermore, it seems to me that we have a legal obligation to make a determination about the merits of this sale in terms of what we believe is in the best interests of the United States. It may be the Soviet way to ratify whatever the leader thinks is in the best interests of his country, but it is not the American way.

Second, we are told that if we reject this sale it will create a problem for us in terms of our relationship with Saudi Arabia. All of us would acknowledge the importance of Saudi Arabia to the United States, and no one can doubt or deny the fact that there have been a number of issues on which the Saudis have been helpful. They cooperated with us in the effort to bring about a cease-fire in Lebanon. They helped to defuse the missile crisis with Syria. Some would even say that their production policies with respect to petroleum have been helpful to the United States. But the fact of the matter is that there are a whole series of issues in which they have not been helpful to our interests in the region.

They have taken the lead in opposing the Camp David Agreement and the peace process between Israel and Egypt. They have provided hundreds of millions of dollars to finance the terrorist activities of the PLO. They have called for a jihad or holy war against Israel. And who can forget the fact that 8 years ago they were the ones who imposed an oil embargo on our country from which the American economy has still not recovered.

Third, we are told that if we do not sell the AWACS to Saudi Arabia, they will buy the Nimrod, a comparable aircraft, from Great Britain. But the truth of the matter is that the Nimrod simply is not comparable in performance to AWACS. Although the Nimrod could provide the Saudis with an early warning capability virtually equivalent to that afforded by AWACS, its command and control capability would be markedly inferior. Whereas the Nimrod has only six multipurpose consoles which are used for battle management and command and control functions, the AWACS has nine such consoles—50 percent more. Clearly, by virtue of its greater number of multipurpose consoles, the AWACS has a significantly greater command and control capability than the Nimrod.

It should also be noted that the Nimrod, unlike AWACS, has not been tested under actual battlefield conditions. Consequently, there is absolutely no way of comparing the performance in the field of an untested aircraft like the Nimrod with a well-tested aircraft like AWACS.

I simply want to say in conclusion that we have no obligation to provide the Saudis with whatever arms they want whenever they want them. This is particularly true with respect to the sale of AWACS and F-15 enhancement equipment, which not only will jeopardize the security of Israel in the context of another war, but which will also jeopardize the security of our most sophisticated military technology.

I hope Saudi Arabia remains stable in the future. But who can predict with certainty that the royal family or at least those elements within the royal family that are friendly to the West will be in power tomorrow? If there should be a change of regime, as there was last week in Egypt, a government could come to power there which would be in a position to compromise some of the most sophisticated American technology by turning it over to the Soviet Union.

I do not want to see the vital interests of our own Nation, or the lives of American pilots flying in combat against the Soviet Union if a war should break between us in the future, in any way endangered because of a hasty and ill-considered decision made by our Government at this time.

If, at some point in the future, Saudi Arabia is prepared to give us unequivocal assurances that it will support the peace process between Israel and the Arabs, that it won't finance the terrorist activities of the PLO, and that it is prepared to recognize Israel's right to exist and make peace with it, then under those circumstances I think we would have a very different situation and this proposal could be considered in a very different context.

But without those assurances and in the face of Saudi hostility to our efforts to narrow differences between Israel and the Arabs and to bring a lasting and just peace to this turbulent part of the world, I think it would be a serious mistake for our country to proceed with this sale. I therefore urge adoption of the resolution of disapproval.

Mr. DERWINSKI. Mr. Chairman, I yield such time as he may consume to

the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Mr. Chairman, I rise in support of the resolution disapproving the sale of airborne warning and control system aircraft to the Saudis because I am fearful, as are many of my colleagues as a result of the tragic events in Egypt recently, that the advanced technology of the system could fall into the hands of the Soviet Union and further jeopardize our strategic and tactical advantage in the Middle East.

Such an event would aid the Soviet Union in its development of comparable technology and would remove the protection this system has provided our Nation. I have no objection to AWACS being used in the Mideast, but in American planes in American hands from American bases.

I therefore urge my colleagues to support this resolution and vote to assure the security of this country's edge in sophisticated military know-how.

Mr. DERWINSKI. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. FISH).

Mr. FISH. Mr. Chairman, I join my colleagues in opposing the sale of AWACS and advanced F-15 equipment to Saudi Arabia. I do so after consideration of the issue that unites us all: What is in the best strategic interests of the United States. This must be our yardstick, even when a sale is contemplated to a friendly nation.

Our strategic interests in the Middle East are the security of the AWACS advanced technology, the independence of Saudi Arabia and that of Israel. These interests are best served by disapproving the proposed sale.

There presently is no guarantee before the Congress of the security of the AWACS technology. Clearly, in any hands other than ours, we jeopardize this secrecy. It should be obvious that the United States is the ultimate guarantor of Saudi independence. We should be pursuing this role and leave the four AWACS presently in Saudi Arabia under U.S. control.

The administration's strategic plan for the Middle East is based on a deterrent to Soviet aggression. But the Saudis do not recognize any such treat. Instead, they insist that Israel is their enemy. Saudi Arabia is opposed to the Camp David accords, has contributed little to Middle East peace efforts, and allies itself with the PLO and other enemies of the State of Israel. Use of AWACS by Saudi Arabia to detect Israeli planes in any future conflict would be a serious tactical disadvantage for Israel. It can only result in further counterbalancing sophisticated arms for Israel.

I have yet to hear a definitive, convincing argument of how the sale truly enhances U.S. security in the Middle East. Instead, I believe the sale could compromise U.S. security, as the planes represent our most technologically advanced airborne radar system. Our NATO allies fly AWACS under joint command. Further, NATO security is far more advanced and tighter than Saudi protection of its armaments. We dare not risk AWACS and AIM-9L Sidewinder missiles falling into enemy hands.

Mr. FINDLEY. Mr. Chairman, I yield 4 minutes to the gentleman from Washington (Mr. PRITCHARD).

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. PRITCHARD. I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Chairman, I rise in support of the resolution.

Mr. Chairman, the proposed sale of AWACS and offensive F-15 weaponry was unwise and ill-planned from the beginning. It is even more disturbing in the wake of Anwar Sadat's tragic assassination.

More than any other Arab nation, Saudi Arabia had the power to nurture and embolden Sadat's courageous peace mission. Now we are being asked to reward Saudi intransingence—and to do so in a manner that not only will unsettle the new regime in Egypt, but also undermine the security of our most stable Middle East ally, Israel. In short, this sale will cause both friend and foe to doubt the consistency and reliability of our Nation's foreign policy, while heightening the tension in what has become, once again, an explosive confrontation between the forces of peace and antisemitic aggression.

The reasons for opposing this sale are many. First and foremost we risk setting off an unbridled arms race at an unprecedented level of technology. According to former CIA Director Stansfield Turner, in testimony before the Senate during the 1978 Saudi arms debate, Saudi Arabia tried and failed on three occasions to engage in combat against Israel. With AWACS, Saudi Arabia will be able to monitor all of Israel's air bases, and thus tempted to join in any future war. Further the sale of AIM-9L Sidewinder missiles for the current Saudi fleet of 60 F-15 fighters would clearly compound Israel's defense problems. This would inevitably force the United States to provide Israel with more sophisticated weapons, as well as encourage other regional states to seek comparable weapons, or both. No peace effort would survive such an assault.

The risks of selling sophisticated technology to unstable monarchies in the Middle East should have been apparent following the collapse of the Shah of Iran. It is now acknowledged by senior intelligence officials that we lost to the Soviet Union information vital to America's own national security. This lost technology included the long-range naval F-14 fighter with its unique radar system and air-to-air Phoenix missile, and the Army's basic ground defense improved Hawk surface-to-air missile. With this experience, it is hard to believe any administration would endanger AWACS and Sidewinder missile technology pursuing a similar course of foreign policy.

It is even more surprising when one realizes that four AWACS are currently stationed in Saudi Arabia, under U.S. Air Force control and operation. In an important sense, then, the sale of AWACS would involve more of a U.S. withdrawal than improved presence. We would, in effect, be abdicating a de facto American base at a time when the assassination of Sadat demands that we discourage any unsettling change in the status quo.

The fundamental question, however, remains: will this sale enhance the chances for peace? Undeniably, Saudi Arabia is an important ally. Also undeniably, Saudi Arabia is essential to the ultimate success of the Camp David peace accords. Yet they have bitterly rejected this peace initiative, even to the extent of cutting all financial and diplomatic support to Sadat's Egypt. What we should demand of Saudi Arabia is clear: a firm commitment to peace generally, and to our own Nation's quest for peace as embodied in the Camp David peace process. Regrettably, no such quid quo pro has been demanded. One can only conclude that approval of this sale will inspire Saudi Arabia to greater resistance.

Finally, we should recall the commitment of our own executive branch just 3 years ago. In 1978, the Carter administration gave explicit assurance, both verbally and in writing, that the F-15 enhancement items before us today would not be sold. To violate this pledge would raise grave doubts about the value of America's word. As in the past, however, trust in American assurances will remain the lynchpin to any future Middle East peace settlement.

Mr. FROST. Mr. Chairman, will the gentleman yield?

Mr. PRITCHARD. I yield to the gentleman from Texas.

Mr. FROST. Mr. Chairman, I rise in support of the resolution of disapproval. I do so because I believe the sale of the AWACS to Saudi Arabia will ultimately prove to be catastrophic—catastrophic to our own interests and to the interests of our good friend Israel.

Mr. Chairman, Saudi Arabia is not a radical Arab State. Its monarchy has on several occasions moderated Arab bloc actions that might otherwise have been more detrimental to Western interests. The Saudis have worked behind the scenes as a broker in Middle Eastern conflicts that could have escalated into a superpower

battle. Saudi Arabia can become a good friend to the United States, and we should explore the possibility of cultivating closer ties with its leadership.

But there must be limits on our alliance with a state that does not share our vision for peace in the Middle East. Saudi Arabia does not believe the State of Israel should continue to exist and, lacking the resources to destroy Israel, Saudi Arabia bankrolls an organization whose only purpose for over 30 years has been its willingness to employ gutter tactics toward the extermination of a nation and its people. The unholy alliance between Saudi Arabia and the Palestinian Liberation Organization will define the boundaries of the alliance between Saudi Arabia and the United States. And this Congress cannot step beyond those boundaries until Saudi Arabia severs its ties with the PLO and relinquishes its determination to destroy Israel.

Until that time comes, the sale of the AWACS or any other sophisticated weapon will be outside the scope of those boundaries because we can never be sure that those weapons will not be used against Israel.

For anyone who doubts the capabilities of the AWACS, I refer to a 1972 test of an early AWACS prototype over Europe where every airborne aircraft between Paris and Warsaw was detected. In a major exercise conducted at Nellis Air Force Base in Nevada, two AWACS were able to coordinate 134 friendly aircraft and repel 274 enemy planes. According to a NATO tactical air commander, the AWACS has demonstrated the capability to "knock down multiple threats of sophisticated airplanes at all altitudes on one mission with one F-15."

For anyone who doubts Saudi Arabia's willingness to use this potent weapon to coordinate an attack against Israel, I remind them that the monarchy renewed its call for a holy war against Israel and her people as late as January of this year. When the Saudis refuse to accept restrictions on the use of these aircraft or assure us that they will not be used against our allies, the conclusion must be that it will be Israel that ultimately suffers from this sale.

There will be an unprecedented balance of power shift in the Middle East against Israel if this sale is approved. And there will be no way to restore that balance short of arming several other states, including Israel, with the same system. The United States has too often suffered from the consequences of its own arms policy. I would hope this Congress could profit from past mistakes by breaking the pattern of currying favor by brokering arms.

As for our own interests, Mr. Chairman, the sophistication of the AWACS itself speaks to the technology loss the United States would suffer should the planes fall into unfriendly hands. As crucial as the current Saudi leadership is to our interests, that leadership is undeniably susceptible to the same forces that brought down the Shah of Iran and that assassinated Anwar el-Sadat. All the AWACS in the world cannot protect the Saudis from the forces of religious fanaticism should they ignite as they did in Egypt and Iran. Without security arrangements that Saudi Arabia has so far refused to consider, there can be no guarantee that the sensitive technology of the AWACS would not fall into revolutionary hands—to be later sold to the highest bidder or used directly against the United States or its allies.

Mr. Chairman, I opposed the AWACS sale from the moment it was tentatively announced by this administration. Very few arguments during those early days could have compelled me to reconsider. But for those who did not share my convictions, the assassination of Anwar el Sadat has sent a clear and convincing message that advanced arms do not belong in the hands of people that now tread dangerously close to anarchy. The Middle East is not the same without Sadat and it will not be the same for a long time. Until rational men and women are firmly entrenched in his place, the area will be on the brink of an explosion that could have dangerous consequences for Western interests. An explosion can be avoided given the right amounts of patience and the right amounts of restraint. But I cringe to think that this Congress might subvert everything that Anwar el Sadat stood for by introducing this weapon into the region he tried to hard to pacify.

I will vote to block this sale and I am confident that a majority of my colleagues will join me.

Mr. PRITCHARD. Mr. Chairman there are many sound, well-reasoned arguments on both sides of this crucial question. They are made by well-intentioned people with the best interests of this country first in their minds, and we have heard many of them today and in past weeks. No one Member can cover them all. I would like to touch today on just a few items which I see as critical to this momentous decision.

Although other weapons systems are included in this package, the debate has boiled down to the merits of selling the AWACS planes to Saudi Arabia under conditions of less than optimum U.S. control. Now, the package as presented may not be the best way to preserve Saudi security or insure U.S. control, but it is the package we have and we must vote to accept or reject it. To my mind it is much preferable that Saudi aerial surveillance be done in U.S.-origin AWACS planes with U.S-trained crews, under the conditions of an understanding with the United States, than in less sophisticated aircraft from some other country. For I am convinced that, if this Congress blocks the AWACS sale, the Saudis will turn around and buy the Nimrod from the British or some comparable system from some other country. They will have a greatly enhanced surveillance capability and we will have no say in its use. Perhaps the understanding we have worked out with the Saudis is not as tight as we would like, but it would give us much greater control than we would have over something we did not sell.

Many people are concerned that without adequate controls the AWACS in Saudi hands would be used against the security interests of Israel or would be vulnerable to falling into unfriendly hands. Perhaps that would be true if the Saudis were to receive and start operating the AWACS tomorrow. Fortunately, the sale we are called upon to vote on does not involve immediate delivery. These AWACS planes will not arrive in Saudi Arabia until 1985, even then, U.S. Air Force personnel will assist in operating and maintaining them well into the 1990's. I will grant that the AWACS is sophisticated technology now, but it is clear that 10 or more years from now it will not represent the same relatively high level of technology. Thus I am less concerned than many about either the threat to Israel posed by AWACS or the dangers of losing sophisticated equipment to our enemies.

Important as these arguments are, however, they do not get at the heart of the matter as I see it. The key reason I feel we should vote against this resolution of disapproval and agree to the sale of the AWACS planes and other equipment is simple. Approving the sale will go a long way toward preserving American influence in the volatile Middle East; turning down the sale will mean that our influence on events will be lessened, I fear lessened greatly. We have great interest in preserving a strong Israel to be sure; no one seriously argues with that. But we must keep open ties wherever possible with the Arabs as well if there is to ever be a lasting peace in the Middle East. With some of the Arabs, like the Libyans, it is impossible to have productive relations. But with others, including the Egyptians, the Saudis, the Sudanese, the Moroccans, we do enjoy fruitful, if sometimes difficult, relations. It is essential, now more than ever, that those ties be preserved and strengthened. And the AWACS sale, for better or for worse, is a crucial step in that direction. I am confident that we can afford to take that step without damaging our other interests in the Middle

East, and I am equally confident that not taking that step will lessen our influence in the region and do serious harm to our interest in a durable peace.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. PRITCHARD. I yield to the gentleman from Illinois.

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Mr. HYDE. Mr. Chairman, I thank my friend for yielding.

I think we just have to look at the map to understand the need for this equipment in Saudi Arabia. Look at Iran which is at war with Iraq and is reported to have bombed Kuwait recently; look at Libya, look at Soviet influence in South Yemen, look at the Cubans in Ethiopia, and you have to say, "Are there any assets in this area, any resources that are of interest to us?"

Yes, 20 percent of the world's petroleum is produced by Saudia Arabia. I have heard that AWACS may be compromised. But they are not going to be delivered for 5 years, then they are going to have our people aboard into the nineties and if by that time the Israeli Air Force cannot think of a way to shoot them down, they are not as good as I think they are.

The fact is, only one country on this globe can act as the honest broker between Syria, between Saudi Arabia, between Jordan, between Egypt and Tel Aviv, only the United States could send a Philip Habib to Damascus, Beirut, and Tel Aviv.

Now, you are going to destroy that reservoir of trust and faith with the moderate Arabs, and behind the political rhetoric you know they are moderate; you know many things are said for publication and other things are said that more nearly correspond to the truth and to turn our backs on the moderate forces, to hunker down behind the sandbags and to dedicate ourselves to confrontation, rather than reconciliation, is to isolate Egypt and to say the peace process is meaningless.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HYDE. May I have 30 seconds?

Mr. PRITCHARD. We are out of time.

Mr. HYDE. Would the gentleman from North Carolina (Mr. FOUNTAIN) yield 30 seconds to the gentleman?

Mr. FOUNTAIN. I yield 30 seconds to the gentleman from North Carolina.

Mr. PRITCHARD. I yield to the gentleman from Illinois.

Mr. HYDE. Mr. Chairman, I just want to say one last thing. The security of Israel depends on the strength of the American presence in the Middle East. Will turning our backs on the remaining moderate forces in the Middle East strengthen our presence there or will it diminish it? The question answers itself.

I intend to oppose this resolution of disapproval and support the President's efforts to sell AWACS to Saudi Arabia.

I have been lobbied very hard on this issue, as have we all, but in the last analysis my judgment and conscience must dictate my vote. The cost to our country, I am convinced, by disapproving this sale will be enormous and irretrievable.

One substantial objection to a further sale of high technology military equipment to Saudi Arabia is that in 1978, when we last made such a sale, assurances were given Congress that no further sales or transfers were contemplated. But here we are, in 1981, seeking to transfer new highly sophisticated aircraft and to enhance some equipment already possessed by Saudi Arabia. Why this shift in our policy?

The response is simply that policy must accommodate to reality and the reality is that Saudi Arabia is today surrounded by hostile forces that were not in place a few years ago.

A casual glance at a map of the area reveals Iran, ready to explode and now accused of bombing Kuwait, South Yemen infested by Soviet and Cuban advisers, as is Ethiopia. Libya is the source of most of the terrorism in the region, if not the world. Iraq leans toward the Soviets and Egypt is at best an unknown quantity.

It takes no great insight to predict that the Middle East is a most likely place for world war III to break out—the struggle for that area's petroleum resources is one from which we cannot remain aloof. The impact on Europe and Japan of Soviet domination of the Middle East is something no computer can tell us—but commonsense tells us it would be a disaster for them and a tragedy for us.

The inescapable fact is that Saudi Arabia is an essential factor in the stability of the Middle East and to our hopes for peace.

Superficialities aside—the substance of the Saudi presence is one of moderation and friendship toward the United States.

We must reach out to the forces of Arab moderation—not reject them in favor of jumping behind the barricades in Israel and hunkering down for a century of bloodshed and conflict.

Only the United States can play the role of "honest broker" in the area—only the United States possesses the trust and confidence of both Israel and the moderate Arabs so that a Philip Habbib could travel from Tel Aviv to Damascus to Beirut and back again in a reasonably successful search for a cease fire. If we reject this opportunity to reach out, to show our even-handedness, we will dissipate a reservoir of trust and confidence that will deal the cause of peace a mortal blow.

The security of Israel depends on the strength of our presence in the Middle East—and that strength is both physical and political. We disintegrate that strength and diminish our presence and influence by telling the world that we in Congress will not support the considered views of the last three Presidents and most of those diplomats and military authorities who are urging us to support this transfer.

Do we really want peace in the Middle East? To accomplish this, we do not need to reach out and encourage both Israel and those in the Arab world who will still listen? Does a rebuff to Saudi Arabia enhance our position in the Middle East?

Those who cite the assassination of President Sadat as proof of regional instability and hence a reason for rejecting this sale ought to pause and reflect that an inch either way might have seen our own President or the Pope assassinated, too. No, the reality is that if peace is ever to have a chance then reconciliation between Israel and the moderate Arabs is essential. We can assist this process and prove, however posthumously, that Sadat was right in bringing his enthusiasm and commitment to Camp David. The rest of the Arab world must see the wisdom of Camp David, and we, the United States, must help them see that wisdom, too.

We cannot continue the isolation of Egypt in the Arab world—and by turning away from reinforcing the defense capabilities of Saudi Arabia we would further this isolation.

Henry Kissinger has pointed out that some battles are too dangerous to be won. The battle to defeat this AWACS sale to Saudi Arabia is such a battle—it is a victory that moves us all closer to defeating the peace process.

Mr. Chairman, I will vote "no" on this resolution of disapproval.

Mr. PRITCHARD. The gentleman makes eminently good sense. I agree entirely with his statement.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from New Jersey (Mr. MINISH).

Mr. MINISH. Mr. Chairman, I cannot in good conscience support the sale of U.S. military equipment, including five AWACS aircraft, to Saudi Arabia. I feel that such a move would pose a threat to the survival of our dependable ally, Israel, and that it would risk possibly losing our aircraft to hostile forces who would then possess our technology and who might employ the equipment against us.

I am disappointed to learn that the brutal assassination of that remarkable man, President Sadat, is being used as an argument for the Saudi AWACS

sale. In my mind, the assassination only underscores the political turbulence in that region, where a bullet can radically shift the policies of nations. It seems to me more imperative than ever that we guard our national interests cautiously.

The world is fortunate that Egypt's new leadership has stated its commitment to the peace process which Sadat had the courage to initiate. However, the case could easily have been very different. It is reported that fundamentalist Islamic forces within the country are hostile to the Saudi royal family. What is additionally troubling is that the Saudis have persistently maintained a state of "holy war" against Israel. I do not see how we can sell a defense enhancement package to the Saudis until they recognize Israel's right to exist and are more responsive to the peace process begun at Camp David.

Much has been said about the threat to our own interest which would occur if the AWACS were to fall into hostile hands. I can only add that I fear this as a possibility. The history of the region since World War II offers us little encouragement to depend upon the permanence of any arrangement there, and at this time the radical forces appear to be more menacing than ever. It is not too much to say that Israel is the only country in the region friendly to us whose political structure, rather than individual leaders, guarantees the kind of continuity we can base long-term policy upon.

Mr. Chairman, I realize that cooperation with and support for the Saudi Arabia Government is important to American foreign policy interests and to world peace. Until the Saudis assure us of their recognition of Israel's right to exist, they cannot expect us to unquestioningly supply them with these arms. Selling an $8.5 billion arms package to Saudi Arabia is not the way to work toward an enduring peace.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Arkansas (Mr. ALEXANDER).

Mr. ALEXANDER. Mr. Chairman, the vote today on whether or not to approve a sale of airborne warning and control systems to Saudi Arabia is a very difficult one for me. It appears that the House will disapprove the sale by an overwhelming vote. This is one of those issues where it would be easy to just go along, because politically it appears to be popular to do so. However, we are voting on more than a sale of military equipment. Embraced as an integral part of this issue are the questions: First, would the loss of the AWACS equipment to the Soviets present a threat to U.S. security? Second, would the sale of AWACS to Saudi Arabia weaken Israeli defenses? Third, what impact would a denial of the sale have upon future U.S. efforts to bring peace to the Middle East?

Essentially, the questions can be classified into two groups: Military and political.

In order to reach the political question, one must resolve the military questions first. Members of Congress would not consciously vote to damage American security and most Members of Congress feel an obligation to the survival of Israel and would not vote to weaken Israeli defenses.

Would the loss of the AWACS equipment to the Soviets present a threat to U.S. security?

While there is confusion of the facts on the question of a loss of the AWACS equipment to the Soviets, I am not convinced that a loss would pose such a threat. I heard the Speaker say this morning at his press conference that "sophisticated equipment such as the AWACS should not be sold to any nation." The Speaker stated that AWACS and other sophisticated equipment should be under joint control, such as the umbrella established by the North Atlantic Treaty Organization.

But the AWACS is a Boeing 707 aircraft equipped with radar and computer equipment that has been available for as long as 20 years. Equipment of this nature can be purchased from many sources, including, but not limited to, the British, the French, the Belgians, and others. Indeed, should the AWACS sale be denied to Saudi Arabia, the British have offered to supply the Saudis with similar equipment known as Nimrod. While there are differences between the Nimrod and the AWACS—and the AWACS is a superior system—the Nimrod would serve the Saudis' needs for an airborne early warning capability. The question, then, is not whether the Saudis' will have the capability, but rather, who will supply the equipment?

It has been argued here that it would be damaging to U.S. military capabilities if a captured AWACS were to fall into Soviet hands. But the Soviets have their own version of the airborne and control system known as Candid. The Candid is projected to be in production before the AWACS could be delivered to the Saudis. Thus, the intelligence value of a captured AWACS to the Soviets would be marginal.

Therefore, the argument that a loss of the AWACS to the Soviets would be damaging to our security is a red herring.

Would a sale of AWACS to Saudi Arabia weaken Israeli defenses?

Virtually no one can deny the claim that the Israeli Air Force is supreme in the Middle East. Inasmuch as Israel is only about 200 miles from potential Saudi targets, a forward-deployed AWACS could provide only a scant 2 to 3 minutes extra reaction time for the Saudis. In addition, we have provided the Israelis with the E-2 electronic counter-counter measures aircraft which has the ability to effectively jam the AWACS voice transmission.

Because Saudi Arabian fighters do not possess data-link communications capabilities, control and coordination by a Saudi AWACS by voice transmission in a conflict with Israel would be difficult if not impossible.

Some argue that the Saudi's use of AWACS would diminish Israel's offensive air capability. If Israel attacked Saudi Arabia, the Israeli Air Force possesses the capability with the E-2 electronic counter-counter measures to jam the AWACS voice transmissions, thereby neutralizing the AWACS in the event of a war between Saudi Arabia and Israel. Finally, the AWACS proposed for sale to the Saudis has no lookdown capability which would allow it to provide command and control of Arab aircraft attacking Israeli ground forces. Without that ability, it could not be used to direct Arab ground and air forces in the event of another outbreak of hostilities.

Thus, Israel's capacity to defend itself or to undertake offensive actions in the Middle East would not be measurably affected by the sale of the AWACS to Saudi Arabia.

What impact would a denial of the sale have upon future U.S. efforts to bring peace to the Middle East?

Saudi Arabia has demonstrated its friendship as well as its economic and political alliance with the United States on numerous occasions. Saudi Arabia has been a stabilizing economic influence within OPEC in the oil pricing debate. While some OPEC producers would indiscriminately raise the price of oil, Saudi Arabia has argued successfully in maintaining oil price levels which have not escalated at the same rate as worldwide inflation. In addition, Saudi Arabia successfully persuaded the PLO to agree to a ceasefire with Israel for the first time during the recent Lebanese missile crisis.

Ever-increasing outbreaks from radical Muslims and other Arab extremists challenge the established order of the Middle East. The assassination of the late Egyptian President, Anwar Sadat, last week is an infamous example which is fresh on our minds. At a time when waves of Islamic fundamentalism threaten to engulf the Arab world, the United States must expand its influence throughout the region in order to broaden the peace process begun at Camp David. We simply cannot be satisfied to maintain the status quo. To succeed American policy must address the legitimate defense needs of moderate Arab nations, such as Saudi Arabia, when those

needs do not jeopardize American security or weaken Israeli defenses.

The conclusion is unavoidable that it is in the best interests of my country to vote for the AWACS sale.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio (Mr. STOKES).

● Mr. STOKES. Mr. Speaker, I feel compelled at this time to voice my support for House Concurrent Resolution 194, disapproving the proposed sale of $8.5 billion in aircraft to Saudi Arabia, including AWACS and the upgraded F-15 materials and equipment.

Mr. Speaker, for many years the Middle East has been an area of the world filled with war, turmoil, and dispute. The horrible and mournful assassination of President Anwar el-Sadat by religious zealots in Egypt last week evidences the instability and rancor that presently exist in the Middle East. I am convinced that by providing our most sophisticated arms to Saudi Arabia we would run the risk of exacerbating tensions in an already insecure and unstable part of the world.

Mr. Chairman, I am concerned that the Government of Saudi Arabia is too fragile and unstable to utilize, in a prudent manner, the sophisticated equipment it would receive by virtue of this resolution. Presently, Saudi Arabia is experiencing many of the religious and political problems that beset the Shah of Iran prior to his overthrow. Ostensibly, the Saudi Government is threatened more by internal pressure than by external pressure. Therefore, it might be advisable that the Saudis divert their limited manpower and resources to problems of a domestic rather than international nature. Mr. Speaker, I believe that it would be unwise to sell sophisticated weaponry to a nation experiencing internal stress that threatens the existence of that Government and could cause advanced U.S. weapons and technology to fall into the hands of anti-American interests. I hasten to add that failure to provide the Saudis with this equipment would not signify a decrease in U.S. regard or respect for Saudi Arabia or any less recognition of its international importance. Such action would merely denote a continuing concern of the United States for our own security.

This Nation has expended much energy and time in arriving at a viable peace between Israel and Egypt through the Camp David peace process. Regrettably, Saudi Arabia has repeatedly called upon other nations to join in a holy war against Israel. I am convinced that we have a great interest in seeing that the Camp David accords are carried out to their full fruition. I am concerned, Mr. Speaker, that the sending of this aid to Saudi Arabia would infringe on and undermine the Camp David peace process. In light of the mournful death of President Sadat, and as a memorial to his unending and admirable fight for peace in the Middle East, our primary concern should be that of establishing peace in that region of the world.

Finally, Mr. Chairman, the introduction of new and sophisticated weaponry to Saudi Arabia will endanger our relationship with Israel, who along with Egypt has been our most reliable and dependable ally in the Middle East. By selling these weapons to Saudi Arabia we will only escalate the arms race and place Israeli military forces on an increased alert status. Although Saudi Arabia is also a friend of the United States and has cooperated with us on many matters, they continue to technically maintain a state of war with Israel.

Mr. Chairman, I do not agree with those who believe that we will be effectively defending against further crises by providing Saudi Arabia with more arms. It is my concern that the sale could eventually involve the superpowers in further conflict. Consequently, I fail to see a compelling reason for providing Saudi Arabia with sophisticated weaponry and technology at this time.

I am convinced, Mr. Chairman, that this Congress should not capitulate to the desires of the administration to offer an arms package of such enormously jeopardous consequences.●

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Tennessee (Mr. FORD).

Mr. FORD of Tennessee. Mr. Chairman, I rise to join my colleagues in support of the resolution to disapprove the sale of these weapons to the Saudi Arabians. I would like to quickly recite for the record the basis of my opposition to this sale.

First, I do not believe that arms sales can substitute for a cohesive strategy designed to bring peace to this volatile region. The President tells us that "foreign influences" cannot be allowed to dictate the national security needs of this Nation. In this remark, he refers to the Israelis telling this Congress that introducing these weapons into the region poses a threat to their very existence. But I think that the Saudis' refusal to consider alternatives such as a joint command structure and the Reagan administration's inability to use this sale as a quid pro quo for progress in resolving the problems in Arab-Israeli conflict, indicates the strong hold that OPEC oil producers have in dictating our national security interests.

Second, by beginning to dismantle the progress this Nation has made in reducing our dependency on foreign suppliers of oil, the Reagan administration proposes to disarm our only self-assured weapons against disruption of our energy supplies. We are being asked to substitute arms for policies.

I believe the local morning newspaper in my district, the Commercial Appeal, summed up the issue most succinctly in its editorial against the sale: This proposal is full of more holes than all of the Saudi oilfields themselves.

Mr. Chairman, the House should reject this sale by voting "aye" on the resolution to disapprove.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Nevada (Mr. SANTINI).

Mr. SANTINI. I thank the gentleman from Florida.

Mr. Chairman, I rise today in support of the resolution of disapproval. As a cosponsor of this resolution, I feel I must stress my disagreement with the proposal to abandon control of AWACS technology to a country in one of the most unstable regions of the world.

My comments are not intended to disparage our friends and allies, the Saudis but neither should we ignore the very real apprehensions of our principal partners in democracies in the Mideast and Israel. But we cannot overlook the negative impacts that Saudi ownership of AWACS would have on the surrounding nations, including Israel and including the Soviet Union. By providing AWACS to Saudi Arabia, we increase our own, Israel's, and Europe's vulnerability to a Russian threat. Israel, our staunch ally for over 30 years, would be open to sudden and indefensible attack by the F-15 enhancements as part of the AWACS package. The AWACS could survey Israel's defenses, convey tactical information to Israel's other enemies, and coordinate attacks against Israel or other bases of U.S. interest with swift precision.

AWACS is a central factor in the American security network and in the grand plan for the defense of Western Europe. The politically unstable Mideast is an undisputed target for Soviet intelligence work. The potential penetration of Saudi security is not outside the realm of possibility that Soviet access to AWACS technology via Saudi Arabia presents a grave risk to the United States and its NATO allies.

It should be emphasized that the American public is opposed to AWACS sale. As recently as October 8—just last Thursday—the Los Angeles Times poll showed 56 percent oppose the sale. An earlier Harris poll showed 59 percent opposing the sale of AWACS. My own mail has been running at nearly 8 to 1 against the sale. How can we, as responsible delegates of the people, vote against the wishes of those we represent?

Members of the committee, this sale represents a situation where the integrity of Israel, the security of the Middle East, and the best interests of the United States could easily be compromised, and I intend to vote in favor of disapproval.

Mr. FASCELL. Mr. Chairman, I yield such time as she may consume to the gentlewoman from New York (Ms. FERRARO).

Ms. FERRARO. Mr. Chairman, I rise in support of House Concurrent Resolution 194, the resolution to disapprove the Reagan administration's proposed sale of AWACS and other military equipment to Saudi Arabia.

Mr. Chairman, my opposition to this proposed sale is not a recent development. Since the administration first made available the details of its proposal and presented its case in support of the sale, I have felt that the weight of the arguments was clearly in opposition to going through with the sale.

Let me briefly review the main issues at stake.

Clearly, the primary consideration of every Member of Congress on this issue must be the national security of the United States and the protection of our interests in the vital oil-producing regions of the Middle East. I believe there are two ways in which the sale of the AWACS, or airborne warning and control aircraft, would jeopardize U.S. interests. One is that the AWACS, especially if they are not subject to any U.S. control, would give the Saudis a key advantage over other Middle East countries, especially Israel, thus upsetting the delicate balance of power in the region. With regard to the issue of control of the AWACS, it is important to realize that not even our NATO allies operate AWACS without U.S. personnel aboard. Yet Saudi Arabia outright rejected a proposal that joint United States-Saudi crews operate the planes they would receive if this sale goes through.

The second, and possible more serious, security threat posed by the AWACS sale is the danger that lax Saudi security measures, or the overthrow of the Saudi Government, could lead to this extremely advanced technology falling into Soviet hands. We must remember that this danger was ignored when the United States agreed to send Phoenix missiles and F-14's to Iran. The justification for that sale, as for this, was that the United States must support its friends in the Middle East, and that Iran security and stability were more than adequate. As we all now know, the Shah fell, and in the chaos of the Iranian revolution, the Soviets gained access to U.S. technology they would not otherwise have had.

In addition to the threat to U.S. security, there is also the threat to our closest and most stable ally in the region, Israel. With the assassination of Anwar Sadat, we must continue to work at improving our relations with Egypt, and we must hope those relations are not damaged. But we cannot assume all will go as we hope, and we must be sensitive to the national security needs of the Israelis, who share our democratic tradition.

Finally, the death of Sadat is a tragic reminder of the instability of many countries in that volatile region. The administration has argued that Sadat's death increases the need for approving the AWACS sale as a sign or our support for the Saudis and our continuing commitment to moderate Arab states.

But the real lesson we must take from this tragedy is the ease and speed with which governments, and even systems of government, can change. We do not yet know what course the Egyptian Government will take. But until the dust settles, our best course surely is not to introduce new and highly advanced military equipment into a troubled region.

Mr. FASCELL. Mr. Chairman, I yield 1 minute to the gentleman from Connecticut (Mr. MOFFETT).

Mr. MOFFETT. Mr. Chairman, I thank the distinguished chairman of the subcommittee for yielding this time.

The arguments have been made, I think, in very articulate fashion. What I would like to add in my limited time is something about oil politics.

Does it not strike us as rather strange that at the same time that we are supposing to arm with sophisticated weaponry an iffy government, we are disarming ourselves of our most important weapons for energy security? At the same moment that this debate is going on, we are about to mark up a piece of legislation relating to planning for an oil cutoff, and the administration would have us discard our rationing plan, our priority setting in the event of an emergency.

There is something wrong about that, Mr. Chairman. There is something wrong about disarming ourselves of our weapons with regard to energy cutoff and at the same time sending a sophisticated aircraft to the major energy producer in that region. I believe we ought to rethink our position.

There are some additional important facts that we must confront.

There is the fact that AWACS would pose a threat to Israeli security. We know that the call for a jihad—the final declaration of the January 1981 Mecca Conference of Islamic countries, much of it drafted by Saudi Arabia, stated:

> Jihad will be the prime cause of this generation until Jerusalem and the occupied Palestinian and Arab territories are restored.

It has been made clear that Saudi Arabia sees Israel as a much larger threat than the Soviet Union. The bulk of Saudi Arabia's Armed Forces are over 1,000 miles from the oilfields, within striking distance of Egypt and Israel.

The weapons to be sold would threaten Israel:

Although Israel would retain absolute military superiority in the region, the AWACS and F-15 enhancement equipment would increase the effectiveness of Saudi forces in a concerted attack on Israel by several Arab States. The AWACS could track aircraft over Israel from Saudi soil—up to 400 planes in a 350-mile radius. AWACS radar is difficult to jam. The Sidewinder missiles can be launched at a target from any direction, rather than only from behind.

Israel would feel compelled to purchase additional weapons—further straining her fragile economy.

Saudi instability increases the threat of such weapons to Israel.

Saudi Arabia already pays more per capita for defense than any other country, and is sixth in the world in terms of total military expenditures.

The rise to power of a radical Moslem regime in Saudi Arabia would make it much more likely that these sophisticated weapons in addition to Saudi Arabia's already extensive military buildup would be used against Israel.

Let us look for a moment at some of those "what if?" questions.

What if Saudi Arabia's monarchy should fall, and an anti-U.S. regime rise in its place? or

What if a Moslem fundamentalist pilot should fly an AWACS or an F-15 with Sidewinders to the U.S.S.R.?

The technology of our AWACS and/or Sidewinder missiles would be compromised.

There is much controversy as to how much our technology would be compromised by Soviet acquisition of an AWACS. Administration officals say that it would take years for the Soviets to decode the software elements. However, they would move ahead substantially in certain technologies, and in learning how to jam AWACS radar.

Compromise of the Sidewinder missile technology would be much more harmful: A letter to Representative TOM LANTOS from 12 Air Force F-15 fighter pilots says:

> We at the user level can attest that the AIM 9L thrusts the American Fighter Pilot a very large step ahead in air combat over any other military force. The AIM 9L is superior because it is a point and shoot weapon with excellent probabilities of success.

The United states currently has four AWACS flying over Saudi Arabia. They have been there since the outbreak of war between Iran and Iraq in September 1980.

Without U.S. control, we lose access to the information collected, control

as to how the weapons are used, and the ability to assure the security of the AWACS.

If the Saudi Government should fall to a radical Moslem regime, these AWACS could actually be used against the United States and her allies.

Any introduction of additional arms into a region increases the likelihood that arms will be used. Possible scenarios include:

Preemptive strikes by Israel against the AWACS and air bases with enhanced F-15's during times of crisis.

Increased militancy by radical factions in both Israel and Saudi Arabia that the expanding arsenals be used against the other.

Additionally, the sale of F-15 enhancement equipment violates specific promises made to the Congress by the Carter administration when 62 F-15's were sold to Saudi Arabia in 1978. Furthermore, the proposed sale was not adequately discussed with Congress—the administration has attempted to exclude Congress from its legitimate role in influencing foreign policy by this approach.

What about arguments made in support of the sale?

It is said that this sale will enable us to protect the oil fields, but even with AWACS and F-15 enhancements, the oil fields will be vulnerable to sabotage and to the whims of Saudi leaders. The only real protection from a cutoff of Saudi oil is energy independence.

Moreover, the United States already has four AWACS watching over the Saudi oil fields. A less sophisticated surveillance aircraft could adequately watch over the oil fields.

And any threat to the Saudi oil fields by the Soviet Union would require a response from the United States anyway—the Saudis could never fend them off by themselves.

What about the assertion that the sale is important to the development of a special relationship with Saudi Arabia?

On foreign policy matters, Saudi Arabia has continued to oppose U.S. peace initiative in the Middle East in spite of the sale of 62 F-15 fighter jets. They continue to oppose the Camp David peace process; they were key in the isolation of Sadat in the Arab world; they provide heavy financial support to the PLO.

Their oil policy is strictly self-serving: The share of OPEC oil in the world oil market is declining due to conservation and alternative energy development; Saudi Arabia is using its power to force its will upon the rest of OPEC.

It is unrealistic to expect to draw the Saudis into a strategic consensus against the Soviet Union when both internal and external political realities lead Saudi Arabia to believe that Israel is the most important threat to its security.

This special relationship is a one-way relationship when the terms are set by the Saudis. We must determine our own foreign policy independent of both the Saudis and the Israelis, based on our own interests and objectives.

It is said that the Saudis will simply purchase the British Nimrod.

That does not justify us selling them the AWACS, any more than France's willingness to sell weapons grade nuclear fuel to Iraq—and just about anyone else—should encourage us to follow suit. We should not make mistakes because other nations are willing to do so.

This argument does not address the Sidewinder missiles and other F-15 enhancements.

The Nimrod is somewhat inferior to the AWACS.

It is argued that disapproval would hinder Reagan's ability to conduct U.S. foreign policy.

But Congress has a constitutionally mandated role in the foreign policy process—it should not abdicate this responsibility simply because the administration failed to take the prudent step of procuring commitments from Congress before making the offer to sell the AWACS and other equipment.

Also, President Reagan's inconsistency is showing: He would not have bought such arguments with regard to Carter's SALT II and Panama Canal treaties. If the President has made a mistake by offering the AWACS for sale and Congress can correct it, it should do so.

What about the issue of Saudi instability?

The likelihood that Saudi Arabia will go the way of Iran before too long does much to invalidate many of the arguments in favor of the proposed sale. It is important to keep in mind that we offered AWACS to the Shah—but fortunately they were not to be delivered until 1981.

Mr. Chairman, things are tense in the Middle East. The civilized world might be in very big trouble indeed. Now is not the time for the United States to be divided over this unwise sale. We should present a united front to the world in our Middle East policy. Let us reject this proposal and begin to rebuild the unanimity that existed during the creation of the Camp David accords.

Mr. FOUNTAIN. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan (Mr. DAVIS).

Mr. DAVIS. Mr. Chairman, approval of the air defense package for Saudi Arabia not only serves the best interest of Saudi Arabia, but it enhances the security of the entire Middle East as well as the Western World. We must realize that the Middle East consists of more than Israel alone and that support of moderate Arab nations can only improve efforts aimed at achieving a comprehensive peace in that vital region of the world. A veto of this package would be a blatant example of congressional tunnel vision.

Saudi Arabia is the largest supplier of the international oil market. It has kept production high and prices below those of other OPEC nations. A threat to its oil fields is a threat to the security of the Western World, and such a threat exists today. Conversely, enhancing the defense of this region helps the security of the Western World, including Israel.

With violence, radicalism, and instability running rampant in the Middle East, Saudi Arabia has demonstrated moderation and stability. They have pressures both inside and outside their nation to adopt a less pro-Western foreign policy. They requested the presense of five AWACS in Saudi Arabia following the outbreak of the Iran-Iraq conflict and effectively combated Arab opposition to this action. Now, we are faced with a decision to honor an agreement to enhance the security of an important friend in the Middle East.

Approval of the air defense package not only will provide security for Western oil supplies, but it will expand U.S. influence in the Middle East. Closer military and diplomatic relations with Saudi Arabia can only help bring a comprehensive Middle East peace one step nearer. It should be noted that rejecting this package will have precisely the opposite effect. Saudi prestige will be damaged, and its influence and ability to be a moderating force in the Arab world will be diminished.

Arab countries and other nations in the world have come to view this package as a test of U.S. ability to stand by its friends. U.S. foreign policy has lost credibility. The Saudis and the world now are looking at this administration to see if it can deliver on its promise.

Mr. DERWINSKI. Mr. Chairman, I yield 2 minutes to the gentlewoman from California (Ms. FIEDLER).

Ms. FIEDLER. Mr. Chairman, I rise in support of the resolution of disapproval.

I think that there are some very serious issues that have to be considered here. I believe that the concerns that have been expressed by both those who are supporting the administration's view as well as those who do not are very worthy of consideration by the Members of this House; but for me, the decision rests on one of the issues which centers around the stability of the Middle East. I am deeply concerned about that area of the world as we have seen what has taken place in the recent past week as to how fragile that particular area of the world is. The Saudi Government is the last absolute monarchy of any size left in the entire world. In that part of the world we have seen the absolute rule

of Haile Selassie, of the Shah of Iran fall and replaced by anti-American regimes. In both cases, the U.S.-supplied weapons have been compromised.

Transfer of aircraft is typical in the Middle East without so much as even a change in the signs on the sides of the aircraft, in spite of the fact that there have been no resale clauses in the contract that have been involved.

These five aircraft cannot be used as a litmus test of our foreign policy with the Saudi Government. That would be an absolute insult to the U.S. Government. Neither should the United States be subjected to energy blackmail.

There is no assurance that after the sale the Saudis will continue to depress the price of oil.

These are the wrong planes, in the wrong place at the wrong time.

Mr. FINDLEY. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. SOLOMON).

Mr. SOLOMON. Mr. Chairman, I rise in opposition to this resolution and in support of the administration's proposed AWACS sale.

As recent tragic events have shown us, the Middle East is a volatile area. Yet events have also demonstrated that the Middle East, and especially the Persian Gulf region, is vital to American economic stability, as well as our national security.

Now, more than ever, America needs to stand by her allies, to support them against outside aggression, and to show them they can count on us.

In my opinion congressional rejection of the President's plan would be a severe setback to longstanding, bipartisan American efforts to play a role in Middle Eastern affairs and if we veto this plan, the Saudis will not be deprived of sophisticated surveillance planes. They will just buy British Nimrods, which, unlike the AWACS, can detect ground troops and tanks.

These Nimrods would be manned by British, rather than American personnel, and all the safeguards that have been built into the AWACS deal would be off.

And to make matters worse, the intelligence information gathered by the Nimrods would not be automatically available to us, as would be the situation if the Saudis had the AWACS, assisted and overseen by American personnel.

American economic health relies upon the continued operation of the Saudi oilfields, yet this Congress might make it militarily impossible to respond to an attack there. This is entirely irresponsible.

If Iran, Iraq, or Libya successfully bomb those oilfields because the Saudis could not defend themselves, we will have gas lines in this country like you have never seen.

And do you know who would be a major loser? Israel. Because if America suffers, Israel suffers.

The assassination of Anwar Sadat was a terrible blow to American hopes for a negotiated peace in the Middle East and I say to you now is not the time for America to turn her back on her allies. In addition to improving American defensive capabilities, the followthrough on the AWACS sale will demonstrate to moderate Arab States that they can depend on us and that they do not have to turn to the Soviet Union for support.

Mr. Chairman, the AWACS proposal has been a tough call for all of us. We have all received the letters, the telephone calls, and telegrams opposed to the sale, and we have all experienced the constant barrage of anti-AWACS newsstories. It has been very difficult to make a clearly thought-out rational decision.

But as the administration has made its case, I have noticed that my mail now is in favor of the sale. I think the people who are so violently opposed to the sale do not understand everything about it.

I do not think they have realized that what is so sophisticated about AWACS is not the planes themselves, or even the computers on them, but the computer programing; the software.

That software is going to stay protected, here in the United States, and U.S. security will not be compromised if the planes fall into enemy hands, because we can change that software in a matter of minutes.

I also do not think most people realize that the AWACS are primarily defensive aircraft and are used only to detect attacking planes.

I do not think most people realize that American personnel will stay aboard the AWACS until at least 1990, and that we can use those men to doublecheck Saudi activity. The Saudis certainly will not use those planes against Israel with Americans helping to man them.

Mr. Chairman, most Americans may not realize these facts but you do. I bet if a private vote was taken, most of you would admit that the AWACS sale is a good deal for America. It will take a little political courage to stand against the lobbying we have all withstood, but voting against this resolution will be doing the right thing for America.

We, as Members of the House of Representatives, have a first obligation to look out for American interests. To vote for the best interests of the United States of America, and it should be easy because this is not a case where you have to choose between the interests of Israel and the interests of the United States because Israel will also become stronger as a result of this sale.

I feel as passionately as any other Member here that the sovereignty, the security, and the integrity of the State of Israel must be maintained. But we will not be doing Israel or America any favors if we reject this vital link in American foreign policy. Our four living American Presidents believe this. Even the Israeli military leaders believe this, and what better support could we ask for.

Ladies and gentlemen, we have a solemn obligation to stand up for America. Let us do it by defeating this resolution.

Mr. DERWINSKI. Mr. Chairman, I yield 1 minute to the gentlewoman from Massachusetts (Mrs. HECKLER).

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Mrs. HECKLER. I thank my colleague for his consideration.

Mr. Chairman, I rise in strong support of the committee's resolution of disapproval.

Throughout the national debate on this issue, proponents of this sale have frequently stressed the defensive nature of much of the equipment we would be selling the Saudi Government. That does not tell the whole story.

What many people do not seem to realize is that the sale of the AWACS radar planes to the Government of Saudi Arabia is linked to the sale of an offensive weapons package consisting of Sidewinder missiles and enhancement equipment for the Saudis' F-15 fighters.

This sale is not only a threat to Israel. It is a threat to the peace of the Middle East and the peace of the world.

We cannot—we dare not—provide defensive and offensive weapons to one faction in the region when these advanced arms could well tip the fragile balance between peace and a war that might envelop all the world.

I would like to say that one of my favorite professors in college often said that you must begin a debate by defining your terms. What I think is quite lacking from the debate is, indeed, the definition of terms. We have heard frequently of the concept of the "moderate Arab States." In fact, that definition has never been explained in depth, but it has been a term of reference which is used constantly about Saudi Arabia.

Let us look at what this term really means. Saudi Arabia, while it has shown its friendship to the United States in many ways, remains nonetheless an implacable and outspoken foe of Israel.

On September 17 of this year, Saudi Defense Minister Sultan Ibn Abdulaziz reiterated his government's commitment to a "holy war" to capture Israeli lands.

As reported by the Saudi press agency, his exact words spoke of, "the call of our Jihad in Jerusalem to regain our holy Jerusalem and the occupied territories * * *. What has been taken by force can only be retaken by force—the force of faith in God Almighty and the force of good deeds by the good individual, and of technological weapons."

Those are not the words of moderation.

Should we doubt that those "technological weapons" might well include the advanced AWACS aircraft, offensive missiles, long-range fuel tanks and airborne refueling equipment that has been proposed for sale to the Saudis?

By voting our disapproval of this most unwise proposal we can send a clear message to the troubled nations of the Middle East: the message that the United States seeks peace and stability in the Middle East—not chaos and war.

We can send a message that we remain firmly committed to the security of the State of Israel.

Clearly, the most effective way—and the only sure way—to prevent these weapons systems from being used against Israel is not to sell them to a sworn enemy of Israel.

It should be the policy of this Government to do all it can to defuse the hostility that has grown up between Israel and her Arab neighbors—to encourage friendship and peace among all these nations. The sale of advanced arms is not an effective instrument of peace.

Mr. Chairman, this is not—and should not be considered as—a religious question.

Jews and non-Jews alike must work together to provide all of the people of the Middle East, and the world, with a commodity far more precious than arms—a true and lasting peace.

I urge my colleagues to support the committee's resolution of disapproval, and vote against this arms package sale.

Mr. DERWINSKI. Mr. Chairman, I yield 2 minutes to my distinguished colleague, the gentleman from Illinois (Mr. PORTER).

Mr. PORTER. Mr. Chairman, the Administration's extremely late start in addressing its case in support of the AWACS sale to the Congress is not the reason this proposal will fail to be approved. It will fail because on its merits it is plainly not in the best interest of the United States and poses an extreme danger to the balance of power in the Middle East and to our historic and steadfast ally, Israel.

The argument that we need a means of monitoring hostile movement in the Persian Gulf area has been given great play both by the administration in its belated case to the Members and by the press. Of course, we do. But this begs the question. The significant question is: Should this sophisticated technology, combined with enhanced F-15 offensive capabilities, be put in the Persian Gulf area under American control, piloted by American pilots and manned by American crews, or should it be placed there in the hands of a foreign power—any foreign power?

Today, AWACS anywhere in the world, including those systems assigned to the NATO command, are under U.S. control. Nowhere have we offered any other nation what the Administration has offered Saudi Arabia. Therefore, the burden must be upon the Administration to explain to us why, in this one case, the planes and their technology are to be turned over to a foreign government with ultimate complete control to the exclusion of the United States. I submit the case has not been made.

In fact, the main argument is that the Saudis will have it no other way and that the President's and this Nation's prestige will be damaged, perhaps irreparably among our friends in the Arab world and perhaps everywhere, if the sale does not go through.

Why does the structure of our Government have to be explained and reexplained every time a foreign policy question is raised? Surely, the world knows by now that the Congress—the Representatives of the people of this country—has an equal role in this decisionmaking process and that the President can never speak with final authority in these matters And yet we hear again and again how the world will not understand. They understand. Perhaps the real message is that no Administration should make commitments of this type without having first consulted with the Congress.

The fact that the Saudis will not accede to joint control or to American basing of the AWACS on their territory for their protection, is, of course, their choice as a sovereign nation. We can only say, as the President so aptly put it, that no foreign power should be able to dictate our foreign policy.

If the sale is refused, what alternatives will the United States have? To station the AWACS on bases in Oman or Somalia and keep them in the air with U.S. crews, for one. To attempt to persuade the Saudis to continue the present arrangement of stationing AWACS in Saudi Arabia manned by our servicemen and women, for another.

It is, after all, the Saudis' oilfields and government they will protect—vital American interests to be sure—but even more vital Saudi interests, and one thing the Saudis have been able to do without fail is to act forthrightly in their own best interests. Will this virulently anticommunist nation move toward the Soviets or become neutralist, thereby encouraging Soviet penetration? I think not, knowing what we do of the likelihood of its survival in that intensely inimicable atmosphere—one Egypt experienced not long ago and one evident around the world from Poland to Afghanistan to South West Africa.

We must also consider—soon after the fall of the heavily United States armed Shah of Iran—the very real possibility that the Saudi feudal monarchy might be overthrown and this high American technology fall into the hands of another Khomeini, or worse. Frankly, if I were in the Soviet's shoes, the last thought I would have would be to attack and destroy the oilfields, so valuable to any industrialized, energy-consuming nation. I would work to undermine and overthrow a government never elected by its people existing in a relatively unpopulated and underprotected country, and the AWACS can do nothing to help in that situation. The outlook for the stability of the Riyadh regime is thus very much an issue of concern in this decisionmaking process.

What of our ally, Israel, vehemently opposed to the sale, conscious of her strength, but conscious, too, of her vulnerability, an island of less than 4 million souls in a sea of 100 million enemies. The President spoke—and with great conviction and sincerity—of our commitment to Israel's security. But how can a sale of sophisticated U.S. weaponry to a nation that has declared a "jihad", or holy war, on Israel and that is a prime financier of the terrorist PLO, which has set as its highest priority the destruction of Israel, go down in Jerusalem? How can we say we support Israel and, at once, arm her enemies? Why can we not require some preconditions of movement toward recognition of and peace with Israel?

And what guarantees do we have that this weaponry, the AWACS combined with enhanced offensive capabilities in our most advanced fighter-bomber, the F-15, will not be used against Israel or to threaten her into concessions inimicable to her ultimate survival? The Air Force and the State Department say, well, we will have firm contracts that the AWACS will only be used defensively within the Saudi's own borders, and so forth. Yes, and what will happen if they're used otherwise? Well, the Saudis will have broken the contract and we will refuse to provide them with spare parts or service the technology. An irresistible sanction, I suppose.

With AWACS and F-15 with offensive capabilities and Sidewinder missiles—something we promised just 3 years ago would never be sold to the Saudis—you have an extremely potent and dangerous weapons systems. An AWACS, flying over Washington,

D.C., in league with F-15's, can spot planes taking off from LaGuardia Field in New York over 200 miles away and shoot them down almost immediately. Do we really want to put this sophisticated technology in anyone's hands but our own? Will we really be serving our own best interests by turning this system over to the Saudis to use as they wish? How does it serve our interests to undermine the security of Israel, our only stable and democratic ally in this area of the world?

I submit the case for the AWACS sale has not been made and indeed cannot be made, because it is plainly not in the interests of the United States and resistance to possible blackmail—oil blackmail or any other type by any other name—is not any part of the strong foundation on which I would have the foreign policy of the United States rest.

Mr. DERWINSKI. Mr. Chairman, I yield 2 minutes to the very distinguished gentleman from Texas (Mr. PAUL).

Mr. PAUL. I thank the gentleman for yielding.

Mr. Chairman, I am in opposition to the sale of the AWACS airplanes to Saudi Arabia. I happen to think that this particular sale is probably one the least objectionable sales that we have had because so often we give our weapons away and that is very, very expensive. So in comparison, I think this is certainly less objectionable.

But what I complain about and what I object to, and I think many Americans agree with this, is that I think it is time where we ought to quit being the supplier of weapons for everybody in the world. We are also not only providing AWACS for Saudi Arabia today, we are providing 1,177 Sidewinder missiles for the planes that Saudi Arabia has already purchased from us. I believe that it is very possible that those missiles will be used against American-built airplanes already in some other country, just as I believe there is a very great potential that the AWACS airplanes will be shot down in this decade by American-built airplanes. It is for this reason that I object and I believe that it should be a consistent policy for the security of this country that we provide security for this country and not try to be the policeman of the world, providing weapons for everybody.

For instance, in these last several decades, we helped build the trucks that the Russians used to invade Afghanistan. And our Corps of Engineers built the highway in Afghanistan that they marched in on. We give weapons to Greece, we give weapons to Turkey, and then they get together and fight. Now we are proposing we give weapons to Pakistan, yet we give aid to India. They are likely to end up in battle, since they are sworn enemies.

So I would say it is time that we looked at the policy in general of whether or not we are to be the supplier of weapons and the protector and the policeman of the world. Some suggest that the main reason is to protect the supplies of oil. Yet when you look at the statistics, we find out that only 5 percent of all our total energy needs come through the Straits of Hormuz. Even though Japan depends 100 percent on imports and Europe nearly that much, their responsibility in securing the Mid-East is negligible. Why is it that the American taxpayer and the American soldier must assume this great burden and assume this great risk? The continuation of a policy of intervention throughout the world will one day, once again, drag America into another unnecessary war.

Mr. Chairman, while I find a sale of this nature more agreeable than an outright gift to the Saudi Arabian Government, I think it is important to point out that this is not a clean sale. For example, the administration reports that the AWACS will be manned and operated by American servicemen. That means that there will be further and permanent American involvement in the Middle East. Some have sought to reassure Members of Congress by saying that the AWACS would remain under American control. I find this far from reassuring. Rather, it would more likely lead to an escalation of American involvement in any altercation in the Middle East. By permanently putting American soldiers there, we are making a commitment, whether explicit or not, that we may soon regret. So while this is a sale and not an outright gift, it is not a clean sale. That is my first reason for supporting this resolution of disapproval.

Second, there is the very real danger of this sophisticated technology falling into the hands of the enemy in the Middle East. Everyone knows what a volatile situation exists there, especially following the recent assassination of President Sadat of Egypt. We supplied the Shah of Iran with the latest in our weapons in order to shore up his government, but it fell anyway, and those sophisticated weapons and radar installations were possessed by the Khomeini and, if reports are true, shared with some Socialist and Communist governments. Dare we risk the same thing with the AWACS? The Soviet Union has nothing comparable. Are we not making a fundamental mistake in thinking that it is weapons that shore up a government? Did we not learn from the example in Iran that it is not weapons but ideas?

Again, Mr. Chairman, I believe that the American people are sick and tired of supplying, either deliberately or through accident, both sides in the conflicts since World War II. We saw this happen in Vietnam. We were shipping both wheat and weapons to the Soviet Union, which in turn transshipped them to North Vietnam at the same time that we were shipping wheat and weapons to South Vietnam. We have seen this happen in the border wars between India and Pakistan. We have seen it happen in the wars between Israel and her neighbors. Are we about to see it happen again in the Middle East?

Of course, the reason given for this policy is that we must maintain a balance of power. But cannot that be done at a much lower level of power by not supplying either side with the sinews of war, rather than both sides? Cannot power be balanced at a much lower level—and without U.S. involvement—simply by our staying out of the situation?

How much of a commitment are we making in this sale? Are we going to be building airbases for the AWACS? I believe that we will be maintaining them and furnishing replacement parts. How far does this commitment stretch into the future? Are we offering a 90-day warranty or a 90-year warranty?

For all these reasons, I believe that it is in the best interest of the American people to disapprove this sale of advanced technology and weapons to the Saudi Government. I urge my colleagues to do so.

Mr. FINDLEY. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. SHUMWAY).

Mr. SHUMWAY. Mr. Chairman, I rise in opposition to House Concurrent Resolution 194. The debate over the proposed sale of AWACS to Saudi Arabia has been lengthy, complicated, and highly emotional. During the past weeks, I have carefully deliberated the issue, I have inspected the planes on sight, I have had detailed discussions with members of the Air Force, and I have participated in countless briefings on the subject. In all sincerity, I must confess that both advocates and opponents of the proposed sale of AWACS have offered valid and convincing arguments. Let me cite just a few for the record:

The administration, on one hand, contends that the AWACS deal is essential in order to establish strategic equity among Middle Eastern nations and to promote regional stability among warring factions. There are few who would refute the fact that stability is vital to the security of the State of Israel, as well as other pro-Western nations. And, although the continued flow of oil does not, by itself, constitute the basis for the AWACS sale, it is certainly a key factor in the decision. In addition, the expansionist attitude of the Soviet Union is a real threat to the region and one which should not be brushed aside lightly. Saudi Arabia, the major producer of oil in the Middle East and a nation

surrounded by Soviet-alined states, is also militarily vulnerable. Both current as well as prior administrations have acknowledged a responsibility to strengthen the Saudis' ability to deter and, if necessary, repel a surprise attack by its hostile neighbors.

On the other hand, opponents of the AWACS/F-15 package argue that the best interests of the United States do not lie in selling Saudi Arabia the AWACS and additional offensive capabilities for F-15 fighter aircraft. Rather, Saudi Arabia's internal stability is questionable to the extent that U.S. security interests, with regard to the oilfields, as well as sophisticated technology, could be seriously jeopardized. The loss of U.S. control over the AWACS will increase the change confrontation in the Middle East and substantially detract from the security of Israel. Opponents of the proposed sale suggest that American interests for regional security and preservation of the oilfields are better served by the early warning protection of U.S. AWACS already in Saudi Arabia.

To carefully weigh these arguments is the task before us. I believe that the preeminent consideration in this debate, however, and one which has been largely ignored to this point, should be the fact that the United States has made a commitment to Saudi Arabia based on the judgment of two administrations. Just before leaving office the Carter administration indicated it was prepared to move forward with the sale of additional military equipment to Saudi Arabia, including the F-15 enhancement equipment and the development of aerial surveillance capability. The Reagan administration accepted the responsibility for this decision and decisively confirmed the offer. To withdraw the offer now would inflict great damage both to the American position in the Persian Gulf region and to the Saudi regime. In addition, we have a longstanding U.S. commitment to Saudi security which predates U.S. dependency on Saudi oil. This does not mean to say, however, that our friendship with one nation precludes similar relations with others. We must continue to build upon our strong relationships with Egypt and Israel, as well as other moderate Arab nations.

In conclusion, I believe that a congressional veto at this juncture will do irreparable damage to our national image and our credibility throughout the world. By reneging on the commitment made to the security of Saudi Arabia, Congress will weaken the ability of the United States to inspire trust and confidence in the Middle East and possibly undermine our role in the peace initiative. The United States has a moral obligation to honor its commitment to Saudi Arabia. As a member of this body, I will do my part to honor this commitment by supporting the President's proposal and opposing Concurrent Resolution 194.

Mr. Chairman, I yield back the balance of my time.

Mr. FASCELL. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from California (Mr. LANTOS).

Mr. LANTOS. Mr. Chairman, we have probably heard all of the arguments pro and con, but there are a couple of issues that have emerged in this debate which I think need to be addressed.

The first one relates to honoring the policy of the Carter administration. Unless I am mistaken, most of my dear friends on the other side ran their campaigns as a repudiation of the foreign policy of the Carter administration, and I find it hilarious that now the Carter administration's commitment to the Saudis is invoked as a reason for proceeding with this ill-advised sale.

Let me also point out to my colleagues that not too long ago we had Presidential commitments on two other issues. We had Presidential commitments on the Panama Canal treaties, and our colleagues on the other side of the aisle led the fight against those commitments. We had Presidential commitments on the Strategic Arms Limitation Talks.

Mr. FINDLEY. If the gentleman would yield to me, I do not know whether he is pointing my way, but I supported President Carter's Panama Treaty process.

Mr. LANTOS. No; I was pointing in the general direction. But I am glad to have my colleague's observation.

It seems to me, Mr. Chairman, that not too many years ago there were only two giants in Congress—both dead—the late Senator Gruening and the late Senator Morse, who had the courage and the judgment to stand up to the administration of the moment when the Gulf of Tonkin resolution was debated and advised the administration at that moment that the resolution was ill advised; it would take us into the quagmire of Southeast Asia; and we paid dearly for that—with 50,000 American dead, with untold injured—and the very fabric of American society torn apart.

We are now in a somewhat different position. There are not two of us. There are several hundred of us in this body who are opposed to this ill-advised sale, for all of the reasons mentioned.

I am delighted that in the House Foreign Affairs Committee, the most distinguished members of the Republican Party, the ranking member, the second ranking member, have seen fit to oppose this sale, and I am sick and tired of being told that we are opposing this sale because we are interested in anything but the national security interests of the United States.

My good friend, the distinguished Republican leader, a few minutes ago stated the issue very clearly. The Saudis are being offered this package because they have a lot of money. There is no other reason they are offered this package.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FASCELL. Mr. Chairman, I yield to the gentleman for an additional 30 seconds.

Mr. LANTOS. Mr. Chairman, in the interests of American security, for the sake of our fighting men, so they will not have to fight Soviet technology because of our sale of advanced equipment to the Saudis, I strongly urge that the administration's proposal be defeated.

I thank the Chairman.

Mr. DOWNEY. Mr. Chairman, will the gentleman yield?

Mr. LANTOS. I will be glad to yield to the gentleman from New York.

Mr. DOWNEY. I thank the gentleman for yielding.

The general consensus is that this afternoon we are going to disapprove this sale. If we do, this will be one of the few things the Congress has done right all year.

Let us look at the military facts.

First. Despite a small number of prominent Harvard Ph. D.'s, the Saudi populace remains poorly educated and technologically incompetent. The Saudi Government cannot put together a military team capable of maintaining modern combat aircraft, nor of operating electronics aircraft such as AWACS. They can, however, fly fighter planes such as the F-15 provided somebody else maintains them.

Second. The most immediate threats to the Saudi royal family—from Libya, South Yemen, Ethiopia, and internal elements—are equally primitive or even more so. Effective defense against this threat should be built around: First, a solid political base; second, effective ground forces; third, close-to-the-ground aircraft such as helicopters, F-5 fighters, and A-10 attack bombers. The esoteric capability of AWACS and F-15's is actually harmful to Saudi defense in that it diverts their very small pool of skilled manpower into equipment which cannot efficiently be brought to bear on the most probable threat. Against a direct Soviet attack, highly capable weapons are of course desirable, but here the Saudis would be numerically overwhelmed. They could be saved only by American airpower. In either case, the proposed aircraft sale would not contribute significantly to their defense.

Third. The Israeli military is, man-for-man and dollar-for-dollar, the best in the world. It can maintain and operate the most modern weapons with ease. But Israel is a very small country

and therefore cannot fight a sustained war. It must win quickly if it is to win at all. It must have the opportunity for surprise, and it has no resources to spare.

Putting this all together, we find that the Reagan sale will be no help to Saudi Arabia's defense and a menace to Israel. It is evident beyond doubt that Israel could shoot down the entire Saudi Air Force, no matter how well equipped. But by doing so, it is conceivable that Israel could lose the war. Shooting down AWACS would in itself deprive Israel of surprise, and dealing with Saudi F-15's in the southeast could critically strip the Syrian front.

The political consequences of the Reagan sale would be as negative as the military consequences. In a period of tension, Saudi Arabia would feel compelled by Arab solidarity to move the AWACS orbits close to Israel, and if war broke out Israel would feel compelled to shoot them down even though Americans were inside. Thus, this sale is the first step in a chain of events which quite conceivably can head to Israel shooting down Americans, and to Saudi Arabia being for the first time brought into a shooting war against Israel. This is a chain of events we do not need to start, which only a fool would start.

It is said that the prestige of both President Reagan and the Saudi Government are tied to this sale, and we must approve it to "back our commitment" and "show we are reliable allies."

As far as the Reagan administration is concerned, this behavior is reminiscent in theme of the most unsavory episodes of the Vietnam war under Messrs. Nixon and Kissinger. The Constitution and the laws are crystal clear on what is required to institute a U.S. national commitment, and in this case it includes congressional approval. If Mr. Reagan led the Saudis to believe that he had the power to create such a commitment on his own, or that congressional approval would be automatic, that was his presumptiousness and his mistake, and we are under no obligation to bail him out. President Carter made no such claim to Chairman Brezhnev when they signed SALT II, which was an excellent treaty we will regret our failure to ratify; President Reagan should have been equally circumspect in his dealings with the Saudis.

It is nonsense to assert that Saudi prestige is in any way affected by this sale. Saudi prestige rides on one thing; its fortuitous oil wealth. Take away its oil, and the significance of Saudi Arabia would be comparable to that of Chad. But as long as the Saudi royal family retains its oil, its status will be unaffected by the addition or subtraction of a few airplanes.

Finally, I must say I resent the idea of any nation demanding that the United States "prove its reliability." Saudi Arabia has remained implacably hostile to Israel. It has sufficient wealth to solve the Palestinian problem single-handed, but shows no interest in doing so. It has pursued a rapacious oil pricing policy which can be construed as "moderate" only in comparison with that of Libya. And badly as we need the Saudi royal family's oil, it needs our protection even more. If Saudi Arabia were to follow the shining statesmanship of Anwar Sadat, or perhaps if it were to cut its oil price in half, it would then have a case for U.S. accommodations to its whims. Presently, it does not.

Mr. DERWINSKI. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. LENT).

Mr. LENT. Mr. Chairman, I rise in total support of House Concurrent Resolution 194. As the coauthor, along with the gentleman from Maryland (Mr. LONG), of the original resolution of disapproval of the sale of $8.5 billion in sophisticated aircraft weaponry and AWACS radar planes to Saudi Arabia, I congratulate the sponsors of House Concurrent Resolution 194, the gentleman from Florida (Mr. FASCELL) and the gentleman from Illinois (Mr. DERWINSKI) for their efforts in behalf of this vital measure.

It is my firm conviction, and has been from the start of discussion of this move, that the proposed sale would be most harmful to the best interests of the United States. I see two major factors working against American interests if this sale should be permitted.

One factor is that the proposed sale would almost certainly stimulate a new arms race in the Middle East. This sale viewed in it's totality, would give Saudi Arabia an awesome new offensive capability, the capability to mount surprise air attacks on any of it's neighbors. This threatens not only Israel, but also other Arab nations—some of which are not the closest of friends with the ruling monarchy of Saudi Arabia. If the Saudis get this new warmaking capability, a voracious demand for new weapons will be created throughout the Middle East. American interests in the area can best be protected by stability—not by an arms race. And remember, in strengthening Saudi Arabia, we weaken our most dependable and loyal ally in the Middle East, Israel. I see no enhancement of American interests in such a step.

The second reason has been given even more strength by last weeks tragic event in Egypt. The assassination of President Sadat has not only removed a towering force for peace in the area, it has demonstrated again the tragic instability of Arab governments. We welcome the assurances that the new President of Egypt will follow President Sadat's most wise and foresighted policies of peace. But the assassination of President Sadat illustrates so tragically the forces of extremism—Muslim and Marxist—which are present throughout the Middle East. They are present, too in Saudi Arabia, as the recent religious uprising revealed. Who can forecast how long its shaky sheikdom can hold power. The immensely valuable military secrets in the AWACS radar planes and in the AIM 9L air-to-air missile are far too precious to risk having them fall into the wrong hands.

On balance, it seems to me there is real danger in allowing Saudi Arabia to acquire this advanced aircraft weaponry and radar capability.

I call upon my colleagues to join in opposing this ill-advised effort to placate the ruling regime of Saudi Arabia. The fact that 255 Members of this House have cosponsored our resolution of disapproval is an indication of the grave concern with which we view the proposed sale.

Let us reject this dangerous approach, and support House Concurrent Resolution 194.

Thank you.

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Mr. FINDLEY. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota (Mr. STANGELAND).

Mr. STANGELAND. Mr. Chairman, what we are doing here today I think has some very grave and long-range consequences. I think we ought to take note of that. One of the main concerns that we ought to have, with the recent death of Anwar Sadat of Egypt, is to provide some real stability in the Middle East. I think that stability will be provided by making more friends and better allies.

I think this sale ought to go through. I think the Arabs have been our friends and allies. We have many Americans and businesses doing business in Saudi Arabia outside of the oil industry. I think we need that stability and we need all the friends we can have in that area.

I hope this sale will go forward, and I would hope that the Members would vote down the resolution of disapproval.

Mr. FINDLEY. Mr. Chairman, I yield 1 minute to the gentleman from South Carolina (Mr. NAPIER).

Mr. NAPIER. Mr. Chairman, I rise in opposition to the resolution and in support of the sale.

Congress must now vote on President Reagan's plan to sell sophisticated military equipment to improve Saudi Arabia's defense capability. This proposal has stimulated intense debate both on Capitol Hill and throughout the Nation. Supporters of the plan argue that this is necessary to counter

threats to the Saudi's vital resources, particularly from the Soviet Union. Opponents say it will threaten Israel's security and cause further problems in the Mideast.

I have attended numbers of briefings, study sessions, and conferences concerning the proposal, which focuses mainly on the sale of the AWACS airplane, and have made a concentrated effort to talk with Sixth District citizens, business, and religious leaders. There are several reasons for my decision to vote for the sale. First, America's goal of enhancing the security of the Middle Eastern States can be advanced by supporting the Saudi Arabian efforts to develop their own strong air defense. That nation is very vulnerable now to attack.

Saudi Arabia's large size, sparse population, and concentration of strategic oil deposits makes defending the country a difficult task. It produces more oil than the United States, yet all of its oil is concentrated in a small area bordering on the Persian Gulf and very vulnerable. The oilfields are located near Iraq, and are less than 100 miles from the Soviet border. President Sadat's assassination, the fall of the Shah of Iran, the Iran-Iraq war, increasing threats from Libya's Col. Moammar Qaddafi, combined with Soviet efforts in South Yemen, Ethiopia, Afghanistan, and other nearby nations leave no question that Saudi Arabia needs our support.

From Moscow's perspective, the region is Russia's natural gateway to Africa, the most convenient air and land corridor to the Indian Ocean, and effective access to the relatively unprotected southern flank of NATO. Soviet borders reach within 600 miles of the Persian Gulf, giving the United States a distinct geographic disadvantage in the region.

Second, this proposed sale would boost the effectiveness of our own military capability if we were required to deploy American forces in the area. The AWACS aircraft would be in place and already operating as an early warning network.

Third, American credibility would be enhanced by this sale. A willingness to cooperate with the Saudis can only foster confidence and guarantee our commitment to a durable peace in the Mideast.

This is not an all or nothing situation for the Saudis. If they do not get the AWACS airplanes, the British have already offered to sell them Nimrod, a comparable, technologically advanced radar plane which would not be easy for American forces to "plug into" and obtain information in a crisis. The French have also offered their Mirage fighter and missile system, a comparable version of the F-15 Eagle and AIM 9L infrared homing rocket.

As to the threat to Israel, President Reagan has confirmed and I am assured of his long-term support of Israel's security. I am very aware of Israel's concerns and recognize that this military hardware will affect Israel's defense planning. However, I do not feel that this poses a new threat to that nation or restricts in any way its ability to defend itself.

There is also the question of internal strife. Here again, I believe President Reagan, unlike his predecessor, will not allow the same thing to happen to Saudi Arabia that happened in Iran. Saudi Arabia is far more stable than Iran was under the Shah. The nation's fantastic oil wealth, which is carefully spread through the populace, gives all sectors in Saudi society an important stake in the government. Unlike the Shah, the Saudi princes are careful to pay homage to the country's religious tradition and to listen closely to their people.

Saudi Arabia has always worked closely with the United States to resist the advancement of communism. It has stood by us in difficult times and used its political and economic influence to oppose the Soviets. It has made heavy investments in American business enterprises and buys around 20 percent of its total imports of manufactured goods, agricultural products, machinery, and chemicals from us. In 1980 alone, this nation injected $5.8 billion into the American economy and created more than 250,000 jobs through its economic demands.

Now, Saudi Arabia has turned to us for assistance. We should support and encourage this long and loyal friend by honoring their request. This in no way means we are going to turn our back on our other allies.

I plan to favor that friendship with my vote to approve the sale of military hardware, AWACS in particular, to Saudi Arabia.

Mr. DERWINSKI. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey (Mr. COURTER).

Mr. COURTER. Mr. Chairman, I rise in support to the resolution of disapproval (H. Con. Res. 194), to provide $8.5 billion for advanced early warning aircraft, AWACS and other armaments to the Government of Saudi Arabia.

I, and many of my colleagues oppose this package, not out of emnity for Saudi Arabia, but because I am not convinced that this package is in the security interests of the United States. Much of the current controversy centers on the AWACS aircraft. We currently have four United States AWACS planes in Saudi Arabia. They are there at Saudi Arabia's request, and have been there since the Carter administration. Those planes, under our control, give us direct and complete intelligence about events in the Persian Gulf region. If we sell these planes to the Saudi's, we will at best, have diplomatic understandings, according to Secretary Haig, with regards to command, control, and use of intelligence information gathered by these aircraft. Our Nation needs firsthand information as quickly as possible. We cannot rely on diplomatic understandings or the good intentions of another nation in order to receive the strategic intelligence we need. That can only be assured by direct American access to the intelligence gathered by AWACS and control of the aircraft and its mission. I am convinced that we have a right to this information, in as much as the Saudi's requested U.S. Air Force E-3A's to protect them, and that certainly our pilots and technicians are far more familiar with the AWACS system and can use it to its maximum effectiveness.

A second point that I would like to touch on, is the potential threat of arms and equipment being used against Israel. Aviation Week and Space Technology magazine, in its September 28 edition states that:

> Much was made by the Administration of the lack of intent by the Saudis to use AWACS or the F-15 force against Israel. That is a meaningless argument in strategic analysis. Intentions are notoriously difficult to predict. Capabilities are fact, and there is no question that an enhanced Saudi air force would have the capability to use this increased power against Israel.

For us to arm any nation in a possible future attack on Israel would be ludicrous. It has not been to Saudi Arabia's credit that its media and key spokesman have repeatedly indicated that Israel, not the Soviet Union, is its main enemy. The administration has proposed this sale in the context of Persian Gulf security against Soviet or possibly Iranian attacks on Saudi oilfields, and to help form a strategic consensus among pro-Western nations in the region, including Israel. Saudi Arabia apparently rejects Israel's inclusion, and therefore is hampering our efforts to form this strategic alliance.

Finally, what are we getting out of this sale? Surely, $8.5 billion injected into our economy would be a great help. However, this sale involves major questions of American national security. It has been noted that Saudi Arabia has not compiled the best record of military cooperation among U.S. strategic allies in the Mideast. Egypt, Israel, Somalia, Kenya, Bahrain, and Oman have gone far beyond Saudi Arabia in welcoming U.S. forces in the event of a regional emergency. Even the Sudan appears eager to have a visible American presence in its country. The Saudis seem to be deliberately withholding military support from the United States, unwilling to extend facilities to our military forces, yet they would still like to buy Ameri-

can military equipment, to keep U.S. forces off their soil. There is no reason for them, or any nation to be timid or embarrassed about a strong and visible relationship with our Nation.

In sum, Mr. Chairman, I find this sale to be contrary to the strategic interests of the United States and those of our Israeli ally, and unjustified in terms of Saudi Arabia's lack of cooperation with the peace initiatives that have been undertaken in the Mideast. Accordingly, I urge the adoption of the resolution.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from New Jersey (Mr. HUGHES).

Mr. HUGHES. Mr. Chairman, I rise in support of the resolution of disapproval.

Mr. Chairman, we are faced today with a difficult and complex issue; whether or not to provide supersecret, potent military equipment to Saudi Arabia without United States supervision. We must examine this issue today in terms of our Nation's vital interests.

Although I am concerned over the potential threat to Israel, among other things, for me, the fundamental question surrounding the AWACS sale has been the prospect of providing the Saudis our most prized technology, without specific, tacit provision for supervision of its use and without adequate safeguarding. I would question such a policy with regard to any ally.

I do not question the intention of the Saudis or their desire to keep the technology secret. But their ability to maintain secrecy depends on their continued firm grip on the reins of government. The internal instability of the Saudi political and social system is a far greater threat to the current regime than is the threat of direct overt Soviet aggression. Let us not forget, the last country to whom we intended to provide AWACS technology was Iran under the Shah, but this process was interrupted by violent revolt and upheaval in a nation which we had been assured was a stable ally.

No other country has been promised this AWACS system without supervision. While some allies will receive more limited airborne radar technology, the only other party to whom we plan to entrust AWACS is the NATO alliance, which will operate the planes under U.S. supervision. Should we provide the Saudis with unsupervised military equipment when even our closest European allies have accepted our supervision and safeguarding of the system? I think not.

The Saudis already have the use of AWACS. Four AWACS now maintain surveillance over some strategic sections of Saudi territory. I would not oppose adding some additional planes under the current arrangement of joint United States and Saudi supervision, should security interests require it. But one must truly question the necessity of providing this equipment without supervision. How can the same technology, unsupervised, improve Saudi security? Clearly, it cannot.

What the sale could do, however, is possibly provide the Soviets and other hostile nations with access to the AWACS technology.

I would like to support our President. I am hopeful that we will have the opportunity in the weeks ahead to establish some form of compromise providing for continued U.S. supervision of the planes. Until the package is so reformed, however, I must urge my colleagues to disapprove the AWACS package sale by supporting House Concurrent Resolution 194.

Mr. FASCELL. Mr. Chairman, I yield such time as he may consume to the gentleman from Minnesota (Mr. OBERSTAR.)

Mr. OBERSTAR. Mr. Chairman, I rise in support of the resolution.

Mr. Chairman, the fundamental issue is whether the proposed sale of $8.5 billion of highly sophisticated aircraft and combat equipment to Saudi Arabia is in our national interest, the interest of stability in the Middle East or in the interest of world peace. Judged by that standard, the case for this sale falls woefully short in all three areas.

The administration proposes to sell Saudi Arabia five airborne warning and control system (AWACS) aircraft, 1,177 AIM-9L Sidewinder air-to-air missiles for the F-15's on order from the United States, 8 aerial refueling tanker aircraft, and 202 conformal fuel tanks to increase the attack range and patrol time of the F-15's and AWACS.

In 1978, the Carter administration persuaded the Senate not to block the sale of 60 F-15's to Saudia Arabia by assuring Congress that the United States would not sell any additional equipment or systems that would provide the F-15's with offensive capability.

The proposed sale of Sidewinder missiles, refueling tanker aircraft, and conformal fuel tanks violates the specific assurances upon which the original sale of the 60 F-15's was approved in 1978. Without those assurances, Congress would never have permitted that sale.

The Congress today has the opportunity to give meaning to those assurances. If we fail to do so, we will make any future assurances by this or any other administration to Congress meaningless. Both friendly and unfriendly nations will have the right to question the promises made by the United States.

In requiring those assurances in 1978, Congress recognized that the United States has a legitimate interest in: First, the security of Israel; and second, some control on the level of weapons technology in the Middle East.

The administration claims that Saudi Arabia needs the enhanced F-15 capability and AWACS to defend itself from either the Soviet Union or from its enemies in extremist Arab States such as Iran, Iraq, or South Yemen. If we judge Saudi Arabia by its record, we can conclude that the most likely target of the Saudis would not be these Arab States, but Israel, the only democracy in the Middle East.

Take a look at that record:

Saudi Arabia has refused to join the Camp David process.

Saudi Arabia provided the rejectionist Arab States and the PLO with $1 billion following the signing of the Camp David accords.

In April 1979, Saudi Arabia broke diplomatic relations with Egypt and Egypt signed a peace treaty with Israel.

Saudi Arabia sent no representative to President Anwar Sadat's funeral.

The gravest threat to Saudi Arabia's security is not from external forces, but from internal opposition to the continued rule of the House of Saud. AWACS and Sidewinder missiles will not help eliminate that threat anymore than American technology and a proposed AWACS sale helped the Shah of Iran. The Soviet Union and Iraq did not depose the Shah; it was a fundamentalist internal reaction to his joint policies of Westernization and oppression.

The internal threat is not an argument in favor of the sale, but against it. The sale of AWACS presents a totally unacceptable risk of allowing AWACS technology to fall into the hands of fanatical anti-American Saudis or, ultimately, the Soviet Union.

If we allow this sale to proceed, we violate the commitment that the Carter administration made to us; we undermine the security of our strongest ally and the Middle East's only democracy; we provide an unstable Saudi regime with technology that it needs only to attack Israel, and not to defend itself against its Arab neighbors or its own dissidents.

Let us look at what we get in return for the sale: vague and unsubstantiated assurances that Saudi Arabia will hold the line on oil prices and will encourage moderate Arab policies, at least I hope we have vague assurances. If we do not even have those, this sale has got to be one of the dumbest, most dangerous, and most shortsighted foreign policy initiatives that the United States could take if we are interested in stability in the Middle East or world peace.

In enacting the Arms Control Export Act of 1974, Congress recog-

nized that it was not in the national interest to allow only the executive branch to determine the wisdom of proposed arms sales of more than $25 million. The act still allows the Executive the greater share of the decision-making authority in arms sales. The President need not win the approval of Congress, but both Houses must act to block a sale. The benefit of the doubt goes to the President. This sale, however, is so dangerous to our national interest, to our interest in world peace, to our relationship with Israel, to the security of our technology, that we must vote to block this sale. If Congress does not block this sale, we will have made the 1974 act meaningless.

I urge my colleagues to reaffirm the letter and spirit of the 1974 Arms Control Export Act, and vote overwhelmingly to reject this sale.

Mr. FASCELL. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Ohio (Mr. HALL), a member of the Rules Committee.

Mr. HALL of Ohio. Mr. Chairman, I rise in support of House Concurrent Resolution 194, disapproval of aircraft sales to Saudi Arabia.

The arms sale to Saudi Arabia proposed by the Reagan administration, which includes AWACS (airborne warning and control system) aircraft, upgraded fuel tanks for F-15 aircraft, Sidewinder air-to-air missiles, and aerial refueling aircraft, will not increase the security of Saudi Arabia or the prospects for peace in the Middle East. Instead, it will complicate—and could endanger—the security of the state of Israel. Moreover, the significant risk that this state-of-the-art technology would be compromised demands that we require more than just dollars from the Saudis before approving the sale. The Reagan administration has not been able to exact any formal assurances about future Saudi participation in the peace process.

The crucial question is whether this sale will increase or diminish the chance for peace in the Middle East. Since the Carter administration sold the Saudis 62 F-15's in 1978, Saudi Arabia has made few tangible contributions to the cause of peace in the region. Indeed, the Saudis have continued to reject the Camp David approach for a comprehensive peace in the Middle East. In fact, the Saudis have provided substantial financial and political assistance to the anti-peace rejectionists—including the Palestine Liberation Organization, which remains committed to the destruction of Israel.

A secondary question is whether Saudi Arabia deserves the special treatment from the United States implicit in the proposed arms sale. Certainly, the Saudi view of the Camp David accords is not that of a special ally.

And since the 1978 Saudi arms sale, the price of oil has risen from $12 to $32 a barrel. In addition, the Saudis have threatened sanctions if we attempt to fill the strategic petroleum reserves as mandated by Congress. These are not the actions of a special relationship.

For his role in the historic peace negotiations with Israel, Egyptian President Anwar Sadat suffered bitter rebukes and condemnation from his fellow Arab leaders. While the community of nations mourned the loss of this great Egyptian and world leader when he was assassinated by Moslem fanatics last week, we heard only a deafening silence from Saudi Arabia. This is not the response of a special friend.

Saudi Arabia deserves no special treatment from us.

Yet, if this arms sale takes place, it will not only be the largest U.S. arms sale ever, but the largest sale of military armaments in history. The United States has jealously guarded these planes. Even the AWACS used by NATO are crewed jointly with Americans on board to oversee operations. Yet under the proposal, the Saudi air force would have total control over the planes.

The AWACS and enhancement equipment, when integrated with the F-15's the Saudis will begin to receive in January 1982, will form a formidable offensive unit. The addition of fuel and equipment pods and the Sidewinder air-to-air missiles will significantly escalate the attack capability of the Saudi air force. In 1978, the Senate refused to veto the original sale of F-15's to Saudi Arabia, largely because of the administration's promise not to upgrade the offensive capability of the planes. By making this enhancement equipment available to the Saudis now, the administration has violated the explicit assurances given to Congress and the American people in 1978 and has raised doubts about the value of future commitments from executive branch to the legislative branch concerning arms transfers.

The sale of the AWACS could have a serious effect on Israel's security and will complicate Israel's defense planning. It should be noted that Saudi Arabia has participated directly or indirectly in every Arab-Israel conflict. Saudi support for a "jihad," or holy war against Israel was reiterated last January at the Taif Islamic Conference in Saudi Arabia. At that same conference, Crown Prince Fahd called for Jerusalem to be "cleansed of all Jews."

The report on this resolution by the Foreign Affairs Committee points out that the primary threats to Saudi Arabia are internal. With its narrowly based monarchy and Islamic zealots who reject all economic and political relations with Western society, Saudi Arabia has a high potential for political instability. The committee concluded that the sale would not lessen the inherent political tensions in Saudi Arabia. Neither the Sidewinder missiles nor fully loaded F-15's could prevent civil discontent, tribal feuds, or the kind of violent Islamic fundamentalist uprising we witnessed in Iran, and which apparently brought about the assassination of President Sadat.

Several of the proponents of this sale contend that if we do not sell AWACS to the Saudis, the British will sell them their Nimrod radar planes. This argument cannot be put forward as the basis for U.S. arms sales decisions, because other arms suppliers will exist for every potential arms sale. The economic benefits of such a sale cannot blind us to the dangerous realities and risks of the sale. A compromise of the AWACS technology would help the Soviets to develop systems they do not now possess and to improve their existing systems.

Since 1973, Saudi Arabia has purchased more than $24 billion in armaments—$18 billion from the United States alone. The United States does not have to agree to every Saudi request for arms, especially when these sales are not in our national interest.

When the House votes to disapprove this arms sale to Saudi Arabia—as I believe it will—the vote should not be interpreted as an abandonment of Saudi Arabia. The United States shares many long-term objectives with the Saudis. We both seek peace, economic development, and the containment of Soviet influence in the Middle East region. However, at this point, we disagree with the Saudis on the best way to achieve these long-term goals. Under these circumstances, the present AWACS arrangement between the United States and the Saudis, with American crews manning the four planes stationed in Saudi Arabia, is the best arrangement for both the protection of the Saudis' defenses, and the protection of our sensitive technologies.

An arms sale cannot be the foundation of American foreign policy in the Middle East. I urge my colleagues to vote in favor of the resolution, and block the arms sales to Saudi Arabia.

Mr. DERWINSKI. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. LEWIS).

Mr. LEWIS. Mr. Chairman and Members, I join with my colleagues in this very strong bipartisan support for the resolution.

Mr. Chairman, I rise to join my colleagues in what I believe will be an overwhelming bipartisan support for the resolution to disapprove of the proposed sale of AWACS to Saudi Arabia. In expressing our disapproval, it is my belief that we will be acting in

the best interest of all of our allies in the Middle East, providing a service to our President and serving the defense interests of the United States.

There are lessons to be learned from our experience in Iran—a former friend and ally located in a very unstable part of the world. As we misread her stability we provided the most advanced of our military technology—F-15's, communication equipment, et cetera. Suddenly we found that technology in the control of a government that is less than sympathetic to our interests in the world.

I have grave doubts about our giving full control of AWACS—which lies on the cutting edge of our defense technology—to any of our allies, let alone to a friend in the Middle East. The recent assassination of President Anwar Sadat highlights continued instability in this region. We have been providing AWACS services to our allies thoughout the world in recent years. So long as the information derived from this technology is available, the logic of transferring full control of the technology to a country in an unstable region totally escapes me.

Some have simplistically suggested that this is a vote for those who support Israel. My friends, this is not a vote for Israel—nor is it a vote for or against Saudi Arabia. It is a vote for increasing the chances for long-term stability and peace in the Middle East. Anybody who pays a whit of attention to the pattern of policy development in the region knows that if this sale goes through, there will immediately be a call for a huge increase in military assistance to Israel. The last thing our friends need is added fuel to the escalation of the arms race in the Middle East. Those who are friends of the peace process should be calling for a decrease in that race.

Further this is not a case of support the President or do not support the President. In fact, one of the great things about Ronald Reagan is that during the years I have served with him in Sacramento and Washington is that he does not expect that his friends in the legislature agree with him 100 percent of the time. The Congress has its separate and distinct responsibility in this case. As a member of the Appropriations Subcommittee on Foreign Operations participating in both open and closed hearings on this subject, one can come to only one conclusion—the overwhelming evidence indicates that we should reject this proposed sale.

Incidentally, I believe in doing so we will be providing a great service to our President. We will be serving the interests of all of our friends and our Nation as well.

Mr. FINDLEY. Mr. Chairman, I yield 1 minute to the gentleman from North Carolina (Mr. MARTIN).

Mr. MARTIN of North Carolina. Mr. Chairman, it is my judgment, developed over the last week, and concluded only in the last few hours, that the United States should not sell the AWACS aircraft and its sophisticated electronics to any nation. Accordingly, I will vote for the resolution of disapproval.

I must, however, express my dismay at the way in which so much of the rhetoric in recent days has taken an anti-Saudi tone. The issue is not whether Saudi Arabia is unstable or unfriendly to any other nation. Indeed, Saudi Arabia is friendly to the United States, and the stability of a regime there friendly to us is paramount to our interests. It is a disservice to our efforts to develop and broker a stable peace and good relations in the Middle East for this decision to be cast in anti-Arabian terms. The unfortunate consequence of that is only to make matters worse.

Nevertheless, there is no good reason yet advanced for selling title to this edge of superiority which presently is ours. The strongest affirmative argument is that Saudi Arabia is willing to pay us or the British $8.5 billion for it, and we need the money. Must we sell our technological edge to any ally willing to pay for it?

Other arguments focus need of the system to help protect the vital oilfields of the region. That is indeed the priority strategic interest of the United States. For that reason the United States ought to commit to a solemn obligation to help defend that interest by providing the AWACS surveillance capability on the same terms as curently apply to the NATO employment of these planes. We should make clear that this interest must be protected against any aggressor seeking to destroy or seize those vital energy resources, including the Soviet Union, its surrogate allies, or the radical governments of the area, or even our close ally, Israel. The AWACS alone will not protect those oilfields from destruction; nor will Saudi Arabia alone. Only the firm commitment of the United States can protect them. That so greatly supersedes the question of how we get compensated for AWACS. We should therefore offer to provide these sophisticated capabilities on the same terms as to our vital NATO allies, without trying to hinge it upon even so high priced a unique sale.

I do not accept the arguments that technical difficulties give the United States a de facto control over the system. It is true that delivery will not occur until 1985. It is true that American trained technicians will have to manage the operation, maintenance and management of the entire system including the ground-based computer software. But it is not even distantly necessary that the Saudi Government will have to rely on those technicians to be provided by or have first loyalty to the United States. They would readily be able to outbid us in hiring technicians trained by us but who were otherwise free agents. It comes down to this: Control of AWACS will rest with the country that owns title and can select the personnel and can determine who will have access to the information.

Whether we sell AWACS to Saudi Arabia or lease them with firm commitments does not overturn the military advantage which Israel presently holds in the region. The chairman of the committee has made that clear. Security of Saudi Arabian resources can best be guaranteed by continuing the leasing arrangements as at present.

Therefore, I conclude that there is no compelling reason to sell this system to anyone, but to provide it under terms that retain control and access under the jurisdiction of the United States. Only we can best insure destruction of individual threatened aircraft to save them from falling into unfriendly hands. Only we should control access to its mysteries. We bought it. We paid for it. It is ours; and we ought to keep it.

Mr. FINDLEY. Mr. Chairman, may I inquire as to the time standing?

The CHAIRMAN. The gentleman from Illinois (Mr. FINDLEY) has 8 minutes remaining; the gentleman from Illinois (Mr. DERWINSKI) has 12 minutes remaining; the gentleman from North Carolina (Mr. FOUNTAIN) has 13½ minutes remaining; the gentleman from Florida (Mr. FASCELL) has 9½ minutes remaining.

Mr. FINDLEY. Mr. Chairman, I yield 1 minute to the gentleman from Ohio (Mr. MILLER).

Mr. MILLER of Ohio. Mr. Chairman, I rise in opposition to the disapproval resolution.

Mr. Chairman, today this House faces up to the long delayed question of the administration's proposed sale of five E-3A radar aircraft, AWACS, to Saudi Arabia. The arguments concerning foreign arms sales, both for and against, are numerous. Advocates maintain that if we do not sell the weapons being sought by other nations, another nation—in this instance, Great Britain—will. Adversaries caution that if we do sell highly sophisticated weapons to a nation which is presently our friend, what assurances do we have that they will not turn on us—like Iran—and, in so doing, compromise the systems in question.

There have been various schools of thought as to how our Government should handle the foreign arms sales question. Whatever the approach, however, these key questions need to be considered: First, what are current and prospective military threats that

the Saudis face, and how would the items proposed for sale enable them to counter such threats; second, what are the military implications of the prospective Saudi sales for Israeli security; third, what impact would the prospective Saudi sales have on United States strategic and foreign policy interests in the Persian Gulf and Middle East region?

The administration feels that the Saudis are desperately in need of such a surveillance aircraft. As it is now, the Saudi oilfields—from which the United States gets 26 percent of the crude oil it imports—are dangerously exposed to attack by other Persian Gulf States because there are no mountains to extend the range of land-based radar. At present, the Saudi Air Force would have only 5 minutes to respond to an air attack on its oil fields. With the AWACS the Saudis would be able to detect low-flying aircraft about 250 miles away and high-flying planes as much as 360 miles away, considerably increasing the time margin to counter any attack that might take place.

The main opposition to the sale comes from the Israelis who fear that in the case of any future Arab-Israeli conflict, the planes could be used for intelligence gathering purposes. The Pentagon maintains the AWACS cannot be used to provide intelligence on Israeli ground targets because the plane's computers are only designed to pick up targets at high speed. Furthermore, they maintain these planes will not be able to transmit intelligence data directly to Iraq and Syria in the event of an Arab-Israeli war because these nations would lack the necessary equipment to accept AWACS data. Lastly, to insure against any possible offensive use, the Pentagon has indicated that the Saudi planes would not be outfitted with the special equipment to detect and record the characteristics of enemy radar normally included in AWACS.

By selling the Saudis these planes, we are providing them and the other moderate Arab nations of the region the much needed assurance that we as a nation are willing to deal with them on an evenhanded basis, that we are willing to step in and assist them in establishing a secure defense against possible Soviet-sponsored aggression. A residual benefit to be derived from this sale would be to show our allies around the world our resolve to support not only the national security of each U.S. ally in the region, but to strengthen the overall security of the area as well.

In recent days, the unfortunate and unforgivable assassination of Anwar Sadat has been harnessed to our foreign policy aims. Opponents of the AWACS sale point to this incident as an illustration of just how fragile our relationships in this region of the world are. In my opinion, it begs the question: Can we afford to put all our eggs in one basket? Should we not expand our ties to other nations in the region whenever possible?

As you can well appreciate from the pros and cons which will be presented today, all such arms sales are fraught with risks. But such risks should not deter us from providing such sales where needed. To turn our backs on the legitimate needs of our friends and allies will only invite the greater risks of political instability and Soviet-sponsored unrest in these nations.

I would say, for those who want to set the foreign policy of the United States—which we are well aware is the responsibility of the President—that we should have those people running for President instead of running for membership in this body.

Mr. FASCELL. Mr. Chairman, I yield 1 minute to the distinguished gentleman from New York (Mr. PEYSER).

Mr. PEYSER. Mr. Chairman, I have been listening to this debate for the last 2 hours and about 40 minutes, and the one thing that has become very apparent to me is that we in the Congress are being asked to support a poor and hasty decision by President Reagan and his administration. What makes it worse is that yesterday former President Carter, who had previously been opposed to the sale of the AWACS, said that we should support the President and support the sale. Now, maybe members of the "Ex-President's Club" have some mutual support agreement for the incumbent but thank goodness we in the Congress do not.

I think the argument has been made very clear, the facts are very clear, a sale today of the AWACS to Saudi Arabia would have to be the most unsettling peaceful effort that could possibly be made in the Mideast. Let us vote overwhelmingly to support this resolution so that the Senate will have enough courage to do what it knows is right to do.

Mr. DERWINSKI. Mr. Chairman, I yield such time as he may consume to the gentleman from Virginia (Mr. TRIBLE).

Mr. TRIBLE. Mr. Chairman, I rise in support of the concurrent resolution disapproving the proposed military sales to Saudi Arabia.

I do not believe that the AWACS system should be made available to Saudi Arabia or any other country. AWACS is our most sophisticated early warning surveillance system and it should be kept in U.S. hands.

The Middle East is a turbulent area of the world and Saudi Arabia is subject to the same kind of forces that engulfed the Shah in Iran and Anwar Sadat in Egypt. I do not want to see this advanced system compromised. Many of our most advanced weapons fell into the wrong hands when the Shah was overthrown.

Today we are honoring the legitimate national security interests of Saudi Arabia by making the AWACS planes available under U.S. control. This arrangement permits us to control this sophisticated and important system and—at the same time—provide intelligence to our Saudi friends. The present arrangement should be continued. The sale of the AWACS system should be rejected.

Mr. DERWINSKI. Mr. Chairman, I yield such time as he may consume to the gentleman from Kentucky (Mr. HOPKINS).

Mr. HOPKINS. Mr. Chairman, I was in the Mideast this year with some of my other colleagues. Upon returning, I said then that I felt we needed to increase our presence in the area. Nothing has surfaced since then to change my mind.

Mr. DERWINSKI. Mr. Chairman, I yield 2 minutes to the gentlewoman from Maine (Mrs. SNOWE).

Mrs. SNOWE. Mr. Chairman, any investment in life is, by nature, a gamble. The laws of chance dictate that an investment either will pay off with handsome returns, or it will fail, and failure can be disastrous.

All of us have gambled at one time or another on an investment, knowing full well that the commitment might not pay off. If the worst happens, we accept the consequences and, hopefully, learn from our experience.

But each of us has, at some point, turned down a gamble because the risks simply proved too great to take the chance. It may even take a previous failure in judgment to teach us the wisdom of playing it safe. Today, such a choice faces each of us. We each must decide whether the risk of the investment is worth the returns it may—or may not—offer.

Mr. Chairman, I have weighed the odds on the proposed sale of armaments to Saudi Arabia. To the best of my ability, I have measured these odds against the possible returns that the investment could provide. My conclusion is that the arms package to Saudi Arabia is a gamble that constitutes a bad risk. The Middle East is not the arena in which to throw the die and hope for the best. I will vote against the sale today, and I urge my colleagues to choose accordingly.

To approve this sale would be, I believe, to accept terms that a wise investor would disdain. In AWACS, we have the most sophisticated surveillance and communications equipment of its kind. To surrender control of this highly sensitive equipment, as the agreement would have it, in the world's most volatile region is a risk unworthy of the investment. It is a condition that we do not meet in similar agreements with other allies, and it

is potentially a bad habit to which we should not succumb.

As a world power, we have the responsiblity to examine this deal and its probable consequences in a broad context, not just the Saudis' perception of the situation. If we truly are concerned about peace in the Middle East, about stability in the region, and about the security of Israel, we cannot yield to the Saudis' demands of unilateral control, an arrangement that we do not grant even to our NATO allies.

Joint command and control would be a fair, reasonable and wise compromise in keeping with our global responsibilities and the Saudis' security needs. The Saudis to date do not appear to compromise on this point, and this is a position which must be weighed in considering the deal.

Unfortunately, we have heard that this deal is the only yardstick by which Saudi Arabia is measuring our reliability as a cooperative partner in the stability and security of the Middle East. It is hard to believe that our friends the Saudis would take such a stance in light of the $34 billion in arms sales already approved between our two countries, $13 billion of which already had been delivered. It is equally hard to believe that a joint command and control arrangement could be perceived by the Saudis as a compromise to the security of their state and the region, and that such a reasonable and obvious compromise would cast an element of doubt into our Nation's reliability as a security partner.

No, Mr. Chairman, these protestations cannot be taken seriously by those of us charged with approving this sale. Instead perhaps we should question the mutuality of support that the Saudis have provided to our initiatives for peace in the Middle East. What tangible steps have the Saudis taken in building a foundation for a strong and lasting peace in the region? What are we really getting in return for our investment?

Some may say oil. We do receive about 7 percent of our total daily consumption of petroleum from the Saudis, and the figure is much higher for our allies in Europe and Japan. But while it certainly is in our interest to maintain the security of the Saudi oilfields as vital links in the stability of world economic order, it is just as certainly in the Saudis' interest to produce and market this oil to us and others. We owe the Saudis no favors for oil, especially not the AWACS.

But there are other risks inherent in this investment that we would be unwise to downplay or ignore. Former President Carter's description of Iran as an island of stability in the Middle East become a masterpiece of irony with the fall of the Shah and the taking of our diplomatic personnel as hostages. In recent weeks, we have received some of the same assurances about Saudi Arabia. Perhaps we should look to the lessons of history as we consider the sale of sensitive technology in the name of someone's idea of obligation.

Our only obligation in these deliberations should be to commonsense. To gamble with this sale would be to ignore the advice of former Israeli Defense Minister Moshe Dayan, who said shortly after the Iranian hostage crisis developed:

> In countries where fanaticism is likely to be a dominant factor, utmost attention must be given to which way the wind is blowing. Better to exaggerate one's suspicions than to miss seeing new developments. When rain starts to fall, you needn't get wet to the bone to know that a storm is approaching.

We should heed his warning. Winds of instability are blowing in Saudi Arabia. This sale should not go forward, for in this investment, the risks clearly outweigh the benefits.

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The CHAIRMAN. The time of the gentlewoman from Maine (Mrs. SNOWE) has expired.

Mr. ROTH. Mr. Chairman, I reserve the balance of our time.

Mr. DERWINSKI. Mr. Chairman, I yield 1 minute to the gentleman from Arkansas (Mr. BETHUNE).

Mr. BETHUNE. Mr. Chairman, if we have established anything here today, it is that Members could justify a position on either side of this issue. It is indeed a close call. But ordinarily in those cases one should support the President, I suppose. That is the rule that we hear most often.

I think I would do that in this case except for the fact that I cannot find a clearly discernible policy for the Middle East. That is one reason.

Second, the Middle East at best, when it is most tranquil, is a hotbed of forces, economic, political, military, and otherwise, that practically defy description.

So it occurs to me that we are rushing into this when there is no need to rush into it. These planes would not be delivered for some 5 years, and I think we should let things settle down in the Middle East until we can understand better what is happening there now and what the forces are and what they will tend to be in the Middle East.

Mr. Chairman, I think we should try to understand what our policy is going to be in the long term in the Middle East and in that region of the world.

Mr. CHAIRMAN. The time of the gentleman from Arkansas (Mr. BETHUNE) has expired.

Mr. DERWINSKI. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina (Mr. JOHNSTON).

Mr. JOHNSTON. Mr. Chairman, let me unequivocally state that Israel has no better friend in this House than I. This is one of the few cases where this House is going to have an opportunity to be a Monday morning quarterback because we have almost 4 years before delivery of the AWACS. We are going to have an opportunity in the next 2 or 3 years to ascertain whether peace can be established in the Middle East. If it can be established and if the rescission of this sale is called for, we can do it.

These planes are not due for delivery until 1985, and if the situation changes, we can change the rules. For the next couple of years, as we encounter the window of vulnerability to Russian strategic forces, of which every Member in this House is well aware, while the Russians clearly have technological superiority to us from a tactical standpoint, we are going to need all the allies we can get, and that includes the Saudis.

This is not a disembarkment from our policy toward Israel. This is an acknowledgment of the realities of the fact that we need allies in the Middle East. Between now and 1985, there is going to be a lot of water go over the dam, and we can then choose whether or not to deliver these weapons, just as we chose not to deliver many of the weapons we had promised the Shah after he was toppled from power.

Mr. Chairman, let us take advantage of time, approve the sale, and evaluate the situation on the basis of prospective developments.

Mr. FINDLEY. Mr. Chairman, may I inquire, how much time do I have remaining?

The CHAIRMAN. The Chair will state that the gentleman from Illinois (Mr. FINDLEY) has 7 minutes remaining.

Mr. FINDLEY. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. MCCLOSKEY).

Mr. MCCLOSKEY. Mr. Chairman, we have heard the argument of what would happen to this country and the dangers we would suffer if the Saudis went down and the AWACS technology passed, presumably after 1988, into other hands.

The Congressional Budget Office, however, has estimated that if Saudi Arabian oil is lost to us, this country would suffer a 2-percent increase in unemployment. We have learned that that means perhaps an $80 billion additional annual deficit.

If the Saudi oil were lost to us, we would suffer a 5-percent drop in our gross national product and a 20-percent increase in the rate of inflation. That damage to our national security and our national economy would be far graver than the possibility that by 1988 there will not be an English or a French or a Belgian or a Soviet AWACS technology that will be well known in the area of the Middle East. The risks are there, but the risks of

that technology being lost are minor compared to the economic loss.

The CHAIRMAN. The time of the gentleman from California (Mr. McCLOSKEY) has expired.

President Reagan stands at the threshold of our greatest, and perhaps last, opportunity to achieve a lasting peace between the Palestinians and Israel. Such a peace requires recognition of both the Palestinians' right to a homeland and the Israelis' right to security within their own borders. Until a Palestinian homeland is defined and recognized, there seems little hope of achievement of a lasting peace in the Middle East. A failure to meet Palestinian homeland aspirations could well mean the ultimate holocaust for Israel at such time as one of the less-stable Arab leaders obtains nuclear weaponry.

The only possible place for a Palestinian homeland is on the West Bank and in Gaza. The autonomy of these areas—their government by the Palestinians living there—was the goal of Camp David, to which Menachem Begin agreed. With the death of Anwar Sadat, it seems even more important that his courage in initiating the first Arab-Israeli talks, which culminated in Camp David, be continued toward the ultimate peace which he envisioned.

The Camp David negotiations broke down over a year ago because of three factors: First, the intransigence of the Begin government in expanding Israeli settlements, seizing East Jerusalem, and opposing true autonomy in the West Bank, second, the refusal of King Hussein of Jordan to participate in the process begun at Camp David; and third, the continuing unwillingness of Yasser Arafat and the PLO to publicly recognize Israel's right to exist, thus allowing the Israelis to continue to refuse negotiations with the PLO as spokesman for the Palestinians.

If Begin, Hussein, and Arafat are to be moved from continued intransigency toward compromise, it is clear that the United States and the Saudis are the keys. The United States and Saudi Arabia must work together if an environment for fruitful negotiations is to be created.

The Saudis and the United States are natural allies. Despite its relatively small population of 7 million and a vulnerable geographic position, centered among the Soviet armed and advised countries of Iraq, Libya, Ethiopia, and South Yemen, Saudi Arabia is the most stabilizing political entity in the volatile Persian Gulf area. With 25 percent of the world's oil reserves, and over $100 billion annually in oil revenues, the Saudis are a giant economic and political force.

We should not forget that when OPEC wanted to raise oil prices, the Saudis voted to keep them down, thus assisting the United States' fight against inflation. When the Iran-Iraq War threatened U.S. oil supplies, the Saudis obliged us by increasing their production despite their national policy for a steady flow of oil. It was largely the Saudis' oil reserves which, in 1980, impelled President Carter to commit the United States to use military force, if necessary, to prevent a Soviet or other nation's intrusion into the Persian Gulf.

As well as being a crucial source of oil and a bulwark against Soviet advances into the Gulf countries, however, Saudi Arabia has the capacity and opportunity to advance a posture of negotiation rather than of military confrontation alone. Just as we give Israel nearly $2.2 billion a year in military and economic aid, the Saudis are not likely to retreat from their annual $1.4 billion assistance to Jordan and perhaps an equivalent sum in support of the Palestinians. The late King Faisal of Saudi Arabia once told a group of touring U.S. business leaders that he would spend every dollar of his oil revenues, if necessary, to insure that he could once again worship, untrammelled by Israeli bodyguards, at the great Islamic temple in East Jerusalem.

If the United States and Saudi Arabia could agree upon and promote a joint policy for peace among Israel, Jordan, and the Palestinians, it seems highly probable that those countries could agree on a series of definitive steps for the establishment of a Palestinian state on the West Bank and Gaza. The state could be demilitarized and perhaps confederated with, but not controlled by, Jordan. This agreement would require the P.L.O.'s recognition of Israel and Israeli negotiations with the P.L.O. It might also require the same kind of multinational or U.N. peacekeeping force on the West Bank as we envision in the Sinai between Israel and Egypt.

I would be glad to see U.S. troops as part of such a peacekeeping force if it were an essential ingredient of a permanent Palestinian-Israeli peace. Israel has much to gain by the same relationship with Saudi Arabia that it now enjoys with Egypt. A lasting peace will only come when Saudi and other Islamic peoples are free to pass through the West Bank and there has been created some sort of international corridor to allow worship by Islamic peoples and leaders in East Jerusalem without the indignity of passing through an Israeli checkpoint.

This kind of peace . . . with both the Palestinians and the Saudis . . . with an international and/or U.S. peacekeeping force if necessary . . . could give the Israelis a much greater degree of security than they now have.

The United States has a tremendous stake in such a peace. We currently pay over $5 billion a year to three countries, Israel, Egypt, and Jordan, to preserve the shaky and temporary ceasefire which has existed since 1973. Another Israeli-Arab war could have an even more disastrous impact on our economy than the 1973 war.

To remove this major problem standing between the 43 Islamic nations and the United States would also be of immense assistance in minimizing the chances of confrontation with the Soviets in the Gulf and Africa. President Reagan should be permitted by the Congress to approach this opportunity and challenge with every weapon at his command, including the sale of the AWACS to the Saudis.

In the 14 years I have served in this House, I have seen Congress increasingly infringe upon a constitutional duty which only the President can perform, that of conducting delicate negotiations in foreign affairs. We can, and should, be the final decisionmaker in the declaration of war and in the ratification of treaties. But as to ongoing negotiations, we as a legislative body are neither competent nor suited to involve ourselves in day-to-day negotiations. In the Mideast today, only the President can successfully attain a lasting peace. It is time we allow the pendulum to swing back toward Presidential power.

Mr. Chairman, the American Israeli Public Affairs Committee (AIPAC) won a great victory today.

As AIPAC stated in a flier received by each Congressman today—

In 1981, AIPAC is the only organization lobbying—night and day—against the Saudi arms sale package. Simultaneously, in the leanest fiscal year in Washington in two decades, AIPAC is working to guide and protect this year's foreign aid request for Israel of $2.2 BILLION (emphasis theirs) through each house of Congress.

In 1979, AIPAC lobbied successfully for $1.8 BILLION (emphasis theirs) in military and economic aid as well as an additional $3 BILLION (emphasis theirs) for Israel to relocate her defense forces from the Sinai. In 1980, on an operating budget of just over $1 million, AIPAC helped secure $2.2 BILLION (emphasis theirs) in aid for Israel.

AIPAC's Executive Committee is comprised of one hundred distinguished citizens, one-third of whom are Presidents of major American Jewish organizations, and the other two-thirds of whom are important non-elected political leaders from across the United States.

As long ago as last June, AIPAC had convinced over 250 Members of the House to oppose the AWACS sale.

There is nothing sinister or devious about this lobby. It was fairly described over 6 years ago in the New York Times article which follows. It numbers among its constituents at least 13 of the most important Jewish organizations of the Nation.

Until reading this New York Times article, however, I had never understood the B'nai B'rith Anti-Defamation League (ADL) to be a lobbying or-

ganization. The ADL has clearly become an effective lobbying organization, however; the ADL played a major role in the AWACS defeat in the House, publishing ads in the major Los Angeles newspapers opposing the AWACS sale and persuading nearly all of Los Angeles County's members to be part of the 301 to 111 majority against the sale.

Lobbying is and should be an honorable and important part of the American political process.

Hopefully the Jewish community organizations which work with AIPAC will never again resent or fear being referred to as a powerful and persuasive lobby capable of persuading the House of Representatives to take a position favoring Israel by reason of the force of their arguments and the intensity of their emotions and participation in the American political scene.

If nothing else, I would hope that the debates of the past several months will cause every American of Jewish descent to proudly participate as a lobbyist in those causes which he or she favors.

As the New York Times pointed out in 1975, the Israeli lobby in Washington was then "small and powerful." Today it is large, and even more effective.

[From the New York Times]

THE ISRAEL LOBBY IN WASHINGTON IS SMALL AND EFFECTIVE

(By David Binder)

WASHINGTON, August 7.—Once a week, representatives of 14 national organizations that claim to represent four million American Jews meet in a modestly furnished office in downtown Washington to discuss Israel and what they think should be done to help her.

They constitute the so-called Israel lobby—by many accounts the most powerful, best-run and effective foreign-policy interest group in Washington. Many fear it. Some resent it. But all in the Administration and Congress who deal with the Israel lobby, seem to respect its might and admire its agile leadership.

"I am envious of them," said Senator James G. Abourezk, Democrat of South Dakota, who is of Arab origin.

Its spearhead is the 21-year-old American Israel Public Affairs Committee which is registered as a domestic lobby with both the House and the Senate.

The director is Morris Amitay, a New Yorker with a wealth of experience as a State Department officer and a legislative assistant on Capitol Hill.

He seems to be a born persuader—low-keyed but persistent, alternating good humor with earnestness. He counts Israel's Premier Yitzhak Rabin as a friend and Secretary of State Kissinger as an old acquaintance.

ON BEHALF OF ISSUES

"We lobby on behalf of issues of interest to Israel," he said.

Mr. Amitay works largely with a battery of telephones. A secretary's phone has instructions written on it to "put calls through immediately" to him from an Under Secretary of State, Ambassador Simcha Dinitz and "any Senator."

Recenty the pace of Mr. Amitay's work has picked up. He instituted the weekly meeting of Jewish organization representatives two months ago. The day is kept confidential for security reasons, he explained.

Mr. Amitay is also planning to expand his operation beyond its present staff of 12 and to increase its budget beyond its $350,000 a year. Why?

"The reason is American Jews are scared," he began. "Scared is not the word," he corrected himself. "But concerned, concerned after the Yom Kippur war that the United States' efforts to improve relations with Arab states not be at the expense of the security of Israel."

An example of how the American Israel lobby works was provided last month when it became known that the Ford Administration was asking Congress to approve the sale to Jordan of 14 improved Hawk missile systems worth $256 million.

The same day a confidential notification from the Administration reached the Senate Foreign Relations Committee and the House Foreign Affairs Committee concerning the proposition Mr. Amitay was informed of it, though secret, by aides of Senator Clifford P. Case, Republican, of New Jersey, and Representative Jonathan B. Bingham, Democrat of New York.

Under the law Congress had 20 days to approve or disapprove of the request; Mr. Amitay said the two members of Congress asked for his "reaction" to the Administration letter.

Working through the next weekend, Mr. Amitay and his staff were ready on Tuesday, July 15, with a two-page memorandum succinctly describing the scope and nature of the Hawk sale, concluding that it was a weapon capable of "providing cover for offensive operations" against Israel.

The memorandum was mailed to all members of both Houses of Congress and was also distributed with covering messages to Jewish communities in 197 major cities and 200 smaller cities across the country.

The mobilization of 13 national Jewish organizations was instantaneous. They are: American Jewish Committee, American Jewish Congress, B'nai B'rith International, B'nai B'rith Anti-Defamation League, Jewish War Veterans, National Jewish Welfare Board, National Council of Jewish Women, Jewish Community Council Union of American Hebrew Congregations, Institute for Jewish Policy Planning and Research, National Conference on Soviet Jewry, Zionist Organization of America and B'nai B'rith Women.

According to Mr. Amitay, the American Israel Public Affairs Committee has a nationwide membership of 12,000. The budget is met entirely by individual contributions, the highest of which is $5,000 he said. The relationship of the committee to the 13 other Jewish organizations is informal but close. As for the committee's relationship to Israel, Mr. Amitay remarked that he travels to Israel at least twice a year and he confers frequently with Ambassador Dinitz and other Israeli diplomats.

Within 24 hours of the distribution, Congressmen were being deluged with phone calls, telegrams and mailgrams from Jewish constituents, urging them to oppose the Hawk sale to Jordan.

Edward J. Derwinski, Republican of Illinois, recalled having received two such telephone calls and having argued his opinion that the "military security of Jordan could be an asset not a liability to Israel."

"I was absolutely firm, so they backed off," he said. But he complained of an "overpresence" of the Israel lobby, and of its "steady pressure."

"It's as if they say, 'if you don't agree with us now, whatever you did before for us doesn't count'," he went on, "I think it is overkill."

"Overkill?" Mr. Amitay commented with a quizzical look. "Better to overkill than to underkill, if you are trying to achieve something."

"If we have to make a case solely on the basis of the interest of Israel, we've had it," he says. "Basically I think we are effective because we have a good case—what is good for Israel is good for the United States. We stick by it. We're effective as a lobby because we've got a lot of people we can call on immediately."

In Mr. Amitay's recollection, "we've never lost on a major issue." Major issues are counted as continuance of large military and econmic aid appropriations for Israel—larger than the Administration requests—and questions involving Israel's security.

The Hawk sale was also rated as a "major issue" by Mr. Amitay. He sent out a second memorandum, on July 18, recounting recent statements by Jordanian leaders to the effect that new military equipment acquisitions would enable Jordan to carry out offensive operations against Israel.

RESEARCH STAFF COMMENDED

Mr. Amitay says that his three-member research staff is one of the best in Washington. "We subscribe to The Jerusalem Post and The Beirut Star, and besides I know all these guys at State and Defense and the C.I.A."

The lobby's campaign was bolstered by Senator Case and Representative Bingham, who submitted resolutions disapproving of the proposed sale of Hawks to Jordan. Mr. Amitay testified at length on the subject before the Senate Foreign Relations Committee on July 21.

By the following evening, both the Bingham and Case resolutions had picked up many cosponsors. Admitting temporary defeat, the Administration backed off, deciding to postpone a confrontation on the issue by resubmitting in September, when Congress reconvenes, the request for approval of the Hawk sale.

For Mr. Amitay it was a satisfying demonstration of quick application of lobbying power. "I put a premium on working quickly, on quick response," he said. "That's why I like being fairly small and unbureaucratic."

Among those politicians who disagree with the Israel lobby and have felt its sting are Senator Charles H. Percy, the Illinois Republican, and Senator Abourezk.

Last January Senator Percy returned from a Middle East tour and declared that Israel would eventually have to retire from most of the territory she seized from the Arabs in the 1967 war. He added that he found the leader of the Palestinian Liberation Organization, Yasir Arafat, relatively "moderate" compared with other Palestinian leaders.

Since then he has received about 20,000 pieces of mail—his office said it was still getting about 50 letters a week—from Americans antagonistic to his views. Mr. Amitay stirred much of this personally criticizing Senator Percy in his organization's "Near East Report," though he says now that "Percy is not irredeemable."

Senator Abourezk, who supported the Arab nations after the 1973 war in the

Middle East, said that he had received "a lot of vicious hate mail" afterward.

The Senator added that at a New Year's Eve Party given by a South Dakotan, "dossiers on me were distributed to every guest and they were prepared by the Israel lobby."

Another Democratic Senator said he would talk about the Israel lobby, but only on back-ground, "because they can deliver votes and they control a lot of campaign contributions—that's why I can't go on the record, or I'd be dead."

"It is the strongest lobby," he went on, adding: "It doesn't dilute its strength by lobbying on other issues. A lot of members resent it, but they don't feel they can do anything about it. That lobby wants to do Congress' thinking on Israel. They don't want any independent judgments."

"Last spring the Israel lobby rounded up those 76 Senators to sign the petition backing Israel," another member of Congress recalled, adding: "A lot of guys said they were afraid not to sign it, even though they didn't want to. Some of them told me it was the last time they would sign such a petition. But if another one comes I'll bet they'll be just as scared of the lobby and sign up again. But don't quote me by name."

While the lobby concentrates mainly on aid to Israel and defense questions, it occasionally gets involved in what Mr. Amitay calls "peripheral issues." One of these was whether the United States Navy should acquire a base at Diego Garcia in the Indian Ocean.

"If we're asked we say 'yes,' " he said, adding that an uncontested Soviet naval presence in the Indian Ocean might prove strategically detrimental to Israel.

Mr. Amitay said that he was confident about the future of his lobby, regardless of the resentments his efforts might stir. "We have been systematically visiting the freshman class of 91 Congressmen and the 10 new men in the Senate," he said. "Our relations are very friendly, stronger with the freshman class than with the House as a whole."

Mr. FINDLEY. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan (Mr. DUNN).

Mr. DUNN. Mr. Chairman, I rise in support of the resolution and in opposition to the sale.

Mr. Chairman, today the House considered and adopted House Concurrent Resolution 194, a resolution disapproving sale of AWACS and other materials to Saudi Arabia. I cosponsored a similar resolution offered by the gentleman from Maryland (Mr. LONG) and strongly supported today's passage.

The administration is correct in being concerned about the stability of the current Saudi regime. Peace in the Mideast and protection of our access to oil fields there are basic to U.S. interests and security. This sale, however, will add nothing toward safeguarding these interests. The United States already has AWACS deployed near the Persian Gulf, under U.S. control, keeping an eye out for potential strikes from Iran or the Soviet Union. In addition, the real threat to Saudi stability comes from internal dangers to the monarchy. AWACS and enhanced F-15's will prove no defense to the type of domestic turmoil which overthrew the Shah and assassinated President Sadat.

You would think we would have learned a lesson from our experience in Iran, where tons of sophisticated military equipment were left to Khomeini's followers and with whomever they cared to share them. The Sadat assassination reaffirms how easy it is for a seemingly stable regime in the Mideast to become suddenly vulnerable.

The Saudis are still calling for the elimination of Israel and still publicly state that Israel is their No. 1 threat, not the Soviets. The additional equipment for the F-15's extends their range and allows use in overflying Israel. The AWACS could cut off the Israelis' use of the preemptive strike, one of their most effective methods of self-preservation. To say that this proposed sale will not affect Israel's security is to ignore the potential use and effectiveness of these weapons in the hands of those who consider themselves Israel's enemies.

Mr. Chairman, I hope that this Congress will reject this sale, and that the administration will then reconsider what is truly in the U.S. best interests when it comes to arming nations in this volatile part of the world.

Mr. FASCELL. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Michigan (Mr. BLANCHARD).

Mr. BLANCHARD. Mr. Chairman, I wish to thank the gentleman from Florida (Mr. FASCELL) for allowing me to address this question.

Mr. Chairman, I rise in opposition to the sale of AWACS planes and F-15 enhancement equipment to Saudi Arabia, and consequently, I rise in support of the resolution of disapproval under discussion today.

The sale of F-15 enhancement equipment, and particularly, the sale of AWACS, to the Saudis, is not in the best interests of peace in the Middle East.

The recent tragic slaying of Anwar Sadat underscores the instability and fragility of the situation in the Middle East. The Government of Saudi Arabia will not be protected by their possession of AWACS and F-15 enhancement equipment. The stability of the Middle East will not be enhanced by Saudi possession of this potentially lethal equipment. Even with this additional equipment, the Saudis actual defense needs will not be met. Their vast amounts of unguarded territory, and their important oilfields will not be greater protected. Moreover, the AWACS and F-15 equipment, it serves any purposes at all, serves to increase threats to the peace, should the Saudis directly or indirectly use this equipment against our closest ally in the Middle East, the State of Israel.

The Reagan administration and other supporters of the unwise sale darkly imply that the Israeli lobby is behind the strong opposition that exists in Congress against it. Let me make something clear: I and many of my colleagues, indeed most of my colleagues, strongly support an American foreign policy committed to Israel. However, independent of that, the AWACS and F-15 equipment sale is not in the interests of our own country. We as Americans should not support an arms sale that promotes instability in the Middle East.

Two final points, Mr. Chairman: One, it has been suggested that the Saudis will buy British-made Nimrods if we do not sell them AWACS. I am appalled at the suggestion that the U.S. Department of State will be unable to impress upon our allies, the British, the folly of a Nimrod sale. We can certainly expect that President Reagan will be able to speak with Prime Minister Thatcher about the dangerous implications of a Nimrod sale to the Saudis, implications at least as serious as any AWACS sale.

Finally, I am particularly disturbed about the Saudis' rejection of any compromises involving the sale of the AWACS, along lines suggested by Senator GLENN. I would have opposed the AWACS and F-15 equipment sale to Saudi Arabia in any event, but the Saudis' recent decision not to even seriously consider compromise underscores the dangers that will arise by any sale of this equipment. The Saudis have demonstrated not moderation, but as they have shown so often in the past, a stubbornness that shows them as uncertain partners in our effort to achieve peace in the Middle East.

In April, Congressman JACK KEMP and I led a special order of over 100 Members of the House in raising questions about the F-15 equipment and AWACS sale. Nothing since then has convinced me that the interests of peace or of this country are served by the sale of this equipment. The Saudis have consistently opposed the Camp David peace process, have funded the PLO, and in several ways have forced me to conclude that the well-meaning, but misguided policy of the administration must be opposed in this instance.

I urge my colleagues to join me in supporting the resolution of disapproval.

Mr. FOUNTAIN. Mr. Chairman, I yield 4 minutes to the gentleman from West Virginia (Mr. RAHALL).

Mr. RAHALL. Mr. Chairman, I do not think any of the opponents of this resolution of disapproval of the AWACS sale to Saudi Arabia could be described today as anti-Israel or against the security of Israel. Indeed

many of those, however few in number, who will vote for the sale of the AWACS to Saudi Arabia have indeed been and are strong supporters of Israel.

As for myself, I have in the past voted to cut off military aid to the country of Syria and indeed on another occasion voted to give the President discretion in regard to military aid to that country in the Middle East, when I felt its aggressive actions endangered the territorial sovereignty of Lebanon and thereby the security of Israel.

In regard to the AWACS sale to Saudi Arabia, three former U.S. Presidents, as well as the present administration, have made the crucial decision that the sale of AWACS to Saudi Arabia is indeed needed to the defense of this key country in the Middle East and is in the best interests of the United States as well as Israel. This administration hopes to develop a strategic consensus, to quote Secretary Haig, within this part of the world; a consensus that is built upon three countries being important to the United States vital interests. These three countires, of course, are Israel, Egypt, and Saudi Arabia.

Because of recent events in Egypt and the firm leadership now being exerted by its new President, it is now more important than ever that this country show that its friendship to Saudi Arabia is more than a one-way street. The United States and the Soviet Union do not have the same aims in the Middle East, and since Saudi Arabia shares this country's commitment to resist growing Communist aggression, it is important that America's commitment to Saudi Arabia, as well as to Israel and Egypt, be further strengthened by the sale of AWACS to Saudi Arabia.

Saudi Arabia has been a major force working for moderation in the Middle East. Already this afternoon speakers have shown how Saudi Arabia helped us achieve a cease-fire in the country of Lebanon during this past summer a cease-fire essentially between Syria and Israel.

Saudi Arabia has been a moderate with OPEC nations, with its firm stand for oil pricing restraint and its willingness to increase oil production when it is needed in the Western industrial nations, showing its desire to maintain a strong friendship with the United States.

Mr. Chairman, I believe it is now time for our country to show that, with these efforts that have been initiated by the Saudis coming toward our country, indeed friendship is a two-way street. Now more than ever, America's interests in the Middle East must be protected. We cannot close the door on a nation that is willing to join us in our effort to bring stability to this long-embattled region of the world.

I will support this sale of AWACS to Saudi Arabia.

Mr. Chairman, I think it is also worth mentioning that Saudi Arabia has always shared our commitment to a stable economic calm within the Middle East. It purchases American products. And for my friends within the AFL-CIO in this country who, I realize, are opposed to the sale of AWACS, I would point out that roughly 20 percent of Saudi Arabia's imports come from the United States, which accounts for the creation of a quarter of a million jobs within the United States.

Saudi Arabia is also a conservative, consensus-organized, closely knit society, based on religious observance, the family and Arab traditions dating back to ancient times of this area. These disciplining realities have resulted in a society that is stable and a society that is cohesive and indeed a society that is objective by any comparable tests in this part of the world.

Mr. Chairman, I do not think this debate today or the decision of this administration should be the cornerstone for our policy in the Middle East as there are far more complex and difficult routes that must be pursued, but I believe the defeat of the AWACS sale could indeed pose serious risks for peace in the Middle East.

Mr. DERWINSKI. Mr. Chairman, I yield 2 minutes to the gentleman from Connecticut (Mr. DENARDIS).

Mr. DENARDIS. Mr. Chairman, I rise in support of House Concurrent Resolution 194, to oppose the proposed military arms sale to Saudi Arabia which includes the well-publicized AWACS (airborne warning and control system) aircraft. As an original cosponsor of the resolution to disapprove the sale, I have on many occasions cited my reasons for this opposition. I do not believe that we should entrust our most advanced technology and secrets to Saudi Arabia or any other nation; I am greatly concerned about the potential for political instability in Saudi Arabia, and the possible dissemination of sensitive technology and information to radical forces in the region; I am greatly disturbed by the new jeopardy and threat to security that the sales will create for Israel, our most reliable ally in that pivotal region of the world; and the imprecise nature of assurances and control between the United States and Saudi Arabia raise important legal, military and political questions.

I must add, that I have considered the arguments for the sale and find that the likely defeat of President Reagan's first major foreign policy initiative as it may affect his credibility for leadership and the possible discouragement of moderate Arab States and leaders, to be the strongest reasons for a vote against disapproval.

All things considered, the real problem with AWACS is one that has long plagued American policy in the Mideast. The United States has drifted into using arms sales to satisfy political pressures or designs of the moment rather than to resolve the underlying Arab-Israel split. For the AWACS deal is meant not only to draw Saudi Arabia into a closer strategic partnership. It is meant also to dull Saudi protests that the United States is not pressing hard on the Israeli-Palestinian front. This puts the United States in a bizarre position of providing weapons that aggravate the possibility of war, even while it hangs back from the diplomacy that might ease that possibility. The diplomacy it hangs back from, moreover, is its own: Camp David. Saudi Arabia, with nothing to put in its place, has used its greatest influence to undermine this process in both Egyptian and Palestinian aspects.

I will admit that the Israelis and others have benefited from American readiness not to link arms sales to diplomatic cooperation. But, this is a policy Americans must choose to change.

Progress toward an Israeli-Palestinian solution through meaningful diplomacy and negotiations will not solve all the United States Mideast concerns, but it would certainly help. The Saudis should not have to be reminded that such progress will do far more for their security and nerves than a new arms deal.

Mr. FINDLEY. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. LUNGREN).

Mr. LUNGREN. Mr. Chairman, I have listened to the debate and tried to figure out for some period of time where exactly I would come down on this issue.

I have decided that I will support the President. I think the prime reason for that is this: I received a copy of an exchange of views at a seminar of the Center for International Security, where Maj. Gen. George Keegan spoke. He is a staunch opponent to the AWACS sale, and at one point he said, "I must admit the Nimrod argument is something I cannot counter. It is extremely efficient, not superior of the AWACS, but it will do the job."

In other words, we are not really arguing about whether the Saudis will have the technology. The real question is, will they get it from us or will they get it from the British or someone else, and will we have any leverage on its use whatsoever?

Mr. Chairman, when we look at it that way, it appears that much of the debate we have had today is really on the question of form over substance.

Let us take a realistic look at this issue and vote against the resolution.

The CHAIRMAN. The time of the gentleman from California (Mr. LUNGREN) has expired.

Mr. FINDLEY. Mr. Chairman, I yield myself the balance of the time that has been assigned to me.

The CHAIRMAN. The gentleman from Illinois (Mr. FINDLEY) yields himself the remaining 5 minutes of his time.

Mr. FINDLEY. Mr. Chairman, this body is participating today with the President of the United States in the formulation of a very important point of foreign policy that will both affect the President's ability to function as the Chief Executive in foreign policy matters and as Commander in Chief of the Armed Forces of the United States.

□ 1330

So we are assuming a heavy burden as we ponder this resolution and decide how to vote. I would ask each of my colleagues to think about his vote, to look beyond the technicalities of the resolution, to look beyond the technicalities of AWACS and the extra equipment for F-15 fighter aircraft. Those technicalities are important, but they really are not the fundamental question at stake here today.

Circumstances have placed upon the President of the United States the duty, the responsibility, the inescapable responsibility, to provide leadership for security throughout the Middle East. It cannot be shifted to anyone else.

I do not know of anyone who would like to see the United States by itself become the policeman of the Middle East. Who would really relish that assignment for our country?

That means, then, that if we are to provide leadership we must have cooperation with other major states in the region. We, of course, will have cooperation from the State of Israel. But that alone is not enough.

The President of the United States must have the highest possible level of cooperation with moderate Arab States. Now that we have uncertainty in Egypt, it argues even more forceably for the President to have cooperation from Saudi Arabia.

We can turn down the AWACS proposition. It is bound to be a setback for the President in dealing with Saudi Arabia, and I will later recount the many instances in which Saudi Arabia has helped our country in this role of Middle East security leadership. It has been a vitally important role.

So I would ask my colleagues to consider the problems the President faces, and recognizing that in wrestling with the day-to-day uncertainties of Middle Eastern policy he needs to have a good, cooperative relationship with Saudi Arabia. We are all aware of the dangers that exist. There is talk now of a possible coup by Qadhafi in the Sudan and what will be the United States response. There is a prospect that we might have to be engaged militarily. President Reagan has made a comment about internal disturbances in Saudi Arabia and indicated that our national interests would require us to help bring stability should some sort of insurrection occur. Jimmy Carter not long ago declared that we should be the nation to defend the Persian Gulf from any adventurism from the Soviet Union.

This adds up to an awful burden upon the President. Do we want the United States standing alone as the policeman of the Middle East? It just does not make sense. We need the cooperation of friendly states such as Saudi Arabia to defend our interests.

In order to advance the leadership potential of the President, we really owe it to him to cooperate in this reasonable, moderate security relationship which Saudi Arabia has requested. To do anything short of that is to undercut the President in this very critical time of need.

In the wake of the death of President Sadat, the burden of Middle Eastern leadership falls even more heavily upon the Oval Office and we should provide our cooperation.

In addition, I would stress that the sale of AWACS to Saudi Arabia will serve important U.S. security objectives:

It will enable Saudi Arabia to improve greatly the deterrence against attacks on oilfields in the southern Persian Gulf and to reduce the need for rapid U.S. reinforcements or for U.S. forces in the Gulf.

It will provide a greatly enhanced capability for the U.S. Air Force and U.S. Navy carrier aircraft to provide Saudi Arabia with "over-the-horizon" reinforcements in contingencies such as an all-out Iraqi or Iranian attack or a major Soviet move into the gulf. This will strengthen the U.S. capability to protect our oil supplies from the gulf.

It will create a long-term strategic partnership between Saudi Arabia and the United States that will encourage Saudi moderation and strengthen the pro-Western elements of the Saudi Government; the alternative is to force Saudi Arabia to take a more radical posture toward the Arab-Israeli conflict.

It will make Saudi Arabia dependent on continued U.S. technical and arms support and make it almost impossible for Saudi military strength to be deployed effectively against Israel; the alternative is for Saudi Arabia to obtain arms over which the United States has no control and which may be far more offensive in nature. Indeed, the British Government has stated that it is willing to sell the Saudis the Nimrod, an airborne early warning system comparable to the AWACS and the French are ready to sell the Mirage fighter aircraft should the Saudis cancel the F-15 sale because of congressional refusal to see the AWACS and F-15 enhancement equipment.

Moreover, Saudi Arabia has been supportive of U.S. interests. When the Iran-Iraq war reduced the oil exports of those nations to the West, Saudi Arabia increased its oil production so that western economies—including our own—would not be adversely affected. Saudi Arabia has frequently cooperated with the United States in providing economic aid to friendly countries that are strategically important such as Tunisia, the Sudan, Somalia, Pakistan, and Turkey. Saudi Arabia has often served as a moderating influence in Arab councils, dissuading Arab States from undertaking acts contrary to U.S. interests. With the United States, Saudi Arabia has sought to curb Soviet influence in the Middle East and condemned the Soviet invasion of Afghanistan.

While Saudi Arabia has differed with us on the Camp David process, it is firmly committed to a peaceful solution to the Middle East conflict. Saudi Arabia was instrumental in the achievement of a cease-fire in Lebanon this past July. And Saudi Arabia recently issued an eight-point peace plan which implicitly accepts the right of Israel to exist and live in peace. It demonstrates the desire of Saudi Arabia for a peaceful solution; it is an important step forward.

For these reasons, I support the sale of AWACS to Saudi Arabia.

Mr. DERWINSKI. Mr. Chairman, I yield myself the remaining time that I have.

The CHAIRMAN. The gentleman yields himself 5 minutes.

Mr. DERWINSKI. Mr. Chairman, I believe the House should disapprove this sale and thus I strongly support House Concurrent Resolution 194. I believe the interests of the United States do not rest on providing Saudi Arabia with the AWACS and additional offensive capability for its F-15 fighter aircraft under the proposed conditions.

I do not oppose providing Saudi Arabia with the protection that AWACS gives but I believe we must control the system. The AWACS planes now on station in Saudi Arabia are providing the intelligence needed by the Saudis to help protect their oil installations. This practical relationship should be maintained and the AWACS should be available for this assignment whenever the Saudis feel the situation warrants the deployment.

Another major controversy in the administration's package is the modifi-

cations to improve the offensive combat capability of the F-15 fighter aircraft. The equipment sought by the Saudis for the F-15's would extend their range and combat capability, converting the planes from defensive to offensive fighters and giving Saudi Arabia an offensive air capability it does not need.

AWACS, under unilateral Saudi control and the F-15 enhancement package would increase Saudi offensive capabilities immeasurably for potential use against Israel. Having involved itself against Israel in three wars, and still technically at war, Saudi Arabia, with these additional offensive capabilities, could give the radical Arab countries dangerous strategic advantages over the Israeli Air Force in the event of renewed hostilities.

Obviously this package would increase tension and severely complicate the strategic picture in the Middle East.

However, the principal threat to Saudi Arabia is internal, a threat being stimulated by the radical Iranian Government, the U.S.S.R. and the Libyan dicatator, Mu'ammar al-Qadhafi. Saudi Arabia must rely on the United States; it should therefore seek an acceptable arrangement with us assuring maximum defense and stability for itself.

What Saudi Arabia should do is to take concrete action to diffuse anti-Israeli fervor in the Middle East, to enhance the search for peace. Saudi Arabia should understand that Israel is not, as it has said, its principal enemy. Its principal enemy is the Soviet Union acting through the radical Arab rulers. Yet, Saudi Arabia continues to provide considerable financial support for those radial Arab States which are also heavily armed by the Soviets. The Saudis also subsidize the PLO despite its terrorist activities.

We are committed to the defense of Israel. Saudi Arabia should know that if she is attacked by her radical neighbors or the Soviet Union, the United States would help her defend herself. With its sparse population, however, and limited manpower and technical capacities, Saudi Arabia should dedicate herself to defense and concentrate on reducing tensions in the Middle East. The AWACS/F-15 enhancement package does not contribute to these goals.

Mr. Chairman, I again remind the Members that there are now AWACS planes in Saudi Arabia providing coverage to the Saudis. But no one objects to that. I think it is a very practical undertaking. I think it should be maintained.

What the resolution of disapproval addresses, however, is turning over the AWACS technology and the other parts of the package to the Saudis down the road. That, to me, is impractical.

For my dear friends who are especially concerned with repudiating the President, I would like to give some background information. Early this spring a number of us met with key officials of the White House and State Department. We told them that the votes were not here in the House for the AWACS package to the Saudis. We suggested they go to the Saudis and tell them they were willing to keep all of the commitments Mr. Carter had made but that they could not get anything more from Congress.

That would have been a very logical, practical message to deliver to the Saudis. Some form of lend-lease with Saudi cooperation, for example, with the Rapid Deployment Force would have certainly been acceptable to the Congress, it would not have produced this controversy.

If there is any problem the President has here it is with poor advice that he has received from his staff. He received proper advice from us.

Then the question comes up as to the Saudi role in the Arab world. Keep in mind the very delicate balancing act the Saudis have to play. Yes, they are responsible. Yes, they are geopolitically valuable. Yes, they deserve our positive support in most instances.

But also, because of their own feelings of weakness and insecurity, they do, in fact, pay off the PLO. They do, in fact, pay off Syria. They do, in fact, subsidize other radical governments. Yet we are told, that they fear these same governments. There is an obvious contradiction.

I would like to point out, too, there is a limit to what Saudi money can buy these days in the Arab world. Colonel Qadhafi in Libya does not care at all about the living standard of his people. Most of his oil wealth goes into supporting revolution, terrorism and anti-Israel moves. He could outbid the Saudis for the cooperation of the Syrians or any other Arab country in the area.

So at issue here is our legitimate leadership which includes the necessary element of stability for the Saudis.

I would like to note, too, that some Members have implied that our oil supply is at issue here. It is not. The Saudis are going to be making their major sales to the West. They want hard currency. They want a little thing called the Yankee dollar.

Do my colleagues think for a moment that they would be selling their oil to the Soviets for rubles? What would they do with rubles, use them for wallpaper in their palaces? Rubles have no value.

The real economic value to the Saudis lies in their commercial relations with the West, and that means the United States of America.

At issue here is a rational, not a stubborn, Middle East policy. At issue here is to supply the AWACS as we are under present circumstances without giving away control over U.S. technology. At issue here is for someone else in addition to the Egyptians to pick up the drive for acceptance of Camp David and acceptance of Israel as a permanent and free state in the Middle East.

That is at the heart of the Middle East problem and until the Saudis could find themselves able to take some preliminary steps to help implement Camp David, to help the Jordanians move in that direction, to get the Syrian Army out of Lebanon so there can be peace in that tragic country. Until then I see no reason for us to feel we have to supply with them with this ultrasophisticated package.

For these and other reasons I would urge support of the resolution of disapproval. Frankly, I would suggest to my colleagues we do our great President a service by supporting this resolution.

Mr. FOUNTAIN. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. MATSUI).

Mr. MATSUI. Mr. Chairman, I would like to voice my strong opposition to the sale of AWACS surveillance aircraft and F-15 enhancement equipment to the nation of Saudi Arabia. This proposed sale neither serves the national security interests of the United States, nor contributes to further stability and peace in the Middle East.

In exchange for this sale of highly sophisticated equipment, Saudi Arabia has made no concessions of its own, either to support the Camp David agreements or to work actively for peace. We are giving the Saudis new military capability without any assurances that our interests in the Middle East will be better protected.

We also have no guarantees these weapons would not be used for offensive purposes, and I believe the temptation to use them offensively would increase. How can this possibly contribute to a stability in the Middle East that would bolster our national security and that of other nations in the region?

Furthermore, the sale of this equipment is unnecessary. The highly sophisticated airborne warning and control system (AWACS) aircraft that would be sold to Saudi Arabia is not vital for that nation's air defense. If improved surveillance is required, less advanced but effective airborne radar systems, such as the Hawkeye, could be employed. If more refined surveillance is necessary, the role of the U.S.-controlled AWACS already stationed in Saudi Arabia could be expanded. Saudi air defense requirements would

thus be easily filled without the Saudis taking control of any AWACS.

The same agrument applies to the enhancement equipment. The administration says this equipment, which includes Sidewinder missiles and range-enhancing fuel tanks, is needed to deter possible attacks on strategic Saudi oilfields. Yet an attack by Saudi Arabia's Arab neighbors is unlikely, and if the Soviet Union were to attack the oilfields, the United States would probably intervene directly. Saudi Arabia has no defensive need for this additional equipment.

Another important consideration regarding the proposed sale is that if an internal coup were to topple the current Saudi Government, some of our most advanced military equipment would fall into hostile hands. Although the administration has publicly stated it would not allow a coup to take place, the recent assassination of Anwar Sadat graphically shows our powerlessness to guide Middle East internal events and prevent internal upheaval.

For these reasons: That the sale does not serve our national security interests, does not contribute to greater stability in the Middle East, and is not necessary to insure the air defense needs of Saudi Arabia, I stand in absolute opposition to this proposed military sale. I will cast my vote against it and I urge all my colleagues in the House to do the same.

Mr. FOUNTAIN. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. WAXMAN).

Mr. WAXMAN. Mr. Chairman, I rise in support of the resolution.

Mr. Chairman, the House is about to reach a momentuous decision on foreign policy. We have never before exercised our authority under the Arms Export Control Act to veto a proposal by the President to sell weapons to another country. But we are today faced with a proposal that is so flawed, that is so dangerous to our national security interests, that is so contrary to our foreign policy in the Middle East that we are about to take that very step today.

The sale of AWACS and offensive equipment for the F-15 Eagles destined for Saudi Arabia is the wrong proposal, to the wrong country, under the wrong conditions, at the wrong time.

Today's decision is a judgment about America's national interests—not Saudi Arabia's or any other country's. But it has also become increasingly clear that also at stake are our democratic values at home—the right to disagree with the President on a foreign policy issue.

Weapons sales are no substitute for a coherent foreign policy—especially in the Middle East, the most volatile region of the world. And an $8.5 billion package—the largest arms transfer in history—does not compensate for the failure to achieve a political consensus with Saudi Arabia on the search for peace in the Middle East.

We have a preeminent goal in the region—one whose urgency has been underscored even further after the tragic murder of Anwar Sadat of Egypt. That goal is the conclusion of the peace process, founded at Camp David, between Israel and its Arab neighbors.

Menachem Begin of Israel and Hosni Mubarak of Egypt have rededicated themselves just this past weekend toward fulfilling the dream. The United States has renewed its pledge to be the midwife to the peace process.

But what has been Saudi Arabia's role? It condemned Anwar Sadat for his journey to Jerusalem. It broke relations with Egypt upon the conclusion of the Treaty of Peace. It has rejected Camp David. It has renewed its commitment to jihad—holy war—against Israel. It has both financed and given moral support to the PLO—which has not only continued its campaign of terror against Israel but also applauded the assassination of Anwar Sadat.

Secretary Haig traveled to the Middle East last spring, intent on securing a "strategic consensus" in the region—an agreement, among the moderate states, to work together to confront Soviet intervention and aggression throughout the Persian Gulf and the Horn of Africa. Although warmly received in Egypt and Israel, the Secretary was rebuffed in Saudi Arabia. And to remove any doubt on this point, the Saudi Oil Minister, Sheikh Yamani, stated last May in New York that it was Israel, and not the Soviet Union, that is the greatest threat to the region.

So much for the strategic consensus with our Saudi friends.

Given these events, the question must be asked: How can we possibly justify extending the most sophisticated weapons in our possession to Saudi Arabia?

What have they done to earn them?

What do they promise in return for them?

The answers to these questions are self-evident. From the Saudis there is nothing but deafening silence.

And from President Reagan there is nothing but empty assurances that silence is golden.

When one also considers that these weapons can easily be used against Israel, who is an ally of ours in the Middle East, this proposal becomes even more troubling.

And when one realizes that we do not even provide the AWACS to NATO on the same basis as that demanded by the Saudis—outright ownership and control—then this proposal becomes completely unacceptable.

It is for these reasons, Mr. Chairman, that this sale must be rejected by Congress.

Before I conclude, there is one other aspect of this debate that must be publicly confronted.

The administration is waging a quiet but ugly campaign to malign opponents of this sale—to accuse them of being captive of foreign influences or domestic lobbies who hold the interests of another country higher than those of our own. It is a campaign that questions the integrity, motivations, and even the loyalty of opponents of this proposal.

These are charges that would not even deserve a response except for one thing: They come from the President and his advisers.

In a recent meeting with the President, one Senator who is opposed to the sale stated: "Prime Minister Begin doesn't control my vote." And the President is said to have replied: "You may not think Israel is controlling your vote, but the world will." What is clear is that this President will not lift a finger to change that repugnant perception.

The Republican sponsor of the Senate resolution to reject this sale has been accused, by White House aides, of adopting the position he has out of fear of losing Jewish campaign contributions.

A former President of the United States has said that this sale would certainly be approved but for the opposition of Israel and parts of the American Jewish community—as if it were improper for them to express opposition to this sale, and as if they "control" Congress.

And as the President demanded that Israel not interfere in any way in our internal political processes—and there has been no evidence that Israel has acted at all improperly—the President's men were escorting a member of the Saud royal family through the Halls of Congress to lobby Members to approve these weapons.

The implications of these incidents are extremely disturbing. It is not enough, apparently, to have a legitimate disagreement on American national security interests. The administration has chosen to discredit the motives of those who are forced to disagree with it on this issue.

Let me put this unfortunate matter to rest by stating the following:

The people have a right to petition their Government—on questions of both domestic and foreign policy.

Their representatives can respond as they see fit.

This is a pillar of our democratic society.

Our responsibility today is to weigh the national interests of the United States—and not any other nation's. It

is abundantly clear that this is, in fact, the issue guiding our debate.

It is an outrage, and the height of irresponsibility, to suggest that any other consideration is being weighed here today.

Mr. Chairman, I urge my colleagues to vote for the resolution of disapproval.

Mr. FOUNTAIN. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. OTTINGER).

Mr. OTTINGER. Mr. Chairman, I rise in strong support of the resolution of disapproval of aircraft sales to Saudi Arabia. I have spoken on the floor of the House on many occasions to oppose the dangerous sale of AWACS and other materials to Saudi Arabia. It is now more important than ever that we not risk this sophisticated technology to the ongoing potential of major upheavals in Saudi Arabia and other Arab nations.

The administration wishes to place in Saudi hands the AWACS aircraft, aerial refueling aircraft, AIM 9-L missiles, and conformal fuel tanks for F-15 aircraft already purchased by Saudi Arabia. The danger of this technology being transferred to radical forces and Soviet proxies is considerable. Indeed, the greatest threat facing Saudi Arabia is the same threat that faced the Shah of Iran: internal dissent. The AWACS can do nothing to protect the Saudi regime from overthrow from within. Moreover, a Soviet incursion of Saudi oilfields would not be stopped by Saudi-owned AWACS. Therefore, the most effective defense of Saudi oilfields, the greatest insurance for continued Middle East stability, and the best protection of our advanced technology, is American command and control of the AWACS—something which the Saudis have explicitly rejected. The Saudis have been completely intractable with respect to the terms of this sale. They have refused to allow the present AWACS arrangement to continue, or to allow for modification of the sale to provide for joint command and control of the AWACS.

The Saudis' obstinance on the terms of the sale is consistent with their intransigence on many other issues of mutual concern to Riyadh and Washington. The Saudis have steadfastly rejected the Camp David accords. They have never explicitly recognized Israel. They continue to be a major source of funding for the terrorist PLO. As the New York Times stated in an April 21, 1981, editorial:

> Contrary to the Pentagon's desire, the Saudis will not let the operation, or defense, or the AWACS to become the pretext for creating an American base on their soil. Contrary to the State Department's hope, they will not lead in urging an Arab compromise on the West Bank. They will not even accept the new Administration's rhetoric about the Soviet danger in the Middle East; the greatest menace, they still insist, is Israel.

Providing the Saudis with sophisticated weapons in view of the regime's instability and intransigence simply reflects the administration's utter failure to establish a coherent and effective foreign policy. It is the same incoherent foreign policy which lifted the Soviet grain embargo despite the fact that the Soviet presence in Afghanistan had not at all diminished, and Moscow's oppression of Soviet Jews and other minorities is at its most brutal level in years.

What is the purpose of this sale? Any major attacks on the Saudis would certainly require U.S. intervention; U.S. intelligence, including use of U.S.-operated AWACS, would be adequate and appropriate. The only reason for Saudi to insist on its own ownership and control is anticipation of a conflict of Saudi interests and those of America presumably over Israel which Saudi leaders still describe as its principal enemy. The prospect that the AWACS and other weaponry prepared for sale would be used against the United States and it interests make this sale ludicrous. Remember, Saudi Arabia has participated in all four major arab wars against Israel.

Indeed, the United States has become weapons-mad, arming conflicting interests all over the world. We have already seen Pakistan and India use U.S.-supplied weapons against each other. This overreliance on military solutions to diplomatic problems must be put to an end. There is no better place to start than with this sale.

Mr. Chairman, I strongly urge my colleagues to join me in voting "Yes" on this resolution of disapproval and rejecting this dangerous proposal.

Mr. FOUNTAIN. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan (Mr. HERTEL).

Mr. HERTEL. Mr. Chairman, I rise in support of the resolution.

Mr. FOUNTAIN. Mr. Chairman, I yield back the balance of my time.

Mr. FASCELL. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Louisiana (Mr. ROEMER).

Mr. ROEMER. Mr. Chairman, I have heard no reasonable argument for an AWACS sale without controls. Frankly, such a position is not in our best interests.

The only strong argument I have heard centers around the support of the President in foreign policy matters.

Such an argument is valid, but not persuasive.

No more persuasive than arguments of Presidential support as we shipped from the wetlands to the swamps of Vietnam.

No more persuasive than those who criticized Ronald Reagan's opposition to the giveaway of the Panama Canal or ratification of SALT.

We do not need 535 foreign policies; we need 1. But it must be a reasonable and strong one.

I will vote for the resolution opposing the sale, not to undermine the President, but to impart some constructive criticism.

This is the biggest arms sale in U.S. history. A deal of this magnitude without controls is not in our best interests.

No matter what Jimmy Carter or Henry Kissinger say, the issue is not Presidential politics, but rather the issue is what is in our national interests.

Therefore, I will cast a reluctant, but firm, "No" vote to this sale in this no-win situation.

American weapons should stay in American hands, especially the sophisticated American military technology that we rely on for our military supremacy.

Our own security has been impaired by allowing our priceless military technology to fall into the hands of our enemies. Our own Navy patrolling off the coast of Iran last year had to prepare to defend itself against our own advanced weapons fallen into the hands of the Iranian militants. The Phoenix missile, the F-14 fighter, and the Hawk surface-to-air missile are weapons systems that were compromised because we let those weapons out of our direct control. The United States lost an incalculable technical advantage over the Soviets with the loss of these weapons, almost certainly, into Soviet hands.

AWACS planes will not help the Saudis in case of Soviet attack. The Saudis themselves have few combat airplanes, and no capacity to defend themselves against Soviet airpower. AWACS would simply give the Saud royal family just a few minutes of warning before the attack. Only the United States could successfully repel an attack on the oilfields, yet without AWACS under our direct control, the United States would be one step removed from vital combat information. AWACS in no way helps the Saudis defend themselves against their greatest danger which is Iranian style internal subversion.

AWACS planes are presently operating in Saudi Arabia under our command. That is the status quo, and it should continue. The United States has not let any AWACS planes out of our direct command, not even with our closest allies in NATO. We should not entrust to Saudi Arabia situated in the most unstable area of the world what we would not trust to NATO. By maintaining command of the AWACS, we would insure that the information

gathered and transmitted back to us will be reliable.

The most logical and realistic use of the AWACS frankly would be to guide an offensive attack by militant Arabian States against Israel which has been the announced attitude of the Saudi Government. AWACS' ability to do this is disputed by the administration, even as they maintain that AWACS could be effective against the infinitely more formidable Soviets. Most military experts believe that AWACS can provide an offensive advantage to the Arab States, at least psychologically, it not militarily. This suspicion will add another destabilizing element to an already uneasy region. The sale of AWACS in an arms package with Sidewinder missiles and refueling tanks makes that package clearly an offensive, not a defensive, package.

The President should be our chief foreign policymaker. Congress does, however, have a necessary if limited role of consent to the major elements of a foreign policy. This arms agreement, the largest in American history, is just that as represented by the administration. Disagreement with the President's foreign policy is often constructive as when Ronald Reagan led the fight against the Panama Canal Treaty as a private citizen.

A joint command of the AWACS planes would be a constructive compromise in this instance. Joint command would insure that AWACS will not be used offensively. It would insure the security of the weapons system. It would guarantee that the information produced by AWACS would be both reliable and readily available to us. This is in the Saudis own interest because we are their only defense against the Soviets. Then let the Saudi royal family have their early warning system.

To argue that—if we do not sell the Saudis AWACS then some other arms suppliers will—is to miss the technological achievement of AWACS. No other radar systems is as superior, certainly not the British Nimrod, and that is why we have protected AWACS so closely—at least up till now. In any case, our foreign policy should not be based on competitively trying to sell weapons to other countries.

To give the AWACS to the Saudis for no other reason than the Saudis now expect them is to ratify a bungle. We should conduct a foreign policy based on principles and our interests, not in response to the tantrums of other nations.

Mr. FASCELL. Mr. Chairman, I yield 1 minute to the distinguished gentleman from New York (Mr. SCHUMER).

Mr. SCHUMER. Mr. Chairman, over the past month, I have spoken on the floor of the House almost every day in opposition to the sale of AWACS to Saudi Arabia. The arguments that I have made have been made again today by many of my colleagues, and have appeared in newspapers and scholarly journals throughout the country. These arguments have not been refuted; nor can they be. In fact, the only argument that really remains is that "We should not undermine the President." Indeed, that was the main focus of the plea the President made to the 43 Republican Senators he met with, and has continued to be his best argument in one-on-one meetings.

This argument can be paraphrased like this: "We admit that we can't argue on the facts, but don't undercut the President." In other words, even though the President has made a mistake, if we do not let him follow through with the mistake it will be bad for the country.

In recent days, we have heard three former Presidents accept this twisted logic. The fact that they have done so is understandable: Those three Presidents have made more than enough mistakes to go around. They wish that they had the assistance of that kind of lobbying when they made mistakes, too.

There is not one good reason for going ahead with this sale. I urge my colleagues to reject the sale.

Mr. FASCELL. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Florida (Mr. MICA).

Mr. MICA. Mr. Chairman, I oppose the sale and we all know the House will reject the sale of AWACS.

My message, therefore, is to the Saudis. I say that this should not be made a test of American friendship or this body's friendship. We in this House do want friendship with all of those who want to work for the cause of peace. We recognize our need to assist and to help protect the oil fields, protect international interests and U.S. interests.

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But the proposal was ill-conceived. It was not properly thought out, nor presented. The controls are not adequate. So I simply say that, as we turn this sale down, we might think of the actions in Egypt and what Mr. Sadat might have said, that we should move forward peacefully together, to find a better way to solve this problem.

Mr. FASCELL. Mr. Chairman, to close debate, I yield myself such time as I may consume.

The CHAIRMAN. The gentleman from Florida (Mr. FASCELL) yields himself 4½ minutes.

Mr. FASCELL. Mr. Chairman, I would urge my colleagues to support the resolution of disapproval, which came out of the Committee on Foreign Affairs 28 to 8, and therefore oppose the sale. This is in no way precedent setting, as far as national policy on military sales is concerned. The Congress specifically wrote the right of review into the law for the very reason we are debating right now. We all went through the struggle in the last administration with respect to the enhancement package on the F-15's and the other material because of the increase thereby of offensive capability; the threat to Israel, the friction and instability in the region, and the destabilizing nature of that package at that time. The situation has not changed, and nothing is improved by virtue of the fact that this administration has added AWACS to the package. Thus it is clear that the issue is not one of partisan politics.

There can be no dispute that the only consideration should be U.S. interests and how they are best served. If we are talking about security interests and the need for military information, what is wrong with the information we and the Saudis are now getting with the arrangement that we now have? What security improvement is there when you transfer title of the aircraft from the United States to Saudi Arabia? The country is sovereign and independent, but so are many countries, including major industrialized nations, which depend on us and our equipment for their defense. And when you examine the issue of oil, you have to ask, "How long are we going to be dependent upon foreign oil?" Even the Saudi Petroleum Minister said that the United States should reduce its dependence on foreign sources of petroleum.

So the sale would not satisfy a direct security need of the United States. The information we need now for military and national security purposes is now being made available. It can continue to be made available. But if we sell AWACS to Saudi Arabia, there will obviously then be tremendous pressure on us, from Israel and others, to provide them with something similar or identical. Are we going to supply everybody with AWACS?

The administration has argued that the sale is connected to a so-called strategic consensus in the region. But there is no consensus, Mr. Chairman, that I can find anywhere in the region as a background for this; whether we are talking about Israel or Egypt or Jordan, Pakistan or Saudi Arabia. They do not agree with each other, or with us, about what the principal threat is, what the principal problem is, or what the next steps in the region should be. Why not have AWACS in Israel? Why not have AWACS in Egypt? Why not have them anywhere else in the region? And what is the strategic consensus that is going to stop the Soviets? Is it a combination of the Pakistanis, who are concerned about the Indians? Or is it the Saudis who are concerned about the Israelis? Or is it the Syrians and the Lebanese?

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Who is it? What is the strategic consensus that gives us the basis for saying that we are going to take some of our most sophisticated pieces of military equipment and place them in precisely that location?

I can understand a country's wish to buy and own AWACS equipment. That is a legitimate concern. But if you are going to have a warning system, you have to have the troops, ships, aircraft, and so forth, to deploy in response. Otherwise, having the information supplied by a warning system like AWACS—and owning that system—does not make a heck of a lot of sense.

So we have to ask ourselves the question: Where does this commitment lead us? How many more troops and related materiel? How many more aircraft? How much more offensive capability? How many more ships, are we talking about in that region, and for which countries?

Mr. Chairman, we need answers to those questions first before we embark on a program which seems to be an inherent and integral point of this sale and about which we have been told little or nothing.

Mr. Chairman, whatever the disposition of this proposal, Saudi Arabia and the United States are going to continue to have many common interests and shared concerns. Both countries should continue to recognize this reality, and continue to work together. We will certainly remain deeply concerned about Saudi Arabia's safety and security.

It should be clear, Mr. Chairman, that this issue is not a matter of being anti-Saudi, or anti-Arab, or pro-Israeli; it is a matter of defining our own interests ourselves, and then putting those interests first.

I am deeply concerned about the security of the Middle East, as well as the prospects for peace, stability, and progress for the people there. I do not believe, however, that the administration's proposal is conceived, structured, or timed in a way best suited to the national interests of the United States. I therefore urge my colleagues to support the resolution of disapproval.

● Mr. STARK. Mr. Chairman, I would like to express my support for House Concurrent Resolution 194, because the proposed arms sale to Saudi Arabia is not in our best interests. It was a hasty, ill-conceived move on the part of the Reagan administration, which did not take the time to thoroughly consult Congress about the sale. Furthermore, the sale violates written promises made to Congress by President Carter and former Secretary of Defense Harold Brown that we would not provide the Saudis with equipment to enhance the capabilities of the F-15 jets we sold then in 1978.

The weapons being sold could fall into enemy hands. According to many experts, the Saudi monarchy's greatest threat is internal—unhappy Moslems, who violently oppose the United States. The weapons sale will widen the rift between the Saudi regime and its alienated subjects. If these people gain power, they will not hesitate to use the weaponry against U.S. interests.

The sale upsets the regional balance of power and may force Israel to seek even more advanced weapons—probably from the United States. The Saudis have not explicitly recognized Israel's right to exist and have rejected the Camp David peace process.

President Reagan has presented the sale as part of an anti-Soviet consensus in the Mideast. However, the Saudis reject this view. They fear close alinement with the United States and regard Israel as a greater threat than the Soviet Union. If the Soviet Union—or, more realistically, Libya or Iraq—did attack Saudi Arabia, it would take direct U.S. intervention to protect the Saudis. The Saudis, even with the weapons sale, would be to weak to go it alone.

The United States already has AWACS stationed in Saudi Arabia, which the Saudis help staff. These planes could be used to detect an outside attack. Thus, the Saudis don't need the AWACS militarily.

The Saudis want the arms chiefly as a symbol of U.S. political support. However, arms sales are real—not a symbol. Proponents of the sale wrongly argue that disapproval will weaken U.S. influence on the Saudi Govenment. The Saudis will always depend on the U.S. Government for defense. European governments may be able to provide them certain weapons systems, but cannot help them fight a war. Sheik Ahmed Zaki Yamani, Saudi Arabia's oil minister, has announced that disapproval will not affect Saudi oil pricing policy. It is unclear why this sale will have any more effect on Saudi policy than the sale of the F-15's, which didn't induce the Saudis to approve the Camp David accords.

The Saudi Government faces pressure from the PLO, hardline Arab States, and fundamentalist Moslems in its own country that prevent it from becoming too close to the American Government or supporting the Camp David peace process. The arms sale will do nothing to weaken these pressures; if anything, it will strengthen them. In addition, the Saudis are supporting world terrorism by allowing former Ugandan dictator Idi Amin to reside in their country.

Mr. Chairman, the Reagan administration and many Members of Congress have expressed strong support for the Saudis, and I would like to do the same. However, they must understand that we will not send them weapons against our own interest.●

● Mr. HAGEDORN. Mr. Chairman, I rise in opposition to House Concurrent Resolution 194 because I believe that the proposed sale of the defense package to Saudi Arabia is fully consistent with U.S. interests, objectives, and commitments in the Middle East.

The sale of AWACS planes, F-15 conformal fuel tanks, and Sidewinder missiles will strengthen the Saudis' ability to defend their oilfields, on which we and our allies greatly depend, and to oppose Soviet aggression and expansion. The sale will show that America considers Saudi Arabia a valuable ally and will affirm our commitment to peace and stability in that part of the world. Certainly, this is supportive of our alliance with Israel. In addition, the overwhelmingly defensive nature of the AWACS system does not jeopardize Israeli security, to which we are, have been, and will be firmly committed.

Despite past rhetoric, the Saudis have proven themselves influential role players in settling disputes, as evidenced by their intervention in the Lebanon crisis. Furthermore, while recognizing that Saudi Arabia's firm stand on oil price increases is in her own national interest, we certainly should not forget that it is also in ours. The Saudis put a stop to spiralling increases at a time when we were most vulnerable. They have proven themselves good allies and should be treated as such.

It should also be remembered that without formal agreements about joint control, American personnel will be needed to operate the AWACS and train Saudi crews for years to come. Not only are there inherent characteristices in the AWACS system which preclude the loss of sensitive American technology, but substantial security precautions have been agreed to as well.

I think it is important for us to give appropriate consideration to the views of former Presidents Nixon, Carter, and Ford, several former Secretaries of Defense, and the numerous past National Security Advisers who support the President's plan. These men have had access to the most sensitive and most accurate intelligence available and are in a firm position to judge the implications of this sale. Their opinions should be respected.

Finally, I feel that we should not oppose the sale with arguments based on a future we cannot predict. At present, there is every reason to go ahead with the sale and every reason to believe that our decision will be beneficial now and in the years ahead. However, these planes will not be delivered for 5 years. Should some dramatic change in the situation occur which would negate our commitment

to this sale, we have the authority and the precedent to withhold the equipment.

I believe the advantages of the sale far outweigh any disadvantages and therefore, I support the President's proposal and oppose passage of House Concurrent Resolution 194.●

● Mr. LONG of Louisiana. Mr. Chairman, I rise in opposition to the administration's proposed sale of AWACS to Saudi Arabia.

I was an early sponsor of the resolution we have under consideration today, disapproving the sale of AWACS along with the F-15 enhancement equipment the administration has decided to include in the package recently sent up for the required congressional review.

For all the controversy and debate which this announcement generated, I do not believe a case has been made to the Congress, or to the American public, for the proposed sale of AWACS.

I have read through statements, listened to the opinions of our best military advisers, past and present. I have talked with officials who have high-level and personal knowledge of the military security aspect of the Middle East situation.

But—public pronouncements aside—I found little support among these experts of the merits of the proposed sale.

Rather, we find ourselves in a position everyone seems to regret. The United States is being put to a "litmus test" of our ability to conduct foreign policy in the Middle East on the basis of the sale of airborne warning systems to Saudi Arabia.

Each Member called upon to make a decision here on the floor today should ask himself not only whether we should go through with the sale, but how we arrive at this point to begin with. Surely, the conduct of our foreign policy in this crucial region should have broader basis for judgment than our willingness to escalate the pace of armaments in a turbulent area of the world.

In addition, there are legitimate questions which have not been laid to rest in my judgment. There is concern about the possibility that U.S. technology could fall into unfriendly hands. There is a question about the military use of equipment, particularly the expansion of the range and attack capability of the F-15's we provided Saudi Arabia in an earlier sale. This sale does not provide for the most up-to-date in AWAC equipment and technology. But there is the capacity for AWAC enhancement, just as there has been for the F-15's of past sales.

If the circumstances change, will we again be put to a "litmus test" of the balance of our foreign policy in the Middle East?

This last point troubles me most. The primary argument advanced to Members who face this decision today is the argument that our credibility in foreign policy depends on it. That leaves very little latitude to debate the issues and terms of the proposed agreement.

I believe it is time Congress moved away from making its commitments based on such intangibles as "good faith" or "credibility." I believe it is time to take a careful, hard look at the practical results of the steps we take in this body.

The sale of AWACS or any other sophisticated military equipment should be considered in terms of how it fits into a balanced, evenhanded, comprehensive policy plan for the Middle East. The administration currently has no such plan. We cannot continue making decisions piecemeal without having any idea of how they serve our best security interests or the interests of those countries involved in the Arab-Israeli conflict.

I urge my colleagues to join me in supporting this resolution to disapprove the sale of AWACS to Saudi Arabia.●

● Mr. CHENEY. Mr. Chairman, the question we face today, the proposed resolution of disapproval of the sale by this country of airborne air defense warning systems to Saudi Arabia, is a troubling one. It is a question that is troubling not only in its immediate sense, but in terms of its long-term impact on the future direction of American foreign—and domestic—policies as well.

As many in this Chamber are aware, I am a believer in strong Presidential authority in the field of foreign affairs. Our Constitution clearly gives to the Chief Executive the role and responsibility of being the chief architect and the operating engineer both of American foreign relations. I do not believe that this power was intended to be, or can be, inviolate. The Constitution speaks clearly on that subject as well, as do American history and traditions.

The Constitution, that history, and those traditions give to Congress the power to override the President on monumental questions in foreign affairs. But in a democracy, with power comes responsibility, and with responsibility come limits. While we may substitute our collective congressional judgment for the will of the President, we must be hesitant to do so, and cautious in the wielding of that power. There is no room in the world today for 535 different American foreign policies, some crafted from basic misconceptions, others built on the faulty foundation of mistaken answers to basic questions, still others drawn from misperceptions about the way American policy must be built in the last two decades of the 20th century.

President Reagan's decision to sell these self-defense systems to Saudi Arabia was not revolutionary. The American Presidency as an institution is the result of all that has come before it, as the U.S. Congress is an institution that incorporates all of its prior history. The AWACS decision was built on the firm footings of American foreign policy directed toward the Mideast by a series of American Presidents and is the logical and cohesive extension of a consistent set of American goals regarding our own security, the well-being of our allies, and peace in the world.

Congress, based on its own experiences and traditions, has reserved for itself the right to review and possibly override such decisions. But we cannot take such action lightly. And it will be of extreme cost, not only to the Congress and the Presidency both but to the future of America, if we do so lightly—or for the wrong reasons.

I said this decision is troubling. It is troubling in terms of conceptions. It is troubling in terms of the questions we are asking. And it is troubling in terms of the perception we present to ourselves and to the world.

One great, guiding concept of American foreign policy for more than three decades has been our historic commitment to a free and independent Israel. I share with all my colleagues a great respect and admiration for what the Israelis have accomplished, and stand ready to support whatever military and economic assistance is necessary for the nation of Israel.

However, I firmly believe that the United States has a multitude of other interests in the Middle East. And I strongly believe that it is major misconception to believe that support for Israel requires opposition to providing Saudi Arabia with sophisticated air defense systems.

I think it is a mistake to view the question of AWACS for the Saudis simply in terms of Israel's security. Israel currently is far superior to her neighbors in military terms, and the provision of AWACS and the enhancement of the Saudi F-15's will not constitute a serious risk to Israel.

The AWACS aircraft proposed for the sale is not the most sophisticated version. Contrary to the claims of some, it will not be able to monitor the movement of ground forces. It will be utilized primarily to enhance the defensive capabilities of the Saudis against potential threats to the Saudi oilfields. The dependence of the Saudis on the United States for technical support effectively protects Israel against Saudi misuse of the sale items.

Finally, if the United States refuses to provide the needed equipment, the Saudis are clearly in a position to acquire a similar system from other sup-

pliers—the British are prepared to sell the Nimrod, a system with the same basic characteristics as the AWACS—and of course the Israelis would not have the safeguards provided through the involvement of U.S. personnel and technical expertise.

In addition, our security, the well-being of our allies, and world peace will be enhanced by increased stability in the Mideast. In making such decisions, we must face the world that is, not that which we wish it to be. The most basic misconception stirring this debate is that no threats confront the Saudis from the world around them, and that if we simply bury our heads in the Arabian sands, all dangers will pass away.

That is not the world as it is. We must face the reality that confronts us today. One such reality is our stake in these matters.

The Persian Gulf is the major source of the world's oil exports and Saudi Arabia is the major producer—63 percent of total gulf production, virtually all of the Saudi oil production facilities—wells, pumping stations, storage facilities, and loading terminals—lie within 40 miles of the Persian Gulf. Destruction of those facilities could completely cut off the flow of oil for more than a year, an absolutely unacceptable circumstance for the economies of the free world.

The chances of success of an air attack against Saudi oil facilities are very high because of their location and because of current Saudi capabilities. Using ground-based radar, a low altitude air attack could not be detected until it was within 2 to 4 minutes of the oilfields, far too short a time for an adequate defense.

Recent events have significantly increased the possibility that an attack might be mounted on the oilfields. The fall of the Shah and the rise of a radical Moslem regime in Iran, the Soviet invasion of Afghanistan, and the Iraq-Iran war characterized by the willingness to destroy one another's oil producing facilities, the murder of Anwar Sadat, all clearly indicate a growing threat to other producing nations within the Persian Gulf region.

I believe it clearly serves our national security interest to provide a sophisticated air defense system to Saudi Arabia.

The sale will help the Saudis defend themselves by bolstering their early warning and air defense capabilities against air attacks on their oil facilities. The sale will help restore our credibility as a reliable security partner in the region—somewhat tarnished by events in recent years—and is essential if we are to persuade others to embrace our strategy for the region.

The sale will help the United States meet some of our own military needs in the gulf. To be able to respond to air threats to gulf oil facilities if called upon, we must have available an early warning air defense network. The Saudi AWACS could be the foundation of such a network.

And, the sale will further our broader strategy of countering Soviet and Soviet-proxy threats to the region, and provide a positive foundation for more extensive United States-Saudi security cooperation over time.

Saudi Arabia has been a consistent American ally in recent years. The questions that confronts us is not whether Saudi Arabia will join the ranks of our enemies. It is whether we will be a consistent friend in dealing with Saudi Arabia.

The Saudis have been far ahead of us in recognizing and warning against Soviet threats to the Persian Gulf. The immediate test the House confronts today is whether we want the Saudis to withdraw from their moderating leadership role in Arab-Israeli affairs, and whether we want instead to drive them to seek the protection that a lower profile sadly affords.

We clearly cannot afford to do so in terms of both our current and our future national security. We are sending a message to the world today. That message must be that we stand ready to work closely with our friends, and that we know that we must work quickly in a dangerous world. We must tell the world that we know that the margin of error and delay is dangerously thin, and that we know that this is not the time to strain our relations with one of our closest friends.

Finally, the question of how we make policy in this country—and how the world perceives that policymaking process—is as important as what our policies are in these last two decades of the 20th century.

This Nation, and certainly all within this Chamber, are an amalgam of differing experiences, traditions, heritages. In the past these differing streams have merged to flow toward consistent goals, goals that preserved our national security and personal freedoms while honoring the heritage that our ancestors brought here one, two, three, four, and more generations ago.

In recent years, however, our national consciousness has at times been swayed by other considerations. We saw it happen in the Turkish arms embargo as a result of the civil war on Cyprus. We saw our national interests threatened in Angola, but our response limited by other concerns. And we may be seeing the threat of it in considering our Middle East policies today.

If we move into the next 20 years, a period in which American strength in the world will be delicately balanced, perceived both by ourselves and by other nations as being governed by a policymaking process in which the most fundamental decisions will be determined and dictated by such external considerations, we will face the severest threat of all.

We will face a world in which not only those special nations will be threatened.

We will face a world in which America's national security, and American freedoms, will be threatened.●

● Mr. HUBBARD. Mr. Chairman, as I prepare to cast my vote in favor of the proposed sale of the AWACS radar planes to Saudi Arabia, I want to share with my colleagues a letter from Dr. Wayne Sheeks, a professor of philosophy at Murray State University, which is in my district. Dr. Sheeks gives several reasons for supporting the sale. His letter follows:

DEAR CONGRESSMAN HUBBARD: This is my first letter to you, but I feel so keenly about an issue that I am compelled to write.

It is my sincere belief that we need to sell the AWACS and the other military hardware to Saudi Arabia. Some of my reasons are as follows: 1) The billions will help in balance of payments for petrodollars. 2) The Saudis are and have been our staunch allies in that region, and we owe it to them. 3) It will emit another signal to the Soviets that we have well-equipped allies in the region. 4) The pro-Israeli lobby in the U.S. frightens me with its pervasiveness and aggression. In this connection, it seems that some congressmen are more loyal to Israel than to the United States!

Because of the above reasons, I strongly urge you, Mr. Hubbard, to approve the administration's proposed sale of AWACS and other hardware to the Saudis.

Respectfully,

WAYNE SHEEKS,
Professor of Philosophy.●

Mr. FRENZEL. Mr. Chairman, there has been plenty of comment and plenty of oratory about the possible sale of our AWACS to Saudi Arabia. In my judgment, the sale has been thoroughly discussed. The equipment is pretty well understood, as are the conditions in the area. What is at issue is the effect of the sale.

I do not dispute the President's motivation in bringing us the proposal. I know he does not intend to imperil any of our allies. But I have my own judgments about what might happen as the result of the sale, and I have concluded that the risks outweigh the potential benefits. Therefore, I shall vote for the resolution of disapproval.

Specifically, I believe that the introduction of more sophisticated weapons into an area which everyone agrees is volatile already is an unwise course of action. The probability that the Saudis will be able to purchase similar equipment elsewhere is real and frightening. Nevertheless, our responsibilities are best discharged by not going forward with the sale.●

● Mr. EDGAR. Mr. Chairman, it is with a profound sense of irony that I rise to reiterate my opposition to the administration's proposal to sell 8.5

billion dollars' worth of arms to Saudi Arabia.

Only 8 days ago I joined with millions of Americans to mourn the death of Anwar Sadat, a man of daring and peace. Today we are asked to accede to an arms deal which will pour still more weapons into the oil-soaked tinderbox of the Middle East. I urge you to reject this deal.

I am convinced that this proposal does nothing to enhance American security, that it is probably destabilizing and not in the best interests of Saudi Arabia's long-range stability and that it clearly threatens the security of our one secure ally in the Middle East—Israel.

Indeed we cannot understand this wrongheaded policy in terms of the Middle East. The current administration has painted the world in but two colors—red and blue. Red is for Communist and bad and blue is for non-Communist and hence good. This view which is a gross simplification wherever it is applied is particularly pernicious in the Middle East where it blinds us to the complexities and opportunities which confront us. We are asked to view this ancient region with its complex divisions between Arab and Jew, Christian and Kurd, Sunni and Shia with the simplifying lens of superpower rivalry. The AWACS deal is the most recent example of this two-dimensional view.

Because of our desire to confront Russia we are asked to accept the Saudis on trust.

Trust the Saudis, this administration says—trust them not to use these planes in unauthorized ways. I would remind you that we trust none of our NATO allies with this plane.

Trust that an understanding about the presence of American aircraft technicians in Saudi Arabia for years to come would insure that these highly sophisticated planes will not fall into hostile hands.

Trust that the Saudi regime will remain indefinitely in power and undeviatingly friendly to the United States. Trust this stability in a region where royal families in Egypt, Iraq, Libya, Yemen, and Iran have all fallen in our lifetimes.

Trust these moderates who are selling us oil at only 15 times the price of a decade ago.

Trust these moderates who are supplying money and rhetorical support to the PLO.

Trust these moderates who opposed the Camp David agreements and attacked President Sadat's efforts to recognize and bargain with Israel.

Trust these moderates who just a few months ago once again listed Israel as its first enemy.

If we are to place our trust anywhere in the Middle East I would like to place our trust in that country which shares our democratic traditions and our religious and moral heritage.

My trust will go to that nation which has been a consistent ally and strategic asset to the United States.

My trust will go to that State which has given up much of its national security in a bid for peace with the one Arab neighbor willing to recognize its very right to exist. My trust will go to Israel.

I believe that my colleagues will reject this wrongheaded arms sale and then we can get on with the business of dealing with America's real interests in peace and security in the Middle East.●

● Mr. CROCKETT. Mr. Chairman, as a member of the Foreign Affairs Committee, and as a Member of this Chamber, I have heard a great deal of argument recently on why we should go through with this proposed sale of AWACS to Saudi Arabia. I have heard it said that our sale of this equipment would serve to stabilize the area of the Middle East; that it would help our own national security; that it would help employment in our own aerospace fields; and that with the death of Anwar Sadat, Saudi Arabia is our only strong friend in the region besides Israel.

I think these arguments are specious.

Stabilization and true peace in the Middle East will only come when the United States and all other parties involved seek serious negotiations between Israel and the PLO. Pouring more arms and military equipment into the area will not stabilize anything until the essential problems are addressed.

In the same way, our national security will only be served in the long run if we seek a just and lasting peace, and seek not to arm the area with weapons, but with reasonable solutions to the underlying tensions.

At the behest of our military-industrial complex in this country, however, we seem to see nothing but a shopping list of planes, tanks, and other weapons going to the Middle East, and we seem to think only in munitions megabucks.

Mr. Speaker, it is frightening to note that since World War II, the United States has sold or given away over $100 billion worth of military equipment to the other nations of the world. We have become little more than mercenaries in areas where peaceful settlements are most needed. We have sought the short-term good of our ammunition makers rather than the long-term good of true peace.

The argument that munitions sales would help employment in the aerospace industry is a shallow one. Few, if any, new jobs would be created in this most technology-oriented occupation. If our goal were to create employment, I—and I am sure many of my colleagues in this body—could think of a number of more productive ways to go about it.

To the question of whether Saudi Arabia is now our only strong ally in the region, I would hope that we could look again at our options to create new friendships and alliances. Do we not have the courage or the boldness of an Anwar Sadat who went to Israel to seek new avenues to peace? Why could we not seek the kind of creative dialogs that led to the Camp David accords—this time, including the PLO and all parties concerned in the area?

Mr. Speaker, I know that it is easy to be lulled by the siren song of the White House into thinking the sale of AWACS is in our interest. But I urge my colleagues to resist that call and to vote for disapproval.●

● Mr. GARCIA. Mr. Chairman, I regret that I am unable to be present for today's vote on the sale of AWACS to Saudi Arabia. I am attending a conference of the North Atlantic Assembly in Munich, West Germany, and I felt my attendance was imperative, inasmuch as I was asked to speak on an extremely important topic; the administration's human rights policy in Latin America.

I feel it is equally important, however, to present my views to my colleagues on the sale of AWACS. During the August recess, I traveled to Israel, where I was able to witness firsthand the initiative and vitality of the Israeli people. I met with several Israeli leaders during my visit, who discussed with candor the present state of Israeli affairs. One of the primary points of agreement among these men was the importance of security to all Israelis. Since its inception, Israel's right to exist has been questioned. Therefore, any potential threat to its security must be taken seriously. I believe it is in the best interests of the United States to guarantee that security.

The Reagan administration, in its battle with Congress to win approval for the AWACS sale, has used the assassination of President Sadat as a further example of the need to support our allies in the Middle East. The tragic death of President Sadat should not be used by the administration to cloud the issue. The issue is Israeli security and peace in the Middle East. President Sadat's mission was to bring peace to the Middle East. Israel must be the cornerstone for that peace.

If Israel is threatened, then the entire region will be in turmoil. That is why I cannot support the sale of AWACS to Saudi Arabia. The Saudis view Israel as an enemy, a threat to their security. I am not convinced that they will not use the AWACS, or the offensive equipment for the F-15's against Israel. The United States cannot run the risk of endangering Israel, its foremost ally in the region.

It is wrong for the administration to encourage the sale of military equipment to any nation that looks upon Israel as an enemy. I, therefore, encourage my colleagues to reject the sale of AWACS to Saudi Arabia and to support the resolution.●

● Mr. MARRIOTT. Mr. Chairman, a matter of extreme importance to the continued protection of U.S. interests in the Middle East and support of our allies in that region comes before this body of Congress today.

That is the resolution to disapprove of the sale of AWACS and jet fighter equipment to our friends in Saudi Arabia. I wish to go on record as strongly supporting the administration in its decision to make this sale and I urge my colleagues to do likewise by voting against this resolution.

It is unfortunate that Menachem Begin has openly opposed this transfer of military equipment thus putting the United States in the position of appearing to rebuff Israel while attempting to satisfy U.S. national interests in Saudi Arabia. With the continuing turmoil and the complexity of the problems in the Middle East and Persian Gulf area, it was inevitable that American policies in that region would not always be supported by Israel. However, we must not alienate ourselves from all Arab nations so that we can continue to appease the Israelis. The line must be drawn, no other nation—not even Israel—dictates what U.S. foreign policies will be.

The vulnerability of the countries in the Middle East to hostile aggression has been demonstrated in Afghanistan, Iran, and Egypt. We simply cannot afford to loose access to our vital oil supplies and allow freedom to be squelched by refusing aid to our allies.

I contend that Saudi Arabia is a valuable friend to the United States and join with three former Presidents, the present administration, and many of my colleagues in Congress in calling for congressional support of this bold initiative to help insure the continuing security of Saudi Arabia.●

● Ms. MIKULSKI. Mr. Chairman, I want to express my strong support for House Concurrent Resoultion 194 and my strenuous opposition to President Reagan's proposed sale of AWACS to Saudi Arabia. My opposition to this sale is based on three different factors. First, this sale represents a serious threat to the security of Israel, our closest friend and most stable and reliable ally in the Middle East. In any offensive effort against Israel, the AWACS would represent a vital asset to the Arab nations and would seriously upset the balance of powers between the Arabs and Israel. Even if we can believe the Saudis' promise that they will not use the equipment against Israel, we have no guarantees that the Saudis will not transfer the AWACS to another Arab nation for use against Israel.

Second, I believe that this sale represents a breach of a solemn, public promise which the U.S. Government made in 1978. This promise was made both to the U.S. Congress and to the Government of Israel. It is no secret that without this promise, the Senate would never have voted to approve the sale of F-15 jets to Saudi Arabia in 1978. In my view, a promise made is a promise kept. By breaking our commitment here, we put in doubt all commitments which our Government has ever made in the past or will in the future.

Finally, it is dangerous to the security of the United States to transfer this equipment to the Saudi regime. The AWACS represent one of the most sensitive, most developed and most highly classified pieces of equipment which our Nation has developed. In light of the enormous instability of politics in the Middle East, as clearly shown by last week's tragic events, it is certainly feasible that the Saudi Government will fall and be replaced by a radical pro-Soviet Government. If this equipment were ever to fall into the hands of the Soviets, the security of our Nation would be put into jeopardy and the effectiveness of the AWACS would be virtually nullified.

I urge my colleagues to support this resoultion and I commend Congressman FASCELL and my colleague from Maryland, Congressman LONG, for their outstanding work on behalf of this effort.●

● Mr. MAVROULES. Mr. Chairman, I rise in support of the resolution of disapproval in support of America's own security interests and in opposition to the AWACS arms sale to Saudi Arabia.

I would offer you and the membership of the House five compelling reasons for all Americans to oppose this $8.5 billion sale, the largest of its kind ever.

The first reason: This sale poses a grave threat to the security of Israel, this Nation's most reliable ally in the Middle East.

It would provide sophisticated weapons to a nation that does not recognize the Camp David accords, that continues to finance the PLO to the tune of $400 million annually, and that has declared a holy war against Israel.

But this is not the most compelling reason.

More compelling is the second reason: There are no guarantees—that this sale would bring peace in the Middle East any closer—and that the Saudis would drop their opposition to the Camp David accords.

There is no guarantee even that the Saudis would recognize the right of existence of their neighbor to the north.

A third reason: I, and a majority of Americans, are not convinced that the Saudis need the AWACS for their national security.

The real threat to the Arab kingdom remains internal, as dramatized by last year's takeover of the grand mosque. It is a threat against which AWACS would be useless.

Note, too, that the United States has already four AWACS in the area, carrying out the mission of protecting the oilfields and providing advance warning against attack.

If there is a threat to Saudi Arabia and to the oilfields feeding the Western World, America is more capable of mustering up a suitable response.

A fourth reason: Bearing directly on our own, American security interests. If our AWACS technology were compromised—if the planes were to fall into unfriendly hands—our own security would be breached.

The GAO has warned:

> If the Soviets should gain access to AWACS, they could move ahead in a single bound some 5 to 7 years in certain surveillance and communications technologies.

More immediately, they could learn how to jam any now contemplated AWACS version in the hands of the free world.

This has grave implications beyond the Middle East, obviously threatening the entire security of the free world.

The final reason for opposing the sale goes right to the heart of American foreign policy in the Middle East.

The sale of these weapons would only promote an arms race in an already explosive corner of the world. It does nothing for the cause of peace and stability in the Middle East—ostensibly our primary concern there.

We should pause and ask ourselves how the possession of American-made arms assured the stability of any government—be it the Shah's, or going back further in time, the Government of South Vietnam.

We should ask ourselves how the goal of peace was advanced at any time by placing the leading edge of American technology in the hands of surrogates.

If we listen, recent history would tell us that American weapons do not make for stable governments in the Middle East.

Mr. Chairman, instead of pushing arms on our friends, America should take the lead and sell stability to the Middle East.

We should move all parties involved toward reconciliation and open discussion.

Let us dismiss this arms deal, and begin our real work.

Mr. Chairman, I ask my colleagues to join in supporting this resolution and promoting the cause of peace.●

● Mr. DIXON. Mr. Chairman, I rise in support of this resolution.

The proposed sale of sophisticated airborne warning and control system aircraft is at best unnecessary and at worst a mistake of potentially tragic proportions.

In recent days, the White House has stretched and shaded its pronouncements attempting anything which might bolster their case in the U.S. Senate. It seems the President is willing to allude or promise almost anything to promote it, while its repercussions are all but forgotten.

Philosophically this sale is consistent with the administration's unfortunate willingness to become a cavalier world arms merchant; second to none. We do little to promote peace with this sale, just as military assistance so often does little to promote stability in the developing world.

AWACS should not be introduced at this time. There is more than reasonable doubt about the stability of the government in Saudi Arabia. Should these planes fall into the hands of the Soviets, Israel would be left extremely vulnerable to a coordinated attack.

These AWACS craft are proposed in addition to the sale of 60 F-15 fighter planes approved in 1978. Despite assurances that they would not be upgraded, this package would also include Sidewinder air-to-air missiles enhancing the attack potential of the F-15's, which will begin delivery in January.

Despite the earlier sale of the F-15's, Saudi Arabia has made little movement toward the Camp David peace accord. Evidence of solid support for these peace initiatives must be a prerequisite to any enhancement of U.S. military sales to this country.

Saudi Arabia has been a good friend to the United States, and we have done likewise. This proposed sale is not a litmus test of our friendship.

News reports have indicated that the decision to sell AWACS was made in haste during extremely difficult times. Such a mistake must not be carried forward merely to foster the image of support for our President or as an act of friendship. AWACS craft do not a friendship make, but they could work to the detriment of our interests and the cause of peace in the Middle East.

A convincing case for this sale has not been made to Congress or the American people, and I urge the passage of this resolution and the disapproval of the sale.●

● Mr. DONNELLY. Mr. Chairman, early in his term, President Reagan properly embraced Israel as a "strategic asset" of the United States. Yet now, he is urging us to equip Saudi Arabia with the latest technology for a holy war against Israel.

This sale is a mistake in terms of American self-interest. It is a mistake in terms of our relationship with Saudi Arabia. And it is definitely a mistake in terms of our relationship with Israel.

AWACS (the airborne warning and control system) is sometimes called a radar plane. That is a bit like calling the space shuttle a single engine two seater. AWACS is packed with the most sophisticated electronics yet devised. It can monitor movements on the ground, on water, and in the air within a radius of 300 miles. It provides early warning radar, battlefield surveillance, and tactical battle control.

Security surrounding the plane's electronics is so tight that our NATO allies have nothing to do with it. The planes in Europe are manned by Americans and serviced by Americans. The intelligence they collect is handled exclusively by Americans. We decide who gets to see what.

If this technology falls into the wrong hands, we will jeopardize the technological advantages the United States will need on any future battlefield in Europe or the Mideast.

There can be no doubt that Saudi Arabia is the wrong hands. Once we turn over AWACS technology to the Saudis, we must trust that technology to their security. It does not take much imagination to see the Russians obtaining critical information from defectors, informers, or stolen manuals.

This system will give the Arabs a bird's-eye view of Israel's total defenses. Let us recall that earlier this year, the Saudis renewed their call for a "Jihad," or holy war, against Zionism. And Oil Minister Yamani has declared that the most acute threat to Saudi Arabia comes from Israel, not from the Soviet Union.

Next January, the United States will begin delivering 62 sophisticated F-15 fighters to Saudi Arabia. That sale was allowed in 1978 only because the Carter administration gave Congress its solemn assurance that the F-15's would not be enhanced for offensive missions.

Now, the Reagan adminstration has agreed to sell auxiliary fuel tanks, midair refueling equipment, and Sidewinder air-to-air missiles.

The administration says this will help Saudi Arabia protect its own oilfields. The additional equipment will also put Israel well within range.

And once again, we are giving the Saudis responsibility for protecting vital military secrets, in this case, the guidance system for the Sidewinder missile.

Why is President Reagan asking us to compromise the security of our most advanced defense technology? And why is President Reagan asking us to compromise the security of our most trusted ally?

First, he says, we are expressing our gratitude to the Saudis for keeping down the price of oil. Second, we are helping them defend themselves. And third, we are trying to show them they can trust us as a friend when we try to negotiate a comprehensive settlement in the Middle East.

Let us go through these one at a time.

Saudi Arabia is not keeping the price of oil down for our benefit. It is clearly in their own best interests, and they know it. Other OPEC countries like Algeria will run out of oil within 10 years. They want to charge as much as they can, while they can. Saudi Arabia is in a different position. Their oil will last into the next century. They need to keep a steady flow of oil going out and a steady flow of petrodollars coming in.

If the Saudis allow the price of oil to go too high, they will drive industrialized nations to other fuel, such as American coal or American solar technology, and the Saudis would be left sitting on top of worthless oil. Saudi Arabia's political muscle comes from keeping the West hooked on its one natural resource.

In 1973 and 1974, the United States demonstrated that our loyalty to Israel could not be sold for Arab oil. Not all other countries showed our loyalty or determination.

There is no reason to thank Sheik Yamani for being generous with his oil, and there is not much reason to think the Saudis will need our advanced technology for their defense, either.

They would be helpless in the face of a Soviet invasion, with or without this latest deal. Saudi Arabia's other likely adversaries have already been neutralized. South Yemen is already overmatched. And Iran has its hands full with Iraq and with its own internal divisions.

That leaves only Israel.

And that leaves us with only one rationale for this sale: To prove we are friends. Well, there is one word for that. Appeasement.

Appeasement has never worked.

Yet for those weak reasons, President Reagan is proposing to compromise American security and Israeli security.

Both the House and the Senate must prevent this folly.●

● Mr. WIRTH. Mr. Chairman, I rise in strong support of the resolution offered by Messrs. FASCELL and DERWINSKI. The tragic events of last week strengthened my conviction—and, I hope, has demonstrated to my colleagues beyond any doubt—that the Saudi arms sale is contrary to American interests in the Mideast.

The assassination of Anwar Sadat, one of the greatest and most benevolent statesmen of our time, has outraged and saddened each one of us. And, in a ghastly way, it forces us to recognize the most dangerous pitfall

of U.S. foreign policy in the Mideast. The resurgence of Moslem fundamentalism throughout the Persian Gulf and the surrounding region makes anchoring a strategy on ruling figures or regimes a poor risk for the United States. By selling AWACS aircraft and F-15 enhancements to the Saudi regime—the target of Moslem uprisings in its own country, like that at the mosque in Mecca—we embark on the same path that brought us to grief in Iran.

In addition, we cannot ignore Saudi Arabia's basic policy toward Israel. The Saudis have officially opposed the Camp David accords and the Egyptian-Israeli peace treaty, refused to join in Anwar Sadat's efforts at peaceful coexistence, and do not recognize Israel's right to exist. While we must continue to encourage Saudi Arabia's moderate course within the Arab world, we cannot overlook a policy whose aims treaten our chief Mideast ally.

Mr. Chairman, the AWACS sale ignores the potential instability of the Saudi regime, and therefore risks the secrecy of the weapons technology on which AWACS is based. And it can only escalate the Persian Gulf arms race which threatens our oil supplies rather than guaranteeing their safety.

The AWACS sale cannot effectively contribute to a "strategic consensus" in the Mideast. It can only heighten regional tensions and threaten the security of Israel. Eventual peace in the Mideast will center not around weapons of war, but around structures of cooperation; not around individual regimes, but around lasting accord. I urge my colleagues to stop this arms sale by supporting the disapproval resolution before us today.●

● Mrs. CHISHOLM. Mr. Chairman, I rise in support of House Concurrent Resolution 194. For specific reasons, and on general philosophical grounds, I oppose President Reagan's plan to sell advanced warmaking equipment to Saudi Arabia.

I must ask: What does the President hope to accomplish by giving the Saudis five AWACS aircraft and by enhancing the offensive capabilities of their F-15 fighters? How can he believe that this will promote peace, security, and stability in that region of the world?

I have listened to the administration's answers to these questions, I have heard the rationales and excuses, but I just cannot understand them. To my mind, it is simply a sell-now-think-later policy.

I must ask: Will this policy increase the prospects for Middle East peace? Not in my opinion. Besides my overall rejection of the philosophy that preparing madly for war will prevent war, I feel that in this case it makes even less sense.

As we know, the Saudis are an avowed enemy of the State of Israel. They have declared a holy war against the Jewish state. They funnel billions of dollars—earned from selling oil to America—into the treasuries of the PLO and hostile Arab nations. They condemn the Camp David agreements. Their new AWACS planes, and their new F-15 fuel tanks and missiles, would multiply the dangers to Israel, and would force the Israelis to arm themselves even more heavily as a result. And we know that Israel does not have billions of petrodollars to waste on more and more weapons.

Again, I must ask: Will this policy increase any nation's security in the Middle East? Not in my opinion. It will spur another round of arms purchasing, but it is unlikely to deter any serious aggressor from attacking Saudi Arabia or its oilfields.

Certainly, if the Soviets decide to fly in, they will not be afraid of a few more Saudi planes. An overland invasion mounted from an adjoining Arab State would go undetected by the AWACS which can only track other planes. Nor could a ground attack be repelled by F-15 fighters not equipped with bombs or air-to-ground rockets.

Fears of increased Saudi military abilities might even lead to preemptive acts by Israel or some other enemy who cannot risk a future attack by a bigger and bolder Saudi Air Force. A country as large as Saudi Arabia, and one with as long a coastline and as few inhabitants, just cannot buy real security with a little radar here and a few missiles there.

Neither would U.S. security be improved, since the planes would belong to the Saudis who, incidentally, do not permit American forces to have military bases in their country.

I must ask yet again: Will this policy increase stability in the Middle East? Not in my opinion. We saw how ineffective and even counterproductive our massive arms sales to Iran turned out to be. The internal stability which the Shah could possibly have bought was instead sacrificed in his drive to be a superpower in the Persian Gulf.

The Saudi monarchy could prove just as unstable, and revolutionary fundamentalist Moslems there could, as in Iran, become heir to an arsenal of top-of-the-line U.S. armaments.

And finally, I must ask: When will we learn that other countries end up using the weapons we provide? When will we see that there is no hard definition for "defensive" versus "offensive" in foreign military vocabularies? When will we wake up to the fact that the route to peace, security, and stability in the Middle East does not lie in selling increasingly deadly weapons to every combatant?

Mr. Chairman, I hope that the Congress rejects this dangerous escalation of the Middle East arms race. In my opinion, our Government's energies would be much better spent convincing the Saudis that their best hope for the future is in permanent peace between Israel and all her Arab neighbors.

● Mr. PHILLIP BURTON. Mr. Chairman, I rise in support of the resolution to disapprove the sale of AWACS aircraft and other military equipment to Saudi Arabia. This ill-advised and dangerous proposal is a major blunder by the Reagan administration and should be soundly rejected by Congress.

The administration has tried to convince the Congress and the public that this sale is necessary to insure peace in the Middle East, to secure our supply of oil, and to deter Soviet intervention in Saudi Arabia. In fact, the sale of sophisticated AWACS aircraft to that nation will seriously destabilize that already volatile area of the world.

Saudi Arabia has, in the midst of U.S. debate over this sale, continued to issue vitriolic denunciations of the Camp David agreements and has not ceased its threats against the nation of Israel. If the Congress truly cares about America's moral and political alliance with Israel, it will not approve this sale of highly advanced weapons systems to an avowed enemy of that beleaguered nation.●

● Mr. MATTOX. Mr. Chairman, I rise in opposition to the sale of the AWACS package to Saudi Arabia.

The decision to provide sophisticated weapons to an unstable government in an unstable region is, in my judgment, simply wrong. It increases the possibility of this secret technology falling into the hands of our enemies in the region, it endangers the security of Israel, our only stable ally in the Middle East; it will further escalate the arms race in the Persian Gulf, and it will not increase Saudi Arabia's security or improve U.S. credibility as an ally.

The sale of sophisticated equipment to a government as unstable as Saudi Arabia will endanger, rather than promote, U.S. interests in the Middle East. Sadat's assassination by religious extremists, the fall of the Shah of Iran, and the recent Shiite uprisings in Saudi Arabia itself underscore the instability in the region and in Saudi Arabia in particular. If Moslem extremists can penetrate the security forces of Egypt, which were regarded as among the best in the Middle East, why should we believe that they will not be able to infiltrate the AWACS crews and hijack America's most sophisticated weaponry to Libya? Even our NATO allies, which have a form of the AWACS, use it under U.S. control and supervision. The jackals that surround Qadhafi must be indeed howling with glee at the prospect of obtaining some of the most powerful weapons in the American arsenal.

Above all, the threat the package poses to Israel is real and not imagined. The AWACS and other equipment—most notably the 1,177 AIM-9L Sidewinder missiles, which were responsible for shooting down the two Libyan jets over the Mediterranean—are part of a system that forms a formidable offensive unit when integrated with the F-15 aircraft we have already sold them. It can dispatch enhanced F-15's at a moment's notice and coordinate an attack on all fronts. Should technology on ground stations and communications equipment being sold to the Saudis fall into the hands of the Soviets or Libya, it could be used to create a communications linkup with other Arab nations, all of whom could join in a concerted attack on Israel.

Mr. Chairman, Saudi Arabia has repeatedly called upon other Arab nations to join in a holy war against Israel. Its contempt for the Camp David peace process is well known, and it led the Arab boycott of Egypt because of the peace treaty with Israel. It continues to finance the terrorist activities of the PLO against Israel and Jews around the world. It is therefore impossible to believe, as the administration claims, that further arms sales would cause Saudi Arabia to moderate its anti-Israel and anti-Egypt stance. The 1978 sale of F-15's did not moderate Saudi attitudes toward Israel or the Camp David accords. Senator RUDY BOSCHWITZ of Minnesota said at a recent Senate meeting on the proposed sale that the difference between the Saudis and the rest of the Arabs was a tenfold increase in oil prices compared to an elevenfold increase. "What kind of friends are they?" he asked. "If the Saudis are moderates, the rest of the Arabs are real SOB's."

If anything, anti-Israel attitudes have hardened. In sum, Saudi Arabia has shown no inclination to moderate its anti-Israel attitudes or its anti-peace policies, and Congress should not rubberstamp an arms package with such dangerous implications.●

● Mr. GOLDWATER. Mr. Chairman, I am deeply distressed that the very serious question of whether or not to sell AWACS and the F-15 enhancement package to Saudi Arabia has been characterized in the press as some sort of political contest between President Reagan and Prime Minister Begin. I am angered by the implication that those of us who oppose the sale are somehow "caving in" to a foreign power and thereby subjugating U.S. interests to Israeli interests. I am dismayed by the allegations that Israel is acting the prima donna and is opposing the sale because of some sort of vainglorious conceit.

Because these totally erroneous assumptions are being touted daily as absolute verities, it might be well for us to pause and consider why one of our staunchest allies is opposed to the sale and why it is not in our national interest to erode the defensibility of a partner upon whom we can rely with almost absolute certainty. The tragic events in Egypt should forcefully bring home to us the fragility of the situation in the Mideast and how very much worse our position would be without Israel, a rock of dependability and continuity in the midst of a shifting sea of political undercurrents and sudden storms.

What kind of threat do the AWACS combined with the F-15 package pose to the State of Israel? Gen. George Keegan, Former Chief of Air Force Intelligence, has characterized it as "the most powerful offensive weapons systems ever developed for theater or regional air warfare." Simply put, AWACS have an offensive potential because they can be used to detect any possible movement by Israeli planes should the Arabs try to move enormous numbers of tanks across Jordan and through the West Bank to cut Israel in half.

General Keegan, in testimony before the Senate Armed Services Committee and the House Foreign Operations Subcommittee, cited intelligence reports of meetings among Saudi Arabia, Syria, and Iraq to discuss the options which remained open after the failure of the 1973 war. There was agreement that the assaults through the Sinai had not worked and I quote:

> There was only one tactical resource or option left. That was to move 5 to 15 Arab tank divisions through Jordan at night in a one-night secret march and insert them through the West Bank and then drive them through the 8-mile narrows of Israel to the Mediterranean.

What is the military possibility of success? Again from General Keegan:

> Any professional military officer who has been in the West Bank * * * understands that two armored brigades could cut Israel in two in one night, and there is no defense against such a measure.

How could the AWACS facilitate such a move? The AWACS would remain somewhere along the eastern Jordanian border and because it is also a jet, it can turn away at a range of 100 to 150 miles and evade almost any counterattacking force. The Israeli defense against a tank attack through the West Bank relies heavily on low-flying fighter bombers. General Keegan summarizes the scenerio well:

> The significance here of the F-15 is that it has a look-down/shoot-down radar weapon capability that challenges even that of the AWACS. The F-15's in a matter of 7 minutes from a forward base in Saudi Arabia can be over the West Bank at altitudes of 40,000 to 50,000 feet where their extraordinary radar capability can spot the Israeli fighter-bombers with ease, and from that position of great height advantage proceed to fire the AIM-9L missiles to defeat the Israeli counterattack.

To a country that depends ultimately on the superiority of their air force for survival, being placed in that sort of jeopardy has to be awesomely frightening.

It is important to remember that two-thirds of the Israeli population and more than one-half of its industry is squeezed into a small corridor that is never more than 8 to 10 miles wide. Think about it. Try to imagine what it would be like to live in such a country.

There is constant pressure from the outside world for the Israeli's to give up the West Bank and to return to the 1949 cease-fire lines. That would be like sitting in Los Angeles and having your potential enemy sitting in Beverly Hills or Santa Monica and the only place to retreat is the Pacific Ocean. Keep in mind that that potential enemy is backed by the massively equipped armies of half a dozen countries and supported by 15 other countries. Imagine too that you are outnumbered by at least 50 to 1 in population. Imagine that your revenues come from what you produce on your farms and what your technicians create and produce, and yet a crushing burden of defense expenditures gives your country, year after year, one of the highest rates of inflation in the world—more than 100 percent last year.

Meanwhile, your sworn adversaries are funded by the greatest transfer of wealth in human history: The OPEC cartel. They are countries that produce nothing and create nothing, but simply receive their vast sums as the result of a geological accident by selling oil that costs less than 40 cents a barrel to produce at prices that range from $32 a barrel and up.

America is the richest and most powerful country in the history of the world. On one side we have the Atlantic Ocean; on the other the Pacific. To our south, we a have a friendly Mexico; to our north a friendly Canada. Our country extends for 3,000 miles from ocean to ocean and 1,500 miles from north to south. We have not had to fight a foreign invasion of our land since 1812. It is no wonder we sometimes have difficulty comprehending the nature of the threat the Israelis have to live with every single day of their lives.

Imagine what it would be like to live in a country where every fourth or fifth person is a refugee from Hitler; where his neighbor is a refugee from Stalin or other Communist leaders; where another neighbor may have fled from persecution in Arab lands; where violent death is not some distant threat, but where it is no exaggeration to say that every single person has been touched by it in some way; where almost an entire population has been exposed to the horrors of combat. What must it be like to live in a country that had to fight for its very exist-

ence when five Arab armies invaded and tried to snuff out the life of the young state a day after it was born? Or that has had to fight four wars in 30 years, not including the war of attrition and the unceasing war against terrorism?

What is the current military capability of the countries surrounding Israel? Since 1973, Syria has acquired $7.5 billion in military equipment; Iraq $9 billion; Jordan several billion; Libya has become a veritable storehouse for Soviet weaponry—some $12 billion worth—Kuwait several billion; and Saudi Arabia, from the United States alone, has on order or has had delivered some $35 billion in military hardware and construction.

The Israelis have repeatedly stunned the world with their derring do and resourcefulness, but they are only human, and we cannot simply assume their continued success with an adverse balance of arms that includes a tank ratio of 3 to 1, a combat aircraft ratio of 3 to 1, a SAM missile ratio of some 15 to 1, an artillery ratio of 7 to 1. It is too often forgotten that the Yom Kippur war was almost lost by Israel. Had the Syrians managed to coordinate their tank attack, they might have smashed through down the Golan Heights and gone on to Haifa. That total Syrian tank force is now larger than the entire German force that invaded Russia during World War II.

Through this all, the Israelis have been a steadfast ally of the United States. The intelligence information gathered by the Israelis about Soviet weaponry and other matters alone have been of infinite worth. Just last month the Prime Minister of Israel and a high-level Israeli delegation was here to offer whatever we wanted in the realm of strategic cooperation. And, there is no way we can minimize the strategic importance of Israel to the United States.

I recall a morbid joke making the rounds during the Iranian crisis in connection with the U.S. Rapid Deployment Force. You remember the searching question: "Does the U.S. have a Rapid Deployment Force in the Mideast?" The riposte was, "Yes, Israel."

Therein lies more than a grain of truth.

These are the reasons I shall continue to oppose the sale of AWACS to the Saudis. In a nutshell, the odds against Israel are already overwhelming and I cannot justify adding to them.●

● Mr. PATTERSON. Mr. Chairman, I rise in strong support of House Concurrent Resolution 194, a resolution disapproving the sale of five E-3A AWACS aircraft and F-15 enhancements to Saudi Arabia. As an early opponent to this controversial sale I joined 38 of our colleagues last April in urging President Reagan to deny the Saudi's request for this sophisticated equipment. The President did not heed this advice and let it be known that he would pursue this sale following the passage of his economic program. I did not want this issue to be swept under the carpet and so last June, I cosponsored House Concurrent Resolution 118, the forerunner of the resolution we are considering today. Last month when President Reagan made it clear that he would not reconsider this unfortunate policy, the California Democratic delegation, in a rare display of unanimity, expressed its opposition to this sale and urged the chairman of the House Foreign Affairs Committee to promptly hold a hearing on the matter.

Mr. Chairman, why have I been so adamantly opposed to this sale? I have three main reasons. First, it goes against the commitment that was made to Congress when the United States agreed to sell the 60 F-15 fighters to Saudi Arabia in 1978. Second, it undermines U.S. national security interests. Finally, it threatens the survival of our closest ally in the Mideast—Israel.

In 1978, when the White House was trying to push through its arms package to Israel, Egypt, and Saudi Arabia, Congress and the American public were assured that "Saudi Arabia has not requested nor do we intend to sell any other systems or armaments that would increase the range or enhance the ground attack capability of the F-15." More specifically, the White House assured Congress that AWACS and Sidewinder missiles would not be sold to the Saudis. I believe that the 1978 arms package would have been disapproved had Congress known that 3 years later we would be selling the Saudis this equipment. Furthermore, what did we gain by selling the F-15 fighters to Saudi Arabia? The Saudis have refused to participate in the Camp David peace process; they led the boycott of Arab States against Egypt and the late Anwar Sadat; and as far as Saudi Arabian oil prices are concerned, they have jumped from $12 to $32 a barrel since 1978.

I find it ironic, Mr. Chairman, that we are hearing the same arguments for the Saudi arms sale today that we heard during the debate in 1978. We are told that the Saudis need these sophisticated weapon systems to counter a great external threat. It has become apparent that the threat to the Saudi Government is from internal forces rather than external forces. Frankly, if we really want to protect Crown Prince Fahd's government we should sell them bulletproof vests instead of AWACS. The Reagan administration's key argument in favor of this sale is that it will be seen as a sign of our commitment and friendship to Saudi Arabia. In 1978, we were told that the sale of F-15 fighters was needed to show our commitment to Saudi Arabia. I am concerned that next time we will have to sell the Saudis a nuclear weapon to prove our friendship to them.

Mr. Chairman, we must realize that this sale also poses a threat to our own national security interests. The AWACS aircraft and the Sidewinder missile are two of the most sophisticated weapon systems we have in our arsenal. We have been very careful to limit the sales of these systems even to our own allies. Not even our NATO allies can operate AWACS without joint command with the United States. I find it incredible that we are willing to sell these weapons to the Saudis when they have refused a joint command operation procedure. Who will protect this top secret technology from falling into the wrong hands? The Saudis could not even protect their own Grand Mosque from terrorist attack.

This sale will not strengthen our peace efforts in the Mideast. It will not make the Mideast a more stable region. It will not enable the Saudis to defend the oil fields from a Soviet attack. However, I can assure you this, it will escalate the arms race in the Mideast beyond tenable proportions.

Mr. Chairman, I share the President's concern regarding the Soviet presence in the Persian Gulf. I would like to see the United States along with our allies develop a plan for defending the important resources of this part of the world. Rather than give the Saudis the false impression that they will be safe if they have the AWACS, this administration should work with our allies and Saudi Arabia in developing a mutual defense treaty for this region. Unfortunately, though, we have not been presented with that option today.

In discussing this sale we cannot forget our commitment to the people of Israel. I am proud of the fact that the United States has been Israel's strongest supporter. We share many common bonds with the people of Israel, including the desire to uphold democracy and to defend the inalienable rights of free people. Israel's existence has not been an easy one. In its 33 years Israel has had to fight 5 wars with its Arab neighbors, who outnumber her 20 to 1. This year Saudi Arabia renewed its call to all Moslem nations for a holy war against Israel. With this in mind, I find it very difficult to believe that the weapons President Reagan wants to sell to Saudi Arabia will not be used against Israel. If stationed in the right part of Saudi Arabia, these AWACS aircraft could monitor almost all of Israel's aircraft activities. The additional fuel tanks and tanker aircraft will enable the Saudis to use the F-15 fighters we sold

them, for defensive purposes only, to attack Israeli targets. Finally, Mr. Chairman, if we sell the AWACS to Saudi Arabia we will be taking away Israel's key tool for survival—the element of surprise.

Mr. Chairman, I wish to commend our colleagues on the Foreign Affairs Committee for sending this resolution of disapproval to the House floor in such an expeditious manner. Our vote today will send a clear message to the White House: Uphold the commitment that was made to the Congress and the American people; maintain our commitment to our ally, Israel; and demonstrate the leadership that will be necessary to achieve a lasting peace in the Mideast. I hope the President will listen.●

● Mr. BOLAND. Mr. Chairman, the Reagan administration's plan to sell AWACS aircraft and F-15 enhancement equipment to Saudi Arabia is a serious mistake. House Concurrent Resolution 194, of which I am a cosponsor, provides Congress with its only opportunity to prevent the sale and the disastrous consequences for the defense and foreign policies of the United States which I believe will flow from it. I urge my colleagues to support the resolution and hope that it is approved by a substantial margin.

The AWACS is one of the most sophisticated weapons in our arsenal. Its advanced radar and computer equipment provides a capability for detection and identification of aircraft which is unsurpassed by any other weapons system. The AWACS can be used to coordinate aircraft operations in a manner that cannot be duplicated by any other ground or airborne radar/communications network. In that capacity, it can be used to initiate as well as repel air attacks and therefore it is a weapon which has offensive as well as defensive capabilities.

Obviously, a weapon that can perform like AWACS will be sought by many nations. Just as obviously, a decision as to which nations should receive AWACS is one which must be based on the national interest of the United States. In the Middle East, our national interest has been, and will continue to be served by promoting peace. I do not believe that approving the sale of AWACS and the F-15 enhancement package to Saudi Arabia will promote peace in the region.

In the last week, Mr. Chairman, we have had a tragic reminder of the volatility of the Middle East. The Sadat assassination, following on the heels of the revolution in Iran, the Shi-ite uprising in Saudi Arabia, and the continued unrest in Lebanon should clearly demonstrate the region's instability. The sale of AWACS will increase, rather than lessen that instability because it will further fuel an arms race that is already causing a great amount of internal stress for many countries in the Middle East.

The primary threat to the Saudi Arabian monarchy is internal not external. The AWACS will be of no assistance in meeting that threat, nor will it be of much use in meeting a direct or indirect threat from the Soviet Union. The sale of AWACS, while not contributing significantly to the defense capabilities of Saudi Arabia, does pose two significant dangers for the United States. First, it raises the possibility that the advanced technology embodied in AWACS could, should governments change in Saudi Arabia, fall into unfriendly hands. We should have learned from our unhappy experience in Iran that there are no guarantees for the security of our military equipment; if a particular government falls, our equipment goes with it. In my judgment, that is too large a risk to take with AWACS. The second danger posed by the sale is that Israel, the only stable Government in the Middle East and our long time ally, will feel threatened by the introduction of AWACS in Saudi Arabia. This result is certain to follow the sale and will trigger requests by Israel for additional military assistance. In light of past Saudi attitudes and actions with respect to Israel, and the nonresponsiveness of the Saudi Government toward the Camp David peace initiatives, Israeli opposition to the AWACS sale is hardly misplaced.

Mr. Chairman, Saudi Arabia has indicated a desire to maintain a close relationship with the United States. Such a relationship is clearly in our best interests, and we have done a great deal in recent years to promote it. We cannot, however, allow that relationship to cloud what should be our paramount interest in the Middle East—the pursuit of peace. If the furtherance of that goal were likely to result from the AWACS sale, I would support it. I do not believe that it will and I do not believe that the potential gains to be derived from the sale outweigh its tremendous risks.●

● Mrs. COLLINS of Illinois. Mr. Chairman, the proposed sale of our most advanced airborne warning system is but another indication of the misguided nature of current U.S. foreign nonpolicy. Where were our administration's military strategists when the Iranian explosion occurred? Are we not currently paying dearly for the massive transfer of military technology and intelligence that resulted from that Iranian debunkle? Why play into the hands of an Armageddon scenario by giving a widely recognized potentially unstable regimen battle control technology that will further fuel the region's instability? All the while our already shaken reputation as a dependable ally is further threatened.

Yes; the Saudis, by flooding the world oil markets, have reduced some of our leader's sense of urgency with regard to U.S. imported oil supply. Those leaders have apparently forgotten a few key points.

First, it is the combination of Jimmy Carter's energy policy success and the Saudis' intent to control world oil markets that has resulted in our glut situation. These same Saudi partners lead the application of the oil weapon that followed the "Six-Day war".

Second, the Saudi Government, which is far from being stable, is a vulnerable and potentially unstable monarchy with widespread evidence of the kind of religious unrest that fueled Iran's demise.

Third, the Saudis, beginning with the oil weapon, have shown that they are friends only when it suits their own interests. They were and continue to be an obstacle to peace in opposing the Camp David peace accords and in financing the PLO terrorists.

Fourth, how can we continue to ignore the implications of the Saudi position of refusing to permit joint United States-Saudi command of the warplanes without their granting any guarantees as to how weapons would be used.

Beyond the issue of foreign dictation of U.S. policy, test of friendships are fine in low-stake games of trade—but not in ones of world war. And that may well be what is at stake here in the AWACS sale.●

● Ms. OAKAR. Mr. Chairman, my vote to support House Concurrent Resolution 194, disapproving the sale of military air-defense equipment, including AWACS is with considerable caution.

I am firmly committed, first and foremost, to the vital interests and security of the United States. I believe it is in the United States' best interests to move with caution in supplying military assistance to a foreign government. Military assistance to any country has the potential of opening the door to abuse and misuse. The United States historically has been the military merchant of a major part of the world. We cannot continue to expand the U.S. arsenals to other areas of the globe without a critical reevaluation of our entire policy for supplying military hardware. Until we have ample time to fully study our entire policy of military assistance to foreign countries, I urge our continued support for the retention of United States controlled AWACS in Saudi Arabia.

There should be no discussion regarding this issue as to whether we support Israel or Saudi Arabia. Both countries are vital to our own security. Both countries must be assured of our continued friendship and support for their legitimate defense needs. We are a faithful supporter of Israel and are

committed to its security. At the same time our concern for peace and stability in the Middle East requires us to maintain a close relationship with Saudi Arabia and other moderate Middle East nations and to address successfully the rights of the Palestinians and their desire for a sovereign homeland.

In refusing this sale, we must assure Saudi Arabia of our continued support. This country has served as a moderating force in the Middle East. It has helped to stabilize the price of oil by increasing its production and insisting on holding down the price. It played an important role in seeing that the Habib peace mission in Lebanon was successful by helping achieve a cease-fire in Lebanon and restoring stability in that country. We must continue to insure that the United States and Saudi Arabia maintain their close ties. It is essential to our own security.●

● Mrs. HOLT. Mr. Chairman, some months ago, I cosponsored the legislation to disapprove the sale of AWACS planes to Saudi Arabia because of serious reservations about the sale of sophisticated military equipment which could be taken by hostile forces if the Saudis fell victim to aggressors active in that unstable area of the world. Since that time many knowledgeable engineers have convinced me that this plane and radar are old technology.

We are now confronted with an issue that has become much larger than it was several months ago. It has become a test of America's good faith in fulfilling agreements made with other countries. If we refuse to support the sale of the AWACS to Saudi Arabia, we will inflict terrible damage on the administration's ability to conduct a credible and successful foreign policy. Also, it is no longer a question of whether the Saudis will have an airborne warning system, but whether they will purchase the systems from the United States, allowing us to train the pilots and maintain the equipment.

It is the goal of the administration, and a goal which I share, to build a strong defensive structure against the predatory Soviet intentions in the Mideast. Although Israel, Egypt, and Saudi Arabia have substantial differences, they have a common interest in defending themselves against Soviet clients which threaten all three.

Our foreign policy continues to emphasize the security interest common to all three.

Since the assassination of President Sadat of Egypt, the Reagan administration has worked tirelessly and thus far successfully to assure them of our continuing help in their defense.

The administration has been consulting with Egypt on that country's needs and strategy in defense against the threat from Libya. At the same time, we are encouraging Egypt and Israel to continue implementing the Camp David agreements.

The administration has also emphasized a strong commitment to the defense of Saudi Arabia, but the credibility of that commitment is at stake in our vote on the proposed sale of AWACS planes to the Saudis. They have agreed to certain restrictions on the use as required by the President.

It is said that Israel would feel threatened by the AWACS sale to Saudi Arabia. I suggest to you that the danger to Israel is greater if the United States backs out of the agreement to sell the AWACS to Saudi Arabia. If the Congress rejects the sale, the administration's goals in the Mideast will be more difficult to attain.

If Congress fails to honor this commitment made by the administration, then what faith can be placed in other commitments made by the administration as we attempt to solve the many sensitive and complex problems that affect the defense of our allies in the Mideast? Our ability to promote the security of the region would be badly compromised.

We are encouraging Saudi Arabia to work with us to achieve the security of the region, and I believe it is profoundly in the interest of Israel to see development of the American-Saudi relationship. It would surely be against the interest of Israel to see that relationship begin to unravel.●

● Mr. MOLINARI. Mr. Chairman, I will be very pleased today if this body overwhelmingly approves House Concurrent Resolution 194. This resolution which disapproves of the sale of E-3A airborne warning and control aircraft (AWACS) and conformal fuel tanks for F-15 aircraft already purchased by Saudi Arabia.

I believe that the recent tragic assassination of President Sadat has increased the importance of blocking this sale. Events in Egypt have again reminded us of the instability in the Middle East, and has added to my concern for our most sophisticated technology falling into Soviet hands through bribery, defection, or revolution.

I do not believe that we should trust our most advanced technology and secrets to Saudi Arabia. Although the Saudis could prove to be an important ally with the United States, and their friendship is one we would certainly want to cultivate in the future; the fact remains that our relationship with the Saudi Government has not been harmonious and we have experienced many policy disputes with them. Among those differences is the continued Saudi opposition to the Camp David peace accords.

Again, I will be very pleased if the House does not approve the sale of these weapons today. Next week when this issue comes before the Senate I hope that they act as wisely and as judiciously as the House did today.●

● Mr. DREIER. Mr. Chairman, I rise in opposition to the sale of AWACS to Saudi Arabia and in support of House Concurrent Resolution 194.

Recent events in the Middle East have served to underscore the fact that, in this region of the globe, seeming stability can be shattered in a sudden hail of bullets or by a rampaging mob bent on destruction. No amount of sophisticated radar technology can track the myriad revolutionary forces which confuse and distort Middle Eastern politics. In short, our alliances with nations in this area are often transitory.

There is, however, one country with which the United States has maintained a stable long-term alliance. The relationship between the United States and Israel is indeed special. In an area where violent change in government is the rule, Israel has remained a bulwark of democratic principles. We share with Israel a common set of ideals which leads to a degree of cooperation that is unique in U.S. foreign relations. In Israel, the United States has a true partner in promoting peace and preventing outside intervention in the affairs of the region. We should not be willing to threaten the security of Israel in order to gain a shaky foothold in Saudi Arabia.

In addition, the inherent instability of the region argues against the infusion of high-level American technology which may ultimately wind up in the hands of the enemies of the United States. We need only review the events of the Iranian revolution to see how an internal crisis can lead to the loss of U.S. military secrets.

Recent history has given us ample warning against the transfer of advanced technology to nations whose future stability may be in question. True U.S. interests in this region remain closely allied to the continued security of the State of Israel. It is for these reasons that Congress must exercise its legitimate oversight responsibility and reject the sale of AWACS and other arms to Saudi Arabia.●

● Mr. MARKEY. Mr. Chairman, I ask unanimous consent to revise and extend my remarks, and wish to express my strong disapproval of the proposed arms sale to Saudi Arabia. For numerous reasons, this sale runs counter to the best interests of the United States and the cause of peace in the Middle East and the world.

Mr. Chairman, this sale explicitly violates a 1978 agreement between the executive branch and Congress when 62 F-15's were sold to Saudi Arabia. At that time a promise was made that offensive military equipment for the aircrafts would not be extended to Saudi

Arabia—a pledge that has now been broken.

Mr. Chairman, the administration claims that this sale is essential for Saudi Arabia to defend herself against a Soviet attack or a Soviet-backed attack. This argument is a shallow one, however. Regardless of how much sophisticated military equipment the United States extends to the Saudis, their armed forces never could halt a Soviet attack. If opposing a Soviet attack was the primary concern, then the Saudis would not be objecting so strenuously to some form of U.S. control over the AWACS.

Mr. Chairman, the AWACS sale is viewed by the administration as a show of support for the moderate Saudi regime. But how moderate are they? The Saudis have steadfastly opposed the Camp David peace process, and have lavished extensive aid on the Palestine Liberation Organization, a group dedicated to the destruction of Israel. As recently as this August, Mr. Chairman, the Saudi leaders declared that Jihad, or holy war, against Israel was their primary struggle. The United States should at least demand some quid pro quo for extending this sophisticated equipment.

Finally, Mr. Chairman, the administration claims that this arms sale is critical to insure stability in the Middle East. But the Saudi regime, located in a region of tremendous political unrest, cannot be immune from violent internal factions, no matter how much military equipment they possess. This fact, along with the overall unstable nature of the Middle East, was highlighted dramatically with the tragic assassination of President Anwar Sadat. It was cruelly ironic that President Sadat was assassinated while watching a parade honoring his regime's military strength. The stability potential in military hardware is indeed dubious—which should serve as a lesson to us all on the AWACS sale.

For all of the aforementioned reasons, Mr. Chairman, I urge my colleagues to resoundingly disapprove this arms sale to Saudi Arabia.●

● Mr. ROE. Mr. Chairman, I rise today in strong opposition to the sale of AWACS aircraft to Saudi Arabia and in full support of House Resolution 194.

The recent tragic assassination of our good friend Anwar Sadat has underscored how volatile and changeable the Middle East truly is.

The leadership of any nation in the area can be changed in rapid fashion whether by a religious rebellion, armed intervention of outside forces or the hail of an assassin's bullets.

It was not that long ago that former President Carter, on the occasion of a visit to the United States by the late Shah of Iran, noted that world leader and his nation were among the strongest allies we had in the world. Less than a year later, the Shah had fled his land and 52 Americans were held hostage in oe of the most humiliating episodes in our country's history.

Mr. Chairman, none of the aid we provided Iran prevented the Shah's downfall and it would similarly be true that the sale of the highly sophisticated AWACS aircraft would not insure the continued viability of the present Saudi regime.

I believe it is a fallacy to assume that the Saudis will always remain our close allies in the Middle East. That nation has taken steps in the past that have been most contrary to American interests. For example, the Saudis supplied funding for the three wars waged against Israel, they aid the PLO in terrorist activities in the region and have repeatedly rebuffed overtures on the part of the United States to support the Camp David peace accords.

It is clear then that the Saudis are determined to follow the same policy in the Middle East with or without our AWACS aircraft. Why then should we supply them with these planes that have never been made available for sale to our closest NATO allies?

The fact of the matter is that there have been several AWACS planes in Saudi Arabia for quite some time that are operated by both Saudi and American personnel. Any information the Saudis could possible hope to obtain via the sophisticated aircraft is already at their disposal.

The turning over of five new AWACS planes to the Saudis would both place the top secret nature of the aircraft's operation in jeopardy in case they were obtained by unfriendly forces in the area, and more importantly, would make Israel, our only true friend in the Middle East, a "sitting duck" for the Saudi intelligence network.

Mr. Chairman, I am convinced that the sale of the five AWACS planes to Saudi Arabia would be a monumental mistake that could well place the very existence of Israel in jeopardy.

During a factfinding inspection of Israel's military facilities last summer, I was told by Israeli officials that the sale of AWACS aircraft to the Arab nations would eliminate Israel's ability to defend and protect its military aircraft during a surprise attack by its enemies.

Like some other House Members, I recently was given a military briefing and toured one of the AWACS aircraft. Let me assure my colleagues that I came away from that briefing convinced this ill-timed sale would definitely tip the balance of power in the Middle East against Israel.

The AWACS aircraft is a big "eye in the sky" that is efficient enough to watch planes taking off from Philadelphia airports while flying over Washington. The planes would enable the Saudis to catalog Israel's defense network on a moment-to-moment basis which would effectively eliminate Israel's ability to defend itself.

Mr. Chairman, this attempt to appease the oil-rich Saudis at the expense of jeopardizing the sovereignty of Israel must be stopped in its tracks.●

● Mr. PANETTA. Mr. Chairman, before Congress completes consideration of the President's proposed arms sale to Saudi Arabia, this may rank as one of the most thoroughly debated issues of the 97th Congress. And yet, in spite of this, I do not believe that the sale's supporters, have offered a single relevant, convincing argument to bolster their case. Behind all of the rhetoric presented by President Reagan, Secretary Haig, and others, lies a very simple request that we have faith: faith in the stability of Saudi Arabia, faith in the security of U.S. technology sold there, and faith in the good intentions of the Saudis.

It is perhaps for this reason that the administration is confronted with such an overwhelming vote of opposition to the sale in the House of Representatives. The Congress is a deliberative body which is not accustomed, nor was it intended, to bow to the will of the executive branch based on an article of faith.

President Reagan has informed us that the security of Saudi oilfields is at stake in this sale. What he does not mention, however, is that the United States is currently operating airborne warning and control system (AWACS) planes, which are the heart of the sale package, each and every day of the week. We are providing the Saudis access to pertinent information gathered by these planes while at the same time protecting the security of that technology. It surely makes sense from a security point of view to maintain control over both the planes and the information.

The recent, and tragic, assassination of Anwar Sadat has been cited by both opponents and proponents of the Saudi arms sale in support of their respective positions. From my point of view, the lesson to be learned from this incident is an obvious one, but one which our Nation seems to be reluctant to grasp: We cannot rely on the stability of any leader or government in what is an inherently unstable region. The forces which brought about the death of Anwar Sadat are the same which toppled the Shah in Iran; both events were brought about by a brand of religious fanaticism which runs strong throughout the Middle East.

I have no quarrel with those who hold Saudi Arabia to be a close and valuable ally of the United States. I believe that nation has acted as an effective buffer between the West and more radical Arab countries, and I am

hopeful that Saudi Arabia will in time come to play an important role in the peacemaking process for the Middle East.

However, the Saudis' friendship in no way obligates the United States to proceed with the proposed arms sale, a sale which is, incidentally, unprecedented in size. The President claims it will contribute to the security of the region. I say it will simply pour more fuel on the fire in a part of the world where the friction between races, nations, and religions is already intense.

The tremendous attention which has been given to the AWACS portion of the sale package has tended to obscure the fact that there is a very significant amount of additional, offensive military equipment involved here. I think it is important to note that among the items included in the sale are improved fuel tanks and mid-air refueling aircraft, both of which are designed to service the sophisticated F-15 warplanes. The original sale of the F-15's to the Saudis, absent this additional equipment to enhance their effectiveness, was a matter of substantial concern and controversy to the American public. The President has now recommended the sale of these additional items, which are designed to increase the range of the F-15's, with scarcely a word to address these earlier, though still valid, concerns.

Finally, over 1,000 of one of our most advanced and lethal air-to-air missiles, the AIM-9L, would also be provided the Saudis were this sale to be approved by the Congress. Not only would this result in an enormous increase in the firepower available to the Saudis in any Middle East conflict, it would also further escalate the risk of sensitive technology falling into the hands of the Soviets or other hostile nation.

In 1977, President Carter notified the Congress of a similar sale, involving seven AWACS planes, to the Shah of Iran. Eigheen months later, the Shah was overthrown in the violent upheaval which continues to rock the Middle East. We were fortunate that delivery of the AWACS aircraft had not yet occurred at the time of the Iranian revolution.

Let us heed our past experiences, and reject this arms sale.●

● Mr. LOWERY of California. Mr. Chairman, the proposed sale of AWACS and F-15 add-on equipment to Saudi Arabia will not serve the interests of the United States, nor will it promote the cause of peace and stability in the Middle East.

In considering this sale, we should be sensitive to the sad history and the circumstances now existing in the Middle East. This region has experienced five major wars since the end of the World War II. It is a region that still spends more of its GNP on arms than any other commmodity. Of the 10 nations of the world with the highest percentage of budgeted spending on arms, 6 are in the Middle East. This region also spends more to import arms, and the United States is the No. 1 source of those arms.

Additionally, we must be conscious of the instability now prevailing in this region. Iran and Iraq are at war. While a fragile cease-fire holds on the border between Lebanon and Israel, Lebanon remains in the grip of a tragic civil war that has produced internal chaos. Our closest friend in the Arab world has just been assassinated, and the future of the peacekeeping process begun at Camp David hangs in the balance.

This is the context in which we must decide to approve the sale of $8.5 billion of advanced weaponry to Saudi Arabia, perhaps the largest single arms package ever submitted to Congress. This particular proposal will enable Saudi Arabia to purchase the following sophisticated military equipment:

Five E-3A airborne warning and control system (AWACS) aircraft; 6 KC-707 aerial refueling tankers (with an option to purchase 2 more); 202 conformal fuel tanks designed to enhance the range of F-15's previously sold to Saudi Arabia; 1,177 AIM-9L Sidewinder air-to-air missiles, designed to enhance the firepower of those F-15's.

I believe there are at least five compelling reasons to oppose the sale of this equipment.

First, this sale could compromise advanced U.S. technology and, thus, the security interests of the United States; it is quite possible that our equipment would fall into the wrong hands. When the Shah of Iran fell, we lost the F-14, the Phoenix missile, the HAWK surface-to-air missile, and the TOW antitank missile, to name but a few. The only reason AWACS technology was also not lost is because the Shah fell before those aircraft were delivered to him.

The second reason to oppose this sale is that it will do nothing to advance the cause of peace and stability in the Middle East. In fact, it simply advances the flow of sophisticated arms into the region. How will this major arms sale promote peace and stability? Has Saudi Arabia committed itself to our peace initiatives in the Middle East? Has it rejected terrorism as a tool to achieve political ends? There should be some quid pro quo which will clearly advance our interests, but one looks in vain to find it.

Third, this sale does not respond to any legitimate security need of Saudi Arabia. We share with the Saudis an obvious interest in securing the Saudi oilfields from outside aggression. Accordingly, the Saudis have invited us to operate AWACS planes out of Saudi Arabia and we have been doing so, sharing with the Saudis all collected information which is pertinent to their legitimate defense needs. This arrangement has worked to the advantage of both sides and there is no reason to revise it.

A fourth reason for opposing this sale is that the most serious security risk for the Saudis is internal. It would be irresponsible for us to help them prepare to defeat a sophisticated air threat, for which the AWACS was designed and which has a low probability of occurring, when they are incapable of handling the more elementary threats of insurrection and guerrilla warfare that are highly probable. This sale is not in our interest, or theirs, because it diverts attention from the primary threat to Saudi security.

Finally, a fifth reason for opposing this sale is that it breaks with a prior understanding. The original decision to sell F-15's to Saudi Arabia in 1978 was made only after extended discussion and debate. Important concessions were made during the course of that debate and Secretary of Defense Brown gave the single most important assurance: "Saudi Arabia has not requested nor do we intend to sell any other systems or armaments that would increase the range or enhance the ground attack capability of the F-15." Unfortunately, the proposed sale abandons these assurances. The conformal fuel tanks and Sidewinder missiles will increase both the range and firepower of the Saudi F-15's.

While I support President Reagan's goals in restoring America's ability to protect our interests in the Middle East, and in working toward regional peace and stability, I cannot support the sale of the AWACS/F-15 enhancement package as presently conceived. It is time we faced up to the reality that there is no effective substitute for American power and presence. We cannot afford to continue to rely on regional powers to protect Western interests. The debacle in Iran should have been lesson enough. The uncertainty created by Sadat's tragic death was a bitter and sharp reminder of the dangers inherent in such reliance. We should not be lulled into thinking that selling AWACS to Saudi Arabia will somehow compensate for the lack of our own capabilities in the area.●

● Mr. HOPKINS. Mr. Chairman, I was in the Middle East earlier this year with some of my colleagues. Upon returning, I spoke of my conviction that we needed to increase U.S. presence and resolve in this volatile area. In my opinion, nothing has surfaced since that time to alter this need. Accordingly, I will vote in favor of the sale of five E-3A AWACS radar planes and other military equipment to Saudi Arabia.

After considerable thought and study, I believe the arguments in favor

of the sale center around the following points:

The sale will help the Saudis defend themselves in their legitimate defense needs. It bolsters their early warning and air defense capabilities against attack on their oilfields, which are invaluable to U.S. and Western industrial survival. Without AWACS the Saudis have only 2 to 4 minutes warning in case of air attack on their oilfields. No air force in the world can defend a target against those odds.

The sale will bolster U.S. credibility as a reliable security partner. Wavering nations in the region need assurances that a partnership with the United States will outweigh the risks involved. Especially after Iran, there is concern the United States will not stand by its friends.

The Saudis can get good equipment, both in fighters and air warning systems, from other countries. If we turn them down, they will go elsewhere for the purchases, and then we will have no control over these systems or how they are used.

The sale will facilitate deployment of U.S. forces in the region if we ever have to help defend Saudi oilfields, by providing a logistics base. It also would provide necessary early warning in air defense if we had to respond to air threats.

The AWACS does not offer a significant military threat to Israel. AWACS cannot see targets moving on the ground, so the system could not be used by the Saudis to spy on Israeli tank, other military vehicle, or even troop movements. The AWACS can only record air targets moving in excess of 100 miles an hour. The Saudis want to protect their oilfields, which are on their own east coast. To detect targets in Israel, the Saudis would have to fly their AWACS near the Jordanian border, and there is no doubt the Israeli Air Force could—and would—shoot the planes down under these circumstances.

The sale of the AWACS does not constitute a high risk of loss of sensitive technology. The AWACS is a 1960's design system; the radar is textbook technology, and the computer is available commercially. The materials that are sensitive are not being included in the sale package.

The delivery date for the first plane is December 1985. With any slippage, delivery will not occur in 1985. A lot can happen in that time, and it does provide some degree of flexibility.

In a final, and more general theme, I would note my support for this sale in no way weakens my support for Israel. In the wake of the Sadat assassination, we need to do whatever we can to bolster our friends in the Middle East; that includes Saudi Arabia, Egypt, and Israel. The greatest threat in this region is instability and the creation of an environment where military force offers the best solution for resolution of disputes. Much of the discussion on this proposed sale centers around the argument that this plane is too technical and too sophisticated to be introduced into such an unstable environment. The argument runs that we are fueling the arms race by introducing a higher level of weapons into the region.

I would simply say that I do not think these arguments are true. The AWACS is not a weapon, but rather is defense in nature. Certainly there are risks involved in the transaction, but I feel the advantages outweigh the risks. And certainly we must be willing to take risks if peace is to be achieved. If we remember Anwar Sadat for no other reason, we should recall his personal courage, wisdom, and insight—and unwillingness to accept risks—in the pursuit of peace.

My sole concern in this issue is what I consider to be the best interests of our country, and I firmly believe this sale will take a positive step toward supporting our firends and helping maintain the fragile peace in the Middle East.●

The CHAIRMAN. All time has expired.

The Clerk will report the concurrent resolution.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 194

Resolved by the House of Representatives (the Senate concurring), That pursuant to section 36(b) of the Arms Export Control Act, the Congress objects to each of the following proposed sales to Saudi Arabia (the certifications describing these proposed sales having been submitted to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate on October 1, 1981):

(1) The proposed sale of E-3A airborne warning and control system (AWACS) aircraft, together with related defense articles, defense services, and design and construction services (transmittal numbered 81-96A).

(2) The proposed sale of conformal fuel tanks for F-15 aircraft, together with related defense articles and defense services (transmittal numbered 81-96B).

(3) The proposed sale of AIM-9L Sidewinder air-to-air missiles, together with related defense articles (transmittal numbered 81-96C).

(4) The proposed sale of Boeing 707 aerial refueling aircraft, together with related defense articles and defense services (transmittal numbered 81-96D).

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of this resolution (H. Con. Res. 194). I believe it would be a major mistake for our country to sell this highly sophisticated equipment to anybody. Saudi Arabians were the original ones to ask us to participate in appropriate monitoring in their area. They invited us there, with the purpose that we would provide the kind of monitoring service AWACS aircraft because it was very much needed.

The Saudis asked for our presence. I think we ought to be able to maintain control of this equipment. I very much object to the idea of selling it to anybody.

Mr. Chairman, I do not now believe, nor have I ever believed that it is a good idea for the United States to sell AWACS to Saudi Arabia or any other country. My feelings are not based on any strict emotional loyalty to Israel, but instead on my belief that we should not sell sophisticated weaponry that was designed for the defense of our country to any nation, much less one with whom we have no formal alliance or official understanding of its final use. It makes no sense for us to spend billions of dollars and years of research on systems intended to protect our Nation and then sell them to buyers when we cannot be sure we will maintain its full final use. Look at what happened to our true friend the Shah.

This sale, it is argued, will reaffirm the value we place in their role as allies. To begin with, Mr. Chairman, I do not believe that Saudi Arabia will always support the United States, with some important issues. Let us not forget that the Saudis have financed the last three Arab wars with Israel. They provide a large part of the money behind the PLO. They openly oppose the Camp David accords—the only concrete movement toward peace in that area of the world in the last 40 years.

Let us assume that Saudi Arabia is indeed a true friend. Are we now to believe that because a nation is our friend, we are obligated to sell her every piece of military equipment we develop? I remind my colleagues that even NATO does not have the use of AWACS without an American presence. It seems to me that we could be setting a wrong precedent by selling these AWACS to Saudi Arabia merely because of friendship.

If proof of friendship is what Saudi Arabia is really looking for, all they have to do is look in their own front yard as to what the United States is doing. Americans right now are in the process of building four airbases, two naval bases, and three bases for the army and national guard in Saudi Arabia. Among these projects are an $8.5 billion military city out in the middle of one of their deserts; two naval bases in the city of Jubail for a total of $3.5 billion; and a $1.4 billion West Point-type military academy in the capital of Riyadh. In the last 8 years Saudi Arabia has purchased a total of $34 billion worth of American military hardware. If this is not proof enough of friendship, I hardly think that the AWACS are going to convince them.

In conclusion, Mr. Chairman, I fail to see why the Saudis find it imperative to have their own AWACS all of a sudden. For 2 years they have had the best of both worlds, the utilization of some of the world's best defensive military equipment and the expertise of American military men to help guide them, without the worry of upkeep or cost. The Saudis are just as safe and secure now as they will ever be. Whether the AWACS are ours or theirs makes no difference at this point.

I urge my colleagues to support this resolution.

Mr. FASCELL. Mr. Chairman, I move that the Committee do now rise and report the concurrent resolution back to the House with the recommendation that the concurrent resolution be agreed to.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. PANETTA) having assumed the chair, Mr. RATCHFORD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the concurrent resolution (H. Con. Res. 194) disapproving the proposed sales to Saudi Arabia of E-3A airborne warning and control system (AWACS) aircraft, conformal fuel tanks for F-15 aircraft, AIM-9L Sidewinder missiles, and Boeing 707 aerial refueling aircraft, and directed him to report the resolution back to the House with the recommendation that the concurrent resolution be agreed to.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the concurrent resolution.

There was no objection.

The SPEAKER pro tempore. The question is on the concurrent resolution.

Mr. FASCELL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 301, nays 111, "answered present" 1, not voting 20, as follows:

[Roll No. 257]

YEAS—301

Addabbo	Beard	Boland
Akaka	Bedell	Boner
Albosta	Beilenson	Bonior
Anderson	Benedict	Bouquard
Annunzio	Benjamin	Breaux
Applegate	Bennett	Brodhead
Archer	Bethune	Broomfield
Ashbrook	Bevill	Brown (CA)
Aspin	Biaggi	Brown (CO)
AuCoin	Bingham	Brown (OH)
Bafalis	Blanchard	Byron
Bailey (PA)	Bliley	Carman
Barnes	Boggs	Carney
Chappell	Hall (OH)	Perkins
Chappie	Hall, Ralph	Petri
Chisholm	Hamilton	Peyser
Clausen	Harkin	Pickle
Clay	Hatcher	Porter
Coats	Hawkins	Pursell
Coelho	Heckler	Railsback
Collins (IL)	Hefner	Rangel
Collins (TX)	Heftel	Ratchford
Conte	Hendon	Reuss
Conyers	Hertel	Richmond
Corcoran	Hillis	Rinaldo
Coughlin	Hollenbeck	Ritter
Courter	Horton	Roberts (SD)
Coyne, James	Howard	Rodino
Coyne, William	Hoyer	Roe
Crane, Daniel	Hughes	Roemer
Crockett	Hunter	Rosenthal
D'Amours	Hutto	Rostenkowski
Danielson	Ireland	Roukema
Daschle	Jacobs	Rousselot
de la Garza	Jeffords	Roybal
Deckard	Jones (OK)	Rudd
Dellums	Jones (TN)	Russo
DeNardis	Kastenmeier	Sabo
Derwinski	Kemp	Santini
Dicks	Kildee	Scheuer
Dingell	Kindness	Schneider
Dixon	Kogovsek	Schroeder
Donnelly	Kramer	Schumer
Dorgan	LaFalce	Seiberling
Dornan	Lantos	Sensenbrenner
Dougherty	Leach	Shamansky
Dowdy	LeBoutillier	Shannon
Downey	Lee	Sharp
Dreier	Lehman	Shaw
Duncan	Leland	Shelby
Dunn	Lent	Shuster
Dwyer	Lewis	Siljander
Dymally	Livingston	Simon
Dyson	Loeffler	Skelton
Early	Long (LA)	Smith (AL)
Eckart	Long (MD)	Smith (IA)
Edgar	Lowery (CA)	Smith (NJ)
Edwards (AL)	Lujan	Smith (OR)
Edwards (CA)	Luken	Smith (PA)
Emery	Lundine	Snowe
English	Madigan	Solarz
Erdahl	Markey	St Germain
Ertel	Marks	Stark
Evans (DE)	Martin (IL)	Stokes
Evans (GA)	Martin (NC)	Studds
Evans (IA)	Matsui	Swift
Evans (IN)	Mattox	Synar
Fary	Mavroules	Tauzin
Fascell	Mazzoli	Traxler
Fazio	McCollum	Trible
Fenwick	McCurdy	Udall
Ferraro	McGrath	Vander Jagt
Fiedler	McHugh	Vento
Fields	McKinney	Volkmer
Fish	Mica	Walgren
Fithian	Mikulski	Walker
Florio	Miller (CA)	Washington
Foglietta	Mineta	Watkins
Foley	Minish	Waxman
Ford (MI)	Mitchell (MD)	Weaver
Ford (TN)	Moakley	Weber (MN)
Forsythe	Moffett	Weber (OH)
Frank	Molinari	Weiss
Frenzel	Moore	Whittaker
Frost	Mottl	Williams (MT)
Fuqua	Murphy	Williams (OH)
Gaydos	Murtha	Winn
Gejdenson	Natcher	Wirth
Gephardt	Neal	Wolf
Gibbons	Nelligan	Wolpe
Gilman	Nelson	Wortley
Ginn	Nowak	Wright
Glickman	Oakar	Wyden
Goldwater	Oberstar	Yates
Gonzalez	Obey	Yatron
Gore	Ottinger	Young (AK)
Gradison	Panetta	Young (FL)
Gray	Pashayan	Young (MO)
Green	Patterson	Zeferetti
Gregg	Paul	
Guarini	Pease	

NAYS—111

Alexander	Bowen	Cheney
Andrews	Brinkley	Clinger
Anthony	Broyhill	Coleman
Bailey (MO)	Butler	Conable
Bereuter	Campbell	Craig
Daniel, Dan	Jeffries	Quillen
Daniel, R. W.	Jenkins	Rahall
Dannemeyer	Johnston	Regula
Daub	Kazen	Rhodes
Davis	Lagomarsino	Roberts (KS)
Derrick	Latta	Robinson
Dickinson	Leath	Rogers
Edwards (OK)	Lott	Rose
Emerson	Lungren	Roth
Erlenborn	Marlenee	Sawyer
Findley	Marriott	Schulze
Flippo	Martin (NY)	Shumway
Fountain	McClory	Skeen
Gingrich	McCloskey	Smith (NE)
Goodling	McDonald	Snyder
Gramm	McEwen	Solomon
Grisham	Michel	Spence
Gunderson	Miller (OH)	Stangeland
Hagedorn	Mitchell (NY)	Stanton
Hall, Sam	Mollohan	Staton
Hammerschmidt	Montgomery	Stenholm
Hance	Moorhead	Stump
Hansen (ID)	Morrison	Tauke
Hansen (UT)	Myers	Taylor
Hartnett	Napier	Thomas
Hightower	Nichols	Wampler
Hiler	O'Brien	White
Holt	Oxley	Whitley
Hopkins	Parris	Whitten
Hubbard	Patman	Wilson
Huckaby	Price	Wylie
Hyde	Pritchard	Zablocki

ANSWERED "PRESENT"—1

Barnard

NOT VOTING—20

Atkinson	Burton, Phillip	Lowry (WA)
Badham	Crane, Philip	McDade
Bolling	Fowler	Pepper
Bonker	Garcia	Savage
Brooks	Holland	Stratton
Burgener	Jones (NC)	Whitehurst
Burton, John	Levitas	

□ 1400

The Clerk announced the following pairs:

On this vote:

Mr. Fowler for, with Mr. Barnard against.

Mr. Pepper for, with Mr. Stratton against.

Mr. DERRICK changed his vote from "yea" to "nay."

Mr. BARNARD changed his vote from "nay" to "present."

Mr. BARNARD. Mr. Speaker, I have a live pair with the gentleman from Georgia (Mr. FOWLER). If he were present, he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

So, the concurrent resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FASCELL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the concurrent resolution just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

□ 1415

TECHNICAL AMENDMENT TO INTERNATIONAL INVESTMENT SURVEY ACT OF 1976

Mr. BINGHAM. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs be discharged from further consideration of the Senate bill (S. 1687) to make a technical amendment to the International Investment Survey Act of 1976, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. LAGOMARSINO. Mr. Speaker, reserving the right to object, and I do not intend to object, I make this reservation so that the chairman might explain what the legislation does.

Mr. BINGHAM. Mr. Speaker, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman from New York.

Mr. BINGHAM. This bill makes a technical amendment in the International Investment Survey Act of 1976, an act authorizing and directing the Commerce and Treasury Departments to conduct periodic surveys on the extent and exact character of foreign investment in the United States and U.S. investment abroad.

Earlier this year the Congress passed legislation authorizing further appropriations to carry out these studies and making certain noncontroversial changes in the act. One of these changes altered the timetables for some of the surveys, in order to reduce the cost to the Government and the burden on respondents. In making these changes in the act the Senate language, which the House adopted, referred to surveys covering calendar years.

The original act never referred to calendar years: It simply directed certain surveys every 5 years. It is the word "calendar" that this bill, S. 1687, would delete. By eliminating the reference to calendar years, the agencies administering the act will have the flexibility to structure surveys on a fiscal year basis if the respondents are more likely to maintain the required data on the basis of fiscal years.

This technical amendment was requested by the President in his message announcing his approval of the authorizing legislation. S. 1687 was introduced in the Senate on September 30 and passed the same day. Adopting this amendment will minimize the burden on persons surveyed as much as possible while still enabling the agencies to collect appropriate data on international investment, and I urge the House to pass S. 1687, thus clearing it for the President.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. LAGOMARSINO. Further reserving the right to object, I yield to the gentleman from California.

Mr. ROUSSELOT. So, all the gentleman is doing is changing one or two words in this; is that it?

Mr. LAGOMARSINO. As I understand, we are changing the term "calendar year" to "fiscal year" to conform to what the President has requested.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman.

Mr. LAGOMARSINO. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York (Mr. BINGHAM)?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1687

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4(b) of the International Investment Survey Act of 1976 (22 U.S.C. 3103(b)) is amended by striking the word "calendar" each time it appears therein.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PERMISSION FOR SUBCOMMITTEE ON ENERGY RESEARCH AND PRODUCTION OF COMMITTEE ON SCIENCE AND TECHNOLOGY TO SIT TOMORROW DURING 5-MINUTE RULE

Mrs. BOUQUARD. Mr. Speaker, I ask unanimous consent that the Subcommittee on Energy Research and Production of the Committee on Science and Technology be permitted to sit tomorrow while the House is reading under the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentlewoman from Tennessee?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, I do so to ask my colleague, is this only for the purpose of hearings or does the gentlewoman intend to mark up a bill?

Mrs. BOUQUARD. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I would be glad to yield.

Mrs. BOUQUARD. It is my understanding that the minority supports this request. It is for markup of nuclear waste legislation for the subcommittee on H.R. 2993, H.R. 4697, and H.R. 2881.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, could the gentlewoman describe to us what this is and why it is so important to miss the important discussions on the agriculture bill?

Mrs. BOUQUARD. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I would be glad to yield.

Mrs. BOUQUARD. We have been working on this nuclear waste legislation for a good many years. We think it is very vital legislation. We are anxious to move ahead with the markup.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, why could this not be done on Friday or some other time?

Mrs. BOUQUARD. I did not understand.

Mr. ROUSSELOT. Could the gentlewoman describe for us why this is so urgent that it cannot be accomplished in committee, say on Friday?

Mrs. BOUQUARD. If the gentleman will yield, we intend to continue with the markup on Friday if it is necessary. The hearings were held last week. We are anxious to move ahead with the markup tomorrow.

It is my understanding the minority has approved this request.

Mr. ROUSSELOT. I heard that. The minority did not know about it until just a few minutes ago.

Is the gentlewoman sure that she wants to deny the members of her subcommittee the right to hear this important agricultural legislation?

Mrs. BOUQUARD. If my colleague will yield, I surely will try to get through as rapidly as possible and be back on the floor for the hearings.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentlewoman from Tennessee (Mrs. BOUQUARD)?

There was no objection.

HUNGARIAN FREEDOM FIGHTERS DAY

Mr. FORD of Michigan. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 268) to designate October 23, 1981, as "Hungarian Freedom Fighters Day," and ask for its immediate consideration in the House.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. DERWINSKI. Mr. Speaker, I reserve the right to object in order that the gentlewoman from New Jersey (Mrs. FENWICK) be allowed to explain to the House the significance of this resolution.

Mrs. FENWICK. Mr. Speaker, I thank my colleague for yielding.

Mr. Speaker, I rise in strong support of House Joint Resolution 268. This resolution would commemorate the efforts of those brave Hungarians who risked their lives 25 years ago this month to call for an end to Soviet po-

litical and economic domination of their country. Specifically, it would designate October 23, 1981, the 25th anniversary of the major demonstration in Budapest which served as the catalyst for what has become known as the "Hungarian Revolution", as "Hungarian Freedom Fighters Day." The resolution authorizes and requests the President to issue a proclamation designating this day.

Equally important, the resolution calls upon the people of the United States to reaffirm our belief in the eventual victory of the freedom-loving spirit over oppression. At a time when so many people are suffering in the captive nations of the world, it is important that we voice our support for their individual human rights, and for their quest for freedom. Perhaps our small action here in this House can provide them with hope.

Ironically, today's resolution comes before us at an appropriate time. The "Hungarian Revolution" of 25 years ago came on the heels of a successful anti-Stalinist revolution in Poland on October 19, 1956. Hungarians, rose up and drove the Soviet troops out of Budapest, and in the days that followed October 23, took steps to form a coalition government and to eliminate single-party rule. As we know, Soviet tanks rolled back into Budapest on November 4, 1956, crushing the revolution in its early stages. But this historic example of courage, and belief in freedom should not be forgotten.

Since I introduced House Joint Resolution 268 on May 28, 223 Members of the House have joined me as cosponsors of this resolution. I want to thank those Members for their support, and I owe a special debt of gratitude to my original cosponsor, Mr. LANTOS, and to the gentleman from New York, Mr. HORTON, the chairman of the Committee to Commemorate the Hungarian Revolution of 1956. Without their help, and that of Mr. Stephen Gereben, the president of the Hungarian Freedom Fighters Federation, and Dr. Michael Szaz, of the Confederation of American Ethnic Groups, this resolution would not have come before us today. Finally, I would like to thank the chairman and the ranking minority member of the Committee on Post Office and Civil Service, Mr. FORD of Michigan and Mr. DERWINSKI of Illinois, for their expeditious consideration of this resolution.

Mr. Speaker, I urge all Members to support House Joint Resolution 268.

Thank you.

Mr. DERWINSKI. Mr. Speaker, further reserving the right to object, I yield to the gentleman from New York (Mr. HORTON).

Mr. HORTON. Mr. Speaker, this House owes a debt of thanks to my colleague from New Jersey (Mrs. FENWICK) for her leadership on this resolution. Without her early support and sponsorship of House Joint Resolution 268, this House might not have had the opportunity to appropriately pay tribute to the men and women who fought for human rights, freedom and, self-determination—the Hungarian freedom fighters.

Mr. Speaker, I also want to extend my appreciation, as chairman of the Committee to Commemorate the Hungarian Revolution of 1956, to all those Members who joined us in sponsoring this resolution. Gaining the necessary 218 cosponsors of the resolution was possible only through the help of the many Members who share our view that the Hungarian freedom fighters stand as an inspiration to all peoples who dream of freedom, peace, and national sovereignty.

And finally, Mr. Speaker, let us also recognize the contributions of the many Hungarian-American organizations and their presidents who helped make this resolution a reality: the Coordinating Committee of Hungarian Organizations in North America, its president and former mayor of Budapest, Mr. Jozsef Kovago; the Hungarian Freedom Fighters Federation, its president Eva Szorenyi; The American Hungarian Federation, and its president, the Very Reverend Iranyi; the Federation of Hungarian Former Political Prisoners, its president, Mr. Tibor Helcz; my good friend Istvan B. Gereben, executive secretary of the Coordinating Committee of Hungarian Organizations in North America; and the many other groups and organizations throughout the United States.

As my colleague explained, House Joint Resolution 268 designates October 23, 1981, as "Hungarian Freedom Fighters Day." Twenty-five years ago, on that day, Hungarian freedom fighters attempted to establish a coalition government and to end Soviet political and economic domination in Hungary. The world witnessed a society spontaneously rise up against oppression only to be suppressed by the overwhelming military power of the Soviet Army.

Since its formation on October 26, 1980, the Committee to Commemorate the Hungarian Revolution of 1956, has been working to achieve one all-important goal to recall, remind, and rekindle the spirit of the Hungarian revolution and its freedom fighters.

People all over the world must know and understand the motivation, the spirit and the quest for freedom which inspired Hungarians to revolt 25 years ago were the very same which inspired Americans to revolt against tyranny 205 years ago. Time and language, and nothing else, separate the freedom fighters from the minutemen.

"The cause of freedom is identified with the destinies of humanity," a Hungarian patriot of another era wrote, "And in whatever part of the world it gains ground, it will be a common gain to all those who desire it." His name was Lajos Kossuth, and he was the leader of another failed Hungarian revolution of 1848.

Today, in Hungary, the Hungarian people are denied the right to recall their brief uprising against Soviet tyranny and their momentary taste of freedom. It is for these reasons that those of us who enjoy freedom, remember what happened in Hungary 25 years ago: Because the cause of freedom continues to be identified with the destinies of humanity—and when the Hungarian people failed to regain their freedom, every part of the world lost.

Until Hungary's right to self-determination and freedom is restored, the free world must continue its vigilance and advocacy for their freedom. House Joint Resolution 268 is a bold and inspiring symbol of that conviction.

Mr. DERWINSKI. Mr. Speaker, further reserving the right to object, I yield to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Speaker, I rise in support of this resolution.

● Mr. GILMAN. Mr. Speaker, today, during times when we too readily take the word freedom for granted, we are commemorating the deaths of hundreds of Hungarians who gave their lives for freedom. October 23, 1981, marks the 25th anniversary of the Hungarian revolution where the Hungarian freedom fighters demonstrated against Soviet oppression. I am pleased to join my colleagues in support of House Joint Resolution 268 which designates October 23, 1981, as "Hungarian Freedom Fighters Day."

Within days after the revolution began, the Hungarian freedom fighters attempted to establish a coalition government after the Soviet troops had withdrawn from Budapest. Unfortunately, the troops returned and quashed the revolution before their dream of political and economic freedom could be realized. Their courage and determination serves as an example to those who still live under oppressive governments.

Under no circumstances should we ever forget those who have sacrificed their lives for freedom when elements of social domination are still present in parts of Europe and the rest of the world. The continued commemoration of such events serves to remind us that the search for freedom should never be forgotten or taken for granted.

Mr. Speaker, I urge my colleagues to join together on this day to salute the freedom-loving spirit of the Hungarian freedom fighters and of all people who strive to protect human rights.●

Mr. DERWINSKI. Mr. Speaker, further reserving the right to object, I rise in support of House Joint Resolu-

tion 268 designating October 23, 1981, as "Hungarian Freedom Fighters Day."

October 25, 1981, will mark the 25th anniversary of the Hungarian revolution. The story of the courage of the Hungarian nation in 1956 must not be forgotten.

When a nation wishes to be free its desires cannot be suppressed forever. The Soviets may have crushed the resistance fighters of Hungary, but they cannot crush the spirit of liberty. Whenever one uprising is crushed the spirit appears somewhere else, as we now see in Poland.

The Hungarian revolution is one of those tragic moments of history in which success was mixed with tragedy, euphoria with sadness, freedom with oppression. For a few brief days the Hungarian people basked in the climate of their new found freedom.

Tyranny always produces its own downfall, because tyrants can hold on only so long. Then free men and women rise up to overthrow these tyrants.

These memories of 25 years ago are at once the images and realities of an event that captured the world's attention for too short a time but have not been forgotten.

Mr. Speaker, I urge my colleagues to support this resolution honoring those who fought so bravely in the name of Hungarian freedom 25 years ago.

Mr. Speaker, in view of the profound explanations given us, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Michigan (Mr. FORD)?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 268

Whereas on October 23, 1956, Hungarian freedom fighters attempted to establish a coalition government and to end Soviet political and economic domination in Hungary; and

Whereas on October 23, 1956, Hungarian freedom fighters and other participants in the Hungarian revolution attempted to free the Hungarian people from the oppression of the Soviet police state; and

Whereas the Congress supports the efforts of all freedom-loving peoples to protect their individual human rights and other rights of self-determination: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating October 23, 1981, as "Hungarian Freedom Fighters Day", and calling upon the people of the United States to reaffirm our belief in the eventual victory of the freedom-loving human spirit over oppression.

The SPEAKER. The Chair recognizes the gentleman from Michigan (Mr. FORD).

Mr. FORD of Michigan. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. LANTOS).

Mr. LANTOS. Mr. Speaker, at a time when Soviet troops are still poised at the borders of Poland, it is proper that we honor the men and women who laid down their lives for freedom in Hungary. We honor them today because their spirit will continue for generations to come to serve as an inspiration to all of us.

● Ms. OAKAR. Mr. Speaker, 25 years ago this month, the brave people of Hungary asserted their right to live freely and independently. Hungary, which lies at the crossroads of Europe, had suffered greatly at the hands of Nazi occupiers during World War II. Tragically, the ordeal for the Hungarian people did not end after the Second World War. Instead, a new totalitarian oppressor with an ugly ideology, the Soviet Union, established its repressive administration over the proud nation of Hungary.

The Hungarians, with a long tradition of striving for their independence, challenged the mighty Soviet military machine in 1956 with the Hungarian freedom fighter movement. Led by the heroic Imre Nagy, the Hungarians proclaimed an independent state. Sadly, the government did not have the military resources to withstand the brutal invasion of the Red army and in a week the revolution was suppressed. Many brave Hungarians were killed while many more were forced to flee their ancestral homes to seek refuge throughout the world, including the United States.

The bloody sacrifice of the Hungarian freedom fighters in 1956 was not rewarded with success, but their struggle was not in vain. The world was inspired by the example of a small nation asserting its rights despite impossible odds. What is especially significant is the effect the revolution had on Hungarian society. The Soviet Union reestablished its control—that is undeniable, but after 1956 things were never the same. The spirit of liberty was rekindled throughout Hungarian society so that the Soviets were forced to deal with a new political atmosphere and had to loosen their brutal grip over every aspect of life. Today, Hungary is still not free but reforms have made life easier and less oppressive. That was made possible by the heroism of the freedom fighters in 1956.

As recent events in Eastern Europe demonstrate, the spirit of freedom cannot be permanently suppressed. The Hungarian freedom fighters of a generation ago have not been forgotten nor has their cause been forsaken. The principle for which they fought and in many cases laid down their lives is again being asserted by other means. It is fitting, therefore, that we take time today to commemorate the memory of those that died and pay tribute to all the brave people of Hungary who showed the world that even a small nation can stand up for its rights against the most overwhelming of odds.●

● Mr. BONKER. Mr. Speaker, I am proud to join my esteemed colleague, TOM LANTOS, and others who are taking this opportunity to commemorate the 25th anniversary of the 1956 Hungarian revolution. I would also like to commend my distinguished colleague, MILLICENT FENWICK, for her perseverance and commitment in bringing to the full Congress House Joint Resolution 268, legislation designating October 23, 1981, as "Hungarian Freedom Fighters Day." I am proud to be among its many cosponsors.

The spirit that inspired the Hungarian people to fight the Soviet army lives on in the brave men and women of the captive nations. This spirit lives on today in Poland, and in the dreams and aspirations of Hungarians, East Germans, Czechs, and others living under the shadow of Communist oppression.

By commemorating the brave Hungarians who struggled to free their country 25 years ago, we not only pay tribute to them, but also pay tribute to all freedom-loving peoples who continue to fight to protect their human rights and rights of self-determination.●

● Mr. HUGHES. Mr. Speaker, I am proud to be among those given the opportunity to honor the heroic Hungarian freedom fighters on the 25th anniversary of their revolt against Soviet oppression. The entire free world will be forever indebted to these men and women who sacrificed their lives in the streets of Budapest in 1956, for they serve as a glorious example of the power of man's desire for independence. The freedom fighters struggled for several weeks, against incredible odds, to end the Soviet exploitation and political control that the Hungarians had suffered for 10 years. Though they did not achieve their goal of independence, they were successful not only in gaining new freedoms for the citizens of their country, but also in shaking the institution of communism to its very foundations and rekindling the spirit of liberty throughout the world.●

● Mr. PEPPER. Mr. Speaker, I am proud to take this opportunity to commend to the solemn recognition of the distinguished Members of this House those Hungarians who fought and those who died in the struggle to free their country from the imperialistic rule of the Soviet Union. Today we commemorate the 25th anniversary of the Hungarian freedom fighters' valiant effort to liberate their nation from the coercive Stalinist empire.

It is my honor to be among the sponsors of a resolution designating October 23, 1981, as "Hungarian Freedom Fighters Day" for they were courageous and hard-pressed men and women worthy of our remembrance. Although the triumph of the freedom fighters lasted for only a week, it accomplished much in loosening the grip of the U.S.S.R. on the Hungarian people. Perhaps more importantly, the courage and determination displayed by the freedom fighters has served as an inspiration to all people subjected to the denial of their basic political, social, and religious freedoms.

We are fortunate in the United States to have leaders and laws strongly in support of these freedoms and I hope that each of us, as we remember the noble Hungarian freedom fighters, will renew our resolve to peaceably strive to relieve the oppressed from political and social torment.●

● Mr. FLORIO. Mr. Speaker, 25 years ago this month the people of Hungary revolted against Soviet oppression. The freedom that resulted from this heroic struggle lasted only 1 week. But the 1956 Hungarian revolution was not a failure. The courage and convictions of the freedom fighters has resulted in the gradual loosening of the Soviet Union's oppression of the Hungarian nation. The spark of liberty which the freedom fighters died for in 1956 is being carried forward today throughout Hungary.

I urge my colleagues to join me today in marking the 25th anniversary when thousands of Hungarian men and women, students and workers gave their lives for freedom against an overwhelming enemy. Popular demonstrations against Communist rule in Budapest developed into open revolution when the ousted Communist Party secretary summoned Soviet armed forces to crush the Hungarian people. The uprising appeared to have halted on October 28 when Premier Nagy announced that the Soviet Union had agreed to withdraw its troops from Hungary. However, by November 1, Soviet forces had surrounded Budapest again and launched a massive surprise attack against the city on November 4, with 200,000 troops and 2,500 tanks and armored cars. The Hungarian people fought and died valiantly, but their dream for freedom was hopelessly crushed.

On this occasion, Mr. Speaker, it is appropriate for the Congress to speedily approve House Joint Resolution 268, to designate October 23, 1981, as "Hungarian Freedom Fighters Day." This resolution, in part, calls upon the people of the United States to "reaffirm our belief in the eventual victory of the freedom-loving human spirit over oppression."

This is the hope of Hungarians throughout the world, that someday the spirit of the Hungarian nation will be victorious over their Soviet intruders. Passage of this congressional resolution would provide appropriate recognition to the Hungarian people and their continuing struggle for liberty.●

● Mr. HORTON. Mr. Speaker, I would like to commend the gentleman from California, my good friend and colleague, TOM LANTOS.

Today this House will approve by unanimous consent, House Joint Resolution 268, designating October 23, 1981, as "Hungarian Freedom Fighters Day." As a principal cosponsor, Congressman LANTOS played a key role in moving this landmark resolution to the floor. We owe him and Congresswoman FENWICK a great debt of thanks. With final congressional approval, Hungarian Americans will be able to participate in appropriate activities and events that will reaffirm this country's dedication to self-determination, freedom, and human rights.

Twenty-five years ago, the world witnessed a spontaneous outbreak against oppression and Soviet tyranny. Hungarians from all walks of life joined Hungarian students and workers in their struggle to remove Soviet economic and political control. Throughout, their purposes were basic and inspired—to achieve independence from the Soviet Union, regain control over their own government, and to permanently establish their rights to freedom and human rights. Their short-lived taste of free speech and all other rights we enjoy in this country inspired the free world, the United Nations, the Government of the United States, and others to speak out in support of the Hungarian freedom fighters and their revolution.

On October 25, 1956, President Eisenhower issued the following statement:

> The United States considers the developments in Hungary as being a renewed expression of the intense desire for freedom long held by the Hungarian people. The demands reportedly made by the students and working people clearly fall within the framework of those human rights to which all are entitled: which are affirmed in the Charter of the United Nations; which are specifically guaranteed to the Hungarian People by the Treaty of Peace to which the Governments of Hungary and of the Allied and Associated Powers, including the Soviet Union, and the United States, are parties.
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> The United States deplores the intervention of Soviet military forces which, under the Treaty of Peace, should have been withdrawn and the presence of which in Hungary, as it is now demonstrated, is not to protect Hungary against armed aggression from without, but rather to continue an occupation of Hungary by the forces of an alien government for its own purposes. The heart of America goes out to the people of Hungary.

On November 4, 1956, a U.S.-sponsored resolution introduced in the General Assembly of the United Nations gained overwhelming support. The resolution stated, in part:

> * * * condemning the use of Soviet military forces to suppress the efforts of the Hungarian people to reassert their rights; convinced that recent events in Hungary manifest clearly the desire of the Hungarian people to exercise and to enjoy fully their fundamental rights, freedoms and independence. * * *

The free world in general and the United States specifically is again inspired as we approach the 25th anniversary date, October 23, 1981. I would like to share with my colleagues some reflections of our Nation's resolve to remember the heroism and dedication which characterized the 1956 uprising.

Since its formation last October, the Committee To Commemorate the Hungarian Revolution of 1956, which I am privileged to chair, has been working with the Governors of the States, mayors throughout the Nation, and others to promote activities and events that will recall the 1956 revolution. I am pleased to report that we have received over 25 proclamations, similar to House Joint Resolution 268, from the States and many more from the cities paying tribute to the Hungarian freedom fighters.

In this regard, I was also heartened by the active role several of our colleagues will be taking in various communities throughout the United States: Congressman LANTOS in California; Congresswoman FENWICK in New Jersey; Senator DODD in Connecticut; Congressmen DOUGHERTY and RITTER in Pennsylvania; Congressman WYLIE in Ohio; Congressman DORNAN in California; and Congressman PHIL CRANE in Toronto, Canada. The members of the Committee to Commemorate the Hungarian Revolution of 1956 and affiliated Hungarian-American organizations join me in expressing thanks to them.

Through their efforts, House Joint Resolution 268, the proclamations issued by the Governors and mayors and the many other activities planned to commemorate the revolution, I am confident the free world and all Hungarians will recognize the importance which this Nation places on the principles for which the freedom fighters fought 25 years ago.●

● Mr. MARKS. Mr. Speaker, October 1981 marks the 25th anniversary of the heroic efforts of Hungarian freedom fighters to return control of their country's government to the Hungarian people. Since the close of World War II, Hungary had been a closely controlled satellite of the Soviet Union. Puppet regimes in Budapest had been sustained in power by the Soviets. Membership in the Warsaw Pact and the Cominform was imposed on Hungary. Hungary was a captive state and its people were deprived of the most basic of civil liberties. Secret police spying, repression, and intimidation were shadowy presences in the daily lives of individuals and families.

Hungary was a totalitarian state whose every move was controlled from Moscow.

However, in October of 1956, the Hungarian people, for one brave and lonely week, overthrew the thrall of the Soviets, formed the beginnings of a truly democratic government and invited the Soviet military to leave Budapest and all of Hungary. For this short time, it seemed that the quiet revolution would succeed. The United Nations had expressed support for the free government formed by former Prime Minister Imre Nagy. The Soviet Union agreed to negotiations for the withdrawal of their military forces from Hungary. Cardinal Mindzenty was freed from house arrest. The government taking shape permitted the additional participation of parties other than Communist. Actual withdrawal of Soviet troops from Budapest was accomplished peacefully.

But then the Soviet Union reverted to form and followed the pattern of ruthless interventionism which characterizes their leadership since they first inflicted themselves and their political/economic ideology on most of Eastern Europe in the aftermath of World War II.

Ten armored divisions and 1,000 tanks poured into Hungary. Fighting between the Soviet invaders and Hungarian freedom fighters and troops left tens of thousands dead on both sides; 160,000 refugees fled Hungary and a newly repressive and subservient Communist regime was installed in Budapest under Janos Kadar.

The community of free-world nations expressed its horror both individually, and through the United Nations, which condemned the use of Soviet military forces for interfering in the internal affairs of Hungary. Public opinion also expressed itself in violent anti-Soviet demonstrations in major capitals of the world. Mass resignations from Communist parties in other countries reflected the views of many ex-party members that the Soviet Union, in invading Hungary, had betrayed what they considered to be solemn commitments forswearing interventionism.

Mr. Speaker, Members of the House rise today to salute the memory and example of the freedom fighters. We also rise to remind both ourselves and the people we represent that the pattern of interventionism and the spirit of adventurism still flourish today in the upper reaches of the Soviet hierarchy. We need only look to Afghanistan and Namibia for the most recent blatant evidence of direct Soviet military intervention.

Mr. Speaker, the House, earlier today, unanimously passed a resolution authorizing the President to proclaim October 23, as "Hungarian Freedom Fighters Day." I cosponsored that resolution and am pleased that the Senate will shortly add its approval of the resolution and send it to the White House for President Reagan's signature.

The world of the 1980's, Mr. Speaker, is a globe beset with international tensions and potentially explosive confrontations. The sad events of Cairo have served to remind us that those who strive after peace place themselves in peril from those who respect neither individuals' freedoms nor the sacredness of human life in their mindless pursuit of fundamentalist dogma and ideology.

The lesson we must draw from the heroic example of the freedom fighters is that men of peace must stand ready to fight, and even die, in defense of the principles of individual human freedom and the right of a people to govern themselves without the forced intervention of external ideologies or armored columns of tanks and troops.

Mr. Speaker, the example of the Hungarian freedom fighters is timeless—and unfortunately, the threats to freedom and peace are just as timeless. Wherever these threats exist, men, free in spirit, must and will follow the example of the freedom fighters as they strive to defend freedom and free peoples everywhere.●

● Mr. PORTER. Mr. Speaker, I rise today to honor the Hungarian men and women who lost or risked their lives in the heroic struggle against Soviet imperialism and to voice my support for the legislation which I have cosponsored designating October 23, 1981, as "Hungarian Freedom Fighters Day."

October 23 marks the 25th anniversary of the Hungarian freedom fighters' brave attempt to establish a coalition government to free the Hungarian people from the oppression of the Soviet police state and to end Soviet political and economic domination.

Hungarians rose up against Soviet repression to fight for a free and open society for themselves and for their homeland—for the democracy that we enjoy in the United States.

Although the free Hungarian Government lasted only 1 week, the revolution was not a failure. The freedom fighters' determined stand ultimately resulted in a gradual loosening of the Soviet Union's viselike grip over their country. Their bold actions provided a spark which rekindled the spirit of liberty throughout Hungarian society.

The people of Hungary have suffered under foreign oppression from time to time during their country's 1,100-year history, but their spirit has never been crushed.

Mr. Speaker, I applaud the Hungarian freedom fighters and the efforts of all freedom-loving peoples to protect their individual human rights and their right of self-determination. October 23 should be seen as a day to reaffirm this Nation's belief in the eventual victory of the human spirit over oppression and our dedication to the principles of human rights and self-determination all over the world.●

● Mr. FITHIAN. Mr. Speaker, I am glad today to join in honoring the 25th anniversary of the 1956 Hungarian Revolution and especially the dedication of the Hungarian freedom fighters to the cause of liberty.

Americans take great and justifiable pride in our Nation's struggle for freedom and in the sacrifices we have made to help others find liberty. Yet there are those for whom the struggle has been much longer, much more bitter, against the most brutal odds, and for them the sacrifices have been especially cruel. To them we, as Americans, should look for an example of how desperate the struggle for liberty can be and for a symbol of how great the human spirit can be. Such are the people of Hungary in their long dedication to freedom and independence.

The Hungarian freedom fighters, in 1956, were the sons and daughters of a long tradition in Hungary, reaching far back to the Middle Ages when Hungarians fought barbarian invasions and served, to their own cost, as a shield for Western European nations. Again and again, Hungarians have suffered foreign oppression and invasion and remained true to the cause of freedom. Again and again, Hungarian patriots have risen against brutal odds in the cause of liberty.

In 1956, the freedom fighters showed what dedication, courage, and sacrifice could achieve in the face of the most desperate odds. They showed how precious freedom can be and inspired others around the world. They reminded all of us of the price people must pay to be free. They impressed even upon the Russian colossus the fact that there are limits beyond which people cannot be pushed and they laid the groundwork for the progress Hungary has made since in loosening bonds.

The sacrifices they made deserve our honor. For some—often young men and women—the sacrifice was death and the loss of all that their futures could have been. For others it was prison or exile from their native land. For us, these sacrifices are a gift we should treasure—both for the example and for the infusion into our Nation of the Hungarian spirit and of the exiles.

Our liberty has been strengthened by the Hungarian contribution, both by their participation in America in the cause of American freedom and by their continued dedication to the great goal of freedom in Hungary.●

● Mr. DWYER. Mr. Speaker, 25 years ago, what began as a spontaneous uprising against the economic stagnation and intellectual oppression of Soviet tyranny in Hungary and beyond, became one of the most powerful

statements of fundamental human liberty ever made.

It is in tribute to that colossal effort that we rise today, as Members of a body committed to freedom and justice for the captive peoples of this world.

On October 23, 1956, and throughout the days of the ensuing struggle, that world witnessed unparalleled acts of bravery by a nation of freedom fighters—young and old alike—each driven by the remarkable strength of the Hungarian will to be free.

It was just 11 days before the Iron Curtain was again slammed shut on Hungary, when the Soviets treacherously broke the ceasefire, leaving Budapest battered and ravaged. Stunned by the Hungarians' deep commitment to their cause, the Soviets knew the only way to crush the freedom fighters was by force of arms. Building after building was destroyed.

The same cannot be said, however, of the spirit of freedom—a flame eternal—in the hearts and minds of those who survived the brutal retaliation waged by the Soviets in the aftermath of the rebellion.

Not only were thousands of Hungarians executed and imprisoned, but the Russians—in the only way they could insure control—stationed some 80,000 troops there.

And still, the Hungarian quest for self-determination lives, here in this country, where so many have been welcomed to our shores, as well as abroad.

The Hungarian revolution reaffirms the aspirations of all Americans and all heritage groups who believe in human rights and the right to national self-determination in the continuing drive against Communist totalitarian rule.●

● Ms. FIEDLER. Mr. Speaker, our national anthem calls our country the land of the free and the home of the brave. Today, I would like to remember those days in 1956 when there was no country of which this was more true than Hungary. The freedom did not endure then, but the bravery did not and does not perish. From that, we draw the hope that the freedom fighter of 1956 will, in the fullness of time, triumph, and Hungary will one day be restored to the ranks of free nations.

Hungary in 1956 was a way station on the trail of Soviet imperialism, a trail that runs from the Baltic republics in 1940 to Afghanistan at this very day and hour. The repression of the beginnings of a free Hungary in 1956 was direct and bloody. Yet it also proved that men and women, armed only with a few improvised weapons and courage, could stand against the clanking, mechanized might of the Soviet Army. The freedom fighters suffered, they died, they were imprisoned. But the dead hand of Stalinist tyranny never returned to Hungary in its full intensity. The freedom fighters of 1956 showed that the spirit of the Hungarian people could endure even that hardship and still burn as brightly as ever.

It is my privilege today to pay tribute to the freedom fighters of 1956. They stand as an example to people throughout the world—to the new freedom fighters of Afghanistan, to Hungarian-Americans, and, indeed, to all those who cherish freedom. They show us that courage and the human spirit can still triumph, and have a way of living on. You can change a people's government with tanks. You cannot change their hearts. In 1956, the Hungarian people showed the world where their hearts were—the same as 1848, the same as today—devoted to the cause of freedom.●

● Mr. FORSYTHE. Mr. Speaker, in times such as these, when the people of the world are faced with serious questions over the courses to be followed in the future, roads taken in the past are sometimes too easily left unmarked.

I rise today to call attention to the 25th anniversary of one of the most courageous accomplishments in modern history, a road taken which has served to reveal to the world the ruthless, false principles of communism. I speak of the October 23, 1956, Hungarian revolution.

Although the revolution itself was brutally crushed by the Soviet Union, the spirit of freedom which drove the Hungarian people has lived on. That spirit, the Communists could not, and will never be able to, crush. For during those autumn days in 1956, the Hungarian revolutionaries earned the respect of all free people and, through their bravery, served to inspire millions who are victims of Communist repression.

As these same stirrings of freedom are witnessed today in other Soviet bloc countries, we should pause to commemorate the hopes and heroic actions of those Hungarian freedom fighters.●

● Mr. CARNEY. Mr. Speaker, today, October 14, marks the 25th anniversary of the Hungarian fight for independence. This was a fight of a nation of brave and free-thinking people to resist the crushing system of Soviet control imposed upon them.

I recall the brave efforts of these people in 1956 and the horror and anger which the brutal invasion by Soviet troops created. In 1956, the world witnessed something remarkable—a small nation of freedom-loving people openly sought to free themselves from the cruelly powerful Soviet empire. It was indeed tragic that the nations of the free world could not assist those brave men and women in their struggle.

Today, we are witnessing fights similar to those in Hungary. The Afghans fight overwhelming odds to free their native land from the Soviets who seized it in December 1979. The Polish workers seek freedom through peaceful reform while the threat of Soviet invasion hangs over their heads. We in the West should be proud of any individual or group which risks everything to stand up to an unjust and vindictive system. It is therefore entirely appropriate that we in Congress commemorate the anniversary of the Hungarian freedom fighters struggle.

Mr. Speaker, I hope that we will all take time to reflect on the profoundly brave actions taken by the Hungarian freedom fighters 25 years ago and that we all recognize the struggle that goes on today by freedom fighters behind the Iron Curtain. I have joined in sponsoring House Joint Resolution 268, which would proclaim October 23 as "Hungarian Freedom Fighters Day." I urge all the Members of this body to do likewise as a signal to the world that this Congress remains committed to the principles of freedom the Hungarians represented.●

● Mr. DINGELL. Mr. Speaker, I join with my colleagues in the House to commemorate the 25th anniversary of the Hungarian freedom fighters heroic attempt to free their nation from the control of the Soviet Union.

During this time of growing worldwide unrest and the constant threat to fundamental human rights, we pause to recognize the sacrifice made by these determined people. With strength and courage rooted in their cultural heritage and love for their country, they stood alone in a silenced world against insurmountable odds to voice their plea for freedom.

History records the continuing struggle of the Hungarian people against political repression, religious persecution, and the suppression of individual dignity. Although the blessings of human liberties eludes them, the spirit of freedom which lives within the sturdy hearts of the Hungarian people will never be crushed.

Today, as we commemorate this historic act and reflect upon these noble men and women who shed their blood in the struggle for the freedom of nations, we recognize that the quest for human liberties will continue until the yoke of Russian oppression is broken.●

● Mr. BARNES. Mr. Speaker, one of my constituents, Mr. Istvan B. Gereben, has brought to my attention that Hon. Harry Hughes, Governor of Maryland, has issued a proclamation declaring October 23, 1981, "Hungarian Freedom Fighters Day" in the State of Maryland. It is with pleasure that I insert its text into the RECORD.

HUNGARIAN FREEDOM FIGHTERS' DAY, OCTOBER 23, 1981

Whereas, on October 23, 1956, Hungarian freedom fighters attempted to establish a coalition government and to end Soviet po-

litical and economic domination in Hungary; and

Whereas, we Americans must reaffirm our own tradition of self-rule and extend to the people of Hungary a message of hope—hope founded in our belief that free men and women will ultimately prevail over those who deny individual rights and preach the supremacy of the state; and

Whereas, while we can be justly proud of a government that is responsive to our people, we cannot be complacent therefore on the occasion of the 25th anniversary of the Hungarian Revolution we reaffirm publicly our commitment to the ideals of freedom and by so doing maintain a beacon of hope for the oppressed people of Hungary; and

Whereas, we are mindful of the memory of the many thousand Hungarian freedom fighters who died in their attempt to win freedom in the fall of 1956, and of countless thousands of human beings who were jailed or deported after the Soviet forces overran Hungary again; and

Whereas, it is of crucial importance for us, as Americans, to morally sustain the hope and faith of the Hungarians, and all captive peoples in their eventual freedom from Communist domination;

Therefore, I, Harry Hughes, Governor of the State of Maryland, do hereby proclaim October 23, 1981 as Hungarian Freedom Fighters Day in Maryland, and I urge all citizens to take proper note of this commemoration.●

● Mr. LEBOUTILLIER. Mr. Speaker, in 1956 the courageous Hungarian people sought to overthrow the oppressive Soviet regime which currently denies the people of that nation the most basic freedoms.

Despite the presence of thousands of Soviet troops and a network of secret police that serve to maintain the alien Soviet control in Hungary, the lessons and spirit of the 1956 revolt live on.

This day of October 14, 1981, I am extremely proud to join in honoring the men and women who risked or lost their lives in that struggle against overwhelming Soviet forces.

The Hungarian people are the proud bearers of a rich culture. Throughout their history, the Hungarian people have demonstrated a staunch commitment to the ideals of freedom and self-sufficiency.

Indeed, those freedom fighters share a special kinship with our Nation. We were aided in our struggle for freedom by Col. Comdt. Michael Kovats de Fabriczy, a famous Hungarian and founder of the U.S. cavalry during the the American Revolution. Col. Kovats gave his life for our cause at the Battle of Charlestown. Thousands of Hungarian patriots have also given their lives for the cause of freedom and are deserving of all recognition.

The United States must not only acknowledge the efforts of these brave individuals, but aid in every possible way, all attempts to restore freedom to Hungary.

In fitting tribute to the Hungarian people who know well the consequences of freedoms lost, I commend them for their outstanding courage and urge the United States to extend every possible means of support to their efforts.●

● Mr. FISH. Mr. Speaker, I take great pride in joining my distinguished colleagues in commemorating the 25th anniversary of the Hungarian freedom fighters, with the people of Hungarian descent and all freedom-loving people throughout the world.

In October of 1956, university students in Budapest demonstrating in sympathy for Poland, seized the opportunity to publish their own demands for independence, free elections, and the end of Soviet political control and exploitation. The revolution that was ignited, quickly enveloped the entire nation as committees were formed to carry out the purposes of the revolution.

Though all efforts were quashed just a few days later by Soviet military forces, the aftermath of the revolt will never be forgotten. Approximately 200,000 Hungarians fled the country while thousands were estimated to have been massacred in the fighting.

The American people continue to be concerned where rights and freedoms have been either ignored or irreparably denied. Yesterday it was Hungary, today it is Afghanistan and Poland. Human rights issues must be constant elements in the United States-Soviet bilateral agenda.

On this 25th anniversary of the courageous attempt by the intrepid Hungarian people, we offer our sincere wishes for a liberated Hungary.●

● Ms. FERRARO. Mr. Speaker, this October marks the 25th anniversary of the Hungarian revolution. We commemorate this time to remind the world of the struggle for freedom which still continues in Hungary.

In 1956 the Hungarian people united in an uprising against Soviet control. They wanted free elections, the end of Soviet exploitation, and their independence. On October 30, the Hungarian revolution succeeded, at least momentarily.

During the first week of November Soviet military units attacked Hungary and within a few days the Russians crushed the rebellion leaving thousands of Hungarians dead. These great people have been under Soviet domination ever since.

The Russian occupation of Hungary must end. As Americans we must support the efforts of the Hungarian people to resist russification policies. We must support the struggle of the Hungarian people to reachieve independence.

I ask all my colleagues, therefore, to recognize the plight of the Hungarian people. As Americans and as compassionate people we have a commitment to independence and freedom. Support for Hungarian independence is important and is right.●

● Mr. DOUGHERTY. Mr. Speaker, we are commemorating the grim anniversary this month of the Soviet invasion of Hungary in 1956. However, it is the Hungarian people we actually honor, not the evil actions of the Soviet Government that year.

Too often in history we see millions of people meekly accepting the tyrannical rule of communism. The Hungarians in 1956 were brave enough to struggle against the Soviet Union—to fight for freedom. When Hungarian secret police fired upon a large crowd at Radio Budapest on October 23, 1956, they ended the lives of many citizens, but started a revolt that swept the nation.

This attitude of disfavor with Communist rule is also evident today in Poland. The Polish people are tired of the suppression they have endured under their Communist government. They have also gathered in protest to ask for more freedom in their country. I think it is correct to assume that many Poles have looked to the courage of the Hungarians in 1956 for inspiration during this troubled time in their own country.

That inspiration is the main reason we are here today, honoring the freedom fighters. This year, it is the Poles who have been inspired. Next year, some other country in Europe or elsewhere may decide, based on the Hungarian example, that freedom is indeed worth fighting for. A majority of citizens in such a nation may decide that a democracy is the best form of government for them. The 1956 uprising will therefore live forever as long as people in this world want to be free.

As cochairman of the ad hoc congressional committee on the Baltic States and Ukraine, I am well aware of the Soviet Union's insensitive treatment of those under its domination. The people of Latvia, Lithuania, Estonia, and Ukraine do not condone the policies of the Soviet Government, but no doubt remember the violent struggle waged in Hungary that caused the deaths and injury of tens of thousands. Even the nonviolent protest of human rights violations has caused many of these people to be thrown into jail or sent to labor camps. There is a limit as to how long citizens of any nation can endure such treatment from a government.

On a different note, I would like to express my discomfort with the attitude of many Western Europeans who denounce a strong national defense for their countries. Obviously these people have forgotten the example of Hungary, or Czechoslovakia in 1968, and more recently of Afghanistan. Do they need to see an invasion of Poland before they realize the power-hungry intentions of the Soviet Union? It is the duty of the Western European leaders to constantly remind their citi-

zens of the violent record of the Soviets in the past. Likewise, I am glad we have this opportunity today to remind all Americans of the courageous Hungarians of 1956 and the pain and misery inflicted upon them by the Government of the Soviet Union. The United States will not and must not forget the Hungarian freedom fighters.●

● Mr. ATKINSON. Mr. Speaker, 25 years ago this month, the people of Hungary banded together in an attempt to free their country from the Soviet domination and repression which existed in all of Eastern Europe. The uprising, led by the Hungarian Freedom Fighters, would shake history's greatest despotism at its foundation.

Problems leading to the uprising grew as Soviet Premier Nikita Khrushchev handed down an increasing number of economic and societal changes resulting from his de-Stalinization plan. On October 23, 1956, students, intellectuals, and workers organized to voice their sympathy for the Polish workers and the protests escalated to include cries for democratization, the withdrawal of Soviet troops from Hungary, and the return of former Prime Minister Imre Nagy, who had been expelled from the party. The Hungarian police, and later Soviet troops, fired into the crowds, igniting a revolution that enveloped the country in just a few days. After all-night meetings, Prime Minister Nagy was once again restored to office and shortly thereafter announced sweeping reforms of the government including the abolishment of the one-party system and the promise of free elections. Nagy was able to negotiate the withdrawal of Soviet forces in Budapest but this was short lived as the Soviets entered the Hungarian capital less than a week later. This reentry was at the supposed request of the Hungarian Government "to restore order in the city"—a similar statement was used to justify the invasion of Soviet troops into Afghanistan.

The Prime Minister sent an urgent cable to the U.N. asking for assistance and support and proclaiming Hungary's neutrality. Rumors of continued Soviet presence persisted until their final confirmation only when Budapest and other centers held by insurgents were attacked without warning. By noon, Moscow radio announced the formation of a new "Hungarian revolutionary workers' and peasants' government."

The American people were stirred by the events in Hungary accurately expressed in President Eisenhower's letter to the Soviet Premier:

I urge in the name of humanity and in the cause of peace that the Soviet Union take action to withdraw Soviet forces from Hungary immediately and to permit the Hungarian people to enjoy and exercise the human rights and fundamental freedoms affirmed for all peoples in the United Nations Charter.

Throughout the entire crisis, the United States assumed the leadership in denouncing the Soviet Union's action and rendered whatever help possible by lifting immigration barriers to accept over 20,000 Hungarian refugees.

Probably the freedom fighters' greatest triumph was their demonstration to the world that humanity is not forever bound and gagged by repressive Communist techniques. Thus the Hungarian freedom fighters, supported by thousands of fellow Hungarians and freedom loving people around the world revived the hope and rekindled the flame of freedom for future generations. Their statement for liberty was made in blood for all the world to see and remember. It is with great respect that I join my colleagues in honoring the Hungarian freedom fighters in this 25th anniversary year.●

● Mr. NELLIGAN. Mr. Speaker, 25 years ago, Hungarian freedom fighters bravely attempted to free their country from the tyranny of foreign domination. Unfortunately, like previous efforts, this attempt proved unsuccessful. The memory of Hungarian valor, stamina, and national courage, however, lived on and remains vivid to this day for freedom-loving people everywhere.

On October 23, 1956, university students in Budapest organized a demonstration of sympathy for Poland, another captive of foreign domination. Using the occasion to publish demands for independence, free elections and the end of Soviet political control and exploitation, the students saw the peaceful demonstration quickly and spontaneously evolve into a national cry for independence. Within a few days, however, the Russians crushed the rebellion and Soviet control over Hungary was reasserted.

This was not the first time Hungarians sought to loosen the bonds of foreign tyranny. In 1848, under the brave leadership of Louis Kossuth and Sandor Petofi, a nonviolent revolution broke out in Budapest. Kossuth quickly organized opposition forces in Parliament to pass reforms which guaranteed certain basic rights, among them the right to public assembly. Later efforts on the part of the domestic army established under Kossuth proved unsuccessful, and Austria reasserted her firm grip over the country.

I join with Americans of Hungarian descent in the 11th Congressional District of Pennsylvania, which I am privileged to represent, in commemorating the bravery of the Hungarian people. We today recognize and honor their valiant efforts to spurn the tyranny of foreign domination and establish independence in their country.●

● Mr. EMERSON. Mr. Speaker, tommorrow, October 23, marks the 25th anniversary of the Hungarian Freedom Fighters' heroic and hopeless attempt to achieve something Americans take for granted—freedom. I will never forget the media accounts of the battle these valiant people waged against the iron fist of Soviet oppression. The fierce fighting went on for almost a week with the Hungarians fighting the Soviet troops with small arms and Molotov cocktails. Suddenly, on October 29 the Russians withdrew only to return several days later in force with 200,000 troops, 4,000 tanks, bazookas, flamethrowers, rockets, and planes. What happened then is history. For those who are to young to remember, let me say that there were an estimated 40,000 Hungarians killed or wounded.

From the beginning of time people in all parts of the world have fought against oppression. The first written accounts of history tell us of nations in conflict over the issue of self-government and democracy. There has been and there continues to be rebellion against dictatorial control of people and nations. Our own country had to fight a long, bloody war to gain our freedom, and many people died to protect their independence, their property, their right to life, liberty, and the pursuit of happiness.

Today, around the world, these words are simply a dream, but there are still those, like the valiant Hugarians in 1956, who are fighting to make this dream a reality. We need not be reminded of the fight the Afghanistan rebels are waging right now.

I am pleased to join with so many of my colleagues today in supporting H.R. Res. 268, designating October 23, 1981 as "Hungarian Freedom Fighters' Day."

I want to stop for just a moment to pay tribute to those defenders of freedom who have become immortal in the eyes of the world. We should never forget Hungary's courageous struggle for freedom during that bloody October of 1956.●

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FORD of Michigan. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks with regard to the joint resolution just passed.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

FOOD AND AGRICULTURE ACT OF 1981

Mr. DE LA GARZA. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3603) to provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Texas (Mr. DE LA GARZA).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3603, with Mr. MCHUGH in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Wednesday, October 7, 1981, title I as amended in the Bedell amendment, was open to amendment at any point.

AMENDMENT OFFERED BY MR. PEYSER

Mr. PEYSER. Mr. Chairman, I offer an amendment. It is an amendment to title I.

The Clerk read as follows:

Amendment offered by Mr. PEYSER: Page 10, after line 13, insert the following new section:

LIMITATION ON ACQUISITION OF DAIRY PRODUCTS

SEC. 107. Title II of the Agricultural Act of 1949 is amended by adding at the end thereof the following new section:

"SEC. 204. (a) Notwithstanding section 201, the Secretary may not purchase butter or cheese during the period beginning on the date of the enactment of the Food and Agriculture Act of 1981 and ending September 30, 1985, if as a result of such purchase the Secretary or the Commodity Credit Corporation would own or control more than 100 million pounds of butter or more than 150 million pounds of cheese after the effective date of this section.

"(b) The sixth sentence of section 407 shall not apply with respect to milk and the products of milk, owned or controlled by the Commodity Credit Corporation on the effective date of this section to the extent that such sentence requires that sales be offset by purchases.

Mr. PEYSER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. GLICKMAN. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from Kansas reserves a point of order.

Mr. PEYSER. Mr. Chairman, the amendment that I have, which deals with reducing the amount of butter and cheese purchased by the U.S. Government. I am not going to offer it today for a very specific reason, but I do think it is important that the House be well aware of what the situation is. It deals with the acquisition of butter and cheese under the Dairy Act. These two products, which basically have to be acquired under the Dairy Act by the Federal Government, have reached a proportion that is I believe so outrageous it must offend everybody, I am going to be asking the committee chairman at the conclusion of my brief talk to give consideration to an active study of this particular part of the program.

□ 1430

The reason I am not going to be offering the amendment, I realize that the impact of this amendment, if it were to pass, could have an immediate, negative impact on the dairy business without having any real time to prepare for it. Let me tell you what this program has done this year.

So far this year we have purchased under this act over 400 million pounds of butter that has been in storage—over 400 million pounds—for which we have paid nearly three-quarters of a billion dollars. Now, this butter is costing us currently $300,000 a day to store, or $110 million a year.

The butter that we are buying, our Government, with the taxpayers' dollars, is paying $1.40 to $1.45 a pound. The retail price of this butter is $2.20 a pound, if one of us goes out into the supermarket to purchase it.

My amendment on the butter issue would limit the acquisition at any one time of butter in storage to 100 million pounds, which is more than enough reserve. This would, of course, save hundreds of millions of dollars.

Now, the same thing can be said of cheese as of butter. In cheese, we have acquired this year 578 million pounds of cheese in storage. This is just unbelievable to me, that we could be acquiring this kind of surplus that we cannot use, and we cannot distribute.

It is interesting to note, and to some of my friends on the Armed Services Committee it might be of interest, that the Department of Defense, for example, this year purchased 4 million pounds of butter, but they are not allowed to purchase that butter from the surplus that we hold. In other words, they have to go out and buy the butter on the market, and they cannot use the butter that we have in surplus.

You know, that just does not make much sense. Incidentally, in 1980 the Defense Department spent $6,300,000 for butter, when basically the U.S. Government could have given it to them.

On cheese, the Defense Department acquired 18 million pounds of cheese on the market. We have 578 million pounds in storage. The Defense Department spent $13 million to buy cheese.

Something has got to be out of line when this kind of situation happens. I recognize that I am talking about a program that has been long established, and I realize that at any given time there are fluctuations in the program. However, commonsense should dictate that we have a reasonable limit on the amount of surpluses that can be accumulated by the U.S. Government.

Mr. ALBOSTA. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I will be glad to yield to the gentleman.

Mr. ALBOSTA. I appreciate the gentleman agreeing to withdraw his amendment.

Mr. Chairman, I would just like to point out the term "surplus," I think, is somewhat misleading, simply because I believe that this Nation has the opportunity, because of our tremendous need for energy in this country, to barter with other nations for the exchange of oil for butter and cheese and powdered milk, or what have you, and really become heroes in the world.

Would it not make more sense if we maintained our program, maintained our production, where we do not have energy, but we have material for human consumption, and made some arrangements so that we could exchange that? I think it would be important if this Congress would do that.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. PEYSER was allowed to proceed for 3 additional minutes.)

Mr. PEYSER. Mr. Chairman, I would like to say to the gentleman that if we had such a program in place, which in many ways might be similar to the food-for-peace program, where these commodities could be used, I would probably have very little objection. But that is not what is happening today with these products.

As the gentleman may know, and this is something that I think the American public and everyone has got to be deeply concerned about, we sold 200 million pounds of this butter that we paid $1.40 a pound for to New Zealand for 70 cents a pound. And back in May and June, the only customer on the world market looking for this kind of butter, and they tried actually to make a deal with the United States, was the Soviet Union. Now, everybody in the market out there in the world knows that the New Zealand butter is going to go to the Soviet Union, even though the agreement was that New Zealand could not sell it directly to the Soviet Union. So basically, we have the American public subsidizing

the Soviet Union to the tune of nearly $140 million. I do not think the Members would agree with that, nor would I.

The point I am getting at here, and to the chairman of the committee, if I could direct a question to him at this time, is, as I said, I am not going to offer this amendment. I realize it has far-reaching implications, it could cause a disruption, and I do not want to do that, but I hope the chairman of the Agriculture Committee will at the appropriate time institute a study of looking into this proposition and seeing if there is not a better way of expending the taxpayers' dollars.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I will certainly yield to my good friend, the chairman.

Mr. DE LA GARZA. I appreciate the gentleman yielding.

Mr. Chairman, this is to assure the gentleman that his concern is our concern. We share it. The process has already begun to look for ways, if I may use the old cliche, novel and innovative ways, to get rid of some of the excess that we have. From day to day it may or may not be surplus.

We are looking at other people who had some excess who have found ways, and both the Department of Agriculture and our committee and staff, I assure the gentleman, will continue looking at this so that we may have a vehicle by which we might utilize this surplus if it is necessary to accumulate it. Nonetheless, we may have different avenues to approach the problem. I think that it can be done and we will continue studying the matter, I assure the gentleman.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I will be glad to yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, I would concur with my distinguished chairman on that point.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. HARKIN and by unanimous consent, Mr. PEYSER was allowed to proceed for 2 additional minutes.)

Mr. PEYSER. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, I am delighted the gentleman brought up the New Zealand butter deal. As you know, our subcommittee held hearings on that and delved into that quite extensively.

It occurs to me, and I think it occurred to all the members of the subcommittee at that time, that we were really lax in not striking a deal with the Soviet Union on this butter. We knew, for example, that they needed 200,000 metric tons of butter. That was at the same time that we were negotiating with them on resuming the grain agreements.

I asked the State Department and the Department of Agriculture if, at that time, they had approached the Soviets and said, "OK, we will strike the agreement with you on the grain, but we also have some butter, you see, over here on the side and we know you need it. Could we not strike an agreement on that?"

The point is, our traders never even brought it up with the Soviets. Here was a golden opportunity to utilize the new agreement with the Soviets on grain, to get them to not only purchase butter that we have existing, but perhaps even purchase some butter that we may be producing in the future.

As the gentleman so correctly pointed out, we blew that opportunity, and in turn really gave it to the New Zealand Dairy Board who, in turn, is going to make all the money selling it to the Soviet Union.

Mr. PEYSER. I thank the gentleman for his comments. I just hope this kind of money, we are really dealing in billions of dollars here, can be reconciled and put to better use.

I appreciate the comments of the chairman in assuring me they will be looking actively at this issue.

I yield back the balance of my time.

Mr. Chairman, I ask unanimous consent to withdraw my amendment at this time.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

AMENDMENT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINDLEY: Page 1, Section 101 of Title I as amended is amended by striking the punctuation marks and the word "and" at the end of paragraph (1) and inserting in lieu thereof the following: ": *Provided That*, notwithstanding any other provision of this Act, if the Secretary estimates as of September 29, 1982, or any date thereafter through September 30, 1985, that net government purchases of dairy products, for any such fiscal year, will equal or exceed four billion pounds of milk equivalent, the support price for such fiscal year shall not be in excess of that which was in effect at the end of the previous fiscal year.".

Mr. HARKIN. Mr. Chairman, I reserve a point of order against this amendment.

The CHAIRMAN. The gentleman from Iowa reserves a point of order.

Mr. FINDLEY. Does the gentleman make a point of order against the amendment?

Mr. HARKIN. The gentleman wants to hear some of the explanation. The gentleman is about to raise a point of order.

Mr. FINDLEY. Mr. Chairman, I think it would facilitate our proceedings if the gentleman would just make the point of order and get the question settled.

The CHAIRMAN. The gentleman may reserve his point of order at the Chair's discretion.

Mr. HARKIN. Mr. Chairman, I would like to reserve the point of order until I hear the gentleman's explanation. At that point I would like to decide whether or not to raise that point of order.

The CHAIRMAN. The Chair will exercise discretion. The gentleman reserves a point of order.

Mr. FINDLEY. Mr. Chairman, this is not a repeat of the amendment that the committee rejected last week. This is an amendment to the Bedell language on dairy supports. The amendment does just one thing, and nothing else. It permits the Secretary of Agriculture to keep the same price support for dairy products that prevailed in the previous fiscal year if he estimates that the buildup of Government holdings of dairy products will be 4 billion pounds or more during the coming fiscal year.

That is all it does. It relieves him of the necessity of raising the price support if he sees this enoumous additonal buildup of Government holdings of dairy products occurring during the coming year.

Now, what is 4 billion pounds of dairy products? That translates into 2 gallons of milk for every man, woman, and child in the United States. What is our present holding of dairy products? About 8 gallons of milk for every man, woman, and child in the United States.

Translated another way, the Government now owns 3 pounds of cheese for every man, woman, and child in the United States, and 2 pounds of butter for every man, woman, and child in the United States.

Now, the purpose of my amendment is not to cut price supports to dairy farmers, but simply to relieve the Secretary of the responsibility of increasing the price support still higher if he sees another big increase in dairy products coming on stream. That is all it does.

It seems to me the most modest thing that this committee should do to avoid total disaster for the dairy industry.

We now have these enormous stockpiles of dairy products. The question is: Does the Secretary, under the Bedell amendment, have to keep jacking up price supports year after year without regard to the buildup of Government holdings? These stocks are an enormous financial burden upon the American people as consumers, as taxpayers, and I submit they are an enormous burden to the health of the dairy industry, too. It makes no sense for us to lock in, to mandate increases in price support, that pay no attention to the buildup of Government holdings.

Therefore, I ask my colleagues to join in supporting this amendment which relieves the Secretary just of that terrible decision of raising price supports in the wake of the enormous buildup.

I want to add, too, that this amendment is supported by the Secretary of Agriculture, and anyone who wants to see a letter of support can have it. And it is supported by the Republican leader, the gentleman from Illinois (Mr. MICHEL). It is supported by my colleague, the gentleman from Massachusetts, BARNEY FRANK, by SAM GIBBONS, by others in the Chamber.

This is a bipartisan undertaking, and it is very limited in its effect. In fact, I guess I am a little bit embarrassed to be offering such a modest reform in the dairy program, but I do urge my colleagues to join me in supporting this modest improvement for the sake of the dairy producers, for the sake of the taxpayers, and for the sake of the consumers of this country.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Iowa.

Mr. HARKIN. I thank the gentleman for yielding.

Mr. Chairman, the gentleman is aware, of course, that last week the House voted 243 to 153 against the Frank amendment. The Frank amendment set the limit at $750 million a year in his amendment. The gentleman's amendment would set it at 4 billion pounds of milk equivalent.

Does the gentleman understand that his amendment would actually be lower than the Frank amendment? In other words, the amount of money that would be expended by the Government would actually be much lower, and the amount of the dairy price support would be much lower under the gentleman's amendment than even under the Frank amendment which was soundly rejected by this House.

□ 1545

Mr. FINDLEY. The gentleman, I am sure, understands that this amendment of mine would have no effect upon the price support then prevailing for dairy products unless the Secretary estimated that Government net purchases—that is, making adjustment for outgo as well as income—would increase by 4 billion pounds of milk equivalent. Now, that is an enormous amount of milk. It is an enormous outlay for the taxpayers, and surely the gentleman would not want our Government to be forced to raise the price support if it is such an enormous buildup of dairy products coming onstream. That is not healthy for the dairy industry, and it is certainly not healthy for the taxpayers or the consumers.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(At the request of Mr. WAMPLER and by unanimous consent, Mr. FINDLEY was allowed to proceed for 2 additional minutes.)

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to my friend from Virginia.

Mr. WAMPLER. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, the staff and I have made a hurried calculation of the effect of the gentleman's amendment, and I would like to ask the gentleman from Illinois if this is a correct assessment of the thrust of his amendment:

Assuming that the committee farm bill would roll the price support level for dairy back to the beginning of this fiscal year, as I interpret the gentleman's amendment, during fiscal year 1982 the dairy price support level would be at $13.10. Then, at the end of this fiscal year if the Secretary determined that the net Government purchase of dairy products would be less than 4 billion pounds of milk equivalent, it would go to 72.5 percent of parity. Then, at the end of each of the next 2 fiscal years, that if that same determination was made, that the net Government purchases of dairy products would be less than 4 billion pounds of milk equivalent, the parity level would be at 75 percent of parity. Is that the gentleman's understanding?

Mr. FINDLEY. The gentleman is correct. I tried to state clearly that my amendment did just one thing to the Bedell amendment. It did not disturb any other provisions of the Bedell amendment on dairy price supports. It just relieved the Secretary of the need to raise dairy supports if he estimated that the accumulation in Government hands, the new accumulation in Government hands of dairy products, would exceed 4 billion pounds milk equivalent.

Mr. WAMPLER. May I ask the gentleman one other question to clarify the thrust of his amendment? The gentleman says that if the Secretary estimates as of September 29, 1982, or any date thereafter through September 30, 1985—I assume that what the gentleman intends is that the Secretary would make that determination either at or early in the beginning of each fiscal year rather than having the option of making it at any time throughout the fiscal year?

Mr. FINDLEY. That is correct, and under the rules of this Chamber it is necessary that this amendment apply to the current fiscal year, the current budget year, in order to be germane. That is why the September 28 date is spelled out in the amendment.

The gentleman's interpretation to that effect is correct, and I hope the gentleman would agree with me that the Members of this Chamber should not require the Secretary to increase dairy price supports if he sees an enormous new buildup in the offing during the coming year. Would the gentleman not agree with me on that point?

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

(At the request of Mr. JEFFORDS and by unanimous consent, Mr. FINDLEY was allowed to proceed for 2 additional minutes.)

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield.

Mr. JEFFORDS. Mr. Chairman, I also want to understand the gentleman's amendment. As I understand it, and correct me if I am wrong, if during the year the Secretary should estimate that the purchases would be in excess of 4 billion pounds, then he could lower the milk support back to where the support was at the beginning of the year?

Mr. FINDLEY. That is correct. If he sees a 4-billion-pound buildup, he would have that authority. I am sure the gentleman would want him to have the authority. He surely would not want him to be required to raise price supports if he sees a 4-billion-pound buildup of Government holdings of milk products. Would the gentleman want that to be done?

Mr. JEFFORDS. Well, of course 4 billion pounds sounds like a lot until we realize——

Mr. FINDLEY. It is 2 gallons for every man, woman, and child in the United States.

Mr. JEFFORDS. Take a look at casein. If we just eliminate casein imports, we do away with 3.3 billion pounds. Why does not the administration spend a little time worrying about casein instead of trying to dessimate the dairy industry? That figure sounds big, but it is not very big.

Mr. FINDLEY. The gentleman knows there is no way to exclude casein from this country.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

(At the request of Mr. HARKIN and by unanimous consent, Mr. FINDLEY was allowed to proceed for 2 additional minutes.)

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, I just want to follow up from the gentleman from Vermont. I have here a copy of the dairy price supports for dairy products going all the way back to 1949. When we look at the amount of pounds of milk equivalent that the CCC purchased over those years, it varies extensively. For example, for the years 1977-78 it was 3.2 billion.

Then the year before, 1976-77, it was 6.9 billion. But the year before, only 3.4 billion, and in 1975-76, with the price support at 75 percent, it was only 900 million pounds. So, it fluctuates year by year.

I would point out to the gentleman and to anyone else who thinks that four billion pounds of milk equivalent is a lot, I would remind the gentleman and my fellow Members that we use 3.5 million pounds of milk equivalent just in the donation programs. So, if we just wanted to keep a steady state, assuming that we have no other fluctuations in dairy products, we ought to have at least 3.5 billion pounds.

Mr. FINDLEY. If the gentleman would permit me to comment, the gentleman from Iowa was one of those who opposed my amendment 2 years ago which would have given the Secretary of Agriculture just a little bit of flexibility so he would not have to hang it at 80 percent of parity price supports, and I think my colleagues ought to remember that the voices that are now being raised in opposition to my amendment are the voices that insisted upon high, inflexible price supports for dairy that got us into our present surplus trouble. I am correct, am I not?

Mr. HARKIN. In retrospect, in hindsight, perhaps what we did 4 years ago—and I said this on the floor last week—raising the price support to 80 percent with semiannual adjustments, was the wrong thing to do, but little did we know at that time that we were also going to face 3 years of low grain prices, of very low beef prices, with an ever increasing amount of casein coming into the country, all of which factors together produced the amount of removal we have from the market.

I would just point out also that in the first 2 years, when we raised the price support to 80 percent of parity adjusted semiannually, we only had 1.1 billion pounds removed by CCC.

Mr. FINLEY. Well, the gentleman will recognize that we are in deep trouble today, and just as a point of clarification, donated items are excluded. It is just net Government increases that my amendment goes to. I hope the gentleman understands that.

Mr. HARKIN. I understand that, and I understand we are in trouble, but you do not pull the plug out and drop everybody out of the bottom.

Mr. FINDLEY. We are trying to avoid disaster, not pull the plug on any dairy farmers. But, price is the only device we have to discourage overproduction, and we have to take a modest step in the right direction.

Mr. HARKIN. With the Bedell amendment, a very modest step.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

(At the request of Mr. BEDELL and by unanimous consent, Mr. FINDLEY was allowed to proceed for 2 additional minutes.)

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield.

Mr. BEDELL. Mr. Chairman, I want to be sure I understand the gentleman's amendment, because if I read the gentleman's amendment correctly, it says that any time the Secretary estimates that the purchases will exceed that amount, that then he lowers the price, but if he finds that he is wrong——

Mr. FINDLEY. Holds the price even.

Mr. BEDELL. If I read the gentleman's amendment correctly, it would not say if he finds he has been wrong he can go ahead and raise the price. Do I read the amendment incorrectly?

Mr. FINDLEY. The amendment provides authority to the Secretary to do just one thing; that is, to avoid an increase in the parity price support if he estimates in the coming budget year the accumulation will exceed 4 billion additional pounds.

Mr. BEDELL. Will the gentleman yield further?

Mr. FINDLEY. I yield.

Mr. BEDELL. So my assessment is correct, that based simply upon his forecast of what is going to happen, he can lower the price. But, if he finds he is wrong at any time, and there is no way to prove he forecast right or not, there is no way he can correct the mistake he has made according to the gentleman's amendment, so it is a one-way downward step in what is to be done, and I cannot imagine the gentleman wanting to offer an amendment such as that.

Mr. FINDLEY. If the gentleman will permit, my amendment simply permits the Secretary to hold the line on parity price supports if he sees more trouble ahead. It leaves intact every other provision of the Bedell section on dairy. I hope the gentleman will see the virtues of my amendment and vote for it.

Mr. BEDELL. With all due respect, the gentleman's amendment does not do that at all. If we have inflation, the gentleman's amendment provides for downward step, but no way to bring it back to where it ought to be if he finds out he has made a mistake and if it is not based on fact, it is based upon an estimate the Secretary makes.

Mr. FINDLEY. I really should know what my amendment does; that is, to enable the Secretary to avoid an increase in price supports. That and nothing else.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield.

Mr. JEFFORDS. Again for understanding, there is no flexibility in the gentleman's amendment as I read it. It says "shall not be in excess." So, in other words, as has been pointed out, this is not giving him flexibility. This is mandating him to do something. Even if he does not approve of what he is doing he has to do it.

Mr. FINDLEY. If the gentleman will permit, it mandates that he holds the line on price supports and not increase them if he sees this enormous buildup in Government holdings. Surely that is what the gentleman from Vermont would want.

Mr. JEFFORDS. That is not my question. The gentleman would agree with me then that he has no discretion?

Mr. FINDLEY. He is required to hold the line if the buildup is in prospect. Surely that is what the gentleman and any rational Member would want.

The CHAIRMAN. The Chair will inquire of the gentleman from Iowa whether he continues to insist upon his reservation.

Mr. HARKIN. Mr. Chairman, I withdraw my reservation.

Mr. LOTT. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I would like to ask the gentleman, the sponsor of this amendment, to remain at the microphone, if he would, so that I could ask some questions.

First of all, I must say that I rise in support of this amendment reluctantly. I was one of those that, frankly, did not support the Frank amendment, but I have done a lot of reading and a lot of consideration in the past week of what we are dealing with in this dairy area, and we have problems of monumental proportion in terms of what we have in stock and what the outyears will do to the budget in this program. Obviously, it is all right in 1982. In 1983 there is a problem; in 1984 and the next year, it gets to be a problem. So, I would like to yield to the gentleman from Illinois to ask him frankly to go a little bit into what we are talking about in terms of the impact this is going to have.

Why is he offering this? It is somewhat similar to the Frank amendment, but it is different because it is adapted to this 4 billion pounds per year. The gentleman talks a little bit about the massive amounts of these dairy products we have now in stock, but what are we also talking about in the potential impact in the outyears? Why is this an important amendment, and also why is it important we recognize that if we do not do something more on this dairy portion of the bill, the whole bill could be in jeopardy?

I yield to the gentleman for comment in response to that.

Mr. FINDLEY. I thank the gentleman, and I welcome this opportunity to say that I have caused deep pain among some of my colleagues who would rather that I not offer an amendment of this nature. They would rather that the decisions like

this pass to someone else. But personally, I believe that our country, our President, our Congress, is committed to a budget restraint. We have to cut back on Federal outlays, and as I sense the spirit and the attitude of the American farmer, the farm community is just as determined as any other part of the American society to cooperate with the President. Now, we have this enormous stockpile of dairy products. We have a program which supports dairy production that is unlimited. In other words, dairy farmers can produce without limit and get price supports. That leaves us with just one tool, one device, to try to discourage overproduction.

My amendment does not even do that. My admendment just keeps the Secretary from raising the parity price support. The gentleman asks, what are we talking about in terms of dollars? He can find all kinds of estimates, but they are all at least a billion dollars or more for the next 4 years.

Now, my amendment would be triggered when the accumulation of Government holdings reaches about $700 million. That is roughly the price tag for 4 billion pounds of milk equivalent. Four billion pounds of milk translates to 2 gallons of milk for every man, woman and child; that on top of present holdings of dairy products, which translates to 8 gallons for every man, woman, and child. Surely eight is enough. We ought to stop there. We should not require the Secretary to add further price incentives for more production of dairy products in this present atmosphere.

Mr. LOTT. Well, I certainly do not want to do irreparable damage to the dairy industry. I do not have a lot of dairy in my district, but there are very few Members around here not on the Agriculture Committee that over the years have supported dairy more than I have, but as I look at the budget figures in 1983 and 1984, it goes up.

Mr. FINDLEY. That is correct, and I want to make another point. There has been talk about donations.

□ 1500

Well, believe it or not, we have been trying to dispose of our dairy stockpiles. No Secretary of Agriculture within memory has missed opportunities to donate dairy products, and the amendment I have offered talks about net purchases. Those are purchases after donations. Donations are considered sales as far as this amendment is concerned.

So we are already doing a lot to give away dairy products. We have to continue this. I hope we can find some more outlets. My amendment is simply geared to one thing, and that is to relieve the Secretary from the necessity of raising price supports for dairy still higher if we have this $4 billion milk equivalent accumulation coming along during the current budget year.

Mr. LOTT. And we have to deal not only with the problem of what we have already existing in storage but the potential for tremendous increases over the next 3 or 4 fiscal years; is that correct?

Mr. FINDLEY. Well, if the gentleman would permit me to continue, I do not know who took the time to make this study, but let me state this.

Mr. LOTT. It is my time, and I yield further to my friend, the gentleman from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Chairman, someone over at the Library of Congress came up with the figure that if we took the Government holdings of dairy products, Government-owned dairy products in surplus today, we could fill every floor of every public building on Capitol Hill up to a height of 4 feet. Is that not enough? Should we not stop there? Should we not call a halt to this?

Mr. LOTT. Mr. Chairman, let me take the time to make this concluding comment. I believe that this amendment, quite frankly, is an amendment in support of the dairy portion of this bill.

Mr. FINDLEY. It certainly is.

Mr. LOTT. That is obvious. I want us, at this point as we go through this bill, to be able to do what is necessary to get a strong farm bill through this year. That should be our ultimate goal, and I am worried that with the figures we are looking at now in the outyears, we are going to have problems getting this bill through.

The CHAIRMAN. The time of the gentleman from Mississippi (Mr. LOTT) has expired.

(On request of Mr. HARKIN, and by unanimous consent, Mr. LOTT was allowed to proceed for 2 additional minutes.)

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, I thank the gentleman for yielding.

We hear these figures about how many pounds we have, enough to fill all the floors of all the public buildings. Let us just bring it down to realistic terms. The amount of stocks we have right now in CCC is less than 30 days' supply that we use in this country, less than 1 month's supply.

Mr. FINDLEY. But in the next 30 days we are going to get more than 30 additional days of supply, and we ought to cut that back.

Mr. HARKIN. Mr. Chairman, with the highest price that I note the administration wants the dairy farmer to have and with the highest price the dairy farmer is going to get for his product, plus what we are going to have in the Bedell amendment, we are going to let them down slowly.

If I could have the attention of the gentleman from Mississippi (Mr. LOTT), I understand that he did vote in opposition to the Frank amendment last week, and I only assume that he voted against it because he thought it was much too low in terms of how far it drove down the parity level for our dairy farmers.

I would point out to the gentleman that the Findley amendment we now have before us is actually lower than the Frank amendment.

Mr. LOTT. Mr. Chairman, if I may reclaim my time, if it in fact goes into effect and that is a fundamental difference, I think the gentleman is trying to attack the problem where it is the most serious, and that is the amount of pounds per year that the Government is being saturated with.

Mr. Chairman, I yield to the gentleman from Illinois for a comment on that.

Mr. FINDLEY. Mr. Chairman, I thank the gentleman for yielding.

All I am doing is trying to give the Secretary of Agriculture a little flexibility in dealing with dairy price supports. I made this same attempt when Bob Bergland was Secretary of Agriculture, and the same voices were trying to deny the Secretary this flexibility 4 years ago and 2 years ago and 8 years ago. They were also here in this Chamber trying to lock in inflexible price supports for dairy products.

My amendment would not permit the Secretary to lower price supports; it would simply relieve him of the duty of making increases if the forecast shows that 4 billion pounds will be accumulated in excess of existing stocks in the current budget year.

Mr. VOLKMER. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I will not take my full 5 minutes because I do not really think it is necessary to speak in opposition to this amendment, since we had a vote just this last week on the Frank amendment that did not hurt dairy as much as this amendment proposes to do.

I think if we really evaluate this amendment, we will find, as has been pointed out by the gentleman from Iowa, the gentleman from Vermont, and others, that this amendment is much harsher to the dairy industry than even the amendment that was offered by the gentleman from Massachusetts (Mr. FRANK) last week. What this amendment really does is provide a $13.10 price support for the next 4 years. That is what it does.

Then when we add inflation to the cost of production and take that away from the $13.10, it amounts in 4 years from now to about a 50-percent parity. That is what we are telling our dairy farmers.

If this happens, we will not have very many dairy farmers and we will not have very much milk. We will not have to worry about any type of program, about CCC purchases, or about stockpiles, because they will not be there. We will be having high prices of milk because we will not have that much milk to go around. We will not have a lot of butter, we will not have a lot of cheese, and we will have to import more casein, a lot of it from Russia. We will also be importing a lot of nonfat dry milk. That happened back in the early 1970's when a similar program was instituted that did harm to the dairy farmers back then.

That is all this amendment really does. When we read it, we see that it says, "Estimate." As the gentleman from Iowa (Mr. BEDELL) pointed out, it does not say that if the Secretary finds he is wrong in his estimate, he has to leave the parity set out in the Bedell amendment now alone or put it back to that. It just says that he can put it at $13.10 any time he wants to and keep it there for the next 4 years, and in that way we will cut down on the dairy program and cut down on the dairy farmers.

What we need to do to help our dairy farmers is to go along with the Bedell amendment, get our grain prices up a little bit, get our beef prices up a little bit, and all the dairy problems are going to go away.

If the dairy farmer today gets cheap grain, he is going to keep his cows producing milk and he is going to continue production, because he cannot sell those cows; he is not going to get any money for them.

That is the problem right now. We do not need to tell the Secretary that all we need is $13.10 for the next 4 years. I do not know of very many people in this country today who would want us to stand up on this floor and say that everybody in this country should only get the same amount they are getting today for everything. I do not think there is anybody who wants to say that, but that is what this amendment does.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, it almost seems, as we are hearing all these figures bandied about concerning billions of pounds, that it really has the effect of perhaps frightening people into thinking that it is bad that we have all these huge purchases CCC is making.

Mr. VOLKMER. But it is not that much.

Mr. HARKIN. Let us look at it reasonably. I have gotten the figures going all the way back to 1949. In only 13 of the last 32 years has CCC purchased less than 4 billion pounds.

Mr. VOLKMER. Mr. Chairman, if the gentleman will allow me to say this, it did not accumulate to a great amount. All we have is just in the last year, and that accumulation is not just because of the 80 percent of parity but because of low grain prices and low beef prices.

Mr. HARKIN. Mr. Chairman, if the gentleman will yield further, the gentleman from Illinois said that last year we accumulated 12.6 billion pounds. That sounds like a lot, but in 1953 we accumulated 11.3 billion pounds and no one ran around then like chickens with their heads cut off saying that we have to cut the dairy price-support program. No, the program worked, and it worked its way out of that surplus.

We had 75 percent of parity for dairy all the way from 1949 until July 1978, and in all of those years, in only 6 years did the Secretary of Agriculture exercise his authority to keep the support price at 75 percent.

In most of those years it ranged from 80 to 89 and 90 percent, and we accumulated stocks in various years. As I said, in 1953, it was 11.3 billion pounds, and in 1961 we accumulated 11.2 billion pounds. Then it immediately began to drop off. In some years we only accumulated 700 million pounds.

Again what I am saying is that this is a long-term program. The fact that we accumulated 12.6 billion pounds last year does not scare me a bit because I can look at the past and go back to 20 years ago. When we accumulated 11.3 billion pounds, we had a heck of a lot fewer people in this country than we do today. So those stocks are going to be utilized, if this administration will quit trying to kill the food stamp program, the school lunch program, the WIC program. Also, if this administration was more aggressive in selling these commodities abroad, we could reduce these stocks.

□ 1510

If the question is do we have to get the dairy farmer to produce less, of course the answer is "Yes." But we do not do it with a massive gutting of the program as was in the Frank amendment and in the Findley amendment.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

(By unanimous consent Mr. VOLKMER was allowed to proceed for 2 additional minutes.)

Mr. VOLKMER. Mr. Chairman, I would like to address the gentleman from Mississippi (Mr. LOTT) if he is still here. I would like to point out to the gentleman that I think his vote last week was a proper vote. If the gentleman is concerned about the budget, as most of us, I think we will find that the gentlemen over at OMB know less about the dairy industry than they know about a lot of other things. I think if they had listened to more of the people from the dairy States within our own body right here that know the dairy industry and know how it functions that perhaps the gentlemen over there would be able to say that actually the Bedell amendment will stay within the budget, even in the out years. I firmly believe that.

I believe my colleagues will see a reduction in dairy production in the next year, and then they are going to see one the following year, because of what we have done in the Bedell amendment, because the reduction from 80 percent just in April, from 80 percent to 75 percent, to 70 percent, that is what we are seeing right away this year, within a year, so my colleagues are going to see that reduction in production.

The figures that have been shown to you by OMB are not accurate at all.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from Iowa.

Mr. BEDELL. I would like the gentleman to yield so that we can have a colloquy with the gentleman from Mississippi in regard to the figures on dairy. The gentleman has the figures from the staff on the minority side. I have them from the majority side. The figures are slightly different, but the ratios I think are quite similar.

I believe if the gentleman would look at the figures he would see that for 1983 they are slightly higher than 1982. In 1984 they are lower than 1982. In 1985 they are also lower than 1982. Even with the inflated dollars as are projected under the Bedell amendment that is correct.

Mr. LOTT. Mr. Chairman, will the gentleman yield to me?

Mr. VOLKMER. I yield to the gentleman from Mississippi.

Mr. LOTT. The gentleman is correct. While the figures do differ some, we are talking about $987 million, I guess it is, and $1.3 billion in 1983 and $941 million in 1984.

That is still an awful lot of money, but not of the proportion as indicated earlier. There are some differences in the figures. But the gentleman is correct.

Mr. BEDELL. Which is lower than the 1982 figure, even with inflated dollars for 1984 and 1985.

Mr. LOTT. 1985 is lower than 1982.

But I would respond, if the gentleman will yield further for one last comment, again I want to emphasize that this amendment is not geared just to the cost. This is geared to all of the pounds that we are going to be having come into the Government. It is not based on just the figures that are involved or on the price supports.

Mr. JEFFORDS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, It seems strange that we should refight the same battle which was won so well last week. So I would just like to ask why we are here.

The reason we are here is that even though the leadership had agreed to the 70 percent of parity earlier, even though the Secretary of Agriculture had agreed, with 70 percent as the minimum, the position is simply this: OMB is writing the farm bill, not for farm considerations, but for budgetary reasons.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I would not like to yield to the gentleman. I do not have much time.

Mr. FINDLEY. I just want to raise a question. The gentleman left the impression that at some stage the administration and the committee leadership endorsed the Bedell amendment. That is a revelation to me, and I think I have kept pretty close to the issues.

Mr. JEFFORDS. My memory is that earlier this year some of us were fighting to keep supports above 75 percent. The administration, however, was saying, "Well, no, 75 percent is too high so we have to go to less than 75 percent." The administration then came in and said, "Well, the cost is too high, because OMB says so—we must have less than 70 percent." The administration again went to OMB—this time they came back with 65 percent of parity. Every time they go down to OMB they come back with a little less.

It is not a farm policy; it is a budget policy. That is the point. That is why we are here today. Otherwise we would be discussing something else.

Let me go over just briefly what we went over last time. I do not think that people remember what was said before so let me review it. We are talking about a farm bill. We are talking about something which is so essential to our country, that we spend less than one-half of 1 percent of our whole budget on it. We are not talking about a lot of money in terms of a budget, or in terms of the importance of agriculture to this country.

Let us look at the Consumer Price Index for milk relative to Coca-Cola. Milk is much more favorable. Dairy supports are good for the consumer.

Why do we want to tear dairy supports apart? Farm policy? No. It is clearly budget policy.

Dairy farmers do not want—nor do they expect—a lot of money. Dairy farmers are having difficulties, like all of the rest of us. They have tight budgets, and the question is, How do we get down to the right level of supports while presenting the program that has been so valuable to this country and the consumer?

Again, as has already been pointed out, the cost of dairy supports to the taxpayer are miniscule.

There has not been any significant cost to the taxpayers in the past.

There may be now, I know, now, because we have a production problem. The problem is that the dairy industry can be destroyed or significantly harmed if you reduce supports too quickly.

If you go down too fast, the same thing will happen as happened in 1973.

The administration was then faced with inflation. What was the best and the easiest thing to do? Pick on the dairy industry. Then cut the price of milk to the farmers.

What happened? They cut the support price to 75 percent. Shortages, unbelievable shortages were created because they cut supports too much. What happended to the retail price? It increased dramatically.

Then the administration created chaos by importing increased amounts of dairy products. The dairy industry was seriously impacted and the retail price to the consumer went up further. What happened to the farmer? The farm price went down. Did the retail price ever come down? No; we face the same risk now.

All the dairy farmer wants, and he is willing to make this sacrifice, is to not make any greater sacrifice than other Americans are being asked to make. The dairy farmer in my State broke even last year. With this amendment a lot of farmers will be forced out of business. They are willing to make a sacrifice, but are they willing to be totally decimated? Are consumers willing to have retail prices shoot up again like they did in 1973 if that happens? I say you are not.

What we need is a very responsible easing down in supports. It takes a couple of years to bring production under control.

You do not go out and shoot the cows tomorrow. You cannot ask any farmer to go out and shoot his cows in order to stop him from producing milk. A farmer has to plan ahead—it is going to take a couple of years to ease his production down.

As has already been pointed out production is declining. There are going to be decreased costs—if there are controls over the exports of casein and if there are sales on the export market, costs can be reduced practically to zero.

What we want is a responsible support program. I am willing to accept the Bedell amendment, but if you accept this amendment it will be worse, much worse, than the amendment you voted down overwhelmingly last week.

So I urge my colleagues, I implore you, let us have a reasonable, rational dairy program.

I yield back the balance of my time.

Mr. FRANK. Mr. Chairman, I move to strike the requisite number of words and speak in support of the amendment.

Mr. Chairman, I rise in support of the Findley amendment, and I am sorry that my new-found friend from Mississippi (Mr. LOTT) is not here. I was going to welcome his conversion and tell him I am glad to be with him today. I hope the budget-cutting fever may, in fact, spread a little bit.

I was interested when my friend from Missouri said that the way to deal with this problem is not to cut the price support, it is to get the price of grain and meat up, the price of grain and cattle up, and that is the way to deal with it. In other words, the way to solve the problem of too much money going for dairy price supports is to raise the Consumer Price Index.

□ 1520

I would hope we would find a way of dealing with this problem that had a little less damaging impact on the consumer than raising grain and cattle prices.

If you will forgive me—and it maybe makes me antifarmer—I do not think raising grain and cattle prices is the best way to deal with a $2 billion budget-busting dairy price support program.

I realize that the amendment of the gentleman from Iowa reduces substantially the amount we are spending on dairy. But we still have the fundamental point. We have miscalculated in the past. The gentleman from Iowa, the chairman of the subcommittee, has illustrated this with his statistics. We go up and we go down. What the gentleman from Iowa had in his amendment—the other gentleman from Iowa—and it is now the law, is a trigger that makes parity go up. If this program succeeds, if the farmers do phase out their cattle and go into other things, then parity may go from 70 to 75 percent. There is a possibility, if we go below 3.5 billion pounds of purchase, we may go up to 75 percent. There is nothing in the bill as it now stands before us to prevent another price explosion. That is what the gentleman from Illinois is trying to deal with.

We are trying to put some kind of fail-safe in here so that if we miscalculate and if, contrary to the gentleman from Missouri, we do not send grain prices skyrocketing, and we do not send cattle prices skyrocketing, and if we do not limit imports of casein—and I suggest to the gentleman from Vermont, that his solution is going to run into problems. He wants us to limit imports of casein and then sell a lot more milk.

Well, not buying from anybody else what you force them to buy from you is kind of hard to do, unarmed. I do

not think that it is going to work very well.

What the gentleman from Illinois offers is the only chance to put some limit, hopefully, on what goes on. It says if the Secretary of Agriculture sees that this program is going too far, he can keep parity from going up. And that is the fundamental issue that is here in this debate. Are we going to say that being a dairy farmer is a statutorily protected occupation in the United States?

I was asked last week by the gentleman from Minnesota, who is now absent, "Well, what about the minimum wage law?"

Do you know what this is? This is a minimum wage law in which you write your own job description. You do not just get the minimum wage here. You tell them what you will get the minimum wage for. "I will be a dairy farmer, you will pay a reasonable price for anything I produce."

Those are the terms. I do not think any occupation in America ought to be on that basis.

Mr. GUNDERSON. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from Wisconsin.

Mr. GUNDERSON. The gentleman mentioned the minimum wage. Does the gentleman have any idea, considering the number of hours that the average dairy farmer works, what he is paid per hour on his return?

Mr. FRANK. My guess is that the dairy farmer's hourly wage probably approximates that of a Member of Congress. Dairy farming and being a Member of Congress have one thing in common: Nobody makes us do it. Nobody put a gun to our heads and said, "Go run for Congress," and nobody makes you be a dairy farmer. I think that is part of what we are talking about here. If there are any people out here doing dairy farming—it is a worthy and noble occupation; I am glad they are there—who think they are doing it purely as a favor to the rest of us, let them desist. We should not establish any occupation in this country as one which is statutorily protected. I think we ought to let the ebb and flow of the market decide that.

We are not talking about wiping this out altogether. The gentleman from Illinois is putting in there a limitation that says if we are going to have more than 4 billion pounds, an enormous amount, then we ought not to raise the price support which led to that excess. It seems to me a very reasonable amendment. That is all we are talking about.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from Iowa.

Mr. HARKIN. I thank the gentleman for yielding.

Mr. Chairman, I understand where the gentleman is coming from. He is in favor of a cheap food policy. Well, that is the gentleman's right. Obviously he can do that. I wonder, would that also spill over into a cheap shoe policy? Would the gentleman be in favor of taking off any restrictions on the importation of shoes from Italy, for example?

Mr. FRANK. Let me say that, first of all, if the gentleman would get closer, he would have no question about my views on the cheap shoe policy. These are Thom McAn's. But beyond that, when the President of the United States earlier this year—and people are going to think that I asked the gentleman to ask me this question, because I was waiting for it—refused to extend orderly marketing agreements on shoes, I think I was the only Member of my State's delegation publicly to support him. I supported the President when he refused to continue the imposition of orderly marketing agreements on shoes from South Korea, Taiwan, et cetera. I believe in free trade. I do not believe in this kind of abolition of the market. I do believe that we have got to provide some help to people who are in need. I do believe that we have some moral commitment to redistribute the product. But I do not think you do it restrictively.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. FRANK) has expired.

(By unanimous consent. Mr. FRANK was allowed to proceed for 2 additional minutes.)

Mr. FRANK. So I would say specifically to the gentleman that I represent some shoe people, and I think that I have now provided, frankly, some common bond for the shoe people in my district and the dairy people in my district. They will be getting together the next time. But I supported publicly the President of the United States when he did this with regard to shoes, and I am glad—well, I think I am glad. I do have to say that I agree with the gentleman from Vermont, and I have to disagree mildly with my friend, the gentleman from Illinois, whose help and work on this has been so good. I am a little unclear about the administration's position, too. I must say that I do not remember what position the President played when he played football, but his broken field running ability on this dairy amendment has impressed me a great deal, and I can understand why the Members would be a little bit confused.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from Illinois.

Mr. FINDLEY. I do not know whether the gentleman thinks the dairy farmers are getting rich. I do not think they are. I think their income is quite low and probably, in many cases, below the minimum wage established by the Federal Government.

But one thing we do agree on, and everyone should agree on, is that statute legislation, decisions made here in this Chamber, have gotten the dairy farmer into trouble. We have an enormous Government stockpile of dairy products, and it is going to go still higher unless we give a little bit of flexibility to the Secretary of Agriculture.

Mr. FRANK. Let me say to the gentleman—and I respect the occupation and the people who are in it—we cannot, I believe, as a matter of Government policy, guarantee people the right to perform that particular occupation. And if in fact the wages are too low, I sympathize, but the answer may be that the market is saying, "Some of you have to go out of that business and into another business."

Yes, I supported raising the amount of money at which the estate tax begins, in part to help the small farmer. But I do not believe—and this, I think, is the key question—that you statutorily say, "We are going to single out the occupation of dairy farming because we like it, and we are going to pay you to stay in it."

Mr. ALBOSTA. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from Michigan.

Mr. ALBOSTA. I thank the gentleman for yielding.

Mr. Chairman, there has been quite a lot of discussion today on this particular amendment, on the fact that we would leave it to the Secretary of Agriculture. Does the gentleman really believe that the Secretary of Agriculture solely is going to make that decision?

Mr. FRANK. No, I assume he will make it subject to the direction of the President of the United States.

Mr. ALBOSTA. And the rest of his Cabinet.

Mr. CONABLE. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, there are few commodity programs that have received as much attention recently as the dairy price support program. Moreover, there are few commodity areas where the interests are as broad, or the issues as difficult to grapple with as those that surround the dairy price support program. But, my colleagues, once you sort through all of these complex matters, the bottom line is that during the past 4 years the price support level for dairy products has been so high that it has consistently encouraged too much milk production and discouraged consumption. The result has been that the Federal Gov-

ernment has had to buy excessive quantities of surplus dairy products totaling $1.9 billion in the year just ended. Currently, the U.S. Department of Agriculture indicates that milk production will continue to increase because in July farmers indicated that they were going to increase by 6 percent the number of dairy replacement heifers in the herd. Thus we have a serious problem on our hands. That problem can only be solved subjecting the dairy industry to some of the discipline of the marketplace.

While H.R. 3603 as modified by the Bedell amendment slows the rise in the support price for dairy products from that carried in the original House bill, it is not sufficient to bring production in line with consumption soon enough.

As a result, I am supporting the amendment on dairy of the gentleman from Illinois. I believe it is imperative that the Secretary of Agriculture be given the flexibility to set the support price for dairy products within a reasonable range depending on supply/demand conditions and other indicators. These are the factors, Mr. Chairman, that the Secretary of Agriculture uses when he sets the support levels for grains and other commodities. The reason that we are spending large sums of Federal money to buy surplus dairy products stems from the fact that our dairy price support program has not been sufficiently flexible to enable the Secretary of Agriculture to avoid sending the wrong signals to producers. I believe the provisions offered in the Findley amendment will rectify this situation. This amendment will allow the Secretary of Agriculture to continue the support level for dairy products at $13.10 per hundredweight for the period beginning October 1, 1981, through the end of September 1985. In the last 2 years the Secretary would have the authority to set the price support level for milk between 75 and 90 percent of parity adjusted annually on a fiscal year basis. The provision would also provide the Secretary the flexibility to forgo an increase in the price support level any year that the annual purchases of dairy products exceed 4 billion pounds on a milk equivalent. Mr. Chairman, the advantage of this program, in addition to increasing the Secretary's flexibility, is that it would save the Federal Treasury at least $500 million from what H.R. 3603 as amended would cost over the 5-year period.

Mr. Chairman, there is another point that I believe is important to make in considering this amendment. Some in the dairy industry have argued that there is an outright attack against dairy producers. I would like to set the record straight. I believe there is a need for a reasonable dairy price support program to insure an adequate supply of milk for consumers and at the same time protect dairy farmers from severe economic hardships. Unfortunately, during the past 4 years, the price support program has been operated in such a fashion that it has supported market prices for dairy products that have been too high. The size of the surpluses we have today are clear evidence. Moreover, I do not believe that we can any longer justify supporting the price of dairy products at levels higher than we support prices for other commodities. Thus, I must strongly support this amendment because it gives the Secretary of Agriculture the flexibility to set the price support level for dairy products. In response to changing conditions I believe that the Secretary must take into consideration supply and demand facts when he sets price support levels for dairy products as well as supports for other commodities. That is the only way we can have a dairy industry that can again become competitive with other agricultural commodities without exposing farmers to unfair risks.

□ 1530

In respect to the interesting chart we saw about the amount of Coca-Cola that is being produced in this country, I would like to point out that the Government does not stockpile Coca-Cola.

Mr. GUNDERSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I really hesitate to rise on this amendment. We talked about it last week. However, I think there is so much misinformation going around that someone has to stand up and set the record straight.

The gentleman from Illinois and the gentleman from Mississippi have alluded to all the problems with the dairy price support program. No one denies that we have had some problems in the past. Certainly we had a $1.8 billion expenditure in 1981 for the dairy price support program.

But let us take a look at what we have done already. We have already foregone the April 1 price adjustment. We have eliminated, or are well on the way to eliminating the October 1 adjustment. We have gone from 80 down to 75 percent of parity. Now we are down to $13.10, which works out to be 72 percent. We are going to have $13.10 for fiscal year 1982. We have already made a $948 billion reduction in this program. It is not that something has not been done.

I think there is something else that is important here. We talk about giving the Secretary of Agriculture discretion. I do not know about the rest of my colleagues, but I had the privilege of serving in the State legislature before I came here. Everybody I talked to there and almost everyone I have talked to here believes, in a very general principle of government, and that is that we are a government of laws, not of men.

We ought not set the policy of the United States of America to the whims and wishes of any individual. I do not care whether it be the Secretary of Agriculture or the Secretary of the Interior, the Director of OMB or anyone else. We ought not to be giving that kind of discretion to one individual.

Earlier the allegation was made by the gentleman from Illinois that we have 2 gallons of milk for every man, woman, and child in this country. I ask my colleagues, is that really too big a cushion? I frankly do not think it is that big a cushion. That is about a 2-week supply. I do not think that is big at all.

We talk about these budget outlays, mentioned by the gentleman from Mississippi. Take a look at budget reconciliation. That sets parity at 75 percent. Take a look at the budget resolution, which set it at 70 percent.

The gentleman from Mississippi says we are breaking the budget in the outyears. I suggest the gentleman take a look at CBO's figures and their September estimates.

Do my colleagues know what it is going to show? That the Bedell amendment is under that budget resolution. It does not break the budget in 1984.

The fact is it is $5 million under the budget limit in 1984. We are talking about what kind of adequate reimbursement the dairy farmers of this country ought to have.

I hope that my urban colleagues will understand that the average dairyman in this country, who milks morning and night, every day of the week, does not have Christmas off, does not have the Fourth of July off, that gentleman is getting a minimum wage of $2.89 per hour—something I am sure the gentleman from Massachusetts would not want his constituents to be living under.

So, consider where we have been. Consider where we are going. We have made major changes already this year. The amendment we are looking at now is no different in effect than the amendment we considered last week.

The intent of the amendment is to gut the dairy price support program by holding it at $13.10 for 4 years, then we go to an increase, to such a big increase that we would have to eliminate the program. That unfortunately would make the Secretary of Agriculture and some other people very happy.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I yield to the gentleman from Missouri.

Mr. VOLKMER. I thank the gentleman for yielding.

The gentleman is giving the Secretary of Agriculture discretion—I have

the same reservation the gentleman does, especially in light of what has happened since I have been in the Congress in the last 4½ years. So under a previous administration as well as this administration I find that it is not necessary that the Secretary of Agriculture set agricultural policy. I find that OMB a lot of times is trying to or does, the economists, set agriculture policy based on what they say they can spend on it, no matter what happens to agriculture, no matter what happens to farming.

I find the Secretary of State has a lot to do with agricultural policy vis-a-vis the butter sale, which some of us feel could have been handled a lot better.

But it was not the Secretary of Agriculture's policy, it was the Secretary of State's policy. It was diplomacy. And those all get involved.

So what I am concerned about is not only that the Secretary of Agriculture's discretion, but we are putting the discretion completely away from those who have the interest of agriculture at hand. That is what concerns me about the amendment of the gentleman from Illinois, as well as the fact it is just $13.10 across the board.

Mr. GUNDERSON. I appreciate the comments of the gentleman from Missouri, except I also think that in addition to those comments and problems that we have in OMB, we have to understand that for the 4 years of this farm bill, only 1 year is there even a possibility under CBO's projection we are going to be over budget. This argument that we are busting the budget under the present language in the farm bill as adopted by the Bedell amendment simply is inaccurate.

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. GUNDERSON) has expired.

(At the request of Mr. MARLENEE and by unanimous consent, Mr. GUNDERSON was allowed to proceed for 1 additional minute.)

Mr. MARLENEE. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I yield to the gentleman from Montana.

Mr. MARLENEE. I thank the gentleman for yielding.

It seems to me that the projections are here, that the problems as outlined by the gentleman from Illinois (Mr. FINDLEY) are that they are in the outyears, the greatest impacts are in the outyears. Why do we not simply vote down the Findley amendment and vote in a 2-year dairy provision in this bill?

Mr. GUNDERSON. Well, I think there is some merit in that. If the consideration is going to something as we have looked at in the other body, that really is the same purpose of the Frank amendment last week, and the Findley amendment right now, which is to gut the dairy program, and obviously we are not going to break the budget if we do not have any price support program, as some of these people are suggesting.

Mr. DORGAN of North Dakota. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment.

I will not take all of the time available. There has been an ample discussion of this issue. I want to point out that in the preamble to the farm bill it says that the bill is "to provide price and income protection for farmers, to assure consumers an abundance of food and fiber, et cetera."

The point is, we are talking about a bill that is to provide price and income protection for farmers. The gentleman from Massachusetts wonders why. The answer is very simple. Farming is one of those few occupations in which you put something in the ground in the spring, and you hope that the product that you are able to harvest from that will get you a reasonable price at some point in the distant future.

But, as we all know, the world price for agriculture commodities is very, very volatile. It swings from the very high to the very low. And the family farming enterprise does not have the financial base that can withstand those violent swings.

The financial base of the family farm is just too fragile to withstand the tremendous dip in prices that occurs from time to time. That is why we have a farm program, to give some reasonable income price supports to family-size units.

The point I want to make is this. We have been discussing this issue today for a good long while. We discussed it a week ago. Yet I have heard no serious discussion about the real condition out there on the family farm.

The only discussion is on the budget. We have "Old MacDonald" here in the OMB who tells us how much is necessary for family farming. Mr. Stockman, the new guru on agricultural issues, tells us precisely what is necessary in the budget for family farming purposes. Well his vision is blurred.

Never in our history has there been a more precarious time for the family farm. Two conditions affect it adversely. No. 1, low prices and No. 2, high interest rates.

Those two factors combined are providing a fast track for economic failure for many family farmers.

I think instead of talking about the budget exclusively, we ought to start talking about the budget, and what type of price support program is necessary to try to preserve the economic health of the family farm.

The gentleman from Mississippi talked about getting down to the business of passing a strong farm bill. If we pass a farm bill that resembles the one we have before us now, it is not going to be a strong farm bill. It is not going to come anywhere near to the approach that is necessary to provide some reasonable income support prices for those family farming units.

I just think this is the wrong time for us to be decreasing support level prices for farm commodities. It is the wrong time for us to be considering the kind of amendment the gentleman from Illinois is proposing.

Mr. MICHEL. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, several references have been made here today as to why we should be considering an amendment here to the milk section again in view of the overwhelming defeat of the amendment offered by the gentleman from Massachusetts (Mr. FRANK) and others last week.

Let me give my colleagues a good rationale for that. The day we were considering the farm bill last week was when Anwar Sadat was assassinated. It was nearly impossible to hold the attention of any Member on this floor. They were all glued to the television set. Members could not hold their attention to the arguments that could be made, and frankly, I feel some of them were probably voting out of the depth of their ignorance.

Coupled with that situation was the fact that the gentleman from Vermont (Mr. JEFFORDS) offered an amendment and knowing the gentleman's interest in milk, and rightly so, and the gentleman from Wisconsin (Mr. GUNDERSON), some of the others who pleaded, as they have, rightly so, for their own districts, I can understand that. But when the Members came to vote for the Jeffords amendment and then on the other hand there was an amendment being offered by the gentleman from Massachusetts (Mr. FRANK) and others, the natural inclination on the part that we had a high and low, and the acceptable compromise was the Bedell amendment in the middle. There were any number of Members who could not tell the specifics, the figures or anything other than here was a high and low, and then sought to be in the middle where most the people are.

As a result, the Frank amendment was defeated.

I submit there was a new set of circumstances today.

First of all, this has got to be the first test as to whether or not we craft a farm bill that will more closely conform with the budget requirements. And those figures do change from time to time. The cost of the milk program had been alluded to, neighboring in the aggregate of some $2 billion. I would remind Members that that one support program is more costly than all the other commodities combined.

□ 1540

Now, you cannot discount the fact that milk is the most expensive program compared with the others. The rationale for the Findley amendment, in my judgment, is good rationale.

Milk, incidentally, is the only commodity whose price support is still tied to 75 percent of parity. There were other times during World War II when there were high price supports and I happened to be one of those who grew up when we did not have many price support programs. I got up before breakfast, stripped six cows before breakfast. I know a little bit about what happens out on the farm. We did not have these kinds of price supports at that time. We had to balance grain and hog and milk and chicken production and all the rest; but just because we had during the course of the war a price support system to encourage production, does not mean we need it forever. We found out that in the other commodities we had to get away from the price support system in order to get supply more in line with the demand.

Milk is yet the only commodity that is tied to that 75 percent of parity price of all the others. I think there is some significance to that.

Now, I have not had all that kind of mail from my individual dairy farmers out home. I would be curious to know how the mail received by other Members so far as dairy farmers are concerned. Admittedly, the cooperatives, those in the business of lobbying—oh, yes, you have heard about all kinds of letters and communications from them because that is their business, and the milk lobby is probably one of the most effective in this city. Let us face it.

Now, agricultural politics being what it is, some Members like it as an issue. Other Members are here to try to solve a problem.

I know some people feel it is good to kick the Secretary around, no matter what party, from time to time and make the argument that you do not want to give him that authority. He is after all, the top ministerial officer in the Department of Agriculture. Each of us from time to time must have confidence in his ability. Jack Block is a farmer himself. That is why he is Secretary of Agriculture instead of someone from the commodity market, one who is actively engaged in farming today and in my judgment would make the right kind of decision when it comes to implementing the Findley amendment. It is a good sound position for us to take in support of the amendment and I urge Members to vote for it.

Mr. Chairman, if I might, when we go back in the House I will ask unanimous consent to insert in the RECORD a letter from the Secretary of Agriculture, but that request will have to be made in the House.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., October 14, 1981.

Hon. ROBERT H. MICHEL,
Republican Leader,
House of Representatives,
Washington, D.C.

DEAR BOB: It would be appreciated if you would call to the attention of the House of Representatives that it is important that they support the amendment to Title I of H.R. 3603, the dairy title, which will be offered by Congressman FINDLEY and supported by Congressmen CONABLE and FRANK and many others on both sides of the aisle.

This is important because we must modify our dairy support program in the interest of dairymen as well as the nation's taxpayers.

For the past two and a half years we have been purchasing butter, non-fat milk powder, and cheese at unprecedented rates. This past year we spent nearly 2 billion dollars and now have warehouses all over the nation bulging with these dairy products, some now so old they are beginning to go out of condition.

We must not be mandated by law to continue a program which is excessively costly and builds up surplus dairy stocks in an excessive manner.

The amendment offered by Congressman FINDLEY will maintain a strong dairy support program, will gradually reduce our dairy surplus, and will conform to the needs of the President's economic recovery program.

Again, I think it is imperative for the House of Representatives to pass the Findley amendment. Thank you for your support.

Sincerely,

JOHN R. BLOCK,
Secretary of Agriculture.

Mr. RICHMOND. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment.

I would like to address the many urban Members who are not here today and who I hope are listening to this debate on their closed circuit televisions.

I hope we all understand that the Findley amendment actually hurts dairy farmers even more than last Thursday's Frank amendment; so what we are doing is going backward, we are not going forward.

I hope we also understand that since fiscal year 1981, dairy has taken a cut of 50 percent of their subsidy program. If someone tried to cut my food stamp program 50 percent, I would declare bankruptcy.

Here we have an agriculture committee which understands the needs of the farmer, which is willfully and willingly cutting the farm dairy subsidy by 50 percent and still we have the Findley amendment which wants to cut it more. We went from 80-percent parity in fiscal year 1981, then budget reconciliation required a 75-percent parity, then our own colleague, the gentleman from Iowa (Mr. BEDELL) offered an amendment which brought it down to 72½ percent of parity, with the understanding that if dairy production did not reduce, it would go down to 70-percent parity.

Let us remember that in 1981 we paid our farmers $2 billion. Under the Bedell amendment, we are down to $946 million of total possible subsidies for our dairy farmers. There are 400,000 dairy farmers, farmers who work 12 hours a day, 7 days a week.

Now, which of my urban colleagues, which of my colleagues who represent industrial districts, know of anybody willing to work 12 hours a day, 7 days a week for such minimum wage. The dairy farmers are working under these conditions to keep their farms when they could just as well sell their farmlands for large sums of money to the local developers and move to Miami Beach.

Our problem is to keep our dairy farmers in business. We must keep a reasonable supply of milk on hand. Certainly by cutting subsidies by 50 percent we are already doing everything possible to cut overproduction of milk and also keep our dairy farmers in business.

Certainly if we adopt the Findley amendment, we are facing a possible shortage of milk, possible importation of milk. I have been railing for the last 6 months against the importation of luxury goods from Japan. How would we Americans feel if we had to start importing our milk from Sweden, Norway, and Denmark? They would be only too happy to supply us with milk.

We must keep the dairy support price at a reasonable amount in order to keep 400,000 families tied to farms, working 12 hours a day, 7 days a week to maintain a stable supply of milk.

So let each urban member understand that it is a good consumer issue to give a dairy farmer a base of support in order to stabilize our own consumer market. You can imagine what would happen with a shortage of milk and skyrocketing prices.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. RICHMOND. I yield to the chairman of the subcommittee.

Mr. HARKIN. Mr. Chairman, I only wish that I could show Members the amount of material that I have read on what happened in the dairy program before 1949 and why the program came into being as it did. Before 1949 we had a situation in this country where in the late spring and early summer of the year we had more milk that we knew what to do with. In fact, it was spoiling, rotting, going out of condition. Prices were very low. Consumers had a good deal at that time in the early spring and summer. Then in the winter when production dropped way down, the consumers did not have enough milk and they would pay sometimes as much as one and a half

to two times as much 6 months later for milk than they paid that summer.

So in 1949, we instituted the dairy support program to even out those peaks and valleys to make it a nice steady program so that consumers could have a good supply of dairy products at a reasonable price year round.

That is what this program has done and the gentleman is absolutely right in pointing that out.

Mr. RICHMOND. And also to keep the farmer on the farm.

Mr. HARKIN. Exactly.

Mr. RICHMOND. I think we all have to understand how important it is to keep those 400,000 farmers on the farm. Their land is worth so much more money than they could possible make out of the dairy industry that they could easily sell their land. Very frequently dairy farms are very close in to small towns and large cities and they are prime candidates for development. If we do not give the dairy farmer some type of basic opportunity to make a living, he will sell those lands to a developer, move away, and we are going to end up with an OPEC of milk the way we have an OPEC of oil today.

Mr. FRANK. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman from New York has expired.

(At the request of Mr. FRANK, and by unanimous consent, Mr. RICHMOND was allowed to proceed for 1 additional minute.)

Mr. RICHMOND. I yield to the gentleman from Massachusetts.

Mr. FRANK. Mr. Chairman, I thank the gentleman from New York. I would say the gentleman has done yeoman work on the food stamp program, for which all of us are enormously grateful; but I do not think the analogy holds, because the gentleman says if food stamps were cut in half, he would be very upset.

The food stamp program did not quadruple over the last couple years. To quadruple a program and then object when you get it cut, in a 2-year period this thing quadrupled, that is a greater increase than we have had.

Beyond that, when the gentleman says, and I think the gentleman puts his finger on what is fundamentally at issue here, the question is do we subsidize people to remain in farming although there is no particular economic justification.

The argument that doing the consumer a favor, I think, is a far-fetched one.

Yes, there is a level of farming that we need; but what the gentleman is saying, and I think he puts his finger on the key issue here, is that it is an effort to statutorily write into the law a provision that says we will maintain the current number of dairy farmers indefinitely, no matter what market economic forces tell us. I do not think that is very good consumerism.

The CHAIRMAN. The time of the gentleman from New York has again expired.

(By unanimous consent, Mr. RICHMOND was allowed to proceed for 1 additional minute.)

Mr. RICHMOND. Mr. Chairman, I think my colleague, the gentleman from Massachusetts, should be happy with the fact that we reduced the subsidy by 50 percent. We reduced it from $2 billion to $946 million.

We are still giving the farmer some type of base to keep him on the land.

The gentleman in Massachusetts and I in New York have the same problem. New York State is the third largest dairy producer in the United States. I am deeply concerned that our dairy farmers will move off the land, sell out to developers.

The gentleman from Massachusetts should also share this concern because both our States are industrial States.

I believe that we have to give our dairy farmers some type of protection or they will leave their farms. I just do not want to have milk, butter, and cheese, in the same miserable condition that oil is in today.

Mrs. FENWICK. Mr. Chairman, I move to strike the requisite number of words.

I would like to speak most heartily, as a former consumer director of the State of New Jersey on behalf of the consumers and on behalf of this resolution, the Frank and Findley resolution.

We cannot go on like this. I do not know what these gentlemen are thinking. Cows have always produced more milk in the summer, it starts in the springtime, and less in the winter.

□ 1550

And what did the farmer do? He invented cheese. He did not turn to the Government. France has 141 types of cheese. That is a solution, and that benefits the consumer. Then we have 141 types of cheese to choose from instead of having a Government price that is out of sight and beyond the world market.

Look, there is no way of pretending that this benefits the consumer. If we want to protect farmland, we ought to buy up the development rights. It would be far cheaper than billions and billions and billions poured year after year into something that is not economic.

Mr. HARKIN. Mr. Chairman, will the gentlewoman yield?

Mrs. FENWICK. I yield to the gentleman from Iowa.

Mr. HARKIN. The gentlewoman is right; they did start making cheese. That, again, was the purpose of the dairy program in 1949.

Mrs. FENWICK. It did not have to have a dairy program. Farmers invented cheese before the dairy program was even thought of; before this country was even founded we had cheese.

Mr. HARKIN. If the gentlewoman will yield further, the point is that the Government purchases cheese, nonfat dry milk and butter, and then stores it and resells it back out through the year at a steady pace.

Mrs. FENWICK. Sells it back out to the Soviet Union at a cost to the taxpayers. I would rather sell it to the Soviet Union than pay the price of storage.

Mr. GIBBONS. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, someone the other day made a crack that the dairy program was "udder" nonsense. I am not going to go that far. I am familiar with the problem that the dairy farmer has. I am not unaware of the fact that he works hard and long, and many times without much gratitude from the consumer.

But if I have ever heard of voodoo economics, I have just heard some of it repeated up here.

Every nation in the world that has cows produces more milk than they can drink, more cheese than they can eat, and more butter than they want. And the price is high, and from time to time they must dump it on other markets and further disrupt the market system.

There are some exceptions to that. Some of the lesser developed countries. But through all the programs we have, we do as much for them as we can afford to do without doing damage to others.

Now, I do not know why we should beg somebody to stay on a farm and work for subminimal wages and then have to keep an uneconomic program that requires us to store vast amounts of cheese and butter and powdered milk, the butter going rancid, the milk going stale, and the cheese going uneaten. It does not make any economic sense. It is the kind of thing that is going to ruin America if we keep at it long enough.

I know we made some progress in the amendment that was adopted the other day. But I think the amendment is defective in that it makes some changes for a short period of time, but in the long period of time it does not do it. We are going to have to cut back a lot of things in this Congress, or we are going to have to increase a lot of taxes. We have serious problems on our hands.

I think the Findley amendment helps. The Findley amendment just makes commonsense. If you see a disaster coming down the road, then you give somebody the power and the authority to do something about it, and that is all the Findley amendment

does. If that person reacts wrongly and mistakenly, this Congress can come back and change it. But before we fill more caves with food we cannot eat, and convince more people to stay down on the land where they must work for subminimal wages, as has been stated here by almost everyone who has talked on this question, I think that we should adopt the Findley amendment and give it a chance to work.

The Secretary of Agriculture has usually been a reasonable person. He has been a person that has been attuned to the problems of the farm, and certainly other people influence his decision. But that is the American process. We cannot go down the road any longer running the kind of budget deficits we do, running the kind of farm surpluses that we run, that are unexportable at any market price, and continue to have the kind of standard of living that we as Americans expect, it is just that simple.

I urge you to support the Findley amendment.

Mr. BEDELL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I oppose the amendment. I know we are anxious to vote, and maybe it is a shame that we had to take any time to discuss this amendment, since we really had already voted on a similar amendment last Friday. I thought we had the issue settled at that time.

I have to say that I think it is an insult to the Members of this body to say that the people that voted Friday were not voting according to what they thought was right or not giving proper consideration because of the disaster that occurred in Egypt. I would hope the Members of this body are sufficiently well informed and sufficiently concerned about their job that we would not let anybody believe that the disaster in Egypt would cause us to vote incorrectly or not do our job as well as we might otherwise have done.

As the author of the Bedell amendment, I think it is critically important that people understand exactly what this amendment did and exactly what it does do.

In 1981, we are going to spend some $2 billion for milk support prices. I have talked to the minority leader. When he said that over half the cost was the milk support price, that was for 1981. That is not true for 1982 or 1983 or 1984. My amendment cut that down from what was originally proposed in our bill, 75 percent, from what had been 80 percent, down to 70 percent for next year, 72½ percent for 1983. So we have already cut it down.

If we look at the figures that are agreed to by both the minority and majority staff, it will show that for 1982 the figure is higher than it will be for either 1984 or 1985, even if we do not consider inflation. If we consider inflation, it is much lower in those future years. The gentleman who said they were not looking out at the future years simply has not read my amendment.

I hope people will look at the Findley amendment, because I think it is a bad amendment. The problem with that amendment is that if one realizes there is going to be inflation, what that amendment says is that if the Secretary estimates—not if that is the case—if he estimates that the purchases will be at a certain level, then indeed he can hold the milk price support down to what it was the previous year. If we have inflation, that is not holding it at the same level. That is lowering it each year. And not only does he lower the price, it says that once he estimates that that is going to be what it is, it does not matter what it is, he cannot raise it back and admit that he was wrong in what he did.

I do not believe that this body would want to pass that sort of amendment. Indeed, Sadat was not killed today, but I would think today that we would use commonsense, I would think we would do something that is reasonable, and at least, as far as I am concerned, no matter how great his motives may be, I do not believe that the amendment by Mr. FINDLEY is a reasonable amendment at this time.

Mr. FITHIAN. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I will be glad to yield to the gentleman from Indiana.

Mr. FITHIAN. Mr. Chairman, not only is the amendment offered by my friend, the gentleman from Illinois (Mr. FINDLEY), not reasonable; it is less reasonable than the one the House has already rejected. I would suggest that we reject the Findley amendment and get on with the rest of the farm bill.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, I was going to take some time to speak. Rather than take the time, I would just like to respond to the gentleman and say that the distinguished minority leader talked about crafting this farm bill to budget requirements. The fact is, the gentleman's amendment does, in fact, put dairy products and the rest of the farm bill under the budget, so what is the argument?

As long as it is under the budget, perhaps the only rationale for going further would be to gut a program.

As the second point, the distinguished minority leader said this would be a more costly program than any others. I would point out not necessarily. Even under the budget, under the gentleman's amendment in the bill, next year the wheat program could cost us anywhere from $800 million to $1 billion.

Mr. BEDELL. The gentleman did not mean to say it will be more expensive. He meant to say it had been more expensive.

Mr. HARKIN. The gentleman made a mistake when he said it is the only commodity based on parity. I would point out we also have a wool program, the next item coming up. If the gentleman from Illinois would like to address the wool program, certainly he would be entitled to do so on the basis of parity.

Mr. HAGEDORN. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from Minnesota.

Mr. HAGEDORN. I thank the gentleman for yielding.

Mr. Chairman, I think the Findley amendment is unduly harsh. What we adopted last Wednesday is a program that will gradually turn the corner, only making a curve, slowly, reasonably, and the Findley amendment would make a very sharp right-angle corner and, I think, unfortunately undermine the stability of the program. You cannot turn cows off one day and start them up 6 or 18 months down the road, but you have to gradually bring about the lowering of production.

I think the program we have put in place will do it. Perhaps a little more adjustment needs to be made in conference, but I think to permanently set this floor at $13.10 and up to 4 years would just be unduly harsh and in the end undermine a program that serves the consumer and the producers very well.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. FINDLEY).

The amendment was rejected.

□ 1600

AMENDMENT OFFERED BY MR. JEFFORDS

Mr. JEFFORDS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JEFFORDS: Page 10, add after the last sentence on line 13 a new section as follows:

REGIONAL FOOD SECURITY

SEC. 107. In order to better balance the supply of and demand for fluid milk and milk products within specific regions within the continental United States and in order to guarantee regional food security, the Secretary of Agriculture shall submit to Congress, not later than one year following the effective date of this subtitle, recommendations regarding the design and administration of the Federal dairy support program and milk marketing orders in order to guarantee regional production self-sufficiency and food security.

Mr. JEFFORDS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be con-

sidered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. JEFFORDS. Mr. Chairman, I do not believe that this amendment is a matter of any great controversy. It does point out, though, some of the problems we have right now. What this amendment does is, it just asks the Department of Agriculture to review the situation from the regional impact of the new dairy bill which will be passed, and that it asks the Department to report back to Congress in 1 year to try and develop perhaps some adjustments in our milk order system of marketing, to look at the regional impact.

The reason for this is very simple. The basic problem of oversupply is a regional one. There are a couple of regions which have tremendous oversupply, and others with very little. For instance, the New England area, which supplies the Boston milk market, has only about a little less than 1 percent oversupply. The problem is with the price support system, if we use it for this purpose of bringing things under control, that which is the least part of the problem becomes the biggest part of the solution. Thus, the impact of the new program will have the most serious effects on those areas where there is the least problem.

I do not believe there is any disagreement with this amendment, and I would ask that it be adopted.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Texas.

Mr. DE LA GARZA. Mr. Chairman, the chairman of the subcommittee informs me that we have no problem on this side with this amendment, and we would be glad to accept it.

Mr. JEFFORDS. I thank the chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Vermont (Mr. JEFFORDS).

The amendment was agreed to.

Mr. RICHMOND. I move to strike the last word.

Mr. Chairman, section 102 of H.R. 3603 concerns the legal status of producer handlers. A number of my constituents are concerned that the current exemption for producer handlers from milk marketing orders not be adversely affected by the provisions of the dairy title. It seems clear to me that section 102 maintains this exemption. Is this correct?

Mr. HARKIN. Yes. The committee wishes to make clear that it approves of keeping the producer-handler method of marketing open to dairy farmers. With their share of the market now reduced very substantially from previous times, the need for consideration of regulation is even less necessary now and it is more essential than ever that these small businessmen be exempted from the complex pricing requirements of milk marketing orders.

Mr. RICHMOND. I thank the gentleman.

AMENDMENT OFFERED BY MR. HAGEDORN

Mr. HAGEDORN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HAGEDORN: In title I as amended by the Bedell amendment, insert a new section 107 to read as follows:

SEC. 107. The Secretary is authorized and encouraged to enter into an agreement with representatives of the Union of Soviet Socialist Republics to effect the sale of up to 220 million pounds of butter at $1.05 per pound (acquired by the Government at a cost of approximately $1.50 per pound) and the sale of such amounts of nonfat dry milk at 50 cents per pound and cheese at 68 cents per pound (acquired at a cost to the Government of approximately 94 cents per pound and $1.40 per pound, respectively) as can be agreed to by the respective parties to such agreement.

Mr. HAGEDORN. Mr. Chairman, this amendment is mostly advisory, but in the last few days we have heard a lot of criticism about the lack of direct sales to the Soviet Union and the fact that we did not sell our dairy products that are in surplus stock directly to the Soviet Union. In effect, this would serve as advisory notice to the administration that if they want to negotiate additional sales, that this body would support the President with direct sales to the U.S.S.R.

I think that with all the criticism I have heard, that we ought to test the sentiment of this body and find out what kind of support there really would be to the sale of our surplus dairy products to the Soviet Union.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. HAGEDORN. I will be happy to yield.

Mr. HARKIN. I like the amendment. I urge a "yes" vote.

Mr. HAGEDORN. I thank the gentleman.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. HAGEDORN. Yes, I would be happy to yield.

Mr. DE LA GARZA. Mr. Chairman, I could not understand the thrust of the gentleman's amendment, knowing full well how the Department of Agriculture has tied its hands in relation with the agreement that they made with New Zealand, and New Zealand would then have explicit veto power over any prospective sales, but I agree with the concept of the gentleman's amendment; that the Department should sell to whomever wants to buy.

Mr. HAGEDORN. That is right.

Mr. DE LA GARZA. At any time, at the highest price, at the market price. As the distinguished majority leader mentioned to us, and I do not know whether the amendment would work or not, but for whatever it is worth I would support the concept.

Mr. HAGEDORN. I thank the gentleman for his support. Of course, the chairman well knows that that veto authority does expire on July 1, and therefore, the last 6 months, 3 months of this current fiscal year, they would be notified and advised of the pending sale, that they do not have veto authority, as I understand it. I thank the gentleman for his support.

Mr. DUNN. Mr. Chairman, will the gentleman yield for a question?

Mr. HAGEDORN. I would be happy to yield.

Mr. DUNN. Is it my understanding that we would be selling to Russia at a price lower than acquired by the Government?

Mr. HAGEDORN. Very definitely. World prices are lower than what the acquisition costs of these dairy stocks are, and, of course, there has been much talk about dumping of these stocks at world market prices without disrupting the economic order that exists under our various trade agreements. Therefore, what this amendment would in essence be doing is demonstrating that it has the support of the Congress if it wishes to negotiate additional sales in the future directly with the Soviet Union; and if that be the sentiments of the Congress, then we should I think let the President know that is the mandate of this body, and therefore, any actions to be taken would be supported.

Mr. DUNN. Are we not asking the taxpayers of this Nation to subsidize cheap food for Russia?

Mr. HAGEDORN. Well, whatever we sell at the world market, yes. There is a subsidy, just as the United Kingdom subsidizes its exports at a much higher price, but most importantly, I simply want a sentiment to be noted in this body for future reference.

Mr. DUNN. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota (Mr. HAGEDORN).

The question was taken; and the chairman announced that the ayes appeared to have it.

Mr. HAGEDORN. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee of the Whole appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1620

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The pending business is the demand of the gentleman from Minnesota (Mr. HAGEDORN) for a recorded vote.

A recorded vote was refused.

So the amendment was agreed to.

PARLIAMENTARY INQUIRY

Mr. DE LA GARZA. Mr. Chairman, are we still on title I of the bill?

The CHAIRMAN. The gentleman is correct.

Mr. DE LA GARZA. May I ask if there are any amendments?

Mr. Chairman, I move to strike the requisite number of words.

Might I inquire if there are amendments at the desk? We have been almost since 2:30 this afternoon on this title, which is all that we discussed on the previous sitting of the committee. I would hope the Members would assist us by proceeding with the orderly business of the House.

I see the gentleman from Illinois (Mr. FINDLEY) has an amendment.

In this case I will not ask for a limitation of time. I would hope that we could proceed in an orderly and prompt fashion.

I yield back the balance of my time.

AMENDMENT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINDLEY: Page 1, section 101 of title I as amended is amended by striking the punctuation marks and the word "and" at the end of paragraph (1) and inserting in lieu thereof the following: ": *Provided*, That, notwithstanding any other provision of this Act, if the Secretary estimates as of September 29, 1982, or any date thereafter through September 30, 1985, that net government purchases of dairy products, for any such fiscal year, will equal or exceed four and one-half billion pounds milk equivalent, the support price for such fiscal year shall not be in excess of that which was in effect at the end of the previous fiscal year.".

Mr. FINDLEY. Mr. Chairman, I see no need for a protracted debate on this because there is a similarity between the amendment now pending and the one defeated by a voice vote. I was persuaded, however, by the fervent pleas of some of my friends from dairy land that the trigger was established at a slightly unfavorable level. Four million pounds milk equivalent seem to me quite a reasonable level for the trigger, so I have adjusted it upward by 500,000 pounds milk equivalent.

Therefore, the issue before us is precisely the same as with the amendment which was defeated by a voice vote, with that one change, going from 4 million pounds milk equivalent to 4.5. I would hope my friends from dairy land would be so impressed with this conciliatory gesture that they would want to climb aboard.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Iowa.

Mr. HARKIN. I thank the gentleman for yielding. It really does not need to be discussed.

I would point out the Frank amendment, which was defeated last week, would have provided for a cutoff at about 6 million pounds milk equivalent. The gentleman's earlier amendment was at 4 million pounds and this one is 4.5, so it is still much, much less and worse, in my opinion, than the Frank amendment.

Mr. FINDLEY. The gentleman can get various estimates. The estimates I received is that it is almost on an equal basis with the Frank amendment.

In any event, I hope my colleagues are going to rejoice in this opportunity to give the Secretary flexibility on the dairy price support situation.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Vermont.

Mr. JEFFORDS. Before I know whether to speak or not, if the gentleman is defeated at 4.5, does he intend to offer an amendment at 5?

Mr. FINDLEY. I think I would be convinced if I, on record vote, went down.

Mr. JEFFORDS. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. FINDLEY).

The question was taken; and on a division (demanded by Mr. FINDLEY) there were—ayes 17, noes 26.

Mr. FINDLEY. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

PARLIAMENTARY INQUIRY

Mr. HARKIN. Mr. Chairman, we just had a quorum call and 100 Members were on the floor. Maybe some Members did not want to vote. We just had a quorum call.

The CHAIRMAN. The Chair will count.

Ninety Members having appeared, a quorum is not present.

□ 1630

PARLIAMENTARY INQUIRY

Mr. BEDELL. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BEDELL. Mr. Chairman, are the Members who have come on the floor since the Chair started to count for a quorum included in the count?

The CHAIRMAN. The Chair has counted, and only 90 Members have appeared, not a quorum.

The Chair announces that pursuant to clause 2, rule XXIII, we will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Illinois (Mr. FINDLEY) for a recorded vote.

The recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 153, noes 255, not voting 25, as follows:

[Roll No. 258]

AYES—153

Anderson	Fields	Miller (OH)
Annunzio	Findley	Minish
Archer	Fish	Moakley
AuCoin	Foglietta	Molinari
Benjamin	Forsythe	Moorhead
Bennett	Frank	Mottl
Bingham	Frenzel	O'Brien
Biiley	Gibbons	Paul
Boland	Gradison	Peyser
Bonker	Gramm	Porter
Broomfield	Green	Pritchard
Brown (CO)	Gregg	Ratchford
Broyhill	Grisham	Regula
Butler	Guarini	Rhodes
Carman	Hall (OH)	Rinaldo
Carney	Hansen (UT)	Ritter
Cheney	Hartnett	Robinson
Coats	Heckler	Rodino
Collins (IL)	Hollenbeck	Roe
Collins (TX)	Holt	Roemer
Conable	Hughes	Rostenkowski
Conte	Hunter	Roukema
Conyers	Hyde	Rousselot
Corcoran	Jacobs	Rudd
Coughlin	Jeffries	Russo
Coyne, James	Johnston	Santini
Coyne, William	Kemp	Sawyer
Crane, Daniel	Lagomarsino	Schneider
Crane, Philip	Lantos	Schroeder
D'Amours	Latta	Schulze
Daniel, Dan	LeBoutillier	Seiberling
Daniel, R. W.	Lehman	Shamansky
Danielson	Lent	Shannon
Dannemeyer	Livingston	Shaw
Dellums	Loeffler	Shumway
DeNardis	Long (MD)	Smith (AL)
Derwinski	Lott	Smith (OR)
Dickinson	Lowery (CA)	St Germain
Donnelly	Lujan	Stanton
Dreier	Lungren	Studds
Dwyer	Madigan	Trible
Early	Markey	Udall
Eckart	Martin (NC)	Walgren
Edwards (AL)	Mavroules	Washington
Edwards (CA)	Mazzoli	Weaver
Erlenborn	McCloskey	Weber (OH)
Evans (DE)	McDonald	Weiss
Fary	McGrath	Wyden
Fascell	McKinney	Yates
Fenwick	Michel	Young (AK)
Fiedler	Mikulski	Young (FL)

NOES—255

Addabbo	Ginn	Obey
Akaka	Glickman	Ottinger
Albosta	Goldwater	Oxley
Alexander	Gonzalez	Panetta
Andrews	Goodling	Parris
Anthony	Gore	Pashayan
Applegate	Gray	Patman
Ashbrook	Gunderson	Patterson
Aspin	Hagedorn	Pease
Bafalis	Hall, Ralph	Perkins
Bailey (MO)	Hall, Sam	Petri
Bailey (PA)	Hamilton	Pickle
Barnard	Hammerschmidt	Price
Barnes	Hance	Pursell
Beard	Hansen (ID)	Quillen
Bedell	Harkin	Rahall
Beilenson	Hatcher	Railsback
Benedict	Hawkins	Reuss
Bereuter	Hefner	Richmond
Bevill	Heftel	Roberts (KS)
Biaggi	Hendon	Roberts (SD)
Blanchard	Hertel	Rogers
Boggs	Hightower	Rose
Boner	Hillis	Rosenthal
Bonior	Hopkins	Roth
Bouquard	Horton	Roybal
Bowen	Howard	Sabo
Breaux	Hoyer	Scheuer
Brinkley	Hubbard	Schumer
Brodhead	Huckaby	Sensenbrenner
Brown (CA)	Hutto	Sharp
Byron	Ireland	Shelby
Chappell	Jeffords	Shuster
Chappie	Jenkins	Siljander
Chisholm	Jones (OK)	Simon
Clausen	Jones (TN)	Skeen
Clay	Kastenmeier	Skelton
Clinger	Kazen	Smith (IA)
Coelho	Kildee	Smith (NE)
Coleman	Kindness	Smith (NJ)
Courter	Kogovsek	Smith (PA)
Craig	Kramer	Snowe
Daschle	LaFalce	Snyder
Daub	Leach	Solarz
Davis	Leath	Solomon
de la Garza	Lee	Spence
Deckard	Leland	Stangeland
Derrick	Lewis	Stark
Dicks	Long (LA)	Staton
Dingell	Luken	Stenholm
Dixon	Lundine	Stokes
Dorgan	Marks	Stump
Dougherty	Marlenee	Swift
Dowdy	Marriott	Synar
Downey	Martin (IL)	Tauke
Duncan	Martin (NY)	Tauzin
Dunn	Matsui	Taylor
Dymally	Mattox	Thomas
Dyson	McClory	Traxler
Edgar	McCollum	Vander Jagt
Edwards (OK)	McCurdy	Vento
Emerson	McDade	Volkmer
Emery	McEwen	Walker
English	McHugh	Wampler
Erdahl	Mica	Watkins
Ertel	Miller (CA)	Waxman
Evans (GA)	Mineta	Weber (MN)
Evans (IA)	Mitchell (MD)	White
Evans (IN)	Mitchell (NY)	Whitley
Fazio	Mollohan	Whittaker
Ferraro	Montgomery	Whitten
Fithian	Moore	Williams (MT)
Flippo	Morrison	Williams (OH)
Florio	Murphy	Wilson
Foley	Murtha	Winn
Ford (MI)	Myers	Wirth
Ford (TN)	Napier	Wolf
Fountain	Natcher	Wolpe
Frost	Neal	Wortley
Fuqua	Nelligan	Wright
Gaydos	Nelson	Wylie
Gejdenson	Nichols	Yatron
Gephardt	Nowak	Young (MO)
Gilman	Oakar	Zablocki
Gingrich	Oberstar	Zeferetti

NOT VOTING—25

Atkinson	Campbell	Lowry (WA)
Badham	Crockett	Moffett
Bethune	Dornan	Pepper
Bolling	Fowler	Rangel
Brooks	Garcia	Savage
Brown (OH)	Hiler	Stratton
Burgener	Holland	Whitehurst
Burton, John	Jones (NC)	
Burton, Phillip	Levitas	

□ 1650

The Clerk announced the following pairs:

On this vote:

Mr. Moffett for, with Mr. Rangel against.

Messrs. LELAND, McCOLLUM, SCHUMER, and GILMAN changed their vote from "aye" to "no."

Messrs. AuCOIN, ANNUNZIO, SCHUMER, PEYSER, MARKEY, and MAVROULES changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. GUNDERSON

Mr. GUNDERSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GUNDERSON: Page 10, after line 13, insert the following new section (and redesignate succeeding sections accordingly):

CONGRESSIONAL FINDINGS

SEC. 107. (a) The Agricultural Act of 1949 (7 U.S.C. 1446) directs the Secretary of Agriculture to support the price of milk so as to assure the domestic production of an adequate supply of pure and wholesome milk to meet current needs, reflect changes in the cost of production, and assure a level of farm income adequate to maintain productive capacity sufficient to meet future anticipated needs.

(b) Section 22 of the Agricultural Adjustment Act (7 U.S.C. 624) provides that whenever the Secretary of Agriculture has reason to believe that imports of any product render or tend to render ineffective or materially interfere with the effective operation of a price support or similar program of the United States Department of Agriculture or that such imports reduce substantially the amount of any product processed in the United States from any agricultural commodity for which such price or similar program is in effect, he shall so advise the President who shall, if he agrees there is reason for such belief, cause an immediate investigation by the United States International Trade Commission to determine the facts. If on the basis of such investigation, the President finds the existence of such facts, he shall impose fees not to exceed 50 percent ad valorem or quantitative limitations of not less than 50 percent of the quantity entered during a representative period on such imported products.

(c) United States Department of Agriculture investigations have documented the fact that imports of milk protein products increased the cost of the Dairy Price Support Program conducted by the Secretary of Agriculture by $300 million during 1980 and that such added costs under the program will rise in the future.

(d) On the basis of these findings, the Secretary of Agriculture has advised the President that the import of milk protein products into the United States causes material interference with the Department of Agriculture's price support program for milk and the President has directed an investigation by the United States International Trade Commission as provided for under Section 22 of the Agricultural Adjustment Act.

(e) Congress finds that the $300 million added cost of the Dairy Price Support Program resulting from these imports does represent material interference with the Dairy Price Support Program and that the prospect of additional future costs will further interfere with achievement of the purpose and intent of the program.

(f) To relieve such interference, the Congress further finds that limitations on the import of milk protein products, including but not limited to casein, mixtures of casein, latalbumin, and whey protein concentrates or mixtures containing 5 percent or more of these products that may enter the customs territory of the United States in any calendar year should be established in accordance with Section 22 of the Agriculture Adjustment Act. Such annual limitation should be no more than the average of such imports into the United States during the five-year period preceding 1981.

(g) It is directed that the Clerk of the House transmit these findings to the Chairman of the United States International Trade Commission with the request that it be made a part of the record of the investigation now being conducted by the said Commission on the import of such milk protein products.

Mr. GUNDERSON (during the reading). Mr. Chairman, I ask unanimous consent that the amendement be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. FRENZEL. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. The gentleman from Minnesota reserves a point of order.

Mr. PETRI. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I yield to the gentleman from Wisconsin.

Mr. PETRI. Mr. Chairman, our Nation's dairy surplus problem is exacerbated by imports which are unfairly subsidized by exporting countries. Casein is one such example. Last year we imported 152 million pounds of casein. This is the equivalent of 333 million pounds of nonfat dry milk. The Government cost of purchasing this amount of nonfat dry milk is about $300 million. All or most of this amount of milk may have been sold on the commercial market if it were not for the imported casein. This could have been a significant reduction in Government purchases which totaled about $2 billion last year.

I believe that these quantities of casein imports are penetrating our markets primarily because of unfair subsidization. A large portion of the imported casein comes from the European Economic Community. The EEC gives a direct subsidy to the casein producer while at the same time places and ad valorem tariff on imports ranging from 2 to 14 percent.

The results of this effort can be seen in the great increase of U.S. imports. In 1978 the European Economic Com-

munity's share of casein exports to the United States amounted to 8 percent. In 1980 the United States imported 24 percent from the EEC. Australia and New Zealand also heavily subsidized casein and are major exporters to the United States.

It simply is not fair for the United States to have an open market while foreign countries subsidize exports and protect their own markets. This inequitable situation is hurting American dairy farmers and cannot be allowed to continue. There must be free trade policies agreed to by everyone or other steps need to be taken to make international trade policy in this commodity more equitable.

As we review the dairy price support program and look at possible modifications we must not overlook the problem of casein imports which adversely affect the program.

Mr. ROTH. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I yield to the gentleman from Wisconsin.

PARLIAMENTARY INQUIRY

Mr. GLICKMAN. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GLICKMAN. I have not been able to hear, Mr. Chairman. What is the status of this amendment?

The CHAIRMAN. The amendment is pending and the gentleman from Wisconsin (Mr. GUNDERSON) is about to be recognized for 5 minutes.

The gentleman from Minnesota (Mr. FRENZEL) has reserved a point of order.

Mr. GLICKMAN. I thank the Chair.

□ 1700

Mr. GUNDERSON. Mr. Chairman, I yield to my distinguished colleague, the gentleman from Wisconsin (Mr. ROTH).

Mr. ROTH. I thank my colleague for yielding.

Mr. Chairman, I urge my colleagues to support this amendment.

Mr. Chairman, I ask that this body confront the effects of unchecked casein imports into this country on the dairy price support program.

The USDA has concluded that these imports interfere significantly with the success of our dairy price support program by displacing our own supplies of nonfat dry milk. At a time when we seek to decrease Federal expenditures in the farm bill and decrease surpluses of Government-held dairy products, we simply cannot fail to act to save as much as $150 million per year by curtailing casein.

In 1980, 152.2 million pounds of imported casein displaced 333 million pounds of nonfat dry milk. The Federal Government purchased these products at a cost to the taxpayer of $300 million.

Countries in the European Economic Community account for a large portion of our casein imports. The EEC subsidizes its casein production and disposes of its excess products in the United States, What we are experiencing, Mr. Chairman, is a situation in which the American taxpayer is in effect paying twice for the same commodity. We are paying the EEC to subsidize casein production by allowing it to export so generously to the United States its surpluses. Simultaneously, we are buying our own nonfat dry milk which has been displaced by the casein imports. This is an intolerable waste of American tax dollars.

We are all aware that the President has asked the International Trade Commission to look into this matter as a result of the USDA study findings. These hearings are set to take place in November, and as the wheels of government move slowly, we could not in all hope expect action on this issue before May of 1982.

The quota to be imposed should be 50 percent of the average of yearly imports of casein to the United States during the period of January 1, 1977, through December 1, 1981. The issue of casein imports is central to the success of the dairy price support program. We must not sweep this matter under the rug for weak and insubstantial objections on account of the pending ITC study. Studies have already been done, the conclusions decisive. Casein imports, unchecked, hamper domestic dairy policy and are a burden on the taxpayer who is footing the bill for all this shortsightedness.

It is imperative that we learn to consider casein as a dairy issue as much as a typical trade issue. I would assert that the effects on agriculture of this import even supersede its colorations as a trade matter.

Mr. Speaker, I cannot stress strongly enough the need to act now while we consider food and agricultural policy for the next 4 years. The dairy farmer will, like other sectors of agriculture, be required to accept cutbacks in his commodity support program. However, to cut back dairy price supports and allow this unnecessary and counterproductive import policy to persist, is quite simply at odds with commonsense.

It is high time the United States implement sensible trade practices; this is not protectionism, this is just sound Federal policy.

Mr. GUNDERSON. Mr. Chairman, we spent the better part of 1 day last week and the better part of today again debating the dairy price support program. Most of that time has focused on the concerns we have over the cost of the dairy price support program and the fact that we have a surplus. Certainly the dairy price support program has had an effect on that surplus, but not in and of itself. There have been numerous other factors to be taken into consideration. It is my belief that the casein problem is one of those particular problems.

I think we need to look at exactly what casein is, where it has come from, and the effect it has on this entire program. Casein is a protein derived from milk. It is something not produced in this country. It is totally imported.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I am happy to yield to the distinguished gentleman from Vermont.

Mr. JEFFORDS. Mr. Chairman, I want to commend the gentleman for his amendment. An amendment was offered substantially similar by myself in the subcommittee and adopted in the subcommittee. It has a tremendous amount of merit to it.

As we pointed out earlier, one of the problems in the surplus is the increasing casein imports. The reasons for that we do not probably have time to go into, but there is no question if we wanted to significantly assist the problem that we have now in the dairy industry it would be to adopt the gentleman's amendment. I commend the gentleman.

Mr. GUNDERSON. I thank the gentleman.

The last year we have figures on casein was 1980. In 1980 we imported 152 million pounds of casein into this country. How does that have an effect on the price support program? The fact is that we in 1980 used or purchased 635 million pounds of milk or milk products in some form or another. Now, if we calculate the amount of casein that displaces nonfat dried milk, We will quickly come up to a calculation that says that the amount of casein imported in 1980 cost the Government $300 million in outlays over nonfat dried milk that we had to purchase that we would not have had to purchase if we did not have this casein coming into this country, as we do. So clearly it has had an impact.

Particularly, one of the ironies of the situation is that when we look at the Soviet Union, we displace over $10 million of nonfat dried milk a year over the last 7-year average on casein imported into this country from the Soviet Union.

What can we do about it? A study is being conducted at the present time by the International Trade Commission on the question of whether or not some kind of tariff ought to be imposed. The amendment I am introducing says that clearly, yes, casein does have an impact on the price support system and it is the sense of Congress that it does have that impact. It does not say what action in particularly ought to be taken.

In conclusion, the point to remember is that all we are doing in this amendment is saying that it is the

sense of this Congress, the opinion of this Congress, and in the resolution we forwarded to the International Trade Commission that, yes, casein does have a distinct impact on the price support system and does cost the Government money. Beyond that, we are making no recommendations as to what the results or actions ought to be taken either by the ITC or by this Congress at a later date.

Mr. DASCHLE. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I yield to the gentleman from South Dakota.

Mr. DASCHLE. Mr. Chairman, I rise in support of the gentleman's amendment. I think it makes eminent good sense.

Certainly if we are concerned about supply, and certainly if we are going to be asking the dairy farmers once again to bring forth a lower reduction in their price support, we ought to be looking at that level of imports. I think the gentleman makes eminent good sense.

Mr. GUNDERSON. I thank the gentleman for his comments.

Mr. Chairman, I yield back the balance of my time.

POINT OF ORDER

The CHAIRMAN. Does the gentleman from Minnesota (Mr. FRENZEL) insist upon his point of order?

Mr. FRENZEL. Mr. Chairman, I do insist on my point of order.

The CHAIRMAN. The gentleman from Minnesota is recognized.

Mr. FRENZEL. Mr. Chairman, I make a point of order against the Gunderson amendment.

Clause 7 of rule XVI requires that "no motion or proposition on a subject different from that under consideration shall be admitted under color of amendment."

Section 795 of the rules of the House states that "an amendment inserting an additional section should be germane to the portion of the bill to which it is offered." Section 798 states that "an amendment must relate to the subject matter under consideration."

In my judgment, neither is true in the case of this amendment. The amendment would seek to restrict the importation of casein, a different subject matter altogether than that which is in title I of this particular bill.

Mr. Chairman, the Gunderson amendment tries to establish an annual limitation on the importation of casein, and it directs certain material to be sent to the U.S. International Trade Commission and refers to section 22 of the Agricultural Adjustment Act. That agency and that particular section of the act is normally the jurisdiction of the Ways and Means Committee. Bills relating to that act and that agency are usually referred to the Ways and Means Committee.

Therefore, I submit that this amendment is not germane to title I of this bill.

The CHAIRMAN. Does the gentleman from Wisconsin (Mr. GUNDERSON) wish to be heard on the point of order?

Mr. GUNDERSON. Yes; I do, Mr. Chairman.

The CHAIRMAN. The gentleman is recognized on the point of order.

Mr. GUNDERSON. I thank the Chairman for the opportunity to respond to the point of order raised against my amendment.

There are three basic tests of germaneness under clause 7 of rule XVI: Subject matter, fundamental purpose, and committee jurisdiction. I believe that my amendment meets all three tests.

First of all, an amendment must relate to the subject matter under consideration. Mr. Chairman, title I of H.R. 3603 deals with the milk price support program. My amendment expresses a congressional finding that casein imports materially interfere with the dairy price support program and that a quota should be established.

In a similar situation involving a bill that would make oleomargerine and other imitation dairy products subject to the laws of the State or territory into which they are transported, the Chair ruled that an amendment requiring the USDA to perform certain inspections of plants producing imitation butter was, in fact, germane. (5 Hinds' Precedents § 5919.)

Second, the fundamental purpose of an amendment must be germane to the fundamental purpose of the bill. H.R. 3603 is offered "to provide price and income protection for farmers and assure consumers an abundance of food and fiber at reasonable prices." Mr. Chairman, it is apparent from the text of my amendment that it is designed to provide income protection for farmers by discouraging an increasing number of imitation products. It is also meant to assure that consumers have an abundance of wholesome and nutritious dairy products at a reasonable price rather than having those products forced out of the market by an increasing number of imitation products.

Finally, an amendment should be within the jurisdiction of the committee reporting the bill. Mr. Chairman, my amendment deals with the effect of casein on the domestic dairy price support program. This subject certainly is within the jurisdiction of the House Committee on Agriculture, who brought H.R. 3603 to the floor, since a subcommittee of that committee held hearings on this very subject in 1979.

It is arguable that the Committee on Ways and Means should have joint jurisdiction over the subject matter of this amendment. Yet, such joint jurisdiction does not affect its germaneness. During the consideration of the farm bill in 1977, the Chair ruled that an amendment to the food stamp portion of the farm bill dealing with collections from certain food stamp recipients was germane despite the fact that both the Agriculture Committee and the Ways and Means Committee had possible jurisdiction over the subject matter of the amendment—1977 CONGRESSIONAL RECORD, page 25252.

Mr. Chairman, the past precedents suggest that my amendment is germane. I, therefore, urge the Chair to overrule the point of order.

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The CHAIRMAN. The Chair is prepared to rule.

While the Chair is unclear whether the first part of the amendment merely recites what is already contained in section 22 of the Agricultural Adjustment Act, or whether it confers direct new tariff authority, the Chair believes that any amendment suggesting what the tariff levels on imported dairy products should be raises an issue within the jurisdiction of the Committee on Ways and Means.

Indeed, the Speaker has consistently referred section 22 amendments to that committee.

The Chair would also note that title I, to which this amendment is addressed, does not impose any particular tariff limitations. The Chair might also cite for purposes of precedent 121 CONGRESSIONAL RECORD, 76 67, 94th Congress, 1st session, which related to H.R. 4296, emergency price supports for the 1975 crops. In that instance, to a bill reported from the Committee on Agriculture providing price supports for milk, an amendment expressing the sense of Congress that tariffs be imposed on imported dairy products was ruled out as not germane.

Therefore, for these reasons, the Chair is required to sustain the point of order.

Mr. DE LA GARZA. Mr. Chairman, I did want to question one part of the ruling of the Chair in which the Chair states that the Committee on Ways and Means has exclusive jurisdiction over items such as casein. It has always been my understanding that the Committee on Agriculture would have joint jurisdiction with the Committee on Ways and Means, and I would not like for the ruling of the Chair to be interpreted as dispossessing the Agriculture Committee from joint jurisdiction, because the area of concern involves both committees.

The CHAIRMAN. The Chair would say to the gentleman that the Chairman of the Committee of the Whole would not make any ruling with respect to future jurisdictional matters. That is a matter for the Speaker to determine at the appropriate time. The

Chair has ruled with respect to this particular amendment and sustained the point of order.

Mr. DE LA GARZA. To which I have no objection, Mr. Chairman.

Mr. FRENZEL. Mr. Chairman, I move to strike the last word.

Mr. Chairman, in rebuttal to the gentleman from Wisconsin (Mr. GUNDERSON), I disagree with his statement that casein imports are increasing perceptibly or that casein imports are hurting milk producers or costing money.

The argument used to justify import restrictions is that imports of casein have become so excessive that the dairy price support program is seriously threatened. There is no evidence to support this argument. Available statistics indicate, in fact, that levels of imports for 1981 will be about 2 percent below 1980 totals from 1979 to 1980, imports rose 9/100 of a percent. A negative increase for the past 2 years would hardly seem excessive.

It is true that the volume of casein imports has increased somewhat over the last few years, but there is no evidence to show that casein imports have seriously displaced the use of nonfat dry milk in feed or in certain food products such that milk price supports are adversely affected.

In fact, there is substantial evidence to the contrary. The International Trade Commission (ITC) issued a report based on an extensive study of casein and its impact on the domestic dairy industry. The report concluded that there was "virtually no statistical relationship between imports of casein and mixtures of casein and purchases of nonfat dry milk under the price support program in recent years," nor was "any clear statistical relationship apparent between the imports and domestic production or consumption of nonfat dry milk."

To follow up this report, at the request of the Ways and Means Committee, the ITC updated the data through the end of last year and submitted a letter to the committee on March 20, 1981 declaring that the general conclusions of the study were still valid.

The most recent report was released in June of this year and more fully addressed the question of interference with the dairy price support program. Prepared by the Agriculture Department, the report concludes that any substitution of casein for milk is "not enough to significantly affect * * * the dairy price support program." The report also notes that although cutting imports in half would reduce Government purchases of milk by about $9.3 million, it would cost consumers almost $115 million in higher prices.

At the present time, there is no domestic production of casein. American dairy producers have no interest in that market and, therefore, the gap has been filled by imports. The reason is simple—they can get a much higher price through Government subsidies for the excess nonfat dry milk that they produce. Even with the generous subsidies that already exist, quotas on a related competitor—casein—are being requested here.

The risks of quota legislation both to our own economy and to the standing of the United States in the world trading community are great. We would be the first country to apply quotas on casein, and it would be viewed as a signal for other countries to do the same.

Most of these imports come from New Zealand and Australia—both good friends, staunch allies, and important trading partners, with whom we have positive trade balances and which make up good export markets for our agricultural products. The European Community exports a substantial amount as well. It is a huge agricultural market as well. As GATT members, all would have the right to demand compensation for any arbitrary restriction on their casein exports to this country. Their compensation would undoubtedly penalize our agricultural producers.

Mr. Speaker, based on the evidence at hand, I see no reasonable basis for restricting imports of casein and other milk protein products. We will hurt our friends and shoot ourselves in our agricultural foot.

The CHAIRMAN. Are there additional amendments to title I? If not, the Clerk will designate title II.

Title II reads as follows:

TITLE II—WOOL AND MOHAIR

EXTENSION OF ACT; SUPPORT PRICE

SEC. 201. Section 703 of the National Wool Act of 1954 is amended by—

(1) striking out "1981" in subsection (a) and inserting in lieu thereof "1985"; and

(2) striking out "1981" in subsection (b) and inserting in lieu thereof "1985".

The CHAIRMAN. Are there amendments to title II? If not, the Clerk will designate title III.

Title III reads as follows:

TITLE III—WHEAT

WHEAT LOAN RATES, TARGET PRICES, AND PAYMENTS

SEC. 301. Effective only for the 1982 through 1985 crops of wheat, subsections (a) through (c) of section 107A of the Agricultural Act of 1949 are amended to read as follows:

"SEC. 107A. Notwithstanding any other provision of law—

"(a) The Secretary shall make available to producers loans and purchases for the 1982 crop of wheat at not less than $3.55 per bushel and for each of the 1983 through 1985 crops of wheat at not less than such level as bears the same ratio to the loan level for the preceding year's crop as the established price for each such crop bears to the established price for the preceding year's crop: *Provided*, That if the Secretary determines that the average price of wheat received by producers in any marketing year is not more than 105 per centum of the level of loans and purchases for wheat for such marketing year, the Secretary may reduce the level of loans and purchases for wheat for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be reduced by more than 10 per centum in any year nor below $3 per bushel.

"(b)(1)(A) In addition, the Secretary may make available to producers payments for each of the 1982 through 1985 crops of wheat in an amount computed as provided in this subsection: *Provided*, That the Secretary shall make such payments available to producers of any such crop if the domestic carryover from the previous year's crop of wheat exceeds one billion bushels. Payment for each of the 1982 through 1985 crops shall be computed by multiplying (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the farm program payment yield for the crop. In no event shall payments be made under this paragraph for any of the 1982 through 1985 crops on a greater acreage than the acreage actually planted to wheat.

"(B) The payment rate for wheat shall be the amount by which the higher of—

"(i) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under subsection (a) of this section for such crop.

is less than the established price per bushel. For the 1982 crop of wheat the established price shall be $4.20 per bushel, and for each of the 1983 through 1985 crops of wheat, the established price shall be the established price for the previous year's crop adjusted to reflect any change in (a) the average adjusted cost of production per acre estimated for the two-year period which includes the crop year for which the established price will be applicable and the immediately preceding crop year, from (b) the average adjusted cost of production per acre for the two crop years immediately preceding the year for which the established price will be applicable. The adjusted cost of production for each of such years shall be determined by the Secretary on the basis of such information as the Secretary finds necessary and appropriate for the purpose and shall be limited to (i) variable costs, (ii) machinery ownership costs, and (iii) general farm overhead costs, allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop. In determining the established price under this subsection and the loan rate under subsection (a) for the 1984 and 1985 crops, the Secretary shall use as a base in making adjustments the established price and loan rate for the previous years that would have resulted had the actual cost of production figures, as determined by the Secretary for those years, been used.

"(C) Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and purchases for wheat in accordance with the proviso in subsection (a) of this section, the Secretary shall provide emergency compensation by increasing the established price payments for wheat by such amount (or if there are no such payments in effect for such crop by providing for payments in such amount) as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made: *Provided*, That any payments under this subparagraph shall not be

included in the payments subject to limitations under the provisions of section 101 of the Food and Agriculture Act of 1977.

"(D) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2) of this subsection.

"(2)(A) Except as otherwise provided in subparagraph (C) of this paragraph, effective with respect to the 1982 through 1985 crops of wheat, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage which the producers were prevented from planting to wheat or other nonconserving crop in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm program payment yield established by the Secretary times a payment rate equal to 33⅓ per centum of the established price per bushel for wheat.

"(B) Except as otherwise provided in subparagraph (C) of this paragraph, effective with respect to the 1982 through 1985 crops of wheat, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat which the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a farm disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

"(C) No person shall be eligible to receive disaster payments for any crop of wheat under this paragraph in any county in which crop insurance, part of the premium for which is paid by the Federal Crop Insurance Corporation under the provisions of section 508(b)(3) or 508(e) of the Federal Crop Insurance Act, is generally offered for that crop prior to planting.

"(c) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.".

PROGRAM ACREAGES PAYMENT YIELDS, AND SET-ASIDE PROGRAM

SEC. 302. Subsections (d) through (i) of section 107A of the Agricultural Act of 1949 effective for the 1978 through 1981 crops of wheat shall be effective for the 1982 through 1985 crops amended by—

(1) amending the first two sentences of subsection (d)(1) to read as follows: "The Secretary shall proclaim a national program acreage for each of the 1982 through 1985 crops of wheat. The proclamation shall be made not later than August 1 of each calendar year for the crop harvested in the next succeeding calendar year.";

(2) in the first sentence of subsection (d)(3) striking out all after "the proclamation of the national program acreage" and inserting a period in lieu thereof; and

(3) amending the second sentence of subsection (f)(1) to read as follows: "The Secretary shall announce any such set-aside not later than August 1 prior to the calendar year in which the crop is harvested.".

NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS

SEC. 303. Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (which deal with marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1982, through May 31, 1986.

SUSPENSION OF MARKETING QUOTAS AND PRODUCER CERTIFICATE PROVISIONS

SEC. 304. Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938, shall not be applicable to the 1982 through 1985 crops of wheat.

SUSPENSION OF QUOTA PROVISIONS

SEC. 305. Public Law 74, Seventy-seventh Congress (55 Stat. 203, as amended) shall not be applicable to the crops of wheat planted for harvest in the calendar years 1982 through 1985.

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949

SEC. 306. Section 107 of the Agricultural Act of 1949, as amended, shall not be applicable to the 1982 through 1985 crops of wheat.

● Mr. WAMPLER. Mr. Chairman, I am offering an amendment to title XIII of H.R. 3603, which concerns the food stamp program. I am offering this amendment because a question has arisen between the General Accounting Office and the Department of Agriculture concerning access by the GAO to food stamp program records containing data on individual program recipients. This amendment makes it clear that it was never the intent of Congress to deny access by GAO to these records.

GAO's authority to audit and access to records as applied to the food stamp program is firmly established by a number of statutes. Thus, GAO's audits of the food stamp program are contemplated, have been conducted, and should be regarded as a direct part of the administration and enforcement of the act.

Section 9 of the Food Stamp Act, which contains the same language as section 11, regarding disclosure of information on retail food stores applying to participate in the food stamp program, is also amended. The amendment is intended to insure that the language in section 9 is given the same interpretation regarding GAO access as the corresponding language in section 11.

I would like to emphasize that the GAO access to food stamp records, to my knowledge, has never been questioned before. The general authority granted to the GAO under the Intergovernmental Cooperation Act provides them access to all records and files of programs such as the food stamp program. This amendment places the description of access in the Food Stamp Act as well. This is not a new authority for the GAO, but, simply, a clarification of their existing access to records and files for the food stamp program.

Let me remind you of the GAO reports issued since 1976 on the food stamp program. In order to complete their review, the GAO had to have access to food stamp case files and records for recipients and retail food stores.

February 1976: Processing applications for food stamps—how long does it take?

April 1976: Student participation in the food stamp program at six selected universities

July 1977: The food stamp program—overissued benefits not recovered and fraud not punished

April 1978: Food stamp work requirements—ineffective paperwork or effective tool?

June 1978: Federal domestic food assistance programs—a time for assessment and change

December 1978: Regulations of retailers authorized to accept food stamps should be strengthened

July 1981: Insights gained in workfare demonstration projects

I am not sure why this controversy came about. I am sure that it is in the best interest of the Congress that the GAO continue to have access to food stamp files and records so that they may provide the necessary response and oversight on this very visible program.

I urge you to support this amendment.●

Mr. DE LA GARZA. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MCHUGH, Chairman of the Committee of the Whole House on the State of the Union, reported that that committee, having had under consideration the bill (H.R. 3603) to provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes, had come to no resolution thereof.

COMMUNICATION FROM CHAIRMAN OF THE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

The SPEAKER laid before the House the following communication from the chairman of the Committee on Public Works and Transportation, which was read and referred to the Committee on Appropriations:

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
Washington, D.C., October 6, 1981.

HON. THOMAS P. O'NEILL,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the provisions of the Public Buildings Act of 1959, as amended, the House Committee on Public Works and Transportation approved the amended Committee resolution providing for additional features and funds for the Secondary Truck Inspection Border Station, Detroit, Michigan.

The original and one copy of the authorizing resolutions are enclosed.

Sincerely,

JAMES J. HOWARD,
Chairman.

PROVIDING FOR CONSIDERATION OF H.R. 3403, HAZARDOUS MATERIALS TRANSPORTATION ACT AMENDMENTS OF 1981

Mr. MOAKLEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 240 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 240

Resolved, That upon the adoption of this resolution it shall be in order to move, section 401(a) of the Congressional Budget Act of 1974 (Public Law 93-344) to the contrary notwithstanding, that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3403) to amend the Hazardous Materials Transportation Act to authorize appropriations for fiscal years 1982 and 1983, to provide for the establishment of regional training centers to assist in improving the emergency response and enforcement capabilities of State and local personnel, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which confined to the bill and shall continue not to exceed one hour, thirty minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on Energy and Commerce, and thirty minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works and Transportation, the bill shall be read for amendment under the five-minute rule. In lieu of the amendments recommended by the Committee on Energy and Commerce now printed in the bill, it shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Public Works and Transportation now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, and all points of order against said substitute for failure to comply with the provisions of section 401(a) of the Congressional Budget Act of 1974 (Public Law 93-344) and clause 7, rule XVI are hereby waived. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER. The gentleman from Massachusetts (Mr. MOAKLEY) is recognized for 1 hour.

Mr. MOAKLEY. Mr. Speaker, I yield the usual 30 minutes for purposes of debate to the gentleman from Tennessee (Mr. QUILLEN), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 240 is the rule providing for the consideration of the bill H.R. 3403, Hazardous Materials Transportation Act amendments. This is an open rule, allowing for 1 hour of general debate. Since the bill was reported by two committees, Public Works and Commerce, the rule provides that each committee will be entitled to 30 minutes of the hour of general debate.

For the purpose of amendments, the rule makes in order as original text the substitute reported by the Public Works Committee. The Commerce Committee also reported a substitute, but their version was identical to a portion of the public works bill, so the simplest procedure was to use the more comprehensive of the two bills as the vehicle for floor consideration.

There are two waivers of points of order in the rule, Mr. Speaker. The first is of section 401(a) of the Budget Act, which is waived both against consideration of the original bill, and of the committee substitute. Section 401(a) prohibits the consideration of bills that provide contract authority, if the contract authority is not limited to amounts provided in advance in Appropriations Acts. There is one section of the bill and of the substitute that could provide such unlimited contract authority, but the waiver of section 401(a) is provided with the understanding that the Public Works and Commerce Committees have agreed to offer a floor amendment to cure the Budget Act violation.

The second waiver of points of order, Mr. Speaker, is a waiver of clause 7, rule XVI, the germaneness rule. The waiver is necessary because the Public Works Committee adopted an amendment that is technically not germane to the bill as it was introduced. The amendment in question is an amendment to the Hazardous Materials Transportation Act and it deals exclusively with the transportation of hazardous materials, but because the bill itself is relatively simple and narrowly drawn, the amendment is technically not germane. Since this is an open rule, the committee amendment will certainly be subject to the will of the House; the germaneness waiver will simply allow it to be considered.

Mr. Speaker, H.R. 3403 is an important bill, which authorizes funding for 1982 and 1983 to carry out the purposes of the Hazardous Materials Transportation Act of 1974. Highly toxic chemicals and hazardous materials of all kinds are transported daily around this country by air, by rail, by water, and on our Nation's highways and city streets. The potential for damage resulting from possible accidents while such materials are being transported is enormous. We in the Congress have directed the Transportation Department to establish and enforce rules that will govern the Transportation of hazardous materials, and that will help to make such transportation as safe as possible. The most important purpose of this bill is to authorize funding for the next 2 years to the Transportation Department to implement activities that are mandated under the 1974 act.

The other primary purpose, Mr. Speaker, is to help local entities, both government and private, to establish centers in the different regions of this country to train local emergency personnel. They will be trained to monitor and enforce the transportation safety rules to help reduce the number of accidents, and they will learn what to do with the various hazardous materials in order to contain the damage as much as possible when accidents do occur.

These centers will be funded primarily by the local groups that are interested in the training; the bill requires that local funding be at least 60 percent of the total the first year and 75 percent of the total after that. But this legislation will offer partial Federal funding and training assistance for this important purpose.

We should do all we can, Mr. Speaker, to try to prevent the dangerous accidents that can occur when toxic materials are involved and to make the response of emergency personnel as quick and effective as possible when such accidents do occur. This bill will help to achieve both goals. In addition, it strikes an excellent balance between requiring commitment and money from the local participating groups, while still recognizing and accepting some degree of Federal responsibility.

This is important legislation, Mr. Speaker, and I urge the support of all my colleagues for the rule, so that the bill might be considered.

□ 1720

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, the able gentleman from Massachusetts (Mr. MOAKLEY) has described the provisions of the rule and has gone into detail concerning the bill. H.R. 3403, the Hazardous Materials Transportation Act amendments is an important bill, which should be enacted into law.

This is an open rule, which will permit consideration of the Shuster-Broyhill amendment, and I feel that

this is something we should take up without delay. I urge adoption of the resolution, adoption of the amendment, and then final passage of the bill.

Mr. Speaker, I have no requests for time, and I yield back the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

HELP FOR UNEMPLOYED

(Mr. FINDLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FINDLEY. Mr. Speaker, I am today introducing legislation to amend the Wagner-Peyser Act to require that State employment offices use a portion of their existing budget to utilize the private sector of the employment service profession to locate jobs for unemployed individuals and public assistance recipients.

This legislation is vital to millions of Americans seeking jobs. Now that the Government is engaged in meeting the challenge of budget cutting to bring us to a hoped-for sound economic base, it is of pressing importance that we rely once again on free enterprise and the private sector to assume that which it historically does faster, better, and more cost effectively than government.

It is critically important that we deal promptly with the current annual unemployment rate of over 8 percent, a rate which forecasters predict will not diminish within the foreseeable future.

In proposing this bill, I ask that we consider all the various costs to the Nation when 8 percent of the work force is without jobs. An 8 percent rate of unemployment adds enormously to expenditures by Federal, State, and local governments for unemployment compensation, welfare, and other forms of public assistance. It reduces tax revenues and decreases business and industry productivity.

The greater cost to a nation, however, is what unemployment breeds—discouraged, aimless young people, rising crime and vandalism, and enormous social, economic, psychological, and physiological pressures on the jobless and their families. This suffering, and the loss of individual dignity and self-worth, cannot be measured in monetary terms. It is, in the ultimate, devastating to the entire social fabric of our country.

Unfortunately, the public agencies charged with finding jobs for the unemployed have been less than successful. Even more unfortunately, the private sector of the employment services profession has been virtually shut out of our Nation's efforts to reduce unemployment.

The bill I am introducing today would change that. It would require that States which receive money under the Wagner-Peyser Act set aside a specified portion of their funds for private employment service placement efforts. A private employment service would be paid its customary charge, up to a reasonable amount specified in the bill, if it found a job for an individual referred by a State employment office. The private agency would not retain full payment of its charge unless the individual stayed on the job for at least 100 days. The private agency would have to return 1 percent of its compensation for each day, under 100, that the individual for whom it found a job failed to stay employed by the same employer.

Although it would be up to each State to decide how to implement this program, a minimum of paper work should be necessary. I would urge that a simple voucher system be used. Under such a system, a State employment service would provide each eligible individual with a voucher to present to a private employment service. If and when that service found a job for the individual, the voucher would be presented for payment to the appropriate State agency.

In order to insure that State and private agencies fully cooperate, the bill requires that: First, a set percentage of the State agencies funds be used for the program and second, the State agencies refer individuals to the private service on a proportionately representative basis. In other words, the State agency must refer a fair sampling of its clientele, not just those whom the public agency cannot place.

The bill also makes clear that States are not limited to using Wagner-Peyser Act funds in making use of private employment services. A State may use any funds properly available to it for obtaining jobs for individuals who receive Government benefits or assistance to secure the aid of private employment services.

Mr. Speaker, the Wagner-Peyser Act was written in 1933, in the depths of the Great Depression, when the widespread unemployment of that era directly affected one-third of the population of the United States. This act created the U.S. Employment Service and a Federal-State partnership to establish what was, in effect, an emergency network of State-run employment offices to find jobs for the unemployed.

No one could foresee, in the dire straits of the Depression of 1933, that the U.S. Employment Service created by the Wagner-Peyser Act would prolong itself almost 50 years, involve itself in activities far exceeding its original mandate, and render its original purpose—to find jobs for the unemployed—one of its lesser activities.

In the past decade, the number of people actually placed in jobs by the USES has declined drastically. Placements dropped from 6.6 million in 1966 to less than 4 million last year. Of perhaps equal significance is a Government Accounting Office report on USES which observes that the bulk of these placements were not permanent positions, and many were of a temporary nature.

In the mid-1970's, while job service files were filled with the names of millions of unemployed, USES turned to recruiting job candidates at managerial levels, using radio, television, newspapers, and the yellow pages, seeking to place attorneys at $50,000 a year, engineers at $40,000, machinists at $20,000—all people then currently employed.

In the last decade the U.S. Employment Service opened offices in affluent suburbs, close to a skilled work force and managerial-level job candidates. Obviously, such actions fail to serve the jobless of the inner city. The State of Colorado Divison of Employment came under fire in recent years for failing to help the jobless and disadvantaged. A former president of the Colorado Labor Council served as a consultant in an investigation of that State's employment service, and, according to the Rocky Mountain News, said that the Colorado Employment Service has been inefficient in helping minority and first-time applicants in finding jobs and training.

The investigation of the Colorado Job Service stemmed from a suit filed in 1973 by the AFL-CIO and several community organizations, among them the NAACP. The suit charged that the employment service obtained $48.7 million in Federal money over 5 years to run a program for poor and disadvantaged persons but never seriously did so. This suit was settled out of court when the Labor Department promised to investigate, and several top Colorado Employment Service officials resigned.

Failure to place long-term unemployed in satisfactory numbers has led to the severe depletion of several States unemployment trust accounts.

The record just reviewed is not an indictment of the U.S. Employment Service per se, or of its staffs, which contain many earnestly committed and effective people. Rather, it is an example of a Government agency no longer able to perform the task for which it was originally established. Times have changed. Employers today view USES' job placement offices as unemployment offices and too often refuse to use them.

The failure of USES to find jobs for the unemployed led, in 1973, to the in-

volvement of the private sector employment services in California in a pilot program called the California Private Employment Project II. The State of Calfiornia contracted with private employment services to find jobs for able-to-work welfare recipients—saving, in the process, $300,000 in unemployment and welfare payments. Approximately 54 percent of the individuals placed by private employment services stayed on the job 90 days or more. This success gave the State of California a 3-to-1 return on its investment.

A similar program was successful in Michigan where six Oakland County private employment services were involved in a federally funded project to find jobs for State aid to dependent children clients. The purpose of this experimental project was to reduce the welfare rolls through utilization of private enterprise. Using private employment services to interview in depth, motivate and place these people in gainful employment, Michigan demonstrated that the service charge paid to the private employment offices saved vast sums when compared with monthly and yearly State public assistance payments.

Unfortunately, the pilot projects in Michigan and California met a predictable amount of resistence within State governments. State employees were not particularly cooperative with plans to enlist the help of the private sector. A scarcity of referrals to private employment services developed when the pilot projects were finally activated. States were slow in processing possible job candidates. When public assistance recipients were finally referred to private employment offices, the candidates were not well motivated, nor well informed about the project, even though many of them proved willing to have the private employment offices look for jobs for them.

In 1980, the Department of Welfare of the Commonwealth of Pennsylvania studied the results of the Michigan and California pilot programs and started the Pennsylvania employables program to use private employment services to find jobs for able-to-work welfare recipients. The Pennsylvania program has been so successful that it was renewed for the year 1981. A bill in the Pennsylvania legislature now proposes to make the program permanent.

The private employment agencies in Pennsylvania placed, as of June 31, 1981, 20 percent of the candidates referred to them versus 11 percent for the State employment agencies, and were paid on a contingency basis a total sum of under $300,000. The State saved over $1.5 million in cash assistance payments.

Although the State of Pennsylvania had originally authorized over $645,000 to pay the private sector employment services' charges in 1980, less than 10 percent of that sum was used that year due to delays in departmental processing, and the resulting low numbers of job applicants referred by the Department of Welfare. However, in a survey at the end of 1980, over 90 percent of the private employment services participating in the Pennsylvania employables program desired to continue.

The savings in these programs are not just in State and Government funds, but also in human values—in regular wages and restored dignity for the worker, in renewal of hope for individuals and families and alleviation of suffering.

Mr. Speaker, the Wagner-Peyser Act was our Nation's response 50 years ago to a major crisis in our history. We face a crisis again today as we seek to reduce Government in many areas, and to cut spending so that our Nation may not only survive—but grow. We truly should not and cannot continue to provide and pay for Government services where the private sector can do the job more effectively and at less cost. The challenge we face today is different—different in scope, different in quantity, and different in terms of the solution needed. The bill I have introduced today can meet today's employment problems in a realistic and cost-effective manner. I urge my colleagues to study it and I welcome their support.

Text of the bill follows:

H.R. 4738

A bill to amend the Wagner-Peyser Act to require State employment offices to use private employment services to locate jobs for unemployed individuals, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

FINDINGS

SECTION 1. The Congress finds and declares that—

(1) the Nation has suffered substantial and unacceptable unemployment and underemployment imposing numerous varied and escalating economic and social costs including—

(A) increased expenditures by Federal, State, and local governments for unemployment compensation, public assistance and other transfer payments as well as reduced tax revenues;

(B) decreased business and industry productivity and increased tax burdens; and

(C) exposure of many families to economic, social, psychological and physiological costs, including disruption of family life and loss of individual dignity;

(2) the private employment service profession has over 10,000 offices, many in locations not served by State employment offices, and over 50,000 professional employment counselors available on a contingency basis to assist the unemployed in quickly finding permanent employment;

(3) government at all levels has failed to use adequately the resources of private employment services in accordance with government policies to increase reliance on the private sector, including Office of Management and Budget Circular A-76, despite the proven cost-effectiveness of such services and the great need to find employment for the Nation's unemployed;

(4) the State programs which have used the resources of private employment services to find jobs for the unemployed have been proven successful; and

(5) government at all levels should make use of private employment services in order to aid unemployed persons and to reduce unemployment in the States.

PURPOSE OF THE ACT

SEC. 2. The purpose of this Act is to require States to use private employment services to aid the unemployed in finding jobs in the most cost-effective manner possible.

AMENDMENT

SEC. 3. Section 8 of the Act of June 3, 1933 (29 U.S.C. 498), popularly known as the Wagner-Peyser Act, is amended—

(1) by inserting "(a)" after "SEC. 8."; and

(2) by adding at the end thereof the following new subsection:

"(b)(1) Any State desiring to receive funds under this Act for any fiscal year beginning on or after October 1, 1982, shall, by the agency designated to cooperate with the United States Employment Service, submit to the Director such amendments to the plan submitted under subsection (a) as may be necessary to insure that not less than 25 percent of the funds made available under this Act during any such year will be used for the purpose of securing the assistance of private employment services to obtain jobs for unemployed individuals in accordance with the requirements of this subsection. The amendments submitted by the State agency shall insure that individuals referred by that agency to private employment services proportionately represent, on the basis of job skills and experience, the individuals served by such agency. If such amendments are reasonably appropriate and adequate to carry out such purposes, they shall be approved by the Director and due notice of such approval shall be given to the State agency. The Director shall, to the extent feasible, take final action on all amendments within 60 days of the date of their submission.

"(2) The amendments submitted by the State agency shall describe the nature of the contracts into which it intends to enter for the purposes of this subsection. Such contracts shall provide for compensation to private employment services on the basis of the success of such service in obtaining employment for unemployed individuals. Such compensation shall not exceed an amount equal to of the lesser of—

"(A) that employment service's normal placement charge, or

"(B) a rate of one percent per thousand dollars of the first year's earnings of the individual so placed in employment, not to exceed 25 percent.

"(3) An employment service shall be entitled to full payment of the compensation computed under paragraph (2) only if the individual for whom such service has secured a job remains in the employ of the employer to whom the individual was referred for at least 100 calendar days. If an eligible individual leaves such employ after less than 100 calendar days, the private employment service shall be entitled to an amount equal to one percent of such com-

pensation for each day the individual remained on the job.

"(4) No payment made in accordance with a contract which complies with the requirements of this section shall be deemed to violate section 211 of title 18, United States Code.

"(5) Such placements as shall be made by private employment service under this subsection may be statistically credited, for employment purposes, to the State agency.

"(6) A State may use funds properly available to it for obtaining jobs for individuals who receive government benefits or assistance to secure the assistance of private employment services for such purpose.

"(7) For the purpose of this subsection—

"(A) the term 'private employment service' means any person or entity regularly undertaking for compensation to procure employees for an employer or to procure for employees opportunities to work for an employer and includes an agent of such person or entity; but shall not include any agency or service of the United States, any State, or political subdivision thereof; and

"(B) the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.".

EFFECTIVE DATE

SEC. 4. The provisions of this Act shall take effect 30 days after the date of its enactment.

LARGEST FEDERAL BUDGET IN HISTORY—EVEN WITH BUDGET CUTS

The SPEAKER pro tempore (Mr. FARY). Under a previous order of the House, the gentleman from California (Mr. DANNEMEYER) is recognized for 30 minutes.

Mr. DANNEMEYER. Mr. Speaker, over the course of the past month, I have enumerated areas where additional budget cuts can be made in fiscal year 1982, in fact, 272 such cuts totaling $52 billion. I have discoursed on the need for additional cuts, to diminish the size of the Federal deficit and help bring down interest rates. I have also made the point that, contrary to the claims of detractors of the President's economic program, the budget cuts we have already legislated are indeed not an actual decrease in spending but rather simply a slowing of the increase. We will still be spending about $53 billion more in 1982 than in 1981—about a 7.7-percent increase, according to latest Congressional Budget Office information.

Even if every one of these 272 cuts presented by the Republican Research Committee Economic Task Force Budget Cut Subcommittee is enacted, we would still have a slight net increase in spending for 1982 over 1981. We would still not be spending less than in the previous year; it would still be the largest Federal budget in our Nation's history.

It is important to note the types of cuts which can be made, to counter claims of "insensitive slashing" of near-and-dear programs. There would essentially be six categories—or types—of cuts. The first, items eliminated, deferred, or rescinded, would comprise 88 cuts totaling $9.4 billion. These are primarily smaller programs and agencies.

The second, allowing for a 20-percent increase in outlays above fiscal year 1980, comprises 40 cuts for $3 billion. This method is designed to hold down escalating costs while maintaining programs.

The third, allowing for a 10-percent increase in outlays above fiscal year 1981, comprises 50 items totaling $.6 billion, again in an attempt to contain otherwise huge increases in just 1 year.

The fourth, correcting audit procedures, involves 30 items for a total of $3.5 billion. This area is the result of unresolved audit findings by the General Accounting Office, which continually finds and reports billions of dollars of waste in Government spending. Our criteria is that, if the money cannot be accounted for, that agency ought to receive that much less money. Hopefully, this would beef up internal monitoring and eliminate a great deal of the waste.

The fifth category, employing various administrative measures, is found in 30 items totaling $25.5 billion. By far the largest type of cut, it points out the possibility to save vast sums by eliminating unnecessary programs, deleting superfluous or redundant activities, and streamlining operations within departments and agencies by their administrators.

The final category incorporates all miscellaneous formulas which do not fall into any other category—34 cuts totaling $10 billion can be achieved through these various and sundry means.

In all, it should be realized that nearly half of all additional savings can result from in-house targeting of wasteful spending.

□ 1730

This institution in which each of us in this Chamber is privileged to serve can bring a measure of sanity to current Federal spending if we can collectively exercise the judgment and wisdom to bring Federal spending in line with income. To date, sadly, we have not reflected the judgment or determination to do that.

It is my hope that the Members will consider the remarks that this Member from California has delivered over the course of the past month outlining areas where we can make proposed cuts in spending. I have said it before, but it deserves saying time and time again: If the Members do not like these proposed cuts, these 272 that have been delineated, my request, sincerely made to each of you, is what do you propose to do, what are your cuts, because we cannot go on year after year in this institution spending more than we take in.

We have added over $300 billion worth of red ink to our national debt in the course of the last 5 years. The total outstanding debt is in excess of a trillion dollars and interest expense on maintaining that debt is now the third highest item in our national budget.

Does any Member of this House think we can go on on this course year after year? It just is not possible.

The point I think politically should be made to each of us, to those of us who serve in this Chamber, who have the privilege of deciding whether or not we are going to implement these cuts or others, the challenge can be made to each of us in the elections of next year, in November of 1982, where our opponents will be very willing to point out that to the extent that we have refused or declined to make these cuts, to that extent we are voting for increased high interest rates. Any consumer, any taxpayer in this country who tries to borrow money from a bank, a savings and loan, a credit union, or whatever, is paying very dear interest rates today. One of the best ways to get these interest rates down is to reduce the Federal demand for credit. That is, we should cut spending from the levels that exist today.

We should remember that the Federal Government is today borrowing about 38 percent of the available credit every Monday of most of the year. State and local governments are borrowing an additional 12 percent. That together comprises roughly 50 percent of the available credit being borrowed in the credit markets of the country and is primarily responsible for the cost of credit being maintained at the level that it is today, the point being that if we want to get it down and revitalize the economy of this Nation, we are going to have to reduce Federal spending. The way to do it is to implement one or more of these cuts that have been delineated.

Mr. BRINKLEY. Mr. Speaker, will the gentleman yield?

Mr. DANNEMEYER. I yield to the gentleman from Georgia.

Mr. BRINKLEY. I thank the gentleman for yielding. Again I wish to rise to compliment the gentleman for his scrutiny of areas in which the budget could be cut. He has brought into focus several important areas where remedial legislation could improve our deficit situation.

I just wondered, during my absence, if the gentleman might not have mentioned the windfall profit tax and the differential there between what was decided upon last year and the fact that this year certain modifications were made to the tune of an $11 billion differential and whether or not if we should revert to the windfall profit

tax of 1980, if that would not very significantly improve the deficit posture.

Mr. DANNEMEYER. To the extent that we reinstate the enactment of a tax, we are reducing the deficit that we are talking about.

But there are two philosophical schools, and I will share these thoughts very candidly with my good friend from Georgia. Some want to balance this budget by increasing taxes. Others want to decrease spending.

I fall into the latter school and the reason I do is a very simple one. When you examine the percentage of taxation that the American people are paying today for maintaining the Government that we have the privilege of having in this Nation, it is the highest in the history of our Nation in peacetime. I happen to believe it is too high of a level.

I think the gentleman's point would be, in response, "How could you justify reducing this windfall profit tax?" We could argue about the merits or demerits of it, but personally this Member is not inclined to raise a tax because of the reason I have stated. I think the course our Nation should follow is to reduce taxation and reduce spending, and that is the course we should be following.

Mr. BRINKLEY. If the gentleman will continue to yield, as the gentleman knows, I am not one of those who has used the major oil companies as a whipping boy. I think their role is very important to this country. I wish them well.

Of course, the Windfall Profit Act was designed to prevent unjust enrichment or, in some cases, some few cases, gouging and, therefore, it is a legitimate area to consider. That was the reason I mentioned it at this time, as well as to also wish my friend from California well in his efforts. I intend to give close consideration to his recommendations.

Mr. DANNEMEYER. I thank the gentleman for his comments.

Mr. PASHAYAN. Mr. Speaker, will the gentleman yield?

Mr. DANNEMEYER. I yield to the gentleman from California.

Mr. PASHAYAN. Mr. Speaker, I have followed the gentleman's efforts at being positive about this whole business of reducing Government spending. He and his staff have spent an enormous amount of time and energy. I think the gentleman and his staff should be commended.

It is one thing to criticize. It is one thing to critique and say we have to improve and to do this and to do that in general terms. But the gentleman has gone much beyond that and actually has put down concrete, particular proposals. That is always a much more difficult achievement.

I think the gentleman and his staff are to be commended.

Mr. DANNEMEYER. I thank the gentleman for his comments and yield back the balance of my time.

SENSENBRENNER INTRODUCES LEGISLATION TO STRENGTHEN SAVINGS PROVISIONS OF ECONOMIC RECOVERY TAX ACT OF 1981

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. SENSENBRENNER) is recognized for 5 minutes.

● Mr. SENSENBRENNER. Mr. Speaker, I rise today to introduce legislation that will strengthen the savings provisions of the recently passed Economic Recovery Tax Act of 1981. This legislation will permit more Americans to take advantage of the tax savings opportunities provided by the act and provide additional investment capital for use by the housing industry.

The first piece of legislation will raise the rate of interest on the all-savers certificates from 70 to 85 percent of the investment yield for the previous auction of 1-year Treasury bills. This increase is necessary to make the all-savers certificates more attractive to taxpayers of all income brackets and to carry out the intent of the certificates.

As my colleagues are aware, October 1, was the first day that the all-savers certificates could be purchased. The rate of return of the certificates issued on October 1, was 12.61 percent, based on a 17.26 percent yield for the previous auction of 1-year Treasury bills. At this rate of return, the certificates are financially attractive only to those taxpayers in 29 percent or higher tax brackets. The bill I have introduced will make the certificates more attractive to a greater percentage of Americans.

I am also introducing legislation that will reinstate the $200, $400, exclusion on interest and dividends. This bill is necessary to provide savings incentives to two groups of taxpayers. The first group, those taxpayers with less than $500 in savings, and therefore, unable to purchase the all-savers certificates. The second group, those taxpayers who earn the $1,000, tax-exempt interest on the all-savers certificates. These two groups are excluded by the provisions of the Economic Recovery Tax Act of 1981, and whose participation in savings programs are vital to provide the capital necessary for stimulation of the housing industry.

Thank you.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. NELSON) is recognized for 5 minutes.

● Mr. NELSON. Mr. Speaker, I was absent due to official business in my district on Friday, October 2, and was not present for rollcall votes 234 and 235. Had I been present, I would have voted "yes" on the motion to approve the Journal for Thursday, October 1, 1981, and "yes" on adoption of the rule providing for the consideration of H.R. 3603, the Food and Agriculture Act of 1981.●

CONTRACTING OUT IN VA HOSPITALS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Mississippi (Mr. MONTGOMERY) is recognized for 5 minutes.

● Mr. MONTGOMERY. Mr. Speaker, many of my colleagues have spoken to me about the possible effects Office of Management and Budget circular A-76 will have on the VA hospitals in their district or States. They have expressed concern that circular A-76, entitled "Policies for Acquiring Commercial or Industrial Products and Services Needed by the Government," will have a negative impact on VA hospitals' abilities to deliver quality health care and have expressed concern that many loyal VA employees stand to lose their jobs through the implementation of circular A-76.

I would like to advise my colleagues that on October 20, 1981, the Committee on Veterans' Affairs will conduct an oversight hearing on the possible effects of OMB circular A-76 on the VA hospital system. Should any Member be interested in appearing at this hearing or submitting a statement for inclusion in the hearing record, I would ask that they contact Barbara Daniel of the committee staff.●

CHICAGO'S 1981 COLUMBUS DAY PARADE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, on Monday, October 12, Chicagoans celebrated the discovery of America 489 years ago by Christopher Columbus with a gigantic parade televised by WGN-TV. Some 1 million persons attended the parade to watch the floats, bands, and marching units in person, and millions more watched the event on television.

The voyage of Christopher Columbus marked one of history's most challenging and rewarding explorations, and the parade commemorates this daring accomplishment as well as the accomplishments of those courageous settlers who came after him. The Italians who emigrated to America helped make our Nation the greatest the world has ever known, and this year's

parade also honors the contributions of Italian women in our country's history and in the history of Western civilization. Included in these honors were Bettisia Bozzidini, who was the world's first woman laywer; mathematician Maria Agnesi; Ella Grasso of Connecticut, the first woman elected Governor in her own right; actresses Gina Lollobrigida and Sophia Loren; Laura Fermi, who won the Friends of Literature Prize; and Maria Montessori, educator and physician.

This year I cosponsored a bill designating National Italian-American Heritage Week, which passed the House on June 4, 1981, and a copy of this legislation follows:

H. RES.—

Resolution expressing the sense of the House of Representatives that the week commencing on June 7, 1981, should be designated as "National Italian-American Heritage Week"

Whereas the House of Representatives fully recognizes that it is essential for the people of the United States of America to understand and respect the rich heritage of all American ethnic groups if we are to maintain and foster national unity;

Whereas the many great contributions of Italian-Americans to our country must be recognized and the deep Western roots of Italian-American culture, history, and traditions must be appreciated; and

Whereas Italian-Americans, like Columbus, the famous Italian geographer-navigator-explorer, have had to rise by using individual initiative, imagination, and resourcefulness—traits that have distinguished the American character and made us a Nation of individuals who time after time have pressed forward to victory in situations that seemed to promise certain defeat: Now, therefore, be it

Resolved, That it is the sense of the House of Representatives that the week commencing on June 7, 1981, should be designated as "National Italian-American Heritage Week", and that the people of the United States should observe such week with appropriate ceremonies and activities.

The President of the United States, the Honorable Ronald Reagan; the Governor of Illinois, the Honorable James R. Thompson; and the mayor of Chicago, the Honorable Jane Byrne; have issued proclamations commemorating the discovery of America by Columbus, and copies of those proclamations follow:

COLUMBUS DAY

(A proclamation by the President of the United States of America)

Christopher Columbus, whose life and exploits we commemorate each October, is one of the true heroes of our Nation's history.

He is justly admired as a brilliant navigator, a fearless man of action, a visionary who opened the eyes of an older world to an entirely new one. Above all, he personifies a view of the world that many see as quintessentially American: not merely optimistic, but scornful of the very notion of despair.

Nearly five centuries have passed since the fateful day on which Columbus changed the course of history. But his adventurous spirit lives on among us, challenging us to emulation and abiding with us as we too press forward on our voyage of discovery.

In tribute to the achievement of Columbus and to the many sons and daughters of Italy who have helped to shape our life and destiny as a people, the Congress of the United States of America has requested the President to proclaim the second Monday in October of each year as Columbus Day.

Now, therefore, I, Ronald Reagan, President of the United States of America, do hereby designate Monday, October 12, 1981, as Columbus Day; and I invite the people of this Nation to observe that day in schools, churches, and other suitable places with appropriate ceremonies in his honor.

I also direct that the flag of the United States of America be displayed on all public buildings on the appointed day in memory of Christopher Columbus.

In witness whereof, I have hereunto set my hand this day of October, in the year of our Lord nineteen hundred and eighty-one, and of the Independence of the United States of America the two hundred and sixth.

RONALD REAGAN.

STATE OF ILLINOIS—PROCLAMATION

Every American knows what historic event occurred in 1492, for in that year the history of the world took a dramatic leap. The voyage of Columbus, which spurred further exploration of the New World, is celebrated annually throughout the land.

Columbus and many other distinguished Italians have contributed to the growth of civilization. The Italian community is joined by Americans of every ethnic background in recognizing Columbus Day.

Italian American residents in Illinois will be sponsoring their 25th annual Columbus Day Parade to honor their native hero.

Therefore, I, James R. Thompson, Governor of the State of Illinois, proclaim October 12, 1981, to be Columbus Day in Illinois.

CITY OF CHICAGO—PROCLAMATION

Whereas, the annual Columbus Day Parade will be held in Chicago, starting at 1 p.m., October 12 on Dearborn Street; and

Whereas, the parade is under the auspices of the Joint Civic Committee of Italian Americans, of which James L. Coli is president, Joseph Marchetti is parade chairman, and Joseph J. Spingola is grand marshal; and

Whereas, held each year in tribute to Christopher Columbus, intrepid Genovese navigator-explorer, and to the contributions of Italian-Americans to the political, social, cultural, and economic history of America, the parade is invariably a highlight of the Fall season in Chicago.

Now, therefore, I, Jane M. Byrne, Mayor of the City of Chicago, do hereby proclaim Monday, October 12, 1981 to be Columbus Day in Chicago and urge all citizens to take cognizance of the special events arranged for this time in appreciation of the heritage all have from the voyages of Christopher Columbus.

Dated this 2nd day of September, 1981.

JANE M. BYRNE,
Mayor.

Mr. Speaker, Monday's Columbus Day celebration began with a concelebrated mass at Our Lady of Pompeii Church at 9 a.m. The Most Reverend Alfred L. Abramowicz, D.D., presided. The concelebrants of the mass included Rev. Lawrence H. Mattei, Rev. Dino Dai Zovi, C.S., Rev. Gino Dalpiaz, C.S., Rev. Kenneth Velo, Rev. Charles Fanelli, Rev. Nicholas Marro, C.S., Rev. Roberto Simionato, C.S., Rev. Joe Colletti, Rev. Peter Gondolfi, C.S., Rev. Ronald Scarlata, Rev. Louis Palazzola, Rev. Lawrence Cozzi, C.S., and Rev. Peter Sordi, C.S.

Following the mass, a wreathlaying ceremony took place at the Columbus statue in Arrigo Park, led by Tom Baratta, president of the Order of the Sons of Italy, State of Illinois. The Italian American War Veterans joined the ceremony along with many of the parade dignitaries. The Knights of Columbus also took part, and added color and dignity to the ceremony.

Chicago's monumental Columbus Day parade stepped off from the corner of Dearborn Street and Wacker Drive at 1 p.m., and included 174 floats, bands, and marching units depicting the theme of the parade. Traditional native costumes of Italy were worn by participants in the parade representing the culture of various parts of the Italian peninsula. Theme coordinator Theresa Petrone, authentic Italian costume chairperson, Ann Sorrentino, and float personnel committee chairman Lawrence Spallitta are to be commended for their splendid job in helping to make the parade an outstanding success. Dr. Claudio Ferrari, Consul General of Italy, made arrangements with the mayor of Genoa, the birthplace of Columbus, to have six men dressed in authentic costumes of the 1400's march in the parade. Two were drummers and one carried the 600-year-old flag of the historic city of Genoa.

Another colorful unit consisted of a contingent of forty men wearing Renaisance costumes representing the Amaratto di Saronna Italian football team. Christopher Columbus, the father of all immigrants, was portrayed this year by Domenico Serritello, 5405 North Paulina, in Chicago.

Our guest of honor this year was the Honorable DENNIS DECONCINI, U.S. Senator from Arizona. Senator DECONCINI was elected to the Senate in 1976, and serves on the Senate's Appropriations Committee, Judiciary Committee, Veterans' Affairs Committee, and Select Committee on Indian Affairs.

Our two other guests of honor, whose records of excellence continue to inspire their fellow citizens, exemplify the highest standards of devoted service in our Chicago community were the Honorable Vito Marzullo, the dean of Chicago's City Council; and Joseph Marchetti, Sr., the founder of the Como Inn in Chicago.

In addition to our honored guests, the parade was led by myself; the Honorable Jane Byrne, mayor of Chicago; the Honorable James R. Thompson, Governor of Illinois; Joseph Marchetti, Jr., 1981 general parade chairman; Congressman MARTIN RUSSO, of

the Third District of Illinois; Hon. Jerome A. Cosentino, treasurer, State of Illinois; Claudio Ferrari, Italian Consul General in Chicago; Hon. George W. Dunne, president, Cook County Board of Commissioners; John Serpico, Grand Marshal of the Parade; James L. Coli, president of the Joint Civic Committee of Italian Americans; Richard Parrillo, chairman of the JCCIA Board of Trustees; and Joseph J. Spingola, 1980 parade chairman.

Other public officials marching in the Parade included Stanley Kusper, Cook County Clerk; Alderman John Merlo; Illinois State Representative Ralph Capparelli; Commissioner Harry H. Semrow, Michael Madigan, minority leader of the Illinois House; State's Attorney Richard M. Daley; Cook County Sheriff Richard Elrod; Cook County Assessor Thomas C. Hynes; the Italian American War Veterans of Illinois; and many other political dignitaries, civic leaders, members of the judiciary, businessmen from the community, labor leaders, and many others too numerous to mention.

Each year the Joint Civic Committee of Italian Americans, comprised of more than 40 Italo-American civic organizations in the Chicagoland area, sponsors the Columbus Day parade and other related activities. Many local groups cooperate with the Joint Civic Committee in this community-wide tribute to Columbus, and Anthony Sorrentino, consultant for the Joint Civic Committee, has helped to coordinate the various activities of the parade for many years.

One of the highlights of Chicago's Columbus Day celebration is the selection of the queen of the parade. This year, Janice Marie Campagna, of East Chicago, Ind., was chosen to reign as queen of the Columbus Day parade.

Judged on her beauty, poise, and personality, Janice Marie Campagna, as winner of the Columbus Day queen contest, won $1,000 from the Joint Civic Committee of Italian Americans, dinner for two at the Como Inn, 546 Milwaukee Avenue, in Chicago, courtesy of Joseph Marchetti, Jr.; dinner for two at Sweetwater's, 1028 North Rush Street, in Chicago, courtesy of Steve Lombardo; dinner for two at Gino's East, 160 East Superior Street, in Chicago, courtesy of Fred Bartoli; and a $50 gift certificate from Paul Ciminello for purchases made at Marshall Field & Co.

The members of the queen's court were Jo Marie Cusimano Fredericks, 496 Park Manor Court in Elmhurst, Ill.; Nancy Casasanto, 9755 South Maplewood, in Evergreen Park, Ill.; Mary Therese Mikit, 10740 Avenue East, in Chicago; and Patricia Angelique (Asti) Phillips, of 1313 Peachtree Lane, in Mount Prospect, Ill.

Judges for the Columbus Day queen contest were Joseph Caliendo, a fur fashion designer; Barbara Drammis, personnel manager at the regional transportation authority; Rose Farina, coordinator of programs and exhibits at the Daley Civic Center for the Chicago Council on Fine Arts; Terry Ruffalo, manager at radio station WKQX; Paul A. Fosco, executive vice president of Consultants & Administrators, Inc.; Robert Franch, vice president and cashier of the First Commercial Bank; Joseph Lizzadro, Jr., chairman of the board of Meade Electric Co.; Peggy Lombardo, former educator and model; Hon. Philip Romiti, judge, Illinois Appellate Court; and Laura M. Spingola, the public relations director of the Economic Development Commission of Chicago. The chairman of the queen contest was Fred Mazzei, and Josephine Bianco served as the co-chairperson.

In addition to those watching the parade personally, millions of persons enjoyed the parade via television. This year the sponsors for the parade programing were Dominick Di Matteo, of Dominick's Finer Foods; Anthony Terlato, of Paterno Imports; Ron Turano, of Turano Bakeries; Joseph Tolitano, of the U.S. Shoe Repair Service; Lou Marcucci, of Gonnella Baking Co.; Michael Notaro, of the Statistical Tabulating Co.; William Parrillo, of the Safeway Insurance Co.; Eugene Heytow, of the Amalgamated Savings & Trust Co.; Richard Parrillo, of the National Republic Bank of Chicago; Joseph Marchetti, Jr. of the Como Inn Restaurant; and Joseph Scully of St. Paul Federal Savings & Loan. The telecast of the parade was narrated by Vince Lloyd, of WGN, and Domenick DiFrisco, of Burson-Marsteller. Alderman Louis Farina was master of ceremonies on the platform.

The Columbus Day parade and related festivities closed with a reception at the Como Inn in honor of all the guests, the officers, subcommittee chairmen, and members who participated in making this event an outstanding success.

As honorary parade chairman on this 12th celebration of Columbus Day as a national holiday, I commend the members and officers of the Joint Civic Committee of Italian Americans for their dedication, careful planning, and hard work that went into the creation of a grand event such as the Chicago Columbus Day parade. Our city and our people are proud of these outstanding citizens and of the work they accomplished to perfection.

Mr. Speaker, the officers and members of the 1981 Chicago Columbus Day Parade Committee are as follows:

COLUMBUS DAY PARADE COMMITTEE

Joseph Marchetti, General Chairman 1981; Congressman Frank Annunzio, Honorary Parade Chairman; and Joseph J. Spingola, Grand Marshal.

HONORARY CHAIRPERSONS

Hon. Jane Byrne, Mayor, City of Chicago; Hon. Jerome A. Cosentino, Treasurer, State of Illinois; Hon. George W. Dunne, President, Cook County Board of Commissioners; Dr. Claudio Ferrari, Consul General of Italy; Congressman Martin Russo; Hon. James R. Thompson, Governor, State of Illinois.

JCCIA OFFICERS

James L. Coli, President; Jerome N. Zurla, 1st Vice President; Charles C. Porcelli, 2nd Vice President; Carl DeMoon, 3rd Vice President; Anthony Terlato, 4th Vice President; Fred Bartoli, 5th Vice President; Anthony Morizzo, Treasurer; Charles Carosella, Secretary; Sam Cerniglia, Sgt.-at-Arms.

BOARD OF TRUSTEES

Richard Parrillo, Chairman; Congressman Frank Annunzio, Co-Chairman; Michael Anneca, Sam V. P. Banks, Fred Bartoli, Tony Bertuca, Doug Buffone, Gilbert Cataldo, James E. Coli, James L. Coli, Senator John D'Arco, Jr., James De Leo, Pat De Leo, Dominick Di Matteo, John L. Donovan, Nello Ferrara, Anthony J. Fornelli, Peter J. Fosco, Jr., Dr. James F. Greco, Joseph Lizzadro, Nick Lombardi, Steve Lombardo, Joseph Marchetti, Pat Marcy, Jr., Michael Notaro, Mayor John C. Porcelli, Dr. Mario O. Rubinelli, John Serpico, Joseph Spingola, Anthony Terlato, Joseph Tolitano, Rep. Ralph Capparelli, Michael Coccia, and Jerome N. Zura.

CHAPLAIN

Rev. Armando Pierini, C.S.

TELEVISION SPONSORS

Anthony Terlato, Chairman; Dominick Di Matteo, Co-Chairman.

THEME COORDINATOR

Theresa Petrone.

RELIGIOUS PROGRAM & ORGANIZATIONS

Rev. Lawrence Cozzi, C.S., Rev. Charles Fanelli, Rev. Robert Simionato, C.S., Co-Chairman, Rev. Armando Pierini, C.S.; Advisor, Nick Bianco, Michael R. Fortino, Michael Palello, Elvira Panarese, Chief Anthony Pilas, Anthony Pope, and John Spatuzza.

AUTHENTIC ITALIAN COSTUME

Ann Sorrentino, Chairperson; Elena Frigoletti, Co-Chairperson; Mary Spallitta, Co-Chairperson; Pauline Jo Cusimano, Co-Chairperson; Anna Albanese, and Regina Panarese.

FINANCE AND SOUVENIR BOOK

Mayor John C. Porcelli, Chairman; Sam Cerniglia, Co-Chairman; Bernard Fio Rito, Ann Sorrentino, and Angeline Annunzio.

BUSINESS AND PROFESSIONAL

Jack Cerone, Co-Chairman; Carl De Moon, Co-Chairman; Vincent Lucania, Co-Chairman; Mathew J. Alagna, Anthony Apa, Charles Carosella, John Curielli, Marino Mazzei, Louis Ranieri, Michael R. Rosinia, Dr. Mario O. Rubinelli, George Salerno, Dr. Joseph J. Sirchio, Amedeo Yelmini, Jerome N. Zurla, and Ald. Ivan Rittenberg.

LABOR COMMITTEE

John Serpico, Chairman; James Caporale, Tom Crivellone, Angelo Fosco, Tony Judge, Chuck Spranzo, Michael J. Spingola.

BANDS, MARCHERS & TRANSPORTATION

Louis H. Rago, Chairman; Marie Palello.

PROGRAM AND ARRANGEMENTS

Domenick Di Frisco, Co-Chairman; Theresa Petrone, Co-Chairperson; James L. Coli, Louis Farina, Charles C. Porcelli.

QUEEN CONTEST

Fred Mazzei, Chairman; Josephine Bianco, Co-Chairperson; Anita Louise Bianco, Norma Battisti, Josephine Ortale, Anthony Morizzo, Marie Palello, Hugh Panarese, and Gino Pisani.

FLOATS

Sam Tenuta, Chairman; Sam Cerniglia, Co-Chairman; and Vincent R. Lucania, Co-Chairman.

FLOAT PERSONNEL

Lawrence Spallitta, Chairman; Nick Bianco, John De Bella, and Mary Spallitta.

PARADE MARSHALS

Marco De Stefano, Chairman; Alex Batinich, Larry Battisti, Rocco Bellino, Ettore Di Vito, Neil Francis, Mario Lombardi, and Joseph Pantaleo.

RECEPTION COMMITTEE

Josephine L. Ortale, Chairperson; Leonora Greco, Co-Chairperson; Norma Battisti, and Phyllis Schoene.

WOMEN'S DIVISION

Josephine L. Ortale, President.

WEST SUBURBAN WOMEN'S DIVISION

Leonora Greco, President.

YOUNG ADULT DIVISION

Gino Pisani.●

SUBCOMMITTEE ON MONOPOLIES AND COMMERCIAL LAW TO HOLD HEARING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. RODINO) is recognized for 5 minutes.

● Mr. RODINO. Mr. Speaker, the Subcommittee on Monopolies and Commercial Law of the Committee on the Judiciary will hold a single day of hearing on whether a right of contribution should be created on Wednesday, October 21, 1981, at 9:30 a.m. in room 2141 of the Rayburn House Office Building. Consideration will be given to H.R. 1242 and H.R. 4072.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. JOHN L. BURTON (at the request of Mr. WRIGHT), for today, on account of illness.

Mr. PHILLIP BURTON (at the request of Mr. WRIGHT), for October 14 through 16, on account of serving as a delegate to the North Atlantic Assembly 1981 Plenary Session.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. THOMAS) to revise and extend their remarks and include extraneous material:)

Mr. DANNEMEYER, for 30 minutes, today.

Mr. GILMAN, for 5 minutes, today.

Mr. SENSENBRENNER, for 5 minutes, today.

The following Members (at the request of Mr. MOAKLEY) to revise and extend their remarks and include extraneous material:)

Mr. LANTOS, for 60 minutes, today.

Mr. NELSON, for 5 minutes, today.

Mr. MONTGOMERY, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. RODINO, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. THOMAS) and to include extraneous matter:)

Mr. LEWIS in two instances.
Mr. DAUB.
Mr. HORTON.
Mr. GOODLING.
Mr. LAGOMARSINO in two instances.
Mr. WOLF.
Mr. DANIEL B. CRANE.
Mr. COATS.
Mr. GILMAN in two instances.
Mr. MCKINNEY.
Mr. MCCLOSKEY.
Mr. CHENEY.
Mr. BEREUTER.
Mr. DUNN.
Mr. FRENZEL in three instances.
Mr. KEMP.
Mrs. SNOWE in two instances.
Mr. DREIER.
Mr. ROTH.
Mr. TRIBLE.

(The following Members (at the request of Mr. MOAKLEY) and to include extraneous matter:)

Mr. EDWARDS of California in two instances.
Mr. MAZZOLI in two instances.
Mr. ROYBAL in three instances.
Mr. KASTENMEIER in two instances.
Mr. MAVROULES in two instances.
Mr. HANCE.
Mr. SOLARZ in two instances.
Mr. HUGHES.
Mr. MURTHA.
Mr. SKELTON.
Mr. HAMILTON.
Mr. DINGELL.
Mr. BARNES.
Mr. DE LUGO.
Mr. LONG of Louisiana.
Mr. JONES of Oklahoma.
Mr. CONYERS in two instances.
Mr. MOFFETT.
Mr. SCHEUER.
Mr. YATRON.
Mr. GARCIA.
Mr. HUBBARD.
Mr. WEISS.
Mr. EVANS of Indiana.
Mr. GUARINI.
Mr. ROE.
Mr. LEHMAN.
Mr. TRAXLER.
Mr. HALL of Ohio.
Mr. JENKINS.
Mr. RATCHFORD.
Mr. AUCOIN.
Mr. DELLUMS.
Mr. LONG of Maryland.
Mr. RAHALL.
Mr. HAWKINS.
Ms. OAKAR.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1224. An act to amend the provisions of title 39, United States Code, relating to the use of the frank, and for other purposes.

ADJOURNMENT

Mr. NELSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 40 minutes p.m.) the House adjourned until tomorrow, Thursday, October 15, 1981, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2339. A letter from the Secretary of Education, transmitting proposed revised final regulations to govern the minority institutions science improvement program, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

2340. A letter from the Chairman, Foreign Claims Settlement Commission of the United States, transmitting the Commission's annual report for calendar year 1980, pursuant to section 8 of the War Claims Act of 1948, as amended, and section 3(c) of the International Claims Settlement Act of 1949, as amended; to the Committee on Foreign Affairs.

2341. A letter from the Associate Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting reports concerning visa petitions approved according certain beneficiaries third- and sixth-preference classification, pursuant to section 204(d) of the Immigration and Nationality Act, as amended; to the Committee on the Judiciary.

2342. A letter from the Associate Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders entered in cases in which the authority contained in section 212(d)(3) of the Immigration and Nationality Act was exercised in behalf of certain aliens, pursuant to section 212 (d)(6) of the Act; to the Committee on the Judiciary

2343. A letter from the Acting Administrator of General Services, transmitting a prospectus proposing the continued lease of office space for the Social Security Administration in New York, N.Y., pursuant to section 7 of the Public Buildings Act of 1959, as amended; to the Committee on Public Works and Transportation.

2344. A letter from the Deputy Administrator of General Services, transmitting an

amended building project survey report requesting the construction of a Federal building in Ashland, Ky., pursuant to section 11(b) of the Public Buildings Act of 1959, as amended; to the Committee on Public Works and Transportation.

2345. A letter from the Administrator, U.S. Environmental Protection Agency, transmitting the second biennial report on restoration of the quality of lakes and inland waters; to the Committee on Public Works and Transportation.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FUQUA: Committee on Science and Technology. House Resolution 202. Resolution expressing the sense of the House of Representatives that the Administrator of the Federal Aviation Administration should submit to the Committee on Science and Technology full research and development program planning documentation with respect to the modernization and replacement of the Federal Aviation Administration air traffic control en route computer system with amendments (Rept. No. 97-271). Referred to the House Calendar.

Mr. ST GERMAIN: Committee on Banking, Finance and Urban Affairs. H.R. 4603. A bill to provide flexibility to the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, and the Federal supervisory agencies to deal with financial distressed depository institutions with an amendment (Rept. No. 97-272). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANNUNZIO (for himself, Mr. RODINO, Mr. DANIELSON, Mr. MOORHEAD, Mr. KINDNESS, Mr. MCCLORY, Mr. GLICKMAN, Mr. EVANS of Georgia, Mr. CONTE, Mr. HYDE, Mrs. ROUKEMA, Mr. ADDABBO, Mr. BIAGGI, Mr. CHAPPIE, Mr. DENARDIS, Mr. DOWNEY, Mr. FASCELL, Mr. FAZIO, Ms. FERRARO, Mr. FLORIO, Mr. FOGLIETTA, Mr. GUARINI, Mr. LAFALCE, Mr. LAGOMARSINO, Mr. MAZZOLI, Mr. MICA, Mr. MILLER of California, Mr. MINISH, Mr. MOAKLEY, Mr. MOLINARI, Mr. PANETTA, Mr. RINALDO, Mr. RUSSO, Mr. SANTINI, Mr. VENTO, Mr. ZEFERETTI, Mr. OBERSTAR, Mr. MITCHELL of New York, Mr. SOLOMON, and Mr. WORTLEY):

H.R. 4734. A bill to recognize the organization known as the Italian American War Veterans of the United States; to the Committee on the Judiciary.

By Mr. BROWN of Colorado (for himself and Mr. KOGOVSEK):

H.R. 4735. A bill to authorize the Secretary of Transportation to release restrictions on the use of certain property conveyed to the city of Grand Junction, Colo., for airport purposes; to the Committee on Public Works and Transportation.

By Mr. DONNELLY:

H.R. 4736. A bill to promote orderly and efficient ocean transportation of dry bulk commodities in the foreign commerce of the United States and for other purposes; jointly, to the Committees on Merchant Marine and Fisheries and Rules.

By Mr. CARMAN:

H.R. 4737. A bill to remove certain limitations on the mortgage loan purchase authority of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association; to the Committee on Banking, Finance and Urban Affairs.

By Mr. FINDLEY:

H.R. 4738. A bill to amend the Wagner-Peyser Act to require State employment offices to use private employment services to locate jobs for unemployed individuals, and for other purposes; to the Committee on Education and Labor.

By Mr. JENKINS:

H.R. 4739. A bill to amend the Internal Revenue Code of 1954 to provide for the taxation of crude oil purchasing cooperatives; to the Committee on Ways and Means.

By Mr. LOTT:

H.R. 4740. A bill to establish certain restrictions on the location of permanent repositories for the disposal of radioactive waste; jointly to the Committees on Energy and Commerce and Interior and Insular Affairs.

By Mr. SENSENBRENNER:

H.R. 4741. A bill to amend the Internal Revenue Code of 1954 to restore and make permanent the provision excluding from income interest and dividends of up to $200 for returns of single individuals and $400 for joint returns; to the Committee on Ways and Means.

H.R. 4742. A bill to amend the Internal Revenue Code of 1954 to provide that the investment yield on the tax-exempt all-savers certificates shall be increased from 70 to 85 percent of the average investment yield for U.S. Treasury bills of maturities of 52 weeks; to the Committee on Ways and Means.

By Mr. SHANNON:

H.R. 4743. A bill to amend the Internal Revenue Code of 1954 to provide that the option of deducting intangible drilling and development costs will not be available to integrated oil companies; to the Committee on Ways and Means.

By Mr. ROYBAL (for himself, Mr. PEPPER, Mr. BIAGGI, Mr. JOHN L. BURTON, Mr. ADDABBO, Mr. CLAY, Mr. COELHO, Mr. CORRADA, Mr. DE LA GARZA, Mr. DYWER, Mr. EDGAR, Mr. FOGLIETTA, Mr. FROST, Mr. GARCIA, Mr. GUARINI, Mr. HOYER, Mr. LOWERY of California, Mr. LUNDINE, Mr. MITCHELL of Maryland, Mr. NEAL, Ms. OAKAR, Mr. OTTINGER, Mr. PANETTA, Mr. PRITCHARD, Mr. RAHALL, Mr. SILJANDER, Mr. YATES, and Mr. ZEFERETTI):

H.R. 4744. A bill to establish an Office of Housing for the Elderly within the Department of Housing and Urban Development; to the Committee on Banking, Finance and Urban Affairs.

By Mr. UDALL:

H.R. 4745. A bill to reserve certain lands on the public domain in Pima County, Ariz., for the use and benefit of the Papago Indians; to the Committee on Interior and Insular Affairs.

By Mr. DOWNEY:

H.J. Res. 340. Joint resolution prohibiting the importation of petroleum and petroleum products from Libya; to the Committee on Ways and Means.

By Mr. COELHO:

H. Con. Res. 202. Concurrent resolution expressing the sense of the Congress that the U.S. Postal Service should conduct a study of the possible benefits of increased use of Amtrak rail passenger service for the transportation of mail; to the Committee on Post Office and Civil Service.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

210. By the SPEAKER: Memorial of the Legislature of the State of Montana, relative to inspection and labeling requirements on meat imported into the United States; to the Committee on Agriculture.

211. Also, memorial of the Legislature of the State of Montana, relative to mine safety and health standards; to the Committee on Education and Labor.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. MICA:

H.R. 4746. A bill for the relief of Kin Chi Eng Sims; to the Committee on the Judiciary.

By Ms. MIKULSKI:

H.R. 4747. A bill for the relief of Grace Victoria Ibanez; to the Committee on the Judiciary.

By Mr. SOLARZ:

H.R. 4748. A bill for the relief of Malka Noy and her children, Jacob Noy, Jafia Noy, Nirit Noy, and Limor Noy; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 25: Mr. BLILEY and Mr. LIVINGSTON.

H.R. 1269: Mr. MILLER of Ohio.

H.R. 1300: Ms. OAKER, Mr. DREIER, Mr. LEE, Mr. WYLIE, Mr. WHITTAKER, Mr. JEFFORDS, and Mr. SHELBY.

H.R. 1556: Mr. ANNUNZIO, Mr. BINGHAM, Mr. CONTE, Mr. CORRADA, Mr. DOWNEY, Mr. DYSON, Mr. FAUNTROY, Mr. FAZIO, Mr. FISH, Mr. FOGLIETTA, Mr. GONZALEZ, Mr. HORTON, Mr. LOWRY of Washington, Mr. MATSUI, Mr. MINISH, Mr. MITCHELL of Maryland, Mr. MURPHY, Mr. OTTINGER, Mr. PEPPER, Mr. PORTER, Mr. ROE, Mr. SCHEUER, Mr. SCHUMER, Mr. SOLARZ, Mr. VENTO, Mr. WEISS, Mr. WON PAT, and Mr. ZEFERETTI.

H.R. 1570: Mr. ANNUNZIO, Mr. BINGHAM, Mr. CONTE, Mr. CORRADA, Mr. DOWNEY, Mr. DYSON, Mr. FAUNTROY, Mr. FAZIO, Ms. FERRARO, Mr. FISH, Mr. FOGLIETTA, Mr. FORD of Tennessee, Mr. GONZALEZ, Mr. HOWARD, Mr. LEBOUTILLIER, Mr. MATSUI, Ms. MIKULSKI, Mr. MINISH, Mr. MITCHELL of Maryland, Mr. MURPHY, Mr. OTTINGER, Mr. PEPPER, Mr. PORTER, Mr. ROE, Mr. SCHEUER, Mr. SCHUMER, Mr. SUNIA, Mr. VENTO, Mr. WEISS, Mr. WON PAT, Mr. WORTLEY, Mr. YOUNG of Florida, Mr. ZEFERETTI, and Mr. SOLARZ.

H.R. 1720: Mr. SEIBERLING and Mr. ERTEL.

H.R. 1909: Mr. WINN.

H.R. 1914: Mr. BONIOR of Michigan.

H.R. 2246: Mr. TAUKE.
H.R. 2817: Mr. EMERY.
H.R. 2949: Mr. LOWERY of California, Mr. WOLPE, Mr. GARCIA, Mr. MORRISON, Mr. TAUKE, Mr. STANGELAND, and Mr. GEJDENSON.
H.R. 3360: Mr. HOWARD, Mr. ROTH, and Mr. LOWERY of California.
H.R. 3682: Mr. MARRIOTT, Mrs. HECKLER, Mr. MAVROULES, Mr. BAILEY of Pennsylvania, Mr. SHANNON, Mr. LEE, and Mr. FRANK.
H.R. 3722: Mr. EMERSON, Mr. SMITH of Alabama, Mr. NAPIER, Mr. FUQUA, Mr. DAUB, Mr. WILSON, Mr. SAM B. HALL, JR., Mr. MOLLOHAN, Mr. MCDONALD, Mr. MCEWEN, Mr. STENHOLM, Mr. STUMP, Mr. STATON of West Virginia, Mr. SNYDER, Mr. HIGHTOWER, Mr. BOWEN, Mr. MCKINNEY, Mr. ARCHER, Mr. GINN, Mr. JACOBS, Mr. PORTER, Mr. ERTEL, Mr. LOWRY of Washington, Ms. FIEDLER, Mr. TAUZIN, Mr. MARRIOTT, Mr. FOUNTAIN, Mr. EVANS of Georgia, Mrs. SMITH of Nebraska, Mr. HOPKINS, Mr. STANTON of Ohio, Mr. TAUKE, Mr. SMITH of Oregon, Mr. HAGEDORN, Mr. ADDABBO, Mr. BEREUTER, Mrs. SCHNEIDER, Mrs. BYRON, Mr. ALBOSTA, and Mr. ROBERTS of Kansas.
H.R. 3743: Mr. SHANNON and Mr. VANDER JAGT.
H.R. 3744: Mr. IRELAND, Mr. MINETA, and Mr. ERTEL.
H.R. 4011: Mr. HEFNER, Mr. DERRICK, Mr. WYDEN, Mr. SENSENBRENNER, Mr. KINDNESS, Mr. LANTOS, Mr. NAPIER, and Mr. MCKINNEY.
H.R. 4070: Mr. LUNDINE.
H.R. 4133: Mr. FAZIO.
H.R. 4147: Mr. QUILLEN and Mr. FLIPPO.
H.R. 4346: Mr. DERWINSKI, Mr. PORTER, Mr. REGULA, Mr. LUJAN, Mr. DE LA GARZA, Mr. YATRON, Mr. FAZIO, Mr. MINETA, Mrs. MARTIN of Illinois, and Mr. EDGAR.
H.R. 4353: Mr. DANIELSON, Mr. HUGHES, and Mr. LUNGREN.
H.R. 4382: Mr. EVANS of Indiana and Mr. EDGAR.
H.R. 4407: Mr. MCDADE, Mr. HUGHES, Mr. LOTT, Mr. LONG of Louisiana, Mrs. SCHNEIDER, Mr. CORCORAN, Mr. HOLLAND, Mr. ROBERT W. DANIEL, JR., and Mr. LUNGREN.
H.R. 4509: Mr. MCEWEN.
H.R. 4534: Mr. JACOBS, Mr. DELLUMS, Mrs. CHISHOLM, Mr. SIMON, and Mr. EDGAR.
H.R. 4545: Mr. HOPKINS, Mr. RATCHFORD, Mr. FORSYTHE, Mr. HANSEN of Idaho, and Mr. NELLIGAN.
H.R. 4653: Mr. CORRADA, Mr. DORGAN of North Dakota, Mr. EDGAR, Mr. ERDAHL, Mr. FISH, Mr. LUJAN, Mr. MILLER of California, and Mr. SIMON.
H.R. 4665: Mr. WHITTAKER.
H.R. 4673: Mrs. FENWICK, Mr. SUNIA, Mr. ERTEL, Mr. HERTEL, Mr. SHAW, Mr. CARNEY, Mr. HYDE, Mr. JACOBS, Mr. BEVILL, and Mr. WORTLEY.
H.R. 4697: Mr. WINN.
H.J. Res. 72: Mr. BROWN of California, Mr. HAGEDORN, Mr. DUNCAN, Mr. GEJDENSON, and Mrs. ROUKEMA.
H.J. Res. 102: Mr. ROBERTS of South Dakota, Mr. DAUB, Mr. SHARP, Mr. STRATTON, Mr. BEARD, Mr. JOHN L. BURTON, Mr. APPLEGATE, Mr. EVANS of Georgia, Mr. RATCHFORD, Mr. OTTINGER, Mr. COATS, Mr. MCCLORY, Mr. WORTLEY, Mr. LEATH of Texas, Mr. BEREUTER, Mr. DANIEL B. CRANE, Mr. SYNAR, and Mr. GEPHARDT.
H.J. Res. 230: Mr. FITHIAN.
H.J. Res. 268: Mr. BEREUTER and Mr. BETHUNE.
H.J. Res. 280: Ms. FERRARO, Mr. PEYSER, and Mr. WORTLEY.
H.J. 290: Mr. DYSON, Mr. DERRICK, Mr. HOLLAND, Mr. SPENCE, Mr. HARTNETT, Mr. NAPIER, Mr. CAMPBELL, Mr. GORE, Mr. SYNAR, Mrs. HOLT, Mr. ROBINSON, Mr. HOYER, Mr. HATCHER, Mr. BEARD, Mr. RAHALL, Mr. FORSYTHE, Mr. HEFNER, Mr. EVANS of Georgia, Mr. LEBOUTILLIER, Mr. SHELBY, Mrs. MARTIN of Illinois, Mr. MCCOLLUM, Mrs. BYRON, Mr. GILMAN, Mr. WILLIAMS of Ohio, Mr. WHITEHURST, Mr. EVANS of Delaware, Mr. SCHEUER, Mr. PEPPER, Mr. ANDREWS, Mr. WINN, Mr. ROEMER, Mr. TAUZIN, Mr. FLORIO, Mr. COURTER, Mr. FAZIO, Mr. BROWN OF CALIFORNIA, Mr. BROWN of Ohio, Mr. PRICE, Mr. JONES of North Carolina, Mr. PICKLE, Mr. KOGOVSEK, Mr. KRAMER, Mr. DE LA GARZA, Mr. FOWLER, Mr. WATKINS, Mr. SIMON, Mr. RINALDO, Mr. EDWARDS of Alabama, Mr. HORTON, Mr. SCHUMER, Mr. GOLDWATER, Mr. BOLAND, Mr. DYMALLY, Mr. EDWARDS of Oklahoma, Mr. RITTER, Mr. GEJDENSON, Mr. ROE, Mr. STATON of West Virginia, Mr. DOUGHERTY, Mr. KEMP, Mr. NELLIGAN, Mr. STENHOLM, Mr. ALEXANDER, Mr. EMERSON, Mr. LENT, Mr. LOEFFLER, Mr. RODINO, Mr. MURTHA, Mr. YATRON, Mr. ROGERS, Mr. MOLINARI, Mr. TRIBLE, Mr. LOWERY of California, Mr. BARNARD, Mr. LAGOMARSINO, Mr. SUNIA, Mr. BRINKLEY, Mr. JENKINS, Mr. GINGRICH, Mr. BEREUTER, Mr. GUARINI, Mr. MAVROULES, Mr. FOGLIETTA, Mr. DAUB, Mr. GOODLING, Mr. GINN, Mr. CLAUSEN, Mr. MCDONALD, Mr. SMITH of Alabama, Mr. BROWN of Colorado, Mr. THOMAS, Mr. HAMMERSCHMIDT, Mr. DANNEMEYER, Mr. DORNAN of California, Mr. DWYER, Mr. HOWARD, Mr. ERTEL, Mr. CHAPPIE, Mr. SHAW, Mr. BADHAM, Mr. HANCE, Mrs. FENWICK, Mr. LIVINGSTON, Mr. WEAVER, Mr. MURPHY, Mr. WEBER of Minnesota, Mr. HUGHES, Mr. SHUMWAY, Mr. SWIFT, Mr. HUCKABY, Mr. BUTLER, Mr. HENDON, Mr. DREIER, Mr. SMITH of New Jersey, Mr. WOLF, Mr. WEBER of Ohio, Mr. WYDEN, Mr. MCEWEN, Mr. SNYDER, Mr. MOORE, Mr. BOWEN, Mr. WIRTH, Mr. LUKEN, Mr. MOTTL, Mr. MOLLOHAN, Mr. CORCORAN, Mr. MARRIOTT, Mr. SHUSTER, Mr. O'BRIEN, Mr. DENARDIS, Mr. ANTHONY, Mr. JONES of Tennessee, Mr. FOUNTAIN, Mr. BAILEY of Pennsylvania, Mr. COELHO, Mrs. ROUKEMA, Mr. ROBERTS of South Dakota, Mr. SILJANDER, Mr. SKEEN, Mr. HUNTER, Ms. OAKAR, Mr. STANTON of Ohio, Mr. FRENZEL, Mr. SAWYER, Mr. LEVITAS, Mr. CLINGER, Mr. PANETTA, Mr. FROST, Mr. BONIOR of Michigan, Mr. MADIGAN, Mr. BETHUNE, Mr. CONTE, Mr. ROBERT W. DANIEL, JR., Mr. MINISH, Mr. WHITTAKER, Mr. MCCURDY, Mr. ASHBROOK, Mr. WAMPLER, Mr. LONG of Maryland, Mr. DUNN, Mr. LOTT, Mr. OXLEY, Mr. WORTLEY, Mr. BLILEY, Mr. FRANK, Mr. BROYHILL, Mr. HOPKINS, Mr. WHITTEN, Ms. MIKULSKI, Ms. FIEDLER, Mr. LUNGREN, Mr. CARMAN, Mr. BAILEY of Missouri, Mr. STANGELAND, Mr. GUNDERSON, Mr. DOWDY, Mr. MOORHEAD, Mr. COLLINS of Texas, Mr. HILER, Mr. ROBERTS of Kansas, Mr. JEFFRIES, Mr. MCGRATH, Mr. MARTIN of New York, Mr. JAMES K. COYNE, Mr. FIELDS, Mr. HANSEN of Utah, Mr. DICKINSON, Mr. PASHAYAN, Mr. ROUSSELOT, Mr. LEWIS, Mr. BURGENER, Mr. YOUNG of Florida, Mr. HANSEN of Idaho, Mr. HYDE, Mr. MCCLORY, Mr. RAILSBACK, Mr. FINDLEY, Mr. MYERS, Mr. DECKARD, Mrs. HECKLER, Mr. MONTGOMERY, Mr. MORRISON, Mr. DAVIS, Mrs. SCHNEIDER, Mr. SMITH of Oregon, Mr. FISH, Mr. SOLOMON, Mr. MITCHELL of New York, Mr. JOHNSTON, Mr. MARTIN of North Carolina, Mr. KINDNESS, Mr. MILLER of Ohio, Mr. COATS, Mr. GRADISON, Mr. REGULA, Mr. DUNCAN, Mr. MCDADE, Mr. EVANS of Iowa, Mr. LEE, and Mr. CARNEY.
H.J. Res. 293: Mr. LENT, Mr. TAUZIN, Mr. MARRIOTT, Mr. BREAUX, Mr. MCGRATH, Mr. WOLF, Mr. DAN DANIEL, Mr. ROBERTS of South Dakota, Mr. EDWARDS of Alabama, Mr. BINGHAM, Mr. AUCOIN, Mr. JONES of Tennessee, Mr. CONTE, Mr. PERKINS, Mr. PANETTA, Mr. DERRICK, Mr. ANNUNZIO, Mr. MILLER of Ohio, Mr. BRODHEAD, Mr. BARNES, Mr. DASCHLE, Mr. CHAPPELL, Mr. GRADISON, Mr. RATCHFORD, Mr. BIAGGI, Mr. BEREUTER, Mr. DENARDIS, Mr. GRAY, Mr. LONG of Maryland, Mr. SAM B. HALL, JR., Mr. FORD of Tennessee, Mr. HOLLAND, Mr. DUNCAN, Mr. PEYSER, Mr. HUTTO, Mr. SAWYER, Mr. OXLEY, Mr. WEAVER, Mr. DUNN, Mr. WYDEN, Mr. ADDABBO, Mr. WON PAT, Mr. EVANS of Iowa, Mr. PURSELL, Mr. GEJDENSON, Mr. HAMMERSCHMIDT, Mr. DE LUGO, Mrs. FENWICK, Mr. MORRISON, Mr. STANGELAND, and Mr. FLORIO.
H.J. Res. 314: Mr. MINETA, Mr. DAUB, Mr. CARMAN, Mr. JEFFORDS, Mr. SMITH of Alabama, Mrs. MARTIN of Illinois, Mr. HUNTER, Mr. WHITE, Mr. DAN DANIEL, Mr. HUTTO, Mr. DAVIS, Mr. HOLLENBECK, and Mr. RODINO.
H.J. Res. 323: Mr. SAVAGE, Mr. DAUB, Mr. PAUL, Mr. SMITH of Alabama, Mr. BROWN of Colorado, Mr. MOLLOHAN, Mr. DYMALLY, Mr. FOUNTAIN, Mr. COATS, Mr. CONTE, Mr. FOLEY, Mr. LIVINGSTON, Mr. LEACH of Iowa, Mr. DASCHLE, Mr. GORE, Mr. SHARP, Mr. SILJANDER, Mrs. FENWICK, Mr. SKELTON, Mr. BENEDICT, Mr. ST GERMAIN, Mr. STENHOLM, Mr. BEARD, Mr. MYERS, Mr. LOEFFLER, Mr. GEJDENSON, Mr. DREIER, Mr. LOWERY of California, Mr. CLINGER, Mrs. COLLINS of Illinois, Mr. HAMILTON, Mr. SHUMWAY, Mr. ERDAHL and, Mr. HUNTER.
H.J. Res. 331: Mr. ADDABBO, Mr. AKAKA, Mr. ANNUNZIO, Mr. APPLEGATE, Mr. AUCOIN, Mr. BAILEY of Pennsylvania, Mr. BENJAMIN, Mr. BROOMFIELD, Mr. BROWN of California, Mr. CARMAN, Mr. COELHO, Mr. WILLIAM J. COYNE, Mr. D'AMOURS, Mr. DE LA GARZA, Mr. DE LUGO, Mr. DOWNEY, Mr. DORGAN of North Dakota, Mr. EARLY, Mr. EDGAR, Mr. FARY, Mr. FAZIO, Mr. FITHIAN, Mr. FORD of Michigan, Mr. FORSYTHE, Mr. FRANK, Mr. FRENZEL, Mr. GAYDOS, Mr. GEJDENSON, Mr. GORE, Mr. HAWKINS, Mr. HUCKABY, Mr. KILDEE, Mr. LAGOMARSINO, Mr. LOWRY of Washington, Mr. MAVROULES, Mr. MATSUI, Mr. MCHUGH, Mr. MILLER of California, Mr. MINETA, Mr. MOAKLEY, Mr. MOLLOHAN, Mr. MURTHA, Mr. NEAL, Mr. PANETTA, Mr. PATTERSON, Mr. PRICE, Mr. RAHALL, Mr. RATCHFORD, Mr. RICHMOND, Mr. ROSENTHAL, Mr. SHARP, Mr. SMITH of Pennsylvania, Mr. SOLARZ, Mr. STARK, Mr. SUNIA, Mr. TRAXLER, Mr. UDALL, Mr. WALGREN, Mr. WEAVER, Mr. WILSON, Mr. WIRTH, Mr. WOLPE, Mr. WON PAT, and Mr. ZEFERETTI.
H. Con. Res. 196: Mr. ANNUNZIO, Mr. MITCHELL of Maryland, Mr. LUNDINE, Mr. MATTOX, Mr. LOWRY of Washington, Mr. HOYER, Mr. RINALDO, Mr. KRAMER, Mr. BENEDICT, Mr. BOWEN, Mr. SAVAGE, Mr. ROE, Mr. FAZIO, Mr. WOLPE, Mr. WON PAT, Mr. NOWAK, Mr. SMITH of Pennsylvania, Mr. RAHALL, Mr. DICKS, and Mr. HUGHES.
H. Res. 228: Mr. ANTHONY, Mr. MITCHELL of Maryland, Mr. HUGHES, Mr. SIMON, and Mr. BEDELL.
H. Res. 233: Mr. SMITH of Pennsylvania, Mr. PHILLIP BURTON, Mr. EDGAR, Mr. VENTO, Mr. FISH, and Mr. MCKINNEY.
H. Res. 243: Mr. DICKS, Mr. DREIER, Mr. FOGLIETTA, Mr. HUTTO, Mr. MICA, Mr. RAILSBACK, and Mr. WORTLEY.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

238. By the SPEAKER: Petition of United Synagogue Youth, New York, relative to the proposed sale of AWACS and F-16 enhancements to Saudi Arabia; to the Committee on Foreign Affairs.

239. Also, petition of the Board of Commissioners, Washtenaw County, Mich., relative to general revenue sharing; to the Committee on Government Operations.

240. Also, petition of the City Council, New York, N.Y., relative to restrictions on the manufacture, sale, and possession of handguns; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of XXIII, proposed amendments were submitted as follows:

H.R. 3603

By Mr. BEDELL.

—Page 18, line 25, after the period insert the the following: "In addition, the Secretary shall make available to producers of high moisture corn recourse or nonrecourse loans at a level determined by the Secretary for any of the 1982 through 1985 crops, taking into consideration the level of loans and purchases available for the crop.".

—Page 25, line 12, strike the period and insert in lieu thereof the following: "; and".

Page 25, after line 12 add a new paragraph (4) to read as follows:

"(4) amending the third sentence of subsection (f)(1) by inserting before the period at the end thereof the following: ': *Provided*, That the foregoing provisions of this sentence shall not apply to loans and purchases for the 1982 crop of corn.'."

—Page 77, after line 2, add a new section 1011 to read as follows:

"Section 201 of the Agricultural Act of 1949, as amended, is amended by striking all that precedes the semicolon in the first sentence of subsection (b) and inserting in lieu thereof the following: 'The price of honey shall be supported through loans, purchases, or other operations at a level not in excess of 52 cents per pound, nor less than 46 cents per pound.'."

—Page 18, line 25, after the period insert the following: "In addition, the Secretary shall make available to producers of high moisture corn a recourse or nonrecourse loan at a level determined by the Secretary for any of the 1982 through 1985 crops, taking into consideration the level of loans and purchases available for the crop.".

—Page 18, line 25, after the period insert the following: "Furthermore, with respect to the 1982 crop of corn, if a set-aside of cropland is in effect as provided in subsection (f) of this section, participation in such set aside shall not be a condition of eligibility for loans and purchases.".

By Mr. ENGLISH:

—Page 88, after line 6, insert the following new section (and redesignate succeeding sections accordingly):

INDIAN RESERVATIONS

SEC. 1304. Section 3(j) of the Food Stamp Act of 1977 is amended by inserting ", and includes any lands over which a tribal organization (as that term is defined in section 3(p) of this Act) has authority to exercise any governmental jurisdiction" before the period.

—Page 190, insert after line 14 the following:

SAFETY NET FOR FARMERS

SEC. 1508. Effective only for the period beginning on the date of enactment of this Act and ending on September 30, 1982, section 331A of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1981a), is amended by (1) inserting, before the text thereof, the designation "(a)", and (2) adding at the end thereof a new subsection (b) to read as follows:

"(b) The Secretary shall, during any period in which the agricultural sector is suffering economic distress, to take the action with respect to deferring of principal and interest and foregoing of foreclosure which he is authorized to take under subsection (a). For purposes of this subsection, a 'period in which the agricultural sector is suffering economic distress' is a period in which the total of forced liquidations and, or foreclosure of outstanding loans made, insured, or held by the Secretary exceeds 2 per centum of all outstanding loans made, insured, or held by the Secretary at the date of enactment of this Act.".

—Page 222, after line 25, add the following new title:

TITLE XVII—IMPORTED MEAT

SEC. 1701. Section 20 of the Federal Meat Inspection Act (21 U.S.C. 620) of amended by adding at the end thereof a new subsection (f) as follows:

"(f) Notwithstanding any other provision of law, all carcasses, parts of carcasses, meat and meat food products of cattle, sheep, swine, goats, horses, mules, or other equines which are capable of use as human food offered for importation into the United States shall be subject to the inspection, sanitary, species verification, and residue standards applied to such articles produced in the United States. Any such articles that do not meet such standards shall not be imported into the United States. Neither shall any meat or meat food products be imported which have been produced using agricultural chemicals or animal drugs, the use of which, in the production of such meat products, (1) has been prohibited in the United States by final judicial action or by administrative action that is final, subject to judicial review, and that has become effective, or (2) has been determined by the Secretary to render such articles adulterated within the meaning of this Act. The Secretary shall inspect such articles through the use of random sampling for such residues and species verification. The provisions of this subsection shall not be deemed to permit the imposition of standards with respect to such imported articles that are less stringent than standards imposed under the other subsections of this section. The Secretary shall issue such regulations as are necessary to carry out the provisions of this subsection. The provisions of this subsection shall become effective thirty days after the date of enactment of this subsection, except that the provisions of clause (1) of the third sentence shall become effective one year after such date of enactment and, thereafter, on the same date that a prohibition becomes effective with respect to the use of an agricultural chemical or animal drug in the domestic production of such meat products: *Provided*, That if the prohibition becomes effective with respect to such domestic production less than six months after the issuance of the administrative or court order, as applicable, the provisions of clause (1) of the third sentence shall become effective with respect to imported meat products six months after such order.".

By Mr. HARKIN:

—Page 77, insert after line 2 the following new section 1012:

LOAN AND PURCHASE LIMITATIONS

SEC. 1012. Notwithstanding any other provision of law—

(1) The total amount of price support which any person may receive through nonrecourse loans or purchases under one or more of the annual programs established by the Agricultural Act of 1949 shall not exceed $150,000 for each of the 1982 through 1985 crops. However, price support may be made available to any person in excess of the limitation established in the preceding sentence through recourse loans with interest at the prevailing market rate for comparable loans on the commercial market.

(2) In the case of any loan to, or purchase from a cooperative marketing organization, such limitation shall apply to the amount of price support received by any person through such cooperative marketing organization and not the amount of price support received by the cooperative marketing organization.

(3) The Secretary shall issue regulations defining the term "person" and prescribing such rules as the Secretary determines necessary to assure a fair and reasonable application of such limitation: *Provided*, That the provisions of this section which limit price support to any person shall not be applicable to lands owned by the States, political subdivisions, or agencies thereof, so long as such lands are farmed primarily in the direct furtherance of a public function, as determined by the Secretary. The rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970.

By Mr. JONES of Tennessee:

—Page 180, insert after line 18 the following new section and renumber the succeeding sections of title XV accordingly:

BORROWER'S NET WORTH; ANNUAL REPORT

SEC. 1502. The Consolidated Farm and Rural Development Act is amended by—

(1) in section 333(a), inserting the designation "(1)" immediately after "the applicant" and inserting before the semicolon at the end thereof the following: ", and (2) to furnish a written statement showing the applicant's net worth"; and

(2) adding at the end thereof a new section 349 as follows:

"SEC. 349. Not later than December 31 of each calendar year, beginning with calendar year 1981, the Secretary shall submit to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry a report describing the characteristics of borrowers initially receiving, during the fiscal year ending in that calendar year, loans made or insured under sections 303 and 312(a) and separately for loans guaranteed under such sections. The report shall be made on a State by State basis, and shall include, but need not be limited to, each borrower's age, education, farming experience, net worth, amount of farm ownership and operating loans outstanding, amount of other loans outstanding, gross farm income, and other income. This information shall be provided separately for borrowers receiving low-income loans and those receiving regular loans.".

By Mr. MARLENEE:

(Title III—Wheat.)

—Page 11, beginning on line 3, strike out "through 1985 crops" and insert in lieu thereof "through 1983 crops".

Page 11, beginning on line 10, strike out "through 1985" and insert in lieu thereof "through 1983".

Page 11, beginning on line 25, strike out "through 1985 crops" and insert in lieu thereof "through 1983 crops".

Page 12, beginning on line 6, strike out "1985 crops" and insert in lieu thereof "1983 crops".

Page 12, beginning on line 10, strike out "1985 crops" and insert in lieu thereof "the 1983 crops".

Page 12, line 22, strike out "1985 crops" and insert in lieu thereof "1983 crops".

Page 13, line 15, strike out "1985 crops" and insert in lieu thereof "1983 crops".

Page 14, line 15, strike out "through 1985 crops" and insert in lieu thereof "through 1983 crops".

Page 15, beginning on line 7, strike out "through 1985 crops" and insert in lieu thereof "through 1983 crops".

Page 16, beginning on line 8, strike out "through 1985 crops" and insert in lieu thereof "through 1983 crops".

Page 16, on line 13, strike out "through 1985 crops" and insert in lieu thereof "through 1983 crops".

Page 17, strike out line 7 and insert in lieu thereof "1984".

Page 17, line 12, strike out "through 1985 crops" and insert in lieu thereof "through 1983 crops".

Page 17, beginning on line 17, strike out "years 1982 through 1985" and insert in lieu thereof "years 1982 and 1983".

Page 17, beginning on line 22, strike out "through 1985 crops" and insert in lieu thereof "and 1983 crops".

(Title IV.)

—Page 16, strike line 20 and the period on line 24 and insert after line 24, the following including a new paragraph (4) to read as follows: "; and

"(4) amending the third sentence of subsection (f)(1) by deleting the period and adding ": *Provided*, That in applying the provisions of this section to land that has been farmed under summer fallow practices in three of the five years prior to the requirement of a set-aside, the Secretary shall consider the effects of soil erosion and such other factors as he considers appropriate in determining the amount of land to be idled: *Provided further*, That in no case shall the Secretary require farmers to idle more than 60 per centum of their crop land when included with land already idled by summer fallow practices where summer fallow practices are in effect: *Provided further*, That the Secretary shall issue rules and regulations defining 'summer fallow'.".

By Mr. PEASE:

—Page 77, after line 2, insert the following new section:

DISTRIBUTION OF SURPLUS COMMODITIES

SEC. 1012. (a) Notwithstanding any other provision of law, whenever Government stocks of commodities are acquired under the price support program, such commodities shall be made available without charge or credit to nutrition projects under the authority of the Older Americans Act of 1965 (42 U.S.C. 3001, et seq.), to child nutrition programs providing food service, and to food banks participating in the food bank program established under section 211 of the Agricultural Act of 1980. Such distribution may include bulk distribution to congregate nutrition sites and to providers of home delivered meals under the Older American Act. The Commodity Credit Corporation is authorized to further process products to facilitate bonus commodity use.

(b) Section 211(a) of the Agricultural Act of 1980 is amended—

(1) in the first sentence by striking out "carry out demonstration projects" and inserting in lieu thereof "establish a program";

(2) in paragraph (2)—

(A) by striking out "demonstration projects" and inserting in lieu thereof "program"; and

(B) by striking out "projects" each place it appears and inserting in lieu thereof "programs".

(d) Section 211(c) of the Agricultural Act of 1980 is amended in the second sentence by striking out "projects" and inserting in lieu thereof "program".

(e) Section 211(d) of the Agricultural Act of 1980 is amended—

(1) by striking out ", 1982," and inserting in lieu thereof "of each year"; and

(2) by striking out "demonstration projects" and inserting in lieu thereof "program".

(f) Section 211(f) of the Agricultural Act of 1980 is amended by striking out "to carry out this section $356,000" and inserting in lieu thereof "such sums as may be necessary to carry out this section".

(g) Section 211 of the Agricultural Act of 1980 is amended—

(1) by redesignating subsection (f) as subsection (g); and

(2) by inserting after subsection (e) the following new subsection:

"(f) The Secretary shall minimize paperwork requirements placed on food banks which participate in the program established under this section and shall otherwise encourage food banks to participate in such program.".

(h) The heading for section 211 of the Agricultural Act of 1980 is amended to read as follows:

"DISTRIBUTION OF EXCESS AGRICULTURAL COMMODITIES THROUGH COMMUNITY FOOD BANKS".

(i) Section 4(b) of the Food Stamp Act of 1977 shall not apply with respect to distribution of surplus commodities under this section.

By Mr. PEYSER:

—Beginning on page 61, strike out title IX (and redesignate succeeding titles and sections accordingly).

Page 3, strike out the item relating to title IX (and redesignate succeeding items accordingly).

By Mr. SHAMANSKY:

—Page 77, after line 2, insert the following new section:

REPEAL OF PROGRAMS CONCERNING PRICE SUPPORT FOR AND THE MARKETING OF TOBACCO

SEC. 1012. (a)(1) Section 101 of the Agricultural Act of 1949 is amended—

(A) in subsection (a) by striking out "tobacco (except as otherwise provided herein), corn," and inserting in lieu thereof "corn"; and

(B) in subsection (d)(3) by striking out ", except tobacco," and all that follows the first semicolon.

(2) Sections 101(c) and 106 of such Act are repealed.

(3) Section 408(c) of such Act is amended by striking out "tobacco,".

(b)(1) Section 301(b) of the Agricultural Adjustment Act of 1938 is amended—

(A) by striking out "tobacco," in paragraph (6)(A);

(B) by striking out the following in paragraph (7):

"Tobacco (flue-cured), July 1–June 30;

"Tobacco (other than flue-cured), October 1–September 30;";

(C) by striking out "and tobacco" in paragraph (11)(B); and

(D) by striking out "tobacco," in paragraph (12).

(2) Section 303 of such Act is amended by striking out "rice, or tobacco," and inserting in lieu thereof "or rice,".

(3) Section 361 of such Act is amended by striking out "tobacco,".

(4) The first sentence of subsection (a) and the first sentence of subsection (b) of section 371 of such Act are amended by striking out "peanuts, or tobacco" in each sentence and inserting in lieu thereof "or peanuts".

(5) Section 373 of such Act is amended—

(A) by striking out "peanuts, or tobacco, and" in subsection (a) and inserting in lieu thereof "or peanuts, and";

(B) by striking out "peanuts, or tobacco from" in subsection (a) and inserting in lieu thereof "or peanuts from";

(C) by striking out "all persons engaged in the business of redrying, prizing, or stemming tobacco for producers," in subsection (a);

(D) by striking out "$500;" and all that follows in the last sentence of subsection (a) and inserting in lieu thereof "$500."; and

(E) by striking out "peanuts, or tobacco" in subsection (b) and inserting in lieu thereof "or peanuts".

(6) Section 375(a) of such Act is amended by striking out "peanuts, or tobacco" and inserting in lieu thereof "or peanuts".

(7) The following provisions of such Act are repealed:

(A) section 301(b)(3)(C);

(B) section 301(b)(10)(B);

(C) section 301(b)(14)(B);

(D) section 301(b)(15);

(E) section 301(b)(16)(B);

(F) sections 311 through 314 and 316 through 320; and

(G) section 378(f).

(8) Section 2 of such Act is amended by striking out "tobacco,".

(c) The following provisions of law are repealed:

(1) the Act entitled "An Act relating to burley tobacco farm acreage allotments under the Agricultural Adjustment Act of 1938, as amended", approved July 12, 1952 (7 U.S.C. 1315);

(2) section 703 of the Food and Agriculture Act of 1965; and

(3) section 4 of the Act entitled "An Act to amend the Agricultural Adjustment Act of 1938, as amended, to provide for acreage-poundage marketing quotas for tobacco, to amend the tobacco price support provisions of the Agricultural Act of 1949, as amended, and for other purposes", approved April 16, 1965 (7 U.S.C. 1314c note).

(d) The first sentence of section 402 of the Agricultural Trade Development and Assistance Act of 1954 is amended by striking out "and for the purposes of title II of this Act," and inserting in lieu thereof "or".

(e) Section 5 of the Commodity Credit Corporation Charter Act is amended by adding the following undesignated paragraph at the end thereof:

"Notwithstanding any other provision of law, the Corporation may not exercise any of the powers specified in this section or in any other provision of this Act with respect to tobacco.".

(f) Section 8c of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937 is amended—

(1) by striking out "tobacco," in subsection (2)(A);

(2) by inserting "tobacco," after "(except honey," in subsection (2)(B); and

(3) by adding the following new sentence at the end of subsection (2); "Notwithstanding any other provision of law, no order concerning tobacco may be issued or enforced under this Act.".

(g) The amendments made by this section shall apply to the 1982 and subsequent crops of tobacco.

By Mr. WAMPLER:

—Page 106, after line 24, insert the following new section (and redesignate succeeding sections accordingly):

ACCESS OF COMPTROLLER GENERAL TO INFORMATION

SEC. 1323. (a) Section 9(c) of the Food Stamp Act of 1977 is amended by adding at the end thereof the following: "Such purposes shall not exclude the audit and examination of such information by the Comptroller General of the United States, authorized by any other provision of law.".

(b) Section 11(d)(8) of the Food Stamp Act of 1977 is amended by inserting before the semicolon the following: ", except that such safeguards shall not prevent the use or disclosure of such information to the Comptroller general of the United States for audit and examination authorized by any other provision of law".

SENATE—*Wednesday, October 14, 1981*

The Senate met at 12 noon, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The PRESIDENT pro tempore. Our opening prayer today will be delivered by the Reverend Andrew G. Grutka, bishop of Gary, Ind. He is sponsored by Senator RICHARD LUGAR, of his home State.

Bishop Grutka offered the following prayer:

Heavenly Father, look with favor on our Senators as they strive to further our welfare. Help them do so in such a righteous way it will stimulate citizens of other nations to promote their own development in a comparable manner and bring us all closer together in a spirit of disarming harmony.

Lord, anticipate the deliberations of our Senators with Your divine inspiration and direct their planning toward productive results, so that all the positive good they contemplate begins with You and through You is brought to delightful fruition.

Father, Creator of unfailing light, let that light shine through our Senators. Let their voices resound with praises of You; let their lives proclaim Your goodness and their accomplishments give You honor.

Considerate Lord, You have favored our Nation like no other. In grateful response it earnestly seeks to be friendly with other nations and strives to be kind and benevolent even to nations that have, and others that continue to sorely try it.

Merciful God, our country and the whole world are presently in a state of considerable imbalance and in need of an equilibrium—one that demands incentives, examples, and stabilizations rather than more regulations.

Grant, O Lord, to our Senators the patience, prudence, and perseverance to bring about this equilibrium.

Let the echo of our recitation of "One Nation Under God" be heard as "One World Under God." Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER TO RESUME CONSIDERATION OF H.R. 4331 FOLLOWING ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, is there an order for routine morning business today?

The PRESIDENT pro tempore. Yes, there is.

Mr. BAKER. Mr. President, I ask unanimous consent that following that period for routine morning business the Chair lay before the Senate the unfinished business, H.R. 4331.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, will this request, if entered, impinge on the operation of rule XIV in any way?

Mr. BAKER. It is not intended to. The purpose, frankly, was simply to avoid having to wait until 2 o'clock in order to get to the business which is pending.

Mr. ROBERT C. BYRD. I am sure it is not the majority leader's intent, but I would just like to be assured that it will not automatically have that effect.

Mr. BAKER. Yes.

I revise the unanimous-consent request so that any proceedings in respect to rule XIV will not be affected by the request that the Chair lay before the Senate H.R. 4331 at the conclusion of the time prescribed for routine morning business.

Mr. ROBERT C. BYRD. I thank the majority leader.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I have no requirement for my time, and I am prepared to yield to the assistant majority leader if he wishes. I understand, Mr. President, that there is a request for time, and if the minority leader will permit me to do so, I am prepared now to yield 5 minutes of my time to the distinguished Senator from South Dakota (Mr. ABDNOR).

POSSIBLE PROGRAM FOR THIS WEEK AND NEXT WEEK

Mr. ROBERT C. BYRD. Mr. President, I hope the distinguished majority leader will take occasion at some point to state the program for the remainder of the week and as far into next week as he can.

Mr. BAKER. I thank the minority leader. Frankly, what I would like to do, if I may is to have a number of meetings later in the day with committee chairmen and others to get a better view of what their requirements are on schedule, and make an announcement a little later in the day.

Today I hope we can make good progress on the social security bill. There will be no votes in the early part of the day, I believe. While there is no order to prevent that, I would urge Senators to consider that a number of our colleagues are returning to the city, and if the votes are ordered, that they agree to a unanimous-consent request to stack those votes until later in the day or even until tomorrow.

We will continue on the consideration of the social security bill today. I expect we will not complete it today. It will be necessary to resume consideration of that measure on tomorrow.

I had indicated earlier that I hoped we would be able to proceed to the consideration of the foreign assistance bill, but we cannot do that before Tuesday of next week. That is one of the matters on which I wish to confer during an early meeting, or a meeting in the early part of the afternoon. If the minority leader will agree with me, I will try to, at an early time, give my schedule to the Senate.

Mr. ROBERT C. BYRD. Mr. President, I certainly understand the majority leader's situation. I hope, without presuming to suggest what the procedure will be, that the Senate could be informed as soon as possible with respect to what the plans are as to the various appropriation bills. We have only one regular appropriations bill which has passed the Senate, and the conference report on that measure, I believe, is at the desk, and two other appropriation bills are on the calendar, the Interior appropriations bill, which has been on the calendar since July 23, and the Treasury appropriations bill since September 22. I would like for the benefit of our colleagues to be informed as to what the plans are for moving to the consideration of these appropriation bills.

As I understand it, the date on the continuing resolution will expire on November 20, which, aside from being my birthday, would be about 27 legislative days away. I hope we do not get ourselves into a situation wherein we have to put all our eggs in that one basket. I hope we will be able to give our attention to the individual appropriation bills in the meantime.

Mr. BAKER. I thank the minority leader. I can assure him that I, too, have a great concern about that because I can see these bills which must be dealt with, in my opinion, hurtling down on us in a great heap. But that, too, is one of the matters I intend to address in one of the meetings this afternoon.

It is no surprise, I am sure, to the minority leader to know that I am making an effort on behalf not only of the Senators on this side but the Senate as a whole to gain some further insight and statement of preference by the administration on how they wish to proceed on these matters. The President, of course, has suggested that additional savings must be accumulated this year,

1982, and there is a considerable amount of discussion now going on about how that will be done and how that will impact on the appropriations process.

I will try to have a further announcement in that respect as soon as possible. But I fully understand the minority leader's concern. I share it. I assure him I will try to have a further announcement in the near future.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader.

(Mr. STEVENS assumed the chair.)

Mr. BAKER. Mr. President, I yield 5 minutes to the distinguished Senator from South Dakota.

Mr. ABDNOR. I thank the majority leader for yielding.

THE AWACS RESOLUTION

Mr. ABDNOR. Mr. President, after long and careful study I now have reached a decision as to how I shall vote on the resolution to disapprove the sale to Saudi Arabia of five airborne warning and control system (AWACS) Boeing 707's and add-on equipment for their F-15 fighters for the defense of the Persian Gulf.

Like all Members of this body, I have received a heavy volume of mail from across the country on both sides of this issue.

Long ago I made up my mind that I would approach this matter not on the basis of what is good for Saudi Arabia, not on the basis of what is good for Israel, but on the basis of what is in the national and security interests of the United States.

There are at least five considerations which I believe mandate that the sale should go forward.

First, the sale is definitely in our national and security interest. We are pledged by two American Presidents to defend the Persian Gulf. Its oilfields contain an estimated one-fourth of the world's proven oil reserves. It supplies about 10 percent of our crude oil imports, 30 to 60 percent for our allies in Western Europe and 68 percent for Japan. We need improved "watchdog" capabilities in that area.

The $8.5 billion gain in petrodollars from this sale will bolster our balance of payments, increase employment, and assist in the revitalization of our economy. It will improve the climate for American business in Saudi Arabia.

Second, the instability almost certain to develop following the death of Egyptian President Anwar Sadat makes it imperative that we develop and maintain additional reliable allies in the Arab world in the hope that they may be brought into the Camp David peace process. Although President Sadat's successor, former Vice President Hosni Mubarak, has been a figure intimately involved in that effort, he now will face many problems at home that undoubtedly will delay and diffuse his efforts to achieve progress at this most difficult juncture in the peace process.

Third, I have concluded that, far from posing a threat to the security of Israel, our strongest and most loyal friend in the region, the sale actually should have the opposite effect. As Israel's security is dependent upon the United States, we must have a common, vital interest in the ability of the United States to respond to military threats in the region. The AWACS proposal significantly enhances that response capability.

Saudi Arabia's own self interest dictates that its No. 1 concern must be the protection from Soviet attack of the oilfields in its eastern province. At present its ground-based radar system would provide only 2 to 4 minutes of warning in the event of such an attack. With the AWACS planes, it would have 15 to 20 minutes warning. That is why the sale of the 62 F-15's already on order to the Saudi Air Force also is in our mutual self-interest.

In order to protect its oilfields, the area to be kept under airborne surveillance lies over eastern Saudi Arabia, a country roughly equal in size to the States east of the Mississippi River. The AWACS planes could not fulfill this mission and keep watch on Israel air movements at the same time.

The first AWACS aircraft involved in this sale will not be delivered until late 1985, continuing into 1987. Saudi Arabia will not have its first trained crews until 1988. These aircraft will be jointly manned with Americans into the 1990's. We can cancel the sale if interim developments so dictate.

To suggest that these aircraft should be manned jointly on a permanent basis is an affront to the sovereignty of a proven ally but also an extraneous condition we never would impose on our allies in Israel, even after repeated violations of the Arms Export Control Act.

Fourth, if the Saudis do not buy this equipment from us, they can obtain comparable equipment very quickly from the United Kingdom with its Nimrod. And they would not be asked to put up with these troublesome strings that have been suggested by my colleagues who are opposed to the sale. Neither would there be an American presence to help look out for Israeli interests.

Fifth, to back out of the sale now might even drive the angry Saudis toward the Soviets as a more dependable trade partner. No doubt the Soviets would offer all kinds of enticements.

The Soviets already have footholds in Libya, Syria, South Yemen, Ethiopia, and North Yemen. Iran and Iraq are at war right next door. We can ill afford to take the chance of sending yet another Arab state into their waiting embrace.

As a further safeguard, I am cosponsoring the Nunn-Warner resolution which goes beyond the requirements of the Arms Export Control Act and provides terms designed to guard against this equipment and its 1960's technology falling into the hands of potential enemies. It requires prior certification by the President that security considerations both for the AWACS aircraft and the region are met.

For these and other reasons, Mr. President, I shall vote against the resolution of disapproval and I urge my colleagues to do likewise.

EXTENSION OF THE VOTING RIGHTS ACT OF 1965

The PRESIDING OFFICER. The clerk will now read for the second time any bill which has received a first reading and is at the desk pending a second reading.

The assistant legislative clerk read as follows:

A bill (H.R. 3112) to amend the Voting Rights Act of 1965 to extend the effect of certain provisions, and for other purposes.

Mr. ROBERT C. BYRD. Mr. President, I object to any further proceedings on this matter at this time.

The PRESIDING OFFICER. The objection having been heard, under the rule the bill will now be placed on the calendar.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, under the procedure, of course, the motion has been made and will have to be carried out. I just want to say, though, that I think it is a mistake not to refer the Voting Rights Act to the Judiciary Committee which normally handles matters of this kind.

However, I will say that hearings will be held by the Judiciary Committee whether the bill is referred to it or not. So I just wanted to tell Senators that are interested in this matter that if they wished to testify later when hearings are held that they will have an opportunity to do so.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDING OFFICER (Mr. ABDNOR). The minority leader is recognized.

ADMINISTRATION DISARRAY ON MONETARY POLICY

Mr. ROBERT C. BYRD. Mr. President, the Reagan administration has been speaking with many voices of late on the question of monetary policy. Some officials maintain that interest rates are too high and the money supply too tight. Other administration officials tell us that the administration strongly supports the monetary policy of the Federal Reserve. Presumably, this means they also support the current level of high interest rates. Mr. President, having just returned from West Virginia and extensive meetings with my constituents, I once again raise the specter of the economic crisis created by high interest rates.

Either the administration is for high interest rates, or it is against them. As a special report entitled "Administration Disarray on Monetary Policy" prepared by staff of the Democratic Policy Committee indicates, the administration ap-

parently does not know what monetary policy it supports.

I ask unanimous consent that this special report containing contradictory quotations of administration officials on monetary policy be printed in full in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

SPECIAL REPORT

OMB Director David Stockman:

". . . Let me first say these suggestions that have appeared indicating a difference of opinion are simply newspaper chatter and intrigue. There is no difference among any of the senior economic policymakers within the Administration over the basic course of monetary policy."

Source: Senate Budget Committee, October 6, 1981.

ADMINISTRATION DISARRAY ON MONETARY POLICY

Though the Reagan Administration attempted to cover up any difference of opinion among its top economic policymakers, a clear split on monetary policy has recently appeared. As the economy failed to respond to the magic of supply-side economics and interest rates remained at unacceptable levels, some members of the Administration attempted to shift the blame to the Federal Reserve and criticized it for failing to achieve its monetary growth targets. At the same time, other Administration officials maintained their support for the Federal Reserve and its policy of extremely slow growth in the money supply.

October 2, 1981:

Treasury Secretary Donald Regan:

"What I'm saying is that we are coming to a time here where a change has to be made. . . . In the past it has seemed that in recessionary periods, at least for a while, the Fed has held too tightly to the monetary reins. . . . What we are trying to do this time, and I know the Fed is as sensitive to this as I am, is to anticipate that and not stay in a low (money) supply mode any longer than is necessary in the downturn."

Source: The Washington Post, October 4, 1981.

October 6, 1981:

"A steady slow rate of money growth, in contrast to the excessive pace of recent years, continues to be a necessary objective of the President's economic recovery program. The Federal Reserve has moved in this direction, and our support for this trend remains strong."

Source: Statement prepared by Administration economists Lawrence Kudlow (OMB), Jerry Jordan (CEA), Norman Ture (Treasury), and Beryl Sprinkel (Treasury).

October 6, 1981:

OMB Director David Stockman:

"Essentially, we believe that the Fed has done a relatively good job under the circumstances over the last ten months or so in bringing money supply growth down to a rate that is compatible with wringing the inflation out of our economy. Now, when you move from the basic policy direction to arcane arguments about whether M1–B . . . has been above or below target for the last three weeks, you know, there are going to be all kinds of different views on that. But I think it is not fruitful, it is not worthwhile to get engaged in a three-week or five-month argument over the course of M1–B."

Source: Senate Budget Committee Hearings.

October 6, 1981:

" 'We don't want to prolong this recession, which would happen' if the Federal Reserve undershoots its money supply targets, Mr. Regan said. . . . He added that money supply growth had been slower than necessary. . . . 'In a flat period, don't underdo it, don't hold down the money supply more than necessary. . . .' "

Source: The New York Times, October 7, 1981.

October 7, 1981:

"... (Treasury Secretary) Regan stuck by his earlier statements to the Post, in which he called for the Fed to aim at slightly more rapid money-supply expansion."

Source: The Washington Post, October 8, 1981.

October 7, 1981:

"Mr. Regan also said he would continue using 'verbal power'; to 'insist' that the Federal Reserve ease its monetary policy."

Source: The New York Times, October 9, 1981.

October 9, 1981:

Vice President George Bush:

"We're not going to go out and attack the Fed for doing that which it was criticized for not doing earlier. The Administration feels the Fed, in trying to control the growth of the money supply is doing the right thing."

Source: The Washington Post, October 10, 1981.

October 9, 1981:

"... (Treasury Secretary) Regan and presidential counselor Edwin Meese III told reporters in Hot Springs that the Federal Reserve may be restricting money growth more than is necessary. 'In recent weeks the money supply has less than 2 percent growth,' and that is not fast enough, Regan said. Meese said Regan had President Reagan's blessing to try to persuade the Fed to ease credit conditions more rapidly."

Source: The Washington Post, October 10, 1981.

Mr. ROBERT C. BYRD. Mr. President, I yield such time as the distinguished Senator from Wisconsin desires.

Mr. PROXMIRE. I thank the minority leader.

U.S. LEADERSHIP IN HUMAN RIGHTS VERSUS THE RATIFICATION OF THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, it has been 4 years since this body has considered the ratification of the Genocide Convention—4 years. It has been 14 years since I began speaking to this vital issue. It has been more than 30 years since President Truman submitted this document to the Senate, and still it awaits ratification.

The international community has a different configuration today, Mr. President, than it did 30 years ago. The U.S. influence pervades First and Third World countries alike. We have become a model which many developing countries have attempted to emulate.

We as a Nation espouse democratic ideals, free enterprise, and the natural rights of man. And yet, Mr. President, we have not yet endorsed the most basic human right—the right of groups to exist. And that is what the Genocide Convention does.

The significance of this omission has not been lost on our allies or our adversaries. Presidents have, without exception, since President Truman, reaffirmed our dedication to human rights. However, the failure of the Senate to ratify the Genocide Convention has weakened the legitimacy of that stance.

The United States is once again reaffirming its role in the international arena. Why have we avoided taking the step that would counter the accusation that our dedication to human rights is flawed, or even hypocritical?

Over time, all of the major opposition has been answered. If for no other reason than to act in our own self-interest, ratification will dissipate the embarrassing dichotomy between our failure to act and our traditional leadership in support of human rights.

Mr. President, I urge my colleagues to remedy that contradiction by ratification of the Genocide Convention.

Mr. President, I yield the floor.

Mr. ROBERT C. BYRD. Mr. President, I yield to the distinguished acting Republican leader.

Mr. STEVENS. I thank the Senator from West Virginia.

TELECOMMUNICATIONS COMPETITION AND DEREGULATION ACT OF 1981 (S. 898)

TECHNICAL CORRECTIONS

Mr. STEVENS. Mr. President, I ask unanimous consent that certain technical corrections be made in the engrossment of S. 898 which was passed by the Senate on October 7, 1981. I send the corrections to the desk.

The PRESIDING OFFICER. The clerk will read the corrections.

The assistant legislative clerk read as follows:

In the amendment proposed to be inserted on page 128, between lines 2 and 3 (relating to reasonable rates in Alaska), insert "provide" before "interexchange" in the first sentence.

On page 114, line 7, strike "and facilities" after "service".

In the amendment proposed by Senator Stevens (relating to the Postal Service) strike "90" and strike "on a fully auditable and compensatory basis".

On page 175, insert the following between lines 9 and 10:

"(d) Nothing in this Act shall be construed to authorize the transfer of any telecommunications service or telecommunications facility from the dominant-regulated carrier to the fully separated affiliate prior to a finding by the Commission (pursuant to paragraph (2) of subsection (b)) that such service or facility is subject to effective competition.".

In the new section entitled "SPECIAL PROCUREMENT AND OPEN MARKET SALES REQUIREMENTS" strike "international" and substitute "internal".

Mr. STEVENS. Mr. President, these are technical corrections to be made in the engrossment of S. 898 which, I understand, have been approved on both sides and have been cleared with the committee having jurisdiction of the bill. They do correct inadvertent errors that were made in the amendments that I offered at the time the bill was before the Senate. I ask that the technical corrections be approved.

The PRESIDING OFFICER. Without objection, the technical corrections are agreed to.

Mr. STEVENS. I move to reconsider the vote by which the technical corrections were agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The text of the bill, S. 898, as passed by the Senate on Wednesday, October 7, 1981, with the foregoing technical corrections, is as follows:

[The text of the bill S. 898 appears in the RECORD following today's Senate proceedings on pages 23013 to 23030.]

ORDER OF BUSINESS

Mr. STEVENS. Mr. President, may I inquire if the distinguished President pro tempore has any use for the majority leader's time at this time?

Mr. THURMOND. I thank the Senator very much. I do not.

Mr. STEVENS. The Senator from West Virginia yielded to me, did he not?

Mr. ROBERT C. BYRD. Yes; Mr. President, I yield the remainder of my time to the distinguished Senator from Alaska.

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR ROBERT C. BYRD

The PRESIDING OFFICER. Under the previous order, the Senator from West Virginia (Mr. ROBERT C. BYRD) was to be recognized for not to exceed 15 minutes.

Mr. PROXMIRE. Mr. President, the distinguished minority leader, Senator ROBERT C. BYRD, has told me that I could use part of his time. I ask unanimous consent that I be allowed to be recognized in his time.

The PRESIDING OFFICER. Without objection, it is so ordered.

WHAT IS WRONG WITH FREEZING MILK PRICES FOR THE NEXT 3 YEARS?

Mr. PROXMIRE. Mr. President, a case can be made for reducing milk price supports from the 80-percent level they have enjoyed for the past 7 years to 75 percent.

After all, that kind of action was taken in the past when the acquisition of milk by the CCC in 1967 became very costly and the surplus exceeded the present surplus. Production and acquisition fell off. Dairy farmers suffered a hard time. More of them dropped out of business, but they did not suffer the wholesale disaster that a 4-year freeze on dairy prices would impose if the administration supported and Senate-passed bill becomes law. That proposal will mean that for the next 3 years, dairy prices would remain at the level they achieved on October 1, 1980—1 year ago.

Altogether that means a 4-year freeze on dairy prices. Since that freeze went into effect a year ago, the consumer price index has risen about 12 percent. The prices paid by dairy farmers has risen even more. If prices continue to rise during the next 3 years at 10 percent per year, that will mean a loss in net income to the average dairy farmer in this country of a savage 70 percent. It could begin the destruction of the family dairy farm. It would ruin a dairy price support program that has served the Nation well.

Let me just spend a minute or two recapitulating that.

Since 1949 the basic 75 percent to 90 percent dairy price support program has been the law of the land. That has not been a bonanza for dairy farmers. The number of dairy farms in the country has declined by two-thirds. That is another way of saying that two-thirds of the dairy farmers in the country could not make it with the price support program that we have had on the books for the past 32 years. And yet this basic law has maintained the family farm as the fundamental production unit for dairy products. And it has permitted a vast increase in efficiency. Consider: In 1949 the Nation was supplied milk from 405,000 dairy farms. In 1981, our milk comes from 166,000 dairy farms. The overwhelming majority of those farms were in 1949, and are in 1981, run not by corporations or cooperatives, but by individual farm families with husband, wife, and children providing the labor. Today with that labor reduced by 60 percent, 166,000 farm families produce 10 percent more milk than 405,000 dairy families produced in 1949.

I challenge anyone, any Senator or anyone else, to find any significant nonagricultural sector of the economy that can compare in productivity improvement with this smashing record of dairy farmers under the dairy price support provisions of the 1949 farm bill.

You ask, "How about the consumer?" Well, the consumer has found dairy prices rising less rapidly during this 32-year period than the price of other food. He has found that on the average the American worker can buy a quart of milk or a pint of ice cream today for the wages it took her or him twice as much time to earn in 1949 when this basic law went into effect. So the typical consumer finds herself twice as well off in buying dairy products today as the year when this basic law went into effect.

And how about the taxpayer? The charges that this dairy program costs billions simply will not stand up. Throughout its 30-year life, the cost to the taxpayer of maintaining an assured and productive source of nature's perfect food has been about $300 million a year, less than one two-thousandths of the budget.

Mr. President, let us recognize the facts of life: The dairy farmer will take it on the chin during the next several years. We know it. He knows it. He is in for a miserable 3 or 4 years or more. But let us be reasonable about this.

The Senate bill would, in effect, freeze the price the dairy farmer can receive for his milk from the level of a year ago, that is, October 1, 1980, until at least October 1, 1984. I challenge any Senator or anyone else to show me any other group in this country who will suffer anything like that kind of economic disaster: A price freeze for his product at a time when we suffer the worst peacetime inflation in the history of our country. Everyone else will be pushing up their wages and prices, some more than others. But all of them will be getting more, at least in nominal terms, than dairy farmers. Keep in mind that this is far worse for the dairy farmer than simply having his income frozen at last year's level while the cost of living goes up.

Why worse? Because before the farmer and his wife can have anything available for buying the food and clothing and housing and transportation and other costs they must pay, they will have to pay more for what they must have to keep their dairy farm operating—more for everything from feed and seed, and gasoline and electricity, equipment repair and replacement, and veterinary service, barbed wire and baler twine—the list goes on endlessly.

After paying higher prices out of the fixed price he receives, the dairy farmer will obviously have less, much less, as I said, the University of Wisconsin figures on the average 70 percent less for his family's living expenses. And those living expenses are dead certain to climb.

Mr. President, we have to observe a specific, typical farm family situation to appreciate how devastating this is. The farm family that found they had last year $15,000 for their living expenses will now find they have less than $5,000 and that $5,000 in 1982 will buy less, much less, than in 1981. In 1983, it will buy even less and in 1984, the sacrifice will be even crueler. That is the Senate bill.

The House bill is very rough indeed. The farmer would still have no increase in dairy price supports until October 1, 1982. That would make a full 2 years—since October 1, 1980—with no increase in spite of inflation. But under the House bill, the price support level could increase a year from now—that is, October 1, 1982—to 70 percent of parity.

That is still very low by any past standard. Many dairy farmers would have to quit under these circumstances. But at least it would be better than under the catastrophic—I repeat, catastrophic—Senate bill. I hope and pray that our Senate colleagues on the conference committee get the message.

From the standpoint of the family farmer, from the standpoint of the consumer, from the standpoint of the taxpayer, and certainly from the standpoint of simple justice, the Senate conferees should accept the House position on dairy provisions.

Mr. President, this is why, with regret, I have kept objecting to permitting the Secretary of Agriculture to act as if the 1949 law did not exist. Under the 1949 law, it is the law of the land that dairy prices will be supported at 75 percent of parity. Until we act on the 1981 farm

bill, it will be necessary for the Department of Agriculture to act accordingly. For that reason, I am going to have to continue to do my best to see that the provisions in the Senate bill do not go into effect, and that we stand tough, stand by that 1949 act.

Mr. President, I yield the floor.

ORDER OF BUSINESS

Mr. MOYNIHAN. Mr. President, may I inquire what time remains under the special order?

The PRESIDING OFFICER. Six and one-half minutes.

Mr. MOYNIHAN. I thank the Chair.

Mr. President, I should like to proceed on a matter which will take somewhat longer than that. If the Chair would have the kindness to tell me at what hour morning business commences, I should like to ask permission to continue into that time.

The PRESIDING OFFICER. The Chair will do that.

Mr. MOYNIHAN. I thank the Chair for his courtesy.

A WELCOME EVENT

Mr. MOYNIHAN. Mr. President, this morning's New York Times reports an important welcome and long overdue event at the United Nations. According to the Times, our distinguished Ambassador, the Honorable Jeane J. Kirkpatrick, has privately written to some 40 nations asking that they explain their support for a document which contains, and I quote from her letter, "base lies and malicious attacks upon the good name of the United States."

At another point, the letter says, "Your Excellency, I think you no more believe these vicious lies than I do, and I do not believe they are an accurate reflection of your Government's outlook."

At this point, Mr. President, I ask unanimous consent that there be printed in the CONGRESSIONAL RECORD the report of this event, written by the well-known journalist, Mr. Bernard Nossiter.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

MRS. KIRKPATRICK ASKS 40 NATIONS TO EXPLAIN THEIR ANTI-U.S. STAND

(By Bernard D. Nossiter)

UNITED NATIONS, N.Y.—Jeane J. Kirkpatrick, the American delegate, has privately asked 40 nations to explain their support for a document of "base lies and malicious attacks upon the good name of the United States."

The letter, addressed to third-world nations that identify themselves as nonaligned, was sent on Oct. 6, Mrs. Kirkpatrick said. It complained of the "vicious and erroneous language" in a communique issued after a meeting Sept. 28 of foreign ministers and delegation heads from 93 third-world nations.

Mrs. Kirkpatrick also says that many of those to whom she wrote have responded favorably. She would not name them, on the ground that it "would be inappropriate."

WHAT ARE WE TO THINK

Diplomats here could not recall a letter to match the tone of Mrs. Kirkpatrick's. "Your Excellency, I think you no more believe these vicious lies than I do," she wrote, "and I do not believe they are an accurate reflection of your Government's outlook. And yet what are we to think when your Government joins in such charges, for that is what you have done in failing to disassociate yourself from them."

Mrs. Kirkpatrick concluded by telling the mission chiefs, "I would very much appreciate hearing from you about it."

Several delegates to the meeting have commented in private that the communique, a 21-page summary of the state of the world, was one-sidedly anti-American. Some attributed this to the chairmanship of Cuba's Foreign Minister, Isidoro Malmierca, Egypt and Pakistan succeeded in changing language they considered too harsh on the United States.

Other delegates said because of third-world opposition to the Reagan Administration's growing ties to South Africa and its proposed "strategic alliance" with Israel, there had been no disposition to challenge passages assailing the United States.

The third-world bloc does not vote on such documents. It approves them by consensus, which means that any passage can be stricken on the objection of one member.

Members of the third-world group range from close allies of the Soviet Union, like Ethiopia, Afghanistan and Vietnam, to stauch friends of the United States, like Singapore, Somalia and Egypt. Most of the 93 nations, however, swing between the United States and the Soviet Union, depending on the issue being discussed.

Mrs. Kirkpatrick said she chose the 40 recipients of her letter on the basis of personal contact that she or a senior American official had had with the foreign missions. In effect, she chose missions regarded as friendly to the United States.

Mrs. Kirkpatrick said today that she had received 15 replies and all of them accepted her thesis. Delegates from nine nations, she said, told her, "We don't believe it," meaning that they do not accept the attacks on the United States. Three others said they were not present at the meeting, and three showed her letters they had sent, disassociating themselves from the document. She added that she expected further favorable replies.

A random check of some missions turned up a cooler response. Yusufu Maitima Sule of Nigeria said that his Government was studying the letter and that "there will be no rush to reply." Ghassan Tueni of Lebanon said he had spoken with Mrs. Kirkpatrick personally and told her he did not agree with her letter.

"I told her," he said, "that if she wanted more than polemics, she should abandon the epistolary style and meet with some of us."

This was an allusion to Mrs. Kirkpatrick's recent absences from the United Nations.

In her letter, Mrs. Kirkpatrick contended that the communiqué "has no more claims to being truly nonaligned than does the Permanent Mission of Cuba, which issued it."

She singled out two examples of what she called "absurd and erroneous charges" and "fabrications and vile attacks." One was the document's assertion that the United States had committed aggression when the Navy in August shot down over the Gulf of Sidra off the Libyan coast two Libyan planes that Washington had said fired first. The other instance was the communiqué's claim that the United States was trying to "destabilize" Grenada and Nicaragua.

NO CRITICISM OF RUSSIANS

Mrs. Kirkpatrick was indignant over the absence of criticism of the Soviet Union in the communiqué "in a year which sees a continuing military occupation of Afghanistan, Cambodia and Chad."

About 85,000 Soviet troops remain in Afghanistan. Cambodia is governed by a regime installed by Vietnam, a country closely tied to the Soviet Union. Libya, also pro-Soviet, has stationed troops in Chad since last December.

Mr. MOYNIHAN. Mr. President, I wish to explain to the Senate that Ambassador Kirkpatrick was referring to the communique, issued upon the meeting of the Ministers of Foreign Affairs and heads of delegations of the nonalined countries to the 36th session of the General Assembly. This meeting took place on the 25th and the 28th of September.

I ask unanimous consent that this communique be printed in the RECORD in order that the Senate and, the public at large, should know what was agreed to.

There being no objection, the communique was ordered to be printed in the RECORD, as follows:

SEPTEMBER 30, 1981.

Permanent Representative of Cuba to the United Nations addressed to the Secretary-General

I have the honour to request you to circulate to Member States the attached communiqué of the Meeting of the Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th Session of the General Assembly, as an official document of the General Assembly, under items 12, 14, 19, 22, 26, 28, 31, 32, 33, 34, 35, 36, 37, 39, 40, 41, 42, 43, 44, 48, 49, 50, 55, 56, 58, 64, 65, 69, 82, 92, 95 and 131, and of the Security Council.

Raúl Roa Kouri,
Ambassador,
Permanent Representative of Cuba.

COMMUNIQUE

I

1. The Ministers of Foreign Affairs and Heads of Delegation of the Non-Aligned Countries to the 36th Session of the United Nations General Assembly held their meeting at the Headquarters of the Organization on 25 and 28 September 1981, with a view to considering their actions in connection with the items to be considered during the current session which are of special concern to the non-aligned countries.

2. The meeting welcomed the independence of Belize, greeted its entry into the United Nations and admitted it as a full member of the Movement of Non-Aligned Countries. The Meeting also considered and approved the admission of Ecuador as a full member of the Movement. The steady growth in the number of non-aligned countries is a testimony to the growing relevance and importance of the policy of non-alignment and the Movement of Non-Aligned Countries.

3. The Meeting took note of the Chairman's Report on the activities of the non-aligned countries since the Ministerial Conference held in New Delhi, and urged all non-aligned countries to continue their efforts towards the fulfillment of the decisions taken by the VI Summit Conference as well as those of the above-mentioned Ministerial Conference and the Extraordinary Ministerial Meeting of the Coordinating Bureau on Namibia held in Algeria.

4. The Meeting expressed satisfaction that the Eighth Emergency Special Session of the United Nations General Assembly called upon all States, in view of the threat to international peace and security posed by the apartheid regime of South Africa, to impose against that country the comprehensive mandatory sanctions in accordance

with the provisions of the Charter and to cease all dealings with the apartheid regime of South Africa in order to totally isolate that country. The Ministers and Heads of Delegations committed themselves fully to the implementation of the resolution adopted by the Eighth Emergency Special Session of the General Assembly.

5. The Meeting took note of the report by the Foreign Ministers of Cuba, India and Zambia and the Head of the Political Department of the Palestine Liberation Organization to bring about a peaceful solution to the conflict between Iran and Iraq. The Meeting commended these endeavors and requested them to continue their important efforts in accordance with the mandate given to them by the Conference of Ministers of Foreign Affairs of Non-Aligned Countries, held in New Delhi.

The Ministers of Foreign Affairs and Heads of Delegations took note with great satisfaction of the decision unanimously adopted by the 18th Summit Conference of the Heads of State and Government of the Organization of African Unity regarding the candidature of H.E. Mr. Salim Ahmed Salim, Minister of Foreign Affairs of the United Republic of Tanzania to the post of Secretary-General of the United Nations and decided to fully support this candidature.

II

6. The Ministers and Heads of Delegations noted with great concern that the 36th Session of the General Assembly of the United Nations is being held in an atmosphere of continuing deterioration of international peace and security. As assessed by the VI Conference of Heads of State or Government of Non-Aligned Countries held in Havana in September 1979 and reiterated by the Ministerial Conference of Non-Aligned Countries held in New Delhi in February 1981, the crisis in the process of detente, the policy of bloc rivalry and spheres of influence, manifested in the senseless and very dangerous escalation of the arms race, particularly in its nuclear aspect, and the total suspension of meaningful negotiations on the halting and reversal of the arms race and the obsession to negotiate from positions of strength, the use or threat of use or force, aggression, military intervention, foreign occupation, involving the introduction and presence of foreign troops, mercenaries or irregulars under any pretext whatsoever against the sovereignty, independence and territorial integrity of States, and interference in their internal affairs, and in the obstruction of the struggle of the peoples under colonial or alien domination for self-determination and national independence; the continued existence and aggravation of focal points of tension and aggression, particularly in the Middle East, Southern Africa, South-West Asia, South-East Asia, North-East Asia, the Caribbean and Central America, have brought the world closer to the brink of a worldwide conflict. Such a policy is leading to the resurgence of the cold war to new and alarming proportions thus increasing the danger of war and the total annihilation of mankind.

The Ministers and Heads of Delegations reiterated their concern over the acceleration of the arms race, particularly in the nuclear armaments race, the stockpiling of all kinds of weapons of mass destruction, the development of newer and more destructive and lethal weapons systems such as the neutron bomb, as well as attempts to promote new and dangerous concepts of "limited nuclear war" aimed at blurring the distinction between nuclear and conventional warfare. They emphasized the special role and responsibility of the Great Powers in halting and reversing the arms race, in particular the nuclear arms race, and called upon them to immediately and resolutely start with the serious negotiations aiming at the elimination of the threat of a global nuclear war and the implementation of disarmament measures with a view to achieving general and complete disarmament. In this connection, the Ministers and Heads of Delegation urged all member States to exert their maximum efforts for the success of the Second Special Session of the General Assembly of the United Nations devoted to disarmament, to be held in 1982.

The Ministers and Heads of Delegation recalled the very important appeal made at their Conference in New Delhi, in which they called upon all nations and peoples and their leaders to earnestly work for the avoidance of war and the consolidation of international peace and security through the implementation of the principle of active peaceful coexistance in relations among all States, the avoidance of measures leading to confrontation, the elimination of foreign intervention and interference in the internal affairs of States; for strict adherence to the principles of the non-use or threat of use of force; for non-acquisition of territories by force; for the peaceful settlement of disputes; for the halting and reversal of the arms race, particularly the nuclear arms race; for the exercise of the right to self-determination and independence of peoples under colonial, alien and racist domination as well as under foreign occupation; for full respect for the sovereignty and national independence of all countries; for consistent adherence to the obectives, principles and provisions of the Charter of the United Nations, and for urgent practical measures aimed at the establishment of a New International Economic Order. The Ministers and Heads of Delegations urged the Great Powers to work for a relaxation of international tensions. They stated that the process of detente should be universal in scope and in geographic applications. They stressed that security for all States must be ensured and that all States, particularly non-aligned countries, must actively participate on an equal footing in the peace-preserving process.

The Meeting recalled the conclusion of the Ministerial Conference held in New Delhi to encourage efforts for the general reduction of tensions and to oppose foreign interference and intervention from whatever quarter in Africa, Asia, Latin America and Europe. To that end, the Meeting decided to intensify efforts by the non-aligned countries for the early adoption by the General Assembly of the United Nations of the Declaration of Inadmissibility of Intervention and Interference in Internal Affairs of States.

III

The Ministers and Heads of Delegations recalled that the holding of the meeting of the Security Council, in accordance with the decision of the Extraordinary Ministerial Meeting of the Coordinating Bureau of the Movement of Non-Aligned Countries in Algiers was intended to impel and promote the just cause of the people of Namibia.

The Ministers and Heads of Delegation noted with regret and concern that the Security Council had fallen short of its fundamental responsibility for the maintenance of international peace and security when the Resolutions proposing comprehensive and mandatory sanctions against South Africa under Chapter 7 of the Charter of the United Nations met with the veto of the three Western Permanent Members of the Council, on 30 April 1981.

They reaffirmed that Namibia is the legal responsibility of the United Nations until it reaches true self-determination and national independence, in accordance with Resolution 435 (1978) to the Security Council and with the relevant Resolutions of the United Nations General Assembly, inter alia, Resolutions 2145 (XXI) of 27 October 1966 and 2248 (S–V) of 19 May 1977.

They firmly rejected certain maneuvers aimed at undermining the international consensus as expressed in Resolution 435 (1978) of the Security Council and to despoil the oppressed people of Namibia of its hard-won victories in its national liberation struggle.

The Ministers and Heads of Delegation expressed their grave concern about the threat to international peace and security posed by racist South Africa's continued illegal occupation of Namibia, its repeated wanton and unprovoked acts of aggression against neighboring States, its reprehensible policy of apartheid, and its acquisition in collaboration with certain western countries of nuclear weapons.

The Meeting expressed its deep concern over the rapidly deteriorating situation in South Africa itself as characterized by the stepped-up brutal oppression, militarization of the entire country, as well as the murder of ANC leaders and activities. In reaffirming the nonaligned position that there would be no peace, stability and security in southern Africa until the apartheid system is destroyed and replaced by a democratic society, the Meeting renewed its unswerving support for the national liberation movements recognized by the Organization of African Unity. The Meeting commended the National Liberation Movements of South Africa, particularly the African National Congress, for the intensified mass political mobilization and armed action against strategic installations. It also commended the people of New Zealand and the United States of America for their resolute opposition to the Springboks rugby tour to these two countries undertaken in violation of the United Nations position calling for the severance of sports ties with South Africa. The Meeting called for the strengthening of the world campaign for the unconditional release of Nelson Mandela and all political prisoners, for the securing of Prisoner-of-War status to all captured freedom fighters, and for the comprehensive and mandatory sanctions against the apartheid regime of South Africa.

They further forcefully condemned the fact that the apartheid regime of South Africa has persistently refused to comply with the decisions and Resolutions of the United Nations providing for Namibia's transition to independence. In this regard, they deplored the recent vetos in the Security Council by three Western Permanent Members of the Council of proposals for the imposition on racist South Africa of comprehensive and mandatory sanctions under Chapter VII of the United Nations Charter

The Ministers and Heads of Delegation reaffirmed that Security Council Resolution 435 (1978) endorsing the United Nations Plan for the Independence of Namibia is the only basis for a negotiated settlement of the Question of Namibia and demanded the immediate commencement of the unconditional implementation of that resolution without prevarication, qualification or modification and not later than 31 December 1981.

The Meeting reaffirmed its support for South West Africa People's Organization as the sole and authentic representative of the Namibian people and called upon member States to render increased and sustained support, and material, financial military and other assistance to the South West Africa People's Organization to enable it to intensify its struggle for the liberation of Namibia.

The Meeting further expressed its satisfaction that, pursuant to the VI Summit Conference decision, a Non-Aligned Solidarity Fund for Namibia has been established. The Ministers and Heads of Delegation decided that a Pledging Conference for the

Fund should be held in New York in November 1981, and they called upon all members, observers and guests of the Movement of Non-Aligned Countries to contribute generously to the Fund.

The Meeting strongly condemned the apartheid regime of South Africa for using its armed forces, mercenaries and its puppets for its massive aggression against Angola. It deplored the action of the United States in preventing the Security Council, by the exercise of the veto, from discharging its responsibilities in the face of unprovoked aggression by South Africa against Angola. This action has encouraged the racist authorities of Pretoria into new acts of military aggression and adventures. The Meeting demanded that the apartheid regime of South Africa pay reparations to the Government of Angola for the damage inflicted resulting from that aggression. The Meeting called upon member States to extend all support and assistance, including military assistance, to the Front Line States in order to assist them in defending their sovereignty and territorial integrity.

The Ministers and Heads of Delegation noted with satisfaction the decisions adopted by the Eighth Conference of Heads of State and Government of the Organization of African Unity and its committee of implementation, regarding the organization of a general and free referendum of self-determination in the territory of Western Sahara.

The Ministers and Heads of Delegation were convinced that the immediate implementation of these decisions would ensure the full exercise by the people of Western Sahara of their inalienable right of self-determination in accordance with the United Nations General Assembly Resolution 1514 (XV), the principles of the Movement of Non-Aligned Countries and the United Nations Charter and would also fulfill the aspirations of the peoples of the region for peace, stability and cooperation.

IV

The Ministers and Heads of Delegation recalled the declaration of the VI Summit Conference in Havana in September 1979 and the Ministerial Conference that was held in February 1981 in New Delhi and reaffirmed that the Question of Palestine is at the core of the problem of the Middle East, and that any solution to this conflict demands, on the one hand, the exercise by the Palestinian people of their inalienable rights, including the right of return, the right to self-determination, and the right to establish their sovereign and independent State in Palestine and, on the other hand, the complete and unconditional withdrawal by Israel from all Palestinian and Arab territories occupied since 1967, including Jerusalem.

The Meeting called upon all States to assist and facilitate actions and movements by the Palestinian people, under the leadership of the Palestine Liberation Organization, to pursue its efforts and legitimate struggle to achieve its inalienable rights, including the right of return, right of self-determination and right to establish its own independent sovereign State in Palestine, in the context of a comprehensive and just settlement that would ensure peace and stability in the region.

The Meeting condemned all initiatives to impose those provisions of the Camp David Accords purporting to determine the future of the Palestinian people and Palestinian territories occupied by Israel in spite of the fact that the United Nations General Assembly resolution declared that those provisions had no validity. They also condemned any partial or separate solution and any agreement that would harm the rights of the Arab countries and the Palestinian people; violate the principles and resolutions of the Movement of Non-Aligned Countries in the United Nations General Assembly or prevent the liberation of Jerusalem and the occupied Palestinian and Arab territories and the attainment and full exercise by the Palestinian people of their inalienable national rights.

The Ministers and Heads of Delegation condemned Israeli policies of aggression and expansionism intensified recently against the Palestinian people, in particular in the territories occupied since 1967, the expropriation of land, the establishment of settlements and the usurpation of water and other natural resources which are considered essential for the livelihood of the Palestinian people.

They recalled Security Council Resolutions 465 (1980) and 478 (1980) and condemned the promulgation of the "fundamental law on Jerusalem" as well as all other measures tending to alter the demographic composition, the geographic character and the institutional structure of the occupied Arab territories.

The Ministers and Heads of Delegation strongly condemned Israeli measures aiming at the Judaization of the Holy City of Jerusalem including the ongoing excavations under and around the Moslem holy places of worship.

Furthermore, they expressed their most profound concern over the continuing deep diggings and excavations beneath the Al-Aqsa Mosque and the Dome of the Rock within the Harem al-Shareef holy sanctuary in Jerusalem which threaten the collapse of these millenia-old structures. They endorsed the UNESCO resolution of 11 September 1981 to place East Jerusalem on UNESCO's World Heritage Committee list, in order to safeguard the cultural and historical sites in the City.

The Ministers and Heads of Delegation denounced the project for the digging of a canal joining the Mediterranean and Dead Seas and declared that its opening would constitute an act of aggression that would threaten international peace and security. They called on all countries not to provide Israel with human or moral support, or political and economic assistance, including the necessary equipment for the construction of this canal.

The Meeting condemned Israeli policies and practices aimed at imposing the Israeli nationality on Syrian citizens under Israeli occupation in the Golan Heights.

The Ministers and Heads of Delegation recalled Resolution ES-7/2, adopted by the General Assembly at its Emergency Special Session (July 1980) and noted with grave concern that since that date the recommendations of the General Assembly and of the Committee on the Exercise of the Inalienable Rights of the Palestinian People have not yet been implemented. They invited the Security Council to consider the situation and adopt measures without further delay with a view to enabling the Palestinian people to exercise their inalienable rights. They condemned the hostile position of the Government of the United States of America towards the inalienable national rights of the Palestinian people and its sole legitimate representative, the Palestine Liberation Organization.

The Ministers and Heads of Delegation decided that an extraordinary meeting of the Coordinating Bureau at the Ministerial level should be held at the appropriate time to undertake an evaluation of the situation and take practical measures to strengthen comprehensive assistance to the struggle of the Palestinian people and to attain and freely exercise its inalienable rights under the leadership of the Palestine Liberation Organization.

V

The Ministers and Heads of Delegation expressed grave concern at the continued escalation of the barbaric attacks by Israel on southern Lebanon and Palestinian refugee camps in Lebanon. They recalled that the Sixth Summit Conference considered that aggression, carried out by land, sea and air, as tantamount to genocide of the Lebanese people and the Palestinian refugees, with Israel using the most sophisticated weapons supplied by the United States of America.

The Ministers and Heads of Delegation noted with concern that the Government of the United States is currently engaged in the conclusion of a "strategic alliance" in the Middle East instead of participating in the endeavors to achieve a comprehensive and just solution based on Israel's total and unconditional withdrawal from all the occupied Palestinian and Arab territories and the restoration of the inalienable rights of the Palestinian people. They declared their grave concern over the development of the "strategic cooperation" between the Governments of the United States of America and Israel, which confirms the role of the latter as a true bridgehead of imperialism, as an element threatening the stability of the countries in the Middle East region as well as international peace and security.

The Ministers and Heads of Delegations strongly condemned the naked Israeli aggression on the Iraqi nuclear installations devoted exclusively to peaceful purposes as an act of state terrorism and a blatant violation of the sovereignty of a non-aligned country. The Meeting reaffirmed the inalienable right of non-aligned countries to develop nuclear energy for peaceful purposes in conformity with their priorities, interests and needs. The Ministers and Heads of Delegation reaffirmed the General Assembly resolutions concerning Israeli nuclear armaments, the Security Council Resolution 487 of 18 June 1981, and demanded that Israel comply with said Resolutions. In particular, the Meeting called upon the Security Council to take effective measures against Israel in accordance with Chapter VII of the United Nations Charter, and they pledged themselves to work at the 36th Session of the General Assembly to adopt decisions that will prevent Israel from committing further acts of aggression and force it to comply with the norms of international law, the principles of the Charter and the provisions of the relevant resolutions of the United Nations.

The Non-Aligned Countries called upon all States, and especially the United States of America, to refrain from giving Israel any human, military, political or economic assistance that might encourage it to pursue its aggressive policies against the Arab countries and the Palestinian people.

The Ministers and Heads of Delegation reiterated their support for Lebanon's sovereignty, territorial integrity, unity and political independence, and called for the full implementation of Security Council Resolution 425 (1981). They condemned continued Israeli aggression and acts of violence against Lebanon and interference in Lebanon's national affairs. They condemned, in particular, the recent Israeli raids on South Lebanon and Beirut, which caused heavy casualties among the Lebanese civilian population and extensive damage to property. In that context, they recalled Security Council Resolution 490 (1981), which reads as follows:

"*The Security Council,*

"*Reaffirming* the urgent appeal made by the President and the members of the Security Council on 17 July 1981 (S/14599) which reads as follows:

"The President of the Security Council and the members of the Council, after hearing the report of the Secretary-General, express their deep concern at the extent of the loss of life and the scale of the destruction caused by the deplorable events that have been taking place for several days in Lebanon.

"They launch an urgent appeal for an immediate end to all armed attacks and for the greatest restraint so that peace and quiet may be established in Lebanon and a just and lasting peace in the Middle East as a whole.

"*Taking note* of the report of the Secretary-General in this respect,

"1. *Calls* for an immediate cessation of all armed attacks;

"2. *Reaffirms* its commitment to the sovereignty, territorial integrity and independence of Lebanon, within its internationally recognized boundaries;

"3. *Requests* the Secretary-General to report back to the Council on the implementation of this resolution as soon as possible and not later than 48 hours from its adoption."

And supported its contents. They called further for the restoration of Lebanese Government authority over all its territory within its internationally recognized borders. They welcomed the decisions of the Arab Summit Conferences to solve the Lebanese crisis.

The Ministers and Heads of Delegation endorsed the Report of the Mission of the Coordinating Bureau of Non-Aligned Countries that visited Lebanon in August 1981 at the request of Yasser Arafat, Chairman of the Executive Committee of the Palestine Liberation Organization.

VI

The Meeting considered the situation in Cyprus and reaffirmed its support for the independence, sovereignty, territorial integrity, unity and non-alignment of the Republic of Cyprus and reiterated its solidarity with the Government and people of Cyprus. The Ministers and Heads of Delegation expressed the hope that the intercommunal talks currently held under the auspices of the Secretary-General will be conducted in a more substantive, constructive and result-oriented manner in order to bring about, without further delay, a just solution of the problem in accordance with the relevant United Nations resolutions, the Non-Aligned decisions and Declarations, and the High Level Agreements. The Ministers and Heads of Delegation requested the Contact Group of the non-aligned countries to have the situation under constant review and take action as appropriate.

The Meeting expressed deep concern over the dangerous and increasing concentration of weapons in Europe and other parts of the world and a heightened tension in the continent that deepens block confrontation and threatens the peace and security of European States. It commended positive cooperation among the non-aligned and neutral States at the Conference on Security and Cooperation in Europe and called upon all participating States to cooperate in the efforts to implement the Helsinki Final Act in all its parts, including that on the Mediterranean. It supported the request of the non-participating Mediterranean States and other interested parties to participate fully in deliberations of the Conference on Security and Cooperation in Europe on all matters concerning the situation in the Mediterranean with the view to eliminating hotbeds of crisis and areas of tension in the region and convert it into a zone of peace and cooperation.

The Ministers and Heads of Delegations expressed deep concern over the aggression by the United States of America against the Libyan Arab Jamahiriya on 19 August 1981. They considered that that aggression constitutes a threat as well as flagrant violence against the sovereignty, independence and territorial integrity of non-aligned countries in the region, which advocate the creation of a zone of peace and cooperation in the Mediterranean, and a threat to international peace and security.

VII

The Ministers and Heads of Delegation recalled that the New Delhi Conference of Ministers of Foreign Affairs of Non-Aligned Countries in February 1981 had expressed grave concern over the growing buildup of Great Power military presence in the Indian Ocean area and that despite the expressed wishes of the Littoral and Hinterland States of the Indian Ocean, military activity in all forms and manifestations of the Great Powers in the Indian Ocean areas had intensified and that there had been a marked deterioration in the climate of peace and security in the area. The Meeting, seriously concerned at the dangerous tension caused by the expansion of the existing foreign bases, military installations, logistical supply facilities, the disposition of nuclear weapons and weapons of mass destruction, as well as the search for new base facilities in the Indian Ocean area, recalled that the Ministers in New Delhi had warned of the dangers of any actions that would provide pretexts for the intervention or the presence of the Great Powers in the area. In this connection, it also noted with regret that the Ad Hoc Committee on the Indian Ocean had been prevented by some Great Powers and major maritime users from finalizing a date for the convening of the Conference on the Indian Ocean scheduled to be held in Sri Lanka to achieve the objectives of the Declaration of the Indian Ocean as a Zone of Peace. The failure of the Committee to take a decision on the date of the Conference had frustrated the desire of all Non-Aligned Littoral and Hinterland States of the Indian Ocean who, supported by all other Non-Aligned Countries, have been working persistently for nearly ten years in pursuit of their goal of realizing the objectives contained in the non-aligned initiatives for the declaration of the Indian Ocean as a Zone of Peace, first adopted by the General Assembly in 1971.

The Ministers and Heads of Delegations reaffirmed their determination to work for the convening not later than the first half of 1983, of the Conference on the Indian Ocean in Sri Lanka and reiterated their hope and expectation that all the Great Powers and other major maritime users would participate in this Conference in a constructive spirit while at the same time initiating the process of reducing their military presence in the Indian Ocean area.

In this context, the Ministers and Heads of Delegation also welcomed, as in the New Delhi Conference, the initiative of the President of the Democratic Republic of Madagascar to convene a summit conference on the Indian Ocean, to be held in Tananarive.

VIII

The Ministers and Heads of Delegation were gravely concerned over the continuing tensions and conflicts in the South East Asian region that have affected State members of the Movement of Non-Aligned Countries and expressed that the tension in and around Kampuchea should not escalate over a wider area and that efforts should be directed towards a comprehensive peaceful political solution based on the principles of non-interference in the affairs of sovereign States and on the inadmissibility of the use of force against sovereign States. Such a political solution, as expressed in the Declaration of the New Delhi Conference of Ministers of Foreign Affairs of Non-Aligned Countries held in February 1981, would provide for the withdrawal of all foreign forces, thus ensuring full respect for the sovereignty, independence and territorial integrity of all States in the region including Kampuchea. Noting the various efforts made in this direction, they hoped that constructive efforts would be made towards dialogue that will lead to the resolution of differences among all States in the region and to the establishment of durable peace and stability in the area as well as the elimination of the involvement of and threats of intervention by outside powers.

The Ministers and Heads of Delegation reaffirmed the right of the people of Kampuchea to determine their own destiny free from foreign interference, subversion and coercion and expressed the hope that through a process of negotiations and mutual understanding a climate conducive to the exercise of that right would be created.

The Ministers and Heads of Delegation also noted with approval the efforts being made for the early establishment of a zone of peace, freedom and neutrality in the region and called upon all States to extend their fullest support to these efforts.

IX

The Ministers and Heads of Delegation noted with grave concern that the situation in South West Asia carries dangerous consequences for the peace and stability of the region and that its continuation poses serious implications for international peace and security. In this context, they viewed the situation in Afghanistan with particular concern. They recalled in this regard the urgent call made by the Ministers of Foreign Affairs of the Non-Aligned Countries for a political settlement on the basis of the withdrawal of foreign troops and full respect for the independence, sovereignty, territorial integrity and non-aligned status of Afghanistan and strict observance of the principle of non-intervention and non-interference. While reaffirming the rights of the Afghan refugees to return to their homes in safety and honor, the Ministers and Heads of Delegation urged all concerned to work towards a settlement that would ensure that the Afghan people would determine their own destiny free from outside interference and enable the Afghan refugees to return to their homes. They expressed their appreciation for the sincere efforts made in the search for a political settlement of the situation in Afghanistan. They also called on all States to exercise restraint to avoid further endangering the peace and security of the region and to work for the creation of conditions conducive to stability and harmonious relations among all States of the region based on the non-aligned principles of peaceful coexistence, respect of sovereignty, national independence, territorial integrity and non-intervention and non-interference in the internal affairs of States.

X

The Ministers and Heads of Delegation noted with deep concern that in the Western Hemisphere also increased tension has been building up in the Caribbean and Central America. The Ministers and Heads of Delegation stressed that the policies of aggression, interference and intervention, pressures and economic or military blockades can only worsen the situation and endanger international peace and security even more.

In this context, they expressed concern about the carrying out of military naval maneuvers in the region and about the attempts at destabilizing the Government of Grenada, the exertion of economic and other pressures, destabilizing maneuvers against Nicaragua and the pursuit of hostile policies and actions against Cuba by the United States of America. The Meeting reiterated its full support for Cuba's just demand that the United States return the naval base and territory it illegally occupies in Guantánamo and cease its blockade against that country.

The Ministers and Heads of Delegation, in relation to El Salvador, firmly reiterated the application of the principles of non-alignment, self-determination, non-intervention and non-interference in the internal affairs

of States, so that the current situation in that country would be settled in a peaceful, just democratic and dignified manner.

In this context, the Meeting welcomed with satisfaction all the expressions and effort of the international community, that, reaffirming these principles, promote a genuine and democratic political solution that takes into account all political forces in El Salvador and its genuine political representatives, which would lead to a process of ample democratic participation that would put a stop to bloodshed in that country.

The Meeting expressed concern over the increased flow of Israeli war materials, particularly aircraft, into some Caribbean and Latin American countries.

The Meeting further renewed its support for the inalienable rights of the people of Puerto Rico to self-determination and independence and supported the decision of the Special Committee on Decolonization to include the question of Puerto Rico in the agenda of the 37th Session of the General Assembly.

The Ministers and Heads of Delegation reiterated their hope that the United States would implement and strictly respect the Panama Canal treaties to give effect to the full sovereignty and jurisdiction of Panama over all its national territory, as well as to the regime on neutrality of the interocean waterway.

The Meeting firmly reiterated its support for the right of the Republic of Argentina to the restitution of the Malvinas Islands and territorial sovereignty over them and requested that the negotiations with the United Kingdom in this regard be speeded up.

The Meeting reaffirmed once again the Republic of Bolivia's just and legitimate claim to recover its outlet to the Pacific Ocean with full sovereignty.

XI

In accordance with the decision of the Ministerial Conference of the Non-Aligned Countries held in February 1981 in New Delhi and contained in paragraph 109 of the New Delhi Declaration on the peaceful settlement of disputes, the Meeting decided to set up an open-ended working group for the purpose of studying the proposals submitted to the New Delhi Conference and of drafting proposals for the next Seventh Summit Conference of Heads of State or Government to take place in Baghdad.

XII

The Ministers and Heads of Delegation expressed their concern over the increasingly deteriorating situation in the international economic relations and to the extremely difficult position of developing countries. This was not only a result of structural problems of the world economy but also a consequence of the serious aggravation of the international situation unleased by the arms race. The lack of will to help in the solution of serious problems affecting the world economy, in particular the economies of developing countries, itself contributes to the further exacerbation of the international situation.

The Meeting noted that the continuing deterioration of economic conditions in the world has assumed uparalleled dimensions affecting most of the developing countries in a most serious way, as demonstrated inter alia by their growing imbalances in international payments, the sharp deterioration in the terms of trade, the growing burdens of external indebtedness and the insecurity and insufficiency of food supply.

In the light of this grave situation and its underlying causes, the response of the major developed countries has been most disappointing. The Meeting deplored the fact that the launching of global negotiations continues to be jeopardized through prolonged delays caused mainly by one country, thus blocking a major nonaligned initiative for an integrated and global review of the totality of crucial items on international cooperation for development.

It is evident that some developed countries also lack the positive political will to proceed without delay with concerted efforts designed to achieve effective and equitable solutions to the present world economic crisis.

The Ministers and Heads of Delegation reaffirmed their conviction that the present unjust international economic system already in crisis, demands a structural reform which could only result from a global and integrated approach to the present world economic problems with the participation of all countries and resulting in agreed solutions and the establishment of the New International Economic Order that will be lasting and beneficial to all. They were more than ever convinced of the urgency of the launching of global negotiations, and urged the developed countries to display real political will to that purpose.

The Ministers and Heads of Delegation of Non-Aligned Countries welcomed the encouraging decisions taken during the Caracas conference on cooperation among developing countries and called upon all the non-aligned and other developing countries to spare no effort in rapidly implementing the important decisions contained therein.

The Meeting viewed the outcome of the recent United Nations Conference on Least Developed Countries held in Paris in September 1981 as significant and encouraging. It called for a speedy implementation of the substantial new Programme of Action as adopted at the Conference as an essential step towards the establishment of the New International Economic Order.

XIII

7. The Ministers and Heads of Delegations further decided to renew the mandate of the working, contact and drafting groups of the non-aligned countries.

XIV

8. The Ministers and Heads of Delegates underlined the importance of the forthcoming Ministerial Meeting of the Coordinating Bureau of the Non-Aligned Countries to be held in Havana, Cuba, for enhancing the role and effectiveness of non-alignment in the solution of outstanding international problems and the preparation of the VII Summit Conference of Heads of State and Government to be held in Baghdad. They noted with satisfaction that the Coordinating Bureau at the level of Permanent Representatives to the United Nations will meet soon in order to start the preparatory work of this important ministerial meeting of the Coordinating Bureau to be held in Havana from 31 May to 4 June 1982, in close coordination with the host country.

9. The Ministers and Heads of Delegation expressed their deep satisfaction that the 20th Anniversary of the First Summit Conference of the Non-Aligned Countries held in 1961 in Belgrade was solemnly commemorated during the Ministerial Conference in New Delhi.

They noted with appreciation that this year, for the first time, in accordance with the decision adopted at the Ministerial Conference in New Delhi, the Day of Non-Alignment was observed in the United Nations and on the national level in non-aligned countries, which contributed to a wider perception of the relevance, in the current international situation, of the policy of nonalignment and of the Movement of Non-Aligned Countries and its irreplaceable role in the efforts towards the establishment of new political and economic relations in the world. The Ministers and Heads of Delegation expressed their satisfaction that the Twentieth Anniversary of the First Conference of Heads of State or Government of Non-Aligned Countries will be solemnly observed during the 36th Session of the General Assembly. They invited all member countries to contribute to the observance of this historic event.

10. The Meeting resolved that non-aligned countries will act in close cooperation with each other in respect to all items of special concern to the non-aligned countries on the agenda of the 36th Session of the United Nations General Assembly, in accordance with the principles and objectives of non-alignment.

Mr. MOYNIHAN. Mr. President, Ambassador Kirkpatrick was altogether correct in describing this document as one surfeit with "base lies and malicious attacks upon the good name of the United States." I altogether agree with her description of the document as one filled with "vicious lies" about the United States. I make two points.

The first is that this is only the most recent of a succession of documents aimed at the United States which for a decade, through the course of the 1970's, have grown ever more biased, ever more vicious, to use the Ambassador's term. And that this development has been but slowly perceived in American diplomatic circles and even more slowly responded to.

Those circles originally had the impression that this development must be erratic and would go away.

This was followed by the motion that it really did not matter very much. The documents contained only words as if the Declaration of Independence was more than words. As though words were not the great symbols of political life around which people organize their behavior. Finally, we had the doctrine of "Damage Limitation." A combination of trying to pretend it was not happening and acting as if the event were of no consequence in order not to draw attention to it. All of which profoundly mistook the developments that were taking place.

For the nonalined nations of the world were commencing to aline themselves with the Soviet bloc. The defining event in that change took place several years ago when Cuba was elected the head of the nonalined countries.

Cuba then proceeded to move them in the direction of a very specific association with Soviet policy, whatever it might be.

The documents that have been coming out since the New Delhi conference earlier this year and this most recent one in New York have a precise configuration. They support Soviet policy in the most elaborate detail.

Reading the documents we learn of American aggression in Central America. But you would not know that the invasion of Afghanistan took place. You learn of the expulsion of the government of Pol Pot in Kampuchea, but in only the most uncertain terms.

These are simply the current formulations of policy in Moscow, and the nonaligned never deviate. A young scholar could write convincingly and at length about this pattern of pronouncement

which depicts the world as being primarily in danger of aggression from the United States and subject to exploitation by American economic forces; all in the context of a friendly and constructive and supportive Soviet Union.

For example, in the recent communique there was—the obligatory passage—on the attack on American planes in the Gulf of Sidra by Mig fighters in the Libyan Air Force I quote the paragraph, because it is important:

> The Ministers and Heads of Delegation expressed deep concern over the aggression by the United States of America against the Libyan Arab Jamahiriya on 19 August 1981. They considered that that aggression constitutes a threat as well as flagrant violence against the sovereignty, independence and territorial integrity of non-aligned countries in the region, which advocate the creation of a zone of peace and cooperation in the Mediterranean, and a threat to international peace and security.

Our aggression. The United States as the aggressor.

Mr. President, why do I rise on this occasion to make an observation which I have made earlier in this Chamber? The reason is twofold: One, to say that the United States cannot afford not to see the consequences of the language of politics in the world being turned against us. There is a real issue of language here, and this is totalitarian language.

This language says, when you defend yourself against attack, you are declared to have been an aggressor. That is a standard Orwellian inversion of meaning. When you attempt to resist the aggression of others, you are said to be the aggressor.

Likewise there are no Libyan troops in Chad. There are no Soviet troops in Angola. There is only American aggression in the Gulf of Sidra.

The issues here are transcendent. They go beyond the events of the moment. They go to this question: Does the language of politics become that of totalitarian powers? Does its purpose become what we encountered at the beginning of the 1920's to pervert meaning, to reverse meaning, to corrupt meaning, to make the language inaccessible save to those who understand the code?

Mr. President, there is a second purpose for which I rise. Saudi Arabia, the nation to which it is now proposed we sell a completely configured weapons system in the form of F–15's, with fuel pods that permit them to operate over a vast region of the Middle East, with the Sidewinder AIM 9–L missile, the most powerful and advanced of our technological weapons, and with the AWACS plane to control the weapons system. Saudi Arabia is one of the countries that associated itself—and I quote Mrs. Kirkpatrick—with the "vicious and erroneous language," with "base lies and malicious attacks upon the good name of the United States."

Saudi Arabia did that within the last 2½ weeks. Why do we propose to arm Saudi Arabia, if it subscribes to vicious lies about our Nation?

There happens to be a certain overlap here. There is something called the Confederation of Gulf States. It is based in Riyadh. It consists of Saudi Arabia, Kuwait, the United Arab Emirates, and Oman. It is a regional association. Following the attack by the Government of Libya, by its warplanes, on those of the United States, in the open seas, the Confederation of Gulf States issued a statement saying this was an act of "medieval piracy." Saudi Arabia described our behavior as "medieval piracy." The Government of Oman disassociated itself from that statement. The Government of Saudi Arabia said not a word. It accepted the statement.

There it is: "medieval piracy," in the specific words issued from Riyadh; and next we hear from a group, which includes the Saudis, a statement of deep concern over the aggression by the United States of America against the Libyan Government: "flagrant violence against the sovereignty, independence and territorial integrity of nonalined countries."

Mr. President, I now come to the question I have to ask this Chamber and indirectly ask the administration. I know that the Ambassador represents the President and does as instructed by the President and the Secretary of State. I have served in that role. Did Ambassador Kirkpatrick send a letter to Saudi Arabia asking how it could associate itself with these "base lies and malicious attacks upon the good name of the United States?" Was Saudi Arabia among the 40? We are told that the 40 were chosen among what must be now about 115 members of the nonalined because they are generally friendly to the United States. Mrs. Kirkpatrick understandably said:

> Do you believe these vicious lies? If you do not believe them, why did you let your name be associated with the document?

Was Saudi Arabia chosen as one of the friendly 40 who nonetheless associated itself with these "vicious lies" about the United States, or was Saudi Arabia not considered friendly enough to get on the list of 40 that might be willing to disassociate itself from the document? Which was it?

The Senate has a right to know before we vote on the decision to send a weapons system to that country.

Was Saudi Arabia one of the countries addressed? Did Saudi Arabia sign the document with its vicious lies? Did we ask the Saudi Arabians to withdraw or disassociate itself from those vicious lies? Did we or did we not?

Do we have a double standard for Saudi Arabia, that they may lie about us in however so vicious a way and we will continue to send them arms and they may do what they wish? Or do we in fact treat them at least equally?

Ambassador Kirkpatrick's demarche was a brilliant one. But was it flawed or was it complete?

It can only have been complete by including Saudi Arabia. Then how has Saudi Arabia responded?

Mr. President, these are questions fairly put, I think, and legitimately raised. I trust that our Government will make known an answer before we have to decide on our course of action.

Mr. President, I ask unanimous consent to have printed in the RECORD a superbly prophetic argument made by Mr. William Safire in a column dated May 1, 1978, when this similar issue was before us entitled "Word of Dishonor."

There being no objection, the column was ordered to be printed in the RECORD, as follows:

[From the New York Times, May 1, 1978]

WORD OF DISHONOR

(By William Safire)

WASHINGTON.—President Carter is reported to be icily furious at the Israeli Prime Minister for having the effrontery to object to the sale of the most lethal United States weaponry to Saudi Arabia. Mr. Carter suggests he is only carrying out a commitment made by his predecessor, making good America's "word of honor."

That turns both truth and honor on its head. Let's look at that secret deal:

According to an unpublished Senate Foreign Relations Committee study, in the late summer of 1976 "the Saudis received strong support in their bid for an advanced fighter aircraft from the State Department, especially from Secretary Kissinger and the Near East Bureau [Atherton] . . . President Ford accepted the State Department recommendation."

Think about that: In the midst of the United States Presidential campaign, while President Ford was publicly making new commitments to Israel's defense (since repudiated by Mr. Carter) he secretly sends word to the Saudis through Mr. Kissinger and Deputy Secretary William Clements in October 1976 that the United States will break precedent and sell the Arabs the means to destroy America's ally.

Mr. Ford said to me this weekend: "I did approve a commitment that we would favorably consider a sale to the Saudis of a fighter of their choice, with a right to veto that choice if we thought their decision was militarily wrong from our point of view."

The truth is that Gerald Ford deliberately withheld the facts from the American people about Arab arms sales in October 1976. Mr. Carter, who publicly opposed such arms sales in the campaign, has seized upon that secret agreement-in-principle and has constructed an enormous "commitment"—now quite specific and throwing away our veto right—to attribute to his predecessor.

On Friday of last week, Senator Howard Baker told Secretary Cyrus Vance to tell the President to stop claiming the Carter plan to sell 60 F–15 attack jets was a commitment made by President Ford: Instead, the Carter proposal is a vast escalation of a general promise made to the Saudis in secret, and stripped of the balancing pledges made in public to Israel.

The time is long past when any American President or Secretary of State can pledge America's "word of honor" in secret, withheld from the Congressional review and contrary to public opinion in the United States. Born in secrecy, this Carter escalation and distortion of a Kissinger bribe ought to be dishonored forthwith.

Contrast the secret deal with the open, publicly debated commitment to Israel. Withdraw from the strategic passes in the Sinai, Israel was told, and the United States will provide these aircraft to compensate for the loss to your security. The agreement was in writing filed in the Congress. That is a commitment, a "word of honor"; and what has happened to it? Mr. Carter has now added a big "if," by linking the jets due to Israel with approval of the first lethal arms sale to the Saudis.

In coming weeks, Congress will change the Carter package around giving some more planes to the Israelis, fewer to the Saudis,

fiddling around with delivery schedules. This entirely misses the point.

Selling Arabs the means to destroy Israel is a moral disaster for America. Let's stop kidding ourselves: The F–15 is the best airplane we build, and can park its missiles with uncanny accuracy in downtown Tel Aviv.

Oh, but that won't happen, we are told. The Saudis want the plane to match the planes we sell the Iranians, or to stand up to the advancing Cubans. Baloney: The United States can easily guarantee the Saudis against invasion by Cubans, without handing the Arab world the weaponry it needs to wipe out Israel.

The weakest justification is the Carter Morality-In-Arms-Sales Doctrine, which goes "if we didn't sell it to them, the French would get the business." The answer: Let them. If Frenchmen should decide to run the risk of having Israeli blood on their hands in any future war, that need not be the decision of Americans.

As long as the Saudis refuse to negotiate directly and as long as they are the financial backers of the P.L.O., it ought to be repugnant for any congressman to sell them American weapons. Israel is safe only so long as the Arab world thinks Israel cannot be beaten.

If moderate Arabs are sincerely concerned with the Soviet military threat in Africa, let them make the peace that is readily available to them with Israel. (1) Resuming the peace talks broken off by Egypt after only 36 hours; (2) expanding the talks to include Saudi Arabia and Jordan; (3) Making the agreement that both sides know is possible.

After the Congress sees that progress, after we can be assured that the weaponry would be used for self-defense, then—in public with congressional consultation, and in writing—the United States can give, and live up to, its "word of honor."

Mr. MOYNIHAN. Mr. President, I thank the Chair for its courteous attention, and I yield the floor.

ROUTINE MORNING BUSINESS

(During the foregoing remarks by Mr. MOYNIHAN, the following occurred:)

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business, for not to exceed 30 minutes, with statements therein limited to 5 minutes each.

The Senator's statement will show no interruption.

AIM 9–L MISSILES

Mr. LEVIN. Mr. President, I shall discuss today my concern about one often overlooked aspect of the proposed arms package for Saudi Arabia: the sale of 1,177 AIM 9–L missiles. While most of our attention has been focused on the AWACS planes themselves, I do not believe that we can afford to ignore the military importance of the missiles or the strategic risk to our national security that their sale represents.

As we all know, the AIM 9–L is a highly advanced weapon that has not been developed by the Soviet Union. It gives our pilots a tremendous advantage because it allows them to fire missiles directly at hostile planes rather than requiring them to engage in time consuming and difficult attempts to maneuver behind them. The importance of this "shoot in the face" technology cannot be overestimated, nor can the fact that the AIM 9–L is a classified weapon. Most critically, Saudi Arabia had not been given security clearance to receive it.

It is this point that intrigues me. Since the AIM 9–L is a classified technology, I would have assumed that its sale would have been approved through the normal procedures established to safeguard its security and protect it from risks of compromise or misuse. Those unused procedures, in part, involve securing the approval of the National Disclosure Policy Committee prior to a sale being finalized. The National Disclosure Policy Committee, a group made up of representatives of the Secretary of Defense and the various military branches, is charged with evaluating the eligibility of various nations to receive classified weapons technology and weighing the risks and rewards associated with the transfer of that technology.

It provides a forum which guarantees that our military leaders will have an opportunity to evaluate weapons sales from their perspective and voice any concerns that they may have.

In the case of the proposed sale of the AIM 9–L to Saudi Arabia, however, a deviation from the normal safeguard procedures was made and an exception to the national disclosure policy was granted. The committee was bypassed.

Despite the fact that Saudi Arabia had not been cleared for receipt of sensitive systems like the AIM 9–L, the committee was not consulted about the sale and, indeed, was apparently directed to approve it after the fact rather than being allowed to debate its merits initially.

While I am not saying that this exception to established policy was illegal, I am saying that it certainly was unwise given the sensitivity of this particular sale and the concerns that had been raised in the past about transfer of the AIM 9–L to countries like Saudi Arabia as well as to other nations most people would consider more capable of protecting U.S. military secrets.

Certainly there are legitimate questions which can be raised about why the administration decided to bypass the committee—and I attempted to raise them when Secretary Weinberger appeared before the Armed Services Committee to testify on the sale earlier this month. His responses, however, were not very clear or very helpful. Because I was still troubled by the implications of this deviation from established policy, I submitted additional questions to the Secretary for the record. I asked, for example, if the administration had consulted—as the National Disclosure Policy Committee does—the CIA's Counterintelligence Risk Assessment and the Security Survey Report prepared after an on-site investigation. As of this time, I have still not received an answer to this question or the others that I submitted.

As a result, Congress faces a great many unanswered questions about the way the decision to sell the AIM 9–L to Saudi Arabia was made. The administration has failed to provide these answers. What we do have, however, are a series of suspicions about what may have caused this departure. And I have to confess that I am deeply troubled by the conclusions which those suspicions force me to entertain.

Let me begin by reviewing the importance that our military people attach to the AIM 9–L. Earlier this year, 12 F–15 Air Force pilots wrote to Congressman TOM LANTOS of California to protest this sale. Their rationale was both forceful and impressive. They wrote that:

> We do not want the technology of the AIM 9–L to leak to the Soviets through lack of security in Saudi Arabia or through some closed door bargaining session. We at the user level can attest that the AIM 9–L thrusts the American fighter pilot a very large step ahead in air combat over any other military force. The AIM–9L is superior because it is a point and shoot weapon with excellent probabilities of success. The AIM 9–L is so superior that it gives the American fighter pilot a believable chance of survival when confronted with overwhelming numbers of Soviet aircraft we must face. If we, as a military force, are to maintain a credible deterrent defensive posture with a minimum of dollars, why give our technological edge away? Certainly, we as pilots cannot be expected to fight against the overwhelming numbers of Soviet aircraft equipped with a compromised version of our AIM–9L when we know how effective the missile is. We object to the sale of the AIM–9L to Saudi Arabia.

These fears are not restricted to users in the Air Force. The Navy, at the highest level, has strongly objected to proposed sales of the AIM 9–L. While much of the material related to those objections is classified, I can report that in a memorandum to the Assistant Secretary of Defense for International Security Affairs dated May 14, 1980, the Chief of Naval Operations wrote that:

> We believe it is imperative to restrict the sale of the AIM 9–L to those countries currently authorized to purchase this missile. Accordingly, the Navy does not concur in the sale of the AIM 9–L to neutral or third world countries, including Sweden, for the foreseeable future.

Nor was the Navy silent on proposed sales of the AIM 9–L to what were then viewed as friendly and stable countries in the Middle East—countries seen as secure and certainly more friendly than Saudi Arabia. In a memorandum dated April 23, 1980, the Office of the Chief of Naval Operations reviewed a request for an exception to the national disclosure policy which would have authorized the sale of the AIM 9–L to Egypt and concluded that the "Department of the Navy recommends that such request be denied."

The Navy's concerns were not restricted to the year 1980. In a memorandum to the Secretary of Defense dated September 9, 1981, the Secretary of the Navy again raised questions about the wisdom of transferring the AIM 9–L technology. He wrote then that:

> I strongly recommend that the highest possible level of review be held in the future when the DoD receives a request for sale of the AIM 9L or the more advanced AIM 9M. The technology of the AIM 9L/9M series is too advanced to be given to countries who could compromise its effectiveness or endanger U.S. military or allied aircraft with direct use. If the Libyans had had AIM 9L, the recent incident in the Mediterranean could have had a much different outcome.

Now, since the Armed Forces have been

troubled by the sale of the AIM 9–L to Sweden—a country most would consider more stable and friendly to American interests than Saudi Arabia, since they objected to the sale of the missile to Egypt—another ally more reliable than the Saudis, since they cautioned against the sale to neutral and third world countries, and since they continued to request "the highest possible review" of any proposed sales in the future, then one wonders why, in light of all of this concern, the Armed Forces were denied the opportunity to present their case in a meaningful way to the National Disclosure Policy Committee when the sale of this offensive missile to Saudi Arabia was being considered.

As I said, I do not have an answer to that question.

I know that the Secretary of Defense, in one of the few responses I have from him, indicated that the President himself decided to grant the exception to the national disclosure policy in the case of the sale to the AIM 9–L.

And I know that as a result of that decision, the Armed Forces were precluded from raising their concerns in the most appropriate and open forum available to them.

Given the doubts that exist about the way in which the decision was made, the importance that the military attaches to the sale of the AIM 9–L, given the fact that as far as I know there have been no attempts to arrange for formal written agreements designed to secure the missile or guarantee meaningful restrictions on its use, I would suggest that the Senate ought to give careful consideration to this component of the proposed package.

AWACS is, I believe, a major issue and a significant issue. But the AIM 9–L is in my mind also an important and vital component of our military arsenal. And based on what I know now, even if adequate arrangements for joint command and control of the AWACS planes were included in this package, I would be forced to vote against it on the basis of the AIM 9–L alone.

Mr. President, in conclusion, I ask unanimous consent that the unclassified portion of the memorandum for the Office of the Assistant Secretary of Defense from the Office of the Chief of Naval Operations of the Navy be printed in the RECORD. This is the document which states that the Office of the Chief of Naval Operations of the Navy believes "it is imperative to restrict sale of the AIM 9–L to those countries currently authorized to purchase this missile. Accordingly, the Navy does not concur in the sale of the AIM 9–L to neutral or Third World countries, including Sweden, for the foreseeable future."

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE NAVY,
OFFICE OF THE CHIEF
OF NAVAL OPERATIONS,
Washington, D.C., May 14, 1980.

Subj AIM–9L for Sweden (U).

Ref (a) OASD(ISA) memorandum of 25 Apr 80; Subj: as above.

4. (U) For the reasons cited above, we believe it is imperative to restrict sale of the AIM–9L to those countries currently authorized to purchase this missile. Accordingly, the Navy does not concur in the sale of the A M–9L to neutral or third world countries, including Sweden, for the foreseeable future.

Mr. LEVIN. I thank the Chair and I yield the floor.

Mr. QUAYLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

THE SALE OF AWACS TO SAUDI ARABIA

Mr. QUAYLE. Mr. President, on October 1, President Reagan sent formal notification to the Congress of his intention to sell five AWACS to Saudi Arabia. Included in that package was also the enhancement of the F–15's.

The issue of AWACS and the package to Saudi Arabia has consumed more of my time than any other issue in my brief career in the U.S. Senate.

Since the time of submission of formal notification many things have happened: Anwar Sadat has been assassinated; Saudi Arabia refused to send any representative to the funeral; former Presidents Ford and Carter have stated that the PLO should be included in future peace talks; Libya has bombed Sudan; Yassir Arafat is in Japan. Furthermore, the administration has decided not to delay the AWACS sale and, most unfortunately, the Saudis have refused any compromise, even a cosmetic compromise, on the issues of joint command or joint crewing.

Nonetheless, the Senate faces the showdown on AWACS in the next 2 weeks. Most observers say the administration still lacks the votes necessary to allow the sale to go through.

However, support for this President or any President in his conduct of foreign policy certainly gives some momentum for passage, even though it might be by the slimmest of margins.

If these assessments are correct, the reason the administration is lacking the votes is that it simply has not made its case.

I presume there is a significant majority in the Senate which feels the sale is wrong. They feel it is the wrong time, and it has not been disproved that Saudi Arabia is the wrong place. A supposed new friend in the Middle East has done nothing to enhance passage of this sale.

Mr. President, though the sale of the AWACS may be a mistake it would be a greater mistake for the Senate to veto the sale. The role of Congress in the export sale of arms is certainly minimal in precedent.

One of the reasons the administration is fighting an uphill battle is because of its failure to convince Congress that it is in the best interests of our country.

I have been working over the past several weeks to hopefully make a bad situation a little better. There are presently statements, understandings, cables, de facto considerations and protocols which must be made available to the public.

Though Saudi Arabia refuses to compromise, the President can mitigate many concerns by certifying in writing certain understandings regarding the sale, specifically the issues of the security of the planes, the maintenance and flight operation of the planes, the sharing of data, de facto control of the equipment and, perhaps, most importantly, any peace initiatives, which should be outlined.

There are other Senators who have expressed a similar interest in Presidential certification of these concerns. Today the President has conveyed to me that he will, in fact, certify these topics prior to a vote on the sale in the Senate. I am prepared to support the sale knowing that these conditions will be a specific part of the package and will be legally binding on the Office of the President.

Though there are many reasons for voting against the bill, there is one overriding reason to vote in its favor: The need to support the President. If President Reagan were to be defeated in this initiative, he might run the risk of becoming "Carterized" in the conduct of his foreign policy.

The world is looking to this Nation and to this President for leadership, consistency, and resolve. To cut the legs out from under our President would be wrong. There would be nothing that would please the Soviet Union and the radical Arab States more than to see President Reagan defeated on his initial foreign policy decision.

I do hope that we have all learned from this matter. The lessons are clear. We must have better communications in the area of foreign policy. To do that the President must clearly state his foreign policy objectives and work with Congress and the American people to develop a consensus.

I will vote in favor of the sale and I stand ready to join in helping to establish a strong and consistent foreign policy, a policy that will see the enhancement of freedom around the world rather than its demise.

Mr. President, I yield the floor.

Mr. MOYNIHAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. ANDREWS). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The Chair will advise that the time for morning business has expired.

RESTORATION OF MINIMUM SOCIAL SECURITY BENEFITS

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of the unfinished business, which the clerk will state by title.

The legislative clerk read as follows:

A bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

The Senate resumed the consideration of the bill.

The PRESIDING OFFICER. The Senator from Kansas.

UP AMENDMENT NO. 478

(Purpose: To provide for interfund borrowing among the Social Security Trust Funds, to restore the minimum benefit for certain individuals, and for other purposes)

Mr. DOLE. Mr. President, I send an amendment to the desk in the nature of a substitute and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an unprinted amendment numbered 478.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

INTERFUND BORROWING

SECTION 1. Section 201 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(1) (1) If at any time prior to January 1991 the Managing Trustee determines that borrowing authorized under this subsection is appropriate in order to best meet the need for financing the benefit payments from the Federal Old-Age and Survivors Insurance Trust Fund or the Federal Disability Insurance Trust Fund, the Managing Trustee may borrow such amounts which he determines to be appropriate from either such Trust Fund for transfer to and deposit in the other such Trust Fund.

"(2) In any case where a loan has been made under paragraph (1), there shall be transferred from time to time, from the borrowing Trust Fund to the lending Trust Fund, interest with respect to the unrepaid balance of such loan at a rate equal to the rate which the lending Trust Fund would earn on the amount involved if the loan were an investment under subsection (d).

"(3) If in any month after a loan has been made under paragraph (1), the Managing Trustee determines that the assets of the borrowing Trust Fund are sufficient to permit repayment of all or part of any loans made under paragraph (1), he shall make such repayments as he determines to be appropriate.

"(4) The Board of Trustees shall make a timely report to the Congress of any amounts transferred (including interest payments) under this subsection.".

REALLOCATION OF SOCIAL SECURITY TAXES AND ADJUSTMENTS IN ALLOCATION OF RECEIPTS

SEC. 2. (a)(1) Section 3101(a) of the Internal Revenue Code of 1954 is amended by striking out paragraphs (5) through (7) and inserting in lieu thereof the following:

"(5) with respect to wages received during the calendar year 1982, the rate shall be 5.90 percent;

"(6) with respect to wages received during the calendar year 1983, the rate shall be 5.70 percent;

"(7) with respect to wages received during the calendar year 1984, the rate shall be 5.45 percent;

"(8) with respect to wages received during calendar year 1985, the rate shall be 5.60 percent;

"(9) with respect to wages received during the calendar years 1990 through 2004, the rate shall be 5.70 percent;

"(10) with respect to wages received during the calendar years 1990 through 2000, the rate shall be 5.90 percent; and

"(11) with respect to wages received after December 31, 2004, the rate shall be 6.20 percent.".

(2) Section 3111(a) of such Code is amended by striking out paragraphs (5) through (7) and inserting in lieu thereof the following:

"(5) with respect to wages paid during the calendar year 1982, the rate shall be 5.90 percent;

"(6) with respect to wages paid during the calendar year 1983, the rate shall be 5.70 percent;

"(7) with respect to wages paid during the calendar year 1984, the rate shall be 5.45 percent;

"(8) with respect to wages paid during the calendar year 1985, the rate shall be 5.60 percent;

"(9) with respect to wages paid during the calendar years 1985 through 1989, the rate shall be 5.70 percent;

"(10) with respect to wages paid during the calendar years 1990 through 2004, the rtae shall be 5.90 percent; and

"(11) with respect to wages paid after December 31, 2004, the rate shall be 6.20 percent.".

(3) Section 1401(a) of such Code is amended by striking out paragraphs (5) through (7) and inserting in lieu thereof the following:

"(5) in the case of any taxable year beginning after December 31, 1981, and before January 1, 1983, the tax shall be equal to 8.55 percent of the amount of the self-employment income for such taxable year;

"(6) in the case of any taxable year beginning after December 31, 1982, and before January 1, 1984, the tax shall be equal to 8.35 percent of the amount of the self-employment income for such taxable year;

"(7) in the case of any taxable year beginning after December 31, 1983, and before January 1, 1985, the tax shall be equal to 8.10 percent of the amount of the self-employment income for such taxable year;

"(8) in the case of any taxable year beginning after December 31, 1984, and before January 1, 1986, the tax shall be equal to 8.45 percent of the amount of the self-empolyment income for such taxable year;

"(9) in the case of any taxable year beginning after December 31, 1985, and before January 1, 1990, the tax shall be equal to 8.55 percent of the amount of the self-employment income for such taxable year;

"(10) in the case of any taxable year beginning after December 31, 1989, and before January 1, 2005, the tax shall be equal to 9.00 percent of the amount of the self-employment income for such taxable year; and

"(11) in the case of any taxable year beginning after December 31, 2004, the tax shall be equal to 9.30 percent of the amount of the self-employment income for such taxable year.".

(b)(1) Section 3101(b) of the Internal Revenue Code of 1954 is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

"(4) with respect to wages received during the calendar year 1981, the rate shall be 1.30 percent;

"(5) with respect to wages received during the calendar year 1982, the rate shall be 0.80 percent;

"(6) with respect to wages received during the calendar year 1983, the rate shall be 1.00 percent;

"(7) with respect to wages received during the calendar year 1984, the rate shall be 1.25 percent;

"(8) with respect to wages received during the calendar years 1985 through 1989, the rate shall be 1.45 percent;

"(9) with respect to wages received during the calendar years 1990 through 2004, the rate shall be 1.75 percent; and

"(10) with respect to wages received after December 31, 2004, the rate shall be 1.45 percent.".

(2) Section 3111(b) of such Code is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

"(4) with respect to wages paid during the calendar year 1981, the rate shall be 1.30 percent;

"(5) with respect to wages paid during the calendar year 1982, the rate shall be 0.80 percent;

"(6) with respect to wages paid during the calendar year 1983, the rate shall be 1.00 percent;

"(7) with respect to wages paid during the calendar years 1984, the rate shall be 1.25 percent;

"(8) with respect to wages paid during the calendar years 1985 through 1989, the rate shall be 1.45 percent;

"(9) with respect to wages paid during the calendar years 1990 through 2004, the rate shall be 1.75 percent; and

"(10) with respect to wages paid after December 31, 2004, the rate shall be 1.45 percent.".

(3) Section 1401(b) of such Code is amended by striking out paragraphs (4) through (6) and inserting in lieu thereof the following:

"(4) in the case of any taxable year beginning after December 31, 1980, and before January 1, 1982, the tax shall be equal to 1.30 percent of the amount of the self-employment income for such taxable year;

"(5) in the case of any taxable year beginning after December 31, 1981, and before January 1, 1983, the tax shall be equal to 0.80 percent of the amount of the self-employment income for such taxable year;

"(6) in the case of any taxable year beginning after December 31, 1982, and before January 1, 1984, the tax shall be equal to 1.00 percent of the amount of the self-employment income for such taxable year;

"(7) in the case of any taxable year beginning after December 31, 1983, and before January 1, 1985, the tax shall be equal to 1.25 percent of the amount of the self-employment income for such taxable year;

"(8) in the case of any taxable year beginning after December 31, 1984, and before January 1, 1990, the tax shall be equal to 1.45 percent of the amount of the self-employment income for such taxable year;

"(9) in the case of any taxable year beginning after December 31, 1989, and before January 1, 2005, the tax shall be equal to 1.75 percent of the amount of the self-employment income for such taxable year; and

"(10) in the case of any taxable year beginning after December 31, 2004, the tax shall be equal to 1.45 percent of the amount of the self-employment income for such taxable year.".

(c) Section 201(b)(1) of the Social Security Act is amended by striking out clauses (K) through (M) and inserting in lieu thereof of the following: "(K) 1.43 per centum of the wages (as so defined) paid after December 31, 1981, and before January 1, 1983, and so reported, (L) 1.33 per centum of the wages (as so defined) paid after December 31, 1982, and before January 1, 1984, and so reported, (M) 1.19 per centum of the wages (as so defined) paid after December 31, 1983, and before January 1, 1986, and so reported, (N) 1.20 per centum of the wages (as so defined) paid after December 31, 1985, and before January 1, 1990, and so reported, and (O) 1.50 per centum of the wages (as so defined) paid after December 31, 1989, and so reported,".

(d) Section 201(b)(2) of the Social Security Act is amended by striking out clauses

(K) through (M) and inserting in lieu thereof "(K) 1.035 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1981, and before January 1, 1983, (L) 0.975 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1982, and before January 1, 1984, (M) 0.885 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1983, and before January 1, 1985 (N) 0.900 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1984, and before January 1, 1990, (O) 1.145 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1989, and before January 1, 2005, and (O) 1.125 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2004,".

RESTORATION OF MINIMUM BENEFIT FOR CURRENT RECIPIENTS

SEC. 3. (a) Section 2201(h) of the Omnibus Budget Reconciliation Act of 1981 is amended to read as follows:

"(h)(1) Except as provided in paragraph (2), and in section 203(n) of the Social Security Act, this section and the amendments made thereby shall be effective only with respect to benefits payable for months after October 1981, and only in the case of persons who are eligible for benefits under title II of the Social Act on the basis of the wages and self-employment income of an individual who initially becomes eligible for old-age or disability insurance benefits after October 1981, or who dies after October 1981 and was not initially eligible for old-age or disability insurance benefits before November 1981.

"(2) In the case of an individual who is a member of a religious order (within the meaning of section 3121(r)(2) of the Internal Revenue Code of 1954), or an autonomous subdivision of such order, whose members are required to take a vow of poverty, and which order or subdivision had elected coverage under this Act prior to the date of the enactment of this paragraph, or who would be such a member except that such individual is considered retired because of old age or total disability, this section and the amendments made thereby shall be effective only with respect to benefits payable for months after October 1991, and only in the case of persons who are not eligible for benefits under title II of the Social Security Act on the basis of the wages and self-employment income of such an individual who dies or initially becomes eligible for old-age or disability insurance benefits before November 1991.

"(3) For purposes of this subsection, eligibility for old-age and disability insurance benefits shall be determined in accordance with paragraphs (2)(A) and (3)(B) of section 215(a) of the Social Security Act.".

(b)(1) Section 203 of the Social Security Act is amended by adding at the end thereof the following new subsections:

"Reduction in Benefits for Certain Recipients of the Minimum Benefit Who Receive Governmental Pension System Benefits

"(m)(1) Any individual—

"(A) to whom the amendments made by section 2201 of the Omnibus Budget Reconciliation Act of 1981 (relating to the repeal of the minimum benefit) do not apply;

"(B) who is entitled to a monthly benefit under this title, the amount of which, as determined without regard to deductions on account of work otherwise required under this section, would be reduced for any month if the amendments made by section 2201 of the Omnibus Budget Reconciliation Act of 1981 (relating to the repeal of the minimum benefit) were applicable with respect to such individual; and

"(C) to whom there is payable for the month of May 1982 a monthly periodic benefit or benefits in a total amount of $300 or greater which is based upon such individual's earnings while in the service of the Federal Government or any State, as defined in section 210(h) (or a political subdivision thereof, as defined in section 218(b)(2)), or an instrumentality of two or more States,

shall, for any month for which the monthly periodic benefit or benefits described in subparagraph (C) continue to be payable, be subject to a benefit reduction under paragraph (2).

"(2) The amount of the benefit to which an individual described in paragraph (1) is otherwise entitled for such month under this title, as determined without regard to deductions on account of work otherwise required by this section, shall be reduced by an amount equal to so much of the total monthly periodic benefits (described in paragraph (1)(C)) payable to such individual for the month of May 1982 as exceeds $300 (rounded to the next higher multiple of $1 if not a multiple of $1), but in no event shall the monthly benefit under this title be reduced by reason of this subsection to an amount less than the amount to which such individual would be entitled if the amendments made by section 2201 of the Omnibus Budget Reconciliation Act of 1981 (relating to the repeal of the minimum benefit) were applicable to such individual.

"(3) For purposes of this subsection, any periodic benefit which is paid on other than a monthly basis, shall be allocated on a basis equivalent to a monthly benefit (as determined by the Secretary) and such equivalent monthly benefit shall constitute a monthly periodic benefit for purposes of this subsection. For purposes of this subsection, the term 'periodic benefit' includes a benefit payable in a lump sum if it is a commutation of, or a substitute for, periodic payments.

"(4) The provisions of this subsection shall not apply to any person who, for the month of May 1982, is entitled to monthly insurance benefits under this title on the basis of the wages and self-employment income of more than one individual.

"Reductions in Benefits for Recipients of Minimum Benefit Who Reside Outside the United States

"(n) Section 2201 of the Omnibus Budget Reconciliation Act of 1981 (relating to the repeal of the minimum benefit) and the amendments made thereby shall be effective with respect to benefits payable for any month after May 1982 in the case of a person who, during such month, is not a resident of the United States (as defined in section 210 (i)), and who was eligible for benefits under this title on the basis of the wages and self-employment income of an individual who died or initially became eligible for old-age or disability insurance benefits before November 1981.".

(2) The amendment made by paragraph (1) shall be effective with respect to monthly benefits payable under title II of the Social Security Act for June 1982 and months thereafter.

(c) Section 1622 of the Social Security Act is repealed.

(d) Subparagraph (A) of section 6103 (l)(1) of the Internal Revenue Code of 1954 (relating to disclosure of certain information to Social Security Administration and Railroad Retirement Board) is amended by inserting "and payments of retirement income," after "chapters 2, 21, and 24,".

EXTENSION OF COVERAGE TO FIRST SIX MONTHS OF SICK PAY

SEC. 4. (a) Section 209(b)(2) of the Social Security Act and Section 3121(a)(2)(B) of the Internal Revenue Code of 1954 are each amended by inserting immediately after "sickness or accident disability" the following: "(but not including any such payment that is made directly to such employee from the regular wage or salary account of such employer)".

(b) The amendments made by subsection (a) shall be effective with respect to remuneration paid after December 31, 1981.

EXTENSION OF DISABILITY INSURANCE MAXIMUM FAMILY BENEFIT TO OLD-AGE AND SURVIVORS INSURANCE BENEFICIARIES

SEC. 5. (a) Section 203 (a) of the Social Security Act is amended—

(1) by striking out paragraph (6);

(2) by redesignating paragraphs (1), (2), (3), (4), and (5), is paragraphs (2), (3), (4), (5), and (6), respectively; and

(3) by inserting before paragraph (2) (as so redesignated) the following new paragraph:

"(1)(A) The total monthly benefits to which beneficiaries may be entitled under section 202 or 223 for a month (but prior to any increases resulting from the application of paragraph (2)(A)(ii)(III) of section 215(i)) on the basis of the wages and self-employment income of an individual whose primary insurance amount has been computed or recomputed under paragraph (1) or (4) of section 215(a), or under section 215(d), as in effect after December 1978, shall, except as otherwise provided by this subsection, be reduced to the smaller of—

"(i) 85 percent of such individual's average indexed monthly earnings (or 100 percent of his primary insurance amount, if larger), or

"(ii) 150 percent of such individual's primary insurance amount.

Any such amount that is not a multiple of $0.10 shall be decreased to the next lowest multiple of $0.10.

"(B) Subparagraph (A) shall not apply to benefits based on the wages and self-employment income of an individual—

"(i) who dies before 1982;

"(ii) who attains age 62 before 1982, except with respect to benefits payable during an entitlement to disability insurance benefits of an individual whose initial entitlement to such benefits occurred after June 1980; or

"(iii) who, in the case of an individual who attains age 62, or dies before attaining age 62, after 1981, became entitled to disability insurance benefits before July 1980, and was entitled to disability insurance benefits in any month after June 1980 and before January 1982 (unless the individual is not entitled to such benefits during a period of more than 12 consecutive months, after December 1980, before he dies, again becomes disabled, or attains age 62 whichever first occurs).".

(b)(1) Paragraph (2) (as so redesignated by subsection (a) of this section) of section 203(a) of such Act is amended—

(A) in the matter preceding subparagraph (A), by—

(i) inserting "to whom paragraph (1) does not apply, and" after "In the case of an individual";

(ii) inserting after "section 202 or 223 for a month" the parenthetical phrase "(but prior to any increases resulting from the application of paragraph (2)(A)(ii)(III) of section 215(i))", and striking out that phrase as it appears elsewhere in such paragraph; and

(iii) striking out "except as provided by paragraphs (3) and (6)" and inserting in lieu thereof "except as otherwise provided by this subsection"; and

(B) by striking out "paragraph (2)" each place it appears in subparagraphs (A), (B), and (C) and inserting in lieu thereof in each instance "paragraph (3)".

(2) Paragraph (3)(A) (as so redesignated by subsection (a) of this section) of section 203(a) of such Act as amended to read as follows:

"(3) (A) or individuals who initially become eligible for old-age or disability insurance benefits, or who die (before becoming so eligible for those benefits), in calendar year 1979, 1980, or 1981—

"(i) the amounts established with respect to subparagraph (A) of paragraph (2) are $230, $248, or $270, respectively;

"(ii) the amounts established with respect to subparagraph (B) of paragraph (2) are $332, $358, or $390, respectively; and

"(iii) the amounts established with respect to subparagraph (C) of paragraph (2) are $433, $467, or $508, respectively.".

(3) Paragraph (3) (as so redesignated by subsection (a) of this section) of section 203(a) of such Act is further amended by striking out subparagraphs (B) and (C) and by redesignating subparagraph (D) as subparagraph (B).

(c) Section 203(a)(9)(C) of such Act is amended by striking out "section 203(a)(4)" and inserting in lieu thereof "paragraph (5)".

(d) Section 215(1)(2)(D) of such Act is amended—

(1) by striking out "paragraph (3)(B) thereof" and inserting in lieu thereof "paragraph (4)(B) thereof"; and

(2) by striking out the last sentence thereof.

Mr. DOLE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOLE. It is my understanding that this substitute would be amendable in the second degree.

The PRESIDING OFFICER. It will be amendable in two degrees.

Mr. DOLE. The point I make is that there may be Members who have amendments. I would say to those who may be listening, or members of their staffs who may be listening, that we are prepared to do business. I have a brief opening statement on the nature of what the Finance Committee accomplished, and I think the Senator from New York has some comments to make. I am certain others will wish to speak.

For those who have amendments to offer, I suggest that within the next 20 to 30 minutes we will probably be in a position to consider those amendments.

By unanimous vote on September 24, the Finance Committee approved a social security amendment that has been offered to H.R. 4331. The amendment makes several changes in social security that would help insure the retirement fund can meet benefit payments next year and that would also allow for a nearly complete restoration of the minimum benefit for those currently on the rolls.

First, the committee amendment would reallocate the social security tax among the three trust funds. Keeping the overall social security tax rate the same as under current law, old age and survivors' insurance tax would be increased, the disability insurance tax would be decreased, and the hospital insurance tax would be decreased through 1985, then subsequently increased.

In order to provide additional flexibility in meeting benefit obligations over the next 10 years, the proposal would also give the managing trustee, the Secretary of Treasury, authority to borrow between the OASI and DI funds. This interfund borrowing authority would expire at the end of 1990 and it would involve only the two cash benefit funds.

Second, the amendment would restore the minimum benefit for most people on the benefit rolls who were scheduled to have their benefits recalculated next March. Under the committee amendment, the minimum benefit would be restored for all people eligible for benefits before November 1981. Minimum beneficiaries with governmental pensions would have their minimum benefits reduced dollar for dollar for the portion of their governmental pension above $300, but not below the amount of the benefit based on their actual earnings. According to the Social Security Administration, 2.7 million of the 3 million minimum beneficiaries would continue to receive the full minimum benefit.

For members of religious orders who have taken a vow of poverty and who were first covered under the social security program as a result of amendments adopted in 1972, the amendment would defer the elimination of the minimum benefit for future recipients for a period of 10 years.

The committee amendment would achieve trust fund savings by extending the disability maximum family benefit formula to retirement and survivor cases, for workers reaching age 62 or dying after 1981. Additional revenues would be generated by a provision that removes the exclusion of certain sick pay from social security taxes during the first 6 months the employee is off work.

In all, the committee amendment provides a much needed and widely supported mechanism for insuring the solvency of the retirement fund in the near term. It also restores the minimum benefit in a fair and equitable way without worsening the condition of the trust funds. I urge my colleagues to support the committee amendment.

I might remind my colleagues, of course, that this amendment is by no means an answer to social security's financing needs.

I might say, as an aside, that there has been some feeling that we ought to just provide for interfund borrowing and reallocation of the tax, and our worries will be over.

Well, maybe our worries would be over as Members of the Senate who may be running for reelection in the next year and maybe through 1984. But the worries will not be over for the 36 million beneficiaries who now receive benefits, or 115 million workers who now pay into social security who are counting on a stable system to be there upon their retirement.

So I would suggest that what we have done, in effect, is to indicate that there is a problem. We have indicated that we are not quite ready to come to grips with it, possibly for fear of constituent reaction. Certainly, those beneficiaries now receiving social security for the most part have a lot of misinformation, a lot of conflicting information, much of it well intentioned.

I would hope that if, in fact, this amendment is agreed to by the Senate, passed by the House and signed into law by the President, those who may read about the Senate action or hear about the Senate action will not be under any illusion that somehow we have taken care of the social security problem. What we have done is to take the easy way out. We have taken the cosmetic approach.

Right now, we have three different accounts in social security. Two currently have surpluses, one is about to go in the red by next November. What we are proposing to do is borrow from one of the other funds, disability insurance, until they are on the verge of insolvency and, hopefully, by that time, we shall address some of the real problems in social security.

Mr. President, the passage of this proposal, it is my hope, would not stem the enthusiasm, if there is any, in Congress to move ahead immediately to address the long-term problem. I also hope it would not dampen the efforts by the administration, particularly the President, to come to grips with this problem.

The problem is not coming up with good ideas to solve the financing problem. We believe that we have a number of good ideas, coming from Democrats and Republicans. The problem is finding the courage or the will, if you please, to deal with this matter as it should be dealt with in the appropriate committees and in the full Senate and the full House.

Mr. President, I suggest that, in effect, what we have done in the committee amendment is slightly delay the day of reckoning. We have indicated that, well, we know there is a problem—some may not agree, but most everybody agrees that there is a problem—and we are going to take some time to look at that problem. Hopefully, we will solve the problem later. I certainly have confidence that we are going to address the problem and I hope we will solve it.

Mr. President, this committee amendment is not an answer to social security's financing needs.

While this amendment would certainly improve the immediate situation, it does not fundamentally deal with the fact that the system's income is not certain to meet benefit costs through the decade. Under trustees' intermediate assumptions, $30 billion would be needed by 1990 to insure the barest level of solvency, and nearly $80 billion would be required to restore current levels of reserves.

Over the longer term, the situation only becomes more serious. Given the chronic deficits that are expected to characterize medicare by the end of the decade, the entire system is expected to run annual deficits beginning in the 1990's.

Over the next 75 years, the system's deficit is projected to equal 29 percent of expenditures. I suggest, as I have before, that it is imperative that we continue efforts to forge a bipartisan solution to these financing problems.

INTERFUND TAX REALLOCATION AND BORROWING AUTHORITY

The present law allocations and the proposed changes are shown in a table I have had prepared.

I ask unanimous consent that that table, with reference to tax reallocation, be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

PROPOSED REALLOCATION OF SOCIAL SECURITY TAX RATES FOR EMPLOYERS AND EMPLOYEES, EACH

	OASI		DI		HI		Total	
	Present law	Proposal	Present law	Proposal	Present law	Proposal	Present law	Proposal
1982	4.575	5.185	0.825	0.715	1.30	0.80	6.70	6.70
1983	4.575	5.035	.825	.665	1.30	1.00	6.70	6.70
1984	4.575	4.855	.825	.595	1.30	1.25	6.70	6.70
1985	4.750	5.005	.950	.595	1.35	1.45	7.05	7.05
1986-89	4.750	5.100	.950	.600	1.45	1.45	7.15	7.15
1990-2004	5.100	5.150	1.100	.750	1.45	1.75	7.65	7.65
2005 and after	5.100	5.450	1.100	.750	1.45	1.45	7.65	7.65

Mr. DOLE. Mr. President, under present law (Public Law 97–35), the minimum social security benefit is scheduled to be eliminated for all people who become eligible for benefits for the month of November 1981 and later. The minimum benefit is scheduled to be eliminated for all other beneficiaries beginning with benefits for March 1982.

The committee adopted a provision to restore the minimum benefit for all people who are eligible for benefits before November 1981 and who are residents of the United States, residents of the 50 States, District of Columbia, Puerto Rico, Guam, Virgin Islands, and American Samoa. Minimum beneficiaries with governmental pensions would have their minimum benefit reduced dollar for dollar for the portion of their governmental pension above $300, but not below the amount of the benefit based on their actual earnings.

The Committee also agreed to defer for a period of 10 years the elimination of the minimum benefit in the case of members of religious orders who have taken a vow of poverty and who were first covered under the social security program as a result of amendments adopted in 1972.

EXTEND DISABILITY MAXIMUM FAMILY BENEFIT TO RETIREMENT AND SURVIVOR CASES

Under present law, Mr. President, there is a limit on the amount of monthly benefits that can be paid on the earnings record of one worker. This limit is known as the maximum family benefit (MFB). In retirement and survivor cases, the MFB ranges from 150 to 188 percent of the PIA, primary insurance amount. In disability cases, the MFB can be no more than 85 percent of the worker's average indexed monthly earnings (AIME) or 150 percent of the primary insurance amount.

The committee approved a provision to extend the present law disability maximum family benefit formula to retirement and survivor cases, for workers reaching age 62 or dying after 1981.

EXTEND SOCIAL SECURITY PAYROLL TAX TO FIRST 6 MONTHS OF SICK PAY

Under present law, sick pay is subject to social security taxes and is treated as covered earnings unless it is either: First, paid under a qualified plan or system, or second, paid more than 6 months after the last month the employee worked.

If the employer's plan or system is qualified, the payments are excluded regardless of whether they are made from the employer's regular wage or salary account or from a separate fund or insurance.

The committee approved a provision to remove the exclusion of sick pay under a plan or system during the first 6 months the employee is off work if the payments are made from the employer's regular wage or salary account. This provision would be effective for sick pay in January 1982 and thereafter.

Mr. President, in a very brief discussion, the Senate Finance Committee addressed the problems of social security system and we at least have agreed, by a unanimous vote of 20 to 0 in our committee, to authorize interfund borrowing, reallocation of the tax, restoration, for the most part, of the minimum benefit. We adopted two provisions to pay for that restoration, which we felt was the only responsible thing to do.

I also say that, as I am certain others will say, this is a retreat from an earlier position of the administration.

It is a recognition by the President, by others in the administration, and by those of us on the Committee on Finance—some of us, at least—that perhaps, in the reconciliation process, we may have gone too far with the minimum benefit elimination.

In view of the politicization of social security since that time, it is now the better course to follow to make a restoration of that benefit, at least a 95-percent restoration.

Finally, the Senator from Kansas indicates that it is his hope that we can move rather quickly on this amendment. It is my understanding now from the Social Security Administrator that time is of the essence as far as notifying certain people who might be affected if the minimum benefit is not restored. Hopefully, today or tomorrow, we will be able to pass this substitute without any crippling amendments. There may be some lurking out there somewhere. I hope that then we can persuade our colleagues in the House to take appropriate action very quickly.

Mr. President, I yield the floor.

(Mr. COCHRAN assumed the chair.)

Mr. MOYNIHAN. Mr. President, I rise first to respond to my friend, the respected and exceptionally able chairman of the Committee on Finance, to say that he has described the measure before us as being, in some sense, a retreat today from the original proposal. I want the first remarks I make to assert my conviction that if that is the word to be used, so be it. But it is a gracious retreat. It is a responsible change of opinion. It is the result of a legislative process which, upon consideration, brings participants to new views. Absent that, we would not have a deliberative process at all.

Mr. President, I would like to suggest what will be obvious, that the degree to which the chairman has brought this change about is reflected by the fact that we bring to the Senate a report of the Committee on Finance adopted unanimously. It is a committee that was scarcely unanimous in this matter when the process began. That it should have ended up this way is a tribute to the chairman and, I think, to the capacity of facts to change opinions in the course of deliberations in this body.

The chairman will recall, and while I do not wish to dwell on it, I have a responsibility to note, at least, that this particular phase of the history of the Social Security Act begins on the 12th of May, when we received from the administration, with no advance warning, with no consultation, and with no preparation, a proposal to transform the social security system drastically in two respects.

First, to reduce benefits sharply, something that had not been done before, and certainly never contemplated at this level of reduction. For persons retiring at age 62, for example, benefits would be reduced by 40 percent, taking them from 80 percent of the full benefit they would receive at age 65 to 49 percent and—not to bring too many ratios into this discourse—leaving such a retiree with an average replacement rate, as we say, of 19 percent of earning. In effect, this formalizes a retirement in which social security benefits would be below the poverty line. This is not to say that many retirees would not have other retirement benefits coming, but many would not.

It remains the case that only about half of the people retiring in our country have any other pension with which to supplement social security. About half live on social security and nothing else. Hence, the importance of something such as the benefit rate paid at early retirement.

Early retirement was singled out on the ground that this was a privilege of some sort that was being somehow abused. It was and is not in any sense a way to take advantage of the system.

The judgment made in 1962 to provide early retirement at 80 percent of the full rate at 65 was based on an actuarial calculation that this would, on average, provide the same lifetime benefits as are received by "regular" retirees. It has turned out to be actuarially precise to a degree that is not ordinarily found. Over time, persons who have retired early have received exactly what they were expected to receive. Eighty percent of a full benefit, received at age 62, has led to a

payout equal to 100 percent at 65, and a wash during the intervening intervals as well—a nice piece of work for which the actuaries should be congratulated.

However, it is also the fact that we think most persons retiring at age 62 do so because they are ill or are unemployed. It is not simply exercising the option to move to Florida and play golf instead of going on with your job. It is, rather, exercising the option suddenly to receive income when you have not been receiving any at all.

As we discuss the social security law, we will often find persons on both sides of the aisle saying as to the characteristics, for example, of persons who take early retirement, that, "We think this is so." It has surprised me, at least, to realize how little is known about the characteristics of the approximately 35 million persons in the system.

We have run a very tight administration in social security, it seems to me. We know that its computer facilities could be usefully brought into a third and fourth generation of sophistication but administrative costs have been very low.

On the other hand, the administrators have been unwilling to find out very much about the 35 million people to whom they send checks every month. We know about the illness and unemployment causing early retirement from a survey made in California 4 years ago. In 1977, in California, it appeared that illness and unemployment were the largest causes of early retirement; some 70 percent of early retirees were sick or jobless prior to retirement. But one would think that there would be a national survey and that it would be kept up to date. These are sampling procedures that do not require any great invention if you just will carry them out.

Mr. President, the first radical feature of the May 12 proposal was that it would have made sharp reductions in benefits. The second is that it would have done so with almost no notice. The proposal came to us May 12. It was intended to go into effect January 1. That is not the way changes can be made in a social insurance system. The concept of due notice and due process has to be present, and surely it was absent in this regard.

It was not surprising, then, that on May 22, by a vote of 96 to 0, this body said that it would not go forward with that proposal in that manner.

In the meantime, we were adopting a change in the law which had an aspect of sudden death to it—if that is not too harsh a term—that gave no adequate notice to retirees. This is the elimination of the minimum benefit.

The President will know that in the Social Security Amendments of 1977, by authorizing the minimum benefit at $122, we arranged that over time, in effect, it would be phased out; that as earnings history and therefore benefit levels rose over time, there would be no one coming into the system whose entitlement would be less than the current minimum. So, in an orderly manner, this benefit was to be diposed of, but not on 3- or 4-months' notice.

The distinguished chairman of the Committee on Finance is not wrong when he says that we have to act with some expedition here, else, on Christmas Eve, some 3 million people are going to receive a notice that their social security payments are being taken away from them. Some have suggested that the note might have holly and ivy to cheer them up. It has been suggested, I am told, by persons downtown that the distinguished chairman of the committee might be the one chosen to sign the notice, on the ground that no one at the other end of Pennsylvania Avenue wishes to do it.

As a point of fact, under the law, 3 million people will receive this special yuletide notice from the chairman or whoever is given the distinction of sending the greetings, unless we do act with expedition, and I believe we should.

Again, there was the question of due notice and due procedure.

At this point, I do not have much to add, except to say that I believe that in the course of our deliberations we have established that there are two problems facing the social security system. One is a near-term problem that responds to the unprecedented movement of prices and wages in the last 4 years. Prices went up and wages went down, probably for the first time in the history of the American economy; and interest rates were at extraordinarily high levels, interest rates reflecting this changing relationship.

The result was that for the first time in the history of our economic series, real wages in the United States declined. Unemployment remained high. The economy has been flat since 1978, almost an extended recession.

Payments into the system have gone down relatively. With inflation, payments out of the system have been going up. This, combined with the unprecedented change in the wage-price relationship, has depleted the trust funds.

And changes made by the 1977 amendments have not been sufficient for the purposes we contemplated at the time.

We are responsibly advised by the Congressional Budget Office and by the administration that, with the changes we make today, even after the cost of restoring the minimum benefit to virtually all its present recipients is accounted for, the near-term problem will be avoided. Enough reductions were made in the reconciliation bill so that between now and 1985 or 1990, as we variously describe the near-term problem, we will get through.

Perhaps the ship will cross the bar with a fairly narrow margin between the bar itself and the keel, but that has happened before. In any event not a great deal would be at stake if we had to resort to some temporary adjustment at the end of this decade because thereafter the system goes into a very ample surplus for a very long time.

I note this not in anticipation of our doing it, but simply to make the point, Mr. President, that through most of the 1940's, in consequence of an amendment proposed in this body by our distinguished former Member, who is so much a part of our history, Senator Vandenberg of Michigan, the funds had the right to borrow from the Treasury if they were temporarily short of moneys owing to a combination of economic developments, or whatever. This did not offend against any great principle. It still does not.

It can be done if needs be done. It is unlikely that it will be needed, but if it is, it can happen.

I do not want to stand here advocating that there be a steady infusion of public moneys, of general funds, into the social security system. There is a healthy discipline that arises from the prospect that the taxes paid into the system should be sufficient for the benefits paid out.

But I note that this is not the case now, that under the medicare provisions of the Social Security Act doctor bills are paid by general revenues. The notion that these revenues are from social security taxes is not so.

I point out that, in the early days of the system, there was a deliberate public subsidy to these funds. It will not seem credible to many Members of the Senate today, but the Social Security Act of 1935 provided that the moneys collected from the payroll tax be invested in special Government bonds, and that the Treasury pay a full 3-percent interest on those moneys.

Now, 3 percent interest was higher than the rate of interest at which the Treasury borrowed. It was thought to be an astronomical number, never likely to be reached in the market, and in that measure, to that degree, and to that purpose a subsidy was paid into the fund.

This was phased out in the 1940's, and the memory of a time when 3 percent was an inconceivably high rate of interest has gone, but I cannot fail to remind my friend from Kansas of those grand old days of the New Deal when the dollar was sound, when interest rates were low, and when social change was going forward at such an agreeable pace.

Another point I wish to make is that having talked about our near-term problem, may I also say that there is this other matter, this other question which I have found myself referring to as the 2020 problem. It is not a problem at all but simply a statement of fact that about the year 2020 the baby boom that followed the Second World War will have retired and we will have a high ratio of older persons to workers. We will not have a high dependency ratio, unless there is a great and unanticipated demographic change.

The dependency ratio, which is the ratio of persons of working age to young and old, specifically 20 to 64, against those above 64 and below 20 reached its height in 1965. We will never again have as many dependent persons relative to persons of working age as we had in 1965.

But we will have this: The baby boom will grow old, it will retire, and then provision has to be made for a higher rate of contribution and of GNP than we have historically known.

I remind the Chair what this body has heard before, which is that as a proportion of gross national product, social

security benefits go down from almost 5 percent last year to slightly more than 4 percent about the year 2005, and then they rise to again about their present level about the year 2015.

I wish not to be held to the month of the calendar year in those terms, but there is a decline such that by about the year 2020 we get back up to the present rate of GNP, and then we go from about 5 percent up to about 6 percent in about the year 2035, something in that range, and at 6 percent it holds for a period, then declines again to a bit above 5 percent as best we can know.

We presume a great deal about the forecasting abilities of our actuaries. We solemnly pretend to precision when we refer to what the GNP in the year 2040 will be and the work-force ratio, the labor-force ratio, and the unemployment rates and things like that. That, alas, is one of the prices we have paid for the trappings that surrounded the original Social Security Act. These gave us to understand, gave the public to understand, that a social insurance system that in effect constituted an intergenerational tax transfer was in fact a funded investment retirement annuity arrangement as well as an insurance arrangement.

This was never so, it is not so, and cannot in the nature of things be so, but nonetheless we solemnly project the funds' status 75 years in the future as if this were the portfolio being managed by the Prudential Life Insurance Co. It is not and is never going to be.

One thing I will take note of in passing is that we may have a problem different from one that has been most talked about, and I think the chairman may or may not share my view on this, which is that one of the consequences of the Economic Recovery Act of 1981 was a very great reduction of taxes on capital. Taxes on capital gains were cut, and we are very happy to see them cut as we were steadily trying to do that in the last two tax bills. Corporation taxes were almost abolished in many cases. Intergenerational transfer of capital was certainly changed. So we see the tax on capital going down while we contemplate a steady increase in the taxes on labor, which is, after all, what the payroll tax is.

We might find ourselves before we notice in a kind of shearing action in which we have created unintentionally in the tax system a very powerful incentive to employ capital and a very powerful disincentive to employ labor, simply because the taxes on one have almost been abolished. I do not want to exaggerate that they have been abolished, but they have been much reduced, while the taxes on labor are much increased.

What is the maximum social security tax that is now to be paid? About 15 percent, is it not? The maximum tax payment from 1990 on will be 15.3 percent. The employer will pay 7.65 percent and the employee will do the same. That is a heavy tax, far heavier than the 1-percent tax mandated in 1935, 15 times heavier.

There will be those who will little note nor long remember that this observation is made today, but to those who want to follow this subject, I suggest that the time may come when the disparity between the rising payroll tax and the declining tax on capital, the rising tax on labor and declining tax on capital, will have consequences which we will want to address.

In any event, these are consequences which are to be dealt with apart from the near-term questions that we deal with today.

In concluding these remarks—they have been extensive only because I have not seen any other Member, any other Senator, wishing to speak—I would like to say that I think a fair job was done. I think the unanimous judgment of the committee reflects that fact, and I hope the Senate will adopt this measure.

There will be some amendments being put forward. I believe there will be one by the Senator from Missouri, the senior Senator, similar to one I offered unsuccessfully in the Committee on Finance. It may be, it may not be. This is an opportunity for the Senator from Kansas to show that he can exact from the oil and gas industries the same draconian measures that he has insisted upon where his own activities were involved.

I thank the Chair.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, just for the information of Senators and others who may read the RECORD, I ask unanimous consent to have printed in the RECORD comments from study groups and others who recognize that we do have financing problems.

There being no objection, the comments were ordered to be printed in the RECORD, as follows:

STUDY GROUPS AND OTHERS RECOGNIZING SUBSTANTIVE SOCIAL SECURITY FINANCING PROBLEMS

National Commission on Social Security; (March 1981):

In order to assure adequate funding for 1981, Congress, in October 1980, enacted Public Law 96–403, which provides for a shift of payroll tax receipts in 1980 and 1981 from the Disability Insurance Trust Fund to the Old-Age and Survivors Insurance Trust Fund.

Until very recently, it appeared that this reallocation, plus some borrowing from the Hospital Insurance Trust Fund, might resolve the short-term financing problem. However, the estimates available to the Commission based on the 1980 Mid-Session Review assumptions of the Office of Management and Budget show that the combined assets of all three trust funds will be inadequate to pay estimated benefits as they come due starting in 1984.

Because of the great uncertainty inherent in long-term projections, it has always been acceptable for the long-range actuarial balance (the relation between anticipated revenues and expenditures over the full 75 year valuation period) to show a small deficit or surplus under the intermediate cost estimates. Under the tax rates of present law, there is an actuarial imbalance under the intermediate estimates in the 1980 Trustees Report of 1.52 percent of taxable payroll. Average expenditures are 112 percent of average income.

The Commission considers this an insufficient degree of financing.

Mr. DOLE. Mr. President, I ask unanimous consent that a list of the members of the National Commission on Social Security be printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

MEMBERS OF THE NATIONAL COMMISSION ON SOCIAL SECURITY

Milton Gwirtzman, chairman, attorney and author, Newton, Massachusetts.

James J. Dillman, vice chairman, attorney, Dillman, Holbrook, Wurtz & Roth, Sheboygan, Wisconsin, Trustee, State of Wisconsin, Retirement Fund and Member, Retirement Research Committee.

Elizabeth T. Duskin, vice chairman, Director of Research and Legislation, National Council of Senior Citizens, Washington, D.C.

Wilbur J. Cohen, Austin, Texas, Sid Richardson Professor of Public Affairs, Lyndon Baines Johnson School of Public Affairs, University of Texas at Austin; Secretary of Health, Education, and Welfare, 1968–69.

Russell W. Laxson, Plymouth, Minnesota, Retired Vice President, Public Affairs, Honeywell Inc.

Donald S. MacNaughton, Nashville, Tennessee, Chairman and Chief Executive Officer, Hospital Corporation of America; former Chairman and Chief Executive Officer, Prudential Insurance Company of America.

Joyce D. Miller, Gutenberg, New Jersey, Vice President and Director of Social Services, Amalgamated Clothing Workers of America; member of the Executive Council, AFL–CIO.

Robert J. Myers, Silver Spring, Maryland, Professor of Insurance, Howard University; Chief Actuary, Social Security Administration, 1947–70.

David H. Rodgers, Olympia, Washington, Chief Deputy Insurance Commissioner, State of Washington; Mayor of Spokane, Washington from 1967 to 1978.

Mr. DOLE. The commission was composed of members of both parties, no Members of Congress, but a number of outstanding Americans concerned about the problem. I point that out because we are about ready to appoint another task force which will probably plow the same ground. They might find it useful to see what the last Commission on Social Security recommended.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

PRESIDENT'S COMMISSION ON PENSION POLICY (FEBRUARY 1981)

The most pressing problem facing social security is its ability to meet future commitments. The social security system relies on pay-as-you-go financing. Taxes collected from workers and their employers are used almost immediately to pay benefits for current retirees. This form of financing is extremely vulnerable to declining economic conditions and demographic imbalances.

In recent years, poor economic conditions have resulted in short-run financing problems. Presently, social security is experiencing difficulties because of high unemployment, inflation and low wage growth. As a consequence, tax revenues decline, while rising inflation results in increased benefit payments.

In the next five years, scheduled tax revenues are not expected to be sufficient to cover expected payments.

Social security faces serious long-run financing problems as well. Demographic imbalances resulting from the post-World War II baby boom are expected to cause financing problems in the next century.

The average scheduled tax rate over the 1980–2054 period is 12.22 percent, and this

compares unfavorably with an estimated average expenditure of 13.74 percent and 18.39 percent of payroll under pessimistic assumptions. If either benefit adjustments or financing solutions to this 1.52 to 6.17 percent long-term actuarial deficit are not found, the problems will be extremely difficult to resolve as the baby boom generation begins to retire. For example, over the period 2030–2054, the actuarial deficit will amount to −4.58 percent and −14.20 percent of covered payroll, respectively. Only under the optimistic demographic and economic assumptions will the trust funds accumulate to very high levels and then decline when the baby boom generation retires. If the more unfavorable, but more likely, alternatives develop, more revenue from higher payroll taxes or other revenue sources must be found, or benefits must be reduced.

1979 Social Security Advisory Council, December 19, 1979

To counteract the trust fund losses attributable to the events of the mid-1970s, Congress in 1977 enacted major increases in revenues. The largest of these increases was not scheduled to take effect until 1981. In 1977, the decline in the trust funds was projected to continue until the 1981 rate increase took effect, after which a buildup of the funds was anticipated to commence. More recent economic forecasts, however, suggest that this buildup may not begin as soon as previously expected.

The fact that the trust funds are now relatively low means that a severe recession could reduce revenues enough to require increases in the tax rate or base that would not be needed if trust fund balances were at normal levels. This temporary situation is an aftereffect of the severe recession during the mid-1970s and has little bearing on the long-run financial strength of the social security system. Nonetheless, this temporary situation cannot be ignored, and the council's recommendation for improving the financing of medicare and the cash benefits programs would deal with it.

Starting around 2010, however, the trust funds are projected to decline as the large number of persons born in the years immediately after World War II begin to reach retirement age. The work force is not projected to increase commensurately because the fertility rate is now low and is projected to stay low by historical standards. The combination of these two trends would cause a significant increase in the average age of the American population. And, if these projections are borne out, social security revenues would have to be increased or benefits would have to be cut to keep the OASDI system in balance after the year 2030.

Congressman J. J. Pickle, Chairman of Social Security Subcommittee of House Ways and Means Committee (House Floor Statement, April 9, 1981)

The social security retirement and survivor's trust fund will become unable to pay benefits sometime in mid-1982. Even if the assets of the disability fund were added in, the two funds together would still be insufficient late in 1982. This shortfall is projected under both the Carter administration's fiscal year 1982 budget economic assumptions and the Reagan revised fiscal year 1982 budget assumptions.

If the assets of all three funds, including health insurance, are considered together, the trust funds are adequate to make benefit payments through 1986 under the Reagan economic assumptions, but are insufficient by late in 1984 under the Carter assumptions. Even under the Reagan assumptions, the margin is extremely thin. Assets in all three funds combined drop to only 14 percent or only 1½ months worth of reserves. If economic conditions in the next 3 years are only slightly worse than the Reagan administration predicts, the trust funds will be unable to make benefit payments at some point before 1986.

An additional $110 billion in revenues, or approximately $20 billion a year, likely will be needed to achieve a 25-percent trust fund reserve by 1986.

In addition to the practical problem of providing sufficient revenues to the system, the general public apparently has little confidence in the soundness of the social security program. We need to take action now that will restore the public's confidence.

Many Members of Congress feel we cannot restore confidence in this program if we do not also address long-term shortages expected to confront social security in the next century.

CBO: Alice Rivlin Before Joint Economic Committee (September 22, 1981)

In short, although the CBO currently projects that the combined trust funds will maintain an aggregate balance sufficient to allow expected benefits to be paid over the next decade, the margin for error is very small. If economic conditions—especially real wage growth—are even slightly worse than now projected, legislative action beyond the authorization of interfund borrowing would probably be necessary to ensure the viability of the system.

Given Social Security's sensitivity to economic performance, prudent budgeting may call for much larger trust fund reserves than have been realized in the recent past or than are currently anticipated. Without these reserves, frequent or sudden program changes may be required. In a program that represents a long-term commitment around which people plan their lives, such changes can cause substantial hardship and may undermine overall public confidence in the system. Larger reserves—such as the 75 percent of annual outlays recommended by the 1979 Advisory Council on Social Security—would insulate the Social Security programs from the consequences of unexpectedly poor economic performance.

Mr. DOLE. President Carter, in the fiscal year 1982 budget, which was presented in January of 1981, said:

Finally, no account of future budget needs would be complete without recognition of the need to resolve the problem of social security financing. The administration has proposed that the major social security funds be permitted to borrow from each other. The estimates contained in the budget assume that enactment of that legislation will overcome any shortfalls in the budget planning period 1982–84.

However, additional action will have to be taken to insure uninterrupted payments beyond the planning period.

From DHHS press statement—January 15, 1981:

As noted, the budget proposes that legislation be enacted, effective in calendar year 1981, to allow borrowing among the three funds, to insure that possible temporary cash flow problems in one fund would be solved through loans from the other funds. This proposal assumes that the revenues from the tax and wage base increases scheduled under current law and the savings estimated for voluntary hospital cost containment will be realized. However, the margin of safety is so small that if economic conditions worsen, or if cost containment savings are not fully realized, there will be insufficient resources for benefit payments by the end of 1984. Therefore, more substantial Social Security financing reform needs to be addressed in the near future.

Then there are a series of statements, including a public opinion poll. I do not have a date on this, but it is a recent public opinion poll which indicates that:

The Hart public opinion survey conducted for the National Commission on Social Security found that 62 percent of all nonretired Americans had little or no confidence that there will be funds to pay their social security benefits; 73 percent of those age 25 to 44 felt this way.

The Lou Harris poll conducted in 1979 on American attitudes toward pensions and retirement found that more than four out of five workers have less than full confidence that social security will be able to pay their benefits when they retire, and more than two out of five have hardly any confidence at all.

There is also a statement by Robert M. Ball before the House Social Security Subcommittee. The record is replete with statements by those who are not in the political arena who are telling us that we have to do something.

If, in fact, additional evidence is needed, I would think some might want to explore the brief excerpts from those reports.

Another statement is from the American Academy on Actuaries (in a statement of) on February 27, 1981, indicating that we are in deep difficulties.

Mr. President, I ask unanimous consent that these brief summaries be printed in the Record for the benefit of Senators.

There being no objection, the summaries were ordered to be printed in the Record, as follows:

Summaries and Statements by Robert M. Ball

(Before the House School Security Subcommittee, February 17, 1981)

At present the contingency funds have been drawn below a reasonably safe level because recently we have had the unusual combination of prices rising faster than wages and, at the same time, a relatively high unemployment rate.

It is clear that some congressional action will be needed shortly to avoid a short-term financing problem in the old-age and survivors' insurance part of social security (the disability insurance program and the hospital insurance part of Medicare are not in difficulty). The reallocation of rates between old-age and survivors' insurance and disability insurance signed into law on October 9, 1980 was intended as a stop-gap measure and is probably sufficient only through calendar year 1981. The action required can be quite minimal or we can take the occasion—as I think we should—to make rather fundamental changes in financing.

The Carter Administration proposed borrowing among the three social security funds—the old-age and survivors' insurance fund, the disability insurance fund, and the hospital insurance fund—as a way of meeting the short-term problem in old-age and survivors' insurance between the end of 1981 and the point at which the presently scheduled 1985 contribution rate increases take hold. If the economy improves rapidly and substantially, this provision alone might well make the present financing of the cash benefit program sufficient for the next 50 years and the financing of the hospital insurance program under Medicare sufficient at least into the 1990's. Under other economic assumptions, however, this plan would be inadequate in the 1984–85 period, and Congress would once again need to address the question of social security financing.

My own view is that it would be desirable to make fundamental changes in social secu-

rity financing right away so that financing of the cash benefit program would be assured at least into the next century and without having to raise the tax rate for old-age, survivors' and disability insurance for at least the next 25 years. It is very disturbing to beneficiaries and contributors alike to keep running into these short-term crises because of an insufficient margin in the short-term rates. And it is disturbing to contributors to keep facing a series of rate increases.

AMERICAN ACADEMY OF ACTUARIES

(James R. Swenson before the House Social Security Subcommittee, February 27, 1981)

It is apparent that legislation needs to be enacted to resolve the predicted short-term financing problems of the OASI portion of the program. The academy believes that it is equally important that long-term financing issues be addressed at the same time to help assure the financial viability of the program and to restore public confidence in the program.

The short-term financing problems would be substantially alleviated if proposals permitting interfund borrowing were enacted. However, the margins protecting the program from adverse economic conditions would be very modest unless other steps are taken as well.

The relative unpredictability of the economy indicates that more emphasis should be placed on financial projections based upon pessimistic assumptions. It should be noted that projections based upon pessimistic assumptions indicated the potential for short-term cash flow problems shortly after the 1977 amendments were enacted. Virtually no publicity was given to that fact at the time.

Long-term financing issues pose an even greater challenge to the program. Since the social security program is an intergenerational transfer program, funded essentially on a pay-as-you-go basis, the demographic influences of increasing life expectancy combined with the post-World War II baby boom and subsequent baby bust will require substantial increases in future payroll tax rates. The financial viability of the program depends upon the willingness and the capability of persons who are working to pay taxes sufficient to support promised benefits.

Official actuarial estimates predict OASDHI benefit costs ranging from 20 to 36 percent of payroll by the year 2030. In addition, long-term projections based upon intermediate assumptions indicate that OASDI benefit disbursements will exceed scheduled taxes by an average of 1½ percent during the next 75 years.

AFL–CIO

(Bert Seidman before the House Social Security Subcommittee, March 13, 1981)

Mr. Chairman, in dealing with the program's financing problem, I hope that neither you nor the other members of the subcommittee will rely on the administration's economic forecasts as outlined by Secretary Schweiker in his testimony to this subcommittee.

Those projections might be better characterized as wishful thinking rather than serious economic forecasting.

Not only the AFL–CIO, but most private economists, both conservative and liberal, monetarists and Keynesian, doubt these rosy projections.

In short, Mr. Chairman, if the Congress for the third time since 1977 undertakes the difficult task of shoring up the social security system, we urge reliance on more realistic economic forecasts in order to avoid being faced with the problem again.

HENRY J. AARON

(The Brookings Bulletin, Sept. 13, 1981)

Most economists not bound by party discipline hold that the administration's economic scenario is more optimistic in general, and more favorable to the social security system in particular, than events are likely to be. For that reason, it would be reckless to legislate for social security on the basis of those assumptions. There is too great a risk that events will be less favorable, that the nation will confront another social security crisis in a few years, and that Congress will have to legislate in . . . if nothing is done to reduce the sensitivity of social security to short-run economic adversity, economic events less favorable than our best forecasts could place the system in jeopardy again in the near future: only large tax increases or large cuts in benefits for those now receiving or soon to receive them would preclude this unhappy possibility. These are really the only two choices Congress has.

NATIONAL RETIRED TEACHERS ASSOCIATION AND THE AMERICAN ASSOCIATION OF RETIRED PERSONS

(James Hacking Before the House Social Security Subcommittee, Feb. 27, 1981)

Proposals to allow the OASI fund to borrow or receive funds from the DI and/or HI fund, in our opinion are deceptive because they do not match the magnitude of the short-term financing problem. In general, we support providing legislative authority for interfund borrowing because this would provide some flexibility. However, we do not view this as a sound solution because the possibility that the combined level of trust funds would fall to unacceptable levels or be completely exhausted would still exist. The amount of revenue generated for the OASI Fund from these devices will not ultimately be sufficient to protect the system from even minor economic downturns.

Interfund reallocation and borrowing proposals are being suggested partly because the HI and DI Trust Fund levels are currently in a healthy position and could provide some additional funds to OASI in the short term. We suggested that reliance on the DI Fund is ill-advised, since a recessionary period could prompt another surge in the number of persons on the DI rolls and hence begin to deplete the DI Fund in a manner similar to what occurred in the mid-1970's. The HI Fund is not reliable either; it is expected to be depleted by the early 1990's, if not sooner. Hospital cost increases continue to roar along at higher than general inflation levels in the absence of effective cost control legislation.

AMERICAN ENTERPRISE INSTITUTE

("Achieving Financial Solvency of Social Security" 1981)

The short-term financing problem facing social security's largest cash program, Old-Age and Survivors Insurance (OASI), is serious and will require corrective action by 1982 if scheduled benefits are to be fully financed by the OASI trust fund. The other two major social security trust funds, for Disability Insurance (DI) and Hospital Insurance (HI), are in better financial shape, largely as a consequence of the Social Security Amendments of 1977 (Public Law 95–216), which increased payroll taxes designated for the DI and HI trust funds, and the Disability Amendments of 1980 (Public Law 96–265), which tightened administrative procedures for the program. Both the DI and HI trust fund contingency reserves are now projected to remain at adequate levels through the mid-1980s. According to several recent reports, however, the combined OASDHI trust funds are expected to be inadequate after 1984, so that even if the OASI trust fund is allowed to borrow from the other two funds, the short-run financing problem would remain.

The gloomy long-run projections of social security are even more disturbing in light of their underlying assumptions. Under the 1981 trustees' intermediate projection path II–A, the long-run unemployment rate is 5 percent (after 1995), the long-run inflation rate is 3 perecnt (after 1990), the real wage differential is 2.00 percentage points (after 1995), and the long-run fertility rate is 2,100 births per 1,000 women. All of these key long-run assumptions are more optimistic than actual trends in the 1970s.

NATIONAL FEDERATION OF INDEPENDENT BUSINESS/NATIONAL BUREAU OF EDUCATION RESEARCH

(Presented by Michael Boskin "Separating the Transfer and Annuity Functions of Social Security" 1981):

Probably the most overwhelming problem confronting social security as a pay-as-you-go system is the long-term funding crisis. Even after the 1977 social security amendments, a long-term deficit of well over $600 billion remains. This is the amount by which the present value of legislated benefits exceeds the present value of legislated taxes. To put this in perspective, this amount is larger than the regular national debt. The major cause of this projected deficit is the drastic change in the age structure of the population. Once the post-World War II baby boom retires—around 2010—the ratio of retirees to workers will increase enormously. The best estimate is that the ratio of retirees to workers will increase by about 50 percent—from slightly less than one to three to about one to two. Given the pay-as-you-go nature of the system, this implies either a huge increase in taxes to maintain the ratio of benefits to wages or a significant decline in the ratio. Neither prospect is appealing, but there is no avoiding the choice.

COMMITTEE FOR ECONOMIC DEVELOPMENT

("Reforming Retirement Policies" September 1981)

Social Security's traditional political and social strength has rested on low tax rates and the widespread belief that today's payments assure tomorrow's benefits. However, in recent years, it has become apparent that the system, which has functioned so smoothly for so long, is in serious financial trouble. Fully indexed to the CPI, benefits are rising at a rate that many would argue outstrips even the real rate of inflation. Demographic trends show that as the "baby boom" generation retires, there will be a vast increase in the number of retired nonworkers to be supported by a decreasing proportion of workers. In 1960, there were 20 Social Security beneficiaries for every 100 workers contributing to the system; by 1980, the ratio had risen to 31 beneficiaries per 100 contributing workers. This ratio is expected to rise to a range of 40 to 70 by the middle of the next century.[1]

Faced with this problem, Congress enacted stiff new tax increases to take effect between 1979 and 1990. But these increases have already proved insufficient to carry the system in the immediate future, and they will not cover rising costs for the entire seventy-five-year period used in the long-term estimates for Social Security planning. Even with the scheduled large tax increases, experts believe that revenues will again fall short early in the next century.

Even those tax increases that have already been passed will put a significant strain on the economy. They will reduce both consumer purchasing power and the ability of individuals to save.[3] In addition, higher Social Security taxes levied on employers tend to increase the prices of goods and services, reduce employee wages and the hiring of new workers, and restrict the availability of funds for new investment.

Clearly, Social Security is entering a new era. The combined forces of inflation, slow economic growth, and demographic change, as well as the maturing of the system itself, have brought about this financial crisis. The challenge that policy makers face is how to

reshape the system so that the costs to the working generation are kept manageable and yet still fulfill the social and economic goal of providing basic benefits to retirees.

HOUSE DEMOCRATIC STUDY GROUP

(October 1980)

It is clear from both the report of the Board of Trustees of the Social Security program and the Administration's mid-session FY 1981 budget review that the Social Security system is headed for cash-flow problems in the short-term. It is equally clear from the two reports that reallocation is only an interim measure and that even after reallocation additional steps either to raise aggregate revenues or to reduce future benefit obligations may be necessary for later in this decade.

Because of the unforeseen and unprecedented economic situation of the past year—historic high rates of inflation coupled with a serious recession—and because wage gains have fallen behind price increases, there are once again serious short-term financing problems for OASDI. For example, OASI was expected to run out of assets sufficient to meet benefit payments by the end of next year. To forestall that, Congress has approved a temporary (two-year) reallocation of tax receipts between the OASI and DI trust funds in order to ensure sufficient OASI funds to pay benefits through 1982 (H.R. 7670). However, it is anticipated that combined OASDI-HI reserves will fall to a low of 7 percent of one year's outgo in 1985, so that it is possible that even with other reallocation actions not enough money will be on hand to pay some benefits.

The long-term financing problems are the result of demographic trends—the inexorable aging of the population combined with the decline in the birthrates. Sometime during the first half of the next century there will be too many beneficiaries (retirees) and not enough contributors (workers).

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (1980)

The recommendations of most observers, including the current administration and Congress, concentrate primarily on the revenue side of the system and call for constant increases in the payroll tax. These taxes have already grown faster than the consumer price index, increasing by more than 840 percent between 1962 and 1981 (as projected). Even with these increases, revenues for 1981 and later will almost certainly be inadequate to support the projected level of outlays. Consequently, unless Congress mandates new sources of revenues or further increases in social security taxes, projected benefits must be reduced.

NATIONAL ASSOCIATION OF MANUFACTURERS

(Statement of the NAM Board September 29, 1981)

For nearly half a century, three generations of Americans have relied on the Social Security system to help provide retirement income. Now that system is in deep financial trouble.

CHAMBER OF COMMERCE OF THE UNITED STATES

(Statement by Lowell Jones and Mike Romig before the Subcommittee on Social Security, House Ways and Means, March 13, 1981)

Throughout the 70's high levels of inflation and unemployment in combination with lagging productivity and lagging real wage growth have forced a draw down of Social Security trust funds to the point that, unless effective action is taken by Congress this year, the OASI trust funds will be out of money early in 1982.

AMERICAN COUNCIL OF LIFE INSURANCE

(Statement of Kenneth P. Austin before the Subcommittee on Social Security, House Ways and Means, February 27, 1981)

Social Security now faces severe financial problems. The retirement program, OASI, faces acute short-range financial problems . . . The system also faces long-run deficits on the basis of what now seems to be the most reasonable economic and demographic estimates.

Mr. DOLE. In addition, Mr. President, I understand there may not be final action on this bill today. It is my hope that some of the amendments could be disposed of or forgotten, whichever would be the most satisfactory, which I think is the latter. I would also suggest the latter to Senators who do not really feel compelled to rush over with an amendment.

We would mention to those Members that there will be other opportunities to offer amendments. We do think there is some urgency in passing this legislation, particularly in view of its unanimous approval in the committee. I would hope that none of the amendments that have been proposed would be adopted, including the amendment that I understand the Senator from Missouri may offer, which would start general funding of social security. That has never been done in the history of this program, but that is precisely what the Senator from Missouri proposes.

Mr. President, I shall also ask unanimous consent that additional information concerning the financial status of the social security trust funds be printed in the RECORD.

The information that I will include covers the operations of the trust funds before and after enactment of the committee amendment, and was provided by the Congressional Budget Office and the Social Security Administration. Again, there has been some who always take, I think, an overoptimistic view of what we may be doing here today. We are addressing a short-term problem and a short-term problem only.

There are many of us who think that in the interim we can address the problem as it should be addressed. I wanted to point out for the Record that we do restore the minimum benefit to all those currently on social security rolls except those who are receiving a Government pension above $300 per month. Those retired Government workers would have their social security benefit reduced dollar for dollar for the amounts of their Government pensions above $300.

On a fiscal year basis, the actuaries estimate this provision to cost $500 million in fiscal 1982.

I might say that cost is offset by a savings in SSI of $240 million in 1982.

In 1983, the outlay cost because of the minimum benefit restoration would be $1 billion, but, again, restoration of the minimum benefit would reduce the cost of SSI payments, so there would be a saving of about $600 million and a net cost of $400 million.

Restoration to minimum benefit, which is an added cost results in a savings in SSI. This information is spelled out in more detail in this document. There is also a saving from the amendment which would restrict the total family benefits for OASI recipients to either 85 percent of a worker's AIME, but not less than 100 percent of the worker's PIA, or to 150 percent of the primary insurance. Also revenue is raised by taxing the first 6 months of sick pay.

In addition, the information contains answers to questions that may be asked with reference to the effect on trust fund ratios. Questions sometimes arise as to the effect of these changes together, or in part, on the trust fund ratios. I will be including a table which will give that information for Members of the Senate and others who are concerned about this very important problem.

Finally, I will ask that cost estimates for social security proposals approved by the Senate Committee on Finance as addressed by the Social Security Administration also be made a part of the RECORD. Again, that information, I understand, for the most part, is in harmony with the information from the Congressional Budget Office.

Mr. President, I ask unanimous consent that all of that information be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Congressional Budget Office, October 6, 1981]

MEMORANDUM

From: Stephen Chaikind.

Subject: Senate Finance Committee Social Security Amendments.

This memo summarizes the costs and trust fund effects of the amendments on social security approved by the Senate Finance Committee on September 24. The amendments include four provisions. The most important in terms of social security financing is the approval of interfund borrowing between the OASI and DI trust funds along with the reallocation of the payroll tax rates between the OASI, DI and HI trust funds. The amendments also restore the minimum benefit to most current recipients, put a maximum on family benefits paid from the OASI trust fund and require payment of the payroll tax during the first six months of illness. These provisions will be discussed separately below.

REALLOCATION OF PAYROLL TAX RATES; INTERFUND BORROWING

Under current law projections, the combined OASDHI trust funds will have balances above 12 percent of outlays at the start of each calendar year through 1990 (shown in Table 1, under CBO economic assumptions). This percentage will be minimally adequate to ensure continued payment of benefits through the period. However, the OASI fund is likely to need additional income before the end of 1982, since its balance falls to very low levels by that time.

Under the Finance Committee bill, two steps were taken to alter this imbalance. First, it allows interfund borrowing between the OASI and DI funds at the discretion of the Managing Trustee. Second, the amendment realigns the payroll tax rates among all three trust funds. These proposed rates are shown in Table 2, along with current law rates.

Were these realigned tax rates to take effect, with no other changes in revenues or outlays, the combined balances in the trust

funds would remain virtually the same,[1] but the OASI fund would have sufficient balances through the period, as would OASDI balances combined. HI balances would fall to very low levels by the start of 1985 under this reallocation, although they should remain positive. It is unclear if HI can meet all of its obligations with such low levels of trust fund reserves, however.

MINIMUM BENEFIT RESTORATION

The Finance Committee amendment restores the minimum benefit amount to all those currently on the social security rolls except those with a government pension above $300 per month. Those retired government workers would have their social security benefit reduced dollar for dollar for the amounts of their government pension above $300. On a fiscal year basis, the actuaries estimate this provision to cost:

[By fiscal years, in millions of dollars]

	1982	1983	1984	1985	1986
Budget Authority	—22	—88	—179	—278	—384
Outlays	500	1,000	1,000	1,000	1,000

CBO agrees with this estimate.

Restoration of the minimum benefit will also reduce the costs of added SSI payments and Medicaid costs. The federal savings to these programs resulting from the provision will be:

[By fiscal years, in millions of dollars]

	1982	1983	1984	1985	1986
Budget authority	—240	—575	—590	—610	—665
Outlays	—240	—575	—590	—610	—665

FAMILY MAXIMUM

This amendment would restrict total family benefits for OASI recipients to either 85 percent of a worker's AIME (but not less than 100 percent of the PIA) or to 150 percent of his PIA. This measure was adopted for all disability cases in the Disability Amendments of 1980. The provision would be effective for all those who become 62 in 1982 or thereafter. This provision is estimated by the actuaries to save:

[By fiscal years, in millions of dollars]

	1982	1983	1984	1985	1986
Budget authority	4	26	69	131	213
Outlays	—100	—400	—600	—800	—1,000

EXTEND PAYROLL TAX TO FIRST SIX MONTHS OF SICK PAY

This provision would generate the following additional revenues and budget authority by requiring the payroll tax be collected on sick pay paid from employees regular wages:

[By fiscal years, in millions of dollars]

	1982	1983	1984	1985	1986
Revenues	300	400	500	600	600
Budget authority	312	444	586	737	798

TOTAL EFFECT ON THE BUDGET

The total impact of this bill on the budget would be:

[By fiscal years, in millions of dollars]

	1982	1983	1984	1985	1986
Budget authority	54	—193	—114	—20	—38
Outlays	160	25	—190	—410	—665

EFFECT ON TRUST FUND RATIOS

Questions sometimes arise as to the effect of these changes together or in part on the trust fund ratios. The table below shows, on a calendar year basis, the effects of all or parts of the Finance Committee changes on the combined OASDHI balances as a percent of outlays at the start of the year, as well as the balances projected under current law.

COMBINED TRUST FUND BALANCES AS PERCENT OF OUTLAYS AT START OF YEAR

[In percent]

	Calendar year—				
	1982	1983	1984	1985	1986
Current law	20.7	17.7	15.0	12.7	14.9
Finance Committee package	20.6	17.4	14.5	12.2	14.4
Finance Committee's minimum benefit restoration only [1]	20.6	17.1	13.9	11.1	12.8
Restoration of entire minimum benefit only [1]	20.6	16.9	13.5	10.6	12.2

[1] Does not include effects of the cap on family benefits and payment of sick pay.

[1] Minor differences occur because of different trust fund assumptions on and timing of interest payments on outstanding balances.

TABLE 1.—PROJECTIONS OF SOCIAL SECURITY TRUST FUND OUTLAYS, INCOMES, AND BALANCES, BY CALENDAR YEAR

[In billions of dollars]

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Old age and survivors insurance:										
Outlays	126.9	141.0	155.4	170.0	185.0	201.0	218.7	237.8	259.4	281.5
Income [1]	123.1	130.1	142.8	156.6	177.0	192.9	208.8	225.2	242.1	279.1
Year-end balance	19.1	8.2	−4.4	−17.7	−25.8	−33.9	−43.7	−56.4	−73.7	−76.1
Start-of-year balance (as percent of outlays)	18.0	13.5	5.3	−2.6	−9.6	−12.8	−15.5	−18.4	−21.7	−26.2
Disability insurance:										
Outlays	18.1	19.8	20.6	21.8	23.3	25.3	27.2	29.1	31.4	33.9
Income [1]	17.0	23.3	26.5	29.8	37.8	42.6	47.5	52.7	58.3	72.8
Year-end balance	2.5	6.1	12.0	19.9	34.4	51.7	72.0	95.6	122.5	161.3
Start-of-year balance (as percent of outlays)	20.0	12.6	29.4	54.7	85.4	136.0	190.3	247.7	304.1	361.3
Hospital insurance:										
Outlays	30.1	34.4	39.6	45.4	51.8	58.9	67.0	76.1	86.4	98.1
Income [1]	35.2	39.3	43.7	48.3	54.6	63.3	68.7	73.9	78.8	83.5
Year-end balance	18.9	23.8	28.0	31.0	33.8	38.1	39.8	37.7	30.1	15.4
Start-of-year balance (as percent of outlays)	45.7	54.9	60.2	61.7	59.8	57.3	56.9	52.3	43.6	30.6
Combined OASI, DI, and HI:										
Outlays	175.1	195.1	215.6	237.2	260.1	285.2	312.8	343.0	377.2	413.5
Income [1]	175.3	192.8	213.0	234.8	269.4	298.8	325.0	351.8	379.2	435.3
Year-end balance	40.4	38.1	35.5	33.1	42.4	56.0	68.1	76.9	78.9	100.6
Start-of-year balance (as percent of outlays)	23.0	20.7	17.7	15.0	12.7	14.9	17.9	19.9	20.4	19.1

[1] Income to the trust funds is budget authority. It includes payroll tax receipts, interest on balances, and certain general fund transfers.

Note: Minus sign denotes a deficit.

Source: CBO. Based on CBO's economic assumptions. Includes the effects of the Omnibus Reconciliation bill of 1981.

TABLE 2.—CURRENT LAW AND SENATE FINANCE COMMITTEE PROPOSED PAYROLL TAX RATE ALINEMENT, EMPLOYERS AND EMPLOYEES EACH

[In percent]

Year	OASI		DI		HI		Total	
	Present law	Proposal	Present law	Proposal	Present law	Proposal	Present law	Proposal
1982	4.575	5.185	0.825	0.715	1.330	0.800	6.700	6.700
1983	4.575	5.035	.825	.665	1.300	1.000	6.700	6.700
1984	4.575	4.855	.825	.595	1.300	1.250	6.700	6.700
1985	4.750	5.005	.950	.595	1.350	1.450	7.050	7.050
1986–89	4.750	5.100	.950	.600	1.450	1.450	7.150	7.150
1990–2004	5.100	5.150	1.100	.750	1.450	1.750	7.650	7.650
2005 and thereafter	5.100	5.450	1.100	.750	1.450	1.450	7.650	7.650

TABLE 3.—PROJECTIONS OF SOCIAL SECURITY TRUST FUND OUTLAYS, INCOMES, AND BALANCES, UNDER THE COMMITTEE TAX REALLOCATION PROPOSALS, BY CALENDAR YEAR

[In billions of dollars]

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Old age and survivors insurance:										
Outlays	126.9	141.0	155.4	170.0	185.0	201.0	218.7	237.8	259.4	281.5
Income [1]	123.1	146.8	159.1	169.7	190.9	212.7	231.7	251.3	271.9	296.3
Year-end balance	19.1	24.8	28.6	28.3	34.2	45.9	58.9	72.4	84.9	99.7
Start-of-year balance (as percent of outlays)	18.0	13.5	16.0	16.8	15.3	17.0	21.0	24.8	27.9	30.2
Disability insurance:										
Outlays	18.1	19.8	20.6	21.8	23.3	25.3	27.2	29.1	31.4	33.9
Income [1]	17.0	20.3	21.1	21.0	22.7	24.9	27.0	29.2	31.5	42.3
Year-end balance	2.5	3.1	3.6	2.7	2.2	1.8	1.7	1.8	1.9	10.3
Start-of-year balance (as percent of outlays)	20.0	12.6	14.8	16.4	11.7	8.6	6.7	5.8	5.8	5.7
Hospital insurance:										
Outlays	30.1	34.4	39.6	45.4	51.8	58.9	67.0	76.1	86.4	98.1
Income [1]	35.2	25.6	32.4	43.8	55.7	61.3	66.6	71.8	76.7	98.0
Year-end balance	18.9	10.1	2.9	1.4	5.3	7.7	7.3	3.1	—6.6	—6.8
Start-of-year balance (as percent of outlays)	45.7	54.9	25.5	6.5	2.6	9.0	11.5	9.6	3.5	—6.8
Combined OASI, DI, and HI:										
Outlays	175.1	195.1	215.6	237.2	260.1	285.2	312.8	343.0	377.2	413.5
Income [1]	175.3	192.7	212.7	234.5	269.3	299.0	325.3	352.4	380.1	436.5
Year-end balance	40.4	38.0	35.1	32.4	41.6	55.4	67.9	77.3	80.2	103.2
Start-of-year balance (as percent of outlays)	23.0	20.7	17.6	14.8	12.5	14.6	17.7	19.8	20.5	19.4

[1] Income to the trust funds is budget authority. It includes payroll tax receipts, interest on balances, and certain general fund transfers

Note: Minus sign denotes a deficit.

Source: CBO. Based on CBO's economic assumptions. Includes the effects of the omnibus reconciliation bill of 1981 and tax reallocation proposal. Does not include other revenue or outlay decisions in Finance Committee plan.

MEMORANDUM, OCTOBER 13, 1981

From: Harry C. Ballantyne, Acting Chief Actuary.

Subject: Cost Estimates for the Social Security Proposals Approved by the Senate Committee on Finance.

The attached tables contain our cost estimates for the Social Security proposals approved by the Senate Committee on Finance. The proposals provide for partial restoration of the minimum benefit (which was eliminated in P.L. 97-35) and an extension of the DI family maximum formula to OASI beneficiaries. The proposals also reallocate present law tax rates among the OASI, DI, and HI Trust Funds and provide for interfund borrowing between the OASI and DI funds. In addition, Social Security coverage would be extended to the first six months of sick pay.

Table 1 compares OASI, DI, and HI tax rates scheduled under present law with the proposed reallocated schedule. The net effects on OASDI income and outgo resulting from each proposal are shown in Table 2, on the basis of the 1981 Trustees Report alternative II-B assumptions. Table 3 presents the estimated short-range operations of the OASI, DI, and HI Trust Funds under the program as modified by the proposals, again on the basis of the 1981 Trustees Report alternative II-B assumptions. Table 4 contains similar estimates on the basis of the 1981 "worst-case" assumptions. Tables 5-7 present the long-range OASDI effects of the proposals expressed as a percentage of taxable payroll; assets at the beginning of a year as a percentage of outgo during the year for the 75-year projection period are also shown. The long-range estimates are based on the 1981 Trustees Report alternative II-B assumptions.

The trust fund operations tables do not reflect the effects of the interfund borrowing proposal. However, Table 3 indicates that, under alternative II-B assumptions, the combined income and assets of the OASI and DI Trust Funds would be sufficient to pay benefits when due until late 1989 or early 1990. The HI Trust Fund could become depleted at about the same time. It should be noted, however, that the margin of solvency (as expressed by the trust fund ratios) is at a rather minimal level in the latter half of the 1980's. The point is emphasized by the projections under the "worst-case" assumptions shown in Table 4, which indicate that under pessimistic (but not unreasonable) economic assumptions, the total income and assets of the OASI and DI Trust Funds would be insufficient to pay OASDI benefits when due as early as 1984. Also, HI Trust Fund assets would represent only 5 percent of annual expenditures at the beginning of 1985.

The HI Trust Fund projections were provided by the Office of Financial and Actuarial Analysis, Health Care Financing Administration.

TABLE 1.—REVISED REALLOCATION OF SOCIAL SECURITY TAX RATES, AS APPROVED BY THE SENATE COMMITTEE ON FINANCE

[In percent]

	OASI		DI		OASDI		HI		Total	
Calendar year	Present law	Proposal	Present law	Proposal	Present law	Proposal	Present law	Proposal	Present law	Proposa
Employees and employers, each:										
1982	4.575	5.185	0.825	0.715	5.40	5.90	1.30	0.80	6.70	6.70
1983	4.575	5.035	.825	.665	5.40	5.70	1.30	1.00	6.70	6.70
1984	4.575	4.855	.825	.595	5.40	5.45	1.30	1.25	6.70	6.70
1985	4.750	5.005	.950	.595	5.70	5.60	1.35	1.45	7.05	7.05
1986-89	4.750	5.100	.950	.600	5.70	5.70	1.45	1.45	7.15	7.15
1990-2004	5.100	5.150	1.100	.750	6.20	5.90	1.45	1.75	7.65	7.65
2005 and later	5.100	5.450	1.100	.750	6.20	6.20	1.45	1.45	7.65	7.65
Self-employed:										
1982	6.8125	7.5150	1.2375	1.0350	8.05	8.55	1.30	.80	9.35	9.35
1983	6.8125	7.3750	1.2375	.9750	8.05	8.35	1.30	1.00	9.35	9.35
1984	6.8125	7.2150	1.2375	.8850	8.05	8.10	1.30	1.25	9.35	9.35
1985	7.1250	7.5500	1.4250	.9000	8.55	8.45	1.35	1.45	9.90	9.90
1986-89	7.1250	7.6500	1.4250	.9000	8.55	8.55	1.45	1.45	10.00	10.00
1990-2004	7.6500	7.8550	1.6500	1.1450	9.30	9.00	1.45	1.75	10.75	10.75
2005 and later	7.6500	8.1750	1.6500	1.1250	9.30	9.30	1.45	1.45	10.75	10.75

Source: Social Security Administration, Office of the Actuary, Oct. 1, 1981.

TABLE 2.—ESTIMATED REDUCTION IN OASDI BENEFIT PAYMENTS AND NET ADDITIONAL OASDI TAX INCOME UNDER PROPOSALS APPROVED BY THE SENATE COMMITTEE ON FINANCE

Proposal and section of bill	Calendar year effects (billions)						Medium-and long-range effects (as percent of payroll)	
	1982	1983	1984	1985	1986	1982–86	Medium range	Long range
	Estimated reduction in OASDI benefit payments							
Benefit changes: [1]								
1. Restoration of minimum benefit to present beneficiaries with certain limitations (sec. 4)	—$0.8	—$1.1	—$1.1	—$1.1	—$1.1	—$5.3	—0.03	—0.01
2. Extension of disability insurance maximum family benefit to old-age and survivors insurance beneficiaries (sec. 6)	.1	.5	.6	.8	1.0	3.0	.07	.10
Total of benefit changes [1]	—.7	—.6	—.5	—.3	—.1	—2.3	.04	.09
	Estimated net additional OASDI tax income							
Tax and coverage changes: [1]								
3. Interfund borrowing and reallocation of social security taxes (sec. 2 and 3) [2]	$13.3	$9.8	$2.2	—$3.6	—$0.2	$21.5	—0.30	—0.10
4. Extension of coverage to 1st 6 mo of sick pay (sec. 5)	.4	.4	.4	.5	.5	2.1	.02	.02
Total of tax and coverage changes [1]	13.7	10.2	2.6	—3.1	.3	23.7	—.28	—.08
Net total effect [1]	13.0	9.6	1.1	—3.4	.2	21.4	—.25	.01

[1] Estimates for individual proposals do not include interaction. Total estimated effect includes interaction among proposals.

[2] Figures represent additional OASDI tax income resulting from reallocation of tax rates between he OASI, DI, and HI trust funds. The HI trust fund would experience the opposite effect.

Source: Office of the Actuary, Oct. 9, 1981.

TABLE 3.—ESTIMATED OPERATIONS OF THE OASI, DI, AND HI TRUST FUNDS UNDER PRESENT LAW AND UNDER THE SENATE FINANCE COMMITTEE PROPOSALS, ON THE BASIS OF THE 1981 TRUSTEES REPORT ALTERNATIVE II-B ASSUMPTIONS, CALENDAR YEARS 1980-90

[Dollar amounts in billions]

Calendar year	Income					Outgo				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980	$105.8	$13.9	$119.7	$26.1	$145.8	$107.7	$15.9	$123.5	$25.6	$149.1
1981	123.3	17.0	140.2	35.3	175.5	127.0	18.0	145.0	29.5	174.5
1982	150.3	20.8	171.1	26.3	197.4	142.8	19.3	162.1	33.7	195.8
1983	164.7	22.0	186.7	33.7	220.4	160.1	20.6	180.7	39.2	219.9
1984	175.7	21.9	197.6	45.6	243.2	179.0	22.3	201.3	45.4	246.7
1985	198.1	23.9	222.0	58.0	280.1	199.2	24.0	223.2	52.7	275.8
1986	220.0	26.2	246.2	63.9	310.1	219.5	25.8	245.3	60.6	305.9
1987	238.6	28.4	267.0	69.3	336.3	239.9	27.8	267.7	69.3	336.9
1988	256.6	30.6	287.1	74.3	361.5	259.7	29.9	289.7	78.5	368.2
1989	274.3	32.7	307.1	79.0	386.0	278.7	32.1	310.8	88.0	398.7
1990	295.4	43.3	338.7	100.1	438.8	297.4	34.2	331.6	98.9	430.5

Calendar year	Net increase in funds					Funds at end of year					Assets at beginning of year as a percentage of outgo during year				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980	—$1.8	—$2.0	—$3.8	$0.5	—$3.3	$22.8	$3.6	$26.5	$13.7	$40.2	23	35	25	52	29
1981	—3.7	—1.1	—4.7	5.8	1.0	19.1	2.6	21.7	19.5	41.2	18	20	18	47	23
1982	7.5	1.5	9.0	—7.4	1.6	26.6	4.1	30.7	12.1	42.8	13	13	13	58	21
1983	4.6	1.4	5.9	—5.5	.5	31.2	5.5	36.6	6.7	43.3	17	20	17	31	19
1984	—3.3	—.4	—3.7	.1	—3.6	27.8	5.1	32.9	6.8	39.7	17	25	18	15	18
1985	—1.0	—.1	—1.1	5.4	4.2	26.8	5.0	31.8	12.2	44.0	14	21	15	13	14
1986	.5	.4	.9	3.3	4.1	27.3	5.4	32.7	15.4	48.1	12	19	13	20	14
1987	—1.3	.6	—.7	(1)	—.7	26.0	6.0	31.9	15.5	47.4	11	19	12	22	14
1988	—3.2	.6	—2.5	—4.2	—6.7	22.8	6.6	29.4	11.3	40.7	10	20	11	20	13
1989	—4.4	.7	—3.7	—9.0	—12.7	18.4	7.3	25.7	2.3	28.0	8	21	9	13	10
1990	—2.1	9.1	7.1	1.3	8.3	16.3	16.4	32.8	3.6	36.3	6	21	8	2	7

[1] Between $0 and $50,000,000.

Note: The above figures do not reflect the effect of borrowing between the OASI and DI Trust Funds, as provided for in the Senate Finance Committee proposals. The combined income and assets of the OASI and DI funds would be insufficient to pay benefits when due in late 1989 or early 1990 under alternative II-B. The HI Trust Fund could become depleted at about the same time.

Source: Social Security Administration, Office of the Actuary, Oct. 9, 1981.

TABLE 4.—ESTIMATED OPERATIONS OF THE OASI, DI, AND HI TRUST FUNDS UNDER PRESENT LAW AND UNDER THE SENATE FINANCE COMMITTEE PROPOSALS, ON THE BASIS OF THE 1981 TRUSTEES REPORT "WORST-CASE" ASSUMPTIONS, CALENDAR YEARS 1980-86

[Dollar amounts in billions]

Calendar year	Income					Outgo				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980	$105.8	$13.9	$119.7	$26.1	$145.8	$107.7	$15.9	$123.5	$25.6	$149.1
1981	122.8	17.0	139.8	35.3	175.0	127.0	18.0	145.0	29.5	174.5
1982	150.3	20.8	171.2	26.2	197.4	145.9	19.7	165.6	34.1	199.8
1983	161.8	21.6	183.4	33.0	216.4	168.9	21.7	190.6	40.2	230.7
1984	176.2	22.0	198.2	45.8	244.0	193.5	23.9	217.4	47.5	264.9
1985	203.2	24.5	227.7	60.1	287.8	220.1	26.2	246.4	55.7	302.1
1986	230.9	27.5	258.5	67.8	326.3	247.3	28.6	275.8	64.9	340.7

TABLE 4.—ESTIMATED OPERATIONS OF THE OASI, DI, AND HI TRUST FUNDS UNDER PRESENT LAW AND UNDER THE SENATE FINANCE COMMITTEE PROPOSALS, ON THE BASIS OF THE 1981 TRUSTEES REPORT ALTERNATIVE II–B ASSUMPTIONS, CALENDAR YEARS 1980–90—Continued

[Dollar amounts in billions]

Calendar year	Net increase in funds					Funds at end of year					Assets at beginning of year as a percentage of outgo during year				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980	−$1.8	−$2.0	−$3.8	$0.5	−$3.3	$22.8	$3.6	$26.5	$13.7	$40.2	23	35	25	52	29
1981	−4.2	−1.0	−5.2	5.7	.5	18.6	2.6	21.2	19.5	40.7	18	20	18	47	23
1982	4.4	1.1	5.5	−7.9	−2.3	23.0	3.7	26.7	11.6	38.3	13	13	13	57	20
1983	−7.1	−.1	−7.2	−7.1	−14.3	16.0	3.6	19.6	4.5	24.0	14	17	14	29	17
1984	−17.3	−1.9	−19.2	−1.7	−20.8	−1.3	1.7	.4	2.8	3.2	8	15	9	9	9
1985	−16.9	−1.7	−18.6	4.3	−14.3	−18.3	(1)	−18.2	7.2	−11.1	−1	7	(2)	5	1
1986	−16.3	−1.0	−17.3	3.0	−14.4	−34.6	−1.0	−35.5	10.1	−25.4	−7	(2)	−7	11	−3

[1] Between $0 and $50,000,000.
[2] Between 0 and 0.5 percent.

Note: The above figures do not reflect the effect of borrowing between the OASI and DI Trust Funds, as provided for in the Senate Finance Committee proposals. The combined income and assets of the OASI and DI funds would be insufficient to pay benefits when due in 1984 under the "worst-case" assumptions. The HI Trust Fund could become depleted at about the same time.

Source: Social Security Administration, Office of the Actuary, Oct. 9, 1981

TABLE 5.—COMPARISON OF CURRENT COST,[1] TAX RATES, AND TRUST FUND RATIOS FOR THE OASDI TRUST FUND, ASSUMING ENACTMENT OF THE SENATE FINANCE COMMITTEE PROPOSALS

	Current cost	Scheduled tax rate[2]	Difference	Trust fund ratio[3]
Calendar year:				
1981	11.29	10.70	−0.59	18
1982	11.29	11.80	.51	13
1983	11.23	11.40	.17	17
1984	11.26	10.90	−.36	18
1985	11.34	11.20	−.14	15
1986	11.43	11.40	−.03	13
1987	11.50	11.40	−.10	12
1988	11.56	11.40	−.16	11
1989	11.58	11.40	−.18	9
1990	11.56	11.80	.24	8
1991	11.54	11.80	.26	9
1992	11.51	11.80	.29	11
1993	11.47	11.80	.33	14
1994	11.43	11.80	.37	17
1995	11.44	11.80	.36	19
1996	11.35	11.80	.45	22
1997	11.25	11.80	.55	26
1998	11.15	11.80	.65	31
1999	11.04	11.80	.76	37
2000	10.96	11.80	.84	43
2001	10.94	11.80	.86	50
2002	10.91	11.80	.89	58
2003	10.88	11.80	.92	66
2004	10.87	11.80	.93	74
2005	10.89	12.40	1.51	81
2010	11.39	12.40	1.01	134
2015	12.62	12.40	−.22	142
2020	14.16	12.40	−1.76	99
2025	15.62	12.40	−3.22	17
2030	16.47	12.40	−4.07	(4)
2035	16.70	12.40	−4.30	(4)
2040	16.51	12.40	−4.11	(4)
2045	16.37	12.40	−3.97	(4)
2050	16.42	12.40	−4.02	(4)
2055	16.50	12.40	−4.10	(4)
25-yr averages:				
1981–2005	11.27	11.64	.37	
2006–2030	13.61	12.40	−1.21	
2031–2055	16.49	12.40	−4.09	
75-yr average: 1981–2055	13.79	12.15	−1.64	

[1] Based on alternative II–B of the 1981 trustees report, including effects of Public Law 97–35.
[2] Combined employer-employee tax rates.
[3] The trust fund ratio is determined to be the trust fund assets at the beginning of the year expressed as a percentage of the expenditures during the year.
[4] The fund is projected to be exhausted and not to recover before the end of the projection period.

Source: Office of the Actuary, Oct. 8, 1981

TABLE 6.—COMPARISON OF CURRENT COST,[1] TAX RATES, AND TRUST FUND RATIOS FOR THE OASI TRUST FUND, ASSUMING ENACTMENT OF THE SENATE FINANCE COMMITTEE PROPOSALS

	Current cost	Scheduled tax rate	Difference	Trust fund ratio[3]
Calendar year:				
1981	9.89	9.40	−0.49	18
1982	9.95	10.37	.42	13
1983	9.95	10.07	.12	17
1984	10.01	9.71	−.30	17
1985	10.12	10.01	−.11	14
1986	10.23	10.20	−.03	12
1987	10.30	10.20	−.10	11
1988	10.36	10.20	−.16	10
1989	10.39	10.20	−.19	8
1990	10.37	10.30	−.07	6
1991	10.35	10.30	−.05	5
1992	10.32	10.30	−.02	5
1993	10.28	10.30	.02	4
1994	10.24	10.30	.06	4
1995	10.24	10.30	.06	5
1996	10.13	10.30	.17	5
1997	10.01	10.30	.29	6
1998	9.88	10.30	.42	9
1999	9.76	10.30	.54	13
2000	9.66	10.30	.64	18
2001	9.61	10.30	.69	25
2002	9.55	10.30	.75	31
2003	9.50	10.30	.80	39
2004	9.46	10.30	.84	47
2005	9.45	10.90	1.45	55
2010	9.92	10.90	1.08	117
2015	10.96	10.90	−.06	134
2020	12.47	10.90	−1.57	93
2025	13.97	10.90	−3.07	7
2030	14.90	10.90	−4.00	(4)
2035	15.17	10.90	−4.27	(4)
2040	14.95	10.90	−4.05	(4)
2045	14.78	10.90	−3.88	(4)
2050	14.83	10.90	−3.93	(4)
2055	14.94	10.90	−4.04	(4)
25-yr averages:				
1981–2005	10.00	10.23	.23	
2006–2030	11.99	10.90	−1.09	
2031–2055	14.93	10.90	−4.03	
75-yr average: 1981–2055	12.31	10.68	−1.63	

[1] Based on alternative II–B of the 1981 trustees report, including effects of Public Law 97–35.
[2] Combined employer-employee tax rates.
[3] The trust fund ratio is determined to be the trust fund assets at the beginning of the year expressed as a percentage of the expenditures during the year.
[4] The fund is projected to be exhausted and not to recover before the end of the projection period.

Source: Office of the Actuary, Oct. 8, 1981.

TABLE 7.—COMPARISON OF CURRENT COST,[1] TAX RATES, AND TRUST FUND RATIOS FOR THE DI TRUST FUND, ASSUMING ENACTMENT OF THE SENATE FINANCE COMMITTEE PROPOSALS

	Current cost	Scheduled tax rate[2]	Difference	Trust fund ratio[3]
Calendar year:				
1981	1.40	1.30	−0.10	20
1982	1.34	1.43	.08	13
1983	1.28	1.30	.05	20
1984	1.24	1.19	−.05	25
1985	1.22	1.19	−.03	21
1986	1.20	1.20	−.00	19
1987	1.19	1.20	.01	19
1988	1.19	1.20	.01	20
1989	1.19	1.20	.01	21
1990	1.19	1.50	.31	21
1991	1.19	1.50	.31	45
1992	1.19	1.50	.31	71
1993	1.19	1.50	.31	96
1994	1.19	1.50	.31	122
1995	1.20	1.50	.30	146
1996	1.22	1.50	.28	166
1997	1.24	1.50	.26	185
1998	1.26	1.50	.24	201
1999	1.28	1.50	.22	215
2000	1.30	1.50	.20	228
2001	1.33	1.50	.17	237
2002	1.35	1.50	.15	245
2003	1.38	1.50	.12	250
2004	1.41	1.50	.09	252
2005	1.44	1.50	.06	253
2010	1.57	1.50	−.07	236
2015	1.66	1.50	−.16	195
2020	1.69	1.50	−.19	145
2025	1.64	1.50	−.14	100
2030	1.56	1.50	−.06	72
2035	1.54	1.50	−.04	56
2040	1.56	1.50	−.06	41
2045	1.59	1.50	−.09	17
2050	1.59	1.50	−.09	(4)
2055	1.56	1.50	−.06	(4)
25-yr averages:				
1981–2005	1.27	1.41	.14	
2006–2030	1.62	1.50	−.12	
2031–2055	1.57	1.50	−.07	
75-yr average: 1981–2055	1.48	1.47	−.01	

[1] Based on alternative II–B of the 1981 trustees report, including effects of Public Law 97–35.
[2] Combined employer-employee tax rates.
[3] The trust fund ratio is determined to be the trust fund assets at the beginning of the year expressed as a percentage of the expenditures during the year
[4] The fund is projected to be exhausted and not to recover before the end of the projection period.

Source: Office of the Actuary, Oct. 8, 1981

[From the Department of Health and Human Services, Sept. 30, 1981]

GENERAL MEMORANDUM

From: Robert J. Myers, Deputy Commissioner for Programs.

Subject: Date When Combined Trust Funds Will be Exhausted Under Worst-Case Assumptions—Previous Law, Present Law, and Finance Committee Proposal (revision of memorandum of September 28).

This memorandum will present information as to when the combined OASI, DI, and HI Trust Funds would be exhausted under worst-case economic assumptions. Considering the combined three trust funds is tantamount to what the situation would be with interfund borrowing being permitted (note that the Finance Committee proposal provides only for borrowing between the OASI and DI Funds).

The following table shows the trust fund ratio for the law as it was before the Omnibus Budget Reconciliation Act of 1981 as contained in the 1981 Trustees Report, for the situation now after the Reconciliation Act was enacted, and for what the situation would be if the current proposal of the Senate Finance Committee were adopted:

[In percent]

	1981 trustees report	After Reconciliation Act	After Senate Finance Committee proposal
Calendar year:			
1981	23	23	23
1982	20	21	20
1983	15	17	17
1984	5	9	9
1985	(1)	1	1
1986	(1)	(1)	(1)

[1] Funds completely exhausted.

Under the law as it was before the Reconciliation Act, the combined trust funds would have been unable to meet benefit commitments in a timely manner some time shortly after the middle of 1983, or slightly less than one year after the OASI Trust Fund would be at a level inadequate to pay benefits when due (in the fall of 1982).

Considering the situation after the enactment of the Reconciliation Act, the date when insufficient assets would be on hand to meet benefit commitments would be approximately in the middle of 1984 (after the June 1984 benefit increases become effective). Thus, the effect of the Reconciliation Act was to extend the critical date by almost one year. (Note that a fund ratio of 9 percent at the beginning of the year is generally sufficient so that benefit obligations can be met for the first half of the year.)

Under the Senate Finance Committee proposal, which has interfund borrowing possible only between the OASI and DI Trust Funds (whose combined fund-ratios are 14 percent at the beginning of 1983 and 9 percent at the beginning of 1984), the critical date would be some time in the middle of 1984.

Mr. MOYNIHAN. Will the Senator yield?

Mr. DOLE. Yes.

Mr. MOYNIHAN. Mr. President, I see our distinguished chairman of the subcommittee is in the Chamber. I wish to hear him and not delay him.

I would like to express my appreciation to the chairman for calling attention to the Gwirtzman Commission and also perhaps, particularly because it is very much a part of our subject but not seen as such, the work of the President's Commission on Retirement Policy, which was a body headed by C. Peter McCullough. It came forward with some major findings and proposals that have not, in fact, been worked into our consideration.

I think it could be said as a reasonable proposition that you cannot any longer seriously discuss social security as if there were no other retirement systems in place in the country. When social security began, that was by and large so. It is not any longer so. Most workers today have a supplemental pension arrangement designed to build on top of social security, such as anything we do to the one system affects the other. Mr. McCullough very eloquently and persuasively, in his study, showed that interlinking. And if Congress is going to reconsider the long-range prospects of this system, which it is going to do, it is time for us to know that it is now a dual system, not just a single one, and the one affects the other.

It would have been the case, for example, that had the reductions originally proposed by the administration gone into effect, you would have renegotiated labor contracts in this country just by virtue of the changes. This shows the degree to which labor agreements, especially those on pension provisions, are built on certain assumptions on social security, which is why those assumptions cannot be changed in 4 months or 9 months or a 10-month time period.

A general point—and then I wish to take advantage of this opportunity to hear the chairman of my subcommittee—is that no one questions the difficulties which face this system over the next half century. Nobody does. To do that is to deny a self-evident reality. We do not want partisan considerations to come forward in the debate, or at least I do not.

May I just say to my chairman, the distinguished chairman of the committee, that the most optimistic statement about the condition of these funds in the next 5 years, the statement that says there is no need to do anything about them, has come from the administration.

I ask unanimous consent that there be printed in the RECORD at this point, if the chairman will indulge me, table 7 of the "staff data materials related to social security finance," prepared by the staff of the committee, which shows that assets at the beginning of the year as a percentage of outgo during the year, according to the administration's midterm review assumptions, range from 29 percent in 1980, dipping down to 22 and rising up, by 1986, to 31 percent.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 8.—ESTIMATED OPERATIONS OF THE OASI, DI, AND HI TRUST FUNDS AS MODIFIED BY THE "OMNIBUS BUDGET RECONCILIATION ACT OF 1981," MID-SESSION REVIEW ASSUMPTIONS
1980–86

[Dollar amounts in billions]

Calendar year	Income					Outgo				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980	$105.8	$13.9	$119.7	$26.1	$145.8	$107.7	$15.9	$123.5	$25.6	$149.1
1981	123.6	17.0	140.7	35.4	176.1	126.7	18.0	144.7	29.5	174.3
1982	133.2	24.0	157.2	40.4	197.6	140.6	19.0	159.7	33.6	193.2
1983	146.8	27.6	174.4	45.3	219.7	154.3	19.9	174.2	38.6	212.8
1984	161.1	31.0	192.1	50.2	242.3	168.0	20.9	188.9	44.3	233.2
1985	182.3	39.3	221.5	56.8	278.3	182.4	22.1	204.4	50.7	255.1
1986	199.2	44.1	243.3	65.9	309.2	196.6	23.3	219.9	57.7	277.7

	Net increase in funds					Funds at end of year					Assets at beginning of year as a percentage of outgo during year				
	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total	OASI	DI	OASDI	HI	Total
1980	−$1.8	−$2.0	−$3.8	$0.5	−$3.3	$22.8	$3.6	$26.5	$13.7	$40.2	23	35	25	52	29
1981	−3.1	−1.0	−4.0	5.8	1.8	19.7	2.7	22.4	19.6	42.0	18	20	18	47	23
1982	−7.4	4.9	−2.5	6.9	4.4	12.3	7.6	19.9	26.5	46.4	14	14	14	58	22
1983	−7.5	7.7	.2	6.7	6.9	4.8	15.3	20.1	33.2	53.3	8	38	11	69	22
1984	−7.0	10.1	3.2	5.9	9.1	−2.1	25.4	23.3	39.1	62.4	3	73	11	75	23
1985	−.1	17.2	17.1	6.1	23.2	−2.2	42.6	40.4	45.2	85.6	−1	115	11	77	24
1986	2.6	20.7	23.3	8.2	31.5	.4	63.4	63.7	53.4	117.1	−1	183	18	78	31

Note: Estimates for 1983 and later are theoretical since the OASI Trust Fund would become depleted early in 1983 when assets become insufficient to pay benefits when due.

Source: Office of the Actuary, SSA, Aug. 14, 1981.

Mr. MOYNIHAN. If that was the income statement rather than a projection, you would know the funds to be in quite ample condition. The 12 or 13 percent is a scary point, but only at 9 percent or below do you run out of money. You cannot pay your bills. But 22, 30, 31, that is an easy margin. A well-run business would never want to have any more cash on hand than that, although obviously social security is not a business. As a point of fact a business would never want to have cash on hand, not being used for any other purposes than handling accounts, of much more than 5, 6, 7, or 8 percent of its expected outgo while maintaining a line of credit at a bank which could immediately take up any shortfall that might happen. That is just a principle of business management.

I simply mean to say that there is no partisan debate about the existence of problems in this system. It is not that of one party denying or the other party asserting, although it was not a member of this party who said that in November 1982 there would be the greatest bankruptcy in history. It was not necessary to say that but, once said, it is not going to happen.

Having agreed there is no party difference in our perception, we are nonetheless separated, one group saying everything is awful and the other group saying everything is fine. If you want to find the most optimistic statement made, it is by the administration in their midterm assumptions.

So be it. We are not trying to fault anybody's forecast, but we would like to point out that optimism is scarcely a monopoly on this side of the aisle in this matter. As a matter of fact, we have done some very difficult, if necessary, things already, and I do not doubt we will have to do more, with more to be done. We are ready to cooperate, but we also ask for cooperation. I might say in this Chamber we are receiving that cooperation.

Mr. President, the distinguished chairman of our subcommittee is on the floor. I hope he will be speaking. I see that he is preparing to do so and I happily yield to him.

Mr. ARMSTRONG. Mr. President, I thank the Senator from New York for his observations and for his contribution to the issue which we are bringing to the attention of the Senate today.

I would say to the Senate, and particularly those who have followed closely the progress of the social security debate, that I am reminded of a story involving a small community in which there had been a horrible crime committed. It was a murder. In due course a person was apprehended and a trial ensued. The prosecutor involved realized that this was probably going to be the most important case of his entire career, so he spoke at some length during the presentation of his case, for several weeks, and brought out every detail of the case, all of the background, going on and on and on.

The person who was charged with marshaling the defense of the case was not to be outdone and he talked for some weeks also.

During the course of this, the whole town sort of came to a stop as they were transfixed by recounting day after day the awful details of this heinous crime which had been committed in their midst. Finally, the judge got caught up in the excitement and the general suspense of the event and there came time to give his instructions to the jury. He, too, spoke at great length. In fact, he took the whole day to give his instructions to the jury. Interestingly, after the trial had gone on for several weeks, and all of these gory details had been brought out in open court, with the judge taking a full day to give his instructions to the jurists, the jury retired, met briefly, and about 15 minutes later came back and addressed the court.

The judge said, "Can it be that you have already reached a conclusion?"

The foreman of the jury replied, "Yes, Your Honor, we have. We have decided we don't want to get mixed up in this horrible mess."

That, in brief, is the general reaction to the social security problem.

The New York Times a day or two ago published an editorial which expresses perhaps with greater precision the general sentiment which I have just described. I ask unanimous consent, Mr. President, that the New York Times editorial of October 13, 1981, be printed in the RECORD, because it sums up so well the real dilemma that we face in trying to seriously and thoughtfully address the issue of social security reform.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

HIDING FROM SOCIAL SECURITY

Adroit politicians don't ignore issues too hot to handle. They appoint commissions to study them. And after an initial burn or two, that is just what President Reagan has chosen to do with Social Security. In this case, through, adroit politics doesn't make for good public policy. The longer Washington puts off a remedy for Social Security's financial woes, the harder it will be to find one.

Social Security's obligation to beneficiaries, current and future, far exceeds its resources. That is because Social Security does not collect enough payroll tax to pay for the benefits Congress has voted for each generation of retirees. The Government has been muddling through, imposing a gradually increasing payroll tax on a growing labor force.

But now the days of the cheap lunch are over. The combined employer-employee tax has reached 13.3 percent of the wages of most workers and is scheduled to rise to 15.3 percent by 1990. It is unlikely, in the era of Proposition 13 and Ronald Reagan, that Congress will raise the tax yet higher.

So virtually all the plans proposed to solve Social Security's long-term financial problems depend on reducing benefits. The future retirement age for maximum benefits could be gradually raised. Benefit increases could

be tied to the growth of wage rates rather than, as now, to the cost of living. Or benefits could be taxed like other income, with the proceeds earmarked for Social Security.

President Reagan proposed his variations on the benefit reduction theme—some sensible, some not—as part of his 1982 budget. Congress, acutely aware of the voting power of old folks, ignored them. Now Mr. Reagan proposes to hand the problem to a commission. But there's no reason to think a new group, even if one is convened, will any more weave silken solutions from polyester thread than others appointed in recent years to study Social Security.

A stopgap plan to borrow retirement money from the fund earmarked for hospital benefits would make it possible to keep the system solvent for a while longer. But that well, too, will run dry, perhaps—depending on the economy—as soon as 1983, and Congress would then be forced to tackle the issue again.

At least two lessons can be salvaged from this political and economic debacle:

Any change in Social Security requires bipartisan support. There is no way to strip politics from a program that so affects 40 million voters. Both the House Ways and Means and the Senate Finance committees deserve high marks for aiming at a bipartisan strategy. President Reagan and House Speaker O'Neill, jostling for political advantage, effectively sabotaged their efforts.

Budget balancing should not be confused with Social Security reform. If the President had offered changes solely to guarantee the long-term solvency of the system, he might have carried Congress along the high road of reform. Instead he is trying to exploit Social Security in his effort to cut the budget without limiting defense spending.

It is inconceivable that America would ever let politics destroy its most important and most successful social program. But it is hard, for the moment, to see who will champion its reform. In the words of the men in the White House: "If not us—who? If not now—when?"

Mr. ARMSTRONG. I will not take but a moment to read two brief excerpts from it.

Let me call attention to the first paragraph of the editorial which makes the main point.

Adroit politicians don't ignore issues too hot to handle. They appoint commissions to study them. And after an initial burn or two, that is just what President Reagan has chosen to do with social security. In this case, though, adroit politics doesn't make for good public policy. The longer Washington puts off a remedy for social security's financial woes, the harder it will be to find one.

Among the conclusions which the editorial reaches, and one which I unhesitatingly endorse, is the following:

Budget balancing should not be confused with social reform.

But the most important conclusion of all reached by the New York Times on this issue is this succinct observation:

Any change in social security requires bipartisan support. There is no way to strip politics from a program that so affects 40 million voters. Both the House Ways and Means and the Senate Finance Committees deserve high marks for aiming at a bipartisan strategy. President Reagan and House Speaker O'NEILL, jostling for political advantage, effectively sabotage their efforts.

Mr. President, it is not my purpose to point fingers at any person, least of all the President of the United States and the Speaker of the House, but I do think it worth noting in passing the administration made a serious tactical error in the presentation of their initial social security reform measures, at least in the timing, because in submitting the legislation at the time that they did, at the very moment when a huge battle had been fought in the House, successfully, by the administration over the issue of the budget reconciliation measure, they invited the Speaker and others to pounce on this proposal as at least something that was an arguable proposition.

In effect, they invited a partisan response to a matter which really should not have been partisan and which I think the administration never intended to be taken in that light.

In any case, through the spring and summer, and now through the fall, we have been treated to the spectacle of this issue of social security reform being lobbed back and forth between the two parties like some kind of political hand grenade. I regret that very much.

The legislation which we are now debating and which we will undoubtedly soon pass will delay but not prevent the threatened bankruptcy of the social security system. The bill restores the minimum social security benefit, a desirable piece of legislation.

But we will delude ourselves and, what is worse, we will delude the people that we are here to represent, if we hold out the hope that this legislation will solve either the short- and long-term problems of social security's financial soundness. This bill is a stopgap and nothing more.

All it does is delay the day of final reckoning when Congress must squarely face this simple fact: Social security, the Nation's largest domestic program, a financial lifeline for 36 million Americans, is going broke.

The main provision of this bill, as has been explained so well by previous speakers, is interfund borrowing. At best, this can be nothing more than a stopgap. Social security is comprised of three separate funds, retirement, disability, and hospitalization.

Social security is comprised of three separate funds—retirement, disability, and hospitalization. Each of these funds is separately financed through social security payroll taxes. Two of the funds are in surplus. The other, the retirement fund, is badly in arrears. Interfund borrowing permits the trustees to borrow from one fund to another to help reduce the deficit in the one fund that is now unable to meet its obligations.

But even with interfund borrowing, Mr. President, the most optimistic assumption is that all three trust funds will be bankrupt at the end of this decade. Therefore, interfund borrowing is not a solution but merely a postponement of the inevitable reality.

Mr. President, I should like to call to the attention of the Senators a few of the broad issues which I perceive as those with which we must wrestle if we are going to be serious about a long-term solution to the problem.

First of all, social security is losing and will continue to lose something like $12,000 a minute, every day, around the clock, 365 days a year.

Second, social security will continue to accumulate annual deficits, as it has in each of the past 6 years.

Third, the cash reserves of the social security system, which are keeping the system afloat despite the deficits, will continue to be depleted and are going down at an alarming rate. Just 9 years ago, I say to my colleagues, there was $100 in reserves for every dollar of benefit paid. Today, there are just $18 for every benefit dollar, and next year, the ratio is expected to drop to $13 to $1.

Finally, and this is the statistic which is quoted so often, and properly so, over the next 75 years, social security will owe $1.6 trillion in benefits more than it will be able to pay.

These are not the nightmares of some wild-eyed alarmists, Mr. President. These are the facts from legally required reports submitted to the Congress of the United States by the Secretaries of the Treasury, Labor, and Health and Human Services.

Under the circumstances, it is no surprise that the majority of the American people believe that the social security system will not have the funds to pay them the benefits that they are expecting to receive at the time of retirement.

The irony of all this is that the situation we face could have been avoided, should have been avoided, and, even at this late date, can be avoided.

What is needed now is a bipartisan, bicameral willingness to face facts, and to focus on specific, practical, and reasonable solutions to social security's financial crisis, which were alluded to in the New York Times editorial I mentioned earlier.

Mr. President, the cynics are saying—and there are plenty of cynics around here—that it will be impossible for us to come to grips with a broad-gaged social security reform bill. I suppose if you are sitting up on Mount Olympus, looking down upon the Congress of the United States, and you are placing a bet as if you were handicapping a horserace or something, the way to bet is that the cynics' predictions will be justified.

The odds are that we shall not be able to bring forth at an early date the kind of permanent, long-range reform of the social security system which is so clearly shown to be needed by the condition of the trust funds.

But, I say to my colleagues, we are not sitting up on Mount Olympus. We are down here in the real world and I am here to report today that not only is it better than an impossibility; I think there is a real likelihood that we will be able to work out the kind of reform bill that will close the $1.6 trillion gap in social security funding.

I stress that I cannot promise this,

and it is certainly, I guess, less than a 50–50 prospect. But the issue is so important and the stakes are so high and the opportunity is so fleeting that I want my colleagues to know that a number of us who are working on his problem have not given up on bringing out a social security reform bill even this year or, if we fail this year, early next year.

Mr. President, the atmosphere for doing so is quite difficult. We have an issue that affects, as I have said, some 36 million Americans and there is already a certain politicizing of the issue which is making the problem very difficult. I know of at least one case where candidates running against elected incumbents are taking out whole-page advertisements in which they declare they are for social security and their opponent is against social security.

A number of groups have banded together to form a coalition which, they say, is necessary to save the social security system, and their proposal to save it is to resist any of the changes which are so manifestly necessary to prevent it from ultimately going broke. So, in the eyes of people like this, if you are for social security, you have to be against any changes in the system.

Well, to be for social security and against the changes that are needed to assure the soundness of it is to really say that you are for a social security system that is going to run out of money next year or the year after or the year after that.

For us to sit around the Senate splitting hairs as to when the last dollar will be spent in the social security system, whether it is going to run out of money a year from now or 2 years from now or in 1984 seems to me to be the height of irresponsibility.

We ought to take the same kind of trustee attitude about this that we would if we were on the board of a private pension system—not to assure that we are going to make it through the next 12 months but to assure that, through the lifetime of all the people to whom we have made promises of assistance, it will be sound.

That is the issue on which I am sure a number of my colleagues on both sides of the aisle and a number of our counterparts in the House are seriously interested.

In order to approach a long-term solution to the social security system problem, we need to start by asking ourselves, how did we get into the morass that we now find ourselves in? How did we get $1.6 trillion in debt?

First, Congress constantly provided benefits beyond any reasonable ability to pay for them. Since the program was created in 1940, Congress has adopted more than 23 separate benefit expansions of the program, to the point now where benefits are paid to widows and widowers, college and high school students, early retirees and others.

In addition, basic retirement benefits have been adjusted upward by no less than 699 percent; $1 trillion in benefits has been paid out, and another trillion dollars in benefits will be paid in the next 5 years.

We are now to the point where, in 1985 alone, total pension and disability benefit payments will exceed $220 billion.

In short, Mr. President, Congress has been promising benefits far beyond what we can reasonably expect to deliver.

The second reason for social security's plight is that past Congresses have relied almost exclusively on increasing payroll taxes to partially offset the costs of the benefits it promised. Social security taxes have increased 2,011 percent.

There is little wonder, I think, that none of us in Congress is seriously proposing additional payroll tax increases. I know of no one who does advocate those increases. Now that social security taxes cost more than 13 percent of payroll and are scheduled to continue to rise—indeed, counting both the employer and employee portions of the social security tax, the average working man or woman in America today pays more, substantially more, in social security tax than they pay in Federal income tax—raising taxes to pay for benefits is not the answer.

Third, I think we need to recognize, as a precondition to really solving this problem, that we have mismanaged in the past. Honestly, we have used overly optimistic assumptions about the future of the economy, as we have calculated benefits. We have rushed through benefit increases in the closing hours of Congress shortly before adjournment and, some might note, shortly before elections. We have done it over and over again.

In 1972, Congress enacted a bill that led to the double indexing of benefits, huge windfalls to social security recipients, and which cost the social security trust funds billions and billions of dollars in overpayments.

Finally, let me observe that there is an inherent problem in the creation of large-scale Federal programs which future generations are obligated to finance. That problem is that we cannot really predict the future. Those Senators and Congressmen who voted in 1940 to create the social security system could not, and did not, predict the massive changes that would occur in the American workplace.

In 1940, there were few two-income married couples, the birth rate was skyrocketing, and the Nation was still in its youth: There were 16 workers for every 1 social security recipient.

It was in this political and demographic environment that social security was created. That environment bears virtually no resemblance to the workplace today. Two-income couples comprise more than 30 percent of the work force, birth rates are declining and there are less than three workers for every social security recipient.

This is a key factor in today's social security deficits. Social security benefits are financed on a pay-as-you-go system. In other words, benefits paid in 1940 were financed through taxes paid in 1940, and benefits paid today result from taxes paid today.

But with fewer workers supporting an ever larger number of recipients, no wonder the system is flowing with red ink. The point is that for all practical and moral purposes, we are committed to a system that was created by those who had no conception of today's lifestyle.

Even though solutions to the social security financial crisis are limited by actions taken by previous Congresses, it would be terribly irresponsible for us to simply pass the pending bill and then wash our hands of the issue and hope that the problem will go away. It will not go away. The problem cannot be solved by ignoring it nor through political grandstanding.

In my judgment, it can be solved only if we can put together a bipartisan, bicameral package which will be broadly acceptable not only in this Chamber and in the House but also by the recipients and others who are most directly affected.

So the main question is, are we willing to really become serious about social security? One of the Members of the House privately made the observation that we will never get this job done at this time because the crisis is not imminent enough; that the only way we can legislate around here, according to at least this one Member, is for the crisis to become so serious that the checks are not ready to go out. Maybe he is right: I hope he is not.

I know a lot of people who think that the task of really reforming the social security system—that is, really insuring in the long run the financial soundness of social security—is for this Congress to focus and discipline itself.

I recall that Carlyle said that at the outset, every noble task is seen to be impossible. I believe that saving the social security system, restoring it to financial soundness, assuring the recipients and future generations of recipients the kind of peace of mind that only a fully actuarially sound social security system can provide, is indeed a noble task, and I trust that it will be one which will not be impossible. The issue is, Do we have the will to take on that job?

Mr. President, in conclusion, I should like to share with my colleagues the fact that some of us have been meeting behind closed doors to consider a number of different options. As I have expressed on other occasions, as I look at more than 2 dozen—and now more than 3 dozen—different options by which we could adjust the eligibility standards or benefits, I find many that I could support. The issue is simply this: Out of all the proposals that have been made, what can we pick and choose that will be broadly acceptable and will close the $1.6 trillion funding gap?

It is just as simple as that. Except for a couple of items I have already mentioned—general fund financing and the prospect of raising the payroll tax—I am ready to negotiate on any other proposals on the table.

I will put in the RECORD a list of no less

than 39 separate proposals which have been suggested by some individual or group. In all, I am told that this list of options, which was prepared by the staff of the Senate Finance Committee, adds up to about $8 trillion in potential cost savings, over time, to the social security system. We need pick off this shopping list only $1.6 trillion.

In talking to Members on both sides of the aisle in this body and in extensive consultation with Members of the other body, and with the most thoughtful and responsible outside interest groups, the consensus is that we do have a chance to make those kinds of decisions, to select from these options or others that may be suggested the kind of proposals which will add up to enough savings to put social security on a sound basis.

Mr. President, I ask unanimous consent to have printed in the RECORD the list of social security financing options which has been prepared by the staff of the Committee on Finance, to which I very much encourage the attention of all Members.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SOCIAL SECURITY FINANCING OPTIONS

(Prepared by the staff of the Committee on Finance)

Lengthen period for computing average earnings by 3 years.

Temporary constraint on adjustment of benefit formula.

Eliminate dependents' benefits in early-retirement cases.

Eliminate "windfall" social security benefits for persons with pensions from noncovered employment.

Increase waiting period for disability insurance benefits to 6 months.

Require prognosis of not less than 24 months of disability.

Move date for automatic benefit increases from June to September.

Limit retroactivity of benefits.

Acceleration of state and local government social security tax deposits (increased receipts).

Prorate benefit increase in first year of eligibility.

A "safety valve" trigger to limit social security COLA (with interfund borrowing or with tax reallocation).

Raise the age of eligibility for retirement benefits.

Price index the benefit formula.

Change the benefit formula used in determining initial benefits.

Cost-of-living adjustment changes: Limit benefit increase to the lower of the increase in wages or prices; 80 percent cap on annual COLA; 3-percent COLA reduction for 3 years; and Base COLA on the personal consumption expenditure (PCE) chain index.

Reduce benefits for early retirement.

Reduce the benefit rate for spouses.

Increase the age of eligibility for widow(er)s benefit to 62.

Increase disability insured-status requirement to 30-out-of-40 quarters.

Make disability benefits payable until 62.

Maintain the retirement test exempt age at 72.

Eliminate the ceiling on taxable earnings.

Extend mandatory coverage to newly hired government employees.

Tax social security benefits in same manner as other government or private pension income.

Tax one-half of social security benefits.

Increase the payroll tax to eliminate OASDI deficit.

Apply one-half of HI tax to OASDI (additional income).

Repeal the Retirement Test.

Phase in actuarially based delayed retirement credit.

Index earnings records of older workers closer to actual retirement.

Phase out weighted benefit formula, and phase in a proportional or flat benefit amount.

Phase out derivative benefits.

Revise administration of an investment strategy for Social Security Trust Funds.

Increase liquor and tobacco excise taxes, and earmark revenues to Social Security Trust Funds.

Implement Social Security Options Accounts.

Eliminate Social Security benefits for college students.

1. LENGTHEN PERIOD FOR COMPUTING AVERAGE EARNINGS BY 3 YEARS

Present Law: A worker's primary insurance amount (PIA) is calculated by applying a formula to the worker's average monthly earnings over a certain number of years. In retirement cases, the number used generally equals 5 less than the number of years after 1950 (or after age 21, if later) and up to the year in which the worker reaches age 62. For workers reaching age 62 in 1981, this means that earnings are averaged over 25 years. After 1990, a 35-year averaging period will apply to all retirees.

Proposal: The number of years over which earnings are averaged would be extended by 3 years. This extension of the computation period would be accomplished over a 3-year phase-in period. Under the phase-in, the number of years over which benefits are averaged would be increased by 1 year for those reaching age 62 in 1982, by 2 years for those reaching age 62 in 1983, and by 3 years for those reaching age 62 after 1983. As under present law, all earnings, regardless of the age at which they were obtained, can be used in the averaging computation.

A conforming change would similarly increase the number of quarters-of-coverage required for eligibility for persons reaching age 62 before 1991. The ultimate quarters-of-coverage requirement would remain at 40.

Savings: Long-range: $210 billion* (.25 percent of taxable payroll).

Endorsed by: Reagan administration, Congressman Bill Gradison.

2. TEMPORARY CONSTRAINT ON ADJUSTMENT OF BENEFIT FORMULA

Present Law: In computing benefits, a worker's earnings under social security are averaged and a benefit formula is applied to those average indexed monthly earnings (AIME) to arrive at the initial basic benefit amount called the primary insurance amount (PIA). The PIA is the amount a worker is eligible to receive at 65. Dependents' and survivors' benefits are based on the worker's PIA.

The formula for a worker who becomes eligible for benefits in 1981 is: 90 percent of the first $211 of AIME, plus 32 percent of the AIME from $211 through $1,274, plus 15 percent of the AIME over $1,274.

The two dollar figures in the formula, $211 and $1,274, are bend points—the points at which the weighing in the formula changes. The bend points are raised (indexed) each year to reflect increases in average wages in the economy. Thus, a new formula is created each year for the new group of workers becoming eligible for benefits in that year.

This system was adopted by the 1977 Social Security Amendments. The annual adjustment of the bend points by the full amount of the increase in average wages leads to higher initial benefits over time and to replacement rates—the percentage of a worker's prior earnings that are replaced by his social security benefit—that remain at approximately the same level.

Proposal: Effective for the years 1982 through 1987, increase the dollar amounts to which each of the percentages apply (the bend points in the benefit formula) by 50 percent, rather than 100 percent, of average wage increases. In 1988 and thereafter, the benefit formula would be adjusted as under current law to reflect the full change in average wages.

Savings: Long-range: $1.100 trillion (1.29 percent of taxable payroll).

Endorsed by: Reagan Administration, Congressman Bill Gradison.

3. ELIMINATE DEPENDENTS' BENEFITS IN EARLY-RETIREMENT CASES

Present law: Under present law, unmarried children (1) under age 18, and (2) under age 19, if full-time elementary or secondary students, and (3) age 18 or older, if disabled before age 22, are eligible to receive monthly social security benefits based on the earnings of a retired or disabled worker. (Until July 1985, certain post-secondary student beneficiaries are also eligible for benefits at ages 18–21, on a gradually phased-down basis.)

Proposal: Eliminate child's benefits based on the earnings of workers who elect to receive early-retirement benefits. Children would receive benefits when the worker electing early retirement reached age 65.

(The proposal would also effectively eliminate young parents' benefits in early retirement cases. Such individuals, who are not yet age 62 and eligible for a regular aged spouse's benefit, are eligible for spouses' benefits only if they have in their care a child who is receiving benefits.)

This provision would apply to children of individuals who attain age 62 after December 1981.

Savings: Long-range: $20 billion (0.02 percent of taxable payroll).

Endorsed by: Reagan Administration, Congressman Bill Gradison.

4. ELIMINATE "WINDFALL" SOCIAL SECURITY BENEFITS FOR PERSONS WITH PENSIONS FROM NONCOVERED EMPLOYMENT

Present law: The present law benefit formula for persons who reach age 62 or become disabled in 1981 is: 90 percent of first $211 of AIME (average indexed monthly earnings), plus 32 percent of AIME over $211 and through $1,274, plus 15 percent of AIME over $1,274.

By construction of the benefit formula, social security benefits for workers with low average earnings are a relatively high proportion (up to 90 percent) of their average indexed earnings under social security. In the computation of benefits, no distinction is made between the worker who has a lifetime of low earnings and the worker who has low average earnings because he worked only a few years in covered employment (possibly at high wages) and many years in employment, not covered by social security. Both groups receive the heavily weighted social security benefit that is intended for the first group—workers who have been dependent on low covered wages during their working lifetimes. The heavily weighted benefit paid to the second group is sometimes referred to as a "windfall."

Proposal: Retired and disabled workers who become eligible for social security benefits after 1981 would have their benefit reduced (but not eliminated) if they also receive a pension based on their own earnings in noncovered employment. For such workers, the heavily weighted 90-percent factor in the first band of the benefit formula would be replaced by a factor of thirty two percent. There would be a guarantee

*Present value of future cost savings (or increased revenues) during the 75 year valuation period, measured in 1981 dollars.

that the total benefit under the proposal would not be less than the present law social security benefit plus 50 percent of the worker's pension based on noncovered employment. Benefits for dependents and survivors would not be affected.

Savings: Long-range: $80 billion (0.09 percent of taxable payroll).

Endorsed by: House Social Security Subcommittee (Pickle Bill), Congressman Bill Gradison.

5. INCREASE WAITING PERIOD FOR DISABILITY INSURANCE BENEFITS TO 6 MONTHS

Present law: Social Security disability benefits are not payable until the worker (or widow(er) aged 50–59) has been totally disabled throughout a waiting period of 5 full calendar months. Until amendments enacted in 1972, the waiting period was 6 months. There is no waiting period for SSI payments to the disabled.

Proposal: Increase the waiting period from 5 to 6 full calendar months. This provision would be effective for people who first become entitled to disability benefits after December 1981, based on a disability that began after June 1981. (SSI disability payments will continue to be made with no waiting period.)

Savings: Long-range: $25 billion (0.03 percent of taxable payroll).

Endorsed by: Reagan Administration, Congressman Bill Gradison.

6. REQUIRE PROGNOSIS OF NOT LESS THAN 24 MONTHS OF DISABILITY

Present law: One requirement for social security and SSI disability benefits is that an individual's impairment be expected to result in death or last for a continuous period of not less than 12 months. The 12-month test, enacted in 1965, replaced a test which required the disabling condition to be of "long-continued and indefinite duration".

Proposal: Extend the prognosis-duration requirement for social security disability benefits from 12 months to 24 months. (The SSI prognosis-duration requirement would not be changed.) The 24-month prognosis-duration requirement would be roughly equivalent in practice to the old law requirement. The provision would be effective for people who first become entitled to disability benefits after December 1981, based on a disability that began after June 1981.

Savings: Long-range: $60 billion (0.07 percent of taxable payroll).

Endorsed by: Reagan Administration, Congressman Bill Gradison.

7. MOVE DATE FOR AUTOMATIC BENEFIT INCREASES FROM JUNE TO SEPTEMBER

Present Law: The automatic cost-of-living increase in social security benefits and SSI (supplemental security income) payments is payable at the start of July. The amount of the increase is equal to the percentage by which the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI–W) for the first quarter of the current calendar year has increased over the average of the CPI for the first quarter of the previous calendar year. No cost-of-living increase is paid unless the increase in the CPI is at least 3 percent.

The cost-of-living increase provision, as originally enacted in 1972, would have made increases effective in January of each year. Legislation enacted in December 1973 intentionally put the benefit increase on a fiscal year basis in order to avoid creating a substantial outlay increase in the fiscal year 1974 budget. The fiscal year at that time was on a July to June basis. In 1977, the fiscal year was moved to an October to September basis, but the month in which the benefit increase is provided was not similarly changed.

Proposal: Effective with the 1982 increase, the social security and SSI cost-of-living increases would be changed to a fiscal-year basis. Annual social security and SSI increases would be payable in October of each year. In addition, the Consumer Price Index for All Urban Consumers (CPI–U) would be used instead of the CPI–W. To keep the lag between the end of the measuring period and the payment of the cost-of-living adjustment the same as under current law, the measuring period would be from 2nd quarter to 2nd quarter instead of from 1st quarter to 1st quarter.

A conforming change would be made in the effective date of the annual increase in the SMI (supplemental medical insurance) premium.

Savings: Long-range: $150 billion (0.17 percent taxable payroll).

Endorsed by: Reagan Administration, House Social Security Subcommittee (Pickle Bill).

8. LIMIT RETROACTIVITY OF BENEFITS

Present law: Social security retirement benefits are paid for as much as 6 months and disability benefits are paid for as much as 12 months retroactively from the date the pension applies for the benefits. The retroactive payment is included as a lump sum in the first check the beneficiary receives.

Proposal: Limit retroactivity of benefits to 3 months for retired workers and their dependents and for survivors, and to 6 months for disabled workers and their dependents and for disabled surviving spouses. This provision would be effective with respect to applications filed after December 1981.

Savings: Long-range: $8 billion (.01 percent of taxable payroll).

Endorsed by: General Accounting Office.

9. ACCELERATION OF STATE AND LOCAL SOCIAL SECURITY TAX DEPOSITS

Present law: States may enter into voluntary agreements with the Federal Government in order to provide social security coverage for State and local employees. A State which enters into such an agreement bears the responsibility for collection of the social security taxes withheld from employees by the various local jurisdictions and their matching taxes. Payments of social security taxes are made first by the various local jurisdictions to the State. The State, in turn, is responsible for verifying the payments and depositing them with the Federal Government with the taxes which have been paid with respect to the State's own employees.

Prior to 1980, the law left the frequency with which States deposited social security taxes for State and local employees to be established by the Secretary of Health and Human Services under regulations which were to follow "so far as practicable" the requirements imposed under Treasury regulations on private employers. In practice, the regulations prior to 1980 allowed States to hold funds until 45 days after the end of each quarter—a much longer time than was generally permitted to private employers. In 1980, the law was amended to require the deposit of withheld social security taxes for State and local employees within 30 days after the end of the month in which the applicable wages were paid.

The frequency with which deposits of social security taxes and income taxes are made by private employers is determined under regulations issued by the Secretary of the Treasury and vary in accordance with the tax liability of the employer. The larger the amount of the liability, the more frequently it must be paid.

State and local governments are now governed by the same rules as private employers with regard to depositing withheld income taxes, but not with regard to depositing social security taxes.

Proposal: The same requirements would apply to State and local governments with respect to depositing social security taxes as apply to private employers. This means that State and local governments, depending on size, would be required to make deposits as frequently as every week or as infrequently as every 3 months. This provision would be effective for deposits required to be made after December 1981.

Endorsed by: House Social Security Subcommittee, General Accounting Office, Congressman Bill Gradison.

10. PRORATE BENEFIT INCREASE IN FIRST YEAR OF ELIGIBILITY

Present Law: Benefit increases begin with the calendar year in which a worker becomes eligible for benefits. (The year in which he

Additional income. Long-range: Negligible. reaches age 62 in the case of retirement benefits.) If a worker does not file for benefits until a later year, his eventual benefit reflects all cost-of-living increases which occurred starting with the year he became eligible. This adjustment keeps him from being disadvantaged for having waited to a later time to file.

The benefit increase given for the first year of eligibility does not take into account the amount of time during that year the individual is eligible to receive benefits. He receives the full benefit increase provided during that year, regardless of whether he was eligible for 1 month or 12 months of the year.

Proposal: The benefit increase provided for the first year of eligibility would be pro-rated based on the number of months during the year that the worker was eligible. If he became eligible in December, he would get 1/12th of that year's increase. If he became eligible in January, he would receive the full increase, and so on. The provision would be effective for persons becoming eligible after 1981.

Savings: Long-range: $180 billion (.22 percent of taxable payroll).

11. A "SAFETY VALVE" TRIGGER TO LIMIT THE SOCIAL SECURITY COLA

Present Law: Social security cost-of-living adjustments are equal to the percentage increase in the Consumer Price Index (CPI), and are provided whenever the CPI rises by 3% or more.

Proposal: If economic conditions prove more adverse than now expected, the funds could reach such a low level that the ability to meet benefit payments would be called into question. To safeguard against such a possibility, a triggered mechanism could be used which is not projected to be needed but which would prevent unanticipated deterioration of the funds. This mechanism would become effective only if the funds are projected to fall below a specified trigger level.

Prior to 1991 (assuming the interfund borrowing and tax-related provisions are in effect during this period), the trigger mechanism would be based on the combined reserve level in the cash benefits funds. The trigger level would be set at 15 percent of annual outgo at the beginning of 1982 and would gradually rise by 1 percent per year to 1990. (After 1990, when the cash benefit funds are projected to begin accumulating surpluses, the trigger would be based on the balance in the cash benefits funds and would increase by 2 percent per year until it reaches an ultimate level of 75 percent.) In computing the cost-of-living increases to be effective at the start of each fiscal year, the Secretary would determine whether that increase would draw the funds down below the trigger level by the end of the year. If so, the cost-of-living increase would be scaled down just enough to assure that the trigger level floor would not be breached.

On an after-the-fact basis (at the time of the following year's increase), the Secre-

tary would first adjust benefits to compensate for any error that may have been made in the prior year determination. Before computing the next year's cost-of-living increase, that is, the Secretary would first increase or decrease benefit levels so as to raise (or lower) them to the level that would have been reached had the trigger mechanism been properly applied. This would not result in a reduction in actual benefits, but would simply adjust the base amount upon which the new benefit increase would be computed.

12. PAYMENT OF FULL BENEFITS AT AGE 68; CHANGES IN ACTUARIAL REDUCTION

Present Law: A worker retiring at age 65 receives a full retirement benefit (100 percent of the primary insurance amount (PIA)). Workers can retire as early as age 62, but the retirement benefit is reduced by 5/9 of 1 percent for each month of entitlement prior to age 65 (a 20 percent reduction at age 62). Workers who reach age 62 in 1979 or later have their full benefit increased by ¼ of 1 percent for each month that retirement is delayed after age 65 up to, in effect, age 70.

A disabled or retired worker's aged spouse receives one-half of the worker's PIA if the benefit is taken at age 65. Aged spouses can elect benefits as early as age 62, but the benefit is reduced by 25/36 of 1 percent for each month of entitlement before age 65 (a 25-percent reduction at age 62).

At age 65, widow(er)s can receive 100 percent of the deceased worker's benefit. An aged widow(er) can receive benefits at age 60, though benefits elected before age 65 are reduced by 19/40 of 1 percent of the PIA per month (71.5 percent at age 60). A disabled widow(er) age 50–60 can also receive reduced benefits (50 percent at age 50).

Proposal: Effective in the year 2000, full retirement benefits (100 percent of the PIA) would be payable to workers retiring at age 68. Early retirement benefits would be reduced by ½ of 1 percent for months of entitlement before age 68 (a 36-percent reduction at age 62). The delayed retirement credit would be repealed.

An aged spouse of a disabled or retired worker would receive one-half of the worker's PIA at age 68. Benefits could be elected at age 62 but all benefits elected before age 68 would be reduced by ½ of 1 percent per month. Aged and disabled widow(er)s who start getting benefits before age 68 would continue to receive reduced benefits calculated using present law reduction factors; however, the widow(er)'s benefit would not be reduced below 64-percent of the worker's PIA.

The changes would be phased in gradually beginning in 1990.

Savings: Long-range: $1.050 trillion (1.27 percent of taxable payroll).

Endorsed (in concept) by: House Social Security Subcommittee, Senator LAWTON CHILES, Congressman BILL GRADISON, 1979 Advisory Council on Social Security, National Commission on Social Security.

13. PRICE INDEX THE BENEFIT FORMULA

Present law: In computing benefits, a worker's earnings under social security are averaged and a benefit formula is applied to those average indexed monthly earnings (AIME) to arrive at the initial basic benefit amount called the primary insurance amount (PIA). The PIA is the amount a worker is eligible to receive at 65. Dependents' and survivors' benefits are based on the worker's PIA.

The formula for a worker who becomes eligible for benefits in 1981 is: 90% of the first $211 of AIME, plus 32% of the AIME from $211 through $1,274, plus 15% of the AIME over $1,274.

The two dollar figures in the formula, $211 and $1,274, are bend points—the points at which the weighting in the formula changes. The bend points are raised (indexed) each year to reflect increases in average wages in the economy. Thus, a new formula is created each year for the new group of workers becoming eligible for benefits in that year.

This system was adopted by the 1977 Social Security Amendments. The annual adjustment of the bend points by the full amount of the increase in average wages leads to higher initial benefits over time and to replacement rates—the percentage of a worker's prior earnings that are replaced by his social security benefit—that remain at approximately the same level.

Proposal: Beginning in 1987, increase the dollar amounts to which each of the percentages apply (the bend points in the benefit formula) by the increase in the consumer price index. This would be a permanent change in the program that would still permit initial benefits to rise over time (in nominal and real terms); however, replacement rates would gradually decline.

Savings: Long-range: $1.630 trillion (1.90 percent of taxable payroll).

Endorsed by: Expert Consultant Panel to Finance Committee (1976).

14. CHANGE THE BENEFIT FORMULA USED IN DETERMINING INITIAL BENEFITS

Present law: In computing benefits, a worker's earnings under social security are averaged and a benefit formula is applied to those average indexed monthly earnings (AIME) to arrive at the initial basic benefit amount called the primary insurance amount (PIA). The PIA is the amount a worker is eligible to receive at 65. Dependents' and survivors' benefits are based on the worker's PIA.

The formula for a worker who becomes eligible for benefits in 1981 is: 90% of the first $211 of AIME, plus 32% of the AIME from $211 through $1,274, plus 15% of the AIME over $1,274.

The two dollar figures in the formula, $211 and $1,274, are bend points which are raised (indexed) each year to reflect increases in average wages in the economy. This weighting of the formula produces benefits that replace a relatively high proportion of pre-retirement earnings for workers with low average earnings.

Proposal: Effective in 1982, apply the following benefit formula for newly eligible workers: 45% of the first $1,000 of AIME, plus 22.5% of the AIME over $1,000.

After 1982, the bend point—$1,000—would be adjusted by increases in average wages in the economy as under present law.

Savings: Long-range: $980 billion (1.15 percent of taxable payroll).

15. COST-OF-LIVING ADJUSTMENT CHANGES

Present law: The automatic cost-of-living increase in social security benefits and SSI (supplemental security income) payments is payable at the start of July. The amount of the increase is equal to the percentage by which the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI–W) for the first quarter of the current calendar year has increased over the average of the CPI for the first quarter of the previous calendar year. No cost-of-living increase is paid unless the increase in the CPI is at least 3 percent.

Proposal: (1) Limit benefit increase to the lower of the increase in wages or prices.—Whenever the CPI rose faster than average wages in the economy, the benefit increase would be limited to the increase in wages. The change in average wages would be measured by using the Bureau of Labor Statistics' average hourly wage index. This would be a permanent change in the program, effective with the 1982 benefit increase.

Savings: Long-range: $410 billion (.50 percent of taxable payroll).

Endorsed by: National Commission on Social Security.

(2) 80% cap on annual COLA.—Limit the annual cost-of-living adjustment to 80% of the increase in Consumer Price Index. This change would be effective for 3 consecutive years, beginning with the 1982 benefit increase.

Savings: Long-range: $80 billion (.09 percent of taxable payroll).

(3) 3-percent COLA reduction for 3 years.—Limit the annual cost-of-living adjustment to 3 percentage points less than the increase in the Consumer Price Index. This change would be effective for 3 consecutive years, beginning with the 1982 benefit increase.

Savings: Long-range: $125 billion (.14 percent of taxable payroll).

Endorsed by: Senator Pete Domenici, Senator Ernest Hollings.

(4) Base COLA on the personal consumption expenditure (PCE) chain index—The PCE chain index has roughly the same coverage as the CPI. The index uses current consumption patterns as weights instead of the 1972–73 patterns used by the CPI and it uses a rental equivalence measure for housing costs.

Beginning with the 1982 benefit increase, base the cost-of-living adjustment on increases in the PCE chain index rather than the CPI. This would be a permanent change in the program.

Savings: Long-range: $250 billion (.30 percent of taxable payroll).

16. REDUCE BENEFITS FOR EARLY RETIREMENT

Present law: Full retirement benefits are payable when the worker attains 65. Benefits are payable as early as age 62, but the amount is reduced to take account of the longer period over which the benefit is expected to be paid. Benefits for workers are reduced by 5/9 of 1 percent for each month benefits are received before age 65. (At age 62, the benefit is equal to 80 percent of the full benefit.) Benefits for spouses of retired or disabled workers are first available at age 62 and are reduced by 25/36 of 1 percent for each month the benefit is paid before 65 (so that at age 62, the benefit is reduced by 25 percent.)

Proposal: Effective for workers and spouses who reach age 62 in January 1990 and later, the reduction factor would be increased so that the age-62 benefit would ultimately equal 70 percent of the full benefit. This provision would be fully effective in 1999.

Savings: Long-range: $270 billion (.31 percent of taxable payroll).

Endorsed (in concept) by: Reagan Administration, 1979 Advisory Council on Social Security; National Commission on Social Security; and House Social Security Subcommittee (Pickle Bill).

17. REDUCE THE BENEFIT RATE FOR SPOUSES

Present law: At age 65, the spouse of a retired or disabled worker is eligible for a benefit equal to 50% of the worker's basic benefit—the primary insurance amount (PIA).

Proposal: Between 1990–1999, gradually reduce the benefit amount for spouses to 30% of the worker's PIA. The reduction in benefits payable would be phased in at 2% per year.

Savings: Long-range: $130 billion (.15 percent of taxable payroll).

18. INCREASE THE AGE OF ELIGIBILITY FOR WIDOW(ER)S BENEFIT TO 62

Present law: Monthly benefits are payable to widow(er)s aged 60 and over, of deceased workers. Benefits drawn before 65 are permanently reduced by 19/40% of 1 percent for each month benefits are received before age 65.

Proposal: Between 1990 and 1997, gradually raise the age of initial eligibility for widow(er)s benefits to 62. Full monthly benefits would continue to be paid at 65. The in-

crease in the age of benefit eligibility would be phased in 3 months per year for 8 years.

Savings: Long-range: Negligible.

19. INCREASE DISABILITY INSURED-STATUS REQUIREMENT TO 30-OUT-OF-40 QUARTERS

Present law: To be insured for social security disability benefits, a worker generally must meet two requirements: (1) he must be "fully insured"—that is, he must have one quarter of coverage for each year after 1950 (or age 21, if later) and up to the year in which he becomes disabled, and (2) a disabled worker aged 31 and older must have 20 quarters of coverage (about 5 years of work covered under social security) during the 40-quarter period (10 years) ending with the quarter of disability. A disabled worker under age 31 must have one quarter of coverage for each quarter elapsing after the year he becomes age 21 and up to the quarter of disability (with a minimum of six quarters of coverage). A blind disabled worker must meet only the "fully insured" requirement.

Proposal: Change the 20-out-of-40 quarters requirement so that a person aged 31 and older would need 30 quarters of coverage (about 7½ years of covered work) in the 40-quarter period preceding disability in order to qualify for disability benefits. The disabled worker under age 31 would need 3 quarters of coverage for each 4 quarters elapsing after the year he became age 21 and up to the quarter of disability (a minimum of 6 quarters of coverage would still be required). Effective for disability benefits payable after December 1981 but only if a worker becomes disabled after June 1981.

Savings: Long-range: $160 billion (.19 percent of taxable payroll).

Endorsed by: Reagan Administration.

20. MAKE DISABILITY BENEFITS PAYABLE UNTIL 62

Present law: Under present law, a worker who becomes disabled before 65 is eligible to receive full monthly benefits—100% of his primary insurance amount (PIA)—until age 65 is attained. At 65, he is eligible to receive retirement benefits at the same monthly rate. By contrast, the worker who retires before 65 is subject to a permanent reduction in monthly benefits of 5/9 of 1% for each month benefits are received before age 65. The age 62 retirement worker, therefore, is eligible for 80% of his PIA.

Proposal: Effective for workers first becoming eligible to receive disability benefits after 1981, make disability benefits payable until age 62, rather than 65. Under this proposal the disabled worker would convert to reduced retirement benefits at age 62.

Savings: Long-range: $210 billion (.25 percent of taxable payroll).

21. MAINTAIN THE RETIREMENT TEST EXEMPT AGE AT 72

Present law: Social security beneficiaries under age 72 (age 70 in 1983 and after) are subject to a retirement-earnings test. If a beneficiary's earnings exceed the annual exempt amount, social security benefits are reduced $1 for each $2 in earnings above that amount. The exempt amount for those age 65 and up to the exempt age is $5,500 in 1981, and $6,000 in 1982, with future increases tied to increases in average wages. (The exempt amount is lower for those under age 65.)

Proposal: Permanently maintain the exempt age at 72.

Savings: Long-range: $15 billion (0.02 percent of taxable payroll).

22. ELIMINATE THE CEILING ON TAXABLE EARNINGS

Present law: In 1981, the social security tax applies to the first $29,700 of an individual's earnings. In future years, the amount of earnings subject to the tax will rise depending on the increase in average wages that occurs from one year to the next. Under the Trustees' intermediate assumptions, the tax base is projected to rise to $42,600 in 1985 and $60,000 in 1990. Approximately 94 percent of all workers covered by social security have their full earnings taxed.

Proposal: Beginning in 1982, eliminate the ceiling on taxable earnings so that all earnings in covered employment are subject to the social security payroll tax.

Net income: Long-range: $800 billion (0.9 percent of taxable payroll).

23. EXTEND MANDATORY COVERAGE TO NEWLY HIRED GOVERNMENT EMPLOYEES

Present law: Social security coverage has been extended to the vast majority of people who work for a living in the United States. Approximately 90% of all workers contribute to social security; 8 million jobs are exempt from participation. The major exceptions now are permanent civilian employees of the federal government, employees of state and local governments which have not elected coverage for their employees, and employees of nonprofit organizations which have not waived their tax-exempt status in order to provide social security coverage for their employees.

Proposal: (1) Effective January 1, 1982, extend social security coverage on a mandatory basis to all newly hired federal, state, and local government employees.

Net Income. Long-range: $425 billion (.50 percent of taxable payroll).

(2) Effective January 1, 1982, extend social security coverage on a mandatory basis to all newly hired federal government employees.

Net Income. Long-range: $260 billion (.31 percent of taxable payroll).

Endorsed by: 1979 Advisory Council on Social Security National Commission on Social Security, Representative Barber Conable.

24. TAX SOCIAL SECURITY BENEFITS IN SAME MANNER AS OTHER GOVERNMENT OR PRIVATE PENSION INCOME

Present law: Social security benefits are not subject to federal, state or local taxes.

Proposal: Effective January 1, 1986, include social security benefits in taxable income, for federal income tax purposes, in the same manner as private or governmental pension income.

Pension benefits from contributory private pension plans (including those for government employees) are now taxed to the extent that the benefits exceed the employee's accumulated contributions to the plan. Cumulative retirement benefits up to the employee's own total contributions are not taxed because the income from which the contributions were paid was taxable. That part of the benefit representing the employer's contribution and interest income on both the employee's and the employer's contributions is taxed when received.

Net Income: Not available.

Endorsed by: 1979 Advisory Council on Social Security.

25. TAX ONE-HALF OF SOCIAL SECURITY BENEFITS

Present law: Social security benefits are not subject to federal, state or local taxes.

Proposal: Effective January 1, 1986, include one-half of social security benefits in taxable income for federal income taxes. The income from this provision would be diverted into the trust funds.

Income: Not available.

Endorsed by: 1979 Advisory Council on Social Security.

26. INCREASE THE PAYROLL TAX TO ELIMINATE OASDI DEFICIT

Present law: The schedule of social security tax rates in present law is:

Tax Rates for the Social Security Trust Funds

(Employers and Employees, Each)

[In percent]

Year	*Total (OASDHI)*
1982–84	6.70
1985	7.05
1986–89	7.15
1990 and later	7.65

Proposal: To eliminate the long-term deficit in the cash benefit programs, increase the tax rate so the combined OASDHI rate beginning in 2010 is 9 percent employee and employer each.

Additional Income. Long-range: $1.460 trillion (1.65 percent of taxable payroll).

Endorsed by: 1979 Advisory Council on Social Security National Commission on Social Security.

27. APPLY ONE-HALF OF HI TAX TO OASDI AND PARTIALLY FINANCE HI FROM GENERAL REVENUES

Present law: The schedule of social security tax rates in present law is:

TAX RATES FOR THE SOCIAL SECURITY TRUST FUNDS

[In percent]

Calendar year	OASI	DI	OASDI	HI	Total (OASDHI)
Employers and employees, each:					
1982–84	4.575	0.825	5.40	1.30	6.70
1985	4.750	.950	5.70	1.35	7.05
1986–89	4.750	.950	5.70	1.45	7.15
1990 and later	5.100	1.100	6.20	1.45	7.65
Self-employed persons:					
1982–84	6.8125	1.2375	8.05	1.30	9.35
1985	7.1250	1.4250	8.55	1.35	9.90
1986–89	7.1250	1.4250	8.55	1.45	10.00
1990 and later	7.6500	1.6500	9.30	1.45	10.75

Proposal: Reallocate one-half of the HI tax to OASI and DI. The HI trust fund would be replenished through general revenue appropriations.

Additional Income: (OASDI).

Long-range: $1.220 trillion (1.38 percent of taxable payroll).

Endorsed by: 1979 Advisory Council on Social Security, National Commission on Social Security, House Social Security Subcommittee (Pickle bill), Rep. Barber Conable.

28. REPEAL THE RETIREMENT TEST (ALSO KNOWN AS THE EARNINGS LIMITATION)

Present Law: Social Security benefits for persons aged 65 or over are reduced by $.50 for every dollar of earned income above $5,500 that is earned by those under the age of 72.

Proposal: Repeal the earnings limitation for persons aged 65 or older by gradually raising the exempt amount above that projected under current law.

Savings: This proposal costs money, rather than saves money. Outright repeal of the earnings limitation for persons aged 65 or over would increase social security payments by an average of $2.3 billion annually for

the next five years, and increasingly larger annual amounts thereafter. To keep this proposal revenue "neutral" one option is to combine repeal of the retirement test with reducing benefits for early retirement (see page ——).

Short-range: (on basis of Administration proposal)—$7 billion in 1982–86.

Long-range: $130 billion additional cost* 0.14 percent of taxable payroll.

29. PHASE IN ACTUARIALLY-BASED DELAYED-RETIREMENT CREDIT

Present Law: Monthly retirement and widow's benefits are increased (beginning for persons who attain age 65 in 1982) for every year the worker delays retirement beyond age 65.

Proposal: Provide a delayed retirement incentive that equals the savings that accrue from delayed retirement (about 8 percent to 10 percent a year, on an actuarial basis, including corresponding increases for spouse's benefits). As an alternative, combine this actuarially based delayed retirement credit with repeal of the earnings limitation.

Savings: If the actuarially-based retirement credit is coupled with the repeal of the earnings limitation, the only cost should be the cost of repealing the earnings limitation (about $150 billion over 75 years, not counting possible reflows through increased income taxes).

A. If earnings test after age 65 is repealed, and delayed-retirement credit is given only if benefits are not claimed:

Short-range: No significant cost effect in 1982–86.

Long-range: No change in cost (except as to cost of repealing earnings test).

B. If both the earnings test is repealed and the actuarially-based delayed-retirement credit is given:

Short-range: $1 billion increased cost in 1982–86.

Long-range: Increase in cost of $130 billion* (in addition to cost of repealing earnings test); 0.14 percent of taxable payroll.

C. If earnings test at age 65 and over is not repealed, but increased delayed-retirement credit is given:

Short-range: $1 billion increased cost in 1982–86.

Long-range: $130 billion of increased cost;* 0.14 percent of taxable payroll.

30. INDEX EARNINGS RECORDS OF OLDER WORKERS CLOSER TO ACTUAL RETIREMENT

Present Law: In determining benefits, a benefit formula is applied to the worker's average earnings in covered employment. Each year of earnings is indexed prior to the second year before the worker attains age 62, becomes disabled, or dies, or adjusted to reflect increases in average wages in the economy.

Proposal: Index earnings records of older workers up to second year before the year of actual retirement.

Savings or Cost:

Short range: $ billion additional cost in 1982–86.*

Long-range: $190 billion in additional cost (.20% of taxable payroll).

31. PHASE OUT DERIVATIVE BENEFITS TO DEPENDENTS OF RETIRED AND DISABLED WORKERS

Present Law: Provides an array of benefits which are provided in addition to worker retirement benefits. These benefits include spouse, children and other dependent benefits. It is estimated that of the $145 billion per year in benefits paid out from the Old-Age and Survivors Insurance and Disability Insurance Trust Funds at the current rate of disbursements, some $15 billion is for so-called derivative benefits.

Proposal: Gradually phase out derivative benefits over a long time period, and thus restore social security to its original concept of a worker retirement program. This proposal would be coupled with increasing social security benefits paid to workers (see previous item). The phase out of the derivative benefits would begin 5 years from now with derivative benefits reduced by 2 percentage points over the next 25 years.

Savings or Cost:

Short-range: No cost effect in 1982–86.

Long-range: $600 billion in savings* (0.65% of taxable payroll).

32. PHASE OUT WEIGHTED BENEFIT FORMULA, AND PHASE IN A PROPORTIONAL OR FLAT BENEFIT FORMULA

Present Law: (See item 3 for description.)

Proposal: Replace the weighted benefit formula with a phased in proportional or flat benefit formula so that benefits would be more closely related to prior earnings and contributions. The flat benefit formula could be set at 50% of the worker's average adjusted (indexed monthly earnings). In other words, social security would replace at least half of a worker's average pre-retirement earnings; under the current system replacement rates range from 25% to 128%. This proposal would be phased in over 15 years, beginning in 1987. The person becoming eligible in 1987 would receive 10% of the benefit amount determined under the new formula and 90% of the amount determined by the present formula. Those becoming eligible in the second year would receive 20% of the new formula and 80% of the present formula, and so forth for the next 8 years.

Since many lower wage earners would sustain benefit losses under this provision, the SSI payment standard should be gradually raised to at least 125% of the poverty threshold.

Savings or Cost:

Short-range: No cost effect in 1982–86.

Long-range: $1,400 billion in additional cost* (1.50% of taxable payroll).

NOTE: The above figures do not include the added cost for the higher SSI benefit level.

33. PHASE OUT DERIVATIVE BENEFITS

Present Law: Provides an array of benefits which are provided in addition to worker retirement benefits. These benefits include spouse, children and other dependent benefits. It is estimated of the $127 billion in benefits paid out from the Old Age Survivors Insurance Trust Fund, some billions pays for so-called derivative benefits.

Proposal: Gradually phase out derivative benefits over a longer time period, and thus restore Social Security to its original concept of a worker retirement program. This proposal would be coupled with increasing Social Security benefits paid to workers (see previous item). The phase out of the derivative benefits would begin five years from now with derivative benefits reduced by two percentage points over the next 25 years.

Endorsed by: American Association of Retired Persons.

34. REVISE ADMINISTRATION OF AND INVESTMENT STRATEGY FOR SOCIAL SECURITY TRUST FUNDS

Present Law: Three cabinet secretaries—from the Department of Health and Human Services, Treasury and Labor—are the trustees for the Social Security System and are charged by law to report annually on the stability of the Social Security System, and to prudently invest funds for best rate of return.

Proposal: Add four new trustees to the trust fund board . . . a representative from the employers who contribute to the funds, a representative of the beneficiaries, an investment counselor, a representative of employees who contribute to the fund.

The proposal would charge the trustees with the responsibility to secure the maximum possible interest yield on the funds commensurate with the safety of the trust fund.

Third, if the funds continue to invest in Treasury "special issues," that the interest rate be set at the weighted average of the interest rate of all the government or government-backed securities the funds can legally invest in.

Savings: Not available.

Endorsed by: Senator William Proxmire, and 20 Senate cosponsors.

35. INCREASE TOBACCO FEDERAL EXCISE TAXES, AND EARMARK REVENUES TO SOCIAL SECURITY TRUST FUNDS

Present Law: Social Security benefits are financed almost exclusively through employer and employee paid Social Security taxes.

Proposal: Increase tobacco federal excise taxes, and earmark revenues to Social Security Trust Funds. The excise tax increase would be about 10 cents a pack. One other option is to increase federal excise taxes on liquor, and to earmark those revenues to the Social Security Trust Fund.

Savings: $3 billion annually; $225 billion over 75 years.

Endorsed by: Senator Jack Danforth.

Mr. ARMSTRONG. Mr. President, I am now ready to yield the floor.

Mr. PROXMIRE. Mr. President, first, I congratulate the distinguished Senator from Colorado on his, as usual, very thoughtful and appropriate speech.

Senator ARMSTRONG is obviously one of the most intelligent Members of the U.S. Senate and is a very responsible Member. I am most encouraged to hear his remarks, as I am sure other Senators are.

I know that the Senator from Kansas is anxious to pass this bill. I have an amendment which in its bill form, S. 1528, to reform the investment policy of the social security trust funds, is sponsored by 20 Senators of both political parties. I should like to bring it up now or at an appropriate time later.

This amendment would save, in my judgment, $2 billion a year for the social security trust fund and move toward the sound social security system for which the Senator from Colorado so eloquently called.

I have written the Senator from Kansas and the Senator from Colorado (Mr. ARMSTRONG), asking for a hearing on S. 1528.

I should like to accommodate the Senator from Kansas, because I believe that if we have a hearing and the issues are fully aired, a consensus may very well develop in its support and it could pass overwhelmingly.

Would the Senator from Kansas be willing to commit himself and his committee to hold a hearing on S. 1528, so that those of my colleagues as well as others who wish to testify could do so?

Mr. DOLE. I assure the Senator from Wisconsin, who has a direct interest in this matter and has discussed it with me and with other members of our commit-

*Present value of future cost increases during the 75-year valuation period, measured in 1981 dollars.

tee, that there will be a full and complete hearing, with whatever witnesses the Senator from Wisconsin might like to have.

I also have discussed it with the able manager on the Democratic side, Senator MOYNIHAN, and the answer is an unqualified "yes."

Mr. PROXMIRE. I want to be sure that if we withhold offering the amendment on this bill, the procedural argument will not be made against us, when we offer it later, that this bill was the proper vehicle. Will the Senator agree that we will not be told at a later date that the social security bill before us today was the bill and the only time and place it should have been done?

Mr. DOLE. That is a very good question. I certainly would not raise that argument. There will be other vehicles. I understand that there are a number of tariff bills reported by the House which will come through our committee.

Some of us still have not given up hope of solving the long-term problem of social security. So there will be other opportunities, and I assure the Senator from Wisconsin that I will not stand on this floor and suggest to my colleagues that he missed his chance in October.

Mr. PROXMIRE. I thank the Senator from Kansas.

Mr. MOYNIHAN. Mr. President, I certainly wish to associate myself completely with the commitment of the distinguished chairman of the full committee—I know he will be joined in this by the subcommittee chairman—that we will hold hearings.

I make the point that the Senator from Wisconsin has done a service in raising this question, which is a complex one. There is a history here, just as there is a history of this system.

In 1935—I make this point to the distinguished Senator from Colorado—the interest rate on social security funds in the Treasury was set at 3 percent. This was a rate considerably higher than the rate at which the Federal Government borrowed money.

And as a result it was a deliberate subsidy to the social security fund from general revenues, as would be the necessary case. The Federal Government paid social security more than they had to pay other borrowers and thereby were the subsidies.

In 1939 investments were to pay the current rate of interest for outstanding debt 5 years and over, at which point the payment levels declined over time to a low of 2.6 percent in 1951. It is hard to remember those days.

In 1960 the present arrangement was set whereby the Treasury sells a special bond, that is available only to the civil service retirement and railroad retirement, which can be redeemed at any time at its full premium value so it never declines. There is no risk of the bond losing value. The interest rate is set at the average rate paid on Government debt not due or callable for 4 years. The bond yield curve, as it is called, provides the expectation that long-term yields for these bonds will be higher than near-term yields.

We have recently been in a quite ahistorical period when this has not been so and it may be the Senator will wish to respond to it, but it should be.

I do want this agreement not to pass without offering the Senator from Wisconsin my understanding that over time the arrangements made and particularly those that are in place since 1960 have been designed to, one, protect funds, and two, to produce the highest possible rate of return.

Mr. PROXMIRE. Mr. President, may I say to my good friend, in the first place, I am always in awe of the Senator from New York. It is amazing the detailed knowledge he has of matters of this kind. But I might point out to him that year after year after year for 20 consecutive years every year, every year, the yield for the social security trust fund has been below the long-term rate, with no exceptions, no exceptions. It is almost miraculous that they could have such an incredibly consistent record of getting a lower yield.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the comparison of yields on social security trust funds and long-term, 10-year, Treasury securities for the two decades 1961–80.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Comparison of yields on social security trust funds and long term (10 years) Treasury securities for the two decades 1961–80

Year	Yields on social security trust funds [1]	Yields on 10-year Treasury securities [2]
1980	8.3	11.46
1979	7.5	9.44
1978	7.3	8.41
1977	7.0	7.42
1976	6.9	7.61
1975	6.7	7.99
1974	6.1	7.56
1973	5.6	6.84
1972	5.3	6.21
1971	5.3	6.16
1970	4.8	7.35
1969	4.2	6.67
1968	3.9	5.65
1967	3.6	5.07
1966	3.3	4.92
1965	3.2	4.28
1964	3.0	4.19
1963	2.9	4.00
1962	2.8	3.95
1961	2.7	3.88

[1] Twelve Months Ending June 30. Equals the combined rate on OASI (Old Age and Survivors Insurance), DI (Disability Insurance) and HI (Hospital Insurance) Trust Funds from 1972 to 1980. From 1961 to 1971 it is the combined rate on the OASI and DI Trust Funds. In every year the combined rate is equal to or higher than the return on the OASI Trust Fund. Source, Social Security Administration.

[2] Source: Economic Report of the President, January 1981, table B–65, pp. 308–309.

Mr. PROXMIRE. If the Senator from New York or I had an investment manager handling our money that way we would get rid of him and maybe we would even sue him. But when they are this far below the average yield as they were last year, and I am not attacking this administration—the past administrations have been responsible for this, of course—when they are this far below it seems to me we should take a very hard look at the management of the fund, and when we have a situation where the average return is around 13½ percent and the social security trust fund yields 8.3 percent that is a loss of $2 billion and, of course, that loss is being used as part of the alibi for the shortfall and part of the reason why the argument has been made that benefits have to be reduced. It seems to me that we should correct that and see that the fund is managed to maximize the return since there is no question of the safety, no question of safety whatsoever, since the money has to be invested in Federal securities.

Mr. MOYNIHAN. May I say to my friend from Wisconsin, who is formidable in debate as in all other matters, that these are questions of fact for which the Treasury can and will give us answers. It is my understanding and only that, and I do not assert it, I simple say that it is my understanding that for the past 5 years the rates of return on social security bonds, the premium bonds, have been lower than the long-term rate at which Treasury sells, but this would have not been so previously. It would surprise me if this persisted over 20 years because it is designed to make it possible.

Mr. PROXMIRE. My information is that the long-term rate exceeded the return on the social security trust funds in those years.

Mr. MOYNIHAN. We will find out.

Mr. PROXMIRE. Very good.

Mr. MOYNIHAN. We will find out. We will get numbers and facts, and we will proceed from there, and we would not be doing so were it not for the initiative of the Senator from Wisconsin. I thank him very sincerely for this.

Mr. PROXMIRE. I thank my good friend from New York.

Mr. President, I yield the floor.

Mr. PRESSLER. Mr. President, I wish to send an amendment to the desk.

Mr. MOYNIHAN. Mr. President, will the Senator defer one moment while I speak to the chairman of the Committee on Finance?

Mr. PRESSLER. Yes.

The PRESIDING OFFICER. The clerk will withhold.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mrs. KASSEBAUM). Without objection, it is so ordered.

Mr. DOMENICI. Madam President, I shall vote for the Finance Committee's amendment that restores the social security minimum benefit, permits interfund borrowing among its trust funds, and makes other changes. The President has given his support to this bill and it obviously has broad congressional support. My support has a few qualifications.

I am truly disappointed that we cannot agree on a wider range of proposals necessary to the soundness of social security. After all that this Congress has accomplished, we failed on perhaps the most important issue facing us. The bill today is merely a bandaid on a very serious wound.

I am also disappointed in this amendment from a budget standpoint. This bill will cost over $300 million in fiscal year 1982, undoing a portion of reconciliation. We are also conceding that the $4.2 billion in additional social security savings assumed in the first concurrent budget resolution cannot be achieved. I want every Senator to understand that his or her vote could increase the projected fiscal year 1982 deficit by almost $5 billion.

Let us face a few realities: This amendment does not solve the underlying financial problems of the social security system. The President knows this; the Congressional Budget Office has stated this; the House and Senate know it; and the public had better understand it. We will have to act again, and soon, to save the social security system and reassure millions of elderly and disabled recipients that their benefits will continue.

How soon? The estimates vary. Depending upon the estimate, social security could be in deficit in 1984 even with the legislation now before us. It all depends upon the economic recovery of the country. If economic conditions are even slightly worse than projected, we could be facing urgent social security financing problems even sooner.

One of the few reasons I can support this amendment is that it shows some bipartisan effort on social security can still exist. This cooperation must expand if we are to find solutions to this problem. I have confidence that Chairman DOLE and the Finance Committee can muster cooperation on this issue. I truly hope that everyone in this Chamber will join in support of the committee's efforts to address the social security financing dilemma. No partisan benefit will accrue to anyone if we allow social security to go bankrupt.

The administration has clearly indicated its willingness to discuss and consider all possible solutions to social security. I think that is a wise judgment. Social security must be separated from partisanship and discussed in an open and honest manner. I endorse the President's recently announced decision to set up a Commission on Social Security, which should prove to be a productive forum.

The Commission will report to Congress its recommendations within the next year or so. But it will be Congress responsibility to act. Frankly, what we are doing today is a short-term quick fix which contributes very little to solving longer run problems. The next time we work on social security Congress will need to be far more courageous than it is being today.

Mr. DOLE. Madam President, it is my understanding that there is no objection if we go ahead and act on the committee substitute and to make unanimous-consent requests that it be considered as original text for the purpose of amendment.

Is that the understanding of the distinguished manager on the Democratic side?

Mr. MOYNIHAN. The Senator is correct.

Mr. DOLE. Madam President, I move the adoption of the committee substitute.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas.

The amendment (UP No. 478) was agreed to.

Mr. DOLE. Madam President, I ask unanimous consent that the committee amendment be considered as original text for the purpose of amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 479

(Subsequently numbered amendment No. 585.)

Mr. PRESSLER. Madam President, I have an amendment at the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from South Dakota (Mr. PRESSLER) proposes unprinted amendment numbered 479:

At the end of the bill add the following:

SEC. 6. It is the sense of Congress that any future legislative changes in the Social Security Act will not reduce the current dollar amount of monthly Old-Age, Survivor, and Disability Insurance benefits to which individuals are entitled for the month of enactment.

Mr. PRESSLER. Madam President, I offer this amendment to the social security amendments which will secure existing benefits for those people currently receiving social security. This resolution assures the American people that any future revisions in the social security system will not mean a reduction in benefits for those currently receiving social security payments.

Millions of Americans have come to depend upon a monthly benefit payment under the social security system. As a result, the predicted bankruptcy of this program has generated what I would define as an unprecedented reaction from our Nation, especially the most vulnerable segment of our population—the elderly.

As a member of the Senate Aging Committee, I have had the opportunity to review the long- and short-term problems of this program. First, however, it is important that we recognize the merits of what is our Nation's largest domestic program. Social security provides a means for Government to responsibly take care of the elderly and handicapped in a dignified way. As workers contribute to the system over a number of years, they are preparing to provide for their retirement. They have a promise that their contribution to the system will be honored at retirement. Madam President, we must not break that commitment.

To avoid arousing the fears and frustrations of the American people again, I believe we must assure them that we will not renege on our promise. Retirees should be able to rest assured that we will not reduce the benefits for which they have worked and planned.

At the same time, it is imperative that we acknowledge the very real financial problems of the social security system. Without some changes, it is highly possible that the old-age and survivors insurance (OASI) trust fund could be bankrupt by the end of 1982. Fortunately, the other two social security trust funds, disability insurance (DI) and hospital insurance (HI) are in better financial shape. Interfund borrowing will allow an interchange of assets to avoid any failure in meeting benefit obligations.

While this interfund borrowing, reallocation of taxes and additional changes proposed by the Senate Finance Committee will assure that payments can continue through 1982, I support President Reagan's request to appoint a task force which will review all the options for maintaining the long-term solvency of the system. I believe we must make changes which will not in any way reduce or alter the benefits of those already receiving social security. While changes may be made over a period of time, any abrupt change or transition would be unfair.

I am pleased to see that Congress is restoring the $122 minimum social security benefit. I have consistently supported the retention of this benefit, for again I believe that our Government must not renege on its promise. South Dakota is primarily an agricultural State and most of our farmers were not covered by the social security system until the 1950's. These people have not had very many years in which to build benefits and thus receive the minimum benefit.

In addition, 75 percent of the minimum benefit recipients are women. Madam President, an estimated 72 percent of the elderly poor in this country are unmarried women. The lack of earned income or pensions leaves the older women with no sources of retirement income other than those minimal social security payments.

Madam President, over 15 percent of South Dakota's population are elderly. Since coming to Congress, I have held numerous senior citizen seminars and hearings in my State. I am continually reminded that the elderly depend on these monthly benefits. Inflation and the constantly increasing cost of living hit the elderly the hardest and their cost-

of-living adjustment and this monthly check are their only protection.

I am pleased to see that Congress is acting rationally on this matter. I urge the Senate to adopt my resolution which will mean added assurance to our elderly population that their benefits will not be reduced. In doing so, I am confident that we may maintain the fiscal integrity of the social security system and redirect the program to its original purpose—a stable base upon which working men and women can plan for retirement.

Madam President, I would like to request a rollcall vote on the amendment tomorrow. I understand there are no votes today.

Mr. DOLE. Madam President, if the Senator will yield, the Senator from Kansas has no objection to ordering the yeas and nays, but I think we can protect the other side and accommodate those absentee Senators as well as the Senators from South Dakota. Perhaps while I am preparing to respond to the amendment, we can suggest the absence of a quorum or temporarily lay the Pressler amendment aside and take up the amendment of the distinguished Senator from Rhode Island. It will just take a minute or two here.

Let me suggest the absence of a quorum and check it out with the leadership as to the rollcall vote, is that agreeable?

Mr. PRESSLER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Madam President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Madam President, I ask unanimous consent that the pending amendment of the distinguished Senator from South Dakota, Senator PRESSLER, be temporarily laid aside so that we might consider an amendment of the distinguished Senator from Rhode Island.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PELL. I thank my friend and colleague from Kansas very much.

UP AMENDMENT NO. 480

(Purpose: To require a General Accounting Office study of the management efficiency, employee productivity, and technical capacities of the Social Security Administration)

Mr. PELL. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Rhode Island (Mr. PELL) proposes an unprinted amendment numbered 480.

Mr. PELL. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill add the following new section:

STUDY OF SOCIAL SECURITY ADMINISTRATION EFFICIENCY

SEC. . The Comptroller General of the United States shall undertake a study of the Social Security Administration for the purpose of determining the management efficiency, employee productivity, and technical capacities (including computer hardware and programming) of such Administration, and the extent of current information of the characteristic of recipients. The Comptroller General shall report the results of such study not later than 180 days after the date of the enactment of this Act, including any recommendations for improvements in any of the operations studied.

Mr. PELL. Madam President, in accordance with the wishes of the senior Senator from New York (Mr. MOYNIHAN) the amendment has been modified to add at the end of line 7 the words: "and the extent of current information of the characteristics of recipients."

Madam President, during the past 2 weeks there have been many disturbing reports about administrative and mechanical problems that exist in the social security system. I am sure that many of my colleagues were dismayed, as I was, to read the Wall Street Journal's recent summary of this situation. The article, which appeared on the front page of last Monday's edition, cites instances of checks being issued to individuals who have been dead up to 2 years; a case of a beneficiary receiving a $9,000 payment; stories about the growing problem of employee vandalism and comments about the present inadequacy of the agency's computer system.

Just yesterday, the Washington Post published a feature story zeroing in on inefficiency of the computer system at the Social Security Administration. The Post quoted a Government computer analyst who described the present system as a patchwork of old fashioned machinery which has been updated by adding a modern glass wing to an old fashioned log cabin.

I ask unanimous consent, Madam President, that the text of both of these articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Oct. 5, 1981]

BOTCHED BENEFITS: AILING COMPUTERS GIVE SOCIAL SECURITY SYSTEM ANOTHER BIG PROBLEM

("Breakdown" is compounded by fraud, human error, sabotage, and confusion. Please return huge checks.)

(By John J. Fialka)

WASHINGTON.—Three months ago Edna M. Branch, 65, a retired bookkeeper, received a letter from the Social Security Administration. It said her monthly benefit was being raised from $181.80 a month to $9,281.60 a month.

"Honey, this has got to be an error," J. Woodrow Branch recalls telling his wife that day. "Maybe they're going to cut it to around $90. You know Reagan's been talking about doing that."

Three days later the check arrived. It was for $9,281.60.

Soon afterward Mrs. Branch and her husband drove from their home near Carthage, N.C., to the nearest Social Security office, 40 miles away. Mr. Branch still remembers the expression on the face of the woman who greeted them there. It was frozen for a moment as she studied the check; then there was this crisp, forced little smile.

"There has been a mistake," the woman said.

No one knows how many times this little drama was repeated last July, when checks including cost-of-living increases were sent to 30 million retired workers.

Maybe the Social Security computer system knows, but it isn't telling. That system, which computed the new amounts and triggered the checks, is having the electronic equivalent of a nervous breakdown at its home in Woodlawn, Md. The problem is being compounded by fraud sabotage, human error and confusion.

"SEVERE CRISIS?"

Mrs. Branch's outsize check, resulting from a glitch in a computer program called Madcap (Manually Adjusted Credits and Awards Program), is just one of the increasingly bizarre symptoms of that problem—which, depending on what Social Security official you talk to, is a "crisis," a "severe crisis" or a "living manifestation of Murphy's Law" (if anything can go wrong, it will).

It is no small problem, nor will it be easy to deal with as the Reagan administration and Congress struggle to save the Social Security system. The 1,200 computer programs that run the system have been amended and amended to the point where no one really understands them anymore. That, coupled with a chronic lack of trained computer technicians at the Social Security agency, is making even simple changes dictated by Congress difficult to put into effect.

Social Security's computer system is a big part of the federal government's money machine. It gives presses at the Treasury Department the orders to print checks that amount to 23 percent of all federal spending. In the coming year the system will trigger about $170 billion worth of benefits for 50 million people—recipients of benefits from Social Security's huge retirement and disability insurance programs and clients of Medicare and the Supplemental Security Income program for the blind, disabled and aged.

ACCURACY GROWS CHANCIER

Largely because of the haphazard, hurried way those programs were computerized and because of increasingly severe personnel problems in the five-acre computer complex at Woodlawn, the matter of whether those checks are sent out on time, to the right people, in the right amounts, is becoming increasingly chancy.

Here are some of the specific problems Social Security is facing:

Congress's General Accounting Office is investigating reports of 45 acts of "apparent vandalism" by employees at the computer complex. The reports, compiled by Social Security managers since February 1977, tell of memory discs being intentionally scratched, of tapes containing beneficiary information being thrown in the trash and of various damage to computer machinery, including one large computer disc-drive unit that someone urinated on.

The inspector general of the Department of Health and Human Services is investigating more than 8,000 cases where Social Security benefits are being sent to people who have been dead for at least two years. The investigation, called Project Specter, is being carried out by matching Social Security tapes against Medicare tapes.

A "suspense file" containing wage information that the computers were unable to match with people's benefit records has now grown to 167 million wage records totaling $69 billion. The records, many of which are complicated by misspelled names and erroneous Social Security numbers, date back to

1937. Although Social Security officials note that this gap is a tiny fraction of the $9.7 trillion in wages recorded by the system over the years, GAO investigators and congressional leaders do not view the problem as small.

RACE WON BY 18 HOURS

The declining state of the Social Security computer system—a network of 16 big computers fed by more than 500,000 tapes was highlighted last July when the agency came within 18 hours of missing the deadline for issuing Social Security checks with new cost-of-living increases.

"We had people on call 24 hours a day and they were in here 16 to 18 hours a day," says John Wicklein, head of computer operations at the agency. What was needed was fairly simple: The space for numbers on the checks had to be increased from five digits to six digits to accommodate checks that could now go, in rare cases, into the thousands of dollars.

But that meant that 600 computer programs had to be changed. And that was, in many cases, extremely difficult. Many of the programs had been developed hurriedly and then repeatedly changed without any written notation of their formulas. There were fixes upon fixes upon fixes, agglomerating like so many electronic barnacles.

The effort to go to the sixth digit had begun in February and ultimately absorbed 20,000 man-hours of programmers' work plus 2,500 hours of computer processing time. It nearly collapsed in late June during an unusual, three-week spate of thunderstorms around Woodlawn, a suburb of Baltimore. "When lightning knocks out the power, the data in the machine is lost and you have to restart the entire program," Mr. Wicklein explains.

The Social Security agency, which had never come that close to missing a deadline, was prepared to meet this one by simply rerunning the June payment tapes, thereby shortchanging some 30.7 million beneficiaries. But that drastic step was avoided. The checks, increases included, went out on time although the amounts sent to Mrs. Branch and at least one other beneficiary were rather odd.

Needless to say, nobody is happy with the current situation of the computer system. "You can't change it, you can't maintain it and you can't hire people to work on it," grumbled John A. Svahn, Social Security's new commissioner, in recent testimony before Congress.

It wasn't always that way. The electronic age for Social Security began in the early 1960s when executives from companies like Prudential Insurance Co. and General Motors came to Woodlawn to marvel at the assemblage of new IBM machines, whirring away in their air-conditioned, hangar-like rooms. In those days, the Social Security computer system was considered the best available.

Somewhere in those early years, though, the system became frozen. It was a phenomenon that nobody could put a finger on until the early 1970s when Social Security officials defined it as a hardware problem. What was needed, they concluded, was a new computer building filled with newer, more sophisticated IBM machines.

Congress accepted the building proposal—the building is being completed—but a House committee balked at a new all-IBM installation. A plan was devised to split the computer system into seven sections so that other companies could bid on the new equipment. (No final decision has been reached. At first, at any rate, the old computers will go into the new building.)

Meanwhile, the suspicion grew in the Office of Management and Budget that the problem really wasn't just a hardware problem. Something had to be done, too, to straighten out the software, the programming of the computers. In 1979 the Carter administration rounded up two top computer experts, Jan Prokop from the Commerce Department and Rhoda R. Mancher from the White House and sent them to Woodlawn to take charge. Mr. Prokop took over as head of Social Security computer operations, the post held now by Mr. Wicklein, and Mrs. Mancher became his chief assistant.

Appropriations for new software have been sought. But Mr. Prokop decided that it really wasn't just a software and hardware problem, either: It was more of a people problem. Many of his best managers and technicians were quickly siphoned off by private industry, leaving from 10% to 50% of his supervisory slots vacant at any given time. And Social Security's in-house training staff did not contain experts in modern computer systems. So Mr. Prokop found his people learning more and more about 20-year-old techniques and processes that were becoming less and less useful.

And some people, he found, were out to destroy or defraud the system. Ticking off a number of "cases of willful and malicious mischief" during an appearance before the House Government Operations Committee, Mr. Prokop said that morale in the computer center was extraordinarily low, partly because of a series of never-completed reorganizations that left a number of people not knowing what their jobs were. There was also strong resentment of his efforts to bring in outside experts.

Mr. Prokop and Mrs. Mancher are quick to point out that many of the workers at the computer center are dedicated to "getting the checks out" and work long hours under often-frustrating deadlines.

But there are also some who kick the plugs of operating computer equipment out of wall sockets and turn off air-conditioning systems, causing valuable machinery to overheat.

For Mrs. Mancher, who ran the part of the operation that makes benefit calculations and assigns Social Security numbers, the constant threat of sabotage made her job impossible. She resigned in June 1980 a few weeks after a Baltimore television station got an anonymous threat that the computer program tapes at Woodlawn would be destroyed.

That threat meant, according to Mrs. Mancher, that she and two skilled supervisors had to make copies of the major program tapes and hide them every night. In the morning they would compare the copies with the tapes running the computers to make sure that the little magnetic marks controlling one of the government's most vital and basic functions had not been tampered with.

It was a rough few weeks. And Mrs. Mancher and Mr. Prokop couldn't watch everything. For example, there was the time in February 1980 when Janet Elizabeth Bartlee Blair, a 29-year-old benefits authorizer at Woodlawn, was accused of authorizing $500,000 worth of disability checks for nonexistent beneficiaries. Her fraud, caught only when a sharp-eyed Philadelphia banker spotted the strange accumulation of checks, resulted in 10 years in federal prison.

It also resulted in a growing feeling among federal investigators that not all the glitches in the system are accidental. According to a Social Security spokesman, among the 8,000 instances of benefit checks being sent to dead people, there is "a small group of cases which have some features that could indicate employe involvement."

Both Mr. Prokop and Mrs. Mancher agree that ultimately the Social Security computer system may have to be contracted out to a private company that can understand and support large computer operations.

Meanwhile, the latest temporary fix a repair for the glitch in the Madcap program that gave Mrs. Branch her $9,281.60 check instead of one for $202.60—will be in place by mid-October. The error is believed to be a rare malfunction in that program, which deals with only 5 percent of Social Security recipients. So far, according to a spokesman, only one other check of that size has been returned to the agency.

Social Security would, however, welcome reports of any others.

[From the Washington Post, Oct. 13, 1981]

SSA COMPUTER: MANY CHECKS, NO BALANCES

(By Paul Taylor)

There are times, and this is one of them, when the Social Security Administration seems to be in a race with itself to determine which way it will self-destruct: by bankruptcy or computer collapse.

The bankruptcy scenario is familiar to any reader of the daily papers. The computer's horrors are just as real and embedded in a machine that is massive, intricate and ever-expanding. But even the experts who operate the computer cannot always control it.

"You can't maintain it, you can't change it and you can't hire people to work on it," laments John A. Svahn, the new commissioner at SSA, who has made overhaul of the computer system his top priority.

"The mere mention of the system is guaranteed to provoke gales of laughter and bouts of knee-slapping among people in the computer science field," says Jan Prokop, a computer scientist who served as associate commissioner for systems at SSA in 1979 and 1980.

So far, the computer system has not faltered to the point the agency has been unable to meet its primary charge of getting checks to 3 million beneficiaries by the third of each month. But there is so much the computer cannot do or does badly. Some examples:

Just to implement the normal cost-of-living increases this year, SSA's computer programmers had to spend 20,000 hours feeding data into computers that whirred day and night for nearly four months. With a less unwieldly system, said Svahn, that kind of operation could have been completed in two or three days.

The task of removing certain recipients of the so-called minimum benefit from the SSA rolls, as Congress mandated this summer, is going to be tackled manually because, "just to figure out how to make our computers do it would take 18 months," in the words of Svahn. The manual process will take six months and cost $150 million. Incidentally, midway through the process, Congress and the president are expected to restore the benefit.

The computer backlog at the SSA is such that it can take months or years—in one case, it took 15 years—before the SSA discovers that a beneficiary has died, moved, lost a spouse, or undergone any of the other changes that call for some alteration in the benefit check. Moreover, the SSA has fallen as far as three years behind in simply recording the retirement contributions of millions of American workers.

It takes time for technology to come to such a sorry pass. Twenty years ago at the SSA, the software system—the manner in which instructions are fed into the computers—was among the most advanced. But over the years, as the demands on the system multiplied, the SSA responded "by throwing more and bigger computers at the problem," says Svahn, without overhauling the software system to keep pace.

The result is a crazy-quilt, slap-dash network of 76 different software systems that incorporate a variety of technologies span-

ning from the 1960s to the 1980s. "It's sort of like you started with a log cabin, then you added on a wing made of framing lumber, then another made of brick and another made of glass," said one systems auditor who asked not to be identified. "After a while, it gets kind of hard to find your way around."

Worse, the architects of these various additions often failed to leave blueprints behind. "The documentation has been terrible," said Svahn, who recently had to borrow a computer expert who had left SSA for private industry because he was the only one who understood the system he had designed.

Experts and watchdogs have been aware of the SSA's computer problems for years. The General Accounting Office has issued 32 separate reports since 1974. The Department of Health and Human Services has its own review under way, as does SSA and the Government Operations Committee on the House of Representatives.

But alas, the experts don't always agree. In 1979, after 3½ years of study, the SSA came up with a "Future Systems Plan" that supposedly would be the plan to end all plans, the road map for the next decade. Within months, a new team came in to head SSA, and they ditched the plan.

Most students of the problem agree that people are at the heart of the computer mess. SSA has had a history of hiring its computer specialists from within, and Prokop notes that by doing so, SSA has cut itself off from the best minds in the computer field.

Upgrading the technical aspects of the system without bringing in new people to work on it would be, Prokop says, like "giving an aircraft to an apprentice chauffeur." Of course, recruitment is made difficult by the more attractive salaries in the private sector.

Svahn is busily working on his own plan to address these long-term problems, but meanwhile there are more immediate concerns.

The SSA is moving its entire computer operation from its headquarters in Woodlawn, outside of Baltimore, to a new building a mile away. Svahn says the new building "looks nicer" than the old one, but worries that it will be outdated by the time the move is completed next year.

On the other hand, there is this silver lining: With a state-of-the-art uninterrupted power supply at the new building, "we won't have to worry any more about a good stiff thunderstorm knocking out our computers for a couple of hours." That's been another problem.

Mr. PELL. In my view, these are examples of quality control and efficiency problems that are swiftly dealt with in private industry. These inaccuracies must not and cannot be ignored when they occur in one of our most important public programs. The social security system has always had an excellent administrative track record. It is for this reason, in addition to the American people's reliance on social security, that any cases of declining efficiency in this program ought to be nipped in the bud. If Congress ignores the reports of reduced productivity and mechanical inefficiency within the system, our citizens will become very concerned about the ability of the system to continue to process an increasing number of claims over the long run.

The social security system ought to have the best managers, the latest computer capacity and the most up-to-date technology in order to maintain the high standards that have always existed in the administration of this program.

It is for this reason, Madam President, that I am offering an amendment today that would direct the General Accounting Office to undertake a comprehensive review and assessment of the management efficiency, employee productivity and technical capacity of the Social Security Administration and report the results of its findings to Congress no later than 6 months after the enactment of the current social security legislation.

I want to make it clear, however, Madam President, that it is not my intent to have the General Accounting Office in any way inhibit the social security system from putting its own house in order. I believe that the recent reports about quality control problems that exist in many areas within the social security system merit an outside review. However, any improvement that could be made from within the agency itself would be welcomed.

I understand that this amendment has been discussed with the majority and the minority and I hope that it will be accepted.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Madam President, I have discussed the amendment with the distinguished Senator from Rhode Island and also with the Senator from New York (Mr. MOYNIHAN). I have not had a chance to discuss it with the Senator from Hawaii.

The Senator from Kansas has no objection to the amendment. It would seem to make a great deal of sense. I would urge its adoption and will do what I can, as chairman of the committee, to urge the GAO to move very quickly because, as the Senator from Rhode Island has indicated, there have been recent press reports that are a little disturbing. The American people are a little bit concerned about this system, in any event. This might reassure some of those people that they know that we have done everything possible to make certain that the management is efficient and productive and that we are doing the very things that are in the amendment.

I certainly am willing to accept the amendment.

Mr. PELL. The amendment, as you know, calls for a study to be prepared within a 6-month period.

Mr. DOLE. I might say to the Senator from Rhode Island, if, in fact, the task force is appointed, this study will be available to the task force, depending on the reporting date, and it might be very helpful to them.

Mr. MATSUNAGA. Madam President, we have no objection on the minority side. As a matter of fact, I deem it to be a very meritorious amendment. One of the biggest complaints I have heard over the years that I have been in Congress has been the delay in the issuance of checks to those who have qualified for social security benefits. This amendment will definitely tend toward elimination of that problem. We heartily endorse the amendment.

Mr. PELL. I thank my colleagues very much indeed.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment of the Senator from Rhode Island (Mr. PELL).

The amendment (UP No. 480) was agreed to.

UP AMENDMENT NO. 479

Mr. DOLE. Madam President, what is the pending business?

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from South Dakota.

Mr. DOLE. Madam President, I have discussed this amendment, to some extent, with the distinguished Senator from South Dakota, Senator PRESSLER. I have also discussed the amendment with members of the Finance Committee staff, the Social Security Administration staff, and others.

I want to make several points clear about the amendment offered by the Senator from South Dakota. As I understand his amendment, it would not prevent Congress at some later date from making a shift in the date when the cost-of-living increase would be made for social security recipients or making a change in the cost-of-living adjustment formula. That is the way the Senator from Kansas interprets the amendment. I think that was the way it was interpreted by the Senator from South Dakota. If, in fact, the Senator from South Dakota does disagree, perhaps he could indicate that.

I would also like to make clear that the Pressler amendment would not affect the minimum benefit changes included in this bill. We are in the process of restoring the minimum benefit to 90 to 95 percent of the eligible recipients.

I might add that it is, in fact, the Presiding Officer's amendment. I am pleased that she is present at this time. We are considering the restoration of the minimum benefit because, by and large, it is patterned after an amendment that she suggested. I understand she will be speaking to that later today.

So it would not affect any minimum benefit changes included in this bill or future reductions in the student benefits enacted as part of the Reconciliation Act.

Moreover, I would like to make it clear that the amendment would not preclude Congress from enacting changes in social security benefits that apply on a prospective basis; that is, changes that would not reduce the dollar amount of benefits currently received by the recipients. I think that is clear in the amendment, but, as a matter of legislative history, I would point out that this is a sense-of-the-Congress resolution. I can understand the concern of the Senator from South Dakota; what he is concerned about is that somebody getting $200 a month this month would have that amount reduced to a lesser figure the next month. I have no quarrel with that. I can understand the feelings of his constituents in South Dakota. I think he has performed a valuable service in offering the amendment.

The only qualification the Senator from Kansas would have is that we do not want to lock ourselves into a position. In the event that we continue to find the system in trouble and the trust funds, particularly the OASI trust fund, in deeper difficulty, we may have to make some changes. That has been the thrust of the debate so far today, that Congress must, sooner or later—and generally,

with Congress, it is later, although it should be sooner. We must face up to our responsibilities and address the solvency in the long term of the social security trust fund. Then we can assure the present beneficiaries, and the 115 million Americans, who are working and paying into this system, that when they retire there is going to be a benefit there.

But I see nothing in this amendment that would prevent us from doing what is necessary to make certain that the fund does survive and that we are able to make the benefit payments. That is certainly in line with the intention of the Senator from South Dakota, as I have discussed it with him.

So, on that basis, the Senator from Kansas is certainly willing to accept the amendment. It is my understanding that the Senator from South Dakota would like a rollcall on the amendment. If that is the case, then I would hope that we could ask for the yeas and nays, set the amendment aside and call it up tomorrow at some appropriate time and have the vote.

I think that meets the concerns of the manager on the Democratic side. Is that correct?

Mr. MATSUNAGA. Madam President, we have no objections to setting aside the vote until a later time.

As I understand the amendment, it is merely to express the sense of the Congress, and it would not be absolutely binding on the Congress in any event. While this is a fine amendment, as far as I am concerned, and we do fully endorse it on this side of the aisle also, a question would arise as to the effect of the amendment in the event that the Congress should subsequently decide to reduce benefits. That is a question which might be raised as to the binding effect of the resolution being offered as an amendment.

I would take it from the statements made by the chairman, the Senator from Kansas, having discussed the matter with the author of the amendment, that this is merely an expression of the sense of the Congress and not something which would be binding to the effect that it may interfere with actions of the Senate which may be necessary in the future.

Mr. DOLE. If the Senator from Hawaii will yield, that is the understanding of this Senator. In my discussion with the Senator from South Dakota, I believe he wants to underscore that it is the present intention of this Congress not to cut benefits for current beneficiaries. I think everyone is in agreement with that basic idea. It is also hopefully the intention of this present Congress to come to grips with the serious problems of social security. I am not so hopeful on that.

I do not criticize the Congress because so far the system has worked fairly well and everyone has received their benefits. But I suggest, based on statements by nearly everyone, regardless of party, regardless of philosophy, that we need to do something to shore up the system, not just in a short run, which we are doing today, but also in the long run, and very quickly. This will not be easy because it is such an emotional, controversial, sometimes political issue.

It frightens Members of Congress, I might add, for someone to go on television, whoever it might be, Republican, Democrat, or someone else, saying, "Congress is about to cut your benefits." That immediately creates a lot of well-founded concern among beneficiaries. But I think it is fair to say that we have a grave responsibility. To this Senator, about the most inefficient and dangerous way we can serve present and future beneficiaries is to do nothing.

That is the point made by the Senator from Hawaii, as I understand it. The amendment is not binding. It does express the concern of the distinguished Senator from South Dakota. I do not quarrel with that concern, but there is a larger problem out there, or could be in the foreseeable future, that we may have to address. If that is the case, then we would have to override even a sense-of-the-Senate resolution.

Mr. MATSUNAGA. Madam President, in fact, I agree with the amendment to the extent that I even ask unanimous consent that I be included as a cosponsor of the amendment.

Mr. PRESSLER. I am very honored.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MATSUNAGA. We have no objection to the amendment.

The PRESSLER. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. DOLE. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Madam President, I renew the request for the yeas and nays on the Pressler amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Madam President, I suggest the Pressler amendment now be temporarily laid aside so other Members may offer amendments, hopefully.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. PRESSLER). Without objection, it is so ordered.

Mrs. KASSEBAUM. Mr. President, I rise to speak to the fact that I believe the Finance Committee has done a very difficult and, in many ways, extraordinary job, in putting together some legislation which will give us some time to address the longer range issues that we must face regarding social security.

Mr. President, few Federal programs can approach social security in terms of the number of lives they touch. In addition to the 35 million Americans who directly benefit from it, countless more look to it as a future source of support for themselves and their families.

It therefore comes as no surprise that the financial problems now plaguing the system are viewed with more than casual interest. The financing package before the Senate today addresses two of the concerns most frequently expressed to me by my constituents.

First, it reallocates the percentages of the payroll tax assigned to each of the three social security trust funds and permits borrowing between the old age and survivors insurance (OASI) and the disability insurance (DI) trust funds. In the absence of these actions, it is estimated that the OASI trust fund reserves would fall below the level necessary to pay benefits at some point in 1982. Thus, these corrective steps deal with the immediate cash flow problem facing the system.

Second, this measure partially restores the minimum benefit to current recipients. Taking an approach which I proposed in July, the legislation considers the availability for other pension income in determining eligibility for the minimum benefit. Approximately 85 percent of current minimum benefit recipients will continue to receive it. Thus, we will avoid the situation of forcing older persons—largely women—onto welfare rolls for the first time in their lives. At the same time, we assure that those with adequate outside resources do not continue to receive overly generous benefits from a financially strapped system. The trust fund savings which are forgone as a result of this action would be made up by extending the social security payroll tax to the first 6 months of sick pay and by lowering the maximum family benefit for OASI recipients.

Although these steps are certainly important ones, they fall short of dealing with a third major concern; namely, the long-term solvency of the social security system. Merely juggling accounts will not be sufficient to guarantee the availability of benefits at a time when the ratio of retired to active workers is much less favorable to system finances than is the case today. The American public is well aware of this situation, as evidenced by the declining confidence of younger workers that any social security benefits will be available to them when they retire.

The measure before us today buys us some time to truly come to grips with the most serious problems facing social security. We have the opportunity to consider long-term solutions outside the crisis atmosphere which has characterized recent debate of the issue. It is absolutely essential that we begin now to develop a schedule for implementing the changes needed to assure support for future re-

tirees. We would do a disservice to those reaching retirement age after the turn of the century by postponing action until the trust funds are all but depleted. Providing younger workers with a clear idea of what they can expect from social security will allow them to make retirement plans without the fear that those plans will be disrupted only a few months before their actual retirement.

We now have the chance to offer the leadtime needed to make orderly plans for the future. I applaud the decision of the President to form a task force expressly for this purpose. It is my hope that the recommendations of this group will move us away from the crisis-to-crisis approach toward social security financing, restoring confidence in a system which has served as an important source of support to generations of Americans.

Mr. DOLE. Mr. President, I thank my colleague from Kansas. As I indicated earlier, the minimum benefit provision came substantially from a bill authored by my colleague from Kansas, and the provision now in the committee amendment, with one minor exception, is due to her efforts in large part.

I am certain that the 2.7 million Americans, when they have this restoration, may not understand the genesis of the action, but I indicate for the record that the final committee package contains the amendment authored by my distinguished colleague (Mrs. KASSEBAUM).

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRASSLEY. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mrs. KASSEBAUM). Without objection, it is so ordered.

Mr. GRASSLEY. Madam President, the Finance Committee amendment to H.R. 4331 restores the minimum benefit for all U.S. recipients eligible for benefits before November 1981. It also provides a dollar-for-dollar offset of the minimum benefits of persons receiving a pension from Government employment not covered by social security. In order that recipients may continue to receive their benefits in a timely manner, the amendment also allows borrowing among the three trust funds and mandates a reallocation of the payroll among the three trust funds so that the OASI fund receives a greater portion of the payroll tax. Finally, in order to offset the cost of partially restoring the minimum benefit to current recipients the amendment extends the disability maximum family benefit to retirement and survivor cases and extends the social security payroll tax to the first 6 months of sick pay.

I believe that the Finance Committee amendment is more notable for what it does not do than for what it does. In the short term, it does not provide a prudent level of reserves. In other words, even if our best guess at the performance of the economy in the next several years turns out to be correct, the trust funds will not build up enough reserves to cushion against a simple downturn in the business cycle. The amendment also does not address the long-term deficit of $1.6 trillion. For the second time in as many years, we are using the trust funds to buy time.

As the Finance Committee considered social security's financial difficulties it became clear to me that some very basic differences exist among members of the committee. We had difficulty in agreeing on which set of economic assumptions to use, which led us, in turn, to disagree on the extent of the short-term financial difficulty. We could not agree on what constitutes a prudent level of reserves. We even disagreed on the nature of the retirement fund. So, what we finally agreed to do was to disagree. That is the nature of the committee amendment; it is an agreement to disagree. The more I think about it, the more I think we Republicans on the Finance Committee made a mistake in not moving ahead on a social security reform proposal.

As we all know, retirees' benefits under social security are paid for by workers and employers in the form of a payroll tax. Put another way, a substantial portion of pension income in this country is dependent upon the willingness of workers and employers to continue to support the social security system. I am concerned, therefore, when I read that 73 percent of all workers between the ages of 25 and 40 have little or no faith that funds will be available to pay their benefits when they retire.

Over half of those same workers are taxed more heavily by the social security payroll tax than they are by the Federal income tax. And yet, at a time when we are reducing the income tax burden, the payroll tax burden is expected to increase substantially. I am not certain how much longer American workers, in the absence of decisive action by Congress to bring about social security reform, will allow themselves to be taxed to support retired Americans.

We cannot agree to disagree forever. Social security's problem will not go away if we put them off. We cannot wish them away. Because social security is a sensitive issue, I hope that Republican and Democratic Members can reach a bipartisan solution. But, when push comes to shove, leadership must come from this side of the aisle. If there is disagreement, so be it. If social security is used against us, so be it. Our responsibility as the majority party is clear. Whatever the consequences, we must thrash out social security reform and we must do it soon.

I am a political realist. I voted to report this amendment from the Finance Committee because I realize that it is the only way we are going to be able to make payments next year on a timely basis. Despite my reservations, I intend to vote for adoption of this amendment when it comes to the floor of the Senate.

However, in no way would I like this to be interpreted as meaning that this Senator feels that a solution has been found to the social security problem. On the contrary, we may even be putting off the day of reckoning to a time when we must enact a solution that will not be as sound as a solution that we might enact now.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Madam President, earlier this year, the administration proposed eliminating the social security minimum benefit not only for future beneficiaries but also for those already on the benefit rolls. Although I supported the President's overall efforts to reduce Federal spending, I considered this proposal to be unwise and inappropriate. I did not believe it was either necessary or desirable to cut benefits for people who have already been getting these payments for many years, many of who are very old. I offered and supported amendments in committee and on the floor to restore that benefit. I was unsuccessful at the time, but I felt certain that the decision to cut those benefits would ultimately be reversed. I am pleased that the administration and the Finance Committee have now recognized that we should not be cutting these benefits. The amendment from the committee does not go quite as far as I had previously recommended in restoring benefits for those now on the rolls, but it does go most of the way toward achieving that objective and I hope the Senate will approve it.

The committee amendment will restore the minimum benefit without undermining the budgetary situation or the situation in the trust fund. It does this by incorporating other changes which achieve offsetting savings but which do not adversely affect the benefits of people already on the benefit rolls.

The committee amendment also includes provisions for transferring funds among the three trust funds supported by the social security payroll tax. This reallocation is necessary to assure that benefits can continue to be made until the Congress and the administration are able to determine what additional actions may be necessary to strengthen the funding of the social security program. These programs are highly sensitive to economic changes. Consequently, what and how much will need to be done in the next few years will depend strongly on how well the economy responds to the present economic program. Adopting the committee provision will allow us to act after we have had a chance to see how that economic response is developing.

I believe the Finance Committee amendment addresses the immediate need to restore the minimum benefit and to assure that the funds can continue to meet their obligations over the near term. I urge approval of the bill before the Senate.

AMENDMENT NO. 582

(Purpose: To provide for a special statement of requests for new budget authority, estimates of outlays and revenues, and estimates of deficits or surplus for the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the Federal Hospital Insurance Trust Fund)

Mr. EAGLETON. Madam President, I call up my printed amendment numbered 582.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legieslative clerk read as follows:

The Senator from Missouri (Mr. EAGLETON) proposes an amendment numbered 582.

Mr. EAGLETON. Madam President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill insert the following:

SEC. . SEPARATE ACCOUNTING FOR SOCIAL SECURITY TRUST FUNDS

For each fiscal year beginning after September 30, 1982, the President shall transmit to the Congress, at the time he transmits the Budget under subsection (a) of section 201 of the Budget and Accounting Act, 1921, and at the time he submits the midyear amendments and revisions of such Budget under subsection (g) of such section, a special statement summarizing requests for new budget authority, estimates of outlays and revenues, and estimates of deficit or surplus (stated both separately and in the aggregate) for the Federal Old-Age and Survivors Insurance Fund, the Federal Disability Insurance Trust Fund, and the Federal Hospital Insurance Trust Fund. The special statement required by this section shall include a comparative summary of the aggregate total requests for new budget authority, estimates of outlays and activities of the Government (other than such Trust Funds). Such special statement shall also include an explanation and analysis of the economic assumptions on which the requests and estimates for such Trust Funds and the requests and estimates for such other function of the Government are based.

(b) The special analysis required by this section shall be transmitted to the Congress in a separate volume from the Budget of the United States or the midyear amendments and revisions of such Budget, as the case may be.

Mr. EAGLETON. Madam President, this amendment is identical to one I offered to the Economic Recovery Tax Act and which was adopted by the Senate on a roll call vote of 97 to 2. Unfortunately, the provision was dropped in conference. I believe it is needed to reassure the public as to the integrity of social security financing—and perhaps other trust fund financing as well—from our deliberations on the rest of the budget. I know all the arguments in support of the unified budget. But, I also know that more and more Americans are coming to doubt that the benefits they are paying for and being taxed for will be there when they retire. Somehow, we have to assure the public that social security will not become a political football.

One way to do that, without doing violence to the unified budget concept at the same time, would be to require that any proposal affecting social security revenues or expenditures be the subject of a separate reconciliation bill, separately voted on. I reserve the right to offer such an amendment at another time.

The parliamentary situation being what it is today, however, I will content myself with the modest amendment now at the desk.

Very simply, the amendment requires a factual report which will contrast the revenues, expenditures, and surplus or deficit situation of the social security trusts with that for all other functions and activities of Government. Most important, the amendment requires a statement and explanation of the economic assumptions behind the numbers. I believe that if we are going to have a unified budget, we should have a unified set of economic assumptions behind it, and not one set for social security and a completely different set for other parts of the budget. By highlighting the facts, this report may move us toward basic consistency in this matter.

The President has called for a bipartisan approach to the social security problem, a sentiment I am sure all of us endorse in principle. But, the fact is, we will not be able to objectively discuss solutions until we can first agree on a common set of numbers and assumptions as to the magnitude and duration of the problem.

For all its merits as a tool in elevating the impact of Federal activities on the economy, the unified budget does create confusion about the extent to which social security trust funds are separated from other budget revenues and expenditures. Since the inception of the unified budget in fiscal year 1969 there have been charges that unnecessary trust fund surpluses were being engineered to disguise the true deficit in other parts of the budget. That same charge is being made today with regard to the social security system. So long as that dispute continues, there is little prospect for bipartisanship on this issue.

Most of the information which this amendment would cause to be assembled in a single and separate report is already available, but scattered throughout the budget and reports of the social security trustees. The objective is to bring this information together in one place and to require, in the same place, a full explanation of the economic assumptions involved. The amendment in no way changes the present unified budget process. It merely adds a new element which should help explain the condition and interrelationship of social security and other Federal funds.

By itself, this amendment will resolve none of the substantive problems with the social security system. But, it would be a small step toward clarifying basic facts and assuring the public that social security will not become a political football.

Mr. DOLE. Madam President, as the Senator from Missouri correctly indicates, this amendment did pass by a 97-to-2 vote earlier, and it was discussed in conference. It was the feeling at that time that the amendment, although well intentioned, would simply require more paperwork. We were not certain whether it would tell us more than we already know.

The unified budget and the midsession review, to my understanding, already contain reports on the trust funds and unified budget as a whole.

In addition, the Board of Trustees in its annual report publishes the financial status of the trust funds and includes current estimates of the shortrun and longrun actuarial balances in each fund.

In 1981 the trustees' report did, in fact, set forth the economic assumptions underlying the projections and provided a means of camparing those assumptions with the administration's budget assumptions.

Notwithstanding that, I will say to the Senator from Missouri, I believe the amendment offered by the Senator would be helpful. I am certainly willing to try it again on the House side. If it is satisfactory with the distinguished Senator from Louisiana, if he is prepared to accept the amendment, I will do the best we can in conference.

Mr. EAGLETON. Madam President, it is perfectly acceptable to me. I am grateful for the comments of the Senator from Kansas and the tacit acquiescence of the Senator from Louisiana, and I hope we can prevail once this bill goes to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Missouri.

The amendment (No. 582) was agreed to.

Mr. EAGLETON. Madam President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 581

(Purpose: To establish a trust fund which is financed from revenues from the repeal of section 602 of the Economic Recovery Tax Act of 1981 and which is used as a reserve for the social security trust fund, and for other purposes)

Mr. EAGLETON. Madam President, I call up my amendment numbered 581.

The PRESIDING OFFICER. Without objection, the amendment will be in order, and the amendment of the Senator from South Dakota (Mr. PRESSLER) will be temporarily laid aside.

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Missouri (Mr. EAGLETON) proposes an amendment numbered 581.

Mr. EAGLETON. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Viz: At the appropriate place, insert the following new section:

SEC. . (a) Section 602 of the Economic Recovery Tax Act of 1981 (relating to reduction in tax imposed on newly discovered oil) and the amendments made by such section are hereby repealed.

(b) Title II of the Social Security Act is

amended by inserting after section 201 the following new section:

"SOCIAL SECURITY RESERVE TRUST FUND

"SEC. 201A. (a) There is established in the Treasury of the United States a trust fund to be known as the Social Security Reserve Trust Fund (hereinafter in this section referred to as the 'Trust Fund') which shall consist of amounts transferred to the Trust Fund under this section.

"(b)(1) The Secretary of the Treasury shall transfer to the Trust Fund each fiscal year an amount equal to the increase in revenues for such fiscal year which results from the repeal of section 602 of the Economic Recovery Tax Act of 1981, except that the aggregate amount appropriated to the Trust Fund under this paragraph for all fiscal years shall not exceed $50,000,000,000.

"(2) The amount required to be transferred under paragraph (1) shall be transferred to the Trust Fund by the Secretary of the Treasury at least quarterly on the basis of estimates made by the Secretary. Proper adjustment shall be made in the amounts subsequently transferred to the extent prior estimates were not equal to the amounts required to be transferred.

"(c) There is created a body to be known as the Board of Trustees of the Trust Fund (hereinafter in this section called the 'Board of Trustees') the members, Managing Trustee, and Secretary of which shall be the individuals serving as members, Managing Trustee, and Secretary of the Board of Trustees created under section 201(c). The Board of Trustees shall meet at least once each calendar year. It shall be the duty of the Board of Trustees to—

"(1) hold the Trust Fund;

"(2) report to the Congress not later than the first day of April of each year on the operation and status of the Trust Fund during the preceding fiscal year and on its expected operation and status during the next five fiscal years;

"(3) report immediately to the Congress whenever the Board of Trustees is of the opinion that the amount of the Trust Fund is unduly small; and

"(4) review the general policies followed in managing the Trust Fund, and recommend changes in such policies, including necessary changes in the provisions of the law which govern the way in which the Trust Fund is to be managed.

The report provided for in paragraph (2) shall include a statement of the assets of, and the disbursements made from, the Trust Fund during the preceding fiscal year, an estimate of the expected payments to, and disbursements from, the Trust Fund during each of the next five fiscal years, and a statement of the actuarial status of the Trust Fund. Such report shall be printed as a House document of the session of the Congress in which the report is made.

"(d)(1)(A) It shall be the duty of the Managing Trustee to invest such portion of the Trust Fund as is not, in his judgment, required to meet current withdrawals, and such investments shall be made so as to secure the maximum possible interest yield, commensurate with the safety of the Trust Fund. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (i) on original issue at the issue price, or (ii) by purchase of outstanding obligations at the market price.

"(B) The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of public-debt obligations for purchase by the Trust Fund. Such obligations issued for purchase by the Trust Fund shall have maturities fixed with due regard for the needs of the Trust Fund and shall bear interest at a rate equal to the average market yield (computed by the Managing Trustee on the basis of market quotations as of the end of the calendar month next preceding the date of such issue) on—

"(i) all marketable interest-bearing obligations of the United States then forming a part of the public debt,

"(ii) all marketable interest-bearing obligations which are not obligations of the United States but which are guaranteed as to both principal and interest by the United States, and

"(iii) all marketable federally sponsored agency interest-bearing obligations that are designated in the laws authorizing their issuance as lawful investments for fiduciary and trust funds under the control and authority of the United States or any officer of the United States;

except that where such average market yield is not a multiple of one-eighth of 1 per centum, the rate of interest of such obligations shall be the multiple of one-eighth of 1 per centum nearest such market yield.

"(C) The Managing Trustee may purchase other interest-bearing obligations of the United States or obligations guaranteed as to both principal and interest by the United States, on original issue or at the market price, where he determines that such purchase is necessary to secure the maximum possible interest yield, commensurate with the safety of the Trust Fund, and that such purchase is in the public interest.

"(D) The Managing Trustee shall secure such equipment and enlist the services of such experts as may be necessary for the purpose of allowing the Board to make investments which will secure the maximum possible interest yield.

"(2) Any obligations acquired by the Trust Fund (except public-debt obligations issued exclusively to the Trust Fund) may be sold by the Managing Trustee at the market price, and such public-debt obligations may be redeemed at par plus accrued interest.

"(3) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Trust Fund shall be credited to and form a part of the Trust Fund.

"(e) The Secretary shall transfer, out of any amounts in the Trust Fund, to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the Federal Hospital Insurance Fund such amounts as may be provided by appropriation Acts.".

(c) Subparagraph (B) of section 102(c)(1) of the Crude Oil Windfall Profit Tax Act of 1980 is amended—

(1) by striking out the period at the end of clause (ii) and inserting in lieu thereof ", plus", and

(2) by inserting immediately after clause (ii) the following new clause:

"(iii) any amount transferred to the Social Security Reserve Trust Fund under section 201A(b)(1) of the Social Security Act.".

(d)(1) Section 201 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(i) There shall be transferred to the Federal Old-Age and Survivors Insurance Trust Fund and to the Federal Disability Insurance Trust Fund such amounts as may be appropriated for such purpose from the Social Security Reserve Trust Fund.".

(2) Section 1817 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(j) There shall be transferred to the Trust Fund such amounts as may be appropriated for such purpose from the Social Security Reserve Trust Fund.".

(e)(1) Except as provided in paragraph (2), the amendments made by this section shall apply to fiscal years beginning after September 30, 1981.

(2)(A) Subsection (a) shall apply to all taxable years and periods to which the provision repealed by subsection (a), and the amendments made by such provision, would have applied.

(B) The Internal Revenue Code of 1954 shall be applied and administered as if the provision repealed by subsection (a), and the amendments made by such provision, had not been enacted.

Mr. EAGLETON. Madam President, I ask unanimous consent that the following Senators be added as cosponsors to amendment No. 581: Senators DODD, CANNON, METZENBAUM, and MITCHELL.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EAGLETON. Madam President, social security faces its own "window of vulnerability" (to use a favorite Reagan phrase) as we embark on the unmarked and potentially hazardous trail of Reaganomics.

There is no problem with social security finances in the period from the late eighties through the year 2010. In fact, through most of that time, the trust funds should enjoy large surpluses.

According to the latest Congressional Budget Office estimate, there is not even a short-term problem assuming moderate economic progress and authorization of interfund borrowing. CBO projects combined trust fund reserves will be above 17 percent of yearly outlays through 1990 and above 21 percent in 7 of those 10 years. The minimum acceptable reserve according to most experts is about 15 percent.

This CBO report is encouraging, but not without a red flag. If the economy should perform worse than CBO anticipates, then additional congressional action could be required as early as fiscal year 1985. If things should really go sour, we could be back here even sooner.

I do not know of many economists or financial analysts who put a great deal of stock in forecasts these days.

As a matter of fact, I read somewhere that a lot of economists are copying weathermen in assigning a degree of probability to their forecasts. You know what that is worth. How would you like to be told you have a 40 percent probability of receiving your social security check next year?

The Reagan economic program has never been tried before. There are no guides, but there is plenty of apprehension about the inherent contradictions involved in cutting taxes by $750 billion, increasing defense to $1.6 trillion and trying at the same time to balance the budget and maintain a tight money supply.

I do not think we ought to leave the social security system teetering on that edge of uncertainty. We need some greater margin of safety and security than is provided by the otherwise commendable bill before us.

Not long ago, I offered an amendment to the debt ceiling bill which would have repealed most of the special tax breaks given the oil industry by the 1981 Tax Act. The amendment provided for a transfer of that $33 billion to the social security trusts where they would be held as a reserve against unforeseen economic adversity.

That amendment was defeated, in part I suspect, because of the concern of many Members of the Senate about the burden of the windfall tax on small royalty owners and independent stripper well producers.

Therefore, the amendment I am offering today would leave the royalty owners and stripper well provisions of the Tax Act as they are.

The amendment I am offering today repeals only the tax breaks given to so-called newly discovered oil. It is estimated that between 70 and 80 percent of this oil is produced by the top 50 oil companies for whom the tax break is a pleasant, if gratuitous, bonanza.

By eliminating that totally unjustified change in the windfall tax, we would add an estimated $14.2 billion to the Treasury through 1990. My amendment proposes, as it did before, to transfer these funds to social security.

I ask unanimous consent that a table showing these revenue gains be printed in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Repeal of reduction in tax for newly discovered oil:

Revenue gain from Eagleton amendment

[In billions of dollars]

Calendar year:	
1981	----
1982	0.1
1983	.3
1984	.6
1985	1.0
1986	1.8
1987	2.1
1988	2.4
1989	2.8
1990	3.1
Total revenue gain 1981 through 1990	14.2

Per estimates of the Joint Committee on Taxation.

(Mr. DURENBERGER assumed the chair.)

Mr. EAGLETON. Mr. President, the distinguished Senator from Delaware (Mr. ROTH) reminded me in an earlier debate, that there is nothing particularly original about my amendment. In fact, it is a far more modest proposal than an initiative he himself made when the windfall tax bill was before the Finance Committee on October 19, 1979.

According to the Senator from Delaware his proposal would have used all of the windfall revenue for social security. The Roth amendment was defeated on a 10-to-10 tie, but every Republican member of the Finance Committee at that time was recorded in favor of earmarking windfall revenues for social security including, I might note, the distinguished floor manager (Mr. DOLE).

Notwithstanding that defeat, the windfall bill reported by the committee and passed by the Senate contained a watered-down version of the Roth proposal. Specifically, it reserved $18.7 billion of the windfall revenues in a special taxpayer trust fund for possible future use in connection with social security. Unfortunately, that provision was dropped in conference.

As that record shows, there is nothing new about my amendment to earmark some small part of the windfall tax for social security. In fact, my proposal is a good deal less than the measure which, according to Senator ROTH and Senate Finance Committee staffers, was supported by every Republican member of the Finance Committee 2 years ago—Senators ROTH, DOLE, PACKWOOD, DANFORTH, WALLOP, CHAFEE, HEINZ, and DURENBERGER—and the measure was supported on the floor of the Senate by all but Senator WALLOP.

If using the windfall tax revenues for social security was right in 1979, it is even more right in 1981 when the system faces potential problems making ends meet.

In almost every major respect, the two measures which enjoyed such hearty Republican support in 1979 and 1980, are identical to the amendment I have introduced today. The only significant difference among them that I can find is that the Republican-backed measure set aside funds from general revenues of the U.S. Treasury, whereas my amendment seeks to recover funds which were unjustifiably rebated to the treasuries of top oil companies. That is the only difference.

I do not know how Senators are going to vote today or how they are going to explain to their senior citizens back home that it is one thing to help social security out of Government funds, but another if it means taking back something from the oil companies. I do not know what kind of rationale they are going to construct to justify that apparent switch. But, I do know this—the issue before us today has nothing to do with philosophical objections to using general revenue for social security. That is a smokescreen pure and simple, and the record I have just recited proves it.

Nor does the issue have anything to do with compromising the administration's economic program. The tax breaks given the oil companies were not part of the Reagan tax package and, in fact, it was opposed here on the Senate floor by Senator ROTH, the acknowledged coauthor of the supply-side tax bill—the Kemp-Roth bill. He said it was not needed. It was a giveaway. And, to his everlasting credit, he opposed it.

The choice we face on this amendment is clear. Do we think adding $14 billion to the already swollen profits of major oil companies is more important than providing a small margin of security for our senior citizens? There is no other issue.

The Republican-led initiative in the Senate Finance Committee—backed by all committee Republicans—puts to rest the notion that using outside revenues for social security is somehow a liberal Democratic program. To the contrary, it is an approach which has had strong bipartisan support in the past and which enjoys wide public support today.

Mr. President, the adoption of the reduced tax on domestic production of new oil was a senseless squandering of tax resources. The whole premise of our agreement to decontrol oil prices with a tax on excessive, unearned profits was that it would provide ample incentive for exploration and production. This incentive is more ample in my opinion. Oil company revenues are at staggering levels. The drilling industry is operating at maximum capacity, and even so, oil companies are investing less than half their income in new production and only a small percentage in research on alternative or synthetic fuels.

It was only a week or so ago, that some in this Chamber were bewailing the monstrous, almost unimaginable trillion dollar national debt. A trillion dollars—truly a staggering figure. I remember someone on the other side of the aisle telling us how many times that trillion dollar debt would encircle the Earth if laid end to end in dollar bills. If anyone needs a reminder of how much the decision to decontrol oil prices meant to the oil industry and cost consumers, just think of that national debt, because it is the same figure. At the time of its decontrol decision the administration estimated it would mean at least $1 trillion to domestic oil producers through the year 1990—enough to retire the whole national debt.

Now, the windfall tax took only about 22 percent of those added revenues—$227 billion—and even that amount some want to give back to the oil companies.

How can we vote to cut social security benefits by $2 billion, as we have, and close our eyes to this absolute gift to the oil companies?

There is no question of using general revenues for social security here. These are not general revenues. They are lost revenues—giveaway revenues that serve no purpose other than enrichment of oil companies already so profitable they do not know where to spend it all.

That is the issue posed by my modest amendment. At this time of hand wringing over the budget and scarcity of revenues, it presents a simple choice. Is this $14 billion better spent to fatten profits of a few oil producers or is there a greater need to give our 36 million social security recipients a small margin of safety against loss of their benefits?

I can understand some of my colleagues' concern for small royalty owners and independent stripper well producers. This amendment does not touch the relief we granted those groups earlier this year. It goes simply to the new oil tax reductions in the interest of buttressing the beleaguered social security system. I hope my colleagues will have comparable concern for the millions of social security recipients who depend on those benefits.

In conclusion, Mr. President, I will ask to have printed in the RECORD three letters which we have received supporting the amendment now before this body. One is from the National Caucus and Center on Black Aged, Inc., addressed to me. The address of the National Caucus and Center on Black Aged, Inc., is here in Washington, D.C. The letter is signed by Aaron Henry, chairman.

The next letter that I will ask to put in the RECORD is from the American Federation of Labor and Congress of Industrial Organizations. It is on the letterhead of Mr. Lane Kirkland. It is entitled "Legislative Alert," dated October 14,

1981, today. It is signed on behalf of the AFL–CIO by Mr. Ray Denison.

The third and final letter is from the National Retired Teachers Association and the American Association of Retired Persons. It, too, is addressed to me under this date and is in support of this amendment. It is signed by Peter W. Hughes, legislative counsel for the National Retired Teachers Association and the American Association of Retired Persons.

Mr. President, I ask unanimous consent that these three letters be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE NATIONAL CAUCUS,
AND CENTER ON BLACK AGED, INC.,
Washington, D.C., October 14, 1981.

Senator EAGLETON,
Dirksen Senate Office Bldg.,
Washington, D.C.

DEAR SENATOR EAGLETON: The National Caucus and Center on Black Aged strongly supports your amendment to repeal the tax cut on newly discovered oil and apply this revenue to strengthen the Social Security trust funds. It is our understanding that this change would make $14.2 billion of additional revenue potentially available for Social Security through 1990.

We support your amendment because it would (1) help to strengthen Social Security's financing, (2) make the financing more progressive, (3) prevent increases in payroll taxes for workers and their employers, and (4) make further benefit cuts unnecessary.

NCBA urges your colleagues in the Senate to approve this much-needed proposal.

With warm regards,

Sincerely,

AARON HENRY,
Chairman.

LEGISLATIVE ALERT

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., October 14, 1981.

DEAR SENATOR: The AFL–CIO is strongly in support of the Eagleton amendment to H.R. 4331, currently under consideration on the Senate floor, as a fair, timely and responsible means of insuring financial stability of the Social Security system.

The AFL–CIO does not share the views of alarmists who see the demise of the Social Security program; instead, it is our view that interfund borrowing—backed by a fund reserve—can provide the solution to the program's need through the end of this century without cutting benefits.

The Eagleton Amendment provides this fund reserve, and from a most appropriate source, the windfall profits of those who have benefited from our energy crises.

Specifically, the Eagleton Amendment would repeal Section 602 of the "Economic Recovery Tax Act of 1981" which reduced the tax rate on newly-discovered oil from 30 percent to 15 percent. Estimated revenue would be $14.2 billion by 1990—the life of the windfall profits tax. The amendment provides that this $14.2 billion would be transferred to the Social Security trusts where it would be held as a reserve against unforeseen economic difficulties. The Eagleton amendment thus would provide a margin of safety and security for those millions of Americans dependent on a healthy Social Security System.

The Administration has admitted that it miscalculated the revenue effects of its massive tax bill enacted just last August. It is estimated that the revenue loss will be about $749 billion by the end of FY '86. The Eagleton amendment will simply recoup a small fraction of that amount from those firms that have benefited most from the tax program and decontrol of oil.

The AFL–CIO urges that you vote for the Eagleton amendment to H.R. 4331 as an equitable means of providing a guarantee of stability to the Social Security program and peace of mind to America's deeply concerned working people and retirees.

Sincerely,

DAY DENISON,
Director, Department of Legislation.

NATIONAL RETIRED TEACHERS ASSOCIATION, AND AMERICAN ASSOCIATION OF RETIRED PERSONS,
October 14, 1981.

Hon. THOMAS EAGLETON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR EAGLETON: NRTA–AARP strongly support your amendment (No. 581) to repeal the recently-enacted tax break provided for newly discovered oil and earmark those funds for the social security trust funds.

Economic adversities have drained the system's combined trust fund levels to precariously low levels. Our Associations are convinced that the pooling of assets from all three trust funds (through interfund borrowing or reallocation schemes) will not be sufficient to carry the system through this decade.

By not seeking to provide additional revenue for social security at this time, Congress will be setting the stage for making deep, precipitous benefit cuts that would seriously endanger the elderly's already declining income security. A more reasonable strategy for dealing with social security's short-term financing problems would be to buttress interfund borrowing or reallocation with limited and temporary infusions of general revenues. The general revenues should be used only to assure with some safety that benefits will be paid as they come due. In order to avoid frustrating efforts to balance the budget, adding revenue to social security will entail having to reduce other government expenditure or utilizing revenue from non-payroll tax sources—such as the oil windfall profits tax.

Having provided for the short-term financial stability of the system, Congress must move decisively to phase-in fundamental changes in social security that will help it accommodate the future demographic shift and eliminate its very serious long-term imbalance.

For now, however, the choice is simple: either Congress provides additional revenue for social security to protect it from inevitable downturns in the economy or it can deal with the system's financial problems by cutting benefits, a strategy that will hurt an already vulnerable segment of society—the elderly.

Sincerely,

PETER W. HUGHES,
Legislative Counsel.

Mr. DOLE. Mr. President, I wonder if I might just respond for about a minute. There are a couple of amendments that we could accept, if it is all right with the Senator from Missouri to lay his amendment aside temporarily. Also the Senator from Pennsylvania wants to make a brief statement.

First, I would like to just make a brief comment on the amendment. Mr. President, I would say that the vote will come on this amendment tomorrow. I know that it is particularly attractive to some to just mention the word "oil" on the Senate floor and the juices start flowing. Oil does not start flowing, but the juices start flowing about how we can get some of that oil money. But I am not going to discuss that in any great detail.

I might say that this is one provision in the big tax bill, lowering the tax on new oil, that is truly supply-side because it reduces the tax on newly discovered oil and provides an incentive for more discovery. But we have been through that debate.

The question is whether or not we want to use general revenues in the social security program. The three letters just inserted in the RECORD come from those who want to fund social security with general revenues. Now that is their right. I do not believe that is the correct way to go. I have just notified my colleagues in the Appropriations Committee that if they really want to open a can of worms, they will vote for this amendment. Then they are really going to have appropriations problems.

Once you start funding the social security system and set aside the participatory plan we have now, the appropriations process is really going to be in great difficulty. Social security will be competing up and down the line with every other program. I just suggest that that is not the way to go.

At this point, I would also like to correct an impression about the so-called unanimous committee vote. I read a release put out by the chairman of the Democratic National Committee, Mr. Manatt, in which he indicated that all the committee Republicans had voted for the Eagleton amendment and now we are going to retreat.

If that is the case, then all the Democrats voted against tht Eagleton amendment, and I assume we are going to see some of those retreat. I will read the names of those who voted against this fantastic amendment: Senators LONG, TALMADGE, RIBICOFF, BYRD, NELSON, BENTSEN, MATSUNAGA, MOYNIHAN, BAUCUS, and BRADLEY. There are two Democrats who voted for the amendment, Senator GRAVEL and Senator BOREN.

I want to indicate for the RECORD that some of the proponents have indicated that the Eagleton amendment is similar to an amendment offered by Senator ROTH in the Finance Committee about 2 years ago.

The allegation has been made that the committee Republicans who voted for Senator ROTH's amendment in 1979 and who now oppose this Eagleton amendment have somehow flipflopped on the issue.

Let me say for the RECORD that is not the case. That is wrong. It is one more attempt to take political advantage of the plight of social security and the fiscal needs of elderly Americans.

What was the Roth amendment we voted on in the committee on October 19, 1979? During the markup of the so-called windfall profit tax, which is really an excise tax, Senator ROTH offered an amendment to freeze for 1 year the social security payroll tax increase that was scheduled to take effect on January 1, 1981. Senator ROTH argued that this step was necessary to give tax relief to working people.

In order to offset this 1-year payroll tax freeze, Senator ROTH proposed that the increased income tax revenues resulting from oil price decontrol—not windfall profit tax but oil price decontrol—be placed in the hospital insurance trust fund. The Roth amendment did not increase the windfall profit tax nor did it earmark windfall profit tax revenues in any way.

I ask unanimous consent to have placed in the RECORD the vote on that amendment. I also ask unanimous consent to have printed in the RECORD how this present amendment offered by the Senator from Missouri differs from the Roth amendment.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE VOTE ON THE ROTH AMENDMENT

After a Ribicoff motion to defer a vote on the Roth Amendment was tabled by a 10 to 8 vote, the Roth Amendment failed to pass on a 10 to 10 vote:

For: Senators Dole, Packwood, Roth, Danforth, Chafee, Heinz, Wallop, Durenberger, Gravel, and Boren.

Against: Senators Long, Talmadge, Ribicoff, Byrd, Nelson, Bentsen, Matsunaga, Moynihan, Baucus, and Bradley.

HOW THE EAGLETON AMENDMENT DIFFERS FROM THE ROTH AMENDMENT

The Eagleton Amendment would increase and earmark the Windfall Profit Tax on newly discovered oil; the Roth Amendment would have made no change in the Windfall Profit Tax and would have earmarked increased income tax collections expected from decontrol.

The Roth Amendment was primarily designed to provide tax relief by one-year freeze of social security taxes; the Eagleton Amendment proposes no tax relief.

The Eagleton Amendment seems primarily intended to provide general revenue financing to the social security system; the Roth Amendment would have made no net additions to the social security system and disclaimed any intent to affect the retirement or disability trust funds.

Mr. DOLE. The Eagleton amendment would increase and earmark the windfall profit tax on newly discovered oil; the Roth amendment would have made no change in the windfall profit tax and would have earmarked increased income tax collections expected from decontrol.

The Roth amendment was primarily designed to provide tax relief by 1-year freeze of social security taxes; the Eagleton amendment proposes no tax relief.

The Eagleton amendment seems primarily intended to provide general revenue financing to the social security system; the Roth amendment would have made no net additions to the social security system and disclaimed any intent to affect the retirement or disability trust funds.

THE ROTH AMENDMENT IS NO PRECEDENT FOR THE EAGLETON AMENDMENT

In view of the differences outlined above, the Roth amendment to freeze the payroll tax cannot be fairly described as being "similar" to the Eagleton amendment.

As one who voted for the Roth amendment, I did not view it at the time or now as a vote for general revenue financing of social security. Most Republicans who supported the Roth amendment voted against general revenue financing of the HI fund when the issue was specifically addressed in the Finance Committee.

Frankly, most Republicans voted for the Roth amendment because of partisan maneuvering to deny Senator ROTH a vote on his amendment.

Finance Committee Republicans who oppose the Eagleton amendment have no more "flip-flopped" on the general revenue financing issue than pro-Eagleton Democrats (such as Senators MOYNIHAN and BRADLEY) who voted against Roth in 1979.

The Finance Committee voted 16 to 1 (Senator Nelson opposed) to impose no windfall profit tax on newly discovered oil. Does this mean that any Finance Committee Senator who voted for a new oil exemption and who now votes for the Eagleton amendment has "flip-flopped" on the proper taxation of newly discovered oil?

I suggest that the Roth amendment is no precedent for the Eagleton amendment. In fact, the Finance Committee voted 16 to 1, Senator Nelson opposed, to impose no windfall profit tax on newly discovered oil.

So this was a Finance Committee action on newly discovered oil, 16 to 1, one negative vote, the theory being that you cannot have a windfall tax on something not yet discovered. We have been through that argument. The question today is a larger question. I suggest if you want to vote to start funding social security with general revenues—I know the Senator from Missouri does not agree with that—this is an opportunity. If you want to start putting more pressure on general revenue funds, more pressure on the Appropriations Committee, and less pressure on the Finance Committee, it would certainly ease our burden to find some other way to finance social security than the present plan. But the present plan has worked. We have never had general revenue financing in the general system. It would seem to this Senator that none is needed now.

We will be going into this I assume in more detail tomorrow morning.

I ask unanimous consent that a transcript of the full committee proceedings of October 19, 1979, be printed in the RECORD. I would caution my colleagues and the public that this is an uncorrected transcript of a committee markup.

There being no objection, the transcript was ordered to be printed in the RECORD, as follows:

UNCORRECTED TRANSCRIPT OF SENATE FINANCE COMMITTEE IN EXECUTIVE SESSION, OCTOBER 19, 1979

Now, let us take the Roth amendment. Mr. Roth is recognized for ten minutes. The other side will have five minutes.

Senator ROTH. Senator Packwood hopes that my arguments are not twice as bad.

Mr. Chairman, as I mentioned yesterday afternoon, this committee has been concentrating on big oil companies, independents, conservation tax credits and the poor. Could I have the attention please?

The CHAIRMAN. Let us have order, please.

Senator ROTH. The one group that we have really paid very little attention to is the working people of this country.

I might point out that they are paying—they are the ones who are footing the bill. They are the ones who are paying the higher energy prices, paying the higher taxes, suffering from inflation and, I might say also massive tax increases, and frankly, I do not think it is fair that the working people be left out in the cold.

Mr. Chairman, we have basically two types of windfall. One is the windfall for oil producers, the other one is for the Federal government. Most of our discussions have been dealing with the windfall profits tax. It addresses the oil producers windfall, but unless we act, the Federal government stands to gain billions of dollars in windfall profits from the increased revenue resulting solely from decontrol.

I do not believe the Federal government should be allowed to benefit from oil price decontrol any more than the oil companies. I think that we must act, and I think that we must act now, to return this government windfall to the working people who will be paying higher prices under decontrol.

Therefore, I am proposing that we freeze the Social Security tax increases for the year 1981 and do not permit the projected increases to go into effect that year. Under present law, the already high Social Security taxes are scheduled to increase very substantially in 1981. The tax rate will go up from 6.13 percent to 6.65 percent.

The wage base will jump to $29,700.

I might point out, Mr. Chairman, that the wage base is now $22,900; it will go up in '80 to $25,900, but because the fiscal year has started, it cannot be changed. My amendment would freeze the tax rate at 6.13 percent and the wage base at $25,900, reducing the maximum Social Security tax by $387.

Very frankly, if we do not do something now, we are delivering a one-two punch on all Americans.

I point out that the Congressional Budget Office has pointed out that my proposal will have a positive impact on the economy resulting in less inflation and more jobs. According to CBO, the amendment will reduce the inflation rate by .3 percent. That is inflation, .3 percent.

It will lower the unemployment rate by .2 percent and prevent the loss of 250,000 jobs.

So it has a beneficial effect on the economy both from the standpoint of inflation and unemployment.

According to the CBO, the direct budget cost of my proposal would be $11 billion, but because of the increase in the number of taxpaying jobs and the reduction of unemployment compensation spending, CBO estimates it would have a budget cost of $8.6 billion.

This payroll tax freeze would be financed by transferring a portion of the billions of dollars in increased revenue from decontrol to the Hospital Insurance Trust Fund.

The Social Security Advisory Council 1979 report endorsed the approach of financing part of the Hospital Insurance Trust Fund from the general revenue. By earmarking these special funds from decontrol, we can insure the stability of the trust fund.

I think it is important to point out that my amendment—again, to repeat, would roll back the payroll tax increases scheduled for '81 by putting the increased revenues from decontrol into the Medicare trust fund. We are not proposing to use general revenue financing for the retirement program either the pension plan itself or the disability trust fund.

Those would not be affected in any way.

What my amendment deals with is the Medicare trust fund. As I said, this has been endorsed by the Social Security Advisory Council; by Robert Ball, former Social Security Administrator; and Joseph Peckman of Brookings Institute, as well as a growing

bipartisan group of Ways and Means Committee members.

Mr. Chairman, I do not think there is any question, any question, that Congress will block the 1981 tax increase, but if we wait until next year to do it, right before the election, these revenues may have already been spent, and then a rollback raises some serious problems.

Oil price decontrol will raise a tremendous amount of revenue over and above whatever windfall profits tax is enacted and I think it is only fair that we earmark now—and we want to emphasize now—a portion of these funds for the Social Security freeze.

I will point out that this committee has already taken action to help the poor in 1981 which I strongly support as necessary, but I think it is also important that we tell the working people of America that they, too, are going to benefit.

I pointed out that a number of different groups have come out in support of this approach, Mr. Chairman. According to a CBO study, a reduction in Social Security taxes will be relatively easy to implement, would lead to a lower rate of price increase, would reduce the adverse impact of high energy prices almost immediately.

Dr. Walter Heller, on numerous occasions and again just yesterday, has urged Congress to reduce Social Security taxes in order to reduce inflation and to offset the recession. According to Heller, payroll tax cuts are tailor-made to fit the needs of an economy badgered by both inflation and recession. He believes that a payroll tax will increase take home pay, reduce business costs and help offset the OPEC oil price drag.

Mr. Chairman, I would point out that on June 5, 1979 the Washington Post editorialized if Congress uses the oil tax money to cut payroll taxes as it ought to do—let me read that again. "If Congress used the oil tax money to cut payroll taxes, as it ought to do, it will both hold down inflation and soften the impact on consumers. The burdens of decontrol can be mitigated by careful public policy."

I know there are going to be people who are going to argue, why do we not wait? Why do we not do it sometime later? Mr. Chairman, the same question could be raised by some of these other provisions.

As I have already mentioned, we have taken a number of steps to help the poor, which is essential, but I think there is something wrong with this committee. If we are unable to take action now to relieve this burden on the very people who are paying the increased cost of oil, who are paying increased taxes—I want to mention again that the average medium working family will pay an additional over $900 in taxes in 1980 and '81 because of the increase in Social Security taxes and because of inflation-induced taxes. It is over $900; $921, I believe, is the figure for those two years.

It is about time that we pay some attention to the working people who are paying both the higher prices and the massive tax increases and I urge the adoption of my amendment.

Senator RIBICOFF. The Chairman is not here. I would just make a brief comment. I am sorry that Gaylord Nelson is not here. Oh, here he is.

Gaylord, under the Chairman's ruling, you have five minutes to respond.

Senator NELSON. Five minutes to respond?

Senator ROTH. Or to join.

Senator NELSON. I guess I am better responding to something I did not hear than something I did hear, so I do not feel handicapped.

Some time ago Senator Roth, a couple of weeks ago, brought this question up which I think may very well be a creative approach to a serious problem. I said to Senator Roth at the time, let me think about it, that we have planned to have hearings early January on the whole question of Social Security and its whole situation.

I read the fact sheet, and I think I see, I am not exactly sure, but I think I see what approach Senator Roth is taking, but I think, Senator, we really ought to have hearings first. It is far too complicated for me to make a decision of this dimension, personally, as to where I would go. I am not saying I am for it or against it.

Since we are going to have hearings anyway, it is in the jurisdiction of the Subcommittee and I will get them on, if not later this fall, at least in January or early February, so we have plenty of time and I would be happy to have you as a witness at any time you choose, the first witness if you want.

But I think it is so complicated and we have gotten into so much trouble in the past by doing this stuff on the Floor off the tops of our heads—I do not mean to suggest that you have not given this a lot of thought. The problem is, I have not and neither has anybody else.

I would much prefer if you would withhold this and we will schedule hearings, as we have intended to all along. I just have not gotten around to selecting a date, and then hear you. We may agree or we may disagree, but you will not be barred from taking action.

Senator ROTH. Let me point out that, number one, we have voted $30 billion of aid to the poor which I voted for. I think it is highly desirable. There were no specific hearings on that.

I would also point out that on a number of other things hearings were held. I really do think that we are leaving the working people out in the cold if we do not give them some assistance now.

To me, to say to wait until the Presidential year means that the tax proposal is going to come forth to help the politician rather than the working people. There is nothing that difficult, that complex, in all candor, in my proposal. There is plenty of money in the additional corporate tax to make up what I am talking about.

We went right ahead and spent this money in other ways. But, for some reason the blue collar workers, the small businessmen and the others, are being left out in the cold.

One of the real problems with our economy today is that we need to create some stability and certainty.

As I mentioned, this proposal would save, according to CBO, something like 250,000 jobs. The beneficial impact of my proposal would be much greater if we act now so that business people can foresee what is going to happen, but in any event, Mr. Chairman, I just see no sense—and why, when it comes to the working people, it is politics for delaying action for helping them out. We are helping everybody else. We are helping big oil companies. We are helping the independent oil companies. We are helping the poor. We are promoting conservation.

But what we are saying—and what every person who does not vote for this proposal is in effect saying is that the working people are not entitled to any consideration, that we have to delay it until tomorrow.

I think you are right. There is no question but that this will be delayed to some time next year, but I think that is a problem. At this very moment, we are telling everybody else what we are going to do but for political reasons— I am not referring to you, Gaylord—that we are waiting to next year where the real danger is that those who wanted to spend these monies—Mr. Chairman, this is the only amendment I know that has any limitation of time, so I do object to any time limit, but I will just point out that what is going to happen that with the hard times upon us, there is going to be a great desire for other groups, other committees, to spend this money to make commitments for it, and we run a real danger that it will be very difficult to give the kind of relief to the working people that both liberals and conservatives have endorsed and endorsed strongly.

Senator NELSON. Mr. Chairman?

Senator RIBICOFF. Mr. Chairman?

It could very well be that the Finance Committee will adopt the Roth amendment, but I do have respect for the position of the Chairman of the Subcommittee, Senator Nelson.

I would move to defer action on the Roth proposal until hearings are held by Gaylord Nelson's subcommittee with the understanding that those hearings would not be later than 30 days after we resumed session in January.

Senator ROTH. In due deference to my esteemed colleague from Connecticut, Mr. Chairman, in accordance with our practices, I would like an up and down vote on my amendment.

The CHAIRMAN. I think in fairness to those of us who find a lot or appeal to the amendment and might want to be for it, that we ought to let it be considered in an orderly fashion and it seems to me that it ought to vote on Senator Ribicoff's amendment.

Senator ROTH. Mr. Chairman, as I have said, we have taken action on behalf of the oil companies. We have taken action on behalf of the independents, we have taken action on behalf of the poor, we have taken action on behalf of the conservation, but all of a sudden we say, well, let us wait and see with respect to the working people.

Again, I cannot emphasize too greatly that this is a group that is suffering, in many ways, the greatest because they are paying out of their earnings the higher energy prices. They are also suffering from inflation and, as I pointed out, the tax increase, the tax burden on them, during the next two years is very, very substantial, well over $900 for the median family.

And these people, just like the poor, are having trouble meeting their bills. I can tell you, come December and January, it is going to be a very tough time for these working people.

The local newspaper at home said, a couple of days ago, when the Senate turned down the Javits amendment the first time—which I voted for—that the poor were left out in the cold.

Well, I regret to say, Mr. Chairman, that I think that is exactly what we are doing today if we do not do some relief to the working people.

The CHAIRMAN. This is not a Social Security bill, Senator. I will be glad to have this identified as the Roth amendment when we vote on it. It seems to me that we ought to move in the orderly legislative process.

You are talking about repealing a tax that would go into effect 15 months from now. We could at least take time to look at it in connection, after we had had a hearing and looked at it in connection with other matters.

I discussed it this morning with Senator Muskie, Chairman of the Budget Committee, he said that would give them all kinds of problems with the budget process.

Senator ROTH. Mr. Chairman?

The CHAIRMAN. They think that this ought to be considered in connection with the various other things that will have to be done for the economy and that it ought to be next year's business.

Senator DOLE. Did we not already amend the Social Security Act with aid to the poor?

Mr. STERN. Those are amendments to the Social Security Act, yes, sir.

Senator DOLE. This would not be any departure.

Mr. STERN. They do not affect the Social Security tax.

Senator DOLE. We are talking about the Act.

The CHAIRMAN. The welfare part, and for

the poor, is Title II of the Social Security Act and SSI is Title III of the Social Security Act, I suppose. We do not have anything about the Social Security tax in there. We just have a provision in there for the poor.

Senator DOLE. I think we have probably used more than our time.

Senator NELSON. I think it is an important matter. I do not think we ought to be cut off by time.

Senator ROTH. Mr. Chairman, I would just point out that yesterday we voted over $1 billion for a dam in Alaska, which had no hearings; on numerous other occasions——

Senator DOLE. That was aid to the poor.

Senator ROTH. We have taken action without hearings.

I notice that our good Chairman of the Budget Committee went ahead and voted for the aid to the poor, despite the unusual procedures so that what I am asking here is not unusual or unique. Other times, we have even stopped these hearings or these proceedings to hold hearings, so whatever hearings were necessary could be held and then we could vote on it.

The point I am trying to make, I think it is important in a bipartisan way that this Committee shows that it also has some concern about the working people.

You mentioned this does not take effect until '81. Neither does our program for the poor take effect until '81, but yet we proceeded on that. So that there is adequate precedent.

What I would hope is that we could all agree that, by giving this relief now, it gives us some time in the future to take a more careful look, in a non-election year, as to what needs to be done.

But I would just like to read to you again what the Washington Post said, because I think it is significant. They pointed out that, "if Congress uses the oil tax money to cut payroll taxes, as it ought to do, it will both hold down inflation and soften the impact on consumers. The burdens of decontrol can be mitigated by careful public policy."

I just think that the time has come for us to show that we have some real concern for the people who are paying the bill.

Senator NELSON. Mr. Chairman?

The CHAIRMAN. Senator Nelson.

Senator NELSON. I said early on, I know that Senator Roth has given a lot of thought to this. I may very well end up, when I understand it better, voting for it. I do not know.

I do know, as Chairman of the Subcommittee on Social Security who has held hearings over a period of years, I found it enormously more complicated than I thought it was. I saw that we made many mistakes in the past that we would not have made if we understood them and some of those mistakes I voted for. They were dead wrong, and they were damaging to the fund.

We did it because we did not have careful enough consideration.

There are several problems here. Of course, if this needs to be done, we can do it for the working people prior, because it does not go into effect until 1981. The reason on the energy assistance to the poor is that we are acting for 1981 is that we have already covered 1980. We have had an energy assistance to the poor program for quite some time.

There is another major, I think, dangerous problem confronting us at the time, and I am worried about it, and that is why I have decided that we would have hearings a long time ago. We will have hearings early next year because of the inflation question.

I would like to point out I hope everybody will take—I do not want to say it until Senator Roth can hear—everybody will give it some careful thought.

One of the most expensive things in the program, but it is correct, is that we index the benefits of the retirees for inflation otherwise, when they retire in ten years. they have enough to live on; they are bankrupt and on welfare in five years or less.

We adopted a tax rate effective for 1980. In 1981, based upon the actuarial assumption that the inflation rate will be 5.5. We are now hitting into a disastrous situation where it is 14 percent and the retirees are pulling out of the fund money that we had assumed would only be pulled out for that purpose at the rate of the inflation rate of 5.5 percent.

So when we were looking at this a month or two ago, we decided it would be better to have some hearings early next year pull in the actuaries and take a look.

I would hope that no such situation arises. We may be stuck with having to take the money Senator Roth is talking about and putting it in the fund for 1980 or raise the taxes again.

I have no notion. I think it is a dangerous situation.

When we levied our taxes as high as they are, 5.5 was the inflation rate. We are now at 14 percent.

I respect the work Senator Roth has done on this. He may be absolutely correct, but we may make a disastrous mistake by proceeding now without having comprehensive hearings on the most important social program that this country ever adopted, affecting more people than any other program that this country has got.

I will say to the Senator, Senator Ribicoff's motion was made saying within 30 days after we began this session. I think I can meet that easily enough. As a matter of fact, I can get together with staff and select the hearing date, clear it and be ready easily, have hearings on this proposition within 30 days of our return, possibly even later this year, if we get out of here—which I do not think we will—but if we get out of here by the end of November, I would be happy to hold hearings in December.

Senator ROTH. Let me point out two things. First of all, my proposal in no way affects the trust fund for the pension. As I mentioned earlier, it in no way—the same percentage will be paid on my amendment to that pension trust fund that would currently go into effect.

Senator NELSON. Let me ask a question. I was confused about that for another reason. You are earmarking this?

Senator ROTH. That is correct. The funds from the decontrol would go into HI. We would, in no way, affect the disability trust fund or the pension trust fund, both of which are based upon the contributions that are made to it.

I agree with you that the most important program that we have in effect is the Social Security pension plans and we are not touching that in any way.

What I am proposing is that these additional corporate taxes go into the hospital fund that is based upon need, rather than contribution. And, of course, as I pointed out, many people have come out in support of removing that, of supporting that in general revenues.

Senator NELSON. I want to say to the Senator, I got beat in this Committee in 1977 on a motion to move HI out of the Social Security fund and go into the general fund so that, by 1985 or 1986—I have forgotten—HI would be a general fund function, since it is not wage related. Neither disability or HI are wage related. I think it was a mistake to put it in there.

I got defeated on this committee in 1977 on that precise point. I am not disagreeing in principle about moving HI to some other kind of support. I think it is necessary to do so. If we ever do have a health insurance program, it will be a part of that program in one way or the other. But if this goes into HI, if this inflation rate continues, I do not know whether the present tax rate will hold for 1980 and I think we ought to have hearings before we make decisions about putting $11 billion into HI.

If my figures are right, HI is better off now than any part of the fund—I do not have it in front of me—it is gaining and in a year or two going up, more income than outgo, in the next four, five or six years, is it not?

Senator ROTH. This comes down to a matter of judgment, of course. As I pointed out earlier, one of my concerns that other committees and other committee goals, all of which are meritorious, will seek to use these funds. So I think it is important for the same reason we are allocating these windfall profits for the poor and other people that we allocate this additional corporate tax to help out the working people.

To me, it is just a question of equity and fairness.

The CHAIRMAN. Let me make one point here. You have an awful lot of people in this country concerned on how you are going to finance Social Security—the workers, the beneficiaries, the employers who are paying half of the money in the fund, and they have a right to be concerned about it. All of those people have a right to be heard. They have a right to think about it, they have a right to study it, they have at least a moral right to communicate about it.

And after they have had a chance to give it due consideration to communicate to the Congress.

This is something that does not take place until January, 1981. All we are suggesting is that we give ourselves time and give the American people time and everybody, every responsible and every irresponsible group that has a way of thinking about these things time to think about it and time to talk about it and let themselves be heard before we vote on this.

Here is a bill to put a windfall profits tax on. And we talked about credits using for energy and urban transit in connection with it and I know the Senator indicated he planned to offer an amendment of this sort early in the game. As a practical matter we will be voting at the last minute, without hearings, on a major bill to overhaul the Social Security program.

It just seems to me that that is not the responsible way to do it.

Would the Chairman of the Budget Committee complain about that approach, would the Chairman of the Subcommittee that deals with Social Security saying that he would like some time to hold some hearings and let people be heard and think about it.

Senator DOLE. As I understand it, we finish this bill today. We meet again next week. Then there will be a ten-day period before it goes to the Floor. Maybe we could have the hearings between now and that time and agree to offer it as an amendment on the Floor.

The CHAIRMAN. It will be offered on the Floor, anyway.

Senator DOLE. Maybe by Senator Kennedy or somebody who has an interest in working people.

The CHAIRMAN. If it is going to be offered on the Floor, I would prefer Mr. Roth to offer it on the Floor. As far as I am concerned, if the Ribicoff motion carries—I am not seeking to deny the Senator recognition for his amendment. All I am suggesting is that we just do it in the orderly legislative process.

Senator ROTH. Mr. Chairman, we did agree yesterday that we would have an up and down vote on my amendment today. If it were possible to hold the hearings and to have a vote on it before we finally report the bill out, that would be an alternative, but otherwise I think we ought to go ahead and have an up and down vote now on my amendment.

Senator BYRD. May I ask a question? Is this a one-year deferment?

Senator ROTH. Yes, sir.

Senator BYRD. What happens at the end of one year?

Senator ROTH. It would go into effect as otherwise scheduled to do so now. It is a one year freeze.

Senator BENTSEN. I do not know if you can vote up or down on it. I want it clearly understood that I may end up finally being for this after appropriate study. If you do have an up or down on it, want that interpreted is that I am opposed to ultimately seeing that we delay the raise.

The CHAIRMAN. Frankly, that is why I think we ought to have a vote on Senator Ribicoff's motion.

Senator ROTH. Mr. Chairman, it is always the practice to give people an up or down vote. I would like an up or down vote on my amendment, as agreed to yesterday.

The CHAIRMAN. Senator, I asked that we put this matter over until yesterday. I did not think I was foreclosing anybody from deferring consideration of it.

Senator ROTH. As you yourself have said during these sessions that it has never been our practice to try to avoid votes on an individual's amendments by parliamentary procedures. I think that has been a very sound policy and, for that reason I would respectfully insist that I do have a vote.

Senator RIBICOFF. It is up to you, Mr. Chairman. I agree with Senator Bentsen.

My feeling is that if we deferred this and the Nelson Committee had hearings, I would vote for Mr. Roth's amendment after hearings by Senator Nelson because I think that there is a basic problem here, but I would vote no today because my feeling is that the points made by Senator Nelson are absolutely sound and there are complications in this whole Social Security fund and I think maybe we should be on the way for restructuring the entire Social Security program.

I do not know what inflation is going to do for potential unemployment with the viability of the fund, and I think on the side of responsibility, with no reflection on Senator Roth—because I do not think there is a more responsible Senator Roth. He is a constructive man with good ideas and I think he has a good idea here.

But I would be a lot happier if Gaylord Nelson had those hearings within a month after we returned, or maybe before, if he can do so.

Gaylord Nelson is not the type of man who stalls and tries to repress things.

Senator BENTSEN. Mr. Chairman, the problem you run into when you vote like this, in effect, for a cut on whatever was going to be increased and you do that by itself, there are things that we may have to do with the Social Security system that will not be as pleasant and when you cannot put the whole package together you may find it very difficult to accomplish the things that are distasteful.

If you have some of the sweet with a package like this, you can accomplish it. I am not concerned about just doing what is politically popular and not doing some of the more difficult things we have to do at the same time in restructuring the Social Security system.

Senator CHAFEE. Mr. Chairman, there seems to be a good deal of concern about hearings and yesterday, that was raised in connection with another matter, the so-called Gravel amendment, an amendment which nobody knew anything about, never even heard of before it was raised yesterday

It seems to me that those who are so concerned about hearings—how did that vote come out yesterday on the Gravel thing?

Could you run down who voted aye?

Senator DOLE. We had a chart on the board.

That is a $2 billion chart there.

The CHAIRMAN. Let me see. The yeas, as of now, the yeas are ten and the nays are five.

Senator CHAFEE. Could you inform us who voted now, Mr. Chairman?

Senator BENTSEN. I would be glad to say that I am one who voted aye. Let me make a point, as long as this has come up.

Senator CHAFEE. If I could finish?

Senator BENTSEN. If I may—

The CHAIRMAN. All the Republicans voted no.

Senator BENTSEN You are going to have a judgment of the marketplace on those revenue bonds as to whether or not that is a feasible project and there was some judgment behind that vote and it was discussed. The question of whether you are going to have Federal appropriations or you are going to have a tax free bond.

If it is not a feasible project, obviously the marketplace would not fund those kinds of bonds.

Senator RIBICOFF. There is another problem. We were dealing with the Gravel amendment on the problem of how do you produce more energy which was germane to the legislation that we now have.

The CHAIRMAN. I am going to rule that we will vote on the Ribicoff motion.

Call the roll.

Senator ROTH. Mr. Chairman, that is the first time in the years that I have served on this committee where a vote on a member's amendment has been avoided.

The CHAIRMAN. Senator, that does not mean it has been avoided. We have a motion to postpone consideration of it after we hold hearings. That has not been avoided.

Senator ROTH. That is not what I am saying, Mr. Chairman. I have a specific amendment proposing this freeze taking place now and obviously that is what we are avoiding, a vote up or down as to whether or not there should be some relief given to the working people.

I think I am entitled, just as the other gentlemen—I have never objected to anyone else's ever having a vote on his proposal, no matter how embarrassing it might be to me, and I think I am entitled to that right.

Senator NELSON. Let me say a word on that, Mr. Chairman.

As Chairman of the Social Security Subcommittee, I do not really understand his amendment and I read it for the first time this morning. I think it is quite a bit to ask that you make a decision involving $11 billion a year, the whole Social Security system, without any hearings at all. We have a subcommittee for that purpose; I am guaranteeing the hearings.

I do not want to be in a position that voting against Senator Roth's proposal, I might be for it. My point is I can not make an informed judgment after reading a brief memorandum this morning. I just could not. I do not want to be in a position of saying I am against it. I say very well be for it, and we have plenty of time.

So I think I agree with the motion by Senator Ribicoff.

The CHAIRMAN. Call the roll.

Senator ROTH. Mr. Chairman, are we changing the practice of this committee?

The CHAIRMAN. We are voting on Mr. Ribicoff's motion, Senator.

Senator ROTH. This came up, Mr. Chairman, two weeks ago, and I have always played very fair with this committee and at that time there was an effort made to avoid a vote on a particular amendment and I believe the Chairman himself came out and explicitly said we never use procedures to avoid a vote.

Now, I am asking—in that time, accommodation was made, I think at your instigation, and I feel very strongly that we should have an up or down vote on this amendment. As a matter of fact, when we raised it yesterday you asked me if I would wait until today and we discussed voting on it today and I agreed with you. I said I would.

I feel I played very open and fair and I mentioned several weeks ago that I was going to offer this amendment. So I really feel that there should be an up or down vote on my amendment.

The CHAIRMAN. Senator, I think you have made that clear. It is a matter for the Committee to decide and the Committee can either vote the motion up, or they can vote the motion down.

Senator DOLE. Mr. Chairman? I move to table the Ribicoff motion.

The CHAIRMAN. Let's vote on that.

Fine. Let's vote on that. Call the roll. It is not debatable.

Mr. STERN. Mr. Talmadge?
(No response).
Mr. STERN. Mr. Ribicoff?
Senator RIBICOFF. No.
Mr. STERN. Mr. Byrd?
Senator BYRD. No.
Mr. STERN. Mr. Nelson?
Senator NELSON. No.
Mr. STERN. Mr. Gravel?
Senator ROTH. Aye, by proxy.
Mr. STERN. Mr. Bentsen?
Senator BENTSEN. No.
Mr. STERN. Mr. Matsunaga?
(No response).
Mr. STERN. Mr. Moynihan?
(No response).
Mr. STERN. Mr. Baucus?
Senator BAUCUS. No.
Mr. STERN. Mr. Boren?
Senator BOREN. Aye.
Mr. STERN. Mr. Bradley?
Senator BRADLEY. No.
Mr. STERN. Mr. Dole?
Senator DOLE. Aye.
Mr. STERN. Mr. Packwood?
Senator PACKWOOD. Aye.
Mr. STERN. Mr. Roth?
Senator ROTH. Aye.
Mr. STERN. Mr. Danforth?
Senator DANFORTH. Aye.
Mr. STERN. Mr. Chafee?
Senator CHAFEE. Aye.
Mr. STERN. Mr. Heinz?
Senator HEINZ. Aye.
Mr. STERN. Mr. Wallop?
Senator WALLOP. Aye.
Mr. STERN. Mr. Durenberger?
Senator DURENBERGER. Aye.
Mr. STERN. Mr. Chairman?
The CHAIRMAN. No.
The yeas are ten and the nays are seven.
Senator NELSON. What is the vote?
The CHAIRMAN. The yeas are ten and the nays are seven. Not voting are Messrs. Talmadge, Matsunaga, and Moynihan.
Mr. Moynihan, I have his proxy. I will call call that no. Ten to eight.

Senator DOLE. Now the vote is on the Roth proposal.

Senator ROTH. I move.

The CHAIRMAN. Let's have a vote on the Roth amendment. Call the roll.

Mr. STERN. Mr. Talmadge?
(No response.)
Mr. STERN. Mr. Ribicoff?
Senator RIBICOFF. No.
Mr. STERN. Mr. Byrd?
Senator BYRD. No.
Mr. STERN. Mr. Nelson?
Senator NELSON. No.
Mr. STERN. Mr. Gravel?
Senator ROTH. Aye, by proxy.
Mr. STERN. Mr. Bentsen?
Senator BENTSEN. No.
Mr. STERN. Mr. Matsunaga?
(No response.)
Mr. STERN. Mr. Moynihan?
The CHAIRMAN. No.
Mr. STERN. Mr. Baucus?
Senator BAUCUS. No.
Mr. STERN. Mr. Boren?
Senator BOREN. Aye.
Mr. STERN. Mr. Bradley?
Senator BRADLEY. No.
Mr. STERN. Mr. Dole?

Senator DOLE. Aye.
Mr. STERN. Mr. Packwood?
Senator PACKWOOD. Aye.
Mr. STERN. Mr. Roth?
Senator ROTH. Aye.
Mr. STERN. Mr. Danforth?
Senator DANFORTH. Aye.
Mr. STERN. Mr. Chafee?
Senator CHAFEE. Aye.
Mr. STERN. Mr. Heinz?
Senator HEINZ. Aye.
Mr. STERN. Mr. Wallop?
Senator WALLOP. Aye.
Mr. STERN. Mr. Durenberger?
Senator DURENBERGER. No.
Mr. STERN. Mr. Chairman?
The CHAIRMAN. No.
The yeas are ten and the nays are eight. Absent are Messrs. Talmadge and Matsunaga We will ask the absentees to record themselves. However they record themselves, that is how the vote will go.

Mr. DOLE. The Senator from Delaware was talking about decontrol of prices, not about windfall profit tax. The Senator from Delaware was talking about freezing for 1 year the proposed increase in social security tax. That is not the case today.

The Senator from Kansas is doing his best to get oil production in Missouri and other States where they really do not understand the benefits except when it gets cold, or when they want to start their car.

I have prepared a couple of amendments, one being on the production of automobiles. They do a lot of that in Missouri. Maybe we will have a little tax on the production of automobiles, or maybe a little tax on coal, to put into the social security trust funds. The Senator from Kansas does not propose to offer those amendments because I believe it would be a mistake to start down that path of general funding or general revenue financing of the social security system.

I do not quarrel with the Senator from Missouri; I just hope he does not have enough votes. We will find that out sometime tomorrow.

I urge my colleagues who may read the RECORD, or who may not be able to avoid listening to us in their offices, to look very carefully at the precedent we would establish by the adoption of this amendment. It is not the right way to go. Even if you look at it from the oil standpoint, in the opinion of this Senator this is the one provision in the tax bill that is supply side. We do reduce the tax on newly discovered oil. We do provide incentives for those who want to explore for newly discovered oil.

I would hope that in the ensuing debate we can address this issue as squarely as we should and that we can make an objective judgment. I would urge my colleagues that we not adopt this amendment. I will do that again tomorrow. It is my understanding that the Senator does not want to vote before noon.

Mr. EAGLETON. I was hoping somewhere around 2 o'clock. I do not know what time we are coming in. I thought we were coming in at 11.

Mr. DOLE. The Democrats will have their caucus tomorrow.

Mr. EAGLETON. Mr. President, do we know what time the distinguished majority leader will bring in the Senate?

Mr. LONG. I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. There is no order as to the time for convening the Senate tomorrow.

Mr. LONG. I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, if it is satisfactory, we will follow the outline initially offered to acccept amendments from a couple of Senators, amendments which will be accepted, and then go to the Senator from Pennsylvania.

Mr. HEINZ. The Senator from Pennsylvania would really like to offer his statement on the bill. I have been waiting for quite a while.

Mr. BENTSEN. Will the Senator use his microphone? Unless it is a private conversation, will the Senator use his microphone so we can hear him?

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. HEINZ. Mr. President, I rise to present some comments on the bill. I hope I will not take too much time from either the Senator from Texas or the Senator from New Mexico.

As the Senate proceeds to vote on the social security changes recommended by the Finance Committee, I think it is important to set down, for the record, how much has been accomplished in alleviating social security's financial problems and what remains to be done.

I find it necessary to emphasize the latter point, because although most of us would agree on the need, as this bill does, to reallocate the payroll tax rates, allow interfund borrowing and restore the minimum benefit, the legislation before us today is not a complete solution to either the short-term or the long-term financing problems.

Despite the tax rate reallocation and interfund borrowing, and despite the savings achieved through the Omnibus Reconciliation Act, the financing of social security is extremely risky in the short term. The long-term financing problems of social security have yet to be addressed in a comprehensive way. And given the inadequacy of the short-term steps and the absence of a long-term solution, the American public—workers and beneficiaries—are being asked to tolerate continued uncertainty about the future of social security, at a time when their confidence in that program is already at a historic low.

OUTLOOK FOR 1982–86

The next 5 years pose the possibility of the social security funds, combined, running out of money. We all refer to this as "the short-term problem." It is important to understand that the Finance Committee bill before us responds to the short-term financing problem only by shifting tax rates among the three trust funds and permitting interfund borrowing between OASI and DI. The reallocation of the tax rates among OASI, DI, and HI is designed to increase revenues to OASI by shifting revenues from DI and HI between 1982 and 1985, and from DI between 1986 and 1990.

In 1990, revenues are also shifted from DI back into HI to help strengthen the HI fund against the expected operating deficits which will occur at the end of the 1980's. Interfund borrowing between OASI and DI has the effect of combining these two funds. The combined OASDI fund gains tax revenues under the reallocation plan between 1982 and 1985 and loses revenues in 1990–2004. Beginning in 2005, OASI gets more revenues than under current law and DI less, although the combined OASDI and the HI fund get the same tax rates after 2005 as are now scheduled under current law.

This combination of reallocation of tax rates and interfund borrowing between OASI and DI was designed to produce approximately the same combined trust fund balances for OASDHI as if interfund borrowing were allowed among all three funds. But since borrowing from HI has been ruled out, the real concern is about the trust fund balances under OASDI and HI, separately.

Experts agree that the OASDI trust funds should remain at least at 13 to 14 percent of annual expenditures in order to maintain a reasonable margin of safety, and that reserves below 12 percent are certainly inadequate to guarantee the uninterrupted flow of monthly benefit checks.

While this bill may get us beyond the immediate hurdle of 1982, the steps taken will not be adequate in the short term for at least three reasons.

First, Mr. President, I wish to submit for the RECORD the following Social Security Administration estimates. I ask unanimous consent that they be printed, Mr. President.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TRUST FUND RATIOS UNDER SENATE FINANCE COMMITTEE PROPOSAL AT BEGINNING OF YEAR (BASED ON ALTERNATIVE II-B OF 1981 TRUSTEES REPORT)

[In percent, calendar years]

	OASI	DI	OASDI	HI	OASDI–HI
1981	18	20	18	47	23
1982	13	13	13	58	21
1983	17	20	17	31	19
1984	17	25	18	51	18
1985	14	21	15	13	14
1986	12	19	13	21	14
1987	11	19	12	23	14
1988	10	20	11	20	13
1989	8	21	9	14	10
1990	6	21	8	3	7

Source: Office of the Actuary, Social Security Administration, Sept. 29, 1981.

Mr. HEINZ. According to these projections, OASDI balances decline during the decade even after the proposed adjustments will have been made. Leaving aside the critical question of whether the underlying assumptions are reasonable or even credible until later in this discussion, the fact is that, even under this set of assumptions, the balances after 1985 become low—in my judgment dangerously low in the mid-1980's and disastrously low by the end of the decade.

Reserve ratios of 9 percent and 8 percent in 1989 and 1990 are certainly inadequate to maintain a smooth flow of checks to beneficiaries. The SSA estimates above also show that the HI trust fund balances will decline dramatically during the 1980's—reaching 3 percent of

expenditures by 1990. In order to bail out the old age and survivors fund, this bill in fact accelerates the demise of the HI fund.

The second reason we should harbor no illusions that this action is adequate is that the projections above leave no margin for error. The Congressional Budget Office, in the testimony of Director Alice Rivlin before the Joint Economic Committee on September 22, indicated that even with the use of interfund borrowing among the three trust funds, and the savings realized through the Omnibus Reconciliation Act, the margin for error is extremely slim.

In fact, the CBO said that if the economy followed an only slightly more pessimistic path, the trust fund reserves, under interfund borrowing, would become insufficient as early as 1984. At best, we are placing no better than an even money bet, with the consequences of losing that bet no less than financial chaos for social security recipients.

Mr. President, at this point, I wish to introduce into the RECORD the Congressional Budget Office's pessimistic forecast. I ask unanimous consent that it be printed at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TABLE 2.—PROJECTIONS OF SOCIAL SECURITY TRUST FUND OUTLAYS, INCOMES, AND BALANCES, UNDER PESSIMISTIC ECONOMIC ASSUMPTIONS BY CALENDAR YEAR

[In billions of dollars]

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Old age and survivors insurance:										
Outlays	126.9	141.2	156.0	170.4	185.4	201.5	218.9	236.9	257.5	279.1
Income [1]	122.7	128.7	139.2	149.9	167.6	181.5	195.7	211.2	227.0	262.2
Year-end balance	18.7	6.1	−10.7	−31.3	−49.0	−69.1	−92.2	−117.9	−148.5	−165.4
Start-of-year balance (as percent of outlays)	18.0	13.2	3.9	−6.3	−16.9	−24.3	−31.6	−38.9	−45.8	−53.2
Disability insurance:										
Outlays	18.1	19.8	20.7	21.9	23.3	25.3	27.1	28.9	31.1	33.5
Income [1]	16.9	23.1	25.8	28.5	36.0	40.3	44.9	50.0	55.4	69.3
Year-end balance	2.4	5.7	10.9	17.6	30.3	45.3	63.2	84.2	108.5	144.4
Start-of-year balance (as percent of outlays)	20.0	12.3	27.8	49.9	75.4	119.8	167.5	218.7	270.8	324.3
Hospital insurance:										
Outlays	30.1	34.4	39.6	45.4	51.8	58.9	66.9	76.0	86.2	97.9
Income [1]	35.1	38.9	42.7	46.4	52.0	60.0	64.8	69.6	74.2	79.6
Year-end balance	18.7	23.2	26.3	27.3	27.4	28.5	26.3	20.0	7.9	−10.4
Start-of-year balance (as percent of outlays)	45.7	54.4	58.6	57.9	52.6	46.5	42.5	34.7	23.2	8.1
Combined OASI, DI, and HI:										
Outlays	175.1	195.5	216.3	237.7	260.5	285.7	312.8	341.7	374.9	410.5
Income [1]	174.7	190.7	207.7	224.8	255.6	281.8	305.4	330.7	356.5	411.0
Year-end balance	39.8	35.1	26.5	13.6	8.6	4.7	−2.7	−13.7	−32.0	−31.5
Start-of-year balance (as percent of outlays)	23.0	20.4	16.2	11.1	5.2	3.0	1.5	−0.8	−3.7	−7.8

[1] Income to the trust funds is budget authority. It includes payroll tax receipts, interest on balances, and certain general fund transfers.

Source: CBO. Based on pessimistic economic assumptions. Includes the effects of the omnibus reconciliation bill of 1981.
Note: Minus sign denotes a deficit.

Mr. HEINZ. Mr. President, as you examine these statistics, please bear in mind that this bill, because it prohibits borrowing from the HI fund, would make considerably less money available for basic social security benefits than is implied by the bottom line of this table.

The third reason we must recognize the inadequacy of this response is that all the economic forecasts—whether by SSA or CBO—make the usual but totally unrealistic assumption that there will be a smooth development of the economy and that we will experience no cyclical reversals and downturns, such as the recession that we now find ourselves in. Even with trust fund reserves as high as 13 to 14 percent, these margins will not be sufficient if the economy goes through any significant dips or valleys of the kind we seem to be experiencing with increasing frequency.

In short, those who believe this bill will solve the short-term financing problem of social security are making a bad bet. The committee bill, though helpful in the short run, is far from a complete solution to social security's financing problems in the 1980's. And the risk is that if the economy fails to improve to the levels assumed by the intermediate II–B forecast, that the fund balances will become insufficient well before the end of the decade. It is worth noting that the so-called pessimistic assumptions, under which a crisis occurs in 1984, are in fact, more optimistic than our actual experience of the last 5 years.

LONG-TERM FINANCING PROBLEMS OF SOCIAL SECURITY

Even under the most optimistic forecasts this bill can only postpone the social security financing problem for the next several years. Congress failed to solve the long-range problems of the system with the 1977 legislation, despite its intent to do so. This year Congress has failed to even try to take the necessary steps to put social security on a fiscally sound basis.

Under the intermediate II–B assumptions in the most recent trustees report, long-range forecasts once again present an adverse picture for the OASI and DI programs. Social security actuaries project that under intermediate II–B assumptions, the OASDI program needs 12 percent more in financial resources than it has under current law in the 2006–30 period, and 36 percent more in the 2031–55 period. Under pessimistic assumptions, the OASDI program needs 41 percent more in financial resources in 2006–30 and 105 percent more in the 2031–55 period.

The sharp increase in costs reflects the changing demographic structure of the population. The ratio of the beneficiaries to covered workers is projected to rise dramatically as the post-World War II baby boom generation begins reaching retirement age after 2010. At that time, the working population will be of the low fertility generation that began in the late 1960's. The ratio of contributors to beneficiaries is projected to decline from 3.2 to 1 in 1981 to 2.0 to 1 in 2030.

We have the time now to seek creative solutions which may, at least in part, reverse the trends contributing to the deficits. But any long-range restructuring of social security benefits and tax levels requires ample leadtime, to give people fair notice about the changes in retirement rules, benefits or tax rates, so that they have the opportunity to make appropriate adjustments in their personal plans.

Any changes have to be introduced gradually, and extend over a long period of time. That is why its essential to begin addressing the long-term problem as soon as possible. Although the changes in benefits under the Omnibus Reconciliation Act of 1981 reduce the long-term social security deficit by 0.17 percent of payroll under intermediate assumptions, this only lowers the average 75-year deficit under intermediate II–B assumptions from 1.82 percent of taxable payroll to 1.65 percent. Mr. President, it should be obvious to all that much remains to be done.

LOSS OF PUBLIC CONFIDENCE

The fact is, Mr. President, that the people of this country are very much aware of both the short-term and the long-term problems.

The worst problem of all, Mr. President, is that the recurring news of social security's financial problems has eroded public confidence in the ability of social security to meet its future commitments. While most Americans support the goals of the social security system, many who are paying social security taxes now are doubting whether it will be around to pay their benefits when it is their turn to retire. There are even those who believe the situation is so hopeless that we should simply throw in the towel and scrap the whole system.

"A 1979 Study of American Attitudes Toward Pensions and Retirement," commissioned by Johnson and Higgins and conducted by Louis Harris and Associates, Inc., found that more than 8 out of 10 current employees have "less than full confidence" that social security will pay them benefits to which they are entitled when they retire; 42 percent have "hardly any confidence at all."

"A Nationwide Survey of Attitudes Toward Social Security," prepared for the National Commission on Social Security by Peter D. Hart Research Associates, Inc., found in 1980 that 61 percent of the nonretired have little confidence that funds will be available to pay their retirement benefits. These doubts were expressed by almost three-fourths of those between ages 25 and 44.

The National Federation of Independent Business commissioned a survey of 1,500 voting age adults between April 2 and April 8, 1981. Overall, the study found "a serious lack of confidence in the retirement program * * * across all segments of American society." Nearly 7 out of 10 Americans—68 percent—recognize that the social security program is in financial trouble. Two-thirds of the adults surveyed—67 percent—are worried about their retirement income. Only 28 percent expressed confidence in the future and say they are unconcerned. Confidence in the program shrinks significantly among younger age groups.

More recently, the New York Times/CBS poll of 1,467 adults conducted in June 28–July 1, 1981, found that a majority of the American people—54 percent—no longer believe that the social security system will have the money available to pay them the full benefits they would be entitled to at retirement. The age breakdown of those who doubt that social security will provide full benefits for their own retirement is also instructive.

NEW YORK TIMES/CBS POLL

Percentage who doubt that social security will provide full benefits for their own retirement:

National	54
Under 25 years	70
25–34 years	75
35–44 years	64
45–54 years	56
55–64 years	34
65 and over	13

This poll confirms earlier findings that the confidence problem is serious, and more acute among younger and middle-aged workers. But it also demonstrates that roughly one-third of those approaching retirement, 55 to 64 years, and 1 out of 8 of those 65 and over also have serious doubts. There is simply no reason to doubt the failing credibility of our citizenry in this, the most needed, of our programs.

I believe that the worst problem facing social security is the massive loss of public confidence in the system's ability to deliver future benefits. The loss of confidence is genuine cause for alarm because the whole social insurance system rests upon a compact across generations: Younger workers pay taxes to finance the benefits to retired and disabled workers and their families, with the expectation that the younger generations of the future will do the same for them when it is their turn to retire. Growing doubts about the future of social security threaten to undermine workers' willingness to support the payroll tax on which the entire system rests.

Further, although the crisis of confidence among younger workers is now well documented, few people have focused on the heightened anxieties of retired Americans, who have suffered through a summer of alarm and uncertainty about their benefit checks, along with older working people who are planning for their retirement in a few years.

The widespread lack of public confidence in social security is not a failure of public relations, so to speak. It is an informed public reaction to the short-term and long-term financing problems of social security which I discussed earlier.

The only thing that will really improve public confidence is the assurance that Congress has acted responsibly to put the social security program on a fiscally sound basis. To date Congress has not done so, and this bill does not provide that assurance.

Let me emphasize that even the short-term repair measures undertaken in this bill—its short-term financing proposals to reallocate the tax rates and permit partial interfund borrowing—still leave the program in an extremely vulnerable condition in the short term. And this bill does not even attempt to address the long-term deficit.

If Congress, in the near future, does not get down to meeting its public responsibility, we are going to have the people in this country believing that we are totally incapable of acting responsibly, until we have not only a problem but also a crisis of such magnitude that not only do we deal with it too late, but also, we find that we do not know how to deal with it effectively.

I believe that the Senate Finance Committee would like to deal with social security at the earliest possible date, but I am not always convinced that all the Members of Congress—not just on the Senate side but on the House side as well—are willing to address this issue.

I understand what politics is all about. I understand the pressure in election years. They come every 2 years on the House side and every 6 years in the Senate, on the average.

Although I support the committee bill as the most that can be accomplished in the current political climate, I feel the obligation to point out to my colleagues that there is more to be done. The failure of the Congress to finally resolve the solvency issue leaves beneficiaries and the working population in a chronic state of uncertainty about future benefits. Postponing responsible action too long may lead to dangerous and unforeseen consequences. We simply should not gamble with other people's social security benefits. Maybe if Members of Congress were under the social security system, rather than our own little, modified Federal employee benefits system, the Members of Congress would begin to feel some of the uncertainty and anxiety that our senior citizens and working people now feel. Maybe the way to get the attention of the people on both sides of the Capitol is to suggest that Members of Congress should know what it is like to be the goose, not the gander. I do not know why there is so much reluctance to act.

I suspect that some of those who would deny social security's financial problems secretly believe that if the system does, in fact, fail, there will be no other recourse than to use general revenues. But I would remind those people that the opposite may also occur, that is, the unwelcome severe and sudden benefit cuts, on the order proposed by the administration last May. In my judgment, neither general revenue financing nor severe benefit cuts are the correct approach. Further, it is certainly not advisable to adopt any policy toward social security that is triggered literally by the default of the system.

Mr. President, today I call upon my colleagues in the House and the Senate to address seriously the real problems we face in social security.

We must take action—and take action soon—to restore the confidence of the American people in the future ability of social security to pay promised benefits.

Mr. BENTSEN. Mr. President, the Senator from Missouri is proposing that we come in through the back door and make some very significant, dramatic, and ill-advised changes in the way we finance social security. Perhaps Senator EAGLETON senses the advent of Halloween, for he has attempted to cloak his amendment in a Robin Hood disguise, claiming that it would take from the rich and give to the poor. In his scheme of things the rich are the big, bad oil companies who are somehow responsible for America's energy problems. The poor are those who are entitled to social security benefits.

Mr. President, it is not a difficult thing for a senator from a nonproducing State to stand on this floor and deliver impassioned speeches against oil companies. I suggest, however, that when it comes to issues as important as energy and social security, this country would be well served by less passion and more reason.

The Senator is proposing that we change the rules and start taxing newly discovered oil and gas at full windfall profit tax rates. That is an idea that simply makes no sense. It is unfair. It will diminish the incentives for domestic energy production and increase our dependence on OPEC. It is also an inadequate, ill-considered, jerry-rigged response to the very real problems we will face in the area of social security financing.

Now, Mr. President, let me just take a few minutes to explain why the Eagleton amendment is poor energy policy. Perhaps we should begin by asking a very basic question: What was the purpose of the windfall profit tax? I am an opponent of that tax, but I think opponents and proponents can all agree that it was designed to prevent oil companies from realizing the full benefit of decontrol of existing reserves. No one, as far as I am aware, has ever suggested that the windfall profit tax was designed to apply to energy that had not yet been discovered.

In fact, the whole point of decontrol was to provide new incentives for America's energy producers to go out and take the risks, spend the millions of dollars to drill the deeper wells necessary to find new oil and gas necessary for the energy independence of this country.

If I were writing a textbook about how our free market system responds to incentives for production, I would use

energy as my first case study. Decades of hobbling our domestic producers with regulated, artificially low prices for their product stifled the search for energy in this country and brought us to a dangerous dependence on imported sources of energy. But then we finally took off the shackles of regulation and offered the incentive of fair market pricing—and look what happened. Today there are 4,300 rigs operating in the United States—nearly 1,200 more than at this time last year. There are more than twice as many rigs at work today as in 1977 when regulation was the rule.

Let me give some other numbers with respect to energy production and energy utilization in this country.

Back in 1977, we imported an average of 8.8 million barrels per day. In April of this year, we were down to 5.4 million—and that is a reduction of almost 40 percent in imports.

Mr. President, that is the kind of payoff you get from decontrol, and that is the sort of incentive Senator EAGLETON threatens to eliminate. Let me also point out that, contrary to much of the rhetoric on this issue, the primary victims of the Eagleton amendment would not be the major oil companies he is so fond of criticizing but America's 12,000 independent producers. It is the independent producer who brings 9 out of 10 of the new field wildcat wells into production in this country. He accounts for over 80 percent of the significant discoveries. They are the ones who have responded so dramatically to the carrot of incentives. They are the ones who are going to suffer under this amendment and are going to have their cash flow cut down. They are putting back 105 percent of what they bring out of the hole back into new production.

So I think it is relatively easy to establish that this amendment would have a severe, negative impact on our ability to find and produce more energy reserves in this country. It is a one-way ticket to increased OPEC dependency.

The amendment is equally unimpressive as a response to our problems in the area of social security financing. Social security is an issue of vital concern to 150 million persons, to every retiree, every wage earner in this country.

The Senator is proposing general revenue financing for social security. That is what it amounts to. It would be a significant change of the past 50 years in the way that the system has been financed. And the Senator is proposing that we take that step here today.

Mr. President, there are some tough decisions facing us on the future of social security. As a Senator and as a member of the Finance Committee, I am prepared to face up to those problems and help find some of the solutions that make the best sense for America. But we are not going to look for the easy answers. We are going to try to find the right answers.

It may be that after a thorough study of the problems and the options available to us, financing from general revenue will be one of those seriously considered. But the point I want to make is that any dramatic break with past practice in social security financing must be carefully and thoroughly considered.

We have had subcommittee hearings on social security financing in the Finance Committee, and I am confident that we will have full committee hearings. We will have an opportunity—the Senate will have an opportunity—to give the problem the careful consideration it so clearly deserves.

But to lurch all of a sudden in the direction of financing from general revenues as part of an effort to strike at America's energy producers makes little sense and I think it endangers the future of social security.

Mr. President, I urge the defeat of the Eagleton amendment.

Mr. BOREN. Mr. President, I rise in opposition to the amendment by the Senator from Missouri which would take taxes raised from the natural resources of several States to fund the Federal social security program and would roll back tax efforts passed just a few short weeks ago as part of the President's Economic Recovery Act.

In the Economic Recovery Act, inequities of the crude oil excise tax were addressed. Necessary relief was provided in the form of a reduction in the tax rate on small royalty owners, new oil producers and independent producers of stripper oil. Support of these changes was bipartisan and in the country's best interests.

The public interest is best served through government policies that promote continued development of our scarce natural resources. Otherwise, our Nation will never achieve the energy independence we need in order to free us from reliance upon unstable, foreign sources of oil. Recent tragic events in the Middle East have surely increased our awareness of the dangers of such dependency. The reduction in half of the tax on newly discovered oil is important to encourage development and additions to our national resource base. The whole rationale for the windfall profit tax has been that it would be a tax on inventory profits. But there can be no profits tax on something that has not even been discovered yet.

The reduction in half of the tax on new oil provides necessary incentives for independent producers. Independent producers play a major role in the production of new oil as the "wildcatters" of the industry. Independent producers account for 90 percent of new field wildcat wells, 80 percent of significant new discoveries and in 1980 were responsible for 85 percent of successful oil well completions. Now, more than ever, independents need the extra incentives that the new oil tax reduction will provide them. The cost of drilling an average well has risen over 350 percent since 1970. It is currently costing approximately $10 million to drill a 20,000-foot well in Oklahoma. At the same time, the cost of crude oil is leveling off or in some cases decreasing.

The windfall profit tax has, in addition, created a tidal wave of complex new crude oil regulations that have swamped thousands of smaller operators, who are without the battalions of accountants and lawyers employed by the major oil companies. The tax has thus diverted substantial drilling revenues into administrative overhead expenses, further reducing an independent's ability to compete. The relief provided by the Economic Recovery Act will enable the small producers to keep a necessary part of our crude oil resources in production.

The proposal of the Senator from Missouri is also undesirable because it fails to solve the problems confronting the social security system.

It is important to realize that there are better ways to alleviate the social security's short-term problem than the proposal now before us. The use of windfall profit tax revenues to finance social security benefits would be, at best, a stopgap measure which would be of help to the social security system only for a short time. The immediate problem facing social security, however, has already been effectively addressed by the Senate Finance Committee. Just last week, in fact, the Finance Committee unanimously agreed upon a package designed to keep the system afloat through the next few turbulent years. Any proposal that is acceptable to every member of the Finance Committee should certainly take precedence over questionable, untested proposals, particularly those that legitimize an unfair and unnecessary tax like the windfall profit tax.

For the long term, the utility of the proposal now before the Senate is even more limited. Revenues from the windfall profit tax are expected to diminish over time, just about when the social security system reaches real financial difficulty. The solution of the long-term problem facing the system can be found only through changes within the system itself. No extraneous, irrevelant proposal such as the one currently before us will be sufficient to guarantee the payment of social security benefits well into the 21st century.

Mr. President, this proposal is offensive; it would be ineffective, and it should be defeated.

● Mr. DURENBERGER. Mr. President, I certainly share Senator EAGLETON'S concern over the financial security of the social security trust fund. But the way this amendment approaches the issue represents a step backward, and I am afraid it signals a return to the political inflighting that has prevented any real progress in preserving the soundness of the Trust Fund over the last 10 months.

The most encouraging development on the social security issue lies in the fact that after months of disagreement, the President, Speaker O'NEILL and representatives from both political parties have agreed on a bipartisan approach to resolving it. A Presidential commission, evenly divided between Republicans and Democrats, is being created to explore every aspect of the system's problems, and examine all possible solutions. The committee will report its recommendations no later than January 1, 1983.

The Eagleton amendment seeks to shortcut the bipartisan process that we have all worked so hard to establish.

There may well be some merit to the Senator's suggestion that some of the tax benefits granted the oil industry be recycled into the social security trust fund. In my judgment, many of those tax benefits are indefensible, particularly at a time when dollars are being cut from so many domestic programs. And I hope all of my colleagues will remember that many of these benefits originated in the Democratic-controlled House, not in the Republican Senate.

But the bipartisan commission is the body that should be considering this proposal, along with the many other solutions that have been offered to the social security problem. This effort to shortcut the bipartisan commission by forcing the amendment directly to the Senate floor threatens to unravel the agreement that created the commission, and return us to the political infighting that has characterized the issue throughout this session of Congress.

I cannot support that approach. I support the process we have established, and urge my colleagues to do likewise.

It is also essential to bear in mind that the interfund borrowing provisions contained in this bill are essential to insure that those entitled to benefits continue to receive what they earned during the next year and a half. The more we amend the bill and depart from the Finance Committee consensus, the harder it is going to be to get this bill through conference with the House. There are millions of retirement-age Americans who need the reassurance that passage of the interfund borrowing provisions will provide. To jeopardize those benefits by intermixing the social security issue with tax issues, energy issues and other controversial matters is indefensible.

The approach suggested by my distinguished colleague from Missouri is at best a piecemeal approach. In the very short-run, it would replenish part of the trust fund deficit by diverting revenues from the windfall profits tax. But the revenues from that tax will steadily decrease over the next decade as the "windfall profits" resulting from oil decontrol gradually disappear.

With the number of retired Americans increasing steadily, we cannot afford to link the future of the social security trust fund to a steadily decreasing source of revenue. At best, this approach provides a small part of the ultimate solution. The bipartisan committee is the best forum to determine how it should be combined with other elements to insure a permanent solution to the problems of the social security trust fund.

I urge my colleagues to put politics aside on this issue, and reject the Eagleton amendment. The retirement security of millions of Americans depends on the actions we are about to take. It is a time for all of us to act responsibly, not politically.●

Mr. DANFORTH. Mr. President, I ask unanimous consent that the amendment of Senator EAGLETON be set aside temporarily and that an amendment that I will send to the desk be in order.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 481

(Purpose: To provide for the release of information necessary to carry out the provisions of section 223 relating to the prohibition of payments to prisoners)

Mr. DANFORTH. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Missouri (Mr. DANFORTH), for himself, Mr. CHILES, and Mr. BENTSEN, proposes an unprinted amendment numbered 481.

Mr. DANFORTH. I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill add the following new section:

INFORMATION WITH RESPECT TO PRISONERS

Sec. . Section 223(f) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(3) Notwithstanding the provisions of section 552a of title 5, United States Code, or any other provision of Federal or State law, any agency of the United States Government or of any State (or political subdivision thereof) shall make available to the Secretary, upon written request, the name and social security account number of any individual confined in a jail, prison, or other penal institution or correctional facility under the jurisdiction of such agency pursuant to his conviction of an offense which constituted a felony under applicable law, which the Secretary may require to carry out the provisions of this subsection.".

Mr. DANFORTH. Mr. President, approximately a year ago Congress enacted the so-called Son-of-Sam amendment to the Social Security Act. The Son-of-Sam amendment was intended to deny disability insurance payments to inmates in penitentiaries. The reason for the Son-of-Sam amendment was clear in that obviously the purpose of disability insurance is to permit those who are unable to work to have a means of providing for their food and shelter.

Inmates in penal institutions obviously have all of their food and shelter provided for them and, therefore, disability insurance for them is not necessary.

It is estimated that about 3,200 prisoners throughout this country have been receiving disability insurance.

The Son-of-Sam amendment denying disability insurance payments to prison inmates was enacted by Congress and was signed into law a year ago. However, a technical problem arose between the Bureau of Prisons and the Social Security Administration, in that the Bureau of Prisons took the position that information as to who was in the prisons could not be made available to the Social Security Administration under the Federal Privacy Act. In addition, a similar problem arose with respect to State privacy laws.

To a larger extent that procedural problem has been worked out by regulations and by arrangement between the Social Security Administration and the Bureau of Prisons and various State governments. However, the present concern is that court challenges will be made as to the validity of the regulations and that the problem will be with us for some time.

The amendment that is now pending does two things. First of all, it makes clear in the statute that the Federal Privacy Act is inapplicable in this case and that the Social Security Administration will be allowed access to prison records. second, the amendment would preempt State privacy laws to make it clear that the Social Security Administration can get the records for its purposes.

This amendment, Mr. President, has been cleared with both the chairman and the ranking minority member of the Finance Committee, I believe that it is acceptable to both of them.

Mr. BENTSEN. Mr. President, the amendment has been cleared with the minority members of the committee, and I congratulate the Senator from Missouri. So often when we pass legislation, we do not get around to doing the housekeeping matters necessary.

I wish to be added as a cosponsor, if I may, to the amendment.

Mr. DANFORTH. Mr. President, I ask unanimous consent that Senator BENTSEN and Senator SASSER be added as cosponsors, and also I wish to note that the Senator from Florida, Senator CHILES, is also a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, the Senator from Missouri is correct. This has been cleared. It is a good amendment. It will simply facilitate the efforts of the Social Security Administration in carrying out the wishes of Congress in the 1980 legislation as the Senator pointed out.

In order to suspend the payment of social security disability benefits to prisoners, as enacted in 1980, the Social Security Administration (SSA) requires information from the Federal Bureau of Prisons and from States to identify the relevant prisoners. Under various privacy acts, this information cannot be released without the consent of the prisoner.

This amendment would effectively exempt the Federal Bureau of Prisons and the heads of State and local governments from the Privacy Act for the purpose of transmitting the information required by the Social Security Administration.

The pertinent information would be names and social security numbers. I certainly am willing to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Missouri.

The amendment (UP No. 481) was agreed to.

Mr. DANFORTH. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 581

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Missouri.

Mr. LONG. Mr. President, I oppose the Eagleton amendment because I believe it would tend to make a welfare program out of the social security program.

Mr. President, since the beginning of the social security program, the purpose was to set up a program where working people would contribute to the program. The more they made, the more they would pay into the system. And when they retired, they would have benefits larger if they paid more into the fund during their working years, and smaller if they paid less into the fund.

Now, it is not entirely an insurance program, because the Federal Government is not really in the insurance business. It is for that reason that the Federal Government chose to levy a tax rather than attempt to assess a premium to pay for the social security benefits.

But, Mr. President, the insurance principle is carried out in the social security program and it is for that reason that we are justified in paying larger benefits to those in the middle and upper brackets than we do to those in lower brackets.

The amendment seeking to tax so-called "windfall profits" levies a tax on the producer. We have discussed this subject before. There is no doubt about it—this is not a tax on the consumer. The windfall profit tax is an excise tax on the producer of the product. The price of the oil is fixed by world market conditions. The oil is sold in competition with oil produced elsewhere around the world. The American producer gets less for his oil because the tax is subtracted from the amount that he would otherwise receive.

So this is a case of taking a tax that has nothing whatever to do with social security to help finance the social security program. The Senator would authorize an appropriation to use these funds.

Mr. President, to a considerable degree this is the same proposal as the one made by those who say that we should finance social security out of general revenues, or finance it out of the deficit. The Government already has a very large deficit, and it appears that it is going to continue to have a deficit for some years to come. If we see fit to levy additional taxes that have nothing whatever to do with the social security program, then those taxes should be used to reduce the deficit that this Nation faces rather than to make a welfare program out of the social security program.

Mr. President, when former President Jimmy Carter was in the White House, the idea did find some appeal in administration circles to use "general revenues" to finance the social security program. The Senator from Louisiana at that time was chairman of the Finance Committee, and he told the President of the United States that he would not support any such proposal as that. In fact, he said he would vigorously oppose it, because it was the feeling of this Senator that once we started financing by so-called general revenues, the social security program would lose its insurance connection and from that point forward it would be just one more program in the Government adding to the huge deficits tending to undermine this Government's solvency and tending to reduce the ability of this Government to make good on any commitment it made to anybody.

The financing of the social security program is based on a sound principle. People can criticize the fact that there is some doubt that we will have enough money coming in to meet the payout requirements during the next few years. There are also some doubts that after the year 2015 we will have enough money coming in to meet the demands on the program.

But, Mr. President, the social security program is not broke, it is not bankrupt. It is the one program that has continued to pay for itself. It is different from the general fund of the Treasury which has run up a deficit now of more than a trillion dollars, and which caused us to raise the debt limit recently to borrow more money from citizens to finance other activities of Government.

So, Mr. President, it is the view of this Senator that the way the program is financed is sound. We should continue to finance it that way. We ought to finance it with a payroll tax. There are a number of reasons why we ought to do that.

One reason is that those who wish to pay out more and more social benefits, some people who have very good intentions toward their fellow man but who may not be concerned with fiscal responsibility, want us to pay more and more benefits and they do not want to raise the taxes to pay for them. When they come wanting to pay more benefits for the sick, for the retired, for the disabled, or others, those of us in the Congress can say to them, "Well, we might be able to provide you some help in what you are seeking to do, but if you want to do this under the social security program, those who benefit will have to pay a tax in order to pay the cost of it."

That tends to dampen the ardor of those who want to vastly expand the benefits. As has been pointed out in other debates about this program, the long-term estimate is that the program could be short by a trillion dollars or more. We will have to make our plans to see that there will be enough money to pay out the benefits.

If we cannot raise enough money with a payroll tax to pay for this program, then we should seriously consider trimming back the long-run cost of the program, recalculating the way we arrive at the benefit of those who go on the rolls at some time in the future so that we can live within the revenues that will flow into the fund, just as an insurance company would have to do if it had sold programs and was taking in premiums and found that the revenue available to it was not adequate to pay all the benefits. They would have to trim back and pay what it could with the revenues it had available for that purpose.

Mr. President, I have had prepared a memo to discuss the various arguments against this proposed amendment. I ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

EAGLETON AMENDMENT NO. 581 TO H.R. 4331: USE OF OIL TAX REVENUES FOR SOCIAL SECURITY RESERVES

DESCRIPTION OF THE AMENDMENT

The Eagleton amendment would increase the tax on newly discovered oil and set aside the proceeds of the tax increase in a new trust fund. The tax rates applicable to newly discovered oil under the "windfall profit" provisions of the tax code are as follows:

[In percent]

Year:	Present law	Eagleton amendment
1982	27.5	30
1983	25.0	30
1984	22.5	30
1985	20.0	30
1986 and after [1]	15.0	30

[1] Until tax phases out, starting about 1990.

The increased revenues from the above tax change would be deposited in a newly established reserve Trust Fund. The amounts so deposited could be subsequently transferred to the social security trust funds to the extent so provided in subsequent appropriations acts.

MAJOR ARGUMENTS AGAINST THE AMENDMENT

1. Changes self-supporting nature of social security program.—Social Security enjoys a special degree of support compared with many other government benefit programs because it is self-supporting. Beneficiaries can consider themselves to have earned their benefit rights because they supported the program during their working years through a tax on their wages. Adoption of the amendment is a major step towards changing this program into just another welfare program funded by general government revenues.

2. Severs relationship between wages and benefits.—Social security benefits are considered an earned right because the benefits an individual receives at retirement are related to the wages on which taxes were paid over the individual's working lifetime. The amendment would end the relationship between social security revenues and the wages upon which benefits are based.

3. Proposed revenues unrelated to social security.—There is no particular reason to use a tax on oil to support the social security system. Given the desirability of various benefit increase proposals, this amendment could be a significant precedent for any number of other taxes which seem to affect a limited segment of the economy as a means of financing benefit liberalizations.

4. Makes social security compete with other general fund programs in the budget process.—The amendment proposes a specific tax increase to fund the social security system. But this means that the social security program would be dependent upon a segment of what are really a part of general governmental revenues unrelated to the program itself. This places the social securtiy program in direct competition with appropriated fund programs in the budget process.

5. Makes the continued payment of social security benefits subject to the annual appropriations process.—The amendment does not increase the assurance that benefits would continue to be paid, since the increased revenues would be available for paying social security benefits only when subsequent appropriations acts so provide. As a result, the security of benefit payments would be made subject to approval in annual appropriations acts which might, for example, be vetoed or otherwise delayed because of reasons having nothing to do with social security.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. First, I commend the distinguished Senator from Louisiana for his remarks. I hope to talk a little bit about this issue tomorrow. It certainly seems to me with the kind of deficits we are running, and those which we will be confronted with over the next several years, if they want to use the general tax revenues they ought not put it there. We ought not put general revenues into solving the long-term problems of social security.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. Is the amendment of the Senator from New Mexico in order at this time?

The PRESIDING OFFICER. The pending business is the amendment of the Senator from Missouri.

Mr. DOLE. I ask unanimous consent to temporarily lay aside the amendment of the Senator from Missouri so that we can consider the amendment of the Senator from New Mexico.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 482

(Purpose: To require the Secretary of Health and Human Services to report to the Congress with respect to screening of social security payments to prevent payments to deceased individuals)

Mr. DOMENICI. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI) proposes an unprinted amendment numbered 482.

Mr. DOMENICI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill add the following new section:

REPORT TO CONGRESS

SEC. . The Secretary of Health and Human Services shall report to the Congress within 90 days after the date of the enactment of this Act with respect to the actions being taken to prevent payments from being made under title II of the Social Security Act to deceased individuals, including to the extent possible the use of the death records available under the medicare program to screen the cash benefit rolls for such deceased individuals.

Mr. DOMENICI. Mr. President, in recent days there has been a series of articles which obviously caused great concern to many Americans while we discussed the solvency of the social security fund. It has become obvious that the Social Security Administration does not have a system to assure that when beneficiaries die we stop paying. This is not a question of whether or not we are changing benefits. As reported, they have recently found some deceased where the check has been going on for 14 years after they died. In fact, in one case it was a rather deplorable situation because, as a matter of fact, one of the kin of the deceased had been using the money for 14 years. When it was discovered, it resulted in some anguish and a lot of family disputes. Ultimately, it ended up in suicide.

Basically, we know now that as a result of these very cursory reports that 8,000 deceased were receiving benefits for substantial periods of time after they had already departed and left this world.

It seems to this Senator that at the minimum, while we are concerning our living social security recipients about the solvency of the fund, we ought to do whatever we can to see to it that this situation is changed.

My amendment is a simple one. It merely orders the Secretary of Health and Human Services to report within 90 days to the Congress telling us what actions they are going to take to put into the social security computer system evidence that exists in this country when people have died, and to give us a report on how they are going to try to make sure that they have the best system possible to see to it that this does not continue.

I have run this amendment by both the majority floor manager and the minority floor manager. I believe they are willing to accept the amendment.

Mr. President, the Social Security Administration has been continuing benefits to 8,000 deceased recipients. In the last 15 years deceased persons were mailed benefits accruing to more than $60 million.

It is amazing to me that no one at the Administration thought this type of fraud or abuse was occurring and that a systematic check has not been initiated.

In many cases friends or relatives cashed the checks for their own use. There is also the possibility that unscrupulous employees who monitor death notices have allowed payments to continue, diverting them to their own accounts.

Mr. President this amendment is very simple. It requires the Social Security Administration to report to the Congress within 90 days how it proposes to eliminate payments to deceased recipients. In this age of computers there must be a simple, inexpensive method of cross checking lists and immediately halting overpayments. I understand that in many cases citizens voluntarily notify the Administration when someone has passed away and benefits still continue. There is no question that this managerial blundering is what we promised the American people we would ferret out. I will eagerly await the proposal of the Social Security Administration.

I yield to the distinguished Senator from Kansas.

Mr. DOLE. Mr. President, I thank the Senator from New Mexico.

Mr. President, it may seem strange to some, but this happens. When we are talking about millions of dollars in benefits being paid to people who left no forwarding address, it is a problem and I thank the Senator from New Mexico. In fact, they are about the only people we have not heard from on social security. They have not complained about reform of the program, I will say that. But it is a multimillion-dollar loss that should be recovered.

Senator DOMENICI's amendment will serve a real purpose, especially in light of recent newspaper accounts. I have a couple here. One says, "Millions of Dollars in benefits; Up to 10,000 Dead Mailed Checks." They were mailed checks.

There is also an article entitled, "SS Aims to Recoup Funds Paid to Dead." I ask unanimous consent that they be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MILLIONS OF DOLLARS IN BENEFITS; UP TO 10,000 DEAD MAILED CHECKS

WASHINGTON. — Government investigators have uncovered at least 8,500 cases in which Social Security benefits are still being paid to people who are listed as dead on Medicare records, officials said Wednesday.

Social Security Commissioner John A. Svahn said the investigation, which is still under way, may find that as many as 10,000 dead people are still being sent monthly Social Security checks involving up to $60 million in overpayments.

The longest period of undue payments discovered so far dates back 15 years to 1966, when Medicare was begun by former President Lyndon Johnson.

Svahn said he found the payment abuses "astounding."

"The thing that amazes me the most is that no one ever thought about it—no one ever did anything about it," he said.

The Department of Health and Human Services, Inspector General's Office, using as many as 80 investigators to match computer lists and trace the money, turned up 8,518 cases in which Medicare reports showed a person was dead but Social Security benefits were not stopped.

With reviews completed on 1,290 cases, authorities have determined at least 1,100 were actually dead and 190 were alive but reported dead by recording errors.

Among the 1,100 deceased beneficiaries, payments averaging $292 per month have continued for an average of 44½ months since the person died.

Richard Kusserow, inspector general of HHS, said those improper payments amount to about $13,000 per case. Total taxpayer cost was $14.3 million. He said the government expects to recover most of the known overpayments.

"In some instances it's our fault because people have notified us that someone has passed away and we have not terminated their benefits."

Checks for the 1,100 confirmed dead people will be stopped effective Oct. 3, the next date for Social Security payments, Svahn said. Henceforth Medicare death records will be checked against the Social Security rolls, he said.

Kusserow said investigators also are looking into the possibility, that unscrupulous Social Security employees who monitor death notices have allowed payments to continue, diverting them to their own accounts.

"We know from experience that this type of fraud and abuse exists," he said.

He also said that in some cases relatives simply saved benefit checks—for up to 10 years—and returned them when confronted by investigators.

"It"s absolutely amazing to me it has been allowed to exist," Svahn said. But he indicated it was just the latest of several embarassments linked to what he has called Social Security's archaic computer system.

Other problems include continuing pay-

ments to aliens deported from this country and disability benefits still going to prisoners, which Congress outlawed last year, he said.

SS AIMS TO RECOUP FUNDS PAID TO DEAD

WASHINGTON.—John Henry Sydnor of Baltimore died on May 31, 1977, but as in the cases of about 8,000 other dead people, his Social Security benefits kept flowing—totaling $14,287 over four years.

Overall, deceased persons were mailed benefits—for up to 15 years—accruing to more than $60 million. Investigators believe the money was pocketed by friends, relatives or even Social Security employees.

Social Security Administration chief John Svahn says he is "astounded" by the costly blunder, which was disclosed Wednesday.

"The thing that amazes me the most is that no one ever thought about it; no one ever did anything about it," Svahn said.

Richard Kusserow, inpector general of the Department of Health and Human Services, said he will press for criminal and civil penalties against anyone who has improperly cashed benefit checks deposited in the accounts of dead people.

The government expects to recoup much of the money, he said.

Sydnor's son John Henry Jr., a respected 32-year-old photographer, took his life last week, just hours after an FBI agent asked Sydnor about his deposit of his father's monthly benefit checks in his bank account.

Investigators surmised the younger Sydnor succumbed to the temptation created by the government bungle—and was overcome by the damage the episode would do to his reputation.

In another instance, agents of the inspector general's office at the Department of Health and Human Services found $63,000 in checks were sent to relatives of a deceased Social Security beneficiary over a 14-year period.

Federal prosecutors in New York, Chicago, Los Angeles and other major cities now are picking up the pieces, considering criminal charges against those who capitalized on the error and kept the payments, now averaging $374 a month.

The 8,518 cases reviewed so far involved Medicare's death records through March 1981. Svahn said that bringing the investigation up to date may turn up a total of 10,000 cases.

Of the first 2,858 cases, investigators found at least 1,100 were actually dead and 190 were still alive.

Payments to the 1,100 deceased beneficiaries averaged $292 per month for an average of 44½ months after death. In these cases alone, the overpayments amounted to $14.3 million.

Checks for the 1,100 confirmed dead people will be stopped effective Saturday, the next date for Social Security payments, Svahn said.

Svahn contended the Reagan administration should get the credit for curbing the waste of taxpayer dollars, but it could not be learned whose idea it actually was to match the computer lists.

Laura Genero, an HHS spokeswoman, said the success of matching the lists "vindicates our whole effort to cross match government records to root out waste, fraud and abuse."

Mr. DOLE. Mr. President, I think that is important. What I think the Senator from New Mexico has in mind is to make certain that there is some procedure in the Social Security Administration for identifying benefits that should be terminated.

I understand that the administration is already moving to end this problem. Senator DOMENICI's amendment will lend a certain sense of urgency to the Social Security Administration's continuing efforts to update beneficiary records so that benefits will be terminated on a timely basis when appropriate.

Mr. President, I certainly will accept the amendment. I think it is a good amendment. The amendment has been discussed with the distinguished Senator from Louisiana, as far as I know, and he has no objection.

Mr. DOMENICI. Mr. President, I thank Senator DOLE for his concern about the issue that I have raised and for his willingness to accept this amendment, which will mandate the Secretary to come up with the administrative and management package and give it to the Senate through the Committee on Finance within 90 days. I think it is imperative, if we are going to gain the confidence of our people, that while we are worried about solvency and about such things as the unearned social security benefit situation, we assure them that as to the millions of dollars going to the deceased, as Senator DOLE has indicated heretofore, we have a way of minimizing it if not eliminating it in toto.

Mr. President, I yield back the remainder of my time. I yield the floor, Mr. President.

Mr. DOLE. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 482) was agreed to.

Mr. DOMENICI. I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 483

(Purpose: To provide penalties for the misuse of social security numbers)

Mr. BAUCUS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Montana (Mr. BAUCUS) on behalf of himself, Mr. CHILES, and Mr. HARRY F. BYRD, JR., proposes an unprinted amendment numbered 483.

Mr. BAUCUS. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill add the following new section:

SEC. . (a) Section 208 (g) of the Social Security Act is amended—

(1) in the matter preceding paragraph (1), by inserting "or for the purpose of obtaining anything of value from any person," before "or for any other purpose"; and

(2) by adding after paragraph (2) the following new paragraph:

"(3) knowingly, alters a social security card issued by the Secretary, buys or sells a card that is, or purports to be, a card so issued, counterfeits a social security card, or possesses a social security card or counterfeit social security card with intent to sell or alter it; or".

(b) Section 208 of such Act is amended in the matter following subsection (h) by striking out "shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $1,000 or imprisoned for not more than one year, or both" and inserting in lieu thereof "shall be guilty of a felony and upon conviction thereof shall be fined not more than $5,000 or imprisoned for not more than five years, or both".

(c) The amendments made by subsections (a) and (b) shall be effective with respect to violations committed after the date of the enactment of this Act.

PENALTIES FOR MISUSE OF SOCIAL SECURITY NUMBERS

Mr. BAUCUS. Mr. President, earlier this year, I introduced, along with Senators HARRY BYRD and MOYNIHAN, a bill to provide penalties for the misuse of social security numbers. Today, I am offering that bill (S. 179) as an amendment to our social security reform legislation.

Simply, Mr. President, this amendment would make it a felony to misuse or counterfeit a social security number. This change is long overdue and will enhance the integrity of the social security system by reducing the misuse of social security numbers.

We all know that a social security number is as common as a driver's license. You need one to get a job, to pay taxes, to open a bank or savings account, and for many other things. However, increasingly social security numbers are being used illegally to obtain jobs and benefits. Although we do not know exactly how much this costs each year, crimes based on false identification which often include social security cards, cost American taxpayers more than $50 million every year.

Last year, at my request, the GAO investigated the misuse of social security cards and numbers. Their findings reveal that the fraudulent use of social security cards to gain benefits or jobs is growing immensely.

One recommendation of the GAO was to make the counterfeiting or altering of social security cards a felony punishable by a fine of $5,000 or imprisonment for 5 years.

My amendment simply adopts the recommendation of the General Accounting Office.

Mr. President, adoption of this amendment will send a strong signal to the American public that we intend to take necessary steps to restore confidence in the integrity of the social security system. I urge my colleagues to adopt this proposal and press for its immediate enactment.

Mr. President, as our lives become more complex and the social security system becomes a greater part of our lives, particularly as the use of social security numbers becomes more and more important to us as Americans, Americans who pay payroll taxes and, also, Americans who are on retirement, in addition to Americans who pay income taxes, who apply for drivers' licenses and whatnot, social security numbers are a very prominent feature in our lives.

Accordingly, I think it is important that we do what we can to preserve the integrity of social security numbers, that we do whatever we can that is possible to prevent abuse of social security numbers. There has been counterfeiting of numbers. The GAO has recently come up with a report that shows about 37 million cases of fraud through use of counterfeit social security cards for identification. My amendment provides generally that it is a felony to misuse a social security number for purposes of one's unofficial gain through counterfeit of social security numbers. It is something that has come from GAO. I think it is a feature that should be part of this bill.

Mr. DOLE. Mr. President, this is a good amendment. As I have indicated to the Senator from Montana, it is one we should accept. He has indicated that it would increase the penalties for misusing, altering, counterfeiting, buying, or selling fraudulent social security cards. That is now a misdemeanor. The Senator's amendment would make it a felony. This Senator believes it will be useful in clamping down on the fraudulent use of social security cards.

We have had an amendment by Senator DOMENICI. People may think, how can these things happen? Why would they continue to make payments to the deceased? It has happened. This amendment goes in a different direction, but some must wonder, when we are talking about reform of the system, why we do not provide more severe penalties for the misuse of social security cards. This amendment addresses that problem. I am certainly willing to accept the amendment.

I assume it has been discussed with the distinguished Senator from Louisiana.

Mr. BAUCUS. Mr. President, I have discussed it with the Senator from Louisiana and he is agreeable to it.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 483) was agreed to.

Mr. DOLE. I move to reconsider the vote by which the amendment was agreed to.

Mr. BAUCUS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, as far as the Senator from Kansas knows, there are no further amendments to be offered on this proposal. There is the amendment of the distinguished Senator from Missouri (Mr. EAGLETON). There are other amendments that are at least listed as possible—amendments by Senators LEVIN, Senator CRANSTON, a colloquy with Senator MITCHELL, a colloquy with Senator LEVIN. Hopefully, that will be enough. It ought to be enough. But if there are others, we hope to dispose of all amendments and finish action on the bill by midafternoon tomorrow. I hope that Senators are in their offices listening. If we proceed to debate this bill further—11 o'clock tomorrow morning is my understanding—if those Senators having amendments will give us their attention and bring their amendments to the floor, we can move quickly to dispose of this bill.

Having said that, Mr. President, I think that will terminate any activity on the bill this afternoon.

THE PROPOSED AWACS SALE

Mr. HAYAKAWA. Mr. President, I wish to speak on a subject of Senate Resolution 221 which I introduced on October 5, expressing the sense of the Senate with respect to carrying out the proposed sale of certain defense articles and defense services to the Kingdom of Saudi Arabia.

On Thursday, that is tomorrow, the Foreign Relations Committee will consider the proposed arms sale to Saudi Arabia. In my view the sale of the airborne warning and control systems, that is the AWACS aircraft, and the F–15 enhancement package is only the tip of the iceberg. The real issue at hand is peace in the Middle East and America's future arms sales policy.

The United States is a powerful technological nation with far-reaching responsibilities to our friends as well as to emerging Third World countries. The need for these countries to protect themselves against insurgent forces from within as well as from outside anti-Western influences is important to their survival and to the goal of world peace.

Consequently, a wise arms sales policy that moves these countries toward peace and stability and out of the Soviet orbit is necessary.

In 1976 the Ford administration sold six C–130's to Egypt, much to the dismay of Israel. The administration felt that by supplying these cargo planes, it would make it politically possible for Egyptian President Anwar Sadat to continue his moderate policies toward Israel. As history has recorded, President Sadat not only continued these policies—having already thrown the Soviets out of Egypt—but took the bold step of going to Jerusalem, which culminated in the Camp David accords.

Saudi Arabia's Crown Prince Fahd has indicated that his country might work toward a peaceful solution to the myriad problems facing the Middle East. He has proposed an eight-point plan which is a composite of previous U.N. resolutions, and is urging that they be bound together into one new U.N. resolution. This has been viewed by some Arab observers as an indication of Arab nations' willingness to eventually recognize Israel. I feel that without full diplomatic recognition of Israel and a resolution of the Palestinian question, there is no hope for long-range peace in the Middle East.

I must say the Saudis are to be praised for their role in achieving a cease-fire in Lebanon. This action contributed greatly to peace and stability in the Middle East. And while the peace plan as set forth by Prince Fahd is no doubt unacceptable in many ways, at least it can be seen as a renewed effort at participation in the resolution of the Arab-Israel conflict.

These current peace initiatives on the part of the Saudis are commendable, but I think it important that we recall their change of attitude after the Camp David peace accords. In 1977, Prince Fahd talked of complete, permanent peace and a normalization of relations with Israel. At that time he made the statement that all Arabs, including the Palestinians, were ready to negotiate a Middle East settlement with Israel if Israel recognized the full rights of the Palestinian people. However, after Camp David, the Saudis moved away from this initiative and assumed a harder line attitude toward Israel.

The recent initiatives by the Saudis seem to indicate an acceptance of Camp David—basically the return of the Sinai to Egypt—and an effort to resolve the Palestinian question, which the Camp David accords have thus far been unable to achieve. I am encouraged by this. Perhaps, by the sale of these weapons to Saudi Arabia, we will build the necessary confidence in the United States as a reliable, dependable partner which will in turn strengthen the Saudis, as it did Sadat, to take the political risks a durable peace in the Middle East demands. This, however, is something we must determine before we ship any of the weapons in this package—a determination more crucial now with the assassination of Sadat—an event in history has placed the whole Middle East peace process in question.

The tragic death of this man of vision and peace vividly illustrates the instability of the entire region. Although signs indicate that Hosni Moubarak will continue Sadat's peace initiatives, many questions still loom. What if the Saudis do not continue to move toward peace? What if the political stability of the Saudi leadership is shaken? What if pressure is brought to bear on the Saudis by other Arab political forces? These are all possibilities that must be taken into consideration. While we hope that the Saudis will become more closely alined with the West, there are no sure ways of predicting this. A lot can happen before the scheduled delivery date of the first portion of the AWACS package—the F–15 enhancements due for shipment in 1983.

Because of the instability of the Middle East, this country must reassess the peaceful intentions of Saudi Arabia prior to actual shipment of the arms package. Therefore, I have submitted a resolution which provides guidelines for determining the current climate and ongoing peace initiatives in Saudi Arabia, and requires a report on this from the President prior to delivery.

I have discussed at length with the President this resolution and my ongoing concerns. I have pointed out to him the most important provision in the resolution—the stipulation that Saudi Arabia should have taken the important first step toward a negotiated Mideast settlement by acknowledging the right of the State of Israel to exist. The Saudis have not recognized Israel in any formal manner, and for them to do so would substantially improve the climate of Mideast relations. Obviously the success of any Saudi movement along these lines will be affected by Israel's willingness to deal

with the Palestinian issue, as well as the status of the Camp David accords.

Finally, this sale seems to be a cornerstone of the Reagan administration's Middle East policy, and for that reason alone a continuing congressional consultative mechanism must be a part of this arms sales process. In fact, arms sales are an essential element in cementing relationships with other countries. However, as developing countries emerge and assume power, their ideologies often undergo changes. Since arms sales are rarely on an immediate-shipment basis, the situation must be reassessed and the Senate must give its advice and consent prior to the delivery of these increasingly sophisticated arms. That, Mr. President, is the reason for my introduction of Senate Resolution 221 on October 5.

I thank the Chair.

Mr. PERCY. Mr. President, will the Senator yield for a comment?

Mr. HAYAKAWA. I am pleased to yield to my distinguished colleague from Illinois.

Mr. PERCY. Mr. President, I would like very much to comment on the resolution.

The distinguished Senator from California, in a letter that I happened to see back in June when he wrote to his constituents, indicated his deep concern about the sale of AWACS to Saudi Arabia.

He also said that his hope was he could support the President of the United States and his hope was that he could work with the President and the administration in finding ways so that the concerns about the sales could be taken into account.

Clearly the resolution which has been presented to the Senate, and has been referred to the Senate Committee on Foreign Relations, on which our distinguished colleague, Senator HAYAKAWA, serves with great distinction, is a step in the direction of addressing himself to some of those grave concerns.

Certainly, looking to the relationship that is being established and has been established between Saudi Arabia and the United States in finding a road to peace in the Middle East is an important part of the overall mosaic that makes up the Mideast picture. My distinguished colleague properly notes the positive role Saudi Arabia has played in obtaining a cease-fire in Lebanon and its taking first steps toward participation in a negotiated peaceful solution in the Middle East. I believe that these tentative first steps must be encouraged so that no opportunity for a general peace in the Middle East will be lost.

Senator HAYAKAWA has gone further. Realizing that circumstances could change between the decision to sell military equipment and the time of delivery, Senator HAYAKAWA's resolution formalizes the Senate's role in reappraising the sale 60 days prior to the first delivery. In this manner no aircraft will be provided should the collective will of the Senate determine that because of intervening events, delivery of the equipment is no longer in the interest of the United States.

I wish to commend my colleague for his creativity, for his tenacity in working on this problem and always wanting to support his President, but also wanting to be true to his conscience to be certain that he has fulfilled the commitments that he has made to his constituents.

With regard to my views on the Saudi arms package, I note we are prepared to vote in the Senate Foreign Relations Committee tomorrow afternoon. We will vote on the package as it is, not how it might have been, nor as each of us might have preferred it to be. As Secretary Haig told our committee, the choice before us is not between the agreed arrangements and some still more favorable ones. Nor is the choice whether AWACS-type equipment will be sold to the Saudis but rather who will make the sale and who will be able to set conditions for the sale.

Over the course of our committee hearings, it has become increasingly clear that the military and technical ramifications are of secondary importance to the political symbolism of the sale. This is not to dismiss lightly the need to insure the security of this equipment and to be certain that this equipment is not misused. On these questions, however, we must not focus our attention solely on every potential mishap which could conceivably occur. Our attention should be focused on Saudi performance in carrying out previous commitments. The Saudis have observed faithfully the letter and spirit of all previous arms sales agreements with the United States. There is no reason to think the Saudis will not continue to act responsibly.

Moreover, after serious consultations with our intelligence community, I am satisfied that the arms sales can go forward without posing a threat to Israel and without altering the Arab-Israeli military balance. The Chief of Israeli Intelligence told the committee staff that the "Saudis are not a major threat to Israel * * * the AWACS does not change the air balance."

A failure to approve the sale could seriously mar our ability for future cooperation with the more moderate Arabs. In Saudi Arabia and the rest of the Arab world there is a perception that the United States will not deal with Arab governments as full partners in preserving the integrity and independence of the states in the area. A failure to agree to the sale would be understood as confirmation of that perception.

Realization of the importance of the sale to American security interests in the region caused former CIA Director Stansfield Turner to rethink his views on the sale. Last February Admiral Turner expressed his opposition to the sale. Nevertheless, Admiral Turner told the committee on October 6 that the political importance of the sale had become so significant for American interests that he now thought our approval of the AWACS package was necessary.

In 1978, if Congress had opposed the sale of F–15's to Egypt, as many of Israel's friends had urged, there would have been irreparable harm to the peace process. Few dispute now that Camp David may not have occurred without the reassurance of American support that Egypt received in the 1978 sale. A defeat would have destroyed U.S. credibility as an unbiased participant in the Camp David process.

A defeat of the AWACS sale would also deal a devastating blow to the power and prestige of the Presidency. It would cast doubt on the ability of the United States to conduct its foreign policy. All living former Presidents have expressed this concern, and all of them support the sale.

Finally, defeat of this sale would place upon the shoulders of those voting against it the responsibility for the course of events that might flow in its aftermath. Such a defeat could have a serious adverse impact not only on our national security capability and our economy but the well-being of the entire free world.

For these reasons, I support the proposed sale.

(Mr. HAYAKAWA assumed the chair.)

Mr. BAKER. Mr. President, I wish to take this opportunity to do what I have done on previous occasions on other issues, and that is to pay my tribute to the Senator from California and express my deep appreciation for his penetrating analysis of a difficult issue.

I know that he has agonized over the AWACS issue for a long time. I know that he has proposed initiatives and solutions that have found their way into the dialog and discussions that have been conducted now between the administration and Members of this body.

He has, as well, been instrumental in shaping and forming some of the structure and substance of this issue over the past several weeks. I acknowledge my debt of gratitude to him for his contribution so far.

The resolution which he introduced previously and which has been referred to the Foreign Relations Committee will serve as the basis for a further inquiry into this matter of the essential business of trying to maintain peace in the Middle East, to protect our traditional longstanding and essential friendship with the State of Israel while, at the same time, attempting to advance a new foreign policy in the area which will best serve not only the interests of Israel and the United States but all of the residents of that troubled part of the world.

I can assure the Senator from California that the Foreign Relations Committee, as far as I am concerned, will give careful attention to the resolution that has been referred to it on his initiative. I can assure him, as well, that this matter will produce results that will shed credit on the great efforts of the Senator from California in this respect.

I wish to take this time, Mr. President, to express my appreciation once again to the distinguished occupant of the chair, the Senator from California, who has once again made a major contribution to the critical dialog on the AWACS issue.

Mr. TOWER addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. TOWER. Mr. President, I think that we in the Senate find ourselves in an unhappy position. It is my view that

the framers of the Constitution never intended that the Congress should intrude itself into the day-to-day business of the formulation and implementation of foreign policy.

However, in the past decade, reacting to policy formulations of various administrations, the Congress has seen fit to impose certain checks and veto power on the President in the execution of foreign policy decisions. It is a responsibility that, in my view, we should not have, because I think it inhibits the formulation of a comprehensive and coherent foreign policy and the ability, through normal diplomatic conduct, to implement that policy.

But, because of previous acts of the Congress, we have this awesome responsibility forced upon us. It becomes, therefore, incumbent on us to ask the administration to give us certain assurances when it makes a foreign policy decision that has various ramifications, the consequences we cannot be sure of.

Senator HAYAKAWA has made an earnest but an honest effort to secure from the administration the assurances that he believes are required by the Congress before it exercise its responsibility to either act or not to act on a resolution of disapproval in the matter of the AWACS/F-15 package transfer to Saudi Arabia.

I wish to commend Senator HAYAKAWA for trying to help us find a way out of this problem, trying to find a way to gain the assurances that Members of the Congress, responsible to the electorate as we are, feel that we must have to, in the eyes of our various constituencies, reinforce the decisions that we make. I wish to commend him for taking this step.

I am sure that it will be given careful consideration by the Foreign Relations Committee and, to the extent that the Armed Services Committee might in some way be involved in this process, I would like to assure him of my complete cooperation.

EXECUTIVE SESSION

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate go into executive session.

The PRESIDING OFFICER. Without objection, it is so ordered.

ENVIRONMENTAL PROTECTION AGENCY

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate proceed to the nomination of Matthew Norman Novick, of the District of Columbia, to be Inspector General of the Environmental Protection Agency.

The PRESIDING OFFICER. The clerk will state the nomination.

The legislative clerk read the nomination of Matthew Norman Novick, of the District of Columbia, to be Inspector General.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE ADMINISTRATION'S PORT USER FEE PROPOSAL

Mr. THURMOND. Mr. President, I rise today to discuss briefly the administration's proposal to recoup the cost of maintaining ocean navigation channels. Along with a growing number of Senators and Representatives, I am greatly concerned about this proposal.

Requiring each port to recover dredging costs through user fees on traffic through the port would greatly disadvantage most small- and medium-sized ports, because, with a lower volume of traffic, they would have to assess much higher user charges. Because the competitive rivalry among port facilities is currently very intense, a relatively small change in shipping costs, such as would result from these widely varying user charges, could well result in a massive disruption in commercial shipping patterns.

I can appreciate the desire of the administration to recover the cost of harbor dredging from shippers who directly benefit from Federal maintenance of these ocean navigation channels by the Corps of Engineers. However, the port-by-port user charge approach embodied in S. 809, and comparable House legislation, would be absolutely devastating to nearly all but the very largest ports and would be especially damaging to port authorities in the Southeast.

Although our Southeastern ports, through substantial shoreside investments by State port authorities, have made great strides in developing modern facilities to efficiently handle a growing volume of export-import business, they do not yet have the trade volume of the very large ports. Thus, Mr. President, since channel costs are relatively similar and do not vary with trade volume, the administration proposal would be a boon to the giant ports at the expense of the fast-developing, but smaller facilities, which would be priced out of competition.

Assessment of channel cost-recovery user charges on a port-by-port, site-specific basis, would be certain to cause major regional economic dislocation, and serious disruption of existing trade flow patterns. In South Carolina, this proposal would jeopardize the continued survival of the smaller port of Georgetown, which is crucial to two major industries there, employing 5,000 people. Port Royal in Beaufort County would be similarly harmed.

Moreover, should the major Southeastern port of Charleston become competitively disadvantaged, shippers would be penalized more than $13 million per year in overland transport costs alone, if they have to send their cargoes through other ports. Along with this, the State's $128 million investment in shoreside port facilities would be instantly jeopardized. Port-related economic activity in South Carolina, providing some 48,000 jobs with more than $1.5 billion per year in economic impact could be seriously degraded.

Beyond the immediate adverse consequences on Southern ports themselves, Mr. President, the crippling of these trade facilities through the competitive disadvantage of port-specific user charges would be extraordinarily serious for our regional economy, inasmuch as Southern ports are more closely related to local industry and agriculture than are Northern ports. In South Carolina, more than 50 percent of trade is State-based. In Baltimore, for example, only about 5 percent is Maryland-based. North Carolina, Georgia, and Florida ports have trade profiles somewhat similar to South Carolina, with very strong regional significance.

With Southern ports priced out of competition with their Northern and Southwestern counterparts, the following consequences would likely ensue: Steamship lines would, understandably, relocate to lower-cost ports; ocean shipping services at Southern ports would deteriorate; Southern-based industries would, once again, be compelled to send their cargo through Northern ports—at greatly increased overland transport costs; present locational advantages for industry—in relation to port services—would be destroyed; Southern agricultural exports would be severely restricted—currently, 29 percent of total agricultural production in South Carolina is exported—and the integrity of public investment in shoreside port facilities would be undermined.

Unfortunately, it appears that the administration proposal is not grounded on a careful, realistic analysis of economic impact and does not adequately consider the historical role of the Federal Government in maintaining a national system of navigation channels for international trade and defense purposes. State and local interests have invested, since 1946, some $6 billion in shoreside port facilities, based on a good faith reliance that the Federal Government would provide and maintain needed ocean navigation channels. This investment currently enables the Federal Government to collect well over $5 billion per year in customs duties at U.S. ports, an amount equal to roughly 12 times the cost of harbor maintenance by the Corps of Engineers.

Obviously, Mr. President, there is a strong Federal interest in maintaining and further developing a viable, efficient system of ocean harbor and port facilities serving all ports of the Nation. I realize

and can appreciate the enormous financial drain that the maintenance of this system places on the Federal Government, and am willing to support alternatives to the status quo. In this regard, I am a cosponsor of the Waterways Transportation Development and Improvement Act of 1981, S. 1586, which has been introduced by Senator HATFIELD.

Although I am not entirely satisfied with all of the provisions in Senator HATFIELD's bill, I do believe it offers a substantial embodiment of what will be needed to maintain the viability of the current system. I understand Senator HATFIELD and others, notably the junior Senator from Georgia, Mr. MATTINGLY, are willing to work together with the Water Resources Subcommittee and other concerned persons in a common effort to find a fair and equitable solution to this issue. I stand ready to support this effort, and I would urge my colleagues and the administration to assist us in this endeavor.

Mr. President, I ask unanimous consent that the concurrent resolution of the General Assembly of South Carolina, which addresses itself to this issue, be included in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

CONCURRENT RESOLUTION

Whereas, the members of the General Assembly of South Carolina are very concerned over President Reagan's proposal that Congress legislate a requirement that a state reimburse the federal government for the cost of dredging port facilities and harbors in that state; and

Whereas, the cost to the federal government of providing dredging services throughout the United States is approximately two hundred ninety-seven million dollars a year but in turn the federal government receives over six billion dollars a year in custom's receipts; and

Whereas, historically, the federal government has taken the responsibility for the dredging of port facilities and harbors and the states on the other hand have had the responsibility of developing the land-site facilities; and

Whereas, under the proposal of President Reagan, a state would be allowed to impose and collect a per ton user fee on the cargo coming through each port of that state which would be used to reimburse the federal government for the cost of dredging that port or facility; and

Whereas, due to the differences in the cost of dredging at various ports and due to the fact that some ports have much more cargo on which to assess the user fee, the user fees will vary substantially from port to port and this will result in shippers using and diverting cargo only to the lower-cost ports; and

Whereas, although on the surface this proposal appears to have some cost-effective benefits, in reality the ultimate cost would be disastrous in terms of industry lost and development stifled in those states which have relatively small, new or regional ports and these states would experience severe economic dislocation as a result of this proposal; and

Whereas, in South Carolina the Port of Charleston would operate at a severe competitive disadvantage and the Port of Georgetown would probably have to shut down; and

Whereas, even if the Reagan Administration insists on passing these costs onto the states, other better alternative means for accomplishing the same result are available including a uniformed cargo fee which would be assessed at the same rate on cargo passing through all ports; and

Whereas, for the above reasons, the General Assembly believes that this proposal of President Reagan is not in the best interest of the people of South Carolina or of the United States as a whole and that if enacted into law in its present form would result in more economic harm than good. Now, therefore,

Be it resolved by the Senate, the House of Representatives concurring:

That the members of the General Assembly hereby memorialize Congress not to enact President Reagan's proposal that a state reimburse the federal government for the cost of dredging port facilities and harbors in that state.

Be it further resolved that copies of this resolution be forwarded to the President of the United States, to each United States Senator from South Carolina, each member of the House of Representatives of Congress from South Carolina, the Senate of the United States and the House of Representatives of the United States.

SAUDI ARABIAN VIEWPOINT ON AWACS AND U.S. RELATIONS

Mr. THURMOND. Mr. President, in the current debate on the AWACS sale we have seen and heard much about the U.S. viewpoint and the viewpoint of our staunch ally in the Middle East, Israel.

Today I would like to call to the attention of my colleagues an article written from the viewpoint of the Saudi Arabians.

This article, titled "If I Were a Saudi Arabian," appeared in the August 24, 1981, issue of Newsweek magazine and was authored by an American, Joseph F. Alibrandi.

Mr. President, I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IF I WERE A SAUDI ARABIAN

(By Joseph F. Alibrandi)

If I were a Saudi Arabian today, I would be wondering who my friends really are. If you were placed in the Saudis' position, how would you feel?

Asking and answering such questions can be extremely important not only for Americans like myself who have business interests in Saudi Arabia, but also for Americans generally, who benefit in a multitude of ways from our nation's longstanding friendship with the kingdom.

If I were a Saudi Arabian reassessing my country's "special friendship" with the United States, I would begin by remarking that Saudi Arabia has always shared America's commitment to resisting communism. Saudi Arabia does not exchange diplomats with any communist-bloc nation, and has used its economic and political muscle to oppose Soviet influence in the Middle East.

Saudi Arabia also indirectly supports the economies of the United States and other industrial nations by devoting better than 5 percent of its GNP to aiding less affluent developing nations through organizations such as the Arab Fund for Economic and Social Development and the International Monetary Fund. Its grants and "soft loans" generate orders for American, European or Japanese products, which most developing countries could not otherwise afford.

And, of course, Saudi Arabia has always shown a special inclination to buy American products and technology. It purchases roughly 20 per cent of its imports from the United States, more than from any other nation. Last year these imports—agricultural items, chemicals, manufactured goods, transport equipment and military hardware—totaled $5.8 billion and were responsible for the creation of more than a quarter-million jobs in the United States.

To be sure, by purchasing U.S. exports, dispensing foreign aid and combating communism, Saudia Arabia is able to serve its own interests while acting in ways that benefit the United States. But there are areas in which its friendship with America requires substantial sacrifices.

Surplus: For instance, in managing its huge fund of petrodollar assets—now estimated at more than $90 billion—the Saudi Arabian Monetary Agency (SAMA) has steered clear of speculation in foreign stocks and currencies. Instead, SAMA has sought to protect the health of the free-world financial system by investing about 75 per cent of Saudi assets in the dollar—mostly in U.S. Government debt.

Granted, such conservative investment can serve Saudi Arabia's interests, given its objective of holding its petrodollar surplus in trust for future generations. But its economic interest would be served far better if it did not have a surplus for investment at all. In an inflationary world economy, the rate of return on paper assets has not come close to equaling the appreciation in the value of oil. Four petrodollars received for a barrel of oil in 1974, if invested in U.S. Treasury bills, would today yield about $18; however, the barrel of oil itself, had it been left in the ground, would now be worth $32.

Why, then, is Saudi Arabia accumulating petrodollar reserves at better than double the rate required to fund its massive development programs? The answer is that it is producing far more oil than its financial needs call for—largely in order to hold OPEC prices at a level that will not be damaging to the U.S. and other free-world economies. Saudi Arabia possesses sufficient production capacity to create a glut in the world market and has used this leverage to move more militant OPEC members in the direction of price moderation.

In its continuing efforts to restrain oil-price escalation, Saudi Arabia itself has been charging an average of $4 to $5 less than other OPEC producers—which costs it something like $40 million per day. It has, in fact, consistently charged less for its oil than the United States' own neighbors, Mexico and Canada.

Given all these facts, if I were a Saudi Arabian I would have to conclude that my country has been an exceptionally loyal friend to the United States. And it would not be unreasonable for me to expect America to give my country a hand in areas where we lack self-sufficiency. How well has this expectation been fulfilled?

Oil: Certainly, in one major respect the United States has proven itself a good friend. American companies and agencies have helped Saudi Arabia develop its material and human resources. American technology and management know-how virtually created its oil industry and are at the heart of its ongoing development programs.

In another major respect, however, the United States is proving to be less of a friend. Saudi Arabia depends largely on Washington for military equipment to protect its oil fields from Middle East unrest and Soviet-fomented aggression. The advanced radar planes and related supplies it wants to buy are crucial if its small fleet of F-15s is to serve as an effective deterrent force over the

kingdom's extensive land mass. Yet acquiring such equipment will not enable Saudi Arabia to mount a serious offensive threat against any other nation.

Consequently, if I were a Saudi Arabian I would be gravely concerned about America's faltering in its commitment to my country's defense. Further, I would be deeply insulted when American congressmen rivet their attention on the wholly irrelevant question of whether Israel will tolerate the sale of Americans arms to Saudi Arabia.

Of course, I am not a Saudi Arabian. I am an American. And as an American I can only observe that the clearest evidence of Saudi Arabia's friendship for the United States is its willingness to wait and trust that eventually Congress and the American people will recognize who our friends really are.

The Saudis' recent behind-the-scenes diplomatic efforts aimed at reaching a compromise in the explosive Lebanon situation once again underscore their role as the primary peacemakers and defenders of American interests in the Mideast.

Friendship is a two-way street. The Saudis can make other alliances and buy arms comparable to ours elsewhere overnight. And I fear that they may not wait at the street corner forever.

THE VOTING RIGHTS ACT

Mr. THURMOND. Mr. President, recently, a newspaper in my State, the Lancaster, S.C., News, published an article on the Voting Rights Act. This article does an excellent job of articulating the issues involved with the act, and presents a concise summary of the major provisions of that law.

This article very appropriately points out that the Voting Rights Act does not expire next year or any other year, because the law is permanent. In addition, the author indicates the need for a reasonable bailout for States, some of which have been covered by Federal preclearance for 17 years.

Mr. President, I commend this article to my colleagues, and in order to share it with them I ask unanimous consent that the article, entitled "Voting Rights Act: The Real Issue Beyond Rhetoric," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

VOTING RIGHTS ACT: THE REAL ISSUE BEYOND RHETORIC

(By Robin D. Roberts)

Recently, there has been much discussion about the Voting Rights Act, and this newspaper has published articles on the subject. This certainly is an emotional issue for some people, but that only emphasizes the need for all full discussion of the Act. All too often, articles display a fundamental misunderstanding of this law. In the interest of a full discussion, we need to take a look at what the Act is, and what the Act does.

First, the Voting Rights Act does not expire next year, or any other year, because the Act is permanent. Second, even if the Act were repealed—which is not remotely possible in the foreseeable future—no one would lose his right to vote. What everyone must understand is that even if there were no Voting Rights Act, any attempt to deprive any person of his right to vote because of his race could be challenged in court. While many people feel that the Act has been beneficial, it simply is not true that the Act is necessary to allow anyone to vote. Those who claim that the Act is about to expire, or that anyone, or any group is about to lose the right to vote is either uninformed or trying to mislead people about a matter of great concern.

Then, why is there so much interest in the Voting Rights Act? Simply stated, next year will represent the first time since the Act was passed in 1965 that those states which are severely affected by the Act, generally, South Carolina, part of North Carolina, Virginia, Georgia, Alabama, Louisiana, and Mississippi, will have a chance to show why they should no longer be singled out by it. To understand better the ramifications of this possibility, we need to review the history and provisions of the Act.

LITERACY

In 1965, the year after Lyndon Johnson's landslide victory over Barry Goldwater, Congress determined that certain Southern states were using literacy tests to prevent blacks from voting. In an attempt to prevent this, Congress decided to single out these "guilty" states. Congress assumed a state was discriminating if it had used a literacy test in 1964 and if there had been a low voter turnout for that election. Low turnout existed if less than 50 percent of the registered voters in a state had voted, or if less than 50 percent of the eligible persons in the state had registered to vote.

On the basis of this presumption, those selected states were subjected to close federal supervision to ensure that all of the state's laws affecting voting were nondiscriminatory. Of course, this requirement that a state "preclear" its laws with Washington was an extraordinary intervention into the authority of the states to control their own election laws, a right specifically recognized by the Constitution.

Because this federal intrusion was so unusual (U.S. Supreme Court Justice Black remarked that covered states were treated as "little more than conquered provinces"), Congress decided that a covered state which did not use the literacy test or similar device for five years would be allowed to petition the federal court in the District of Columbia to "bail-out," or escape the special preclearance requirement.

However, when those five years were about to elapse, thereby giving the covered states an opportunity to show why they should no longer be under federal supervision, Congress extended the deadline until 1975. Then, in 1975, Congress again extended the deadline, this time until 1982. Now, as the 1982 deadline approaches, some people want to extend the automatic application of the preclearance provision for another ten years. There is little wonder that covered states oppose a new extension. These states have been singled out because of 1964 election results, and for the past seventeen years (which is longer than Reconstruction lasted) they have been forced to obtain federal approval for any changes in their election laws, while other states have been free to act without orders from Washington.

NO WAY TO BAIL OUT

The real problem with the further extension of the current Act is the absence of any way for states, once covered, to bail out of the preclearance. Under the present law, even if a covered state has a spotless civil rights record for the past seventeen years, it still must preclear its laws with Washington. At the same time, a non-covered state, which might be guilty of obvious discrimination in voting, is free of this supervision by Washington. To make matters worse, once a state is subject to preclearance, no political subdivision (like a county or a city) in that state can bail out.

Here, one point must be emphasized. When the deadline arrives in 1982, covered states will not automatically be free of preclearance; they will merely be given the chance to have a fair hearing in federal court in Washington. Then, if the court does allow the state to bail out, the court will maintain jurisdiction over that state for an additional five years to prevent discrimination in voting practices. Opponents of a fair bail-out really want to deny a covered state a chance for a fair day in court.

FEDERAL APPROVAL

Once a state is subject to preclearance, all of its laws affecting voting or elections must be approved in advance by either the federal District Court for the District of Columbia or by the U.S. Attorney General. This means that absolutely nothing about the election process can be changed without federal approval. While the application of this preclearance requirement to some actions is clear—for example, reapportionment of Congressional or state Legislative districts—the need to preclear other types of action is less obvious. For example, the county registrar cannot change rooms, even in the same building; a city cannot move a polling place from the school gym to the school lunchroom; or a school board cannot change to, or from, an at-large election system until Washington first approves. Although it may seem impossible, the law is even more far-reaching; a city cannot annex a new area without federal approval for the annexation might change the racial composition of the city's electorate. Although one might be tempted to justify such extreme federal intrusion as necessary to protect the voting rights of blacks or other minorities, that just is not the case. Any voting law which attempts to discriminate on the basis of race is unconstitutional and could be challenged in federal court.

Even the most ardent supporters of so-called extension of the Voting Rights Act must admit, in their private moments, that the current law is unfair, because there is no allowance to bail out. What many proponents of extension really want is something far beyond the original purpose of the Act. They want the Act to be interpreted to require the election of black officials to represent black voters. The purpose of the Act is to ensure that all persons have an equal access to the election process—that no one is denied the right to vote because of race; the Act was never intended to ensure any particular election results. The claim that the Act requires certain persons to be elected is completely foreign to our democracy. The idea that a person can only be presented by someone who is the same color and sex has no place in our system of government. The password for our electoral system is, and should be, equal access not mandated results.

DEADLINE APPROACHES

The issue now facing Congress is what to do as the deadline approaches in 1982. Some people have indicated that they will support an extension only if all states are subject to this strict federal supervision. They believe that no states should be singled out, that attempts at discrimination everywhere should be opposed. Others want the preclearance provisions extended as they now exist, which would doom the covered states, which have been punished for seventeen years, to an additional period of degrading federal supervision. President Reagan plans to announce his position on the Voting Rights Act in early October. Candidate Reagan campaigned against having this law single out one section of the country, and therefore, he is unlikely to press for mere extension of the current law. Although President Reagan has recently indicated some support for the Act, he is not likely to doom summarily the South to this continued stigma.

I believe that the President will propose that preclearance be extended, but with a reasonable method of bail out. This way, states which have acted properly will be rewarded, and the government can concen-

trate on an effective program on eliminating discriminatory practices where they do exist. Such a proposal is not only politically wise, it is fair.

SENATOR BIDEN ON THE NATO ALLIANCE

Mr. MATHIAS. Mr. President, no one in this Chamber, I am sure, doubts the paramount importance to the United States of the NATO alliance. It is the cornerstone of our foreign policy today, as it has been for more than three decades.

Therefore, when someone as experienced and perceptive as our colleague, the distinguished junior Senator from Delaware (Mr. JOSEPH R. BIDEN, JR.) takes the trouble to examine our NATO relationship as carefully and as perceptively as he did in a recent article in the Washington Quarterly, it behooves us to pay close attention to his words.

Senator BIDEN's article, entitled "Leading the Allies," is informed by his experience as former chairman of the Foreign Relations Committee's Subcommittee on European Affairs. It deals as sensitively with the issues that strain the NATO alliance as with those upon which it is based. It is well worth reading in these perilous times.

Today, as disturbing as current events may be, it is encouraging to remember that the NATO alliance is 32 years old this year. In the United States, it has spanned the administrations of eight American Presidents. There is no reason to believe it will not span the administrations of eight Presidents more and then some. The policy of this administration is continuity—the evidence is in the faces and names of the officials that have been appointed: Haig, Stoessel, Eagleburger.

Our relationship with the other members of NATO is not only military, but economic and cultural. It is public and it is private. We share memories that time will not erase. We share vital interests that time will not erode.

We see today a world where uncertainty reigns; where Soviet threats to our security are growing around the globe; where political turmoil, within and across borders, spans the arc from southern Africa through the Near East to south Asia and beyond. We must not forget Lenin's words—"The road to London and Paris leads through Calcutta." The work of NATO may lie beyond the periphery of NATO, as our former colleague and friend, Senator Javits, reminded us so often in the past.

We see today a world where the gap between rich and poor widens daily, with consequences that in the long run will be extremely dangerous for all of us.

And we see a world where a pervasive energy crisis, and other kinds of structural economic disequilibria, threaten to disrupt economic development within NATO's industrial countries, as well as internationally, increasing domestic political strains worldwide.

In such a world, the NATO nations are and will remain America's closest allies and friends. I cannot conceive of any solution to these difficulties that would serve our interests without also serving theirs. I cannot conceive of any way to make progress toward solutions other than by working closely with them.

We cannot hope to serve a useful purpose in our uncertain world by trying to impose our own assumptions—moral, political, economic or technical—on others. Our only hope for finding solutions to the problems that confront our alliance is through cooperation. The effectiveness of that cooperation will depend to a large extent on our ability to deal sensitively with one another and to develop a practical and sympathetic approach to nations that differ from us widely in tradition and in style.

Senator BIDEN's thoughtful and thought-provoking article in the Washington Quarterly makes a positive contribution to that all-important effort at mutual understanding. I commend it to my colleague's attention and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Quarterly, Summer 1981]

LEADING THE ALLIES

(By JOSEPH R. BIDEN, JR.)

At the turn of the century, one of the giants of American political history, Speaker of the House Thomas Reed, turned his notorious wit on two particularly inept colleagues by noting that "every time they opened their mouths they subtracted from the sum of human knowledge." Because current discussion of the Western Alliance often seems conducive to such subtractions, one broaches this subject at risk. But serving for four years as chairman of the Senate subcommittee on European affairs, and thereby having occasion to converse with a variety of allied leaders, gives rise to certain observations about the state of the alliance and U.S. leadership of it.

Despite its military purposes, NATO at its heart is a political alliance, held together not by coercion but by democratic choice. Therefore, the effectiveness of the alliance, and its cohesion, depend directly upon public confidence that the interests of member-nations are well served by participation. The geopolitical aims of defense planners—and of national leaders—must thus constantly face the test of political acceptability. While sometimes inconvenient, this fact inheres in the very values the alliance was shaped to defend and extends across national borders. When doubt or dissent arises in one part of the alliance, it is the duty of all political leaders to seek to accommodate it.

Until recently in NATO's history, any doubts about the reliability of the alliance tended to appear on the European side. One chronic European concern—shared by defense planners and public opinion alike—first emerged in the 1950s, when the Soviet Union's acquisition of strategic nuclear capabilities engendered uncertainty about whether U.S. leaders would, in a crisis, jeopardize their own country to deter or defeat a ground attack on the central front. Eventually this issue of the American guarantee was put to rest, as best it could be, by several developments. The creation of independent French and British nuclear forces diversified the Western deterrent. The continuing deployment of U.S. forces in Europe underscored the U.S. commitment. And a new alliance doctrine of "flexible response"—providing for controlled NATO escalation on a continuum from conventional, to tactical nuclear, to U.S.-based nuclear weapons—gave added credence to the idea that a U.S. president might indeed risk Chicago to have Hamburg.

Later, as the 1960s progressed and the United States sank steadily in the mire of Vietnam, West European concern shifted to the question of U.S. judgment. Building on a growing resentment of U.S. economic dominance, European opposition to the Indochina war was sufficient to create a significant theme of anti-Americanism. But with Western Europe fast ascending economically and European security interests not directly at stake in that distant conflict, neither complaint actually hit hard at alliance solidarity. In August 1968, the brutal extermination of Dubcek's "Prague Spring" brought a unifying reminder of the Soviet threat.

As the 1970s began, Europeans clearly drew encouragement from the Nixon-Kissinger policy of negotiated East-West rapprochement. West Germans, who had pioneered the process, were most directly interested. But all West European governments saw benefit in lessening tensions and the search for common ground.

Unfortunately, beginning with the onset of Watergate, the 1970s were to provide a steady succession of disturbances to allied confidence in American leadership. Watergate itself, together with the congressionally mandated embargo against Turkey and congressional defeat of U.S.-Soviet trade arrangements, displayed to European eyes a dangerous fragmentation of U.S. political power, just as profligate American energy consumption was revealing a dangerously undisciplined economy. Collapse in Vietnam emphasized the lack of wisdom of an involvement that had dominated and distorted American foreign policy for nearly a decade.

Then, under the Carter administration, the European critique began to expand into a long but now familiar litany. Beginning the list were a radical and unsuccessful attempt to shift already-agreed terms in SALT, a counterproductive emphasis on human rights, and an aborted neutron bomb initiative that served only to incite the European left. Contributing as well were a continuing and inflationary U.S. failure to curb energy use, the rapid disintegration of U.S. policy in Iran, a Camp David agreement that left the Palestinian issue unresolved, and a percentage-annual-increase approach to defense spending, which, although intended to enhance collective security, soon degenerated into transatlantic recriminations.

Finally came two nuclear issues: the announcement of a U.S. targeting doctrine that, however valid, raised the specter of a nuclear war fought solely on European soil; and, even more troubling, an inability to ratify the SALT II treaty after Europeans had committed themselves to modernize theatre nuclear forces on the promise of further American leadership in arms control.

That European doubts about American leadership had deeper causes than the alleged ineptitude of the outgoing U.S. leader was demonstrated soon after President Reagan's inauguration. Almost immediately, the neutron bomb episode was reenacted, this time at a quickened pace. Internecine fighting within the administration suggested that the constancy so boldly promised might become no more than a constancy of confusion.

Early actions regarding El Salvador implied an approach to Third World events much at variance with that of West European governments. And a resurrection of Cold War rhetoric raised questions about whether the United States and its allies could, over the long term, shape a joint strategy on East-West relations. From the European perspective, U.S. vacillation was

now even more clearly visible as the characteristic not of a single president but of an entire political system, buffeted by forces sharply opposed on issues ranging from human rights to arms control.

Meanwhile, compounding the problem of alliance solidarity has been the emergence of doubt on the U.S. side created by the American public's impression of events that began to unfold in late 1979. Together, the hostage seizure in Tehran and the Soviet invasion of Afghanistan served to focus American opinion, for an extended period, on a question never fully answered in the public mind: Would the allies, so long protected by the U.S. umbrella, prove sufficiently courageous and loyal to participate in joint sanctions? While a flood of auto imports underscored the comparable prosperity of America's partners, instances of European noncompliance with NATO's 3 percent target earned media attention that often ignored the longer-term trends and current economic difficulties that might have cast allied performance in a more favorable light.

NATO's theatre nuclear forces (TNF) decision, though heralded as a symbol of alliance unity and resolve, quickly gave way to news accounts concerning European anxieties over implementation. U.S. military initiatives in Southwest Asia were perceived as defending oil for a more dependent but timid Europe, notwithstanding that the U.S. Government itself favored a "division of labor" under which the allies' military efforts would focus primarily on boosting their own territorial defense. The "European initiative" in the Middle East, however constructively intended, was viewed as little more than a demeaning play for Arab favor. And finally, the rise of the Polish reform movement brought with it a fundamental question: In a crisis caused by Soviet intervention, how would the allies behave?

To cite these mutual doubts is not to apportion blame. It is instead to describe the tenuous political terrain on which alliance leaders now tread, and to begin to suggest where responsibilities lie. I take it as axiomatic that the United States must provide leadership to the alliance. But leadership is a complex phenomenon, requiring—above all—generalized confidence in the wisdom of the leader and the direction being led. Since Europeans now question the U.S. direction while Americans doubt the adequacy of allied commitment, we need, first, a clear sense of where we stand in sharing the security burden and, second, a broadly acceptable concept of where collectively we should go.

BURDEN SHARING TODAY

Any discussion of NATO burden sharing should perhaps begin, before focusing on specific deficiencies and merits in current allied performance, by incorporating a greater measure of U.S. humility than has recently been evident. It is true that the final Carter defense budgets, and certainly those being shaped by President Reagan, entail significant U.S. increases. But a longer view—covering the years 1971 through 1979—shows that U.S. defense spending actually declined in real terms by some 15 percent, turning upward only at the end of the decade.

Over this same period, meanwhile, real defense spending elsewhere in the alliance rose by more than 17 percent. This increase, moreover, was generalized. Every ally registered a rise in real defense spending—with the one exception of Portugal, which during its passage into democracy withdrew an anachronistic military presence from Africa.

It is this record, of which the allies are keenly aware, that provides the basis for resentment at the rather sudden American inclination to make strident and invidious comparisons concerning contributions to the common defense. Nor is the allies' comparative performance simply a function of the U.S. withdrawal from Southeast Asia, whether one looks solely at the years since Vietnam or compares current patterns of defense spending to those before Vietnam, the conclusion is the same: The European allies have steadily taken on more of the burden.

To illustrate the European contribution, impressive statistics are readily available. As General Haig pointed out during his Senate confirmation hearing—undoubtedly much to the allies' satisfaction—Soviet aggression in Europe would be met on the first day by a NATO force in which 90 percent of the ground forces, 80 percent of the naval forces, and 75 percent of the air forces were West European. Of NATO's overall active duty manpower of 5 million, 3 million would be West European. Moreover, while mobilization of reserves would raise U.S. forces to 3 million, the European contribution to NATO strength would double to 6 million.

Countervailing statistics, however, are also impressive. Even after the intra-alliance burden shift of the 1970s and before the sharp American increases now projected, the United States provides over 55 percent of NATO military spending while enjoying only 45 percent of the aggregate gross domestic product (GDP). This American contribution is made through an allocation to defense of more than 5 percent of GDP, as compared to an average of 3.4 percent among the other allies. Since such a discrepancy can no longer be justified by facile reference to American prosperity—the United States now stands only seventh in the alliance in per capita GDP—burden sharing will inevitably remain an issue.

Establishing generally acceptable criteria for burden sharing is, of course, notoriously difficult. The percentage-annual-increase approach has proven contentious precisely because it fails to account for such important factors as past achievement, current economic conditions, and military efficiency. Other available measures—defense spending as a percentage of GDP, per capita defense spending, defense manpower on active duty, active-plus-reserve manpower, combat aircraft strength, armored division equivalents—are similarly deficient. Taken together, they indeed underscore the difficulty of comparisons——since few nations show well in all categories.

Serious questions arise also over how to credit nations for saving money and achieving efficiencies through conscription (and accepting the attendant political burdens), for expending money on security-related foreign aid, or for procuring weapons from other allies. To enumerate such considerations is indeed to suggest how the burden-sharing debate is now conducted. In a kind of ritual, government officials recite those factors that reflect favorably on their own nation's performance. Useful insight into burden sharing can, however, be gained by dividing America's NATO allies into three categories.

The first group consists of allies with major strength. Two were World War II allies: France and the United Kingdom (U.K.), both of which later became nuclear powers. The other, West Germany (FRG), has had a special and constricted status throughout the entire postwar period.

Concerning the first two, the United States can have at most only marginal complaint in the realm of burden sharing; and the United Kingdom, despite severe economic problems, stands a close second to the United States among major allies in total defense spending as a percentage of GDP. France, considerably more prosperous, stands a close second in per capita contribution to defense. Moreover, these gaps virtually disappear in a broader analysis of international stability, for both nations make proportionately more than double the U.S. contribution to Official Development Assistance (ODA). Militarily, both are upgrading their independent nuclear deterrents; both have deployed naval forces with the U.S. fleet in the Indian Ocean; and both are enhancing their rapid deployment capabilities. Britain and France have also been discretely cooperative with the United States concerning overflight and refueling questions related to operations and contingencies outside the NATO area.

One important distinction between France and Britain should be noted, however, with regard to public support for military policy. Whereas British opinion is deeply divided, particularly over nuclear issues, increased French defense spending enjoys a solid political base—largely as a result of France's independent status, which the United States once so resented. Some irony thus surrounds recent talk of a special U.S.-French security relationship.

With West Germany, in contrast, the burden-sharing debate has neared its full ritualistic potential. This exchange begins with the argument, impressive to Americans, that the FRG's high per capita income—above that of the United States and second in the alliance only to Denmark's—warrants more than the 3.3 percent share of GDP allocated to defense. Countering, FRG officials refer with justified pride to an efficiently allocated 30 percent increase in real defense spending during the 1970s—a performance that produced what one SPD leader has called the most substantial military buildup in German history. They note too that conscription produces West German military forces of higher quality and lower cost than the American troops stationed in Germany—a contrast that makes FRG officials quite advocates of a resumed U.S. draft.

Finally, they point to West German expenditures that, while contributing to alliance objectives, are not credited in customary calculations: a heavy annual subsidy for West Berlin, substantial costs associated with housing allied forces, and also Official Development Assistance in a proportion nearly triple that of the United States. With appropriate allowance for these factors, they assert, West Germany's proportionate share of the burden compares favorably to America's. These conflicting views, both expressed with conviction, are the premise for current bilateral negotiations on expanded FRG support for U.S. forces in Germany.

Of far greater concern in the context of major allies is the role of Japan, which today—in view of that country's size and economic strength—represents a deficiency in burden sharing more glaring than anywhere within NATO itself. Having in common with Germany the legacy of World War II aggression and defeat, Japan has shaped a postwar defense policy within the bounds of strong political and constitutional constraints and with the aim of minimizing anxieties among regional neighbors.

This, as in Germany, has meant reliance on the American nuclear umbrella and an emphasis on conventional defense. But while Japanese capabilities have steadily increased—defense spending rose in the 1970s by 70 percent—Japan today still allocates not quite 1 percent of GDP to defense, far less than any of NATO's military partners. Because Japan remains incapable of protecting itself even from a sustained conventional attack, and because Japan's stature today warrants a far greater security contribution, the United States has strongly urged an acceleraion of planned Japanese defense force improvements, particularly in such areas as antiaircraft and antisubmarine warfare, and mine sweeping.

This urging should, however, become a general alliance priority—all the more because enhanced Japanese strength would allow the assignment of additional American

sea power to Southwest Asia. Allied effort should also aim at expanding Japanese participation in stability-oriented economic aid efforts. Although Japan now plans sizable increases in such aid, its current performance only slightly betters that of the United States, which holds the lowest ODA ranking among capable NATO donors.

The second category comprises the nations of NATO's southern flank—Turkey, Greece, Italy, and Portugal—which, in per capita income, are the four poorest countries in the alliance. Here, despite resource scarcity, Greece and Turkey have recorded an impressive performance. Although their own tense relationship undoubtedly supplied a stimulus, the two nonetheless headed the alliance in increased spending during the 1970s and lead NATO today in proportion of population under arms. Portugal—like Turkey, a military aid recipient within the alliance—has also performed favorably. Their revolution now accomplished, Portuguese military forces are assuming increased ground and sea responsibilities on the Iberian coast. For its part, Italy has a mixed record: a low ranking in proportion of GDP allocated to defense—predictable perhaps in view of Italy's hard-pressed economy—but the recent achievement nonetheless of significant naval and air force modernizations, which provide the basis for current Italian plans to assume expanded responsibilities for Mediterranean defense. Italy also warrants credit for its apparently solid commitment to participate in TNF modernization—a contribution especially valuable in view of the FRG's "non-singularity" policy and the Dutch/Belgian hesitation to commit.

The final category of allies comprises the seven small and relatively wealthy nations of NATO's north: Canada, Norway, Denmark, the Low Countries, and tiny Iceland, which has no military but contributes the important base at Keflavik. Among the six with armed forces, evidence suggesting adequate burden sharing is thin. One highlight arises from Norway's rapid mobilization system, which enables that country to head the alliance in proportion of active-plus-reserve manpower strength. Norway, Denmark, and Holland can also rightly claim to be the only allies meeting the UN target for Official Development Assistance, each contributing at three-to-four times the American rate.

But, overall, burden-sharing indicators in this group register average to poor. Indeed, Canada, Luxembourg, and Denmark stand last in the alliance in allocating GDP to military defense. In good measure, this performance can be attributed to a belief found throughout the group that the military role of a small nation cannot be decisive and that the security threat arises not solely from the Soviet Union, but from the dynamic of competition between the superpowers, who together may be more dangerous than either would be alone. Unfortunately, even though nations in this group account for only 10 percent of total alliance population, they contribute disproportionately to the U.S. tendency to perceive the allies as insufficiently committed to the common defense.

Although this analysis of where NATO stands in burden sharing by no means offers solace—there is much to be done—it does allow an American to see the alliance today as Arthur Balfour once viewed the world: singularly ill-contrived, but not so ill-contrived as all that. It also allows a shift of attention to the more important question of alliance aims. With agreement on aims, acceptable burden sharing can be achieved; without agreement, discord under the rubric of burden sharing could carry the alliance toward disintegration.

MAINTAINING COLLECTIVE PURPOSE

Although common purpose implies consensus, it does not demand total unanimity, any more within the alliance than within the United States. Appraisal of the Soviet challenge will allow—indeed require—continuing analytic debate. Today, an optimistic view within NATO emphasizes traditional Soviet caution and looming Soviet problems: a weak economy, encirclement by enemies, unreliable allies, rapid growth among the non-Russian nationalities, the imminence of a sweeping leadership change, an inability to project influence by any but military means.

But a pessimistic view finds in this portrayal the crux of NATO's problem: a period ahead when raw power may be the only asset of a failing Soviet regime. Equally deserving of constant reassessment are the range of views within NATO, emphasizing various political and military approaches, on securing the supply of Persian Gulf oil from indigenous upheaval and from Soviet aggression. For each challenge, however, a broad framework has already attained allied consensus.

In the effort to match Soviet power, the advent of strategic parity will entail special emphasis at the conventional and theatre nuclear levels. Here NATO's vehicle is the three-year-old Long Term Defense Program, which will require substantial and sustained spending to produce greater military readiness; increased reinforcement capabilities; larger reserve forces and faster mobilization techniques; expanded military cooperation and rationalization in weapons research, development, and production; and—to the full extent necessary—TNF modernization.

Although wisely downplaying NATO's 3 percent annual-increase target per se, Reagan officials have stressed an American expectation that allied governments will follow the lead of expanded U.S. defense spending. How the West Europeans respond will, of course, be shaped significantly by future economic constraints. But equally important will be the administration's ability to present, beyond its initial thrust to procure simply larger quantities of already planned weaponry, a true sense of vision and strategy for Western defense.

For the task of enhancing oil security, NATO's framework lies in a revised "division of labor," involving a shift of allied resources toward Southwest Asia. In this emerging effort, those allies having significant resources to contribute—America, France, Britain, West Germany, and also Japan—not only must shape a joint strategy, but also should be involved with its implementation in order to demonstrate to allied publics and the world a common Western commitment. Here close consultations will be required to determine the precise degree to which the European allies and Japan should "fill in behind" with intensified defense efforts in their own spheres, as opposed to accepting increased military and economic burdens in the Gulf region itself.

A concept of burden sharing should also inhere in any allied policy of economic sanctions framed to deter and, if necessary, punish Soviet aggression. Heretofore, in anticipation of possible Soviet intervention in Poland, U.S. discussion has emphasized the heavier West European interests in East-West trade, and the consequent likelihood of greater allied reluctance to impose sanctions in the event of crisis. To prevent this obvious asymmetry in trade interests from nurturing transatlantic doubts—and also to enhance the credibility of sanctions as a deterrent—U.S. policy should make clear in advance an American preparedness to shoulder a fair share of the West's overall economic burden if collective sanctions are indeed applied.

Given the superiority of Western resources and the broad commonality of Western interests, the only real doubt surrounding NATO's current capacity for collective action centers on the question of public confidence. In the late 1960s, allied governments gathered a weighty consensus around a two-dimensional approach to Western security. The twin goals—defense and detente—described a strategy of maintaining East-West military balance as the basis for constructive East-West negotiation.

Today, although the prevailing American tendency sees in detente only a failure to stem Soviet military gains, the European perspective finds a record of fruitful achievement: a Berlin accord, intra-German rapprochment, expanded East-West trade and contacts. Helsinki standards that have inspired East European reform, and limited but promising gains in arms control. Until recently, that record of steady prograss has maintained strong European support for NATO's dual strategy of continuing to arm while negotiating for limitations. But as the limbo of SALT II and initial Reagan administration statements have indicated a sharply diminished U.S. interest in negotiation and arms control, the West European consensus has weakened—not only because of increased agitation on the European left, but also because of a more broadly held Europan doubt about U.S. reliability in the conduct of East-West relations.

Within the Reagan administration, European uncertainty has met with an ambivalence created by two competing schools of thought. Among some officials, allied attitudes have encouraged the neo-isolationist idea of an America that, beset not only by Soviet expansionism but also by weak-willed and ultimately faithless allies, must prepare to go it alone. Meanwhile, a more internationalist school inside the administration, while insisting on greater allied support in countering the Soviet challenge, has recognized the importance of addressing legitimate European concerns. Fortunately, the latter attitude eventually gained sway in shaping the U.S. promise, set forth at NATO's Rome ministerial meeting in May, to initiate TNF negotiations with the Soviets by year's end—a move that allayed, at least temporarily, much European doubt.

After an extended period of American confusion and decline, the European allies appear genuinely, and in some cases enthusiastically, to welcome the rebuilding of American military power. But somewhat like the sage Dr. Johnson, who had a friend with only one idea and that a wrong one, they clearly worry that the United States is back to one idea when two are still needed. "Balance," as Chancellor Schmidt has expressed it, "is an indispensable precondition. But balance alone is not enough." If the United States is to lead NATO, it must demonstrate not only renewed power but also wise purpose and peaceful intent. Then, and only then, will America be able to expect from its allies the sacrifices, perhaps considerable, that the future could well require.

SOVIET PROBLEMS IN AFGHANISTAN

Mr. HAYAKAWA. Mr. President, since the tragic occupation of Afghanistan by Soviet forces, we have been accustomed to reading accounts compiled by journalists from refugee sources, diplomatic analyses, and resolutions from the United Nations. Seldom do we have the opportunity to learn of conditions inside Afghanistan directly from those experiencing Soviet suppression. For this reason, I am anxious to share with my colleagues a smuggled letter from Afghanistan which has been made public by the Freedom House in New York.

The letter provides a graphic account of the plight of the brave Afghan people resisting their Soviet oppressors. In ad-

dition to descriptions of bloody encounters, a ravaged economy, and rampant corruption, the letter is particularly interesting in revealing that large sections of the country are now under the control of the freedom fighters. It is also apparent that the Soviets have failed to crush the Afghan spirit, which enables the Afghans to struggle on against seemingly hopeless odds and with only a minimum of outside support.

I hope that my colleagues will find this letter as informative and inspiring as I did. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NEW SMUGGLED LETTER FROM KABUL DESCRIBES SOVIET PROBLEMS IN AFGHAN CAPITAL

New York, Sept. 14—The Afghanistan Information Center of Freedom House today released excerpts from a letter recently smuggled out of Afghanistan. Dated July 22, the letter describes the growing frustration of Soviet occupation forces and the Kabul regime in the face of increasingly well-organized nationwide resistance.

The letter, sent from Kabul to an Afghan refugee in the U.S., details the growing strength and boldness of the resistance in the capital city and the provinces. Its description of Russian efforts to recover rockets hijacked by the resistance in Kabul itself confirms press reports that the Soviets no longer trust government troops. It also confirms widespread reports that most of Afghanistan is free of any control by the Soviets and the Kabul regime, and is in fact governed by independent resistance administrations; one of these, in north-central Afghanistan, is described as being secure enough to embark on its own program of land reform.

Because of tight censorship, few Afghans risk such frank letters to relatives abroad. Translated from the Dari language, this is the third such letter to be made public by Freedom House, a nonpartisan, nonpolitical organization devoted to strengthening free societies. While the names of the correspondent and the recipient of the letter cannot be made public, both are personally known to the staff of Freedom House. The text of the letter, and explanatory notes, follow:

The general situation in the country and among the people is deteriorating at an extraordinarily increasing pace. Yesterday I say with my own eyes a group of 12 Soviet soldiers, without the "local Russians" [Afghan communists], patrolling the streets near our house at about 11:30 a.m. When I went to the office, my colleagues had also seen the same sort of thing in other sections of the city—Qala-i-Fatehullah Khan, Taimany Wat, and Karte Parwan. They said that Russian soldiers with machine guns were not only patrolling the streets but were also searching some houses.

So far, one Russian soldier has been killed during such operations; that happened near Qala-i-Moussa in Shahr-i-nau. The real reason for such a bold act[1] by the Russians is not known. It is said that two units carrying ground-to-ground missiles were lost on the way between Khair Khana and Shahr-i-nau (i.e., between the northern outskirts of Kabul and a neighborhood near those mentioned above) and that the Soviets are carrying out such an operation to recover them.

Heavy fighting has been going on around Kabul, and the freedom fighters have consolidated their power in most parts of the capital. This has greatly perplexed the government.

The other fresh item is this: that the people on the other side of the Shibar Pass (i.e., in north-central Afghanistan), who are now equipped with (Soviet) M1 rockets (sic), have absolute sovereignty over their area and have begun their own plan of land distribution and land reform. However, although Kunduz, Baghlan, and other agricultural centers are in the hands of the freedom fighters, the Russians have begun to burn the harvests and crops in order to hurt the people. They continue to wipe out orchards and destroy villages with artillery fire and aerial bombardment.

Beautiful Paghman has been reduced to rubble by enemy land and air assaults,[2] but government and Russian forces took considerable losses. According to estimates from several sources, enemy casualties (at Paghman) reached 2,000, about 400 of them cadets from the military academy and air force.

It has become more difficult to get passports. Of those who request permission to go abroad, only sympathizers with the regime are granted the privilege, and even they can only get passports to go to socialist countries, and have to pay 20,000 Afghanis (approximately $400).

Prices have been soaring higher and higher. For example, tomatoes are 35 afs. a kilo and onions, 110 afs. a kilo.[3] Although it is the season for grapes, melons, and peaches, yet their prices are so high that poor people can't afford to buy them. In Charikar and most parts of Afghanistan, prices are determined by the freedom fighters' committees. In short, the economic situation in this Godforsaken land is extremely bad.

The purchase and sale of real estate is, as before (his last letter), tightly controlled by the government. In return for pay-offs, people who are obscure can get permission from Khad (the Afghan KGB) to sell their property, but the properties of well-known people who have fled Afghanistan are being confiscated by the government. Etc., etc.

In short, all affairs are geared toward the course of communism, and propaganda on behalf of Marxism is continuing with the greatest possible intensity. However, all the government's efforts are opposed by the population with intense hatred. The empty propaganda of the Russians produces only the opposite of the results they aim for.

Most of the Parchamis[4] have also become aware of the realities of the situation, but they have no way to escape and they cannot think of any place where they could find refuge.

Let me now turn to family matters . . .

[1] In order to maintain the fiction of merely aiding a sovereign government, Soviet personnel in the past did not operate unaccompanied by Afghan troops or police. This change indicates they no longer trust Afghan personnel.

[2] In July, Soviet forces launched a major attack on the summer resort of Paghman, 12 miles from Kabul, to dislodge resistance forces. The Afghan army, depleted by massive desertions, used teenage cadets, reportedly in the vanguard; international press reports estimated the cadet dead at 200–300. In the face of public outrage, the Karmal regime took the unprecedented step of showing a number of the cadets' bodies on Kabul television, hailing them as "martyrs."

[3] Before the communist takeover, Afghanistan was a food-exporting country and summer produce prices were typically 12 afs. a kilo for tomatoes, and 4 or 5 afs. a kilo for onions.

[4] The Parcham faction of the Afghan communist party, headed by Babrak Karmal, currently is in power in Kabul.

WE ALL LOSE THIS ONE

Mr. HAYAKAWA. Mr. President, it has been my pleasure and gain to have been associated with Lance Izumi. Mr. Izumi, a law student at the University of Southern California, is an intern with my Los Angeles office. He recently wrote an article for the Gardena Valley News, which I believe will interest my colleagues. I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WE ALL LOSE THIS ONE

(By Lance Izumi)

During the past decade one of the most controversial issues to be presented before the public has been the question of bilingualism. The intensity of the feelings on this topic can be seen by the uproar caused by the recent ruling by Education Secretary Terrel Bell that requirements mandating the teaching of courses in languages other than English be loosened substantially.

Proponents of bilingualism expressed their usual indignation over the administration's "lack of compassion" and "insensitivity". The problem with the rhetoric of bilingualism's advocates is that it completely avoids the inherent problems that bilingualism causes.

Luckily, however, legislation that does come to grips with these problems has come out of Washington in the form of a proposed constitutional amendment by Senator S. I. Hayakawa (R–CA) making English the official language of the United States.

The Hayakawa amendment would, among other things, establish English as the official language of the U.S. government in all its official business. In addition, the proposal would do away with bilingual election materials, and would prevent requirements for dual-language education for non-English speaking students except for transitional instruction to help them become more proficient in English.

The amendment would not, however, stop the establishment of private foreign language schools such as Hebrew schools or Japanese cultural schools, nor would it prevent the public schools from offering courses that allowed students the chance to gain knowledge of a second language.

Hayakawa's amendment would make good common sense to most people, and makes even more sense when one looks at the unfortunate experience Canada is having in its experiment in bilingualism. Whereas Hayakawa would make English the official language of the U.S. government, Canada has opted for a policy of equalitarianism in the use of English and French in doing government business.

Thus one has the absurd situation of having a policy of bilingual air traffic control at various Canadian airports. Suffice it to say that this has caused an extremely dangerous state of affairs with 20 accidents directly attributable to language foul-ups in the first years of the policy alone. It is not surprising then that the International Federation of Air Line Pilots Associations has called the Canadian bilingual system a disaster.

Furthermore, Canada's policy of bilingualism has cost the Canadian taxpayer millions of dollars with little if any realization of benefit. An example of this waste has been the hugely expensive program to teach French to English-speaking civil servants which has been ruled an enormous failure by the Official Languages Commissioner.

The bigger problem, however, with Can-

ada's bilingual policy is the very one which our own pro-bilingualists fail to understand. That problem is the damage a bilingual policy does to the fabric and unity that holds a nation together. In Canada the bilingual policy has fostered friction and resentment between the English and French-speaking groups.

Organizations like the pro-English Committee on Bilingual Backlash have sprung up to battle the official policy causing a polarization of sentiments. Further, as Canadian Professor John Muggeridge points out, the French-speaking Quebec separatists first gained respectability and electoral power at the same time Canadian liberals were first beginning to push hard for bilingualism.

Thus, bilingualism, instead of bringing people together as both Canadian and American liberals wanted, has instead driven them apart. Canadian national unity has been fractured with bilingualism having been a major cause of the fissure. Sen. Hayakawa realizes this when he says, "The ability to forge unity from diversity makes our society strong. We need all the elements—Germans, Hispanics, Italians, Chinese—all cultures that make our nation unique.

But unless we have a common basis for communicating and sharing ideas, we all lose."

BILINGUAL EDUCATION HURTS—NOT HELPS

Mr. HAYAKAWA. Mr. President, on April 27 I introduced Senate Joint Resolution 72, a constitutional amendment designating English our official language. One provision of my proposal confronts a problem that we must address: misguided bilingual education policies.

Any bilingual education system that serves a minority language as the main course while consigning English to side dish status cheats students of the most useful tool they can have in joining mainstream America—the English language—and ultimately prove disastrous to our Nation's unity.

My proposal does not forbid bilingual education, but restricts the use of minority language instruction to that which will assist students in learning English.

The whole issue of bilingual education has somehow become muddled in arguments about biculturalism, as though teaching students subjects in languages other than English will prevent them from straying from the culture of their ancestors. Such a notion is mistaken and, if adhered to, will create a generation of non-English speakers who feel they have little in common with their fellow Americans.

I am deeply troubled by such policies that divide our people in an effort to nurture separate national cultures. The vibrant and ever-changing American culture is certainly big enough, broad enough, and rich enough for all Americans to add to and partake of equally.

Mr. President, I recently read an excellent article on the subject of bilingual education by Gregg Easterbrook in the Sacramento Union. I strongly recommend this article to all of my colleagues and ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Sacramento (Calif.) Union, July 5, 1981]

BILINGUAL EDUCATION HURTS—NOT HELPS

(By Gregg Easterbrook)

A man I know was born to uneducated Mexican parents in Pilsen, the Spanish-speaking ghetto of Chicago. He became a truck driver. When the small company he worked for began to sputter, he managed to buy a piece of it.

Over the years, he acquired a controlling share. He switched the firm into a new specialty, the transportation of bulk commodities like flour. Now the company is profitable, and he can afford to live well.

Recently, he was vacationing in Mazatlan, Mexico's coastal resort. Standing in the lobby of an expensive hotel, he was approached by another American tourist, an Anglo arriving with luggage.

He sensed an embarrassing moment in the making. All his mastery of U.S. social and economic institutions can never change the fact that, to the unenlightened, he looks like a field hand.

"Boy, get my bags," the tourist said.

"Only if you'll get mine," my friend replied in that perfect unaccented English you've heard so much about. "You can take them to the penthouse."

I'D STILL BE POOR

Later, he reflected on the incident, "If I were going to school today," he said, "I wouldn't have been able to hit him with that comeback. I wouldn't know how to speak English—because I would be a victim of the bilingualism movement.

"But then it's really a moot point," he continued. "If I'd gone to a bilingual school, and never learned English, I'd still be poor. And then I wouldn't have been in Mazatlan, would I?"

Bilingualism has been in the news lately, and well it should be, not just because of Miami's ballot initiative on the subject, but because it is poised to make the most profound change in U.S. public education since desegregation.

Of the 3.5 million children slated for bilingual education, more than 75 percent are Spanish-speaking Hispanics. Many of them are immigrants, but most are residents, second-or even third-generation citizens.

What you hear regarding bilingualism, however, is the echo of a noisy, furious fight over the wrong question.

The political and journalistic debate has concerned itself almost exclusively with whether the federal government has the right to impose the program on local schools.

Liberals and minority advocates shrilly demand that schools do as Washington dictates. Conservatives (and most newspaper editorialists) thunder back about the sanctity of local autonomy.

No one will just come out and say it—bilingual education is bad for students. There are much better ways to accomplish what it means to accomplish.

Bilingualism is especially bad for Hispanics, who are its primary target. In fact, from an educational point of view, Spanish is bad for Hispanics.

Bilingualism's stated purpose is to help poor minority students learn English and other subjects, thus drawing them into society. But its effect will be the reverse. Under the current plans, there will be no serious attempt to teach a child English until long after his mind has grown out of its most flexible years.

Grade schoolers will receive "basic instruction"—math, history, and science courses—in Spanish, Chinese, or whatever their "language of the home" is.

If the student fails to learn English on a part-time basis by the end of grade school, attempts to teach it to him will essentially cease. He will then be placed in Spanish or Chinese basic instruction all the way through grade 12. He will be able to earn a valid high school diploma without knowing a single word of English.

Some of the goals of bilingualism—special help for poor Hispanic children, and preservation of Hispanic culture—are impossible to question. But unfortunately, as now designed, the one feature of Hispanic culture bilingualism is sure to preserve is poverty.

"If an Hispanic child leaves school not speaking English," says Rep. Edward Roybal, head of the Congressional Hispanic Caucus, "the best thing that can happen to him in life is manual labor, because that's all he's qualified for." By pretending that someone can get a decent job without knowing English, the bilingualism movement has become a menace to its own goals. How it got that way is a classic Washington story.

REMEDIES BUT NO CURES

While progressive special programs for Hispanics and others are an established feature of a few scattered school systems, the educational hierarchy generally has treated language minorities as second-class citizens. That Hispanics have been short-changed in school is proven merely by the fact that third-generation residents who can't speak English exist.

Local schools have had their chance to address the problem in their own ways, and most have chosen to ignore it. With Spanish-speaking Hispanics growing in numbers faster than the population as a whole, it's hard not to conclude that some kind of federal involvement is needed.

ENGLISH TO ME

In 1974, a group of Chinese-American parents sued the San Francisco school board. They argued that their children were being denied equal access to education because classes were presented in a language the children found incomprehensible. (One of them must have muttered, "It's all English to me.")

To get the suit, called Lau v. Nichols, into a federal court, the parents used civil rights terminology, suggesting that the schools were denying their children equal access to education.

Whether or not instructing all students in one language is technically "discrimination," the parents obviously had a point.

Teaching Chinese or Hispanic children algebra by speaking English loudly and slowly simply doesn't work. In deciding Lau v. Nichols, the Supreme Court rightly found that language-minority children deserve special help, the federal government must intervene.

This should have been seen as a triumph for common-sense educational policy.

Instead, it was seen as an enunciation of some unspecified but inalienable language "right."

The court complicated things with the carefree, go-with-the-flow quality of its recommendations. Instead of ordering the obvious—special classes to teach Hispanics and others English as rapidly as possible—it opened the door to whatever scheme the educational bureaucrats could concoct.

"Teaching English to students who do not speak the language is one choice," the judges' opinion said. "Giving instruction in their native language is another. There may be others."

Following that firm leadership, the old HEW began issuing a series of semi-binding rules known as the "Lau Remedies." The Remedies were even less specific than the Court's decision.

What the Remedies lacked in specifics, they made up for in buzzwords. It quickly was made clear that whether or not children were served, the buzzwords must be served, or federal funding would be cut off.

The paramount buzzwords were bilingualism and biculturalism. While many types of education have "bilingual" aspects, the only type satisfactory to the Lau Remedies was an hour or two a day of English instruction, with the rest of the day spent learning math and history in the native language.

Other basic strategies for teaching language minorities were rejected by Washington. In one, "English as a second language" (ESL), students get the same hour or two a day of English instruction, then spend the rest of their time in mainstream classes. In another, "immersion," students get English instruction almost all day long. (There is confusion, because some educators call ESL an immersion technique and some refer to HILT, for high intensity language transition, instead of saying immersion.)

Most immersion strategies are bilingual in the sense that the teacher knows both English and the child's native language, and is sympathetic to his background. But they use the native language infrequently, and solely for the purpose of speeding transition to English.

The advantage Washington cites for its version of bilingualism, with emphasis on basic instruction in the native language, is that it keeps the child from falling behind his English-speaking peers in grade levels. The stigma of falling behind is thought to be a factor in the shocking dropout rate for Hispanics.

According to the National Council on Educational Statistics, while ten percent of public school students overall drop out, fully 39 percent of Hispanics do so.

Whatever merit bilingualism may have had as a means to teach English, it was quickly corrupted by teachers and bureaucrats. Pro-Hispanic groups immediately began to demand that bilingual teachers be "fluent," rather than "proficient," in Spanish. Since true fluency can be achieved only by speaking a language continually, this translated into a demand that only Hispanics be hired. Up to a point this was good, since Hispanic teachers have the understandings of their students' backgrounds that is a prerequisite for any successful teacher of any subject. But in the main it was bad. Many of the Spanish-fluent barely spoke English.

Thus Hispanic teachers realized that while bilingualism might doom their students to a life of poverty, it offered them a warm, secure future. There was another implication.

"Fluency was the main tactic used by those who wanted to turn the bilingualism movement into a vehicle for separatism," said an Hispanic official of the Education Department. "Spanish-fluent teachers not only lacked the motive. They wanted students to stay in Spanish courses for good."

One study by the American Institutes for Research displayed this graphically. It found that 86 percent of bilingualism project directors said it was their policy to keep children in Spanish tracks after they were capable of making the jump to English.

This may have pleased Hispanic teachers, but not necessarily Hispanic parents. One parents' group sued a Long Island school system because it would not even test bilingual track students to see if they were ready for the mainstream. It just assumed they would "dead end" in Spanish.

Last year, according to The Los Angeles Times, several thousand Hispanic parents asked to have their children removed from federally endorsed bilingual programs because they thought it had become an obstacle to learning English.

Corruption of the Lau spirit advanced when HEW unveiled a new buzzword, "maintenance". Maintenance made the foot-dragging official; it held that even if a child mastered English, he should take some courses in Spanish anyway, to "maintain" his heritage.

By this the regulators did not mean special courses in Spanish art or history, which would be a good idea for Anglos as well as Hispanics. They meant indefinite Spanish instruction in math and metal shop.

Next, the buzzword "deficiency" was rolled out. HEW suggested that any student "deficient" in English could opt into bilingual instruction. This remarkable contrivance would allow even Anglos to escape English classes. Given the sad state of today's schools, anyone shy of National Merit Scholar can be found "deficient" in English.

"With the interpretations people were putting on 'deficiency,' things got out of hand," says Antonio Califa, head of Education's Office of Civil Rights. Students wishing to stay in Spanish or Chinese track could do so at will, merely by flunking a proficiency quiz.

This was not what the families of the bilingualism movement envisioned. "Where we went wrong is that many educators wanted to institutionalize the language of the home all the way through college," Roybal says. "The purpose is to teach our children English. If the work is done properly, our children should not even have an accent. This foolishness of keeping a child in Spanish forever was never intended."

In these convolutions, Hispanic separatists began to see the possibility of a permanent, equal-but-separate finish school system. The prospect pleased them. To help it along, they pressed for "biculturalism," the most diabolical buzzword of them all.

AZTEC TECH

In biculturalism, Hispanic students (whether U.S. residents or recent immigrants) are kept in grasp of their ethnic heritage by extensive instruction in Hispanic history. They get to hear their side of the story of discrimination in America. Biculturalism also is supposed to instill sorely needed pride in barrio kids, by teaching them the impressive aspects of their heritage, like Aztec architecture.

But instead of using biculturalism to add an important dimension to a child's education, separatists used it to subtract necessities.

Many bicultural classes were taught in lieu of American history and civics, which were dismissed as irrelevant. Hispanics were learning their distant past at the expense of being prepared for the rigors of day-to-day life in reality.

What's the point of teaching someone more about the place he left than where he is?

Biculturalists defended themselves by guilt-tripping their critics into believing that opposition to school-imposed Hispanic culture is the same thing as opposition to Hispanic culture.

Teaching English, and American history, is a device used to propagate "the myth of Anglo supremacy," according to Michael Olivas of Lulac National Education Service Centers, an influential Hispanic lobby.

It is as if Hispanic culture cannot exist without official sanction and federal funding. Yet many of the country's strongest ethnic groups have developed their own institutions to maintain culture, institutions that are independent from government and probably the stronger for it.

These efforts—successful efforts—to safeguard culture suggest a picture of ethnic diversity as a personal resource to be guarded by the individual, not the Treasury.

Biculturalism, too, has its separatist dark side. It encourages people to think of themselves as small, troubled factions, instead of members of a community. In school, it means withdrawing students into homogenized units where they see only people like themselves, instead of letting them meet and learn to live with others from different backgrounds, one of the most important lessons of life.

TO THE HILT

But such flaws pale before the core problem of Washington's bilingual dream: it doesn't teach English. Almost everywhere bilingualism has been tried, it has accomplished little.

The only effective way to teach a language is through immersion, something Berlitz has been proving for decades.

No amount of pedagogical demagoguery can disguise the commonsense fact that the mind resists learning a new language. The mind must be assaulted through some form of immersion, whether ESL or HILT. If a child speaks English for one hour a day and Spanish for five in his classes, he goes home thinking in Spanish.

All serious federal language education is performed using some variation of the immersion technique. The famous Defense Language Institute in Monterey, California, teaches six hours a day, five days a week and often takes its students through "transition" to a new tongue in six months. Organizations like the Peace Corps and Foreign Service, even though they have the fantastic advantage of starting with unusually bright, well-educated candidates, find that only immersion is effective.

Traditional educators have been trying for years to explain away the effectiveness of immersion programs, but without success. While many resist extending the benefits of immersion to minorities, they seek them for themselves. When education luminary James Conant of Harvard, a foe of immersion, was appointed U.S. High Commissioner for Germany in 1953, he immediately signed up for a Berlitz course in German.

Of course, it is true that the immersion techniques do cause a child to slip behind temporarily in basic courses. But a realist will accept this as inevitable.

When a child walks into first grade speaking only Spanish, he is already behind, so why not admit it?

To the poor child, English is more important than long division. Even a child must be able to communicate with the cop on the streetcorner.

The immersion techniques are clearly superior to bilingualism and should be encouraged, mandated if need be, and funded if need be by the federal government. It's not practical, however, to single out any one method for exclusive use.

If the sole educational problem were waves of immigrants stepping off the boat, then all-out HILT-type immersion would be the answer. Hispanic children, though, come to school already knowing some English. For them, starting from scratch is not only unnecessary, but insulting.

Many school systems find ESL works better with those who know a little English.

Liberals blanch at the thought of subjecting young children to English immersion, because they know it will be harsh and jarring.

That's true—it is harsh. Certainly Hufstedler bilingualism will be "kinder" to the poor child in that it will not force on him an arduous, demanding task. Yet this act of "kindness" also does not instill the simple but seemingly unspeakable truth that a poor child must work considerably harder than a child of privilege to get anywhere in life.

This is thought to be an unpleasant fact that poor children should not learn until it is too late.

QUEBEC TO BASICS

Then like it or not, in an America where English is an elective, poor Hispanics will stand a chance in life only if the country itself becomes dual-language, a la Canada, thus creating numerous new government jobs. Despite right-wing fear of bilingualism as a subterranean plot to make the U.S. a two-language state, this is not what most Hispanic leaders seek.

It is, however, what they may get.

The civil-rights phraseology of most bilingualism rulings and regulations makes it all too dangerous that, considering the flights of fancy wafting out of federal court these days, the right to an education in Spanish will get garbled into the right to Spanish.

Already, Spanish interpreters have been attached to many courts. Since there must be a guarantee of just treatment for Hispanics until schools teach them English, this is a vital interim action. But instead of being viewed as a temporary measure, it is seen by many as the first step to a dual-language court system. Bilingual social services are already mandated in several states, and bilingual legislative and regulatory agency functions would be next in line. Eighty-seven versions of the Federal Register will probably follow.

Every step building momentum for bilingualism will make it seem like less work for all concerned to just go ahead and make Spanish official.

A dual-language society wouldn't just be divisive, it'd be inefficient. More and more resources would be consigned to the unproductive business of explaining things, instead of the productive business of making things, causing society's net wealth to decline at the very moment that poor Hispanics demanded a greater share of it. You've heard the horror stories of Quebec, where even air-traffic control requires translation.

Canada's situation shows how quickly what seem like comic fantasies can become reality. Via lawsuits and federal regulation, linguistic redundancy has spread to areas of Canada where it serves no purpose at all.

In the Western provinces, the French-speaking population is indetectably small, but official buildings nonetheless must be staffed with interpreters.

NOBEL PEACE PRIZE TO THE U.N. HIGH COMMISSIONER FOR REFUGEES

Mr. KENNEDY. Mr. President, I was gratified to learn this morning that the Office of the United Nations High Commissioner for Refugees has been awarded the Nobel Peace Prize for 1981. It is an honor and recognition that is richly deserved.

Over the past two decades, I have closely followed the work of the High Commissioner. In this period, the office has become a lifeline for millions of refugees throughout the world. Its humanitarian work and its viligant protection of refugees—in Africa, in Bangladesh, in Southeast Asia, in Chile, and Argentina, in Pakistan—have literally meant the difference between life and death for countless men, women, and children in every region of the globe.

The citation accompanying the Nobel Peace Prize recognizes the vital humanitarian service of the UNHCR. It specifically notes the important role of the UNHCR in galvanizing international assistance to alleviate one of the most compelling refugee crises in recent years—the tragedy of the Vietnamese boat people.

In its statement, the Nobel Committee also emphasized that "in many parts of the world we witness enormous and growing numbers of refugees." The committee appealed to governments to insure that "people are not compelled to save their lives by escaping from their native lands with no prospect of ever returning." And it affirmed that "refugees who dare not return * * * must be given the opportunity to start a fresh life in their host country."

In addition to the UNHCR's role in marshalling support for the Indochinese refugee crisis, this year also saw the first international conference on African refugees—convened last April in Geneva under UNHCR auspices. It was the first successful comprehensive effort to address the needs of Africa's 5 million refugees.

I join with others in congratulating the UNHCR for this well-deserved honor. And I commend two individuals who led the Office during the period cited by the committee—Poul Hartling, the High Commissioner for Refugees; and Dale DeHaan, until recently the Deputy High Commissioner for Refugees.

Many of us in the Senate have first-hand knowledge of the work of Mr. DeHaan, who served for many years as chief counsel of the Senate Judiciary Subcommittee on Refugees. He has been a valued counselor to us on refugee and humanitarian issues. He played a key role in the UNHCR's activity in Indochina, particularly in negotiating the "orderly departure agreement" between the UNHCR and the Vietnamese Government. He also directed the work of the UNHCR in organizing the Geneva conference on refugees in Africa.

The dedicated work of the Office of the High Commissioner is a beacon of compassion and commitment that has brought hope to millions throughout the world. The Nobel Peace Prize is a fitting tribute to the excellence of their work and to the quality of their commitment that is needed more than ever in the world today.

FATHER HESBURGH OF NOTRE DAME

Mr. KENNEDY. Mr. President, the name of Father Theodore Hesburgh is synonymous not only with excellence in higher education and with the University of Notre Dame, but also with public and international service and a commitment to our fellow human beings.

I have known Father Hesburgh for many years, and I have worked with him on many issues, especially civil rights and human rights. We served together on the Select Commission on Immigration and Refugee Policy, and we are working together now to implement those recommendations that can do so much to alleviate the suffering of refugees throughout the globe.

Father Hesburgh is that rare combination of a man of letters and a man of action. His faith is more than a commitment of philosophy. It is a calling that has taken him around the world in service to others.

Mr. President, Father Hesburgh will retire next year after 29 years as president of Notre Dame. An interview in yesterday's New York Times highlights the accomplishments and dedication of this remarkable moral and intellectual leader of our time, and I ask unanimous consent that it may be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Oct. 13, 1981]

ABOUT EDUCATION—HESBURGH EARNED RESPECT THE HARD WAY

(By Fred M. Hechinger)

Among the actions that get college presidents into trouble are: locking horns with powerful politicians; speaking out on controversial issues; risking students' wrath by setting limits to campus protests; frequently leaving the campus on national and international missions; upsetting the traditional management of the university; serving an unpopular President and then publicly attacking that President's policies.

In his 29 years as president of the University of Notre Dame in South Bend, Ind., the Rev. Theodore M. Hesburgh has engaged in all those activities, and while people occasionally got mad at him, he has earned a measure of respect that quite possibly no current university president can match.

The 64-year-old educator-priest will leave his post at the end of the academic year. On Thursday, the American Council on Education, at its annual meeting, will honor him with its award for academic leadership.

"If a college president means anything, he has to stand up for the integrity of the institution," he said in an interview. "The university is a kind of sacred place. Nobody can be allowed to interfere, not the state, not the benefactors, not the church."

In the turbulent 1960's, he stood up to disruptive students.

"At a certain point we have to draw the line and say, 'This far and no farther. Protest, yes; but do it with civility, without violence.'" He ruled that violent protesters would be given 15 minutes for meditation and, if they then failed to stop their actions, would be expelled.

Initially angry, many students reconsidered when Father Ted, as he is generally known, wrote a tough letter to Spiro Agnew, then a Vice President with a considerable popular following, warning him and the Government to keep hands off the campuses. Later, the invasion of Cambodia and the tragedy of Kent State, where four student protesters were killed by National Guardsmen, impelled Father Hesburgh, who had never favored the Vietnam War, to speak out publicly against it.

President Nixon, who had been impressed by what he thought was Father Hesburgh's hard line against students, appointed him chairman of the Civil Rights Commission, never suspecting that the educator would lead the commission to issue an uncompromising condemnation of what it called a "major breakdown" in the enforcement of civil rights laws. Later, Father Hesburgh publicly attacked the President's antibusing policy and eventually Mr. Nixon asked for his resignation.

Last week, reminiscing late at night in his study, Father Hesburgh looked back on some of the changes he brought about.

In 1967, Notre Dame was one of the first Catholic universities to remove itself from church control, to be governed instead by a lay board which includes non-Catholics. Vatican Council II, he said, made it clear to him that a great university could not be largely clerical and that there was "a need to open up." Yet he emphasized that Notre Dame always remained a Catholic university.

Ten years ago, he added, the campus went coeducational and "we are a better university for it."

Although he stood in the front lines of the battle against discrimination and for equality, Father Hesburgh does not think students should be the only judges of their educational requirements. He deplored the decline

of competition for good work. He regrets the able students "who were lost when equality slipped into egalitarianism." A university without moral and intellectual values is no university at all, he said.

"The name of the game in the 1980's is quality," he added. "We must get back out of the wild growth of the curriculum and get back into some core of knowledge—history, philosophy, theology, language, literature, mathematics, science, art and music. Otherwise we are just graduating trained seals."

The international dimension, Father Hesburgh says, is "shamefully neglected" by most universities. "With 80 percent of the world colored, we act as if it were a white world. We pretend that everything is like Main Street America. Higher education still largely ignores that dimension."

Latin America has long been one of the areas of his personal concern. "I worry about it," he said. "It has terrible needs that we could respond to. I would like a common market for the hemisphere, and a common education satellite program that would wipe out illiteracy, and a common strategy that could deal with agriculture, housing, good government and human dignity."

He firmly believes that the United States could help "put an end to torture" in Latin America. "It's an abomination and we ought to get rid of it," he said.

Father Hesburgh deplores the present reluctance among university presidents to speak out on major national and international issues. "If you are a president," he says, "you are not just responsible to your students and faculty. Anyone who isn't heard outside the campus isn't worth being heard inside."

He said he was glad when A. Bartlett Giamatti, Yale's president, recently spoke out against Moral Majority. "I wrote him a letter to tell him," he said. "His speaking out almost seemed an anomaly. Look at the attention he got."

What about the future of higher education? After the explosive growth, Father Hesburgh says, "It's not as much fun to preside over shrinkage. If you grow too fast, you get fat, but there's no easy way to shrink gracefully, and people will get hurt."

"Now," he continues, "we must ask: What is the Federal Government's responsibility? What is it that won't be done if the Federal Government doesn't do it?"

He rejects the popular notion that today's students are interested only in their own futures. "We have over 1,000 kids who give up their Wednesday lunch to help deal with hunger in the world," he says. "I suspect that a lot of pressure toward vocationalism comes from the parents, not the students." Students will be running conferences on nuclear armament on some 30 or 40 campuses in November, he said, and he is helping them.

"But you need leadership," he adds. "Higher education and every other enterprise moves forward when there is good leadership, otherwise it stagnates. We need people with vision, élan, geist, people who have standards and a certain toughness. How to get leadership gets down to every single college president who is chosen, people who do more than raise money. Of course, you need money, but if you have money and no vision, you just squander it."

Some people, he recalls, warned him against getting involved in such controversies as civil rights, lest he hurt the university. "I got very little static," he says. "You have to be yourself and people accept you as you are. Young people have to see their leaders involved."

Despite all his activism, Father Hesburgh said:

"I never felt that I wasn't very much a priest, which means a mediator and a seeker of justice and decency. Every day of my life I've offered my mass, sometimes in odd places, such as at the South Pole and in Faculty House at the University of Moscow, in the cause of peace and decency and a better world."

CONGRESSIONAL LUNCHEON HONORING HIS MAJESTY KING JUAN CARLOS OF SPAIN

Mr. BAKER. Mr. President, King Juan Carlos of Spain was the guest of Congress this afternoon for a luncheon that was held in his honor. I am delighted that His Majesty was able to visit the Capitol and meet with Members of the Senate and the House of Representatives.

In his meetings yesterday with President Reagan, King Carlos illustrated once again the harmonious relationship that exists between Spain and the United States. King Carlos reiterated Spain's desire to join the North Atlantic Treaty Organization and the European Economic Community. He offered assistance in forging peace in the Middle East, and reaffirmed Spain's commitment to Israeli security.

President Reagan has called King Carlos a "champion of democracy," and I can only add this observation: True friendships, like the one fostered between the United States and Spain by King Carlos, are perhaps the best hope and vehicle toward international security; we are indeed fortunate to have such a friend.

SENATOR PERCY THANKS DR. RICHARD C. HALVERSON FOR CONDUCTING A MEMORIAL SERVICE

Mr. PERCY. Mr. President, I wish to thank Dr. Halverson, the Chaplain of the Senate, very much indeed for conducting a memorial service for a staff member of the U.S. Senate, who has served faithfully on my staff, who recently died in a plane crash with his father.

INTERNATIONAL COOPERATION IN ENERGY EFFICIENCY

Mr. PERCY. Mr. President, the Alliance to Save Energy recently held a dinner at the World Bank to discuss one of today's more pressing international energy issues: International cooperation in energy efficiency. When the Alliance was formed in the spring of 1977, a complex set of price controls had existed for both oil and gas for decades in the United States.

Domestic production of these fuels was down as a result and consumption was up. Net oil imports into this country reached an all-time high of 8.6 million barrels per day during 1977. The United States was perceived in 1977 as the principal energy spendthrift in the international community—one whose gluttonous appetite was driving the price of oil up here and abroad.

Not surprisingly, our allies were constantly urging us to reduce our overall consumption of energy and curtail oil imports as much as possible. At the 1979 Tokyo summit, the United States and its allies agreed to curb oil imports. And in recent years, the United States has been doing its part. Our oil imports, for instance, are down to a level approaching 5 million barrels per day.

When Ronald Reagan assumed the Presidency, one of his first actions was to decontrol the price of oil. From my perspective, the President could not have taken a better first step to set our international energy policy off on the right track.

Paying the real price of oil sends the right signals to both consumers and our allies. While there is much more we can do to improve our energy efficiency, we can now better look other developed nations in the eye when it comes to international cooperation in energy.

And equally important, today we have more credibility when we talk about the need for energy efficiency in developing countries—a need which is critical at this point.

We have become painfully familiar with the effects of higher energy prices and recurring oil shortages in the industrialized nations. Yet for the world's developing nations, the effect of skyrocketing oil prices is far more than economic malaise: It is a very real threat that a generation of development will disappear as scarce foreign exchange goes to pay for imported oil.

Fledgling industries could wither because of expensive or unavailable energy. At the same time that the industrialized areas of these countries are learning how to cope with oil, wood, that most traditional of fuels, is becoming increasingly scarce for the great majority who live outside the modern sector.

The result is a vicious cycle of ever-increasing deforestation and erosion with environmental effects that may eventually touch us all, rich and poor.

Increasing energy efficiency is one important and often overlooked means to help solve the developing world's energy problems. If the Third World is to advance on the road to industrialization and higher standards of living, it must use more energy of all types.

They will need more in their transportation systems, in their industrial processes, in their stores and offices, and in houses where their people live. To ask them to use less, or even the same amount, is to ask them to live in a permanent state of deprivation in the international community.

Yet as they use more energy, let us hope that they use it more efficiently. The Third World does not have the great luxury of waste we exhibit in the developed nations—and they will be better off without it. They can surely learn from our mistakes.

Among the distinguished speakers to address the Alliance to Save Energy were the Secretary of State, Alexander Haig, and a friend and former colleague, Bradford Morse, now the administrator of the "United Nations Development Program." In addition to international cooperation in energy efficiency, Secretary of State Haig addressed U.S. policy in the Middle East, which is certainly an energy issue of paramount importance.

Mr. President, I ask unanimous consent to have the comments of Messrs.

Haig and Morse inserted in the RECORD following my remarks.

There being no objection, the comments were ordered to be printed in the RECORD, as follows:

COMMENTS BY ALEXANDER HAIG

Secretary HAIG. First, nothing could be more thrilling for me than to have such a warm introduction from the Chairman of our Senate Foreign Relations Committee, and I hope tomorrow at my appearance, that you will recall at least some of the remarks you made tonight.

[Laughter.]

As an Honorary Co-Chairman of the Alliance, I would like to thank Tom Claussen also for hosting this affair tonight, and I suspect if I keep my remarks as short as I intend to, why it may be the major energy accomplishment of the World Bank in its long and illustrious history.

I think we all have thanks to give to the Alliance for the program that was initiated some years ago and the great impact it has had throughout our nation. There is no question about that. As a matter of fact, somebody asked me, "How did the Chairman ever get you to come over here tonight?" and I said, "Well, he would include in his introduction that I was the only member of the Cabinet who compared with Gregory Peck in his ability to enunciate our Administration's policies."

[Laughter.]

What I intend to do tonight is to speak very, very briefly, in some respects focusing on the subject at hand—energy—but then to deviate, if I may, to a parallel pillar of equal importance in the energy field, and that is some of the directions we anticipate in our Middle East policy in the period ahead. Then, of course, to turn it over to the questions and answers, which I think will add the real spice to the evening.

Let me begin for a change with some good news. First, we are making progress on the energy problem of the United States and that's a very heartwarming situation after a decade of ups and downs and growing frustrations. We are producing more energy and we are using it more efficiently. We are searching for more energy at an unprecedented rate today, and we are reducing our dependency on imported energy.

I know these statistics have been discussed today, but I know you all recognize that U.S. oil imports have declined from an average of 8 million barrels a day in 1979 to 5.4 million barrels a day in the first half of '81.

Second, the United States at long last has an energy policy which is, in itself, rather miraculous after a decade of ups and downs. Even better this policy is one that unleashes our productive and innovative private sector, takes full advantage of our diverse resource space, and provides a predictable environment for long-term investment decisions.

There are several dimensions to this policy. A realistic energy pricing policy which follows the market to determine the most efficient ways to produce. Transport and the use of different forms of energy is also included.

President Reagan's complete decontrol of oil prices was a crucial step and one which, as has been stated earlier, this Alliance was a primary mover in.

The Federal Lands policy, while controversial, today guarantees that energy resources can be explored and produced at a pace consistent with the legitimate social and environmental concerns of our people.

An adequate strategic petroleum reserve and energy-sharing arrangements with key oil consuming countries to reduce the vulnerability that threatens our national security has been undertaken.

The International Energy Agency, established through American initiative in 1974, is a crucial institution for such international cooperation.

An effort to resolve regulatory impediments and uncertainties inhibiting the use of coal, nuclear power and other energy resources has been undertaken.

The concentration of federal energy research and development on high-risk and long-term projects is also now provided for.

We're also seeing improvements throughout the industrialized world. We are producing more goods without necessarily using more energy.

I believe that we must pay a little more attention, however, to the problems of the developing countries, those that do not produce oil especially.

Two problems deserve our emphasis. Expansion of the flow of private capital and expertise for energy development in these countries because private initiative will continue to be the prime modus for the energy progress in a majority of these countries. Developing countries might examine whether such legal practices as prohibiting private ownership of mineral rights unnecessarily constrain energy development.

In this regard, let me assure you, we in the Executive Branch of the American Government feel that we are in partnership with the private sector in America. It is vitally important that in all of our international forums—from Cancun to the recent Ottawa conferences—that Americans speak frankly and openly to the need for creating a climate in developing countries that is hospitable to private exploration, production and development of developing country potential resources, and to be able to work in these countries that do not have these resources to assist in their own restraint and proper employment.

Recently, on my visit to the People's Republic of China, I raised just such an issue which has had a profound effect on deterring American explorations on off-shore oil. That to be sure that they understood that their own taxing problems in the People's Republic, combined with the tax obligations of our American corporations, were serving to force American companies out of the business in that country. I'm happy to say that I think we're making real progress in resolving this problem.

Improving energy efficiency in developing countries instead of subsidizing its inefficient use is another very important aspect of this problem. Developing country energy usage is low on a per capita basis, and increasing energy supplies are needed for economic growth.

Nonetheless, there are real opportunities for substantial efficiency right now in such areas as industrial processing, electric power generation, and, indeed, in transportation as well.

Finally, a word about our multilateral lending institutions in assisting developing nations to address the energy investment challenge. We support the substantial programmed increases in World Bank energy lending through 1986. We do not believe, however, that this requires the establishment of an additional bureaucracy at this point in time.

We do believe, however, that multilateral energy lending can be structured to foster greater private sector investment with a crucial multiplier effect.

The Alliance to Save Energy and the voluntary action it exemplifies can reinforce our efforts at international cooperation. I hope the Alliance can build contacts with private sector groups and foster the establishment of a similar organization in both developed and developing countries.

A mixture of volunteerism, pragmatism and experience the Alliance has applied so well here at home can help inestimably abroad.

As the Alliance's Honorary Co-Chairman for International Policy, I want to take this opportunity now to talk in a more informal way about U.S. policy in a region of obvious and crucial importance to energy: The Middle East.

You know, ladies and gentlemen, there has been a great deal of attention in recent hours and weeks about the future of the Middle East situation. I think it's very important as we find ourselves anguishing with technical issues of the moment, wrenching ourselves with internal debates in our Congress, that we step back and think in a more thoughtful way about this vitally important area and region of the world.

The world has changed, and changed in fundamental ways, over the last two decades. But nowhere has that change been more significant than in the Middle East.

When I went to the Middle East this past spring, I spoke to our Western and our American press about the emergence of a strategic consensus, a consensus which found many of the nations of the region formerly allied—formally or informally—with the Soviet Union now recoiling with a growing level of concern as they watched a series of events occur over the past decade which has sharpened tremendously their own sensitivity to the external dangers facing them.

I'm speaking about the catastrophic changes in Iran, the takeover of Ethiopia by Soviet-proxy Cuban troops, the takeover of southern Yemen by a direct coup d'etat supported by Soviet arms.

The efforts to overthrow the regime in northern Yemen which were stymied as a result of unified Arab League action and some level of American assistance.

The first Afghanistan situation, in which the Soviet Union introduced a puppet ruler who within a matter of months did not meet the litmus test of total subservience, which was only followed by direct unprecedented intervention of Soviet forces into Afghanistan.

All of these factors have had a major impact on Arab states, and to some measure traditional Arab-Israeli rivalries have been modified by increasing concerns about external threats to the region.

How, then, do people question this emerging consensus, when we have evidence in recent months of the very reality of that consensus? It is not a consensus made in America or contrived in Washington, but it is a strategic reality of increasing importance to all of us.

The very evidence of it was reaffirmed repeatedly in recent events in the Middle East. First, as we saw the development of a crisis in Lebanon, where Syrian missiles were placed in a threatening position to Israel—a long-standing friend and ally—where Syrian forces occupied positions threatening the very Christian heartland of Lebanon, and where our President despatched an emissary—Phil Habib—to work with all of the parties in an effort to ameliorate that growing crisis which I think was hours away from actual conflict.

That process was facilitated immeasurably by the active cooperation, participation and expenditure of resources by the Government of Saudi Arabia, working in conjunction with certain members of the Arab League under the so-called Bedadeen Process: Kuwait, Lebanon, Syria, the Secretary General of the Arab League.

As that process continued, we were faced with a series of shocks which included the Israeli attack on the Iraqi reactor and the subsequent escalation of hostilities between the Palestinians on the northern border of Israel and Israeli forces.

Had there not been the fact and the real-

ity of this consensus, surely that process would have been shattered by these events, any one of which would have historically been more than enough to trigger conflict.

Instead, the continuing effort under the auspices of the parties affected, with cooperation—unusual and helpful cooperation from Israel—with unusual and unprecedented cooperation from Saudi Arabia, brought about a cessation of hostilities which we are enjoying today. Again, the world was only moments away from conflict.

This is the reality of a strategic consensus which we must recognize will have a profound impact on another vitally important aspect of the Middle East situation, and that's the peace process itself.

This peace process has stalled out, as you know, under the vagaries of political elections, perhaps, in Israel; certainly in our own country. We have one of the distinguished Americans who worked so hard and so successfully in that process—Sol Linowitz—with us tonight.

[Applause.]

I think I can tell you that as a result of President Sadat's and Prime Minister Begin's visits here to Washington, there is an encouraging consensus on both sides to get down to work, to roll up their sleeves, and to bring this autonomy discussion which will take place in its first round in Cairo later this month to a successful conclusion and within a specific time frame.

For whatever reason, I sense a sense of urgency on the part of both parties to bring these talks to a successful conclusion by the time of the scheduled withdrawal of Israeli forces from the Sinai this coming April.

Within that process, I think it is important to recognize that we have new events which make the situation in Lebanon and the long-standing anguish associated with the peace process interconnected. It's going to require a degree of continuing cooperation from so-called moderate Arab regimes and especially Saudi Arabia.

Today we are engaged in a rather difficult and tense struggle within the Administration with respect to a proposed policy of the American President: That of providing certain armaments to Saudi Arabia, aerial surveillance capability, and enhancement of some aircraft capability already provided or scheduled to be provided.

I think it's vitally important that we do not lose sight in the process of the debate underway on this issue of the fact that there are broader considerations of war and peace, of regional stability, that involve vital American interests and hopes for the future to reconstruct a new Middle East peace structure which is viable in the context of historic Arab-Israeli tensions and rivalries, but which is equally viable in the context of the external threats or proxy threats to that vital region which is so fundamental to Western vitality in the period ahead.

An additional question will have to be asked. Can an American President in the face of these strategic realities be perceived by those whose cooperation we wish to have to be able to conduct an independent American foreign policy, free of the restraint of overriding external vetoes?

I think it's vitally important while I recognize, and perhaps greater than some, the sensitivity of this issue in Israel, that we Americans, that this American President, must be driven by broader considerations. No American President who understands, as President Reagan does, his firm, continuing, unwavering, unswerving obligations to the survival and vital interests of Israel could conceive of launching on programs which would make that obligation more difficult to fulfill. I can assure you, that is the case with President Reagan on this issue.

What I am suggesting is that we have another side of the coin with which you are dealing every day here: Matters of protection and preservation and conservation of American and worldwide energy interests.

The other side of this coin is to support an American President who is attempting to work for the vital interests of all of the peoples of the Middle East with balance and vision and with an understanding that the stakes here far surpass the problems of local vulnerabilities, but rather involve a cooperative effort in which the peoples of the region can work together at long last—as Egypt and Israel have begun to do with such unbelievable encouragement to us all—and to support an American President whose foreign policy has got to be the bench mark of that effort.

I hope each of you will give this some thought as you go home tonight.

I very much welcome your questions. I assume I have stirred some juices in your visceral area, and I welcome your questions on anything I've discussed or any other matter of current foreign policy interests that might be of interest to you.

[Applause.]

Question. Mr. Secretary, has there been any progress which you can discuss with us tonight in determining the price that one U.S. ally might extract in return for the introduction of those defensive weapons system to another U.S. ally within the consensus you mentioned, the strategic consensus?

Secretary HAIG. I'm not sure I understand the question. Has there been any price?

Question. Has there been any determination as to whether or not there is a price?

Secretary HAIG: First, let me suggest that I would not anticipate there would be a price. As a matter of fact, I would not anticipate that any of the parties involved—ourselves or our friends in Israel—would engage in that kind of dealings.

I think the issue itself must stand or fall on its own merits. I happen to believe that it will stand.

[Applause.]

With respect to the Government of Israel, from Prime Minister Begin's perspective with the threats that he is facing regionally, and with his responsibility, of course he is concerned, as he should be. When he is asked the question, he's going to honestly express his views as he should do.

But we are the United States of America and we have a broader set of considerations, and we must give those considerations paramount weight in the period ahead.

No deals.

Question. Mr. Secretary, some of us have become increasingly concerned about Mr. Mitterrand in France—I'm changing the geographical location—and I just wonder—

Secretary HAIG. I'm sort of glad you did.

[Laughter.]

Question. I am just wondering if you'd be willing to express the views of our country with respect to our associations with France at the present time and what the new regime might have in the way of an impact?

Secretary HAIG. I think first I would want to emphasize that the relationships we've had thus far with President Mitterrand, and those that I've had with Claude Cheysson—and they've been extensive and continuous from the day the French Administration took power—have been very, very encouraging.

There's no question that there are parallel courses in every expression they've made with respect to European security, our defense needs, our nuclear policies, and the whole array of what I call security-related French attitudes.

I suppose there are some from the economics sphere who would take great exception to the policies which are being inaugurated by the Socialist Government in France.

I think it's too soon to say what the impact of these policies will be. Some of the more conservative economists with whom I am acquainted daily—not in the Administration because it is our policy not to be critical—are concerned. But I must say that on balance the meeting in Ottawa between President Reagan and President Mitterrand was a very cordial, constructive and encouraging meeting with respect to the future.

The coordination I've had with my counterpart has been equally happy. In the developing world I don't have to tell you, and it's not a matter for public exposure, we were not particularly pleased with the French-Mexican resolution on El Salvador, but that's well understood and known.

But I look to the future as one of successful cooperation, and it is in the vital interests of both countries to be precisely that.

Question. Tell us what's on the agenda for your discussions with Gromyko next week? And, is this question of yellow powder or yellow rain on the agenda?

Secretary HAIG. Clearly, this is what in military parlance—and I hate to use it here—we call a meeting engagement. It's the first time that this Administration has met with Soviet counterparts at the ministerial level in the foreign affairs field.

I expect there will be extensive discussions. We're going to have two sessions. Clearly, one of the topics on the agenda will be the upcoming arms control talks on medium-range nuclear weapons in Western Europe, and I would anticipate and hope that we will agree on both the venue and a date for the formal commencement of those which we're prepared to initiate before the end of this year.

I would anticipate exchanges on a host of additional bilateral, multilateral issues, involving everything ranging from Afghanistan, Kampuchea, Soviet-proxy activity in the developing world, future trade and economic relationships between the Soviet Union and the United States—and I include that in its broadest sense.

I think it's a pretty full menu. I do not expect any major outcomes of these discussions because they are the first that we will hold, but we go into them on our part with an open mind ready for both reciprocity and a forthcoming response if our Soviet partners are prepared for an improved dialogue.

I do not anticipate specifically the issue which you raised will be a major issue of discussion because we have a proper venue for that in the United Nations where an investigating group has been appointed, has been active for some time, and where they will be the repository of the evidence we have and I've announced this this past week.

Question. Mr. Secretary, I think that on an occasion like this we're always pleased to have you invite questions. I think that there also should be a bit of dialogue back and forth. You spent the first part of your talk recognizing the importance of conserving energy, and then you turned to a subject that you feel is very important: The Middle East.

I don't have a question on it, but coming from the middle part of the United States in Illinois, I have been to the Middle East a lot, and I just want to tell you that I'm very pleased that you are striking a balance, together with you and the President, between Israel and Saudi Arabia, and you have our Senator from Illinois supporting you. I say, "Hit it hard and make it stick."

[Applause.]

Secretary HAIG. I'll accept that, but I want to emphasize again that my remarks recognize completely the very special obligations that the United States has and will continue to have for the survival and future progress and viability of the State of Israel.

Question. I agree with that.

Secretary HAIG. I just wanted to be sure that sometimes terminology gets distorted in day-to-day use. What I am really saying, importantly, is that what we are proposing does

no violence in the President's view and in my view to that fundamental aspect and pillar of American foreign policy.

Question. Mr. Secretary, while you believe that the Soviet Union will in the next few years cease to be an net exporter of oil and net importer of oil, how do you see that fact changing our relations and foreign policy in the Middle East?

Secretary HAIG. If you're asking me to lead into that famous trap that clearly Soviet geopolitical objectives in the Middle East are going to be propelled by a thirst for energy, I'm going to decline to join that club.

In the first place, I believe there are still many, many uncertainties with respect to the levels of Soviet oil reserves. We've had a cacophony or a dialectic, if you will, of estimates—I see Stan Turner here from Summits—published at the time of his incumbency at CIA. Some have come out subsequently that deviate from that.

There are estimates that Soviet reserves are indeed substantial and long-standing if they solve adequately the problem of extraction and movement.

I do not believe Soviet policy is propelled exclusively by such considerations in any event. But, rather we are looking at something of a broader geopolitical character which is no less worrisome, and perhaps even more so. That is a historic attitude which has now been reinforced by unusual military capability and perhaps even propelled by unusual and unprecedented historic difficulties internally which could make the period ahead one of a clear manifestation of imperialist trends in the Soviet Union.

I think it's very important that we keep our balances very clear on what motivations are involved to be sure that we don't adopt countering strategies which may be skewed by overemphasis on one factor or another. I don't mean to suggest that your question is not important and a consideration, but it should not be the dominating consideration in American assessments of our policies or Soviet strategies in the Middle East.

I hope I've answered your question, even though it's a tough one and requires a little convoluted rhetoric, for which I am uncharacteristically guilty.

[Laughter.]

Question. Mr. Secretary, in the world of energy we have many challenges and many problems, and one that concerns many of us—as I'm sure you know—is what our "ally" to the north is doing on energy policy, and that's Canada.

Many of us fear that if they follow through their current policy, they could do much to increase demand in Canada and reduce energy production there that could offset all that the Alliance to Save Energy and many other organizations could do.

Could you comment on that?

Secretary HAIG. Sure. Is Ambassador Tow here? I thought I saw his name on the list.

He skipped out. He was afraid you were going to ask that question.

No. I think we make no bones about being somewhat concerned about the Canadian national energy program which is designed to enhance self-reliance and national ownership.

I must say that on some occasions the rhetoric associated with these policies has not been substantiated by the facts when we've looked into those facts.

We know that there are committees on the Hill and elsewhere who are extremely concerned because of local interests that they have to reflect, and that there's been some threatening rhetoric—what I call retaliatory rhetoric.

I think it's vitally important that we avoid this. We have maintained a very steady dialogue with our Canadian neighbors. We have a very good relationship with Canada today, and may I add that there are equal concerns in Canada about certain aspects of the Canadian-U.S. pipeline to which we as a nation committed ourselves in certain finite respects some years ago and in which the Canadian Prime Minister has a large political stake.

All of these things are best dealt with in frank, confidential exchanges. I have found that more often it's a lack of communication rather than objective reality that causes most of the problems. But we are just going to have to continue to work it.

Mr. Ambassador, I am going to make this the last one and then I'm going to escape amidst a hail of gun fire.

Question. Mr. Secretary, I want to draw your attention to the fact that many countries in the developing world look towards the United States for leadership, and that there is a great hope that the Alliance of concerned people will discuss this situation seriously, and that the Administration will take the leadership in bringing about a special department that will deal with energy which seems to have been sacked.

I think in the future the conflict would be decided by the ability to deliver goods and when it comes, that I think—I'm sure in my own mind which side is going to win—do we have to prolong that victory? If America takes action now, the victory will be much closer.

Secretary HAIG. I think this is a very important question, and it's a question that could probably serve as a basis for at least one more speech on my part tonight. I'll try to avoid that but still be responsive to the important issues you've raised.

It's very clear to me that this Administration has been taking a bum rap with respect to its attitude on the developing world. There are a host of reasons for that.

There are many in the developed and the developing world who have traditionally come to enjoy making the United States the whipping boy. As I have told our Western European partners, you may be somewhat shocked that you will find in the American President—President Reagan—a fellow who might be showing you his coattails in dealing with this very important problem.

In order to dispel some of the misunderstanding, I think it's important, for example, for us to understand that the United States today, this year, was the highest donor to the development of Zimbabwe—the highest single donor to that development. It was the highest donor to the black African refugee congress in Geneva this past February; refugees, incidentally, who were primarily the victims of Soviet aggression in that hemisphere.

It is the United States who has worked diligently with a combination of public and private sector efforts to assist a newly relieved Jamaica to achieve a level of improved development from a very shambled economy left by the previous regime.

It is the United States who has entered into a cooperative effort in the whole Caribbean region with our Canadian and Mexican neighbors, with the Venezuelan Government, with the effort of hoping to expand that effort in a very flexible way, pursuing many of the principles we talked to here tonight; private sector investment, in-country recipient country self-help.

We've got to understand there is an obligation on both sides—and I'm sure you're aware of that, Mr. Ambassador, very well—and are sensitive to the need to be sure that donor countries recognize that there is work being done in the recipient country to make the resources expended viable.

It's important that the recipient country develop an atmosphere which encourages the flow of private capital investment.

That's the great wonder of the private sector. There's got to be a profit, shared profit and shared benefit, from both sides. That's the locomotive that propels it and that must be very sensitively dealt with on both sides.

It is this American President who's the first American President to join in the unprecedented conference of developing and developed nations at Cancun this coming October.

So I want to reassure you that President Reagan enters his incumbency with a keen sense of obligation to work this developing world problem in a constructive and progressive way.

I must add, it's a remarkable thing that the Soviet Union is still hiding behind the allegation that it was the colonialist powers that caused the problem in the developing world, and so it's their obligation to solve that problem. That's hogwash. It's hogwash historically, it's hogwash practically, and it can no longer be used as an excuse for the Soviet leaders to turn a blank pocketbook to the problems.

All they bring to the developing world today is armaments and a pervasive influence which ultimately results in a client-state relationship. I think our developing friends are increasingly beginning to recognize this. So this is an important juncture in history to accomplish precisely what you say, and I hope in the period ahead we will be more successful than we have been heretofore in doing so.

Thank you very much. It's been a great pleasure to be with you.

[Sustained applause.]

REMARKS BY MR. BRADFORD MORSE

Senator Percy, Your Excellencies, President Clausen, Ladies and Gentlemen:

It is a high privilege for me to take part in this meeting and to have an opportunity to offer a few thoughts about energy and developing countries—a subject which will affect all of us whose futures are invested in this small planet. Let me thank the Alliance to Save Energy for sponsoring this meeting and the World Bank, which has always had and will continue to have a critical role in the energy field for its hospitality.

During the past decade, energy has emerged as one of the most critical problems facing the international community. But its most serious effect has been on energy deficient developing countries which have been striving to intensify their economic development, while meeting the needs of expanding populations. Many developing countries have modelled their own development efforts on the experience of industrial economies, and they have turned to energy intensive means of production to spur their own progress—not infrequently with the encouragement of development practitioners. Tractors, pumps and fertilizers have been playing an increasing role in their agricultural production. Trucks have been replacing draft animals in the transport of commodities to market.

As a result, the total consumption of commercial energies in energy-deficient developing countries increased sharply—from 70 million tons of oil equivalent in 1950 to 470 million in 1980. It will almost double by 1990, if the economic growth target of the International Development Strategy is to be achieved. But in addition to commercial energies, which are utilized mainly in modern sectors, and largely in more advanced developing countries, there is substantial dependence on traditional energies, particularly in low income developing countries and in rural areas. In fact, more than a third of the world's population in the developing world heavily rely upon the traditional energies—often to the extent of more than 90 percent. And although there is great potential for increasing the supply from traditional sources, it is unlikely to result in a significant alleviation of poverty.

In the past, the rapidly rising energy requirements of energy-importing developing countries were met largely through increasing reliance on oil imports, the total value of

which jumped from $1.8 billion in 1970 to about $60 billion in the current year. The continuation of the present degree of reliance on oil imports will push up the value of their oil imports, by 1990, to over $200 billion at current prices, which is simply beyond the financial reach of these countries. They have been spending, on the average, close to 30 per cent—and in some cases over one-half—of their export earnings on oil imports, as compared with only 7 per cent in 1973. A continuation of this pattern cannot long be supported either through export expansion or increased foreign borrowing.

It is clear that the energy-deficient developing countries cannot continue to remain dependent on the import of a rapidly depleting source of energy at constantly increasing cost. They are, therefore, moving along on a new course, aimed at greater, and sustainable, energy self-sufficiency. The United Nations Conference on New and Renewable Sources of Energy held in Nairobi last month formulated a Programme of Action for the promotion of international co-operation to supplement the efforts of developing countries in meeting their energy needs through renewable sources of energy.

The Nairobi Programme recognized that energy self-sufficiency may be advanced both by the expansion of energy production from indigenous sources, and by reducing the growth of energy demand through conservation and careful utilization of available energies. Obviously, even more strenuous conservation measures are required in industrialized countries where the per capita consumption of oil equivalent is over 15 times that of developing countries.

Until now, developing countries have concentrated their efforts on the supply side of the energy equation, but their interest in energy conservation is increasing. Last year UNDP carried out a survey of energy situations in 102 developing countries, which indicated that over one-third of them were introducing fiscal and other measures to achieve energy self-sufficiency. The survey also revealed that the lack of aggressive conservation programmes on the part of the majority of developing countries, did not reflect disinterest but rather lower the priority attached to conservation, as compared with the expansion of domestic energy production to meet their increasing energy requirements.

It could be argued that commercial energy consumption in developing countries is so low that it is barely sufficient to meet their basic needs—averaging 280 kgs. of oil equivalent per capita, in 1980, as compared with 4,350 kgs. in developed countries. It would follow that there is relatively little scope for appreciable volume of energy saving in developing countries, unless they cut drastically into their essential requirements, and consequently reduce the growth rate of their economic and social development.

Nevertheless determined and comprehensive conservation measures—not intended to involve indiscriminate or dramatic curtailments of energy consumption—could produce important results in relative terms. An adjustment process, with careful scrutiny of the multitude of end uses of energy will be required, as well as the introduction of technical improvements to eliminate losses in energy conversion and utilization. It should be possible to achieve, through such an effort, a relatively substantial energy saving without sacrificing the attainment of internationally accepted targets of economic and social development.

In modern economic sectors and more advanced developing countries, as in developed countries, which are largely dependent on commercial energies, conservation measures may cover all major energy-using sectors, such as transportation, industry, agriculture and construction. For example, the energy saving potentialities of mass transportation, the large-scale use of co-generation and recycling in industry, the maintenance of soil fertility through crop rotation rather than the use of fertilizers, and more energy efficient building designs are required.

Likewise, in low income countries and particularly rural areas, which are largely dependent on traditional energies, attention is increasingly being focused on heightening the energy efficiency of fuelwood and charcoal through, for example, more efficient stoves and better methods of charcoal production as well as the application of technology for the improved use of agricultural and animal residues as fuels.

The successful implementation of such energy saving schemes would be expected to depress noticeably the growth of energy demand, reduce pressure on the available energy resources, gain time for realization of domestic energy projects, and moderate the enormous investment requirements of domestic expansion of energy production. In addition it would have considerable beneficial environmental impact, especially in rural areas and low-income countries, where the excessive use of fuelwood and animal wastes is causing deforestation, desertification and soil erosion at an alarming rate—provided that it is supplemented with extensive reforestation programmes to provide resources for meeting the increasing energy requirements of the people in these areas.

However, promotion of comprehensive conservation schemes and measures, will require formulation and implementation of national policies and programmes which should, inter alia, include:

Appropriate pricing policies to promote energy conservation;

Effective incentive schemes to stimulate investments for efficient use of energy;

Practical regulations and standards to establish energy consumption efficiencies; and

Efficient and widespread public information programmes to encourage energy saving.

Increasing energy prices have already stimulated the more efficient use of energy and the curtailment of energy demand in most of the developing countries.

But to achieve success in any such conservation programmes, developing countries urgently require the technical co-operation and financial assistance of the international community to supplement their own efforts. Our expereince in UNDP has shown that they face formidable constraints in launching energy programs and policies. They require assistance in establishing and strengthening their own energy institutions; in preparing and implementing appropriate energy policies, programmes and projects; in training required personnel; in carrying out research, development and demonstration projects; and in creating effective information systems.

UNDP has dramatically increased its technical assistance and preinvestment operations in all these areas in response to increasing needs and requests from developing countries. During the period 1975–1980, $43.5 million has been committed to finance 122 energy projects in developing countries, many of which have energy conservation components. In addition, $21.8 million has been devoted to developing countries in the fields of biomass utilization, reforestation, rural energy supplies and other schemes which will reduce dependence on commercial energies. In addition a project on the feasibility of establishing an International Network for Training in Energy Planning is underway to help meet the critical shortage of qualified energy planners and policy analysts.

I have mentioned these examples, not out of institutional pride, but because, first they demonstrate that even among some of the world's poorest nations there is growing awareness of the importance of energy conservation; and second, because it is my conviction that the most effective utilization of the massive capital outlays that will be required by developing countries both for energy and conservation, can be achieved only if the critical, but understated role of technical co-operation is recognized.

One final point: There are significant opportunities for greater energy efficiency and conservation available to developing countries, and commendable progress has been made in addressing them. But it would be a matter of profound discouragement to them were the macro consumers, the industrialized countries, to fail to practice, far more aggressively, what they preach.

DEATH OF ROMULO BETANCOURT

Mr. PERCY. Mr. President, I would like to bring to the attention of my colleagues a recent tragic loss of one of our friends in Latin America. On September 28, Romulo Betancourt, former President of Venezuela and one of Latin America's most distinguished and tireless democrats, passed away.

Romulo Betancourt entered politics as a revolutionary, fighting against military dictatorships that ruled Venezuela for most of the first 60 years of this century. In 1941, after returning from a long exile, he organized Accion Democratica, a progressive, reform-oriented democratic party. As AD president of the governing junta from 1945–1948, he introduced reforms that committed Venezuela to its liberal political and economic future.

In 1958, following the overthrow of Venezuela's last military dictator, Marcos Perez Jimenez, Romulo Betancourt was elected President of his country. Venezuela has not veered again from the democratic course toward which he guided it in those days.

The party Mr. Betancourt founded remains one of the two powerful political forces in Venezuela today.

Romulo Betancourt was a distinguished statesman whose public life in pursuit of freedom, democracy and economic well-being for his country and countrymen serves as an example to all in the hemisphere, especially in these troubled times.

Mr. President, I request unanimous consent that the New York Times obituary story for Romulo Betancourt be included with my remarks in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BETANCOURT, EX-VENEZUELA CHIEF, DIES

(By Les Ledbetter)

Former President Rómulo Betancourt of Venezuela, who worked to restore democracy to his country after years of military rule, died yesterday at Doctors Hospital in New York of complications from a stroke. He was 73 years old.

Mr. Betancourt, who was living in Manhattan while working on his memoirs, was stricken at a friend's apartment and rushed to the hospital in a coma last Thursday.

He was twice the leader of Venezuela, once from 1945 to 1948 when he was head of the junta that overthrew Gen. Isaias Medina Angarita, and the second time from 1959 to 1964 after his election as President by an overwhelming margin.

He was once called "a miracle in Latin American politics" because he left office as poor as he entered it. "The only wealth that I have left is my honor," he often said.

18 YEARS IN EXILE

Mr. Betancourt began his political career as a revolutionary opposed to the succession of military dictatorships that ruled Venezuela. His efforts brought him 18 years in exile, 10 of them after he headed the junta that sought to restore democracy in the country.

Mr. Betancourt was born Feb. 22, 1908, in Guatire, near Caracas. The son of an accountant and poet, he studied at the Central University's law school in Caracas and became involved in activist politics in 1928, when he organized a liberal student movement. He also took part in student demonstrations against the dictatorship of Gen. Juán Vicente Gómez. His activity led to his arrest and imprisonment in February of that year; in April he led an abortive anti-Government rebellion. He subsequently escaped to Colombia, where he wrote about his prison experiences.

Mr. Betancourt was an admitted leftist but he was also a staunch anti-Communist, a view he attributed to his short membership in the Communist Party in Costa Rica when he was a 22-year-old political refugee. He said membership in the undemocratic organization had been like "a youthful attack of smallpox that left me immune to the disease."

General Gómez died in December 1935 and the young Betancourt, who had been in exile since 1928, returned the next year. He lived in hiding from 1937 to 1939, when he was caught and expelled.

FORMS A LEFTIST PARTY

Allowed to return from Argentina in 1941, he organized Acción Democrática, described as a non-Communist leftist party. It was defeated in elections in 1941 but joined forces with a group of young army officers and on Oct. 18, 1945, overthrew the Government of General Medina Angarita in a coup accompanied by considerable bloodshed. A ruling junta was set up, composed of three officers and four civilians, with Mr. Betancourt as President. He remained in power until his former schoolteacher, Rómulo Gallegos, a novelist and radical politician, took over on Feb. 15, 1948, after Venezuela's first democratic elections.

Under Mr. Betancourt, Actión Democrática had begun an energetic reform campaign that included an excess-profits tax, rent reductions, obligatory profit-sharing with employees and the fifty-fifty formula that gave Venezuela half the profits of the oil companies.

Alarmed by the leftward trend of the Government and above all by plans to form a powerful "people's militia," the army staged a new coup on Nov. 24, 1948, and Mr. Betancourt again went into exile.

For more than nine years he lived in Washington, New York, Cuba, Costa Rica and Puerto Rico. The press of his own country was forbidden to mention his name, but through underground organizations he maintained his influence in Venezuelan politics.

PARTY WINS A MAJORITY

In January 1958, the armed forces rose against the dictatorship of Gen. Marcos Pérez Jiménez, who had been one of the members of the junta of 1945. Mr. Betancourt was then able to return to Venezuela and reorganize Acción Democrática.

In presidential elections in December 1958, he won with 1,284,092 votes out of a total of 2,610,833. His party won an absolute majority in Congress.

By an agreement made with his two rivals before the election, Mr. Betancourt formed a coalition Cabinet, taking in members of the Republican Democratic Union, the Social Christian Party and some independents.

His Government successfully put down an army revolt in April 1960. On June 24, 1960, he narrowly escaped death when a bomb exploded alongside his car at Army Day observances in Caracas. His chief aide was killed and several people were wounded. The President had only slight burns.

The bombing was attributed to right wing elements in the country and to an old enemy, Rafael Leónidas Trujillo, dictator of the Dominican Republic.

In 1964, Mr. Betancourt yielded office to the newly elected President, Dr. Raúl Leoni, who had been Labor Minister in the Betancourt Government.

After that, the former President traveled extensively, spending much of his time in Berne, Switzerland, so, he said, there would be a total break with his influence in Venezuela and President Leoni could institute his own policies.

Later, in 1972, he ended his voluntary exile and returned home to re-enter politics and serve as an elder statesman and advocate for democracy.

Mr. Betancourt is survived by his wife and a daughter.

His body was to be flown to Caracus for burial.

PERVERSE U.S. HOSTILITY TO IMF, BANK

Mr. PERCY. Mr. President, the role of the international financial institutions established after World War II, particularly the International Monetary Fund and World Bank, have at times been the subject of considerable controversy here in Washington.

There are some critics who seem to believe that these institutions compete with the private sector or advocate policies contrary to the market system.

I am pleased to note that a major interagency review of the multilateral development banks, chaired by the Treasury Department, concludes that such charges are not borne out by careful analysis.

Robert J. Samuelson, a widely respected journalist, has an article in Tuesday's Washington Post which addresses this issue. He notes that these financial institutions clearly serve U.S. national interests.

Far from undercutting the private sector, he argues that they advocate policies which are market-oriented.

Indeed, one reason many developing countries now face such difficult problems servicing their debt is because throughout much of the seventies the private international banks freely lent money with minimal conditionality—far less than that exerted by the IMF.

The basic point which should be made, however, is not whether the private sector or the international financial institutions work better or less well than the other, but rather how they can both work in ways which are compatible with each other and which will stimulate development and world commerce.

Mr. President, I hope that the writers of the Treasury report on the banks would take into consideration the recommendations contained in the article when they prepare the final draft for public release. I ask unanimous consent that the article be printed in full in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PERVERSE U.S. HOSTILITY TO IMF, BANK

(By Robert J. Samuelson)

If they were created today, the World Bank and the International Monetary Fund probably would strike most Americans as products of diplomatic genius: useful antidotes to the anarchy that makes most international organizations little more than debating societies.

But no one could create the IMF or World Bank today. The one-nation, one-vote principle has become imbedded in international politics. Although the bank and the IMF each have about 140 members, the United States holds about one-fifth of the voting power. Europe and Japan have about one-third more. The staffs consist heavily of Americans and Europeans, and even among the others, Western economic ideas—the value of free markets, for instance—dominate.

All this makes the administration's standoffish, slightly hostile attitude toward the bank and the IMF more than curious. It's perverse. These institutions may be anachronisms, but they are our anachronisms. They constitute huge assets for U.S. foreign policy that need to be fortified, not weakened.

The complaints against the bank and the IMF are more general than specific: that these international bureaucracies shovel out too much money with too few strings, that tax loans promote irresponsible policies among borrowers, and that the loans sometimes discriminate against private enterprise.

The most dangerous consequence of these criticisms—perhaps unintended—is that they leave the impression that the bank and the IMF have contributed significantly to the world's current economic mess. This is mostly nonsense and, if anyone believes it, mischievous nonsense.

Consider first the World Bank. Its mission consists primarily of making long-term loans to poor countries for economic-development projects. Some of the funds come from governments, but most is borrowed by the bank and re-lent.

Here are some surprising facts about the World Bank and similar regional banks such as the Asian Development Bank:

In 1979, they provided only 6.7 percent of the total outside funds received by developing countries. Private bank borrowings and export credits (38 percent), government-to-government foreign aid (27 percent) and direct foreign investment (16.6 percent) account for most of the rest. Even if the World Bank and the regional banks were acting like fools, their activities are not on a scale that could be decisive.

Most of the projects are economically sound. A U.S. Treasury review of a World Bank analysis agreed that the average project had an economic return of between 15 percent and 20 percent annually. In 1980, about 37 percent of the loans went for transportation, communications, power, sewage and water supply projects. Another 28 percent were agricultural loans.

The same Treasury analysis found little evidence that the bank's loans discriminated against the private sector. About two-thirds of the $14.8 billion worth of loan commitments reviewed were allocated between the private sector (say, a cement manufacturing plant) and the public sector (say, education) precisely as they would be in the United States. Most of the rest involved loans to sectors that are government-controlled (example: railroads) in virtually every country but the United States.

The administration's complaints may have left similar misimpressions about the IMF.

Conceived along with the World Bank in the waning days of World War II, the IMF provides loans to countries with balance-of-payments deficits. The administration's main misgiving about the IMF concerns so-called

conditionality: The conditions—changes in economic policy, such as tightening of credit or government spending—that are demanded of borrowers.

It's true that many more countries (42 at last count) have IMF borrowing programs than ever before. But any implication that a relaxation of conditionality has contributed to the financial plight of developing countries is, again, wide of the mark. Aside from the adverse impact of higher oil prices, what often has aggravated the developing countries' problems is the easy availability of private bank credit.

Between 1974 and 1980, long-term private loans (mostly from banks) to nonoil-producing developing countries rose from $61 billion to $214 billion. Easy credit conditions—in part fostered by easy credit in the United States—meant that bankers were pushing loans out. Among some developing countries, this encouraged larger trade deficits and inflationary domestic policies.

Now the IMF is left to clean up the mess. Private bankers learned in the 1970s that lending to countries isn't like lending to companies. If a loan goes sour, you can't kick out the management or seize the assets.

Neither the World Bank nor the IMF has an easy job. Telling governments how to run their countries never is. But, being a collective of governments, both organizations have authority that private bankers lack. And the policies they urge are generally market-oriented, capitalist staples: Don't subsidize fuel prices to encourage excess use; give farmers the incentive to produce by allowing free-market prices; don't create inefficient industries by embracing trade protectionism.

The administration lacks a sense of broad national interests. It is discouraging, for example, extra World Bank lending for new energy projects on the ground that it would displace private investment. Even the Treasury's own technical analysis casts doubt on that claim. More important, though, is the question of national interest. Does it lie in more private investment or in greater energy production to hold down oil prices?

None of this means that the bank and the IMF haven't had their failures—they have. And some administration proposals are useful. One good idea is to wean wealthier developing countries from the World Bank. Last year, for instance, Brazil claimed 7 percent of the bank's new commitments.

But the administration has its tone and emphasis wrong. What makes the international economy different from the domestic economy is that the main actors are sovereign governments with varying cultures and values. There are precious few institutions that can command respect and attempt consensus. Let's not undermine the ones we've got.

THE TRAGEDY OF ALZHEIMER'S DISEASE

Mr. PERCY. Mr. President, I was recently visited by Jerome H. Stone, president of the Alzheimer's Disease and Related Disorders Association who took time during his visit to Washington to describe to me the tragedy of Alzheimer's disease. Mr. Stone also gave me a copy of a series of articles that recently appeared in the Chicago Tribune that he said, "poignantly and comprehensively describes the disease." I agree wholeheartedly with his assessment of the articles and his desire to bring this matter more into the public eye.

Currently, 1.5 million Americans are stricken by Alzheimer's disease and each victim suffers the agony of feeling his mind become more and more useless each day. Although primarily a disease that attacks the elderly, Alzheimer's disease has been diagnosed in some 60,000 Americans still in their forties and fifties. This disease, which is more common than either multiple sclerosis or the more well known "Lou Gehrig's disease," erodes the mind but leaves the body healthy and intact. This merciless combination transforms a human being into a mere robot with no will or desire to live. Not only is this disease still incurable, its cause remains a mystery to medical science.

Mr. President, I ask unanimous consent that this series of articles, that appeared in the Chicago Tribune beginning September 14, 1981, be printed in the RECORD so that everyone will have an opportunity to learn more about this disease.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Chicago Tribune, Sept. 14, 1981]

MEMORIES LOST IN A MAZE: ALZHEIMER'S DISEASE STEALS AGING MIND

(By Charles Leroux)

Like a city in a bottle, Chicago looked clean and clear as crystal one day in July—not this last July, the one before that—as I drove south on Lake Shore Drive. The sky was cloudless, but the water to the left mimicked sky with wispy whitecaps posing as clouds. On the right, morning sun in their faces, highrises stood as glowing monuments to living well.

My mother said, "She won't let me see the little doggy, sweet little doggy here." She pointed to the ashtray of the car and then began to trace with her finger along the pattern in her dress.

"But it tugs, not tugs really but, but . . ." She made a fist and hammered the dashboard with a raging frustration I'd never seen in her.

"It's gone," she said, shaking her head, the anger breaking into sorrow and fear, "it's gone."

What had seemed individually to be merely instances of the forgetfulness of aging had become, in total, frightening. It was like watching someone in a room in which first the chairs broke when he sat on them, then the windows were stuck shut, and the telephone cord was found to be cut, and the doorknob came off in his hand, and there was no way out, and confusion turned to fear.

For my mother, it had started [I think it started this way; in the beginning it sneaks up like a thief] with an inability to write checks, to make change, to deal at all with simple math. It had spread to her ability to do things in a logical progression, to make sentences [soon she would be putting nonsense words in the blanks], to care for herself. When a neighbor of hers called to say my mother had locked herself out of her house and didn't seem to know how to use her key to get back in, I decided to bring her to Chicago and renew the search for whatevel was stealing her mind.

We were on the way that sunny day to Billings Hospital where a neurologist—the second I'd taken her to that year, in addition to two psychiatrists, a psychologicol testing clinic, a geriatric specialist, and an internist—finally would put a name to her suffering.

That was the last cloudless day.

Alzheimer's disease sounded exotic and rare at the time. I know now that it's neither, that 1½ million Americans—5 to 6 per cent of the 65-and-over population—are victims, that the devastation it visits on families multiplies the number of those affected by a factor of 3 or 4, that it accounts for nearly half the admissions to nursing homes, that $12.5 billion this year—an average of some $17,000 a patient, an expense virtually uncovered by insurance or government until the family finances are depleted to public aid level—will be spent on nursing home care for Alzheimer's sufferers, and that those annual costs are expected to rocket to $20 billion within the next few years.

If you are a taxpayer, Alzheimer's will savage your wallet; if you get the disease, it will destroy your mind and cut your life expectancy in half; if someone you love gets it, someone like the 68-year-old woman sitting next to me on the trip down to Billings hospital, it will break your heart.

Lewis Thomas, chancellor of Memorial Sloan-Kettering Cancer Center in New York, has called dementia [of which Alzheimer's is the most common form] "a disease of the century, . . . the worst of all diseases, not just for what it does to the victim but for its devastating effects on family and friends. It begins with the loss of learned skills, arithmetic and typing, for instance, and progresses inexorably to a total shutting down of the mind. It is, unmercifully, not lethal; patients go on and on living, essentially brainless but otherwise healthy, into advanced age, unless lucky enough to be saved by pneumonia."

Much of what can be said about Alzheimer's disease is what it is not.

It's not "hardening of the arteries," the once-classic explanation of the symptoms of senile dementia ["senile" means old; "dementia" means deprived of mind]. Diminished oxygen flow to the brain because of hardened arteries accounts for only about 15 per cent of all dementia patients.

It's not just the natural course of aging. As we age, we lose nerve cells in the brain, cells which do not regenerate [by about age 2 we have all the nerve cells we're going to get], but there is something above and beyond aging going on with Alzheimer's. Some 60,000 Americans who are Alzheimer's victims were diagnosed in their 40s and 50s.

It's not the aftermath of a stroke. Diagnostic tests show that most of the time stroke is not to blame for senility symptoms. In only about 20 per cent of dementia patients is the cause traced to a series of minor strokes that has caused death of brain tissue and yielded symptoms similar to those of Alzheimer's.

Again, although symptoms can be similar, it's not brought on by alcoholism or blows to the head [as in punch-drunk fighter syndrome] or overmedication [the latter a big problem for the elderly].

Alzheimer's is not depression. Although a depressed older person will show symptoms similar to Alzheimer's, and Alzheimer's sufferers may well become depressed over their declining mental powers, psychiatric treatment doesn't cure the disease.

It is not communicable.

It is not, at least to date and unlike some of the other causes of dementia symptoms, curable; and there is no agreement as to its cause.

One thing certainly can be said about what Alzheimer's is. Jerome Stone, president of the Alzheimer's Disease and Related Disorders Association, looked at Alzheimer's being the fourth leading killer in America [behind heart disease, cancer, and stroke], accounting, directly or indirectly, for up to 120,000 deaths a year. He looked at the vast number of Americans suffering from the disease [roughly the population of Detroit] and the tremendous costs involved. He considered what little publicity Alzheimer's has received [only in the last few months has the description of the disease in the popular press changed from "rare form of dementia" to

"most common form of dementia"], and he realized what Alzheimer's disease is.

"It is," Stone says, "a silent epidemic."

The first time I heard of Alzheimer's, I thought I was being told my mother probably had "Oldtimer's" disease. There was a vaguely cute ring to that—an image of a sweet, white-haired lady looking all over the house for her glasses when they were right there pushed up on her forehead all the time. That's a benign sort of senility. That sort doesn't degenerate, doesn't spread out from the memory to attack other functions. The forgetfulness of Alzheimer's, however, turns mean when, in the words of geriatrician Richard Besdine of Harvard Medical School, "you forget you ever had glasses." Alzheimer's isn't cute. Nobody laughs.

It begins imperceptibly, perhaps with a slight and easily dismissed flattening of personality, with some withdrawal when groups of people gather, with a waning interest in hobbies, the sorts of things noticed only in retrospect. A spouse or child usually begins to take over responsibilities from the afflicted person without initially realizing that he or she is doing it. Parent-child roles may reverse, the titles Keeper-of-the-Checkbook and Maker-of-the-Big-Decisions may change hands.

These are upsetting events for all unless delicately handled. [A husband in Chicago told his wife, "You've cooked for me all these years; now it's my turn," and he presented her with a hospital-type identification bracelet as though it were the finest piece of jewelry.]

My mother had looked forward to retirement, having worked almost all her life as a telephone operator beginning when she was a teen-ager, as a housewife for a few years until my father died when I was 2, as a secretary for the next 3½ decades.

In the early '60s—I found old tax records when I cleaned out her house—she had been earning $4,000 a year. By then, I was in college. Earlier, she had made less. I can remember living in rooms where we cooked on hotplates and ate cereal with milk that we stored outside on the window ledge. She saved money fanatically, had to be browbeat into buying her house, into buying anything but the least expensive groceries, into buying anything that was just for herself. The mind that is slipping away wasn't that of a scientist or a poet but one that kept two people going for a long time with very little to go on. It was a resourceful, fiercely determined mind.

She made four trips in her life—to Mammoth Cave in Kentucky on her honeymoon; to work in Los Angeles for a few days one of the times that the University of Wisconsin [where she was a secretary in the Athletic Ticket Office] went to the Rose Bowl; to Clearwater, Fla., to visit an old friend; and to Portugal one Christmas when I was freelancing overseas ["Look, Charlie," she had said as we passed a construction site on the way back to town from Lisbon airport, "foreign soil."]

The little jokes she enjoyed, the financial independence she had won after nearly a half century of work, the joy she found in minor lovelinesses of life—a sparrow's nest beneath the eaves above her living room window, the waving multicolors of a long line of wash hung out in a summer breeze—all have become victims of Alzheimer's disease. Just when she was getting ready finally to enjoy life, the capacity for enjoyment was taken from her. It wasn't fair.

"They feel something has been snatched from them," one of the women said about her parents' hoped-for retirement years. Her father had intended to sell the business he had built, but now he has the beginnings of Alzheimer's and can't handle complex dealings leading to a sale; and instead he's trying to continue the business, and in his failing grasp it's falling apart and becoming less salable every day; and the mother refuses to admit that there's a disease at work, and she yells at the man as though it's his fault he can't remember how to function; and the daughters have to care for him, and he looks at his wife and says, "You're not my wife. My wife has crow-black hair," which of course she hasn't had for years.

This was a meeting of an Alzheimer's family support group gathered in an apartment in North Oakley Avenue in Chicago, but it could have been any of the hundreds of Alzheimer's support groups meeting all over the country. The stories are essentially the same: A vital, loving person is becoming something else, a personality is eroding before the family's eyes, and there seems no way to stem the loss. It's like a nightmare in which a loved one is drowning and, no matter how hard you try, you can't quite reach their outstretched fingers.

For the family, Alzheimer's becomes an emotional stew of frustration and guilt (lots of guilt arising from a situation with no clear-cut decisions and no happy solutions) and fear and embarrassment over a "mental" problem having struck a relative. Spicing up this mess are feelings of resentment for the victim whose needs create what one husband called "36-hour days," and anger aimed at the gods and, often, at doctors who drop a diagnosis and run.

Bobbie Glaze, of Bloomington, Minn., national program development and membership chairman for the Alzheimer's association, was given the bad news in a hospital waiting room filled with people:

"He said, 'Your husband has a progressive, irreversible brain disease. There is no known cause or cure. You'll just have to carry on from that.' I never saw that doctor again."

The late Dr. Monica Blumenthal, of the University of Pittsburgh School of Medicine, said, "In many ways dementia is like death. It is the death of the mind. Most family members who are close to the patient will go through some phase of mourning which is often more grievous than that produced by death itself."

"It is," says Bobbie Glaze, who has endured her husband's disease for 12 years, "a funeral that never ends."

The patient is suffering as well, not just suffering the loss of mental abilities but suffering an awareness of the loss. The drowning nightmare from the point of view of the Alzheimer's victim, at least early on in the course of the disease, must be terrifying. He knows he's reaching for help and feels himself slipping away. The mind, ultimate ally in his struggle through life, has turned traitor.

When I cleaned out my mother's house, I found literally hundreds of scraps of paper with names and phone numbers written on them, hints at how to carry on with life, breadcrumbs to follow home, notes in a bottle from the declining self to the more seriously declined self of the future. I hauled a plastic leaf bag full of these scraps out to the rubbish pile. Most of the scraps carried my name and number.

"Chuck," she said to me the other day in one of the rare but painful siren flashes of coherence that make it seem for a moment that the rational person of the past is being held captive in the jumble, "am I crazy?"

Later stages see an easing of the self-aware fears when, as psychiatrist Dr. Lissy Jarvik, of the University of California, says, "they seem to tune out somehow." Along the way, there may be episodes of sudden personality changes, of extreme paranoia, wandering, seizures, violent flashes of anger.

Each case follows its own route through the course of the disease, determined perhaps by which areas of the brain suffer the most damage. In some, recent memories will be lost but old ones remain; some will be especially deficient in speech or in carrying out tasks in a proper sequence. Many, though not all, will show an intensification of their personalities, shy people becoming hermits, ebullient types becoming aggressive.

There are patients who retain nonverbal skills, such as the ability to recognize emotions in others ["You look so tired," my mother sometimes tells me, mistaking anguish for weariness]. Some have severe drop-offs of abilities, with long, level stretches in between. Others decline very slowly. Still others slide quickly along the path that Dr. Robert Katzman, of New York's Albert Einstein College of Medicine, says "always goes one way—it always gets worse."

Some Alzheimer's patients evidence a stooped, slow gait with almost no arm swing or take mincing steps from a flexed, wide stance [the marche a petits pas, "walk of little steps"]. Late in the course of the disease some involuntary functions may be lost. Incontinence is common. In rare cases the swallowing reflex or the ability to breathe unaided disappears.

Shakespeare wrote that there were seven stages in the life of man. Of the seventh, he said:

Last scene of all.
That ends this strange and eventful history,
Is second childishness and mere oblivion,
Sans teeth, sans eyes, sans taste, sans everything.

Some Alzheimer's patients deep in "mere oblivion" show an amazing ability to hang to life. One woman said of her husband, "He's a shell that breathes, living on and on."

Although it has been estimated that 50 per cent of Alzheimer's sufferers die of pneumonia and that pneumonia is twice as often the cause of death among these people as is true of the population generally, some researchers believe that pneumonia may be "overdiagnosed."

Death, these scientists say, can be the result of a number of things, including "benign neglect" [sometimes at the expressed wish of the family], malnutrition and dehydration, incorrect diagnosis and treatment [arising often from an inability of the patient to communicate with the doctor], death by Alzheimer's itself through as-yet-undiscovered mechanisms, and death through patient self-realization of serious decline [what is sometimes called voodoo death"].

There's another possibility. My mother doesn't read. She hasn't lost the ability, just the point. When I gave her a greeting card from an old friend of hers, she read it aloud very quickly without any emphasis at all from beginning to end and then read "A Hallmark Card" and the price code across the bottom. She seems unable to affix relative values to words or, for that matter, to any of the constant bombardment of stimulae she—and all of us—face all day. A word on a page, footsteps in the hall, gas pain in the stomach, a craft project, images on the TV screen all clamor for her attention and all get an insignificant bit of it.

She has lost, along with the ability to remember, the ability to disregard. The world mugs her with stimuli and she retreats into near total inactivity. The magazines I bring one week have not been moved the next. Her TV set is never on. A ride through the park, dinner away from the nursing home in which she now lives are agony for her. Surrounded by things to do and people willing to help her do them, she instead sits and paces and paces and sits.

British geriatric specialist Sir Martin Roth looked into the postmortem examinations of many Alzheimer's disease sufferers and concluded that often "there was very little to explain what caused death." He commented, "It looks like death from boredom."

After the support group meeting on Oakley Street adjourned, discussion went on in small groups walking to their cars. One man was saying that if he got the disease [it runs in families, so the possibility is always on relatives' minds], he hoped someone would see to it that he didn't live long.

The woman he was talking to said, "I've already made that arrangement with a friend," and she snapped her umbrella open against the rain.

IN RESEARCH, AS IN THE BRAIN, ALZHEIMER'S TAKES A TWISTING TRAIL

(By Charles Leroux)

In the first week of November of 1906, a woman in Tubingen, Germany, died while under the medical care of neuropathologist Alois Alzheimer. Over the previous four years, the woman had suffered hallucinations, depression, loss of memory, loss of the ability to reason. Her symptoms were unmistakably those of senile dementia [senile meaning "old"; dementia meaning "deprived of mind"]. It was a condition doctors had seen time and again in elderly patients and had dismissed as a natural part of the aging process. Strangely, however, this woman wasn't old. She was 51 at the onset of symptoms.

Alzheimer autopsied her brain and using a new type of tissue stain, saw two types of lesions [structural abnormalities], two hallmarks of the disease that now carries his name.

In some of the nerve cells of the woman's brain, there were what looked like infinitesimal, twisted bits of yarn. Those were fibers of protein twisted around each other forming tangles. Outside the nerve cells, he found neuritic plaques, bits of degenerating nerve cells around a fibrous core.

"The plaques are like mothholes in fabric, like the footprints of an elephant across a wheatfield, destructive," said Dr. Jan Leestma, a neuropathologist at Northwestern Memorial Hospital. "If you were inside an Alzheimer's brain, it would look like someone had been loose with a shotgun in there, but it's really more akin to someone taking a hatchet to telephone cables. The flow of information around inside the brain is disrupted. It's not so clear what the tangles do. They may over the course of time constipate the nerve, filling the cell with twisted protein and causing it to gradually lose function. We do know that the more plaques and tangles, the more loss of mental ability. Although the threshold varies from individual to individual, there seems to be a level of these lesions beyond which impairment will be seen. It's as though you made a photocopy of a page of print. The copy would be almost as clear as the original. If you then made a copy of the copy and then a copy of that copy and so on, there'd be a point beyond which the print would become illegible."

I was reading in bed one night, and my son, who was about 4 then, crawled in with me. He was used to being read to, but apparently fascinated by my reading in silence. He looked at me curiously for a while, then said, "You're reading in your mind, aren't you?"

He had begun to realize that "in the mind" is where the action is, the arena where each of our lives ultimately is played. In the last few years, I have watched my children [he's 7 now, she's 9] preparing their "arenas," learning reading and math for instance. Over the same period of time, I have watched my mother lose the ability to do simple arithmetic, to update a checkbook or make change, lose the sense of reading. As my daughter was mastering sums, my mother was falling prey to numbers, making long lists of them, telephone numbers, check stub numbers, all sorts of numbers, hoping perhaps to gain control over them. As my son was discovering that symbols on a page made words and then sentences and then sense, words and meanings were falling apart for his grandmother. It seemed that the children were learning what she was unlearning, building their castles of her rubble. Sometimes on the same day, there would be thrilling evidence of the opening of their worlds and numbing hints that hers was closing.

The plaques and tangles concentrate in the cerebral cortex and the hippocampus, centers of intellectual activity and memory. Motor centers are not initially affected [a Washington psychiatrist had a patient who, 2½ years into the disease, still shot golf in the 80s] nor is vision or hearing. In a cruel charade, Alzheimer's can allow its victims to seem for years to be the picture of physical health while centers in the frontal lobes are ravaged destroying memory, attention span, initiative. The parts of the brain most affected are those that have developed more in man than they have in other animals. Alzheimer's removes that difference as it erodes the places where the patient appreciates literature, where he makes puns, where remembered music plays. "The computer," Leestma said, "the thing that makes us human is, unfortunately, what goes."

Why? Nobody knows for sure, but there are clues, tantalizing, confusing, numerous clues pointing almost every direction imaginable. There are diseases whose causes are known that are similar, either in symptoms or in the typical brain lesions or both, to Alzheimer's.

Creutzfeldt-Jakob disease produces a rapidly progressing dementia leading to death as does Kuru, a disease of cannibalistic natives of eastern New Guinea. Advanced cases of Parkinson's disease show dementia symptoms. All Down's syndrome victims who live to age 35 show plaques and tangles in their brains as do exprizefighters with dementia pugilistica, "punch-drunk syndrome." Sufferers of Korsakoff's psychosis show the confused and forgetful behavior of dementia.

Creutzfeldt-Jakob and Kuru are caused by viruses. Parkinson's involves a deficient chemical process. Down's is genetic. Dementia pugilistica is the result of too many hard blows to the head. Korsakoff's is due to a lifetime of alcoholism. Which is the path lead leading to the cause of Alzheimer's—virus, chemistry, heredity, trauma, toxin? Only trauma isn't seriously being considered.

Is a virus the culprit, perhaps, as in Cruetzfeldt-Jakob and Kuru, a "slow" virus, one that lies dormant in the body for years before becoming activated? Kuru was shown to be virally caused when D. Carleton Gajdusek and his colleagues were able to create the disease in chimpanzees by injecting into their brains brain tissue of Kuru victims. A study that claimed to show that Alzheimer's similarly could be transmitted, has recently been recalled by the researchers who did the study. Despite that setback and the long [year-and-a-half to two-year] wait between initiation of experiment and result, research continues into a possible Alzheimer's virus.

Are metal deposits to blame? Canadian researchers as early as 1965 reported finding aluminum deposits 10- to 30-times in excess of normal in the most lesion-affected parts of Alzheimer's brains. Studies at the University of Vermont and the National Institute of Environmental Health Sciences have found that very nearly all of the brain cells containing neurofibrillary tangles had aluminum in their nuclei while adjacent, normal cells were virtually free of detectable trace metals. Does the presence of aluminum damage nerve cells? Tests with rabbits have indicated that it may.

Although some neurologists advise relatives of Alzheimer's victims [people with a higher than normal risk of getting the disease] not to use uncoated aluminum cookware on a "could it hurt?" basis, others think such advice is totally uncalled for, at best ineffective.

Dr. Leopold Liss of the Department of Geriatrics and Gerontology at Ohio State University, one of the proponents of the aluminum-ascause theory, said he hoped the metal wouldn't be found guilty. Why? "Because it's everywhere, in the ground, in the water, in the air, everywhere! It's one of the most common elements of the Earth's crust. There is no way to avoid it."

A number of researchers [including Lisa] are experimenting with ways not of avoiding aluminium but of eliminating it from the brain. The focus of these experiments is chelating agents, drugs that bind aluminum, the first step in eliminating the metal from the body. Early stages of a University of Kentucky study attempting to define normal levels of trace metals in the brain seem to conflict with the earlier Canadian studies. The Kentucky investigators have found aluminum levels in the brain rise with age but that there's no difference between concentrations in the brains of healthy and Alzheimer's persons of the same age. Aluminum remains a point of controversy in Alzheimer's research.

Is Alzheimer's genetic? Lissy F. Jarvik of the Department of Psychology at the University of California at Los Angeles began a paper on genetic factors in Alzheimer's by quoting from Oliver Goldsmith's "The Citizen of the World":

"Those who travel in pursuit of wisdom walk only in a circle. And after all their labor, at least return to their pristine ignorance."

Genetic questions about Alzheimer's do seem to lead in circles. The disease seems to run in families [some researchers would say one form of the disease in that they believe there are both familial and sporadic forms]. This doesn't necessarily mean that Alzheimer's, or even a disposition to it, is inherited. It might instead indicate that something in the family's environment is causing the disease. The risk of Alzheimer's striking someone 65 or older in the general population is 2 to 3 in 100. If that person happens to be a close relative of a victim, the risk rises to 7 or 8 in 100. The closer the relationship, the higher the risk. [My mother is one of four sisters to suffer Alzheimer's. A fifth sister died of lung cancer]. If one of a pair of twins has Alzheimer's, the risk is greater for the other if he is an identical twin [some scientists say the risk in that case is 100 per cent] than if he is a fraternal twin.

For relatives of Alzheimer's patients, the family factor hangs like a sword from a thread above their heads. A cousin, a woman 50 years old, called me the other day to talk about how the disease has cut a swath through the family album. "Every time I can't remember a name," she said, "every time I can't recall where I put something, I say to myself, 'is this it?'"

Alzheimers itself isn't the only sword over the heads of family members. They face an up-to-10-times-greater risk of having a Downs syndrome [mongolism] child. As science has prolonged the lives of these retarded people into their 30s and beyond, it has been discovered that all Down's victims 35 and older have tangles and plaques, the hallmarks of Alzheimer's, in their brains.

Does this indicate that Alzheimer's also is caused by a genetic abnormality? If such an abnormality could be found, would it serve as a "marker" to indicate persons who will develop or will likely develop Alzheimer's? How would we deal with such predictions? The genetic path to Alzheimer's is a maze.

Is a chemical deficiency to blame? Acetylcholine is one of about 25 chemicals in the brain that help transmit messages from one nerve cell to another. The brain uses an

enzyme, choline acetyltransferase, in manufacturing acetylcholine. This enzyme has been observed to be in short supply in the brains of elderly people generally and decreased by as much as 90 per cent in the brains of Alzheimer's sufferers. Less enzyme leads to less neurotransmitter, and tests show that acetylcholine plays a major role in memory.

It would seem logical then to administer choline or its cousin, lecithin, to alleviate symptoms for Alzheimer's patients as L-dopa has alleviated those of Parkinson's disease. So far, however, tests of the dietary or injected replacement of the missing neurotransmitter have not yielded positive results.

The paths that are being followed in search of the cause of Alzheimer's disease twist and turn and sometimes cross each other. Perhaps the genetic factor, if there is one, works in connection with an environmental or viral one to produce the disease. Perhaps aluminum is a symptom of Alzheimer's rather than a cause. Perhaps in Alzheimer's the immune system has mistaken brain cells for foreign invaders and is attacking and destroying them in a tragic instance of "friendly fire." Perhaps, perhaps.

The disease Alois Alzheimer's name became attached to was sometimes alternately called presenile dementia to distinguish it from senile dementia. The two dementias differed, as the names implied, in that one came on before old age while the other came on with old age. Presenility was assumed to be neurological in origin while senility was caused by hardening of the arteries of the brain. Presenility [Alzheimer's] was a disease while senility was part of the natural slide down into the valley of death. The fence that divided the two senilities was age 65. If you showed symptoms before your 65th birthday, that was presenility, disease; after 65 was senility, nature's way.

One problem with the view was that the hallmarks of Alzheimer's, plaques and tangles, were showing up in the brains of people whose onset of symptoms came after age 65. Autopsied brains of 50-year-old Alzheimer's victims looked just like autopsied brains of many 90-year-old senility sufferers. Another problem was that examination of dementia patients found only a small percentage of them to be suffering hardening of the arteries. Yet another problem was that if senile dementia was natural, why didn't it come to everyone? Not all old people, even extremely old people, become demented [Picasso died at 91, still a great artist, Toscanini at 89, still a great musician.] The term Senile Dementia of the Alzheimer's Type [in other words, old-age deprivation of mind like pre-old-age deprivation of mind] was invented to cover this situation, but the cover has not fit very neatly.

Although there is an as-yet-unpublished report out of the University of Minnesota that concludes that the earlier the onset of Alzheimer's symptoms, the more severe the course of the disease and the greater the risk to family members, most evidence indicates that the similarities of pre-65 and post-65 Alzheimer's far outnumber the differences. Apparently, though age of onset, symptoms, and speed of decline can vary greatly from individual to individual, Alzheimer's is a single disease or family of diseases. The important thing is that it is a disease.

The changing historical perspective on Alzheimer's shows a shifting of the blame from natural occurence to pathology. That makes all the difference. There's nothing to gain in fighting nature, but there's everything to lose in failing to battle a disease. Dr. Michael Shelanski of Harvard Medical School's department of neuropathology has written that the "failure to [view aging of the brain as a pathological process, a disease] will turn victories in our crusades against cancer and heart disease into hollow shells, and the fruits of these victories will be bitter ones as we watch the wards of our hospitals fill with older people who have strong bodies but diminished minds."

RED TAPE CRIPPLES FINANCES OF FAMILIES OF ALZHEIMER VICTIMS

(By Charles Leroux)

It is in her family and I know that she is fighting it. She always was a fighter. . . . My wife is staying in her home as long as I am around. She understands a lot, and it would kill us both if she had to be put in a nursing home. The government should beat this thing; they can go to the moon but won't spend money to save a human mind. It makes me sick."

"He is very agitated all the time now. I don't know what to do. We have gone from doctor to doctor and get the same thing: put him in a home. Well, I have tried to find one and it is hard. They all have a waiting list a mile long. I never made out the checks, and now it is all up to me. He is like a kid now, and I can't stand it. . . . If I could get some help at the house, I might be able to keep him at home; but people want money and we are just getting this disability check and dipping into the savings."

Those are the voices of two spouses of Alzheimer's victims in Pittsburgh, although they could be any Alzheimer's relatives anywhere. After they have gotten used to the strange name of the disease; after they have become accustomed to the confused, frightened, sometimes memory-less being that now lives in the body of their loved one; after they have accepted that the disease will lead on a long, wearying path to an early funeral there is still something hard to accept, impossible to get used to—the bills.

I have taken a few minutes from writing this to make out a check to the nursing home where my mother lives. The check is for $1,456.65. It pays for the month of August. The home is clean and caring and well-run but not at all fancy. The cost is probably about average. All over the country, checks are being written. About 750,000 Alzheimer's sufferers are in nursing homes "dipping into the savings." About the same number are being cared for at home at costs [not counting time and stress] that may be less than nursing homes initially but higher in later stages of the disease. Most families who care for an Alzheimer's victim at home find it necessary sooner or later to bring in outside help; and, as the woman in Pittsburgh said, "People want money."

My mother thought she had enough money. She owned a small house outright. She had Medicare coverage and a private supplemental policy as well. She used to tell me, "I just want to be sure that I can be independent, Charlie, not a burden to you." Before she retired, a friend who is a financial counselor looked over her assets and told me, "She needn't worry. The house is clear. Her pension, Social Security, dividends, and interest will cover food and utilities and taxes. Even if her health deteriorates, there's the insurance." He didn't know about Alzheimer's disease.

Three years after that conversation, the diagnosis of Alzheimer's was made, and I asked the doctor for help in deciding how to manage my mother's finances—should I sell the house, for instance, or keep it in hope that she would be able to return there in the future? The answer was my first clue to what the disease really would mean, the first chord of ominous background music. "Sell the house," the doctor said without hesitation.

I sold. [I had gotten power of attorney early in the course of the disease, before it had been finally diagnosed, and if there is one piece of advice I would give to anyone who suspects a relative might have Alzheimer's it is to sit down at once with the family lawyer.] I invested the money for her and calculated the monthly income from those investments plus the Social Security and pension income. There wasn't enough to cover the costs. "There's always," I remember, "the insurance."

For Alzheimer's victims, however, insurance is virtually useless. Policies are geared to ["biased toward" Alzheimer's relatives charge] treatable, obviously physical problems, a broken hip or a stroke, for instance. Alzheimer's, a long-term, incurable, neorological disease, is a word most insurance companies pretend not to hear.

Four years ago, Ely Feinerman's father was diagnosed as having Alzheimer's disease. The man was 58, a contractor, not yet retired but, because of the disease, unable to continue his business. Feinerman is an insurance consultant in Tucson, and he knew that there was a clause in his father's life insurance policy that waived payment of premiums in the event of disability. He had already [after six months and the services of a lawyer specializing in the Social Security system] gotten the government to declare his father disabled and to pay him two years back Social Security. Even the long hassle with the government didn't prepare Feinerman for what the insurance company told him.

"I was told, not once but several times by different people, that the company 'does not feel Alzheimer's is a disabling disease.'"

Feinerman went to the insurance commission of New York state [where the policy had been purchased]. The commission ruled that Feinerman's father was, in fact, disabled by Alzheimer's and that he did not have to pay premiums. The cost of that victory to Feinerman was eight months of time, the expense of legal filings, nearly 100 hours of long-distance telephone calls.

"I set precedent in New York," he said, "but only because I am an insider in the business. I knew every angle."

Most Alzheimer's relatives have had little or no success in getting disability payments, waiver of premiums because of disability, payments for visiting nurse services, etc. Policies sold as supplements to Medicare, supposedly covering what Medicare does not and yielding therefore "total" coverage, generally have not helped, either.

"They don't pay custodial care, and they consider nursing care for an Alzheimer's patient custodial," Feinerman said. "Also if you buy a Medicare sup and then a couple of years later are diagnosed as having Alzheimer's, the insurance company will claim that that was a prior existing condition, that you had the disease all along and that it therefore isn't covered."

Medicare's requirements for coverage virtually rule out assistance for Alzheimer's victims. Medicare pays nursing home or at-home care only after a three-day hospital stay, only if the nursing home or at-home care is for the illness that occasioned the hospital stay, only for skilled care, only for the first 20 days [after that on a shared-cost basis], and only for 100 days total before another hospital stay is necessary.

The major sticking point is Medicare's insistence that nursing care for an Alzheimer's patient is custodial, hence not covered. The Medicare handbook says: "Care is considered custodial when it is primarily for the purpose of meeting personal needs that could be provided by persons without professional

skills or training; for example, help in walking, getting in and out of bed, bathing, dressing, eating, and taking medicine. . . . Medicare does not cover your cost, if it is mainly custodial."

Veterans Administration hospitals admit patients because of "service connected" medical problems or, lacking proof of service connection [as in Alzheimer's disease], because the veteran is indigent. Decisions on who gets admitted have been made on a hospital by hospital basis, and, largely, Alzheimer's sufferers have been excluded or admitted with the understanding that if room is needed for sufferers of treatable diseases, they'll have to leave.

Dr. Paul Haber, the VA's assistant chief medical officer for extended care, explained, "It's a very labor-intensive disease. The Alzheimer's patient is sometimes quarrelsome, self-destructive, wanders, is disoriented. If we admitted all the Alzheimer's veterans, our resources very soon would be depleted."

Haber said that a conference being held in Washington this week is intended to develop a more uniform VA policy and to plan research projects to be carried out at four of the VA's eight geriatric centers.

Medicaid or other forms of welfare will not step in until the family's savings have been dipped into nearly to death. At about $17,000 a year and rising for nursing home care over the course of a disease that can take 10, 12 or more years from diagnosis to grave, most families will meet financial ruin somewhere along the way.

Alzheimer's relatives find it particularly galling that, as Jerome Stone, president of the Alzheimer's Disease and Related Disorders Association, said, "citizens must be reduced to poverty before they become eligible for assistance."

Take, for example, a hypothetical Mrs. Smith in Illinois who is in a nursing home with Alzheimer's and who has a husband who is still working, making $20,000 a year. Her income [Social Security, a pension perhaps] must go to pay her expenses. She can keep only $1,500 in cash and use $25 a month to pay for a haircut or candy bars or whatever. Her husband can retain only $1,500 as well and must contribute $204 a month toward her upkeep. Public aid will pay what Mr. and Mrs. Smith cannot. Mr. Smith can keep their house and live there but a lien is placed against it by the state so that after she and he both have died, the state rather than their children will get the house, sell it, and use those proceeds to offset the cost of Mrs. Smith's health care. Many Mr. and Mrs. Smiths have been advised to divorce so that the well partner might retain assets. Some of them, sacrificing the vow "in sickness and in health," accepting emotional devastation over financial devastation, have divorced their stricken mates.

As Alzheimer's can devastate a family's assets, there are fears that it could do the same to the national bankbook. Lewis Thomas, chancellor of Memorial Sloan-Kettering Cancer Center, writer, and member of the Alzheimer's Association board, has called the disease "a disease of the century," and cautioned that the cost of dementing illness [of which Alzheimer's is the most widespread] in the future may be "enough to swamp all other parts of any health care system." Dr. Robert Terry, chairman of pathology at Albert Einstein College of Medicine in New York and a long-time Alzheimer's researcher, has said, "If we don't control this disease, it will eventually bankrupt us."

Here's why: In the last several years, the death rate for people over 85 has been decreasing faster than for any other age group, yielding what Dr. Carl Eisdorfer, president of Montefiore Hospital and Medical Center in New York, has called the "aging of the aged." In the next 50 years, the number of people 65 and over is expected to increase from the present 25 million to more than double that number. Eisdorfer said, "Unfortunately, but absolutely predictably, among the more profound negative aspects of this population increase will be a concomitant significant increase in the Alzheimer's types of dementia [which] doubles in prevalence with every five years past the age of 60, so that extending life by 10 years would quadruple the prevalence."

More old people means more Alzheimer's, which means more nursing home admissions [and, because they can be difficult to deal with, it is already a struggle to get Alzheimer's patients placed in nursing homes], more care at home, more costs [the projected nursing home bill for 1980, of which Alzheimer's would account for well over half, is $75.6 billion], more welfare.

Research into the cause of the disease, how it is distributed in the population, the effects of memory-enhancing drugs, etc. is sponsored primarily by the federal government through grants from and research at the National Institute on Aging, the National Institute of Neurological and Communicative Disorders and Stroke, and the National Institute of Mental Health, all based in Bethesda, Md.

There will be $10 million worth of such National Institutes of Health research this year. That's up from only $3 million in 1977 but still less than a 2,000th of the annual cost of caring for Alzheimer's sufferers.

While the search goes on for a cause and a cure, there are other fundamental needs. Improvement in diagnostic techniques is one. It's important to separate the treatable causes of dementia-like symptoms—overmedication, depression, etc.—from Alzheimer's. Mistaking Alzheimer's for depression had a friend's father, who was told that socialization was what his wife needed, forcing the confused woman into giving elaborate dinner parties when she could scarcely remember who the guests were. A similar mistake had another man dragging his wife out to the opera where she sat unaware of where she was and fondled the heads of the people in the row in front of her. On the advice of a psychiatrist, I told my mother that if she didn't go to the senior citizens' meetings, didn't sit through travelogs in the church basement, I'd stop helping her with her checkbook. Terrified, of course, she went.

To be absolutely sure of a diagnosis of Alzheimer's, to determine familial occurrence of the disease, and to supply researchers with adequate supplies of tissue for study, willing next-of-kin, autopsy, and an Alzheimer's brain bank are important. There are brain banks in Los Angeles at the VA Wadsworth Hospital Center; in Belmont, Mass., at McLean Hospital; in the Bronx, New York, at the department of pathology of Albert Einstein College of Medicine; and one devoted exclusively to Alzheimer's at the University of California, San Diego.

Creative new approaches are being brought to bear on the maintenance of Alzheimer's patients.

One is the teaching nursing home. Robert Butler, director of the National Institute on Aging, argued for this concept in a Journal of the American Medical Association article, saying that as "vaccine replaced the iron lung, today's nursing home, the contemporary 'iron lung' of geriatrics, will be replaced by a strong research effort." By affiliation with various universities' medical and nursing schools, it's hoped that these teaching nursing homes could ease staff shortages, encourage geriatric research, guide health professionals into work with the elderly, and serve as models to the nation's 18,000 nursing homes.

There is also creative work being done in the political arena—bills, some already enacted, providing more flexibility in dispensing more flexibility in dispensing of government services to the elderly. Some state laws and at least one new federal law are intended to make the at-home care option [as opposed to institutionalization] visable.

One of the most active politicians in such matters is Rep. Claude Pepper [D., Fla.], chairman of the House Committee on Aging, 81 years old himself. "As it now stands," Pepper said, "none of our public or private health care programs adequately meets the special needs of Alzheimer's patients and their families. But the federal and state governments are beginning to respond. Large numbers of talented people are putting their minds to solving the long-term care dilemma. Cutbacks in social programs may slow our pace for the moment, but the burgeoning interest in long-term care can only offer very hopeful signs for the future."

The present, in the form of letters from people who have just heard or who suspect a loved one has Alzheimer's, is stacked to overflowing in boxes and spread across desks of the Alzheimer's Disease and Related Disorders Association (ADRDA) national headquarters in Chicago. ADRDA was formed in December, 1979, and has grown to 31 chapters, and a mailing list of some 60,000 names and growing as each of those letters is dealt with. Because it is a new organization and because Alzheimer's remains, in the words of Jerome Stone, president of the association, "a silent epidemic," fund-raising is difficult. "With Alzheimer's, there's no poster child," Stone said in pointing up the incorrect and stymieing attitude that dementia is just a part of old age.

Multiple sclerosis strikes only about a tenth as many Americans as does Alzheimer's, yet the annual budget for the MS association last year was $30 million, while the Alzheimer's Association got by on $90,000. Amyotrophic Lateral Sclerosis, which affects only 1/300th as many people as Alzheimer's, was able to raise funds more easily after it became known as Lou Gehrig's disease. The Alzheimer's people were excited last spring (sorry for the individual, but excited by the possibilities) when it became known that among the sufferers of the disease is Rita Hayworth.

My mother's name would not rise out of the sea of Alzheimer's statistics. Her greatest accomplishment in life was getting through most of it on her own and against odds and at the same time bringing a child to adulthood. I brought an old family photo album to her the other day in hopes that she might recognize some faces there and get enjoyment from that. She didn't, didn't know her sisters, thought my father, dead for 38 years, was me; but she stopped at a photograph of herself. It had been taken when she was 20 or so. A tight smile seemed to be holding back a laugh. The eyes were as bright and clear as a sparrow's.

"I was very pretty," she said.

MESSAGE FROM THE PRESIDENT RECEIVED DURING ADJOURNMENT

Under the authority of the order of the Senate of October 7, 1981, the Secretary of the Senate, on October 9, 1981, received messages from the President of the United States transmitting sundry

nominations, and a treaty, which were referred to the appropriate committees.

(The nominations received on October 9, 1981, are printed at the end of the Senate proceedings.)

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE RECEIVED DURING THE ADJOURNMENT

Under the authority of the order of the Senate of October 7, 1981, the Secretary of the Senate, on October 13, 1981, announced that the Speaker has signed the following enrolled bills:

S. 1181. An act to increase the pay and allowances of members of the uniformed services, and for other purposes;

S. 1191. An act to extend for 3 additional years the provisions of the Fishermen's Protective Act of 1967 relating to the reimbursement of U.S. commercial fishermen for certain losses incurred incident to the seizure of their vessels by foreign nations, and for other purposes; and

S. 1712. An act to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

ENROLLED BILLS SIGNED

The President pro tempore (Mr. THURMOND) announced that on today, October 14, 1981, he signed the following enrolled bills, which had previously been signed by the Speaker of the House of Representatives:

S. 1181. An act to increase the pay and allowances of members of the uniformed services, and for other purposes;

S. 1191. An act to extend for three additional years the provisions of the Fishermen's Protection Act of 1967 relating to the reimbursement of United States commercial fishermen for certain losses incurred incident to the seizure of their vessels by foreign nations, and for other purposes; and

S. 1712. An act to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

MESSAGES FROM THE HOUSE

At 12:11 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the House has passed the bill, without amendment:

S. 1224. An act to amend the provisions of title 39, United States Code, relating to the use of the frank, and for other purposes.

At 4:34 p.m., a message from the House of Representatives, delivered by Mr. Gregory, announced that the House has passed the following bill, without amendment:

S. 1687. An act to make a technical amendment to the International Investment Survey Act of 1976.

The message also announced that the House has passed the following bill, with amendments, in which it requests the concurrence of the Senate:

S. 1000. An act to amend the Independent Safety Board Act of 1974 to provide authorizations for appropriations, and for other purposes.

The message also announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 1184. An act to amend the Tariff Schedules of the United States regarding the rate of duty that may be proclaimed by the President with respect to sugar imports;

H.R. 4145. An act to amend the Securities Exchange Act of 1934 to provide uniform margin requirements in transactions involving the acquisition of securities of certain United States corporations by non-United States lenders, and to specify a private right of action for certain violations of margin requirements; and

H.R. 4327. An act to amend the Immigration and Nationality Act, and for other purposes.

ENROLLED BILL SIGNED

At 5:36 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

S. 1224. An act to amend the provisions of title 39, United States Code, relating to the use of the frank, and for other purposes.

The enrolled bill was subsequently signed by the President pro tempore (Mr. THURMOND).

HOUSE BILLS REFERRED

The following bills were read twice by unanimous consent, and referred as indicated:

H.R. 1184. An act to amend the Tariff Schedules of the United States regarding the rate of duty that may be proclaimed by the President with respect to sugar imports; to the Committee on Finance.

H.R. 4145. An act to amend the Securities Exchange Act of 1934 to provide uniform margin requirements in transactions involving the acquisition of securities of certain United States corporations by non-United States lenders, and to specify a private right of action for certain violations of margin requirements; to the Committee on Banking, Housing, and Urban Affairs.

HOUSE BILL ORDERED HELD AT THE DESK

The following bill was ordered held at the desk by unanimous consent until the close of business on October 15, 1981:

H.R. 4327. An act to amend the Immigration and Nationality Act, and for other purposes.

ENROLLED BILLS PRESENTED

The Secretary reported that on today, October 14, 1981, he had presented to the President of the United States the following enrolled bills:

S. 1181. An act to increase the pay and allowances of members of the uniformed services, and for other purposes;

S. 1191. An act to extend for three additional years the provisions of the Fishermen's Protective Act of 1967 relating to the reimbursement of United States commercial fishermen for certain losses incurred incident to the seizure of their vessels by foreign nations, and for other purposes; and

S. 1712. An act to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–2053. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, a cumulative report on budget rescissions and deferrals, dated October 1, 1981; pursuant to the order of January 30, 1975, referred jointly to the Committee on Appropriations, the Committee on the Budget, the Committee on Agriculture, Nutrition, and Forestry, the Committee on Armed Services, the Committee on Environment and Public Works, the Committee on Energy and Natural Resources, the Committee on Labor and Human Resources, the Committee on the Judiciary, the Committee on Foreign Relations, and the Committee on Finance.

EC–2054. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report on certain deferrals of budget authority contained in the President's thirteenth special message for fiscal year 1981; pursuant to the order of January 30, 1975, referred jointly to the Committee on Appropriations, the Committee on the Budget, the Committee on Commerce, Science, and Transportation, the Committee on Agriculture, Nutrition, and Forestry, the Committee on Labor and Human Resources, and the Committee on Energy and Natural Resources.

EC–2055. A communication from the State Conservationist, Soil Conservation Service, Department of Agriculture, transmitting, pursuant to law, an evaluation of cell grazing systems; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2056. A communication from the Assistant Secretary of the Army (Civil Works), transmitting a draft of proposed legislation to provide for the operation and maintenance of the Panama Canal under the Panama Canal Treaty of 1977, to amend certain laws applicable to the Panama Canal, and for other purposes; to the Committee on Armed Services.

EC–2057. A communication from the Secretary of Housing and Urban Development, transmitting, pursuant to law, a report on involuntary residential displacement; to the

Committee on Banking, Housing, and Urban Affairs.

EC–2058. A communication from the Acting Vice President for Governmental Affairs, National Railroad Passenger Corporation, transmitting, pursuant to law, a report on the average number of passengers and the one-time performance of each train operated by the Corporation for July 1981; to the Committee on Commerce, Science, and Transportation.

EC–2059. A communication from the Administrator of the United States Environmental Protection Agency, transmitting, pursuant to law, a report on methods, procedures and processes to restore the quality of the Nation's publicly owned freshwater lakes; to the Committee on Environment and Public Works.

EC–2060. A communication from the Secretary of Health and Human Services, transmitting a draft of proposed legislation to amend Public Law 94–241, which approved the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, to change the effective date of the applicability of the United States Social Security System to the Commonwealth; to the Committee on Finance.

EC–2061. A communication from the Acting Assistant Legal Advisor for Treaty Affairs, Department of State, transmitting, pursuant to law, a report on international agreements, other than treaties, entered into by the United States in the sixty day period prior to September 7, 1981; to the Committee on Foreign Relations.

EC–2062. A communication from the Assistant Secretary of Energy for Management and Administration, transmitting, pursuant to law, a report on a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC–2063. A communication from the Director of Manpower Planning and Analysis, Office of the Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics, transmitting, pursuant to law, the fiscal year 1980 report of the Military Retirement System; to the Committee on Governmental Affairs.

EC–2064. A communication from the Associate Commissioner (Examinations) of the Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law copies of visa petitions allowing for the temporary admission of certain aliens under section 212(d)(3) of the Immigration and Nationality Act; to the Committee on the Judiciary.

EC–2065. A communication from the Secretary of Education, transmitting, pursuant to law, final regulations for Safeguarding National Security Information; to the Committee on Labor and Human Resources.

EC–2066. A communication from the Secretary of Education, transmitting, pursuant to law, a proposed regulation for the Pell Grant Program and the three Campus-Based Student Aid Programs; to the Committee on Labor and Human Resources.

EC–2067. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Better Accountability Procedures Needed In NSF and NIH Research Grant Programs"; to the Committee on Labor and Human Resources.

EC–2068. A communication from the Council Chairperson of the National Advisory Council on Adult Education, transmitting, pursuant to law, the 1980 annual report of the Council; to the Committee on Labor and Human Resources.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–464. A joint resolution adopted by the Legislature of the State of California; to the Committee on Agriculture, Nutrition, and Forestry:

"JOINT RESOLUTION No. 37

"Whereas, Substantial effort and funds are expended by all levels of government in providing basic human necessities to eliminate hunger and provide an adequate diet; and

"Whereas, It is necessary to find a means to accomplish this at the least possible cost with maximum funds available as benefits; and

"Whereas, The federal Food Stamp Program is designed to be administered separate from other programs developed to meet basic needs; now, therefore, be it

"Resolved by the Assembly and the Senate of the State of California, jointly, That the Legislature memorializes the President and Congress of the United States to enact legislation which would: (1) provide that pilot project authority be granted to states to study the effects of public assistance food stamp cash-out by providing an additional cash increment to Aid to Families With Dependent Children (AFDC) program recipients in lieu of the food stamps currently being provided; (2) hold state and county governments harmless for any increased amount of cash assistance issued in conjunction with this pilot; and (3) transfer responsibility for administration of the federal Food Stamp Program from the United States Department of Agriculture to the United States Department of Health and Human Services; and be it further

"Resolved, That the Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, the Speaker of the House of Representatives, each Senator and Member of the House of Representatives in the California delegation, and the Secretary of the United States Department of Health and Human Services."

POM–465. A petition from a citizen of Sacramento, Calif., urging congressional support for the naval recovery program; to the Committee on Armed Services.

POM–466. A petition from a citizen of Santa Barbara, Calif., favoring congressional cooperation with the efforts of the Reagan administration in strengthening U.S. military power; to the Committee on Armed Services.

POM–467. A resolution adopted by the Board of Shoshone County Commissioners, Wallace, Idaho, opposing the sale of silver by the Federal Government; to the Committee on Armed Services.

POM–468. A resolution adopted by the House of Representatives of the Commonwealth of Massachusetts; to the Committee on Commerce, Science, and Transportation.

"A RESOLUTION

"Whereas, The Federal Aviation Administration maintains a regional office in the town of Burlington within the Commonwealth; and

"Whereas, This agency has advised Congress that it intends to consolidate its 11 regional offices into 6 to achieve greater efficiency; and

"Whereas, Part of its plan included the closing of the regional office in New York and consolidating the northeast operations in Burlington with its authority extending from New England south to West Virginia and west to Ohio; and

"Whereas, The New England council has learned that this plan has been stopped and may be reversed, with the loss of some 400 jobs to this area; and

"Whereas, The Burlington location is an excellent one being in the midst of high technology-related space industries; and

"Whereas, The regional office in Burlington has been and continues to be of vital import to the success of the Massachusetts Port Authority in meeting the challenges of neighboring communities concerned about airplane noise; therefore be it

"Resolved, That the Massachusetts House of Representatives urges the Congress of the United States and the Federal Aviation Agency to take appropriate action to insure the continued maintenance of a regional office of said agency within the town of Burlington; and be it further

"Resolved, That copies of these resolutions be forwarded by the Clerk of the House of Representatives to the presiding officer of each branch of the Congress, to the members thereof from this Commonwealth and to the Federal Aviation Administration."

POM–469. A resolution adopted by the Connecticut State Council of Machinists, opposing the decontrol of natural gas; to the Committee on Energy and Natural Resources.

POM–470. A joint resolution adopted by the Legislature of the State of California; to the Committee on Finance:

"JOINT RESOLUTION No. 53

"Whereas, One of the primary goals of the Social Security system is to assure that the elderly population receives adequate recompense for their support of the Social Security system during their working lives; and

"Whereas, Another of the principal goals of the Social Security system is to assure that elderly persons shall not be forced to live in a state of abject poverty; and

"Whereas, Until the present time, federal law has mandated that Social Security benefits provided to old age recipients shall not fall below a specified figure, with the current figure being $122 per month; and

"Whereas, The United States Congress as part of its budget legislation for the 1982 fiscal year has voted to eliminate the minimum Social Security benefit requirement for elderly recipients; and

"Whereas, If this action is not rescinded, elderly persons barely able to maintain a subsistence level existence on a fixed income may well find it even more difficult to afford the basic necessities of life; and

"Whereas, Elderly persons who meet specified requirements are eligible for the federal Supplementary Security Income program as well as state supplementary payments; and

"Whereas, The level of benefits received under the Supplemental Security Income program, supplemented by state payments, often varies with the amount of benefits received under the Social Security system; and

"Whereas, If the minimum benefit level is not reinstated, reductions in Social Security benefits for elderly persons will lead to more benefits being paid to these persons through the Supplemental Security Income program, causing added financial burdens to already overburdened state governments; and

"Whereas, The United States House of Representatives has recently passed HR 4331 which would reinstate the minimum old age

benefit under the Social Security system of one hundred and twenty-two dollars ($122) per month; and

"Whereas, This bill has not yet been acted upon by the United States Senate; now, therefore, be it

"Resolved, By the Assembly and the Senate of the State of California, jointly, that they memorialize the President and Congress of the United States to enact legislation such as HR 4331, which shall reinstate the minimum monthly social security benefit requirement for old aged recipients; and be it further

"Resolved, That the Chief Clerk of the Assembly shall transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM–471. A resolution adopted by the City Council of Youngstown, Ohio, favoring the reenactment of the general revenue sharing program; to the Committee on Finance.

POM–472. A joint resolution adopted by the Legislature of the State of California; to the Committee on Foreign Relations:

"JOINT RESOLUTION No. 47

"Whereas, The problem of world hunger is one of growing concern to American citizens; and

"Whereas, The elimination of world hunger is becoming recognized as an important factor in the maintenance of world peace; and

"Whereas, The citizens of East Africa are a proud and traditionally self-sufficient people living in an extremely harsh land; and

"Whereas, East Africa has, in recent years, been plagued by both natural and manmade disasters which have destroyed the land, the homes, and the livelihoods of the people; and

"Whereas, Without immediate assistance, an estimated 12,000,000 people throughout East Africa are facing imminent starvation; and

"Whereas, The nations of East Africa and the relief organizations working there have appealed to the world for assistance in this time of crisis; and

"Whereas, The recent relief efforts to Cambodia have proved to be successful in both saving the lives of those facing starvation as well as in enabling Cambodia to restore self-sufficiency in its food production capability; and

"Whereas, The United States government recently pledged two hundred eighty-five million dollars ($285,000,000) for refugee relief in the continent of Africa; and

"Whereas, This amount, together with that pledged by other nations, will not meet the needs of immediate relief and long-term development in East Africa; now, therefore, be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California strongly urges the President and Vice President of the United States to take whatever action is necessary, including the provision of emergency relief funds, to assure the immediate relief and future self-sufficiency of the famine victims of East Africa; and be it further

"Resolved, That the President is requested to instruct the United States delegation to the United Nations to advocate the need of the East Africans for basic sustenance to all members of the General Assembly of the United Nations; and be it further

"Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States to the Secretary of State of the United States, to the United States Ambassador to the United Nations, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM–473. A joint resolution adopted by the Legislature of the State of California; to the Committee on Foreign Relations:

"JOINT RESOLUTION No. 45

"Whereas, It is in the best interests of the United States of America to encourage peaceful relations in the Middle East and to assist in maintaining the strength and security of the State of Israel; and

"Whereas, The President has announced that he will notify Congress of his decision to sell to Saudi Arabia Airborne Warning and Command System aircraft (AWACS), aerial tankers, and additional equipment for F–15 jet fighters currently part of the Saudi arsenal, consisting of long range fuel and equipment pods and sophisticated air-to-air missiles; and

"Whereas, When flown within Saudi airspace, AWACS, as highly sophisticated surveillance aircraft, could monitor and expose virtually all major military movement in Israel; and

"Whereas, The fuel and equipment pods would enable the F–15 jet fighters to carry a heavier bomb load to distant targets and, by increasing the combat radius of the F–15 jet fighters, would enable them to hit any target in Israel; and

"Whereas, These sophisticated missiles feature "all aspect attack," enabling them to be fired from any direction at a target aircraft with improved guidance, increased maneuverability, resistance to jamming, and a highly lethal warhead; and

"Whereas, The sale of AWACS and accompanying weaponry is likely to destabilize the balance of power in the Middle East, jeopardize United States interests in the region, and impair the security of the State of Israel; and

"Whereas, The Members of the Legislature of the State of California recognize the necessity for development of strategy to counter the threat of Soviet expansion in the Middle East and to defend the Persian Gulf; and

"Whereas, American interests in the Persian Gulf area could best be protected by retaining sophisticated and sensitive weaponry in the control of the United States; and

"Whereas, American-manned AWACS currently operating in Saudi Arabia are able to provide advance warning of any attack that may be launched against Saudi Arabia; and

"Whereas, Retaining AWACS under American control would help to ensure that use of AWACS would be for defensive purposes only; now, therefore, be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President of the United States to reconsider and withdraw the decision to sell to Saudia Arabia AWACS, aerial tankers, long range fuel and equipment pods, and sophisticated air-to-air missiles and the Congress of the United States to disapprove any decision to complete this sale; and be it further

"Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM–474. A resolution adopted by the Virginia Manufacturers Association, relative to regulation of business by the Federal Government; to the Committee on Governmental Affairs.

POM–475. A joint resolution adopted by the Legislature of the State of California; to the Select Committee on Indian Affairs:

"JOINT RESOLUTION No. 42

"Whereas, Title V of Public Law 94–437, the Indian Health Care Improvement Act, committed this nation to a seven-year program to improve the health of urban Indians, a medically underserved population; and

"Whereas, Congress subsequently appropriated funding for health and health-related services provided in 41 Urban Indian Health Projects, of which 10 are located in California; and

"Whereas, More than 201,000 American Indians, a larger number than in any other state, are residents of California, with approximately 75 percent in urban and urban-fringe areas; and

"Whereas, California's 10 Urban Indian Health Projects received $2.179 million for federal 1979–1980 fiscal year, and received $2.226 million for federal 1980–1981 fiscal year; and

"Whereas, President Reagan proposes to reduce by 50 percent the 1982 fiscal year funding for urban Indian health projects and to eliminate all such funding by the start of the 1984 fiscal year; and

"Whereas, The President's proposal would result in a disproportionate and unreasonable reduction in federal funding for health services to California's American Indian residents; and

"Whereas, Implementation of President Reagan's proposal would evidence yet another breach of good faith with this nation's first people; and

"Whereas, The resulting reduction and loss of health services would cause an additional burden on California's health delivery system and budget due to the fact that California provides only supplemental funding for those programs; now, therefore, be it

"Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President, California's Senators and Congressmen, individually and severally, and the Congress of the United States to maintain urban Indian health project funding at not less than the federal 1980–81 fiscal year appropriation level; and be it further

"Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM–476. A joint resolution adopted by the Legislature of the State of California; to the Committee on Labor and Human Resources:

"JOINT RESOLUTION No. 58

"Whereas, in 1927 the Congress of the United States enacted the Longshoremen's and Harbor Workers' Compensation Act to provide compensation to longshoremen and harbor workers or their survivors when the longshoremen and harbor workers suffer disability or death resulting from injury occurring upon the navigable waters of the United States; and

"Whereas, there is currently pending in committees of Congress legislation in the form of S. 1182 and H.R. 25 which many longshoremen and harbor workers consider would eliminate several critically important features of the compensation program established by the Longshoremen's and Harbor Workers' Compensation Act; and

"Whereas, most workers who would be affected by the proposed legislation and their representatives have had insufficient time and opportunity to study, evaluate, and respond to the proposed legislation; now, therefore, be it

"*Resolved by the Assembly and Senate of the State of California, jointly*, That the Legislature of the State of California respectfully memorializes the Congress of the United States to refrain from taking any action on proposed legislation to change the Longshoremen's and Harbor Workers' Compensation Act until extensive public hearings on the proposed legislation are held on the West Coast in such cities as Seattle, Portland, San Francisco, Los Angeles, and San Diego; and be it further

"*Resolved*, That the Chief Clerk of the Assembly transmit copies of this resolution to the Speaker of the House of Representatives and to each Senator and Representative from California in the Congress of the United States."

POM-477. A joint resolution adopted by the Legislature of the State of California; to the Committee on Labor and Human Resources:

"JOINT RESOLUTION No. 39

"Whereas, Federally funded public assistance and health services programs have widely varying provisions concerning definitions, exclusions, and treatment of recipients' income; and

"Whereas, The differences in dealing with a recipient's income among these programs creates great confusion on the part of state and local governmental officials; and

"Whereas, These differences often lead to exorbitant administrative costs at a time when government is seeking methods to reduce expenditures; and

"Whereas, Problems in determining the manner in which income should be defined and treated frequently lead to lower quality services being provided to public assistance and health services program recipients due to the time necessary to make correct determinations pertaining to income; now, therefore, be it

"*Resolved by the Assembly and the Senate of the State of California, jointly*, That the Legislature of the State of California, respectfully memorializes the President and Congress of the United States to enact federal legislation providing for uniform or compatible definitions, exclusions, and treatment of recipient income and resources for all federally funded public assistance and health services programs, to the extent possible and taking into consideration the objectives of each program; and be it further

"*Resolved*, That the Clerk of the Assembly shall transmit copies of this resolution to the President and Vice President of the United States and to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM-478. A joint resolution adopted by the Legislature of the State of California; to the Committee on Labor and Human Resources:

"JOINT RESOLUTION No. 59

"Whereas, Senate Joint Resolution 92 authorizes and requests the President to issue a proclamation designating the week of September 6, 1981, through September 12, 1981, as "Older Americans Employment Opportunity Week'; and

"Whereas, This measure requests the President to call upon the nation's employers and labor unions to give special consideration to older workers with a view toward promoting expanded career and employment opportunities for older workers; and

"Whereas, It requests the President to call upon voluntary organizations to examine ways of expanding the service roles that older workers are engaged in; and

"Whereas, This federal resolution further requests the President to call upon the United States Department of Labor to give special assistance to older workers through job training programs; and

"Whereas, It also requests the President to call upon the citizens of the nation to observe the designated week with appropriate programs, ceremonies, and activities; and

"Whereas, Senate Joint Resolution 92 is based upon a recognition of the importance of the continued participation of senior citizens in the nation's work force, and upon a desire to encourage expanded careers and greater job opportunities by increasing the awareness of the valuable experience and wisdom offered by the nation's senior citizens; now, therefore, be it

"*Resolved by the Assembly and the Senate of the State of California, jointly*, That the Legislature of the State of California respectfully memorializes the President to issue a proclamation designating the week of September 6, 1981, through September 12, 1981, as 'Older Americans Employment Opportunity Week', and to call upon the nation's employers and labor unions, voluntary organizations, the United States Department of Labor, and the citizens of the United States, to take the actions outlined in Senate Joint Resolution 92; and be it further

"*Resolved*, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM-479. A petition from a citizen of Douglassville, Pa., relative to ending union violence in America; to the Committee on Labor and Human Resources.

POM-480. A petition from a citizen of Dickson, Tenn., relative to ending union violence in America; to the Committee on Labor and Human Resources.

POM-481. A petition from a citizen of Orangeburg, N.Y., relative to ending union violence in America; to the Committee on Labor and Human Resources.

POM-482. A petition from a citizen of Yucaipa, Calif., favoring outlawing monopoly bargaining in the Federal service; to the Committee on Labor and Human Resources.

POM-483. A petition from a citizen of Marks, Miss., favoring ending monopoly bargaining in the Federal service; to the Committee on Labor and Human Resources.

POM-484. A petition from a citizen of Denver, Colo., favoring ending monopoly bargaining in the Federal service; to the Committee on Labor and Human Resources.

REPORT OF THE COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS FILED DURING ADJOURNMENT

Under the authority of the order of the Senate of October 6, 1981, the following report of a committee was filed on October 9, 1981, during the recess of the Senate:

By Mr. D'AMATO, from the Committee on Banking, Housing, and Urban Affairs, with an amendment in the nature of a substitute:

S. 708. A bill to amend and clarify the Foreign Corrupt Practices Act of 1977 (additional views filed) (Rept. No. 97-209).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. BAKER (for Mr. SYMMS):

S. 1733. A bill to amend the Internal Revenue Code of 1954 to provide a procedure for determining the fair market value of certain assets for estate tax purposes, and to provide for declaratory judgments relating to installment payment of estate tax; to the Committee on Finance.

S. 1734. A bill to amend the Internal Revenue Code of 1954 to provide qualified use valuations for certain real property acquired by any individual from a decedent and to prevent acceleration of estate tax payments; to the Committee on Finance.

By Mr. ANDREWS (for himself and Mr. MELCHER):

S. 1735. A bill to provide for the use and distribution of funds awarded the Pembina Chippewa Indians in dockets numbered 113, 191, 221, and 246 of the Court of Claims; to the Select Committee on Indian Affairs.

By Mr. GARN (by request):

S. 1736. A bill to authorize the back side of United States paper money of the denomination of $1 to be printed by a method other than the intaglio process; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. HEINZ:

S. 1737. A bill entitled the "Bankers' Acceptances Act of 1981."; to the Committee on Banking, Housing, and Urban Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ANDREWS (for himself and Mr. MELCHER):

S. 1735. A bill to provide for the use and distribution of funds awarded the Pembina Chippewa Indians in dockets numbered 113, 191, 221, and 246 of the Court of Claims; to the Select Committee on Indian Affairs.

USE AND DISTRIBUTION OF CERTAIN INDIAN JUDGMENT FUNDS

Mr. ANDREWS. Mr. President, I am today introducing, on behalf of myself and Mr. MELCHER, a bill which will provide for the use and distribution of funds awarded to the Pembina Chippewa Indians in a judgment of the U.S. Court of Claims in Dockets Nos. 113, 191, 221, and 246. On March 18, 1980, the Court of Claims issued a partial judgment in the amount of $47,376,622.93 to the Pembina Chippewa plaintiffs in said dockets, originally filed with the Indian Claims Commission. On March 25, 1980, the U.S. Treasury Department, pursuant to a certificate of settlement issued by the Court of Claims, transferred said sum to the Secretary of the Interior for investment for the plaintiffs until such moneys were distributed to the plaintiffs. Still to be litigated are offsets in terms of a maximum of $5,150,715.04 claimed by the United States. The bill to provide for the use and distribution of funds awarded the Pembina Chippewa Indians in a judgment of the Court of Claims applies to the partial judgment and any subsequent award in said dockets.

The bill governs the use and distribution of the judgment funds by the Turtle Mountain Band of Chippewa Indians, the Chippewa Cree Tribe of Rocky Boy's Reservation, the Minnesota Chippewa Tribe, and nonmember Pembina Chippewa descendants. In the case of the organized tribes and band, the bill provides for a per capita disbursement to the members of 80 percent of the funds and further provides that the remaining 20 percent of such funds be held in trust and invested by the Secretary of the Interior to be used by the tribal governing bodies for economic and social programs and tribal administration. The nonmember Pembina descendants shall re-

ceive a 100 percent per capita disbursement of their share of the funds.

By Mr. HEINZ:

S. 1737. A bill entitled the "Bankers Acceptances Act of 1981"; to the Committee on Banking, Housing, and Urban Affairs.

BANKERS' ACCEPTANCE ACT OF 1981

● Mr. HEINZ. Mr. President, a principal method of providing low-cost financing for exporters and importers is through eligible bankers' acceptances. At the present time, however, many U.S. banks are unable to provide additional eligible acceptance financing because of a limitation on aggregate amounts imposed in 1913 in the original Federal Reserve Act and not modified since 1915. The purpose of this bill is to increase this limitation and thereby enable U.S. banks to provide additional financing for U.S. exports and imports and to enhance the U.S. position as a center of international trade and finance.

A bankers' acceptance represents a banks' agreement, or acceptance, to honor its customer's order to pay a specified sum of money at a set future date. Bankers' acceptances are predominantly used to finance international trade. Because acceptances are generally of short maturity and secured by the underlying goods, they provide a low cost and very safe form of financing.

The use of acceptances in financing trade is illustrated by the following examples involving U.S. exports. A U.S. exporter may require financing either before or after it ships goods to a foreign purchaser. Prior to shipment, financing may be required for the exporter's recievable from the purchaser. To obtain the financing the exporter presents his time draft maturing on the date the exporter expects payment from his customer, together with proof of the sale, to his bank. The bank discounts—purchases—the time draft, credits the net proceeds to the exporter's account and accepts the draft by applying its own signature to the draft. The exporter agrees to pay the accepting bank the amount of the time draft upon its maturity. The acceptances created by banks are often sold by the banks to investors, and they are regarded as a high grade money market instrument.

However, Mr. President, under section 13 of the Federal Reserve Act, the eligible acceptances of member banks are limited to 50 percent of capital and surplus, or, with the permission of the Federal Reserve Board, 100 percent of capital and surplus. This limitation has been in effect for over 60 years. The 50 percent limit was included in the original Federal Reserve Act of 1913, and the 100-percent option was added in 1915. The purpose of the increase in 1915 was to "greatly aid at this time the export trade of the United States." H. Rept. 1165, 63d Congress, 2d session. 1 (1915).

There appears to have been no discernible reason for the original limitation, which was a very minor provision in one of the major pieces of U.S. banking legislation. The thrust of Congress in enacting section 13 was to provide a U.S. market for acceptances so that U.S. exporters would have available this low-cost form of financing. The acceptance market had previously been largely confined to Europe.

The limitation on aggregate bank acceptances appears to have been merely an excess of caution. In discussing the 1915 amendment to section 13, Representative Carter Glass, the principal draftsman of the Federal Reserve Act, was asked whether the limitation had any purpose. He replied:

> Oh, the matter was discussed in the committee and in the caucus and in the House; but as the business of exceptances (sic) was something new to our financial system the caucus and the House thought we would better be cautious about it in the beginning. The Federal Reserve Board thinks now that this (expansion in the permissible aggregate) would very largely facilitate the financing of the cotton, grain, and other export crops. 1914 CONGRESSIONAL RECORD 13820 (August 15).

The proposed amendment to existing law would liberalize the current limitation on eligible bankers' acceptances by generally adopting the structure already utilized by the Federal Reserve Board for regulating the acceptance of Edge Corporations. The increase in the ceilings would create sufficient flexibility for U.S. banks to meet the demands of U.S. exporters and other customers. At the same time, it would continue the conservative policy of maintaining a defined limit on unsecured acceptances.

The proposed amendment would remove the existing requirement that shipping documents be attached to acceptances arising from the domestic shipment of goods.

In addition, acceptances which are fully secured and acceptances, first, representing the shipment of goods where such member bank, branch, or agency is fully covered by primary obligations to reimburse it that are also guaranteed by banks, bankers, or corporations regulated under section 25 or 25a of this act; or second, with respect to which such member bank, branch, or agency is covered by participation agreements from other banks or corporations regulated under section 25 or 25a of this act would not be counted toward the limitation of acceptances.

Mr. President, the proposed liberalization of the 1915 acceptances limitations would have five principal benefits.

The first benefit would be to increase competition and thereby reduce the cost of borrowing by permitting a regulated sector of our economy, member banks, to more actively compete with unregulated credit sources. This would effectively increase the amount of money available for bankers, acceptances, as well as the number of institutions which would seek to provide acceptances. At the present time, many customers who do not, but for various reasons would like to, obtain bankers' acceptances will usually obtain funds through often more costly sources of credit that are presently unregulated, such as commercial paper.

Second, we remove an inequity that currently gives foreign banks a preferred position and an unfair competitive advantage. Currently, acceptances are available from foreign banks, which generally do not have any limitations on the quantity of acceptances that they create abroad in their own markets. Relief from the present limitations would permit member banks to compete more effectively with those unregulated credit sources.

Third, the availability of additional bankers' acceptance financing would make a significant contribution to the U.S. position as a center of international trade and finance. As previously indicated, the section 372 limitations are no longer reasonable in light of the growth in international trade and finance over the past 65 years and the competition arising from unregulated foreign banks.

A fourth, and related, benefit is that an increase in this low-cost form of financing may help to reduce the trade deficit which the United States has been experiencing. The favorable impact should be felt on both the export and import sides of the equation. Any relaxation in section 372 limitations would facilitate the ability of U.S. exporters to obtain acceptances from banks not subject to limitations. It would also enable more U.S. importers to avail themselves of low-cost acceptance financing, and, thus, reduce the total cost of U.S. imports.

A fifth benefit would be the particular advantage for smaller U.S. exporters and agricultural concerns. Acceptances are especially important for these businesses since most lack direct access, such as selling their own commercial paper, to the credit markets. Because demand for acceptance funding often exceeds the present limitation, it is not unusual for banks to allocate acceptance credit among customers. Other customers are either unable to obtain acceptance financing or must pay a premium for such financing. Again, relaxed limitations proposed would increase the number of customers for whom acceptance financing is available.

Finally, this measure will strengthen our banking system by encouraging banks to make sounder, less speculative investments. Eligible acceptances are considered to be one of the highest quality forms of obligation, from the perspective of both the bank that provides the financing and the purchaser of the acceptance from the bank. This high quality reflects the very nature of the acceptance. An acceptance created under section 13 of the Federal Reserve Act is short term (in no case may its maturity exceed 180 days from the time of acceptance) and is self-liquidating from the proceeds of the underlying transaction. I believe banks should be encouraged to make this type of nonspeculative, productive credit extension. A relaxation of the section 372 limitations would provide such encouragement.

Liberalization of the aggregate limitation on eligible bankers' acceptances would provide an important additional source of financing for exports without any adverse consequences. At the outset, it must be recognized that bankers' acceptances are considered to be the highest quality form of obligation, from the perspective of both the bank that provides the financing and the purchaser of the acceptance from the bank.

This high quality reflects the very nature of the acceptance. An acceptance created under section 13 of the Federal

Reserve Act is short term (in no case may its maturity exceed 180 days from the time of acceptance) and is self-liquidating from the proceeds of the underlying export sale transaction. As a general rule, acceptances sold in the market are issued by prime banks. The high quality of acceptance financing is recognized in both th National Bank Act (12 U.S.C. 84(5)) and State banking laws (for example, New York banking law, section 103(d)(1)), where acceptances are not subject to a banks normal lending limit.

The only two even conceivable reasons for the present, highly restrictive limitation on aggregate acceptances—protection against excess leverage and protection for investors—are, on examination, not justifiable. With respect to leverage there is no logic in imposing a strict limitation on only one segment of a bank's entire asset structure, particularly when that segment is one of the most risk-free. A capital based limitation on any single segment cannot control leverage, because a bank can simply increase other segments of its asset portfolio. The degree of permissible leverage should continue to be controlled as it has been in the past, that is, by bank regulatory agency review which takes into account all elements of the asset portfolio, qualitative as well as quantitative.

Perhaps even less justifiable is any argument that the present aggregate limitation is needed to protect purchasers of bankers' acceptances. In the first place, the need for investors protection is minimized by the fact that the overwhelming majority of acceptance purchasers are highly sophisticated investors. Of even more importance, acceptances constitute only one of numerous forms of obligations that banks can sell to raise funds and there is no logic in limiting only one form of obligation.

For example, there is no limitation on the amount of certificates of deposit that can be sold by a bank. The regulation of the marketplace has proved capable of limiting the amount of certificates of deposit that can be sold by an individual bank. The marketplace would exercise a similar restraint on acceptances.

Mr. President, I think it is clear that the 1915 limitation on eligible bankers' acceptances of member banks severely limits the ability of U.S. banks to provide additional amounts of this low-cost form of financing. This proposed liberalization would enable U.S. banks to provide additional financing for U.S. exporters, reduce the cost of U.S. imports and strengthen the position of the United States as a trade and financial center—all without any adverse impact on individual banks, the banking community or the public.

I urge my colleagues to study this bill closely and to join with me in supporting this long-overdue reform of trade financing.●

ADDITIONAL COSPONSORS

S. 398

At the request of Mr. ARMSTRONG, the Senator from South Dakota (Mr. PRESSLER) was added as a cosponsor of S. 398, a bill to amend the Walsh-Healey Act and the Contract Work Hours Standards Act to permit certain employees to work a 10-hour day in the case of a 4-day workweek, and for other purposes.

S. 473

At the request of Mr. DURENBERGER, the Senator from Wisconsin (Mr. KASTEN) was added as a cosponsor of S. 473, a bill to amend the Internal Revenue Code of 1954 to provide that the amount of the charitable deduction allowable for expenses incurred in the operation of a motor vehicle will be determined in the same manner Government employees determine reimbursement for the use of their vehicles on Government business.

S. 873

At the request of Mr. BENTSEN, the Senator from Georgia (Mr. NUNN) was added as a cosponsor of S. 873, a bill to strengthen Federal programs and policies for combating international and domestic terrorism.

S. 1131

At the request of Mr. DANFORTH, the Senator from Montana (Mr. MELCHER) was added as a cosponsor of S. 1131, a bill to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes.

S. 1348

At the request of Mr. SASSER, the Senator from North Dakota (Mr. BURDICK), the Senator from Michigan (Mr. RIEGLE), the Senator from Nevada (Mr. LAXALT), the Senator from South Dakota (Mr. PRESSLER), and the Senator from Georgia (Mr. NUNN) were added as cosponsors of S. 1348, a bill to amend the Internal Revenue Code of 1954 to clarify certain requirements which apply to mortgage subsidy bonds.

S. 1498

At the request of Mrs. KASSEBAUM, the Senator from Washington (Mr. JACKSON), the Senator from Maine (Mr. COHEN), the Senator from Pennsylvania (Mr. HEINZ), the Senator from Maryland (Mr. SARBANES), the Senator from New York (Mr. MOYNIHAN), the Senator from Oregon (Mr. HATFIELD), the Senator from Alaska (Mr. STEVENS), and the Senator from Wisconsin (Mr. KASTEN) were added as cosponsors of S. 1498, a bill to establish an office in the National Institutes of Health to assist in the development of drugs for diseases and conditions of low incidence.

S. 1651

At the request of Mr. BENTSEN, the Senator from South Carolina (Mr. HOLLINGS), the Senator from Montana (Mr. MELCHER), the Senator from Arizona (Mr. DECONCINI), and the Senator from Nebraska (Mr. EXON) were added as cosponsors of S. 1651, a bill to combat international terrorism.

S. 1656

At the request of Mr. DURENBERGER, the Senator from North Dakota (Mr. BURDICK) was added as a cosponsor of S. 1656, a bill to amend the Internal Revenue Code of 1954 to clarify certain requirements which apply to mortgage subsidy bonds, and for other purposes.

SENATE JOINT RESOLUTION 86

At the request of Mr. PERCY, the Senator from Washington (Mr. GORTON) was added as a cosponsor of Senate Joint Resolution 86, a joint resolution authorizing the President to proclaim the month of November 1981 as "National REACT Month."

AMENDMENT NO. 581

At the request of Mr. EAGLETON, the Senator from Nevada (Mr. CANNON), the Senator from Ohio (Mr. METZENBAUM), the Senator from Maine (Mr. MITCHELL), and the Senator from Connecticut (Mr. DODD) were added as cosponsors of amendment No. 581 proposed to H.R. 4331, a bill to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

AMENDMENTS SUBMITTED FOR PRINTING

RESTORATION OF MINIMUM SOCIAL SECURITY BENEFIT

AMENDMENT NO. 585

(Ordered to be printed.)

Mr. PRESSLER proposed an amendment to the bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

NOTICES OF HEARINGS

COMMITTEE ON THE BUDGET

Mr. DOMENICI. Mr. President, the Senate Budget Committee will meet on Thursday, October 15 at 10 a.m. in room 6202 of the Dirksen Senate Office Building to hear testimony from David Stockman, Director of the Office of Management and Budget on the latest round of administration budget cuts.

For further information, contact Lynn Pearson of the Senate Budget Committee staff at 224–0544.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. HELMS. Mr. President, as chairman of the Senate Committee on Agriculture, Nutrition, and Forestry, I advise the Senate that the committee will meet on Wednesday, October 21, to consider the nominations of Susan M. Phillips to be a Commissioner of the Commodity Futures Trading Commission and Everett Rank to be a member of the Board of Directors of the Commodity Credit Corporation which is an agency within the U.S. Department of Agriculture. Also, it is likely that other items of pending business will be added to the agenda.

The meeting will begin at 10 a.m. in room 324 Russell Building.

Anyone wishing to testify on either nomination should contact Denise Alexander or John Cozart of the Agriculture Committee staff at 224–2035.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. McCLURE. Mr. President, I would like to announce for the information of the Senate and the public that the hearing on S. 1674, to amend or repeal certain provisions of the organic acts applicable to the Virgin Islands, previously

scheduled before the Committee on Energy and Natural Resources for Thursday, October 15 has been postponed until Wednesday, October 21, beginning at 8:30 a.m. in room 3110 of the Dirksen Senate Office Building.

For further information regarding this hearing you may wish to contact Mr. Jim Beirne of the committee staff at 224-2564.

Mr. President, I would also like to announce for the information of the Senate and the public the scheduling of public hearings before the Committee on Energy and Natural Resources to consider the President's recommendation for a waiver of law for the Alaskan natural gas pipeline pursuant to the Alaska Natural Gas Transportation Act of 1976. The hearings will be held on Thursday, October 22; Friday, October 23; and Monday, October 26, beginning at 10 a.m. in room 3110 of the Dirksen Senate Office Building.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Committee on Energy and Natural Resources, room 3104 Dirksen Senate Office Building, Washington, D.C. 20510.

For further information regarding these hearings you may wish to contact Mr. Howard Useem of the committee staff at 224-5205.

SUBCOMMITTEE ON CIVIL SERVICE, POST OFFICE, AND GENERAL SERVICES

Mr. STEVENS. Mr. President, I would like to announce for the information of the Senate and the public, the scheduling of a public hearing before the Subcommittee on Civil Service, Post Office and General Services, Senate Committee on Governmental Affairs.

A hearing is scheduled for October 20, 1981, beginning at 9:30 a.m. in room 1224 of the Dirksen Senate Office Building. The subcommittee will hear testimony on S. 1421, the National Archives and Records Administration Act of 1981.

For further information regarding the hearing, you may wish to contact Peter Fromuth of the subcommittee staff on 224-2254.

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

Mr. DURENBERGER. Mr. President, I would like to announce that the Subcommittee on Intergovernmental Relations of the Governmental Affairs Committee has scheduled a hearing on "State Implementation of Federal Standards Part 2: OSHA." The subcommittee plans to address such issues as: The advantages of State enforcement, the shortcomings, and recommendations for improvement. Officials from both "plan" and "nonplan" States have been invited to testify.

The hearing will be held in room 357, Russell Senate Office Building, Thursday, October 15, 1981, beginning at 9:30 a.m. Those wishing to submit written statements to be included in the printed record of the hearing should send five copies to Ruth M. Doerflein, clerk, Subcommittee on Intergovernmental Relations, room 507, Carroll Arms Building, Washington, D.C. 20510.

For further information on the hearing, you may contact Susan Fritschler of the subcommittee staff on 224-4718.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. STEVENS. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet during the session of the Senate on Wednesday, October 14, at 2 p.m. to hold confirmation hearings on the nominations of Lenora Cole-Alexander to be Director of the Women's Bureau of the Department of Labor; Ford B. Ford to be Assistant Secretary of Labor for Mine Safety and Health; Rosemary Collyer to be a member of the Federal Mine Safety and Health Review Commission; and John Cogan to be Assistant Secretary of Labor for Policy Evaluation and Research.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. STEVENS. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate at 2 p.m. on Wednesday, October 14, to hold a hearing on S. 1639, the Extradition Act of 1981.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON IMMIGRATION AND REFUGEE POLICY

Mr. STEVENS. Mr. President, I ask unanimous consent that the Subcommittee on Immigration and Refugee Policy of the Committee on the Judiciary be authorized to meet at 1 p.m. on Wednesday, October 14, to discuss asylum adjudication.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. STEVENS. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, October 14, at 2:30 p.m., to hold a hearing on the AWACS proposal.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. DOLE. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Friday, October 16, to hold a hearing on S. 1544, the State and Local Energy Block Grant Act of 1981.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. DOLE. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Thursday, October 15, at 2 p.m., to hold a business meeting and to vote on the AWACS proposal.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON LEGISLATION AND RIGHTS OF AMERICANS

Mr. DOLE. Mr. President, I ask unanimous consent that the Subcommittee on Legislation and Rights of Americans of the Committee on Intelligence be authorized to meet at 9:30 a.m. on Thursday, October 15, to hold a closed hearing on intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

Mr. DOLE. Mr. President, I ask unanimous consent that the Intergovernmental Relations Subcommittee of the Committee on Governmental Affairs be permitted to meet during the session of the Senate on Thursday, October 15, at 9:30 a.m. to discuss State implementation of Federal standards: OSHA.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

U.S. FOOD SAFETY POLICY

● Mr. HATCH. Mr. President, on June 25, 1981, Senators HELMS, HUDDLESTON, JEPSEN, QUAYLE, ZORINSKY, THURMOND, GRASSLEY, TOWERS, NICKLES, DOLE, and HAYAKAWA, joined me in introducing S. 1442, the Food Safety Amendments of 1981. Our bill is intended to revitalize public debate on food safety. S. 1442 is one approach to solving the legally and scientifically complex problems facing the food industry, food policy regulators and all of us as consumers. Doing so requires developing a legislative consensus, enacting a program of reform in order to provide our Federal regulatory agencies with the necessary flexibility, and the assurance that our decisions are based on the best available scientific evidence. Only in this way will be best serve the public interest.

Too often in the past, debate on this issue regressed to the level of slogans and bumper stickers. The Delaney clause became a Maginot-line on which one was necessarily on one side or the other. That is, you were either for food safety or you were not. Yet in the wake of all the extemporizing, after a decade of debate on food safety, a more widely accepted and reasonable consensus has emerged. This new consensus recognizes that the Delaney clause is essentially good regulatory policy which needs fine-tuning. It also recognizes that any law we pass must achieve a rational result for substances such as saccharin.

Applying a rigid and inflexible rule to a substance that has been in use for decades and for which there are not appropriate substitutes, will not produce credible results. While risk-benefit analysis for all substances is impractical, some consideration of the benefits is necessary for those substances to which we have grown accustomed and do not have marketable replacements.

Restoring reason to our decisionmaking process is critical to Federal policymaking involving our basic foods. Natural substances found in foods like potatoes, onions, and black pepper have been implicated as potential carcinogens. Essential nutrients such as selenium, vitamin D and calcium, substances required by humans in our diet, act in high doses as carcinogens. If FDA were to implement the Delaney clause as now written, Federal inspectors would be banning such traditional foods and essen-

tial nutrients. Instead, FDA has wisely chosen to ignore the statute. Yet, a failure to now revise the law itself would seriously question the legitimacy of our Nations' food safety laws and compromise FDA's regulatory authority.

The law must keep pace with scientific advancements. Scientists can now detect traces of potentially harmful substances at parts per trillion—a millionfold increase in analytic sensitivity compared with the methods available 20 years ago when the law was last examined. Traces of such substances are being found throughout the food supply in very minute quantities. Attempting to eliminate all these substances would markedly affect the quantity of food available to our Nation, without necessarily having achieved any demonstrable health benefits.

Keeping the food supply safe is our highest priority. Yet, some degree of risk is inherent. Zero risk is impossible to achieve. The FDA must focus its resources on eliminating those risks that have a potential for actually harming humans. Trivial or speculative risks should not be regulated.

As my good friend Senator KENNEDY had said during our hearing on the saccharin ban and food safety policy back in 1979:

> The Saccharin controversy is an important one, but it should not be considered in isolation from overall food safety policy. The Congress should not be asked to intervene in the regulatory process on a product-by-product basis, as is currently the case. If current regulatory statutes do not permit these issues to be fairly resolved, then those statutes should be re-examined. It does no good to have a law which Congress overrules each time its provisions are involved.

Mr. President, I am planning with my esteemed colleague, Senator HELMS, to hold joint hearings on November 17, 18 and 19 of this year where members of both the Senate Labor and Human Resources Committee and Senate Agriculture Committee will be able to examine these issues in depth.

I believe we will all discover a great deal about how our food safety laws should be reformed at these upcoming hearings. First, we will hear from the President's Task Force on Food Safety composed of key administration officials from the Department of Health and Human Services, the U.S. Department of Agriculture, the Food and Drug Administration and the Environmental Protection Agency. It is critical that we explore with these Federal agencies how Congress can revise and update the laws in order that these agencies be able to better serve the public.

Second, we now have available a most valuable resource. In the midst of the saccharin debate, Congress requested the National Academy of Sciences and the Institute of Medicine to develop a framework for food safety regulation. The Academy's report on food safety policy will serve this Congress well, and has accomplished a momentous task. It represents the work of sound scholarship and scientific method. Certainly, these experts are not without their disagreements. There is no party line on food safety policy and several Members have issued a minority report. I urge my colleagues to study this report and all subsequent material carefully for I propose that it should be thoroughly debated in the upcoming hearings.

Mr. President, I submit for the RECORD, the major recommendations of the Academy and the relevant portions of the minority statement.

The President's Task Force and Nation Academy of Sciences recommendations are important resources in our effort to reform food safety laws. I am committed to this effort, as are many of my colleagues. Our food safety amendments and our November hearings are the keystone in a legislative arch we can build upon. I solicit the support of my colleagues in our continuing efforts to do so.

The material follows:

FOOD SAFETY POLICY: SCIENTIFIC AND SOCIETAL CONSIDERATIONS

(General Characteristics of a System for Food Safety Regulation)

A national food safety policy should encourage the establishment of reasonable goals for the reduction of risks of carcinogenic and other toxic substances in the food supply of the U.S. population. The policy should take into account the averages and the wide variations in food requirements, preferences, and exposures to particular foods in a heterogeneous society. The policy should maximize public health advantage while protecting individual choice, and foster a regulatory system that—

Is comprehensive in its application;

Discriminates among risk levels;

Exerts pressure to reduce the risk in the food supply;

Allows a wide variety of regulatory and educational approaches; and

Focuses decision in the responsible judgment of legislators and accountable administrators, using the best scientific information and the fullest expression of informed public opinion.

These characteristics are elaborated below:

The system should be comprehensive, applying to all foods and their constituents on a uniform and equitable basis. However, it must also take into account that particular foods or food constituents are not usually consumed in isolation but rather in combinations that vary both geographically and culturally with diverse diets.

The system should discriminate among risk levels, and assign priorities among categories of risks, with emphasis on those that pose the greatest potential hazards. It should apply severe and general constraints only to items involving the greatest, most frequent, and most certain dangers. It should recognize that it is impossible to eliminate all risk. As a matter of feasibility, the regulatory process cannot be applied individually to each of the great number of substances in the human diet. The regulatory agency must have a way to set priorities, so that it can devote its efforts to those substances and combinations that represent the greatest risk, in terms of numbers of persons exposed and seriousness of outcome.

Development must be encouraged for less risky substitutes for substances that have benefits but a significant degree of health risk. There should be continuous pressure for reduction in the overall risk that is permitted in the food supply. The perspective of the FDA should include the total food supply, rather than each food and each substance in isolation. Some substances interact synergistically to enhance their individual effect; furthermore people may be exposed to multiple small risks whose total effect, even if less than additive, may be substantial.

The system should allow much greater variety of regulatory and educational approaches than is now possible, in order to deal with the extremely complex problem of food safety and to avoid imposing undue burdens on producer and consumer alike. It is not enough to identify some substances as hazards and ban them, while ignoring other substances possibly of equal or greater consequence. Some substances should be banned entirely, others should be made available only with certain restrictions or only to certain types of consumers, and still others should be distributed with appropriate warning.

Regulatory discretion is required, because safety cannot be defined entirely by scientific processes or by objective judgments of experts. Scientific processes and expert judgment are aids in assessing the probability and extent of risk, and the probability and extent of some types of benefits. Nonetheless decisions must remain the province of responsible judgment by legislators, or by administrative agencies acting by delegated authority, regarding the degree of safety to be sought. The American people are properly cautious about delegating regulatory discretion. A reasonable amount of discretion, however, is the only way in a situation of such complexity to avoid a far more burdensome and less effective set of rigid prohibitions, because statutes cannot deal in infinite detail with all possible eventualities.

THE PROCESS OF REGULATORY ACTION

To translate these general characteristics into specific practice is not an easy task. The recommendations that follow should be regarded primarily as concepts and principles that they may provide a basis for more detailed legislative considerations, rather than as strict prescriptions.

Given the complexity of safety issues and the rapid changes brought about continually by new technology, legislation must prescribe as explicitly as feasible the statutory basis for regulating substances, the overall standards by which the regulatory process should be governed, the general procedures to be followed by the agencies of administrative regulation, the manner in which consumers and industry should have access to and participate in the process, and the procedures for regulatory accountability to responsible executive authority and ultimately to the Congress.

A reasonably phased transition should be provided in changing from the existing system to the recommended comprehensive one, with appropriate targets for safety to be achieved cumulatively on a suitable schedule. The FDA should follow a planned and systematic process to guarantee that all major aspects of the complex problem are taken into account without bogging the agency down in excessively detailed consideration of lesser priority issues. The FDA will not be able to switch immediately from the present system to a more comprehensive and balanced approach. As the existing system is converted, FDA will need more adequate institutional arrangements for the provision of scientific advice (see Section 3d below) as well as for fuller public contribution. Added administrative discretion must be balanced in the careful drafting of statutory policy by constant appraisal of independent scientific experts and by the interested public, and by provision for continuing scrupulous review by responsible executive authority and the Congress.

1. Statutory basis:

The Congress should revise the food safety provisions of the Federal Food, Drug and Cosmetic Act to abolish the differences in the statutory standards among categories of substances, and create a single standard for food safety regulation applicable to all food substances.

Such a change should make it possible for FDA to replace the substance-by-substance

approach with a system that allocates regulatory efforts according to the magnitude and nature of risks and benefits.

2. The process of risk assessment:

In addition to considering extent of risk, use of a particular substance, and severity of effect, the regulatory process must consider other relevant factors.

The process should ensure attention not only to the severity and frequency of the risk posed by particular substances, but also to such questions as these:

Is there a satisfactory less risky substitute for a particular substance that poses risk?

Is it possible to spread use over several alternatives and thereby to reduce any residual or uncertain risk?

Can anything be done to accelerate the development of better substitutes?

What are the economic and other social costs of the substance and of its possible substitutes?

What benefits would be sacrificed if the substance were not available? Would such sacrifice add to the health risk, or impose major burdens of other types on the public?

Do the risks and benefits affect the public generally, or apply differentially to specific groups—the young or aged, pregnant women, those with special health problems, those with limited income, and those with more or less capacity and opportunity to make use of substitutes or make rational decisions for themselves?

One orderly way to apply common sense and informed judgment to take into account these and other complexities is presented as a decision framework in Chapter 4. This illustrative framework is not a formula that can be applied with scientific precision, or calculated step by step as if it were a mathematical equation; it represents one way of proceeding in arriving at possible regulations governing individual substances. The process requires a substantial measure of administrative discretion and should not become a statutory straitjacket that invites debate and litigation at each stage of the process.

3. Components of the regulatory system:

A statute permitting a comprehensive approach should define broadly the categories and degrees of risk, and should relate these to appropriate risk containment, the permissible type of regulatory activity, and the type of accountability to which regulation would be subject, by executive, legislative, and judicial review. The FDA should have statutory authority and resources to assess (with the help of the institutional arrangement for scientific advice proposed in section 3d below), the risk of all constituents in the food supply.

Degrees of risk can rarely be defined in numerical terms because of the complexity and constantly changing nature of the problem. Risk, as noted in Chapter 4, encompasses the probability that harm will occur, as well as the seriousness of the harmful effect. This report will not attempt to define risk categories with any precision. In arriving at risk categories, or sub-categories, the FDA will need to consider not only potency of the harmful substances, but the levels at which it is present in foods, the number and susceptibilities of people who consume the foods or food ingredients of concern, the amounts of such foods consumed by various segments of the population, and the type of health threat posed. A potent substance present in exceedingly low concentrations in some foods might not represent a health risk to consumers, but the same substance might be a hazard if it were present in other foods or in high concentration.

Categorizing substances by health risk will aid the regulatory agency in setting priorities so it can devote its efforts to areas of greatest concern. Certain kinds of harmful effects, such as irreversible effects and intergenerational effects, would be weighted very heavily. Even when these affect only a small portion of the population, or have a low probability of occurring, they would merit greater concern than would less serious effects that might occur with greater frequency. For instance, the equal probability of a mild allergic reaction and a carcinogenic effect call for rather different responses.

In order to act, a regulatory agency must take each item—for example, a particular food additive—and consider how to put it in some rank order, among the tremendous number and variety of others. For purposes of food regulation, this cannot be done by grading the items with precise numbers, on some linear scale, on the basis of scientific tests. This impossibility results not only from the uncertainty of some of our testing techniques, but also from the fact that various factors have to be taken into account—how probable an adverse effect may be, how severe the effect, how long it may take to develop, whether it affects everyone or only certain types of people, and whether its dangers may be averted by one or another type of prohibition, restriction, provision of alternative substances, or educational effort.

The problem is similar to those encountered in other contexts, such as the grading of meats (prime, choice, good) and the grading of students' performance (A, B, C, D, F). In cases such as these, the grader must consider many factors not all of which are quantifiable along a single dimension. Furthermore, the boundaries between categories cannot be sharply defined.

Although the problem is complex, it seems necessary, in order to permit practical action, to authorize the Food and Drug Administration to assign each substance under review to one of a limited number of categories—three, for example—primarily on the basis of judgment about both degree and type of risk.

a. *Categories of risk.*—Without suggesting precise statutory language, the committee proposes that the FDA should be authorized to act differently for several broadly defined risk categories, such as high, moderate, and low. These categories at present cannot be defined by precise quantitative scientific standards, but would depend on informed judgment. Their function would be to provide a rating scale to help determine regulatory response and priorities.

The committee emphasizes that risk and response are frequently multidimensional, non-linear, and hard to define. Nonetheless, practical considerations make useful the designation of a small number of general categories that can be readily understood by consumers. Three categories might indicate high or serious risk, moderate or intermediate risk, low or slight risk. The number of categories and the names actually attached to them should be chosen to be easily recognized and understood by the general public. They also should convey some sense of how the consumer should respond to the warning—for example "Dangerous. Use only when necessary and as directed in attached information." Each of the major categories could be subdivided for practical purposes.

For simplicity this report uses merely the relative designations "high," "moderate," and "low." The designations would be based both on the toxicity or potency of the substances and the estimated level of exposure of the general population or various special subpopulations. The boundaries between the categories would presumably be defined so as to leave some latitude for discretionary judgment.

High risk foods or ingredients are materials demonstrated by experience, or suitable scientific testing, to be likely to result in severe (irreversible, incapacitating, or lethal) damage to humans, either in general or in susceptible subpopulations, with appreciable frequency.[1]

Moderate risk foods or ingredients are materials that, as shown by experience or suitable scientific tests, may cause appreciable harm to humans, either in general or in susceptible subpopulations, with sufficient frequency to justify regulatory action designed to modify their use.

Low risk foods or ingredients are those for which there is evidence of some risk, but the risk is neither serious nor frequent enough for placement in the moderate risk category.

Other food outside of these three risk categories would be food and food ingredients that, under current knowledge, individually neither pose known risk nor the presumption of any significant risk under reasonable patterns of consumption.

b. Response of regulatory system based on risk categories.—Once the risk of a particular food or food substance has been established according to its potency and exposure level, and a risk category has been assigned, the optimal regulatory strategy must be selected. This should take into account not only the risk of continued use but the risk of limiting or discontinuing use.

In some cases, this may mean assessing the objective or perceived benefits so as to weigh them against risks. But, the range of regulatory options for a given risk category should be broad so that the option selected can be carefully matched to the particular care. In many instances an option lying between total discontinuance of use and unrestricted use may be optimal either temporarily or indefinitely.

The committee suggests that standard symbols (as have been used to warn of poisonous or radioactive materials) for each risk category may be useful as a means to alert consumers of the need for further information. Such logos would require little space or cost. Depending upon the risk category, further information might be required to be attached to the product or made available on request by the distributor. Experimentation with such logos is necessary to establish their effectiveness.

The committee believes that, whether through logos or other means, consumers must be given the opportunity to play a larger role in food safety decisions. Further research on the most effective means of providing warning and information to consumers is urgently required.

General reduction of risk.—Besides devoting its efforts to circumstances of greatest risk, FDA should take other effective actions to reduce risks where desirable. It should set tolerance levels that encourage or require efforts to develop new technologies to reduce risks. Such technology-forcing tolerance levels could focus on reducing the amount of risky substances in a food, or in seeking substitutes for the risky food or ingredient.

c. The consideration of benefits.—When benefits can be estimated or objectively assessed so as to assist the judgment of the consumer and of the agency, FDA should be responsible for obtaining such assessment. However, it should continue primarily to be risk that triggers government intervention in the food supply, and the government must remain cognizant of the centrality of risks in food safety regulation.

The Congress has not specifically authorized FDA to establish categories of risk or in general to take into account the benefits of substances in making regulatory deci-

[1] As an extreme example, food obtained in highly contaminated run-off waters from a mercury processing plant would be high risk for continuous consumption.

sions.[2] The mandate of the Saccharin Study and Labeling Act (P.L. 95-203), requiring recommendations with respect to the weighing of benefits against risks, indicates congressional desire to deal explicitly with a problem that has not been faced satisfactorily in the past.

As difficult as it is to get an authoritative assessment of risks, it is often still more difficult to make a precise estimate of aggregated benefits that may include components that are physiologically, psychologically, or economically defined. Physiological health benefits are sometimes easier to measure than other types of benefits, but any complete risk and benefit assessment presumably should include all benefits.

In a few, unusual cases, FDA may find that high risk foods or substances may have offsetting benefits of such importance, especially for specific segments of the population, that their distribution through special channels should be permitted, at least for special purposes. Under those unusual circumstances, such high risk foods or substances could be accompanied by a logo and circular as described earlier in 3b. (Item 5 discusses accountability.)

From an economic perspective, people buy food products because they perceive a benefit in them. But economic gains, like matters of aesthetics and pleasure, are frequently extremely difficult to measure and evaluate. Given the present state of the art, they can be estimated and compared only very crudely.

High risk.—Regardless of health or other benefits, FDA should be authorized to ban high risk substances from the food supply. A ban will be most appropriate when a satisfactory substitute for the high risk food or food ingredient is available. If no such substitute is available, and the risk is clearly outweighed in well defined circumstances by significant benefits that are available from safer sources, the FDA should be authorized to permit marketing of such substances, through restricted channels or with appropriate labeling, for limited purposes, to limited categories of the population, or under other restrictions. Such high risk but essential foods or ingredients could be identified with a conspicuous and distinctive high risk logo, requiring an attached circular outlining the nature of the risk and the prescribed appropriate use. The number of high risk substances made available for such restricted distribution would be expected to be small. (Item 5 discusses accountability.)

Moderate risk.—If moderate risk foods are to be marketed, they could be required to display a conspicuous distinctive logo, designed uniformly to identify clearly the moderate risk category for all purchasers. If foods or ingredients involving moderate risk have suitable alternatives or offer no significant health benefits, FDA should be authorized to exercise discretion to deter their use by means[3] that could include restricted distribution, financial disincentives, or outright ban. Purchasers of moderate risk foods should be provided by sellers, on request, with a descriptive circular explaining the risk entailed and special precautions to be taken in consuming the particular food.

Low risk.—Low risk foods should be exempt from special regulatory control, but not necessarily from educational efforts to reduce the risk still further by acquainting the public with the risks they may pose, particularly in combination with other substances.

d. Scientific testing, research and advice.—The regulatory process must incorporate contemporary science and technology as its most reliable source of information. Regulatory agencies, therefore, must have access to scientific and technologic expert services that will actively seek out the information required for the regulatory process.

The committee favors the view that new institutional arrangements should be developed to provide augmented research services rather than relying primarily on improving present research efforts that are scattered in individual agencies. Any such new institution should be confined to the objective and scientific assessment of health risks and health benefits, leaving policy judgments that may involve other considerations to the responsible administrative agency.

The committee emphasizes that its recommended approach to food safety regulation would, by favoring broader regulatory options than simply to ban or to ignore, promote research efforts to improve assessment of risks, to find more effective and safer food constituents and to heighten public awareness of the importance of effective food safety choices. The committee believes that FDA should be given appropriate discretionary authority to regulate within broad categories of risk for food safety. This should be accompanied by a requirement, whenever possible, to obtain independent scientific assessment of the carcinogenic or other toxic dangers of the substances in question. Measurable and relevant benefits should be taken into account.

The regulatory process must incorporate contemporary science and technology as its most reliable source of information, especially since rapid changes in scientific knowledge and procedures may enhance recognition of previously unknown risks or benefits. This incorporation of information cannot be merely a passive process, since much information essential for sound regulation does not normally flow from theoretical science or from science and technology applied to meet other objectives. Regulatory processes need specific kinds of data that will not necessarily be developed for other purposes, and the agencies, therefore, must actively seek out the data required for the regulatory process. This requires both the capability for analysis of existing data and the ability to stimulate generation of new data through additional research, by whatever mechanism appears most appropriate.

The question of how to enhance the capability of the Food and Drug Administration and other agencies so that they may better deal with scientific questions of food safety regulation is an issue complex and important enough to warrant continued special study before a final decision is made. Keeping in mind the problems that have occurred when regulatory agencies carry out their own scientific research, several options have been discussed that are not necessarily mutually exclusive. Each regulatory agency concerned may need to provide some additional scientific capability within its own staff.

It is probable, however, that the total food safety regulatory system would be strengthened if responsibility were to be assigned to some central testing group, whether established as an independent governmental agency or as a separate unit within a department with primary regulatory responsibility. Such a central testing group might also be set up under contractual agreement with a private institution, either a not-for-profit scientific institution, or a licensed and supervised commercial laboratory.

The committee favors the view that new institutional arrangements should be developed to provide augmented research services rather than to rely entirely on improving the present scattered efforts. Whatever arrangement is made, however, it must ensure that scientific competence of high order will be brought to the task, that all available scientific evidence will be carefully considered with respect to each problem under review, and that the scientific findings will be carefully considered in the process of final regulatory decision.

Any such new institution should confine its role to the objective and scientific assessment of health risks and health benefits, leaving the policy judgments and decisions on regulatory action to the responsible administrative agency. To assure adequate consideration, assessment reports should be public documents, available equally to all parties. This procedure would provide opportunity for the private interests affected, as well as the appropriate authorities in the Congress and the Executive Branch, to review the rationale for discretionary judgments to be made by the regulatory agencies. The scientific reports should of course include consideration of relevant data and information brought forward by consumer, industrial or other research groups.

e. *Interim regulatory actions.*—Provision should be made for authorizing interim regulatory actions for substances of uncertain degree of risk, for a specified period of time. After more thorough testing FDA should assign the substance to an appropriate risk category and take appropriate regulatory action.

In view of the rapidity of technologic change affecting the decisions on food safety regulation, the committee believes that provision should be made for authorizing interim regulatory actions. Whenever, on the basis of scientific evidence, it seems clear that adequate information to make a confident regulatory decision is not available, and in the absence of very great benefits associated with a particular substance, the regulatory approach should be conservative in its care to protect the public against possible risks. In such circumstances the FDA should be authorized temporarily to place a substance in the moderate or high risk category until available evidence justifies its reclassification. It may be appropriate to require that some substances be available for a limited time, e.g., 3 to 5 years, only for limited distribution to meet pressing needs for which low-risk alternatives are not available.

After more thorough testing, the FDA should assign the substance to an appropriate non-interim risk category and take appropriate regulatory action.

f. *Flexibility, feedback, and evaluation.*—The regulatory structure must be flexible and able to respond both to rapid technologic change and to altered public attitudes. Furthermore, regulations also need built-in mechanisms for evaluating how well decisions achieve the intended results, and the degree to which decisions generate unintended, adverse or beneficial results.

Available information may change and action that seemed best at a given time may be inappropriate later. As examples, analytical methods of detecting risks may improve, substitutes for potentially hazardous substances may be developed, and advances in predicting causes of disease may occur. The regulatory process must incorporate methods for responding to such changes.

g. *Implementation.*—Regulations should be reasonable in terms of compliance, and enforceable.

They must clearly spell out what is required so that regulated groups will know what is expected and be able to comply. The cost of enforcement must be commensurable with the risk that the regulation addresses.

4. Education and participation of nongovernment groups:

The FDA and other regulatory agencies should be encouraged to use campaigns of public education to increase public understanding of safe and nutritious diets. Nongovernmental groups should have ample opportunity to make their views known to those with responsibility for decisions. Advisory committees representing consumer, producer, and professional scientific groups should be permitted to review scientific reports that form part of the basis for decisions

[2] See Chapter 2.
[3] See Chapter 8.

at the same time the FDA considers the information.

In an open society the safety and nutritional quality of the diet may be expected to be determined more by the understanding and desires of the public in general than by the sum of regulatory action that government may appropriately take. Successful efforts to educate the public with respect to the specific risks and benefits of various types of foods will make less necessary the imposition of onerous governmental controls and could greatly lighten the burden on the FDA and other regulatory agencies.

Therefore, the FDA and other regulatory agencies should be encouraged to make use of campaigns of public information to provide warnings to consumers through labeling and similar measures, to promote effective consumer choice, and to develop broader informational approaches to increase public understanding of safe and nutritions diets. Such educational strategies should include more complete food labeling so that people with food allergies or diet restrictions can avoid those ingredients that are health compromising.

In the broadest sense, public participation in the regulatory process involves the expression of views by individuals and nongovernmental groups of all kinds—consumers, industry, scientists, and others. The voluntary participation of these non-governmental groups can do much to avoid the necessity for coercive governmental regulation. If federal programs do not reassure consumer groups about the safety of the public food supply, and do not stimulate private business to eliminate or lower the risks in the foods on the market, the problem of enforcing regulatory standards will become far more difficult.

Much may be gained by provision of opportunities for representatives of producer and consumer groups to come to agreement regarding the standards to be maintained on a voluntary basis, and by encouraging informal communication among interested parties. In the process, the groups have opportunity to present their opinions and to satisfy themselves as to the adequacy and fairness of FDA standards of safety.

The staff of the FDA and of the institutions providing scientific testing and advice should have increased opportunity for scientific contacts with scientists in other institutions. Such informal contact is the most certain way to keep abreast of the newest scientific developments, and to promote the free exchange of new information that will greatly benefit all interested parties.

The work of the scientific testing machinery may raise substantial issues about the safety of particular foods. Reports so generated, which are considered in making decisions, may appropriately be reviewed formally by advisory committees representing consumer, producer, and professional scientific groups, while the FDA itself considers the information. In addition, the formal procedure involving notice of hearing before final regulations are issued also provides official opportunity to interested groups to present their views. The effectiveness of all such formal procedures will be greatly enhanced by encouraging and facilitating communications among the various groups.

5. Accountability and jurisdiction:

a. The committee recommends that if the FDA permits the marketing of substances of high risk for limited purposes to subpopulations, with appropriate labeling (as explained in 3b and 3c), it should be required to report its decision in advance to the Secretary of HEW and through the Secretary to the appropriate committees of the Congress.

Public participation involves the reaction of the voters in vesting authority in those political leaders who are expected to represent their opinions. This requires a relationship of accountability between full-time public officials, acting on the basis of advice from expert consultants, and their responsible executive superiors and ultimately the Congress. It is accordingly important to consider not only procedures for consultations with those outside the government, but to make sure that adequate procedures are established for accountability within the constitutional system.

Under the Federal Food, Drug, and Cosmetic Act, food safety authority is vested in the Secretary of Health, Education, and Welfare. The Secretary has delegated authority to implement the Act to the Commissioner of the FDA. When controversies arise, congressional committees often hold hearings to inquire into the impact and rationale of FDA decisions.

Under any regulatory system, either the present one or the one recommended in this chapter, at times decisions have to be made on the basis of discretionary judgment. In some cases of a most difficult nature, advance notice to the Secretary and to the Congress may be desirable. But, in the committee's view, the regulatory process will be best served in the long term by regular general review by the Congress and Secretary of the agency's processes and performance, rather than by case-by-case approval of specific rulings.

b. Attempts should be made to eliminate problems of overlapping jurisdiction among federal agencies concerned with food safety regulation. With respect to actions or failures to act on the part of other federal agencies that have responsibility for regulating substances in the food supply that may pose high or moderate risk, the FDA should be authorized to report the matter to the Secretary of HEW.

Decisions affecting the safety of food are, of course, made not only by the FDA but by other federal agencies, notably the Environmental Protection Agency and the Department of Agriculture. These agencies share information and opinions informally and also through the Interagency Regulatory Liaison Group which was formally established to develop consistent regulatory policy. Interdepartmental committees of this type are not always effective in taking vigorous action, however useful they may be in informal cooperation.

A more effective way of managing the problem of overlapping food safety jurisdiction among federal agencies might include consolidating such jurisdiction. The Executive Office of the President, including such agencies as the Domestic Policy Staff, the Office of Management and Budget, and the Office of Science and Technology Policy, could, in the short term, help settle individual cases of overlapping jurisdiction and in the long term could study ways of ultimately eliminating the broader problem. In order to avoid the subordination of the members of the Cabinet to Presidential staff agencies, these agencies should not be given the statutory power of decision, and their specific assignments should be left to the President's determination.

Until a long-term solution is found, the committee suggests that, with respect to any action or failure to act on the part of any federal agency responsible for regulating substances in the food supply that may pose high or moderate risk, the Food and Drug Administration be required to act as follows: after receiving the advice of the scientific advisory mechanism proposed above on the issue, to report the matter to the Secretary of HEW. Such report should also be made available to the appropriate congressional committees. Such requirement for these infrequent instances could be imposed by executive instruction, without the procedural complications that would be involved in a statutory mandate.

6. Strengthening the regulatory agency:

The importance of FDA's mission demands that it be given the opportunity to employ the most competent staff possible, and to adopt the most effective system of administration. Among its other and more specific recommendations, this committee would give very high priority to this general one.

The committee recognizes that the kind of food safety system it proposes would involve somewhat greater delegation to the FDA than does, in theory, the present system. Such a system would require the FDA to make explicit and public determinations regarding degrees of risks, and to acknowledge the judgment that it now occasionally exercises tacitly to take certain types of benefits into account in its regulatory decisions. And, if these recommendations were followed, FDA would do both in the light of a public assessment of the risks and benefits of each important substance by an independent scientific institution, under the continuous scrutiny of the Congress and the public.

Under such a new system, the Food and Drug Administration would presumably need to be strengthened considerably in its professional component and in the effectiveness of its organization in order to meet the demands of a higher degree of delegation. On the other hand, the present system, while it may make it harder to detect deficiencies in the FDA's performance, does not permit the agency to make rational and balanced judgments as it selects one item for regulation and ignores another one. The importance of the agency's mission demands that it be given the opportunity and budget to employ the most competent staff possible, and to adopt the most effective system of administration. This committee, among its other and more specific recommendations, would give very high priority to this general recommendation.

MINORITY STATEMENT

(Signed by 7 of the 37 members of the Task Force)

I. Classification of food additives into risk categories such as high or moderate for regulatory purposes cannot be done using current scientific data and theories:

There is no scientifically defensible way to divide carcinogens or other irreversible toxins into different risk categories. This was the conclusion of Panel I's report on saccharin, and is the predominant scientific opinion for carcinogens in general. The ability of science to quantify human risk has not advanced sufficiently since the formulation of the Delaney Amendment to permit the construction of a scientific rationale for such a scheme. Massive post facto human epidemiological experiments lasting for at least a full generation might accurately assess toxic risks in a quantitative fashion. Otherwise, we can only determine the qualitative potential for human risk. Having reached that judgment, we have reached the limits of scientific knowledge. An appropriate use of a categorization scheme is to prioritize possible hazards for additional studies.

II. Irreversible toxicities are deserving of special regulations:

The characteristics of a regulatory system for compounds causing irreversible toxicities, frequently highlighted by cancer, should be distinguished from the characteristics of a system for compounds causing lesser and reversible toxicities. A single policy which fails to separate these two widely different consequences is dangerous and unrealistic.

III. Risks from foods should be lower than other types of risks:

The public has a right to food that is as free of serious health hazards as possible. The exposure group is enormous and the mode of exposure is by chronic ingestion—the optimal way for carcinogenesis. Ap-

plications of standards for occupational health, or comparison of food risks to risks from other sources is improper.

IV. Direct food additives should be regulated differently than other classes of food additives or contaminants.

The obvious reason is that it is easier to do something about a hazardous substance that is purposely added to food than it is to do something about a substance, whether natural or unnatural, which is already in food. Removing the class distinctions between GRAS, prior sanction, etc., for direct additives is sensible, but the ability to act on the readily removed substances should not be complicated by grouping unlike classes of additives. Certainly, in the ultimate control of cancer, one wants to pinpoint the most important sources of hazard, and it is clear that some of these may be natural substances in food. However, it is not clear that this is the role of the FDA.

V. A food safety policy should involve little agency discretion:

The FDA has taken many actions in areas of food safety which indicate the tremendous pressures and complexities generated in the present decision-making process. It is hard to imagine that a policy which contains so few specific guidelines as that contained in the report could be a step forward. The proposed ability to consider benefits, while an attractive idea, is so vague that it appears to offset risks by unquantified benefits. The relative simplicities of our current food safety policy cannot be tampered with because the structure of which it is a part can only support regulatory decisions no more complicated than a stop sign on the street corner.

VI. A comparison of the issues raised in the case studies in chapter three with the recommended policies in chapter nine point out the weakness of the proposed system:

The four case studies presented—saccharin, nitrite, mercury and aflatoxin—were selected because each presents important problems which should be taken into account in directing food safety. The report is so non-specific that one cannot, with the possible exception of saccharin, deduce from it how these substances should be regulated.●

DEFENSE SPENDING VERSUS BUDGET BALANCING

● Mr. GLENN. Mr. President, I am deeply concerned over the back-and-forth struggle in the administration regarding defense spending. It is not surprising, of course, that there would be disagreement over the proper allocation of increasingly scarce resources.

But it is disturbing that there seems to be no coherent or rational basis for any of the defense budget trial balloons that are being floated almost daily. As I see it, the fundamental problem is that the arguments—whether for defense increases or for defense reductions—are being advanced for all the wrong reasons.

Clearly, increased defense spending should not be sought as a goal in and of itself. Bloating the military budget without reference to what we hope to accomplish is little more than conspicuous consumption—and it will not necessarily enhance our security.

On the other hand, the most recently proposed reductions in defense spending appear to be motivated primarily by a balance sheet mentality. This is apparently leading the administration to determine its defense budget, not on the basis of the threats we face, but on the basis of the political and economic gains that it will presumably reap from a balanced Federal budget.

That particular balancing act will mean little if, at the same time, we find ourselves in deep international trouble because our military forces cannot support our foreign policy.

With weapons costing so much and taking so long to produce, our national security cannot be dependent on the fluctuations in the Dow Jones average or by the erratic course of the prime interest rate.

Obviously, there are practical constraints on Government spending. No Government department—whether it be Health and Human Services or Defense—can ever get all the money its program planners claim is necessary. Once these departments submit their best case budget requests, it is then up to the President to identify truly essential programs and to marshal public support for them. Indeed, that is what leadership is all about.

Absent from the defense debate is a thorough and tough-minded examination of exactly what our vital interests are in today's world and how our military forces can deter or meet concrete threats to those interests. In its search for the magic defense budget numbers, the administration seems oblivious to the fact that the world has not changed much in the 7½ months since Mr. Reagan's inauguration.

The Soviet Union continues the largest peacetime arms buildup since Hitler's Germany. The military balance between America and the U.S.S.R. remains precarious, with long-term trends ominously running against us. Serious problems still threaten to divide the NATO alliance. And we are now even more vulnerable to an interruption of critical raw materials imported from abroad.

While I have supported—and still support—those defense initiatives that promise to correct some of the problems caused by our past neglect of the military, I do not see any reassuring signs that the administration is making a systematic effort either to define our foreign policy or to tell our military planners what kinds of forces we need to support that policy.

I was critical of the previous administration for the same lack of planning to coordinate foreign policy decisions with military buys. In my view, it is precisely this lack of policy definition that is causing confusion and divisiveness on the defense issue today.

We are seeing a jumbling of priorities. I hope this is only temporary. Our national security is more than just one more entry on the crowded lines of an accounting ledger—it is the assurance that this Nation and our allies will have a future. General of the Army Omar Bradley wrote of an earlier loss of perspective that cost this Nation dearly. His words should serve as a caution today:

If the United States ever again stoops to expedients to avoid the difficult decisions that come with leadership, the heavy burdens that come with defense, we shall once more run the dangers of all halfway measures and waste our strength and conscience as a weather vane rather than as a force.

To live bravely by convictions from which the free peoples of this world can take heart, the American people most put their faith in stable, long-range policies— political, economic, and military—programs that will not be heated and cooled with the brightening and waning of tension.

The United States has matured to world leadership; it is time we steered by the stars, not by the lights of each passing ship.

The November election gave President Reagan an opportunity to fashion this Nation's first bipartisan consensus on national security in over two decades. It also gave him the responsibility of providing for a defense capability that is adequate to our needs.

Continuing to jump from one budget figure to another—without any sensible or persuasive analysis of how much we need to spend on defense will fritter away that opportunity and fail to fulfill that responsibility. In that event, we Americans—Democrats and Republicans alike—will all be poorer for it.●

MET R. POSTON ELECTED TO BOARD OF DIRECTORS OF THE NATIONAL ASSOCIATION OF MANUFACTURERS

● Mr. EAST. Mr. President, I wish to congratulate one of my constituents, Mr. Met R. Poston, on his election to the board of directors of the National Association of Manufacturers.

Mr. Poston is vice president and general counsel of Akzona, Inc. in Asheville. He is a trustee of the Akzona Foundation and holds a law degree from the George Washington University School of Law. He serves the North Carolina Bar Association as vice chairman of the corporate counsel committee.●

PULASKI DAY

● Mr. KENNEDY. Mr. President, October 11 marked the 202d anniversary of the death of a great patriot, Gen. Kazimierz Pulaski. His struggle for liberty in his native Poland, as well as in the American Revolution, demonstrates General Pulaski's true dedication to the spirit of freedom and democracy. This great man has come to symbolize the quality and the extent of Poland's contribution to American history and culture, and it is only fitting that October 11 be celebrated in his honor.

The Polish citizens of this Nation can take great pride in this day of Polish solidarity. And there could hardly be a more timely celebration. As relatives and brethren in Poland make their voices heard resoundingly in the true spirit of General Pulaski, all expressions of support from the Polish-American community are as much needed as they are welcome.

As one who shares the deep concern in our Nation for Poland and the Polish people, I am proud to have worked closely with the leaders of the Polish-American Congress, the Catholic Relief Services, and the trade union movement to determine the nature and the extent of the need in Poland.

In July, many of my colleagues in the Senate joined me in calling on the President to send assistance to this troubled nation, and shortly after the administration announced $50 million in U.S. food credits for Poland. And 2 weeks ago

I introduced, and the Senate passed unanimously foreign aid legislation which set aside $5 million in emergency food and medical aid for the Polish people—humanitarian support which is vitally needed in this time of crisis.

On this first day that the Senate is in session after the recess we should all continue to pledge our support for the Polish nation, so that the true freedom and well-being for which General Pulaski fought over 200 years ago will finally flourish in Poland.●

TERRORISM

● Mr. EAST. Mr. President, the recent assassination of President Anwar Sadat of Egypt on October 6, 1981, brings home once more the terrible threat of terrorism to the Western World and the uses of terrorism to certain hostile foreign powers. It has become well known that the Soviet Union, Cuba, and their satellites and allies in the Middle East such as Libya and South Yemen support terrorist activities throughout the world for their own uses.

In his regular column in the London Daily Telegraph for September 28, 1981, page 6, Robert Moss documents several instances of Soviet KGB and Cuban intelligence personnel being involved in destabilization and covert action in foreign countries, including India, a pro-Soviet state, and Egypt under Sadat, an anti-Soviet state. It is significant that the assassination of President Sadat took place only a few weeks after Sadat's expulsion from his country of these KGB operatives. I ask to have printed in the RECORD the column by Mr. Moss.

The column follows:

CUBAN SPY CHIEF IN NEW DELHI
(By Robert Moss)

The pro-Soviet leanings of Mrs. Gandhi's government in New Delhi have been dramatised by its varying response to changes in top-level diplomatic personnel at the American and Cuban embassies.

The Indian government pointedly snubbed the Americans by recently refusing to permit the United States counsellor from the embassy in Kabul to take up an appointment in New Delhi.

At the same time, the Indian government has welcomed a new Cuban ambassador identified by Western diplomatic sources as an expert in subversive operations, a member of the most rigidly pro-Soviet faction in the Havana regime, and a trusted confidant of the Soviet KGB.

The Cuban Ambassador is Jose Perez Novoa, 36. He served several years ago as Ambassador to Ethiopia (1976–78). He was expelled from Addis Ababa, together with his counsellor and the South Yemeni Charge d'Affaires, when all three men were discovered to be embroiled in a plot to install a Moscow-line Marxist in place of Colonel Mengistu at the head of Ethiopia's revolutionary regime.

ATTEMPTED COUP

The attempted palace coup in Ethiopia closely followed the pattern of earlier KGB-orchestrated operations in South Yemen and Afghanistan to replace Left-wing leaders generally sympathetic to the Soviet Union with hardline Marxist-Leninists unconditionally loyal to Moscow.

While Mengistu was travelling abroad in 1978 the Cubans and the South Yemenis conspired to smuggle one of his arch-rivals, Dr. Negede Gobeze, who had been living in exile in Paris, into Addis Ababa. Dr. Gobeze arrived bearing a false passport supplied by the South Yemeni embassy, and was picked up at the airport by the Cuban Ambassador's personal car, which whisked him away to Perez Novoa's private residence.

Mengistu, alerted by security officials, ordered a tough and immediate response. Ethiopian security police surrounded the Cuban residency, threatening to break in unless Dr. Gobeze were handed over. At the same time, the Cuban Ambassador and his counsellor, Francisco Ortiz Rodriguez, were declared *personae non grata*.

DEPORTING THE KGB

President Sadat's clampdown on Soviet spy networks in Cairo came on the eve of the tenth anniversary of the mass expulsion of 105 Russian intelligence officers from Britain on September 24, 1971.

Some Western security experts are hoping that the Egyptian example may inspire other governments to restrict the number of diplomatic posts that are available to the KGB as a cover for espionage and subversive operations. One of the most significant moves that Mr. Sadat made was to limit the size of the Soviet Embassy staff in Cairo to 41, equivalent to the number of Egyptians currently serving as diplomats in Moscow.

The Egyptian Mukhabarat had obtained evidence that the Soviet Ambassador, Mr. Vladimir Porfiyevich Polyakov, was directly involved in a plot against President Sadat in which the key Egyptian figure was a former deputy prime minister, Abdul Salan Zayyat.

Two top KGB men serving under diplomatic cover, Igor V. Petrakov (nominally a first secretary) and Alexiy Fedorovich Chistiyakov, attended conspiratorial meetings with Zayyat and four other prominent Left-wing Egyptian politicians.

The other KGB men expelled from Cairo included Anatoliy Tekhcnovich Pismenniy, supposedly a first secretary, who attained notoriety as early as September, 1980, when he was accused by Al-Ahran of running an agent in Alexandria. A detailed account of his activities recently appeared in October magazine.

SECOND SECRETARY

Also deported were: Yuriy Konstantinovich Shebanov, a second secretary who had previously served as attache in Stockholm (1969–71) and as vice-consul in Alexandria. Assed Syzdov, a third secretary who had served in Baghdad (1974–78); Shamil K. Missiryachev, a Tass correspondent; and Konstantin Kapitanov, local representative of Trud, the Soviet trade union paper.

All had been identified by Egyptian security as career KGB men.

In an earlier crackdown last January, the Egyptians kicked out another senior KGB officer, Yuriy Trushenko, who held the nominal rank of first secretary, and Lieut-Col. Vladimir Gennadyevich Suntsov, the assistant military attache.

KREMLIN TRIAD IN AFRICA

Soviet policy in southern Africa is currently being orchestrated by three recently appointed (and strategically located) ambassadors, each of whom has a history of close involvement with the KGB.

In Lusaka, the new Soviet Ambassador is Mr. Vladimir Cherednik, first identified as a KGB man in 1967 when he came under security investigation in Kenya. Since then, he has held a top post at the Foreign Ministry in Moscow, as deputy chief of the Department of International Economic Organisation.

Some observers believe that part of his brief is to seek to destabilise South Africa and Zaire through economic pressures as well as guerrilla insurgency.

In Maputo, Mozambique, the new Soviet Ambassador is Mr. Valentin Vdovine. According to Western security sources, Vdovine has been a career officer in the KGB since at least 1959, and is a specialist in paramilitary operations with a notably aggressive temperament. His former postings include Chad and Laos.

GUERRILLA CAMPAIGNS

His arrival in Mozambique is expected to augur more intensive KGB involvement in guerrilla campaigns, and perhaps also in the Frelimo régime's counter-insurgency efforts against anti-Soviet rebels in the north of the country.

In Salisbury, the new top Soviet envoy is Georgi Ter-Gazaryants. His arrival was delayed because Zimbabwe's leader, Mr. Robert Mugabe, was in no haste to open diplomatic relations with Russia and remains deeply suspicious of Soviet intrigues not least because of Moscow's long endorsement of his rival Mr. Joshua Nkomo (within days of Mr. Mugabe's election victory, senior officials of Zimbabwe's Central Intelligence Organisation had received clear instructions to counter KGB manoeuvres).

Mr. Ter-Gazaryants has brought a handpicked staff of 14 Soviet specialists on African affairs, half of whom have already been identified as career members of the KGB. Their prime task is to try to woo Zimbabwe towards the Soviet camp and, in particular, to undermine Chinese influence.●

MORTGAGE REVENUE BOND HEARINGS: OCTOBER 16

MORTGAGE REVENUE BOND

tember 24, Dr. Jack Carlson of the National Association of Realtors submitted to the Senate Budget Committee a table revealing the depth and breadth of the current housing slump, comparing it to the two most recent declines. The 34-month housing slump we are now in is the most precipitous and longest term drop since statistics have been gathered on the resale market. From a November 1978 peak to the August 1981 trough, there has been a 44-percent decline in existing home sales—44 percent. And the end is not in sight. The end of home-ownership for first-time buyers may be in sight, but not the end of the housing recession. The slump in 1974–75 was a mere 18-percent decline that lasted 31 months. In 1969–70, there was a 20-percent drop and it took 20 months.

The economic loss of this housing downturn has been devastating; 2.5 million housing units have gone unsold and the dollar volume of sales lost to the latest housing recession amounts to some $176 billion.

I am, therefore, particularly encouraged by the fact that the Finance Subcommittee on Taxation and Debt Management, chaired by Senator PACKWOOD, has scheduled hearings on legislation dealing with the mortgage revenue bond program. The hearings will be held on October 16, and it is my hope that mark up and consideration by the Senate of S. 1348 will not be far behind. The mortgage bond program has been stalled for too long.

As many of my colleagues are aware, the Mortgage Subsidy Bond Tax Act of 1980, a hurriedly drafted amendment to last year's reconciliation bill, has effectively shut down the mortgage bond program nationwide. While most of the limitations included in the 1980 act should be maintained in their current form, there were several sections which have inadvertently rendered the program unworkable. Bond counsel can pro-

vide no more than a qualified opinion on any proposed issue, and the terms and conditions of issuance are so vague and/or unnecessarily restrictive that State and local government simply cannot operate successful programs for their jurisdictions.

This is not the time to default on a cost-effective homeownership program. Mortgage interest rates are at 18 percent. Fewer than 5 percent of this country's first-time buyers can get into the market. As I pointed out in debate on the tax cut legislation, more than a third of the homebuilding industry has left the business and the unemployment rate in the residential construction industry is at 17 percent and climbing.

The passage of S. 1348 is not going to cure all our housing ills, nor will it work miracles in the bond market, though the bond market could certainly use a few miracles these days. What I want to insure, however, is that when the time comes that investors are ready to invest, the mortgage bond program is ready for investment.

On September 23 I read into the RECORD a table showing the range of potential new mortgages under the bond program on a State-by-State basis. It appears on page 20374 and I commend it to the attention of my colleagues. It is an indication of the potential that the mortgage bond program holds for lighting a small but critical spark in home construction and homeownership.

At average commercial mortgage rates of 18 percent, there is not going to be any movement at all in the housing market. And that is going to spell disaster for any hope we may have of economic recovery. After all the painful cuts we have made in the budget, after all our efforts to reduce the deficit, if we sit here and allow the vast array of housing related industries to grind to a standstill, the resulting unemployment will be staggering. And for every increase of 1 percent in unemployment, as all of us in this body are by now surely aware, there is an increase in the deficit of $28 billion.

I want to express my appreciation to Chairman DOLE and Subcommittee Chairman PACKWOOD once again for their willingness to deal with this matter. Their commitment to hold hearings on the mortgage bond problem, delivered in colloquy on July 21, is most welcome. I look forward to the opportunity to join with my good friend and colleague from across the aisle in Tennessee, Senator BAKER, and the 33 other cosponsors of S. 1348 in passing this legislation to get the mortgage bond program started again.●

ARMED FORCES SURVIVOR BENEFIT PLAN

● Mr. ARMSTRONG. Mr. President, it is with great pleasure that I join Senator THURMOND as a cosponsor of his bill, S. 1411, to remedy the remaining inequities in the survivor benefit plan offered to career members of the Armed Forces. Enactment of S. 1411 will mark the culmination of Senator THURMOND's 4-year quest to correct an injustice that inadvertently has been done to our servicemen, their widows, and their children.

The survivor benefit program is a voluntary, contributory insurance program for military retirees. Ordinarily, the retirement pay of a service man or woman terminates with his death. But through the survivor benefit plan, a serviceman can guarantee that his spouse will receive up to 55 percent of his retirement pay for as long as he lives. If the spouse should die, dependent children of the contributing service member can receive the survivor benefit payment until they reach age 18.

The survivor benefit plan would be a very good program, were it not for the "catch 62" problem that Senator THURMOND called so forcefully to our attention last year.

The "catch 62" problem is derived from the unique status our servicemen have as the only Federal employees who contribute to the social security system. If a retired service member should die, his spouse will receive the survivor benefits he contributed a portion of his pension for, until she reaches age 62 and becomes eligible for social security.

Until last year, the survivor benefit was reduced by the entire amount of the social security benefit a spouse would become entitled to at age 62. This 100-percent offset made it uneconomical for many military retirees to participate in the survivor benefit plan, and created a gross discrimination against military personnel as compared with civilian Federal employees, whose survivor benefit pensions are not subject to a social security offset.

As a result of legislation introduced by Senator THURMOND last year—legislation I had the privilege of cosponsoring—we went a long way toward correcting this inequity. We put a 40-percent cap on the social security offset at age 62, which meant that participants in the survivor benefit plan could be assured that their spouses would always receive at least 60 percent of the survivor benefit, no matter how large the size of their social security entitlement.

We went a long way, but we did not go far enough to insure equity for our service men and women and their dependents. S. 1411 takes us the rest of the way.

First, S. 1411 would reduce the social security offset to 50 percent, while retaining the 40-percent cap on the amount the survivor benefit can be reduced. The combination of these two provisions should insure that no service member will pay more than 60 percent of the costs of his survivor benefits, as is the case for Federal civilian employees, and which is what we intended to do when we created SBP in 1972. Even with the 40-percent cap, E–7 retirees are paying more than 70 percent of the cost, and some officer retirees are paying close to all of the cost of their survivor benefit plan.

Second, S. 1411 would eliminate altogether the social security offset for widows with a dependent child. Working widows with dependent children are exempted from the offset. Widows who cannot work, and presumably need income from the survivor benefit plan even more, also should be exempted.

Third, S. 1411 will eliminate a social security offset based on the widow's own earnings. It is bad enough that we are depriving a serviceman's widow of some of the retirement income he worked so hard to provide for her. To deprive her of retirement income she has earned as a result of her own efforts on top of this is cruel and unfair.

Finally, S. 1411 will permit retired service members who have opted out of the survivor benefit plan because of the death or divorce of their spouse to rejoin the program in the event of their remarriage, and to give retirees who are participating in the program the opportunity to withdraw from it if their spouse should die, even though they still have a dependent child.

The reforms proposed in S. 1411 are required as a matter of simple justice, and that should be reason enough for us to enact them. But the reforms proposed by Senator THURMOND also will have the happy effect of making military service more attractive at a time when the retention of skilled officers and NCO's may be our most pressing national security problem. We will serve our own interests as well as those of the servicemen we have neglected too long when we enact S. 1411 into law.●

JAPAN AND DEFENSE SPENDING

● Mr. LEVIN. Mr. President, I call the attention of my colleagues to a recent editorial in one of Michigan's major newspapers, the Detroit News, about the need for the Reagan administration to increase, rather than decrease, its pressure on Japan, our Pacific Ocean ally, to contribute more to our common defense.

As my colleagues know, I have been active in the area of burden-sharing—the fair and equitable division of labor between the United States and its NATO allies and Japan—since joining the Senate Armed Services Committee almost 3 years ago.

By almost every measurement, Mr. President, it is clear that the Japanese are failing to carry their fair share of the mutual defense burden. This failure is in stark contrast to the economic ability of Japan to increase its defense budget significantly.

Recently, there have been reports in the news media that the Reagan administration will abandon the escalation of pressure on Japan to increase its defense budget. I think the Detroit News editorial has the appropriate response to these reports. Let me quote:

> Judged by such minuscule expenditures, Japan's military shield is as thin as rice paper. Washington should use the plainest language in suggesting that Tokyo bear a greater share of the common defense burden.

Japanese spokesmen, and the Reagan administration itself, have indicated that quiet diplomacy is the best way to convince Japan to increase its defense budgets. They point to the generally pacifist attitudes among the population and warn that too much pressure will provoke a backlash.

Mr. President, the populations of several of our allies need a hard education into the realities of the threats facing all of us as well as the extent to which the United States and a few of its other allies

are bearing a disproportionate burden to protect against these threats.

They do not need quiet diplomacy. They need straight talk from the United States and they need courageous leadership by their government officials.

One does not have to believe that the Soviets are 10 feet tall in military capabilities to know that the United States and all its allies have to increase their mutual defense efforts, Mr. President. This message can be brought home forcefully without insulting public sensitivities if American and allied leaderships are willing to make the difficult effort to explain our strengths and weaknesses and Soviet/Warsaw Pact strengths and weaknesses candidly.

If the Reagan administration is willing to declassify many previously sensitive documents and photographs as part of its educational campaign to convince our European allies about the need to increase their defense efforts, it should be no less willing to intensify, rather than minimize, its endeavors to educate the Japanese in this regard.

The Reagan administration should not shrink from this difficult task. As the elected representatives of the American people, we in Congress must also do our part. The executive branch simply cannot be allowed to shirk its responsibilities in the burden sharing arena.

I ask that the editorial from the Detroit News entitled "Defending Japan" be printed in the RECORD.

The editorial follows:

DEFENDING JAPAN

Frank Carlucci, deputy secretary of Defense is trying to convince the Japanese that they aren't doing enough to protect their country. But the strong current of pacifism in Japan makes his task exceedingly difficult.

The Japanese have flourished economically since World War II under an umbrella of U.S. military protection. So long as the U.S. Navy keeps the peace in the eastern Pacific, and American troops man Korea's front line, the Japanese can grind out their television sets, cameras, calculators, and cars with a sense of security. It's easy to be a pacifist when protected by another's guns.

Japanese Prime Minister Zenko Suzuki has announced a 7.5 percent increase in defense spending, in response to pressures from Washington. But, because Japan's last defense budget amounted to 0.9 percent of gross national product (GNP), a 7.5 percent increase is hardly sufficient.

The United States spends 5 percent of GNP on defense. France spends 3.3 percent, West Germany 3.4 percent, and Britain 4.7 percent. Japan's per capita defense expenditure ($87), moreover, is small compared with the United States ($520), France ($349), West Germany ($396), and Britain ($312).

Even neutral Switzerland, whose security depends largely on the numbered bank accounts of anonymous foreigners, spends 1.9 percent of GNP, more than double Japan's commitment.

Judged by such minuscule expenditures, Japan's military shield is as thin as rice paper. Washington should use the plainest language in suggesting that Tokyo bear a greater share of the common defense burden.●

BATH IRON WORKS

● Mr. MITCHELL. Mr. President, on the coast of Maine, in the "City of Bath" is a shipyard which is thriving while other shipyards in the Nation struggle to stay alive. That yard is the Bath Iron Works, where over 6,000 people labor to provide our Nation's Navy with carefully crafted frigates, and our merchant marine with quality cargo vessels.

We are at a very special time in the history of the Bath Iron Works and the State of Maine.

This past July, Maine's Governor, Joseph E. Brennan, and Bath's expert management team made a historic announcement. They announced that Bath—in cooperation with the State of Maine and the city of Portland—will construct a new yard on the Portland waterfront.

The construction and operation of this facility will have many benefits. It will create much needed employment opportunities at the yard itself and in the surrounding community. It will generate over $10 million in tax revenues for the State and municipal governments. Most importantly, however, this step will give our Navy more opportunities to obtain high quality vessels, on or ahead of schedule, at the lowest possible cost.

That is the tradition which Bath has developed, and which the firm has pledged itself to uphold.

Mr. President, this week's issue of Time Magazine focuses on Bath Iron Work's recent history and highlights the yard's long list of achievements. I urge all of my colleagues who profess an interest in a strong Navy and a healthy merchant marine to read Time's piece on Bath, and I ask that the article appear in the RECORD at this point:

The article follows:

BATH'S FIGHTING COMPANY

At a time when foreign competitors have forced U.S. manufacturers to change their management styles and worry about the quality of everything from cameras to automobiles, the Bath Iron Works in Maine is doing business as usual. With abundant quantities of Yankee pride and craftsmanship, BIW's more than 6,700 employees continue to build ships under budget and ahead of schedule. That is normal for the Bath Iron Works, but it is a rarity in the defense industry, which is plagued with cost overruns.

In 1978 BIW delivered a cargo ship, the *Maui*, to the Matson Navigation Co. in San Francisco. It was one of four Matson had built at three different yards from identical plans. The BIW ship was unquestionably the best. Says A. J. Haskell, Matson's senior vice president and a former Navy officer: "It may sound like I work for them. But look at the fairness of the hull, its smoothness, which is determined by the quality of the welding. You can walk down the pier and compare the *Maui* with the *Kauai*, the ship another company built for us. You can immediately tell which is the better ship. The Bath-built hull is fairer." The *Maui* was also delivered five weeks before it was due, and BIW brought the ship in $3.2 million under budget.

More than Yankee craftsmanship is involved in BIW's success. The yard is the only one in the U.S. that combines modular construction with extensive "pre-outfitting." That means that whole sections of ships are built as near-complete units, fitted with piping and electrical equipment. Then, with a giant crane, the sections are joined to make the vessel. The system, now used by the Swedes and Japanese, is faster and less expensive than the conventional one of building entire hulls first, then stuffing them with their innards.

Founded in 1884 on the Kennebec River, a dozen miles from Popham, where in 1607 the first ship was built by European settlers in the New World, the Iron Works constructed steamers, tugs, trawlers, J. P. Morgan's famous yacht (the one no one could afford if he had to ask how much it cost) and destroyers for the Navy in both world wars. From Pearl Harbor to V-J day, BIW turned out 82 destroyers *vs.* 63 for Japan's entire shipbuilding industry. Only eight vessels were lost in combat and among Navy men "Bath-built" came to mean lucky as well as seaworthy.

The company has almost been torpedoed out of the water several times in the boom-or-bust shipbuilding industry. In 1925, BIW actually closed its doors, and there were plans for turning the yard into a factory for making paper pie plates. In 1927, William S. ("Pete") Newell, a graduate of the Massachusetts Institute of Technology and an old-stock Yankee, bought BIW at auction and began building any kind of ship he could: yachts, Coast Guard cutters, fishing boats, then Navy vessels as World War II approached. Employment swelled to more than 12,000 during the war, but then plunged after the American victory at sea, falling to 350 in 1947. It picked up, though, as the company again turned to yacht building and more defense work.

But by the late 1960s, BIW began running into two enemies that were worse than anything its warships had encountered on the open seas: poor management and inflation. A holding company called Bath Industries was formed, and in 1968 it merged with Congoleum-Nairn, a firm that makes tiles, wall decorations and other surface coverings. Inflation began taking a severe toll in the recession year of 1974. BIW's fixed-price contracts did not allow for rapidly rising costs and losses mounted sharply. On top of a $10 million run of red ink, BIW lost major defense contracts in the early 1970s. In 1975 new management took over the company and brought in John F. Sullivan Jr., a former building-materials executive, to head BIW.

The team moved swiftly. The Bath Industries name was changed to Congoleum, reflecting that company's contribution to its survival. Smaller, unprofitable companies like Coronet Manufacturing Co. and Howard Parlor Furniture Co. that had been acquired by Bath Industries were sold off. BIW aggressively went after and won a big chunk of the Navy's guided-missile frigate program, and began writing contracts with markups for increased costs.

With its cash position improved and its stock underpriced, Congoleum decided to invest in itself. In early 1980, the conglomerate, with several bluechip insurance companies, bought up all its outstanding publicly held stock for $450 million and went private. Prudential now has 29 percent of the company, with smaller pieces held by Aetna, Travelers and Connecticut General. In addition, Eddy G. Nicholson, chief operating officer of Congoleum, and Byron C. Radaker, its chairman, are shareholders.

Though Nicholson will not reveal profit figures, he says that BIW is doing much better than it was at the time of its last public accounting in 1979, when it earned $28.2 million during the first nine months of the year. The firm has a defense order backlog of $800 million.

BIW has plans to build another yard at Portland, about 40 miles down the Maine coast. With its frigate project 99 weeks ahead of schedule and $44 million under budget, the Iron Works is eyeing the Navy's new destroyer program. That could be its biggest contract ever. Congoleum, the proud parent company, has now moved its headquarters from Milwaukee to nearby Portsmouth, N.H. Construction of its new building, though, is slightly over budget and three months behind schedule. Maybe Congoleum should have had the Bath Iron Works build it.●

TEXTILE WEEK

● Mr. EAST. Mr. President, the North Carolina Textile Manufacturers Association has designated the week of October 19–25 as "Textile Week." I take this occasion to commend the textile industry for the significant contribution that it makes to the economy of my State and to the economic well-being of the entire Nation.

Textile manufacturing is the largest employer in North Carolina, with about 260,000 persons on its payrolls drawing combined wages and salaries of more than $2.3 billion annually. Nationwide, the industry is the 10th largest employer in the United States. The fiber/textile/apparel complex provides 2.7 million jobs—1 of every 8 in manufacturing—which makes it our Nation's largest manufacturing complex.

The textile industry is the oldest in the United States, dating from the opening of Samuel Slater's mill in Rhode Island in 1789. It took root in North Carolina about a quarter of a century later. The industry has played a vital role in the development of the United States as a major commercial power.

Unfortunately, the industry today faces serious problems. Some are the result of regulatory excesses by Federal agencies, others stem from the restrictive practices of trading nations who want to sell to us while denying American manufacturers access to their own markets.

I am pleased that the Reagan administration has shown its determination to resolve these problems. With the help of Congress, I am sure that appropriate solutions can be devised and that the textile industry will be able to look forward to many more prosperous years.

Mr. President, I salute the textile manufacturers of my State and of the Nation.●

THE IMPORTANCE OF HUMAN CAPITAL

● Mr. HART. Mr. President, from the beginning of our debate on President Reagan's economic recovery program I have supported responsible reductions in Federal spending to reduce the deficit. But cutting the budget requires sensitivity and intelligence to insure our fundamental national commitments and priorities are not jeopardized by the cuts. I voted against the Omnibus Reconciliation Act because, among other things, it included short-sighted cuts in Government support of education, job training, health, and R. & D. programs—supply-side investments in our people necessary for us to regain our long-term economic health. Now, after being forced into a budgetary corner by the ill-timed personal tax cuts, the President is proposing further reductions in these essential programs.

I must register a strong objection to these proposals. A principal objective of the tax cuts, especially the reductions in business taxes, is to increase the rate of capital formation in the United States. But we should not forget that human capital—the skill, dexterity, and knowledge of our workers—is just as important to productivity, international competitiveness, and economic growth as is investment in machinery and buildings. Thus, it is an ill-conceived economic recovery plan that supports more rapid growth of physical capital at the expense of neglecting necessary improvements in human capital.

Improvements in human capital are indeed necessary, according to recent trends in this country and abroad. While today's economy demands more highly skilled, highly educated workers than ever before, our support for scientific and technical training and for educating the general public has been waning. And the results of our diminished commitment are an inadequate number of scientists and engineers, declining SAT scores, and an alarming rate of functional illiteracy. At the same time our foreign competitors have been increasing their investments in human capital and technological innovation. These trends cannot continue.

I ask unanimous consent that three articles which discuss the importance of human capital be printed in the RECORD at this point. Howard Samuels' article "Investing in People" explains the false economies which result from a failure to invest in the health, literacy, and skills of our people. Jessica Tuchman Mathews has done an excellent analysis of the decline in education in America and its causes. I commend all three articles to my colleagues.

The articles follow:

INVESTING IN PEOPLE

(By Howard J. Samuels)

The Reagan Administration's drastic reduction in funds for education, job training, day care, student loans and a host of seemingly expendable social services are the worst sorts of false economies.

What we are slashing is financing for the development of what economists call "human capital." In doing so, we have somehow lost sight of an essential fact, described by Adam Smith. "The skill, dexterity and knowledge of a nation's people is the most powerful engine of its economic growth." Or, as stated by Nobel Laureate economist Theodore Schultz, "The rate of return on education has tended over time to exceed the rates of return on physical capital."

In short, while there is a consensus on the need to invest more in machinery and research, we have forgotten the value of investing in people's health, education and earning capacities. The need to upgrade America's human capacities is ever more evident as our economy shifts toward service professions and higher technology.

We are approaching a critical shortage of highly skilled people. More and more of the graduates of our nation's school system cannot read and write. Young people who cannot fill out a job application or read a page of classified ads have literally no productive future in our economy.

Not only will they be unproductive, but our increasing cost of welfare and crime is becoming a national scandal. However much we deplore it, there is no sense at all in denying that lack of education and training is a direct cause of crime, drug addiction and despair. The main response to rising crime seems to be a willingness to spend lavishly on new prisons, not on programs that might stop crime.

Russia, our political competitor, and Japan, our economic competitor, are spending billions to capitalize on their youth's potential. Both are engaged in hugely ambitious educational and technical development programs. Ninety-eight percent of all Soviet children now complete the mandatory 10-year primary and secondary school program. Only 75 percent of American children make it through high school.

More importantly, virtually every student receives 10 years of mathematics, five years of physics, four years of chemistry, five and a half years of biology, five years of geography, three years of mechanical drawing and 10 years of workshop training for both boys and girls.

Meanwhile, the Japanese are pursuing a similarly intensive scientific training program and achieving astounding results. Japan now graduates as many engineers every year as the United States, and Japanese students score the highest in the non-Communist world in math and science.

The economic implications for the future productivity of America's work force are glaring enough, but the "skills gap" may be a greater threat to our national security than shortages of sophisticated weapons. Buttons and video screens do not wage wars—people do. A recent survey of 23,000 recruits at the San Diego Naval Base showed that 37 percent of them could not read at the 10th-grade level.

It is easy to understand why Americans have become disillusioned about spending on human services. Education, child care and health are investments paid from the pockets of today's taxpayers, with a return that may not show up for 20 years.

Obviously, money alone is not enough. We must reform our ways of delivering human services to make them more cost-effective. Our inner-city schools are highly bureaucratized and ineffective. Our health-care programs are laden with waste. It will take leaders with courage and foresight to explain to the American people that there will be no easy fix by simply slashing funds.

Most of all, we need to realize that spending on programs that improve health, literacy and skills of our people are investments in the future of the nation, not just debits on the budget.

This is a bipartisan issue, for the common good of the country. I am a Democrat, but let me quote A. W. Clausen, a no-nonsense Republican and former president of the Bank of America and now president of the World Bank: "The United States can't neglect its resources of brain power any more than it can neglect energy, capital, or other factors of production. Employment, productivity, and, ultimately, our humanity hangs in the balance." I could not agree with him more.

DECLINE IN EDUCATION: (I) THE EVIDENCE

(By Jessica Tuchman Mathews)

[From the Washington Post, Oct. 13, 1981]

American education is in a fearsome decline. At least for the last decade, and perhaps since the early 1960s, schools have been expecting less and students have been learning less. Nowhere is the decline more evident or more threatening to this country's future welfare than in science and mathematics. Once the world leader in appreciating the importance of a well-educated populace, the United States today stands alone among the industrialized nations in its indifference to the quality of education its children are getting.

What are the facts? Until this year scores on the Scholastic Aptitude Test slid steadily downward for 18 consecutive years. Only the earliest years of the decline can be attributed to the larger number of students hoping to attend college. For at least the past 10 years, a big drop in the proportion of students scoring above 650 (on the SAT scale of 200 to 800) provides evidence that the test scores are reflecting a real decline in achievement. That is confirmed by a correspondingly large rise in the numbers of those scoring below 300—a truly dismal score.

These approximately 20 years have seen

unparalleled advances in science and technology—the space age, the computer age, revolutionary discoveries in molecular biology and biotechnology, leaps in communication technologies, electronics, subatomic physics, huge advances in energy, environmental science, and on and on—that have transformed modern society. Without an understanding of mathematics and science, some parts of every occupation—including that of informed citizen—are now unreachable. Yet in this period, the United States educated a tiny elite of the world's best scientists and engineers and left everyone else scientifically illiterate. Scientific and technical learning did not just fail to keep up, it declined.

Just the opposite was happening abroad. In 1966 the Soviet Union undertook a massive educational reform. It abandoned the European model of preparing only the most able few for higher education and adopted the once uniquely American example of attempting to provide a solid academic grounding for all. The country's best scientists, its Nobel laureates and members of the Academy of Sciences were put to work developing a new curriculum with a strong technical emphasis.

Today the Soviets' compulsory curriculum for those finishing the equivalent of high school includes five years of physics, four of chemistry, five of biology, one of astronomy, five of geography, three of mechanical drawing and ten years of workshop training. In the United States, 9 percent of high school graduates have had one year of physics, 16 percent have had one year of chemistry, 45 percent have had one year of biology and 17 percent have had one year of general science.

The difference is as great in mathematics—the central science. The Soviet 10-year curriculum in math includes two years of calculus and two of solid geometry. By contrast, only 7 percent of American students take a single year of calculus and virtually none advance beyond a single year of plane geometry. Only one-third of U.S. school districts require more than one course in science or mathematics for graduation.

Such comparisons do not tell what students are actually learning, but, according to Izaak Wirsup, professor of mathematics at the University of Chicago, who has spent years studying Soviet education. "The disparity between the level of training in science and mathematics of an average Soviet skilled worker or military recruit and that of a non-college-bound American high school graduate, an average worker in one of our major industries or an average member of our all-volunteer Army is so great that comparisons are meaningless." Differences between the respective college-bound populations are smaller but significant.

The Soviets are not alone. Japan and West Germany have made equally determined efforts to provide rigorous training in science and mathematics for all schoolchildren. According to the National Science Foundation, "The result is a work force which, at all levels, has a relatively high degree of science and mathematics skill, and this has been a factor in the very rapid expansion of technical industries." The engineering degree is as much the ticket to advancement in Japan as a legal degree is here. Managerial positions in Japanese government and industry are heavily populated by those with technical training, while in the United States there are already acute shortages in several fields of engineering, with worse forecast to come.

The deterioration in science and mathematics is only the most extreme case of a general phenomenon. Standards for high school graduation have been lowered in all subjects, as have college and university admission requirements. Fewer than one-fifth of current high school graduates have any training in a foreign language, and only 4 percent have studied one for more than two years. Professors at major universities have been forced to simplify introductory courses in many fields. The military, while spending huge sums for more and more sophisticated weaponry, has been forced to rewrite its training manuals from the 11th-grade level or higher to the 8th-grade level or lower. Many are aimed at the 6th-grade level. Evidence of falling achievement is everywhere.

DECLINE IN EDUCATION: (II) THE CAUSES

(By Jessica Tuchman Mathews)

No one knows exactly what has caused the striking decline in the quality of American education, especially in science and mathematics. That a deterioration has been under way—perhaps for as long as two decades—is clear. That it has coincided with the opposite trend abroad is also beyond doubt. While American educators focus on the failure to learn "basic skills," the Soviet Union, Japan and many other countries are making great advances both in the proportion of students who complete secondary school and in the breadth, depth and rigor of what they are taught.

One factor in the United States' dismal performance is unquestionably too much television. Seventy-five percent of last year's high school graduating class reported spending less than five hours per week on homework. Twenty-six percent of them reported four hours or more per day watching television. In a 1973 survey of science education in 19 European and Third World countries, the only measure on which American students scored above the mean was in hours spent watching television. The result is a pervasive intellectual passivity and a large number of students who never learn to read well enough to acquire the taste for it.

Another cause is the decline in the quality, and even availability, of teachers, especially in science and mathematics. Twenty-five years ago teaching was the only socially acceptable career for many bright, motivated women; today they have other options. Men and women with science training can earn far more than a teacher's pay working as computer programmers. Chronic vacancies for mathematics teachers—as high as 25 percent in some school districts—are filled by those without training in mathematics. There are 10,000 physics teachers in the nation's 16,000 school districts. Lack of public concern for the quality of education, lack of respect for teaching as a profession, lack of support systems to keep teachers up to date in their fields and appallingly low pay are all having the predictable result. Morale in the schools is spiraling downward, and college graduates going into teaching consistently come from the bottom of their classes.

Numerous studies have postulated other causes: too much violence and too little discipline in the schools, too much latitude in course selection, too much encouragement and opportunity for students to do things other than study, too much stress on basic skills that makes this minimal achievement the goal rather than the foundation for further learning, and so on.

But to a certain extent these phenomena must be symptoms rather than causes, for what happens in the schools is a reflection of the values and expectations of society at large. Alexander Astin, professor of education at UCLA, writes: "The schools are just less demanding than they used to be and [students] are lazy up and down the ability spectrum." What we seem to have suffered, in short, is a loss of appetite for the hard work of learning and an appreciation for the results.

This is not the first time American education has fallen behind. What is scary is that this time we as a nation don't seem to care—or care enough. When the launch of Sputnik in 1957 brought recognition that U.S. science education badly needed improvement, we responded with new courses, textbooks, teacher training and curricula. Though there were some problems, the effort did produce more and better-educated science and mathematics graduates. This time there has been no single jolting event, but evidence of a far worse slump is everywhere. And this year the federal budget cuts wiped out the agency responsible for the post-Sputnik science program—the only single focus for such an effort in the nation.

We ignore what is happening in the schools at our peril. The United States cannot compete in the world economy without a technically skilled work force, nor will any amount of money spent on weapons buy security without men and women capable of using them effectively. Far more important, we cannot hope to sustain a democracy, the most demanding form of government, without citizens capable of understanding the choices that have to be made.

Making up the lost ground, especially in science and methematics, is going to require plenty of money, but without a well-educated populace what other investment is worth making? Most of all it will require a change in attitude—higher expectations of work and achievement. Years ago poor children on New York's Lower East Side were sent off to the first day of school with a gift of honey and nuts to symbolize the sweetness of learning. That attitude, and a school system that made knowledge available to everyone who wanted it, were what made this country great. It's not gone, it just needs to be recaptured.●

NATIONAL END HANDGUN VIOLENCE WEEK, OCTOBER 25–31, 1981

● Mr. KENNEDY. Mr. President, there is no higher priority in the war on crime than to end handgun violence. This sentiment is shared by the vast majority of Americans, and during the week of October 25–31 a coalition of citizen groups, churches, educators, and voluntary agencies will launch a "National End Handgun Violence Week."

I am pleased to join in this effort to mark a week of national awareness over the urgent need for effective measures to achieve handgun control and reduce the shocking rate of violent crime in our society.

The past year witnessed the senseless handgun assaults on President Reagan and His Holiness Pope John Paul II, and the tragic handgun deaths of John Lennon and Dr. Michael Halberstam. Before these latest flashes of gunfire fade from our memories and into the pages of history, let us resolve at long last that we must take handguns out of the hands of the violent killers, the criminals, and the psychopaths.

Let us reject the handgun lobby and the old false fears about outlawing Saturday Night Specials. Our effort to end handgun violence in no way affects the rights of hunters and sportsmen, or the right of law-abiding Americans to defend their homes and families. We had had enough of the old myths of the National Rifle Association.

Hopefully, the activities surrounding National End Handgun Violence Week

will help dispell these myths and create a better public understanding over the issue of handgun control.

This new awareness cannot come too soon, as handgun violence escalates across our land—with 63 Americans killed every day with handguns. The grim statistics on handgun deaths as well as the continued proliferation of handguns in our society tell us all we need to know about the urgency of finally controlling handguns in the United States.

Mr. President, I urge my colleagues to join me in marking National End Handgun Violence Week, and I ask statistics on handgun violence in the United States be printed in the RECORD.

The material follows:

HANDGUN CONTROL FACTS

1. *Crime Rate:* Violent crime was up 13 percent in 1980, the largest increase in 12 years.

2. *Civilian Handgun Deaths:* One person is murdered by handguns every fifty minutes.

By this time tomorrow, twenty-nine more Americans will have been murdered in handgun killings; 10,728 were murdered in 1979.

Probably over 11,000 in 1980 (data not yet final).

During the peak years of the Vietnam War, 40,000 U.S. soldiers died; in the same period, 50,000 were murdered by handguns.

Handguns are used in fifty percent of all murders—knives are next at nineteen percent; rifles are used in five percent.

3. *Law Enforcement:* 76 police officers were killed by handguns in 1979.

4. *Handguns in Circulation:* 60 million now; 2.5 million more every year.

At current rates, there will be 100 million handguns in circulation in the year 2000.

A new handgun is sold every thirteen seconds.

One in five Americans has access to a handgun.

One in nine Americans has been threatened or attacked with a handgun.

On the average, most handguns change hands once every two years.●

THE DURHAM VOLUNTEER FIRE COMPANY'S 50TH ANNIVERSARY

(By request of Mr. BAKER, the following statement was ordered printed in the RECORD:)

● Mr. WEICKER. Mr. President, this year the town of Durham, Conn., is celebrating the 50th anniversary of their Durham Volunteer Fire Company. On October 26, 1931, the citizens of Durham adopted a resolution at their town meeting to make the Durham Volunteer Fire Company the custodian of a recently purchased fire truck, and to authorize the town to lay a small tax to maintain the apparatus, the surplus to go into a fund for new equipment. A year later, construction began on a firehouse, which was to serve the town for 40 years. On December 20, 1979, the company moved into a new, more centrally located firehouse, built by the labor of the firemen and many of the townspeople. Today, the Durham Volunteer Fire Company is composed of 60 firemen, 5 dispatchers, and 3 chiefs. They answer over a hundred calls a year, and the speed with which they do so is a matter of pride to the town.

Mr. President, the volunteer fire company is an American way of life. The first volunteer company was started in Boston in 1717. It consisted of 20 men, each of whom agreed to bring two buckets to every fire. Today, there are over 24,000 volunteer fire companies in America. Their equipment has been modernized, but their valor remains as true.

At the sound of a siren, men, and women as well these days, jump from their sleep and dash down the firehouse pole or out the doors of their homes, throwing on their gear as they go. They hop on the fire truck or into their cars, and then off they race in pursuit of the fire, off they go to spare another life from the flames and to save another building from destruction. They are volunteer firemen and they ask for no payment for the risks of their long hours, except the respect and gratitude of their townspeople.

We owe a great debt to our volunteer fire companies and the heroic men and women who belong to them. In his book on volunteer fire companies, Ernest Earnest closes with a passage from Archibald MacLeish that describes the spirit of the volunteer company:

Who are the born brothers in truth? The puddlers
Scorched by the same flame in the same foundries:
Those who have spit on the same boards with the blood in it . . .
Veterans out of the same ships—factories— . . .
Brotherhood! No word can make you brothers!
Brotherhood only the brave earn by danger or
Harm or bearing hurt and no other.

Mr. President, the Durham Volunteer Fire Company has served the town of Durham, Conn. for 50 years. They are to be congratulated on their anniversary, thanked for their job well done, and honored for their courageous service.●

MONTANA CHIPPEWA INDIANS

● Mr. MELCHER. Mr. President, I am pleased to join with my distinguished colleague and neighbor from North Dakota, Senator ANDREWS, in sponsoring a bill to provide for the distribution of a $47 million judgment to various groups of Pembina Chippewa Indians for the 1905 value of some 8 million acres of their aboriginal lands in North Dakota that were ceded to the U.S. Government. These Indian people live in three different States.

Three recognized tribes will participate in the judgment fund distribution: The Chippewa Cree Tribe of the Rocky Boy's Reservation in Montana, the Turtle Mountain Band of Chippewas in North Dakota, and the Minnesota Chippewa Tribe of the White Earth Reservation. In addition, Pembina Chippewas who are not members of any of these tribes are entitled to share in the distribution. Some of these nonmember Pembinas in Montana call themselves the Little Shell Tribe of Chippewa Indians of Montana, and reside mainly in Great Falls, Chinook, Helena, Hays, and Wolf Point.

Because of the exceedingly complex history of the Pembina Chippewa, who were originally the Plains Ojibwa, and their subsequent dispersal throughout North Dakota, Montana, Minnesota, and Canada, the award for the value of the aboriginal lands taken from them requires an act of Congress both to assure public hearings that will give all those who may be eligible a chance to be heard and to assure that the fairest possible distribution is made.

I look forward to its early enactment.●

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business to extend not past the hour of 6 p.m. in which Senators may speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, there are a number of routine matters to be disposed of.

ORDER AUTHORIZING SECRETARY OF THE SENATE TO RECEIVE AND REFER COMMUNICATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to receive and refer any communications from the White House until the hour of 8 p.m. tonight.

The PRESIDING OFFICER. Without objection, it is so ordered.

(Later the following occurred:)

Mr. BAKER. Mr. President, I am advised now that in connection with certain matters that were thought to be available to the Senate for which the Senate has given authority to receive communications and refer until 8 p.m. tonight that that will not be available.

I ask unanimous consent that the order previously entered in that respect be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDERS FOR THURSDAY

ORDER FOR RECESS UNTIL 10 A.M.

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 10 a.m. on tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF SENATORS GOLDWATER, BENTSEN, AND PRYOR

Mr. BAKER. Mr. President, I ask unanimous consent that following the recognition of the two leaders under the standing order that there be special orders of not to exceed 15 minutes each in favor of the Senator from Arizona (Mr. GOLDWATER), the Senator from Texas (Mr. BENTSEN), and the Senator from Arkansas (Mr. PRYOR).

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR A PERIOD FOR TRANSACTION OF MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that after the ex-

ecution of the special orders just provided, there be a period for the transaction of routine morning business not to exceed 30 minutes in length in which Senators may be permitted to speak for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER HOLDING HOUSE MESSAGE ON H.R. 4327 AT THE DESK

Mr. BAKER. Mr. President, I ask unanimous consent that the House message on H.R. 4327, the Immigration and Nationality Act amendments, be held at the desk until the close of business on Thursday, October 15.

The PRESIDING OFFICER. Without objection, it is so ordered.

REMOVAL OF INJUNCTION OF SECRECY—AGREEMENT EXTENDING FOR 8 MONTHS THE TREATY OF FRIENDSHIP WITH SPAIN (TREATY DOCUMENT NO. 97-20)

Mr. BAKER. As in executive session, I ask unanimous consent that the injunction of secrecy be removed from an "Agreement Extending for Eight Months the Treaty of Friendship With Spain," Treaty Document No. 97-20, which was transmitted to the Senate by the President of the United States on October 9, 1981; and ask that it be considered as having been read the first time; that it be referred, with accompanying papers, to the Committee on Foreign Relations and ordered to be printed; and that the President's message be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The message of the President is as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I herewith transmit an agreement, effected by an exchange of notes at Madrid on September 4, 1981, extending for a period of eight months commencing September 21, 1981, the rights, duties, and obligations of the Parties under the Treaty of Friendship and Cooperation of January 24, 1976 between the United States of America and Spain, 27 U.S.T. 3005, T.I.A.S. 8360 (the Treaty).

I transmit also, for the information of the Senate, the report of the Department of State with respect to the agreement.

The agreement would extend, until May 21, 1982, the rights, duties, and obligations of the Treaty, which by its terms expired on September 21, 1981. During that time, negotiations will continue on a successor agreement to the Treaty; it is expected that, by the time these negotiations are concluded, Spain will have completed the process of accession to the North Atlantic Treaty of April 4, 1949 (63 Stat. 2241; T.I.A.S. 1964). The agreement would preserve in force on an interim basis United States rights regarding access to and use of important military facilities in Spain, and otherwise continue the significant cooperative relationship now existing between the two countries under the provisions of the Treaty. This action is necessary in order to regularize the legal relationship between the United States and Spain in the post-September 21 period, and thereby to facilitate the current negotiations. I recommend that the Senate give prompt and favorable consideration to this agreement.

RONALD REAGAN.

THE WHITE HOUSE, *October 9, 1981.*

THE SENATE'S AGENDA

Mr. BAKER. Mr. President, earlier today I indicated to the minority leader that I would have a further announcement to make especially in respect to the intention of the leadership on this side to address the question of the appropriations bills.

I regret to say that it will be tomorrow before I can do that.

PROGRAM

Mr. BAKER. Mr. President, on tomorrow the Senate will convene at 10 a.m.

After the recognition of the two leaders under the standing order and the recognition of Senators on special orders just provided, there will be a period for the transaction of routine morning business to extend not longer than 30 minutes in length in which Senators may speak for not more than 5 minutes each.

After the expiration of the time for the transaction of routine morning business, the Senate will resume consideration of the social security bill, H.R. 4331, at which time the Eagleton amendment will be the pending amendment.

It is hoped that the Senate can complete action on the social security bill on tomorrow.

A number of matters may be dealt with on Friday, after the conclusion of the social security bill, if indeed we have finished the social security bill.

I had earlier announced that I had hoped to proceed with the consideration of the foreign assistance bill after the social security bill. Also, as I indicated earlier today, that will not be possible until Tuesday of next week.

I will have a further announcement to make on the schedule of the Senate beyond these remarks during the course of the day tomorrow.

RECESS UNTIL 10 A.M. TOMORROW

Mr. BAKER. Mr. President, I know of no further business to come before the Senate.

I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 10 a.m. on tomorrow.

The motion was agreed to; and at 5:56 p.m., the Senate recessed until tomorrow, Thursday, October 15, 1981, at 10 a.m.

NOMINATIONS

Executive nominations received by the Secretary of the Senate October 9, 1981, under authority of the order of the Senate of October 7, 1981:

DEPARTMENT OF COMMERCE

Carlos C. Campbell, of Virginia, to be an Assistant Secretary of Commerce, vice Jerry Joseph Jasinowski, resigned.

DEPARTMENT OF EDUCATION

Lilla Burt Cummings Tower, of Texas, to be Director of the Institute for Museum Services, vice Leila I. Kimche, resigned.

INTERNATIONAL JOINT COMMISSION, UNITED STATES AND CANADA

Robert C. McEwen, of New York, to be a Commissioner on the part of the United States on the International Joint Commission, United States and Canada, vice Robert J. Sugarman, resigned.

DEPARTMENT OF JUSTICE

Gerald D. Fines, of Illinois, to be U.S. attorney for the central district of Illinois for the term of 4 years (reappointment).

W. Hunt Dumont, of New Jersey, to be U.S. attorney for the district of New Jersey for the term of 4 years vice Robert J. Del Tufo, resigned.

Charles R. Brewer, of North Carolina, to be U.S. attorney for the western district of North Carolina for the term of 4 years vice Harold M. Edwards, resigned.

Lincoln C. Almond, of Rhode Island, to be U.S. attorney for the district of Rhode Island for the term of 4 years vice Paul F. Murray.

John Perry Alderman, of Virginia, to be U.S. attorney for the western district of Virginia for the term of 4 years vice John S. Edwards, resigning.

Blaine Skinner, of Idaho, to be U.S. Marshal for the district of Idaho for the term of 4 years vice Anthony Skoro, resigning.

J. Jerome Perkins, of Indiana, to be U.S. Marshal for the northern district of Indiana for the term of 4 years vice Joseph N. Novotny.

Donald W. Wyatt, of Rhode Island, to be U.S. Marshal for the district of Rhode Island for the term of 4 years vice John J. Partington, resigning.

Delaine Roberts, of Wyoming, to be U.S. Marshal for the District of Wyoming for the term of 4 years vice James W. Byrd, term expired.

DEPARTMENT OF THE INTERIOR

Robert A. Jantzen, of Arizona, to be Director of the U.S. Fish and Wildlife Service, vice Lynn Adams Greenwalt, resigned.

Executive nominations received by the Senate October 14, 1981:

THE JUDICIARY

Emmett Ripley Cox, of Alabama, to be U.S. district judge for the southern district of Alabama vice Virgil Pittman, retired.

Cynthia Holcomb Hall, of California, to be U.S. district judge for the central district of California vice Harry Pregerson, elevated.

Clarence A. Beam, of Nebraska, to be U.S. district judge for the district of Nebraska vice Robert V. Denney, deceased.

DEPARTMENT OF JUSTICE

Elsie L. Munsell, of Virginia, to be U.S. attorney for the eastern district of Virginia for the term of 4 years vice William B. Cummings, resigned.

BOARD FOR INTERNATIONAL BROADCASTING

Frank Shakespeare, of Connecticut, to be a member of the Board for International Broadcasting for a term expiring May 20, 1983, vice Frank Markoe, Jr., term expired.

CONFIRMATION

Executive nomination confirmed by the Senate October 14, 1981:

ENVIRONMENTAL PROTECTION AGENCY

Matthew Norman Novick, of the District of Columbia, to be Inspector General, Environmental Protection Agency.

TELECOMMUNICATIONS COMPETITION AND DEREGULATION ACT OF 1981 (S. 898)

The text of the bill, S. 898, as passed by the Senate on Wednesday, October 7, 1981, with technical corrections, is as follows:

S. 898

An act to amend the Communications Act of 1934 to provide for improved domestic telecommunications, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Telecommunications Competition and Deregulation Act of 1981".

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FINDINGS

SEC. 2. The Congress hereby finds and declares that—

(1) rapid advances in telecommunications technologies are making possible competition among providers of telecommunications services;

(2) competition is a more efficient regulator than Government of the provision of diverse telecommunications services and, as competition continues to develop, deregulation of telecommunications carriers and services should occur;

(3) the Nation's domestic and international telecommunications carriers, facilities, and services are vital national resources which are critical to meeting the needs of national defense and security and emergency preparedness and to maintaining the economic competitiveness and technological leadership of the United States; and

(4) the transition to competition and deregulation must be accompanied by appropriate safeguards to assure that basic telecommunications services are universally available at reasonable charges throughout the United States.

TITLE I—GENERAL

PURPOSES—FEDERAL COMMUNICATIONS COMMISSION

SEC. 101. (a) Sections 1 through 5 of the Communications Act of 1934 (and all cross references thereto), hereinafter referred to as the "1934 Act" (47 U.S.C. 151) are redesignated as sections 101 through 105, respectively.

(b) Section 101 of the 1934 Act, as redesignated by subsection (a), is amended to read as follows:

"PURPOSES OF THE ACT; FEDERAL COMMUNICATIONS COMMISSION

"SEC. 101. For the purpose of making available, so far as possible, to all the people of the United States, rapid, efficient, nationwide, and worldwide telecommunications services with adequate facilities at reasonable charges; for the purpose of the national defense and security and emergency preparedness; for the purpose of promoting safety of life and property through the use of telecommunications; for the purpose of providing universal basic telecommunications service at reasonable charges; for the purpose of encouraging continuing improvements in telecommunications service in all areas of the United States; for the purpose of encouraging competition in the provision of telecommunications; for the purpose of encouraging continuing improvement in the use of technologies; for the purpose of promoting the technological leadership of United States telecommunications equipment and service suppliers; and for the purpose of promoting interstate and foreign commerce in telecommunications services, there is hereby created a commission to be known as the Federal Communications Commission, which shall be constituted as hereinafter provided, and which shall execute and enforce the provisions of this Act.".

APPLICATION OF ACT

SEC. 102. Section 102 of the 1934 Act, as redesignated by section 101(a), is amended to read as follows:

"APPLICATION OF ACT

"SEC. 102. (a) The provisions of this Act shall apply to and the Commission shall exercise jurisdiction with respect to: all interexchange and foreign telecommunications and all transmission of electromagnetic energy by radio, which originates or is received within the United States; the licensing and regulating of all radio stations as hereinafter provided; and all persons engaged within the United States in such telecommunications or such transmission of energy by radio.

"(b) Except as otherwise provided in title II, and subject to the provisions of section 301 of this Act, nothing in this Act shall be construed to apply or to give the Commission jurisdiction with respect to charges, practices, services, facilities, records, accounts, or regulations for or in connection with exchange telecommunications services. Any carrier engaged in interexchange or foreign telecommunications solely through physical connection of the facilities of another carrier not directly or indirectly controlling or controlled by, or under direct or indirect common control with such carrier shall not be subject to Commission jurisdiction.".

DEFINITIONS

SEC. 103. Section 103 of the 1934 Act, as redesignated by section 101(a), is amended to read as follows:

"DEFINITIONS

"SEC. 103. For the purposes of this Act, unless the context otherwise requires, the term—

"(1) 'Affiliate' means any organization or entity which does not provide regulated telecommunications services (other than a fully separated affiliate) and which is under direct or indirect common ownership or control with another entity, or is owned or controlled by another entity. For the purposes of this paragraph, the terms 'ownership' and 'owned' mean a direct or indirect equity interest (or the equivalent thereof) of more than 50 percent of an entity.

"(2) 'Amateur station' means a radio station operated by a duly authorized person interested in radio technique solely with a personal aim and without pecuniary interest.

"(3) 'Basic telecommunications service' means the provision to the general public on a universal basis of the minimum transmission capability necessary for two-way telecommunications services including basic telephone service.

"(4) 'Basic telephone service' means a basic telecommunications service which allows natural persons to communicate with each other by voice over exchange, interexchange, or foreign telecommunications facilities.

"(5) 'Broadcast station', 'broadcasting station', or 'radio broadcast station' means a radio station equipped to engage in broadcasting.

"(6) 'Broadcasting' means telecommunications by radio intended to be received by the

public, directly or by the intermediary of relay stations.

"(7) 'Chain broadcasting' means simultaneous broadcasting of an identical program by two or more connected stations.

"(8) 'Commission' means the Federal Communications Commission.

"(9) 'Construction permit' or 'permit for construction' means that instrument of authorization required by this Act or the rules and regulations of the Commission made pursuant to this Act for the construction of a station or the installation of apparatus for the transmission of energy, or communications, or signals by radio, by whatever name the instrument may be designated by the Commission.

"(10) 'Corporation' includes any corporation, joint-stock company, or association.

"(11) 'Dominant-regulated carrier' means any telecommunications carrier which is classified as a dominant-regulated carrier under section 203(b) or section 203(c). Such term includes—

"(A) any person who owns or controls a dominant-regulated carrier to the extent that such entity provides interexchange or exchange telecommunications service; and

"(B) any organization and entity (other than a fully separated affiliate) to the extent that such entity provides an interexchange or exchange telecommunications service.

"(12) 'Exchange telecommunications' means telecommunications which both originate and terminate within the same exchange telecommunications area.

"(13) 'Exchange telecommunications area', 'exchange area', or 'exchange' means a geographic area configured by a State commission for telecommunications purposes.

"(14) 'Foreign telecommunications' or 'foreign transmission' means telecommunications or transmission from or to any place in the United States to or from a foreign country, or between a station in the United States and mobile station located outside the United States.

"(15) 'Foreign telecommunications carrier' or 'foreign information supplier' or 'enterprise' or 'entity' means any telecommunications carrier or enterprise or entity of which at least 20 percent of the capital stock or equivalent ownership is owned or controlled by a foreign person or a domestic person acting in behalf of a foreign person.

"(16) 'Great Lakes Agreement' means the agreement for the promotion of safety on the Great Lakes by means of radio in force and the regulations referred to therein.

"(17) 'Harbor' or 'port' means any place to which ships may resort for shelter or to load or unload passengers or goods, or to obtain fuel, water, or supplies. This term shall apply to such places whether proclaimed public or not and whether natural or artificial.

"(18) 'Information' means knowledge or intelligence represented by any form of writing, signs, signals, pictures, sounds, or other symbols.

"(19) 'Information service' means the offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information which may be conveyed via telecommunications, except that such service does not include any use of any such capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service.

"(20) 'Interexchange telecommunications' means telecommunications between a point or points located in one exchange telecommunications area and a point or points located in one or more other exchange areas, including the origination and termination of such telecommunications within each such separate exchange area.

"(21) 'Land station' means a station, other than a mobile station, used for radio communication with mobile stations.

"(22) 'Licensee' means the holder of a radio station license granted or continued in force under authority of this Act.

"(23) 'Mobile service' means the radio-communication service carried on between mobile stations and land stations, and by mobile stations communicating among themselves.

"(24) 'Mobile station' means a radio-communication station capable of being moved and which ordinarily does move.

"(25) 'Mobile telecommunications service' means the offering for hire of mobile service and is a service in which all mobiles and portables are capable of communicating with all telephones in the local exchange.

"(25)(A) 'Private Land Mobile Services' means those radio-communications services not subject to rate or entry regulation, which provide a regularly interacting group of base, mobile, portable and associated control and relay stations, whether individually or multiple licensed, intended to provide private one-way or two-way mobile radio communications over designated areas of operation. Private Land Mobile Services include, but are not limited to, dispatch service, community repeater, and specialized mobile radio systems. A person engaged in private land mobile service shall not, insofar as such person is so engaged, be deemed a carrier nor shall the Federal Government or any State or local government impose rate or entry regulation on any private land mobile service.

"(26) 'National Communications System' means a confederation of the telecommunications assets of the agencies and departments of the Federal Government.

"(27)(A) 'Operator' on a ship of the United States means, for the purpose of parts II and III of title III of this Act, a person holding a radio operator's license of the proper class as prescribed and issued by the Commission.

"(B) 'Operator' on a foreign ship means, for the purpose of part II of title III of this Act, a person holding a certificate as such of the proper class complying with the provisions of the radio regulations annexed to the International Telecommunication Convention in force, or complying with an agreement or treaty between the United States and the country in which the ship is registered.

"(28) 'Person' includes an individual, partnership, association, joint-stock company, trust, corporation, or any Government agency.

"(29)(A) 'Radio officer' on a ship of the United States means, for the purpose of part II of title III of this Act, a person holding at least a first or second class radiotelegraph operator's license as prescribed and issued by the Commission. When such person is employed to operate a radiotelegraph station aboard a ship of the United States, such person is also required to be licensed as a 'radio officer' in accordance with the Act of May 12, 1948.

"(B) 'Radio officer' on a foreign ship means, for the purpose of part II of title III of this Act, a person holding at least a first or second class radiotelegraph operator's certificate complying with the provisions of the radio regulations annexed to the International Telecommunication Convention in force.

"(30) 'Radio station' or 'station' means a station equipped to engage in radio communication or radio transmission of energy.

"(31)(A) 'Radiotelegraph auto alarm' on a ship of the United States subject to the provisions of part II of title III of this Act means an automatic alarm receiving apparatus which responds to the radiotelegraph alarm signal and has been approved by the Commission.

"(B) 'Radiotelegraph auto alarm' on a foreign ship means an automatic alarm receiving apparatus which responds to the radiotelegraph alarm signal and has been approved by the government of the country in which the ship is registered: *Provided*, That the United States and the country in which the ship is registered are parties to the same treaty, convention, or agreement prescribing the requirements for such apparatus. Nothing in this Act or in any other provision of law shall be construed to require the recognition of a radiotelegraph auto alarm as complying with part II of title III of this Act, on a foreign ship subject to such part, where the country in which the ship is registered and the United States are not parties to the same treaty, convention, or agreement prescribing the requirements for such apparatus.

"(32) 'Reciprocal rights' or 'reciprocal terms and conditions' means those rights, terms, and conditions established for United States telecommunications and information services, facilities, or equipment in foreign markets that are reasonably equivalent to those established for foreign telecommunications and information services, facilities, or equipment in United States markets. The term 'reciprocal rights' includes rights of access to and establishment in foreign markets.

"(33) 'Regulated carrier' means a carrier classified as a regulated carrier pursuant to section 203(a) or section 203(c).

"(34) 'Regulated telecommunications service' or 'regulated service' means basic interexchange telephone service, including access to exchange service, any basic telecommunications service designated by the Commission pursuant to section 236 and which the Commission determines shall be regulated pursuant to section 236, and any telecommunications service or facilities not subject to effective competition as determined by the Commission pursuant to sections 203(c) and 235(b).

"(35) 'Resale' means the reoffering, with or without adding value, by any person for a profit of any telecommunications service which has been obtained from a carrier.

"(36) 'Safety convention' means the International Convention for the Safety of Life at Sea in force and the regulations referred to therein.

"(37)(A) 'Ship' or 'vessel' includes every description of watercraft or other artificial contrivance, except aircraft, used or capable of being used as a means of transportation on water, whether or not it is actually afloat.

"(B) A ship shall be considered a passenger ship if it carries or is licensed or certified to carry more than 12 passengers.

"(C) A cargo ship means any ship not a passenger ship.

"(D) A passenger is any person carried on board a ship or vessel except (i) the officers and crew actually employed to man and operate the ship, (ii) persons employed to carry on the business of the ship, and (iii) persons on board a ship when they are carried, either because of the obligation laid upon the master to carry shipwrecked, distressed, or other persons in like or similar situations or by reason of any circumstance over which neither the master, the owner, nor the charterer (if any) has control.

"(E) 'Nuclear ship' means a ship provided with a nuclear powerplant.

"(38) 'State' means the several States and includes the District of Columbia and the territories and possessions of the United States.

"(39) 'State commission' means the commission, board, or official (by whatever name designated) which under the laws of any State has regulatory jurisdiction with respect to exchange telecommunications services.

"(40) 'Station license', 'radio station license', or 'license' means that instrument of authorization required by this Act or the rules and regulations of the Commission made pursuant to this Act, for the use or operation of apparatus for transmission of energy, or telecommunications, or signals by radio, by whatever name the instrument may be designated by the Commission.

"(41) 'Tariff' means a schedule governing any generally applicable charge, characteristic, regulation, or practice associated with a regulated telecommunications service.

"(42) 'Telecommunications' means the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information, by means of electromagnetic transmission, with or without benefit of any closed transmission medium, including all instrumentalities, facilities, apparatus, and services (including the collection, storage, forwarding, switching, and delivery of such information) essential to such transmission.

"(43) 'Telecommunications carrier' or 'carrier' means any person, including any government or independent government entity, which offers any telecommunications service or facilities used by any person to provide telecommunications services. A person engaged in any nontele- communications activities, in providing any information service or information software, in producing or marketing equipment, or a person engaged in broadcasting, or in providing any cable service, shall not, insofar as such person is so engaged, be deemed a carrier. The shared use of telecommunications equipment, facilities, or services among Government agencies, or the provision of telecommunications equipment facilities, or services by any Government agency to any other Government agency shall not be sufficient to deem such Government agencies to be a carrier.

"(44) 'Telecommunications service' means the offering for hire of telecommunications facilities, or of telecommunications by means of such facilities, and for purposes of this Act does not include the pickup and delivery by the Postal Service of hard copies of electronically transmitted information.

"(45) 'Transmission of energy by radio', 'radio transmission of energy', or 'transmission of electromagnetic energy by radio' means the transmission of electromagnetic energy through space without benefit of a closed transmission medium and includes both such transmission and all instrumentalities, facilities, and services incidental to such transmission.

"(46) 'Transmission facilities' or 'telecommunications facilities' means equipment (including wire, cable, microwave, satellite, and fibre-optics) which transmit information by electromagnetic means or which directly support such transmission, but does not include customer-premises equipment.

"(47) 'United States' means the several States and territories, the District of Columbia, and the possessions of the United States.".

FINDINGS/TRANSITION PLAN

SEC. 104. (a) The Congress hereby finds and declares that—

(1) the basic goals of the 1934 Act continue to be valid, and it is in the public interest to continue efforts to attain these goals;

(2) basic telecommunications service must and can be provided and maintained at reasonable charges in an environment of increased competition through appropriate financial and procedural safeguards incorporated into statutory and regulatory policies and industry relationships;

(3) although complete deregulation of all interexchange telecommunications carriers and services may eventually be achieved pursuant to the amendments made by this Act, regulation of carriers which offer telecommunications services in any geographic area or market which are not subject to effective competition as determined by the Commission or which provide basic telecommunications service should continue until such services are subject to effective competition or the universal provision of basic telecommunications service at reasonable prices can be assured through marketplace competition;

(4) current and projected public, business, and governmental needs for additional telecommunications and information services and equipment are highly diverse;

(5) advances in technology can make possible new and diverse telecommunications services and equipment previously unavailable to the public and can satisfy specialized consumer needs;

(6) modern efficient interexchange telecommunications services are essential to interstate and foreign commerce; technological and other advances have largely removed any valid or meaningful distinction between interstate interexchange and intrastate interexchange telecommunications; and differing policy and regulatory treatment of interexchange telecommunications based on State boundaries would create artificial and irrational barriers burdening interstate and foreign commerce and reducing important public benefits;

(7) the characteristics of the United States telecommunications industry which evolved during the development of essentially universal basic telephone service cannot adequately provide for the creativity, technological and service innovation, responsiveness to consumer needs, operating efficiencies, and related factors required to exploit fully technological opportunities beneficial to the consumer;

(8) decisions of the courts and the Commission have indicated a clear need for congressional guidance;

(9) increased competition in the supply of telecommunications and information services and equipment and selective deregulation have already produced significant benefits for the telecommunications and information consumer;

(10) further competition and deregulation can result in increased benefits to the consumer and additional opportunity to exploit new technologies and should be explicitly encouraged through appropriate statutory policies and guidelines;

(11) reliance solely upon competition and deregulation may not assure fully the provision of rapid, efficient, and survivable nationwide and worldwide telecommunications to serve vital national defense and security and emergency preparedness needs without appropriate structural and procedural safeguards incorporated into statutory and regulatory policies and industry relationships;

(12) a technologically advanced and internationally competitive United States telecommunications industry is vital to the economic welfare and national security and defense of the United States; and

(13) an orderly transition is necessary to achieve the purposes of this Act.

(b)(1) The Commission shall establish a plan to carry out the provisions of this title to foster marketplace competition and to implement deregulation no later than the dates specified therein (or where no date is specified at the earliest practicable date), for interexchange telecommunications services, equipment, and carriers.

(2) The transition plan established pursuant to paragraph (b)(1) shall provide for—

(A) the classification of carriers (pursuant to section 203 of the 1934 Act) to carry out the policy of this title;

(B) the establishment and implementation of an accounting system (pursuant to section 220 of the 1934 Act);

(C) a procedure (pursuant to sections 227 and 228 of the 1934 Act) to implement the provisions of this title relating to the formation of fully separated affiliates and to monitor compliance with such provisions;

(D) a plan for integrating rates for regulated interexchange telecommunications services that have previously been offered pursuant to separate State and Federal tariffs not later than 2 years after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981;

(E) financial and procedural safeguards appropriate to assure that implementation of the amendments made by this Act will not result in unreasonable charges for basic telecommunications services; and

(F) practices and procedures for exchange access charges (pursuant to section 222 of the 1934 Act).

TITLE II—DOMESTIC TELECOMMUNICATIONS

STATEMENT OF POLICY

SEC. 201. (a) The heading for title II of the 1934 Act is amended to read as follows:

"TITLE II—DOMESTIC TELECOMMUNICATIONS".

(b) Section 201 of the 1934 Act is amended to read as follows:

"STATEMENT OF POLICY

"SEC. 201. It is the policy of the United States to rely wherever and whenever possible on marketplace competition and on the private sector to provide all telecommunications services, and thereby to reduce and eliminate unnecessary regulation including the regulation of telecommunications facilities to the extent there is effective competition with respect to such facilities. Marketplace competition will result in technological innovation, operating efficiencies, and availability of a wide variety of telecommunications technologies that are now or may become available in the future, and will promote the equitable and efficient use of such technologies to provide services to all geographical areas of the United States. Where effective competition does not now exist, it is the policy of the United States to encourage the development of such competition, and pursuant to an appropriate transition in accordance with this Act, to deregulate telecommunications services while establishing appropriate safeguards to prevent anticompetitive practices, or adverse impact upon the national defense and security or emergency preparedness. Whenever the Commission finds it necessary to regulate the provision of basic telephone or basic telecommunications service in order to ensure their universal and reasonable availability, or to regulate telecommunications services or facilities which are not subject to effective competition, such regulation shall be minimal and strictly in accordance with this Act. Prior to the deregulation of basic telephone or basic telecommunications service in any particular geographic area or market, the Commission must find that such basic telephone or basic telecommunications service are subject to effective competition and will continue to be universally and reasonably available. Unless the Commission in any particular case shall find otherwise, it shall be presumed that there are no basic technological, operational,

or economic factors which would necessarily preclude the provision of any telecommunications service under conditions of competition. Competition in the provision of telecommunications from foreign persons and their United States affiliates is welcome to the extent that United States persons are permitted reciprocal rights of access to and the right of establishment in the home markets of those foreign persons who seek access to the United States market.".

AUTHORITY OF COMMISSION

SEC. 202. Section 202 of the 1934 Act is amended to read as follows:

"AUTHORITY OF THE COMMISSION

"SEC. 202. (a) The Commission shall exercise only so much of the powers conferred upon it under this title as is essential to the purposes of this Act, and shall revise, reduce, or eliminate any rule or regulation prescribed pursuant to this title with respect to any telecommunications service or any carrier operating in any market or geographic area as competition develops except that Commission rules or regulations prescribed pursuant to sections 233, 234(c)(1), and 238 of this title shall take precedence if the revision, reduction, or elimination thereof may result in an adverse impact upon the national defense and security or emergency preparedness or upon the economic competitiveness and viability of United States suppliers of telecommunications equipment and telecommunications services relative to competing foreign suppliers and their United States affiliates.

"(b) The Commission shall have continuing authority over the provision of regulated telecommunications services and carriers.

"(c) In addition to any other authority which the Commission may exercise under this Act, the Commission shall have authority over any dominant-regulated carrier and its affiliates (other than any fully separated affiliate) for the purpose of—

"(1) dealing with cross subsidization and other anticompetitive practices between any fully separated affiliate and the dominant-regulated carrier or its affiliates; and

"(2) protecting users of telecommunications services in connection with dealings between any dominant-regulated carrier and its affiliates and any fully separated affiliate.

"(d) Except as provided in sections 227 and 228, nothing in this Act is intended to preclude management personnel of a dominant-regulated carrier from directing the operations of any dominant-regulated carrier, any affiliates, and any fully separated affiliates, except that costs of such direction shall be properly allocated to any dominant-regulated carrier, any affiliates, and any fully separated affiliate.

"(e) The Commission shall assure that the implementation of the amendments made by the Telecommunications Competition and Deregulation Act of 1981 shall not result in unreasonable increases in charges for basic telephone service. The Commission shall adopt, whenever necessary, a mechanism such as a surcharge on access charges established pursuant to section 222(i) in order to accomplish the purposes of this subsection.

"(f) Except as provided in sections 229(b)(1) and 237, neither the Commission nor any State commission shall prevent or limit the use of any technology or improvement in the provision of telecommunications services.

"(g) The Commission shall not have any authority to include in any license issued under title III any term or condition which is inconsistent with any limitation imposed upon the regulatory authority of the Commission in this title.

"(h) The Secretary of Commerce is authorized to collect information on the competitiveness of United States suppliers of telecommunications equipment and services, foreign direct investment in the domestic telecommunications industry, foreign laws and administrative controls on access of United States persons to foreign markets, the degree of reciprocity in foreign markets to United States persons, the United States share of global markets, and such other information as the Secretary deems necessary, and shall report any findings to the Congress on a periodic basis.".

CLASSIFICATION OF CARRIERS

SEC. 203. Section 203 of the 1934 Act is amended to read as follows:

"CLASSIFICATION OF CARRIERS

"SEC. 203. (a) Not later than 30 days after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981, the Commission shall identify, and cause to be published in the Federal Register, a list of those carriers which are fully subject to regulation by the Commission on the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 and which on such date of enactment were deriving revenues from the procedures to allocate the costs and divide the revenues associated with the provision of basic telephone service, commonly known as separations and settlements and division of revenues. Carriers identified under this subsection shall be classified as regulated carriers.

"(b) The regulated carrier which is referred to in section 229 shall be further classified as a dominant-regulated carrier.

"(c)(1) The Commission may classify or reclassify as a regulated carrier any carrier which offers interexchange telecommunications services or facilities where it determines after a hearing on the record that—

"(A) such services or facilities are not subject to effective competition;

"(B) Federal regulation of such carrier is required to accomplish the purposes of this Act; and

"(C) the benefits of such regulation outweigh the costs.

"(2) For purposes of this title, telecommunications service or facilities offered by such carrier shall be considered to be subject to effective competition in a particular geographic area or market if there is a reasonably available alternative in such area or market to such service or facilities which are offered by unaffiliated persons and which are the same as, or substantially similar to the telecommunications service or facilities offered by such carrier. In determining whether there is a reasonably available alternative in the relevant area or market, the Commission shall consider—

"(A) the number and size of unaffiliated providers of service or facilities;

"(B) the extent to which service or facilities are available from unaffiliated providers in the relevant geographic area or market;

"(C) the ability of such unaffiliated providers to make such service or facilities readily available at comparable rates, terms, and conditions;

"(D) whether the service or facilities are necessary to the Nation during a state of public peril or disaster or other national emergency; and

"(E) other indicators of the extent of competition.

"(3) Whenever the Commission classifies or reclassifies a carrier as a regulated carrier pursuant to this subsection, it shall at the same time and based upon the same criteria determine which telecommunications services or facilities offered by such carrier are not subject to effective competition. Such services shall be designated as 'regulated services'.

"(d) The Commission shall, upon its own motion or upon petition, classify or reclassify as a dominant-regulated carrier any regulated carrier which is dominant in the provision of regulated telecommunications services in a substantial percentage of the total number of markets or submarkets for telecommunications services or any foreign telecommunications carrier, and which is owned or controlled by a foreign government.

"(e) The Commission may, upon its own motion or upon petition, reclassify any dominant-regulated carrier as a regulated carrier, and any regulated carrier as an unregulated carrier.

"(f) The Commission shall review the classification of carriers not less than once every 3 years.

"(g) Any interexchange carrier not classified as a regulated carrier shall be an unregulated carrier.".

RESALE

SEC. 204. Section 204 of the 1934 Act is amended to read as follows:

"RESALE OF TELECOMMUNICATIONS SERVICES

"SEC. 204. (a)(1) Except as otherwise provided in this Act, the Commission shall not regulate the resale of any telecommunications service except that the Commission may regulate or restrict the resale of any regulated telecommunications service by a foreign entity to the extent that such resale services offered by United States telecommunications persons are regulated or restricted in the home country of such entity and such regulation or restriction does not provide reciprocal opportunities for United States persons to participate in the resale market.

"(2) No carrier may establish or enforce any restrictions on the resale or other use of any regulated service provided by such carrier.

"(b)(1) If the Postal Service offers to operate any telecommunications service or the electronic delivery of messages to nonaffiliates, whether by resale or otherwise, such operation shall meet the requirements of this subsection with regard to its provision of such telecommunications services. Nothing herein shall be construed to authorize or prohibit such entity or affiliate established under this subsection to provide the electronic delivery of messages to nonaffiliates.

"(2) Any telecommunications services offered by the Postal Service shall be offered by a separate organizational entity within the Postal Service which—

"(A) performs its functions exclusively through its own executives and employees, except that executive and employee services may be obtained from other divisions (consistent with the purposes of this Act) as provided in paragraph (3) of this subsection;

"(B) maintains books, records, and accounts separate from the Postal Service and which identify all transactions with other components, prepares financial statements which are in compliance with Federal financial reporting requirements for the Postal Service, files such statements with the Commission, and makes such statements available for public inspection;

"(C) carries out directly (or by arrangement with entities outside the Postal Service) its own marketing, sales, maintenance operations, manufacturing, research, and development relating to services, facilities, and products offered by such entity; provided that institutional advertising carried out by such entity and the Postal Service shall be permitted provided each party pays its pro rata share; and

"(D) shall not own real or personal property either jointly or in common with the

Postal Service provided that the entity may exercise all powers of the Postal Service concerning contract and acquisition, disposition, and management of property.

"(3) An entity organized in accordance with paragraph (2) of this subsection may conduct business with the Postal Service provided that any—

"(A) sale, use, exchange, or leasing of property between the parties;

"(B) lending of money or other extension of credit between the parties or between the entity and a third party if directly or indirectly guaranteed by the Postal Service;

"(C) furnishing of goods, services, and facilities between the parties; or

"(D) transfer to, or use by, or for the benefit of the entity of any assets of other divisions of the Postal Service,

shall be on a fully auditable and compensatory basis. Such conduct of business shall be pursuant to contract and shall be reported to the Commission under such rules as the Commission determines necessary. Any such contracts entered for the performance of services under paragraph (2)(A) need not be restricted to individual employees, for any limited period of time or to any particular geographic area. The Commission shall make such terms available for public inspection to ensure proper enforcement of this section.

"(4) The conduct of business by the entity with the Postal Service shall be carried out in the same manner as such business is conducted between such entity and any nonaffiliate. The conduct of business with the Postal Service shall not be based upon, or include, any preference or discrimination arising out of affiliation.

"(5) An entity shall not be deemed to be established in accordance with this subsection unless and until the Commission, upon petition by the Postal Service and after an expedited hearing in which any interested party may join, finds that the relationships of the entity with the Postal Service comply with the requirements of this section. Not later than 45 days after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981, the Commission shall establish procedures for expeditious consideration of petitions filed under this subsection. Such regulations shall provide that any final action on any such petition shall be taken by the Commission not later than 60 days after filing: *Provided*, That no service available to the public prior to the date of enactment of this section shall be required to be suspended by reason of this subsection while establishment of the separate organizational entity is pending.

"(6) An entity established in accordance with this subsection shall not disclose to the Postal Service any commercial information acquired in its provision of telecommunications services which would provide an unfair competitive advantage.

"(7) The Commission shall promulgate final rules and regulations to carry out this section. The Commission shall not regulate the Postal Service except to assure that the separation specifically required by this section is achieved and to establish costs of telecommunications services authorized and the interconnection provisions of section 207.

"(8) Notwithstanding section 409(d) of title 39, United States Code, the Postal Service may initiate or participate in any legal proceeding affecting the responsibilities pursuant to this Act.

"(9) The separate organizational entity shall file pertaining to the telecommunications portions of its services cost data which would be required if such entity were required to file a tariff with the Commission pursuant to section 210(a). The Commission, based upon such telecommunications submission, shall determine within 90 days the cost of providing such services. Such determination shall be a final agency action for purposes of judicial review. Rates and fees for such service shall be established pursuant to chapter 36 and sections 403(c) and 407 of title 39, United States Code. The Postal Rate Commission shall not recommend a rate or fix a fee below the cost determined by the Commission. Except as provided in this paragraph the Postal Rate Commission shall not have any authority to administer the provisions of this subsection and shall be bound by decisions rendered under authority of such subsection (b). The Commission and the Postal Rate Commission shall provide each other any information needed to perform their respective duties.

"(c) Except as authorized by the Commission, no dominant-regulated carrier may engage in any resale activity other than through a fully separated affiliate.".

CARRIER REQUIREMENTS

SEC. 205. Section 205 of the 1934 Act is amended to read as follows:

"PRESCRIPTION OF CARRIER REQUIREMENTS

"SEC. 205. (a) Consistent with the purposes of this Act and the policy of this title, the Commission may—

"(1) prescribe different requirements for different regulated carriers, or

"(2) exempt carriers in whole or in part, from the requirements of this title,

if it finds that such different requirement or exemption is consistent with the public interest.

"(b) The Commission shall not have the authority, with respect to unregulated carriers (including any fully separated affiliate of a dominant-regulated carrier), to impose any requirements which are not specifically provided in this title.".

TECHNICAL AND CONFORMING

SEC. 206. Section 206 of the 1934 Act is amended by—

(1) amending the heading to read as follows:

"LIABILITY OF CARRIERS FOR DAMAGES; RECOVERY OF DAMAGES";

(2) inserting "(a)" immediately before the first sentence thereof; and

(3) striking "common" wherever it appears therein and substituting "regulated".

TECHNICAL AND INTERCONNECTION

SEC. 207. (a) Section 207 of the 1934 Act is amended by—

(1) redesignating such section and all cross references thereto as subsection (b) of section 206;

(2) striking the heading thereof; and

(3) striking "common" wherever it appears therein and by substituting "regulated".

(b) Title II of the 1934 Act, as amended, is further amended by inserting immediately after section 206 thereof the following new section:

"INTERCONNECTION

"SEC. 207. (a) In addition to that interconnection required under section 233(a), every telecommunications carrier, and any entity or affiliate described in section 204(b)(1)—

"(1) shall, if a reasonable request is made, establish interconnection of its regulated service—

"(A) with any telecommunications carrier;

"(B) with any telecommunications facility or private telecommunications system; and

"(C) with any customer premise equipment which is owned or leased by a customer of such carrier and which meets such standards as the Commission may establish under section 234(c)(1); and

"(2) may not discriminate in an unreasonable or anticompetitive manner with respect to the charges, terms, and conditions for interconnection of its regulated service.

"(b) Except for interconnection required under section 233(a), the Commission shall have authority—

"(1) to specify or to approve the manner, rates, terms, and conditions for the provision by any regulated carrier of regulated telecommunications services or facilities to other carriers or customers of such carrier;

"(2) to specify or to approve the manner, rates, terms, and conditions for interconnection between interchange telecommunications services or facilities and exchange telecommunications services or facilities;

"(3) to specify or to approve the manner, rates, terms and conditions of interconnection between the regulated telecommunications services and facilities of a regulated carrier or an exchange carrier and—

"(A) any telecommunications facility or any private telecommunications system which meets such uniform, minimum, and technical standards as the Commission may establish by rule; and

"(B) any customer-premises equipment which is owned or leased by a customer of such regulated carrier or exchange carrier and which meets such standards as the Commission may establish under section 234(c)(1); and

"(4) to prohibit discrimination by regulated carriers or exchange carriers.

"(c)(1) Not later than September 1, 1984, every exchange carrier shall begin to offer to all interexchange carriers exchange access (as that term is defined in section 222(j)(1)) on an unbundled, tariffed basis, that is equal in type and quality to that provided for its own interexchange telecommunications services and those of any affiliated interexchange carrier. Not later than September 1, 1985, such equal access shall be offered through end offices of the exchange carrier serving at least one-third of the exchange access lines of the exchange carrier, and, upon bona fide request, every end office shall offer such access not later than September 1, 1986: *Provided*, That with respect to access provided through an end office employing switches technologically antecedent to electronic, stored program control switches of those offices served by switches that characteristically serve fewer than 10,000 access lines, an exchange carrier may apply for a waiver pursuant to paragraph (3). Nothing in this section shall be construed to permit an exchange carrier to refuse to provide to any interexchange carrier, upon bona fide request, exchange access that is less than equal in type or quality to that provided for its own interexchange services or those of an affiliated carrier at charges reflecting the reduced costs of such access.

"(2)(i) Nothwithstanding paragraph (1), in those instances in which an exchange carrier is providing exchange access for basic telephone services at the time of enactment of this section through access codes that do not permit the designation of more than one interexchange carrier, then exchange access for additional carriers shall be provided through access codes containing the minimum number of digits necessary at the time access is sought to permit nationwide, multiple carrier designation for the number of interexchange carriers reasonably expected to require such designation in the immediate future.

"(ii) Each exchange carrier shall offer as a tariffed service exchange access that permits each subscriber automatically to route, without the use of access codes, all the subscriber's interexchange communications to the interexchange carrier of the customer's designation.

"(iii) The requirements of subparagraphs (i) and (ii) of this paragraph are subject to waiver under paragraph (3).

"(iv) At such time as the national numbering area (area code) plan is revised to require the use of additional digits, each exchange carrier shall provide exchange access to any interexchange carrier, including any dominant regulated carrier, through a uniform number of digits.

"(3) Upon application of an exchange carrier, the Commission may grant a limited waiver of the September 1, 1986, deadline for equal access in those instances in which waiver is permitted under paragraph (1) or (2). Such a waiver may be granted only upon a showing that for particular categories of services such access is not physically feasible except at costs that clearly outweigh potential benefits to users of telecommunications services. Any waiver granted under the preceding sentence shall be for the minimum divergence in access necessary, and for the minimum time necessary, to achieve such feasibility and, shall not be for a period greater than 5 years. A waiver may be renewed for additional periods upon a showing of the continued existence of the factors that justified the initial waiver: *Provided, however,* That no waiver will be required of an exchange carrier until such time as that exchange carrier receives a bona fide request for equal exchange access: *Provided further,* That in the case of an exchange carrier serving fewer than 100,000 access lines, a waiver shall be granted based upon certification that such exchange carrier has complied to the maximum extent possible, taking into account the costs and physcial feasibility of providing such access with the requirement for equal access as prescribed in this section. Except upon complaint by any interexchange carrier which has make a bona fide request for equal access, the certification shall be deemed conclusive of the justification for a waiver.

"(4) The Commission shall annually report to Congress concerning the operation of this subsection. In that report, the Commission shall set forth with particularity difficulties encountered and the progress achieved in obtaining full and fair competition in exchange access. Such special report may be included as a separate section in the annual report the Commission submits pursuant to other provisions of this Act.

"(5) The Attorney General of the United States may commence an action in a appropriate district court in order to obtain compliance with a provision or requirement of this section.

"(d) Any person who violates any provision of this section or any rule or order promulgated thereunder shall be liable to the United States for an amount not to exceed $250,000 in an action commenced by the Attorney General.".

PROVISION OF REGULATED SERVICES

SEC. 208. (a) Section 208 and all cross references thereto of the 1934 Act are redesignated as section 225(a).

(b) Title II of the 1934 Act, as amended, is further amended by inserting immediately after section 207 thereof the following new section:

"PROVISION OF REGULATED SERVICES BY TELECOMMUNICATIONS CARRIERS

"SEC. 208. (a) It shall be the duty of every carrier providing regulated telecommunications service to furnish such service upon reasonable request therefor; and, in accordance with the orders of the Commission, in cases where the Commission, after opportunity for hearing, finds such action necessary or desirable in the public interest, to establish through routes and charges applicable thereto and the divisions of such charges, and to establish and provide facilities and regulations for operating such through routes.

"(b) Telecommunications carriers engaged in providing regulated telecommunications service shall establish just, reasonable, and nondiscriminatory tariffs for and in connection with such service, and any such tariff that is unjust or unreasonable, or that results in any unjust or unreasonable discrimination, preference, or advantage with respect to any person (including any fully separated affiliate), class of persons, or locality for or in connection with like telecommunications services is hereby declared to be unlawful.".

INFORMATION ON CHARGES, ETC.

SEC. 209. (a) Section 209 of the 1934 Act and all cross references thereto of the 1934 Act are redesignated as subsection (b) of section 225.

(b) Section 225(b) as so redesignated is amended by striking the heading thereof, and by inserting "regulated" immediately before "carrier".

(c) Title II of the 1934 Act, as amended, is further amended by adding immediately after section 208 thereof the following new section:

"INFORMATION ON TELECOMMUNICATIONS CHARGES AND PRACTICES

"SEC. 209. (a) Within such reasonable time as the Commission shall prescribe, every carrier shall file with the Commission, publish, and make available for public inspection tariffs for regulated services and showing the practices and regulations affecting such charges. Such tariffs shall contain such other information, and be kept open for public inspection in such places, as the Commission may by regulation require. Each such schedule shall give notice of its effective date, and each such carrier shall furnish such tariffs to each of its interconnecting carriers.

"(b)(1) Unless otherwise provided by or under authority of this Act, no carrier shall engage or participate in regulated telecommunications services unless tariffs have been filed and published in accordance with the provisions of this Act and with the regulations made thereunder.

"(2) No carrier shall—

"(A) charge, demand, collect, or receive a greater, lesser, or different compensation for any regulated telecommunications service or for any service in connection therewith than the charges specified in the tariff then in effect;

"(B) refund or remit by any means or device any portion of the charges so specified; or

"(C) extend to any person any privileges or facilities, or employ or enforce any regulations or practices affecting such charges, except as specified in such tariff.".

TARIFFS

SEC. 210. (a) Section 210 of the 1934 Act and all cross references thereto are redesignated as section 230.

(b) Section 230 as is redesignated by subsection (a) is amended by striking "common" wherever it appears therein.

(c) Title II of the 1934 Act, as amended, is further amended by inserting immediately after section 209 thereof the following new section:

"TARIFFS

"SEC. 210. (a)(1) Except as provided in subsection (b), no new or revised tariff proposed by any carrier for regulated telecommunications services (including interconnection arrangements under section 207) shall take effect until it has been either accepted, or accepted with conditions.

"(2)(A) Not later than 90 days after the date of filing with the Commission of a proposed tariff, the Commission shall make an initial determination as more particularly set forth in subparagraph (B), or shall set forth specific requirements for additional information or justification. Whenever the Commission has set forth such requirements, it may extend such period for not more than an additional 90 days. All such tariffs shall be accomplished by economic cost support data establishing the justness and reasonableness of such tariffs.

"(B) The Commission may—

"(i) accept a tariff as filed;

"(ii) condition the acceptance of a tariff upon compliance with such requirements as it determines necessary to carry out the policy of this title;

"(iii) reject a tariff, if it determines that such tariff is prima facie unlawful or where the Commission is not satisfied, on the basis of the information or justification provided, that such tariff is prima facie lawful; or

"(iv) set for a hearing and suspend a tariff filing for a period not to exceed 4 months from the proposed effective date of the tariff, for good cause shown.

"(3) During such period or extended period, the Commission may offer assistance to facilitate public negotiation between the carrier proposing such tariff and any other interested party or parties opposing such tariff in order to arrive at a mutually agreeable tariff. Any mutually agreeable tariff may be recommended to the Commission, which recommendation shall not be binding upon the Commission, but which the Commission shall duly consider in deciding whether to accept, accept with conditions, or reject the tariff initially proposed.

"(4) The Commission shall give public notice whenever making an initial determination under paragraph (2). Upon timely request therefor by the carrier initially proposing such tariff, or by any other interested party or parties for good cause shown (unless, where the Commission has rejected the proposed tariff, such carrier shall object), the Commission shall hold a hearing concerning the lawfulness of such initially proposed tariff. In any such hearing the burden of proof to show that the initially proposed tariff is just and reasonable shall be upon the carrier initially proposing such tariff, and the Commission shall decide the matter as expeditiously as possible.

"(5) Pending any hearing under paragraph (4) of this subsection, any tariff accepted or accepted with conditions by the Commission shall have effect. Any tariff rejected by the Commission shall have no effect, and any lawful tariff previously in effect for the same or like telecommunications service shall remain in effect.

"(6) Upon completion of any hearing under paragraph (4) of this subsection, the Commission may accept, accept with conditions, or reject such tariff as initially proposed. Any tariff rejected by the Commission shall have no effect, and any lawful tariff previously in effect for the same or like telecommunications service shall remain in effect.

"(7) The Commission shall provide users of basic telephone services and other regulated telecommunications services with public notice and an opportunity to seek rejection or a hearing with respect to any tariff filed pursuant to this subsection.

"(b)(1) Any carrier, except a dominant-regulated carrier, may elect to file a new or revised tariff pursuant to this subsection.

"(2) At the discretion of the Commission, any dominant-regulated carrier may file any new or revised tariff pursuant to this subsection.

"(3) Subject to the provisions of paragraph (4) of this subsection, any tariff filed pursu-

ant to this subsection shall take effect on the effective date specified in such filing, unless the Commission for good cause shall specify, by rule or order in any particular case, a longer period not to exceed 30 days.

"(4) The Commission shall give public notice of the filing of such new or revised tariff within 15 days of such filing. Any party in interest may file with the Commission, within such reasonable time as the Commission shall specify, but in no event later than 30 days from the date of such notice, a petition for hearing concerning the lawfulness of such tariff, which petition shall set forth specific allegations of fact sufficient to show that the petitioner is a party in interest and that the tariff constitutes a prima facie violation of the provisions of this title. The petitioner shall serve a copy of such petition upon such carrier, which carrier shall have the opportunity to reply within a reasonable period of time as specified by the Commission. Not later than 30 days from the time for filing such reply, the Commission, on the basis of the tariff and pleadings filed or on the basis of other information within the knowledge of the Commission, shall either grant or deny such petition. Whenever the Commission shall grant such a petition it shall hold a hearing concerning those issues raised in the petition which the Commission determines are substantial and material questions relating to such violation. Upon completion of such hearing, the Commission shall either accept, accept with conditions, or reject such tariff, and shall make findings of fact and conclusions of law with respect to the allegations set forth in the petition.

"(c) Neither the Commission nor any State commission shall consider revenues derived from unregulated activities, except that for a period of 4 years beginning after the date of enactment of this subsection, nothing in this Act shall prohibit a State commission from taking into account revenues derived from printed yellow pages for ratemaking purposes.

"(d) The Commission may exempt any regulated carrier from the provisions of this section and section 209.".

COPIES OF CONTRACTS

SEC. 211. Section 211 of the 1934 Act is amended to read as follows:

"COPIES OF CONTRACTS TO BE FILED

"SEC. 211. (a) Every regulated carrier shall file with the Commission copies of all contracts, agreements, or arrangements with other carriers in relation to any regulated telecommunications service.

"(b) The Commission shall have authority to require the filing of any other contracts, agreements, or arrangements of any regulated carrier and shall have authority to exempt any carrier from submitting copies of contracts, agreements, or arrangements as the Commission may determine.".

TECHNICAL

SEC. 212. Section 212 of the 1934 Act is amended by inserting "regulated" immediately before "carrier" and "carriers" wherever it appears therein.

VALUATION OF CARRIER PROPERTY

SEC. 213. (a) Section 213(a) of the 1934 Act is amended to read as follows:

"(a) After opportunity for hearing, the Commission, where necessary for the proper administration of this Act, including the purposes of section 222 of this title, may make a valuation, as of such date as the Commission may designate, of all or of any part of the property owned or used by any regulated carrier.".

(b) The first sentence of subsection (c) of section 213 of the 1934 Act is amended to read as follows: "The Commission may at any time require any regulated carrier to file with the Commission a statement showing the original cost at the time of dedication to telecommunications use of all or of any part of the property owned or used by such carrier.".

(c) Section 213(e) of the 1934 Act is amended by striking "common" and substituting "regulated".

(d) Section 213(g) of the 1934 Act is repealed.

(e) Section 213(h) and all references thereto (if any), are redesignated as section 213(g).

CONSTRUCTION, ACQUISITION, OR OPERATION

SEC. 214. Section 214 of the 1934 Act is amended to read as follows:

"NOTICE AND APPROVAL OF FACILITIES CONSTRUCTION, ACQUISITION, OR OPERATION

"SEC. 214. (a) Subject to subsection (b), upon notification to the Commission, any regulated carrier may—

"(1) undertake the construction of any new interexchange transmission facilities or of any extension thereof;

"(2) acquire or operate any such facility or extension thereof; or

"(3) engage in telecommunications over or by means of such new facility or extension.

"(b)(1) The Commission may by rule or order require a dominant-regulated carrier to obtain from the Commission a certificate that the present or future public convenience and necessity require or will require the construction, extension, acquisition, operation, or use of any new or extended interexchange transmission facility, other than switching facilities.

"(2) Nothing in this section shall be construed to require a certificate or other authorization from the Commission for any installation, replacement, or other changes in plant, operation, or equipment, other than new construction, which will not impair the adequacy or quality of service provided.

"(3) The Commission may, upon application, authorize in whole or in part a long-term facilities construction plan for a dominant-regulated carrier. Upon authorization of such plan such carrier shall not be required to obtain separate certification under paragraph (1) of this subsection for each element of such plan. The Commission may condition any authorization upon appropriate safeguards and submission to the Commission of periodic reports in such form and containing such information as the Commission may require in order to monitor the implementation and operation of such plan. The Commission shall take all appropriate steps to ensure that such plan is being carried out under such safeguards as the Commission shall have established.

"(4) The Commission may by rule or order require that a regulated carrier may not discontinue, reduce, or impair regulated service to a community or part of a community unless it obtains from the Commission a certificate that the present or future public convenience will be served by the discontinuance, reduction, or impairment of regulated telecommunications services.

"(c) Upon receipt of any notification or application under the provisions of subsections (a) and (b), the Commission shall cause notice thereof to be given to the Secretary of Defense, the Secretary of State (with respect to notifications or applications involving service to foreign points), and the Secretary of Commerce.

"(d) The Commission shall have power to issue a certificate for the facilities or plan for which application was made; to refuse to issue a certificate; to issue a certificate for a portion or portions of a facility or plan, or extension thereof, or discontinuance, reduction, or impairment of service, described in the application. The Commission may attach to the issuance of the certificate such terms and conditions as in its judgment the public convenience and necessity may require. After issuance of such certificate a carrier may, without securing approval other than such certificate, comply with the terms and conditions contained in or attached to the issuance of such certificate and proceed with the construction, extension, acquisition, operation, or discontinuance, reduction, or impairment of service authorized thereby. Any construction, extension, acquisition, operation, discontinuance, reduction, or impairment of service contrary to the provisions of this section may be enjoined by any court of competent jurisdiction.

"(e)(1) Upon petition or upon its own initiative, the Commission may, after full opportunity for a hearing, authorize or require by order any dominant-regulated carrier which is party to such proceeding to provide itself with adequate facilities, and to extend its facilities, for the expeditious and efficient performance of its service as a carrier of regulated services. No such authorization or order shall be made unless the Commission finds, that such provision of facilities, or extension, is reasonably required in the interest of public convenience and necessity and, that the expense involved therein will not impair the ability of such carrier to perform its duty to the public.

"(2) Notwithstanding any other provision of this Act, the Commission may, by rule or order, require a regulated carrier in the State of Alaska to provide itself with adequate facilities or extend its facilities for the expeditious and efficient performance of its service as a carrier of basic telecommunications services. No rule or order shall be made unless the Commission finds that such provision of facilities or extension is reasonably required in the present or future public interest, convenience or necessity, and that the expense involved therein will not impair the ability of such carrier to perform its duty to the public.

"(3)(A) Any regulated or unregulated carrier shall have the right to provide interexchange service or facilities in Alaska. In addition to complying with sections 202(e) and 222, the Commission shall assure that the implementation of the amendments made by the Telecommunications Competition and Deregulation Act of 1981 shall not result in unreasonable charges for any nonbasic interexchange telecommunications service in any part of Alaska which the Commission finds is reasonably required in the present or future public interest, convenience, or necessity. The Commission may adopt, whenever necessary, a mechanism or mechanisms to achieve the purposes of this paragraph.

"(B) The petitioner, in any proceeding brought to the Commission under this paragraph, shall have the responsibility of demonstrating, to the Commission, by clear and convincing evidence, that the unreasonable charges complained of are the result of the implementation of the amendments made by the Telecommunications Competition and Deregulation Act of 1981.

"(f) The Commission may, upon appropriate request, authorize temporary or emergency augmentation of facilities or services or discontinuance, reduction, or impairment of facilities or services without regard to the provisions of this section.

"(g)(1)(A) Any dominant-regulated carrier and any other regulated carrier, if the Commission shall so order with respect to the information required pursuant to subsection (g)(1)(A)(ii) shall maintain and file with the Commission a description of the operational protocols and technical interface requirements for connection with or use of any reg-

ulated telecommunications services, and report regularly to the Commission—

"(i) any material change relating to such protocols, or interface requirements which has been adopted or implemented, or which is required by the specific design or development of any service, facility, or equipment including any information or technical requirements relating to the capacity of services, facilities, or equipment to function effectively and efficiently if connected to any regulated telecommunications service or facility furnished by a dominant-regulated carrier;

"(ii) summaries of construction programs or activities intended to maintain, extend, or expand the regulated telecommunications services or facilities of regulated carriers if such information affects the interconnection of service offerings of competing carriers or persons seeking interconnection with such services or facilities of such carrier; and

"(iii) such additional information relating to any regulated telecommunications services, the disclosure of which the Commission determines to be necessary on its own initiative or in response to a petition submitted by any interested person.

"(B) Information required to be filed by a dominant-regulated carrier under subparagraph (A) may not be disclosed to a fully separated affiliate (or to an affiliate providing support (manufacturing, research and development) for the fully separated affiliate prior to full separation required in section 228) except pursuant to paragraph (2), below.

"(C) No information regarding operational protocols or interfere requirements, or anticipated modification in such protocols or interface requirements, may be disclosed by the dominant-regulated carrier or any of its affiliates to a fully separated affiliate (or to an affiliate providing support (manufacturing, research, and development) for the fully separated affiliate or that provides components or subassembles to the fully separated affiliate) except that such information may be filed with the Commission and released by the Commission pursuant to paragraph (2).

"(2) In any case in which a submission to the Commission is required under paragraph (1), any person may obtain the information which is the subject of such submission upon reasonable request and payment of reasonable copying and processing fees, unless the Commission after consultation with the Secretary of State, the Secretary of Defense, and the Secretary of Commerce, determines that the furnishing of such information would be detrimental to the national defense and security or to the emergency preparedness of the Nation or the technological or economic competitiveness of the United States telecommunications industry or is otherwise inconsistent with this Act. In the case where one or more of the Secretaries cited above object to the public release of such information, the Commission may not make such material available without the approval of the President. In any case where the public release of such information is withheld (whether because of a determination of the Commission or because the Commission has not received the approval of the President), each Secretary cited above who has advised against or objected to the release of such information shall provide the appropriate committees of the Congress with the reasons for the advice or objection not later than 10 days after the advice has been given to the Commission or the objection has been filed with the Commission.

"(3) The Commission shall prescribe procedures to implement this subsection not later than 180 days after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981.".

TECHNICAL

SEC. 215. (a) The first sentence of section 215(a) of the 1934 Act is amended by—

(1) striking "(a)(1)"; and

(2) striking "common carrier" and substituting "regulated carrier".

(b) Section 215 (b) and (c) of the 1934 Act is repealed.

TECHNICAL

SEC. 216. The heading of section 216 of the 1934 Act is amended by inserting "OPERATING" before "TRUSTEES".

TECHNICAL

SEC. 217. Section 217 of the 1934 Act is amended by striking "common" and substituting "regulated".

TECHNICAL

SEC. 218. The first sentence of section 218 of the 1934 Act is amended by inserting "regulated" before "carriers".

TECHNICAL

SEC. 219. The heading of section 219 of the 1934 Act is amended by inserting "AUTHORITY TO REQUIRE" before "ANNUAL".

RECORDS AND ACCOUNTS

SEC. 220. (a) Section 220(a) of the 1934 Act is amended to read as follows:

"(a)(1) The Commission may, in its discretion, prescribe the forms of any and all accounts, records, and memoranda to be kept by regulated carriers subject to this Act, including the accounts, records, and memoranda of the movement of traffic, as well as of the receipts and expenditures of moneys.

"(2) Not later than the first anniversary of the date of enactment of the Telecommunications Competition and Deregulation Act of 1981, the Commission shall prescribe, and within the period prescribed by the Commission all regulated carriers shall comply with, guidelines of general applicability relating to accounts, records, and memoranda which shall be designed at a minimum to accomplish a complete and proper allocation of all revenues and costs, including joint and common costs, costs incurred by affiliates other than fully separated affiliates, and any costs incurred before such date of enactment between regulated equipment and services and unregulated equipment and services. The Commission may require any regulated carrier to establish and maintain such other separate accounts and supporting records and memoranda as the Commission determines necessary to carry out the purposes of this Act.".

(b) Section 220(b) is amended to read as follows:

"(b)(1) The Commission shall establish and prescribe—

"(A) the classes of property used by any regulated carrier for the provision of telecommunications services which are subject to the regulatory authority of the Commission under this title; and

"(B) the methods by which investments in such classes of property may be recovered.

"(2) The methods specified in paragraph (1)(B) may include capital recovery schedules or percentage depreciation schedules. Such methods shall—

"(A) provide for the full recovery of any unrecovered amount of invested capital not later than the end of the remaining life of the property involved;

"(B) permit capital recovery and depreciation at rates comparable to those used by unregulated entities providing competitive services;

"(C) permit not more than the full amount of invested capital to be recovered;

"(D) for property used by a regulated carrier, include, as an allowable operating expense for ratemaking purposes, depreciation computed under any accelerated methods selected by such regulated carrier which are consistent with the capital recovery schedules or percentage depreciation schedules established and prescribed by the Commission, except that (i) the initial selection shall apply only to property placed in service on or after the first day of the first calendar year which begins after the date of the enactment of the Telecommunications Competition and Deregulation Act of 1981; and (ii) any subsequent changes in such selection shall apply only to property placed in service on or after the date of such selection unless the carrier obtains the permission of the Commission to change such selection as to any other property; and

"(E) for property already in service on the first day of the first calendar year which begins after the date of the enactment of the Telecommunications Competition and Deregulation Act of 1981, include as an allowable operating expense for ratemaking purposes such amounts as may be necessary to recover all embedded invested capital through the use of the remaining life method of capital recovery or some other reasonable method approved by the Commission.

"(3) Any determination of the remaining life of property under paragraph (2) shall take into consideration competition, changes in technology, and remaining economic life.".

(c) Subsection (g) of section 220 of the 1934 Act is amended by adding at the end thereof the following new sentence: "The Commission shall have due regard to the different sizes of carriers in prescribing forms or guidelines under this section.".

TECHNICAL

SEC. 221. (a) Section 221(a) of the 1934 Act is amended by—

(1) striking "telephone company" each place it appears, and substituting "regulated carrier";

(2) striking "telephone companies" each place it appears, and substituting "regulated carriers";

(3) striking "company" each place it appears and substituting "regulated carrier";

(4) striking "companies" each place it appears and substituting "regulated carriers"; and

(5) striking "TELEPHONE COMPANIES" in the heading and substituting "REGULATED CARRIERS".

(b) Section 221(c) of the 1934 Act is amended by—

(1) striking "wire telephone communication" each place it appears and substituting "regulated telecommunications service"; and

(2) striking "interstate or foreign telephone toll service" where it appears and substituting "regulated interexchange or foreign telecommunications service".

(c) Section 221(d) of the 1934 Act is amended by—

(1) striking "wire telephone" where it appears; and

(2) striking "interstate or foreign telephone toll service" where it appears and substituting "regulated interexchange or foreign telecommunications service".

ACCESS CHARGES

SEC. 222. Section 222 of the 1934 Act is amended to read as follows:

"EXCHANGE ACCESS

"SEC. 222. (a) It is the purpose of this section to establish a system of charges for exchange access, in order to—

"(1) achieve equal treatment among all telecommunications carriers and other cus-

tomers using the services of each exchange carrier through direct or indirect interconnection and to prevent subsidies from exchange services to interexchange services;

"(2) assure that payments and assignments of costs relating to exchange access are carried out in a manner which is open to public examination and which ensures accountability to the public;

"(3) achieve flexibility in accommodating changes in market conditions and technology;

"(4) establish incentives for efficient investment decisions and technological choices; and

"(5) ensure that exchange carriers are compensated equitably for the costs of providing exchange access.

"(b)(1) The Commission shall at the earliest practicable date establish a Joint Board pursuant to section 410(c) for the purpose of ascertaining the direct, joint, and common costs of exchange telecommunications services and exchange access and apportioning those costs between exchange telecommunications services and exchange access.

"(2) The Joint Board shall appoint and fix the pay of such personnel as may be necessary to assist the Joint Board in carrying out its functions under this section. The State members of any Joint Board established under section 410(c) shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in Government service are allowed expenses under section 5703 of title 5, United States Code.

"(3) The Joint Board shall submit its initial decisions to the Commission no later than 1 year after the date of establishment of the Joint Board.

"(c) Notwithstanding any other provision of this Act, decisions of the Joint Board pursuant to subsection (b) of this section shall, for the purpose of subsequent Commission action, have the status of decisions initially made by an administrative law judge pursuant to section 557 of title 5, United State Code.

"(d)(1) The Commission, in accordance with any decision of the Joint Board under subsections (b) and (c) shall establish practices to ascertain and apportion exchange costs between exchange telecommunications services and exchange access and ensure the universal availability of basic telephone service at reasonable charges. The Commission shall establish the form for records, accounts, and memoranda to be kept by carriers providing such exchange access including special forms and practices for exchange carriers not classified as regulated carriers in order to facilitate the filing and processing of such carriers' tariffs.

"(2) In establishing practices to ascertain and apportion exchange costs between exchange telecommunications services and exchange access and ensure the universal availability of basic telephone service at reasonable charges the Commission may consider the establishment of charges at rates which will provide a level of revenue to exchange carriers no less than the level of revenue exchange carriers received during the calendar year 1980.

"(e)(1) Exchange carriers providing exchange access shall file with the Commission tariffs governing the charges, practices, and conditions for exchange access, and such tariffs may be filed jointly. Such charges shall be uniform for comparable types of exchange access.

"(2) A tariff for exchange access shall be filed on an unbundled basis specifying each type of service element by element, and no tariff shall require an interexchange carrier to pay for types of exchange access that it does not utilize. The charges for each type of exchange access shall be cost justified and any differences in charges to carriers shall be cost justified on the basis of differences in services.

"(3) Every exchange carrier offering exchange access as part of a joint or through service shall offer to make exchange access available to all interexchange carriers on the same terms and conditions, and at the same charges, as are provided as part of such service. Where an exchange carrier provides exchange access as part of a joint or through service, no payment or consideration of any kind shall be received by the exchange carrier for the provision of such joint or through service other than through tariffs filed pursuant to this Act in accordance with the requirements of this section.

"(4) Nothing in this section shall be construed to amend, limit, or otherwise modify the authority of the Commission pursuant to sections 202(e) and 222(i).

"(5) In the determination of exchange access costs or calculation of exchange access charges for any of those carriers identified in subsection (d), the Commission may permit the use of statistical cost data representative of the class of such carriers rather than data from individual cost studies where the Commission determines such method to be appropriate and consistent with this section.

"(f)(1) Notwithstanding any other provision of this section, after September 1, 1986, the charges for the less-than-equal exchange access provided by an exchange carrier to a nonaffiliated interexchange carrier pursuant to a waiver under section 207(c)(3) shall be no greater than (A) the charges for the type of exchange access provided to the exchange carrier or affiliated carriers that were the subject of the waiver proceeding, less (B) the decreased value to the nonaffiliated interexchange carrier and its customers of the exchange access provided such carrier in comparison with the exchange access provided the exchange carrier or its affiliated carriers. From the date of enactment of this section until September 1986, if an exchange carrier fails to provide equal exchange access to a nonaffiliated interexchange carrier, a tariff of the exchange carrier reflecting the decreased value of the less-than-equal access shall also be considered in conformance with this section. Tariffs reflecting an agreement among carriers as to the decreased value of less-than-equal access shall be considered by the Commission to be in conformance with this paragraph.

"(2) This section shall not be construed to require a regulated exchange carrier to allow joint use of its switches used exclusively to provide interexchange telecommunications, or to require such a carrier to allow colocation in its buildings of the equipment of other carriers. For the purposes of this section, when a dominant-regulated carrier uses facilities that (A) are employed to provide exchange telecommunications or exchange access or both, and (B) are also used for the transmission or switching of interexchange telecommunications, then the costs of such latter use shall be allocated to the interexchange use and shall be excluded from the costs underlying the determination of charges for either of the former uses.

"(3) No payments by an exchange carrier to a dominant-regulated carrier under a license agreement, contract, or otherwise shall be included as a cost underlying the determination of charges for exchange telecommunications or exchange access to the extent that such payment is utilized to provide research, development, manufacturing, engineering, or management of facilities or services (including software programing) used to provide interexchange telecommunications.

"(g) In the case of any exchange carrier which is not classified as a regulated carrier under section 203(a) and where a State certifies to the Commission that it has established a program in accordance with the uniform practices set forth by the Commission consistent with this section to regulate exchange access arrangements, charges, regulations, or practices, the Commission shall delegate authority with respect to all exchange access arrangements, charges, regulations, or practices to the State commission of the State within which such exchange carrier charges. Upon petition of any affected person showing that regulation of exchange access by a State commission is not in compliance with uniform practices established by the Commission, the Commission may prescribe just and reasonable exchange access arrangements, charges, regulations, or practices. An exchange carrier, may, at its option, file tariffs for exchange access with the Commission.

"(h) The Commission shall promulgate the standards, procedures, and criteria for exchange access charges established under this section not later than 2 years after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981. Notwithstanding any other provision of this Act, until such standards, procedures and criteria have been implemented through the filing of exchange access tariffs, no interexchange carrier shall be required to pay more for exchange access than is paid by any other interexchange carrier or customer for similar services or facilities.

"(i) The Commission, in accordance with its authority under section 202(e), shall impose exchange access surcharges to assure that rates for basic telephone service for carriers—

"(1) eligible for telephone loans under the Rural Electrification Act of 1936, as amended,

"(2) not classified as regulated carriers in section 203(a), or

"(3) which provide basic telephone service to, from or within the State of Alaska;

shall, insofar as it is practicable and consistent with other provisions of this Act, not exceed 110 percent of the national average for comparable service, taking into account such factors as distance, duration, and time of day for interexchange service and rate structure and calling scope for exchange service.

"(j) For purposes of this section and section 207 the term—

"(1) 'Exchange access' means the provision of exchange services by an exchange carrier for the purpose of originating or terminating interexchange telecommunications including those of the exchange carrier. Exchange services shall be provided by facilities in an exchange area for the transmission, switching, or routing of originating or terminating interexchange traffic, and such facilities shall include a point of concentration above the local end office, and trunking thereto, of interexchange traffic.

"(2) 'Exchange services' include any activity, information service or function performed by an exchange carrier in connection with the origination or termination of interexchange telecommunications, or for the benefit of any affiliated interexchange carrier, including but not limited to, the provision of network control signalling, answer supervision, automatic calling number identification, carrier access codes, directory services, testing and maintenance of facilities and the provision of information necessary to bill customers. Notwithstanding subsection 207(c) of this Act, an ex-

change carrier that bills its subscribers for sums due to an affiliated interexchange carrier shall not be required to bill for interexchange services performed by a nonaffiliated carrier: *Provided, however,* That such an exchange carrier may not discontinue local exchange service to enforce collection of interexchange charges unless such exchange carrier is also within the group of carriers not classified as regulated carriers in section 203(a).

"(3) 'Exchange carrier' means any carrier engaged in providing exchange telecommunications services or in providing exchange access to the facilities of a carrier providing regulated exchange telecommunications.".

TECHNICAL

SEC. 223. Section 223 of the 1934 Act is amended by inserting the following heading:

"UNLAWFUL USE OF TELEPHONES".

TECHNICAL

SEC. 224. Section 225 of the 1934 Act, as so redesignated by section 208(a), is amended by—

(1) amending the heading to read as follows:

"COMPLAINTS TO THE COMMISSION; INVESTIGATIONS; ORDERS FOR PAYMENT OF MONEY";

and

(2) striking "common" wherever it appears therein and substituting "regulated".

EXCHANGE TELECOMMUNICATIONS AREA

SEC. 225. The 1934 Act is amended by adding the following:

"EXCHANGE TELECOMMUNICATIONS AREA

"SEC. 226. (a) Subject to a review by the Joint Board established under section 222(b)(1), it shall be the responsibility of each State commission to configure exchange telecommunications areas within the borders of each such State. Any such configuration existing as of January 1, 1981, shall be deemed to conform with the criteria set forth in subsection (b). Any reconfiguration by any State commission on or after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 shall be in accordance with the criteria set forth in subsection (b).

"(b) Any reconfiguration of an exchange area by a State commission shall be in accordance with the following criteria of this subsection:

"(1) any such area may encompass one or more contiguous local exchange areas serving common social, economic, and other purposes, even where such configuration transcends municipal or other local governmental boundaries;

"(2) every point within a State shall be included within an exchange area;

"(3) no such area which includes part or all of one standard metropolitan statistical area (or a consolidated statistical area, in the case of densely populated States) shall include a substantial part of any other standard metropolitan statistical area (or a consolidated statistical area, in the case of densely populated States), unless the Joint Board shall otherwise allow; and

"(4) except with approval of the Joint Board no exchange area located in one State shall include any point located within another State.

"(c) The provision of mobile telecommunications service under any franchise, certificate of public convenience and necessity or other authorization awarded by a State and within an exchange area configured for such service by a State commission under this section shall be deemed an exchange service for purposes of this Act.".

FULLY SEPARATED AFFILIATE

SEC. 226. The 1934 Act is amended by adding the following:

"FULLY SEPARATED AFFILIATE

"SEC. 227. (a) A fully separated affiliate of a dominant-regulated carrier shall—

"(1) have no more than one member of its governing board who is a member of the governing board or officer or employee of such dominant-regulated carrier or any other affiliate of such dominant-regulated carrier;

"(2) have no officers or employees in common with any such dominant-regulated carrier or any other affiliate of such dominant-regulated carrier;

"(3) have not less than five individuals serving on its governing board of which not more than 50 percent of whom are employees or officers of the fully separated affiliate which percentage shall also include any individual specified in subsection (a)(1);

"(4) maintain books, records, and accounts separate from any such dominant-regulated carrier or any affiliate of such dominant-regulated carrier which identify all transactions with such dominant-regulated carrier or any affiliate of such dominant-regulated carrier and prepare financial statements which are in compliance with Federal financial reporting requirements (including filing such annual reports as may be required by the Securities and Exchange Commission, if the fully separated affiliate were a publicly held corporation) for publicly held corporations and file such statements with the Commission and make such statements available for public inspection;

"(5) consistent with the provisions of this section and section 228, carry out directly (or through nonaffiliates or any other fully separated affiliate) its own marketing, sales, advertising, installation, production, maintenance operations, manufacturing and research and development relating to services, facilities, and equipment offered by such affiliate, except that institutional advertising of a type not related to specific services, facilities, and equipment carried out by such dominant-regulated carrier and any affiliate shall be permitted provided each party pays its pro rata share;

"(6) consistent with the provisions of this section and section 228, not directly or indirectly own real or personal property, except international telecommunications facilities or property, either jointly or in common with such dominant-regulated carrier and any affiliate;

"(7) not use real or personal property except in accordance with the requirements established in subsection (d) of this section; and

"(8) not enter into any joint venture or partnership other than as permitted by subsections (c) and (g) of this section.

"(b)(1) A fully separated affiliate may conduct business with respect to the transfer of goods, services, and facilities with its dominant-regulated carrier: PROVIDED, That such business is conducted on a fully auditable and compensatory basis, and shall in addition be subject to the requirements established in section 202(d), subsection (d) of this section, and subsections (c) and (d) of section 228.

"(2) Such conduct of business shall be pursuant to contract and shall be reported to the Commission under such rules as the Commission determines necessary. The Commission shall make such contracts, or portions of contracts, available for public inspection to the extent necessary to ensure proper enforcement of this section. Nothing in this subsection shall be construed to allow the use of any contract or other arrangement which has the result of assigning or allocating the research, development, manufacturing, marketing, management or other costs of service, facilities, interexchange equipment or customer-premises equipment to other services, facilities, or equipment which remain subject to regulation.

"(c) Notwithstanding the provisions of subsection (b), a fully separated affiliate may enter into any agreement, contract, joint venture, partnership, or any other manner of business to sell, market, or service exports with any United States entity or entities provided such activities take place outside of the United States without restraining the exports of any other 'United States person'.

"(d) In addition to the requirements of section 207 and section 228, the conduct of business by any dominant-regulated carrier or any affiliate of the dominant-regulated carrier with any fully separated affiliate shall be carried out in the same manner as such business is conducted between such carrier or affiliate and any nonaffiliate. The conduct of business between a dominant-regulated carrier or any affiliate of the dominant-regulated carrier and any fully separated affiliate shall not be based upon, or include, any preference or discrimination arising out of affiliation. The provisions of this subsection shall not be construed to apply to facilities or services which are sold for use, consumption, or resale outside the United States.

"(e)(1) No dominant-regulated carrier shall be deemed to have established a fully separated affiliate unless and until the Commission, upon petition by the dominant-regulated carrier and after an expedited hearing in which any interested party may join, finds that the relationships of such dominant-regulated carrier and affiliates with any fully separated affiliate comply with the requirements of this section and section 228.

"(2) Not later than 45 days after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981, the Commission shall establish procedures for the expeditious consideration of petitions filed under this section. Such regulations shall provide that final action on any such petition shall be taken by the Commission not later than 180 days after filing.

"(f) A dominant-regulated carrier or its affiliates shall not disclose to any fully separated affiliate any commercial information acquired in its provision of regulated telecommunications services which would provide an unfair competitive advantage. The Commission may require that specific categories of information (such as directory listings and similar information) shall be made generally available at the same time and at reasonable, nondiscriminatory charges, terms, and conditions.

"(g) The provisions of subsections (b) and (d) shall not apply to the provision of telecommunications facilities, services, or customer-premises equipment during times of public peril, disaster, or national emergency.

"(h) The requirements of this section (to the extent that such requirements mandate the establishment of a fully separated affiliate) shall not apply to a carrier which on the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 was not under direct or indirect common ownership with a dominant-regulated carrier or was not owned by a dominant-regulated carrier. For the purposes of this subsection the terms 'owned' and 'ownership' mean a direct or indirect equity interest (or the equivalent thereof) of more than 50 percent.

"(i) The Commission may request information from the dominant-regulated carrier or any of its affiliates, or the fully separated affiliate regarding the conduct of business between the fully separated affiliate and the dominant-regulated carrier or any affiliate

in order to properly enforce the provisions of this section.".

"(j)(1) All applied research, development, manufacturing, marketing, and all other services provided by a dominant-regulated carrier to any of its affiliates or to a fully separated affiliate which relate to the production or marketing of telecommunications products or customer-premises equipment shall be provided only on a fully auditable and compensatory basis. No cost of such activities shall be included as a cost underlying the determination of charges for any regulated interexchange and exchange telecommunications service except as reflected in the price paid by the dominant-regulated carrier for telecommunications products or customer-premises equipment purchased from the affiliate or fully separated affiliate.

"(2) All administrative or other general expenses provided by the dominant-regulated carrier on behalf of any affiliate or fully separated affiliate shall be provided only on a fully auditable and compensatory basis, and each affiliate and fully separated affiliate shall reimburse a dominant-regulated carrier for a pro rata share of the common administrative and general expenses of such carrier.

"(3) No results of research or engineering studies (including drafts, work in progress, or preliminary results) the costs of which are used in the determination of charges of the regulated interexchange and exchange telecommunications services of a dominant-regulated carrier (other than as provided in subparagraph (1)) shall be made available to a fully separated affiliate engaged in the manufacture of telecommunications products prior to the time such results are made available to competitors of such fully separated affiliates. If such results are provided to any fully separated affiliates, they shall be provided to their competitors without charge.

"(k) The Commission shall promulgate rules and regulations to carry out this section not later than 180 days after the date of enactment of this Act.

"(l) Any person (other than an individual) who violates any provision of this section or any rule, regulation, or order promulgated thereunder shall be fined not more than $1,000,000 for each such violation.

"(m) Nothing in this section shall be construed to permit cross-subsidization or any other anticompetitive conduct by a dominant-regulated carrier.".

A.T. & T. TRANSITION TO FULL SEPARATION

SEC. 227. The 1934 Act is amended by adding the following:

"ARRANGEMENTS RELATING TO RESEARCH, DEVELOPMENT, AND MANUFACTURING ACTIVITIES OF THE AMERICAN TELEPHONE AND TELEGRAPH COMPANY; TRANSITION TO FULL SEPARATION

"SEC. 228. (a) The provisions of this section and section 227 shall apply in any case in which the American Telephone and Telegraph Company and its affiliates (hereinafter referred to in this section as 'A.T. & T.') engages in research and development and manufacturing in support of unregulated equipment and services. Nothing in this section shall prohibit or otherwise restrict any dominant-regulated carrier, affiliate, or fully separated affiliate from exercising its independent, prudent business judgment in connection with business conducted with nonaffiliates.

"(b)(1) Except for any activity in which it was lawfully engaged on the date of the Telecommunications Competition and Deregulation Act of 1981, A.T. & T. may not offer any telecommunications service, telecommunications equipment, customer-premises equipment, or information services on an unregulated basis, until it has filed with and obtained from the Commission approval of a plan demonstrating its proposed method of compliance with the requirements of this section.

"(2) Not later than 180 days of the filing of such plan, the Commission shall enter an order approving the plan or stating the specific parts of the plan which conflict with the provisions of this section or the rules prescribed hereunder. A.T. & T. may file an amended plan, and the Commission shall enter an order approving or disapproving of the amended proposal within 30 days of its filing.

"(3)(A) The plan shall demonstrate that—

"(i) the dominant-regulated carrier and any affiliate have an accounting system which ensures a complete separation between—

"(I) all costs related to services, facilities, and equipment which are developed, manufactured, or offered by such dominant-regulated carrier (other than the costs of any activities which are carried out for the benefit of any fully separated affiliate of such dominant-regulated carrier); and

"(II) all costs of any fully separated affiliate, including those related to services, facilities, and equipment which are developed, manufactured, or offered by any fully separated affiliate of a dominant-regulated carrier, or as the result of any activities which are carried out for the benefit of any fully separated affiliate of such dominant-regulated carrier or any affiliate;

"(ii) such accounting system is established and maintained in a manner which ensures compliance with this Act;

"(iii) the proposed fully separated affiliate complies with the requirements of section 227;

"(iv) the assets proposed for transfer to the proposed fully separated affiliate will be fairly and properly valued; and

"(v) the initial capitalization has been fairly and properly valued.

"(B) After approval of any plan or amended plan a dominant-regulated carrier—

"(i) shall notify the Commission with respect to any minor revision of, or addition to, such plan, and with respect to any minor transfer of assets, including capital, for review by the Commission to ensure that such revision, addition, or transfer complies with the requirements of subparagraph (A); and

"(ii) shall submit any significant revision of, or addition to, such plan, and any significant transfer of assets, including capital, to the Commission for approval in accordance with this paragraph before carrying out such proposed revision, addition, or transfer.

"(c)(1) Not later than the fourth anniversary of the date of enactment of the Telecommunications Competition and Deregulation Act of 1981, the final assembly including all aspects integral to final assembly of any equipment which is required to be offered exclusively by a fully separated affiliate shall be provided by a fully separated affiliate or acquired from nonaffiliates.

"(2) Not later than the fourth anniversary of such date of enactment any research and development activity relating to equipment design information used in such final assembly or relating to software programing in support of any equipment or services which are required to be offered exclusively through a fully separated affiliate shall be performed by a fully separated affiliate or a nonaffiliate.

"(3) Not later than the sixth anniversary of such date of enactment any subassembly (including any subassembly specific research and development) within such final assembly of equipment required to be offered through a fully separated affiliate shall be performed by a fully separated affiliate or a nonaffiliate.

"(4) Not later than the sixth anniversary of such date of enactment the manufacturing of any basic component within such final assembly, of equipment required to be offered by a fully separated affiliate shall be performed through a fully separated affiliate or a nonaffiliate. Thereafter, all applied research, development, manufacturing, or any related functions or activities in support of unregulated telecommunications equipment or in support of any unregulated service shall be conducted through a fully separated affiliate or a nonaffiliate.

"(5) Upon petition by the dominant-regulated carrier, the Commission may permit the purchase of subassembles or basic components from the dominant-regulated carrier or affiliate under condition that the dominant-regulated carrier or affiliate offer to sell the same type of subassembly or component to nonaffiliates at the same charges and on the same terms and conditions, and subject to such other terms and conditions as the Commission shall prescribe.

"(6) There shall be established an assets evaluation board composed of three members selected by the Commission, at least one of whom shall be chosen upon the recommendation of the National Association of State Commissions. The Board shall determine the value of any assets transferred from the affected dominant-regulated carrier and any affiliate to any fully separated affiliate. Evaluations of such Board shall be binding upon the Commission and upon State commissions, unless the Commission determines it to be arbitrary or capricious or otherwise not consistent with the policies or purposes of this Act. Any failure of the Board to take action shall not delay any such transfer contingent upon either party's option to rescind such transfers upon Board valuation.

"(6)(A) The Commission may grant waivers pursuant to subparagraph (B) of the time requirements of this subsection for a period not to exceed 6 months. The Commission may not grant more than two waivers for any one functional category.

"(B) The Commission may grant a waiver under this subsection where the Commission determines that, because of labor strikes, war, severe economic depression, or acts of God, A.T. & T. cannot timely meet the requirements of this subsection.

"(d)(1) During the applicable time periods established in subsection (c)—

"(A) the services or equipment (including any subassembly, basic component, and research and development) which are subject to any such time period shall be furnished to any fully separated affiliate for an amount which is fully compensatory and which is not less than the cost allocated to such service or equipment in connection with regulated activities carried out by A.T. & T., and such amount shall be no less than the charges for which similar services and equipment would be or are transferred in the marketplace between nonaffiliates; and

"(B) any business which is conducted in connection with any such service or equipment shall be on the same terms and conditions under which similar services and equipment would be or are transferred in the marketplace between nonaffiliates.

"(2) The requirements of paragraph (1) shall not apply, and the conduct of business relating to any service or equipment specified in paragraph (1) may be conducted at charges, terms, and conditions which are more favorable to the recipient than the charges, terms, and conditions under which similar services or equipment would be or are transferred in the marketplace between nonaffiliates, only if A.T. & T. demonstrates to the Commission that the charges, terms, and

conditions involved in the conduct of business result from more efficient operation and lower direct costs, and do not result from the allocation of common overhead or other similar factors.

"(e) The Commission shall not have any authority to establish any requirements relating to—

"(1) the structure or organization of any affiliate or fully separated affiliate;

"(2) any activities of a dominant-regulated carrier or person who owns or controls a dominant-regulated carrier which this Act requires to be conducted by a fully separated affiliate; or

"(3) the conduct of business between any dominant-regulated carrier or affiliate and any fully separated affiliate;

which are not consistent with any provision of this section, or section 202, 220, 227, or 229, which establish requirements relating to such structure or organization or to such conduct of business.

"(f)(1) Any manufacturing facilities constructed for the provision of services or equipment which are required to be offered exclusively by a fully separated affiliate commenced after approval of the plan required in subsection (b)(1) shall be owned by a fully separated affiliate.

"(2) Any research and development (including software) associated with any specific service or equipment which is required to be offered exclusively by a fully separated affiliate, commenced after the approval of the plan required in subsection (b)(1) shall be performed by such fully separated affiliate or acquired from nonaffiliates.

"(g) Until 2 years after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 a fully separated affiliate may not provide any interexchange telecommunications service or facility described in section 235(b)(1) or any interexchange telecommunications service or facility which is essentially similar to such service or facility. For facilities, the Commission shall extend such period of time for a period not to exceed 2 additional years where the services or facilities of the dominant-regulated carrier are not subject to effective competition.

"(h) Not later than 180 days after the date of enactment of this subsection, the Commission shall prescribe such rules and regulations as may be necessary to carry out the provisions of this section.

"(i) The restrictions or requirements on any dominant-regulated carrier or affiliate contained in this section are not applicable to transactions involving commodities or services, which are sold for use, consumption, or resale outside the United States or the research, development, and manufacture of those commodities.

"(j) The provisions of this section shall not apply to the provision of telecommunications facilities, services, or customer-premises equipment during times of public peril, disaster, or national emergency.".

1956 CONSENT DECREE

SEC. 228. The 1934 Act is amended by adding the following:

"AMERICAN TELEPHONE AND TELEGRAPH COMPANY 1956 CONSENT DECREE

"SEC. 229. (a)(1)(A) The final judgment of January 24, 1956, of the United States District Court for the District of New Jersey involving the American Telephone and Telegraph Company and its affiliates (United States against Western Electric, No. 17-49), shall not act as a bar to the American Telephone and Telegraph Company and any affiliates or other persons subject to the provisions of such decree from providing any telecommunications service, telecommunications equipment, customer-premises equipment or information service or from engaging in any other business incidental to such activities, except that any such activity not otherwise permitted by such decree which is not a basic telecommunications service shall be conducted by fully separated affiliates as specified in this title except as provided in section 227(h).

"(B) Such judgment shall not be interpreted to require A.T. & T. to license its patents to any foreign-controlled business entity or its domestic affiliate: PROVIDED, HOWEVER, That this subparagraph shall not in any way affect the consent decree as it applies to United States owned and controlled enterprises or to the domestic affiliate of a foreign-owned business entity, if the domestic affiliate is a manufacturer and performs substantially all of its manufacturing within the United States.

"(2) The final judgment referred to in paragraph (1) of this section shall have no force and effect with respect to any lawful business activity in which A.T. & T. or any affiliate is engaged in any foreign market.

"(b)(1)(A) Notwithstanding any other provision of this Act, and except as provided in subparagraph (B) and subsections (e) and (f), A.T. & T. or any affiliate thereof (including any fully separated affiliate of A.T. & T.) may not provide (within any area in which A.T. & T. is providing exchange telecommunications service) cable service, alarm service, mass media service, or mass media product through any facility which is owned or controlled by A.T. & T. or any affiliate (including any fully separated affiliate).

"(B) The provisions of this subsection shall not be construed to prohibit A.T. & T. or affiliates (including any fully separate affiliate) of A.T. & T. from—

"(i) leasing or otherwise providing facilities for the provision of any cable service, alarm service, mass media service, or mass media product to any nonaffiliate;

"(ii) providing any information service which does not involve program origination or mass media service; or

"(iii) transmitting television or radio broadcasting signals as a carrier (which does not include the provision of cable service).

"(2) In any case in which A.T. & T. or any affiliate (including any fully separated affiliate) provides facilities for the provision of any alarm service, cable service, mass media service, or mass media product, A.T. & T., any affiliate, or fully separated affiliate shall make such facilities available on a nondiscriminatory basis to any person who originates or otherwise provides any alarm service, cable service, mass media service, or mass media product and who makes a reasonable request for the use of such facilities.

"(c) Nothing in any amendment made to this Act by the Telecommunications Competition and Deregulation Act of 1981 (other than the provisions of subsection (b)(1)(A) of this section and section 237) shall be construed to affect—

"(1) the authority of the Commission to establish rules or requirements relating to the offering of cable service by exchange carriers (or any entity affiliated with any such carrier) directly to subscribers located in their service areas; or

"(2) any rules of the Commission, relating to the offering of such service, which are in effect on the date of the enactment of the Telecommunications Competition and Deregulation Act of 1981.

"(d)(1) Except as otherwise provided, the provisions of this section shall not be construed to limit or restrict the manner in which, or the extent to which, A.T. & T. or an affiliate which is subject to the consent judgment or decree specified in subsection (a) is permitted to engage in, or is engaging in, any activity in accordance with the terms of such judgment or decree on the date of the enactment of the Telecommunications Competition and Deregulation Act of 1981.

"(2) The final judgment described in subsection (a) shall not be construed to require any fully separated affiliate to license patents or provide technical information, developed independently by the fully separated affiliate or by any nonaffiliated person.

"(3) Notwithstanding any other provision of this Act, a dominant-regulated carrier shall not transfer to a fully separated affiliate any patents or related technical information held or developed by the dominant-regulated carrier, provided that the dominant-regulated carrier may license patents and related technical information to the fully separated affiliate on the same terms and conditions that such licenses are issued to third persons.

"(e) The patent licenses required to be granted back to the American Telephone and Telegraph Company and its affiliates by section X applicants under the terms of the final judgment described in subsection 229(a), at the option of such applicant, may be limited to a term of 5 years, and grants of patent licenses by A.T. & T. and its affiliates, at the option of A.T. & T., may be limited to a term of 5 years.

"(f) Notwithstanding any other provision of this Act, A.T. & T. may, through a fully separated affiliate, in the same manner as provided in section 227, other than any fully separated affiliate which provides any telecommunications service, or information service provide the services described in subparagraphs (B), (C), (D), and (E) of paragraph (3) of subsection (h) and own or obtain the capability to provide such services.

"(g) Notwithstanding the prohibition on A.T. & T. provision of alarm service (within any area in which A.T. & T. is providing exchange telecommunications service) contained in subsection (b)(1)(A) of this section, the Commission, in any particular case, may otherwise permit, but only upon petition and a sufficient showing that there exist within such exchange area comparable and reasonably available private line alternatives to A.T. & T. transmission facilities for the provision of alarm service.

"(h) For purposes of this section—

"(1) The term 'cable service' means the retransmission of any television or radio broadcasting signal, or program origination, for distribution by cable or any other closed transmission medium to multiple subscribers who pay to receive such service.

"(2) The term 'alarm service' includes provision to the public of intrusion, fire alarm, and environmental sensing services.

"(3) The term 'mass media' includes television and radio broadcasting, pay television, and printed or electronic publications (including newspapers, periodicals, and any service or product like or similar to all or part of the traditional function of a newspaper or periodical). Such term does not include—

"(A) directory listings or assistance, consisting of name, telephone number, and address;

"(B) weather or time information;

"(C) any audio information service and any printed institutional, educational, or technical publication of a type which A.T. & T. or any affiliate was engaged in on April 7, 1981;

"(D) printed directory advertising; or

"(E) electronic directory information.

"(4) The term 'electronic directory information' includes general business and product categories, distributors and dealers under the general categories, and customer name, address, telephone number, and trademark or service mark.

"(5) The term 'electronic directory information' does not include information, whether graphic or otherwise, concerning specific products or services of customers, or prices therefor, or any advertising. Such specific information or advertising may not be provided by A.T. & T., or any affiliate but may be provided by other parties who retain control over, and liability for, the content and substance of the information provided.".

EMPLOYEE PROTECTION

SEC. 229. (a) For purposes of this section the term—

(1) "employee" means any employee of a dominant-regulated carrier or of any affiliate;

(2) "regular employee" means any full-time or part-time employee whose employment is expected to be permanent; and who is not classified as a term, temporary, or occasional employee; and

(3) "transferred employee" means any employee transferred as a part of a work group or organization to a fully separated affiliate by a dominant-regulated carrier or by any affiliate and whose transfer is the result of the work and duties which the employee and work group performed in the employ of the dominant-regulated carrier or affiliate being transferred to the fully separated affiliate.

(b)(1) If a dominant-regulated carrier or any affiliate transfers a regular employee to a fully separated affiliate, then such transferred employee shall not as the result of such transfer be deprived of employment rights, salary or wages, net credited service, or term of employment during the 5-year period following the date of such transfer except as otherwise provided in this section. The requirements of this paragraph shall continue to apply in any case in which the fully separated affiliate retransfers such transferred employee to the dominant-regulated carrier or to any affiliate, except that any such retransfer shall not have the effect of extending the 5-year period specified in the preceding sentence.

(2) Except as otherwise provided in this section, no term, temporary, or occasional employee shall, as a result of his transfer to a fully separated affiliate, be deprived of employment rights or salary or wages arising from employment in the dominant-regulated carrier or affiliate.

(c)(1) A transferred employee shall be entitled to receive payment (in addition to his regular salary or wages) from the fully separated affiliate to which such employee is transferred for reasonable travel expenses and reasonable moving expenses incurred by such employee or any of such employee's dependents if—

(A) such transferred employee changes such employee's domicile as a result of such transfer; and

(B) the distance between the new work location of such transferred employee and the former domicile of such transferred employee exceeds the distance between the former workplace of such transferred employee and such former domicile by 35 miles or more.

(2) If a collective-bargaining agreement applicable to a transferred employee provides transfer benefits which differ from the benefits available to such transferred employee under paragraph (1), then such transferred employee shall receive the greater of the transfer benefits under the applicable collective bargaining agreement or the benefits under paragraph (1), but not both.

(d) During the 7-year period following the establishment of a fully separated affiliate pursuant to this Act, no pension benefits, health or disability benefits, death benefits, or insurance benefits to which a transferred employee is entitled shall be restricted, limited, or reduced as a result of a transfer to a fully separated affiliate, except that the requirements of this paragraph may be superseded by the terms of any collective bargaining agreement between such fully separated affiliate and any labor entity representing the employees of such fully separated affiliate.

(e)(1) Except as provided in paragraph (2), the provisions of any collective bargaining agreement between a dominant-regulated carrier or any affiliate, and any labor entity representing the employees of such dominant-regulated carrier or affiliate shall continue to apply to any transferred employee during the complete term of such agreement.

(2) A fully separated affiliate, or any person who owns or controls such fully separated affiliate, and any labor entity representing the employees of such fully separated affiliate may enter into a collective-bargaining agreement at any time after the establishment of such fully separated affiliate. Any such agreement—

(A) shall supersede the terms and application of any collective-bargaining agreement specified in paragraph (1); and

(B) shall supersede the requirements of this subsection to the extent such requirements otherwise would apply to such fully separated affiliate.

(f)(1) Except as provided in paragraph (2), a transferred employee, whose employment with the fully separated affiliate is terminated during the 7-year period following the date of such transfer, shall be entitled to receive a termination allowance from such fully separated affiliate in an amount which is not less than the amount of termination allowance, if any, such transferred employee would have been entitled to receive from such dominant-regulated carrier or such affiliate if such dominant-regulated carrier or such affiliate terminated the employment of such transferred employee.

(2) If a collective bargaining agreement between a fully separated affiliate and any labor entity representing the employees of such fully separated affiliate is in effect at the time the employment of a transferred employee is terminated in the manner specified in paragraph (1), and such collective bargaining agreement applies to such transferred employee and provides benefits which differ from the benefits available to such transferred employee under paragraph (1), then such transferred employee shall receive the greater of the benefits under the applicable collective bargaining agreement or the benefits under paragraph (1), but not both.

(g)(1) If any transferred employee is the subject of a layoff by the fully separated affiliate during the 7-year period following the date of the initial transfer of such transferred employee to a fully separated affiliate, then such transferred employee shall have a preferential right of rehire by the fully separated affiliate in his or her occupational specialty (or its equivalent) before such fully separated affiliate hires from the street during the 2-year period following the date of the layoff of such transferred employee, except that such right shall not apply unless such transferred employee is physically able, and equipped by training and experience, to perform the duties of the work available. Such preferential right of rehire shall be in order of term of employment from among those laid-off employees having a preferential right of rehire. Such fully separated affiliate shall maintain lists of employees who have been separated from employment through layoffs. Such lists shall contain sufficiently detailed information to enable such fully separated affiliate to comply with the requirements of this subsection.

(2) Nothing in this section shall be construed to prevent the fully separated affiliate from offering and a transferred employee from accepting a downgrade to a lower rated job or other reduction in wages and related benefits as an alternative to a layoff by the fully separated affiliate.

(h) A dominant-regulated carrier or any affiliate which intends to transfer to a fully separated affiliate a work group or organization or substantial part thereof in which employees represented by a labor organization are employed shall notify such labor organization at least 30 days prior to the effective date of such transfer. Such notice shall state the effective date of the transfer, the work group or organization involved, the number of employees affected, and the job classifications of such employees.

(i) A dominant-regulated carrier or any affiliate shall not reduce the salary or wages of a regular employee, or separate such regular employee from employment through layoff or termination, during the 6-month period immediately before the establishment of a fully separated affiliate by such dominant-regulated carrier or by such affiliate unless—

(1) such regular employee consents to such action; or

(2) such action is not related to the establishment of such fully separated affiliate.

(j) The provisions of this section shall not apply to any employee who is transferred to a fully separated affiliate after the 7-year period following the date of the establishment of such fully separated affiliate.

(k) Nothing in this section shall be construed to restrict, limit, or eliminate the authority of a dominant-regulated carrier, an affiliate, or a fully separated affiliate to layoff or terminate the employment of an employee or transferred employee or take any disciplinary or other action against an employee or transferred employee, for cause.

(l)(1) An action to enforce any rights or liabilities created by this section may be brought in a United States district court regardless of the amount in controversy or in any other court of competent jurisdiction. In the case of an action arising under this section which is brought in a district court of the United States, the action may be brought in the judicial district where all the plaintiffs reside in addition to any other judicial district provided by law.

(2) No action may be brought under this section later than 3 years after the right to that action arises.

(3) Nothing in this section shall preclude any employee, employer, or labor organization from seeking any available remedy under an applicable collective bargaining agreement or existing applicable Federal, State, or local law.

(4) Resolution of issues concerning employee representation and appropriateness or clarification of bargaining unit in a fully separated affiliate created pursuant to this Act shall be in accordance with the laws and procedures pursuant to the National Labor Relations Act, as amended. Nothing in this section shall be construed to modify or amend any provision of the National Labor Relations Act.

PROCUREMENT POLICIES

SEC. 230. The 1934 Act is amended by inserting the following new section after section 230.

"PROCUREMENT POLICIES

"SEC. 231. (a) Except as provided in section 233, not later than 6 months after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981, the dominant-regulated carrier (referred to

in section 203(b)) shall adopt and implement a purchasing policy for itself and all of its affiliates (not including any fully separated affiliate), for the procurement of telecommunications products (subject to such restrictions as the Commission may establish pursuant to section 240 of the Telecommunications Competition and Deregulation Act of 1981). Such procurement shall be on a fair and nondiscriminatory basis.

"(b) Not later than the second calendar year after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981, the dominant-regulated carrier and its affiliates (not including any fully separated affiliate) shall purchase no lesser percentage of its requirement of telecommunications equipment for each product category from nonaffiliates, than—

"(1) the percentage set forth herein: namely, during the second year, the base period percentage; during each of the next five years, the prior year's percentage multiplied by 1.2; during each of the following five years, the prior year's percentage multiplied by 0.8; or

"(2) 20 percent;

whichever is less. Thereafter, the requirements of this subsection shall be terminated. A dominant-regulated carrier shall have the burden of demonstrating that any failure to meet the mandatory outside purchase requirements is due solely to the lack of reasonable availability on a timely basis of telecommunications products which meet required specifications at competitive prices from nonaffiliates.

"(c) In order to ensure compliance with this section the Commission—

"(1) shall issue regulations under which a dominant-regulated carrier shall report purchases of telecommunications products in such form and for such periods as will enable the Commission to monitor compliance with this section; and

"(2) shall issue other rules and regulations consistent with the purposes of this section.

"(d) For the purposes of this section the term:

"(1) 'Telecommunications products' means equipment, including related services and software programing commonly used in providing exchange and interexchange telecommunications service other than customer-premises equipment.

"(2) 'Product category' means categories of telecommunications products defined by the Commission pursuant to this section, which categories shall be defined so as to effectuate the purpose and intent of this section, except that electronic switching equipment shall be treated on a item by item basis.

"(3) 'Base period percentage' means, for each product category, the percentage of purchases of telecommunications products (A) made during the 2 calendar years ending in the year in which this section was enacted, and (B) that were made by a dominant-regulated carrier from suppliers other than affiliates or fully separated affiliates. For the purpose of making the computations required by subsection (b), the base period percentage for any equipment category shall not have a value of less than 8 percent.

"(e) Nothing in section 228 shall be construed to relieve the dominant-regulated carrier and its affiliates from the requirements of this section.

"(f) The Attorney General of the United States shall have the right to sue in any district court to enjoin violations of this section by a dominant-regulated carrier or any affiliate, or any Federal agency including the Commission. The Attorney General may also commence an action to obtain injunctive relief pursuant to this subsection in order to obtain compliance with the provisions and requirements of this section.

"(g) The Commission shall annually report to Congress concerning the operations of this section. In that report, the Commission shall set forth with particularity difficulties encountered and the progress achieved in obtaining full and fair competition in the telecommunications products field. Such report may be included as a separate section in the annual report the Commission submits pursuant to the Communications Act of 1934.".

PROTECTION AND RESTORATION OF ESSENTIAL TELECOMMUNICATIONS

SEC. 231. The 1934 Act is amended by inserting the following:

"PROTECTION AND RESTORATION OF ESSENTIAL TELECOMMUNICATIONS

"SEC. 233. (a) The President shall have authority to require appropriate Federal departments and agencies, and any telecommunications carrier subject to the provisions of this Act, to develop and establish arrangements for such mutual backup, restoration, and interconnection of telecommunications facilities or services as may be necessary to avert public peril or disaster or to ensure the continuity of telecommunications essential to the national defense and security and the prompt restoration of any such telecommunications which may be interrupted by the failure or disruption of the facilities of any one or more such carriers.

"(b) The President shall have authority to require any carrier subject to the provisions of this Act or fully separated affiliate to furnish telecommunications services or facilities or customer-premises equipment to any Federal agency if the President determines that—

"(1) the provision of such services or facilities or customer-premises equipment is necessary and appropriate to promote the national defense and security or the emergency preparedness of the Nation; and

"(2)(A) there is a threat of war with a foreign nation, the Nation is at war with a foreign nation, or there exists a state of public peril or disaster or other national emergency; or

"(B) in order to provide for the national defense or security or the emergency preparedness of the Nation, there is an immediate need for such services and facilities or customer-premises equipment, and such need cannot be met through reliance upon any other source of supply.

"(c) The provisions of section 606(e) shall apply in the case of any determination made by the President under this section.

"(d) The President shall coordinate any Government program for enhancing the survivability of exchange and interexchange facilities and facilities used to provide foreign communications and protection against unauthorized interception of telecommunications traffic, insuring, where appropriate, the availability of such programs to all telecommunications carriers willing and able to participate in such programs.

"(e) The Chairman of the Commission shall designate one of the Commissioners to serve as the 'National Security-Emergency Preparedness Commissioner' who shall be the Commission's representative to the President regarding national defense and security and emergency preparedness matters.

"(f) The President shall appoint an advisory council of not to exceed 15 members to examine the structure, policy, and needs of Federal telecommunications management for national security and emergency preparedness under deregulation and to ensure that the United States shall have a technologically advanced and economically viable telecommunications industry for the purposes of the national defense and economic advancement.

"(g) The President shall establish a National Communications System which shall be responsible for carrying out the provisions of this section.".

CUSTOMER-PREMISES EQUIPMENT AND INFORMATION SERVICES

SEC. 232. The 1934 Act is amended by inserting the following:

"CUSTOMER-PREMISES EQUIPMENT AND INFORMATION SERVICES

"SEC. 234. (a)(1) Except as provided in this title, neither the Commission nor any State shall regulate the production, marketing, or other provision of customer-premises equipment or information services.

"(2) Inside wiring that is installed 2 years after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 shall not be subject to regulation, and may not be provided by a dominant-regulated carrier.

"(3) No person owning or controlling inside wiring may require, prohibit, or otherwise restrict the interconnection of such wiring with any telecommunications carrier or any customer-premises equipment which meets such standards as the Commission may establish under section 234(c)(1).

"(b)(1) Not later than 180 days after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981, the Commission shall prescribe regulations providing for separate pricing of customer-premises equipment or information services, or cable services as defined in section 229(g)(1) when offered in conjunction with a regulated service by a regulated carrier or an exchange carrier; thereafter, such carriers shall provide such equipment or services only on an unbundled basis in accordance with such regulations.

"(2) Nothing in this section shall be construed to prohibit any State commission from allowing an exchange carrier to offer to residential customers a basic lifeline service within an exchange.

"(c)(1) The Commission may establish and enforce such minimum uniform technical standards for customer-premises equipment as are necessary to prevent technical or operational harm to carrier facilities and to promote national defense and emergency preparedness of the Nation.

"(2) The Commission may establish requirements relating to labeling of customer-premises equipment to indicate the country of origin and to provide such other consumer information as the Commission determines will be of significant interest.

"(3) The Commission may establish model technical standards for customer-premises equipment that would provide internal means for effective and beneficial coupling to hearing aids. Such standards shall not be binding upon any carrier or manufacturer of customer-premises equipment.

"(4) The Commission is authorized to deny certification of any customer-premises equipment of which more than one-half of the value added was manufactured in a country or countries which are determined in accordance with section 240(c)(1) to be a country or countries which do not extend reciprocal rights to United States telecommunications equipment manufacturers. Such denial of certification shall not include customer-premises equipment from foreign countries which are in the process of extending reciprocal access to United States telecommunications equipment manufacturers or are engaged in substantive negotiations to extend such reciprocity.

"(d) The use of any information processing capability in support of the provision of a

telecommunications service and for the management or control or operation of a telecommunications system or management of a telecommunications service shall not be deemed the provision of an information service within the meaning of this Act.

"(e)(1) Except as provided in sections 227(f), 227(g), 228(i), and 228(j), or as otherwise required by the President under section 233, no later than the second anniversary of the date of enactment of the Telecommunications Competition and Deregulation Act of 1981, no dominant-regulated carrier or affiliate shall provide any customer-premises equipment or any information service, except through a fully separated affiliate.

"(2) Nothing in this section shall be construed to authorize any dominant-regulated carrier or affiliate to engage in any activity described in paragraph (1) which it was not lawfully providing on the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 other than through a fully separated affiliate.".

TRANSITION

SEC. 233. The 1934 Act is amended by inserting the following:

"TRANSITIONAL PROVISION OF CERTAIN FACILITIES AND SERVICES

"SEC. 235. (a) The Commission may require any unregulated carrier to continue to interconnect its telecommunications facilities with any person or to continue to provide services which were being provided under tariff on the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 for a reasonable period of time upon petition showing that withdrawal of such interconnection or service would result in an unreasonable hardship on such person or when such service is not subject to effective competition. The Commission's authority under this subsection shall cease no later than the second anniversary of the date of enactment of the Telecommunications Competition and Deregulation Act of 1981.

"(b)(1) Each regulated carrier shall continue to provide under tariff, on an unbundled basis pursuant to section 234(b), any telecommunications service which such carrier is providing on the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 for a period of not less than 2 years from such date.

"(2) Not later than 2 years after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 or by such extended time, the Commission shall determine, after an expedited hearing in which any interested party may join—

"(A) which of the telecommunications services described in subsection (b)(1) are not subject to effective competition as defined in section 203(c)(1); and

"(B) which of such services are subject to effective competition.

"(3)(A) Any service which the Commission determines to be subject to effective competition shall be deregulated.

"(B) Any service which the Commission determines not to be subject to effective competition shall continue as a regulated telecommunications service. Upon its own motion, or upon petition, the Commission shall review at least once every 2 years any determination that any telecommunications service (other than basic telephone service) is not subject to effective competition. Upon making a determination that a service is subject to effective competition, the Commission shall deregulate such service.

"(C) Any service which the Commission determines subject to effective competition and deregulated pursuant to subparagraph (A) or (B) shall continue to be offered under tariff for a transition period not to exceed 6 months from the date of such determination.

"(c) Subject to the provisions of subsection (b)(1) of section 234 relating to unbundling, any customer-premises equipment which is being provided by any carrier under tariff on the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 shall continue to be made available under tariff for a period of 2 years from such date, except that any customer-premises equipment recorded in the accounts of a dominant-regulated carrier on such date shall continue to be made available under tariff for a period of 3 years from such date. The period of time during which customer-premises equipment recorded in the accounts of a dominant-regulated carrier shall continue to be made available under tariff may be extended by the Commission for a period of time of not to exceed 2 additional years.

"(d) Nothing in this Act shall be construed to authorize the transfer of any telecommunications service or telecommunications facility from the dominant-regulated carrier to the fully separated affiliate prior to a finding by the Commission (pursuant to paragraph (2) of subsection (b)) that such service or facility is subject to effective competition.".

BASIC TELECOMMUNICATIONS SERVICES

SEC. 234. The 1934 Act is amended by inserting the following:

"DETERMINATION OF BASIC TELECOMMUNICATIONS SERVICES

"SEC. 236. (a) The Commission, in accordance with the provisions of subsection (b), may determine what basic telecommunications services, in addition to, or in lieu of, basic telephone service should as a matter of the public interest be universally available at reasonable charges, terms and conditions, whether competitively provided or not.

"(b)(1) Any person may petition the Commission for a hearing to classify any interexchange telecommunications service as among those services described in subsection (a). The Commission shall grant such petition upon a showing that the telecommunications service is necessary to promote the general welfare and to promote the safety of property (insofar as such service relates to the capability of all the people of the United States to communicate with one another).

"(2) Upon granting any petition described in paragraph (1), the Commission shall hold a hearing to determine whether such service should be universally available at reasonable charges, terms and conditions and whether such service must be regulated in whole or in part to ensure such availability. Absent a showing to the contrary, it shall be presumed that unregulated marketplace competition will universally provide such service. The burden shall be on any party advocating regulation to demonstrate clearly and convincingly that regulation is necessary to ensure universal availability at reasonable charges, terms and conditions.

"(c) The Commission may review any determination that any basic telecommunications service shall be regulated to ensure universal availability at reasonable charges, terms and conditions. Upon making a determination that regulation is no longer necessary to ensure such availability the Commission shall terminate regulation of such service.".

OWNERSHIP OR CONTROL OF CABLE TELEVISION SYSTEMS

SEC. 235. The 1934 Act is amended by inserting the following:

"OWNERSHIP OR CONTROL OF CABLE TELEVISION SYSTEMS

"SEC. 237. (a) Except as provided in subsection (c), no regulated carrier (including an exchange carrier regulated by a State) shall engage in the provision of cable services (as defined in section 229(g)(1)) in the same operating area, unless the Commission, in any particular case, shall otherwise permit, but only upon a sufficient showing that such provision by a carrier will provide significant additional media diversity and competition. In any particular case, the Commission shall require conditions which foster the purposes and policy of this Act.

"(b) Whenever permitting any carrier and any exchange carrier to provide in the same operating area cable services in addition to regulated services or exchange services, the Commission shall require that a reasonable number of channels be made available for lease on a nondiscriminatory basis to nonaffiliates.

"(c) Carriers serving rural areas with low population densities, as defined by the Commission, may provide cable services in such areas. The Commission shall prescribe regulations to carry out the provisions of this subsection not later than 180 days after the date of enactment of this section.".

NETWORK PLANNING AND MANAGEMENT

SEC. 236. (a) The 1934 Act is amended by adding the following:

"NETWORK PLANNING AND MANAGEMENT

"SEC. 238. (a) Subject to the provisions of subsection (b), it shall be lawful for telecommunications carriers jointly to meet for the purposes of planning or agreeing to—

"(1) the design, development, construction, management, maintenance, or coordination of any network of telecommunications services or facilities (including the establishment of joint or through routes or services);

"(2) the development of technical standards applicable to such services and facilities; and

"(3) the development of technical standards for customer-premises services for handicapped people.

"(b)(1) Except as provided in paragraph (3), any meeting specified in subsection (a) shall take place after notice is given by the carriers involved to the Commission, and a representative of the Commission shall be given an opportunity to attend, or otherwise monitor, any such meeting at the time it is conducted. The Commission shall make any such notice available at the offices of the Commission for public inspection immediately upon receipt of such notice by the Commission. The failure of the Commission to exercise such authority to attend or otherwise monitor a meeting shall not impair the authority of such carriers to conduct such meeting under this section.

"(2) Except as provided in paragraph (3), a transcript of each meeting shall be filed immediately with the Commission and shall be available at the offices of the Commission for public inspection not later than 30 days after the meeting involved is conducted, except that no transcript made available to the public may contain any material the disclosure of which, in the opinion of the Commission, after consultation with the Secretary of State, the Secretary of Defense, and the Secretary of Commerce, could adversely affect the national defense and security or emergency preparedness of the Nation. Should one or more such officials object to the public release of any material contained in any such transcript, the Commission may not make such material available to the public without the approval of the President.

"(3) The requirements applicable to carriers in paragraph (1) and paragraph (2) shall not apply in the case of—

"(A) any meeting for the purposes specified in subsection (a) which relates to any particular telecommunications service or facility if the carriers involved in such meeting are not in competition with each other with respect to the offering of such service or facility; or

"(B) the routine nondiscriminatory contacts among carriers necessary to reach or execute the joint decisions made at any meeting for the purposes specified in subsection (a).

"(c) The Commission, upon its own initiative or upon the request of any person or interested telecommunications carrier, shall require all telecommunications carriers to engage in meetings for the purpose of—

"(1) assuring the establishment and maintenance of networks of telecommunications services and facilities adequate to maintain the national defense and security and the emergency preparedness of the Nation; and

"(2) assuring that all telecommunications carriers have developed and established such plans and arrangements as may be necessary to comply with the provisions of section 233 of this Act.

"(d) Nothing contained in this section shall be construed as exempting any carrier from the antitrust laws for any action taken by such carrier which is a violation of such laws when taken by a single carrier.".

(b) Section 307 of the 1934 Act is amended by adding at the end thereof the following new subsection:

"(f) In order to carry out the intent of subsection (b) of this section, it shall be the policy of the Commission to assign channels for very high frequency television broadcasting in a manner which ensures that not less than one such channel shall be licensed to a commercial station located in each State, if technically feasible. If the Commission at any time on or after January 1, 1980, declines to renew, or revokes, the license of any very high frequency commercial television station whose authorized channel of operation is assigned to a State with more than one such assignment, it shall, if technically feasible, assign such channel to a State in which no very high frequency television broadcasting station is operating commercially.".

PENALTIES

SEC. 237. (a) Section 214 of the 1934 Act, as amended by this Act, is further amended by adding at the end thereof the following new subsection:

"(h) Any carrier which refuses or neglects to comply with any order of the Commission made in pursuance of subsection (e) (relating to the extension of facilities) shall forfeit to the United States an amount assessed by the Commission in accordance with the procedure established in paragraph (2) and paragraph (3)(A) of section 503(b), which shall not exceed $2,500 for each day during which such refusal or neglect continues.".

(b) Section 210 of the 1934 Act, as amended by this Act is further amended by adding at the end thereof the following new subsection:

"(e) In the case of failure or refusal on the part of any carrier to comply with the provisions of this section or of any regulation or order made by the Commission thereunder, such carrier shall forfeit to the United States an amount assessed by the Commission in accordance with the procedure established in paragraphs (2) and (3)(A) of section 503(b), which shall not exceed $100,000 for each offense, and an amount assessed by the Commission in accordance with such procedure, which shall not exceed $5,000 for each day of the continuance of such offense.".

(c) Section 205 of the 1934 Act, as amended by this Act, is further amended by adding at the end thereof the following new subsection:

"(c) Any carrier, any officer, representative, or agent of a carrier, or any receiver, trustee, lessee, or agent of either of them, who knowingly fails or neglects to obey any order made under the provisions of this title shall forfeit to the United States an amount assessed by the Commission in accordance with the procedure established in paragraph (2) and paragraph (3)(A) of section 503(b), which shall not exceed $25,000 for each offense. Every distinct violation shall be a separate offense, and in the case of a continuing violation each day shall be deemed a separate offense.".

(d)(1) Section 220(d) of the 1934 Act is amended by striking out "the sum of $500" and substituting "an amount assessed by the Commission in accordance with the procedure established in paragraph (2) and paragraph (3)(A) of section 503(b), which shall not exceed $100,000,".

(2) Section 220(e) of the 1934 Act is amended by striking out "$1,000" and substituting "$10,000" and by striking out "$5,000" and substituting "$100,000".

(e) Section 219(b) of the 1934 Act is amended by striking out "the sum of $100" and substituting "an amount assessed by the Commission in accordance with the procedure established in paragraph (2) and paragraph (3)(A) of section 503(b), which shall not exceed $2,500,".

(f)(1) The first sentence of section 503(b)(2) of the 1934 Act is amended—

(A) by inserting "$5,000 for each violation, in the case of a dominant-regulated carrier or other regulated carrier, or" after "exceed"; and

(B) by inserting ", in the case of any other person" before the period at the end thereof.

(2) Section 503(b)(2) of the 1934 Act is amended—

(A) by redesignating subparagraph (A) and subparagraph (B) as subparagraph (B) and subparagraph (C), respectively, and by inserting before subparagraph (B), as so redesignated, the following new subparagraph:

"(A) $500,000, if the violator is a dominant-regulated carrier or other regulated carrier;";

(B) in subparagraph (B) thereof, as so redesignated in subparagraph (A), by inserting "(other than a dominant-regulated carrier or other regulated carrier)" after "this Act"; and

(C) in subparagraph (C) thereof, as so redesignated in subparagraph (A), by inserting "or subparagraph (B)" before the period at the end thereof.

(g) Section 504 of the 1934 Act is amended by adding at the end thereof the following new subsection:

"(d) In any case in which a carrier is required to pay any forfeiture penalty under any provision of this Act, such forfeiture penalty shall not be allowed as an operating expense for ratemaking purposes.".

RECIPROCAL RIGHTS

SEC. 238. (a) For the purpose of ensuring fair and equitable treatment of United States telecommunications enterprises seeking access to foreign markets, the Federal Communications Commission shall have authority to conduct inquiries and establish policies, rules, regulations, and requirements applicable to the entry of foreign carriers or foreign persons supplying telecommunications or information services, facilities, or equipment into domestic United States telecommunications markets upon terms and conditions which are reciprocal with the terms and conditions under which United States persons are permitted entry into—

(1) the foreign nation in which the operations of such foreign persons offering telecommunications or information services, facilities, or equipment is based; and

(2) the foreign nation under the laws of which such foreign telecommunications or information services, facilities, or equipment operations are established.

No other provision of this Act shall be construed to limit or otherwise restrict the authority of the Commission established in this section.

(b) The Federal Communications Commission shall adopt such rules, regulations, policies, requirements, and procedures, and may impose such restrictions upon foreign persons supplying telecommunications or information services, facilities, or equipment as it determines to be necessary or appropriate to carry out the provisions of this subsection and to carry out its determinations under this subsection.

(c)(1)(A) Not later than 120 days after the date of enactment of this Act, the Office of the United States Trade Representative shall compile a list of foreign countries which, by law or administrative practice, do not provide reciprocal rights to United States telecommunications equipment manufacturers. Such list shall be kept current on a continual basis by the Department of Commerce, which shall, upon petition by another United States Government agency, private United States party or foreign entity, revise the list upon the presentation of reasonable evidence to reflect changes in the law or practices relative to the access of United States manufacturers to foreign markets.

(B) Notwithstanding any existing or prospective agreement on telecommunications equipment procurement with a foreign country, such country shall not been deemed to provide reciprocity in access to markets, operations, and rights of ownership unless it is in compliance with such agreement, provides full access to United States telecommunications equipment manufacturers under terms and conditions which do not distort research and development, investment, sales or marketing, and does not encourage or condone practices by its domestic manufacturers or government officials, the effect of which would be to inhibit the sales of United States telecommunications equipment in such country.

(2) Based upon the list compiled in accordance with paragraph (1), it is the policy of the United States Government, if the purchase of foreign telecommunications equipment for regulated or unregulated services is determined to be necessary and in the public interest, to encourage the procurement of foreign telecommunications equipment, including components thereof, from foreign manufacturers located in countries which extend reciprocity to United States telecommunications equipment manufacturers.

(3) The Secretary of Commerce, in consultation and coordination with the Federal Communications Commission and the United States Trade Representative, is authorized to monitor the implementation of subsections (a) and (c) of this section. In addition to the authority granted to the Secretary of Commerce pursuant to section 202(j) of this Act, be necessary to assist him in implementing subsections (a) and (c) and to promote the findings and policies in section 2(3), section 101 (relating to United States technological leadership), section 104(a)(12), section 201 (relating to reciprocity), section 204(a)(1), and section 240.

(4) The Federal Communications Commission and the Department of Commerce are authorized to promulgate such rules and reg-

ulations as may be necessary to implement this subsection.

(d) The President may, within 45 days after approval or disapproval by the Commission of an application by a foreign telecommunications carrier or information supplier, veto such decision for foreign policy reasons if, after consultation with the Secretary of Commerce, the Office of the United States Trade Representative, and the Secretary of State, the President determines that such action is contrary to the national interests of the United States.

SPECIAL PROCUREMENT AND OPEN MARKET SALES REQUIREMENTS

SEC. 239. (a) In the second calendar year after the calendar year in which this Act is enacted, and in each of the following calendar years, the ratio of the gross annual sales of telecommunications products made by any affiliate or any fully separated affiliate of a dominant-regulated carrier to the dominant-regulated carrier, to such sales made to nonaffiliated entities shall not exceed the product of the "access line ratio" times the "access line multiplier", as determined in accordance with this section.

(b) For the purpose of this section the term:

(1) "Telecommunications products" means equipment, related services and software programing commonly used in providing regulated exchange telecommunications service.

(2) "Internal sales" means the sale of telecommunications products made by any affiliate or any fully separated affiliate of a dominant-regulated carrier to such dominant-regulated carrier.

(3) "Noninternal sales" means the sale of telecommunications products by an affiliate or fully separated affiliate of a dominant-regulated carrier to nonaffiliated entities.

(4) "Equipment category" means the categories of telecommunications products defined by the Commission pursuant to this section, which categories shall be defined, as nearly as practicable, on an item-by-item basis so as to afford, with respect to every item, the market test provided by this section.

(5) "Access line ratio" means a fraction having as its numerator the number of customer access lines served by affiliates of a dominant-regulated carrier and having as its denominator the number of customer access lines served by all other domestic carriers providing exchange telecommunications service (except carriers affiliated with a manufacturer of telecommunications products).

(6) "Access line multiplier" means an integer having a value of 10 in the second calendar year after enactment of this section and decreasing by one in each succeeding year until the 11th year after enactment. Thereafter, the access line multiplier shall have a value of one.

(c) The internal sales by any affiliate or fully separated affiliate of a dominant-regulated carrier shall not exceed, for any equipment category, its noninternal sales multiplied by the product of the access line ratio times the access line multiplier, provided however—

(1) that the dominant-regulated carrier shall not be deemed to have violated this section unless it fails to adhere to such limitations on an average basis, over a 3-year period; and

(2) that these limitations shall not apply to equipment that is available to a dominant-regulated carrier from nonaffiliated domestic manufacturers only at prices significantly higher than those they charge contemporaneously to other entities.

(d) Internal sales subject to this section shall be made at prices no greater and under terms and conditions no less favorable than the prices, terms, and conditions extended to nonaffiliated entities.

(e) The purpose of this section is to provide, to the extent practicable, a market test for the prices and other terms under which telecommunications products are purchased by any dominant-regulated carrier from any affiliate or fully separated affiliate. The Commission—

(1) shall issue regulations under which all carriers providing exchange telecommunications service shall report purchases of telecommunications products in such form and for such periods as well enable the Commission to monitor compliance with this section;

(2) shall define equipment categories as narrowly as is practicable in order to achieve the purposes of this section; and

(3) upon a showing of good cause, shall increase or decrease the limitations on internal sales imposed by this section if it finds, with respect to a particular equipment category for a specified period, that an exception is in the public interest and is consistent with the purposes of this section.

(f)(1) Not later than 1 year after the date of enactment of the Telecommunications Deregulation and Competition Act of 1981, and not later than the same date in each following calendar year, the Commission shall make the calculations and other determinations required by this section. The Commission shall specifically determine—

(A) the gross annual "internal sales" and "noninternal sales" in each equipment category during the previous calendar year;

(B) the total average number of customer access lines served by a dominant-regulated carrier domestically during the same period; and

(C) the total average number of customer access lines served by all other domestic carriers providing exchange telecommunications services during that same period.

(2) In making these determinations, the Commission shall use generally accepted statistical sampling and accounting procedures, and shall rely to the maximum extent possible on otherwise generally available information. The Commission shall also consult in a timely fashion with the Attorney General.

(3) As soon as possible following the determinations and consultations required above, the Commission shall make the mathematical calculations required by this section. The Commission shall notify each dominant-regulated carrier of the results of these calculations.

(g) The Attorney General of the United States shall have the right to sue in any district court to enjoin violations of this section by a dominant-regulated carrier, any affiliate, any fully separated affiliate, or any Federal agency including the Commission. The Attorney General may also commence an action in the nature of mandamus pursuant to this subsection in order to obtain compliance with the provisions and requirements of this section.

(h) The Commission shall annually report to Congress concerning the operations of this section. In that report, the Commission shall set forth with particularity difficulties encountered and the progress achieved in obtaining full and fair competition in the telecommuncations products field. Such special report may be included as a separate section in the annual report the Commission submits pursuant to other provisions of this Act.

TITLE III—MISCELLANEOUS PROVISIONS

MANDAMUS TO COMPEL FURNISHING OF FACILITIES

SEC. 301. Section 406 of the 1934 Act is amended by—

(1) inserting "regulated" immediately before "carrier" where it first appears therein, and

(2) striking "interstate" where it first appears therein and substituting "interexchange".

PETITION FOR ENFORCEMENT OF ORDER FOR PAYMENT OF MONEY

SEC. 302. Section 407 of the 1934 Act is amended by inserting "regulated" immediately before "carrier" wherever it appears therein.

GENERAL PROVISIONS RELATING TO PROCEEDINGS—WITNESSES AND DEPOSITIONS

SEC. 303. Section 409(g) of the 1934 Act is amended by striking "common" wherever it appears therein and substituting "regulated".

USE OF JOINT BOARDS—COOPERATION WITH STATE COMMISSIONS

SEC. 304. Section 410(c) of the 1934 Act is amended by—

(1) striking "common" wherever it appears therein and substituting "telecommunications", and

(2) striking "interstate and intrastate" and substituting "interexchange and intraexchange".

JOINDER OF PARTIES

SEC. 305. Section 411(b) of the 1934 Act is amended by inserting "regulated" immediately before "carrier" or "carriers" wherever it appears therein.

DOCUMENTS FILED TO BE PUBLIC RECORDS—USE IN PROCEEDINGS

SEC. 306. Section 412 of the 1934 Act is amended by striking "common".

DESIGNATION OF AGENT FOR SERVICE

SEC. 307. Section 413 of the 1934 Act is amended by inserting "regulated" immediately before "carrier" therein.

LIMITATIONS AS TO ACTIONS

SEC. 308. Section 415 of the 1934 Act is amended by inserting "regulated" immediately before "carriers" or "carrier" wherever they appear therein.

PROVISIONS RELATING TO ORDERS

SEC. 309. Section 416 of the 1934 Act is amended by inserting "regulated" immediately before "carrier" therein.

GENERAL PENALTY

SEC. 310. (a) Section 503(a) of the 1934 Act is amended by—

(1) striking "interstate" wherever it appears and substituting "interexchange";

(2) striking "common" wherever it appears therein; and

(3) inserting "regulated" immediately before "carrier" wherever it appears therein.

(b) Subsection (b)(2)(B) of such section, as redesignated by section 226 of this Act, is amended by striking "common" and substituting "telecommunications".

UNAUTHORIZED PUBLICATION OF COMMUNICATIONS

SEC. 311. Section 605 of the 1934 Act is amended by striking "interstate" wherever it appears therein and substituting "interexchange".

DOMESTIC SATELLITE SYSTEMS

SEC. 312. Title III of the 1934 Act, as amended, is further amended by adding the following new section:

"NATIONWIDE SERVICE BY DOMESTIC SATELLITE SYSTEMS

"SEC. 332. The Commission shall not license, authorize, or permit satellite facilities to be located in the orbital area between 119 degrees west longitude and 135 degrees west longitude unless such facilities are used or are capable of being used to provide essentially the same services to all fifty States of the United States.".

TITLE IV—CONFORMING AMENDMENTS

TITLE 18

SEC. 401. Section 2510(10) of title 18, United States Code, is amended by striking out "'common carrier' by section 153(h) of title 47 of the United States Code" and substituting "'telecommunications carrier' by section 103(43) of the Communications Act of 1934".

CLAYTON ACT

SEC. 402. Section 11(a) of the Clayton Act (15 U.S.C. 21(a)) is amended by striking "common carriers engaged in wire or radio communication or radio transmission of energy" and substituting "telecommunications carriers as defined in section 103(43) of the Communications Act of 1934".

TRANSITION OF COMMISSION AUTHORITY

SEC. 403. All orders, determinations, rules, regulations, permits, contracts, certificates, and privileges, which, pursuant to the provisions of titles II and III of the 1934 Act, as amended—

(1) have been issued, made, granted, or allowed to become effective by the Federal Communications Commission; and

(2) were in effect prior to the enactment of this Act,

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or repealed by the Commission, by any court of competent jurisdiction, or by operation of law.

APPLICABILITY OF ANTITRUST LAWS

SEC. 404. Nothing in this Act shall be construed to affect the applicability of the antitrust laws of the United States or any defenses or remedies (including structural remedies) available thereunder or as expressing in any manner any sense of the Congress with regard to any pending or future litigation or defenses and remedies relating to such litigation to which any person affected by this Act may be a party.

INTERNATIONAL TELECOMMUNICATIONS

SEC. 405. (a) Except as provided in section 223, the provisions of this Act shall not apply to the provision of international telecommunications services or facilities. For the purposes of this section, the term—

(1) "international telecommunications services" means the acceptance, transmission, reception, and delivery of messages terminated or originated outside the United States; and

(2) "international telecommunications facilities" means those facilities intended for the provision of international telecommunications services.

(b) A foreign telecommunications carrier or foreign information supplier or enterprise or entity or foreign person shall not be deemed to include a carrier—

(1) which is a corporation organized under the laws of the United States or any State thereof;

(2) at least 75 percent of whose capital stock is owned by United States citizens, and

(3) which is providing telecommunications services pursuant to a certificate of public convenience and necessity issued by the Commission prior to July 16, 1981.

INTERNATIONAL ECONOMIC COMPETITION EVALUATION

SEC. 406. Every final significant rule or order of the Commission affecting international competition shall be accompanied by an analysis of international economic competition prepared by the Department of Commerce, which shall describe and, to the extent feasible, quantify the effect of such decision on international competition and the viability of the United States telecommunications industry, including, but not limited to, the effect of the action on the ability of United States industry to compete domestically and abroad. In addition, the analysis shall consider whether such action will delay the introduction of new equipment and services, inhibit the cooperation of the United States entities in competing jointly for foreign or domestic business, impose delays on United States firms, provide an advantage to foreign telecommunications carriers or suppliers of information or adversely affect research and development by United States industry.

OVERSIGHT

SEC. 407. The Committee on Commerce, Science, and Transportation of the Senate shall conduct oversight hearings to review the implementation of the amendments made by this Act, not less than once each session of Congress.

EFFECTIVE DATE

SEC. 408. Except as otherwise provided in this Act, the provisions of this Act shall take effect upon the date of enactment of this Act.

SEPARABILITY CLAUSE

SEC. 409. If any provision of this Act or the application thereof to any person or circumstance is held invalid, the remainder of this Act and the application of such provision to any other person or circumstance shall not be affected thereby.

EXTENSIONS OF REMARKS

CRS INTERPRETS HOUSE JOINT RESOLUTION 56

HON. DON EDWARDS
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. EDWARDS of California. Mr. Speaker, the proposed amendment to the Constitution introduced by Mr. MOTTL (H.J. Res. 56) has been promoted as an antibusing amendment. However, in hearings before the Subcommittee on Civil and Constitutional Rights on the status of school desegregation, we are learning that this proposal would do far more than bar the use of this one remedy. In the opinion of several witnesses, it would nullify the 14th amendment so far as that amendment forbids intentional segregation of our Nation's public schools.

The extent to which this proposal goes beyond busing is made clear by an analysis prepared by the Congressional Research Service of the Library of Congress. As noted below, a Federal court, faced with a deliberately segregated school system, would be precluded from alleviating this segregation by ordering any remedy that seeks directly or indirectly to reassign pupils. Such race-conscious remedies include many techniques that opponents of busing have suggested as alternatives to busing: Redrawing of attendance zones, clustering of schools, magnet schools. Without these options, the future of achieving school desegregation is indeed hopeless.

LEGAL ANALYSIS OF HOUSE JOINT RESOLUTION 56 PROPOSING AN AMENDMENT TO THE U.S. CONSTITUTION REGARDING THE ASSIGNMENT OF STUDENTS TO THE PUBLIC SCHOOLS

On January 5, 1981, Representative Mottl introduced H.J. Res. 56 which was referred to the Committee on the Judiciary. That resolution proposes an amendment to the Constitution, to become effective if ratified by three-fourths of the State legislatures within seven years of passage, which provides as follows: "No court of the United States shall require that any person be assigned to or excluded from, any school on the basis of race, religion, or national origin."

Although not expressed in so many words, the apparent intent and probable effect of the constitutional amendment proposed by H.J. Res. 56 would be to limit the remedial alternatives available to the Federal courts in school desegregation cases. That is, it would seem to prohibit the Federal courts from enforcing any desegregation plan or order requiring the transfer or assignment of students to the schools "on the basis of race, religion, or national origin." For purposes of the proposed amendment, it is indifferent whether such a plan is directed to the elimination of segregation de jure in origin, i.e. that which is brought about by the intentional actions of school officials and traditionally condemned by the Equal Protection Clause, or defacto and resulting without the complicity of State or local officials. In addition, the amendment contains no explicit mention of court ordered transportation or busing, but speaks simply in terms of the "assign[ment] to, or exclu[sion] from, any school" for prohibited purposes. Accordingly, while it would seem to clearly preclude the former, it may also extend beyond judicially ordered busing and restrict the court's authority to enforce other more or less traditional "race conscious" remedies in school desegregation cases. These may include the rezoning of school attendance boundaries, new school construction and the closing of obsolete facilities, school consolidations, and the like, which do not entail explicit racial classifications, or necessarily increase transportation burdens, but do have as their ultimate objective the reassignment of students to ameliorate racial concentrations in the public schools. However, because it is framed as a limitation upon the powers of the "United States" courts, the amendment would not preclude resort by the State courts or educational officials to desegregation measures which employ racially based student assignment techniques.

It should also be observed that the reason for inclusion of the term "religion" as a prohibited student assignment criterion along with those of race or national origin is not entirely clear. Whether the sponsores of the proposal are aware of any actual problems in this area, or simply wish to prevent their emergence at some time in the future, is beyond present ascertainment. Nonetheless, since the amendment is not expressly limited to public school students, and would thus include those attending private institutions as well, its adoption could have an effect on Federal judicial authority with regard to sectarian schools whose admission criteria not infrequently include religious background.

With these considerations in mind, it is necessary in order to more fully evaluate the implication of H.J. Res. 56 to briefly survey the course of Supreme Court decisions in school desegregation cases. In Brown against Board of Education,[1] the Court ruled that the Equal Protection Clause of the Fourteenth Amendment forbade State policies mandating the separation of students in the public schools on the basis of race. In striking down State statutes which required or permitted, by local option, separated schools for black and white children, the Court declared that the "separate but equal" doctrine of Plessy against Ferguson[2] has no place in public education.

But the evolution of the Brown doctrine goes further than simply calling for the repeal of regulations that embody invidious racial criteria. Subsequent decisions made clear that State and local authorities who have committed unlawful practices have an "affirmative duty" to abolish the effects of former discriminatory practices "root and branch,"[3] and adopt remedial plans that "promise realistically to work, and promise realistically to work now."[4]

In Swann against Board of Education[5] the Court defined the scope of judicial authority to enforce school district compliance with this constitutional obligation and set forth "with more particularity" the elements of an acceptable school desegregation plan. In eliminating illegally segregated school systems, the Court emphasized, the neighborhood school or any other student assignment policy "is not acceptable simply because it appears to be neutral." Rather, in a system with a prior history of de jure segregation, a constitutionally adequate remedy may require a "frank—and sometime drastic—gerrymandering of school districts and attendance zones," resulting in zones "neither compact nor contiguous, indeed they may be at opposite ends of the city." Accordingly, the lower courts may require school officials to implement plans involving ". . . gerrymandering of school districts . . . [and] 'pairing', 'clustering', or 'grouping' of schools with attendance assignments made deliberately to accomplish the transfer of Negro students out of formerly Negro schools and transfer of White students to formerly all-Negro schools."[6]

The Swann Court also affirmed the limited use of mathematical ratios of white students to black students as a basis for the remedial assignment of students to the schools. "Awareness of the racial composition of the whole school system is likely to be a useful starting point in shaping a remedy to correct past constitutional violation."[7]

In a companion to Swann, the Court in McDaniel against Barresi[8] Stressed the importance of race related student assignment techniques in formulating effective remedies for unlawful segregation. In sustaining a school desegregation plan against allegations that it involved unconstitutional racial student assignments and busing, the Court reiterated the remedial standards set forth in Green and Swann and found that "[i]n this remedial process, steps will almost invariably require that students be assigned 'differently because of their race.' [citation omitted]. Any other approach would freeze the status quo that is the target of all desegregation processes."[9]

The rulings in Brown, Green, and Swann involved jurisdictions, primarily in the South, that had at one time enforced segregation by statute. In Keyes against School District No. 1, Denver, Colo.,[10] however, the

[1] 347 U.S. 483 (1954).
[2] 163 U.S. 537 (1895).
[3] *Green* v. *County Board of Education*, 391 U.S. 430 (1968).
[4] *Alexander* v. *Holmes County Board*, 396 U.S. 19 (1969).
[5] 402 U.S. 1 (1971).
[6] 402 U.S. at 27.
[7] 402 U.S. at 25.
[8] 402 U.S. 38 (1971).
[9] 402 U.S. at 41.
[10] 413 U.S. 189 (1973).

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Court held that the same affirmative constitutional obligation pertains to Northern school districts, without a prior history of statutory dual schools, where segregation is found to be the product of deliberate actions by school officials. Most recently, the Supreme Court affirmed this mandate in upholding the appropriateness of system-wide student reassignment and busing plans in the Dayton and Columbus cases which were found to have been purposely segregated in the past.[11]

In short, the Supreme Court has consistently stressed the need for race and ethnic conscious remedies to desegregate schools and has even stated that "it is unlikely that a truly effective remedy could be devised without continued reliance upon [them]."[12] These plans have usually required consideration of racial factors in making student assignment decisions. Thus, they may involve the direct transfer of students—as where the "pairing," "coupling," of "grouping" of schools is involved—or may accomplish much the same result in a more indirect fashion by school closings, consolidations, or redrawing attendance boundaries so that students in racially concentrated areas are effectively zoned out. The proposed amendment would seem to largely preclude resort by the Federal courts to these traditional desegregation techniques, and as already noted, this would apparently be true whether or not additional student transportation or busing is necessary to implement the underlying student assignment plan.

Although the amendment proposed by H.J. Res. 56 might thus be interpreted as limiting the remedial authority of the Federal courts in school desegregation cases, this may not be the invariable result if the courts seek to construe it with a view to reconciliation with existing judicial precedent under the Fourteenth Amendment. For example, the prohibition on racially based student assignments might be read as forbidding such assignments except as required by the Court's constitutional holdings in Brown and its progeny. Such a construction would harmonize the Fourteenth Amendment and the limitation embodied in the proposal. But instead of this or other possible narrow interpretations induced by desire to reconcile H.J. Res. 56 with existing constitutional authority, the courts may indeed be inclined to read the amendment literally, particularly if such a reading is consonant with a discernible general understanding to that effect both in Congress and the ratifying State legislatures. Moreover, a broad reading is arguably consonant with its status as an article in the fundamental law of the land. If this broader reading prevails, the proposed amendment could effectively deprive the Federal courts of frequently used techniques to desegregate the public schools. As observed, the remedial assignment of students on account of race, either directly, or indirectly, has been the dominant feature of desegregation plans approved by the court since the Green and Swann decisions.

CHARLES V. DALE,
Legislative Attorney,
American Law Division.●

[11] *Dayton Board of Education* v. *Brinkman*, 443 U.S. 526 (1979); *Columbus Board of Education* v. *Penick*, 443 U.S. 449 (1979).

[12] *North Carolina Board of Education* v. *Swann*, 402 U.S. 43, 46 (1971).

TO HONOR THE FOUNDING OF CONGREGATION EMANU EL

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. LEWIS. Mr. Speaker, 90 years ago a small band of Jewish citizens gathered together in the city of San Bernardino, Calif., to establish their first official house of worship as a living symbol of the power of the free human spirit to reach out and find God.

The founding of Congregation Emanu El was a most significant moment in the lives of all the Jewish citizens of the community, for they realized that without the synagogue as the bearer of the religious traditions of their fathers they could neither realize the best that was in them, nor play their historic role in the spiritual life of their descendants.

It is impossible to fully gauge or measure spiritual endeavors, for religion deals with purposes that can never be fully accomplished as well as with goals that are never truly attainable. Still, it is important to note that from its very beginning, the men and women of Congregation Emanu El, whose name means "God is with us," have been leaders in the search for knowledge, education, and understanding. Indeed, within the area, State, and Nation, every educational, social service, and benevolent organization serving their fellow Jews has been supported, sponsored, and maintained in some way by the members of the congregation.

It should also be noted, and with deep appreciation by all, that the members of Congregation Emanu El have not neglected the greater community in which they live, and have given their thoughts, energies, and financial assistance to further every high cause in the life of the community as a whole.

These services and contributions to the well-being of all their brothers and sisters, Jew and non-Jew alike, are the direct outgrowth of the synagogue's teachings of the precepts of Judaism. It may be said that the very essence of Congregation Emanu El is that the thought of God and the contemplation of His moral laws has always resulted in righteous conduct and beneficent behavior.

The congregation, a reform temple that serves orthodox, conservative, and reform members, has been served in 90 years by four rabbis: Samuel Margolis, Jacob Alkow, and Norman Feldheym, who served from 1937 to 1971, and Hillel Cohn, the present rabbi of Emanu El.

It is with pride and thankfulness that I now rise to honor Congregation Emanu El on the 90th anniversary of its official charter, and to state my belief that its members will, in the years to come, continue to give themselves to all manner of good works, which will serve not only as an example of the faith of Israel, but also as a force of good in our midst.●

IMPROVING INTELLIGENCE ANALYSIS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington report for Wednesday, October 14, 1981, into the CONGRESSIONAL RECORD:

IMPROVING INTELLIGENCE ANALYSIS

When asked to think about the nation's intelligence system, many of us envision a thrill-a-minute TV spy episode set in the picturesque capitals of Europe and featuring a James Bond-type hero. There is some truth to that idea, but most intelligence operations are much less dramatic.

The main tasks of the intelligence system are to provide assessments of the present actions and intentions of other governments and to give timely warning of future ones. Good intelligence is vital to the very survival of our country because it supplies policymakers with information and analysis on topics ranging from the world's oil reserves to the Soviet Union's economic plans.

Although analysis of intelligence takes place in several agencies, the Central Intelligence Agency (CIA) has primary responsibility for gathering information from all sources in government and producing estimates for policymakers. The analytical branch of the CIA was set up partly because in 1941 data to indicate that Japan was about to attack Pearl Harbor were not assembled in time. Each year, hundreds of intelligence documents are written, ranging from extensive national intelligence surveys to daily summaries resembling newspapers. The primary intelligence documents are probably the National Intelligence Estimates, reports which attempt to reflect a consensus on a specific topic.

Our technical ability to collect information has improved. We must also improve our ability to analyze the information. We spend a staggering amount on intelligence each year, but lately the quality of the final product has not been uniformly good. Lapses of analysis include the prediction that the Shah of Iran was in no danger, the failure to predict the 1975 coup in Cyprus, and the failure to describe the impressive growth of Soviet military power for a decade. The record is one not of constant failure, but of occasional yet significant failure. We must approach intelligence gathering and analysis in a modern way, blending all relevant political, economic, and social skills.

There is much room for improvement in our analysis of the intelligence information. Major suggestions are these:

Give intelligence a higher priority. Countries which emphasize intelligence because they believe their existence depends on it have good intelligence systems. Likewise, when we put a high premium on intelligence, as we did during World War II, it was

generally excellent. Quality declined when our overwhelming preeminence in the world, the remoteness of nuclear war, and other factors made intelligence seem less important. Now we realize that we were wrong.

De-politicize the process. Intelligence estimates too often seem to be made to justify the views of political leaders. For example, after the Reagan Administration took a different line on Soviet involvement in international terrorism, the CIA retroactively identified more than a thousand terrorist incidents in the previous year which it had not counted earlier. Suggestions for de-politicizing the process include making analysts feel that politically discordant estimates are welcome, and separating top responsibilities so that the politically appointed director of intelligence does not also head the analytical CIA. Besides trying to minimize political interference, we should be aware of the biases it introduces into the process.

Reform internal policies. There should be more dialogue between policymakers and analysts: intelligence estimates should be tailored to meet the particular needs, but not the views, of policymakers so that the most useful products possible are prepared. We should conduct regular evaluation of estimates to see why they succeeded or failed. Also, we should upgrade personnel policies by recruiting analysts from both academic and practical backgrounds, and dropping the uniquely American notion that good analysts should be rewarded primarily with positions in management.

Increase competition among analysts. In some of our recent intelligence failures, key factual information may have been available and some analysts may have reached correct conclusions. However, dissenting views are sometimes smothered in a process which seeks consensus. Melding divergent views into a consensus can lead to a blandness of prediction, a lack of accountability, and reliance on the "lowest common denominator". More competition among analysts is desirable. The analyst must be free to speak his mind, to disagree, to challenge. We should allow competing estimates from different agencies, improve channels of dissent, and set up a board to play "devil's advocate" with conclusions. Competition can also be provided by experts outside the intelligence community.

Broaden external oversight. In Congress, the intelligence committees have given much time and effort to the evaluation of intelligence estimates. This activity should continue. The committees have issued comprehensive reports, and improvements in intelligence agencies have resulted. At present, there is no independent group which performs a similar task in the executive branch. This omission should be corrected by establishing a presidential board of overseers like the one which existed from 1955 to 1977.

Good intelligence is essential to the future of our nation. A great power like the United States cannot survive without a great intelligence service. All of us in government must cast aside our romantic ideas about the spy thrillers and get down to the hard, detailed business of improving our intelligence system. It is no exaggeration to say that the fate of our country depends on it.●

NEED FOR EFFECTIVE CIVIL DEFENSE

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. SKELTON. Mr. Speaker, last Friday, I spoke to the Civil Defense Association at its annual meeting here in Washington. I include herewith my remarks for the RECORD:

At the beginning of my remarks, I would like to review what has happened to the civil defense program in recent years, both in terms of legislative action in Congress and within the various Administrations.

In September, 1978, then-President Carter issued Presidential Directive (PD) 41 which directed that the nation's civil defense program should enhance the survivability of the American population and their leadership, thus enhancing deterrence and stability and reducing the possibility of Soviet coercion during time of crisis. PD 41 also contemplated a "dual use" civil defense to help deal with peacetime disasters and emergencies.

In September, 1979, the House passed my amendment to the Department of Defense Authorization Bill that embodied the thrust of PD 41. It set out the goals and elements that were to be included in an enhanced civil defense program, authorized a 5-year program, and, most importantly, it stated that civil defense would be considered part of the U.S. strategic defense. Unfortunately, this amendment died in Conference Committee.

In 1980, we renewed this effort and we were successful as a similar amendment, minus the 5-year authorization, was adopted by both Houses of Congress and signed into law by the President. Thus, the House, the Senate, and the Administration went on record in support of an enhanced civil defense program.

This year, 1981, we faired just as well during the authorization process. The House, in the Department of Defense Authorization Bill, approved $174 million for fiscal year 1982, an increase of $41.2 million over the Administration request. This was an endorsement of the House Armed Services Committee judgment that this level of funding is needed to implement the D-prime program, a 7-year funding effort to improve population survival in the event of nuclear war, thereby enhancing deterrence and crisis stability.

Unfortunately, we have not met with equal success in the appropriation process over this same period. Our attempts to get adequate funding for the civil defense program have been frustrated at every turn. In the decade prior to the fiscal year 1981 appropriation we saw the resources allocated for civil defense decline steadily. Last year, we did manage a real increase of 10 percent over the fiscal year 1980 level. Although this fiscal year 1981 funding of $123 million was far less than the $167 million needed to begin D-prime last year, a number of us were encouraged. We thought that at least we had turned the corner and could build on the initiatives permitted by this increase, move toward full implementation of PD 41, and have a truly nationwide, comprehensive civil defense program.

The results of this year's battle on civil defense funding during the appropriation process dimmed our optimism somewhat. The HUD-Independent Agencies Appropriations Bill for fiscal year 1982 funds civil defense at $128.8 million, an amount that is even below the $132.8 million requested in the original Carter budget, and endorsed by the Reagan Administration. Although the new Administration endorsed PD 41, apparently it was not ready to push for an increase in civil defense funding so early in its term of office, and in the midst of battles on budget and tax cuts.

Just last Friday, however, the pendulum appeared to swing back in the direction of enhanced civil defense. By including strategic defense, particularly civil defense, as an element in his five point Strategic Program, President Reagan has given us renewed hope that the lofty goals of PD 41 will someday become a reality. For my part, I intend to hold the Administration's feet to the fire on this pledge to expand civil defense. I want to be sure that their commitment to civil defense is no less than their commitment to the MX missile or the B-1 Bomber. I believe all five parts of the President's program are vital to our national security, and my support for the program is contingent on all five being pushed with equal fervor. I guess you could say I'm taking a good old Missouri "show-me" attitude. I've heard promises on civil defense before. Now I want to see the details of their program, the amount of money they are willing to commit to it, and, finally some concrete results, including, specific recommendations to Congress concerning civil defense. The element of strategic defense, which includes civil defense, is just as important to this nation as the elements of the MX missile system, the manned bomber, the upgrading of command and control, and the enhanced submarine ballistic missile program.

If given a chance, civil defense will work. It will save lives both during nuclear war and natural disaster. An enhanced U.S. civil defense program will serve to restore a measure of the strategic balance of power with the Soviet Union which has an active, well-funded, and by all accounts, a workable civil defense program. Moreover, an enhanced civil defense program is affordable, even with today's tight budgets. There can be no greater priority for spending tax dollars than to spend them on a program that will save the lives of U.S. citizens. The total cost of the 7-year D-prime program would be modest $2.3 billion. The 5-year version of the plan, known as the D program, would cost around $2.0 billion. In either case, it is a small price to pay for the lives that would be saved.

It is clear that there is support for an enhanced civil defense program in Congress and among the population as a whole. Last Thursday, seven members of Congress joined me on the floor of the House in voicing their support for an enhanced civil defense in a special order which I called for that purpose. Four others submitted strong supportive statements for the record. This is an outstanding turnout for late on a Thursday afternoon, after the conclusion of legislative business.

In addition, on the House floor on July 17, the Chairman of the House Appropriations Subcommittee on HUD-Independent Agencies, Chairman Boland, told me in a colloquy concerning the D and D-prime programs, "I would be willing to fund a program at that level over that period if it has the administration's support. If we are going to protect the people of the United

States, not only in time of war, but also against natural disasters, this type of program is necessary."

The Administration has now indicated its support. But there is much to be done, and our time is running short. We can no longer afford to study and reevaluate. We must have some action and we must have it now. With your support, I know we can have a comprehensive and effective civil defense for our nation.

I urge your organization to take a strong stand on this issue. The iron is hot now—and we must not let this opportunity pass us by. Your Congressmen and your Senators should have the benefit of your knowledge and your work in the field of civil defense. Let us press forward to insure that civil defense takes its rightful place as part of our national strategic defense program. Together, we cannot fail.●

TIME TO RECALL THE STOCKMAN PROGRAM

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. SIMON. Mr. Speaker, in addition to the very popular "Good Morning, America" show, we perhaps need a new show entitled, "Wake Up, America." Reaganomics, as much as all of us hoped it would work, has produced an economy in recession bloated by high interest rates, growing unemployment, and business failures. I am sure David Stockman would like to alter those figures as he so often does with his figures when he proposes budget cuts that impact on the poor, the aged, and the disabled; but he cannot.

Today our economy is in disarray. New housing starts were at a 937,000 annual rate just last month. That's the lowest rate since 1966. Bankruptcies, during the first 9 months of this year, are up over 30 percent over last year. In the past 2 months over 600,000 more people are without jobs. Savings and loans had a net loss of deposits of $3.5 billion in July and $1.6 billion in August. Plant capacity is operating at only an 80-percent level while real investment in new plant and equipment has not grown in over a year.

When industry produces a bad product such as an auto or a tire, they have to call it in and make the necessary corrections. We should tell David Stockman the time has come to call in his program so America can recover from its effects.●

NEW YORK CITY COUNCIL OPPOSES SOCIAL SECURITY CUTS

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. SOLARZ. Mr. Speaker, I would like to call to the attention of my colleagues resolution 1659 passed by the New York City Council. City council member Miriam Friedlander and 20 other council members resolved to oppose any effort to cut basic social security.

The proposals for cuts in basic social security benefits would drastically affect millions of New Yorkers. The social security system has provided retired workers, widows, orphans, and the disabled with a modest level of income. The financial security, particularly of our elderly, will be severely affected by these cuts. The impact of further cuts advocated by the Reagan administration is a serious matter deserving our immediate attention and strongest opposition. I therefore, would like to bring this issue to the attention of my colleagues.

Mr. Speaker, I am inserting this resolution stating the New York City Council's strong objections to social security cuts in the RECORD:

RESOLUTION CALLING UPON THE COUNCIL OF THE CITY OF NEW YORK TO OPPOSE ANY EFFORT TO CUT BASIC SOCIAL SECURITY BENEFITS

(By Council Member Friedlander; Also Council Members Alter, Codd, Dryfoos, Eisland, Foster, Gerena-Valentin, Gerges, Greitzer, Horwitz, Katzman, Kaufman, Messinger, Michels, Orlow, Pinkett, Ryan, Silverman, Stern, Wallace, Williams)

Whereas, the Social Security system was created in 1935 to provide a basic level of income for aged retired workers; and

Whereas, the law has been amended over the years to cover the dependents of workers (Old-Age and Survivors Insurance) and to cover the varied needs of older Americans—including Disability Insurance and Medicare; and

Whereas, Social Security is a system in which each generation of workers provides funds for the old-age support of the previous generation in the expectation that the following generation will support them; and

Whereas, approximately 90 percent of all "working" Americans are covered by Social Security and depend on receiving the future benefits they have earned in their work careers; and

Whereas, proposals are being made to raise the age of retirement to 68, to reduce the benefits received by those persons retiring at age 62 from 80 percent of normal to 55 percent, to eliminate the $122 per month minimum Social Security payment, and to eliminate or reduce the cost of living increases for those receiving benefits; and

Whereas, these proposals would drastically alter the Social Security system, drastically cut the benefits workers can expect to receive, and rob many senior citizens of the minimal financial security they have worked hard to achieve: Now, therefore, be it

Resolved, That the Council of the City of New York opposes any effort to cut basic Social Security benefits.●

JUSTICE BOEHM PAYS TRIBUTE TO MAJOR FANTIGROSSI

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. HORTON. Mr. Speaker, on October 4, 1981, one of Rochester's finest police officers, an individual who served our community with great distinction and dedication, was honored at a testimonial dinner on the occasion of his retirement from the Rochester Police Department. His colleagues on the force, as well as individuals from the Rochester area, participated in a memorable and moving evening.

I was seated at the head table along with the following: Monroe County District Attorney Donald O. Chesworth, Jr.; Hugh H. Higgins, senior resident agent, Federal Bureau of Investigation; Delmar E. Leach, chief of police, Rochester, N.Y.; David O. Boehm, Supreme Court Justice, 7th Judicial District; Richard "Dick" Tobias, announcer, WVOR, and master of ceremonies; Anthony L. Fantigrossi and his wife, Kathleen; Andrew P. Meloni, sheriff, Monroe County; and Father Albert DePascale, pastor, St. Anthony of Padua Church.

Tony Fantigrossi enjoyed a unique place on the Rochester police force and in the Rochester area. As chief of detectives, Tony established an impressive record of achievement. As a recipient of 12 letters of commendation from the department, Tony stood as a fine example to younger police officers. In this regard, his considerable experience contributed to this success as a member of the police department's teaching staff in criminal science.

Justice David O. Boehm, of the New York Supreme Court, 7th Judicial District, as the evening's principal speaker, spoke impressively about the many difficulties police officers must face. Justice Boehm raised a number of good points which I am pleased to bring to the attention of my colleagues.

The text follows:

From isolated incidents reported in the various news media, we have fashioned for ourselves a stereotyped image of the police officer . . . We see the brutal cop, the racist cop, the grafting cop, the discourteous cop. What we do not see, however, is the image of thousands of dedicated men and women struggling against almost impossible odds to preserve our society and everything in it which we cherish.

There is a world of difference between encountering individuals in courts or mental-health or correctional settings and facing them as the policeman must: when they are violent, hysterical, desperate. When you put the uniform of a police officer on, you lose the luxury of being a criminologist sitting in an air-conditioned office with pipe and books, calmly discussing with a rapist or

armed robber the past problems which had led him into trouble with the law.

Such offenders seem so innocent, so harmless in a sterile setting of prison. The often-terrible crimes which they had committed are long since past.

But as a police officer you encounter the offender as a very real menace to the personal safety and security of our society. The felon is no longer a harmless figure sitting in blue denims across a desk, a "victim" of society to be treated with compassion and leniency. He becomes an armed robber fleeing from the scene of a crime, a crazed maniac threatening his family with a gun, someone who might become a killer crouched behind the wheel of a car on a dark street.

Like crime itself, fear ceases to be an impersonal and abstract thing. It becomes something which a cop regularly experiences.

The average citizen raised in a comfortable middle-class home, has always been insulated from the kind of human misery and tragedy which becomes part of the policeman's everyday life. The often-terrible sights, sounds and smells of a job haunt him hours after he takes off the blue uniform and badge.

As a police officer, you find that the victims of crime cease to be impersonal statistics. The average citizen never gives much thought to those who are victimized by criminals in our society. Now the sight of so many lives ruthlessly damaged and destroyed by the perpetrators of crime leaves the police officer preoccupied with the question of society's responsibility to protect the men, women and children who are victimized daily....

And soon the daily stresses begin to take their toll. He becomes sick and tired of being reviled and attacked by criminals who frequently find a most sympathetic audience in the media and with the community organizations eager to understand their side of things and provide them with "another chance". One grows tired of living under the ax of the same news media and community pressure groups who appear eager to seize upon the slightest mistake made by you or a fellow police officer.

As a law professor or judge, one enjoys the luxury of having great amounts of time in which to make difficult decisions. As a police officer, however, you find yourself forced to make the most-critical choices in a time frame of seconds rather than days: To shoot or not to shoot, to arrest or not to arrest, to give chase or let go—always with the nagging certainty that others, those with great amounts of time in which to analyze and think, stand ready to criticize or judge you for whatever action you might take or fail to take....

Your work is very complex—yet most people think it simple and straightforward. The average clinical psychologist or psychiatrist should be invited to function for just a day in the world of the policeman, to confront people whose problems are both serious and in need of immediate solution. They should walk, as the cop does, into a smoke-filled pool room where five or six angry men are swinging cues at one another. The prison counselor or parole officer should see their client, Jones—not calm and composed in an office setting but as the street cop sees him: beating his small child with a heavy belt buckle, or kicking his pregnant wife.

They, and everyone in our country, should see the ravages of crime as the cop on the beat must: innocent people cut, shot, beaten, raped, robbed and murdered. It would give everyone a different perspective on crime and criminals and the work the police officer does.

Yet, for all the human misery and suffering which police officers must witness in their work, one must be impressed at the incredible humanity and compassion which seems to characterize most of them. The stereotypes of brutal, sadistic cops are time and again shattered by the sight of humanitarian kindness on the part of the thin blue line....

One would be repeatedly surprised at the ability of patrolmen to withstand the often-enormous daily pressures of their work. Long hours, frustration, danger and anxiety—all are in stride as just part of the reality of being a cop. There would be the humbling discovery that the men in blue are simply human beings with definite limits to the amount of stress they can endure in a given period of time.

Society demands too much of its policemen: not only are they expected to enforce the law but to be curbside psychiatrists, marriage counselors, social workers and even ministers and doctors....

I have often asked myself the questions: Why does a man become a cop? What makes him stay with it? I don't know from personal experience, but I can guess at it. Perhaps it is because when they come home and take off the badge and blue uniform they do it with a sense of satisfaction and contribution to society that one doesn't know in any other job....

For too long now, our educational institutions have conveyed to young men and women the subtle message that there is somehow something wrong with "being a cop." It's time for that to stop. A cop like Tony gives us the reason and the example why it should.●

IMPACT OF THE PAY CAP AT THE FBI

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. WOLF. Mr. Speaker, in response to my request, FBI Director William H. Webster provided me with information regarding the impact of the Federal salary ceiling on retirement and career advancement of Federal Bureau of Investigation employees.

In 1978, 20 senior executives retired with 65 percent doing so at the minimum eligibility age; in 1979, 35 such employees retired with 80 percent doing so at the minimum eligibility age; and in 1980, 42 senior executives retired with 90 percent having left immediately upon reaching minimum retirement eligibility age.

The exodus of high caliber talent continues throughout Government.

I include the text of the FBI fact sheet at this point in the RECORD:

THE IMPACT OF THE FEDERAL SALARY CEILING ON RETIREMENT AND CAREER ADVANCEMENT OF FEDERAL BUREAU OF INVESTIGATION EMPLOYEES

The FBI has 7,758 Special Agents (SAs) assigned throughout the United States and abroad. Approximately 16 percent, or 1,255 SAs, are assigned to management/supervisory positions in Grades GS 14 through GS 18 at FBI Headquarters in Washington, D.C., and throughout 59 field offices and 12 foreign offices.

The extremely complex and sensitive nature of the FBI's nationwide law enforcement responsibilities requires that its managerial personnel be extremely dedicated, highly trained and uniquely flexible with the capability of adjusting to long and continuous working hours, rapidly changing conditions and crisis situations. Management personnel are often required to make on-the-spot decisions on matters of great consequence which sometimes involve life or death circumstances. Such responsibility dictates that management personnel be trained in various aspects of the FBI's operations, requiring several transfers, many years of on-the-job training, and experience at various levels as a career executive employee advances through the ranks.

It is becoming increasingly more difficult to attract and retain the best qualified managerial candidates into management/supervisory positions. One of the principal factors contributing to this difficulty is our inability, due to the FSC, to adequately compensate personnel with salaries that are commensurate with their levels of responsibility. The adverse impact of the FSC within the FBI has been felt primarily in two areas: (1) the recruitment of investigative personnel into the management/supervisory positions; and (2) the retention of senior executive personnel beyond age 50, the minimum retirement eligibility age. With regard to the former, an increased number of potential supervisors are withdrawing from our Career Development Program (CDP), the name for our system of managerial advancement, since there is no financial incentive to justify their acceptance of an often costly transfer coupled with added responsibilities. For example, in 1979, 27 SAs and in 1980, 308 SAs withdrew from the CDP. During these same two years, 6 and 14 SAs, respectively, voluntarily stepped down from the position of Field Supervisor, a key management position. With regard to the latter, it should be noted that under the current Federal Civil Service Retirement System for Federal law enforcement officers, FBI SAs are eligible to retire at age 50 with 20 years of service and must retire at age 55 with at least 20 years of service. Participating employees contribute 7½ percent of their annual salaries into the retirement fund and annuities are based on a percentage of the "high-3" salary years.

In 1978, 20 senior executives retired with 65 percent doing so at the minimum eligibility age; in 1979, 35 such employees retired with 80 percent doing so at the minimum eligibility age; and in 1980, 42 senior executives retired with 90 percent having left immediately upon reaching minimum retirement eligibility age.

A recent survey revealed the following FBI executive personnel in Grades GS 14 through GS 18 will be eligible to retire over the next four years: 24 as of December 31, 1981; 48 as of December 31, 1982; 33 as of December 31, 1983; and 32 as of December 31, 1984. Each retirement of a top-level executive normally results in at least one replacement transfer. Each transfer costs the Federal Government an estimated $10,000.00. Also, each time an SA retires, a new SA must be recruited and investigated at a cost of approximately $5,000.00 each, and subsequently trained at an estimated

cost of approximately $8,000.00 in order to maintain a full complement of personnel. The advantages to the Government of retaining a top-level executive beyond the minimum retirement eligibility age are obvious, particularly since ages 50–55 are within the peak performance level for an executive employee.

The inequity of the FSC and its impact on the FBI can best be illustrated by the following: With the 4.8 percent salary increase scheduled to become effective for Federal employees on October 1, 1981, a Field Supervisor in Grade GS 14, Step 5, will reach the FSC and begin earning the same salary as his superior, the Special Agent in Charge (SAC). The SAC would normally have greater seniority in FBI service; he would have experienced several transfers; he would have served in other managerial positions; and would have far greater responsibility as the SAC of a field office than a Field Supervisor. A Grade GS 13 investigator with no management responsibilities assigned to the lowest cost of living area of the country can make within $1,000.00 annually of the salary of an Assistant Director, the top career management position in the FBI. These examples of the disparities created by the current FSC are only two of the many that could be cited throughout the FBI.

It is also noteworthy that retirees under the Federal Civil Service Retirement System receive Cost of Living (COL) increases on an annual basis. An employee being compensated at the same maximum salary rate for three years has little incentive to remain in Government service once he has reached retirement eligibility since absent a raise in the FSC, he will gain little in retirement income by remaining in Government service. There is, however, an incentive to retire since he will receive the annual COL increase. An increase in the FSC would serve as an inducement to remain in Government service since an employee, in addition to earning a larger salary, would increase the base of the "high-3" salary years.

The above demonstrates the problems being experienced by the FBI in the area of career advancement as a result of the FSC.●

MEDICAL SCHOOLS BECOME AGE CONSCIOUS IN CURRICULUM

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. BIAGGI. Mr. Speaker, I was pleased to read in this morning's New York Times an article discussing the increased number of medical schools in the United States which are offering standard courses in geriatric medicine. My interest in this topic stems from a hearing I conducted in 1978 as chairman of the Subcommittee on Human Services of the House Select Committee on Aging. In that hearing, I disclosed that less than half of all American medical schools offered courses in geriatric medicine—and even fewer nursing and allied health schools provided these courses. I also pointed out that our Nation had but 1 chair of geriatric medicine whereas Sweden had 2 and Great Britain had 10.

Therefore, it was most heartening to read this morning that the number of medical schools offering courses in geriatric medicine has grown from 60 in 1978 to 81 at the present time. This is a most important development even if it is a little overdue.

The realities of demography are that the elderly are the fastest growing segment of our population—and of particular relevance to the medical community—the 75 and over segment—the so-called frail elderly—are the fastest growing segment within the elderly category. It is therefore imperative that our doctors and all health personnel become more age sensitive in this profession. Our Nation needs to have properly trained health professionals capable of providing geriatric care. I hope this trend will continue in the years ahead.

At this point in the RECORD I wish to insert the article from the New York Times entitled "Medical Students Learning To Be Aged," by William Robbins.

MEDICAL STUDENTS LEARNING TO BE AGED

(By William Robbins)

PHILADELPHIA, Oct. 13.—Students age quickly here at the Medical College of Pennsylvania—in an instant, in fact. The consolation is that, unlike the patients they will treat one day, they recover their youths just as rapidly.

For Carol Most Levin, 22 years old, it happened as she sat in one of more than 100 seats in a bowl-shaped lecture hall. As she followed special instructions designed to make her act like an old person, she could barely scrawl her notes on the lecture she was hearing from Deborah D. Shain, coordinator of the college's new geriatrics course.

A half hour later, as Mrs. Levin fumbled with stiffened fingers through library cards and then, like an arthritic cripple, nudged the book she sought off a shelf, she said:

"There's this feeling of embarrassment. I feel like I'm taking too long. People are looking at me, and I'm getting in people's way. I know I'll be going home and making dinner as usual tonight, but I'll be much more aware of the problems many of the elderly have in doing just ordinary things that we think nothing about."

RESPONSE TO POPULATION SHIFT

Mrs. Levin's problems were created for her as part of a required four-year program of geriatric courses at the Medical College of Pennsylvania, which is one of a fast-growing number of American institutions now putting increased emphasis on the teaching of geriatrics, moving in response to a rapidly rising proportion of the elderly in the United States population.

The college is among 81 medical schools that teach some form of geriatric medicine out of a total of 126 medical schools in the United States, in 1978, according to the American Association of Medical Schools, only 60 out of a total of 124 offered courses in geriatrics.

The trend has been stimulated by data showing that the percentage of Americans 65 years old and older has nearly tripled in the 20th century and is expected to double again in the next 50 years, to about 20 percent of the population, and those at still more advanced ages are increasing at nearly as great a rate.

Meanwhile, according to a study by the National Institute of Medicine, increasing specialization among physicians raises questions about the quality of care for the aged. Such specialization, the study said, "is often ill-suited to the care of people who have multiple, chronic medical problems."

DIFFERENT SPECIALTY EACH YEAR

The first-year course at the Medical College of Pennsylvania focuses on psychological and social problems, the second year on the biology of aging and the third year on clinical aspects of geriatric medicine, while the fourth year allows for several clinical electives.

As part of the new first-year course, the faculty the other day conducted a sensitizing session of a kind that has been used in some instances to prepare specialists to deal with the aging, though members said they were unaware of any previous use of the technique in introductory college courses. In the session, which they called "an experiment in instant aging," they simulated conditions requiring the students to function against obstacles that are faced daily by many elderly patients.

"You have to realize they are people like everybody else," said the lecturer, Mrs. Shain, a psychiatric counselor. "They are merely at another stage in life." A problem is that, because of their dependency, "many appear to their attending physicians like three-year-olds" and are treated as such, Mrs. Shain added.

Early in her lecture, she instructed each student to use the other hand to take notes. The results were shaky scrawls, painfully made, that were nearly illegible.

CREATING VARIOUS INFIRMITIES

Later she divided the class of about 100 first-year students into several groups, in each of which several infirmities were represented. For Mrs. Levin, as for several others, the handicap of arthritis was created by the simple device of taping fingers and thumbs together. Even the simple task of extracting a pen from a handbag and removing its cap then became a major undertaking.

Mary O'Connor, 24, her ears plugged with cotton and her hands in rubber gloves, was sent off to use the telephone. Joining her group for discussions after trying to obtain a number from a telephone operator, she said:

"It sure makes you want to stay young. It was horrible. I had to ask her to repeat the number twice, and I could just sense her thinking 'who is this dummy?' "

"I couldn't make it," said Ann Spangler, 27, who had been sent in a wheelchair to try to use a restroom. "It was frustrating. I had no idea how much trouble it would be."

Some were given fading eyesight with grease-smeared glasses and others halting footsteps with beans placed in their shoes or with walkers—metal stands to lean on—as they shuffled toward a bus stop.

As they shared their experiences on returning to their groups, most spoke of anger and frustration over even their temporary infirmities.

"The difference," said Mrs. Levin, "is that I can take the tape off my hands and it's all over." But the memory, she thought, might be indelible.●

HONORING LIVINGSTON BIDDLE

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. MURTHA. Mr. Speaker, Livingston Biddle will soon be leaving his post as Chairman of the National Endowment of the Arts, but the legacy of his tenure as Chairman will last for decades to come.

It was a distinct pleasure for me to work with Mr. Biddle through the Interior Appropriations Subcommittee. He brought the enthusiasm, dedication, and spirit which are so much a part of his own personality to his work for the Endowment with a result that has spearheaded new directions and purpose to the arts in America.

One of the areas that I worked with him most happily on was increasing the role of the Endowment in encouraging arts in rural and nonmetropolitan areas. Prior to his chairmanship, the Endowment had directed most of its energies to the large, metropolitan arts efforts. While their success was significant, Livingston Biddle felt the Endowment could do more, and with tireless enthusiasm, he traveled throughout all parts of America to spread the role of arts in the lives of our citizens.

In his work with our subcommittee, he was thoughtful, innovative, and realistic. I feel I can speak for all the members and staff in expressing our respect for the leadership he gave to the Endowment.

While Livingston Biddle is leaving his post as Endowment Chairman, I know he will not be leaving his enthusiasm or dedication for the development of the arts. I am certain he will continue his efforts in some role; and I am certain the arts of our country will be better for his efforts.

One thing about Livingston Biddle was that he was also a man with humor and perspective about himself and his role. Thus, I pass along this anecdote:

Earlier this year Mr. Biddle and his wife Catharine spent several weeks in China, at the invitation of the Chinese Government. When being introduced to a group of cultural leaders outside Peking, the Arts Endowment Chairman was surprised to hear himself referred to as a swan by the local cultural minister. Mr. Biddle asked his interpreter about it, who replied, "I'm very sorry—the minister has his birds confused. He meant to say lame duck."

But for those of us who have worked with him, the first description was much truer. The Government can never have too many workers like Livingston Biddle who provide so much to the people and the Nation. We will miss him in the Government; but I know the arts will continue to benefit from his efforts.●

TRIBUTE TO REV. ROBERT P. HUPP

HON. HAL DAUB

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. DAUB. Mr. Speaker, the Nebraska Society of Washington, D.C., is privileged to honor Rev. Robert P. Hupp as the Distinguished Nebraskan of 1981. During his 41 years in the priesthood, Father Hupp's selfless dedication has earned him the appreciation and the admiration of those in every parish and community that he has served.

Our wish to Father Hupp is that his life may be as richly blessed as the lives of those he has touched, and I am pleased to share with my colleagues a summary of this respected gentleman's service to the people of Nebraska.

Father Hupp has been Executive Director of Father Flanagan's Boys' Home since 1973, during which time he helped establish the Boys Town Institute for Communication Disorders in Children and the Boys Town Urban Program. For three years prior to his Boys Town appointment, Father Hupp was Vicar General of the Archdiocese of Omaha.

During his more than 40 years of service to the Roman Catholic Church in Nebraska, Father Hupp has served several parishes. He was founding pastor of Omaha's Christ the King Church, which he continued to serve as pastor for 20 years. He also served as pastor at St. Mary's Church in Wayne, Nebraska, as well as assistant pastor for three Omaha churches: St. Mary's Church (1946), St. Margaret Mary's Church (1942-1943) and St. Bridget's Church (1940-42). In addition, Father Hupp was Chaplain of the Home of the Good Shepherd and Director of the Omaha Catholic Youth Organization from 1946-1950.

Currently, Father Hupp is a member of the Executive Board of the Mid-America Council of the Boy Scouts of America. He also sits on the Board of Directors of United Way of the Midlands, the Board of Trustees of the City of Hope National Medical Center and the National Advisory Neurological and Communicative Disorders Stroke Council. Having served the United States Navy for three years during World War II, Father Hupp remains an active clerical member of the American Legion.

As a compliment to his many appointments, Father Hupp has received numerous awards during his long career of service. He holds honorary doctorates from the University of Nebraska at Omaha, the Catholic University of America in Washington, D.C., and Mount St. Mary's College in Emmitsburg, Maryland. He also has been honored by alumni chapters of Notre Dame and Creighton Universities, and is a member of the National Jesuit Honor Society (Alpha Sigma Nu). Father Hupp has received a National Idealism Award from the City of Hope, and outstanding service awards from the United Nations Association of the USA, the Fraternal Order of Eagles and the (Omaha) Jewish Community Center. He is a Clergy Knight of the Equestrian Order of the Holy Sepulchre of Jerusalem.

Father Hupp is a native of Wheeler County, Nebraska. He graduated from St. Boniface High School (now Pope John XXIII High School) in Elgin, Nebraska, and attended Kenrich Seminary and St. Louis Preparatory Seminary, both in St. Louis, Missouri. He was ordained to the priesthood on May 18, 1940, at St. Cecilia's Cathedral in Omaha.●

ARROWHEAD CHAPTER OF HADASSAH HONORS LENORE SCHON

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. LEWIS. Mr. Speaker, women of Hadassah have played a remarkable role in the rebirth and survival of the State of Israel. Their concerns found expression in a vast network of medical programs, child rescue efforts, and significant educational projects. The combined energies and talents of many caring people made this all happen.

Lenore Schon is one of these caring people. She has been a loyal, devoted, and active member of Hadassah for 30 years. She has been the guiding force for Arrowhead Chapter's successes serving as president and in other numerous positions of leadership whenever and wherever needed. Her devotion and talents have certainly helped to keep the chapter together.

Her capabilities have been recognized on the regional level as well, as she has been elected to serve as program co-vice president of the southern Pacific coast region of Hadassah. Lenore has also served the community as a member of the San Bernardino Board of Realtors, is a vice president of our temple sisterhood, cochairs the temple education commission, and is involved in numerous time-giving pursuits.

Lenore is a graduate of UCLA and did graduate work at Columbia University. Her professional career has included being a certified social caseworker, a teacher, school psychologist, nursery school director, jeweler, and real estate broker. Her family life lovingly encompasses being a wife, mother, and grandmother—her favorite role.

In appreciation of her valued service, the Arrowhead Chapter of Hadassah is paying tribute to Lenore Schon on October 28, 1981, at their annual "Supply Shower Tribute Luncheon." Mr. Speaker, I join with the members of the Hadassah in expressing my profound gratitude and deep admiration to Mrs. Schon.●

DISINFORMATION

HON. ROBERT J. LAGOMARSINO
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. LAGOMARSINO. Mr. Speaker, a campaign of disinformation by the Soviet Union is the main theme of the novel "The Spike." The factual basis for the novel has been well documented, but to reinforce the importance of the message of that book, I would like to bring to my colleagues' attention a commentary entitled "The Other Wars" from the June 1981 issue of The American Bulletin.

In addition to describing the decades-long campaign of the Soviets to carry on the war of disinformation, the commentary also pays tribute to my good friend and colleague on the Foreign Affairs Committee, the Honorable ED DERWINSKI, of Illinois. I share my colleague's interest in supporting U.S. activities, such as our international radio braodcasts, to help counter the Soviet campaign of lies and distortions and their wars of terrorism, underground movements, and national liberation.

The commentary follows:

THE OTHER WARS

THE COLD WAR

The first in importance of the no-shooting wars was the cold war, a misnomer given to that state of Soviet expansionism after the second world war. Already during the war, the Soviet Union was preparing for what was to be known as "peaceful co-existence" in Soviet terminology and "cold war" in our language. In Nazi concentration camps, communist inmates had wormed their way into positions of guards and informers, taking on many lesser duties for their Nazi masters which placed them in control of fellow prisoners. While Western allies were concerned only with defeating the enemy and ending the war, communists were operating on orders from Moscow, preparing for the elimination of co-prisoners, potential democratic leaders of peacetime Europe, in the closing days of the war. To cite one case of many: Edward R. Murrow, one of America's ablest and bravest journalists, knew of the Moscow plot and as he entered Nazi concentration camps with the liberating American army, sought to save the intended victims of communist treason, among others Dr. Peter Zenkl, Lord Mayor of Prague, who was by then in greater danger from communist prison inmates than from the defeated Nazis.

Long before victory, the Soviets were already pursuing plans for the permanent takeover of Nazi occupied lands, the Baltic States, Poland, Hungary, Czechoslovakia, etc., and gave no assistance to the population they were supposedly liberating unless Communist Party leaders were in control of the uprising of liberation movement. The Warsaw uprising was doomed from the beginning; the Slovak uprising in 1944, supported at first by Communist guerrillas and liaison groups of the advancing Red Army, was given little assistance when it became evident that democratic Slovaks in the army and the people themselves could not be ousted from the forefront of the liberation movement.

The Yalta agreement was totally disregarded by co-signer Stalin. Yalta, which was to have facilitated the last stages of the war, the postwar demobilization, and ensured an organized transition, turned out to be Communist enslavement. Free elections, promised by Yalta to the liberated countries, were never held; instead, Stalin's forces moved in; with the Red Army came the Communist stooges from Moscow and the new Communist government.

The Communist great enterprise was made easier by the fact that the Red Army "liberated" the capitals: Berlin, Warsaw, Budapest, Prague. General Patton, on the very threshold of Prague, was ordered not to enter the city. Against his will, the American general had to forfeit the honor of liberating Prague to the Red Army, which marched in two days after the fighting was all over. In giving his order to Patton, Commander-in-Chief Dwight Eisenhower was thinking militarily, not politically, not of postwar situations and the future. Only Vienna had the good fortune of being occupied by the Four Powers—Britain, France, the United States and the Soviet Union—and the Western Allies stayed as long as the Soviets.

When the Communists, under Stalin's guidance, took over Czechoslovakia in 1948—they had to postpone the takeover in 1945—Washington finally became sufficiently alarmed to take some preventative steps to stop the Soviet avalanche in Europe. President Truman supported General Marshall's Plan to aid the exhausted countries of Western Europe. (Communist countries of the Eastern bloc were not permitted by Stalin to participate in the Marshall Plan for the rehabilitation of Europe). Communist expansion was thus slowed down, but not stopped; it simply would take Moscow longer to put into action its long-term plan of conquest.

THE COLD WAR IN RETROSPECT

The struggle for the survival of a free West is known as the cold war; it was a delaying action, but always on the defensive. Fortunately, it gave the Western democracies valuable time to recuperate economically and to get a sure footing in government.

Yet to this day some misguided Americans, in their avid search for truth, go so far as to say that Washington had reacted too strongly to the cold war; that, in fact, the dangers of the cold war were a thing of our own imagination; that we not only saw danger where there was none, but that actually we were the ones responsible to a great degree for the cold war. We are good at undermining our own efforts.

WAR OF DISINFORMATION

It takes some doing to forget or to distort historical facts of such clarity and magnitude. The distortion was made easier by a war of another kind, by the war of disinformation, which has been waged against us with considerable success for three decades and more.

We in the West are now witnessing a Soviet peace campaign to disarm Western vigilance and comprehension. Moscow has not been doing to a well militarily in Afghanistan and politically in Poland and elsewhere so it is time to switch tactics, to divert our attention. Frequently, Moscow accuses others of doing precisely what it has been shown to have done.

The KGB's International Information Department, in charge of "disinformation," has been reorganized and is now the directing center of the anti-U.S. propaganda effort (as reported by CIA Deputy Director for Operations John McMahon to the closed House Intelligence Committee). The Soviets are now spending from $3 billion to $4 billion a year on anti-U.S. covert action and propaganda. This does not include the activities carried on by Cuba and East European countries of the Soviet bloc.

"The Soviets have established a worldwide network of agents, organizations, and technical facilities" (see American Bulletin, May 1981).

ORGANIZED DECEIT

In the war of disinformation, organized deceit plays an important role in Soviet foreign policy. Lenin saw this very clearly when he planned the campaign in 1921: "To tell the truth is a petty bourgeois habit whereas for us to lie is justified by our objectives. Capitalists the world over and their governments will close their eyes on these activities and will become blind as well as deaf-mutes. They will send us credits which will, in turn, serve to finance the Communist Party in their countries. They will supply us with equipment and the technology that we lack and will help us to rebuild our military industries which we need to launch victorious attacks against our suppliers. In other words, they will always work to prepare their own suicide." How prophetic were the words of Lenin to Tchitcherin, his commissar for foreign affairs!

The International Department of the Communist Central Committee of the Soviet Union is run by the veteran Stalinist Boris Ponomarev. The ultimate goal of the KGB plan is the undermining of government authority in Western countries, which is to bring about the strategic defeat of enemy No. One, the United States, and the NATO Alliance, without having to fight a war.

In the United States, we cooperated very nicely with Mr. Ponomarev by undermining, almost ruining the CIA, by turning Vietnam into a debacle, military and moral, by lowering military defenses, and above all, by criticizing brutally our own government, closing our eyes to Soviet sins and finding impossible excuses for Soviet behavior. Some opinion-makers went so far as to claim that the United States was responsible for the cold war.

KGB training schools have manuals which describe "active measures" to be taken. High on the list for undermining a nation's morale are: character assassinations to discredit Western leaders; covertly sponsored strikes and demonstrations of innocent do-gooders; alienation of the young generation so that it would lose faith in our principles; the spreading of false information to drive a wedge between the United States and our Western allies; the infiltration and manipulations of New Leftist groups; secret support of terrorists; and finally misuse of the Western press and other media.

CAMPAIGN OF ANTI-AMERICAN LIES

Disinformation, Soviet style, is divided into several categories: Forgeries and false rumors; written and oral disinformation; "gray" or unattributed propaganda; "black" or falsely attributed propaganda; clandestine radio stations; political blackmail; religious drives for peace; deception game, and others. The Hon. Edward Derwinski (R-Ill) saw fit to publish the excellent summary of William Parham of Norwich, Conn. (Bulle-

tin, April 14, reprinted in the Congressional Record, May 18, 1981).

How is it done? Soviet Ambassador to Zambia warns the Zambian President that Soviet intelligence has learned that British and American intelligence are plotting to overthrow him and advise him to cancel his trip to London and Washington. A similar plan had been used by the British and Americans to overthrow Nkrumah of Ghana, say the Soviets. The false rumor misled the Africans to abandon the proposed vist.

Forgeries of documents are numerous. In the 50s, the Communists put out a clever facsimile of Ceské Slovo, newspaper published by Czech exiles in Munich. Not only was the type, quality of paper identical with the original, but also the mailing list was complete; unsuspecting subscribers in Europe, Canada and the United States received the "last copy" of the allegedly defunct newspaper; the contents imparted the sad news of the demise of political exiled leaders and their organ.

"Black" propaganda perpetrated by Tass and Pravda of Moscow and such media often gives out statements by Western politicians and well-known Western newspapers out of context and in "flatly false fashion." For instance, the Soviets used a forged U.S. State Department airgram urging U.S. embassies in Western Europe (1979) to collect information useful in bribing or eliminating foreign trade competition. Although the London Times promptly labeled the story a forgery, Tass insisted that the Times had authenticated the document.

Much time is spent on manipulation and control of foreign media "assets," news reporters, editors and media. Former Newsweek senior editor Arnaud de Borchgrave makes this the main theme of his novel "The Spike."

The Czech defector Ladislav Bittman, former deputy chief of the Disinformation Department of the Czech intelligence service, told a Congressional committee that a relatively high percentage of Soviet bloc secret agents operate as journalists. They are understandably a great asset to Communist intelligence.

Secret agents operate in many ways. Many secret American documents that the Soviet bloc intelligence is able to steal here from U.S. government sources after a while come back to the United States. "The document is then leaked to the press with the assumption that its publication will either hurt the Administration's public image, widen the gap between the United States and their foreign allies, or hurt the country in some other way," said the defector, Ladislav Bittman. This is particularly true in America with its tradition of freedom of the press and its aggressive competition policy.

Agents of influence, such as government officials, political figures, scientists, etc. are knowingly or unwittingly useful participants in the deceit game.

International front groups defend and propagate Soviet deceit. This is especially true of religious and peace movements that are skillfully misused by Moscow. Foremost among them are the World Peace Council, with headquarters in Helsinki, the International Institute for Peace in Vienna, its affiliate, the U.S. Peace Council, the presumably nonpolitical Christian Peace Conference, which is maneuvered by the KGB into "nearly constant support for Soviet foreign and defense policy objectives."

World Peace Council owns a number of publications which are published in English, French, Spanish, German and a large number of bulletins and booklets. Its principal propaganda objective is to encourage the West to disarm. WPC sponsors meetings, including such congresses as "World Forum of Peace Forces," the "World Committee for Religious Leaders for Lasting Peace, Disarmament and Just Relations between People."

The "World Federation of Democratic Youth," the "International Union of Students," the "Women's International Democratic Federation" and a number of similar organizations are all fronts for the Soviet Union.

DISINFORMATION OF THE PRESS

The famous Russian scientist, Andrei Sakharov, now exiled in Russia by the Soviet government, managed to smuggle out a testament to the West. The Nobel prize winner warned that "People in the West have been bought by Soviet agencies in the most direct sense of the word, political figures, business men and a great many writers, journalists, government advisers and heads of the media."

To weaken Western defense, to encourage unilateral disarmament, the Soviets have launched a major propaganda effort against the neutron bomb, which has cost them to date $100 million. This political campaign against the neutron bomb has been one of the most significant and successful.

The Press is a very good screen to hide behind while working to create a society which would no longer tolerate freedom of the press or any other fundamental freedom.

In London, Sir James Goldsmith presented a statement on "The Communist Propaganda Apparatus and Other Threats to the Media" before the Media Committee of the Conservative Party in the House of Commons, January 21, 1981. Newspapers of fine reputation in credibility such as the London Times are accused of permitting the infiltration of radical or false news. "For the past five years I have studied these phenomena with some care. I have been able to identify many of the journalists, newspapers and TV programs which innocently or otherwise are used in these campaigns. To the relatively-experienced eye it is easy to detect a campaign at an early stage and thereby to perceive some of the objectives of the left-wing strategy."

Several critical examples are given by Sir James Goldsmith: "When it became clear that the Communist takeover of Vietnam and Cambodia had created unspeakable horror, the left-wing intelligentsia of the West were faced with a dilemma: they had fought for the hand-over of these countries to the Communists. Now that the consequences were evident they needed someone else to blame, so a moral life-buoy was thrown them by a campaign attempting to blame Henry Kissinger for the events in Cambodia."

Speaking of Great Britain: "Recently we have seen great companies paralysed by strikes at the very time that they were struggling for survival. Often these strikes are caused by a handful of men over seemingly trivial issues. And we hear the usual comment: 'They must be mad, they must want to commit suicide.' What a ridiculous statement. These small groups do not want to commit suicide, they want to create unemployment, they want to create chaos. They want to create civil strife. Because only in this way can they bring about the structural changes they seek. Those who are committing suicide are the thousands destroyed by a small minority. We have been too cowardly to fight back. Some have refused to face the facts, some have found it comfortable to preach tolerance. Some have preferred to avoid the problem and to emigrate—over four million during the past fifteen years. Some have been just plain apathetic. But all are guilty. Guilty of treason by default."

The Czech defector Ladislav Bittman gave further evidence in his testimony: "Some journalists are bought or blackmailed. Others are agents who receive instructions from time to time to publish this or that."

The West certainly does not lack information about the dangers of disinformation. Again we must recommend "The Spike" by Arnaud de Borchgrave and more recently "The Strategy of Lies" by Auguste Lecoeur, a prominent member of the French Communist Party, who was kicked out of the Party for objecting to the Soviet invasion of Czechoslovakia.

In defense of the press, it must be said that often false information is repeated quite innocently and as it is repeated it gathers further credibility and momentum. Responsible journalists go to great lengths to check a statement, but inevitably even they sometimes fall into the trap.

For the sake of being "First with the news" to captivate the largest audience (in the media popularity contests which go on constantly), some TV programs disclosed too much of CIA activities and the Administration's efforts, so that our enemies were given a review in detail. No matter how delicate a situation may be diplomatically, as were the hostage negotiations, a network feels free "to tell all," accurate or otherwise.

Furthermore, networks sometimes give a one-sided report. According to the study by Georgetown University Center for Ethics and Public Policy, networks reported on the "negative side of CIA intelligence activities under Presidents Kennedy, Johnson and Nixon but failed to give the reason for the CIA activity abroad."

Similarly, the Georgetown Center study found that a string of twenty evening TV news stories about Chile focused on the periods before Chile's first and only communist president, Mr. Allende, was adroitly put in power by only 38 percent of those voting in the election; moreover, many of these voters had not been aware of Allende's ties with communists and of the support he was receiving. The networks did not—and still do not—"make it clear that the Allende regime was preparing to pursue a Marxist domestic and foreign policy with the close collaboration and support of Moscow and Cuba."

Such news accounts are sometimes "spiked" (not used) or pigeonholed.

THE UNITED NATIONS WAR

The United Nations is riddled with Soviet and Communist agents; KGB agents are actually in control of personnel and other important departments (see American Bulletin, May 1981). For years, the Soviet bloc and Third World governments have been trying to muzzle the free press through the United Nations Educational, Scientific and Cultural Organization (UNESCO) to "establish a New World Information Order that would set up a licensing system for journalists working abroad and encourage news organizations to support government policies at home" (Newsweek, June 1, 1981). The ostensible aim of the Order would be to promote a "more balanced flow of news and information around the world."

Western journalists see it differently; they feel that the underlying aim is to legitimize government control of the news media. At a meeting in Tallories, France, they planned a counterattack; they are particularly critical of the Order's plan for a Commission for the Protection of Journalists that would be empowered to "license reporters by issuing journalist identity cards, which could be revoked." Sooner or later, it is feared, governments would surely use the system to harass journalists who reported inconvenient facts.

THE RADIO WAR

"Mass communication is used by the Soviets to indoctrinate, mislead and confuse people throughout the world; the influence and strategic position of the United States are weakened in the process," stated Rep. Edward Derwinski of Ill. in his U.S. House of Representatives report on Radio War. Three hundred thirty million persons are subjected to the rigid system of information control by totalitarian governments that seal off at their borders all but "licensed" communication.

"The CIA estimates that the Soviet Union spends $300 million a year on jamming, four times what the United States spends on programming itself and $3.5 billion a year on the foreign propaganda offensive. The Soviet Union has renewed extensive jamming of the Voice of America, BBC and DW (German Voice). The truth as broadcast by the United States has become less audible and less competitive with Soviet lies."

"A STRONG SIGNAL AND A STRONG MESSAGE"

While the Soviet radio has been expanding, the US has suffered financial, technical and other shortcomings; US broadcasting lacks modern radio transmissions, technicians, engineers, linguists, etc. Yet it is of vital importance to send our "message of truth" across the Iron Curtain, to the 40 million Moslems in the Soviet Union, to the Middle East. The Afghanistan invasion and the Poland crisis have proved this sharply. In fact, states Congressman Derwinski: "I do not believe that the recent events in Poland would have developed the way they have without the communication provided to the courageous Polish workers by the US radios, especially RFE, and those of other free world countries . . . We should improve program content. We need a strong signal and a strong message."

H.R. 2983 has been introduced in the House of Representatives for a supplemental appropriation of $2 million to RFE and RL for capital equipment to make its operations more efficient; $1 million for a new modern medium wave transmitter for transmissions to Poland, Czechoslovakia and Rumania; and $2.2 million for the cost of repairs made necessary by the bombing of RFE headquarters in Munich last February.

WAR OF TERRORISM—NEW DEVELOPMENTS

In Havana in 1966, the Tri-Continental Conference decided to support international terrorist groups (Arnaud de Borchgrave to the Senate subcommittee on security (see also American Bulletin, May 1981). This was at the time of détente, a period which is longingly and affectionately remembered by some idealistic Americans as a period of peaceful coexistence and progress.

The Havana plan went into operation soon after; several European counter-intelligence specialists became aware of its effects and began to collect evidence but Soviet misinformation was so busy at misrepresenting and hiding facts under the protective cloak of détente that it took Western governments ten years to recognize Soviet strategy. "Western governments and opinion makers were sufficiently anesthesized with a policy of peaceful coexistence, known in the West as détente."

Another Czech defector, General Jan Sejna, reported in Washington on KGB and GRU (military) training camps for terrorists established in Czechoslovakia in the mid-60s. "Graduates included two of the founding fathers of the Italian Red Brigades." There are now, according to Sejna, thousands of highly trained terrorists, working to undermine Western democratic societies."

Washington has finally reacted to the threat of organized world terrorism. President Reagan pardoned two top FBI officials charged with illegal breakins of the Weather Underground in 1972. The Senate has set up a new sub-committee on security and terrorism, dealing with threats to the United States from subversive groups. Chairman is Senator Jeremiah Denton (R.-Ala.).

Civil liberties groups will probably raise the cry of McCarthyism. But Robert H. Kupperman, co-author of "Terrorism: Threat and Response," believes that unless the United States and the West do something to counter terrorism "then we'll look for scapegoats for real and that could bring on another era of McCarthyism" ("Washington Reacts to Rise of Terrorism," Julia Malone, The Christian Science Monitor, June 2, 1981).

WAR OF UNDERGROUND MOVEMENTS

Soviet intelligence supports an international network of neo-Nazi activity in the United States, Canada, Europe, Iran and Palestine. It tries to arouse fear in the West by creating "an image of a new monster in Germany."

WARS OF LIBERATION

Czechoslovakia in 1968 and Afghanistan in 1979 are two excellent examples of Soviet tactics. If the Kremlin cannot manipulate its Communist stooges, the Soviets move in with the Red Army and place more obedient puppets on the throne of the occupied country.

LIFE IN CZECHOSLOVAKIA

The Prague regime celebrated the sixtieth anniversary of the founding of the Czechoslovak Communist Party. From the day of its inception, it has been a party of high treason. In May 1919, Soviet emissary Muna established a workingmen's council in the mining town of Kladno near Prague and cooperated with spokesmen for Bela Kun, the "Hun", whose hordes had invaded Slovakia. In August 1920, the Marxist left-wing of the Social Democrats called a railroad strike to prevent the sending of crucial military aid to Poland, then under attack by the Red Army. In September 1920, the Party took over by force the Social Democrats headquarters and newspaper and declared an all-out strike. In 1921, the Czechoslovak Communist Party became a member of the Third International, which meant absolute subservience to the Comintern and acceptance of the revolutionary conspiracy. Thus from its inception the party has been against Czechoslovakia as a free state, a willing servant to Soviet interests. It has always obeyed Moscow's orders, even when it meant betraying Czechoslovakia's basic interests of survival as a state during the Sudeten crisis of dismemberment. The attitude of the Communist Party was best described by Clement Gottwald who said openly in Parliament: "We go to Moscow to learn how to wring your necks." (Gottwald later was to become the first Communist president of Czechoslovakia).●

PETROLEUM COUNCIL SALUTES HENRY ZARROW

HON. JAMES R. JONES

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. JONES of Oklahoma. Mr. Speaker, in this era of the "new beginning," and only days after President Reagan spoke of a new sense of volunteerism rising in America, it is only fitting that I take a moment to pay tribute to a man who exemplifies the spirit of the new beginning and stands as a symbol for all Oklahomans and Americans who have given of themselves to their friends and their communities.

Henry Zarrow was honored this week by the Oklahoma Petroleum Council as the outstanding Oklahoma oil man for 1981. It is indeed a fitting award for a gentleman who has meant so much to the oil and gas industry and the community of Tulsa. For almost four decades, Henry has been a constant and significant contributor to both worlds, and his actions have brought immeasurable progress to our Nation's energy security and to our community's civic programs. He was a pioneer long before many recognized how much we really do owe to those who find the energy to keep our communities running and to those who work to make sure that we always help those people who need our assistance. Henry Zarrow is one of those men to whom we must acknowledge that debt.

While serving as president of both the Sooner Pipe and Supply Co. and the Bigheart Pipeline Corp., Henry has managed to serve on the following community boards, to name but a fraction of his responsibilities: The Children's Medical Center; St. Francis Hospital; the Arthritis Foundation; the Diabetes Association; the William K. Warren Medical Research Center, Inc.; the Metropolitan Tulsa Chamber of Commerce; the University of Tulsa; and the list continues, almost too long to believe that one man could do so much.●

THE PIPELINE OF VIOLENCE

HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. DANIEL B. CRANE. Mr. Speaker, the recent recognition by France and Mexico of the Communist-backed terrorists in El Salvador as a "representative political force" is a dangerous escalation of the war there.

One of the best explanations of the reasons for the actions of France and Mexico, and the probable consequences of this action, is to be found in the September 13 editorial of the El Salvador News-Gazette, which follows:

[From the El Salvador News-Gazette, Sept. 13-19, 1981]

FRANCE AND MEXICO SUPPORT SOVIET IMPERIALISM

The French-Mexican diplomatic recognition of the FDR/FMLN coalition as a "representative political force" is a victory for Soviet imperialist strategy. There can be no doubt that marxists within the French and Mexican governments were influential in winning this victory.

Why is it a Soviet imperialistic victory?

In the first place it is a direct attack on the United States policy towards El Salvador, and an indirect attack on the entire U.S. foreign policy. It is a reprisal for the United States attitude towards Afghanistan and Poland, and other issues on which the Marxist world and the free world differ. It is a factor in the U.S./Soviet confrontation.

It fans and foments anti-American sentiments.

It splits the nations of Latin America into two blocs. (Cuba, of course, is no longer included among the Latin American nations, it lies behind the iron curtain.) The two blocs are on the one hand, those nations whose governments have been captured by factions with extreme socialist tendencies, that align themselves with the Nicaraguan marxists, and on the other, the nations of Latin America whose policies, development programs and ideals are those of the free world. Since the entire hemisphere is economically interdependent, modeled on United States ideals, inspired by the American Revolution, such a schism is artificial and illogical.

It is a triumph of Soviet propaganda, falsely identifying a minority of armed terrorists, under the discredited banner of "national liberation," as a representative political force.

This was achieved through the worldwide Marxist propaganda onslaught, that has not abated, against El Salvador.

Where is the base of the FDR/FMLN political force in El Salvador? It is non-existent. The political force, the FDR, operates only in Mexico, where it has its principal offices, in the United States, in Europe, but it does not operate, nor even exist, in El Salvador.

An armed force certainly exists, armed and equipped by foreign sources, because the machineguns, explosives and ammunition used by the subversives were not manufactured in El Salvador.

In other words it is local subversion backed by foreign intervention. To dispute this is an insult to intelligence.

Why then, are France and Mexico, two nations that are obviously not allies of Soviet Imperialism, backing a Soviet offensive against El Salvador?

If France and Mexico had honest and unbiased advisors, and were able to analyze the situation accurately, they would have to admit that Mr. Ungo and Mr. Rodriguez represent nobody but themselves. In actual fact is that they can't even speak for the FMLN, over whom they have no control.

It would be understood that the FMLN is made up of mercenary leftist "death squads," groups of marauders, at war with civilian El Salvador, ambushing and attaching the armed forces, who are not moved by the slightest patriotic ideas, but who have found a way of life in their guerrilla activities. Such persons don't look much beyond their next encounter, their next meal and where they will sleep tonight, and are always alert to some opportunity of criminal depredation. By no stretch of the imagination can they be called a representative political force.

We know that France is too bourgeois to be communist, but the extremes have just won a political victory in France and Mexico is ripe for a war of national liberation.

It is obvious that Mexico's official backing of the marxist subversives in El Salvador will encourage, enthuse and promote a war of national liberation within Mexico itself.

We are certain that at this moment there are millions of impoverished, oppressed Mexican peasants, writhing under the cruel boot of the party, who resent the PRI political monopoly of power and who are ready to take advantage of the new concept that armed subversives are representative political forces as long as they operate under the umbrella of Soviet imperialist propaganda.

The anti-government forces in Mexico may not be marxist, they may not believe in Soviet imperialism, but they are anti-American and anti-government and they want power. That is enough to make them allies of Soviet imperialism.

The Soviet attack is against the United States, but it is not a frontal attack. The attacks goes from Russia to Cuba, Cuba to Nicaragua, Nicaragua to El Salvador, El Salvador to Guatemala, Guatemala to Mexico.

It is not a question of the domino theory, governments do not have to fall, rather it is a pipeline of violence, instability, subversion flowing continuously through the entire area, spreading and igniting armed conflicts, undermining the economies and the faith of the people in their govenments to maintain order.

As long as the flames of subversion and discontent can be kept burning, they will consume the resources of the area and weaken them for the ultimate attack of Soviet imperialism. It may come tomorrow, in five years, ten years or later, but come it will unless the mechanism of subversion in the area is made inoperative.

The strategists of Soviet imperialism have therefore achieved a signal victory in getting France and Mexico to recognize a group of Salvadoran armed terrorists, with no popular base, no national support, as a "representative political force."

This issue can split the hemisphere into two groups: those nations furthering Soviet imperialist aims by channelling resentment against the poverty and backwardness of the area into armed conflicts; and the others defending the peace and security of the hemisphere, promoting free elections and increased productivity under free enterprise as the solution.

In this light, the Mexican and French attitude is either the result of abysmal ignorance and stupidity, or the result of malice. In either case there is no justification.●

CALL TO CONSCIENCE, YURI GOLDFAND

HON. STEWART B. McKINNEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. McKINNEY. Mr. Speaker, one of the most widely criticized aspects of our political process has been the use of human rights criteria in shaping our foreign policy. Our Constitution has as its foundation the belief that each individual "is endowed with certain inalienable rights" which government, as the defender of the common good, may not encroach upon. U.S. foreign policy, as a reflection of this, focuses on three basic rights—the right to be free from government violations of one's personal safety and integrity; the undeniable right to the fulfillment of such vital needs as food, shelter, health care, and education; and finally, the right to enjoy civil and political liberties. In a world as interdependent as ours, it seems hypocritical for us to ignore the plight of those citizens in other countries whose sole crime is the pursuit of those liberties. While I do not intend for us to police the world, I have long believed that legislation which addresses violations on an individual basis, and the use of a public forum to draw attention to these cases, legitimately serve not only our own interests but those of oppressed people around the world.

In this vein, I am participating in today's Call to Conscience Congressional Vigil for Soviet Jewry and would like to bring to the attention of my colleagues the plight of Yuri Goldfand. Dr. Goldfand is a doctor of physics who along with his wife, Natalia, and his only child, would like to emigrate from the Soviet Union. The Goldfand's visa application to leave Russia was originally denied in October 1974 and since that time Dr. Goldfand has been unable to find employment in his field. In November of 1979, Dr. Goldfand was warned that he must find employment within 2 months or be charged with "parasitism." He has only been able to obtain menial jobs which do not last long once it is known that he has requested and been refused an exit permit. This economic and social discrimination have left the Goldfand's little hope for experiencing a fruitful life.

Many of my colleagues and I in Congress have expressed our profound concern over the treatment of various political prisoners and persons such as Yuri Goldfand, in several countries. As an example, Congress, in letters to President Brezhnev conveyed to the Soviet Government the desire of the American people for full compliance with the principles of the Helsinki declaration with respect to the free movement of people, the reunification of families, and the freedom to leave one's country. As American citizens we have a responsibility to insure that the basic rights of all people, both in this country and abroad, are protected. It is my hope that the efforts of those Members participating in this year's Congressional Vigil for Soviet Jewry will have some affect in reliev-

ing the unfortunate situations of those such as the Goldfand family, who have been refused exit visas.●

STOCKMAN'S TAX CUT ENDANGERS AMERICAN PEOPLE

HON. JIM MATTOX

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. MATTOX. Mr. Speaker, responsible Members of Congress, both Republicans and Democrats, are beginning to realize the negative impact of Reaganomics. Much the same as industry recalls a defective product when it is found to endanger the safety and well-being of the American consumer, we in the Congress have an equal responsibility to recall economic programs that reasonable people realize are not effective and that do, in fact, endanger the American people.

I am inserting an article from the Friday, October 9, 1981, Wall Street Journal entitled, "Doubts Rising Over Wisdom of Big Tax Cut," which demonstrates the mounting concern in Congress that has already been stated in the business community.

DOUBTS RISING OVER WISDOM OF BIG TAX CUT

(By Dennis Farney)

WASHINGTON.—"The President has broken the bubble. The coalition has gone asunder, the feeling is gone. We'll have a heck of a time just holding our own."

Blunt and tart-tongued, Sen. Ernest Hollings tends to talk in Technicolor. And these days the South Carolina Democrat is waving a vivid warning flag in President Reagan's direction. For the Senator is convinced that two of the President's central priorities—his revenue-losing tax cut and his expensive defense buildup—are on a collision course. And that collision, he fears, will "break the bubble" of congressional consensus for higher defense spending.

That's why Sen. Hollings wants President Reagan to think about the politically unthinkable. He wants him to scale down the tax cut that took effect only Oct. 1. The time to do it, declares the Senator, is "this fall."

Like some early-warning radar, Sen. Hollings is signalling a political problem for Mr. Reagan—a small problem now, but one with a potential to mushroom. The problem is that some of Congress's most influential members worry that the Reagan tax cut will undermine the Reagan defense buildup. If that seems likely, they hint, they may take a second look at the tax cut.

WHERE TO CUT

Sen. Hollings would avoid the need for deep Pentagon cuts by repealing some new tax breaks the oil industry got as part of the President's tax cut; he'd also cut tax rates for individuals by only 15% over three years, not the 25% the new law provides.

To be sure, Sen. Hollings has always believed the President's tax cut was too big. But he isn't alone in his fears that the tax measure is generating mounting pressures to cut defense spending. Some congressional supporters of the tax cut also voice similar qualms.

"Something has to give," says Sen. John Tower. The Texas Republican, an enthusiastic supporter of both military spending and the tax cut, hopes that what gives will be domestic spending. Like the President himself, he advocates sharp additional cuts in social programs. But if this doesn't happen, he adds, the Hollings proposal may have "some merit."

"We will have to consider the possibility of either delaying the balanced budget or delaying the tax cut," Sen. Tower says. "We're going to have to pull back on something."

GREAT RELUCTANCE

"That tax cut and the military buildup are contradictory," says Democratic Sen. John Stennis of Mississippi, who also voted for the tax cut. "There is a danger spot there."

Sen. Stennis, the senior Democrat on the Armed Services Committee, says he's sticking with the Reagan tax cut "for now," remarking: "Whatever chance it has to make good, it's got to be given that chance."

No doubt, Sen. Stennis typifies a widespread congressional view at the moment. There's great reluctance in both houses to tamper with the President's tax cut so soon. Significantly, however, some members now are drawing a distinction between the core of that tax cut (individual rate reductions and business investment incentives) and the last-minute additions (new oil-industry tax breaks, for example) that evolved during the "bidding war" between the President and House Democrats.

To most Republicans, the tax cut remains the centerpiece of Reagan economics. "Keep it intact," declares Virginia Rep. G. William Whitehurst, the second-ranking Republican on the House Armed Services Committee. "This is no time to fly off four ways to Sunday."

At the same time, some partisan Democrats like Speaker Thomas O'Neill, who believes the tax cut was a big mistake, are happy to let the President grapple with the problems of reduced revenue and growing resistance to more cutbacks in social spending. "There'll be plenty of time next year to propose alternatives," the Speaker said recently.

RISING FEARS

Still, the uneasiness among some influential prodefense conservatives adds a new ingredient to a slowly gathering congressional debate over the wisdom of the big tax cut. It comes at a time when House Democratic liberals have reintroduced their scaled-down alternative to the President's tax cut, moderate Republican "gypsy moths" are pushing to close newly opened tax "loopholes" for the oil industry and the GOP Senate leadership is balking at the President's latest budget-cut package.

"The most dramatic turnaround is the consensus that we have to raise some more revenues," Republican Sen. Pete Domenici, the Senate Budget Committee chairman, said Wednesday.

In the House, the top-ranking Republican on the Armed Services Committee, Rep. William Dickinson of Alabama, and the second-ranking Democrat, Florida's Charles Bennett, recently held a news conference to express their fears of increasing pressure to cut back the big Reagan defense buildup. To avoid this, Republican Dickinson said he'd be willing to sacrifice the goal of balancing the budget in fiscal 1984. Democrat Bennett called for scaling down the tax cut.

This is also the position of the panel's third-ranking Democrat, New York's Samuel Stratton. Rep. Stratton, who opposed the President's tax cut in the first place, suggests a "relatively minor adjustment" in it now. The "minor adjustment" would reduce the individual rate cuts to 15% over three years (from 25%), which he estimates would save the government $60 billion to $65 billion in that period.

"This would be painful for the administration to do," Rep. Stratton says, "because they'd have to admit their tax cut was a bad idea. But considering the alternatives"—reducing military spending and a prolonged guns-vs.-butter debate—"it might not seem too bad. It's like Churchill once said of democracy—a lousy idea, until you consider the alternatives.

Sen. Hollings, the outspoken South Carolina Democrat, makes the same argument in equally colorful terms. He urges his fellow Democrats, in effect, to rescue the Republican President from his own tax cut.

The best politics now is no politics," the Senator declares. "We Democrats have no credibility on economics; here's an opportunity to get some. And if we save Reagan and the country in the process—so what?"●

RABBI SAMUEL COOPER

HON. NICK JOE RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. RAHALL. Mr. Speaker, it is with great pleasure that I rise today to recognize and pay tribute to a man who has served his neighbors with nobility, and who brought immense pride to his community and State—Rabbi Samuel Cooper, of Charleston, W. Va.

Since 1932, when he was summoned at the age of 22 to officiate at the high holidays, Rabbi Cooper has provided dedicated spiritual leadership to the Congregation of B'nai Jacob Synagogue. For this reason, I join his countless friends, who on November 1, will honor him on the occasion of his retirement after 49 years of unprecedented stewardship.

Born in Toronto, Canada, he studied at the renowned Talmudical Academy in New York. He received a bachelor of science degree from the College of the City of New York, and was ordained at the Rabbi Isaac Elchana Theological Seminary.

Rabbi Cooper's career as a dynamic religious leader goes beyond his pulpit, as he has participated in many important community endeavors, such as: The Mayor's Citizens Advisory Committee for Community Improvement; the Human Rights Commission; the Job Corps Relations Council; the Social Studies Advisory Curriculum for the State department of education; the Kanawha Welfare Conference; the board of directors of the Red Cross; and the Charleston Housing Council. This long list of community participation was highlighted with Rabbi Cooper being named an "Outstanding West Virginian," in 1967.

To his congregation, he has always been outstanding, and the words of one of these followers says it best:

There is scarcely one of us who has not felt, at one time or another, the impact of his personal touch. So intertwined has he become in the daily pattern of our lives, sorrowing with our sorrows, rejoicing at our joys, so endeared to each and every one of us, that life apart from him would be almost unthinkable.

Rae Dorothy Boiarsky, a member of the Congregation B'nai Jacob Synagogue, made this observation in an article titled, "Our Rabbi." The depth of this love reminds me of a quote, which reads, "A man's real life is that accorded to him in the thoughts of other men by reason of respect or natural love."

Rabbi Samuel Cooper's success as a religious leader and as a man can be best exemplified by the admiration being shown him by those who know him. I join them in this expression of affection, and congratulate Rabbi Cooper on his stellar career and wish him the very best in the future.●

THE BAY NEWS—A HOMETOWN PAPER THAT MAKES A DIFFERENCE

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. SOLARZ. Mr. Speaker, local newspapers play an important part in every American community, and Brooklyn is no exception. In my district, we are fortunate to have an excellent example of a weekly newspaper, the Bay News, that operates in the best traditions of American journalism. Published by Courier-Life Publications, the Bay News is ably edited by Gary Daniels.

Recently, this paper ran an editorial that, to me, aptly describes what my constituents in Brooklyn are really like, and why I am so proud to have the opportunity to represent these caring, concerned, and active citizens in the Congress.

This editorial describes how the spirit of Brooklyn residents was strikingly demonstrated at a rally I organized in opposition to the AWACS sale to Saudi Arabia.

Mr. Speaker, I insert this editorial in today's CONGRESSIONAL RECORD.

[From the Bay News, Sept. 21, 1981]

BROOKLYN DEMONSTRATES ITS TRADITION OF CONCERN

The rally held last week in Abraham Lincoln High School to protest the proposed sale of weapons to Saudi Arabia sent one kind of message to Washington. Another kind of message reverberated throughout Brooklyn in the wake of the meeting and reinforced something we have been saying for a long time: There is no borough, city or town in New York with as many concerned, informed or dedicated citizens as Brooklyn.

We have a hard time imagining Manhattan residents coming out in such large numbers to attend anything, much less a rally, held on a rainy night so far from the nearest subway station. Ditto for their counterparts in Queens and the Bronx. (Staten Island residents can't even get to the grocery store when it rains, so they are excused.)

But Brooklyn came out by the thousands. They came by bus and car hours before the rally and continued arriving throughout the evening. They came to be involved, to make themselves known. And those who couldn't attend sent their petitions—more than 20,000 of them.

It was an extraordinary display of concern.

But even more extraordinary was the subject of the concern. Although many in attendance were Jewish, hundreds were not. Yet the dedication, the caring about a matter thousands of miles removed was stirring. Black and white, Christian and Jew—everyone cared.

This newspaper is proud of Brooklyn's dedication. It is a rare privilege to see so many people, so many different people, come together regardless of political persuasions or personal interest to make their feelings known. We are honored to have been the first community in the country concerned enough to address this crucial issue as one.

We applaud the politicians who participated in the rally. You heard Brooklyn's voice and you listened. That is half of what we ask of you. Now it is up to you to bring Brooklyn's message with you—to represent.

But our ultimate words of praise go to the people who came to the rally. Whether you participated and actively supported the speakers or whether you merely wanted to consume a different perspective, you cared enough about our future—your future—to participate.

Please continue your commitment to being involved. Brooklyn, America—indeed, the entire world—needs more like you. Don't abandon us now.●

SALUTE TO INDUSTRY AWARD

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. ANDERSON. Mr. Speaker, on November 5, 1981, the Harbor Association of Industry and Commerce will hold its annual "Salute to Industry" banquet. At that time, the association's annual award will be presented to the Los Angeles Department of Water and Power. I would like to take just a few moments of my colleagues' time to chronicle both the history of the DWP, and the many services and innovations that the department has provided the citizens of Los Angeles over the years.

The city of Los Angeles Board of Water Commissioners was established on February 5, 1902, to manage what was then a water supply whose distribution was accomplished by means of crude dams, water wheels, and zanjas (open ditches). The board set itself to task, and by 1908, the city's first hydroelectric powerplant had been built in the Owens Valley to provide power for the construction of the Los Angeles Owens River aqueduct. The generation of low-cost hydroelectric power was so successful that 3 short years later city residents voted overwhelmingly that additional hydroelectric sites be developed. Hydroelectric power became the norm; so much so, that until the early 1940's, 95 percent of Los Angeles' electricity came from this source.

With the advent of the Hoover Dam powerplant in 1936, "Hoover power" generated through the aqueduct became another important source of energy shared by Angelenos with utilities operated by other California cities, as well as municipalities in Arizona and Nevada.

During the 1940's, the Los Angeles Department of Water and Power continued its steady service to residents with the introduction into use of large thermal plants which generated power either by burning natural gas or low sulfur oil. Because of the great increase in population following World War II, the DWP's foresight in continually being able to provide electricity and water to Los Angeles citizens, in ever-increasing amounts, is to be lauded.

Mr. Speaker, in the 1970's it became apparent that the United States was going to have to be creative in its efforts to provide energy to the people. The new demands of the age were again going to have to be met. And again, the DWP delivered. Plans to meet this challenge were made, and coal, a most abundant resource in this country, became another viable alternative. The department also participates in the research and development of other, alternate forms of energy, such as geothermal, solar, and garbage-to-energy sources in a continuing effort to reduce this Nation's dependence on foreign oil.

So, Mr. Speaker, it should be evident from these few words how important the Los Angeles Department of Water and Power is to the entire city of Los Angeles. Every resident is a customer—a large constituency indeed. Yet the DWP has provided reliable delivery of both electricity and water to the people of the area it serves since its inception, and at the lowest rates practicable. The department employs almost 10,000 people, and has been a steady participant in the high quality of life enjoyed by all in the Los Angeles area. It is for these reasons, as well as others too numerous to cite, that the Harbor Association of Industry and Commerce has chosen the Los Angeles Department of Water and Power to be the 1981 recipient of its Salute to Industry Award. My wife, Lee, and I, wish the employees of the Los Angeles Department of Water and Power

much continued success in all their projects, assured in the knowledge that their dedication to the people of Los Angeles will never waver.●

UNITED STATES-MEXICAN TIES

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. LAGOMARSINO. Mr. Speaker, the close relationship with Mexico that the United States is currently developing is in marked contrast to the status of our relations during the Carter administration. I believe President Reagan deserves a great deal of credit for his approach to Mexican relations and the personal respect shown to Mexican President López Portillo.

An article written by Tad Szulc and appearing in Parade magazine October 4 describes the noticeable improvement in United States-Mexican ties. I refer my colleagues to this commentary and ask that it be included in the RECORD at this point.

[From Parade Magazine, Oct. 4, 1981]

WITH RESPECT, WE CAN DO ANYTHING

(By Tad Szulc)

President Reagan glanced briefly at a note handed by an aide, then waved it away, giving his full attention to the visitor facing him across the table in the conference room at Camp David, the retreat in the Maryland mountains. That evening, the visitor—President José López Portillo of Mexico—learned with considerable pleasure that the note Reagan had chosen to ignore rather than interrupt their meeting concerned the United States' reaction to one of the year's most dangerous international crises: the destruction on the previous day, June 7, of an Iraqi nuclear reactor by Israeli warplanes.

To the 61-year-old López Portillo, who had watched with dismay the deterioration of U.S.-Mexican relations during the Carter Administration, this courteous gesture by Reagan (never mentioned publicly) symbolized as much as anything else in his two-day visit here a basic change in the traditional patronizing attitude of the United States toward Mexico. Reagan had treated López Portillo as an equal and with respect—"*mi casa es su casa*" ("my house is your house") went his White House toast. The effect on the proud Mexican, whose country is acquiring world importance because of its vast new oil wealth and deepening involvement in foreign affairs, is undoubtedly the President's most significant diplomatic coup to date. Reagan has won a crucial friend for the United States, creating a new climate in which long-intractable problems—oil, immigration. Central America and Cuba—may be faced without the old mutual hostility.

A few weeks later, when I interviewed López Portillo in the library of Los Pinos, the presidential residence in Mexico City, he emphasized the "new climate" and the fresh possibilites it offered the two governments.

López Portillo and Reagan, then President-elect, had met on Jan. 5 in Juárez, just across the Mexican border, following up with the Washington conferences on June 8 and 9. It was evident that the conservative American President and the Mexican leader—who speaks the language of the Mexican Revolution but practices political and economic paragmatism—hit it off marvelously. As López Portillo put it, while they have "agreed to disagree" on a variety of controversial themes, a constructive dialogue is now possible.

The most immediate tangible result of the new Reagan-López Portillo relationship is the accord reached between the two governments on Aug. 21—actual negotiations started almost at once following the June meetings—for the sale over the next five years of $3 billion worth of Mexico's oil for the U.S. Strategic Petroleum Reserve. In addition, López Portillo told me (his first public statement on the issue) that America would have full access to Mexican oil in an international emergency.

This was a remarkable breakthrough. The Strategic Reserve was established by Congress in 1975 to assure that the United States had adequate oil supplies in the event of a war or some other emergency preventing imports from overseas. Thus far, however, less than one-third of the 750 million barrels authorized by law have been acquired for storage, primarily because most Middle Eastern producers refuse to sell for the Strategic Reserve. Saudi Arabia, for example, quietly warned Washington that it would halt all oil shipments to the United States if any were consigned to the reserve. The OPEC cartel, it would seem, likes the idea of keeping the United States in a condition of permanent petroleum dependence.

Mexico, the world's fourth largest oil producer (after the Soviet Union, Saudi Arabia and the United States) and not an OPEC member, had been selling the U.S. limited amounts in recent years—only 8 percent of our crude petroleum imports came from the Mexicans—essentially because of Mexico's general annoyance with this country plus its desire to diversify oil export markets. An ill-advised battle with Mexico over natural gas prices conducted by James R. Schlesinger, the Carter Administration's Energy Secretary, had left a bad taste among the Mexicans, who had refused to go on discussing oil with the U.S. Moreover, Mexican policy permitted no more than 50 percent of its exports to go to any single country.

By the time I spoke with López Portillo, the Mexican stance had already changed. I asked him whether Mexico would always stick to the 50 percent export limitation. "At the moment," he replied, "we have a very ample spectrum [of oil markets]. We have broadened and diversified our relationships, but we have no preordained limits of 25 to 50 percent."

The new Mexican contribution to the U.S Strategic Petroleum Reserve began flowing Sept. 1 at a rate of 200,000 barrels a day with a guaranteed five-year delivery target of 109 million barrels and at a bargain price below the lowest OPEC levels. Still, the United States has a vital need for access to Mexico's oil, for instance, should a war erupt in the Middle East.

With 130 billion barrels of oil and gas in proven and probable reserves and 250 billion barrels in potential reserves, Mexico has one of the world's most important fuel pools. Its proximity to the U.S. gives it even more importance. I asked López Portillo about full U.S. access to Mexican oil if the need ever arose.

"Clearly," he said. "We are neighbors, and, in the measure of our reciprocal convenience, why not? I do not think of conflict of interests but of a convergence of purposes. . . . We live in such proximity and interrelation that assuredly there would be an understanding. We do not wish to think of confrontations. There are no contingencies in our [petroleum] plan for such extreme cases. But history testifies to our positions." (He was referring, evidently, to past Mexican support of the U.S., such as the dispatch of an air squadron to the Pacific during World War II.)

By "convergence of purposes," López Portillo was alluding to Mexico's ever-growing economic needs in the face of the current world oil glut and falling prices. Despite Mexico's new oil wealth, the majority of its 70 million people live in poverty—15 million in the vast slum-ridden Mexico City urban area—a key factor in the huge illegal migrations to the United States. Malnutrition afflicts 10 million Mexican children below age 6, and the birth rate increases at a staggering 2.8 percent a year. Inflation runs at 30 percent annually, and in order to keep its economic development programs going, Mexico will have to borrow about $8.5 billion abroad this year. In short, Mexico needs as much oil revenue as it can get, and the United States is a natural market. Still, a political decision on the U.S.-Mexican oil relationship had to be made because of Mexico's deep-rooted nationalist sentiments, and López Portillo did so in light of his Reagan encounters.

Mexico and the United States also seem to be converging to a common ground on the question of relations between industrialized and developing countries—the so-called North-South Dialogue. Even before the Camp David meeting, Reagan had agreed to attend the 22-nation "North-South Summit" conference to be held Oct. 22 and 23 at the luxurious Mexican resort of Cancún on the Caribbean. No such "summit" on world poverty problems has ever been attempted. At Cancún, the American President will meet with, among others, Chinese Premier Zhao Ziyang, Saudi Arabia's Crown Prince Fahd, India's Prime Minister Indira Gandhi, Tanzania's President Julius Nyerere, and Brazil President João Baptista Figueiredo—in addition to the leaders of West Germany, France, Canada and Japan, with whom Reagan already conferred at the Economic summit in Ottawa in July.

Concessions have developed from both the Mexican and American sides to make the Cancún summit successful. Despite cordial relations between Mexico and Cuba, López Portillo chose not to invite Cuba's President Fidel Castro out of deference to Reagan, who would not have attended otherwise.

For his part, in a departure from the past, Reagan has agreed in principle to the vague concept of "global negotiations" between affluent and poor nations. Previously, the United States had opposed such North-South talks, preferring to deal with underdeveloped countries on a bilateral basis or through international financial institutions like the World Bank or the International Monetary Fund.

López Portillo is aware, he says, that the industrialized nations are not prepared to engage in massive transfers of capital to the poor ones. But he concurs with such leaders as French President Francois Mitterrand that economic and social underdevelopment is political dynamite and that "Third World" conflicts could lead to world war. The North-South dimension, he said, is rapidly—and dangerously—turning into East-West confrontations between the United States and the USSR.

"The great powers," López Portillo said, "have moved beyond their own geographic areas and now stand at economic and ideological borders. I believe that, most particularly, the Caribbean is an East-West frontier between the United States and the Soviet Union.

"The change in the depiction of the problems of Central America is also noticeable. Even 10 years ago, a conflict, a revolution or a coup d'état in Central America—if it deserved any attention in the North American press—was [presented as] a caricature in which a man in a big sombrero held a rifle and was doing something curious, comical. Now it is eight [newspaper] columns, and the problem of El Salvador is a problem of East-West confrontation. This means, in effect, that the problems of development are problems of world compromises. This is one of the things we would like to make clear in Cancún."

Yet López Portillo was realistic. "The least we must achieve in Cancún," he remarked, "is to pose this problem and become conscious of it. Not all countries or peoples in the world realize that the great conflict of humanity is expressed through the differences between the developed and underdeveloped countries . . . If a problem is identified and posed, it can be solved.

"The best we can accomplish," he continued, "is a political expression concerning alternative solutions to this problem—that we, the heads of government going to Cancún, should express a will for solving it . . . so that it may be placed before the proper judicial forum, the United Nations . . . There already exists what we might call a good disposition."

My visit to Los Pinos occurred shortly after the foreign ministers of Mexico, Venezuela and Canada had joined U.S. Secretary of State Alexander M. Haig at a meeting in Nassau in the Bahamas to launch a joint program of economic assistance in the Caribbean and Central America.

That Mexico was even present at Nassau represented a breakthrough in its foreign policy, which for decades had been one of noninvolvement in international affairs. This virtual self-isolation reposed on the notion that Mexico must not interfere in any fashion in the lives of other nations—a reaction that traces back, in part, to the United States' historical interventions in Mexico, Central America and the Caribbean.

In recent years, however, Mexico has been coming out of its shell, participating increasingly in world and regional affairs and making its weight felt. This decision is one of the most important developments in decades in the Western Hemisphere and potentially favorable to the United States—if the two countries can replace past hostilities and misunderstandings with cooperation. Unquestionably, this evolution in Mexico's foreign policy is the result in large part of its newly found self-assurance as a major world oil producer. For the first time, Mexico appears to have lost its feeling of inferiority to the United States.

I asked López Portillo about Mexico's emerging role in the world, and he warmed to the subject. "A nation of 70 million people," he said, "a nation that owns important resources, that already is the third largest client of the world's most powerful country—the United States—that already has important relations with other countries needs to enter, step by step, into a more intense [international] participation born from its trade, its exchanges, its political philosophy. We realize that many of our problems cannot be solved internally because they derive from international problems . . ."

Some years ago, López Portillo said, Mexico proposed a "new international economic order," which is the foundation of the North-South Dialogue. In 1979, he had personally presented to the United Nations a world energy plan. And this year, Mexico is sponsoring the Cancún summit.

We discussed Central America in the light of López Portillo's meetings with Reagan and their "agreement to disagree" on certain issues. "We have a basic agreement," he said, "that problems may no longer be resolved through support for repressive systems [of government], that this method—much used in the past—does not function now, that the problems are social and economic, and that to solve them, we must contribute to the establishment of order in the area.

"It is magnificent that there is a social-economic plan of support for this region. But if we want it to be successful, we must bring about relaxation there, not [just] seek negotiations between the big powers. Unfortunately, however, all the solutions for Central America do not lie in that area. As everywhere in the world, many are to be found along the criss-crossing line of North-South and East-West relations."

El Salvador's bloody civil war is a case in point. The United States has provided military advisers, helicopters and arms to help the Salvadoran regime defeat leftist guerrillas, whose arms are said to come from Cuba and the Soviet Union. Mexico, however, believes that only a political solution is possible. Thus, late in August, the Mexicans joined with France's new socialist government to recognize El Salvador's guerrilla-led opposition as "a representative political force." This was a serious blow to U.S. policies, but the Reagan Administration chose to refrain from critical public comment.

In general, disagreements between Mexico and the United States, López Portillo said, "possibly lie in the orientation toward some critical countries in the region: our close relationship with Nicaragua and with Cuba, for example, and the United States' rejection of Cuba and its predisposition against the Nicaraguan system, which is not regarded well in Washington.

"But," he added, "Mexico's friendship with Cuba is not a condition [that interferes with] friendship between Mexico and the United States. The United States has friendships with many countries of the left, with the Soviet Union, with China, with practically all of them except Cuba, which makes one suppose that there are very special reasons for it, and not ideological ones . . . But Cuba and Mexico have been united since the 16th century."

López Portillo made a point of receiving Fidel Castro for two days of talks on the Mexican island of Cozumel two months after meeting with President Reagan and three weeks after the Nassau conference—an act possibly intended, in part, to make up to Castro for not inviting him to the Cancún summit, which the Cuban leader is known to be eager to attend, and to show Mexican evenhandedness.

Many diplomats in Mexico City and Washington believe that López Portillo hopes to play a role in helping to normalize Cuba-U.S. relations. He thinks, they believe, that in time economic realities may free Castro of his dependence on the Soviet Union and pave the way to an understanding with Washington. This would eliminate the East-West dimension from the problems of the Western Hemisphere.

Officials close to the Mexican president report that during his talks with Reagan, he explained that Mexico was helping Cuba to search for offshore oil because such a fine would constitute "a second independence of Cuba" (the first being its liberation from Spain at the turn of the century). López Portillo's view is that, with petroleum, Cuba would no longer have to rely on the Soviet Union and could evolve more independent policies. Reagan, as far as is known, offered no comment at the time.

López Portillo had also spoken to Reagan, I was told, of Mexico being a "common communicator" in international relations. I asked him what he meant, especially in the context of Cuba and Central America. His reply was cautious and intriguing.

"We are very careful precisely because we belong to this area," he said. "We are not spokesmen, we are not negotiators, and we do not think we can be. . . We do believe that, because we have open and frank relations, these relations could be useful in communicating with two parties that frequently do not communicate, provided there is political goodwill to relax the area."

How much Mexico can accomplish in cooperating with the United States to defuse the turmoil in Central America and the Caribbean is anybody's guess. Clearly, López Portillo's approach toward the United States has been influenced by his contacts with Ronald Reagan. I asked him about this "new climate."

"The problems are the same," he said. "They are rooted in the structures of each country and in their geography. They cannot change simply because there is sympathy and understanding between the presidents. But the *attitude toward them* has changed radically, and this means that treatment of them is possible. With a new attitude in which differences are acknowledged and points of coincidence sought; in which there are no shocks just because there are opposing opinions; in which, on the contrary, opinions are analyzed—one advances very positively in the right direction. I am deeply satisfied with this relationship."

Had a "historical change" taken place? "History is not made in one moment," he said, "or with one attitude . . . But I can affirm that the position of each country can lead us to an understanding without precedent."

For Mexico, the personal relationship between presidents is something of a magic key in the search for solutions with the United States. "The major Mexican watchword seems to be 'respect.'" wrote Robert H. McBride, former U.S. ambassador to Mexico. One reason for the collapse in U.S.-Mexican relations after 1977 may have been the "chemical" inability of Jimmy Carter and López Portillo to get along. "Those who saw the two together are convinced of a lack of understanding that became a near phobia," McBride wrote.

The problem with Carter, as the Mexicans see it, was his failure to treat their president with respect, the relationship having been poisoned by the quarrel over natural gas prices, Carter's unfortunate reference to "Montezuma's revenge" in a toast at Mexico City in 1977 and endless other irritants. López Portillo, for his part, allowed himself criticisms of the United States that the White House found inexcusable. The period was a low point in the U.S.-Mexican dia-

logue until, unexpectedly, Reagan came to the rescue.

Whether he had studied the Carter record or simply acted in a natural fashion, Reagan did everything in Juárez. Camp David and Washington to make López Portillo feel like a respected friend. Whereas the Carter Administration had surprised Mexico with a plan to deal with the problem of illegal Mexican immigrants in the United States—a move the Mexicans took as condescending—the Reagan White House made a point of informing López Portillo beforehand that he would propose to Congress a pilot program for 50,000 Mexican "guest workers" that could be expanded to 500,000 in the future. Mexico may not approve of the Reagan program, but López Portillo was grateful for the courtesy, and his government has handled the issue with discretion since the new Administration policy was formally announced after Camp David.

López Portillo may have had the Reagan courtesies in mind when he spoke of his satisfaction with the new relationship. "There is understanding, there is respect, something on which I insist," he said. "For Mexicans—as much because of our Indian origins as our Spanish origins—respect is an important thing. We link it very much with our dignity. Feeling that we are being treated with respect, we can do anything."●

A TRIBUTE TO TEMPLE BETH OHR

HON. WAYNE GRISHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. GRISHAM. Mr. Speaker, I am pleased to have this opportunity to make my colleagues aware of the 25th anniversary of Temple Beth Ohr in La Mirada, Calif., on October 23, 1981. Temple Beth Ohr, founded in 1956, has touched the hearts of so many in a significant way, and it is indeed a privilege to extend congratulations on this momentous occasion.

We are living in a world of change. The rapid pace of the society in which we live underscores the importance of the temple in our everyday lives. Temple Beth Ohr has provided a needed focus for the comfort and joy of prayer, guidance, and fellowship.

Under the capable spiritual leadership of Rabbi Lawrence J. Goldmark and congregation president Irwin Berman, the temple has had continued growth and increasing spiritual awareness. I applaud their efforts and the efforts of others who have worked so humbly to see their temple grow to celebrate its 25th year as a congregation. I am confident that as Temple Beth Ohr continues its pattern of service to the community the congregation will have the opportunity to more fully understand its past and provide direction for its future.

I am happy to have been a part of the growth of Temple Beth Ohr. And I am pleased that my colleagues in the House of Representatives will be able to share my pride as this auspicious event is celebrated. I look forward to working with Rabbi Goldmark and the congregation for many more peaceful years.●

POSITIVE STATEMENT ON ECONOMIC PROGRAM NEEDED TO SPUR RECOVERY

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. MAZZOLI. Mr. Speaker, I commend to the attention of my colleagues the following comment placed in a recent issue of the Wall Street Journal by Drexel Burnham Lambert, Inc.

I have no personal interest in this corporation—nor do I own any shares of stock in it or in any company or organization.

I am moved to comment on this because it is the kind of positive statement about the fiscal and budgetary program the Congress adopted this summer which is needed to spur our Nation's economic recovery.

The article follows:

[From the Wall Street Journal, Oct. 6, 1981]

HANG ON, AMERICA

Despite the stock and bond markets' recent downward trend, we at Drexel Burnham Lambert believe the investment future looks bright.

In our view, President Reagan's program of reduced federal spending, lower taxes and less regulation is the best path to a boom—and not to the doom that some suggest.

Yes, the prospect of continued federal deficits is of concern. But they're more likely to be brought under control by a program designed to stimulate growth than by the combination of excessive government and confiscatory taxes.

With the maximum tax on long-term capital gains cut to 20 percent; the maximum tax on interest, dividends and short-term gains cut to 50 percent; and estate taxes nearly eliminated for most taxpayers; the prospects for making and keeping wealth in America are better than they've been for years.

In time, these changes are bound to have a positive effect on our capital markets.

Keep in mind the fact that we didn't get into our present economic difficulties overnight. So it's unrealistic to believe we'll get out of trouble in a fortnight.

But if we have the patience and courage to stay the course, there's honest hope for a new era of economic opportunity.

Meanwhile, we urge long-term optimism, a thoughtful look at new opportunities appropriate to your investment needs, and a consideration of growth stocks offering good chances for gains.

Drexel Burnham Lambert is a big international investment banking and securities firm. But not so big as to forget that your future determines our future.

Drexel Burnham Lambert.

We believe in America's future.●

AMERICA'S CRIME AGENDA

HON. WILLIAM J. HUGHES

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. HUGHES. Mr. Speaker, crime—and what to do about it—dominates public and private discussions throughout the country. Various anti-crime measures have been undertaken in both Houses of Congress, and the Attorney General's Task Force on Violent Crime recently issued its recommendations. It was timely, therefore, that I was recently asked to address a prestigious group of criminal justice professionals on the crime issue. The National Forum on Criminal Justice, which met here in Washington late last month, consists of representatives of the American Bar Association, American Correctional Association, American Judges Association, American Judicature Society, American Probation and Parole Association, Association of Trial Lawyers of America, Conference of Chief Justices and the Conference of State Court Administrators, Council of State Governments, International Association of Chiefs of Police, National Association of Attorneys General, National Association of Counties, National Association of Criminal Defense Attorneys, National Association of Criminal Justice Planners, National Association of Pretrial Services Agencies, National Conference of State Legislatures, National Council on Crime and Delinquency, National Association of District Attorneys, National Governors' Association, National League of Cities, National Legal Aid and Defender Association, National Organization of Black Law Enforcement Executives, National Sheriffs' Association, National Urban League, Police Executive Research Forum, the Urban Consortium, United States Conference of Mayors, and the Police Foundation.

The National Forum on Criminal Justice met to discuss the crime agenda. As the chairman of the Subcommittee on Crime of the Committee on the Judiciary, I was asked to address the group, and for the benefit of my colleagues, I am submitting this speech for the RECORD.

STATEMENT OF REPRESENTATIVE WILLIAM J. HUGHES BEFORE THE NATIONAL FORUM ON CRIMINAL JUSTICE, SEPTEMBER 22, 1981

I am pleased and honored to appear before this distinguished group of criminal justice professionals. As a former prosecutor of ten years of experience, I know firsthand about the difficulties and dilemmas you face on a daily basis. The task of preventing and combatting crime is among the most challenging ones facing our society. I need not recite the usual statistics about the magnitude of our crime problem—you know them all too well.

I have been asked to provide for you an assessment of the likely congressional initiatives on crime. In my view there are two important areas in the criminal justice field where Federal initiatives must be undertaken. First, the Federal Government must take a leadership role in fighting crime. Second, the Federal criminal justice system must be a model of rationality, fairness, and effectiveness for the States.

Federal leadership in crime must come from doing more than merely getting our own house in order. While the development of initiatives, like the proposed criminal code, are important to some of us in the Congress, we at the Federal level must also give to new tools to fight crime to criminal justice personnel at the State and local level.

In looking at the responsibility for combatting crime, everyone, including the Attorney General's Task Force on Violent Crime, has recognized that over ninety-five percent of the responsibility for fighting crime is on the shoulders of State and local officials. Thus, the Federal Government cannot hope to have much of a direct, tangible impact on the crime rate. What the Federal Government can do, however, is to provide States and localities with the impetus to develop for themselves new criminal justice programs.

FEDERAL AID

I am pleased to tell you that this morning the House Committee on the Judiciary favorably reported my bill, H.R. 4481, which I believe will provide Federal leadership that encourages initiative in the crime area.

As many of you already know, this bill—which some of you may know by its original number, H.R. 3359—represents a complete restructuring of the Federal financial assistance program in the criminal justice area. The bill provides for a continuation of Federal funding at a level of $170 million for successful programs such as sting operations, career criminals, treatment alternatives to street crime, and arson. The bill also provides for increased funding of programs targeted at crimes committed by serious repeat juvenile offenders.

The bill also creates a mechanism for a Federal response to crime emergencies such as those taking place in Atlanta and Miami. Under my bill, the Attorney General would be required to respond within 10 days to requests for emergency assistance from States or localities, the bill mandates a Federal response to crime in a way that parallels our response to natural disasters.

In commenting on H.R. 4481, I should also point out that the provisions of the bill specifically prohibit any of the Federal money being used for prison or jail construction, or rehabilitation of such facilities. First, there is not enough money in the program to provide for substantial relief from the overcrowding problems which plague States and localities. Second, I believe that it is inappropriate for the Federal Government to foster a policy which could have the effect of creating a false incentive for prison construction. Third, in many instances the problems with prisons and jails are that the wrong people are screened out of prison and the wrong people screened in. We must recognize prison space as a precious commodity and use it first and foremost for violent and serious offenders. Finally, an offer like that made by the Attorney General's task force of construction aid could become a financial burden on States and localities because it is not accompanied by any operating subsidies.

It is my view—and the conclusion of the federally supported research conducted by ABT Associates—that States and localities suffer from inadequate prison or jail space or poor institutional conditions largely as the result of choices made totally at the State or local level. For example, there are profound differences in the incarceration rates between Texas and my State of New Jersey for property offenders. There are also great differences in State commitments to funding prison programs, pretrial release programs, or alternatives to incarceration. In light of the divergent penal policies of the States, it seems inappropriate to enter the battle in the manner suggested by the Attorney General's task force by advocating only prison construction.

FEDERAL COOPERATION

The Federal law enforcement establishment must also improve its relationship with State and local personnel. I remember my experience as a prosecutor that dealing with some Federal agencies like the Federal Bureau of Investigation was often a one-way street. We would give them information about our investigations, but they had a tendency not to reciprocate. The jealousies and rivalries or our different law enforcement agencies must be minimized.

It was heartening to read the recommendations of the Attorney General's Task Force on Violent Crime for fostering improved coordination between Federal, State, and local law enforcement officials. I plan to press—and I expect my colleagues on other subcommittees will as well—for implementation of some of the suggestions in this section of the task force report.

Having outlined two important elements of the Federal leadership role, I must focus attention on two other areas where the Federal Government can do the most—drug trafficking and the illegal use of handguns.

DRUG POLICY

We must reduce the supply of drugs and simultaneously cut the demand for drugs. The single most important step the Federal Government can take is to develop a comprehensive national drug policy. Trafficking in illegal drugs is a huge—perhaps over $60 billion a year—business. Yet, we have no up-to-date national drug policy. I am sad to say that despite a statutory mandate to do so, the President has failed to appoint an executive branch coordinator for drug policy. The absence of clear priorities with respect to drugs is sapping the efforts of our Federal, State, and local law enforcement officials and injuring our cooperative efforts with foreign countries to end drug smuggling. The specific initiatives we must take in this area include:

1. Appointment of a Cabinet level drug policy coordinator;
2. Increased use of the military to assist civilian drug law enforcement officials;
3. Implementing the Rodino amendment making foreign aid payments dependent upon a foreign country's cooperation in the eradication of drugs;
4. Increased penalties for major drug traffickers;
5. Improved forfeiture statutes; and
6. Tighter bail laws to prevent traffickers from fleeing before the trial.

ILLEGAL HANDGUN ABUSE

The second important area of Federal statutory reform we must pursue are proposals to end the illegal abuse of firearms. For almost 20 years there has been an almost uninterrupted increase in the use of firearms to commit crimes. We must stop this abuse. Virtually all Americans agree that we need to mete out swift and certain panalties to those who illegally use guns. We must impose prison terms of sufficient severity to deter other potential gun abusers. We must make the penalty so certain that its sting cannot be avoided.

In addition to changes in the penalty for the use of firearms during the course of a crime, we must act to stop the proliferation of silencers and machineguns, which are all too prominent in organized crime assassinations. In addition to restricting the availability of these special purpose weapons for which the general public has no need, I am drafting measures to prevent legitimate weapons from falling into the hands of criminals. To curb the market in stolen weapons, we must require that the theft of handguns be reported to the police.

Another important step in the fight against crime is to give law enforcement officials time to perform a record check before a person can purchase a handgun. The restrictions in the current Federal law are meaningless if there is no effective opportunity to verify whether the potential firearms purchaser is an ex-felon or other prohibited person. My proposal envisions a fifteen-day verification period which will enable a complete check of the person's criminal history to be made.

FEDERAL RESOURCES

Finally, in the area of the Federal leadership, the Federal Government has an important responsibility to its citizens to provide direct and indirect law enforcement services. Unfortunately, the Reagan administration is going in the other direction by cutting to the bone the budgets of these agencies. For example, the original Reagan budget proposed the following cuts: $4.5 million from the Federal Bureau of Investigation; $7.7 million from the Drug Enforcement Administration; $5.9 million from Immigration and Naturalization Service; $15.9 million from the U.S. attorneys and marshals; and $9.5 million from the Bureau of Alcohol, Tobacco, and Firearms.

In addition to these devastating budget cuts, the law enforcement community has been shocked and demoralized by the rumored merger of the FBI and DEA, and more recently by the proposed abolition of the Bureau of Alcohol, Tobacco, and Firearms. This type of action is negative and counterproductive. It sends the wrong signal to the States and units of local government.

FEDERAL CRIMINAL LAW

The second area of concern of this Congress is reform of the substantive Federal criminal laws and procedures. Currently under active consideration by the House Judiciary Committee are criminal code reform, sentencing and bail reform, and other specific anticrime measures. Regardless of the disposition of the proposed criminal code, it is clear that some legislation is likely to pass in the following areas: First, Federal pretrial services; second, forfeiture; third, the bail statutes; fourth, statutory protection for Federal victims and witnesses; and fifth, measures to strengthen the hand of law enforcement with respect to combatting organized crime and major drug trafficking.

CONCLUSION

In sum, the crime initiatives being considered by Congress are comprehensive and passable. In recent years, some cynical observers have claimed that government can do nothing right. I disagree strenuously. I do not believe that with less government

protection from crime, we are better off. We must have a national crime policy, just as we have a defense and foreign policy. We will win the war on crime, but only if we make a commitment to do so, develop the strategy to do so, and devote the necessary resources.

Our first step is to assure citizens that the crime problem is receiving serious attention within the highest councils of our Government. The second step is to assure Federal, State, and local law enforcement officials that properly trained and equipped reinforcements are on the way. You, our frontline troops in the battle against crime, must have additional fiscal resources and statutory weapons soon. The initiatives I have outlined for you today are intended to heed the public's call for Federal action against crime. Crime is everyone's problem, and citizen involvement is likewise essential.●

DEDICATION IN HONOR OF JOHN E. JOHNSON

HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. PATTERSON. Mr. Speaker, on October 7, 1981, Santa Ana College will dedicate the Johnson Campus Center in honor of President Emeritus, John E. Johnson. In honor of this occasion it is a privilege to ask my colleagues to join with me in congratulating John Johnson and commending him for his outstanding work and leadership in the field of education.

Dr. Johnson is an accomplished scholar whose degrees include an A.B. in chemistry from Occidental College; an M.S. in chemistry from the University of Southern California; and an Ed.D. in Higher Education Administration, also earned at USC. He began his career in education in 1939, when he taught chemistry at Santa Ana High School and later at Santa Ana College. In 1943, he left teaching to serve his country in the U.S. Navy, both as a navigator and executive officer. He later served in the Naval Reserve as a commanding officer.

Following his active service in the Navy, John returned to Santa Ana High where he taught until 1952, when he became dean of men at Santa Ana College. His advancement within the college's administrative ranks was remarkably swift: in 1955 he was named dean of the college, and only 2 years later, in 1957, he was inaugurated president of Santa Ana College. During his years as president of the college, Dr. Johnson also became superintendent of the Rancho Santiago Community College District, serving in that capacity from 1971 to 1979. John retired from Santa Ana College in 1979, after 22 years of outstanding and dedicated service.

Today the Rancho Santiago Community College District is fulfilling its commitment to the community by offering only the finest in public higher education. It must be said that this would not be so were it not for John's steadfast insistance upon excellence as the primary goal to which the district subscribes.

John Johnson is known and respected throughout California. He has chaired and been a member of several university and college committees throughout Southern California, including USC and UCLA. Former president of the California College Deans Association and the California Junior College Association, he has also guest lectured at several institutions of higher learning. John's voice has even been heard here in our Nation's capital, for he delivered a message entitled "Academic Advantages of Student Activities on College Campuses" to the American Association of Junior Colleges Convention not long ago.

Dr. Johnson is a man whose life achievements and contributions are too numerious to note; however, it is appropriate to say that his life symbolizes a hallmark of excellence. He is certainly one who is deserving of having an educational center dedicated to his name.

John, my colleagues and I thank you for the many years you have so freely given of your energy and talents to the field of education. We hope that students who pass through the halls of the Johnson Campus Center in future years shall be reminded of the fine man whose name it bears.●

GUIDELINES FOR OFF-AIR TAPING OF COPYRIGHTED WORKS FOR EDUCATIONAL USE

HON. ROBERT W. KASTENMEIER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. KASTENMEIER. Mr. Speaker, the most notable feature of the 15-year effort to revise the Nation's copyright laws, which was largely completed in 1976, was the cooperative nature of that effort.

Of course, there were fierce struggles over particular issues. However, in the last analysis, almost every affected group desired that the revision effort succeed, and contributed to that success by modifying and compromising their initial positions.

This spirit of cooperation was expressed most visibly in efforts on the part of proprietors and users in working out a series of guidelines defining fair use in certain situations. Three sets of guidelines were ultimately agreed upon and were published as part of the official legislative history of the act.

These guidelines covered classroom copying of books and periodicals in nonprofit educational institutions, educational uses of music, and photocopying by libraries.

One area in which parties had been negotiating, but in which guidelines were not forthcoming, was off-the-air taping of copyrighted broadcast programs.

I am pleased to announce today that a negotiating committee of interested parties, developed by the Judiciary Committee, has drafted guidelines for use by copyright owners and educators which will go a long way toward resolving the lingering problems associated with off-air videotaping of copyright works for educational purposes. I thank, and congratulate, the negotiating committee for their efforts which will, I believe, greatly assist in clarifying the procedures which educators may follow in their use of broadcasted copyrighted materials. These guidelines will help solve an important problem, hopefully without further legislation and litigation. As chairman of the House Judiciary Subcommittee on Courts, Civil Liberties, and the Administration of Justice, which has jurisdiction over our copyright system, I share the view of the negotiating committee that these guidelines reach an appropriate balance between the proprietary rights of copyright owners and the instructional needs of educational institutions. I recognize that beyond these guidelines specific permissions from copyright proprietors may be required under the Copyright Law. I am pleased to insert the guidelines in the RECORD for printing in order to assist in their widest possible dissemination.

AUGUST 31, 1981.

Hon. ROBERT W. KASTENMEIER,
Chairman, Subcommittee on Courts, Civil Liberties and Administration of Justice, Committee on the Judiciary, U.S. House of Representatives, Washington, D.C.

DEAR CONGRESSMAN KASTENMEIER: We are forwarding herewith the "Guidelines for Off-Air Recording of Broadcast Programming for Educational Purposes," developed by the Negotiating Committee appointed by your subcommittee.

The negotiating Committee has concurred that these guidelines reach an appropriate balance between the proprietary rights of copyright owners and the instructional needs of educational institutions. The Negotiating Committee recognized that beyond these guidelines, specific licenses or permissions from copyright proprietors may be required under the Copyright Law. The Committee believes that these guidelines should be reviewed periodically at reasonable intervals.

In accordance with what we believe was your intent, the Negotiating Committee has limited its discussion to nonprofit educational institutions and to television programs broadcast for reception by the general public without charge. Within the guidelines, the Negotiating Committee does not intend that off-air recordings by teachers under fair use be permitted to be intentionally substituted in the school curriculum for a standard practice of purchase or license of

the same educational material by the institution concerned.

Sincerely,

EILEEN D. COOKE,
Co-Chairman.
LEONARD WASSER,
Co-Chairman.

MEMBERS OF THE NEGOTIATING TEAM

Eugene Aleinikoff, Agency for Instructional Television.
Joseph Bellon, CBS.
Ivan Bender, Association of Media Producers.[1]
James Bouras, Motion Picture Association of America.[2]
Eileen D. Cooke, American Library Association.
Bernard Freitag, National Education Association.
Howard Hitchens, Association for Educational Communications and Technology.
Irwin Karp, Authors League of America.
John McGuire, Screen Actors Guild.
Frank Norwood, Joint Council on Educational Communications.
Ernest Ricca, Directors Guild of America.
Carol Risher, Association of American Publishers.
James Popham, National Association of Broadcasters.
Judith Bresler, ABC.
Eric H. Smith, Public Broadcasting Service.
Sheldon Steinbach, American Council on Education.
August W. Steinhilber, National School Boards Association.
Leonard Wasser, Writers Guild of America, East.
Sanford Wolff, American Federation of Television and Radio Artists.[3]

GUIDELINES FOR OFF-AIR RECORDING OF BROADCAST PROGRAMING FOR EDUCATIONAL PURPOSES

In March of 1979, Congressman Robert Kastenmeier, Chairman of the House Subcommittee on Courts, Civil Liberties and Administration of Justice, appointed a Negotiating Committee consisting of representatives of education organizations, copyright proprietors, and creative guilds and unions. The following guidelines reflect the Negotiating Committee's consensus as to the application of "fair use" to the recording, retention and use of television broadcast programs for educational purposes. They specify periods of retention and use of such off-air recordings in classrooms and similar places devoted to instruction and for homebound instruction. The purpose of establishing these guidelines is to provide standards for both owners and users of copyrighted television programs.

1. The guidelines were developed to apply only to off-air recording by non-profit educational institutions.

2. A broadcast program may be recorded off-air simultaneously with broadcast transmission (including simultaneous cable retransmission) and retained by a non-profit educational institution for a period not to exceed the first forty-five (45) consecutive calendar days after date of recording. Upon conclusion of such retention period, all off-air recordings must be erased or destroyed immediately, "Broadcast programs" are television programs transmitted by television stations for reception by the general public without charge.

3. Off-air recordings may be used once by individual teachers in the course of relevant teaching activities, and repeated once only when instructional reinforcement is necessary, in classrooms and similar places devoted to instruction within a single building, cluster or campus, as well as in the homes of students receiving formalized home instruction, during the first ten (10) consecutive school days in the forty-five (45) day calendar day retention period. "School days" are school session days—not counting weekends, holidays, vacations, examination periods, or other scheduled interruptions—within the forty-five (45) calendar day retention period.

4. Off-air recordings may be made only at the request of and used by individual teachers, and may not be regulary recorded in anticipation of requests. No broadcast program may be recorded off-air more than once at the request of the same teacher, regardless of the number of times the program may be broadcast.

5. A limited number of copies may be reproduced from each off-air recording to meet the legitimate needs of teachers under these guidelines. Each such additional copy shall be subject to all provisions governing the original recording.

6. After the first ten (10) consecutive school days, off-air recordings may be used up to the end of the forty-five (45) calendar day retention period only for teacher evaluation purposes, i.e., to determine whether or not to include the broadcast program in the teaching curriculum, and may not be used in the recording institution for student exhibition or any other non-evaluation purpose without authorization.

7. Off-air recordings need not be used in their entirety, but the recorded programs may not be altered from their original content. Off-air recordings may not be physically or electronically combined or merged to constitute teaching anthologies or compilations.

8. All copies of off-air recordings must include the copyright notice on the broadcast program as recorded.

9. Educational institutions are expected to establish appropriate control procedures to maintain the integrity of these guidelines.

MOTION PICTURE ASSOCIATION OF AMERICA, INC.,
New York, N.Y., August 24, 1981.

Re Guidelines for Off-Air Recording of Broadcast Programming for Educational Purposes.

Mr. LEONARD WASSER,
Writers Guild of America, East, Inc., 555 West 57th Street, New York, N.Y.

DEAR LEN: This is to advise you that, although we were a party to the discussions which led to their formulation, the Motion Picture Association of America, as such, will take no position on the above-styled guidelines.

However, we are authorized to advise you that the following individual MPAA member companies assent to the guidelines:

Avco Embassy Pictures Corp.
Columbia Pictures Industries, Inc.
Filmways Pictures, Inc.
Metro-Goldwyn-Mayer Film Co.
Paramount Pictures Corp.
Twentieth Century-Fox Film Corp.
Universal Pictures, a division of Universal City Studios, Inc.

I would appreciate it if a copy of this letter could be included in any transmittal which you and Eileen Cooke make to Congressman Kastenmeier so that it is made part of the record.

Kindest regards.

Very truly yours,

JAMES BOURAS.

ASSOCIATION OF MEDIA PRODUCERS,
Washington, D.C., September 17, 1981.

Hon. ROBERT C. KASTENMEIER,
Chairman, Subcommittee on Courts, Civil Liberties and the Administration of Justice, U.S. House of Representatives, Washington, D.C.

DEAR CONGRESSMAN KASTENMEIER: The Association of Media Producers, the national trade association representing the producers and distributors of educational media materials, has appreciated the opportunity to participate as a member of the Negotiating Committee to establish guidelines for off-air taping of copyrighted works.

This is to advise you that the AMP Board of Directors recently voted not to endorse the "Guidelines for Off-Air Recording of Broadcast Programming for Educational Purposes," now being submitted to the Subcommittee on Courts, Civil Liberties and the Administration of Justice.

The guidelines are not in keeping with the principal objectives of our industry, and we are fearful that they may seriously jeopardize the future well-being of the small but vital educational media industry, its market, and the availability of a broad variety of instructional materials essential to maintaining quality education programs.

Sincerely

GORDON L. NELSON,
President.

FILMS INC.,
Wilmette, Ill., September 15, 1981.

Mr. GORDON NELSON,
President, Association of Media Producers, 1101 Connecticut Avenue, Washington, D.C.

DEAR GORDON: As you know since approximately January 1, 1980 I have represented the Association of Media Producers on the Committee to Negotiate Fair-use Guidelines for Off-air Videotaping for Educational Uses. At that time James LeMay, formerly of Coronet Instructional Media, also represented AMP. Prior to the time I began serving on the committee, Mr. Gale Livengood of Films Inc. was in that capacity.

I have steadfastly recommended adoption of the guidelines to the Board of Directors of AMP and since becoming a member of the Board earlier this year, continued to take that position. I believe that adoption of the guidelines would be a positive development in the educational audio-visual industry. My recommendation to the Board also reflects the overwhelming opinion throughout my company on this issue.

As you also know, my recommendation was continually made during the actual voting by the Board on this matter but that in spite of my recommendation and vote in favor of adoption of the guidelines, the question was narrowly defeated.

I wish to have this letter become a part of the materials you transmit to Eileen Cooke of the American Library Association regarding AMP's decision. You should also know that Films Inc. intends to transmit its own views on this issue directly to Congressman Robert Kastenmeier.

Sincerely yours,

IVAN R. BENDER,
Vice President and General Counsel.●

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[1] See attached letters from Association of Media Producers and Films, Inc.
[2] See attached letter.
[3] As a result of a summer hiatus, the guidelines have not yet been submitted to the AFTRA National Governing Board.

CUB SCOUTS TO VISIT NATION'S CAPITOL

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. LONG of Maryland. Mr. Speaker, on Thursday, October 15, 1981, six Webelo Cub Scouts from Pack No. 433 of Chapel Hill Elementary School in White Marsh, Md., will journey to Washington for a firsthand look at their Nation's Capitol.

These young men, led by Al Renshaw, Sue Haley, Fran Myers, and Boy Scout Donald Haley will tour the White House, the Capitol, and observe the House and Senate in session, as part of their day's activities.

I look forward to meeting with these scouts and their leaders to discuss with them the congressional legislative process, their knowledge of our Government, and their questions about national issues. I am delighted they are taking the opportunity to expand on their civic skills.

Scouts who will visit us Thursday are: Andrew Haley, George Myers, Brian Elliot, Brien Hebb, Kimp Grant, and Scott Wright.●

INTERNATIONAL YEAR FOR DISABLED PERSONS

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. FRENZEL. Mr. Speaker, now that we are in the final quarter of the International Year of Disabled Persons (IYDP), I wish to invite attention to some of the exemplary IYDP programs aimed at improving the lives of disabled persons in my district. Speaking as an honorary sponsor of the U.S. Council for the International Year of Disabled Persons, I also wish to urge that all Americans continue in the spirit of IYDP to promote beyond 1981 the full participation of America's 35 million citizens with disabilities.

In the cities of Bloomington and Richfield, Minn., the grassroots programs of the U.S. Council for the International Year of Disabled Persons have taken hold. These communities have come together to form a committed group of disabled and nondisabled citizens to identify needs, set goals, and develop programs to meet their goals. The committee has worked with the Lutheran Church Missouri Synod to identify and remove architectural barriers in churches; the local chapter of the American Business Women's Association is including disabled women in its scholarship program; and a local child development association has formed a special IYDP curriculum which was implemented in 10 preschool programs.

Public attitudes are crucial to the progress of disabled citizens. The IYDP committee has developed an outstanding community awareness program designed to strengthen public attitudes about the role and potential contribution of disabled persons in our society. The local Sun newspapers have done a series on disability, written by a local writers club. On cable television, the show "Of Special Interest" focuses monthly on disability issues. The 4-H Club and Campfire Girls are involved in the distribution of IYDP posters throughout the community. To tie all their efforts together, the committee publishes a monthly IYDP update to inform the entire community of activities and ways citizens may become involved.

This is a fine example of the International Year of Disabled Persons program in the United States. More than 1,850 communities, all 55 Governors of States and territories, 330 national organizations, and 270 corporations have joined with the U.S. Council for the International Year of Disabled Persons in carrying out programs in this special year. It is up to all of us, Mr. Speaker, to insure that the momentum begun in the IYDP continues. It is especially important, as we begin the process of reexamining how we use our Nation's resources, that we recognize and encourage those programs which are based on private sector initiative. The time is past when we can only look to our Federal Government to provide services. In these fiscally conservative times persons with disabilities are not passively accepting cutbacks; they are responding by developing programs which foster community self-help. These citizens are showing us a path for the future. These grassroots efforts, such as those in Bloomington and Richfield, are outstanding examples of what people can do for themselves and for each other.

The IYDP is now underway in 130 nations on behalf of the world's one-half billion persons with disabilities. The problems are staggering. But so are the opportunities. While the year will end officially at the end of December 1981, the IYDP still offers us all an opportunity to encourage and obtain commitment to the long-term goals of and for Americans with disabilities. Therefore, Mr. Speaker, I urge my colleagues and all Americans, disabled and nondisabled alike, including organization leaders, mayors, Governors, and all persons in a position to contribute, to join in committing ourselves to the long-term nine-point national program of and for persons with disabilities as adopted jointly by the U.S. Council for the International Year of Disabled Persons and the Federal Government's Interagency Committee for the IYDP. This nine-point program calls for:

Expanded educational opportunity.

Improved access to housing, buildings, and transportation.

Greater opportunity for employment.

Greater participation in recreational, social, and cultural activities.

Expanded and strengthened rehabilitation programs and facilities.

Purposeful application of biomedical research aimed at conquering major disabling conditions.

Reduction in the incidence of disability through accident and disease prevention.

Increased application of technology to ameliorate the effects of disability.

Expanded international exchange of information and experience to benefit all disabled persons.

I very much hope all our colleagues will provide leadership in their districts and in Congress to insure this work begun in the International Year of Disabled Persons continues, insuring that America remains a world leader in opening and maintaining opportunities for disabled persons.●

RECOGNITION OF SERVICE, PASSAIC COUNTY DETACHMENT, MARINE CORPS LEAGUE, INC.

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. ROE. Mr. Speaker, November 10, 1981, will mark the 206th birthday of a branch of our armed services that has been celebrated in legend and song, and which can claim great credit in helping to make—and keep—our great Nation a free one. I speak, of course, of the U.S. Marines. It is not my intention here to detail the illustrious history of the Marines, for if I were to do so, I would stand rightfully accused of undertaking a filibuster of prodigious proportions.

Mr. Speaker, while this year marks more than two centuries of longevity for the Marines, it also marks the 48th birthday of a related organization which, in my home area of Passaic County, N.J., has provided a great service in spreading throughout its domain the pride and spirit of the Marines. I speak of the Passaic County Detachment of the Marine Corps League, Inc., and its exemplary Commandant, John A. Miller of Paterson, N.J.

According to the national charter of the Marine Corps League, Inc., it is the duty of the organization "to perpetuate the history of the U.S. Marine Corps, and by fitting acts to observe the anniversaries of historical occasions of particular interest to Marines."

Mr. Speaker, the very first Commandant of the Passaic County Detach-

ment of the Marine Corps League in 1933 was Charles J. Huntington who, I am told, is still quite active in the organization. Recent Commandants have included Louis DeSantis, Sr., now deceased, Michael Bremus, Robert Bressman, Joseph White, and Louis DeSantis, Jr. The Detachment's present officers include Mr. Miller, Commandant; Frank Loomis, Sr., vice commandant; Joseph Buccelli, Jr., vice commandant; Michael Bremus, adjutant; Alfred Bershad, judge advocate; George Ligos, chaplain, and Robert Bressman, national historian.

Mr. Speaker, the Passaic County Detachment, Marine Corps League, Inc., adhering to the principles of its charter, will convene on November 7 at the Mountainside Inn, Clifton, N.J., for the purpose of wishing the U.S. Marines a happy and healthy 206th birthday. I not only wish to join them in this wish, but to commend the Passaic County Detachment of the Marine Corps League, Inc., for its outstanding service to the Marines, the State of New Jersey, and this Nation for the past 48 years.●

TRIBUTE TO PERCY PINKNEY

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. DELLUMS. Mr. Speaker, on October 2, 1981, in Los Angeles, Calif., and on October 3, 1981, in San Francisco, Calif., two very unique events occurred in honor of one of California's outstanding government and political leaders, Mr. Percy Pinkney. On these dates, the leadership and rank and file of the State gathered in honor of Mr. Pinkney, who has served for 6 years as the special assistant for community affairs for Gov. Jerry Brown.

We are honoring Percy Pinkney because we feel very strongly that in the years he has served with the Governor and in the 15 years preceding his appointment, he has performed a service to the State which has been of such extraordinary moment that it should not go unheralded, though without such an event it assuredly would do so.

Percy Pinkney's career has been the model for dedicated community and public service. He began his career in 1960 as the leader of the First Interneighborhood Youth Council in San Francisco under the auspices of Youth for Service. He served for 10 years as a streetworker and as the director of Streetwork for Youth for Service. He and his streetworkers were instrumental in halting the riots in Hunters Point in 1966 and in preventing innumerable violent confrontations in the schools and neighborhoods over the years.

In 1971, he founded the Community Streetwork Center, an interracial, interfaith delinquency prevention program dedicated to working with poor and minority youth between the ages of 8 and 21. The center was founded on a 3-year demonstration grant from the California Council on Criminal Justice to operate a project entitled: "Streetwork: A Community-Based Alternative to Probation and Parole."

Over the 3 years, the project achieved a recidivism rate of only 9 percent among those youth referred from probation, while holding the recidivism of the youth authority parolees to 24 percent.

In September 1972, the center received a grant from the San Francisco Foundation to operate streetwork projects for delinquent and predelinquent girls.

The Community Streetwork Center program, which is based on the concept of intervening into the lives of troubled youth through the family and utilizing family roles, currently has a membership of more than 300 youths.

In addition to his work on the streets with young people, Percy Pinkney has been heavily involved in the civil rights movement, in the fight for equal employment opportunity for all San Franciscans, in the war against drug abuse, and in the movement for world peace.

He has been the recipient of the following awards: San Francisco Foundation Award, 1966; Man of the Year, 1967, Sun Reporter Newspaper; Certificate of Award, National institute of Roving Leader Trainers, 1970, University of Illinois; Glide Memorial Foundation, Martin Luther King, Jr. Award, 1975; Man of the Year Award, Community Streetwork Center, 1975; Northern California Service Award, Church of All Nations, 1977.

He graduated from Washington High School in San Francisco in 1958 as president of the senior class. He attended San Francisco City College in 1959 and 1960. In 1960 he entered the U.S. Army and was honorably discharged in 1962. He attended San Francisco State College in 1962 and received a B.A in psychology in 1965. In 1976, he received his master's degree from Lone Mountain College, specializing in community development and public relations.

It was because of his achievements and understanding of the problems of poor and minority communities and residents that Governor Brown honored him with the appointment as special assistant for community affairs. In that position he has continued his record of exemplary public service. I am very proud to have been a friend, confidant, and admirer of Percy Pinkney, and, I am especially pleased to share this record of achievement with my colleagues in the House of Representatives.●

AGENT ORANGE: PROGRESS, BUT NOT MUCH

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. DASCHLE. Mr. Speaker, I would like to insert into the RECORD an article which was written by the distinguished chairman of the House Veterans' Affairs Subcommittee on Education, Training, and Employment, ROBERT EDGAR. The article, which appeared in the Philadelphia Inquirer, concerns the recent announcement by Secretary of Health and Human Services, Richard Schweiker, of some new findings relevant to the agent orange issue. The findings pertain to documentation that U.S. aircraft had in fact dumped agent orange and other chemicals directly on U.S. troop units in Vietnam.

Once again the credibility of the U.S. Government on this issue has been damaged by virtue of the Air Force's blatant withholding of this information. While this information was going unreported, the VA was spending $133,000 to contract for the design of a protocol to conduct an epidemiological study on Vietnam veterans which in effect couldn't be properly designed because of the DOD's inability to produce a cohort unit of soldiers with documented exposure to agent orange. This in turn means that the study will be further delayed several months as this information is processed, analyzed, and fitted into the design of the epidemiological study which has been so urgently awaited.

Mr. Speaker, I look forward to the day when my colleagues and myself will not have to explain to anxious veterans the reasons why a resolution of the agent orange problem is taking so long. Following is the text of Mr. EDGAR's article:

[From the Philadelphia Inquirer, Oct. 6, 1981]

AGENT ORANGE: PROGRESS, BUT NOT MUCH

(By Representative ROBERT W. EDGAR)

The volume has been turned up on the Agent Orange debate again.

Health and Human Services Secretary Richard S. Schweiker announced recently that U.S. aircraft dumped defoliants in emergency situations on American troops in Vietnam. The House Veterans Affairs Committee issued a press release belittling the secretary's report as old information mentioned by the Air Force in hearings a year ago.

The news versus non-news charges of this announcement have been major stories in print and on television. But what are the implications of this information for the Vietnam veterans?

Certainly, Vietnam vets will agree that that announcement was not a revelation. They knew U.S. planes had dropped chemicals on them long before the Department of Defense admitted to jettisoning Agent

Orange and other defoliants. Yet, the press conference held by Schweiker did have meaning.

The U.S. government is publicly admitting loudly and clearly, that the Vietnam veteran was right. The veteran who reported a drenching while brushing his teeth at his hillside camp now has support for his story.

Secretary Schweiker's report also underscores his support for the Agent Orange Inter-Agency Working Group's mandate to research and publicize the facts about dioxin. Many feared that the change in administrations would cripple this valuable clearinghouse which monitors more than 30 federally sponsored investigations of the health effects of herbicides used in Vietnam.

More important, the press attention to the announcement will help the Vietnam veterans push for action. It took over 10 years for the government to go public with this basic announcement. Without public outcry, help could literally be a lifetime away for these veterans.

Admittedly, the scientific inquiry on the health effects of herbicide exposure is complex. Nevertheless, we should have something to show for a decade of research and dozens of studies. What in the world is taking so long?

The previously mentioned Inter-Agency Working Group has been the most trusted and productive evaluator of the pieces to the Agent Orange puzzle. Unfortunately, the group must overcome the inertia and recalcitrance of certain federal agencies attempting to protect their turf.

Why did it take the Defense Department exactly one year to give the Working Group the dumping information that the Veterans Affairs Committee was told was available on microfilm?

The Working Group has quickly requested extended details on the dumpings such as locations, times, weather conditions, personnel present and the extent of possible exposure. Do we have to wait another year for the next painful drop of information to trickle down?

We are making progress. Congress this year accepted the House Veterans Affairs Committee's recommendation to expand the ongoing Veterans Administration investigation to include other herbicides, chemicals, medications or environmental hazards. The same legislation also extends Veterans Administration health care eligibility to Vietnam veterans with disabilities which are "suspected" to be caused by Agent Orange exposure.

Some of the snags delaying epidemiological studies have been cleared. The Veterans Administration's study design has been written independently of the agency to prevent bias. The Air Force's $6 million to $10 million study of personnel who conducted defoliation missions in Vietnam has commenced.

Sadly, "Reaganomics" promises to bog down this momentum. A Center for Disease Control (CDC) study is slated to be the first out of the gate with concrete findings. Yet, as a matter of public record, CDC is looking at a projected shortfall of funds to conduct the two-year birth defects analysis. The federal hiring freeze and a shortage of personnel force CDC to contract out for this study. As a result, it will cost $500,000 more than its original $1 million price tag (a classic example of the "false economies" of the administration's plan to contract out many federal services "to cut government overhead").

Finanical troubles are probable obstacles of the Veterans Administration and perhaps even the Department of Defense, but money alone cannot buy the incentive or the will to get the job done. I believe Congress is willing to make good on the debt owed the Vietnam veteran. Even in this stressful economic period, my colleagues accepted our recommendation to expand presumptions for the VA compensation and health care for certain present disabilities attributed to the imprisonment of American prisoners of war over 30 years ago.

Vietnam veterans should not have to wait that long, or any longer, for simple justice. I am encouraged that Secretary Schweiker's announcement is an indication that the administration is willing to push for the truth.●

TEXTILE WEEK

HON. ED JENKINS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. JENKINS. Mr. Speaker, I rise on this occasion to bring the attention of a significant event in the Southeast to the Members of the House and the Nation as well.

For the first time ever, Georgia will join hands with North Carolina, South Carolina, and Alabama to celebrate Textile Week, October 18-25. North Carolina, South Carolina, Georgia, and Alabama rank as the top four textile producing States in the Nation.

Few realize that the American textile and related apparel industry employs about 2.1 million people, or 1 out of every 8 manufacturing jobs. This is more than four times the number of workers employed by the American steel industry and more than five times the number employed in our giant automotive industry.

We have a strong textile industry in the Southeast, throughout the entire Nation, and particularly in the Ninth Congressional District of Georgia. We are not afraid of competition in the world market. We believe that we can compete as long as we have fair trade, and as long as we do not have a one-way street. We cannot compete if our markets are flooded with cheap imports produced with low-cost labor, produced without the necessity of antipollution devices and many other pieces of equipment that our domestic manufacturers are forced to put into their plants.

It has been my strongest interest in serving on the Trade Subcommittee of the Ways and Means Committee and the House Textile Caucus that we guarantee that the domestic textile industry is not destroyed. Several years ago, we signed a new multifiber arrangement, and under it we have been engaging in bilateral agreements with other foreign nations. I know that we must remain strong in the world economy, but we must keep our American people at work, and that is my utmost concern in bringing this matter to your attention today.

During the last three decades, tremendous strides have been made in textile technology. Modernization programs have been geared toward increased efficiency of operation through the use of high spindle and loom speeds, improved material handling, and more automated equipment. Despite the increase in modern, highly automated plants, the number of textile employees in Georgia has grown. More than 115,000 Georgians are employed by the textile industry and receive estimated annual wages of approximately $2 billion. This is over one-third of the State's manufacturing employment.

The textile industry has made great strides in the hiring and retraining of minority groups, and is proud of its record.

Today's highly skilled employee in the textile industry is better paid and enjoys excellent working conditions because of modern technology and modern machinery. And that trend is continuing.

Progress means change and progress in the Georgia textile industry is accomplished through continuous modernization of methods, machines, and management. This requires more fully trained personnel and results in larger opportunities and challenges for utilization of human skills. Challenges and rewarding careers await graduates of vocational-technical schools, high schools, and colleges.

America depends on textiles in many ways—for clothing, for the home, for transportation, for industry, for defense, for health care, for space exploration, for recreation. Each year, Americans utilize an average of nearly 60 pounds of textile products per person and spend $80 billion for clothing alone. So, textile people know their work is important; that the products they help to produce are basic to life, vital to the improvement of lifestyles in the future, and essential to the economic well-being of Georgia and the United States; and, they take pride and personal satisfaction in producing quality products that are used in an almost endless variety of ways.

By all odds, the character of its employees is the most valuable asset of the textile industry. They are largely native to the region, some are descendants of the pioneers who settled and developed the Southeast. They are strongly individualistic and have a deep love for personal freedom.

Mr. Speaker, the textile industry is a leader in Georgia, and it has produced individual leaders for this Nation as well. I salute the efforts of this industry which is a viable part of the Nation's economic lifeline.●

TRIBUTE TO WILLIAM STEBBINS

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. YATRON. Mr. Speaker, I rise today to pay tribute to Mr. William Stebbins who is retiring after more than 30 years in the labor movement. On October 17, Bill's friends will gather to honor him in Reading, Pa., with a retirement dinner dance.

Throughout his career, Bill Stebbins has demonstrated an intense and active commitment to his union and to the betterment of his community. He began his labor career in 1952 when he served as a union steward and negotiator for local No. 1687, Retail Store Employees Union, Wilkes-Barre, Pa. He subsequently served as a labor organizer for Local No. 1687 and in 1957 was appointed to the International District Council No. 11 as a full-time labor organizer.

In 1965 Bill moved to Reading and served as a business agent and secretary-treasurer of local No. 1393. He was elected president in 1972 and from 1975 to 1978 served as the secretary-treasurer of the United Labor Council of Reading and Berks County.

I have known Bill Stebbins for many years and highly value his friendship. It is because of him and men and women like him, through their hands, muscles, sweat, and minds, that this country has been built and made that strong and productive. Mr. Speaker, I am truly grateful for this opportunity to give well-deserved recognition to the achievements of this fine American. I know that my colleagues will join me in honoring Bill Stebbins. I wish Bill and his family all the best in the years to come.●

MAN OF COURAGE

HON. TONY P. HALL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. HALL of Ohio. Mr. Speaker, I rise today to protest the illegal imprisonment of the Lithuanian activist Viktoras Petkus by the Soviet Union. His story, like those of so many other refuseniks illustrates the shameful nature of the Soviet Government's human rights policy.

Petkus is a Lithuanian Catholic activist and one of the three leaders of the Supreme Committee of National Movements in Estonia, Latvia, and Lithuania. He was first arrested in 1947 and sentenced to 10 years imprisonment for his participation in a Catholic youth organization that opposed Lithuania's annexation to the Soviet Union. Following Stalin's death in 1953, he was released.

He completed high school and then attended the University of Vilnius, where he studied literature and the Lithuanian language. He was arrested again in 1957, this time being accused of possessing anti-Soviet literature. Ironically, the literature branded anti-Soviet by authorities were books written by Lithuanian emigre writers 5 years prior to the Russian Revolution. He was condemned to a 6-year sentence.

Following his release, between 1965 and 1975, while working as a hospital attendant and church sexton, Petkus collected an extensive bibliography of Lithuanian poetry. He worked for the release of refusenik Simas Kurdirka, and in December of 1975 he was detained in Vilnius when he tried to attend the trial of human rights activist Sergei Kovalev.

In 1976, Petkus became a member of the Committee To Promote the Implementation of the Helsinki Agreements, which was concerned with improving human rights. He was arrested on August 23, 1977, and charged with "anti-Soviet agitation and propaganda." On July 13, 1978, he was sentenced to 10 years at hard labor in a Soviet concentration camp, and 5 years of enforced exile from Lithuania. Tried at the same time as Anatoly Shcharansky and Alexander Ginzburg, Petkus refused to recognize the court proceedings against him and had to be forcibly carried into the courtroom.

Recently, Petkus has been designated a "prisoner of conscience" by Amnesty International. Furthermore, on January 30, 1981, he was nominated, along with Russian physicist Yuri Orlov, Jewish mathematician Anatoly Shcharansky, and Ukrainian poet Mykola Rudenko, for the Nobel Peace Prize by congressional members of the Commission on Security and Cooperation in Europe.

Today, we must reaffirm our pledge to work for the freedom of individuals who, through persecution and tyranny, are being denied basic human rights. Viktoras Petkus is a symbol of courage and strength in the face of overwhelming oppression. Let us not forget those people like Viktoras Petkus who fight to obtain the right to self-determination and freedom.●

THE SEPTEMBER BUDGET CUTS—ARE THEY FISCALLY RESPONSIBLE AND MANAGERIALLY SOUND?

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. BROWN of California. Mr. Speaker, while the Congress still awaits the details of President Reagan's latest fiscal year 1982 budget proposals, details about this latest round of hasty budget cuts are leaking out. It is apparent from a cursory review of the latest revisions that not all programs are being asked to take a 12-percent cut—some are asked to take much more, others much less. In addition, the administration has chosen as its baseline its earlier hastily drawn budget of last March, rather than the budget which emerged from the last 6 months of deliberation and negotiation by the Congress and the administration.

These observations have been made by others, and are only repeated here to put the remainder of my remarks in context. While the most recent proposals by the Reagan administration affect nearly every Federal program, the following remarks will be focused on areas of special interest and concern to me—our Nation's research and development base, and our Nation's scientific, environmental, and energy programs. Perhaps because these programs focus on the problems and solutions of the future they seem less urgent than more immediate concerns. Yet it is because they focus on the future that they are important to this Nation.

The latest round of budget cuts for the current fiscal year—which again are cuts below the already serious cuts in the Carter administration's budget that President Reagan proposed last March—would cut 12 percent from the research programs of the Department of Agriculture; 26 percent from the research programs of the Department of Energy; 12 percent from the Environmental Protection Agency; 6 percent from the National Aeronautics and Space Administration; 12 percent from the National Institutes of Health; and 12 percent from the National Science Foundation. Once one gets below these broad budget numbers, which to a knowledgeable observer are already alarming enough, the serious damage which the adoption of these proposals would cause is apparent.

A look at what the Reagan administration has proposed for the National Science Foundation since January is illustrative of this point. Last January, the Carter administration, in its last budget, asked for $1,353,500,000 for the National Science Foundation. In March, President Reagan asked for a cut of $319,900,000, reducing the request to $1,033,600,000. The House has voted higher authorizations and appropriations for the NSF since then. Then a few weeks ago, President Reagan anounced new budget cuts for this same budget—who knows about future years—of another $123,100,000, reducing the overall level to $910,500,000. This is nearly a one-third reduction in one of the most uninflationary, and I believe one of the most

counterinflationary, Federal programs in operation.

While I doubt the Congress will blindly approve this latest round of cuts any more than it did the first round of cuts, there is no question that the persistent efforts of the Reagan administration to destroy certain Federal Government programs is having a serious, deleterious effect. The negative leadership, if one can call it that, that the Reagan administration is showing by failing to support the U.S. scientific and technological enterprise is perhaps the greatest threat to U.S. progress today.

My comments are not a blind support for ongoing programs. But the Congress, and the Nation, cannot remain silent as important ongoing programs are eliminated without warning, explanation, and without arrangments being made for a suitable mechanism to replace this work. Such irresponsible budget cuts are being made in the earthquake prediction program, the environmental research programs, the science education programs, and the solar and energy conservation programs. If the Reagan administration believes these functions are not legitimate ones for the Federal Government to support, it should argue its case. It is not accurate, nor honest, to claim that these cuts are simply the result of fiscal constraints. Rather, they are the result of targeted attacks by anonymous officials who have been unable or unwilling to explain the ideological or philosophical basis for their biases. In fact, whenever an administration witness is asked, they deny any bias exists, and continue to claim economic necessity made them do it.

Mr. Speaker, I hesitate to elaborate on these points. From the beginning of our Nation, the Federal Government has supported activities that promote the general welfare. Since the Civil War, we have supported fundamental and applied research, development, and educational programs through the land grant college system, our agricultural extension system, and our system of grants and contracts. Since World War II, we have tried to support a broad range of programs in the various sciences. And since Sputnik, and most recently the Japanese "economic miracle," the U.S. Government has recognized the need to support various scientific and technical programs to strengthen the public and private institutions in this country which provide the infrastructure of a strong United States. In addition, the environmental and energy problems of this Nation and the world have created a real need for a better understanding of these problems, and the dedication of public resources to solve them.

The Reagan administration's budget either was written without an understanding of this history, which I doubt, or it is written with an irresponsible insensitivity to the legitimate role of Government. Frankly, I believe it is time to get this apparently radical philosophy on the table, and vote it up or down. We can no longer allow ideological preferences and aberrant philosophies to be implemented under the subterfuge of fiscal necessity. If we could confront this matter head-on, I am confident we would rid this budget of such hidden biases, and move on with the real work of the country.

Mr. Speaker, at this time I am placing two recent articles in the RECORD. The first is an article from the October 5 issue of Chemical and Engineering News, on the lastest round of budget cuts. The second is an editorial from the October 16 issue of Science magazine, by Dr. Frank Press, the President of the National Academy of Sciences, on the same subject.

The articles follow:

[From the Chemical & Engineering News, Oct. 5, 1981]

REAGAN PROPOSALS WOULD SLASH R. & D. FUNDS

President Ronald Reagan's latest lists of proposed cuts from the fiscal 1982 budget could do heavy damage to federally supported research and development programs. Prospects for Congress' agreeing to all of the changes, however, are uncertain.

In Reagan's speech announcing that he would ask for additional cuts in the 1982 budget, he said a 12 percent decrease would be requested across the board, except for the Defense Department and for social "safety net" programs. The 12 percent figure would be held to for funding of R. & D. at most agencies but the Department of Energy (which is scheduled for dismantling) would be hit hardest, and the National Aeronautics & Space Administration's budget would be changed least. Most projected increases in research funding would be wiped out, and most programs would actually have less R. & D. money in 1982 than in fiscal 1981.

For the National Science Foundation, the proposed cuts are 12 percent below the previous funding, which would result in an 11 percent drop in total NSF funds for research and education from the 1981 level, unadjusted for inflation. The new cuts to the research budget would put it $49 million below this year's level, a decrease greater than 5 percent. The NSF education programs would be dropped to $9.7 million, even though the previous Administration-proposed level of $9.9 million was supposed to cover only continuing fellowships. Congress had moved to bring that up to $35 million, but the increase is now in peril.

The Energy Department, which had suffered large cuts in the first round of cuts, is booked for even greater reductions. Despite the obvious energy needs of the U.S., the Administration proposal would leave DOE with almost $1.2 billion less for its major research programs than it had in fiscal 1981. Congress can be expected to put some of this back, especially in the areas of conservation and solar energy, but most advanced development programs and enhancement projects would have to be curtailed sharply.

MOST PROPOSED CUTS IN RESEARCH FUNDS ARE NEAR 12 PERCENT TARGET

[Dollars in millions]

	1981 appropriation	1982 estimate (July)	1982 proposals (September)	Percent change July/Sept.
USADA	$627.7	$690.8	$607.9	−12.0
Science and Education Administration	426.8	456.6	401.8	−12.0
Cooperative research	200.9	234.2	206.1	−12.0
Energy	3,386.6	2,979.7	2,194.5	−26.4
Energy supply R. & D.	2,348.7	2,123.2	1,454.7	−31.5
Fossil energy R. & D.	659.9	417.3	358.3	−14.0
General science and research	378.0	439.2	381.5	−13.1
EPA	1,351.0	1,191.4	1,048.5	−12.0
Salaries and expenses	553.7	582.8	512.8	−12.0
Abatement, control, and compliance	540.2	413.9	364.3	−12.0
R. & D.	253.0	190.6	167.8	−12.0
Buildings and facilities	4.1	4.1	3.6	−12.2
NASA	5,522.7	6,122.7	5,755.2	−6.0
R. & D.	4,336.3	4,903.1	4,591.9	−6.3
Research and program management	1,071.4	1,114.3	1,083.3	−2.8
Construction of facilities	115.0	104.8	80.0	−23.7
NIH	3,573.6	3,762.5	3,311.0	−12.0
NSF	1,022.4	1,033.5	910.5	−11.9
Research and related activities	946.7	1,020.1	897.7	−12.0
Science and engineering education	70.0	9.9	9.7	−2.0
Special foreign currency program	5.0	3.5	3.1	−11.4

DOE's basic research programs would also be cut, dropping them to just about even with fiscal 1981 levels. The nearly $60 million cut in support most likely would come out of the high-energy physics and nuclear physics areas. Congress agreed to all of the Administration's previous cuts exactly as proposed earlier this year, so more losses appear certain.

At the Environmental Protection Agency, funds for research and for abatement and compliance, which were already low, would be chopped even more. The across-the-board 12 percent reductions would leave R&D down one third from 1981 levels, and abatement, compliance, and control funding would be down by almost the same factor. Staff worries about the continued effectiveness of the agency have recently become so loud that the Senate Environment & Public Works Committee has scheduled hearings to investigate what the impact of the budget cuts would be.

The only major federal agency that would have more research money than in 1981 under the new proposal is NASA, although the 6 percent proposed cut would leave it just 4 percent above the 1981 appropriation. Such a funding level would assure that the controversial International Solar Polar Mission would be delayed. If the U.S. were to continue to participate at all, a U.S. probe probably would not be sent to study Halley's comet in 1984, and all ideas for new projects would have to be shelved for some time.

Other agencies which support research would suffer as well. The National Institutes of Health was worried earlier this year about simply being able to maintain the level of grant support. Reagan's new proposal will mean fewer NIH grants if approved by Congress. The Agriculture Department's huge research program also would be pared to $20 million less than it was for fiscal 1981. At a time when the interest in genetic engineering of agricultural crops has come of age, these cuts could hamper USDA's efforts to make progress soon. Research, development, testing, and evaluation budgets for the Defense Department would be pared $1.8 billion, most of which would come out of Air Force development programs.

Congress is not expected to move quickly on the President's proposals. Administration officials have expressed confidence, howev-

er, that the new cuts eventually will be passed—at least most of them. The trouble that arises for science and technology is that it is one of the largest so-called discretionary parts of the budget. The outcry over any decreases in the entitlement payments for social security, welfare programs, or medical care, coupled with the Administration's determination to keep funding for defense high, seems to assure more cuts in government support for research.

[From the Science magazine, Oct. 16, 1981]

NEW CUTS IN AGENCY BUDGETS

President Reagan's announcement on 24 September that the fiscal year 1982 budget for most government agencies was to be reduced a further 12 percent sent a wave of apprehension through our national laboratories and major research universities. The earliest impact will be felt in the national laboratories. Hundreds of scientists and technicians will be dismissed during the next several months in anticipation of budgetary reductions yet to come. The concern on university campuses is no less in degree, even though the impact will be less precipitate. Prospects for fiscal year 1983 are still worse, if a balanced fiscal year 1985 budget remains an Administration goal. Alarm is deep and pervasive.

Previous cuts by the Reagan Administration in the R. & D. budget, although damaging to social science education in particular, were of a different order than what may now follow. Those cuts were more surgical in nature, protecting the hard sciences and cutting back on large demonstration projects, with the belief that these would be more appropriately taken up by industry. The Administration accepted the principle that federal support was warranted to preserve the strength of the national effort in basic research. But if an across-the-board cut of 12 percent is now imposed, with even deeper cuts in succeeding years, it is clear that the nurturing relationship between science and government may be changing in a manner quite different from the oscillations of the past. Science and government may be approaching a moment of decision in which the health of both is at risk.

The Reagan Administration believes that a new austerity in government spending is warranted and that it has a popular mandate to that end. But there remains a general responsibility, which the scientific community certainly shares, to point up the consequences of specific cuts and to ensure that the remaining federal resources are allocated wisely and to maximum effect. What avenues are open to the scientific community to make its case? Indeed, what kind of case does it have?

It must point out more effectively—with documentation, if necessary—that the nation's economic strength and military security (both goals of the Administration) are tightly coupled to achievements in high technology and that, in turn, high technology is dependent upon scientific accomplishment. It must continue to point out that less than 15 percent of the $38 billion in the federal budget for R&D goes to basic research; the bulk is spent on development. The required cuts could be made in the overall R&D budget, while allowing for modest growth in fundamental research.

It may have to take its case to the authorization and appropriations committees of Congress, hoping to find support through public rather than quiet diplomacy.

It might also direct its attention inward, offering to reexamine the national research enterprise—including academic research, national laboratories, and industrial research—to learn whether new institutional relationships and other structural changes can preserve our scientific strengths in a period of financial stringency. All sectors of the scientific community must be prepared to set aside the shibboleths of the past and perhaps propose new modes of research just as effective yet less costly. There has been no truly comprehensive examination of the relationship between the federal government and the scientific community since shortly after World War II. Out of this time of trial may emerge a totally new environment for science in the United States, perhaps even a better one.

It is clear that present circumstances require broad and informed consideration at the highest level. Accordingly, the National Academy of Sciences is calling a national convocation of scientific and engineering leaders to meet with government officials for a clarification of the prospects for science and technology in the light of proposed federal budgets and, if consensus permits, to suggest a course of action.●

THE 75TH ANNIVERSARY OF HOLY TEMPLE CATHOLIC CHURCH

HON. DAVID W. EVANS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. EVANS of Indiana. Mr. Speaker, on October 21, Holy Trinity Catholic Church in Indianapolis will celebrate its 75th anniversary jubilee. In 1905, devout Slovenes petitioned the auxuliary bishop of Indianapolis for the formation of a new parish for non-English-speaking immigrants of Indianapolis. The Slovenes were expected to find their own parish because none of the clergy in the diocese was of Slovene background. In 1906, Father Joseph Lavic arrived and celebrated the first mass for 720 parishioners.

Those parishioners soon began the excavation of the site of a new church structure, in the heart of the Slovene neighborhood. On October 21, 1906, the first cornerstone was laid. And there continued a tradition of Slovene pride and spiritual fulfillment, which Indianapolis residents associate with Holy Trinity Church.

I would like to share with you some remarks by Larry P. Crawford, pastor, about the tradition in reference to a new book about the parish, "Slaves to No One," by James J. Divita. I believe my colleagues will see the reason why Holy Trinity Church has served the community so richly.

To meet a person, even to deal with that person for a period of time, is not necessarily to know the individual. A person is formed by the totality of the events in his life and how he handles those events. Every person's life is a mosaic of joys and sorrows, of victories and defeats, of very public events and personal intimate moments. To know a person is to know something of his history.

In recent years, as a Catholic Church we have become more conscious of our almost 2000 year heritage. We have become more conscious of how varied practices have been. We have become more conscious of the development of ideas. We have become more conscious of our history, that we are a part of history.

Holy Trinity Church, Indianapolis, Indiana, is in some way a part of that history. Holy Trinity is a part of the universal Catholic Church. It is a part of the Church of Indianapolis. But Holy Trinity is also a part of several thousand people. Holy Trinity is the story of individual people; of who they are, of what they are.

The story of these people prompted me to ask the author to write this history. It is very important while some first generation parishioners are still with us that their thoughts, ideas, and remembrances be recorded. Failure to do so would mean not only information lost, but that future generations could not fully understand what it means to be Holy Trinity parishioners.

Every parish has its personality, just as much as any living, growing person. A parish is formed and reformed by joyous achievements and painful struggle. The story of Holy Trinity is the story of numerous men leaving the Malleable after work and sweating away more hours to dig a church basement. It is the story of Monsignor Bockhold. Trinity is the story of a woman struggling to feed a growing family, not enough money to have rugs on the floor, but faith so strong she saves 5¢ for Father Bonaventure when he makes his rounds. Trinity is the story of a Slovenian wedding with *potica*, ham, saugage, and the Pillow Dance. Trinity is the grappling with the decision based on hope in the future to enter a consolidated school. Trinity is the pride of knowing you have just begun to fight, when others think you are down for the count. Trinity is the church's concern for people whoever and wherever they are, and finding ways of helping them whether that means ministering to them in person or becoming involved in the political process and various governments that affect people's lives.

Trinity was born into this world like all babies—fighting and kicking for life. She has become a beautiful daughter of the Church.

Most of all Holy Trinity is a sign of God's power and presence in Haughville. Trinity is the new life of Baptism, the comfort of a Funeral Mass. It is the power of Easter Sunday, the joy of a First Mass. It is not only where God works, but Trinity itself is kept in existence by the Power of God, the Father, Son, and Spirit.

I wish to express my sincere thanks to Dr. James Divita for his work in writing this book. I think the greatest compliment I can pay him is to say that I think his story does capture the life of Holy Trinity Parish. I know this is the result of many hours of researching everything from newspapers to deeds and annual financial reports. It is the result of endless listening to many, many people. He did it all joyfully and eagerly from the first moment he was asked and continued to do so to a very professional and complete conclusion. Thanks also to his wife, Mary, who helped in preparing the manuscript.

Thanks in a very special way to the many people who gave information in so many ways and were so willing to cooperate. This project would indeed have been impossible without them.

And finally, thanks to God for seventy-five great years.●

IMPACT OF FEDERAL REGULATIONS

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. BEREUTER. Mr. Speaker, published in the September 23, edition of the Omaha World Herald is an account of the effect which Federal regulations have had upon the development of Omaha's Eppley Airfield and the recent decision by the board of the Omaha Airport Authority to reject a pending $1 million grant because of the attendant restrictions on its use of those funds. I request that the editorial be reprinted in its entirety. The article follows:

[From the Omaha World Herald, Sept. 23, 1981]

AIRPORT AUTHORITY SAYS GOODBYE TO FEDERAL AID

During the last six years, the Omaha Airport Authority has engaged in federally-aided development work costing about $12 million at Eppley Airfield.

Executive Director Ronald B. Grear believes the price tag could have been lowered by as much as $1.5 million if the authority had not been forced to adhere to burdensome restrictions imposed by Washington.

The increasing volume of paperwork demanded by the federal bureaucracy is part of the problem. The need to adhere to sometimes higher than necessary construction worker wage levels set forth by terms of the Davis-Bacon Act may have stifled some competitive bidding, Grear said.

And, said Grear, a professional engineer, the federal government has been slow to accept many cost-conserving design and construction innovations.

"We simply were not permitted to take full advantage of the advancing state of the art because the federal regulations are so ponderous and oppressive," he said.

Last Friday, Grear's recommendation that a pending federal grant of something more than $1 million to partially fund a construction project at Eppley's new general aviation center be rejected was approved unanimously by the authority board.

The board acted while realizing that the $1 million might be lost to Eppley forever—that there could be no reversal.

After an 11-year life which has been marked by ever increasing bureaucratic controls, the existing federal airport aid program will be terminated Sept. 30 unless Congress and the adminstration agree on an eleventh-hour reprieve.

Grear and an increasing number of airport managers are supporting legislation which would enable the nation's 69 largest airports to address their continuing development needs without federal aid and resulting federal interference.

Both houses of Congress are expected to consider bills which would reduce the 8 percent tax on air fares, the major source of money for the expiring aid program, to a rather modest levy, perhaps 2 percent. The revenue would be channeled to smaller airports without means of funding their own improvements.

The larger airports would be free to increase landing fees and rents paid by airlines and to use the money as they see fit.

Grear is confident that, at least in Omaha-size cities, the fare increases would be lower than the existing 8 per cent ticket tax.

That tax generates about $6 million a year from Eppley passengers. The average amount returned to Omaha in federal grants has been $1.5 million annually.

Under the federal aid system, the Omaha air traveler got a 25 percent return on his investment in safe and efficient airport facilities.

It is difficult for any municipal agency to turn down federal money. The Airport Authority made its bold, unusual move in the face of strong temptation. Principle overcame that temptation.

Perhaps another underpinning of the monstrous federal aid system has been knocked away.●

HONORING COUNCILWOMAN AUGUSTA CLARK

HON. WILLIAM H. GRAY III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. GRAY. Mr. Speaker, I know that my colleagues will want to join me in recognizing a tribute which will be paid this week to one of the outstanding civil leaders and elected officials in the city of Philadelphia, Ms. Augusta A. Clark, Esq.

Ms. Clark will receive this tribute from the Alumni Association of West Virginia State College, Institute, W. Va., from which she is a graduate. Knowing of Ms. Clark's commitment to her constitutents, and her dedication to the struggle to improve the quality of life for the people of Philadelphia, I would say, Mr. Speaker, that the college has selected wisely in deciding to honor this outstanding individual.

"Gussie," as she is known to her friends, family, and constituents, was elected to the Philadelphia City Council in 1979. She serves as chairperson of the council's Committee on Education, vice chairperson of the Committee on Recreation, and is a member of the Committees on Public Safety, Legislative Oversight, and Public Health and Welfare.

Gussie Clark has been a strong and effective leader amongst her colleagues on the council. As our city has attempted to deal with the set of problems which typify urban America today, she has been the voice of reason and compassion.

I might add, Mr. Speaker, that Gussie Clark's seat on city council did not come easily. She waged a difficult and independent campaign to win election to public office, and thanks to her perseverance and talent was ultimately successful.

Nor were her accomplishments prior to election to city council handed to her. Nearly 20 years after she had earned her undergraduate degree, Gussie determined that in order to be more effective as a community leader and to provide for her family, she would enter law school. In 1976, she graduated from Temple University's School of Law, and as one who counted her among my parishioners, I was honored to share her pride on that occasion.

Since that time, Mr. Speaker, Gussie Clark has had a distinguished career as a specialist in equal opportunity and affirmative action. She has served in literally dozens of community and professional organizations, always giving unselfishly of her time and talents.

Knowing firsthand of Ms. Augusta Clark's many contributions to our community, Mr. Speaker, I consider it a priviledge to share with my colleagues the news of her tribute from the West Virginia State College.●

VICTOR F. CORSIGLIA, SR.

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. EDWARDS of California. Mr. Speaker, on behalf of Representative NORMAN Y. MINETA and myself, it gives me great pleasure to bring to the attention of our colleagues a distinguished member of our Santa Clara Valley, Victor F. Corsiglia, Sr. Vic will be honored at a dinner on October 28, 1981, by the National Jewish Hospital and Research Center. This facility provides a very special service for children and adults across the country as well as northern California. So it is fitting that a very special individual, Vic Corsiglia, should be honored and that the proceeds from the dinner will go to this hospital's program.

Vic's parents settled in the San Jose area in the early 1900's and his community involvement has been one of many years as well as of great excellence. He brought back from his World War I service a unique talent for managing cooking for large numbers, and has used this skill for years donating his time and talent for various organizations in the valley.

His business associations have included agriculture in the valley and the setting up of a disposal system for the city of San Jose. His dedication and success in business have always been accompanied by a strong motivation to serve his community. He founded the Italian American Heritage Foundation, led the San Jose Rotary Club, served on numerous veterans organizations, and served over 30 years on the Santa Clara County Water Board. The local universities of

Santa Clara and San Jose State have honored Vic as an honorary alumni.

Vic has seen his son, Victor, Jr., and his family carry on the tradition of community involvement which often stems from such a fine example. It is a pleasure to honor this man for all he has done for his fellow man.●

TRIBUTE TO DR. BILLY TAYLOR

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. WEISS. Mr. Speaker, this past Saturday, October 10, the District of Columbia honored an outstanding artist and educator, Dr. Billy Taylor. I am proud to have this opportunity to congratulate Dr. Taylor for his celebrated musical work, his contribution to furthering the arts and his relentless commitment to sharing the vitality of his jazz with communities across our country.

This gifted individual is an extraordinary artist. His talents leave his mark in the areas of recording, piano, composition, conducting, musical arrangement, writing, acting, and education. It is no wonder that Dr. Taylor has already received the coveted Peabody Award and six honorary doctorates from major universities.

Over the years, Dr. Taylor's influence has touched many facets of the media and arts world. He was the first black artist to host a daily radio show on a major New York station. He later became a producer, contributing performer, host and director for a number of television and radio shows. Most notably, Dr. Taylor directed the successful NET series, "The Subject Is Jazz," and hosts National Public Radio's acclaimed "Jazz Alive." In addition, Dr. Taylor makes guest appearances with about 15 symphony orchestras and at 30 concerts at major universities annually. He has written not only musical scores for a Broadway show, ballet, and symphonies, but he has also authored 12 books on jazz. Currently, Dr. Taylor is completing a history of jazz piano which traces the history and development of the art from its African roots to its present forms.

Billy Taylor's true uniqueness lies in his tireless dedication to the elevation and expansion of the arts in this country. To this end, he has served as a Presidential appointee to the National Council on the Arts and as secretary of the New York State Commission on Cultural Resources. In addition to his national crusade for the arts, he has always sought to inspire community involvement with music. He has been responsible for bringing jazz into the lives of thousands of neighborhood youngsters in New York with his "Jazzmobile," a musical and educational outreach program.

Mr. Speaker, I feel privileged today to join not only with Washington residents, but with music lovers across this Nation in saluting Dr. Billy Taylor.●

PUBLIC CITIZEN CELEBRATES 10 YEARS IN THE PUBLIC SERVICE

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. CONYERS. Mr. Speaker, Public Citizen was founded in 1971 by Ralph Nader and this year is celebrating its 10th anniversary. On September 25 and 26 in Washington, the umbrella organization hosted a national citizen action conference entitled "Taking Charge: The Next Ten Years." The conference focused on developing strategies for advancing citizen participation in the next decade.

During the past 10 years, Public Citizen and its components have performed groundbreaking work in a great many areas and have emerged as a leading force in raising issues of public concern. Because of the efforts of these citizens, we now drive safer automobiles, work in less hazardous environments, and are not subject to many hazardous drugs and substances. Public Citizen has made Government and business more accountable to the people and has established a network for citizen activism and participatory democracy. It is essential that these efforts continue and expand in the years ahead.

I commend to my colleagues a penetrating interview with Ralph Nader in which he discusses past accomplishments and future challenges. The interview, which appeared in the July-August edition of "The Congress Watch," follows:

[From the Congress Watch, July-August, 1981]

RALPH NADER REFLECTS ON CITIZEN ACTIVISM

Q. What do you consider to be the major accomplishments of the past decade?

A. Mainly, we exposed a whole spectrum of abuses by corporations and by government agencies working under the heel of corporations. The public citizen's role was defined, making it clear that more people have to become involved in fulltime citizenship as a career. We developed the instruments of citizen action—such as the Citizen Utility Board (CUB) concept in Wisconsin, which gives residents the opportunity to monitor effectively their local utilities. Also in this decade we spurred greater use of the initiative referendum recall and consumer class action suits, while developing specialized newspapers and publications for activists. Over the last ten years, we have given people around the country the tools, the wherewithal and the know-how, to organize their own neighborhood, consumer, environmental and tax reform groups.

Finally, one of the biggest contributions we made is to show people what can be done. It's not like we've finished what needs to be done, but we've shown, and are showing, what a handful of people can do to advance justice in this society. This should encourage others around the country who might have otherwise thought they couldn't fight city hall or they couldn't challenge Exxon or General Motors. Public Citizen has helped develop citizen skills which are increasing each day and spreading to more and more people.

Q. What do you consider to be some of the specific legislative victories of the past decade?

A. Some of the great victories of Congress Watch and Public Citizen have been the key amendments to the 1974 Freedom of Information Act. The United States is the only place in the world where citizens can get their files from security agencies such as the FBI and CIA. Reagan is now determined to weaken severely the Freedom of Information Act and there needs to be a major national citizen opposition to him in this regard.

Another major victory was the National Consumer Cooperative Bank. For the first time in America's history we have a bank which extends credit and technical assistance to new and old consumer co-ops in a variety of areas. There is also a victory in the 1976 Toxic Substances Act, although the enforcement of this law leaves a lot to be desired. And there were many bad pieces of legislation that Congress Watch blocked—outrageous tax loopholes, for example, and taxpayer subsidies to large corporations to pay for their mismanagement.

Q. What are the tools that citizens can use to accomplish new goals in the 1980s?

A. There should be training schools for young citizen activists—schools that will encourage students to learn how to become effective citizens—to shed off their learned habits of memorization, regurgitation and vegitation. Also, another major citizen-education effort could be door-to-door canvassing to educate people so they are willing to commit themselves to these citizen efforts.

Cable and low-power television could be a good network for citizen activists. Because generally, the tools have to revolve around the central objective of facilitating communication—so citizens can be reached quickly and inexpensively. Whenever there is a crisis or controversy, like energy or pollution, millions of people should be able to be reached in a fraction of the time it now takes.

Tools such as computerized services, where people can subscribe and get information of the cheapest auto insurance in the city or the best food prices, will be a big help to consumers.

Q. What are the biggest obstacles that are hindering, or may prove to hinder, citizen activism?

A. A major obstacle is the economic one; there is an economic barrier imposed between the citizen and government. It costs a lot of money to participate in Nuclear Regulatory Commission or Food and Drug Administration proceedings. The public participation funding to help citizens who have a stake in these regulatory proceedings to attend them made headway under Carter but is now being destroyed by Reagan.

A related obstacle is the buying of elections. We have to do something about campaign finance reform, otherwise politicians will be bought like products at an auction.

Another problem is the lack of access to the justice system. Many people are shut out of their own system because it costs too much.

And finally, there are the obstacles of access to the communication systems as more and more newspaper and media chains grab larger and larger slices of the communications industry.

Q. What effect do you see the Reagan Administration having on the consumer movement?

A. Reagan is so anti-consumer, his policies are so determined to roll back the progress made in the last 20 years in worker safety, environment and consumer protection areas, and his aides are so contemptuous of law and order for corporations, that it should have a galvanizing effect. His subservience to big business is overreaching even its greedy demands. All of this is so clear that more recruits will certainly be coming into the consumer movement—however, not automatically.

People often react to intolerable conditions in one of two ways. They can become passive and surrender to them or they can mobilize. The consumer movement has to look for new energies as well as new policies. It has to look for young people coming out of universities—they have determination, creative ideas.

Elderly people also have to be tapped as they have time and experience on their hands but many have yet to connect with community, neighborhood, regional and national citizen groups. People of all ages who are looking to remedy some of their complaints, individually or collectively, have to be given both the know-how and opportunities to do so. The Reagan administration's assaults should spark these people to action.

Q. What direction should citizen activism take in the 1980s?

A. At a time when the government agencies designed to protect consumers and workers are being used against them, it is essential that we shape the development of our own resources. Regaining control of what is ours—the hundreds of billions of dollars in pension funds, savings and loan deposits and mutual insurance assets, the public airwaves, the resources on public lands—will be one of the major political issues of the 1980s. Such wealth can be put to many more productive uses for the benefit of communities throughout the country. Citizens are prevented from using their full economic and political power. We need not mortgage our future by transferring public power to private interests as current leaders would do. The democratic power of the American people can be greatly enhanced merely by restoring to the citizenry control over the resources it owns.

Meticulous citizen review and challenges to Congress back in the home districts should also become a national pastime. After all, Congress appropriates 25 percent of the average family income. It has the power to send people off to war; it can increase taxes; it can refuse to protect people in the marketplace against consumer fraud and in the workplace against hazardous substances.

Congress is a very important institution and it needs citizens in congressional district after congressional district to monitor it—to make monitoring it their citizen hobby. That is what Congress Watch is encouraging through its Congress Watch Locals and through its newpaper, *The Congress Watcher.* It's really a lot of fun. It's also very fulfilling for people to learn how to become more and more skilled in making their senators and representatives responsive to the public interest rather than to corporations' narrow interest. Getting people to control what they own and pay close attention to who they elect will be one the major political agendas of the 1980s . . . that is, if progressive people are sensitive to what is both important and attractive to a large proportion of the American people.

COST OF MAILING TO JUMP

HON. LES AuCOIN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. AuCOIN. Mr. Speaker, in a few days, the cost of mailing a first-class letter will rise to 20 cents. It is the second jump in postal rates this year. Many of my constituents are angry about it and are asking—quite appropriately—what if anything the Postal Service has done to eliminate inefficiency before imposing yet another increase.

They are skeptical, to use the kindest word, of the explanation from the Postal Service that the increase is necessary to keep postal operations in the black. I share that skepticism, and I believe it is wholly justified in view of the rejection of this inflationary rate change by the independent Postal Rate Commission—not once, not twice, but three times.

The Rate Commission, which is the only agency charged with regulating another, reached its conclusion after 10 months of public evidentiary hearings in which more than 53 parties participated, including representatives of the commission charged with presenting the public's case. More than 20,000 pages of testimony were amassed in the course of the Commission's exhaustive inquiry.

After all of that Mr. Speaker, the Rate Commission recommended, in February, an increase to 18 cents. It found that an increase to 20 cents was unnecessary. The Commission had never previously disapproved a requested rate change. In June and again in September, the Rate Commission reviewed and upheld its February findings.

The response from the Board of Governors of the Postal Service was to ignore the Rate Commission's conclusion and to invoke, for the first time since the Postal Service was reorganized more than a decade ago, this rate increase on its own.

Mr. Speaker, this unilateral action, by itself, speaks to the need for congressional oversight hearings. A very disturbing precedent has been set here, and it should not go unchallenged. The Postal Service cannot be exempt from the same budget discipline that is being demanded, at very real sacrifices, from all other agencies of Government.

The Postal Service cannot be allowed to exploit its semiautonomous standing by unilaterally raising rates every time it anticipates a revenue shortfall.

When our constituents complain to us of erratic service, curtailed services, inept management, rudeness, and unjustified rate increases, they do so because they understand we in Congress have the authority to do something about it.

For those reasons, Mr. Speaker, I believe this is an appropriate time for Congress to exercise its oversight authority and to review aggressively the way the Postal Service is being run.●

OFFICE OF ELDERLY AFFAIRS

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. ROYBAL. Mr. Speaker, today I introduced House Resolution 4744 a bill which would establish an Office of Elderly Affairs within the Department of Housing and Urban Development.

We can no longer ignore the fact that the current housing burden being experienced by a substantial number of older Americans is quickly becoming a crisis. A recent Special Committee on Aging study revealed that at least 30 percent of the elderly live in substandard, deteriorating, or dilapidated housing. I find this situation particularly distressing in view of the fact that such factors as a rapidly growing elderly population, inflated energy and home maintenance costs, and a shrinking supply of adequate and affordable housing units are threatening to deepen the crisis.

At the present time there is a lack of housing and service linkages to enable HUD field and area offices to deal effectively with the needs of the elderly. The establishment of an Office of Elderly Affairs within HUD would perform the important task of initiating and effecting policy for our older citizens, and would better link policy and programs to each other, as well as to other Federal, State, and local agencies. It would become the focal point for advocacy, new program design and implementation, technical assistance, and evaluation. Additionally, it would provide leadership for insuring that housing and related service programs for older Americans are well planned, coordinated, implemented, and cost effective.

Precedence exists for the establishment of such an office. A policy and coordination office for the elderly existed within HUD from 1961 to 1977. This office was responsible for the development of many legislative and program initiatives where none had existed, and served as a focal point for in-

formation and public relations. When the housing moratorium came into existence in 1973, the scope and function of the office was radically narrowed. Where it had originally held lead responsibility for initiating program planning and policy formulation, the office then declined to a passive-reaction status. It was finally dismantled in 1977.

In 1980 a Special Assistant for Elderly Affairs was established, but no budget or additional staff were provided. Presently, the office does not have specific duties and responsibilities and only acts as an information and referral center for organizations and individuals with specific problems.

The construction of new housing has felt the effects of high interest rates, and housing starts have slowed dramatically. Currently, it is not possible to build housing at rents most older Americans can afford and still allow builders an adequate return on their investment. Moreover, urban renewal, deterioration of housing, and the rise in condominium conversions has further reduced the already scarce rental housing stock. For those older Americans who own their own homes, spiraling energy and maintenance costs have led to the neglect of needed repairs. Many are faced with the difficult dilemma of deciding whether to stay in their homes and face shrinking disposable incomes due to high operating costs, or to move to less expensive, and often less desirable housing in unfamiliar neighborhoods.

In short, housing our older citizens has become a complex and difficult problem, one which will continue to grow in magnitude in the years to come. We must examine creative and cost-effective alternatives in order to address the problem adequately.

To sum up, what I am proposing is that we reconstitute the vital function of providing access and visibility to elderly housing issues within HUD through an Office of Elderly Affairs. Adequate staffing would be provided to resume activities on behalf of the elderly which existed until a few years ago. Elderly housing represents a program accomplishment of which we are all justifiably proud. It needs to resume its rightful place in our administrative and social processes of Government. Developing a variety of programs and services for older Americans that most cost effectively expand their freedom of choice of where and how they live remains a difficult and crucial future challenge. Establishing an Office of Elderly Affairs within the Department of Housing and Urban Development is a first important and essential step in meeting that challenge.

The bill follows:

H.R. 4744

A bill to establish an Office of Housing for the Elderly within the Department of Housing and Urban Development

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4 of the Department of Housing and Urban Development Act is amended by adding the following new subsection at the end thereof:

"(e)(1) There shall be in the Department an Office of Housing for the Elderly. This Office shall be within the Office of the Assistant Secretary for Housing and shall have the following responsibilities:

"(A) to coordinate all housing programs for the elderly within the Department, including the coordination of activities at the regional and area level which concern such housing programs;

"(B) to work to coordinate such housing programs with related programs which are administered by State, local, or other Federal agencies;

"(C) to make recommendations to the Assistant Secretary regarding legislation relating to Federal assistance to housing for the elderly;

"(D) to receive, evaluate, and make recommendations to the Assistant Secretary with respect to information submitted by organizations representing the elderly who are served by programs carried out by the Department;

"(E) to make recommendations to the Assistant Secretary concerning research needs, demonstrations, and evaluations which are being or should be carried out by the Department with respect to housing for the elderly;

"(F) to organize task forces (which shall consist of individuals who have expertise in the area of housing for the elderly and who work in that area within the Department or outside of it) which are deemed necessary to carry out the responsibilities of the Office;

"(G) to represent the Assistant Secretary with respect to elderly housing matters before other governmental agencies and departments, industry groups and associations, the Congress, and the public;

"(H) to convene and work with the Advisory Committee on Housing for the Elderly described in paragraph (4);

"(I) to prepare and distribute such materials which are necessary to carry out the responsibilities of the Office;

"(J) to coordinate for the Department in making an annual report to the Congress relating to housing for the elderly, as described in paragraph (3); and

"(K) to carry out other responsibilities relating to housing for the elderly as may be specified by the Secretary.

"(2) The Office of Housing for the Elderly shall be headed by the Special Assistant for Housing for the Elderly who shall be responsible directly to the Assistant Secretary. Such Office shall have staff members recommended by the Special Assistant and approved by the Assistant Secretary, including staff members at the regional offices of the Department in order to assure the coordination of housing programs for the elderly at the regional level. The Special Assistant for Housing for the Elderly shall be designated by the Assistant Secretary not later than 60 days after the date of enactment of this subsection.".

"(3) The Secretary shall, not later than December 1 of each year, submit to the Congress an annual report on housing for the elderly which shall include—

"(A) a description of the actions (and associated costs) of the Department during the previous fiscal year with respect to housing for the elderly and a description of the actions (and associated costs) undertaken and to be undertaken with respect to such housing during the current fiscal year; and

"(B) recommendations for any legislative, administrative, and other actions relative to such housing, as deemed appropriate by the Secretary.

"(4) The Assistant Secretary shall establish, in accordance with section 7(1) of this Act, an Advisory Committee on Housing for the Elderly. Such Advisory Committee shall have representatives from organizations serving the housing needs of the elderly and shall discuss and analyze recommendations which can be used in developing departmental policy relating to housing for the elderly.".●

VIRGIN ISLANDS LEGISLATURE URGES RESTORATION OF MINIMUM SOCIAL SECURITY BENEFIT

HON. RON de LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. DE LUGO. Mr. Speaker, the people of the U.S. Virgin Islands are extremely concerned about the possible elimination of the minimum social security benefit which is an important source of income for many elderly Virgin Islanders. This concern was recently expressed by the 14th Legislature of the Virgin Islands when a resolution was passed unanimously urging the Congress to reconsider and restore the minimum monthly benefit payment program. As you know, we are, in fact, moving toward restoring that benefit which had been targeted for extinction by the administration earlier this year and I was very pleased to see the President reverse his position recently and endorse the restoration of this important source of income for thousands of our senior citizens.

In addition, the resolution calls upon the Congress to extend the supplemental security income program to the Virgin Islands and, in this regard, I'd like to commend my colleague, Congressman FRED RICHMOND, who, earlier this year, introduced such legislation. As a cosponsor of that bill, I hope we will eventually see it considered by the relevant committees.

For the RECORD, I would like to insert the resolution as passed by the Virgin Islands Legislature:

RESOLUTION No. 1048

BILL NO. 14-0362

14th Legislature of the Virgin Islands of the United States

Regular Session—1981

To petition the U.S. Congress to reconsider and restore the minimum monthly benefit payment program of the Social Security System benefiting the retired people of the Virgin Islands and to include the Virgin Is-

lands Supplemental Security Income Program

Whereas the minimum monthly benefit payment of $122 paid by the Social Security System to retired persons who qualify is an important source of income for many low-income retirees of the Virgin Islands; and

Whereas though the Social Security System was created in 1936, Virgin Islanders did not become members of the System until 1958; and

Whereas having entered the Social Security System only twenty-three years ago, many Virgin Islanders who could not contribute to the System during their working years now receive only the minimum monthly benefit payment as established by federal law; and

Whereas at the urging of President Reagan, who during the presidential campaign assured the American people that if he were elected no one presently receiving Social Security would have thier benefits cut by a single dollar, the U.S. Senate has voted to eliminate the minimum monthly payments; and

Whereas by virtue of the fact that a recent Supreme Court ruling has excluded the U.S. territories from participation in the Supplemental Security Income program, which guarantees a minimum income to elderly, blind and disabled persons, Virgin Islanders are denied the additional benefits enjoyed by other Americans; and

Whereas termination of the minimum monthly benefit payment of $122 on February 28, 1982, will mean that retirees will receive only what they are entitled to based on their factual past contributions into the Social Security System which will force many low-income retirees of the Virgin Islands to maintain an even lower standard of living; Now, Therefore,

Be it resolved by the Legislature of the Virgin Islands:

Section 1. The U.S. Congress is hereby petitioned to reconsider and restore the minimum monthly benefit payment program of the Social Security System to all elderly and retired persons, including those residing in the Virgin Islands.

Section 2. The U.S. Congress is further petitioned to vote for the inclusion of the Virgin Islands in the Supplemental Security Income Program within the Social Security System.

Section 3. Copies of this Resolution shall, immediately upon its passage, be sent to the President of the United States, the Chairman of the Committee on Finance, U.S. Senate, the Chairman of the Committee on Ways and Means and the Chairman of the Committee on Energy and Commerce, U.S. House of Representatives and the Virgin Islands Delegate to Congress.

Thus passed by the Legislature of the Virgin Islands on September 14, 1981.

Witness our Hands and the Seal of the Legislature of the Virgin Islands this 14th Day of September, A.D., 1981.

RUBY M. ROUSS,
President.

RUBY SIMMONDS,
Legislative Secretary.●

THE FRANCES GOLDWYN LODGE

HON. BARRY M. GOLDWATER, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. GOLDWATER. Mr. Speaker, on October 17, the Motion Picture and Television Fund will celebrate its 60th anniversary. On that occasion, the fund's Motion Picture and Television Country House and Hospital in Woodland Hills, Calif., will dedicate the lodge to Frances Goldwyn, who so generously bequeathed her late husband's movie studio to the hospital.

That bequest has already enabled the hospital to realize $25.5 million, which will be used toward expansion of the hospital itself, and to build 100 additional suites.

The fund is an extraordinary effort, representing the caring and goodwill of more than 35,000 members of the industry over the years. There are few other industries which can make the claim, "We take care of our own," but the motion picture and television industry certainly can, and with the pizzazz you might expect. Through the fund, social welfare offices, and an outpatient clinic are found in the city of Los Angeles. In Woodland Hills, the original Motion Picture Country House was established in 1942, and the hospital in 1948. A new hospital was opened in 1968 on the grounds, which now also include a new theater building, barber shop, and beauty parlor. The lodge has been refurbished and will be appropriately dedicated to Frances Goldwyn, whose vision has doubtless assured the viable future of the Country House and Hospital for a long time to come.●

PRAISE FOR THE NATIONAL FEDERATION OF PARENTS FOR DRUG FREE YOUTH

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. KEMP. Mr. Speaker, on September 28, 1981, President Reagan, in an address in New Orleans to the International Chiefs of Police, spelled out his administration's views on the steps we must take to curb the crime epidemic our Nation faces today.

In his remarks the President singled out for praise a group with which I personally am very familiar: a group that offers hope in the frustrating struggle against drug abuse by our youngsters; a group that attacks the youth drug problem by prevention and education. That group, Mr. Speaker, is the National Federation of Parents for Drug Free Youth, whose headquarters are located at Silver Spring, Md.

The NFP, founded only 18 months ago, now has over 1,000 parent groups all across this country, each one devoted to working with youngsters and their families to prevent drug abuse. The success of the NFP and other parent groups offers hope for millions of young people across our land.

So that my colleagues in the House of Representatives have a chance to spread the word about this very effective organization, I am submitting for the RECORD an excerpt from the President's recent speech, and also an informational question-and-answer pamphlet put out by NFP.

Let me also emphasize that our efforts will not be confined to law enforcement. The problem of drug abuse is one that reaches deeply into American society—we need to mobilize our religious, educational, and fraternal groups in a national educational program against drug abuse. One of the most effective groups in this effort has been more than 1,000 parent groups throughout the Nation. These groups have worked closely with law enforcement agencies; they have recently formed a national federation to spread their work. This administration will do all in its power to encourage such efforts. Let us recognize that important as intercepting the drug traffic might be, it cannot possibly equal in results turning off the customers—the users.

The material follows.

DRUG ABUSE: FAMILY ENEMY NO. 1

WHAT IS THE PARENT MOVEMENT?

In the last three years parents have recognized that they are the first line of defense in the escalating nationwide war against drug use by our young people. Armed with current scientific and medical information and fierce determination, over 1,000 parent groups have formed to battle illegal drugs. In all 50 states parents are presenting a united front. Their message is loud and clear: no drugs! This shared purpose and contagious enthusiasm of parents led to the creation of an informal network. As parents realized the tremendous help they were receiving from sharing experiences and information, the need for a national federation became clear.

WHAT IS THE NATIONAL FEDERATION OF PARENTS?

The National Federation of Parents Drug Free Youth (NFP), a broad based, non-partisan, tax-exempt organization, was formed to combat the devastating impact of drug abuse by our children. Established in May 1980 by leaders of the parent movement and endorsed by leading members of Congress, the NFP is directed by a broadly representative working board and a small executive staff. Activities of the organization are coordinated from the national office in suburban Washington, D.C. and are carried out across America by enthusiastic volunteers. Our activities are supported by contributions from the private sector only.

WHO ARE THE LEADERS OF THE NFP?

Any organization receives its strength from its leadership. Those who generously volunteer their time to serve on the NFP Board of Directors contribute wide exper-

tise and tireless energy. The board is made up of concerned mothers and fathers, physicians, law enforcement officers, drug treatment professionals, internationally recognized academicians and scientists, educators, business people, attorneys, and community leaders. Their credentials are varied but their focus is singular: to strive for a drug free youth.

WHAT ARE THE ACTIVITIES OF THE NFP?

Education of parents about the health hazards of drugs so that they may provide information to their families and communities.

Assistance in formation and development of grass roots parent groups.

Organization of a national network of parent groups, based on local groups but extending to the state level as well as to the national level.

Development of publications to assist parent groups in their local operations, e.g. booklets dealing with organizing, media, education, legislation, law enforcement, family support and treatment services, and model codes of conduct for schools.

Provision of alternate social activities for youth.

Publication of national newsletter to keep members current on all aspects of the drug issue.

Distribution of drug related educational materials to members of the United States House of Representatives and Senate and assistance with establishment of communication between local parent groups and their legislators.

WHAT HAS THE NFP ACCOMPLISHED?

Supported and assisted in the passage of state anti-drug paraphernalia laws through distribution of a paraphernalia manual and a recommended amicus curiae brief.

Testified before Congressional Committees considering various aspects of the drug problem, e.g. House Select Committee on Narcotics Abuse and Control, House Foreign Affairs, Senate Judiciary, Senate Finance.

Participated in "Straight Talk on Drugs", a joint venture between government and industry to combat drug abuse.

Hosted the live national TV show "Teenage Drug Abuse—What Parents Can Do About It" on public broadcasting and cable stations around the country; appeared on "Good Morning America" and the Today programs, as well as numerous local radio and television shows.

Created an IRS umbrella which facilitates tax-exempt status for member groups.

Co-sponsored with PRIDE the 7th annual Southeastern Drug Conference in Atlanta, Ga., April 1981.

Co-sponsored with Dr. Gabriel Nahas an international symposium, "Drug Abuse in the Modern World—A Perspective for the Eighties," at Columbia University, College of Physicians and Surgeons.

Co-sponsored with the White House Drug Policy Office and drug seminar for Congressional wives.

Joined with the American Council on Marijuana and the Therapeutic Communities of America to publish a position paper on the drug problem.

WHAT HAVE PEOPLE SAID ABOUT THE NFP?

"As First Lady and as a parent I share with the members of the National Federation of Parents their concern and take this opportunity to join hand in hand with them and other parents across the country to commend their efforts."

MRS. RONALD REAGAN.

"It is imperative that all parents work together to help stem the epidemic of drug use among this nation's children. The NFP is providing an important channel to link families into an educational circle that will encompass parents, children, schools, law enforcement agencies and communities."

CAROL BURNETT,
Mother and Actress.

"At present the only reason for optimism in drug abuse prevention is the active involvement of parents in local communities. In the drug fight the most important national priority is to support these local groups and this can best be done through the NFP."

ROBERT DUPONT, M.D.
President of American Council on Marijuana.

"The NFP has been the single most effective organization in fighting drug use among adolescents that I have seen in my entire time in Congress. It is extremely exciting to see parents, educators and other interested citizens working together at the community level to make life better for the children of this nation."

REP. BILLY EVANS (D.-Georgia),
Member U.S. House Select Committee on Narcotics Abuse and Control.

"Children are precious, yet vulnerable—especially to the exploitation of the drug market. There's no stronger force in the protection of our children than parents. Therefore I strongly support the numerous local parent groups and the NFP in their efforts to enable our children to grow up drug free."

SENATOR ORRIN HATCH (R.-Utah),
Chairman of Senate Labor and Human Resources Committee.

"The NFP is a worthy organization. Parents are the key. Only an organized network of parents can educate and protect children from the use of drugs. Institutions can help in a secondary way, but parent groups are essential to break this cycle."

H. ROSS PEROT,
Chairman of Texas War on Drugs.

"To a great extent parents are the new players in drug abuse prevention. Not that individual parents haven't always been involved, but parents as a group, as a force, as an organized entity are the greatest weapon we have against adolescent drug abuse. The NFP will have a unique role in helping parent groups unite, develop and focus their energies."

MITCHELL S. ROSENTHAL, M.D.,
Child Psychiatrist, President Phoenix House Foundation, Inc.

"With the help of the NFP, America's war on drugs can be won! Parent groups spearheading campaigns at home and in Washington have proven an effective agent in bringing about a change in attitudes concerning drug abuse."

JIM SMITH,
Attorney General of Florida.

"The drug/alcohol problem is, in truth, everyone's problem. The NFP through a caring and total commitment is showing that rewarding and positive strides can be made towards a solution. Parents participating in this effort are helping to bring their entire communities together in a non-blaming realization that only their combined efforts can succeed."

JOKICHI TAKAMINE, M.D.,
Chairman A.M.A Task Force on Alcoholism, Member, A.M.A. Task Force on Drugs.

The single most remarkable thing about the parent movement is that it represents parents from every political persuasion, every religious background, every income range—focusing on one goal: the determination that our children must grow up drug free. We are proud of the broad base of our federation and extend to all Americans an invitation to join our efforts. Together we will succeed.●

NO RETREAT ON SPENDING CUTS

HON. DAVID DREIER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. DREIER. Mr. Speaker, on October 1, this country entered a new era. The start of the fiscal year marked the beginning of President Reagan's economic recovery program. Spending by the Federal Government has finally been reduced, reversing the long-standing trend of unrestrained increases. Americans are also seeing, at last, a substantial reduction in their taxes.

Just 1 week before the beginning of the new fiscal year, President Reagan addressed the Nation to announce further cuts in Federal spending. The President made it clear that he intends to persist in proposing measures that will restore fiscal stability to our country. In letters and phone calls to all of us in Congress, the people continue to urge that these proposals become law. Yet there are those Members of the House who advocate not taking the next step toward complete economic recovery. Such inaction could lead to disaster.

The financial markets are skeptical of the commitment of this Congress to complete the task of cutting Federal spending. They feel that we will take the tax cut and run—far away from the difficult job of lowering spending further. It is imperative that we prove this view wrong and move forward with more cuts in spending. To do otherwise would give the worst possible signal to the financial markets and to the people of this country.

We do not have a simple task. When we consider further reductions in spending, benefits for the truly needy must be preserved as the President promised. President Reagan said in his September 24 speech to the Nation:

None of these steps will be easy. We are going through a period of difficult and painful readjustment. I know that we are asking for sacrifices from virtually everyone. But there is no alternative.

Our choice is clear. The President has proposed the next step in the process of returning our economy to a healthy state. The American people have indicated their strong support for the President's program. I urge my colleagues to pass the spending cuts the President has outlined. This is not the time for retreat.●

HANDGUN BODY COUNT

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. LEHMAN. Mr. Speaker, the handgun body count for the month of August is 708. The increase in violent crimes involving handguns is a direct result of the mentality that says it is an American birthright to own a gun, an attitude that implies the right, and even the duty, to use it. Last year, handguns killed 48 people in Japan; 8 in Great Britain; 34 in Switzerland; 52 in Canada; 58 in Israel; 21 in Sweden; 42 in West Germany; and 11,522 in the United States.

It is important for the Congress to set a strong, explicit gun control agenda, make a real attempt to change the attitude of the American public, and halt the carnage.

The list follows:

HANDGUN BODYCOUNT—AUGUST 1981

ALABAMA (2)

Derek Askew, Connie Walker.

ARIZONA (3)

Helen Fiedler, Luis Midwell, Frank Nunez.

ARKANSAS (16)

Connie Beaver, Danny Carter, Sheila Cassidy, Ben Chin, Willian Cushing, Linda DeClark, Lemira Emery, Arthur Garner, Dale Gould, Esau Harris, Georgia Heflin, Gurtia Highsmith, Rev. A. Mack, Eugene Pitts, Gladys Stephens, Paul Walker.

CALIFORNIA (81)

George Banco, Jr., Jack Blankenship, Allan Brown, Beverly Brown, Efeal Brown, Keith Brown, Zykaya Brown, Paul Casillas, Camesindo Castro, Lonnie Clevenger, Luna Cruz, Wilbert Davenport, Randy Densmore, Linda Dodd, Kenneth Donald, Elaine Ellis, A. L. Feldman, Roger Ferrie, Richard Frank, Virgilio Gener, Carolyn Gentry, Corliss Hayes, William Hinton, Bobby Holmes, Vernon Hudson, Eleanor Janusch, John Janusch, Jixum Jiang, Jeffrey Knox, Kevin Kilpatrick, Thomas Lively, Eamon Maloney, Floyd Martin, Jr., Roger McCamey, Nicholas Mannion, Eduardo Mendez, Harold Milliken, Marvin Mims, Daniel Murillo, Thuong Nghiem, Luis Ortiz, Mervin Payne, Dr. Ernest Pullman, Gerald Reibel, James Richards, Mark Rivera, Linda Roa, Charles Schmalzreid, James Scanlon, Frank Simmons, Jerry Smith, Rene Solis, Richard Tabarez, David Tarpinian, Kevin Walker, Kenneth Whitmore, Grant Wilson, Sidney Wooster, James Young, Richard Zamora, 7 unidentified females, 14 unidentified males.

COLORADO (15)

John Barrett, Jeanette Bickel, Roger Bridgeman, Ronald Curtis, Everado Gutierrez, Lupe Gutierrez, Janelle McCrory, Flavid Montova, Sylvia Quayle, Jimmy Van Taylor, Michael Yarrow, unidentified female, unidentified male, unidentified male, unidentified male.

CONNECTICUT (9)

Donal Burke, Randolph DePaolo, Robert Erf, Frank Graziani, John Gulbenkian, Robert Newtown, Joseph Ourfalian, Terry Stubbs, Glover Thompson.

DISTRICT OF COLUMBIA (7)

Eugene Carr, Denby Coon, Eleanor Coon, Robert Montogmery, Robert Parker, Bashford White, unidentified male.

FLORIDA (54)

Lindor Anacron, Pleasant Barber, G. Birmingham III, Leroy Black, Rafael Blanco, Froilan Bosque, Rosie Bradley, Patricia Cash, Colin Dawson, Durens Elie, John Eubanks, Bobby Farmer, Glenn Freiberg, Maurice Gibson, Gregory Godfrey, Albert Green, Jr., Lucy De la Guardia, Gusmaro Hernandez, Lazara Hernandez, Crolius Howell, Harry Howell, James Jackson, A. Larrain-Maestro, Joseph Mandell, Constance Luis, James McClea, Raquel Mendez, Jimmy Miller, Daniel Murphy, Luis Olivarez, Pdero Perez, Robert Ratte, Ronnie Ritz, Wilma Ritz, Donnell Robinson, Carlos Rodriquez, Sandra Roth, Isaac Royal, Hayward Terry, Jerry Wampler, Franz Warner, Dorothy Washington, Kenneth Williams, Lorraine Williams, Marie Williams, Randolph Williams, Thomas Wolfe, unidentified male, unidentified male, unidentified male, unidentified male, unidentified male, unidentified male, unidentified male, unidentified male.

GEORGIA (19)

Yvonne Anderson, Daniel Brooks, Anthony Brown, Jimmy Davis, Doris Dunn, Chester Evans, Joe Garvin, Emory Gordon, Larry Green, Willie Hall, Baby Heath, Rebecca Heath, Bobby Sanders, Carolyn Sanders, Cale Scealf, Gail Shearouse, Laura Triplett, Charles Watts, Jr., Charlie Wright.

HAWAII (2)

Hensley Chai, Paul Mark.

IDAHO (1)

Unidentified male.

ILLINOIS (99)

Domenico Alesi, Vita Alesi, Hammond Barnes, Tommie Blackwell, Gregory Black, James Blake, Graylen Bobo, Tommy Boens, Christy Brown, Gloria Brown, James Brown, Overton Calloway, Gregory Campbell, James Carr, Michael Cook, Ramon Cruz, Michael Dale, Larry Dameron, Tyrone Davidson, Reginald Davis, John DeCicco, Jr., Kennis Delany, Nelson Diaz, James Durkin, Debra Elmhurst, Eugene Evans, Roosevelt Evans, Samuel Finley, James Fluker, Lonnie Foster, Jimmy Gammage, Frank Gamuranes, Johnny Gant, William Goode, Mary Grossenbacher, Peter Guttman, Jim Hamby, Charles Hayes, Jackie Heard, James Higgins, Frederick Hopkins, Karl Howard, Saul Jackson, Terrell Jackson, Lynn James, Harold Jerden, George Jones, Richard Kelstrom, Michael Kirrane, John Kocibal, Gladys Ledell, Bell Leek, Julie Limas, Ouida Lindsey, Mark Love, Alfred Littmann, Leon Machouski, Glenn Mackey, Maxillian Manzdales, Anastacia Maslovarich, Joe McCantras, Will McKinney, Osborne Merweather, Thomas Mock, Rogelio Padilla, Michael Parker, Damaso Pena, Michael Phillips, Marteen Porter, Jerome Powell, Jack Preston, Thomas Rhyns, Jesus Rivera, Ella Robinson, Kenneth Robinson, Freddie Rodgers, Rory Sabbath, Sonia Sanchez, Louis Santiago, Jerry Sims, Kevin Smith, Virgiliol Solas, Melvin Tate, Carl Taylor, Kimberly Termunde, Leslie Thanos, James Theodores, Bernard Thomas, Joseph Tostado, Sanchez Turner, Hector Vakriano, Antonio Verduzco, John Vincent, David Wallace, Delmas Ward, Gregory Walker, Benny Weathers, Anette Wolpmann.

INDIANA (17)

Gary Abney, Berkima Bell, Bertina Bell, King Bell, Jr., Kingston Bell, Edwin Czerniak, Stern Harper, Jr., Daniel Kiebel, Carl Love, Elmer Maeyens, J. Marshall, Fannie Perry, Joseph Shuppert, Helen Stolarz, Mark Taylor, George Yaros, Unidentified male.

KANSAS (5)

Brenda Bailey, Darryl Brunt, Everett Ross, Rene Sleypen, Ernest Smith.

KENTUCKY (6)

Debra Brown, Timothy Culver, Fayette Crutcher, Detective Phelps, Robert Stearman, Elmer Wolfenburger.

LOUISIANA (13)

Spencer Boulware, Terry Buford, Patricia Crosby, Bryan Fletcher, Adrian Ford, Clemens Harris, Larry Jackson, Charles Johnson, Harold Johnson, Douglas Leleux, Keith McGraff, Frank Mead.

MARYLAND (14)

Stewart Allen, William Banning, Keith Brown, Mark Davis, Victor Furst, Jr., Stephen Hviding, Murrell Johnson, Yvonne Jones, William Parham, Paul Price, Anthony Roberts, Phillip Rouse, Reginald Smith, John Summerville.

MASSACHUSETTS (17)

Donald Burke, Russell Conley, Deane Coombs, Robert Gold, Charles Harmon, Jr., John Johnson, Mark Kahan, Anthony Koziol, Frederick Koziol, Wanda Koziol, Luise Luis, Manuel Luiz, Joseph Orsillo, James Palmer, Allen Roache, Dr. Alan Shields, Judith Wescott.

MICHIGAN (36)

Mack Allison, Derrick Altheimer, Brenda Beatty, Kenneth Berry, Wilfred Branum, Fred Cislo, Darryl Clark, Jerome Cockerham, Reginald Dawson, Virginia Doute, Jacqueline Garrett, Eff Grant, Sr., Edith Gunn, Edward Hasiak, Gillis Hedrickson, John Hart, Lewis Johnson, Zachary Johnson, Larry James, Doug Little, Emitt McDonald, Bryant Muse, Douglas Niles, James Page, Dennis Rollins, Merritt Roscoe, Patricia Rubens, James Short, Jr., Everett Simrel, Elton Stiff, Mary Tringali, Linnis Triplett, Joe Turner, Mark Unruh, Byron Webster, Unidentified male.

MINNESOTA (5)

Paul Boyden, Margaret Hecox, Wayne Raveill, Richard Miller, Unidentified male.

MISSISSIPPI (10)

Venus Ainsworth, Charles Brewton, Joe Gaston, Robert Molsbee, James Jackson, Paul Mayo, Walter Summers, Marshall Williams, Vivian Wells, Bobby Whirley.

MISSOURI (39)

Lawrence Blockton, Irvin Bonner, Rene Brown, Howard Burgess, Hararite Carter, James Cole, Joyce Cole, Frederich DeLoch, James Davis, Kent Favell, Arthur Garner, Charles Hall, Gerry Hampton, Randall Harris, Lawrence Hewlett, Wayne House, Georgina Kemp, Herbert Kemp, Carroll Lovelace, Larry Mays, Wanda McClure, Ken McElroy, Ernest Murphy, Janette Norris, Mary Patrick, Aldo Reed, Dwayne Robinson, Anthou Rodgers, John Sanborn, Lillian Theesfeld, Kenneth Trued, Jess Van Winkle, Daniel Wammack, William Warren, Jr., Arthur Webb, John Wrenfrow, David Wright, Unidentified female, Unidentified male, Unidentified male.

NEBRASKA (5)

Worth Buel, Jr., Robert Harris, Ethel O'Keefe, Unidentified female, Unidentified male.

NEW HAMPSHIRE (1)

Norman Walpole.

NEW JERSEY (6)

Armando Chaban, David Domingez, Nasila Fernandez, Lisa Guzzo, Douglas Mace, James Scales.

NEW MEXICO (11)

Richard Brian, Jose Fernandez, Welden Grabe, Betty Grabe, Ramon Gallegos, Jose Hernandez, Teresa Hernandez, Connie Roberts, Paul Valdez, Tommie Waybourn, Lindy Lott.

NEW YORK (24)

Richard Anderson, Lascell Campbell, Michael Chacon, Vincent Dimarco, James Dorsey, Mark Downton, Roger Furst, Philip Guarino, Mary Lyles, Joyce Merckling, Carlos Negron, Telesoforo Mendez, Frank Pereria, Linda Rosario, Martin Sanchez, Sandra Selwood, Vito Sirabella, Jaime Veiga, Vernon W. Voight, Unidentified female, Unidentified female, Unidentified male, Unidentified male, Unidentified male.

NORTH CAROLINA (25)

Tommy Adair, Lawrence Biggerstaff, Marilyn Barefoot, Josephine Dawkins, Janice Gibson, Barbara Ellis, Charles Gillespie, Thomas Holland, Jackie Hunt, Glynford Jones, Margaret McDaniel, John Nixon, Robert Norfleet, Daniel Oakley, Jr., Levi Pipkin, Buddy Plyler, Leroy Russell, Lisa Shepard, Novare Slade, John Sullivan, Clarence Tilley, Darrell Tysinger, Charlie Wilkerson, Tony Williams, Leinster Woods, Jr.

OHIO (27)

Scott Adkins, Bertha Berezon, Kerry Berezon, Donna Coston, Edwin Czerniak, Kenneth Dixon, Dale Engelman, Jerry Garrett, Donald Haugh, Bruce Johnson, Ann Lonie, Raymond McDonald, Jr., Gary Means, Rita Micochero, Lowell Mills, Eugene Mincy, Charles Neil, James Newland, Philip Osborne, Jennifer Parker, Braden Schmid, Scott Simpson, Ira Taylor, Edward Wisniewski, Linda Wood, David Woodrig, Gerald Wright.

OKLAHOMA (12)

Marlon Hunter, Joseph Nelson, Garry Johnson, Rita Johnson, Mike Reese, Kevin Russell, Jack Swidensky, Bobby Truelove, Roosevelt Tolon, Jr., Lee Wier, Candy Wier, Albert Williams.

OREGON (7)

Robert Dever, Wesley Glover, Carol Goforth, Donald Klutz, Alan Marrs, Gordon Midland, Jr., Richard Roppe.

PENNSYLVANIA (21)

John Ciletti, Gregory Donahue, Talleulah Gardner, David Heron, William Lamb, Donald Lawyer, Susan Lawyer, Edward Lychak, George Pacheco, Samuel Rivera, Lauretta Scicchitano, Bruce Thompson, Daniel Tislaretz, Frank Wainwright, William Walker, James Williams, Thomas Woodburn, Unidentified female, Unidentified male, Unidentified male, Unidentified male.

RHODE ISLAND (4)

Holly Baton, Joyce Dapper, Steven Wotton, Andre Vaccaro.

SOUTH CAROLINA (3)

Jeffery Hooks, James Porter, Sr., Christa Soule.

TENNESSEE (26)

David Alsobrook, Margaret Bee, Benjamin Cook, James Cox, James Hall, Richard Harris, Maurice Jenkins, Steven Jones, Billy Jordan, Barry Maupin, Earl Moore, George Mundzak, Police Lt. Oliver, Berlee Oxford, Betty Phillips, Cecil Ramsey, David Reid, Mattie Rhymes, Cliff Robertson, Donald Smith, Thomas Smith, Fate Starkey, Harry Walden, Calvin Walker, Patsy Taylor, Larry Beard.

TEXAS (47)

Jose Aguilera, Domingo Alvarez, Dave Andrews, Jacqueline Bacy, Roy Baker, John Bianchin, Carmelita Bila, Lawrence Bryant, Patrick Campbell, Tomas Carrilio, Lee Crawford, Patrick Crooks, Jose DeLira, Rodrigo Duenas, Lucy Duke, Limira Emery, Edward Hager, David Hargrove, Francis Harrell, Esterida Holmes, Bertha Hudson, Jacklyn Johnson, Debra Lewis, Paul Lewis, Felix Longoria, Jr., John Looney, Charley Maldanado, Rene Monsevais, Rector Mundine, Sonny Osuna, Herman Ramsey, Elizabeth Reed, Robert Reed, Vapcho Scott, Larry Sullivan, Curtis Thompson, John Ulibarri, Stella Valdez, Orville Varhaug, Freddie Watkins, Donald Williams, Elmo Williams, Ernesto Zamora, Unidentified male, Unidentified male, Unidentified male, Unidentified male.

UTAH (5)

Ira Furrh, Michael Hubert, Lois Jacobs, Robert Jacobs, David Wathen.

VIRGINIA (6)

Michael Broome, Nancy Conley, Dewey Doolin, Conrad Edwards, Steven McLean, Lana Ott.

WASHINGTON (5)

Dale Andrews, Paul Turner, Joyce Wendelken, Walter Wendelken, Carol Wooding.

WEST VIRGINIA (3)

Doris Brunty, William Brunty, Cynthia Miller.●

THE CONTRIBUTION OF MRS. PEARL WILLIAMS

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. HAWKINS. Mr. Speaker, I wish to share with my colleagues the extraordinary life of a remarkable woman who recently passed away at age 112. Mrs. Pearl Williams, of Los Angeles, dedicated her life to helping others. Her contribution to countless numbers of disadvantaged and homeless children can no way be measured. Through her tireless efforts she offered comfort to those who needed it most. Surely her efforts will not be forgotten. A brief history of Mrs. Williams, life follows:

Mrs. Pearl Williams was born on May 22, 1869, in Jefferson County, Ala., the daughter of freed slaves. At age 9 she took care of her brother and sister when her mother died. To support herself and her child she worked as a cook, a seamstress and did experienced ironing.

In 1893, Mrs. Williams and her second husband came to California in a covered wagon. She lived there until her death at age 112.

Mrs. Williams came to the Pepperdine University foster grandparent program in September of 1972 at the age of 103 and has worked at various sites as a foster grandparent, the last being the United Cerebral Palsy Spastic Children's Foundation in Los Angeles. Mrs. Williams joined 104 other foster grandparents from Pepperdine to bring love and understanding to the lives of children in child care facilities throughout the Los Angeles area for 4 hours per day, 5 days a week. Her last month of active duty as a foster grandparent was August 1981. She also served physically and emotionally handicapped youngsters 8 hours a week while confined to a wheelchair due to a hip injury.

Mrs. Williams is survived by her daughter Mrs. Betty Stafford and several grandchildren and great grandchildren.●

ARGUMENTS ON AWACS

HON. TOBY ROTH

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. ROTH. Mr. Speaker, I would like to take this opportunity to share with my colleagues an excellent summary of the AWACS issue which was published by the Wisconsin chapter of the Veterans of Foreign Wars in their October newsletter. I would also like to call to my colleagues' attention the conclusion reached by the Wisconsin State chapter of the VFW: The AWACS package is in the national interest and should not be blocked by Congress.

The article follows:

[From the Wisconsin Veterans of Foreign War News, October 1981]

ARGUMENTS ON AWACS

From: Arthur J. Fellwock, Commander-In-Chief.

Subject: AWACS: An Opportunity Cleverly Disguised As A Problem.

"It (AWACS) will signifcantly improve Saudi Arabia's defensive capabilities and contribute significantly to the pursuit of United States strategic goals."

JAMES L. BUCKLEY,
Under Secretary of State For Security Assistance.

"It (again AWACS) will strip Israel naked before her enemies."

Anonymous member of Prime Minister Begin's Party in the United States.

1a. By now, every noninstitutionalized adult in America must know that, no later

than October 30th, the 97th Congress will either vote to deny or to permit the Reagan Administration permission to sell five airborne warning and control aircraft (AWACS) to Saudi Arabia.

b. In fact, the total $8.5 billion package covers:

(1) the five (5) E-3A AWACS planes;

(2) eight (8) KC-707 airborne refueling tankers;

(3) 1177 AIM91 "Sidewinder" air-to-air missiles—the same weapons used by our USN F-14 "Tomcat" pilots to shoot down the two Libyan jets;

(4) twenty-two (22) ground based radars; and

(5) 101 fuel tanks for the 62 F-15 fighters already approved for sale. The "Sidewinders" will go on these U.S. supplied F-15s.

c. The delivery of the AWACS is scheduled to start during 1985. For the first five years, these planes will be manned by combined U.S.-Saudi crews; then, after 1990, Saudi crews without U.S. participation.

d. The now near-mythical AWACS is, in Air Force parlance, an "E3A SENTRY." This is a souped-up Boeing #707 which carries a crew of 17. Its electronics can detect and track up to 400 separate aircraft at ranges out to 250 miles. Its four engines give a top speed of 530 MPH. The U.S. AWACS can direct friendly aircraft to where the "hostiles" are. The Saudi version will not have this capability. The distinguishing feature of AWACS is its 30-foot rotating radar dome. It looks like an airborne frisbee. It cannot detect movements on the ground—tanks, troops and the like. AWACS' vulnerability is total to any hostile fighter aircraft. It requires a cordon of protective combat aircraft. Without such a cordon, the AWACS would resemble nothing more than an airborne "PUEBLO." (The "PUEBLO" was the electronic "spy" vessel seized by the North Koreans in 1958.)

e. As part of the proposed deal, the Saudis have agreed to:

(1) monitoring of AWACS missions by U.S. ground personnel;

(2) no sharing of acquired intelligence with any other nation (translation: no tips to the Iraqi, Syrian, Jordanian, PLO or other Arab nations on movements);

(3) use of AWACS only over the eastern provinces of Saudi Arabia near the Persian Gulf and the oil-rich areas near Dhahran and Ras Tanura. (Using AWACS in western Saudi Arabia closer to Israel might see the ridiculous scenario of U.S. supplied and partially U.S.-manned AWACS, with U.S. supplied Saudi F-15s fighting their Israeli counterparts. Think the Israelis wouldn't do this? Please try to remember the deliberate 1967 Israeli sinking of the U.S. monitoring ship "Liberty.") And more on constraints:

(4) Under Secretary of State Buckley has stated "further limitations on AWACS operations will be revealed only to the Congress on a confidential basis."

2a. AWACS Politics (Domestic Branch)

(1) The key question—normally not clearly stated—is does the Israeli lobby have such clout with the U.S. Congress that, in effect, what Israel wants, Israel gets—and wider U.S. interests be damned?

TENTATIVE ANSWER

(2) President Ford, on March 24, 1975, called for a "total reexamination of American policy towards the Middle East" when he suspended further arms shipments to Israel. This statement triggered one of the most memorable lobbying efforts ever seen on Capitol Hill. Seventy-six (76) U.S. Senators told their (and our President), in effect, to knock it off. The "reexamination" was abruptly halted. The Israeli lobby won. Maybe America did; maybe America didn't. (Certainly former Arkansas Senator Bill Fulbright didn't. He called for an "even-handed" U.S. policy towards the Middle East. Nor did ex-Ambassador George Ball, now a distinguished ex-Ambassador who also urged the same course.)

(3) Yet, this very Israeli display of clout in U.S. domestic politics has, on the AWACS issue, alerted ordinary Americans, who generally admire Israel and wish it well, to the intrusive influence of a foreign nation, however hard-pressed, into what should be our business. Additionally, the effective Israeli air raids on Beirut (300 plus dead) and on the Iraqi nuclear reactor at Osirak, both done without consultation with us, have raised the spectre of "Israel—a loose cannon on the deck."

(4) On October 1st, the Reagan Administration will send its statutory notice to Congress about the impending arms package sale to Saudi Arabia. An adverse majority vote in both the House and the Senate will block the $8.5 billion sale. If not, the sale goes through on October 30th.

FEARLESS FORECAST

(5) The AWACS package will not pass the House. 253 Representatives have signed a resolution opposing it. BUT,

(G) it has a marginal chance of passing the Senate even though, on June 14th, some 50 Senators formally expressed their "deep concern." More recently, 59 Senators have indicated their opposition even before the Administration makes its case.

An Administration victory in the Senate will require the same intensive effort that the Carter Administration applied to the Panama Canal Treaties.

(b) AWACS Politics (Foreign Policy Branch) PRO AWACS.

(1) A pro AWACS decision will, even before the hardware gets there, favorably condition Saudi Arabia to receive and work with an emergency RDF troop movement into the Middle East. Once AWACS is in place, the military advantage to deploying U.S. forces is obvious.

(2) An $8.5 billion sale will help our balance of payments.

(3) What we are talking about is five airplanes to a friendly country, not lending the nuclear button to strangers.

(4) Thirty-two percent of the world's oil exports originate in Saudi Arabia; a nation of five million people, as large geographically as the United States east of the Mississippi, as defenseless as a pool table. And, the oil fields can be overwatched and given their early-warning protection by air only.

(5) If we turn down the Saudis, to the quiet delight of the Soviets, the Saudis could turn to the British "NIMROD" system (the Brits invented radar) or to the French Mirage 2000/4000 aircraft. And there, incidentally, would go Secretary Al Haig's "strategic consensus" for the Middle East.

(c) Anti-AWACS

(1) Look what happened to all the sophisticated hardwave we gave to Iran. Here we go again.

(Yes, this conceivably could happen.) Or.

(2) The Saudis will use this package against Israel.

(Not while we control the spare parts and the Israelis command the air—as they do.)

3. Conclusion

On the tough security decisions, stay with the President unless there are self-evident reasons to oppose him. (This is not the Panama Canal or Amnesty. It is a sincere and informed effort to enhance our security.)

Two VFW security mandates from the 82nd National Convention apply:

(a) Resolution Number 407. "Defense: The Long Road Back" concludes that "President Reagan, in his necessarily long-term plan to 'rearm America,' enjoy our undivided loyalty and support," and

(b) Resolution Number 408, "Shoring Up the Middle East" which calls for "full and demonstrated support for Saudi Arabia," and "halting and reversing Soviet penetration of the area by every possible means."

The next six weeks will demonstrate whether or not it is possible to advance a "Made-in-America" policy towards the Middle East.

The AWACS package is in the national interest and should not be blocked.●

DR. EUGENE HABECKER

HON. DAN COATS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. COATS. Mr. Speaker, private, denominational colleges and universities play an especially important role in our system of higher education. But they currently exist in an atmosphere of great uncertainty. Inflation, the maturing of the population, and intrusion by the Federal Government have all combined to threaten the vitality of this educational alternative.

One man who is uniquely qualified to deal with these challenges is Dr. Eugene Habecker, who is inaugurated today as president of Huntington College in Huntington, Ind. In addition to degrees from Taylor University and Ball State University, Dr. Habecker has earned a law degree from Temple University and a Ph. D. from the University of Michigan. He is a member of the Pennsylvania State Bar.

Before coming to Huntington College to serve as executive vice president, Dr. Habecker distinguished himself as assistant professor of political science and dean of students at George Fox College and assistant dean of students at Eastern College. He was an Outstanding Young Man of America in 1975 and is listed in the International Who's Who in Education. In 1978, he was listed in the Directory of American Scholars. He is also a member of the United Brethren in Christ Church, with which Huntington College is associated.

Dr. Habecker clearly represents the very best in educational achievement. It is my hope that under his able leadership, Huntington College will continue to educate and train young men and women in the highest tradition of private education.●

MAINE MARITIME ACADEMY

HON. OLYMPIA J. SNOWE

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mrs. SNOWE. Mr. Speaker, I have recently received the recent report of Adm. E. A. Rogers, head of the Maine Maritime Academy. His report on the academy's activities is very enlightening, demonstrating the outstanding quality of their leadership. Maine Maritime, located in my district in Castine, has for many years produced top quality graduates to serve in the maritime industry. I am proud of this fine institution and the progress it continues to make. I hope my colleagues find the following portions of the report useful:

ACADEMY DEVELOPMENT PROGRAM

With the completion of Leavitt Hall our major attention now turns to the waterfront where, this summer, work is beginning on the renovation of our small boat repair and maintenance facilities and the expansion of our marine engineering classrooms and laboratories. A contract has been let and work commenced in late July on the replacement of steel piling along the bulkhead on the Bagaduce River. The steel facing has corroded, in some places about completely washed out, so that is a crucial first step in the renovation process. Plans for the Charles S. Payson Building, which will house the new facilities, are now in the final phase of drawing and it is our hope that a contract can be let and some work commence before the winter closes the project down. We hope that our waterfront will be disrupted only one summer and that classrooms and laboratories, such as welding, which is now being moved into cramped, temporary quarters, may be ready for use by the fall of 1982.

One of the more difficult facts of life we face every time we embark on a major project, such as Payson Hall, is that of making plans and available funds come out even. In trying to accommodate demonstrated needs and to provide for the unanticipated but essential things time will reveal, we find ourselves obliged either to expand original concepts or compromise in unacceptable ways to stay within a budget. In the past we have opted to go with increased costs in order not to diminish the potential of the project. In both the library project and Leavitt Hall, this has meant fairly substantial increases in costs which we have been able to meet, in the first instance by using the Academy development fund, and in the case of Leavitt Hall, through the development fund and the generosity of the state legislature which authorized a total of $700,000 of the $1.85 million final budget.

WATERFRONT PROJECT

The impact of these first two projects on our future development programs has been severe in that there is now no cushion which to fall back on in raising the budget for the waterfront. The Payson building properly equipped is now estimated at $1.95 million. The waterfront repair, including the replacement of the steel bulkhead and relocation of the steam line to the training ship will be approximately $300,000. With only $1.4 million in hand our fund raising efforts must continue in order to secure the additional $850,000 required to complete the project.

TRAINING TUG

Although I am convinced we must develop a small boat alternative to the training ship, which is becoming increasingly expensive to operate, and, unfortunately, unreliable because of the failure of the federal government to provide adequate maintenance and replacement parts, the cost of building a tug-type training vessel, such as we have had designed, is becoming prohibitive. We had hoped that the ONALAY would have provided the seed money for the project, but the state was unable to transfer title and in its subsequent sale very little profit accrued to the state. While we were fortunate to recover our costs, we are left no further ahead toward our goal than we were three years ago.

We continue, however, to look for a less expensive alternative, at least on an interim basis, in which it might be possible to combine a diesel operating plant and offer ship handling and navigating practical training. We have not abandoned the concept of building a ship, but for the present at least it is not feasible. The concept, however, is very much alive and should a sponsoring company or individual decide to work with us, it may yet become a reality.

FEDERAL SUPPORT

We were sorely disappointed this year to learn that the Congress had not appropriated money to assist in the purchase of fuel for the 1981 cruise, and further that there was no provision in the budget for fiscal 1982 for fuel either. As a consequence, the cruise of the training ship had to be curtailed drastically. In the event it is probably just as well, since problems with fresh water condenser pumps resulted in several delays and disruptions in schedule. The last week was spent in Portland rather than at sea while the pump motors were being rewound and repaired for the third time.

Unfortunately, we are dependent on the federal government, particularly the Maritime Administration, for our support. Although the law stipulates the government will furnish and maintain the ship, funds are always severly limited and routine, preventative maintenance is constantly over ridden by emergency repairs to one or other of the five training ships the state academies operate. Not only are all the ships old, with spare parts virtually unobtainable, but they are unnecessarily large and uneconomic to operate. Federal fuel assistance is only one aspect of what has to be done. The Maritime Administration, unfortunately, does not consider the state academy program sufficiently vital to stand up to budget cutters in the Office of Management and Budget. When cuts are made, as recently they have had to be in all programs, we suffer disproportionately because the amount we receive even in good years is not enough to assure an adequate level of maintenance and repair.

Internally, the operation of the training ship now represents about 20 percent of our operating budget, amounting to about $1.2 million per year. Federal fuel support would represent a significant contribution to the program and could lead to a reduction in fees to our students. Furthermore, it would go a significant way toward restoring the partnership between the federal government and the states, which was in effect at the time of the adoption of the Merchant Marine Academy Act of 1958, when costs were shared more or less equally among the federal government, the states and individual students. Today the federal share is about 15 percent with the state and students dividing about equally at 34 percent, with an increasing although still small amount of private support and added programs picking up the remainder.

I feel very strongly that we must never let up our pressure on the federal government to take a realistic look at the alternatives for maritime training in this country. We have a highly visible and very expensive federal maritime academy, various union run training schools, which manage to place the bulk of their costs on the operating companies through contracts which in turn allow the companies to recover their costs either through operating subsidies from the federal government or tax write-offs, and finally the state academies with the least costly per capita program, largely borne by the students themselves and the local state taxpayers.

I believe our government recognizes the importance of the maritime industry to our national security an to our continuing existence as a major trading nation. Our training programs are a valuable source of potential naval officers in time of emergency and our facilities would enable us to expand our student body rapidly if called upon to do so in an emergency. Our training ships, properly maintained and operated in the national interest, could serve as an element of national pride abroad. The ships could even be used to carry essential cargo and to serve as the personnel carriers they were once built to be, if only the government would undertake seriously to maintain them properly.●

HIGH INTEREST RATES AND OUR SMALL BUSINESSES

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. GUARINI. Mr. Speaker, the importance of small business to the economic well-being of this Nation is well documented. Small businesses, with 100 or fewer employees, are responsible for 80 percent of all new private sector jobs and 43 percent of the gross national product. Unfortunately, small businessmen have often been the victim of unfair taxes, and excessive Government redtape and regulations. Now business people face the worst menace of all to their well-being, excessively high interest rates.

According to Dun & Bradstreet, business bankruptcies are up 42 percent over last year's figures. The National Small Business Association has reported a direct and significant linkage between high interest rates and the increase in business failures. The Realtor News reports the steepest sales dip since World War II for the homebuilding industry, while the AFL-CIO notes that nearly 900,000 construction workers are now jobless. Almost all of these construction workers are employed by local, small contracting firms.

The National Association of Automobile Dealers, the National Association of Home Builders, and the National Association of Realtors have publicly asked President Reagan to abide by the fair representation provision of the Federal Reserve Act and appoint a nonbanking, small business representative to fill the first vacancy on the Federal Reserve Board.

While I agree fully with this course of action, I believe the problem is so severe that it cannot wait. Businessmen are facing the twin dilemma of high interest rates along with an increasing lack of access to capital. Further bankruptcies threaten this Nation's economic life.

I believe the present high rate of interest must not be allowed to continue. The President has preferred to ignore the inconsistency between his supply side, stimulative fiscal policy and the Federal Reserve Bank's strict monetarism. This inconsistency has created record high interest rates and a confusion on Wall Street that has seen $200 billion lost off the price of stocks. To restore a Federal policy of confidence I have joined with other colleagues in cosponsoring House Joint Resolution 319. This resolution directs the President to begin immediate consultations with the Board of Governors of the Federal Reserve for the purpose of modifying the Board's monatarist policies in connection with restrictive requirements, open market committee activities, the criteria for setting the discount rate and prevention of reservations of large sums of credit for purposes of corporate mergers and acquisitions so as to substantially reduce interest rates in the next 90 days.

Mr. Speaker, I believe this action is necessary given the level of bankruptcies, industrial production, house building, and productivity in our economy. Quick action is the only thing which is going to keep the small businessperson from further becoming another statistic in the decline of our economy.●

FREEMASONRY ON STATEN ISLAND

HON. GUY V. MOLINARI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. MOLINARI. Mr. Speaker, on September 19, 1981, the Richmond Masonic Association participated in a commemorative parade and special county meeting of the eight lodges at the parish house of the New Dorp Moravian Church. About 650 participants were in the parade with floats and antique cars.

The occasion for celebration was the 200th anniversary of the reception of the Atholl charter in 1781 from the Grand Lodge of England for our Grand Lodge of the State of New York. Nearly 200,000 Masons celebrated the bicentennial of our grand lodge, and actually the start [1781] of the Masonic brotherhood in New York State.

Mr. Speaker, I would like to submit for the RECORD a historic treatise on what the Free Masons are doing on Staten Island:

AN HISTORIC ACCOUNT OF FREEMASONRY ON STATEN ISLAND, N.Y., FROM ABOUT 1776 TO 1981

The History of Freemasonry on Staten Island may be divided into two periods of time. The first during the British Military occupation of the Island; and, second, after the Grand Lodge of the State of New York received the Atholl Charter in 1781 from the Grand Lodge of England.

During the War of Independence, Staten Island was a Tory stronghold, on which over 75 regiments of British soldiers were stationed, nearly every regiment, with one or two exceptions, had their own Masonic Lodges working under warrants granted by the Grand Lodges of Ireland, Scotland, and England. Many of those Regiments still exist today but are not known to have functioning Masonic Lodges.

In the period of the Revolution, a Provincial Lodge convened in the Old Guyon-Clark Homestead at New Dorp. The Lodge was composed of British Officers and Soldiers, and a few residents of the Island. Meetings were held at intervals until the evacuation of the British in 1785. The British Military, together with Prominent Masons of the City, were always entertained at Nautilus Hall, a very prominent and elegant social establishment. A few years later, a meeting was held at the Staten Island home of Daniel D. Tompkins, who was later Grand Master of the Grand Lodge of New York, Governor of the State of New York, and Vice-President of the United States of America under President James Monroe. He had established his residence on Staten Island, and shortly thereafter attempted to organize a Lodge on the Island (today Richmond Lodge No. 66, F. & A. M.). Other such attempts and meetings were also held in the home of General Van Buren in Tompkinsville. The date of this proposed formation was around 1811 and 1812, and the Lodge would have been constituted were it not for the War of 1812, resulting in a decade and a half delay when Richmond Lodge No. 384 was constituted on July 6, 1825.

During the early years around 1811, many prominent residents of Staten Island took part in this enthusiastic plan beside Governor Tompkins and General Van Buren. However, scarcely had the movement to organize the Lodge become known than a rumor was started that the Masons were organizing for the purpose of seizing control of the schools, public affairs and seeking to influence the religious societies. The rumor soon aroused a feeling of very deep bitterness against Freemansonry. To allay this acrimony, a public picnic was given by the projectors of the Lodge to which the anti-Masons were invited. The event had created a very favorable effect, and the tide of popular opinion was turned. The hostile influence ceased and the organization of the Lodge was effected without further trouble.

In this vein, the Lodge Historian, Bro. Ira K. Morris, wrote in 1910: "However, go back with me in memory one long century—back to that period when the enemies of Freemasonry, in their blind ignorance, sought to injure its influence and weaken its standing in the country. Recall with me the struggles and triumphs of principle over bigotry, at a time when the country was merging from a darkness that hung like an inky pall over a disquieted and unsettled nation. Reason with me, if you please, what it meant to stand up before the public in America, and especially in this part of America, and declare to be a Mason in the early part of the nineteenth century. I tell you, it meant persecution, ostracism, and very often social, political and religious banishment. But, thank God, that day is past, never to return".

And therefore, as a result of the determination, enthusiasm, meetings, and that famous picnic held on the lawn of Old Nautilus Hall—Richmond Lodge was formed, the beginning of an exemplary history of the Richmond Masonic District and the formation, subsequently, of nine other lodges.

At that time, there were two Grand Lodges in New York State, the "City Grand Lodge", presided over by the Most Worshipful Grand Master Hoffman, and the "Phillips Grand Lodge," headed by the Most Worshipful Grand Master Phillips.

In 1832, Cholera and Yellow Fever scourged the Island from end to end, and it was necessary for the Lodge to close its doors until the frost removed the epidemic. In 1839, Richmond Lodge was granted a new charter and became No. 66 instead of, as formerly, No. 384. Between 1849 and 1851, masonic activities were practically at a standstill. Much of the reason was due to the omnipresence of anti-masonic forces in the community. However, due to the determination of some zealous brothers, the fraternity, what it was, made an effective reorganized move which kept the history of masonry alive for the next Lodge to be organized—Huguenot Lodge No. 381, F. & A. M., constituted May 19, 1855.

The early days of the Fraternity were not only characterized by problems, plagues, anti-masonic movements, etc. From the annals and minutes of Richmond Lodge there was accounted lighter moments as follows:

"An incident occurred in one of the March meetings of this year (1863), which will never be forgotten by any living man who saw it. William Williamson was a son-in-law of Bro. George T. Swaine (Treasurer of the Lodge), and was one of the most eccentric men in Port Richmond. Whether someone had been telling him of the beauties of Freemasonry, or whether his curiosity got the better of him, I cannot say. However, he made application to Richmond Lodge to become a member, and was elected. He entered the ante-room, as all candidates have to do, and was informed how to prepare for initiation. He glanced at each one while they were preparing him, then up and down the walls; then with a sudden outburst of commingled rage and excitement, rushed for the door, and went down the stairs about four steps at a jump. A group of members had just reached the head of the stairs as Williamson made his exit from the anteroom. A large dry-goods box, filled with tinware was standing at the head of the stairs, and it was suddenly seized, turned upside down and sent tumbling after the frightened man. It is impossible to imagine the noise, but the yells of the poor fellow were really heard above it.

"Several people were attracted to the scene to ascertain whether there had been an earthquake or explosion, and the secret

soon leaked out that Williamson had been taking an "outside degree" in Freemasonry. The next day, and, in fact, for a long time afterward, many pointed questions were asked relative to his experience. Williamson swore vengeance, and later on loomed up as a prominent character in a very funny drama in connection with Richmond Lodge."

Once Richmond Lodge was established on Staten Island, it became the basis for the formation of other Lodges. The absence of a masonic center on the East Shore (Richmond Lodge was located for over 150 years on the North Shore until 1979 when it was forced to relinquish its building and move in with Huguenot Lodge in the south end of the county) was what caused the organization of Tompkins Lodge. A Warrant was issued on December 6, 1853, authorizing the opening of the Lodge in Stapleton, Staten Island, under the number 145, which was later changed (1859) to its current numeral designation, 471 and named after the celebrated early American political leader and Grand Master of Masons of New York previously mentioned.

Tompkins Lodge is in possession of the famous Daniel D. Tompkins Holy Bible which adorns the masonic altar on very special occasions. The Great Light in Masonry was opened on September 19, 1981, placed upon the altar of a Bicentennial Commemoration and special Richmond Masonic Association Communication and meeting, honoring the Grand Lodge of F. & A. M. of the State of New York for being issued the Athell Charter by the Grand Lodge of England in 1781.

The fourth of the Lodges in the Richmond District was Aquahonga Lodge No. 685 (not to be confused with Aquehonga Lodge No. 906) was granted a Charter in 1868, and surrendered in 1887. The Lodge met first in the Grand Jury Room in Richmond, then in a building on New Dorp Lane and Richmond Road, later moved back to Richmond in a building opposite St. Andrews Church, a U.S.A. Bicentennial Church. There is no record of the reason why the Lodge surrendered its Charter.

The fifth of the Lodges to become constituted was Beacon Light Lodge No. 701, on June 15, 1870. First met at the "Old Athletic Club Building" on Richmond Terrace, West Brighton in 1872. Then moved to Village Hall on Lafayette Street, New Brighton, until 1942 when it occupied new quarters in Tompkins Lodge Hall in Stapleton, relocated again to Great Kills Masonic Temple in 1966 where it is today.

Although a part of another Masonic District, Klopstock Lodge No. 760 has played an important role in the development of the fraternity since it received its charter in 1875, and presently meets in Great Kills Masonic Temple.

The seventh Lodge was Aquehonga No. 906 on May 13, 1913, and met in the Tompkins Masonic Temple, and is currently meeting in the Great Kills Masonic Temple.

The eighth Lodge to have received a Charter was Great Kills Lodge No. 912, on January 12, 1914, met first at 22 Hillside Terrace, Great Kills, until their own Temple was completed in 1926 on Amboy Road where it enjoys continued good operations.

The ninth Lodge to have been established on Staten Island was New Dorp Lodge No. 1092 on June 18, 1928, and met in Miller's Hall on Amboy Road. This Lodge had several names—At the time of its start, it was known as "Sojourners" Lodge, then Fort Wadsworth Lodge, and to what it is at present. New Dorp Lodge has met in several places during its masonic history, and now is convening in Great Kills Masonic Temple.

The last and tenth Lodge to have been constituted was LaGuardia Lodge No 1130, on June 1, 1950, and was named after R.'.W.'. Fiorello LaGuardia, the former Mayor of New York City. Although it is of recent fraternal vintage, this latest Lodge has found a hearty welcome in the Masonic District, and meets with its two older fraternal brother Lodges in Huguenot Masonic Temple.

Organized in the masonic history of Staten Island were two Chapters of the Royal Arch Masons-Staten Island Chapter No. 196, no longer in existence; and Tyrian Chapter No. 219 since 1868. Also in the York Rite Concordant division is the Empire Commandery, Knight Templar No. 66, organized in 1900.

Connected with the Richmond Masonic District are those organizations which provided guidance and assistances to the symbolic Lodges. Richmond Masonic School of Instruction and the Richmond Masonic Blood Bank.

Connected with Masonry are the affiliate groups, such as Order of the Eastern Star, Staten Island Shrine Club, Richmond Forest No. 66 (Tall Cedars of Lebanon), Triangle Girls, Order of Demolay, Staten Island Post No. 6 (Masonic War Veterans of the State of New York), Masonic Bowling League, Masonic Luncheon Club, Masonic Yacht Club, and many Square Clubs.

In its long history, the Richmond Masonic District of Staten Island, N.Y., is not without its National Landmarks and famous historic incidents and visits of renown Masons of the past.

Such famous masonic visitors were Bro. Giuseppe Garibaldi, the great Italian Revolutionary, whose military victories created a unified nation. This patriot was considered the "George Washington" of Italy, and became a 33° Mason beside being elected Grand Master of Masons in Italy. His over two year stay on Staten Island with his friend, Antonio Meucci, is enshrined at the National Landmarks Meucci House. In 1967, a Masonic parade and ceremony took place. A Masonic Plaque was dedicated to the landmark. The M.'.W.'. Charles F. Gosnell, the then Deputy Grand Master and his Grand Marshal, R.'.W.'. LaVerne W. Getman, were present.

Bro. Louis Kossuth, the Hungarian Revolutionary and famous Freedom Fighter, was received with honor on Staten Island, December 6, 1851. A procession and reception at Nautilus Hall were features of the occasion.

A manuscript written by the Pastor of the Tompkinsville Dutch Reformed Church reveals the historic meeting and occasion between Vice-President and Bro. Daniel D. Tompkins and General, the Marquis de Lafayette. On August 15, 1824, Bro. Tompkins entertained the Marquis, at his home, but Rev. Ven Pelt made the oration: "The gallant & illustrious Gen Lafayette, arrived in the harbor of New York, at the house of Gov. Tompkins, Staten Island. Where on short notice—the Minister was requested by the Governor, on his being introduced to General Lafayette; to address him handsomely, and welcome him to our Country. Whereupon being introduced, the General embracing both hands of the Minister—he saluted and addressed him, as follows—in these words, viz:

General Lafayette, I have the honor and pleasure to congratulate you on your arrival once more in our Country—for whose civil and religious liberty, you fought gallantly in the days of your Youth, by the side of our illustrious Washington. Wherever you go throughout the length and breadth of this land of freedom, you will be hailed with acclamation—and received with joyful welcome by a grateful people, who regard you as their friend;—and benefactor of our Nation.

May it please the Almighty ruler of the Universe, to add yet some more Years to your long and useful life; and then when your term of days on earth shall cease; may you be received into that holy and happy place—where we Americans hope and believe the spirit of our departed Washington now is—in joy and felicity".

To which General Lafayette responded—in the following words, viz:

"My dear Reverend friend, I am happy—most happy, to have my feet once more on American ground. I love the soil of freedom. This Country is dear to my heart. I reciprocate those kind feelings you have so beautifully expressed. I hope you may live many, many years; and then when we shall be no more in this world; I hope we shall meet in heaven with Washington—and the gallant heroes of the American Revolution."

Vice President and Bro. Tompkins died June 11, 1825, not quite fifty-one years of age, and just 25 days before Richmond Lodge was constituted on July 6, 1825.

One very interesting incident took place on Staten Island during the early days of the American Revolution and which led to the peculiar circumstances for R. W. Benjamin Franklin, who was elected Grand Master of Pennsylvania on June 24, 1734; and, appointed Provincial Grand Master of Boston, Mass., to come to Staten Island.

With the political and military events of the Revolution proceeding with rapidity—that is, the signing of the Great Declaration on July 4, 1776, the arrival of the Halifax Fleet under the command of Lord Richard Howe and his brother, General William Howe, in New York and Staten Island, and the strength of the Continental Armies building well with the infusion of foreign military leaders, Lord Howe, who had arrived on July 12, 1776, with hopes of reconciliation found that impassable barrier against him. Howe immediately asked for contacts to be made with leaders of the "rebellion", and a conference to avoid bloodshed and serious consequences.

After a very large British force had landed in New York, heavy skirmishes took place along the roads and plains in Gravesend and New Utrecht in Brooklyn, which resulted in the Battle of Long Island. Having taken American General Sullivan prisoner, Admiral Lord Richard Howe ordered the General to act as emissary and contact with a verbal message to Congress, requesting that body to appoint some of its members to meet with him in conference. After numerous inquiries and conditions, the delegates chosen were Bro. Benjamin Franklin, John Adams and Edward Rutledge, and finally the meeting occured on September 11, 1776, at the home of Colonel Christopher Billopp, which still stands as a National Historic Landmark at the southernmost point of Staten Island and the far end of Hylan Boulevard. Colonel Billopp was a very staunch Tory, and when 9,000 British Troops landed on Staten Island on July 2nd and 3rd, 1776, four companies of militia, under Billopp's command, took the oath at Richmond as British Provincial troops. Later Col. Billopp and his

family barely escaped from Staten Island, and made their way to Canada.

Of course, the outcome of the conference between Bro. Franklin, Adams and Rutledge and Lord Howe failed to bring about any settlement. Bro. Franklin stated that a return to the domination of Great Britain was impossible owing to the colonies having bound themselves together in their Declaration of Independence, and the American delegation withdrew disdainfully from the meeting.

In another part of Staten Island, Richmond or Richmondtown, the Masonic Fraternity had limited attachment through the occupation of the British Military and Tories at the Cocclestown Tavern where Masonic meetings must have been held because of the many Military Masonic Lodges in the area.

One famous British soldier was the young Captain John Andre, stationed at the headquarter facility in the Cocclestown Tavern where he made out his will unaware, of course, to himself that he would be involved in spy charges for having been caught in civilian clothes with the plans of West Point's fortification found in his boot. It is said that General George Washington closed the shutters of his room at Tappan, distressed at the execution of the young British Officer, whose death was caused by the inordinate desire of an American General.

The eight Lodges of the Richmond District have celebrated and assembled in public and by parades many of the historic events of the past. Twice at the Richmondtown Restoration, at the Billopp House (or, also called The Conference House), where on April 26, 1976, the M.'.W.'. Arthur Markewich, Grand Master of the State of New York, M.'.W.'. John R. Rutledge, Jr., Grand Master of New Jersey, and R.'.W.'. John R. McCain, Grand Master of Pennsylvania convened at the Tottenville Masonic Temple to honor the past event of that famous meeting at Col. Billopp's homestead. Also, the Masons of the Richmond District paraded and paid respect at Meucci House.

Throughout its long history, all dedicated Masons of the Richmond Masonic District have seriously propagated the natural laws of God through the principles of the Brotherhood of Man concept. Service to community to preserve all the traditional and basic tenets of Americana, service to mankind through its charitable nature and kind determination. To those whose hearts seek to serve humanity in morality before the Great Architect of the Universe. We Masons are builders, either operative or speculative—for thanks be to those Masons of Huguenot-Lodge who noted with distress the disrepair of Conference House over a half a century ago, and repaired what is today a viable National Landmark for many generations to come; and, extending through the breadth of fifty seven square miles to the small room of Americana in Tompkins Lodge, we proudly convene in euphoric fraternal pride and self-esteemed spirit to celebrate the Bicentennial of the inception of our Grand Lodge.

The occasion affords us an excellent opportunity to examine from whence we came in over twenty decades; what we have learned from the past, what are we doing at present; and, most important, what is our meaningful vision and dutiful imagination, determination and future obligation as we pass over the threshold of the third century. Let us remember September 19, 1981, as a starting point of a continuing mark for service to God, to Nation, and to Mankind.

ALEXANDER A. BLEIMANN,

Past District Deputy Grand Master; Junior Deacon of the American Lodge of Research; Historian and Archivist of the Richmond Masonic Association.●

BATH IRON WORKS

HON. OLYMPIA J. SNOWE

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. SNOWE. Mr. Speaker, I want to draw my colleagues attention to a story they all too seldom hear—a success story, Bath Iron Works in Bath, Maine. BIW has followed a simple formula to achieve success in the shipbuilding industry—under budget and ahead of schedule. I commend to my colleagues a recent article from Time magazine that documents this success story.

BATH'S FIGHTING COMPANY, YANKEE CRAFTSMANSHIP IS STILL SHIPSHAPE AT THE IRON WORKS

(By John S. DeMott)

At a time when foreign competitors have forced U.S. manufacturers to change their management styles and worry about the quality of everything from cameras to automobiles, the Bath Iron Works in Maine is doing business as usual. With abundant quantities of Yankee pride and craftsmanship, BIW's more than 6,700 employees continue to build ships under budget and ahead of schedule. That is normal for the Bath Iron Works, but it is a rarity in the defense industry, which is plagued with cost overruns.

In 1978 BIW delivered a cargo ship, the *Maui*, to the Matson Navigation Co., in San Francisco. It was one of four Matson had built at three different yards from identical plans. The BIW ship was unquestionably the best. Says A. J. Haskell, Matson's senior vice president and a former Navy officer: "It may sound like I work for them. But look at the fairness of the hull, its smoothness, which is determined by the quality of the welding. You can walk down the pier and compare the *Maui* with the *Kauai*, the ship another company built for us. You can immediately tell which is the better ship. The Bath-built hull is fairer." The *Maui* was also delivered five weeks before it was due, and BIW brought the ship in $3.2 million under budget.

More than Yankee craftsmanship is involved in BIW's success. The yard is the only one in the U.S. that combines modular construction with extensive "pre-outfitting." That means that whole sections of ships are built as near-complete units, fitted with piping and electrical equipment. Then, with a giant crane, the sections are joined to make the vessel. The system, now used by the Swedes and Japanese, is faster and less expensive than the conventional one of building entire hulls first, then stuffing them with their innards.

Founded in 1884 on the Kennebec River, a dozen miles from Popham, where in 1607 the first ship was built by European settlers in the New World, the Iron Works constructed steamer, tugs, trawlers, J. P. Morgan's famous yacht (the one no one could afford if he had to ask how much it cost) and destroyers for the Navy in both world wars. From Pearl Harbor to V-J day, BIW turned out 82 destroyers, vs. 63 for Japan's entire shipbuilding industry. Only eight vessels were lost in combat, and among Navy men "Bath-built" came to mean lucky as well as seaworthy.

The company has almost been torpedoed out of the water several times in the boom-or-bust shipbuilding industry. In 1925, BIW actually closed its doors, and there were plans for turning the yard into a factory for making paper pie plates. In 1927, William S. ("Pete") Newell, a graduate of the Massachusetts Institute of Technology and an old-stock Yankee, bought BIW at auction and began building any kind of ship he could: yachts, Coast Guard cutters, fishing boats, then Navy vessels as World War II approached. Employment swelled to more than 12,000 during the war, but then plunged after the American victory at sea, falling to 350 in 1947. It picked up, though, as the company again turned to yacht building and more defense work.

But by the late 1960s, BIW began running into two enemies that were worse than anything its warships had encountered on the open seas: poor management and inflation. A holding company called Bath Industries was formed, and in 1968 it merged with Congoleum-Nairn, a firm that makes tiles, wall decorations and other surface coverings. Inflation began taking a severe toll in the recession year of 1974. BIW's fixed-price contracts did not allow for rapidly rising costs, and losses mounted sharply. On top of a $10 million run of red ink, BIW lost major defense contracts in the early 1970s. In 1975 new management took over the company and brought in John F. Sullivan Jr., a former building-materials executive, to head BIW.

The team moved swiftly. The Bath Industries name was changed to Congoleum, reflecting that company's contribution to its survival. Smaller, unprofitable companies like Coronet Manufacturing Co. and Howard Parlor Furniture Co. that had been acquired by Bath Industries were sold off. BIW aggressively went after and won a big chunk of the Navy's guided-missile frigate program, and began writing contracts with markups for increased costs.

With its cash position improved and its stock underpriced, Congoleum decided to invest in itself. In early 1980, the conglomerate, with several bluechip insurance companies, bought up all its outstanding publicly held stock for $450 million and went private. Prudential now has 29 percent of the company, with smaller pieces held by Aetna, Travelers and Connecticut General. In addition, Eddy G. Nicholson, chief operating officer of Congoleum, and Byron C. Radaker, its chairman, are shareholders.

Though Nicholson will not reveal profit figures, he says that BIW is doing much better than it was at the time of its last public accounting in 1979, when it earned $28.2 million during the first nine months of the year. The firm has a defense order backlog of $800 million.

BIW has plans to build another yard at Portland, about 40 miles down the Maine coast. With its frigate project 99 weeks ahead of schedule and $44 million under budget, the Iron Works is eyeing the Navy's new destroyer program. That could be its biggest contract ever. Congoleum, the proud parent company, has now moved its headquarters from Milwaukee to nearby Portsmouth, N.H. Construction of its new building, though, is slightly over budget and three months behind schedule. Maybe Con-

goleum should have had the Bath Iron Works build it.●

TRIBUTE TO SAGINAW VFW AUXILIARY

HON. BOB TRAXLER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 14, 1981

● Mr. TRAXLER. Mr. Speaker, it is my great pleasure to rise before this distinguished body today to pay tribute to Saginaw VFW Auxiliary No. 1566 on their 50th anniversary.

Saginaw Auxiliary No. 1566 was organized on August 20, 1931. Emma Waach was the first president; their meetings were held at the Saginaw City Hall. Like the hundreds of thousands in sister groups in all 50 States, Saginaw auxiliary members are mothers, wives, sisters, and daughters of veterans who served overseas in the U.S. Armed Forces or women who themselves had overseas service.

Their objectives are fraternal, patriotic, historical, and educational. They have given aid to veterans dependents—especially the sick and needy; given community service with civic organizations and foster patriotism through Americanism programs. Through the years they have donated literally miles of American flags to schools, churches, and clubs. Among the national programs to which Auxiliary No. 1566 contributes is the national home, in Eaton Rapids, for children of deceased or disabled veterans, and to cancer research.

When VFW Post 1566 took possession and ownership of the present building from the West Side Arbeiter Society in 1934, Kenneth Greenleaf, who was then post commander, sent a letter to the ladies auxiliary stating "Anytime you ladies want help, we are ready to give it." The post is still holding fast to these words.

Some of the outstanding accomplishments of this auxiliary was the sponsorship of the Junior Girls, of which two went on to become presidents of the auxiliary—Jennie Mann Papst, and her sister, the late Margaret Mann Hall—and a third is the present senior vice president, J. Elaine Tucker, on this auspicious occasion. Junior Girls, Jennie Mann and Mary Ellen Rork, were the majorettes for the championship Junior Boys Drum and Bugle Corps in 1940-43.

In 1945, the auxiliary purchased a self-propelling wheelchair for indoor/outdoor use which folded compactly for storage. They had the distinct honor of attending the groundbreaking ceremony at the new Veterans' Administration hospital. The auxiliary helped the post raise money for a mobile iron lung.

Among the many other acomplishments. The auxiliary instituted St. Charles Auxiliary No 5695 in 1945, Hemlock Merrill Auxiliary No. 7302 in 1949, and Pinconning Auxiliary No. 3753, Carrollton Auxiliary No. 1859, and Auxiliary No. 9809 in 1950.

When the Veterans' Administration hospital opened in 1950, Alzerina Ryman was appointed VAVS hospital chairman by the department auxiliary. The first two auxiliary volunteers were Alzerina Ryman and Alice Merrill. Since then many of the members were volunteers, putting in over 60,000 endless and gratifying hours. Two sisters put in over 17,000 hours each, Muriel Savage and Meta Kutsch. Today only two members are still active volunteers, Hazel Greenleaf and Elaine Tucker.

The auxiliary has had three members who went on to become District No. 9 presidents, Veronica Metzgar, Blanche Fall, and Leah Dugan.

In 1949 the auxiliary Americanism scrapbook took first place at the department convention. In 1981 history is repeated, they won another Americanism award, a trophy for "Best Overall Americanism."

Another very distinct honor came in 1952, when the auxiliary was invited to present the parade of flags for the national president, Ethel Griffith of Kansas City, Mo., at the convention held in Detroit, Mich.

The year 1963 saw the auxiliary celebrate the VFW 50th anniversary at the VA hospital with hospitalized veterans, dating back to 1913 when there were various veteran groups and they organized to become the American Veteran of Foreign Service (AVFS) now known as the Veterans of Foreign Wars (VFW).

For many years the auxiliary sponsored essay contests, poster contests, citizenship programs, March of Dimes, and presentation of the parade of flags, the ritual team installed and initiated many auxiliary members for other auxiliaries, besides sponsoring a bowling league, ladies Euchre Club, and promoted a baby show and health program at the city auditorium in 1951. For many years auxiliary members took a part in placing small American flags on the graves of deceased veterans. They still take an active part in memorial services on Memorial Day and on Veterans Day, also placing flags on the graves of the deceased veterans.

Time has changed some things but the auxiliary is still very active in many programs. There is still a close bond between the post and auxiliary—to be ready to help each other when called upon.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, October 15, 1981, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

OCTOBER 16

9:00 a.m.

Banking, Housing, and Urban Affairs

To hold hearings on the nomination of Edgar F. Callahan, of Illinois, to be a member of the National Credit Union Administration Board.

5302 Dirksen Building

9:30 a.m.

Commerce, Science, and Transportation

Merchant Marine Subcommittee

To hold hearings on S. 1682, allowing certain subsidized liner vessel operators in the foreign commerce of the United States to participate in trade between Unalaska Island, Alaska, and the contiguous United States.

235 Russell Building

Finance

Taxation and Debt Management Subcommittee

To hold hearings on miscellaneous tax proposals.

2221 Dirksen Building

* Judiciary

Immigration and Refugee Policy Subcommittee

To hold hearings to discuss policies relating to deportation and exclusion.

412 Russell Building

10:00 a.m.

Energy and Natural Resources

To resume hearings on S. 1544, authorizing funds for fiscal years 1982, 1983, and 1984 for State and local energy block grant programs.

3110 Dirksen Building

Environment and Public Works

To hold hearings on the nomination of John A. Todhunter, of Maryland, to be Assistant Administrator for Pesticides and Toxic Substances of the Environmental Protection Agency.

4200 Dirksen Building

Foreign Relations

Closed briefing on the forthcoming North/South Summit in Cancun, Mexico, on October 22 and 23.

Room S-116, Capitol

Judiciary
*Separation of Powers Subcommittee
To resume hearings on S. 1647, restricting the power of Federal courts in matters of court-ordered school busing, focusing on certain community problems.
2228 Dirksen Building

OCTOBER 19

9:00 a.m.
Banking, Housing and Urban Affairs
To hold hearings on S. 1686, S. 1703, S. 1720, and S. 1721, bills promoting competition among certain financial institutions, expanding their range of services, and protecting the depositors and creditors of such institutions.
5302 Dirksen Building

9:30 a.m.
Finance
Energy and Agricultural Taxation Subcommittee
To hold hearings on S. 750 and S. 1288, bills providing energy tax credits for industrial and commercial business to encourage investment in new energy conserving equipment.
2221 Dirksen Building
Judiciary
*Agency Administration Subcommittee
To hold oversight hearings on the implementation of the Military Personnel and Civilian Employees Claims Act of 1964, title XXI of the Criminal Code.
357 Russell Building
Judiciary
Constitution Subcommittee
To resume hearings on S.J. Res. 110, S.J. Res. 17, S.J. Res. 18, and S.J. Res. 19, measures amending the Constitution to establish legislative authority in Congress and the States with respect to abortion.
2228 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Energy Regulation Subcommittee and Water and Power Subcommittee
To hold joint oversight hearings on hydroelectric development and related licensing procedures.
3110 Dirksen Building
Environment and Public Works
Nuclear Regulation Subcommittee
To resume hearings on S. 1662, establishing a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
4200 Dirksen Building
Foreign Relations
To hold hearings on the nominations of Alan M. Hardy, of Virginia, to be Ambassador to the Republic of Equatorial Guinea, David C. Miller, Jr., of Maryland, to be Ambassador to the United Republic of Tanzania, and Thomas R. Pickering, of New Jersey, to be Ambassador to the Federal Republic of Nigeria.
4221 Dirksen Building

2:00 p.m.
Finance
Oversight of the Internal Revenue Service Subcommittee
To hold hearings on the recovery of attorneys fees in tax cases.
2221 Dirksen Building
Governmental Affairs
Intergovernmental Relations Subcommittee
To hold hearings to discuss alternative Federal housing programs.
3302 Dirksen Building

OCTOBER 20

9:00 a.m.
Labor and Human Resources
To hold oversight hearings on the implementation of the Comprehensive Employment Training Act (CETA).
4232 Dirksen Building

9:30 a.m.
Agriculture, Nutrition and Forestry
Agricultural Credit and Rural Electrification Subcommittee
To hold oversight hearings on the bidding, purchasing, and elections processes of the Rural Electrification Administration.
324 Russell Building
Banking, Housing and Urban Affairs
To continue hearings on S. 1686, S. 1703, S. 1720, and S. 1721, bills promoting competition among certain financial institutions, expanding their range of services, and protecting the depositors and creditors of such institutions.
5302 Dirksen Building
Commerce, Science, and Transportation
Surface Transportation Subcommittee
To hold oversight hearings on the implementation of the Household Goods Transportation Act (Public Law 96-454).
1318 Dirksen Building
Governmental Affairs
Civil Service, Post Office, and General Services Subcommittee
To hold hearings on S. 1421, to establish the National Archives and Records Administration as an independent executive agency.
1224 Dirksen Building
Small Business
To hold hearings on LTV's proposed acquisition of the Grumman Corp. and its impact on small business and the U.S. defense industrial base.
424 Russell Building

10:00 a.m.
Commerce, Science, and Transportation
Business, Trade, and Tourism Subcommittee
To hold hearings on S. 1233, establishing a service industries development program in the Department of Commerce.
235 Russell Building
Energy and Natural Resources
To hold joint hearings with the Committee on Environment and Public Works' Subcommittee on Nuclear Regulation on S. 1606, to provide for a nuclear property damage insurance fund, and to provide additional funds for the cleanup of the contaminated nuclear facility at Three Mile Island.
3110 Dirksen Building
Environment and Public Works
Business meeting, to mark up S. 1192, providing for the completion of Union Station, Washington, D.C., as primarily a transportation center, S. 1493, deauthorizing certain water resource projects within the jurisdiction of the U.S. Army Corps of Engineers, and other pending calendar business.
4200 Dirksen Building
Environment and Public Works
Nuclear Regulation Subcommittee
To hold joint hearings with the Committee on Energy and Natural Resources on S. 1606, to provide for a nuclear property damage insurance fund, and to provide additional funds for the cleanup of the contaminated nuclear facility at Three Mile Island.
3110 Dirksen Building
Governmental Affairs
To resume oversight hearings on the congressional budget process.
3302 Dirksen Building
Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building

OCTOBER 21

8:30 a.m.
Energy and Natural Resources
To hold hearings on S. 1674, modifying provisions of the Revised Organic Act of the Virgin Islands and providing certain other authorities affecting the territories and possessions of the United States.
3110 Dirksen Building

9:00 a.m.
Governmental Affairs
To hold hearings to examine the current acquisition process in the Department of Defense.
3302 Dirksen Building
Select on Intelligence
Closed briefing on intelligence matters.
Room S-407, Capitol

9:30 a.m.
Banking, Housing, and Urban Affairs
To continue hearings on S. 1686, S. 1703, S. 1720, and S. 1721, bills promoting competition among certain financial institutions, expanding their range of services, and protecting the depositors and creditors of such institutions.
5302 Dirksen Building
Commerce, Science, and Transportation
To hold hearings on the nomination of Clinton D. McKinnon, of California, to be a member of the Civil Aeronautics Board.
357 Russell Building
Governmental Affairs
Intergovernmental Relations Subcommittee
To hold oversight hearings on certain activities of the Advisory Commission on Intergovernmental Relations.
224 Russell Building

10:00 a.m.
*Agriculture, Nutrition, and Forestry
To hold hearings on the nomination of Susan M. Phillips, of Iowa, to be a Commissioner of the Commodity Futures Trading Commission, Everett G. Rank, Jr., of California, to be a member of the Board of Directors of the Commodity Credit Corporation, and on other pending business.
324 Russell Building
Commerce, Science, and Transportation
Business, Trade, and Tourism Subcommittee
To continue hearings on S. 1233, establishing a service industries development program in the Department of Commerce.
235 Russell Building
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

Environment and Public Works
Water Resources Subcommittee
Business meeting, to mark up S. 1692, providing for the operation, maintenance, and construction of deep-draft channels and harbors.
4200 Dirksen Building

Judiciary
To resume hearings on S. 326, prohibiting a refiner, other than an independent or small refiner, from operating a gas station in the United States, and making it unlawful for a supplier to practice price discrimination in the sale of motor fuel.
2228 Dirksen Building

Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings to examine the impact of marihuana on youth, focusing on the areas of health and education.
4232 Dirksen Building

Labor and Human Resources
Education Subcommittee and Employment and Productivity Subcommittee
To hold joint oversight hearings on the implementation of vocational education and youth employment programs.
1224 Dirksen Building

Rules and Administration
Business meeting, to consider Senate Resolution 222, authorizing supplemental expenditures for fiscal year 1981 by the Committee on the Judiciary; Senate Resolution 225, authorizing supplemental expenditures for fiscal year 1981 by the Select Committee on Intelligence for the procurement of consultants; and other legislative and administrative business.
301 Russell Building

1:30 p.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1554, proposed Bail Reform Act.
6226 Dirksen Building

2:00 p.m.
Environment and Public Works
Environmental Pollution Subcommittee
To hold hearings on S. 1018, authorizing funds through fiscal year 1986 for the protection and conservation of fish and wildlife resources along the coastal barriers of the Atlantic and gulf coasts.
4200 Dirksen Building

OCTOBER 22

9:00 a.m.
Governmental Affairs
Energy, Nuclear Proliferation, and Government Processes Subcommittee
To hold oversight hearings on certain activities of the Office of Surface Mining Reclamation and Enforcement, Department of the Interior.
Room to be announced

9:30 a.m.
Banking, Housing, and Urban Affairs
To continue hearings on S. 1686, S. 1703, S. 1720, and S. 1721, bills promoting competition among certain financial institutions, expanding their range of services, and protecting the depositors and creditors of such institutions.
5302 Dirksen Building

Governmental Affairs
Intergovernmental Relations Subcommittee
To resume hearings on fiscal disparities within the Federal Government.
6226 Dirksen Building

Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings to discuss temporary worker programs of the Federal Government.
2228 Dirksen Building

Labor and Human Resources
To hold oversight hearings on activities relating to affirmative action of the Office of Federal Contract Compliance Programs, Department of Labor.
4232 Dirksen Building

Select on Intelligence
Closed business meeting.
Room S-407, Capitol

10:00 a.m.
Agriculture, Nutrition, and Forestry
Forestry, Water Resources, and Environment Subcommittee
To hold hearings on S. 705, authorizing the conveyance of certain National Forest System lands.
324 Russell Building

Energy and Natural Resources
To hold hearings on the President's recommended waiver of law for the Alaskan natural gas pipeline pursuant to the Alaska Natural Gas Transportation Act (Public Law 94-586).
3110 Dirksen Building

Governmental Affairs
To resume oversight hearings on the congressional budget process.
3302 Dirksen Building

Judiciary
*Juvenile Justice Subcommittee
To hold hearings on the early detection of juvenile crime.
5110 Dirksen Building

OCTOBER 23

9:30 a.m.
Finance
Energy and Agricultural Taxation Subcommittee
To hold hearings on miscellaneous tax proposals.
2221 Dirksen Building

10:00 a.m.
Energy and Natural Resources
To continue hearings on the President's recommended waiver of law for the Alaskan natural gas pipeline pursuant to the Alaska Natural Gas Transportation Act (Public Law 94-586).
3110 Dirksen Building

Judiciary
Criminal Law Subcommittee
To hold hearings on violent crime task forces.
2228 Dirksen Building

Judiciary
Separation of Powers Subcommittee
Business meeting, to mark up S. 1647, restricting the power of Federal courts in matters of court-ordered school busing.
5110 Dirksen Building

OCTOBER 26

9:30 a.m.
Banking, Housing and Urban Affairs
To hold hearings on the use of Defense Production Act authorities to stimulate domestic production of cobalt.
5302 Dirksen Building

10:00 a.m.
Energy and Natural Resources
To resume hearings on the President's recommended waiver of law for the Alaskan natural gas pipeline pursuant to the Alaska Natural Gas Transportation Act (Public Law 94-586).
3110 Dirksen Building

Judiciary
*Juvenile Justice Subcommittee
To hold hearings on the judicial systems' policies relating to correctional institutions and sentencing of juveniles.
2228 Dirksen Building

OCTOBER 27

9:00 a.m.
Governmental Affairs
To resume hearings to examine the acquisition process of the Department of Defense.
3302 Dirksen Building

9:30 a.m.
Banking, Housing, and Urban Affairs
To resume hearings on S. 1686, S. 1703, S. 1720, and S. 1721, bills promoting competition among certain financial institutions, expanding their range of services, and protecting the depositors and creditors of such institutions.
5302 Dirksen Building

Labor and Human Resources
To hold hearings on S. 1483, proposed Radiation Exposure Compensation Act.
4232 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold hearings on S. 1516, to expedite exploration and development of geothermal resources.
3110 Dirksen Building

Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building

2:00 p.m.
Judiciary
To hold oversight hearings on merger policy in the private sector.
2228 Dirksen Building

OCTOBER 28

9:30 a.m.
Banking, Housing, and Urban Affairs
To continue hearings on S. 1686, S. 1703, S. 1720, and S. 1721, bills promoting competition among certain financial institutions, expanding their range of services, and protecting the depositors and creditors of such institutions.
5302 Dirksen Building

Govenmental Affairs
Permanent Subcommittee on Investigations
To resume hearings on alleged corruption in the International Longshoremen's Association's influence and control over the waterfront industry along the east and gulf coasts.
3302 Dirksen Building

*Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings on granting amnesty to certain illegal aliens.
2228 Dirksen Building

*Labor and Human Resources
Labor Subcommittee
Business meeting, to consider S. 1182, improving the administration of the Longshoremen's and Harbor Workers' Compensation Act by removing certain

inequities, reducing incentives for fraud and abuse, and assuring immediate compensation benefits and competent medical treatment for injured employees.
4232 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Business meeting to consider pending calendar business.
3110 Dirksen Building
Governmental Affairs
To hold hearings on S. 864, to require each executive agency to submit an annual report to the President on the adequacy of its internal accounting and administrative control systems.
Room to be announced

OCTOBER 29

9:30 a.m.
Banking, Housing, and Urban Affairs
To continue hearings on S. 1686, S. 1703, S. 1720, and S. 1721, bills promoting competition among certain financial institutions, expanding their range of services, and protecting the depositors and creditors of such institutions.
5302 Dirksen Building
Commerce, Science, and Transportation
Business, Trade and Tourism Subcommittee
To hold hearings on S. 1256, to regulate interstate commerce by protecting the rights of consumers, dealers, and end users.
235 Russell Building
Governmental Affairs
Permanent Subcommittee on Investigations
To continue hearings on alleged corruption in the International Longshoremen's Association's influence and control over the waterfront industry along the East and Gulf coasts.
224 Russell Building
Judiciary
Courts Subcommittee
To hold hearings on the future income of individuals claiming bankruptcy.
5110 Dirksen Building
Judiciary
Immigration and Refugee Policy Subcommittee
To continue hearings on granting amnesty to certain illegal aliens.
2228 Dirksen Building
Special on Aging
To hold hearings on the Federal role in promoting greater opportunities for older workers.
6226 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Public Lands and Reserved Water Subcommittee
To hold hearings on S. 625, revising the boundary of Voyageurs National Park in the State of Minnesota.
3110 Dirksen Building
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building
Governmental Affairs
To resume oversight hearings on the congressional budget process.
3302 Dirksen Building

2:00 p.m.
Energy and Natural Resources
*Energy Regulation Subcommittee and Water and Power Subcommittee
To resume joint oversight hearings on hydroelectric development and related licensing procedures.
3110 Dirksen Building

OCTOBER 30

9:30 a.m.
Banking, Housing, and Urban Affairs
To continue hearings on S. 1686, S. 1703, S. 1720, and S. 1721, bills promoting competition among certain financial institutions, expanding their range of services, and protecting the depositors and creditors of such institutions.
5302 Dirksen Building

NOVEMBER 3

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

NOVEMBER 4

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
2228 Dirksen Building
Labor and Human Resources
Labor Subcommittee
To hold hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

NOVEMBER 5

9:00 a.m.
Commerce, Science, and Transportation
To hold hearings on S. 709, requiring a refund value for certain beverage containers, and prohibiting the sale of metal beverage containers with detachable openings.
235 Dirksen Building.

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To continue hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building
Veterans' Affairs
To hold oversight hearings on the VA's Department of Medicine and Surgery's implementation of the Office of Management and Budget's circular A-76, providing for the contracting out of certain government services.
412 Russell Building

10:00 a.m.
*Energy and Natural Resources
To hold oversight hearings on the implementation of title I, establishing wellhead prices for natural gas, of the Natural Gas Policy Act (Public Law 95-621).
3110 Dirksen Building

Judiciary
Juvenile Justice Subcommittee
To hold hearings to examine the impact of media on juveniles.
6226 Dirksen Building

NOVEMBER 6

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
2228 Dirksen Building

10:00 a.m.
*Energy and Natural Resources
To continue oversight hearings on the implementation of title I, establishing wellhead prices for natural gas, of the Natural Gas Policy Act (Public Law 95-621).
3110 Dirksen Building

NOVEMBER 10

8:30 a.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold oversight hearings on America's role in the world coal export market.
3110 Dirksen Building

9:30 a.m.
Commerce, Science, and Transportation
Surface Transportation Subcommittee
To hold oversight hearings on the implementation and effects of the Staggers Rail Act of 1980 (Public Law 96-448), reducing ICC regulations of the railroad industries and providing opportunities for railroads to improve their financial viability.
1318 Dirksen Building
Labor and Human Resources
To resume hearings on S. 234, to encourage the establishment of home health care programs and to provide expanded coverage of home health services under the medicare and medicaid programs.
4232 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building
*Governmental Affairs
Energy, Nuclear Proliferation, and Government Processes Subcommittee
To hold hearings on S. 1226, establishing the National Nuclear Property Insurance Corporation, and providing supplemental insurance coverage for certain cleanup costs following damage to nuclear powerplants.
Room to be announced

NOVEMBER 11

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

NOVEMBER 12

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
2228 Dirksen Building

Labor and Human Resources
Labor Subcommittee
To continue hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

10:00 a.m.
Judiciary
Criminal Law Subcommittee
To resume hearings on S. 101 and S. 751, bills to eliminate or establish an alternative to the exclusionary rule in Federal criminal proceedings.
5110 Dirksen Building

2:00 p.m.
Judiciary
Criminal Law Subcommittee
To continue hearings on S. 101 and S. 751, bills to eliminate or establish an alternative to the exclusionary rule in Federal criminal proceedings.
5110 Dirksen Building

NOVEMBER 13

10:00 a.m.
Energy and Natural Resources
*Energy and Mineral Resources Subcommittee
To resume oversight hearings on America's role in the world coal export market.
3110 Dirksen Building

NOVEMBER 16

1:30 p.m.
Judiciary
Constitution Subcommittee
To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
2228 Dirksen Building

NOVEMBER 17

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

NOVEMBER 18

9:30 a.m.
*Veterans' Affairs
To hold oversight hearings on the effects of the use of Agent Orange.
412 Russell Building

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

CANCELLATIONS

OCTOBER 15

9:30 a.m.
Judiciary
Criminal Law Subcommittee
To resume hearings on S. 101 and S. 751, bills to eliminate and establish an alternative to the exclusionary rule in Federal criminal proceedings.
5110 Dirksen Building

10:00 a.m.
Governmental Affairs
To hold hearings on pending nominations.
3302 Dirksen Building

1:30 p.m.
Judiciary
Security and Terrorism Subcommittee
To resume hearings on the origin, direction, and support tactics of terrorism.
2228 Dirksen Building

OCTOBER 16

10:00 a.m.
Judiciary
Security and Terrorism Subcommittee
To continue hearings on the origin, direction, and support tactics of terrorism.
6226 Dirksen Building

OCTOBER 22

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1554, S. 1253, S. 482, and S. 440, bills to amend the Federal Criminal Code with respect to the circumstances under which a person charged with or convicted of a crime may be released on bail or personal recognizance.
Room to be announced

OCTOBER 26

9:30 a.m.
Judiciary
Courts Subcommittee
To hold hearings on S. 653, proposed Habeas Corpus Procedures Amendments Act.
2228 Dirksen Building

OCTOBER 30

10:00 a.m.
Judiciary
To resume oversight hearings on the implementation of the Coypright Act of 1976, focusing on section 101 relative to cable TV policy.
2228 Dirksen Building

SENATE—*Thursday, October 15, 1981*

(Legislative day of Wednesday, October 14, 1981)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Blessed are the peacemakers for they shall be called the children of God.—Matthew 5: 9.

Lord God of the nations, teach us to take peace seriously, to do more than talk about it. Teach us to be makers of peace; to realize that peace begins at home; that we will not have peace anywhere if we do not seek it and make it where we are. Make us to see that the seed of alienation between spouses or generations or races or political parties is the same seed that generates war among nations.

Help us to make peace with our spouses and children, with our staffs, with our peers and our colleagues. Help us to make the Senate a model of the peace for which the world so desperately languishes. Sensitize our consciences to hear the voice of the Holy Spirit and grant us grace to obey when He speaks. Teach us to abhor all that is contrary to Thy justice, righteousness and peace.

Forgive us Lord for peaceful talk and warlike attitudes. In our quest for the best for all peoples let us not forget our need for divine guidance personally and corporately. Deliver us from the human pride that fails or refuses to acknowledge the rule of God without which our Nation would never have been born. In memory of the vision and faith of our fathers and in dependence upon Thee which was so fundamental in them grant us the grace and courage to fulfill the destiny which Thou hast purposed for us in our time and for all the future. Hasten the day when we shall—

Beat our swords into plowshares and our spears into pruning hooks; when nation shall not lift up sword against nation, neither shall they learn war anymore.—Isaiah 2:4.

In the name of the Prince of Peace. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. I thank the Chair.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF LEGISLATIVE PROCEDURE

RESTORATION OF MINIMUM SOCIAL SECURITY BENEFITS

Mr. BAKER. Mr. President, after the time for the recognition of the two leaders under the standing order and the recognition of three Senators on special orders as provided for on yesterday evening, and the expiration of the time for the transaction of routine morning business, which will extend not longer than 30 minutes, the Senate will resume consideration of H.R. 4331, at which time the Eagleton amendment will be the pending amendment.

The Eagleton amendment and, perhaps, one other that I am aware of, appear to be the principal and controversial amendments to this bill. If there are others, I hope the sponsors of substantial and serious amendments will make known to the leadership that they intend to offer them.

I hope it will be possible to finish this bill today. I am willing to ask the Senate to remain in session somewhat past the regular adjournment hour or recess hour of 6 o'clock if it is possible to finish this bill today and to avoid carrying it over until tomorrow.

I do not intend, absent extraordinary circumstances, to ask the Senate to remain late tonight even though Thursday is the regular late evening. But I must say I feel it is absolutely essential that we finish this bill either tonight or during the day tomorrow, and I mean by that tonight or early tomorrow because there are other matters we must address on Friday before we recess over for the weekend.

So I reiterate, Mr. President, I hope Members who have amendments to offer will do so. I hope if they think of them as controversial and significant amendments they will let the leadership know so we can get some better estimate of how late the Senate should remain in session tonight.

It is not my wish, absent extraordinary circumstances, to ask the Senate to remain in late. We will remain in some later than normal if we can finish tonight. But we must finish either tonight or the early part of the day tomorrow.

MILK PRICE SUPPORT BILL

Mr. President, after we finish this bill I expect that the Senate will be asked to proceed to the consideration of the milk price support matter. At least one Senator has extensive remarks on that subject, with the issue with which we have to deal, so I expect that sometime tomorrow we will turn to the milk bill.

STATUS OF APPROPRIATION BILLS

Mr. President, the minority leader asked me on yesterday about the status of appropriation bills, and very properly so. Because this is the season when the Senate should be considering appropriation bills, let me say that the Appropriations Committee has a number of those bills now and has begun work on them.

I hope that as a result of a series of meetings that have now been arranged for today and tomorrow I will soon have a further announcement I can make on the scheduling of those bills.

But in the meantime I must be content to advise my friend, the minority leader, that in consultation with the chairman of the Appropriations Committee and officials of the administration we are trying very hard to get a better view of how we will proceed and in what order we will proceed to dispatch the necessary appropriations legislation.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. BAKER. Yes, I am happy to yield.

Mr. ROBERT C. BYRD. I am, of course, very understanding of the majority leader's situation. But I wonder why the Senate should not proceed with the appropriation bills that are already on the calendar—the Interior appropriations bill having been on the calendar since July 23, and the Treasury appropriations bill since September 22?

Mr. BAKER. Mr. President, I must say to the minority leader that I, too, am anxious to dispose of those matters. I would like to have all 13 appropriation bills out of the way by now.

I had hoped we could adjourn by the first of October, as I am sure all Senators will recall. I hope they will suppress a tendency to laugh when I make the motion to adjourn.

Mr. ROBERT C. BYRD. The distinguished majority leader will note that the minority leader is not laughing.

Mr. BAKER. The Senator has shared my grief in his previous incarnation as majority leader, and he will understand my wish to do that. But, Mr. President, I think before long we will have some further statement. In the meantime I am not inclined to ask the Senate to address the two appropriation bills on the calendar until after certain consultations, when I will have a better view on how the Appropriations Committee intends to proceed with the remainder of those measures before them.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. BAKER. Yes.

Mr. ROBERT C. BYRD. I do not presume, of course, to attempt to tell the majority leader how to proceed. I must again state my concern, however, with the fact that at this point in time only

one regular appropriations bill has passed the Senate. The conference report on that appropriations bill, as I understand it, is at the desk. There are two other appropriation bills on the calendar. The Senate has 12 regular appropriation bills yet to act upon, two of which, as I have mentioned, are on the calendar and do not have to be reported from the committee.

My concern is—and the distinguished majority leader has indicated yesterday his similar concern—that we are going to be forced into a box whereby down the road we will only have one bill, and that will be the continuing resolution, which will include the appropriations for all the Departments. The conference report on HUD has not yet been adopted, and I hope the Senate will not get itself into a situation whereby we have just one omnibus appropriations bill—that being the continuing resolution.

If Congress wants to go in that direction at some future time and establish a procedure for having only one omnibus appropriations bill, that might be an appropriate thing to do after careful hearings, forethought, and meditation.

But I would just express the concern once again, as the majority leader has expressed a similar concern, that, time slipping as it is, Congress is setting itself up for possibly having only one vehicle to carry all of the appropriations. I think that would be an unfortunate thing.

(Mr. SIMPSON assumed the chair.)

Mr. BAKER. Mr. President, I thank the minority leader. I always value his insights. His experience in this post as majority leader gives him a unique point of view and I welcome his comments and suggestions.

As he also understands, however, I have a responsibility of trying to coordinate the activities of the Senate in respect to appropriations and I must also take account of the policies and desires of the President and his administration, as well.

I reiterate, I have no desire to delay any announcement on the scheduling of the appropriations process and I will do so within the next few days. While I acknowledge the difficulty the calendar presents, and I regret the necessity for saying so, I must say once more that it will be perhaps a few more days before I can give the minority leader a further statement.

I do not embrace the idea of an omnibus appropriations bill. I deplore the idea of a continuing resolution as a way to operate the Government. But I simply am not in a position to say yet what further steps the Appropriations Committee members may wish to take or whatever recommendations the administration may wish to make and I feel an obligation to take account of those before I make a further statement on the scheduling of these matters before the Senate.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, if there is any time remaining to me under the standing order, I am prepared to yield it to any Senator. Does the Senator from Arizona wish any time?

Mr. GOLDWATER. I think I have some time under a previous order, but I will only need not more than 10 minutes, at the most.

Mr. BAKER. Mr. President, in view of that statement from the Senator from Arizona that he will not require his 15 minutes and will require only 10, I yield the time remaining, if any, under the standing order to the distinguished minority leader for his disposition.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER. Under the previous order, the minority leader is recognized.

Mr. ROBERT C. BYRD. Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator has 10 minutes.

Mr. ROBERT C. BYRD. So the majority leader had used all of his time?

The PRESIDING OFFICER. That is correct.

Mr. BENTSEN. Mr. President, if the distinguished minority leader requires additional time, I have some allocated time this morning and I will only be using a couple of minutes of it.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished Senator from Texas. I will need that time. I therefore ask unanimous consent that the time the distinguished Senator from Texas (Mr. BENTSEN) yields to me be included with my time under the standing order.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE ASSASSINATION OF PRESIDENT SADAT—WE MUST NOT ALLOW THE MANTLE OF PEACE IN THE MIDDLE EAST TO FALL

Mr. ROBERT C. BYRD. Mr. President, this morning in his prayer, the Chaplain used the following Scriptural passage: "Blessed are the peacemakers, for they shall be called the children of God."

Mr. President, a few days ago, assassins' bullets struck down Egyptian President Anwar El-Sadat, the peacemaker. It was a tragic, senseless, and cowardly act. Therefore, I think it only appropriate for a Christian mourning the death of a Muslim to turn to Matthew, chapter 5 verse 9, in paying tribute to a fallen friend and world statesman. But it is more than a tribute. It is a challenge to us all. For President Sadat was truly a peacemaker. Now it falls upon us, whether we be Muslim, Christian, or Jew, to catch the mantle of peace before it is once again ground into dust by the machines of war.

Whoever was responsible for this act may have destroyed a man, but we must not allow his legacy to be destroyed. And the legacy of President Sadat is the legacy of peace. It falls upon the leaders of the civilized world to redouble their efforts in carrying forward this legacy.

Mr. President, it is imperative that we get back on the track to peace in the Middle East. The Arab-Israeli dispute has been placed on the backburner by this administration. Yet, the fundamental problems in the region stem from the continued irresolution of this dispute. The question of the West Bank, Jerusalem, the future of the Palestinians, and the right of Israel to live within secure borders are the paramount issues in the Middle East. We cannot substitute a perception in that part of the world that the Soviet Union constitutes the primary threat to the region, when we are confronted with the daily reality of the continued tragedy stemming from fear and mistrust between Arabs and Jews.

This administration has devoted considerable time and energy in attempting to forge a strategic consensus in response to the Soviet threat. However, it is time for realism. The ramifications of a policy which cannot be implemented among presently irreconcilable players have devolved into a seemingly unending cycle of tragedy.

In an effort to build a strategic consensus that the Soviet Union constitutes the major and most immediate threat to the vital oilfields in the Persian Gulf, Secretary of State Alexander Haig undertook a mission to the Middle East in April of this year. At that time, he found a Saudi Arabia primarily concerned with the irresolution of the Palestinian question, and he found a Jordan even more so. In Israel, the threat posed by both the Syrian Army and heavily armed PLO units in Lebanon was uppermost in the minds of Prime Minister Begin and his closest advisers.

Subsequent to the Secretary's trip, we have witnessed the Syrian missile crisis in Lebanon, the Israeli destruction of Iraq's nuclear reactor, terrorist attacks on Israel's civilian population, and the Israeli bombing raid on PLO offices in Beirut which killed an estimated 300 civilians. We have received repeated warnings from Saudi officials that Israel constitutes the only real threat to peace and stability in the Middle Eastern region. Now, we are confronted with the latest tragic chapter in the Arab-Israeli dispute—the assassination of President Sadat.

The picture in the Middle East today is a very grim one. This administration appears to have been unable to forge a policy which addresses the fundamental problems separating Arabs and Israel. The Israelis and Egyptians took the initiative themselves to reopen the long-stalled talks on autonomy for the West Bank and Gaza while the United States was relegating itself to the sidelines. It should be pointed out that under the Camp David framework, May 16, 1980, had been set as the target date for elections of the self-governing authorities on the West Bank and in Gaza.

The Israeli military governments were to have been dismantled and Israeli troops were to have been withdrawn into special security locations after the establishment of the administrative council. On June 16, 1980, the self-governing authorities in the occupied territories were to have been established. The 5-

year transitional period of self-rule was to have begun on that date. Yet, all of the deadlines have been missed.

President Sadat pulled out of the negotiations last year when the Israeli Knesset passed legislation, signed by Prime Minister Begin, which annexed all of Jerusalem as its eternal capital. When the Israelis and Egyptians reopened the autonomy talks this summer, the administration was not a participant in the decision. In fact, a special negotiator has yet to be appointed to assist in the talks and, it appears, this administration has not yet been able to determine what the U.S. approach should be, either within or outside the Camp David framework.

In recent weeks, President Sadat had ordered a crackdown on dissent in his country. Reports I read indicated that much of the dissent stemmed from the continued isolation of Egypt within the Arab world, coupled with unresolved domestic economic problems.

In Israel, we have a country beset by serious economic difficulties. The price of oil, the need to replace strategic bases in the Sinai with ones in the Negev, and defense expenditures which comprise 40 percent of the Israeli budget have contributed to an inflation rate which is now estimated to be 140 percent a year. While the vast majority of Israelis favored the Camp David agreement and the Egypt-Israeli peace treaty, many have wondered whether the price of peace has been too high. Now, with the death of President Sadat, the Israelis are fearful over what this bodes for the future.

Prime Minister Begin's continued public pronouncements concerning the West Bank, or Judea and Samaria as it is known by its biblical name, have driven Jordan's King Hussein further from the peace process. Ill-considered public remarks by Israeli Defense Minister Ariel Sharon that Israel should have allowed Syria and the PLO to overthrow the King in 1970 have only exacerbated this problem. The perception is now that Prime Minister Begin will settle for nothing less than total annexation of the West Bank, with only some modicum of local control turned over to Arab authorities.

King Hussein's views were spelled out in an interview with the Washington Post 2 weeks ago, when he characterized the administration's efforts to build a Middle East policy around an anti-Soviet strategic alliance with Israel and friendly Arab nations as a simplistic idea that ignores the true causes of instability in the region.

In light of what has transpired in the autonomy talks, King Hussein believes that legitimate negotiations on the West Bank have been foreclosed. Combined with his belief that this administration does not share his concerns regarding the West Bank, the King may now feel compelled to turn for the first time to the Soviet Union for assistance. There have already been news reports that he has signed a deal with the Soviets for the purchase of surface-to-air missiles. What does it portend for the U.S. efforts to achieve a strategic consensus in the region if even one of our closest Arab friends for 25 years now feels he must turn to the Soviet Union for military assistance?

In Lebanon, the Syrian missiles still stand above the Bekka Valley. Although a ceasefire continues in effect, it is tenuous at best. Internal conflicts within that tragic country appear even further from resolution, particularly because Lebanon now has become a full-blown Arab-Israeli battleground.

It was against this backdrop that Prime Minister Begin came to Washington last month to meet with President Reagan. What were the results of that meeting? The announcement that Israel and the United States were entering into a new strategic relationship, a step which was premature at best in light of other considerations in the region. This new relationship was immediately fuzzed over by Secretary Haig in an attempt to minimize the impact on moderate Arab nations such as Saudi Arabia. Yet, Israeli Foreign Minister Yitzhak Shamir's public description of the new relationship is much broader than is Secretary Haig's characterization.

As reported in the September 21 New York Times, the United States and Israel are planning a broad spectrum of air, sea, and ground cooperation under a new doctrine of strategic collaboration. Therefore, any effort to minimize for the benefit of moderate Arabs, what is entailed in this new relationship cannot overcome the suspicions which were generated by the announcement.

The announcement of this new relationship with Israel would have created problems enough in itself. However, Prime Minister Begin also left Washington creating the impression that such sensitive issues as Israeli settlements on the West Bank, the autonomy talks, and the future of the Palestinians were not pressed by the President. Although the Secretary of State disputes this contention, there have not been any announcements from the administration or the Israeli Government to indicate these areas were indeed of high priority in the discussions. Is it my impression that Prime Minister Begin returned to Israel comfortable in the knowledge that this administration would not press him on these matters now, or in the future.

The administration's public pronouncements regarding both the external and internal security of Saudi Arabia, coming as they did on the heels of the assassination of President Sadat, cannot help but create problems for the royal family. The main issue involved in the sale of AWACS to Saudi Arabia centers on the issue of sovereignty. With radical forces unleashed within the Arab world, Saudia Arabia cannot be perceived to be a client-state of the United States. In light of this fact, I am concerned that the Saudis will feel compelled to distance themselves even further from U.S. efforts to associate the Kingdom with the peace process.

This administration has to understand that we are dealing with a region of the world in which we have to be careful regarding how we articulate our foreign policy concerns. If we are not, we only complicate matters which, in turn, can lay the basis for misunderstandings detrimental to our policy goals .

Mr. President, the Middle East peace talks must be brought back to the forefront of our policy, and significant progress demonstrated for any strategic consensus on the Soviet threat to be viable. At present, in light of the assassination of President Sadat, I do not know where events will lead us in the Middle East, but I am deeply concerned.

I am heartened by Prime Minister Begin's and President Mubarek's mutual commitment to carry forward with the peace process. Despite domestic concerns, Prime Minister Begin has also committed his government to completing the total withdrawal of Israeli forces from the Sinai scheduled for next April. For this, he is to be commended.

Yet, the leaders of the region all have difficult decisions confronting them. The willingness of these leaders to make these decisions will determine whether or not the spirit of President Sadat will prevail or whether there is a return to the machines of war.

Prime Minister Begin has to face up to some fundamental facts. The issue of the West Bank is not that of a religious or historic right to Judea or Samaria. The issue of the West Bank is how to achieve a settlement which guarantees Israel's security and right to live at peace with her neighbors while accommodating the rights of the Palestinians to control their own economic and political lives. I say this without prejudging the shape of a final settlement in the region.

Israel is a land of burgeoning armaments. Yet, the question which Israelis must answer honestly and realistically is whether their small democracy will be more secure 5 or 10 years from now than it is today if the search for a resolution of the Palestinian issue is delayed or even dropped? Will the Palestinians fade away or be absorbed in another Arab nation if the status of the West Bank is not resolved? These are questions which have to be faced realistically by the Israelis themselves.

The Saudis fear the instability created by the continued irresolution of the Palestinian question. After all, there are an estimated 600,000 Palestinians working in the gulf, many in the oilfields. However, the Saudis also have to demonstrate a more positive approach to Israel concerns regarding progress in achieving an overall settlement to the Arab-Israel dispute. The Saudis should have an appreciation for a U.S. policy which brings these issues back to the forefront and therefore should respond in a cooperative manner to our efforts.

It is incumbent that we demonstrate our unequivocal support for the new government in Egypt. We have to give President Mubarak every encouragement to continue down the trail blazed by President Sadat. We also have to be realistic regarding the possible constraints faced by the new Egyptian Government. That is why a more positive attitude is all the more important on the part of the Saudi Government.

The best strategic consensus is one in which the most pressing problems of the Arab-Israel dispute have been defused, enabling the creation of an atmosphere whereby those weapons and defensive systems are clearly focused on the Soviet threat. This is the only way the national interests of the United States and the interests of the countries in the region can be promoted and protected effectively.

Mr. President, on November 19, 1977, President Sadat traveled to Israel with an olive branch in his hand. He had the courage to extend the hand of peace, realizing fully that he was risking his own life in doing so. Yet, he accepted both the challenge and the risk. Now the mantle of peace has been passed on to us by a fallen leader. Will we all—Moslem, Christian, and Jew—accept that mantle with the same courage that it was given us? It is time for creative thinking and courage in getting the peace talks back on track.

President Sadat traveled a long journey over the course of his 62 years on this Earth. It was a tortuous journey. One of the most eloquent testimonies written on behalf of President Sadat appeared in the October 7, New York Times. Written by Fouad Ajami, director of Middle East studies at the School of Advanced International Studies of Johns Hopkins University, the following paragraph says it all:

> The old, skeptical land from whose depths he rose, and which applauded him so many times and tolerated him at others, has taken him back and will utter the judgment that matters. It will grieve for him in its fashion, for such is its fidelity. It will grieve because it knows what some detractors choose to ignore—that journeys for men, for countries, are always hazardous; that purity, perfection are not of this world; that Mohammed Anwar Sadat, as he came to call himself, may have been only acting out the yearnings and traumas of that burdened soil from which he came.

Do we have the courage to continue that journey, launched so courageously by a man of vision who dared to trade the gun for the olive branch? Only time will tell. But the opportunity is there if we only have the wisdom to seize it.

RECOGNITION OF SENATOR GOLDWATER

The PRESIDING OFFICER. Under the previous order, the Senator from Arizona is recognized for not to exceed 15 minutes.

Mr. GOLDWATER. I thank the Chair and I thank the majority and minority leaders.

THE SALE OF AWACS TO SAUDI ARABIA

Mr. GOLDWATER. Mr. President, descending as I do, from Jewish paternal ancestors, this is not a particularly easy position for me to take. But, I feel I must make my position known because of my strong feelings on American security and my belief that the powers of foreign policy vest in the President of the United States.

To begin with, it would have been easier if a prior President had not made the decision to offer AWACS and other equipment to the country of Saudi Arabia, but since that was done, President Reagan has seen fit to approve the decision and continue it as a matter of foreign policy. In my opinion, the most important aspect of this entire situation does not rest with the equipment involved, but rests directly in the Office of the President, at 1600 Pennsylvania Avenue.

If the Congress of the United States turns down a foreign policy decision endorsed by the man solely responsible for foreign policy in our country, then I see very, very dire results around this world.

If this disapproval comes about, then some of our friends who are not too strong in their friendship will, in all probability, pull back from this country. And their reasoning, that probably every other country in the world will share, is that if the U.S. Congress cannot back the President in a foreign policy decision, then how can we trust the United States. In fact, even forgetting the trust, the question will be, how much faith can we put in the United States, its power, its determination to use what power it has and its decisions. This, to me, far, far transcends every other consideration and should be the deciding factor in the mind of every Member of Congress who feels inclined to oppose the AWACS proposition unless that opposition is based firmly on the conviction that fulfillment of it would do damage to our foreign policy, and particularly that part of our foreign policy directed at Israel.

As I have told friends of mine who have importuned me to consider only Israel in this matter, there comes a time when we must make a decision as to whether the United States is more important to defend than any other country in the world, and I think this is one of those times. Now, I say that with the full realization that my country is committed to the total defense of Israel. I honor that commitment and I will abide by it if Israel comes under the threat of any other country.

But let us take a look at this entire picture from another view than one gets from the country of Israel. Across the southern boundaries of Saudi Arabia are alined North Yemen and South Yemen. Oman we can forget because I think they are inclined to be friendly. But the Yemens are being armed by the Soviets and there is every indication that all types of military aircraft are being loaded into both Yemens, which, combined, have a population close to that of Saudi Arabia. Do they pose a threat to Saudi Arabia? I believe they do.

When you realize that the hundreds of thousands, and it may be over 1 million, people who work the oil fields of Saudi Arabia are not Arabians, come from practically every other country in the world, including ours, and, therefore, have no particular loyalty to Saudi Arabia, these people may well be added to the forces of insurrection should that time come. Then there are all of the scattered tribes of Saudi Arabia, some of whom may not be loyal to the royal family. So, as I view the situation, I view the danger to Saudi Arabia as being sufficiently strong as to warrant the concern of the United States and its allies over the possibility of a Soviet thrust at that country.

Now, consider for a moment the whole area which I would like to call the Islamic Crescent. This area includes every country in the Middle East, all oil producers, some of them friendly to the United States, some of them not, but all of them potential targets of the Soviet Union. One has only to look at the present placement of Soviet air equipment and ground equipment, including transport equipment, aimed precisely at this array of targets to realize that an AWACS type of observation becomes an absolute necessity. AWACS can tell us when and where the Soviets are massing troops by detecting when and where they are beginning any airborne movement.

This movement of large forces across the mountains for the purposes of invading either Saudi Arabia or any other nation or nations included in that large group would be readily detected. AWACS will give us that type of advanced warning. In my own case, I would much prefer for the Saudi Arabians to tell us, "Here are some Arab bases you may use, move your own squadrons of AWACS in, operate them as American AWACS with American crews, American maintenance, et cetera, only give us the type of information that we must have for our own safety." I have argued this point with some members of the royal family of Saudi Arabia who have answered in the negative, but in a most friendly and understanding way. And, I think I can understand their feelings that they prefer to operate these aircraft on their own.

As far as the AWACS itself, this is not an airplane that any group of people who have never seen it or operated it can climb into and get it going. I believe it will take several years for us to be able to teach the Saudi Arabians how to maintain and operate the back end of the airplane, which is the electronic part. As far as the flying of it, it should not take too long to check Saudi Arabian crews out in that procedure.

It is just an airplane, and all airplanes

fly pretty much the same. But the back end of that airplane becomes the difficult part and it is filled with equipment that the average Saudi has not even dreamed of. So, during that time, there will be Americans present. In fact, I do not believe the time will come when we do not have an American or two, at least, in the back of that airplane to make sure that it works, and we will have Americans on the ground to take care of any problems that develop that need special attention.

So, my decision, as difficult as it has been, comes down favorably toward the sale of the AWACS. My decision is not based on the money end of it since $8.5 billion is just a little change in the corner. What concerns me deeply is the protection of my country and the protection of our allies. But an even deeper reason is that I do not want to have my children or my grandchildren say sometime, "Well, if the Senator voted against this transaction, he contributed to an unlivable condition in the world from which we, his children and grandchildren are suffering." So I am coming down on the side of America and behind the President of the United States, which is where I believe all Senators should be unless they have far, far more valid reasons than I have been hearing lately.

Mr. President, I yield the floor.

Mr. BAKER. Mr. President, will the Senator yield to me?

Mr. GOLDWATER. I yield.

Mr. BAKER. I thank the Senator for yielding.

Mr. President, I want to take this opportunity to congratulate the distinguished Senator from Arizona for his statement. Perhaps there is not anyone in the Senate who speaks with greater authority than the Senator from Arizona on matters of defense and foreign policy. His guidance has been invaluable in the past and his contribution has been so vitally important. I would hope, Mr. President, that all of us will take heed of the wise words of counsel that have been given the Senate by the Senator from Arizona in his statement just now.

Mr. GOLDWATER. I thank the distinguished majority leader.

RECOGNITION OF SENATOR BENTSEN

The PRESIDING OFFICER. Under the previous order, the Senator from Texas (Mr. BENTSEN) is recognized for not to exceed 15 minutes.

Mr. BENTSEN. Thank you, Mr. President. I will only use about 2 minutes of my time and ask unanimous consent that the remainder of my time be transferred to the distinguished minority leader.

The PRESIDING OFFICER. Without objection, it is so ordered.

A SKILLED LABOR CRISIS? LABOR FORCE GROWTH IN THE 1970'S

Mr. BENTSEN. Mr. President, in 1973 I established a capital formation committee here in the Senate. When I formed the capital formation committee, it was with the consent of the leadership, but some of the wags around the Capitol wanted to know if it had something to do with the Architect of the Capitol. Times have changed, in part due to the efforts of that committee, and capital formation has become almost a buzzword now.

My talk today takes me back to 1973 in some ways. Then, as now, I felt awfully alone talking about a subject that seemingly interested no one else. Yet, it was a topic of profound implications for this Nation's economic health. Had we found in 1973 on the need to increase our rate of capital formation and productivity, the years since then would have been far better ones for us all.

I would like to talk now about another subject of great future importance to our Nation. I know one of the things you have to do is to repeat things about 44 times in the U.S. Congress before someone says, "Oh, by the way, did you hear what he said?"

That is the way the system works. And, I guess I have 42 more speeches to give because this is the second in a series of speeches I am giving addressing the outlook for labor in the 1980's and prospects for a skilled labor shortage.

My talk today is retrospective. It reviews the major labor force developments of the past decade and sets the stage for a review of labor supply prospects for the 1980's in my next two talks.

A REVIEW OF THE 1970'S

Real GNP grew 36 percent from 1970 to 1980, compared to 47 percent during the 1960's. Real per capita disposable personal income in the United States grew 24 percent from 1970 to 1980, less than the 31.6-percent growth rate achieved during the previous decade. Two factors stand out as responsible for the relative sluggish performance in the 1970's: The difficulty experienced by the Ford and Carter administrations in maintaining robust economic growth while fighting inflation, and the virtual collapse of national productivity growth.

Subject to repeated major price shocks from abroad, both administrations and their various Federal Reserve Boards of Governors fought the ensuing inflation with contractionary economic policies. In the face of sizable wealth flows abroad, these policies created two recessions—1974–75, and 1980—but had little success in holding down inflation. There were only 3 years during the 1970's when real growth was 3.4 percent or higher, for example, while prices simultaneously grew less than 5 percent. In the remaining 7 years, our Nation experienced either recessions, substantial inflation, or both. The term "stagflation" has been aptly coined to describe the 1970's.

Exacerbating both the spotty growth and gyrating prices of the past decade was very poor productivity growth. Output per hour in the private business sector actually declined in 4 years—1974, 1978–80—and closed out the decade a mere 15 percent above the 1970 level. The same broad productivity indicator had increased 32 percent during the 1960's. That poor productivity record hampered efforts to increase the per capita national pool of goods and services or living standards, and provided little cushion for our economy to absorb sharp increases in nominal wages and prices.

FACTORS AFFECTING OUR LAGGING PRODUCTIVITY

Many factors contributed to our dreary productivity record: Sharp swings in the business and employment cycle, lagging savings and business investment, inflation, Government red-tape, a shift in our output mix away from high-productivity manufactured goods toward low-productivity services, soaring OPEC prices, dwindling R. & D. spending, the growth and changing composition of our labor force, and the excessively short time horizons of some business managers.

Our performance is made all the worse when compared with the strikingly higher productivity gains scored by virtually all our international trading competitors during the 1970's. Another decade of lagging U.S. productivity growth like the 1970's will see Japanese and West German families enjoying a better standard of living than Americans.

Our Nation has geared up, however, for a major attack on lagging productivity. The recently enacted 3-year tax cut is designed to attack a variety of the most important of those factors limiting productivity growth. These include lagging savings and investment, the widely gyrating business cycle, inflation, and inadequate R. & D. spending. Other factors will be addressed by this Congress, including the further reform of Government rules and regulations. Yet, a few of the factors which hampered productivity growth in the 1970's are realistically beyond the pale of the Federal Government. By far, the most important of these uncontrollable factors is the changing face and size of our labor force.

LABOR FORCE GROWTH EXCEEDED JOB GROWTH

The 1970's witnessed a tidal wave of new job entrants unparalleled in U.S. history. Our total civilian labor force increased a staggering 22 million persons from 1970 to 1980, a 26.6-percent jump. For comparison, it grew barely 13 million persons during the 1960's, or 18.8 percent. And from 1950 to 1960, the domestic labor force grew even less, rising by only 7.4 million persons, or 11.9 percent.

Employment grew a very high 3.1 percent annually from 1974 to 1979, almost three times faster than the rate during the 1950's and double the 1960's rate. Almost 19 million new jobs were created in the 1970's, compared to only 13 million in the 1960's. In ordinary times, such a heady pace of job creation would be cause for celebration. But the even sharper rise in job entrants during the 1970's made it a cause, instead, for concern. For working men and women, it was a decade of disenchantment and disillusionment, of unemployment lines that grew longer as the decade progressed and employment offices filled shoulder to shoulder with new workers.

The surge of new workers swamped employers' ability to apply capital to the

workplace as abundantly in the 1970's as they had previously. One study found, for example, that new real capital investment per worker added to the labor force in the last decade was almost 20 percent below the investment level attained in the 1960's. And the economy's capital: employment ratio declined an average one-tenth of 1 percent each year from 1974 to 1979, after rising over the previous 25 years at an annual average rate exceeding 2.9 percent.

With the quantity of capital available per worker declining, it is scarcely surprising that U.S. productivity fell in the latter 1970's. That phenomena also explains the curious situation we confronted in that period where productivity fell despite a real business fixed investment rate—as a share of real GNP—almost 1 percentage point above the rate attained in the 1950's and 1960's.

UNEMPLOYMENT

The most pronounced effect of this sharp rise in our labor force was a quantum leap in unemployment thresholds. The numbers are striking. Unemployment averaged 6.4 percent over the last decade or 6.06 million men and women unsuccessfully seeking work. Not once in any of the preceding 29 years—1941–70—did the average annual number of unemployed Americans even approach the average level of unemployment our Nation experienced in the 1970's.

In fact, unemployment never rose higher than 4.7 million persons in any year over that earlier period. The unemployment rate in the best, or lowest, year during the 1970's—1973—averaged 4.9 percent or 4.3 million persons out of work. Even so, there were more people out of work in that boom year than in ever year but 2 of the preceding 29 years.

The 1970's did indeed give a new meaning to the term "unemployment." Year after year, the number of unemployed workers scored levels not seen since the 1930's. For minorities, double-digit unemployment rates were commonplace. And for minority teens, the best year of the last decade—1973—for them resembled 1933 when national unemployment for everyone hovered at 25 percent.

NEW MARKET ENTRANTS

Two major forces accounted for the surge in labor force growth during the 1970's: The maturation of the World War II baby boom and a leap in the number of working women.

Virtually the entire post-war baby boom entered the labor force in the 1970's. For example, while the total labor force grew 26.6 percent over that decade, the number of workers between ages 16 and 24 grew 38 percent to 25 million, and now comprise one-fourth of the entire U.S. labor pool. An even faster rate of growth, however, was scored by working women during the 1970's. The number of women working outside the home soared 42 percent from 1970 to 1980, propelled by a desire to supplement stagnating real family incomes, the trend toward delayed marriages, and changing social attitudes toward working women. As a consequence of this growth, 4 out of every 10 working Americans today are women, up from 1 in 3 in 1960.

The sharp climb in working women is reflected in data on their labor force participation rates. In 1960, only 37.7 percent of U.S. women 16 years or older were employed or seeking employment. That participation rate eased up to 42.7 percent by 1969 as shown in table I. But, by 1978, that figure had soared to 50 percent and rose to 51.6 percent last year. Continuing the traditional pattern, the labor force participation rate for minority women in 1980 ran ahead of the rate for all women.

With a labor force participation rate of 77.4 percent in 1980, the share of males working still exceeds that of females. Yet, the trend of men participating in the labor force is opposite that of women. In fact, since attaining a post-war peak of 86.6 in 1948, the participation rate for men has trended down fairly steadily, although the rate of decline slowed some in the 1970's.

Mr. President, I ask unanimous consent that a table labeled "Table I, Labor Force Participation, 1960–1980," be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE I.—LABOR FORCE PARTICIPATION, 1960–80

[In percent]

Year	Participation rates [1]		
	Total	Males	Females
1960	59.4	83.3	37.7
1961	59.3	82.9	38.1
1962	58.8	82.0	37.9
1963	58.7	81.4	38.3
1964	58.7	81.0	38.7
1965	58.9	80.7	39.3
1966	59.2	80.4	40.3
1967	59.6	80.4	41.1
1968	59.6	80.1	41.6
1969	60.1	79.8	42.7
1970	60.4	79.7	43.3
1971	60.2	79.1	43.3
1972	60.4	79.0	43.9
1973	60.8	78.8	44.7
1974	61.2	78.7	45.6
1975	61.2	77.9	46.3
1976	61.6	77.5	47.3
1977	62.3	77.7	48.4
1978	63.2	77.9	50.0
1979	63.7	77.9	51.0
1980	63.8	77.4	51.6

[1] Civilian labor force as percent of civilian noninstitutional population.

Source: Economics Report of the President, January 1981, table B–27.

Mr. BENTSEN. One further point can be made regarding the role of working women. As a result of their gradual—and recently more than gradual—rise in work force participation, a larger share of our population is in the work force today than during the peak war year of 1943. The growing entrance of women to the work force has more than offset the declining participation rate for males.

JOBS IN THE 1970'S

The last decade saw a continuation of the post-war shift in the composition of our work force toward white collar jobs at the expense of farm and some blue collar occupations, with the share of service sector jobs rising, as well. Based on complete data only through 1978 from the Labor Department, major growth occupations in the 1970's included retail sales, cashiers, secretaries, school teachers, store and office administrators and managers, medical personnel, and a variety of service jobs, particularly in food establishments.

Table II lists those occupations which experienced the largest absolute growth from 1970 to 1978, including the impact both of new jobs being created and of existing jobs being filled as other workers retired. The shift toward white collar and service sector employment at the expense of blue collar jobs is striking. Of the 36 fastest growing Department of Labor occupational classifications from 1970 to 1978, only 7 were blue collar.

Mr. President, I ask unanimous consent that a table, labeled "Table II, Growth Occupations, 1970–1978," be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE II—GROWTH OCCUPATIONS 1970–78

VERY HIGH GROWTH

Retail Sales Workers, Secretaries, Cashiers, Elementary, Secondary School Teachers, Waiters and Assistants, Janitors and Sextons, Nursing Aides and Orderlies, Assemblers, Bank Tellers, Blue Collar Worker Supervisors, Auto Mechanics and Apprentices, Stock (warehouse, store) Handlers, Cooks.

HIGH GROWTH

Registered Nurses; Carpenters and Apprentices; Accountants; Heavy Equipment Mechanics; Building Interior Cleaners; Computer Equipment Operators; Health, Dental Technicians; Real Estate Brokers; Lawyers; Food Counter, Fountain Workers; Practical Nurses; Guards.

Receptionists; College, University Teachers: Computer Specialists; Gardeners, Groundskeepers; Social Workers; Insurance Agents and Brokers; Bank, Financial Managers; Welders and Flamecutters; Teacher Aides; Restaurant, Cafe, Bar Managers; Health Aides; Clerical Estimators and Investigators.

Source: U.S. Department of Labor, "The National Industry-Occupation Employment Matrix, 1970, 1978, and Projected 1990," Vol. I (Bulletin 2086), April, 1981, Table I.

THE 1980'S

Mr. BENTSEN. Mr. President, the labor market experience of the 1970's was a painful one for workers and this Nation. Foreign shocks reduced our ability to sustain robust economic growth rates and meet a major surge of job applicants. The predictable result was an excessive level of unemployment throughout most of the decade. The sharp rise in our labor force, however, has set the stage for a significant economic resurgence in at least the early years of the 1980's, when labor will be more abundant and experienced than ever in our history.

An abundance of labor, however, does not insure that job openings will be rapidly filled. If the skills demanded by

our increasingly complex society are not readily available, we will see columns of help wanted ads side-by-side with long unemployment and welfare lines. In addition, a mismatch of job openings and labor skills reduces our Nation's ability to boost output and productivity.

There are some indication that we face that situation today—that we face a skilled labor shortage. In my third speech in this series, Mr. President, I will focus on this issue.

Mr. ROBERT C. BYRD. Mr. President, I shall look forward to hearing further speeches in the series which the distinguished Senator from Texas (Mr. BENTSEN) plans to deliver to the Senate.

It is true that he spoke about capital formation, the need for such and the problems with regard to such, a long, long time back, long ago. What he said in those days, in those times, is coming to pass, is a common subject on Capitol Hill and throughout the Capital City, and also throughout the Nation, these days.

It would have been well if many had harkened to what he had been saying on the subject of capital formation, had listened carefully, and had acted accordingly.

I am sure that the same thing will be true with respect to his words regarding a shortage of skilled labor.

Mr. BENTSEN. I thank the distinguished minority leader.

Mr. ROBERT C. BYRD. I believe all of us should listen.

ORDER OF PROCEDURE

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, what is the standing order?

The PRESIDING OFFICER. Under the previous order, the Senator from Arkansas is recognized for not to exceed 15 minutes.

Mr. BUMPERS. Is that Senator PRYOR?

The PRESIDING OFFICER. Senator PRYOR was to be recognized under that order.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the time previously allocated to Senator PRYOR be transferred to my control.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRIBUTE TO FORMER REPRESENTATIVE BROOKS HAYS OF ARKANSAS

Mr. BUMPERS. Mr. President, Senator PRYOR is unavoidably absent this morning, but he has a prepared statement paying tribute to the late Brooks Hays, who died 2 days ago. I ask unanimous consent that Senator PRYOR's statement be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

● Mr. PRYOR. Mr. President, I wish to pay tribute today to a great Arkansan and a great American, Brooks Hays, a former Member of the House of Representatives and a voice of reason and balance in a sometimes turbulent and violent world. Brooks Hays died on Monday of this week at the age of 83, and at his passing a strong Southern light is diminished.

From 1942 to 1958 Brooks Hays was Congressman from the old Fifth District of Arkansas. He was defeated in a write-in election after the 1957 Little Rock school crisis, a victim in many ways of his own attempt to build a compromise in the face of divisiveness. He went on to a distinguished career as Presidential adviser, State Department official, teacher, writer, church leader, and lecturer.

It is fitting and appropriate, Mr. President, that one of Mr. Hays' last efforts of sustained work was the writing of his autobiography, published only 3 months ago. We can all be grateful that he lived long enough to complete this impressive task, since it presents in simple eloquence the rich fabric of incidents and characters that made up the colorful life of Brooks Hays.

It also presents in clear English the basic philosophy of a true democratic spirit. He writes:

All must recognize, that power resides in the people, and that the destiny of popular government depends upon popular education and popular devotion to justice and equality.

The book is appropriately entitled "Politics Is My Parish," an accurate description and summation of Mr. Hays' double profession. He was both an elected representative and a lay preacher, statesman and priest, a man of both the cloak and the cloth. He gave to the affairs of state the same dedication and fervor that went into his religion.

Brooks Hays had a wonderful sense of humor, an indelible quality that should never be overlooked in any evaluation of the man. Even more important, he was able to laugh at himself. When his name was first suggested as a candidate for president of the Baptist Convention, one minister said to another, "We do not want a politician for our president, do we?" His friend replied, "Well, Brooks ain't enough of one to count." This was a story Mr. Hays loved to tell on himself.

So famous were his stories that he became known as early as the 1920's as "the Cheerful Crusader." And in the Kennedy-Johnson years, while serving as Presidential adviser, he was known as the "Raconteur of the White House."

But let us make no mistake about the seriousness of purpose in the life and contribution of Brooks Hays. He was as much a political philosopher as an entertaining after-dinner speaker. In another section of his recent book he offers a concise summary of his basic point of view toward politics and statesmanship:

Thus, the spiritual and moral basis for a free society is found in the universal forces of justice and liberty and love. The great adventure of politics is merely to bring man's laws into alignment with the divine or natural law. It is that simple. If sacrifice and suffering are to be experienced let them be accepted without rebelliousness and with the inner satisfactions that an identification with humanity's yearnings and hopes supply.

Mr. President, there has been an outpouring of eulogy since the death of Mr. Hays. Two days ago, the Washington Post repeated a phrase it used 17 years ago, when Brooks Hays left official Washington for a position at Rutgers University:

He was one of the gentlest spirits in this hard-boiled town—a steadfast and courageous man.

I ask that this and other recent articles be printed in the RECORD.

I offer my sympathy to the family of Brooks Hays, and to all Arkansans who remember him as standing tall throughout a long and distinguished career.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Oct. 13, 1981]

FORMER REPRESENTATIVE BROOKS HAYS DIES AT 83 IN MARYLAND

(By Richard Pearson)

Former Rep. Brooks Hays (D-Ark), a gentle, preaching man who raised his voice for racial moderation in his native South and for foreign aid for the less fortunate of the world, died Monday in his home in Chevy Chase after an apparent stroke. He was 83.

Mr. Hays represented the Fifth District of Arkansas for 16 years before being defeated for reelection in 1958. His defeat for a ninth term was brought about by his efforts to mediate in the clash between federal and state forces over the integration of Little Rock's Central High School.

The then-governor of Arkansas, Orval E. Faubus ordered the Arkansas National Guard to block school integration in Little Rock, and President Eisenhower responded by ordering U.S. troops to enforce integration orders. Mr. Hays had the difficult and unenviable task of trying to defuse the situation. Mr. Hays arranged a meeting held between Eisenhower and Faubus on Sept. 14, 1957. The meeting proved fruitless.

After winning the 1958 Democratic primary, Mr. Hays was defeated for reelection by a segregation writein candidate who was a member of the Little Rock school board. The House declared Mr. Hays' opponent the winner after investigating charges of voting irregularities.

On Nov. 6, 1958, The Post, in an editorial said, "The defeat of Rep. Brooks Hays is by all odds the sorriest incident in this week's voting. He was an able and genial legislator with a keen understanding of the public interest."

In a November 1958 letter to Mr. Hays, the then-vice president Richard M. Nixon, in an unusual gesture from a leader of one party to a member of the opposition, said that none of the results of the election that year was "more tragic" than the defeat of Brooks Hays.

During his years in the House, Mr. Hays sought the "middle ground" in civil rights. He favored the abolition of the poll tax by constitutional amendment and federal action against segregation in interstate travel. But he wanted the federal government to enter lynching cases only after local authorities had failed to prosecute, and wanted fair employment practice laws with slight enforcement powers.

He had long been interested in foreign relations, and from 1951 until leaving the House, served on the Foreign Affairs Com-

mittee. He became a leading proponent of foreign aid bills favored by the Truman and Eisenhower administrations. He helped lead the fight for funding for UNRRA, the Greek-Turkish Aid Bill, and emergency aid to Great Britain after World War II.

In July 1947, he led the successful House fight for the Eisenhower administration's three year authorization for foreign aid funding. He also served as a delegate to the United Nations in the mid-1950s.

The U.S. News & World Report said Mr. Hays had a "reputation for finding compromises which are both politically realistic and morally strong."

He was appointed to the board of directors of the Tennessee Valley Authority in 1959, and named assistant secretary of state for congressional relations by John F. Kennedy in 1961. His last government post was as presidential adviser to Kennedy and Lyndon B. Johnson in 1963 and 1964.

In addition to a career in politics, Mr. Hays was active in religious organizations. A man once called by The Post "one of the gentlest spirits in this hard-boiled town," combined the zest for the life of politics with his own brand of religion. He rose from Baptist Church deacon in his native Russellville, Ark., to that of president of the eight million-member Southern Baptist Convention from 1957 to 1959.

In 1973, he became a lay minister at the Capitol Hill Baptist Church. He told reporters that his church "gave me a year's leave of absence to be a missionary to the Methodists." He implied that he expected only mixed success. He pointed out that his wife, the former Marian Prather, was a Methodist.

Mr. Hays used biblical stories to make points at meetings. He once told Secretary of State Dean Rusk that he should go up to the Hill and perform some political chore personally. Rusk felt his staff should handle it.

Mr. Hays then told Rusk he (Hays) had biblical backing for his position, quoting from a passage that said, "Jacob leaned on his staff and he died." Rusk went to Capitol Hill.

In later years, Mr. Hays lectured at universities, was chairman of the human relations commission of North Carolina, and wrote books. His autobiography, "Politics Is My Parish," was published this July by the Louisiana State University Press.

Mr. Hays was a 1919 graduate of the University of Arkansas, where he was a member of Phi Beta Kappa, and a 1922 graduate of George Washington University's law school. He served in the Army during World War I. He worked for the Agriculture Department in Washington and was a prosecutor and private attorney in Arkansas before winning election to the House of Representatives in 1942.

In addition to his wife of 59 years, of Chevy Chase, Mr. Hays' survivors include a daughter, Betty Brooks Bell of Bethesda; a son, Steele Hays, who is an associate justice of the Arkansas Supreme Court and a resident of Little Rock; five grandchildren, and three great-grandchildren.

BROOKS HAYS

"I would not recognize myself as a man of courage. I would prefer to speak in terms of the values we are defending. . . . The patriot and the dissenter may inhabit the same heart. We are not really disunited; we are merely enjoying our freedoms. Any sectional cleavages should merely spur us to greater exertions in building bridges of understanding."

What Brooks Hays did not recognize about himself—that he was a man of extraordinary courage—was never more nationally apparent than when he exerted himself fearlessly as a builder of those "bridges of understanding" in 1957—a southern congressman who stood up for racial moderation in the thick of a bitter clash over the desegregation of Central High School in Little Rock, Ark. Mr. Hays, who died Monday in Chevy Chase at the age of 83, knowingly risked—and then suffered—political defeat the following year at the hands of a segregationist write-in candidate. But he never lost the respect of all who appreciated his promotion of good will, his sponsorship of humanitarian causes and his contributions to public service.

For 16 years before that defeat, Mr. Hays had represented the people of the 5th District of Arkansas with an unflagging commitment to racial understanding. When the then-governor of the state, Orval E. Faubus, ordered the Arkansas National Guard to block school desegregation, President Eisenhower responded by ordering U.S. troops to enforce desegregation orders. Mr. Hays arranged a meeting between the two and, though it proved fruitless, continued to speak out, refusing to yield to transient passions if it meant deserting his convictions

His compassion extended to people everywhere—around the world, through his support for foreign aid, for UNRRA and aid to postwar Great Britain—and right here in the District of Columbia, through his early and vigorous support for home rule. In 1949 Mr. Hays made a special appeal for the District, in an unscheduled appearance before an Arkansas Democratic colleague who headed the House District Judiciary subcommittee and who opposed home rule. "You would get democratic government," said Mr. Hays, "and you would prove to the world that we really believe in government by the consent of the governed."

Mr. Hays was also a relentless raconteur whose anecdotes, yarns and jabs at himself knew no match. A deeply religious man, he once explained that he was a "great believer in ecumenism" because "the evils in the world are too much even for the southern Baptists to deal with."

We said it once in this space 17 years ago, when Brooks Hays left official Washington for a position at Rutgers University, and we repeat it now: He was one of the gentlest spirits in this hard-boiled town—a steadfast and courageous man.

[From the New York Times, Oct. 13, 1981]

EX-REP BROOKS HAYS, AIDE TO PRESIDENTS, 83, DIES

(By Marjorie Hunter)

WASHINGTON, October, 12.—Brooks Hays, a voice of Southern moderation in his 16 years in Congress, died in his sleep last night at his home in Bethesda, Md. He was 83 years old.

While he made his home in the Washington area for many years, he was very much the product of his native Arkansas, a fiercely loyal Democrat and an accomplished teller of tales, much in the manner of the late Will Rogers.

In his later years in Congress, he was noted for fashioning realistic compromises on explosive civil rights issues, and it was he who arranged a meeting between President Eisenhower and Gov. Orval Faubus of Arkansas to discuss the crisis that led to school desegregation in Little Rock.

His moderate stand on racial issues cost him his seat in Congress in 1958 when opponents mounted a successful write-in campaign for Dr. Dale Alford, an outspoken segregationist.

Just months later, writing in The New York Times Magazine, Mr. Hays renewed his call for moderation and predicted that the day would come when one could say: "This was a South of fears and misgivings; that South is dead. There is a South of human kindness and of law, of justice and of peace—the South, thank God, is living and daily growing stronger."

Both before entering Congress in 1942 and after his defeat, Mr. Hays served in various capacities in the Federal Government. As an official in the Department of Agriculture under President Roosevelt in the 1930's, he was active in pushing through Congress the Bankhead-Jones Act, which provided loans for poor farmers.

In his post-Congress years, he served in the White House as a special assistant to President Kennedy and as Assistant Secretary of State for Congressional Relations. He was also a special assistant to President Johnson.

Mr. Hays also served as president of the nine-million-member Southern Baptist Convention in 1957 and 1958.

His anecdotes, centered largely on fellow politicians and humble Arkansans, were a constant enjoyment to his old friends. He was always a center of attention as he held forth at annual gatherings of Former Members of Congress, an organization that he and former Republican Representative Walter Judd of Minnesota founded.

One of his favorite tales was about making his maiden speech in the House. The next day, he said, he picked up a copy of the Congressional Record and found, to his dismay, that his speech had been attributed to a fellow Arkansan, Oren Harris.

Mr. Hays said he rushed to the record clerk, scolded him for the error, then apologized for his temper.

" 'Oh that's all right,' " he said the clerk replied, " 'you should have heard Mr. Harris.' "

Lawrence Brooks Hays—he never used his first name—was born Aug. 9, 1898, near Russellville, Ark. He and his father, Steele Hays, were among the few in that section to oppose the Ku Klux Klan in the early 1920's, and the father lost his bid for Congress in 1922 because of his moderate racial views.

Brooks Hays graduated from the University of Arkansas in 1919 and received a law degree from George Washington University in 1922.

In his first bid for political office in 1927 he finished second in a field of seven candidates for Governor. Two years later, he tried again but lost. He was elected Democratic national committeeman in 1932. He was the author of a number of books, including "Hotbed of Tranquillity."

He is survived by his wife, Marian Prather Hays; a son, Steele Hays, an Associate Justice of the Arkansas Supreme Court; a daughter, Betty Brooks Bell of Bethesda; and five grandchildren.

Funeral services will be held at 4 p.m. Wednesday at Gawler's Funeral Home in Washington. A second service will be held at 11 a.m. Friday at the Second Baptist Church of Little Rock. Burial will be in Russellville, Ark.●

Mr. BUMPERS. Mr. President, I join my colleague, Senator PRYOR, in paying tribute to one of the real legends in Arkansas politics and national politics and statesmanship.

Brooks Hays was born in London—that was London, Pope County, Ark.—in 1898. He went to school in Russellville, Ark., received an A.B. degree from the University of Arkansas in 1919 and a J.D. degree from George Washington University, in Washington, D.C., in 1922.

Brooks Hays' name today is legendary among politicians. It is not a household word across the country. However, at one time it was, and I will come to that in a moment.

Brooks Hays practiced law in Russellville. He grew up at the feet of very devout parents. They taught him—and he believed—that politics was the noblest of all professions. He believed it so strongly that he, almost like Lincoln, made three unsuccessful races for Governor of the

State of Arkansas—in 1928, 1930, and 1966.

He was first elected to the U.S. House of Representatives in 1942. At that time, he was my congressman, representing the district in which I lived.

Brooks and my father were close friends, and there never was a man for whom my father had greater respect. So even when I was a child, his name was a household name in our home.

He married Marian Prather on February 2, 1922, and they had two children—Betty Brooks Bell, who low lives in Bethesda, Md., and Steele Hays, who is now an associate justice on the Arkansas Supreme Court. Brooks was a very devout Southern Baptist. He was one of the truly outstanding raconteurs, never without an appropriate story for every occasion.

He served with great distinction in the House of Representatives from 1942 until 1958.

There is one event in the history of this country about which very few people are not knowledgeable, and that is the so-called Little Rock integration crisis of 1957, when the Governor of the State of Arkansas called out the National Guard to prevent a Federal court order ordering integration of Central High School in Little Rock from being implemented. President Eisenhower was then President, and the rest of it is fairly well known.

Everyone knows that the 101st Airborne Division was dispatched to Little Rock by the President to enforce the Federal court order.

Tempers and hostility in Arkansas were such that today it would be impossible to describe.

But Brooks Hays was the man who tried his very best to resolve that problem peaceably, sensibly, and rationally. It was Brooks Hays who knew that the city of Little Rock and the State of Arkansas were going to suffer irreparable harm as a result of what had happened at the time, and he stood taller than anyone else in the State of Arkansas. But it cost him his seat in the House of Representatives and he lost in the fall of 1958 to a last-minute write-in candidate.

It was a stunning upset. Even newspapers such as the Washington Post called it easily the most stunning defeat suffered by anyone that year. The Washington Post had called him one of the gentlest spirits in this hard-boiled town.

The New York Times has paid tribute to him. The Washington Post wrote a very eloquent editorial which was in this morning's edition.

Mr. President, I do not think there is any question but what Brooks Hays knew the risk he was taking in 1957 and in 1958. He knew that the political risks were great, but he also knew that there comes a time in every man's life where principle simply has to override expediency.

I will give you a quote from the Arkansas Gazette editorial about what Brooks said after he was defeated:

> Many who are not moved, as I naturally am, by sentimental feelings about Little Rock speak in highest praise of the progress made by the city that was once a symbol of strife. In spite of the fact that the campaign against me in 1958 was one of the sudden-death type I was conditioned for it. The tensions that had develcped over a 4-year period following the Supreme Court's desegregation decision in 1954 were responsible for that. The November blitz came at the peak of resentments over desegregation, and I was aware of the mood of our people. I could even smile over the comment of a lady living a few blocks from us who said the day after the 1958 election, "My goodness, if I had known Brooks was in any trouble I wouldn't have voted against him." My defeat did not mar my relations with the people of Little Rock and of Arkansas, and I am deeply grateful for all their kindnesses to me and my family.

Back during the Panama Canal Treaty debate a lot of us here in the Senate talked about Edmund Burke, and I know that one of the greatest quotes of all times from Edmund Burke is sometimes interpreted by constituents to be arrogant and insensitive to the wishes of constituents.

But Brooks Hays quoted Edmund Burke extensively, always that great quote:

> Your Representative owes you, not only his industry, but his judgment, and he betrays instead of serving you if he sacrifices it to your opinion.

A lot of people wrote and said, "You know there is one thing you ought to know about Edmund Burke, and that is he lost the next time he ran after making that speech to the voters of Bristol."

But everyone today knows who Edmund Burke was and everyone quotes Edmund Burke, and I invite you to tell me who the man was who beat him.

Mr. President, the people of Arkansas and the people of the Nation have lost a great voice, a voice of moderation, a voice of sensitivity, and they have lost one of the gentlest people ever to serve in Congress.

Mr. President, I ask unanimous consent to have printed in the RECORD an editorial appearing in the Arkansas Gazette on October 13.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

BROOKS HAYS

The life of Brooks Hays illustrated perfectly the dictum that the finest public service may be born of adversity. In 1958 Mr. Hays lost his seat in Congress, swept away by the tide of unreason, that was engulfing the South at the time, but the example that he set in time of crisis, and in the new career that he fashioned over the next two decades, offered fresh inspiration for those who believe in the democratic process of government and the cause of brotherhood.

Brooks Hays' first career fell casualty to the Little Rock school crisis, in which he undertook the role of mediator between President Eisenhower and Governor Faubus, but his very sacrifice contributed another "profile in courage" after the fashion of the subjects in John F. Kennedy's famous selection of American heroes. Mr. Hays became one of the best-known and most widely admired Arkansans for his labor in trying to spare his state the ordeal of racial dissension and civil disorder.

After his defeat in the write-in campaign of November, 1958, Hays went on to serve as an assistant secretary of State under President Kennedy, then as special assistant to both President Kennedy and President Johnson; and finally as a distinguished professor lecturing on government and religion at Rutgers University and Wake Forest University (consecutively). He was 60 years old when he lost his place in Congress and the work he did in the next 20 years affirmed his astonishing versatility. He was a significant figure in government, in higher education, and the church, which he served on occasion as a lay minister and (while in Congress) as president of the Southern Baptist Convention for two terms. He was passionately ecumenical. At one time he filled the pulpit for a Methodist congregation in Washington; he had audiences with Pope John XIII and Pope Paul VI, and he won the highest honors from the National Conference of Christians and Jews. A devoutly religious man, he knew how to live as a dedicated believer without trying to thrust the church upon the state—or vice versa.

Mr. Hays was a celebrated raconteur, who rolled audiences in the aisles from San Francisco to Little Rock to Washington. He was the intimate of presidents but equally at ease with the rural folk of his native Pope County, Arkansas. He was the author of four books on politics and religion, variously. For two years he was a contributor of articles for the Sunday Editorial Section of the Arkansas Gazette. It was our honor to publish these memorable essays, variations on the recurring themes of his life and career. There as an eloquent memoir of his audiences with the popes; a requiem for the frontier, recalling his earliest days in Arkansas at the turn of the century; a discourse upon strengthening faith in popular government. One of the last articles that he wrote for us was an appeal for Americans to renew faith in Sir Edmund Burke's admonition: Your representative owes you, not only his industry, but his judgment, and he betrays instead of serving you if he sacrifices it to your opinion. Hays contrasted Burke's principle with the lines attributed to Robespierre: The crowd is in the street. I must find which way they are going, for I am their leader.

Brooks Hays himself was the fulfillment of Burke's dictum.

Hays won elections and he lost them. He ran three times for governor, 40 years apart; placing second in the first race and third in the last one. In the gubernatorial campaign of 1966 he did finish ahead of the adversary who had displaced him in the congressional election of 1958. In any case, he did not indulge in bitterness or cynicism but, rather, practiced the rule of loving his adversaries. No one could find a redeeming virtue in an opponent faster than Brooks Hays.

In one of his Gazette articles, in the issue of August 13, 1978, he looked back with characteristic kindness upon his own traumatic experience in 1958—

> Many who are not moved, as I naturally am, by sentimental feelings about Little Rock speak in highest praise of the progress made by the city that was once a symbol of strife. In spite of the fact that the campaign against me in 1958 was of the sudden death type I was conditioned for it. The tensions that had developed over a four-year period following the Supreme Court's desegregation decision in 1954 were responsible for that. The November blitz came at the peak of resentments over desegregation, and I was aware of the mood of our people. I could even smile over the comment of a lady living a few blocks from us who said the day after the 1958 election, "My goodness, if I had known Brooks was in any trouble I wouldn't have voted against him." My defeat did not mar my relations with the people of Little Rock and of Arkansas, and I am deeply grateful for all their kindnesses to me and my family.

So it was that Brooks Hays remained loyal to the end to the constituency that had turned against him in an aberration that was characteristic of the time. He was a man

of extraordinary gentleness, particularly for a figure who almost innocently became embroiled in so many roaring controversies. And he knew that government is by consent of the governed, even as he made his own appeals for reason and law, for equality and brotherhood. He knew, in the secular as well as the religious context, whence power derived and he never sought to question the source.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 30 minutes with statements therein limited to 5 minutes each.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. COCHRAN). Without objection, it is so ordered.

Mr. BAKER. Mr. President, it would appear that Senators are still involved in private conversations about a matter that may or may not be addressed during the time provided for the transaction of routine morning business.

In order that Senators may continue that dialog for a reasonably brief time, I ask unanimous consent that the time for the transaction of routine morning business be extended until the hour of 11:40 a.m. under the same terms and conditions.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SCHMITT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESOLUTION OF DISAPPROVAL OF A SYNFUEL LOAN GUARANTEE

Mr. SCHMITT. Mr. President, under section 3 of the Energy Security Act of 1980, the Department of Energy is authorized to extend loan guarantees provided that neither House disapproves of the proposed loan guarantees within 30 days after their submission to the Congress. The period for the so-called Tosco project expires today, October 15. This project is one where a loan guarantee under the authority of the Defense Production Act would be extended to the Oil Shale Corp., a wholly owned subsidiary of Tosco, to help finance their 40-percent participation with Exxon in the Colony Oil Shale project.

As I said, this period for the Tosco project expires today, October 15.

For this reason, I hope we can discharge the Banking Committee and move to consider the resolution of disapproval today, so that the Senate has an opportunity whether or not we want to permit an unnecessary $1.125 billion loan guarantee to go forward.

I want to thank the chairman of the committee, Senator GARN, for his cooperation in scheduling a hearing on this loan guarantee and I regret that we did not have time to mark up the resolution in committee. This motion to discharge should not be interpreted as any suggestion that the committee, under the leadership of the chairman, has not done its job. On the contrary—the committee conducted a very thorough hearing of this issue.

Tosco, an oil refining company, has sought the guarantees to cover its part of the Colony Oil Shale project. The project, located in Garfield County in western Colorado, is a joint venture with Exxon, wherein Exxon owns 60 percent and Tosco the remaining 40 percent. In the project's huge plant Tosco will use their own process to refine the large oil shale deposits there into liquid fuel, a percentage of which—10,000 barrels a day for 10 years—the Department of Defense would, under the agreement, be allowed, though not required, to buy at market prices. If the project continues as planned, it will begin production in 1985.

The estimated total cost of the plant is $3.154 billion, and Tosco's share is $1.493 billion of that amount. Tosco has requested, and the Department of Energy has approved, $1.12 billion in loan guarantees, which is 75 percent of Tosco's exposure, the maximum permissible percentage under law. Exxon has not asked for Federal assistance for its portion of the financing.

The Colony project is the only full-scale commercial oil shale project to receive all permits necessary to begin construction, and they have demonstrated, to the satisfaction of the Department of Energy, its economic and environmental viability.

The Tosco project's economic viability, not its environmental viability, has some serious questions. In my opinion, any time the Government interferes in the private credit markets, such as it would by extending the loan guarantees to Tosco, it is its responsibility to be certain that such action is truly necessary. That responsibility has been abandoned to a large degree in the granting of these loan guarantees.

Loan guarantees are promises by the Federal Government to pay any debts that the beneficiary, in this case Tosco, theoretically providing security to lenders who otherwise might not risk undertaking certain financial ventures deemed necessary for the Nation's good.

The net effect of the guarantee, of course, is to siphon capital, which is painfully scarce and expensive today, from commercially viable enterprises to enterprises which for some reason cannot stand on their own economically.

In presenting their case to the Department of Energy, and again in hearings in both the Senate and the House, Tosco has made an excellent case for its commercial viability, stressing the market need for oil shale production and the thorough preparations they have made to insure that the project can go forward immediately. Exxon, who as I said, has not asked for Federal assistance, clearly thinks the project is viable as is attested by the fact that just this year they paid Arco $300 million in order to purchase their shares in the Oil Shale Corp.

Why, if the promises of the project are so overwhelming, does this venture deserve $1.12 billion in guarantees from the Government? It has not been shown to my satisfaction that Tosco could not find financing elsewhere. No information has been provided regarding the question of Exxon's willingness to further finance it, or Tosco's efforts to find other financing. Why should they want to if the Government can underwrite dream loans for them, anyway?

Few people realize that last fiscal year Federal loan and loan guarantee programs preempted an even greater share of domestic credit resources than did the deficit. That is, the large measure, because the budget outlays are more published. Because of their unobtrusive nature, loans and loan guarantees have become an easy vehicle through which to drain vast amounts of capital to favored lobby and interest groups; and unlike the recent exercise in budget cutting that affected many of lower or moderate income groups, many of the Federal lending programs are directed to individuals and enterprises that are not economically disadvantaged and who have access to private sources of credit.

Such is the case with the Tosco project; $1.12 billion is not money to throw around and its effect on the capital market, whether through the budget deficit or loan and loan guarantees, is exactly the same. We must begin to get this almost undercover practice of indiscriminate loan guaranteeing under control and recognize it for the devastating force it has become in our economy.

Why does Tosco need our money? Do they need the full amount? What other options for financing are available? We must answer these questions. They are fundamental to consideration of this project and they have not nearly been answered satisfactorily.

Mr. President, the Tosco oil shale project is the first of its kind ever to be granted Federal money under the Energy Security Act and as such it is setting a significant precedent that other such companies will expect to be able to follow: The $1.12 billion is a great deal of money capable of furthering Federal distortion of this country's credit markets; and where $1.12 billion begins, other such projects can pick up. Congress has only until today to review the loan guarantee.

Mr. President, this loan guarantee is for $1.12 billion and would have the same effect over the same period of time as that addition to the Federal deficit in terms of raising the pressures on interest rates and in allocating credit to the specific projects.

Under the auspices of the Banking Committee, I chaired and participated in a hearing in which we heard witnesses testify on this project. I was con-

vinced that the project would proceed in the absence of these loan guarantees. In fact, the partner, Tosco, has already invested some $300 million in purchasing the Arco interest in the project; and I fully expect that the obvious corporate decision of Exxon to move into the oil shale synthetic fuels area on this project would proceed without the Government's participation.

Whether that is true or not, it is this Senator's feeling that, as so often is said nowadays, this is not the time. This is not the time to be asking this Senator, as chairman of the Labor-Health-Human Services-Education Subcommittee on Appropriations, to cut 12 percent across the board of the controllables under the jurisdiction of that subcommittee—almost $3 billion—in order to relieve pressure on interest rates, while at the same time the administration is asking for a loan guarantee authority which has the same effect as an increase in the Federal deficit.

Briefly, Mr. President, I think it is highly inappropriate that a $1.125 billion loan guarantee for this Colony project go forward when it is obvious, both in the hearings that Senator GARN so generously allowed in his Banking Committee, and in the activities of the Exxon Corp., that this project is going to go forward whether or not the loan guarantee is made available.

In light of the current requests of the administration, and, in fact, the need to reduce pressures on short-term credit markets so that interest rates can continue their decline, it is further inappropriate that such a loan go forward at this time. The loan guarantee as a form of credit allocation has the same effect on credit markets as if the Federal Government was trying to finance the same amount through deficit spending.

Mr. President, it had been my intent, by my interpretation of the procedures for discharge of the Banking Committee of its responsibilities under law with respect to the resolution of disapproval, to motion that the Banking Committee be discharged from further consideration of Senate Resolution 229, a resolution of disapproval for this proposed synthetic fuels loan guarantee.

Unfortunately, Mr. President, there is a very strong disagreement among us lawyers on how to interpret the provisions of the statute relative to such motion of discharge. It is the contention of the Senator from New Mexico that the words of the statute leave a very strong potential for interpretation that the 20-day clock that must run before such a motion to discharge is highly privileged is a clock that starts with the receipt of the message from the President by the Congress. That is the normal and, to this Senator's knowledge, the only way that other legislative veto provisions with some form of clock running after their receipt have been structured. It is the typical case for legislative vetoes such as the one, for example, we are dealing with in the AWACS case, that the question of the clock that is relative to the sale of arms to Saudi Arabia begins to run with the receipt of the Presidential message.

However, it is also clear and in black and white that the statement of the conference managers relative to disposition indicated that it was the conference's intent that that clock referred to the referral of the resolution of disapproval to the Committee on Banking or to the committee of jurisdiction. This is a strong inconsistency, in this Senator's mind, between the statement within the statute and the statements by the conference managers.

However, through discussions with the Senator from Utah and others, it is also clear that men of good will are going to disagree on how to interpret the language of the statute. It is not clear. The word "it" is used far too frequently and there is confusion about the antecedent that relates to that "it." Nonetheless, however we may disagree, Mr. President, it is clear that it would require a procedural vote before we can even come to the basic issue that is at stake and that procedural vote would certainly not go in the direction that the Senator from New Mexico would like it to. So, Mr. President, I shall continue to look for a vehicle by which this resolution of disapproval can be brought to a vote in the Senate. It does not appear, however, that it will be possible at this point to do it under the provisions of the statute that allow a motion to discharge to become highly privileged.

I am happy to yield to the Senator from Utah.

Mr. GARN. I thank the Senator from New Mexico. First, Mr. President, let me say how much I regret we have to disagree on this interpretation of the law. The Senator from New Mexico is a valued member of the Banking Committee. I could not get along without him in most instances. He has been very helpful to me and the entire committee in many, many instances over the years.

Mr. President, there is no doubt that he is correct. If one reads from the law on procedures for discharging the committee, most of it seems to be very clear that the 20 days start to run on the day that the resolution is referred to the committee. There is one sentence that clouds all of that other evidence. I agree with him that it is poorly written. Neither one of us being an attorney, having had the good sense not to go to law school, we sometimes have better judgment as a result. I just state that the Senator from New Mexico referred to what the intent of the managers was to resolve this dispute. They say section 307(g)(5) provides a mechanism for discharging the committee from consideration of the synthetic fuel action if the committee has not reported a resolution of approval or disapproval of the action within 20 days after the referral of the resolution. "Any member who favors the particular resolution may move on the floor of the respective House to discharge the committee from consideration of the resolution."

Although the language leaves a loophole or leaves ambiguity, there is certainly no doubt whatsoever what their intent was. So I can take no other position than that the resolution can only be brought up today by unanimous consent.

I thank the Senator from New Mexico.

Mr. SCHMITT. Mr. President, I wish I had been on that conference, because, having spent some time dealing with legislative veto provisions and how one can assure that there will be a fair consideration of this resolution of disapproval, certainly, I would have thought that the conferees would have interpreted the language of their bill somewhat differently.

It does not make much sense to this Senator to require that a resolution of disapproval be introduced on the same day as the message from the President is received in the absence of any hearings or any opportunity to study that message. That does not seem very logical. Also, even though the Senator from Utah has pointed out that the statement of managers does indicate the intent of the conference was to have that clock run from the referral of the resolution of disapproval, nevertheless, the law does say as follows, "If the committee to which a resolution with respect to synthetic fuel action has been referred has not reported it at the end of 20 calendar days after it was received by the House involved, it shall be in order to move either to discharge the committee from further consideration of such resolution or to discharge the committee from further consideration of any other resolution with respect to such synthetic fuel action which had been referred to the committee."

Mr. President, the difficulty in legal interpretation of these words is what do all those "its" refer to? The first "it" does, to this Senator, appear to refer to the resolution, since it refers to the committee reporting "it," and only resolutions are reported in this case.

The second "it," which qualifies the 20 calendar days, is followed by the phrase "was received by the House involved."

It would be this Senator's interpretation if he were a judge that only messages are received by Houses and, therefore, that "it" has to refer to the message from the President and not to the resolution of disapproval reported to the committee.

In the absence of any language from the conferees, Mr. President, it would have been my intention to follow that interpretation and move to have the committee discharged from further consideration of this resolution. But in the face of the conferees' own language giving a different interpretation, it does not appear that a point of order could be overturned as indicated by the Parliamentarian, since they would not choose to interpret the law, they only choose to interpret precedents and it would be up to the Senate to decide. Mr. President, I hope that at some point in the future, we can get this inconsistency between statute and conference committee intent cleared up, because I have a feeling we are going to have to look at more of these loan guarantees relative to synfuels in the future. I at least have been alerted

to the fact that resolutions of disapproval must be submitted on the day the message is received in order for them to have a chance for consideration.

Mr. GARN. Will the Senator yield once more?

Mr. SCHMITT. Yes, I am happy to yield.

Mr. GARN. Mr. President, let me say I agree that the ambiguity certainly should be corrected. There is no doubt that it is misleading in that one paragraph. I doubt that the managers misinterpreted the language. It has been my experience that often in conferences, when you go late into the night, the language does not quite end up being written the way it was agreed to.

On the other hand, the Senator is correct, I believe, in that the time clock may have been not set correctly to begin with. So not only is there ambiguity in the law but, to make it consistent with other types of legislative vetoes, we probably should look at it from that standpoint of making it a consistent policy for all legislative vetoes, so we are looking at the same basic premise. I shall help the Senator in that effort in the future beyond this immediate case so we are not forced into getting on the floor and disputing interpretation.

I believe the Senator from New Mexico knows that there is no one in this body I hate to disagree with more, because he knows that since the day he arrived, I have been jealous, and will be eternally jealous, as an old Air Force pilot who did not have the opportunity to fly into space. I have to admit it: I have that great jealousy of the Senator from New Mexico; and I am going to try to correct that sometime by getting on a space shuttle, so that I will not have to live with only having been an earthbound pilot all these years.

I thank the Senator from New Mexico.

Mr. SCHMITT. Mr. President, I wish the Senator would carry that feeling to the point of allowing us to proceed to a vote on the merits of the Tosco case. I recognize that it is not just his feelings on this, that he is representing the feelings of a number of other people.

Mr. GARN. That is true; and if the Senator from New Mexico can guarantee me a ride into space, I might reconsider.

Mr. SCHMITT. I certainly will offer him one, to the extent that I have an opportunity to submit that to the proper authorities.

Mr. President, it is unfortunate that we cannot get to the merits of this particular action because of this problem in statute. I hope that everyone in the Senate who listens to or reads this discussion will recognize that there are potentially other inconsistencies such as this and that the need to do their homework is very important in trying to work out these things beforehand.

It is unfortunate that the Tosco loan may go forward. I believe it is inconsistent with the administration's other policies. It certainly is unnecessary, and I hope they reconsider that action. But I recognize that at this point—at least at this hour—it will not be possible to bring this to the attention of the Senate.

(Later the following occurred:)

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may speak for no more than 3 minutes in support of the Senator from New Mexico with respect to the loan guarantee to Tosco.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, the loan guarantee to Tosco under the Defense Production Act raises several disturbing questions which are generic to the whole issue of Federal assistance to synthetic fuels plants.

The first is the question of whether the taxpayers of the United States should be called upon to assist a project largely supported by one of America's biggest and most profitable corporations.

The Colony Oil Shale project in Parachute, Colo., is a joint venture between Exxon Corp. and Tosco, one of America's largest independent oil companies.

The loan guarantee given to Tosco is set at 75 percent of its 40 percent total share of the project. This is the maximum amount which Tosco could receive under the terms of the Energy Security Act.

A DOE representative testified last week before the Banking Committee that DOE never asked how much aid was really necessary for the project to be undertaken nor did the agency ask if Exxon would fund the entire project if no loan guarantees were provided to Tosco.

Tosco asked for the maximum possible loan guarantee and they received it.

I am further concerned that the collateral which Tosco put up was largely limited to its share of the project, which is the same money which was guaranteed by DOE. Thus, in effect, the U.S. Government is being offered its own money as security. Should the project fail, DOE is left with little other than its share of the project which may then be worthless.

The loan guarantee program was meant to insure that certain priority synthetic fuels technologies would be funded even where the risks to private industry were large. It was not intended to insure that particular companies participate in synthetic fuel projects. However, this is the case with the Tosco loan guarantee. I see no reason for Tosco to receive a guarantee just because the money is available and their process looks promising.

In addition to these factors, it was the duty of DOE to see that the American taxpayers got the most for their money. The agency's actions have failed this test with regard to Tosco.

The other important flaw in this loan guarantee is that it runs counter to the sensible policy of the Reagan administration which seeks to reduce the amount of off-budget expenditures. At a time when the administration is cutting down on loan guarantees to farmers and small businesses who have few alternative sources of funding, why should we assist this multibillion project which has met no test of need?

If the DOE and the Synthetic Fuels Corporation are to continue to enjoy the support of Congress and the American people, they must do a better job of determining which projects deserve assistance.

Mr. President, these loan guarantees are just as certain to increase the interest rates and to use up our limited supply of credit as a direct loan or expenditure by the Federal Government or borrowing by the Federal Government. So I hope that the action proposed by the distinguished Senator from New Mexico can be supported by the Senate, if we can work out the procedural problems.

Mr. SCHMITT. Mr. President, I thank the Senator from Wisconsin for his statement and support in this matter.

I do not know whether he heard our discussion of the procedural box the conferees got themselves into. We will keep looking at the matter the remainder of the day and see if there is some way a vote on this resolution can be obtained.

Mr. PROXMIRE. I thank the Senator from New Mexico, and I commend him on his leadership in this matter. I believe that when the Members of the Senate have an opportunity to review this, there is a good chance we will have strong support on both sides of the aisle for the action the Senator from New Mexico has taken.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The time for morning business has expired.

RESTORATION OF MINIMUM SOCIAL SECURITY BENEFITS

Mr. PROXMIRE. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 4331) to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

The Senate resumed consideration of the bill.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Missouri.

Mr. EAGLETON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, while I have consistently voted to end the current minimum social security benefit provisions, I intend to support the current bill to amend the social security law. Here is why: H.R. 4331 as reported out by the Senate Finance Committee makes several extremely useful changes in social security which will enable the retirement fund to meet benefit payments in the near future in addition to restoring most beneficiaries currently receiving the minimum social security benefit.

The committee amendment to reallocate the social security taxes among the three trust funds and allow interfund

borrowing provides welcomed flexibility and confidence to the system.

In addition, the proposal to restore tht $122-a-month minimum benefit excludes those retired Federal, State, and local government workers whose Government pensions exceed $300 per month. Of course, even those individuals receiving substantial Government pensions would still be entitled to receive those social security benefits they were actually entitled to based upon their earnings paid into the system.

What I am saying here is that even though the social security minimum benefits would not be available to retired Federal, State, and local government workers who have pensions exceeding $390 a month, they would still get a benefit that would be, say, $115 or $100 or $95, or whatever. It would not be $122, but it would be what they earned. What the minimum social security benefit does is to provide that no social security recipient will get less than $122. This legislation before us today, as I understand it, would provide that people who have Government pension income higher than $300 a month might get less than $122, but in no case less than what they were entitled to under the law.

Mr. President, I believe that a very important fundamental issue concerning the nature of the social security trust fund was at the heart of the initial debate and I would like to briefly review it at this time.

What was proposed was that the minimum social security benefits now being received by about 3 million people be recalculated. People above the minimum would get what they had earned. Many people below the minimum now get more than they have earned from the amounts they have paid in and the number of years they have paid in.

The purpose was to help make the social security trust funds actuarily sound. Many people, some with large incomes from other sources or other pensions, get a minimum payment which they did not earn. My view was and still is that the social security system and funds—like any good insurance program—should pay benefits based on what is paid in and earned. Also, those in need must be taken care of. But additional amounts should be paid to those who need the money from the general revenues.

I want to make that point very clear, Mr. President.

If the minimum benefit payment had been rescinded, as I voted and as others voted, it would not have meant that anybody in need would have gone in need. It would have meant that those in need would get what they need from the supplemental security income (so-called SSI).

The result of that would be that the social security fund would not be used as a welfare fund. You would not drain the social security fund by eliminating the minimum benefits. In the first place, if you abolish the minimum social security payment, you would still take care of those who are needy because they would get what they needed out of SSI, but you would also keep the integrity of the fund because the social security fund would not lose $1.3 billion in 1982, $1.4 billion in 1983, and $1.5 billion in 1984, which it will if you continue the minimum payment. Therefore, if you abolish the minimum payment that fund would be sounder and those people who rely on the social security fund to give them a pension they have earned would be in a position of not having that pension reduced on the ground that the fund was inadequate.

That is why I took the position I took in the past, which is that we should remove the minimum social security payment because, as I say, I feel very strongly that the social security fund should be protected, so we would not be forced to reduce pensions to those who earned them.

Now, let me run down the effect on the various beneficiaries who now receive the minimum social security if we had eliminated that.

Of the 3 million people who now get the minimum benefit about 200,000 of them earn the minimum benefit and, therefore, would continue to get it. In addition to that, about a million are dually qualified. They have a spouse who now gets social security. Whatever they lost by having their minimum benefit reduced, their spouse would get back dollar for dollar in increased matching benefits. There would be no loss to the couple. They would get exactly the same amount. The spouse that does not get the minimum benefit would get more, a dollar-for-dollar match on what the spouse with the minimum benefit would lose.

There would be an additional 500,000 who would get a dollar-for-dollar match because they now get supplemental security income and they would have their supplemental security income increased by the exact amount they lost in the minimum benefit. And then you have a substantial number, 600,000 people, who, in losing the minimum benefit, do not get SSI now, and would lose $10 or $15 or $20, or perhaps more, whatever. The difference between that minimum benefit of $122 and what they were actually entitled to. They would be able to apply for SSI and they would get it and they would get it in full, what they lost in giving up their minimum benefit.

In some cases, these 600,000 people who get the minimum benefit and who had not applied for the SSI would get more than they get now but they would not get less.

The point of all of that, Mr. President, is that these funds would come from SSI, which is the general revenues. Not from the social security fund. Let me repeat. That additional amount to help people who are needy but had not earned what they needed, they would get that out of general revenues and not out of the social security fund. So the social security fund would not be used as a welfare payment. It would be used to pay people what they earned. It would preserve the integrity of the system, and it would save literally billions over the years for the social security fund.

Of the remaining 800,000 people, a large number are retired Government employees or have a private pension plan or have other sources of income and do not, and should not, qualify for SSI benefits. However, we are making an exception for retired Government workers in the case of this legislation. We are saying that they are going to get the minimum benefit if their other income is less than $300 a month.

So, in conclusion, Mr. President, I favor making certain that every person who needs and is dependent on the social security minimum amount suffer no loss.

But I also favor having a social security trust fund pay only that part of the minimum which the person earned. The rest should be paid from general revenues or other sources.

As I say, this is not just a matter of bookkeeping. Some people say, "Well, what difference does it make? It all comes out of the same pot." It does not all come out of the same place.

If you are going to preserve the social security fund and save, as I say, $1.3 billion in 1982, $1.4 billion in 1983, and $1.5 billion in 1984 and subsequently, then you should have these additional amounts paid by SSI, which is from general revenues and not out of the limited social security fund. But this legislation we vote on today does not take us down that path.

Nevertheless, we are following a path which does, to some very limited extent, help the social security trust fund and which, I suppose you could argue, does provide less confusion and more simplicity for those who receive the minimum social security payment.

I think it would be better to face up and recognize that the difference between what people earned and what they were getting from the minimum benefit payments was a welfare payment and have it paid by the general revenues, as I say, and preserve the social security trust fund. This legislation will not do that.

Historically, what has happened is the social security system has been asked to pay for programs which are clearly not a part of the social security system. That is one reason why reforms in the system must be made to keep it sound.

I will vote for this bill, but the more fundamental issue raised must still be faced. And I hope some way and somehow we find in the future that we can meet this problem without permitting the social security system to bear a burden that it should not have to bear. The social security system should be retained in all its integrity as a system which pays the people what they have earned.

I think the overwhelming majority of social security recipients that I have talked to in my State—and I am sure this must be true nationally—agree with that. They do not want to see their money spent for other purposes. They want it to come back as they earned it and as they deserve it.

Mr. President, I yield the floor.

Mr. CHILES addressed the Chair.

The PRESIDING OFFICER (Mrs. HAWKINS). The Senator from Florida.

Mr. CHILES. Madam President, the social security amendments which have

been adopted by the Finance Committee are a victory for those of us who have tried again and again during the past few months to get an interfund borrowing amendment passed on this floor—and tried five times to restore the minimum benefit for current recipients.

Each time we offered these amendments, they lost by a very close vote.

The first few times we tried to restore the minimum benefit, the argument against us was that the benefit was not necessary—it was going to people who did not need it—eliminating it would not hurt any of the truly needy—the President had proposed that the minimum benefit be eliminated for all current and future recipients and he had assured us that anyone with very low incomes would not be hurt—they would be able to apply for welfare.

And then we began hearing more and more about a lot of people who would be hurt by eliminating the minimum benefit—and the arguments against our efforts to restore it began to change.

People started to say that maybe we should restore it for the truly needy. And more and more truly needy were found.

Then even the President said he would ask us to restore the minimum benefit. Even though it was the administration's original proposal—and insistence—that it be eliminated for everyone.

Three weeks ago, I offered an amendment—for the fifth time—to restore the minimum benefit for all current recipients. That has always been my position. We lost again by a very close vote.

The Finance Committee provision we have before us today would restore the full minimum benefit for current recipients—except for a very small proportion—about 15 percent—who also receive fairly substantial public pensions in addition to the social security minimum benefit.

These recipients would still receive whatever social security amount they are entitled to based on their social security earnings record. But any minimum benefit amount now received in excess of what they are actually entitled to would be reduced—dollar for dollar—for the amount they receive in other public pensions over $300.

People with small pensions would still be able to receive the full minimum benefit. People with larger pensions would have some reduction in the minimum benefit—the larger the public pension, the higher the reduction. But no one would receive less social security than they are entitled to, based on their earnings record.

If we are to restore the minimum benefit for this group of people too, I think the best way to do that now is in a House and Senate conference on this bill. I do believe, however, that the Finance Committee acted in good faith and that our concerns about those beneficiaries who would be hit very hard by the elimination of the minimum benefit have been addressed.

We also tried very hard to get Senate approval of interfund borrowing.

This bill authorizes interfund borrowing—and gives us enough flexibility to adjust to imbalances among the three social security trust funds during the next few years. This is the short-term period of difficulty we have all been hearing so much about. The effect of this proposal is the same as the earlier amendments we offered to authorize interfund borrowing.

We will all be watching the performance of the economy very closely during the next few months and years—but unless all the experts are wrong and we have a very bad performance indeed—accepting this interfund borrowing amendment should put an end to all the horror stories about social security going broke in the next few months or years.

Let us vote for this bill. Take care of the short-term social security problem, restore the minimum benefit, remove the atmosphere of crisis surrounding social security, and get on with a reasoned consideration of the problems we know are still coming in the next few decades.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 1:30 P.M.

Mr. BAKER. Madam President, it has been brought to my attention that a number of Senators are involved in a caucus meeting today, which no doubt will address itself, in part, at least, to the pending amendment to the bill before the Senate.

It is the opinion of the leadership that to recess the Senate at this time until the hour of 1:30 p.m., in order to facilitate the consideration of those matters in caucus and permit other Senators to confer on the further course of this legislation during the balance of the day, would be useful.

Madam President, for the reasons just assigned, I ask unanimous consent that the Senate stand in recess until the hour of 1:30 p.m.

There being no objection, the Senate, at 12:24 p.m., recessed until 1:30 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. WALLOP).

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, I believe that the managers of the bill and the pending amendment will be available to begin debate on this issue in the next few moments. For the time being, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WALLOP. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MATTINGLY). Without objection, it is so ordered.

THE PRIVACY ACT

Mr. WALLOP. Mr. President, yesterday, the Senate approved an amendment offered by my colleague from Missouri, Mr. DANFORTH, to the bill currently under consideration. The amendment removes a technical obstacle to the implementation of a law which I sponsored in the 96th Congress. I am referring to the prohibition on the payment of social security disability benefits to incarcerated felons.

The Privacy Act presents a potential obstacle to the enforcement of the law. The act limits access by the Social Security Administration to the social security numbers of Federal prisoners. This information is under the control of the Federal Bureau of Prisons.

It is estimated that there are almost 3,000 prisoners in State and Federal prisons receiving social security disability benefits. The cost to the trust fund is about $16 million annually. Mr. President, we cannot continue to provide this windfall to individuals who certainly do not need or deserve the benefits. Passage of the Danforth amendment will insure the effective implementation of the prohibition.

I do have reservations about language in the amendment which would preempt State privacy laws. The bill which I had introduced several weeks ago only affected the Federal Privacy Act. All but one State have assisted in identifying prisoners in State prisons.

Mr. President, I do not feel that this section is needed, and I recommend that the conferees look carefully at it before adopting it and perhaps they will see fit to adopt the provision on the State privacy laws in conference.

AMENDMENT NO. 581

Mr. EAGLETON. Mr. President, the Senate is once again back to considering the amendment which was laid down and debated briefly last evening. Before I yield the floor to other speakers who wish to speak in support of the amendment, I want to take a few minutes to respond to some of the statements made in opposition to my amendment by the distinguished floor manager (Mr. DOLE).

It is the contention of the Senator from Kansas that there is a great difference between the Roth amendment, which he and all the other members of the committee supported in 1979 and again in 1980 in somewhat watered-down form. As supposed proof of that assertion, he noted, for example, that my amendment would earmark a portion of the windfall tax revenues for social security, whereas the Roth amendment that he and the others voted for would have earmarked a portion of corporate taxes for the same purpose.

I concede to the Senator there is a distinction, but I challenge him to tell us where there is a difference. The Senator defines the issue before us as whether it is wise to use general revenues for social security. But he does not and cannot tell us why it is any less sharing of general revenue to use corporate taxes than windfall taxes.

In truth, there is no difference.

During yesterday's debate, the Senator from Kansas put in the RECORD a transcript of the committee's proceedings on the Roth amendment. I am glad he did that, because I was prepared to read portions of that transcript in this debate.

As it is, I will read only a few passages from Senator ROTH's own arguments in support of his amendment, so that we can weigh those words against the insistence of the Senator from Kansas that the Roth amendment was not bringing general revenue into social security.

On page 13 through page 15 of that transcript dated October 19, 1979, Senator ROTH made very clear what the purpose of his amendment was. He said:

This payroll tax freeze would be financed by transferring a portion of the billions of dollars in increased revenue from decontrol to the Hospital Insurance trust fund.

The Social Security Advisory Council's 1979 report endorsed the approach of financing part of the Hospital Insurance trust fund from the general revenue. By earmarking these special funds from decontrol we can insure the stability of the trust funds.

I think it is important to point out that my amendment—again, to repeat, would roll back the payroll tax increase scheduled for 1981 by putting the increased revenues from decontrol into the Medicare trust funds.

All the Members of this body have to do is read the transcript and the plain words of the amendment's sponsor, Senator ROTH. I do not know what transcript Senator DOLE is reading, but I think Members of the Senate can understand plain English. The Roth amendment openly proposed to earmark general revenues for one of the social security trusts, and that amendment enjoyed the support of every Republican on the committee, including some of those who now say it would be a dangerous precedent.

You can paint the word "horse" on the side of a cow, but it is still a cow. All the Senator's protestations notwithstanding, he cannot rewrite legislative history. The fact is that the amendment the Senator is now arguing would be a "dangerous precedent" is in every essential respect the same as the amendment he and other Republican Finance Committee members supported in 1979, and it follows the same approach as this body approved in 1980.

If the Senator wants a "dangerous precedent," let him follow this administration's approach to social security which can be summarized in two words—cut benefits. That is his answer, and that is the only choice we will be leaving ourselves if we reject this amendment. I do not care how many Presidential commissions you appoint. If you rule out a payroll tax increase as most of us do, and if you reject this amendment as Senator DOLE would have us do, then there is only one possible answer to the acknowledged financial problems of social security and that is—cut benefits. As my friend from Arkansas, Senator BUMPERS, likes to say, "You don't have to be broke out in brilliance to understand that." The American people understand that, and that is why they are solidly behind the approach I am advocating. That is why my approach was recommended by the Social Security Advisory Council in 1979.

Let us get back to dangerous precedents. How about breaking faith with the working people of this country who thought they had a contract with the Government? Through their working lives, they pay into social security on the assurance they will be entitled to its benefits in their retirement years. But, Senator DOLE and the administration want to change that contract. They say we have to cut benefits for the first time in the history of the program—an absolute precedent—because that is better than the other precedent of using some of these windfall profits to shore up the system.

Any Senator who wants to carry that case back to working people and the retired people back home has that choice. But do not try to sell your case to people who are losing benefits on the arguments being peddled here today by the able floor manager. They do not wash.

In the past day or two, I have heard the Senators from Kansas and Texas and Louisiana noting that it is easy for me to propose tapping some of the enormous oil windfall taxes for social security because I do not have any oil production in my State.

They are almost totally correct. We have a modest amount of oil production but not much. All I have are oil users who pay for those profits. All I have are elderly citizens who have to steal from their food budgets to pay their heating bills. I do not have fat-cat oil companies in my State, but I will wager this: If these Senators from the oil belt take a look around, they will find that even they have a lot more senior citizens and working people concerned about social security than they have people profiting from the tax giveaway they are trying to defend.

That is the issue here—plain and simple. Are we going to use this $14 billion in tax funds to further enrich a few, already incredibly profitable oil corporations or use it to shore up a seriously threatened social security system?

If we reject this approach of using some part of the unearned windfall profits for social security, we will be committing ourselves irretrievably to the course urged by Mr. Stockman and Mr. Schweiker and that is to make massive cuts in benefits and probably on an emergency, rescue basis. Make no mistake about it. If you reject new increases in social security taxes, which most of us do, and you turn your back on this proposal, then you have committed yourselves by your vote to future benefit cuts in social security. If and when that sad day arrives, those who said "no" to this viable alternative, which was recommended 2 years ago by the Social Security Study Commission and supported by every Republican on the Senate Finance Committee, will have the responsibility to answer to the voters.

One further item: Yesterday, I put into the RECORD three letters I had received from organizations in support of this amendment. I now ask unanimous consent to have printed in the RECORD a fourth letter, from the National Council of Senior Citizens, dated October 13, 1981, addressed to me, signed by William R. Hutton, executive director. That organization endorses the amendment before the Senate.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL COUNCIL OF SENIOR CITIZENS,
Washington, D.C., October 13, 1981.

HON. THOMAS F. EAGLETON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR EAGLETON: On behalf of all Social Security recipients, we urge you to support two measures, H.R. 4331 and Amendment 531, to prevent a loss of benefits and to provide more secure funding of the Social Security system in the short term.

H.R. 4331, which would restore the Social Security minimum benefit eliminated by the Omnibus Reconciliation Act of 1981, would both restore income to recipients and patch a broken promise. It would enable recipients to retain the level of benefits for which the Social Security Administration declared they were eligible when they retired.

H.R. 4331 would preserve the level of benefits upon which recipients depend and to which they are entitled. To not restore the minimum benefit would be a clear breach of faith by the government.

The Amendment 531 proposed by Senator Eagleton is a positive step in the effort to meet the short-term funding needs of the Social Security system. By repealing tax breaks granted for newly discovered oil, this amendment would provide an estimated $14.2 billion to the Social Security system. It would also provide a greater margin of safety and security to the trust fund than we now have.

We urge you to consider the million of elderly people who depend on their Social Security income. Please support them by supporting H.R. 4331 and Amendment 531.

Sincerely,

WILLIAM R. HUTTON,
Executive Director.

Mr. DOLE. Mr. President, I shall speak briefly, because I know others want to speak. I should like to move on with this and other amendments and finish action on the bill early this afternoon.

There have been votes in the past about general funding of social security. I believe the record will indicate that most Republicans and many Democrats are opposed to using general revenues to finance the social security system, for two very good reasons.

First of all, it would violate a longstanding precedent whereby the employee and employer participate equally.

Second, we do not have any general revenues. That is why we are trying to figure out ways to cut the budget.

It is easy to stand on the floor and say, "Let us take it out of oil profits." I could say, "Let us take it out of somebody else's profits."

The fact is that a lot of people now receiving social security benefits may have worked in the oil industry. If social security action is going to hinge on what happened October 19, 1979, in the Senate Finance Committee, it is well to lay the committee amendment on the table right now.

Very seldom in our committee do we have partisan differences. I say that sincerely, because under the chairmanship of Senator LONG, we operated under more or less a consensus theory. I believe we pretty much do the same now; but in this one instance (October 19, 1979) we had a partisan difference.

In 1977, the Carter administration recommended—I am not sure how certain Senators may have voted—that we take care of social security by doing a number of things, including imposing

six tax increases on working men and women and their employers. That passed—not with this Senator's vote—in 1977. Two of those tax increases have taken effect, and four more are coming between now and 1990.

We were told by the Democrats, who then controlled the Senate, and by the President, who was then a Democrat, that this was how to save the system—to increase the taxes on the working people, on small businesses and on all the other people who pay social security taxes. We were told that if we passed that legislation, we would not have to worry about social security until the year 2030. In other words, we were going to have 50-some years without concerning ourselves about social security. There would be plenty of money for checks; and we would not have to worry about cutting the benefits or doing anything to the program in the future.

I believe that was well intended. I do not suggest that somebody said that knowing that something else would happen. But the fact is—that has not been the case.

So we are back here today—and I hope we will be back later this year, if not early next year, with real reforms—trying to patch up a sick system.

Now we see an effort to say, "Let us take some of this oil money." There is something about oil money, as I said yesterday, that starts the juices flowing for some in this body, particularly Senators from non-oil producing States and where they do not totally understand the industry.

But in any event on October 19, 1979, Senator ROTH was trying to freeze 1 year of that new tax that President Carter and the Democratic Congress gave us. One year of that tax he wanted to freeze. He said, "We cannot impose additional taxes on working men and women and on small businessmen and women."

In an effort to frustrate that vote, and I suggest that this is one of the rare times in the Finance Committee where we had a partisan difference, Senator Ribicoff moved to defer the vote on the Roth proposal and I moved to table the Ribicoff amendment. I prevailed by a vote of 10 to 8. Then the Roth amendment failed to pass on a 10-to-10 vote.

The Senator is right. Every Republican voted for the Roth amendment, so did two Democrats, and every other Democrat voted against the Roth amendment. This would indicate, I assume, that those Democrats who voted that way in 1979 will certainly vote against the Eagleton amendment today and, according to the Senator from Missouri, then those Republicans who voted for the Roth amendment should vote for the Eagleton amendment today.

But everyone knows that is specious and that the vote was a partisan maneuver on behalf of both sides, not just Democrats or Republicans. Both Republicans and Democrats were trying to seize the initiative on a very controversial, delicate area of social security.

So I think we can just set aside the so-called Roth amendment. Whether it was decontrol or windfall profits, it is well understood that one way or the other it was funding social security with general revenues. It was the Republicans' purpose to indicate that we wanted to get a vote for one of our Republican colleagues. I do not believe that some of the Senators listed, even the two Democrats who voted with us, understood it in any other way.

I do not have any quarrel with the Senator's amendment except I just do not think it is a precedent we wish to set, certainly it will find support. It will find support among the media—if you mention oil they print headlines. It will catch the attention of the right people, maybe not the right people but people who write, put it that way, and maybe others who report. But as for the social security system, it does not do much for the social security system. As for the appropriations process, it does very little for the appropriations process.

I have said to my good friend, the distinguished chairman of the Appropriations Committee, Senator HATFIELD, "If you think you have problems now with appropriations, just wait till we give you social security from the Finance Committee. You start general funding of social security, and let us say this tax expires in 5 or 6 years and you have to find all this money, whatever it is, $13 or $14 billion in some other area, where are you going to go then?"

It seems to me to be a very dangerous precedent.

I cannot support the amendment. I stress that the Roth amendment was no precedent for what we seek to do here today.

Mr. EAGLETON proposes to repeal section 602 of the 1981 Economic Recovery Tax Act and divert that revenue into a special social security trust fund.

I might also add it is the first effort to dismantle the tax reduction package. There has been a lot of conversation about what we are going to do with the tax cut bill that just passed. I suggest we are probably going to do very little if anything. Some say we should defer the cuts on the personal side. Some say we should take a look at leasing. Some say we should open it all up. Some say we should forget about the third year or stretch it into 4 years.

Some of these arguments may be sound down the road. I doubt it. They may be sound, but certainly not at this point.

I think the facts are that the issue is whether or not we are going to adopt a fundamental change in the financing philosophy of social security. With this kind of fundamental change under consideration it is important to note that the Eagleton amendment is unlikely to deal with the potentially huge short- and long-term deficits faced by social security.

As Dr. June A. O'Neill, former chief, Human Resources Cost Estimate Unit, CBO, wrote in her article, "Future Financing of the System":

> Reliance on transfers from general revenues could make it more difficult to keep program expansion within bounds.

J. W. Van Gorkom, president of the Trans Union Corp., puts his finger on one of the most important reasons we should avoid general revenue financing:

> In my opinion, this would destroy the system as we know it. Although the use of such funds might be modest to begin with, experience tells us that the temptation to use more of these funds would be overwhelming to a popularly elected Congress, and we would eventually reduce social security to another form of welfare.

I also indicate, as I did yesterday, it is not just the Republican position to stand up and oppose financing this system with general revenues, as you will note from the above comments.

I even daresay that as to some who may support this amendment because it happens to deal with oil, if we were talking about other general revenues produced in their States they would stand here in opposition. But I understand the greater attraction to some. If we are going to take it out of milk we might have a different response from New York. If we are going to take it out of something else we might have a different response from Ohio.

But I understand that three-letter word does attract a great deal of interest, I might say, that in the one supply-side provision we adopted with reference to oil, lowering the tax on newly discovered oil, it would be a mistake to repeal that provision whether we are talking about social security or not.

Let me quote the former Democratic chairman of the House Ways and Means Committee, Al Ullman, who opposed use of general revenues to keep social security solvent. To quote Congressman Ullman:

> We must maintain the integrity of the trust fund concept: when we increase benefits, we must also increase taxes. Imposing general revenues, even in part, would lead to a feeling of social security as welfare rather than a matter of payment and right.

The Congressional Budget Office, in its February 1981 study on funding options for social security, accurately points out the fiscal danger of using general revenues for social security:

> Finally, whether funds from outside the system were transferred on a loan basis or as outright grants, the inevitable effect of borrowing would be either a reduction in the amount of money available for other federal programs or an expansion of the deficit. In the past, the Congress has found it difficult to slow increases in expenditures, since a large fraction of federal outlays (including social security) are regarded as relatively "uncontrollable". If other federal programs are not cut accordingly, the federal deficit would grow, in turn triggering a rise in the price level. This could cause social security expenditures to rise still further. If such an outcome were to be avoided without other federal program cuts, the Congress might have to turn to other sources for social security revenues.

Use of general revenues would irrevocably change the essential character of the program. Pressure could become almost irresistable to emphasize the welfare aspects of the program, further undermining the link between tax payments and benefits.

Social security expenditures already account for 28 percent of all Federal expenditures. Allowing even limited infusions of general revenues will increase

that percentage and further expand that portion of the budget considered untouchable and uncontrollable.

Finally, there is no doubt that any general fund financing could ultimately lead to unfinanced benefit expansions, could result in means-testing certain benefits—or even all benefits—and could only add to the size of the Federal deficit.

Adoption of the Eagleton amendment will only delay meaningful financing reform of the system.

Mr. President, I ask unanimous consent to have printed in the RECORD testimony by Dr. Robert Kaplan and an article by Robert Myers opposing general revenues.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TESTIMONY BY DR. ROBERT KAPLAN OPPOSING GENERAL REVENUES

The infusion of general revenues to the social security system does nothing to address the substantial problems of unintended benefit increases that have crept into social security. General revenue financing would mask these problems.

More seriously, once the link was broken between benefit increases on the one hand, and the need to finance them with payroll taxes on the other hand, I believe the fiscal discipline of the social security system would be seriously compromised.

There are constant pressures to increase social security benefits and one of the few ways we have of continuing them is the link to finance these increases by increasing payroll taxes.

Having the opportunity of increasing benefits just by increasing the deficit in the Federal budget would not be a healthy development for social security and, more broadly, for the country at large.

AN UPDATE ON SOCIAL SECURITY FOR THE NATIONAL ASSOCIATION OF LIFE UNDERWRITERS OPPOSING GENERAL REVENUES

(By Robert Myers)

For more than four decades of operation of the OASDI system, it has been financed on a long-range self-supporting basis by equal employer-employee payroll taxes. The same situation also prevails for the HI system. In each of these programs, there have been some small amount of general revenues, but this has only been done with respect to small, closed groups of persons, such as military veterans. The supplementary Medical Insurance portion of Medicare has been financed substantially from general revenues (currently, about 71 percent of total income). However, this is a different matter, because no payroll taxes are involved, but rather only enrollee premiums.

Those who advocate partial general-revenue financing of OASDI and/or HI present many different reasons and justifications for such action. However, the real reason, in my opinion, is that this diverts criticism from what some believe to be the high cost and heavy impact of the current payroll taxes and those scheduled for the future, let alone those which would be necessary to finance expansion of the program.

At present, some seek to alleviate the short-run financial problems by financing part of HI from general revenues and diverting the resulting reduction in the HI tax to OASDI. This "doing it with mirrors" technique is "justified" on the ground that, because the HI benefits are not earnings related, but rather are uniform for all insured persons, it is inequitable to finance them completely by payroll taxes; the general revenues are derived from various taxes, some of which are progressive (such as the income tax) and others of which weigh relatively heavier on low-income persons (such as corporation taxes, which are passed along in the price structure).

The net result quite possibly is that the financial impact of any general revenues is about the same as that of the payroll taxes. The big difference is that the payroll taxes are direct and quite visible. Injecting general revenues into the financing of OASDI or HI is, at best, misleading the American public as to the cost of the program. We should have sufficient economic maturity to display the cost of the program out in the open where all can clearly see it.

Even if the expansionists now say that their only goal in using general revenues is to do so for HI, I am certain that, in brighter economic days in the future, when OASDI is in better financial shape, they will be back advocating the same for OASDI. If this is done, benefits can be expanded apparently painlessly with no increase in the visible, direct payroll taxes.

A telling argument against the use of general revenues to finance partially OASDI and/or HI is that currently there are no general revenues available. The federal budget is, and for many years has been, in a serious deficit situation. Where will the money come from for the so-called government contribution? Will new taxes be levied, or will the federal budget deficit be increased? The latter merely means printing-press money with accompanying inflation.

Mr. DOLE. Mr. President, I have great respect for the Senator from Missouri. I just suggest that there are an adequate number of Democrats and Republicans who are going to focus on reform of the social security system.

I also say that one area we are not going to discuss very seriously is the use of general revenues. There is no support for the use of general revenues. To be able to say we are for it because it involves oil might be worth 25 or 35 or 40 votes, but I suggest if we were facing the question head on——

Mr. MOYNIHAN. Forty-one.

Mr. DOLE. I just heard 41, so maybe 41.

In any event, we get down to the question of true reform of the program. I am not certain just when that will take place. But I hope that it is before the 1982 election. Then we could certainly consider the use of general revenues and maybe even something along the lines suggested by the Senator from Missouri. I would not support that, but at least it could be considered. If we are going to start looking at general revenue funding we should look at all the general revenues. I wonder if the Senator is going to do this and if we do continue will we have a priority list of which programs we will cut? How do we make up the difference? So for the reasons stated, and I hope they will be persuasive in the final analysis, I hope that the Senate might reject this amendment. We must go ahead and pass this little band-aid to restore the minimum benefit for the most part, reallocate taxes, permit interfund borrowing. At least then we can assure those who now receive benefits that they are going to be protected through 1983, maybe even through 1984, with luck.

Sooner or later the beneficiaries in this country, the 36 million people who receive benefits, and the 115 million working men and women who want to receive benefits in the future are going to insist that Congress stand up and do what we should do. Congress must stop backing away from this problem.

The Eagleton amendment is no way to approach the real problem we have in social security.

Mr. METZENBAUM. Mr. President, I listened with great interest to my friend from Kansas talking about the fact that there is some question about whether we should be dipping in to general revenues for the purpose of financing the social security system.

As I understand his argument, we have not done it before and therefore we should not do it now.

I think there is some value and validity to having consistency when we act in various ways in our Government. But I do not think that is sufficiently persuasive for us to fail to support the Eagleton amendment, which I am proud to be a cosponsor of, because it relates to a problem that zeroes in and touches so many millions of Americans.

I believe it provides an answer in a very fair and equitable way. I think if there are any words that have not been used much so far this year, they are the words of "equity and being equitable," "being fair," and "being just."

Now, it is a recognized fact that when the President made his speech on television on September 24, he stated that:

It was never our intention to take this support away from those who truly need it.

Now, the fact is, when you look at the record, when the Office of Management and Budget submitted its official list of cuts to Congress in April, it specifically provided for the elimination of the minimum benefit payment.

And on page 176 of the Blue Book, the OMB said:

The security trust funds can no longer afford these low priority payments.

As a matter of fact, on that same page it indicated that the proposed change was the following:

Pay social security recipients only their earned benefits, no longer giving an artificial minimum amount above their earned benefit.

As a matter of fact those of us who are in the minority have consistently opposed this cut in the minimum social security benefit. A number of Senators have offered amendments to add funds back. Senator RIEGLE, if my recollection serves me right, I believe that the distinguished Senator from New York, who is on the floor, Senator MOYNIHAN, and I think Senator CHILES have all addressed themselves to this issue.

On September 24, the same day that President Reagan went on television, the Senate, controlled by the Republican majority, voted against the motion by Senator CHILES to restore the benefit. The vote, after a good deal of arm twisting, was 46 to 44.

Now we see the Republican Senators turning around on this issue. And I am happy to see them turn around. I am happy to see that they have seen the light. But I would hope that they might also see the light in connection—Mr.

President, may we have order on the floor of the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. METZENBAUM. I would hope that they would see the light and undo the error of their ways which occurred when the tax bill was passed and in which was included these unbelievable giveaways to the oil industry.

The giveaways to the oil industry just did not make sense. I think the Nation was calling for a tax cut. And I do not think that most Members of Congress would really oppose a responsible tax cut. But there arises in these legislative halls either a sense of enthusiasm or a sense of being able to get all that is possible to be gotten.

I think it is timely that we refresh our recollection a little bit about the windfall profit tax. The fact is it was enacted when there was a Democratic Congress here. And in the very first tax bill that the Republicans bring forward, what do they propose? The bill comes out of the Finance Committee with a $20 billion repeal of that tax, a giveaway to the oil industry for no reason whatsoever. And then some people come to the floor of the Senate and they recognize, "Hey, this is a heyday around here. Let's get going. If we can get 20, I think we can get a heck of a lot more."

And so they come to the floor of the Senate. The distinguished Senator from New Mexico offers an amendment to cut back an additional amount from the windfall profit tax. Then the distinguished Senator from Kansas says, "Well, if you are going to go part of the way, you may as well go all the way." If my recollection serves me correctly, he offered an amendment to the Domenici amendment, so that the total amount of tax benefits to the oil industry at that point would have been not only the $20 billion in the bill, but an additional $26 billion, as well.

Some of us felt that that subject merited extensive debate. And after a considerable amount of debate, an effort was made to table the Senator's own motion. As we all know and recollect, the motion to table barely carried.

That was a test vote to see whether or not we had sufficient votes on our side to continue the debate. When it was obvious that there were not going to be sufficient votes to cut off debate, the amendment was taken down and the Senate bill left this body with only the $20 billion in it. And $20 billion was not exactly hay.

The bill then went to the House. And again the oil companies demanded that they get their share, and a little extra as well. And when it got to the House and the President could not get the votes that he needed from some of the Democratic Congresspersons, if you please, he made a deal with them. He made a deal to give them $26 billion more—$26 billion more—of the windfall profit taxes, up to $46 billion. And in the closing days of the session, in the conference committee, that was reduced to $33 billion.

Now, the Senator from Missouri offers an amendment, which I and others have cosponsored, and we are saying, "Let's take out of that $33 billion, not all of it, just $14.2 billion of it, something approximating 40 percent of it. Let us take the tax break on new oil—80 percent of which benefits the 50 largest oil companies. And let us use those funds, which never should have been repealed, to help the senior citizens of this country, to keep viable the social security system in this country and to help us in an effort to make this system as strong and viable as we all want it to be."

The social security system is critical to this Nation's credibility with its own constituents. The basic fact about the minimum social security benefits is the average payment is what? A pittance—$122 per month. Three million people receive minimum benefit payments.

The people who really receive these benefits are very old people. Fully a million of them are over 75 and 25 percent are over 80 years of age. Almost 65 percent of the beneficiaries are elderly women. But who cares about them? Take away their minimum benefits.

These people do not want to go on welfare. They have paid their funds over a period of years into the social security system, and we owe them an obligation to give them the minimum benefit in order to retain their pride and to fulfill our promise.

Cutting the minimum benefits would add costs to other programs in supplemental income and in medicaid. As a matter of fact, it should be noted that less than one-half of the dollars would actually be saved.

The realities of the situation are that the Eagleton amendment should be passed. It makes good sense. It imposes no burden on the oil industry.

Everyone in this country recognizes the oil industry is not hurting. This is not an additional tax on the oil industry. This is the windfall profit tax that was enacted by the Congress as a condition to the President having decontrolled the price of oil. It was part of the deal. But then in the first Republican administration to get control of the Senate, in the first tax bill that they have an opportunity to act on, they zero in and reduce those taxes by $33 billion.

Now we are asking to take back $14.2 billion, approximately 40 percent of that $33 billion. We are asking for a repeal of the tax break on new oil—a tax break that overwhelmingly benefits the major oil companies. They never should have gotten that break in the first place. We are asking for this repeal for a justifiable, a reasonable, and a just cause. I think the Eagleton amendment should be adopted.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. EAST). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROTH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH. Mr. President, I support and intend to vote for the Eagleton amendment. The general thrust of the Eagleton amendment is similar in purpose to an amendment I offered in the Finance Committee 2 years ago when the windfall profit tax was first considered.

However, as the distinguished chairman of the Finance Committee pointed out, my amendment, offered in October 1979, did differ in specifics with the Eagleton amendment. At that time, I proposed to use part of the additional revenues generated by the decontrol of crude oil prices to fund the hospital insurance fund. The amendment also would have postponed the scheduled increase in social security taxes for 1981. My amendment proposed to freeze the social security tax rate and the wage base to pre-1981 levels for 1 year.

Earlier in the debate in committee, I indicated my intent to use not only decontrol revenues but also part of the windfall tax itself for the social security system. However, the amendment finally proposed and voted on in committee involved only decontrol revenues. The amendment was defeated on a tie vote of 10 to 10, with 8 Republicans and 2 Democrats voting for it and 10 Democrats voting against it.

And so I say to my colleagues on the committee, whether you voted for or against my amendment in 1979, I do not believe they should be constrained by their vote on that amendment.

But let me make it clear that I will vote for the Eagleton amendment. As early as 1977, I first proposed to use energy taxes to help fund the social security system.

When the Carter administration introduced the first severance tax proposal on oil, the so-called crude oil equalization tax or COET, I proposed to use part of the revenues from the tax to fund social security. The proposal was defeated both in the Finance Committee and on the Senate floor. But it established the groundwork for my later proposal relevant to the windfall profit tax.

In short, I started down the road that Senator EAGLETON is traveling on more than 4 years ago. It was a lonely road at the time and I am therefore gratified to see so many converts joining with me today in support of the concept of using windfall oil revenues for social security purposes.

As I said to the distinguished Senator from Missouri last month during the debate on the debt limit bill, if he had been a member of the Finance Committee in 1979 my amendment might have carried the day. I welcome his support today and urge my colleagues to join with us in voting for the amendment.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I thank the Chair.

Mr. President, I rise briefly to state my support for the amendment of the Senator from Missouri and to say that during the Finance Committee's deliberations of the bill now before us I offered substantially the same amendment. It failed of adoption in the Finance Committee. It may be that on further considerations the larger group in the Senate will approve it today. I hope they will.

This will give us $11.76 billion in the

years 1982 to 1986. Those are the figures that my proposal also envisaged. It seems to me it is very much in the range of the possible shortfall that could occur, given very bad breaks in economic development.

Remember, it is all money in the Treasury and surpluses in that sense, are fungible. If this money were not needed, it would on paper offset deficits elsewhere. If it turned out it would be needed, then Congress to do what it should do, to provide from general revenue funds.

The distinguished Senator from Delaware has just indicated that he, who is not noted for his extravagance in these matters, has been advocating such a proposal all along.

For the record, and for those in the Chamber, I would like to make a simple point. That is that when the windfall profit tax was adopted, the conferees, and I was a member, set aside 25 percent of the anticipated revenues of the fund over the period of the tax, over the period of its life, for low-income assistance.

It was further provided that, should the revenues from the fund reach a higher level than anticipated in the early years, this assistance should, in fact, be 33 percent.

The 25 percent was to be divided, in turn, between assistance to recipients of the aid to families with dependent children and supplementary security income and a program of emergency energy assistance for other low-income persons.

This money is now being collected and it is in a special fund in the Treasury. In fiscal 1981, some $3.1 billion was put into that fund. In the present fiscal year, the Congressional Budget Office estimates $3.69 billion will be put into that fund. It will be running up to $5 billion, maybe more.

Not 1 penny of this money has gone to the purpose that the law designates. Not a nickle of the windfall profit tax has gone to beneficiaries under the Social Security Act. I make the point that the AFDC program and the supplementary security income program are part of the Social Security Act.

The windfall profit tax had a quarter of its revenues allocated to these purposes but none has gone.

The amendment of the Senator from Missouri does not more than follow the precise intent of the windfall profit tax and instead of repealing the tax, as we did in July, allocates a portion of it to an excellent purpose, one along the line of Congress original intent.

In my view, Mr. President, this is a legitimate use for that money.

Mr. President, there is one last thing that I feel I have to bring to the attention of the distinguished Senator from Kansas.

It is alarming to me that he has not revealed to the body what in fact I have every reason to believe he knows: That in the new parlance of the administration we no longer talk of tax increase. We talk of revenue enhancement. Revenue enhancement, as Mr. Stockman put it before the Budget Committee this morning.

This would be a form of revenue enhancement. Tax increases are bad but revenue enhancement is good.

Shall we do it again? Tax increases are bad but revenue enhancement is good. This is revenue enhancement.

Think positively as you will have to on more than one occasion in espousing more than one such enhancement on this floor before this fiscal year is out.

Our distinguished colleague from Delaware, a man noted for his forward-looking views about the possible uses of revenues, will join us in this matter.

I thank the Chair and I congratulate my friend from Missouri.

Mr. EAGLETON. Mr. President, I have about 3 minutes of remarks and then I am prepared to vote, if that be the desire of the Senate.

Mr. President, my amendment has three motivations behind it.

Motivation No. 1, the self-evident motivation, $14 billion taken out of the corporate treasuries of the oil companies and put into the social security system. Fourteen billion dollars is a not significant amount of money and it would help the social security trust fund to have that kind of an addition.

Motivation No. 2 was to rectify a giveaway that was part of the 1981 tax act and to undo part of that giveaway, to recapture $14 billion that should not have been given away in the first place.

Motivation No. 3 is a motivation of which the Senator from Kansas accused me, and to which I plead guilty. It is my endeavor to begin the dismantling of the 1981 tax act.

Mr. President, the 1981 tax act is a millstone around the neck of this country. That is not just the observation of TOM EAGLETON, lawyer from Missouri. That is the observation of perhaps the most singlemost respected, the singlemost distinguished, the singlemost listened to economist in the United States, Henry Kaufman. When Henry Kaufman speaks, E. F. Hutton listens.

Henry Kaufman has been speaking loudly and clearly since April 22 of this year when he gave his now famous market rattling speech before the National Press Club. Five days later, on April 27, 5 days after his speech, the market peaked, Dow Jones at 1024, and it has been downhill since then, with the most serious depression in the market occurring during the month of August, during the month immediately following the President signing the tax bill.

Henry Kaufman spoke again this Monday. Let me quote a portion of Henry Kaufman's speech in the press account of it from the New York Times.

> Mr. Kaufman again criticized President Reagan's three-year tax cut package, which, he said, was responsible for the United States Treasury's huge cash needs. He estimated that Treasury borrowings of up to $65 billion in the next six months and $85 billion in the next fiscal year ending September 30, 1982, would put upward pressure on interest rates in every maturity. "A noose is now tightening around the credit markets," Mr. Kaufman, said.

I ask unanimous consent that the press account of Mr. Kaufman's speech as carried in the New York Times and the Washington Post be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. EAGLETON. Mr. President, if the 1981 tax bill remains in full force and effect as now written between now and the year 1984, you can kiss goodby any remote notion, even the most far-fetched notion, of a balanced budget by 1984. It is impossible, and Henry Kaufman knows it, Wall Street knows it, and even more and more corporate America, originally accelerated by the 1981 tax act but now seriously disturbed at the revenue drain created by that bill, the worst legislative abomination in the history of the U.S. Senate, knows it.

That is a strong statement, Mr. President, considering that an awful lot of abominable things have come out of this body through the years. But nothing in modern history will do as much to kill this American economy as the 1981 tax act. A $750 billion revenue drain over the next 5 years, as Mr. Kaufman points out, insures continued deficits of staggering amounts and insures high-interest rates as the only throttle to stifle those deficits.

Kaufman predicts that interest rates will climb to 24 or 25 percent and that they will remain at unacceptably high levels throughout the lifetime of that tax cut, especially the next 5 years thereof. Then he points out that when you factor in indexing—that was contained in the act, to take effect in 1985—and index Federal payment—social security, military retirement, civil service—on the upside going out and index tax revenues on the downside coming in, that insures Federal deficits into perpetuity, everlastingly, forever.

So this is my third motivation on this vote, Mr. President. The first, as I said, is to help the beleaguered social security trust fund. The second is to recapture moneys taken out of the Federal Treasury and put in the treasury of Mobil, Texaco, Exxon, Conoco if it is still alive, and to capture back that which unjustifiably and unjustly enriched the oil companies.

Third, and by no means least, is the dismantling, at least the partial dismantling, of the 1981 tax act. I know, from talking to my colleagues on the Republican side as we whisper in each other's ears riding over on the train or hanging around the periphery of the Senate Chamber, many of them have stated that there was overkill in the 1981 tax act; that when the President of the United States and the chairman of the House Ways and Means Committee, Mr. ROSTENKOWSKI, got in the unholiest of unholy bidding wars and when they started giving away sweeteners and played the old radio game of "Can You Top This?", when they threw in the sweeteners for thoroughbred racehorse votes and when they threw in the oil to get the comfort of the oil State Senators in Congress, and when they threw in this and that to get this group of gypsy moths or that group of boll weevils or whatever clique they were trying to

pander to, the net result of what they did, Mr. President, was to give away the U.S. Treasury.

That bill, in essence, eliminates corporate income taxes about 3 years out. That bill, in essence, eliminates Federal inheritance taxes for all practical purposes 3 years out. And, rest assured, more evil is yet to be done. Because they only gave to the oil companies $33 billion. That is all they could get their mitts on at one time. But rest assured, there will be other tax bills with other gimmicks, with other sweeteners, with other bidding wars. Then they will try to grab the whole darned bundle of the windfall profit tax.

That bill is a millstone around America's neck and it is a millstone around the neck of President Reagan and the Republican Party. They have painted themselves into a Catch 22 from which they cannot extricate themselves. And the time will come—this may not be the time and the hour when we begin the dismantling process but, as certain as I am standing here, some time during the Presidency of Ronald Reagan, he will have to come back to this body and say the Federal Government has to have more revenue.

Senator MOYNIHAN refers to it as revenue enhancement. By whatever name you want to call it, it is more money going into the Treasury, it is more taxes acquired in some form, way, or shape. And he will have to come back because when this year's deficit, projected by the President at $42.5 billion, comes in at $60 to $70 billion-plus, and when the net deficit is way out of range and when 1984's deficit approaches $100 billion, then the President will have to admit that that which he signed with great glee and acclaim in early August of 1981 has inflicted grave economic pain on this country and has created these intolerably high interest rates that are wiping out middle- and small-sized businesses and farmers by the hundreds—every day, every week, every month.

It is in the same prediction that if you look at the last quarter of this year, calendar 1981, the rate of bankruptcies will be double what they were the last quarter of calendar 1980, and the same prediction for the first quarter of 1982 vis-a-vis the first quarter of 1981.

Mr. President, I plead guilty to the Senator from Kansas. I do have a motivation over and above trying to get these moneys into the social security system and trying to get them back from the oil companies' treasuries. If this amendment carries, then this Senate goes on record as saying we know we made a mistake in the 1981 tax act and we ought to begin now to rectify those mistakes and take this noose—those are the words of Henry Kaufman—take this noose off the American economy.

So, Mr. President, I hope that my colleagues will support this amendment for all three motives that I have espoused. If you only like two, vote for it because of two. If you only like one, vote for it because of one. But vote for it in any event, because it is an amendment that could have some significant ramifications in trying to get this country out of 18 percent prime and try at least to give some small- and middle-sized businesses a chance to survive.

EXHIBIT 1

[From the Washington Post, Oct. 13, 1981]

KAUFMAN: REAGAN POLICIES WILL DO MORE HARM—ECONOMIST CITES EFFECT ON CREDIT

(By James L. Rowe, Jr.)

NEW YORK, October 12.—Henry Kaufman, the highly respected Wall Street economist whose dire predictions have vexed the administration, said today that President Reagan's policies will weaken the nation's credit system further and "in turn, our economy will experience a greater deterioration."

Kaufman, chief economist of Salomon Brothers Inc., said under current conditions, "we must regard it as an achievement if our economy continues to sputter and spurt," lurching from recession to recovery, but with a sustained period of economic growth or lower inflation and interest rates.

"To expect more would be downright unrealistic," Kaufman said in a speech here to the Financial Executives Institute. The Reagan administration has been angry that Wall Street—as evidenced by a declining stock and bond market—has not been more enthusiastic about the Reagan administration's economic policies.

But predictions of continuing inflation and high interest rates by economists like Kaufman have made investors wary about the future. They worry, like Kaufman does, that budget deficits will be higher than the President wants and predicts and that the resulting Federal borrowing will crowd out private companies from the debt market.

Meanwhile, the chief economist for the Conference Board, a research group sponsored by business, said the second U.S. recession in as many years appears to be under way.

Albert T. Sommers said the recession was triggered by high interest rates, but that once a progressive weakening in the economy has started, it "runs on its own internal energies. Even reversals in the originating causes—in this instance, a reversal into a significant decline of interest rates—are unlikely to have much effect for a considerable period."

Sommers, in a biweekly letter, noted the sharp increase in unemployment in recent months—it increased from 7.2 percent in August to 7½ percent last month—as evidence that a recession is under way. But he said there is no reason to think an economic slowdown need be "severe or prolonged."

The tax cut, which earns Kaufman's criticism, will help moderate a slide. The reduction, Sommers said, "which appeared far too large in the circumstances of just a month ago, will look a lot less undesirable as recession proceeds in the fourth quarter."

Kaufman's scenario, which he calls a Catch-22 situation, is one of conflicting policies that will result in successive recessions and halting recoveries. "Escapes, if any, are very few and hold real problems . . . In today's predicament, as in all Catch-22 traps, the best-intended decisions may produce the wrong results; measures of relief for some may produce unanticipated pain for others."

Kaufman has been a persistent critic of President Reagan's policy of trying to achieve budgetary balance by cutting civilian spending and relying upon a tight monetary policy while at the same time sharply boosting defense spending and lowering tax rates.

The high interest rates that have made it so difficult for the economy to resume a steady growth after last year's brief recession are in large part the result of the stringent policies maintained by the nation's central bank, the Federal Reserve, which has tried to slow the growth of money in the economy by making it both expensive and scarce.

There is a conflict between tight money and loose budget policies, Kaufman said, that has resulted in difficult problems for everyone needing credit. Long-term financing is difficult to obtain and is expensive, forcing already strapped companies to borrow their money for months at a time rather than years.

State and local governments are having a hard time selling their bonds, while banks, although seemingly faring well, are not in good shape for the long haul. Housing construction has sputtered to a standstill. Auto sales are sluggish.

The widely followed Wall Street economist said the recent slowdown in growth of one of the key monetary targets (called M1-B) that the Federal Reserve tries to influence, may convince the central bank to ease up on its policies and that as a result short-term interest rates might fall for a while.

In recent weeks the Federal Reserve has appeared less hard-nosed about its policies, and a key interest rate, the so-called federal funds rate, has dropped from the 16 percent range to less than 13 percent. As a result, the prime lending rate has dropped from 20 percent to 18½ percent at many major banks.

Kaufman said he anticipates the prime rate, the key banking rate for short-term loans to businesses, will fall to 16 percent or 17 percent soon, but that rates will climb after that when the Federal Reserve finds itself forced to tighten its purse strings again.

Kaufman said that he agreed with Reagan that defense expenditures need to be increased. However, Kaufman said, then "the tax cut should have been viewed as a discretionary decision and would have been prudent only if the resultant budget were in reasonable balance."

[From the New York Times, Oct. 13, 1981]

KAUFMAN SEES NEW HIGHS FOR RATES

(By Michael Quint)

Interest rates will rise to new highs in the next six months, Henry Kaufman, a prominent Wall Street economist, warned financial executives here yesterday.

In the stock market, which was open for trading during the Columbus Day holiday, Mr. Kaufman's forecast made some traders nervous, even though it was not fundamentally different from the one he has been making all year. Trading volume was light, and the Dow Jones industrial average fell 3.52 points, although, over all, gaining stocks slightly outnumbered declining stocks. [Page D12.]

In the previous two weeks the Dow average had increased almost 50 points on the expectation that interest rates would continue their recent decline. Mr. Kaufman, the chief economist at Salomon Brothers, an investment banking firm, predicted that those declines would last for several weeks but not through year-end.

In the weeks before Mr. Kaufman's speech to the 800 ranking corporate financial officers attending the Financial Executives Institute's 50th annual conference at the New York Hilton Hotel, the financial markets have occasionally been buffeted by rumors that he was about to change his fundamental interest rate forecast. For several years Mr. Kaufman has been one of Wall Street's most respected voices on interest rates, and his prestige is now especially high because he was one of the few economists who correctly foresaw this year's economic resilience and higher interest rates.

SPUTTERS AND SPURTS

In his speech yesterday, Mr. Kaufman said heavy demands for short-term credit would continue in an economy characterized by "sputters and spurts." Along with John F. McGillicuddy, the chairman of Manufacturers Hanover Trust Company, who followed

him in yesterday's program, Mr. Kaufman warned the assembled treasurers and financial vice presidents that the nation's credit markets were strained and could be the source of unpleasant surprises.

In coming weeks, Mr. Kaufman said, long-term rates could come down "a bit," while the bank prime rate might fall to 16 or 17 percent as overnight rates for loans in the Federal funds market drop to 12 percent or 13 percent. Currently, the prime rate is 18½ or 19 percent, while Federal funds have been trading mostly between 14 and 15 percent. By the last half of this quarter, however, Mr. Kaufman said interest rates might turn up as the money supply begins growing rapidly and the Fed starts making credit less available.

Mr. Kaufman's comments come at a time when corporate treasurers and investors are perplexed and alarmed by the persistence of high interest rates. Short- and long-term rates have dropped recently, but so far the declines have not been great enough for many industrial companies to sell long-term bonds and repay their mounting short-term debt.

Today's schedule for the conference, which lasts through tomorrow, includes presentations by Alva O. Way, president of the American Express Company, and John S. R. Shad, chairman of the Securities and Exchange Commission. Tomorrow, Felix Rohatyn, partner at Lazard Frères & Company, is scheduled to talk about bankruptcies and bailouts.

Commenting on the recent decline in rates, Mr. Kaufman said after his speech that "the Federal Reserve is trying to avoid a recession and has a better-than-even chance of doing so." However, in his speech, he made it clear that success in avoiding a recession raises the risk of "more dangerous economic and financial consequences" as borrowers rely excessively on short-term financing from banks or the commercial paper market.

Mr. Kaufman again criticized President Reagan's three-year tax cut package, which, he said, was responsible for the United States Treasury's huge cash needs. He estimated that Treasury borrowings of up to $65 billion in the next six months and $85 billion in the fiscal year ending Sept. 30, 1982, would put upward pressure on rates in every maturity.

"A noose is now tightening around the credit markets," Mr. Kaufman said, adding that the time was nearing when it would choke other sectors of the economy in addition to housing.

Mr. Kaufman stressed that the financial markets were faced with a welter of paradoxes that would cause problems despite the best intentions of economic policy makers. He described several "Catch 22" situations in the financial markets.

For example, the tax-exempt savings certificates will strengthen savings institutions, he said, but "will have adverse market repercussions," as certificates means less money is available for financing short-term business loan demands. Likewise, he said accounting changes that make it easier for thrift institutions to sell devalued securities could mean extra pressure for lower prices and higher yields.

Besides warning of the perils facing the financial markets, Mr. Kaufman offered several suggestions to economic policy makers during and after his speech. The executive branch of Government, he said, might scale back the tax cuts, look for ways of spending less on defense and "enforce competitive wage and price agreements" next year.

MORE FLEXIBLE FED

The Federal Reserve, Mr. Kaufman said, should be more flexible in putting monetary policy into effect. He said the Fed should consider ways of regulating the flow of credit in the economy, perhaps by imposing marginal capital requirements on financial institutions and encouraging longer maturities.

"If we can sputter and spurt for a few years without undermining the credit markets," Mr. Kaufman said after his speech, then the big military spending will be behind us and the energy problem will be less. "Perhaps then we can realize the underlying strength of the economy," he concluded.

Some of Mr. Kaufman's sternest warnings were reserved for business financial practices, which have evolved into an "unprecedented" reliance on short-term borrowing rather than bond or stock financing, he said.

Mr. McGillicuddy of Manufacturers Hanover echoed some of Mr. Kaufman's warnings. He said that Paul A. Volcker, chairman of the Federal Reserve Board, was concerned enough about the low capitalization of large banks that it "might well mean that large banks will be coming under growing pressure to restrain their lending activities."

After his speech, the New York banker said, "I was impressed that Mr. Volcker put such emphasis on the capital issue," although so far the Fed "has not been jawboning the banks to cut their lending." He said that "corporate treasurers who do not have firm bank lending agreements in place ought to be thinking about it."

Concerning interest rates, Mr. McGillicuddy said that "rates will be very sticky on the downslide," especially the bank prime rate where more of the once-low-cost consumer deposits are being shifted into high-cost tax-exempt savings certificates or six-month money-market savings certificates.

"I see little in the outlook that would trigger another inflationary spiral" Mr. McGillicuddy said, adding that interest rates would decline gradually as the Reagan Administration convinced investors that it was moving toward a balanced budget.

Mr. KENNEDY. Mr. President, I rise in support of the amendment of the Senator from Missouri. I agree with the Senator that this amendment provides an unprecedented opportunity for the American people to test the priorities of this body.

We have a choice—vote for big oil or vote for social security. This amendment will not affect royalty owners, heavy oil, or any of the special categories of exemptions from the tax specially designed for independent producers. It only affects new oil production.

New oil production is heavily dominated by the big oil companies. According to the annual oil and gas survey of the Commerce Department, the top 50 oil companies own 82 percent of all crude oil production. These big oil companies receive 80 percent of all crude oil revenues. They control 74 percent of all oil and gas field properties, and, most importantly they control 94 percent of all offshore properties which will be the source of almost all the big new oil finds.

The President of the United States addressed the Nation just a few weeks ago and asked for cuts and belt-tightening in education for the children of this country, in cutting back programs that will affect the elderly, on immunization programs that will protect the health of the American people. Tighten the belt, he told all of those individuals.

Now, on this vote on the Eagleton amendment we are going to ask the oil industry to tighten its belt just a little bit, too.

The question I must ask is how depressed is the oil industry compared to the rest of American economy? Merrill Lynch, not known to be a Democratic organ, makes this assessment in their spring report of the American petroleum industry. They state:

Given these high oil prices ($32 per barrel after windfall profits taxes) and natural gas ($7 per MCF for deep gas) prices, new oil discoveries can recover all costs in six to nine months, while deep natural gas discoveries can pay out in less than 12 months. This compares with three to five year payouts prior to the OPEC price increase in 1974. Such payouts probably make the oil exploration business more profitable than any other segment of American industry.

Now I would like to point out to my colleagues that it was Merrill Lynch's assessment that "new oil discoveries"—that is new, not old oil—can recover all costs in 6 to 9 months.

I have heard a great deal about how new "incentives" are needed. In the last year we have all heard about the new Republican economics. Now we also have a new Republican linguistics—a tax loophole for anyone else is an "incentive" to the oil companies.

I would like to ask my colleagues—do the oil companies need more incentives to find oil when a new oil well with the windfall tax will pay back in 6 to 9 months?

Obviously they do not. Let me give you an example. The press has been filled with reports on the overthrust belt. These reports have told about how risky and how expensive it is to explore in this area. What they have not emphasized is that some of these fields were worth developing even with much lower oil prices. Let me quote David Work, exploration chief for Standard Oil of Indiana.

Even if oil prices were appreciably lower than they are today, (this field) would have been well worth developing. This field is a giant among giants. It's the biggest thing in the United States since Prudhoe Bay.

Now it is also argued that the windfall tax on new oil is depressing exploratory drilling efforts. That is a preposterous claim in light of the huge increases in exploratory drilling that have occurred since the windfall profit tax was passed.

Let me quote from Petroleum Independent, the magazine of the Independent Petroleum Producers Association:

More encouraging than the general activity gain is the fact that pure exploration—the drilling of new field wildcats—is 30 percent ahead of last year and that, despite the increase, 18.7 percent of all new field wildcat completions resulted in some sort of discovery.

So more tax loopholes are not only unnecessary, they are a waste of the taxpayers' money.

Two months ago on the Senate floor I moved to recommit the 1981 tax legislation because it was my conviction that it was unsound energy policy and unfair tax policy to give away tens of billions of dollars in new oil tax loopholes. I believed that by increasing the exemptions from the windfall profit tax we were breaking a solemn promise to the American people.

When we decontrolled the price of oil, we promised the American people that

we would at least recover 50 percent of the windfall tax. But the tax bill we passed in August cut the windfall revenue by 15 percent—almost $12 billion in revenue between now and 1986 and about $33 billion over the decade.

Since that ill-considered legislation was passed, it has become clear that the deficit in 1982 will be billions of dollars more than originally expected. These new estimates are causing many to rethink their position on that legislation. In that context, I believe it is important to understand how new oil tax breaks were enacted last August.

Even though the President, as a candidate, had stated his unequivocal opposition to the oil windfall tax, he requested no changes in the windfall tax in his economic recovery tax package.

The scores of special interests who wanted special tax relief were promised that a second tax bill would follow. The administration counseled those special interests that revenue for new special tax relief would be produced by renewed economic growth.

Virtually every special interest heeded the President's advice—except one—the oil industry. In its greed it demanded—as a price of its support of the tax package—billions of dollars in tax relief.

It demanded this relief despite the fact that oil decontrol and OPEC had combined to produce one of the greatest transfers of wealth in the history of the world—all in one direction—from the pocket of the American consumers to the coffers of the oil companies. The Klondike gold rush looked like pocket change in comparison. The oil business—in all its elements—has become immensely profitable. From 1956 through 1972 oil industry profits rose at an average of 2.6 percent per year. Then, from 1973 through 1980, the industry's soared to 20.8 percent a year—almost 10 times more profitable than the previous 16 years.

During the same period that oil profits were advancing at this incredible rate, the growth in personal income was one-third less than from 1956 to 1972. Let me quote the senior economist at data resources:

> You have a huge increase in profit growth for the oil industry and a sharp decline in real personal income. That shows the clear shift of wealth.

In spite of a tenfold increase of its profits, in spite of the fact that the oil industry is 12 times more profitable than the rest of American industry, it demanded and received special tax relief.

Now as the cool winds of fall are replacing the heat of August, the administration is being forced to face the cold economic facts—in the words they have so often thrown at us Democrats—that there is no free lunch—that they cannot drastically cut business taxes and begin the most massive arms buildup in human history—and also balance the budget. Not voodoo—not black magic—not astrology can repeal second grade arithmetic.

And so now the President has proposed increasing taxes by ending special tax breaks. I say let us take him at his word. Let us repeal the oil tax giveaways that were conceived in political expediency and enacted in irresponsible haste.

One of the principal reasons that the deficit will be so high is that over the next 5 years those oil tax breaks will give away $11.8 billion in windfall revenues and $33 billion over the next 10 years. I said at that time that it did not make sense to me, and I do not believe it makes sense to the American people, to cut school lunches, student loans, transportation for the blind and handicapped at the same time we were increasing by billions of dollars the loopholes for windfall profits for the oil companies.

As I have already pointed out, most new oil is discovered by the big oil companies. But, I still hear pleas that we must oppose this amendment because it will hurt the independents.

I think my colleagues should also understand that these independents that we are trying to take care of and protect are many, many times larger than the average U.S. company. In fact, the income of the average oil and gas company in the United States was 12 times larger than the income of the average U.S. company for the most recent year. But, of course, my colleagues have argued, "Well, we're not talking about the average company because that data is skewed by the fact that there are some very rich, big oil companies." They argue: "We're talking about exemptions for those small guys, the small entrepreneurs that are out there—those individual, one owner companies."

Well, I have also looked at the tax data for those companies. Those small one-owner oil companies are 2½ times more profitable than the average small American company—2½ times more profitable. It is hard for me to understand why we need to give those companies more exemptions from the taxes when they are already 2½ times more profitable than anyone else. But that was the justification for the billions we gave away.

In summary, I support the efforts of the Senator from Missouri to end special tax breaks for the oil companies that are 12 times as profitable as the average American business.

I believe it is unfair to the millions of elderly Americans to threaten cuts in social security benefits when we are giving tens of billions to the oil companies.

I urge support of the Eagleton amendment.

Mr. DOLE. Mr. President, I ask unanimous consent that a letter by the Commissioner of Social Security, Mr. John Svahn, be included in the RECORD. It expresses the administration's opposition to the use of general revenues for the financing of social security.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE COMMISSIONER
OF SOCIAL SECURITY,
Baltimore, Md., October 1, 1981.

HON. ROBERT J. DOLE,
Chairman, Senate Finance Committee, U.S. Senate, Washington, D.C.

DEAR SENATOR DOLE: As you know, there have been several suggestions from within and without the Congress that general revenue funds (income, windfall profits and excise tax) be either appropriated or "loaned" to help resolve the financing of the Social Security Trust Funds.

This is to repeat for the record this Administration's strong opposition to any such action. Our position is grounded on two primary issues:

First, the infusion of general revenues into the Trust Funds by any mechanism would break the 46-year-old discipline of the Trust Funds which has, to date, ensured that the Congress, Social Security beneficiaries and taxpayers alike are kept mindful that visible, earmarked payroll taxes must be equated with a benefit structure those taxes are intended to support.

We believe that to break that discipline would ultimately lead to breaking other long-standing principles of the Social Security system, including the most basic principle of all: that Social Security is an earned benefit that a worker is entitled to regardless of his or her level of retirement income. The infusion of general revenues would inevitably lead to intense pressures to require retirees to undergo means testing, in effect converting Social Security into a welfare program.

Second, at a time when we are facing a deficit of more than $40 billion in the current fiscal year, there simply are not general revenues available to earmark for Social Security or any other program.

Thus any general revenue dollar diverted to Social Security would have to be taken from some other program or directly from the taxpayers' pockets in increased general taxes. Short of deepening the deficit, there would be no other choice.

We fully share with you and other Members of the Congress the conviction that we must act soon to ensure that the Social Security system is restored to solvency and to the high level of public confidence that the system has historically earned.

But we strongly hope that you share our equally deep conviction that whatever steps we may take toward that end must not lead the system ultimately astray as would be the case where we to abandon the discipline of the Trust Fund principle.

Sincerely,

JOHN A. SVAHN.

● Mr. WALLOP. Mr. President, the amendment under consideration would take us on a dangerous course. The proposal is to provide funding for the social security program out of Federal general revenues. Passage of this amendment would create an illusion of security. Social security would be no more solvent after passage of the amendment than beforehand. The only difference is that a mythical entity known as general revenue would supposedly protect the program from bankruptcy. It is an act of bad faith by those who portray themselves as true defenders of social security. There are no general revenues for social security, or for any other purpose. That is why we have had to cut the growth in Federal spending this year. The Treasury is not only empty, it is in the red.

The proponents of the amendment argue that they will increase general revenues by increasing the tax on newly discovered oil. But, even their own economic assumptions predict that the tax will collect about $14 billion over the next few years. The projected short-range social security deficit is anywhere from $11 billion to $111 billion. The $11 billion figure, which is close to the revenue pickup through the amendment, is based on the most optimistic assump-

tions that could be made about the economy. No one accepts this prediction.

The $14 billion will not keep social security solvent. But, it is a means to open the door to further general revenue financing for social security. Since the budget is in deficit, we would have to turn on the printing presses. The result is more inflation and lower real economic growth.

I should also point out that the assumption that the tax will raise $14 billion is overly optimistic. Every revenue assumption regarding the windfall profit tax has been too high. The tax is an erratic source of income, and it would be irresponsible to rely on such an uncertain source of revenue to protect retirement benefits.

When the Committee on Economic Security drafted the original Social Security Act, President Roosevelt rejected any suggestion that general revenues be used to finance the program. He insisted that the program be self-financing. This principle has been maintained for the past 45 years. The last time the Senate voted on using general revenues was in 1967, and the motion was defeated by a vote of 62 to 6. The Congress will consider proposals next spring on preserving the financial stability of social security. We will develop a sensible program at that time. This is not the time to try to use nonexistent general revenues for the social security program.●

Mr. DOLE. Mr. President, I understand the Senator from Missouri has no more requests for time on that side. In about 2 minutes, I shall move to table the amendment.

Mr. MOYNIHAN. Will the Senator from Kansas allow me just 20 seconds, to observe that the revenue enhancement language is that of the Director of the Office of Management and Budget. I reported it to this body as having surfaced, as they say, at about 11:30 this morning. I am sure we shall see more of enhancement.

Mr. DOLE. Mr. President, it is a term that has been around a while, but I am sure we shall see more of it—at least the term.

Let me say finally that I heard this same speech from the Senator from Missouri about the race horses. That amendment came from that side, I might add. We tried to work it out; I thought it had some merit.

Mr. President, the Senator from Missouri is honest in his convictions. He voted against tax relief for the American people. The vote was 89 to 11; 11 Members out of 100—10 voted with the Senator who voted against tax relief for the American people, against tax relief for American business. It is easy, on the 15th day of the program—it did not take effect until October 1—to stand on the Senate floor and cry gloom and doom. We are working our way out of the Carter years. It takes a little time. You cannot do it overnight. What President Carter did in 4 years, makes the recovery process slow. We are doing the best we can. We can wrap this debate in oil and we can all cry together, but sooner or later, we are going to have to address the problem of social security.

Mr. President, I am going to continue to press for efforts for more oil drilling in the State of Missouri. I think that is the only thing in this bill, to discover more oil in Missouri and a few other States. But in the meantime, we are going to continue to send you enough oil to keep you warm in winter, or to keep the automobiles running in Missouri. We are not going to suggest a tax for all the automobiles produced in Missouri. We are going to suggest a tax on coal that may be produced in other States. In Kansas, we have this great oil production. The average is three barrels per day for each well.

Mr. LONG. Will the Senator yield at that point?

Mr. DOLE. Yes, Mr. President.

Mr. LONG. Mr. President, may I say to the Senator that one mistake we did not make during the Carter administration was to try to finance the social security out of the deficit. What we did in those years, even though some recommended otherwise, was to insist that the social security program would have to be paid for by those who expected to benefit from it. We put enough taxes on to keep the social security program solvent and to pay for its benefits.

Some protested that approach, but up to now, we have not gone to general fund financing of social security. We have worked on the sound basis that those who are going to benefit from the program ought to be paying for it and they ought to be paying in a proportion relative to the benefit they expect to have from it. By following that approach, we have kept this program sound.

The general fund we are talking about has an accumulated deficit of more than $1 trillion because it has not been paid for. May I say to the Senator that if you want to keep the social security program solvent and if you want to keep the Nation solvent, you should insist that we continue to pay for this program through those who expect to get the benefits contributing to it, and not do it on the basis that we will give you the benefits but we are going to tax the other guy.

I can recall when the program got into trouble. It was when Wilbur Mills ran for President of the United States. He sent us a wire during the New Hampshire primary telling us to increase social security benefits without increasing taxes. We were supposed to be able to do this by changing from the so-called static assumptions to dynamic assumptions.

Mr. President, if there is not enough money being raised by the social security payroll tax, then we can try to find a way to stay sound by making some changes. In this bill the Finance Committee recommended that we tax sick pay as well as regular pay, and then shaving down some of the benefits certain future beneficiaries will receive so as to keep the cost inside the revenues. May I say that so far, that approach has been successful. It has been successful since the program was started.

It is true that we have some projections that give us cause for concern, but so far, we have managed to finance the program and we have managed to keep it sound by not going outside and taking general revenues, not taking revenues of people who have nothing to do with the purpose of the social security program, but financing it on the theory that those who are going to get the benefits will pay for it and they will receive benefits in accordance with what they pay.

I say to the Senator that he is supporting the same position as those who have maintained this program down through the years and had the courage to vote for the taxes to pay for it, and I am pleased to support the Senator's position on this.

Mr. DOLE. I thank the distinguished Senator from Louisiana.

All this talk about revenue enhancement reminds me of an old story. Several years ago in this Chamber, one of my liberal colleagues was beating the table, about ready to wind up his speech, and he said, "Now, gentlemen, let me tax your memories." Some of the liberals jumped up and said, "Why haven't we though of that before?" [Laughter.]

That is essentially the fix we are in today. We have taxed just about everything that moves or wiggles around here, and now we are trying to take some of the taxes and put them into the social security problem.

I do not have any quarrel with the Senator's amendment, so long as I have enough votes to table it, and I will find out now if I can do that. [Laughter.]

Mr. President, I move to table the amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Idaho (Mr. McCLURE), the Senator from Alaska (Mr. MURKOWSKI) and the Senator from Idaho (Mr. SYMMS) are necessarily absent.

I also announce that the Senator from Washington (Mr. GORTON) is absent due to death in the family.

I further announce that, if present and voting, the Senator from Washington (Mr. GORTON) and the Senator from Idaho (Mr. SYMMS) would each vote "yea."

Mr. CRANSTON. I announce that the Senator from Hawaii (Mr. INOUYE) is necessarily absent.

The PRESIDING OFFICER (Mr. COHEN). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 65, nays 30, as follows:

[Rollcall Vote No. 312 Leg.]

YEAS—65

Abdnor	Boschwitz	DeConcini
Andrews	Burdick	Denton
Armstrong	Chafee	Dixon
Baker	Chiles	Dole
Baucus	Cochran	Domenici
Bentsen	D'Amato	Durenberger
Boren	Danforth	East

Exon	Humphrey	Pryor
Ford	Jepsen	Quayle
Garn	Johnston	Randolph
Glenn	Kassebaum	Sasser
Goldwater	Kasten	Schmitt
Grassley	Lavalt	Simpson
Hart	Long	Stafford
Hatch	Lugar	Stennis
Hatfield	Matsunaga	Stevens
Hawkins	Mattingly	Thurmond
Hayakawa	Melcher	Tower
Heflin	Nickles	Wallop
Heinz	Nunn	Warner
Helms	Packwood	Zorinsky
Huddleston	Percy	

NAYS—30

Biden	Hollings	Proxmire
Bradley	Jackson	Riegle
Bumpers	Kennedy	Roth
Byrd, Harry F., Jr.	Leahy	Rudman
	Levin	Sarbanes
Byrd, Robert C.	Mathias	Specter
Cannon	Metzenbaum	Tsongas
Cohen	Mitchell	Weicker
Cranston	Moynihan	Williams
Dodd	Pell	
Eagleton	Pressler	

NOT VOTING—5

Gorton	McClure	Symms
Inouye	Murkowski	

So the motion to table Mr. EAGLETON's amendment (No. 581) was agreed to.

AMENDMENT NO. 585

Mr. ROBERT C. BYRD addressed the Chair.

The PRESIDING OFFICER. The question recurs on amendment No. 585.

Mr. DOLE. May we have order?

The PRESIDING OFFICER. The Senate is not in order. Those Senators in the aisles please take their seats or remove themselves from the Chamber.

The Senator from West Virginia.

UP AMENDMENT NO. 484 (TO AMENDMENT NO. 585)

(Purpose: To require the Director of the Office of Management and Budget to submit a full and complete list of reductions in budget authority and outlays and increases in revenues to the Congress)

Mr. ROBERT C. BYRD. Mr. President, I send to the desk an amendment to the amendment by Mr. PRESSLER and ask that it be stated by the clerk.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from West Virginia (Mr. ROBERT C. BYRD), for himself, Mr. DECONCINI, Mr. CANNON, and Mr. MATSUNAGA, proposes an unprinted amendment numbered 484.

To the amendment offered by Mr. Pressler, strike all after the words, "It is" and insert the following: the purpose of this section is to assure the American people that the as yet "unidentified savings" included in the budget requests most recently submitted to the Congress for fiscal years 1982, 1983, and 1984, will not be achieved by reductions in budget authority and outlays for Social Security programs.

(b) Not later than November 15, 1981, the Director of Office of Management and Budget shall prepare and transmit to the Congress a full and complete list of all reductions in budget authority and outlays and increases in revenues for fiscal years 1982, 1983, and 1984 which he determines are necessary to insure that the deficit for fiscal year 1982 does not exceed $43,100,000,000, that the deficit for fiscal year 1983 does not exceed $22,900,000,000, and that outlays do not exceed revenues by the first day of fiscal year 1984. In preparing the list required by the preceding sentence, the Director shall only utilize categories of reductions in budget authority and outlays which explicitly specify the programs and appropriation accounts in which such reductions are to be made, the exact amount of such reductions, and the provisions of law with respect to entitlement programs which must be changed in order to carry out such reductions.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Mr. DECONCINI, Mr. CANNON, Mr. MATSUNAGA, Mr. SASSER, Mr. RIEGLE, and Mr. LEVIN be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, in short, this amendment requires that not later than November 15 of this year the OMB Director shall prepare and transmit to the Congress a full and complete list of all of the so-called unidentified cuts that appear in the budget for fiscal years 1982, 1983, and 1984, the cuts that he determines are necessary to insure that the deficit for fiscal year 1982 does not exceed $43 billion; that the deficit for fiscal year 1983 does not exceed $22.9 billion; and that the budget for fiscal year 1984 is a balanced budget.

In preparing that list, the Director would have to be specific with reference to the programs and the appropriation accounts in which reductions have to be made, the exact amount of such reductions, and the provisions of law with respect to the entitlement programs which must be changed in order to carry out such reductions.

I ask unanimous consent to include in the RECORD, at this point, a table showing spending cuts, revenue increases, and "unidentified cuts" for fiscal year 1982, fiscal year 1983, and fiscal year 1984.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

REAGAN BUDGET CRISIS (BASED ON ADMINISTRATION BUDGETARY AND ECONOMIC ASSUMPTIONS)

[Dollar amounts in billions]

	Fiscal year—		
	1982	1983	1984
Administration's deficit (−)/ surplus (+) projections:			
March	−$45.0	−$22.8	+$0.5
July	−42.5	−22.9	+.5
September	−43.1	−22.9	------
Administration's September proposal:			
Deficit reduction	16.0	40.0	58.8
Spending cuts	(13.0)	(20.3)	(24.8)
Revenue increases	(3.0)	(8.0)	(11.0)
Unidentified cuts	------	(11.7)	(23.0)
July unidentified cuts	(1)	−30.0	−44.0
September additional cuts:			
Defense spending	−2.0	−5.0	−6.0
Nondefense spending (12 percent across-the-board)	−8.4	−5.3	−3.8
Future reentitlement reform package	−2.6	−10.0	−15.0
More unidentified cuts	------	−11.7	−23.0
Subtotal, September cuts	−13.0	−32.0	−47.8
Total, July and September cuts	−13.0	−62.0	−91.8
Total unidentified cuts	−2.6	−51.7	−82.0

[1] Amount not identified, estimated $15 billion.

Mr. ROBERT C. BYRD. Mr. President, based on the administration's budgetary and economic assumptions—not on the assumptions by the Congressional Budget Office, but based on the administration's own economic assumptions—as of the July budget revision, the midyear review, there were $30 billion in unidentified cuts for fiscal year 1983 and $44 billion in unidentified cuts for fiscal year 1984.

As of the time that the September budget revision was submitted by the administration, there were $10 billion in additional unidentified cuts in the "future entitlement reform" package and there was an additional figure of $11.7 billion in "unidentified cuts," making a total of $51.7 billion in unidentified cuts for fiscal year 1983. And in that same September budget submission, there is a figure of $15 billion in the reductions in the future entitlement reform package and an additional $23 billion in unidentified cuts, making a total for the unidentified cuts in fiscal year 1984 of $82 billion.

Mr. President, I think the American people have a right to know what the administration has in mind insofar as the so-called unidentified cuts are concerned. I believe that Congress is entitled to know, also, what the administration has in mind as far as unidentified cuts are concerned.

If the administration itself does not know what is included in the $82 billion in unidentified cuts for fiscal year 1984, and if the administration itself does not know what is in the $51.7 billion in unidentified cuts for 1983, then the "balanced" budget that the administration has been talking about for fiscal year 1984 is nothing more than a piece of paper.

The President promised a balanced budget by fiscal year 1984, and we here in the Senate continue to hold a balanced budget as one of our important goals. But if the administration does not know what is in the unidentified cuts amounting to $82 billion for fiscal year 1984, then, as I say again and repeat, the balanced budget of the administration is nothing more than a piece of paper. And if the administration does indeed know what is included in the unidentified cuts, then it should tell the Congress, it should let us know in advance, and it should let the American people know in advance of 1983 and in advance of 1984, as to what is included in those unidentified cuts.

One of the most disturbing questions in the minds of older Americans is: Will the budget ax fall on their social security benefits? And our older Americans have seen one conflicting signal after another. Social security was to be included in the so-called safety net. It was a sacred cow. But in May, the administration announced a proposal that would cut social security benefits by $88 billion over a 6-year period. And again in July the administration included $19.6 billion in social security cuts from fiscal years 1982 through 1984 in its mid-session review of the budget.

In September, the administration proposed new budget cuts and claimed that it had restored social security cuts included in the July budget. But if we look at the column labeled unidentified cuts in fiscal year 1983, and if we look at the column labeled unidentified cuts in 1984—cuts amounting to $51.7 billion for fiscal year 1983 and $82 billion for fiscal year 1984, respectively—these are not cumulative cuts. These are cuts for each fiscal year—$51.7 billion, unidentified,

in fiscal year 1983, and then in fiscal year 1984 an additional $82 billion in unidentified cuts.

If the administration is unwilling to identify the unidentified cuts, then how do we know that the administration is not including social security cuts in that designation of unidentified cuts?

Has the $19.6 billion social security cut assumed in the July budget disappeared? Where are these cuts? If social security cuts are not included in the unidentified savings assumed in the 1984 budget, what cuts are included? Can we assume that if the total of the cuts cannot be identified the slack will come from social security?

The amount the administration has assumed for unidentified cuts has grown with each budget request. The only thing that has not grown is the information as to what makes up the unidentified cuts.

In the most recent budget request submitted to Congress, as I have indicated, there are $82 billion in unidentified or undistributed cuts included for fiscal year 1984.

My amendment asks that Congress simply be told and that the American people be told, in essence, what these cuts are. If the administration can assume that amount of money in balancing the budget, why can it not tell us how it reached that number? How did it reach the number of $82 billion in unidentified cuts for 1984? How did it arrive at that number? It must have some information as to where the cuts will be made. If it has that information, then Congress is entitled to know about it now, not to have to wait until 1984 to find out. Now. The American people are entitled to know now, not next year, not in 1984, as to what those $82 billion in unidentified cuts are. As I say again, if the administration does not know, then the so-called balanced budget is a worthless piece of paper.

The administration claims that it knows ways other than cutting social security in balancing the budget and that it has included those ways in its budget-cutting plan. All I want to know is, what are these plans? Can someone tell us? What are the plans? Eighty-two billion dollars in 1984. Fifty-one point seven billion dollars in fiscal year 1983. That is a total of $133.7 billion in unidentified cuts that the administration is counting on making.

Cutting $82 billion from a budget in one single fiscal year is a difficult task, and if the plan to achieve these cuts is in place, Congress should be told. Congress represents the ultimate authority. Congress should be told what programs will be cut and ought to be told now, and the American people ought to know now.

I think what we have here is a Pandora's box. Do not lift the lid. Do not take a look at what is in that box of unidentified cuts. Do not take a look too early. The American people might be disturbed.

If the cuts have not been identified, then, as I say, the budget submitted by the administration cannot lead to the balanced fiscal year 1984 which has been promised so often.

Mr. CHILES. Will the Senator yield?

Mr. ROBERT C. BYRD. I yield.

Mr. CHILES. I think the amendment the minority leader is proposing is something that is essential, for the Congress and the American people. We must have this information if we are going to be able to deal with the economic and budgetary problems the Nation faces. In fact, it now looks as if the further we get along the more elusive the picture seems to be of where we are actually going to cut and what the programs are going to be.

As the distinguished minority leader knows, when we left in August, we were told that there would be some additional cuts proposed in 1983 and in 1984 that would be identified for us. But when we came back in September, we find in addition to those cuts we are now told that there are other cuts that are not identified.

In listening to the President's address, he talked about three or four areas of different cuts, some that he had given to the Cabinet and they were to come up with some cuts beginning sometime next year, for the budget proposals next year.

We still have the cuts which were unidentified in August when we left, and now even part of the new proposals are unidentified. Also unidentified is the $21 billion over some 3 years in tax changes—I think they said the closing of loopholes or tax revenue moneys. Most of us have to recognize those are tax increases. One man's loophole is another man's tax increase. So there are some $21 billion there.

Altogether we are talking about a tremendous amount of the budget, especially in the numbers, and, depending on if you use the administration's figures, it now looks as if we are talking about a deficit, with the new interest figures, of close to $80 billion by 1984. That money for 1983 and 1984 is unidentified. If we use the CBO figures, we are talking about well over $100 billion deficit.

The problem we face is extremely serious, but the administration is telling people just how serious it is. They are saying that if we just cut another 12 percent, we will get a balanced budget. But they are not telling people that we would have to cut another $15 billion in entitlement programs, and they have not said which ones they want to cut. They have not told the people that they still need $23 billion in other areas which they cannot identify. They have not said that if CBO's estimates are correct, they will need another $52 billion to cut after all that. This situation is awful, and the people have a right to know that if we take the President's numbers in defense, and exempt social security from cuts, then to balance the budget by 1984 we will have to cut everything else by 36 percent, by more than a third, on top of what we already cut. That means 36 percent for veterans benefits, for highways, for education, and for law enforcement.

The administration is not telling people that the $21 billion is credit activities it wants to cut are for small business, housing, and agriculture, which are just the parts of the economy which are being devastated by high interest rates.

The administration has not told us what all those other cuts are going to be. Yet I asked Mr. Stockman today, on his appearing before the Budget Committee, if the CBO figures were correct. We have found that they have always been closer to being correct even though they usually underestimate their figures. They have been closer to being correct than any of the Presidential figures we have had since I have been on the Budget Committee and since I have been watching it. That is true of previous Presidents, as well, including Ford and Carter, and now President Reagan's administration. If those figures are correct we are looking for cuts of at least 36 percent of the CBO figures across the board for every agency.

If we are not to cut some of these agencies 36 percent, that means that some would have to be cut more and others less. We are entitled to know what the administration has to say about it or where we can make these cuts. We are told that there is a safety net out there, that the safety net will protect those people who cannot protect themselves. We are also told that there is a lot of waste and fat. We need to know where that waste and fat is so we can cut it out, so we can root it out.

I think the longer we wait the more the credit markets are going to react because there is uncertainty. One Budget Committee witness, from a major Wall Street investment house, told us that 4 percent of the current interest rate is a premium being paid for uncertainty. We do have this information, but we need to get it if we are going to get on a clear path toward a balanced budget and eliminate that uncertainty.

I congratulate the minority leader for seeking this information. It seems to me that it is something which is essential for the entire Congress to have and for the American people to have so that we can identify these cuts and know the direction in which we are going. I am delighted to see the Senator's proposal before us.

Mr. ROBERT C. BYRD. I thank the distinguished Senator from Florida. He is a member of the Budget Committee and is in a position to speak with a great deal of authority on this subject. I very much appreciate his comments and his support of the amendment.

I now yield to the distinguished Senator from Montana.

Mr. BAUCUS. Mr. President, I thank the minority leader for yielding.

I believe this to be a very impressive amendment. I say that because up until last year when Congress has adopted budgets, they have been on a yearly basis. The administration would come up with a budget, itemize various categories and various programs, and the Congress would scrutinize and analyze those provisions, trying to determine whether or not the budget was appropriate. Congress would then pass the budget.

It has only been recently that we have

come to a new procedure. That is, we have begun to project budgets into the future. If we do that, it seems to me if they are honest projections they have to have honest figures.

This amendment very directly and precisely points out the administration's projections or so-called budgets for the future are really phonies because they are not budgets in any sense of the word. They are just a wish that the total amount of spending be a certain figure. It does not say how they will get to that result, what the route will be. It does not supply us with a roadmap. It is just a wish.

This amendment basically tells the administration to tell it as it is, that it does have a budget. We in the Congress have the obligation to scrutinize the legislation fully, an obligation to look into it and know what the figures are.

I believe that we have an obligation to project the future so that we know what we are voting on. So far, we have unspecified cuts of up to $82 billion in 1984 and we do not have a budget. It is just phony. It is phony in the truest sense of the word. This amendment will help pinpoint the phoniness, the illusion, of the proposal sent up by the administration. I think it is a very good amendment.

The second point, Mr. President, as has been mentioned by other Senators, is that we were promised by the administration that there would be no cuts in social security. Then, lo and behold, the President came up with social security cuts totaling approximately $68 million over 6 years. Now he has backtracked on that because the American public has spoken out against social security cuts. We do not know whether the administration has in the back of its mind further cuts in social security. Maybe they are included in the unspecified cuts.

Mr. President, if we are going to establish greater certainty in the minds of senior citizens, in financial markets, in people who are affected by Federal programs, then I think the administration has a very strong obligation to come forth and tell us where the proposed cuts are. If they do not do that, then we do not have a budget because unless they can tell us their proposed figures for various programs, the words are just smoke, there is no substance.

I think this is an excellent amendment, Mr. President. I commend the Senator from West Virginia for noticing this flaw in the budget, for proposing an amendment to help cure the defects in the budget and help establish a little sense in this budget process so that the country has a better idea of what exactly is going on. I commend the Senator from West Virginia and I thank him.

Mr. ROBERT C. BYRD. Mr. President, I thank the Senator from Montana.

I shall not try to hold the floor at length, Mr. President.

I just want to emphasize, for those Senators who may be in their offices listening, that Congress gave to the President his requested package of $35 billion in cuts prior to the August recess. He has now requested additional cuts amounting to $13 billion for fiscal year 1982. I anticipate that there will be further requests for cuts in January or the early spring. So, what we see here is a succession of requests for cut after cut after cut in the budget.

Mr. President, many of us on this side of the aisle were under the impression that the first $35 billion cut that was requested—although we opposed certain aspects of it and tried to amend the package, most of us went along and supported it once we failed in our efforts to amend it—but many of us were under the impression that that was the economic package of budget cuts for fiscal year 1982. We were told that we had to give the whole package, the whole thing—tax cuts, budget cuts amounting to $35 billion, increased defense expenditures—and most of us voted for all of that. Now we find that, come September, there is a request for an additional $13 billion in nondefense cuts, and additional cuts in defense expenditures amounting to $13 billion across the 3-year period.

Mr. President, we undoubtedly will be asked for more reductions. I do not believe the budget can be balanced simply by the process of cutting the budget. I think that is part of the process, of course, and we have cooperated with the President in that fashion. But I just do not think that to balance that budget in fiscal year 1984 by budget cuts alone is doable. I do not think the American people are aware of the dimensions of the cuts that are yet to be made.

There was quite a whoop and a holler about the $35 billion cut package that was enacted, a lot of celebrating of the enactment of that package, and so on. Now we find, as I say, another $13 billion in requests.

But that is not all of it. We find, as we scrutinize the administration's budgetary assumptions, that there will be $51.7 billion in unidentified cuts for fiscal year 1983, and an additional $82 billion in unidentified cuts for fiscal year 1984.

Mr. President, the full revelation of what these budget cuts are really going to mean is going to sink home in due time. When the American people awaken to the fact that in order to achieve this so-called balanced budget in fiscal year 1984, the administration has cranked in—cranked into the balanced budget—"unidentified cuts" amounting to $82 billion—what does that mean, Mr. President? Does that mean additional cuts in defense?

Does it mean that revenue sharing is going to be eliminated?

Does it mean that there are going to be some cuts in social security?

Does it mean that there are going to be cuts in veterans' pensions?

Does it mean that there are going to be cuts in black lung payments and railroad retirement benefits?

Does it mean there are going to be cuts in Federal retirement benefits?

Are there going to be further reductions in synthetic fuels and energy conservation?

Are there going to be further cuts in mass transit?

Are there going to be further cuts in college loans, child nutrition, and school lunch programs?

Are there going to be further cuts in coal research?

Are there going to be further cuts in water and sewer projects, education, and health programs?

Are there to be further cuts in flood prevention projects, farmers home loan guarantees?

Where are the cuts going to be made? If the administration knows, then it ought to say. Otherwise the financial markets are not going to believe that the administration can be successful in achieving the cuts that are wrapped into the designation of "unidentified cuts" for fiscal year 1984.

Where is that balanced budget? Does the administration know? Or does the administration not know? If it knows, then let it speak.

The American people have a right to know. They have a right to know what the dimensions of this cutting exercise are going to be within the next 2 to 3 years.

And the Congress needs to know. How can Congress proceed in a reasonable way to deal with the budget if it does not know where the cuts are going to be proposed by the administration?

So, Mr. President, I call on the administration to open Pandora's box. Let us take a peek. Just let us have a little look into this Pandora's box. Let us see what is in there, in this box that is labeled "unidentified cuts."

Let us be assured that there will not be any cuts in social security. Let the old folks throughout this country be assured that there will not be cuts in social security that are included in that $82 billion in unidentified cuts for fiscal year 1984. Let the elderly community of this country receive assurances that there will not be cuts in that Pandora's box labeled "unidentified cuts" that really are cuts in social security.

Let the veterans be assured that there will not be further cuts in veterans' health care.

Let the administration speak and let the financial community, the financial markets, the business community of this country know that the administration really is on track, that it really knows where it is going, that it really does know what cuts are going to be made, and that it can achieve those cuts; or else the financial markets are not going to be convinced that they can be made.

Mr. President, my amendment would require that information. Truth in budgeting; that is what is needed. We have heard of truth in lending, truth in this, truth in that. This is the "truth in budgeting" amendment.

I hope that all Senators will support this amendment. How can any Senator go home, how can I as a Senator—does the Senator from Kansas wish to be added as a cosponsor?

Mr. DOLE. No, Mr. President, I just thought the Senator had stopped.

Mr. ROBERT C. BYRD. How can I, as a Senator, go home if I were to vote against this amendment, or if I were to vote to table it, even? How could I say to the old folks. "Look, I really did not want to know what those unidentified cuts are. It really did not matter to me whether or

not social security cuts were included. So I voted no, against the amendment"? Or "I voted to table it."

Do I want to tell my people back home that it is of no interest to me what is included in the unidentified cuts?

Mr. MOYNIHAN. Will the Senator from West Virginia yield at this point?

Mr. ROBERT C. BYRD. Yes, Mr. President.

Mr. MOYNIHAN. Mr. President, I want to say that the Senator has made an irrefutable case, in my view. I would like to offer, if I may, certain elemental numbers which, I think, make as salient as possible a case for his amendment. Let us go to the fiscal year 1984. That is not very far away, just 23 months away. According to the Congressional Budget Office—and we are honored to have on the floor the distinguished chairman of the Budget Committee, who will confirm this—estimated revenues in fiscal year 1984 under the administration's tax program will be $748 billion. If you take three items—defense, interest on the public debt, and existing benefits to individuals, such as social security, railroad retirement, veterans' pensions—you get $740 billion. That leaves $8 billion for all remaining operations of the Government in fiscal 1984: $8 billion for the Department of Agriculture, the Department of the Interior, the Library of Congress, the FBI, the CIA, the Coast Guard, the White House staff, the Supreme Court, and the staff of Congress. You cannot do that. You cannot get the remainder of Government for $8 billion.

I assume that we will continue to pay interest on the public debt, that we will not default on the Government's most fundamental financial obligations.

We have heard no one on this side or the other, propose to reduce defense much. Where can the money come from then, but from entitlement benefits for individuals?

That is why an answer to the Senator's question will not be forthcoming, unless Congress directs it to be. Ineluctable logic indicates that it must come from benefits to individuals. Naturally the administration does not want to talk about this.

We warned them that the size of that tax bill in the out years was intolerable. We said that a great barbecue was taking place, and that a clean bill the Nation could afford was being turned into an auction of the Treasury. They signed it anyway. Now we all must deal with these numbers.

The chairman of the Budget Committee is in the Chamber. Our revenue estimate in 1984 is $748 billion. The administration has a higher number—$771 billion. That would give you $23 billion for all the rest of Government, and you cannot do that. If the cuts are not going to come from defense, and we continue to meet our debt obligations, then where is the savings to come from—except from benefits to individuals, or from a midcourse correction in the tax program, stretching out the tax cuts?

This morning I informed the chairman of the Finance Committee that Mr. Stockman now refers to tax increases as revenue enhancement. If there is not going to be so-called revenue enhancement, then there is going to be devastation in entitlement programs for individuals as we have known them. Not just in social security but also railroad retirement, black lung benefits, veterans pensions.

Unless we get a straight answer, uncertainty will loom as a threat to the very fabric of this society. The Senator is quite right. We have not yet received one.

With gratitude to the minority leader, I will vote for his amendment.

Mr. ROBERT C. BYRD. I thank the distinguished Senator, and I yield the floor.

Mr. KENNEDY. Mr. President, will the Senator from West Virginia yield?

Mr. ROBERT C. BYRD. I yield.

Mr. KENNEDY. Mr. President, I commend the Senator from West Virginia for raising this point again.

I believe the American people thought that last August, after the budget resolution had been considered and after the tax bill had been considered, the budget cuts proposed by this administration had been adopted. But now we find we have a new message from the President of the United States, asking for new budget cuts on the grounds that not enough has been done and more is needed. People in my State of Massachusetts believe that Congress gave the administration what it requested and many feel that we gave too much. But over the summer, after the President's program was enacted, interest rates skyrocketed and the projections were for more of the same. When we came back here in September, we heard that the answer to these interest rates is another new economic program—the second one in 6 months—and that this new program is for more budget cuts.

I believe the Senator from West Virginia does a very important service in asking the administration to detail for the Congress and the American people where these additional cuts will be made. Let us not forget that we heard time in and time out during the course of the last Presidential campaign, there were not going to be any cuts in social security. Only waste and fraud were to be eliminated. Then the administration changed its mind and broke its promise. Cuts were made in social security. First the minimum benefit was eliminated. And if that was not enough, the administration then proposed to make an additional $88 billion in cuts.

It was only after the Senator from West Virginia, the Senator from Michigan, and others of us continued to press to restore the minimum social security payments, and the Senator from New York offered in his proposal to allow borrowing for the funds, that we have been able, at last, to give some assurances to millions of senior citizens that there would not be a serious disruption of the fundamental commitment that has been made to those who have paid into the social security system.

The Senator from West Virginia is entirely right when he asks, and really demands, accountability as to where these additional budget cuts are going to come from.

As the Senator from New York has pointed out, we are spending about $100 billion just to finance the national debt. We are spending over $200 billion on defense; we are spending over $400 billion on entitlements and other uncontrollable programs including social security and health care programs under medicare. There are not the resources to make the $82 billion in cuts the administration is asking for unless we are prepared to say to every parent in this country that there will be no more school lunch programs, that we are abolishing every opportunity for young people to go to school under the guaranteed student loan programs, that we are virtually abolishing the Older Americans Act, that we are going to basically eat away and wipe out health care, job training, housing, and transportation programs. We are not being honest with the American people.

I believe that the Senator from West Virginia, in focusing on this issue, has really provided an important service. I, for one, join the Senator in hoping that the administration will provide us with their list as to what areas are going to be cut back, so that the American people will have a better understanding as to whose belt is being tightened and whose belt is being loosened.

Earlier this afternoon, the Senate rejected what I considered an eminently reasonable amendment by the Senator from Missouri that had been refined over a previous amendment the Senator had offered. It was very close to the amendment I offered some time ago when we tried to reduce the budget deficits by some $33 billion, by abolishing the windfall that would be granted to the major oil companies. That issue was clearly focused—more profits for oil companies or more benefits for the elderly. People will have an understanding of what the Senate was attempting to do on that issue, and we had a yea-and-nay vote on that. I regret that that amendment was defeated.

Now the Senator from West Virginia is trying to make the administration accountable to Congress and the American people on the question of $82 billion in additional cuts. The Senator does a service to this body. The American people are entitled to the answers to his questions, and I commend him for raising this issue on the floor of the Senate this afternoon. I urge my colleagues to support Senator BYRD's amendment.

Mr. ROBERT C. BYRD. I thank my friend, the distinguished Senator from Massachusetts (Mr. KENNEDY).

Mr. SASSER. Mr. President, will the Senator from West Virginia yield?

Mr. ROBERT C. BYRD. I yield to the distinguished Senator from Tennessee.

Mr. SASSER. Mr. President, I commend the Senator from West Virginia for offering this amendment this afternoon.

What we have before us are the plans of the administration which will soon be translated into action, to make $82 billion in unspecified and unidentified

budget cuts between now and fiscal year 1984, in an attempt to balance the Federal budget. I believe it is incumbent upon the administration to indicate to this body and to the American people precisely where these budget cuts are to be made.

It is only right that the Senator from West Virginia should offer this amendment today, in an effort to point out precisely where these cuts are to be made and to require the administration to report back to this body on a date certain as to precisely how the administration intends to make these cuts.

Mr. President, I believe some of us have proceeded far enough simply on faith in this administration and on faith in the President's program. We see now that we have passed a tax cut bill, at the urging of this administration, which, over a period of 3 to 4 years, will reduce Federal revenues by some $750 billion. Laid alongside are cuts so far which will aggregate, over the same period of time, between $130 billion and $150 billion. This does not take into consideration increased outlays that will be made for defense and for defense readiness, which we all support.

The bottom line of all this is that we are looking, in the years ahead, into what appear to be bottomless deficits.

The Senator from West Virginia is quite correct in calling upon the administration now to point out precisely for the American people where these cuts are going to be made. Quite frankly, I say to my distinguished leader, the Senator from West Virginia, that I do not know how this administration can make cuts of this magnitude without getting into basic programs that the American people have come to rely on and depend on, such as social security.

If these cuts can be made without getting into the social security program or other vital and crucial programs to the American people, then I think it is incumbent upon the administration to point them out.

So I wish to associate myself with the remarks made earlier by the Senator from West Virginia and commend him for introducing this amendment.

Mr. ROBERT C. BYRD. Mr. President, I thank my able friend from Tennessee (Mr. SASSER), and I yield the floor.

Mr. DOLE. Mr. President, I reluctantly must oppose the amendment. I think it was drafted in good spirit during the Democratic Caucus during the lunch hour.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield for a correction?

Mr. DOLE. I yield.

Mr. ROBERT C. BYRD. No. The amendment was drafted prior to the caucus.

Mr. DOLE. Maybe it was discussed during the caucus.

Mr. ROBERT C. BYRD. I informed my colleagues about this good amendment during the caucus and they were delighted to hear about it.

I wish to come to a Republican Caucus to likewise inform my friends there, because I hope that there will be a lot of support on the other side of the aisle, as a matter of fact, almost unanimous support on the other side of the aisle for this amendment.

Mr. DOLE. We have four absentees. I can promise the Senator if they were here they might be potential supporters, but we hope none of the present Members will support this amendment, not that it does not have some merit. We are trying to examine it now to find what merit there may be to this amendment. So far we have not found any, but there may be some merit that has not been discovered.

I think we should go ahead and ask the President to outline his program for fiscal years 1985, 1986, 1987, and 1988, since it is probably a foregone conclusion that he is going to be reelected and we should know his program through 1988. I do not know why we want to let President Reagan off the hook just for 1983 and 1984 because I assume the American people, for the most part, are hoping that he is going to be reelected to save the economy of this country.

He is on the right track and, as I have said earlier in the debate, it takes a while to recover from 26 years of Democratic domination of the Senate and 4 years of Jimmy Carter. We just cannot do it in a matter of 6 or 7 months, but the President has made great strides. I cannot recall in the 20 years I have been in Congress, 8 in the House of Representatives and 12½ in the Senate, where any one President of either party, I might add, because this is not a partisan debate, has had such success in reducing Federal spending. I think it is dramatic. I think maybe we did not cut enough. If that is what is being suggested on the other side, I certainly hope that we will have support for further budget reductions.

This Senator was never under any illusion that we were going to cut spending once and that would solve all of our problems.

The President has made it clear that there would be additional budget cuts, but what this amendment proposes to do now is to take away his flexibility, to say, in effect, that the President has to tell us by November 15 what he might want to do next year or the next year.

The economy is going to change. Just since the President's program took effect 2 weeks ago interest rates have dropped 1½ points. That is not bad in 2 weeks. And if they continue at that rate, we will be down to a reasonable rate of interest in a few weeks or a few months.

That is part of the thrust of the President's program. Inflation is below 10 percent for the first time in many months, and that is because of the leadership provided by President Reagan.

I do not have any quarrel with the amendment. On the other hand, I just do not know why it is being offered—well, I know why it is being offered. As long as we have the votes to table it, it is a good amendment. I have asked my distinguished colleague from New Mexico, Senator DOMENICI, to appear and discuss the amendment. As I understand, the amendment refers to cuts in social security programs, and I assume that includes medicare, medicaid, aid to dependent children, or any other program that might be under the Social Security Act, including unemployment compensation. I mean we are looking at all these programs from time to time trying to ferret out some of the abuses. In effect, there was an amendment offered yesterday which we accepted which will prevent the Social Security Administration from mailing social security checks to dead people.

I am not even certain that if we took this amendment we could even change that because stopping checks to dead people would be a reduction in social security benefits. Now those people are not complaining, but I suggest that we might violate the spirit of this amendment if we adopt it. I want to be very careful that I understand the full intent of the amendment of the distinguished Senator from West Virginia.

I am also told that we have had a quick conversation with the OMB Director, since he was singled out for special recognition. He finds the amendment objectionable. He also indicates that the effects of this change are quite significant. We are advised by Mr. Stockman that the annual review by the President of the OMB-proposed budget cuts takes place in December. That means that if OMB would cut a program, the agencies then could appeal that decision to the President.

If we should adopt this amendment, and Heaven help us, Senator ROBERT C. BYRD would have us send the OMB budget cuts to Congress without time for their appeal. This will give much more power to OMB and its Director, and maybe that is a good idea. He has had a pretty good track record so far, but I am surprised that such a suggestion would come from that side of the aisle.

The effects could be dramatic cuts, for example, in the Appalachian Regional Commission, EDA, REA, certain Energy Department projects, all without an appeal to the President. I hope that is not the thrust of the amendment. I also point out that the information here requested will be available for fiscal year 1982. The appropriations cuts have already been sent up. The revenue package will be here before November 15. The entitlement package will be sent up next week. Maybe just the thought of this amendment has stimulated the OMB Director to get all this material up here, and maybe there is no need for the amendment to be pursued.

Beyond that, I think it is fair to say that the amendment would affect the President's flexibility in fiscal years 1983 and 1984. I hope that we know that as different estimates are made we will find out if the cuts made now are effective. I say to the Senator from West Virginia that we are in the Chamber today correcting what may have been a mistake in reconciliation of eliminating the minimum benefit. We are restoring at least most of that benefit. We may be back with other fine tuning of some of the budget reductions.

Despite all this, I think I could accept the amendment if we could add one more clause that would indicate that we by this action we are approving any cuts that are sent up.

Perhaps we could get that little amendment adopted, just a little technical

amendment, that by this action there would not be any further votes on any reductions, we would just take what the President suggested. Then I think in a spirit of nonpartisanship and fair play and in an effort to expedite the process, we might be willing to accept the amendment.

But beyond that we have a social security bill before us. We are really trying to patch up the system and restore the minimum benefit. We do it responsibly, though, by paying for that restoration. We have a bipartisan support. I make very clear the vote was 20 to 0 in the Finance Committee. We are going to authorize the reallocation of the taxes in the three different social security funds, and we are going to authorize interfund borrowing, so we can assure the same people, and I know the concern of the Senator from West Virginia. By this action, though, we have taken a Band-Aid approach. We will assure senior citizens that at least through next year and hopefully 1983 and 1984 they can expect to receive their checks in the full amount.

But I also indicate, so the record will be complete, that we have a responsibility in this Congress regardless of our party to address the long-term problems in social security. I know that many of my colleagues on both sides feel strongly about that. We hope that once we pass this legislation we might begin to address the long-term problems of the social security trust funds so that we can take positive action to make certain we preserve the system for the 36 million beneficiaries and that we also preserve the system for the 115 million working men and women who one day will be beneficiaries.

I am not able to support a sweeping amendment of this kind. It is unfair to the President. I know of no President in either party who has struggled so mightily to balance the budget, to restore the economy. What this President wants to do for this country, its senior citizens, its veterans, its farmers, and its working men and women is to reduce inflation and he is on the road to doing that. He also wants to reduce high interest rates, and he is on the road to doing that. To reduce Government regulation and he is on the way to doing that. It would seem to me that this approach would not be compatible with the efforts being made now by the President.

When everyone has an opportunity to speak to this amendment, I will move to table the amendment at that time and hope the motion to table will be passed.

Mr. DOMENICI. Mr. President, will the Senator yield?

Mr. DOLE. I yield the floor.

Mr. DOMENICI. Mr. President, I join with Senator DOLE in opposing this amendment.

I am amazed. I have heard in the Chamber today that after the first budget resolution and the President's first package of budget cuts, it has suddenly dawned on people that there was supposed to be a second round. Some are saying that the dramatic first and thought-by-many-to-be-impossible first round of cuts that was to be the only round; the President said it all in his 1981 budget and that we had done it all in the Reconciliation Act.

I hope the record is clear that that resolution was clearly the first installment and there must be $30 billion additional reductions in 1983 and $44 billion additional reductions in 1984.

Now, the figures are in the resolution. Anybody who thinks it is not, just go read it. It is in the President s budget. It is in the document that this Senate passed by an overwhelming margin.

The second thing that I have heard is equally amazing. If there is one thing that the distinguished Senator from Kansas and the distinguished Senator from Louisiana did on that tax bill on the floor, they told us the numbers. They told us exactly how much that was in tax cuts.

I just checked and I think that bill passed 89 to 11. I say to my good friend, the sponsor of this amendment, the minority leader, 89 to 11. We do not have enough Members on our side of the aisle to make that 89 to 11. Everyone voted for that knowing the extent of the tax cut.

Now, perhaps they did not know that there was going to be a deficit in 1982. Perhaps they did not know that unless we made another big round of budget cuts, perhaps they did not know there was going to be a deficit in 1983 and 1984. But, I guarantee you, when you look at the resolution, that is what it said. Unless you have $75 billion in additional cuts, there will be a deficit. And we voted 89 to 11 for the tax bill. I do not remember what the budget resolution passed by, but it was something comparable.

Now, Mr. President, if this President has been negligent in telling us where his cuts are going to be as prescribed and required by the procedures of this country, I would be standing here supporting you, I say to my good friend. But he has not.

There is a law that says when he sends us budget cuts—and it is not now. Congress is not to come along in the middle of the year and say, "We are not sure what you want to do in 1983 and 1984. We are not sure that we are going to be able to support you." And perhaps the minority is saying that we in the Senate do not wish to prevent the President from proposing these reductions. Rather, he has no authority to cut the budget; we in the Senate have to. Therefore, we are entitled to an extraordinary budget process, which is what this is.

But let me tell you, in addition to giving us a budget, in addition to telling us there were cuts yet to be made, we ought to act on the list he gave us. We do not need another list.

The President told us, because of certain economic conditions, because of certain changes in programs, we have to go at that second round of cuts early. And he has given us a 12-percent across-the-board proposal and sent every item up to the Appropriations Committees. We do not need to ask him for that which he has already sent. He told us the defense slowdown and he told us the numbers, I say to the Senator, $2 billion in cuts in 1982. And he has given us the outyear cuts. He told us there is going to be an outyear entitlement reform and he said it would not affect social security. He is sending those entitlements up here very soon. He is not even required to do that.

He is asking us for the next installment on the outyear cuts that we have to make. He has told us there is going to have to be some revenue increases and he is going to send that up.

The only thing that is not identified are some 1983 and 1984 savings he has told us he is going to identify later, and I assume he will.

Mr. ROBERT C. BYRD. How much later?

Mr. DOMENICI. I say to my good friend, basically 1983 has to be up here, as he knows, in January and we have to go to work in the various committees shortly after that. In fact, we have to produce a resolution, as the Senator knows, that follows that very soon thereafter.

But, as far as unidentified remaining cuts, he has done more in his second phase to identify them than most Presidents would. He is making specific proposals and will identify the remaining reductions very soon.

He has already given us $9 billion in the outyears. He has given us the defense numbers of $11 billion additional reductions. He will soon give us $25 billion in outyear entitlements. He will give us $19 billion in outyear revenue enhancements. All that will be given to us this year when it affects 1983 and 1984 budgets.

In a very real sense, fully three-quarters of the Senator's requests are literally redundant. They are either here or will be here soon.

But, in the final analysis, I would say to the Senate that this President does not need any prodding by some extraordinary resolution to identify cuts in the budget. And if this President will not do it, then I do not know what kind of President we could imagine that would have enough fiscal responsibility that this institution would not feel that we ought to dictate that he produce outyear budgets ahead of schedule.

I think it is fair to say that he has already proved he is willing to cut budgets more than any President, ever; not in the last 20 years, but ever.

He already succeeded, with all of our help, in cutting more in 9 months than any President, ever. And now, we would sit here and say he has conducted himself in such a way that we are fearful that things are out of control and we ought to take an extraordinary measure here in the Senate and tell him to come up front, 2⅓ years ahead of time. and tell us in detail how he intends to finish the work.

The problems are tough in 1983 and 1984. The deficit is bigger in 1982. We did our work, but it is bigger anyway. It certainly is not the President's fault. I do not think it is significantly our fault. We effected $35 billion in cuts. We did not like the deficit to be $60 billion, but it is.

But I am absolutely sincere in saying that I cannot believe that this U.S. Sen-

ate would adopt a resolution based on this President's performance that would say:

We need an extraordinary action on the part of the Senate to change the budgetary process of Presidents which we have accepted for many years, ever since the Budget Act, because this President is just not responsible when it comes to budgetary matters.

I hope the distinguished Senator from Kansas prevails. I hope that those who are truly concerned about cutting will not get caught up in this kind of a resolution that will have little or no effect.

It is what we are willing to vote on, I say to Senator DOLE, by way of cuts that is going to have an effect on 1983 and 1984, not the passing of another resolution asking this President, tremendous as he is in fiscal restraint, to tell us what we have not asked any other President to do.

I yield the floor.

Mr. ROBERT C. BYRD. Mr. President, I have listened with great interest to the very eloquent statements that have been made by Mr. DOLE and Mr. DOMENICI. Each of them is performing his duty as a very faithful and loyal and dedicated Senator. I can understand how Mr. DOLE would defend the measure before the Senate against amendments.

But, the old song "Almost Persuaded" does not apply here and now. My question still has not been answered. Where are the unidentified cuts coming from?

The distinguished Senator from New Mexico said: How can we expect to ask the President, 2½ years ahead of time, to tell us in detail how he is going to cut the budget?

As a matter of fact, we are asking Mr. Stockman to do this—the OMB whiz kid. We are asking him not the President—to tell us.

How can he arrive at a figure of $82 billion in fiscal year 1984 if he does not know the components of that $82 billion figure? He must already know.

And if the administration can send us up here, 2½ years ahead of time, a so-called balanced budget which shows the figure in it of $82 billion in unidentified cuts, then it seems to me that it is not asking too much of the administration to require it to present the details now as to what makes up the $82 billion in unidentified cuts.

We are not asking the administration to send up the cuts now. We are simply asking for information now as to what is included in the "unidentified" cuts.

Now, I think we also have the right to know whether or not there is included in those unidentified cuts any cuts in social security. We all know the track record of the administration on that subject. It was said during the campaign and after the campaign was over and after the inauguration that there would not be any cuts in social security. The old folks could just sit back in their easy chairs and watch television. They could just forget any cuts. No problem; nothing to be afraid of. The President said that those people up there on the Hill are being cynically demogogic—they are creating fear among the old folks.

But it was Mr. Stockman who said that:

On or about November 3, 1982, there will be the greatest bankruptcy that the world has ever seen.

That is what sent the shock waves of fear throughout the elderly community of this country.

But then, after all of those pledges, after all of those assurances, after all of those promises that the old folks had nothing to be concerned about, no cuts in social security, what did the administration do? In May of this year, they sent up a package to the Hill of cuts in social security amounting to $88 billion over a 6-year period; $88 billion.

What were some of those cuts that were being proposed? One was that anyone who elected to retire at age 62 would take a 40-percent cut in his social security payment. In other words, instead of receiving 80 percent of what he would ordinarily receive if he waited until 65 to retire, he would only get 55 percent, this cut combined with other cuts proposed by the administration would mean a 40-percent cut immediately.

Well, we all know what happened in that case. Mr. DOLE offered an amendment that we on this side of the aisle joined in supporting. That vote was bipartisan, after my friends on the other side had voted down an amendment that Mr. MOYNIHAN and I joined in offering to do the same thing, by a 1-vote margin.

But we all joined together in a bipartisan way to send a message out to the people in the elderly community that that proposal by the President was not going to be supported in this Congress.

I think the vote was about 94 to 0, or some such.

Then there was the proposal to cut out the social security minimum payment. Five times in this Senate there was an amendment offered to destroy the social security minimum payment. Five times that amendment was defeated with the support of the OMB on virtually a party line vote, five times. But then the heat in the kitchen began to get a little too intense and we heard, to our pleasant surprise, the President of the United States address the Nation by television to say that that would be restored.

So we have heard these promises and all of these assurances to the effect that social security will not be touched, the old folks can just rest assured about that. "Go on to bed. Go to sleep. Do not waste any time worrying about it. There will not be any cuts in your payments." Then, bingo, 2 days later someone at the White House said there will be a cut in the COLA payments or a delay in the COLA payments.

How can we be assured that in these figures, $82 billion in fiscal year 1984 in unidentified cuts, and $51.4 billion in 1983 in unidentified cuts, there will not be further cuts in social security? What is wrong with telling us. What is wrong with letting the American people know what is under the lid of that Pandora's box? That is all we are asking. We want to know now. Let the American people know now. We should know what makes up the unidentified cuts amounting to $82 billion. The administration must know. How can they put down $82 billion? Why not $80 billion or $79 billion? It is $82 billion. What makes up the $82 billion? That is all we are asking. We are not asking the President to tell us, but we are asking the Director of OMB to tell us. Let him tell us. He is the one who plays with these figures. This is Mr. Stockman's budget, not mine. I think he should tell us what is in the $82 billion. People have the right to know.

I should think that all Senators who feel that under this system of Government the American people have a right to know what is in the unidentified cuts, because the American people are going to be affected, would want to support this kind of amendment.

I yield the floor.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I am moved by the rhetoric but not by the merits of this amendment. I am not moved enough by the rhetoric to support it.

I think it is a good case. It will look good in all the kits they send out to the Democratic precinct people and others in the country who may be looking for ways to chip away at the President.

Mr. ROBERT C. BYRD. Will the Senator yield?

Mr. DOLE. I will be happy to yield.

Mr. ROBERT C. BYRD. The Senator brought up an interesting point that perhaps ought to be gone into a little bit. There are all of these kits we have received in West Virginia signed by Ronald Reagan, asking for money, "How about more money so we can defeat additional Senators, additional House Members?" I suppose we can take a lesson from some of those kits.

Mr. DOLE. That is possible.

Mr. ROBERT C. BYRD. We have not been successful in raising money.

Mr. DOLE. The Senator from Kansas does not know anything about that. I sent out some a couple of years ago but nobody sent anything back. I got the message that my candidacy was not going anywhere. My kits did not work.

In any event, I think the President has done an outstanding job. I suggest it has not been a perfect experience but it has been a new experience.

We are 2 weeks into the President's program now and I would hope we would give him some opportunity to respond to the American people. We can stand here, and we do a lot of that, and talk about the plight of senior citizens, veterans, or farmers. But we also have a responsibility to worry about interest rates, budget deficits, inflation, and Federal regulations, with the Government too much in our daily lives. That is where the President has shed some fresh air and new light.

Notwithstanding that, I, and I know the majority leader, would like to complete this bill today. Therefore, I will move to table the amendment of the distinguished Senator from West Virginia and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. As I understand it, the Sen-

ator from Nebraska wanted to speak. Perhaps I can withhold my motion.

Mr. STENNIS. I would like to be recognized for 1 minute, if I may.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 1 minute.

Mr. EXON. May I inquire of the Chair where the Chair got the information that the Senator from Nebraska wanted 1 minute? I think the Senator from Mississippi wanted 1 minute. I did not request 1 minute. I request more than that.

The PRESIDING OFFICER. Does the Senator withdraw the motion to table?

Mr. DOLE. I withdraw the motion.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. STENNIS. Mr. President, I will not detain the Senate. I am sure this matter is well understood. But in deference to all and based on our experience here this year, it seems to me that we are certainly entitled to advance notice and what we get now, identification of these reductions that are so important to the Nation as a whole, to those directly affected, and also to us. We are the ones who have to make the final judgments the best we can, based on the facts, the relative merits of requests for reductions in view of the total amount of the programs, and in view of all the programs put together as measured against the probable income.

By the way, a while ago, a formerly active Member of this body who has not been here for several years came into the cloak room, stopping to say hello. I told him of the work of the Senator from Kansas and the work of the Senator from New Mexico this year in working on these budget resolutions, reductions, and everything else, and presenting them in such a fine way and that we had made some headway.

That underscores, however, the burden that we have before us.

I have learned more this year than I have ever known about the details, about the operations, of a great many of these programs and how they work at the ground level because I went out there and visited and learned.

In this way, I feel the need, and I believe it is shared by most of us, to get more advance information than what we get now.

In deference to time, I know that other Senators wish to speak, I will not elaborate further. I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, the Senator from Nebraska rises in support of the amendment offered by my colleague from West Virginia.

I would think that those who cannot support this, and I suspect they have good reasons for not supporting it, those who find they cannot support this because it is an attack on the President of the United States or any of his appointees, seem to be somewhat off base, in my mind.

I intend to support the amendment not because I am critical of what the President of the United States is trying to do. Indeed, many of my colleagues on the other side of the aisle know that this Senator has voted in support of the President's programs much more frequently than I have opposed them.

I think what we are trying to get at with the amendment offered by the Senator from West Virginia is simply to recognize that we are indeed in great difficulty these days with our economy, and I believe it is important that we start charting our course for the days ahead longer than what is simply required by law.

I know that in some areas cuts have been made in the outyears, recommended by the administration. But we say, "If you have identified some of the cuts, why can you not identify all of the cuts? What are these unidentified cuts?"

I say, Mr. President, we are in some difficulty today because the administration and those associated with it have described the present situation, even when it was not as bad as many of us think it is today, as an economic Dunkirk, as the Federal budget hemorrhaging.

If that is true, and to a degree those statements are true, then I think that all we are asking of the President in this case is to work constructively with us, not only now but in the outyears to make sure that we correct our course, hopefully on a permanent basis.

I know that we have done many things in this body. We certainly changed most of the usual rules of the Senate when we used the reconciliation process in the manner that we did, basically to cut down what some of us felt were unnecessary expenditures of the Federal Government to the tune of about $35 billion.

We used the reconciliation process for that purpose. We attempted, on an amendment offered by the Senator from Colorado (Mr. ARMSTRONG), and I was one of a very few on this side of the aisle to support, to take the usual procedures to give the President nearly total impoundment authority with the right to veto it in this body.

What we are talking about, Mr. President, is the fact that there has been a great deal made out of the fact that the success of the President's economic recovery program is based upon expectations, it is based upon the confidence that the American people have in the program.

All that I am saying, Mr. President, is that if we are going to get the confidence, if we are going to have those expectations be meaningful with regard to the reduction of the ruinous interest rates we are facing now, we have to take a step toward charting our course farther down the road.

I say, Mr. President, it seems to me that the amendment offered by the Senator from West Virginia is indeed a constructive one, and I support it.

I yield the floor, Mr. President.

Mr. BOREN. Mr. President, I shall not prolong the discussion; I know the time is growing short. I do want to add my voice to those who have spoken in support of the amendment of the Senator from West Virginia.

I think my colleague from Nebraska is absolutely right: If we are going to get interest rates down, indeed, if we are going to bring down the inflation rate, we must break the inflationary psychology in this country. More important than perhaps any other factor is the expectation of the American people about what will happen to the inflation rate.

The single most important indicator to the American people of what will happen in the future is the size of the Federal deficit. If we are not able to reach a balanced budget by 1984, it will be a devastating blow to the psychology of the people in this country in terms of their expectations about the future direction of our economy. We have no choice, Mr. President. We simply must move to balance the budget and reduce the deficits as soon as possible.

Mr. President, I think it is incumbent on the administration to come forward now with the recommended areas where further reductions and expenditures should occur. I think it would be an important step in restoring the confidence of our people and in reducing the expectation that deficits will continue. Recent polls have indicated that the people expect large deficits to continue, that the people are skeptical about the promise of the administration to balance the budget by 1984.

Therefore, they spend now, instead of saving and waiting until the items which they are now buying are really needed. This continues to fuel the inflationary cycle in this country.

Mr. President, I think the amendment of the Senator from West Virginia is timely. I think it is important. I urge my colleagues to adopt it.

I yield the floor, Mr. President.

Mr. CANNON. Mr. President, as a cosponsor, I would like to express my unqualified support for the amendment being offered by the distinguished Senator from West Virginia, requiring the administration to identify programs that make up "future savings" in the administration's budget through fiscal year 1984.

Millions of older Americans are entitled to know if their social security benefits are the hidden victim of $82 billion in unidentified cuts in the budgetary and economic assumptions of the administration. The unidentified cuts suggested by the Office of Management and Budget totaled $44 billion in July, but have now exploded to $82 billion.

The signs ominously suggest that this $82 billion figure is the distant—but distinct—call of yet another assault upon the incomes of senior citizens. There is support for my fears, based, in part, upon testimony of OMB Director David Stockman before the House Budget Committee on October 1. At that time, Mr. Stockman indicated that basic social security retirement benefits should not be immune in future rounds of budget cuts. The unidentified cuts of the administration's economic assumptions for the next 3 fiscal years would suggest that social security benefits may well be in-

cluded in those mystery dollars adding up to $82 billion.

In a letter to my Nevada constituents on October 1, I had predicted what we may well be seeing today with these unidentified cuts. In that communication, I stated:

What concerns me . . . is that there is a likelihood after the 1982 elections that the Administration will launch another assault on Social Security benefits. The Administration's call for a task force to recommend a solution to these problems by January, 1983, comes suspiciously right after the November, 1982, elections when the Administration hopes to increase its number of seats in Congress. Above all, while I want to help the President balance the budget, I am dismayed by this evident politicization of the Social Security issue.

Now is the opportunity for the administration to clarify these cuts for the American public. Those older Americans living on social security today and those nearing retirement are entitled to know, as a matter of decency and openness in Government, whether they can expect continuing attacks upon their livelihoods. They are entitled to know if they can count on the Federal Government to keep its part of the bargain; to honor the contract between workers and the retired and the social security system.

This information would also be revealing and critical for veterans, students, the poor, teachers, labor, minorities, and many other segments of our society who could be affected by these cuts.

Should this amendment be tabled or defeated, there is little interpretation that can be made, other than that the raid on social security will continue for years to come.

I urge my colleagues on both sides of the aisle to unite in their support for this important amendment.

● Mr. LEVIN. Mr. President, I would like to give my strong support to the amendment offered by the distinguished minority leader, Senator BYRD of West Virginia, to require the Director of the Office of Management and Budget to identify by November 15 the program cuts and revenue increases which the administration will be seeking in order to achieve its goal of a balanced budget in fiscal year 1984. As of now, the administration still needs to identify about $82 billion in future savings for fiscal year 1982, fiscal year 1983, and fiscal year 1984.

Many Americans are concerned that some of these cuts will come out of the checks of social security recipients. If the administration's track record on other elements of the social safety net is any indication, these concerns are justified. What we can do here today by supporting this amendment is either to alleviate these concerns for good or to bring them to light now and prevent the administration from sandbagging the elderly sometime in the future.

The administration may say that it needs more time to formulate the cuts. But how is it consistent for the administration to pledge with certainty that the budget will be balanced but wilt when it comes to describing how it exactly intends to do it. All this amendment asks is that the administration start talking straight to the American people and start talking now.●

Mr. DOLE. Mr. President, as I understand it, there are no other requests to speak.

Mr. MOYNIHAN. The Senator is correct.

Mr. DOLE. Based on my previous statements, I move to lay the amendment on the table. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay the amendment of the Senator from West Virginia on the table. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Idaho (Mr. MCCLURE), the Senator from Alaska (Mr. MURKOWSKI), and the Senator from Idaho (Mr. SYMMS) are necessarily absent.

I further announce that, if present and voting, the Senator from Idaho (Mr. SYMMS) would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 50, nays 47, as follows:

[Rollcall Vote No. 313 Leg.]

YEAS—50

Abdnor	Gorton	Packwood
Andrews	Grassley	Percy
Armstrong	Hatch	Pressler
Baker	Hatfield	Quayle
Boschwitz	Hawkins	Roth
Chafee	Hayakawa	Rudman
Cochran	Heinz	Schmitt
Cohen	He ms	Simpson
D'Amato	Humphrey	Specter
Danforth	Jepsen	Stafford
Denton	Kassebaum	Stevens
Dole	Kasten	Thurmond
Domenici	Laxalt	Tower
Durenberger	Lugar	Wallop
East	Mathias	Warner
Garn	Mattingly	Weicker
Goldwater	Nickles	

NAYS—47

Baucus	Eagleton	Melcher
Bentsen	Exon	Metzenbaum
Biden	Ford	Mitchell
Boren	Glenn	Moynihan
Bradley	Hart	Nunn
Bumpers	Heflin	Pell
Burdick	Hollings	Pro~mire
Byrd,	Huddleston	Pryor
Harry F., Jr.	Inouye	Randolph
Byrd, Robert C.	Jackson	Rieg e
Cannon	Johnston	Sarbanes
Chiles	Kennedy	Sasser
Cranston	Leahy	Stennis
DeConcini	Levin	Tsongas
Dixon	Long	Will'iams
Dodd	Matsunaga	Zorinsky

NOT VOTING—3

McClure	Murkowski	Symms

So the motion to lay on the table was agreed to.

Mr. DOLE and Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. BAKER. Mr. President, will the Senator yield to me for a moment?

Mr. DOLE. I yield to the distinguished majority leader.

Mr. MOYNIHAN. Mr. President, may we have order? The majority leader is speaking.

Mr. BAKER. Mr. President, I understand there is another vote ordered now on the Pressler amendment.

I wish to make it a 10-minute rollcall, if there is no objection to that.

Mr. President, I ask unanimous consent that the next vote on the Pressler amendment be a 10-minute rollcall vote.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, will the Chair secure order in the Senate so that Senators may hear the request?

The PRESIDING OFFICER. May we have order in the Senate?

Mr. ROBERT C. BYRD. Mr. President, will the majority leader restate the request?

Mr. BAKER. Yes.

Mr. President, I thank the Chair and I thank the minority leader.

AMENDMENT NO. 586

Mr. President, I ask unanimous consent that the vote on the Pressler amendment which is about to occur be 10 minutes instead of 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The name of Mr. DECONCINI was added as a cosponsor of the amendment.)

Mr. DOLE. Mr. President, I yield to the distinguished Senator from South Dakota to make a technical correction in his amendment before the vote.

Mr. PRESSLER. Mr. President, my amendment as printed in the RECORD contains an error. The word "that" in the final line should be "the." The amendment is correct in the printed amendment.

I ask unanimous consent that the change be made.

Mr. MOYNIHAN. Mr. President, will the Senator use his microphone? We are not able to hear him.

Mr. PRESSLER. Mr. President, my amendment as printed in the RECORD contains an error. The word "that" in the final line should be "the". The amendment is correct in the printed amendment.

I ask unanimous consent that this change be made.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from South Dakota.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS: I announce that the Senator from Indiana (Mr. LUGAR), the Senator from Idaho (Mr. MCCLURE), the Senator from Alaska (Mr. MURKOWSKI), and the Senator from Idaho (Mr. SYMMS) are necessarily absent.

I further announce that, if present and voting, the Senator from Idaho (Mr. SYMMS) would vote "yea."

The PRESIDING OFFICER (Mrs. KASSEBAUM). Are there any Senators in the Chamber wishing to vote who have not done so?

The result was announced—yeas 96, nays 0, as follows:

[Rollcall Vote No. 314 Leg.]

YEAS—96

Abdnor	Ford	Mitchell
Andrews	Garn	Moynihan
Armstrong	Glenn	Nickles
Baker	Goldwater	Nunn
Baucus	Gorton	Packwood
Bentsen	Grassley	Pell
Biden	Hart	Percy
Boren	Hatch	Pressler
Boschwitz	Hatfield	Proxmire
Bradley	Hawkins	Pryor
Bumpers	Hayakawa	Quayle
Burdick	Heflin	Randolph
Byrd, Harry F., Jr.	Heinz	Riegle
	Helms	Roth
Byrd, Robert C.	Hollings	Rudman
Cannon	Huddleston	Sarbanes
Chafee	Humphrey	Sasser
Chiles	Inouye	Schmitt
Cochran	Jackson	Simpson
Cohen	Jepsen	Specter
Cranston	Johnston	Stafford
D'Amato	Kassebaum	Stennis
Danforth	Kasten	Stevens
DeConcini	Kennedy	Thurmond
Denton	Laxalt	Tower
Dixon	Leahy	Tsongas
Dodd	Levin	Wallop
Dole	Long	Warner
Domenici	Mathias	Weicker
Durenberger	Matsunaga	Williams
Eagleton	Mattingly	Zorinsky
East	Melcher	
Exon	Metzenbaum	

NOT VOTING—4

Lugar	Murkowski	Symms
McClure		

So Mr. PRESSLER's amendment (No. 585) was agreed to.

Mr. MOYNIHAN. Madam President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Madam President, if I could just take 30 seconds, I think we could expedite this. We want to move as quickly as we can. The Senator from Mississippi and the Senator from California wanted to state a few words. We are going to accept three amendments and have final passage, as far as I know, unless there are other amendments.

INTEREST ON SOCIAL SECURITY FUNDS

Mr. STENNIS. Madam President, I thank the Senator from Kansas.

Madam President, I have an amendment at the desk. It is an amendment of some consequence relating to the funds that are in the Social Security Fund which sometimes amounts to several billion dollars being put out at interest. The provision of the amendment is that it shall be put out at the usual market rate of interest rather than a preference rate.

Madam President, the amendment would require that all of the trust funds of the social security funds be invested in such investments as shall secure the maximum possible interest yield commensurate with the safety of the trust funds.

The reason for this amendment, Madam President, is that the record shows that, on June 30, 1980, there was an aggregate total of $46.845 billion in the three social security trust funds—$23.56 billion for old-age and survivors insurance; $7.68 billion for disability insurance; and $14.6 billion for health insurance.

This same report shows, Madam President, that the social security trust funds in fiscal year 1981 earned only 8.3 percent on its $47 billion portfolio. We all know that money market funds, which were invested exclusively in government securities, earned 13.5 percent or more. A mathematical calculation shows that, if the social security trust funds had done as well, $2 billion or 60 percent of the calendar year 1980 social security deficit would not have occurred.

This low rate of returns on these trust funds was not by accident. It was by design. The funds are managed by the Treasury Department, and it appears that, instead of trying to maximize the return on the social security trust funds, they have acted in the interest of the Treasury to try to minimize the return and thus reduce the interest on the national debt.

These trust funds are dedicated for the payment of social security benefits, and those who hold and invest them act in a fiduciary relationship. As such, it is essential, in my judgment, that the funds be invested so as to earn the maximum return possible commensurate with the safety of the funds. My amendment would charge the trustees of the trust funds with the duty to maximize the return on the funds to the greatest extent commensurate with safety. Far too much of these trust funds have been invested in so-called special issues of the Treasury Department. In fiscal year 1980, most of these special issues carried an interest rate of 7 percent. Only $6.3 billion of the special issues carried a return in tht 9-percent range.

I sincerely believe that it is mandatory that the trustees of the social security trust funds act as prudent businessmen and make every effort to increase the return on the social security trust funds.

Madam President, as I said, it would have been $2 billion, according to my research, in favor of the social security fund if it had been loaned for the last year as the amendment would provide. Still, it is worthy of hearings.

Yesterday Senator PROXMIRE offered a similar amendment. We were working on it without each other's knowledge. As I understand it, the chairman of the committee said then that he thought it was worthy of hearings and there would be hearings.

I will not offer my amendment, under those circumstances, Madam President, but I will ask unanimous consent that it be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

At the end of the bill, insert the following:

SEC. 2. (a) Section 201(d) of the Social Security Act is amended as follows:

(1) by striking out the first sentence and inserting in lieu thereof the following: "It shall be the duty of the Board of Trustees to invest such portion of the Trust Funds as is not, in its judgment, required to meet current withdrawals, and such investments shall be made so as to secure the maximum possible interest yields, commensurate with the safety of the Trust Funds.";

(2) by inserting immediately after "then forming a part of the public debt" the following: ", all marketable interest bearing obligations which are not obligations of the United States but which are guaranteed as to both principal and interest by the United States, and all marketable federally sponsored agency interest-bearing obligations that are designated in the laws authorizing their issuance as lawful investments for fiduciary and trust funds under the control and authority of the United States or any officer of the United States".

(3) by striking out "which are not due or callable until after the expiration of four years from the end of such calendar month".

(b) Section 1817(c) of such Act is amended as follows:

(1) by striking out the first sentence and inserting in lieu thereof the following: "It shall be the duty of the Board of Trustees to invest such portion of the Trust Funds as is not, in its judgment, required to meet current withdrawals, and such investments shall be made so as to secure the maximum possible interest yield, commensurate with the safety of the Trust Funds.";

(2) by striking out "which are not due or callable until after the expiration of 4 years from the end of such calendar month".

(c) Section 1841(c) of such Act is amended as follows:

(1) by striking out the first sentence and inserting in lieu thereof the following: "It shall be the duty of the Board of Trustees to invest such portion of the Trust Funds as is not, in its judgment, required to meet current withdrawals, and such investments shall be made so as to secure the maximum possible interest yield, commensurate with the safety of the Trust Funds.";

(2) by inserting immediately after "then forming a part of the public debt" the following: ", all marketable interest bearing obligations which are not obligations of the United States but which are guaranteed as to both principal and interest by the United States, and all marketable federally sponsored agency interest-bearing obligations that are designated in the laws authorizing their issuance a lawful investments for fiduciary and trust funds under the control and authority of the United States or any officer of the United States".

(3) by striking out "which are not due or callable until after the expiration of 4 years from the end of such calendar month".

Mr. DOLE. Will the Senator yield?

Mr. STENNIS. Yes, I yield.

Mr. DOLE. I can assure the Senator from Mississippi that there will be hearings. I know the Senator has had a longstanding interest in this and we want to try to accommodate that interest. We have assured Senator PROXMIRE and we make that same promise to the Senator.

Mr. STENNIS. I thank the Senator very much. Senator PROXMIRE and I are both interested. We just happened not to confer with each other about it.

Mr. DOLE. Madam President, I yield to the distinguished Senator from California.

Mr. HAYAKAWA. I thank the distinguished Senator from Kansas.

Madam President, I am concerned about the Finance Committee's amendment to restore the minimum social security benefit and to provide a stop-gap resolution to the funding crisis confronting the social security system. This legislation is not the proposal I had hoped the Finance Committee would report, knowing the serious circumstances of the system's financing. It is, in fact, exactly what I hoped would not happen: A return to the business-as-usual, shortsighted response to a long-term crisis. I

am extremely disappointed that a substantive bipartisan solution could not be achieved. What we do have is a temporary answer to social security's short-term financing needs.

The provision restoring the minimum social security benefit comes less than 2 months after the Congress resolved to eliminate it. The minimum social security benefit, as I understand it, is not an earned benefit. It is a minimum level of benefits paid to those who are entitled to social security, according to the formula used to calculate every other recipient's benefits, at a level of less than $122. The minimum benefit is the amount over and above the benefits earned by the recipient to make a total of $122.

In the Omnious Reconciliation Act of 1981, the provision eliminating the minimum benefit did not take away earned benefits, just those added on to raise the total; so recipients would not be deprived of earned benefits if the provision were allowed to take effect. I recognize, however, that it is difficult to reduce benefits that individuals on fixed incomes receive, and causes a hardship to them.

I am pleased that the Finance Committee chose not to continue the minimum benefit for future retirees, but merely proposes to restore the minimum benefit for current recipients. That will insure that current beneficiaries do not have their benefits reduced, while future beneficiaries will receive only those benefits which are earned.

The stop-gap measure to temporarily save the social security system—inter-fund borrowing—is not the panacea that some would argue. It will do little more than transfer the burden of retirement benefits onto medicare and disability. Instead of coping with one trust fund going bankrupt, we will have to deal with all three being depleted.

As I said earlier, I would prefer a more farsighted approach to restoring social security to a sound financial base. The appointment of a task force to look into, and make recommendations on, a long-term solution to this crisis is a consolation, at least. I fear, however, that what we need are fewer task forces and more action.

I have said that I am disappointed in this legislation. Nevertheless, I will support it. I want to see a healthy social security system as much as anyone, and certainly do not wish to be viewed as an opponent of a congressional effort to save the system. However, I will support this legislation reluctantly. I say reluctantly because I believe we can, and should, do better.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

UP AMENDMENT NO. 485

Mr. DOLE. Madam President, I send a technical amendment to the desk and, while it is at the desk, I will explain it. It has been cleared with Senator LONG and others.

Madam President, it has been brought to our attention that there is an unintended loophole in the committee provision dealing with sick pay. Some employers have argued that the committee provision penalizes certain firms and fails to exact the social security taxes as intended from others.

It would be comparatively easy for the larger employers with more sophisticated accounting systems for handling payroll and related administrative matters to take advantage of the loophole. Thereby, they would avoid paying the tax and providing the added coverage for their employees. By contrast, smaller employers, and those with less elaborate accounting systems, might not find it at all feasible to take advantage of the loophole. For them the avoidance of the tax through revised bookkeeping methods would be more difficult and costly.

This amendment will perfect the operation of the provision and make its administration less burdensome to business. The amendment applies the social security tax to all employer-financed sick pay—in the first 6 months—except that paid as insurance.

I urge my colleagues to accept this amendment.

Madam President, I know of no objection to the amendment. It has been cleared on both sides.

Mr. MOYNIHAN. Madam President, we very much support the amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an unprinted amendment numbered 485.

Mr. DOLE. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 10 of the Committee amendment, beginning on line 23, strike out "(but not including any such payment that is made directly to such employee from the regular wage or salary account of such employer)" and insert in lieu thereof "(but including, in the case of payments made to an employee or any of his dependents, only (A) payments made by an insurance company, other than payments (i) by an insurance company which is owned, to a substantial extent, by the employer, and (ii) by an insurance company under an administrative-services-only contract which provides for such company to be reimbursed only for the sickness or accident disability payments actually paid plus the accompanying administrative expenses and profit, and (B) payments which are required by a workmen's compensation or temporary-disability insurance law)".

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 485) was agreed to.

Mr. DOLE. Madam President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 486

(Purpose: To require counterfeitproof social security cards)

Mr. MOYNIHAN. Madam President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New York (Mr. MOYNIHAN) proposes an unprinted amendment numbered 486.

Mr. MOYNIHAN. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill add the following new section:

SOCIAL SECURITY CARDS

SEC. . (a) Section 205(c)(2) of the Social Security Act is amended by adding at the end thereof the following new subparagraph:

"(D) The Secretary shall issue a social security card to each individual at the time of the issuance of a social security account number to such individual. The social security card shall be made of banknote paper, [illegible] practicable) shall be a card which cannot be counterfeited.".

(b) The amendment made by this section shall apply with respect to all new and replacement social security cards issued more than 180 days after the date of the enactment of this Act.

[illegible] after the date of the enactment of this Act the Secretary of [illegible] Services shall report to the Congress on his plans for implementing the amendment made by this section.

Mr. MOYNIHAN. Madam President, this is a matter the Senate has been getting around to doing for some time, a small but important matter, that at the time of issuance of the social security account number, the Secretary shall issue a social security card to each individual that will be made of bank note paper and, to the maximum extent possible, shall be a card which cannot be counterfeited.

Madam President, I will not delay the Senate at this point, but I would like to read one paragraph from a recent General Accounting Office study on this subject. The GAO stated that: "While no reliable statistics are available on the extent of abuse or misuse of social security numbers and cards, crimes based on false identification which frequently include false or illegitimate social security numbers are estimated to cost the taxpayers more than $15 billion annually."

There are some 10 to 13 million cards issued each year. About 5 to 8 million are new cards and about 4 to 7 million are replacements.

The issuance of a banknote card will cause a slight additional expense, but it will avoid, in many cases, the replacements, which are about half of those now issued.

I believe this to be a wise and prudent measure.

I ask unanimous consent that an article on this matter as it appeared in the Schenectady Gazette dated September 8, 1981, be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BOGUS SOCIAL SECURITY CARDS CAUSE FOR CONCERN

(By Gregory Gordon)

WASHINGTON.—Social Security cards are commonly counterfeited or stolen for use by illegal aliens and others to get jobs and collect billions of dollars in undue benefits.

Government probers say corrupt federal employees and private citizens, such as travel agents, are peddling the cards for up to $200 to thousands of undocumented aliens, who usually use them to get jobs.

Illegals also are known to be fraudulently collecting unemployment and welfare checks and even food stamps and retirement benefits.

In addition, U.S. citizens are capitalizing on loose distribution of the cards by sometimes collecting unemployment checks with one card while holding a job under a separate Social Security number. Sources say one recent spot check showed three million persons had two Social Security cards.

"Everything (crooked) you can think of to do with the cards, they're doing," said one investigator. "A Social Security card is the key to the kingdom. To get any benefit, you need a number."

The General Accounting Office estimates the scandal costs taxpayers $15 billion a year in government benefits paid to unqualified applicants using fake or stolen cards.

In a nationwide probe—called "Project Baltimore" because the Social Security Administration is based in Baltimore—the government already has won convictions of scores of persons caught illegally issuing the numbers.

But officials at the inspector general's office for the Department of Health and Human Services say most card cheaters go undetected because of lax procedures.

One federal prober, noting the Social Security Administration has only 120 investigators nationwide, said: "Who's going to catch you?"

In a Social Security field office, auditors reported, "A stack of more than 1,000 blank cards was found lying on the floor in an unlocked and well-lit area accessible to the public."

Health and Human Services Secretary Richard Schweiker declared in May all blank cards would be returned to the central office, but blank cards remain in most of the agency's 1,400 field offices, which have authority to issue duplicate cards.

An HHS spokesman said, "They are under stricter lock and key measures now," but several agency officials said privately the security problem still exists.

Investigators have found evidence of careless supervision of those who distribute cards; loose procedures for validating applications and little effort to trace individuals fraudulently obtaining cards.

An inspector general's audit in New York and Washington last year found nearly half the cards in those cities were issued to aliens. About 20 percent of those were given to incorrectly coded individuals; another 20 percent went to aliens not authorized to receive work-related numbers.

An investigator for the Immigration and Naturalization Service complained that all Social Security cards look identical, although "some are issued to aliens who don't have permission to work."

He said cards are often issued to aliens who say they need them to get insurance or put money in a bank, but use the card to get a job.

"Anyone can go down to Tijuana and buy any number of Social Security cards now," said another INS official.

Only two weeks ago, during a customs check in Laredo, Texas, border agents discovered a Mexican trying to enter the United States had a phony birth certificate used by three other persons. In his car, they found a cache of Social Security cards.

In a much-publicized case in 1980, five persons—including a former policeman, a court stenographer and a Social Security employee—were charged with running a clandestine warehouse operation in Los Angeles, where they printed 77,000 counterfeit SSA application forms.

With the help of the Social Security Administration employee, the forms were filled with the names of illegal aliens and sent directly to the agency's central data base for processing, bypassing the district office.

Three of the five were convicted in 1980. Two jumped bail.

"It goes with the line of work," said John Schwartz, a Social Security Administration official. "They (travel agents) know who the customers are. The people who need to get Social Security cards are aliens."

In New York, prosecutors won convictions earlier this year against two men who claimed to be priests and counterfeited immigration documents, which they sold to aliens along with Social Security cards.

Mr. DOLE. Madam President, I have discussed this amendment with the distinguished Senator from New York. I understand representatives of the Social Security Administration may be opposed to it. I fail to comprehend their opposition, however.

I have indicated to the Senator from New York that I am certainly willing to accept the amendment. Unless I have overlooked an obvious argument, it makes sense to me. It makes much more sense to provide for counterfeit proofing than to increase the jail term for those who do counterfeit. We adopted that amendment yesterday. I hope the amendment might be agreed to.

Mr. MOYNIHAN. I thank the Senator.

Madam President, Senators D'AMATO, HARRY F. BYRD, JR., and BRADLEY ask to be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

If there be no further debate on the amendment, the question is on agreeing to the amendment.

The amendment (UP No. 486) was agreed to.

Mr. MOYNIHAN. I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 487

Mr. DOLE. Madam President, I send an amendment to the desk on behalf of Senators STAFFORD, RANDOLPH, SYMMS, and BENTSEN, and ask for its immediate consideration.

I understand the amendment has been cleared on this side with the majority leader, and it has been cleared on the other side, so far as I know.

Under current law the 4 cent per gallon excise tax on gasoline and other motor fuels will expire on October 1, 1984, and revert to 2 cents per gallon. The Highway Trust Fund into which the highway taxes are placed will also expire on October 1, 1984.

What this amendment would do is extend the current highway excise taxes for 5 years to October 1, 1989, and extend the Highway Trust Fund for 6 more years, to September 30, 1990.

I believe the Senator from Texas has had a long interest in this matter. I understand he has cleared this amendment, as has Senator STAFFORD.

Mr. BENTSEN. I will say to the distinguished chairman that is correct. It is a simple extension of the Highway Trust Fund. After conferring with Senator LONG and Senator RANDOLPH, I know of no objection.

Mr. MOYNIHAN. Will the Senator from Texas add me as a cosponsor?

Mr. BENTSEN. Madam President, I ask unanimous consent that the Senator from New York be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE), for Mr. STAFFORD, Mr. RANDOLPH, Mr. SYMMS, and Mr. BENTSEN, proposes an unprinted amendment numbered 487.

Mr. DOLE. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

TITLE .—HIGHWAY REVENUE ACT OF 1981

SHORT TITLE

SEC. . This title may be cited as the "Highway Revenue Act of 1981".

EXTENSION OF THE TAXES WHICH ARE TRANSFERRED INTO THE HIGHWAY TRUST FUND

SEC. . (a) GENERAL RULE.—The following provisions of the Internal Revenue Code of 1954 are amended by striking out "1984" each place it appears and inserting in lieu thereof "1989":

(1) Section 4041(e) (relating to rate reduction).

(2) Section 4061(a)(1) (relating to imposition of tax on trucks, buses, etc.).

(3) Section 4061(b)(1) (relating to imposition of tax on parts and accessories).

(4) Section 4071(d) (relating to imposition of tax on tires, tubes, and tread rubber).

(5) Section 4081(b) (relating to imposition of tax on gasoline).

(6) Section 4481(a) (relating to imposition of tax on use of highway motor vehicles).

(7) Section 4481(e) (relating to period tax in effect).

(8) Section 4482(c)(4) (defining taxable period).

(9) Section 6156(e)(2) (relating to installment payments of tax on use of highway motor vehicles).

(10) Section 6421(a) (relating to tax on gasoline used for certain nonhighway purposes or by local transit systems).

(b) AMENDMENT OF SECTION 6412(a)(1).—Section 6412(a)(1) of such Code (relating to floor stocks refunds) is amended—

(1) by striking out "1984" each place it appears and inserting in lieu thereof "1989"; and

(2) by striking out "1985" each place it appears and inserting in lieu thereof "1990"

EXTENSION OF HIGHWAY TRUST FUND

SEC. . (a) HIGHWAY TRUST FUND.—Subsections (c), (e)(1), and (f) of section 209 of the Highway Revenue Act of 1956 (relating to the Highway Trust Fund; 23 U.S.C. 120 note) are amended—

(1) by striking out "1984" each place it appears and inserting in lieu thereof "1990" and

(2) by striking out "1985" each place it appears and inserting in lieu thereof "1991".

(b) CONFORMING AMENDMENTS TO LAND AND WATER CONSERVATION FUND.—Subsection (b) of section 201 of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 4061-11) is amended—

(1) by striking out "1984" and inserting in lieu thereof "1990"; and

(2) by striking out "1985" each place it appears and inserting in lieu thereof "1991".

Mr. DOLE. Madam President, I ask unanimous consent that certain statements be printed in the RECORD. This is a simple extension of existing law and does not preclude a review of the financial stucture or the excise tax levels of the highway trust fund next year or at any time in the future.

I also ask unanimous consent that there be printed in the RECORD at this point a letter from the Secretary of Transportation.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF TRANSPORTATION,
Washington, D.C., June 10, 1981.

Hon. ROBERT DOLE,
Chairman, Finance Committee, U.S. Senate, Washington, D.C.

DEAR BOB: One of the major transportation issues to be considered by the Finance Committee this session relates to the extension of the Highway Trust Fund. The Highway Trust Fund serves as the primary financing mechanism for the Federal-Aid Highway program. It finances the Interstate and primary highway system programs as well as many others. In order to provide the necessary revenue for increasing authorizations, Congress provided in the Revenue Act of 1956 that highway user taxes be credited to the Trust Fund. The Fund has been financed through user tax collection since 1956, and authority to impose taxes currently exists through 1984.

The Administration's proposed highway legislation, S. 841, provides for five year highway authorizations to extend from FY 82—FY 86. The authorization levels are based on an assessment of changes in highway conditions and performance since 1970, and an analysis of investments needed to maintain acceptable levels of performance on our nation's highways. Title III of this bill retains the Highway Trust Fund as the mechanism for Federal highway financing and extends the Fund's existence for six more years to September 30, 1990. The bill also extends current excise taxes allocated to the Highway Trust Fund for five years; that is, the rate reductions or expirations of highway taxes now scheduled for October 1, 1984, are deferred until October 1, 1989. Although no tax increases are proposed, it is necessary to extend the Trust Fund and the current tax allocations so that highway programs can be authorized beyond FY 82.

We would like to make clear that our proposed highway legislation, including the Trust Fund and tax extension proposals, is an integral part of the President's total program for economic recovery. Our proposals assure that the Federal-aid highway program will achieve national goals and interests, within acceptable budget levels. As you know, Congress has expressed strong support for the President's economic program and, in the budget process, both Houses have made clear their commitment to the President's program. Now the time has come to enact the specific laws that are necessary to give life to the President's budget. Our proposed highway legislation is an important part of this economic program, and we look forward to working with you to achieve enactment of this legislation.

The Office of Management and Budget advises that the views expressed in this letter are in accord with the program of the President.

Sincerely,

DREW.

● Mr. STAFFORD. Madam President, this amendment would simply extend the highway trust fund and the existing excise taxes for 6 years. This amendment would make no changes to the existing tax structure or the tax levels, and it would in no way preclude a comprehensive review of the highway trust fund structure and excise taxes next year or any time in the future.

The Senate Environment and Public Works Committee recently reported S. 1024, the Federal-Aid Highway Improvement Act of 1981, to the Senate. This legislation provides authorizations for the Federal-aid highway program through 1986. The committee believes multiyear highway legislation is absolutely necessary to provide the States with a stable program for effective long-term planning. In order to enact multiyear highway legislation, a simple extension of the trust fund is necessary.●

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment.

The amendment (UP No. 487) was agreed to.

Mr. DOLE. Madam President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Madam President, we are waiting for Senator LEVIN with the only other amendment I know about. I am prepared to offer it on his behalf, if that is satisfactory.

UP AMENDMENT NO. 488

(Purpose: To require that the statutory deadline for implementing AFDC home health aide demonstration projects be met for projects in at least seven States)

Mr. MOYNIHAN. Madam President, on behalf of Senator LEVIN, I send an amendment to the desk and ask for its immediate consideration. The amendment is offered on behalf of Mr. LEVIN and Mr. DOLE.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New York (Mr. MOYNIHAN) on behalf of Mr. LEVIN and Mr. DOLE, proposes an unprinted amendment numbered 488:

At the end of the bill add the following new section:

STATUTORY DEADLINE FOR IMPLEMENTING AFDC HOME HEALTH AIDE DEMONSTRATION PROJECTS

SEC. . The last sentence of subsection (c)(2) of section 966 of the Omnibus Reconciliation Act of 1980 (as amended by section 2156 of the Omnibus Budget Reconciliation Act of 1981) is amended by inserting "with at least seven States" after "agreements".

Mr. CHILES. Madam President, I move adoption of the amendment.

Mr. MOYNIHAN. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. While Senator LEVIN is on his way, the Levin amendment requires that at least 7, but not more than 12, State demonstration projects relating to the training of AFDC recipients as home health aides be established.

The 1980 Omnibus Reconciliation Act requires the Secretary to enter into agreements with up to 12 States for the purpose of conducting demonstration projects for the training and employment of AFDC recipients as home health aides.

The Department has been slow to implement the demonstration projects notwithstanding prodding in the 1981 reconciliation conference report and a strongly worded bipartisan letter from Congressman CONABLE and nine other members of the Ways and Means Committee to Secretary Schweiker. To date it appears that the Department plans to proceed with only 2 demonstration projects, although 14 States have submitted applications.

CBO estimated that for minimal startup costs of about $2 million, the following savings could be realized in the AFDC and medicaid programs:

[In millions]

	AFDC	Medicaid
Fiscal year 1982	$1	$1
Fiscal year 1983	5	9
Fiscal year 1984	6	13
Fiscal year 1985	7	18

Madam President, this was originally a Dole-Talmadge amendment, unanimously approved by the Finance Committee in 1978 and subsequently unanimously adopted by the House Ways and Means and Energy and Commerce Committees as part of the Omnibus Reconciliation Act of 1980.

Mr. LEVIN. Madam President, my amendment deals with an issue with which the Finance Committee is quite familiar—the concept of utilizing AFDC recipients as homemakers for the purpose of providing medicaid recipients with a long-term care alternative to nursing homes. This puts AFDC recipients to work and provides services to the medically needy and saves money on both AFDC and medicaid programs. The program, after a brief initial startup cost of $2 million, will save as much as $25 million in fiscal year 1985 from both the medicaid and AFDC programs, which is more than the projected savings in several of the AFDC reforms advocated by the administration.

Madam President, my amendment clarifies the intent of Congress on this issue by addressing a problem which has arisen as regards the number of projects to be funded and date of implementation of the program. It is my understanding that Senator DOLE, chairman of the Finance Committee and manager of the bill before us, has no objection to the measure and, in fact, is prepared to accept the amendment on behalf of the members of his committee.

The amendment requires that the statutory deadline, January 1, 1982, for

implementing AFDC home health aide demonstration projects be met for projects in at least seven States.

I will take a moment, Madam President, to explain why this amendment is necessary.

Three years ago, the Finance Committee unanimously incorporated the home health aide demonstration project into their medicare-medicaid reform bill as a result of a highly successful project in New Mexico. Further research by the Congressional Budget Office and another successful project in Michigan demonstrated such potential for significant savings that the home health aide demonstration project was subsequently, unanimously adopted by the House Ways and Means Committee and Energy and Commerce Committee and became part of the Omnibus Reconciliation Act of 1980.

CBO estimated that for the minimal $2 million startup cost, the following savings could be realized in the AFDC and medicaid programs:

[In millions]

	AFDC	Medicaid
Fiscal year 1982	$1	$1
Fiscal year 1983	5	9
Fiscal year 1984	6	13
Fiscal year 1985	7	18

During the conference on the Omnibus Reconciliation Act of 1980, the House provision for no more than a 12-State demonstration was overwhelmingly accepted and specific provisions were made in the conference report to have the Secretary of HHS issue regulations by April 1, 1981, to begin demonstration projects by July 1, 1981. The law stated that preference was to be given to States that had demonstrated active interest and support for the AFDC home health aide demonstration concept and seven States were listed in the report as having showed interest. These States were California, Georgia, Hawaii, Michigan, New Jersey, New Mexico, and New York.

Earlier this spring, in testimony before the House Ways and Means Committee, the administration indicated that initial plans had been made for only 2 of the 12 mandated State demonstrations because of a scarcity of demonstration project startup money.

On March 18, 1981, a bipartisan group of members of the Ways and Means Committee wrote to Secretary Schweiker to reiterate their intent, and the intent of the House and Senate conferees on the Reconciliation Act of 1980, that these demonstration projects were entitlement provisions and, therefore, startup money to institute the 12 cost-saving demonstrations was readily available.

In an effort to make congressional intent perfectly clear, legislative and report language were included in the Reconciliation Act of 1981 that clearly spelled out the 12-State limit, the intention that regulations and guidelines be published by October 1, 1981, and that agreements be entered into by January 1, 1982. Additionally in the statement of managers, it was emphasized that at least 12 States were to be assisted by HHS to implement these demonstration projects.

Unfortunately, during recent communications with the Health Care Financing Administration, it was learned that HHS currently plans to proceed with only 2 of the 12 projects, even though 14 States have applied for this demonstration project. These States are New York, California, Michigan, Texas, Ohio, South Carolina, Hawaii, Georgia, New Jersey, District of Columbia, Florida, New Mexico, Arkansas, and Kentucky.

Madam President, my amendment would require that contracts are signed with at least seven States by January 1, 1982, the current law statutory date.

Madam President, I thank the Senator from Kansas and the Senator from New York as well as their staffs for protecting this amendment in the way they did. I am deeply indebted to them.

Mr. EAGLETON. Madam President, I move the adoption of the Levin amendment.

Mr. MOYNIHAN. Madam President, if it should transpire that in a very short while the Senator from Michigan wishes to make changes, I wish it understood that I shall propose those changes in the normal course of events.

The PRESIDING OFFICER (Mr. WARNER). Is there any further debate on the amendment? If not, the question is on agreeing to the amendment.

The amendment (UP No. 488) was agreed to.

Mr. MOYNIHAN. I move to reconsider the vote by which the amendment was agreed to.

Mr. EAGLETON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

● Mr. JEPSEN. Mr. President, on September 25, the joint economic subcommittee on monetary and fiscal policy held a hearing on the very issue we are debating today—the future of social security. Specifically, we examined how social security benefits affect the decision to retire and the savings decisions made by working men and women in this country. In addition, we examined the proper relationship between public and private pension plans.

As chairman of this subcommittee, I was privileged to have a former colleague of ours, Secretary Schweiker, present the administration's viewpoint on this issue. As one might expect the Secretary was questioned at some length about the administration's proposals for restoring financial stability to the Social Security Trust Funds.

This is a very important point, which should not be overlooked. The administration's proposals were made in order to restore financial integrity to the Social Security Trust Funds. This was not something the President did in order to balance the budget, as some people might have us believe. It was not due because of some desire to dismantle the social security program. Quite frankly, if this was the desire of the administration, they could have simply left the program as it was.

Instead of questioning the motives of the President, I think we should be praising him for having the courage to draw attention to the seriousness of the problem facing the social security system. When the social security program was started over 40 years ago, a promise was made to the working men and women of this country that when they retired, social security would be there to provide basic retirement benefits. Everyone knows that unless changes are made, we will be unable to keep this promise and I do not believe Congress or President Reagan want to see this happen.

I would point out to my colleagues that many workers doubt whether or not we will be able to make the necessary changes to insure the future of social security. In a poll conducted earlier this year by Lance Tarrance and Associates, a national public opinion research firm, it was found that 68 percent of all Americans believe social security is in financial trouble and most of these people are also worried about the adequacy of their own retirement income.

I believe the bill we are discussing today will help to alleviate some of these fears and because of this I plan to support this measure. But I want my colleagues to understand that interfund borrowing and restoration of the social security minimum benefit will not solve the problem, it will only postpone the day of reckoning. Short-term solutions such as this are like putting a bandaid on a gunshot wound. You have only covered up the problem, you have not solved it.

In response to this need for long-term answers, President Reagan has announced the formation of a bipartisan task force to examine the situation and make suitable recommendations. I would hope that this task force can act in a bipartisan fashion. Politics has no place in the social security debate.

If anyone needs any proof of the damage politics has done to the social security system, compare it to any private insurance fund. To my knowledge, no private insurance company has ever failed to pay benefits because of a lack of funds. There is a logical reason for this, Mr. President.

Private insurance funds are managed in a fiscally responsible manner and are not subject to the political pressures we have placed on social security. Unless we can remove the social security debate from a political arena to one where it can get the serious attention it deserves, I am concerned that we may not come up with the necessary solutions.

In closing, I would like to congratulate Senator DOLE and Senator ARMSTRONG for bringing this bill to the floor in such a timely fashion. It is refreshing to see a committee act in such a swift manner on an issue of such national importance. I trust this will continue as the Congress continues debating social security.●

● Mr. BRADLEY. Mr. President, I intend to vote for this bill which will restore the social security minimum benefit for most current recipients and provide for necessary short-term measures to assure the financial integrity of the social security system.

While I think these provisions are necessary, I do not believe that they are sufficient. The minimum benefit should

be restored to all current beneficiaries. I have consistently opposed the administration's drive to eliminate this benefit which is crucial to so many older Americans, including a disproportionate number of elderly widows. I remain firm in my support for full restoration, and it is my hope and expectation that the Senate-House conference will agree with me that cutting the minimum benefit payments was and is the wrong way to make budget savings.●

● Mrs. HAWKINS. Mr. President, today the Senate considered changes in the social security system to improve its short- and long-term solvency, after previously passing a Finance Committee amendment that partially restored the minimum benefit. I voted for H.R. 4331 despite misgivings.

Under current law, specific percentages of social security tax receipts are allocated to the three Social Security Trust Funds, the Old Age and Survivors Fund, the Disability Fund, and the Hospital Insurance Fund.

Forecasts made by the Congressional Budget Office and Office of the Actuary of the Social Security Administration predict that Old Age and Survivors Fund will fall into deficit during fiscal year 1982, although a combined surplus of over $40 billion will exist in the other two funds.

Therefore, I agree with the Finance Committee's recommendation to permit the OASI Fund to draw support from this $40 billion pool during the next 10 years.

By combining the financial strength of the three trust funds, we can guarantee all social security benefits will be paid until the 21st century, assuming the administration's economic projections are accurate.

As part of the Omnibus Reconciliation Act of 1981, Congress eliminated the social security minimum benefit not only for those who would receive it by retiring in the near future, but also those who left the workforce many years ago.

I understand and agree with the need to lower Federal spending, but cutting benefits to those who objectively have the least ability to absorb the difference by making up the difference elsewhere is unfair and just plain wrong.

The committee amendment restored the minimum benefit for those who now receive it, but wrongly left out those who will retire 2 months from now and beyond. They too have long included the minimum benefit in their plans and are depending on the Government to keep its promises.

To pay for this partial restoration of the minimum benefit, the committee recommended new limits on benefits paid to certain families of retired or deceased workers. Currently, regardless of their size, families receive assistance equal to 150 percent of the amount of help that disabled workers would receive if he or she were single.

Alternatively, such families receive an amount equal to 85 percent of the average wages they earned before disability, when adjusted for inflation, if this method results in a smaller payment.

The committee amendment extended these tougher limits for the first time prospectively to retired and surviving families. In some cases, that means benefits paid to widows with children will be more than 20 percent lower if they become eligible in 1982 rather than in the summer of 1981.

This approach raised half the money needed to partially restore the minimum benefit. However, taking funds from one vulnerable group to keep promises to another is also unjust.

To raise the remaining funds, the committee also recommended, and the Senate agreed to, levying social security taxes on the first 6 months of sick pay provided under company plans. While the sick usually recover and therefore have a somewhat easier time adjusting to lower assistance than those who have retired, this trade off is a harsh one, too.

To conclude, the Senate has chosen ways to finance a partial restoration of the minimum benefit that only marginally advances the equity of the system. A better proposal would at least fully restore the minimum benefit for those already retired and those without sufficient time to make adjustments.

We should not demand new sacrifices from others also in need of previously promised assistance. Therefore, it is with reservation that I cast my vote in favor of H.R. 4331 as amended.

However, the emergency need to authorize interfund borrowing plus the need to keep our promises at least to some who have counted on receiving the minimum benefit provide just enough reason to support an affirmative vote.●

● Mr. DODD. Mr. President, I believe the Senate should act affirmatively on the Finance Committee Amendment to H.R. 4331. This amendment is a package of social security financing proposals, particularly restoring the minimum benefit, providing for interfund borrowing authority, and adjusting the share of tax revenues available to each trust fund.

On May 20, by a vote of 96 to 0, the Senate passed an amendment to the Omnibus Supplemental Appropriations bill expressing its sense that Congress not reduce social security benefits. By acting affirmatively on the Finance Committee amendment, the Senate fulfills the promise it made on May 20.

Previous administration proposals to reduce social security benefits, including the minimum benefit, violated our commitment to older Americans and took from those least able to sacrifice. Such proposals broke the promise made to our senior citizens, weakening not only their faith but also the faith of all Americans in the integrity of the social security program.

The provision to eliminate the minimum benefit contained within the Omnibus Reconciliation Act of 1981 jeopardized the confidence which our older constituents had placed in Congress as well as that of generations to come. Today, we must act affirmatively to restore that confidence. If we do not, we may shake Americans' faith in their Government irrevocalbly.

Confidence and faith in government are not the only things we will seriously undermine if we do not act affirmatively on this proposal. We will also endanger the health and well-being of some three million beneficiaries now dependent upon the minimum benefit to help pay for food, shelter, and medical care. Without the minimum benefit, some of these truly needy older Americans will not have enough to eat. Others will not have enough money to pay for heat through the winter. Still others will have trouble just finding a roof they can afford to keep over their heads.

I am certain that all of us have received hundreds of letters from our constituents, urging us to restore the minimum benefit. Even so, it is difficult for us to put faces on the millions of senior citizens who will be affected if we fail to act. Let us not forget that of the three million beneficiaries of the minimum benefit as it now stands, 750,000 are more than 80 years old. The vast majority of the remaining 2,225,000 recipients are more than 70 years old. Thus, most of the recipients are our very oldest citizens.

Our statisticians tell us that up to 75 percent of all senior citizens receiving the minimum benefit are women, many of whom are destitute. The minimum benefit is often the only source of income they have to alleviate poverty caused by many years of job and wage discrimination.

Unless we restore the minimum benefit, these women, along with other recipients, will be forced to depend upon relatives or accept welfare. Many have no relatives able to support them. Others always refused to accept welfare or charity before. We do not know if they would apply for welfare even if threatened with starvation.

Mr. President, I have reservations about the provision within this amendment which will eliminate the minimum benefit for those receiving pensions in excess of $300. Any changes in the social security system should not deprive those presently on the social security rolls of benefits they have relied upon. I am also concerned that it will cost more administratively to prevent these pensioners from receiving the minimum benefit than it would to give them the benefit.

As a member of the Committee on Aging, I heard the administration testify earlier this year that it would require more than 9,000 man-years merely to identify alleged windfallers such as pensioners receiving the minimum benefit. The administration now asserts that they can identify windfallers without relying upon the 9,000 man-years of their employees. I sincerely hope that they can do so without entangling us in wasteful, administrative knots.

The Senate did not make the proper decision in defeating an amendment to establish a Social Security Trust Fund with revenues collected by repealing for new leases only the 1981 reductions in the crude oil windfall profit tax.

I regret that the Senate decided not to transfer revenues now lost to the Government to our Social Security Trust Funds to ease their short-term funding problems.

These revenues will only be gravy for

the 50 largest oil companies responsible for producing new oil whereas they might have been basic meat and potatoes for older Americans dependent upon their social security checks.

Despite these regrets, I had no realistic alternative in terms of sound public policy in approving the Finance Committee package. This package restores the short-run solvency of the social security system by providing for interfund borrowing authority and adjusting the share of tax revenues available to each trust fund.

According to a February, 1981 CBO study, there are significant differences in the projected future balances of the three Social Security Trust Funds. While the OASI trust fund was predicted to expect a positive balance of only 4.7 percent of outlays at the beginning of fiscal year 1983 and an actual negative balance at the beginning of 1984–86, the DI and HI Trust Funds were predicted to enjoy balances of at least 24 percent in 1983 and over 50 percent in 1984–86. In 1986, the DI Trust Fund percentage balance was predicted to enjoy a percentage balance of over 100 percent. Under interfund borrowing or realinement of tax rates, roughly $40 billion could be shifted from DI and HI to OASI for the purpose of protecting solvency through mid-1984. Protecting solvency in the short run will give us the time to examine alternative ways of solving the longer term financing problems.

Mr. President, passage of this legislation will renew our commitment to the social security contract made with the American public in 1935. We must continue to insure that any future reforms of the social security system to ease financing problems will be gradual and equitable.●

Mr. COHEN. Mr. President, perhaps the most difficult and challenging issue facing the Congress this year is reforming the social security system.

There is no question that Congress has a responsibility to honor its commitment to those who have retired or are nearing retirement. Moreover, Congress must insure the long-term financial solvency of the social security system so that younger workers can claim their earned benefits when they retire.

In order to do so, Congress will have to pass reforms, many of which will generate controversy. Certainly no proposal has generated more controversy than the proposed elimination of the minimum benefit.

Past debate on the minimum benefit has focused on the need to eliminate so-called unearned benefits to those individuals with short work histories in social security covered employment. Providing a minimum benefit to many of these individuals over the years has placed a strain on the social security system. Whether we can afford to continue this practice is the central issue in the debate over the retention of the minimum benefit.

For a large number of elderly Americans, however, the minimum represents their sole source of income. Many of these individuals—perhaps 85 to 90 percent—are women. Nearly 80 percent are age 65 or older. Nearly half a million are over age 80, and about 80,000 are over 90. Clearly, the elimination of the minimum benefit for these individuals could only mean additional hardship.

I commend the Senate Finance Committee for its efforts in devising this compromise proposal which is before us today. I believe the bill we are considering strikes a reasonable compromise between the need to protect the elderly needy in our society, while lessening the drain on the social security system.

I support this measure because it is just and fair. Those who have no other means of support, and who rely heavily on the minimum benefit, will be totally protected. Those with small Federal pensions who are also heavily reliant on social security will also be totally protected.

I believe this proposal is just, compassionate, and deserving of the support of the Senate. I urge the adoption of the bill.

Mr. STENNIS. Mr. President, the bill pending before us will have the beneficial result of restoring the minimum social security benefit for all persons who are eligible for such benefits before November 1981 and who are residents of the United States. There are some exceptions to this with respect to those receiving the minimum benefit who also have governmental pensions. There has been a great deal of confusion during the debates this year about the application of and entitlement to minimum social security benefits. All of the facts have now been developed, and, with these facts before me, I am happy to support this bill.

I certainly believe that it would be a serious mistake for the Congress to leave the situation in such a state that needy social security retirees do not receive at least the minimum benefit of $122 per month. This is a small amount which will at best barely supply minimum food and lodging.

These people have worked and paid into the social security system for some period of time, although not for long enough to receive higher benefits. They are certainly entitled to something and, despite the confusion which has sometimes existed with respect to the minimum benefits, I am glad to support them now.

In addition, Mr. President, the Finance Committee bill provides that the aggregate tax rates for old-age and survivors insurance, disability insurance, and hospital insurance remain, for the future, at the same amount as provided by present law. However, the bill does provide that the amount of tax allocated to old-age and survivors insurance be increased for 1982 and thereafter and that the tax rate allocated to disability insurance should be reduced for 1982 and thereafter. In addition, the bill permits interfund borrowing between the old-age and survivors insurance and the disability insurance trust funds in amounts and at the discretion of the Secretary of the Treasury, who is the managing trustee.

I believe that these are wise provisions and will help the short-term financial situation of the trust funds, particularly the old-age survivors insurance trust fund.

I strongly support this bill and hope that it will be passed by a substantial majority of the Senate.

Mr. KENNEDY. Mr. President, I am pleased today to see that so many of my colleagues from the other side of the aisle are now prepared to agree with those of us who have been saying for months that the administration's social security proposals went far beyond what is needed to solve the trust funds' short term problems. The administration's plan to penalize early retirees and cut benefits for other senior citizens was nothing more than a veiled attempt to balance the budget on the backs of the elderly.

I just want to point out that I, along with the vast majority of my colleagues on this side of the aisle, have supported the proposal to permit interfund borrowing since the day the administration announced its ill-conceived cuts in social security.

Senator MOYNIHAN, Senator CHILES and I offered an amendment to authorize interfund borrowing. It was defeated 51 to 54, with only one Republican voting with us.

We said that interfund borrowing would address the immediate short-term financing problem in the system and permit consideration of the potential long term problems in a calm, deliberative fashion. Secretary Schweiker, in testimony before the Finance Committee, supported this idea. Four former Directors of the Social Security Administration supported it at a policy forum I held back in May when the President announced his program.

Yet for the last 5 months the senior citizens of this country have been told that the system was verging on collapse and that the financial crisis required immediate draconian cuts in benefits.

The proposal before us also restores the minimum benefit for most current beneficiaries. The President said in his address to the Nation 2 weeks ago that he was "asking" that the minimum benefit be restored, implying that the Congress was solely responsible for its elimination.

It is time to set the record straight.

Just last March, it was the President who called for eliminating the minimum benefit.

It was the President's Office of Management and Budget that characterized the minimum benefit as an "obsolete, unearned windfall and a welfare add-on."

It was the Reagan administration who told those senior citizens now trying to survive on the minimum benefit that they could always go on welfare.

It was the President who wrote to Senator BYRD last July and suggested that "opportunistic political maneuvering especially designed to play on the fears of many Americans" lay behind initiatives to restore the minimum benefit.

The public did not accept that explanation then and does not believe it now. Senior citizens know that it was the administration who wanted to cut

benefits and concerned Democrats who worked to restore them.

On six separate occasions before today, Members of this body have had the opportunity to restore the minimum benefit. On each occasion, the majority of Republicans voted against those amendments.

I am pleased that so many of my colleagues are now willing to change their minds and their votes.

Although I have reservations about certain elements of the Finance Committee's proposal, I will vote for it. I believe it offers a reasonable and responsible solution to the financing problems facing social security in the next few years.

It is a significant departure from the administration's draconian proposals and a significant victory for our Nation's senior citizens. Our actions here today renews our Nation's contract with those seniors who have paid into social security over the years and now rely on those benefits.

Our action here today reaffirms this Nation's commitment to maintain a financially sound social security system without cutting benefits. Our action should reassure all those still working who doubt whether social security will be there when they retire.

Over the months, my Democratic colleagues and I have argued that we cannot allow a questionable economic program to undermine and endanger the financial security of those citizens now retired and those about to retire. I am pleased that today so many of my Republican colleagues now see the wisdom of our arguments and will vote to preserve the integrity of the social security system.

Mr. THURMOND. Mr. President, the legislation before the Senate pertaining to social security has my support. This proposal was reported unanimously from the Senate Finance Committee. It would: First, restore the social security minimum benefit to most current recipients; second, alleviate the short-term financial crisis facing the social security retirement trust fund (OASI) by temporarily shifting tax receipts from the disability (DI) and medicare (HI) trust funds into the OASI fund and by authorizing interfund borrowing; and third, recoup the cost of restoring the minimum benefit by making relatively minor changes in FICA taxation of sick pay and by lowering the cap on the maximum family benefit paid in retirement and survivor cases.

THE MINIMUM BENEFIT

Mr. President, within the last few months there has been much highly emotional debate about the consequences of terminating the minimum social security benefit, an action agreed to by Congress in the omnibus budget reconciliation bill, which was signed into law on August 13, 1981. Evident in this debate and in the eyes of the public is a widespread misunderstanding of the nature of the minimum benefit and the income situation of most current recipients.

Fundamentally, it is important to understand that at least part of the $122 per month minimum payment is an "unearned" benefit; that is, it exceeds the benefit to which the recipient would be entitled using the benefit computation formula applicable to all other social security recipients. This formula relates benefits to actual earnings and FICA tax contributions under social security covered employment. If, for example, the standard benefit formula indicated that a person had earned a monthly benefit of $50 based on an abbreviated work history under social security, the person would nevertheless receive at least another $72—total of $122—in the form of an add-on, unearned benefit.

In the reconciliation bill passed a few weeks ago, Congress did not wipe out all social security benefits for current or future recipients of the minimum payment. Rather, only the unearned portion of the benefit would be ended, and all eligible persons would then receive the amount of benefits to which they would be entitled based on actual earnings under social security covered employment. Thus, it is incorrect to state, as some have, that minimum beneficiaries are being deprived of social security payments which they have earned during their working years.

In fact, the average individual receiving a minimum benefit would get $2,122 social security in 1982, based on lifetime tax contributions to the social security system of less than $355. For an average couple receiving an initial minimum benefit in 1982, their projected lifetime social security benefits of more than $100,000 would be about 300 times the amount of FICA taxes paid into the system during their working years. Clearly, we are not speaking here of an "earned" benefit.

Not only has there been a great deal of erroneous rhetoric about what the minimum benefit is, there has also been much misunderstanding of the true income situation of the 3 million recipients of the minimum benefit. The fact is that many, if not most, of the minimum beneficiaries are not low income people. Approximately one-half million current recipients of the minimum also receive substantial pensions from previous career government employment, or are married to spouses who receive such pensions.

Another 300,000 minimum beneficiaries have spouses who are still actively employed; some 35,000 recipients currently reside outside the United States; about 1.2 million are only technical minimum beneficiaries whose social security checks would not be diminished by the recent change in the law; and some 500,000 current minimum recipients are also eligible for supplemental security income [SSI], which would increase dollar for dollar to offset any loss of social security after recomputation of regular benefits. When a careful analysis is made of those receiving the minimum benefit, it becomes apparent that termination of the minimum benefit is not a callous action that will devastate the poor. There are various social safety net programs available, such as SSI, food stamps, and medicaid, which can be drawn upon to provide necessary protection for the elderly poor.

Nevertheless, Mr. President, it must be recognized there are elderly persons who now receive the minimum social security benefit who at least feel that the minimum benefit is something they or their spouses have earned, and they are reluctant to apply for public assistance benefits such as food stamps or SSI. There are also some elderly minimum recipients, such as low income, retired farmers, who could not now qualify for SSI because of the strict limitation on owned assets applicable to that program. For these and other reasons, President Reagan and the Senate Finance Committee have recommended that the minimum benefit be restored for most current recipients. I support this action.

The pending Finance Committee amendment would not restore the minimum benefit to those persons who no longer reside in the United States. Such foreign residents would only get the amount of monthly social security benefits they have earned based on previous social security covered employment. Also, current retirees with governmental pensions would have their social security minimum benefit reduced dollar-for-dollar for the portion of their governmental pension above $300, but not below the amount of benefit to which their actual social security covered employment would entitle them.

Members of religious orders who have taken a vow of poverty would continue to receive at least the minimum benefit for the next 10 years. In the case of all other future retirees, however, the minimum benefit floor would be eliminated and insured persons would receive whatever amount the benefit computation formula determines, based on their actual earnings record.

Mr. President, I believe the Finance Committee proposal is eminently fair and reasonable in its approach to this highly emotional issue. I am pleased to endorse this recommendation.

REALLOCATION OF FICA TAX AND INTERFUND BORROWING

Mr. President, in order to stave off imminent bankruptcy of the old age and survivors benefits insurance trust fund, the Finance Committee has recommended a combination of temporary reallocation of FICA tax receipts among the three social security trust funds, plus authority for interfund borrowing. It must be emphasized that this is only a temporary, patchwork solution to the serious financial problems facing the social security system. These are problems that must be confronted and resolved in a responsible, bipartisan manner, so that current and future social security recipients can count on receiving benefits they have earned.

Obviously, there is no easy painless solution to the financial dilemma facing social security. I do not pretend to have all the answers, but I would like to take this opportunity to make a few observations about the approach I believe should be taken.

First, I do not believe further increases in the social security (FICA) tax above those already scheduled can be tolerated by either employees or employers. The 1977 social security amendments imposed the largest tax increase in our Nation's

history. To further boost the tax on workers and businesses at this time would be intolerable and counterproductive to the economic recovery plan upon which this administration and Congress have embarked.

Second, I do not favor using general tax revenues to finance basic social security programs, the cost of which have been borne equally by employers and employees since the beginning of the program. Such a change in financing would alter the philosophy underlying social security as an earned benefit and convert it into another welfare program. Moreover, there simply is no spare money in the Treasury to pay for these benefits.

Third, the approach which I believe must be taken, Mr. President, is to adjust the type and amount of social security program benefits in line with a reasonable projection of expected future FICA tax receipts, with allowance for adequate reserves in the several trust funds. I believe we need to reaffirm the original purpose of the social security program—that of providing a supplemental source of income in retirement years based on the actual earnings record of the insured person—and return the program primarily to that central role for which it was intended.

This will necessarily mean that some of the "welfare-type" benefits that have been added to the basic social security system over the years will have to be scaled back or eliminated. Nevertheless, Mr. President, I believe this is the more reasonable, responsible approach, and I hope we can proceed expeditiously in this direction.

This legislation is only a temporary, Band-Aid solution, Mr. President. It buys a little more time, which I hope will be profitably used to draft a responsible, well-reasoned, bipartisan plan that will insure the long-range solvency of the social security program. If this process begins soon and is diligently pursued, I am confident that any abrupt reduction in social security benefits can be avoided. Instead, beneficiaries will be able to plan for whatever adjustments might be necessary, and the long-range stability of a worthwhile social security program can be maintained.

Mr. SASSER. Mr. President, I intend to vote on final passage for H.R. 4331 which provides for at least partial restoration of the minimum benefit and which provides for interfund borrowing among the old age survivors and insurance (OASI) and disability insurance (DI) trust funds. Interfund borrowing along with the reallocation of tax rates that provides revenues for the three social security trust funds will help keep the social security system solvent during the years ahead. Then the Congress can turn its attention to addressing the other long-term revisions that may have to be made in the social security system to keep it operating in the 21st century.

The Senate's action today fully recognizes that there are short- and long-range problems affecting the social security system. This was my contention when I offered an amendment to the tax cut bill that directed the Senate Finance Committee to report to the Senate by November 15 legislation that would permit interfund borrowing among the social security trust funds. That amendment was adopted by an 89-to-4 vote on July 24, 1981, and the Senate Finance Committee has kept to its deadline by its amendment to H.R. 4331 today that provides for interfund borrowing and a reallocation of the tax rates among the three trust funds.

I am also gratified that the Finance Committee has seen fit to restore the minimum benefit to current recipients. Without this legislation, many elderly and dependent individuals, mainly elderly widows, would have lost social security benefits and have been told to apply for benefits under the SSI program or State programs of general welfare. We know that many of these individuals would have been "lost" in the transition and probably would have just gone without. They would have been the frontline soldiers in the fight against inflation though their only "crime" would have been to have been a low-wage worker, a farmer, a domestic, or the spouse of a minimum-wage worker.

The House by a vote of 404 to 20 restored the minimum benefit on July 31. The Senate now takes similar action in restoring the minimum benefit.

Mr. MITCHELL. Mr. President, the bill that the Senate is about to vote on represents an important first step in solving the financing problems of social security. I believe that it is important in several respects.

First, passage of this bill is an implicit rejection of the harsh approach recommended earlier this year by the President. This approach called for drastic benefit cuts for new retirees, with the heaviest burden falling on individuals who retire before age 65.

These proposed cuts were motivated by the budget problems confronting the administration. Pressed to find ways to reduce the deficit, the administration offered a package that would cut social security benefits by over $50 billion over the next 5 years. Yet they recognized that Congress would not likely go along with using social security as part of a budget-balancing plan, so the proposals were cast as a solution to the cash shortage facing the system. A set of extremely pessimistic economic assumptions were used to show sizable near-term deficits in the trust funds, in marked contrast to the optimistic forecasts used in the budget and tax plans. The administration was apparently not bothered with this inconsistency.

But those of us in Congress were not fooled by such a ruse. Although all of us are committed to balancing the budget as soon as possible, we recognize the central role that social security has in the retirement plans of the majority of working Americans. Earlier this year, the Senate rejected the administration's approach on a 96-to-0 vote. Our actions will be based on a more realistic view of the short-term financing issue.

A second important aspect of this bill is the transfer of funds among the three social security trust funds. This is accomplished through a realinement of the social security by payroll tax and through the authorization of borrowing between the retirement and disability trust funds.

This is clearly the most sensible approach to correct the cash shortage confronting the retirement fund. Since the other two trust funds will be running surpluses, it only makes sense to transfer revenues among the three trust funds. After earlier attempts by Democratic Senators to authorize interfund borrowing were rejected, the Republicans have finally recognized the value of this measure.

According to the administration's economic forecast and that of the Congressional Budget Office, this action should be sufficient to prevent trust fund reserves from falling to levels that would threaten monthly benefit payments. Unfortunately, this conclusion is very sensitive to the performance of the economy.

If the economy fails to perform, as expected by the administration and CBO, further measures will be necessary. In this regard, I am disappointed that the Senate rejected the proposal to recapture revenues by repealing the recently enacted windfall profit tax breaks and transferring them to the social security trust funds.

Finally, the partial restoration of the minimum benefit included in the bill addresses another pressing social security issue. The elimination of the minimum benefit that was part of the reconciliation bill was a very unfair and unwise reduction in benefits that the poorest retirees are currently receiving. I opposed this reduction throughout the budget-cutting process, starting in the Finance Committee and continuing on the Senate floor. This bill is a good, although belated, move on the part of the Senate. I am particularly pleased that this bill includes my amendment to delay the termination of the minimum benefit for members of religious orders for 10 years. I believe that this amendment adequately addresses the unique situation that members of religious orders are in.

Mr. PERCY. Mr. President, for many years, as a member of the Special Committee on Aging, I have followed closely this year's debate on the social security system's financing problems—a debate which began last May when the President announced his proposals for reforming the system.

The Senate swiftly moved to reject parts of the administration's proposal with a resolution that many of us sponsored because they would have taken away benefits from persons planning to retire as early as next January. We thought this was unfair and acted quickly to reassure those who might have been affected. Although we did not agree with all parts of his proposal, the President had the courage to put the problems of the social security system on the table along with his recommendations to solve them. He got our attention at the time, and I for one appreciated what he did because it made us address the problem. And it appeared as a result that a majority in Congress agreed that the system's problems were serious and that something ought to be done.

The Aging Committee under the dis-

tinguished leadership of Senator HEINZ, its chairman, and Senator CHILES, its ranking minority member, held a series of hearings in the months that followed to explore all aspects of the social security system's problems, both in the short and the long term. All the experts who came before the committee agreed that there was an imminent short-term cash shortage facing the Old Age and Survivors' Insurance (OASI) trust fund that jeopardized the timely payment of benefits next year.

These same witnesses testified that a few years later the problem was expected to spread to the other trust funds, assuming Congress authorized interfund borrowing, unless the economy performed a miracle. Under such optimistic economic assumptions, the trust fund ratios would become critically low, but could get by and continue to make payments in the short term. But it was the consensus of our witnesses that this approach was too risky, that further steps should be taken to shore up the system in the next 10 years.

Because of the many concerns and fears expressed to me about the plight of the social security system and its ability to survive, during the August recess I conducted an Aging Committee field hearing in Evanston, Ill. The purpose of the hearing was simply to let people in my State know the seriousness of the system's problems and their cause and to get their input on how best to solve these problems. As one might expect, we did not reach a consensus that day. We had a very lively debate about the merits of different solutions. We did, however, agree that the social security problems were real and that Congress had a responsibility, a commitment, to preserve the social security system, both for those now receiving benefits and for those who are paying the taxes which support it.

I came away from the hearing convinced that even though there was a great deal of disagreement and that no solution would be easy or painless, we in Congress would do a disservice to the American people by allowing the system to struggle along year after year with the fear of bankruptcy hanging over the heads of millions of beneficiaries, shattering the public's confidence in the world's greatest social insurance system.

Like many other Senators, including the very capable chairman of the Finance Committee, Senator DOLE, I am disappointed in the measure before us because it only addresses a small part of the social security problem. It only postpones the short-term financing problem and means that we will be back here again in 2, possibly 4 years, debating how to avoid another imminent funding crisis. And the bill completely ignores the long-term imbalance that will occur in the next century when the baby boom begins to reach retirement age.

The committee's measure, however, does make two very necessary and important changes. First, it restores the minimum benefit to almost all its recipients. Only persons with Government pensions above $300 per month will have their minimum benefit reduced. It will be offset dollar for dollar by the amount the pension exceeds $300, but in no case will the social security benefit be reduced to a level lower than the amounts of the benefit based on actual earnings. According to the Social Security Administration, 2.7 million of the 3 million minimum beneficiaries would continue to receive the full minimum benefit.

So that this does not worsen the condition of the trust fund, the bill extends the disability maximum family benefit formula to retirement and survivor cases for workers reaching age 62 or dying after 1981. Additional revenues would be generated by a provision that removes the exclusion of certain sick pay from social security taxes during the first 6 months the employee is not working Given the serious financial condition of the trust funds and the original purpose of the minimum benefit to provide a modest floor of income to the elderly poor who have no other resources, I believe this provision is equitable.

Second, to address the short-term funding problem, this bill reallocates the social security tax among the three trust funds. Keeping the overall social security tax rate the same as under current law, the OASI tax would be increased, the disability insurance (DI) tax would be decreased and the hospital insurance (HI) tax would be decreased through 1985, then subsequently increased.

In order to provide additional flexibility in meeting benefit obligations over the next 10 years, the proposal would also give the Secretary of the Treasury authority to borrow between the OASI and DI funds. This interfund borrowing authority would expire at the end of 1990 and it would involve only the two cash benefit funds.

So the bill solves two immediate problems: It provides a much needed and widely supported mechanism for insuring the solvency of the retirement fund in the near term and also restores the minimum benefit in a fair way without worsening the condition of the trust funds.

The Senate has also adopted some very worthwhile amendments which I strongly supported. It has included a measure to require the Comptroller General to undertake a study of the Social Security Administration to determine the management efficiency, employee productivity, and overall effectiveness of its operation.

Another amendment requires the Secretary of Health and Human Services to report to Congress within 90 days about what actions are being taken to prevent payments to deceased persons. Still others give the Government more authority to enforce provisions already in the law which bar certain payments to prisoners, similar to a measure I cosponsored, and provide stiffer penalties for the misuse of social security numbers.

Perhaps, the most important is the amendment which expresses the sense of the Congress that future legislative changes should not reduce the current dollar amount of monthly retirement benefits to which individuals are entitled. In the absence of a more comprehensive social security financing reform measure, this amendment will go a long way toward reassuring those retirees now receiving social security benefits that Congress has no intention of pulling the rug out from under them. If we are not going to take measures now to insure this, the least we can do is give this kind of assurance to alleviate the many fears about the future of the social security system, particularly for those elderly persons whose lifeline is the social security check they get every month.

There are other amendments which I did not support. I did not support the amendment offered by the distinguished Senator from Missouri (Mr. EAGLETON) which would increase the windfall profits tax on newly discovered oil and put these revenues into a reserve fund for social security. I opposed the amendment for two reasons.

First, the amendment would establish for the first time general revenue financing of the social security system. I have grave reservations about this approach and fear that it would irreparably damage the insurance nature of the system under which those who contribute earn benefits.

Second, such a proposal could seriously jeopardize the independence of the social security trust funds and possibly lead at some future date to a needs-related system or efforts to reduce benefits beyond what is necessary to maintain the solvency of the trust funds. At the very least, consideration of such a measure should be the subject of thorough review by the Finance Committee and part of the more comprehensive reform package Congress will have to adopt sometime in the next few years.

I also did not support the amendment to restore the minimum benefit to those who receive Government pensions for the reasons I cited before.

Madam President, the bill before us today, despite its shortcomings, deserves the support of us all. It does solve the problem of the OASI trust fund next year and should reassure current retirees that their benefits will continue. Most important, it gives the Congress the time to give long and careful study to the financing problems of the social security system and to develop a lasting, bipartisan solution that will preserve the cornerstone of this country's retirement income policy.

Mr. MITCHELL. Mr. President, the Finance Committee bill partially restores the minimum payment for current retirees. Social security recipients receiving the minimum benefit and also receiving Government pensions will have their minimum payment reduced dollar-for-dollar by the amount of Government pensions received in excess of $300 per month.

It is my understanding that this offset cannot reduce a recipient's benefit below what his or her earned benefit would be. That is, it would apply only to the unearned portion of the minimum payment for such recipients.

Is this also the understanding of the Senator from Kansas?

Mr. DOLE. Mr. President, if the Senator will yield, that is a correct statement. That is my understanding and I hope that we have made that clear. I

thank the Senator for raising it again because we want to underscore that this is the intent of the amendment.

Mr. MOYNIHAN. Mr. President, if I may simply add, the chairman's and Senator MITCHELL's understanding is precisely mine. The matter is not ambiguous. It is clear, but it is clearer because of the Senator from Maine having made these remarks.

Mr. MITCHELL. I thank the chairman and the ranking minority Member.

SOCIAL SECURITY

Mr. ROBERT C. BYRD. Mr. President, last February the President promised the American people that his Federal budget-cutting plan would be humane because it would include a safety net of programs, including social security retirement, whose benefits would be preserved in full—exempt from budget cuts.

The administration then turned around and asked Congress to eliminate the social security minimum benefit for both present and future retirees as part of its budget-cutting plan. Consequently, the benefit was taken away from 3 million retirees, and eliminated for future social security retirees in the administration's August budget-cutting victory.

Two weeks ago, President Reagan addressed the American people for the fourth time regarding the state of the Nation's economy. In that speech, the President asked Congress to restore the social security minimum benefit for the majority of retirees already receiving it. The legislation being considered by the Senate today would meet the President's request.

When the President asked Congress to restore the minimum benefit he told the American people:

> It was never our intention to take away this support from those who truly need it.

Yet, during the budget process when Senate Democrats led a strong fight against elimination of the benefit for current recipients, the administration had forcefully and consistently argued for complete across-the-board repeal. During that time, OMB released an official administration statement describing the benefit as a "pure 'windfall' for recipients," and saying that financially needy retirees would have a welfare "safety net" to fall back on when their hard-earned retirement income was slashed.

It seems clear that the administration's change in thinking on restoration of the minimum benefit came only with the realization that the Congress would restore the payment regardless of White House budget-cutting goals.

The request for restoration came only after the Senate had already held five party-line votes on the question. The President's request came on the very day that Senate Republicans, by only a two vote margin, had prevented an up or down vote by the full Senate on restoration of the payment. Moreover, it was obvious that the Senate would have to vote again and again on the minimum benefit until the payment was restored. Senate Democrats, led by Senators RIEGLE, CHILES, and MOYNIHAN, were not going to let the matter die a victim to OMB's knife.

The President's request came on the evening of the day that the Senate Finance Committee unanimously voted to restore the benefit for the majority of Americans already receiving it. The request came 2 months after the House voted 404 to 20 to restore the benefit; hardly what one would characterize as a partisan vote.

Senate Democrats would have welcomed Republican votes early on in our fight to maintain the minimum benefit for retired Americans, but partisan politics, directed from the Office of Management and Budget, resulted in partisan votes time and time again.

During the budget process when Senate Democrats attempted to preserve the benefit, the administration wrote to congressional leaders on July 18, and accused Members of Congress of "opportunistic political maneuvering, cynically designed to play on the fears of many Americans." The White House wrote that restoration of the payment "would jeopardize our economic recovery program so vital to the well-being of the Nation."

I regret that legitimate and strongly held policy disagreements were characterized in such a political and partisan fashion.

In the July 18 letter, the President promised to confront the social security issue head-on in a nationally televised address. He promised to tell the American people the "facts" on social security "as soon as possible."

The President's speech of 2 weeks ago represents an administration retreat from its promise of the "facts." The facts are that the draconian benefit cuts proposed by the White House last May simply are not necessary to keep the social security system solvent in the short term. The President seemed to recognize this in his address to the Nation. Rather than $88 billion in immediate benefit cuts as he originally requested, the President recommended that Congress enact interfund borrowing authority as an appropriate financing measure for the short-term cash flow problems of the system.

The legislation pending before the Senate would meet the President's request. But as late as July, in the revised July budget, the administration continued to insist on the May plan of $88 billion in benefit cuts over the next 6 years. The White House publicly changed its position from supporting those deep cuts to favoring interfund borrowing authority only after two Senate votes in support of borrowing authority, and only after the Senate Finance Committee voted unanimously for this course of action.

In his recent speech, the President told the American people: "Well we're not going to cut benefits." But, he again recommended the same cuts in social security formulated by OMB Director Stockman which the Senate promptly rejected last May. The difference being that the President appeared willing to phase in these cuts over an unspecified time period.

This reveals a lack of perception on the administration's part regarding the Senate's reasons for rejecting the May 12 plan. The Senate rejected that plan because it was precipitious: It would have pulled the rug out from under many elderly Americans dependent upon promised social security retirement income. The Senate rejected the plan because it went far beyond what savings might be necessary to insure the financial health of the system. The Senate also rejected the plan because it retreated from the challenge of social security: to provide an adequate national retirement safety net for elderly Americans.

Other aspects of the President's recent speech were equally troubling. The President outlined yet another major round of Federal budget cuts and he was very emphatic when he told us that this latest round of cuts would not be the last. One week later, OMB Director Stockman reiterated before the House Budget Committee that social security retirement benefits should not be immune from future rounds of cuts.

The President backed away from his impressive August victories on large budget and tax cuts—when the administration proclaimed that its new program was now in place—by stating:

> In the euphoria after our budget bill was approved this summer, we didn't point out immediately that while we did get most of what we'd asked for, most isn't all.

Yet, for fiscal year 1982, Congress cut $600 million more in Federal budget outlays than the President requested.

When the White House circulated an official fact sheet to support the President's remarks, it explained that when the President said Congress had not given him all that he wanted, he was talking about the social security cuts proposed last May.

The Senate's action on the pending social security measure is a solid first step to resolving the crisis of confidence surrounding the fiscal health of the system. Solutions to long-term financing issues can be found and the American people expect us to find them. Democrats stand ready to work for a resolution of the problems facing the retirement program. It may be that Democrats and Republicans will simply have different ideas on what the social security system should be.

Democrats want a system that protects the financial security of our Nation's elderly, and we may find that we can all agree on this. We will continue to look to the President for leadership on this issue, and we will need an administration that speaks with one voice. For too long now, the President has said one thing on social security while administration officials have acted to do another.

In his television address the President said "Some have suggested reducing benefits," but he believed that "there are better solutions." The President said this as if his administration had never asked for the largest, deepest social security cuts in our Nation's history.

To put this behind us, the President's words and administration actions will

have to mesh. It is my hope that we have seen the last of administration efforts to balance the budget by raiding the social security system.

Mr. President, I ask unanimous consent to have printed in the RECORD the administration's May 12 plan, a collection of White House statements on social security, recent correspondence between myself and the administration regarding social security, and a summary of Senate social security votes held this session.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Administration social security plan
May 12, 1981

[In billions; positive numbers indicated savings]

Item	Short-range effect calender year 1982–86
Budget proposals: Social security minimum, student and lump sum death benefits cuts	$35.5
Additional proposals:	
Cover sick pay in first 6 months	2.6
Change computation points for average indexed monthly earnings from age 62 to age 65	1.3
Increase bend points in primary benefit formula by 50% (instead of 100%) of wage increases, 1982–87	4.2
Benefit rate of 55% of primary benefit for retired workers (and 27½% for spouses) at age 62	17.6
Eliminate benefits for children of retired workers aged 62–64	1.9
Disability maximum family benefit applicable to survivor and retirement cases	2.9
Eliminate windfall portion of benefits for persons with pensions from non-covered employment	.6
Require "medical only" determination of disability (i.e., exclude vocational factors)	7.7
Increase disability waiting period from 5 months to 6 months	1.4
Require disability prognosis of 24+ months duration (instead of 12+ months)	2.8
Require 30 QC out of last 40 quarters for disability benefits (instead of 20/40)	10.0
Move date for automatic benefit increases from June to September (and use 12-month average)	6.3
Raise retirement-test exemption for age 65+ to $10,000 in 1983, $15,000 in 1984, $20,000 in 1985, and eliminate test in 1986	−6.5
Total effect	88.3

SUMMARY OF WHITE HOUSE STATEMENTS ON SOCIAL SECURITY

"It is essential that the integrity of all aspects of Social Security be preserved."—Ronald Reagan, Acceptance Speech, Republican Nomination for Presidency, July 17, 1980.

"This strategy for (economic) growth does not require altering or taking back necessary entitlements already granted to the American people. The integrity of the Social Security system will be defended by my administration and its benefits will once again be made meaningful."—Ronald Reagan, Economic Policy Address to the International Business Council, September 9, 1980.

"What is needed is a study that I have proposed by a task force of experts . . . with the premise that no one presently dependent on Social Security is going to have the rug pulled out from under them and not get their check."—Ronald Reagan, Debate with President Carter, October 2, 1980.

"First of all, obviously, the President isn't going to cut the entitlement of anyone who is dependent upon social security.

"I'm suggesting there are people receiving social security who might not need it."—Treasury Secretary Regan, Testimony before the Senate Appropriations Committee, January 27, 1981.

"It may well be that an actuarially sound program should have been established from the beginning of the social security system, with each generation's tax payments, plus interest, sufficient to cover its own benefits. Now, however, developing a social security system that would become actuarially sound over the next 20 to 30 years would create intergenerational problems.

"Since it is safe to assume that the Federal government will continue in existence in perpetuity and has the taxing power, characteristics, and powers that a private pension plan or insurance company does not possess, it is not technically necessary to have an actuarially sound social security system."—Treasury Secretary Regan, Written Testimony before the Senate Appropriations Committee, January 27, 1981.

"Some of you have heard from constituents afraid that Social Security checks, for example, might be taken from them. I regret the fear these unfounded stories have caused and welcome this opportunity to set things straight.

"We will continue to fulfill the obligations that spring from our national conscience.

"The full retirement benefits of the more than 31 million Social Security recipients will be continued along with an annual cost-of-living increase. Medicare will not be cut. . . ."—President Reagan, Speech to the Congress on Federal Budget-cutting Plan and Safety Net, Feb. 18, 1981.

"I think it would be wrong, especially for our elderly and retired population. If you were to limit the cost-of-living adjustment . . . you would have substantially reduced the real purchasing power, the real standard of living of 33 million Americans who are dependent on those benefits that they have earned during their working lifetime.

". . . it would be wrong and it would be unjust for us now to propose to solve the inflation problem . . . by imposing even further burdens on those who are least able to protect themselves."—OMB Director Stockman, Testimony before the Senate Budget Committee, February 19, 1981.

"I've been wondering if you couldn't reform the system in such a way that, if you could prove you are providing for your own retirement, you could waive participating in Social Security."—President Reagan, Interview, Philadelphia Bulletin, February 20, 1981.

"The crisis is inescapable. It is here. It is now. It is serious. And it must be faced. Today we move to face it head on and solve it. If we do nothing, the system would go broke as early as fall 1982, breaking faith with the 36 million Americans depending on Social Security . . . It is vital that we make these hard choices—and make them now. We cannot postpone any longer the day of reckoning for Social Security."—Health and Human Services Secretary Schweiker, Press Conference Statement, May 12, 1981.

"The question before the Congress is whether the 36 million Americans who currently depend on the Social Security system can count on any check at all in less than two years hence . . . . The most devastating bankruptcy in history will occur on or about Nov. 3, 1982."—OMB Director Stockman, Testimony before Ways and Means Committee Subcommittee on Social Security, May 28, 1981.

"The social security minimum benefit is a pure 'windfall' for recipients."—OMB Statement, July 19, 1981.

"I stated during the campaign and I repeat now I will not stand by and see those of you who are dependent on Social Security deprived of your benefits . . . . I make that pledge to you as your President. You have no reason to be frightened. You will continue to receive your checks in the full amount due to you. In any plan to restore fiscal integrity of Social Security, I will personally see that no part of the plan will be at the expense of you who are now dependent on your monthly Social Security checks."—President Reagan, Address to the Nation, July 27, 1981.

"Now if you'll permit me, I'd like to turn to another subject which I know has many of you very concerned and even frightened. There has been a great deal of misinformation and for that matter pure demagoguery on the subject of Social Security.

"Well we're not going to cut benefits . . ."—President Reagan, Address to the Nation, September 24, 1981.

Question. You would not regard early retirement as an earned benefit?

Response. "It is an earned benefit, but it is not a core benefit . . . "—OMB Director Stockman, Testimony before Senate Budget Committee, October 6, 1981.

U.S. SENATE,
Washington, D.C., May 1, 1981.

HON. DONALD T. REGAN,
Secretary of Treasury, Department of the Treasury, Washington, D.C.

DEAR MR. SECRETARY: I have been informed that the First Concurrent Budget Resolution which the Senate Budget Committee will be reporting tonight includes savings that result from a change in the way many indexed federal programs are adjusted for inflation.

It is my understanding that the change in the cost-of-living adjustment (COLA) would result in outlay savings of $590 million in FY 1981, $7.9 billion in FY 1982, $7.3 billion in FY 1983, and $7.4 billion in FY 1984.

These savings would be achieved by applying the lower of the Consumer Price Index (CPI) or the Bureau of Labor Statistics' Index of Average Hourly Earnings of Total Private Non-Agricultural Workers to the COLA provided under Social Security and Disability Insurance, Railroad Retirement, Supplemental Security Income (SSI), Civil Service Retirement, Military Retirement, and Veterans Pensions. In addition to using the lower of the two measures, the date of the adjustment for 1982 is shifted from July 1, 1982 to October 1, 1982.

Because of repeated public comments by Administration spokesmen, it has been my understanding that the Administration was opposed to any change in the method of computing the COLA for indexed benefits.

On April 1, 1981, during Senate consideration of the Reconciliation Resolution, S. Con. Res. 9, by a vote of 12 to 86, the Senate overwhelmingly rejected an amendment offered by Senator Hollings which was almost identical to the proposal ordered reported by the Budget Committee.

In his comments on the Senate floor on the Hollings' amendment, Senator Domenici, Chairman of the Senate Budget Committee, argued that the President "asked us not to consider it (the COLA issue) at this time."

Given the Senate's recent action on this important policy issue, it is imperative that the Senate understand the Admnistration's position at this time.

If the Administration continues to oppose adjustments in the COLA such as those assumed in the budget ordered reported by the Senate Budget Committee, then it clearly

has no chance of passage and should not be assumed as a savings.

On the other hand, if the Administration does support the changes in the COLA assumed in this budget, the Senate might enact these changes.

Therefore, I would appreciate your reply to the following questions:

(1) Does the Administration support the assumption in the budget ordered reported by the Senate Budget Committee of outlay savings resulting from the change in the COLA assumed by the Committee?

(2) Will the Administration support legislation to change the COLA so as to generate the COLA outlay savings assumed by the Senate Budget Committee?

(3) Will the Administration recommend this legislation to the Congress? If so, when?

I would be grateful for your response to these three questions by Wednesday, May 6, 1981, so I would have ample time to inform my colleagues of your position prior to Senate consideration of the first budget resolution for FY 1982.

I have sent an identical letter to OMB Director Stockman.

Thank you for your timely assistance.

Sincerely,

ROBERT C. BYRD.

OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., May 6, 1981.

Hon. ROBERT C. BYRD,
Democratic Leader, U.S. Senate,
Washington, D.C.

DEAR SENATOR BYRD: Thank you for the opportunity to provide the Administration's position concerning changes in cost-of-living adjustments (COLA's) for income security programs adopted by the Senate Budget Committee (the Hollings Amendment). These changes would:

Make COLA adjustments on the basis of the lower of the CPI or average wage increases, and

Shift COLA adjustment dates beginning in calendar year 1982 from July to October for OASDI, Railroad Retirement, SSI and Veterans; from April to October for civilian retirement; and March to October for military retirement.

In response to your specific questions we would offer the following guidance:

(1) The President has opposed changing the current CPI-based cost-of-living adjustment formula in Social Security as a budget savings measure. That position has not changed.

(2) The Administration does recognize the impending solvency problems of the Social Security Trust Fund. Significant savings are needed and Secretary Schweiker has promised the relevant Congressional Committees a package of reforms designed to maintain solvency of the Fund. As a practical matter, these changes would reduce current law outlays in the income security function by a magnitude sufficient to achieve the First Concurrent Resolution ceilings.

(3) For these reasons, we believe the outlay totals in the resolution reported by the Senate Budget Committee can be achieved. We would therefore not support amendments causing a net increase in the outlay levels provided in the resolution.

Sincerely,

DAVID A. STOCKMAN,
Director.

DONALD T. REGAN,
Secretary of the Treasury.

LETTER TO CONGRESSIONAL LEADERS,
MAY 21, 1981

SOCIAL SECURITY TRUST FUND

DEAR ———: Over the past several weeks, all Americans have been proud of the bipartisan spirit that we have created in working on the nation's economic recovery. Today I am writing to you to ask that we now bring that same spirit to bear on another issue threatening our public welfare.

As you know, the Social Security System is teetering on the edge of bankruptcy. Over the next five years, the Social Security trust fund could encounter deficits of up to $111 billion, and in the decades ahead its unfunded obligations could run well into the trillions. Unless we in government are willing to act, a sword of Damocles will soon hang over the welfare of millions of our citizens.

Last week, Secretary Richard Schweiker presented a series of Administration proposals that we believe are sound, sensible solutions, both in the short and long term. We recognize that Members of Congress on both sides of the aisle have alternative answers. This diversity is healthy—so long as it leads to constructive debate and then to an honest legislative response.

As Secretary Schweiker has pointed out on several occasions, we believe that all of us owe an obligation to our senior citizens to work together on this issue. This Administration is not wedded to any single solution; this Administration welcomes the opportunity to consult with Congress and with private groups on this matter. Our sole commitment—and it is a commitment we will steadfastly maintain—is to three basic principles:

First, this nation must preserve the integrity of the Social Security trust fund and the basic benefit structure that protects older Americans.

Second, we must hold down the tax burden on the workers who support Social Security.

Finally, we must eliminate all abuses in the system that can rob the elderly of their rightful legacy.

It is clear that the half-actions of the past are no longer sufficient for the future. It is equally clear that we must not let partisan differences or political posturing prevent us from working together.

Therefore, I have today asked Secretary Schweiker to meet with you and other leaders of the Congress as soon as possible to launch a bipartisan effort to save Social Security. I have also asked him to make the full resources of his department available for this undertaking. And of course, you can count on my active support of this effort.

None of us can afford to underestimate the seriousness of the problems facing Social Security. For generations of Americans, the future literally rests upon our actions. This should be a time for statesmanship of the highest order, and I know that no one shares that desire more strongly than you.

With every good wish,

Sincerely,

RONALD REAGAN.

NOTE.—This is the text of identical letters addressed to Senate Majority Leader Howard H. Baker, Jr., Thomas P. O'Neill, Jr., Speaker of the House of Representatives, Senate Minority Leader Robert C. Byrd, House Majority Leader Jim Wright, House Minority Leader Robert H. Michel, and Senator Strom Thurmond of South Carolina.

THE WHITE HOUSE,
Washington, July 18, 1981.

Hon. ROBERT C. BYRD,
Minority Leader,
U.S. Senate, Washington, D.C.

DEAR SENATOR BYRD: The highest priority of my Administration is restoring the integrity of the Social Security System. Those 35 million Americans who depend on Social Security expect and are entitled to prompt bipartisan action to resolve the current financial problem.

At the same time, I deplore the opportunistic political maneuvering, cynically designed to play on the fears of many Americans, that some in the Congress are initiating at this time. These efforts appear designed to exploit an issue rather than find a solution to the urgent Social Security problem. They would also have the unfortunate effect of disrupting the budget conference and reversing the actions of a majority of both Houses of the Congress. Such a result would jeopardize our economic recovery program so vital to the well-being of the Nation.

In order to tell the American people the facts, and to let them know that I shall fight to preserve the Social Security System and protect their benefits, I will ask for time on television to address the Nation as soon as possible.

During this address, I will call on the Congress to lay aside partisan politics, and join me in a constructive effort to put Social Security on a permanently sound financial basis as soon as the 97th Congress returns in September.

Sincerely,

RONALD REAGAN.

U.S. SENATE,
Washington, D.C., July 21, 1981.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: This will acknowledge receipt of your July 18 letter, expressing your concern for the 35 million Americans who depend on Social Security for their livelihood. I regret that you suggest in your letter that any deviation from the Administration's proposals on Social Security is "opportunistic political maneuvering, cynically designed to play on the fears of many Americans. . . ."

Your Administration's proposed Social Security cuts are a breach of faith with the American people. Gloom and doom predictions for the financial solvency of the system are severe distortions of the problems faced by the Social Security trust funds.

Since the inception of the Social Security program, no Administration has done more to shake the confidence of the American people in the security of the Social Security system. No Administration has ever before attempted to balance the budget by reducing Social Security benefits.

The "facts" are that the draconian solutions proposed by the Administration simply are not necessary to keep the system solvent in the short run. On July 15, Senator Moynihan offered an amendment which would have solved the foreseeable short-run problems of the system, and allowed for a dispassionate analysis of the long-term problems which the system may face in the next century. But the amendment which provided for borrowing among the three Social Security trust funds was defeated on July 16 by a party-line vote.

We did not wish to make this a partisan issue. We have welcomed Republican votes in support of our efforts. But partisan politics, directed from the White House and the Office of OMB, have time and again resulted in a partisan vote on the Social Security issue.

I would respectfully suggest that your Administration's rhetoric is responsible for much of the fear and panic being experienced by the elderly. In recent testimony, David Stockman, Director of the Office of Management and Budget, stated that "The most devastating bankruptcy in history will occur on or about November 3, 1982." Such fear tactics certainly do not contribute to the calm and reasoned atmosphere needed to fashion a bipartisan solution to the problems of the system.

I would also suggest, Mr. President, that our elderly citizens were misled by campaign promises to leave the Social Security retire-

ment benefits unscathed by budget cuts. The frustration, anger, and fear we are witnessing now from our senior citizens is a result of those broken promises, and of the exaggeration of the system's problems in order to stampede the American people into support for unfair and ill-reasoned cuts. Balancing the budget is something that we must do, but not on the backs of Social Security beneficiaries.

Democrats stand ready to work for a resolution of the long-range problems of the Social Security system, while protecting the financial security of our elderly in the short run. I believe that such a solution can be found, and that the American people expect us to find it.

Sincerely,

ROBERT C. BYRD.

U.S. SENATE,
Washington, D.C., July 27, 1981.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: Tax cuts, spending cuts, and the Social Security System are all part of the intricate fabric of the Federal budget. One element of the budget cannot be changed without having a direct affect on another.

During the campaign for the presidency you promised the American people that you would balance the budget in fiscal year 1983. The Administration's current budget projects a balance by fiscal year 1984, and assumes additional Social Security cuts as well as $44 billion in "unidentified" cuts.

Your economic recovery plan calls for an enormous reduction in the revenue collected by the Federal government, on the order of $730 billion over the next five years. In order to avoid large deficits, spending cuts much larger than those the Congress is about to enact will be necessary to offset the loss of revenue from the proposed tax cut.

On May 12, you recommended a severe reduction in Social Security benefits. Under your plan, Social Security benefits would be cut by $88 billion over the next five years, including a 40 percent reduction in benefits for people retiring at age 62.

Most objective analysts, including the non-partisan Congressional Budget Office, believe that your massive cuts in Social Security benefits are unnecessary to preserve the solvency of the System. Cuts in benefits which the Congress is about to enact as part of your budget-cutting program, when combined with authority for the three Social Security funds to borrow among themselves, would meet any foreseeable need to shore up the System well into the next century.

It appears that the Administration has abandoned its promise not to cut Social Security retirement benefits. It appears that Office of Management and Budget Director David Stockman discovered that the budget cannot be balanced, in light of the enormous tax cuts, unless Social Security benefits are reduced.

In a letter to me dated July 18, you promised to "ask for time on television . . . to tell the American people the facts . . ." about Social Security.

Since the tax cuts apparently are directly linked to your proposed Social Security benefit reductions, I was very disappointed to learn that your television address this evening will be directed primarily, if not exclusively, to promoting the revised tax-cutting plan.

It is my sincere hope that your speech tonight will allay the concerns of the American people by abandoning your commitment to immediately and drastically cut basic Social Security retirement benefits.

It is my further hope that your speech tonight will answer this basic question: How can we explain an economic plan to the American people which inordinately rewards the already-rich with huge tax cuts which are partially financed by cutting the Social Security benefits of the Nation's elderly?

Sincerely,

ROBERT C. BYRD.

THE WHITE HOUSE,
Washington, August 12, 1981.

Hon. ROBERT C. BYRD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BYRD: The President has asked me to thank you for your July 27 letter on the Social Security issue.

During his stay in California, the President and his advisory staff will be looking carefully at the issue of Social Security. As you know, we are concerned to make sure that all Americans receive the benefits to which they are entitled. We recognize that no one benefits if the Social Security system goes bankrupt and the funds are unavailable to pay those citizens who have contributed over the years. The President has made clear his commitment to see that those in genuine need are not jeopardized.

As the Democratic Leader of the Senate, you may be assured that your ideas on this subject are appreciated and that we welcome your suggestions in this important effort to resolve the Social Security financing crisis.

With cordial regard, I am

Sincerely,

MAX L. FRIEDERSDORF,
Assistant to the President.

SOCIAL SECURITY VOTES, 1981

MINIMUM BENEFITS

No. 50 Riegle, et al., amendment to restore $800 million in 1982 outlays and $900 million in 1983 outlays to maintain current payments for Social Security minimum benefits and offsets these amounts by savings in administrative costs. Defeated 39 to 55. 91 percent of Democrats voted yes; 100 percent of Republicans voted nay. (S. Con. Res. 9, Budget Reconciliation, 1981–83, March 30, 1981)

No. 160 Riegle, et al., amendment to limit repeal of Social Security minimum benefit to new beneficiaries. Defeated 45 to 53. 89 percent of Democrats voted yea; 92 percent of Republicans voted nay. (S. 1377, Omnibus Reconciliation, 1981, June 23, 1981)

No. 207 Dole motion to table Riegle et al., amendment to restore Social Security minimum benefits to persons enrolled prior to December 1981 Tabled 52 to 46. 91 percent of Democrats voted nay; 92 percent of Republicans voted yea. (H.J. Res. 266 [H.R. 4242], Economic Recovery Tax Act of 1981, July 21, 1981)

No. 248 Chair ruling that Moynihan, et al, motion to bring up bill to restore Social Security minimum benefit is not in order in that no bill from the House may be considered on day received unless by unanimous consent. Chair sustained 57 to 30. 79 percent of Democrats voted nay; 100 percent of Republicans voted yea. (H.R. 4331, Social Security Minimum Benefits, July 31, 1981)

No. 249 Robert C. Byrd motion to adjourn for one minute as a means of considering Social Security Minimum Benefits bill. Motion rejected 37 to 49. 95 percent of Democrats voted year; 100 percent of Republicans voted nay. (H.R. 4331, Social Security Minimum Benefits, July 31, 1981)

No. 284 Hatfield motion to table the Sasser, et al., amendment reducing the travel budgets of non-defense agencies, taking with it the second degree Chiles, et al, amendment continuing Social Security minimum benefits for current recipients. Tabled 46 to 44. 95 percent of Democrats voted nay; 92 percent of Republicans voted yea. (H.J. Res. 325, Continuing Appropriations, 1982, September 24, 1981)

INTERFUND BORROWING

No. 188 Baker motion to table Moynihan, et al., modified amendment to provide for interfund Social Security borrowing. Tabled 51 to 45. 100 percent of Democrats voted nay; 98 percent of Republicans voted yea. (H.J. Res. 266 [H.R. 4242], Economic Recovery Tax Act of 1981, July 16, 1981)

No. 218 Sasser, et al., amendment expressing sense of Senate that Finance Committee report bill by November 15, 1981, authorizing Social Security interfund borrowing. Agreed to 89 to 4. 96 percent of Democrats voted yea; 96 percent of Republicans voted yea. (H.J. Res. 266 [H.R. 4242], Economic Recovery Tax Act of 1981, July 24, 1981)

NEW RESERVE FUND

No. 294 Dole motion to table the Eagleton, et al., amendment establishing a reserve Social Security Trust Fund which would be financed from revenues from the repeal of reduction in the windfall profit tax contained in the 1981 Tax Cut Act. Tabled 67 to 31. 62 percent of Democrats voted nay; 94 percent of Republicans voted yea. (H.J. Res. 265, Public Debt Limit Increase, September 29, 1981)

TRUST FUND ACCOUNTABILITY

No. 235 Eagleton-Stennis amendment to require a report to Congress with the budget that summarizes deficit or surplus for three Social Security trust funds. Agreed to 97 to 2. 100 percent of Democrats voted yea; 96 percent of Republicans voted yea. (H.J. Res. 266 [H.R. 4242], Economic Recovery Tax Act of 1981, July 29, 1981)

BENEFITS TAXATION

No. 187 States sense of the Senate that Social Security benefits shall not be taxable. Adopted 98 to 0. (S. Res. 87, Social Security Benefits Taxation, July 14, 1981)

BENEFITS CUT FOR EARLY RETIREES

No. 121 Hatfield motion to table Moynihan, et al., amendment stating finding of Congress that President has proposed precipitous and severe reductions in Social Security benefits for persons approaching retirement age and states that Congress will not support modifications in excess of those necessary to achieve a financially sound system. Tabled 49 to 48. 98 percent of Democrats voted nay; 96 percent of Republicans voted yea. (H.R. 3512, Supplemental Appropriations and Rescissions Act, 1981, May 20, 1981)

No. 122 Hatfield motion to table Dole, et al., amendment stating sense of Congress that it shall not precipitously and unfairly reduce early retirees' benefits and it will enact with bipartisan effort reforms necessary to insure the solvency of the system but will not support reductions in benefits which exceed those necessary to achieve a financially sound system and well-being of all retired Americans. Motion to table defeated 4 to 93. 100 percent of Democrats voted nay; 92 percent of Republicans voted nay. (H.R. 3512, Supplemental Appropriations and Rescissions Act, 1981, May 20, 1981)

No. 123 Dole, et al., amendment stating sense of Congress that it shall not precipitously and unfairly reduce early retirees' benefits and it will enact with bipartisan effort reforms necessary to insure the solvency of the system but will not support reductions in benefits which exceed those necessary to achieve a financially sound system and well-being of all retired Americans. Agreed to 96 to 0. (H.R. 3512, Supplemental Appropriations and Rescissions Act, 1981, May 20, 1981)

COST-OF-LIVING CHANGE

No. 63 Hollings amendment to allow Federal cost-of-living adjustments (COLA) to Social Security, SSI, military civil service, veterans and railroad retirement benefits to be based on lesser of either CPI (which is presently used) or National Wage Index. Defeated 12 to 86. 93 percent of Democrats voted nay; 83 percent of Republicans voted

nay. (S. Con. Res. 9, Budget Reconciliation, 1981–83, April 1, 1981)

No. 94 Riegle, et al, modified amendment to restore cuts to Social Security, SSI, veterans pensions, military retirement, railroad and civil service retirement benefits that would result in changes to COLA. Defeated 42 to 49. 86 percent of Democrats voted yea; 90 percent of Republicans voted nay. (S. Con. Res. 19 [H. Con Res. 115], First Budget Resolution, 1982–84, May 8, 1981)

No. 109 Riegle, et al, amendment to restore funding levels to retain present use of CPI for calculating COLA and to retain July date instead of October date for implementing adjustments. Defeated 44 to 54. 85 percent of Democrats voted yea; 90 percent of Republicans voted nay. (S. Con. Res. 19 [H. Con. Res. 115], First Budget Resolution, 1982–84, May 12, 1981)

SOCIAL SECURITY ENTITLEMENTS

No. 162 Moynihan, et al, modified amendment to maintain current Social Security law with respect to child welfare services, adoption, assistance, and foster care payments. Defeated 46 to 52. 91 percent of Democrats voted yea; 91 percent of Republicans voted nay. (S. 1377, Omnibus Reconciliation, 1981, June 23, 1981).

No. 168 Cranston, et al, amendment to retain authority for Social Security Act funding for vocational rehabilitation services for disabled beneficiaries of disability insurance and supplemental security income. Defeated 47 to 50. 84 percent of Democrats voted yea; 81 percent of Republicans voted nay. (S. 1377, Omnibus Reconciliation, 1981, June 25, 1981).

Mr. DOLE. Mr. President, there are no further amendments that I know of.

Mr. MOYNIHAN. There are none that we are aware of on this side, Mr. President.

Mr. DOLE. I ask for third reading, Mr. President.

The PRESIDING OFFICER. There being no further amendments to be offered, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read a third time.

Mr. DOLE. I ask for the yeas and nays on passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Indiana (Mr. LUGAR), the Senator from Idaho (Mr. MCCLURE), the Senator from Alaska (Mr. MURKOWSKI), the Senator from Vermont (Mr. STAFFORD), and the Senator from Idaho (Mr. SYMMS) are necessarily absent.

I further announce that, if present and voting, the Senator from Vermont (Mr. STAFFORD) and the Senator from Idaho (Mr. SYMMS) would each vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 95, nays 0, as follows:

[Rollcall Vote No. 315 Leg.]

YEAS—95

Abdnor	Exon	Melcher
Andrews	Ford	Metzenbaum
Armstrong	Garn	Mitchell
Baker	Glenn	Moynihan
Baucus	Goldwater	Nickles
Bentsen	Gorton	Nunn
Biden	Grassley	Packwood
Boren	Hart	Pell
Boschwitz	Hatch	Percy
Bradley	Hatfield	Pressler
Bumpers	Hawkins	Proxmire
Burdick	Hayakawa	Pryor
Byrd, Harry F., Jr.	Heflin	Quayle
	Heinz	Randolph
Byrd, Robert C.	Helms	Riegle
Cannon	Hollings	Roth
Chafee	Huddleston	Rudman
Chiles	Humphrey	Sarbanes
Cochran	Inouye	Sasser
Cohen	Jackson	Schmitt
Cranston	Jepsen	Simpson
D'Amato	Johnston	Specter
Danforth	Kassebaum	Stennis
DeConcini	Kasten	Stevens
Denton	Kennedy	Thurmond
Dixon	Laxalt	Tower
Dodd	Leahy	Tsongas
Dole	Levin	Wallop
Domenici	Long	Warner
Durenberger	Mathias	Weicker
Eagleton	Matsunaga	Williams
East	Mattingly	Zorinsky

NOT VOTING—5

Lugar	Murkowski	Symms
McClure	Stafford	

So the bill (H.R. 4331), as amended, was passed.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, earlier the Senator from Kansas prior to the vote on final passage of the social security amendments indicated that on the so-called Highway Trust Funds that the name of Senator RANDOLPH should be withdrawn as a cosponsor. That is incorrect. He should be shown as a cosponsor. He wishes to cosponsor the amendment and I wish the RECORD to reflect that.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I thank my distinguished colleague from New York and also the distinguished ranking minority Member on the Democratic side, Senator LONG, for their cooperation on this legislation.

I think the final vote indicated the strong bipartisan support for what we have done.

I also thank the staff, the committee staff and Members' staff for their help throughout the debate and in preparation of the amendment, as well as Mr. Robert Myers, the Deputy Commissioner of the Social Security Administration, and others who have been very helpful to all of us in consideration of this significant legislation.

Mr. MOYNIHAN. Mr. President, if the Senator will yield, on behalf of the Members of this side of the aisle I wish altogether to echo his sentiments to include in our congratulations the distinguished chairman of the Subcommittee on Social Security, the Senator from Colorado (Mr. ARMSTRONG), to mention in particular the staff of the committee on both sides, but above all to mention the chairman of the Committee on Finance who has taken a potentially divisive and even acrimonious debate and brought a unanimous conclusion to it.

There are at minimum 3 million persons in America who have reason to be grateful to him tonight. Although I will not be among those 3 million I wish to have myself so recorded.

Mr. MITCHELL. Mr. President, I ask unanimous consent that I be added as a cosponsor to the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who seeks recognition?

Mr. BAKER. Mr. President, I wish to take this opportunity to add my commendation to those of others for the distinguished chairman of the committee, Senator DOLE, the ranking minority member, Mr. LONG, as well as to the Senator from Colorado (Mr. ARMSTRONG), and the Senator from New York (Mr. MOYNIHAN) for their extraordinarily successful effort to deal with this controversial issue with dispatch and efficiency.

I think all of us owe them a debt of gratitude for the manner in which they have handled this piece of legislation.

The bill that we have just passed, as amended, will restore the minimum social security benefit for most of the present recipients. Most importantly, Mr. President, it restores benefits for those recipients who may be most in need—those retirees who, through no fault of their own, had low earnings histories. I believe that this amendment represents an equitable and admirable compromise.

This measure also provides a badly needed injection into the social security retirement fund. By reallocating tax collections and allowing interfund borrowing, the OASI fund should be able to make payments for the next several years. Without this action, the fund could have been depleted as early as next fall. While everyone in this Chamber understands that the short-term solvency of the funds depends critically on the performance of the economy, I hope and trust that the measures we have taken to restore our economic health will in ample time avoid a crisis in the social security funds.

Yet, Mr. President, I think everyone in this Chamber also understands that we have done nothing to address the longer-term problems in the social security system. After 1990, the system will enjoy a 20 to 25-year respite from financial pressures. But even under the most optimistic economic scenarios, the system will be in dire straits again by the year 2015. While you or I may not be around to witness that event, it would be unconscionable for us to walk away and claim that "it didn't happen on my shift."

We must begin now to fashion the changes needed to insure that our children and grandchildren, some of whom are already paying into the system, will be able to enjoy the financial security that a sound retirement system affords. We have that rare opportunity of fore-

sight in this case to allow gradual changes in the program that will not precipitously affect either present beneficiaries or those close to retirement.

We have, Mr. President, 20 to 30 years to implement policies that insure the long-term viability of social security. But that should not lull us into complacency nor invite us to engage in demagoguery. Rather, it gives us the time to act expeditiously and responsibly to solve a potential problem before it becomes a crisis. I look forward to working with my colleagues in both Chambers of Congress in formulating a solution that we can all be proud of.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business to extend not past the hour of 6:15 p.m. in which Senators may speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

VISIT TO CONGRESS BY KING JUAN CARLOS I OF SPAIN

Mr. PERCY. Mr. President, the U.S. Congress has just had the honor of receiving King Juan Carlos I of Spain at a luncheon hosted jointly by the majority leader of the Senate; the Speaker of the House of Representatives and by the chairman of the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs. A large and distinguished company of Senators and Members of Congress participated.

We all welcomed the occasion as a triple opportunity:

To recognize the debt America owes to her Spanish heritage, and the long and deep friendship between our two peoples;

To honor the deepening of democratic institutions and human rights in contemporary Spain, and her assumption of a full international role in Europe and beyond; and

To pay our respects to King Juan Carlos for his considerable personal contributions to Spanish democracy and nationhood.

Both the Speaker of the House and our own majority leader were eloquent in their welcoming remarks. I ask unanimous consent to have printed in the RECORD these remarks and my own.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR HOWARD BAKER WELCOMING HIS MAJESTY KING JUAN CARLOS OF SPAIN

Your Majesty, I join in welcoming you and the distinguished officials of your Government to the Congress of the United States. Much has happened since 1976 when it was our privilege to welcome you before a joint session of the Congress, but the intervening years have done nothing but reaffirm the close and historic ties, evidenced then, between the nations of Spain and the United States.

In the intervening years we have been constantly—and as in the past several days, sometimes brutally—reminded that the struggle for peace and freedom is never finally won. It is a struggle that continuously requires the best efforts of bold and determined leaders. Your own defense of democracy in Spain—your own personal courage during the events of February—exemplified the best of the efforts required, and served well not only the people of Spain but all those people who live under and strive for democracy and freedom.

When your Majesty and I last met in April, we discussed then the pending decision of the Spanish Government to seek membership in the North Atlantic Alliance. While that decision was solely Spain's to make, we welcome the recent official announcement of your Government's intention to seek NATO membership and the beginning of consideration of the issue in the Cortez. I am confident that our two Governments and the governments of other NATO members will work together to ensure a prompt ratification of Spain's entry into the Alliance.

Again, your Majesty, we welcome you as a respected leader and a steadfast friend. We trust that your visit will be productive and that you will convey to the Spanish people our strongest friendship and support.

OPENING REMARKS OF SPEAKER O'NEILL WELCOMING KING JUAN CARLOS OF SPAIN

It is both a high honor and privilege for me to join my colleagues in the Senate in welcoming His Majesty King Juan Carlos I before the Congress of the United States.

His Majesty was sworn in as King of Spain nearly six years ago. Since then, he has earned the admiration, respect and affection of people throughout the world. His strong leadership and his unfailing strong support for democratic principles and constitutional processes has won the respect of millions of Americans.

We are proud of Spain. We are proud of our close relations with the Spanish people and government. We are proud of Spain's great leaders.

This trip is His Majesty's third official visit to the United States and follows successful visits in 1971 and 1976. His Majesty comes to Washington at a critical time. The United States and its allies in Europe, including Spain, face formidable defense challenges and a fragile political and military environment both in Europe and elsewhere in regions like North Africa and the Middle East. It is critical that the leaders of the West reason together and seek united action. Today's meeting is an important step in this process.

Your Majesty, we are honored by your presence here and we look forward to a continuing dialogue with you on critical foreign policy issues confronting the West.

INTRODUCTORY REMARKS OF SENATOR PERCY AT JUAN CARLOS LUNCH

It is with special pleasure that we welcome today to the U.S. Congress King Juan Carlos the First of Spain.

Your visit, Your Majesty, underscores the deep ties of heritage and friendship between our two peoples.

It allows the American people to express their satisfaction with the modern, democratic Spain taking a full international role among the other Western democracies.

It also gives us the opportunity to express the high regard with which you personally are held in the United States. We honor your own immense contribution to Spanish national unity, and the commitment to constitutional and democratic government that you are demonstrating through your leadership.

[From the Washington Post, Oct. 14, 1981]

PRESIDENT, SPANISH KING EXCHANGE OFFERS OF AID

(By Martin Schram)

President Reagan yesterday promised King Juan Carlos of Spain that he will press for Spain's early entry into the NATO alliance, and the king in turn offered to use his close ties with moderate Arab leaders to promote peace in the Middle East.

Hailing the king as a "champion of democracy," Reagan said he and the Spanish monarch had discussed "the importance of forging even closer Western unity and cohesion in the face of a determined Soviet challenge."

Speaking to reporters after 1½ hours of meetings at the White House with the king and assorted advisers, Reagan added:

"We spent considerable time comparing notes on the Middle East and the interest which our two countries share in promoting peace and stability in that troubled region so recently shaken by the tragic death of Egyptian President Sadat."

A senior U.S. official who sat in on the meetings said Juan Carlos told Reagan that Spain has "excellent relations" with moderate Arab leaders, particularly King Hussein of Jordan and the royal family in Saudi Arabia.

The king volunteered to use those ties to promote peace in the uncertain Mideast, according to this official, who spoke to reporters with the understanding that he would not be identified by name.

In their initial meeting in the Oval Office, according to this U.S. official, Juan Carlos asked Reagan for explanations of U.S. Mideast policy, including the U.S. stance on negotiations with the Palestine Liberation Organization and the future of the Camp David accords.

Reagan said that the United States seeks long-term peace and that sale of the Airborne Warning and Control System aircraft to Saudi Arabia will be important in stabilizing the region, the official said.

Secretary of State Alexander M. Haig, Jr., who sat in on the sessions, elaborated, saying that the United States views the Camp David accords as a suitable process for achieving a lasting peace in the Mideast.

He reiterated the U.S. position that, before discussions can be held with the PLO, the organization must recognize Israel's right to exist and must endorse United Nations Security Council resolutions 242 and 338, which support the principle of all nations in the region being able to live within secure and recognized borders.

The king emphasized Spain's strong desire to join in the North Atlantic Treaty Organization military alliance and the European Economic Community. He asked Reagan's assistance in smoothing the way for Spain's acceptance by America's European allies, the U.S. official said, and Reagan gave assurances that he will do all he can in that regard.

Juan Carlos was to have been among the first state visitors of the Reagan presidency, but his trip here earlier this year was canceled due to events that led to the abortive right-wing coup in Spain.

Yesterday, after the two leaders stood at attention during a welcoming 21-gun salute and the two national anthems, the president lavishly praised the king's leadership in Spain after decades of rule by Generalissimo Francisco Franco.

"We applaud the sensible path toward political liberty that you've chosen and the skill, and if I may add, personal courage that you've demonstrated in reaching your goal," Reagan said.

He also praised Spain for "playing a leading role in the struggle to combat terrorism on the European continent. Such initiative is well appreciated here."

[From the New York Times, Oct. 14, 1981]

SPAIN A "PARTNER," REAGAN TELLS KING

(By Steven R. Weisman)

WASHINGTON, October 13.—President Reagan welcomed King Juan Carlos of Spain to the White House today and assured him of United States support for the "complete integration" of Spain into both the North At-

lantic Treaty Organization and the European Economic Community.

In a welcoming ceremony, Mr. Reagan also praised the Spanish King for what he said was "personal courage" in helping his country resist a coup attempt last February aimed at overturning the democratically elected Government. He said further that the United States regarded Spain as an important "strategic partner" in its efforts to resist Soviet expansion.

King Juan Carlos arrived here last night for a two-day visit regarded as largely ceremonial, although Administration officials said that many issues were discussed at today's meeting. King Juan Carlos also had separate plans to meet with both Secretary of State Alexander M. Haig, Jr., and Secretary of Defense Caspar W. Weinberger.

Earlier this year, Secretary Haig was criticized by some Spaniards for referring to the coup attempt as an internal matter. Today, Mr. Reagan went out of his way to assure King Juan Carlos of American support for democracy in Spain.

SPAIN A CLOSE FRIEND

"In fully supporting that democracy," Mr. Reagan said, "we consider Spain not only a major strategic partner but a close friend. We look forward even more closely to working with your Government as Spain continues to pursue full integration with Europe and the West."

A senior Administration official reported after the meeting that King Juan Carlos had said that Spain would "be of whatever help it could" in bringing about a settlement in the Middle East. The King noted, according to the official, that Spain had especially close ties with both Jordan and Saudi Arabia.

Mr. Reagan, the official added, made a brief presentation on the American policy aimed at stopping Cuban weapons supplies to Nicaragua, which the United States maintains have been transferred to insurgents in El Salvador. The official did not say what King Juan Carlos's reaction was, but noted that the King "understood" the Reagan Administration's views in this and other areas.

Spain has for some time sought membership in NATO, but its entry was blocked until it established democracy. Membership must be approved by all 15 NATO nations; although this is expected to be a time-consuming process, there seems to be no serious opposition to Spanish membership. Leftist parties in Spain oppose the Madrid Government's efforts to join the organization, however.

President Reagan was also reported to have assured King Juan Carlos that the United States would be "a reliable, dependable nuclear supplier."

The King, in response, told Mr. Reagan that Spain was ready to be "a reliable ally." According to the American official, King Juan Carlos also asked for help in reducing Spain's trade deficit with the United States by encouraging more imports from Spain.

CONSTITUTIONAL RIGHT TO OWN PRIVATE PROPERTY WOULD NOT BE AFFECTED BY THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, in my daily speeches in support of ratification of the Genocide Convention, I have attempted to face squarely each and every issue raised regarding the meaning and impact of this important human rights treaty. Through my efforts and those of the convention's many supporters, each of these questions has been faced and resolved.

Resolved to the satisfaction of President after President since the time of Mr. Truman. Resolved to the satisfaction of the Pentagon and each branch of our armed services. Resolved to the satisfaction of successive Secretaries of State and Attorneys General. From the American Bar Association, well known for its careful and thorough scrutiny of treaties, to the American Civil Liberties Union, whose zeal for protecting the freedoms guaranteed by our Bill of Rights is unparalleled, these questions have been thoroughly resolved.

Therefore, I have been mystified, Mr. President, by the latest question regarding the Genocide Convention. It goes like this: Is it not true that the Genocide Convention would take away the rights of Americans to hold private property?

The answer should be loud and clear to anyone who has bothered to read this convention: No way. The Genocide Convention would not affect the right of Americans to hold private property in any way—any way at all.

Here is why:

First, there is not one line, one phrase, one syllable of the Genocide Convention that even refers to the question of private property rights. This convention deals with one issue and one issue only: The premeditated attempt to murder, in whole or in part, a national, ethnic, racial, or religious group. Murder, Mr. President, not property rights.

Second, it is an established principle of U.S. constitutional law that the Constitution is supreme over all treaties—let me repeat that, the Constitution is supreme over all treaties. No treaty can supersede our constitutional rights in any way. The Supreme Court has made that clear, time and again, most recently in a 1957 decision, Reid against Covert.

Third, the right of an individual to own property has been recognized internationally as well. Prior to the drafting of the Genocide Convention, the General Assembly of the United Nations adopted, with our enthusiastic support, a universal declaration on human rights. Article 17 of that declaration provides that everyone has the right to own property alone as well as in association with others and that no one shall be arbitrarily deprived of his property.

Where then, Mr. President, does the question of private property rights even arise? The question first arose regarding the two convenants on Human Rights, signed by President Carter in 1977 and submitted to the Senate for ratification in that year. These two treaties focus on civil and political rights and economic, social, and cultural rights.

Neither covenant contains a prohibition on the right to own property but since there is no mention of private property whatsoever in these treaties, some critics have alleged that the omission—the omission—of any reference to private property rights means that these covenants bar the right to own property.

Nothing could be further from the truth. That is a misreading of the Human Rights Covenants. Moreover, as I have pointed out, the right to own property is clearly recognized by the international community in the Universal Declaration of Human Rights and is reaffirmed in a formal declaration submitted by President Carter to accompany ratification of the Human Rights Covenants.

But the right of Americans to own property is not dependent upon any international agreements or declarations. It is guaranteed by our own Constitution and no treaty can ever deprive Americans of that right—in any way.

Mr. President, the fact that opponents of the Genocide Convention have had to dredge up arguments against other treaties—arguments that have nothing to do with the Genocide Convention whatsoever—is a sad commentary on the weakness of their position. I can only hope that few Americans will be misled by such scurrilous and unfounded allegations.

For far too long, Mr. President, the opponents of the Genocide Convention have given our enemies in the world community a club with which to embarrass us every time our delegates attempt to speak out against acts that take place in their totalitarian regimes. It is high time that we strengthen the hands of our representatives abroad and hold our heads high, resuming our rightful place as the human rights leader of the world.

We can do that, Mr. President. And ratification of the Genocide Convention is the vital first step.

PHILADELPHIA RESOLUTION RELATING TO VIETNAM VETERANS

Mr. THURMOND. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution that was adopted by the Philadelphia City Council and which has been received by the office of the President pro tempore relating to Vietnam war veterans.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION No. 549

Memorializing the Congress of the United States to promptly consider H.R. No. 2486 and to expedite its passage.

Whereas, House Bill No. 2486 will benefit the Vietnam War Veterans who loyally served our country, putting their lives, their livelihoods, and their future on the line; and

Whereas, House Bill No. 2486 will help the Vietnam War Veterans by extending for three years, from December 31, 1981, the present provision enabling an employer, hiring a veteran, to take advantage of tax credits because of this hiring; and to increase the amount of wages the employer has eligible for tax credit from $6,000 to $10,000; and

Whereas, House Bill No. 2487, in eliminating the phrase, "economically disadvantaged", and increasing the age limit from 35 to 40, will open the door to the employment of more veterans by employers; and

Whereas, The prompt passage of this bill in the House of Representatives will provide much-needed relief for our Veterans and assure more employment for them; therefore

Resolved, by the Council of the City of Philadelphia, That we hereby memorialize the Congress of the United States to promptly consider H.R. No. 2486 and to expedite its passage for the benefit of our Vietnam War Veterans.

Resolved, That certified copies of this Resolution be sent to the members of the House of Representatives, to the members of the Senate, and to the President of the United States, as evidence of the sincere sentiments of this legislative body.

NEW YORK STATE RESOLUTION RELATING TO STATUS OF UNACCOUNTED FOR POW-MIA'S

Mr. THURMOND. Mr. President, I ask unanimous consent to have printed in the RECORD a resolution which has been adopted by the New York State Legislature and received by the office of the President pro tempore, relating to unaccounted for POW-MIA's.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

LEGISLATIVE RESOLUTION ASSEMBLY No. 887

Whereas, Since the end of the Viet Nam War, many dedicated servicemen have not been accounted for; and

Whereas, Their families are experiencing a deep sense of emptiness because they do not know whether or not their loved ones are alive; and

Whereas, The National League of Families of American Prisoners and Missing in Southeast Asia has been continuously working to remedy this dreadful situation; and

Whereas, St. Stanislaus Memorial American Legion Post, under the leadership of Commander Charles Merjave, wholeheartedly joins with the National League of Families of American Prisoners of War and Missing in Southeast Asia; and

Whereas, On June sixth, nineteen hundred eighty-one, the 26th U.S. Army Band from Fort Hamilton will lead a parade in honor of the Prisoners of War and the Missing in Action; now, therefore, be it

Resolved, That this Legislative Body joins all participants today to speak out for the Prisoners of War/Missing in Action, and their families to say to the world "Forget Us Not"; and be it further

Resolved, That this Legislative Body memorializes the United States Congress to make a sincere and significant effort to determine the status of all unaccounted POW/MIA's; and be it further

Resolved, That June sixth, nineteen hundred eighty-one, be proclaimed by the Honorable Hugh L. Carey, Governor of the State of New York as "Forget Us Not Day" in New York State in honor of the Prisoners of War and Missing in Action; and be it further

Resolved, That copies of this Resolution, suitably engrossed, be transmitted to the Speaker of the House of Representatives and to the President Pro Tempore of the Senate and to each member of the Congress of the United States from the State of New York; also to St. Stanislaus Post for public display.

DR. JOHN BRADEMAS INSTALLED AS 13TH PRESIDENT OF NEW YORK UNIVERSITY

Mr. MOYNIHAN. Mr. President, it is with great enthusiasm and respect that I rise to congratulate my former colleague, Dr. John Brademas, on his installation as the 13th president of New York University—the largest privately supported institution of higher education in our country.

As the former Democratic Representative from Indiana, Dr. Brademas spent 22 years dealing with issues affecting our Nation's educational institutions. I am confident that as president of New York University, Dr. Brademas will make great contributions, not only to the university, but to the future of private education.

In his eloquent inaugural address, Dr. Brademas stressed the importance of maintaining academic excellence in private higher education—and the challenges facing that goal—as well as the importance of creating new linkages among government, business, and educational institutions. I ask unanimous consent that Dr. Brademas' inaugural address, delivered on October 14, 1981, be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS OF DR. JOHN BRADEMAS

This academic ceremony celebrates both tradition and timelessness. Its symbolism and ritual take us beyond the ordinary, away from our daily circumstance.

There is a reason for the long and colorful academic procession we have just witnessed—of men and women of different places and disciplines and vocations. This traditional procession represents the continuing dialogue between the past and the present which is, of course, what higher education is.

As today I formally—and enthusiastically—assume my new office as President of New York University, I realize that like this university, I am myself the product of traditions and institutions and of the men and women who embody them.

Both to express my appreciation for what such persons have meant in my own life and what I believe they mean today to the purposes of New York University, I shall at the end of my address present to eleven people—friends all, but more—an Inaugural Award especially designed for this occasion by the distinguished American artist, James Rosenquist, to whom I express my warm appreciation.

INAUGURAL AWARDS

Let me here, at the outset of my remarks, say just a word about each of these men and women. Would you kindly withhold your applause until the awards are later presented?

I begin with:

Derek Bok: President of Harvard University, my own alma mater and America's most famed center of learning, to which I owe much . . . a vigorous and effective champion of independent colleges and universities;

Daniel Boorstin: The Librarian of Congress, fellow Rhodes Scholar, historian, social critic, in honoring whom we acknowledge the indispensable link between libraries and learning and note in this respect the central place of the Elmer Holmes Bobst Library in the life of New York University.

Alfred Gottschalk: President of Hebrew Union College—Jewish Institute of Religion; distinguished scholar and respected interpreter of the great Judaic tradition and its modern meaning; an NYU neighbor and our partner in the enterprise of education.

The Reverend Theodore M. Hesburgh, C.S.C.: For thirty years President of the University of Notre Dame; my long time constituent, mentor and close friend; educator; priest; and, responding to the call of six Presidents of the United States, champion of human rights at home and abroad; the very model of a modern university president.

His Eminence, Archbishop Iakovos: Primate of the Greek Orthodox Church in the Americas; respected by leaders of all religious faiths and, in my own life, a valued friend and continuing tie with the heritage of my father's native land.

Coretta Scott King: Champion of freedom; like her eloquent husband, with whom I stood on the steps of the Lincoln Memorial during the March on Washington in 1963, she works to make real for all Americans the dream he voiced that day.

Mary Lasker: Angel of health; few citizens of our country have been more tireless in their support for, and advocacy of, research into the causes of illness and disease. In saluting her, a university proud of its Medical Center, its school and hospital, pays tribute to a noble ally.

Bishop James K. Mathews of the United Methodist Church: a friend with whom I have labored in the ecumenical vineyard; a respected leader of the church in which I was brought up and from which I learned that the Christian faith compels its adherents to seek justice for everyday people in the everyday world.

Thomas P. O'Neill, Jr.: Speaker of the United States House of Representatives, the body in which I served—I know, zestfully; I hope, constructively—for 22 years . . . a man who was my leader and remains my friend . . . a bridge between generations in Congress, and a human and humane practitioner of the processes of American democracy.

Robert Shackleton: Marshall Foch Professor of French Literature, Fellow of All Souls College, Oxford University, and of my own college there, Brasenose; leading authority on the French Enlightenment, Montesquieu's biographer and Bodley's Librarian; for thirty years my friend and link with that ancient, still glorious seat of learning, Oxford.

And, finally, Laurence A. Tisch, businessman, philanthropist and friend . . . he embodies the energy, spirit and commitment of my new home, New York City . . . and as Chairman of the Board of Trustees of New York University, gives wise counsel and support to its President, and superb leadership to the University's highest authority, its Board.

APPRECIATION

Although I shall confer awards on these several persons, there are many others to whom I wish to express deep appreciation:

To my Hoosier schoolteacher mother, Beatrice Brademas, who is my most tenacious advocate;

To my wife, Mary Ellen, the loveliest physician in residence at NYU's Medical Center;

To others in my family here today;

To my friends from Indiana, Washington and New York;

To two former colleagues in Congress, Governor Hugh Carey and Major Edward Koch, both champions of education in the State and City of New York as they were in the nation's capital.

To Avery Fisher, a New York University alumnus, the generous philanthropist in whose splendid hall we hold our convocation;

To Herbert R. Silverman, chairman of the committee that organized these ceremonies, and all who worked with him;

To my distinguished predecessors in the office I now hold . . . for their wisdom and counsel—James Hester, John Sawhill and Ivan Bennett;

To my new colleagues, the presidents of other colleges and universities;

To the deans and faculties of the thirteen schools that compose NYU . . . for without their thoughtful and dedicated efforts, there is no University;

To the thousands of men and women of the staff and administration who keep NYU going day by day; with special note of Jay Oliva, our Provost and Executive Vice President and my wise right arm;

To the alumni and other friends of New York University—individuals, corporations, foundations, government officials—on whose support we depend for sustenance and strength;

And finally, to the students of NYU, whose

nurture and knowledge are our principal reason for being . . .

To all of you, I say thank you!

By the way, it is to my friend, Dr. Calvin Plimpton, that I am indebted for knowledge of the word "triskaidekaphobia" which is the morbid fear of the number thirteen. I mention this because several people have asked if I am troubled by the fact that I have just become thirteenth President of New York University. The answer, of course, is, "Not at all", although I must confess that I am gratified that my office is on the twelfth floor of Bobst Library and that there is no thirteenth!

Just six weeks ago, Mary Ellen and I stood on a hillside in Greece and looked out over the magnificent valley through which, centuries before, the voices of actors from the ancient amphitheater had echoed and cascaded. We were at Delphi, home of the Oracle, to whom pilgrims from many lands brought their questions and entreaties. As the classical students among you will recall, the answers of the Oracle were often garbled and ambiguous.

Perhaps that is why, centuries later, another Greek, the poet Constantine Cavafy, could still write:

Ordinary mortals know what's happening now, the gods know what the future holds because they alone are totally enlightened wise men are aware of future things just about to happen.

Now I shall not pretend to be so wise as to suggest that I know what "future things are just about to happen" to American universities, although I can speak more clearly now than I could have done six months ago of the future of New York University.

Let me, however, having left Washington, D.C. for Washington Square, pose a few questions about universities generally and New York University in particular. I shall try not to be delphic in my replies.

WHY UNIVERSITIES?

Why universities anyway?

Some years ago I heard a distinguished Polish sociologist, Jan Szczepanski, speak with pessimism about the future of formal higher education.

Szczepanski feared that universities would not be able to adjust fast enough to economic, social and technological change and that such adjustments might be best made in research institutes outside the traditional universities and organized, for example, by business and industry.

Universities would no longer, Szczepanski predicted, serve their classic functions of creating and transmitting knowledge but would be left just one role, preserving our cultural heritage.

Although our colleges and universities do face some serious troubles, I am not so despairing as Professor Szczepanski. For to paraphrase Voltaire, if universities did not exist, it would be necessary to invent them.

As a nation we are in several ways critically dependent on our colleges and universities.

SKILLED MEN AND WOMEN

First, they are our principal source of the skilled and talented men and women essential to our kind of society. This is true in two respects.

Not only do universities produce the professionally trained people indispensable to a modern, scientifically and technologically based nation. Our universities, also, through the requirements of a liberal undergraduate education, prepare students with the sense of responsibility—and tolerance—to live as citizens of a free, self-governing country.

Beyond this education for citizenship, I think it clear that in a time of specialization, we must educate persons with the perspective to look beyond the recommendations of the experts and technicians. We must prepare people able to make judgments about the needs of the wider society. A sense of values; a capacity to perceive and forge interrelationships; in short, breadth—these are the products of the liberal arts and without these, we are lost.

John Stuart Mill made the point bluntly: "Men are men (today he would have added 'women'!) before they are lawyers or physicians or merchants or manufacturers and if you make them capable or sensible men they make themselves sensible lawyers or physicians."

So although we normally—and properly—justify the liberal arts in terms of the enrichment of the life of the individual student, liberal learning makes a powerful contribution to the entire policy.

But universities go beyond transmitting existing skills and knowledge and understanding.

CREATION OF NEW IDEAS

There is a second way in which they serve the Nation: institutions of higher learning are crucibles for the creation of new ideas. Surely, for example, there can be no doubt that the enormous explosion of research over the last generation—in the physical and biomedical sciences particularly—can be traced to our university campuses.

In this connection, universities are freer than any other of our institutions both to perform basic research, research that may not be readily applicable in practical ways, and to address unpopular or difficult issues, issues which may nonetheless profoundly shape our society.

AGENTS OF SOCIAL SECURITY

There is a third reason universities are so critical to America's future: they are among the principal agents of social mobility. NYU has from its beginning prided itself on opening doors of opportunity to immigrants and their sons and daughters.

Years ago, when I was very young, my own immigrant father told me, "John, I'll probably not leave much money to my children, but I will leave you all a first-class education"—and he did, and that is the richest legacy of all.

And I believe that keeping our doors open to all who have the ability and desire for a first-class education must be a continuing commitment of New York University.

SOME FACTS ABOUT NEW YORK UNIVERSITY

But what about New York University? Where is NYU going? For it is NYU that brings us all together today.

We this year mark not only the inauguration of a new President but the 150th anniversary of the founding of the University.

Look for a moment at some facts about this remarkable institution—where we are now and where we have been.

We have over 11,000 employees, 2,500 of them full-time faculty and research professionals, an annual operating budget approaching half a billion dollars, 13 different schools and colleges, and over 40,000 students.

Inspired in their effort by the then fledgling University of London, New York University's founding fathers determined to build a truly modern university—non-sectarian, open to all—not only to the children of the rich but to the sons and daughters of the growing middle and working classes.

The new university would offer modern languages, history, and science as well as the classical humanities and would prepare doctors, lawyers, teachers and business people for the City of New York.

Since our founding, NYU has continued faithful to that dream.

We reflect in our own character the dynamism of the city whose name we bear—its vitality and vigor, its intellectual and artistic creativity, its ethnic diversity, its internationalism, its concern for human values.

Our several campuses share a fantastic sense of energy found in no other city in the world.

At Washington Square our students read great works of American literature in the very place they were created.

In upper Manhattan, our scholars study fine art in a neighborhood famed for its museums and cultural traditions.

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As I officially assume the Presidency of New York University in this Sesquicentennial year, I am mindful of the vision of our founders and aware of this remarkable record of accomplishment.

Where then do we go now?

CRITICAL POINTS OF DECISION

Can we—together—be wise enough to shape the "future of things just about to happen" at New York University?

Can we identify our critical points of decision?

I think we can. I know we must.

How?

First, we must strongly support the goal enunciated by the Board of Trustees in 1979:

New York University has made a commitment to academic distinction. We have established as our primary objective the achievement of the highest levels of excellence in teaching and research, in the liberal arts, and in professional education.

The faculty of New York University are our greatest resource. We must value them as dedicated teachers, distinguished scholars, creative artists.

I pledge to support our faculty in every way that I can.

I pledge as well to carry forward the twin thrusts initiated by my predecessors: to strengthen our graduate and professional schools while at the same time building our undergraduate colleges.

New York University has won national and international acclaim for its outstanding graduate and professional schools—in law and medicine, in business and fine arts, to name but a few. These schools deserve our vigorous support.

THE CENTRALITY OF THE LIBERAL ARTS

But it is imperative as well that we continue our commitment to the liberal arts and sciences, both in our strong undergraduate and distinguished graduate programs.

From what I have earlier said about the purposes of a university, you will understand my conviction of the centrality of the liberal arts at New York University. Liberal education of increasing distinction must be at the heart of any university that aspires to greatness.

We must, therefore, work to retain and attract outstanding faculty—and outstanding

the staff and administration who keep NYU going day by day; with sepcial note of Jay Oliva, our Provost and Executive Vice President and my wise right arm;

To the alumni and other friends of New York University—individuals, corporations, foundations, government officials—on whose support we depend for sustenance and strength;

And finally, to the students of NYU, whose nurture and knowledge are our principal reason for being . . .

To all of you, I say thank you!

By the way, it is to my friend, Dr. Calvin Plimpton, that I am indebted for knowledge of the word "triskaidekaphobia" which is the morbid fear of the number thirteen. I mention this because several people have asked if I am troubled by the fact that I have just become thirteenth President of New York University. The answer, of course, is, "Not at all", although I must confess that I am gratified that my office is on the twelfth floor of Bobst Library and that there is no thirteenth!

Just six weeks ago, Mary Ellen and I stood on a hillside in Greece and looked out over the magnificent valley through which, centuries before, the voices of actors from the ancient amphitheater had echoed and cascaded. We were at Delphi, home of the Oracle, to whom pilgrims from many lands brought their questions and entreaties. As the classical students among you will recall, the answers of the Oracle were often garbled and ambiguous.

Perhaps that is why, centuries later, another Greek, the poet Constantine Cavafy, could still write:

Ordinary mortals know what's happening now, the gods know what the future holds because they alone are totally enlightened wise men are aware of future things just about to happen.

Now I shall not pretend to be so wise as to suggest that I know what "future things are just about to happen" to American universities, although I can speak more clearly now than I could have done six months ago of the future of New York University.

Let me, however, having left Washington, D.C. for Washington Square, pose a few questions about universities generally and New York University in particular. I shall try not to be delphic in my replies.

WHY UNIVERSITIES?

Why universities anyway?

Some years ago I heard a distinguished Polish sociologist, Jan Szczepanski, speak with pessimism about the future of formal higher education.

Szczepanski feared that universities would not be able to adjust fast enough to economic, social and technological change and that such adjustments might be best made in research institutes outside the traditional universities and organized, for example, by business and industry.

Universities would no longer, Szczepanski predicted, serve their classic functions of creating and transmitting knowledge but would be left just one role, preserving our cultural heritage.

Although our colleges and universities do face some serious troubles, I am not so despairing as Professor Szczepanski. For to paraphrase Voltaire, if universities did not exist, it would be necessary to invent them.

As a nation we are in several ways critically dependent on our colleges and universities.

SKILLED MEN AND WOMEN

First, they are our principal source of the skilled and talented men and women essential to our kind of society. This is true in two respects.

Not only do universities produce the professionally trained people indispensable to a modern, scientifically and technologically based nation. Our universities, also, through the requirements of a liberal undergraduate education, prepare students with the sense of responsibility—and tolerance—to live as citizens of a free, self-governing country.

Beyond this education for citizenship, I think it clear-that in a time of specialization, we must educate persons with the perspective to look beyond the recommendations of the experts and technicians. We must prepare people able to make judgments about the needs of the wider society. A sense of values; a capacity to perceive and forge interrelationships; in short, breadth—these are the products of the liberal arts and without these, we are lost.

John Stuart Mill made the point bluntly: "Men are men (today he would have added 'women'!) before they are lawyers or physicians or merchants or manufacturers and if you make them capable or sensible men they make themselves sensible lawyers or physicians."

So although we normally—and properly—justify the liberal arts in terms of the enrichment of the life of the individual student, liberal learning makes a powerful contribution to the entire policy.

But universities go beyond transmitting existing skills and knowledge and understanding.

CREATION OF NEW IDEAS

There is a second way in which they serve the Nation: institutions of higher learning are crucibles for the creation of new ideas. Surely, for example, there can be no doubt that the enormous explosion of research over the last generation—in the physical and biomedical sciences particularly—can be traced to our university campuses.

In this connection, universities are freer than any other of our institutions both to perform basic research, research that may not be readily applicable in practical ways, and to address unpopular or difficult issues, issues which may nonetheless profoundly shape our society.

AGENTS OF SOCIAL SECURITY

There is a third reason universities are so critical to America's future: they are among the principal agents of social mobility. NYU has from its beginning prided itself on opening doors of opportunity to immigrants and their sons and daughters.

Years ago, when I was very young, my own immigrant father told me, "John, I'll probably not leave much money to my children, but I will leave you all a first-class education"—and he did, and that is the richest legacy of all.

And I believe that keeping our doors open to all who have the ability and desire for a first-class education must be a continuing commitment of New York University.

SOME FACTS ABOUT NEW YORK UNIVERSITY

But what about New York University? Where is NYU going? For it is NYU that brings us all together today.

We this year mark not only the inauguration of a new President but the 150th anniversary of the founding of the University.

Look for a moment at some facts about this remarkable institution—where we are now and where we have been.

We have over 11,000 employees, 2,500 of them full-time faculty and research professionals, an annual operating budget approaching half a billion dollars, 13 different schools and colleges, and over 40,000 students.

Inspired in their effort by the then fledgling University of London, New York University's founding fathers determined to build a truly modern university—non-sectarian, open to all—not only to the children of the rich but to the sons and daughters of the growing middle and working classes.

The new university would offer modern languages, history, and science as well as the classical humanities and would prepare doctors, lawyers, teachers and business people for the City of New York.

Since our founding, NYU has continued faithful to that dream.

We reflect in our own character the dynamism of the city whose name we bear—its vitality and vigor, its intellectual and artistic creativity, its ethnic diversity, its internationalism, its concern for human values.

Our several campuses share a fantastic sense of energy found in no other city in the world.

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give strong leadership to the University itself . . . in three ways.

First, I will with all the energy and ability within me strive to build a deeper sense of community within the remarkable family known as New York University . . . not for some abstract or romantic reason but because each part of this University has a stake in the well-being of every other.

Building community has still another meaning: The quality of everyday life in a university—for students and for teachers—translates directly into the quality of everyday learning.

We must, therefore, constantly look for ways—realistic ways—to make life more livable for our students and our faculty. Our new Jerome S. Coles Sports and Recreation Center is the latest and most dramatic instance of what I mean. Finding adequate housing is another obvious example.

Second, I will work hard to maintain the fiscal stability and financial strength of New York University, hoping—with the help of trustees, deans, faculty, students and friends—both wisely to utilize existing resources and enthusiastically and effectively to seek more.

Third, I will, again in the collegial spirit peculiar to a university, explore for New York University new paths to intellectual excellence and public service.

But there is yet one final assignment I have set myself—and I trust this will surprise no one.

Where from time to time, based on my own experience as student and teacher, Congressman and now university president, I feel I have something to say on issues of importance to the wider society. I intend to say it.

For universities, if they do anything, produce ideas; and university presidents, if they are to be more than managers and fundraisers, should produce ideas, too.

And the most important idea with which I should like to leave all of you today is that New York University, as it enters its 151st year, will move forward with confidence as an outstanding center of higher learning in America.

NOTICE OF DETERMINATIONS BY THE SELECT COMMITTEE ON ETHICS

Mr. WALLOP. Mr. President, it is required by paragraph 4 of rule 35 that I place in the RECORD this notice of a Senate employee who proposes to participate in a program, the principal objective of which is educational, sponsored by a foreign educational or charitable organization involving travel to a foreign country paid for by that foreign organization.

The Select Committee on Ethics has received a request for a determination under rule 35 which permits Mr. Mitchell E. Daniels, Jr., of the staff of Senator LUGAR to participate in a program sponsored by a foreign educational organization, Soochow University in Taipei, Taiwan, on August 3–11, 1981.

The committee has determined that Mr. Daniels' participation in the program in Taiwan, at the expense of Soochow University, to discuss relations between the United States and the Republic of China is in the interests of the Senate and the United States.

The Select Committee on Ethics has received a request for a determination under rule 35 which would permit Mr. Douglas L. Miller of the staff of Senator PRESSLER to participate in a program in Belgium and West Germany, October 3–10, 1981, to attend briefings on the NATO alliance sponsored by the NATO Information Service.

The committee has determined that his participation in this program, at the expense of the sponsor, is in the interest of the Senate and the United States.

The Select Committee on Ethics has received a request for a determination under rule 35 which would permit Mr. Skipp Hayes of the staff of Senator EAGLETON and Mr. Patrick Balestrieri of the Committee on Foreign Relations to participate in a program sponsored by the NATO Information Service in Belgium and West Germany October 3–10, 1981.

The committee has determined that participation by Messrs. Hayes and Balestrieri in the program in Belgium and West Germany, to attend briefings of the NATO alliance, is in the interests of the Senate and the United States.

The Select Committee on Ethics has received requests for determinations under rule 35 which would permit Mr. Robert H. Trice of the staff of Senator BUMPERS, Mr. James H. Dykstra of the staff of Senator COHEN, Mr. Stephen E. Ockenden of the staff of Senator DURENBERGER, Ms. Jane Matthias of the staff of Senator FORD, Mr. Jeff M. Bingham of the staff of Senator GARN, and Mr. Robert Andrews of the staff of Senator GLENN to participate in a program in Bonn and West Berlin on the foreign policy and security issues facing European-American Relations, sponsored by the Center for Strategic and International Studies of Georgetown University and the Konrad Adenauer Foundation of West Germany.

The committee has determined that their participation in this program, from October 3–10, 1981, at the expense of the sponsors, is in the interests of the Senate and the United States.

OCTOBER GOLDEN FLEECE AWARD TO NATIONAL SCIENCE FOUNDATION

Mr. PROXMIRE. Mr. President, I am giving my golden fleece of the month award for October to the National Science Foundation for spending $144,012 to test commonly accepted, historically proven, fundamental economic principles of supply and demand—on pigeons.

The researchers coo while the taxpayers get billed. Speaking as Senator BILL PROXMIRE, this is one "BILL" who will not coo.

While it may be said that our current economy is going to the dogs, the NSF apparently felt it had to go to the pigeons and rats to prove it. This is one project that should be pigeonholed pronto.

PROVEN ECONOMIC PRINCIPLES TESTED ON PIGEONS

Ordinarily, experimental animal tests are performed as a preliminary to find out if principles or procedures can be applied to man. In this case proven principles already applied to man were tested on animals.

Technically, the methodologies and mechanics appear to be correct and without fault. The problem was that the National Science Foundation and its researchers were so enchanted with the means and methods, that they failed to comprehend the ends. One can paraphrase what George Santayana said about fanaticism namely that it means "* * * redoubling one's efforts after having lost sight of one's aims."

The research was expertly performed by highly professional economists and psychologists. The results of their experiments were reported in leading economic journals.

One set of experiments tested the principle of the substitution of cheaper for more expensive goods. The price of food and other goods to the pigeons was raised by either making the birds peck more times on a key in order to receive the same amount of food or reducing the amount of food per peck. Changes in the relative price of these goods resulted in the birds substituting the lower priced goods just as humans would buy fewer apples when their price rose.

The problem is that these relationships have been tested and retested thousands of times in human economics.

If the past is any test of the future, the National Science Foundation will now find additional research in this area to study animal consumers and workers throughout the animal kingdom—from amoebas to elephants.

In these experiments with pigeons, the scientific approach was stood on its head. More than 200 years after Adam Smith described the behavior of humans in the marketplace, the National Science Foundation studied whether economic animal could be made to behave in the same way as economic man.

STUDYING THE SUPPLY OF PIGEON LABOR

Another outcome of the research was a paper on the supply of pigeon labor under certain laboratory conditions. According to the paper, the experiments showed that: "nonhuman workers—pigeons—are willing to trade off income for leisure if the price is right."

It is highly questionable whether these animal experiments can really give us any insight into the much more complex and serious problems of a modern society. For example, if it is found that pigeons choose leisure rather than additional work, will the pigeons turn to recreational activities such as tennis or jogging? And what will that imply in turn for the use of resources in the pigeon economy or the price of pigeon recreation companies on their stock exchange?

NSF JUSTIFICATION

In 1978, as part of the justification for funding this project the National Science Foundation stated the following:

Preliminary results from experiments using pigeons and rats as subjects on consumer demand and labor supply decisions are encouraging. These results suggest that animal consumers and workers are governed by the same basic behavioral laws as humans. Animals consistently substitute cheaper for more expensive goods or leisure for work as their environment changes. If further experimentation by the investigators confirms these results, then animal experiments will have been shown to be a viable means of testing some basic economic models. Also, these ex-

perimental results will provide empirical evidence of the validity of these models.

PRIORITIES UPSIDE DOWN

It is ironic that while there are major economic questions which need to be studied, the National Science Foundation chose to fund animal studies concerning well-established economic principles regarding human economic behavior. They tend to reinvent the wheel. Clearly, the NSF has its economic priorities upside down.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session, the Acting President pro tempore laid before the Senate a message from the President of the United States submitting a sundry nomination which was referred to the Committee on the Judiciary.

(The nomination received today is printed at the end of the Senate proceedings.)

ALASKA HIGHWAY PIPELINE ROUTE—MESSAGE FROM THE PRESIDENT—PM 82

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States together with accompanying papers; which were referred to the Committee on Energy and Natural Resources:

To the Congress of the United States:

The Alaska Highway Pipeline route for the Alaska Natural Gas Transportation System was chosen by President Carter and approved by Congress in 1977. There was a strong Congressional endorsement that the pipeline should be built if it could be privately financed. That has been my consistent position since becoming President, as communicated on numerous occasions to our good neighbors in Canada and I am now submitting my formal findings and proposed waiver of law.

As I stated in my message to Prime Minister Trudeau informing him of my decision to submit this waiver:

My Administration supports the completion of this project through private financing, and it is our hope that this action will clear the way to moving ahead with it. I believe that this project is important not only in terms of its contribution to the energy security of North America. It is also a symbol of U.S.-Canadian ability to work together cooperatively in the energy area for the benefit of both countries and peoples. This same spirit can be very important in resolving the other problems we face in the energy area.

This waiver of law, submitted to the Congress under section 8(g) of the Alaska Natural Gas Transportation Act, is designed to clear away governmental obstacles to proceeding with private financing of this important project. It is critical to the energy security of this country that the Federal Government not obstruct development of energy resources on the North Slope of Alaska. For this reason, it is important that the Congress begin expeditiously to consider and adopt a waiver of those laws that impede private financing of the project.

RONALD REAGAN.

THE WHITE HOUSE, *October 15, 1981.*

MESSAGE FROM THE HOUSE

ENROLLED BILL SIGNED

At 6:10 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the Speaker of the House has signed the following enrolled bill:

S. 1687. An act to make a technical amendment to the International Investment Survey Act of 1976.

ENROLLED BILL PRESENTED

The Secretary reported that on today, October 15, 1981, he had presented to the President of the United States the following enrolled bill:

S. 1224. A bill to amend the provisions of title 39, United States Code, relating to the use of the frank, and for other purposes.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2069. A communication from the Secretary of Energy, transmitting, pursuant to law, a synopsis of a proposed waiver of a section of the Alaska Natural Gas Transportation Act; to the Committee on Energy and Natural Resources.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PERCY, from the Committee on Foreign Relations, without amendment:

S. Con. Res. 37. A concurrent resolution disapproving the proposed sales to Saudi Arabia of E-3A airborne warning and control system (AWACS) aircraft, conformal fuel tanks for F-15 aircraft, AIM-9L Sidewinder missiles, and Boeing 707 aerial refueling aircraft.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. PERCY, from the Committee on Foreign Relations:

Richard F. Staar, of California, for the rank of Ambassador during his tenure of service as Representative of the United States for Mutual and Balanced Force Reduction Negotiations.

(The above nomination was reported from the Committee on Foreign Relations with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Richard F. Staar.

Post: U.S. Rpresentative to MBFR.

Contributions, amount, date, donee.

1. Self: Richard F. Staar, $100, 1978, GOP candidate for Congress, Puller, Va.

2. Spouse: Jadwiga M. Staar, $260, 1980, RNC & Inaugural Committee.

3. Children and spouses names: Monica and Scott Schroeder, Christina and Bruce Peters, $65, 1981, RNC.

4. Parents names: deceased (1956 and 1959).

5. Grandparents names: All deceased.

6. Brothers and spouses names: Not applicable.

7. Sisters and spouses names: Marie and Allan Barron, Barbara and Richard Charns.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HART:

S. 1738. A bill to amend the Internal Revenue Code of 1954 to impose a tax on the importation of Libyan crude oil and refined petroleum products and to transfer the revenues from such tax to the Strategic Petroleum Reserve Trust Fund; to the Committee on Finance.

By Mr. GRASSLEY:

S. 1739. A bill to amend the Military Personnel and Civilian Employees' Claims Act of 1964 to increase the maximum amount that the United States may pay in settlement of a claim under that act; to the Committee on the Judiciary.

By Mr. LEVIN:

S. 1740. A bill to amend title II of the Social Security Act to provide for a 1-year transitional benefit for a widow or widower whose spouse died while such widow or widower was between ages of 50 and 60; to the Committee on Finance.

By Mr. HELMS:

S. 1741. A bill to provide that human life shall be deemed to exist from conception; read the first time.

By Mr. HELMS (for himself and Mr. EAST):

S. 1742. A bill to restore the right of voluntary prayer in public schools and to promote the separation of powers; read the first time.

By Mr. HELMS:

S. 1743. A bill to insure equal protection of the laws as guaranteed by the 14th amendment to the Constitution of the United States and to deny jurisdiction of the inferior Federal courts to order the assignment or transportation of students, and for other purposes; read the first time.

By Mr. HUMPHREY (for himself and Mr. LEVIN) (by request):

S. 1744. A bill to authorize appropriations for conservation, exploration, development, production, sale, and use of naval petroleum reserves and naval oil shale reserves, for fiscal year 1982 and for fiscal year 1983, and for other purposes; to the Committee on Armed Services.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HART:

S. 1738. A bill to amend the Internal Revenue Code of 1954 to impose a tax on the importation of Libyan crude oil and refined petroleum products and to transfer the revenues from such tax to

the strategic petroleum reserve trust fund; to the Committee on Finance.

TAX ON IMPORTATION OF LIBYAN CRUDE OIL

● Mr. HART. Mr. President, in an editorial earlier this week, the Washington Post noted:

There is wide agreement that Libya has as purely evil and mischievous a leader, Muammar Qaddafi, as exists anywhere. His cackling over the murder of Anwar Sadat expresses the essence of the man. But why is he the menace that he indubitably is? Part of it is his Soviet connection, but a large part is his American connection. As the single largest purchaser of Libyan oil, the United States is, financially speaking, the leading sponsor of Libyan adventurism and terror.

Administration spokesmen lead the chorus of voices condemning Qaddafi for his export of terrorism, his troublemaking in the Middle East, and his jubilance upon hearing the tragic news of President Sadat's death. Despite all the handwringing, however, American policy toward Colonel Qaddafi has been characterized by hypocrisy and expediency, and continues to be so.

Instead, we must demonstrate clearly to Qaddafi that the United States will not sit passively by and permit him to sow violence and terrorism with impunity. No longer should we speak out against him with strident voices while buying oil and replenishing his treasury with a whisper. Is it not a futile gesture to sell arms to Libya's threatened neighbors for self-defense while refusing to take punitive action against Qaddafi by cutting off an important source of income?

For these reasons, I am introducing a bill to eliminate American imports of Libyan oil. The bill does three things.

First, it imposes a $10 per barrel fee on imports of crude oil and refined petroleum products from Libya. This tax would be imposed immediately.

Second, it earmarks the revenues collected under the import fee to purchase oil for the strategic petroleum reserve.

And third, and most importantly, it prohibits the import of all oil from Libya after December 31, 1982, thus enabling us to end the embarrassing spectacle of the United States financing Qaddafi's adventures and helping to maintain him in power.

It is intolerable that the United States continues to be the single largest purchaser of Libyan oil, even while having reduced the level of importation from 722,000 barrels per day in 1977 to 287,000 as of July 1981. The world oil surplus and the high price of Libyan oil has combined to reduce Libyan oil exports to about 600,000 barrels a day resulting in a significant drop in income from $22 billion per year to the $7 billion. Yet, as these figures indicate. the United States buys almost half of all Libyan oil exports. The minor adjustments we might experience while locating a substitute source for the 2 percent of our total oil imports now obtained from Libya would be a small sacrifice to make if it helped force Qaddafi to cut back his bankrolling of international terrorism.

Colonel Qaddafi already faces growing domestic discontent as a result of the sharp drop in oil revenues and the ensuing problems which face his ambitious development program. Libyans are not likely to respond well to additional belt-tightening measures at a time when many are being drafted into the Army to fight in places like Chad.

Mr. President, why should the United States continue to send petrodollars to a leader who directly threatens the security of friendly nations like Niger, Mali, and Sudan; intervenes in Chad; foments instability in the region with adverse effects on such allies as Egypt, Morocco, Saudi Arabia, and Israel; and attacks American aircraft overflying the international waters of the Gulf of Sidra? American money certainly should not be used even indirectly to finance Libyan gunmen seeking to assassinate exiles in Rome, London, and even my own State of Colorado.

The list is endless, but let me add just one more indictment to the litany—the frightening rumors of Libya's attempt to build an atomic bomb or at least help Pakistan in such an achievement; in fact, Libyan students even now are studying nuclear physics in American universities. If Qaddafi is, in fact, "the most potent and disastrous source of destabilization" in Africa, as Assistant Secretary Crocker described him, why do we continue to shore up the Libyan economy by our oil purchases?

The man whom Anwar Sadat used to call a certified lunatic must learn that the United States will not continue to buy tainted petroleum from him while arming Arab countries against mischief emanating from the same source. The bill I have introduced will send a clear signal of our intentions, much clearer, I believe than the withdrawal of American diplomats or the expulsion of Libyan officials in its effect. I urge my colleagues to support this proposal.●

By Mr. GRASSLEY:

S. 1739. A bill to amend the Military Personnel and Civilian Employees' Claims Act of 1964 to increase from $15,000 to $25,000 the maximum amount that the United States may pay in settlement of a claim under that act; to the Committee on the Judiciary.

INCREASE IN MAXIMUM PAYMENT UNDER THE MILITARY PERSONNEL AND CIVILIAN EMPLOYEES' CLAIMS ACT

● Mr. GRASSLEY. Mr. President, I am pleased to introduce a bill which would amend the Military Personnel and Civilian Employees' Claims Act of 1964 to increase the limit on payments for damage to, or loss of, personal property incident to service.

The proposed legislation would raise the present limitations on payment for claims under the act to a level consistent with rising costs of repair and replacement of personal property. Specifically, this bill would raise the present limitation of $15,000 to $25,000.

Raising the limit to $25,000 would serve to maintain the level of protection that was previously considered appropriate by the Congress for the type of property covered by the act as a matter of fairness and support of our armed services and Government personnel. As to the Armed Forces, this protection serves as a further inducement for entering and serving in the Armed Forces.

At a time when fiscal conservation must, by necessity, be on our minds, it is necessary to consider whether private enterprise could substitute for public outlays of funds. At this point in time it would be beneficial to refer to a House oversight hearing conducted last March on personal property claims and general claims administration within the Department of Defense. Maj. Gen. James Taylor, Jr., Deputy Judge Advocate General, U.S. Air Force, addressed the question of whether commercial insurance coverage was a solution to the problem of insurance coverage for our Armed Forces.

General Taylor noted that two major military companies which insure military personnel almost exclusively, provide coverage only for lost and destroyed property. Two other companies will write an all risks policy, but the premiums quoted by the companies for an all risks in transit policy ranged from $500 to $700 for $25,000 worth of coverage.

Trip transit policies except for the one now being offered to Army and Air Force exchange services employees are not available for domestic moves and are only available through some international carriers. Where they are available, the exclusions are numerous and the cost is high. For enlisted personnel and junior officers, they are more than most are able to pay.

In addition to limited availability, high costs, and exclusions, another potential problem with commercial insurance is slow payment. Prompt, fair, and efficient services are indispensable to our armed services, especially our lower grade enlisted personnel who are always short on cash. But considerable delays in settlement and payment of claims by insurance companies can reasonably be anticipated since none of them have their offices located on military installations.

The Air Force study disclosed that one insurance company has made a $15,000 deductible policy available to Army and Air Force Exchange Services personnel as a pilot program. The initial premium for a $25,000—$15,000 deductible—policy is $34 for each move and $50 for each overseas move, based on actual cash or depreciated value. The premiums for a replacement cost policy are much higher, $96.50 and $112.50, respectively. To insure personal property in quarters overseas would cost an additional $60 or $122.50 depending on whether the policy covers actual cash value or replacement cost.

Assuming that this pilot program is made available at the same rates to all military personnel, the Air Force attempted to project the costs of such a program to Air Force members. In fiscal years 1979 and 1980 combined, the Air Force made approximately 600,000 permanent change of station moves. They were not able to establish the number of individual moves that involved property valued in excess of $15,000. However, based on the applicable premiums presently in effect under the pilot program,

if all 600,000 moves had been privately insured up to that amount, $25,000, the total cost to members would have exceeded $24 million.

In contrast, only 31 personnel claims were adjudicated in excess of $15,000 for the same 2-year period. If the maximum had been $25,000, the total additional cost of compensating claimants would have been $223,000. Considering the tremendous difference between the total premium cost and the cost to the Government for this additional protection, it is simply unfair to require military personnel and civilian employees to bear such a burden.

Mr. President, this bill will remedy what I consider to be a problem that potentially affects the morale of every serviceman. We have addressed the problem of salary scales in this session of the Congress. We cannot expect that the increase that the serviceman has finally been given to go into an insurance policy. I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress finds—

(1) that the United States should provide an appropriate level of protection to military personnel and civilian employees of the United States from loss, damage, or destruction of their personal property incident to their Federal service;

(2) that in 1974 the Congress, when it amended the Military Personnel and Civilian Employees' Claims Act of 1964, determined that because of inflation, as reflected in the Consumer Price Index, the proper maximum level of protection from the catastrophic loss, damage, or destruction of personal property incident to service should be raised from $10,000 to $15,000;

(3) that because of increased repair and replacement costs resulting from general inflationary factors, the $15,000 maximum level of protection found proper in 1974 no longer affords an adequate level of protection to military personnel and civilian employees from such catastrophic losses;

(4) that the Consumer Price Index (United States City Average) has increased from 153.0 in October 1974 to 278.5 in August 1981 (an 80.7% increase), thus requiring $27,105 today to match the October 1974 purchasing power of $15,000;

(5) that an inadequate level of protection from such catastrophic losses has a detrimental effect on the morale of all military personnel and civilian employees, whether they are the victims of such losses or are merely aware that such losses are occurring to their fellow employees and military personnel;

(6) that catastrophic losses which are inadequately compensated cause unnecessary suffering and hardship for the personnel and families who experience them; and

(7) that an appropriate increase in the level of protection is needed as a matter of fairness to all Government employees and is particularly needed as a part of Congressional efforts to improve retention and morale in the armed forces.

Therefore, Congress declares that the maximum level of protection from the loss, damage, or destruction of personal property incident to the service of military personnel and civilian employees of the United States should be increased from $15,000 to at least $25,000.

SEC. 2. Sections 3(a)(1) and 3(b)(1) of the Military Personnel and Civilian Employees' Claims Act of 1964 (31 U.S.C. 241 (a)(1) and (b)(1)) are each amended by striking out "$15,000" and inserting in lieu thereof "$25,000".

SEC. 3. (a) The amendments made by this Act shall apply only to claims arising on or after the date of enactment.

(b) Notwithstanding subsection (a) of this section and section 4 of the Military Personnel and Civilian Employees' Claims Act of 1964 (31 U.S.C. 242), a claim previously settled in the amount of $15,000 solely by reason of the maximum limitations established by section 3 of such Act, may be reconsidered and settled under that section, as amended by section 2 of this Act, upon written request of the claimant made within one year from the date of enactment of this Act.●

By Mr. LEVIN:

S. 1740. A bill to amend title II of the Social Security Act to provide for a 1-year transitional benefit for a widow or widower whose spouse died while such widow or widower was between the ages of 50 and 60; to the Committee on Finance.

SOCIAL SECURITY TRANSITION BENEFIT

● Mr. LEVIN. Mr. President, under current law widows under age 60 who are not disabled and who do not have entitled children under age 16 or disabled in their care cannot receive social security benefits. Coverage is not made available for this group on the basis that such persons can be expected to work and support themselves.

The fact is, Mr. President, according to a 1979 HEW report—

Lifelong homemakers (or women who have been out of the labor force for many years) who are widowed in late middle age may find it difficult or impossible to get a job, and any job they do secure is apt to be low paying. Even widows with job skills or younger widows may have difficulty finding a job immediately or may need a period of job training. For these reasons, widows under age 60 may need some kind of immediate income, at least for a short time, to help them adjust to the loss of their spouse's income.

Mr. President, I am today introducing legislation aimed specifically at improving the protection of survivors under age 60. This objective would be accomplished by providing for a 1-year transition benefit payable to a surviving spouse aged 50 or older who is not otherwise eligible for any OASDI monthly insurance benefit. The transition benefit would be equal to 71.5 percent of the deceased worker's primary insurance amount. The benefit period would begin on the first day of the first month after the death of the deceased worker and would end on the last day of the twelfth month. A preliminary cost estimate provided by Social Security Administration actuaries shows a first year cost of approximately $115 million. Due to the increase in the labor force participation of married women and the fact that families have fewer children than in the past or some wait longer before having children thereby remaining in the labor force longer, future cost of the transition benefit is expected to remain fairly constant over the next several years.

Mr. President, I will not offer my proposal today as an amendment to the bill now before us. I have been assured by Senator DOLE, that this proposal will be considered during deliberations carried out by the Finance Committee in the months ahead on the many issues with which the social security system is faced. I am very pleased to know of the chairman's willingness to have future discussions on the economic contributions of the homemaker in the context of the legislation I am introducing today.

Mr. President, I believe Senator DOLE would like to make a few comments on this matter. And, I would just like to ask the chairman of the Finance Committee if any timetable has been set for future deliberations on social security issues.

I would also ask that the test of my bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1740

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 202(e) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(9)(A) Any individual who for any month—

"(i) would be entitled to a monthly benefit under this subsection for such month but for the fact that such individual has not attained age 60;

"(ii) had attained age 50 prior to the time of the death of the deceased individual (on the basis of whose wages and self-employment income the widow or surviving divorced wife would be so entitled to a widow's benefit under this subsection); and

"(iii) is not otherwise entitled to a widow's benefit under this subsection,

shall be entitled to a widow's benefit under this subsection (subject to the same conditions as an individual entitled to a widow's benefit under this subsection by reason of attaining age 60) for such month during the period described in subparagraph (B) during which she meets the requirements of this subparagraph.

"(B) The period shall begin on the first day of the first month beginning after the death of the deceased individual (on the basis of those wages and self-employment income the widow or surviving divorced wife is entitled to a widow's benefit by reason of this paragraph) and ending with the earlier of—

"(i) the last day of the twelfth month beginning after the death of such deceased individual, or

"(ii) the first day of the first month for which such widow or surviving divorced wife is entitled to a widow's benefit under this subsection other than by reason of this paragraph.".

(b) Section 202(f) of such Act is amended by adding at the end thereof the following new paragraph:

"(9)(A) Any individual who for any month—

"(i) would be entitled to a monthly benefit under this subsection for such month but for the fact that such individual has not attained age 60;

"(ii) had attained age 50 prior to the time of the death of the deceased individual (on the basis of whose wages and self-employment income the widower would be so entitled to a widower's benefit under this subsection); and

"(iii) is not otherwise entitled to a widower's benefit under this subsection,

shall be entitled to a widower's benefit under this subsection (subject to the same con-

ditions as an individual entitled to a widower's benefit under this subsection by reason of attaining age 60) for each such month during the period described in subparagraph (B) during which he meets the requirements of this subparagraph.

"(B) The period shall begin on the first day of the first month beginning after the death of the deceased individual (on the basis of whose wages and self-employment income the widower is entitled to a widower's benefit by reason of this paragraph) and ending with the earlier of—

"(i) the last day of the twelfth month beginning after the death of such deceased individual, or

"(ii) the first day of the first month for which such widower is entitled to a widower's benefit under this subsection other than by reason of this paragraph.".

(c) The amendments made by subsections (a) and (b) shall be effective with respect to monthly benefits under title II of the Social Security Act for months beginning after the date of the enactment of this Act.●

● Mr. DOLE. Mr. President, I can say to the Senator from Michigan that I would expect his bill to be referred to the Finance Committee and that it would be appropriately within the jurisdiction of the Social Security Subcommittee which is chaired by the Senator from Colorado, Mr. ARMSTRONG. I am sure that Senator ARMSTRONG will be willing to give the bill appropriate consideration.

I might caution, however, that there may be some reluctance to move forward on a bill that expands social security benefits at a time when the system is facing severe financing problems, even though the bill may have a great degree of merit.●

By Mr. HUMPHREY (for himself and Mr. LEVIN) (by request):

S. 1744. A bill to authorize appropriations for conservation, exploration, development, production, sale, and use of naval petroleum reserves and naval oil shale reserves, for fiscal year 1982 and for fiscal year 1983, and for other purposes; to the Committee on Armed Services.

AUTHORIZATION REQUEST FOR NAVAL PETROLEUM RESERVES

● Mr. LEVIN. Mr. President, by request, for myself and the junior Senator from Michigan (Mr. LEVIN), I introduce for appropriate reference a bill to authorize appropriations for conservation, exploration, development, production, sale, and use of naval petroleum reserves and naval oil shale reserves, for fiscal year 1982 and for fiscal year 1983, and for other purposes.

I ask unanimous consent that a letter of transmittal requesting consideration of the legislation and explaining its purpose be printed in the RECORD, along with the text of the bill.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 1744

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is authorized to be appropriated to the Department of Energy for fiscal year 1982 for conservation, exploration, development, production, sale, and use of the naval petroleum reserves and the naval oil shale reserves under chapter 641 of title 10, United States Code, the sum of $228,463,000, of which—

(1) $225,903,000 shall be available for the naval petroleum reserves; and

(2) $2,560,000 shall be available for the naval oil shale reserves.

SEC. 2. There is authorized to be appropriated to the Department of Energy to be available no earlier than October 1, 1982, such sums as may be necessary for fiscal year 1983 for the naval petroleum reserves and naval oil shale reserves.

DEPARTMENT OF ENERGY,
Washington, D.C., March 24, 1981.

Hon. GEORGE BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is proposed legislation "[t]o authorize appropriations for conservation, exploration, development, production, sale, and use of naval petroleum reserves and naval oil shale reserves for fiscal year 1982 and fiscal year 1983" in accordance with section 660 of the Department of Energy Organization Act. Section 1 of the bill would authorize $228,463,000 for FY 1982 of which $225,903,000 would be for the naval petroleum reserves and $2,560,000 would be for the naval oil shale reserves. Section 2 requests authorization of those appropriations which might be necessary for FY 1983.

The Office of Management and Budget advises that this legislative proposal is in accord with the program of the President.

Sincerely,

ERIC J. FYGI,
Acting General Counsel.●

ADDITIONAL COSPONSORS

S. 604

At the request of Mr. MATHIAS, the Senator from California (Mr. CRANSTON) was added as a cosponsor of S. 604, a bill to amend the Communications Act of 1934 to provide that telephone receivers may not be sold in interstate commerce unless they are manufactured in a manner which permits their use by persons with hearing impairments.

S. 895

At the request of Mr. MATHIAS, the Senator from Maine (Mr. COHEN) was added as a cosponsor of S. 895, a bill to amend the Voting Rights Act of 1965 to extend certain provisions for an additional 10 years, to extend certain other provisions for an additional 7 years, and for other purposes.

S. 1081

At the request of Mr. MATHIAS, the Senator from New York (Mr. D'AMATO) was added as a cosponsor of S. 1^81, a bill to amend the Internal Revenue Code of 1954 to provide for a deduction for certain amounts paid into a reserve for service liability losses and expenses of design professionals and for other purposes.

S. 1182

At the request of Mr. NICKLES, the Senator from Wisconsin (Mr. KASTEN) was added as a cosponsor of S. 1182, a bill to amend the Longshoremen's and Harbor Workers' Compensation Act to revise the manner of computing the benefits provided under such act, to provide for certification of physicians eligible to provide medical care to workers covered by such act, to provide for an attorney to serve as the representative of the special fund esatblished under such act, to establish a Benefits Review Board the members of which are appointed by the President, to establish an advisory committee to evaluate the manner in which the provisions of the act are carried out, and for other purposes.

S. 1378

At the request of Mr. JEPSEN, the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of S. 1378, a bill to strengthen the American family and to promote the virtues of family life through education, tax assistance, and related measures.

S. 1422

At the request of Mr. GRASSLEY, the Senator from Missouri (Mr. DANFORTH), the Senator from New Mexico (Mr. SCHMITT), the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Minnesota (Mr. DURENBERGER) were added as cosponsors of S. 1422, a bill to authorize the donation of surplus property to any State for the construction and modernization of criminal justice facilities.

S. 1479

At the request of Mr. METZENBAUM, the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of S. 1479, a bill to amend the Internal Revenue Code of 1954 to exclude from the income of an employee certain adoption expenses paid by an employer, to provide a deduction for adoption expenses paid by an individual, and for other purposes.

S. 1598

At the request of Mr. STENNIS, the Senator from Alabama (Mr. HEFLIN) was added as a cosponsor of S. 1598, a bill to establish a National Commission on Interest Rates.

S. 1655

At the request of Mr. HART, the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of S. 1655, a bill to amend the Internal Revenue Code of 1954 to reduce the deduction for business meals and to earmark the savings from such reduction for the school lunch programs.

S. 1696

At the request of Mr. WALLOP, the Senator from Iowa (Mr. GRASSLEY), and the Senator from Illinois (Mr. PERCY) were added as cosponsors of S. 1696, a bill to amend the Social Security Act to facilitate enforcement of provisions requiring suspension of benefits to inmates of prisons and other public institutions by insuring the availability of necessary information from Federal instrumentalities.

S. 1710

At the request of Mr. ANDREWS, the Senator from South Dakota (Mr. ABDNOR) was added as a cosponsor of S. 1710, a bill to designate the sunflower as the national flower of the United States.

SENATE JOINT RESOLUTION 112

At the request of Mr. CHILES, the Senator from North Dakota (Mr. BURDICK) was added as a cosponsor of Senate Joint Resolution 112, a joint resolution to create a Committee on Interest Rates and the Availability of Credit.

SENATE JOINT RESOLUTION 114

At the request of Mr. DODD, the Senator from Illinois (Mr. DIXON), the Senator from Hawaii (Mr. INOUYE), the Senator from Missouri (Mr. DANFORTH), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Illinois (Mr. PERCY), and the Senator from New Jersey (Mr. WILLIAMS) were added as cosponsors of Senate Joint Resolution 114, a joint resolution to authorize and request the President to designate October 23, 1981, as "Hungarian Freedom Day."

SENATE CONCURRENT RESOLUTION 21

At the request of Mr. THURMOND, the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of Senate Concurrent Resolution 21, a concurrent resolution expressing the sense of the Congress on the Baltic States question.

AMENDMENT NO. 585

At the request of Mr. DECONCINI, his name was added as a cosponsor of amendment No. 585 proposed to H.R. 4331, a bill to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

SENATE CONCURRENT RESOLUTION 42—CONCURRENT RESOLUTION RELATING TO RETENTION CONTRACTS FOR SENIOR TVA EMPLOYEES

Mr. SASSER (for himself, Mr. HEFLIN, Mr. HUDDLESTON, Mr. DENTON, and Mr. FORD) submitted the following concurrent resolution; which was referred to the Committee on Environment and Public Works:

S. CON. RES. 42

Whereas, the Tennessee Valley Authority is an agency of the Federal government;

Whereas, the rate of compensation for employees of all agencies and departments of the Federal government is capped by Public Law 97-51;

Whereas, Title 16 Section 831b of the U.S. Code states that no regular employee of the TVA shall receive a salary in excess of that received by members of the TVA Board, and

Whereas, it is the intent of the Congress that the rate of compensation for all employees of the Tennessee Valley Authority shall not exceed the Federal pay cap: Now, therefore be it

Resolved by the Senate (the House of Representatives concurring) That

(1) The Board of Directors of the Tennessee Valley Authority should refrain from implementing any program of "Retention Contracts", the effect of which would provide a rate of compensation for senior TVA employees in excess of the statutory Federal pay cap; and

(2) in the future, the TVA Board should present a detailed report to the Congress and the Office of Management and Budget formally requesting any changes in existing law relating to compensation of employees which may be deemed desirable by TVA management.

AMENDMENTS SUBMITTED FOR PRINTING

LEGAL SERVICES CORPORATION AUTHORIZATION ACT

AMENDMENTS NOS. 586 THROUGH 590

(Ordered to be printed and to lie on the table.)

Mr. CHILES submitted five amendments intended to be proposed by him to the bill (S. 1533) to authorize appropriations for the Legal Services Corporation for fiscal years 1982, 1983, and 1984, and to encourage the use of private attorneys in the provision of legal services under that act, and for other purposes.

CIVIL ASSISTANCE TO LOW INCOME PERSONS

● Mr. CHILES. Mr. President, today I am submitting several amendments to the Legal Services Corporation Reauthorization bill (S. 1533). I believe these amendments will strengthen the act's original intent of providing civil legal assistance to low income persons who cannot afford private counsel by further restricting and clarifying activities of legal services attorneys which have come under serious attack over the past few years.

When Congress first established the Legal Services Corporation, it did so to create a means by which low income persons, persons who could not afford an attorney, could get help on routine legal matters.

Legal Services attorneys could help draw a will, or iron out a warranty problem, or help an elderly person cut through some social security redtape.

Unfortunately however, the Corporation and its attorneys have at times taken actions that go far beyond the role originally envisioned by Congress when it established the Corporation. And it has been some of those acts—the class action suits against State and local governments, the lobbying activities, the strikes organized—that have been the cause of the criticism leveled against the Corporation in recent years.

Equally importantly, these activities have in many cases, created a gulf between the local legal services agency and the community it is supposed to serve.

Much of this criticism is well founded, and it is time to take steps to return the Legal Services Corporation to what their proper role should be. I do not believe that we must do away with the Corporation. I know that it continues to help many people, especially senior citizens. We can and we must take steps to amend the charter of the Legal Services Corporation, to make sure that it carries out the functions it was established to carry out, and to assure that it works with the community, and not against it.

Two of my amendments would strengthen the role of the bar associations in the provision of legal services. One amendment would require that all States have legal services State advisory boards appointed by the Governor, with recommendations for membership from the State bar associations.

The appointment of State advisory councils is discretionary under existing law and several States do not have such councils. My amendment would require the Corporation's boards to appoint a State council if the Governor fails to do so 90 days after the request.

The bar would also be required, under one of my amendments, to appoint the attorney members of the local governing boards. Under existing law, 60 percent of the required local boards' membership must be attorneys.

My amendment would require that these attorneys be appointed by the appropriate State, county, or local bar associations, instead of by the local recipient of Legal Services funds.

I believe that these changes would guarantee more effective monitoring of activities by legal services attorneys by members of the legal profession who are more familiar with local issues and laws.

In addition, these amendments would encourage cooperation between the bar and Legal Services, and hopefully, would result in the extension of judicare and pro-bono services by private attorneys.

Two of my other amendments come as the result of activities which have been the brunt of most of the criticism directed at Legal Services attorneys. My amendments would clarify the existing restrictions on lobbying and advocacy activities by Legal Services attorneys and prohibit all class actions against Federal, State, and local governments. Such activities are prohibited under existing law, but with exceptions. These exceptions have been the loopholes which, in my opinion, need to be tightened.

One amendment would prohibit the use of Corporation funds for lobbying by Legal Services attorneys except when the attorney is representing a client before an administrative agency in a particular application or claim case.

Legal Services attorneys would be prohibited from lobbying any Federal, State, or local elected officials but would be allowed to respond when an official request is made by such officials.

There was considerable debate on the House floor about whether this latter language prohibited an individual Member of Congress from requesting information from the Corporation or a local Legal Services attorney.

I have made several minor changes in the House passed language to clarify that it is not the intent to prohibit legal services attorneys from responding to requests from an individual member.

Another amendment would prevent a legal services agency from bringing class action suits against any Federal, State, or local government. This is similar to a restriction already adopted by the House in its version of the Legal Services Authorization bill. I recognize that class action suits can, in some instances, save time.

I do not believe that it makes any sense to have one Government instrumentality suing another one; it makes much more sense to work together toward a solution instead of going to court.

Moreover, big class action suits tend to take up a significant amount of time and resources, resources which can be put to better use helping individual clients with their legal problems.

My last amendment is one whose importance and impact grow daily. This amendment would prohibit illegal aliens from receiving legal assistance under the Legal Services Corporation Act. This restriction would be consistent with the Immigration and Nationality Act which guarantees that those persons whose legal entry into this country is being questioned would be granted the privilege of counsel but at no expense to the Government.

Mr. President, my amendment is

necessary to erase a lot of the ambiguity which has arisen under the existing legal services language which restricts assistance to those who are known illegal aliens in violation of the Immigration and Nationality Act.

Known illegal aliens have been defined by the Corporation to be those who are judged illegal by a court of law or immigration judge.

As a result, the Legal Services Corporation is free to represent any and all other aliens, even those who have deportation or exclusion proceedings pending against them.

What my amendment does is to bring the Legal Services Corporation Act more in line with the prohibitions of the Immigration and Nationality Act by specifying just which resident aliens would be eligible to receive legal assistance from a legal services agency.

All other aliens would then be ineligible for legal services assistance. This amendment, in my opinion, is necessary for clarity but also for practical reasons.

Both the Senate and the House have indicated reductions in the Corporation's funding in the budget resolutions. Therefore, legal services attorneys are going to be faced with focusing their assistance in a more efficient manner. Directing assistance to only those persons who are legal residents of this country is a good start.

Mr. President, let me stress one point in closing. I would venture that most legal service attorneys and paralegals who work under the Legal Services Corporation Act do spend the majority of their time and efforts doing exactly what the original law intended—providing counsel and assistance to low-income persons in civil matters.

I am well accuainted with their endeavors and have high praise for many of their activities in my State. As chairman of the Committee on Aging, I became very familiar with the capable assistance that is provided to many elderly by the legal services attorneys and paralegals.

In this country when you reach the age of 65, it often appears that one's whole life becomes dependent on the Government—and paperwork. Social security, SSI, medicare, supplemental health insurance, and entry to nursing homes are but a few of the complicattd matters which envelop the elderly with paperwork and redtape.

Settling of estates and drafting of wills add to their emotional, as well as financial burden.

With the help from legal services—many elderly would not be able to afford an attorney and assistance from the Legal Services Corporation has been invaluable to them.

However, no law is ironclad. There are always those few who will stretch the intent of the law and its loopholes to lengths many of us in Congress never imagined. It is to these persons and their infamous loopholes that I address these amendments. Hopefully, my colleagues will join with me in supporting these amendments which will enable us to get legal services back on a track that we can all support.●

NOTICES OF HEARINGS

SUBCOMMITTEE ON AGRICULTURAL CREDIT AND RURAL ELECTRIFICATION

Mrs. HAWKINS. Mr. President, I wish to announce that the Senate Agriculture Subcommittee on Agricultural Credit and Rural Electrification which I chair will hold hearings on rural electric cooperatives' bidding, purchasing, and election procedures on Tuesday, October 20 beginning at 9:30 a.m. in room 324, Russell Building. We have invited rural electrification officials, officials of USDA's Inspector General's office and GAO.

Anyone wishing further information should contact the Agriculture Committee staff at 224–2035.

COMMITTEE ON SMALL BUSINESS

Mr. WEICKER. Mr. President, I would like to announce for the information of the Senate and the public that the Senate Small Business Committee will hold a full committee field hearing in Memphis, Tenn., on October 19, 1981. The hearing will convene at 1:30 p.m., in the city council chambers, city hall, Memphis, Tenn.

This hearing will be a continuation of the committee's examination of the problem of high interest rates and their effects on the economy.

For additional information call the Small Business Committee at 224–5175.

Mr. President, I would also like to announce for the information of the Senate and the public that the Senate Small Business Committee will hold an oversight hearing on the Small Business Administration's direct loan program on Tuesday, October 27, 1981.

The hearing will convene at 9:30 a.m. in room 424 of the Russell Senate Office Building. For additional information contact John McLean of the committee staff at 224–5175.

SUBCOMMITTEE ON ADVOCACY AND THE FUTURE OF SMALL BUSINESS

Mr. WEICKER. Mr. President, I would like to announce for the information of the Senate and the public that the Subcommittee on Advocacy and the Future of Small Business of the Senate Small Business Committee will hold a hearing on November 4, 1981, at 10 a.m., in room 424 of the Russell Senate Office Building.

The purpose of the hearing will be to continue the subcommittee's examination of Government competition with small business.

For additional information contact Kim Elliott of the committee staff at 4–5175 or Grace Hussie of Senator HAYAKAWA's staff at 4–9629.

SUBCOMMITTEE ON TRADE, PRODUCTIVITY, AND ECONOMIC GROWTH

Mr. ROTH. Mr. President, the Subcommittee on Trade, Productivity, and Economic Growth of the Joint Economic Committee will hold a hearing at 10 a.m. on Monday, October 19, 1981, on "Aid and the Private Sector: Can They Cooperate?" For further information regarding the hearing, you may contact Ms. Marian Malashevich at 224–2441.

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. GARN. Mr. President, I am pleased to announce the schedule of hearings that the Banking, Housing, and Urban Affairs Committee will hold on pending financial institutions legislation.

Last week, I introduced three bills which will be the subject of the hearings—S. 1703, introduced by request of the administration and the Federal Home Loan Bank Board, a bill to broaden the powers of savings institutions and to enhance the ability of the Bank Board to deal with problem institutions; S. 1720, a comprehensive bill designed to modernize and strengthen the financial system; and S. 1721, a bill to consolidate the Federal deposit insurance agencies into the Federal Deposit Insurance Corporation. Also to be considered during the hearings is S. 1686, a bill introduced by Senator LUGAR to allow local governments to have NOW accounts.

I also want to note that S. 1720 includes several provisions reflecting individual pieces of legislation previously introduced by other Senators. Senator CHAFEE authored legislation (S. 1424) to permit depository institutions to operate and sell mutual fund investments. Senator LUGAR is the principal sponsor of the usury preemption bill (S. 1406). Senator HEINZ is responsible for legislation regarding bankers' acceptances. Senator D'AMATO introduced a bill (S. 1508) to exempt international banking facilities from FDIC deposit assessments. Senator TSONGAS is the sponsor of legislation (S. 1680) to permit greater flexibility in lending transactions between a bank and its affiliates, and Senator MITCHELL is the principal sponsor of a bill (S. 207) to restrict bank holding company participation in the insurance business. Senator PROXMIRE, the distinguished former chairman of the Banking Committee, is a cosponsor of many of these individual bills. Thus, I wish to recognize the efforts of those Senators who are primarily responsible for developing such other legislation.

The hearings will be conducted on 8 days between October 19 and October 30, 1981. The schedule is as follows:

WITNESS LIST

Monday, October 19, 1981—9:00 a.m.: The Honorable Donald T. Regan, Secretary, Department of the Treasury.

Tuesday, October 20, 1981—9:30 a.m.: American Bankers Association and Independent Bankers Association of America.

Wednesday, October 21, 1981—9:30 a.m.: U.S. League of Savings Associations, National Savings and Loan League, National Association of Mutual Savings Banks, National Association of Realtors, Mortgage Bankers Association, and National Association of Home Builders.

Thursday, October 22, 1981—9:30 a.m.: 1st Panel—Investment Company Institute, American Council of Life Insurers, and Rhode Island Hospital Trust National Bank; 2nd Panel—Securities Industry Association, Dealer Bankers Association, and Independent Insurance Agents of America; 3rd Panel—National League of Cities, National Association of Counties, U.S. Conference of Mayors, and National Governors Association.

Tuesday, October 27, 1981—9:30 a.m.: 1st Panel—National Association of Federal Credit Unions and Credit Union National Association; 2nd Panel—Consumer Bankers Association, National Consumer Finance Association, American Retail Federation, and Task Force on Creative Finance for Manufactured Housing.

Wednesday, October 28, 1981—9:30 a.m.: 1st Panel—Conference of State Bank Supervisors, National Association of Savings and Loan Supervisors, Muriel Siebert, Superintendent of Banks, State of New York, and Linda Tsau Yang, Savings and Loan Commissioner, State of California; 2d Panel—Consumers Union and Consumer Federation of America.

Thursday, October 29, 1981—9:30 a.m.: The Honorable Paul A. Volcker, Chairman, Board of Governors of the Federal Reserve System.

Panel: Walter Wriston, Chairman, Citicorp, New York City, and James D. Robinson III, Chairman of the Board, American Express, New York City.

Friday, October 30, 1981—9:30 a.m.: 1st Panel—Federal Home Loan Bank Board, Federal Deposit Insurance Corporation, National Credit Union Administration, and Comptroller of the Currency; 2d Panel—Securities and Exchange Commission, Department of Justice, and General Accounting Office.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works be authorized to meet during the session of the Senate today, October 15, to hold an oversight hearing on operations and budget for the Environmental Protection Agency.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Intergovernmental Relations of the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Monday, October 19, between the hours of 2 and 5 p.m., to hold hearings on alternative service delivery.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Intergovernmental Relations of the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Wednesday, October 21, to hold an oversight hearing on the Advisory Commission on Intergovernmental Relations.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

INFLATION

● Mr. HART. Mr. President, there is general agreement—at least among most economists and financiers—that an anti-inflation policy relying solely on tight money cannot bring down inflation without creating an even more disastrous credit crunch than what we are now suffering.

But even if we succeed in adopting a more realistic tax program and cut the Federal deficit to ease the pressure on credit markets, we will be subjecting the American people needlessly to a prolonged period of economic stagnation—and probably recession—in order to squeeze out inflation. We can, and we should, do more.

We must attack inflation at its roots: Through policies acting directly to counter the causes of inflation, including the momentum of wage and price increases. Recently, the Center for Democratic Policy commissioned a series of studies to outline workable, effective, wage/price policies to accomplish this task. I commend these studies to my colleagues and commend the center for addressing this important issue.

The Center for Democratic Policy is an independent, educational, nonprofit public policy research organization dedicated to developing alternative policy proposals and approaches to governance. It is reaching out for new ideas, to stimulate debate and dialog and to introduce those ideas into the public policy process.

The studies on wage/price policies are the first of a series dealing with central domestic policy issues. I look forward with great interest to subsequent studies on productivity, tax policies, trade relations, foreign policy priorities, education, national security, and other matters on the agenda in the coming decade.

Among the most attractive wage/price policies discussed are the tax reform and incomes policies proposed by Laurence Seidman in his paper, "A Tax-Based Incomes Policy To Reduce Inflation Without Recession." He proposes a tax-based incomes policy (TIP) that imposes stiff penalties on large corporations that allow excessive wage and price increases.

To assure equity, the tax penalty applies symmetrically to both wages and prices. To reduce compliance and administrative costs, this proposed program is limited to the largest 2,000 corporations. In addition to TIP, Mr. Seidman briefly discusses proposals for a personal consumption tax and a program to create enterprise zones in low-income areas.

These policies, designed to broaden our current attack on inflation and assure a more productive, growing economy over the long term, deserve our careful attention. I ask that Mr. Seidman's study be printed in the RECORD.

The study follows:

A TAX-BASED INCOMES POLICY TO REDUCE INFLATION WITHOUT RECESSION

(By Laurence Seidman)

A curious resignation has come over the public. So inadequate has been our inflation-unemployment performance over the past decade that the citizenry appears grateful for even the most modest improvement and eager to confuse any pitifully small step forward with genuine success. A small decline in the inflation rate below the double-digit range brings expressions of relief and even assertions that prices virtually are under control. A small decline in the unemployment rate towards 7 percent brings expressions of approval—and even pronouncements that full employment virtually is achieved.

The current complacency is also the result of a desire to confuse economic with political success. The Reagan Administration has managed to enact its economic program. For more than a year, the President has assured the public that enactment of such a program would guarantee economic success. It is comforting to believe that enactment, having already been achieved, is equivalent to actual economic success, which conveniently has not yet had time to come about.

The current optimism, however, will not prove impervious to economic events. A time will come when the Administration no longer can assert that its economic policies are still to be tested. Monetarism and income-tax cuts then will be judged by whether they have succeeded in reducing both inflation and unemployment, as the Administration has so often promised. The first task of this paper will be to explain why it is almost certain that economic events will prove unkind to the monetarist-tax cut strategy, and cause a premature demise of the new conservative era.

The second task, however, is more important. Had it been performed effectively in the past, we might have been spared the monetarist-tax cut experiment. The public eventually may recoil from the consequences of Reaganomics. But even the nostalgic will have little desire to return to the economic policies that preceded Reaganomics—policies, after all, that led to the Reaganomic experiment. The second task, then, will be to set out a constructive new approach to the stagflation dilemma.

My assignment is to focus on wage-price policy. Before doing so, however, it is useful to describe briefly the key elements of a new economic policy so that the wage-price policy that will be offered can be placed in proper perspective.

There are three:

(1) To promote growth and productivity without sacrificing equity and progressivity, the income tax should be reformed into a progressive personal consumption (expenditure) tax that makes saving and investment tax deductible;

(2) To reduce unemployment and raise real wages in low-income areas, enterprise zones that utilize targeted tax cuts should be created, and;

(3) To reduce inflation and unemployment simultaneously, a tax-based incomes policy (TIP) on price and wage increases of large corporations should be implemented.

While the TIP wage-price policy will be the central focus of this paper, it is important to briefly indicate the complementary role of the progressive personal consumption tax and enterprise zones.

A PROGRESSIVE PERSONAL CONSUMPTION (EXPENDITURE) TAX AND ENTERPRISE ZONES

Few will doubt the importance of the Kemp-Roth tax cut proposal in electing Ronald Reagan. Mr. Reagan, recognizing the widespread discontent with the performance of the economy, projected the image of a dynamic, growing economy, and proclaimed that an across-the-board personal income tax cut would make it a reality. He promised that his tax cut would reduce inflation and unemployment, promote saving, investment, and capital formation, and bring a new era of prosperity.

The inability of the Reagan-Kemp-Roth tax cut to subdue inflation and unemployment will be explained shortly. Its promotion of consumption, rather than saving and investment, has been emphasized by liberal economists, and even conceded by some conservative economists. Its regressivity is apparent to all—especially the affluent conservatives who supported it for this reason, whatever their doubts about its impact on the economy.

It is, however, possible to enact a fundamental tax reform that favors saving and investment without sacrificing progressivity: the conversion of the income tax to a progressive personal consumption tax. Two distinguished panels of experts in the United States and in the United Kingdom have concluded that such a conversion would be both feasible and desirable (the U.S. Treasury's Blueprints for Basic Tax Reform, 1977; the U.K.'s The Structure and Reform of Di-

rect Taxation, 1978). Such a tax reform would genuinely encourage saving and investment by making those activities tax deductible to the individual.

But wouldn't such a reform favor the wealthy who can afford to save and invest a greater fraction of their income? Yes, if the tax tables were left unchanged. But as I and other economists have emphasized (for example, Seidman, "The Personal Consumption Tax and Social Welfare" Challenge, September 1980; Siedman, "A Personal Consumption Tax: Can It Break the Capital Formation Deadlock?" Federal Reserve Bank of Philadelphia Business Review, January 1981), tax tables can and should be adjusted, so that the affluent pay at least the same share of total taxes as they do under the current income tax. It cannot be over-emphasized that, by adjusting the tax tables, a personal consumption tax can be made as progressive as desired.

Conversion to a progressive consumption tax, therefore, would not favor the wealthy; it would, however, favor saving at all income levels. During the recent tax-cut debate in Congress we were told that income taxes on the affluent should be cut to enable the wealthy to save more. Yet perhaps the most important weakness of the Reagan tax cut is that it does not distinguish between the affluent saver and the affluent consumer; both receive the identical tax cut if they have the same income. How such a tax cut has been made to appear pro-saving is surely a triumph of imagery over substance.

The key feature of a progressive consumption tax is that it makes precisely this distinction between the affluent saver and consumer. The wealthy individual can reduce his tax burden, but only to the degree that he actually saves. The affluent person who chooses to consume would not receive a tax cut. The same distinction would be made at every income level; the high saver would always pay less tax than the low saver of identical income.

To summarize: there is a tax policy that promotes saving and growth without sacrificing equity, but it is not the Kemp-Roth-Reagan tax cut. Conversion of the income tax to an equally progressive personal consumption tax would raise capital formation, productivity, and the standard of living of the average worker. The mistake of Kemp-Roth should not obscure the importance of this alternative tax policy to the performance of the economy.

While the consumption tax aims at long-term growth for the whole economy, enterprise zones aim at economic development of low-income areas. By now, most are aware that Congressman Jack Kemp is fond of citing John F. Kennedy's tax cut. Far fewer are aware that, by co-sponsoring the enterprise zone proposal, he is paying homage to Robert F. Kennedy.

In 1967, Robert Kennedy published To Seek a New World. In his chapter, "Race and the City: The Slums and Community," Kennedy wrote:

"To rely exclusively, even primarily, on government efforts is to ignore the shaping traditions of American life and politics. To ignore the potential contribution of private enterprise is to fight the war on poverty with a single platoon, while great armies are left to stand aside. For private enterprise is not just another part of America; in a significant sense, it is the very sinew and strength of America . . . In my judgment, the lack of private enterprise participation is the principal cause of our failure to solve the problem of employment in urban poverty areas. . . .

"The most effective way to encourage new enterprise in urban poverty areas is through tax incentives. The concept of government incentives to induce desired investments by private industry is neither new nor radical. . . . We have used the tax laws as a means of persuading private citizens and enterprises to invest in desired ways, at desired times, and in desired locations. . . .

"In July of 1967, I introduced two bills to provide tax incentives for investment in poverty areas across the country. The first would provide tax credits, accelerated depreciation, and extra deductions against payroll for firms willing to locate new industry in or near areas of low income. The second would provide comparable benefits, as well as low-interest loans, for firms constructing low-rent housing in the same areas. The provisions of these bills are complex, but their aim is simple: to give the same kind of benefits to industry locating in areas of poverty as we give to industry locating in foreign countries . . ." (p. 41–44).

It is time for enterprise zones to become the centerpiece of a new anti-poverty strategy.

WHY REAGANOMICS WILL NOT CURE STAGFLATION

It is no great feat to subdue inflation, if one is permitted to generate a depression in the process. When a monetarist insists that relentless tight monetary policy will eventually bring down inflation, no one should bother to dispute him. The problem is not to bring down inflation, but to bring down inflation without raising unemployment in the process.

It is also no great feat to stimulate growth through a tax cut (whether it is called a "Keynesian" or "supply side" tax cut will not trouble the consumer or businessman), if one is permitted to worsen inflation in the process. When a "supply-sider" insists that sharp tax cuts will generate growth and reduce unemployment, no one should bother to dispute his claim. The problem is not to raise growth and employment, but to do so without accelerating inflation.

The Reagan Administration explains its policy quite simply: monetarism is assigned to subdue inflation, and tax cuts to achieve growth. Hence, it is asserted both inflation and unemployment can be reduced simultaneously; tight money will reduce inflation, while tax cuts will reduce unemployment. It is unfortunate that so cheerful a dichotomy does not withstand scrutiny.

How, it unfortunately must be asked, will tight money subdue inflation? One reply is to reach for the well-known aphorism: "Inflation is too much money chasing too few goods." Having cited the aphorism, it is hoped that it will not be asked exactly what happens as soon as less money is made available to "chase goods."

Another reply is to cite historical evidence for the relationship between the growth rate of the money supply and the inflation rate. It is not difficult to demonstrate that, as a general empirical proposition, the inflation rate is usually low when money growth is low, and high when money growth is high. Once again, it is hoped that the question will not be asked: But what happens to an economy that begins with high inflation and money growth, and then reduces the money growth?

These replies to questions about tight money and inflation, however inadequate, are a great comfort to many citizens. To the business manager facing cost increases, it must be reassuring to know that the Federal Reserve in Washington somehow will take care of inflation. To wage and salary workers at all levels, it is reassuring to believe that pay increases, however much in excess of productivity improvements, will not be inflationary so long as the Fed does its job.

Nevertheless, common sense has a way of intruding. Over the past few years, the average large corporation has granted a pay increase near 10 percent while productivity (output per manhour) has advanced annually by 1 percent. The result has been a unit cost increase of 9 percent. The manager facing such a cost increase must exercise great imagination to persuade himself that the Fed will take care of inflation. He knows he must raise his average price at least 9 percent to cover his cost increase. No matter how often he tells himself that inflation is "too much money chasing too few goods," he cannot escape the fact that costs must be covered.

Nor can the worker afford to ignore the recent trend in price increases when he presses for a wage advance, individually or through his union. If last year's inflation rate was 9 percent, it is only prudent to project this rate forward into the future. This year's wage increase must at least cover the projected price increase, or the worker will fall behind.

Thus, a better aphorism for inflation is: "Wages chasing prices, and prices being pushed by wages." The managers and workers who together raise wages and prices might be surprised to learn that they would promptly behave differently if only the Fed in Washington tightened the money supply.

Yet this is precisely what the new monetarists—sometimes called "rational expectations" monetarists—of the Reagan Administration contend. They sketch the following "scenario." As soon as the Fed announces its tight money policy, managers and workers at each firm recognize that if they don't cut their own wage and price increase, their own firm's product will be priced out of the market, sales and profits will fall, and layoffs will occur. To avoid this unpleasant sequence, in advance, they will promptly cut their own wage and price increase.

Is this realistic? Most workers and managers sensibly subscribe to the view that "seeing is believing." Wage and price inertia is almost as strong in economics as Newtonian inertia is in physics. Unless an immediate, tangible penalty is present as a deterrent, wage and price increases seldom will decline significantly below their current trend. The forecast that, in the future, profits may fall and layoffs may occur, will rarely persuade workers and managers.

When tight money collides with high prices propelled by inertia, it is too true that sales and profits will fall, and layoffs occur. "Old-school monetarists," like Milton Friedman, do not deny this consequence. Unlike the new monetarist optimists, they simply argue that the pain of recession and unemployment is a price worth paying to subdue inflation. It is noteworthy, of course, that few advocates of price stability through unemployment personally will bear the costs of their strategy.

It is at this point that Reagan advisors try to shift attention from tight money to tax cuts, insisting that supply side tax policy will prevent the unemployment. Of this they may be right. But they miss the crucial point. If the stimulus of tax cuts does turn out to be more powerful than the contractionary effect of tight money, then there will be no rise in unemployment; but there will also be no reduction in inflation.

There is no magic link between tight monetary policy by the Fed and smaller wage and price increases by thousands of firms. Only by affecting the decisionmaking of managers and workers can monetary policy affect inflation. Experience confirms common sense: tight monetary policy brings down inflation only very gradually, and only by inflicting a very high economic and social cost on the nation. Every time it has been tried—1970, 1974, 1980—the result always has been the same: higher unemployment, recession, and only a pitifully small decline in inflation. In the face of such evidence, the faith of the new monetarists is astonishing if not inspiring.

A TAX-BASED INCOMES POLICY (TIP) TO REDUCE INFLATION WITHOUT RECESSION

The Achilles heel of the Reagan policy is that it refuses to apply direct pressure to

the price and wage decisions of large corporations. Most critics long have accepted the necessity of such pressure. The key issue is: How can such pressure best be applied?

At one extreme are voluntary guidelines. The Carter Administration discovered, too late, that they are no match for the powerful inertia of a 9 percent inflation. At the other extreme are wage and price controls. They have the advantage of firmness, but lack automatic flexibility. This paper therefore will advocate a mechanism between the two extremes—stronger than guidelines, yet more flexible than controls: a tax incentive on large corporations to reduce price and wage increases. This approach, first offered in 1971 by Professor Sidney Weintraub of the University of Pennsylvania and Professor Henry Wallich, then of Yale (now a member of the Board of Governors of the Federal Reserve) is called a "tax-based incomes policy (TIP).

The TIP approach actively was championed by the late Arthur Okun of the Brookings Institution, Chairman of the Council of Economic Advisors during the Johnson Administration. A growing number of economists have expressed support for the TIP approach. According to the final Economic Report of the previous Administration, we are told that TIP would have been seriously considered in 1981. Unfortunately, if true, this fact was an extremely well-kept secret during the presidential campaign, probably because the public might well have wondered why a delay of four years had been necessary.

In my view, one feature of the original TIP proposal has prevented its being adopted by many supporters of wage-price policy. Under the original proposal, a tax penalty would be levied on a large corporation if it exceeded the national wage guidepost. No similar penalty for exceeding a corresponding price guidepost was included. Advocates of TIP argued that prices closely follow costs, and therefore, price increases would decline automatically with wage increases, so that a price penalty was not necessary. The exclusion was recommeended to simplify administration.

Fortunately, this asymmetry can be easily remedied—it is by no means fundamental to TIP. As Arthur Okun argued persuasively, a TIP will only be judged to be equitable if it is symmetrical on prices and wages. Such a symmetrical price-wage TIP is offered here. It is time to lay to rest, once and for all, the fear that a TIP must be biased against labor. The TIP set out below would establish price and wage guideposts and impose a tax penalty on any large corporation that exceeded either.

Although the original TIP proposal erred in excluding a price penalty, it contained another feature of great importance that has been forgotten in some recent TIP proposals. That feature was the limiting of TIP to large corporations—perhaps the largest 2,000—thereby exempting literally millions of smaller corporations, partnerships, and proprietorships from any compliance cost, and the IRS from the necessity of auditing them. The largest 2,000 corporations constitute roughly half the GNP of the economy. They set the pattern for wage and price increases. The point that John Kenneth Galbraith has long emphasized concerning wage-and-price controls is equally relevant to TIP: practicality calls for limiting the price-wage policy to perhaps 2,000 large corporations.

While the administrative merit of such limitation should be clear, the political merit also should not go unnoticed. When the Carter Administration suggested that "real wage insurance (RWI)" be applied to virtually all firms in the economy, it naturally provoked the opposition of many of the thousands of medium and small firms that would have been required to measure their own wage increases, complete forms, and be subject to audit. There is great political advantage to a policy that completely exempts the overwhelming majority of business firms.

Of course, if the policy promises a reward to either the firm or its employees, it is difficult to limit coverage. This raises what I regard as the most crucial feature of the original TIP proposal that has been ignored in some recent versions. That feature was to use a tax penalty on the corporation to implement the incentive.

It is not surprising that many politicians would prefer a tax reward to a tax penalty. Nor is it surprising that a previous administration, having courageously offered voluntary guidelines, should then confine itself to proposing tax reward rather than penalties (in "real wage insurance," and in the final Economic Report). The consequence of such political courage was evident in November, 1980.

In my view, a TIP that uses only tax rewards will fail, discredit the TIP approach, and subject its allegedly politically astute architects to a repeat of the November 1980 debacle. The powerful inertia of inflation requires strong medicine. Only a stiff tax penalty on the transgressing large corporation can provide it. The original TIP clearly recognized this. A tax reward may provide a useful supplement to the penalty on the corporation; it cannot substitute for it. Convenient rationalizations to avoid recommending a tax penalty will be developed. They should be viewed with skepticism. Will the public entrust itself to still another administration that refuses to pledge a stiff penalty for large corporations that engage in inflationary price and wage behavior?

An example will illustrate a price-wage TIP limited to the largest corporations. Today, pay increases average 9 percent; productivity increases, 1 percent; price increases, 8 percent. Suppose Congress amends the corporate income tax law and establishes an initial price guidepost of 4 percent (in practice a different price guidepost might be established for each major economic sector); and wage guidepost of 5 percent (the wage guidepost should exceed the price guidepost by the expected growth rate of productivity). Because the purpose of TIP is not to raise revenue, assume the base corporate tax rate for all corporations (covered and non-covered by TIP) is reduced to 36 percent (from its current 46 percent) when TIP is introduced.

If a corporation covered by TIP matches the guideposts, raising its average wage 5 percent, and average price 4 percent, it will enjoy the same 36 percent tax rate as uncovered firms. If it instead exceeds the wage guidepost by 1 percent, its tax rate for that year would rise 5 percent; if it also exceeds the price guidepost by 1 percent, its tax rate would rise another 5 percent. Thus, the large corporation that sets a (6 percent, 5 percent) wage-price combination would face a 46 percent tax rate; (7 percent, 6 percent) would result in a 56 percent tax rate; and persisting in today's (9 percent, 8 percent) combination would result in a 76 percent tax rate.

If TIP succeeds in reducing wage increases to near 5 percent, and price increases to near 4 percent, then Congress should reduce the guideposts. Eventually, the price guidepost should be set at 0 percent, and the wage guidepost equal to expected productivity growth (1 percent in this example, but hopefully 2 percent or 3 percent if policies such as the consumption tax raise productivity growth).

In contrast to the monetarist strategy, at the time of the wage and price decision, management would face a certain, tangible penalty for exceeding the guideposts. While monetarism relies on the uncertain promise of a future fall in sales to deter inflationary increases, TIP relies on an absolutely certain tax penalty that will follow unequivocally, regardless of the future behavior of the economy.

In contrast to wage and price controls, TIP permits automatic flexibility, and maintains decentralized wage and price decisionmaking. The TIP penalties are intended to be "stiff, but not prohibitive." Given the tax schedule, any corporation that chooses to exceed the guideposts would be free to do so, and pay the resulting tax. The result of any collective bargaining agreement would be automatically valid. Any management that believes that its specific situation warrants exceeding the guidepost would not have to persuade a pay board or price commission of the merits of its case.

On the other hand, like controls, TIP would require each large corporation to compute its average wage and price increase. New IRS regulations instructing firms on acceptable computation methods would be required. A sample of firms would be audited.

The difficulties of such computation and audit should not be minimized. But neither should they be exaggerated. Only the largest 2,000 corporations would be involved. The accounting and tax departments of these firms would be well equipped to handle the task. Although each firm often produces many products, a representative sample would suffice (sampling was utilized under the Carter Administration's Council on Wage and Price Stability).

The argument has been made that measuring the average price increase is much more difficult than measuring the average pay increase at a firm. This argument was one reason some TIP advocates excluded prices. On reflection, it is not clear that it is correct. Quality and style variation of products makes measurement of the genuine price increase difficult. But quality variation of workers results in the same problem for pay increases. In fact, while many products are identical from one year to the next, worker quality is never constant due to on-the-job experience and aging.

Both measurements present difficulties in principle and in practice. Yet perspective should be retained. "Perfect" measurement is not necessary for an adequate incentive effect. Suppose, for example, that a firm can "shade" 1 percent off its genuine price increase on its tax return, and adequately defend its calculation to an IRS auditor. Nevertheless, the firm retains the incentive to cut its genuine wage or price increase. If it can defend 7 percent when its true increase is 8 percent, it will have an incentive to cut its true increase to 7 percent, and then report 6 percent.

Similar slippage, it should be noted, is not unknown in our current tax system without TIP. If fear of such slippage had been allowed to be decisive, neither the personal nor corporate income taxes ever would have been enacted. Some tax specialists, quite naturally, exhibit a proprietary attitude toward the tax system. They would prefer that wage-price policy be performed elsewhere, so that "their" tax code need not absorb a new complication. Such a protective attitude, however understandable, cannot be indulged. Reducing inflation without recession is too important to be sacrificed to aesthetics. Our personal and corporate taxes, despite their inadequacies and imperfections, have enabled the financing of needed public services. So TIP, despite its measurement problems, can help accomplish a vital objective.

Other reservations concerning a price TIP can be addressed. It is objected, quite properly, that it would be inequitable to tax a firm compelled to raise its sales price only because the prices of its purchased inputs have risen. One solution would be to tax the firm only according to its "value-added"

price increase, an economic price concept that automatically subtracts out the effect of input prices. It is pointed out that variation in productivity growth across sectors of the economy would cause variation in price increases. One solution would be to establish different price standards for different sectors based on objectively measured sector productivity data. Finally, it is noted that the relation between wage, productivity, and price growth that underpins the guideposts is more reliable over several years than in a single year. One response would be to tax firms according to their average wage or price increase over the past three years, rather than one year. These, and other technical aspects of a price TIP, are examined elsewhere (Seidman, "Insurance vs. a Price Incentive in a Tax-Based Incomes Policy" June 1981, prepared under a grant from the Employment and Training Administration, U.S. Department of Labor).

CONCLUSION

A new conservative era will not be launched by a disappearance of stagflation due to Reaganomics. The monetarist weapon relied on by the Reagan Administration to subdue inflation can do so only if applied severely enough to subject the economy to a deep, prolonged recession. If the Reagan tax cut proves strong enough to prevent a monetarist recession, then inflation will not subside.

Thus, there will be a need for an alternative. Unfortunately, this does not guarantee that an imaginative, new set of policies will be forthcoming. Advocacy of new approaches entails some risk. But even the politically timid should recognize that the risk of advocating new policies must surely be weighed against the risk of offering nothing new.

This paper advocates building the alternative on three new economic policies. To promote growth and productivity for the whole economy without sacrificing equity and progressivity, the income tax should be reformed into a progressive personal consumption (expenditure) tax that makes saving and investment tax deductible. To reduce unemployment and raise real wages in low income areas, enterprise zones—advocated by Robert F. Kennedy in the mid-1960's—should be created. To reduce inflation without recession, a tax-based incomes policy (TIP) on price and wage increases of large corporations should be enacted.

Several features of the TIP policy—the central focus of this paper—deserve emphasis. To assure strength, the key ingredient in a TIP package should be a stiff tax penalty on a large corporation to the degree it exceeds the price or wage guidepost. To assure equity, the tax penalty should apply symmetrically to both excessive price and wage increases. To reduce compliance and administrative cost, TIP should be limited to the largest corporations (perhaps 2,000).

Opportunity will, before very long, present itself. May we have the creativity to seize it.●

THE IMPERIAL JUDICIARY

● Mr. EAST. Mr. President, I would like to bring to the attention of my colleagues the most recent issue of the Phyllis Schlafly Report dated September 1981.

The article, entitled "It's Time to Reform the Imperial Judiciary," discusses some of the areas in which the Federal judiciary has overstepped the limits of its proper authority in our separation of powers system. As chairman of the Judiciary Subcommittee on Separation of Powers, I am deeply concerned about the judiciary's usurpation of congressional power.

The most egregious example of the judiciary usurping the policymaking role reserved to Congress is in the area of court-ordered school busing solely for the purpose of achieving racial balance. It is worth noting the results of the Sindlinger survey cited by this article. According to the survey, 81 percent of Americans favor congressional efforts to withdraw jurisdiction from Federal courts over cases involving issues such as busing.

I have introduced S. 1647, a bill that would withdraw the jurisdiction of the inferior Federal courts to issue orders requiring the assignment or transportation of public school students for the purpose of altering racial balance. As this article points out:

Congress' power to withdraw jurisdiction is an essential part of the unique American system of checks and balances. Withdrawing jurisdiction from the Supreme and other Federal courts is the proper check by which Congress can balance the system when the judicial branch assumes too much power.

This article in the Phyllis Schlafly Report also discusses the possibility of electing Federal judges. This idea has not been given as much consideration by scholars in recent years, but it is worth noting as a reflection of the degree of dissatisfaction felt over the irresponsible behavior of many Federal judges.

Mr. President, I believe that this article is a significant contribution to the public dialog on the problem of reforming the Federal judiciary, and I ask that it be printed in the RECORD.

The article follows:

IT'S TIME TO REFORM THE "IMPERIAL" JUDICIARY

A few years ago, we heard a lot of talk from the Watergate reporters about the danger to democracy from the "Imperial Presidency"—that is, from a President and White House staff who thought they were above the law and could do whatever they pleased. After many months of hammering by the media, a President resigned, dozens of Federal employees went to jail, and all threats from that source were thoroughly eliminated.

We don't hear anything in the national media about "the Imperial Judiciary," yet the Supreme Court has forced decisions down the throats of the American people which could never be approved in the democratic process, notably in the areas of forced busing and prayer in public schools.

Over the past 40 years, the Supreme Court has set itself up as a super-legislature and handed down many decisions which offend the majority of Americans. These include ordering forced busing, abolishing prayer and the Ten Commandments from the public schools, unleashing pornography, abolishing capital punishment and other deterrents to crime, interfering with the election process, and dismantling our internal security. The most shocking of all such decisions was *Roe* v. *Wade* in 1973 which invented the "constitutional right" of a woman to kill her unborn baby.

Some lower Federal courts have become even more carried away with delusions of their own power. The Supreme Court itself had to overrule such extreme Federal district court usurpations as ordering the registration and drafting of women when men are registered and drafted (overruled in *Rostker* v. *Goldberg*) and ordering the payment of tax funds for abortions even though Congress had forbidden it (overruled in *Harris* v. *McRae*). Other tyrannical Federal district courts have gotten away with taking over the day-to-day running of a public school system, and of a prison system, and of the political reapportionment of legislative districts.

Although the Constitution assigns "all" Federal legislative power to the Congress, and reserves to the states and to the people all powers not delegated to the Federal Government, the Federal courts have presumed to legislate in a wide range of areas in which they have no proper authority or competence. After some judges are appointed, they think they have been annointed. The problem is what to do about the activist Federal judges who have no respect for the restraints that are supposed to limit their power.

The greatness of our American system of constitutional government is that it is based on a unique and ingenious system of interlacing checks and balances. Laws are passed by a majority of both Houses of Congress, but can be vetoed by the President, but can be effectively repassed by a two-thirds majority of both Houses. Similar balancing mechanisms exist for treaties, appointments, constitutional amendments, etc.

But where are the checks on judicial usurpation? Where are the institutional balances? Can democratic government survive? Must we endure government by judges appointed for life—or can we once again have government by elected representatives?

PUBLIC OPINION OF JUDICIARY

A recent public opinion survey conducted by Sindlinger and Company of Media, Pennsylvania, for the Heritage Foundation shows that the American people are far ahead of the politicians on this issue. The people are ready and eager to cut the power of the Imperial Judiciary. Here are some of the startling results of the Sindlinger survey:

(1) 68 percent of Americans want Federal judges to run for election.

(2) 74 percent believe Federal judges should be reconfirmed periodically.

(3) 81 percent favor Congressional efforts to withdraw jurisdiction from Federal courts cases involving issues such as busing.

(4) 62 percent would prefer to have a sensitive issue such as busing, abortion, and voluntary prayer decided in state courts rather than in Federal courts.

(5) 86 percent believe that Congress should review the rulings of Federal judges to ensure that they do not go beyond the bounds of the Constitution.

(6) 80 percent believe that only a two-thirds majority of the Supreme Court should be permitted to declare a Federal or state law unconstitutional.

(7) 55 percent believe that Congress should be allowed to overturn a Supreme Court ruling by a two-thirds majority vote.

(8) 64 percent favor limiting the authority of Federal regulatory agencies to initiate lawsuits against businesses and citizens.

(9) 77 percent say the Federal judiciary does not represent their personal views.

THE PROBLEM OF LIFE TENURE

In the election of November 1980, the American people brought about landmark changes in the executive and legislative branches of the Federal Government. But the judicial branch remains untouched, even though it is the Federal courts which have done so many of the things about which voters are angry.

The reason why Supreme Court justices feel free to hand down pseudo-legislative, unpopular decisions and then ignore public outrage is that all Federal judges, including Supreme Court justices, enjoy life tenure. They do not have to run for reelection; they

do not have to be reconfirmed; they have lifetime job security no matter how unwise or unpopular their decisions are.

The American voters repudiated Jimmy Carter's Administration and policies in the election of 1980. But President Carter appointed 265 Federal district and appellate court judges. That is 35 percent of the Federal court judges on the bench today, and they will be writing the Carter policies into our laws for the next 30 years.

If the American people disapprove of Ronald Reagan's policies they can throw him out of office after four years. We can change our Congressmen after only two years. But Supreme Court Justice Sandra O'Connor could be making unpopular law for the next 30 years. The nomination of Sandra O'Connor to the U.S. Supreme Court provides a perfect opportunity to arouse the nation to restore a proper balance of powers among the three branches of our Federal Government.

President Dwight Eisenhower appointed Earl Warren and William Brennan as Justices of the U.S. Supreme Court. Later, President Eisenhower told friends that he regretted the Warren appointment more than anything he ever did. If Eisenhower had lived longer, he would have regretted Brennan even more. Eisenhower had only eight years as President, but Earl Warren spent 16 years on the Court and Brennan has been there 25 years, wielding tremendous power against almost everything Eisenhower stood for.

How did President Eisenhower get conned into making such important appointments that he would regret all his life? The Warren appointment resulted from a rash political promise made during the Republican National Convention (because California Governor Warren controlled the largest single bloc of delegates). Eisenhower appointed Brennan on the basis of inaccurate information about Brennan's views.

The Sandra O'Connor appointment resulted both from a rash campaign promise and from false information about her long pro-abortion record. President Reagan was never told that Sandra O'Connor, when she served on the Defense Department advisory committee called DACO–WITS, initiated and sponsored a resolution on April 6, 1975, urging the repeal of the laws that exempt women from military combat. In supporting the extremist goal of assigning women to combat duty, O'Connor placed herself contrary to the position of Congress, of the President, of the majority of the present Supreme Court, of the Republican Platform, and of the wishes of the overwhelming majority of the American people.

Justice William O. Douglas was appointed to the Supreme Court because President Franklin Roosevelt wanted to replace what he called the "nine old men" with youthful liberal justices. Douglas outlived Roosevelt and stayed on the Court for 36 years (writing 1,200 opinions), through the fourth term of President Roosevelt and the terms of Presidents Harry Truman, Dwight Eisenhower, John Kennedy, Lyndon Johnson, Richard Nixon, and Gerald Ford.

Douglas' prejudice against religion was so intense that he even questioned the constitutionality of chaplains in the armed services and the words "In God We Trust" on our money. His decisions and behavior were so objectionable that, at one time, Congressman Gerald Ford tried to have Douglas impeached because of his money dealings with Las Vegas gamblers. Ford's proposal was unsuccessful.

Four times Justice Douglas took a wife "for better or worse . . . until death do us part." He divorced three of his wives. Yet, the American people were locked in a judicial embrace with Justice Douglas on the Supreme Court, for better or worse, no matter how bad his decisions or his private life, until he was close to death.

Five of the current Supreme Court justices are over age 72. That's why many people are dismayed at the idea of giving life tenure on the Supreme Court to someone who is out of step with the pro-family, pro-life policies on which Ronald Reagan was elected.

COPING WITH JUDICIAL USURPATION

As the American people have been confronted with one decision after another involving judicial usurpation of legislative functions, the usual response has been to try to overturn them by constitutional amendments. That has not been a satisfactory remedy. Amending the Constitution is a long-drawn-out procedure and requires super-majorities at each step of the process. Why should the people have to shoulder this burden when the fault was the abuse of power by the Federal judges?

Furthermore, resorting to constitutional amendments to overturn wrong Federal court rulings implies that the decisions were legitimate exercises of judicial authority. The court decisions should not be cloaked in that mantle of legitimacy when often they do not deserve it.

Nor is it a sufficient answer to say that the Constitution provides a process for impeachment of judges. That is a political impracticability. If Congress tried to impeach every Federal judge, or even every Supreme Court justice, who abused his power, Congress would have little time left for anything else.

The short-term solution for the problem of the Imperial Judiciary is for Congress to withdraw jurisdiction from the Federal courts in those sensitive areas where decisions have offended either the separation of powers principle or the majority of the American people, or both. The long-term solution for judicial usurpation is to cut the power of all Federal judges by eliminating their lifetime tenure which (like Samson's hair) is the source of their power.

ELECT FEDERAL JUDGES

The most effective remedy for bad Federal court appointments and decisions is to require all Federal judges and Supreme Court justices to stand for reelection as most state court judges do. This would require a constitutional amendment—but one amendment would take care of all the abuses at the same time. An amendment to Article III, that would require elections along the lines of the successful "Missouri Plan," would be a long, positive step toward ending judicial usurpation and restoring the proper balance of powers between the three branches of our government.

This constructive suggestion was made recently by Jules Gerard, professor of constitutional law at Washington University Law School in St. Louis. Gerard suggests that Federal judicial appointments be for a term of six years only. Each Supreme Court justice and Federal court judge would then be on the ballot every sixth year in the form, "Shall he be retained?" The elections would take place at the Congressional elections.

Supreme Court justices and judges of the circuit and district courts of the District of Columbia would be on the ballot nationwide.

Judges of other circuit and district courts would be on the ballot in the areas covered by their respective courts. A method would be devised to assure that not all of the judges of any multi-judge court would be on the ballot at the same election. Any judge who failed to be retained would be disqualified from holding Federal judicial office.

Another recommendation which Gerard puts forth for discussion would provide for the removal of any judge censured by two-thirds of both Houses of Congress, a short-form impeachment. There could also be some mechanism to discipline (short of removal) incompetent, lazy, abusive, or other misbehaving judges.

No doubt it will be argued that such proposals, if adopted, would deprive the Federal courts of their independence. But the constitutional role of the judiciary should not mean freedom from any restraint. Federal judges should not be in a privileged sanctuary where they alone, of all public officials, do not have to answer for abusing their power, or where they alone can wield that power for an undemocratic length of time (as Justice William O. Douglas did during the time period of seven presidential terms).

No state grants lifetime tenure to its judges. As Gerard points out, "there is no evidence that state judges [who must be elected] are less able to withstand improper pressures, or more likely to sell their souls to the devil, than Federal judges."

WITHDRAWING COURT JURISDICTION

Strenuous efforts have been made in recent years to withdraw jurisdiction from the Federal courts on subjects on which the U.S. Supreme Court handed down highly unpopular decisions such as busing, pornography, internal security, or prayer in the public schools. In 1972, the effort led by Senator Robert Griffin to withdraw jurisdiction on busing failed in the Senate by only one vote. In 1980, the Jesse Helms Amendment to withdraw jurisdiction over prayer in public schools passed the Senate, but failed to come to a vote in the House because of the legislative chicanery practiced by Speaker Tip O'Neill.

The power of Congress to withdraw jurisdiction from the Federal courts comes from the U.S. Constitution, Article III. Section I gives Congress total power over all Federal courts except the Supreme Court, including the power to create them, to define their jurisdiction, and to abolish them altogether (thereby leaving judicial remedies to state courts).

Section 2 of Article III gives Congress the power to make "exceptions" and "regulations" to the Supreme Court's appellate jurisdiction. This is known as the Exceptions Clause.

Liberal Congresses have often withdrawn jurisdiction from the Federal courts on subjects and in periods when the liberals did not trust the Federal courts. Examples include the Norris-LaGuardia Act of 1932 (which withdrew jurisdiction over injunctions in labor disputes), the Hiram Johnson Acts of 1934 (which withdrew jurisdiction to enjoin the collection of state taxes and to interfere with the enforcement of state public utility rates), and the Emergency Price Control Act of 1942 (which withdrew jurisdiction over certain civil actions).

The Supreme Court ruled on Congress' power to withdraw Supreme Court jurisdiction in Ex parte McCardle (1868) stating, "we are not at liberty to inquire into the motives of the legislature. We can only examine into its power under the Constitution; and the power to make exceptions to the appellate jurisdiction of this Court is given by express words."

CONGRESS SHOULD USE ITS POWER

Congress' power to withdraw jurisdiction is an essential part of the unique American systems of checks and balances. Withdrawing jurisdiction from the Supreme and other Federal courts is the proper check by which Congress can balance the system when the judicial branch assumes too much power.

Some have argued that Congress' power to withdraw jurisdiction should not extend to the area of Supreme Court interpretation of "constitutional rights." But this argument makes no sense when applied to "rights" which the Supreme Court itself invented.

Professor Jules Gerard of Washington University Law School testified in the summer of 1981 before the Senate Subcommittee on the Constitution in support of Congress' exercising its constitutional power to regulate and make exceptions to the jurisdiction of the Federal courts. Sympathizing with the exasperation, even the despair, of those who are fed up with the Imperial Judiciary, Gerard concluded that "any step, however small,

in the direction of alleviating the (intolerable) situation is to be welcomed."

In a scholarly and methodical way, without reference to any particular proposal to withdraw Federal court jurisdiction in a specific area (which most such legislative proposals try to do), Gerard showed that Congress' power under Article III to make exceptions to the appellate jurisdiction of the Supreme Court, and to all jurisdiction of other Federal courts, is, on the whole "reasonably clear—clear from constitutional language, structure and history, and from prior Supreme Court decisions."

Some legal writers have asserted that today's Supreme Court would not permit the Congress to interfere with what they call the "essential functions" of the Supreme Court. This "essential functions" theory is flatly contradicted by constitutional text and history, as well as by dozens of Supreme Court opinions.

Those who assert the "essential functions" theory usually invoke the holy name of "checks and balances." But, as Professor Gerard so aptly pointed out in his testimony, "it surely is ludicrous to argue that the system of checks and balances can be maintained only by reading out of the Constitution the only explicit check on the judiciary that the Framers deliberately put there," namely, the Article III power to limit jurisdiction.

If there ever was a time for that constitutional check to be used, the time is now because, as Gerard so eloquently stated, the Supreme Court today is "without allegiance to principle, except to the principle of being unprincipled. It regularly substitutes sophistry for logic, obfuscation for explanation, and personal predilection for reasoned analysis in its opinions, wherein day becomes night, and up means down. What it delivers in many cases, are peremptory edicts rather than persuasive judgments."

A LITMUS TEST FOR APPOINTMENTS?

What kind of persons should be appointed to the Federal courts, and whether some kind of a qualifying test should be applied, was one of the issues during the 1980 presidential campaign. Columns of newsprint were consumed in denouncing what was called the "litmus test" of the Republican Platform adopted in Detroit.

Contrary to such contrived, publicity-seeking outbursts, the Republican Platform did not require any "litmus test," but only expressed a pious hope. It said: "We will work for the appointment of judges at all levels of the judiciary who respect traditional family values and the sanctity of innocent human life."

President Carter, on the other hand, who personally appointed 35 percent of all Federal judges—more than any other President in history—made his judicial appointments on the basis of an ideological litmus test plus a race/sex quota. In 1978, he remarked, "If I didn't have to get Senate confirmation of my appointees, I could just tell you flatly that 12 percent of all my judicial appointments would be blacks, 3 percent would be Spanish-speaking, and 40 percent would be women."

Carter required all his judicial appointees to be liberal, pro-abortion, pro-feminist Democrats. The American Judicature Society (the judges' equivalent of the American Bar Association) made a survey of Carter's appointees which showed that 48 percent considered themselves liberal, 44 percent moderate, and none conservative.

Carter made noisy boasts about his plan for "merit selection" of judges. The litmus test to be appointed to the merit selection commissions to choose the judges was "early Carter." A survey by the American Judicature Society found that virtually all members of Carter's merit selection commission were liberal Democrats, and nearly all were early Carter supporters. Hamilton Jordan selected the panelists and had final veto power over all who served.

The result of Carter's litmus test and quota selection can be seen in his four appointments to the Circuit Court of Appeals for the District of Columbia, the second most important court in the country because it handles more appeals from Federal regulatory agencies. Patricia Watts spent 25 years fighting for liberal causes, starting with the representation of Owen Lattimore (whom the Senate Internal Security Subcommitte unanimously called a conscious articulate instrument of the Soviet conspiracy and continuing later with her advocacy of "children's rights" (such as voting at age 13).

Abner Mikva, a left-wing Congressman from Chicago, was promoted to this important court after achieving a cumulative rating of 96% from the Americans for Democratic Action. Harry Edwards, a law professor from the University of Michigan, was a supporter of "affirmative action." Ruth Bader Ginsburg, a Columbia University law professor, was appointed because of her advocacy in briefs and articles, of judicial activism to achieve the most extreme feminist goals.

HOW LONG THE CARTER LEGACY?

The American people voted for a change on November 4, but they won't get a change in the judiciary for many years, if ever, because Carter's judges are locked into lifetime jobs. Yet it is the Federal judiciary, much more than the other two branches of government, which is principally to blame for the policies so offensive to the American people in the areas of crime and punishment, abortion, reapportionment, race relations, education policies, internal security against subversion, pornography, federal-state relations, land-use planning, and the environment.

Federal judges have more to say about the future of the United States, its laws, its schools, its morals, its internal defenses, its culture, than Congress. Federal judges are accountable to no one and have lifetime jobs free from the insecurities of elections, dismissals, and salary cuts.

Abram Chayes, Harvard law professor, summed it all up in a recent speech at Georgetown Law School. He said that "the legacy of [the Carter] Administration on the bench is superb, and . . . will live long beyond the 1980 elections."

That is precisely why, if our constitutional democratic republic is to survive, the new Congress and the Reagan Administration must devise a way to shorten the life of that legacy. The Sindlinger survey proves that the American people will support the President and Congress if they exercise leadership in reducing the power of the Imperial Judiciary and overturning its wrong decisions.

Tell your Senators and Congressman that you are part of the citizen majorities reported by the Sindlinger survey.●

THE ASBESTOS CASE EXPLOSION

● Mr. HART. Mr. President, as the consequences of occupational exposure to asbestos become fully apparent, the argument for a legislative solution to provide victims of asbestos-related disease fair and equitable compensation increases. James Granelli's article in the October 19, 1981 National Law Journal underscores the extent of this complex problem and the importance of prompt action on legislation I introduced earlier this year, the Asbestos Health Hazards Compensation Act of 1981.

Mr. Granelli's article states what asbestos disease victims have been telling us all along: Existing compensation mechanisms are entirely inadequate. Product liability lawsuits are pouring into the court system, incurring great cost for both litigant and defendent, but providing inconsistent, inadequate and unsatisfactory compensation for the victims of asbestos-related disease.

The Asbestos Health Hazards Compensation Act, S. 1643, represents an independent first step toward developing a system that quickly distributes compensation benefits for asbestos victims and at the same time fairly apportions the costs for such benefits among all responsible parties. This legislation, introduced September 18, 1981, has been referred to the Labor and Human Resources Committee which held 2 full days of hearings on similar legislation last year. I look forward to continue working closely with the committee, and other Members of the Senate, in moving forward on this effort.

I ask that the National Law Journal article be printed in the RECORD.

The article follows:

THE ASBESTOS CASE EXPLOSION

(By James S. Granelli)

Two new federal appellate court rulings and a new medical study could radically expand the size and number of damage awards for asbestos-related diseases, already the single largest source of product liability cases in the nation.

Last week, the 4th U.S. Circuit Court of Appeals ruled that seamen and shipyard workers—the vast majority of asbestos plaintiffs—could use admiralty law to take their cases to federal court, avoiding the state statutes of limitations that had cut off many of their claims.

That decision follows close on the heels of a ruling by the Washington, D.C., circuit court, expanding the liability of insurance companies in asbestos cases. And meantime, in what is believed to be the first study of the effects of asbestos on shipyard workers' families, a Los Angeles team has determined that 10 percent of the wives, who never went into the shipyards, have contracted lung disease from asbestos.

"There are so many things going on in asbestos cases now. There are more asbestos cases than automobile [injury] litigation or any other type of litigation," said Fred Baron, a Dallas lawyer who helped form the plaintiffs' Asbestos Litigation Group to coordinate cases nationwide.

Fellow group member Ronald Motley of Barnswell, S.C., figures that some 300 cases know when," said Dennis Markusson, assistand that nearly 20,000 suits are pending. Other lawyers said a more conservative estimate would be that at least 12,000 to 15,000 cases are pending, with 5,000 cases in the California courts alone.

Defense counsel say they can't predict when the flood of litigation will end. "Statistically, the present uses of asbestos are not causing biological harm, so you would expect the litigation to end sometime. But I don't know when," said Dennis Markusson, assistant corporate counsel to Johns-Mansville Corp. of Denver, the nation's largest asbestos manufacturer and defendant in most lawsuits.

While asbestos cases are pouring into the court system, few have made it to trial. Since the landmark 1973 case of *Borel* v. *Fibreboard Paper Products Corp.*, 493 F.2d 1076, which found asbestos to be defective, lawyers estimate that barely 60 cases have been tried and that each side has won about half.

"The verdicts are all over the block. There's

no way to characterize them," said Michael Mealey, managing editor of the Asbestos Litigation Reporter, a newsletter born of the plethora of cases. (NLJ, 8–18–80.)

Nearly 100 plaintiffs' firms are part of the Asbestos Litigation Group, but hundreds more are bringing lawsuits, Mr. Baron acknowledged.

Last week's 4th Circuit opinion, *White v. Johns-Manville Corp.*, 79–1854, 79–1580, may produce a new spate of plaintiffs, those who can use admiralty law to revive claims that were time barred under state law.

"That's the most significant appellate decision to come down to asbestos litigation," Mr. Motley said. "About 95 percent of the shipyard cases will be affected by this."

Once admiralty jurisdiction lies, the entire body of admiralty law comes into play and state law is ignored, said Richard Glasser of Norfolk, Va., attorney for former shipyard worker John W. White. Mr. White's case had been dismissed because he filed it more than two years after his last exposure to asbestos.

The use of admiralty law, Mr. Motley said, will help plaintiffs get around such strict statutes of limitations, comparative fault laws and statutes of repose, which prohibit suits against producers when the latency period between a victim's last contact with the product and the injury exceeds 10 years.

Often, workers who inhaled asbestos fibers while producing or handling asbestos products in the 1940s or 1950s didn't come down with the debilitating lung disease, asbestosis, or the fatal lung cancer or mesothelioma until the 1970s.

About a dozen states, including New York, have such restrictive statutes that cases rarely can be brought there. Admiralty law doesn't use such statutes, the lawyers said. Instead, it uses the common law concept of laches, which look to a reaonable time within which a suit should have been filed.

The reasonable time under admiralty law begins from the moment the disease is discovered, not from the time of injury, Mr. Glasser said.

He pointed out that admiralty law also allows for strict liability, consortium claims and damages for pain and suffering in wrongful death cases—all of which aren't available under most state laws. Punitive damages, however, aren't allowed.

The appellate panel, sitting in Norfolk, said that for admiralty jurisdiction to lie, the injury must have occurred in an admiralty setting or location, such as shipyards, docks or vessels, and the work must have had an admiralty nexus, such as installing asbestos insulation on ships.

Johns-Manville lawyers were studying the decision last week, Mr. Markusson said, to determine if the company will seek a writ of certiorari from the U.S. Supreme Court. A major factor in their decision, he said, is the possibility of an unfavorable ruling that then would be the law for the entire nation. The opinion now only affects the five states in the 4th Circuit.

SPREADING THE RISK

Less than a week before *White*, the federal court decision out of Washington, D.C., greatly spread the risk of paying off insurance claims for asbestos-related injuries, literally saving small asbestos manufacturers from financial collapse. *Keene Corp. v. Insurance Co. of North America*, 81–1180.

For years, insurance firms have been fighting among themselves to limit their coverage, especially since manufacturers often switched insurers throughout the years.

At issue has been the moment liability attaches: when the worker first manifests symptoms of a disease or when he is first exposed to products causing the injury.

Insurers who covered producers in the 1940s and 1950s, when workers were inhaling asbestos fibers, sometimes weren't issuing policies in the 1960s and 1970s, when the causal link was established and the diseases began manifesting themselves.

The 6th Circuit came down last year on the side of the exposure theory, *INA v. 48 Insulations Inc.*, 78–1322, and the 5th Circuit soon followed in *Porter v. American Optical Corp.*, 75–2202.

But Judge David Bazelon, writing for the D.C. Circuit Oct. 1, rejected both theories and established a new one that is certain to join the other cases in an appeal to the U.S. Supreme Court.

The D.C. Circuit ruled that insurance coverage was triggered both at the time of exposure and manifestation and also was triggered while the asbestos fibers were "in residence," viewing the injury almost as a continuing tort.

EVERYBODY PAYS

"Some lawyers have called it the 'everybody pays' theory," Mr. Mealey said. But Mr. Baron finds something else in it: "The tremendous significance in the *Keene* case is that it bails out these manufacturing companies that were in grave danger of going under."

The panel saved the producers by interpreting the common "comprehensive general liability policies" to mean that each carrier was liable for the entire loss and that the insurers could pro-rate losses among themselves but not with a manufacturer that may have been without insurance for a short period.

"This is the first appellate court decision which correctly interprets what triggers coverage and the scope of coverage," said Jerold Oshinsky, the Washington, D.C., attorney for Keene. "This decision is going to be very important."

"The manufacturer is not stuck for any portion of the loss," said Los Angeles lawyer Richard B. Wolf of Long & Levit, attorneys for Travelers Indemnity Co., an insurer involved in similar suits.

"When Keene purchased the policies, it could have reasonably expected that it was free of the risk of becoming liable for injuries of which it could not have been aware prior to its purchase of insurance," Judge Bazelon wrote.

"There is nothing in the policies that provides for a reduction of the insurer's liability if an injury occurs only in part during a policy period."

While Keene may make the pockets a little deeper for plaintiffs to dig into, a medical study out of Los Angeles could provoke more victims to file suits.

AFFECTING THE FAMILY

The study, released Oct. 2 by the American Lung Association of Southern California, found that 10 percent of the 305 shipyard workers' wives examined had asbestosis.

It marked the first scientific study of the effects of asbestos on the families of shipyard workers, said Raphael Warshaw, a research associate at the University of Southern California, who helped compile the results. He and Dr. Kaye H. Hilburn, project director, had also worked on a major study of manufacturers' employees in Princeton, N.J.

The Los Angeles study also found that 59 percent of 310 male workers and 25 percent of 40 female workers were judged by a panel of of three doctors reading X-rays to be suffering from asbestosis. Some of the women were office workers, Mr. Warshaw said. Only one of 118 daughters and three of 77 sons were affected.

Dr. Kilburn, one of the three doctors reading the X-rays, has testified exclusively for the plaintiffs in asbestos cases, defense lawyers contend. He couldn't be reached for comment.

"He's not a pulmonary specialist, though he bills himself as such," Mr. Markussen said. "I know that if Kaye Kilburn sees thickening in the X-rays and knows there's been exposure to asbestsos, he calls it asbestosis.

"There's no doubt that some of those studied have bona fide asbestosis. And there's no doubt that some have nothing wrong with them," he said. "Not every irregularity in the lungs is harmful."

Johns-Manville's trial lawyer in Los Angeles, Fulton Haight, also doubts the accuracy of the test. He pointed out that testimony in some the 2,500 cases he's handling revealed that some X-ray readers have misdiagnosed about 25 percent of their cases.

"If accurate, the numbers in our opinion are very, very surprising considering that most had nominal exposures," he said. "After all, we know that thousands were exposed in the manufacture of asbestos and weren't affected."

Mr. Haight is one of the few lawyers who expects to see a decline soon in the filing of asbestos cases. "It's not going to be that long a career for lawyers," he said. "It's a curve. In another 18 months, it'll go down."

A UNITED DEFENSE

Though defense lawyers are battling among themselves to determine the scope of insurer liability, they unite to defend the cases. Some 600 lawyers turned up in Chicago last months for an asbestos seminar put on by the Defense Research Institute's industrywide litigation committee.

One of the prime concerns of DRI is the cost of litigation, which it reported will exceed more than $300 million just with existing cases. Mr. Markusson wouldn't reveal Johns-Manville's costs, but said they were well below the DRI figure.

About 8,000 cases involving 13,500 plaintiffs are pending against Johns-Manville, Mr. Markusson said. About 1,000 cases have reached disposition. Of 45 trials involving the company, the plaintiffs have won 25 verdicts ranging from $16,000 to $1,857,600.

The average amount paid out by all defendants in the 395 cases disposed of last year by settlement or awards was $76,000. So far this year, 302 cases have been disposed of through settlements, verdicts or dismissals at an average cost of $58,500 a case, Mr. Markusson said.

Each side has picked its cases for trial carefully. Defense lawyers have hurried to trial on cases where the diagnosis is poor, and plaintiffs' lawyers have pushed their own more clearly meritorious cases.

At the same time, settlements continue. Two weeks ago, Johns-Manville settled with 450 shipyard workers out of Long Beach, Calif., for $7.7 million.

The largest single settlement came last June when the heirs of St. Louis high school teacher Richard Bond, who died at 33 of mesothelioma, picked up $1.4 million from four producers and suppliers of asbestos products. As a teenager, Mr. Bond had spent two summers helping his father spray Limpet, a brand-name asbestos product.

The largest award in a wrongful death case came last year to the widow of lung cancer victim John Migues of Texas. The $3 million award was trimmed to $1.1 million by the judge and is on appeal. The largest asbestosis injury verdict, $1,857,600, went to former Navy man Edward Janssen and his wife, Patsy, last August. That award also marked the largest punitive damages verdict, $750,000, and the largest award against Johns-Manville, Mr. Motley said.

The South Carolina lawyer expects damages to go higher. He points, for example, to an upcoming case on behalf of John Rossi, a Wall St. lawyer who died at 32 of mesothelioma after working only three weeks during the summer of 1967 unloading Johns-Manville asbestos siding in Utica, N.Y.

Mr. Motley said he also expects to file a case soon on behalf of the heirs of a 13-year-

old youth who died of mesotheliona after his father had taken him on a job outside Denver.

The continuation of lawsuits also could prompt legislative action. A "white lung" bill designed to provide a type of workers' compensation to asbestos victims was recently reintroduced in the U.S. Senate, Mr. Markusson said.

"I have a strong belief that a time will come when the Congress must address the issue of occupational diseases legislatively," he said, pointing out that such legislation could also cover diseases caused by other products, such as Agent Orange.

"There are certainly other discussions going on in Washington with congressional people, labor unions and the scientific community," he said. "Right now, asbestos is out front leading the pack, and it may be a good bellwether to help us determine how to deal with occupational diseases.

"If it's one thing both plaintiffs' and defense laywers agree on, it's that the tort system is not a good place to deal with the latent effects of certain products."●

ENERGY POLICY

● Mr. HART. Mr. President, over the past 4 years, Dr. Dan Yergin, coeditor of Energy Future, has written scores of essays about our Nation's energy problem. He has championed conservation as our most important, short-term energy source and called for a more enlighted energy policy for the future.

Recently, in the Los Angeles Times, Dr. Yergin described the inherent flaws in the Reagan administration's energy policy. He points out how the administration wants to short change some of our most promising energy technology which could go a long way toward reducing our dependence on foreign oil.

I recommend Dr. Yergin's essay to my Senate colleagues and ask that it be printed in the RECORD.

The article follows:

[From the Los Angeles Times, Oct. 6, 1981]

WHAT ENERGY PROBLEM?—THE PUBLIC KNOWS ABOUT IT; WHY DOESN'T THE GOVERNMENT?

(By Daniel Yergin)

The President's recent announcement of his intention to abolish the Department of Energy is hardly unexpected. In some respects, its significance will not be so great. After all, more than a third of the Department of Energy's budget was earmarked for the nuclear weapons program, and obviously that effort will continue in another place. Funding for nuclear power will actually increase. The ax will fall, rather, on the conservation and renewable/solar energy programs, eliminating them almost entirely.

As important as the budget issues are in themselves, the drive to eliminate the Department of Energy is also a major symbolic statement—in effect a strong declaration that there is no energy problem. Certainly the greater reliance on the market system is a major step forward, but the problem is not solved. The temporary oil surplus has only papered over the fundamental fragility of the international oil system and the difficult problems of adjustment.

What is odd about the conviction that there is no problem is that it runs directly counter to the development of American public opinion on the subject of energy. I have been examining the complex question of public attitudes on energy in the past several months in the course of preparing a Public Broadcasting System television series on energy. It was apparent from the beginning of this project that a useful series cannot be framed without understanding the questions and issues that concern the public.

The surprising discovery is how much the public's attitudes have shifted in the past two years—from a belief that the energy problem was really nothing more than a hoax to a recognition that there certainly is a problem. For instance, in October, 1979, nine months after the fall of the Shah of Iran had set off the second oil shock, a poll found more than half the American people convinced that there was no real energy problem, that whatever was going on was an oil company fabrication. Half the public did not believe that the United States needed to import oil.

Yet, in the two years since, public opinion has undergone a profound shift. At the end of 1980, the number of people describing the energy situation as "serious" or "extremely serious" had doubled. In another poll, 65% either "agreed" or "strongly agreed" that, if U.S. energy consumption continued on its previous trend, "10 years from now we will be very low in energy resources and we'll face severe cutbacks in our life style."

Why the change? Some would say, "Higher prices," but that is not an explanation. Members of the public have accepted, however grudgingly, the higher prices insofar as they have accepted the underlying reality that the prices express. And that reality was brought into sharp focus by the political events of 1979–80. The fall of the shah, the turmoil in Iran, the rise of the ayatollah, the highly visible anti-Americanism, the taking of the hostages, the Soviet invasion of Afghanistan—all these dramatized the nature and dangers of American dependence on foreign oil, and thus undercut the traditional belief in American self-sufficiency.

The public went through a powerful education about the realities of world energy. Public attention to the hostage crisis reached a near-record high for any news event, foreign or domestic, in the years 1974–1980. In the midst of the crisis, 90% of the public agreed that "excessive dependence on foreign oil is a danger to the nation's security."

This belief stands in marked contrast to the assumption of the present Administration; its national energy plan, which came out in July, takes a very relaxed attitude toward high levels of oil imports.

Government policy has moved from a favorable to a decidedly hostile stance toward both conservation and solar, the latter the umbrella term for a wide variety of old and new technologies. This week, the Administration is expected to attempt to eliminate the tax credits for conservation and solar that are needed to help overcome major imperfections in the market. But solar is ranked No. 1 as the energy source the public wants to see developed "to meet our future energy needs." Conservation is No. 2. Opinion data also show that conservation has moved from a negative image—sacrifice—to a more positive image—higher efficiency, saving money.

The public's acceptance of decontrol of oil and gas appears to be linked to this change of attitudes—from skepticism to recognition—about the nature of the problem. Thus, the Reagan Administration, by denying that there is a problem, may be building a trap for itself as it moves to speed up the decontrol of natural gas, for the denial removes the major rationale for decontrol.

It is puzzling to see an Administration that has generally been so sensitive to the public mood prove so eager to announce that there is no energy problem—at the very time that the public has come to the conclusion that there most certainly is a problem, and that it is not only long-term but also potentially quite dangerous.●

U.S. MIDEAST POLICY

● Mr. HART. Mr. President, on October 1, 1981, for the second time in less than 2 years, an American President made a public pledge that the United States would use any means necessary, including military force, to preserve Western access to Middle East oil. In no uncertain terms we have declared our determination to guarantee the peace and stability of the most volatile region of the world today—the Middle East.

Recently, Prof. Stanley Hoffmann, chairman of the Center for European Studies at Harvard University, wrote an incisive essay, published in the New York Times, describing the predicament of an American Middle East policy which tries to honor our historic commitment to the defense of Israel while we remain hopelessly and abjectly dependent on Persian Gulf oil.

I commend this essay to all by Senate colleagues and request that Professor Hoffmann's essay be printed in the RECORD.

The essay follows:

[From the New York Times, Oct. 12, 1981]

U.S. MIDEAST POLICY

(By Stanley Hoffmann)

CAMBRIDGE, MASS.—When Jimmy Carter in January 1980 committed us to defense of the Persian Gulf region, many people who were to join the Reagan Administration criticized him for giving an unspecific commitment without the military forces necessary to carry it out. The guarantee given Oct. 1 by President Reagan to Saudi Arabia, which, he said, we would "not permit to be an Iran," can be criticized on the same grounds, with greater justification.

In diplomacy, sometimes it is better to leave commitments imprecise. Most of the world knows of our interest in the Saudi regime's survival. To make the commitment explicit is embarrassing and dangerous for the regime. Even more than before, it designates the Saudi leadership as a satellite and as a target for anti-American forces inside and outside the country. Until now, and precisely for this reason, the Saudis have been eager to preserve their sovereignty, to refuse American control of weapons they buy from us, to deny us permanent bases.

Above all, the extended commitment is dangerous for us. First, it again exposes us to blackmail by the weak: The regime to which we are tied finds it can get what it wants by pleading that it risks collapse. This allows it to pursue interests that may not be ours. Americans who want a strong presence in the Middle East yet complain about the Saudis' ability to get from us whatever they ask without joining the Camp David process should be deeply disturbed by the new development. Let us remember the precedent of the Shah. His close connection with us turned all his foes into enemies of America; they saw him as our puppet, yet our commitment led us to indulge his military ambitions, which antagonized other friends of America but did not save his throne.

Second, the new commitment deepens the Middle East predicament in which we have found ourselves since 1973. We now protect Israeli security and the Saudi regime, as well as the new Egyptian Government. At least Israel and Anwar el-Sadat's Egypt had converging foreign policies. Saudi Arabia's policy in the Arab-Israeli conflict, like Jordan's, is still incompatible with Israel's. We

have been unable to resolve the conflict while showing enormous impatience with attempts even by friendly third parties like the Western Europeans to play a role. This is a recipe for recurrent crises with one or the other side, sometimes with both, as the Awacs controversy demonstrates.

Third, it is imprudent to try to meet a multitude of threats with a blanket guarantee that is ambiguous in purpose. Though the Saudi monarchy may be more deeply rooted than the Shah's regime or Mr. Sadat's rule, the kinds of forces that toppled the Shah and assassinated Mr. Sadat are at work in Saudi Arabia. Its rulers could be replaced without a coup by members of a new generation of the royal family who might want to preserve its power by slowing down Westernization and appeasing Islamic fundamentalists—for instance, by reducing oil production and thereby the accumulation of revenues that disrupt traditional values and spread inequity and corruption. Further, the regime could be toppled by its own military. It could be destroyed by fundamentalist tribal groups acting on their own or with outside help. It could be threatened by non-Saudi Arabs working in the country—Palestinians, for example. There could be a coup or a protacted civil war. Each threat would require a different configuration of American military forces. It is difficult to see what we could do against a change of regime within the royal family and how effective we could be against many of these threats, given the regime's reluctance about having our forces on its soil.

Then, too, are we committed to the royal family or to the flow of oil? If it is to the family, a mere shift in the family could threaten our oil supply. If it is to the oil, how can we know in advance that a new regime would shut it off? Neither Muammar el-Quadaffi nor Angola's revolutionary regime have stopped the flow of oil to the West. A revolutionary force would have an obvious interest in proclaiming that it would meet American, Western European, and Japanese needs.

A commitment to the present regime condemns us to shoring up a Government whose future may be doomed by irreversible social and political developments. A more legitimate commitment, to economic security, should induce us to to put a certain distance between the regime and ourselves and to cultivate contacts with possible opposition forces.

While we commit ourselves to the present regime, we are contributing to undermining it just as we undermined Mr. Sadat by our sluggishness in pursuing the logic of Camp David. Our weak energy policies oblige us to encourage the Saudis to increase production, thus promoting social and cultural tensions in their society. This also provides Riyadh with the means to buy expensive weapons, which could put the regime at the mercy of its military's insatiable demands while fueling resentments of those who benefit little from the accumulation of wealth. In the long run, our failure to move ahead on the Palestinian issue undermines even regimes hostile to Camp David, like Saudi Arabia's and Jordan's, if they are "moderate" regimes tied to us. It plays into the hands of radicals and rejectionists. In other words, it is our whole policy, or nonpolicy, in the Middle East that needs overhauling.●

ORDER FOR RECESS UNTIL 11 A.M. TOMORROW

Mr. BAKER. Mr. President, in a moment I shall counsel and confer with the minority leader and we will see if we can announce a schedule of activities for tomorrow. The Senate will be in session tomorrow.

Mr. President, I ask unanimous consent that when the Senate completes its business tonight it stand in recess until the hour of 11 a.m. on tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

HUMAN LIFE LEGISLATION (S. 1741, S. 1742, AND S. 1743)

Mr. HELMS. Mr. President, since the Supreme Court ruled that the question of killing unborn human life is a matter of private choice on the part of the mother, Roe against Wade, January 22, 1973, we have seen a continuous increase in the practice of abortion among Americans.

In ruling that abortion could be a private choice under our laws, the Supreme Court declined to decide the question of whether or not the victim of abortion was a human being. Indeed, the Court declared that such a decision was unnecessary for overruling the laws that had been passed by all 50 of our State legislatures. The Court said, in effect, when in doubt, we are indifferent about whether or not those children live or die.

I am today reintroducing my human life bill as amended, Mr. President, because I cannot believe that the American people are indifferent on this question of life or death. I cannot believe that the American people want to continue the legal camouflage that has permitted the termination of over 10 million lives in this Nation during the past 8½ years.

We know, Mr. President, that the Senate Committee on the Judiciary's Subcommittee on the Seperation of Powers held extensive hearings on this question earlier this year, Under the esteemed leadership of my colleague from North Carolina, that subcommittee heard testimony about the question of whether the unborn infant was indeed a human being who should have protection as a person under our laws.

Some would have us believe that the subcommittee heard divided testimony. In fact, most of the witnesses who appeared before that subcommittee, as doctors and as scientists, agreed that the elementary principles of modern biology would define the life in question as a human being.

No one, in reality, questioned the humanity of the preborn baby. So the question, the one question that we must decide, is whether that preborn human being deserves the protection that our Declaration of Independence asserts is an inalienable right: The protection of its right to life.

Mr. President, 11 years before the subcommittee hearings I have just mentioned, and over 2 years before the Supreme Court's decision legalizing abortion, California Medicine, the official journal of the California Medical Association, September 1970, volume 113, No. 3 eloquently addressed the question of the beginning of life and abortion. In part, it said:

> The process of eroding the old ethic and substituting the new has already begun. It may be seen most clearly in changing attitudes toward human abortion. In defiance of the long held Western ethic of intrinsic and equal value for every human life regardless of its stage, condition, or status, abortion is becoming accepted by society as moral, right, and even necessary.
>
> It is worth noting that this shift in public attitude has affected the churches, the laws and public policy rather than the reverse. Since the old ethic has not yet beeen fully displaced it has been necessary to separate the idea of abortion from the idea of killing, which continues to be socially abhorrent.
>
> The result has been a curious avoidance of the scientific fact, which everyone really knows, that human life begins at conception and is continuous whether intra- or extrauterine until death. The very considerable semantic gymnastics which are required to rationalize abortion as anything but taking a human life would be ludicrous if they were not often put forth under socially impeccable auspices.
>
> It is suggested that this schizophrenic sort of subterfuge is necessary because while a new ethic is being accepted the old one has not yet been rejected.

President Reagan has pointed us in the right direction on this question. In his March 6 press conference, the President remarked that if we came upon a being lying in the road, and we doubted whether it was alive, none of us, as a first reaction, would reach for a shovel and begin the process of burying the body. Our best instincts tell us always to opt for life. To act as if the person is alive until evidence beyond a reasonable doubt tells us that the body is indeed dead.

These hearings, Mr. President, and President Reagan's own forthright statements on the beginnings of human life have had a tremendous educational impact, as the Gallup poll from August 6, 1981, shows:

> Gallup found half of the public feeling that life begins at conception, 17 percent feeling it occurs at birth, and one in five feeling it occurs somewhere in between. (Chicago Sun-Times 8/6/81)

Whenever there is any doubt, Mr. President, we must opt for life. I applaud the courage of the many Americans, including President Reagan and Senator EAST, who have taken the leadership in reminding us of this primary responsibility that we have to protect those who need protection. The unborn cannot speak for themselves, and they never will be able to do so unless we act quickly to insure that, someday, they will have the option for life.

Mr. President, the Separation of Powers Subcommittee has now reviewed fully my human life bill (S. 158), and reported out the amended version which I am introducing today. The time to act is now to end the senseless slaughter of the innocent unborn child, accordingly, I reintroduce the human life bill, as amended in subcommittee.

Mr. President, I ask unanimous consent that the full text of the bill be printed in the RECORD at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 158

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title 42

of the United States Code shall be amended at the end thereof by adding the following new chapter:

"Chapter 101

"SECTION 1. (a) The Congress finds that the life of each human being begins at conception.

(b) The Congress further finds that the fourteenth amendment to the Constitution of the United States protects all human beings.

"SEC. 2. Upon the basis of these findings, and in the exercise of the powers of Congress, including its power under section 5 of the fourteenth amendment to the Constitution of the United States, the Congress hereby recognizes that for the purpose of enforcing the obligation of the States under the fourteenth amendment not to deprive persons of life without due process of law, each human life exists from conception, without regard to race, sex, age, health, defect, or condition of dependency, and for this purpose 'person' includes all human beings.

"SEC. 3. Congress further recognizes that each State has a compelling interest, independent of the status of unborn children under the fourteenth amendment, in protecting the lives of those within the State's jurisdiction whom the State rationally regards as human beings.

"SEC. 4. Notwithstanding any other provision of law, no inferior Federal court ordained and established by Congress under article III of the Constitution of the United States shall have jurisdiction to issue any restraining order, temporary or permanent injunction, or declaratory judgment in any case involving or arising from any State law or municipal ordinance that (1) protects the rights of human persons between conception and birth, or (2) prohibits, limits, or regulates (a) the performance of abortions or (b) the provision at public expense of funds, facilities, personnel, or other assistance for the performance of abortions: *Provided*, That nothing in this section shall deprive the Supreme Court of the United States of the authority to render appropriate relief in any case.

"SEC. 5. Any party may appeal to the Supreme Court of the United States from an interlocutory or final judgment, decree, or order of any court of the United States regarding the enforcement of this Act, or of any State law or municipal ordinance that protects the right of human beings between conception and birth, or which adjudicates the constitutionality of this Act, or of any such law or ordinance. The Supreme Court shall advance on its docket and expedite the disposition of any such appeal.

"SEC. 6. If any provision of this Act or the application thereof to any person or circumstance is judicially determined to be invalid, the validity of the remainder of the Act and the application of such provision to other persons and circumstances shall not be affected by such determination.".

Mr. HELMS. Mr. President, in connection with that statement, I send to the desk a bill and ask for its immediate consideration.

Mr. BAKER. Mr. President, I must with regret object to the request for immediate consideration.

The PRESIDING OFFICER. Objection is noted.

Mr. HELMS. I thank the majority leader.

Mr. President, I send another bill to the desk and ask for its immediate consideration.

Mr. BAKER. Mr. President, once again, with apologies to my colleague from North Carolina, I must object.

Mr. HELMS. Mr. President, I understand.

The PRESIDING OFFICER. Objection is heard.

Mr. HELMS. Mr. President, I send another bill to the desk and ask for its immediate consideration.

Mr. BAKER. Mr. President, once again I must object.

The PRESIDING OFFICER. Objection is heard.

Mr. HELMS. Mr. President, obviously I have sent some bills forward and asked for immediate consideration so that they may go over under the rule and when the Senate next adjourns then the process will begin.

I thank the Chair and I thank the majority leader.

(Later the following occurred:)

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator yield?

Mr. BAKER. I yield,

Mr. ROBERT C. BYRD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ROBERT C. BYRD. Mr. President, the distinguished Senator from North Carolina, who is still in the Chamber, a moment ago indicated something which I think requires clarification.

Mr. HELMS. I know what the Senator is going to say and he is right.

Mr. ROBERT C. BYRD. I think it was the Senator's impression that under rule XIV the mechanism had been triggered for getting the three bills on the calendar.

My parliamentary inquiry is as to whether or not the mere asking of unanimous consent that such bills be immediately considered and having that request objected to would comply with the requirements of rule XIV to place the bills on the calendar in due time?

The PRESIDING OFFICER. The understanding of the Chair is the objection raised by the majority leader is the objection contemplated in rule XIV, paragraph 1, to the actual introduction of the bills.

The bills have not yet had a first reading. Objection having been heard, as a matter of right the bills can be introduced on the next legislative day.

Mr. HELMS. Mr. President, that is correct. I understand that.

Mr. ROBERT C. BYRD. I understand that.

The PRESIDING OFFICER. As of this day the bills have not yet had a first reading.

Mr. BAKER. I thank the Chair and thank both the distinguished minority leader and the Senator from North Carolina for making sure that that situation is clearly understood.

Mr. President, previously the distinguished Senator from North Carolina attempted to introduce and call up three bills for immediate consideration. I was constrained to object in each case. The objection was noted prior to the three bills receiving their first reading.

In order to expedite the objective sought by the distinguished Senator from North Carolina, and I believe and I trust without objection from the minority leader, I ask unanimous consent that that action in the case of all three bills be vacated at this time.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, and I will not object, I know that the distinguished Senator from North Carolina would certainly have the right, on the next legislative day, to introduce the bills and to request first reading and under rule XIV he would then have initiated the parliamentary mechanism whereby the bills eventually would be placed on the calendar.

I have no objection to the request. I know that the majority leader was not objecting in reality to the introduction of the bills today. He was objecting to what he thought was a request for immediate consideration and first reading.

So, under those circumstances, I certainly have no objection.

Mr. HELMS. I thank the Senator.

The PRESIDING OFFICER. Without objection, the prior objections of the majority leader are vitiated.

Mr. BAKER. Mr. President, rather than going through the entire litany, I ask unanimous consent that in each case the bill be considered as having received its first reading and objection to its further consideration be noted. In each case the bill be considered as having had its first reading.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. And the request for second reading, Mr. President, having been objected to.

The PRESIDING OFFICER. Objection having been heard to the second readings, the three bills will remain at the desk pending their second readings on the next legislative day.

Mr. BAKER. I thank the Chair.

Mr. President, the net effect of what we have just done is to provide that the bills will be eligible for further consideration after the Senate has adjourned and created a new legislative day and under the provisions of rule XIV the Senator from North Carolina is entitled to proceed on that basis.

ORDER FOR THE RECOGNITION OF CERTAIN SENATORS TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that after the recognition of the two leaders under the standing order the following Senators be recognized for not to exceed 15 minutes each in this order:

The distinguished Senator from Missouri (Mr. EAGLETON); the distinguished Senator from West Virginia, the minority leader (Mr. ROBERT C. BYRD); the Senator from Tennessee (Mr. BAKER); the Senator from Oregon (Mr. HATFIELD); the Senator from Kansas (Mr. DOLE); and the Senator from Missouri (Mr. DANFORTH).

The PRESIDING OFFICER (Mr. GRASSLEY). Without objection, it is so ordered.

PROGRAM

DOE WEAPONS BILL

Mr. BAKER. Mr. President, on tomorrow, it is the hope of the leadership that we may proceed to the consideration of S. 1549, the Department of Energy weapons bill.

I understand that measure has been cleared by the minority. But in any event, I wish to state that I wish to proceed to the consideration of that matter tomorrow if it is possible to do so.

Mr. ROBERT C. BYRD. We hope to have it by tomorrow.

Mr. BAKER. I will not tonight ask for consent to proceed to the consideration of that measure nor ask the Chair to lay that matter before the Senate, but Senators are on notice that it is the intention of the leadership on this side to ask the Senate to turn to the consideration of S. 1549, the DOE weapons bill.

Mr. President, after the disposition of that bill, if indeed the Senate addresses its attention to that bill, it is the intention of the leadership to take up such other matters as may be available and cleared on the Unanimous Consent Calendar. I believe that the staff on both sides are working on a number of items and it is possible that a number of bills will be eligible and will be addressed either for passage by unanimous consent or with a minimum of debate.

MILK PRICE SUPPORT BILL

Sometime during the day tomorrow, Mr. President, it is the intention of the leadership to proceed to the consideration of H.R. 4612, the milk price support bill. I have indicated previously to the distinguished Senator from Wisconsin that I felt that the Senate must resume its consideration of that measure.

I am fully aware of his concern for this matter, and I am adequately intimidated by his prowess at discussing the matter at length.

But, in any event, I must say to my friend from Wisconsin that I expect that some of the day tomorrow may be devoted to further debate on that measure.

Mr. President, there are other matters that I would like to proceed to. I will not now urge their consideration. But, in addition to the DOE weapons bill, S. 1549, which I have referred to, there is the Small Business Act amendment, S. 881, which I believe has not yet been cleared by the minority, but I would hope we might address either tomorrow or shortly thereafter. There is S. 1112, the Export Administration Act, which must be dealt with at some point, and which is not yet cleared. I would urge consideration of that measure by the distinguished minority leader and his colleagues. There is S. 1205, the environmental research and development bill, which is not yet cleared. Neither of the last two bills is necessarily on the schedule for tomorrow, since they have not been cleared.

Mr. President, I do not anticipate that the Senate will be in late tomorrow. I do expect, however, that we will be able to transact a full day's work and recess in the late afternoon, barring unforeseen circumstances.

AWACS

Mr. President, I have one further matter I would like to bring to the attention of my colleagues. The Committee on Foreign Relations this afternoon conducted an historic executive session to consider a resolution of disapproval on the proposed sale of F–15 aircraft enhancement equipment and AWACS aircraft to the Kingdom of Saudi Arabia.

While the result of that vote was contrary to my wishes. reporting the resolution of disapproval by a vote of 9 to 8, while it was very close and very hotly contested, I will take this opportunity to pay my respects and offer my congratulations to all members of the Foreign Relations Committee for conducting themselves in the very best traditions of the Senate.

The debate on the Senate floor, Mr. President, of course, will be conducted in a similar way, with careful attention to the merits of this controversy and dispatch of the national interest in an appropriate way.

Mr. President, so that other Senators may notify us if they have business to transact, for the moment I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER TO HOLD H.R. 4327 AT THE DESK

Mr. BAKER. Mr. President, I ask unanimous consent that H.R. 4327, the Immigration and Nationality Act amendments, be held at the desk until Monday, October 19, 1981.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 11 A.M. TOMORROW

Mr. BAKER. Mr. President, I know of no further business to be transacted at this time. I would inquire of the minority leader if he has any further business.

Mr. ROBERT C. BYRD. Mr. President, I have none.

Mr. BAKER. I thank the minority leader.

Mr. President, in view of that, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 11 a.m. on tomorrow.

The motion was agreed to, and, at 6:12 p.m., the Senate recessed, to reconvene on Friday, October 16, 1981, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate October 15, 1981:

DEPARTMENT OF JUSTICE

John W. Gill, Jr., of Tennessee, to be U.S. Attorney for the eastern district of Tennessee for the term of 4 years vice John H. Cary, resigned.

HOUSE OF REPRESENTATIVES—*Thursday, October 15, 1981*

The House met at 10 a.m.

Rev. Dr. Neal Jones, pastor, Columbia Baptist Church, Falls Church, Va., offered the following prayer:

Dear Heavenly Father, this Chamber of able Congressmen is our national window, a showcase facing the world. Help us furnish it with the symbols that suggest values and determine our convictions.

In this window let there be a bag of grain to represent our continued concern for food and technology to be supplied to the world.

Let there be a house of worship, unnamed, suggesting faith and freedom and freedom of faith.

Father, let this showcase feature a house—rather a home—with generations helping each other in and out.

In this window let there be a gun. Help us not put it in the center but to the side. May it be an adequate weapon and on the triggering device put a dove.

Finally, may these symbols reside in our hearts before our windows so they are truth and not propaganda. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Chirdon, one of his secretaries.

REV. NEAL JONES

(Mr. HIGHTOWER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HIGHTOWER. Mr. Speaker, we are pleased to have as our guest chaplain for today the Reverend Neal Jones, pastor of the Columbia Baptist Church in Falls Church, Va.

Reverend Jones has been a friend of mine for many, many years. He is a native of Jeffersontown, Ky., and has held pastorates in Kentucky and in Texas. He was educated at Texas Christian University and Southwestern Baptist Theological Seminary at Fort Worth, Tex.

At one time he was pastor of the First Baptist Church in Vernon, Tex., my hometown, which was the beginning of our long friendship.

Reverend Jones is the pastor of a large church in the Washington metropolitan area. He is the undershepherd for many Members of the House and we are delighted to have him as our guest chaplain for today.

HIGH INTEREST RATES KILLING THE ECONOMY

(Mr. WRIGHT asked and was given permission to address the House for 1 minute.)

Mr. WRIGHT. Mr. Speaker, high interest rates have plunged our economy into a recession, and the economic policy of national restriction and contraction is doing more to harm than to help.

We have suffered two successive quarters of negative economic growth. New automobile sales are approximately 35 percent below last year. The National Association of Homebuilders declares that fewer than 3 percent of America's families can afford to buy a new home. Business failures and bankruptcies among small businesses are at the highest level in several years.

Surely it is time, and past time, for the administration and the Federal Reserve Board to realize that high interest rates do not halt inflation. They only make it worse, while plunging us into rising unemployment.

In Tarrant County, Tex., this month there were more than $9 million in mortgage foreclosures, mostly a result of high interest rates. Nationally the failure rate among construction firms has risen 41 percent, among construction subcontractors 127 percent.

As a result there are 828,000 wage and salary workers unemployed in the construction industry—16.3 percent of all workers in this important segment of our economy.

Within the last few days, the Nation's realtors, homebuilders, and automobile dealers have come forth with a three-point plan of action. They plead for a delay of portions of the Kemp-Roth tax cut, an effort to reduce the deficit, and appointment of at least one small businessman to the Federal Reserve Board.

These may not be the total answers, but they could be steps in the right direction.

WOMEN AND BUDGET CUTS

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, the Reagan-Stockman changes in the AFDC program are an example of this administration's insensitivity to women and their economic plight. The AFDC changes hit women, especially working women, hardest. Nearly all the aid under the AFDC program goes to households headed by women. The poverty rate of families headed by women is triple that of other families. The National Advisory Council on Economic Opportunity predicts that if this rate continues, by the year 2000, all the people living in poverty will be women or in families headed by women.

The Congresswomen's Caucus is concerned about Mr. Stockman's disregard for these facts. We have been asking for meetings with him since January. But he has no time to consult the Congresswomen on the budget cuts. Meanwhile, the list of budget cuts that hurt women grows—social security, CETA, food stamps, to name a few.

I hope my colleagues will join me in a letter to Mr. Stockman on these budget cuts. We need to let him know that we do not agree with his budget cry of "women and children first."

WOMEN AND BUDGET CUTS

(Ms. MIKULSKI asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. MIKULSKI. Mr. Speaker, I find it ironic that an administration that claims to support the concept of self-sufficiency has, in effect, destroyed the one opportunity that many single mothers have to pursue that goal.

In my State of Maryland, under the new rules, if a single mother of three earns more than $5,868 in a year, she is not eligible for benefits. Currently a mother of three, working 35 hours per week at minimum wage, earning $6,100 per year is eligible for up to $326 a month in assistance, depending on her childcare and job-related expenses. It will not only be more financially feasible for a person in her situation to quit and depend totally on AFDC, it will be an economic necessity. Because many of these recipients will also lose medicaid benefits, it could be a matter of life and health.

Before I came to Congress, I was a social worker and community organizer. I knew many mothers getting welfare assistance. All of them would have preferred to have the opportuni-

ty to support themselves and their families without public assistance, and with the dignity that that independence brings. But, for many reasons, such as low wages or lack of childcare, they depended on some combination of welfare, food stamps, and medicaid to supplement their income.

At best the new policies are shortsighted in discouraging poor people in this country from working. At worst, these new policies are cruel, and remove the single opportunity that many Americans have to improve their lives, and those of their families.

WOMEN AND BUDGET CUTS

(Mrs. COLLINS of Illinois asked and was given permission to address the House for 1 minute and to revise and extend her remarks and include extraneous matter.)

Mrs. COLLINS of Illinois. Mr. Speaker, as sponsor of legislation designed to commemorate the enormous contribution working women have made to our society and as sponsor of legislation designed to provide comprehensive, quality day care for children whose parent or parents work; I am outraged, appalled, and disgusted by the administration's change of eligibility for recipients of AFDC, a program utilized almost exclusively by single women with children to support. It goes without saying that many, many working mothers will be faced with having to either quit their meager jobs and survive totally on welfare, or attempt to "make it" without any Federal supports.

Perhaps Richard Cohen, columnist for the Washington Post, on September 15, in his column "Remote" summed it up quite well when he said:

> Sitting on a mountain above lovely Santa Barbara, associating only with millionaires, the world must look much like it did from Versailles. Like Marie Antoinette, Reagan's biggest problem may be not that he can't come up with the solution, but that he can't see the problem.

I contend that the administration has frozen in the ice of its own indifference. Working mothers in America must join together and fight an insensitive President who says, "Let them eat cake."

I say let them eat food, but at least let them eat.

□ 1010

VERY PROUD TO BE A DEMOCRAT AND WILL REMAIN A DEMOCRAT

(Mr. MOTTL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOTTL. Mr. Speaker, I noted with interest yesterday the move by a distinguished colleague of mine from the Democratic Party to the Republican ranks. Published and broadcast reports tell us that more Democrats will be switching parties within the next few weeks. I heard it was broadcast that I will be joining the Republicans not just within the next few weeks, but on this very day. So to end any further speculation on this matter, I wish to set the record straight and tell you that I am very proud to be a Democrat and I will remain a Democrat. I have always believed that the Democratic Party does more things for more people. However, I am concerned that it has moved too far to the left. It is in the interest of my party and the American people that the Democrats move closer to the center to better serve the needs of the American people. We must all work together with Members of both sides of the aisle to vote on the issues as we see them. As you know, I have been an independent Democrat and I applaud the integrity of our distinguished leadership and this party for its open approach to these major issues before us which have such a tremendous impact on the people of our Nation.

CONGRESSMAN GERRY STUDDS URGES SUPPORT FOR NEGOTIATED SETTLEMENT TO VIOLENCE IN EL SALVADOR

(Mr. STUDDS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STUDDS. Mr. Speaker, there is a growing consensus both within the United States and in other countries that present U.S. policy toward El Salvador is not working. The evidence is overwhelming that the violence in that country will continue or even escalate in the months ahead if efforts are not undertaken to achieve some measure of understanding between the competing forces of the military and opposition groups.

It is my belief that the civilian president of the Salvadoran junta, Napoleon Duarte, would be willing to participate in talks aimed at bringing at least a temporary end to the violence. Representatives of the church, of various international organizations and political parties, and of numerous governments both within Latin America and from other parts of the globe have expressed a willingness to facilitate such efforts. The opposition groups announced in Washington 2 weeks ago that they have "developed a very specific and concrete plan for negotiations." They have expressed also a willingness to begin a dialog with the Government without any preconditions of any kind.

Unfortunately, two major obstacles now stand in the way of a dialog between the Government and opposition forces in El Salvador. The Salvadoran military has consistently and successfully stifled initiatives supported by the civilian sectors of El Salvador's Government; the United States has expressed its opposition to negotiations on any basis other than complete surrender by the armed forces of the opposition.

It is no simple task to separate right from wrong in El Salvador, but it is grimly obvious where the path on which that country is currently embarked will lead if the violence is not brought under control. I believe that Congress has a responsibility to express its view that discussions between the opposition and the Government would be welcomed by our country, and that all mutually agreed upon steps aimed at ending the violence will have our support. As a first step toward that goal, I have cosponsored—and I urge my colleagues to cosponsor—Representative GUS YATRON's resolution (H. Con. Res. 197) urging support for a negotiated settlement to the violence in El Salvador.

THE ADMINISTRATION'S BUDGET CUTS PENALIZE THE WORKING POOR

(Mr. SYNAR asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SYNAR. Mr. Speaker, last April I stood before this body and expressed my concern over provisions of the administration budget package that would discourage welfare recipients in Oklahoma from working. Today, I regret to report that those fears have become a reality.

Prior to October 1, the effective date of the administration's budget cuts, there were approximately 2,900 Oklahoma aid to families with dependent children (AFDC) cases with earned incomes. The State total is 30,000 cases. On October 1, payments to families with earned incomes above 150 percent of the State needs standard were eliminated. Consequently, today, only 1,400 of Oklahoma's total 27,000 AFDC cases have an earned income.

What do these figures mean? Mr. Speaker, they mean half the cases cut from Oklahoma's AFDC rolls were working families. Instead of cutting abuse, fraud, and waste, the administration has cut those who are trying to pull themselves out of poverty.

Worse, the Reagan budget eliminates an important work disregard after 4 months employment. As a result, our State welfare agency estimates that on February 1 the number of working AFDC families will be cut in half again—to 700. This means that even the working poor with incomes below this bare minimum standard—$524 per month for a family of four in Oklahoma—will be penalized for working and having an earned income.

Mr. Speaker, last April I warned that, "In more than one instance the stated goals of the administration are not in sync with the actual effects of the specific proposals." This is a good example. Much lipservice has been given to eliminating waste, fraud, and abuse. But whom does the actual cut affect? The working poor.

ADMINISTRATION PROPOSES TO GUT NASA

(Mr. GLICKMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GLICKMAN. Mr. Speaker, the National Aeronautics and Space Administration is assessing proposed Reagan administration budget cuts of $1 billion each in the next 2 fiscal years. These cuts would dramatically change the character of the agency and the U.S. space and aeronautics program.

Let me tell you a little bit about what these proposed reductions would do:

First, they would terminate the U.S. planetary space flights and close the Jet Propulsion Laboratory. That would be considered as a way to cut the money.

Second, most space applications programs except Landsat D would be killed.

Third, sweeping cuts would be considered, possibly, I might add for my colleagues from Ohio, requiring closing of the Lewis Research Center in Cleveland, and the NASA aeronautics projects supporting advances to U.S. airframe and engine developers would be considered for termination.

Fourth, we would delay delivery of the fourth shuttle orbiter for at least 5 years.

NASA aeronautics, space science, and applications budgets have been squeezed very tightly over the last 10 years, and I would just point out that the magnitude of these proposed cuts for NASA would probably destroy the space and aeronautics program in the United States.

We have to ask ourselves: Can we afford to risk our technological leadership in these areas? We must not let indiscriminate, unwise budget policy destroy the supremacy of the United States in the space and aeronautics areas.

EFFECT OF BUDGET CUTS ON WORKING MOTHERS

(Mr. RICHMOND asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RICHMOND. Mr. Speaker, earlier this year, this House heeded the administration's call to turn its back on the plight of 7½ million children living in poverty and voted for massive benefit reductions in the AFDC program, which is these children's major protection against utter destitution. These changes are just now beginning to take hold on the 3½ million poor families who are dependent on AFDC for some or all of their meager income.

Ironically, the most lethal assault on the poor will affect the hundreds of thousands of mothers who are working at such inadequate wages that they still qualify for some assistance under the AFDC program. They will actually find themselves and their children worse off because they are working.

In my State alone, it is estimated that there will be a loss, on the average, of $144 a month for each of 26,000 families. And the injuries caused by this drop in income will be compounded for many by a loss of medicaid coverage because they are no longer eligible for AFDC.

Mr. Speaker, it is a monumental struggle for any mother to hold down the two jobs of caring for her family and working, but for single parents who also labor under the burden of poverty, it is almost overwhelming.

However, now, in order for a mother to hold onto her job—her only chance to work for a decent living standard for her children—she must literally choose to deny their immediate needs for food and health care, which she could meet if she were receiving AFDC. This is not even misguided social policy, it is madness.

ADMINISTRATION'S BUDGETARY POLICIES REDUCE AFDC BENEFITS FOR WORKING MOTHERS

(Mr. FAZIO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FAZIO. Mr. Speaker, a prime example of the administration's short range and shortsighted budgetary policies is the reduction of the AFDC benefits for working mothers. Once again, we see the administration, in its fervor to cut spending at any cost, totally disregard the basic premise upon which this joint Federal-State program was developed, to provide incentives for AFDC recipients to enter the job market and to thereby break the welfare cycle.

This is not a case of throwing money at a problem and hoping that it will thus be resolved. This is a well thought out and properly implemented program that will, if given an adequate amount of time to work, provide long-term successes and an eventual reduction in the amount of AFDC benefits that the Federal and State governments must pay.

Over 40 percent of the mothers receiving AFDC have participated in this program. Are we now to severely reduce or eliminate the most successful job incentive program that we have for these individuals? Are we once again to return to the policy of discouraging AFDC recipients from entering the work force because they will be financially penalized by working?

I contend that we can ill afford to turn back to a system that fostered the welfare cycle. Rather, we must utilize our financial resources in such a way that we are investing in a program that will bring about a new way of life for thousands of individuals, a way of life that will allow them to take pride in themselves and to make a significant contribution to society as a whole, at less cost to the taxpayer.

□ 1020

MAJ. GEN. BILLY B. FORSMAN, USAF, A DISTINGUISHED MILITARY OFFICER

(Mr. BOLAND asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BOLAND. Mr. Speaker, on October 1, 1981, Maj. Gen. Billy B. Forsman, the Director of Intelligence for the U.S. European Command, retired from the Air Force, culminating a long and distinguished career in the service of our country and its military intelligence organizations.

General Forsman began his Air Force career in January 1951 as an aviation cadet. In 1952, he received his pilot wings and commission as a second lieutenant at Craig Air Force Base, Ala. He was assigned to the 8th Fighter-Bomber Wing in Suwon, Korea, and flew 100 combat missions over North Korea. In 1967, he flew 231 combat missions while serving with the 558th Tactical Fighter Squadron at Cam Ranh Bay, Vietnam. In 1968, he was assigned to Yokota Air Base, Japan, as operations officer of the 36th Tactical Fighter Squadron. He later became commander of the 35th Tactical Fighter Squadron.

In 1972, General Forsman began more than 9 years of outstanding service to military intelligence; first, as U.S. Defense and Air Attaché in Israel, then as a Deputy Director of the Defense Intelligence Agency, and finally as the senior U.S. intelligence officer in Europe.

General Forsman's contributions to this country and to military intelligence are too numerous to list here. Whatever his assignment, whether a fighter pilot in Korea and Vietnam, the U.S. Defense Attaché in Israel during the critical time when hostilities broke out in October 1973, or the Director of Intelligence for the European Command during the Iranian hostage crisis and tense period following the Soviet invasion of Afghanistan, General Forsman demonstrated

exemplary leadership and a rare expertise and credibility in his personal contacts with foreign diplomats, U.S. officials, and our allies.

Mr. Speaker, it is not often we have an opportunity such as this, to pay tribute to an individual whose accomplishments have contributed so much to the security and defense of our country. The House Permanent Select Committee on Intelligence will greatly miss General Forsman's counsel and I believe the Nation will miss the active services of this dedicated professional. We wish General Forsman the best in his retirement.

For the outstanding service Major General Forsman has given to our country, I am privileged to express the gratitude of the U.S. House of Representatives.

ADMINISTRATION'S APPROACH TO AFDC FAILS

(Mr. DONNELLY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DONNELLY. Mr. Speaker, I think we all agree that an important part of our national welfare system ought to be to encourage people to get off welfare and take productive jobs. Yet the Reagan administration's changes in aid to families with dependent children program mean it is less likely welfare recipients will join the work force.

Working welfare mothers are no longer compensated for the cost of child care and work-related expenses. They will lose their AFDC and medicaid benefits if they continue to work for more than 4 months.

The Reagan program is telling welfare recipients that they are better off collecting welfare than working. We cannot afford to operate this way. And this is not the message we ought to be sending to welfare families. We should be reducing Federal spending, eliminating abuse of Federal programs wherever we find it, and encouraging people to support themselves whenever possible. The administration's approach to AFDC fails on all three counts. This mistake must be corrected.

AIR IS COMING OUT OF REPUBLICANS' BALLOON

(Mr. COELHO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COELHO. Mr. Speaker, just a few short months ago, our Republican colleagues were so happy they could hardly contain themselves. All they could talk about was winning control of the House in 1982.

My distinguished friend from Michigan was especially pleased with the latest poll results showing an improvement in the GOP's standing in the public's eye.

My colleague from Michigan told a Washington Post reporter that, "1982 is the year for Republican control of the House."

However, today's Washington Post carries the latest results from the Gallup poll, and the message is clear: The American people are going to help the Democratic Party increase its House majority by at least 10 seats next year.

The loss of support for the GOP is most evident with three voting groups: Southerners, middle-income families, and people in the 30- to 49-year-old age group.

It is not surprising, because these groups and all Americans will pay the price for the Republicans' high interest rates, the Republicans' increased deficit and the Republicans' higher unemployment rates.

It is especially important to point out that Republicans are losing support in the South.

While Republicans are losing the most support from these three groups, the Gallup poll also shows that almost every voting group is losing faith in the Republicans.

My only regret is that this poll did not take a closer look at what elderly voters think about the Republicans' attempt to cut social security benefits.

Mr. Speaker, the message is clear: The air is coming out of the Republicans' balloon.

SUSPEND SOCIAL SECURITY BENEFITS FOR CRIMINALS

(Mr. CARMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CARMAN. Mr. Speaker, today I am introducing legislation to suspend social security benefits for persons convicted of a felony and serving a prison term in a penal institution or correctional facility.

Currently, imprisoned felons receive nearly $4 million annually in social security retirement benefits. Federal, State and local governments pay over $4 billion a year to provide room and board for these convicts. This legislation will save the American taxpayers $100 million over the next 20 years. We do not need to provide them with cigarette money with social security benefits.

Clearly, where the social security system is in such substantial economic straits this is one way we can save taxpayer dollars: People are sick and tired of this kind of unnecessary waste.

My bill will terminate this flagrant abuse of social security, while helping to restore the fiscal integrity of the system.

I urge your support and cosponsorship.

BUDGET CUTS ARE NECESSARY

(Mr. WINN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WINN. Mr. Speaker, before I came to Congress in 1967, I built homes in the Kansas City area. Homebuilding is a business I know and care about. Homeownership is the backbone of our social structure. It is also—and I am sure all of you know this—an industry which is hurting very badly in the present economy. The figures for Kansas City alone show single-family housing starts right now are 30 percent of what they were 4 years ago—a 70-percent drop. The problem is nationwide, and it has a ripple effect. The lumber industry is just one example of this.

There are a number of legislative approaches under consideration to help the homebuilding industry. But more than anything else, the housing industry needs lower interest rates, and to get there, we need to continue our resolve on the budget. We need to fight deficit spending, to demonstrate that we are willing to face up to facts. What goes out and what comes in fit together, there is no getting around it. Anyone balancing a checkbook knows this to be true. It is also true for countries, and it is true for this country. If we can face up to budget issues, and restore a reputation, both at home and abroad, of fiscal integrity, then we can break the spiral of inflation and high interest rates. Budget cuts are not popular, and they are difficult—but they are necessary.

LET US REMEMBER THE FAMILY FARMER

(Mr. COATS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COATS. Mr. Speaker, there is a gentleman in my district who is very interested in what we do this week on the farm bill, but he does not have the time or the money to come to Washington to tell his story. I would like to do it for him.

This gentleman is a family farmer. He was born on the land he now cultivates with his father and his son. They grow corn and soybeans and have a few head of cattle and hogs.

Taken together, these possessions make this family farmer a millionaire—on paper. But in the family checkbook there is frequently not enough for a $10 supper.

This farmer considers himself lucky because he purchased several pieces of expensive farm equipment before interest rates went through the ceiling. But he worries now about whether he will be able to make the payments. He has already got soybeans in storage

which have cost him as much as he will ever be able to make in selling them.

This family farmer recognizes that farming, like every other business, involves risk. He is fond of saying that he has made some gambles in the past that would make those Las Vegas boys look like pikers. He is not looking for protection from risk, he simply wants us to know his livelihood depends on a strong economy and a consistent, fair farm policy.

Mr. Speaker, in the past several weeks I have been visited by a steady stream of lobbyists for tobacco, sugar, and peanuts. I think it is important to remember that this family farmer that I speak for today represents hundreds of thousands of other family farmers across this country. They want nothing more—and nothing less—than lower inflation, reliable markets, and the opportunity to be family farmers.

□ 1030

IDENTIFY REAL NEEDS AND MEET THEM

(Mr. DAN DANIEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DAN DANIEL. Mr. Speaker, in recent days, we have all been exposed to reports on the effect of the slowdown in the growth of Federal spending for social welfare.

It is unfortunate but true that some people will be hurt who should not be. Those to whom I specifically refer are the working poor—the widowed, divorced, or abandoned mother who is genuinely attempting to work her way out of poverty and who has no desire or intention of perpetuating dependency, the elderly and not-so-elderly who are in financial straits because of circumstances over which they have no control, the physically intact family who exists on the raw edge of poverty and take it from one who knows, the edge of poverty is raw indeed.

Throughout my working life, I have been aware of the problems of working mothers.

I do not believe there is anyone in America today who truly resents aid for those who cannot help themselves or who are trying to help themselves. I believe we are smart enough and a wealthy enough nation to identify real needs and meet them.

ALASKA HIGHWAY PIPELINE ROUTE FOR ALASKA NATURAL GAS TRANSPORTATION SYSTEM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 97-100)

The SPEAKER pro tempore (Mr. BOLAND) laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, without objection, referred to the Committee on Energy and Commerce and the Committee on Interior and Insular Affairs and ordered to be printed:

To the Congress of the United States:

The Alaska Highway Pipeline route for the Alaska Natural Gas Transportation System was chosen by President Carter and approved by Congress in 1977. There was a strong congressional endorsement that the pipeline should be built if it could be privately financed. That has been my consistent position since becoming President, as communicated on numerous occasions to our good neighbors in Canada, and I am now submitting my formal findings and proposed waiver of law.

As I stated in my message to Prime Minister Trudeau informing him of my decision to submit this waiver:

"My Administration supports the completion of this project through private financing, and it is our hope that this action will clear the way to moving ahead with it. I believe that this project is important not only in terms of its contribution to the energy security of North America. It is also a symbol of U.S.-Canadian ability to work together cooperatively in the energy area for the benefit of both countries and peoples. This same spirit can be very important in resolving the other problems we face in the energy area.

This waiver of law, submitted to the Congress under section 8(g) of the Alaska Natural Gas Transportation Act, is designed to clear away governmental obstacles to proceeding with private financing of this important project. It is critical to the energy security of this country that the Federal Government not obstruct development of energy resources on the North Slope of Alaska. For this reason, it is important that the Congress begin expeditiously to consider and adopt a waiver of those laws that impede private financing of the project.

RONALD REAGAN.

THE WHITE HOUSE, *October 15, 1981.*

FOOD AND AGRICULTURE ACT OF 1981

Mr. DE LA GARZA. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3603) to provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. DE LA GARZA).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. ROUSSELOT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 380, nays 3, answered "present" 1, not voting 49, as follows:

[Roll No. 259]

YEAS—380

Addabbo	Dannemeyer	Gramm
Akaka	Daschle	Gray
Albosta	Daub	Green
Anderson	Davis	Gregg
Andrews	de la Garza	Grisham
Annunzio	Dellums	Guarini
Anthony	Derrick	Gunderson
Archer	Derwinski	Hagedorn
Ashbrook	Dicks	Hall (OH)
Aspin	Dingell	Hall, Ralph
AuCoin	Dixon	Hall, Sam
Bafalis	Donnelly	Hamilton
Bailey (MO)	Dorgan	Hammerschmidt
Bailey (PA)	Dornan	Hance
Barnard	Dougherty	Hansen (ID)
Barnes	Dowdy	Hansen (UT)
Beard	Downey	Hartnett
Bedell	Dreier	Hatcher
Bellenson	Duncan	Hawkins
Benedict	Dunn	Heckler
Benjamin	Dwyer	Hefner
Bennett	Dyson	Heftel
Bereuter	Early	Hendon
Bethune	Eckart	Hertel
Bevill	Edgar	Hightower
Biaggi	Edwards (CA)	Hiler
Blanchard	Edwards (OK)	Hillis
Bliley	Emerson	Hollenbeck
Boggs	English	Holt
Boland	Erdahl	Hopkins
Boner	Erlenborn	Horton
Bonior	Ertel	Howard
Bouquard	Evans (DE)	Hoyer
Bowen	Evans (GA)	Hubbard
Breaux	Evans (IA)	Huckaby
Brinkley	Evans (IN)	Hughes
Brodhead	Fary	Hunter
Broomfield	Fascell	Hutto
Brown (CA)	Fazio	Hyde
Brown (CO)	Fenwick	Ireland
Brown (OH)	Ferraro	Jacobs
Byron	Fiedler	Jeffords
Carman	Fields	Jeffries
Carney	Findley	Jenkins
Chappell	Fish	Johnston
Chappie	Fithian	Jones (OK)
Chisholm	Flippo	Jones (TN)
Clausen	Foglietta	Kastenmeier
Clay	Foley	Kazen
Clinger	Ford (MI)	Kemp
Coats	Ford (TN)	Kildee
Coelho	Forsythe	Kindness
Coleman	Fountain	Kogovsek
Collins (IL)	Frank	Kramer
Collins (TX)	Frenzel	LaFalce
Conable	Frost	Lagomarsino
Conte	Fuqua	Lantos
Corcoran	Gaydos	Latta
Coughlin	Gejdenson	Leach
Courter	Gephardt	Leath
Coyne, James	Gibbons	LeBoutillier
Coyne, William	Gingrich	Lee
Craig	Ginn	Lehman
Crane, Daniel	Glickman	Leland
Crane, Philip	Goldwater	Lent
D'Amours	Gonzalez	Lewis
Daniel, Dan	Goodling	Livingston
Daniel, R. W.	Gore	Loeffler
Danielson	Gradison	Long (LA)

Long (MD)	Patman	Smith (IA)
Lott	Patterson	Smith (NE)
Lowery (CA)	Paul	Smith (NJ)
Lujan	Pease	Smith (OR)
Luken	Perkins	Smith (PA)
Lundine	Petri	Snowe
Lungren	Peyser	Snyder
Madigan	Pickle	Solarz
Markey	Porter	Solomon
Marks	Price	Spence
Marlenee	Pritchard	St Germain
Marriott	Pursell	Stangeland
Martin (NC)	Quillen	Stanton
Martin (NY)	Rahall	Staton
Matsui	Railsback	Stenholm
Mattox	Rangel	Studds
Mavroules	Ratchford	Stump
Mazzoli	Regula	Swift
McClory	Reuss	Synar
McCollum	Rhodes	Tauke
McCurdy	Richmond	Tauzin
McDade	Rinaldo	Taylor
McDonald	Ritter	Thomas
McEwen	Roberts (KS)	Traxler
McGrath	Roberts (SD)	Trible
McHugh	Robinson	Udall
Mica	Rodino	Vento
Michel	Roe	Volkmer
Mikulski	Roemer	Walgren
Miller (CA)	Rogers	Walker
Miller (OH)	Rose	Wampler
Mineta	Rosenthal	Watkins
Minish	Rostenkowski	Waxman
Mitchell (NY)	Roth	Weaver
Moakley	Roukema	Weber (MN)
Molinari	Rousselot	Weber (OH)
Mollohan	Roybal	White
Montgomery	Rudd	Whitehurst
Moore	Russo	Whitley
Moorhead	Sabo	Whittaker
Morrison	Sawyer	Whitten
Mottl	Scheuer	Williams (OH)
Murtha	Schroeder	Wilson
Myers	Schulze	Winn
Napier	Schumer	Wirth
Natcher	Seiberling	Wolf
Nelligan	Sensenbrenner	Wolpe
Nelson	Shamansky	Wortley
Nichols	Shannon	Wright
Nowak	Sharp	Wyden
O'Brien	Shaw	Wylie
Oakar	Shelby	Yates
Oberstar	Shumway	Yatron
Obey	Shuster	Young (FL)
Oxley	Siljander	Young (MO)
Panetta	Skeen	Zablocki
Parris	Skelton	Zeferetti
Pashayan	Smith (AL)	

NAYS—3

Dickinson	Mitchell (MD)	Murphy

ANSWERED "PRESENT"—1

Ottinger

NOT VOTING—49

Alexander	Deckard	Moffett
Applegate	DeNardis	Neal
Atkinson	Dymally	Pepper
Badham	Edwards (AL)	Santini
Bingham	Emery	Savage
Bolling	Florio	Schneider
Bonker	Fowler	Simon
Brooks	Garcia	Stark
Broyhill	Gilman	Stokes
Burgener	Harkin	Stratton
Burton, John	Holland	Vander Jagt
Burton, Phillip	Jones (NC)	Washington
Butler	Levitas	Weiss
Campbell	Lowry (WA)	Williams (MT)
Cheney	Martin (IL)	Young (AK)
Conyers	McCloskey	
Crockett	McKinney	

□ 1040

So the motion was agreed to.

The result of the vote was announced as above recorded.

□ 1050

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3603, with Mr. MCHUGH in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Wednesday, October 14, 1981, title III was open to amendment at any point.

Are there amendments to title III?

Mr. DE LA GARZA. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I take this time to inform the Members that I have had many requests and offers of support to try to finish this legislation today, hopefully at an early hour in the late afternoon or in the early evening.

I do not intend to move to limit debate to any specific hour at this time, but I would ask the cooperation of the Members in the offering of their amendments to show some restraint in the discussion of matters that have been heretofore discussed.

I would like to accommodate the Members who have plans for the weekend. The leadership has informed me that it has other important legislation to consider, and Members of the leadership hope we can cooperate with them.

So it would be my intention at this time not to ask for limitation of debate. We can see how the committee progresses, and then later perhaps we can limit debate by specific sections, if necessary. If we see that that is not going to do the job, then we might be forced to limit debate.

It would be appreciated if the Members would cooperate, and if we could finish this legislation today by 6 or 7 p.m., it would accommodate all the Members who have prior commitments, and it would certainly accommodate the leadership and expedite the other business of the House.

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from Virginia.

Mr. WAMPLER. Mr. Chairman, I concur in the observations of the gentleman from Texas (Mr. DE LA GARZA). I think it will be possible for us to complete consideration of this bill today, and I want to pledge to the gentleman from Texas my cooperation and, hopefully, the cooperation of Members on this side of the aisle.

I hope there will be no deliberate attempt to cut off debate by any Member because this bill is important. It needs to be passed so that we can go to conference with the other body.

I hope that we can all cooperate and have a full and useful discussion of amendments, but at the same time I think we are going to have to monitor this procedure and see how we are getting along by midafternoon. I certainly pledge by best efforts to bring that about.

Mr. DE LA GARZA. Mr. Chairman, I appreciate the gentleman's offer of cooperation.

Mr. RUDD. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from Arizona.

Mr. RUDD. Mr. Chairman, I thank the gentleman for yielding.

May I ask, is it contemplated that if this legislation is completed today, there will not be legislation tomorrow?

Mr. DE LA GARZA. Mr. Chairman, I do not know the plans of the leadership, but since the time is allocated to us, I would suspect that there is a great possibility that that might be the case. However, I cannot verify that at this time.

Mr. RUDD. Mr. Chairman, I thank the gentleman.

Mr. DE LA GARZA. Mr. Chairman, let me just add further that because of a pending matter in the other body, any delay that we have in this legislation before us is costing us some $1 million a day. If that is any enticement to some of our colleagues who are concerned about the budget, I would hope they would keep that in mind as we enter into deliberations on the bill.

Mr. Chairman, I yield back the balance of my time.

AMENDMENT OFFERED BY MR. ENGLISH

Mr. ENGLISH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ENGLISH: Strike lines 21 through 24, page 16, and substitute the following: "Amend the first three sentences of subsection (f)(1) to read as follows:

"The Secretary shall provide for a set-aside of cropland for any marketing year if the Secretary estimates that the domestic carry over of wheat at the end of the marketing year preceding the year for which the set-aside determination is made will exceed 6 per centum of total world usage for that year. If a set-aside of cropland is in effect under this subsection, then as a condition of eligibility for loans, purchases, and payments authorized by this section, the producers on a farm must set-aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, but in any case not less than 15 per centum of that farm's previous year's plantings. When such-aside has been announced, loan rates shall be increased by 5 per centum above the level established in Section 107A. The producer may, at his option, elect to set-aside 30 per centum of the farm's previous year's plantings, in such case the producer shall be eligible for a loan rate 15 per centum higher than the level established in Section 107A. The Secretary shall announce any such set-aside not later than August 1, prior to the calendar year in which the crop is harvested, except that in the case of the 1982 crop, the Secretary shall announce such set-aside as soon as practicable after enactment of the Food and Agriculture Act of 1981. For the 1982 through 1985 crops, the Secretary shall permit the set-aside acreage to be devoted to haying and grazing."

Mr. ENGLISH (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ENGLISH. Mr. Chairman, the amendment that I am offering here today is cosponsored by and offered in behalf of the gentleman from Kansas (Mr. GLICKMAN), the gentleman from Kansas (Mr. ROBERTS), the gentleman from South Dakota (Mr. DASCHLE), and the gentleman from Texas (Mr. STENHOLM), I certainly want to commend them for the contributions they have made to this effort.

Mr. Chairman, the aim of this amendment is to give our farmers some options in dealing with the tremendous overproduction of wheat. I might point out to the Members that going into this year's harvest we had well over a 1 billion bushel carryover. We had a harvest this year of wheat that is in excess of 145 percent of what can be consumed at home or sold abroad in 1 year, and this has depressed prices to the point that farmers are going broke.

This particular amendment would deal with those times in which we have large carryovers. It states that at any time we have a domestic carryover, as anticipated by the Secretary, in excess of 6 percent of the world's usage, then the provisions of this amendment would be triggered.

□ 1100

In those instances the farmer would be presented with some options.

First, that the Secretary would be required to provide for a 15-percent set-aside of the previous years planting and if the farmer selects that option he would receive a 5-percent increase in the loan rate. If he should go still higher and opt for a 30-percent set-aside of his previous year's planting, then he would receive a 15-percent increase in the loan rate.

The farmer would also be able to comply in this year and other years of the bill by haying and grazing that portion that he wanted to declare as set-aside. In the Southwestern part of the country most farmers have not only prepared their land, but have also planted that land they obviously are going to have a great deal of difficulty complying with any set-aside regardless of the size.

This bill would give them the opportunity to comply by either grazing or to haying that excess.

I might say, Mr. Chairman, that the budget impact of this particular amendment, according to USDA, would save in excess of $1.7 billion over the life of this bill.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I yield to the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. I thank the gentleman for yielding. There are some technical problems I think that we see with the gentleman's amendment, but not those that could not be addressed in the conference. As the gentleman says, it does have the virtue of providing a lower outlay cost over the life of the bill.

Without any ultimate commitment, I think at least at this point we would be willing to accept the amendment on this side.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I yield to the gentleman from Illinois.

Mr. FINDLEY. I want to tell the gentleman that I share in the sentiments just expressed by the gentleman from Washington (Mr. FOLEY).

Mr. ROBERTS of Kansas. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I yield to the gentleman from Kansas.

Mr. ROBERTS of Kansas. Mr. Chairman, I want to thank the gentleman for offering this amendment and I am pleased to be a cosponsor. As the gentleman knows, we have a "Catch-22" out in our country, and the gentleman is my neighbor to the south. We have been told, in high plains wheat country: "Here is the farm program. You will be eligible for loan and the target and the reserve, but you have to set aside 15 percent of your acres."

As the gentleman knows, our crop is already in. So we would be disenfranchising probably 60 percent of the producers in our country, and I think the gentleman's amendment speaks to that. I think it is only fair.

Mr. ENGLISH. I would like to commend the gentleman from Kansas (Mr. ROBERTS) for his contribution to this amendment. It has certainly been helpful and I think we have gone a long way to address the problems the farmers in my part of the country are facing.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I yield to the gentleman from Kansas.

Mr. GLICKMAN. I am pleased to cosponsor this amendment with the gentleman from South Dakota (Mr. DASCHLE), the gentleman from Kansas (Mr. ROBERTS), and yourself.

I would like to ask a couple of questions for clarity. In the gentleman's amendment, in the set-aside, hay and grazing provisions are provided for the actual 4-year length of the farm bill?

Mr. ENGLISH. The gentleman is correct.

Mr. GLICKMAN. It would give the farmer the opportunity to hay and graze any time during the 4 years?

Mr. ENGLISH. The gentleman is correct.

Mr. GLICKMAN. The other thing that I want to make sure is the other body has different language on the whole issue of what acreage is eligible to be counted in the set-aside. Is it the gentleman's intent in this amendment that it is planted acreage and not harvested acres?

Mr. ENGLISH. The gentleman is correct. The amendment states it would be the previous year's planting.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

(At the request of Mr. GLICKMAN and by unanimous consent Mr. ENGLISH was allowed to proceed for 5 additional minutes.)

Mr. GLICKMAN. I think this is a constructive amendment. As the gentleman says, it will not add to the budgetary exposure and will provide some reasonable help to the farmers.

I assume when the gentleman talks about a percent increase over the loan rate of 15 percent, you mean over the then existing loan rate as determined by either Congress or the Secretary in accordance with the bill?

Mr. ENGLISH. The gentleman is correct.

Mr. GLICKMAN. I think it is a constructive amendment and I urge its adoption.

Mr. ENGLISH. I would like to commend the gentleman from Kansas (Mr. GLICKMAN) for his contribution to the amendment. It has certainly been constructive and helpful.

Mr. DASCHLE. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I yield to the gentleman from South Dakota.

Mr. DASCHLE. I, too, commend the author of the amendment, the gentleman from Oklahoma (Mr. ENGLISH). I think it does offer a major improvement over the language in the current bill.

I would like to ask the gentleman if he could give us some estimate on what he thinks the loan rate will be in the next calendar year under the language as offered today?

Mr. ENGLISH. Under the language of this particular bill we are talking about for wheat farmers, for the coming year. We would have a loan rate for those who opt for 15 percent as their set-aside, we would have a loan rate in the neighborhood, in excess of $3.70 a bushel. For those who opt for a 30-percent set-aside we would have a loan rate slightly in excess of $4 a bushel.

I know that is a concern of the gentleman and certainly one I agree with him on, that we do need to give our farmers that opportunity to go for that higher loan rate.

Mr. DASCHLE. I am certainly concerned, given the fact that the Department of Agriculture has said the cost of production for wheat is now $5.32,

so obviously this brings us a lot closer. I am concerned about the 30-percent set-aside, but it is a major contribution, and certainly an improvement to the bill.

I thank the gentleman.

Mr. ENGLISH. I agree with the gentleman. We have a long way to go in coming up with a satisfactory loan rate, and I want to thank him for his contribution to this amendment. It has been extremely constructive.

Mrs. SMITH of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I yield to the gentlewoman from Nebraska.

(Mrs. SMITH of Nebraska asked and was given permission to revise and extend her remarks.)

Mrs. SMITH of Nebraska. I thank the gentleman for yielding. I rise to commend the gentleman for offering this amendment.

I come from a district very much like that of my colleague and good friend PAT ROBERTS. We did not have the set-aside called for this year until the wheat was already in the ground. We have our granaries bursting with this tremendous carryover at a cost far below the cost of production, and I think the amendment is very much to the point and in order.

Mr. STENHOLM. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I yield to the gentleman from Texas.

Mr. STENHOLM. I, too, would like to commend the gentleman in the well for offering this amendment. It is certainly a step in the right direction. I would like to associate myself with the gentleman's remarks.

I would like the gentleman to again repeat, if I understood correctly, the amendment will save over $1.7 billion from the budget over the 4-year life of the bill?

Mr. ENGLISH. According to the Department of Agriculture, that is the figure.

Mr. STENHOLM. Since we have had much debate thus far on the farm bill concerning the cost, this will allow for a savings.

Mr. ENGLISH. That is correct.

Mr. STENHOLM. I commend the gentleman for offering the amendment.

Mr. ENGLISH. Let me also say I want to commend the gentleman from Texas. He also had a hand in creating this bill, and in bringing about much of this philosophy. I think his contribution is certainly well known here within the House.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma (Mr. ENGLISH).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DASCHLE

Mr. DASCHLE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DASCHLE: On page 11, line 10, strike "$3.55" and insert in lieu thereof "$4.00".

Mr. DASCHLE. Mr. Chairman, I offer this amendment for debate purposes only because I feel that it is absolutely essential we talk about some issues here that really have not been addressed very adequately so far with regard to the wheat farmers. I do not think there is any question but that everyone here in this House recognizes the dire need there is for higher farm income as we look to the next calendar year.

From 1980 to 1981 loan rates on wheat increased only 6 percent, yet operating costs increased some 14 percent. We find that the USDA now estimates that cost of production figures for wheat total $5.32 a bushel, yet the bill as it stands today, even with the amendment, sets a loan rate of something slightly more than $4.

I understand the ramifications of the amendment that we just passed, but I am deeply concerned about the 30-percent set-aside requirement for a farmer to be entitled to the new loan rate. Even with the Senate loan figures, we can expect the administration to require a 15-percent set-aside before the loan rate is offered, and I believe that that is unacceptable.

I recently received a letter that I think clearly indicates the reasons why we are going to have to pass a much more acceptable loan rate than the one we have today.

□ 1110

It was from Henry and Ava Hoff, from Lemmon, S. Dak., and it was in reply to a letter that I had sent out earlier requesting some information about cost of production figures. In his reply, Mr. Hoff sent me a receipt which indicated that for a gear which he lost on a tractor just a month ago he paid more than $6,279. That bill included $4,888 for the part itself, $900 for labor, oil was $127, freight was $60, and hauling was $62.50. To reiterate, his repair bill on that tractor, right during the middle of harvest, was $6,279.

Mr. Chairman, there is no way that farmers in South Dakota or farmers anywhere can accept those incredible costs of production while at the same time depending upon a farm bill which simply provides a loan rate of $3.55 for wheat.

We have seen a reduction in farm income of more than $10 billion in the last 2 years, and a reduction in farm families of more than 450,000. Net farm income has dropped from a level of $32.7 billion in 1979 to $22 billion this last year. We expect that to go even lower this year. And the result, the bottom line of all of this, is that, as farmers look to the next year, we can expect to see a continued decline in population of more than 1,000 farm families a week. It is unacceptable. No one from a farm State can possibly be satisfied with what we have done so far with regard to wheat farmers or corn farmers or go home and expect to see any kind of economic recovery in agriculture.

We talk about supply side economics. We talk about the need to revive those agricultural economies without breaking the budget. Well, there is absolutely no doubt in my mind that if we raised the loan rate to $4 a bushel, if we gave them a more acceptable return on their yields, then I have no doubt that we will see the kind of rejuvenation in the farm sector that is so desperately needed, and not do one thing to disturb the budget.

That is why I offer the amendment today.

The CHAIRMAN. The time of the gentleman from South Dakota (Mr. DASCHLE) has expired.

(On request of Mr. DE LA GARZA and by unanimous consent, Mr. DASCHLE was allowed to proceed for 1 additional minute.)

Mr. DE LA GARZA. If the gentleman will yield, I wish to thank the gentleman for the cooperation which he has afforded our committee, the excellent manner in which he has attempted to represent his constituents, and for bringing us this very edifying information.

I agree with the gentleman. Unfortunately, having to deal with reality and the implications of the budget, we are forced to do something which we know is grossly inadequate, but nonetheless, legislation being the art of the possible, we have to do it with what is possible.

The gentleman has cooperated to the extent that he has given us great expertise, but if he would withdraw the amendment I think that, overall, perhaps, as inadequate as it might seem, we will be able to in the long run help our constituents more. Certainly the gentleman has contributed greatly toward that effort.

Mr. DASCHLE. I am concerned that we are locking ourselves into a lower rate of parity than we have ever done before.

(By unanimous consent, Mr. DASCHLE was allowed to proceed for 2 additional minutes.)

Mr. DASCHLE. Mr. Chairman, in our House bill, a $3.55 loan is a 50-percent-of-parity level. For a lot of us, who recognize the incredible cost of production, that is simply unacceptable, and for that reason we find that we cannot support legislation that we wish very much we could support, given the unacceptably low level of the loan rate.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. DASCHLE. I yield to the gentleman from Kansas (Mr. GLICKMAN).

Mr. GLICKMAN. Mr. Chairman, I applaud my colleague's move. Two years ago this House voted on a flexible parity bill. The gentleman may recall that.

Mr. DASCHLE. That is right.

Mr. GLICKMAN. It passed the Senate overwhelmingly by 2 to 1. I noticed that it was led in the other body by a broad variety of farm State people. That would set target prices much, much higher than the gentleman's loan rate. Again, it was passed by a bipartisan Senate by 2 to 1. I had thought about offering that same amendment today, but I have decided not to, in light of the passage of the English amendment. But I do think the gentleman is right on target with the comments he is making.

Mr. DASCHLE. I thank the gentleman. It is only because we did get the acceptance of the leadership in the House on the English amendment that I do not call for a vote at this time on the amendment. But I simply believe we have got to continue to realize what we are doing to these farmers and the fact that we have seen an emigration of farmers that we have not seen since the Depression; that 1,100 farm families a week are leaving the farm. This is unacceptable. We must find a way to stop this demise far more effectively than we have so far.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

AMENDMENT OFFERED BY MR. ROBERTS OF KANSAS

Mr. ROBERTS of Kansas. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROBERTS of Kansas: On page 16, after line 24, add a new subsection (4) to read:

"(4) amending the third sentence of subsection (f)(1) by deleting the period and adding, ": *Provided*, That if a set-aside of cropland is in effect, under this subsection, such set-aside shall not be a condition of eligibility for loans and purchases for the producers on the farm as it relates to the 1982 crop of wheat."

Mr. ROBERTS of Kansas. Mr. Chairman, I offer this amendment for debate purposes only and plan to withdraw it, due to the fact the amendment I cosponsored with my colleague from Oklahoma, Mr. ENGLISH, has just been agreed to.

The purpose of my amendment would have been very simple, and that would have been to qualify the wheat producer for this crop year only for the loan, not the target price and not the reserve. The intent of my amendment was this: We have a catch 22 in high plains wheat country with the current farm program. We intended to consider the farm bill and tell the wheat producer in Kansas that "you have x amount for the loan, x amount for the target price and x amount for the reserve program." But our crop is already in, and the USDA has announced in the meantime that, in order to qualify, you had to set aside 15 percent of your crop.

My office has made calls to several ASCS directors in Texas, Oklahoma, Colorado, Kansas, and Nebraska, and we find that there is no incentive to go in and tear up that cropland. In fact, farmers have invested 40 to 50 cents per bushel already in this crop. There is also the fact that there is no more disaster program, an additional lack of incentive to comply. As a matter of fact, if farmers do comply with the set-aside, the price would have to go to $4.12 a bushel for wheat just to break even. I do not think that is fair given the fact our market price is now approximately $3.50 a bushel. I do not think with the target price levels that we are talking about that most of my producers would have taken part any way. In fact, they could not afford to take part.

Given these circumstances, my amendment simply would have provided the loan for 1 crop year only and given the farmer at least that tool, that marketing tool, to survive. I think it would have been in the best interest of the USDA and the best interest of our country because, had the amendment of my colleague, the gentleman from Oklahoma, not been agreed to, we would have had the darndest run on the grain market you have ever seen come harvest time, depressed prices, more deficiency exposure, more expense to the Government.

Mrs. SMITH of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. ROBERTS of Kansas. I yield to my colleague and friend, the gentlewoman from Nebraska.

Mrs. SMITH of Nebraska. I thank the gentleman for yielding.

Mr. Chairman, I want to point out that his amendment would have been very much in order.

Even though the gentleman has withdrawn his amendment, I feel it appropriate to comment on the set-aside issue.

The gentleman's concern comes as a direct result of the U.S. Department of Agriculture's untimely handling of the acreage reduction program for wheat. The gentleman and I were the first to call for an acreage set-aside when the Department's own figures revealed that we were looking at a record crop along with large carryovers from last year.

Several other Members of this body and I sent a letter to the Secretary immediately after the USDA July 10 crop report was released asking that acreage-reduction measures be taken.

In the past, Congress has asked that any announcement of this sort be made on or before August 15. This year's farm bill moves that date up to the 1st of August. The reason for these time limitations is because producers must know ground rules for how much land to prepare, fertilize, buy seed for, and do all the rest of the planning that must be done before a crop is put into the ground. With winter wheat usually planted in August and September, almost all of the production inputs are invested at or before planting. The only thing left is harvest costs.

The situation today is that the USDA did not announce its intention to have an acreage-reduction program until September 3 and did not inform farmers of the details until September 24, after the money had been spent and the crop in the ground.

Reports from throughout the wheat-producing areas of the Midwest show that producers are not willing to tear up that investment and that participation in the set-aside program may run as low as 25 percent.

What we are going to end up with is an ineffective set-aside with producers out in the cold for any kind of help from Government-support programs.

The gentleman's amendment would have given them the minimal and least costly benefit of the nonrecourse loan progam.

In a normal year, with USDA making their intentions known in time for producers to comply with the program, I would never advocate such a procedure. However, this year's program has already been bungled and producers should not be penalized for something clearly out of their control.

Mr. ROBERTS of Kansas. I thank the gentlewoman for her comments.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. ROBERTS of Kansas. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, I want to commend the gentleman for his concern in this area. It is a concern I think that many of us share on both sides of the aisle. We now have a situation which in effect disenfranchises farmers who have already placed their crops in the ground or creates a situation where set-aside has so little incentive that it automatically operates to force many farmers out of the program and, consequently, out of the consideration for a loan.

I want to assure the gentleman that, in the consideration of the conference, if I am a conferee I am going to be anxious to do whatever we can do to eliminate this problem. I recognize the gentleman's consistent concern, which he has expressed as a member of the Subcommittee on Wheat, Soybeans, and Feed Grains, for the welfare of grain farmers. The gentleman has been an outspoken and active member in expressing his concerns in a most articulate way. I think he knows that there are technical problems associat-

ed with this amendment, and I compliment him for his decision. But I also compliment the gentleman for his concern, which is widely shared.

□ 1120

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. ROBERTS of Kansas. I yield to the gentleman from Illinois.

Mr. FINDLEY. I thank the gentleman for yielding.

I, too, want to congratulate my colleague from Kansas for noting at a very early stage this very real problem confronting wheatgrowers, and like the gentleman from Washington (Mr. FOLEY), I think this is a proper subject for us to consider in conference and I have no objection to the acceptance of the amendment at this stage.

Mr. ROBERTS of Kansas. I thank my friend from Illinois.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. ROBERTS of Kansas. I yield to the gentleman from Iowa.

Mr. BEDELL. I thank the gentleman for yielding.

Like the other members of the committee, I commend the gentleman for his amendment. I think it is absolutely proper.

I would point out to the committee that this amendment would have applied to all wheat that had been planted and that had not been planted. It would seem to me in fairness if we were to do it for wheat, we should do it with corn and feed grains as well.

Mr. ROBERTS of Kansas. I appreciate the gentleman's comments. I do want to reemphasize that I plan to withdraw this amendment in view of the fact that we have already passed the amendment that my colleague and good neighbor from the South, the gentleman from Oklahoma (Mr. ENGLISH), and I have introduced which takes care of this problem to a great degree.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The CHAIRMAN. Are there further amendments to title III?

AMENDMENT OFFERED BY MR. MARLENEE

Mr. MARLENEE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MARLENEE: On page 16, strike line 20, and the period on line 24 and insert after line 24, the following including a new paragraph (4) to read as follows: "and (4) amending the third sentence of subsection (f)(1) by deleting the period and adding": *Provided*, That in applying the provisions of this Section to land that has been farmed under summer fallow practices in three of the five years prior to the requirement of a set-aside, the Secretary shall consider the effects of soil erosion and such other factors as he considers appropriate in determining the amount of land to be idled: *Provided further*, That in no case shall the Secretary require farmers to idle more than 60 per centum of their crop land when included with land already idled by summer fallow practices where summer fallow practices are in effect: *Provided further*, That the Secretary shall issue rules and regulations defining 'summer fallow'.".

Mr. MARLENEE. Mr. Chairman, this amendment is a straightforward approach to avoid a potential for enormous loss of our productive topsoil. It simply assures that those farmers who have practiced summer fallow for at least the past 3 years out of 5, as a normal farming practice, would not be forced to set aside more than 60 percent of their land if a set-aside is in effect.

The amendment is designed to provide some degree of fairness in the Government announced set-aside programs for those farmers who already leave idle and out of production over 50 percent of their land by taking it out of production and leaving it without a cover crop, that these farmers would not be forced to set aside additional large amounts of land to qualify for Government programs.

Second, the amendment is designed to assure that double summer fallow practices are not allowed. Millions and millions of dollars have been spent by farmers, by USDA by the U.S. Government, to prevent wind erosion in the intensely arid and windy areas of the Great Plains.

Farmers can handle a one-half summer fallow, one-half crop erosion potential. They have devised narrow alternating strips of crops and idle land and on the idle land they can for 1 year maintain a cover of residue of left over mulch.

I have allowed a generous 10 percent additional margin by stating that no more than 60 percent shall be idle. On that area of over half and up to 60 percent, farmers can afford to put on a cover crop and take care of their soil and avoid the erosion.

However, by mandating over 60 percent, you idle land and are condemning that land to wind erosion or forcing Kansas, Montana, Oklahoma, North Dakota, and South Dakota farmers out of the program. They have no alternative.

Mr. DASCHLE. Mr. Chairman, will the gentleman yield?

Mr. MARLENEE. I yield to the gentleman from South Dakota.

Mr. DASCHLE. I thank the gentleman for yielding.

I want to commend the gentleman for an excellent amendment. I think it recognizes at least three things. First of all, it recognizes the dire need we have for conservation. A recent study indicated that erosion is going to be perhaps our biggest enemy as we look to agricultural productivity in the years ahead.

Second, it recognizes the need for flexibility as we look to the special needs that many of our farmers have in the upper Midwest.

Third, I think it recognizes the need for proper land management techniques which is not adequately addressed in this bill and certainly this makes a major improvement in the bill and I stand in support of the amendment.

Mr. MARLENEE. The gentleman from South Dakota fully understands the erosion and drought problem that we faced in the West, leaving this land bare and idle for extended periods of time, the 2 years or double summer fallow, greatly exposes that soil to wind erosion and it is a severe problem that we have to deal with and USDA has to deal with.

Mrs. SMITH of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. MARLENEE. I yield to the gentlewoman from Nebraska.

The CHAIRMAN. The time of the gentleman from Montana (Mr. MARLENEE) has expired.

(At the request of Mrs. SMITH of Nebraska and by unanimous consent, Mr. MARLENEE was allowed to proceed for 5 additional minutes.)

Mrs. SMITH of Nebraska. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Montana (Mr. MARLENEE).

It is absolutely essential under a national set-aside program for wheat that special consideration be given to those wheat growing areas where summer fallow practices are followed.

Nebraska is among the top five leaders in the production of hard winter wheat. This wheat is almost exclusively a dryland crop. Each year more than 80 percent of the wheat acreage is summer fallowed, so some limitation must be placed on the amount of cropland set-aside that is mandated by Department of Agriculture for our producers and those in other summer fallow areas.

We can produce a crop only every other year, so in essence we set aside 50 percent of our acreage all of the time. In order to be fair so that our producers are not placed at an additional disadvantage in cutting back on their production, a set-aside limitation is necessary.

I commend the gentleman for his attempt to add this language to this section of the bill. I am sure my colleagues recognize the fairness of this change and that they will join in supporting it.

Mr. MARLENEE. I thank the gentlewoman for her comments.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. MARLENEE. I yield to the gentleman from Washington.

Mr. FOLEY. I thank the gentleman for yielding.

The gentleman has urged this amendment before. He has modified it to a degree at this time. I think it is appropriate that we be able to consider the issue in the conference and so, speaking for the majority side, we accept the gentleman's amendment.

Mr. MARLENEE. I thank the gentleman.

Mr. ROBERTS of Kansas. Mr. Chairman, will the gentleman yield?

Mr. MARLENEE. I yield to the gentleman from Kansas.

Mr. ROBERTS of Kansas. I thank the gentleman for yielding.

I want to thank the gentleman for offering this amendment. As he knows, the district I am privileged to represent is summer fallow country, 57 counties of it.

As the gentleman remembers, we made the same effort in subcommittee and in full committee. It has precedent. It has already passed the House back in 1977, and the House passed it at that particular time. I really think to sum it all up, the farmers who really practice good conservation practices should not be penalized for that in order to comply with the farm program.

I think we have already heard some very cogent arguments as to why this should be passed. I would like to echo the sentiments of my colleagues and again congratulate my friend and colleague from Montana for this effort.

Mr. MARLENEE. I thank the gentleman for his comments.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Montana (Mr. MARLENEE).

The amendment was agreed to.

Mr. FINDLEY. Mr. Chairman, I move to strike the last word.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Washington.

Mr. FOLEY. I thank the gentleman for yielding.

I would like to say, Mr. Chairman, that it has been my intention and the intention of the gentleman from Illinois (Mr. FINDLEY) to offer an amendment which would have eliminated the authority for the wheat certificate program which exists in the underlying statutory farm law.

The so-called wheat certificate or, as the gentleman from Illinois used to constantly refer to it, the "bread tax," was set aside from the law many years ago although it continued to subsist in the permanent legislation. It has no relevance to the bill that we are advancing and it was my intention and the gentleman's intention to strike the language entirely.

However, because of technical problems associated with the striking of that language and because it bears on other aspects of the permanent underlying statutory base of the Agricultural Adjustment Act, it is not possible now to do that without causing some technical statutory problems. I want to state for the record that it is the intention of the gentleman from Illinois and myself, to seek ways to eliminate the authority now in the law for any wheat certificate.

□ 1130

Mr. FINDLEY. I thank the gentleman.

Mr. Chairman, I would like to add a couple of other comments.

Printed in the RECORD is the Senate language on wheat. I will not offer that as an amendment. In the wake of what happened yesterday on dairy products, I see no point to proceeding with an attempt on a piecemeal basis to improve the bill.

But I think members of this committee ought to be aware that what we are doing now has no chance of becoming law. The provisions of the wheat title are so far out of line with the budget decision of this Chamber earlier this year that they just have no chance to become law. This is not the final word on the question of wheat loans, wheat target prices.

The total cost overrun for the bill, the 4-year period of the bill, is $1.2 billion, according to CBO, for wheat. There the cost overrun on feed grains, according to CBO estimates, is $1.4 billion. That adds up to an overrun of $2.8 billion for both wheat and feed grains. But as I said at the outset, I do not see any point to taking the committee's time to offer amendments at this stage.

The dairy products overrun for the life of the bill was about $600 million, according to CBO. And this all adds up to trouble. It just cannot become law.

If the House and Senate conferees should agree, and then the two bodies approve legislation of this type, it is going to be vetoed. So we have to face the fact that we are not saying the final word on wheat or feed grains in our proceedings today.

Mr. DASCHLE. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from South Dakota.

Mr. DASCHLE. Mr. Chairman, I would ask the gentleman from Illinois (Mr. FINDLEY) if he is using the figures incorporated in the original language of the bill or in the amendment as the gentleman from Oklahoma has just offered it? As I understand it, we have a letter now from the Department of Agriculture indicating that we will retain a savings here of $1.7 billion during the life of this bill in wheat alone as a result of the language we just passed. Does the gentleman recognize that?

Mr. FINDLEY. The gentleman, I am sure, can come up with estimates differing from mine, but my figures are based on CBO estimates of the bill as amended by the Bedell amendment. Now, they may vary from what estimates others will have, but I think we will all agree that the costs are much higher than in the Senate bill. The Senate bill is over budget by a considerable amount, and if we get beyond that, we face a certain veto. That is the only point I wanted to make.

Mr. DASCHLE. If the gentleman will yield just a moment more, I think it would be deceiving for the House to be under the assumption that the wheat provisions of this language are over the budget. In fact, we have saved about 25 percent in the budget by the passage of the English amendment, which is $1.7 billion. That is an OMB figure. Maybe they are not quite as accurate as our own Congressional Budget Office is. But in any case, we recognize a savings here, and I think that for the record it has to be said.

Mr. FINDLEY. I want to cooperate with my friend from Texas in not prolonging debate. I have made the point I wanted to make, that we want to avoid a veto. This is not the last word on wheat or feed grains.

I yield back the balance of my time.

Mr. BEDELL. Mr. Chairman, I move to strike the requisite number of words.

Could I address a question to the gentleman from Illinois (Mr. FINDLEY)?

Mr. Chairman, it has been called to my attention and indicated that this bill, under the Bedell amendment, is $2 billion over budget. Did the gentleman make that statement or did they misunderstand?

Mr. FINDLEY. That the wheat and feed grains titles by CBO estimates are about $2.8 billion over. I do not see any reason to prolong the discussion.

Mr. BEDELL. We have statements from the Budget Committee, from the staff, indicating that indeed the Bedell amendment brings it to budget requirements.

Mr. FINDLEY. In the first year, that is correct, yes.

Mr. BEDELL. All right. Thank you.

The CHAIRMAN. Are there additional amendments to title III? If not, the Clerk will designate title IV.

Title IV reads as follows:

TITLE IV—FEED GRAINS

FEED GRAINS LOAN RATES, TARGET PRICES AND PAYMENTS

SEC. 401. Effective only for the 1982 through 1985 crops of feed grains, subsections (a) through (c) of section 105A of the Agricultural Act of 1949 are amended to read as follows:

"SEC. 105A. Notwithstanding any other provision of law—

"(a)(1) The Secretary shall make available to producers loans and purchases for the 1982 crop of corn at not less than $2.65 per bushel and for each of the 1983 through 1985 crops of corn at not less than such level as bears the same ratio to the loan

level for the preceding year's crop as the established price for each such crop bears to the established price for the preceding year's crop: *Provided*, That if the Secretary determines that the average price of corn received by producers in any marketing year is not more than 105 per centum of the level of loans and purchases for corn for such marketing year, the Secretary may reduce the level of loans and purchases for corn for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be reduced by more than 10 per centum in any year nor below $2 per bushel.

"(2) The Secretary shall make available to producers loans and purchases on each of the 1982 through 1985 crops of barley and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b) of this Act, and on each crop of grain sorghums at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value and average transportation costs to market of grain sorghums in relation to corn.

"(3) The Secretary shall make available to producers loans and purchases on each of the 1982 through 1985 crops of oats, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, wheat, and barley, taking into consideration the weight of a bushel of oats as compared to these comparison grains, the value of oats as a specialty animal feed, the value of oats as a human food, the value of oats as a soil conservation crop, and other factors specified in section 401(b) of this Act: *Provided*, That the level of loans and purchases on each such crop of oats shall not be less than a rate computed by multiplying the loan rate for each comparison crop by a fraction, the denominator of which is the weight of a bushel of the comparison crop and the numerator of which is the weight of a bushel of oats, adding the resulting numbers and dividing by three.

"(b)(1)(A) In addition, the Secretary may make available to producers payments for each of the 1982 through 1985 crops of corn, grain sorghums, and, if designated by the Secretary, oats and barley, in an amount computed as provided in this subsection: *Provided*, That the Secretary shall make such payments available to producers of any such crop of corn and grain sorghums if the domestic carryover from the previous year's crop of corn exceeds 1.3 billion bushels. Payments for each of the 1982 through 1985 crops shall be computed by multiplying (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the farm program payment yield for the crop. In no event shall payments be made under this paragraph for any of the 1982 through 1985 crops on a greater acreage than the acreage actually planted to such feed grains.

"(B) The payment rate for corn shall be the amount by which the higher of—

"(i) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under subsection (a) of this section for such crop

is less than the established price per bushel. For the 1982 crop of corn, the established price shall be $2.90 per bushel and for each of the 1983 through 1985 crops of corn, the established price shall be the established price for the previous year's crop adjusted to reflect any change in (a) the average adjusted cost of production per acre estimated for the two-year period which includes the crop year for which the established price will be applicable and the immediately preceding crop year, from (b) the average adjusted cost of production per acre for the two crop years immediately preceding the year for which the established price will be applicable. The adjusted cost of production for each of such years shall be determined by the Secretary on the basis of such information as the Secretary finds necessary and appropriate for the purpose and shall be limited to (i) variable costs, (ii) machenery ownership costs, and (iii) general farm overhead costs, allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop. In determining the established price under this subsection and loan rate under subsection (a) for the 1984 and 1985 crops, the Secretary shall use as a base in making adjustments the established price and loan rate for the previous years that would have resulted had the actual costs of production, as determined by the Secretary for those years, been used.

"(C) Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and purchases for corn in accordance with the proviso in subsection (a)(1) of this section, the Secretary shall provide emergency compensation by increasing the established price payments for corn by such amount (or if there are no such payments in effect for such crop by providing for payments in such amount) as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made: *Provided*, That any such payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 101 of the Food and Agriculture Act of 1977.

"(D) The payment rate for grain sorghums, and if designated by the Secretary, oats and barley, shall be such rate as the Secretary determines fair and reasonable in relation to the rate at which payments are made available for corn.

"(E) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2) of this subsection.

"(2)(A) Except as otherwise provided in subparagraph (C) of this paragraph, effective with respect to the 1982 crop of feed grains, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to feed grains for harvest (including any acreage which the producers were prevented from planting to feed grains or other nonconserving crop in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm program payment yield established by the Secretary times a payment rate equal to 33⅓ per centum of the established price per bushel for feed grains.

"(B) Except as otherwise provided in subparagraph (C) of this paragraph, effective with respect to the 1982 crop of feed grains, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of feed grains which the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a farm disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

"(C) No person shall be eligible for disaster payments for any crop of feed grains under this paragraph in any country in which crop insurance, part of the premium for which is paid by the Federal Crop Insurance Corporation under the provisions of section 508(b)(3) or 508(e) of the Federal Crop Insurance Act, is generally offered for that crop prior to planting.

"(c) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.".

PROGRAM ACREAGES, PAYMENT YIELDS, AND SET-ASIDE PROGRAM

SEC. 402. Subsections (d) through (i) of section 105A of the Agricultural Act of 1949 effective for the 1978 through 1981 crops of feed grains shall be effective for the 1982 through 1985 crops amended by—

(1) amending the first two sentences of subsection (d)(1) to read as follows: "The Secretary shall proclaim a national program acreage for each of the 1982 through 1985 crops of feed grains. The proclamation shall be made not later than November 1 of each calendar year for the crop harvested in the next succeeding calendar year.";

(2) amending the first sentence of subsection (d)(3) by striking out all after "the proclamation of the national program acreage" and inserting a period in lieu thereof; and

(3) amending the second sentence of subsection (f)(1) to read as follows: "The Secretary shall announce any such set-aside not later than November 1 prior to the calendar year in which the crop is harvested.".

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949

SEC. 403. Section 105 of the Agricultural Act of 1949, as amended, shall not be applicable to the 1982 through 1985 crops of feed grains.

AMENDMENT OFFERED BY MR. SMITH OF IOWA

Mr. SMITH of Iowa. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Iowa: Amend title IV by adding a new section at the end thereof as follows:

SEC. 404. Notwithstanding any other provision of law; if the Secretary requires as a condition of eligibility for loans or purchases that feed grain producers participate in a land diversion program or devote acres to conservation uses, such producers shall be paid not less than an amount determined

by multiplying the number of acres required to be withdrawn from the production of feed grains by such producer times the farm program payment yield times 80 percent of the loan rate applicable for the crop involved; provided, the Secretary may provide a producer with an option of receiving a reduced payment for such diverted acres if such producer devotes such diverted acres to another crop prescribed by the Secretary.

Mr. SMITH of Iowa (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. SMITH of Iowa. Mr. Chairman, this amendment was printed in the CONGRESSIONAL RECORD of October 1. I have talked to Members on both sides of the aisle about the amendment. I think it is very important.

First of all, I want to commend the committee for the work it has performed to bring a bill to the floor. We are talking about a 4-year bill. It has been an extremely difficult job this year, and I think the committee deserves credit.

Now, what the amendment does is to say that if a limitation is imposed on acreage for feed grains, and if a farmer stays within that limitation, he will not be denied a loan for failing to divert acres unless he is paid for the diverted acres. That does not permit him to receive target prices. It is just that he will not be denied a loan.

Now, I say that it is terribly important in the case of feed grains, even more so than wheat, because feed grains in this bill are underpriced by 25 cents a bushel compared to wheat, so there is no way for them to recoup the difference through supports on acres produced. It is what I think the Department would want to do anyway. However, we all know that when the Department deals with OMB, they have difficulty with designing a program. It is just terribly important, I think, that we provide for the Department what we know they would want to do anyway. It will not add any money to the bill because it is already within the discretion of the Department to do this. It just makes it easier for them to deal with it in the event that they have a set-aside.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I am not sure I understand the effect of the gentleman's amendment, but I gather that it requires a paid diversion; is that right?

Mr. SMITH of Iowa. No; that is not right.

Mr. FINDLEY. What is the effect of that?

Mr. SMITH of Iowa. If there is a limitation on acreage, and if a farmer stays within that limitation, he will be eligible for the loan unless there is a paid diversion. They do not have to have a paid diversion.

Mr. FINDLEY. There is interference here. Would you mind restating that? I am sorry.

Mr. SMITH of Iowa. If there is a limitation on acreage, and if the farmer stays within that limitation, he is entitled to a loan and he cannot be required to divert unless there is a payment for the diversion. Now, they do not have to have a paid diversion. He will be eligible for the loan, but not the target price, if he stays within the limitation on acreage.

Mr. FINDLEY. Well, it seems to me from the explanation that the farmer could be eligible for a loan even though he does not divert land under the program; is that correct?

Mr. SMITH of Iowa. If he stays within the limitation on acreage for his farm.

Mr. FINDLEY. And what would be the cost to the program as a result?

Mr. SMITH of Iowa. There will be no cost, because this authority already resides with the Secretary. It is what the Secretary wants to do and will want to do. It will avoid the possibility of the Secretary getting into a conflict with OMB and being forced by someone over at OMB to design a set-aside program which will not work.

Mr. FINDLEY. So the administration would be apt to look upon this as an added cost to the program.

Mr. SMITH of Iowa. No; it will not be an added cost to the program unless they intend to design a program in which very few could participate.

Mr. FINDLEY. Do you have an administration position on the amendment?

Mr. SMITH of Iowa. No; I do not have an official one.

Mr. FINDLEY. I am troubled by the possibility that this may add costs to the program, make it more expensive.

Mr. SMITH of Iowa. There is nothing in here they do not have authority to do anyway.

Mr. FINDLEY. I am sorry?

Mr. SMITH of Iowa. There is no requirement here that they do anything they do not already have authority to do. They have the authority to do this.

Mr. FINDLEY. I regret that I was not aware of the gentleman's amendment ahead of time. It strikes me as a complication and possibly an additional expense to the program, and if it is, it is going in the wrong direction from the direction we simply have to go to get a bill signed into law.

Mr. SMITH of Iowa. I am sorry I did not talk to the gentleman. I talked to the gentleman from Virginia (Mr. WAMPLER) about it ahead of time.

Mr. HAGEDORN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Minnesota.

Mr. HAGEDORN. Mr. Chairman, I think what the gentleman does is pretty effectively gut the program. As I understand, the target price would not be available, but the loan would be available, and if farmers, for example, grew 100 acres of corn and a 15-percent set-aside program was in effect, they would have to plant 15 additional acres of soybeans or some other commodity, just as long as it is not corn.

I do not think that is the kind of program we need if we are going to try to limit future production and reduce these massive amounts of stored grain that we have on hand, simply by turning the land into producing other commodities and ultimately produce more surplus.

Mr. SMITH of Iowa. On the contrary, what happened under the previous administration was that they tried to require compliance with an underpaid diversion and they only secured a 23-percent compliance, so that ruined the program. A loan program will not work if it denies people a loan, just a loan I am talking about, unless they divert acreage they are not paid for. They cannot comply.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. FINDLEY and by unanimous consent, Mr. SMITH of Iowa was allowed to proceed for 2 additional minutes.)

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Illinois.

Mr. FINDLEY. Would the gentleman say that this interpretation is correct: That what he is trying to do is to separate the loan program from the proposed legislation which combines the target price and the loan?

Mr. SMITH of Iowa. As to that particular instance, that is right. He would not be eligible for target price. The bill has different support levels now.

Mr. FINDLEY. Mr. Chairman, that would be a very fundamental change in the program.

Mr. SMITH of Iowa. No; it would not.

Mr. FINDLEY. While I think it is worthwhile to have some hearings on it, I would hope that the committee would not make that drastic a change in the program that is now before us. That would be a setback.

Mr. SMITH of Iowa. I am sorry the gentleman takes that attitude. I am sorry I did not talk to the gentleman about it in advance, because I know he should be for it if he understood what I am trying to say.

□ 1140

In addition to the problems that we have in wheat, corn in this bill is underpriced as to loan by 25 cents a bushel. And so, a corn producer cannot take land out of production unless he is paid for it. With the loan rate so low in the case of corn, he is not going to stay in the corn program because there is no way to offset that loss.

Mr. FINDLEY. Maybe the gentleman and I have a philosophical difference on the role of the loan rate. I have always contended the loan rate should not be high enough to influence market prices.

Mr. SMITH of Iowa. Right.

Mr. FINDLEY. The safety net for farmers should come in the form of the target price concept. If the gentleman is trying to separate the loan program from the combination of loan and target, I think he is doing potential violence to this concept, and for that reason I do oppose the amendment.

Mr. HAGEDORN. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman.

Mr. HAGEDORN. Mr. Chairman, I think in all respects the gentleman's plan would have about the same effect as the previous administration's. That would be that there would be little participation in the set-aside program. If our problem is excess production also, we need to remove the land from production.

Mr. SMITH of Iowa. It would keep them from designing a set-aside program, corn producers cannot participate in and then denying a loan to those who do not idle those acres. It would help you gentlemen on that side of the aisle running for election next year because if the Agriculture Department designs that kind of program, Republican candidates who oppose this amendment are all going to lose farmers' votes. If you dislike that kind of a program, you should be for the amendment because it prevents the OMB from forcing the Agriculture Department to do just what will hurt you in the election.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

(At the request of Mr. HAGEDORN and by unanimous consent, Mr. SMITH of Iowa was allowed to proceed for 1 additional minute.)

Mr. HAGEDORN. I appreciate the concern of the gentleman for us on this side of the aisle because there are problems, but let me say that I think, in effect, there would be little participation. We are going to bring up an amendment shortly with the gentleman from Iowa that would put some teeth in the program and give some incentives providing a higher loan rate for those feed grain producers that do voluntarily set aside their land and therefore would be eligible for the benefits, and we will wait for the explanation later.

But, I concur, we need to do something to reward these people, but I think the gentleman's proposal would have little effect on putting land out of production, which is going to be vitally needed.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to my colleague from Iowa.

Mr. BEDELL. Mr. Chairman, as the gentleman knows, I support the concept as the fairest thing to do is to have a paid diversion program which the gentleman is proposing. In my opinion, that is the way we need to go. I think we need to face some reality of where we stand. I think the first reality is, without some incentive more than is now in the legislation with a set-aside program, if they institute a set-aside it really just wipes out the whole program because people would not have the incentive to participate.

The CHAIRMAN. The time of the gentleman from Iowa has again expired.

(At the request of Mr. BEDELL and unanimous consent, Mr. SMITH of Iowa was allowed to proceed for 4 additional minutes.)

Mr. BEDELL. I think the gentleman has performed a great service in pointing out this problem which everyone should be aware of—that could happen. I believe we have a better chance of getting something through the full legislative process if we do what we did in wheat with corn, which is to say, if we have a set-aside program the loan rate will be increased for those who participate in the set-aside, so there will be more incentive. I understand what the gentleman is doing.

Mr. SMITH of Iowa. I will tell the gentleman what the problem with that is. The cost of land is three times as much in the Corn Belt as it is in the dry area that raises much of the wheat. In wheat, it can work because they use relatively cheap fragile land, much of which will produce twice as much the following year if they fallow it. So, they have a way to offset the land cost for idle land. But, the wheat people are going to bury themselves if they take the attitude they have been taking in the last 4 years for a couple of reasons.

One is that the double cropping area of this country has increased tremendously, and with the advent of sunflowers and better short season follow on crops, which are coming on strong, that double cropping area is moving right up into the Corn Belt. So, we are going to have a lot of land which will go to double cropping of wheat and sunflower in lieu of planting in the feed grains when we have the loan rates for wheat out of proportion to what it is for feed grains. It just will not work in the next 4 years.

Also, there are some new varieties of wheat—they are not bread wheat, they are for feed grains—they can produce down in North Carolina and parts of the Southern Corn Belt, 90 bushels an acre. When they can raise 90 bushels an acre of wheat and follow that with a short-term soybean or sunflower, they will do that instead of idling acres without payment in order to secure a relatively lower loan. Under the mismatched support rates in this bill, in 4 years' time there is going to be deep trouble as far as wheat is concerned—even more than they got into in the last 4 years. One reason they got into trouble last year is because they had a loan and target rate too high compared to feed grains.

So, what will happen, if we do not assure some protection by an amendment something like I am talking about, wheat will be in grave trouble and the committee will be back in 2 years with an emergency wheat program.

Mr. BEDELL. I understand the gentleman's point, but the fact is, if we were to increase the loan rate by 10 cents per bushel, for example, and 100 bushels yield, then that really amounts to 10 cents times 100 bushels, which is $10 times 90 because you set aside 10 percent.

Mr. SMITH of Iowa. It still would not hurt to provide the low loan provided in the bill for the fellow who stays within his acreage allotment. I think the amendment would be a good thing, help the department to get through OMB, and I hope the committee would see fit to adopt this amendment.

Mr. FOLEY. Mr. Chairman, I rise in reluctant opposition to the gentleman's amendment.

I think the gentleman from Iowa knows there is nobody in this Congress, certainly no one in this House, who is more concerned about agriculture and whom I admire more than I do the gentleman from Iowa. He is quite correct in saying that the Secretary already has the authority to implement a paid diversion program. That has been true for many years.

What his amendment does, however, is require that any production adjustment in feed grains be implemented only by a paid diversion program at 80 percent of the effective loan rate. That would be a very expensive program to implement, as I believe the gentleman knows. It would only apply to feed grains and not to other crops. I think under the circumstances it would be fair to say that every administration, going back as long as I have been associated with Congress, would oppose an absolute restriction on type of production adjustment except paid diversion.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield.

Mr. SMITH of Iowa. It does not require a paid diversion program. They could provide this low loan rate without a paid diversion program.

Mr. FOLEY. The gentleman does not require a paid diversion—I did not say that. But, he does require if there is diversion program or if there is any kind of set-aside required, that it be paid at the rate of 80 percent of the effective loan.

Mr. SMITH of Iowa. They could require an unpaid diversion for those producers who want to receive the target price but not the loan.

Mr. FOLEY. I understand.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman.

Mr. ROEMER. Mr. Chairman, I thank the gentleman for yielding. Could he explain to the House if he would, given the experience in this area, what would be the effect if the House does not adopt this amendment. What position would the farmer be in in terms of diversion of this land and/or his production?

Mr. FOLEY. The Secretary has the authority to undertake voluntary diversion programs. He can offer, in effect, contracts to farmers to divert part of their acreage at a particular diversion rate established by the Secretary. That is a totally voluntary program. That option has existed in farm programs for 20 years now.

The Secretary also has the option in wheat, feed grains, rice and upland cotton, of declaring a set-aside program under terms authorized by the statute. Under those circumstances, farmers who do not cooperate in set-aside are not eligible for loans or purchases or eligible for participation in the farmer held reserve. There is a concern, and it was discussed earlier in my colloquy with Mr. ROBERTS of Kansas; namely, the problem of inadequate target price and the lack of adequate inducements for farmers to participate in production adjustments. The problem again with the proposal offered by the gentleman from Iowa (Mr. SMITH) is that it highly restricts the Secretary's options, and it does so only in the feed grains area. It authorizes planting of other crops on feed grain acreage and could very easily have an imbalancing effect on production levels of those crops.

Mr. ROEMER. If the gentleman will yield one final time to me, could I summarize his objection to the amendment by saying that we lose flexibility and could end up costing the taxpayer even more money for this program if this amendment is adopted, or is that unfair to say?

□ 1150

Mr. FOLEY. No; I guess the gentleman from Iowa (Mr. SMITH) might quarrel with me a bit on that, but if it were implemented, it could be very costly.

Mr. ROEMER. Mr. Chairman, I thank the gentleman from Washington (Mr. FOLEY).

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. SMITH).

The amendment was rejected.

AMENDMENT OFFERED BY MR. STENHOLM

Mr. STENHOLM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STENHOLM: Strike line 9 through 12, page 25, and substitute the following: Amend the first three sentences of subsection (f)(1) to read as follows:

The Secretary shall provide for a set-aside of cropland if the Secretary determines that domestic carry-over supplies of corn will in the absence of a set-aside exceed 18 per centum of the previous year's total use.

If a set-aside of cropland is in effect under this subsection, then as a condition of eligibility for loans, purchases, and payments authorized by this section, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, but in any case not less than 15 per centum of the farm's previous year's planting. When such set-aside has been announced, loan rates should be increased by 5 per centum from the level established in SEC. 105A. The producer may, at his option, elect to set aside 25 per centum of the farm's previous year's plantings; in such case the producer shall be eligible for a loan 10 per centum higher than the level established in Section 105A. The Secretary shall announce any such set-aside not later than November 1, prior to the calendar year in which the crop is harvested.

Mr. STENHOLM (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. STENHOLM. Mr. Chairman, my amendment follows in exact line of the amendment offered by my colleague, the gentleman from Oklahoma (Mr. ENGLISH), which we passed in regard to the wheat section.

My amendment very simply does this: It provides that if the Secretary determines that the domestic carryover supplies of corn exceed 18 per centum of the previous year's total use, at the end of the loan year a set-aside determination is made, and if the carryover exceeds domestic and export use, we shall have a 15-percent set-aside in feed grains, which will result in a 5-percent increase in the loan rate as established by law, with an option of a 25-percent set-aside and a 10-percent increase in the loan.

Very simply, the intent of this amendment is to provide that if we are building ourselves into a surplus condition, we will have a reduction of production. It is voluntary to the farmer to the extent that he does not have to participate unless he wants the benefits of the feed grains program. Therefore, if he wants it, he must then participate in the set-aside.

Mr. Chairman, every day that you and I stand here and argue about the future of farming in this country, we lose 17,000 acres of farmland from production. Seventeen thousand acres that will grow not one single ear of corn or bushel of wheat, will not support one head of beef or dairy cattle, will not add one crumb to any table ever again.

In his book, "Farmland or Wasteland," author R. Neil Sampson points out some even more startling dangers to this country's food production system, dangers that you and I must recognize and consider in our actions here today.

Every hour, with 200 new Americans to feed, the U.S. loses 220 acres of our food-growing farmlands to townhouses, shopping centers and coal mines. That's the equivalent of 23 average-size Missouri farms going out of business each day.

And every day, 26 square miles of U.S. topsoil wash and blow away from the farmland that is left. For each acre of corn an Iowa farmer grows, up to 15 tons of topsoil are lost; for each acre of wheat, up to 20 tons of soil will vanish.

At that rate, it could take less than 100 years for us to lose every single acre of cropland now farmed in the U.S.

Let me repeat that: In less than 100 years, at the present rate, we could lose every single acre of cropland now farmed in this country.

"A collision course with disaster" is what former Agriculture Secretary Bob Bergland called our mad rush to waste our land. For without its soil, our society will die.

It is not too late to change that "collision course with disaster," but time is running out. On every trip to our Districts, you and I see what is happening to our farmland: More and more farms being broken up into 5 and 10 acre homesteads. More and more farmland eaten up by urban sprawl, by electrical rights-of-way and by powerplants or dams * * * by highways and by strip mining coal and a thousand land-hungry projects.

I see it in the 17th District of Texas and we call it growth. You see it in your home districts and applaud the jobs that that growth brings. We see all of the growth happening in an isolated manner and fail to realize that this hungry monster—growth—is eating away the one resource we cannot do without—our soil.

We see the winds blow and floods rage and the irrigation water running and what we fail to see is we—you and

I as Members of Congress—are responsible for more soil eroding out of breadbasket States like Iowa faster now than in the Dust Bowl days of the thirties.

Why is that blame on our shoulders? Because of the insane agricultural policies that Congress continues to encourage. Instead of speeding up conservation of farmland and soil, our farmers are pushing their land to produce more food for export, urged on by policymakers who are eager to trade cheap wheat for oil despite the precious soil lost in the process.

Neil Sampson tells us, and I believe him, that we need a saner path to the future. We must recognize the need to conserve our farmlands with care if we want our children to inherit an earth that is still fertile, not barren. We must recognize the need for national and local policies to be changed to support a sustainable, instead of exploitive, farm system. And many personal decisions need to be made by farmers, "developers," and private individuals to nurture, rather than to waste, our land.

But the initial move is to be made here—in Congress, through this farm bill—and the final responsibility rests here—with you and I as representatives elected as stewards of that farm policy that will set the direction to be followed by every farmer in this country.

Seventeen thousand acres of land a day. We are running out of time.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I am happy to yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, would it be fair to say that in essence the gentleman's amendment is very similar in purpose and effect to the amendment offered by the gentleman from Oklahoma (Mr. ENGLISH) in respect to the wheat proposal?

Mr. STENHOLM. It is very similar. In fact, it is almost exactly the same insofar as the intent is concerned.

Mr. FOLEY. And the gentleman's purpose is to provide balance between the feed grain and wheat sections.

Mr. STENHOLM. The gentleman is correct.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Chairman, there is one huge difference. To start with, the corn loan is at a lower rate; wheat has a 25 cents a bushel higher support rate than we have here. In corn under this bill with a set-aside payment, the amount of money the farmer receives from the diverted acres is not enough to pay for the use of the diverted acres. But with the wheat farmer, he is going to get another quarter per bushel out of the wheat.

So it will not work for corn, and we are only fooling ourselves if we think that this amendment takes the place of the amendment I offered.

Mr. STENHOLM. Mr. Chairman, I find myself in agreement with the gentleman from Iowa (Mr. SMITH). We fought the battle in the Committee on Agriculture when we set the basic lower rates, and now we are only trying to keep it consistent with what we are trying to accomplish in the total program.

Mr. FOLEY. Mr. Chairman, will the gentleman yield further?

Mr. STENHOLM. I yield to the gentleman from Washington.

Mr. Chairman, in accordance with our position on the English amendment, speaking for our side, I think there are some technical problems with this amendment, as well as with the English amendment, but we are willing to sit down and iron out the problems.

Mr. DASCHLE. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to the gentleman from South Dakota.

Mr. DASCHLE. Mr. Chairman, I want to commend the gentleman from Texas (Mr. STENHOLM). This amendment certainly brings it in line with the wheat section in the bill.

I think the most important factor here is that we are providing more realistic loan rates. To answer the gentleman from Ohio (Mr. SMITH), with this amendment we are going to be bringing down to a certain extent the costs of production, and I believe we are going to be improving and stabilizing the price. Not only will we have a higher loan rate, we will have far greater acceptance by farmers which is necessary if we expect adequate participation.

So, Mr. Chairman, I applaud the gentleman from Texas (Mr. STENHOLM) for his efforts.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Chairman, I want to commend the gentleman from Texas (Mr. STENHOLM), and I also want to agree with the gentleman from Iowa (Mr. SMITH) in that this does not go as far as I would like to see it go and as far as it probably should go. But I think the reality is that we have to look at what we may be able to get passed and get through the conference committee.

So, Mr. Chairman, I commend the gentleman from Texas (Mr. STENHOLM) for doing the same thing for corn and feed grains as we have done for wheat.

Mr. FITHIAN. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to the gentleman from Indiana.

Mr. FITHIAN. Mr. Chairman, I just want to clarify one thing.

We are talking about a conditional situation that would go into effect only if the set-aside operates first, and, therefore, the impact on the budget which everybody gets very nervous about would now be minimized; is that correct?

Mr. STENHOLM. Mr. Chairman, this will have a net positive effect on the budget if it is triggered. I do not have the budget savings figures, but I would estimate, based on the $1.7 billion savings in the wheat program, that we would look at significant savings if we had to trigger the set-aside in the feed grains section. It would have a net positive effect on the budget.

Mr. FITHIAN. Mr. Chairman, I thank the gentleman for yielding.

Mr. FINDLEY. Mr. Chairman, I move to strike the last word.

I would like to have an understanding of the effect of the gentleman's amendment.

Am I correct that in the event a set-aside is ordered at 15 percent and the farmer elects to set aside, let us say, 20 percent, in that event he would be entitled to a higher loan rate; is that correct?

Mr. STENHOLM. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Texas.

Mr. STENHOLM. Mr. Chairman, that is partially correct. We have a 15-percent mandatorily triggered set-aside if a percentage of carryover is reached. We have an option of 25 percent only. There is no 20-percent option; if you just took the 25-percent set-aside option, you have a 10-percent increase in the loan rate offered to you if you choose to participate in the program.

Mr. FINDLEY. That is a provision of the gentleman's amendment?

Mr. STENHOLM. That is correct.

Mr. FINDLEY. That 10-percent increase in the loan rate?

Mr. STENHOLM. That is correct.

Mr. FINDLEY. Is there any adjustment in the target price in that event?

Mr. STENHOLM. No.

Mr. FINDLEY. But it does represent an increased cost of the program if this takes effect and if the options are acted on; is that correct?

Mr. STENHOLM. Mr. Chairman, I do not believe we will find the amendment will result in an increased cost to the Federal Treasury. I believe we will find the exact same results that we have in the wheat set-aside where we have the figures which are already triggering that set-aside. I believe we will find that we have a net decrease in the cost to the Treasury.

Mr. FINDLEY. There would be a greater outlay as a result of the higher loan rate, assuming the Government takes over the grain; is that not correct?

Mr. STENHOLM. That is correct.

Mr. FINDLEY. What would be the offset to the higher cost, then?

Mr. STENHOLM. That would occur because it is a loan and it will be repaid. If we get supply and demand in line, there will be no takeover by the Federal Government. The market will function, and there will be no cost increase.

Mr. FINDLEY. I see. This is based on that hope, which may be a rather faint hope, that the program will result in a balance between supply and demand?

Mr. STENHOLM. That is the intent of the amendment.

Mr. FINDLEY. Mr. Chairman, our experience over 40 years ought to demonstrate one thing, and that is that supply adjustment programs financed out of the Federal Treasury have a rather minimal effect on supplies. They are basically a method of passing out money to farmers; they really do not have much real effect upon supplies.

Mr. Chairman, for that reason I reluctantly oppose the gentleman's amendment.

Mr. ROBERTS of Kansas. Mr. Chairman, will the gentleman yield to me?

Mr. FINDLEY. I yield to the gentleman from Kansas.

Mr. ROBERTS of Kansas. Mr. Chairman, I would just like to speak to that for just a brief moment.

We had in 1978 a bill called flexible parity. Had we passed that particular bill, the farmer would have had an option to set aside more, and then he would have a higher target price.

It is my contention that had we passed that bill in 1978, we would have gotten back to a supply-and-demand situation; we would have achieved a market-oriented farm policy and we would not have the problems that we have now. Under my colleague's amendment, we have this set-aside on wheat and this set-aside on feed grain, then if you set aside more, you simply get a higher loan.

I think we are getting at the problem with the same mutual goal in mind.

Mr. FINDLEY. Mr. Chairman, I wish that the gentleman from Texas (Mr. STENHOLM) had presented this matter in committee so that we would have had a more thorough discussion of it and resolved the question rather than considering it in this rather compressed atmosphere here.

Mr. STENHOLM. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Texas.

Mr. STENHOLM. Mr. Chairman, I believe the gentleman from Illinois (Mr. FINDLEY) will recollect that we did have a thorough discussion of this in committee. Things have changed since then, and I have explained the intent of the amendment.

Mr. FINDLEY. But the amendment was not carried; it was rejected in committee? Am I correct?

Mr. STENHOLM. Exactly.

Mr. FINDLEY. Mr. Chairman, I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. STENHOLM).

The amendment was agreed to.

Mr. STENHOLM. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise to enter into a colloquy with the chairman of the Committee on Agriculture on the feed grain target price. Mr. Chairman, the language in the bill concerning the computation of feed grain target prices is similar to that contained in the 1977 act. Is it the intent of the committee that the feed grain targets be computed in the same manner that they have been in the past?

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to the gentleman from Texas.

Mr. DE LA GARZA. Mr. Chairman, I would like to inform my colleague, the gentleman from Texas (Mr. STENHOLM), that it is my understanding that the language in the bill is exactly the same as that in the 1977 act and it is certainly the intent of the committee that the target prices for feed grains be computed in the same manner as they have in the past.

Mr. STENHOLM. Mr. Chairman, I thank the committee chairman.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, if the language is the same and the regulations are the same, I am wondering why the gentleman had the concern and felt compelled to have this colloquy.

Mr. STENHOLM. Mr. Chairman, I just want to be sure it is the same and underline it and dot all the "i's" and cross all the "t's". I want to be sure that it is the same and that it will be continued as it has been in the past.

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The CHAIRMAN. Are there additional amendments to title IV? If not, the Clerk will designate title V.

Title V reads as follows:

TITLE V—UPLAND COTTON

SUSPENSION OF BASE ACREAGE ALLOTMENTS, MARKETING QUOTAS AND RELATED PROVISIONS

SEC. 501. Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 shall not be applicable to upland cotton of the 1982 through 1985 crops.

LOAN RATES, TARGET PRICES, AND ACREAGE LIMITATIONS FOR THE 1982 THROUGH 1985 CROPS

SEC. 502. Section 103(f) of the Agricultural Act of 1949, effective for the 1978 through 1981 crops of upland cotton, shall be effective for the 1982 through 1985 crops amended as follows:

(1) In the first sentence of paragraph (1)—

(A) strike out "1978 through 1981" and insert in lieu thereof "1982 through 1985";

(B) strike out "quoted for Strict Middling one-and-one-sixteenth-inch cotton C.I.F. Northern Europe" and insert in lieu thereof "quoted for Middling one-and-three-thirty-seconds-inch cotton C.I.F. Northern Europe"; and

(C) change the proviso clause at the end of the sentence to read as follows: *"Provided*, That in no event shall such loan level be less than fifty-five cents per pound.".

(2) Strike out paragraph (3) and insert in lieu thereof the following:

"(3) Notwithstanding any other provision of law, any upland cotton described in items 955.01 through 955.03 of part 3 of the appendix to the Tariff Schedules of the United States imported into the United States during the period of time a special quota established under this subsection is in effect shall be deemed to be an import under such special quota until the special quota is filled and any such cotton shall be free of duty.".

(3)(A) Amend the second sentence of paragraph (4) to read as follows: "For the 1982 through 1985 crops, the established price shall be 120 per centum of the loan level determined under paragraph (1) of the subsection for such crop."; and

(B) Strike out the third sentence of paragraph (4).

(4) In paragraph (5)—

(A) strike out "1978 through 1981" wherever it appears in subparagraphs (A) and (B) and insert in lieu thereof "1982 through 1985"; and

(B) amend subparagraph (C) to read as follows:

"(C) No person shall be eligible to receive disaster payments for any crop of upland cotton under this paragraph in any county in which crop insurance, part of the premium for which is paid by the Federal Crop Insurance Corporation under the provisions of section 508(b)(3) or 508(e) of the Federal Crop Insurance Act, is generally offered for that crop prior to planting.".

(5) In the first sentence of paragraph (7), strike out "1978 through 1981" and insert in lieu thereof "1982 through 1985" and strike out "December 15" and insert in lieu there of "November 1".

(6) In the first sentence of paragraph (9), strike out "December 15" and insert in lieu thereof "November 1".

(7) In paragraph (11)—

(A) amend subparagraph (A) to read as follows:

"(A) The Secretary may limit the acreage planted to upland cotton if the Secretary determines that the total supply of upland cotton will otherwise likely be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. Such limitation shall be applied on a uniform basis to all cotton-producing farms. The base for such uniform reduction shall be the acreage planted on the farm in the preceding year: *Provided*, That in case no cotton was planted on the farm in such year, the farm base shall be (i) the larger of the acreages planted to cotton on

the farm in the two years prior to such year or (ii) the average acreage planted to cotton on the farm in such two years, as determined in accordance with regulations issued by the Secretary. Producers on a farm who knowingly plant cotton in excess of the permitted cotton acreage for the farm shall be ineligible for cotton loans or payments with respect to that farm. If mandatory acreage reduction limitations are in effect under this paragraph, then as a further condition of eligibility for loans and payments on upland cotton, the Secretary may provide that producers on a farm must devote to such conservation uses as the state committee establishes as appropriate for the protection and maintenance of lands in the state, an acreage of cropland equal to the mandatory acreage reduction percentage multiplied by the acreage planted to cotton on the farm (the result of such calculation is referred to herein as the 'cotton conservation acreage'): *Provided,* That the Secretary may permit all or any part of the cotton conservation acreage for the farm to be planted to one or more crops designated by him if he determines that such production is needed to provide an adequate supply, is not likely to increase the cost of the price support program, and will not adversely affect farm income.";

(B) in subparagraph (B), strike out ", whether or not a set-aside for upland cotton is in effect,"; and

(C) in the first sentence of subparagraph (C), strike out the language "set-aside acreage and the additional".

(8) Strike out the second sentence in paragraph (12).

(9) Amend paragraph (14) to read as follows:

"(14) In any case in which the failure of a producer to comply fully with the terms and conditions of the program formulated under this subsection, including compliance with any prescribed time deadline, precludes the making of loans, purchases and payments, the Secretary shall, nevertheless authorize the State and county committees, to make such loans, purchases and payments in such amounts as they determine to be equitable in relation to the seriousness of the default.".

(10) Immediately before the period at the end of paragraph (15) add the following: ": *Provided,* That such regulations shall not include provisions that condition loans and payments on cross-compliance and offsetting-compliance procedures".

(11) Add a new paragraph (18) as follows:

"(18) In order to encourage and assist producers in orderly ginning and marketing of their cotton production, the Secretary shall make available recourse loans on seed cotton in accordance with authority vested in him by the Commodity Credit Corporation Charter Act.".

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

SEC. 503. Effective only with respect to the period beginning August 1, 1978, and ending July 31, 1986, the tenth sentence of section 407 of the Agricultural Act of 1949 is amended by striking out all of that sentence through the words "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following: "Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells cotton for export, in no event, however, at less than 115 per centum of the loan rate for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, and (2)".

MISCELLANEOUS COTTON PROVISIONS

SEC. 504. (a) Section 408(b) of the Agricultural Act of 1949 is amended by inserting immediately before the period at the end of the first sentence the following: ": *Provided further,* That for the 1982 through 1985 crops of upland cotton, a cooperator shall be a producer on a farm who has limited the acreage planted in accordance with section 103(f)(11)(A).".

(b) Sections 103(a) and 203 of the Agricultural Act of 1949 shall not be applicable to the 1982 through 1985 crops.

SKIPROW PRACTICES

SEC. 505. Section 374(a) of the Agricultural Adjustment Act of 1938 is amended by striking out "1981" in the last sentence and inserting in lieu thereof "1985".

PRELIMINARY ALLOTMENTS FOR 1986 CROP OF UPLAND COTTON

SEC. 506. Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938, as amended, shall again become effective as preliminary allotments for the 1986 crop.

AMENDMENT OFFERED BY MR. GIBBONS

Mr. GIBBONS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GIBBONS: Page 26, strike out line 19 and all that follows thereafter down through line 3 on page 27.

Redesignate paragraphs (3) through (11) of section 502 of the bill as paragraphs (2) through (10), respectively.

Mr. GIBBONS. Mr. Chairman, I offer an amendment to delete section 502, subsection 2, which provides for a suspension of tariffs on cotton entered into the United States during periods of temporary enlargement of the quota on imported upland cotton. This identical provision passed the House Tuesday, October 13, as section 19 of H.R. 4566, the omnibus miscellaneous tariff bill. This provision is already well on its way to becoming law.

As you know, this section of the farm bill was referred to Ways and Means because it clearly involves a tariff matter under the jurisdiction of that committee—and I want to take this opportunity to thank the chairman of the Agriculture Committee for his cooperation in calling the provision to our attention.

The Ways and Means Committee promptly reviewed the matter and agreed that the provision drafted by the Agriculture Committee was a sound move, and we supported the Agriculture Committee's language in our report on H.R. 3603. Our work on this issue can be found in House Report 97-106, part 3.

Unfortunately, we must now ask that this provision be deleted from the bill. It is the purpose of the House at the end of the consideration of H.R. 3603 to proceed to the consideration of the Senate farm bill, S. 884, strike out all after the enacting clause of that Senate bill, and insert the provisions of H.R. 3603. That action would have the effect of creating a precedent of a Senate-numbered bill originating a revenue measure. While in the context of this major bill this seems to be a minor matter, it would create a troubling precedent.

Let me repeat, this provision has already passed the House as part of a more appropriate vehicle—a revenue bill approved by the Committee on Ways and Means.

I trust that the committee will accept this amendment.

Mr. BOWEN. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman from Mississippi.

Mr. BOWEN. I want to commend the gentleman from Florida, the chairman of the Subcommittee on Trade, of the Ways and Means Committee, for offering this amendment. It is merely a technical amendment which clarifies a matter of jurisdiction so that the Ways and Means Committee may have jurisdiction over a matter that appropriately belongs there. I appreciate the gentleman offering this amendment.

Mr. THOMAS. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman from California.

Mr. THOMAS. We, too, have reviewed this amendment and it certainly clarifies the relationship we have, and we have no problem with it.

The CHAIRMAN. The question is on the amendment offered by the gentleman form Florida (Mr. GIBBONS).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BOWEN

Mr. BOWEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Bowen:

Page 2, strike out from the table of contents "TITLE V—UPLAND COTTON" and insert in lieu thereof "TITLE V—COTTON".

Page 25, line 18 striking "TITLE V—UPLAND COTTON" and inserting in lieu thereof "TITLE V—COTTON".

Page 32, after line 9 inserting the following:

"SEC. 507. Effective beginning with the 1982 crop of extra long staple cotton, section 101(f) of the Agricultural Act of 1949 (7 U.S.C. 1441(£)), is amended to read as follows:

'(f) The provisions of this Act relating to price support for cotton shall apply severally to (1) American upland cotton and (2) extra long staple cotton described in subsection (a) and ginned as required by subsection (e) of section 347 of the Agricultural Adjustment Act of 1938, as amended, except that, notwithstanding any other provision of this Act, price support shall be made available for the 1982 and each subsequent crop of extra long staple cotton through

nonrecourse loans as provided in this subsection. If producers have not disapproved marketing quotas for any crop of extra long staple cotton, price support loans shall be made available to cooperators for such crop at a level which is not less than 75 per centum or more than 125 per centum in excess of the loan level established for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) of such crop at average location in the United States. If producers have disapproved marketing quotas for any crop of extra long staple cotton, price support loans shall be made available to cooperators for such crop at a level which shall be 50 per centum in excess of the loan level established for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) of such crop at average location in the United States. Nothing contained herein shall affect the authority of the Secretary to make price support available for extra long staple cotton in accordance with section 402 of this Act'."

Mr. BOWEN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. BOWEN. Mr. Chairman, this amendment is one which deals with a very narrow area of America's cotton industry, and that is the Pima or extra long staple production of the country.

This amendment is endorsed by the administration and I have in my hand a letter from the Department of Agriculture to which I will refer. The amendment is merely to make some changes in the legislation governing this program so that there will be no need for any kind of direct payment to the producers of ELS cotton this year and also to reduce the loan level by 10 percent. The producers of this type of cotton are a very small, specialty cotton-growing group in only a few States; in Arizona, in New Mexico, in Texas, and California.

The Department of Agriculture says:

The amendments will result in lower price support levels for ELS cotton, and, thus, will reduce Government outlays.

We estimate that outlays during the next 4 years will be reduced by about $1.2 million. The lower loan level will also help keep ELS cotton competitive in domestic and export markets and will reduce the possibility of producer forfeitures of ELS cotton to the Commodity Credit Corporation. For these reasons, we urge its adoption.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from Texas.

Mr. DE LA GARZA. We have no objection to the amendment on this side and will be happy to accept it.

Mr. THOMAS. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from California.

Mr. THOMAS. I thank the gentleman from Mississippi. I would like to underscore the point this amendment is endorsed by the administration and the purpose of the amendment is to completely eliminate the provision for a direct Government payment to the growers. We would be happy to support the amendment.

Mr. BOWEN. I thank the gentleman from California.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi (Mr. BOWEN).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. STENHOLM

Mr. STENHOLM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STENHOLM: In line 5, page 28, strike "may" and substitute "shall." Page 28, strike lines 7, 8, 9, and 10 up to "such" and substitute the following: "total domestic carryover stocks of upland cotton will otherwise exceed 4.2 million bales. Such acreage limitation shall be no less than 15 per centum.".

Page 29, between line 16 and 17, insert the following: "When such acreage reduction has been announced, loan rates shall be increased by 10 per centum above the levels established in section 103(f). The producer may, at his option, elect to reduce acreage by 25 per centum, in which case, the producer shall be eligible for a loan rate 20 per centum higher than the level established in section 103(f).".

Page 30, strike lines 8, 9, 10, 11, and 12.

Mr. STENHOLM (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. STENHOLM. Mr. Chairman, this amendment is in the exact same spirit and intent as the preceding two amendments dealing with set-aside provisions on wheat, feed grains, and corn. This amendment concerns cotton.

The triggering mechanism on this set-aside is 4.2 million bales. If we reach that carryover level, which history has proven to be an adequate supply of cotton to meet all of our domestic and export needs and to avert the price-depressing effect that we find when we get into overproduction, as we once again are doing this year, that there shall be mandated a 15-percent set-aside and in return for setting aside this acreage a farmer will be eligible for an increased loan of 10 percent above the levels that are otherwise set in this bill before us.

Very simply, this is again the same general intent, and that is to provide for some type of a supply control mechanism that if we do have excessive production that there will be provision that we will reduce that production and let supply and demand function in the marketplace.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. I would like to ask the gentleman a question that has puzzled me. If you want to control production, surely it would be wiser to limit the number of bales or bushels or pounds than it is to limit acreage, because as farmers have told me over and over, you simply plant more closely and put on more fertilizers and you get a higher production out of a limited acreage. Why is this never attacked from the point of view of what we are talking about, which is bales of cotton, bushels of wheat, bushels of corn?

Mr. STENHOLM. I wish the gentlewomen were on the Agriculture Committee because that is exactly the way that I would prefer to attack these problems.

We do not have a consensus of the majority of the Agriculture Committee to proceed in this way. It makes much more sense to me.

Mrs. FENWICK. Much more sense. What are their arguments against it?

Mr. ENGLISH. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to the gentleman from Oklahoma.

Mr. ENGLISH. I think the biggest problem is unlike automobile production and unlike other commodities, in agriculture production it is difficult to gage. Growing seasons take anywhere from 6 to 9 months depending on which crop you are talking about. If we put x amount of seeds in the ground over x amount of acres, it is difficult to predict how many bushels we are going to produce. We can give you an average production but sometimes that fluctuates tremendously.

Mrs. FENWICK. But the point we ought to care about is a surplus of bales of cotton, not acreage. In other words, we concentrate on the wrong thing. We put a temptation, because farmers have told me themselves.

Mr. ENGLISH. If the gentleman will yield further, I think everyone on the Agriculture Committee would wholeheartedly agree that is the best way to do it. The problem, though, is that we cannot predict production.

Mrs. FENWICK. No; but we are going to have to pay for it. We are going to have to pay for it and that is what we have to find out. We are not trying to predict, we are just trying to pay for it.

Mr. STENHOLM. I again agree very much with the statement the gentlewoman has made. The problem is we cannot seem to approach the problem in that manner as we discuss the farm bill.

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to the gentleman from Virginia.

Mr. WAMPLER. I thank the gentleman for yielding. May I say to my col-

league from New Jersey, we have done this in the tobacco program. We have gone to poundage quota for tobacco and we determine what the market demand is and then we adjust our production accordingly.

Unfortunately, all commodities are not as adaptable to this as is tobacco. But the gentlewoman raises a very valid point, but as yet the collective wisdom of the Committee on Agriculture has been unable to produce a uniform basis for making that determination.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I am happy to yield to the gentleman from Illinois.

Mr. FINDLEY. I would ask the gentleman if there is an administration position on this recommendation?

Mr. STENHOLM. Yes.

Mr. FINDLEY. So do they favor it?

Mr. STENHOLM. No.

Mr. FINDLEY. Is this provision in the language adopted by the other body?

Mr. STENHOLM. No.

Mr. FINDLEY. I can see that we are going to have to do a lot of remodeling in conference. I hope that this type of provision will not get into the law because it is clearly going to increase the cost of the program. It is going to be an inducement to greater production at the very time when we are trying to reduce production.

But I see no hope of defeating the gentleman's amendment.

Mr. STENHOLM. I would say again that I must respectfully differ with your interpretation of the results of this amendment. If we reduce production and bring supply in line with demand, the market will function. We will have decent prices to our producers, and the cost to the Treasury will be lower.

□ 1210

Mr. FINDLEY. Well, if the gentleman is confident that the price up to the producer will rise in the marketplace, we do not need to increase the loan rate.

Let us let the market system function.

Mr. BOWEN. Mr. Chairman, I rise very reluctantly to oppose the amendment of the gentleman from Texas, and I would say to my good friend, the gentleman from Illinois, that there is indeed a very substantial hope to defeat this amendment if he and all of those others present in this Chamber are willing to do so.

The amendment was offered by my good friend, the gentleman from Texas, in the subcommittee and, as I recall, in the full Committee on Agriculture, as well, and it was defeated overwhelmingly in both places. It is very strongly opposed by the farm organizations of the Nation, by the cotton organizations of the Nation. It has, I think, a potential for increasing the supply problem rather than for solving it.

This artificial increase in the loan rate rigidly structured in statute law, without really knowing what market conditions will be in the future, I think would simply increase the incentive to produce, increase the incentive to ignore program cooperation, and to grow outside the program.

This artificially high loan level certainly would induce much higher foreign production and I think would be very distinctly contrary to the interests of American agriculture.

Let me mention one year, for example. In 1978, when we happened to have a carryover of 5.3 million bales, which is over the figure of 4.2 million bales mandated in the gentleman's amendment. If the Stenholm amendment had been in effect that year, then the resulting 1979 carryover would have been only 1.5 million bales, and that was the year of the great China purchase of 2.3 million bales. We would not have been able to meet our domestic and foreign demand for cotton had we had this kind of artificial and arbitrary language contained within the cotton legislation. I earnestly urge opposition to this amendment.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Chairman, I really fail to see how there is a difference between this and what was done on wheat and feed grains. I think it is an inconsistency to oppose this and not to oppose the same kind of provisions for wheat and feed grains. However, in spite of that, I want to say that I think the gentleman is on target for this reason: Let me go back to the 1960's. In the 1950's, in the late 1950's and in the early 1960's, one Ezra Taft Benson proposed a loan program as the only farm program for wheat and feed grains. The problem with that was that it was not the right time for depending wholly upon a loan program.

Now is the time to depend more heavily upon an adequate loan program and a reserve program to facilitate profitable marketing.

In the 1960's, technology was catching up and we could produce much faster than we could increase world exports. We have been through the 1960's and exports have been increased now. And then we went through the 1970's, and we had the target price to help us adjust then. Now we are into the 1980's. We have a worldwide market for these products. What we need more than anything else at this time are loan rates that are comparable one to the other and for a good reserve program so we can carry over surpluses without hurting producers until they can be sold profitably and to provide our customers with the product when they need it so they will view us as a dependable supplier.

I think that the committee here in the last hour has made this bill worse instead of better. The House has been going in the wrong direction with this bill by trying to manipulate production almost annually without a paid set-aside and providing loans on wheat higher comparably than those for alternative crops. This direction will get grain farmers into a lot of trouble within the next 4 years.

Mr. BOWEN. I thank the gentleman.

Mr. THOMAS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I think the point should be made, first of all, that we are talking about cotton, not wheat and feed grains, and that some years ago the cotton program was modified so that both the target price and the loan rate were determined off of a percentage of the actual price of cotton in the marketplace. We have a market-oriented program. This amendment was defeated in the Cotton Subcommittee, and it did not pass the Agriculture Committee because we are talking about cotton, not wheat and feed grains.

When you talk about a set-aside program and the grower who examines his opportunities for determining whether he wants to grow with or without a set-aside program, that decision as to whether or not to participate, would have to consider whether the price is likely to be enough higher as a result of the national acreage reduction to cover the cost of the set-aside. And when you examine the various costs per acre across the United States, you begin to understand that, in certain regions of the United States, this kind of a program would be a favorable one. The farmers there would be growing for the loan program.

In answer to the gentlewoman from New Jersey, when you talk about trying to deal with limiting pounds or bales rather than acres, if you take a look at some of the yields per acre over a 6-year average, in the High Plains dry lands, you get about 266 pounds per acre. In irrigated land, in the High Plains you get about 381. In California, the 6-year average was 945 pounds per acre.

So when you are considering how price might respond to a set-aside, you have got to remember that the anticipated acreage reduction should cause the price to rise to a profitable level.

With the figures that I have given you, the average price per pound would have to go up between 5 and 8 cents. And if you do not get that kind of an increase, you get the incentive

for producers to go outside the program and boost the acreage. And when that happens, you will push prices down again because those leaving the set-aside will wind up with both low prices and reduced acreage.

We have a program in the cotton area—it is not true in the wheat and feed grains area—that is market oriented. All of the various producer groups are supportive of the present arrangement. This particular amendment, if it is passed, would benefit a particular group of cotton producers, a particular geographic area of the United States, and it might be good policy in certain geographic regions, but it is not a good national policy.

That is why it was defeated in the subcommittee, it was defeated in the committee. We do hope that it is defeated on the floor.

Mr. HANCE. Mr. Chairman, will the gentleman yield?

Mr. THOMAS. I yield to my good friend and colleague, the gentleman from one of those regions in Texas that would benefit from this program.

Mr. HANCE. There is one question I would have. The gentleman was pointing out the difference in production in California and also in Texas. I think one of the problems that many of the farmers in my district foresee, and the problem that we are talking about now on the set-aside on cotton production, is that we do not have a subsidized water plan much like the farming areas of California, one of the reasons we have different poundage on our production.

Mr. THOMAS. I indicated to the gentleman that the irrigated High Plains pounds-per-acre yield is 381. There are many areas in California that do not have the subsidized water that the gentleman indicated. There are some areas that do. My particular area in the State has minimal subsidized water. Certainly that has an effect. It has an effect on the price of watering cotton. It does not necessarily have an effect on the yield. Irrigated land is irrigated land. It would have to do with the actual price it costs to produce that cotton. So the poundage is not a direct function as to whether or not the water that is supplied to that land is subsidized. It has to do with the ability of that land to produce.

I understand and sympathize with the problem of the gentleman from Texas. I visited his area. I am very concerned about his water problem. My position is that I would like to make sure that the gentleman's area has additional water. But even if you have additional water, you are still not going to bring about the kind of yields per pound that occur in other areas of the country. To create a national cotton policy that meets the particular and unique needs of one region of the United States and require the Nation to then follow that pattern is one that clearly and consistently has been rejected.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from Louisiana.

Mr. ROEMER. Mr. Chairman, I would like to join in concurring with the gentleman's remarks in opposing this amendment, coming as I do from Louisiana, a producing State in the cotton industry.

This kind of an amendment might put the money in some farmers' pockets, but it is not in the national best interests. Cotton is a crop now that is in the market system and ought to stay there. I hope that it will. I join with the gentleman's remarks, and I hope that we defeat this bad amendment.

Mr. THOMAS. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. STENHOLM).

The amendment was rejected.

Mr. STENHOLM. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I had an amendment that I was to offer—I will not offer it—that would have provided for a producer storage program for upland cotton which would be comparable to what we have available to feed grains and wheat producers. There is strong opposition for my amendment, as was evidenced in the previous vote. Therefore, even though I still believe it would be in the best interest of the cotton industry and it is my own personal belief that we should have a reserve that would allow the market system to work better. I differ quite strongly with those who have insisted that my previous amendment would somehow not allow the market to work. But there is strong feeling throughout the industry, throughout the Cotton Belt, that it is not a good idea. The same applies, I find, for the storage program. So I will not offer the amendment at this time, but I would encourage the opposition in the country to take a good look at it, to see why, if it is such a good deal for wheat producers and feed grain producers, to have a reserve so that orderly marketing can occur when we do have excess production that there will be a home for cotton for up to 3 years, which we can keep off of the market to allow the system to work, to allow China and others who come into the market sporadically to have that cotton there, to keep it in the control of the producer. I am at a loss to understand why, but the opposition is there, so I will not offer the amendment.

□ 1220

The CHAIRMAN. Are there additional amendments to title V? If not, the Clerk will designate title VI.

Title VI reads as follows:

TITLE VI—RICE

REPEAL OF ACREAGE ALLOTMENT AND MARKETING QUOTA PROVISIONS

SEC. 601. Effective with the 1982 rice crop sections 352, 353, 354, 355, and 356 of the Agricultural Adjustment Act of 1938 are repealed.

LOAN RATES, TARGET PRICES, AND SET-ASIDE FOR THE 1982 THROUGH 1985 CROPS

SEC. 602. Effective only for the 1982 through 1985 crops of rice, section 101(h) of the Agricultural Act of 1949 is amended to read as follows:

"(h) Notwithstanding any other provision of law—

"(1) The Secretary shall make available, to cooperators in the several States of the United States, loans and purchases for each of the 1982 through 1985 crops of rice at such level as bears the same ratio to the loan level for the preceding year's crop as the established price for such crop bears to the established price for the preceding year's crop. If the Secretary determines that loans and purchases at the foregoing level for any of the 1982 through 1985 crops would substantially discourage the exportation of rice and result in excessive stocks of rice in the United States, the Secretary may, notwithstanding the foregoing provisions of this paragraph, establish loans and purchases for such crop or crops at such level, not less than $8 per hundredweight, as the Secretary determines necessary to avoid such consequences: *Provided*, That the loan and purchase level for the succeeding crop shall be established from a loan and purchase level as provided in the immediately preceding sentence. The loan and purchase level and the established price for each of the 1982 through 1985 crops of rice shall be announced not later than March 1 of each calendar year for the crop harvested in that calendar year.

"(2)(A) In addition, the Secretary shall make available to cooperators payments for each of the 1982 through the 1985 crops of rice grown in the several States of the United States in an amount computed as provided in this paragraph. Payments for each such crop of rice shall be computed by multiplying (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the yield established for the farm. In no event shall payments be made under this paragraph for any of the 1982 through 1985 crops on a greater acreage than the acreage actually planted to rice. The total quantity on which payments would otherwise be payable to a cooperator for any crop under this subparagraph shall be reduced by the quantity on which any disaster payment is made to the cooperator on a farm for the crop under this paragraph.

"(B) The payment rate for rice shall be the amount by which the established price for the crop of rice exceeds the higher of—

"(i) the national average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under paragraph (1) for such crop.

The established price for the purpose of making payments under this subsection shall be the established price for the previ-

ous year's crop adjusted to reflect any change in (A) the average adjusted cost of production per acre for the two crop years immediately preceding the year for which the determination is made from (B) the average adjusted cost of production per acre for the two crop years immediately preceding the year previous to the one for which the established price is being determined divided by (c) the normal yield. The adjusted cost of production for each of such years shall be determined by the Secretary on the basis of such information as the Secretary finds necessary and appropriate for the purpose and shall be limited, on a per-acre basis, to (i) variable costs, (ii) machinery ownership costs, and (iii) general farm overhead costs, allocated to the crops involved on a basis of the proportion of the value of the total production derived from each crop.

"(C) The yield established for the farm for any year shall be determined on the basis of the actual yields per harvested acre for the three preceding years; *Provided*, That the actual yields shall be adjusted by the Secretary for abnormal yields in any years caused by drought, flood, other natural disaster, or other condition beyond the control of the cooperators. If no rice was produced on the farm during such period, the yield shall be determined taking into consideration the yield of comparable farms in the surrounding area and such other factors as the Secretary determines will produce a fair and equitable yield.

"(D) Except as otherwise provided in subparagraph (F) of this paragraph, effective with respect to the 1982 through 1985 crops of rice, if the Secretary determines that the persons involved in producing rice on a farm are prevented from planting all or any portion of the acreage intended for rice on the farm to rice or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to cooperators on a farm on the number of such acres so affected but not to exceed the acreage planted to rice for harvest (including any acreage which the producers were prevented from planting to rice or other nonconserving crop in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by the yield established for the farm times a payment rate equal to 33⅓ per centum of the established price for rice.

"(E) Except as otherwise provided in subparagraph (F) of this paragraph, effective with respect to the 1982 through 1985 crops of rice, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of rice which the persons involved in producing rice on a farm are able to harvest on the farm is less than the result of multiplying 75 per centum of the yield established for the farm by the acreage planted for harvest for such crop, the Secretary shall make a farm disaster payment to the cooperators on the farm for the deficiency in production below 75 per centum of the crop at a rate equal to 33⅓ per centum of the established price for the crop.

"(F) No person shall be eligible to receive disaster payments for any crop of rice under this paragraph in any county in which crop insurance, part of the premium for which is paid by the Federal Crop Insurance Corporation under the provisions of section 508(b)(3) or 508(e) of the Federal Crop Insurance Act, is generally offered for that crop prior to planting.

"(3) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(4)(A) The Secretary shall proclaim a national program acreage for each of the 1982 through 1985 crops of rice. The proclamation shall be made not later than January 31 of each calendar year for the crop harvested in that calendar year. The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (B) of this subsection if the Secretary determines it necessary based upon the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for rice shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm established yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of rice are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(B) The Secretary shall determine a program allocation factor for each crop of rice. The allocation factor for rice shall be determined by dividing the national program acreage for the crop by the number of acres which the Secretary estimates will be harvested for such crop: *Provided*, That in no event shall the allocation factor for any crop of rice be more than 100 per centum nor less than 80 per centum.

"(C) The individual farm program acreage for each crop of rice shall be determined by multiplying the allocation factor by the acreage of rice planted for harvest on the farms for which individual farm program acreages are required to be determined: *Provided*, That the rice acreage eligible for payments shall not be further reduced by application of the allocation factor if the producers reduce the acreage of rice planted for harvest on the farm from the previous year by at least the percentage recommended by the Secretary in the annual proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of rice planted for harvest is less than for the preceding year, but the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for rice, the Secretary is authorized to make such adjustments as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(5)(A) The Secretary shall provide for a set-aside of cropland if the Secretary determines that the total supply of rice will, in the absence of such a set-aside, likely be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. Any such set-aside shall be announced by the Secretary not later than January 31 of the calendar year in which the crop for which the announcement is made is harvested. If a set-aside of cropland is in effect under this subsection, then as a condition of eligibility for loans, purchases, and payments authorized by this section on rice, the producers on a farm must (i) set-aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the rice acreage planted for harvest for the crop year for which the set-aside is in effect and (ii) limit the acreage of rice planted for harvest for the crop year to an acreage that when added to the acreage required to be set-aside, in accordance with clause (i) above, will not exceed the sum of the acreage of rice planted for harvest plus the rice program set-aside acreage, if any, from the previous crop year. If the acreage of rice planted for harvest in the previous crop year was abnormal because of drought, flood, or other natural disaster, or other condition beyond the control of the producer, the Secretary shall adjust such acreage based upon such factors as the Secretary determines fair and equitable. The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, which will assure protection of such acreage from weeds and wind and water erosion; however, the Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the set-aside acreage to be devoted to sweet sorghum, hay, and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, oats, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply, is not likely to increase the cost of the price support program, and will not adversely affect farm income.

"(B) The Secretary may make land diversion payments to producers of rice, whether or not a set-aside for rice is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of rice to desirable goals. Such land diversion payments shall be made to producers on a farm who, to the extent prescribed by the Secretary, limit the acreage of rice planted for harvest and devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(C) The set-aside acreage and the additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the

general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(D) The Secretary may make such adjustments in determining the rice acreage planted for harvest in the previous year and in individual set-aside acreage under this section as the Secretary determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, and topography, and such other factors as the Secretary deems necessary.

"(E) If the operator of the farm desires to participate in the program formulated under this subsection, the operator shall file an agreement to do so no later than such date as the Secretary may prescribe. Loans, purchases, and payments under this section shall be made available to producers on such farm only if the producers set aside and devote to approved soil conserving uses an acreage on the farm equal to the number of acres which the operator agrees to set aside and devote to approved soil conserving uses, and the agreement shall so provide. The Secretary may, by mutual agreement with the producers, terminate or modify any such agreement entered into pursuant to this subsection if the Secretary determines such action necessary because of an emergency created by drought or other disaster, or in order to prevent or alleviate a shortage in the supply of agricultural commodities.

"(6) In any case in which the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the default.

"(7) The Secretary is authorized to issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(8) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.".

DEFINITION OF COOPERATOR

SEC. 603. Section 408(b) of the Agricultural Act of 1949 is amended by inserting immediately before the period at the end of the first sentence the following: ": *Provided further,* That for the 1982 through 1985 crops of rice, a cooperator shall be a producer on a farm who has set aside any acreage as required under section 101(i)".

REPORT ON TRADING OF RICE FUTURES

SEC. 604. The Secretary of Agriculture shall on or before July 31, 1983, submit a report to the Congress evaluating the trading of rice futures on the commodity exchanges. The report shall contain an assessment as to whether the rice futures prices effectively reflect the market prices for rice except for certain factors such as carrying charges and storage costs. In addition, the Secretary shall include in such report an assessment of the feasibility of using the seasonal average price received by farmers for rough rice or the futures price for rice as a basis for calculating the support and loan rate for rice as provided for in the Agricultural Act of 1949, as amended. Such report shall contain any other recommendations of the Secretary as may relate to these matters.

The CHAIRMAN. Are there any amendments to title VI? If not, the Clerk will designate title VII.

Title VII reads as follows:

TITLE VII—PEANUTS

ANNUAL MARKETING QUOTA AND STATE ACREAGE ALLOTMENT

SEC. 701. Section 358 of the Agricultural Adjustment Act of 1938 is amended as follows:

(a) Subsections (a) and (e) shall not be applicable to the 1982 through 1985 crops of peanuts.

(b) Subsection (c)(1) is amended, effective for the 1982 through 1985 crops of peanuts, by striking out the period at the end of the second sentence and inserting in lieu thereof the following: ": *Provided,* That the peanut acreage allotment for the State of New Mexico shall not be reduced below the 1977 acreage allotment as increased pursuant to subsection (c)(2) of this section.".

NATIONAL ACREAGE ALLOTMENT; NATIONAL POUNDAGE QUOTA; FARM POUNDAGE QUOTA; AND DEFINITIONS

SEC. 702. Effective for the 1982 through 1985 crops of peanuts, section 358 of the Agricultural Adjustment Act of 1938 is amended by adding at the end thereof new subsections (k) through (p) as follows:

"(k) The Secretary shall, not later than December 1 of each year, announce a national acreage allotment for peanuts for the following crop taking into consideration projected domestic use, exports, and a reasonable carryover: *Provided,* That such allotment shall be not less than one million six hundred and fourteen thousand acres.

"(l) The Secretary shall, not later than December 1 of each year, announce a minimum national poundage quota for each of the marketing years 1982 through 1985 which shall not be less than one million three hundred thousand tons. If the Secretary determines that the minimum national poundage quota for any marketing year is insufficient to meet total estimated requirements for domestic edible use and a reasonable carryover, the national poundage quota for the marketing year shall be increased by the Secretary to the extent determined by the Secretary to be necessary to meet such requirements.

"(m) For each farm for which a farm acreage allotment has been established, a farm yield for peanuts shall be determined. Such yield shall be equal to the average of the actual yield per acre on the farm for each of the three crop years in which yields were highest on the farm out of the five crop years 1973 through 1977: *Provided,* That if peanuts were not produced on the farm in at least three years during such five-year period or there was a substantial change in the operation of the farm during such period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms which are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(n) For each farm, a farm base production poundage shall be established equal to the quantity determined by multiplying the farm peanut acreage allotment by the farm yield determined in accordance with subsection (m) of this section.

"(o) For each farm, a farm poundage quota shall be established by the Secretary for each marketing year equal to the farm base production poundage multiplied by a factor determined by the Secretary, such that the total of all farm poundage quotas will equal the national poundage quota for such marketing year. The poundage quota so determined, beginning with the 1982 crop for any farm, and continuing through the 1985 crop for any farm, shall be increased by the number of pounds by which marketings of quota peanuts from the farm during the immediately preceding marketing year, beginning with 1981, were less than the farm poundage quota: *Provided,* That any such increase, to the extent that it may not be fully applied to the farm poundage quota for the marketing year following the marketing year in which such undermarketings occurred, shall be applied to the farm poundage quota for subsequent marketing years: *Provided further,* That the grower must have planted in such preceding marketing year at least 50 per centum of the farm allotment in order to qualify for such undermarketing carry forward: *Provided further,* That total marketings shall not exceed actual production from the farm acreage allotment: *Provided further,* That if the total of all such increases in individual farm poundage quotas exceeds 10 per centum of the national poundage quota for the marketing year, the Secretary shall adjust such increases so that the total of all increases does not exceed 10 per centum of the national poundage quota.

"(p) For the purpose of this part and title I of the Agricultural Act of 1949, as amended—

"(1) 'quota peanuts' means, for any marketing year, any peanuts which are eligible for domestic edible use as determined by the Secretary, which are marketed or considered marketed from a farm, and which do not exceed the farm poundage quota of such farm for such year;

"(2) 'additional peanuts' means, for any marketing year, any peanuts which are marketed from a farm and which are in excess of the marketings of quota peanuts from such farm for such year but not in excess of the actual production of the farm acreage allotment;

"(3) 'crushing' means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or otherwise when authorized by the Secretary; and

"(4) 'domestic edible use' means use for milling to produce domestic food peanuts and seed and use on a farm.".

SALE, LEASE, AND TRANSFER OF ACREAGE ALLOTMENTS

SEC. 703. Effective for the 1982 through 1985 crops of peanuts, section 358a of the Agricultural Adjustment Act of 1938 is amended by—

(1) in subsection (a)—

(i) striking out ", if he determines that it will not impair the effective operation of the peanut marketing quota or price support program,"; and

(ii) striking out "may" each place that word appears and inserting "shall" in lieu thereof; and

(2) adding at the end thereof new subsection (i) and (j) as follows:

"(i) Notwithstanding any other provision of this section, transfers shall be on the basis of the farm base production poundage, and the acreage allotment for the receiving farm shall be increased by an amount determined by dividing the number of pounds transferred by the farm yield for the receiving farm, and the acreage allotment for the transferring farm shall be reduced by an amount determined by dividing the number of pounds transferred by the farm yield for the transferring farm.".

"(j) Notwithstanding the provisions of subsections (b)(1) and (g) of this section, in the case of any State for which the peanut acreage allotment is eleven thousand acres or less, all or any part of a farm acreage allotment may be transferred from a farm in one county to a farm in another county in the same State and the fifty-acre limitation on the total peanut allotment transferred to any farm shall not apply.".

MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS

SEC. 704. Effective for the 1982 through 1985 crops of peanuts, section 359 of the Agricultural Adjustment Act of 1938 is amended by—

(1) striking out in the first sentence of subsection (a) "75 per centum of the support price for" and inserting in lieu thereof "120 per centum of the support price for quota";

(2) inserting after the first sentence of subsection (a) a new sentence as follows: "The marketing of any additional peanuts from a farm shall be subject to the same penalty unless the peanuts, in accordance with regulations established by the Secretary, are placed under loan at the additional loan rate under the loan program made available under section 108(b) of the Agricultural Act of 1949 and not redeemed by the producers or are marketed under contracts between handlers and producers pursuant to the provisions of subsection (i) of this section.";

(3) striking out "normal yield" in subsection (a) and inserting in lieu thereof "farm yield"; and

(4) adding at the end thereof new subsections (f) through (k) as follows:

"(f) Only quota peanuts may be retained for use as seed or for other uses on a farm and when so retained shall be considered as marketings of quota peanuts. Additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use. Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

"(g) Upon a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that would reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 120 per centum of the loan level for quota peanuts on the peanuts which the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(h) The Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108(c) of the Agricultural Act of 1949. Quota and additional peanuts of like type and segregation or quality may, under regulations prescribed by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(i) Handlers may, under regulations prescribed by the Secretary, contract with producers for the purchase of additional peanuts for crushing, export, or both. All such contracts shall be completed and submitted to the Secretary (or if designated by the Secretary, the area association) for approval not later than March 15 of the year in which the crop is produced.

"(j) Subject to the provisions of section 407 of the Agricultural Act of 1949, as amended, any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus (1) 100 per centum of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season upon delivery by and with the written consent of the producer, or (2) not less than 105 per centum of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer but not later than December 31 of the marketing year, or (3) not less than 107 per centum of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year: *Provided*, That between date of delivery of additional peanuts to Commodity Credit Corporation for loan and April 30 of the marketing year, the area association shall, unless otherwise agreed to by the association and the Commodity Credit Corporation, be responsible for deciding whether to accept or reject lot list bids when the price offered equals or exceeds the Commodity Credit Corporation minimum sales price specified in this subsection.

"(k) Notwithstanding any other provision of this section, the amount of any penalty assessed under this section with respect to marketing of quota or additional peanuts or otherwise shall be reduced or waived completely to the extent that the Secretary, through the local committees, determines that the marketing subject to penalty was done unintentionally or unknowingly: *Provided*, That weight errors with respect to marketing of quota or additional peanuts not exceeding one-tenth of 1 per centum per marketing document shall not be considered an excess marketing and shall not be subject to penalty.".

REPORTS AND RECORDS

SEC. 705. Effective for the 1982 through 1985 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 is amended by inserting immediately before "all brokers and dealers in peanuts" the following: "all farmers engaged in the production of peanuts,".

PRESERVATION OF UNUSED ALLOTMENTS

SEC. 706. Effective for the 1982 through 1985 crops of peanuts, section 377 of the Agricultural Adjustment Act of 1938 is amended by inserting after the words "farm acreage allotment for such year" the following: "or, in the case of peanuts, an acreage sufficient to produce 75 per centum of the farm poundage quota".

PRICE SUPPORT PROGRAM

SEC. 707. Effective for the 1982 through 1985 crops of peanuts, title I of the Agricultural Act of 1949 is amended by adding at the end thereof a new section 108 as follows:

"PEANUT PROGRAM

"SEC. 108. Notwithstanding any other provision of law—

"(a) The Secretary shall make price support available to producers through loans, purchases, or other operations on quota peanuts for each of the 1982 through 1985 crops. The national average quota support rate for the 1982 crop of quota peanuts shall be the national average cost of production, including the cost of land on a current value basis, for such crop, as estimated by the Secretary, but in no event less than $600 per ton. The national average quota support rate for each of the 1983, 1984, and 1985 crops of quota peanuts shall be the national average quota support rate for such peanuts for the preceding crop, adjusted to reflect the change, during the period January 1 and ending December 31 of the calendar year immediately preceding the marketing year for which a level of support is being determined, in the national average cost of peanut production, excluding the cost of land. The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage: *Provided*, That the Secretary may make adjustments for location of peanuts and such other adjustments as are authorized by section 403 of this Act.

"(b) The Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1982 through 1985 crops. In determining support levels, the Secretary shall take into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets: *Provided*, That the Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to insure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts. The Secretary shall announce the level of support for additional peanuts of each crop not later than February 15 preceding the marketing year for which the level of support is being determined.

"(c)(1) In carrying out subsections (a) and (b) of this section, the Secretary shall make warehouse storage loans available in each of the three producing areas (described in 7 CFR 1446.10 (1980)) only to a designated area marketing association of peanut producers which is selected and approved by the Secretary and which is operated primarily for the purpose of conducting such loan activities. Such associations, and no others, may be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938. Loans under this subsection shall include, in addition to the price support value of the peanuts, such costs as an association reasonably may incur in carrying out its responsibilities in its operations and activities under this section and section 359 of the Agricultural Adjustment Act of 1938: *Provided*, That cooperative marketing associations engaged in handling, shelling, or dealing in peanuts in any manner, other than the area marketing associations selected and approved by the Secretary under this paragraph, may not conduct loan, diver-

sion or any other activities under this section and section 359 of the Agricultural Adjustment Act of 1938.

"(2) The Secretary shall require that each association designated in paragraph (1) establish pools and maintain complete and accurate records by type for quota peanuts handled under loans and for additional peanuts produced without a contract between handler and producer described in section 359(i) of the Agricultural Adjustment Act of 1938. Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed in proportion to the value of the peanuts placed in the pool by each grower. Net gains for peanuts in each pool shall consist of (A) for quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool plus an amount from the pool for additional peanuts to the extent of the net gains from the sale for domestic food and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts and (B) for additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (A) of this paragraph. Notwithstanding any other provision of this subsection, any distribution of net gains on additional peanuts of any type to any producer shall be reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts of a different type placed under loan by such grower.".

The CHAIRMAN. Are there amendments to title VII?

AMENDMENT OFFERED BY MR. LUNDINE

Mr. LUNDINE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUNDINE: On page 45, beginning with line 19, strike out all down through line 3 on page 59 and insert in lieu thereof the following:

"REPEAL OF EXISTING PROGRAM

"SEC. 701. (a) Effective beginning with the 1982 crop of peanuts, part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1357-1359), relating to peanuts, is repealed.

"(b) Effective beginning with the 1982 crop of peanuts, the Agricultural Act of 1949 is amended—

"(1) by striking out 'and peanuts' in section 101(b); and

"(2) by striking out 'peanuts,' in section 408(c).

"PRICE SUPPORT FOR PEANUTS

"SEC. 702. Effective beginning with the 1982 crop of peanuts, section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended—

"(1) by inserting 'peanuts,' after 'honey,' in the language preceding subsection (b); and

"(2) by adding at the end thereof a new subsection '(g)' as follows:

"(g) The prices of the 1982 and subsequent crops of peanuts shall be supported at such level as the Secretary considers appropriate, taking into consideration the eight factors specified in section 401(b) of this Act, the cost of production, any change in the index of prices paid by farmers for production items, interest, taxes and wage rates during the period beginning January 1 and ending December 31 of the calendar year immediately preceding the crop year for which the level of support is being determined, the demand for peanut oil and meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets."

Mr. LUNDINE (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LUNDINE. Mr. Chairman, I join with my colleague from Illinois (Mr. FINDLEY) in offering an amendment to title VII, the peanut support section of H.R. 3603. This amendment would delete the peanut acreage allotment and poundage quota provisions in the legislation and substitute a straight loan support program for peanuts that is similar to the support programs now in effect for all other food crops.

Nearly a decade after allotment and production restrictions were eliminated for wheat, corn, and most other food crops, a rigid program of production controls and marketing restrictions continues to operate for peanuts. Under this program, the Government determines where the peanuts can be grown, who can grow them and what amounts can be produced and marketed. The program maintains high peanut prices by restricting production and insulating the domestic market from international competition.

The inadequacy of this system of controls was clearly evident in the doubling of peanut prices in the wake of last year's drought. At one point last winter, the price of shelled peanuts rose over 400 percent, from 40 cents per pound to $1.75 per pound. High peanut prices have continued and have priced peanuts and peanut products out of the diet of many American households. This is particularly troubling when one considers that peanut butter contributes a significant portion of the protein in the diet of children—particularly poor children.

After careful study, I am unable to find any justification for this restrictive system, nor any reason why peanuts should be accorded treatment so preferential to that given every other food crop. While such controls may have been justified by conditions during the depression, they are clearly unacceptable under current market conditions.

Congress cannot permit the almost feudalistic peanut acreage allotment system to continue. Over 70 percent of current peanut production is on land with allotment rights leased by growers from individuals whose father or grandfather received acreage allotments over 40 years ago. These individuals take no risk, contribute nothing to the production process, and yet they receive annual tribute payments averaging between $200 and $250 per allotment acre.

The cost of acquiring allotments rights constitutes nearly 90 percent of the land rental costs associated with peanut farming. This unnecessary leasing of allotment rights accounts for over 20 percent of the cost of producing peanuts in the United States.

Equally unnecessary is the current practice of assigning poundage quotas to each allotment acre to restrict peanut supply. Only peanuts falling within the quota are subject to the full support price and can be sold domestically. Any additional supplies are supported at a lower price and are restricted either for export or for crushing for oil. This two-tiered support system guarantees a higher price for peanuts consumed domestically than for peanuts sold abroad.

It is estimated that current allotment and production restrictions add 10 cents per pound to the cost of producing peanuts and peanut products. This adds nearly $200 per ton to production costs, contributing significantly to the current $455 per ton support price. Consumers were forced to pay an additional $200 million for the unnecessary costs associated with the current peanut program in 1980.

In addition, a complex set of regulations is needed to police these allotment and quota requirements. A force of more than 500 people is employed to administer these requirements, at an annual cost to the Federal budget of over $9 million.

I must emphasize that H.R. 3603 would not change any of these aspects of the current peanut program. Instead, it further restricts domestic peanut supplies by reducing total acreage allotments and national poundage quotas. It would also raise the support price for peanuts from the current $455 per ton to $600 per ton.

I see no reason for retaining these restrictive provisions, and certainly no justification for strengthening them. The right to grow peanuts in this country should not be determined by inheritance nor subject to monopoly rents. We cannot continue bestowing special privileges on a select group of allotment holders while requiring millions of consumers to continue paying unjustifiably high prices for peanuts and peanut products.

Mr. Chairman, the amendment I am offering is not an antifarm proposal. I represent a rural district in western New York and am very much aware of the difficulties faced by farmers and of conditions in current agricultural markets. I have strongly supported Government efforts to provide stable prices and accessible markets for farmers through price support programs.

The amendment would not eliminate price supports for peanut growers. It would only eliminate the outdated and costly acreage allotment and poundage quota requirements. In place of these restrictions it authorizes a program of price supports involving loans and purchases by the Department of Agriculture at support levels determined by the Secretary of Agriculture.

Most important, the amendment permits any farmer to grow peanuts for sale and allows peanut production to be governed by market forces instead of Government regulation.

Opponents of this proposal will argue that these changes will undermine the finely tuned mechanism of current peanut production and will impose hardship on peanut producers. This is clearly inaccurate. Current producers will continue to be able to grow peanuts and benefit from Government price supports. The only people adversely affected by these changes would be the nonproducing allotment holders. Contrary to recent claims, these allotment holders are not all little old ladies or retired farmers. A significant number of current acreage allotments are held by oil companies, railroads and other commercial interests, as well as by out-of-State bankers, doctors, and attorneys.

I should point out that similar doomsday warnings were sounded in 1975 when a similar allotment system was eliminated for rice. Contrary to these predictions, the rice industry has flourished, with both rice production and consumption increasing by more than 25 percent during the past 5 years.

I am convinced that a straight loan support program can offer adequate protection for peanut producers, while assuring stable prices and quality products for consumers. Such a program is entirely consistent with the Reagan administration's emphasis on free-market forces and reduced Government cost. It is also consistent with the public's demand for policies that are noninflationary and reforms that eliminate special privilege.

I believe this amendment offers a fair and equitable arrangement for both peanut producers and consumers and urge its adoption by the House.

The CHAIRMAN. The time of the gentleman from New York (Mr. LUNDINE) has expired.

(On request of Mr. FINDLEY and by unanimous consent, Mr. LUNDINE was allowed to proceed for 5 additional minutes.)

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. LUNDINE. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. I thank the gentleman for yielding.

I am as concerned as the gentleman is and as the administration may be with reduced costs, but I would like to speak about the consumer at this particular moment.

Anything that raises the price of peanut butter, which is a staple in low-income families, particularly those with a large number of children, is a tragedy for them, and we have had many cuts and we certainly need some ease over this essential product.

Mr. LUNDINE. The price of peanut butter in the United States roughly doubled last year. That may seem funny to some people, but when we consider the amount of protein that poor children get out of peanut butter, it is really indefensible.

Mrs. FENWICK. I thank my colleagues. It is a very important point.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. LUNDINE. I yield to the gentleman from Illinois.

Mr. FINDLEY. I thank the gentleman for yielding.

I have seen estimates which state that the Federal franchise which gives a particular landowner the exclusive right to raise peanuts is worth about 20 percent of the market value of peanuts.

Is the gentleman aware of that?

Mr. LUNDINE. That is correct.

Mr. FINDLEY. In other words, the users of peanuts, whether they be the housewife, the homemaker, or the processor, is paying a premium of at least 20 percent because of the Federal franchise system which singles out particular owners of land in this country and gives them the exclusive right to grow peanuts?

Mr. LUNDINE. Actually, to be clear about it, that 20 percent is just for the acreage allotment and does not even take into consideration the poundage quota which adds an additional burden to consumer prices.

Mr. FINDLEY. It does not take into account that this is a closed system which keeps outsiders from growing peanuts for any purpose; that tends to force the price up in addition to the franchise value of this right to grow peanuts, which is an absurdity, an anachronism in our society if one ever existed.

□ 1230

Mr. LUNDINE. I am informed that you could grow peanuts in California. You may even be able to grow them in Illinois; and why, tell me, what is the public interest in employing U.S. Government people, about 500 people we employ to go around and police that peanuts are not grown in any other than these six States and, more important, in any other than the individual acreage allotments in certain counties within those six States.

Mr. FINDLEY. Mr. Chairman, would the gentleman yield to me?

Mr. LUNDINE. Certainly, I yield.

Mr. FINDLEY. This body is often characterized as the representative body of the entire Nation, which is an urban society and, of course, a consumer society.

I am curious to know if there are going to be any voices speaking up for the consumer in behalf of the amendment the gentleman has just offered. Where are the voices? Who is interested in the welfare of the consumer?

Mr. LUNDINE. I would like to reclaim my time here in this regard.

I would like to explain to my colleagues that I am not antifarmer. I come from a rural district in western New York. We produce grapes. We are one of the largest milk producing areas in the Eastern part of the United States.

I have strongly supported Government efforts to provide stable prices and accessible markets for farmers through price support systems; but when I learned of this peanut situation I absolutely was astounded. I think that I understand certain agreements are made in the agricultural politics of this country; but if we look at this program honestly, my colleagues, this is an aberration. It is outside of what we do for wheat or what we do for corn, or what we do for dairy products, and it does not bear any reasonable relationship to supporting agricultural stability; much less can it be defended in terms of the interests of the American consumer.

I urge adoption of the amendment.

Mr. ROSE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, and my colleagues, I hope that you will listen and look very carefully at this amendment. My friend, the gentleman from New York, a great dairy State that we all love, has brought forth an amendment that I think is mischievous. It is mischievous because it attempts to say, as my friend, the gentlewoman from New Jersey (Mrs. FENWICK) was speaking a moment ago, that the price to the consumer of peanut products is somehow artificially inflated because of the peanut program that has been adopted and has been in place in the Federal law. I submit that that simply is not the case.

I have some sheets that I have made available and I wish I had a large enough chart to show you that if we were to make peanut butter with $600 a ton supported peanuts—now, you do not make peanut butter with that expensive a peanut—if you were, that figures out to 30 cents a pound for the peanuts. In a 12-ounce jar of peanut butter which is currently selling in the neighborhood of $1.75 at the marketplace, 20 cents—20 cents out of $1.75 is what the peanut farmer robs from the American consumer.

What we are faced with is an attempt by the manufacturers of peanut butter and candy products to say that the drought that occurred in 1980, the

drought that almost wiped out the peanut crop in this country, that that was not the reason for a shortage of peanuts and high prices; but rather the peanut program that has been in place and working so well for the last several years was the problem.

Now we want the free enterprise system to open up the doors and let everybody grow peanuts so that the American consumer can eat cheaper peanut butter and have cheaper candy.

I asked some of my friends who make peanut candy who were in my office recently, I said, "Brothers, if we opened up the doors wide to everybody to grow peanuts, would the cost of 1 pound of peanut butter or a candy bar go down?"

And they said, "Brother Rose, you have gone to meddling now. Don't ask."

I submit that this program which was carefully finetuned in 1977 has worked well to supply the American public with an adequate quantity of high quality peanuts.

Now, there is something that the good farm friends of mine in the Midwest need to understand. We in the South adjust supplies to meet demand. We have programs in many of our commodities that regulate the amount that people can grow to meet the demand that is out there. That is included in this law.

Now, my good friend, the gentleman from Illinois (Mr. FINDLEY) talks to me in private. The gentleman was not the one that said it yet today, that this allotment system somehow is a holdover from an earlier time, a feudal system.

Mr. FINDLEY. Right.

Mr. ROSE. And maybe that I am making a feudal argument, I believe the gentleman said one time; but I submit that in the gentleman's great State they have an allotment system for soybeans and corn. It is called land and when you run out of that rich land you have in southern Illinois, you cannot plant anything else.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield to me?

Mr. ROSE. Yes, sir.

Mr. FINDLEY. The gentleman's great State can grow corn if it wants to, wheat if it wants to, rice if it wants to, soybeans if it wants to. Why should not my farmers have the right to grow peanuts if they want to? Is this not a free land?

Mr. ROSE. My farmers go to bed at night dreaming about having corn as tall and soybeans that yield as much an acre as in the gentleman's State where the gentleman lives. We are very envious of you for that; so why would the gentleman want to take away the one way we have got to keep supply and demand in land so that the candy and peanut manufacturers do not completely roll over us as they are trying to do in this House now in the name of more peanut butter, cheaper peanut butter for the American people.

Mr. FINDLEY. Mr. Chairman, would the gentleman yield further?

Mr. ROSE. Certainly.

Mr. FINDLEY. One big difference is that the farmers in the gentleman's State are growing corn. They are growing soybeans, but my farmers cannot grow peanuts. I say that is discrimination that violates very fundamental principles in our society.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

(By unanimous consent, Mr. ROSE was allowed to proceed for 5 additional minutes.)

Mr. ROSE. To the gentleman from Illinois (Mr. FINDLEY), I will say that your good farmers' yields make our yields we get in North Carolina pitiful by comparison. We do not make any money on corn and soybeans like the farmers in the gentleman's State.

Mr. FINDLEY. We welcome immigrants from North Carolina any day in the week.

Mr. ALBOSTA. Mr. Chairman, will the gentleman yield?

Mr. ROSE. I yield to the gentleman from Michigan.

Mr. ALBOSTA. Mr. Chairman, I just want to associate myself with the remarks the gentleman has made. I believe there is real need in this country to have a program that works. I cannot see anything wrong with the peanut program if it is serving the major purpose that it was intended to do; not that I am against Illinois growing peanuts or my State of Michigan growing peanuts, that is not the point. I think the point is that in the peanut States where you do grow peanuts and have peanut allotments, you are the ones agreeing to that program. The farmers are not opposed to letting Illinois use 90 percent support or target prices that most farmers in this area probably would reject.

So I am saying that I am in agreement with what the gentleman is saying. I do not think we should destroy a program that basically works well, not only for the farmer, but that consumers ought to remember there is only 20 cents that farmer is getting out of that jar of peanut butter. Somebody else is getting all the rest. It is not excessive and if the program works well and provides us with a reasonable amount of cost involved in that particular product, I think it is very important that we maintain that program. We also need this group or this coalition on agriculture here in this body to make sure that the corn programs, the sugar programs, and all the other things get the support and we support one another. Basically that is the message to the gentleman from South Carolina that I have. I support your program. I certainly hope that you support the programs that are so necessary to a dying industry such as the sugar industry in Michigan.

□ 1240

Mr. ROSE. Let me respond to what the gentleman said.

It looks like we are saying to the American people and to this House that the commodity boys are going to stick together and support each other's commodities, and I would like to point out to my colleagues in this body who are not on the Agriculture Committee that we are faced with a serious communication problem.

Less than 5 percent of the citizens of this country are producing all the food and fiber for this Nation, and in this body fewer and fewer Congressmen representing agricultural interests. If we do not stick together and tell our story as a unified voice, the plight of the farmer is not going to be heard in this land.

Mr. LUNDINE. Mr. Chairman, will the gentleman yield?

Mr. ROSE. I yield to my friend, the gentleman from the great dairy State of New York.

Mr. LUNDINE. I thank the gentleman for yielding. The gentleman from Michigan just said it more explicitly than I have ever heard it. Essentially, the argument is, I will scratch your back and you scratch mine. I just have one simple question:

The gentleman engaged in a dialog with the gentleman from Illinois and pointed out that his land was more productive for certain products than that in the Southeast, but the distinction is so obvious. The Federal Government does not say corn or soybeans can be grown in any particular place. Just simply: Why should the Federal Government tell a farmer or an individual who wanted to grow peanuts in some other place, whether in these States or some other States, that they cannot? Why should that be?

Mr. ROSE. Mr. Chairman, I will answer the gentleman in this way: You cannot grow peanuts in New York State that can compete with what can be grown in the rest of the country. I do not believe they can be grown in the Napa Valley of California to compete with what can be grown in Georgia or North or South Carolina. But I will make the gentleman this commitment: As chairman of the Peanut and Tobacco Committee, I will hold a hearing and my colleague can bring in farmers and witnesses from all the States in this Union that want to grow peanuts, and show us the evidence that the need and desire to grow peanuts is there and we will give it strong consideration.

Mr. LUNDINE. If my amendment is accepted and adopted, as it should be, that will not be necessary. But should it be rejected because the Members do

not understand this issue clearly, I will take the gentleman up on that.

Mr. MARLENEE. Mr. Chairman, will the gentleman yield?

Mr. ROSE. I yield to my friend, the gentleman from Montana.

Mr. MARLENEE. I thank the gentleman for yielding.

I would much rather have the gentleman's farmers raising peanuts than I would wheat, because my wheat farmers right now are raising wheat for peanuts. The more acreage we have in a product that is profitable, the better I like it.

Is that not the problem that we have right now? Everybody can seed wheat on any acre they so choose. Are the gentleman's peanut farmers making a profit?

Are they making a profit? Are the gentleman's farmers making a profit?

Mr. ROSE. They are making a bare profit; yes, sir.

Mr. MARLENEE. They are making a profit. Is there a drain on the Treasury from that program, a subsidy from the U.S. Treasury?

Mr. ROSE. No, sir. There is a program in place that is very economical, I submit, to the Treasury of the United States, and the one that is in the House bill that is before us is well within the budget limitations.

Mr. MARLENEE. I support the gentleman.

Mr. WAMPLER. Mr. Chairman, will the gentleman yield to me?

Mr. ROSE. May I yield first to the chairman, the gentleman from Texas Mr. (DE LA GARZA)?

Mr. DE LA GARZA. I appreciate the gentleman yielding.

Mr. Chairman, I am in support of the gentleman's very edifying discourse here. He certainly has convinced me. My concern is watching that clock, and I wonder if we might look and see how many Members would be interested here, because we still have quite a few sections to go through, and with all due respect, any more discussion would be repetitious, really. I think we have heard the pros and the cons, but I know that every Member that has peanuts in his district, of course, it is very important to him.

Would a 1:30 time limitation satisfy all of the Members?

Mr. ROSE. I think that is all right.

Mr. DE LA GARZA. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto conclude at 1:30.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. ROSE. I yield to the gentleman from Alabama.

Mr. DICKINSON. I thank the gentleman for yielding.

Mr. Chairman, I realize we have a very severe time constraint. Really, what this boils down to is: What is the budgetary impact, and does the administration support it? I wonder if the gentleman will yield to my friend, the gentleman from Virginia) (Mr. WAMPLER), the ranking member, to tell us what it does cost if we do this, and what other alternative there would be if we put so many people out of business.

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. ROSE. I would be happy to yield to my colleague the gentleman from Virginia, Mr. WAMPLER.

Mr. WAMPLER. I thank the gentleman for yielding.

Mr. Chairman, if I may respond to my colleague from Alabama (Mr. DICKINSON), the Department of Agriculture has estimated the cost of the peanut program for the next 4 years to be a total of $80 million. On average, that would be $20 million a year.

Mr. DICKINSON. Is that the worst case?

Mr. WAMPLER. That is what the cost is estimated to be. I might also respond that the administration does support this title of the bill as it was reported out of the Committee on Agriculture.

Mr. DICKINSON. I thank the gentleman.

Mr. Chairman, really we are looking at a multibillion dollar bill. We are looking at this peanut program, and it is peanuts. But it is so vital to certain sectors of the economy.

I would urge my colleagues not to tear this program apart. We have gone through at least 3 years of drought in my district. Certainly the 1980 year was a disaster, and the biggest opponents of the peanut program, I suspect, are in the commercial industry have been those people that want to profit by the hard times incurred by farmers by selling candy, confections, and so forth at higher prices with cheaper basic commodities. It just makes sense.

Mr. Chairman, peanuts are the single most important crop produced in the Second Congressional District of Alabama, my district. In addition, peanuts rank with dairy, cotton, swine, and horticultural crops in the State of Alabama. Nearly 10 percent of the farmers in Alabama produce over a half a million pounds of peanuts in the area known as the wiregrass. The soils are a rich sandy loam situated on gently rolling hills of the Upper Coastal Plain. In this region the soils and climate combine to form the unique conditions ideal for the culture of this unique crop; 65 percent of the edible peanuts produced in this country are grown in this region of Alabama, Georgia, and northern Florida. This crop is the basic element of the agriculture of my district. Soil, climate, and above all people earn their livelihood from peanuts. Entire towns owe their economic existence to the peanut industry. The men and women who have built their lives on the production of the crop who in many cases have invested their entire lives and fortunes in the production of peanuts have done so under the aegis of Government programs. Most who farm the region today have lived, planned, invested, and produced under Government programs for their entire life. They have produced a supply of domestic edible peanuts which has met and exceeded the demand for edible peanuts every year but 1 in the past 25. To support a precipitous end to this program simply to satisfy a personal philosophical goal flies in the face of basic logic. The 1 year of crop failure was 1980. Producers in my district are suffering a sustained drought which has driven them to install expensive irrigation equipment. Their economic condition is poor in 1981. Are we going to sit in this body and deny them the operating base and basic rules which have provided the promise for their business without their past successes without an in-depth study of problems which may exist? The program being discussed is based upon loans which upon repayment will cause no exposure to the Government.

I reject the idea that edible peanuts should be produced as corn and soybeans. Peanut producers must not be denied the use of the acquired right to grow. We are not today fighting to retain the privilege of farmers in certain sections of the country to use grazing rights nor are we trying to do away with other producers' franchised water rights. In all equity we should not now attempt to legislate against the peanut farmers. The peanut provisions of the bill before us should be passed, without change.

Mr. ENGLISH. Mr. Chairman, will the gentleman yield?

Mr. ROSE. I yield to the gentleman from Oklahoma.

Mr. ENGLISH. I want to thank the chairman.

Mr. Chairman, I am struck by the fact that it seems rather strange that we would be attacking one of the few farm programs that is working. We can look at the history of farm legislation, whether it is the wheat program or any of the other programs, and we find more times than not we fail; not that we succeed, we fail. We find thousands upon thousands of farmers forced out of business because of the economic impact that they are suffering because we have not been successful with our farm legislation. In this case, we have farmers who have decided on options in which they would like to go. They have decided the program they would like to follow. It is work-

ing. It is not costing the Treasury, compared to other agricultural legislation, and it is a success. The farmers are able to make a living, barely, but they are able to make a living.

It seems ironic that we would be selecting this program out as the one to attack. Instead, what we should be doing is selecting this program out as a model for other programs to follow.

Mr. LOTT. Mr. Chairman, will the gentleman yield?

Mr. ROSE. I yield to the minority whip, the gentleman from Mississippi (Mr. LOTT).

Mr. LOTT. I thank the gentleman for yielding.

Mr. Chairman, I would like to associate myself with the comments of the gentleman from North Carolina in opposition to this amendment.

Mr. Chairman, the peanut provisions of H.R. 3603, the Food and Agriculture Act of 1981, basically extend changes made by the 1977 farm bill designed to insure consumers an adequate supply of peanuts and producers a fair return for their investments of time and labor. These changes have resulted in a more efficient operation of the program at reduced Federal expenditures. I urge you to support continuation of the peanut program as provided for in title VII of H.R. 3606. I applaud the American peanut farmer for his efforts to provide this country, and the world, with the high quality protein contained in peanuts.

I want to also make it clear that the administration supports the peanut program contained in this bill.

The CHAIRMAN. Members standing at the time the unanimous consent request was agreed to will be recognized for 1 minute and 40 seconds each.

□ 1250

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. HATCHER).

(By unanimous consent, Mr. WHITLEY yielded his time to Mr. HATCHER).

Mr. HATCHER. Mr. Chairman, this amendment is quite simply an effort to abolish the peanut program, and I certainly appreciated the remarks of the gentleman from Oklahoma, who said that this is one of the few programs perhaps that had worked over the years. It has worked very well since 1938.

There have been only two times when we had such severe drought that we had fewer peanuts than we needed for domestic edible consumption. That was in 1954, and again in 1980. Of course, that factor was beyond the control of the peanut farmers of this country. There was a need, I submit, Mr. Chairman, for the allotment system in 1938, and there is a need for the allotment system today.

If we do not restrict production of peanuts, family farmers will be a matter of history as far as the production of peanuts. We can produce more peanuts in south Georgia alone than the people of this country require for domestic edible use.

Prior to the farm bill of 1977, the peanut program became a problem. It was costing too much. Action was taken to further restrict or limit the production of peanuts, which have the price support, and that was done by introducing a limitation on poundage quota. This bill, this committee bill today, is supported by the administration and by the members of the Agriculture Committee. It further restricts the production of poundage quota and will further reduce the cost to the American taxpayer to almost nothing by 1985.

We lead the world in the exportation of peanuts. We lead the world in the production of peanuts. We have the highest quality peanuts. I submit to my colleagues that the program has worked. It has worked well. We need to continue it, and I urge the Members to vote against the amendment.

Mr. EVANS of Georgia. Mr. Chairman, will the gentleman yield?

Mr. HATCHER. I yield to my colleague.

Mr. EVANS of Georgia. The gentleman has heard from our friend from New York that other people want to raise peanuts, and the assumption is that that is because one can make a little money raising peanuts. If the gentleman's amendment were accepted, what would be the value of a ton of peanuts?

Mr. HATCHER. Well, I think for the first year or two anyway, we will produce maybe three or four times the number of tons of peanuts this country needs.

Mr. EVANS of Georgia. How long will people grow peanuts if we did away with this peanut program?

Mr. HATCHER. The small farmer would grow them 1 or 2 years, and it would be corporate farmers after that, in my opinion.

Mr. EVANS of Georgia. Does the gentleman think that even corporate farmers could make money off peanuts if the price of peanuts was $150 or $200 a ton?

Mr. HATCHER. No. The only way they could make money is by cornering the market.

Mr. EVANS of Georgia. Is there any other way than what we are doing with this peanut program to have a stable supply of peanuts?

Mr. HATCHER. Not in my opinion.

Mr. EVANS of Georgia. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentlewoman from Nebraska (Mrs. SMITH).

Mrs. SMITH of Nebraska. Mr. Chairman, I thank the gentleman, and I commend him for his thoughtful approach to this very sensitive subject.

I rise in opposition to the amendment and ask my colleagues to take a serious, in-depth look at the peanut program and its record since 1949.

The program has been very inexpensive with decreasing costs since 1979. The projected 1985 cost is only $1.8 million. We all know what a drop in the Federal financial bucket that is, and the alternative of just a simple loan program would surely cost just as much. The cost-saving arguments just do not hold water.

Critics contend that the program is unfair because 70 percent of the allotment acreage is leased and because there are only 60,000 peanut farms. That does not sound so bad to me. The trend throughout agriculture regardless of acreage allotments is for more and more rented land. Furthermore, I have not had one visit or letter from a peanut farmer complaining about the system.

In closing, I would like to remind my colleagues that U.S. peanut production has tripled in the last 22 years. We are now the world's leading exporter of peanuts, capturing almost 50 percent of the international market.

Let us not bleed another sector of agriculture for a free-market theory that does not hold up in the reality of restrictive world markets.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK. Mr. Chairman, I am still puzzled that in an era that I am told is an era of deregulation, we make it tougher to grow peanuts than half the countries in the world make it to grow opium. Maybe we ought to export the peanut program to Turkey and Pakistan and a few other places in the world and put some real controls on heroin.

I am also puzzled that some of the most ardent defenders of free enterprise in the market system ever to congregate in one room in the United States of America have suddenly decided that none of this applies to agriculture. I have gone back again over the weekend over some of the free-market economies texts, and I must say that I must be missing something. I have missed the footnotes that say, "None of this applies to agriculture when we talk about the virtues of a free market."

We are told it does not cost the Treasury very much. In this case that is true. It is the consumer whom it will cost a great deal. It is true, any one item of additional consumer cost may not look that great, but what we have done—and I was glad the gentleman from Iowa asked me yesterday about shoe import restrictions, which I am opposed to—what we do by taking care of the producers time after time is to agglomerate costs which help drive the cost of living too high. Every one

of these interferences with the free productive systems adds something to costs.

Of course, we are now told, "Well, all the commodity groups are going to work together on this." That is true. And the consumer suffers. We were told yesterday that the dairy price support program is a great favor to the consumer. Now, restricting the growth of peanuts is a great favor to the consumer. Pretty soon, sugar and tobacco limits will come. Any more favors to that consumer, and he is going to go bankrupt. I do not think the consumers of America can stand up under the weight of the great favors that are being loaded onto them by this effort to drive up food prices.

To deregulate other things, but to treat the growing of peanuts as if it were some highly technical national security operation that we can only do with the permission of the gentleman from North Carolina, whom I greatly respect, is an absolute repudiation of what 90 percent of the Members have said here 90 percent of the time about deregulation and free enterprise.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. EVANS).

Mr. EVANS of Georgia. Mr. Chairman, the peanut program is the only reason that peanut growing has any profit whatsoever. If we want to talk about costs to the consumer, do away with the program, and watch the cost go out of sight.

Let me tell the Members very briefly that if we do away with the program and have unlimited production, we would have the farmers maybe for the first year or two, instead of getting 20 cents on a jar of peanut butter, getting 10 cents. Half of that cost would be passed along to the consumer, so that instead of $1.75 for a 10-ounce jar of peanut butter, we would have $1.70 for a jar of peanut butter. After about the second year farmers would find that they could not grow peanuts because of the glut on the market. They could not grow peanuts for the price that they would get for them. It would cost them $200 or $300 a ton to produce them more than they would get. Then, they would get out of the peanut growing business and we would not have a stable supply of one of the most nutritious foods that we have in our country today.

Now, the peanut program has made a stable, reasonably priced, nutritious food for the people of this country. We can talk about the philosophy or anything else, but this program works, and I urge the Members to support it.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. LOEFFLER).

Mr. LOEFFLER. Mr. Chairman, I rise in strong opposition to the pending amendment. The loss of allotments and other production controls would mean a shift of production from small family farms across the Nation to large farmers in one area of the country, making those, the only peanut crops that we would have on an annual basis, vulnerable to regional weather conditions. As those of us who come from rural areas are aware, members of farming and ranching communities know that when weather decides to be vindictive there is no control whatsoever that we can place.

In the event that the consumer is looking for relief and to assure the benefits that the consumer wants, it is in the consumer's best interest that peanuts are grown throughout the United States, in diverse areas that are palatable with respect to soil and that will produce a good crop.

Furthermore, Mr. Chairman, according to the Congressional Research Service, the modified peanut program has been successful in reducing Federal outlays and program losses. Net outlays in 1978 through 1980 averaged slightly over $16 million per year, compared to an average of almost $84 million annually in the preceding 4 years.

This is a good program, one supported by the administration as reported out of the committee. Basically, what the committee bill does is allow us to preserve the family owned farm and ranch, and not to generate corporate farms. It allows us to have a fair geographical distribution of the production of peanuts, and it does so at the least cost to the American taxpayer.

I urge my colleagues to reject this amendment wholeheartedly.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana (Mr. HUCKABY).

Mr. HUCKABY. Mr. Chairman, I rise in opposition to this amendment and in support of the peanut program as reported by the Committee on Agriculture.

Mr. Chairman, at this time I would like to yield to the gentleman from Florida (Mr. FUQUA).

Mr. FUQUA. Mr. Chairman, I thank the gentleman for yielding.

I come from an area that grows peanuts, and I might point out to my colleague in my statement in opposition to the pending amendment that this is not corporate farms. It is small farmers, family farmers—many of them minorities.

As has been pointed out earlier, there is no way that these farmers could survive without this program. I think it would be a tragic thing to turn the entire program over to the corporate farmers and then I think in later years, as has also been pointed out, we would find ourselves in a situation where we would have a higher price, and the consumer is not going to benefit.

□ 1300

Mr. Chairman, the program is working well. It was fine-tuned in 1977, and has worked well. I would hope it will continue, and I plead with my colleagues to make sure that we continue the program in its present form.

The CHAIRMAN. The Chair recognizes the gentleman from Alabama (Mr. DICKINSON).

Mr. DICKINSON. Mr. Chairman, I would like to point out one thing. When our Founding Fathers wrote the Constitution of this country, more than 90 percent of the population was directly or indirectly engaged in agriculture. I think this is reflected by the people across the country.

But as our country has grown great and industrialized and gone to the cities, we have seen that the farm segment has shrunk to the point where it is now less than 5 percent of the total population of this country producing all the food and fiber produced in this country, not only to feed and clothe ourselves but to export and help our balance of payments. This is not inconsequential.

I mention this to underscore the fact that the attitude in the Congress has shrunk to the point where on the Agriculture Committee the Agriculture Department is not adequately represented; on this floor the Agriculture Department is not adequately represented, and there are a lot of Members, it would seem, in this body who think our food comes from the grocery store, not from the farm.

We are driving people off the farm when only 5 percent of the total population owns farms and farms the land and lives in the country. What are we going to do if we keep driving them off the farm? They will need tax relief and other help.

This particular program, which very heavily impacts on my district, costs, as has been pointed out, less than $16 million out of a multibillion-dollar program in the last few years. As the gentleman from Virginia (Mr. WAMPLER), the ranking minority member, said, the projected cost is at most $20 million a year for a program that affects millions of people throughout this country and certainly in these producing areas.

So, Mr. Chairman, we would be very shortsighted to go forward and support this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Chairman, when I first came to this body in 1961, people had to have a Federal franchise in order to grow rice or wheat or cotton. Now anyone can grow any of these commodities, and each of these commodities is healthier today than it was prior to that time.

The one remaining edible commodity for which the Federal Government passes out exclusive franchises to grow is peanuts.

Now, what is said in public and what is said in private are often two different things. In talking to peanut area Congressmen in private, I hear them say, "Just give us 4 more years and we will be where you want us to be, with everybody having the right to grow peanuts."

I heard the same thing in 1973: "Give us 4 more years." Then in 1977, again they said, "Give us 4 more years," and now in 1981 I hear the same refrain: "Put it off for 4 more years."

I say that the time has come right now to open the door of opportunity to the peanut industry growers and processors alike. Let anyone who wants to grow peanuts do it. That is a fundamental right that has been extended to every other edible commodity except peanuts.

The program proposed by the gentleman from New York (Mr. LUNDINE) is a tested program. It is not a novelty. It is functioning satisfactorily for a number of commodities.

Mr. Chairman, it is high time that we extend the right to grow peanuts to anyone who wants to do it. It is going to be a step forward for the peanut industry—growers, processors, and consumers alike.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina (Mr. FOUNTAIN).

Mr. ANNUNZIO. Mr. Chairman, will the gentleman yield?

Mr. FOUNTAIN. I yield to the gentleman from Illinois.

Mr. ANNUNZIO. Mr. Chairman, it used to be that when you referred to something as peanuts, it meant it was not worth much. That saying has not been used lately. During the last year the cost of peanuts and peanut-related products has skyrocketed. The truth of the matter is that it did not have to happen. This situation could easily have been avoided. It is for this reason—to avoid subjecting consumers to enormously inflated peanut prices—that I totally support the Findley-Lundine amendment.

This amendment would eliminate the acreage allotment program for peanut crops which has been in place in this country for the past 43 years and replace it with a loan program similar to those for corn, wheat, soybeans, rice, and other crops. By doing this, not only would we assure adequate production of peanuts, but we would also assure consumers of stable prices for peanut products.

The amendment before us failed in the Senate by four votes. It failed in favor of a compromise that does little more than change the words in the program from acres to pounds. The Senate proposal has substituted a quota-by-poundage for the old allotment-by-acreage. It does not open up peanuts as a crop for more farmers, because the only farmers who will be able to get a poundage quota under the Senate proposal are those who held acreage allotments under the old program. The Senate-passed amendment could easily result in even higher prices for packaged peanuts at the stores next year.

The current program for peanut production in this country has built-in unnecessary costs to the consumer. It has cost the U.S. taxpayer over $1 billion since it began, and over $100 million in 1977 alone. In addition, when there is a poor peanut crop, the price of peanuts goes up, so not only is the consumer financially supporting an antiquated agricultural program through taxes, but he is also paying for this ridiculous situation through higher prices at the stores.

What we have now is just over 59,000 people scattered through 10 States who are allowed to grow peanuts by law. Anyone else can grow up to 1 acre of peanuts for their own use, but cannot sell their home-grown crops at the risk of severe penalties.

How did those chosen few earn this peanut privilege to the exclusion of all others. Did they buy it, earn it, or acquire it through some meritorious achievement? The answer in most cases is "No." They inherited it. Their grandfathers were growing peanuts in 1938 when the program went into effect. Now, only their heirs can grow peanuts. For peanut production in this country, time froze in 1938.

Seventy percent of those who own these peanut acres rent them out to other farmers for hundreds of dollars an acre incurring no risk to themselves whatsoever. This monopoly rent makes up 20 percent of the cost of producing peanuts. Seventy percent of allotment holders derive income from peanut production without even getting their hands dirty. It is the lessor of the acres who pays for the privilege of growing peanuts, pays for the cost of growing them, pays for the cost of harvesting them, and takes the loss if the peanut crop fails. The peanut landlord just collects the cash, up front.

As for the consumer, he has to absorb all of these additional costs and pay higher prices in a bad crop year. It is incredible to me that this situation has been allowed to continue for so long. No other agricultural commodity has had such a system in place for this length of time. It is equally incredible that Congress with all the cuts we have brought to bear on so many Federal programs can consider leaving this outdated, expensive and blatantly special interest program intact.

My own State of Illinois is the largest candy-producing State in the United States. It is also the largest peanut-using State in our country. The Illinois candy manufacturers who met with me en masse in my office told me bluntly that unless the Findley-Lundine amendment is passed, consumers will have to pay more money to buy chocolate-covered peanuts and candy bars that contain peanuts.

We have the opportunity through this amendment to end a program which no longer serves a useful purpose. Very few times has an issue been so clear. We should eliminate acreage allotments, eliminate production controls, eliminate poundage quotas—and allow the Secretary of Agriculture to establish price supports for peanuts the same as for other agricultural commodities. Only then will we be able to protect producers, while maintaining stable prices for consumers and reducing administrative costs to the Federal Government.

I urge my colleagues to support the Findley-Lundine amendment.

Mr. FOUNTAIN. Mr. Chairman, as we continue to discuss the direction of our Nation's agricultural policy—indeed the future of farming in America—there is, I believe, one central question which each and every Member of this Chamber should ask himself: Do we want our country's farmland owned and run by the small, independent farmer, or do we want our farms run by silent investors in a few huge corporate farms?

I know the answer to that question, and I believe the majority of my colleagues know the answer.

If we adopt policies which would surely drive farm families off the land, we will be spitting in the face of our Nation's heritage and history, driving individuals from the soil for the sake of a few rich corporate interests.

Mr. Chairman, we are today discussing the future of the peanut program, a program which has well served the farmer and the Nation by supplying an adequate crop at a fair price for both the farmer and the consumer.

Indeed, a large part of southern agriculture—and southern history and prosperity—is closely wedded to the lowly peanut, the goober, and its effective cultivation.

There are roughly 60,000 peanut farms in the three major peanut-producing areas in the United States, and my home State of North Carolina accounts for 18 percent. The magnitude of the peanut industry is not well known outside of the major producing States. But, it is a tale worth telling.

From 1957 to 1979—the space of only 22 years—peanut production nearly tripled to about 4 billion pounds, half of which was used in domestic food consumption. Over the years, peanut farming has become increasingly intensive, resulting in higher per acre yield, thanks to new

varieties of seed, new technology, better use of fertilizer, and improved management. And in 1979 alone, the total crop value was well over $800 million. Yet, through all of this expansion, harvested acreage has remained nearly constant, restricted by Federal allotment to about 1.6 million acres.

In 1980, however, the peanut farmers of this Nation were ravaged by one thing over which the Federal Government has no control: bad weather in the form of drought. Indeed, all of our country's farmers are at the mercy of the elements, and that is a major reason why there is a need for our commodity programs.

As a result of last year's drought, the 1980 peanut harvest was 42 percent below that of 1979; and domestic food use fell by 19 percent as a result of the crop shortfall—the first such shortfall in 26 years—and much higher consumer prices. Parenthetically, let me add the fact that the average farm price for a pound of peanuts was still only 24 cents, up just 12.5 percent. The fact that retail level prices rose by almost 85 percent is difficult to explain, but it is clear that that rise was in no way related to the peanut program—a program for farmers, not corporate candy companies.

So just as our peanut farmers are recovering from the devastation of the 1980 drought—not to mention the national catastrophe of inflationary prices—some would propose a dismantling of the peanut program. As has been well stated, these proposals would ruin the procedures which have helped bring about and secure an adequate return for our peanut farmers, and a high-quality, reasonably priced product for the consumer. Some would do in a program which—at the meager cost of about 1 cent per person annually—insures a bountiful supply of quality peanuts at a reasonable price.

Some have argued that the acreage allotment and marketing quota system restricts the peanut industry. With this in mind, it might be helpful to look back at the history of peanut farming in the peanut-producing areas of our Nation.

The present system came into being in order to protect and stimulate peanut farming when so many farms were going under during the Great Depression. At the program's core, its essence, it is a program designed to bolster a cornerstone of this Nation—American agriculture.

It is a program conceived in the spirit of Thomas Jefferson, for whom the small farmer working his land was the backbone of a free and prosperous way of life; a life marked by hard work, self-respect, and love of liberty. The peanut program is a program which serves the best interests of this Nation. No, not just our material interests, but also those values such as hard work which demand our respect in these troubled times.

These program-gutting proposals, as should be clearly evident, would encourage massive and undesirable changes in our farming structure—a structure whose roots are as one with the small- and medium-sized farmers of North Carolina and other peanut-producing States.

If the peanut program is thrown to the wolves, can we expect other than the replacement of small allotment farmers with a few large corporate farms? Is this a desirable social and economic policy for America? Is this the purpose of the so-called free market deregulation? Do we—should we—throw the small farmers off the farms and thus transform the very character of peanut farming as it has developed over this last half century? Of course we should not, we must not.

Here is the heart of the matter, and it affects the interest of every citizen who believes in saving and strengthening farming life and the values it has bestowed upon our people and Nation.

What makes these proposals to drastically alter the peanut program especially disturbing is, that they come on the heels of the 1980 drought which has already greatly burdened the peanut farmer with scorched fields, declining yield, and damaged stocks—12 percent of the harvested crop in 1980 was attacked by fungus, further reducing the already limited edible supply. It has been ably stated that the abolition of the peanut program at this time would mean nothing less than total disaster for the peanut industry and the people in peanut-producing areas.

The larger problem which has confronted the peanut farmer is a problem which we all must face: Inflation. Like the weather, inflation is something about which we seem unable to do much about. For the peanut farmer, 20 years of inflation has been especially frustrating—farm prices have persistently and consistently failed to keep pace with production costs. And in the drought year of 1980, it was the middlemen and the processors, not the farmers—most of whom contract in advance—who profited from the market price windfall. In fact, the net loss to the peanut growers in 1980 totaled $317 million; and neither changes in the current peanut program nor the absence of a peanut program could have changed the weather or eased the peanut shortage.

The peanut program, as envisioned in the House bill—and which is endorsed by the Reagan administration—will enable our farmers to continue producing this valuable, but high-risk crop, a crop which is unusually vulnerable to plant diseases while in the ground, and a crop which is highly perishable once harvested. Unlike such crops as wheat, rice, soybeans, and other nonperishable crops, peanuts are subject to fairly rapid deterioration. And our present system of orderly marketing has helped to insure that our farmers—whose average allotment is a meager 25 acres—can grow the peanut without fear of total bankruptcy.

In short, the price-support system has assured production stability through the years, and has helped to reduce some of the risks inherent in the crop.

I have spoken here today of the great achievements on the part of the peanut producers in recent decades—the dramatic increase in yield being foremost. These achievements, let the record note, were realized under the present system, the very same system some would destroy.

Mr. Chairman, our concern here today is more than sectional. The present peanut program has succeeded over the years in providing the American people with a steady supply of high-quality peanuts at reasonable prices. To destroy this system, especially in the wake of a drought, would effectively end the process of orderly production and marketing, causing wide and wildly unpredictable swings in both production and in returns to the farmers who work the land. Chaos would rain down upon the thousands of farmers, shellers, and others, who depend on this important food and oil crop for their livelihood. And the destruction of the peanut program would extend into and disrupt our present and future export markets.

The small peanut farmers of this Nation represent in themselves a precious human commodity, whose jobs, homes, and towns constitute part of the healthy and vital rural economy which serves all America. They suffer from inflation as we all do. And they are bearing their share of the burden and more—each year since 1977 they have taken a 5-percent cut in the poundage quota for every farm while the price-support level for quota peanuts has risen only once, and that only slightly from $420 to $455. In return, they have given us a steady peanut supply.

Our small towns are the very heart of America. I know that firsthand, since not a single town in my district has over 50,000 people. To alter the House farm bill on peanuts would put a dagger in that heart by undermining the healthy rural economies which small farmers support, and by fostering control by corporate farm interests with a consequent loss of jobs which keep many smaller communities alive and well. The preservation of the peanut program in its basic elements is an act of faith in our American tradition of small farming, a tradition as old or even older, really, than our Nation.

Mr. Chairman, the House Agriculture Committee has come up with an excellent peanut program—a program which is bipartisan in nature and which enjoys the support of the President of the United States.

The underlying principle which is embodied in the peanut program is as old as the Book of Genesis and the system by which Joseph stabilized the food supply of ancient Egypt through 7 years of plenty and 7 years of famine. So it is told that having stored up during the years of plenty, the people were able to survive the years of famine.

Something similar to that has served both the Nation and the peanut farmers well over the years. Let us not now move with reckless spirit or undue haste to undermine a system which has benefited so many for so long.

Mr. Chairman, let me summarize briefly by saying that I want to associate myself with everything which has been said in opposition to this amendment offered by the gentleman from New York (Mr. LUNDINE).

This amendment, in my State and, I am satisfied, throughout all the peanut-growing areas of this country, would be devastating. It would destroy the value of the land on which peanuts are now grown.

As a matter of fact, farmers could not get loans to plant peanuts or to plant other commodities because this is one of the crops on which they sometimes make some money, although they had a drought last year and thus had a shortfall of 40 percent in production during a short run. That may be one of the reasons for the increased price of peanut butter and other things made from peanuts, although, as has already been said, the farmer gets a very small portion of the price paid for peanuts or peanut butter. Mr. ROSE demonstrated this fact with the graphs he displayed.

We have roughly 60,000 peanut farms in three major producing areas of the United States. My home State of North Carolina accounts for 18 percent of the total.

The magnitude of the peanut industry is well known outside the major producing areas, and I wish I had the time to tell the true story, but just now our present farmers are trying to recover from the devastation of the 1980 drought, not to mention the national catastrophe of inflationary prices. And now some would propose the dismantling of the peanut program. This would be a disaster for most of the peanut growers of this country. The present system came into being in order to protect and stimulate peanut farming when so many farms were going under during the Great Depression. At the program's core, in its essence, it is a program designed to bolster a cornerstone of this Nation, and that is American agriculture.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. KAZEN).

Mr. KAZEN. Mr. Chairman, I want to associate myself with the remarks of those Members who have spoken in support of the peanut program and against the pending amendment.

We on this floor represent the people of the United States. Unfortunately, 96 percent of the people of this country live in urban communities. Therefore, it is incumbent upon those of us who come from rural areas to band together, not for the benefit alone of the growers of food and fiber, but for the consumers.

Mr. Chairman, were it not for our farmers we would not have anything to eat. I say this to the gentleman from Massachusetts (Mr. FRANK), who made the statement a while ago that we have been interested in dairy products, that we have been interested in corn, wheat, soybeans, and in every other agriculture product, meat, beef, pork, and what have you, and that that has been a special interest of ours here, but what about the consumer? Mr. Chairman, I remind the gentleman that rural America is the backbone of the economy of this country, and that the American farmer and the American rancher have been producing the food not only for this country but for a great portion of the world, and if we do not protect programs in this country that feed the people of the world, we will have failed in our mission as representatives of the people in this House.

Mr. Chairman, we must protect programs that work. We have heard Members this afternoon say that the peanut program works, and if it works, I say, "Don't fix it, leave it alone."

The CHAIRMAN. The Chair recognizes the gentleman from Virginia (Mr. ROBERT W. DANIEL, JR.).

Mr. ROBERT W. DANIEL, JR. Mr. Chairman, I rise in opposition to the amendment and in support of the committee provisions regarding peanuts.

You have no doubt heard allegations that the program is antiquated, unresponsive to market conditions, and costly to the consumer. Those charges are untrue.

The peanut program has provided a stable income for family farms and provided consumers with a major, inexpensive source of protein for the last 40 years.

We have seen extraordinary domestic market stability and strong export market growth as a result of the program. The U.S. crop has failed to meet domestic needs only twice in the last 40 years. Both times, the shortage was the result of severe weather conditions, and both times, the market bounced back with amazing resiliency. The program has also insured a stable commodity price.

Not only has the peanut program not required exorbitant subsidy payments, but it will become even less expensive if committee-recommended changes are enacted. Net outlays by the Agriculture Department for dairy products over the last 30 years have surpassed outlays for peanuts over the last 40 years by more than 400 percent. Wheat, corn, and cotton supports have each cost twice as much as the peanut program. In comparison, new restrictions placed on peanuts in the committee bill should make annual program costs less than $2 million by 1985.

Many family farms have remained in operation thanks to the program's allotment system. The success of many farms has relied in large part upon the ability of small farmowners to use the value of their allotments and the stability of peanut prices as collateral for loans.

The program administered by the Department of Agriculture has made the United States the world's leading exporter of edible grade peanuts. Imports that entered the country as a result of the 1980 domestic crop shortage were often unsuitable for the standards of American manufacturers. Several million tons were either infested with insects or contained aflatoxin, a deadly fungus. European processors were more than willing to pay much higher prices to gain American peanuts during the shortage, even when other inferior imports were readily available.

American agriculture is suffering severely from the effects of high interest rates and production costs, which are rising much more rapidly than farm income. Elimination of the peanut program would sound a death knell for many rural areas already devastated by the condition of the economy and by several successive seasons of bad weather.

The committee bill, title VII of H.R. 3603, maintains the essential elements which have insured the remarkable stability of the peanut commodity program over the last 40 years, and includes certain technical changes to make the program even less costly to the Government.

I urge my colleagues to support this title as reported by the House Agriculture Committee.

□ 1310

The CHAIRMAN. The Chair recognizes the gentleman from Hawaii (Mr. AKAKA).

Mr. AKAKA. Mr. Chairman, I rise to associate myself with the remarks of Chairman ROSE and the remarks of those who are speaking for the peanut program that is reported by the Agriculture Committee.

I look upon a favorable vote on this as being a favorable vote for helping the farmers of America and stable prices for American consumers.

I urge my colleagues to oppose the amendment before us and support the peanut program as reported by the House committee.

Mr. VENTO. Mr. Chairman, will the gentleman yield?

Mr. AKAKA. I yield to the gentleman from Minnesota.

Mr. VENTO. Mr. Chairman, I rise today in strong support of the Lundine-Findley-Weaver amendment to institute much needed reforms in our peanut program.

The time has come to remove the last bastion of feudalism of our agricultural program. The peanut program is the only agricultural program left today that maintains the outmoded allotment system. Other programs formerly used an allotment system too, but gradually these programs have been reformed and they are now functioning well under more progressive price support mechanisms. The rice program which Congress changed in the 95th Congress is probably our best example of a reformed allotment system prospering now under price supports.

The most onerous aspect of the peanut allotment system is that it unfairly restricts farmers. Under current law, an individual who wishes to commence farming may buy land in any State and plant any edible commodity he wants except peanuts. A farmer may not plant peanuts unless he has an acreage allotment. And he will not have an acreage allotment unless he inherited land from his grandfather who grew peanuts in 1938 when the allotment system was begun or is able to rent allotment land from a landlord who was fortunate enough to inherit an allotment. The USDA has stated that today, 70 percent of all peanuts are produced on rented allotments. This means the overwhelming majority of allotment owners are now absentee landlords no longer engaged in actual peanut farming.

But my strongest concern about the peanut program is the detrimental effect it has on consumers. Under the current program, consumers' interests are strictly secondary to the desires of peanut growers for a strictly regulated supply. I am sure all Members remember last year's peanut shortage and the disappearance of peanuts and peanut butter from supermarket shelves. During the shortage, peanut prices rose from 45 cents per pound to $1.75, an increase of over 350 percent.

Certainly, the main factor behind last year's shortage and high prices was the drought that hit the southern peanut-growing States. But what needs to be considered is the fact that 94 percent of our peanuts are grown now in only six States. Peanut farming could easily take place in many other States giving us a much more diversified base of production and much better protection from regional problems like drought and other local catastrophes. If we do not get rid of this restrictive allotment system, consumers could easily suffer another setback in peanut supplies and prices.

The peanut program envisioned in this bill, with its allotment system and $600 per ton poundage quota, works to the disadvantage of all consumers as well as those farmers who do not have allotment privileges. Congressman LUNDINE'S amendment would remedy these inequities and put peanuts on the same basis as our other commodity programs. The price support envisioned by this amendment is $550 per ton, a 22-percent increase from the old $455 per ton level. Most importantly, this amendment gives other farmers the opportunity to raise peanuts and insures consumers of an adequate supply and reasonable price.

Mr. Chairman, the peanut program stands out among all our farm programs for its lack of responsiveness to consumer interests. What this program needs are the kinds of reforms suggested in this amendment. There must be a degree of equity between producer and consumer interests. Consumers, especially low-income consumers, depend on peanuts and peanut butter as a low-cost, high-protein food source.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Chairman, I would like to address one or two points. We have talked about the consumer today and I believe the facts will bear out that over the last 25 years the peanut program has provided a stable supply of quality peanuts at a price that is very affordable to the American consumer. If you look at only the last 12 months, from August 1980 to August 1981, you will see that the CPI has increased by 10.9 percent; the cost of food at home has gone up by only 6.4 percent.

Reference has been made that all other commodities are doing so well. I would submit that that is the furthest from the truth. If you only look at the very real facts, that the Farmers Home Administration—the lender of last resort—producer of loans to the American farmers, on January 1, 1981, showed that FmHA is now accounting for 31 percent of the total financing on the American farms of this Nation, 31 percent, and in 1975 it was only 4 percent, increased to 12 percent in 1979. Things are not all rosy for farmers in these other commodities.

I wish the gentlewoman from New Jersey were here because, as she entered into a discussion with me concerning cotton and some of the ideas she had, this is a program that is working for the consumer, for the producer. Again I would say, as has been said so many times today, "if it ain't broken, don't fix it."

Free enterprise has been talked about. If my colleagues look up in Webster's Dictionary and see the definition, free enterprise is defined as the freedom of private business to organize and operate for a profit in a competitive system, without interference by government beyond regulation necessary to protect public interest and to keep the national economy in balance.

I submit to my colleagues that the peanut program we have before us does exactly that.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan (Mr. ALBOSTA).

Mr. ALBOSTA. Mr. Chairman, I want to rise in opposition to this amendment. I think again I want to stress this program has worked. I think it has worked very well for the consumer.

Let me explain why I think it has worked so well for the consumer. If we take sugar, for instance, in this country, when the price of sugar rose in the world market and rose here in this country to 45 to 50 cents a pound, at one time a few years ago it was up to 65 cents a pound, the price of Coca-Cola, the price of donuts and bread and other uses for sugar had to be brought up to that level to accommodate for that added cost. For the cost of that particular product whether it was our doughnuts, our cakes and pies or whatever, was increased as the price of sugar rose.

Yet when sugar dropped a few years later down to a point where it was 7 cents, 8 cents a pound in the world market, about 14 cents here in the United States for domestic sugar, did the price of soft drinks come down? Did the price of doughnuts come down? Did the price of anything come down? The answer is absolutely no. "It did not. If anything, it may have leveled off, but it did not come down.

That cost was built in. The consumers did not benefit from that yo-yo effect in the market of those prices going way up and then coming back down. They actually lost by that because that price was built in at the top and it never did really come down.

Now they are waiting for it to come back up and they are going to take all of the profit involved in that during that period of time.

I think the peanut program is one that works. I think we should keep it.

I think we ought to look seriously at those other programs that we might be able to adopt something that is agreeable with and fair to farmers. I am against this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. LUNDINE).

Mr. LUNDINE. Mr. Chairman, I think this matter has been widely discussed. I only wish to point out that we believe in the market system. We give such lip service to believing in free enterprise. Free enterprise to me means the opportunity to go into business where and when one wants and believe there will be a profit. We are uniquely in this case of this particular program restricting that right.

If my colleagues will look at this situation objectively, I think whether they are from rural America or urban America, they will conclude that peanuts are being treated significantly different than any other food or fiber item in the United States today. I think they will conclude that this is not in the interest of the consumer. Ultimately all of these arguments about stability were made for rice before the allotment system was removed. When it was removed, what happened? All of the dire predictions that the producers would go bankrupt did not come true.

I suggest this would end up being in the interests of the American peanut producer as well as the consumer, because today we are restricting the production of peanuts and we are not getting the ability of the American farmer to produce effectively.

I urge the adoption of this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia (Mr. WAMPLER).

Mr. WAMPLER. Mr. Chairman, I rise in opposition to the amendment. Title VII represents the careful deliberations of the Subcommittee on Tobacco and Peanuts, of which I am a member. The subcommittee held hearings in March and the majority of the witnesses overwhelmingly supported the provisions appearing in title VII. These provisions are the final product of the full Committee on Agriculture and also represent compromises needed to address budgetary constraints.

The peanut provisions of H.R. 3603 are basically extensions of changes made in the program 4 years ago in the 1977 farm bill. The peanut portion of the 1977 farm bill maintained the acreage allotment feature of the previous program, but introduced a two-tiered price support loan program—one level for peanuts produced within the limits of a farm poundage marketing quota, and a lower level for peanuts produced in excess of the marketing quota but planted within the farm's acreage allotment. Changes implemented by the 1977 act have resulted in a reduction in outlays from the Federal Government, assured U.S. consumers reliable and abundant supplies of quality peanut products at reasonable prices, provided minimum income protection to the Nation's peanut farmers, and given growers new opportunities to produce peanuts for export or crushing at competitive world prices. H.R. 3603 proposes to continue to provide benefits resulting from the 1977 act, with modifications in the program designed to further strengthen the U.S. agricultural economy and further limit the exposure of the U.S. Treasury.

Section 702 maintains the national acreage allotment and poundage quota programs. The national allotment and quota are divided among the producers based on historical production patterns. These two programs work together to attempt to insure an adequate supply of high quality peanuts and at the same time, gives the Department of Agriculture some measure to estimate costs associated with the operation of the price support program.

Because an allotment must be planted on a regular basis to be maintained, and because the total allotment may be adjusted by the Secretary to reflect demand, the United States has benefited from a stable supply of peanuts. Despite the fact that farmers in this country possess the ability to vastly overproduce for the domestic peanut market, production has remained generally in line with need, thus avoiding disastrously low prices for farmers while assuring consumers of a constant supply of peanuts and peanut products at reasonable prices.

The 1980 drought has resulted in the first shortage of peanuts in 25 years. Recent increases in consumer prices for peanut products were caused by the drought that devastated 42 percent of the crop, not by the peanut price support program. As my colleagues know, whenever there is a critical shortage of a commodity, prices of that commodity tend to rise. The 1981 crop of peanuts is being harvested now and it appears that by the end of October, there will be an adequate supply of peanuts available for domestic and export needs.

The peanut industry's quality control is tied directly into the peanut allotment system. Peanuts are the only major American food commodity that is marketed under a voluntary but very strict quality assurance program, providing U.S. consumers with the highest quality peanuts in the world. Marketing supervision provided through the allotment and price support program is a vital link in the food quality control chain.

The need for poundage quota authority was recognized in the 1977 farm bill and this legislation would continue that authority in order to help match production with demand and thus control program costs. The national minimum poundage quota contained in the 1977 act ranged from 1,680,000 tons in 1978 to 1,440,000 tons in 1981. Under the poundage quota reduction that began under the 1977 act, peanut program costs have declined dramatically. The reduction to 1.3 million acres provided in this bill will continue to keep production in balance with domestic need and will reduce program costs still further.

The 1977 farm bill set the minimum price support loan rate for quota peanuts at $420 per ton. During the 4-year life of the act the loan rate has risen to only $455 per ton, where it remains for the 1981 crop. This level does not take account of the sharp increases in production costs. For that reason, section 707 proposes to set the minimum support level at $600 per ton for the 1982 crop of quota peanuts, which are peanuts grown within the farmer's individual poundage quota, with changes for the 1983–85 crops reflecting future changes in production costs, not including changes in land costs. The bill also provides price support loans for additional peanuts, those in excess of the farmer's quota, but grown on the alloted acres, at a level to be determined by the Secretary that will insure no losses to the Commodity Credit Corporation on the sale of additional peanuts.

The Department of Agriculture estimates the cost of the peanut program will be $80 million for the next 4 years.

As we have heard throughout this debate, America's farmers are in financial crisis. Let us give them the support necessary to keep them on the job of producing food and fiber for this country and the world.

The administration supports the peanut provisions contained in this bill.

I urge my colleagues to support the language the committee adopted, and reject the amendment.

Mrs. HECKLER. Mr. Chairman, will the gentleman yield?

Mr. WAMPLER. While I suspect I will disagree with much of what the gentlewoman has to say on the subject matter before us, I yield to the gentlewoman from Massachusetts (Mrs. HECKLER), a former member of the Committee on Agriculture.

□ 1320

Mrs. HECKLER. Mr. Chairman, I rise in support of the amendment. I ask you to consider what will happen if this proposed amendment is not adopted—or, stated otherwise, what will be the result if either the Senate-passed bill or the House Agriculture Committee-approved bill becomes law?

First, the price support will be increased from the current level of $455 per ton to $600 per ton by the House bill and $596 by the Senate bill. This is more than a 31-percent increase that you will be voting to pass on to the consumers of peanut butter and other peanut products whom you represent. How can you and I go back and face

our constituents and tell them that while we voted for all types of other budget cuts we also voted at the same time for a Government-dictated huge increase in the cost of this high-protein, nutritious food?

There is, however, so much more to the matter than the unconscionable effort to soar up the price. Actually, I believe there is an attempt to attract all of the attention to the level of price support and away from the greatest villain of the program, which is the acreage allotments, production controls, and poundage quotas. The acreage allotments and production controls are in existing law and in the House committee-approved bill. The poundage quotas replaced acreage allotments in the Senate-passed bill, but in substance, they are all the same.

The Federal Government bestows and will be bestowing an unbelievable financial blessing on a select few. These types of programs may have worked well 40 years ago when they were adopted but they serve no useful purpose now; and similar programs on all other edible commodities have been replaced by much more reasonable programs. Think of it—one man in Georgia—and I understand there are numerous others—collects $70,000 per year in peanut allotment rentals but does no peanut farming. He is engaged in other business. Another man in Georgia does farm peanuts, but he has a very small peanut acreage allotment and this year he was required to pay $42,000 to an allotment owner to rent an allotment for the privilege of planting peanuts on his own land. Mind you, the Department of Agriculture confirms that 70 percent of the peanuts are produced on these rented allotments, for which neither the actual farmer nor the consumer benefits but instead only pays.

Senator HEFLIN and others tell us how much it would cost the Government if the acreage allotment, production control, and/or poundage quota system should not prevail and the price support should remain at the current level. I certainly agree that this will occur. All this means is that the current price support is much too high; and instead of being increased 31 percent, it should be lowered considerably or even eliminated along with acreage allotments, production controls, and poundage quotas.

Yes, this year we have done a lot, including deregulation and elimination of Government programs of questionable value. There have been all types of boondoggles and abuses of the consumers and taxpayers—but I ask you to think long and hard and then tell me if you know of any U.S. Government program that is more disgraceful and reflects more adversely on the integrity of this Congress than the current peanut program. Now is the time to stop it. Let us do it.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. DE LA GARZA).

Mr. FOUNTAIN. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from North Carolina.

Mr. FOUNTAIN. I thank the gentleman for yielding.

Mr. Chairman, because of the limitations on time, there are one or two observations I wanted to make which I did not make. But I want to emphasize that agriculture is, to some extent, looked upon as an unusual type of business for one basic reason which nobody ever seems to understand, particulary those who live in the cities and get their groceries from the stores where the food is not grown. And that is that he is the only businessman who pays the price set by somebody else for what he buys and has to take a price set by somebody else for what he sells.

Less than 4 percent, not 5 percent, are farmers, and they produce not only for America, but approximately $33 billion worth of exports last year, which helped our balance of payments tremendously.

Mr. DE LA GARZA. The gentleman is eminently correct.

Mr. Chairman, I oppose the amendment. I have been to visit with the peanut growers. They are not giant growers but, rather, small individuals. The program is working well. It benefits the consumer, it benefits that rural sector of America that needs our help, and for that reason I opposed the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Kentucky (Mr. HOPKINS).

Mr. HOPKINS. Mr. Chairman, I rise in support of the peanut program and in opposition to the pending amendment.

(By unanimous consent, Mr. HOPKINS yielded the balance of his time to Mr. ROSE.)

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina (Mr. ROSE) to conclude debate.

Mr. ROSE. Mr. Chairman, I appreciate the comments that have been made here on this amendment. To my good friend from Boston, from Massachusetts, and all other urban Congressmen in this great body, the people who live in rural America are consumers, ladies and gentlemen, and if they do not make a living wage raising the agricultural crops of this Nation, living in the country, they are going to be in the city with you.

One farmer told me he did not know what all of the city folks were moving to the country for to get away from in the city, but whatever it was, they were bringing it with them.

This program is within the budget. This program is supported by the major farm groups in this Nation. This program is not broken. It does not need to be fixed in this manner. If there are other areas of the country that want to grow peanuts, I will hold hearings to hear their pleas, and we will open the process up to consider letting them in the allotment system. But in an orderly fashion, not all at once, not throwing the baby out with the bath water overnight.

I urge my colleagues: The American peanut farmer is not ripping off the consumer or the Treasury. The American farmer is making a highly nutritious product available to us at a very reasonable price.

I strongly urge my colleagues to vote down the Lundine amendment.

● Mrs. MARTIN of Illinois. Mr. Chairman, I rise today in support of the amendment to replace the feudalistic peanut market quotas and acreage allotments with a loan price-support program. The reductions in the major commodity programs being enacted by the Congress make it essential that no type of agricultural production be allowed to maintain a privileged status; and the peanut provisions in this legislation cannot be considered anything less than privileged.

Under current law, a person cannot grow or market peanuts unless he or she either owns or rents an acreage allotment. These allotments are possessed by a privileged few, who have either inherited or purchased the sole growing right to raise and market peanuts. Most of the allotment holders are not farmers; rather, they use the special privilege bequeathed by the Government to extract an excessive rent from farmers for these growing rights. The USDA estimates that 70 percent of this Nation's peanuts are raised on land where the allotment is either rented or leased. It is hard to believe that the Government not only permits, but sponsors, a commodity program based on such feudalistic principles.

The peanut program in the legislation has demerits far beyond the unfairness of the allotment system. The allotments and poundage quotas allow a monopoly rent to be extracted from peanut farmers which is then passed along to consumers, thus increasing the cost of peanuts and peanut derived foods.

Passage of this amendment will not only end this Government program that gives special privileges to a certain group of citizens but will decrease the chance and occurence of peanut shortages and will greatly enhance our position as a peanut exporter.

Mr. Chairman, the farmers in my district are not interested in raising peanuts. They are much too good at raising corn and soybeans. They are, however, interested in seeing a farm bill enacted by the Congress that treats each commodity in a fair and

equitable manner. Legislation continuing this privileged peanut program cannot be considered fair and equitable. I urge my colleagues to support the amendment that will eliminate acreage allotments and poundage quotas for peanuts and put in place a price-support mechanism similar to those used for most other commodities.●

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. LUNDINE).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. LUNDINE. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 250, noes 159, not voting 24, as follows:

[Roll No. 260]

AYES—250

Addabbo	Dougherty	Kramer
Anderson	Downey	LaFalce
Annunzio	Dreier	Lagomarsino
Applegate	Dunn	Lantos
Archer	Dwyer	Latta
Ashbrook	Dymally	Leach
Atkinson	Early	LeBoutillier
AuCoin	Eckart	Lee
Bailey (MO)	Edgar	Lehman
Bailey (PA)	Edwards (CA)	Leland
Barnes	Emery	Lent
Beard	Erdahl	Lewis
Beilenson	Erlenborn	Long (MD)
Benjamin	Ertel	Lowery (CA)
Bennett	Evans (DE)	Luken
Bereuter	Evans (IN)	Lundine
Bethune	Fary	Lungren
Biaggi	Fascell	Madigan
Bingham	Fazio	Markey
Blanchard	Fenwick	Marks
Boland	Ferraro	Marriott
Boner	Fiedler	Martin (IL)
Bonior	Findley	Martin (NY)
Bonker	Fithian	Mavroules
Bouquard	Foglietta	Mazzoli
Brodhead	Forsythe	McClory
Broomfield	Frank	McCloskey
Brown (CO)	Frenzel	McCollum
Brown (OH)	Gaydos	McDade
Carman	Gejdenson	McDonald
Carney	Gephardt	McEwen
Cheney	Gibbons	McGrath
Chisholm	Glickman	McHugh
Clay	Goldwater	McKinney
Clinger	Goodling	Mikulski
Coats	Gradison	Miller (CA)
Coelho	Green	Mineta
Collins (IL)	Gregg	Minish
Collins (TX)	Grisham	Mitchell (MD)
Conable	Guarini	Mitchell (NY)
Conte	Hagedorn	Moakley
Conyers	Hall (OH)	Moorhead
Corcoran	Hamilton	Morrison
Coughlin	Hammerschmidt	Mottl
Courter	Hansen (UT)	Murphy
Coyne, James	Hawkins	Nelligan
Coyne, William	Heckler	Nowak
Craig	Hertel	Oakar
Crane, Daniel	Hiler	Obey
Crane, Philip	Hillis	Ottinger
D'Amours	Hollenbeck	Oxley
Danielson	Horton	Panetta
Dannemeyer	Howard	Patterson
Daub	Hoyer	Paul
Davis	Hughes	Pease
Deckard	Hunter	Petri
Dellums	Hyde	Peyser
DeNardis	Jacobs	Porter
Derwinski	Jeffries	Price
Dicks	Kastenmeier	Pritchard
Donnelly	Kemp	Pursell
Dornan	Kildee	Railsback
Rangel	Shamansky	Walgren
Ratchford	Shannon	Walker
Regula	Sharp	Washington
Reuss	Shaw	Waxman
Rinaldo	Shumway	Weaver
Ritter	Shuster	Weber (OH)
Rodino	Siljander	Weiss
Roe	Simon	Williams (OH)
Rosenthal	Smith (IA)	Wirth
Rostenkowski	Smith (NJ)	Wolf
Roth	Smith (PA)	Wolpe
Roukema	Snowe	Wortley
Roybal	Solarz	Wyden
Russo	Solomon	Wylie
Sabo	St Germain	Yates
Scheuer	Stanton	Yatron
Schneider	Stokes	Young (FL)
Schroeder	Studds	Young (MO)
Schulze	Tauke	Zablocki
Schumer	Udall	Zeferetti
Seiberling	Vander Jagt	
Sensenbrenner	Vento	

NOES—159

Akaka	Gonzalez	Nelson
Albosta	Gore	Nichols
Alexander	Gramm	Oberstar
Andrews	Gray	Parris
Anthony	Gunderson	Pashayan
Aspin	Hall, Ralph	Patman
Bafalis	Hall, Sam	Perkins
Barnard	Hance	Pickle
Bedell	Hansen (ID)	Quillen
Benedict	Harkin	Rahall
Bevill	Hartnett	Rhodes
Bliley	Hatcher	Richmond
Boggs	Hefner	Roberts (KS)
Bowen	Heftel	Roberts (SD)
Breaux	Hendon	Robinson
Brinkley	Hightower	Roemer
Brown (CA)	Holt	Rogers
Butler	Hopkins	Rose
Byron	Hubbard	Rousselot
Chappell	Huckaby	Rudd
Chappie	Hutto	Sawyer
Clausen	Ireland	Shelby
Coleman	Jeffords	Skeen
Daniel, Dan	Jenkins	Skelton
Daniel, R. W.	Johnston	Smith (AL)
Daschle	Jones (OK)	Smith (NE)
de la Garza	Jones (TN)	Smith (OR)
Derrick	Kazen	Snyder
Dickinson	Kindness	Spence
Dingell	Kogovsek	Stangeland
Dixon	Leath	Staton
Dorgan	Livingston	Stenholm
Dowdy	Loeffler	Stump
Duncan	Long (LA)	Swift
Dyson	Lott	Synar
Edwards (AL)	Lujan	Tauzin
Edwards (OK)	Marlenee	Taylor
Emerson	Martin (NC)	Thomas
English	Matsui	Traxler
Evans (GA)	Mattox	Trible
Evans (IA)	McCurdy	Volkmer
Fields	Mica	Wampler
Fish	Michel	Watkins
Flippo	Miller (OH)	Weber (MN)
Foley	Molinari	White
Ford (MI)	Mollohan	Whitehurst
Ford (TN)	Montgomery	Whitley
Fountain	Moore	Whittaker
Fowler	Murtha	Whitten
Frost	Myers	Williams (MT)
Fuqua	Napier	Winn
Gingrich	Natcher	Wright
Ginn	Neal	Young (AK)

NOT VOTING—24

Badham	Crockett	Moffett
Bolling	Florio	O'Brien
Brooks	Garcia	Pepper
Broyhill	Gilman	Santini
Burgener	Holland	Savage
Burton, John	Jones (NC)	Stark
Burton, Phillip	Levitas	Stratton
Campbell	Lowry (WA)	Wilson

□ 1340

The Clerk announced the following pairs:

On this vote:

Mr. Moffett for, with Mr. Jones of North Carolina against.

Mr. Garcia for, with Mr. Phillip Burton against.

Mr. Badham for, with Mr. Broyhill against.

Mr. O'Brien for, with Mr. Campbell against.

Messrs. BEREUTER, HILLIS, APPLEGATE, GLICKMAN, CRAIG, WORTLEY, BONIOR of Michigan, MARTIN of New York, and KEMP changed their vote from "no" to "aye."

So the amended was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. Are there additional amendments to title VII? If not, the Clerk will designate title VIII.

Title VIII reads as follows:

TITLE VIII—SOYBEANS

SOYBEAN LOANS

SEC. 801. Effective only for the 1982 through 1985 crops of soybeans, section 201 of the Agricultural Act of 1949 is amended by—

(1) inserting in the first sentence after "tung nuts," the following: "soybeans," and

(2) amending subsection (e) to read as follows:

"(e)(1) The Secretary shall make available price support to producers for soybeans through loans and purchases during each of the four marketing years beginning with the 1982 marketing year at a level equal to 75 per centum of the average Chicago quoted cash price for number 1 yellow soybeans for each of the preceding five marketing years, excluding the high and low valued years: *Provided, however,* That in no event shall the Secretary establish a support price of less than $5.02 per bushel: *Provided further,* That if the Secretary determines that the average price of soybeans received by producers in any marketing year is not more than 105 per centum of the level of loans and purchases for soybeans for such marketing year, the Secretary may reduce the level of loans and purchases for soybeans for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for soybeans, except that the level of loans and purchases shall not be reduced by more than 10 per centum in any year nor below $4.50 per bushel. For the purposes of this title the soybean marketing year shall be the twelve-month period beginning on September 1 and ending August 31. The Secretary shall make a preliminary announcement of the level of price support not earlier than thirty days in advance of the beginning of the marketing year based upon the latest information and statistics available when such level of price support is announced, and shall make a final announcement of such level as soon as full information and statistics are available on prices for the five years preceding the beginning of the marketing year. In no event shall such final level of support be announced later than October 1 of the marketing year for which the announcement applies, nor shall the final level of support be less than the level of support set forth in the preliminary announcement.

"(2) Notwithstanding any other provision of law—

"(A) the Secretary shall not require participation in any production adjustment control program for soybeans or any com-

modity as a condition of eligibility for price support for soybeans; and

"(B) soybeans shall not be considered an eligible commodity for any reserve program, and the Secretary shall not authorize payments to producers to cover the cost of storing soybeans.".

Mr. SMITH of Iowa. Mr. Chairman, I move to strike the last word. I will only take a moment here to point out an inconsistency again in this bill.

On page 60, lines 19 through 23, this bill provides for soybean producers exactly the same thing that the committee was opposed to for corn, and that is to provide that if a producer stays within his limit on acreage, he will still be eligible for loans. If we should do it for soybeans, we ought to do the same thing for corn. It is totally inconsistent for the committee to oppose this needed provision for corn when it supports it for soybeans.

The CHAIRMAN. Are there amendments to title VIII?

If there are no amendments to title VIII, the Clerk will designate title IX.

Title IX reads as follows:

TITLE IX—SUGAR

SEC. 901. Effective only with respect to the 1982 through 1985 crops of sugar beets and sugarcane, section 201 of the Agricultural Act of 1949 is amended by—

(1) in the first sentence, striking out "honey, and milk" and inserting in lieu thereof "honey, milk, sugar beets, and sugarcane"; and

(2) adding at the end thereof a new subsection (f) as follows:

"(f) The price of each of the 1982 through 1985 crops of sugar beets and sugarcane, respectively, shall be supported in the manner specified below:

"(1) Effective with respect to sugar processed from domestically grown sugarcane and sugar beets, beginning with the date of enactment of this subsection through March 31, 1982, the Secretary shall, through purchases of the processed products thereof, support the price of sugarcane at such level as the Secretary determines appropriate to approximate a raw sugar price of 18 cents per pound and the price of sugar beets at such level as the Secretary determines to be fair and reasonable in relation to the support level for sugarcane.

"(2) Effective October 1, 1982, the Secretary shall support the price of each of the 1982 through 1985 crops of domestically grown sugarcane and sugar beets through nonrecourse loans on the processed products thereof as follows:

"(A) For the 1982 crop of sugarcane, at such level as the Secretary determines appropriate but not less than 18 cents per pound for raw cane sugar for the 1982 crop. For each of the 1983 through 1985 crops of sugarcane the loan level shall be that of the previous year's crop adjusted to reflect any change in (a) the average adjusted cost of production per acre estimated for the two-year period which includes the crop year for which the loan level will be applicable and the immediately preceding year, from (b) the average adjusted cost of production per acre for the two crop years immediately preceding the year for which the loan level will be applicable: *Provided*, That, for any such crop, the adjustment in the loan level may not exceed one-half cent per pound. The adjusted cost of production for each of such years shall be determined by the Secretary on the basis of such information as the Secretary finds necessary and appropriate for the purpose and shall be limited to (i) variable costs, (ii) machinery ownership costs, and (iii) general farm overhead costs, allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop.

"(B) For each of the 1982 through 1985 crops of sugar beets, as such level as the Secretary determines to be fair and reasonable in relation to the level of loans for sugarcane.

The Secretary shall announce the loan rate to be applicable during any fiscal year as far in advance of the beginning of that fiscal year as practicable consistent with the purposes of this section. Loans during any such fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature before the end of that fiscal year.".

AMENDMENT OFFERED BY MR. PEYSER

Mr. PEYSER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PEYSER: Beginning on page 61, strike out title IX (and redesignate succeeding titles and sections accordingly).

Page 3, strike out the item relating to title IX (and redesignate succeeding items accordingly).

Mr. PEYSER. Mr. Chairman, at the outset I would like to indicate that this is the Peyser-Heckler amendment. It is an amendment that every Member has received a good deal of information on for the last several weeks.

There is a very simple but very important thing that must be understood and that is that there is no sugar program today. We are not acting in this amendment, which basically strikes title IX and removes the sugar program, we are not striking at a program that is in existence today. In other words, we are not taking something away from somebody.

We are leaving for the protection of the sugar grower exactly the same protections that exist today.

□ 1350

I will repeat that. We are leaving exactly the same protection for the sugar growers that exists in the law today. In other words, the Secretary of Agriculture at his discretion acts to protect the American sugar growers.

But what we are saying today is that in this year, when Members on both sides of the aisle have voted to make the kinds of cuts that have been deemed necessary by the majority of this Congress, cuts in programs that range from senior citizens to students, to mass transit, to housing, to social security, to jobs, that at this time to suggest that we can start a new program for the sugar growers, even though they are protected, I believe is more than the American public would stomach, and more than this Congress will stomach.

Now, I also would like to bring out, Mr. Chairman, a number of factors that, unless someone spends a great deal of time in studying this program and in studying past sugar programs, I understand people do not have that intimate a knowledge. I served on the Agriculture Committee. I worked very hard in trying to grasp what really happens.

One thing I would like to bring out, because it deals with money, and this is something that many of the Members are deeply concerned about: There is much said that there is no cost to the sugar program. I would like to think that I, and all my colleagues in the House, could share in what the cost is actually going to be. We would not have to worry about future pay raises or anything of that nature.

If we have a sugar loan program at 18 cents, which is what is indicated in the bill that we are acting on, that 18 cents is higher than the present price of sugar on the world market. Consequently, if one is a grower of sugar, obviously one would want to put his sugar in loan. Today the sugar would be put in loan at 18 cents a pound, even though the world market might be 15 or 16 cents, or maybe 14 cents.

Now, having received this money, the full amount of the money at 18 cents a pound on which one is paying 14½ percent interest for that money at the end of the year when the loan is recouped.

Let me give you an example of what has happened in the past in this situation. It is unfortunate that some of the smaller beet sugar producers feel that they are hurt here, and in many ways I have a great sympathy for them, but what we are really talking about are the big corporations. Members know some of these big corporations use this money not for sugar but to go out into the money market and invest that money. I have a letter here from the Comptroller General of the United States dated September 21, 1981, and it says specifically that there is no restriction on what companies can do with this money. As a matter of fact, it speaks of a sugar company, the Michigan Sugar Co., as did the Washington Post that invested its short-term loan money and earned substantially on this, and I do not blame them. It is legal. Anyone can do it, as well as other companies who have done this.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. PEYSER was allowed to proceed for 5 additional minutes.)

Mr. PEYSER. Mr. Chairman, this is one of the abuses of this kind of program, and it really is not an abuse because it is perfectly legal to do that. Major corporations have done it repeatedly.

Now, the next thing is, where does the United States get the money for the loans? There is nothing in any budget for it. So when people say: "That is right, there is no budgetary item, there is not any budgetary item, but somebody has to get this money," it is estimated that over 2½ million tons of this sugar will go into loan, which means that the U.S. Government, one way or the other, Commodity Credit or what have you, has to get about $900 million or $1 billion, and where do they get it? Well, they go out into the marketplace, or instead of turning money back from Commodity Credit to the Treasury, they use it again, which means it is a cost to all of us.

In a day that we are talking about controlling inflation, in a day that we are talking about cutting budgets, to in any way suggest that we can start a new program like this that lets the taxpayers' money be used and abused in many, many ways, I think would be inexcusable.

Now, I recognize, and I listened to my friend, the gentleman from North Carolina before, and he is right, farmers are consumers just like anyone else. But they are going to pay the price for a sugar program. There is not one economist who will say that this sugar program will not increase the cost to consumers, whether he is in Alabama, or in Mississippi, Louisiana, New York, Massachusetts, anyplace. They are all going to pay the price, and there is absolutely no question about that.

One more example. Some of these examples I only bring out because I think Members want to know.

I received a letter from the Great Western Sugar Co., asking me to support—I guess they had not followed what was going on—asking me to support the sugar bill. Now, the Great Western Sugar Co., is one of the Hunt brothers' companies, and when the sugar program was still intact, they negotiated a substantial amount of loans under the sugar loan program, and then forfeited it, which was used during this problem in the silver years, as you remember, both in acquiring and then trying to balance themselves out. This is the kind of abuse that just makes no sense.

Mr. HIGHTOWER. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I will be glad to yield to my friend, the gentleman from Texas.

Mr. HIGHTOWER. Mr. Chairman, I have been trying to follow what the gentleman has said. He said that big corporations are getting the money, the sugar loan money, and reinvesting it.

Is the gentleman telling us, then, that the sugar program is just for the benefit of big corporations, and that the big corporations are producer corporations? Is the gentleman making a distinction between the producers and the refiners, and the processors?

Mr. PEYSER. No. I am talking about sugar growers, and corporate sugar growers who have their hand in every element of the business, but use the sugar loan program as a device of short-term investment money. This is nothing new, incidentally. There is plenty of documentation to show this has happened.

Mr. HIGHTOWER. Is the gentleman saying that we ought to have one program for corporate farmers, and another one for individual farmers, one for big farmers and another one for small farmers? Are we going to close out the small producers just because maybe some big ones can use the loan money in their cash flow?

Mr. PEYSER. I would like to suggest to my friend that I am opposed to a sugar program at all. But what I am pointing out, and as the gentleman knows, a tremendous amount, a tremendous percentage of the total cane sugar production, for instance, is controlled by major corporations. In Hawaii alone, major corporations control most of the sugar, and that is a great sugar-producing area.

Mr. HIGHTOWER. Would the gentleman bear with me? Is the gentleman aware of the fact that what we are really talking about is orderly marketing and that the consumer's real interest is in orderly marketing? We do not like to see the sugar supply go down and the price go up, and the soft drink prices and candy prices and everything skyrocket. What we would like to have is orderly marketing, and what we are trying to get.

Mr. PEYSER. I agree with the gentleman. But I look back at the record, and I will pick the year of 1974. There we had not only had a sugar bill which a vast majority of the Members thought was perfectly adequate, and a good bill, because it stabilized the market. We saw sugar from January of 1974 at 12.6 cents a pound go up to 60 cents a pound, during the time the sugar bill was in full force and effect.

Mr. HEFTEL. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I will be glad to yield to the gentleman from Hawaii for a moment.

Mr. HEFTEL. Mr. Chairman, in 1974 this body unfortunately terminated the Sugar Act.

Mr. PEYSER. In July of 1974.

Mr. HEFTEL. And the price went to as high as 60 cents, in the absence of the Sugar Act.

Mr. PEYSER. I beg the gentleman's pardon. If I may just reclaim my time for a minute, that is not the fact, and I think it is very important to know that. The Sugar Act went until December 31, 1974. In July the Sugar Act was defeated in the House, at which time we had sugar over 40 cents a pound.

□ 1400

It had gone from 12 cents up to that level, and there had not even been an indication that there would be an end to the sugar program.

Mr. HEFTEL. May I ask a couple of questions, please? Does the gentleman know the cost of producing sugar worldwide?

Mr. PEYSER. When the gentleman says worldwide, I know what the worldwide sugar market is.

Mr. HEFTEL. Yes; the price is about 12 to 13 cents. Does the gentleman know what the cost of production is?

Mr. PEYSER. I assume, like everyone else, that the sugar in the world market has been making a profit for all the countries that have been producing it.

Mr. HEFTEL. The cost of production worldwide is 19 cents.

Mr. PEYSER. Then, how can the gentleman explain the profits that we have of sugar growers of innumerable companies over the last 2 years?

Mr. HEFTEL. Does the gentleman know the profits of the two major companies in Hawaii in the third quarter of this year?

Mr. PEYSER. I do not know what companies the gentleman is talking about.

Mr. HEFTEL. AMFAC and Alexander & Baldwin. Alexander & Baldwin and AMFAC lost a total of $40 million in the third quarter of this year.

Mr. PEYSER. Well, does the gentleman know that Alexander & Baldwin last year earned 2½ times the profit in their sugar over what they did in 1979? The figure exactly is $71,860,000 as against 1979, $31,049,000. They more than doubled their profit. That is Alexander & Baldwin. I do not know what they did in the last quarter.

Mr. HEFTEL. The cost of production is 19 cents. There is no way that companies can make money at 18 cents. May I ask the gentleman if he has a sugar refinery in his district?

Mr. PEYSER. I have a sugar refinery, the Tate-Lyle refinery, which came into my district in 1976, which is 2 years after my first battle on the sugar bill.

Mr. HEFTEL. Does the gentleman know what the price of sugar has been in the last 5 years, coming out of the east coast, under Tate & Lyle, which is the largest sugar company in the world? It is 2.6 cents a pound higher than the west coast.

Mr. PEYSER. I do not know what that has to do with the issue. I appreciate the fact, but I do not know what that has to do with it.

Mr. HEFTEL. Because they never did that buying cheap foreign sugar.

Mr. PEYSER. I would like to yield to the gentleman who asked for the

time for me, the gentleman from Michigan.

Mr. ALBOSTA. Mr. Chairman, I appreciate the gentleman yielding to me. I would like to point out a few things that I think are misunderstood by the gentleman from New York in terms of any kind of sugar program in this country.

First of all, a major portion of what the gentleman said already today, I believe, is incorrect, is that the sugar companies somehow profit from a loan provided to them by the Government. The interest on that loan has to be paid. The interest is over and above the cost of that money to the Government by one-half of 1 percent for administrative costs.

Mr. PEYSER. I agree with the gentleman.

Mr. ALBOSTA. They have to be paid. The participating contracts that we have with Michigan Sugar Co., in the State of Michigan, and Monitor Sugar Co., another company located in Michigan, is a participating contract where the farmers participate with the processors in a mutual agreement of around 50 percent each. The farmers plant the beets, harvest the beets, get them into the processing plant, and the plant processes the beets. That provides a major portion of the employment in our State. It provides an economic factor in our State.

Does the gentleman recognize at this same point in time though, that 33 processing plants have gone out of business, and something is wrong here with the sugar industry in this State when we are losing 33 plants in the last 5 years?

Mr. PEYSER. If I may respond to the gentleman, one, obviously I do not rejoice in any sugar plant closing, or any plant of any nature closing in this country, but I find it hard to reconcile how we can say that the taxpayer—and what we are dealing with in that specific company I do not care whether farmers participate or not—whether the taxpayers should be giving the money from U.S. taxes at 14.5 percent, which is the present level, and be able to go out and invest in at 20 percent, and at the end of the year keep the difference. I mean, I think it is a great scheme, but I think that is terrible and I would think the committee might have said, "Look, we will change that law so that nothing like that can happen."

Mr. ALBOSTA. What is the principle of this whole concept in this bill in sugar legislation? It is simply to provide an orderly marketing system. If we dump all this sugar on the market at one particular time, then it most probably will fall. That would be the normal reaction. But, if we put it out in an orderly fashion and allow these farmers to process it, to get some of their money so that they can recover some of their costs, then the Government has only provided us a tool to, in effect, provide something that will help us to market our commodity.

The CHAIRMAN. The time of the gentleman from New York has again expired.

(At the request of Mr. ALBOSTA and by unanimous consent, Mr. PEYSER was allowed to proceed for 3 additional minutes.)

Mr. ALBOSTA. I think it is also important to note—and this is very important—that the last time the Government had, since 1974 we have had a sugar program, it was initiated by the President under Executive order and the Secretary of Agriculture put the program into effect, what we ended up at that point in time after all of this sugar was sold and some was taken over by the Federal Government, the Government ended up with $67 million in net profit to Treasury. That is not a loss to the taxpayers. And that, in my opinion, is the kind of program we ought to have. What we ought to have also to basically improve that situation with the consumer is steady, even prices so that we do not get that yo-yo effect in the market. I would ask the gentleman: Does he believe that that market price of that particular commodity, when sugar is down such as it is now, has dropped proportionately?

Mr. PEYSER. No, in all instances it has not. I can tell the gentleman some instances where it has. It has had an impact on the baking industry very clearly where the price of bread, which is a very basic commodity, has favored itself because of the drop in sugar over where it was 2 or 3 years back, where it was even at the beginning of this year when we were floating around at 40 cents a pound.

I would like to say to the gentleman that the results of the sugar bills of the past which the Congress saw fit to defeat in 1974 and defeated again in 1979—and incidentally by substantial margins; the last time around over 90 votes—that there was nothing there to indicate the stability was there in the first place; 1974 is a prime example, so I say that what is happening under sugar is that a floor is being established, and where it goes, nobody knows and people, all of us, have to pay the price.

Mr. ALBOSTA. If the gentleman will yield further, he is talking about the old sugar program that went out of effect in 1974. That was a subsidy program. That was not a marketing tool. That was a subsidy program. That was not a marketing tool. That simply provided to the farmers about $3.25 based on the percentage of sugar.

I think it is very important that that is pointed out at this point in time, because we are talking about an orderly marketing tool now against what we had before, which was a subsidy program. I think the farmers prefer and the American consumer should prefer to have an orderly market.

Mr. PEYSER. I appreciate the gentleman, and I know his sincerity and I know the sincerity of everybody speaking on this issue, but I am equally sincere in believing that the sugar industry in this country has got to be able to compete in the marketplace and stand on its feet. It has been doing it, and been doing it very well. There may be people who cannot survive it, and I feel sorry for those people, just like I do for any small businessman in this country, but I do not think we can today, with what we are doing in cutting people to the bone in other programs, say that we are now going to put in a brandnew program.

I thank the gentleman and everyone for their participation, and the Chairman of the Committee and ranking minority member, who have shown continual courtesy and kindness to me on information on what I have needed. I appreciate it.

□ 1400

Mr. HUCKABY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, let me say to the members of the committee that I am in strong opposition to this amendment. Unlike the gentleman from New York (Mr. PEYSER), who offered this amendment, I do not represent any sugar processors, I do not represent any sugar refiners, and I do not represent any sugargrowers; I only represent consumers of sugar.

The gentleman from New York just stated that the prior Sugar Act that expired in 1974 did not provide any stability to the world market or to the U.S. domestic sugar market. How wrong he is. The bare facts speak for themselves.

If we go back 10 years, prior to when this 1974 law expired, when there was a sugar program from 1964 to 1974, we can see that the price of sugar traced almost identically to the support price that was established by the sugar legislation. Then in 1974, when Congress failed to renew the sugar legislation, the price of sugar actually skyrocketed to above 60 cents. The average price for that year was 29.5 cents.

Then the price of sugar fell. It fell far below the cost of production and far below what the support price would have been had the 1974 act stayed in effect.

At this point in time sugar mills throughout the country closed and went bankrupt, sugar farmers throughout the country were forced out of business, and then again we saw a wide gyration, a swinging up of the price to more than 30 cents, a price averaging 30 cents. This year alone, in 1981, during the first 6 months the price has averaged 22 cents. That was

in the first 6 months of this year alone.

How has this affected the consumer of sugar? Let me state it very simply. The additional money that the consumer paid when the price was above this line versus when it was below this line since 1974 was $5 billion. Five billion dollars more is what the cost of this raw sugar itself was from 1974 until 1981; that is what could have been saved if we would have had sugar legislation, which, as we can see, has served not only as a floor but as a ceiling as well. It would have made a big difference to the American consumer because we can all remember when the price of sugar has gone up in the grocery stores; we can all remember when the price of soft drinks has increased in the grocery stores, as well as all of the other items that consume sugar and that we consumers use. That goes up when this price goes up.

But have we ever seen it fall this dramatically? No; we have not.

This sugar legislation will not only protect the consumer but it will protect the American farmer, because, let us face it, an 18-cent support price is far below the cost of production in the United States today. The U.S. Department of Agriculture estimates the cost at 24 cents.

So this is not going to put anybody back into the sugar business; this is only going to enable the most efficient producers that we have in this country to survive and stay in the business.

Sugar is one of the unique American commodities in the fact that we do not export sugar. We do not export sugar; we import sugar. In fact, we import more than 50 percent of our sugar requirements. Much of that sugar comes from the European Economic Community where they support the price of sugar far above our cost of production, and they dump their surplus sugar here in the United States.

Now, it is true that this sugar legislation is not going to cost the taxpayer any money. What will happen is that the world market will rise to the 18-cent level, and it will stay stable at that level. The consumer will have a reasonable base there on which to purchase his goods. He is not going to see a yo-yo in prices, as he has seen when every time the price goes up he sees a tremendous increase in the grocery store, but he never sees a decrease when the price of sugar comes back down.

Without this legislation, we are going to see more and more farmers being forced out of business. Four years from now we will not have much of a domestic sugar industry at all. We will probably be importing 75 percent of this Nation's sugar, and then we could very easily have a sugar cartel formed that would be to the detriment of the entire Nation.

The CHAIRMAN. The time of the gentleman from Louisiana (Mr. HUCKABY) has expired.

(On request of Mr. TRAXLER, and by unanimous consent, Mr. HUCKABY was allowed to proceed for 2 additional minutes.)

Mr. TRAXLER. Mr. Chairman, will the gentleman yield?

Mr. HUCKABY. I yield to the gentleman from Michigan.

Mr. TRAXLER. Mr. Chairman, I appreciate the gentleman's kind remarks about the European Common Market and their sugar subsidization policy.

I am looking here at an article from the Wall Street Journal dated September 22 this year, and this article says that Europe is exporting a big crop, and no matter what the world price of sugar is, the Common Market nations guarantee their growers equivalent to 27 cents a pound, and, further, the current world price at that time was 11.5 cents a pound.

Do I understand that the Europeans then would take their surplus sugar for which they paid their growers 27 cents a pound and then export it to the United States or other countries at the world price?

Mr. HUCKABY. That is exactly right. The gentleman is exactly right.

Mr. TRAXLER. Is this the kind of sugar that is processed on the east coast, in the sugar processing plants in New York and Massachusetts?

Mr. HUCKABY. That is exactly correct.

Mr. TRAXLER. Do I also understand that the consumer in the Northeastern part of the United States pays about 2½ cents more per pound for sugar, then, than consumers pay for sugar processed in other parts of the United States?

Mr. HUCKABY. That is correct, according to the U.S. Department of Agriculture.

Mr. TRAXLER. Mr. Chairman, I can hardly believe that.

Mr. HUCKABY. Mr. Chairman, I thank the gentleman from Michigan (Mr. TRAXLER) for his contribution.

Mr. PEYSER. Mr. Chairman, will the gentleman yield?

Mr. HUCKABY. I am happy to yield to the gentleman from New York.

Mr. PEYSER. Mr. Chairman, if I may respond to my friend concerning the situation that has been outlined today where there is no sugar bill, the Secretary of Agriculture has the full right and authority to move, and I certainly hope he would move, to protect the American sugar industry. That is in the law today, and in no way does my amendment affect that.

Mr. ALBOSTA. Mr. Chairman, will the gentleman yield?

Mr. HUCKABY. I yield to the gentleman from Michigan.

Mr. ALBOSTA. Mr. Chairman, I just wish to comment on the statement of the gentleman from New York (Mr. PEYSER). I think the evidence is to the opposite.

Has the Secretary of Agriculture done anything that would have saved our sugar industry over the last 5 years? Has the Secretary of Agriculture from either political party done anything? I can answer that question for the Members. The answer is "No."

We lost 33 processing plants that processed domestic sugar in this country. This is the evidence. I think we have 50 some plants left in the country. The evidence is that the industry is absolutely dying.

Mr. Chairman, when we have this evidence that the industry is dying, I think it is important that we have this legislation.

The CHAIRMAN. The time of the gentleman from Louisiana (Mr. HUCKABY) has again expired.

(On request of Mr. BEDELL, and by unanimous consent, Mr. HUCKABY was allowed to proceed for 3 additional minutes.)

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. HUCKABY. I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Chairman, I think we should point out to those Members in the Chamber and to those listening on television that because of the Bedell amendment which was added to the bill that came from the committee, there is zero cost to the Treasury either in 1982 or in any of the out years, as the bill now stands before the House.

I would not want anyone to misunderstand and think that this is an issue wherein there will be a cost to the Treasury or budgetary problems.

It is further my understanding that at this time we are importing about half of our sugar; is that correct?

Mr. HUCKABY. The gentleman is correct.

Mr. BEDELL. As I understand further, it is because of the roller coaster effect that some of our sugar processors and growers have not been able to continue in production; is that correct?

Mr. HUCKABY. The gentleman is correct. And the producers are being forced out of business.

Mr. BEDELL. If that is correct, if this has no cost to the taxpayer, if by doing so we are putting in a loan which is significanty below market price, as I understand it, and if by so doing we are enabling ourselves to be more self-sufficient in our needs for this commodity, it is beyond my comprehension how anybody could say that we should change a policy that is working this well.

Mr. HUCKABY. Mr. Chairman, I certainly appreciate the comments of the gentleman from Iowa (Mr. BEDELL).

This program is unique. Unlike the other programs we are considering, this costs the taxpayers absolutely nothing, and it will preserve the domestic sugar industry.

Mr. MOORE. Mr. Chairman, will the gentleman yield?

Mr. HUCKABY. I yield to the gentleman from Louisiana.

Mr. MOORE. Mr. Chairman, to the gentleman from Louisiana (Mr. HUCKABY) and my friend, the gentleman from Iowa (Mr. BEDELL), I would point out that this is working on the Ways and Means Committee of which I am a member. We ought to understand that this is not a zero figure for the budget; it is actually a revenue raiser because of the figures that are triggered because of the price support we have in the bill.

Right now we are getting $34 million this year into the Treasury because of the sugar program, and it is expected under this bill that is going to go up to $460 million. So it is not a zero figure; it is actually a revenue raiser for the Treasury.

Mr. HUCKABY. Mr. Chairman, I thank the gentleman from Louisiana (Mr. MOORE).

I think the bottom line is that this legislation will save the consumer money, it will probably make money for the taxpayers, and it will preserve a domestic industry.

Mr. JONES of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. HUCKABY. I yield to the gentleman from Tennessee.

Mr. JONES of Tennessee. Mr. Chairman, I thank the gentleman for yielding.

I want to say to my dear friend, the gentleman from Louisiana (Mr. HUCKABY), that I, like him, have no sugar producers whatsoever in my district, but I am strongly in favor of a sugar program.

I am definitely opposed to the Peyser amendment, and I rise in support of the sugar provision in the committee bill which provides an 18-cent-per-pound nonrecourse loan. As you know, the bill has already been amended to reduce the support from 19.6 to 18 cents per pound.

It appears to me there are several reasons for implementing a viable sugar support program.

First, a sugar program, as do our other farm programs, will have a dampening effect on the kind of wild swings in market prices we have experienced in recent years in the absence of a sugar program. Market stability at a level somewhat above the cost of production benefits both producers and consumers.

Second, in the absence of a sugar support program, I am afraid we will lose our domestic producers thus putting American consumers at the mercy of foreign producers. We have all witnessed the results of such dependence in petroleum.

Third, production, processing, refining and marketing of cane sugar, beet sugar and corn sugar is a major industry in this country and many local communities depend on it.

Fourth, the cane sugar industry in the South provides employment for thousands of cane workers. It is entirely possible that without a sugar support program this labor-intensive crop would be replaced with soybeans or some other crop which is largely mechanized, thus denying any opportunity for employment to the cane workers.

On this issue I have had the pleasure of seeing an advance copy of a new book on Louisiana's sugarcane workers by a Washington, D.C., writer, Patsy Sims. The book, "Cleveland Benjamin's Dead: A Struggle for Dignity in Louisiana's Cane Country," vividly depicts the hard life and lack of opportunity for the cane workers. While the story describes how the workers had to go to court to protect their wages, I believe the situation with the workers is a most persuasive argument for protecting their only hope for continued employment through maintaining a viable sugar industry in Louisiana.

Mr. Chairman, I will close by stating that the committee bill represents the best package that could be put together under our budget constraints. I would say to opponents of the bill and the sugar provision that the bill's weakness lies in being too meek in behalf of farmers and farmworkers, not in being too bold in behalf of the most productive sector of our economy.

Mr. Chairman, I think this is the time that we ought to give consideration to the adoption of a sound sugar program for the consumers of America.

□ 1420

Mr. HUCKABY. I thank the gentleman for his statement.

The CHAIRMAN. The time of the gentleman from Louisiana has again expired.

(At the request of Mr. GIBBONS and by unanimous consent Mr. HUCKABY was allowed to proceed for 1 additional minute.)

Mr. GIBBONS. Will the gentleman yield to me?

Mr. HUCKABY. I yield to the gentleman from Florida.

Mr. GIBBONS. I just want to correct a statement made here, inferentially made here. I have the U.S. Department of Agriculture official figures. We are not importing any sugar from Europe. So all of the argument about European sugar is fallacious.

Mr. TRAXLER. Mr. Chairman, will the gentleman yield?

Mr. HUCKABY. I yield to the gentleman from Michigan.

Mr. TRAXLER. I understand that may be correct. It is important to know where we do get our foreign sugar, and we are importing about 50 percent of it from the Dominican Republic, other Central American nations, and the Philippines. I ask the membership to bear in mind this amendment moves us more and more toward total purchase of foreign sugar and to an elimination of the domestic sugar market or economy. Then how reliable are the Central American suppliers, and do my colleagues really want to be totally dependent upon them?

Mr. HUCKABY. Let me point out in rough approximation that one-third of the imported sugar from the United States comes from the Philippines, one-third from the Eastern Hemisphere, and one-third comes from the Western Hemisphere.

Mr. STANGELAND. I move to strike the requisite number of words and rise in opposition to the amendment.

I would like to talk from a different point of view on the sugar industry from what has been discussed in the well, but an equally important one. It has been said we import a little over 50 percent of the sugar we consume.

Of the sugar that is raised in this country, 50 percent is raised through sugar beets and 50 percent through cane sugar. I have the largest acreage of sugar beets of any Member of this House in my congressional district. My sugar beet company is American Crystal Sugar Co. The American Crystal Sugar Co. at one time was located in Denver, Colo. But because of some problems within that totally closed stock corporation, it was sold and it was sold to the sugar beet growers under contract to the company.

My farmers own that sugar company. When the price of sugar goes below 19 cents, my farmers absorb the losses in that sugar company. They share in the profits when the price goes above 19 or 20 cents, if they are efficient sugar producers.

It has been said here that this is a producer program and the producer benefits. But I think it is so important as to what the gentleman from Louisiana pointed out, that this is actually a consumer beneficiary program.

In 1973, before the Sugar Act expired, the cost of sugar to the consumer was 15.1 cents per pound. In 40 years of the sugar bill, the cost of sugar had gone from 9 cents to 15 cents in 40 years. So as long as we had a sugar program we had stability in the prices to the consumer, and we have a stability in the price to the producer.

But after that Sugar Act expired, and from 1974 through 1976, with no sugar program operating, the price of sugar more than doubled, from 15.1 to 31.2 cents a pound.

There is further evidence of the moderating influence these sugar programs have had on the consumer prices. Look at the years 1977 through 1979 when the de la Garza amendment was in effect and the price of sugar to U.S. consumers averaged 23.4 cents per pound. But in 1980, after the expiration of the de la Garza amendment, the price of sugar to U.S. consumers skyrocketed up to 42.7 cents per pound.

It is interesting that the users are the ones who want to see no sugar program. The heavy industrial users, as my colleagues will see, in the years when the price of sugar goes up, the price to the consumer of those sugar-related products goes up, whether it be pop or candy or chewing gum, the price either goes up or the quantity purchased goes down in size. Yet when the price of sugar goes down, the price to the consumer does not come down. The price to the consumer of those products stays the same.

It is also interesting to know who else benefits without a sugar program in this country, and it is the refiners who refine the offshore crude sugar. I think earlier in this debate the name Tate & Lyle was brought up. Tate & Lyle happen to own a subsidiary called Red Path and Red Path has Refined Sugars & Syrups in Yonkers, N.Y. In 1980 Tate & Lyle made a profit on their Yonkers operation of approximately $10 million, and that corporation paid no U.S. income tax on that profit.

The refiners of crude offshore sugar benefit from no domestic sugar program.

We have heard talk about the world market in sugar. I think it was mentioned briefly, and maybe others will discuss it, but there really is not a world market in sugar. Every sugar-producing nation in the world, except perhaps the United States and Russia, produces more than it can consume, so we import. But the rest produce more and they export. But they do not export on a world market. They export on a contract to other countries. Those contracts have a preset price. That preset price brings a profit to their producers, and their producers will sell that sugar on that contract for a profit. Then they will take their excess and they will dump it on the world market and the world market then is not a world market, it is a dump market.

We are asking our farmers, our domestic producers to compete with those dump market prices. That is the inequity and that is the unfairness.

Mr. TRAXLER. Mr. Chairman, will the gentleman yield?

Mr. STANGELAND. I would be pleased to yield to the gentleman from Michigan.

Mr. TRAXLER. I think the gentleman makes an excellent point. I think it is important and it ought to be restated that there are really two markets of sugar. One is the long-term contract price which is negotiated over a period of years, nation to nation, or nation to company or corporation, or corporation to corporation. That is one way in which sugar is sold around the market.

Is it fair to say that that long-term contract price, such as the Cubans have with the Soviet Union, or that sugar-short countries have with the major sugarcane producing nations, that that price is far above the world price?

Mr. STANGELAND. Absolutely. It is probably twice and three times the world price.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

(At the request of Mr. TRAXLER and by unanimous consent Mr. STANGELAND was allowed to proceed for 1 additional minute.)

Mr. TRAXLER. If the gentleman will yield further, I think this is a very important point.

Mr. STANGELAND. I am happy to yield to the gentleman.

Mr. TRAXLER. Do I understand, then, that there is a second kind of market for sugar called the world market?

Mr. STANGELAND. The gentleman is right.

Mr. TRAXLER. That is where the excess sugar-producing countries of this world take their surplus sugar, and they have only one option to do with it at home since they have fulfilled all of their contract requirements, and they may have tons and tons of sugar sitting there on their docks. They can do one of three things. They can bury it, burn it, or dump it on the market and flood the United States with 9-cent sugar and drive our producers and processors out of business. Is that a fair statement?

Mr. STANGELAND. The gentleman is absolutely right. The gentleman is absolutely right.

Mr. TRAXLER. I thank the gentleman.

Mr. STANGELAND. I thank the gentleman for his contribution and yield back the balance of my time.

Mr. BOWEN. Mr Chairman, I move to strike the requisite number of words, and I rise to speak against the amendment.

Like several others who have spoken before me here, the State which I represent produces no commercial sugar.

I do, however, happen to serve as chairman of the Subcommittee on Cotton, Rice, and Sugar. I do have a very keen interest in a stable sugar market for this country, and I have a very keen interest in a sound economy for this Nation as a whole.

In case anyone might forget in the heat of the debate on this subject, let us keep several things clearly in mind. First of all, there is no Government subsidy, no Government payment, indirect or direct. There are no tax outlays made and, in fact, as some have pointed out, there are even possible profits to the Treasury. The CBO says zero cost, and the administration supports the bill.

This is a bill which we amended under the Bedell amendment to be the same as the bill in the other body. We reduced the loan level from 19.6 to 18, and we required that the loan be repaid within the same year, precisely so that there would be no cost to the Treasury in the legislation.

What we are facing, as several of my colleagues have pointed out, is a chaotic world market situation in which there is nothing that could honestly be called a free world market, but really just a dumping ground on the part of those other nations who produce sugar but who protect their own producers.

□ 1430

We are the only nation in the world which produces sugar and yet has no protection whatsoever for her producers, which in no way whatsoever attempts to limit the importation of foreign sugar; and, therefore, you have this price-gyrating mass-dumped sugar around the world.

As the gentleman from Florida pointed out earlier, it is quite possible that, in direct sales, there might not be any sugar coming from the European Common Market. But they dump one-third of their sugar abroad, and it circulates and it goes into the other countries, who in turn reship it into this country.

Now, I certainly understand the position of my good friend, the gentleman from New York, who sponsors this amendment, which I strongly oppose. As has been pointed out, within his district in Yonkers there is one of the largest sugar refineries in the country. It is one which processes more than 95 percent of foreign sugar and is owned by a British company. It and a number of other refineries like it are obviously acting within their own self-interest, and we appreciate and understand that self-interest. If I represented that district, I would take exactly the same position as the gentleman from New York.

But the point of view of that industry is that "we do not care if you have a domestic sugar industry in America at all." You have got one that is falling, it is slumping, it is losing because of this dumping process, the fluctuations of prices that take place, the boom and bust in the so-called world market. "We do not really care what happens," because we will always import sugar from abroad. That is at least what they say, although I will

have to point out to the Members that USDA has stated that if we had had no domestic sugar industry during the most recent worldwide sugar shortage, that prices to consumers in this country would have jumped several hundred percent.

The gentleman from New York and one or two others like to dwell upon the subject of large sugar producing corporations. I have a transcript here of an interview with one of the largest of the corporations that does not produce but refines imported sugar in this country, and this is what they think about price stability in America. This is what they think about the American consumer. In this corporate newsletter, which was circulated soliciting support for stock of this company, the corporate manager says:

I go back to the factor that we are given opportunities to make extraordinary earnings during very volatile periods.

He says:

As far as our margins are concerned, we really don't care whether the market goes up or down, but we do like a volatile market. A volatile market gives us opportunities to make additional income in several ways.

That is quite true. Unregulated foreign sugar importation does give them many opportunities to make additional income in several ways, and it is not, in my opinion, in the consumers' interest, for the very simple reason that it contributes to the price instability that we have in this country, whereas what we have here is a low loan of 18 cents which converts into a grocery shelf price of 31 cents.

Now, how many consumers in America feel that 31 cents a pound for sugar on the shelf in the grocery is bad? It is about 34 cents right now. I just called two or three of the groceries here in town to find out. About 34 cents. But during all of the gyrations we have had in prices during the period when we have had no sugar legislation, it has gone as high as 63 cents. So I do not think you will find that the consumers of America will mind having stable sugar prices that do not fall below a range of 31 or 32 cents. I think they would be delighted to have it.

The CHAIRMAN. The time of the gentleman from Mississippi (Mr. BOWEN) has expired.

(On request of Mr. MOORE and by unanimous consent, Mr. BOWEN was allowed to proceed for 2 additional minutes.)

Mr. MOORE. If the gentleman will yield, I agree strongly with the remarks of the gentleman from Mississippi and harken back to the chart brought into the Chamber a moment ago by my colleague, the gentleman from Louisiana, which is likewise proven again by the gentleman's comments and proven by the sugar and sweetener report dated September 1981, from the U.S. Department of Agriculture, where they say this:

A comparison of trends in retail price changes for sugar versus food and beverages containing sweeteners from January to July for the last four years indicates that retail prices of products generally tend to increase regardless of sugar price changes.

Mr. BOWEN. Yes. That is unfortunately the case. Although the price to the farmers goes down very rapidly, the price to consumers sometimes just nudges very slightly down, if at all. And if the price might go up slightly to producers, then it skyrockets for the consumers.

Mr. MOORE. Actually, according to the chart and according to what I read here, if the gentleman will yield further, the price goes up anyway.

Mr. BOWEN. It does.

Mr. MOORE. Where the price of the sugar to the farmer is going down.

Mr. BOWEN. It is a very sad situation. I think this is very much a proconsumer bill. It is certainly an antidumping bill, above all else.

Mr. GIBBONS. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from Florida.

Mr. GIBBONS. Mr. Chairman, I just want to finish reading the rest of that quote that my friend, the gentleman from Louisiana, was reading. There is a semicolon.

Mr. MOORE. No, it is just a period.

Mr. GIBBONS. "* * * however, declining sugar prices should slow the rate of increase."

They were not endorsing these. I think the gentleman left out the very vital part of this whole statement.

Mr. MOORE. If the gentleman will yield further, the next sentence is the concluding sentence, and it says even when sugar prices decline, prices of sugar-containing products still generally increase, but much more gradually.

Mr. GIBBONS. But much more gradually.

Mr. MOORE. The point is simply this: The price still goes up, whether the price of sugar comes down or not. The price of the goods containing sugar still goes up to the consumer.

Mr. GIBBONS. But much more gradually.

The CHAIRMAN. The time of the gentleman from Mississippi (Mr. BOWEN) has again expired.

(By unanimous consent, Mr. BOWEN was allowed to proceed for 2 additional minutes.)

Mr. BOWEN. Mr. Chairman, I would simply like to conclude by saying that some of the Members might have seen a letter circulated from sources within the State Department which suggested that some of our neighbors to the south might have some markets for sugar damaged if legislation of this kind were adopted. That is not the case. This legislation provides a loan level that is so far below the cost of production that there is absolutely no incentive to grow for this loan. The cost of production in this country is running about 24 cents for cane and 25 cents for beet sugar according to USDA, and with an 18-cent loan level, nobody is going into the sugar business. They are going out of the sugar business in large droves. They are going out by the dozens in beet processing plants that are closing down, that will never reopen. We have seen closed 14 sugarcane mills since 1974 when the old Sugar Act expired. We are not going to expand our sugar production in this country as a result of this legislation. We are merely trying desperately to hold on to a minimal American market so that we do not have our entire domestic market taken over by foreign producers, so we are not drained of the foreign exchange that we so badly need. It would cost us $5 billion a year in foreign exchange if we continue down the trail that we are following, unless we pass the legislation in this bill, unless we defeat the Peyser amendment.

Mr. MOORE. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from Louisiana.

Mr. MOORE. I appreciate the gentleman from Mississippi yielding to me again. The gentleman touched on the fact of these seven countries in South and Central America who are concerned about the future of their ability to sell sugar to this country. It is interesting to note that four of those seven countries who signed this ad in a recent Washington Post, Honduras, Nicaragua, Peru, and Barbados, are not even affected by it. They receive duty-free status under the generalized system of preferences, meaning they are going to be able to sell to this country and escape the duties regardless of whether this program passes or not. The remaining three, the Dominican Republic, Guatemala, and Panama, are not eligible for the generalized system of preferences because they are exceeding the amount of sales in the United States and are selling something like $45.8 million of sugar into this country. Those markets will still be there, and their concerns are really unjustified.

Mr. BOWEN. This sugar title is an antidumping bill, it is a proconsumers bill, and I urge a vote against the Peyser amendment.

The CHAIRMAN. The time of the gentleman from Mississippi (Mr. BOWEN) has again expired.

(On request of Mrs. HECKLER and by unanimous consent, Mr. BOWEN was allowed to proceed for 2 additional minutes.)

Mrs. HECKLER. If the gentleman will yield, I would like to address two questions to my colleague. I think the

gentleman has made a very good presentation. I compliment him on the presentation of the sugar growers' interest. Indeed, I think it has been well stated.

However, I think there are some differences of interpretation. For example, the gentleman's statement about the administration's point of view seems to be to contradict a recent letter that I received from David Stockman, in which he said:

I am writing in response to a request of yours for a statement of the administration's position on the sugar provisions of H.R. 3603. The President's farm bill proposals submitted last spring contained no language affecting current authorities for sugar. However, the administration is prepared to accept the judgment of Congress on the appropriate sugar provisions of the 1981 farm bill.

That, to me, suggests that the administration is neutral on this subject. It obviously states that the Congress will determine the sugar bill.

Mr. BOWEN. I appreciate the comments of the gentlewoman. I would only say that, on my part, I am sure there are Members on her side of the aisle who can say that they have had numerous recent conversations with leaders of the administration from the White House and the Department of Agriculture who have said the President will sign a sugar bill at the level which the Senate has passed. That is what we have before us.

□ 1440

Mr. BOWEN. I would also like to correct the gentlewoman. I am not speaking only for the sugar producers. I am speaking for the consumers of America as well. I am speaking for a sound economy for all Americans.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from Iowa.

Mr. BEDELL. I thank the gentleman for yielding.

It should be pointed out that we are not considering H.R. 3603 at this time. We are considering H.R. 3603 as it was amended by my amendment which brought it down to zero cost where there was previously a substantial cost of some $75 million.

Mr. BOWEN. And 18 cents, which is the Senate level.

Mr. BEDELL. And H.R. 3603 called for a price support of 19.6. My amendment brought it down to 18 cents.

Mrs. HECKLER. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentlewoman from Massachusetts.

The CHAIRMAN. The time of the gentleman from Mississippi (Mr. BOWEN) has expired.

(At the request of Mrs. HECKLER and by unanimous consent, Mr. BOWEN was allowed to proceed for 2 additional minutes.)

Mrs. HECKLER. I think one of the essential points to be corrected here is the disparity in points in assessment of the cost of production. We have heard various estimates being promulgated, and during this period the gentleman himself suggested a figure for the cost of production.

I would like to bring to the gentleman's attention that our colleague, the gentleman from Hawaii (Mr. HEFTEL) said the cost of production was 19 cents a pound, but on April 22, 1981, the Wall Street Journal quoted Henry A. Walker, Jr., chairman and president of AMFAC Inc., which my colleagues also referred to, and said in that quotation that the break-even level for the cost of production was 16.5 cents a pound.

Would the gentleman like to square all these different assessments?

Mr. BOWEN. Since I do not represent a sugar processing, growing, or refining State at all, but I have had close conversations with those who do, I can only say that I have never seen a cost of production number in that range.

The U.S. Department of Agriculture says the nationwide average is about 24 cents for cane sugar and about 25 cents for beet sugar. It is possible certainly that there are numbers slightly below that, but I have seen no figures anywhere that are below the level which we have in this legislation, but I would be very happy to be enlightened on that. If there might be some unusually efficient producers somewhere who might be able to grow at a little bit below the 18-cent level, I would be greatly surprised, but I would be happy to know about it, and so would the Department of Agriculture.

Mr. ROBERTS of Kansas. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from Kansas.

Mr. ROBERTS of Kansas. I thank the gentleman for yielding.

All we need is another corporation chairman telling my producers, whether it be sugar or wheat or corn or whatever, what the cost of production is.

I can assure the gentleman that in northwest Kansas the cost of production of beets in my district is between 24 and 26 cents a pound. We are going out of business. The question is whether these folks and these farm families will continue to produce sugar for the consumer or if we are going to be subject to the vagaries of the world market. That is the true cost of production, not what some corporation chairman says.

Mr. BOWEN. I thank the gentleman for his comments. I have always been a strong champion of keeping loan levels below the cost of production, and I will continue to take that position on this bill as on every one I have an opportunity to defend before this body.

Mr. WAMPLER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to this amendment offered by the gentleman from New York (Mr. PEYSER) which in effect would delete title IX of the farm bill, which pertains to sugar.

Mr. Chairman, I am now serving my 17th year as a member of the Committee on Agriculture. I have had the occasion to watch a number of sugar bills move through our committee and through the Congress during that time.

For many years, the old Sugar Act was described by some as a Rube Goldberg type of contraption, but it worked.

The chart that was presented to us earlier in the debate by the gentleman from Louisiana (Mr. HUCKABY) clearly illustrated that.

In 1974, the then chairman of the House Committee on Agriculture, Mr. Poage of Texas, and I, along with others of the committee, worked long and hard trying to fashion a sugar bill which we thought was fair to domestic producers, both beet and sugar, to industrial users, to consumers, and to all who had a legitimate interest in a sound sugar program.

But the Congress unwisely failed to extend the act at that time.

I recall so well when Mr. Poage announced after defeat of the Sugar Act that we would have nothing but turmoil in the years ahead and how wise those words were. For more than 40 years, the Sugar Act provided consumers with stable prices as well as dependable supplies from both foreign and domestic producers. It protected our domestic industry and did not cost the taxpayers any money.

We all know what has happened to the price of sugar since 1974. It has been on a roller coaster, skyrocketing up and down, and I do not believe that is in the best interest of consumers or producers.

Mr. Chairman, sugar is a major crop in the United States. Let me emphasize there is no sugar produced in my congressional district. Like many of my colleagues my constituents are consumers of sugar. Sugar ranks 10th in terms of acreage in the United States, 5th in terms of tonnage, and 6th in dollars to American farmers.

It seems to me that the language before us in the committee bill is a moderating proposition on sugar. It would help in some small way to stabilize the sugar industry in this country. It has been pointed out in this debate that the United States is the only major sugar producing country without a domestic sugar policy. It seems to me that price stability is the best policy for both producers and consumers, and in my humble opinion a loan

program will help provide that stability. The Bedell amendment adopted earlier dropped the price support considerably from that reported by the committee.

Mr. Chairman, we are going to have to decide for the remainder of this day, assuming we complete consideration of the bill, whether or not we are going to have an agricultural policy that will keep this country moving in the direction that I think we all want it to move. Some measure of independence in producing commodities that are often scarce on the world markets.

It seems to me if we are going to continue to rely more and more on foreign producers of sugar, then we are going to find ourselves in very much the same predicament that we are in today on oil and other forms of energy. Excess sugar supplies are quite thin on the world markets and that is why the price fluctuates so much.

We have now the capability by rejecting this amendment offered by the gentleman from New York to start in the direction of restoring a stable sugar economy in this country, and I urge my colleagues to consider these arguments carefully and to reject the amendment offered by the gentleman from New York.

Let me conclude, Mr. Chairman, by saying I can assure the Members of this Committee that the administration does not oppose the language in the House Agriculture Committee bill as amended by the gentleman from Iowa (Mr. BEDELL).

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. WAMPLER. I yield to the gentleman from California.

Mr. ROUSSELOT. I thank the gentleman for yielding.

I was fascinated by the chart that our colleague from Louisiana (Mr. HUCKABY) just showed us, that after this law was changed in 1974 there were much greater fluctuations in the price of sugar than we had had prior to that time. They were much more stable prior to the 1974 action.

So what the gentleman is asking is that we return to stability in pricing. They were really better prices for the consumer, were they not?

Mr. WAMPLER. Absolutely, and I think the chart clearly illustrates that.

Mr. ROUSSELOT. Then it truly is a consumer vote to support what the committee has done?

Mr. WAMPLER. That is the way I perceive it. It makes sense any way the gentleman wants to consider it. This is sound legislation and the amendment should be rejected.

Mr. ROUSSELOT. The gentleman's chart from Louisiana clearly showed that.

Mr. WAMPLER. That is precisely what the situation is.

Mr. ROUSSELOT. I appreciate the gentleman enlightening us. It is hard for those of us who are not sugar farmers to know what is really happening here, especially when it is two of our dedicated colleagues from New England, who do not have too much sugar produced in their districts, making these amendments.

Mr. FOLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment.

As a Member of Congress for the last 17 years, I have consistently supported sugar programs, sometimes successfully, sometimes regrettably, unsuccessfully.

We have not had a major sugar program outside of the de la Garza amendment since 1974, and we have seen the continual erosion of our sugar production in the United States.

Indeed, I think my own area in the State of Washington is a perfect example. We had two very active and productive sugar mills in Washington that were simply put out of business by catastrophically low sugar prices. Prices below the level that any area in the world can sustain.

In recent years, sugar prices have gyrated as much as 400 percent, going from less than 10 cents to almost 40 cents a pound. No other agricultural commodity has had to face that kind of instability.

No country in the world can produce sugar for 10 cents a pound. Unless we take action today to provide a reasonable floor of support for our sugar production, we are going to see the gradual disappearance of sugar agriculture in the United States.

□ 1450

With that, as the gentleman from Virginia has said and the gentleman from California (Mr. ROUSSELOT) has said, our consumers are going to suffer as well as our producers, because there is a very small international market in sugar. The vast majority of countries for one reason or another have developed sugar programs and the amount of free traded sugar is extraordinarily small. As world demands are pressed upon a very small internationally traded market, they are tremendously amplified, amplified to push the price down to unreasonably low levels in times of surplus and amplified to shoot them up to very high prices indeed in times of shortage.

So we are not here just concerned with the welfare of sugar producers and the sugar industry in the broad sense of the U.S. interest today, but we are here in the interests of protecting consumers from unrealistic and undesirable gyrations in the price of sugar.

I hope all my colleagues on both sides of the aisle will oppose this amendment and support the committee position. It is a wise position and one that is in the interest of maintaining the sugar industry in the United States.

Mr. EVANS of Iowa. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment.

I think that most of us tend to think of sugar price supports as a subject of interest only to a rather small fraction of the farmers of this country; but actually, a large fraction of our farmers have, I believe, a truly vital interest in this program. This is particularly true of all those farmers who raise corn and a great many of the farmers in this country raise corn, including most of them in my district.

The point is that there is a close connection between the price of sugar in this country and the price of corn sweeteners.

There is a similar connection between the price of corn sweeteners and the price of corn itself. The corn refiners who make those sweeteners are a major market for corn in this country. Last year those refiners used 20 million metric tons of corn. To put that in perspective, 20 million metric tons was 10 percent of the total corn crop in this country. It was 20 percent of that fraction of the corn crop that was marketed off the farm.

By way of further putting into perspective the 20 million metric tons of corn used in the sweetener business, Japan took only 11.8 million metric tons of our corn in 1980. Mexico took only 4.9 million. The U.S.S.R. took only 4.2 million metric tons, for a total in those three nations of approximately 20.9 million tons.

In other words, our domestic corn refiners used just about the same amount of corn as our three largest foreign customers for corn.

So I think it is clear that a reasonable support level for sugar is clearly in the best interests of the corn growers of this country.

I urge Members with those interests to oppose this amendment.

Mr. DORGAN of North Dakota. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, I think a number of facts that have been brought to light in this debate should be reiterated. I will do it very briefly.

First, in the United States, we produce 55 percent of our own sugar supply and yet one-fourth of the U.S. sugar mills have been closed in the past 6 years. We are on the road to losing the rest of our domestic sugar industry in this country.

I think that ought to be of great concern to us. The question is—if we lose our domestic sugar industry in America, does that benefit the consumer?

What we are talking about here is a question of what is in the interest of the American consumer. That is at the root of the amendment we have been discussing.

The answer to the question of whether the ruin of the domestic sugar industry would benefit the consumer is a very simple answer. The answer is "No." It would not benefit the consumer in this country. The consumer, I think, wants a couple things. No. 1, they want a steady and reasonable supply and they want a reasonable price. Those are the two goals of the consumer in America.

Now, in discussions about this farm bill we hear that the American producer ought to continue to operate in a free market. Well, the fact is that the market is not free and it is certainly not free in the sugar industry. As has been testified to in this debate, the countries in this world that produce sugar in many cases have long-term contracts and the sugar that is produced over the supply that is represented by those contracts is dumped into the world market at low prices and it is killing the domestic sugar industry in this country.

The preamble of the farm bill, as I indicated in the discussion earlier in the week, says that it is to provide income protection for farmers, to assure consumers an abundance of food and fiber at reasonable prices, and so on. That is precisely what a sugar loan program would do, provide income and price protection for farmers and consumers and an abundance of food and fiber.

I think that a sugar loan program makes good sense. We do not want to kill the domestic sugar industry in this country.

I hope the Members in this body will support the provisions for the sugar loan at 18 cents that is in the farm bill we are discussing today.

Mr. SMITH of Iowa. Mr. Chairman, would the gentleman yield?

Mr. DORGAN of North Dakota. I would be happy to yield to the gentleman from Iowa.

Mr. SMITH of Iowa. I notice everybody is talking about the consumer being benefited by cheap sugar. I would like to point out that cheap sugar benefits Coca-Cola a lot more than it does consumers, because the average consumer in the United States would be better off healthwise if they ate one-third as much sugar as they do. That applies to both poor and rich; so we are not really talking a necessity here like proteins and building blocks, you know, for life.

Mr. DORGAN of North Dakota. Well, if I might reclaim my time, those are judgments the gentleman is making about nutrition.

The fact is when we talk about sugar or milk, we are not talking about milk that you get at the supermarket or sugar you get in a bowl. We are talking about commodities that you get that are produced by American farmers.

When we talk about the farm bill in total, including the sugar provision, we are talking about the need to produce income and price protection for American farmers and also a reasonable and stable supply of the food and fiber in this country. I think that is exactly what this farm bill says.

Mr. HUCKABY. Mr. Chairman, will the gentleman yield?

Mr. DORGAN of North Dakota. I would be happy to yield.

Mr. HUCKABY. I would like to point out also to the gentleman from Iowa, I am sure the gentleman is aware that the human body does require some consumption of sugar and certain persons with some ailments need sugar.

Mr. SMITH of Iowa. The average would be better off if they paid the same amount of money for half as much sugar.

Mr. HUCKABY. I will agree with the gentleman there, but he will consume sugar and certainly he would be better off if he had a stable price and a lower price.

Mr. STANGELAND. Mr. Chairman, will the gentleman yield?

Mr. DORGAN of North Dakota. I would be happy to yield to the gentleman from Minnesota.

Mr. STANGELAND. Well, I thank the gentleman for yielding.

Our districts adjoin. A river separates us. If we lose our sugar growers, what are the gentleman's sugar growers going to raise?

Mr. DORGAN of North Dakota. Well, the problem is——

Mr. STANGELAND. Let me answer the question. I guess the gentleman is surprised.

My sugar growers will be growing wheat. They will be growing corn. They will be growing soybeans, products already in surplus. It is important to keep sugar on those farms so that we do not have a disruption of the commodities; but it is important to keep that sugar industry growing and thriving for the simple reason that it creates jobs. It puts money on main street to the small businessman, a tremendous number of jobs, a tremendous amount of dollars and the agricultural dollar is said to turn seven times in the economy. So I think it is important that we keep this domestic sugar industry and that we defeat the Peyser amendment.

I thank the gentleman for yielding.

Mr. DORGAN of North Dakota. I thank the gentleman for his remarks.

Again, behind this bill is the reality of family farmers that are out there working the land and that is what we are talking about when we talk about the need for loan programs.

Mr. RICHMOND. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. RICHMOND. I yield to the gentleman from Kansas.

Mr. GLICKMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. RICHMOND. Mr. Chairman, as Members know, I have the honor of being chairman of the Subcommittee on Consumer Affairs on Agriculture. I work very hard to protect the interests of the American consumer. That is my job. I have been at it now for almost 7 years. I take my job very seriously.

Let us take sugar. The Bedell amendment cut sugar down to a minimum of 18 cents. That is nothing more than President Reagan's "safety net." I know for a fact that sugar production, that is the cost of sugar production in the United States is an average of between 23 and 25 cents per pound.

Florida is a little cheaper. Florida is about 19½ cents.

Hawaii, because of their very high land values and their higher employment costs, is about 24 cents.

What are we asking for? We are asking for a floor of 18 cents. What does a floor of 18 cents give us? A floor of 18 cents at least guarantees that the 100,000 employees in the United States involved in sugar processing and sugar growing will keep their jobs. It also guarantees that for a change the United States will not again become a captive of a sugar OPEC.

Yesterday, I spoke on this floor about becoming the captive of a dairy OPEC, and fortunately our colleagues understood that very real threat and we stood by America's dairy farmers.

Today I am coming back and begging you to stand by America's sugar farmers, so that we can continue to grow 50 percent of our own production.

If we can continue to grow 50 percent of our own production, this too will act as a stabilizing force in the American market. That means that instead of spending $4.7 billion in foreign exchange for sugar, we will only be spending $2 billion.

□ 1500

Last year we spent over $2 billion on imported sugar. Today we have the most oppressive foreign trade deficit we have ever known in the history of the United States. How then can we sit here and legislate the demise of a commodity which should be grown in the United States where we have the capacity to grow that commodity, why should we legislate anything that is going to encourage us to send American dollars overseas. We can ill afford that luxury.

Did you know that the sugar program previously operated by the Government made a profit of $67 million. So we can expect this sugar safety net of 18 cents per pound will not cost the U.S. Government one penny. We also know that the consumer is now at the grocery store paying 34 cents a pound for sugar. The chairman of the subcommittee, the gentleman from Mississippi, DAVID BOWEN, who is an expert on sugar, assures me that the price of sugar in the grocery store could fall from 34 cents per pound to 31 cents per pound if we adopt the 18-cents floor.

My friends, this is a good bill for the consumer. It is a good bill for the United States. It is a bill that protects our balance of trade. It is a bill that protects our domestic market and will assure that sugar will never again go up to 50 and 60 cents a pound because we suddenly are caught short.

I urge every single Member of this House to support the sugar title of the Agriculture Committee. It is a fiscally conservative bill, and it is certainly worthy of our support.

Mr. PEYSER. Mr. Chairman, will the gentleman yield?

Mr. RICHMOND. I yield to the gentleman from New York.

Mr. PEYSER. Mr. Chairman, I want to say to my good friend, the gentleman from New York (Mr. RICHMOND), who I certainly respect and who has done such an outstanding job over the years on food stamps and protecting those people who needed protection, I have been most supportive of that, but when the gentleman speaks of the consumers, I raise one question.

To my knowledge, there is not one consumer organization that works in this country, including one retired persons' organization who are very active in this country, who are not supporting my amendment. I will not bother running through a list of practically every major organization going who are supporting me.

I know the gentleman wants to be accurate on this when he says my good friend from Mississippi guarantees that sugar will go from 34 cents to 31 cents. There is no one, including the Department of Agriculture, who will make that statement, because they have indicated the cost to the consumer must rise, must rise, with a sugar program. And this has been flat out. I would say to my friend that the Department of Agriculture, the Secretary's representatives, until the day before the budget vote, were working with me on this amendment to defeat the sugar bill. I know my friend does not mean to hang his hat on that 31 cents, because it just is not there.

Mr. BOWEN. Mr. Chairman, will the gentleman yield?

Mr. RICHMOND. I yield to the gentleman from Mississippi.

Mr. BOWEN. Mr. Chairman, it is quite possible the statement of the gentleman from New York was not precisely phrased. What I had said to him was that the 18-cent floor is translated by the Department of Agriculture into sugar on the shelf at about 31 cents. In other words, that is the floor. It will not fall below that. The retailers and others may not choose to let the price drop for some reason, but it will provide a floor and a stabilizing influence which is currently at that point below what the shelf price is for sugar.

Mr. RICHMOND. In other words, the gentleman from Mississippi is saying that an 18-cent floor——

Mr. BOWEN. Will not push the price of sugar up over what it is right now.

Mr. RICHMOND. Will allow sugar to sell in supermarkets at 31 cents.

Mr. BOWEN. It will certainly not push it up, and provide a floor of approximately 31 to 32 cents.

Mr. RICHMOND. Therefore, we now know the 18-cent floor is not going to hurt the consumer.

Mr. BOWEN. No way.

Mr. RICHMOND. It is going to help 100,000 people employed in this industry.

Mr. BOWEN. Absolutely.

Mr. RICHMOND. It is going to help save the United States $1.2 billion in foreign exchange which we do not have to start with. It is going to stabilize a market which has been extremely volatile in the 7 years the gentleman and I have worked together. We can remember sugar was what?

Mr. BOWEN. It was 63 cents to consumers.

Mr. RICHMOND. Would not everybody much rather have an 18-cent floor and 31- or 32-cent-consumer price than a 60-cent-sugar price? That would make a lot of sense. We should pass this bill, give them an 18-cent floor, and allow the farmers to grow 50 percent of the sugar in the United States.

Mr. PASHAYAN. Mr. Chairman, will the gentleman yield?

Mr. RICHMOND. I yield to the gentleman from California.

Mr. PASHAYAN. Is the gentleman prepared to extend his thinking to the hypothetical that if the domestic sugar industry should fall flat, making this country and the consumers of this country wholly dependent on foreign sources of sugar, that at that time the price would go way, way up?

Mr. RICHMOND. As I said in my remarks, if we do not supply the United States with 50 percent of the sugar, we risk developing another new monster that we will have to cope with, another OPEC of sugar.

Mr. PASHAYAN. That is right.

Mr. RICHMOND. I spoke yesterday about the fact that if we do not support our dairy farmers, we will risk developing an OPEC of dairy products. We will risk being in the hands of Norway, Denmark, and Sweden for dairy products.

Mr. PASHAYAN. If the proposer of the amendment should like to answer that point, I should like to hear his comment.

Mr. DOWNEY. Mr. Chairman, will the gentleman yield?

Mr. RICHMOND. I yield to the gentleman from New York.

Mr. DOWNEY. Mr. Chairman, I want to deal with the OPEC of sugar, and let me ask the gentleman this question.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. DOWNEY and by unanimous consent, Mr. RICHMOND was allowed to proceed for 2 additional minutes.)

Mr. DOWNEY. I understand that sugar is grown in 83 countries, it is exported from 47, it is grown in regions as disparate as Norway and Australia. How can we logically argue that something that took 100 million years to develop, oil, is the same as something like sugar, in which we can take acreage in and out of production in 1, 2, or 3 years?

Mr. RICHMOND. Mr. Chairman, the gentleman knows that we have been in Congress the same length of time. During the time we have been in Congress, we have seen sugar hit almost 60 cents a pound. That was because American production was down and we were forced to be pawns of various sugar exporting countries. I hope that will never happen again.

Therefore, I would like to keep a stable market of our own where we can grow 50 percent of our sugar.

Mr. DOWNEY. Let me rephrase my question. Is it not correct that sugar is not like oil, because there are so many different producers? I mean, are we not talking about what happened in 1974 and 1975 as an aberration in terms of the history of production of this crop?

Mr. RICHMOND. I do not want to see a replay of that aberration again. I believe that by allowing our farmers to grow 50 percent of our sugar, we make certain that that abberation does not happen again. An 18-cent floor, which is really de minimis, is below the average price of sugar production in the United States. However, an 18-cent floor will guarantee that 100,000 people will keep their jobs in the United States, and, we will save ourselves $2.7 billion in foreign exchange, and we will have a floor on sugar.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield to me?

Mr. RICHMOND. I yield to the gentleman from Texas.

Mr. DE LA GARZA. Mr. Chairman, I would like to answer the gentleman from New York.

Yes, there is a common denominator. It is the dollar sign. Varied as they may be, this is the largest market for any of these countries, and the dollar sign is the common denominator. That is what will create an OPEC if we do not have a domestic sugar industry.

Mr. RICHMOND. I certainly agree with the chairman of the committee.

Mr. HUCKABY. Mr. Chairman, will the gentleman yield?

Mr. RICHMOND. I yield to the gentleman from Louisiana.

The CHAIRMAN. The time of the gentleman has again expired.

(On request of Mr. HUCKABY and by unanimous consent, Mr. RICHMOND was allowed to proceed for 1 additional minute.)

Mr. HUCKABY. I would like to ask the gentleman from New York, over 75 countries today produce oil in this world. To get into the sugar business, one must have a sugar mill, whether you are going to export it or not. The sugar mills cost millions and millions of dollars to build. Today in the United States sugar mills are being cut up with torches and sent to Brazil to use in their industry down there, the domestic sugar industry, to make pure alcohol to drive their cars. We are losing this industry. You cannot get back in the business overnight, as the gentleman implied.

Mr. DOWNEY. If the gentleman will yield, the gentleman is not making the argument that sugar and oil are similar in terms of their production capabilities. We cannot put in a crop and grow oil plants.

Mr. HUCKABY. And you cannot just go out and plant sugar overnight and get into the sugar business.

Mr. DOWNEY. How long does it take a nation to increase acreage in terms of sugar production as opposed to finding new sources of oil?

Mr. HUCKABY. It could very well be the same. You are talking about immense capital requirements for the infrastructure to get into the sugar business. There are only a dozen major sugar exporting countries in the world, and OPEC has more countries in it than that.

Mr. FAZIO. Mr. Chairman, will the gentleman yield?

Mr. RICHMOND. I yield to the gentleman from California.

Mr. FAZIO. Mr. Chairman, I simply want to make a point the gentleman from Louisiana (Mr. HUCKABY) made a minute ago. There are 13 sugar exporters shipping about 18 percent of the sugar entering the world trade at the present time. That is obviously an even more advantageous position for those countries to be in than those OPEC nations. There are more nations in OPEC than there are sugar exporters.

Mr. RICHMOND. Does the gentleman from California think those countries could easily gang up on us?

Mr. FAZIO. They have already done that. I think we have a cartel forming in Central America right now. I think it is certainly within the realm of possibility.

□ 1510

Mr. RICHMOND. Does the gentleman know that most of the Members sitting in this Chamber were here when they did exactly that same thing to us a few years ago, and should we now vote a bill that is going to allow that same group to do the same identical thing to us again?

Mr. FAZIO. I certainly think this legislation will do all we possibly can in this body to prevent that from occurring.

Mr. THOMAS. Mr. Chairman, will the gentleman yield?

Mr. RICHMOND. I yield to the gentleman from California.

Mr. THOMAS. Mr. Chairman, to underscore that point, it is not the number of acres one can put into sugar production. We can do that. It is the need to process that raw product. That is where we are suffering. If we do not have the sufficient acreage where people will invest millions and millions of dollars into the processing of it, we will have no industry. We need a basic price not just to grow the crop for the acreage, but to guarantee that we have the production capacity to turn it into consumable sugar.

Mrs. HECKLER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as cosponsor of this amendment I rise in strong support of it, and feel that the major point that should be introduced in the debate is the question of the public interest. Three years ago in 1978, a similar series of debates were held on this same subject. The sugar proposals then were very similar to the proposals suggested today. At that time one of our most eloquent colleagues, who has taken on a different role, was one of the strongest supporters of the effort to kill the sugar bill. That was our colleague, David Stockman. At that time on October 18, 1978, David sent out a press release in which he said he joined a bipartisan coalition of House Members and warned that there is an inflationary steamroller highballing toward the House floor that is about to flatten the American consumer and make a mockery of our efforts to control inflation.

Fortunately, we were able to stop that steamroller and the question is, can we stop the steamroller today? The fact is, we are talking about sugar and sugar is indeed a very special crop. It happens to be a very small crop. Sugar production in the United States comprises only 1 percent of all of the crop acreage, half of the acreage used in the production of sunflower seeds.

What about the issue of profits of the sugar producers themselves? We have heard about the misuse of Government funds by this industry, and let me just say to my colleague from Michigan that the Michigan Sugar Co. in 1979 earned profits of $1.9 million; in 1980 they were $8.5 million. In fact, in a response from the General Accounting Office, to the question of whether or not there had been misuse of Government funds from the sugar loan program to subsidize the investments of the company in other activities and more profitable outlets, the answer was quite revealing. According to the GAO the Michigan Sugar Co., in its annual report, stated that—

> The higher level of short term investments which accounted for over $1 million in profits for the company was the result of the company's participation in a Government price support program.

That was in their own annual report.

We have heard a great deal about consumer interests, I must say that consumers would be very pleased to find that they had so many supporters on the floor of this House. But I should point out that every major consumer group in the country is in support of this amendment. Why? Because the consumer's interests are not protected by a bill that creates a floor for sugar without creating a ceiling. There is no guarantee that there will be any control of future sugar prices under this bill. What the bill does guarantee is that prices can never go lower than the 23-cent level that the support price and the other related costs would effectively set.

The fact of the matter is, there is a consumer interest and a taxpayer interest that goes beyond even the operation of the sugar program, and that is the amount of Federal borrowing that this bill would authorize. The bill would allow sugar producers to receive loans. But the fact of the matter is that the loans could amount to $900 million or $1 billion. The Government would have to go into the money market and take out that $1 billion, $1 billion that could be spend for housing for the families that are in need; $1 billion that could be spent for student loans, or $1 billion that could be spend in any number of other ways for our constituents.

Then, there are those who say that this program will cost nothing. Does any Member of this House really believe that we are suggesting a Government program that will cost nothing? Is there such an animal? Can anyone draft a bill for a program that will cost nothing? I think that in itself is an anomaly. The fact of the matter is, the interest differential is a cost to the Government and as a matter of fact, the cost is in actuality going to be borne by the American consumer.

For every 1-cent increase in the price of sugar there is an increase in costs to the consumer for sweeteners of be-

tween $250 and $300 million. This bill would actually guarantee an 8-cent increase, and that translates into an approximately $2.4 billion cost to consumers. So, frankly speaking, the consumer interest and the public interest are one and the same. If we are really concerned about fighting inflation, as David Stockman said in 1978, stop the steamroller for sugar.

Mr. DYMALLY. Mr. Chairman, I move to strike the requisite number of words, and I rise to speak on title IX of the act.

Mr. Chairman, if I thought that voting for the Peyser amendment and voting against this bill would address the issue which I raise, I would do so. I am not so inclined because what I want to talk about is the effect of this bill on Caribbean and Latin American sugar. There is national interest in this bill, and obviously a California interest, and therefore I am favorably inclined to support the bill. But, I think the Members of this House ought to note that the effect of this bill would be to depress the price of sugar. This issue addresses more the Reagan Caribbean basin policy than does the bill, because what we are saying in effect to the Caribbean countries is that we are going to encourage the private sector to come in the Caribbean and/or Latin America to manufacture or to process sugar at a price lower than that which they receive in the United States. Certainly, no private sector person is going to buy that.

It was mentioned by the gentleman from Louisiana that the sugar coming here would be duty free. That is not exactly true. There is a duty imposed on foreign sugar and it is a blessing and a curse. It is a blessing because those countries under the general systems of preference, GSP, receive the money back, but we have just passed a foreign trade bill that gives the President discretionary powers to change that, and it could be a curse if the President does not return that duty back to those countries.

There is a great deal of mention here about the concern of these Caribbean and Latin American countries. What we are talking about is perception. There are Members of this House who believe they will not be affected. They—our Caribbean and Latin American friends—do not believe that. In fact, if you ask Vice President BUSH about the Dominican Republic perception, he will tell you they spent most of their time, during his visit there, dealing with this question of the possibility of a depressed price for sugar. It is true some English-speaking countries can sell their sugar to European markets. Cuba sells its sugar at a very high price to Russia, and in return, buys oil for a very low price, so they are not so concerned.

But the other countries, which depend on this market, the American market, those countries have a great deal of concern. It seems to me that this question would have to be addressed by the Congress in a subsequent piece of legislation, in the foreign aid bill next year, and more appropriately by State Department policy and the White House policy dealing with the Caribbean.

So, I just wanted to bring this to the attention of the Members. Although I am favorably inclined to support the bill because of the California interests, there is another concern which we have to address next year when we give foreign aid to these countries. Some of these countries, in the Caribbean and Latin America depend on one crop—sugar—economy.

□ 1520

They will suffer as a result of equalizing the price here.

I recognize that my first commitment is to the national interest, to California, and to the interest of my district, but we are talking about a Caribbean basing policy of giving aid while at the same time supporting legislation for depressed sugar prices.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. DYMALLY. I yield to the chairman of the committee.

Mr. DE LA GARZA. Mr. Chairman, I rise to make an assurance to the gentleman from California (Mr. DYMALLY).

I spoke yesterday at length with a Senator from the Dominican Republic, and I assured him that our interest was not in any way to act in a detrimental manner to any of our neighboring countries and to our friends and those who supply us with sugar.

When we have had sugar legislation on the books in the past, the percentage or the amounts of sugar imported have not changed dramatically. That has stayed almost the same.

So the question which the gentleman is addressing—and he mentioned the words "foreign aid"—is, do we assist the Caribbean countries with some foreign assistance and with opportunity for trade? I say yes. This bill does not disrupt them. But do we assist them on the backs of the American producer? The issue of foreign aid should be addressed in other legislation.

It is about time that the State Department realizes that we have had the grain embargo and we have had other embargoes. The American agricultural producer cannot sustain the foreign aid of the United States of America.

I agree with the gentleman, and I share his concern. We have to address this issue. But this legislation will not and cannot affect that. We do not have quotas, we do not have allotments. They can ship to us for the same amount as they sell in the world market.

The CHAIRMAN. The time of the gentleman from California (Mr. DYMALLY) has expired.

(On request of Mr. BARNES, and by unanimous consent, Mr. DYMALLY was allowed to proceed for 2 additional minutes.)

Mr. BARNES. Mr. Chairman, will the gentleman yield?

Mr. DYMALLY. I yield to the chairman of the Subcommittee on Inter-American Affairs.

Mr. BARNES. Mr. Chairman, I thank the gentleman for yielding, and I want to commend him for bringing this very important issue to the attention of our colleagues.

As the gentleman knows, I chair the Subcommittee on Inter-American Affairs, and the issue the gentleman raises is not regarded in the slightest as a frivolous one by our very important neighbors to the south, and it is not regarded as a frivolous issue by the State Department, which is looking at the desire of the Reagan administration to create a Caribbean basing initiative. They are putting a great deal of effort into that initiative in the White House, in the State Department, and in the administration generally.

The State Department has informed me in response to correspondence I sent them with respect to this very issue that it is estimated that the Caribbean basing nations which we want to assist in our Caribbean basing policy would lose up to $500 million in foreign exchange if this price support program for sugar is in effect. This is going to happen, our State Department says, because the high sugar prices mandated by this program would cause consumers to turn to lower cost artificial sweeteners, thus restricting the United States market for Caribbean sugar exports.

This is directly going to undercut the administration's proposed Caribbean basing program, which is such an important part of our foreign policy in our effort to undermine the Cuban and Soviet activities in that area.

Mr. Chairman, I will insert in the RECORD at this point my correspondence with the State Department on this issue, as well as letters opposing these provisions in the legislation, letters that we have all received from the Embassy of the Dominican Republic and from the American Association of Chambers of Commerce in Latin America.

Mr. Chairman, I commend the gentleman from California (Mr. DYMALLY) for raising this very important issue at this time.

The material, Mr. Chairman, to which I referred is as follows:

ASSISTANT SECRETARY OF STATE,
Washington, D.C., October 5, 1981.

Hon. MICHAEL D. BARNES,
Chairman, Subcommittee on Inter-American Affairs, Committee on Foreign Affairs, House of Representatives.

DEAR MR. CHAIRMAN: In response to your inquiry on H.R. 3603, I am enclosing the attached information.

Sincerely,

RICHARD FAIRBANKS,
Congressional Relations.

Enclosure.

DEPARTMENT OF STATE,
Washington, D.C., October 5, 1981.

To: H—Mr. Fairbanks.
From: ARA—Stephen W. Bosworth, Acting; EB—Robert Hormats.
Subject: Sugar Legislation.

You have asked what the effect would be of a sugar support program proposed in H.R. 3603 on our foreign relations generally and with the Caribbean Basin countries specifically. The answer to your inquiry is simple—the effect would be severe. The Administration is firmly committed to establishing a Caribbean Basin development program designed to reverse the economic and political decline of those countries. Improved economic and social conditions are crucial to their political stability and ability to resist subversion.

A sugar support program would undercut the President's commitment. Let us be more specific. Exports of sugar by the Caribbean Basin countries range between one-half and three-quarters of a billion dollars a year. These exports, most of which come to the United States, account for a very substantial portion of the total export earnings of these countries. The recent sharp drop in sugar prices to about 12 cents per pound has already had a serious effect on the troubled economies of the Caribbean region. The proposed price support program would restrict imports into the U.S. and would greatly exacerbate an already serious situation. The Caribbean Basin countries would lose roughly up to $500 million in foreign exchange earnings over the next four years. The support program would shrink the U.S. market for sugar. Fixed high U.S. prices encourage the substitution by lower cost nonsugar sweeteners. The higher the support price the more rapidly the substitution process will proceed.

These effects would directly offset the new aid, trade, and investment resources we are mobilizing for the region under the Caribbean Basin Initiative.

The Caribbean Basin would not be the only affected region. The United States is the world's largest sugar importer; thus, sugar support legislation would have major implications for other sugar exporting countries of strategic and economic importance to the United States including Brazil, the Philippines, Argentina, Thailand and Australia.

Many countries have already expressed to us their very deep concern with the proposed United States sugar program.

Attached to this memorandum is a more detailed fact sheet outlining the effect of the sugar support program on the Caribbean Basin countries.

Attachment.

PRELIMINARY ESTIMATES OF EFFECT OF U.S. SUPPORT PROGRAM ON CARIBBEAN BASIN SUGAR EXPORTS

	Actual 1980 sugar exports			Estimated foreign exchange loss 1982–86 given 18.5 cents support price
	Volume, thousand short tons raw value	Value million U.S. dollar	Percent total exports	
Caribbean:				
Dominican Republic	615	$313	32.5	$199
Haiti	10	6	3.0	3
Barbados	74	56	27.1	23
Guyana	61	118	30.5	22
Jamaica	58	57	5.8	20
St. Kitts-Nevis	22	13	65.4	8
Subtotal	839	563	.....	275
Central America:				
Belize	72	.....	.....	23
Costa Rica	68	.....	.....	16
El Salvador	41	13	1.4	13
Guatemala	219	68	4.4	71
Honduras	89	29	3.5	29
Nicaragua	63	32	6.6	21
Panama	156	53	15.9	51
Other	11	4	.....	.....
Subtotal	708	199	.....	224

EMBAJADA DE LA REPUBLICA DOMINICANA,
Washington, September 28, 1981.

Hon. MICHAEL D. BARNES,
Chairman, House Foreign Affairs, Subcommittee on Inter-American Affairs, 709 House Annex 1, Washington, D.C.

DEAR MR. BARNES: My government is very concerned over the development of legislation in Congress to adopt a new United States sugar price support program, which would require the imposition of higher tariffs and special fees on imported sugar.

My country, the Dominican Republic, which is the largest and undoubtedly, the most constant foreign supplier of sugar to the U.S. is particularly hurt by measures of this nature. Sugar exports account for over 40 percent of our foreign exchange receipts, and in contrast to the majority of other sugar exporting countries, these exports are traded exclusively in the free-market, since we are not favored by any preferential trading arrangement, as are the case of Jamaica and other developing countries signatories to the Lome Convention, and of Cuba as a member of Comecon.

The security of the Caribbean depends to a great extent on the continued economic viability of the democracies in the area, and certainly trade, foreign private investment and the accompanying transferral of technology are far more productive than government grants as means of aiding their development. But it is very difficult to see how, in the face of protectionist policies, investment can be attracted to these non-oil producing third world countries that rely on export trade in commodities, or how their economies can survive these forces.

The embassies of several Latin American sugar exporting nations have signed a statement to Secretary of State Alexander Haig requesting help in dealing with this impending problem. I have enclosed here a copy of that statement in an English translation.

Very truly yours,

RAFAEL MOLINA MORILLO,
Ambassador.

Enclosure.

EXCELLENCY: The purpose of this note, signed by the representatives of sugar-producing nations whose sugar exports are sold to the United States of America, is to bring to your attention our profound concern over the legislative proposal H.R. 3603, which would establish a new United States sugar support price program. The urgency of this situation is that the bill will very soon be considered by the full House of Representatives. The proposal would support domestic sugar prices by raising tariff rates and imposing special fees on imports.

The passage and implementation of this legislation would have a very troubling impact on our countries, bringing serious adverse effects in the economic, social and political spheres. It is because of the seriousness of this situation that we have decided to bring the matter to your Excellency's attention, and to request immediate assistance to prevent this proposal from being adopted. Our concerns are based on the following analysis.

In recent decades developing nations have struggled continuously to improve the lives of their citizens in economic terms. These efforts have been based principally on the maximum exploitation of our limited natural resources, including the climatic and topographical conditions that have made possible the successful development of agricultural activity. These factors as well as our peoples' desire for advancement and a number of costly investments in infrastructure have generated sustained growth in the agricultural sector, allowing each country to support domestic income levels effectively. Agricultural production, particularly sugar, has constituted a substantial and indispensable element in the economic development plans of the nations that subscribe to this note.

In light of this important role for sugar in our national economies, you can appreciate that the establishment of new and higher import fees and tariffs on sugar imports would have a serious negative impact on the normal development of production in our countries. An increase in the unit price of sugar will bring as an immediate consequence a reduction in its United States consumption, and a tendency toward the utilization of competing products. The normal consumption of sugar in the United States and the historical tradition of exports by our nations to the U.S. market have formed a solid foundation of economic relations whose alteration or modification should not be decided exclusively by one party.

The adoption of new and higher U.S. sugar import duties and fees would seriously reduce foreign currency earnings and severely pressure the balance of payments and internal economies of every one of our countries. Economic difficulties always promote restlessness and social problems, creating political tensions which in many cases bring repression and violence. However, our concern is not a request for economic or social assistance but rather is founded on the belief that open markets will make it possible for each nation to attain development based on the efforts of its citizens, which would provide a just distribution of wealth among nations. In this light we venture to point out that the American economy benefits from the products of our region, in itself, a sufficient reason for the United States to share in a just equitable manner in the development of all our nations.

The proposed legislation currently being considered by Congress distorts three basic policy tenets of the United States. In the first place, this represents a change in the long-established policy of supporting the principles of free trade among nations. The

United States has assumed leadership in the attempt to reduce tariff barriers and thereby increase world trade, and also in encouraging developing countries to assume greater responsibilities in these important efforts. This policy does not correspond with an increase in import duties and fees on sugar.

The second United States policy affected by the proposed legislation is the clear intention of the United States to assist the nations of the Caribbean and Central America to achieve economic and political stability by means of economic development stimulated by expanded international trade and investment relations. The effects of this legislation would constitute, without a doubt, a antithesis of these efforts.

Thirdly, although we do not consider it appropriate to comment on matters of internal policy within the United States, we would like to point out the inflationary effects that the proposed legislation would have on the American economy since such a development would not be consonant with the policies of the United States Government aimed at reducing inflation and encouraging the economic growth of your country.

In view of what we have expounded here, we request of your Excellency that representations be made to the Congress in order to defer a decision on this matter, so that in the weeks ahead each of the nations subscribing to this note may defend with more data and specific analyses of their own individual situations the adverse effects which the proposed legislation would produce.

We welcome the opportunity, Excellency, to convey to you once again our best wishes.

ASSOCIATION OF AMERICAN CHAMBERS OF COMMERCE IN LATIN AMERICA,
Washington, D.C., October 6, 1981.

To: Members of the U.S. House of Representatives.

From: Alexander Perry, Jr., president, AACCLA.

Re: American Chambers of Commerce oppose proposed sugar price support program in H.R. 3603.

The American chambers of commerce in Costa Rica, El Salvador, Panama, the Dominican Republic, Guatemala, Nicaragua, Brazil and Argentina requested that the attached telexes be forwarded to members of the U.S. House of Representatives. These American chamber presidents want you to know that they oppose those provisions in H.R. 3603 which would establish a new sugar price support program.

They are concerned about the adverse economic impact that higher tariffs and import fees would have on the countries in which they operate. In particular, chambers in the Caribbean and Central American region believe that a price support program would undermine the Administration's well-intentioned Caribbean Basin Plan, which is designed to promote economic development as a means to achieve political stability.

Sugar is one of the very few exports in which these countries have a competitive advantage. A price support program would weaken their competitive position and would lead to lower foreign exchange earnings which traditionally are used to purchase U.S. goods and services.

On behalf of the American chambers and AACCLA, I am hopeful that you will oppose the establishment of a sugar price support program. It would be against the U.S. principles of free trade, distort U.S. domestic prices to the disadvantage of American consumers and discriminate against our neighbors in the hemisphere.

DOMINICANS ADMONISH BUSH ON SUGAR

(By Jo Thomas)

SANTO DOMINGO, DOMINICAN REPUBLIC, October 12.—Vice President Bush, on a three-day visit to the Dominican Republic, went before a joint session of the Dominican National Assembly today with a speech castigating President Fidel Castro of Cuba and warning of the dangers of Cuban and Soviet expansionism.

Before he could deliver it, however, the presidents of both the Dominican Senate and the Chamber of Deputies, instead of delivering the predictable flowery introductions, made impassioned speeches on the dangers of measures now before the United States Congress. These, while protecting United States sugar producers, would harm the Dominican economy.

"Every hard-won advance we have made toward the exercise of democracy in the last 15 years," said Senator Helvion A. Rodriguez, president of the Senate, "would be seriously menaced by a misfortune in our economy such as the one now predicted, and the economy will not survive the eventual bankruptcy of the sugar industry."

"Economic anarchy represents a political danger," said Hatuey Decamps, president of the Chamber of Deputies. "The small nations of the Caribbean aspire to survive, to assure their peoples a quality of life a little better than what they have, reducing the degree of social injustice that prevails in the great majority of our nations."

MILITARY PRESENCE QUESTIONED

"The peoples of the Caribbean," he continued. "don't aspire to the role of great powers or to divide the world into zones of influence. The military presence of one or another great power, transforming the Caribbean into a battlefield, is a phenomenon we question, because we've suffered the fruits of such situations."

Vice President Bush had come with a prepared speech criticizing Cuban meddling in Central America and the Soviet intervention in Afghanistan while praising the Dominican Republic, where the United States intervened with marines in 1965, as a shining example of "the cause of democracy." He added a promise to take up the problem of Dominican sugar producers with Mr. Reagan when he returns to Washington.

The public pleas of the legislative leaders, Mr. Bush said, echoed similar sentiments expressed in private talks yesterday with the Dominican President, Antonio Guzmán Fernández, and with business leaders today.

"I hope," Mr. Bush said, "that out of this understanding we can effect the results that have been called for."

SPECTATORS ARE SPARSE

Mr. Bush's fact-finding and good-will visit comes at a time of political controversy and speculation as the nation prepares to elect a successor to President Guzmán. Policemen and soldiers lined the streets of the capital to insure the Vice President's security, but the spectators who gathered along Mr. Bush's route were sparse and quiet. It was sugar, rather than politics, that seemed to arouse passion.

Dominican sugar producers sell 98 percent of their $500 million crop in the United States. The industry produces 50 percent of the nation's foreign exchange, provides 85,000 jobs and indirectly employs 500,000 of the nation's five million citizens.

Legislation approved by the United States Senate and pending in the House of Representatives would establish price support programs for domestic sugar growers. These supports would be accompanied either by restrictions on imports with tariffs or by loans to growers, with their crops held as security in the hope that they could be sold for higher prices later.

If the sugar of foreign producers is subject to higher tariffs, they will have to drop their prices to remain competitive, César Garcia, finance director of the Dominican State Sugar Council, said in an interview this afternoon.

PLAN CALLED "NOT LOGICAL"

"In a few words," he said, "we are financing the American market. It's not logical."

With world sugar prices already plunging, further reductions in the nation's income from sugar will have a disastrous effect on the Dominican Republic, Mr. Garcia said.

Cuba, the Caribbean's largest sugar producer, has a subsidized market in the Soviet Union, Mr. Decamps told the Vice President today. The small English-speaking islands sell their sugar in the European Common Market. But the Dominican Republic is "almost without alternatives to the United States market."

"Countries of high consumption and great economic resources should not erect protectionist tariffs against producers in our small nations," he said. "On the contrary, to promote the development of small nations, rich nations should accept the principle of preferences."

Vice President Bush responded in his speech by saying that "the best way Americans can help is by putting our own economic house in order.

"There are some who say the United States isn't concerned about third world problems," Mr. Bush said. "That isn't true. What is true is that President Reagan recognizes that only if America's economy is healthy are we in a position to assist other countries—that is a fact of life that is irrefutable."

BUSH HEARS SOME DOMINICANS' BARBS ON U.S. ECONOMIC POLICY

(By Christopher Dickey)

SANTO DOMINGO, DOMINICAN REPUBLIC, October 12.—While leftist protesters were contained by a massive military presence in the streets, Vice President George Bush today was confronted by pointed verbal attacks on U.S. policy by some Dominican officials.

In a speech before a joint session of the Dominican legislature, Bush outlined the Soviet and Cuban threat to developing countries in the Caribbean and said that "the particular danger we in this hemisphere face is this: a totalitarianism that has to expand."

But the Dominican leaders Bush has met since his arrival yesterday repeatedly have told him that the biggest danger now faced by the Dominican Republic's three-year-old democracy is economic.

Sugar is the country's primary export, accounting for roughly 50 percent of its gross national product, and 80 percent of its sugar exports go to the United States. The U.S. Congress is considering a level of domestic price supports for American sugar producers that would, under current law, effectively impose a 50 percent tariff on sugar imports.

This, combined with already low world sugar prices and devastating increases in energy costs, forbodes doom for the Dominican economy.

While President Antonio Guzman, who met with Bush for an hour today, has voiced the same concerns, he said he had asked the United States for Washington's close cooperation to prevent social conflicts from turning into violence. He described such social conflicts as "at times generated by economic pressures."

Chamber of Deputies President Hatuey de Camps, a leader of the more liberal wing of Guzman's Democratic Revolutionary Party that is currently challenging the president's choice for his successor in elections next spring, put the situation in starker terms.

"The protective measures adopted by the United States against imported sugar, together with a policy of high interest rates, constitute the most important cause for the fall of our sugar price, which means a blow without precedent to the Dominican economy," de Camps said in a speech before the legislature.

On the subject of the Soviet Union and Cuba, de Camps said that the Soviets pay a consistent 40 cents a pound for Cuban sugar and Cubans buy Soviet oil for about $12 a barrel, while the United States imposes a tax on Dominican sugar, which only brings about 12 cents on the current world market. Meanwhile, Santo Domingo has to buy oil at almost $35 dollars a barrel. What Soviet aid has done for Cuba from this perspective is make it the biggest, most effective competitor in the regional sugar market.

English-speaking Caribbean nations have worked out special arrangements with the Commonwealth and the European Community, but the Dominican Republic remains faithful to the United States—and suffers as a result.

De Camps openly questioned why the United States and other large consumers in the region cannot, or will not, try to assure a stable market to their allies.

Despite the Reagan administration's consistent claim that the best solution for the world's economic problems is to cure the current sickness of the American economy, de Camps said flatly that the economic crisis of the highly developed, capitalist United States simply "does not have the same roots and solutions" as that of an underdeveloped country like the Dominican Republic with limited resources, facing unprecedented capital flight and a vast poor population reaching "uncontrollable proportions."

Helvio A. Rodriguez, president of the Dominican Senate, explained what the Dominicans want: preferential treatment, including an annual quota of 800,000 tons of Dominican sugar at a price similar to that given domestic U.S. producers.

In apparent response to Dominican concerns, Bush offered a slight change in his prepared text to say that once he finishes his trip, which goes on Tuesday to Colombia and Brazil, he will discuss sugar "in person with the president of the United States."

The CHAIRMAN. The time of the gentleman from California (Mr. DYMALLY) has expired.

(On request of Mr. DE LA GARZA, and by unanimous consent, Mr. DYMALLY was allowed to proceed for 2 additional minutes.)

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. DYMALLY. I yield to the chairman of the committee.

Mr. DE LA GARZA. Mr. Chairman, this is to correct that which the gentleman from Maryland (Mr. BARNES) has quoted. It is not a communication from the State Department to the Congress or to him, but it is an interoffice memo from one bureau of the State Department to another bureau of the State Department. It is not a direct communication from the State Department on the position of the State Department. All I can say is that whoever wrote that has the facts and figures wrong. If it were to be attributed to persons in the State Department, I would say they are wrong altogether, but that is not the position of the State Department; it is, rather, an interoffice memo.

Mr. BARNES. Mr. Chairman, will the gentleman yield?

Mr. DYMALLY. I yield to the chairman of the subcommittee.

Mr. BARNES. Mr. Chairman, I wrote a letter to the Secretary of State requesting information. I received a letter in response from the Assistant Secretary of State—and the gentleman is absolutely correct in this—enclosing an internal State Department memorandum. But it was sent to me in response to my request of the position of the State Department on this issue.

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. DYMALLY. I yield to the gentleman from Virginia.

Mr. WAMPLER. Mr. Chairman, I thank the gentleman for yielding.

Just in an effort to clarify the colloquy that has just taken place, I have a copy here of a memorandum dated October 5, 1981, and I think it is the same memorandum that has earlier been alluded to.

Mr. Chairman, let me assure the Members that this does not represent the position of the Reagan administration. I can assure the Members that this is nothing more than what the chairman of the committee has suggested. It is an interoffice memorandum and does not represent the position of this administration.

Mr. BARNES. Mr. Chairman, if the gentleman will yield, it was sent to me in response to my specific request for the views of the State Department on this issue.

I have also had numerous telephone conversations with very high ranking people in the administration urging me to be sure to raise these issues in the debate so all our colleagues are aware of the foreign policy implications of the action we are taking today.

Mr. WAMPLER. Mr. Chairman, if the gentleman will yield further, one of the persons who apparently wrote this memorandum, one Robert Hormats, was the principal architect of the grain embargo against the Soviet Union, and we do not need him dictating sugar policy here in the Congress of the United States.

Mrs. SMITH of Nebraska. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in opposition to the amendment to strike the sugar section from this bill. My colleagues and I from sugar-producing areas were successful in incorporating the language of our bill as a separate title setting up a loan program for sugar. We helped convince the members of the House and Senate Agriculture Committees that a nonrecourse loan program for sugar, covering the crop years 1982 through 1985, is essential for consumers as well as producers.

What the opponents of our sugar program seem to forget is that at least since 1934, it has been formal U.S. national policy that domestic U.S. farmers shall annually produce 50 to 60 percent of our Nation's sugar needs. This bill simply provides the mechanisms to insure that this national policy continues by allowing farmers to provide the sugar without being helplessly exposed to the uncontrollable hazards of a world sugar market supplied exclusively by exporters operating under foreign government-assisted sugar programs.

If we are to terminate or change our national sugar policy, our farmers deserve proper notice, not merciless slow strangulation from vacillating year-to-year uncertainty by the Federal Government.

After all, sugar is one of the Nation's major crops. It ranks 10th in terms of acreage and even higher in dollars returned to the farm economy. We have nonrecourse loan programs for most major crops. Sugar deserves the same consideration.

It has been charged that this is a provision to benefit the large sugar conglomerates. The critics conveniently overlook the fact that as many as 100,000 farmers and ranchers are directly dependent on the domestic sugar industry for their livelihood. The conglomerates get paid for processing, not for growing. The cane and beet sugar growers get paid for what they produce.

Many of them live in the Third District of Nebraska. In 1980 they produced 1,777,000 tons of sugar beets. This production was sixth highest in the Nation, making the sugar beet crop a vital part of the farm income upon which the economy of the State depends.

Those who would seek to delete the sugar section from the farm bill are intent upon making this Nation a "have not" nation as far as sugar is concerned. We are presently the only major sugar producer that does not have a legislatively mandated sugar program. Without this protection, there soon may be one less sugar-producing nation. We see the evidence of a steady loss of sugar processing plants as the industry is asked to continue its operation without a sugar program.

Without our domestic producers, it would be necessary to import all of the sugar we use. Presently, domestic producers meet about half our needs. The rest is bought on the so-called world market. That market is volatile and unstable. In the absence of a dependable domestic industry we could find ourselves at the mercy of foreign interests who could manipulate the market for their own gain. We need look back no further than 1974 for a clue as to what can happen when we are not fortified with a viable program. The price of sugar on the grocer's shelves reached at least 45 cents a pound.

The chances of this happening again are greater by far without a program for our domestic producers. When it does, we will have more "have nots" among the consumers who will not be able to purchase sugar at inflated prices.

Our past experience has shown that sugar prices are more stable and reasonable in the United States when a domestic program is in effect. You need only look at the years 1934 through 1973 when a sugar act was in force to see the consistent stability compared to 1975 through 1976 when we had no program and saw the domestic price double. For 3 years, 1977, 1978, and 1979, a sugar loan program was operating. The average price during these years was about half what it was in 1980 when no loan program was offered.

Mr. Chairman, it would appear to be clear that the best possible arrangement for consumers and producers alike is a nonrecourse loan program for sugar as incorporated in the language of H.R. 3603.

Despite the propaganda to the contrary, this is not a costly giveaway. Instead, experience has shown that little of the sugar under the loan program is forfeited, and even when it is, the Government has been able to not only recoup its investment but to realize a profit on it as well.

The overriding necessity, as I see it, is to insure that consumers and manufacturers have a dependable supply of sugar, reasonably priced, and available when needed. We can have that insurance by making sure we have a viable industry of domestic producers.

It will survive under the loan program outlined in this bill. So we must not give in to the pressure to dismantle the sugar industry in the United States for any fleeting price advantage we might gain on the world market. I assure you such an advantage will not last long. It never has and none of us should count on it.

We must defeat the amendment to delete the sugar section. I respectfully ask my colleagues to join me in voting against the amendment.

Mr. WEBER of Minnesota. Mr. Chairman, will the gentlewoman yield?

Mrs. SMITH of Nebraska. I yield to the gentleman from Minnesota.

Mr. WEBER of Minnesota. Mr. Chairman, I thank the gentlewoman for yielding, and I will not take a lot of time.

Mr. Chairman, as we debate this important provision of the 1981 farm bill, I want to offer to my colleagues some important facts about the domestic sugar industry which underlines the need for a loan program. Consider:

Sugar is a major U.S. crop. It ranks 10th in terms of acreage and will rank 6th or 7th in dollar income to the farmer for the 1980 sugar producing year;

Nearly 100,000 Americans are directly dependent on the domestic sugar industry for their livelihood; and

No alternative crop would produce equivalent food or fiber nor provide as many jobs as does sugar in the areas where it is produced.

Aside from the tremendous loss of economic resources which may result if the sugar loan program is defeated, there are some national economic issues at stake. With no sugar program, we are at the hands of other nations who may choose to raise their prices at whim—like OPEC has manipulated the price of oil. If we allowed sugar production to fall in this country, producers would be forced out of business and consumers would face higher prices for the commodity. Again, consider:

For every pound of U.S. sugar produced, the money remains in this country, benefiting the overall economy. Purchases of foreign sugar exacerbate the country's balance of payments deficit;

The USDA reports that had there been no U.S. sugar industry during the most recent worldwide shortage, the world price of sugar would have been increased several hundred percent.

The top 13 sugar exporters ship about 80 percent of the sugar entering world trade, numbers nearly identical to the oil situation; and

A world free market does not exist for sugar. There is neither price competition nor stability for consumers under the current situation.

Now, let us consider what this legislation does. It provides a loan program for sugar producers so they—and consumers—will not be at the whim of extreme price fluctuations. But, aside from the economic factors which make this program a necessity, sugar should be treated like all the other commodities for which Government has helped to stabilize the markets. I would point to the following:

A loan program covering sugar crops would not be a departure from programs covering other commodities and is justified by the same reasoning as applied to other support programs;

A loan program for sugar would not require set-asides; would not require direct payments; would not require onfarm storage; would not accumulate a burdensome surplus; would not impose marketing costs on Government;

A nonrecourse loan program would benefit consumers by helping to stabilize the price of sugar while assuring adequate supplies;

A loan program would allow industrial users of sugar to plan ahead for their production of consumer goods; and

Other products, which this Nation has deemed strategically important, have policies set by the Federal Government which insure a viable domestic industry. These products include steel, chemicals, and textiles. Sugar should be included in this group.

Mr. Chairman, this Congress should carefully look at this sugar loan program, reflecting upon the comments I've made, and elect to support it. If we do not, thousands and thousands of producers will be forced out of the business because of market instability, and American consumers will end up with a higher bill for sugar purchases.

I would like to thank, at this time, the sugar beet farmers of my district for their help and direction on this issue, especially the Southern Minnesota Sugar Cooperative for their help in obtaining the facts I have presented here.

Mr. ROBERTS of Kansas. Mr. Chairman, will the gentlewoman yield?

Mrs. SMITH of Nebraska. I yield to the gentleman from Kansas.

Mr. ROBERTS of Kansas. Mr. Chairman, I thank the gentlewoman for yielding to me.

We are discussing the farm bill, and every time we do discuss a farm bill we have various spokesmen for agriculture. Now we are talking about what is good for the consumer and what is good for the producer of sugar, and we have such experts on that as professional consumer groups, senior citizen groups, David Stockman, and now some fellow named Hormats from the State Department.

I would suggest to my colleagues that the very best people who are in a position to know about sugar are the people who grow it, and I would suggest to my colleagues that in 1979 we lost 49 percent more acreage in sugar production in Kansas.

It is a question of who produces the sugar. These farm families want to produce the sugar. They will stabilize the market. These farm families do not want to play consumer leapfrog, as my colleague, the gentleman from New York, has suggested, and hop in

and hop out every 1 or 2 or 3 years. That is impossible.

My district ranks 15th in sugar beet production. Without some form of sugar loan program many of the sugar beet farmers and processors in my district will continue to go out of business. In just 1 year, in 1979, sugar beet acres in Kansas decreased 46 percent over the year earlier. The cost of producing sugar beets in my district is between 24 and 26 cents a pound. This provision sets the loan at 18 cents, which is comparable to other price support loans as percent of production costs.

This issue, the sugar loan program, has been portrayed as a consumer versus farmer issue. The U.S. sugar industry is a $10 billion industry that employs 100,000 Americans. Yet the issue is who will produce sugar for the consumer, foreign producers or these folks, 18,000 farm families. Every time there has been congressional action to do away with sugar legislation the cost to the consumer has gone up. For instance, in 1973, the existing sugar legislation expired and by 1974 sugar prices reached record high levels. During the 1977-79 period, Mr. DE LA GARZA's sugar program took effect and sugar prices stabilized. In 1980, the program expired and sugar prices soared earlier this year to nearly the record high levels of 1974.

Historically, every time Congress has done away with sugar support programs the price of sugar has gone up and down in erratic and unpredictable cycles. It is unfair to the consumer and the producer to suffer the world market.

I would like to point out one more fact. My colleagues from the Northeast claim that consumers benefit from the large volume of imports of low-cost sugar. It is interesting to note that in the Northeastern area of the country—one which is dominated by foreign sugar—the cost to the consumer is 2.6 cents a pound greater than it is in the Western and Midwestern regions where we have adequate production.

In closing, I suggest that it is imperative that we provide the American sugar industry with a consistent sugar policy. The loan provision contained within this legislation does just that at no cost to the Government. The loan program is a much needed program if we are to prevent the American sugar industry from foreign domination.

□ 1530

Mr. WHITTEN. I move to strike the requisite number of words.

Mr. Chairman, my experience as chairman of the Subcommittee on Agriculture of the Committee on Appropriations through the years has increased my appreciation of the fact that this is a big country and we are all in it together.

I keep hearing about taxpayers—that is all of us. And I hear about consumers—that is all of us.

In this time of trouble throughout the world, it strikes me that we should want to be self-sufficient in every way that we can be. I think that applies to sugar. I am willing to trust my friends on the Agriculture Committee who have worked out the figures in this bill. If we are going to have a sugar industry, we have to be able to supply the raw commodity to refineries. These refineries will not be provided unless we have farmers who go into the production of sugar, and unless refiners can see that these farmers will be able to profitably produce sugar over a reasonable period of time.

Today's farmer must invest as much as $350,000 to $500,000 to acquire the assets needed to begin farming. The largest expense item would be the down payment of around $250,000—25 percent is needed to get a more favorable interest rate. In addition, $100,000 to $150,000 would be needed for items such as equipment used and living expenses.

In addition, the average farmer must be prepared to continue to invest large amounts each year in farm labor, in fuel for tractors and other equipment, in equipment maintenance and replacement—as well as in seeds, fertilizers, pesticides, and other items necessary to plant and cultivate his crop. He must also have enough money to pay taxes on his greatly inflated land values, and to pay for his mortgage.

The total investment in farm assets on January 1, 1981, is estimated to be about $1 trillion. Ten years ago, farm assets were one-third of this amount. Even allowing for inflation, the investment in farm assets has grown nearly 200 percent in the past decade. So, we are having fewer and fewer farmers.

In addition, I am advised that approximately 75 percent of all farmers must borrow for production purposes. Furthermore, the average production loan is approximately $78,000 and the average interest rate is over 14 percent and in some cases over 20 percent. In 1981 farmers will have to pay over $10 billion in interest costs alone. When these costs are coupled with today's low commodity prices—reportedly the lowest in 50 years on a parity basis—most farmers will have great difficulty remaining in business. I have figures from my own State that show that every county in the State is delinquent in its loans for the Farmers Home Administration. It shows that the farmers are not getting a sufficient amount to stay in business. We do not produce any sugar in my State.

Mr. Chairman, if any of the things I read in the paper about instability throughout the world are true, it is time we gave some thought to being self-sufficient. Sugar is one of those areas where we should give that thought.

What is disturbing to me is the division that is being driven by thinking of one commodity against another.

The ingenuity, dedication, and even sacrifice of those engaged in food and fiber production in the United States, together with those who have devoted themselves to the improvement of farm equipment and other farm inputs, have resulted in the development of the most abundant agricultural supply system in history. USDA estimates indicate that one farmworker provides enough food and fiber for about 60 people today, compared with only 29 people 10 years ago.

American agriculture has not only provided food for the consumers of the world, but it has made possible extraordinary advancements in human endeavor. It has freed 96 percent of the American people from a subsistence existence. It has permitted the development of the most advanced implements of transportation, communication, medical science and other essentials of life. It has enabled man to walk on the Moon and to explore the outer reaches of the universe.

In addition, the value of agricultural exports totaled $41 billion in 1980, and is expected to reach $49 billion in 1981, enough to finance better than half of the total U.S. petroleum imports during the same period. With 4 percent of our people engaged in farming and enabling the rest of us to do all these other things, with 4 percent supplying this very base for our world trade, I think it is high time we begin to pull our forces together and keep this wonderful standard of living we have.

Mr. Chairman, we are worried about this, that, and the other. But I am saying to you in this particular area, and in others, we had better give some attention to self-sufficiency.

I would like to point out another very important consideration. We talk about what we pay the farmers. Did you know that Department of Agriculture figures show that the farmer's share of the consumer food dollar has declined through the years, as farm prices have failed to keep pace with the cost of producing food. They indicate that the 49 percent of the food dollar received by farmers in 1951 has declined to 37 percent today.

USDA figures show further that the marketing bill for food between the producer and the consumer increased from $61.7 billion in 1967 to $140.5 billion in 1978, an increase of 128 percent. In 1980, farm value went up only 1.7 percent, while marketing costs went up 4.3 percent. U.S. marketing firms tripled their profits during this period.

In 1980, the Consumer Price Index increased 13.5 percent as compared to

3.3 percent in 1972. Housing went up 15.7 percent, transportation went up 17.8 percent, medical care went up 10.9 percent, and food marketing and imported foods went up 9.2 percent. The farm value of food went up only 5.4 percent, from one-half to one-third of the increase for all other items.

USDA studies also show that prices paid by farmers for farm inputs have grown at about double the rate for prices received for farm crops and livestock products. Prices received by farmers in 1980 were 245 percent, using 1967 as base, compared with 179 percent in 1973. Prices paid by farmers in 1980 were 280 percent of 1967, compared with 144 percent in 1973. While prices received during this period went up 66 percentage points, prices paid increased 136 points. While prices received exceeded prices paid by a margin of 35 points in 1973, this relationship completely reversed itself by 1980.

Mr. Chairman, those of us who do not happen to farm, whether we are discussing peanuts or sugar or the other commodities, we had better keep those folks who are in that business working or we will go hungry.

I just would hope that we would quit referring to this commodity against that one. Again I would ask, Do you realize that industry and labor are getting a bigger and bigger share of the consumer dollar, leaving the farmer less and less. What the farmer buys, he has to buy at retail prices. What he sells is for wholesale.

It is clear that the share of the consumer dollar which goes to industry and labor is growing with each passing year. Because the consumer dollar does not also grow, it is clear that the farmer's share of the dollar becomes less and less. As but one example of this phenomenon, the productivity of American agriculture has resulted, in large part, from the replacement of manual farm labor by sophisticated machinery—but the high cost of owning and operating this machinery reflects the increased share of the dollar which has already gone to industry and labor. They are the ones that we are really subsidizing. But the farmer is tagged with the price, because we must give it to him after industry and labor have already gotten it from the consumer dollar.

So, let us pull together on this. Not just this one item, but on this entire bill. The instability facing this world right now dictates that we do need to be self-sufficient.

Mr. MARLENEE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the sugar provision as contained in H.R. 3603. History has shown that past sugar programs have assured the consumer a stable price and a stable return to the sugar farmer. From 1974 to 1976, and again 1980–81 when there were no sugar programs, prices fluctuated wildly. These radical price swings did not make the consumer happy, the grower happy, or make any major sugar users happy. You have all heard arguments on what this program will cost the consumer and the Government. These are false claims. During the 1977–78 program, the Government actually made $67 million from the sugar program. The consumer benefited from stable prices, rather than the wild fluctuations that created buying sprees—sprees that occur at the top of the market as well as the bottom. The sugar industry is seeking nothing more than a policy which recognizes the importance of this crop. Sugar ranks 10th in terms of planted acreage in the United States, 5th in tonnage, and 6th in dollar returns to the farmer. And the farmers are forced to market their products under the free market myth of sugar trade. The United States is the only major producer of sugar without a domestic sugar program.

Other nations which export their sugar to the United States do so by subsidizing their exports. This has caused the closure of 25 percent of all U.S. sugar-processing facilities in the past 7 years. You may argue that the United States does impose import fees on sugar. As a matter of fact, the Secretary of Agriculture recently raised fees on raw sugar to a total of 1.531 cents per pound. The increase announced by the Secretary amounted to a little over one-half cent, hardly enough to affect the world market or assist the U.S. grower.

The 19.6 cents per pound contained in H.R. 3603 will not keep the domestic producer in business. It will not be a windfall to the grower. This level will not even cover the full cost of production in the State of Montana. How can this 19.6 cents offset an $18,000 cost of a defoiler, the $35,000 cost of a beet digger, labor costs, interest costs, and the list goes on. The sugar industry of this Nation needs assistance in regard to the world market, but they deserve nothing less than what is contained in H.R. 3603 from the domestic market.

Mr. DE LA GARZA. Mr. Chairman, I move to strike the requisite number of words and rise in opposition to the amendment.

Mr. Chairman, I do so to bring some things into the forefront here. When the original author of the amendment spoke about corporations, what they did with their profits, that has nothing to do with this legislation. But what we are dealing with here is that we, the American consumers, can get one-half of the sugar we consume from domestic producers and the other half comes from around the world.

Second, there is no quota, no allotment. Anyone who wants to grow sugar can grow sugar.

Why are not more growing? Because it does not pay. The same way for our foreign neighbors. There is no allocation. There is no quota. Anyone who wants to sell us can sell us at the world market, and that is a very simple fact.

Also, about the OPEC situation, it is real. If for no other reason, let me quote you some of the countries that we get sugar from. El Salvador, Guatemala, Honduras, Nicaragua. Those are some of the countries we get sugar from. Malawi, Malagasy, Mozambique. Those are some of the countries we get sugar from. You judge the stability, and certainly the opportunity for OPEC is there.

Further, the consumer: How is the consumer affected? The average person consumes about 340 pounds of sugar a year, of which only one-fourth of that is what you buy off the rack at the store, only one-fourth. This is less than one trip to the movies. This is less than a milkshake. This is the cost we are talking about.

So you can talk in the millions about the consumer and what does it cost one consumer. It is less than one trip to the movies. That is what we are talking about.

My colleagues would dump all of this for instability. We saw the chart and no one has contested the chart of the gentleman from Louisiana. On foreign aid, we have given more foreign aid from this country than any other country in the history of the world. But why do we want to put it on the back of our farmers? We embargo them, we tell them how much they have to pay, what insecticides to use, and which ones not to use. The Government imposes on them restrictions of every caliber and every sort, and then when we try and give them a little loan, at the cost of money to the Government, then we say what will it cost the consumer. It will not do anything to the consumer but provide them stability, and something that says, "Made in America" for goodness sake. It is something that will say "Grown in America."

To do this we are going through all of this for 2 hours here and worrying about other countries in the world. We provide for all other countries in the world. We provide them and we will continue providing, but not on the back of the American producer.

Mr. HEFTEL. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from Hawaii.

Mr. HEFTEL. I think it is critical that we realize that this sugar legislation as a part of the farm bill is simply an antidumping measure. It says in effect that America's sugar will have a

loan support at 18 cents, which means all who produce at 18 cents plus will have to lose money because no one is producing at less than 18 cents.

□ 1540

If, however, we do not have this floor of 18 cents, we run the very real risk that foreign sugar will come into America, dumping it at 9 cents, 10 cents, and 11 cents, until we drive our producers out of business.

In answer to my colleague, the gentleman from New York, you realize that if ever we lose our capacity to produce, you will buy sugar at $1.50 a pound, the cost that you will incur trying to reestablish our industry.

Mr. DE LA GARZA. The gentleman is eminently correct. And if you will just remember simple economics one, you lower the price until you knock out the competition, and then up it comes.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate the gentleman's yielding.

Mr. Chairman, I was very much impressed by the comment of our colleague, the gentleman from Washington (Mr. FOLEY), who mentioned a moment ago that since 1974 the fluctuations have been as much as 400 percent. So that when we went off of that program in 1974, we really stuck it to the consumer.

Mr. DE LA GARZA. The gentleman is correct.

Mr. ROUSSELOT. Now, I think my colleague has just referred again to the chart that was put together by our colleague, the gentleman from Louisiana, that shows this tremendous fluctuation we had since these people had their way and took us off the program. And they told us we would be better off. We are worse off.

Mr. HIGHTOWER. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from Texas.

Mr. HIGHTOWER. Mr. Chairman, I rise in opposition to the amendment and support what you have been saying. What a lot of people are not aware of is that with the boom-and-bust philosophy that has existed, an inadequate policy and no policy, we cannot tell someone, "Well, I am sorry you went broke because of an aberration." It may be an aberration to some, but it is financial disaster to many. If we are really concerned about consumers—and we all are, because it is the great common denominator that unites us—we have got to be concerned about the producers.

● Mr. TAUZIN. Mr. Chairman, as the House of Representatives considers the farm bill, we are called upon to decide whether we will have a sugar loan program. We will decide if this country is to have a viable domestic sugar-producing capability, a stable market for consumers, and adequate protection from the volatile world sugar market. The answer must be "yes."

Sugar is a major crop in this country. It is a widely dispersed farm crop, and a threatened domestic sugar industry will have an economic impact from coast to coast, primarily on rural communities. To be sure, there has been a great deal of misinformation circulated about the sugar program in order to defeat it. But this is a decision we must make on the basis of the best available information. That information leads to one conclusion: An effective sugar program will bring price stability to the Nation's consumers and provide a chance of survival for domestic sugar producers.

The Senate has acted correctly, in my opinion, by adopting a sugar loan program. The House must now pass judgment. We must decide an issue that directly affects more than 100,000 Americans whose livelihood is dependent upon a domestic sugar-producing industry. We must decide if the United States will become even more dependent on an unpredictable foreign source of sugar. I believe every Member of this House knows what foreign dependence means to the consumers of this country—unstable supply, widely fluctuating prices, and increased foreign trade imbalance.

A sugar loan program is beneficial to the American consumers. The last time the United States had a domestic sugar loan program (1977-79) the Government netted over $67 million from the sale of forfeited sugar. This release of additional sugar into the marketplace benefited consumers by moderating price increases during the period when world prices were rapidly rising.

I say again, this is a decision which the Congress must make. I have read with trepidation of the sudden interest that Latin American sugar suppliers have taken in our deliberations. To them our message must be clear. As our President has recently stated, it is not the business of other nations to make American foreign policy. It is also not their business to make American domestic policy.

I urge the Members of this body to adopt the sugar loan program as a part of the farm bill.●

● Mr. BAFALIS. Mr. Chairman, I rise in support of the sugar program. And I do so because the sugar program is desperately needed to assure all Americans an adequate supply of sugar and to stabilize the price to consumers.

We already import more than half the sugar this Nation consumes.

And, unless we institute this sugar program—unless we protect our domestic sugar growers from the ravages of wildly fluctuating world prices—we are going to see even more sugar imported into this country.

We will have to import the sugar because without the sugar program outlined in this legislation, we can expect to drive most, if not all, of our sugar growers out of business.

If that happens, this Nation's consumers will be at the mercy of foreign growers. And that means higher prices.

Let us not forget the lesson of OPEC. When it became obvious to Arab oil producers that we needed their oil, that we could not get along without it, the prices started to climb. And they climbed steadily. Then, just to get the point across, they slowed the flow of oil into this country.

And the American people had no choice but to sit in the gas line and watch with growing frustration and anger the stranglehold that OPEC had on us.

You are going to see the same thing with sugar unless we adopt the sugar program outlined by this bill.

But I do not support this legislation simply because I want to see U.S. sugar growers remain in business. I support this legislation also because I am concerned about our balance of trade.

In 1980 sugar imports added some $2 billion to the trade deficit. And, if we had been totally dependent on imported sugar, that deficit would have grown another $2.7 billion.

So it is in our national interest to encourage domestic sugar production.

Opponents of the sugar program make a great deal out of the need for free trade in sugar. They contend free trade will help the consumer.

But, by so saying, they ignore the fact that the world sugar market is anything but free.

Eighty percent of the 90 million tons of sugar grown each year is consumed in the country where it is produced. It never gets into the world market.

Another 5 percent is produced and traded in closed markets—such as the Cuban-Communist bloc agreement, or the Britain agreement with her former colonies.

That leaves just 15 percent of the 90 million tons of world production available for the world market. And much of that, indeed almost all of it, is not traded freely. It is not traded freely because the producers are heavily subsidized by their governments.

Brazil and Australia heavily subsidize their domestic sugar industry and bar imports on top of it. The European Economic Community also assures its growers of an abnormally high price and then, in turn, dumps its excess onto the world market.

These Government subsidies have allowed foreign sugar to gain about 45 percent of the market in this country. And, unless we have a sugar program,

they will gain more and more of that market.

And when that happens, nations will not be dumping sugar on the world market. They will be charging full price and then some.

Then, watch what happens to the consumer.

But let us look at the other side. What happens when you have a sugar program?

I will tell you what happens. You have stable prices.

In 1979, when the sugar program was last in effect, the retail price of sugar to consumers averaged 24.88 cents, as compared to 15.56 cents for raw sugar.

In 1980, with no sugar program, the retail price climbed dramatically, averaging 42.74 cents—and at a time when the price for raw sugar was just 30.11 cents.

Our domestic market price is set by the price of imported sugar already. And the more we rely on imported sugar, the higher that price will be.

So, for the life of me, I cannot see where the opponents of the sugar program can talk about protecting the consumer. They are not; they are merely helping foreign sugar producers gain a bigger and bigger foothold over this market.

The sugar program stablilizes prices for consumers. It assures them of an adequate supply of sugar. And it helps our balance of payments.

For that reason, I must urge my colleagues to ignore the fancy rhetoric of those opposed to the sugar program and vote to keep this language in the farm bill.

For that is the true consumer position.●

● Mr. FRENZEL. Mr. Chairman, the debate on the Peyser-Heckler sugar amendment has been less than illuminating, excepting, of course, the still-instructive words of our ex-colleague from Michigan, the Director of the Office of Management and Budget.

It is somehow less than reassuring to hear from producer-representative after producer-representative how much consumers need this bill. And the promoters of the amendment have not made a very good case either.

To me, all artificial mechanisms designed to protect specific industries or frustrate free market activities are dangerous. In an always imperfect world no one expects a wholly free market, but we ought to make a try.

The whole farm bill disturbs me because I would like to see agriculture move toward free markets. I would also like to see the taxpayers relieved of the burdens of allotments, quotas, targets, loans and all the other expensive artificialities contained in this bill. I would like to see the consumer get the advantage of a free market price, too. None of these wishes will come true under the sugar section of this bill.

On the other hand, although it escaped notice in our debate, the most significant factor in the world market today is the subsidized sugar surplus in the European Community. That surplus, the subsidy program that will exacerbate it, and the propensity of the European Community to dump its surpluses are all especially frightening at this time. There has seldom been a time when the sugar industry needed a crutch more than it needs one today.

This amendment is a close call. I shall vote against the amendment, but I think this will be the last time I shall vote for a sugar subsidy program.●

Mr. DE LA GARZA. Mr. Chairman, we have certainly discussed this for quite a length of time. There are several who have not spoken at length on this, four Members.

I ask unanimous consent that debate on this amendment and all amendments thereto end in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. DOWNEY. Mr. Chairman, reserving the right to object, I do so only because, if anything, we have heard the "Sugarland Express" gallop through the Congress here. And for those of us who are not onboard at this point, I think we should be given an opportunity to be heard as well. While I was the one who suggested to the gentleman that 4 o'clock would be an appropriate time, if in fact we limit time and then all of those who oppose the amendment get up again, that will leave us remarkably little time to develop an alternative strategy. I have no problem if it is equally divided between the Members. I think the issues are about to be joined. But I would oppose an arbitrary limitation of time.

Mr. DE LA GARZA. Mr. Chairman, if the gentleman will yield, my problem is that I see four Members rising, and then the minute I mention time, 10 other Members pop up.

Mr. PEYSER. Reserving the right to object, Mr. Chairman, if the request were to be to limit debate to 4:15, which would be half an hour, I would be willing, as a proponent of this amendment, not to participate in this debate, and I will sit, assuming other Members who have talked will do the same, so perhaps we will have two or three Members from each side speak. I will be willing to do that.

Mr. DE LA GARZA. Mr. Chairman, I will take the gentleman's suggestion and change my unanimous-consent request that the debate on this amendment and all amendments thereto end at 4:15.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. MOORE. Reserving the right to object, Mr. Chairman, I have been trying to get permission to speak here now for about 45 minutes. If the Chair will allow the unusual procedure by unanimous consent to allow the Chairman of the Committee to control the time and if the Chairman of the Committee will yield to me a pro rata portion of that time, I certainly will be glad to go along with it. I would ask for 4 of 5 minutes, if I could, Mr. Chairman.

Mr. DE LA GARZA. If the gentleman will yield, the request would be for 4:15, and the gentleman from New York would control half the time and the gentleman from Texas would control half the time.

Mr. MOORE. And I would get 5 minutes of that time, Mr. Chairman?

Mr. DE LA GARZA. The gentleman would yield the gentleman from Louisiana his appropriate time.

Mr. PEYSER. If the gentleman will yield, Mr. Chairman, certainly I will give the gentleman a shared portion of my 15 minutes.

Mr. DE LA GARZA. Mr. Chairman, my problem is that we are not going to have the use of this Chamber on some other day if we do not finish this bill tonight.

Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto end at 4:15, and that the time be equally divided for distribution thereon between the gentleman from New York and the gentleman from Texas.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. DE LA GARZA).

Mr. DE LA GARZA. Mr. Chairman, I yield 2½ minutes to the gentleman from Hawaii (Mr. AKAKA).

Mr. AKAKA. Mr. Chairman, I rise in opposition to this amendment. The bill that is before us benefits consumers, farmers, producers, and our Government. Last week, in the spirit of compromise, 400 Members of the House joined in supporting the Bedell amendment to establish a sugar loan program based upon the 18-cent loan provision in the Senate bill. We should keep the compromise we adopted in the Bedell amendment, and not submit to an attempt to gut this program from the farm bill.

This amendment is being promoted by the interests of large foreign-owned and foreign-operated sugar refineries. Those interests would have us believe that the consumer will benefit if the 18-cent loan program established by the Bedell amendment is defeated. My friends, nothing could be further from the truth.

The importers of foreign sugar would like nothing better than for America to buy all its sugar from abroad. This is already the case in the Northeast section of the United

States, an area which has long been dominated by foreign sugar. According to the Department of Agriculture, however, the economics of foreign sugar does not lead to lower consumer prices.

The April 1981 issue of the Department's "Sugar Market Statistics" states conclusively that consumers in the Northeast pay 2.6 cents per pound more for the foreign sugar they consume than do consumers in the Midwest and Western areas of the country. A little empirical research proves this out.

The 5-pound bag of California and Hawaii sugar I have with me was refined and marketed by the C. & H. Sugar Co. in Crockett, Calif. It represents pure cane sugar grown on 330 farms in the State of Hawaii. It was refined by the C. & H. cooperative refinery and distributed throughout 23 Western and Midwestern States. This 5-pound bag was purchased in the San Francisco Bay area for $1.52.

I also have with me three 5-pound bags purchased in supermarkets in the Northeast. One was bought for $1.79 at an A. & P. in South Merrick, N.Y. It was refined and packaged by Revere Sugar Corp., a foreign-owned company of unknown origin but registered in the Netherlands Antilles, off the coast of Venezuela. The second was packaged by the National Sugar Co. of Philadelphia which solely refines imported sugar. It was purchased at a Pathmark store in Baldwin, N.Y., for $1.79. The third is a bag of Puritan sugar, again refined by Revere Sugar Corp. It was purchased for $1.99 from a Grand Union in Freeport, N.Y. These east coast bags of sugar are all house brands, which normally sell at a discount over name brand products.

Once again now, one bag of domestic sugar for $1.52, three bags of imported sugar refined by foreign owned companies selling at prices of $1.79, $1.99, and $1.79. Mr. Chairman, what I am saying—and I hope the consumers of America and their Representatives here in Washington are listening—is that foreign sugar is not a better buy for the consumer. This graphically reinforces the fact reported by the Department of Agriculture that the consumers of the Northeast pay 2.6 cents per pound more for foreign sugar they consume than do consumers elsewhere in the country. What happens to all this added cost? It comes out of the pockets and pocketbooks of consumers and ends up as fat profits for foreign sugar producers. At the same time, this purchase of foreign sugar added $2 billion to our trade deficit last year.

If we were to buy all our sugar from abroad, as the opponents of domestic sugar would prefer, this balance of payments deficit for sugar would rise to $4.7 billion annually. If our domestic sugar industry is allowed to fall under the pressure of subsidized foreign sugar, the 100,000 Americans who are directly dependent upon sugar for their livelihood will find themselves out of work. In my State of Hawaii, unemployment would soar to 35 percent on three islands that I represent because this labor force is isolated and immobile.

Mr. Chairman, the message is a simple one. The domestic sugar industry is good for the American consumer, good for the American worker, and good for American agriculture.

Mr. Chairman, my colleague from New York seems to have little sympathy for the 100,000 Americans who are employed in our domestic sugar industry. I only wish the gentleman would take the time to visit one of the 13,000 farms in any one of the 17 States that grow sugar beet or sugarcane.

Few people realize that the average farmer of sugar beet or sugarcane harvests less than 60 acres per year. The 7 years since the expiration of the Sugar Act have been years of uncertainty and frustration for these farmers. In the absence of a domestic sugar program, the ability of sugar growers to survive has been seriously threatened.

Let me present to my New York colleague arguments in response to the fact that the price of sugar began to rise before the expiration of the 1974 sugar program. The fact stands that the price of sugar on the world market began to rise in March 1974, while the program expired in October.

First, 1974 was the third successive year of decline in world production. During those years, world consumption exceeded world production. By 1974, world sugar stocks had been depleted so much by low-production levels in the previous 2 years that there were no sugar reserves left to make up for 1974's decline in production. As a consequence, the price began to rise because of insufficient supplies of sugar to meet world and domestic needs. This is precisely what the sugar loan program in the farm bill is designed to prevent.

Second, the Nixon administration gave notice that they did not intend to renew the Sugar Act. This notice was given in early 1974. Soon after this sugar prices began to rise as domestic growers began to turn to other crops in anticipation of the expiration of the Sugar Act.

Finally, world sugar producers recognized that the United States would be vulnerable without a domestic sugar program. The 1974 price rise is just another example of what can happen to the price of sugar in the absence of a domestic sugar program.

The mere anticipation of the expiration of the domestic sugar program in the face of a decline in world production was enough to cause the price to climb.

Since the expiration of the Sugar Act in 1974, our Nation has been forced to depend upon the so-called world free market to meet our unfilled sugar needs. This is a market which in any particular year may dump millions of tons of excess sugar onto the market. Dumping occurs whenever large crop support payments by producing nations and favorable weather conditions combine to produce a bumper harvest. It is happening in Europe right now: Recent Common Market guarantees of 27 cents per pound of sugar for growers have produced a windfall of an additional 2½ million tons of sugar. This sugar is now being dumped on the market at 11 cents per pound, some 15 cents below the cost of production.

Mr. Chairman, domestic sugar farmers simply cannot stand this price dumping. In fact, when foreign producers unload their excess production, they drive our sugar producers toward bankruptcy.

For the benefit of the gentleman from New York and others who have no understanding of the effect of Common Market price dumping upon the 13,000 farms producing beet and cane, I would like to share a letter I received last week from a grower on the big island of Hawaii. Because his words express the plight of these farmers far better than I would be able to, I will read directly from the letter:

THE PACHECO FARM,
Hilo, Hawaii, September 30, 1981.

DEAR CONGRESSMAN AKAKA: The loan provision in the Farm Bill is the most important piece of legislation affecting the livelihood of sugar cane growers in many years. For the past seven years, growers on the Big Island have seen a constant erosion of our income and the solvency of our farms while imports of foreign sugar have made steady inroads into the domestic market that we once served. Without the loan program for sugar in the Farm Bill, many cane growers in Hawaii will be forced into bankruptcy. The jobs and income we provide for our communities will be lost forever to these foreign producers.

The past seven years have been years of great financial loss and hardship. We run a very efficient farm, using every modern method of cultivation and processing. My loving wife of 22 years is an accountant, and works very hard on our books to keep our costs down because we are determined not to let our farm go under. Despite all this effort, we have been unable to make money on our farm in the past seven years. Imports of foreign sugar have forced the price to drop below our cost of production. I am now at a point where I have had to mortgage every piece of personal property including my personal car to obtain crop loans to keep my farm going.

Our farm is strictly a family operation. It is owned by myself, my wife, and our five children. We love our land, and have our lives invested in it. We farm about 900 acres and employ 21 workers. I worry about going under because the lives of these workers and their families are tied to our farm. Farming is all that most of my workers know, and I am scared of what will happen to them if we go bankrupt. In talking to my

neighbors who also grow sugar cane, I know they feel the same way.

Mr. Akaka, I urge you to use all the strength and wisdom God gave you to urge your colleagues to pass the Farm Bill with the loan program for sugar. The future of my family, the families of my workers, and all the other growers on the Island of Hawaii rests in your hands.

May the Almighty always look upon you and yours with favor and may He forever guide you in your work.

Sincerely,

FRANCIS I. PACHECO.

Mr. Chairman, the gentleman from New York may wonder why we should not simply throw this farmer and the 100,000 others who are dependent upon our domestic sugar industry out of work and buy all our sugar from abroad. What the opponents of sugar fail to recognize is that the consumer will be the real loser should our domestic sugar industry go under. In fact, the USDA reports that had there been no domestic sugar industry during the most recent worldwide sugar shortage, the price of sugar would have been several hundred percent higher for consumers in America.

I urge my colleagues in the House to oppose the Peyser amendment. The sugar loan program provided for in the Bedell amendment will support an important domestic farm industry. It is about time that we begin to support American farm products. The domestic sugar industry offers a better deal for the consumers of this Nation and the 100,000 workers who are employed in this important industry. I urge my colleagues to reinforce the will of the Congress to support American farm products. I urge my colleagues to defeat the Peyser amendment soundly and with great vigor.

□ 1550

Mr. PEYSER. Mr. Chairman, I yield 1 minute to the gentleman from New Hampshire (Mr. GREGG).

Mr. GREGG. Mr. Chairman, it has been a fascinating debate for someone not familiar with the sugar issue until I arrived here in the House. In fact, I have eaten six candy bars since it started.

One of the concerns I have is the statement that it is not going to cost any money. Clearly to me when one is borrowing $1 billion and the Government is borrowing that money there is going to be a cost to the taxpayers of supporting that loan in some way or another.

Therefore, I find this program to represent a cost and I cannot support it and I support the amendment.

Mr. PEYSER. Mr. Chairman, I yield 3½ minutes to the gentleman from New York (Mr. DOWNEY).

Mr. DOWNEY. Mr. Chairman, I want to say at the outset that the passions on this bill are remarkably high and I am not an expert on sugar. I say that with all candor.

But I want to quote for the Members, the Budget Director our former colleague, David Stockman, who spoke so eloquently on this issue in 1978 on a bill that was in many ways similar to the one we have here today before us.

There are certain exceptions, but I want my colleagues to listen carefully to what our Budget Director said back then on the sugar issue. I cannot say it the way he does. But the Members will have to bear with me.

Now, the simple, unvarnished purpose of this bill is to prevent low-cost foreign imported sugar from gaining a larger share of the U.S. market and thereby assure the every last acre, every plow, every harvesting machine and every processing plant now devoted to domestic sugar production remains profitable and competitive under the artificial protection of a high-tariff umbrella. Thus, the fundamental issue that this legislation poses to the House is very simple.

What does the American economy, or what do the great bulk of American consumers get from this billion-dollar insurance program designed to prop up the domestic sugar industry?

The answer, the only one that I can detect as I read the propaganda for this bill, is that in the spirit of the Halloween season upon us, the American consumer will get some protection from various international hobgoblins that are said to lurk in the world sugar market.

Of course, the most ferocious of these hobgoblins is an OPEC sugar cartel, something which we are told will spring up sphinx-like if the U.S. production base erodes even marginally.

The problem is that cartels can fix artifically high prices if, and only if, they can drastically curtail production or control production. The odds of that happening in the world sugar market are about of the same order as of eradicating ragweed.

Our Budget Director and former colleague goes on to say:

In short, the point is a sugar cartel cannot be created because there are too many producers to begin with and artificially high prices cannot be sustained for any reasonable period of time because the production response is too elastic.

The second benefit we are supposed to get, the consumer, the American economy is supposed to get for this very high insurance premium we are being asked to pay, is protection from an unstable market and, as we heard a moment ago, from the threat that without a sugar program prices might skyrocket through the ceiling and reach 60 cents a pound again or even $1 a pound.

I think the point is very simple. Beware of price fixers bearing gifts of market stability and consumer protection. As a matter of fact, I would suggest we amend that old story about the three greatest lies to include: first, "My check is in the mail"; second, "This will only hurt a second"; and third, "My plan will protect you from high prices."

So what the choice here today really is is not between pro-producer or anti-consumer, the choice really is find a progressive economic policy that recognizes that our resources are our acreage, our capital, our labor has to shift as market conditions change, or a reactionary policy that is going to freeze in every acre, every investment in labor and capital that we have in the economy today, and drive up barriers to foreign imports in order to allegedly help the national economy and the consumers.

Please listen to our Budget Director. He is rarely right. This is one time he was definitely correct.

Mr. DE LA GARZA. Mr. Chairman, I yield 1 minute to the gentleman from Hawaii (Mr. HEFTEL).

Mr. HEFTEL. Mr. Chairman, sugar is a major U.S. crop. It ranks 10th in terms of acreage, 5th in tonnage, and 7th in dollars to the farmer.

It is an important crop in many areas of the United States. Sugar beets are grown in 17 States and sugarcane is produced in 4 States.

The U.S. sugar industry employs over 100,000 Americans and contributes over $3 billion to the GNP annually.

Sugar is important to Hawaii's economy, where it comprises three-fourths of our State's cropland, and directly employs 9,000 workers while indirectly providing jobs for 20,000 others.

THE PRESENT SITUATION

Now, almost half of the sugar we consume in the United States is imported, producing a balance-of-payments deficit of about $2 billion yearly.

Since the termination of the Sugar Act in 1974, the United States has been the only major producing nation without a basic sugar policy.

In contrast to the United States, most sugar-producing countries heavily subsidize their domestic sugar industry. The European Common Market, for example, guarantees its growers a price of about 27 cents a pound. The current world price of sugar is about 12 cents a pound.

Surplus sugar produced by other countries is often dumped on the U.S. market, at well below cost, because the United States grants virtually free access to these sugar imports. In contrast, most other sugar-producing countries have strongly protectionist trade policies.

In spite of the fierce and unfair competition from imports, domestic sugar presently receives no aid from the Government. This is in contrast to most other domestic commodities, including milk, corn, wheat, rice, cotton, oats, and others.

A PROGRAM THAT MAKES SENSE

Title 9 of the farm bill would provide very modest support to our domestic sugar industry—help that is desperately needed if we wish to maintain a viable industry.

It would provide sugar with access to the nonrecourse loans of the Commodity Credit Corporation at a relatively low rate.

Growers of corn, wheat, rice, cotton, oats, and other commodities have long had access to these loans. Access, I might add, at a much better percentage of parity than the low level being requested for sugar.

An 18-cent loan level for sugar certainly will not make sugar growers rich; in fact, it will not even let them break even. The USDA estimates an average of 24 cents a pound to produce in the United States, and this is exclusive of land costs.

In reality, the nonrecourse loan program is an austere, cost-effective way to keep our domestic sugar industry competitive and solvent.

The cost of this program to the Treasury would well be negligible. During the limited sugar loan program of 1977-78, the Government actually made a profit of $67 million from the sale of sugar forfeitures. If domestic sugar stays at its current price, the loan program will cost nothing next year.

THE CONSUMER COST ISSUE

Opponents of the sugar loan program cite the alleged costs of this proposal to the consumer. They say that we should allow consumers to enjoy the low sugar prices gotten from free trade.

Let me point out to my colleagues that there is no such thing as free trade in sugar. The inexpensive sugar imported to the United States is, more often than not, high-cost sugar which has been dumped in times of oversupply.

If domestic sugar producers are not provided with a modest price cushion in times of glut, they will soon go out of business. This would be bad for U.S. consumers.

Let me remind my colleagues of a little recent history. In 1974, the Sugar Act was terminated on the promise of low sugar prices as a result of the magic of "free trade." The price of sugar promptly shot up to 65 cents a pound. Since then, sugar prices have been on a long and dizzying roller-coaster ride.

In the last 2 years alone, sugar prices have swung wildly from 8 cents a pound, up to 41 cents a pound and back to 11 cents. This price instability is bad for consumers as well as producers.

Without a domestic price cushion, U.S. consumers will have no recourse against the wild, boom-bust cycle of world prices. The prices of a product containing sugar inevitably rises with world sugar prices, but rarely falls after those prices drop.

THE PROFITS ISSUE

There has been much misinformation circulating about the supposed profits of "big sugar"—those larger sugar producing and processing companies. These assertions are just plain incorrect.

Of the last 4 years, only 1 year, 1980, was profitable for most sugar companies. The other 3 years were loss leaders for most firms.

This year, the profit picture for "big sugar" is very bleak. In the third quarter of this year, Amfac lost $30 million from its sugar operation, and Alexander & Baldwin lost $10 million.

To me, these staggering losses do not paint a picture of undeserving, rapacious corporations. Rather, these losses are a clear signal that our domestic sugar industry desperately needs help against predatory foreign competition.

If our sugar industry continues to be subjected to an artificial and volatile market which produces a fair return on investment in only 1 year in 7, on average, then our sugar resources are in serious peril.

Finally, it should be pointed out that, in spite of the claims otherwise, foreign sugar refined in the United States is no bargain—in fact it is a ripoff. Sugar refined in the Northeastern United States, by foreign companies, such as Tate & Lyle in Representative PEYSER's district, costs an average of 2.6 cents a pound more than sugar in the rest of the country.

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from Florida (Mr. MICA).

Mr. MICA. Mr. Chairman, earlier this month, this body received a gift from the opponents of this legislation, a lemon, and that is what this amendment is, a lemon.

Try lemonade without sugar sometime. It is enough to make PETER PEYSER pucker. I mean the gentleman from New York.

We are talking about stability, even 2 or 4 years ago when this bill was brought up. We were talking about 14 cents a pound, 14, 14.8, arguing just a few pennies. It went up 10. One hundred times higher than that. Ten, twenty times higher and the consumer paid, but the price did not go down.

This has been stated several times on this floor today and this is accurate. We need some stability. The Members want to argue the whole program. That is a different issue. But the issue right now is stability. The issue is this is a lemon with this amendment. We need to be able to go to the consumers and say, "We have taken positive action." So we do not see the increases and look at the charts, because it skyrockets, not 2 weeks or 2 months after the last sugar program, but the next day the prices took off and they came down, but not for the consumers.

Lastly, a word was mentioned about our neighbors to the south. I am from Florida. I can tell my colleagues how the Florida sugar industry really started. Because of Castro. And there is no one else in the southern region of this hemisphere who would like to see our sugar program destroyed more than Fidel Castro.

Mr. PEYSER. Mr. Chairman, I yield 5 minutes to the gentleman from Texas (Mr. DE LA GARZA), the chairman of the committee.

Mr. DE LA GARZA. I appreciate the gentleman's cooperation.

Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. LOEFFLER).

Mr. LOEFFLER. Mr. Chairman, I rise in strong opposition to the pending amendment.

The United States produces only 55 percent of its sugar needs—imports contribute the remainder—resulting in a $2 billion trade deficit each year. Why? Because since the expiration of the Sugar Act in 1974 prices have fluctuated violently, varying from 7 to 40 cents per pound over the last 7 years.

As an individual who comes from a rural area—a farming and ranching area, but an area without the production of sugar—it is easy for me to understand why no one who is a farmer in the United States who produces sugar can do so and achieve a fair profit, or look forward to a secure future.

Basically, what we are looking at is an opportunity to make certain that we have a fair policy so that we can provide American sugar for American consumers at a responsible American price.

It is important that we defeat the amendment.

Mr. LOTT. Mr. Chairman, will the gentleman yield?

Mr. LOEFFLER. I yield to the distinguished Republican whip, the gentleman from Mississippi (Mr. LOTT).

Mr. LOTT. I thank the gentleman for yielding.

I, too, would like to oppose this amendment and support the language in the committee bill.

I think it is important that we have a domestic sugar industry and a domestic sugar program in this country and the effect of this particular amendment, in my opinion, would be to destroy the domestic industry in this country.

I come from an area that does not produce any sugar either, as the gentleman from Texas has said. There are so many States that are affected by this program from Louisiana to Minnesota to Hawaii, to Washington and Oregon. I think it would be a great tragedy if we passed this amendment especially when we look at what the impact is going to be on those sugar farmers that we do have left who are trying to make it. And at the price this gentleman has set with his amendment in my opinion they will not be able to make it.

Mr. DE LA GARZA. Mr. Chairman, I yield 5 minutes to the gentleman from Louisiana (Mr. MOORE).

Mr. MOORE. Mr. Chairman, this is my fourth Congress and the fourth Congress in a row that I have been involved in a debate over sugar and we hear the argument in Congress after Congress, and I sat here through the

entire debate, and listened to them today.

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There is one thing that occurs to me after listening to it. Why the maelstrom of opposition to sugar? If you oppose price supports for all commodities, that is understandable, vote against the entire bill; but if you think some are good and some ought to be maintained, then why the opposition to this one?

Let me give four points to consider why I think that is an interesting question. The first point is, this is nothing new. This, indeed, is the oldest farm support program in this bill. The Congresses of the United States since 1789 have been supporting sugar by duties, by price supports, by loan programs or whatever. It is nothing new.

Every single sugar raising country in the world does the same thing, it is nothing new.

A second point to consider is that this is the most unique commodity in the bill in the sense that it is the only one that we do not grow what we need. Every other commodity in this bill we grow more than what we need. This is the one we grow less than what we need, and, indeed, have to import 45 percent to make up for what we do not grow.

It is also unique in the fact that it is the only one that does not cost any money. This is the only one that actually makes money for the Treasury, $34 million for the Treasury this year, projected under this bill, next year $460 million going into the Treasury. So why attack this one?

The fourth point that ought to be considered, this is the most unobjectionable price level support. It is at 18 cents. This is the same figure the other body has adopted. It is less than what the Agriculture Committee brought to the floor. It is a figure the President of the United States will support and sign. It is a figure well below the cost of production.

I have listened to everybody's debate today and nobody contends sugar can be produced at 18 cents a pound; so nobody is going to grow sugar for this program, and that is a problem with other commodities at times in the past.

Also, if you look at the parity, the parity figure that we who try to know something about farming constantly point to as a fair rate of return to the farmer, sugar has almost the lowest percent of parity in an 18-percent figure in this bill than any other commodity in the bill.

So I say again, why this commodity, why is this one so objectionable?

I conclude at this point, a fourth and final point. It is not really going to help the consumer. The chairman of the committee has pointed out this year, and he has and I have heard him do this in Congresses past, we are talking about maybe a dollar a year to a consumer, if foreign prices do not go up and if that money is saved by a consumer.

We know that there is a distinct possibility of a cartel being put together, and I think my colleague from New York who questioned that a moment ago, that there is an organization called Geplace with offices in Mexico City that meet annually to discuss this very thing.

It is an organization of all the sugar producing countries in Latin and Central America. They would like to do this. Thank goodness they have not so far been successful. We know what that would do to the consumer. We have seen that with all the other commodities that we do not produce enough of.

But the last thing would be, go look in the grocery store at what commodities that have sugar and those that do not, cost. We did that on October 3, 1981. We went to a Safeway store in McLean, Va. We looked at a 2-liter bottle of Coca-Cola. Coca-Cola opposes this bill. They say they are going to translate cheaper sugar prices to the consumer. That 2-liter bottle of Coca-Cola cost $1.39.

Then we got the diet version of that same drink, all of the same ingredients, colorings and phosphates, water, and all of this except sugar and we called them and found out that, in fact, the artificial sweetener cost less than the sugar and do you know what the price of the 2 liters of Tab was? You guessed it, $1.39 a bottle, the same thing. Sugar had nothing to do with pricing of that commodity.

Then we started wandering down the aisle of that same food store and found that the Giant brand of applesauce, the same thing was true. Libby's brand of Bartlett pears, the same thing was true; Dole's crushed pineapple; Giant brand fruit cocktail, the same thing was true.

They had two versions, one that had sugar and one that did not and in every case the one without sugar costs the same or more.

So I simply ask you, why this commodity? It is the least expensive, it is the least offensive, it is the most supportable of any in this bill.

Mr. PEYSER. Mr. Chairman, I yield 1 minute to my colleague, the gentleman from New York (Mr. BINGHAM).

Mr. BINGHAM. Mr. Chairman, I thank the gentleman for yielding. I want to commend the gentleman for his efforts on behalf of consumers. I agree with everything that the gentleman said on that point, but I want to stress the damage this sugar program, if it is not knocked out of this bill, is going to do to our efforts to do something about the Caribbean.

We are in deep trouble in the Caribbean. In the Dominican Republic, one of our best friends in the area, they say this is going to be disastrous. I have been down there, and I know how hard they are struggling to maintain democracy. Recently President Guzmán told our Vice President BUSH how much this sugar program would hurt.

The same thing is true in Costa Rica and throughout Central America and the Caribbean. Everything that the administration has talked about trying to do in the Caribbean in terms of helping the economies of those countries, to save democracy down there, is going to be wiped out at one stroke if you limit their markets in the United States with this type of program.

The members have heard from the American chambers of commerce throughout the area. You have had telegrams from them. You know what they feel about it.

American businessmen working down there say please support the Peyser amendment.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. PEYSER. Mr. Chairman, I yield the gentleman 1 additional minute in order to answer the Chairman.

Mr. DE LA GARZA. Mr. Chairman, if the gentleman will yield, I just wanted to correct the gentleman. This legislation in no way reduces the ability of any country to ship sugar into the United States, nor does it affect the price at which they sell it.

Mr. BINGHAM. Well, Mr. Chairman, I can only say that they certainly feel that it does. I have here a letter from the Ambassador of the Dominican Republic which says this will particularly hurt the economy of his country.

Mr. DE LA GARZA. Mr. Chairman, if the gentleman will yield further, I do not know who they are.

As chairman of this committee, I am telling the gentleman that it does not affect how much they can ship, what price they can ship it for, and that is a fact. I do not care who they are. That is a fact, and the Members of this House should know and understand that.

Mr. BINGHAM. Well, all I am saying, Mr. Chairman, is that the countries themselves have communicated with us. The American chambers of commerce in those countries have communicated with us. They are all very disturbed about what this program will do to them.

Mr. DE LA GARZA. Mr. Chairman, I yield 1 minute to the gentleman from Michigan (Mr. TRAXLER).

Mr. TRAXLER. Mr. Chairman, I thank the chairman for the time.

I think I can shed some light perhaps on the problem that my distin-

guished colleague was verbalizing in the well a moment ago. I think the problem that our friends in Central America are having is without this bill, the probabilities are that in the years to come with this Nation being flooded with cheap dumped sugar, the American grower-farmer cannot stay in business, in my opinion. Now, they will hang in for a time. The probabilities are that the Central American countries will flood this Nation with cheap sugar and drive them out of business and then they will have 100 percent of the American sugar market and that is what they want. That is what they are afraid that this bill will not allow them to do, and that is exactly what this bill will not allow them to do.

Mr. ALBOSTA. Mr. Chairman, will the gentleman yield?

Mr. TRAXLER. Of course, I yield to my good friend, the gentleman from Michigan.

Mr. ALBOSTA. Mr. Chairman, I thank the gentleman for yielding.

I also would like to give the gentleman my time, my 1 minute, so if the gentleman wants to continue to talk, he can.

I have checked with the gentleman from Texas.

Mr. DE LA GARZA. Mr. Chairman, I yield 1 additional minute to the gentleman from Michigan.

Mr. TRAXLER. Mr. Chairman, I thank the chairman and my colleague, the gentleman from Michigan.

Very simply, the point I want to make is that what this bill does is in the consumer's interest, make no mistake about it. This is in the consumer's interest.

The chart we saw earlier clearly demonstrates what happens in the absence of a domestic sugar policy. The prices fluctuate erratically and crazily, highs and lows that our producers and our growers cannot stand and that is what this bill is about. It stabilizes at very low prices.

None of my growers, the wonderful farmers that pay taxes in America and send our sons to our Army to defend this country, that is what they want, simply the ability to produce sugar in the United States of America as they have since I was a kid when I topped beets in fields when it was so darned cold you thought your fingers were going to fall off, and unlike some of the gentlemen from the Northeast whose companies are run by management who purchase foreign sugar for processing in their plants.

Mr. Chairman, I rise in strong opposition to the amendment offered by the gentleman from New York (Mr. PEYSER) and the gentlelady from Massachusetts (Mrs. HECKLER). I do so because I firmly believe that the amendment fails to maintain any concept of the importance of sugar as a domestic crop, and the need that our sugar beet and cane farmers have for the ability to obtain a decent price from the market.

I have the privilege of representing the fifth largest sugar beet producing district in the Nation. In fact, the growers in my district produce more sugar beets than the growers in any other part of Michigan, and all five sugar beet processing plants in the State of Michigan are located in my district.

There are nearly 2,000 sugar beet growers in Michigan, who grow beets on nearly 100,000 acres of land. Over the past 5 years, they have produced an average of nearly 400 million pounds of sugar annually. The growers and processors in Michigan have netted over $110,000,000 which means about a total of $770,000,000 to Michigan's hard-pressed economy.

Most of these proceeds are put back into the Michigan economy as a result of the purchases of fuel, fertilizer, machinery, repairs, land rents, insurance, and State and local taxes.

The processing plants in Michigan employ nearly 1,600 people, including those who work in the main offices of the companies. There is no meaningful alternative employment for these people because either the plants are located in rural areas that do not have substantial employers, or they are located in areas where the only major alternative employer is General Motors, an alternative that is not a very fruitful one at this time.

Mr. Chairman, those who want to prevent the development of a nonrecourse loan program for sugar seem to forget several things. Some of these people like to characterize the effort to provide sugar price supports as a handout to rich corporations who do not need to be coming to the public trough. These people either forget, ignore, or do not know that the fact is that price supports help the farmer, and the sugar beet and cane farms are often relatively small.

These people also think that price supports guarantee profits. Nothing could be further from the truth. In 1978 it was clearly demonstrated that the cost of producing sugar was about 15 cents per pound. In 1979, the cost was 16 cents per pound. And these figures were developed by the U.S. Department of Agriculture. Departmental estimates of the cost of producing sugar this year have risen to well above 20 cents per pound in different parts of the country. The House Agriculture Committee in this bill originally proposed a support level of 19.6 cents per pound, and in order to share in the various budget cuts that all farm programs are being expected to absorb, this level was reduced to 18 cents per pound, a level which is certainly below the production cost levels estimated by USDA.

Whenever the support level is below the cost of production, the farmer does not make a profit. All that the support level does is establish a price floor which will halt the potentially destructive slide of prices which could drive many growers and processors out of business.

Most importantly, the support program is a loan, not a grant. Farmers have traditionally paid back these loans with interest. It is true that in some instances under the terms of prior nonrecourse loan programs the Department has taken over the sugar in lieu of payment on the loan, but even when this happened in the period between 1977 and 1979, USDA was later able to sell the sugar on the open market, and, in fact, made a profit of some $67 million on the sale. This fact should clearly demonstrate that the sugar price-support program has not had a cost to the Government in the past.

Those who oppose a domestic sugar price-support program will also attempt to tell you that the program results in increased costs to consumers. They will claim that Americans can buy sugar at far lesser prices on world markets, so to support our domestic industry is asking the consumer to pay more than he or she actually has to pay.

Mr. Chairman, there is no such thing as a world free market for sugar. It has been demonstrated all too often that there is a world fire sale for sugar—a bargain basement for homeless sugar—but only in those years when foreign growers have excess production and cannot sell all of their sugar under very lucrative contracts which guarantee profit levels so high that even when you add in the sugar sold at these fire sale prices, the foreign producers still make a hefty profit on the entire crop.

I fail to understand, Mr. Chairman, how some of our colleagues can persist in the belief that there is free trading of sugar. The Wall Street Journal in an article which I inserted in the RECORD on September 24, stated very flatly that: "Europe is expecting a big crop (of sugar) and no matter what the world price of sugar is, the Common Market guarantees its growers the equivalent of about 27 cents a pound." That is 50 percent higher than the support level that we are seeking for American growers. The article continued that "As a result, even at today's low prices, European growers have every reason to grow and sell sugar beets."

If the European growers are going to get this windfall, how in the world can we expect our domestic growers to compete and not go out of business? How can our colleagues argue this point in the theoretical vacuum of an economics textbook, when the pure fact of the matter is that everybody

subsidizes their growers in some way except the United States?

And if these opponents to sugar price supports want to talk about the greatness of the International Sugar Agreement in helping to quell the outbreak of excessive world sugar production, let me remind you that the Common Market has not, repeat not, yet signed the ISA. Every knowledgeable trader in sugar agrees that the ISA will never be successful unless the Common Market becomes a party to the agreement. And with the subsidies that I have already described, European growers have no reason whatsoever to become part of the agreement because they can sell all of the sugar they want and make a huge profit. But the fact is the Europeans do it and it can destroy our own industry.

But in fairness, one factor needs to be made clear. The people of the United States consume about 96 pounds of sugar in all forms and products per person per year. About half of this sugar is imported. It is imported because American sugar beet and cane growers do not produce enough sugar to satisfy our domestic needs. So whether we have a price support program or not, we will continue to buy about half of the sugar we need from foreign producers.

Another key factor is that even if our growers were to turn around and plant huge increases to displace this foreign sugar, we do not have the capacity in our domestic sugar industry to refine such levels of beet and cane. Many sugar processing plants have closed since the old Sugar Act expired in 1974. Not a single one has reopened. To the best of my knowledge, not a single new plant has opened in that time period, either. As a result, we have to depend on certain foreign supplies to meet the needs of our consumers.

Mr. Chairman, we will hear much about consumers, as we rightly should. The producer depends upon consumer demand for his product, or he no longer has a reason to be in business. Those who oppose sugar price supports say that in years that prices have been high, the sugar companies have not cared about the consumer, so that the consumer should have his day when prices are low. In essence, this argument in its cruelest form says that because some people have to pay more for sugar or have to reduce their utilization of sugar as a result of high prices, it is fair to expect a few years in which producers and refiners will go broke as a result of prices below production costs.

This argument is pure lunacy. I would like to think that our civilization is beyond this "eye for an eye" mentality. The one fact that opponents of sugar price supports have never been willing to admit is that during the 40 years that the Sugar Act was in place, consumers were guaranteed an adequate supply of sugar at reasonable and relatively constant prices. There was not a single year in which sugar went from 8 cents to 64 cents per pound as has been the case since the expiration of the act. Why was not there? And why not? The answer is simple: Consumers paid a reasonable price when they were assured of an adequate supply of sugar. As we have become more dependent on foreign sugar and the vageries of world price, our consumers have fallen prey to those in the world who love to make pricing as exciting as a roller-coaster ride. The analogy has often been made, and it is a true analogy; it is just like what our consumers have endured as a result of OPEC. The analogy is further substantiated by the fact that a sugar-producing cartel has been formed among South American nations. They want to regulate their prices together so that they can assure themselves of profitable prices without the benefits of competition that have led to the times when prices might have been low.

Mr. Chairman, the best thing that we can do for our consumers is to take prudent action to provide for the survivability of our domestic sugar industry. We are not guaranteeing it with this support program, but we are giving our producers a chance to compete on more equitable terms with the subsidized sugar producers of the world. I fail to see any reason why we should not attempt to become self-sufficent in sugar. We have praised ourselves for being so independent in our ability to produce our food. We are struggling to become energy independent. Why should we be any different with sugar?

There is one final point, Mr. Chairman, that I consider essential to make. Some act as if we are subsidizing huge corporate enterprises. They forget about the people. They forget that to the extent we are helping corporate enterprises, these enterprises employ people. They forget that the sugar beet and sugarcane growers of our Nation are people who have needs. They always argue for the benefits of workers and doing what we can to ease the burdens on them.

Somehow it always seems different when we come to farmers and price support programs. Somehow it always seems as if the argument has to be framed in terms of farmers versus consumers. The two cannot possibly have the same interests because the consumer is a struggling worker, just trying to make ends meet, and the farmer is a rich person riding around in a stereo-equipped air-conditioned tractor.

I wish some people would look at the facts. Farmers are the biggest consumers in the Nation. They have to buy seed, fertilizer, fuel, equipment, and other tools of their trade each year. Contrary to some opinion, they have to buy food and clothing, too. In other words, farmers are consumers just like every other consumer who has never even seen a farm, much less worked on one.

We have no problems supporting minimum wage legislation, for the most part. However, farmers do not get a minimum wage. The closest thing to it is a farm price support which will often still be somewhat below the cost of production so that only the most efficient producers might break even. So then farm price supports are "minimum wages" for farmers.

But the farmer is different in some ways. Most people are able to go to work when it rains. The farmer is often unable to because farming demands good weather. Most people, with the exception of outdoor vendors, do not have their incomes affected by the weather. Yet in my district at this very time, many farmers are seeing their entire year's efforts wiped out as a result of heavy rain storms. Sugar beets, dry beans, soybeans, and corn are rotting in the fields and may not be harvested because these fields are essentially flooded. These farmers will have their incomes severely reduced as a result of the destruction of their crops.

Mr. Chairman, my point is that our farmers have needs. Our governmental policies can provide them with the same type of consideration that we give to every other type of worker. Farmers should not be singled out to suffer because it might be inconvenient to some to provide a reasonable level of price supports to farmers. My point applies to every farmer, regardless of the type of crops on his farm.

But our sugar beet and cane growers are at a crucial point. Either we tell them that we are willing to provide them some assurance of an enhanced ability to compete with the other subsidized producers of the world, or we simply say "Sorry. We don't need you." That, Mr. Chairman, would be the most shortsighted statement in the history of our Nation.

I urge my colleagues to reject this amendment.

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Mr. DE LA GARZA. Mr. Chairman, I yield 1 minute to the Resident Commissioner of Puerto Rico (Mr. CORRADA).

Mr. CORRADA. I thank the gentleman for yielding.

I will tell you, Mr. Chairman, of an area in the Caribbean that would be seriously hurt if the Peyser amendment is adopted, and that is Puerto Rico. We only retain 12,000 farmworkers in the sugar industry. Of course, the sugar industry has been very ad-

versely impacted by the variables in the domestic price of sugar. By retaining at least a level of 18 cents, we would take measures to alleviate the dire situation of those 12,000 Puerto Ricans who might find themselves without a job and could very well end up in New York because of the extinction of the sugar industry on the island.

Mr. Chairman, 18 cents is something that the Dominican Republic and the other countries ought to be able to survive without being hurt. But 18 cents is not nearly enough for 12,000 American workers in Puerto Rico to be retained in their jobs.

Mr. DE LA GARZA. Mr. Chairman, I yield 1 minute to the gentleman from Florida (Mr. BAFALIS).

Mr. BAFALIS. I thank the chairman.

Mr. Chairman, I was in this Congress in 1974 when the gentleman from New York convinced the majority of this Congress that we no longer should have a Sugar Act and that it would be beneficial to the consumers. Now, we all saw that chart earlier today. When one takes the highs and the lows, the bottom line is this: That it has cost consumers more money during the years when we have not had any sugar legislation than the years when we did have it.

So when it is said that this is a consumer's piece of legislation, history has shown that is not the case.

I strongly oppose this amendment.

Mr. PEYSER. Mr. Chairman, how much time do we each have?

The CHAIRMAN. The gentlemen each have 3½ minutes remaining.

Mr. DE LA GARZA. Mr. Chairman, I had promised 2 minutes to the gentleman from Oregon (Mr. WEAVER) and I yield him that time.

Mr. WEAVER. I thank the chairman.

Mr. Chairman, I think the heart of the matter has been elucidated by the gentleman from Hawaii (Mr. HEFTEL) and the gentleman from Michigan (Mr. TRAXLER), and that is, most sugar is sold at a contract price and then what is left over is dumped in the market and we are the market. The sugar is dumped here at prices far below what it is generally sold for. This drives our producers out of business.

Therefore, it is essential that some floor be preserved to keep our producers in business. That is why I opposed this amendment, even though my consumer rating is probably one of the highest in the House of Representatives. I believe it is going to be good for this country, the producers, and the consumer.

I would like to point out, however, that we, with our enormous grain market, and we sell our grain overseas, do exactly the same thing. We have a small surplus, so we sell our grain overseas at disastrously low prices for ourselves, but we sell it to the wealthiest nations of the world.

So I would like, when my amendment comes up on the grain export pricing system, that we bear that in mind: that exactly the same situation prevails, but we lose $20 million a year dumping our grain on world markets.

Mr. DE LA GARZA. Mr. Chairman, I yield 1 minute to the gentleman from Washington (Mr. MORRISON).

Mr. MORRISON. I thank the gentleman for yielding.

Mr. Chairman, I only want to comment that I rise in opposition to the amendment. My district used to produce 2½ million tons of sugar beets, which added to the stability of the sugar supplies here in the United States and the stability of prices for consumers. Therefore, it is easy for me to speak out in opposition to this amendment.

Mr. PEYSER. Mr. Chairman, I yield myself such time as I may consume.

Is it my understanding that I have 3½ minutes remaining at this point?

The CHAIRMAN. The gentleman is correct.

Mr. PEYSER. And the gentleman from Texas has run out of time?

The CHAIRMAN. The gentleman from Texas has one-half minute remaining.

Mr. PEYSER. Mr. Chairman, I yield 1 minute of my time to the gentleman from Texas (Mr. DE LA GARZA).

The CHAIRMAN. The gentleman from New York (Mr. PEYSER) is recognized for 2½ minutes.

Mr. PEYSER. Mr. Chairman, we have had a lengthy debate. I think we have covered the argument as well as it would be covered.

There are a great many conflicting figures that have been stated today and I am not going to contribute to that any more because I think everybody is acting sincerely and it is obviously open to a great deal of interpretation.

What I really think we are down to is this: In this year of 1981, we have cut budgets the way I have never seen them cut since I have been in the Congress. I think there are even those who go back, like my good friend, the gentleman from Kentucky, CARL PERKINS, for a great many years, who have never seen cuts of this nature, education, senior citizens, social security, housing, jobs, and this is the way the majority of the Congress has acted. So be it.

But for us to talk today, having done that, about putting in a new program—this is not holding an old program—a new program, and say it costs nothing, I know they would like to believe that. There has never been a Federal program of this nature, and particularly a sugar program, that has cost nothing.

It is interesting that all those who are speaking for the consumer here today—and I am talking about the agriculture community—there is not one consumer group that does not support my amendment because they have worked and studied to find out what it really means to consumers.

I want to help farmers. I worked on the Family Farm Act to protect farmers. So I am not out for the farmer. But this is not the time. It is a program that will be costly to taxpayers and consumers. It is a program in a year that the administration—I would love to hear somebody at the top level of the administration say, "Yes, I want this program," because they met with me and they said, "We do not want this program in any shape or form." But then we had a budget vote and they needed some votes, so they were willing to trade it off.

We do not have to trade it off. We have made the cuts that have to be made. Now let us give the people of this country and the taxpayers at least a little break. Vote for this amendment. Members will find that they are making the right vote for all the people in this country.

I yield back the balance of my time.

Mr. DE LA GARZA. Mr. Chairman, I yield such time as he may consume to the gentleman from Iowa (Mr. HARKIN).

Mr. HARKIN. I thank the gentleman for yielding.

Mr. Chairman, I rise in strong opposition to the Coca-Cola amendment, otherwise known as the Peyser amendment. To those of my colleagues who believe that voting for the Peyser amendment and adopting it is somehow going to be helping our consumers, then you might as well go out, as the song says, and be chasing rainbows, because you are going to get the same thing.

Mr. DE LA GARZA. Mr. Chairman, what we are dealing with here is sustaining the Bedell amendment, which was a compromise amendment which was approved 400 to 14. That is the compromise amendment that we are dealing with. That is what will be undone if you accept this amendment.

Now, I do not question the integrity or the facts of the gentleman from New York (Mr. PEYSER), whom I love and respect dearly. But this provision will not cost any money to the taxpayer. It will cost no money to the Government. It will bring in money to the Government.

That is factual. If the cost increases to the consumer, it will be very small, less than the price of a pint of ice cream, less than a trip to the movies. That is what we are dealing with: To save an American industry that can be replaced by no one except foreign producers, to save an American industry

that can be replaced only by foreign sugar.

Mr. THOMAS. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman from California.

Mr. THOMAS. I thank my chairman for yielding.

Mr. Chairman, I think the ultimate irony in this is that the gentleman from New York sent a lemon around for those as a symbol of the sugar bill. Ironically, that lemon was an imported lemon. If the Peyser amendment passes——

Mr. PEYSER. That lemon is a California lemon.

Mr. THOMAS. It was not from California. It was an imported lemon. If the gentleman's amendment passes, we will have to use imported sugar along with an imported lemon to make that lemonade.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. PEYSER).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. PEYSER. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. One hundred two Members are present, a quorum.

□ 1620

On a division (demanded by Mr. PEYSER) there were—ayes 28; noes 66.

RECORDED VOTE

Mr. PEYSER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 213, noes 190, answered "present" 1, not voting 29, as follows:

[Roll No. 261]

AYES—213

Addabbo	Conable	Edwards (OK)
Anderson	Conte	Emery
Annunzio	Conyers	Erlenborn
Applegate	Corcoran	Ertel
Archer	Coughlin	Evans (DE)
Ashbrook	Courter	Evans (IN)
Aspin	Coyne, James	Fary
AuCoin	Coyne, William	Fascell
Bailey (MO)	Crane, Daniel	Ferraro
Barnard	Crane, Philip	Fiedler
Barnes	D'Amours	Fields
Benjamin	Daniel, Dan	Findley
Bethune	Daniel, R. W.	Fish
Biaggi	Deckard	Foglietta
Bingham	Dellums	Ford (TN)
Boland	DeNardis	Forsythe
Boner	Derwinski	Fowler
Brinkley	Dicks	Frank
Brodhead	Donnelly	Gaydos
Broomfield	Dougherty	Gejdenson
Broyhill	Downey	Gibbons
Butler	Dreier	Gilman
Byron	Duncan	Gingrich
Carman	Dunn	Ginn
Carney	Dwyer	Goodling
Chisholm	Early	Gradison
Clay	Eckart	Gray
Coats	Edgar	Green
Collins (IL)	Edwards (AL)	Gregg
Collins (TX)	Edwards (CA)	Guarini
Hall (OH)	McDonald	Roukema
Hamilton	McEwen	Russo
Hansen (UT)	McGrath	Sabo
Hartnett	McHugh	Scheuer
Hawkins	McKinney	Schneider
Heckler	Michel	Schroeder
Hertel	Mikulski	Schulze
Hiler	Miller (OH)	Schumer
Hollenbeck	Minish	Seiberling
Horton	Mitchell (MD)	Sensenbrenner
Howard	Mitchell (NY)	Shamansky
Hoyer	Moakley	Sharp
Hughes	Molinari	Shuster
Hyde	Mottl	Simon
Jacobs	Murphy	Smith (AL)
Jenkins	Nelligan	Smith (NJ)
Kastenmeier	Nowak	Smith (PA)
Kemp	O'Brien	Snowe
LaFalce	Oakar	Solarz
Lantos	Obey	Solomon
Leach	Ottinger	St Germain
LeBoutillier	Paul	Stanton
Lee	Pease	Stokes
Lehman	Petri	Studds
Leland	Peyser	Trible
Lent	Porter	Udall
Long (MD)	Price	Vento
Luken	Pritchard	Walker
Lundine	Pursell	Washington
Lungren	Rahall	Waxman
Madigan	Railsback	Weber (OH)
Markey	Rangel	Weiss
Marks	Ratchford	Whitehurst
Martin (IL)	Regula	Williams (OH)
Martin (NY)	Reuss	Wolf
Mattox	Rinaldo	Wortley
Mavroules	Ritter	Wyden
Mazzoli	Rodino	Wylie
McClory	Rosenthal	Yates
McCloskey	Rostenkowski	Yatron
McDade	Roth	Zeferetti

NOES—190

Akaka	Fithian	Lujan
Albosta	Flippo	Marlenee
Alexander	Foley	Marriott
Andrews	Ford (MI)	Martin (NC)
Anthony	Fountain	Matsui
Bafalis	Frenzel	McCollum
Bailey (PA)	Frost	McCurdy
Beard	Fuqua	Miller (CA)
Bedell	Gephardt	Mineta
Beilenson	Glickman	Mollohan
Benedict	Goldwater	Montgomery
Bennett	Gonzalez	Moore
Bereuter	Gore	Moorhead
Bevill	Gramm	Morrison
Blanchard	Gunderson	Murtha
Bliley	Hagedorn	Myers
Boggs	Hall, Ralph	Napier
Bolling	Hall, Sam	Natcher
Bonker	Hammerschmidt	Neal
Bouquard	Hance	Nelson
Bowen	Hansen (ID)	Nichols
Breaux	Harkin	Oberstar
Brown (CA)	Hatcher	Oxley
Brown (CO)	Hefner	Panetta
Brown (OH)	Heftel	Parris
Chappell	Hightower	Pashayan
Chappie	Hillis	Patman
Cheney	Holt	Patterson
Clausen	Hopkins	Perkins
Clinger	Hubbard	Pickle
Coelho	Huckaby	Quillen
Coleman	Hunter	Rhodes
Danielson	Hutto	Richmond
Dannemeyer	Ireland	Roberts (KS)
Daschle	Jeffords	Roberts (SD)
Daub	Jeffries	Robinson
Davis	Johnston	Roemer
de la Garza	Jones (OK)	Rogers
Derrick	Jones (TN)	Rose
Dickinson	Kazen	Rousselot
Dingell	Kildee	Roybal
Dixon	Kindness	Rudd
Dorgan	Kogovsek	Sawyer
Dornan	Kramer	Shaw
Dowdy	Lagomarsino	Shelby
Dymally	Latta	Shumway
Dyson	Leath	Siljander
Emerson	Livingston	Skeen
English	Loeffler	Skelton
Erdahl	Long (LA)	Smith (IA)
Evans (IA)	Lott	Smith (NE)
Fazio	Lowery (CA)	Smith (OR)
Snyder	Traxler	Williams (MT)
Spence	Vander Jagt	Wilson
Stangeland	Volkmer	Winn
Staton	Walgren	Wirth
Stenholm	Wampler	Wolpe
Stump	Watkins	Wright
Swift	Weaver	Young (AK)
Synar	Weber (MN)	Young (FL)
Tauke	White	Young (MO)
Tauzin	Whitley	Zablocki
Taylor	Whittaker	
Thomas	Whitten	

ANSWERED "PRESENT"—1

Hendon

NOT VOTING—29

Atkinson	Evans (GA)	Mica
Badham	Fenwick	Moffett
Bonior	Florio	Pepper
Brooks	Garcia	Roe
Burgener	Grisham	Santini
Burton, John	Holland	Savage
Burton, Phillip	Jones (NC)	Shannon
Campbell	Levitas	Stark
Craig	Lewis	Stratton
Crockett	Lowry (WA)	

□ 1630

The Clerk announced the following pairs:

On this vote:

Mr. Shannon for, with Mr. Mica against.

Mr. Moffett for, with Mr. Pepper against.

Mr. Florio for, with Mr. Phillip Burton against.

Mr. Garcia for, with Mr. Bonior of Michigan against.

Mr. Campbell for, with Mr. Badham against.

Mrs. Fenwick for, with Mr. Craig against.

Mr. Grisham for, with Mr. Lewis against.

Mr. Crockett for, with Mr. John L. Burton against.

Messrs. HUTTO, SILJANDER, and JOHNSTON changed their votes from "aye" to "no."

Messrs. APPLEGATE, DREIER, FORD of Tennessee, and LEHMAN changed their votes from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

□ 1640

The CHAIRMAN. The Clerk will designate title X.

Title X reads as follows:

TITLE X—GENERAL AND MISCELLANEOUS COMMODITY PROVISIONS

PAYMENT LIMITATIONS

SEC. 1001. Subsections (1) and (2) of section 101 of the Food and Agriculture Act of 1977 are amended to read as follows:

"(1) The total amount of payments (excluding disaster payments) which a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat, feed grains, upland cotton, and rice shall not exceed $50,000 for each of the 1980 through 1985 crops.

"(2) Beginning with the 1980 crop year, the total amount of disaster payments that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat, feed grains, upland cotton, and rice for any crop year shall not exceed $100,000.

PRODUCER STORAGE PROGRAM FOR WHEAT AND FEED GRAINS

SEC. 1002. Section 110 of the Agricultural Act of 1949 is amended to read as follows:

"SEC. 110. (a) The Secretary shall formulate and administer a program under which producers of wheat and feed grains will be able to store wheat and feed grains when such commodities are in abundant supply and extend the time period for their orderly marketing. The Secretary shall establish safeguards to assure that wheat and feed grains held under the program shall not be utilized in any manner to unduly depress, manipulate, or curtail the free market. The authority provided by this section shall be in addition to other authorities available to the Secretary for carrying out producer loan and storage operations.

"(b) In carrying out the producer storage program, the Secretary shall provide extended price support loans for wheat and feed grains under terms and conditions designed to encourage producers to store wheat and feed grains for extended periods of time in order to promote orderly marketing when wheat or feed grains are in abundant supply. Loans made under this section shall be made at such level of support as the Secretary determines appropriate: *Provided*, That the loan rate shall be not less than 110 per centum of the then current level of support under section 105A(a) of this Act in the case of feed grains, or under section 107A(a) of this Act in the case of wheat. In no event shall such loan level be less than $3.85 per bushel in the case of wheat or $2.80 per bushel in the case of corn. Among such other terms and conditions as the Secretary may prescribe by regulation, the program shall provide as follows: (1) Repayment of such loans shall be required in not less than three years nor more than five years. (2) Payment shall be made to producers of storage payments in such amounts and under such conditions as the Secretary determines appropriate to encourage producers to participate in the program, except as provided in clause (5) of this subsection. (3) A rate of interest shall be computed as determined under subsection (c) of this section. (4) Recovery of amounts paid for storage, and payment of additional interest or other charges shall be required if such loans are repaid by producers before the market price for wheat or feed grains has reached the price levels specified in clause (5) of this subsection. (5) Conditions shall be designed to induce producers to redeem and market the wheat or feed grains securing such loans without regard to the maturity dates thereof, subject to clause (6) of this subsection. To this end, whenever the Secretary determines that the market price of the commodity has, on each of fifteen consecutive market days, attained a level which exceeds 125 per centum of the then current level of support under section 105A(a) of this Act in the case of feed grains, or 107A(a) of this Act in the case of wheat, the Secretary may remove the penalties for early repayment provided for in clause (4) of this subsection; whenever the market price during such fifteen-day period exceeds 135 per centum of such level of support, the Secretary may terminate payments for storage; and whenever the market price during such fifteen-day period exceeds 145 per centum in the case of feed grains and 160 per centum in the case of wheat of such level of support, the Secretary may impose market rates of interest as provided in subsection (c) of this section. (6) Conditions shall be prescribed by the Secretary under which the Secretary may extend, for all producers within a State, for a period of thirty days and for such additional thirty-day periods as may be necessary the date for termination of storage payments or imposition of market rates of interest in the settlement of loans redeemed as a result of the imposition of such conditions under clause (5) of this subsection if (A) the Agricultural Stabilization and Conservation State Committee for such State submits a request for such delay, and (B) the Secretary does not deny such request in writing within ten days after such request is submitted.

"(c) The rate of interest charged participants in the program authorized by this section shall be based upon the rate of interest charged the Commodity Credit Corporation by the United States Treasury, except that the Secretary may waive or adjust such interest as he deems appropriate to effectuate the purposes of this section. Notwithstanding the foregoing, and subject to the provisions of clause (6) of subsection (b), the rate of interest with respect to any wheat or feed grain which was stored under the program authorized by this section during the fifteen-day period referred to in clause (5) of subsection (b) shall, beginning immediately after the end of such period, be the market rate of interest, as determined by the Secretary.

"(d) Notwithstanding any other provision of law, the Secretary may require producers to repay loans made under this section plus accrued interest and such other charges as may be required by regulation prior to the maturity date thereof if the Secretary determines that emergency conditions exist which require that such commodity be made available in the market to meet urgent domestic or international needs.

"(e) The Secretary shall announce the terms and conditions of the producer storage program as far in advance of making loans as practicable, except that the Secretary shall place no limit under such terms and conditions on the quantity of wheat or feed grains which may be stored under the program.

"(f) Notwithstanding any other provision of law, except as otherwise provided under section 302 of the Food Security Wheat Reserve Act of 1980 and section 208 of the Agricultural Trade Suspension Adjustment Act of 1980, whenever the extended loan program authorized by this section is in effect, the Commodity Credit Corporation may not sell any of its stocks of wheat or feed grains at less than 105 per centum of the price level at which the Secretary may encourage repayment of producer storage loans on the commodity prior to the maturity dates of the loans by the imposition of market rates of interest under clause (5) of subsection (b) of this section: *Provided*, That such restriction shall not apply to—

"(1) sales of such commodities which have substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage;

"(2) sales or other disposals of such commodities under (A) the fifth and sixth sentences of section 407 of this Act; (B) the Act of September 21, 1959 (73 Stat. 574, as amended; 7 U.S.C. 1427 note), and (C) section 813 of the Agricultural Act of 1970; and

"(3) sales of corn for use in the production of alcohol for motor fuel at facilities that—

"(A) began operation after January 4, 1980, and

"(B) whenever supplies of corn are not readily available, can produce alcohol from agricultural or forestry biomass feedstocks other than corn,

when sold at not less than the price at which producers may repay producer storage loans and redeem corn prior to the maturity dates of loans, as determined under clause (5) of subsection (b) of this section, or, whenever the fuel conversion price (as defined in section 212 of the Agricultural Trade Suspension Adjustment Act of 1980) for corn exceeds such price, at not less than the fuel conversion price.

"(g) The Secretary may, with the concurrence of the owner of grain stored under the program authorized by this section, reconcentrate all such grain stored in commercial warehouses at such points as the Secretary deems to be in the public interest, taking into account such factors as transportation and normal marketing patterns. The Secretary shall permit rotation of stocks and facilitate maintenance of quality under regulations which assure that the holding producer or warehouseman shall, at all times, have available for delivery at the designated place of storage both the quantity and quality of grain covered by his commitment.

"(h) Whenever grain is stored under the provisions of this section, the Secretary may buy and sell at an equivalent price, allowing for the customary location and grade differentials, substantially equivalent quantities of grain in different locations or warehouses to the extent needed to properly handle, rotate, distribute, and locate such commodities which the Commodity Credit Corporation owns or controls. Such purchases to offset sales shall be made within two market days following the sales. The Secretary shall make a daily list available showing the price, location, and quantity of the transactions.

"(i) The Secretary may use the Commodity Credit Corporation, to the extent feasible, to fulfill the purposes of this section. To the maximum extent practicable consistent with the fulfillment of the purposes of this section and the effective and efficient administration of this section, the Secretary shall utilize the usual and customary channels, facilities, and arrangements of trade and commerce.".

FINALITY OF DETERMINATIONS

SEC. 1003. Effective only for the 1982 through 1985 crops, section 385 of the Agricultural Adjustment Act of 1938 is amended by amending the first sentence to read as follows: "The facts constituting the basis for any Soil Conservation Act payment, any payment under the wheat, feed grain, upland cotton, and rice programs authorized by the Agricultural Act of 1949 and this Act, any loan, or price support operation, or the amount thereof, when officially determined in conformity with the applicable regulations prescribed by the Secretary or by the Commodity Credit Corporation, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government.".

SPECIAL GRAZING AND HAY PROGRAM

SEC. 1004. Section 109(a) of the Agricultural Act of 1949 is amended by striking out "1978 through 1981" and inserting in lieu thereof "1982 through 1985".

SUPPLEMENTAL SET-ASIDE AUTHORITY

SEC. 1005. Section 113 of the Agricultural Act of 1949 is amended to read as follows:

"SEC. 113. Notwithstanding any other provision of law or prior announcement made by the Secretary to the contrary, effective for one or more of the 1982 through 1985 crops of wheat and feed grains, the Secretary may announce and provide for a set-

aside of cropland under section 105A(f) or 107A(f) of this title if the Secretary determines that such action is in the public interest as a result of the imposition of restrictions on the export of any such commodity by the President or other member of the executive branch of Government. In order to carry out effectively a set-aside program authorized under this section, the Secretary may make such modifications and adjustments in such program as the Secretary determines necessary because of any delay in instituting such program.".

APPLICATION OF TERMS IN THE AGRICULTURAL ACT OF 1949

SEC. 1006. Section 408(k) of the Agricultural Act of 1949, as amended, to be effective for the 1971 through 1981 crops, shall be effective for the 1982 through 1985 crops, and shall read as follows:

REFERENCES TO TERMS MADE APPLICABLE TO WHEAT, FEED GRAINS, UPLAND COTTON, AND RICE

"(k) References made in sections 402, 403, 406, and 416 to the terms 'support price', 'level of support', and 'level of price support' shall be considered to apply as well to the level of loans and purchases for wheat, feed grains, upland cotton, and rice under this Act; and references made to the terms 'price support', 'price support operations', and 'price support program' in such sections and in section 401(a) shall be considered as applying as well to the loan and purchase operations for wheat, feed grains, upland cotton, and rice under this Act.".

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS FOR WHEAT AND FEED GRAINS

SEC. 1007. Effective only with respect to the marketing years for the 1982 through 1985 crops, section 407 of the Agricultural Act of 1949, as amended, is amended by—

(1) striking out in the third sentence the language following the third colon and inserting in lieu thereof the following: *"Provided,* That the Corporation shall not sell any of its stocks of wheat, corn, grain sorghum, barley, oats, and rye respectively at less than 115 per centum of the current national average loan rate for the commodity, adjusted for such current market differentials reflecting grade, quality location, and other value factors as the Secretary determines appropriate, plus reasonable carrying charges.";

(2) striking out in the fifth sentence "current basic county support rate including the value of any applicable price-support payment in kind (or a comparable price if there is no current basic county support rate)" and inserting in lieu thereof the following: "current basic county loan rate (or a comparable price if there is no current basic county loan rate)"; and

(3) striking out in the seventh sentence, "but in no event shall the purchase price exceed the then current support price for such commodities" and inserting in lieu thereof the following: "or unduly affecting market prices, but in no event shall the purchase price exceed the Corporation's minimum sales price for such commodities for unrestricted use".

NORMALLY PLANTED ACREAGE AND TARGET PRICES

SEC. 1008. Section 1001 of the Food and Agriculture Act of 1977 is amended to read as follows:

"SEC. 1001. (a) Notwithstanding any other provision of law, effective for one or more of the 1982 through 1985 crops of wheat and feed grains, the Secretary of Agriculture may require, as a condition of eligibility for loans, purchases, and payments under the Agricultural Act of 1949, that producers not exceed the acreage on the farm normally planted to crops designated by the Secretary, adjusted as deemed necessary by the Secretary to be fair and equitable among producers. The acreage for any farm normally planted to crops designated by the Secretary shall be reduced by any set-aside or diverted acreage. Such normal crop acreage for any crop year shall be determined based on the acreage planted to such crops during the preceding two years. The Secretary may require producers participating in the program to keep such records as the Secretary determines necessary to assist in making such determination.

"(b) Notwithstanding any other provision of law—

"(1) Whenever the Secretary, for one or more of the 1982 through 1985 crops of wheat and feed grains requires that producers not exceed the acreage on the farm normally planted to crops designated by the Secretary in accordance with subsection (a) of this section, the Secretary may increase the established price payments for any such commodity by such amount (or if there are no such payments in effect for such crop by providing for payments in such amount) as the Secretary determines appropriate to compensate producers for not exceeding the acreage on the farm normally planted to crops designated by the Secretary and participation in any required set-aside with respect to such commodity.

"(2) In determining the amount of any payments for any commodity under this subsection, the Secretary shall take into account changes in the cost of production resulting from not exceeding the acreage on the farm normally planted to crops designated by the Secretary and participation in any required set-aside with respect to such commodity.

"(3) if payments are provided for any commodity under this subsection, the Secretary may provide for payments for any other commodity in such amount as the Secretary determines necessary for effective operation of the program.

"(4) The Secretary shall adjust any payments under this subsection to reflect, in whole or in part, any land diversion payments for the commodity for which an increase is determined.".

REDUCTION IN INTEREST TO DISCOURAGE PRICE SUPPORT LOAN DEFAULTS

SEC. 1009. Section 405 of the Agricultural Act of 1949 is amended by designating the existing provisions as subsection (a) and adding the following new subsection:

"(b) Notwithstanding any other provision of the law, when in a period of declining prices the requirement of paying accumulated interest charges on Commodity Credit Corporation loans becomes an incentive for farmers with outstanding loans on commodities to default in order to avoid the interest, the Secretary is authorized to progressively reduce such interest charges up to the amount of the cost of one year of storage charges in order to neutralize the incentive to default. It is further provided that any such reduction authorized by this section shall not exceed the total amount of interest due.".

ERADICATION OF PLANT PESTS AND CONTAGIOUS OR INFECTIOUS ANIMAL AND POULTRY DISEASES

SEC. 1010. (a) The Secretary of Agriculture may, in connection with emergencies which threaten any segment of the agricultural production industry of this country, transfer from other appropriations of funds available to the agencies or corporations of the Department of Agriculture such sums as the Secretary may deem necessary, to be available only in such emergencies for the arrest and eradication of plant pests or contagious or infectious diseases of animals or poultry, and for expenses in accordance with the Act of February 28, 1947, as amended, and section 102 of the Act of September 21, 1944, as amended.

(b) The provisions of this section shall become effective October 1, 1981.

NORMAL SUPPLY

SEC. 1011. Notwithstanding any other provision of law, if the Secretary determines that the supply of wheat, corn, upland cotton, or rice for the marketing year for any of the 1982 through 1985 crops of such commodity is not likely to be excessive and that program measures to reduce or control the planted acreage of the crop are not necessary, such a decision shall constitute a determination that the total supply of the commodity does not exceed the normal supply and no determination to the contrary shall be made by him with respect to such commodity for such marketing year.

EMERGENCY FEED PROGRAM

SEC. 1012. The fifth sentence of section 407 of the Agricultural Act of 1949 is amended by striking out the word "shall" wherever it appears and inserting in lieu thereof the word "may".

AMENDMENT OFFERED BY MR. WEAVER

Mr. WEAVER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEAVER: Insert on page 77 after line 2, the following:

ESTABLISHMENT OF AN EXPORT GRAIN BANK

SEC. 1013. (a) That the purpose of this section is to create an Export Grain Bank under the Department of Agriculture. It shall be the function of the Export Grain Bank—

(1) to administer, in accordance with this Section, a system providing for two prices for American farm commodities, one for foreign sales and one for domestic sales; and

(2) to make certain regular payments to growers of agricultural commodities out of the additional revenues obtained from foreign sales under this Section.

(b)(1) No person who enters into a contract of sale for export agricultural commodity shall export such commodity unless—

(A) such contract is approved by the Secretary under subparagraph (3); and

(B) such person agrees to make the payments required under subsection (d).

(2) any person seeking approval of a contract under paragraph (1) shall provide the Secretary with a written statement setting forth—

(A) the financial terms of the contract;

(B) the quantity of each agricultural commodity sought to be exported;

(C) the identity of the buyer; and

(D) the destination of the commodities sought to be exported.

(3)(A) The Secretary shall approve, for purposes of this Section any contract for the exportation of an agricultural commodity unless the price to be paid under such contract with respect to such commodity is less than the minimum price established by the Secretary for such commodity under Subsection (c).

(B) In making the determination under subparagraph (A), the price to be paid for an agricultural commodity under a contract shall not include reasonable transportation, handling or related charges.

(c)(1) The Secretary may establish as soon as practicable and adjust at such times thereafter as the Secretary considers appropriate, with respect to each type of agricultural commodity, a minimum price below which the export sale of such commodity may not be made. Such minimum price shall be the price which the Secretary, based on a study of domestic and foreign commodities markets, determines—

(A) will achieve the greatest aggregate profits; and

(B) is reasonably obtainable in foreign markets.

(2) The study referred to in paragraph (1) shall be performed by the Secretary not later than 90 days after the date of the enactment of this Act.

(d)(1) Except as provided in paragraph (2), each person receiving approval of a contract of sale for export of an agricultural commodity under Subsection (b)(3) shall, with respect to such contract, pay into the Export Grain Bank established by Subsection (c), an amount equal to—

(A) the minimum price established for such commodity under subsection (c), reduced by

(B) the domestic market price of such commodity, including a reasonable margin of profit, as determined by the Secretary.

(2) The Secretary may, with respect to any person, modify the amount payable into the Export Grain Bank if the Secretary determines that the modification of such amount is necessary to prevent undue hardship to such person.

(e)(1) There is established in the Treasury of the United States an Export Grain Bank, to which there shall be deposited amounts paid under Subsection (d).

(2) To the extent provided in advance in appropriation Acts, amounts from such Bank—

(A) may be made available to the Secretary for payments to growers of agricultural commodities under subsection (f); and

(B) may be made available for any other program administered by the Secretary.

(F)(1) Amounts made available to the Secretary under subsection (e)(2)(A) shall be paid to each grower who, at such times and in such manner as the Secretary shall prescribe, certifies to the Secretary the aggregate amount of each agricultural commodity which such grower produced in a marketing year.

(2)(A) Except as provided in subparagraph (B), the amount payable to a grower under paragraph (1) with respect to an agricultural commodity produced in a marketing year shall be determined by multiplying—

(i) the amount of the appropriation to be distributed under paragraph (1) with respect to such commodity and such marketing year, by

(ii) a fraction, the numerator of which is the aggregate amount of such commodity certified by such grower under paragraph (1) for such marketing year and the denominator of which is the aggregate amount of such commodity certified by all growers under paragraph (1) for such marketing year.

(B) In determining the amount payable to a grower under subparagraph (A) for the first marketing year to which this Act applies, the Secretary shall adjust the fraction described in such paragraph to reflect amounts stored by growers in the producer storage program for wheat and feed grains which is administered by the Secretary under section 110 of the Agricultural Act of 1949 (7 U.S.C. 1445e).

(3) Any amount which may be payable to a grower in any year under this section shall be made at such regular intervals as the Secretary shall prescribe, except that such payments shall be made at least once every one hundred and twenty days.

(g) There is established an advisory committee for the purpose of advising the Secretary with regard to the responsibilities of the Secretary under this Act. The advisory committee shall be composed of seven members, who shall be appointed by the Secretary from the various sectors of the agricultural community, with at least four of such members to be appointed from among growers of agricultural commodities.

(h)(1) It shall be unlawful for any person to sell an agricultural commodity for export except as provided in subsection (b)(1).

(2) Any person found by the Secretary, after notice and opportunity for an agency hearing on the record in accordance with section 554 of title 5, United States Code, to have sold an agricultural commodity for export in violation of paragraph (1) shall be liable to the United States for a civil penalty. The amount of the civil penalty for each violation of paragraph (1) shall not exceed the revenues derived from the export sale of the agricultural commodity involved in such violation. The amount of such civil penalty shall be assessed by the Secretary by written notice. In determining the amount of such penalty, the Secretary shall take into account the nature, circumstances, extent, and gravity of the prohibited acts committed and, with respect to the violator, the degree of culpability, any history of prior offenses, ability to pay, and such other matters as justice may require.

(3) Any person against whom a civil penalty is assessed under paragraph (2) may obtain review thereof in the appropriate court of the United States by filing a notice of appeal in such court within thirty days after the date of such order and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record upon which such violation was found or such penalty imposed, as provided in section 2112 of title 28, United States Code. The findings and order of the Secretary shall be set aside by such court if they are not found to be supported by substantial evidence, as provided in section 706(2) of title 5, United States Code.

(4) If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order, or after the appropriate court has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General of the United States, who shall recover the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

(5) The Secretary may compromise, modify, or remit, with or without conditions, any civil penalty which is subject to imposition or which has been imposed under this section.

(j) For purposes of this section—

(1) the term "agricultural commodity" means wheat, corn, soybean, grain sorghum, soybean meal, barley, oats, and rice;

(2) the term "grower", when used with respect of an agricultural commodity, means any person actively engaged in raising such commodity; and

(3) the term "Secretary" means the Secretary of Agriculture.

(k)(1) Subject to paragraph (2), this section shall take effect October 1, 1981.

(2) This section shall not apply to any contract of sale for export which is entered into before October 1, 1981, except to the extent that such contract may be extended or otherwise modified after the date specified in paragraph (1).

(3) This section shall not apply to any contract of sale for export which is entered into after October 1, 1985, unless such contract is an extension or modification of a contract entered into on or before that date.

Mr. WEAVER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. WEAVER. Mr. Chairman, in terms of money, this amendment is by far the most important amendment to the farm bill. We can realize up to $20 billion a year more for our grain from the wealthiest countries in the world than we do now if we have a commonsense pricing practice.

Today we sell our grain to Japan, Japan with its great surplus of dollars in its balance of trade at below the cost of production to our farmers. We sell our grain, our corn, and wheat, and soybeans, to the Soviet Union, our adversary, at below the cost of production to our farmers. In other words, we are subsidizing the Soviet Union if we take just the cost of production, no profit.

If we take simply the cost of production of our corn and wheat and the price we are now selling to the Soviet Union and add that up, this subsidy to the Soviet Union enables them to finance their entire army of occupation in Afghanistan. It would enable them to build 1,600 more tanks or 100 more missiles.

Mr. Chairman, does this make any sense, that our farmers are going broke while we subsidize the Soviet Union, while we subsidize Japan?

Twenty-five percent of our grain sales are overseas, and remember, this is our largest single export commodity that we have in this country. Twenty-five percent of our export grain goes to the OPEC nations. Ten years ago, believe this or not, 10 years ago wheat and oil were the same price. Wheat was $2 a bushel, oil was $2 a barrel.

Today we all know the story. Oil is $32 or $40 a barrel, but wheat is $3.50 a bushel. And yet we sell 25 percent of our grain to the OPEC nations at a price that is below the cost of production, but we buy from them oil at extraordinarily high prices.

I have called my bill, my amendment, the barrel for bushel bill. We

are not trying to get the barrel for bushel any more, but simply the most reasonable and fair obtainable price we possibly can.

Why can we not get this price? We sell at the world market. So what is wrong with that? The explanation is a very simple one, but it is very little understood, and that is, when you have a commodity trading in a free market, sold by millions of producers, if you have a small surplus, a 2-percent surplus, say, the price does not just go down 2 percent. It drops in half. It drops precipitously down until you bankrupt enough producers to get them out so that the supply and demand are equal.

So meanwhile because we are so productive in this country our grain sells for half the cost at least of what it should sell for. So we subsidize OPEC. We subsidize the Soviet Union. We subsidize Japan; 90 percent of our grain is sold to the wealthiest nations of the world who can easily pay much more.

We, the United States, set the world price because we are the largest factor in grain and oil seeds in the world; 85 percent of the soybeans moving in world markets are ours; 70 percent of the corn; 50 percent of the wheat.

In terms of OPEC, in terms of oil countries, we are Saudi Arabia, Abu Dhabi, Kuwait, Algeria, Libya, Nigeria, Iran, and Iraq combined. That is where we are as a factor in the grain market compared to the oil countries.

Now, what do we do about it? Well, there are a number of things we can do. We can raise the loan price up to $5 or $6 a bushel.

The CHAIRMAN. The time of the gentleman from Oregon (Mr. WEAVER) has expired.

(By unanimous consent, Mr. WEAVER was allowed to proceed for 5 additional minutes.)

Mr. WEAVER. We can set the loan price up to $5 or $6, but this means enormous outlays by the Federal Government plus it raises the domestic price of our grain and food prices.

Why not, I have asked myself, and I ask this House, why not make these foreign countries pay a reasonable price for our grains instead of subsidizing them? Why that sounds like a good idea. How do we do it? It is a very simple way. Extraordinarily simple.

We simply permit the Secretary of Agriculture to set a minimum price for our grains and oil seeds in foreign markets. No American grain or oil seed may be exported except at a price above the price set by the Secretary.

Now, will it work? Will it work? The U.S. Department of Agriculture has just published an economic research brochure, changes in the international grain trade in the 1980's, by Robert Vane, No. 167, in which on page 23, he says, or the report says:

> That the management of a U.S. board will be far more omnipotent, and, therefore, its forecasting ability and marketing strategies would vitally affect grain trade and prices.

He goes on to say:

> Setting our prices is possible to specify a theoretically optimal set of prices that would maximize total revenue.

Remember, "maximize total revenue."

Now there is an emotional side to this, of course.

There is an emotional side to this. I have made many speeches on the floor about this. I have a letter here I just received from John Bugler, from Maryland and Mr. Bugler in an unsolicited letter said:

> I heard your remarks. Right on. I was dismayed and angry to discover that the United States is subsidizing the Russian military build up at the expense of our farmers. I hope you succeed in bringing about a rational pricing policy for our grain exports.

So the amendment I present to the House now is a simple one. It simply gives the Secretary of Agriculture the discretionary authority—it is discretionary—he may use it or not use it. So if we vote for this amendment we are not mandating anything. It gives the Secretary the discretionary authority to set minimum prices. He must do so in consultation with a farmer producer board, and so the farmers are going to have their say and the profits can be as much as $20 billion a year more, $20 billion a year more that will be returned to our farmers, not as a subsidy, not as subsidies—but as profits to our farmers, deserved and earned profits.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. WEAVER. I yield to the gentleman from Kansas.

Mr. GLICKMAN. As I understand it, the gentleman is giving Secretary Block the discretion to basically exercise authority to set up a grain bank and, as the gentleman said, he need not do that if he chooses not to do that.

Mr. WEAVER. Precisely.

Mr. GLICKMAN. And so, therefore, there is no mandatory requirement in this bill whatsoever?

Mr. WEAVER. Not a thing. He does not have to do one thing unless he feels justified in doing it.

Mr. GLICKMAN. If he finds that the current pricing situation is not good enough and sales are not made at productive levels and are being taken in the foreign markets, he can then set up a grain bank if he so chooses.

Mr. WEAVER. This is only so true. That is exactly correct. Let me tell my colleagues this. A fascinating phenomenon of commodity pricing—and that is when did the foreign countries scramble over themselves to buy our grain and oil seeds in this decade. Was it when the price was lowest, when you think they should have been buying? No. They sit back and yawn when the prices are low and we have these huge surpluses.

It was only in 1973 when our prices were highest and they were frantic and scared they were not going to get the commodities from us, at a reasonable price, that they came in and bought, and so the very passage of this amendment, in my estimation, would increase the price of our grains just without the Secretary doing a thing for this reason.

It would put the foreign buyers on edge. They would say the Secretary may raise the price, we better go ahead and buy. This is actually what happens in markets. If they go in and buy it, make the pricing up a little bit, someone else watches the price go up and they say it may go up higher and they go in and buy and you get a higher price.

The CHAIRMAN. The time of the gentleman from Oregon (Mr. WEAVER) has expired.

(By unanimous consent, Mr. WEAVER was allowed to proceed for 2 additional minutes.)

Mr. WEAVER. Now, I want to say one thing to those who share my concern about not costing the Treasury money and not creating a new bureaucracy. The last thing in the world I want to do, the last thing I want to do is interfere, have the Government interfere in the distribution systems of any bureaucracy.

This amendment will not require the addition of a single person in the Department of Agriculture. There will be no bureaucracy whatsoever. All the problems needed to administer this are already in the Department, they already exist, and the Treasury will not be out 1 cent.

As a matter of fact, the billions that will flow into the bank from the profits from higher prices from foreign grains will obviously more than pay for this program.

So, no bureaucracy, no Treasury funding, and no interference with the distribution system, none.

□ 1700

The farmers and the grain companies continue to buy, store, transport, and sell, completely free from any Government interference from this amendment whatsoever, except the price level.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. WEAVER. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, I thank the gentleman for yielding.

This is one Member who in the past has not supported the gentleman's amendments; however, year after year as I have been in this body and served on the Agriculture Committee, I have become more and more aware that

what the gentleman is saying is true, that we do, indeed, give our grain away abroad. We are the only country—the only country in the world that sells our grain abroad the way that we do.

Now, if you liked the 1973 grain robbery when the Soviet Union basically stole our wheat out from underneath us, then you are going to love what they are going to do next year.

The CHAIRMAN pro tempore (Mr. DERRICK). The time of the gentleman from Oregon (Mr. WEAVER) has expired.

(At the request of Mr. HARKIN and by unanimous consent, Mr. WEAVER was allowed to proceed for 3 additional minutes.)

Mr. WEAVER. I yield to the gentleman.

Mr. HARKIN. Now, if you liked the great grain robbery of 1973, the wheat robbery, you are going to love what is going to happen next year. We have given the Soviet Union permission to purchase up to 23 million metric tons of wheat and feed grains next year, at a time that our grains are at the lowest price that we have had in 3 or 4 years.

We are going to be witnessing again, starting this fall, another Soviet grain robbery of our grain that we grow in this country. They are going to buy it at bargain basement prices and we are going to sit here with the farmers not making anything and the Soviet Union stealing our grain.

Now, in the past the gentleman's amendment has been crafted differently than it is this year. For some of those reasons, I opposed his amendment in the past because I thought it would interfere with the free marketing of grain. I thought it would interfere with our boards.

I thought it would be too cumbersome a Government entity; but I believe the gentleman this year has got an amendment that we can all support and one which will give the authority and the flexibility to the Secretary of Agriculture to get the kind of price for our grain, not from the people here in this country, but from the people abroad that buy our grain and that money could be put into this bank and returned directly to the farmers on a production basis; so that means even if you are a cattle feeder, even if your farmer grows corn and feeds it to his livestock, he is going to benefit from this, because it is on a production basis, not on how much he sells.

So I congratulate the gentleman for his perseverance in this effort. As I said, I did not support the gentleman in the past for various and sundry reasons dealing with certain parts of the way the bill was crafted in the past; but this year it makes eminently good sense. This is an idea whose time has come and the time is now to make the Soviets pay what they ought to be paying for our grain.

Mr. WEAVER. Mr. Chairman, I want to thank the gentleman from Iowa. He is absolutely correct. Over the years we have perfected and perfected this amendment from criticism from the gentleman from Iowa and others until it is simple. It does what the gentleman says. Hearings have been held on it this year in the Agriculture Committee. Most witnesses have favored the amendment. It has been thoroughly aired.

Mr. HARKIN. Mr. Chairman, will the gentleman yield once more?

Mr. WEAVER. I yield to the gentleman.

Mr. HARKIN. Is it not true that under the amendment as the gentleman now has it crafted, that it will in no way interfere with the free and orderly marketing of grain within this country?

Mr. WEAVER. In not one iota, except the price at which it is sold. The farmer sells to whomever he wishes without any Government form or anything else. The grain companies can store it, ship it, transport it, without any interference. The Government is not involved in that. The Government does not do any of that.

The CHAIRMAN pro tempore (Mr. DERRICK.) The time of the gentleman from Oregon (Mr. WEAVER) has again expired.

Mr. HARKIN. Mr. Chairman, I ask unanimous consent that the gentleman from Oregon may proceed for 2 additional minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Iowa?

Mr. FRENZEL. Reserving the right to object, Mr. Chairman, we have had a long time to talk about the farm bill and those of us who are not on the committee have had almost no opportunity to participate.

Now, I am not going to object to the request for the extension of time, but I do hope we can rely on the good will and courtesy of members of the committee to let others participate. We will rely on the chairman not to be making motions to restrict debate until some of the other Members have a chance to participate who are not on the committee.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. HARKIN. Mr. Chairman, if the gentleman will yield further, I just have one additional point I want to make.

Last year when the grain embargo was put on in this country on the Soviet Union, we know, for example, that Argentina purchased a lot of corn in this country and turned around and sold it to the Soviet Union.

It is interesting to note that Argentina sold that corn at a pegged price, at a price that they negotiated with the Soviet Union; however, they did not use any kind of government entity to buy and ship that grain. They used the private trading companies. They used Cargill & Continental to buy the grain and ship it and handle it all the way to the Soviet Union; but they made a pegged price to the Soviet Union for that grain.

Mr. DASCHLE. Mr. Chairman, will the gentleman yield?

Mr. WEAVER. I yield to the gentleman from South Dakota.

Mr. DASCHLE. Mr. Chairman, I rise in support of the amendment, too, Mr. Chairman, and I commend the gentleman for offering the amendment.

I think it shows the one innovative way in which we as a committee have tried, or we as members of the committee, have tried to come up with a solution to the problem presented throughout the debate on this bill; that is, that we recognize that farmers and producers are not getting the kind of support they need for their products.

We recognize that in order to do this adequately, we would be busting the budget. We recognize that there is an impact on consumers and so in that recognition we are looking elsewhere for ways in which we can stabilize the market, for ways in which we can bring together the disparity that exists between farmers and what they receive and the price they get.

We should recognize here, Mr. Chairman, that many of us are not satisfied with the $4 loan rate or the $3.55 loan rate as currently called for in the bill. This would bring together the difference between that low loan rate and the ability that farmers should have to get a decent return on their investment.

The Department of Agriculture, and I reiterate this, has indicated that the cost of production for a bushel of wheat today is $5.32.

A farmer just recently indicated to me that he could not buy four loaves of bread for what he could get for a bushel of wheat these days.

So I think we have to recognize, number one, that it deals with a problem that we cannot address from a budgetary point of view.

Second, I think we have to recognize the difference that now exists in the international community.

Mr. CHAIRMAN. The time of the gentleman from Oregon (Mr. WEAVER) has again expired.

(At the request of Mr. DASCHLE and by unanimous consent, Mr. WEAVER was allowed to proceed for 3 additional minutes.)

Mr. WEAVER. I yield to the gentleman.

Mr. DASCHLE. We look to the international community, we find that those allies of ours in wheat production do not disagree with this. Australia, as the gentleman has already indicated, recognizes that the United States plays the most prominent role in establishing a market price for wheat. The Canadians have already established something very similar to the grain bank bill.

So in essence what we are doing is simply following suit with those wheat producers that have already begun to lead the way in international wheat marketing. If we look to those consumer countries, those countries as well have demonstrated an ability to raise the price very dramatically when the grain reaches their borders.

Japan, as I understand it, turns that wheat around now for more than $10 a bushel, and yet it is the United States that continues to subsidize Japan and so many other consuming countries.

So if we really are honest about not putting the bulk of the increase in food prices on the consumer, if we are interested in finding a way in which we can improve farm prices without busting the budget, then certainly this is the most innovative approach that we will have during the deliberations on this farm bill.

I certainly urge the Members of this House to support it.

Mr. WEAVER. I thank the gentleman from South Dakota.

Mr. WILLIAMS of Montana. Mr. Chairman, will the gentleman yield?

Mr. WEAVER. I yield to the gentleman from Montana.

Mr. WILLIAMS of Montana. Mr. Chairman, I commend the gentleman for his amendment.

I have been startled in the past decade to find that this Nation increasingly as a matter of foreign policy buys automobiles for more than they are worth from the same country that we sell grain to for less than it is worth.

We refer to that as "Yankee ingenuity" or to use the new term, "free enterprise."

I think the gentleman's amendment would begin us in the direction of correcting that inequity and righting that Yankee ingenuity and free enterprise so that the American farmer and the consumers of America get a fair break with our foreign competitors.

I thank the gentleman for offering the amendment.

Mr. WEAVER. Mr. Chairman, I want to thank the gentleman and say that all we are after here is the ability to test the market to see if we can get more for our grain.

Mr. ROBERTS of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. WEAVER. I yield to the gentleman from South Dakota.

Mr. ROBERTS of South Dakota. Mr. Chairman, I would like to commend the gentleman from Oregon for this amendment.

I am a producer. I am in agriculture. I have been all my life and I, too, am sick and tired, and we agriculture people here in America, of subsidizing Russia, Japan, and the various countries.

I do not know if this is the proper approach, but it is certainly a step in the right direction. I am going to support the gentleman's amendment. It is not going to cost the taxpayers anything, right?

□ 1710

Mr. WEAVER. I want to thank the gentleman.

It is discretionary with the Secretary. It is a tool he may use or not use.

Mr. ROSE. Mr. Chairman, will the gentleman yield?

Mr. WEAVER. I yield to the gentleman from North Carolina.

(On request of Mr. ROSE and by unanimous consent, Mr. WEAVER was allowed to proceed for 3 additional minutes.)

Mr. ROSE. Mr. Chairman, I will be very brief. I know the hour is late and there are others who wish to speak.

I, in the previous Congress, was chairman of the Livestock and Feed Grain Committee. I heard all the arguments pro and con about this particular proposition. But since that last Congress, we have made a very major change in this document and have said that this is not a mandated situation, but a voluntary situation that gives the Secretary of Agriculture the discretion to try to work out all the details. I commend the Members for that. I do not see how my colleagues could go any further.

I know this has worked in other countries, as we have discussed in many instances, and I urge my colleagues, this is something we should try, this is something we should give the Secretary the authority to implement, and I want to thank the gentleman as a person who understands the grain business probably better than anybody in this House for persevering with this idea. It has been on the gentleman's back since he got here, and this is the year we need to implement this. I thank the gentleman.

Mr. WEAVER. Mr. Chairman, I just want to say I get mad as hell when I see our grain going to the Soviet Union at less than it costs our farmers to grow it, and when Japan sits with $20 billion of our dollars made in selling Toyotas and Sonys, and so forth, to us, gets our grain at dollars below our cost of production.

All the agricultural subsidies that this Congress votes from the taxpayer to the farmer do not benefit the farmer. They are benefiting the Soviet Union, they are benefiting Japan. They are benefiting the OPEC nations. When are we going to stop? Let us give the Secretary the authority to stop it.

Mr. DORGAN of North Dakota. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, in 1979, real net farm income in this country was $20 billion. The estimate of real net farm income this year is $11 billion. That is $20 billion to $11 billion, and that spells the dilemma for the family farmer in this country. That kind of loss of real net farm income in a period when prices are rising dramatically spells the death knell for many, many family farmers who simply cannot survive in this kind of period.

The proposition we face is how we establish a price that is a better price for the American farmer for the produce they grow. As the USDA points out, it costs $5.20 a bushel to grow a bushel of wheat, and we sell it at a price that allows the Soviets or the OPEC nations or Japan or China to come in and purchase it at a price at which the farmer is able to realize $3.50 a bushel. That spells financial trouble for anybody engaged in that kind of business.

Now, I am not suggesting that we ought to have an OPEC for grain. I do not think the gentleman from Oregon (Mr. WEAVER) is suggesting that either. I think all the gentleman is saying is that we ought to start getting what we ought to get for our wheat. We ought to get a fair price internationally.

I read an editorial recently entitled "Tell Them Uncle Sucker Is Dead." It was talking about the fact that in this country we spend a tremendous amount of taxpayers' money to provide the defense umbrella over our allies. In that article they were talking about the fact that we spend about $550 per capita for defense, Canada spends $115 per capita, Japan spends $87 per capita. But Uncle Sucker can be described in another way, and that is the inclination we have in this country to raise wheat for $5.20 a bushel and sell it to the more prosperous nations of this world for $3.50 a bushel. It just does not add up. It does not make sense.

I think we have much greater pricing potential than we are exercising, and I would like to see the U.S. Department of Agriculture have the capability to impose some conditions and programs—such as the program that the gentleman from Oregon (Mr. WEAVER) is suggesting—to see if we cannot realize a better price in the export market for the products that the American farmer grows.

Some say, "Well, this is radical." It is a departure from what we have done in the past, certainly, but I remember a quote by someone who said, "That

which is right has always been called radical by those who have a vested interest in that which is wrong." This approach might be radical, given what we have done in the past, but it surely is not radical in terms of what we need to do to get a price out there for the family farmer.

We produce twice as much wheat in the international wheat pipeline as the Saudis produce oil in the oil pipeline. We effectively set the price of wheat internationally. We have much greater pricing potential than we are exercising.

I heartily support the amendment of the gentleman from Oregon. In fact, I have an amendment that will be offered later that goes another step. It asks the Secretary of Agriculture to conduct a study to develop specific proposals for legislation that would provide alternative marketing and alternative pricing programs to assure that the price paid by foreign purchasers would equal the cost of production.

All I am saying is pretty much what the gentleman from Oregon is saying: That we represent the Nation that grows the largest supply of wheat in the world. We have much greater pricing potential than we are exercising, and we ought to get about the business of exacting a fair price from the people we do business with.

There is a hunger problem in this world, and I understand that. We have a responsibility to address that hunger problem.

There are a billion-and-a-half people that get up hungry in the morning in this world. Thirty million children will die in this world from hunger between now and a year from now. We have a responsibility to deal with that.

But I am saying that when we grow the kind of production we grow and send it to some of the most prosperous nations in the world and sell it to them at a price that is $1.70 below the cost of production, we are no longer exhibiting the tendencies of the smart Yankee traders of the past that made this country a strong and great country.

I think we ought to get off the ways of the past that suggest that the family farmer ought to produce as hard as they can produce and then just be at the whim of the open market, even if that market provides them a price that is $1.70 below their cost of production.

The gentleman from Oregon (Mr. WEAVER) is saying that is not acceptable. And he is right. It is not. We do not have to spend billions of dollars to counter the Soviets militarily and then turn around and suggest that we want the American farmers to pay for a food stamp program for the Soviet Union, the OPEC countries, the Japanese, the Chinese and others. That is the wrong way to support family farming.

I appreciate the amendment that has been sponsored by the gentleman from Oregon and wholeheartedly urge Members to support it.

Mr. FRENZEL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to speak in opposition to the amendment.

Mr. Chairman, it is my understanding that when this amendment was presented in mandatory form, the administration testified against it. It seems to me that it is doubtful wisdom to present a volunteer program to an administration that does not want to use it.

It seems to me also that this is a program which makes America an international price-fixer, a one-man cartel, or a one-country OPEC.

It also would give to the administration the ability to embargo, under its terms, by merely setting a price that is too high for anyone to buy. For those of our agricultural producer representatives who like embargoes, I suggest that this is a perfect way to provide for one.

America, under this program, would be the last seller in every market. It would get the undesirable buyers. And if there was a world surplus, America would carry it because it would be the only exporter not to sell all its product.

The amendment presupposes that the world price is fixed against us. But I would like to know who sells at a higher price than the United States does. My understanding is that often we are undersold by our competitors. Raising our prices will only give our competitors a better price.

This amendment puts us in the position where we are asked to copy the systems of those who cut prices around the world. We are asked to replicate the unsuccessful system of world grain trading.

Mr. WEAVER. Would the gentleman yield?

Mr. FRENZEL. I shall not yield. I have watched people yield all day and have not had my brief hour in the Sun. I will claim it now.

We are the one country in the world that has stood for free markets and market prices. And under that philosophy our agriculture has prospered and our country has prospered.

We are being asked under this amendment to go into a system of federally fixed prices, and Federal controls of grain marketing, and Federal control of grain distribution.

This amendment is a dream of a free lunch. It presumes there is a tooth fairy or a great pumpkin out there which can line the pockets of grain producers with gold. That is rubbish. Either America will sell at market prices or someone else will. We will learn the lesson OPEC is just now learning.

The author tells us there will be no interference, no set prices, and that we would not have a Wheat Board like Canada has. I agree we would not, but, only if we defeat the amendment.

Mr. Chairman, this amendment is bad policy, it is bad philosophy, and it ought to be defeated. We have too much Government interference in agriculture already. We should get about the business of this House and move a rational affordable farm bill forward.

□ 1720

Mr. DE LA GARZA. The gentleman complained that the Chair had limited the time before, and I wanted to be sure that the gentleman had appropriate and ample time.

Mr. FRENZEL. I thank the gentleman for his courtesy, and advise him that it was easy to say in less than 5 minutes all the things that needed to be said here.

Mr. DE LA GARZA. I thank the gentleman.

Mr. HAGEDORN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I regretfully have to rise in opposition to this amendment. If this country really wants to become the granary of the world, adopt this kind of proposal and that is exactly what it will become. I cannot think of a single country that sells its wheat for a higher price than the United States. In Canada, they generally undercut us slightly and end up with our markets.

The suggestion that we are producing at maximum capacity and there is a limitation on the ability to produce commodities, the suggestion that in this country we have reached the maximum level of protection and therefore the total available supply that would be available throughout the world in years to come, is ludicrous. All we have to do is look in the records. In the last 14 years our corn crop doubled from nearly a 4-billion-bushel crop to this year, an 8-billion-bushel crop. We have seen hundreds of thousands of acres of land come into production in other countries, most notably Brazil, and certainly the total available world supply of food stocks has increased.

Therefore, this program simply will not work. All we are doing today is giving aid and encouragement to our competition to clear land and produce more because we are going to price ourselves out of the market and make it more profitable and lucrative for other countries and their farms to produce and compete with the available agricultural stocks we are producing in this country.

In other words, in the last few days we have heard a lot of criticism about the fact that our Government did not sell surplus dairy stocks to the Soviet Union at about half the price Ameri-

can consumers are paying in the Safeway and Giant and local food stores. In fact, there was an amendment adopted the other day which said that we ought to dispose of another 220 million pounds of butter, cheese, and dry milk for about two-thirds the acquisition cost of the American taxpayer. I wonder how in the world some of these speakers get up and say we ought to double the price of our grain, but we ought to sell our dairy stocks for two-thirds of what it cost the taxpayers to acquire it and sell it directly to the Soviet Union. If one of the speakers on the other side can get up and explain this kind of logic, I would like to yield a minute or two, and now we hear the rhetoric today about let us price our products and get whatever we want in the market.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. HAGEDORN. I will be happy to yield to the Chairman.

Mr. DE LA GARZA. Mr. Chairman, I do not want to respond or explain. I only want to inform the Members that it is our intention to rise after we conclude a vote on this amendment. I am informed by the leadership that we would come up again next Tuesday, after the Hazardous Materials Transportation Act, and I thank the gentleman for yielding.

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. HAGEDORN. I will be happy to yield to the gentleman from California.

Mr. LAGOMARSINO. Mr. Chairman, I rise in strong opposition to the amendment by the gentleman from Oregon.

I believe the gentleman's amendment has a certain appeal by setting forth the promise of a guaranteed minimum income for the American farmer; but, I think if you look carefully at what this amendment would actually do, you would agree that it is not the answer to providing security for our Nation's agricultural sector. The amendment only succeeds in getting the Government more involved in agricultural production rather than less. I believe the secret to our great success as a nation of agricultural exports has been because of the free market system and the incentives that has produced for expanded production to meet increased demand from overseas markets.

I believe the greatest arguments against this amendment are those reflecting the actual experience of Government intervention in agricultural exports: The soybean embargo in 1973 and the grain embargo in 1980. In both cases the markets for our farmers were disrupted and price uncertainty affected the decisionmaking for production.

Even more serious, those embargoes stimulated expansion of soybean and grain production in other countries which now compete with U.S. production. That directly affects the price and market structure for U.S. agricultural products. Providing a mechanism for permanent Government intervention in the market will only repeat the experiences of 1973 and 1980.

The Government's role in agricultural exports should be to facilitate international agreements to reduce trade restrictions and to promote overseas market development, to operate foreign trade centers and to support the Agricultural Attaché Service, among other activities, but, establishing a national grain board should not be among those other activities.

I urge my colleagues to vote for less Government interference in the free agriculture market by voting against this amendment.

Mr. GLICKMAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I just make the point that I thought this, too, was a kind of crazy cockamamie scheme for a long time, but I have come to the conclusion that the way the gentleman from Oregon has presented the amendment, it is a completely discretionary power given to the Secretary of Agriculture. It kind of reminds me a little bit that this same gentleman presented an amendment 4 years ago, the grain reserve program, which at that time was opposed by many people who thought it was undue interference in the marketplace and would create havoc in the whole issue of supply management. It proved most successful.

I do not know how this would work. I have the feeling that this Secretary of Agriculture probably will not implement the authority, and by the time we come up with a new 4-year farm bill we could end the authority if it were not used at all, but I look at this as kind of keeping perhaps those folks who do sell our grain overseas, our grain companies, honest and insuring the fact that they know that this kind of format could be set up by our Government if in fact we did not continue to have a reasonable sale of exported grain.

So, I look at this as a keep them honest approach. I would not support it if it were mandatory, however, but the amendment is not mandatory, it is discretionary. It is totally discretionary. None of the authority has to be implemented at all, and it reminds me very much of the grain reserve authority we gave to the last Secretary that he did choose to take advantage of.

Mr. WALKER. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I will be glad to yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Chairman, I thank the gentleman for yielding. The gentleman has previously stated his support for the amendment, and based on the fact it is discretionary. Most of the other speakers have done the same thing. If it is discretionary, it is not mandatory, and we already have an administration that says they are not going to use it.

What is the purpose for adopting the amendment other than the fact that it seems to me it makes the Secretary of Agriculture a political whipping boy? I can see that that is a great idea for adopting this amendment, but I cannot see any other purpose for it. Could the gentleman explain to me what in the world we would do to help the farmer by adopting this amendment?

Mr. GLICKMAN. I yield to the gentleman from Oregon.

Mr. WEAVER. Does the gentleman wish to continue to sell grain to the Soviet Union at below the cost of production? Is that what the gentleman is after?

Mr. WALKER. Will the gentleman yield further?

Mr. GLICKMAN. I yield.

Mr. WALKER. I thank the gentleman for yielding.

The gentleman is making the point that it is a discretionary amendment, and so therefore if it is discretionary, it is going to permit. Why does the gentleman not offer a mandatory amendment? That would take care of it. It is a discretionary amendment. There is nothing that is going to happen. His is offering an amendment that will not solve the problem he points out.

□ 1730

Mr. WEAVER. Mr. Chairman, will the gentleman yield further?

Mr. GLICKMAN. I yield to the gentleman from Oregon.

Mr. WEAVER. Mr. Chairman, may I point out right now that the foreign buyers we have, Japan, the Soviet Union, and the OPEC nations, know that we have this huge amount of surplus grain, and they are sitting back there yawning and waiting for it to set on the siding so they can scoop it up even cheaper.

Passing this amendment alone would make them nervous. They would be afraid the Secretary would set the price higher and start buying. So just the effect of making them afraid and waking up and understanding that we would finally get a decent price would have a salutary effect.

Mr. BINGHAM. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from New York.

Mr. BINGHAM. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I think we really ought to take a look at the amendment before we accept my colleague's statement that it is all discretionary.

If I can read English, the amendment is very clear. I know about export controls. I do not know much about wheat, but I know something about export controls.

The bill of the gentleman was referred to my subcommittee of the Committee on Foreign Affairs, and here is the language of this amendment:

> No person who enters into a contract of sale for export agricultural commodity shall export such commodity unless such contract is approved by the Secretary under subparagraph (3).

And over on page 4, it says:

> It shall be unlawful for any person to sell an agricultural commodity for export except as provided in subsection (b)(1).

If this does not set up a major bureaucracy to do all the things that are required under this amendment, I do not know what would. I urge the Members to read the amendment.

Mr. GLICKMAN. Mr. Chairman, I would like to ask the gentleman from Oregon (Mr. WEAVER) to explain his position on what the gentleman from New York (Mr. BINGHAM) just stated, and I yield to him for that purpose.

Mr. WEAVER. Mr. Chairman, on page 2 of the amendment, the key paragraph begins "The Secretary may establish as soon as practicable * * *." It says he may establish minimum prices.

The CHAIRMAN. The time of the gentleman from Kansas (Mr. GLICKMAN) has expired.

(On request of Mr. WEAVER, and by unanimous consent, Mr. GLICKMAN was allowed to proceed for 1 additional minute.)

Mr. WEAVER. Mr. Chairman, if the gentleman will yield further, this is what the amendment that is before us now says. Therefore, the Secretary "may establish," so it is entirely discretionary.

Second, when we go on to the other provisions on the licensing, it says that the Secretary shall approve for purposes of this section any contract for the exportation of an agricultural commodity unless the price to be paid under such contract with respect to such commodity is less than the minimum price.

So he must approve the licensing, and if he does not set a minimum price, the approval of the licensing is automatic. So, therefore, it is descretionary.

Mr. BINGHAM. But, Mr. Chairman, my friend, the gentleman from Oregon, would have to agree that what is on page 1 is not discretionary. It is a requirement in law that a person cannot enter into a contract for the sale of grain abroad unless he gets the approval of the Secretary of Agriculture.

Mr. WEAVER. That approval is mandated if they meet the minimum price.

Mr. BINGHAM. Why do we go through that if he is not going to set a minimum price?

Mr. WEAVER. Well, we hope he does.

Mr. GIBBONS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have just gotten a copy of this amendment, and I, frankly, have never had a chance to read it before. I want to ask the author of the amendment some questions.

I hear it said that this amendment is not going to cost anybody anything; is that right?

Mr. WEAVER. Not a cent.

Mr. GIBBONS. How do we establish a bank that does not cost anybody anything?

Mr. WEAVER. Mr. Chairman, if the gentleman will yield, we do that because the bank is not operable unless there are profits that go into it. It does not even exist unless the foreign governments give us more money for our grain than we are getting.

Mr. GIBBONS. That is not the way I read the amendment.

Mr. WEAVER. That is what it says.

Mr. GIBBONS. I am looking on page 2 of the amendment. We have just gone through with the gentleman from New York (Mr. BINGHAM) the language that nobody can sell grain unless the Secretary approves the contract.

Then it says over here that any person receiving approval of a contract of sale for export of agricultural commodities under so-and-so shall, with respect to such contract, pay into the export grain bank established by so-and-so above the minimum price established for such commodity under subsection (b) reduced by the domestic market price, including a reasonable margin of profit.

Mr. WEAVER. Yes, of course.

Mr. GIBBONS. If it is not going to cost anybody anything, where does all this money come from?

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I am glad to yield to the gentleman from Oregon.

Mr. WEAVER. On page 2 it says that the Secretary may establish minimum prices. It is entirely discretionary with him.

Mr. GIBBONS. The gentleman just said he wanted to establish a minimum price, and I assume that if his amendment is adopted, some Secretary somewhere along the line is going to establish a minimum price.

Where does the money come from, if this does not cost anybody anything?

Mr. WEAVER. The minimum price must be above the domestic price. Therefore, there will be profits of billions and billions of dollars from the Soviet Union, Japan, and the OPEC nations. The money will go to the farmers and the taxpayers through programs of the Department of Agriculture.

Mr. GIBBONS. Let us suppose that he establishes a minimum price and nobody buys. What does the person who has the "green" do with the grain?

Mr. WEAVER. The amendment mandates that the price be reasonably obtainable in foreign markets.

Mr. GIBBONS. Mr. Chairman, this looks like one of those things where you jump out without a parachute and invent one as you come down.

Mr. WEAVER. That is nonsense.

Mr. GIBBONS. I cannot explain it in any other way.

Mr. MYERS. Mr. Chairman, will the gentleman yield?

Mr. GIBBONS. I yield to the gentleman from Indiana.

Mr. MYERS. Mr. Chairman, I think the gentleman from Florida (Mr. GIBBONS) has put his finger right on the problem.

Could not the Secretary of Agriculture exercise every provision of the gentleman's amendment with the exception of setting the price?

Mr. WEAVER. Mr. Chairman, if the gentleman will yield, that is the only point of the amendment.

Mr. GIBBONS. Major contracts now must be approved by the Secretary, but in tradition and history every Secretary of Agriculture will tell us that once we set the price, we set a target for other competitors in the world who often can produce, maybe not any cheaper than we can, but they are willing to sell cheaper than we are.

What the gentleman is saying is that it would be ideal if we could legislate prosperity for farmers. If we could, we would have done it a long time ago. This just will not work.

Mr. GIBBONS. Mr. Chairman, what we have done here is that we have legislated prosperity for Canadian farmers, for Argentine farmers, and for everybody else, and somebody is going to hold a lot of grain in this country somehow. I know it is not going to cost anybody anything, but there may be some service charges on all of it somewhere, or there are going to be some warehouse charges.

Mr. MYERS. Mr. Chairman, if the gentleman will yield, every time we have had those big surpluses, it not only hinders foreign sales but it also depresses domestic sales for farmers. With big surplus sales, the processor knows he can get to it, and it hurts domestic prices for farmers. We have hurt them enough already.

Mr. DE LA GARZA. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. McHUGH, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 3603) to provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes, had come to no resolution thereon.

LEGISLATIVE PROGRAM

(Mr. MICHEL asked and was given permission to address the House for 1 minute.)

Mr. MICHEL. Mr. Speaker, I have asked for this time for the purpose of inquiring of the distinguished majority whip what the program is for the balance of the day and the week, and possibly he can give us the program for next week.

Mr. FOLEY. Mr. Speaker, will the distinguished Republican leader yield?

Mr. MICHEL. I am happy to yield to the majority whip.

Mr. FOLEY. Mr. Speaker, we have risen, as the Members know, from further consideration today of the farm bill.

It is our intention now to proceed to take up two rules tonight: The rule on H.R. 3377, authorizations for the nonperforming arts functions for the Kennedy Center; and the rule of H.R. 2330, the Nuclear Regulatory Commission authorizations.

Now, in doing so, we will not schedule any business for tomorrow. It will be my intention to ask unanimous consent that when the House adjourns tonight, it adjourn to meet at noon on Monday next.

Mr. MICHEL. Mr. Chairman, may I ask, is the gentleman prepared to expound upon the program for next week at this juncture, or would he prefer to wait until later?

□ 1740

Mr. FOLEY. I would say to the gentleman that on Monday we have the consent calendar and House Resolution 202, the sense of the House regarding the Federal aviation air traffic computer system modernization.

There is an intention to recognize Monday as Yorktown Day, and so we will not schedule any votes on that suspension on Monday. Any votes that occur will be postponed until Tuesday.

On Tuesday the House will meet at noon and consider the private calendar and any suspensions that may be made in order. We have no announcements at this time. Any recorded vote that occurred on the suspension debated on Monday would also be taken, as well as H.R. 3403, the Hazardous Materials Transportation Act amendments to complete consideration on that bill.

We would then turn to H.R. 3603, the farm bill, to conclusion of the farm bill.

For the balance of the week we have H.R. 3377, authorizations for the nonperforming arts functions for the Kennedy Center, complete consideration, as well as complete consideration of H.R. 2330, the Nuclear Regulatory Commission authorizations. These are the two rules we are taking up tonight.

Also the House will meet at 10 a.m. on Wednesday and consider:

H.R. 4503, Federal Water Pollution Control Act Amendments of 1981, subject to a rule being granted;

H.R. 4603, Deposit Insurance Flexibility Act, subject to a rule being granted;

H.R. 4437, Energy Conservation Daylight Saving Act, open rule, 1 hour; and

H.R. 3275, Civil Rights Commission authorization, open rule, 1 hour.

The House will adjourn at 3 p.m. on Friday and adjournments at other times will be announced daily.

That is the proposed schedule for next week.

Mr. MICHEL. If I might inquire or pose one question, on the authorization for the nonperforming arts functions of the Kennedy Center and the NRC, the general debate would take place on Monday?

Mr. FOLEY. Yes, the general debate on both those bills will take place on Monday, the rules having been adopted tonight.

The balance of the week, after consideration of the farm bill and the Hazardous Materials Act, the Transportation Act, we would take up those two matters for amendment.

The SPEAKER. The Chair would like to state that he was engaged in another conversation as this dialog was going on, but we have guaranteed the chairman of the Hazardous Materials Act to go first.

Mr. FOLEY. Mr. Speaker, I misspoke myself in the last colloquy. I announced that would be taken up first on Tuesday before the farm bill will be resumed.

ADJOURNMENT TO MONDAY, OCTOBER 19, 1981

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 12 noon on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 3377, AUTHORIZATIONS FOR NONPERFORMING ARTS FUNCTIONS FOR THE KENNEDY CENTER

Mr. DERRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 225 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 225

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3377) authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works and Transportation, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill or amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of H.R. 3377, it shall be in order to take from the Speaker's table the bill S. 1209, and to consider said bill in the House.

The SPEAKER. The gentleman from South Carolina (Mr. DERRICK) is recognized for 1 hour.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Tennessee (Mr. QUILLEN) pending which I yield myself such time as I may consume.

Mr. DERRICK. Mr. Speaker, House Resolution 225 provides for the consideration of H.R. 3377, authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes. The rule provides 1 hour of general debate to be equally divided between the chairman and the ranking minority member of the Committee on Public Works and Transportation. This is a straight open rule, allowing any germane amendment to be offered under the 5-minute rule and there are no waivers of points of order. The rule provides one motion to recommit.

After passage of the bill, it shall be in order to take from the speaker's table the bill S. 1209 and to consider S. 1209 in the House.

Mr. Speaker, H.R. 3377 authorizes to be appropriated to the Secretary of the Interior $4.5 million for the nonperforming arts functions of the Kennedy Center for the arts during fiscal year 1982. Under agreement of the Public Building Amendments of 1972, the maintenance and operation costs of the Center are allocated between the National Park Service and the Kennedy Center on a 76- to 24-percent basis.

Mr. Speaker, I urge the adoption of House Resolution 225 that we may proceed to the consideration of this legislation.

Mr. QUILLEN. Mr. Speaker, I yield myself as much time as I may use.

Mr. Speaker, this is an open rule. I know of no objection to the rule, although the bill itself may cause some controversy when it comes to the floor of the House. I do think it is time we took action.

Mr. Speaker, I have no further requests for time and yield back the balance of my time.

Mr. DERRICK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 2330, NUCLEAR REGULATORY COMMISSION AUTHORIZATIONS

Mr. DERRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 217 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 217

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2330) to authorize appropriations to the Nuclear Regulatory Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and section 305 of the Energy Reorganization Act of 1974, as amended, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, thirty minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interior and Insular Affairs and thirty minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on Energy and Commerce, the bill shall be read for amendment under the five-minute rule. In lieu of the amendments recommended by the Committees on Interior and Insular Affairs and Energy and Commerce now printed in the bill, it shall be in order to consider an amendment in the nature of a substitute consisting of the text of the bill H.R. 4255 as an original bill for the purpose of amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the amendment in the nature of a substitute made in order as original text by this resolution. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

□ 1750

The SPEAKER. The gentleman from South Carolina (Mr. DERRICK) is recognized for 1 hour.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Tennessee (Mr. QUILLEN) pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 217 provides for the consideration of H.R. 2330, to authorize appropriations to the Nuclear Regulatory Commission, and for other purposes. This is an open rule with 1 hour of general debate—30 minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interior and Insular Affairs; 30 minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on Energy and Commerce. In lieu of the amendments recommended by the two committees now printed in the bill, it shall be in order to consider an amendment in the nature of a substitute consisting of the text of the bill H.R. 4255 as an original bill for the purpose of amendment under the 5-minute rule. Upon conclusion of consideration of the bill, one motion to recommit with or without instructions will be in order.

Mr. Speaker, H.R. 2330 was reported by the Interior and Insular Affairs Committee and the Energy and Commerce Committee earlier this year with several significant differences. The Energy and Commerce Committee had approved several changes in the licensing process for nuclear powerplants that had not been previously adopted by the Interior Committee. After several weeks of working together, the committees agreed to a substitute text, H.R. 4255, which was introduced by the chairman and ranking minority members of both committees on July 23.

This substitute text includes a compromise agreement on all differences between the two committees. The compromise allows the issuance of interim operating licenses to nuclear power reactors prior to the completion of NRC hearings, but adds procedural protection for States, counties and other parties who have been denied a full hearing before the NRC issues a final operating license.

It authorizes the Commission to issue amendments to an operating license in advance of any required public hearings and after the State has been notified, if the amendment involves no "significant hazards considerations." These issues and the other provisions of the bill will be thoroughly discussed by the committees during general debate.

Mr. Speaker, the substitute text authorizes $486 million in fiscal year 1982 and $513 million in fiscal year 1983 for the activities of the NRC. These figures represent an approximate 3-percent reduction each year from the amount requested by the administration for the NRC.

Mr. SPEAKER, I know of no opposition to the rule and I urge my colleagues to adopt House Resolution 217 so that we may proceed to the consideration of this very important legislation.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the resolution itself has been ably explained and the bill is necessary for the operation of the regulatory Commission.

Mr. Speaker, I favor the rule. I think it should be adopted without further debate, and when the bill comes to the floor of the House I feel that there should be some reworking of the Commission but that will be fully debated on the floor.

Mr. Speaker, I urge the adoption of the resolution and yield back the balance of my time.

Mr. DERRICK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

THE SUGAR ISSUE

(Mr. AKAKA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. AKAKA. Mr. Speaker, in recent weeks, all of us have heard our colleagues speak to the sugar issue. We have heard opponents of the sugar provisions of the farm bill speak. And, we have heard proponents of the sugar provisions speak. The fact is that those who oppose the sugar provisions of the farm bill have been relying on popular myths and distortions of the facts to make their case. Not once have opponents of sugar acknowledged the important role that farmers of sugar beet and sugarcane play in our Nation's agricultural economy.

Today, I want to give you some facts.

Sugar beet and sugarcane grow on over 13,000 farms in 17 States across this Nation. The size of the average farm which grows beet or cane is 60 acres. These are not large conglomerates or multinational, multimillion dollar farms. These are the small farms of this Nation—and they are, in many areas, the economic mainstays of their communities. In my own State, Hawaii, the Bank of Hawaii estimates that the demise of the domestic sugar industry will result in an unemployment rate of up to 35 percent on some of our islands. Thirty-five percent of my State's small farmers—people I represent in Congress—will simply go bankrupt. Nationwide, there are over 100,000 Americans whose economic survival is directly tied to the domestic sugar industry. How many of these people will be forced out of business if we fail to protect our domestic sugar industry today?

Foreign sugar interests promote increased dependence upon imported sugar. Our domestic sugar industry, however, represents jobs and production—both of which directly benefit our economy right here in this country.

The absence of domestic sugar legislation has certainly taken its toll on our domestic sugar industry. In the 7 years since the expiration of the Sugar Act, 14 cane mills and 12 beet processing plants have shut down. They have closed their doors because of the growing volume of heavily subsidized foreign sugar that has been dumped in this country by foreign nations. Farmers whose livelihoods have depended upon these plants have been forced to turn to other crops because these farmers no longer had a means of marketing their beet or cane.

The facts are very simple: American farm products are a better deal for the American consumer and the American farmer than foreign products. The time for this Congress to support American farm products is long overdue. I urge my colleagues to support the loan provision for sugar in the 1981 farm bill.

JUST A LITTLE PEACE FROM THE TV NETS

(Mr. McEWEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. McEWEN. Mr. Speaker, when the President of the United States gives a televised address to the Nation, the network commentators invariably insist on providing us with an instant analysis of what the President said.

This is possibly frustrating to those Americans who feel they are quite capable of understanding Presidential addresses without help from the networks, well-intentioned though they may be.

Following President Reagan's most recent televised address, the commentators were at it again, and columnist Bob Brumfield discussed their activities for the Cincinnati Enquirer. While humorous in nature, Bob makes a good point, and this week, I would like to share his comments with you.

JUST A LITTLE PEACE FROM THE TV NETS

(By Bob Brumfield)

I wish the television networks would do me a big favor. I wish they'd give me credit for having enough intelligence to understand what the President of the United States just finished telling me on the tube.

The other night, President Reagan addressed the nation on his proposed new budget cuts. The speech was very straightforward and uncomplicated. Anyone with enough brains to tie his shoes could have comprehended everything the President said.

Yet, as soon as Mr. Reagan finished his speech, some young blow-dried twit came on and started telling me what he meant. Hell, I just heard the man! I know what he meant! He meant exactly what he said! He didn't speak in vague parables.

Okay, so I switched to another channel. And what did I get? I got some longhaired blond "White House Correspondent," fresh out of the affirmative action pool, telling me what Mr. Reagan really meant. This mature, experienced, seasoned newscaster, who must have been all of 30 years old, proceeded to talk down to me for as long as it took me to switch to a third channel. Fortunately, ABC's pundits, if they analyzed the Presidential address at all, were finished by this time, and one of the network's dreadful fall programs was in progress.

I sometimes wonder what the television network news reporters would have done with Lincoln's Gettysburg Address. I think it might have gone something like this:

"Well, Mr. Lincoln just finished what might go down as one of the shortest, most obscure speeches of his unspectacular public speaking career," one TV analyst says. "For the benefit of those of you who don't know what the President meant by 'fourscore and seven years ago,' he was referring to the alleged birth of America 87 years ago, in 1776.

"This is typical of Mr. Lincoln's arithmetic. Actually, the Continental Congress did not submit to the legislatures of the states the Articles of Confederation and Perpetual Union until 1777, and, although New Hampshire, Rhode Island, Massachusetts, New York, Connecticut, New Jersey, Pennsylvania, Delaware, Virginia, North Carolina, South Carolina and Georgia ratified them quickly, the document was not ratified by Maryland until 1781.

"And even then, the United States of America was not a sovereign nation, but only a confederation of states. It was 1787 before we had a real consitution 'adequate to the exigencies of the union' as Alexander Hamiltion put it. And it was 1790 before all 13 states had ratified it."

"Yes, I'm afraid that was typical of Mr. Lincoln's little speech, Leslie," a second network pundit adds. "For example, consider his statement that the brave men, living and dead, who struggled here have consecrated the Gettysburg battlefield far above our poor power to add or detract, and his allegation that the world will never forget what they did here. Most informed persons will recognize this as a cynical attempt to use emotion to divert public scrutiny away from his inept handling of the war."

"Exactly, John," the first reporter says. "And the peace coalition is going to make hay with those statements. Already, they are demanding that the Lincoln administration explain why General Meade allowed Lee's Army of Northern Virginia to slip away from the battlefield unpursued."

Thank God our forefathers didn't have these "experts" to explain things to them. Our history books might have looked like TV Guide.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. GILMAN) is recognized for 5 minutes.

● Mr. GILMAN. Mr. Speaker, because of my duties as a delegate to the United Nations General Assembly, I was not present to vote in the House on September 24, 1981, for rollcall No. 224, the vote on passsage of H.R. 3210, the Federal-Aid Highway Act of 1981. The bill passed 337 to 25, and had I been present, I would have voted "aye."

On Friday, October 2, I was also at the United Nations, and was unable to vote on one procedural vote, rollcall No. 234, on the approval of the Journal (which passed by a vote of 273 to 28); had I been present, I would have voted "yea." I would also have voted "yea" on House Resolution 235, providing for the consideration of the Food and Agriculture Act of 1981 (H.R. 3603); that resolution passed by a vote of 343 to 1.

My duties at the U.N. also prevented me from voting in the House on October 7, 1981, for three rollcall votes on the farm bill. On rollcall No. 253, the Bedell compromise dairy amendment, which passed 400 to 14, I would have voted "aye." On rollcall No. 254, the Jeffords substitute for the then-pending Frank amendment, which would have substantially increased the cost of the milk price support system, I would have voted "no." The Jeffords amendment was defeated 123 to 227. The Frank amendment, rollcall No. 255, which would have cut back too sharply on the dairy price support program, was also defeated, by a vote of 153 to 243. Had I been present, I would have voted "no."●

THE SEPTEMBER 1981 BUDGET FOR VETERANS MEDICAL PROGRAMS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. MOTTL) is recognized for 5 minutes.

● Mr. MOTTL. Mr. Speaker, this is the second time in recent days that I have made remarks on the budget forwarded to the Congress following the

President's address to the Nation on September 24, 1981. As I have stated before, David Stockman, the Director of the Office of Management and Budget, has done violence to every agreement he made on the fiscal year 1982 funding for veterans' programs, particularly the veterans' medical program.

This latest slash in the budget would further reduce the veterans' medical program by $396 million below the funding level agreed to in the Gramm-Latta substitute. I want to emphasize the words "agreed to" for an agreement was reached with the Director of the Office of Management and Budget. There was no stipulation in this agreement that the Congress would have to find "offsetting savings" to bring the total funding level back to the March 10, 1981, recommendations of the President.

Mr. Speaker, Mr. Stockman was specifically asked about the funding levels and personnel ceilings for veterans' programs contained in the Gramm-Latta substitute. He replied to the chairman of the Veterans' Affairs Committee as follows:

I want to assure you that we do not intend to support any amendment, on the House floor, to lower that or any other figure.

As you know, the Reagan bipartisan resolution was developed with the advice of Members of Congress who are strongly committed to the Veterans' program.

I again emphasize that this was a firm agreement and no mention was made to finding offsetting savings from accounts or programs in an appropriation bill. The record of our agreement is clear and well documented; however, David Stockman has now chosen not to honor this understanding. If the Congress accepts this breach in the ethical conduct of public affairs, then it can expect future agreements to be similarly and summarily set aside. I urge all Members to support the funding level for veterans' programs as it is reflected in the Gramm-Latta substitute to the first concurrent budget resolution and reject this latest budget recommendation.●

A TRIBUTE TO THE FIGHTING SPIRIT OF THE HUNGARIAN PEOPLE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. ZABLOCKI) is recognized for 5 minutes.

● Mr. ZABLOCKI. Mr. Speaker, it is fitting that we honor the memory of the heroic efforts of the Hungarian people, 25 years ago, to challenge the Soviet military forces of occupation in Hungary. The October 1956 uprising exacted a heavy price from the Hungarian people. Indeed we have amongst us now, many citizens whose immigration to the United States stemmed from that momentous event. Those who joined in that heroic effort can take great satisfaction today that some of the goals of that urpising have been realized through a gradual liberalization process which is the envy of many other Eastern European nations.

The deep longing for freedom and the fruits of liberty is very evident throughout Eastern Europe today. We can only hope that the Polish food riots of 1970, the Prague spring of 1968 and the East German riots of 1953 can someday soon also be viewed from the perspective of a more liberal and prosperous situation in each of those countries.

But today we honor the fighting spirit of the Hungarian people. They may have lost the battle for Budapest in October 1956 to the Soviet Army but they appear to be gradually winning the war for a greater degree of independence from Moscow and a more abundant life for the citizens of Hungary.●

WE'RE STRENGTHENING THE ENEMY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 15 minutes.

● Mr. GONZALEZ. Mr. Speaker, the United States is engaged in the biggest peacetime military buildup in all our history. We are doing this because the President has rightly concluded that the military power of the Soviet Union is a great and growing threat. But even while the administration talks of closing the "window of vulnerability," its policies are actually strengthening the hand of our adversary.

While we strain our economy and starve our poor to pay for bigger military outlays, the administration has just agreed to ship record amounts of wheat to none other than the hungry folks of the Soviet Union. And while we kill off research projects right and left, the administration insists on shipping the latest technology to the same Soviets. This surely is inconsistent. If they are to be feared, why help build their economy? If the Russian bear is to be surrounded by our iron fence, why feed him to give him the strength to tear that fence down?

George Will, with whom I often disagree, has examined this question in his column today. It is worth reading and thinking about. After all, as things are now going, we are arming ourselves against a would-be opponent that we are building up—with our own food and technology. Nothing could be less logical. I include the article at this point in the RECORD:

[From the Washington Post, Oct. 15, 1981]

TURNING THE TRADE WEAPON AGAINST OURSELVES

(By George F. Will)

One year ago Ronald Reagan was preparing for his debate with President Carter. Today the Reagan administration seems to be debating itself. The proposed sale of AWACS aircraft to Saudi Arabia has catalyzed criticism of the administration's conduct of foreign policy, and especially its internal rivalries. But the administration's purposes and reputation are even more threatened by its policy, or non-policy, concerning trade with the Soviet Union.

The AWACS affair illustrates creakiness in the administration's policy process and misjudgment about institutional relations. The policy regarding trade with the Soviet Union is more injurious because it suggests intellectual laxness and policy confusion.

Since 1917, communist agriculture has produced bad harvests because of 64 consecutive years of unusually wet or dry (or both) weather. Now the Soviet Union has had three especially bad harvests. In the 1970s, the huge Soviet grain purchases—"the great grain robbery"—followed just two especially bad harvests. Today the Soviet Union is desperate, and American economic interests, with the administration collaboration, are rushing to rescue it.

The Agriculture Department is just one agency whose behavior mocks the president's advocacy of prudent restraints on trade with the enemy. Many representatives of corporate America, with the aid of the Commerce and State Departments, are conscienceless advocates of selling computers, microcircuitry, sensors, engine and gas and oil technology.

At the Ottawa summit, the president expressed strong misgivings about construction of a Soviet Union-to-Western Europe gas pipeline, a potential instrument of economic dependency and political "Finlandization." But just days after the summit, the Commerce Department, almost certainly with the approval of senior White House aides, authorized the sale of pipe-laying equipment, ostensibly for other projects. (It will be fascinating to see how that "restriction" is enforced.)

The equipment is made in Peoria, and Illinois politicians are pressing for permission for more sales. But they probably are pushing on an open door.

And they are pushing for another transaction. As International Harvester, another Illinois corporation, suffers economic reverses, it is proposing to sell (for considerably more than $200 million) all its technical competence—what is called "process know-how"—to the Soviet Union. Last year International Harvester sold a total of 12,000 combines. The facilities it would help the Soviet Union build would produce 30,000 combines a year. The Commerce Department, which seems to think its mission is to ease the strains imposed on the Soviet economy by Soviet militarism, was recently set to approve the deal.

Fortunately, a few members of the administration are alert to dangers more grave than the danger that a corporation may miss a sale. They also know it is a common Soviet practice to use farm machinery plants to produce weapons. They have found incontrovertible evidence that the industrial complex that the International Harvester plant would join, far from being benign, produces weapons and weapons-related products.

Some zealots in the Commerce Department have responded by attempting to discredit the evidence. Now the Commerce Department has fallen back on the most familiar and boring bureaucratic ploy; it has suggested "restrictions" that will not really restrict. That is, it has suggested proscribing activities that are not proposed.

The administration is in danger of being dismissed as a blusterer. Speaking about the destabilization of Central America, Secretary of State Alexander Haig pledged to deal with the problem "at the source," meaning Cuba. But Castro may have nothing to fear but the price of hotel rooms in Paris, where he may be heading for a visit. For from being isolated, he may be prospering in the face of administration rhetoric, just as the Soviet Union is prospering from trade that is unimpeded by the administration's rhetorical anti-communism.

Many serious people who serve at the highest levels of government are frequently dismayed by the thinness of the information upon which unserious people are content to rest important government decision. But the problem with the president's foreign policy, especially regarding trade, is not the result of a lack of information. The problem is a lack of definition.

To govern is to choose, and, regarding trade, perhaps the president has not chosen, or has not made his choice known and effective. He must choose between abetting a dangerous and venal pursuit of profit, and his professed foreign policy values and goals. Surely the president should be troubled by the intellectual incoherence and political fecklessness of asking American taxpayers to provide more than $1 trillion for increased defense, while corporate America is making money by strenghthening the military capacity of the nation against which we need to be defended.●

ECONOMIC COMPARISON OF THE OLYMPIC COIN BILLS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, there are two proposals before the Congress that call for commemorative coins for the 1984 summer Olympics, to be held at Los Angeles. My bill, H.R. 3879, calls for 25 million silver dollars in a single design to be sold directly to the public by the mint. The other proposal, embodies in H.R. 3958 and S. 1230, calls for 56.4 million gold, silver, and cupro-nickel coins in 29 designs. The coins would be struck at the mint but turned over to the Los Angeles Olympic Organizing Committee, who would have the coins marketed by Lazard Freres and Occidental Petroleum.

I have analyzed both bills to see which one is more cost effective. In doing my analysis of the Lazard-Occidental bill I used figures and assumption supplied by supporters of that bill, even though I think that some of those figures and assumptions are incorrect and overly favorable to that bill. While checking those figures, I believe that the proponents made a $4 million error against mint revenues so I have even raised their projection of revenues by that amount.

Nevertheless, the comparison shows just how superior my bill is for the Olympic athletes, the American taxpayer and the purchaser of these coins.

Here are the figures for the Lazard-Occidental bill:

[In millions of dollars]

Gross sales	1538
Less: Retail markup	256
Gross receipts	1282
Less expenses:	
Gold [1]	315
Silver [2]	173
Packaging, insurance, distribution	102
Hedging	64
Minting	69
Mint seigniorage	32
Mint surcharge	7
Total gross receipts	762
Gross margin	520
Lazard-Occidental share:	
Expenses:	
Marketing	128
Overhead	51
Financing	38
Profit	94
Total	312
Gross margin	208
Payment to Los Angeles Olympic Organizing Committee	104
Gross to U.S. Olympic Committee	104
Less: National Olympic Committee Royalties [3]	7
Net to U.S. Olympic Committee	97

[1] .677 million ounces at $465 per ounce.
[2] 173.2 million ounces at $10 per ounce.
[3] Based on 3 percent of face value royalty, assuming 43 percent of sales overseas. The overseas share is based on the experience of the 1976 Canadian Olympic coin program.

NOTE.—Subcategories do not necessarily add to totals due to rounding.

Here are the figures for my bill:

[In millions of dollars]

Gross sales	625
Less expenses:	
Silver [1]	193
Minting, marketing, shipping, and all other	182
Total	375
Gross receipts	250
U.S. Treasury share [2]	125
Gross to U.S. Olympic Committee	125
Less: USOC expenses	0
Net to U.S. Olympic Committee	125

[1] 193.4 million ounces at $10 per ounce.
[2] To be used solely to reduce the national debt.

As one can easily see my bill raises $28 million more for the Olympic athletes than the Lazard-Occidental bill, at less cost to the public. Further, my bill requires that the money be used solely to train Olympic athletes. The other bill has no restrictions on the use of the funds by the USOC.

My bill would cost purchasers $913 million less. Even considering only domestic sales, my bill would cost the American collector or sports fan $252 million less, having sales of $625 million rather than $877 million in the United States.

Furthermore, since my bill would likely sell all its coins in the United States, the USOC would not have to make royalty payments to other National Olympic Committees. Those royalties required under International Olympic Committee rules run 3 percent of the face value of coins sold in other countries. Under the Lazard-Occidental bill, the royalties would likely be $7 million. I see no reason why the sale of our coins should benefit our competitors at the games.

My bill provides greater profit to the National Treasury. My bill could raise $125 million, while the Lazard-Occidental bill only raises $39 million, $32 million from seigniorage and $7 million from a manufacturing surcharge.

My bill in a more efficient fundraiser. Twenty percent of gross sales go to train Olympic athletes and another 20 percent goes to reduce the national debt. Under the Lazard-Occidental bill the USOC nets only 6 percent of the gross sales and the Treasury Department 3 percent. Even if one includes the 7 percent of the gross sales that will go to the LAOOC, the Lazard-Occidental bill only provides 16 percent of the gross sales to the intended beneficiaries. My bill is 2½ times as effective, providing 40 percent of the gross for the athletes and the Treasury.

Mr. Speaker, I think that this analysis, using figures supplied by the proponents of the Lazard-Occidental bill, shows the economic shortcomings of that bill compared to my bill.●

JUDICIAL SURVIVORS' ANNUITIES

● Mr. KASTENMEIER. Mr. Speaker, for the past several months I have been working with my colleagues (in particular, Congresswoman FERRARO, chairwoman of the House Post Office and Civil Service Subcommittee on Human Resources; Congressman TOM RAILSBACK, ranking minority member of my subcommittee—the House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice; and Congressman HAROLD SAWYER, the second ranking minority member of my subcommittee on the need to cure present problems in the survivors' annuity benefit plan for the

spouses and children of deceased Federal judges and Justices.

From a legislative perspective, I feel that we have identified an issue area deserving of congressional attention. Therefore, today we join in introducing legislation to resolve existing inequities in the pension plans of Federal judges. We ask for the bipartisan support of our colleagues in this effort.

Let me fill you in on how we arrived at this point in time. In the early days of the 97th Congress, Representative FERRARO and myself became concerned about a possible breakdown in the judicial survivors' annuities system. Although we approached the issue from different perspectives, me from my position on the Judiciary Committee as chairman of the subcommittee with oversight of the Federal judicial branch and Mrs. FERRARO as chairman of one of the most important subcommittees on the Post Office and Civil Services Committee, our conclusions were the same. On February 24, 1981, in a jointly signed letter to Chief Justice Warren E. Burger, we stated:

Recent events which concern the quality and stability of the Federal Judiciary prompt us to voice our concern over the compensation provided for Federal judges. On February 4th, 1981, Judge William Hughes Mulligan of the Second Circuit Court of Appeals announced his resignation from the bench. The esteemed jurist, who has served with distinction for ten years, cited woefully inadequate survivors' benefits as the cause of his action. In the Judge's own words concerning compensation, "You can live on it, but you can't die on it." Indeed in Judge Mulligan's case, if he were to die after serving for ten years, his surviving spouse would only be eligible for an annuity equal to 12% of her husband's salary.

The pinnacle of serving on the Federal bench is reserved for individuals who have demonstrated responsibility, dedication and ability throughout their legal careers. Because of these admirable qualities, many of our Federal jurists are faced with the same dilemma which has regretably forced Judge Mulligan to resign from his post.

In its report issued in December, 1980, the Commission on Executive, Legislative and Judicial Salaries discussed the unique compensation problems facing the federal judiciary, with particular emphasis on the "inadequacy of benefits to both widows and children". Shortly before your recent speech concerning crime and the swift administration of justice, you stated that compensation has become the Federal judiciary's most pressing problem".

We are interested in correcting this situation especially as it relates to survivor's benefits, before irreparable damage occurs. As we are sure you know, it may become very difficult to attract qualified individuals to the bench. Regardless of the judiciary's inherent resiliency, the institution suffers severe damage whenever individuals of high caliber cannot accept judicial appointments, or are forced to leave for the greater compensation and security available in private practice.

We are requesting that you direct the Judicial Conference of the United States to address this issue as a top priority and, if appropriate, to propose legislative redress for this situation. We are prepared to introduce legislation necessary to correct the problem.

Shortly thereafter, by letter of March 23, 1981, Chief Justice Burger responded by stating in pertinent part:

Your offer to sponsor remedial legislation to reform the statute now governing survivor's annuities for spouses and children of federal judges is especially appreciated. Judge William H. Mulligan's resignation is a severe loss to the bench, and I know that other judges are not immediately resigning only because they are relying upon the Congress to take corrective action. I believe the Judicial Conference will soon be able to present specific recommendations for reforming the existing Judicial Survivors' Annuities law (28 U.S.C. § 376).

In January of 1980 the Conference created a Committe on the Judicial Branch to consider a broad spectrum of problems faced by federal judges which were not within the jurisdiction of the Conference's then existing standing committees. One area of the new committee's jurisdication was that of developing recommended reforms in "the nature of federal judicial service." From early 1980 until last month that committee focused much of its attention upon the specific problem of inadequate salaries. The committee accorded that problem the highest priority due to the need to be fully responsive to the Quadrennial Commission on Executive, Legislative and Judicial Salaries which commenced its work formally on October 1, 1980. Simultaneously, however, the committee also commenced, as its second most important project, a study of needed revisions in the Judicial Survivor's Annuities law.

Under the supervision of the committee's chairman, Judge Irving R. Kaufman, a prominent private pensions expert, Mr. Martin E. Segal, worked with personnel in the Administrative Office of the United States Court to identify needed modifications in the existing program and to estimate the cost to the government of such modifications to the extent that estimations are actuarially possible. The committee initially concluded that it should be able to advise Congress fully of all cost implications of any requested amendments to the law. Mr. Segal's work is largely completed. The members of the committee are now evaluating possible modifications in the Judicial Survivors' Annuities Program and will soon decide which ones are most needed. A draft bill will then be drawn for Congressional consideration. The Judicial Conference has approved the submission of legislation correcting these inequities.

As accurately described by the Chief Justice, the Judicial Conference's Committee on the Judicial Branch had indeed commenced a study of the needed revisions in the judicial survivors' annuities law. The committee—composed of Judge Irving R. Kaufman, Judge Arlin M. Adams, Judge Robert A. Ainsworth, Judge Abner Mikva, Judge James Harvey, Judge Oren Harris, Judge Irving Hill, Judge J. Clifford Wallace, William H. Mulligan, Esq., and Leonard Garment, Esq.—working with actuarial analyses prepared by the Martin E. Segal Co. of New York City, studied the spectrum of problems and began debate on the ultimate issues.

On June 11, 1981, the committee received congressional encouragement from two respected Members of Congress, Representative HAROLD S. SAWYER and Senator DANIEL P. MOYNIHAN, who introduced legislation to improve the annuity system. In his statement, which I would like to associate myself with, Congressman SAWYER aptly observed:

For several years, members of the Federal judiciary have expressed grave concern over the weakness of the annuity plan. On numerous occasions, qualified members of the private bar have turned down appointment to the Federal courts. Even more alarming, several current members of the Federal bench have threatened to resign—and one prominent judge has in fact done so—over the issue of inadequate salaries and benefits. The serious consequences of this problem cannot be overstated: A failure to attract the best, most competent men and women to the judiciary will not only result in a lower quality of judges, it will result in a lower quality of justice. See CONGRESSIONAL RECORD E3570-71 (daily ed. July 17, 1981).

On July 13-14, 1981, the Committee on the Judicial Branch made a series of decisions as to the most important political question: How would the cost of improvements be financed? The bill that we are introducing today incorporates the committee's recommendations.

On July 31, 1981, the Judicial Conference's Executive Committee, authorized to act on behalf of the Conference when the Conference is not in session, unanimously approved the draft bill and asked that it be forwarded to Congress. Because commencement of the August recess was imminent, there was little time to introduce the bill. Further, because of necessary drafting refinements, it was necessary to send the bill to the House Legislative Counsel's Office. Finally, since the full Judicial Conference was scheduled to convene in late September, it was perceived useful to allow the Conference time to take a position on the legislation. Parenthetically, on September 24, 1981, the Judicial Conference reaffirmed its executive committee's action and approved the draft legislation.

With this background in mind, I briefly would like to explain the proposed legislation. In 1956 the Congress first set forth a scheme that would create a fund which would provide benefits to survivors of deceased judges and justices. When this initial scheme proved to be actuarially unsound, in 1976 Congress acted again to reform the annuity system. The Judicial Survivors' Annuities Reform Act of 1976 (Public Law 94-544) actually had a three-pronged purpose: first, to place the "program in an actuarially sound fiscal condition for the first time since its creation"; second, to provide "more liberal eligibility standards and reasonable increases in existing annuity amounts, made necessary by

increases in the cost of living since each existing annuity was commenced"; and third, to establish "a method for providing future periodic increases in annuity amounts without endangering the fiscal integrity of the entire program." See S. Rept. 94-799, 94th Cong., 2d sess. (1976).

Since enactment of the 1976 legislation, it is fair to state that Congress succeeded in achieving its first two purposes; however, realization of the third purpose has not been achieved. Essentially this is because Congress has not acted to fulfill one of the basic presumptions of the act; that is, to adjust judicial salaries annually.

One year before enactment of the 1976 Reform Act, Congress passed legislation authorizing annual "comparability adjustments" in Federal judicial salaries, to be determined by the same formula then used to annually increase rates of pay for Federal employees under the general schedule. When structuring provisions in the 1976 Reform Act, it was perceived that the regular annual impact of those salary increases would insure "future periodic increases in annuity amounts." See 1976 Senate Report at 46 and 55-56. The basic presumption was that, as judicial salaries were adjusted annually, survivors' annuities would also be annually increased—see 28 U.S.C. 376(m). Commencing, however, almost immediately after enactment of the act, Congress acted to prohibit payment of annual comparability increases. Consequently annuity amounts began shrinking almost as soon as the 1976 Reform Act became effective.

In addition, judges and those concerned with attracting qualified individuals to the Federal bench have long been worried about the prolonged period of years of service needed to achieve annuity amounts which would be realistic in relation to an inflationary economy. Consequently, concerned individuals have recommended both a statutory authorization for a minimum floor annuity and an accelerated increase in amounts from one year to the next. Finally, concerns consistently have been expressed about the statutorily established frozen amounts of surviving children's annuities under subsection (h) of 28 U.S.C. 376.

The legislation that I am introducing today responds to all of these concerns. In brief, the proposed legislation accomplishes this by changing the annuity's compensation formula and, at the same time, by requiring both the judges and the Government to make higher contributions. As drafted, the bill requires Federal judges to contribute 5 percent of their salary to the program. Although this may vary annually, according to an actuarial study, the Government will make a joint contribution of 8.16 percent annually.

Indisputably, this ratio will lead to an increase budgetary outlay by the Government. However, the benefits are great. If not remedied, defects in the annuities system will make it very difficult to attract qualified individuals to the bench. The Reagan administration has already learned the reality of this proposition. In addition, regardless of its inherent strength, the Federal judiciary suffers severe damage when individuals are forced to leave the bench for greater compensation and security elsewhere. This has occurred recently, and we should act to prevent it from happening again.

Mr. Speaker, in conclusion, I urge my colleagues to support me in this important endeavor and to assist in passage of this legislation.

A copy of the prepared legislation follows:

H.R. 4763

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Judicial Survivors' Annuities Amendments".

SEC. 2. Section 376 of title 28, United States Code, is amended as follows:

(1) Subsections (b) and (d) are each amended by striking out "4.5 percent" each place it appears and inserting in lieu thereof "5 percent".

(2) Subsection (c) is amended to read as follows:

"(c)(1) There shall also be deposited to the credit of the Judicial Survivors' Annuities Fund, in accordance with such procedures as the Comptroller General of the United States may prescribe, amounts required to reduce to zero the unfunded liability of the Judicial Survivors' Annuities Fund. Such deposits shall be taken from the fund used to pay the compensation of the judicial official, and shall immediately become an integrated part of the Judicial Survivors' Annuities Fund for any use required under this section.

"(2) For purposes of paragraph (1), the term 'unfunded liability' means the estimated excess, determined by the Comptroller General on an annual basis, of the present value of all benefits payable from the Judicial Survivors' Annuities Fund, over the sum of—

"(A) the present value of deductions to be withheld from the future basic pay of judicial officials; plus

"(B) the balance in the Fund as of the date the unfunded liability is determined.

In making any determination under this paragraph, the Comptroller General shall use the applicable information contained in the reports filed pursuant to section 121 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 68a) with respect to the judicial survivors' annuities plan established by this section.".

(3) Subsection (h) is amended;

(A) in paragraph (1)(B), by striking out clauses (i) and (ii) and inserting in lieu thereof the following:

"(i) 10 percent of the average annual salary determined under subsection (l)(1) of this section; or

"(ii) 20 percent of such average annual salary, divided by the number of children;";

(B) in paragraph (1)(C) by striking out clauses (ii) and (iii) and inserting in lieu thereof the following:

"(ii) 20 percent of the average annual salary determined under subsection (l)(1) of this section; or

"(iii) 40 percent of such average annual salary amount, divided by the number of children; "; and

(C) in paragraph (2) by inserting immediately after "remarriage" the following: "before attaining age sixty".

(4) Subsection (1) is amended—

(A) by striking out "1¼ percent" and inserting in lieu thereof "1.5 percent";

(B) in paragraph (2) by striking out the colon after "subsection" and inserting in lieu thereof a semicolon; and

(C) by striking out the proviso and inserting in lieu thereof the following:

"except that such annuity shall not exceed an amount equal to 55 percent of such average annual salary, nor be less than an amount equal to 30 percent of such average annual salary. Any annuity determined in accordance with the provisions of this subsection shall be reduced to the extent required by subsection (d) of this section.".

(5) Subsection (a) is amended—

(A) in paragraph (1)(C) by inserting "or Deputy Director" immediately after "Director"; and

(B) in paragraph (2)(C) by inserting "or Deputy Director" immediately after "Director".

SEC. 3. The benefits conferred by section 376 of title 28, United States Code, by reason of the amendments made by this Act shall apply only to individuals who become eligible for annuities under such section on or after the effective date of this Act, except that—

(1) such annuities shall be computed in accordance with the provisions of section 376 of title 28, United States Code, as amended by this Act, notwithstanding contributions or deposits made in accordance with applicable law at lower rates; and

(2) no additional liability shall be created with respect to deposits made in accordance with applicable law before the effective date of this Act, or after such effective date pursuant to an agreement entered into before such effective date.

SEC. 4. Within 180 days after the effective date of this Act, any judicial official who, before such effective date, made an election under section 376 of title 28, United States Code, to come within the purview of that section, shall be entitled to revoke that election. Such revocation shall constitute a complete withdrawal from the judicial survivors' annuities program provided for in such section 376. No such revocation shall be effective unless it is submitted in writing to the Director of the Administrative Office of the United States Courts, and until such writing is received by the Director. Upon receipt by the Director of such writing, any rights to survivorship benefits for the survivors of such judicial official shall terminate, and all amounts credited to the individual account of such judicial official under section 376(a), together with interest at three percent per annum, compounded on December 31 of each year to such date of revocation, shall be returned to that judicial official in a lump-sum payment.

(b) Any judicial official who makes a revocation under subsection (a) and who thereafter becomes eligible to make an election under section 376(b) of title 28, United States Code, may make such election only if such judicial official redeposits, to the credit of the Judicial Survivors' Annuities Fund, the full amount of the lump-sum pay-

ment made to such judicial official under subsection (a), together with interest at 3 percent per annum, compounded on December 31 of each year from the date of such revocation until the date upon which that amount is so redeposited.

(c) Any judicial official who fails to revoke an election in accordance with subsection (a) shall be deemed to have irrevocably waived the right to make that revocation.

SEC. 5. This Act shall take effect on the first day of the third month following the month in which it is enacted, or on October 1, 1982, whichever occurs later.●

INTRODUCTION OF A BILL TO IMPROVE JUDICIAL SURVIVORS' ANNUITIES

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. FERRARO) is recognized for 15 minutes.

● Ms. FERRARO. Mr. Speaker, I rise in strong support for and, as an original cosponsor of this legislation, to improve the annuities for the survivors of Federal justices and judges. I have worked very closely with the gentleman from Wisconsin during the development of this legislation, and I comment him for his efforts to correct the most pressing problem facing the Federal judiciary today.

The pinnacle of serving on the Federal bench is reserved for individuals who have demonstrated responsibility, dedication, and ability throughout their legal careers. Individuals of this caliber could receive far greater compensation in the private practice of law than by sitting on the Federal bench. Yet, our Federal judges forgo the monetary benefits commanded in private practice in the cause of public service.

How much can we ask these individuals to sacrifice in the service of the public? Can we continue to ask them to sacrifice not only their immediate compensation, but also the financial security of their dependent spouses and children after their deaths? I think not.

While career-oriented professions provide benefits based on a lifetime of service, an individual's career on the Federal bench may only span a decade. The legislation being introduced today reflects this unique situation by improving the current survivors' benefits plan.

If we are to survive as a nation of laws, we must have the best qualified candidates serving on the Federal bench. This legislation will help attract and retain these highly qualified individuals, and it deserves the support of all my colleagues in this Chamber.

I would like to include in the RECORD a copy of a letter I received from the Chief Justice on this matter. I hope my colleagues will take special note of his belief that many of our highly qualified Federal jurists are relying upon Congress to take the corrective action proposed in this bill. The letter follows:

SUPREME COURT
OF THE UNITED STATES,
Washington, D.C., March 23, 1981.

Hon. GERALDINE A. FERRARO,
Chairwoman, Subcommittee on Human Resources, Committee on Post Office and Civil Service, House of Representatives, Washington, D.C.

DEAR MRS. FERRARO: Thank you for your letter of February 24, in which Representative Kastenmeier joined you in expressing concern for the compensation problems now facing federal judges. I welcome your interest in this subject and your recognition of its present status as a most pressing problem which will have long-term impact on the Judiciary.

Your offer to sponsor remedial legislation to reform the statute now governing survivor's annuities for spouses and children of federal judges is especially appreciated. Judge William H. Mulligan's resignation is a severe loss to the bench, and I know that other judges are not immediately resigning only because they are relying upon the Congress to take corrective action. I believe the Judicial Conference will soon be able to present specific recommendations for reforming the existing Judicial Survivors' Annuities law (28 U.S.C. § 376).

In January of 1980 the Conference created a Committee on the Judicial Branch to consider a broad spectrum of problems faced by federal judges which were not within the jurisdiction of the Conference's then existing standing committees. One area of the new committee's jurisdiction was that of developing recommended reforms in "the nature of federal judicial service." From early 1980 until last month that committee focused much of its attention upon the specific problem of inadequate salaries. The committee accorded that problem the highest priority due to the need to be fully responsive to the Quadrennial Commission on Executive, Legislative and Judicial Salaries which commenced its work formally on October 1, 1980. Simultaneously, however, the committee also commenced, as its second most important project, a study of needed revisions in the Judicial Survivor's Annuities law.

Under the supervision of the committee's chairman, Judge Irving R. Kaufman, a prominent private pensions expert, Mr. Martin E. Segal, worked with personnel in the Administrative Office of the United States Courts to identify needed modifications in the existing program and to estimate the cost to the government of such modifications to the extent that estimations are actuarially possible. The committee initially concluded that it should be able to advise Congress fully of all cost implications of any requested amendments to the law. Mr. Segal's work is largely completed. The members of the committee are now evaluating possible modifications in the Judicial Survivors' Annuities Program and will soon decide which ones are most needed. A draft bill will then be drawn for Congressional consideration. The Judicial Conference has approved the submission of legislation correcting these inequities.

Your personal interest in this problem, and the interest shown by Representative Kastenmeier, is just the "encouraging word" judges have been awaiting. I advised the members of the Judicial Conference of your letter last week in our regular semiannual meeting.

We are very grateful to you personally, and on behalf of the Conference, I thank you for your offer to help deal with these problems.

Cordially,

WARREN E. BURGER.●

RESTRICTING THE ROLE OF GOVERNMENT IN INFORMATION SERVICES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oklahoma (Mr. ENGLISH) is recognized for 5 minutes.

● Mr. ENGLISH. Mr. Speaker, today I introduce legislation which should help Federal agencies to do the business of Government, while keeping them from going into business for themselves. As chairman of the Government Information and Individual Rights Subcommittee, I have become acutely aware in the last few months of the need for this legislation. In a growing and vital part of our economy—the so-called information industries of telecommunications and data processing—some Government agencies seem to be usurping the role of private enterprise.

In the United States we believe that where private enterprise can do the job, it should do the job. We believe that the Government has only a secondary role in providing services to its citizens. We even rely on the private sector to deliver the services that the Government needs to do its job.

Nowhere is this policy more clearly established than in the area of telecommunications and information services. Twice in our history the Congress has rejected proposals to let the Government run our communications system, first with the telegraph, and later with the telephone.

We are beginning to open the third chapter in this century-old congressional debate. We have gone beyond the telegraph and the telephone; we now talk of digital communications and electronic messages. The question before us is what role Government should have in the delivery of enhanced communications services such as electronic mail, electronic fund transfers, and a wide variety of data base services.

The bill I am offering would prohibit any Federal agency from providing computer or communications services to anyone other than another agency. The object is to insure that the Government does not stifle the development of innovative and competitive information services by private enterprise.

The legislation would also insure that Federal data processing and communications resources are not misdirected in this time of budgetary constraint. With fewer resources available, Government should be using what it has to conduct its internal operations, not providing subsidized services to private businesses.

There are, of course, exceptions to this general rule. Where Government is the only one capable of providing a service, where it is uneconomic or impractical for private enterprise, and where the service is needed by the Nation, then a Federal agency should supply it in this field; however, those circumstances are rare.

The bill permits an agency to provide computer or communications services to people outside the Government: First, where Congress has approved the service and requires an agency to provide it; or second, where Congress has granted a general authority which permits the agency to provide a service and the President, after determining the service is warranted, approves its provision through an executive order.

This legislation should cause no undue hardships. In electronic mail, for example, the Postal Service would be able to carry out its planned ECOM system. The bill would in no way restrict the Postal Service from receiving electronic messages, printing them out, and delivering them. The bill would only forbid the Postal Service, unless it gets congressional approval, from offering telecommunications transmission services. And, as Senior Assistant Postmaster General James Finch told the Government Information and Individual Rights Subcommittee on October 5:

Our [the Postal Service's] intent is not to get into the transmission business under any set of circumstances.

With this legislation, however, the danger of the Postal Service, or any other agency, moving unilaterally into the provision of telecommunications services would end. The provision of electronic information services would occur only after careful scrutiny by the Congress and the President.

The bill is not a final product. Rather, it is the appropriate starting point for debate and deliberation. The Government Information and Individual Rights Subcommittee intends to continue its inquiry into the provision of computer and communications services by Federal agencies for private use. Next week we will be examining the role of the Federal Reserve System in electronic funds transfer. And that will be only the second day of hearings in this continuing inquiry.

The text of the bill follows:

H.R. 4758

A bill to amend the Federal Property and Administrative Services Act of 1949 to prohibit Federal agencies from vending telecommunications and automatic data processing services, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 111 of the Federal Property and Administrative Services Act of 1949 is amended by adding at the end thereof the following new subsection:

"(h)(1) Except as provided in paragraph (2), no automatic data processing equipment or telecommunications facility owned, operated, managed, or controlled by any Federal agency may be used to provide data processing or telecommunications services to any person or entity other than another Federal agency.

"(2) Notwithstanding paragraph (1), a data processing or telecommunications service may be provided—

"(A) pursuant to a specific statutory requirement which describes the service to be provided; or

"(B) pursuant to other statutory authority if the President determines that private persons cannot provide the service and promulgates an Executive order which specifies—

"(i) the service to be provided;

"(ii) the identity or category of persons or entities to be provided such service; and

"(iii) the terms and conditions under which such services are to be provided.

"(3) Each specification of terms and conditions under paragraph (2)(B)(iii) shall, to the extent feasible, require the reimbursement of the Government for all costs of providing the data processing or telecommunications service, including costs of general overhead, plant, and equipment.

"(4) The provisions of this subsection do not apply to the use by a Federal agency of automatic data processing equipment or telecommunications facilities to provide information to the public from the records of such agency or concerning the conduct of governmental functions by such agency.".●

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. DAUB) to revise and extend their remarks and include extraneous material:)

Mr. BETHUNE, for 60 minutes, November 2, 1981.

Mr. GILMAN, for 5 minutes, today.

(The following Members (at the request of Mr. HIGHTOWER) to revise and extend their remarks and include extraneous material:)

Mr. CONYERS, for 60 minutes, today.

Mr. MOTTL, for 5 minutes, today.

Mr. ZABLOCKI, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. KASTENMEIER, for 15 minutes, today.

Mrs. FERRARO, for 15 minutes, today.

Mr. ENGLISH, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. DAUB) and to include extraneous matter:)

Mr. MCEWEN.

Mr. WILLIAMS of Ohio in two instances.

Mr. BENEDICT in two instances.

Mr. GILMAN in three instances.

Mr. COURTER.

Mr. DANIEL B. CRANE.

Mr. WOLF.

Mr. MCCLORY.

Mr. BETHUNE.

Mr. GREEN.

Mr. HUNTER.

Mr. COLEMAN.

Mr. LOWERY of California.

Mr. COLLINS of Texas in three instances.

Mr. NAPIER.

Mr. FISH in two instances.

Mr. DORNAN of California.

Mr. ASHBROOK in two instances.

Mr. CARNEY.

(The following Members (at the request of Mr. HIGHTOWER) and to include extraneous matter:)

Mr. YATRON.

Mr. MINETA.

Mr. LAFALCE.

Mr. WYDEN.

Mr. MCDONALD.

Mr. HAMILTON.

Mr. STUDDS.

Mr. RODINO.

Mr. FRANK.

Mr. LUKEN in two instances.

Mrs. BOUQUARD in two instances.

Mr. BOLAND.

Mr. EDWARDS of California.

Mr. OTTINGER.

Mr. LELAND.

Mr. D'AMOURS.

Mr. ROE in two instances.

Mr. KILDEE.

Mr. RUSSO.

Mr. FUQUA in six instances.

Mr. HUBBARD.

Ms. FERRARO.

Mr. HOWARD.

Mr. ALEXANDER.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1687. An act to make a technical amendment to the International Investment Survey Act of 1976.

ADJOURNMENT

Mr. HIGHTOWER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 57 minutes p.m.), under its previous order, the House adjourned until Monday, October 19, 1981, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2346. A communication from the President of the United States; transmitting proposed budget amendments for fiscal year 1982 to implement his fall budget program proposals (H. Doc. No. 97-101); to the Com-

mittee on Appropriations and ordered to be printed.

2347. A letter from the Acting Comptroller General of the United States, transmitting notice of his approval of the District of Columbia government's proposed water and sewer billing system, pursuant to section 2(e)(4) of Public Law 94-399; to the Committee on the District of Columbia.

2348. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the State Department's intention to consent to a request by the Government of Australia for permission to transfer certain U.S.-origin military equipment to Papua New Guinea, pursuant to section 3(d) of the Arms Export Control Act; to the Committee on Foreign Affairs.

2349. A letter from the Director, Defense Security Assistance Agency, transmitting a report covering the quarter ended September 30, 1981, listing the price and availability estimates provided to countries and the requests for issuance of letters of offer received, pursuant to section 28 of the Arms Export Control Act, as amended; to the Committee on Foreign Affairs.

2350. A letter from the Attorney General, transmitting a draft of proposed legislation to amend the Freedom of Information Act, and for other purposes; to the Committee on Government Operations.

2351. A letter from the Secretary of the Air Force, transmitting a draft of proposed legislation to amend chapter 131 of title 10, United States Code, to authorize the Secretary of Defense to enter into cooperative military airlift agreements with the governments of allied countries; jointly, to the Committees on Armed Services and Foreign Affairs.

2352. A letter from the Secretary of Energy, transmitting a synopsis of the proposed waiver of law under section 8(g) of the Alaska Natural Gas Transportation Act submitted today by the President; jointly, to the Committees on Energy and Commerce and Interior and Insular Affairs.

2353. A letter from the Acting Comptroller General of the United States, transmitting a report on enforcement of Federal pesticide laws (CED-82-5, October 15, 1981); jointly, to the Committees on Government Operations and Agriculture.

2354. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a draft of proposed legislation to amend title 18, title 28, and title 49, United States Code, in order to implement the "Convention for the Suppression of Unlawful Acts Against the Safety of Civil Aviation"; jointly, to the Committees on the Judiciary and Public Works and Transportation.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FUQUA: Committee on Science and Technology. Report on the West Valley cooperative agreement (Rept. No. 97-273). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 1797. A bill to direct the Secretary of the Department in which the U.S. Coast Guard is operating to cause the vessel *Capt. Tom* to be documented as a vessel of the United States so as to be entitled to engage in the coastwise trade; with amendment (Rept. No. 97-274). Referred to the Committee of the Whole House.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 3126. A bill to direct the Secretary of the Department in which the U.S. Coast Guard is operating to cause the vessel *Sky Lark* to be documented as a vessel of the United States so as to be entitled to engage in the coastwise trade; with amendment (Rept. No. 97-275). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BIAGGI:

H.R. 4749. A bill to amend the Social Security Act to facilitate enforcement of provisions requiring suspension of benefits to inmates of prisons and other public institutions by insuring the availability of necessary information from Federal instrumentalities; to the Committee on Ways and Means.

By Mr. BRINKLEY (for himself, Mr. GINN, Mr. SCHEUER, and Mr. SKELTON):

H.R. 4750. A bill to authorize a study for the establishment of the Franklin D. Roosevelt-Warm Springs Living Memorial in Warm Springs, Ga.; to the Committee on Interior and Insular Affairs.

By Mr. CARMAN:

H.R. 4751. A bill to amend title II of the Social Security Act to suspend the payment of benefits thereunder to inmates of penal institutions; to the Committee on Ways and Means.

By Mr. COLEMAN:

H.R. 4752. A bill to amend the Internal Revenue Code of 1954 to allow a deduction for amounts contributed to individual housing accounts, and for other purposes; to the Committee on Ways and Means.

Mr. COLLINS of Texas:

H.R. 4753. A bill to amend title II of the Social Security Act to limit benefits in the case of individuals who are not citizens or nationals of the United States; to the Committee on Ways and Means.

By Mr. CORRADA (for himself, Mr. RICHMOND, Mr. PEPPER, Mr. BIAGGI, and Mr. RINALDO):

H.R. 4754. A bill to amend title XVI of the Social Security Act and related laws to extend the supplemental security income benefits program to Puerto Rico, the Virgin Islands, and Guam on the same basis as the States; to the Committee on Ways and Means.

By Mr. DANIELSON (for himself, Mr. MOORHEAD, Mr. KINDNESS, Mr. MCCLORY, and Mr. EVANS of Georgia):

H.R. 4755. A bill to recognize the organization known as Former Members of Congress; to the Committee on the Judiciary.

By Mr. DOWDY:

H.R. 4756. A bill to amend title 28, United States Code, to remove from the Federal courts jurisdiction of certain cases involving voluntary prayer in public schools or buildings; to the Committee on the Judiciary.

By Mr. EMERY:

H.R. 4757. A bill to require all security and protective functions at the Portsmouth Naval Shipyard, located at Kittery, Maine, to be performed by U.S. Government personnel; to the Committee on Armed Services.

By Mr. ENGLISH:

H.R. 4758. A bill to amend the Federal Property and Administrative Services Act of 1949 to prohibit Federal agencies from vending telecommunications and automatic data processing services, and for other purposes; to the Committee on Government Operations.

By Mr. FLORIO:

H.R. 4759. A bill to amend title 4 of the United States Code to restrict the authority of any State or political subdivision to impose any income tax on compensation paid to any nonresident individual if such compensation is subject to any income tax levied by the State or political subdivision in which such individual resides; to the Committee on the Judiciary.

By Mr. FRANK:

H.R. 4760. A bill to amend the Communications Act of 1934 respecting retransmission of programs originated by broadcast stations; to the Committee on Energy and Commerce.

By Mr. GIBBONS (for himself and Mr. FRENZEL):

H.R. 4761. A bill to extend for 2 additional years the residual authority to negotiate duties under the Trade Act of 1974; to the Committee on Ways and Means.

By Mr. KASTENMEIER (for himself, Mr. RODINO, Mr. RAILSBACK, and Mr. BUTLER):

H.R. 4762. A bill to establish an Intercircuit Tribunal of the U.S. Courts of Appeals, and for other purposes; to the Committee on the Judiciary.

By Mr. KASTENMEIER (for himself, Ms. FERRARO, Mr. RAILSBACK, and Mr. SAWYER):

H.R. 4763. A bill to amend section 376 of title 28, United States Code, in order to reform and improve the existing program for annuities for survivors of Federal justices and judges; to the Committee on the Judiciary.

By Mr. KASTENMEIER (for himself and Mr. RAILSBACK):

H.R. 4764. A bill to amend title 28 of the United States Code to reduce the filing fees for any civil action commenced in the Federal district court; to the Committee on the Judiciary.

By Mr. KASTENMEIER:

H.R. 4765. A bill to provide for improvements in the administration of justice and greater efficiency in the Federal appellate courts, and for other purposes; to the Committee on the Judiciary.

By Mr. MOORHEAD (for himself, Mr. OBERSTAR, Mr. DANIELSON, Mr. KINDNESS, Mr. MCCLORY, Mr. EVANS of Georgia, Mr. ADDABBO, Mr. ANDREWS, Mr. ARCHER, Mr. BADHAM, Mr. BAILEY of Pennsylvania, Mr. BAILEY of Missouri, Mr. BARNARD, Mr. BEARD, Mr. BENJAMIN, Mr. BLANCHARD, Mrs. BOGGS, Mr. BONER of Tennessee, Mr. BROWN of Colorado, Mr. BURGENER, Mr. CARMAN, Mr. CARNEY, Mr. CHAPPIE, Mr. CLINGER, Mr. COATS, Mr. COURTER, Mr. PHILIP M. CRANE, Mr. D'AMOURS, Mr. ROBERT W. DANIEL, JR., Mr. DAUB, Mr. DAVIS, Mr. DE LA GARZA, Mr. DENARDIS, Mr. DOUGHERTY, Mr. DOWNEY, Mr. DUNCAN, Mr. EMERY, Mr. ERDAHL, Mr. ERLENBORN, Mr. EVANS of Indiana, Mr. FARY, Mr. FAZIO, Mr. FITHIAN, Mr. FLORIO, Mr. FOGLIETTA, Mr. FORD of Tennessee,

Mr. FORSYTHE, Mr. FOUNTAIN, Mr. FRENZEL, Mr. FROST, Mr. GEJDENSON, Mr. GIBBONS, Mr. GILMAN, Mr. GINGRICH, Mr. GINN, Mr. GONZALEZ, Mr. GRAY, Mr. GUARINI, Mr. HAGEDORN, Mr. HATCHER, Mr. HILER, Mrs. HOLT, Mr. HORTON, Mr. HUBBARD, Mr. HYDE, Mr. JACOBS, Mr. JEFFORDS, Mr. JEFFRIES, Mr. JONES of Tennessee, Mr. KAZEN, Mr. KILDEE, Mr. KOGOVSEK, Mr. KRAMER, Mr. LAGOMARSINO, Mr. LEBOUTILLIER, Mr. LENT, Mr. LONG of Maryland, Mr. LOWERY of California, Mr. LOWRY of Washington, Mr. MARKS, Mrs. MARTIN of Illinois, Mr. MARTIN of New York, Mr. MATSUI, Mr. MCCLOSKEY, Mr. MCDADE, Mr. MCDONALD, Mr. MCEWEN, Mr. MCGRATH, Mr. MINISH, Mr. MITCHELL of New York, Mr. MOAKLEY, Mr. MOLINARI, Mr. MOLLOHAN, Mr. MURPHY, Mr. MYERS, Mr. NATCHER, Mr. NEAL, Mr. NELLIGAN, Mr. NOWAK, Mr. O'BRIEN, Mr. PANETTA, Mr. PASHAYAN, Mr. PATTERSON, Mr. PAUL, Mr. PERKINS, Mr. PICKLE, Mr. PORTER, Mr. PRITCHARD, Mr. QUILLEN, Mr. RAILSBACK, Mr. RHODES, Mr. RICHMOND, Mr. RITTER, Mr. ROBINSON, Mr. ROE, Mr. SABO, Mr. SANTINI, Mr. SAWYER, Mr. SIMON, Mr. SMITH of New Jersey, Mrs. SNOWE, Mr. STANGELAND, Mr. STUMP, Mr. SUNIA, Mr. VENTO, Mr. WEAVER, Mr. WILSON, Mr. WIRTH, Mr. YATRON, and Mr. YOUNG of Alaska):

H.R. 4766. A bill to recognize the organization known as the U.S. Submarine Veterans of World War II; to the Committee on the Judiciary.

By Mr. MOTTL:

H.R. 4767. A bill to amend title 28 of the United States Code to provide investigative authority to the Federal Bureau of Investigation in cases of police killings and certain assaults against police, upon written request from the local law enforcement agency; to the Committee on the Judiciary.

By Mr. QUILLEN:

H.R. 4768. A bill to provide that a Federal agency may not require that any person maintain records for a period in excess of 4 years, and a Federal agency may not commence an action for enforcement of a law or regulation or for collection of a civil fine after 4 years from the date of the act which is the subject of the enforcement action or fine, and for other purposes; to the Committee on Government Operations.

By Mr. SIMON (for himself, Mr. FORD of Michigan, Mr. YATES, Mr. RICHMOND, Mr. DANIELSON, Mr. MOORHEAD, Mr. KINDNESS, Mr. MCCLORY, and Mr. EVANS of Georgia):

H.R. 4769. A bill to recognize the organization known as the American Council of Learned Societies; to the Committee on the Judiciary.

By Mr. TAUKE:

H.R. 4770. A bill to amend the Internal Revenue Code of 1954 to provide farmers a refundable income tax credit for acreage with respect to which the farmer uses conservation tillage practices; to the Committee on Ways and Means.

By Mr. TRAXLER:

H.R. 4771. A bill to amend title IV of the Social Security Act to permit States to make payments of aid to families with dependent children in the form of housing vouchers to the extent that such payments are made to meet the recipients' shelter and related expenses; to the Committee on Ways and Means.

By Mr. WON PAT:

H.R. 4772. A bill to amend the Federal Deposit Insurance Act to permit the Federal Deposit Insurance Corporation to insure deposits in branch offices of insured banks operating in the Trust Territory of the Pacific Islands; to the Committee on Banking, Finance and Urban Affairs.

By Mr. FLIPPO (for himself, Mr. JONES of Tennessee, Mr. BEARD, Mr. BONER of Tennessee, Mr. DUNCAN, Mr. QUILLEN, Mr. GORE, Mrs. BOUQUARD, and Mr. FORD of Tennessee):

H. Con. Res. 203. Concurrent resolution requesting certain reports relating to the Tennessee Valley Authority Act of 1933, and prohibiting certain transactions by the board of directors of that Authority; to the Committee on Public Works and Transportation.

By Mr. LONG of Maryland:

H. Res. 245. Resolution for the purpose of urging appropriate Federal, State, and local officials to take appropriate action to publicize the availability and benefits of passbook loans; to the Committee on Banking, Finance and Urban Affairs.

By Mr. SMITH of Pennsylvania:

H. Res. 246. Resolution authorizing the withholding of city income taxes from Members and employees of the House of Representatives; to the Committee on House Administration.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 27: Mr. BINGHAM.

H.R. 1037: Mr. SAVAGE.

H.R. 1603: Mrs. BYRON and Mr. ROBERT W. DANIEL, JR.

H.R. 1638: Mr. BRODHEAD and Mr. BARNES.

H.R. 2250: Mr. FISH, Mr. FAZIO, and Mr. SEIBERLING.

H.R. 2439: Mr. CONYERS.

H.R. 3704: Mr. SILJANDER.

H.R. 3971: Mr. BAILEY of Pennsylvania, Mr. DASCHLE, Mr. SYNAR, Mr. SUNIA, Mr. EMERY, Mr. FOGLIETTA, Mr. ADDABBO, Mr. SCHEUER, Mr. MITCHELL of Maryland, Mr. FRANK, Mr. DENARDIS, Mr. TRAXLER, Mr. JEFFRIES, Mr. RAHALL, Mr. DOWNEY, Mr. LEHMAN, Mr. COELHO, Mr. LAFALCE, Mr. CLINGER, Mr. SOLARZ, Mr. FROST, Mr. MCGRATH, Mr. FORD of Michigan, Mr. HARKIN, Mr. BEDELL, and Mrs. BOUQUARD.

H.R. 4041: Mr. PATMAN.

H.R. 4270: Mr. DYSON and Mr. MCDONALD.

H.R. 4281: Mr. BEVILL, Mr. RUDD, Mr. SKEEN, and Mr. LEHMAN.

H.R. 4400: Mr. CROCKETT, Mr. BAILEY of Pennsylvania, Mr. HERTEL, Mr. BRODHEAD, Mr. DUNN, Mr. WILLIAMS of Ohio, Mr. WYLIE, Mr. MCDONALD, Mr. CHAPPELL, Mr. ROBERTS of South Dakota, Mr. VOLKMER, Mr. KINDNESS, Mr. ROEMER, Mr. TAYLOR, Mr. MYERS, Mr. WORTLEY, Mr. KEMP, Mr. RUDD, and Mr. FLIPPO.

H.R. 4504: Mr. FITHIAN and Mrs. COLLINS of Illinois.

H.R. 4534: Mr. CONYERS.

H.R. 4673: Mr. ZEFERETTI, Mr. FRENZEL, Mr. PETRI, Mr. MITCHELL of New York, Mr. REGULA, Mr. BIAGGI, Mr. MCEWEN, Mr. DERWINSKI, Mr. ROBERTS of Kansas, Mr. EMERSON, Mr. DANNEMEYER, Mr. CRAIG, and Mr. DAVIS.

H.J. Res. 197: Mr. ALEXANDER, Mr. ANNUNZIO, Mr. ASPIN, Mr. BAILEY of Pennsylvania, Mr. BARNES, Mr. BEARD, Mr. BONER of Tennessee, Mr. BONIOR of Michigan, Mr. BOWEN, Mr. BROWN of Ohio, Mr. CAMPBELL, Mr. CLINGER, Mr. COELHO, Mr. DAUB, Mr. DOUGHERTY, Mr. DOWNEY, Mr. DWYER, Mr. FAUNTROY, Mr. GREEN, Mr. HEFNER, Mr. HUGHES, Mr. HUTTO, Mr. JOHNSTON, Mr. KEMP, Mr. LENT, Mr. MCDADE, Mr. MARKEY, Mr. MATSUI, Mr. MILLER of California, Mr. MOORE, Mr. NATCHER, Mr. NOWAK, Mr. PASHAYAN, Mr. PORTER, Mr. PRICE, Mr. RAHALL, Mr. REGULA, Mr. RODINO, Mr. ROEMER, Mr. SABO, Mr. ST GERMAIN, Mr. SANTINI, Mr. SMITH of Pennsylvania, Mr. SOLARZ, Mr. STANGELAND, Mr. SUNIA, Mr. THOMAS, Mr. WEAVER, Mr. WILSON, and Mr. WOLF.

H.J. Res. 290: Mr. QUILLEN, Mr. LEACH, of Iowa Mr. LATTA, Mr. BAFALIS, Mr. PURSELL, and Mr. GREEN.

H.J. Res. 293: Ms. OAKAR, Mr. LEBOUTILLIER, Mr. CAMPBELL, Mr. NICHOLS, Mr. AKAKA, Mr. BOWEN, Mr. MARTIN of North Carolina, and Mr. DERWINSKI.

H.J. Res. 332: Mr. CARMAN, Mr. GINGRICH, Mr. RICHMOND, and Mr. FISH.

H.J. Res. 334: Mr. BUTLER, Mr. CARMAN, Mr. CONTE, Mr. DAN DANIEL, Mr. DERWINSKI, Mr. DOUGHERTY, Mr. EMERY, Mr. FORSYTHE, Mr. GORE, Mr. HORTON, Mr. HUTTO, Mr. KEMP, Mr. LAGOMARSINO, Mr. LEATH of Texas, Mr. LOWERY of California, Mr. LUNGREN, Mr. MCCURDY, Mr. MCDONALD, Mr. PANETTA, Mr. ROBERTS of South Dakota, Mr. SUNIA, Mr. WINN, and Mr. WYDEN.

H. Con. Res. 27: Mr. SWIFT.

H. Con. Res. 159: Mr. MCCOLLUM and Mr. SOLOMON.

H. Res. 207: Mr. DREIER, Mr. SOLOMON, and Mr. LUNGREN.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

241. By the SPEAKER: Petition of the Board of Supervisors, Milwaukee County, Minn., relative to the Commission on Wartime Relocation and Internment of Civilians; to the Committee on the Judiciary.

242. Also, petition of the Executive Committee and standing committee chairmen, National Governors' Association, Washington, D.C., relative to issues of concerns to the Governors; jointly, to the Committees on Armed Services, Education and Labor, Energy and Commerce, Government Operations, Public Works and Transportation, and Ways and Means.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3603

By Mr. JEFFORDS:

—Page 120, after line 22, insert a new section as follows:

HOUSEHOLD DEFINITION

SEC. 1343. Section 3(i) of the Food Stamp Act of 1977 is amended by inserting before the period at the end of the first sentence the following: ", or receives supplemental security income benefits under title XVI of the Social Security Act or disability or blindness payments under title I, II, X, XIV, or XVI of the Social Security Act".

By Mr. PETRI:

—Page 77, after line 2, insert the following new section:

AUTHORITY OF SECRETARY OF AGRICULTURE TO ADJUST THE PRICE SUPPORT OF CERTAIN KINDS AND TYPES OF TOBACCO

SEC. 1012. The Agricultural Act of 1949 is amended by inserting after section 106 the following new section:

"SEC. 106A. Notwithstanding any other provision of law, whenever the Secretary determines that a kind of tobacco or a grade of such kind of tobacco for which marketing quotas are in effect or have not been disapproved by producers will be in excess domestic supply or will be noncompetitive in the world market, the Secretary shall establish the price support level for such kind of tobacco at such level as the Secretary determines will encourage to the greatest extent the exportation of such kind or grades of such kind of tobacco and not encourage excessive domestic supplies, after taking into consideration the cost of production, supply and demand conditions, and world prices, except that the Secretary may not establish an average price support level under this section for any crop of any kind of tobacco below the level of the adjusted cost of production. The adjusted cost of production shall be determined on the basis of such information as the Secretary finds necessary or appropriate for the purpose and shall not include (1) costs of purchasing or leasing land, (2) costs of leasing marketing quotas, or (3) management costs. For purposes of this section, a kind of tobacco or a grade of such kind of tobacco shall be deemed to be noncompetitive in the world market if the quantity of such kind or grade that would be exported at a price equal to the adjusted cost of production is substantially greater than the quantity of such kind or grade that would be exported at the price support level applicable under section 106 but for the operation of this section.".

EXTENSIONS OF REMARKS

PROCEDURES FOR THE PROTECTION OF CLASSIFIED INFORMATION IN THE CUSTODY OF THE FEDERAL COURTS

HON. EDWARD P. BOLAND
OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. BOLAND. Mr. Speaker, last year the Congress enacted the classified Information Procedures Act (Public Law 96-456).

Section 9(a) of the statute states:

Within one hundred and twenty days of the date of the enactment of this Act, the Chief Justice of the United States, in consultation with the Attorney General, the Director of Central Intelligence, and the Secretary of Defense shall prescribe rules establishing procedures for the protection against unauthorized disclosure of any classified information in the custody of the United States district courts, courts of appeal, or Supreme Court. Such rules, and any changes in such rules, shall be submitted to the appropriate committees of Congress and shall become effective forty-five days after such submission.

Last February, when the required security procedures were submitted to the Congress, I inserted a copy of them into the CONGRESSIONAL RECORD. I noted at that time while the act contained no provision for congressional approval or veto. I thought it important that interested Members of Congress, the bar, and the public have an opportunity to comment on them before they became effective.

In the months that have elapsed since the publication of the security procedures, Chairman RODINO and I have communicated to the Chief Justice our concern that the procedures contained some troublesome sections which appear to exceed the scope of what Congress intended the security procedures to cover.

Since I think it important that Members of the Congress, the bar, and the public continue to be kept informed of the important issues involved, I include the correspondence to which I refer in the RECORD. The security procedures were printed in the CONGRESSIONAL RECORD of February 19, 1981, on page E581:

PERMANENT SELECT COMMITTEE
ON INTELLIGENCE,
Washington, D.C., March 19, 1981.

Hon. WARREN E. BURGER,
Chief Justice of the United States,
Supreme Court of the United States,
Washington, D.C.

DEAR MR. CHIEF JUSTICE: We are writing to express our views on the security procedures which were submitted to the Congress on February 23, 1971 pursuant to section 9(a) of the Classified Information Procedures Act. As you know, the Committees which we chair share jurisdiction over this Act.

Generally, we consider the proposed procedures to be an effective and reasonable response to the statutory direction to establish procedures for the protection of classified information physically in the custody of the federal courts.

We are of the opinion, however, that certain aspects of the procedures may extend beyond those areas which the Congress intended the procedures to cover. The legislative intent in this area is set out on page 30 of the Report of the House Permanent Select Committee on Intelligence (H. Rept. 96-831, Part 1 to accompany H.R. 4736):

"The Committee wishes to emphasize that the security procedures required by section 110 are meant to deal with such matters as how and where classified documents are to be stored, what court personnel will have access to them, security clearances for court personnel, and related matters. Issues of particular effect on the trial process and the rights of defendants such as defense access to classified materials, are to remain within the province of the individual trial judge and the judge's authority to issue protective orders."

Sections 5 and 11 of the procedures could be interpreted to extend beyond matters related to the physical safekeeping of classified documents and to impinge upon areas of "particular concern to the trial process".

On its face, section 5 purports to authorize the government to obtain information about defense counsel. We question the need for and the propriety of such a provision. To the extent that it purports to authorize any activity by the government that is not now authorized, it is beyond the proper scope of the security procedures. To the extent that it may be premised on the government's desire to "clear" defense personnel, section 5 surely relates to "defense access to classified documents". To the extent that its purpose is to approve "lawful" activity by the government in gathering information, and communicating it to the court, it is superfluous and thus adds confusion to the procedures.

Section 11 can be construed to authorize the Department of Justice Security Officer or executive branch agencies to determine the disposition of portions of the record of the case which contain classified information. Presumably, such a construction is not intended; the usual rules regarding the length of time the record of a case is preserved will apply, and section 11 pertains only to where that part of the record of a case containing classified information is to be stored. However, this latter construction is not at all clear from a reading of the section.

A third provision that is troubling to us is contained in the second paragraph of section 9(a), which requires that "every document filed by the defendant in the case shall be filed under seal and promptly turned over to the court security officer". In this regard, we would note with approval the comments of Mr. Philip Lacovara:

In addition, in the second paragraph of Section 9 (page 7) there is an ambiguity that I would have corrected. That paragraph directs that every document filed by the defendant "in the case" shall be filed under seal, but I have had trouble determining how covered cases will be identified. Presumably, this directive applies only in cases in which a court security officer has been appointed and in which that fact has been called to the defendant's attention.

Even in cases where a court security officer is appointed, however, it may be utterly unnecessary to go to the extreme of immediately sealing all defense filings (but not necessarily all prosecution filings). This seems like overkill, and I would have left the formulation of specific confidentiality orders to the trial judge.

Because we believe that the procedures in question may exceed the scope contemplated by the Congress, we urge their reexamination. Our concern—which we invite you to allay—is that the procedures, as they now stand, may take from the trial court decisions going to the heart of the adversary process. Such decisions ought to be weighed by judges in the context of individual trials.

Sincerely yours,

EDWARD P. BOLAND,
Chairman,
Permanent Select Committee on Intelligence.

PETER W. RODINO, Jr.,
Chairman,
Committee on the Judiciary.

SUPREME COURT OF THE UNITED STATES,
Washington, D.C., April 6, 1981.

Hon. EDWARD P. BOLAND,
Chairman, Permanent Select Committee on Intelligence, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for your letter regarding the security procedures I submitted to the Congress on February 12, 1981 pursuant to the provisions of Section 9(a) of the Classified Information Procedures Act of 1980. I have referred your letter and questions concerning the security procedures to those who prepared the initial draft of the rules. As you know, this was done in consultation with representatives from the Central Intelligence Agency, the Department of Defense, the Department of Justice, and the Administrative Office of the United States Courts. As soon as I receive their comments I will respond further.

Cordially,

WARREN E. BURGER.

SUPREME COURT OF THE UNITED STATES,
Washington, D.C., July 10, 1981.

Hon. EDWARD P. BOLAND,
Chairman, Permanent Select Committee on Intelligence, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I regret the delay in responding to your letter of March 19, 1981; however the Term that just ended has been an extraordinarily heavy one because of the important cases that had to be decided at the end of the Term. My response to your letter and questions concerning the security procedures for handling classified information in federal courts, which became effective on March 30, 1981, is attached. Those who did the basic work for me in preparing

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● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

the initial draft of the rules have reexamined the procedures and have prepared a short memorandum explaining the purpose and meaning of the sections about which you have raised some questions. Enclosed is a copy of the memorandum I sent to Congressman Edwards that discusses the purpose and meaning of other aspects of the rules.

The security procedures have been in operation now for over ninety days. After we have had some experience in working with them I will reexamine the procedures. At such time, amendments to the rules will be considered and changes, if necessary, will be made. In the meantime, I believe the procedures should be given a chance to work in their present form.

Cordially,

WARREN E. BURGER.

Enclosure.

BACKGROUND MATERIAL FOR CHAIRMAN BOLAND AND CHAIRMAN RODINO ON THE SECURITY PROCEDURES FOR THE PROTECTION OF CLASSIFIED INFORMATION IN THE CUSTODY OF THE FEDERAL COURTS

This memorandum is in response to inquiries of Chairman Edward P. Boland of the House Permanent Select Committee on Intelligence, and Chairman Peter W. Rodino of the House Judiciary Committee, raising questions about the interpretation of certain sections of the security procedures submitted to Congress pursuant to Section 9(a) of the Classified Information Procedures Act of 1980. It is the purpose of this memorandum to address the concerns raised by the Congressmen and to explain the intended purpose and meaning of certain provisions of the security procedures.

SECTION 5

Sections 5, 9(a), and 11, the sections which Chairman Boland and Chairman Rodino have raised questions about, were the subject of much discussion in the drafting sessions. Section 5, in particular, was the focus of extensive debate. This section provides that information obtained by the government concerning the trustworthiness of persons acting for the defendant may be brought to the attention of the court for the court's consideration in framing a protective order. In formulating this provision, the Chief Justice was sensitive, not only to the need to develop effective measures to protect against unauthorized disclosure of classified information in the custody of the court, but also to the special nature of the attorney-client relationship. The Chief Justice therefore attempted to avoid the adoption of any procedure which would create undue restrictions on the preparation of an effective defense, or which would unduly infringe upon the rights of defense counsel. After consideration of a number of different approaches to the problem, the language contained in the present section was approved.

As finally adopted, Section 5 reads as follows:

"The government may obtain information by any lawful means concerning the trustworthiness of persons associated with the defense and may bring such information to the attention of the court for the court's consideration in framing an appropriate protective order pursuant to Section 3 of the Act."

Section 5 basically permits the government to make available to the trial judge for use in framing an appropriate protective order any lawfully obtained information concerning the trustworthiness of persons associated with the defense. The purpose of the section is to make clear that it is proper for the court to receive and consider any information in the possession of the government which relates to the trustworthiness of persons associated with the defense.

In drafting Section 5 an effort was made not to include provisions that would exceed the intended scope of the security procedures set forth in the Report of the House Permanent Select Committee on Intelligence (H. Rept. 96-831, Part 1 to accompany H.R. 4736). The report states in part that: "[i]ssues of particular effect on the trial process and the rights of defendants, such as defense access to classified materials, are to remain within the province of the individual trial judge and *the judge's authority to issue protective orders.*" (Emphasis supplied).

The idea is that the trial judge is to retain authority over issues involving the trial process and the rights of the defendant. The trial judge, and the trial judge alone, in other words, decides what classified information the defendant is entitled to receive from the government and what provisions are to be included in a protective order.

Section 5 is consistent with the legislative intent expressed in the House Report in that it permits the trial judge, in cases involving classified information, to determine what information will be released to persons associated with the defense and what kind of protective orders will be issued to protect against unauthorized disclosure of such information. The aim of Section 5 is to assist the court in framing an appropriate protective order by making it clear what kind of information may be properly considered by the court in determining what constraints, if any, should be placed on persons acting on behalf of the defense who are given access to classified information. Section 5 is not meant in any way to interfere with the trial process, or to limit the defense's access to classified information. It does not direct the government or the trial judge to obtain information about persons associated with the defense and it does not authorize any particular type of governmental investigative activity; nor does it require defense personnel to obtain security clearances. While an inquiry concerning defense personnel obviously may be appropriate in some cases, it is clear that Section 5 does not attempt to define the range of inquiry that may be necessary.

What Section 5 does do is set forth what a trial judge *may* consider in framing an appropriate protective order to guard against unauthorized disclosure of classified information. This, of course, does not preclude the trial judge from considering any other information he deems relevant to framing an appropriate protective order. What information the trial judge ultimately decides to consider, and what classified information he decides should be made available to the defense, thus, are matters to be decided solely by the trial judge in the exercise of his discretion.

SECTION 11

Section 11 of the security procedures was also the subject of considerable discussion. Section 11 provides that materials containing classified information will be returned at the conclusion of the trial to the originating department or agency for "appropriate disposition." The letter from Chairman Rodino and Chairman Boland states that this section "can be construed to authorize the Department of Justice security officer or executive branch agencies to determine the disposition of portions of the record of the case which contain classified information." This is not the meaning of the section. With respect to any classified information which becomes part of the record of the case and which is transferred to an executive branch agency or department for "appropriate disposition," the executive branch has only the responsibility of providing secure storage facilities. Federal courts cannot reasonably be expected to retain documents containing sensitive or classified information after the conclusion of the case. They simply do not have the proper storage facilities. The purpose of Section 11 is to ensure the safekeeping of classified materials within the executive branch. A determination by the Department of Justice security officer and the originating agency concerning the "appropriate disposition" of classified materials is not to be viewed as a determination about the "disposal" of such materials. Any portion of a court record which, due to its classified nature, remains in the custody of an executive branch agency will, of course, continue to be subject to the standard guidelines for the preservation of court records. (Under the Records Disposition Program and Schedules adopted by the Judicial Conference in September 1978, criminal case files must be retained a minimum of 23 years after the date of final action.)

SECTION 9(A)

Chairman Boland and Chairman Rodino also raise a question about the provision contained in Section 9(a) of the procedures which requires that "every document filed by the defendant in the case shall be filed under seal and promptly turned over to the court security officer." The purpose of Section 9(a) is to deal with the problem of how to handle documents containing classified information submitted by defense counsel. If no provision were made for dealing with the submissions of defense counsel, classified information could appear automatically on the public record for anyone to read. In order to protect against classified information being inadvertently disclosed, this provision was included.

The fact that the government is not required to submit all of its filings under seal should not be viewed as an imbalance in the procedures. The first paragraph of Section 9(a) gives the court security officer responsibility of marking all documents filed in the case with the appropriate classification level. This provision applies to documents filed by both the prosecution and the defense. Similarly, Section 7(b) of the procedures, which requires that all classified information submitted to the court be placed in the custody of the court security officer for safekeeping, is equally applicable to the prosecution and the defense. The provisions contained in the second paragraph of Section 9(a) are included merely to facilitate the proper handling of the papers filed by the defense. It would be unreasonable to expect that defense counsel will have the necessary knowledge or resources to make a determination about the appropriate classification of its own submissions. The attorney for the government, however, can reasonably be expected to know whether documents submitted to the court on behalf of the prosecution contain classified information. Any classified materials submitted by the government will be handled in accordance with the procedures set forth in Section 7(b) and therefore will be treated in ex-

actly the same way as classified materials submitted by the defense.

It should be noted, moreover, that the sealing requirement of Section 9(a) is only an interim measure insofar as it will apply to unclassified materials. Section 9(a) provides for a prompt examination of every document filed by the defense. As soon as such an examination is made, the court security officer will either mark the document with the appropriate classification marking or, if the document contains no classified information, he will unseal it and place it on the public record. Under this procedure, there will be no significant interference with the ability of the public to gain access to any defense document which does not contain classified information.

If the defense wishes to challenge an agency's classification decision (see Executive Order 12065), the challenge should be directed to the appropriate Executive Branch agency. Procedures for challenging classification decisions made by the Executive Branch are set forth in programs established by the various Executive Branch agencies. While the trial judge cannot determine whether or not a document should be classified or at what level classification should be, he may resolve a dispute between the government and the defense over whether a document has, in fact, been classified by the government.

A question also was raised regarding how cases subject to the procedures will be identified. Section 1 provides that the procedures are to apply to all proceedings in criminal cases involving classified information and appeals therefrom. Whether or not a particular case involves classified information will be apparent when the provisions of the Classified Information Procedures Act of 1980 are activated. Section 2 of that Act permits any party at any time after the filing of an indictment or information to move for a pretrial conference to consider matters relating to classified information that may arise in connection with the prosecution. The holding of such a conference would clearly indicate to the defense that this is a case to which the security procedures apply.

Moreover, there are a number of notice provisions in the Act, the utilization of which would signal the defense of the necessity to submit all of its filings to the court under seal. For example, Section 6(b)(1) of the Act requires the United States to provide the defendant with notice of classified information that is at issue prior to an evidentiary hearing held under Section 6(a) of the Act. Section 5 requires the defendant to notify the United States and the court in writing whenever it reasonably expects to disclose or to cause the disclosure of classified information in connection with any criminal prosecution. Finally, Section 10 requires that, in any prosecution in which the United States must establish that material relates to the national defense or constitutes classified information, the United States must notify the defendant of the portion of the material that it expects to rely upon to establish the national defense or classified information element of the offense. Where defense counsel receives notice under any of these provisions—or where counsel itself provides notice as required by Section 5—the case will be one which "involves classified information" and which is subject to the security procedures. Thus, when the security procedures are read together with the Act itself, there should be no difficulty in determining whether a particular case is covered by Section 9 of the procedures.

In summary, it is clear upon reexamination of the three sections referred to by Chairman Boland and Chairman Rodino that the provisions do not exceed the scope contemplated by Congress. The security procedures, as a whole, give trial judges adequate guidance to protect against the unauthorized disclosure of classified information in the custody of the federal courts. These security procedures do not in any way take from the trial court decisions going to the heart of the adversary process. In each instance, the trial court judge is free to make whatever decision he wishes to make with regard to defense access to classified information, and the rules in no way interfere with the judge's discretion in this regard.

Section 9(a) of the Classified Information Procedures Act provides for the amendment of the security procedures if the need arises. If, contrary to expectations, problems do arise concerning the three sections discussed above, or any other sections, the procedures can be changed. Meanwhile, the representatives of all the agencies consulted in the wording of the original draft of the security procedures agree that the procedures should be given a chance to work in their present form.

PERMANENT SELECT COMMITTEE ON INTELLIGENCE,
Washington, D.C., September 11, 1981.

Hon. WARREN E. BURGER,
Chief Justice of the United States,
Supreme Court of the United States,
Washington, D.C.

DEAR MR. CHIEF JUSTICE: Thank you for your letter and memorandum of July 10 concerning the security procedures promulgated pursuant to the Classified Information Procedures Act.

The memorandum does allay many of the concerns which we expressed in our letter of March 19. However, we remain troubled by section 5 of the procedures.

We are troubled not by the fact that "the government may obtain information by any lawful means concerning the trustworthiness of persons associated with the defense," nor by the fact that, in fashioning a protective order, a trial court may consider such information. Rather, we are concerned (1) that the subject is treated at all, (2) that the authority of the trial judge and the government to engage in such actions appears to flow from the security procedures, and (3) that, in the future, section 5 could be used as precedent to confer or withhold other substantive authorities. None of this, in our view, is within the scope of procedures clearly intended to deal only with the manner in which classified information in physically safeguarded when in the custody of the federal courts.

Therefore, when, as noted in your letter of July 10, a reexamination of the security procedures is conducted, we recommend that section 5 be struck.

Sincerely yours,

EDWARD P. BOLAND,
Chairman, Permanent Select Committee on Intelligence

PETER W. RODINO, Jr.,
Chairman,
Committee on the Judiciary.●

THE CLASSIFIED INFORMATION CRIMINAL TRIAL PROCEDURES ACT

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. EDWARDS of California. Mr. Speaker, during the 96th Congress the House Intelligence Committee and the House Judiciary Committee worked together to enact the Classified Information Criminal Trial Procedures Act, Public Law 96-456. Section 9 of the act calls for the issuance of security procedures by the Chief Justice to safeguard the handling of classified materials in criminal trials.

Earlier this year the procedures were submitted to Congress. As the enclosed correspondence from the California State Bar indicates, the procedures that were issued may go beyond the original intent of Congress and may unduly interfere with the rights of the defendant and the court. I bring this matter to your attention because I believe we should follow closely the implementation of these procedures to assure that important rights are not infringed.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
Washington, D.C., March 25, 1981.

WARREN E. BURGER,
The Chief Justice of the United States, Supreme Court Building, Washington, D.C.

DEAR MR. CHIEF JUSTICE: I know that Chairman Rodino and Chairman Boland have been in touch with you recently regarding the Security Procedures recently issued pursuant to section 9 of the Classified Information Criminal Trial Procedure Act, Public Law No. 96-456.

In connection with those procedures and some of the issues raised by Chairmen Rodino and Boland, I am enclosing for your information a letter from the State Bar of California to all members of the House and Senate Judiciary Committees. This letter raises many of the concerns felt by the two Chairmen, and by myself as well.

I recommend it to your attention.

With kind regards,

Sincerely,

DON EDWARDS,
Chairman, Subcommittee on Civil and Constitutional Rights.

Enclosure.

STATE BAR OF CALIFORNIA,
San Francisco, Calif., March 18, 1981.

Hon. GEORGE E. DANIELSON,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN DANIELSON: The Federal Courts Committee of the State Bar of California recently received from you a copy of the final draft of the Security Procedures Established Pursuant to Public Law No. 96-456 (the "Procedures"). The Procedures were issued pursuant to section 9(a) of the Classified Information Procedures Act, Public Law No. 96-456, 94 Stat. 2025. We understand that unless delayed by the Congress, the Procedures will become effective 45 days after their submission to Congress,

which we understand took place on February 17, 1981.

In view of the short time since submission of the Procedures to Congress, the Federal Courts Committee has not had sufficient time to review them fully and to report to the State Bar Board of Governors to ascertain what, if any, position the State Bar wishes to take in regard to the Procedures. However, our review of date has raised a number of significant issues which, the Federal Courts Committee believes, merit close scrutiny by the appropriate committees of Congress. Consequently, we would respectfully urge that the effective date of the Procedures be delayed; that an adequate public comment period be permitted; and that hearings be held in regard to the Procedures.

Based upon our brief review of the Procedures, the Federal Courts Committee's concerns are as follows:

1. Do the Procedures extend beyond the scope authorized by Congress in section 9(a) of the Classified Information Procedures Act? That section provides, in pertinent part, that "the Chief Justice of the United States, in consultation with the Attorney General, the Director of Central Intelligence, and the Secretary of Defense, shall prescribe rules establishing procedures for the protection against unauthorized disclosure of any classified information in the custody of the United States District Courts, Courts of Appeals, or Supreme Court." It would appear that section 9(a) contemplated, in effect, housekeeping procedures to be imposed by the courts for handling classified information by court personnel. The Procedures, particularly insofar as they relate to the duties of the court security officer, may go beyond simple housekeeping.

2. Do the Procedures require persons acting for the defense to obtain a security clearance before gaining access to classified information? The Procedures are ambiguous in this regard. If a security clearance—which is granted by the Executive Branch—is required, does the government have unwarranted power to interfere with and control selection of the persons acting for the defense?

3. Does section 5 of the Procedures, which authorizes the government to "obtain information by any lawful means concerning the trustworthiness of persons associated with the defense" and to "bring such information to the attention of the court for the court's consideration in framing an appropriate protective order," result in significant limitations upon the defense and subject persons acting for the defense to damage to their reputations, without providing adequate standards for the court to apply or an opportunity for the defense to meet the information? Does this section authorize ex parte communications with the court? Does this provision authorize use of national security electronic surveillance under 50 U.S.C. § 1801, et seq. (which does not require probable cause that a crime has been committed) targeted at persons acting for the defense?

4. Several sections of the Procedures may be unnecessarily one-sided in favor of the government. For example, section 8 requires the defense but not the government to obtain prior approval of the court before gaining access to classified information in the custody of the court. Since not all Assistant U.S. Attorneys have adequate security clearances, is there any reason why the prior approval requirement should not apply to the government as well? Section 8 also may not provide adequate assurance that the defense will be given reasonable access to classified information under reasonable conditions, since "classified information shall remain in the control of the court security officer." Does this provision authorize the court security officer to review any notes made by defense counsel who has reviewed classified information to assure that they do not contain classified information? Section 9 requires that every defense document, but not every government document, be filed under seal subject to screening for classified information by the court security officer. As a result, the public may obtain a very one-sided, government-oriented account of significant matters of public interest.

5. Does the selection and role of the court security officer entrench upon separation of powers, and unfairly restrict the defense, the media and the public in gaining access to important information? While the court security officer is an employee of the judicial branch, section 2 requires that the court security officer be selected by the Executive Branch, and, indeed, the court security officer "may be an employee of the Executive Branch of the Government detailed to the court for this purpose." Section 9 of the Procedures provides, in essence, that the court security officer performs the job of classifying documents "after consultation with the attorney for the government . . ." As already mentioned, every document filed by the defendant is filed under seal and turned over to the court security officer who "shall promptly examine the document and, in consultation with the attorney for the government or representative of the appropriate agency, determine whether it contains classified information." Apparently, if any part of a document contains classified information, the entire document remains under seal. No provision is established for a challenge by the defendant or the public or media to any classification marking made by the court security officer. The selection and consultation provisions raise separation of powers questions, and the procedures may not provide adequate safeguards against unnecessary or overclassification of documents. Do the consultation provisions authorize ex parte communications by the government with the court which would violate the American Bar Association's Code of Professional Responsibility and the ABA's Criminal Justice Standards for the Prosecution Function? Could the government under this procedure prevent disclosure of embarrassing information that does not threaten to compromise national security?

6. Section 12 of the Procedures provides that expenses which arise in connection with implementation of the Procedures shall be borne by the Executive Branch. While this may be reasonable, in light of the recent change in the Administration and budgetary considerations, it may be that the new Administration would not wish to bind itself to this allocation of expenses.

7. Section 13 of the Procedures, which provides that questions of interpretation concerning the Procedures "shall be resolved by the court in consultation with the Department of Justice Security Officer and the appropriate Executive Branch agency security officer," also raises questions of separation of powers and improper ex parte communications with the court by virtue of its requirement of "consultation."

The questions discussed above are not intended as an exhaustive list of issues raised by the Procedures. Also, as indicated at the outset, because of time limitations the State Bar Board of Governors—which must approve positions taken on behalf of the State Bar—has not adopted a formal position on the Procedures. Rather, in light of the important issues raised by the Procedures, the Federal Courts Committee believes that the effective date of the Procedures should be delayed to allow us and other interested groups to study and comment on the Procedures.

We greatly appreciate your cooperation with the Federal Courts Committee in providing a copy of the Procedures to us. If you or your staff have any questions regarding the contents of this letter, please do not hesitate to contact us.

Sincerely,

MARTIN GLENN,
Vice Chair,
Federal Courts Committee.

BACKGROUND MATERIAL FOR CHAIRMAN EDWARDS ON THE SECURITY PROCEDURES FOR THE PROTECTION OF CLASSIFIED INFORMATION IN THE CUSTODY OF THE FEDERAL COURTS

This memorandum is in response to an inquiry from the State Bar of California which was received by Congressman George E. Danielson and was forwarded to Chairman Don Edwards of the House Subcommittee on Civil and Constitutional Rights. The inquiry raises questions about the interpretation of certain sections of the security procedures established pursuant to the Classified Information Procedures Act of 1980. Many of the points have been addressed previously in the memorandum submitted to Congressmen Edward P. Boland and Peter W. Rodino. Some of the points raised by the State Bar of California, however, were not addressed in the previous memorandum and deserve response.

SEPARATION OF POWERS

One of the dominant concerns expressed in the letter from the State Bar of California is that some aspects of the security procedures may run counter to the principle of separation of powers. This concern arises because Section 2 of the security procedures provides that the court security officer "may be an employee of the Executive Branch of the Government detailed to the Court." It should be noted at the outset that the concept of using Executive Branch personnel to provide assistance to courts in cases involving threats to the national security was first suggested by the Supreme Court of the United States in *United States* v. *United States District Court,* 407 U.S. 297, 321 (1972). In addition, there is precedent for the practice of using Executive Branch employees in the federal courts. United States Marshals, for example, are appointed by the President and supervised by the Attorney General, but are designated for service in the various district courts. The Marshals are privy to many activities of the judges. They frequently attend proceedings in the judges' chambers, particularly if the proceedings require the attendance of the defendant in a criminal case, but they are expected to maintain total neutrality and confidentiality with respect to such proceedings. The fact that United States Marshals are both paid and supervised by the Executive Branch has not created any difficulties; nor is their service considered to be a violation of separation of powers. Court security officers who are employees of the Executive Branch are comparable to United States

Marshals in that they will be paid by the Executive Branch and will continue to be considered employees of the Executive Branch while they serve in the Judiciary.

The letter from the State Bar of California also suggests that there may be a separation of powers problem in Section 13 of the procedures. Section 13 provides that questions concerning the interpretation of the procedures are to be resolved by the court in consultation with the Department of Justice Security Officer and the appropriate Executive Branch agency security officer. This section is a reasonable effort to deal with problems that may arise in the implementation of the security procedures. The court cannot be expected to analyze and resolve effectively all security-related matters, such as problems relating to the installation of security devices and the approval of the use of various types of security containers. Nor should the defense be concerned with these issues. For this reason, the security procedures authorize the court to confer with representatives of the Executive Branch who have expertise in matters concerning security. All final decisions about the interpretation of the rules will be made, of course, by the court and not by anyone from the Executive Branch.

A related issue involving separation of powers is the duty of the court security officer to mark all court documents containing classified information with the appropriate level of classification. Section 9 of the procedures provides that, with respect to documents filed by the defendant, "the court security officer shall promptly examine the document and, in consultation with the attorney for the government or representatives of the appropriate agency, determine whether it contains classified information." The State Bar of California expressed concern about the court security officer's duty to examine documents submitted to the court by the defense. In particular, the State Bar of California suggested that defense documents submitted to the court by defense counsel might be over-classified or classified unnecessarily by the court security officer. It is unlikely, however, that this will be a problem since the security procedures do not confer upon the court security officer any independent classification power. They do not give him authority, in other words, to determine what information should be classified. Under the security procedures, the court security officer has only the power to identify information that previously has been classified and to mark the information with the classification rating it already has received. While a defendant, or for that matter any member of the public, is authorized to challenge an agency's classification decision (*see* Executive Order 12065), the challenge would not be directed to the court security officer, but rather to the appropriate Executive Branch agency. (The procedures for challenging the classification of Executive Branch-generated information are set forth in programs established by the various Executive Branch agencies.)

BIAS OF PROCEDURES IN FAVOR OF GOVERNMENT

Another area of concern raised in the letter from the State Bar of California is that the security procedures may be unnecessarily one-sided in favor of the government. This claim already has been discussed in the previous memorandum. A number of additional points, however, can be made.

The State Bar of California contends that under Section 8(A) of the security procedures only defense counsel are required to obtain prior approval from the court before gaining access to classified information of the government which is in the custody of the court. As a practical matter, all Assistant United States Attorneys who are prosecuting cases involving classified information will have received the proper security clearance. For this reason it was unnecessary to include government attorneys in the Section 8(a) requirement.

Other examples of perceived "one-sidedness" in the security procedures concern the role of the court security officer. The court security officer's primary responsibility is to prevent the unauthorized disclosure of classified information in the custody of the federal courts. The court security officer, however, has no authority under the security procedures to determine who may have access to classified materials or under what conditions the materials may be reviewed; these are matters for the court to decide in the exercise of its discretion, not the court security officer. Nor is the court security officer authorized under the security procedures to restrict, on his own initiative, defense access to classified information; this too is a matter for the court alone to decide. While the court security officer is authorized by the security procedures to seal and retain notes made by the defense during an examination of classified information, he is not permitted by the procedures to read or copy any of the notes. The duties of the court security officer, thus, are clearly ministerial in nature; he is not an agent or representative of the prosecution and he has no independent authority to decide who gets access to classified information. What is clear is that the power to decide who has access to classified information and under what conditions is retained and exercised by the court and not by the court security officer.

EX PARTE COMMUNICATIONS

Another question raised by the State Bar of California is the extent to which the security procedures authorize ex parte communications with the court by the prosecution. Nowhere in the procedures is the subject of ex parte communications addressed. Ex parte communications are neither authorized nor precluded by the procedures. Section 5 of the procedures provides that the government may bring information which it has obtained concerning the trustworthiness of the defense to the attention of the court for the court's consideration in framing a protective order. Whether this information is to be communicated to the court ex parte or in the presence of the defendant is a decision to be made by the trial judge, consistent with local rules and professional ethics. (Parenthetically, there is nothing in Section 5 which authorizes the use of national security electronic surveillance under 50 U.S.C. §1801 et seq.)

The matter of ex parte communications also was raised in connection with Section 9(a), which requires the court security officer to consult with the attorney for the government or representative of the appropriate agency to determine whether documents submitted by the defendant contain classified information. As previously noted, the determination made about the classification status of defense submission is essentially a routine matter which involves purely objective criteria. Moreover, the consultation is made with the court security officer, not with the judge, and the subject matter of the consultation has nothing to do whatsoever with any procedural or substantive issue in the case. In short, the consultation requirement in Section 9(a) does not violate the American Bar Association's Code of Professional Responsibility or the ABA's Criminal Justice Standards for the Prosecution Function.

PAYMENT OF EXPENSES

Finally, the issue of payment of expenses is raised in the letter from the State Bar of California. Section 12 of the security procedures provides that expenses of the United States Government which arise in connection with the implementation of the procedures should be borne by the Department of Justice or other appropriate Executive Branch agency. The suggestion was advanced by the State Bar of California that the new administration might not wish to bind itself to this allocation of expenses. It is not clear what alternative sources of payment are available. Expenses of the federal government incurred in the prosecution of federal cases must necessarily be borne by the administration. The only possible issue is which branch of the government should pay. Since the expenses involved in implementing the security procedures are expenses connected with the prosecution of the case, it is reasonable and entirely consistent with government fiscal policy to provide that the Executive Branch will be the responsible financial agent. This conforms with the opinion of the Comptroller General that prosecution expenses should be paid by the Executive Branch. See e.g., 58 C.G. 259 (1979), 39 C.G. 133, 137 (1959), B-139703 (March 21, 1980).

The issues raised by the State Bar of California have been considered and addressed. It is clear on review that the security procedures do not interfere with the separation of powers, are not one-sided in favor of the government, and do not authorize ex parte communications in contravention of professional codes of ethics. The security procedures are basically housekeeping measures for the court to use in safeguarding classified information. They are not addressed to the Executive Branch, and they will neither benefit the prosecution, nor hinder the defense. The security procedures are a fair, reasonable, and effective means of protecting classified information in the custody of the courts from unauthorized disclosure.

It is recommended that the procedures be given an opportunity to work in their current form. They have been in effect since March 30, 1981, and they should have time to be tested. While no problems with the procedures are anticipated, if difficulties do arise the procedures can be amended in accordance with Section 9(a) of the Act. If amendments are necessary, they can then be made in the light of experience.

PERMANENT SELECT COMMITTEE ON INTELLIGENCE,
Washington, D.C., September 11, 1981.

Hon. WARREN E. BURGER,
Chief Justice of the United States,
Supreme Court of the United States,
Washington, D.C.

DEAR MR. CHIEF JUSTICE: Thank you for your letter and memorandum of July 10 concerning the security procedures promulgated pursuant to the Classified Information Procedures Act.

The memorandum does allay many of the concerns which we expressed in our letter of March 19. However, we remain troubled by section 5 of the procedures.

We are troubled not by the fact that "the government may obtain information by any lawful means concerning the trustworthiness of persons associated with the de-

fense," nor by the fact that, in fashioning a protective order, a trial court may consider such information. Rather, we are concerned (1) that the subject is treated at all, (2) that the authority of the trial judge and the government to engage in such actions appears to flow from the security procedures, and (3) that, in the future, section 5 could be used as precedent to confer or withhold other substantive authorities. None of this, in our view, is within the scope of procedures clearly intended to deal only with the manner in which classified information is physically safeguarded when in the custody of the federal courts.

Therefore, when, as noted in your letter of July 10, a reexamination of the security procedures is conducted, we recommend that section 5 be struck.

Sincerely yours,

EDWARD P. BOLAND,
Chairman, Permanent Select Committee on Intelligence.

PETER W. RODINO, Jr.,
Chairman,
Committee on the Judiciary.●

A TRIBUTE TO RABBI SAMUEL COOPER

HON. CLEVE BENEDICT

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. BENEDICT. Mr. Speaker, on November 1, 1981, the congregation of B'nai Jacob Synagogue in Charleston, W. Va., is honoring its retiring rabbi, Samuel Cooper, who is leaving the congregation after 49 years of service. Rabbi Cooper has served the congregation, and the entire State of West Virginia, with much dedication and distinction, and I would like to share with my colleagues some of Rabbi Cooper's accomplishments.

Rabbi Samuel Cooper was ordained at Yeshivas Rabbi Isaac Elchanan in New York, and received his bachelor of science and honorary D.D. at the College of City of New York and University of Charleston, respectively. He was made rabbi of B'nai Jacob Synagogue in Charleston, W. Va. in 1932 and has remained in that position to serve the people for the past 49 years. In 1964, Rabbi Cooper was distinguished with the award, "West Virginian of the Year."

Rabbi Cooper has, among many other activities, served as chairman of the West Virginia Human Rights Commission, on the board of trustees for the American Red Cross, was West Virginia's delegate to the American Jewish Conference, and delegate to the World Zionist Congress in Basle, Switzerland.

Mr. Speaker, as the congregation of B'nai Jacob Synagogue honors their beloved rabbi, I too, would like to pay tribute to a man who has given so much to so many.●

DIALOG ON EL SALVADOR

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. STUDDS. Mr. Speaker, on September 24, Assistant Secretary of State Thomas Enders testified before the House Subcommittee on Inter-American Affairs concerning U.S. policy toward El Salvador. At that hearing, Secretary Enders repeatedly expressed the view that the opposition groups now in conflict with the existing military forces of El Salvador have been unwilling to engage in an unconditioned dialog with government officials.

Because this is an issue of such importance, I would like to insert in the RECORD a statement issued by the combined opposition groups of El Salvador concerning the question of negotiations, and also concerning the prospects for the establishment of democratic institutions in that country. Although I do not necessarily agree with all of the assertions made in this document, I do believe it is an important statement which ought to be considered by the Congress when making judgments about proper U.S. policy toward El Salvador. The text of the statement, which was presented to the United Nations on October 4, is as follows:

"The Farabundo Marti Front for National Liberation and the Revolutionary Democratic Front (FMLN-FDR), hereby, direct ourselves to the international community and the peoples of the world insofar as we consider the United Nations Organization to be an expression of the principles of peace, justice and equality among States and peoples. Therefore it is an appropriate forum to present the aspirations of the Salvadoran people and its representative organizations, the FMLN and the FDR.

In the first place we wish to express our gratitude for the multiple expressions of solidarity received throughout our struggle, both from governments and political, social and religious organizations, and well-known personalities throughout the world. We particularly want to express our gratitude for the solidarity given by the governments and peoples of Mexico and France, that have recognized our Fronts as politically representative forces. Likewise, we want to thank the great majority of the countries that make up the international community for their expressions and initiatives in favor of a political solution.

If today our people are waging an armed struggle under the leadership of its organizations, the FMLN and the FDR, this is because oppressive and repressive regimes have closed all peaceful avenues for change, thus leaving our people with only armed struggle as the sole and legitimate means to attain its liberation, thereby exercising the universal and constitutional right to revolt against illegal and repressive authorities.

Our struggle is, therefore, a just and necessary struggle to build peace and equality among all the Salvadoran people.

However, our desire is peace. To attain it we propose a political solution whose objective is to put an end to the war and establish a new political and economic order that will guarantee the Salvadoran people the full exercise of their rights as citizens and a life worthy of human beings.

All this entails our expressed willingness to start a dialogue with the civilian and military representatives that the Junta may appoint through a process of peace talks.

We propose that these peace talks which reaffirm our commitment to seek and implement a political solution be based on the following general principles:

1. The talks should be carried out between the delegate appoints by the FMLN-FDR and representatives of the Government Junta of El Salvador.

2. They should be carried out in the presence of other governments, that as witnesses will contribute to the solution of the conflict.

3. The nature of the talks must be global and include the fundamental aspects of the conflict. They must be based on an agenda established by both parties.

4. The Salvadoran people should be informed of the entire process.

5. They should be initiated without pre-established conditions by either party.

In an effort to establish a basis that will guarantee a political solution, the FMLN-FDR, hereby express their willingness to discuss the following points:

A. Definition of a new political, economic and judicial order that will allow and stimulate the full democratic participation of the different political, social and economic sectors and forces, particularly those that have been marginated. Elections will be an important element as a mechanism of popular participation and representation.

B. The restructuring of the Armed Forces, based on the officers and troops of the current army who are not responsible for crimes and genocide against the people, and the integration of the hierarchy and troops of the FMLN.

Our fronts consider elections a valid and necessary instrument of expression of the people's will whenever conditions and atmosphere exist that allow the people to freely express their will. In El Salvador today we do not have those conditions to carry out electoral process, inasmuch as the regime's repressive apparatus which assassinates political and labor leaders and activists remain untouched; it persists in persecuting the progressive sectors of the Church and is responsible for the daily physical elimination of dozens of citizens, likewise the regime has currently in effect a state of siege, martial law and press censorship and is escalating the war against the people with arms and advisers sent by the Government of the United States.

A political solution is necessary for our people, for the stability of the region, and for the maintenance of peace and security among nations. This implies that governments should scrupulously observe the principle of non-intervention in the internal affairs of other peoples. This is why we are directly addressing the Government of the United States and demanding an end to its military intervention in El Salvador, which is against the interests of both the Salvadoran and American peoples and endangers the peace and security of Central America.

Our proposal responds to the demands for justice which are in line with the purest principles of international law, and of the interests of the nations and peoples of the world searching for peaceful solutions to points of tension. To this effect, the Salva-

doran people express their confidence in the understanding, participation and support of the international community in the attainment of its right to peace, freedom and independence."

UNIFIED REVOLUTIONARY DIRECTORATE OF THE FARABUNDO MARTI FRONT FOR NATIONAL LIBERATION (FMLN)
EXECUTIVE COMMITTEE OF THE REVOLUTIONARY DEMOCRATIC FRONT (FDR)●

RECOGNITION OF THE ESCROW ASSOCIATION OF SANTA CLARA VALLEY

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. MINETA. Mr. Speaker, I would like to call to the attention of my colleagues the Escrow Association of Santa Clara Valley, a regional association of the California Escrow Association which has been in existence since 1924 and now has over 3,500 members within 29 regional associations throughout the State of California.

The Escrow Association of Santa Clara Valley has been dedicated to the continuing education and elevation of the escrow profession through adherence to its code of ethics for 8 years and has faithfully pursued its covenant to foster, promote, and improve escrow education and service to its members and to the public to elevate the standards of the escrow profession. During this month, the California Escrow Association will hold its 26th annual education conference.

Mr. Speaker, on this occasion, I ask you and all my colleagues in the House to join with me in commending the officers, directors, and members of the Escrow Association of Santa Clara Valley for their outstanding contributions to the people of this community.●

BROOKS HAYS

HON. ED BETHUNE

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. BETHUNE. Mr. Speaker, the following editorial from the Washington Post is an important testament to the living memory of a distinguished Arkansan, Brooks Hays.

BROOKS HAYS

"I would not recognize myself as a man of courage. I would prefer to speak in terms of the values we are defending * * * The patriot and the dissenter may inhabit the same heart. We are not really disunited; we are merely enjoying our freedoms. Any sectional cleavages should merely spur us to greater exertions in building bridges of understanding."

What Brooks Hays did not recognize about himself—that he was a man of extraordinary courage—was never more nationally apparent than when he exerted himself fearlessly as a builder of those "bridges of understanding" in 1957—a southern congressman who stood up for racial moderation in the thick of a bitter clash over the desegregation of Central High School in Little Rock, Ark. Mr. Hays, who died Monday in Chevy Chase at the age 83, knowingly risked—and then suffered—political defeat the following year at the hands of a segregationist write-in candidate. But he never lost the respect of all who appreciated his promotion of good will, his sponsorship of humanitarian causes and his contributions to public service.

For 16 years before that defeat, Mr. Hays had represented the people of the 5th District of Arkansas with an unflagging commitment to racial understanding. When the then-governor of the state, Orval E. Faubus, ordered the Arkansas National Guard to block school desegregation, President Eisenhower responded by ordering U.S. troops to enforce desegregation orders. Mr. Hays arranged a meeting between the two and, though it proved fruitless, continued to speak out, refusing to yield to transient passions if it meant deserting his convictions.

His compassion extended to people everywhere—around the world, through his support for foreign aid, for UNRRA and aid to postwar Great Britain—and right here in the District of Columbia, through his early and vigorous support for home rule. In 1949 Mr. Hays made a special appeal for the District, in an unscheduled appearance before an Arkansas Democratic colleague who headed the House District Judiciary subcommittee and who opposed home rule. "You would get democratic government," said Mr. Hays, "and you would prove to the world that we really believe in government by the consent of the governed."

Mr. Hays was also a relentless raconteur whose anecdotes, yarns and jabs at himself knew no match. A deeply religious man, he once explained that he was a "great believer in ecumenism" because "the evils in the world are too much even for the southern Baptists to deal with."

We said it once in this space 17 years ago, when Brooks Hays left official Washington for a position at Rutgers University, and we repeat it now: He was one of the gentlest spirits in this hard-boiled town—a steadfast and courageous man.●

POLAND: A NATION IN CHANGE

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. HAMILTON. Mr. Speaker, I would like to insert my foreign affairs newsletter for October 1981, into the CONGRESSIONAL RECORD:

POLAND: A NATION IN CHANGE

Since July, 1980, Poland has undergone a political and social transformation unique in Eastern Europe. The Polish people have embarked on a search for a national identity reflected in the slogan, "Let Poland be Poland." Because it touches the senstitive issues of Polish sovereignty and Poland's relationship to the Soviet Bloc, the transformation has sent political tremors across the world. All conflicts so far have been resolved peacefully, but the final outcome is still far from clear.

The developments of the past year culminated in two recent congresses. The Polish Communist Party met and, for the first time, a broad cross-section of Polish society attended and voted for party leaders by secret ballot. Members argued, shouted down government officials, and voted leaders out. The party's 200-person central committee experienced a 91 percent turnover in membership. Seven of 11 members of the Politburo lost their positions, and at least four people with ties to Solidarity were elected to replace them.

The second congress was that of Solidarity, a trade union of nearly ten million members which has emerged as a mass political organization. A majority of Poland's 36 million people appear to support its objectives. Its members can be found in the army, the party, and the church. The promises it has wrung from the government and the party have altered the political and social landscape of Poland.

Solidarity is the first free union in the Communist world. A year ago, it began its work with economic demands for better wages, lower prices, and wider availability of basic commodities, but later it focused on political demands for legal status as an independent union, a referendum on management by workers, release of dissidents, and free elections to parliament. It called on workers throughout the Soviet Bloc to fight for their own unions. Solidarity has become much more than a union. In Poland, the party is no longer the sole authority.

In recent weeks, both the government and Solidarity have taken positions from which retreat will be difficult. Solidarity is demanding that the party give up control of the economy an agree to free elections. The party is claiming that Solidarity is a "counter-revolutionary" organization. Solidarity and the party are approaching the central question of political power in Poland at a time when the economy is collapsing and moderates in both organizations seem to be weak.

The unrest which has accompanied these developments has had a devastating effect on the Polish economy. The economy is a mess by any measure, and economic life for most Poles, with food shortages and rationing, is close to unbearable. While the government and Solidarity agree that economic reforms are necessary, few reforms have been put in place and there is no agreement on important particular steps to make the political and economic systems work.

The prospect of Soviet military intervention is another threat to Poland's future. Poland has become a heavy political burden to the Soviet Union. Moscow has warned Warsaw against the dilution of party power implicit in the growth of an independent trade union. Although the Soviet Union has applied strong pressure, the Polish Communist Party has so far staved off Soviet attempts to control events in Poland. Driven to fury by the actions of Solidarity, the Soviet Union has been on the verge of military intervention on several occasions, but each time it has drawn back, apparently persuaded that the risks outweighed the benefits. The risks include the cost of intervention, the probability that some elements of the Polish army would resist an invasion, and the likelihood that an occupation would produce opposition in Poland and unfavorable political consequences abroad. Nevertheless, the Soviet Union would intervene if its leaders were convinced that Solidarity posed a threat to Soviet security. While the Soviets have indicated their reluctance to intervene, intervention cannot be ruled out,

especially if the Polish party's monopoly on power is broken.

The United States and its western allies have warned the Soviets that intervention in Poland would undermine security and stability in Europe and would have profoundly negative implications for East-West relations in general. If intervention occurred, all trade and arms control talks with the United States would founder, and Soviet trade and diplomatic dealings with Western Europe would be seriously damaged. The United States views the dramatic change in Poland as an expression of Polish desire for a more liberal society, a desire with which others should not interfere.

To help insure the success of the experiment in Poland, the United States is aiding Poland by supplying food and rescheduling debt. Although some Americans argue that we should not assist Poland because its Communist system simply will not work, the prevailing policy has been based on the view that the United States has an interest in the growth of Poland's new pluralism and in a non-violent solution to the country's problems. The budgetary impact of American debt relief will be about $274 million in 1981 and $85.5 million in 1982. Poland is now seeking $3 billion in new loans from us.

Change in Poland has not yet run its course. Forces within the Polish Communist Party hope to stifle reform, and forces within Solidarity hope to overwhelm the party. What is needed now is a period of calm during which all Poles will concentrate on the problems of the economy. Nothing will be gained by forcing a final test of political strength. To improve the economy, the country must get back to work. The party and the union must resolve their differences and hammer out political and economic reforms. If they do not, either or both of two calamities may befall Poland: economic collapse or Soviet military intervention.●

TRIBUTE TO DON WALENTUCK

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. RODINO. Mr. Speaker, I am proud to draw the attention of the House to the achievements of Don Walentuck, a great public servant. For years, Mr. Walentuck has been a pillar of society in his home county of Belknap in New Hampshire, serving the needs of several communities in diverse capacities.

Mr. Walentuck has capably occupied a number of positions of leadership in his area. He is a member in good standing of the Lakes Region Chamber of Commerce, the president of the Bektash Temple Central New Hampshire Shriners, and a past director of the Lakes Region Salvation Army. For 12 years, he has served on the Laconia, N.H., planning board.

In addition, he has served area residents in a visible daily capacity as the longtime manager of the Star Market in Laconia, and as the owner of the 1848 Motor Inn in Wiers Beach, N.H. Above all of his responsibilities, he is a loving husband and devoted father to his wife, Joyce, and his children, Don Jr., Dana, and Sue.

On Sunday, October 18, 1981, a gathering of the family, friends, and neighbors of this great man will be held at the Harts Turkey Farm Restaurant in Meredith, N.H., as he steps down as manager of the Star Market, just one of the civic functions that he has provided. I am pleased that well-deserved appreciation is coming to Don Walentuck for his role as a great leader, community figure, and family man. He is a citizen to whom his county, his State, and his country can point with pride.●

VITAL ANTICRIME SERVICES PERFORMED BY BATF

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. McCLORY. Mr. Speaker, last week I entered in the RECORD two excellent articles from national newspapers concerning the proposed abolition of the Bureau of Alcohol, Tobacco, and Firearms. This proposal concerns me greatly.

Today, I wish to complement these articles by offering two additional editorials. First, this recently published commentary found in the highly influential, daily newspaper in my 13th Congressional District of Illinois, the News-Sun (Waukegan). Both articles express opposition to the report that the President may wish to dismantle the BATF.

Mr. Speaker, the commentaries speak eloquently on behalf of meaningful Federal handgun measures and in support of maintaining the worthwhile BATF. Another well-known paper in the 13th District, the Daily Courier-News (Elgin), ran this second thoughtful editorial which I add for my colleagues' further consideration.

The articles are as follows:

[From the News-Sun, Oct. 4, 1981]

AXING GUN CONTROL UNIT

If most Americans, who polls show favor stricter handgun laws, have been disappointed in President Reagan's stand against firearms controls, they must have been utterly dismayed by the announcement that he proposes eliminating the agency which enforces federal gun laws.

The Treasury Department's Bureau of Alcohol, Tobacco and Firearms has been under almost continuous attack by gun lobbyists who in recent years have managed to pressure congress into limiting its effectiveness by trimming its budget and legislating restraints on the agency.

It had been hoped that might change after the administration's task force on violent crime in its recent report focused on handgun control as the single most important method of dealing with violent crime. The task force urged that citizens be required to report the loss or theft of a handgun, legislation to forbid the importation of the unassembled parts used to make Saturday Night Specials that appear in so many crimes and a mandatory waiting period before a handgun can be purchased to permit authorities to check records to see whether current laws bar the customer from owning such a concealable weapon.

But despite these recommendations and polls which for years have shown 60 to 75 percent of the American public favoring "stronger" or "more strict" controls on firearms Reagan would get rid of the agency and leave the already weak federal gun-control laws virtually unenforced.

Perhaps it's time for the citizens who earlier answered Reagan's call for support to let him know this is one proposal they definitely are against.

[From the Daily Courier-News, Oct. 4, 1981]

GUN WATCHDOG AGENCY WRONG BUDGET TARGET

The mystique of the gun, evoking the rite of passage to adulthood, and defended by the constitutional right to bear arms, is a mystery to many modern Americans. As a people, we do not use guns to hunt for dinner, or to defend us from searches and seizures by a tyrannical government. Yet fear has driven many citizens to arm themselves—fear of crime.

Now President Reagan, a longtime opponent of handgun control, is reported to be considering a move to ask Congress to dismantle the single agency empowered to regulate the manufacture, importation and sale of handguns. A task force, headed by Assistant Treasury Secretary John Walker, will study what would be involved in phasing out the Bureau of Alcohol, Tobacco and Firearms (ATF). The move would be undertaken as a budget-cutting measure.

We oppose the effort to eliminate the ATF and to transfer some drastically curtailed responsibilities to other departments. At a time when violent crime is sharply on the rise against the man on the street and when leaders fear for their safety, it makes no sense to disarm the agency regulating firearms. There were 11,522 handgun murders last year, nearly half of all murders committed in the U.S.

The National Rifle Association, in a film, has characterized the bureau as "jackbooted fascists" who harass hunting sportsmen and gun hobbyists. There were reports that bureau men wantonly destroyed valuable weapons that they had seized from collectors. We regret any abuses of conduct in the past; none has been reported in the last two years.

Profit, not principle, is behind the handgun lobby. Arms manufacturers make a big business out of hammering one and one-half pounds of metal into a handgun and selling it to whoever will buy. If the gun goes off accidentally in a child's hands, or is used to gun down a leader, the manufacturer piously protests that people, not handguns, commit murders.

But we face the threat of an armed society, where private citizens pack sixguns to meet the escalating firepower of burglars and felons. As a recent issue of Esquire magazine shows, liberals, once handgun opponents, are now finding it chic to buy magnums.

The president's consistency in maintaining his anti-handgun control position despite an assassin's attempt on his life tells us about the strength of his convictions but is not a convincing argument for dismantling the firearms regulation agency.

The bureau is carrying out provisions of the Gun Control Act of 1968, passed after the assassination of Robert Kennedy. Its 1,400 special agents, a small number in comparison to other law enforcement groups, helped trace the Hinckley weapon used against Reagan, and aided in resolving the Mary Jane Moore attempt on President Ford and the John Lennon killing. The bureau's record for arrests shows that two-thirds of violators were people with previous criminal records. Forty-five percent turn out to be convicted felons.

The cost benefit of eliminating the Bureau of Alcohol, Tobacco and Firearms, and appeasing the NRA, will be paid many times over in lives lost, and jails overcrowded.

If some of the bureau's functions are turned over to the Secret Service, as cost-cutters suggest, that already beleagured agency would have to add a whole new responsibility to its difficult list of duties that range from tracking down counterfeiters to protecting the president. The transfer, coming at a time of across-the-board manpower cuts, would overburden the Secret Service, while failing to enforce handgun legislation.

Violence remains a threat, ominous as the federal deficit, facing our country. The budget ax should not fall on the gun control agency.●

A TRIBUTE TO MR. WALTER WINK

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. YATRON. Mr. Speaker, I wish to take this opportunity to share with my colleagues an occasion of significance. I refer to the honors which will be bestowed on my constituent, Mr. Walter Wink, on Friday, October 30, 1981, in recognition of his retirement after 67 years of service to the Commonwealth of Pennsylvania at the Hamburg Center.

I am sure the Members of the House will wish to join with me in noting the unprecedented nature of Mr. Wink's service to the people of Pennsylvania and to the residents of the Hamburg Center. Because we live in an era when public service is often deprecated, it is fitting and proper that the Congress join with authorities of the Commonwealth of Pennsylvania and of the Center in recognizing both the length of Mr. Wink's service and also the excellence of his contributions to the Center's mission.

It is always beneficial to take note of the conscientious efforts of many fine men and women throughout the Nation who serve our governments and the public. However, I am sure my colleagues will agree that Mr. Wink's record of 67 years of dedication is not only exemplary but also perhaps unprecedented in our history.

Mr. Wink's career should serve as an example for all of us in public service. I commend him on his devotion and his selfless service and extend to him both congratulations on a job exceptionally well done and best wishes for a fruitful retirement.●

HAMILTON FISH, JR., ON BABI YAR: "WE DO NOT FORGET"

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. GILMAN. Mr. Speaker, on October 5, at the Park Avenue Synagogue in New York, an observance was held to mark the 40th anniversary of the massacre on tens of thousands of Jews at Babi Yar, Ukrainia, during the Second World War.

My esteemed colleague and dear friend, the gentleman from New York, Mr. HAMILTON FISH, JR., and I, addressed the memorial service, as did other members of our New York delegation. Mr. FISH's remarks deserve wide circulation, in my view, and I request that they be inserted at this point in the RECORD for the benefit of all of our colleagues.

MEMORIALIZING THE 40TH ANNIVERSARY OF THE BABI YAR MASSACRE

The murder of over 33,000 Jews on September 29 and 30, 1941, was such a monstrous act of barbarism—an unequalled act of concentrated massacre.

We do not forget what occurred at Babi Yar. But the Soviet Government has forgotten. In fact, today, it pursues a deliberate policy of eliminating Jewish culture, history, and religion.

Nowhere is this more evident than at Babi Yar and in Kiev. After years of worldwide pressure to build a memorial at Babi Yar, the monument erected conspicuously omits any mention of the massive number of Jews buried in the ravine. The Soviet Government, aware of the importance to Jews of memorializing their dead, officially denies this religious tenet.

And how else can we explain police disruption of attempts to hold services at Babi Yar? One of those who tried to say a prayer at Babi Yar, Vladimir Kislik, is now serving a prison term on typical trumped-up charges. Other prominent Kiev activists like Kim Fridman, have also been imprisoned. They have suffered because they were bold enough to stand up against persecution and harassment.

To these names, one can add Victor Brailovsky, Anatoly Shcharansky, Ida Nudel—symbols of the strength and nobility of those who seek cultural and religious freedom . . . who will not be silenced.

And we must not be silent. Our words and actions must expose persecution, demand basic human rights, and give heart to Soviet Jews.

Today, there is a difference from 1941. Today, there is a place to call home—a homeland that is giving the world every indication it is here to stay.

Israel is our firm and trusted ally in a volatile part of the world. Israel's hopes and aspirations are our aspirations. Israel's security is our security.

The policy of the United States is and must remain consistent, unwavering support for Israel—a policy based firmly on two principles—a moral commitment to the Jewish homeland and a recognition of the strategic importance of Israel to the United States. This is a way to remember. This is a way to say never again.●

A WORKING SOLUTION

HON. RON WYDEN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. WYDEN. Mr. Speaker, I would like to talk today about what I consider one of the least cost-effective and most inhumane of the Reagan administration's fiscal policies.

I think most of us would agree that it is high time we put America back to work again. Productivity is down. Unemployment is high. Our economy badly needs a shot in the arm.

And yet against that backdrop, the administration pushed through Congress changes in welfare law which destroy work incentives for low-income workers. By reducing benefits to the working poor, many of whom are single mothers, this law has put these people in the position of either quitting their jobs or keeping them and losing both income and medical care.

I think that is unconscionable—and ridiculous. Three-quarters of all working welfare mothers earn less than $500 a month. Clearly they cannot make ends meet without some help. We should allow these women to retain their dignity, to develop a precedent for doing their part to support their families. By forcing these women to quit work and go on the welfare rolls in order to provide the necessities of life for their families, we are establishing a precedent that may well follow that family for generations.

But more than that, this new law does not even make sense from a fiscal standpoint. Welfare costs are actually likely to go up as the working poor are forced to choose the higher income and better health care of full welfare dependency.

Punishing the working poor is no way to put America back to work. Congress should restore at least the minimal work incentive previously provided.●

SES EXECUTIVES FIND MANY THORNS, FEW ROSES

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. WOLF. Mr. Speaker, I want to call to the attention of my colleagues a front page article which appeared in the Washington Post today titled, "SES Executives Find Many Thorns,

Few Roses." The Federal executive "brain drain" has produced a crisis of management in the Federal Government, and I commend Karlyn Barker for her sensitive treatment of this serious problem.

I include the text of this excellent article at this point in the RECORD:

[From the Washington Post]

SES EXECUTIVES FIND MANY THORNS, FEW ROSES

(By Karlyn Barker)

When Jimmy Carter set up the Senior Executive Service nearly three years ago, it was touted as the ideal place for the government's top managers, an elite niche where Uncle Sam's best and brightest would toil at greater risk but with the promise of greater rewards.

It hasn't worked out that way, according to numerous senior executives. In a recently released survey of 1,000 randomly selected SES members, more than 80 percent said that, although they like their jobs, they believe there are insufficient incentives to retain top quality government executives. Further, 46 percent of the current executives said they are thinking of leaving government service within the next two years.

The written survey, mailed out to senior executives by the Office of Merit Systems and Studies, found a growing dissatisfaction with the SES, which replaced the so-called "super-grade" system and was part of the Civil Service Reform Act passed in late 1978. The 6,700-member SES includes most managerial, supervisory and policy-making positions equivalent to GS 16 through Executive Level V in the Executive branch.

The survey detailed several SES shortcomings:

The current pay cap of $50,112 has resulted in "pay compression," so that all SES members—and many of their subordinates—earn the same salary, preventing distinctions based on differing responsibilities and authority.

The pay ceiling has meant that some executives have accepted "promotions" with no increase in pay; conversely, some have been less willing to accept promotions.

The pay cap has hastened the retirement of senior executives, whose pensions are based on the top salary earned. Though they can't improve their base pensions at this point by staying on longer, they can look forward to having their pensions boosted by regular cost-of-living increases once they do retire.

The SES bonus system, a type of merit pay intended to motivate and reward executives for exceptional performance, has been so severely curtailed by Congress and the OPM that at least half the members of the executive work force feel they have no real chance of getting a bonus in the coming year.

Despite the theory that the SES would mean greater risks for greater rewards, most top performing executives feel they have not been adequately compensated for their work and, as of July 1981, only one career executive has been removed from SES for poor performance. Part of the idea behind the reorganized system was that it would attract and keep the best government executives by increasing their pay and prequisites while eliminating many of the protections against dismissal for poor performances.

The survey reported that 78 percent of the executives questioned are dissatisfied with their pay compared to that of private sector executives. Ninety-one percent said they enjoy the job itself and the kind of work they do, and 80 percent said they believe they get results and have a positive impact on government performance.

On the negative side, 63 percent said they are dissatisfied with the bonuses and rank awards systems.

The vast majority of eligible career executives chose to join the SES when it was set up, particularly since it was understood at the time that failure to do so could scuttle their career advancement.

"People are really down," said E. Jerry Shaw, president of the Senior Executive Association. "There's this tremendous feeling of betrayal, and executives just cannot see a future in government if they are going to keep getting kicked in the head."

Shaw said the treatment of career executives should be all the more troubling to officials because "these are the successes in government, not the failures."

Archie Grimmett, one of those successes, has worked for the federal government for 22 years. He loves his job, regards his career as a higher calling and until recently had never once thought of looking elsewhere for employment.

But now the 46-year-old chief of the Department of Army's staffing and career management division for civilian personnel says he is becoming "very disillusioned about the whole thing." For the first time, he and his wife have begun discussing the possibility that he might want to leave government service unless, as promised, government pay and benefits improve.

The continuing failed promise of the SES has made it "alarmingly unattractive" to mid-level federal employees, the pool from which a large number of future SES members will likely be drawn, according to the survey. And even Donald J. Devine, director of the Office of Personnel Management, has told congressional officials that the government is losing its best, most seasoned executives at a time when it needs them more than ever.

Senior executives, to be sure, are not the only government employees feeling abused these days. Studies of mid- to high-level civil servants indicate that morale in general is suffering, particularly now that more than 48,000 federal employees have hit the $50,000 paycap.

"The brain-drain problem is a much broader problem than the SES," said Rep. William Ford (D-Mich.), chairman of the House Post Office and Civil Service Committee. He said officials in the Reagan administration have come in "thinking that bureaucrats are to be purged at all costs, and this makes them incapable of making any judgment on the impact of that policy on the government."

Still, the problems of the SES—where the last substantial pay raise was in March 1977, followed by a 5½ percent cost-of-living increase in October 1979—are being felt in every agency.

"We've lost a number of top people," reports Ed Nicholas, director of personnel at the National Institutes of Health and a charter member of SES. He has been in government service for 35 years.

Nicholas noted that while other government workers just received a 4.8-percent pay increase, SES salaried have been frozen. NIH recently lost one of its top directors, who left to head up a medical school, reportedly at double his salary, and Nicholas said about 30 vacancies have remained unfilled at the agency because it can't find qualified people to take them.

While few are being attracted to government service, others are seizing every chance to leave it. OPM's statistics show that between July 1979 and June 1981 1,100 career executives elected to take optional retirement. Another 363 resigned outright, according to OPM.●

A TRIBUTE TO MR. JAMES (JIMMY) MING

HON. JAMES A. COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. COURTER. Mr. Speaker, Mr. James "Jimmy" Ming of Dover, N.J., is being honored on October 16 as the Dover Lions Club man of the year. On behalf of his friends and neighbors, I have been asked to say a few words in honor of the occasion. And I would like to say that no one is more worthy of that distinction than Jimmy Ming, a humanitarian and public-spirited citizen who has done a great deal for the betterment of Dover and Morris County.

When the war between China and Japan broke out in 1938, Jimmy Ming, then attending the University of Chung Sun in Canton, left his studies and returned to America to learn the restaurant business. He did every job from dishwasher, to cook, to manager—and he did them well.

In 1945, Jimmy decided to go into the restaurant business for himself in New York City. Within 5 years, he and his wife Mary had started five restaurants which have proven to be very successful.

Through lost of hard work, long hours, and dedication, Jimmy had earned himself a respectable reputation in the restaurant business and, in 1957, Mr. Milton Ehrilich approached him to open a restaurant in a newly built shopping center. The Shantung Restaurant in Dover, N.J., remains a favorite dining establishment of the Dover community even today.

Jimmy Ming has put his endless energies into many civic projects in addition to managing a thriving restaurant business. He has been an active member of the Dover Lions Club, representing the club at State, national, and international levels, He has held numerous leadership positions within the service organization's framework as president 1970–71, zone chairman, and deputy district governor. He helped charter two new Lions Clubs, Mount Olive, and Randolph-Roxbury, which named him their man of the year in 1978.

Jimmy has sponsored many causes and fundraising projects for organizations such as the Dover Police Department and Dover General Hospital. He is a member of the Advisory Committee for Adult Education of Dover and

since 1974, Jimmy has been chairman of Camp Happiness which cares for the daily needs of 100 blind men from the community.

Jimmy was elected president of the New Jersey Licensed Beverage Association in 1970 and he is a member of the Acacia Lodge in Dover and the Shalom Temple of Shriners in Livingston.

He organized the Chinese Youth Association to help Chinese American youth learn about their ancestors and their cultural heritage. As a member of the North Jersey Chinese Association, Jimmy Ming sponsored many Chinese friends and relatives immigrating to the United States. He helped these people find jobs and become contributing members of our society.

Jimmy Ming has worked hard for many years to get where he is today. He is admired for his success, but he will be remembered for all that he has done for his neighbors in Dover, Morris County, and in the Chinese American community. On behalf of all these fine people, I would like to commend Jimmy Ming on his many achievements and to thank him for all he has done for his friends and neighbors in Dover.●

WE DESERVE EXCELLENCE IN AMBASSADORIAL APPOINTMENTS

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. LaFALCE. Mr. Speaker, with any change of administration one expects to see changes in policy. As we are all aware, "new" often means "new and different." It comes as no surprise then, that the Reagan administration has adopted positions and directions quite different from those of the Carter administration and for that matter, from preceding administrations as well.

There is one factor, however, that we should expect to remain constant in every administration. That is our desire for excellence. There is no reason why any administration should present anything less than the best. Certainly that is true in terms of appointments to sensitive and key Government positions.

It is with great alarm and dismay, then, that we read the report of the American Foreign Service Association regarding ambassadorial appointments by the Reagan administration.

The association points out with alarm, that President Reagan has appointed more noncareer officers than any President since World War II. It is not the noncareer status alone that should trouble us. It is the fact that these noncareer individuals are far from the most qualified we could find. They are, as the American Foreign Service Association states, "undistinguished as public figures."

This being the case, the chart that the association prepared indicating the high percentage figure of noncareer appointments in this administration means we also have the highest percentage of amateur ambassadors serving in Africa, Europe, East Asia and the Pacific, Latin America, the Near East and South Asia, and in international organizations. The Reagan record is especially bad in Europe, where, I expect, many of the President's undistinguished friends—clearly excepting Arthur Burns and Maxwell Robb—would naturally like to go. In Europe, only 35 percent of Reagan's appointments have been career, an all-time low by far.

Such a record is inexcusable. I wish to share the complete statement with my colleagues. The American Foreign Service Association statement of October 13, 1981, with its accompanying chart, follows:

THE AMERICAN FOREIGN SERVICE ASSOCIATION STATEMENT

The American Foreign Service Association has adopted the following statement regarding ambassadorial appointments by the Reagan Administration.

Since assuming office President Reagan has selected 81 ambassadors to head diplomatic missions. Of these 36, or 44 percent, have been from outside the ranks of the career Foreign Service. If sustained, this proportion would mark the greatest use of non-career officers since World War II.

Notwithstanding Section 304(a)(3) of the Foreign Service Act of 1980 which states that contributions to political campaigns should not be a factor in the appointment of an individual as chief of mission, it is obvious that the selection of political ambassadors continues to be a reward for party loyalty and campaign participation.

Section 304 of the Foreign Service Act further states that "positions as chief of mission should normally be accorded to career members of the Service, though circumstances will warrant appointments from time to time of qualified individuals who are not career members of the Service."

The Foreign Service has long welcomed the assignment of non-career individuals of real distinction such as Ambassadors George Bush, Ellsworth Bunker, Douglas Dillon, David Bruce, Mike Mansfield, and in this administration, Arthur Burns and Maxwell Robb. It is disappointing, however, to see that almost half of this administration's ambassadorial appointments are non-career envoys, the vast majority of whom are relatively undistinguished as public figures. Inevitably such appointments lower the respect of foreign countries for the United States and makes a mockery of the careful selection and long and varied experience which professional career officers bring to senior assignments within the Service.

PRESIDENTIAL CHIEF OF MISSION APPOINTMENTS—1945–81 WORLDWIDE AND BY REGION

President	Number career	Number noncareer	Percent career	Percent noncareer
Truman	115	63	65	35
Eisenhower	156	72	68	32
Kennedy	72	52	58	42
Johnson	94	56	63	37
Nixon	157	73	68	32
Ford	47	29	62	38
Carter	141	52	73	27
Reagan	45	36	56	44
Total	827	433	66	34
Africa appointments:				
Truman	5	2	71	29
Eisenhower	15	4	79	21
Kennedy	17	9	65	35
Johnson	31	7	82	18
Nixon	50	9	85	15
Ford	16	2	89	11
Carter	41	5	89	11
Reagan	12	3	80	20
Total	187	41	82	18
Europe:				
Truman	37	24	61	39
Eisenhower	37	25	60	40
Kennedy	17	16	52	48
Johnson	17	20	46	54
Nixon	24	29	45	55
Ford	12	11	52	48
Carter	25	16	61	39
Reagan	8	15	35	65
Total	177	156	53	47
East Asia/Pacific:				
Truman	10	8	56	44
Eisenhower	30	6	83	17
Kennedy	6	10	37	63
Johnson	10	7	59	41
Nixon	20	6	77	23
Ford	3	1	75	25
Carter	11	6	65	35
Reagan	6	3	67	33
Total	96	47	67	33
Latin America:				
Truman	36	19	65	35
Eisenhower	38	22	63	37
Kennedy	16	6	73	27
Johnson	20	12	62	38
Nixon	35	11	76	24
Ford	6	8	43	57
Carter	32	11	74	26
Reagan	7	6	54	46
Total	190	95	67	33
Near East/South Asia:				
Truman	25	6	81	19
Eisenhower	33	8	80	20
Kennedy	14	5	74	26
Johnson	15	3	83	17
Nixon	23	8	74	26
Ford	10	2	83	17
Carter	21	7	75	25
Reagan	10	4	71	29
Total	151	43	78	22
International organizations:				
Truman	2	4	33	67
Eisenhower	3	7	30	70
Kennedy	2	6	25	75
Johnson	1	7	12	88
Nixon	5	10	33	67
Ford	1	4	20	80
Carter	2	7	22	78
Reagan	2	5	28	72
Total	18	50	26	74

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LET US DEFER ACTION ON DEFERRALS—BY DEFERRING TO BETTER SENSE

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. BIAGGI. Mr. Speaker, in recent days, major newspapers have been reporting that the administration is seeking authority to defer spending of appropriated funds as a means of

achieving the latest round of budget cuts proposed by the President.

I take this opportunity to state my total opposition to this backhanded attempt to circumvent the normal appropriations process. I take time to remind my colleagues that the spirit and letter of the Budget Act of 1974 was to specifically address this problem which we faced time and time again prior to its passage.

Let us not forget that we have already approved a budget package which slashes more than $35 billion in spending for fiscal year 1982. The administration is seeking another $13 billion in cuts but the reception for these additional cuts appears cool at best on both sides of the aisle.

As one who opposed the Budget Reconciliation Act of 1981 every step of the way, I can now see what the real impact of this proposal was. It did far more than eliminate fat in the budget. It cut far deeper—into the very marrow of vital social programs. The impact, in real human terms, is demonstrating itself to be drastic. Should these additional cuts be approved, the end result would be catastrophic.

Take, for example, my own city of New York which would be brutalized if these reductions were to occur. In the area of education, we have already taken a $45 million loss in elementary and secondary education dollars—resulting in 1,522 jobs being eliminated and 650,000 children being affected. If these cuts were approved at an additional 12 percent, we would lose an additional $40 million from the new education block grant, an additional $4.5 million in vocational education funds, an additional $6 million in handicapped education funds and an additional whopping $10.25 million in vocational rehabilitation for handicapped adults.

In the area of food stamps, New York City has lost $70 million for this program, affecting 1.2 million recipients who will have their food stamps benefits reduced or totally eliminated.

Our employment and training programs under titles II-D and VI of CETA have been eliminated. In real terms, these programs for the hard-core unemployed in public sector jobs will have lost $177 million which eliminated 11,500 jobs. Further cuts in other CETA programs have exacerbated this situation. Youth employment programs under title IV-A have lost $16 million, and the private sector program under title VI lost nearly $1 million.

For medicaid, New York City has already lost $14 million to help pay for health care for low-income individuals. The expected loss in 1983 and 1984 is estimated to be $45 million and $58 million respectively. In addition, the consolidation of other health-care programs into four block grants means that New York City will lose an additional $1.6 million in funding. Translated into real terms, poor, sick people who cannot afford adequate health care will be most heavily impacted by these cuts—and may have to go without.

After being stampeded into accepting these budget cuts, we are now facing the potential loss of an additional 12 percent cut in social and human service programs. I reject this notion as the only alternative available to us in order to address the twin evils of inflation and economic stagnation. The Defense budget has been curiously exempt from this process and more than one Member has pointed to the fact that fraud and abuse are running rampant in that Department. We should look to other areas to share the burden of cost-cutting in an honest attempt to bring the Federal Government budget under control.

I urge my colleagues to join me in rejecting these deferrals and allow these new budget-cutting proposals to be subjected to the thorough process of congressional scrutiny so we can dispose of them in a timely and appropriate fashion.●

FREEDOM OF CHOICE IN CURRENCY

HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. DANIEL B. CRANE. Mr. Speaker, public interest in the gold standard continues to rise. Recently, I have seen articles on the subject in many major national publications.

I am particularly enthused since my bill, H.R. 3789, known as the Free Market Gold Coinage Act, overcomes the objections of those opposed to the gold standard while allowing everyone the freedom of choice in currency that Nobel laureate economist Frederich M. Hayek insists is necessary for a healthy economy. The bill was discussed in the CONGRESSIONAL RECORD of September 10.

Mr. Harold E. Thomas, of Germantown, Md., has written a letter to the Post of Frederick, Md., in which he discusses the importance of freedom of choice in currency. It was published August 4.

[From the Post, Frederick, Md., Aug. 4, 1981]

THE GOLD STANDARD

(By Harold E. Thomas)

A recent article in your paper titled "Savings and loans face money woes" (July 16) related the plight of the savings and loan banks that are earning less on their loans than the interest they have to pay on deposits.

Rollin Bernard, president of the U.S. League of Savings Associations, said that stopping inflation "is the most important thing that anybody, including God, can do."

Note that Mr. Bernard realizes that stopping inflation may require God's help. We need God's help with all of our problems—not just the economy.

The economy, however, is the most important and the most basic to our continuing freedoms and liberty. If the economy collapses we will lose everything; therefore, it is most important that the economy be healed first. President Reagan realizes this and is acting accordingly. His approach, however, has some basic flaws.

Yes, Mr. Bernard, we need God's help with our economy—but we also need God's help with all of our problems. We have the problems because we are violating God's laws—and we are reaping what we are sowing.

We are violating one of God's laws in our economy by not being on the gold standard, I say this because God gave us gold to be our standard, both in our economy and in our behavior.

Gold should be our money and the Golden Rule should be our standard for our relationship with our fellow man; God has given us the grand design for a money system but we are ignoring the obvious.

Think about this: The word God and the word Gold are almost the same word. Add only the letter "L" to God and you get gold. That is no coincidence—it is by Divine design. Perhaps the "L" is for Love or Elohim, perhaps both. Gold as money is its own regulator of the money supply and inflation is impossible since it can't be created by printing presses or entries in a book (credit).

Another little known fact is that living in a gold-based economy is congruent with living by the Golden Rule. Gold and the Golden Rule go together. When man has gold as money he has more incentive to live by the Golden Rule for several reasons.

An important reason is that an inflationary economy is like a thief—it steals from the many who labor rather than the many who deal in "paper"—such as money traders, gamblers, etc. The Golden Rule is the "Gold Standard" of human behavior.

We as citizens have the destiny of America (and probably the world) in our hands. Are we going to let our (so-called) leaders lead us down the paper road to destruction?

The following is well worth taking to heart:

Paper money expansionism will not work • • • [but] highly sophisticated monetary authorities go on for years accepting ever more worthless paper instead of demanding gold • • • But the time has come at least when people, including even foreign central bankers, no longer want to hold more and more and ever more worthless currencies • • •. Confidence in a currency can erode rapidly once it becomes inconvertible, for only convertibility enables it to maintain its store of value function indefinitely • • •. Without convertibility, history shows that a currency will ultimately become worthless and disappear.—John Exter, former vice president of the Federal Reserve Bank of New York.

Our time is running out. The signs are obvious: the savings and loans are in trouble; Poland can't pay her debts—which were created by greedy western bankers; interest rates are outrageous; businesses are failing by the hundreds weekly; and personal bankruptcies are doubling almost monthly. We must return to the Gold Standard before it is too late. It is the only real choice.

If you would like more information about the Gold Standard write to me or phone me

evenings at 301-972-1341. If I'm not available, leave a call back message. If you want America on the Gold Standard (and the Golden Rule), write President Reagan and your Senators and Congressmen. Send a copy of this letter. They must begin to realize the role of gold in an economy and in our behavior.

If you want America living by the Golden Rule—begin with yourself and your own family. Show this letter to others. Make copies of it and give them to relatives and friends. Talk about gold and the Golden Rule.

If we live by God's laws (the Golden Rule) we will reap the good rewards. If we continue to violate God's laws, we will reap the bad; it is commonly called inflation and self-destruction.

Self-destruction is also known as drugs, war, thievery, abortion, sexual perversion, etc., etc.●

LEADING SCIENTISTS STRONGLY ENDORSE REAGAN'S POLICY STATEMENT ON NUCLEAR ENERGY

HON. MARILYN LLOYD BOUQUARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mrs. BOUQUARD. Mr. Speaker, the response of the Washington popular media to the Reagan administration's support of nuclear energy has been loud and acrimonious. Instead of confining news stories to factual discussions, there has been a plethora of articles casting nuclear power in the worst possible light. Mr. Speaker, there seems to be a concerted effort to try and convict nuclear energy in the public arena without a discussion of the facts.

When the President released his nuclear energy policy statement last week, a group of 32 leading American scientists, including 8 Nobel laureates, sent a telegram to President Reagan expressing their strong support for his nuclear energy policy.

Nobel Prize winners in physics and/or chemistry, Luis Alvarez, Hans Bethe, Felix Bloch, Robert Mulliken, Arno Penzias, James Rainwater, Glenn Seaborg, and Eugene Wigner joined their prestigious scientific colleagues in commending the President for his policy initiative, stating that—

We feel that the approach that you have outlined will help to ensure the viability of commercial nuclear power as a vital component in the future energy mix of this country and that the policy is consistent with our interests in pursuing international nonproliferation goals.

The telegram was sponsored by scientists and engineers for Secure Energy, Inc., a national educational organization comprised primarily of academic scientists and engineers. This organization is dedicated to prudently advancing the use of technology for the benefit of mankind. It works to correct much of the misunderstanding that permeates the public attitude toward scientific and technical issues, especially as they pertain to the U.S. and world energy future.

While the telegram to President Reagan from these Nobel laureates and prestigious scientists was made available to the media, it has received almost no attention. Apparently the media, particularly in the Washington area, do not feel it is important to tell the people what great scientists and engineers think about nuclear power. Instead, they rely upon distorted stories and shrill commentary by those who, for ideological reasons, are opposed to this form of energy. An illustration of imbalance is Monday's article in the Washington Post attacking a program outlined in an internal Department of Energy letter which suggested certain programs to correct public misunderstandings of nuclear energy. The same newspaper has yet to acknowledge the telegram to the President, however.

I bring this matter to the attention of my colleagues because I think it is important that they understand the distorted nature of the information they are being fed on a daily basis on this important topic. The telegram sent to President Reagan from the scientists mentioned above is included here for the information of all my colleagues.

[Telegram]

SCIENTISTS AND ENGINEERS FOR SECURE ENERGY, INC.,
Washington, D.C., October 9, 1981.

President RONALD REAGAN,
White House,
Washington, D.C.

MR. PRESIDENT: The citizens of SE, strongly endorse your October 8, 1981 policy statement on nuclear energy.

We feel that the approach you have outlined will help to ensure the viability of commercial nuclear energy as a vital component of the future energy mix of this country, and that the policy is consistent with our interests in pursuing international nonproliferation goals.

We are pleased to see that the current nuclear regulatory morass will be addressed and are confident that the reactor licensing process can be relieved of issues unrelated to safety and thus by appropriate streamlining become a meaningful guarantor of continued safe operation of the commercial nuclear enterprise.

In addition, we support your directive to close the "back-end" of the nuclear fuel cycle by lifting the ban on commercial fuel reprocessing and, in particular, we welcome the opportunity for the scientific and technical community to demonstrate to the American public that commercial nuclear waste can be disposed of safely.

Robert K. Adair, Yale U.; Luis Alvarez (Nobel Laureate), Prof. Emeritus, U. Cal. Berkeley; Hans Bethe (Nobel Laureate), Cornell U.; Felix Bloch (Nobel Laureate), Stanford U.; David Bodansky, U. Washington; D. Allan Bromley, Yale U., President, American Association for the Advancement of Science; Harvey Brooks, Harvard U., Co-chairman, National Academy of Sciences CONAES study; Karl Cohen, Stanford U.

R. Creighton Buck, U. Wisconsin; Albert Gold, NY Polytechnic Inst.; William Havens, Columbia U., Exec. Secy., American Physical Society; Erich Isaac, CUNY; Herbert Kouts, Brookhaven National Lab.; Leona Libby, UCLA; John McCarthy, Stanford U.; Robert Mulliken (Nobel Laureate), U. Chicago.

Arno Penzias (Nobel Laureate), Bell Labs; Thomas Pigford, U. Cal., Berkeley, Member of Kemeny Commission; James Rainwater (Nobel Laureate), U. Cal., Berkeley; Norman Rasmussen, MIT; Dixy Lee Ray, Energy consultant, Former Governor, Washington, Former Chairman AEC; Corwin Rickard, President, American Nuclear Society; Alfred Schneider, Georgia Inst. Technology; Glenn Seaborg (Nobel Laureate), U. Cal., Berkeley.

Frederick Seitz, President Emeritus, Rockefeller U., Past President, National Academy of Sciences, Chairman, SE,; Malcolm Sherman, SUNY, Albany; John Sununu, Tufts U.; Edward Teller, Hoover Institution; Miro M. Todorovich, CUNY, Exec. Director, SE,; Lynn E. Weaver, Georgia Instit. Technology, Chairman, Co-ordinating Committee on Energy, American Association of Engineering Societies; Alvin Weinberg, Oak Ridge Associated Universities, Director, Institute for Energy Analysis; Eugene Wigner (Nobel Laureate), Princeton U.●

HAITIAN POLICY FLAWED

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. FRANK. Mr. Speaker, I was pleased to learn that the American Jewish Committee has expressed its opposition to the administration's policy of interdicting Haitians on the high seas. Lester S. Hyman, AJC's capable spokesperson for immigration affairs, stated in a recent letter to Attorney General French Smith that the administration's policy cannot guarantee due process under the law and sets a dangerous international precedent. How ironic it is that only 3 years after the United States called on the Indochinese nations of first asylum not to turn away refugees bound for their shores, the United States is unwilling to accept the responsibility that we would have others undertake. Without placing the proper emphasis on international participation and economic relief for Haiti the American Jewish Committee suggests the administration's policies are wrong. Simple put, a policy of interdiction is no basis for a solution to the Haitian migration to U.S. shores.

Mr. Speaker, I believe the statement from the American Jewish Committee deserves to be read and considered by all Members of this body for its criticism and suggestions for a reorienta-

tion of the administration's plans. The letter follows:

THE AMERICAN JEWISH COMMITTEE,
Washington, D.C. October 7, 1981.

Hon. WILLIAM FRENCH SMITH,
Attorney General,
Department of Justice,
Washington, D.C.

DEAR MR. ATTORNEY GENERAL: Following up our recent correspondence on immigration and refugee issues, I wish to communicate to you the position of the American Jewish Committee on interdiction on the high seas of Haitian men, women, and children who are seeking asylum in the United States.

The American Jewish Committee believes that neither Coast Guard interception of asylum seekers nor hearings held on board vessels can possibly provide adequate guarantees of fair hearing in due process that must be accorded all applicants for refugee status. We also fear that this procedure will set a dangerous international precedent under which nations where first asylum is sought could prevent people forced to flee their home countries from entering and applying for safe refuge. We urge that the efforts of the United States be directed to providing fair and prompt adjudication of cases of people landing on our shores claiming refugee status.

We also believe that this is a national issue for which the entire country must take responsibility. Individual states such as Florida should not be left to meet expenses which are caused by national and international circumstances beyond their control. Impact aid to these areas is vital.

Finally, we believe that the long range solutions to this complex problem lie in international sharing and receiving of refugees as well as economic development to meet the root cause of Caribbean migration. This policy thrust would be in full accord with the President's July 30 statement that we should seek "international cooperation in the resettlement of refugees, and, in the Caribbean basin, international cooperation to assist accelerated economic development . . ."

Sincerely,

LESTER S. HYMAN,
Chairman, National Committee on Immigration Policy.●

INFLATION AND CURRENCY DISORDER

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. McDONALD. Mr. Speaker, regardless of whether one agrees or disagrees with the administration's economic policies, few will dispute that we are living in precarious economic times. While there has been much rhetoric as to the cause of high inflation and high interest rates, few economists have been able to provide as concise analysis of the ways of the economy as has Dr. Hans F. Sennholz. Dr. Sennholz has long been one of the most able advocates of an American return to economic sanity through balanced Federal budgets and gold based money. I consider Dr. Sennholz to be the leading proponent of a free market economy in the United States and I recommend the following article, which appeared in the October 14, 1981 issue of The Review of the News, to the attention of my colleagues.

INFLATION AND CURRENCY DISORDER

(By Hans F. Sennholz)

In the history books of tomorrow the decades of the 1970s and 1980s will probably be called the era of worldwide inflation and currency disorder. In 1970, only a few industrial states, such as Japan, Denmark, Iceland, Spain, and Turkey experienced inflation rates of (slightly) more than 5 percent. In 1980, even Switzerland suffered a currency depreciation of 5.4 percent; West Germany 5.5 percent, Austria 6.4 percent, the Netherlands 6.5 percent, Belgium 6.6 percent, and Japan 8 percent. All others suffered double-digit rates: Australia 10.2 percent, Canada 12, Denmark 12.3, U.S.A. 13.5 percent, France 13.6, Spain 15.5, Great Britain 18, Italy 21.3, Greece 25, and Turkey 94 percent. In some of the South American countries the rates were even higher.

When all Western countries suffer the identical malady we must search for a common cause or common characteristics that might explain the epidemic. As economic ideas always precede economic policies we should search for doctrines and theories used to justify the inflation policies. In particular, we should inquire into the "new economics" that is providing the guideposts for policy throughout the Western world.

Basically, all new-economics guideposts ascribe to government the magic power of creating real wealth out of nothing, of raising national income and wealth through manipulations by the central bank. They are unanimous in their condemnation of the gold standard, which to them means domination by "external forces" and denial of national independence in policy matters. The independence they are urging so forcefully, of course, amounts to government control over money matters. They point toward "fiat money," i.e., government money without restraint by a commodity such as gold. Moreover, in all national currency systems a central bank as the executive arm of government is expected to hold absolute power over the money issue. Commercial banks are forced to hold their reserves as deposits with the central bank acting as the bankers' bank. The central bank then orchestrates the currency and credit policy by regulating the reserve requirements the commercial banks must maintain with the former, and by numerous other controls over the activities of the banks.

This institutional setting of the currency and credit systems throughout the world is providing the political framework for governments to manage their currencies at will. The traditional restraint to make ultimate payments in gold was removed by all governments after August 15, 1971, following President Nixon's suspension of international gold payments by the U.S. Facing the inability to make prompt gold payment the President, in an outburst of abuse against foreigners and speculators, ceased to honor any and all gold payment obligations. Since then the world has been afloat in an ocean of paper currencies that are managed and mismanaged by some 120 sovereign governments.

SOARING DEFICITS

Set free from contractual gold payment restraints all governments began to indulge in what comes so naturally—massive spending and currency inflation. The U.S. Government as the political leader of the Free World set the pace. Its Budget outlays rose from $196 billion in 1970 to some $578 billion in 1980, and its deficits from $2.8 billion to $60.9 billion. During the decade it suffered Budgetary deficits totalling $314.9 billion; in the first two Fiscal Years of the 1980s its deficits are estimated to exceed $120 billion.[1]

It is most revealing to calculate the deficits as a percentage of government expenditures. At the beginning of the decade the U.S. Government deficit amounted to a mere 1.45 percent of Budget outlays. In 1980 it soared to 10.5 percent, and in 1981 it probably will be even higher. In other words, the U.S. Government is borrowing 10.5 cents of every dollar it spends. In other industrial countries the 1981 deficits relative to outlays are very similar: in France 5 percent, Switzerland 7 percent, the Netherlands 11 percent, Great Britain and West Germany 12, Austria 13, Denmark 15, Belgium 18, Sweden 27, Japan 31, and Italy 36 percent.

As a percentage of Gross National Product the 1970 U.S. Government deficit was less than 0.3 percent; in 1980 it amounted to 2.4 percent. In France the deficit is estimated at 1.1 percent of G.N.P., in Switzerland at 2.6 percent, Sweden 3.6 percent, West Germany 4.3, Japan 4.6, Belgium 5.4, the Netherlands 6, Great Britain 6.5, and Italy 9 percent of G.N.P.[2]

Governments the world over are piling deficits upon deficits, and still continuing to advocate huge spending programs. The ideology of government Welfare and economic redistribution has captured the world. It is breeding new spending programs that place heavy burdens on the public treasury. By popular demand, weak governments seeking to reinforce their popularity embark upon massive spending and inflating, promising to build a "new society" or provide a "better deal." When the results fall far short of expectations, new programs are demanded and more government spending is initiated.

INFLATION OR STAGNATION

Deficit financing means an expansion of Debt because of a present deficiency in revenue or over-spending. The Debt can be financed by savers who are withdrawing amounts from current income for investment, or by the purchase of Treasury debt instruments by the central bank that directly or indirectly is creating the money.

Whenever the government deficit is covered by currency creation we suffer inflation and its effects. The monetary unit is bound to depreciate and prices of goods rise. Large increases in the quantity of money also induce people to reduce savings and cashholdings which, in the terminology of mathematical economists, increases money "velocity" and reduces money value even further. In the end, a "creeping" inflation may turn to "galloping" inflation followed ultimately by a breakdown of the currency system.

If, on the other hand, the government steadfastly refuses to monetize the burgeoning Debt a crowding-out process begins that leads to economic stagnation and recession.

[1] The Budget of the U.S. Government, 1981.
[2] Gerhard Winterberger, Stabile Währung, Schweizerischer Handels-und Industrie-Verein, 1981, Page 4.

The deficits are financed out of current income and savings, causing mass unemployment and depressing levels of living. Rising interest rates reveal the exhaustion and depletion of capital markets that are forced to finance the government Debt. With the prime rate at 20 percent and the mortgage rate at 17 percent or even higher, all but the strongest debtors, such as the U.S. Government, are crowded out of the capital market. A recession descends over the country with all its dire symptoms and effects.

What has been ignored is that currency stabilization requires simultaneous economic reform to reduce the unbearable burden of government intervention. Government spending must be reduced considerably, and all markets be freed from bureaucratic intervention. At the same time, the numerous legal immunities and privileges of the labor unions must be abolished in order to restore a flexible labor market. Only an open labor market can absorb the labor set free by real currency stabilization. Without this dramatic reform, which involves abandonment of the political redistribution system, further deterioration of the monetary order is inevitable.

Since World War II various Administrations have promised and attempted to stabilize the U.S. dollar without conducting the needed economic reforms. But every time the Federal Reserve took its foot off the inflation accelerator the American economy sank into the lethargy of recession. Laboring under radical government intervention and suffering greatly from its effect, the New Deal, Fair Deal, or Great Society economy literally depended for continuing operation on the frequent bursts of currency and credit expansion emanating from the Federal Reserve System. It needed to be intoxicated with ever larger doses of inflation in order to function.

AT THE BRINK OF DISASTER

By the end of the 1970s the international monetary order was on the brink of disaster. To cover staggering budgetary deficits U.S. monetary authorities were inflating the U.S. dollar at double-digit rates. When domestic goods prices were rising we imported more foreign products, paying for them with newly created dollars. We bought from the world and flooded it with U.S. dollars. To no one's surprise, the dollar began to fall in international money markets, at first slowly, then ever more rapidly, until the world was facing dollar crises and panics. In 1978 and again in 1979, when world-wide flights from the U.S. dollar were about to engulf all markets, international rescue actions and $30 billion in foreign currency loans were needed to stem the panic. The U.S. had finally reached the limit to which it could push the dollar inflation and flood the world with dollars. It was forced to pull back to the inflation levels of other industrial countries by raising interest rates and curtailing its inflation fervor.

Another dollar panic in Zurich, London, or Tokyo, as a result of anticipation inflation rates of 20 percent or more, might have triggered such an abrupt fall in the dollar exchange rate that the dollar would have ceased to function as world money. Once shunned in international markets, the dollar could be used exclusively for purchases in the U.S. Countless billions of U.S. dollars and Euro-dollars would find their way to American shores in a rush to buy anything for sale in this country. The panic rippling out from, say, the Zurich money market, might quickly spread to all American markets. When the American housewife finally joined the stampede and rushed to the supermarket to spend her dwindling dollars, hyperinflation would be in sight. Disaster would, indeed, have already overtaken us.

CURRENT ATTEMPTS AT STABILIZATION

We are now facing a political and economic situation that is more dangerous than ever before. The unending stream of government deficits is draining and exhausting the capital markets. But we can no longer afford to accommodate the spending and conceal the exhaustion by substituting ever more money for the capital consumed. A return to massive inflation to cover the deficits might soon trigger an international run from the dollar and precipitate a worldwide depression. But currency moderation too, under the present conditions of massive deficit spending, will lead to a similar depression. Great Britain under Margaret Thatcher is proving the point.

On May 3, 1979, a Conservative victory brought Mrs. Margaret Thatcher to power as Britain's first woman Prime Minister. She set about to discard the previous Keynesian demand management and replace it with Free Market monetarism. She vowed to fight inflation with tight money, encourage people with tax incentives, and reduce the legal immunities and privileges of labor unions. Her policy was to represent a bold break from the past.

During her first two years in office the standard rate of income tax was cut from 33 percent to 30 percent and the highest rate reduced from 83 to a maximum of 60 percent. But indirect taxation in the form of the value-added tax was boosted from 8 to 15 percent, so that the nation's overall tax burden actually kept rising. And yet, Budget deficits exceeded £8.3 billion in fiscal 1979–1980 and £7.5 billion in fiscal 1980–1981. In just two years on the new road, government expenditures rose from £51.4 billion to £73.2 billion, or 42.4 percent. Ugly labor disputes, especially in the nationalized steel industry, compounded the difficulties of readjustment under conditions of deepening recession. In a deteriorating economic atmosphere with unemployment exceeding 11 percent and rising, the Thatcher Government is facing apparently insurmountable limits of social tolerance for economic changes. Her political opposition, which is advocating an immediate return to the old road of easy money and full employment, is gathering strength with every new day of depression and unemployment.

Just 18 months after the British electorate voted for a change of direction, the American people also decided that it was time for a change. At the November 4, 1980, election 51 percent of the popular vote was cast for the Republican candidate, Ronald Reagan. Like Margaret Thatcher, President Reagan vowed to make a new beginning toward individual freedom and the market order.

During his first six months in office federal spending continued to rise, although the scheduled increase was reduced substantially. Income taxes were lowered in stages, but the scheduled boost in Social Security levies remains in effect so that total revenues continue to rise. Some business taxes were lowered and depreciation schedules were shortened. But most of the reduction will become effective only in the distant future.

Federal deficits for the current year are estimated officially at more than $60 billion. And we must not overlook the gross federal Debt statistics that include also the off-Budget deficits of various federal funds and enterprises. According to the financial press of August 24, 1981, the federal Debt of $971.412 billion was already $84.59 billion higher than just 12 months before. In the old days of Keynesian economics the Federal Reserve would simply have created the credit needed to cover the deficits. But monetarists and supply-side economists who are well represented in the Administration cannot be tempted so readily to paper over the cracks in the Budget. Instead they felt compelled to move dramatically to narrow the gap between government revenue and spending. They returned with new fervor to hack away at political redistribution, commonly called social programs, and even decided to delay some of the planned boost in armament spending.

Congress has already begun to balk. Indeed, demagoguery on the part of the old "Liberal" leadership has reached such levels as to be astounding. Faced with a severe crisis that can only be met by deep Budget cuts and deregulation, some irresponsible Congressmen are calling for more spending and more vigorous regulation in the expectation that the resultant economic disaster will be blamed on the President.

The budgetary deficits to which the Western world has grown accustomed during the 1970s are pointing the way toward hyperinflation and depression during the 1980s. But such dire consequences are not inevitable if we refuse to walk in the given path. We are free to choose at any time to shun all temptations of economic redistribution by political force and reject all schemes of deficit spending and cheap money. The question to be decided under the intense economic, social, and political strains of inflation and stagnation is whether we have the moral strength and economic wisdom to return to the ways of freedom and morality.●

INADEQUATE HELP FOR SMALL SAVERS

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. OTTINGER. Mr. Speaker, one of the reasons I strongly opposed the huge tax cut provisions of the Economic Recovery Tax Act of 1981 was its failure to target incentives for savings, particularly small savers. The act provides unprecedented generalized tax reductions to the tune of $750 billion over 5 years which threaten to seriously unbalance the budget, create unmanageable deficits, send interest rates skyrocketing, unduly favor corporations and wealthy citizens, and fail to do what is needed to encourage savings, investment and modernization of our industry.

Not only does the tax bill fail to target savings, it actually penalizes small savers. Under the bill, the present savings interest exemption of $200—$400 for joint returns—will be eliminated in 1983.

The only provision of the tax bill that specifically addresses the encouragement of savings is the authorization of a 1-year all-savers certificate

which was based on legislation that I offered months ago. The interest earned on these certificates up to $1,000—$2,000 joint—will be tax free. These certificates are now available at regulated depository institutions in $500 denominations.

Unfortunately, as passed, big investors—not small savers—will reap the largest benefits from the all-savers certificates. Nevertheless, it should be of some help in encouraging savings and enabling savings and loan institutions to be more competitive with money market funds that have recently crippled them.

I have sponsored legislation, H.R. 3410, that would restore tax incentives for small savers that do not choose to invest in the all-savers certificate. H.R. 3410 would allow savers to exclude $1,000—$2,000 jointly—of all interest from their savings, and would correct one of the serious inequities of the new tax law. I urge my colleagues to join me in supporting this important measure.●

PLO OFFICIALS URGE SAUDIS TO SHARE AWACS DATA

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. DORNAN. Mr. Speaker, in my statement yesterday opposing the sale of AWACS to Saudi Arabia, I mentioned that I would include an article for the record regarding the PLO urging the Saudis to share AWACS data. The article, from the Los Angeles Times, Wednesday, September 16, 1981, clearly shows that the PLO expects the Saudis to use AWACS technology for the benefit of any Arab entity that desires the intelligence derived from E-3A flights.

PLO OFFICIALS URGE SAUDIS TO SHARE AWACS DATA

An official of the Palestine Liberation Organization said in Washington on Tuesday that Saudi Arabia should give other Arab states surveillance data obtained from the advanced radar planes that the United States proposes to sell it.

The official, who declined to be identified by name, said the sale of the airborne warning and control system aircraft will do more to offset the U.S. balance-of-payments deficit than it will to help the Saudis defend themselves against a Soviet threat.

"Israel is a bigger threat to the Middle East than the Russians," the official told reporters at a Washington hotel. "The Soviet threat is not a priority in the Middle East."

He charged that Israeli Prime Minister Menachem Begin is using his opposition to the proposed AWACS sale as blackmail in order to secure a new strategic alliance with the United States and to get access to information from U.S. spy satellites.

"The AWACS should be of use and its information should be exchanged with other Arab countries," the official said.

In Paris, Yasser Arafat, the chairman of the PLO said in an interview published Tuesday that the Arab world would welcome a European initiative on the Middle East.

"The basis of such an initiative is clear," Arafat said to the newspaper Le Quotidien. (It is) "to distance themselves from American policies and to show themselves brave enough to play an independent role in the interest of Europe itself and its credibility."

Arafat said no European initiative existed despite a declaration at a Common market summit meeting in Venice, Italy, in 1980 that such an initiative would be explored.

Saudi Arabia's foreign minister, Prince Saud al Faisal, warned, meanwhile, that the future U.S.-Saudi relations might be jeopardized if Congress blocks the AWACS sale.

"We have strong relations and the basis of this is that there is a community of interests between Saudi Arabia and the United States," Saud said in an interview in the city of Taif on Tuesday.

The prince also called for a reevaluation of the U.S. realtionship with Israel and said a more balanced view is needed because continued arms shipments "lead only to increased aggression by Israel."

He also urged the Reagan Administration to seriously confront the Palestinian question as the heart of the Middle East problem and said, "If the policy of the United States continues to be one which dismisses the Palestinian issue, the contribution of the United States in the region will not produce peace."●

SOLUTIONS FOR SOCIAL SECURITY

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. HUBBARD. Mr. Speaker, John F. Graham, of 709 West Locust, Princeton, Ky., is a social security recipient. Mr. Graham has written me a very thoughtful letter saying that sacrifices need to be made by everyone to put the social security system on a sound financial footing. I feel my constituent's letter is one which should be shared with my colleagues and I wish to do so at this time. The letter follows:

Hon. CARROLL HUBBARD, Jr.,
Member of Congress,
Washington, D.C.

DEAR CARROLL: I am a recipient of Social Security so the thing I would advocate to get Social Security on a sound footing would affect me adversely. Temporarily, however, sacrifices must be made to assure uninterrupted continuance of the program without subsidizing it from the Treasury, which I am opposed.

Automatic increases with the cost of living is in my judgment, ill advised for Social Security, Civil Service workers and retirees and labor contracts that have such provisions. Elimination of this provision in Social Security, certainly a reduction would do much to get this program on a sound footing. Increasing the age of retirement for full benefit has some merit, except for retirement because of disability.

I wonder what the feeling of the advocates of cost of living increases would be, if reductions were made in payments when the cost of living goes down?

Automatic increases with the cost of living in labor contracts and civil service workers doesn't do anything to stimulate production.

It is no time to do what appears to be politically expedient, unless in your judgment, it is for the best interest of the country.

In my judgment, a reduction in taxes, until the budget is balanced, is a mistake. We pay for the savings by inflation brought about by more deficit financing.

Yours truly,

JOHN F. GRAHAM.●

HELPING THE DEVELOPING NATIONS WITH NUCLEAR ENERGY

HON. MARILYN LLOYD BOUQUARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mrs. BOUQUARD. Mr. Speaker, the United States is the leading industrialized nation in the world. Our consumption and production of goods far exceeds that of any other nation, and, while the historic growth in our economy has slowed considerably, projections are that the U.S. economy will continue a steady positive growth into the next century. In spite of our national wealth and industrial capability we find that the introduction of renewable energy sources and technologies into our economy will not be able to negate the need for continued growth in the conventional energy resources well into the next century. This conclusion is supported by numerous prestigious groups and studies such as the National Academy of Sciences and world organizations.

The intrinsic impediments to rapid subsitituion of renewable energy sources for conventional sources are exacerbated in the developing nations where the necessary capital is even harder to come by than in the United States. Thus, we find that the developing nations are dramatically increasing their use of coal, petroleum products, and nuclear energy to meet their rapidly expanding energy markets. As a result, these nations are becoming even more dependent on world energy suppliers, and the United States, for example, is dramatically increasing its export of coal to many of these nations.

The developing nations are as concerned as we are about energy independence, but many of them have limited or nonexistent indigenous resources to rely on, and this poses serious problems for their future national security. As a result, many of these nations view nuclear energy as an important long-term energy source which would ultimately give them a degree of energy independence. A key example of such a nation is South Korea, one of the leading developing nations.

South Korea has increased its dependence on imported energy from less than 9 percent in 1961 to almost 75 percent in 1979. Over the next 6 years energy supply in South Korea is anticipated to grow by 50 percent with nearly equal increases in the use of petroleum, nuclear and hydro, and coal. In the long term, South Korea is projecting introduction of breeder reactors by the turn of the century. Pressure from countries such as South Korea and other developing nations, as well as many developed nations to expand their nuclear power programs and introduce breeder reactors, will increase each year because of the natural desire to lessen energy dependence on external sources.

There are those in the Congress who would have us forego the further development of nuclear power and in particular, breeder technology. They erroneously point to the ability of other technologies to substitute for nuclear energy. Have they completely forgotten about the developing nations of the world? These are the nations which they have fought so long and hard to support through U.S. international programs and policies. Is it reasonable to deny or impair their ability to achieve their energy goals because of a philosophical debate in the United States? The U.S. position as a friend to many developing nations will be jeopardized if we are not in a position to help them in meeting their energy needs, and if instead we export to them antinuclear rhetoric which further complicates their extremely difficult energy circumstances.

Similarly, nuclear weapons' proliferation concerns can only be addressed and influenced by the United States if we are an active participant in international nuclear commerce. The last 4 years has particularly shown that a policy of self denial will not dissuade others from pursuing nuclear technologies. At best it can only delay and irritate them. Termination of breeder development in the Unted States will be seen as an act of bad faith and will not prevent the use of this technology internationally.

The plight of the developing nations is fully demonstrated in a recent paper presented to the International Atomic Energy Agency by Commissioner Lee of the South Korean Atomic Energy Commission. This paper shows the rapid development of energy demand in South Korea and the clear need for the use of nuclear power and ultimately breeder technology if energy independence is to have any meaning. I commend the following excerpts from this paper to my colleagues:

FUTURE NUCLEAR POWER DEVELOPMENT STUDY IN KOREA, PRESENTED TO THE GENERAL CONFERENCE OF THE IAEA, BY COMMISSIONER LEE, KOREAN AEC

1. OVERALL ENERGY PROSPECTS IN KOREA

At present Korean energy resources are limited mainly to anthracite coal and Hydro-power. Anthracite coal reserves are estimated at about 1,500 million metric tons of which over 600 million metric tons are recoverable. Coal production has recently been limited to about 20 million metric tons annually. Hydro-power potential is assumed to be almost 2,000 MWe of which about 700 MWe have already been developed and a further 490 MWe are under construction and scheduled for completion by 1981. There are most promising prospects for offshore oil for which prospecting is underway under an agreement with the Japanese Government, but its early supply is not anticipated even when some is discovered. There are also limited amounts of low grade, uranium-bearing black slate. The uranium content of the black slate is about 0.04% of U_3O_8 which is well below the current cut-off grade of 0.08% for uranium mining. The proven reserves of minable black slate are about 30 million tons from which about 12,000 tons of U_3O_8 could ultimately be extracted.

As a result of the success of the economic development plans undertaken since 1962, Korea's industry has flourished and living standards have improved continuously. This has in turn created a greater demand for energy. Since domestic energy resources are limited as mentioned above while energy consumption has been growing steadily, dependence on energy imports from abroad, especially for foreign petroleum, has been increasing continuously as shown in Table 1.

The first oil crisis in 1973-74 quadrupled world oil prices. The recent second oil shock mainly due to the Iran-Iraq war indicated to us that we should develop alternative energy sources to oil and conserve energy. It is desirable therefore to establish as policy the reduction of petroleum consumption as far as possible. As shown in Table 2, the Korean Government stresses the following energy policy directions specifically during the next 5 years:

(1) Diversification of energy sources and improvement of energy use,

(2) Stable supply of petroleum and development of alternatives to petroleum, and

(3) Intensive development of electric power plans.

During the next five years the average annual GNP growth rate is planned at 7.6% per annum.[1] Assuming realistically that the GNP growth rate slows gradually to 7% per year during the late 1980s and 6% in the 1990s, Korea energy demand in 2000 will reach over 130 million metric tons of oil. The share of electricity in total energy demand will increase from current 22% to about 37% in 2000. This result indicates that electricity generated mostly by nuclear and coal fired plants will gradually be substituted for oil, to cope with future uncertainties concerning adequate oil supply. Of course, oil even when not used for electrical power generation will be used for other purposes such as transportation and raw materials for the chemical industry.

2. NUCLEAR POWER PROJECTIONS

The share of nuclear power in total electrical power supply may be determined via systems analysis considering not only a direct economic comparison of construction costs, operation and maintenance costs, or generation costs, but also such indirect factors as safety, manpower and site availability and reliability. Based on such an approach, various combinations of fossil, nuclear, hydro and pumped storage units have been analysed here for both low and high energy growth paths by using the WASP[2] (Wien Automatic System Planning Package) Program at KAERI (Korea Advanced Energy Research Institute). The result of the analysis shows that the nuclear share of total installed power capacity will grow steadily from the current 6 percent to over 47 percent by 1991 and about 60 percent by 2000. Since nuclear power plants are operated at best for base loads, the nuclear share of power generation will be even higher, for example over 70 percent of total electrical energy supply in 2000.

To meet high electricity demand growth, 44 nuclear units supplying 48 GWe were previously[3] predicted for operation by 2000. As 13 nuclear units are currently scheduled for operation by 1991 as shown in Table 3,[1] however, it may not be possible to construct 44 nuclear units by 2000. It is assumed instead in this study that 2 nuclear units will be added annually from 1992 through 2000 and that the Korean nuclear power program beyond 2000 will be speeded up to double that of the world average nuclear growth rate as reported by INFCE.[4] There will be 31 nuclear units supplying 30 GWe by 2000. Nuclear power projections are summarized in Table 4.

3. NUCLEAR REACTOR STRATEGIES

Two reactor types, PWR and CANDU, have already been introduced into Korea as shown in Table 3. According to INFCE[4], the fast breeders should be developed and commercially available before the year 2000 to reduce uranium ore consumption. The fast breeders, among which the LMFBR will most probably be the one developed, can extract 60 times more energy from uranium resources than the LWRs. For economic comparisons and fuel cycle analysis, three different reactor mix scenarios have been postulated. The reactor types considered here are assumed for the sake of simplicity to be PWR, CANDU and LMFBR, even though many other reactor types will become available. The capital costs for PWRs are estimated at 1,069 and 1,248$/KW for 900 and 1,200 MWe units respectively while that for 900 MWe CANDU is predicted as 1,232$/KW. These costs are calculated by using the CONCEPT-5 computer code[5], based on the 1980 value of the dollar, assuming that 2 identical units are constructed at the same site. The unit capital costs have a tendency to go down if unit size increases, or if identical units are constructed at adequate time intervals, say one year, at the same site. It is assumed that the capacity factor of the CANDU is greater than that of the PWR by 5 percent, based on past records. The capital costs of the LMFBRs are assumed to be 1.4 times higher than for the PWRs in this study while the lifetime average fuel cycle costs are predicted as being as low as a quarter of the latter. The economic comparison for 3 different reactor mixes has been made using the WASP[2] program at KAERI. It will require about 40 billion dollars for construction to have 31 nuclear power plants in operation in Korea by 2000. According to the results, total capital costs do not in the long run vary much on reactor strategies.

It is quite important to find out whether or not Korea would obtain enough uranium for its planned nuclear power program,

since it has limited domestic resources as already mentioned. The world natural uranium reserves recoverable in $130/KgU are limited to not more than 5 million metric tons of U_3O_8 including speculative resources may ultimately be minable at a higher cost, according to a INFCE[7] study. Korea now share 0.36 percent of the world GNP, 0.6 percent of world energy consumption, and 0.9 percent of world population[8]. It has been assumed that its future GNP growth will as high as double the future world average predicated by INFCE[4]. We may expect to share 45,000 tons (0.9 percent of 5 million tons of U_3O_8) or 108,000 tons of U_3O_8 (0.6 percent of 18 million tons) for Korea's future nuclear power program. If we get more, how much more? Even though we figure conservatively that Korea's nuclear program will be twice the world average, as predicted in the previous section, the upper limit of natural uranium obtainable from abroad will not be more than about 200,000 metric tons of U_3O_8. Figure I[6] illustrates cumulative U_3O_8 requirements by 2040 for 3 different reactor strategies.

It is assumed in this calculation that only a once-through option is available for both the PWRs and HWRs by 2000 and that the plutonium recovered from the spent fuel of LWRs is stored for certain periods and then fed to the LMFBR's initial core material. The life-time uranium ore requirement for these reactors are assumed to be the same as those reported by INFCE[7]. Although the evidence from this strategic analysis is hardly decisive, the following points has been suggested:[9]

1. Early introduction of the fast breeder reactors into Korea is most desirable so far as uranium ore consumption is concerned.

2. If only a once-through cycle is permissable in the near future, storing spent fuel until reprocessing is feasible.

3. If recycling of plutonium and/or reprocessing of spent fuel is not possible soon, the HWR fuel cycle should be concentrated upon.

TABLE 1.—DEPENDENCE ON ENERGY IMPORTS IN KOREA

[In 1,000 toe]

Year	Total energy consumption	Imported energy			
		Coal	Petroleum	Nuclear	Total energy (in percent)
1961	9,862	47	790	.....	8.5
1966	13,100	59	2,134	.....	16.7
1971	21,273	37	10,844	.....	51.1
1976	29,805	1,046	17,317	.....	61.6
1979	40,503	3,927	124,690	788	72.6

Note.—1 toe (ton of oil equivalent) equals 10^7 kcal.

TABLE 2.—ENERGY SUPPLY PLAN (1982–86)

[Quantity in 10^6 toe]

	Quantity				Average Increment (percent per year)
	1980	1981	1983	1986	
Petroleum	27.0	28.8	32.5	33.6	3.1
Coal	13.2	15.1	18.2	22.5	8.2
Nuclear and hydro	1.4	1.3	2.0	7.3	40.9
Gas	.....	.....	.....	1.9	.....
Wood and straw	2.5	2.5	2.3	1.6	Δ9.0
Total	44.1	47.8	54.9	66.8	7.0

TABLE 3.—NUCLEAR POWER PROGRAM (Committed by 1991)

Operating year	Addition—MWe × number of units	Cumulative		Status
		MWe	Number of units	
1978	587 × 1 (PWR)	587	1	In operation.
1983	650 × 1 (PWR)	.....	.....	Under construction.
	679 × 1 (PHWR)	1,916	3	Do.
1984	950 × 1 (PWR)	2,866	4	Do.
1985	950 × 1 (PWR)	3,816	5	Do.
1986	950 × 1 (PWR)	4,766	6	Do.
1987	950 × 1 (PWR)	5,716	7	Do.
1988	950 × 1 (PWR)	6,666	8	Do.
1989	950 × 1 (PWR)	.....	.....	Do.
	900 × 1 (PWR)	8,516	10	Under consideration.
1990	900 × 1 (PWR)	9,416	11	Do.
1991	900 × 2 (PWR)	11,216	13	Do.

TABLE 4.—NUCLEAR POWER PROJECTIONS

Year	Nuclear growth rate (percent per year)	Installed nuclear capacity (net GWe)
1990	22.0	10
2000	11.6	30
2010	8.7	69
2020	4.8	110
2030	3.6	157
2040	2.4	199

Note.—1 GW = 10^3 MW = 10^6 KW = 10^9 W.

TABLE 5.—CUMULATIVE URANIUM REQUIREMENTS

[U_3O_8 (10^3 Metric Tons)]

Year	Scenario I PWR only	Scenario II PWR and CANDU	Scenario III PWR and LMFBR
1990	10	10	10
2000	40	40	40
2010	120	115	100
2020	280	260	150
2030	>350	>350	160
2040	>>350	>>350	165

Note.—> means greater than; >> means much greater than.

FOOTNOTES

1. Economic Planning Board, "5th 5-year Economic and Social Development Plan (1982-1986), (Aug. 1981).

2. R. T. Jenkins, "Wien Automatic System Planning Package", ORNL-4945 (1974).

3. J. H. Cha, "Nuclear Power Development Program in Korea, Proc. A Workshop on Future of Large-Scale Energy Systems", Honolulu, Hawaii (Sept. 1979).

4. INFCE, "Fuel and Heavy Water Availability", INFCE/pc/2/1 (Feb. 1980)

5. C. R. Hudson, "CONCEPT-5, Computerized Conceptual Cost Estimates For Steam-Electric Power Plants", ORNL-5470 (1979).

6. Figure 1 has been summarized in Table 5 for insertion in the Congressional Record.

7. INFCE, INFCE Summary Volume, INFCE/pc/2/9 (Feb. 1980).

8. P. E. Juhn, et al., "Long-term Nuclear Power Optimization Study", KAERI/RR-269/80 (Jan. 1981).

9. P. E. Juhn, "A Future Nuclear Reactor Strategy in Korea on Resource Basis", ANS/ENS/ International Conference, ANS Transaction Vol. 35 (Nov. 1980).●

COLUMBUS DAY PROCLAIMED BY PRESIDENT REAGAN

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. BIAGGI. Mr. Speaker, in a delightful ceremony conducted on October 9 in the Rose Garden, President Reagan signed the official proclamation designating October 12 as Columbus Day in the United States of America. I was fortunate to have attended the ceremony and feel it was a fitting tribute to the man who is responsible for discovering our great Nation.

On Columbus Day we pay tribute to Christopher Columbus as well as to the Italian American community which is so proud to call him our own. We review the constant and varied contributions made by the Italian American community to all segments of American society. Love of country, love of family—those are the values which motivate the Italian American community.

At this point in the RECORD I insert the entire text of the President's proclamation on Columbus Day:

COLUMBUS DAY

(A proclamation by the President of the United States of America)

Christopher Columbus, whose life and exploits we commemorate each October, is one of the true heroes of our Nation's history.

He is justly admired as a brilliant navigator, a fearless man of action, a visionary who opened the eyes of an older world to an entirely new one. Above all, he personifies a view of the world that many see as quintessentially American: not merely optimistic, but scornful of the very notion of despair.

Nearly five centuries have passed since the fateful day on which Columbus changed the course of history. But his adventurous spirit lives on among us, challenging us to emulation and abiding with us as we too press forward on our voyage of discovery.

In tribute to the achievement of Columbus and to the many sons and daughters of Italy who have helped to shape our life and destiny as a people, the Congress of the United States of America has requested the President to proclaim the second Monday in October of each year as Columbus Day.

Now, therefore, I, Ronald Reagan, President of the United States of America, do hereby designate Monday, October 12, 1981, as Columbus Day; and I invite the people of this Nation to observe that day in schools, churches, and other suitable places with appropriate ceremonies in his honor.

I also direct that the flag of the United States of America be displayed on all public buildings on the appointed day in memory of Christopher Columbus.

In witness whereof, I have hereunto set my hand this ninth day of October, in the year of our Lord nineteen hundred and eighty-one, and of the Independence of the United States of America the two hundred and sixth.

RONALD REAGAN.●

HOUSING, SMALL BUSINESS, AND THE FEDERAL RESERVE

HON. NORMAN E. D'AMOURS

OF NEW HAMPSHIRE

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. D'AMOURS. Mr. Speaker, I would like to take this opportunity to express my concern over the present

high interest rates that are crippling our housing industry and our small businesses. As you know, the high interest rates are causing many segments of our economy to falter, primarily housing-related industries, automobile-related industries, and small businesses of all types. These segments of our economy are very sensitive to increases and decreases in the prime interest rate and the subsequent rate that banks establish for loans of all types; that is, construction loans, inventory loans, and consumer loans. The contribution of these segments of our economy has long been known and the effects of downturns in these segments spill over into all segments of our economy with dire results. Our present high interest rates have brought many of these businesses to the brink of collapse, and some have already fallen on our economic battleground.

Therefore, I would like to invite my colleagues to join me in cosponsoring House Concurrent Resolution 196 to express the sense of the Congress that the next two vacancies on the Board of Governors of the Federal Reserve System should be filled by individuals with extensive background and experience in housing and small business. The Board of Governors has never had a representative from the housing industry on its Board and there is presently no representation from our small business segment on the Board today. I believe that if individuals from these vital segments of our economy sit on the Board of Governors that the monetary policy of this country will be enhanced by the practical experience they will bring to the Board.

If you would like to join me in cosponsoring this resolution, please call either Charlotte or Mike at 5-5456.●

AVON CELEBRATES 95 YEARS

HON. GERALDINE A. FERRARO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Ms. FERRARO. Mr. Speaker, Avon Products, Inc., headquartered in New York City, is celebrating its 95th anniversary of bringing personal service and quality products directly to homes around the world. During its 95 year history, millions of women have contributed to building Avon into a world leader in cosmetics, fashion, and jewelry. Today, Avon symbolizes not only beauty but also the health and physical fitness of the total person.

It was during the fifties that the familiar ringing doorbell signaling "Avon Calling" made the company and its operating style a symbol of American enterprise. Today, in 31 countries, approximately 1.25 million independent sales representatives, the vast majority of whom are women, continue the direct selling method. In my own congressional district in Queens, Avon employs approximately 200 persons and has over 3,000 independent representatives. As chairwoman of the Human Resources Subcommittee of the Post Office and Civil Service Committee, I am especially pleased to note that Avon has been a leader in providing flexible work schedules which permit a greater number of women to enter the labor force. The direct selling industry exemplified by Avon Products was the forerunner of alternative work options and is ideal for women with families who require flexible working conditions.

Avon, however, is much more than simply a cosmetics firm. The support it has provided for women's endeavors in many fields is also worthy of commendation. Focusing on the total person, it has sponsored Avon championship tennis, marathons for female runners throughout the world, and most recently, women's bowling. In addition, the company has created and supported financially Avon futures, a circuit which enables young, aspiring female athletes to compete and prepare for their entry into the professional women's tennis circuit. Moreover, Avon has held tennis clinics throughout the country at which children from all economic classes have the opportunity to learn the fundamentals of tennis from professional coaches and tennis stars.

Through the Avon Foundation, the company has sought to meet its obligation to be a responsible corporate citizen, sharing it success and contributing to the well-being of society. The Avon Foundation and community affairs department, through its financial and product donations, has supported the disadvantaged, minority programs, women's organizations, hospitals, health agencies, and community groups.

Over the past 95 years, the "California Perfume Company" as Avon was originally known, has grown from a company with one product and one representative to a multinational endeavor reaching people throughout the world. Success and growth have graced Avon history and I am certain that my colleagues join me in commending the company for its outstanding accomplishments and its commitment to its consumers and extend with me congratulations on Avon's 95th anniversary.●

WORKING WOMEN DO MORE THAN THEIR SHARE

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Ms. OAKAR. Mr. Speaker, working women. Their lives represent the core of the rich history of this country. Yet they often are treated with disdain, discrimination, and disgrace. Despite two decades of affirmative action, court battles and efforts of numerous women's organizations and civil rights groups and women themselves, a women's earning power is only 59 percent of a man's.

That economic gulf is a fact of life throughout the working years of a woman. The gap has even widened in recent years. In a period when many women have entered the work force as sole support of a family, this economic second-class citizenship affects the lives and potential of future generations.

When a woman walks into an employment office she usually is entering a sexual ghetto. Seventy percent of women work in jobs that are stereotyped for women, principally white collar and service occupations. It is a vicious cycle: women are slotted into low-paying, low-ranking jobs that have low status because it is "women's work." Yet these jobs are the backbone of business and industry.

For the professional woman, a similar barrier must be overcome. And, in Congress itself, only 4 percent of our colleagues are women.

The principle of equal pay for equal work is a step in the right direction. But it does not answer the problem of a middle-aged woman entering the work force because of divorce or widowhood. Often lacking modern skills, they face huge obstacles. And for most of these women, it is a double duty that is served: working and raising a family.

The discrimination before and during women's working lives continues after retirement. Women often get lower monthly payments than men for equal contributions to pension plans. And their years of lower pay are reflected in lower social security benefits.

The positive programs and policies that have been the hallmark of recent administrations—like the Equal Employment Opportunity Commission and title IX—are now being attacked by the present administration. In the name of "regulatory relief," affirmative action is in danger of becoming just a fond memory. There is little question that the Vice President's Task Force on Regulatory Reform has the fearsome potential to wreak havoc

on the whole of affirmative action policies and programs.

If this admimistration has unveiled any truth, it is the irrefutable reality that racism, sexism, and ageism are not dead. Standing alongside the devastating budget cuts which disproportionately slice opportunities for women, minorities, and the elderly, are the threats to affirmative action policies and programs. We shall not and we cannot permit the doors of equal access to education, employment, and income security to close on better than half of the population of this Nation.●

DECLINE IN EDUCATION

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. FUQUA. Mr. Speaker, I would like to bring to my colleagues' attention a recent article written by Dr. Jessica Tuchman Mathews which recently appeared in the Washington Post. The article, the first in a series, outlines a "fearsome decline" in American education noting:

The United States today stands alone among the industrialized nations in its indifference to the quality of education its children are getting.

Last week the Committee on Science and Technology held 2 days of hearings on engineering manpower concerns. It is obvious that this Nation's well-being is dependent on a strong and well-educated technical work force. Our hearings underscored that point as well as many more brought out in this excellent article.

I include the full article in the RECORD and recommend it to my colleagues.

DECLINE IN EDUCATION: (I) THE EVIDENCE

American education is in a fearsome decline. At least for the last decade, and perhaps since the early 1960s, schools have been expecting less and students have been learning less. Nowhere is the decline more evident or more threatening to this country's future welfare than in science and mathematics. Once the world leader in appreciating the importance of a well-educated populace, the United States today stands alone among the industrialized nations in its indifference to the quality of education its children are getting.

What are the facts? Until this year scores on the Scholastic Aptitude Test slid steadily downward for 18 consecutive years. Only the earliest years of the decline can be attributed to the larger number of students hoping to attend college. For at least the past 10 years, a big drop in the proportion of students scoring above 650 (on the SAT scale of 200 to 800) provides evidence that the test scores are reflecting a real decline in achievement. That is confirmed by a correspondingly large rise in the numbers of those scoring below 300—a truly dismal score.

These approximately 20 years have seen unparalleled advances in science and technology—the space age, the computer age, revolutionary discoveries in molecular biology and biotechnology, leaps in communication technologies, electronics, subatomic physics, huge advances in energy, environmental science, and on and on—that have transformed modern society. Without an understanding of mathematics and science, some parts of every occupation—including that of informed citizen—are now unreachable. Yet in this period, the United States educated a tiny elite of the world's best scientists and engineers and left everyone else scientifically illiterate. Scientific and technical learning did not just fail to keep up, it declined.

Just the opposite was happening abroad. In 1966 the Soviet Union undertook a massive educational reform. It abandoned the European model of preparing only the most able few for higher education and adopted the once uniquely American example of attempting to provide a solid academic grounding for all. The country's best scientists, its Nobel laureates and members of the Academy of Sciences were put to work developing a new curriculum with a strong technical emphasis.

Today the Soviets' compulsory curriculum for those finishing the equivalent of high school includes five years of physics, four of chemistry, five of biology, one of astronomy, five of geography, three of mechanical drawing and ten years of workshop training. In the United States, 9 percent of high school graduates have had one year of physics, 16 percent have had one year of chemistry, 45 percent have had one year of biology and 17 percent have had one year of general science.

The difference is as great in mathematics—the central science. The Soviet 10-year curriculum in math includes two years of calculus and two of solid geometry. By contrast, only 7 percent of American students take a single year of calculus and virtually none advance beyond a single year of plane geometry. Only one-third of U.S. school districts require more than one course in science or mathematics for graduation.

Such comparisons do not tell what students are actually learning, but, according to Izaak Wirsup, professor of mathematics at the University of Chicago, who has spent years studying Soviet education, "The disparity between the level of training in science and mathematics of an average Soviet skilled worker or military recruit and that of a non-college-bound American high school graduate, an average worker in one of our major industries or an average member of our all-volunteer Army is so great that comparisons are meaningless." Differences between the respective college-bound populations are smaller but significant.

The Soviets are not alone. Japan and West Germany have made equally determined efforts to provide rigorous training in science and mathematics for all schoolchildren. According to the National Science Foundation, "The result is a work force which, at all levels, has a relatively high degree of science and mathematics skill, and this has been a factor in the very rapid expansion of technical industries." The engineering degree is as much the ticket to advancement in Japan as a legal degree is here. Managerial positions in Japanese government and industry are heavily populated by those with technical training, while in the United States there are already acute shortages in several fields of engineering, with worse forecast to come.

The deterioration in science and mathematics is only the most extreme case of a general phenomenon. Standards for high school graduation have been lowered in all subjects, as have college and university admission requirements. Fewer than one-fifth of current high school graduates have any training in a foreign language, and only 4 percent have studied one for more than two years. Professors at major universities have been forced to simplify introductory courses in many fields. The military, while spending huge sums for more and more sophisticated weaponry, has been forced to rewrite its training manuals from the 11th-grade level or higher to the 8th-grade level or lower. Many are aimed at the 6th-grade level. Evidence of falling achievement is everywhere.●

THE ABSOLUTION OF HOUSE JOINT RESOLUTION 56

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. EDWARDS of California. Mr. Speaker, to assist our understanding of the meaning and probable impact of the proposed constitutional amendment (H.J. Res. 56), offered by Mr. MOTTL, I would like to share with my colleagues an analysis prepared by a noted constitutional scholar at Georgetown University Law Center, associate professor of law, Charles F. Abernathy:

GEORGETOWN UNIVERSITY LAW CENTER,
Washington, D.C., September 30, 1981.

Hon. DON EDWARDS,
Chairman, Subcommittee on Civil and Constitutional Rights, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am pleased to respond to your request for comments on the proposed consititutional amendment set forth in House Joint Resolution 56. Some may object to the provision because they disagree with the policy sought to be promoted, but I have a more fundamental reservation: the timbre and resonance of the amendment is not in harmony with the remainder of the constitutional text. Its absolutism is so unworkable that even its supporters must admit that some actions within its literal scope will need to be exempted through judicial "interpretation."

The single most remarkable aspect of the American Constitution is its durability, its workability over time. That has not been an accident. The document speaks in general terms which guide succeeding generations in solving problems, but never does it so constrict powers that unforeseen problems may not be solved. Indeed, this understanding of the function of the Constitution is so enduringly fundamental that when some have succeeded in entering absolutes into the constitutional text, future generations "interpreted" such language to provide the flexibility necessary to solve previously unappreciated problems. *See, e.g., Haig v. Agee*, 454 U.S. —— (1981) (absolute protection in First Amendment for free speech does not apply when C.I.A.'s mission threatened); *Home Building & Loan Association v. Blaisdell*, 290 U.S. 398 (1934) (absolute protection in contract clause of Art. I § 10 does

not apply during unforeseen times of Great Depression). One need not agree with the actual liberal or conservative outcome of these or other cases to realize that an absolute and inflexible rule would have been inappropriate—out-of-step with the tenor of the constitution and out-of-step with the practical, anti-dogmatic principles of the American people.

Congress has once before responded in anger to a Supreme Court decision by proposing a constitutional amendment, and securing its ratification, in order to limit the remedial powers of the federal courts. That was the Eleventh Amendment, in which Congress chose absolutist language to overturn *Chisholm* v. *Georgia*, 2 Dall. 419 (1793). That language proved to be inconsistent with the underlying constitutional goal of balancing governmental powers and forbidding executive and legislative violations of the Constitution. Consequently, succeeding generations have coalesced around an "interpretation" of the amendment which is less dogmatic, more pragmatic—one which balances the need to vindicate individual rights as well as protect state treasuries. Compare *Edelman* v. *Jordan*, 415 U.S. 651 (1974) *with* Ex Parte *Young*, 209 U.S. 123 (1908). *See also Fitzpatrick* v. *Bitzer*, 427 U.S. 445 (1976).

II

One might respond that since the courts "interpret" absolute amendments to make them flexibile and workable, Congress should feel free to approve the amendment proposed in H.J. Res. 56. The problems with that argument are at least two.

First, one cannot predict how courts will "interpret" the language so as to polish away the jagged absolutist edges of the amendment. "Require" is one weak word which could yield under stress: why could not a federal court order local schools to *choose* whether to close down or desegregate through busing? The court would not have "required" assignment based on race. *Cf. Palmer* v. *Thompson*, 403 U.S. 217 (1971) (closure of all swimming pools held not to be race-based decision).

We have at work here what conservatives have long decried in the proposed Equal Rights Amendment (ERA) outlawing sex discrimination. When opponents claimed that the ERA would lead to single-sex public restrooms and conscription of women for armed services, proponents responded that this was untrue, constructing elaborate defenses which were not self-evident from reading the text of the proposed amendment. The same is true of the amendment contained in H.J. Res. 56. It's proponents genuinely respond that the amendment is not intended to overturn *Brown v. Board of Education* and would not leave courts powerless to cure intentional school segregation by race. But every cure would necessarily lead to some students' being assigned to schools different from those to which they were assigned by gerrymander under the segregated system. Every commonly employed desegregation tool—pairing or clustering, zoning, magnet schools, and busing—would appear to be banned. Proponents of H.J. Res. 56 can point to no language in their amendment to show why some of these remedies would be permissible and some not.

The absence of discernible moderate dividing lines does not simply make this amendment undersirable; it is a veritable "loose cannon" on the Constitution's deck. It could be interpreted to do more than its sponsors genuinely intend or it could, like its sibling, the Eleventh Amendment, be reduced to a derringer, powerless to protect the interests its sponsors espouse.

We should not leave it to the courts to "interpret" away the absolutism of the proposed amendment for a second and more ironic reason: it is the courts which the amendment seeks to curb. The story of the fox guarding the henhouse should be re-told here. When the moderating standards underlying the absolutism of the language are as elusive as they are in this case, even a conscientious court would find few neutral principals on which to base a decision.

III

Even if writing a constitution were subject to the same political considerations as writing legislation, I doubt that H.J. Res. 56 would survive critical examination. Its absolutism crosses political lines and reduces flexibility to solve even short-term, reasonably foreseeable problems:

1. Haitian or Cuban refugees may only be the first wave of a new immigrant population. Under H.J. Res. 56, if Congress prepares special schools for such refugees, are federal courts powerless to enforce that decision because it may not assign students on the basis of "national origin"?

2. If a state requires all children to leave their religious schools and attend public schools, *cf. Wisconsin* v. *Yoder*, 406 U.S. 205 (1972), would a federal court be precluded from acting because relief would in effect assign them to a school based on their "religion"?

3. Indeed, most fundamentally, if a state were to classify and assign students to schools based on religion (*e.g.*, Catholic schools) or national orign (*e.g.*, Irish heritage schools), would federal courts be powerless to act because to grant relief would require assignment of students to the schools of their choice based on religion and national origin?

IV

This amendment looks attractive in its simplicity because many citizens believe that courts have gone "to far" in remedying school segregation based on race. But the proposal in H.J. Res. 56 does not provide standards for judging what is "too far." If some remedies are permissible, which are they? If all school desegregation efforts are not to be outlawed, what will remain permissible?

In contrast to this standardless emasculation of the desegragation effort, recent Court decisions have undertaken a detailed inquiry into the limits of federal judicial power. With Justice Rehnquist in the lead, these cases have announced a consistent, non-dogmatic philosophy which would permit federal court action only to cure the degree of segregation caused by official action. *See Milliken v. Bradley*, 418 U.S. 717 (1974) (territorial limits), *Pasadena City Board of Education v. Spangler*, 427 U.S. 438 (1976) (limits on remedial discretion to cure de-facto segregation). *See also Delaware State Board of Education v. Evans*, 446 U.S. —— (1980) (dissents from denial of certiorari). While some of us may disagree with Justice Rehnquist's initiatives, certainly that more thoughtful and particularized approach which the Court appears to be adopting is preferable to the absolutist and unpredictable language of H.J. Res. 56.

Yours truly,

CHARLES F. ABERNATHY.●

HOME PRICES SOAR

HON. E. THOMAS COLEMAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. COLEMAN. Mr. Speaker, at the heart of the American dream lies the hope of owning our own homes. Today that hope is threatened by inflation and record interest rates. In July of this year, figures indicated the median price of a new house in the United States had reached $69,800. Assuming a downpayment of 20 percent on such a home, and a 30-year mortgage at 16-percent interest, the monthly payment on that home would be $750 (principal and interest), and the total purchase price of that home would exceed $270,000.

Mr. Speaker, it is obvious that, unless Congress acts, homeowership will continue to be beyond the means of most Americans.

I am today introducing the "Individual Housing Account Act of 1981," designed to address this situation. This proposal establishes special savings accounts, called individual housing accounts (IHA's), and will encourage savings for a downpayment on a first home by providing a tax credit of 20 percent on annual contributions to an IHA. The maximum annual contribution to the account is limited to $5,000 and, over the 10-year lifetime of the account, the maximum contribution is limited to $15,000. In addition, the interest earned on the account will be tax free.

In spite of the new "all-savers certificates," which I strongly support, the IHA's are necessary for several important reasons. First of all, the all-savers program is a 15-month, temporary program, and some financial institutions may not offer these funds for long-term mortgages, since the money is to be returned at the end of a year. Second, IHA's will provide an extremely stable source of funds for those entering the housing market, since the funds will be earmarked specifically for the purchase of a home, and since the funds will be available over a much longer period of time.

Mr. Speaker, the enactment of this proposal will insure that families and individuals who contribute to IHA's will have available to them a substantial amount of money to apply toward the purchase of a first home, and it will successfully counter the combined negative impacts of inflation and double-digit interest rates. The need for this legislation is obvious. I urge my colleagues in the House to join with me in this effort to restore the heart of the American dream.●

SOCIAL SECURITY REFORM

HON. WILLIAM CARNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. CARNEY. Mr. Speaker, when I became a Congressman, I swore allegiance to the Constitution and the Nation. I pledged to well and faithfully discharge the duties of my office. And I made those solemn promises on behalf of all the people in the First Congressional District of New York, regardless of political affiliation.

There are issues that come before this Congress that truly transcend politics, issues whose importance to the Nation demand the most careful consideration and debate without regard to their effects on the fortunes of any political party.

Second only to matters of national defense and security, of all the issues that have come before Congress in the nearly 3 years I have served the people of New York, the issue of social security demands the strictest adherence to what is right, rather than what is politically expedient.

I deeply regret that apparently there are other Members of Congress who intend to block efforts to do what is right in order to further their own political ends.

I believe the appropriate committees in the House and Senate should work collectively with the administration, with all political considerations aside, to formulate bipartisan social security reform legislation that is fair and equitable.

The time has come to stop thinking about the effect on party politics and, instead, to do what is necessary to save social security. It is time to start thinking about our responsibility to the Nation.

In the past, we have taken an "out of sight, out of mind" approach by applying a Band-Aid, or temporary fix, to social security's problems instead of responsibly building a sound financial foundation for the program. In the past this Band-Aid approach seemed to correct the problems in the eyes of the public but really was designed only to get us through the next election. Now the chickens have come home to roost on the problems that approach created.

There are options already proposed by the various committees which would enable the 36 million Americans now collecting benefits to continue to receive them in the amounts they now get. I believe that is the proper course to follow. But while we protect those already retired, we cannot ignore the very real fact that over the long run social security's finances will only worsen unless we act now. We must save social security, not only for the 36 million Americans now collecting benefits but also for the 114 million Americans whose payroll taxes are supporting those benefits.

I ask of my colleagues today to go forward and make the hard decisions that must be made to restore financial health and confidence to social security.

What I ask of my colleagues, I pledge to do myself. I intend to carefully and closely study what may be proposed to make social security secure and, when the time comes, to vote for what is reasonable, for what is fair, and for what is right.●

THE IMF AND WORLD BANK

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. LaFALCE. Mr. Speaker, the Reagan administration has placed heavy emphasis upon getting Government out of and the private sector into business. The implication is that Government and Government-sponsored programs or institutions are bad or incompetent or inefficient or ineffective or all of the above and more, whereas all private-sector endeavors are good, competent, effective, et cetera.

Creating this impression and establishing such an attitude in regard to the World Bank and the International Monetary Fund is wrong-headed, destructive, and clearly not in our country's best interests.

The administration attributes failures and problems to both institutions that are factually incorrect. In so doing, it is undermining institutions that, in fact, support programs and projects that are economically sound and that encourage private-sector involvement.

In an article in the October 10, 1981, National Journal, entitled "Respecting Our Anachronisms," Robert J. Samuelson points out that these institutions provide a function that no private enterprise can perform. Samuelson states:

> They constitute huge assets for U.S. foreign policy that need to be fortified, not weakened.

Samuelson believes that the administration's standoffish, slightly hostile attitude toward the bank and the IMF is more than curious . . . It's perverse.

I agree. I encourage my colleagues to read the Samuelson article which follows:

[From Economic Focus]

RESPECTING OUR ANACHRONISMS

(By Robert J. Samuelson)

If they were created today, the World Bank and the International Monetary Fund (IMF) would probably strike most Americans as products of diplomatic genius: useful antidotes to the anarchy that makes most international organizations little more than debating societies.

But no one could create the IMF or World Bank today. The one-nation, one-vote principle has become imbedded in international politics. Although both the bank and the IMF have 140 members, the United States holds about a fifth of the voting power. Europe and Japan have about a third more. The staffs consist heavily of Americans and Europeans, and even among the others, Western economic ideas—the value of free markets, for instance—dominate.

All this makes the Administration's standoffish, slightly hostile attitude toward the bank and the IMF more than curious. It's perverse. These institutions may be anachronisms, but they are our anachronisms. They constitute huge assets for U.S. foreign policy that need to be fortified, not weakened.

The complaints against the bank and the IMF are more general than specific: that these international bureaucracies shovel out too much money with too few strings, that lax loans promote irresponsible policies among borrowers and that the loans sometimes discriminate against private enterprise.

The most dangerous consequence of these criticisms—perhaps unintended—is that they leave the impression that the bank and the fund have significantly contributed to the world's current economic mess. This is mostly nonsense and, if anyone believes it, mischievous nonsense.

Consider first the bank. Its mission consists primarily of making long-term loans to poor countries for economic development projects. Some of the funds come from governments, but most is borrowed by the bank and re-lent.

Here are some surprising facts about the bank and similar regional banks, such as the Asian Development Bank:

In 1979, they provided only 6.7 per cent of the total outside funds received by developing countries. Private bank borrowings and export credits (38 per cent), government-to-government foreign aid (27 per cent) and direct foreign investment (16.6 per cent) account for most of the rest. Even if the bank and the regional banks were acting like fools, their activities are not on a scale that could be decisive.

Most of the projects are economically sound. A Treasury Department review of a World Bank analysis agreed that the average project had an economic return of 15 to 20 per cent annually. In 1980, about 37 per cent of the loans went for transportation, communications, power, sewage and water supply projects. Another 28 per cent were agricultural loans.

The same Treasury Department analysis found little evidence that the bank's loans discriminated against the private sector. Of 383 projects involving $14.8 billion worth of loan commitments, it found that about two-thirds of the loans were allocated between the private sector—say a cement manufacturing plant—and the public sector—say education—precisely as they would be in the United States. Most of the rest involved loans to sectors that are government-controlled (example: railroads) in virtually every country but the United States.

The Administration's complaints have left similar mis-impressions about the IMF.

Conceived along with the bank in the waning days of World War II, the IMF provides loans to countries with balance of payments deficits. The Administration's main misgiving about the IMF concerns so-called conditionality: the conditions—changes in economic policy, such as tightening of credit

or government spending—that are demanded of borrowers.

It's true that many more countries (42 at last count) have IMF borrowing programs than ever before. But any implication that a relaxation of conditionality has contributed to the financial plight of developing countries is, again, wide of the mark. Aside from the adverse impact of higher oil prices, what often aggravated the developing countries' problems the most was the easy availability of private bank credit.

Between 1974 and 1980, long-term private loans (mostly from banks) to non-oil-producing developing countries rose from $61 billion to $214 billion. Easy credit conditions—in part fostered by easy credit policies in the United States—meant that bankers were pushing loans out. Among some developing countries, this encouraged larger trade deficits and inflationary domestic policies.

Now the IMF is left to clean up the mess. Private bankers learned in the 1970s that lending to countries isn't like lending to companies. If a loan goes sour, you can't kick out the management or seize the assets.

Neither the bank's nor the IMF's job is easy. Telling governments how to run their countries never is. But, being a collective of governments, both organizations have authority that private bankers lack. And the policies they urge are generally market-oriented, capitalist staples: don't subsidize fuel prices to encourage excess use; give farmers the incentive to produce by allowing free-market prices; don't create inefficient industries by embracing trade protectionism.

The Administration lacks a sense of broad national interests. It is discouraging, for example, extra World Bank lending for new energy projects on the ground that it would displace private investment. Even Treasury's own technical analysis casts doubt on that claim. More important, though, is the question of national interest. Does it lie in more private investment or in greater energy production to hold down oil prices?

None of this means that the bank and the IMF haven't had their failures—they have. And some Administration proposals are useful. One good idea is to wean wealthier developing countries from the World Bank. Last year, for instance, Brazil claimed 7 per cent of the bank's new commitments.

But the Administration has its tone and emphasis wrong. What makes the international economy different from the domestic economy is that the main actors are sovereign governments with varying cultures and values. There are precious few institutions that can command respect and attempt consensus. Let's not undermine the ones we've got.●

CONSEQUENCES OF NEW CUTS IN AGENCY BUDGETS FOR RESEARCH AND DEVELOPMENT

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. FUQUA. Mr. Speaker, the administration's proposal to reduce by 12 percent the requested fiscal year 1982 budget for many Federal agencies is certain to have a severe impact on the Nation's research and development capability. Many leaders in the scientific and engineering communities, in industry, in academia, and in our national laboratories, have already expressed their deep distress over the proposed budget policy.

The implications of the proposed budget cuts on research and development have been described succinctly by Dr. Frank Press, president of the National Academy of Sciences, and former Science Advisor to the President. Dr. Press's urgent message appears as an editorial in the October 16, 1981 issue of Science, the magazine published by the American Association for the Advancement of Science.

I call the attention of my colleagues to the following statement by one of the leading statesmen from the scientific community. The article follows.

NEW CUTS IN AGENCY BUDGETS

President Reagan's announcement on September 24 that the fiscal year 1982 budget for most government agencies was to be reduced a further 12 percent sent a wave of apprehension through our national laboratories and major research universities. The earliest impact will be felt in the national laboratories. Hundreds of scientists and technicians will be dismissed during the next several months in anticipation of budgetary reductions yet to come. The concern on university campuses is no less in degree, even though the impact will be less precipitate. Prospects for fiscal year 1983 are still worse, if a balanced fiscal year 1985 budget remains an Administration goal. Alarm is deep and pervasive.

Previous cuts by the Reagan administration in the R. & D. budget, although damaging to social science research and science education in particular, were of a different order than what may now follow. Those cuts were more surgical in nature, protecting the hard sciences and cutting back on large demonstration projects, with the belief that these would be more appropriately taken up by industry. The administration accepted the principle that federal support was warranted to preserve the strength of the national effort in basic research. But if an across-the-board cut of 12 percent is now imposed, with even deeper cuts in succeeding years, it is clear that the nurturing relationship between science and government may be changing in a manner quite different from the oscillations of the past. Science and government may be approaching a moment of decision in which the health of both is at risk.

The Reagan administration believes that a new austerity in government spending is warranted and that it has a popular mandate to that end. But there remains a general responsibility, which the scientific community certainly shares, to point up the consequences of specific cuts and to ensure that the remaining federal resources are allocated wisely and to maximum effect. What avenues are open to the scientific community to make its case? Indeed, what kind of case does it have?

It must point out more effectively—with documentation, if necessary—that the nation's economic strength and military security (both goals of the administration) are tightly coupled to achievements in high technology and that, in turn, high technology is dependent upon scientific accomplishment. It must continue to point out that less than 15 percent of the $38 billion in the federal budget for R. & D. goes to basic research; the bulk is spent on development. The required cuts could be made in the overall R. & D. budget, while allowing for modest growth in fundamental research.

It may have to take its case to the authorization and appropriations committees of Congress, hoping to find support through public rather than quiet diplomacy.

It might also direct its attention inward, offering to reexamine the national research enterprise—including academic research, national laboratories, and industrial research—to learn whether new institutional relationships and other structural changes can preserve our scientific strengths in a period of financial stringency. All sectors of the scientific community must be prepared to set aside the shibboleths of the past and perhaps propose new modes of research just as effective yet less costly. There has been no truly comprehensive examination of the relationship between the federal government and the scientific community since shortly after World War II. Out of this time of trial may emerge a totally new environment for science in the United States, perhaps even a better one.

It is clear that present circumstances require broad and informed consideration at the highest level. Accordingly, the National Academy of Sciences is calling a national convocation of scientific and engineering leaders to meet with government officials for a clarification of the prospects for science and technology in the light of proposed federal budgets and, if consensus permits, to suggest a course of action.●

BROOKGREEN GARDENS 50TH ANNIVERSARY CELEBRATION

HON. JOHN L. NAPIER

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. NAPIER. Mr. Speaker, South Carolina's Sixth Congressional District is a region which can be called a true microcosm of America itself. It has abundant natural resources, an economy which mixes agricultural production and industry, a citizenry comparable to anywhere, and rare beauty from its crystal seashore to its verdant forests and farms.

This beauty was the primary reason Archer Milton Huntington, scion of railroad and shipping magnate Collis Potter Huntington of Central Pacific Railroad and Newport News Shipbuilding and Drydock Co. fame, chose a former plantation site in Murrells Inlet, S.C., to build an outdoor sculpture museum.

Since the founding of Brookgreen Gardens 50 years ago, it has been unsurpassed in its support and encouragement of the arts. I recently was asked to speak at the Brookgreen Gardens 50th anniversary celebration and would like to share those remarks with my colleagues, as well as the program for the day's event which list the new acquisitions.

BROOKGREEN GARDENS 50TH ANNIVERSARY CELEBRATION, OCTOBER 11, 1981

Welcome: Gurdon L. Tarbox, Jr., Director, Brookgreen Gardens.

Presiding: Joseph Veach Noble, President, Brookgreen Gardens.

Dedication: "Spirit of American Youth," Donald De Lue, Sculptor; "Persephone," Marshall Fredericks, Sculptor; "Diving Eagle," Albino Manca, Sculptor; "Debbie II," Isidore Margulies, Sculptor.

Remarks by Sculptors.

Introduction of Guest of Honor: Alexander McQueen Quattlebaum, Trustee, Brookgreen Gardens.

Address: The Honorable John L. Napier, Representative of South Carolina, Sixth Congressional District.

Presentations to Representative Napier: Fiftieth Anniversary Medal Designed by Abram Belskie, Sculptor, and the Book, "A Century of American Sculpture: Treasures from Brookgreen Gardens."

Reception at the Diana Pool.

REMARKS BY SIXTH DISTRICT CONGRESSMAN JOHN L. NAPIER ON THE 50TH ANNIVERSARY OF BROOKGREEN GARDENS

Today we are gathered here to mark an important historic milestone. Fifty years ago . . . A society for southeastern flora and fauna was founded by Archer Milton and Anna Hyatt Huntington. Their idea has spanned five decades. Their legacy is Brookgreen gardens, and we continue that legacy with the dedication of four (4) new acquisitions today.

It is important to remember this undertaking in Archer Milton Huntington's own words. He said . . . "Brookgreen Gardens is a quiet joining of hands between science and art. The original plan involved a tract of land from the Waccamaw River to the Sea in Georgetown County . . . for the preservation of the flora and fauna of the Southeast."

"At first, the Garden was intended to contain the sculpture of Anna Hyatt Huntington. This has gradually found extension in an outline collection representative of the history of American sculpture, from the 19th Century, which finds its natural setting out of doors."

He said . . . "Brookgreen Gardens is not an experiment station . . . nor a research plant. Its object is the presentation of the natural life of a given district as a museum, and as it is a garden, and gardens have from early times been rightly embellished by the art of the sculptor, that principle has found expression in American Creative Art."

Thus, Brookgreen Gardens was launched. And, as with most of the Huntington's undertakings . . . it became a success.

Success in this setting should not be measured in terms of the numbers of people who pass through Brookgreen Garden's gates each year . . . or in fiscal stability terms . . . or even in the numbers of great artists whose impressive creations adorn these acres.

Success for Brookgreen should be measured in the limitless imaginations of little children . . . who . . . on their first view of the art that is displayed here . . . grasp the pure idea of art for its own sake.

Success should be measured in the deep appreciation with which an older citizen gazes through the eyes of experience, of life, of understanding . . . and silently nods approval.

Success should be gauged not in the number of years that Brookgreen has existed and flourished . . . but in the true symbolism of art as the ultimate freedom of expression . . . a freedom which has so long been the American heritage . . . a freedom which the Huntington family chose to amplify by its dedication to providing showplaces for art.

To experience Brookgreen Gardens is to tread the pathways of friendship with Archer and Anna Huntington. To wander in this peaceful setting . . . where nature exists so closely and so harmoniously with art . . . is to gain a first-hand impression of the Huntingtons' minds. Intricate thinking . . . always with order . . . always with form . . . always with artistic coordination.

Archer Milton Huntington cannot be categorized or classified . . . though many cite his contributions as a scholar . . . a poet . . . an hispanist . . . and a founder of museums. He could truly be called a citizen of the world . . . for even though his lifelong burning desire was to hold Spanish culture up to the entire world . . . he excelled in countless areas . . . all with attention to art.

Mister Huntington once said . . . "Wherever I put my foot down . . . a museum springs up." We are here to honor an important milestone of one of his greatest footsteps . . . and one of the truly outstanding museums in the world. It is because Archer Huntington was so fascinated with the beauty of this section of South Carolina that we are able to enjoy this garden today.

Mister Huntington would surely agree that fifty years is only a brief moment in the history of the world. And, I am sure the driving force behind his life was to provide museums which would not only exist for fifty years and more . . . but prosper and expand for the benefit of artists, the general public and ultimately for the nourishing and appreciation of art itself.

Sculpture in America is important. First, because it is relatively new. None existed before European settlers came and even then, they were so busy building the nation that they waited until the late 17-hundreds to obtain the first statues.

It is interesting that one of the first three statues to enter the United States was placed in Charleston . . . not far from here.

But, sculpture in America . . . unlike other nations . . . has been advanced rapidly in just a few decades. In most other nations it took centuries to evolve.

That's another reason why Brookgreen Gardens is unique. It has evolved and become a proven success in a relatively short span . . . all because someone with an idea wanted to share that idea with others.

Anna Hyatt Huntington's contributions to Brookgreen Gardens are equally as important as those of her husband's. While he envisioned art from an overall perspective . . . she saw it through the eyes of an artist. Both views . . . when combined . . . became this magnificent garden-museum.

Anna Huntington . . . like her husband . . . decided her mission early in life. From her family she learned to appreciate the arts. Her mother . . . an amateur painter . . . taught her the value of creativity. Her father . . . a paleontologist . . . helped her obtain a reverence for life forms.

She once said . . . "I was born with clay in my mouth." From the countless variety of themes we see presented here, her rare and keenly accurate approach to sculpture can never be mis-interpreted by anyone who sees or touches her works.

The legacy passed on to us by the Huntingtons has been accepted by this devout allegiance of trustees, advisory board members and staff as the olympic runner accepts the torch. This legacy has . . . in its first fifty years . . . touched innumerable lives, inspired and enlightened thousands of persons who . . . without access to this peerless site, would never have had the opportunity to enjoy the arts.

I would be remiss if I did not single out one person who has devoted his life to ensuring that this sanctuary remains on the course plotted for it by the Huntingtons. Director Gurdon L. Tarbox Junior is not only a prime driving force behind Brookgreen Gardens . . . but his presence continues to be just as imposing and just as artistic in its own way as any statue found here.

I recently had the opportunity to work with him and obtain a 33-thousand dollar grant from the Department of Education for Brookgreen. This grant was provided through the Museum Services Program and is designed to offer federal financial assistance to ease the burdens borne by museums as a result of increased use by the public. It also helps museums carry out their educational and conservational roles . . . plus . . . assist in the improving of their services.

Mister Tarbox's assistance in getting this grant approved was invaluable.

I thank you for allowing me to celebrate this Fiftieth Anniversary with you. Brookgreen Gardens is a rare and timely idea which can transcend the erosion of time . . . grow with the mind of mankind . . . and reach into the future to offer coming generations a vision of the past.

Writer Herbert Ravenel Sass once commented on the Founders of Carolina civilization and I believe his words exemplify the Spirit of all who have contributed to the success of Brookgreen Gardens. He said . . . "They were building not for the day or for the morrow . . . but for their children's children."

Art has no age. Brookgreen Gardens . . . although only fifty years old . . . will prove itself ageless as a brilliant and unique vehicle for the arts.●

SEE THE "TALKING OPTACON"—A REVOLUTION OF THE WRITTEN WORD

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. BROWN of California. Mr. Speaker, I urge my colleagues to take a few minutes on Monday afternoon to see a demonstration of the "talking" reading machine for the blind. The American Council of the Blind will be hosting an open house, sponsored by Congressman WALGREN and me, on October 19, from 1-6 p.m. in 2318 Rayburn.

Popularly known as the "Talking Optacon," this machine has opened up previously unexplored areas for the blind and visually impaired. It promises to expand their horizons by enabling them to independently explore the written world around them.

Take but a moment to imagine your lives without the written word—no newspapers, no magazines, no letters, no piles of memos—that would be nice. No ability to read instructions or warning labels. You could not even read the menu in a restaurant or this

insertion into the CONGRESSIONAL RECORD. The written word has in our society become a prime information source and now the blind, with the aid of this technology, has the capacity to plug into that information resource.

The following release more fully explains exactly what you will be seeing. I urge you to take just a moment from your busy schedule to discover this machine on your own because, as you know, every one of you have constituents who could benefit from its remarkable capabilities:

THE AMERICAN COUNCIL OF THE BLIND HOSTS CONGRESSIONAL RECEPTION TO DEMONSTRATE "TALKING" READING MACHINE FOR THE BLIND

The American Council of the Blind, the largest national membership organization of blind and visually impaired persons in the United States and the House Subcommittee on Science, Research, and Technology will host a reception for Members of Congress, their staff, and other Government officials to demonstrate the voice output reading system for the blind, also known as the "Talking Optacon." The American Council of the Blind is the only consumer organization participating in a year-long evaluation of this device which can read the printed word and convert it into intelligible, synthetic speech. This field testing and evaluation represent a critical stage in the design and development of this revolutionary machine. All design feedback and appropriate comments are then systematically reported to the development team at Telesensory Systems, Inc. in Palo Alto, Calif. The VORS is thought to be the most sophisticated electronic device ever developed for consumer use in the blindness field.

The reception and demonstration will be held from 1 p.m. to 6 p.m. on Monday, October 19, 1981, in room 2318 Rayburn House Office Building.●

WANTED: THE RAPPROCHEMENT OF BUSINESS AND GOVERNMENT

HON. MARTY RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. RUSSO. Mr. Speaker, the July issue of the local magazine Illinois Issues ran an article entitled,"Wanted: The Rapprochement of Business and Government," written by Michael Howlett and Willian Perkins. I believe that the tone of that article and the message it seeks to impart is a notable one. The authors represent a voice of moderation in these times when we are undergoing a radical reorientation in how we view the responsibilities of the Federal Government toward the public in general and vis-a-vis the business community in particular. We have embarked upon an era of massive decreases in Federal regulation of business, of getting the Government off the backs of the people. As with all periods of extreme change, we must guard against trying to cure the evils of excess in one direction by veering to an equally extreme degree in the opposite direction. As a former member of the Small Business Committee, I know only too well the problems that have plagued the business community as a result of overregulation and have been a staunch supporter of the elimination of unnecessary and burdensome regulations. It is in this context and for this reason that I respectfully request that the full text of the above mentioned article be included as part of the CONGRESSIONAL RECORD.

WANTED: THE RAPPROCHMENT OF BUSINESS AND GOVERNMENT

(By Michael J. Howlett and William H. Perkins)

When Thomas Jefferson wrote the Declaration of Independence, he listed several reasons why King George III was unfit to be the ruler of a free people. In the middle of the list was this one: "He has erected a multitude of New Offices, and sent hither swarms of Officers to harass our people, and eat out their substance." Jefferson's complaint seems ready-made for businesses that face an ocean of federal and state regulations today.

Regulation of business has been with us for awhile. The Army Corps of Engineers was set up in 1824, the Patent and Trademark Office in 1836, and in 1887, when the railroads seemed to be taking over the country, the Interstate Commerce Commission was set up to regulate them. The Federal Reserve System was organized to bring the banks under some kind of control and stop currency abuses. To break up the trusts, the Federal Trade Commission was created.

In New Deal times, business actually welcomed many of the new agencies that sprang up. Since that time, the alphabet has done double duty keeping track of regulatory institutions like the FCC, FDIC, SEC, FDA, EPA, OSHA, and in 1964, the EEOC, the Equal Employment Opportunity Commission which ushered in the concept of the regulation of social policy. Of the 55 major agencies listed by the Center for the Study of American Business (Washington University), 20 were born in the 1970s.

Even though we are used to hearing astronomical dollar figures quoted nowadays, the amount of those dollars required to feed the regulatory system is staggering. Murray L. Weidenbaum, the chairman of President Reagan's Council of Economic Advisors, estimated the cost of government regulation in the Reader's Digest article of June 1979. He projected the cost at $96 billion. That is $450 for every man, woman and child in the United States. It cost $4.5 billion to support 55 federal regulatory agencies and their 80,000 employees. The other $91.5 billion is what it cost private business to comply with their rules. Who pays the cost? The same people who pay the taxes.

The dollar cost is not the only expense or massive dimension of government regulation. One of the heaviest loads laid upon business by regulators is the paperwork. Richard D. Wood, chairman of Eli Lilly & Co., said his drug firms use more manpower filling out government reports than on research on cancer and heart disease combined.

The sheer production of pages produced by the Federal Register is impressive. In 1980, that agency printed 87,012 pages of new regulations, an all-time high notwithstanding the stance of the Carter national administration for deregulation. In February, during the first full month of the Reagan administration, the Federal Register produced 242 pages a day, down from 507 a day in January. New or proposed rules went down from 5,946 to 1,320.

A typical family Bible has about 1,500 pages. It would take a stack of 58 Bibles to equal the content of the 1980 Federal Register.

There is some evidence that the pressure for new regulatory agencies, so effective in the 1970s, is easing off as the 1980s begin and business is learning how to deal with government.

It is about time because regulation is here to stay, and business is well advised to learn all it can about how to work with it.

The first step in learning is to find out who is making the rules and who is enforcing them. Finding the right person in the bureaucracy can be difficult. Bureaucrats do not run for office, are not responsible to the voters and are often unknown. They are protected by Civil Service and the executive; legislative and judicial branches have little control over them. The best way to find the right person to complain to is through the legislative branch of government since a regulatory agency at any level owes its existence to a legislative body. Be it Congress, the General Assembly, the City Council or some local board, the legislative body votes the funds which keep the regulatory agency alive.

A survey of ours showed, however, that average citizens are none too certain of their legislators. Of those surveyed, 36 percent knew who their U.S. Senators were and 43 percent knew their congressman.

Because they must live with government regulation, businessmen usually understand politics better and know more officeholders than the average citizen.

Most businessmen can't spare the time for dealing with regulators or legislators and for them the advice and experience of a lobbyist or a professional governmental relations consultant can be useful. Such professionals can be useful in federal, state or local governmental relations; professionals know who the congressional and legislative leaders are who will make decisions concerning the businesses they represent.

Illinois is fortunate in its congressional delegation. Several members, both Democratic and Republican, are ranking members of important committees in the Congress.

Congressman Dan Rostenkowski (D., Chicago) is the newly elected chairman of the all-important House Ways and Means Committee, which writes tax and Social Security legislation. He is an alumnus of both the Senate and House of the Illinois General Assembly. We have two additional members of the Illinois congressional delegation on the Ways and Means Committee, representing both political parties.

Robert Michel (R., Peoria) is the recently elected minority leader of the House of Representatives. Congressman Melvin Price (D., East St. Louis) is chairman of the important Armed Services Committee. Rep. Frank Annunzio (D., Chicago) is a ranking member of the Banking and Currency Committee. Rep. Robert McClory (R., Waukegan) is the ranking Republican on the Judiciary Committee with Rep. Tom Railsback (R., Rock Island) and Rep. Henry J. Hyde (R., Oak Park) also members. Congressman John Erlenborn (R., Wheaton) is the No. 2 Republican on the Education and Labor Committee. Sen. Charles H. Percy (R., Chicago) is now chairman of the prestigious Senate Foreign Relations Committee.

Of the 24 members of the Illinois delegation to the U.S. House of Representatives, 11 served in the Illinois legislature. Sen. Alan J. Dixon also served in both the Illinois House and Senate before being elected to the United States Senate last November.

Neither businessmen nor their representatives can afford a purely partisan approach to government relations. Lobbyists and governmental relations consultants belong to political parties and have political convictions, but they do not wear party buttons on their coat lapels. They advise elected officials regardless of their party.

The lobbyist performs an essential service to business and the legislature. Both of those groups are busy, and the information they share by way of the lobbyist saves time and money. The workload of the Illinois legislature and the U.S. Congress indicates the need for a go-between between business people and the legislative bodies. During the 96th Congress, a total of 12,556 bills were introduced. Of these, 642 were passed and 613 became law. During the same time, the 81st Illinois General Assembly introduced 5,686 bills of which 1,666 were passed.

Businessmen must be alerted to the dangers present in much of the legislation proposed, and must work through their lobbyist and associations to change such laws and regulations as are unacceptable.

Big government and proliferating regulations are the price we pay for a high living standard and a high degree of civilization. We can't do away with regulation. We don't even want to. We want to keep it in bounds and make it work to the best advantage of the most people.

During the last 192 years, government has expanded to meet us everwhere we turn. There are "a multitude of New Offices" and "Swarms" of regulations to "harass our people, and eat out their substance." Government touches every facet of our corporate lives, and therefore a close working relationship between the two is crucial.●

MOOT COURT COMPETITION A SUCCESS

HON. DUNCAN HUNTER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. DUNCAN. Mr. Speaker, on April 19, 1981, I had the honor and pleasure of serving as a judge in the F. Lee Bailey Moot Court Competition. I served alongside Mr. Bailey and San Diego's own Ballard F. Smith, Jr.

Ms. Sally Holhouser directed the event; Jesus Rivera assisted her. Beverlyann Antoinette Barrett and Nancy Palmieri assisted as courtroom aides.

Students from three southern California law schools participated. Their adviser was Prof. Robert Mautino. Placing first among the oral advocacy teams was the team from Chula Vista's Southwestern School of Law; team members were Nancy Dunaetz, David Gunn, and Shinaan Krakowsky. Placing second in the competition was the team from Western State University College of Law—my own alma mater. Western State's team members were Ric Bauman and Jude Basile; Bauman was later cited as best oral advocate. Placing third in the competition was the team from the University of West Los Angeles, whose members were Gilbert Geilim, Anna Gustafason, and Martin Stanley.

This was the first annual F. Lee Bailey Competition, due to the tireless efforts of Sally Holshouser and her assistants. Plans are being made to expand the competition on the national level.●

WOODWARD HIGH SCHOOL 150TH ANNIVERSARY

HON. THOMAS A. LUKEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. LUKEN. Mr. Speaker, I rise today to inform the House of the 150th anniversary of a great institution in Cincinnati, Ohio. Woodward High School opened its doors to students on October 24, 1831. It is the oldest existing public high school in the United States.

In 1826, William and Abigail Cutter Woodward donated seven acres of land into a trust. This original transfer was made so that the rent and profits obtained from the lands and buildings could be used for the better education of the poor children of Cincinnati. On January 24, 1827, the Ohio Legislature incorporated the Woodward Free Grammar School. However, before the school could be built, it was determined that the greatest need was for a secondary school. In January 1831, the Ohio State Legislature approved the transfer of property and funds from the Free Grammar School to the Woodward High School of Cincinnati. Mr. Woodward then donated additional land on which to build the high school.

On October 24, 1831, Woodward High School opened its doors to 42 male students. There were three teachers who taught Mathematics, Greek, Latin, French, and all branches of the English language. Morality and correctness of manners were emphasized but no doctrine of any particular religious sect was to be taught in said institution.

In 1855 a larger building was built to the south and west of the original four room brick structure and young ladies were admitted as students for the first time. In 1910 the old structures were demolished and a larger school was built on the site.

In 1953 the name Woodward High School was transferred to the new and larger high school the Cincinnati School Board was constructing at Reading and Seymour Avenues. All memorabilia from Woodward along with the monument of Mr. Woodward was transferred to the new school. The old building was renamed Abigail Cutter Junior High School in honor of William Woodward's wife.

Woodward High School now has a student body of thousands. It stands strong to give honor to a great man, William Woodward, who had the vision and the generosity to provide for the educational needs of the poor children of Cincinnati—and to make them useful members of society.●

THE CLEAN AIR ACT

HON. CLEVE BENEDICT

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. BENEDICT. Mr. Speaker, in this third in a series of remarks on the Clean Air Act, I would like to focus on the high degree of inflexibility and the maze of requirements which make the act unworkable and incompatible with our national concerns. Changes encouraging industrial growth and cleaner air at the same time are necessary and possible. The fact that in many cases Clean Air Act regulations are preventing both is certainly justification for amending the present law.

The Clean Air Act presently requires that States, subject to review and approval by EPA, determine whether individual areas of the Nation are attaining the national ambient air quality standards for each of the seven pollutants for which such standards have been adopted. Areas are designated as attainment or nonattainment for each pollutant depending on whether the air quality standards are being met or exceeded. Any one area of the country is therefore subject to seven classifications and may consequently be required to meet attainment pollution control standards for some pollutants and nonattainment standards for others. In addition, those areas designated as attainment must meet further pollution control standards for total suspended particulates and sulfur oxides based on a separate designation of classes I, II, and III areas.

The identification of attainment and nonattainment areas must continue as the framework for our clean air efforts. Changes are appropriate, however, to the prevention of significant deterioration (PSD) requirements in attainment areas.

The increment restrictions for additional pollution allowed in class II and class III areas may safely be eliminated. These are tertiary restrictions not related to public health and general welfare or to visibility considerations. Only in class I areas, which include large national parks and wilderness areas, where visibility is a vital concern is there a need for the system of increments. There is a legitimate need for the law to continue to focus on the protection of parks and wilderness

areas of significant size. In other areas, States desiring to enact stricter standards will maintain the ability to do so to meet regional pollution problems.

Elimination of class II and class III restrictions will also eliminate the preconstruction review presently required in these areas. These reviews create problems for industrial planning, increase engineering and construction costs, and delay new construction and plant expansion. Determination of whether a new or modified major source is subject to PSD preconstruction review is presently complex, and the act contains serious ambiquities such as imprecise definitions of "major stationary sources" and "major modifications." Consequently, the review process results in major construction delays.

Such reviews are not necessary since all major new or modified sources must meet new source performance standards (NSPS). These are established by EPA for certain source categories and reflect the best technological system of continuous emissions reduction that has been adequately demonstrated, considering cost and other environmental impacts. The objective of NSPS is to minimize emissions from new sources in order to assist in attaining and maintaining primary and secondary ambient standards.

Application of NSPS to all new sources should continue and does not need supplementation by additional controls to meet a tertiary set of standards. Ambient air quality standards will be met and emissions will be lower than the ambient standards due to the application of the best demonstrated technology. Furthermore, NSPS will insure congressional intent that new facilities will not be required to add control equipment in the future and, most importantly, to provide nationwide uniformity in regulations. It will also insure congressional intent that air quality requirements must not affect the location of new factories or encourage development of areas which presently enjoy ambient air quality.

Careful study of the widely supported recommendations for change reveals that amendments to the Clean Air Act are necessary, valid, and long overdue. The changes outlined here will encourage the trend toward cleaner air and will do much to bring about the structural stability and flexibility industry needs to be productive and competitive. They make sense for the economy, for the consumer, and for the environment. As I have stated before, there is no longer any justification for hampering industrial growth and expansion in this country under the banner of clean air. With sound judgment, both are possible.●

A TRIBUTE TO GORDON F. MANCOUR

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. KILDEE. Mr. Speaker, on Friday, October 23, 1981, the city of Grand Blanc, Mich., will be honoring its former city manager, Gordon F. ManCour. The recognition will include a retirement party and the naming of a new fire station in his honor.

Mr. ManCour is one of those special people who does not come along very often who dedicates their life to serving their community. His service dates back almost 44 years to 1937 when he was a familiar voluntary helper around the municipal building. He was elected to serve on the city council for Grand Blanc on April 7, 1943, and while on the council he worked as a helper in the public works department. On April 29, 1946, Mr. ManCour signed a contract with the city which read in part as follows:

Maintain the upkeep of the sidewalks, streets, water department and other work pertaining to the city, as well as police work insofar as one person is capable, working 8 a.m. to 5 p.m. Monday through Friday and from 8 a.m. to 12 noon on Saturday, and whatever hours would be necessary in case of emergency.

His starting salary was $3,000 a year.

During Mr. ManCour's tenure, he saw the city grow from a population in 1943 of 1,010 people with a budget of $8,500 and an equalized valuation of $850,000 with one full-time employee, to a bustling suburban community in 1981. It now has a population of 6,862, a budget that totals $1,215,500 with an equalized valuation of $78 million and 25 full-time employees.

Some of the projects that were undertaken during those years under his direction include the following: First, construction of 13½ miles of new hard-surfaced curb and gutter streets; second, annexation of 1,800 acres of additional land to the city; third, construction of two new public works buildings; fourth, construction of a new fire station; fifth, purchase of a building for municipal offices; and sixth, construction of six additional wells and a new water tower.

In honoring Gordon ManCour on October 23, the citizens of Grand Blanc will be expressing their true appreciation for the many years of service that he has provided to his community. His dedication and abilities are qualities that should be emulated by all who are in public service.●

WELCOME TO OUR NEWLY NATURALIZED AMERICANS

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. GILMAN. Mr. Speaker, it is with sincere pleasure that I take this opportunity to congratulate the 123 Rockland County residents of New York's 26th Congressional District who have recently chosen to become citizens of the United States, with all of the privileges, freedoms, and responsibilities that American citizenship entails.

Our Hudson Valley region in New York State is proud of its newest citizens, and I invite my colleagues to join in welcoming the following newly naturalized Americans and extending to them our best wishes for a happy and prosperous life in their new homeland:

Nathan Uryah Adler, Yash Pal Aggarwal, Maria Gloria Aguirre, Marlene Fernandez Alexis, Alil Alili, Kahkashan Ansari, Sheela Rajkumar Baja, Govindan Rajarathnam Balasubramani, Jayashree Bhattacharyya, Pinchas Brach, Rafael Augusto Bueno, Ralph Emilio Cabrera, Angelina Candela, Francisca Javiela Candelario, Naftali Chacham, Cicily Kizhakekattil Chacko, Anne Luce Rita Charles, Closetta Jean Charles, Tapan Kumar Chatterjee, Nilda Altagracia Chavez, Jose Antonio Abad Chavez, and Williams Lorver Chavez.

Astacia Antonia Cruz, Pauline Aleita Cummins, Roger Desamour, Marie Ange Desamour, Madhubala Manekchand Dodhia, Drago Dolenzal, Maria Salome Dominguez, Sophie Ellen Donatelli, Jaime Duenas, Nieves Catungal Espejo, Pedro Galsim Estrada, Raymond Charles Faussone, Jeanne Faussone, Louis Hermann Fede, Anna Teresa Fertile, Jeanne Fetus, John Robeson Figaro, Petrine Fishman, Courtney Leo Rhynie Forrest, and Yuda Freiman.

Guy Mollet Fremont, Marilyn Joyce Gayle, Mahendra Prakash Gupta, Sushila Gupta, Fern Kyungjai Han, Steven Ankoo Han, Joan Marie Harris, Simon Sroo-Rann Hu, Punnavila Kochummen Jacob, Gulshan Lal Jaggi, Carmen Meranda Jean-Louis, Lea Kaplan, Patricia Marilyn Keenan, Dina Kis, Ettel Kivelevich, Kalyani Konduru, Vimala Konduru, Frantz Lafleur, Jose Escuro Lagrimas, and Jean Schiler Lamarre.

Irene Laureano, Judith Lefkowitz, Judith Lee Lin, Shang Ping Lin, Yadira Yolanda Liranzo, Paul Alcinor Louis, Zvi Margalit, Lucia Martinez, Franco Martinez, Juan Antonio Martinez, Irene Victoria Martinez, Andrew Howard Dale McArthur, Henry Claude Menard, Judith Miranda, Ignacio Francisco Molina, Estela Ynes Munoz, Marco Hector Munoz, William Martin Murphy, and Benigno Dagno Navarro.

Marie Therese Innocent Nazaire, Mary Therese Nguyen, Eddie Ninstant, Saraswatibem Patel-Shrivastava, Jean Claude Paul, Lindia Mercedes Pena, Ana Cecilia Perez, Ghislaine Pierre, Andre Pierre, Eugenie Prevot, Catulle Patrick Princivil, Janey Renggli, Josef Franz Renggli, Dulce Maria Reyes, Pedro Maria Rodriquez, Joycelyn Rogers, Micheline Romain, Claude Marie Pierre Romain, Joseph Rosanna Ruffin, and Voida Sybil Samuel.

Mehrangiz Mikou Sexton, Sydney Marcus Silva, Jascinth Cynthia Smallwood, Sung Joon Sohn, Kyu Sook Sohn, Alexander Stepantschenko, Jr., Mihail Triantafillou, Amelia Mercedes Vargas, Amelia Cuano Vargas, Annamma Varghese, Rufino Vega, Roberto Tandiama Victoria, Vaishali Vinayak Wagle, Mechthild Elisabeth Wagner, Rachel Wagschal, Enrigue Loniel West, Limia Yan, William Yan, Lois Claudia Young, Paul Peter Zubritski, Dalia Zuckerman, and Juana Samolski de Zusman.●

WORLD FOOD DAY AND GLOBAL HUNGER

HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. PATTERSON. Mr. Speaker, tomorrow, October 16, has been proclaimed World Food Day in an effort to direct the attention of our fellow Americans to the scourge of worldwide hunger and malnutrition. As citizens of the most prosperous Nation on Earth, we Americans must realize the plight of our friends in the less developed countries—a plight that exists not because of their unwillingness to help themselves, but because they often lack the resources which are necessary for development.

This is where we in the Congress can make a difference. As chairman of the Subcommittee on International Development Institutions and Finance, I have long maintained that our national security interests, as well as our humanitarian goals, are best served by our continued participation in the fight against global hunger. The Food for Peace program administered by the Agency for International Development has been one of our weapons in that fight. The World Bank and the other multilateral development banks have also made a major contribution to that effort through their work financing projects which help expand agricultural production in the developing countries. The multilateral agencies lent over $4.8 billion for agricultural development projects in the world's poorest nations—almost one-third their total lending—in 1980. This goes a long way toward expanding agricultural output and making them more self-sufficient in food production. What better way to strengthen our friends and allies in the developing nations than to help them to help themselves? In the United States, we are learning to tighten our belts in order to deal with our current economic problems. Let us not forget that many of our neighbors around the world have been doing this all their lives.

The cost of these development aid programs is rather small. Their importance in helping poor people increase their capacity to feed themselves is very great. I hope that World Food Day helps us all to remember the need to continue this effort to eradicate world hunger.●

XAVIER UNIVERSITY OF CINCINNATI

HON. THOMAS A. LUKEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. LUKEN. Mr. Speaker, as a proud alumnus of Xavier University of Cincinnati, I take this opportunity to congratulate the Jesuits and all others who have contributed to its grand 150-year history.

Cincinnati appreciates Xavier, and this week will be extolling the merits of that fine institution during a week of celebrating its sesquicentennial.

The Atheneum opened in 1831 when Cincinnati was flourishing as one of the great cities of America, and the only one west of the Alleghenies. The Society of Jesus assumed control in 1840, renaming the school St. Xavier College.

Xavier has persevered and prospered under the skilled direction of the Jesuits, who combined erudition with determination and marketing skills to provide an unbroken string of 150 successful years of service to church, community, State, and Nation.

Expansion occurred rapidly after each World War, as testament to the fact of Xavier's willingness to contribute during critical periods of the Nation's history.

Many Xavier alumni, and friends of Xavier, will be gathering this week to proclaim the mission of developing mind and character and for the upbuilding of moral life, civil, and religious.

Today Xavier continues to broaden its vistas, growing in members and materials, but especially in its vision for true education of Americans.

Cincinnati Jesuits have also developed St. Xavier High School, now on North Bend Road in Cincinnati, as well as the undergraduate and graduate schools on the Victory Parkway campus, as invaluable educational resources.

I am also submitting a history of St. Xavier High School submitted by a recent graduate, Mark Stall.

HISTORY OF ST. XAVIER HIGH SCHOOL

(By Mark Stall)

I come today to speak to you of St. Xavier High School of Cincinnati, Ohio which will celebrate its 150th anniversary, October 17, 1981. St. Xavier High School is the successor to the "Atheneum", a literary institute, dedicated in Cincinnati, Ohio on October 17, 1831 under the patronage of St. Francis Xavier, at a site on Sycamore Street where it remained for 129 years. For nine years the school operated under the auspices of the new diocese of Cincinnati as a "standard college with the high school classes preparatory to it."

At the invitation of Bishop John B. Purcell, the Society of Jesus assumed control of the school on November 3, 1840. The school was renamed St. Xavier College and two years later, in 1842, the Ohio General Assembly granted the school its first charter.

Following the Civil War, three new major buildings—the Hill Building (1867), the Moeller Building (1885), and the Poland Building (1891) were constructed at the Sycamore Street site adjacent to St. Xavier Church. After the turn of the century, in 1912, branch campus was opened in Avondale on what is now the campus of Xavier University. In 1919, the high school and college were formally separated with the high school remaining on Sycamore Street and the college remaining in Avondale.

The high school enrollment continued to grow and, in 1950, it became evident that the school was inadequate. In April, 1955, the high school purchased 61 acres in suburban Cincinnati and, in September, 1960, St. Xavier High School opened at its new address.

St. Xavier is oriented toward students of above average academic ability and motivation. Admission is on the basis of a competitive test. St. Xavier provides a Christian environment that affords opportunities for growth in spirit, mind and body. The school functions to complement the home, church and state in aiding each student to use his God given talents with proper responsibility toward God, society and himself.

The school motto is "Men For Others." Nearly one-third the students are involved in community service projects such as Junior Big Brothers, tutoring inner-city children working with the aged and mentally retarded and manning an annual canned food drive to benefit the city's poor and aged and two areas in Appalachia.

The S.A.T. scores of St. Xavier students average 1100 as opposed to the national average of 890. This year, 29 St. Xavier students were National Merit Semifinalists. From 1970 to 1981, St. Xavier ranked first in the nation for 11-boys schools and Catholic schools in terms of the total number of National Merit semifinalists. In addition to its strong academic program, St. Xavier offers a wide range of extracurricular activities and has interscholastic level teams in eleven different sports.

Thus the St. Xavier High School of today is both old and new. It looks back on a long and colorful history yet it remains alert to the fastchanging world of the present and faces the challenge of the future with confidence that it will continue the tradition of excellence and hopefully give Cincinnati another 150 years of service through education.●

HAROLD'S

HON. MICKEY LELAND

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. LELAND. Mr. Speaker, I rise today to bring to the attention of the House of Representatives an institution—Harold's—in the Houston Heights, a melting pot of American culture. Harold's has been the place for over 30 years "where pros buy their clothes!"

Entertainers, sports figures, the rich and the famous, the poor and the infamous all shop at Harold's. Milton and Harold Wiesenthal, the successful entrepreneurs, pride themselves on having a large professional sales staff to insure every customer feels like someone special. Harold's is more than just "the place" to buy clothes, it also is the place to discuss business, politics, the Astros or even who will be the next President.

Harold's represents the old spirit of the Heights, so named because of its altitude, 75 feet above sea level and 23 feet higher than downtown Houston. Dedicated to the revitalization of the inner city neighborhood, Harold's has refused to move from its corner, despite the general trend for businesses to move to the suburbs in search of higher profits. The longevity and the character of Harold's has led to its becoming a virtual institution in the Heights.

As Karen Kane said in the Houston Chronicle,

The Heights is historic, an old neighborhood, unlike much of southwest Houston which seemed to spring up overnight. For that reason alone the Heights has more variety in its architecture and its people. It's a neighborhood with a cachet, made chic by its new residents, the media, architects, artists, and craftsmen.

I have long promoted the idea of the revitalization of Houston's inner city neighborhoods by the combined efforts of the public and private sectors and the residents themselves. The Wiesenthals are an outstanding example of the private sector involvement in the revitalization of an old neighborhood. And through their contributions they have raised my hopes for all of Houston's inner city neighborhoods.

As a tribute to Harold and Milton Wiesenthal, and in recognition of all that they have contributed to the city of Houston, I offer for the RECORD the following article by Tom Dotson, reprinted from the Houston Business Journal:

ELEGANCE IN THE HEIGHTS—BROTHERS SELL CLASSY CLOTHES

(By Tom Dotson)

The store sits on a corner in a typically time-worn section of The Heights. In the immediate vicinity are several thrift shops, an unclaimed freight outlet, a pool hall, a shoe repair service and the old, shuttered Heights Theater.

In a word, the best description of the area is probably drab—dingy, perhaps.

With one exception.

The store on the corner.

You walk into Harold's at 350 W. 19th ("where the pros buy their clothes") and before the door has cushioned-shut behind you an impeccably-dressed salesman is ready.

"Yes, sir!" he says (with a smile; not too much smile, though; not patronizing; a smile of interest; if it's feigned, it's still effective enough that it works). "Could I help you?"

You have an appointment with Mr. Harold Wiesenthal, you tell him (the salesman's approach makes the "mister" seem necessary, proper).

The salesman's expression changes, but slightly. He now resembles the nominating speaker at a national political convention who's about to bring on an old friend—but a friend who could possibly end up as his President.

"Yes, sir. He's right over there."

Across the store Harold Wiesenthal is chatting with somebody—customer, friend, salesman, another employe, who knows—and his arms are crossed on his chest and he's looking at everybody except the guy he's talking to (which Harold does quite a bit).

The guy Harold's talking to soon is out the door and Harold says (while gazing over a customer looking at $32.50 silk shirts): "Have you seen our ad in Playboy?"

Harold has a copy of the December issue of the magazine sitting on a rack of coats. He opens to a two-page spread advertising his apparel. He doesn't have to thumb through the book to locate the ad; he has the feel of where it is.

How much does that ad run?

He pauses. Now he's looking away again. He shrugs. "Well, anybody could find out anyway. It costs about $2,000 a month.

"We also advertise in Esquire and Sport," Harold says unexcitedly. Harold doesn't appear to get excited very easily, about anything.

He suggests a trip across the street (to the store's warehouse) to talk, but on the way to the front door something changes Harold's mind. He turns. "We can talk right here."

Harold begins talking, in the middle of the store, amid customers looking at coats and slacks and picking out ties and shirts.

Twenty-five years ago, when Harold was 21 and his brother and partner in the store, Milton, was 23, the brothers opened their store at 346 W. 19th. Their father, Emmanuel Wiesenthal, now 83, a retired, retail clothing merchant and a regular around Harold's, bought the land for the store.

"We started with $300 and my Dad's credit," Harold says. "His credit was the main thing. We needed the $300 to make change."

(On its opening day in 1950, the store took up 1,200 sq. ft. of space. Today it's about 7,000, and, of course, in the same location.)

Asked about his clientele, Harold says although the majority of his customers are Houstonians, he does have quite a few "out-of-town" regulars.

Where out-of-town?

"Oh, we have . . ." but then he sees Garry Plotkin (also known as "Barracuda"; it's on his business card) walking across the floor.

Plotkin is a salesman and takes care of a lot of the "out-of-town" business.

Harold strolls over to Plotkin and asks him to expound on the "out-of-town" trade. Then Harold turns and walks away.

"We've got customers all over the world." Plotkin says. "Regulars, Saudi Arabia, London, The Panama Canal, Venezuela. A while lot of Europeans, Scotland, Nigeria, Mexico."

The customer in Nigeria buys four times a year, as regular as clockwork, Plotkin says.

Harold walks up with another man—a big man—trailing behind.

"I want you to meet my brother, Milton," says Harold, not talking to Plotkin, but looking at Plotkin as he says it.

Milton extends a hand; Harold lumbers off again.

"We don't have any competition here," Milton ventures. He means Houston, not The Heights.

He didn't mean that nobody could compete in regard to classy garb. This is what he meant: "There are just too many people in Houston. We can't dress all of them. We dress our share."

Milton says that Harold's is a success for a number of reasons. "The color. The range of sizes. We can fit anybody from a 36-short to a 60-extra long. All age groups, too. We have styles for people from age 16 on up."

Most of the selling is left to the salesmen, Milton says, but the brothers occasionally wait on the real regulars; the people who have been coming in for 15 or 20 years.

Salesman Plotkin is still hanging around, offering a fact or two from time to time.

"We have 26 employes now," Plotkin says.

Milton looks at him. "The day we opened we didn't have any."

Plotkin looks askance. "Not even a tailor?" he asks Milton.

"Hell, no," Milton says. "We sent them to the cleaners."

Plotkin is still thinking about the out-of-town customers. "Tell about that guy at the Super Bowl," he grins.

(Milton doesn't brighten much at the mention of the story. He doesn't dislike the story. He just doesn't appear to get thrilled very easily, either.)

"There was a guy down in Miami," Milton begins, almost by rote. "He called one day and said he was going to the Super Bowl a couple of days later and just didn't have anything to wear. He said, 'You know what I like. Pick me out something and get it down here.' "

An enthusiastic Plotkin breaks in. "So we picked him out a jacket and slacks and tie, a complete outfit, and one of our people got on a jet and flew it to Miami."

Did he pick up the tab for the plane fare?

Milton doesn't quite remember. He wasn't too concerned. The guy was a regular customer.

"Did he pick up the plane fare?" Milton asks Plotkin.

"Right!" says Plotkin.

Harold saunters back over. "Come here. I want you to meet somebody."

He heads toward a tiny alcove near the rear of the store.

It's the shoe department and measures 40 sq. ft. The space is leased to the Nunn-Bush Shoe Co.

Dave Mangnuson, head of shoes, is lounging in a chair in his small department.

Harold makes the introduction, then is gone.

"This shoe department does more business per square foot than any other in the country," Mangnuson claims.

There's no proof of that statement, but Mangnuson produces a letter from Nunn-Bush to back up his next assertion:

"A couple of weeks ago I made the biggest single sale to one individual in one day in the history of Nunn-Bush."

It took Mangnuson 30 minutes to close the deal. He sold the man 14 pairs of shoes. The tab: $1,500.

"Every pair I put on him he bought," Mangnuson says. "He said he needed a few shoes because he didn't like to come in every day."

Mangnuson broke his own record. He made the previous high sale to one customer in one day at Harold's in July; that buyer purchased $1,341 worth of shoes.

Business in the store quiets a little, and Harold, followed by salesman Plotkin, walks back into the shoe department.

What's the biggest single sale to one customer in one day for the entire store? Harold is asked.

"I don't know," Harold says. "Eight or nine thousand, I think."

Milton is in hearing distance, but not particularly listening distance.

Harold, casually: "Milton, what is the biggest single sale to one customer in one day? Eight or nine thousand?"

Milton, casually: "Eight or nine thousand."

Athletes like Harold's especially golfers.

"It's the color we offer," says Harold.

Doug Sanders has bought clothes at Harold's. Lee Trevino has been in. So has Arnold Palmer and Tom Weiskopf. Marty Fleckman was in the shop for quite a while the day Harold's visitor was there. Houston Rocket Ed Ratleff had been in earlier that day.

Photos of golfers with arms draped around Harold add color to the walls.

A letter from one of the most famous golfers (although he wasn't a professional) of all time hangs on Harold's wall.

The letter, in a fine frame, thanks Harold personally for a pair of slacks Harold sent the "golfer" at the Augusta National Club. This was in 1959.

The letterhead reads The White House.

The signature is Dwight Eisenhower's.

The letter is now being copied verbatim into a notebook and one of Harold's salesmen walks up and say: "Isn't that something!"

The salesman doesn't get much response as the letter is still being transcribed into the notebook.

The salesman now turns a little dubious. He looks at the letter himself. "You know who that is, right?"

He's assured the signature is familiar.

"I gave John Mahaffey (a professional golfer) some help when he was in college," Harold remembers. "I extended him credit. The other day he walked in here and brought 16 pairs of pants," Harold pauses. "At $55 a pair."

Harold tells another story of a golfer he helped in college. After turning professional, Harold says "he won a little money in a tournament out of state somewhere. The next day he was being fitted for a suit someplace and he looked in the mirror and told himself, 'You know, I shouldn't buy a suit from anybody else but Harold.'

"So he walked out of that place," Harold continues, "and went and caught a plane to Houston and came out here and bought a suit and then went back to the airport and flew out again."

Harold is now wandering through the store and passes by Milton and Plotkin (the "Barracuda").

Plotkin wants to talk. Milton looks out the window at the front of the store.

"Our salesmen know our regular customers well," Plotkin offers. "One reason is that most of them have been here awhile. We have one that's been here eight years, another 10 years, another 12 years."

"I've been here 25 years," Milton says dryly.

Harold and Milton have no plans to develop branch stores. They started in The Heights, plan to stay in The Heights, and will concentrate on making their single store larger.

"We own the restaurant next door," Harold says, "It will eventually have clothes in it."

Harold's is expensive, but doesn't appear to be unreasonable.

The most expensive suit in the store is a handmade Italian garment that sells for $490.

The store's buyer. Tom Fulmer, pulls the suit off the rack (Harold, of course, goes on most buying trips, as well)

"Do you have that suit in my size?" Fulmer is asked.

The Barracuda is standing behind Fulmer and quickly says: "If you want it, we'll make it your size."

The offer is politely declined.

(Another story told at Harold's is of a customer who spotted a $440 suit, said he would get three friends to split the price with him and share the garment. By the time the customer came back with the money the suit had been sold.)

Harold currently has more than 80 suits hanging on his racks with price tags of $400-up, but has hundreds more that sell for quite a bit less.

Two months ago Flip Wilson walked into the store.

In a half-hour he bought seven pairs of shoes and dropped more than $2000 on clothes.

"He was in a hurry," Harold says. "He said he'd come back when he had a little more time."

Besides the myriad suits and jackets hanging in the store, buyer Fulmer says there are 800 "units" hanging in the firm's warehouse across the street, waiting to be checked in, waiting to be added to the wide selection on display on the racks.

(The Barracuda walks up. "Listen, if you use my name in the paper, be sure you spell it right." He walks off.)

Harold plays a lot of golf himself and each May sponsors the Sid Lasher Memorial Golf Tournament. The event has grown so popular that now Harold cuts off the entry list when it reaches 200. (The late Sid Lasher was a local television weatherman and a well-known figure around Houston).

"I knew Sid," Harold reflects. "I just thought I'd do something for him."

(The Barracuda appears out of nowhere.) "We do as much business out of London each year as most stores our size do total. It's all word-of-mouth trade. One of our customers is a big man on Bond Street. That's the fashion center of London." The Barracuda vanishes.)

Harold says, "Listen, Marty (golfer Fleckman) and I are going next door to get something to drink. Come along."

The restaurant is small and has few tables and the type of counter that is seldom seen anymore. The restaurant also has an overly-loud juke box.

The conversation is mostly about golf now, but, when asked pointedly, Harold will still switch the subject to talk about his business.

The juke box is blaring. Jim Croce. "Bad, Bad Leroy Brown."

Harold and Fleckman plan to fly to Mexico the following Tuesday to play in the Mexican Open. Fleckman says he has to "go hit a few."

(Across the street, a pair of tough-lookers get out of an old car and walk into the pool hall. A man and a woman in their mid-forties walk in front of the restaurant window. Their clothes appear clean, but extremely weathered).

Inside the restaurant, Harold and Fleckman are talking about the Mexican tournament. Talking casually. They fly to tournaments all the time.

A loud Jim Croce almost drowns them out: He's singing:

"On the south side of Chicago,
It's the baddest part of town,
And if ya go down there
you better just beware. . ."

Harold is munching crackers along with the soup he ordered. He has said earlier in the day, "We don't want to move. The location isn't hurting us. Our customers don't come from around here, except for a couple of doctors and professional in the area. Our customers come from the other parts of town—and they come."

A black child with raggedy clothes walks by the front of the restaurant window. The parking spaces in front of the thrift stores are full. Most of the cars are eight, 10 years old.

("Our customers don't come from around here.")

Jim Croce is still singing about the "baddest part of town":

". . .all the downtown ladies
call him treetop lover,
all the studs,
they call him sir."

A waitress in the restaurant walks up and offers to refill the visitor's coffee cup. Sometime in the future the waitress won't be filling coffee cups, at least not in this restaurant. The building will be full of $450 suits with Harold's label inside the jacket.

"Now, Leroy, he a gambler,
And he like his fancy clothes,
He like to wave his diamond ring,
in front of everybody's nose. . ."

Harold finishes his soup, the check is paid and the men walk back into weather that is gloomy as most of the area.

Harold and Fleckman are going back into the store. Pleasantries are exchanged all around, with Harold, of course, looking off in the distance. It's over quickly and Harold and Fleckman disappear into the store.

Across the street a guy about 50 is looking out of the pool hall window, looking straight over at Harold's.

Maybe he's just killing time.

Maybe he's looking for Flip Wilson.●

CALL TO CONSCIENCE—MOISEY TONGONOKY

HON. JAMES J. HOWARD

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. HOWARD. Mr. Speaker, once again we are faced with the specter of unnecessary human tragedy born of Soviet emigration policy. Widespread knowledge of Soviet behavior should not serve as an inhibition to our further and more strident opposition to such callous and arbitrary actions.

It is in this context that I appeal to the ruling powers of the Soviet Union to resist their heritage of systematic persecution, to reverse the inertia within the bureaucracy of repression, and to objectively consider genuine merit when dealing with such basic human aspirations as the desire to emigrate. The case of Moisey Tongonoky is a prime example of Soviet injustice, and thus a perfect subject for establishing a point of departure in Soviet policy. Recently released from

imprisonment on false charges, this brave young man should be reunited with his family members, most of whom are Soviet emigrants in Israel.

It is utterly incomprehensible that a major power such as the U.S.S.R. should engage in such repeated violations of basic human rights. I thus appeal to Mr. Brezhnev and the politburo to embark upon a new course of action—a policy consistent with the fundamental norms of civilized behavior and favorable to innocent victims such as Mr. Moisey Tongonoky.●

ENVIRONMENTAL BUDGET CUTS—FISCAL RESPONSIBILITY OR IDEOLOGICAL EXCESSES?

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. BROWN of California. Mr. Speaker, the newspapers have recently been filled with stories about various proposed and rumored budget cuts in this Nation's environmental programs. These latest budget cuts in the President's September revisions to the current fiscal year's budget and the rumors of next year's cuts are clearly beyond those one would expect from a policy of "sharing the pain" and "spreading out the cuts." It is clear that many environmental programs are targets for extraordinary cuts, with little if any regard for the laws, nor the problems which generated those laws.

While it is difficult to single out the worse impact of the Reagan administration's environmental program, I believe it is easy to say that the least defensible aspect are the cuts in environmental research. It is difficult to believe, but the Reagan administration is actually cutting the Federal Government's environmental research programs even deeper than other environmental programs. This leads one to the inescapable conclusion that his administration does not want any answers to the questions which are raised about various pollutants or environmental policies. They apparently prefer ignorance to knowledge, even as they argue environmental regulations are being promulgated without enough information, and that more research is necessary before we proceed.

One thing does surprise me about this policy, and that is the incredible shortsightedness of it. During the 4 years I chaired the House subcommittee which authorizes environmental research, I continually heard from industry witnesses of all sorts who argued that the Federal Government needed to do more and better research before it proceeded down the regulatory track. Now those same industries, the coal, oil, chemical, electric power, steel, automobile, and so forth are silent—while the inadequate Federal programs are being destroyed before their eyes. I am surprised that these industries are silent, and that the admittedly proindustry Reagan administration is undermining one of the few aspects of the Federal environmental program that industry actually supports. One must ask, do these industries really think that less information will result in less regulation, or, more to the point, better environmental regulations?

Mr. Speaker, these counterproductive, and apparently ideologically motivated budget cuts are not limited to domestic programs. The administration is now subjecting our international programs to the same biases and prejudices. This is illustrated by the reports, which have been confirmed to me, that the U.S. participation in the United Nations environmental program is ending. U.S. support for this program began under President Nixon after the U.N. Conference on the Environment held nearly 10 years ago in Stockholm. The unilateral withdrawal by the United States, along with our other withdrawals in the international field, are a matter that should embarrass the United States, and almost certainly will.

Mr. Speaker, at this time I insert in the RECORD a recent article from Science magazine describing the EPA budget cuts, and an article from the Washington Post describing the UNEP cuts. I commend them to my colleagues:

[From Science, Oct. 16, 1981]

EPA HARD HIT BY BUDGET CUTS—AGENCY FACES MAJOR REDUCTIONS IN MONEY AND STAFF DESPITE GROWING RESPONSIBILITIES FOR TOXIC CHEMICALS AND WASTE

(By Constance Holden)

In the Reagan Administration science has generally assumed the role of following policy rather than providing a basis for it. Nowhere is this more in evidence than at the Environmental Protection Agency (EPA), which is being subjected to what many regard as devastating budget reductions at a time when the variety of laws it administers will place a sharply increased work load on the agency.

In the new fiscal year (FY) 1982, which began on 1 October, the EPA's budget is heading for a reduction from $1.4 billion to $1.16 billion, and plans for FY 1983 would bring it down to $975 million. And the agency staff, now numbering 10,381, is supposed to shrink to 8340 by the beginning of FY 1983. When inflation is taken into account, EPA purchasing power is likely to be reduced by 60 percent for the first 6 months of the Reagan Administration. The percentage is even higher for EPA's research and development activities, slated to go from $365 million to $296 million appropriated for FY 1982, with another slide down to $220 million the following year.

In other words, Reagan is following his campaign promises with a vengeance. EPA was named as a prime target in campaign antiregulation rhetoric. Said then-Representative David Stockman, now director of the Office of Management and Budget: "You need a whole new mindset down at EPA or you're not going to do anything about regulation."

There is definitely a new mindset at EPA. Both the policies and the operating style of President Reagan's appointee to the top EPA post have drawn harsh criticism from environmentalists and former EPA officials. Agency morale is said to be at an all-time low. The new administrator, Anne M. Gorsuch, is said to have cut herself off from career bureaucrats and surrounded herself instead with advisers of limited experience. The agency was shaken in September by the resignation of two top-ranking officials, policy planning head Nolan Clark and associate administrator Frank Shepherd. Nolan said that his departure was due to "irreconcilable differences of style" with the administrator, apparently a reference to Gorsuch's decision to remove more than 50 senior bureaucrats. Gorsuch is said to be promoting an adversary atmosphere at EPA by failing to consult with career professionals on major decisions. She is also proving elusive on Capitol Hill: a House environment subcommittee had to threaten her with a subpoena in order to elicit a promise to testify at hearings on hazardous wastes scheduled for 21 October.

Barring a new mood of defiance by Congress, the EPA is slated to suffer severe weakening of all its functions—enforcement, regulation, monitoring, and research. Most severely affected will be projects to identify, control, and dispose of toxic substances. Enforcement is still in the early phases for three mammoth pieces of legislation. The Toxic Substances Control Act (TSCA) and the Resources Conservation and Recovery Act (RCRA) were both passed in 1976, but regulations were not issued for either until last year. Third, there is the "superfund" legislation, designed to pay for the cleanup of hazardous waste dumps. Retrenchment in these programs comes at a time when a new General Accounting Office report has found serious inadequacies with EPA's performance under RCRA. The report said that most waste facilities fail to comply with existing interim regulations and that EPA has inadequate staff involved in monitoring and enforcement.

A former EPA official who served under President Carter, says that developments at EPA amount to no less than a "tragedy." William Drayton, former assistant administrator and top budget officer at the agency, says that the Reagan-Gorsuch budget is, in effect, a "reversal of a fundamental societal decision to control the side effects of the chemical revolution." Drayton says that all the basic environmental laws have been modified in recent years to include explicit responsibility for controlling toxic substances. He estimates that EPA's work load relating to toxic materials will have to double in the next few years in order to cope with the thousands of new chemicals that pour into the environment every year.

The Reagan Administration also wants to cut back on funds for the Clean Air Act and the Clean Water Act, both of which require reauthorization next year. This means relaxation of standards and timetables for pollution reduction as well as cutbacks in enforcement staffs. It will also mean less money to the states at a time when the Administration is professing a desire to turn primary responsibility for environmental regulation over to the states. Grants for state water programs, for example, are

scheduled to be cut back from $86 million in FY 1982 to $46 million the following year.

What really alarms supporters of EPA are the proposed cutbacks in the agency's research budget. The Carter FY 1982 budget contained a minor reduction in research funds, reflecting the completion of major regulatory efforts; now Reagan wants to cut research moneys from $365 million in FY 1981 to $220 million in FY 1983. According to a House staff member, the biggest cut will be in the development of pollution control technologies in the field of energy, particularly synfuels and coal. The next biggest cut will be in research on water issues, such as the identification of toxic substances in water, the establishment of drinking water standards, and the monitoring of water quality.

The Reagan Administration came into office asserting that environmental regulations had been put into effect without good scientific data to support them. Now, instead of beefing up the science, they are pulling back on all fronts. Says Drayton, "We were on the cutting edge of one of the most critical learning curves in our society. Now we are destroying our capacity to understand what we are doing, let alone do anything about it." Douglas Costle, the EPA administrator under Carter, has expressed the fear that proposed cuts will "cripple" the agency so that it may take "at least a decade to recover."

Now even staunch supporters of Reagan have been voicing dismay over the perceived dismantling of an agency that many thought had earned a permanent niche in the federal landscape. Most telling perhaps are recent remarks made by Dan W. Lufkin, former commissioner of environmental protection in Connecticut and the man who headed Reagan's environmental task force during the campaign. In an open letter to the President, Lufkin, a Republican, businessman, and States' Rights advocate, accused the Administration of an approach to environmental regulation that was "at best extreme and at worst bizarre." Wrote Lufkin: "What the Administration is doing in environmental affairs is crazy."

The Senate Environment and Public Works Committee, disturbed by cries of alarm over proposed budget cuts, interrupted action on the Clean Air Act to arrange for a hearing on the matter on 15 October. In a letter inviting Gorsuch to testify, committee chairman Robert T. Stafford (R-Vt.) said he had "considerable concern about the continuing ability of EPA to perform its statutory duties" if major cuts are made.

[From the Washington Post, Oct. 11, 1981]

U.N. ENVIRONMENT FUND MAY BE CUT

(By Joanne Omang)

The State Department is considering an end to U.S. support for the United Nations Environment Program (UNEP), one of the main forums for dialogue between the industrialized West and the Third World. A program official said a cutoff of U.S. aid probably would kill the entire nine-year-old operation.

The voluntary U.S. contribution to UNEP's project fund for fiscal 1982 was budgeted at $7.2 million, down $2.8 million from last year's donation, which made up a third of UNEP's funding.

House and Senate conferees have set the amount at $8.2 million, but Capitol Hill sources said elimination of the entire amount was being considered as part of the Reagan administration's request for an additional 12 percent cut.

UNEP was set up in an agreement among 113 nations in 1972 at the urging of former president Nixon, and is headquartered in Nairobi, Kenya.

It "initiates, stimulates, supports, complements and accelerates" actions within member nations on a wide range of environmental problems, according to an official publication, providing problem assessments, planning, legal drafting and registry services, as well as a technical information clearinghouse. About 500 projects worldwide have been approved for funding.

The U.S. contribution was $10 million a year between 1976 and 1980, about a third of the $30 million project fund, according to Dr. Peter S. Thacher, deputy executive director of UNEP. "We could not survive if the biggest donor suddenly cuts to zero," he said.

Thacher said he had been "frightened" by word of the State Department proposal but had been told by officials there "flatly that it is not official, that it has not been cleared and that flexibility remains."

A spokesman for Eliot Abrams, assistant secretary of state for international organizations, confirmed that assessment.

"I do not feel it was directed against UNEP itself but more that it was just that 12 percent has got to be found someplace," Thacher said in an interview. "I am confident that it is a non-decision so far."

UNEP's governing council last May set a $120 million goal for 1982-83 project funding, a quadrupling of the current level that was roundly condemned by all sides. Western nations, the United States among them, argued that the goal was unrealistically high in light of worldwide economic difficulties. They predicted that no more than $77 million would be collected.

But East Asian nations argued that $120 million was too small given the vast problems of spreading deserts, ocean pollution, soil erosion and deforestation. They asked for a $150 million target. Heated debate lasted a week before the $120 million figure was agreed upon, and only with the proviso that projects be funded as money comes in.●

GAINESVILLE AIRPORT NEEDS RADAR

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. FUQUA. Mr. Speaker, three more lives have been lost as a result of bureaucratic rules of the Federal Aviation Administration which, despite the mounting death toll, refuses to provide airport surveillance radar for Gainesville Airport.

I will save the time of my colleagues by inserting in the RECORD today the detailed story of Sunday's crash as originally printed in the Gainesville Sun, which also refers to a crash less than a year ago under similar circumstances which claimed another three lives.

I am as aware as any in this body of the need for fiscal restraint in these difficult economic times. I am also cognizant of the need for minimum standards established by departments before expenditures can be made.

But I suggest to you that neither budgetary constraints nor redtape should prevent action which could have an immediate and affirmative result in saving lives.

AIR CRASH KILLS THREE

(By Lisa Masciello)

Three men died in a fiery crash Sunday afternoon when their twin-engine plane clipped a guy wire attached to a television transmission tower and plummeted into the woods east of the Devil's Millhopper sinkhole.

Nearly one year ago another twin-engine Beechcraft struck the WUFT-TV transmission tower in the same vicinity and crashed, taking the lives of three Florida men.

According to Jack Barker, public affairs officer for the Federal Aviation Administration in Atlanta, the Beechcraft Baron was westbound on its final approach to the Gainesville airport at about 12:30 p.m. when "the airplane continued on for some reason, and hit the guy wires seven miles west of the airport."

The plane took a nose dive into the woods a few hundred feet from the tower. The tower, owned by Cox Cable Co., sustained no apparent damage.

Debris was scattered through the woods, and pieces of the plane remained in the trees after the aircraft struck the ground and burst into flames. It burned for 45 minutes before Gainesville firefighters were able to reach and extinguish the blaze.

The crash victims were identified as Fred D. Harless, 66, of Citra in north Marion County; Gary G. Cline, 47, of Baisden, W. Va., and Larry K. Walls, 31, of Gilbert, W. Va. It was unknown why the men were landing in Gainesville. The plane was owned by the Big Eagle Coal Co. of Gilbert.

According to Detective John Barbour of the Alachua County Sheriff's Office, the pilot made contact with the flight tower at the Gainesville airport shortly before the crash to confirm that he was on course, but didn't report any indication of trouble.

The Gainesville Flight Tower refused to comment on the accident, and referred questions to the National Transportation Safety Board, which is investigating the crash.

The pilot was making an instrument landing systems approach to Runway 28, due to the dense cloud cover that prohibited a landing based on visibility, according to Barker.

One of the next planes in line to land at the airport was piloted by Gainesville City Manager Orville Powell, who along with City Commissioner Mac McEachern was returning from a utilities seminar in Washington, D.C. Powell said there was a 400-foot ceiling, or cloud level, which limited pilots' visibility and necessitated instrument landings.

Powell was just north of Jacksonville in a single-engine Cessna when the Jacksonville airport radioed to him that the Gainesville runway was closed. He was forced to land in Daytona Beach.

Powell explained that the runway normally is closed down after an accident occurs to check out instrument landing equipment.

McEachern said the Gainesville airport's complete lack of radar equipment may present a hazard to pilots.

Several Gainesville residents called The Sun Sunday evening to express their con-

cern over what they see as dangerous runway conditions.

Harold Silver, a former member of the Airport Advisory Board and an Army test pilot, said that following the crash of Oct. 24, 1980, he warned the board that another crash was inevitable as long as the towers remained where they are.

"A year ago when the Channel 5 tower was hit, I said that to put another tower up in the same place was not only stupid, it was insane," he said.

Last year's crash occurred when the plane suffered engine trouble and lost power. Like the Baron, it was attempting an instrument landing under overcast skies on Runway 28 when it struck the tower and several guy wires and went down into the dense woods close to the site of Sunday's crash.

That crash sparked a controversy over the safety of landing at the airport, which involved a petition by pilots and protests from residents of the Deer Run subdivision. Both crashes were "too close for comfort" to homes in Deer Run, resident Karen Sitren of 5001 NW 62nd Court said Sunday night.

Sitren said she has been fighting for a year to get something done about the dangerous "tower farm" near her house, and hopes that Sunday's crash may spur some action.

County Commissioner Jack Durrance agreed that there is a problem, and said Sunday night that the commission will "see if there are any actions we could take to make this a safer community."

Pilot-attorney Eilon Krugman-Kadi, a member of the Airport Advisory Board, referred to the situation as a "time-bomb," but laid the blame for the accidents on FAA procedure for a missed landing, rather than with the towers directly.

A missed landing is one in which the pilot, for some reason, must abort his attempt to land and circle around to try again.

"The procedure as published (by the FAA) is such that it causes aircraft to fly right smack into the antennas," said Krugman-Kadi.

"Unfortunately," he added, "this accident vindicates my preaching that this is an accident waiting to happen."●

PERSONAL EXPLANATION

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. GILMAN. Mr. Speaker, earlier today I was unable to be present in the House because I was addressing the U.N. General Assembly plenum as part of my duties as a Delegate to the U.S. General Assembly.

On roll No. 259, the question of resolving into the Committee of the Whole House for the consideration of the 1981 farm bill, I would have voted "yea". This motion passed by a vote of 380 to 3.

On roll No. 260, the Lundine amendment to the 1981 farm bill, I would have voted "yea". This amendment, to abolish the acreage program for peanuts, passed by a vote of 250 to 159.●

ATTORNEY GENERAL SHOULD INVESTIGATE LTV-GRUMMAN MERGER

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. ASHBROOK. Mr. Speaker, I have today written to the Attorney General of the United States, Mr. William French Smith, to urge him to undertake an immediate investigation of the proposed takeover of the Grumman Corp. by LTV. This merger raises serious antitrust questions and I believe that it would be a serious mistake to allow the transaction to take place without a thorough investigation by the Department of Justice.

Grumman is one of only three manufacturers of fixed-wing, carrier based combat aircraft, LTV is another. It is clear to me that a merger of these two important defense contractors would not be in the best interest of our Nation's defense policy. Competition is healthy and at a time when we are committed to improving our weakened defense posture, a successful takeover of one contractor by another could prove to be very damaging.

I must also question the anticompetitive nature of the proposed takeover as it relates to the manufacturing of buses. I represent Loudonville, Ohio, the site of the Grumman bus plant. Grumman has made a financial commitment to the continued operation of the bus line and it is apparent to me that they intend to see it through. LTV has given us no such assurances. When we are talking about 2,700 jobs in Loudonville and Delaware, Ohio, and get no assurances that those jobs are safe, we must doubt that company's intention of keeping the bus line operative.

Mr. Speaker, I have received hundreds and hundreds of letters, telegrams, and telephone calls from Grumman employees concerned about the possible takeover by LTV. I have met with Grumman officials here in Washington. I have pledged my support.

The proposed takeover attempt appears to be in violation of the Clayton Anti-Trust Act and I urge the Attorney General to undertake an immediate investigation. Too many questions have been raised. The Justice Department has an obligation to take action.

Mr. Speaker, I represent the Loudonville area and for 6 years I was privileged to represent Delaware. Grumman plants are in these two Ohio cities. My fellow Ohio legislators have also expressed an interest in preserving these jobs as well as stopping this unwise corporate merger. It was with some disappointment, therefore, that I noted that My colleague in the other body, Mr. METZENBAUM, publicly announced that he has an open mind on this merger. This is not the time for an open mind since the facts are so clear. I oppose this merger 100 percent and will continue to fight to prevent it in the national interest and protect our Ohio companies and Ohio jobs in our own State interest.●

A TRIBUTE TO MR. MANCINI AND MR. ARGUELLO

HON. LYLE WILLIAMS

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday October 15, 1981

● Mr. WILLIAMS of Ohio. Mr. Speaker, not long ago I rose here in the House Chamber to pay tribute to a fighter from a city I represent, Youngstown, Ohio. The fighter was Raymond (Boom Boom) Mancini, who had just fought for the Lightweight Championship. He was defeated by current champion Alexis Arguello.

Although the primary purpose of my speech then was to praise the 20-year-old Mancini for his efforts, I also tried to avoid denigrating the distinguished champion, who was a gentleman before, during, and after the fight. There were many persons, I suspect, who found themselves in the position of being Mr. Mancini's fans and also admiring the man who had defeated him. Most of us, however, were unable to express exactly the way we felt about the fight and the combatants.

One man, however, was able to express all of our sentiments. He was able to root for the hometown boy, Mr. Mancini, and at the same time not make any disparaging remarks about Mr. Arguello. The man who was able to do this was Chuck Perazich, the sports editor of the Vindicator, the daily newspaper in Youngstown. His artful, but truthful column on the day following the fight is an item which I would like to share with my colleagues in the House of Representatives as an example of an evenhanded work of journalism and an unsurpassed tribute to both Mr. Mancini and Mr. Arguello.

The article follows:

[From the Vindicator, Oct. 4, 1981]

MANCINI GAINS NEW RESPECT IN MITT WORLD DESPITE LOSS

(By Chuck Perazich)

Raymond "Boom Boom" Mancini. . . . . we still love you!

Honestly Ray, the people of Youngstown are extremely proud of your effort against Alexis Arguello in that WBC title bout in Atlantic City yesterday.

So you lost.

Big deal.

There'll be many more championship fights, Ray.

You'll get another chance.

You displayed a tremendous amount of courage and determination through 14 rounds against Arguello.

Those bumps on your face, the blood that spilled and the cuts that were opened are badges of courage to us Ray.

No sir, we were with you win or lose.

When Tim Ryan pushed that CBS-TV microphone in your face and you apologized to the people in Youngstown, you could hear a pin drop in every home, every bar on South Ave. and Market St., Ray.

In fact, you'll have to forgive several thousand folks in your home town if for a second, we shared your moment of grief by shedding a tear or two.

Those were tears of pride, though, Ray. Tears of pride.

You know the feeling.

It's the same one you experience when you talk about your dad.

Your dad, Ray. Now there's some kind of guy.

Did you hear what Alexis Arguello had to say about him?

"That man over there, I love your father," is what Arguello said.

And you know what. We believe him.

Last week, your dad was saying that he had a lot of respect for Arguello because, "he was a real gentleman, and that champions should be gentlemen."

Boy, was he right.

Class personified. That's how you can describe Alexis.

We hear there are some folks upset, Ray, because you didn't belt Mr. Arguello when he dropped his gloves and stopped fighting there for a second at the end of the ninth round.

They say it was a butt, or thumb in his eye that prompted his action.

Well Ray, we've seen you fight since your days as a teenager in the Junior Olympics.

Maybe you could have nailed him when he dropped his gloves. Then again, perhaps he might have slid away from your attack.

Anyway, those of us who know Ray Mancini weren't surprised you didn't hit him, really.

That's not your style, Ray. So much for that phase of the fight.

You should have heard Sean O'Grady and Gil Clancy praise you during those early rounds.

Wow, did you look good Ray.

Your aggressiveness had the champion looking for cover.

We were proud, really proud.

There you were, the "Pride of Youngstown," banging away at a world's champion and scoring heavily.

Those snappy jabs, long overhand rights and inside body punches were beautiful.

When you let fly with a triple left hook, O'Grady just about went through the microphone. He was impressed.

You have to admit Ray, for a man 28, or is he 29, or 30, Alexis Arguello is a crafty athlete.

When he needed to perform, he did it with class, and boy, can he punch.

You now qualify as an expert as to Arguello's punching abilities. No need to spend any more words about this part of the fight, really.

Maybe it's best to classify this Oct. 2, 1981 bout with Arguello as a learning process on your way to a championship, Ray.

Alexis isn't a bad guy. He had some kind words for you. You heard him. He called you a "great, great fighter with a great, great chin."

It sure was nice of him to say he "went up against a legend in my eyes," too.

Now aren't you glad you didn't hit him in that ninth round when he dropped his gloves?

You and Mr. Arguello have one thing in common, Ray.

You are both class individuals, a credit to your families and most of all, super representatives of your respective communities.

And remember Ray, hold your head high when you return to Youngstown.

We love you. Honest we do.

This town can never repay you, and your dad, the original "Boom Boom," for your contributions.

You put us on the map.

Our hearts go out to you, Ray Mancini.

You're still a champ in our eyes.●

SENATE—*Friday, October 16, 1981*

(Legislative day of Wednesday, October 14, 1981)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Father in Heaven, we awakened this morning in pleasant surroundings, arose from warm, comfortable beds, enjoyed the refreshment from plentiful clean water and soap. We ate more than adequate breakfasts and, through this day, will probably consume more food than necessary. We labor in ideal surroundings midst peers and associates who make our work pleasant and constructive.

Meanwhile, there are vast multitudes who never know the luxury of a full stomach from the cradle to the grave. Thousands will die of starvation today. Millions of refugees languish in crude, dirty, unhealthy situations without fresh water or food enough, ravaged by sickness and disease with little or no medical supplies and assistance. In our Federal city, within sight of this beautiful building, there are many who suffer the same indignities and inadequacies. Dehumanized by oppressive forces, unable to find employment, they subsist in deprivation and hopelessness.

Almighty God, make this distinguished, powerful body the advocate for all who suffer. Teach us that justice is more than a legal system, that it has to do with compassionate response to the homeless and the hungry, the oppressed and deprived. Forgive us for indifference to the poor and the persecuted and forgive us, Father, for the easy way we presume upon our blessings, taking them for granted, forgetting to be thankful toward Thee and compassionate toward the needy.

Help us to be channels of caring and sharing, not reservoirs of greed. We pray this in the name of God whose justice demands it. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader is recognized.

THE JOURNAL

Mr. STEVENS. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR SENATOR HATFIELD TO HAVE CONTROL OF CERTAIN TIME

Mr. STEVENS. Mr. President, I ask unanimous consent that the time allotted to Senators BAKER, DOLE, and DANFORTH under the special orders already entered be under the control of Senator HATFIELD, who also has a special order.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. STEVENS. Mr. President, it is my understanding that there are two other special orders and the normal time for the two leaders. Is that correct?

The PRESIDENT pro tempore. That is correct.

GIVE SECRETARY WATT A CHANCE

Mr. STEVENS. Mr. President, as the Senate knows, I am a very strong supporter of Secretary Jim Watt. It is my personal belief that he is doing an excellent job as Secretary of the Interior. I say that as one who spent 5 years in the Department of the Interior, as the assistant to the Secretary and as the Solicitor of the Interior Department under a previous administration.

I believe Secretary Watt is supported by a majority of Americans. He certainly is supported by an overwhelming majority of the people of my State of Alaska. Unfortunately, there is a rather small group of extreme environmentalists who are trying to get a lot of press and press coverage for their campaign for Secretary Watt's removal. This group, those in the Senate will remember, gave Secretary Watt 1 month in office before they called for his resignation in February. They were not willing to give the Secretary a chance to manage the Department. They have not been willing to even try to work with the new administration to satisfy their concerns. Their role has been simply to criticize.

Mr. President, I have never believed that this approach is either helpful or legitimate. There were many of us who felt that the last administration did not represent a balanced and reasonable environmental approach. We felt that the Department of the Interior went too far toward environmental extremism. Yet, we were able to work with them to try to iron out some of our concerns. Unfortunately, this has not been the case with the environmental extremists who continue to attack Secretary Watt. This small group just wants to be naysayers and doomsday advocates as far as the environment is concerned.

I have recently received a copy of a confidential memorandum regarding their plans for a "National Presentation of Replace Watt Petitions." I think this plan shows clearly that these extremists are interested only in press coverage and media blitz. Their plan, they say, is designed, and I am quoting from the memo, for "maximum political and media impact." They suggest that actual events be "staged to assure maximum coverage—especially for television cameras."

They recommend that the announcement of the petitions be "held in conjunction with your highly photographic rally at which you turn out a nice big throng of club folks and others to cheer at every anti-Watt statement and to conduct a kind of 'pep rally' for your chapter representative as he/she departs."

I find it very interesting, Mr. President, that nowhere in the plan do they mention policies or actions with which they disagree. There is no suggestion that those who are participating in this rally make an effort to talk about the issues. There is no attempt to make constructive proposals. This is simply a staged media event, and I hope Congress will see through these tactics.

Mr. President, I ask unanimous consent that the entire confidential plan be printed in the RECORD at this time.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MEMORANDUM

To: Chapter Chairs, Chapter Conservation Chairs, Chapter Council Delegates, and Regional Vice Presidents.

From: Joe Fontaine, Doug Scott.

Re Plans for National Presentation of the "Replace Watt" Petitions

During the July retreat of the Board of Directors, a plan for national presentation of the "Replace Watt" petitions was discussed and given Board approval. We are now asking the top leaders of each Chapter to go over this plan carefully and confidentially to discuss it among yourselves in order to generate additional ideas, and to give us a response—using the enclosed form—just as quickly as you can.

Note.—It is vital that this plan remain absolutely confidential and that you remain sensitive to that point as you pursue it with your Chapter leadership. For maximum impact, what we are planning must remain closely guarded until we are ready to launch it—and that means confidential from everyone outside your top leadership circle. If word of this plan and its timing gets out, it will be possible for Watt and his supporters to take counter-action which could seriously blunt the political and media impact we are seeking!

This plan has been developed by Doug Scott and the Conservation staff, on the basis of careful political soundings and "inside" advice from Capitol Hill. It has been thoroughly reviewed by the Board of Directors. We are anxious that each Chapter participate in this effort as fully as possible. We ask you to help by adding your own ideas for filling out the plan to maximum advantage.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

PETITION PRESENTATION PLAN—CONFIDENTIAL

PRESENTING THE PETITIONS

1. Goals: These are the three co-equal and closely related goals for the presentation effort:

Maximum political impact: the primary targets are the members of the House and Senate, but this effort should also impact governors, state Republican and Democratic Party chairs, and other appropriate political figures (both elected officials and party officials).

Maximum media impact: We foresee media opportunities on two levels. First, the local story ("Sierra Club leader Jane Doe presents a zillion anti-Watt signatures"); second, the national story: ("Congress receives zillions of anti-Watt signatures").

Maximum exposure for Sierra Club as a strong grassroots volunteer organization: The petition is ideal for deliberately pushing our image as a grassroots political force.

2. The Basic Plan: The basic idea of this plan is to have each Chapter send a volunteer representative (one of your most politically experienced top leaders) to Washington, D.C. in October, carrying the petitions from your state. Actual presentation of the petitions to Members of Congress will occur in Washington, D.C., as each Chapter's representative meets personally with that state's congressional delegation. All Chapter representatives will come to Washington for this purpose during the same one-week period in late October. Each Chapter representative will be presenting the petitions to his/her congressional delegation separately. But, as a group the representatives from all Chapters will participate in a series of events planned to achieve maximum political and media impact during the special "Watt Petition Week" in the nation's capital.

For planning purposes, we are now targeting the week of October 19th as the week we are asking each Chapter to send its representative to Washington.

THE SCALE OF THIS OPERATION—AND WHY WE WANT TO DO IT THIS WAY

This is obviously an ambitious and large-scale plan. To put it all together in the few short months between now and October will be a challenge for Chapter leaders and for our staff.

We have decided to present the petitions in this way, in Washington, for both practical and political reasons. Because there is no way to assemble your congressional delegation together in your state, and because it is wholly impractical to sort the petitions out by individual congressional district, it is simply not possible to design a way to present the petitions out in the states in a fashion which will impact every Representative and both Senators and will also gain effective, nationwide political and media impact.

Politically, this kind of national gathering of political activists from each Chapter in Washington, D.C., will be a first for the Sierra Club. It can have major lobbying impact. It is an unparalleled opportunity to cap the existing impact of our "Replace Watt" campaign with a major push in Washington, D.C., heavily emphasizing the unique grassroots political strength of the Sierra Club.

In short, the potential for political and media impact—on a national scale and with each individual Member of Congress—is virtually unlimited. It will ultimately depend on the degree of enthusiasm, effort and cleverness exercised by each Chapter in making this whole plan work.

ANNOUNCING A MILLION SIGNATURES

We may achieve our originally announced goal of 1 million signatures before mid-October. If so, we will hold a San Francisco Press conference at that time with prior alerts by mail, telephone or mailgram to each Chapter so you can pursue local, correlated media work on this event. This will allow us to gain maximum publicity, with the strong TV "visual" of the actual million signatures in a huge heap—(it's a lot of paper).

It is vitally important that Chapter leaders continue to press local petition circulating activities, so that we meet this target timetable. The rate of petition returns is quite variable—now averaging about 40,000–50,000 signatures per week. We must sustain the effort out where petitions are in circulation to assure that we can carry out these plans. Please help ensure that petitions are sent in just as rapidly as each page is filled. We ask you to think now about things you can do in September to help push our signature total over the million mark.

SENDING THE PETITIONS TO EACH CHAPTER

In late September, we will ship all of the actual signed petitions from each state to the designated person from each Chapter (see enclosed form). We will ship them by Federal Express or U.P.S. to assure fast delivery. You will thus have a period of about three weeks in October to handle the petitions from your state in any way you see fit, before they are to be sent on to Washington, D.C. with your Chapter representative.

You may wish to review the petitions to pull out local "VIPs" who have joined the anti-Watt campaign. You may wish to pull out names of selected signers to assist with important organizing targets in certain areas of your chapter territory. In most cases, you will not find it practical to consider copying the entire set of petitions—a truly massive and expensive proposition. (NOTE.—All those who have checked-off the box on the petition indicating interest in joining the Sierra Club are being sent a special membership and follow-up package from San Francisco, and should not be separately contacted about membership at this time. After this mail recruitment process has been completed, these names (which are being kept on file by the Membership Department) may be made available when we figure out a practical way to sort them by state—they're not computerized.)

There are a series of specific things we recommend that you consider doing with the petitions while you have them in-hand in your state in September:

1. Private meeting with the State Republican Party Chairman or Chairwoman. The enclosed form gives the name and address of your state party chairs. We strongly recommend that you make an appointment to visit the Republican Party chair, privately, simply to discuss Watt and environmental policy issues, and to show him/her the stack of anti-Watt petitions gathered in your state. This should be an off-the-record visit to convey the message that we are a bipartisan group, but that there is very strong grassroots sentiment against Mr. Watt and the policies of the Reagan Administration he symbolizes.

2. Private meeting with the State Democratic Party Chairman or Chairwoman. Ditto.

3. Private meetings with other political party leaders or candidates—especially likely candidates for Congress. You may identify other political figures who would also benefit from such a meeting and from seeing the tangible petitions.

4. Private meeting with your Governor. You will want to make your own judgment, given the circumstances in your state. In many cases Governors (of either party) should also be shown the petitions and this will have a ripple-down political impact.

All of these meetings are proposed as a kind of "courtesy call," in which the stack of petitions offers you a kind of "crutch" as the excuse for meetings in which you can deliver the message of grassroots opposition to Watt-style policies. We urge that these meetings be off-the-record (not discussed at the time with the press) both to avoid premature revelation of our later plans for presentation of the petitions, and to demonstrate that you are taking the petitions to these leaders to have a candid and private discussion—which should enhance the impact of what you have to say about Watt and his policies.

5. Meetings with the press, particularly editorial writers, local environmental writers, and local political columnists. We suggest you arrange for a "deep background"/off-the-record meeting with these folks to show them the petitions and to brief them, in advance, on what you are going to do with the petitions. We hope to provide glossy photos (and perhaps also taped footage for TV) of what the whole million look like in a heap. You can allow the local press to take still and film pictures of you and the petitions—not to be used until you actually release the story formally.

In summary, during the period you have the signed petitions in your state there will be numerous ways to use them to "set the stage" for maximum political and media impact. Doubtlessly you and other Chapter leaders will think up numerous variations and additional ideas as well.

GETTING READY TO SEND THE PETITIONS TO WASHINGTON, D.C.

You should select a Chapter representative to send with the petitions to Washington during the week of October 19th. For the roles we are planning in Washington, it is important that each Chapter representative be carefully selected. This should be the kind of person you would want meeting with and developing a continuing relationship with your members of Congress and their staffs and, in the name of your Chapter, being interviewed by the media representatives of your newspapers and television stations in Washington. We urge you to select a politically experienced Chapter leader, as the work in Washington will require political skills, good "presence" and effectiveness with the media, and the like. You should also consider choosing an individual who is likely to remain in your state Club leadership, or to advance to a top position—so that the trip to Washington is an "investment" in political experience from which your Chapter will continue to benefit in the future. Of course, your choice will also be influenced by the practical necessity of finding someone who can be away from home and from work for as much as a week-long period in late October.*

*At a minimum, your Chapter representative should be able to be in Washington from Sunday morning, October 17th, through Thursday morning, October 21st.

We will plan a detailed orientation and planning session for all Chapter representatives on Sunday, October 18th, in Washington. Thus, Chapter representatives should plan to travel to Washington on Saturday, October 17th.

AIRPORT RALLY, SEND OFF FOR PETITIONS

On that Saturday, we recommend that your Chapter plan a large-scale airport rally to "send off" the petitions to Washington, D.C. This would be the first open press announcement of what you have done and are about to do with the petitions. In most states, this will play as a very BIG story. Your airport rally can comprise several actual events, but can be staged to assure maximum coverage—especially for television cameras!

We recommend that you plan a breakfast or lunch meeting (in a meeting room at the airport) or coffee session with local press—including not only reporters, but also the camera and radio technicians. This would include informal discussion of the whole Watt policy situation and our petition efforts. Immediately after your breakfast or lunch meeting, you should move to a prescheduled formal press conference to announce (for the cameras) that "Joe Doaks is going to Washington with XX,000 petition signatures from your state urging the removal of James Watt and repudiating his policies." This should be held in conjunction with your highly-photographable rally (placards, balloons, etc., etc.), at which you turn out a nice big throng of Club folks and others to cheer at every anti-Watt statement and to conduct a kind of "pep rally" for your Chapter representative as he/she departs.

This timing of your press announcement should guarantee big play in Saturday evening papers and on Saturday evening television, as a continuing story on radio throughout the weekend, and in Sunday papers. It also "sends a signal," through the media coverage, to your congressional delegation that you are coming—and that the story of your presentation of the petitions in Washington, D.C., will be getting significant press coverage at home, as a follow-up to the airport rally story.

PRIOR ARRANGEMENTS TO SEE YOUR CONGRESSIONAL DELEGATION IN WASHINGTON

Prior to the airport send-off, the Club's Conservation Department staff will be working with each Chapter representative to make arrangements for the actual presentation of the petitions to members of your congressional delegation. The actual format for making the petition presentation will be tailor-made to best suit the character of your own congressional delegation.

In general, we hope to have a maximum number of petition presentations occur in public, with media coverage, with the members of your congressional delegation assembled as a group (i.e., on the U.S. Capitol steps!). Where that is not desirable, the option will be for your Chapter representative to visit each member of Congress's office, one-at-a-time, with an appointment to see the Member of Congress to display the great heap of petitions and discuss Watt policies. We will have prepared various accompanying materials about Watt for their use.

In the final weeks of preparations, your Chapter representative will have an assigned staff or volunteer contact person in Washington, working directly with him/her on setting up these Washington-end arrangements.

ARRIVAL IN WASHINGTON—GETTING READY

Our purpose in having all the Chapter representatives come to Washington simultaneously—but with individual press conferences at home as they leave—is to gain maximum press coverage, both on a local basis ("hometown folks send petition to Washington") and, then, on a national basis ("mighty nationwide Sierra Club assembles volunteer leaders in Washington with 1 million-plus petitions against Watt policies").

Working with the Washington-area Sierra Club volunteers, we will try to arrange local housing (if your Chapter representative does not have friends or relatives to stay with at low cost). On Sunday, October 18th, we will conduct a day-long private meeting with all Chapter representatives to lay our final plans for the week-long activities, and also have briefings on the key substantive lobbying issues we will want to be raising in your meetings with members of Congress, their staffs, and the media. We will also try to organize a group pot-luck dinner (pot-luck provided by the Washington-area Sierra Club folks) and a square dance Sunday night, just for fun!

Part of the day on Sunday will consist of small-group meetings in which Chapter representatives meet with their assigned staff or volunteer assistant to go over individualized schedules and plans for the petition presentation process.

THE WEEK'S EVENTS IN WASHINGTON

During the week, we will have several key objectives we'll seek to accomplish with each Chapter representative:

1. Breakfast or lunch meeting with the Washington-based press people who report for papers and radio-and-television stations in your state or region. This will be not only to brief them on the Watt/petition story and details, but also on other important national and local conservation issues with a Washington angle.

2. A group session with your congressional delegation to formally present the petitions, in front of the press—if this can be arranged.

3. Appointments to meet individually with each member of your congressional delegation about Watt, about Reagan policies, and to lobby on particular Sierra Club issues important at that time in the Congress (notably the Clean Air Act!). We'll seek these individual lobbying meetings even if your representative is presenting the petitions to your Congressional delegation as a group.

4. Follow-up meetings (where appropriate) to go into greater detail on these matters with staff of your Representatives or Senators—and to build up your Chapter representative's personal relationship with those staff members for continuing future contracts.

5. Other, individualized projects developed with each Chapter representative to make maximum use of the time in Washington, D.C. As the Conservation Department staff works with each Chapter to tailor-make the most effective plan for your Chapter's representative during his/her time in Washington, we'll want to help make what amounts to individual "lobbying plans" for each member of your congressional delegation who is a key player on Club issues or on a key committee handling our issues.

In addition to these individualized events for each Chapter representative, we are deliberately planning to do all this in a simultaneous fashion so we can have a number of group events, both for political impact in Washington and to equip Chapter representatives with important experiences, training and information to take back home for each Chapter:

1. Group meetings for issue briefing, and to hear from key speakers. In addition to the Sunday group briefing on the Watt issues and plans, we will schedule specific periods during the week for group meetings for discussions, briefings (for example, a good briefing on the issues and politics of the Clean Air Act campaign) and for presentations by key speakers (for example, possibly a talk by Rep. Morris Udall, a talk by Senator Robert Stafford, a talk by some Reagan Administration Official (really!), a meeting with Speaker O'Neill, a talk by a major environmental reporter, meetings with activist union leaders we're working with on our issues, etc.).

2. We will schedule a special joint session to meet informally with leaders and Washington officials of other environmental groups.

3. We will particularly emphasize a special training session under the aegis of SCCOPE (Sierra Club Committee on Political Education) concerning political campaign involvement. We will seek help from our own experts as well as Washington-based campaign consultants and folks from the League of Conservation Voters, to equip each Chapter representative with ideas and materials he/she can take back to each chapter to help us all organize for maximum impact in the 1982 congressional elections—which are of absolutely critical environmental importance.

THE BIG WASHINGTON RECEPTION

During the week, we will schedule a big room on Capitol Hill for a Sierra Club-hosted reception for ALL members of Congress, and for people from other environmental groups. The Chapter representatives will be the featured "guests" at this reception—pushing the basic theme of our unique politically-active grassroots volunteer system. Invitations to members of Congress will be sent (thanks to our automatic typewriter) in the name of each state's Chapter representative. A large crowd will be gathered by also inviting Washington-area Sierra Club members and Washington personnel of other environmental groups.

The reception may feature the presentation of a special Sierra Club award to a highly prominent political figure. There will also be whatever events we can dream up to further dramatize the Watt issue—buttons, balloons, etc.

THE SEND OFF BACK HOME FOR CHAPTER REPRESENTATIVES

At the conclusion of the week, we will hold group sessions to evaluate our work, and to go over plans for how to most effectively follow-up the week's work when Chapter representatives return home.

HANDLING THE EXPENSE

The national Club will arrange and pay for the facilities in Washington, D.C. (meeting rooms, the reception, and the like). In addition, national volunteer leaders (Board, RCC and others) who will attend will be covered by their own budgets. Staff participation will be covered as a part of the regular individual budgets of the various staff offices involved. Materials, including fancy materials for each Chapter representative to present as part of their lobbying and media visits in Washington, will be provided by the national Club.

There simply is no available budget to cover the basic travel and housing costs for each Chapter representative. However, in consultation with a number of volunteer leaders, we believe that this special project offers Chapters an unusually attractive focus for local fund raising: "To send the petitions to Washington." Such special fund raising can supplement other funds which may be available to Chapters. Advance air reservations can take advantage of cheapest possible air fares. The selected Chapter representatives may well have friends or relatives in Washington, D.C., with whom they can stay

during the week, avoiding hotel costs. We will endeavor to seek a block of lowest possible cost accommodations for those Chapter representatives who do not have their own arrangements. We will also ask the local Sierra Club leaders to seek hospitality for Chapter representatives with Washington-area Club members.

This is a major political and media opportunity for the Club—and an opportunity for really sophisticated political impact on each member of your Congressional delegation, not only about Watt's policies but about other national and local conservation issues as well. We have reaped enormous political, media and public attention and goodwill with the "Replace Watt" petition campaign; in a sense this plan for bringing it all to a focus in Washington, D.C., this fall simply culminates and pays-off on all that earlier effort and impact. If your Chapter really gets enthusiastic about this effort, and wishes to send more than one Chapter representative to Washington, they will be entirely welcome!

The national Club will be coordinating this effort, under the overall direction of Doug Scott, Director of Federal Affairs, working directly with President Fontaine, RCC Forum chair Jim Clarke, and other national Club leaders. We will have a working committee to handle the Washington, D.C., arrangements, made up of local Club volunteers in that area, working with Larry Williams, a temporary addition to our Washington Office staff.

REPLY FORM PART I

Please complete and return this page no later than Sept. 15, 1981

Fold and Mail

Fold in additional sheets if you have comments or ideas

NOTE: The confidential plan for this project has been mailed to your Chapter Chair, Chapter Conservation Chair, and Chapter Council Delegate, as well as to your RCC Chair, Field Office (if any) and Chapter Staff (if any). We hope you will all discuss this plan and then submit one response form for your Chapter.

(Please type or print)

[ ] Yes, our Chapter does wish to participate in the national plan for presenting our "Replace Watt" petitions to our congressional delegation in Washington, D.C. this fall.

[ ] No, we do not feel we can participate in this plan. Please contact me to work out alternative plans for the petitions from our state.

Your key contact with our Chapter about this project should be:

Name _____

Address _____

_____

Phone Work ( ) Home ( )

All future correspondence and phone contact will be made through this one Chapter contact person, unless you specify that others should be contacted directly about specific parts of the plan. It is understood that the Chapter contact is not necessarily the person who will be our Chapter Representative going to Washington. Contact with Chapters in areas served by Field Offices will be made primarily from Field Staff. In other regions, contact will be from Doug Scott or a member of the San Francisco Conservation Staff.

When the petitions are shipped they should be addressed to:

Name _____

Address _____

_____

Phone: Work ( ) Home ( )

NOTE: We presently plan to ship the petitions to each Chapter about September 30.

REPLY FROM PART 2

Please try to select your Chapter Representative(s) by mid-September. This form should be returned to San Francisco by September 30.

Our Chapter Representative who will go to Washington, D.C. for the Petition Presentation will be:

Name _____

Address _____

_____

Phone: Work ( )---- Home ( )----

Ideally the Chapter Representative should be in Washington from Saturday evening, October 17, through the day of Friday October 23. The briefing and planning session for all Club Representatives on Sunday October 17 is very important. All scheduled events will occur on Monday, Tuesday, and Wednesday (with our major reception tentatively set for Wednesday evening), but we encourage staying the last two days of the week, for additional lobbying work on national, regional and state issues. Chapters wishing to send more than one Representative are welcome to do so. Enclose their names, addresses, phone numbers, on an additional sheet.

TENTATIVE PRESENTATION PLANS

(Get tickets early to assure lowest round trip fare)

Our Chapter Representative:

[ ] Can travel to Washington, D.C. on Saturday, October 17, and will attend the Sunday briefing session.

[ ] Can stay in Washington, D.C. through the entire week.

[ ] Can stay in Washington, D.C. only *through* Wednesday evening, October 21 (the evening of our big reception).

[ ] Has special travel circumstances. Describe:

_____

_____

_____

HOUSING

Our Chapter Representative:

[ ] Can stay with relations or friends in Washington, D.C. area.

[ ] Can stay with local Sierra Club volunteer in Washington, D.C. area (Please have the Hospitality Committee contact him/her about this).

[ ] Will need to stay in a Hotel and—

[ ] will arrange lodging personally

[ ] would like help arranging lodging.

(Mr. JEPSEN assumed the chair.)

Mr. STEVENS. I might say, Mr. President, it is probably going to be the last time that I receive the confidential plan of the Sierra Club, but I think it is important that the Senate see the type of proposal that is presented in order to attack a Cabinet officer today.

Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled, "Another Media Event on the Way."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ANOTHER MEDIA EVENT ON THE WAY

One of the disturbing things to us about the Diablo Canyon nuclear plant protest was the way the anti-nuclear demonstrators manipulated the media, especially television.

Assaults on the fence and gates outside the plant were staged just for camera crews. There would be no action until a camera crew appeared on the scene.

Well, get ready for another staged "media event."

A copy of a confidential memo to all Sierra Club chapter leaders found its way into our office. The Sierra Club is unhappy with Interior Secretary James Watt and is circulating petitions calling for his removal. President Reagan already has given notice he will stand behind his Interior Secretary, so about all the petitions will accomplish will be to gain publicity for the Sierra Club.

If you are interested in just how such an organization plans for maximum media coverage, we give you these examples from the confidential memo:

"5. Meetings with the press, particularly editorial writers, local environmental writers and local political columnists. We suggest you arrange for a 'deep background' off-the-record meeting with these folks to show them the petitions and to brief them, in advance, what you are going to do with the petitions. We hope to provide glossy photos (and perhaps also taped footage for TV) of what the whole million look like in a heap. You can allow the local press to take still and film pictures of you and the petitions—not to be used until you actually release the story formally."

". . . In summary, during the period you have the signed petitions in your state there will be numerous ways to use them to 'set the stage' for maximum political and media impact.

". . . We urge you to select a politically experienced Chapter leader, as the work in Washington will require political skills, presence and media effectiveness. . . .

". . . On that Saturday (Oct. 17) we recommend that your chapter plan a large scale airport rally to 'send-off' the petitions to Washington, D.C. This would be the first open press announcement of what you have done and are about to do with the petitions. In most states this will be a very BIG story. Your airport rally can comprise several actual events, but can be staged to assure maximum coverage—especially for television cameras! The timing of your press announcement should guarantee big play in the Saturday evening newspapers and on Saturday evening television, as a continuing study on radio throughout the weekend, and in Sunday papers."

The confidential memo goes on to outline just how the Washington media will be manipulated to the Sierra Club's gain.

And gain it will. One part of the same memo details just how the names on the petition will be contacted for membership, which could be the true goal of the petitions. Since the club has started to paint Secretary Watt as some sort of Frankenstein monster, its contributions are running 40 percent higher than expected.

Other environmental groups also have benefited from the anti-Watt boom.

Watt, in return, has accused them of being primarily interessted in raising money and increasing membership while representing only a fraction of the public.

We will be watching the television news programs on Oct. 17 to see just how successful the Sierra Club was in manipulating the media.

Mr. THURMOND. Mr. President, will the distinguished Senator yield?

Mr. STEVENS. I am happy to yield to my friend, the President pro tempore of the Senate.

Mr. THURMOND. Mr. President, I am happy to commend the able acting majority leader for the statement he just made concerning Secretary Watt. There

has been a continuous drive to discredit this fine man who has rendered such an outstanding service to our country. I am very pleased that the distinguished Senator from Alaska, the acting majority leader, has said what he has this morning.

I knew Secretary Watt years ago when he first worked with Senator Simpson of Wyoming, the father of the able present Senator from Wyoming. I knew him later in the Department of the Interior, when he worked there in charge of outdoor recreation work. I have found him to be an able, a courageous, and a dedicated public servant.

To my mind, Mr. President, the people who are waging this war against Mr. Watt are making a great mistake. I think they know in their own hearts that they are wrong. I think they are either complete zealots, unreasonable in one way, or seeking press coverage, or both. Mr. President, I feel certain that the President of the United States will not listen to people of this category and will retain this able, fine public servant in his present position in the Cabinet.

Mr. STEVENS. Mr. President, I thank the distinguished President pro tempore of the Senate for his comments. I want to make it clear that I do not agree with everything Jim Watt has done; I am sure he does not agree with everything I have done. But he is trying his best to be a good Secretary of the Interior and I think he will be a good Secretary of the Interior if he is given a chance.

EXECUTIVE SESSION

Mr. STEVENS. Mr. President, with the consent of the distinguished minority leader, I ask unanimous consent that the Senate go into executive session to consider the nomination on the calendar under the heading "Department of State."

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The nomination will be stated.

DEPARTMENT OF STATE

The legislative clerk read the nomination of Richard F. Staar, of California, to be Ambassador during his tenure of service as representative of the United States of America for the mutual and balanced force reductions negotiations.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. STEVENS. Mr. President, has a period been provided for the transaction of routine morning business this morning?

The PRESIDING OFFICER. Such a period has not been provided.

Mr. STEVENS. I ask unanimous consent that at such time as the special orders are completed, there be a period for the transaction of routine morning business, not to exceed 30 minutes, during which Senators may speak for not to exceed 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time allotted to me under the order, for 15 minutes, be allotted to Mr. EAGLETON.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that my time under the standing order also be allotted to Mr. EAGLETON, which will be an additional 10 minutes, if he should need it.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR EAGLETON

The PRESIDING OFFICER. The Senator from Missouri is recognized.

THE POST-SADAT MIDDLE EAST

Mr. EAGLETON. Mr. President, Anwar Sadat is buried in Cairo and, quite probably, more than his body went to the grave.

Some thoughts on the post-Sadat Middle East.

AWACS

The AWACS sale was a misbegotten idea before Sadat's death. It is just as misbegotten thereafter. I participated in the 1973 Armed Services hearings on AWACS. The Pentagon folks testified at great length as to its incredible sophistication. Remembering that testimony, I dismiss the administration's current base attitude that AWACS is a piece of junk with no national security implications if it were to fall into adverse hands.

In 1972, President Nixon and Secretary of State Kissinger embarked upon the "Blank Check to the Shah Doctrine," sometimes known as the "Whatever the Shah Wants, the Shah Gets Doctrine."

Nixon and Kissinger concluded that the United States could not police the Persian Gulf, just as the British in the post-World War II era concluded that they could not police huge hunks of the world.

If not us as Persian Gulf policeman, then who? The ShahanShah, the strongest of the strong.

Under the Nixon-Kissinger "blank check doctrine," the Shah was to be sold any "cotton-pickin' " thing he wanted. The U.S. military advisers in our Teheran Embassy and the U.S. defense contractors were to show the Shah all of our Sears-Roebuck picture catalog of exotic military equipment. The order of the day was to pump up the Shah's ego—easily done—and to tell him to get out his checkbook—also easily done. The Shah responded with gusto. He ordered tons of sophisticated military equipment and we acquiesced eagerly. In 1976, he finally was shown the big bird AWACS and God knows he had to have a few of these.

In November 1976, Senator Culver and I went to Teheran. We questioned the wisdom of strangling the Shah in an avalanche of sophisticated exotic military equipment he did not need, could not operate, and would not maintain. We questioned the political wisdom of 43,000 Americans—mostly military related—traipsing around Teheran and Isfahan trying to train the Shah's early 20th century army in the weaponry of the late 20th and early 21st century. We questioned the political stability of the Shah. His regime had taken on a meglomaniac cast and the people of Iran loathed him in both title and personage. The Shah's days were patently numbered.

I well remember the final luncheon Senator Culver and I attended at Ambassador Helms' house. Helms was miffed at us for "rocking the boat" on the proposed sale of the AWACS to the Shah. He decided that Culver and I needed some convincing.

He seated next to me the de facto Israeli Ambassador to Iran, Mr. Uri Lubrani. Mr. Lubrani introduced himself; explained, although Israel and Iran had no official relationship, that nonetheless Israel and Iran had "cordial, unofficial" relations and that "the Shah was Israel's greatest secret friend." Iran did supply Israel with oil during the 1973 war and thereafter. He mentioned that he knew some of my Jewish friends in St. Louis. Around the time of the second course, he stated that although he was an unofficial representative of Israel

in Iran, he could speak with respect to the Israeli Government and that Israel wanted the United States to sell the AWACS to the Shah. I told Mr. Lubrani that, first, I was unalterably convinced that the sale of AWACS to the Shah was insane, and that, second, I personally resented Ambassador Helms' obvious placement of him next to me for the purpose of not-so-subtle convincing, and that, third, I thought it went beyond the bounds of legitimate lobbying for an unofficial Israeli representative in Iran to lobby a U.S. Senator with respect to this matter.

He excused himself and by pre-arrangement traded his seat with a person at Senator Culver's table and began a similar approach on Culver.

My ire was not placated when I returned to the Teheran Hilton and received a call from the desk clerk asking if I could expedite my vacating of my room because it was a "Grumman Aviation room" and one of their guys was in need of it.

Culver and I returned to the United States even more firmly resolved to try to stop the AWACS sale to the Shah. We had on our side the new Director of the CIA, Adm. Stansfield Turner. He knew the technology of the AWACS and knew the risky security implications of turning it over to the Shah. He was with us in our fight—with us, that is, until Secretary of State Vance and Secretary of Defense Brown leaned on him to change his mind. Vance and Brown came to see us, told us how important the Shah was to the United States—they fully adopted the Nixon-Kissinger "Black Check to the Shah Doctrine"—and asked us to subdue or withdraw our opposition. We did not. Nevertheless, the Carter administration persisted in pursuing the sale, but, thank God, no AWACS deliveries were made before the Shah fell.

This brings me to the instant issue of selling the AWACS to the Saudis.

Although Israel's position is different on this AWACS sale than it was on the sale to the Shah, the issue is just the same.

The Shah did not need to own the AWACS. Nor do the Saudis.

The Shah did not have and would not have the trained manpower to operate the AWACS. Nor do or will the Saudis.

The Shah was strangling himself and his nation in a sea of incredibly sophisticated military equipment. So, too, are the Saudis in the early stages of such a process.

The Shah was besieged with internal discontent and discord. So are the Saudis.

The Shahs' days were numbered. So, too, the Saudi Royal Family.

All of America's military equipment and all of America's military men could not put the Shah on his throne again. And all of America's equipment and all of America's military men will not be able to keep King Khalid on his throne perpetually.

The internal discord which swept out the Shah will some day sweep out the Saudi Royal Family.

The Shah had his Kurdish problem, his Shi'ite problem, his Sunni Arab problem, his religious zealot problem, his Ayatollah problem, his modernization problem, his corruption problem, his squandering of wealth problem.

The Saudi Royal Family has its PLO problem, its Yemeni problem, its modernist problem, its traditionalist problem, its super abundance of money problem, its heavy dependence on U.S. problem, its corruption problem.

The AWACS solved none of these for the Shah, nor will it solve them for the Saudis.

There are twice as many non-Saudis in the Saudi Arabian work force than there are Saudis.

The threat to the Saudis, like the threat to the Shah, is internal. The intelligence estimates of most Western nations is that the Saudi Royal Family cannot forever withstand the cross currents of dramatic change within the country.

I think ultimate history will write that the Shah's fall was hastened by his overfascination with sophisticated weapons of war and that fascination diverted him from coping with his own domestic discord. The Saudi Royal Family could do itself well by learning that same lesson.

THE SAUDI THREAT TO ISRAEL

The Saudis have declared Israel to be their most tangible enemy.

Sheik Yamani, the supersophisticated Oil Minister, the Saudi man most knowledgeable of the United States and its political nuances stated in a speech before the Foreign Policy Association in New York: "To the Saudis, there are only two threats in this world: International Communism and Israel." In a later statement, Yamani added that Israel is "a far more tangible threat than Moscow."

If Saudi Arabia, in its inner heart of hearts, wants the AWACS for other than anti-Israel purposes, then let us examine the threat to which the Saudis need the AWACS as a response.

The Soviet Union. Imagine hordes of Russian Mig-23's saturating the Saudi airspace. There is Prince Sultan commanding the Saudi Air Force rebuffing the onslaught. Incredible. A Soviet attack on Saudi Arabia is the stuff of world war III, with or without a Saudi-owned AWACS.

An air attack on Saudi Arabia by Iran or Iraq. Legitimately worrisome? Yes, indeed. But American-owned and controlled AWACS have already answered that. The Saudis currently have the best of all worlds. They have the "Hertz Rent-An-AWACS," courtesy United States of America to thwart that possibility. Four AWACS have been on station in Saudi Arabia since the beginning of the Iran-Iraq war. If the genuine concern of Saudi Arabia is to thwart an air attack by a rejectionist Arab State like Iraq or an unguided missile Moslem State like Iran, then that threat has been responded to by the U.S. commanded and controlled AWACS already on station in Saudi Arabia. If the Saudis, pride of ownership acknowledged, insist on an AWACS for purposes over and beyond that, then that purpose must be, I repeat, must be Israel.

The Saudis, I fervently believe, do not want to start the fifth Arab-Israeli war. They do, however, want leverage—heavy leverage—to resolve the Arab-Israel conflict. The Saudi innards are being chewed at by PLO and anti-Israel revolutionary radicalism from within. An unresolved Arab-Israeli dispute may, at first blush, seem very external to Saudi Arabia. But within Saudi Arabia, it is enormously internal and directly threatening to the Saudi Royal Family. The family cannot have internal peace in its time without external peace with Israel in its time. External and internal are inextricably entwined.

To the Saudi Royal Family, familiar with the events of Mecca, 1979, and familiar with undercurrents since then, an Arab-Israeli solution is not simply a desirable foreign policy objective, it is a domestic survival imperative.

If Israel will not settle with its enemies, then Israel must be obliterated.

Saudi Arabia is not a caged lion, but rather a caged billionaire. In the wake of the deposed Shah, in the wake of Sadat's assassination, Saudi Arabia is inevitably nervous.

AWACS, thus, to the Saudis is the librium of self-deluding repose. It does not answer the ill, but it is of momentary, psychological value. If AWACS were a piece of junk, we could pander to this phobia. But it is not and we cannot.

SADAT'S DEATH AND ISRAEL

Anwar Sadat was one of those rare individuals who traverse the path of history—wise beyond origin, shrewd beyond background, decent beyond habit, prescient beyond past. Many people read history; a few are touched by it. History touched Anwar Sadat. A breakthrough had to be made. Someone had to risk it. Someone had to take the chance for peace.

Anwar Sadat took it. Whether he calculated the consequences to his own life, we will never know. He shot—in the parlance of Las Vegas—"a hard-way eight." He almost made it.

But his quest is unfulfilled. He could go to Camp David, but he could not instantly deliver on its expectations.

He became the isolated Arab, loved by Americans, cheered by Israelis, but hated by his blood Arab peers. Dissidence pervaded his beloved Egypt. A thorough crackdown, he thought, was required. It was done. Sadat sealed his doom and his death was grieved perhaps more in Cairo, Ill., rather than Cairo, Egypt.

No greater love, no greater sacrifice is

there than he who lays down his life for peace.

But Sadat is gone and with it the Sadat policy. The international lawyers tell us that treaties are made by and amongst nations. Yes, yes, yes. But Sadat was Egypt and Egypt was Sadat—that is, until 7:10 a.m., October 6, 1981.

Sadat's demise inescapably alters the Middle East balance.

President Mubarak—good, decent, loyal—cannot instantly pick up the pieces. It took Sadat 2 to 3 years to solidify his political base. Mubarak can do it no quicker, indeed, if he can do it at all.

One can argue that he will make it through the days between now and April 1982, when Israel is obliged to return the final one-third of the Sinai. It is the months after April 1982, that are crucial to Mubarak. Sadat tried the road of the totally isolated Arab. Mubarak cannot travel that same road. Fear of the assassin's death will not deter him, but the practical dictates of his regime's survival will. There is no permanent role for a totally isolated pro-Israel, pro-American Arab regime. "My close and good friend, Menachem—my close friend, Jimmy" died with Sadat.

Mubarak—with the best of intentions—cannot pull it off forever. The inescapable currents of the Middle East will tug him back in the Arab camp, the camp of Khalid, the camp of Hussein—the moderate Arab camp. To Mubarak, there can be no long-lasting future in spendidly courageous isolation.

After April 1982—when all of the Sinai is Egypt's—the pressures on Mubarak, internal and external, will be to rejoin the Arab cofraternity. Those pressures will be almost irresistable.

One thing, and one thing only, can cause him to resist them.

After April, there must be tangible, identifiable progress on a West Bank settlement.

This is the sine qua non of Mubarak's future. Without it, he has no choice but to come home to his Arab neighbors. With it he could buy time.

Thus, the ball shifts to Begin's and Reagan's court. Begin can make peace on the West Bank. Reagan can strenuously try to induce him to do so.

Yitzhak Rabin would make peace on the West Bank. So, too, Simon Peres. So, too, Abba Eban. So, too, Ezer Weizman. So, too, Moshe Dyan.

But will Begin and his shadow heir, Ariel Sharon? Will they seize the Desperate rescue rope of narrowing historical opportunity or will they reiterate the rhetoric of Judea and Samaria? Will they recognize that a West Bank of 800,000 Arabs and 7,000 Jews is Arab, or will they try to translate the de facto occupation of Arab soil into de jure annexation?

Menachem Begin's earthly days are numbered. Heart disease and Gods' inevitable hour clock say it is so.

As he approaches his end, will he become a man of enduring history?

President Nixon—anti-Communist hardliner—took history's fragile hand and made the opening to China. A President Humphrey—liberal, softliner—probably could not have done so.

History will treat President Nixon greatly for this, although unkindly for other things.

Begin—Irgun revolutionary, hawk of hawks, Biblical literalist of literalist—has the chance to achieve immortality. Sadat came to Jerusalem. He and Sadat came to Camp David. Now he stands alone as the sole surviving Nobel Peace Prize winner.

In his twilight years, he has the chance to enshrine his name, along with Sadat's as a man of lasting peace.

Will it be a settlement or will it be Judea and Samaria?

An October 14, 1981, New York Times piece to the effect that Prime Minister Begin is prepared for some real and significant movement on the West Bank question is very encouraging, even though the Times piece has been "officially scotched" by "official channels" in Israel.

CONCLUSION: AWACS, EGYPT, ISRAEL, AND SAUDI ARABIA

There is a line of argument being exploited by the administration that the assassination of Anwar Sadat makes it all the more important that Congress unite behind the President in support of the AWACS sale. Having lost one good friend of U.S. policy in the Middle East, that argument goes, we cannot afford to offend and alienate another by refusing to approve the sale of these aircraft to our Saudi friends.

I am unpersuaded by that raw appeal to follow-the-leader patriotism. The stakes and risks in the Middle East are too great to indulge in a suspension of our own good judgment.

The key to the future of the Middle East is a continuation of the Camp David peace process and an early and convincing showing of some tangible progress toward settlement or remaining issues.

Even more than the new Egyptian President Mubarak, the outcome of the post-Sadat peace process will depend on Israeli Prime Minister Menachem Begin. With the death of Sadat, Mr. Begin is faced with a great unknown. He has verbal assurances from President Mubarak that Egypt will continue the course set by Sadat, but he must weigh events as they develop. Pressures will mount on Mubarak, both from within his own country and from other Arab nations, for a change in that policy.

If we add to that great uncertainty facing Israel and Prime Minister Begin, an arms sale to Saudi Arabia which, rightly or wrongly, is perceived by Israel as a fundamental threat to its security, then we have diminished by that much the capacity of Mr. Begin to take the risks and the bold steps which would consummate the promise of Camp David. If there is any merit in this sale at all, it cannot be at a time of watershed change in the whole Middle East political situation. To move forward with that sale at this time, in my opinion, would harden the anxieties of Israel and contribute to a slowdown of the Camp David process.

Finally, I should add, at a time when things are so tense in the Middle East, you do not engage in a military exercise in Egypt and Oman where you physically land U.S. Marines and use live ordnance. This is not the time for such foolish bravado. Why unwittingly suffocate our friends with such a militaristic embrace?

Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "Mubarak's Agenda" appearing in this morning's Wall Street Journal.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MUBARAK'S AGENDA—EGYPT PONDERS FUTURE UNDER A NEW PRESIDENT COMMITTED TO STABILITY

(By David Ignatius and Karen Elliott House)

CAIRO.—At a coffeehouse in the crowded Abbasiya district, a few blocks from the favorite mosque of Islamic fundamentalists here, a group of Egyptian workingmen scoff at the idea that Egypt could go the way of Iran.

"The Egyptian people have watched Iran, and we see that it is no good," says Musad Rabiya Nasr, a 26-year-old clerk at a local bank. "If Allah wills it," Mr. Nasr says, "Hosni Mubarak will be a good man, and life won't change."

In the nearby Shubra district where piles of uncollected trash burn slowly on the dirt streets, talk of the future is focused on the economic struggle to survive. "There are too many people and not enough houses," shopkeeper Ibrahim Dessouki says. "Sadat gave people money," says Fawzi Mahmoud, who like many poor Cairo residents depends on baksheesh, or small tips, for his living. "Now Sadat is dead," he says anxiously. "Where is our money going to come from now?"

The good will of these ordinary Egyptians, living in the slums of Cairo, is important to President Mubarak, for mass discontent could endanger his new government. But despite the hopes of Islamic fundamentalists and Arab radicals, these people aren't in the streets protesting the new regime. If Mr. Mubarak can maintain Egypt's economic growth and muzzle Islamic extremists, he stands a good chance of delivering on the pledge he made Wednesday that "Egypt shall remain independent and secure."

A STABLE SOCIETY

"We are sure of ourselves, and we are sure of the future," says Fouad Mohieddin, Egypt's new first deputy premier. "Egypt is too old a society to be destabilized by a small group of terrorists."

President Mubarak, a 53-year-old former air force commander, is proud and confident. But in the months ahead he will need more than military skills to make a series of agonizing policy decisions on which Egypt's future will depend. Interviews with his close advisers indicate:

Israel.—Mr. Mubarak's advisers agree that Egypt must do nothing to jeopardize Israeli withdrawal from the Sinai by next April 25. But there are differences of opinion within the government about how far to go in normalizing relations with Israel and how long to cling to the Camp David peace process if progress on Palestinian autonomy isn't soon apparent. Officials expect Israel to test Egypt, perhaps by making new air strikes against Palestinians in Lebanon. The betting here is that President Mubarak will be extremely cautious until he gets the Sinai back.

The Arabs.—Some of the new president's closest advisers long have urged detente with

Arab moderates outside Egypt. That advice probably will find a more receptive ear in Mr. Mubarak than it did in his assassinated predecessor Anwar Sadat. But this past week, Mr. Mubarak has been privately expressing disgust with Jordan and Saudi Arabia for sending him personal messages of condolence while remaining publicly silent about Mr. Sadat's death. Observers believe Mr. Mubarak wants detente with the Arab states but isn't in any hurry.

The U.S.—The initial American response to Mr. Sadat's death has been to lavish more and better military hardware on Egypt and to offer bellicose rhetoric about the Libyan threat to Egypt and Sudan. While visible American support is welcomed, some of Mr. Mubarak's aides argue that the best way for the U.S. to bolster the new government is by pushing Israel to settle the Palestinian problem, thus easing Egypt's reentry into the Arab brotherhood. Other advisers worry that the U.S. military presence could become suffocating, as they believe it was in the shah's Iran.

Internal Security.—Mr. Mubarak has warned that he will be "merciless" with religious and political radicals. He will probably expand Mr. Sadat's crackdown on opponents. Several leading Egyptian politicians warn that repression could backfire, by driving critics to violence. Observers expect that Mr. Mubarak will try to maintain a semblance of democracy but that he won't hesitate to use police-state methods to squelch unruly opposition.

The Economy.—Mr. Mubarak inherits his predecessor's economic dilemma: whether to maintain the bureaucracy's socialist program of subsidies or to push toward a free-market economy. Though many advisers favor reforms, Mr. Mubarak probably will retain, at least initially, the subsidies on food and other basics, so as to avoid any repetition of the mass riots of 1977, that followed a government decision to reduce benefits.

MUBARAK'S METTLE

How well President Mubarak handles these competing pressures could determine his success as well as the immediate political stability of Egypt. And in the first few months of his presidency, American actions can either complicate or ease his difficult political choices.

That seems particularly true on the foreign front if Mr. Mubarak is to reassure Israel even as he reaches out to Saudi Arabia, Jordan and other moderate Arabs.

"What we need from America now is another President Eisenhower," says a top Egyptian official, referring to Dwight Eisenhower's showdown with Israel in 1956, in which he induced the Israelis to withdraw from the Suez Canal.

Egyptian officials say they want American cooperation in persuading Israel not just to relinquish the Sinai on schedule but also to show good faith in the listless talks on Palestinian autonomy by, for example, granting Palestinians the right to assemble or by releasing Palestinian prisoners currently in Israeli jails.

The Egyptians fear the prospect of a provocative Israeli action designed to test their commitment to peace and to frustrate their efforts at Arab detente. New Israeli settlements in the occupied West Bank or Israeli air strikes against Palestinians in Lebanon would present Mr. Mubarak the unhappy choice of denouncing Mr. Begin—and risking Israeli refusal to vacate the Sinai—or keeping quiet and suffering renewed Arab wrath. "As long as we obtain nothing for the Palestinians, the Arabs won't talk to us," says a leading Egyptian official.

Within Egypt the pressure for Arab reconciliation will come primarily from moderate Arabs and from some of Mr. Mubarak's advisers, not from ordinary Egyptians, many of whom are outraged by foreign reaction to Mr. Sadat's death. Radio broadcasts from other Arab capitals celebrating his assassination are listened to here with anger.

One devout Moslem, furious at these broadcasts and at the absence of most Arab leaders from the funeral, reviles the Saudis as "cowards," Libya's Col. Qadhafi as an ungrateful man "kept in power by Sadat" and the Palestinians as a people who have forgotten the thousands of Egyptian lives sacrificed in wars for their cause.

ENDEMIC PROBLEMS

If Egypt's foreign-policy problems present a new set of challenges, its difficulties with Islamic fundamentalists are old hat. Ever since the modern, secular Egypt began to emerge decades ago, a small network of Islamic radicals has urged a violent restoration of the religious state described in the Koran. Egypt's answer to these Islamic fanatics has remained the same: Lock them up.

"Egyptian governments have put down the fundamentalists three times since the 1940s," says one senior minister, citing instances of repression by Egypt's King Farouk in the late 1940s and by President Gamal Abdel Nasser in the 1950s and 1960s. He argues that the repression will impede the spread of Islamic extremism now, as it did in the past.

Controlling the Moslem radicals may prove more difficult this time, however, because of their success during the last four years in winning support at Egyptian universities, which once were the spearhead of Egyptian modernism.

Fundamentalist students managed to gain control of campus organizations at many big Egyptian universities last year, and plans to put armed security police on campuses this year may only feed student unrest. What's more, there are said to be about 15,000 private Islamic associations throughout Egypt. Most are small groups with few members that meet for Friday prayers at local mosques. But if these groups are provoked, they could rebel against Egypt's moderate Islamic establishment and join forces with the fanatics.

ANOTHER SYRIA

If Mr. Mubarak isn't careful in dealing with the Islamic movement, analysts say, Egypt could become not another Iran but another Syria—where frequent bombings and assassinations by the Moslem Brotherhood have led the government of Hafez Assad to adopt brutal methods of repression, which in turn engender more terrorism.

Egypt's ability to curb the Islamic fundamentalists here depends largely on the Mubarak government's ability to foster rapid economic growth. For it is clear that radicalism has taken hold on Egyptian campuses largely because the sluggish, bureaucratized economy doesn't generate enough engrossing, well-paying jobs for graduates.

To get the Egyptian economy moving, the country badly needs long-term Western investment in industrial projects. But unfortunately, the recent turmoil here may scare off potential investors. "If I was on the edge of financial commitment in Egypt, I would sit on the sidelines for a while," says one Cairo business analyst.

With so many questions facing the post-Sadat Egypt, it isn't surprising that everyone feels a bit anxious. This fear extends even to one wizened fortuneteller in the maze of Islamic Cairo.

"What do you see in your heart for the future of Egypt?" the fortuneteller is asked. "Not now," she whispers. "There are security men everywhere."

Mr. EAGLETON. Mr. President, I yield back the remainder of my time.

RECOGNITION OF SENATOR HATFIELD

The PRESIDING OFFICER. Under the previous order, the Senator from Oregon (Mr. HATFIELD) is recognized.

GLOBAL HUNGER

Mr. HATFIELD. Mr. President, along with other sponsors of The Hunger Elimination and Global Security Act, Senators LEAHY, DANFORTH, and DOLE, I speak in recognition of World Food Day. I send to the desk the names of the 20 additional cosponsors, and would like to announce that Senators BAUCUS and MOYNIHAN have also informed me of their desire to cosponsor this bill.

THE COSPONSORS OF THE HUNGER ELIMINATION AND GLOBAL SECURITY ACT (S. 1675) INCLUDE:

PRIMARY COSPONSORS

Senator John C. Danforth.
Senator Robert Dole.
Senator Mark O. Hatfield.
Senator Patrick J. Leahy.

COSPONSORS

Senator Mark Andrews.
Senator Joseph R. Biden, Jr.
Senator Quentin Burdick.
Senator Alan Cranston.
Senator John H. Chafee.
Senator William S. Cohen.
Senator Alan J. Dixon.
Senator Christopher J. Dodd.
Senator John Heinz.
Senator Ernest F. Hollings.
Senator J. Bennett Johnston.
Senator Edward M. Kennedy.
Senator Carl Levin.
Senator George J. Mitchell.
Senator William Proxmire.
Senator Paul S. Sarbanes.
Senator Paul Tsongas.
Senator Lowell P. Weicker, Jr.
Senator Harrison A. Williams, Jr.

What does it say of us as a society, when less than 1 percent of the Federal budget is directed toward the one-fourth of the world's population that is literally starving to death as we stand here today? It is perhaps even more tragic that only a portion of this meager allotment will ever actually reach the mouths of hungry people. It is no secret that much of the U.S. foreign aid program, which is intended to help to feed the world's 800-million starving people is, in reality, lost to inefficiency and misuse by recipient foreign governments.

The failure of will in the face of such massive and unnecessary suffering is appalling. But one thing is certain, Mr. President: No amount of theorizing over approaches to the problem will yield a solution until the will to tackle hunger emerges on a number of levels where it does not presently exist. The hunger elimination and global security bill is intended to streamline and toughen that portion of the foreign aid program which is ostensibly humanitarian. It does not deal with security assistance, nor does it deal with foreign aid which falls outside of the development and relief category.

What we are attempting to do is improve this small portion of foreign aid

and then distance these worthwhile programs from the foreign aid program as a whole. This bill means many things to many people. To me it offers two principal hopes. First, it signals the first step toward an eventual total separation of political and military aid from humanitarian aid. The Department of State and the Pentagon will probably always have "national security" uses for food aid. But let us cease to add insult to injury by allowing it to masquerade as humanitarianism.

It is clearly unnecessary for the antihunger community to fight the tide against foreign aid when theirs can be a far better product to sell to the American public. The undesirability of various facets of the foreign aid program should be challenged. Today, Mr. President, we abstain from fighting that battle out of fear that it will cast a dark cloud over foreign aid in general and jeopardize fragile support for the few worthwhile programs.

Under the hunger elimination and global security bill, those programs which are aimed exclusively at those most in need will hereby be termed hunger prevention and relief assistance. The hunger program which emerges will be subject to the most stringent requirements for recipient governments. Nations which fail to make serious efforts toward development will be effectively penalized or removed from the program altogether. This is a salable package, and I am certain it is one which the American people can support with enthusiasm.

I hope we can tap the reservoir of antigiveaway sentiment which now burns brightly in the public mind and redirect toward the counterproductive national security programs without fear. If we fail to separate hunger relief from foreign aid, we risk drowning our efforts in a sea of antigovernment sentiment which is not likely to diminish in the foreseeable future.

Mr. President, the food deficit is expected to reach 3.5 million tons in Africa this year; 40 percent of the population south of the Sahara is malnourished. Twenty-five percent of these children die before the age of 5. Worldwide, 12 million children die of starvation each year before they reach the age of 5. In Latin America, El Salvador has the highest rate of malnutrition of any nation in the hemisphere, and we have seen not only the suffering and instability which this creates, but the opening which it gives to extremist ideology.

I want to take this opportunity to implore President Reagan to make a radical break with the past and embrace the 800 million people who are poised on the edge of starvation by offering his heart, his will and his mind on a scale equal to or surpassing the commitment to security through armed might.

I want to urge the President, and I hope my colleagues will follow suit, to utilize the upcoming North-South Summit Meeting at Cancun as an opportunity to speak, not to the governments and the privileged of the less-developed world, but directly to the poor. I cannot say with total certainty, but it is my understanding that the President's approach will be to offer free enterprise to the world's starving.

If the President were talking directly to a family in Latin America or Africa who are not even capable of utilizing the genes with which they were born, he would not say, "Hold on; we're going to try to bring free enterprise to your country, and with a little luck, these benefits will trickle down to you."

I know that President Reagan has a good heart and what I believe he would say when confronted with such stark reality, is "I think we can mobilize the best in the American spirit. God knows, we are certainly capable of helping you. I will use my leadership ability to secure funding so that others will be inspired to give even more. Furthermore, we will act before it is too late for you"

It is a profound insult to our national heritage to advance the notion that "trickle down" approaches are sufficient in the face of massive and immediate suffering. What we need is the full force of our will and national capability to come crashing down on the root causes of poverty worldwide.

I would conclude Mr. President by saying that those who grasp the moral and practical dimensions of world hunger and seek to eradicate it are not without opportunity in the age of austerity and armament. Of all the issues pertaining to global survival, the degree to which hunger is reduced in the years ahead will depend on our innovation and our will. The degree of success achieved may well determine not only the legitimacy of our historic claim to moral leadership, but our very survival.

Mr. President, I am happy to yield to the Senator from Missouri (Mr. DANFORTH) whatever time is necessary.

Mr. DANFORTH. Mr. President, I thank the Senator from Oregon.

WORLD HUNGER

Mr. President, every morning, 40,000 people—30,000 of them children—awaken to die of hunger.

Every minute, 28 human beings die of starvation. Every 3 days, hunger claims as many lives as were lost at Hiroshima. Every year records the loss of more than 20 million lives to starvation.

The sheer magnitude of death on this scale makes it difficult to grasp the dimensions of the catastrophe. It is easier to picture the intense, immediate suffering of victims of an earthquake or a flood. The suffering of 800 million of Earth's poorest people is nearly overpowering.

But face the catastrophe of hunger we must, if our concern for these fellow beings is genuine. It is incumbent upon us to fight fiercely for the lives of millions of men, women, and children.

The hunger of our time is chronic malnutrition—the wasting hunger of never having enough to eat. In the past 5 years, more people have died of hunger than were killed in all the wars, revolutions and murders of the last century.

Serious and extensive nutritional deficiencies exist in virtually every developing country, affecting old and young, male and female, urban and rural dwellers alike.

One of every eight people on Earth is hungry most of the time. In many countries, up to 40 percent of the population is malnourished; more than 600 million of the world's people live on incomes of less than $50 per year.

More than half of those afflicted by severe hunger and malnutrition are children; 16 percent of the world's children are malnourished.

In the next 60 seconds, 234 babies will be born: 136 in Asia, 41 in Africa, and 23 in Latin America; 23 of these infants will die before age 1; 34 more will die before the age of 15, most of these before the age of 5. Between 50 and 75 percent of these deaths can be attributed to a combination of malnutrition and infectious diseases.

In other words, 1 of every 4 children in the developing world dies long before the age of 15—primarily from nutrition-related causes.

I saw in Cambodia thousands of starving people, dying before my eyes, helpless, too weak even to ask for help.

I saw children that looked as if they had lived far beyond their half-dozen years. With stick-like limbs and bloated bellies, their enormous and tragic eyes fixed on a point beyond tragedy.

When I returned from Cambodia, I spoke of the opportunity for America to launch a bold, new imaginative program dedicated to the eradication of world hunger.

The emergency mobilization effort in Cambodia demonstrated our ability to respond to an immediate crisis. In the first 15 months, from 1979 to 1980, approximately 400,000 tons of food supplies were sent out. Mass starvation was virtually eradicated and severe malnutrition was reduced to a minimum.

The fact that seed for planting was included in our relief effort has meant that there is hope that by the end of this year Cambodia will have reached minimal self-sufficiency in food production.

We are winning battles, but we are losing the war. The newest victims of chronic starvation are the people of Sub-Saharan Africa, the only region of the world where per capita food production has declined in the past two decades. This exacts a high price in human and economic terms. Even in "normal" years per capita calorie intake falls below minimal nutritional needs.

When adverse weather or political disruption is added to precarious "normality," a major food crisis erupts. Two years of drought, coupled with refugee flows, have led to outright starvation in several African countries in 1980–81, despite an increase in food assistance to the region.

Sixty million Africans face severe malnutrition, even starvation. In Somalia, a Texas-sized nation on the horn of East Africa, the problem is at its worst. There, the lives of more than a million and a half refugees hang in the balance every day.

The desert lands of Somalia have been scraped bare of vegetation by cyclical drought and erosion. The once self-sufficient nomads of the Ogaden Desert of Ethiopia stream into Somalia at a rate of more than 3,000 a day—comparable to an influx of 80 million refugees into the United States in the space of a year.

Each morning the babies who died during the night are laid out for burial in lines of tiny, wasted corpses. The deaths of 300 refugees a day—most of them children—constitute human tragedy on a monumental scale.

Those close to the specter of hunger, such as officials from Save the Children, are convinced, however, that hunger is conquerable.

The resources, the techniques, and the human ability to overcome hunger does exist. The missing element is the national and international will to overcome.

What is lacking is a dedication, a single mindedness of purpose, and an intensity of effort such as that which put man on the Moon.

Elimination of hunger requires leadership—legislative leadership, administrative leadership, diplomatic leadership, and private leadership and support.

The United States is uniquely capable of assuming that role. We can and must undertake the responsibility to lead over one-quarter of the human race out of conditions of absolute poverty and into agricultural self-sufficiency and balanced development.

The key to our success will lie in how well we use our tremendous human and natural resources.

Agriculture is the great American success story. American genius and know-how have made farming America's biggest business. Farm labor productivity has increased tenfold in the past 50 years. America has been blessed with an abundance of good land, and our farmers have learned to make the most of an amazing variety of geographic, climate, and soil conditions. On average, each American farmer can clothe and feed 75 Americans and some portion of the world besides.

Agricultural production in America outstrips all other nations. The United States provides about 60 percent of all feed grains moving in world trade. Our agricultural exports exceeded $32 billion in fiscal year 1980, an increase attributable directly to increased productivity and aggressive marketing.

Extraordinary adaptability is the American farmer's real strength. Combined with his driving spirit, tireless labor, and unswerving pride, the farmer has wrought a uniquely American miracle.

We have tractors and combines to negotiate flat lands or terraced peaks. We can irrigate or drain, plant for multiple hybrids to raise yields, use fertilizers to balance the soil and unleash pesticides on destructive insects.

We have shared these skills with our own Nation. We can share them with our international neighbors.

Feeding the hungry will require tremendous effort. Americans are an able and caring people. Our creativity, energy and resolve needs to be applied anew to this crusade—a crusade to prove wrong the forecasters who say hunger and disease will cause the suffering and death of hundreds of millions of people before the 21st century.

A commitment to nothing short of the eradication of world hunger will embody the highest values not only of our Nation but of our Western tradition.

Cambodia is a monument to totalitarianism. The slow, grotesque end to life I witnessed there is a testimony to a conscious and deliberate policy of genocide, and to the willful use of starvation as an instrument of state policy. There, the decision was made to starve out the enemy, and the measure of human value was shown in allowing babies to die in their mothers' arms and old people to lie on the ground until with death comes relief.

Our ability to produce an abundance of food and to teach others to do so, gives us the opportunity to show the world what distinguished the United States from the totalitarian world. The opportunity to show what makes this the great nation that is is.

By exporting food and our technical know-how, we can share the benefits of our agricultural system. Clearly, it is in America's interest to enable the developing world to strengthen its own productive capacity. The leaders of those nations want to and should be encouraged to shoulder the bulk of the responsibility. We should use our ample technical and financial resources to enable those nations to make the hard decisions needed for stable political change and economic growth.

The fact is that we no longer live in a time when we can afford to isolate ourselves from economic and political conditions elsewhere in the world.

That achieving equitable and self-reliant development is to a large extent the task of the poor countries themselves is undeniable. But they cannot do it alone. The actions of the rich countries—and of the United States in particular—have important effects on whether and how well these countries develop.

Solutions will come about through dialog and cooperation. We must realize that development means interdependence—and interdependence has many aspects.

All nations benefit from a strong global economy, reduced inflation, and an improved climate for investment.

All nations benefit from better management of the world's resources, of a stabilization of her population.

All of us clearly benefit from a more secure world, where each nation is capable, politically and economically, to contribute to a resolution of global problems.

Eradicating world hunger is a goal based on both humanitarianism and a practical response to the needs of economic and national security.

The Hunger Elimination and Global Security Act is a response to a frustrating and potentially dangerous situation.

The United States must recognize its humanitarian responsibilities to the poorest people in the less developed countries.

Our aid programs have largely failed to perform adequately their tasks; the result is persistent hunger and malnutrition. This bill, an omnibus bill concerned with both international and domestic policy, is the legislative follow-up to the Presidential Commission on World Hunger. The Commission's principal recommendation is to "make the elimination of hunger the primary focus of the U.S. relationship with the developing world."

The bill requires, first of all, that whenever food aid is sold to a country in need, the recipient shall describe precisely what self-help measures will be taken to insure that it will reach the most needy.

Second, it proposes that all multilateral development banks in which the United States participates adopt requirements specifying that not less than half of their lending shall benefit the truly needy.

Third, it urges the Government to encourage other grain-exporting nations to establish their own food security reserves or take other measures that complement the 4-million ton U.S. food security reserve.

Fourth, it stipulates that United States bilateral development assistance be available only to those countries which enter into a "basic human needs agreement." The agreement would express the commitment of the recipient country to equitable and self-reliant economic development and to specified development measures directed toward meeting the basic human needs of its people. The agreement would also express a commitment by the United States to offer a specified level of assistance to help the aid recipient meet its development objectives.

Each basic human needs agreement would set forth measurable and quantifiable developmental objectives—such as reductions in infant mortality and increases in the literacy rates—and target dates for achieving such objectives.

The final section serves to counter the fact that U.S. development assistance too often fails to reach the poorest people in a country. It requires that at least 50 percent of U.S. assistance be used to finance productive facilities and other goods and services to be used primarily by the poor. The legislation directs that special emphasis be placed on benefiting impoverished people in Sub-Saharan Africa as well.

A recent study found that 80 percent of Americans want "the amount of tax money now spent for alleviating world hunger" to be maintained or increased, not decreased. But in the same survey, about 60 percent said that foreign economic aid should be cut back or done away with altogether. As the study notes, spending on foreign aid "is not tied in the public's mind with solving the world hunger problem."

Targeting more of our development assistance to the absolutely poor is a key step in reforming our aid program so that

it is, and is perceived to be, effective in reducing hunger.

An effective U.S. response to the global challenges of poverty-caused hunger will be possible only when it is approached in a comprehensive manner that alines domestic and international policies toward the common goal. This bill is offered as a step in that direction.

The dawn need not mean death for 40,000 more of our fellow humans. America is uniquely blessed. We are a great, just, and prosperous people. In standing for the eradication of starvation, we affirm what is best in ourselves.

Mr. HATFIELD. Mr. President, I wish to thank the Senator from Missouri (Mr. DANFORTH) for his major part in the whole development of this bill and for his ongoing and continued concern and passion on this subject. He has spoken eloquently this morning to the subject and I am very grateful for his support and his efforts on behalf of this bill.

Mr. President, I yield to the Senator from North Carolina.

WORLD FOOD DAY

Mr. HELMS. Mr. President, I thank my dear friend and colleague.

Mr. President, on this observation of World Food Day, I am grateful to Senator HATFIELD for taking the lead in focusing the attention of the Senate on the problem of world hunger.

I would say to the Senator that I read the other night that there are more people alive on this planet today than dead; meaning that there are more people living today in this world than in all previous time combined.

It is clear, I believe, and I think the statistics are reliable, that some 400 million people in the world do not have enough to eat.

Lack of sufficient nutrition in diets is concentrated in developing nations. This fact concerns all of us who are involved in international affairs and in agriculture here at home. Inadequate food availability can certainly lead to social, economic, and political instability. This is a problem in 60 many areas of the world today.

Efforts to address the problems of deficient food production and consumption should, I believe, be focused along the lines suggested by President Reagan. In his welcoming speech to the 36th annual meeting of the World Bank and the International Monetary Fund, the President pledged continued U.S. support to these two lending institutions. However, he told the group that poorer nations should "believe in the magic of the marketplace."

The problem with that is that. in so many cases, they have no marketplace in which to believe.

This method, as enunciated by the President, as opposed to billions of dollars of transfers of income from more prosperous nations, provides the best opportunity for achieving economic progress and a higher standard of living.

In essence, the President's message was one of trade versus aid. as the means to improve living conditions for the world's poor nations. Living standards and real economic growth in developing nations must be raised so that they can become partners in world agricultural trade rather than objects of charity. The less fortunate people in the world desire dignity and independence along with opportunity.

I believe there are ways to accomplish the goals of better living standards for poor nations without reliance on aid alone. The United States has been a major contributor of food aid in food deficient countries with the understanding that the government of recipient nations accept the challenge of making the decisions necessary to meet the goal of increased food self-reliance, and that they are willing to be friendly to the United States. Over time, these nations must recognize their responsibility to be able to grow or trade for the needs of their people.

This policy has more potential than many might realize. In many instances, government policies in developing countries have had the decided effect of discouraging private investment and economic growth. Policies such as excessive taxation and government ownership and operation of the production of goods and services have effectively impeded private capital formation, and ground their economies to a standstill. Still other policies have resulted in protection of domestic industries that are inefficient and which stifle growth.

It is in the mutual interest of the developing nations and the United States to establish policies and programs that encourage utilization of the free market mechanism. In this manner, productive resources will be channeled into the most efficient enterprises. Additionally, free trade and fair trade policies must be adopted by the developed nations that allow opportunity for developing nations to expand their economic base. Finally, priority must be directed toward the construction of food storage facilities along with training in the handling of food products.

I firmly believe that living standards can be improved significantly in poor nations by adopting the above mentioned measures. By doing so, the people of food deficient countries can achieve dignity, independence, and economic growth, and achieve a greater degree of personal liberty than most now possess.

Again, Mr. President, I commend Senator HATFIELD for having taken the lead in this matter. It is another indication of the compassion in the heart of this great American. I am very proud of him.

Mr. HATFIELD. Mr. President, I thank the Senator from North Carolina for his keen observations and for his important contributions to the work concerning the issues which gave rise to the bill, namely the problems of starvation.

I am now happy to yield to the Senator from Kansas.

OCTOBER 16—WORLD FOOD DAY

Mr. DOLE. Mr. President, I will just take a moment or two.

I also compliment the distinguished Senator from Oregon for his leadership in this effort.

Mr. President, the President has proclaimed today, October 16, as world food day, and Americans across the country are joining in its observation.

In light of the abundant crop the American farmers have harvested this fall, now is a particularly poignant time for us to direct our thoughts to the millions in this world who are suffering from hunger and malnutrition, and to the necessity of changing this deadly serious situation. Almost one out of every four children in developing countries dies before reaching the age of 5, most from hunger and hunger related causes. Malnutrition also causes brain damage and other tragedies. For example, each year some 100,000 children become blind due to a lack of vitamin A in their diets.

Because of my concern for the world's hungry, and as a tribute to Harry Chapin, the deceased singer-songwriter-humanitarian who championed the cause of world hunger and provided some of the original impetus for a world hunger bill, I joined Senators HATFIELD, DANFORTH, and LEAHY along with 19 Senate cosponsors in introducing the world hunger and global security bill September 28.

Mr. President, the underlying causes for world hunger are a dizzing labryinth of political, economic, and sociological concerns, and I hasten to add that no one piece of legislation, regardless of how encompassing, will detangle or provide a solution to the world's hunger and malnutrition problems.

The hunger and global security bill fulfills the important role of providing a sound basis for discussion and successfully directing the attention of Congress toward the issue of world hunger. I support the bill's approach of targeting humanitarian assistance programs so that they serve those who are most in need. However, I believe that as introduced, this bill is not perfect and probably should be changed in places.

Mr. President, 1 year ago I had the privilege of serving with Senator LEAHY and others on the Presidential Commission on World Hunger. My views differed somewhat from the Commission's final report, and I would just like to take the opportunity to share with my colleagues in the Senate an excerpt of my dissenting views which accurately reflected my views on methods to solve world hunger at that time, and as they remain today:

DISSENTING VIEW AS WORLD HUNGER COMMISSIONER

Since World War II the United States has committed substantial resources to international development, and yet the problems of poverty and hunger seem to have grown worse. As a result, the American disillusionment with current U.S. foreign aid programs prompted reappraisal with a goal towards the reassessment of the success of those assistance programs.

The most serious problem now facing the Third World, however, is the steadily increasing pressure on their balance of payments due to rising oil prices and the resulting world-wide economic slowdown. U.S. support and leadership in international development assistance efforts is essential, however, the commitment and involvement of other nations is equally important—as is the need for the recognition of the American role in preserving peace and freedom through the costly maintenance of our vital military and defense forces. Without the

stability our forces provide, the United Nations and other multilateral institutions would be forced to operate in an environment that would make development assistance pointless.

The issue of grain reserves as dealt with by the Commission is one more area which I believe causes great concern. The best reserve possible is the promotion of effective grain production around the world and insurance of an effective grain marketing system—not by imposing restrictive reserve standards that have negative effects on those responsible for food production. I feel huge reserves would be counterproductive, because they tend to depress producer prices, destroy production incentives, and disrupt markets.

A free enterprise system of agriculture is the best mechanism to attain maximum production at the lowest possible price. Government programs that try to manipulate and regulate the market, no matter what their goals purport to be, more times than not end up as disasters. Every time farm programs are implemented to keep surpluses high and farm product prices low, the American farmer, to whom we have a primary responsibility, ends up being hurt economically. We must encourage maximum food production at a fair price, and we should not support programs that disrupt the market and hurt the will and productivity of the world's most productive food machine—the American farmer.

A RESPONSIBLE EFFORT

Mr. President, the complexities involved with pursuing the goal of alleviating world hunger cannot be overlooked in light of the world's current economic condition. The hunger and global security bill is a responsible effort to work within the framework of present programs and budgetary constraints—it calls for no extra funding—and continues the important world hunger dialog, necessary for any effort to lessen the world's hunger pains.

Mr. HATFIELD. Mr. President, I commend the Senator from Kansas for his remarks, and especially thank him for the expertise which he brings to this issue, representing one of the great food producing States in the Union. It will add immeasurably, I believe, to the cause and the stature of the effort we are making. I thank my colleague.

I am happy to yield to the Senator from Maryland.

Mr. MATHIAS. Mr. President, a minute ago the Senator from North Carolina said there were more people alive than dead on the surface of the Earth.

That is a kind of shocking statement to those who have not studied demography in this age.

At the time when my own State of Maryland was founded in 1634, there were perhaps 500 million people on the face of the Earth—500 million people who had slowly been gathered from the beginning of time, from Adam and Eve, from the first moment that the human race evolved; 500 million over all those thousands and perhaps, millions of years.

It only took 200 years, from roughly the time of the American Civil War, for the human race to double in size, from 500 million to 1 billion. It then took slightly less than 100 years, until roughly the time of the Great Depression, for the human race to double again in the 1930's, at which time it was numbered at about 2 billion.

It took merely 45 years, until about 1975, for the human race to double again, to 4 billion.

I hesitate to predict how fast the doubling will occur, but we have pretty firm estimates that, barring some catastrophe, the human race will increase by about 50 percent from the 1975 figure of 4 billion to the year 2000 figure of something over 6 billion.

The proposal which the Senator from Oregon brings to the Senate looks to a situation not of simply a humane and compassionate concept that we ought to think about; he brings us a concept in which there is the urgency of a dynamic increase in the human population that will have to be the concern of every nation.

It is not a mere question of humanity, though I hope that is always involved in the consideration of such a bill and I hope that compassion is always part of our motivation, but there are also some material considerations.

The world cannot be a very stable place and, therefore, it cannot be a very peaceful place or a very safe place, as long as there are hungry men, women, and children who are trying to eke out a living for themselves, as long as they are unhappy, unsatisfied, and desperate.

The political stability of the world, the chance for the human race to continue to evolve and to improve, and even to survive, depends on meeting the problem that the Senator from Oregon has proposed to the Senate today.

So, Mr. President, I salute him for bringing this question before the Senate and assure him of my permanent interest and support.

Mr. HATFIELD. Mr. President, I am always delighted to hear the Senator from Maryland, my friend, Senator MATHIAS, address issues. He raises an erudite dimension and profound understanding of those issues which he addresses. He has, again this morning, taken the time to come over to the floor and speak to this one. It not only indicates his intellectual comprehension but, again, his profound understanding of the problem that confronts us today. It confronts us all on this Earth. Whether we want to confront it or not, it is before us. It is a stark reality. I thank the Senator for his support.

Mr. MATHIAS. Mr. President, I hope the Senator from Oregon will also—I am sure he will—take an interest in the further consideration of the Global 2000 report. There are critics of that report. Some of the criticisms of the report may be valid. But whether we quibble over whether the increase in world population is going to be 50 percent in the next 18 years or whether it is going to be 25 percent in the next 18 years, the bottom line is stark tragedy if we ignore the basic facts that are set forth in the Global 2000 report. He may draw different conclusions, but I hope that the Senator from Oregon will be willing to press the members of the present administration for the review that they have said they will some day undertake on the Global 2000 report, press them to get on with that review so that the whole U.S. Government—not only we in the Senate and our colleagues in the other body, but the whole Government—can engage in the kind of realistic and pragmatic steps that we are going to need in the next two decades.

Mr. HATFIELD. Mr. President, I am glad the Senator from Maryland raised this particular issue at this moment, because it does fit into the general subject of this bill's proposal. I did cosign a letter from the Senator from Maryland to the President to urge review of this report which he has commented upon. I shall join in any common effort that will bring it into the so-called caldron of consideration, because it is a caldron, in a sense.

We have to collect, gather in, a tremendous amount of data from all perspectives. There are those who approach the hunger problem from a population control perspective. Their thinking is if we can control this ballooning population which the Senator from Maryland cited facts on, this peril—it is almost impossible to imagine the magnitude of that growth picture stated this morning.

Mr. MATHIAS. And the acceleration of it.

Mr. HATFIELD. And the acceleration of it, yes. And it is going to be worse because it is geometric expansion. It is not simply progressive, it is geometric in the sense that it is doubling, tripling, quadrupling, and on up.

I do think, Mr. President, when we are dealing with the hunger problem, it sharpens our understanding to get this kind of data. Whether we agree or disagree with these perspectives, it adds to this caldron of consideration, as I call it, of how to deal with this monumental task.

I really believe in my heart of hearts that the most destabilizing force at work today in the world is the hunger problem that we are facing now, no longer as a geographic separation of those people way over there somewhere in Africa or Asia or Latin America, who, therefore, are too weak to rise to challenge us in our political and economic pursuits of life. Today, many of those countries' governments possess nuclear material or are on their way to access or development of a nuclear weapon.

As I have said frequently, desperate people do desperate things. In the hands of governments that are unstable, in the hands of governments that have not even addressed their own domestic hunger problems and not even developed a subsistence hunger base for their own people, this is one of the factors of life that has changed from what it was 2 decades ago.

We used to think of dealing with the hungry by adding to our missionary budgets in our churches to let the so-called volunteer organizations handle that. No longer can we shy from that kind of corporate responsibility; we have to deal with the issue.

We talk about corporate action. As the Senator knows, it has really had a poor track record. As we have transferred resources from government to government, from one bureaucracy to another bureaucracy the trickle down has not reached many of those who are in the most dire need.

This is a comprehensive problem, Mr. President. I do not suggest that even this one piece of legislation is the answer or is going to be the total solution, but it seems to me to put our own household in order to deal with this problem on a more pragmatic basis. If the Government is not willing to address this issue on its own domestic scene and other governments are, let us help those governments so they can help themselves. I am not saying turn our backs on the hungry wherever they do exist, but I think we do have restrictions in our own budget—resource restrictions and other restrictions.

Really, this is a sort of objective, hopefully unemotional approach to this problem without in any way diminishing the role of emotion that represents compassion and concern and love. Certainly, we have to deal with the reality of the political and economic factors that we are involved in at this moment in our own Nation's history.

I am very grateful to the Senator from Maryland.

Mr. CHAFEE. Mr. President, today, we join thousands of concerned Americans and others around the world in the observance of "World Food Day." This observance affords us the opportunity to reflect on the progress which has been made in the effort to overcome world hunger and, more importantly, on the tasks which remain before us.

Twenty-eight human beings around the world die every minute from hunger and malnutrition. That is more than 40,000 people every day, over 15 million people each year. This toll of human suffering can scarcely be imagined, yet it is likely to become worse unless we focus our energies even more intently on a vigorous effort to eliminate hunger and malnutrition.

Hunger is not inevitable. Since World War II, it has been virtually eliminated from 32 countries with over 40 percent of the world's population. Overall, the world today produces more food per capita than ever before in history. In fact, if the food produced today were adequately distributed, malnutrition could be virtually eliminated. As the Presidential Commission on World Hunger concluded last year:

> Each major cause of hunger could be averted or overcome if the human community were to act cooperatively and decisively . . . The persistence of hunger reflects a lack of sufficient political will to eliminate its causes.

The Hunger Elimination and Global Security Act, of which I am a cosponsor, is intended to help foster the political will required to end hunger. In my view, the Hunger Elimination and Global Security Act, which focuses on the problem of hunger and malnutrition and attacks it on a variety of fronts, is one of the most important pieces of legislation the Senate will consider this term. This bill greatly strengthens antihunger objectives and provisions in ongoing U.S. programs by emphasizing international cooperation and self-reliance on the developing countries.

In U.S. bilateral programs, this bill will require recipient countries both to establish self-help measures, insuring that the primary beneficiaries in food aid programs are the truly needy, and to enter into basic human needs agreements which set forth measurable and quantifiable development objectives such as reductions in infant mortality and increases in literacy rates. It also mandates that at least 50 percent of U.S. development assistance finance productive facilities and other goods and services, such as irrigation facilities, rural feeder roads, safe-drinking water supplies, and health and family planning services.

On the multilateral side, this bill directs the administration to enter into discussions with other countries to establish common objectives and cooperative measures designed to attack the hunger problem. These include pressing the World Bank and other multilateral development banks to adopt policies requiring that at least one-half of their development lending shall target the poorest income groups, insuring that the food financing facility recently approved by the International Monetary Fund effect the maximum feasible reduction in hunger and malnutrition, and encouraging other grain-exporting nations to establish their own food security reserves or to take other measures that will complement the U.S. food security reserve.

This is comprehensive legislation which takes the essential steps to move the world community toward the elimination, once and for all, of the unnecessary persistence of hunger and malnutrition in the world. It will not increase budget costs, nor will it establish new programs, but it does what is needed. It gives priority to hunger solutions in existing programs, and it seeks to commit the United States and the world community—as we have never been committed before—to ending hunger on this planet. As a cosponsor, I strongly urge all my colleagues to support this legislation.

WORLD FOOD DAY

Mr. BAUCUS. Mr. President, today, "World Food Day," I am pleased to express my support for S. 1675, the Hunger Elimination and Global Security Act. I believe that it is the duty of this body to address the problem of world hunger—chronic and devastating hunger—and to make this problem a priority on our national agenda. I also want to call the attention of my colleagues to an important world forum, the Cancun Summit, where this issue should be addressed.

Fifty-four Nobel Prize laureates, including seven winners of the Peace Prize, have issued an impassioned plea calling for the end of death by starvation in our time. The Nobel laureates' historic manifesto against hunger and underdevelopment appeals to all mankind to take action to correct the problems of hunger and underdevelopment, to save hundreds of millions of people from death by starvation. The late Anwar Sadat, who was awarded the Nobel Peace Prize in recognition of his courageous efforts toward peace in the Middle East, signed this manifesto before his tragic death. I urge my colleagues to read this message and to take it to heart.

For at least half a billion people in developing countries around the world, hunger and malnutrition are a daily fact—stunting bodies and brains, shortening life spans, sapping energy. The greatest problems in world hunger today lack the dramatic impact of a sudden catastrophe. Year in and year out, hundreds of millions of people consume too few calories and too little protein and other essential nutrients to maintain health. The common results are weakness, listlessness, and increased vulnerability to disabling or fatal diseases. The innocent children are the most vulnerable. Over half the world's hungry and malnourished are children under five. Of those who survive a malnourished childhood, many are stunted for life in mind and body. One out of every eight people on Earth is hungry most of the time.

I have seen this suffering firsthand. In October 1979, with my colleagues Senator DANFORTH and Senator SASSER and others, I traveled to Cambodia to investigate the problems of refugees in that devastated country. That trip helped bring the tragedy of Cambodia to the attention of the Congress, the American people, and to the world. There was little U.S. news coverage of the suffering Khmer people before our trip. We arrived at the border just a few days after the first wave of people crossed into Thailand, and voluntary agencies were just beginning to reach some of the makeshift settlements. Hundreds of refugees lay exhausted on the bare ground with no medicine and little food.

We saw and smelled the effects of untreated disease and starvation. The odor was sharp, acid, penetrating. We saw row upon row of people too weak to walk or sit. We witnessed—literally witnessed deaths—deaths which might have been avoided.

We brought back to Congress the impetus for immediate authorization of funds for Cambodia, emergency aid to prevent the death of a people.

But the problem of world hunger did not end with Cambodia. Every 2 seconds during which the Senate is in debate today, a child will die of hunger somewhere in the world.

Mr. President, I support S. 1675 because I believe that it will help improve U.S. aid to the hungry and needy of the world. This important legislation would tighten up our existing aid programs to help insure that American food assistance reaches the truly needy in recipient countries. This bill also provides incentives for promoting agricultural self-sufficiency, in an effort to help the hungry to help themselves.

I believe that this is a time for all of us to renew our commitment to ending hunger in the world. I am organizing activities in Montana to raise money to alleviate world hunger and to increase public awareness of the needless suffering that exists on our planet and the things we can all do to help end that suffering.

But the humanitarian actions by any one group, by any one country are not sufficient to end world hunger and promote global security. As stated in the report of the Independent Commission on International Development Issues, under the chairmanship of Willy Brandt,

Putting an end to hunger is a challenge to the world's economic system, requiring complementary national and international measures.

The Brandt report continues:

This Commission sees no more important task before the world community than the elimination of hunger and malnutrition in all countries. Conclusions similar to those we have reached are shared by many other bodies, including most recently the US Presidential Commission on World Hunger. We are well aware that this is not a limited task—it involves nearly all aspects of the world economy and the development process, to create and distribute both the required food and the employment and incomes which will enable the food to be bought by those who need it. But the world has the capacity to achieve such a goal; it is imperative that it does so.

To end the unnecessary tragedy of world hunger, we must develop a worldwide commitment, we must seek the cooperation of other nations in designing and implementing a long-term plan to help the hungry lift themselves up out of their misery.

Next week, there is an opportunity to work toward this goal. The heads of State of 22 nations will gather in Cancun, Mexico on October 22 and 23 for a summit conference. This meeting is designed to provide an informal arena within which the wealthy industrialized nations of the North and the impoverished developing nations of the South can find ways to address divisions existing between them. The nations represented include Algeria, Austria, Bangladesh, Brazil, Canada, China, France, Great Britain, Guyana, India, Ivory Coast, Japan, Mexico, Nigeria, Philippines, Saudi Arabia, Sweden, Tanzania, the United States, Venezuela, West Germany, and Yugoslavia. The Soviet Union was invited but declined to attend.

The Brandt report provided the impetus for this summit conference, urging that such a meeting might substantially advance the efforts of the international community to solve the most urgent problems. A summit such as this one could enable political leaders to take the first steps toward committing themselves and their people to a global agreement for the benefit of the whole world.

By providing a forum in which issues of international cooperation and development can be discussed at the highest levels, the Cancun Summit has the potential to contribute to the elimination of hunger and starvation more powerfully than any other international conference this year.

For this reason, I have circulated a letter among my colleagues in the Senate. This letter urges President Reagan to seek and support initiatives that are aimed at eliminating world hunger.

I urge my colleagues to consider joining me in this appeal to President Reagan. The right to food is the most basic right of all. If we are truly committed to the cause of human rights, we must exercise initiative and leadership and work to eliminate world hunger.

Hubert Humphrey once said:

Our food is fighting the conditions on which tyranny and totalitarianism thrive—hunger, disease, illiteracy, poverty.

I support S. 1675 as a first step toward renewing our commitment to alleviating hunger in the world. I urge my colleagues to join me in encouraging cooperative ventures by many nations united in an effort to find long-term solutions. By working together, we can coordinate our efforts and accomplish far more with the same absolute levels of aid in our fight against unnecessary hunger, disease, illiteracy, and poverty throughout the world.

WORLD FOOD DAY

Mr. LEAHY. Mr. President, I am pleased to join with my colleagues in marking today, October 16, 1981, as "World Food Day." This observance gives us a chance to commemorate the founding of the "Food and Agriculture Organization" (FAO) part of the United Nations family.

World Food Day also reminds us of the continuing crisis of hunger which afflicts so many in the world. The numbers of men, women, and children suffering from malnutrition and slow starvation are overwhelming. Yet, despite the numbing sense that hundreds of millions go hungry, we must focus on what the world food crisis means to the individual child, mother, and family.

We have a moral commitment to these individuals as leaders in a land of plenty. We live in an age of abundance and in a time when all the world's food needs could be met. Yet the question still remains, why is a portion of the world still facing not just lack but serious malnutrition?

As many noted demographers assert, the problem is not a lack of food but the distribution of food income between rich and poor countries. Just as the energy crisis hit the poorest nations hardest, the coming food crisis will devastate those nations with limited foreign exhcange to import food. The continuing energy crisis compounds this problem by increasing the cost of fertilizers, agricultural chemical, and gasoline required to run farm equipment.

These multiple crises of food and energy pose a threat to the internal stability of much of the Third World. Ultimately, this potential instability threatens our own national security.

As Americans, I believe it is crucial that we undertand the relationship between these two issues—the relationship between hunger elimination and worldwide security.

My own concern about this relationship prompted me to join Senators DANFORTH, DOLE, and HATFIELD in sponsoring the "Hunger Elimination and Global Security" bill. As the bill states:

The United States is part of an interdependent world, and its long-term security and prosperity can only be maintained in a community of nations which are stable and free and in an international order which is open and equitable.

Canadian Prime Minister Elliott Trudeau expresses the view of many of the world's leaders in noting that the drive for an improved world economy is not simply a matter of justice. He asserts that for the industrialized countries, "commonsense and self-interest should tell us that if we want growing markets for our products, an orderly global economy and peace in the world, we should support reform."

We are here today to underscore our own concern—not just for the hungry of the world—but for the need for greater public understanding of our stake in international development. Moreover, we are here to convey our concerns to those in the Reagan administration who have responsibility for foreign policy and foreign assistance.

Mr. President, military aid alone does little to achieve global security. I feel very strongly about this point. A reliance on military "solutions" to the problems of poverty and underdevelopment do not work, they damage the image of the United States, and, as we should have learned from experience, they lead to an increased military commitment from this country.

There are so many other, more positive, avenues for our leadership in the world. Those of us who are on the floor today want to signal support and encouragement for the administration in taking a positive approach, especially as it prepares for the forthcoming discussions at Cancun, Mexico.

This historic meeting will bring together the heads of 22 nations—the rich and the poor nations, the North and the South. While there may be disagreements about the problems facing the world economy, all sides agree that improving agricultural production and self-sufficiency in the developing countries is critical if we are to avoid a devastating international food crisis.

I urge the administration to give serious thought to these issues—to hunger and the conditions of poverty that produce hungry people. The meeting at Cancun should be a time of creative exchange. Both North and South will profit from a mutual understanding of the constraints facing the world and the implications of the ever-widening gap between rich and poor.

Mr. President, along these lines, I ask unanimous consent to have printed in the RECORD a letter from 20 religious leaders to the President.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

INTERRELIGIOUS TASKFORCE ON U.S. FOOD POLICY

Text of letter sent to the President on October 13, 1981:

Mr. President: We are writing as representatives of major religious communities in the United States to commend your decision to attend the Cancun, Mexico summit meeting and to urge you to recommit the US at Cancun to a path of international cooperation and progress on development issues. We believe and hope that the summit will provide you and other world leaders with a unique opportunity to formulate and express a new mutual commitment to alleviating global poverty and underdevelopment and to improving international cooperation.

The biblical faith which we share compels us to seek to stand with those who are the poorest and most vulnerable members of society. As the prophets spoke in behalf of the orphans and the widows, so we must address ourselves to the needs of those throughout the globe who live in conditions of absolute poverty, deprived of basic nutrition,

without adequate shelter, education, health care, or employment.

Today's world is marked by wide and growing disparities between rich and poor, by persistent economic crises, and by political turmoil and unpredictability. Roughly one billion people are chronically hungry and malnourished. Hundreds of millions of breadwinners are unemployed or seriously underemployed. Inflation in some countries makes even the most basic foodstuffs unaffordable for the poor. Oil, currently in plentiful supply, could easily become scarce and costly once again if any number of possible political or economic crises should occur. While the poor, especially those in the South, suffer most from the current disorder, we in the North are increasingly affected as well. For better or for worse, global interdependence has become an unavoidable reality.

We believe that building a healthy, just, and sustainable world economy is essential for moral as well as political and economic reasons. We have no detailed blueprints to offer you and other world leaders with whom you will be meeting. We ask primarily that you go to Cancun with an open mind and heart, seeking God's wisdom.

THE CANCUN AGENDA

We do have some deeply felt concerns we would like to share with you that are closely related to some of the key subjects you will be discussing in Mexico. These ideas, which broadly reflect the policies of our faith communities, are drawn from the combined expertise and wisdom of theologians, economists, missionaries, development specialists, educators, and others within our various faiths.

1. Food and Agriculture: Highest priority should be given to increasing agricultural self-reliance, primarily through stepping up food production for local consumption in developing countries. Agrarian reforms which allow small farmers and many of the landless poor to produce their own food on adequate-sized plots should be strongly encouraged. An international system of grain reserves should be established to guard against the recurrence of famines in years of short supply. Food should not be used as a political weapon, but as a God-given source of life.

2. Energy: Both conservation of existing nonrenewable energy supplies and rapid development of renewable energy sources are imperative. Increased demand for and reduced supplies of fossil fuels will continue to hurt the Third World most; hence, both exploration for new supplies of oil, coal, and gas and, particularly, development of new and renewable sources of energy in the South should be supported by means of development assistance and other measures. Means should be sought for developing greater predictability of both the price and supply of petroleum, as well as for smoothing out future price increases.

3. Money and Finance: Voting rights in the International Monetary Fund and the World Bank should be adjusted in light of changing economic and political realities so as to give greater representation to the Third World (while retaining a weighted vote structure). The composition of the IMF's sometimes excessively hard economic measures ("conditionality") should be altered to give greater attention to meeting and safeguarding basic human needs and to assure that economic prescriptions are appropriate in each case. A greater share of the burden of adjustment to international payments imbalances should be shifted to countries with payments surpluses.

Development assistance should increasingly be focused on the poorest developing countries, which are least able to procure capital from other sources, and on countries which display commitment to meeting the basic needs of their citizens. In general, military aid and concessional sales in the Third World should be sharply reduced, with savings transferred to help meeting urgent development needs.

4. The Arms Race: In the words of President Eisenhower, "Every gun that is made, every warship launched, every rocket fired signifies, in the final sense, a theft from those who hunger and are not fed, those who are cold and are not clothed.

"This world in arms is not spending money alone.

"It is spending the sweat of its laborers, the genius of its scientists, the hopes of its children. . . ."

In a world where each superpower is capable of destroying the other many times over, we strongly question increased spending for new weapons of mass destruction. We understand that disarmament must be pursued multilaterally and that peacemaking is a far more complex process than simply reducing armaments. We very much doubt, however, that a sane, peaceful, stable world can be achieved without drastically curtailed arms spending. As the report of the Independent Commission on Development Issues (the Brandt Commission) put it, "there is a moral link between the vast spending on arms and the disgracefully low spending on measures to remove hunger and ill-health in the Third World."

GLOBAL NEGOTIATIONS

Finally, we strongly urge that you use the occasion of the Cancun summit to recommit our nation to the "Global Round of Negotiations" which were to begin in 1981 but which are unlikely ever to get underway without the assent of the U.S. Entering into the Global Negotiations process does not, by itself, carry any guarantee of reaching agreement on the critical North-South issues to be discussed. But without a new, comprehensive round of negotiations it seems likely that little or no progress will occur.

The measures which we have outlined briefly above would benefit the North—and specifically the U.S.—as well as the South, by helping to reduce unemployment and inflationary pressures, but increasing energy supplies, and by generally reducing political and economic tensions. For these reasons, but primarily because we deeply believe it to be the morally imperative course, we again urge you to help make the Cancun summit the beginning of a new and better day for North-South relations and global development.

Sincerely,

(The following have requested that this letter be sent in their names.)

C. J. Jump, Jr., Executive Director, Board of International Ministries, American Baptist Churches, USA.

David W. Preus, Presiding Bishop, The American Lutheran Church.

The Most Reverend Archbishop Torkom Manoogian, Primate of the Armenian Church in America.

Arthur Simon, Executive Director, Bread for the World.

Peter J. Henriot, S.J., Director, Center of Concern.

Dr. Kenneth L. Teegarden, General Minister and President, Christian Church (Disciples of Christ).

Dr. J. Harry Haines, Chairperson, Church World Service.

Edward F. Snyder, Executive Secretary, Friends Committee on National Legislation.

Clifford S. Winslow, Presiding Clerk, Friends United Meeting.

George A. Chauncey, Chair, Interreligious Taskforce on U.S. Food Policy.

James R. Crumley, Jr., Bishop, Lutheran Church in America.

The Rev. James P. Noonan, M.M., Superior General, Maryknoll Fathers and Brothers.

Belle Miller McMaster, Staff Director for Corporate and Social Mission, Presbyterian Church in the U.S.

The Rev. Arie R. Brouwer, General Secretary, Reformed Church in America.

The Rev. Dr. Calvin E. Turley, President, General Convention, The Swedenborgian Church.

Richard S. Scobie, Executive Director, Unitarian Universalist Service Committee.

Avery D. Post, President, United Church of Christ.

Bishop Leroy Hodapp, President, Board of Church and Society, United Methodist Church.

Mr. William P. Thompson, Stated Clerk of the General Assembly, United Presbyterian Church, USA.

Rev. J. Bryan Hehir, United States Catholic Conference.

Mr. LEAHY. Mr. President, those of us here today feel deeply about the hunger challenge, and we are not content to merely talk about it. The Hunger Elimination and Global Security bill that we have cosponsored provides an opportunity for the Senate to establish new priorities and set a new direction for our foreign assistance programs. It provides comprehensive reform for our foreign aid and targets existing funds where the need is greatest.

This bill addresses the most basic problem of mankind: hunger and malnutrition. Without meaning to exaggerate, I can say that this is a life saving bill. This, indeed, is our intent. We want to see our foreign assistance programs help the poor. As stated in the Presidential Commission on World Hunger:

> We believe that the U.S. Government should make development of the poor nations and the eradication of poverty and hunger a primary objective of its foreign policy.

The hundreds of millions of children who will die or have their short lives tormented by hunger cannot be ignored. The suffering of the multitude of men and women in the poorest nations who have no prospect of tilling their own land and providing for their families, must be confronted.

The Hunger Elimination and Global Security bill responds to these needs. Each provision to the bill clearly establishes that the humanitarian traditions of this Nation be reflected in policy. I especially support the sections of this bill which will tighten up our Public Law 480 program and which establish a basic human needs agreement for each aid recipient nation.

Once again, I am pleased to join with my colleagues on this observance of World Food Day. I see this as the beginning of a continuing discussion on the problems of development facing the world today. I look forward to working in a strong bipartisan coalition on this issue.

As the sponsor of World Food Day, I add an acknowledgement to the various private groups who have given so much on this issue, notably Bread for the World, the FAO and the World Hunger Year organization. I feel a special attachment to World Hunger Year and its founder Harry Chapin. Harry was a close friend and a fierce advocate for the world's hungry. His own drive led to the creation of the President's Commis-

sion on World Hunger, on which both the distinguished Senator from Kansas, Senator DOLE, and I serve. The efforts we are undertaking now reflect the Commission's work, and, in reality, Harry's vision.

Mr. President, I ask unanimous consent to have printed in the RECORD a statement signed by Harry Chapin, Congressman BENJAMIN GILMAN, Congressman Richard Nolan and myself, entitled "World Hunger: Neglected Crisis, Impending Catastrophe."

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

OVERCOMING WORLD HUNGER: THE CHALLENGE AHEAD

Part of the problem this Commission addressed dealt with efforts by the United States to improve peace and stability in addition to living standards in the global community through the use of foreign aid and development assistance. In section IV, we note that "since World War II, the United States has committed substantial resources to international development, and yet the problems of poverty and hunger seem to have grown worse. . . ." As a result, the American disillusionment with current U.S. foreign aid programs prompted reappraisal with a goal towards the reassessment of the success of those assistance programs.

The most serious problem now facing the Third World, however, is the steadily increasing pressure on their balance of payments due to rising oil prices and the resulting world-wide economic slowdown. U.S. support and leadership in international development assistance efforts is essential. However, the commitment and involvement of other nations is equally important—as is the need for the recognition of the American role in preserving peace and freedom through the costly maintenance of our vital military and defense forces. Without the stability our forces provide, the United Nations and other multilateral institutions would be forced to operate in an environment that would make development assistance pointless.

The issue of grain reserves as dealt with by the Commission is one more area which I believe causes great concern. The best reserve possible is the promotion of effective grain production around the world and insurance of an effective grain marketing system—not by imposing restrictive reserve standards that have negative effects on those responsible for food production. I feel huge reserves would be counterproductive, because they tend to depress producer prices, destroy production incentives, and disrupt markets.

A free-enterprise system of agriculture is the best mechanism to attain maximum production at the lowest possible price. Government programs that try to manipulate and regulate the market, no matter what their goals purport to be, more times than not end up as "disasters." Every time farm programs are implemented to keep surpluses high and farm product prices low, the American farmer, to whom we have a primary responsibility, ends up being hurt economically. We must encourage maximum food production at a fair price, and we should not support programs that disrupt the market and hurt the will and productivity of the world's most productive food machine—the American farmer.

The economic complexities involved with pursuing the goal of alleviating world hunger cannot be overlooked in light of current economic conditions in the nation today. Although I have grave reservations about the proposed recommendations included in the Final Report of the President's Commission on World Hunger, I feel that this report will serve as a beginning and not an end to the world hunger dialog.

COMMISSIONERS CHAPIN, GILMAN, LEAHY AND NOLAN

The following statement entitled, "World Hunger: Neglected Crisis, Impending Catastrophe" outlines our views, which diverge from those of the Commission, about the cause of hunger and the importance of self-reliant development in alleviating it. The paragraphs following the statement address specific topics which require elaboration. For a detailed presentation of our views see the footnotes and appendix in the Commission's unabridged final report released in March 1980.

WORLD HUNGER: NEGLECTED CRISIS, IMPENDING CATASTROPHE

The fellowship of the starving and malnourished, now 800 million people around the globe, is one of the most melancholy, misunderstood and potentially dangerous phenomenon of our times. Some experts believe that its threat to world peace and stability is already equal to that of a nuclear war.

Curiously, in view of the acknowledged threat this ill-starved and massive legion poses for them, more fortunate humans have never succeeded in abolishing the hungry and malnourished by humane or inhumane means. At various times and places, both approaches have been tried. A favorite modern response to the tragedy is money—loans and grants—and continual studies by a myriad of special commissions, academic experts and "development" agencies, all seeking new solutions.

WHAT IS "WORLD HUNGER"?

It is not the kind of hunger you feel when you miss lunch. Many—perhaps most—of the nearly quarter of the human race suffering from malnutrition (up to and including outright starvation) feel no pangs of hunger at all. They are often physically and mentally too far gone.

But even among the poorest of the poor, there remains a fraction, with the energy and leadership needed to protest their situation in the political arena (where permitted) or with violence. Whether the hungry ones are passive or aggressive, whatever their race or location, they share a life condition which has been defined by the World Bank as "so characterized by malnutrition, illiteracy, disease, squalor, high infant mortality and low life expectancy as to be beneath any reasonable definition of human decency," in a world where the U.S. National Academy of Sciences says sufficient food supplies now exist to feed everyone if the supplies were equitably distributed. In the absence of draconian efforts, even this ray of hope will vanish by the year 2000, smothered by population growth, resource depletion and environmental decay.

Other current indicators of world hunger are equally discouraging in some poor countries, 40 percent of the children die before they are five, the survivors' average life expectancy is 48 years. Meanwhile, the richer nations consume 50 percent of the world's food, although they account for only 30 percent of the population. The average person in the poorest countries produces $150 worth of wealth in a year, the richest 20 percent typically control half of the national income.

WHY ARE PEOPLE HUNGRY?

A 1978 White House study concluded flatly that "people are hungry because they are poor," that they cannot earn the money to buy enough food or lack access to land to grow their food.

Why not? An answer fashionable among international development practitioners is that the "political will" to feed the hungry is lacking—bureaucratic jargon for a more stark explanation. There are not enough people in a position to help who care.

Despite this depressing conclusion, most national governments—even the worst—do make some effort to feed their poor. Private charities have traditionally contributed generously to the task and few people are allowed deliberately to starve to death. There is also evidence that governments and prosperous citizens of poor countries truly fear their poor, a fear leading to suppression, cruelty or neglect. The Overseas Development Council reports, "The perceived self interest of elites is often at odds with policies designed to help the poor."

These attitudes are understandable in terms of human nature and government structures, including those of the "market economies." Efforts to improve the condition of the poor raise sensitive questions of food pricing, commodity prices, wage rates, land ownership, tenant relationships, social prerogatives, etc. In Latin America, for instance, U.N. statistics show that up to 94 per cent of the land is owned by seven per cent of the people.

World hunger, like the armaments industry, has important constituencies helping sustain it. Discussing possible broadening of wealth distribution in the United States, *Washington Post* political columnist William Greider concluded that "the major power centers of American politics feel threatened by the idea of actually distributing capital ownership to everyone." In the poorest countries this threat is strong because there the ownership-governing caste is often much smaller and resources more scarce, making the wealthy feel more vulnerable and more selfish. As demonstrated recently in Iran and Nicaragua, possessing modern military establishments can no longer be considered a guarantee of stability or the protection of privilege. To paraphrase John F. Kennedy, the world may have reached the point where it must help the poor in order to save the rich.

Maldistribution of both physical resources and the power to make decisions governing their use emerges as the major cause of poverty. Politically controversial, the causes of poverty are sometimes accorded less enthusiastic attention than two other important but less explosive considerations: increasing food production and controlling population growth.

Much like blind men touching an elephant, world hunger specialists describe their subject in terms of the part they handle. One resultng error is the assumption that the more food produced, the more will end up on the tables of the hungry, in reality, it depends on what food is produced, where, at what prices and for whose benefit. And, there is a human tendency to confuse one's own interests with the interests of those being helped. Some examples.

U.S. grain and other foodstuffs, given away or sold at low prices, are extremely popular with American agricultural interests. However, this approach prevents the poor from becoming more self reliant. More than half the Third World's neediest are subsistence farmers and some have been driven out of business by just such charity.

Large, often U.S.-based agribusiness or industrial firms set up operations in poor countries where they can benefit from low labor costs or raise crops and make products for exports to well-to-do customers abroad, not for local consumption.

"Foreign aid," particularly U.S. "security supporting assistance," often serves only the political interests of industrial nations.

Aid from both "market economy" and socialist countries has buttressed military intervention in the Third World. U.S. economic aid used to backstop its military campaign in Indochina and Soviet and Cuban tactics to strengthen socialist influence in Angola and Ethiopia are examples. The world as a whole now spends about $400 billion

annually on armaments while a billion human beings live on $150 per year. According to the Agency for International Development, the United States alone spent $115 billion for military defense in 1978 and less than $2 billion for foreign economic development programs. And the effectiveness of the $2 billion has been seriously questioned.

THE POPULATION EXPLOSION

The steady increase in world population, expected to nearly double by the year 2000, complicates the problems of food production and distribution, the encouragement of self reliance. The time to act, therefore, is now.

WHAT IS TO BE DONE?

The time may have arrived when government development agencies, scientists, agronomists, construction engineers and—yes—bankers need to borrow the environmentalists' slogan: "Small is beautiful!" This means a toning down of past and present emphasis on grandiose "development" projects—vast irrigation schemes, power dams, new industrial establishments and huge loans for "economic growth" or food imports by the poorest nations. Instead, there would be a turn to simpler but probably politically less popular approaches to world hunger and more emphasis on helping the hungry help themselves. World Bank economist Mahbub ul Haq says, bluntly, "The only convincing solution to the problem of world hunger is for the developing countries to grow their own food. What the poor and hungry need are permanent incomes, not temporary handouts."

It remains to be seen whether donor countries will willingly forego continuation of the massive but mixed blessings bestowed ostensibly for the poor in the past, but with so little helpful impact. A new approach could include a decision by the United States to curtail its present gifts and subsidized exports of "surplus" foodstuffs except in natural disasters or famine, a politically difficult move. It will be equally difficult to persuade private and public financial institutions to restrain their eagerness to extend credit (mostly guaranteed by U.S. taxpayers) to poor nations, many already in debt. A considerable percentage of these loan dollars eventually purchase industrial world products for middle or upper income customers abroad, doing little to assuage hunger. The same is often true of the Third World branches of plants of wealthy multinational corporations whose products are exported or sold to the affluent.

When they pay bare subsistence wages or worse, in luring the poor off the land and into city slums in search of non-existent jobs they aggravate an already bad situation. Simple technology, agricultural extension services or implements, with the requirement that they reach the poor, could be much more helpful. Underdeveloped societies must work out for themselves other urgent reforms—more equitable distribution of land and access to water, effective control of corrupt marketing practices and an end to the exploitation of labor.

Finally, and perhaps most difficult, means must be found to make it contrary to anyone's interest to keep others poor, it is often difficult for more fortunate people to comprehend this fact, for both poverty and resulting hunger are creeping catastrophes, burning on slow fuses. These remedies require medicines politically unpalatable to most current governments, their commissions and study groups. Gentle tinkering with existing world poverty programs and development policies has been largely ineffective, while the need for basic changes in human values and motivation is increasingly apparent. Serious, effective reforms require the patient education of the public and the world's political-economic leadership to ultimately create a more cooperative and less viciously competitive human species.

Movement in this direction may well accelerate as the earth's resources become more scarce, population pressures increase, and the starving become more desperate and articulate. As the noose tightens, even the most unregenerate individuals may find it reassuring to contemplate living in a world where it is in the landlord's interest to protect, not exploit, the tenant farmer, in the interest of increasingly interdependent governments to serve the poor, as they now do the rich, in everyone's interest to abolish world hunger.

THE CAUSES OF HUNGER

Hunger is caused by poverty, not by food insecurity. Food insecurity is a symptom of poverty, related to structural, economic and political conditions which prevent the poor from growing and storing their own food or having the income to buy it. Although poverty is the cause of hunger, poverty itself results from inadequate and inequitable access to income producing assets and lack of power to decide how the assets are used and distributed. While land ownership for all is not feasible everywhere, the issue of who controls the land, and for whose benefit, is a key element in agrarian reform. The low productivity of the poor is also caused by lack of access to resources and technology not by a lack of desire or inability to learn how to increase productivity. Appropriate technology exists to improve productivity and the poor have the capacity to use it. The problem, however, is a political one that keeps the technology out of the hands of the poor.

THE SHORT TERM AND THE LONG TERM

Alleviating hunger in the long run will be undermined by short-run "solutions" which despite the best of intentions, cannot be effective unless accompanied by structural reforms. Short run strategies which ignore the need for structural reform are not solutions because they often worsen hunger and, by nevertheless serving as a palliative, delay the implementation of economic and political reforms necessary to encourage self-reliant development. Evidence indicates, for example, that many feeding programs are not even working in the short run because they have reduced reliance on the local production of food, and nutritional levels have dropped as a result. In and of themselves, short run strategies may assuage the conscience of the donor but they do not alleviate hunger. The technical and welfare remedies suggested in short run strategies simply are impossible to implement effectively under existing social, economic and political conditions which perpetuate poverty and dependence.

TRADE AND DEBT

"Fair trade," not "free trade," would be a more appropriate means of encouraging self-reliant development, and is in keeping with the Commission's analysis which urges policy-makers to "ask whether hungry people and poor nations will share equitably in the expected gains from new policy choices."

A policy of trade expansion, however, overlooks the fact that existing trade patterns have contributed to the inequitable distribution of income and the concentrated ownership of resources in developing nations. Expanding trade on such terms will perpetuate poverty, postpone the elimination of hunger, and frustrate self-reliant development.

Unless qualified by self-reliant development criteria, simply calling for trade expansion may be construed as advocating: (1) an expansion of export cropping which often reduces the amount of food produced for local consumption while channeling the foreign exchange earnings into the hands of a few; (2) maintaining the economic dependency of developing nations by failing to encourage them to develop their own domestic markets by creating more jobs and better incomes to generate indigenous demand; and (3) locking in poverty by recommending that commodity prices only be stabilized instead of also being increased to levels which reflect the costs of production and reasonable profit to producers.

Both commercial and official debt burdens aggravate the trade deficits of developing nations and reduce the availability of resources for indigenous development efforts. These burdens should be relieved by pursuing debt forgiveness policies and by providing future financial assistance through grants rather than loan programs, the eligibility for which should be based upon the application of basic human needs criteria.

GRAIN RESERVES

The establishment of a system of grain reserves at the national, regional, and international level is a necessary, but not sufficient step toward increased world food security. Reserves in and of themselves do not assure that poor people will be fed. Nor do they have the alleviation of hunger as their only goal. The primary goal of the U.S. farmer-held grain reserve and of the proposed International Wheat Agreement is to help stabilize commodity prices and thus help promote consumer price stability and farm income stability.

They can, however, serve the important function of carrying over stocks from plentiful years to lean years and thus increase the availability of supplies (as the emergency wheat reserve backstopping PL–480 is designed to do). To be fully effective, a global grain reserve system must be carefully managed and must be coordinated in such a way as to reduce the risk of severe shortages anywhere in the world. If distributed in a manner which does not undercut production and which reaches the hungry people, grain released from the reserve will reduce hunger.

U.S. FARM POLICY

The U.S. must undertake the same kinds of structural reforms which the Commission is recommending for developing nations in order to promote more equitable development. For example, the Commission has recommended that developing nations increase their production of grains and foodstuffs as part of a program of self-reliant development, but attaining the goal will be difficult as long as the low prices of U.S. grain exports continue to undermine price incentives for farmers in developing nations to increase their production.

In the U.S., low commodity prices are undermining the ability of many farmers to continue producing. Low commodity prices and other public policies have fueled the trend toward fewer and larger farms in the U.S., thereby concentrating land ownership in fewer hands, converting agriculture to production patterns which undermine sound soil and water conservation practices, and undermining the economic and social fabric of the rural United States. Far-reaching changes in current policies will be required if U.S. agriculture is to be restructured on a more self-reliant basis and in a manner which will no longer discourage production in developing nations.

FOOD AID

Many development specialists consider food aid to be an obstacle to self-reliant development and ineffective as a means to feed the poor. In Bangladesh, for example, about 90% of the food received under the PL–480 program benefited the middle class rather than the poor for whom it was intended.

Food aid is not a neutral or apolitical form of intervention because when it is readily

available the leaders of a developing nation have no incentive to invest in developing their own agricultural system and a permanent dependence is created. The poor therefore lose in two ways.

They do not receive the food intended for them and they cannot get assistance to increase the self-reliant production of food. If the criticisms of food aid as a development tool are valid, then the primary justification and usefulness of food aid would be in the event of natural disasters (drought, earthquakes, etc.) or in such cases as Kampuchea. A thorough investigation is needed of the contradictions between self-reliant development and food aid programs which create dependencies on imports and disincentives to local production.

DEVELOPMENT ASSISTANCE

Development assistance funds should be tied to commitments made by developing nations to pursue a program of self-reliant development which recognizes basic human needs. Since political factors determine the effectiveness of development assistance, a commitment to basic human needs on the part of the recipient country must be made the decisive factor in granting aid.

At present, such a commitment is only one of several parts of a formula which allows aid to be granted on the basis of need and political expediency without assuring that the poor actually will receive the assistance.

Aid should be conditional upon reaching a Basic Human Needs Agreement (BHNA) under which the U.S. and the recipient country agree to work together toward specific and measurable development goals. The BHNA would function as a contract in which the aid recipient agrees to pursue a self-reliant development strategy aimed at overcoming poverty and hunger in return for continued assistance.

From the U.S. side, the BHNA would provide a method of accountability that would increase public confidence in the effectiveness of aid programs, thus assuring their continuity.

PARTICIPATORY DEVELOPMENT

Development itself must take place in an atmosphere of mutual respect and understanding. The beneficiaries of aid should no longer be considered the "subjects" to be developed or the "targets" of someone else's good ideas.

Rather, the development process should be mutually determined by donors and beneficiaries alike. This can be achieved by encouraging participation in diagnosing problems and in planning, designing and implementing development programs.

Local participants will offer their special insights and cultural perspective which will ensure the appropriateness of development assistance. Since women form a very large part of the rural working economy, participatory development means that women also must be included in all phases of the development process. Before granting any assistance, development agencies should require recipient countries to demonstrate a commitment to popular participation.

PUBLIC EDUCATION AND NEW POLICY DIRECTIONS

The magnitude and persistence of hunger demand that an intensified program of action be undertaken now, not tomorrow or five years from now. The need for action now is underscored not only by our commitment to lives that could be saved but also by the diminishing adequacy of global resources to meet the escalating problem of hunger. U.S. citizens therefore must demand that their government make a commitment to alleviate hunger through the pursuit of self-reliant development strategies at home and abroad.

(By request of Mr. LEAHY, the following statement was ordered printed in the RECORD:)

WORLD FOOD DAY

● Mr. MITCHELL. Mr. President, I, to, wish to join in the observance of World Food Day and in support of the Hunger Elimination and Global Security bill.

World Food Day is held today to recognize the tragic human losses inflicted daily by hunger and malnutrition around the globe. It is a day to take heed of what are the dominant realities of poverty and starvation for millions of people.

The statistics of the human suffering caused by hunger shame us; the scale of suffering is colossal. As CBS News reported this morning, 1 billion children around the world go to sleep hungry every night. Twenty children die of hunger and hunger-related causes every minute of every day.

World Food Day is a call to our Nation's conscience to recognize that horrible truth embodied in these figures. It is a call to our conscience to act on the most basic problem facing mankind today.

The Hunger Elimination and Global Security bill, of which I am a cosponsor, acts as an important first step in directing our foreign aid food programs toward more efficient and effective goals. It sets out to attack world hunger on several fronts.

I am particularly supportive of the provisions in the bill which will provide positive incentives to help assure that our Public Law 480 food assistance programs result in self-help food production efforts; which will target more U.S. bilateral development aid to improve productivity and disaster-prevention measures, particularly in famine-prone nations; and which will institute a "basic human needs agreement" under which recipient nations would agree to undertake specific economic development measures to meet the basic needs of their people.

The legislation rests on the assumption that it is in the political, economic, and national security interests of the United States to address and act upon the pervasive ills caused by hunger in developing nations.

It is essential that we as a nation realize the link between hunger elimination and global security, between our national security interests and our moral imperative to fight world hunger. The bill makes this connection, and sets priorities for U.S. policy which are consonant with the relationship between these two goals.

Hunger is a preventable disease. A number of countries and worldwide organizations have taken numerous steps in recent years to get at the core of the world-hunger dilemma. There is reason for hope. However, it is a cause which will take our relentless efforts in the years ahead. Today, for what it represents, and the Hunger Elimination and Global Security bill, for what it seeks to accomplish, are necessary starting points in the fight against world hunger. We must begin again today to fight for a cease to the horror of human devastation that is world hunger.

I urge my colleagues to support the Hunger Elimination and Global Security bill.●

Mr. LEAHY. Mr. President, if no one else is seeking recognition, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BOSCHWITZ). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business.

BABI YAR: A MEMORIAL TO INTERNATIONAL APATHY

Mr. PROXMIRE. Mr. President, on September 29, 1941, German soldiers led Soviet Jews to the ravine of Babi Yar, near Kiev, in the Ukraine. The Jews were stripped naked, lined up and machine-gunned, and the Jewish children thrown into the ravine and buried alive. Within 36 hours the Nazis had murdered 100,000 Jews.

In 1961 Soviet poet Yevgeny Yevtushenko published his poem, Babi Yar, which decried the absence of a memorial for the victims at the massacre site. International attention thus focused, authorities were forced to drop plans to build a park over the ravine and instead erect a memorial.

There were acknowledgments of this memorial in this body, Mr. President; recognition of past horrors and grief in retrospect. A memorial which reminds us of the bestial behavior of the Nazis, and in the case of Babi Yar, the indifference of the Soviets toward their Jewish citizens, should stand as a warning to those who remember and especially those who do not.

Genocide will not be eradicated by memorials, however important the recognition of the past. Even today the rights of Soviet Jews are not guaranteed by their government, which, ironically, has ratified the convention.

The United States is in an awkward position when it criticizes a contracting party's abuse of human rights while not being a signatory itself. It leaves us open to charges of hypocrisy, since there is clearly a dichotomy between the Senate's sense of outrage at the atrocities that gave birth to the concept of genocide, and our willingness to declare formally that this Nation is the literal as well as figurative adversary of genocide.

The fabric of our human rights position is flawed, Mr. President, and will continue to be until the time when we, as a body, join the other 84 signatories in ratifying the Genocide Convention.

THE TRUCKING INDUSTRY

Mr. THURMOND. Mr. President. I ask unanimous consent that the testimony of Prof. Andrew Popper which was presented before the Senate Antitrust and Monopoly Subcommittee of the Judiciary Committee at a public hearing on

the trucking industry in Denver, Colo., on March 22, 1978, with Chairman EDWARD M. KENNEDY, presiding, be printed in the CONGRESSIONAL RECORD. Professor Popper's statement was the only statement that was inadvertently omitted in the subcommittee's printed hearings relating to the Motor Common Carrier Industry. Hearings on the trucking industry were held also in Chicago, Ill. and Washington, D.C. over a 2-year period.

Professor Popper at that time, in 1978, was a professor of law at the University of Denver College of Law, holding a professorial chair in transportation law at that university. He is now a professor of law and former Associate Dean of the American University Washington College of Law.

Mr. President, it has been a rare instance that the statement of a witness was not included in the subcommittee's printed hearings. Special circumstances require that the Senate rectify such an omission, and it would be more logical to place the statement in the CONGRESSIONAL RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TESTIMONY OF PROFESSOR ANDREW F. POPPER

SOME THOUGHTS ON THE MOTOR COMMON CARRIER INDUSTRY AND THE RATE BUREAU

Good morning Mr. Chairman: My name is Andrew F. Popper. I am an Assistant Professor of Law at the University of Denver College of Law. I am presently the incumbent holding a Professorial Chair in Transportation Law at the University of Denver. This chair is funded by the Motor Carrier Lawyers Association. The views which I express today are neither those of the Motor Carriers Lawyers Association nor those of the University of Denver College of Law. My teaching and academic responsibilities are presently in the fields of transportation law, antitrust law, trade regulation, torts, conflicts of law and administrative law. I believe that I have an appreciation of the delicate balance which exists between the administration of the antitrust laws post Reed-Bulwinkle and the purist regulatory structure which affects the rate making process in the motor carrier world.

I. INTRODUCTION—GENERAL COMPETITIVE QUESTIONS

Within the last five years, courts and administrative agencies in this country have sought to combine functional powers to assure that the ends of the competitive system are met. We start with the premise that our economy can only function when the ends or objectives of low cost, reasonable regulation over entry, maximum efficiency and innovation are met. In the non-regulated sector of the economy, these goals are attained by periodic application of the antitrust laws coupled with "normal" competitive pressures. In the regulated sector of the economy, these goals are met by "artificial" competitive pressures as well as the application of regulatory principles regarding rates and entry to the various regulated industries.

In the motor carrier world, we now find a curious mix of antitrust applications (notice particularly the McLean Trucking [1] case and the Garret-Navajo [2] cases) and the common regulatory pressures. The motor carrier industry is not the first industry which has required the application of both a comprehensive regulatory system as well as antitrust pressures outside of the regulatory system.

In the nuclear power field, Congress declared that the agency which regulates nuclear energy production, today the Nuclear Regulatory Commission, may not grant or issue a permit or license to operate if that granting or issuance would "create a situation inconsistent with the antitrust laws." (42 U.S.C. 2135, (1970)).

Two months ago, the Commission announced a decision in the Consumers Power case, (ALAB 452, docket 50-329A, 50-330A, (1978)) which held that the existence of a regulatory structure does not preclude direct application of antitrust principles.

While this decision may be creating waves in the traditional electric utility world, its import should be no shock to the motor carrier world including the rate bureau structure. Competitive consequences in the motor carrier world have been recognized almost since the beginning of motor carrier transit, and well before the existence of the Motor Carrier Act of 1935. (See particularly the Trans-Missouri case in 1896, (166 U.S. 290 (1897)).

This hearing does not question the applicability of the antitrust laws to the regulatory system. Instead, it seeks to answer some of the questions which the Reed-Bulwinkle Act left open. In the 1976 edition of the William K. Jones textbook on Regulated Industries, 2nd Edition, Professor Jones lists as questions left open the following:

"What disposition should be made of an antitrust action challenging a carrier agreement that has not been submitted to the ICC for approval?

"If a carrier agreement has been approved by the ICC, what disposition should be made of an antitrust action charging conduct by the carriers beyond the scope of the agreement or an agreement among the carriers that is in addition to the one that has been approved?" (at page 460).

Further questions left open by the Reed-Bulwinkle Act relate to the right of independent action by disgruntled carriers who have not been satisfied by the rate making process of an approved rate bureau as well as the potential right of the rate bureau to protest the petition for "independent action" filed by the displeased carrier. These questions are not easily answered, particularly if one simply makes reference to boilerplate antitrust considerations. It is clear that outside of the Reed-Bulwinkle Act, collective rate making between horizontally aligned competitors is simply inconsistent with any of the antitrust laws. Thus the rate bureaus exist only by virtue of legislative exemption, and then only within a carefully drawn line of immunity.

II. LEGITIMATE ASPECTS OF THE RATE BUREAUS

a. Need for the Bureau

Many of the fundamental concerns which have been evidenced by this legislative tribunal focus on the existence of rate bureaus as well as the right of independent action. Likewise, they appear to focus on the effectiveness of the rate bureaus to come up with reasonable and just rates, in conformity with the mandates of the Interstate Commerce Act. As to the legitimacy of the rate-making process and the sustained existence of the rate bureaus, my position is easily clarified.

Over the last two years, I have become convinced that the abolition of the rate bureau system would create a grossly anti-competitive stiuation in the motor carrier industry. The "parade of horribles" that would result is well known in the antitrust field. Major motor common carriers, having the capacity to operate for brief periods of time at a loss would soon eliminate marginal competitors in an horizontally organizationally diverse marketplace.

These eliminations would then be followed by rapid incremental increases in price. A leveling-off period would occur in which we would find massive integration at both the horizontal and vertical levels in the motor carrier marketplace. The resultant effect would be a pure oligopoly market setting with little opportunity for systemic or functional coordination or competition and maximum effect for over-pricing, inefficiency, and the like.

The chaotic conditions that gave birth to the Motor Carrier Act of 1935 would not be duplicated, but instead would be substituted with the onerous price consequences of unjustified market power. The maintenance of the rate bureau system insures that market dominance and the power to exclude competitors by reducing prices in the market will not be a factor in the diminution of organizational diversity. This is one of the fundamental reasons for regulation and it has not ceased to exist in the motor carrier world.

b. Technical competence in rate making

The second fundamental question, assuming the rate bureaus continue to exist, is whether those bureaus have the technical capacity to produce efficient rates which are in fact related to the variable cost factors which the law requires. Again, after two years of observation of the motor carrier industry, I have come to the conclusion that the rate bureaus are efficient professional organizations which have the capacity to produce rates which are related to cost plus a reasonable profit. Perhaps indicative of the success ratio, in terms of the antitrust laws, are the 1976 statistics from the Interstate Commerce Commission's annual report (page 141) relating to concentration in the motor carrier industry.

This report concludes that the industry is non-concentrated and enjoys a certain essence of intramodal competition.

The process of rate making is an extremely complex process. The function of the rate bureaus in establishing the basic data which becomes the predicate for the approved tariff is vital to the regulated structure. It would be pure folly to state that the Interstate Commerce Commission has the capacity, technological competence or legislative mandate to undertake the rate making process. The bureaus are ideally constituted to perform this function. In the Rocky Mountain area, I have seen some of the most sophisticated computer technology available to formulate rates relatively based on cost, as well they should be.

For the most part, these rates are reflective of the actual borne loss of the motor carrier and provide the motor carrier with a sufficient margin of profit which allows for the stimulation of investment as well as fair treatment for the consumer interest. We will not resolve the basic problems of labor costs—union pressure for increased wages by eliminating the rate bureaus. Parenthetically, if union pressure was more reasonable in terms of the motor carrier industry, I hazard to guess that these hearings would not be taking place at all.

It is quite clear to me that the interest of the Teamsters in the maintenance of rate bureaus is based on the fact that the rate bureau is compelled to include cost factors such as wages in its formulation. The bureau itself does not negotiate with the union.

You do not resolve the problem of the rate bureaus by eliminating them when the major cost problem that is the basis for the consumer complaint is the result of wage

[1] McLean Trucking v. United States, 321 U.S. 67 (1944).

[2] Navajo Freight Lines., Inc.—Control Investigation—Garret Freightlines, Inc., 122 M.C.C. 345 (1976).

inflation, frequently stimulated by labor activity.

Thus the rate bureaus appear to be efficient analysers of cost data, technically proficient formulators of tariff and, generally, vital components in the regulatory structure. What then is the problem?

III. INDEPENDENT ACTION

In working with both the antitrust laws and the motor carrier industry, in its quasi-regulated form, I notice a schizophrenia in theory. Could it be that an entity as purely regulated as rate bureau functioning must consider competitive consequences in its decision making process? History teaches us that the electric utility industry confronted this same apparently rhetorical question no more than five years ago. In the case of *United States* v. *Otter Tail*, 410 U.S. 366 (1973), the Supreme Court declared that there was no implied immunity from the antitrust laws, and even in the face of immunity from those laws, administrative agencies must "take into account antitrust consideration." In the nuclear power field, as mentioned earlier, where there is pure regulation of all functions, the Consumers Power decision declares that the antitrust laws must be "taken into account." Textbook antitrust law will tell you that even in the most pure regulated system, antitrust considerations are vital to effective regulatory functioning.

This has been applied to the stock exchange, the airline industry, the electric utility industry, the telephone and communications industries, and, of course, to the motor carrier industry. What does "take into account antitrust considerations" mean for the rate bureaus?

Clearly, it does not mean abolition. Likewise, it does not mean a uniform declaration of legitimacy of price-fixing. What it does mean is that a carrier who has in good faith participated in the regulatory process should not be barred from independent action by virtue of regulatory or competitive pressure which is based on market dominance alone.

If a carrier chooses to submit an independent rate in conformity with the regulatory guidelines for the creation of tariffs, that carrier should not be dissuaded, removed, or otherwise compelled not to protest the action of a rate bureau simply because the bureau enjoys a degree of independent market power.

It is true that a rate bureau is not a horizontally aligned competitor. It is also true that a rate bureau has the single greatest effect on the pricing structure of any entity in the motor carrier world. Decisions made by the bureau through the collective action of its carrier members are binding in their effect unless there is a free right of independent action. This action does not affect carriers choosing to follow the mandates of the bureau, but simply allows for alternative references to the rate making process to be taken out publicly. By permitting the bureau, or carriers qua bureau to stifle independent action, we allow the bureaus to become, in fact, governmental bodies.

This was neither the intent of the Interstate Commerce Act, nor was it the intent of the Reed-Bulwinkle Act. As the motor carrier world emerges from its more purely regulated form to a more competitive format, each step will be painful for the carriers and the vested interests which support them.

The maintenance of independent action and public display of independent action is a painful step for a regulated entity. It is nonetheless critical in terms of legislative mandate as well as being critical in terms of antritrust law as it is applied to the motor carriers.[3]

IV. FINAL THOUGHTS ON RATES

I would like to address the question of the nature of the tariff approval-suspension process. I believe we are all sufficiently familiar with the tariff process to realize that the appropriate body within the Interstate Commerce Commission which is charged with the assessment of rate making determinations by and from the tariff bureaus is only called upon to respond when there is active protest.

In 1971, the Motor Carrier Lawyers Association conducted a three-day Institute which was specifically designed to ascertain the validity and the practical nature of the rate making process. (See Transportation Law Institute, (Bobbs-Merrill (1971)).

A number of speakers in this Institute brought out the fact that the Commission rarely exercises its review power sua sponte. A brief run through a law library which houses Interstate Commerce Commission reports will tell you that the ICC has gone a long way in many of these cases to pinning down certain rate making requirements.

However, this does not provide the kind of check to private rate action which is necessary when the rates are being made by horizontally aligned competitors.

From the Socony Oil case forward, (310 U.S. 150 (1940)), the Supreme Court has held that price agreements between horizontally aligned competitors are usually done for no reason other than the suppression of competition.

The Topco case (405 U.S. 596 (1972)) addresses other agreements between competitors beyond price, finding them to be per se unlawful. As the Court says in Topco, as to interaction between horizontally aligned competitors, "Private forces are too keenly aware of their own interests in making such decisions and courts are ill-equipped and ill-situated for such decision-making."

Where private entities are by regulation permitted to participate in a practice which has been declared to be per se unlawful, declared to have no other reason other than the suppression of competition, it only makes sense to have regular review by a public body of that kind of decision-making. I simply pass on to you the clear economic import of allowing a private self-interest group to set its own prices without any form of guaranteed regulatory control. This is unwise. It is furthermore indicative of the illegitimacy of allowing these self-interest groups to bar the one recourse which might insure public Commission review of their private price-fixing actions. That, of course, would be to allow the rate bureau to protest the independent action of the disgruntled common carrier.

In summary it is my opinion that the rate bureaus are vibrant and fundamental parts of the regulatory structure. Their abolition would create adverse competitive consequences. They function with technical efficiency. On the other hand, their methodology of function must be controlled so that effective motor common carriers who choose to protest the actions of the rate bureau have the right to do so.

This Committee should consider its responsibility to insure that where horizontally aligned price manipulators are allowed by regulation to interact and create a price structure, that their activity must undergo a minimum of public scrutiny, either by the Interstate Commerce Commission, or some other regulatory structure which has the technical competence and expertise to appreciate the consequences of collective rate making.

V. OTHER REGULATORY PROBLEMS

The last area which I will address is the general question of deregulation of the motor carrier industry. As my earlier comments reflect, the motor carrier industry is presently quasi-regulated. Over the last three years, the Interstate Commerce Commission has taken several steps to contain some of the less meaningful components of regulation to their minimum form.

For example, the Commission has proposed that the non-regulated areas within the urban regions in the United States, the commercial zones, be greatly extended, in some instances tripling their geographic reach. While this deregulatory concept is consistent with some of the positions taken by the antitrust division, per the recent pronouncements of John Shenefield regarding the motor carrier industry, and is also consistent with some of the public statements on deregulation by Commissioner O'Neal, it is not a particularly logical methodology to eliminate regulatory pressure.

Simple geographic expansion of a deregulated zone fails to take into account the fundamental economic variables that form the bedrock of regulation. Those common and contract carriers who earn their livelihood in intra-city transport who are protected from the major common carriers by their own regulatory status will now be diminished in number by virtue of this deregulatory move, while the move will have no such impact on the major interstate motor common carriers.

The industry surrounding our various urban areas is serviced by a large number of small common carriers who are protected through certification. By eliminating their protection, but not eliminating any protection of the major interstate common carrier, we achieve very little in terms of stimulating the competitive process.

It has always been my understanding that a commercial zone was established to afford for the logical transfer of commodities in densely populated regions. By expanding the zones beyond those regions, we lose the meaning of "commercial zone" in the name of helter-skelter deregulation. A consequence of this type of deregulatory activity is the elimination of carriers that are organizationally diverse (large and small) and also the elimination of yardstick competition.

Deregulation is not the logical consequence of regulatory problems. There are certain pockets of regulation which are essential to the maintenance of competitive viability in the motor carrier industry. On the other hand, there are component aspects of regulation which could be totally eliminated. For example, in a recent regulatory reform proposal, the Interstate Commerce Commission announced that it would like to have single-shipper contract carrier service deregulated as to the majority of the filing requirements. Since these entities are basically noncompetitive, the regulatory consequence is not significant.

Another classic example of how efforts at piecemeal deregulation have faltered is in the area of gateway elimination. The Ex parte 55 proceedings regarding gateway elimination from 1974 and forward focused national attention on gateway elimination. After extensive study, the ICC proposal still encompassed certain percentage requirements as to "how much" can be eliminated.

Most experts agree that these are totally arbitrary. To say that one can eliminate no more than 20 percent of a route, to continue to maintain certain entry regulations which stimulate dead-heading, is to say that the problem is only one of the technicalities of regulation and not of the substance of it.

[3] The topic of collective ratemaking was used as a study vehicle at the University of Denver this Spring. Copies of student papers on the subject are available through my office.

In fact, the substance of regulation regarding gateways is lacking. Service of smaller population zones will continue by normal competitive pressure without the maintenance of illogical gateway areas.

Furthermore, with the recent decisions regarding the capacity to sell dormant operating authorities, there is no reason to think that the areas, if not served by the present certificate holder, would not be served by the purchaser of a dormant authority. (See Hilt Truck Line, Inc.—purchase—West Suburban Motor Express, Inc., No. MC–F–11887 (January 11, 1978)).

By relaxing the prohibition against transfer of dormant operating authority, we can insure service to low populated areas by competitively hungry motor common carriers. Thus the maintenance of any gateway regulations which have the negative effect of excessive fuel consumption through deadheading are illogical.

IV. CONCLUSION

In conclusion, when one assesses the present practices of the rate bureaus regarding the suppression of independent action, as well as the commercial zone action by the Interstate Commerce Commission, and the gateway activity, it seems that the process of deregulation and regulation is not going well in the motor carrier field. While the Commission has proposed in its Regulatory Reform Proposal of 1977, a comprehensive study of regulation it is my opinion that Commission activity will not be sufficient.

The necessity of Congressional mandate is clear. The motor carrier industry has enjoyed all of the benefits of regulation for the last 43 years, with little return being provided to the consuming public in terms of logical regulation. It would seem that some aspects of regulation are required to meet the original four-tier test mentioned earlier regarding efficiency, innovation, low cost, and logical restrictions on entry. Whether the present regulatory structure can achieve these ends is still an open question.

This Committee has the capacity to take charge of an unwieldy situation in the motor carrier world. The Interstate Commerce Commission has not displayed the requisite capacity to create changes in the regulatory structure that would enhance the consumer interest. I believe that it is acting in good faith, but is simply too large and too old an agency to recognize the need to basically change itself

I urge this Committee to conduct a full-scale investigation, not only of the motor carrier industry but also of the activities of the Interstate Commerce Commission to insure that those vestiges of regulation which must remain are retained solely out of economic necessity, and not out of tradition or individual financial interests.

I do not advocate the total abolition of regulation in the motor carrier world. I do not advocate the destruction of rate bureaus for collective rate making. I most strenuously advocate a complete study of all of the component parts of regulation, this being vital to the public interest as well as the interest of the motor carrier industry.

THE AWACS SALE TO SAUDI ARABIA

Mr. MATHIAS. Mr. President, yesterday the Foreign Relations Committee voted to send to the Senate a resolution of disapproval of the sale of AWACS aircraft and F–15 enhancement equipment to the Kingdom of Saudi Arabia. I voted against this resolution which now comes to the Senate for consideration by all Senators who must make the final decision.

Those of us who were Members of the Congress on August 10, 1964, have pledged that never again would we support a commitment of the magnitude of the Gulf of Tonkin resolution without adequate consideration, mature reflection, and thoughtful debate. Yesterday the meeting of the Foreign Relations Committee gave us the opportunity to test our sincerity in such a pledge by recognizing the gravity of the decision ahead of us.

I do not labor under any illusion that because we approve the arms now contemplated for Saudi Arabia the future of that desert kingdom will be secure. On the contrary, the arms we sell will have to be delivered, demonstrated, and maintained by American experts, both civilian and military. The presence of these U.S. citizens will simultaneously create and symbolize a guarantee by the United States of the security of the Persian Gulf in a way far more significant than President Carter's statement on that subject of January 23, 1980. Furthermore, the existence of the basic American military equipment in Saudi Arabia will create the need for a continuous flow of spare parts and, inevitably, an appetite for accessories and replacements as they are developed and deployed.

So there can be no question in the mind of any serious person that this is a one-shot transaction. It is the first step only in the development of an extended and intimate political and military association with a country with which we already have substantial economic ties.

We are, therefore, on notice about the consequences of the action the Senate will take when it ultimately votes on this issue.

I shall vote to report the sale to the Senate and it is my present intention to support it there. The arguments for and against such a position will have to be examined in debate in the Senate, where there is the time and the opportunity to do so.

For the present, let me summarize the arguments that have led me to the point of voting to approve the sale at the committee level.

In the first place, the President of the United States, the Secretary of State and the Secretary of Defense have each explicitly stated that vital national security interests require approval of the sale. This judgment is confirmed by their three immediate predecessors in those offices. These six opinions, issuing from persons who differ in political background and professional experience, demand respect in the approach to the problem. Their views must be related in debate to the national strategy that guides the conduct of our affairs, not only with Saudi Arabia, but with all the nations of that area.

From that threshold, we look to the advantage of developing a more positive relationship with Saudi Arabia. In this we cannot limit our consideration to the United States, but need to comprehend the interests of NATO as well. It is difficult to see how European nations can dispense with a close association with the Middle East, and therefore American relations with Europe will be touched by American relations with Saudi Arabia. Thus, there is more embodied in this decision than just the level of oil production for the end of the century, the availability to the West, or the price we have to pay for it. This needs broad discussion in the days ahead.

We are thus led to the question of how the sale affects the security of the State of Israel, a major concern of the United States. This should be fully explored and I intend to do so during the debate. Saudi Arabia does not recognize the State of Israel, nor does it support the Camp David peace process, and is not likely to do so in the near future. On the other hand, in cooperation with the United States, it has exercised its considerable influence with Syria and the PLO to moderate the course of events in Lebanon to the advantage of Israel. Other benefits, albeit unintended by Saudi Arabia, could flow to Israel from a stable and peaceful era in the Middle East that would more than offset the presently perceived disadvantages of the sale.

Thus we approach a vote in the Senate of far-ranging importance that transcends the political career of the President or any one of us. It must be illuminated by our debate and the country must be united and not splintered by our decision. Every American has a right to be heard, but it is our privilege and our duty to lead. In such moments of history, the Senate is the national forum and we shall need not mere eloquence to persuade, but wisdom to convince.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

POSTPONEMENT OF DAIRY PRICE SUPPORT ADJUSTMENT AND WHEAT REFERENDUM

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of H.R. 4612, Calendar Order No. 291, an act to temporarily delay the October 1, 1981, increase in the price support level for milk, and for other purposes.

Mr. PROXMIRE. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. BAKER. Mr. President, I move that the Senate proceed to the consideration of H.R. 4612, Calendar Order No. 291.

The PRESIDING OFFICER. The question is on agreeing to the motion.

Mr. PROXMIRE. Mr. President, is that motion debatable?

The PRESIDING OFFICER. That is a debatable motion.

Mr. PROXMIRE. Mr. President, I intend to speak on that motion.

I first want to make it clear that I have great respect for our distinguished majority leader. What he has done here is to motion up a bill which would, in effect, override the basic 1949 Farm Act

with regard to the Nation's 166,000 dairy farmers.

Mr. President, if we do not act on the bill proposed by the majority leader, the provisions of that 1949 act will stay in effect as they have been in effect since October 1 of this year. For 16 days, the 1949 Farm Act has been in effect. During those 16 days, dairy prices were required to have been supported at 75 percent of parity.

What the action of the leader does is to reduce that level of price support. As I am going to point out, it will have a serious effect not only for dairy farmers, but in the rural sections of this country, and not only in Wisconsin and Minnesota, but in a great majority of States.

Mr. President, the provisions of the 1949 act have been the law in this country for 32 years. They have required that the Federal Government support the price of dairy products at no less than 75 percent of parity. And for 32 years, the Government has done exactly that.

Now, 32 years is a period that covers Republican as well as Democratic administrations. The 1949 act was enacted when President Harry Truman was President of the United States. It was kept on the books and it was abided by throughout the Eisenhower administration. Anybody who is more than 40 or 50 years old will recall when President Eisenhower was President and his Secretary of Agriculture was Ezra Taft Benson. And Ezra Taft Benson believed very strongly that we should eliminate every regulation we could and the Federal Government should get out of farming just as much as possible. But even in that administration, even in the Eisenhower-Ezra Taft Benson administration, the 1949 Farm Act was respected, it was supported, it continued, and it permitted the family farm, as I am going to point out, to continue.

This, of course, covered the years of the Kennedy administration and the Lyndon Johnson administration, and those were tough years. In the Johnson administration the surplus of milk was bigger than it is now. In spite of that surplus, we were able to get through it and reduce the surplus and sell the surplus, most of it, back into the market with very little loss to the taxpayer, and without permitting dairy price supports to fall below 75 percent of parity.

This law was respected and supported throughout the Nixon administration, throughout the Ford administration, and throughout the Carter administration. For 32 years, it has been the law of the land. The result, Mr. President, has been the preservation of the family dairy farm.

In addition to that, I think we should recognize that not only has the dairy farmer had an opportunity to continue to operate and produce, but the effect on the consumer has been reasonable. In fact, it has been favorable. The price of milk has risen, during that period when we have supported the price the farmer receives for dairy products, but the price of milk has risen less than the price of other food, less than the cost of living.

It has risen less than half as rapidly as wages have risen. In other words, you can buy a quart of milk today for less than half as much time put in in working and earning your wages as you could in 1949 when this went into effect. So the consumer has not been hurt. As a matter of fact, this has stabilized prices and has enabled the family farmer to continue. That is one of the reasons why milk prices have stayed at a reasonable level.

How about the taxpayer?

Well, the cost to the taxpayer has been modest, about $300 million a year. That is less than one-tenth of 1 percent of the Federal budget. When you consider the importance of dairy products, the importance of nature's perfect food, the importance of having dairy products available, that $300 million a year is less than one-tenth of 1 percent of the Federal budget. As a matter of fact, today that would be less than 1/20th of 1 percent of the Federal budget, less than 1/2000th of the Federal budget. That represents a good investment.

By passing the measure that the majority leader would call up, we effectively kill this 1949 law. We hit the dairy farmer more cruelly than any other significant economic group in the country.

I want to document that because a lot of people would challenge it, saying, "Well, dairy farmers are no worse off than a lot of other people."

Mr. President, there is nobody else, nobody, who would have the price that they sell their principal product frozen at the same price it was a year ago and continue that price level throughout 1982, throughout 1983 and throughout 1984, with the devastating effect on any business of having frozen the price at which they sell. The business would not permit it. They could not stand for it. There is no way they could stay in that kind of a business.

A dairy farmer getting out of business is very, very painful indeed, and when they do get out, it will have a serious and sad effect on the country.

Mr. President, I realize we must make some adjustment in dairy price supports. The dairy farmer knows he faces a grim future at best. But let us not prejudge the action we finally take in the 1981 farm bill by telling the dairy farmer he is forced to forego an upward adjustment. He would have gotten an increase in dairy price supports last April but if you recall that was one of the first actions taken by the Reagan administration, that price increase being blocked, knocked out. For the first time since 1974, I believe, there was no semiannual increase in prices for the dairy farmer. That occurred only last April. A lot of people have forgotten that. Now he is asked to forego it on October 1 this year, even though the basic law would provide a modest, and I will point out a very modest, increase for him.

Furthermore, the bill that this body passed and sent to the other body would, as I say, freeze that price for 3 years to come.

Mr. President, by accepting the pending bill, we deny the Nation's dairy farmers the price they should receive for their milk and which the present law of the land guarantees them.

Mr. President, this morning's edition of the Washington Post, which I hold in my hand, reports that the 1981 farm bill has run into deep trouble in the House.

The headline, on the front page of the Washington Post, says, "A Double Hit on Peanuts and Sugar." It goes on to say:

> In an extraordinary repudiation of two powerful special interests, the House voted yesterday to kill a sugar price-support program and to put an end to historic protections for peanut growers.
>
> The actions came as the House continued debate on a four-year farm bill that is now sharply at odds with both a Senate-passed version and White House insistence on fiscal austerity.
>
> The double whammy on peanuts and sugar, a rare same-day rejection of two major farm powers, reflected consumer fears of cost increases and a reaction against special protections as other programs are cut. It also suggested more trouble for similar reasons for another rural kingpin, tobacco, when the House resumes debate next week.
>
> Agriculture Committee leaders——

And this I want to particularly stress.

> abandoning plans to finish the bill yesterday, suddenly moved to postpone further action, ostensibly to make a new effort to reshape the badly battered agriculture coalition that in past years has had its way at virtually every legislative turn.
>
> "The whole bill is in jeopardy now," said Rep. Margaret M. Heckler (R.-Mass.), an engineer of the sugar derailment, "and the farm bloc is disturbed because its unity rule is broken. I would not be surprised to see the bill recommitted to the Agriculture Committee and there is talk of that occurring."

If the farm bill is recommitted in the House, that could mean, in the first place, that it could be delayed and delayed at some length. It may be that the committee may rewrite the whole bill, including the dairy section. It is not impossible that the House could conceivably provide a small upward adjustment. I want to explain why they could provide that, if we do not act on this proposal that the leader has proposed today.

As I say, they could rewrite the whole bill including the dairy section, and if they do they would permit a small upward adjustment in dairy price supports at least to the dollar and cents level required under the 1949 act rather than require that the price roll back to the $13.10 level that prevailed on October 1, 1980.

Mr. President, this is why my delay of this bill could be significant in the kind of return Minnesota farmers and Wisconsin farmers, and other dairy farmers, will be getting in the coming year.

The House could make the base of their decision the support level in effect when they act on the bill. What level would that be? It would be $13.49 per hundredweight, provided we do not pass the bill pending before us. If we do pass the bill, the support level would be $13.10 without any question. It might be that anyway. But if we do not pass this bill, at least we have a fighting chance of a 39-cent-per-hundredweight increase the farmers will receive for their milk.

That is the crux of the issue right here. Should we permit that very modest increase to 75 percent of parity which is what an increase from $13.10 to $13.49 would provide? Should we do it?

In the first place, what difference would this make to the typical dairy farmer. The University of Wisconsin, and I have been in touch with them this morning, calculates a difference of $160 a month, and that, Mr. President, for thousands of dairy families, will make the difference between whether they survive or fail.

I might add that for hundreds of rural communities throughout our Nation that $160 a month for their principle customer in many of their stores can make a massive difference in their economic health.

Mr. President, $160 a month would be nice for anybody. Why do the dairy farmers have to have it? Because, Mr. President, in the last year their costs have gone up far more than that, typically. This price does not go back to 80 percent of parity. It would go back only to 75 percent of parity. It would be a modest, limited adjustment. It would make sense. It would be logical. It would be much fairer than the proposal to freeze that price at the same level it has been for the last year and then keep it there for another 3 years.

Mr. President, this is what this fight is all about. Pass the bill before us and we write off thousands of dairy farmers. Kill it and at least we still have a fighting chance of permitting thousands of dairy farmers who would otherwise face the heartbreaking sorrow of selling out to stay in business.

Dairying certainly is big in Wisconsin. In my State it dominates my State's rural areas. We have about 25 percent of all the dairy farms in the country.

Cheese factories often provide the prime employment in our small rural towns. We produce a massive 40 percent of all the cheese in the country. As a matter of fact, we produce 9 percent of all the cheese in the world, the entire world. With the billions of people in the world and the enormous size of some foreign countries, we produce 9 percent in our State alone. I am not talking about our country; our State produces 9 percent of all the cheese in the world and produces 40 percent of all the cheese produced in America.

Mr. President, a freeze of dairy prices at the level of 1 year ago, as the Senate farm bill would provide for the next 3 years, would be a truly major economic disaster in Wisconsin. But, Mr. President, Wisconsin is not alone. Dairy is big in Minnesota.

(Mr. GORTON assumed the chair.)

Mr. PROXMIRE. Michigan is another big milk-producing State, New York, California, Iowa—in fact, in most of our States, dairy provides the No. 1 cash crop. So a 3-year dairy farm depression of the kind the Senate farm bill would bring would mean a far greater rural disaster than most Senators realize.

Mr. President, I want to quote from an article by the general manager of the Associated Milk Producers, Inc. He made a presentation in Madison, Wis., recently, on the vital importance of dairy price stability. It is very. very germane to what we are talking about today and I wish to call the attention of the Senate to that article.

Mr. Rutherford said:

As all of us—dairy farmers, processors, distributors, retailers and suppliers—have struggled to survive and make a fair profit, I think we have come to realize that we are mutually dependent. Ours is a small industry and I want you to know today that we recognize this interdependence and we appreciate the relationship that AMPI has with many of you.

I'm going to talk about the marketplace, but I want to stress that we feel the minimal role the government plays in the marketplace is a vital one. Over the last 10 years, the government removals from our markets averaged just over three percent of total marketings.

I think you would agree that this is a minimal amount. Why, then, is it so important?

Milk is a unique commodity:

1. It is highly perishable.

2. It is "harvested" every day, and must be sold literally every day.

3. There is a delicate balance in dairy production and it's easy to quit, but hard to build productive capacity at the farm level.

4. On-farm investments are large and are not useful for producing other commodities.

5. Social characteristics: dairymen are tied down by twice-a-day milking.

Together, these characteristics would create such a volatile market that farmers could not survive. We continue to need this minimal involvement of our government.

Stability is the key word. It is important that the government buy enough products when a surplus exists to stabilize low prices, and it is equally important that the government sell back at appropriate levels to stabilize extremely high prices.

Our goal, then——

And Mr. Rutherford was talking to a group of very interested people. By "interested," I mean they had an interest. He was talking to people who are farmers and processors, distributors, retailers, suppliers.

He said:

Our goal, then—and this is timely because of the four-year farm bill—is price and production stability.

We do not seek a guaranteed income for dairy farmers. We do not seek unrealistically higher prices. We do not try to keep unneeded production capacity at the farm level. We do not want a social program for dairy farmers like Europe has.

We have realized that precipitous price increases:

Cause hardships on our customers

Drive consumers away from dairy products (and they are hard to get back)

Cause unneeded productive capacity to be built at the farm level

Cause pressures to market analogs or imitations at cheaper prices.

We also are painfully aware that precipitous price decreases:

Cause hardship on our customers, and

Drive dairy farmers out of business whom we may need next year.

A working price support program is the cornerstone of this stability we want to achieve. I am one who believes that the outlook for stability in our marketplace is in extreme jeopardy by proposals to radically lower price supports. I will come back to outlook in a minute, but let's review a bit of recent history to gain perspective of what I am talking about.

Mr. President, I shall come back to Mr. Rutherford in a minute, but let me discuss it for a moment.

This is one of the principal reasons I wanted to call this to the attention of the Senate, because I think it goes right to the heart of the notion that when you have a big surplus, all you can do is pull the plug, let the price sink to whatever level it will go, and let the producers fall by the wayside and get out, however painful, however destructive that may be. Mr. President, if that were the only solution, we would have to face it and do it.

Sometimes you have to do that. Sometimes you have to face the fact that many of your producers will have to go out of business. But as Mr. Rutherford points out, we have had recent experience with exactly the kind of problem we face and we have been able to get through it without the kind of disastrous, destructive, punishing, cruel policy which the Senate put into its farm bill, in effect, freezing dairy prices for 3 years to come.

In 1973, the price support program for milk was lowered ten percentage points. Milk had been supported at 85 percent of parity, and it was lowered (by freezing the price) to 75 percent. That action set off a series of shock waves that did not settle down until 1976. Let's use the block cheese market as an example.

At the beginning of 1973, the block market was 60½ cents. By the end of that year, the market had boomed to 84½ cents—nearly a 40-percent increase in twelve months.

In 1974, an ill-timed effort to compensate for a short supply, Secretary Butz brought in emergency imports, and by the end of 1974, the price had skidded to 67½ cents—a 20-percent price slump. I can remember that year painfully because of what happened to our profit and loss—perhaps you can, too.

In 1975, the price boomed back to $1 per pound—an increase of nearly 50 percent. Again, we had price awareness and all the pressures that came with it.

In 1976, the price support was raised and we returned to relative stability.

This period—1973–75—is a textbook example of how not to run a stabilizing program, but we may be going into just such a period. If the price support is set too low in the four-year farm bill, this market instability will result.

What is too low? The answer is not an easy one—if it were, there would be little debate in the industry. Remember, the price support has been at 80 percent of parity. We are certain that the ten-percentage-points reduction will have the same result that it did in 1973.

Mr. President, at this point, I might point out that we are not talking here about a 10-percent reduction, we are talking about a reduction that could be as much as 25 percent or more. We are talking about freezing the price at the 1980 level, at the October 1, 1980, level. Since that time, we have had a big inflation and the parity has gone down to about 72 percent or 71 percent. If we continue, as the Senate farm bill proposes, to freeze that price until 1985—and that is what the experts tell us is going to happen if the 1981 farm bill goes into effect—then we shall have parity down close to 50 percent for milk. Then we shall have a truly roller coaster ride that will really devastate our dairy farming industry, drive out thousands of highly productive and efficient dairy farmers, and result in a situation in which the milk price will then go right through the roof in the latter part of this decade.

Mr. Rutherford goes on to say:

When coupled with poor returns in other agriculture and poor cull cow prices, and poor job markets in town, more people are depending on dairying and we are producing too much milk. But price supports below 75 percent of parity are an extremely radical adjustment. We have had a 75- to 90-percent price structure since 1949—32 years. Although there have been periods of surplus, we have always returned to normalcy.

A two- to three-year price freeze which Secretary Block advocates will almost surely catapult us into a repetition of the early 1970s. If this does happen, my advice is to look at the lessons of the past and manage your business accordingly. This extremely important issue hangs over our heads like a thundercloud and makes it extremely difficult to analyze market outlook and plan accordingly.

There have been other changes in our national policy environment during this past year. Some of these changes are unquestionably good for our industry, some are bad (at least in the short run), and frankly, we don't know the impact of others.

There is an environment of noninvolvement, a new kind of laissez faire, at the federal level. This is a two-edged sword.

The pendulum has swung away from what I call maternalism (Carol Tucker Foreman telling us what is good for us and our children and literally forcing us to eat it).

Such things as menu-planning guides, nitrite exposes, and cholesterol scares are not in the current program.

The Food and Drug Administration's current emphasis seems to be on food safety, not nutritional labeling. This is consistent with the "anything goes" free market. But I think all of us in the natural cheese industry have problems with "anything goes" attitudes on labeling and product standards.

We manufacture high-quality products and we do not want consumer deception which can take place without adequate regulation. All of us must continue to fight the labeling and product standards fight at the federal level, but in this new environment level, we should also renew emphasis at the state level. We in AMPI are gearing up for more activity at the state level and we would encourage you to do so.

On another front, feeding and child nutrition programs are in real trouble. Funding for school lunch, special milk, and WIC, are all in trouble. Those of you who interface with this area should watch it very carefully.

We support the president's efforts to stabilize the U.S. economy and we are pledged to do our part.

In spite of the fact that there are several unknowns in the area of market stability, we see the marketplace for cheese and other dairy products as exciting and challenging in the next few years.

Over 25 percent of the milk that is produced in our country is manufactured into cheese. We expect this percentage to be even greater in the coming years. We are convinced that this greater volume of cheese will be produced in fewer, larger, more automated and specialized plants. This trend, together with the explosion of technology in whey processing, will take place in spite of the logistics of assembling large supplies of milk to run these plants.

As you know, one of the big problems we all face is the cost of energy. In economic terms, this milk assembly function is a nightmare of inefficiency. In many areas, six or eight trucks run down the same road to pick up milk from alternate farms. This will improve in a number of ways:

Some assemblers will go out of business or merge into remaining units.

Joint venture approaches will be increasingly used.

Trucks will be larger, and

As farms get larger, there is increasing potential to remove part of the cow water on-farm. This is a technological development which you will see used on a limited basis within five years.

My point is this: Increased milk assembly efficiencies will allow you as processors to continue to take advantages of scale and build larger plants and still keep them full of milk at reasonable, laid-in costs.

Also, in the coming years, I am convinced that we will see a greater degree of integrations—both forward and backward. I don't know whether this is a goal, but I believe it will be a reality. Both cooperatives and retailers will increase their share of the business as some old-line companies seek a higher return on their capital and retreat from cheese manufacturing.

Many of the things we have done in the past, Mr. Rutherford says, we will have to adjust and change:

We must have and we will have:

New markets,

New products (not just sizes and shapes), and

New in-plant technology.

With increased distribution costs exaggerated by population shifts, we should look forward toward more effective ways to get our products to the consumers.

We must continue to stress both generic and brand advertising.

The remainder of this article is interesting and useful, but it does not relate directly to the issue I am discussing.

Mr. PROXMIRE. Mr. President, the New York Times, like many of our excellent metropolitan newspapers, seems to have a blind spot when it comes to agriculture—not only a blind spot, but also a kind of deep, unfortunate prejudice, a negative feeling that somehow the farmer is living a life of Reilly; that life is good and easy and rich for the farmer. I do not know where they get that idea or why responsible newspapers do not do what the Wall Street Journal did a couple of years ago, when it sent a reporter to stay on the dairy farm for a couple of days to see how it operates.

The Wall Street Journal did that, and one of the finest pieces of economic reporting I have seen in years was the result. It showed how very difficult it is, how hard and onerous it is, for a dairy farmer.

I call that to the attention of the Senate because, recently—it was September 16, just a month ago—the New York Times published an editorial entitled "Let Them Eat Price Supports." I responded to that editorial by saying:

Your September 16th editorial—"Let Them Eat Price Supports" takes the cake as your meanest, most ignorant, if-your-opponent-is-down-kick-him editorial of the year. On Tuesday, September 15th, the Senate adopted decisively the Administration's proposal to hold dairy price supports at their present $13.10 per hundred weight level until the cost of CCC acquisitions reaches a level the experts say we won't reach for at least three years. So the very next day—Wednesday, September 16th, comes your editorial that makes the ridiculous assumption that dairy farmers are still the spoiled darlings of the Congress.

The University of Wisconsin experts have found that the typical Wisconsin dairy farmer, his wife and his family in June of 1980 (with 80 percent price supports) worked 135 to 150 hours a week.

Again, his wife and his family, three or four people together, worked that 135 to 150 hours a week.

Their net income was $2.89 per hour or fifteen percent less than the minimum wage. By effectively freezing dairy prices for three years the Congress would force the dairy farmer to take the next three years of inflation entirely out of his net income. No significant groups of workers or businessmen in America will make this kind of sacrifice.

University of Wisconsin economists calculate that this will drive the average Wisconsin dairy farmer's income down by a savage $9,000.

A typical dairy farmer who now makes $15,000 a year would make $5,000 or $6,000. That is what would happen. This is not a matter of supposition. It is a matter of very careful, responsible calculation by the outstanding experts in our country on dairy farming.

I go on to say:

Dairying requires far more than hours of work. It requires a high level of skill in handling complex machinery, keeping a herd healthy, planting, harvesting hundreds of acres of feed, and competent bookkeeping and management. Unlike editorial writing or most jobs—it requires a considerable investment, and these days that dairy investment yields almost no return. With prices frozen for three years it will yield less than nothing.

The basic 1949 price support law has enabled the highly efficient family dairy farmers to stay in business as the dominant production unit while reducing the number of dairy farms from more than 400,000 to less than 170,000.

To be precise 405,000 to 166,000.

It has restrained the rise in the price of milk to a lower pace than either the consumer price index or the rise in prices of other food. Since the advent of the law 32 years ago, wages have risen, about twice as fast as the price of milk or ice cream. For the typical American worker an hour's work will buy twice as much milk as before the Congress enacted this program.

And the cost to the taxpayer has been modest. In some years as in 1980 and 1981 the acquisition cost to the CCC of milk has been high but the sell back of the surplus has consistently reduced the cost of the program to an average over the years of less than $300 million. Few federal programs have provided such a rich payoff in assuring an essential commodity at a modest price.

Then in writing to the New York Times, I said:

You are right in pointing out that this program does breach free market principles. But without it the prospect of persuading thousands of immensely efficient dairy families to stay in production would be dim.

Mr. President, when I say "immensely efficient," I mean that. On any basis, when you consider the fact that we now have only 40 percent of the dairy farms that we had 32 years ago, the number of dairy farms has shrunk, as I say, from 405,000 to 166,000, and yet that only 40 percent of the dairy farms is producing 10 percent more milk than the much larger number of dairy farms did in the past, the answer is clear, decisive, and impressive productivity increase. Because the labor on our dairy farms has declined just about as much as the number of farms, these are overwhelmingly family farms. There are almost no corporation dairy farms. Corporations cannot make it because they cannot make a profit on paying wages they would have to pay.

The only way you can make it as a dairy farmer is if you sacrifice yourself,

your wife, your family and the work you do by working an enormous number of hours at a very low level and you have to be a mechanical expert to do it.

So the efficiency of the dairy farmer has been remarkable.

I go on to say:

The action of the Senate in effect suspending the supports for three years endangers the continuation of a program that, for 32 years, has given the American consumer an assured, safe, sanitary source of nature's perfect food, a food essential for our children and beneficial for all of us. And, yes, the price support program is, indeed, essential because, without it, the most efficient of all producers—the family dairy farmer—simply could not have survived the big swings in price, and, therefore, income.

Mr. President, it is interesting that that letter I just read, which was written a month ago, was written almost exactly a year after my response to another New York Times editorial, and somehow we cannot seem to get the idea across.

I say the New York Times, and I do not want to belabor the fact that this is probably the greatest newspaper in the world, and it is. It is a highly responsible newspaper. It has brilliant people working for it. It has done a great job for our country, and I think of all the institutions in our country this is the one that is honored perhaps more than any other or should be for the great work that they have done. The newspaper is a very important part of the strength of our country, and I think our newspapers are the best in the world and the New York Times is the best of ours. Yet I cannot avoid the feeling that somehow they have a terrible, inexplicable blind spot when it comes to farming and especially dairy farming.

Back on September 29, 1980, as I say that was just a year before this second editorial appeared, they had a note in their editorial notebook on the editorial page in which they said:

(The milk support) system works. It provides a handsome living for the owners of the big, factorylike dairy farms of the upper Midwest . . . .

And my response was:

What absolute nonsense! Wisconsin is the pre-eminent dairy state. For the past thirty years, I have visited literally thousands of Wisconsin dairy farms. I have worked on some of these farms, including some of the best and biggest. I have examined hundreds of records of incomes and expenses. And no Wisconsin dairy farmer makes a "handsome living". Sure, the equipment is first class, production meticulous and sanitary. The human hand never touches the milk from the cow's udder until it enters the carton you buy in the store. But handsome living? I challenge the New York Times to find a single dairy farm in Wisconsin from which the owners make anything like a "handsome living".

The best dairy farmers in America earn less than two dollars an hour and usually much less. They and their wives and children work endless hours, take big risks on the health of their herd and the vagaries of the weather, borrow at cruelly high interest rates to buy equipment that has skyrocketed in price. And together with other American farmers produce food that costs the American consumer a smaller part of his income than ever before in our history or than in any other country in the world.

I think we have too few people appreciate that, that we in this country pay less for our food now in relationship to our income than we have ever paid before and less than people in any other country pay.

Yet this great paper—and it is a truly great paper—carries editorials and editorial comment talking about how the farmer is rich and living the life of Riley and has a big factory-like farm.

Mr. President, I think I have probably traveled my State more than anyone else in history has ever traveled that State. For 30 years I have spent a great deal of time in the State. I have been to every little town of 100 or more. When I ran for the State legislature I went to every single farm in my district. I talked to farmers. I visited farmers in every one of our counties at great length, and I have yet to find a factory farm. Where are they? There are no corporation farms in the State. As I say, the corporation cannot exist because they cannot pay the wages that the farmer, his wife and children are able to assume by working at such a level.

You cannot find someone who will come on and work the endless hours and be able to do the job, have the efficiency to do the job and make $2 an hour or $3 an hour. Obviously you cannot do it. To get a competent farmworker you have to probably pay him $5, $8, or $10 an hour, and with that kind of pay you cannot make it.

That is why there are no significant numbers of factory-like dairy farms, big farms in our State.

So I conclude:

And the cost to the taxpayer of all this? Less than one-third of 1 percent of the defense budget.

Come on, New York Times, your editorial notebook editor, Peter Passell, is a delightful provocateur. But how about springing for a 24-hour trip to Wisconsin. If he can find a single, truly rich dairy farmer, I will vote for, or well, I will consider voting for the next New York City bailout bill.

Mr. President, I referred to that Wall Street Journal article. No one would say that the Wall Street Journal is a patsy for dairy farmers. No one would say the Wall Street Journal is a patsy for big Federal programs. The Wall Street Journal, perhaps more than any big circulation paper, and it has an enormous circulation, has been very critical of regulations in every administration even in this administration, and it has been a paper that has been critical of the farm program.

Yet they did have the integrity and the good sense to send a reporter named Lawrence Ingrassia to Jim Falls, Wis., to see what dairy farming was really all about. What did Mr. Ingrassia find out? It was a very interesting analysis of this economic phenomenon we have in our country. The most productive aspect of our great economy is farming. And here is what Mr. Ingrassia wrote:

JIM FALLS, WIS.—Calvin Maier milked his first cow in 1940, when it was done by hand. Fields were plowed with horses, and manure was shoveled out of the barn.

Machines do all this today, but one thing hasn't changed. The cows must still be milked morning and night, seven days a week, 365 days a year. Even with modern conveniences. Mr. Maier is tied to his farm just as his father was.

He has had one vacation in 15 years and usually gets away for only a couple of weekends a year. The 45-year-old dairyman spends so much time with his cows, he says matter-of-factly, that "you could blindfold me and sit me beside a cow, and if I felt her udder I could very likely tell you her name."

Despite laboring long hours, often in bone-chilling cold or sweltering heat, in a dreary and pungent barn, Mr. Maier loves dairy farming. But fewer and fewer dairy farmers are up to this daily drudgery, especially when they see many of their country cousins—farmers who raise only grain for instance—heading to Florida for fun in the sun each winter and jetting to farm conventions now and then.

Farmers have been getting out of dairying in droves. There are currently about 170,000 U.S. dairy farms, down 35 percent since 1969, and a proposal by the Reagan administration to hold down dairy price supports could hasten the departure of more dairy men.

That doesn't mean that the children of America will go without milk. Although fewer, the remaining dairymen have become so efficient that they produce more milk than Americans drink. Rising farm productivity in the U.S. is well known, but perhaps nowhere is it more evident than on dairy farms. The average bossy produced 11,813 pounds of milk last year, up from 5,842 pounds in 1955, because of improved breeding and feeding.

Let me just take a minute on that statistic, that in only 25 years means an increase in the production per cow of more than 100 percent. That takes not only research at places like the University of Wisconsin and other places, but it takes a great deal of thoughtful effort and work on the part of veterinarians, on the part of farmers, and on the part of many others. It is a great achievement and it is a great thing for our country that we have had this terrific increase in production per cow as just one of the many elements that have gone into this increased productivity.

This is the Wall Street Journal again which goes on to say:

For all the complaints about sagging farm income, dairymen have prospered. Increased productivity and higher prices helped raise the average profit before taxes of Wisconsin dairy farmers to $19,635 in 1979, up 76 percent from 1977, according to Truman Graf, a University of Wisconsin agriculture economist.

That is an interesting figure, is it not, up to $19,000, a big increase to $19,000. This $19,000 happens to be the average income of the average family that has no investment, that takes no risk, and that works not 150 hours a week but far less than that, often has one worker in the family who works 40 hours a week or 35 hours a week. So that comment that dairy farmers are doing well, I think, should be put in that perspective.

The article goes on to say:

WATCHING WASHINGTON

But President Reagan's plan to eliminate a scheduled April 1 increase in dairy price supports would skim the cream off the farmers' profits. Under the program, the price of milk rises with inflation because the government offers to buy milk at the support price—which lately has been increased twice a year—and thus forces other buyers to meet that price.

Forgoing the April price-support increase

would cost Wisconsin dairymen, for example, an average $5,850 a year, Prof. Graf estimates.

This is all history, we know what happened. Mr. President, we did forego that price increase, and now we are being asked to forego the price increase not for a year, not for 2 years, but for 3 years more; so it will be 4 years altogether from October 1, 1980 to October 1, 1984, before there is any relief, if the Senate bill goes into effect, when there could be any increase in the price the dairy farmer receives.

But it also would save money for shoppers. It's estimated that if Congress rejects Mr. Reagan's proposal milk prices will rise about 7½ cents a gallon, cheese 9 cents a pound and butter some 10 cents a pound. Despite heavy dairy-lobby opposition, the proposal is moving through the House and Senate and is expected to be approved by April 1. The House Agriculture Committee approved the Reagan plan yesterday.

In the past, any threat to price supports would have touched off intense lobbying by the politically potent dairy industry. But this time the protests have been somewhat muted, at least in some segments of the industry.

He is not talking about the bill before us, Mr. President, and believe me they are exercised about that, but the action we took last April:

For the Maiers, and for many farmers here in the rolling dairy country of northwestern Wisconsin, dairying isn't just a way to make a living; it's a way of life. In Jim Falls, a hamlet of about 150 and home of Falls Dairy Co., such evening activities as Lion's Club dinner meetings and school parent-teacher conferences never start before 8 p.m., so farmers have time to finish their chores.

The Maier children belong to the Junior Holstein Association, not the Boy or Girl Scouts. Instead of golfing in the little spare time they have, Mr. Maier and his friends gather at meetings of the Dairy Herd Improvement Association.

Running the farm is a family affair. About 6 o'clock each morning, a bleary-eyed Mr. Maier shouts upstairs to get Tom, 16, Shari, 14, and Steve, 13, up and out to the barn. (Mary, nine, and Tim, five, get to sleep longer but they will help later.) Tammy, 19, goes to college but has to pitch in on weekends when she's home. Mr. Maier's wife, Eunice, 42, handles the household chores. She worked in the barn too when the children were younger.

The Maier's spend endless hours in the musty, cramped barn, which never gets above a nippy 48 degrees or so in winter and always smells of cowhide and manure. The Holsteins are waiting patiently every morning in their narrow, straw-filled stalls. Dairy cows must be milked twice a day at about the same time. Otherwise their udders, engorged with milk, hurt and they bellow for relief.

Of course, they dry up and do not give any milk at all:

SOAP AND WATER

Even with automatic milking machines, the task is tiring and time-consuming. Tom, who helps Mr. Maier with the milking, first washes each cow's udder to meet strict sanitation standards. Each milking machine (the Maiers have four) has four stainless steel suction cups that must be attached individually to the cows' teats. The milk is pumped through plastic tubes into overhead pipes, which carry it to a refrigerated tank in a separate clean room in the barn. It takes five to ten minutes to milk each cow, or a minimum of about two hours in both the morning and evening.

Incidentally, when I worked on a Manitowoc dairy farm about 6 weeks ago, each milking took not 2 hours but 4 hours because on that farm they were milking 90 cows, one farm family, a tremendously engrossing and time-consuming job just to milk the cows—4 hours—and we started milking at 4 o'clock in the morning. At 4 o'clock in the afternoon it was also done and, as I say, took 4 hours, and the rest of the day had to be absorbed in very hard, tough work in bringing in the feed and keeping equipment in shape, and so forth.

To go on with the article:

All the while, Steve and Shari lug 50-pound bales of hay to feed about 60 calves and heifers that are raised as replacements. The children head into the house at 7:30 to get ready for school. Their evening chores start at 4:30 and last till about 9, with an hour off for supper at 5:30.

The Maier children sometimes grumble about their never-ending duties. "It makes me mad," Shari says. "After school some of my friends go swimming or work out at the gymnasium. They go to movies all the time." Tom and Steve play football in the fall, and Shari is the manager of a girls' basketball team in the winter, but they don't get out of their chores. They just end up working later.

And there's more to dairy farming than milking and feeding cows. The barn must be cleaned, calves checked, machines fixed, new straw bedding put down and fields plowed, planted, fertilized and harvested. Each winter morning Mr. Maier spends a bone-numbing hour on his tractor spreading manure on his fields. (Inside the barn a conveyor belt in a gutter, placed strategically behind the cows, carries it to the spreader.)

ARTIFICIAL BREEDING

Like most dairymen, Mr. Maier has spent years improving his herd through breeding. His cows average 17,070 pounds of milk a year, compared with 12,500 pounds in 1970. To keep track of production and for help in breeding, Mr. Maier gets a computer printout each month (for $75) showing such statistics as how much milk and butterfat each cow is producing, the day it last calved and its age.

Each cow is bred every year, by artificial insemination. Mr. Maier selects from a list put out by vendors the bull semen he thinks will produce the best calf out of each cow. The cows are milked until six to eight weeks before calving, when they are allowed to go "dry" so they can build up their strength before delivery.

About three-fourths of Mr. Maier's cows are four years old or younger, but his oldest cow, 10-year-old Flec, is one of the best; she yields more than 20,800 pounds of milk a year. And one of her granddaughters, Fancy, a five-year-old, is the best producer of all.

Mr. Maier sells about 25 percent of his cows each year, replacing the poorer producers with offspring of his better cows. One hamburger candidate this spring; Gail, whos producing about 14,000 pounds of milk a year. But Faith, a two-year-old great-granddaughter of Flec who is producing at a rate of 11,600 pounds a year, will be given another year to improve. "When a cow's got a good family, you don't kick her out without giving her a chance," he explains.

HOME EVERY DAY BY 4

Modern equipment enables the Maiers to run a bigger farm now with the same amount of work it took before. But the size also makes it hard to get away because it would take several outsiders to run the farm. This rankles Mrs. Maier, who grew up in Colfax, about 30 miles west of here. Usually a jovial woman, she talks glumly about the year-round demands of dairying.

I think too few people realize that aspect of it, the sacrifices that a farm wife has to make. The farmer may love his work even though the rewards are meager, but it is a terribly tough life for the dairy farm wife who has to work endless hours not only in taking care of the home and the children, but also in actually keeping the books, which most farm wives do, and that is a very difficult and very important aspect of farm management, and they also do a great deal of the physical work. Many, many farm wives will run tractors, handle the milking machines, repair equipment, and so forth and, of course, there is little or no recognition of the tremendously hard work they do.

The article goes on to say:

"When we get together (with my family) for the holidays, we have to come home at 4 o'clock to milk the cows," Mrs. Maier says. "My sisters (who aren't married to farmers) have a different kind of life. Two of them just came back from weekends in Las Vegas."

Since buying the farm the Maiers have taken just one vacation, to Colorado in 1978 as chaperones for a group of 4–H children; Tammy stayed home and ran the farm with two relatives. Most years the Maiers get away for just a couple of weekends to the Minnesota and Wisconsin state fairs, usually leaving Tammy and Tom behind.

For Mr. Maier, who says he has few interests outside of dairying, this life is worth enduring the austerity. He cherishes being his own boss and watching his children grow up. Five-year-old Tim, for example, faithfully follows his father throughout the day, craning to see Mr. Maier help a cow deliver her calf one moment and tossing hay with a pitchfork the next. "I'll know my boy better than any father in town ever will," he says proudly.

Mr. Maier's zest for dairying has rubbed off on Tammy and Tom, who plan to dairy farm, the grueling schedule notwithstanding. For them, going into dairy farming is natural. "I never had very much free time when I was a kid, so I don't think I'll miss it when I'm older," says Tom. "I would rather be doing something in the country than sitting behind a desk." Tammy adds, "I don't know anything else but dairy farming."

Now, that is the hard, tough kind of life that the dairy farmer has to lead. And I think that the Wall Street Journal deserves special commendation for having sent a reporter out to do something that no other paper seems to do. I hope that thousands of people read it, because if they did, I think they would have a more sympathetic understanding of the difficulties of the life on the dairy farm and why the dairy farmer is not asking for a good life, but he is just asking for the chance to continue to survive.

Mr. President, the Wall Street Journal, unfortunately, is the exception. They sent a reporter out, who did, I think, a first-class job. Television is probably worse.

CBS, which, of course, is a great network. And Charles Kuralt, Walter Cronkite, and Jane Bryant Quinn are outstanding personalities who do a celebrated, rightly celebrated, job.

But I would like to read from the kind of impression that the general public

gets about farming, and about dairy farming particularly, from the transcript of a television appearance on March 4, 1981. I want to read that and then I want to comment on what is wrong with it and why it is a gross distortion.

Of course, these days, unlike the situation when I first came to the Senate back in 1957, and certainly unlike the situation 50 years ago when 20 or 25 percent of our people lived on a farm, most people just get their idea of what a farm is like by watching television. They do not have any other view. Some people really have the impression that television is giving them an accurate picture, because television, unlike the newspaper, shows actual film. It has a convincing quality that no newspaper report can give.

I think a feeling on the part of many people is: "Well, I saw it with my own eyes. This is the way it must be." Of course, the difficulty is with what the TV people select. And in a television program, with the colossal amount of film they run, with the universe of farming that they can report on, what they select can be rather prejudiced, as I am going to show.

This was on March 4, 1981, when we had before us the Reagan administration's first initiative with respect to farm price supports, when they were fighting to persuade the Congress to eliminate the upward adjustment that the law required for dairy farms on April 1. So this was on March 4, a few weeks before that. Mr. Kuralt said the following:

Mr. Reagan's program faces its first vote in Congress today. The Senate Agriculture Committee will decide whether to approve his request to kill a scheduled increase in the government's price support for milk. It's a decision which will have great impact on dairy farmers, of course, but it will have an impact on city dwellers too, on anyone who produces or consumes milk and the products made from milk. Jane Bryant Quinn's been looking into the milk price support program, which is one of many that sprang from depression-era efforts to protect farmers from bankuptcy. Jane?

JANE BRYANT QUINN. Charles. A lot of people hate farm price supports because they put the price of food up. But if they're done right, price supports are actually good for us. Without them, we'd have boom and bust cycles in food production, just as we have boom and bust cycles in blue jeans or the stock market, except that on the bust side of the food cycle it's the farmers who go out of business, and then people might go hungry. Government price supports keep food production going.

The eternal question, of course, is how high should prices be set. The Reagan Administration thinks that dairy farmers are supported too well and the taxpayer is footing the bill for too much milk, cheese and butter.

(Warehouse sights and sounds)

QUINN. Butter. Two hundred and sixty million pounds of it, bought by the government last year and stored in warehouses at our expense.

Dry milk. Six hundred and thirty-one million pounds last year, and three hundred and fifty-six million pounds of cheese.

Taxpayers paid $1.3 billion for all these dairy products last year, just because they were there.

(Music—cows being milked)

Everything that dairy farmers produce and cannot sell on the open market, the government must buy at the support price. That price goes up automatically twice a year—the only farm support program with that kind of guarantee. So, dairy farmers are doing just what you would do in their place. They're churning out larger and larger amounts of milk, much more than the market can bear, and selling it to the government at a guaranteed profit. This high-fat support program started with the Carter Administration in 1977.

DAIRY FARMER (to animals) Come out! Chee-chee chee-chee chee-chee chee-chee. Come on! Chee-chee chee-chee . . .

QUINN. George Allen runs a prosperous family farm in eastern New York. When did you start expanding?

GEORGE ALLEN. Well, time flies, but I think about four years ago, five years ago, I think it was, and we have expanded now from 91 animals to—at our current, 310 animals.

QUINN. Wasn't that just about the time that the better and higher dairy price support program started out?

ALLEN. That's true. It was—and that was certainly a factor in—in our anticipation of getting larger, but—

QUINN. "Getting larger" is putting it mildly. Production keeps rising, even though consumers are buying less. Government price supports have risen faster than the inflation rate. So, the price you pay for dairy products is going up faster than the price of other food.

The Reagan Administration wants to slow this milk train down. His first and modest proposal: to stop the automatic April increase in price supports. Just that one increase. Farmers think it could have been worse.

(QUINN, continued). Richard McGuire is head of the New York Farm Bureau.

RICHARD MCGUIRE. So, it could have been all the way from losing the entire support price program to a modification of it, and for that reason we obviously support the modifications that have been proposed.

QUINN. How did dairy farmers get such a good deal in the first place? Smart lobbying is the answer, and big campaign contributions. Even some dairy people think the industry goes overboard.

MCGUIRE. Maybe we were too tight with our money or too naive politically, but the cooperatives that I represent in the northeast never contributed a penny. And we were criticized by dairymen in the other areas, you know. They said, "Why don't you help us? We're getting these increases in milk and you're benefiting by it."

HEARINGS ADMINISTRATOR. Our next witness——

QUINN. But now other big businesses are lobbying too, testifying in support of the Reagan cut. The chocolate people——

CHOCOLATE SPOKESMAN. About 90 percent of the chocolate confectionery sales are in the form of milk chocolate, with the average buyer consisting of about 25 percent milk.

QUINN. The ice cream people——

ICE CREAM SPOKESMAN. The April 1 increase, if it goes into effect, will cost consumers on an annualized basis, as a direct cost, approximately one billion dollars.

QUINN. The pizza pie people——

PIZZA SPOKESMAN. But in those same three years, while we have lost profit, it is also pointed out that the dairy farmer income rose 46 percent after inflation. Now, all I want is a fair shake.

QUINN. They're finally standing up with the consumer groups.

ELLEN HAAS. The April increase will directly add 8¢ to the cost of a gallon of milk, 10¢ to the cost of a pound of butter, 9¢ to a pound of cheese and 5¢ to a pound of nonfat dry milk. What is more——

QUINN. Ellen Haas of the Community Nutrition Institute.

Why do you think that consumers have not been protesting about milk?

HAAS. I think that consumers at this point in time feel so beaten down by the high cost of food, the high cost of energy, that it's a very difficult time to take one commodity and go into the streets.

FARMER ALLEN. And with things as they are now, people won't be drinking milk, certainly, if—if the present situation continues, so that I think it's in our own long-term best interests to be responsible about what our supplies are in the milk industry.

(Cow mooing)

QUINN. For all their responsible talk, the dairy farmers are not being asked to bite too large a bullet.

Again, this is not the bill that is before us now. This is the bill that was before us last March and we voted on it in March to affect the April 1 adjustment. That was simply for not having an adjustment, an increase, on that one time on April 1. Now we are faced with a proposal to have no adjustment for 3 years. It will be for 4 years, altogether, because the last adjustment was made October 1, 1980.

The really big money is in some of the other buckets that make up the complicated system of milk price supports. And this spring, the whole system will be up for revisions. So, when dairy people talk willingly about giving up their April price increase, what they're hoping is that they won't have to give up anything else.

That is an interesting observation. We know they gave up the store with a virtual collapse of price supports for 3 years, which means that there is zero price support in effect until 1984 at the earliest.

KURALT. Let's assume the April dairy support price increase does pass and is signed by the President. Does that mean we'll be paying less for milk and dairy products?

QUINN. Oh, I'm afraid not. These days, absolutely everything goes up. What it means is that the farmers will stop expanding. They will stop oversupplying milk to the government, so the government won't have to buy as much milk and store it in warehouses, and that will save the taxpayers some money. At the retail counter, it means that retail prices will go up more slowly. I guess, basically, it means that the farmers will stop "milking" the price support program.

Well, now, that is funny, "milking" the price support system. I think we should recognize that if we do not increase milk supports, Jane Bryant Quinn is right, the price will go up, but the farmer will get none of it, not a penny.

When the price goes up, and it will, it will go to the retail merchant, the processor, to many other people, but the farmer will get nothing. He will have his prices frozen not for 1 year, 2 years, or 3 years, but for 4 years.

Nobody else in this country is being asked to do that. It is not price control. It is price fixing, when everything goes up, when everything the farmer buys is increasing in value. He will get just that $13.10 price from October 1, 1980, to October 1, 1984, and that means the whole amount comes out of his net income. It is absolutely devastating.

Mr. President, I would like to read my rebuttal to Jane Bryant Quinn. In credit to CBS, when I asked for time on CBS to respond in their morning show, they graciously gave me that time. At that time, I said:

I appreciate this opportunity to tell the American people the real story about dairy price supports. I applaud CBS for making this time available for this purpose.

Now I'm not sure if Jane Bryant Quinn has ever been on a dairy farm before, but I can tell you that she's trying to turn a dairy cow into a sacrificial lamb.

I don't think dairy cows—or dairy farmers, either—should become the sacrificial lambs in the President's budget-cutting efforts. But that's exactly what would happen if the President—and Jane—have their way and the April 1st increase in dairy price supports is eliminated.

Now we are asking for something that goes much, much farther.

Here's why—and here's the side of the story that Jane did not tell in her March 4th CBS report on dairy price supports.

First, experts at the University of Wisconsin tell us that failure to provide the April 1st adjustment will mean an annual loss in net income per Wisconsin Grade A dairy farmer of $5,850 annually, translating into a devastating one-third drop in his net income.

These are family farms, Mr. President. These are not corporations.

And that net income, incidentally, allows nothing for return on his invested capital, and the typical dairy farm requires about a $250,000 investment.

Second, dairy farmers need and deserve semi-annual adjustments—including the one scheduled for April 1st—in view of their hard work and long hours, the size of their investment, the risk they take, and their remarkable efficiency.

I point out the wage is 13 percent below the minimum wage, $2.39 an hour compared to the average U.S. manufacturing worker who makes $7.18 per hour, or far more than twice as much. Compare it to the average U.S. construction worker who makes $9.79 an hour, or more than three times as much. Of course, those workers bring no investment to their job.

Third, some will say—including Jane on her March 4th CBS report—that the 80%-of-parity price support program has encouraged dairy farmers to overproduce. Some might argue that the price of dairy products is too high. Cut it, they say, and the dairy farmer will reduce his production. How about that?

The answer is that dairy production increased last year because diversified farmers became desperate. A farmer who produced milk—but also feed grain and pigs and beef—found prices in these latter areas absolutely disastrous.

So what did farmers do? If they already had a dairy operation, they expanded it. They stopped or slowed their other production.

Dairy didn't do very well last year. The blend parity for milk was about 69 percent. And by the way, Jane, only manufactured milk is price-supported; fluid milk is not. You failed to make that distinction in your March 4th report when you said, and I quote, "*Everything* (my emphasis) that dairy farmers produce and cannot sell on the open market, the government must buy at the support price."

That blend parity for milk of 69 percent was not just bad—it was terrible. But even that was better than the price of other farm commodities in 1980.

So in 1980, farmers moved in—and moved in big—in dairy. But not because it was a good deal. It was not, but it was better than the disaster that faced them elsewhere.

Now how about the coming year? Every indication is that the coming year will be far better in the price of feed grain and meat. Dairy production will very likely drop whether we continue 80 percent price supports or not.

Fourth, the present dairy price support program works. It has kept efficient dairy producers in operation while assuring the American consumer a reliable source of nature's perfect food.

Nowhere did Jane point out how dramatically this program has already weeded out inefficient dairy farmers. In 1950, there were 405,129 commercial dairy farms in the United States. As of January 1, 1981, that number had fallen to about 166,000, according to reliable estimates. In my own state of Wisconsin, there were 132,536 commercial dairy farms in 1950, compared to 44,215 as of January 1, 1981.

Fifth, OMB has charged that the cost of the dairy price support program last year—and I am referring to FY–80—was more than $1.3 billion.

And CBS repeated that same figure.

Jane, you repeated the same figure—$1.3 billion—in your March 4th report.

Jane, both you and David Stockman are dead wrong on this one. The gross acquisition cost to USDA may have exceeded $1.34 billion. But when we consider the value of the inventory and sellbacks, the cost comes to $315 million.

That is less than one-third of the price they stated on television.

We can only assume, too, that the inventory will have a greatly increased value, as time passes, if our inflationary spiral continues.

This $315 million is less than one-twentieth of one percent of the U.S. government's budget, only 1.9% of the $16.3 billion in cash receipts from the sale of farm milk, and 28% of the $1.127 billion loss to farmers from reducing price supports from 80% to 75%.

Furthermore, Jane, the federal government will, in my judgment, actually be ahead of the game—will be better off fiscally—if it continues the 80%-of-parity price supports.

And here's why: the $1.127 billion loss to dairy farmers translates into an approximately $3.37 billion loss for the economy.

Economists at the University of Wisconsin apply a multiplier factor of 5½ in computing the loss to the economy of a loss to farm income. I would apply a more conservative multiplier of 3. But a loss of $3.37 billion to the economy in income—because farmers would buy fewer tractors and silos for their farms and less furniture for their homes—would result in a revenue loss to the federal government of about $560 million.

So the dairy price support program will cost between $315 million and $500 million in 1981 and 1982, depending on many factors such as the kind of crop year we have and what effect that has on milk production.

At any rate, the reduction in revenues will actually be likely to exceed the real cost of the 80%-of-parity price support system, and I honestly believe that this program will cost the taxpayers nothing. This kind of success and value should not be tampered with or altered.

(Mr. DENTON assumed the chair.)

Mr. PROXMIRE. To continue from the transcript, Mr. President:

Sixth, how about the cost to the consumer? Jane, in your March 4th report, you said that the price consumers pay for dairy products "is going up faster than the price of other food."

This is wrong. Let me give you the latest figures. By December, 1980, consumer prices for dairy products were up 138 percent over 1967 prices, compared to an increase of 158 percent in the cost of living and 168 percent for all food prices.

Yes, you might say, but how about the period of December, 1979, through December, 1980? For that time span, consumer prices for dairy products increased 9.7 percent while the cost of living went up 12.4 percent and the cost of all food increased 10.2 percent.

What I am saying here, Mr. President, is that this program has helped the consumer. The price of everything else has risen more than the price of milk has. Consumer prices have gone up more than milk prices, other food prices have gone up more than the price of milk with this price support program. The consumer has not suffered. The consumer has benefited, because without this program, there is no question in my mind that the price of milk would have gone up more because we would not have been able to maintain the efficient, family-sized farms that produce at lower cost and make milk available at these lower costs.

Let's look at some other figures, as well. Since 1950, the percent of disposable income spent on milk has fallen almost precisely in half. Four percent was spent in 1950, compared to 2.1 percent in 1979.

That is an interesting figure, Mr. President. What I am saying is that the average family in 1950 spent almost 4 percent of their income on milk; today they spend 2 percent on milk. This is because income has risen so much more than the price of milk has risen. This seems to me to be the strongest kind of argument in favor of maintaining a system that has been productive for us. It has meant that we can buy milk, cheese, ice cream and other dairy products for far less and that they represent a much smaller proportion of our family income.

And the hard facts show that milk prices have been declining—rather than increasing—relative to wage levels. In the past three decades, the minutes of work required to purchase American cheese dropped 18 perment; milk, 45 percent; butter, 49 percent; and ice cream, 59 percent.

Then CBS said, "How do the dairy farmers get such a good deal in the first place?" The answer was, smart lobbying and big campaign contributions.

Well, the answer to that is if the dairy lobby is so smart, why was it not able to persuade the Senate Committee on Agriculture to vote against the bill to eliminate the April 1 increase?

This was written back in March. I might say now if the dairy lobby is so smart, so big, and the contributions are so potent, how did we get the most devastating farm bill that the dairy farmers have ever suffered to come out of this body only a couple of weeks ago—a bill which is going to destroy dairy farms wholesale, a bill that, according to the University of Wisconsin, is going to drive the dairy farmers' income down 70 percent. That is a drop for a typical dairy farmer's income from about $15,000 a year to about $5,000 a year. With all the work he puts in, with the investment he makes, with his great efficiency, his family income is going to be $5,000 a year. That will be in 1984 dollars. Brother, believe me, that is plain murder. That means they will be below the poverty level.

As a matter of fact, to revert to my colloquy with the Columbia Broadcast-

ing System, I pointed out that the bill which the dairy lobby opposed, bitterly opposed, strongly opposed, went all out against, was passed by the Agriculture Committee by a vote of 14 to 2. That does not sound like a very smart or very potent or very overwhelming lobbying operation.

Of course, the campaign contributions from dairy are very small compared to the campaign contributions of any number of other interest groups. Let me deal with that.

I asked the Library of Congress to check this out, and here's what they told me. Only one of the three major dairy political action committees ranked in the list of the top ten PAC contributors, based on preliminary figures for the 1980 elections, and that organization was 7th on the list.

Eighth, Jane, the ice cream spokesman on your March 4th report said, and I quote, "The April 1st increase, if it goes into effect, will cost consumers on an annualized basis, as a direct cost, approximately one billion dollars."

I asked the Library of Congress to review this statement for me. Here is the conclusion which was included in the Library of Congress response: "On an annualized basis, therefore, the consumer cost of the April 1 adjustment would be only $540 million, or only little more than half of the amount Ms. Quinn and others have quoted."

Ninth, Jane, the pizza spokesman on your March 4th report said that dairy farmer income rose 46 percent after inflation. He said this increase occurred over a three-year period but was not specific about exactly which three years he had in mind.

Again, I asked the Library of Congress to check on this for me. Here's what they said. Dairy farm income has increased 48 percent since 1975, but if dairy farm income is considered after inflation, the picture is entirely different. Adjusted for inflation, dairy farm income increased only 22.6 percent in the last five years, according to the Library of Congress.

Of course, that was from a very, very low base and by the end of that time, they were still getting far less income than people off the farm received—much less income.

Finally, Jane, you said on March 4, that "dairy farmers are not being asked to bite too large a bullet" by giving up their April 1st increase. Let me answer that this way. If the April 1st adjustment is eliminated, this would occur on a last-minute basis, thereby yanking the floor out from under our dairy farmers through a drastic and unexpected 30 percent cut in their net income. Is this fair?

I concluded that was not fair.

Mr. President, I also point out that I started out to say when I discussed the CBS program that the distortions that TV can show, because of TV, very convincing evidence in that you have before your eyes a picture of what is actually happening, which is far more potent than what can be conveyed in print by the most eloquent and persuasive writers. The part of that show that was particularly distorting was showing that 300-cow dairy farm. As I say, I have been through my State as much as anybody in history has. I have been through literally thousands of dairy farms, I have worked on a number of them. I have talked to a number of farmers. I think I know my State, America's dairy land, thoroughly. A 300-cow dairy farm is something that just does not exist except in a very few areas—maybe in New York. Sure, they have one, because CBS did show it. But it is extraordinary.

It is like saying that the J. R. Ewing family in Dallas that appears on the show "Dallas" on TV is a typical American family; that they have typical income, and that J. R. is a typical American with a typical character.

We know how shocking that would be. Nobody would believe that. We know the average American has to work very hard, that he has a tough time making both ends meet, that he has to cope with inflation in ways that fabulously rich families do not have to worry about.

That dairy farm picture that was shown on television, I am sure, for many people will make them think, well, that is the dairy farmer. Three hundred cows; he has a great big place like that, makes all kind of money, is very rich. That is unfortunate, because it is absolutely atypical, very, very rare. Not a fraction of 1 percent of the dairy farmers in this country and no dairy farmer in Wisconsin can approach anything like that size.

As I say, there is not anything as efficient as the one-family dairy farmer, where the farmer, his wife, and their children do the work, own the herd, own the equipment, own the land and have the marvelous motivation that comes from ownership and comes from that kind of direct participation. Only they can produce under these circumstances and with this tremendous competition at these low prices.

Mr. President, I should like now to quote from an article that appeared in the National Journal entitled "A Conservative Looks at Milk Costs."

This is a man, Ira Rutherford, to whom I referred before, in the Associated Milk Producers Group. Mr. Rutherford is a Wisconsin man. He is a scholarly person who has very carefully, meticulously, and painstakingly studied dairy production; and he meets some of the misconceptions about dairying in this article. He says:

In these inflationary times, milk price issues are of current interest to consumers, taxpayers, dairy farmers, Congress and the Administration. Milk is an important item of commerce, since it is produced, sold and consumed in all fifty states. It is an extremely important part of the American diet, as it has been throughout our history of dramatic increases in life expectancy. It arouses emotional interest because of its special importance to infants, children and the aged. Its nutritional contributions are important to all of us.

The milk marketing system will be subjected to extensive review early in this session of Congress as expiring price support provisions are debated.

The mandate to Congress and the Administration from the 1980 electorate demands responsible government. As a conservative, I favor only minimal governmental involvement in altering prices established by the market forces of supply and demand. However, the public interest is served only by market prices that correctly reflect consumer wants and accurately attract enough productive resources to meet those needs. Market prices for milk, when established through the unstabilized interplay of supply and demand send unreliable signals to dairy farmers as to the amount of milk consumers really want and need. Because it is possible to stabilize milk prices at a much lower cost than the erratic market prices would impose, responsible governments of most developed countries have implemented programs for that purpose.

In the United States, milk price stabilization activities have been limited to the objective of maintaining adequate milk productive capacity for the foreseeable future while insuring reasonable milk prices for consumers. The system has served the public well.

Without stabilization measures, this superior performance could not have been achieved. Without the moderating effect of milk prices, the "All Food" price increases would have been even higher. Thus, reasonable milk prices have actually worked to reduce the overall inflation rate. A working support program has been the principal vehicle through which consumers have benefited from lower average milk prices.

Many people who just look superficially at the dairy price support have felt that the only function of the dairy price support is to maintain higher prices for the farmer. That is whero the support seems to come, and that is the conclusion they have given.

I believe Mr. Rutherford is absolutely correct, that a working price support program has been the principal vehicle through which consumers have benefited from lower average milk prices. That is an idea to which I am going to return over and over and over again; because I believe we have the misconception that these milk price supports hurt the consumer, when they benefit him.

I refer once again to the history: For 32 years, we have had this system in effect; and for 32 years, the price of milk has been less than the price of other food, less than the Consumer Price Index, and far, far less than the increase in wages.

Mr. Rutherford goes on to say:

Without stabilizing measures, milk prices would fluctuate wildly from day-to-day, season-to-season and year-to-year, due to the unique characteristics of the dairy industry. Some of those characteristics are:

Milk must be sold every day because it is highly perishable.

If you have small supplies available, the price will be sky high. If you have a large supply available, the price will be very low. Of course, fluctuating prices could play havoc with the consumer and with the businesses that process the milk, and so forth. But you cannot preserve milk for more than a very short time—as any of us who have tried have found—because the milk goes sour.

Milk for further processing has many sellers and few buyers.

We should recognize that there is no way that an individual seller of milk can control the price.

I recall taking a course years ago, under a distinguished professor named Edward Chamberlain, called monopolistic competition. The point of Professor Chamberlain's theory was that we have imperfect markets because most sellers can fix their price, and do. When we go to the store to buy a toothbrush or a tube of toothpaste, we are told what the price is, and the company that sells it can increase the price or the store can do so.

With respect to most of the things we buy, the seller controls the price, can raise or lower it, produce as many as they want, keep as many as they want on supply, and therefore have control of the price. For the farmer, particularly the dairy farmer, there is no way he can control the price. Every bit of milk he produces, no matter how big a farmer, is exactly like the milk produced by thousands of other farmers. So he has absolutely no control over the price.

On the other hand, the buyer is in a relatively strong position. The buyer is in that position because he buys from many farmers, and from time to time he can tell the farmer that he will have to sell at a lower price; and, of course, buyers have an incentive to keep the price down.

There is no way the farmer, unlike other producers, without some sort of Government intervention, can have any control over the price.

Individual producers are usually limited practically to a single, or at best, very few buyers, and each buyer is aware that certain dairy farmers must sell to him if at all. Small overages, under these conditions, quickly bring distress prices that have no relationship to longer-run milk demand.

Seasonal variations in milk production fail to correspond with the seasonal variation in milk sales, and daily variations in market demand are inconsistent with the more regular pattern of daily milk production. Because of such variability, there will be many days that unwanted milk would break milk prices, even when productive capacity is inadequate, without price stabilization measures.

Mr. President, I am taking the time of the Senate to go into this because many people have the notion, "Forget about price supports entirely." I have run into that, and I know that the distinguished Presiding Officer (Mr. DENTON) has run into that in Alabama. People say, "Why do we support any farm product? Why not let the market be the price?"

Mr. Rutherford, who is a conservative gentleman and a scholar, has gone into this in great detail. He has pointed out the devastating effect that can result from a situation in which thousands of producers produce a similar product, with relatively few buyers. You can have great shortages with sky-high prices at one time and very low prices at other times, which would prevent an efficient family farm from staying in business.

Costly specialized dairy buildings, equipment, cows and the scarcity of dairy management skills prevent quick recovery once milk production capability is reduced too far by inadequate milk prices.

So if you do have the kind of cuts we are facing now, what I believe is an absolute disaster for our dairy farmers—if you face that kind of cut, you can have such a sharp and swift and sudden diminution of the number of producers that when the price does come back, you will have grossly inadequate supply; and the price could then go sky high, particularly with the dairy farmers thinking it could happen again.

Why go into a business with such long hours and big investment, and then suffer the risk of losing everything you have?

And this is not just a matter of my speculating on that. As I say, the number of dairy farms in this country has diminished from 405,000 in 1949 to 166,000 today. Now I predict that in the next 3 years it is going to go right through the floor if the Senate position prevails. We are going to lose tens of thousands of additional dairy farmers.

We go on:

If there are enough cows and dairymen there will be enough milk most of the time to drive market prices down, failing to sustain enough milk production capability to meet consumer needs. Milk prices that change drastically to attract buyers for all of each day's milk deliveries are unreliable guides as to the number of dairy farmers and cows needed.

Our milk marketing system, with price support floors performing the principal government function, has provided abundant, high quality, reasonably priced milk for consumers. Intense competition between producers and its benefits to consumers came about with price supports that held average farm milk prices at 80 per cent of parity or higher in 24 of the 32 marketing years since 1949.

Mr. President, I think because we tend to have such a short and limited span of memory I think few people realize those figures so I shall say that again.

Our milk marketing system, with price support floors performing the principal Government function, has provided abundant, high quality reasonably priced milk for consumers. Intense competition between producers and its benefit to consumers came about with price supports that held average milk prices at 80 percent of parity or higher in 24 of the 32 marketing years since 1949.

What I am saying is that that bill has been on the books for 32 years and in 24 of those years the price of milk was above the support level, so that the cost to the taxpayer in three-fourths of those years was virtually nil in that period of time and yet we were able to maintain our family farms because we had this floor, and then it was a reasonable floor, 75 percent of parity. Now we are being asked not to go down to 70 percent of parity but right through the floor. It could be 65, it could be 60. It is likely to be close to 50 percent of parity if we continue the present $13.10 level and recognize the very strong likelihood that we are going to have inflation close to 10 percent a year for the next 3 years.

Mr. HELMS. Mr. President, will the Senator be willing to yield on a unanimous-consent agreement that he not lose his right to the floor and that his resumption will not be considered a second speech and that the Record will show no interruption?

Mr. PROXMIRE. May I say to my good friend from North Carolina I will be happy to yield for a question or with a unanimous-consent agreement that I may yield without losing my right to the floor and that when I resume speaking it not be counted as a second speech and that I will be recognized when the distinguished Senator from North Carolina finishes speaking.

Mr. HELMS. I thank the Senator and that is precisely what I was proposing.

Mr. PROXMIRE. Mr. President, let me make that unanimous-consent request.

Mr. President, I ask unanimous consent that I may yield the floor temporarily to the distinguished Senator from North Carolina, that in so yielding the floor I not lose my right to the floor, that I be recognized when the Senator from North Carolina finishes speaking and that my subsequent recognition not be counted as a second speech.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Chair recognizes the Senator from North Carolina.

Mr. HELMS. Mr. President, I thank the Chair and I thank the able Senator from Wisconsin for yielding to me.

Mr. President, H.R. 4612 was reported by the Committee on Agriculture, Nutrition, and Forestry on October 6. The committee recommended that the bill be adopted without amendment.

Specifically, section 1 of the bill provides that, notwithstanding the provisions of section 210(c) of the Agricultural Act of 1949, the price of milk shall be supported at the level of $13.10 per hundredweight for milk containing 3.67 percent butterfat for the period beginning October 1, 1981, and ending November 15, 1981. This was the support level immediately prior to October 1, 1981. On October 1, the Department of Agriculture increased the milk price support level to $13.49 per hundredweight for milk containing 3.67 percent butterfat—75 percent of parity—as required by section 201(c).

H.R. 4612 is identical to the bill I sought to have considered by the Senate on Wednesday, September 30. There was objection to consideration of that bill at that time. Objection was also made to consideration of this bill just prior to the Columbus Day recess.

I appreciate the strong feeling expressed by the distinguished Senator from Wisconsin (Mr. PROXMIRE), and understand fully his high motivation in offering opposition to the bill. At that time the Senator was concerned that Senate action might prematurely judge what the House might do—both on the temporary delay and on the House farm bill. As I am sure Senators are aware, the House now has acted. By the overwhelming vote of 328 to 58 the House on October 1, passed H.R. 4612.

Also, Mr. President, the House has now adopted an amendment to H.R. 3603, the House version of the farm bill, to set the milk price support level for the current marketing year ending September 30, 1982, at $13.10 per hundredweight. That is also the minimum level under the Senate farm bill. Therefore, it seems to this Senator at least that the milk price support level for the current marketing year will be at $13.10.

In view of that it simply makes no sense to allow the milk price support level to go above $13.10 per hundredweight for a short period of time and then to have to lower it back to that figure. That would not benefit dairy farmers, but would cause confusion and serve to invite abuse of our dairy price support program.

I believe this legislation is necessary to assure the effectiveness of the dairy program. It is the intent—and I believe

the effect—to strengthen the dairy program.

The bill in no way will impact adversely on dairy farmers. It will simply prevent a situation in which handlers will be encouraged, if not induced, to engage in a game of musical chairs with many millions of dollars worth of manufactured milk products.

Since the increase to 75 percent of parity was mandated on October 1, I am told that the Government has to begin purchasing milk from handlers at some 40 cents above the $13.10 level. Now, as I have tried to point out, this will not continue indefinitely—it will continue only until such time as the Congress completes consideration of the 1981 farm bill and that bill is eventually signed by the President. That could be just a few weeks or as much as a month.

If the support level adopted by the Senate is finally enacted, the price the Government pays handlers will revert back to the level in effect prior to October 1—$13.10. Because of the buy-back provisions of the dairy program, these handlers will be able to purchase what they sold at $13.49 at 110 percent of $13.10 or $13.23. This will result in a 26 cents per hundredweight windfall to those handlers—plus the storage costs. All in all, USDA has told me that the additional cost right now is about $200,000 per day but this will increase to an average of up to some $400,000 per day over the next few months and could go as high as $1 million per day in the flush season next spring.

Now the Senate has already worked its will on the dairy issue. This bill will not retreat 1 inch from that. It will serve to besmirch the reputation of our very fine dairy program if this bill is not adopted. Opponents of any dairy price supports will use any abuse which may take place to attack this and all farm programs.

I remind Senators again that there were many pundits who said it would be impossible for the Senate to pass any farm bill in 1981. Through sheer tenacity and hard work, and the cooperation of many Senators, we did write a bill in which we have preserved the fundamental structure of our farm programs.

It will not serve the agricultural community for the dairy program or any of the others to come under attack because of a potential for abuse. For the Senate to permit a situation which will create, virtually by inducement, an opportunity for abuse would be a tremendous mistake.

With regard to the wheat referendum the provisions are the same as those included in S. 1712 which was passed by both the Senate and House on October 7, 1981. The provisions have been left in H.R. 4612 so that the bill may go directly to the President if passed by the Senate—thus expediting enactment of the dairy provisions.

Mr. President, I urge adoption of this bill.

Mr. President, in further connection with H.R. 4612, I have received today a letter from the Honorable Richard E. Lyng, Acting Secretary of the Department of Agriculture, in which he says:

Thank you for your request for information concerning the increased cost of the higher dairy price support level that was recently put into effect.

At this point, it is difficult to estimate the increased costs of the $13.49 per hundredweight milk price support level. However, purchases of dairy products for the period beginning October 7 through October 14 were as follows:

Then the Acting Secretary has a table which in a moment I am going to ask unanimous consent that all of the letter be printed in the RECORD.

I am continuing to read the letter:

The first purchase in the new marketing year began on October 5 but represented September production at the lower level of support. The initial purchase of October production at the higher prices began October 7 for butter and nonfat dry milk but not until October 13 for cheese. Thus, the table shows only five days of purchases for butter and nonfat dry milk and two days of purchases for cheese.

Mr. President, I ask unanimous consent to have this entire letter printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., October 16, 1981.

Hon. JESSE HELMS,
Chairman, Committee on Agriculture, Nutrition and Forestry, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for your request for information concerning the increased cost of the higher dairy price support level that was recently put into effect.

At this point, it is difficult to estimate the increased costs of the $13.49 per hundredweight milk price support level. However, purchases of dairy products for the period beginning October 7 through October 14 were as follows:

Item	Butter	Nonfat dry milk	Cheese	Total
Quantity purchased (million pounds)	6.9	19.1	2.8	----
Increase in purchase price (cents per pound)	4.0	2.5	3.75	----
Increased costs (thousands)	$276	$478	$105	$859

The first purchases in the new marketing year began on October 5 but represented September production at the lower level of support. The initial purchase of October production at the higher prices began October 7 for butter and nonfat dry milk but not until October 13 for cheese. Thus, the table shows only five days of purchases for butter and nonfat dry milk and two days of purchases for cheese.

While purchases at the higher prices are now running at an increased cost of about $200,000 per day, the higher costs will increase steadily from now until the flush season next spring, when we expect the increased costs to exceed $1.0 million per day.

We appreciate your efforts to bring the cost of the dairy price support program under control and strongly support the enactment of this legislation.

Sincerely,

RICHARD E. LYNG,
Acting Secretary.

Mr. PROXMIRE. Mr. President, will the Senator yield on that?

Mr. HELMS. I yield.

Mr. PROXMIRE. I wish to ask about that table.

What does the table show as to the cost of the program in the number of days that the Senator has there?

Mr. HELMS. I shall provide the Senator with a photostat of this letter.

To respond to the Senator's question, $859,000, according to the table.

Mr. PROXMIRE. How much?

Mr. HELMS. Eight hundred and fifty-nine thousand dollars. It is the figure in the lower right-hand corner of the table.

Mr. PROXMIRE. That is for the period from October 7 through October 14?

Mr. HELMS. The Senator is correct.

Mr. PROXMIRE. May I just say to my good friend that if we admit that the first figures that I heard, and I do not know what the source was, this was costing $1 million a day or more and the figures that I received were from October 1 to October 9, it was the total for that 8-day period $320,000, and that is about $40,000 a day. Since that time the cost has increased apparently for the period October 7 through October 14. But the cost has been exaggerated. We have been trying our best to try to find out who gets this money, where it actually goes. Is it a processor or is it a retailer or is it the dairy farmer, and so forth?

We find that there is no question that if this persists, this $13.49 persists into November then the dairy farmer will begin to get a substantial benefit, we estimate about $160 a month for the typical farmer. That would be an absolute godsend for him. That is not reflected here, and the Senator is absolutely right, for several reasons. One is that October is the kind of month they would not make many purchases in any event and also, of course, this takes time for the Department to apparently get around to making these purchases.

I thank the Senator very much.

Mr. HELMS. I thank the Senator for yielding.

The PRESIDING OFFICER (Mr. DANFORTH). The Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I was just reading from an article by Mr. Ira Rutherford who has written "A Conservative Look at Milk Costs" who pointed out in some detail why it is necessary to have a price-support program at all, and I pointed out that the program had in the judgment of this very distinguished scholar and expert resulted in lower prices for the consumer over the years than they would have had without the stabilizing effect of eliminating the high ups and downs of the market.

A lot of people cannot understand that.

The New York Times argued, for instance, that it is just as unreasonable to have the Federal Government acquire surplus milk as it would be to acquire surplus toothbrushes or any other commodity.

They are different. As I say, with milk you have an absolute identity of each product produced by every farmer. Every gallon of milk is similar to those of thousands and thousands and thousands of producers. We do not discriminate the way we do when we produce anything with a brand on it or any of the many products that we usually buy.

There is no difference between one quart of milk and another quart of milk with a certain fat content. There are, as I say, thousands of sellers, a few buyers, and so you have quite a different situation here.

Also, of course, you have a situation where productive capacity is difficult for the most efficient producers, who are family farmers, to get into and to get out of. If you had a situation without any dairy price support, without any stabilization, you would have such a fluctuation in prices that it would take a unit with a very substantial capital to be able to survive. The smaller farmer would not be able to make it, even though he might be far more efficient and be able to produce at lower costs.

The article goes on to say:

As a vital and necessary part of the market stabilization program, USDA purchased nearly $1.3 billion worth of dairy products last year, but this is not the net Treasury cost of the milk price support program. This outlay should be reduced by the value of dairy products donated to achieve other national goals. It should also be reduced to reflect funds recovered through sales to other agencies and to reflect the value of products on hand at year's end.

Mr. President, I ask unanimous consent that I might yield to the majority leader without losing my right to the floor, and with the right to resume my speaking when the distinguished majority leader is through and without it being counted as a second speech.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I can assure the Senator I have no desire to cut short his presentation. I think, however, it is clear that there is no reason to continue the debate today, and I am about to propose a unanimous-consent request that will recess the Senate over, when the time comes, until 12 noon on Monday, and I will include in that request that when the pending motion is again laid before the Senate the Senator from Wisconsin will be recognized for the purpose of continuing his presentation, and that continuation not be counted as a second speech.

If that is agreeable, I am prepared now to go into a brief period for the transaction of routine morning business.

Mr. PROXMIRE. Mr. President, that is very agreeable with me, and I thank the Senator, the majority leader.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business not to extend beyond the hour of 2:45 p.m. in which Senators may speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE DIRECTION OF THE ECONOMY

Mr. EXON. Mr. President, I would like to address the Senate and call to the attention of my colleague something that I think is contributing to the overall concern that all of us on this floor have today with regard to the direction the economy in this Nation is going. Once again, as I have so oftentimes in the last few weeks stood at this desk and addressed the critically important problem of high interest rates, I warn all once again that unless that critical problem of high interest rates is addressed and something done about it, the chances of recovery under the President's economic recovery program are simply nil.

Mr. President, I am going to read into the RECORD now two stories that appeared within the last hour, interestingly enough, on the United Press International wire.

The first story that I refer to, Mr. President, is from Gary Klott of the United Press International and is datelined New York.

This year's Nobel prize winner in economics today predicted Reagan administration policies would keep interest rates high and the economy sluggish for years.

Professor James Tobin of Yale University said the administration's reliance on the Federal Reserve to curb inflation would restrain economic growth.

"The purely monetary cure for inflation can hold down the economy for half the decade," Tobin said in an address at New York University.

In his first public speech since the Nobel award was announced Tuesday, he asserted Fed officials "appreciate much better than President Reagan and his associates that Fed money supply policies will not allow room for real economic growth unless wage and price inflation melts by a point or two a year.

"Given the stubbornness of built-in wage and cost inflation, there is likely to be considerable economic pain and damage during a transition of several years."

At a news conference Tobin said the economy is either on the verge of a recession or already in one.

The Yale professor said that the latest round of proposed budget cuts are unlikely to bring interest rates down.

Rather, he said, Fed policy will gradually lower rates but only at the expense of economic growth.

"The purpose of Fed policy is to keep the economy weak and, if that succeeds, interest rates will fall."

Tobin described Reagan's economic program as a "counter-revolution," replacing policies that were new 40 years ago with policies that were old 40 years ago.

Mr. President, within an hour of that statement, there was a statement that many will not recognize as exactly contradictory, but certainly I think it is if you look at the economy and see what is happening.

Now, I quote again from the United Press International. This is datelined Nashville.

Federal Reserve Board Chairman Paul Volcker says his agency's tight money policies and administration plans to balance the Federal budget are necessary to improving and bringing the economy under control.

That must be the understatement of the year.

"The more quickly we adapt our behavior to the reality of financial restraint, the more rapid the return to price stability and growth," Volcker told a crowd of 350 Vanderbilt University and faculty members last night.

"I am convinced that success in this (budget balancing) effort is fundamental to solving our longer-range problems of slow growth and poor productivity," he said.

"While we have begun to see signs of progress in recent months in the form of some easing in a number of price measures, the battle is far from won," Volcker said.

Volcker said about half the Nation's working population today, those under the age of 35, "have never known price stability in their working and consuming lifetime."

"The hard fact is that the achievement of a balanced budget in a reasonably prosperous year—such as projected for 1984 in the administration's budget planning—will require a substantial reduction in the ratio of spending to GNP (gross national product)," Volcker said.

"The spending cuts actually put in place so far would not go nearly far enough to achieve the goal," Volcker said.

"It is critically important that we do move toward restoring balance and a surplus in the budget as the economy grows," Volcker said.

As long as the deficit is so large, he said, "the goal of sustainable low interest rates and growth in the private economy (are made) much more difficult.

"If the momentum of large costs and wage increases is maintained, then higher prices will eat up much or all of the available dollars and little or no room will be left for real growth," Volcker said.

Mr. President, I think it is about time that those of us in the U.S. Senate recognize and realize and say very loud and clear that the policies followed by the Federal Reserve Board under Mr. Volcker are policies that are not likely to work. Time and time again I have been with Mr. Volcker, who I have defended on the floor of this body. He has been before our committees. Time and time again I think he talks around the problem rather than directly at it.

If you will look back through all of the statements that Mr. Volcker has made, it seems to me that he parrots and takes little exception, if any, with the position of the administration on the key economic problems that face us today.

Everybody wants a balanced budget. That is not new. But how do we get to a balanced budget?

It has been said to me by many people who are very close to Mr. Volcker that Mr. Volcker knows enough to read a balance sheet and he knows enough to understand that there are two ways you get to a balanced budget, and one is by the further restraint of spending by the Federal Government. But I hope that Mr. Volcker knows—and he should know if he is qualified to be in the position that he is—that there is another side of balancing the budget. and that is the income or revenue side.

The chairman of the Finance Committee said on the floor of this body, when we were debating the tax bill, when the matter of high interest rates came up, and I think I quote him correctly, the Senator from Kansas (Mr. DOLE) said:

Well, you understand the present Chairman of the Federal Reserve Board was not appointed by this President.

Now, I do not think that is a legitimate statement. Whether he was appointed by this President or the previous one, he is following lock, stock, and barrel the administration's policies, which have not led and evidently are not going to lead to

a significant reduction in the interest rates.

Paul Volcker should understand, as an economist, that there is no way realistically that we are going to balance the Federal budget by 1984, as he said we must, unless he has the courage to stand up and say honestly what he thinks

I said a moment ago that some people who supposedly are very close to the Chairman of the Federal Reserve Board have indicated, time and time again, that down deep in his heart, in his soul, in his fundamental beliefs, he realizes and recognizes that that budget should be balanced in two ways. If we are sincere about balancing the budget, then let us look at it realistically and let us say we are going to balance that budget by further decreases in spending, yes; but also to have some kind of a trigger mechanism, if necessary, to change the tax cut so that the revenue side comes up.

Indeed, Mr. President, I am very much concerned today, as a member of the Armed Services Committee, about the havoc that I think is being wrought on what at least most of us consider to be a carefully laid plan by the President and his administration to at least go on a course of correcting our imbalance as far as military spending is concerned.

While it has not been pointed out by anyone, it seems to me it is about time that we recognize that a lot of what we heard when the President was a candidate and what he has said since he became President of the United States with regard to the need to build up our defenses is rhetoric, and an awful lot of the policies, defensewise, in this administration being what I have said before on this floor being "show-and-tell." I think we should realize that if the President of the United States is going to stay hooked that we are only going to balance the budget by reducing spending, then he should listen to at least the leadership on his side of the aisle in this body and in the House of Representatives.

It is very clear that the Republican leadership, who are knowledgeable, realizes and recognizes that we are not, and there is no way that we can, going to balance the Federal budget by 1984 if we keep talking about the cut-cut-cut side only.

Therefore, it comes down to a matter, in my opinion, Mr. President, of having this administration and Mr. Volcker address directly the problems that face us. Certainly, I emphasize once again that high interest rates, in my opinion, unless they are brought down in the next few weeks and not the next few months, are going to be the near death knell of the economic recovery program of the President, which we all hope will work.

It seems to me that the administration should admit that, indeed, if we are going to stick with the tax cut that was passed here, and if we are going to live and die on not changing that, then, by the same token, we are giving up any chance of balancing the budget in 1984 and getting this country back on track in our fight on inflation and interest rates. And, last, and probably most important, unless they get off this kick, they are inviting near disaster to the defense budget that was the heart and soul of President Reagan's campaign last year when he became President of the United States.

Putting it mildly, if he sticks to his present position, whether he likes it or not we are going to be overwhelmed here and on the other side with those who are going to cut not just the fat but some of the bone out of the defense needs of America.

Mr. President, I just hope that Mr. Volcker will come out from behind the shadow of irresponsibility that I think he is in right now and begin to cast some light, if you will, on what is going on in this economy. Obviously, Mr. Volcker is a monetarist, and he believes that all of our problems can be solved by monetary policy. As pointed out in the article I just read, by a very well-known economist, it simply is not going to work.

I do not know whether Paul Volcker is right, whether the President is right, or whether the Pulitzer Prize economist is right. I just happen to think that still in this land today we have no clear-cut policy on where we are going with our economy. We are more or less winging in on a hope and a prayer that things are going to work out all right.

I intend to continue to basically support the administration in their efforts, as my votes on this floor have indicated on many occasions, but I honestly feel, Mr. President, that right now we are not on a course that anyone can understand. That kind of a course is not going to have the effect that the President wants, to make the people of the United States believe that we are beginning to turn this around.

In closing, Mr. President, I think we need more realistic leadership from the President and the Chairman of the Federal Reserve Board, whoever appointed him, than we are getting in these very difficult and complicated days economically.

Mr. President, I yield the floor.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

ANNUAL REPORT OF THE RAILROAD RETIREMENT BOARD—MESSAGE FROM THE PRESIDENT—PM 83

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Labor and Human Resources:

To the Congress of the United States:

I hereby transmit to the Congress the Annual Report of Railroad Retirement Board for fiscal year 1980, pursuant to provisions of Section 7(b)6 of the Railroad Retirement Act, enacted October 16, 1974, and Section 12(1) of the Railroad Unemployment Insurance Act, enacted June 25, 1938.

RONALD REAGAN.

THE WHITE HOUSE, *October 16, 1981.*

MESSAGES FROM THE HOUSE

At 11:10 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bill, with amendments:

S. 999. An act to authorize appropriations for the Federal Fire Prevention and Control Act of 1974, and for other purposes.

The message also announced that the House has passed the following joint resolution, in which it requests the concurrence of the Senate:

H.J. Res. 268. Joint resolution to designate October 23, 1981, as "Hungarian Freedom Fighters Day."

The message further announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 194. A concurrent resolution disapproving the proposed sales to Saudi Arabia of E-3A airborne warning and control system (AWACS) aircraft, conformal fuel tanks for F-15 aircraft, AIM-9L Sidewinder missiles, and Boeing 707 aerial refueling aircraft.

At 1:16 p.m., a message from the House of Representatives, delivered by Mr. Berry, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 4566. An act to reduce certain duties, to suspend temporarily certain duties, to extend certain existing suspensions of duties, and for other purposes.

HOUSE BILL AND JOINT RESOLUTION REFERRED

The following bill and joint resolution were read twice by unanimous consent, and referred as indicated:

H.R. 4566. An act to reduce certain duties, to suspend temporarily certain duties, to extend certain existing suspensions of duties, and for other purposes; to the Committee on Finance.

H.J. Res. 268. Joint resolution to designate October 23, 1981, as "Hungarian Freedom Fighters Day"; to the Committee on the Judiciary.

HOUSE CONCURRENT RESOLUTION PLACED ON THE CALENDAR

The following concurrent resolution was read; and placed on the calendar:

H. Con. Res. 194. A concurrent resolution disapproving the proposed sales to Saudi Arabia of E-3A airborne warning and control system (AWACS) aircraft, conformal fuel tanks for F-15 aircraft, AIM-9L Sidewinder missiles, and Boeing 707 aerial refueling aircraft.

ENROLLED BILL SIGNED

The PRESIDENT pro tempore (Mr. THURMOND) announced that on today, October 16, 1981, he signed the following enrolled bill, which had previously been signed by the Speaker of the House of Representatives:

S. 1687. An act to make a technical amendment to the International Investment Survey Act of 1976.

ENROLLED BILL PRESENTED

The Secretary reported that on today, October 16, 1981, he had presented to the President of the United States the following enrolled bill:

S. 1687. An act to make a technical amendment to the International Investment Survey Act of 1976.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–2070. A communication from the Acting Comptroller General of the United States transmitting, pursuant to law, a report entitled "Stronger Enforcement Needed Against Misuse of Pesticides"; to the Committee on Environment and Public Works.

EC–2071. A communication from the Deputy Administrator of the General Services Administration transmitting, pursuant to law, an amended building project survey for construction of a Federal building in Ashland, Ky.; to the Committee on Environment and Public Works.

EC–2072. A communication from the Acting Administrator of the General Services Administration transmitting, pursuant to law, a lease prospectus for continued leasing of office space in New York City, N.Y.; to the Committee on Environment and Public Works.

EC–2073. A communication from the Chairman of the Foreign Claims Settlement Commission transmitting, pursuant to law, the Annual Report of the Commission for the calendar year 1980; to the Committee on Foreign Relations.

EC–2074. A communication from the Deputy Assistant Secretary of the Interior for Indian Affairs transmitting, pursuant to law, a correction in an earlier report submitted on the status of the Statute of Limitations program; to the Select Committee on Indian Affairs.

EC–2075. A communication from the Attorney General of the United States transmitting the administration's proposed amendments to the Freedom of Information Act; to the Committee on the Judiciary.

EC–2076. A communication from the Secretary of Education transmitting, pursuant to law, a copy of proposed final regulations for Minority Institutions Science Improvement Program; to the Committee on Labor and Human Resources.

EC–2077. A communication from the Acting Comptroller General of the United States transmitting, pursuant to law, a report entitled "Review of the Disabled American Veterans' Financial Statements for the Year Ended December 31, 1980"; to the Committee on Veterans' Affairs.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–485. A joint resolution adopted by the Legislature of the State of Montana; to the Committee on Agriculture, Nutrition, and Forestry:

"SENATE JOINT RESOLUTION No. 18

"Whereas, the State of Montana is concerned with the management of noxious weeds on private, state, and federal lands; and

"Whereas, noxious weed infestations in Montana result in an agricultural loss of at least $100 million annually because of weed competition and the consequent reduction in crop production; and

"Whereas, many acres of federal lands are infested with noxious weeds which reduce grazing capabilities and infest state and private lands that are managed for the control of noxious weeds; and

"Wheras, a major problem for agriculture and livestock producers is the continuing and, in some cases, increasing infestations of noxious weeds on their lands; and

"Whereas, county and state agencies and universities are responsibly increasing their weed management efforts in areas of research, education, coordination, and integrated control; and

"Whereas, certain federal laws, regulations, and policies impede the establishment of cooperative weed management programs between federal land management agencies and state agencies, counties, and private landowners.

"Now, therefore, be it resolved by the Senate and the House of Representatives of the State of Montana, That the Congress of the United States is requested to amend section 5 of Public Law 95–313, the Cooperative Forestry Assistance Act of 1978, which pertains to insect and disease control on nonfederal forest lands, to include noxious weed control and management through cooperative efforts on federal, state, and private lands.

"Be it further resolved, that the Congress is requested to allow federal land management agencies to enter into cooperative weed surveillance and control agreements with state and local weed management agencies for providing services and funds.

"Be it further resolved, that the Congress is requested to increase the funding of weed management programs conducted by federal land management agencies on federal lands.

"Be it further resolved, that the Montana Department of Agriculture report to the 48th Legislature the status of congressional action with regard to this resolution.

"Be it further resolved, that the Secretary of State send copies of this resolution to the Governor, the Montana Congressional Delegation, the Montana Department of Agriculture, the President of the U.S. Senate, the Speaker of the U.S. House of Representatives, the chairman of the U.S. Senate Agriculture, Nutrition, and Forestry Committee, the chairman of the U.S. House Agriculture Committee, the chairman of the House and Senate Agriculture Committees of Idaho, North Dakota, South Dakota, and Wyoming, and the Secretaries of the United States Departments of Agriculture and Interior."

POM–486. A joint resolution adopted by the Legislature of the State of Montana; to the Committee on Agriculture, Nutrition, and Forestry:

"JOINT RESOLUTION

"Whereas, undesirable plant species, including noxious plants, on lands administered by federal agencies have been and continue to be a major problem in Montana and other western states because they reduce forage needed for livestock production and wildlife and interfere with the forest product industries; and

"Whereas, certain federal agencies managing public lands have failed to initiate, implement, and fund viable management programs for the prevention, control and containment of these undesirable plant species; and

"Whereas, two federal laws of beneficial intent address noxious weed management, Public Law 90–583, the Carlson-Foley Act of 1968, which calls for the destruction of noxious weeds, and Public Law 93–629, the Federal Noxious Weed Act of 1974, which regulates the movement of noxious weeds; and

"Whereas, neither federal law requires the federal agencies administering public lands to manage for the prevention, control, and containment of undesirable plant species; and

"Whereas, the management practices of the federal agencies administering these lands are inconsistent with the management practices for undesirable plant species on the existing state, county, and private levels; and

"Whereas, section 3 of Public Law 90–583, the Carlson-Foley Act of 1968, reads: "There are hereby authorized to be appropriated to de artments or agencies of the Federal Government such sums as the Congress may determine to be necessary to carry out the purposes of this Act." However, no appropriations have yet been authorized under this section.

"Now, therefore, be it resolved by the Senate and the House of Representatives of the State of Montana, That section 3 of the Carlson-Foley Act of 1968 be replaced with a new section that would read as follows: "The departments or agencies of the Federal Government shall implement and pursue an effective management program for the prevention, control, and containment of noxious plants on lands under their control or jurisdiction."

"Be it further resolved, That such a management program be in accordance with state and federal weed laws.

"Be it further resolved, that such management program be implemented in cooperation with the state Department of Agriculture or with a state-designated weed control organization.

"Be it further resolved, That the Secretary of State of the State of Montana send copies of this resolution to the Governor, the Montana Congressional Delegation, the President of the United States Senate, the Speaker of the United States House of Representatives, the chairman of the United States Senate Agriculture, Nutrition, and Forestry Committee, the chairman of the United States House Agriculture Committee, and the chairmen of the House and Senate Agriculture Committees of North Dakota, South Dakota, Wyoming, and Idaho."

POM–487. A joint resolution adopted by the Legislature of the State of California; to the Committee on Armed Services:

"ASSEMBLY JOINT RESOLUTION No. 11

"Whereas, aggressor nations could exploit any apparent weakness in United States defensive capabilities by supporting increasingly bolder incursions throughout the world; and

"Whereas, there is a particular basis for concern that aggressor nations may use force in Pakistan, Iran, Yugoslavia, and Poland; and

"Whereas, a potential for aggressive actions exists which threatens other independent nations, including the United States; and

"Whereas, the United States is the key nation that can act to stop expansionist aggression; now, therefore, be it

"*Resolved by the Assembly and Senate of the State of California, jointly,* That the President of the United States and the Congress of the United States are requested to take action necessary to adopt a National Strategy of Peace Through Strength, the general principles of which are:

"(1) To inspire, focus and unite the national will and determination to achieve this goal of peace through strength.

"(2) To achieve an overall military and technological position that will demonstrate to the world that war is futile.

"(3) To examine every instance of aggression by any nation or group, and formulate a policy of facing this aggression consistent with the basic principles of liberty and equality of the United States of America.

"(4) To create a strategic defense and a civil defense which would protect United States citizens against nuclear war.

"(5) To accept no arms control agreement which in any way jeopardizes the security of the United States or its allies, or locks the United States defensive capabilities into a position of inferiority.

"(6) To reaffirm and maintain a policy for effective security and intelligence capabilities; and be it further

"*Resolved,* That the Legislature acknowledges that it will take the combined efforts of hundreds of organizations and millions of people to achieve the adoption of a National Strategy of Peace through Strength; and be it further

"*Resolved,* That the Chief Clerk of the Assembly transmit copies of this resolution to the President of the United States, to the Speaker of the House of Representatives, to the President of the Senate of the United States, and to each Senator and Representative from California in the Congress of the United States."

POM–488. A petition from citizens of Pennsylvania, Virginia, Maryland, Colorado, Delaware, Wisconsin, and New York, relative to licensing of CB radios; to the Committee on Commerce, Science, and Transportation.

POM–489. A petition from citizens of Connecticut, Rhode Island, and Massachusetts, relative to licensing of CB radios; to the Committee on Commerce, Science, and Transportation.

POM–490. A joint resolution adopted by the Legislature of the State of Montana; to the Committee on Finance:

"JOINT RESOLUTION

"Whereas, the Bureau of Alcohol, Tobacco and Firearms of the United States Department of the Treasury interprets the confidentiality provisions of Section 6103 of the Internal Revenue Code to include alcohol fuel producer's permits and related information; and

"Whereas, availability of this information is of great importance to the State of Montana in monitoring alcohol fuel production in the state; and

"Whereas, the confidentiality requirements of the Internal Revenue Code place substantial administrative and procedural burdens on state agencies seeking information.

Now, therefore, be it resolved by the Senate and the House of Representatives of the State of Montana: (1) That the Congress of the United States is urged to remove the alcohol fuel producer's permit, the application therefor, and other related nontax information from the confidentiality provisions of the Internal Revenue Code.

"(2) That the Bureau of Alcohol, Tobacco and Firearms make the information described above available to interested persons.

"(3) That copies of this resolution be sent by the Secretary of State to the President of the Senate of the United States, the Speaker of the House of Representatives of the United States, the Montana Congressional Delegation, and the Bureau of Alcohol, Tobacco and Firearms."

POM–491. A joint resolution adopted by the Legislature of the State of California; to the Committee on Finance:

"ASSEMBLY JOINT RESOLUTION No. 28

"Whereas, The indexing of California personal income taxes, since its enactment in 1978, has resulted in substantial savings to California taxpayers and has helped retain the value of taxpayers' earnings in a period of inflation; and

"Whereas, Indexing has given Californians the knowledge that the state income tax is fairly and forthrightly applied and collected and that they will not suffer economically while government reaps the benefits of inflation; and

"Whereas, As a matter of California public policy, it is desirable to achieve the maximum amount of conformity with federal income tax laws with respect to indexing so that federal and state income taxes are collected in the simplest and most uniform method possible, so that taxpayers are not subjected to a multitude of differing tax requirements, and so that the economic policies of the federal and state government are not incompatible; and

"Whereas, Based on the benefits which have accrued to California taxpayers due to indexing, indexing of state income taxes should continue in a manner which, to the extent possible, accurately ties indexing to the rate of inflation; now, therefore, be it

"*Resolved by the Assembly and Senate of the State of California, jointly,* That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to enact a statute indexing federal income taxes which is similar to the method adopted by the State of California; and be it further

"*Resolved,* That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM–492. A resolution adopted by the Board of Supervisors of the County of Los Angeles, California, relative to further reductions in federal spending; to the Committee on Finance.

POM–493. A petition from citizens of Monroe, Michigan, opposing any reduction of Social Security benefits; to the Committee on Finance.

POM–494. A joint resolution adopted by the Legislature of the State of California; to the Committee on Foreign Relations:

"ASSEMBLY JOINT RESOLUTION No. 18

"Whereas, About 70 percent of the vessels in the United States tuna fleet operate from ports in California; and

"Whereas, In 1980, about 194,000 short tons of tuna and bonito were landed by the United States tuna fleet in California; and

"Whereas, Approximately 107,000 short tons of frozen tuna and bonito were imported into California; and

"Whereas, During 1980, the countries of Costa Rica, Mexico, Ecuador, and Peru seized 22 United States flag tuna vessels, and the cost of the fines and other direct charges paid by the tuna fishermen as a condition for the release of the vessels and crews totaled $9.6 million; and

"Whereas, Another 16 vessels were harassed and detained, and the cost of charges incidental to the seizures and harassment connected with port charges, fuel, travel, and loss of fishing is estimated to exceed $2.5 million; and

"Whereas, As of this date, only five of the 22 seized vessels have been reimbursed for the fines and other direct charges paid for their release and the other 17 vessel owners are paying interest on their unpaid claims plus cash paid in connection with port charges and other costs incidental to the seizure; and

"Whereas, Mexico, through its actions, indicates an intent to take over leadership in the production of tuna from the eastern Pacific, and to be in a dominant position in the United States canned tuna market; and

"Whereas, this new source of competition from Mexico, in the form of government ownership of tuna canneries and tuna vessels, represents a unique challenge and opportunity for the California tuna industry; and

"Whereas, the canned tuna industry was born in California, tuna represents 27 percent of the total supply of edible fish in the United States market, and tuna constitutes over 23 percent of the estimated value of United States fishery products at the levels of domestic landings, imports, and processed fishery products, making tuna a tremendous importance to the fishing industryy of California; now, therefore, be it

"*Resolved by the Assembly and Senate of the State of California, jointly,* That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to take whatever action is necessary to assure that American fishing rights are observed and the safety of persons on American fishing boats is not threatened by foreign governments; and be it further

"*Resolved,* That the President consider renegotiating fishing treaties between the United States and foreign countries to ensure that the California tuna industry may adequately compete with the emerging tuna industry in Central and South American countries; and be it further

"*Resolved,* That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM–495. A concurrent resolution adopted by the Legislature of the State of South Carolina to the Committee on Governmental Affairs:

"A CONCURRENT RESOLUTION

"Whereas, the members of the General Assembly of South Carolina are very concerned over President Reagan's proposal that Congress legislate a requirement that a state reimburse the federal government for the cost of dredging port facilities and harbors in that state; and

"Whereas, the cost to the federal government of providing dredging services throughout the United States is approximately two hundred ninety-seven million dollars a year but in turn the federal government receives over six billion dollars a year in customs receipts; and

"Whereas, historically, the federal government has taken the responsibility for the dredging of port facilities and harbors and the states on the other hand have had the responsibility of developing the land-side facilities; and

"Whereas, under the proposal of President Reagan, a state would be allowed to impose and collect a per ton user fee on the cargo coming through each port of that state which would be used to reimburse the federal government for the cost of dredging that port or facility; and

"Whereas, due to the differences in the cost of dredging at various ports and due to the fact that some ports have much more cargo on which to assess the user fee, the user fees will vary substantially from port to port and this will result in shippers using and diverting cargo only to the lower-cost ports; and

"Whereas, although on the surface this proposal appears to have some cost-effective benefits, in reality the ultimate cost would be disastrous in terms of industry lost and

development stifled in those states which have relatively small, new or regional ports and these states would experience severe economic dislocation as a result of this proposal; and

"Whereas, in South Carolina the Port of Charleston would operate at a severe competitive disadvantage and the Port of Georgetown would probably have to shut down; and

"Whereas, even if the Reagan Administration insists on passing these costs onto the states, other better alternative means for accomplishing the same result are available including a uniform cargo fee which would be assessed at the same rate on cargo passing through all ports; and

"Whereas, for the above reasons, the General Assembly believes that this proposal of President Reagan is not in the best interest of the people of South Carolina or of the United States as a whole and that if enacted into law in its present form would result in more economic harm than good. Now, therefore,

"*Be it resolved* by the Senate, the House of Representatives concurring:

"That the members of the General Assembly hereby memorialize Congress not to enact President Reagan's proposal that a state reimburse the federal government for the cost of dredging port facilities and harbors in that state.

"*Be it further resolved* that copies of this resolution be forwarded to the President of the United States, to each United States Senator from South Carolina, each member of the House of Representatives of Congress from South Carolina, the Senate of the United States and the House of Representatives of the United States."

POM-496. A petition from a citizen of San Antonio, Tex., urging the Congress to veto the legislation of the District of Columbia removing criminal penalties for certain sexual acts; to the Committee on Governmental Affairs.

POM-497. A joint resolution adopted by the Legislature of the State of California; to the Select Committee on Indian Affairs:

"ASSEMBLY JOINT RESOLUTION No. 61

"Whereas, the Klamath River is acknowledged as the most productive salmon fishery in the State of California; and

"Whereas, The taking of salmon from the Klamath River for commercial purposes is prohibited by federal and state law; and

"Whereas, Native Americans are allowed to take fish from the Klamath River, on reservation lands, for purposes of subsistence; and

"Whereas, salmon runs and spawner escapement levels have declined greatly due to illegal fishing practices, and notably the practice of commercial gill-netting; and

"Whereas, the United States Department of Interior, through the Bureau of Indian Affairs, is charged with enforcing fishing regulations on the Klamath River as they pertain to Native American reservations; now, therefore, be it

"*Resolved by the Assembly and the Senate of the State of California, jointly,* That the Legislature of the State of California respectfully memorializes the United States Secretary of Interior to accelerate enforcement of existing laws and regulations in the Klamath River region in those areas where the United States Department of Interior, through the Bureau of Indian Affairs, has specified law enforcement responsibilities; and be it further

"*Resolved,* That Chief Clerk of the Assembly transmit copies of this resolution to the Secretary of Interior, to the director of the Bureau of Indian Affairs, and to each Senator and Representative from California in the Congress of the United States."

POM-498. A joint resolution adopted by the Legislature of the State of California; to the Committee on Labor and Human Resources:

"ASSEMBLY JOINT RESOLUTION No. 51

"Whereas, refugees from all over the world are coming to California at an estimated rate of over 5,000 per month; and

"Whereas, a probable 500,000 refugees will be settling in California within the next five years; and

"Whereas, it appears that immigration quotas will continue to increase, and that refugee admissions will continue in significant numbers for many years; and

"Whereas, approximately one-third of the Indochinese refugees entering the United States originally settle in California, and many of those who first settle in other states eventually move to California because of the similarity in climate between their homelands and California, because the large Asian population in California provides necessary cultural and social support, and for purposes of family reunification; and

"Whereas, California is proud to be a beacon of hope for thousands of desperate peoples from all corners of the earth who seek refuge from oppression, persecution, and death; and

"Whereas, throughout the history of California, each succeeding generation of immigrants to our state has made an important contribution to the economic and cultural vitality of the state; and

"Whereas, California feels a strong commitment and obligation to ensure a healthy environment both for refugees and for residents already within her borders; and

"Whereas, despite the passage of Congress of the Refugee Act of 1980, mandating a national plan for the resettlement of refugees, the federal government has not yet produced such a plan; and

"Whereas, despite the fact that the Refugee Act of 1980 requires the federal government to consult with the states regarding its intended distribution of refugees among the states and localities, this consultation with California's agency responsible for refugee resettlement, the State Department of Social Services, does not take place; and

"Whereas, because California receives no prior notification of the federal government's intentions regarding the settlement of refugees within California, and does not know how many are being sent or where they are being sent until they actually arrive in our state; and

"Whereas, despite the fact that California is required by the federal government to submit a State Plan for Refugee Resettlement by September 30 of each year, the state receives only sporadic and tardy information from the federal government regarding the extent of planned federal financial participation in refugee resettlement; and

"Whereas, this sporadic and tardy information makes effective advance state planning for refugee resettlement virtually impossible; now, therefore, be it

"*Resolved by the Assembly and Senate of the State of California, jointly,* That the President and the Congress of the United States are urged to use their best offices to require from the appropriate authorities, prior to December 31, 1981, a National Plan for Refugee Resettlement that clearly defines the roles and responsibilities of the appropriate government agencies and the voluntary agencies involved with refugee resettlement; and be it further

"*Resolved,* That such a plan include a clear delineation of the core services to be provided by all of the appropriate government agencies and the voluntary agencies involved in refugee resettlement; and be it further

"*Resolved,* That such a plan be made available for public review and comment prior to finalization; and be it further

"*Resolved,* That the voluntary agencies be required to submit an annual resettlement plan for those refugees that will be admitted to the United States as part of the United States quota for that year; and be it further

"*Resolved,* That such a plan must include the states and counties where voluntary agencies plan to resettle refugees as well as the core services that will be provided; and be it further

"*Resolved,* That prior consultation by the receiving states and counties will be mandated in order for those areas to accomplish effective planning; and be it further

"*Resolved,* That timely funding information for the refugee resettlement program must be received by the states prior to the beginning of each federal fiscal year, so that state program goals and objectives can be established and met within known available resources; and be it further

"*Resolved,* That the Chief Clerk of the Assembly transmit copies of this resolution to the President of the United States; to the United States Secretary of State; to the United States Ambassador on Refugee Affairs; to the Chairman and members of the United States Senate Judiciary Committee; to the Chairman and members of the United States House of Representatives Subcommittee on Immigration, Refugees, and International Law; to both Senators and to each Representative of California in the Congress of the United States; to the Select Commission on Immigration and Refugee Policy; to the United Nations High Commissioner on Refugees; to the Governor of California; and to each member of the Boards of Supervisors of Los Angeles, Orange, San Diego, San Francisco, Santa Clara, Alameda, and Sacramento Counties."

POM-499. A resolution adopted by the Catholic Center, Diocese of Evansville, Illinois, urging the restoration of funds to human services areas of the budget; to the Committee on Labor and Human Resources.

POM-500. A petition from a citizen of Tempe, Ariz., favoring outlawing monopoly bargaining in the federal service; to the Committee on Labor and Human Resources.

POM-501. A petition from a citizen of Richmond, Mich., favoring outlawing monopoly bargaining in the Federal service; to the Committee on Labor and Human Resources.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. ARMSTRONG (for himself and Mr. HART):

S. 1745. A bill to amend the Tax Reform Act of 1969 with respect to the application of the excess business holding provision to private foundations; to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ARMSTRONG (for himself and Mr. HART):

S. 1745. A bill to amend the Tax Reform Act of 1969 with respect to the application of the excess business holding provisions to private foundations; to the Committee on Finance.

EXCESS BUSINESS HOLDING

● Mr. ARMSTRONG. Mr. President, in Colorado Springs, Colo., there exists to-

day a unique private sector partnership that channels the profits from free enterprise into meeting individual and community needs that would otherwise remain unfilled.

For the past 42 years, the after-tax profits earned by the historic Broadmoor Hotel in Colorado Springs have been channeled through its owner, the El Pomar Foundation, to help fund civil and charitable groups throughout the State. With the Broadmoor as its cornerstone, more than $65 million has been contributed by the El Pomar Foundation to help meet the needs of the Penrose Hospital for Cancer Research, Colorado College, the University of Denver, the chicano education project, and more than 300 other such groups.

But this creative and productive partnership is threatened by requirements proposed by current tax law. The bottom line is this: Unless current law is amended, the El Pomar Foundation will be forced to lose majority ownership of the Broadmoor, and the Broadmoor will probably no longer—to the regret of the State of Colorado and to the Colorado Springs Community—be locally controlled or operated.

Today, Senator HART and I are jointly introducing legislation which will stop this forced divestiture which is now required by an overly broad and misguided provision contained in a 1969 tax law.

When Congress wrote the 1969 law, some individuals created foundations to escape payment of estate taxes on inherited family enterprises. To stop this practice, Congress enacted legislation requiring all foundations—even if there was no hint of tax fraud or abuse—to divest themselves of majority ownership of all enterprises. As a result, the El Pomar Foundation must divest itself of 50 percent of its Broadmoor stock by 1989, and an additional 15 percent of its stock by 2004.

One irony surrounding the El Pomar's forced divestiture is that in drafting the 1969 law the U.S. Senate approved a provision which exempted the Broadmoor from the divestiture requirement. At the time, the Senate believed, as I do today, that the factors that led to the foundation legislation in 1969 are not present in the El Pomar Foundation. In fact, none of those operating the Broadmoor or the foundation are descendants of Spencer Penrose, the original founder of the Broadmoor and the foundation.

The legislation Senator HART and I are introducing today exempts the El Pomar Foundation from the divestiture requirements imposed by section 101(1)(4) of the Tax Reform Act of 1969.

There are several compelling reasons why S. 1745 should be enacted:

First. Profits now earned from the Broadmoor Hotel's operations are channeled through the El Pomar Foundation into civic and charitable projects throughout Colorado. A forced divestiture would adversely affect this partnership.

Second. Under present law prospective buyers could take unfair advantage of the foundation since it has a legal mandate to sell in the future.

Third. The factors that led to the 1969 law are not present in this case. Both the Broadmoor Hotel and the foundation are totally free from the influence of the grantor or the heirs.

Fourth. There would be no revenue loss if this proposal is enacted into law since the Broadmoor Hotel is subject to the corporate income tax law regardless of ownership by the El Pomar Foundation. Although the El Pomar Foundation is exempt from Federal income tax law, the foundation, like all foundations, is subject to the private foundation excise tax on its investment income.

Fifth. There is precedent for this legislation since the U.S. Senate has earlier approved similar legislation.

Sixth. The Broadmoor Hotel is locally owned and managed, and is a bedrock of the Colorado Springs community. It is the city's second largest private sector employer, and the Broadmoor subsidizes hundreds of community activities. Because the Broadmoor is such a unique and valuable asset, financial analysts believe that only corporations now located outside the State would be able to purchase the Broadmoor. So the likely result of a forced sale of the Broadmoor, as now required by law, would be nonresident absentee ownership. One indication of the opposition to absentee ownership of the Broadmoor is an editorial accompanying my remarks that was recently published by the Colorado Springs Gazette Telegraph, the city's largest newspaper, and I ask unanimous consent that the article be printed in the RECORD.

Mr. President, the Armstrong-Hart bill merits quick hearings and early enactment.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Colorado Springs Gazette Telegraph, Sept. 23, 1980]

LAW THREATENS EL POMAR AND BROADMOOR

Things have come to a sad pass when special legislation becomes necessary to permit owners of property to retain control of that property.

The reference, as readers may have already realized, is to a bill pending before the U.S. Senate Finance Committee which, if enacted into law, will allow the Colorado Springs based El Pomar Foundation to retain control of the Broadmoor Hotel.

Under current law, the federal 1969 Tax Reform Act, the foundation, which has donated many millions of dollars to worthy causes both in Colorado Springs and throughout the state, must reduce its ownership in the Broadmoor to 50 percent by May 26, 1989, and further reduce that ownership to 35 percent by May 26, 2004, warns Ruthann Lehman, deputy press secretary for Senator William Armstrong.

Possibly under the initial dictated reduction and, certainly, under the second, the El Pomar Foundation would lose control of the Broadmoor properties, including the disposition of its profits, and vastly increase the possibility of that control passing out of the area or even (such things have happened) to some foreign control.

As Ms. Lehman emphasized, the Broadmoor is a large installation and only some large hotel operator (or other entity with large funds at its disposal) would be likely to buy it. And it is for this reason, Lehman went on to add, that both Armstrong and Senator Gary Hart are pressing the measure in Congress to make sure that the Broadmoor, long both a landmark and a tradition in the Pikes Peak region, does not pass from the El Pomar Foundation's local control.

Profits from the Broadmoor, which could go out of the state if El Pomar is forced to reduce its holdings, have been used by the foundation to make donations, totalling more than $58 million since 1939 when the foundation was established, to such as Penrose Hospital cancer research, Colorado College, and the Air Force Academy.

The proposed bill being pushed by Armstrong and Hart calls for El Pomar to reduce its holdings in the Broadmoor to 51 percent by May 26, 2004, with no further divestiture by the foundation.

Well, that would leave El Pomar in control, all right, but, as we said in the beginning, it's a shame that special legislation is necessary to enable property owners to retain control of property honestly come by.

As things now stand, the legislation sought by Armstrong and Hart is necessary, of course, but how much better it would be if the real culprit, the troublemaking federal 1969 Tax Reform Act, itself, could be repealed.●

ADDITIONAL COSPONSORS

S. 1675

At the request of Mr. HATFIELD, the Senator from New York (Mr. MOYNIHAN), and the Senator from Montana (Mr. BAUCUS) were added as cosponsors of S. 1675, a bill to help eliminate world hunger and malnutrition and promote global security.

SENATE RESOLUTION 288

At the request of Mr. WARNER, the Senator from Alaska (Mr. MURKOWSKI) was withdrawn as a cosponsor of Senate Resolution 228, a resolution expressing the sense of the Senate respecting the requirement for certain protective terms and conditions as a part of the transfer of the airborne warning and control system (AWACS) from the United States to any foreign country.

Mr. WARNER. Mr. President, due to a misunderstanding, Senater MURKOWSKI of Alaska was mistakenly listed as a cosponsor of Senate Resolution 228, a resolution relating to transfer of AWACS to any foreign country, introduced on October 7, 1981, by Senator NUNN, myself and other Senators. Senator MURKOWSKI, who is necessarily absent from the Senate today, has requested that his name be removed from this list of cosponsors and I ask unanimous consent, Mr. President, to do so.

NOTICES OF HEARINGS

COMMITTEE ON SMALL BUSINESS

Mr. WEICKER. Mr. President, I would like to announce for the information of the Senate and the public that the hearing scheduled by the Senate Small Business Committee on "LTV's acquisition of the Grumman Corporation: Consequences for small businesses and the U.S. Defense Base" for October 20, 1981, at 9:30 a.m., in room 424 of the Russell Senate Office Building, has been postponed.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENERGY AND NATURAL RESOURCES AND THE SUBCOMMITTEE ON NUCLEAR REGULATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on

Energy and Natural Resources and the Subcommittee on Nuclear Regulation of the Committee on Environment and Public Works be authorized to meet during the session of the Senate on Tuesday, October 20, to hold a joint hearing on S. 1606, a bill relating to nuclear accident cleanup legislation, including the Three Mile Island accident.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON ENERGY REGULATIONS AND WATER AND POWER

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittees on Energy Regulation and Water and Power of the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Monday, October 19, to hold oversight hearings on hydroelectric development and licensing procedures.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Friday, October 23, to hold a hearing dealing with the Alaskan Natural Gas Pipeline Waiver.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Thursday, October 22, to hold a hearing dealing with the Alaskan Natural Gas Pipeline Waiver.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

DOLE AMENDMENT TO SOCIAL SECURITY MINIMUM BENEFIT BILL (H.R. 4331)

● Mr. LEVIN. Mr. President, I have repeatedly voted against the elimination of the minimum benefit for current retirees. So, naturally, I was pleased to learn of the unanimous action taken last week by the Finance Committee to partially restore the minimum benefit.

I was equally pleased about the provisions allowing for interfund tax reallocation and borrowing authority, additional flexibility which will enable the system to meet its benefit obligations over the next 10 years.

I believe that the Finance Committee action, which we sustained yesterday, will restore peace of mind to the millions of elderly Americans who are beneficiaries of the social security system. Ninety-five out of 100 elderly people in this country, Mr. President, depend on social security. It is my understanding that of the 3.1 million elderly citizens who now receive the minimum benefit, over one-half are near the poverty line, and 1.1 million more live at a level that is below the poverty line. Those who are below the poverty line generally qualify for SSI benefits; however, according to a recent report issued by the Congressional Budget Office many choose not to participate in any such welfare program.

Mr. President, the persons affected by our decision here yesterday are the very old—nearly 14,000 are over the age of 95; 66,396 are between the ages of 90 and 94; 66,552 are between 85 and 89; 284,534 are between 80 and 84; 410,376 are between 75 and 79; and 508,226 are 70 to 74 years of age. If we did not act responsibly, the psychological effects on these elderly Americans as a result of failing to repeal the language recently enacted into law, would be tragic.

In the legislation we adopted yesterday, there is also a message to the 115 million Americans who contribute to the system each and every working day of their lives that most of us in the Congress will take necessary steps to maintain the solvency of the social security program, and to pay benefits as promised and as they become due.●

NATIONAL COMMISSION ON INTEREST RATES

● Mr. HEFLIN. Mr. President, I rise to speak in favor of S. 1598 which would establish a national commission on interest rates. I commend the senior Senator from the State of Mississippi, my good friend and colleague Senator STENNIS, for his leadership in combating high interest rates and I am delighted to be a joint sponsor of this timely and important legislation introduced by him.

Mr. President, high-interest rates represent the most serious problem facing our economy and the American people today. Without a dramatic reduction of interest rates, there will be no economic recovery for this Nation—this year, next year, or any year thereafter.

During the Senate's August and Columbus Day recesses I held more than 60 town meetings in my home State of Alabama. In the course of these and other open forums, I talked to literally thousands of my friends and constituents from all walks of life and from widely varying economic, social, and political backgrounds. The No. 1 concern and problem on the minds of Alabamians today is that of excessively high interest rates—interest rates that keep them from purchasing a home, bar them from borrowing enough money to plant or cultivate their crops, block them from buying an automobile or other consumer goods and interest rates that are causing them to lose their jobs.

I have no question that the same is true in each of your home States.

Mr. President, because of high interest rates, we may lose an entire generation of farmers. I have talked with many farmers who are being forced off their land because they simply cannot afford to borrow enough money to plant their crops. I have talked to numerous young people who aspire to work the land and own their own farms as their fathers, and their fathers' fathers did. These young people are being blocked from fulfilling that dream—and from providing food for our Nation's millions of persons because interest rates are so high.

Because of high-interest rates, millions of young couples cannot afford to purchase their own homes. The resulting slump in the housing market is having a devastating effect, not only on that industry, but on our entire economy. Because home mortgages rates are so high, very few persons can afford to borrow the money to purchase a home. Thus, very few homes are being built and millions of contractors, bricklayers, plumbers, electricians, architects, laborers, and those who work in building supply support industries are being forced out of work.

Because of high interest rates, business bankruptcies are at record highs, thus causing an unacceptably high level of unemployment in our Nation.

Further, Mr. President, I am afraid that there will be no economic recovery—and the economy and the American people will continue to suffer—unless interest rates are brought down to reasonable levels.

Mr. President, a national commission on interest rates would bring responsible and knowledgeable officials in the Government and in the private sector together to conduct an in-depth study of economy and determine the steps needed to be taken to reduce interest rates.

I am convinced that the interest rate problem is so grave that we can no longer afford to delay taking immediate action to bring down interest rates.

I urge the Senate to give this important legislation its immediate and favorable consideration and quickly adopt S. 1598.●

SLOPPY FINANCIAL PRACTICES ARE COSTING FEDERAL CONTRACTORS AND THE GOVERNMENT MILLIONS OF DOLLARS

● Mr. DANFORTH. Mr. President, for some time I have been voicing complaints about the Government's poor bill payment performance. I have introduced legislation, S. 1131, to require the Government to pay interest to Government contractors whenever it pays its bills late. Fifty of my colleagues have joined me in that venture, and I look forward to mark up of this legislation before the end of this month.

The administration continues to oppose legislative remedies, arguing that administrative changes will address the problem. I doubt it, and a recent report of the General Accounting Office only serves to reinforce my doubts.

In 1978, the GAO studied the Government's bill payment performance and concluded that it was "good but should be better." Several administrative remedies were proposed.

In May of this year, during hearings on S. 1131, I asked the GAO to follow up on its 1978 report to see what progress the Government had made in improving its financial management practices. That report is now complete and was submitted to my office on October 8. It is a depressing document. The GAO finds that adequate corrective actions have not been taken, that Treasury's monitoring of bill payment practices has been ineffective, and that responsible agency of-

fices do little monitoring of payment performance.

Late payments are only part of the problem. Frequently, bills are being paid early—well ahead of the date due for payment—at a cost to the Government in foregone interest. And, in one of the more remarkable events to come to my attention in recent months, the Department of Commerce recently sought to blunt complaints concerning an overdue contract claim from a small carpet service in Maryland by explaining that the Department had already been billed twice on some of the outstanding claims—and had paid twice, even three times in one instance, a fact the Department discovered on reviewing the invoices—some of which had gone unpaid for a year. Paid twice? Are we supposed to be comforted by such news? What is going on at the Department of Commerce?

Given that there was no fraudulent intent, and fraud appears highly unlikely in this case, it is understandable how a small business with poor bookkeeping might bill twice on the same account—especially when its bills are not getting paid in a timely fashion. But it is inexcusable for the Department of Commerce, of all places, to pay twice even three times and then tell Congress everything's under control. Who is in charge here? Something has got to be done—and done quickly if this is any example of how the Government manages the taxpayers' money.

Assuming that bill payment performance is no better or worse than it was in 1978, and applying an interest rate of 12 percent, the GAO estimates—on annual purchases of $100 billion—that contractors are losing at least $150 million annually on late payments, and that losses could reach $375 million. At the same time, the GAO estimates that early payments may be costing the Government anywhere from $900 million to $3.8 billion each year. And who knows how much money is being paid out because bills are being paid more than once, while the Government is squandering hundreds of millions of dollars by making payments too early or too often—this at a time when Congress is striving to find ways to balance the budget.

The Government Affairs Committee will soon mark up S. 1131, but legislation can only address the symptoms of bad financial management. I would be quite happy if this legislation were written into law and never resulted in one dime of interest being paid to a single contractor—if the reason behind that event were the fact that contractors were finally being paid on time. That, however, depends on the executive branch. Congress cannot legislate good management, however hard we may try. We can, however, protect contractors from being the fall guys for the Government's shoddy administrative work—and hope the pain of having to pay for their mistakes slaps the Government's financial managers into line.

Mr. President, because of the length of the GAO report, I will not ask that it be printed in the RECORD. Copies may be obtained, however, from the Subcommittee on Federal Expenditures, Research, and Rules by writing to me at 44 Capitol Hill Apartments, 128 C Street NE., Washington, D.C. 20510, or by calling the subcommittee's office at (202) 224-0211.●

HIGH INTEREST RATES

● Mr. BOREN. Mr. President, for the past 3 months, I have made daily comments on the floor of the U.S. Senate in an attempt to point out the dangers of continued high interest rates. I have argued for the need for quick actions to avert a serious break in our economy. All of the gains which could come from spending cuts and tax cuts will be lost if interest rates are not reduced.

The handwriting is on the wall. The question is not whether we will have a recession if high-interest rates continue, the question is only how deep will it be and how soon will it come? Small business bankruptcy rates have already doubled this year because inventories cannot be financed at high interest rates. How many more will have to go broke before action is taken?

Wheat farmers who have to borrow to buy land and equipment saw the cost of interest increase in 2 years by over $1.20 for every bushel of wheat sold, while the price of wheat was already about $2 below the cost of production. Ranchers selling calves are now having to pay as much as one-half the sale price in interest. It has been reported that one-third of Farmers Home Administration loans are in arrears. How many farms and ranches will have to be liquidated before Washington admits that there is a problem?

Over 300 thrift institutions across the country are officially designated as in danger of insolvency within 1 year. Several life insurance companies are experiencing large withdrawals from their reserves. Will we wait until some institutions actually fail before devising a program to combat the problem?

Primarily because of increases in interest rates, the cost of owning a home has increased 419 percent since 1967. With the average new house requiring a monthly payment of over $1,000, only 3 percent of the people in my State can qualify to buy a home. In one typical Oklahoma community, there were over 700 new housing starts 2 years ago, and only 60 so far this year. What will it take to wake us up? The President's key advisers continue to fail to alert him to the dangers.

Time is short. There are actions which Congress and the President can and should take.

First, the Federal Reserve Board should stop overshooting its own targets on the money supply and move to bring interest rates down to a more reasonable level.

Second, over $50 billion of credit was used this year for a few large companies to acquire others, bringing about no improvement in productivity. This abuse of credit should be halted so that those funds could be made available for productive investment in new plants and equipment, in farms, in small businesses, and in new homes for young families.

Third, the Federal deficit must be reduced further, to keep the Government from having to borrow so much money, bidding up interest rates in the process.

Our Government should act, but will it act before it is too late? This is a question on the minds of citizens across the country, and it is one that every Member of this august body should seriously contemplate.●

MINUTEMAN EXTENDED SURVIVABLE POWER

● Mr. CANNON. Mr. President, on Friday, October 2, 1981, President Reagan announced his decision to pursue a five-point nuclear strategy program. Although the Department of Defense has yet to present the technical details for implementing this plan, key ingredients include deployment of MX missiles in "superhardened" silos. consideration of deep underground ICBM basing and/or BMD of ICBM's, and the upgrading of our Nation's command, control, and communications.

Until 1986 and beyond, the existing Minuteman force will continue to be the primary land-basing strategic deterrent.

Neither Minuteman missiles, MX in Titan and/or Minuteman silos, MX in deep underground silos, nor ICBM's defended by BMD can be controlled or operate in a postattack nuclear environment without long endurance emergency power systems. Nor can land mobile or fixed control centers operate without power.

The Reagan program stresses survivability and endurance, and of necessity, relies on the ultimate need to communicate with our strategic forces, even after a nuclear attack, for "extended periods afterwards."

We have before us a program entitled, "Minuteman Extended Survivable Power," which for a nominal and effective cost—$107.7 million distributed over fiscal year 1981: $24.7 million; fiscal year 1982: $45 million; fiscal year 1983: $34 million, and fiscal year 1984: $4 million—could go into production in Henderson, Nev., immediately. These long endurance high power lithium thionyl chloride batteries are fully developed and qualified and necessary to increase the survivability and endurance of ICBM silos, be they existing Minuteman silos, or MX missiles deployed in Titan/Minuteman silos. In production, this emergency power source is equally applicable to deep underground MX basing, BMD defense of ICBM's and ground communications centers, and would increase the operational capability of any of these systems by a factor of 20 times.

This program was zeroed by the DOD as part of the recommended $2 billion reduction in the budget for fiscal year 1982. In view of the President's plan to deploy initial MX missiles in silos, and the need to restructure the overall DOD budget in the weeks ahead, this program should be reinstated immediately by the

Congress, initially in the fiscal year 1982 authorization conference, which is in process, and then in the appropriations deliberations which will be considered shortly.●

ORDER FOR STAR PRINT OF REPORT ON S. 391

Mr. BAKER. Mr. President, I ask unanimous consent that the report to accompany S. 391 be star-printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Judiciary Committee have until 6 p.m. today, October 16, to file the star print report to accompany S. 391.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I believe the matters I am about to address now have been cleared by the distinguished minority leader.

FEDERAL FIRE PREVENTION AND CONTROL ACT APPROPRIATION AUTHORIZATION

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 999.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 999) entitled "An Act to authorize appropriations for the Federal Fire Prevention and Control Act of 1974, and for other purposes", do pass with the following amendments:

Strike out all after the enacting clause, and insert:

TITLE I—EARTHQUAKE HAZARDS REDUCTION PROGRAM

SEC. 101. (a) Section 7(a) of the Earthquake Hazards Reduction Act of 1977 is amended by adding at the end thereof the following new paragraph:

"(3) There are authorized to be appropriated to the Director for the fiscal year ending September 30, 1982, $2,000,000 to carry out the provisions of sections 5 and 6 of this Act.".

(b) Section 7(b) of such Act is amended by striking out "and" after "1980;", and by inserting "; and $35,425,000 for the fiscal year ending September 30, 1982" before the period at the end thereof.

(c) Section 7(c) of such Act is amended by striking out "and" after "1980;", and by inserting "; and $27,150,000 for the fiscal year ending September 30, 1982" before the period at the end thereof.

(d) Section 7(d) of such Act is amended by inserting "; and $425,000 for the fiscal year ending September 30, 1982" before the period at the end thereof.

(e) Section 7 of such Act is further amended by adding at the end thereof the following new subsection:

"(e) FUNDS FOR CERTAIN REQUIRED ADJUSTMENTS.—For the fiscal year ending September 30, 1982, there are authorized to be appropriated such further sums as may be necessary for adjustments required by law in salaries, pay, retirement, and employee benefits incurred in the conduct of activities for which funds are authorized by the preceding provisions of this section.".

TITLE II—FIRE PREVENTION AND CONTROL

SEC. 201. Section 17 of the Federal Fire Prevention and Control Act of 1974 is amended by adding at the end thereof the following new subsection:

"(d) Except as otherwise specifically provided with respect to the payment of claims under section 11 of this Act, to carry out the purposes of this Act for the fiscal year ending September 30, 1982, there are authorized to be appropriated—

"(1) $21,115,000, which amount shall include—

"(A) such sums as may be necessary for the support of research and development at the Fire Research Center of the National Bureau of Standards under section 18 of this Act, which sums shall be in addition to those funds authorized to be appropriated under the National Bureau of Standards Authorization Act for Fiscal Years 1981 and 1982, and

"(B) $654,000 for executive direction by the Federal Emergency Management Agency of program activities for which appropriations are authorized by this subsection; and

"(2) such further sums as may be necessary for adjustments required by law in salaries, pay, retirement, and employee benefits incurred in the conduct of activities for which funds are authorized by paragraph (1) of this subsection.".

TITLE III—MULTIHAZARD RESEARCH, PLANNING, AND MITIGATION

SEC. 301. (a) Pursuant to the Earthquake Hazards Reduction Act of 1977, the Federal Fire Prevention and Control Act of 1974, and title III of Public Law 96–472 (which recognized that "natural and manmade hazards may not be independent of one another in any given disaster"), and further recognizing that emergency personnel are often called upon to meet emergencies outside of their primary field of service, section 301 of Public Law 96–472 is amended—

(1) by inserting before the period at the end if the first sentence the following: ", and it is also recognized that emergency personnel are often called upon to meet emergencies outside of their primary field of service"; and

(2) by striking out "and" after the semicolon at the end of paragraph (5), by striking out the period at the end of paragraph (6) and inserting in lieu thereof a semicolon, and by adding after paragraph (6) the following new paragraphs:

"(7) conduct emergency first response programs so as to better train and prepare emergency personnel to meet emergencies outside of their primary field of service; and

"(8) conduct a program of planning, preparedness, and mitigation related to the multiple direct and indirect hazards resulting from the occurrence of large earthquakes.".

(b) Section 302 of Public Law 96–472 is amended—

(1) by inserting "(a)" after "SEC. 302."; and

(2) by adding at the end thereof the following new subsection:

"(b) For the fiscal year ending September 30, 1982, there are authorized to be appropriated to the Director—

"(1) not less than $4,939,000 to carry out section 301, which amount shall include—

"(A) not less than $700,000 to carry out the purposes of paragraphs (1) through (6) of such section,

"(B) such sums as may be necessary, but in any case not less than $939,000, for use by the United States Fire Prevention and Control Administration in carrying out paragraph (7) of such section, and

"(C) not less than $3,300,000 to carry out paragraph (8) of such section with respect to those large California earthquakes which were identified by the National Security Council's Ad Hoc Committee on Assessment of Consequences and Preparations for a Major California Earthquake; and

"(2) such further sums as may be necessary for adjustments required by law in salaries, pay, retirement, and employee benefits incurred in the conduct of activities for which funds are authorized by paragraph (1) of this subsection.".

TITLE IV—GENERAL PROVISIONS

SEC. 401. Funds authorized to be appropriated by title I, title II, or title III may be transferred among the program categories listed in that title, except that neither the total funds transferred from any such program category nor the total funds transferred to any such program category may exceed 10 per centum of the amount authorized for that program category (or of the amount available for that program category after the application of section 402) unless—

(1) thirty calendar days have passed after the Director or his designee has transmitted to the Speaker of the House of Representatives, to the President of the Senate, to the chairman of the Committee on Science and Technology of the House of Representatives, and to the chairman of the Committee on Commerce, Science, and Transportation of the Senate a written report containing a full and complete explanation of the transfer involved and the reason for it, or

(2) before the expiration of such thirty days both chairmen have written to the Director stating that they have no objection to the proposed transfer.

For purposes of this section, the program activity or activities for which funds are authorized by each of the following provisions of law as amended by this Act shall be deemed to constitute one "program category": Subsections (a), (b), (c), (d), and (e) of section 7 of the Earthquake Hazards Reduction Act of 1977, paragraphs (1)(A), (1)(B), and (2) of section 17(d) of the Federal Fire Prevention and Control Act of 1974, and paragraphs (1)(A), (1)(B), (1)(C), and (2) of section 302(b) of Public Law 96–472.

SEC. 402. If the total amount of the appropriations made by any appropriation Act for program activities within title I, or within title II, or within title III, for the fiscal year ending September 30, 1982, is less than the total amount authorized to be appropriated for those activities by this Act, the amount available from such appropriations for any particular activity shall bear the same ratio to the amount authorized to be appropriated for that activity by this Act as the total amount of the appropriations made by such appropriation Act for such program activities bears to the total amount authorized to be appropriated for all such program activities by this Act (with each ceiling and floor set forth within each title of this Act being reduced in the same ratio for purposes of determining the amounts so available), except to the extent specifically otherwise provided in the text of the Act making the appropriations for the program activities involved.

Amend the title so as to read: "An Act to amend the Earthquake Hazards Reduction Act of 1977 and the Federal Fire Prevention and Control Act of 1974 to authorize the appropriation of funds to the Director of the Federal Emergency Management Agency to carry out the earthquake hazards reduction programs and the fire prevention and control program, and for other purposes.".

UP AMENDMENT NO. 489

Mr. BAKER. I send an amendment to the desk on behalf of the distinguished Senator from Oregon (Mr. PACKWOOD) and others.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Tennessee (Mr. BAKER), on behalf of Mr. PACKWOOD, Mr. HOLLINGS, Mr. D'AMATO, Mr. HELMS, Mr. LEAHY, and Mr.

RANDOLPH, proposes an unprinted amendment numbered 489.

Mr. BAKER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike all after the enacting clause and insert in lieu thereof, the following:

TITLE I—EARTHQUAKE HAZARDS REDUCTION PROGRAM

SEC. 101. (a) Section 7(a) of the Earthquake Hazards Reduction Act of 1977 is amended by adding at the end thereof the following new paragraph:

"(3) There are authorized to be appropriated to the Director for the fiscal year ending September 30, 1982, $2,000,000 to carry out the provisions of sections 5 and 6 of this Act.".

(b) Section 7(b) of such Act is amended by striking out "and" after "1980;", and by inserting "; and $35,425,000 for the fiscal year ending September 30, 1982" before the period at the end thereof.

(c) Section 7(c) of such Act is amended by striking out "and" after "1980;", and by inserting "; and $27,150,000 for the fiscal year ending September 30, 1982" before the period at the end thereof.

(d) Section 7(d) of such Act is amended by inserting "; and $425,000 for the fiscal year ending September 30, 1982" before the period at the end thereof.

(e) Section 7 of such Act is further amended by adding at the end thereof the following new subsection:

"(e) FUNDS FOR CERTAIN REQUIRED ADJUSTMENTS.—For the fiscal year ending September 30, 1982, there are authorized to be appropriated such further sums as may be necessary for adjustments required by law in salaries, pay, retirement, and employee benefits incurred in the conduct of activities for which funds are authorized by the preceding provisions of this section".

TITLE II—FIRE PREVENTION AND CONTROL

SEC. 201. Section 17 of the Federal Fire Prevention and Control Act of 1974 is amended by adding at the end thereof the following:

"(d) Except as otherwise specifically provided with respect to the payment of claims under section 11 of this Act, to carry out the purposes of this Act, there are authorized to be appropriated—

"(1) $21,115,000 for the fiscal year ending September 30, 1982, and $25,338,000 for the fiscal year ending September 30, 1983, which amount shall include—

"(A) in each of the fiscal years ending September 30, 1982 and September 30, 1983, not less than $4,009,000 for research and development for the activities under section 18 of this Act at the Fire Research Center of the National Bureau of Standards; and

"(B) $654,000 for the fiscal year ending September 30, 1982, and $784,000 for the fiscal year ending September 30, 1983, for executive direction by the Federal Emergency Management Agency of program activities for which appropriations are authorized by this subsection; and

"(2) such further sums as may be necessary in each of the fiscal years ending September 30, 1982 and September 30, 1983, for adjustments required by law in salaries, pay, retirement, and employee benefits incurred in the conduct of activities for which funds are authorized by paragraph (1) of this subsection.

The funds authorized under section 18 shall be in addition to funds authorized in any other law for research and development at the Fire Research Center of the National Bureau of Standards.".

SEC. 202. (a)(1) The Administrator of the United States Fire Administration is authorized and directed to convey by quitclaim deed, without consideration, to Gallaudet College, a body corporate created by Act of Congress approved February 16, 1857, as amended, all right, title, and interest of the United States in and to the following described tract of land, together with all buildings and other improvements thereon, situated in the District of Columbia:

Lots numbered 75 to 79 inclusive in Square numbered 2745–F in the subdivision made by the Rock Creek Park Estates, Inc., as per plat recorded in the Office of the Surveyor for the District of Columbia in Liber 115 at folio 193. Lots numbered 66 and 67 in said Square numbered 2745–F in the subdivision made by Alpheus H. Ryan, as per plat recorded in said Surveyor's Office in Liber 104 at folio 3. Also parts of a tract of land called "Clouin Course". All of above described property being described in one parcel as follows: Beginning for the same at a point of intersection of the Southerly line of Kalmia Road, with the West line of Lot 80 in Square 2745–F in the combination of lots made by Marjorie Webster Junior College, Incorporated, as per plat recorded in said Surveyor's Office in Liber 146 at folio 188, and running thence along said West line of said Lot 80, South 0 degrees 05 minutes West 235.11 feet to the Southerly or rear line thereof, and thence along the Southerly line of said Lot 80, South 69 degrees 18 minutes 10 seconds East 437.19 feet more or less to the West line of a 16 foot wide public alley; thence running South 0 degree 05 minutes West along said West line of said alley 20.16 feet; thence South 59 degrees 53 minutes 13 seconds West 610.64 feet to the Northeasterly line of 17th Street, thence along said line of said street, deflecting to the right with the arc of a circle whose radius is 869.11 feet, 90.07 feet to a point of tangent, and running thence North 30 degrees 11 minutes 40 seconds West and still along the said Northeasterly line of 17th Street, 538.81 feet to a point of curve; thence deflecting to the right with the arc of a circle whose radius is 41.51 feet Northeasterly 66.35 feet to a point of tangency in the South line of Kalmia Road (60 feet wide) thence with the South line of said Kalmia Road, North 61 degrees 24 minutes East 187.84 feet; thence South 28 degrees 36 minutes East 15 feet to the most Southerly line of Kalmia Road. (90 feet wide); thence with the most Southerly line of said Road, and deflecting to the right with the arc of a circle whose radius is 385 feet, Easterly 260 feet to the point of beginning.

(2) At the date hereof, the above decribed part of Clouin Course formerly taxed as Parcel 77/63 is designated on the records of the Assessor for the District of Columbia for assessment and taxation purposes as Lot 815 in Square 2745–F.

(3) Lot numbered 80 in Square numbered 2745–F in the combination of lots made by Marjorie Webster Junior College, Incorporated, is as per plat recorded in said Surveyor's Office in Liber 146 at folio 188.

(b) Section 25 of the Federal Fire Prevention and Control Act of 1974 is repealed.

TITLE III—MULTIHAZARD RESEARCH, PLANNING, AND MITIGATION

SEC. 301. (a) Pursuant to the Earthquake Hazards Reduction Act of 1977, the Federal Fire Prevention and Control Act of 1974, and title III of Public Law 96–472 (which recognized that "natural and manmade hazards may not be independent of one another in any given disaster"), and further recognizing that emergency personnel are often called upon to meet emergencies outside of their primary field of service, section 301 of Public Law 96–472 is amended—

(1) by inserting before the period at the end of the first sentence the following: ", and it is also recognized that emergency personnel are often called upon to meet emergencies outside of their primary field of service"; and

(2) by striking out "and" after the semicolon at the end of paragraph (5), by striking out the period at the end of paragraph (6) and inserting in lieu thereof a semicolon, and by adding after paragraph (6) the following new paragraphs:

"(7) conduct emergency first response programs so as to better train and prepare emergency personnel to meet emergencies outside of their primary field of service; and

"(8) conduct a program of planning, preparedness, and mitigation related to the multiple direct and indirect hazards resulting from the occurrence of large earthquakes.".

(b) Section 302 of Public Law 96–472 is amended—

(1) by inserting "(a)" after "SEC. 302."; and

(2) by adding at the end thereof the following new subsection:

"(b) For the fiscal year ending September 30, 1982, there are authorized to be appropriated to the Director—

"(1) $4,939,000 to carry out section 301, which amount shall include—

"(A) not less than $700,000 to carry out the purposes of paragraphs (1) through (6) of such section;

"(B) such sums as may be necessary, but in any case not less than $939,000, for use by the United States Fire Administration in carrying out paragraph (7) of such section; and

"(C) not less than $3,300,000 to carry out paragraph (8) of such section with respect to those large California earthquakes which were identified by the National Security Council's Ad Hoc Committee on Assessment of Consequences and Preparations for a Major California Earthquake; and

"(2) such further sums as may be necessary for adjustments required by law in salaries, pay retirement, and employee benefits incurred in the conduct of activities for which funds are authorized by paragraph (1) of this subsection.".

TITLE IV—GENERAL PROVISIONS

SEC. 401. Funds authorized to be appropriated by title I, title II, or title III may be transferred among the program categories listed in that title, except that neither the total funds transferred from any such program category nor the total funds transferred to any such program category may exceed 10 per centum of the amount authorized for that program category unless—

(1) thirty calendar days have passed after the Director or his designee has transmitted to the Speaker of the House of Representatives, to the President of the Senate, to the chairman of the Committee on Science and Technology of the House of Representatives, and to the chairman of the Committee on Commerce, Science, and Transportation of the Senate a written report containing a full and complete explanation of the transfer involved and the reason for it, or

(2) before the expiration of such thirty days both chairmen have written to the Director stating that they have no objection to the proposed transfer.

For purposes of this section, the program activity or activities for which funds are authorized by each of the following provisions of law as amended by this Act shall each be deemed to constitute a "program category": Subsections (a), (b), (c), (d), and (e) of section 7 of the Earthquake Hazards Reduction Act of 1977; paragraphs (1)(A), (1)(B), and (2) of section 17(d) of the Federal Fire Prevention and Control Act of 1974; and paragraphs (1)(A), (1)(B), (1)(C), and (2) of section 302(b) of Public Law 96–472; and section 302(c) of such Public Law.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

The amendment (UP No. 489) was agreed to.

Mr. BAKER. Mr. President, I move that the Senate concur in the amendments of the House with the amendment of the Senate.

The motion was agreed to.

VETERANS PROGRAMS EXTENSION AND IMPROVEMENT ACT OF 1981

Mr. BAKER. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 3499.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the amendments of the Senate to the bill (H.R. 3499) to amend title 38, United States Code, to extend the Vietnam-era veterans' readjustment counseling program, to provide medical care for Vietnam veterans exposed to herbicide defoliants—including agent orange—to recover the cost of certain health care provided by the Veterans' Administration, and for other purposes.

(The amendments of the House are printed in the RECORD of October 2, 1981, beginning at page H6804.)

● Mr. SIMPSON. Mr. President, this measure is before the Senate now as a privileged matter in lieu of the formal conference report.

SUMMARY

Mr. President, I rise in strong support of H.R. 3499, the proposed Veterans' Health Care, Training and Small Business Loan Act of 1981. I urge immediate passage of this bill which is needed to insure the continued authorization of a number of important programs.

This measure embodies a compromise agreement between the House and Senate Committees on Veterans' Affairs. It is, I believe, a fair and reasonable compromise—worked out after long and extensive negotiations and discussions. It would provide for a number of health care extensions including an extension of the period for Vietnam-era veterans to request readjustment counseling. It would provide eligibility for medical care for veterans exposed to agent orange or radiation.

It would also provide for an extension of certain contract health care in Puerto Rico, the Virgin Islands, other territories and in the Republic of the Philippines. It would help to facilitate medical care for survivors and dependents of certain veterans, and strengthen the ability of the VA to recover non-service-connected health costs. It would extend the delimiting period for certain Vietnam-era veterans, as well as the authority under which they may receive noncompetitive appointments to the Federal civil service. It would establish a small business loan program for disabled and Vietnam-era veterans. It would also provide for the expansion of the scope of the agent orange epidemiological study sponsored by the VA.

Mr. President, all the compromise provisions of H.R. 3499 are explained fully in the joint explanatory statement which follows my remarks. However, I do wish to highlight several of the major provisions.

MEDICAL CARE FOR VIETNAM VETERANS EXPOSED TO AGENT ORANGE OR RADIATION

Mr. President, both the House bill and the Senate amendment would provide certain veterans with new eligibility for VA hospital and nursing home care, prehospital and posthospital outpatient treatment, and outpatient treatment to obviate the need for hospital care.

The Senate amendment would provide health-care eligibility for those Vietnam-era veterans whose disability some credible medical evidence has shown to be caused by exposure, while in Vietnam, to dioxin or other toxic substances found in an herbicide, defoliant, or malaria preventive medication. Eligibility would also be granted for those veterans exposed to radiation from a nuclear weapons test. The Senate amendment would grant these veterans a priority for outpatient care ahead of care for nonservice-connected veterans. This new eligibility would terminate 1 year after the submission of the VA's first report on the epidemiological study of the effects of agent orange, mandated under Public Law 96–151.

Mr. President, the compromise agreement contains a provision to insure that the proposed changes not be construed to suggest that the disabilities involved are service connected, or affect service-connection determinations of eligibility for health care. Under the provision in the compromise agreement, eligibility for basic VA health-care services is granted for a veteran's disability if it is found that the veteran, during active duty, may have been exposed to dioxin or was exposed in Vietnam to any toxic substance in an herbicide or defoliant used in connection with military purposes there, or to radiation from the detonation of a nuclear device. Only those veterans with disabilities that result from specified exposure, according to guidelines issued by the Chief Medical Director, will be eligible for the new coverage.

Mr. President, because of the difficulty in determining actual usage patterns of agent orange and other dioxin-contaminated defoliants and herbicides in Vietnam, the committees intend that the Administrator concede that such exposure did occur if the military records of the veteran claiming exposure indicate that the veteran served in Vietnam. This provision will only add to a veteran's existing eligibilities, and not create an exclusive avenue for eligibility.

Mr. President, it was my very strong belief that this provision should terminate 1 year following the submission of the first report on the VA's epidemiological study on the effects of agent orange. The first report on that study is due 2 years after the protocol for the study is approved and a proposed protocol design is currently in the peer review process. The compromise contains this provision.

EXTENSION OF PERIOD FOR VIETNAM-ERA VETERANS TO REQUEST READJUSTMENT COUNSELING

Mr. President, both the House bill and the Senate amendment contained a provision which would extend by 3 years the period of time during which eligible Vietnam-era veterans may request readjustment counseling. The "Vet Centers" providing this counseling are designed to attract veterans who have not readjusted successfully to civilian life or those who have experienced delayed stress problems which may have resulted from service. My major concern about the extension of this program was that it be appropriately targeted to meet the very real needs of such veterans and not be merely open-ended rap sessions without the setting of specific goals of reestablishing self-esteem, responsibility, and participation in community life.

Mr. President, one of the provisions that I consider of utmost importance in the Senate amendment, which is contained in the compromise, requires that the Administrator during the final year of this extended eligibility which will end September 30, 1984, take steps to insure the orderly transition of the readjustment counseling program from one providing counseling primarily in storefront centers to one providing counseling primarily within the VA medical facilities.

Mr. President, I look forward to a greater emphasis on the delayed stress therapy which appears to be very helpful to the special needs of these veterans who lived through very trying experiences in Vietnam and upon their return were often greeted with hostility instead of appreciation for their efforts. It is time to carefully focus the remaining years of this special program, strengthen it with the increased professional knowledge about delayed stress, perhaps even with a model "Vet Center" which could offer training and other specific techniques to the emerging new centers, and finally to provide for the logical transition, in 1984, into regular VA facilities which will then be responsible for the continuation of this counseling program.

MINIMUM NUMBER OF HOSPITAL AND NURSING HOME BEDS IN VA MEDICAL FACILITIES

Mr. President, the House bill, but not the Senate amendment, required the Administrator to establish the numbers of hospital and nursing home beds in VA medical facilities at not more than 125,000 and not less than 100,000. This requirement will maintain a contingency capacity to assist the Department of Defense in time of war or national emergency and to allow the VA to operate and maintain not less than 82,500 hospital beds and not less than 9,000 nursing home beds.

The House bill changed a required periodic review by the Chief Medical Director of VA health-care admissions policies and practices to an annual review. Based on the review, the Administrator must submit an annual report to the Veterans' Affairs Committee regarding the number of operating beds.

The compromise agreement contains this provision with technical amendments. The Administrator will be required to operate and maintain a combined total of 90,000 undesignated beds, and to maintain the availability of such additional beds and facilities as are necessary to fulfill the Administrator's contingency responsibility regarding assistance to the Defense Department.

VOCATIONAL TRAINING AND GI BILL EDUCATIONAL ASSISTANCE PROGRAMS EXTENSION OF DELIMITING PERIOD FOR CERTAIN VIETNAM-ERA VETERANS

Mr. President, both the Senate amendment and H.R. 3423, as passed by the House on June 2, provided for an extension of up to 2 years of the GI bill delimiting period for certain Vietnam-era veterans.

The Senate amendment, effective October 1, 1981, permitted a Vietnam veteran, who has unused entitlement to chapter 34 educational benefits, to use such entitlement until September 30, 1983, to pursue programs of apprenticeship or other on-job training. If the veteran does not have a high school diploma, he may use such entitlement to pursue a program of secondary education or vocational training.

The House bill, effective January 1, 1982, permitted a Vietnam-era veteran to use remaining educational entitlement until December 31, 1983, to pursue a program of on-job training or a program of vocational education, if such veteran was determined to be in need of the program.

The compromise agreement provides, effective January 1, 1982, that the delimiting period of an eligible Vietnam-era veteran, whose GI bill delimiting period would otherwise have expired, be extended through December 31, 1983. The committee believes that continuing secondary education and vocational training opportunities will benefit veterans whose lives were interrupted by their military service, and who may still need assistance in joining the mainstream of the work force.

VETERANS READJUSTMENT APPOINTMENTS

Mr. President, both the Senate amendment and H.R. 3423, as passed by the House on June 2, extended the authority for veterans readjustment appointments under which eligible disabled and Vietnam-era veterans may receive noncompetitive appointments in the Federal civil service.

The compromise agreement extends the readjustment authority until September 30, 1984. The Office of Personnel Management has informed the committee of the success of the current program. Both the veteran and the Federal Government benefit from the program as the skills and talents of Vietnam-era veterans are being utilized by careful placement in the Federal civil service.

SMALL BUSINESS LOAN PROGRAM

Mr. President, H.R. 3423, as passed by the House on June 2, but not the Senate amendment, authorized a one-time appropriation of $25 million to establish a program of small business loans for certain service-connected disabled and Vietnam-era veterans.

The compromise agreement contains a modified version of this provision as a 5-year pilot program.

MISCELLANEOUS PROVISIONS

EXPANSION OF THE SCOPE OF AGENT ORANGE STUDY

Mr. President, both the House bill and the Senate amendment authorized the expansion of both the agent orange mandated epidemiological study and the literature review, to include additional factors that might be related to the health problems being experienced by Vietnam veterans. These factors would include exposure to other herbicides, chemicals, medications, or environmental hazards or conditions. The compromise agreement contains this provision.

The Senate amendment, but not the House bill, authorized the Administrator to expand either or both the mandated epidemiological study and the literature review to include the means of detecting and treating the adverse health effects found through study or review. This compromise does not include a specific reference that the study include psychological and genetic effects. However, the committee interprets the language of detecting and treating adverse health effects to include psychological and genetic effects. The compromise agreement contains this important provision, as well.

Mr. President, the Senate amendment, based on provision introduced by my very able colleagues, Senator HEINZ and Senator CRANSTON, but not the House bill, provided a framework within which the VA would be required to translate information obtained from the agent orange study, and information from other relevant studies or sources, into guidelines in published regulations for responding to the claims of Vietnam veterans that are based on exposure to such elements.

The compromise agreement contains a substitute provision establishing a more general framework of accountability which retains the intent of the provisions introduced by Senators HEINZ and CRANSTON. The Administrator would be required to publish in the Federal Register what actions the VA proposes to take, with respect to VA programs, in light of the results of the study and other available information.

Mr. President, in conclusion, I should wish to sincerely thank the distinguished ranking minority member from California, Senator CRANSTON, for his invaluable help throughout the entire process of crafting this bill and reaching a very equitable compromise, my friend and distinguished colleague, the Senator from South Carolina, Senator THURMOND, for his contributions and each of the other committee members and colleagues, all of whom cosponsored this measure when it was reported out of committee.

In addition, I should like to recognize and thank the very able members of the majority staff for their efforts—Ken Berquist, former staff director and majority counsel and his successor Tom Harvey, Julie Susman, Laurie Altemose, Koreen Kelleher, and our editorial director, Harold Carter, as well as members of the capable minority staff—Jonathan Steinberg, Babette Polzer, Ed Scott, and Ingrid Post. The hard work and cooperation of my most worthy counterpart on the House Veterans' Affairs Committee, G. V. (SONNY) MONTGOMERY and his very able staff headed by Mack Fleming were most essential to the achievement of this equitable compromise.

Mr. President, I am most pleased to have the opportunity to urge my colleagues in the Senate to ratify this measure. On behalf of the entire committee, I urge the Senate's favorable consideration of this bill.

Thank you, Mr. President.

The explanatory statement follows:

EXPLANATORY STATEMENT OF HOUSE BILL, SENATE AMENDMENT (S. 921), AND COMPROMISE AGREEMENT ON H.R. 3499, THE "VETERANS' HEALTH CARE, TRAINING, AND SMALL BUSINESS LOAN ACT OF 1981"

TITLE I—HEALTH CARE

Extension of Authority to Provide Certain Contract Hospital Care and Medical Services in Puerto Rico, the Virgin Islands, and Other Territories:

Both the House bill (in section 2) and the Senate amendment (in section 2) would amend section 60(4)(C)(v) of title 38, United States Code, to extend by nine months, from December 31, 1981, until September 30, 1982, the VA's authority to provide, on a contract basis, in the Commonwealth of Puerto Rico, the Virgin Islands, and other territories of the United States, hospital care for non-service-connected disabilities and such outpatient treatment to obviate the need for hospital admissions for such disabilities.

The compromise agreement contains this provision.

Medical Care for Veterans Exposed to Agent Orange, Toxic Substances Found in Herbicides and Defoliants, or Radiation from a Nuclear Detonation:

Both the House bill (in section 3) and the Senate amendment (in section 3) would amend section 610 of title 38 to provide certain veterans with new eligibility for VA hospital and nursing home care, pre-hospital and post-hospital outpatient treatment, and outpatient treatment to obviate the need for hospital admission (hereinafter referred to as "basic VA health-care eligibility").

The House bill would provide a Vietnam veteran with basic VA health care eligibility for conditions that a physician—either a VA physician or, in an area where no VA physician is available, a physician under contract with the VA—determines "may be associated with" exposure to phenoxy herbicides and chemicals used as defoliants (including the defoliant Agent Orange) in Vietnam.

The Senate amendment generally would provide basic VA health-care eligibility for a disability as to which the Administrator has found, on the recommendation of the Chief Medical Director, "some credible medical evidence" that the disability may be caused by exposure to

(1) dioxin (a toxic contaminant in Agent Orange) if the veteran served in Vietnam,

(2) other toxic substances found in an herbicide, defoliant, or malaria preventive medication if the veteran was exposed to such a substance in Vietnam, or

(3) radiation if the veteran was exposed to it from a nuclear weapons test.

However, such eligibility would not be provided if the Administrator determines that the exposure was not in the line of duty or was the result of misconduct or, upon the recommendation of the Chief Medical Director, that there is clear medical evidence that the disability is not caused by the exposure.

The Senate amendment, but not the House bill, would amend section 612(1) of title 38 to provide a priority for outpatient care for these disabilities ahead of care for non-service-connected veterans and would terminate the new health-care eligibility one year following the submission of the first report on the VA's epidemiological study on the effects of Agent Orange under section 307(b)(2) of Public Law 96-151. (The first report on that study is due two years after the protocol for the study is approved; a proposed protocol

design is in the peer review process at this time.)

The compromise agreement contains a provision derived from these provisions and worded ("notwithstanding that there is insufficient medical evidence to conclude that such disability may be associated with such exposure") so as to carry out clearly the Committee's intent that the proposed changes be construed so as to relate only to eligibility for health care under chapter 17 of title 38 and not be construed to suggest that the disabilities involved are service connected or affect in any way determinations regarding service connection, including eligibility for VA disability compensation under chapter 11 of title 38.

Under the provision in the compromise agreement, eligibility for the provision of basic health-care services directly by the VA is granted for a veteran's disability if it is found that the veteran, during active duty, "may have been exposed" to dioxin or "was exposed" in Vietnam to any toxic substance in an herbicide or defoliant used in connection with military purposes there or to ionizing radiation from the detonation of a nuclear device in connection with the veteran's participation in the test of a nuclear device or with the American occupation of Hiroshima or Nagasaki, Japan following World War II.

However, the new eligibility would not apply with respect to disabilities that are found, according to guidelines issued by the Chief Medical Director, to have resulted from a cause other than the specified exposure.

The Committees intend that the Chief Medical Director use this authority to exclude certain disabilities so as to provide a basis for examining physicians to reach a medical judgment that the cause of the claimed disability is clearly something other than the exposure in question, thereby precluding eligibility under this provision for care for that disability.

Also, the Committees note their intent to provide the Chief Medical Director with complete flexibility in terms of the form of the guidelines regarding such matters as excluding categories of disabilities, providing for case-by-case determinations, excluding categories but providing for exceptions, and the like.

With regard to exposure to dioxin, in light of the current difficulties that have arisen with respect to determining definitively the actual usage patterns of Agent Orange and other dioxin-contaminated defoliants and herbicides and troop movements during the Vietnam conflict, the Committees intend that, with respect to any claim based on exposure to dioxin, the Administrator concede that such exposure occurred if the Administrator finds that the military records of the veteran claiming such exposure indicate that the veteran served in the Republic of Vietnam during the Vietnam era.

This new eligibility for health care would expire one year following the submission of the first report by the VA on the epidemiological study mandated by section 307(b)(2) of Public Law 96–151.

The compromise agreement would provide a statutory priority for outpatient care for the disabilities covered, ahead of care for non-service-connected veterans.

The Committees note that the effect of the new eligibility and outpatient priority being established is to add to a veteran's existing eligibilities, not to create an exclusive avenue for eligibility for VA care. Thus, if a particular non-service-connected disability (for example, appendicitis) was found to be the result of a cause other than a specified exposure, the veteran in question would still be fully eligible for VA hospital care for that disability if the veteran were unable to defray the expenses of care for that disability (and took the oath to that effect required by VA regulations) and would be eligible for necessary post-hospital care in connection with that disability. Also, for a non-service-connected disability (for example, a back ailment) likewise found to be the result of a cause other than a specified exposure and not necessarily requiring immediate hospitalization but requiring treatment to obviate the need for hospital care, the veteran would retain basic eligibility for VA outpatient care, to the extent of available outpatient resources at the particular VA facility in question, but would have no statutory priority for such care.

Limitation on Certain Outpatient Dental Care Entitlement:

The Senate amendment (section 4), but not the House bill, would amend section 612(b) of title 38 to clarify that, in the case of a veteran who reenters service within one year of leaving service, the one-year period provided for in that section within which to apply for outpatient care for non-compensable dental conditions relating to the first period of service will be reinstated following discharge from the second period of service.

The compromise agreement contains this provision modified to take into account the fact that, effective with respect to those who are discharged after September 30, 1981, the Omnibus Budget Reconciliation Act of 1981, Public Law 97–35, the application period was shortened to 90 days. This provision is included as part of an otherwise technical rewriting of section 612(b) to reorganize the provisions in that section so as to make it more understandable, particularly following recent amendments to the section in the Reconciliation Act and the Former Prisoner of War Benefits Act of 1981, Public Law 97–37.

Extension of Period for Vietnam-era Veterans to Request Readjustment Counseling:

Both the House bill (section 4) and the Senate amendment (section 5) would amend section 612A to extend by three years—from September 30, 1981, until September 30, 1984—the period of time within which an otherwise eligible Vietnam-era veteran may request readjustment counseling from the VA.

The Senate amendment, but not the House bill, would also provide for a tolling of a veteran's eligibility period during any period in which the veteran was prevented from receiving such counseling because of a medical condition, including an alcohol or drug dependence or abuse disability, or because such veteran was incarcerated. In addition, the Senate amendment, but not the House bill, would require the Administrator, during the year ending September 30, 1984, to take steps to ensure the transition of the readjustment counseling program from one providing counseling primarily in facilities apart from other VA health-care facilities—the so-called "Vet Centers"—to one providing counseling primarily through regular VA medical facilities, such as VA medical centers and outpatient clinics, and to submit a report on those steps to the Committees on Veterans' Affairs by April 1, 1984.

The compromise agreement contains the three-year extension of the eligibility together with the transitional provision of the Senate bill.

In this regard, the Committees note that it is not their view that, as of October 1, 1984, absent any further legislation extending the eligibility period, all Vet Centers will necessarily cease operation. Rather, it is the Committees' view that, on that date, the emphasis of the readjustment counseling program would be shifted to a program providing services through VA medical centers and outpatient clinics, but that there would be no bar to the Administrator deciding to continue to operate some Vet Centers after that date to provide necessary readjustment counseling to veterans having requested such help before that date, particularly in areas where the demand on the Vet Center is expected to remain at a high level and the other VA health-care facilities in the immediate area would not be able to absorb easily a significant increase in demand for services.

The compromise agreement does not contain either tolling provision from the Senate amendment. These provisions are not included in light of the fact that the overall eligibility period to request readjustment counseling is being extended for an additional three years and no individual veteran is at risk of losing his or her eligibility to request such counseling during this extended period. The Committees intend to review the need for and appropriateness of such tolling provisions at a later time closer to the expiration of the eligibility period in 1984.

Medical Care for Supervisors and Dependents of Certain Veterans:

The House bill (section 5), but not the Senate amendment, would amend section 613(b) of title 38 to facilitate the treatment in VA facilities of individuals eligible for health care through the CHAMPVA program where the use of those facilities for CHAMPVA beneficiaries would not interfere with the care or treatment of any eligible veteran.

The compromise agreement contains this provision.

Recovery of the Cost of Certain Health Care Provided by the Veterans Administration:

The House bill (section 7) would amend subchapter III of chapter 17 of title 38 to strengthen and clarify the VA's authority to recover the costs of veterans' non-service-connected care, in appropriate cases, from workers' compensation carriers, automobile no-fault insurers, and States that pay for the costs of health care provided to victims of crimes of personal violence. A nearly identical provision was included in the reconciliation recommendations made by the Senate Veterans' Affairs Committee to the Senate Budget Committee and later incorporated as section 1304 of S. 1377, the proposed "Omnibus Reconciliation Act of 1981", as passed by the Senate on July 13, 1981.

The compromise agreement contains this provision.

Medical Care for Veterans in the Republic of the Philippines:

The House bill (section 6), but not the Senate amendment, would amend section 629 of title 38, to extend for five years, through fiscal year 1986, the VA's authority to contract with the Veterans' Memorial Medical Center in Manila for the care and treatment of U.S. veterans in the Republic of the Philippines and to provide authority for grants of up to $500,000 annually for five years, through fiscal year 1986, to the Veterans' Memorial Medical Center to assist in the replacement and upgrading of equipment and the rehabilitation of the physical plant and facilities of the Center.

The compromise agreement contains this provision with an amendment to limit the grant authority in each fiscal year to amounts appropriated specifically for such grants for that year.

Minimum Number of Hospital and Nursing Home Beds in Medical Facilities of the Veterans' Administration:

The House bill (section 8), but not the Senate amendment, would amend section 5010 of title 38 to require the VA to establish the numbers of hospital and nursing home beds in VA medical facilities at not more than 125,000 and not less than 100,000, so as, in part, to maintain a contingency capacity to assist the Department of Defense in time of war or national emergency to operate and maintain not less than 82,500 hospital beds and not less than 9,000 nursing home beds. This provision would also require the budget transmitted to the Congress for each fiscal year to include an amount for medical care and for medical facility construction sufficient to enable the VA to op-

erate the required numbers of hospital and nursing home beds.

The House bill would further amend section 5010 to change a required periodic review by the Chief Medical Director of VA health-care admissions policies and practices to an annual review, to add a requirement that the review include an evaluation of the established bed levels, the geographic distribution of these beds, and the demographic characteristics of the veteran population, and to establish a specific date (December 31) by which the Administrator must, based on this review, submit an annual report to the Veterans' Affairs Committees regarding the number of operating beds and, as necessary, any change in that number.

The compromise agreement contains this provision with amendments that eliminate separate numbers of hospital beds and nursing home beds and instead require the Administrator to operate and maintain a combined total of 90,000 beds, to include both hospital beds and nursing home beds, and to maintain the availability of such additional beds and facilities as are necessary to fulfill the Administrator's contingency responsibility regarding assistance to the Defense Department; that require the Chief Medical Director's review of VA health-care admissions policies and practices to include an analysis of the adequacy of the mix of operating beds (as between hospital, intermediate care, and nursing home beds), to change the due date of the Administrator's report from December 31 to December 1; and that require that the Administrator's report include recommendations on the appropriate staffing and funds needed for the numbers of operating beds recommended.

The Committees note that in a recent letter enclosing a report under current section 5010(a)(3)—the first such report received since 1973 when the report requirement was first enacted as part of Public Law 93-82—the VA expressed the view that the phrase "rejected for care" which appears in current law and which would be maintained in law if provisions in the compromise agreement are enacted "has become an ambiguous measure for summarizing final applications for VA medical care benefits." The letter goes on to note that there "may be isolated instances where temporary conditions . . . preclude personnel from immediately placing non-service-connected veterans who have stabilized medical problems into VA medical care programs" and then lists possible alternative results in such a situation including placing a veteran on a waiting list or referring the veteran to another VA medical center or the veteran's local physician. The Committees note that the phrase "rejected for care" is meant to encompass such results and that the review and report mandated in the compromise agreement should deal with them specifically.

TITLE II—VOCATIONAL TRAINING AND GI BILL EDUCATIONAL ASSISTANCE PROGRAMS

Alcoholism and Drug Abuse and Dependency Disabilities:

The Senate amendment (section 6(a)), but not the House bill, would amend chapter 31 to define the term "medical condition" to mean a disability, including an alcohol or drug dependence or abuse disability, or combination of disabilities. The term is used in existing law only in the provision (in section 1503(b)(1)) pertaining to extensions of periods of eligibility; thus, the inclusion of an alcohol or drug dependence or abuse disability within the definition would provide for a tolling of the period of eligibility during a period when an alcohol or drug disability prevented a veteran from participating in a chapter 31 program.

The compromise agreement does not contain this provision.

The Senate amendment (section 6(b)), but not the House bill, would amend both chapters 34 and 35 to provide that, solely for the purposes of determining eligibility for an extension of the delimiting period as a result of a disability that prevented the veteran or eligible person from pursuing training, an alcohol or drug dependence or abuse disability from which the individual has recovered shall not be considered to be the result of willful misconduct.

The compromise agreement does not contain this provision.

Extension of Delimiting Period for Certain Vietnam-Era Veterans:

Both the Senate amendment (section 7) and H.R. 3423 (section 101) as passed by the House on June 2 would amend chapter 34 of title 38 to provide for an extension of up to two years of the GI Bill delimiting period for certain Vietnam-era veterans. The Senate amendment would, effective October 1, 1981, permit a veteran who served during the Vietnam era and who has unused entitlement to chapter 34 educational benefits to use such entitlement until September 30, 1983, to pursue programs of apprenticeship or other on-job training and, if such veteran does not have a high school diploma (or its equivalent) to use such entitlement for pursuit of a program of secondary education or vocational training. The House bill would, effective January 1, 1982, permit a Vietnam-era veteran to use remaining educational entitlement until December 31, 1983, for pursuit of a program of on-job training or a program of education with a vocational objective if such veteran was determined, in accordance with regulations prescribed by the Administrator, to be in need of the program in question by a counselor at a readjustment counseling center, a veterans' assistance office, a State employment office, or a VA medical facility. Also, under the House bill, the Administrator would be required to provide employment counseling.

The compromise agreement provides, effective January 1, 1982, that the delimiting period of an eligible Vietnam-era veteran whose GI Bill delimiting period would otherwise have expired would be extended through December 31, 1983, for purposes of use of remaining educational assistance benefits for pursuit of a program of apprenticeship or other on-job training or a program with a vocational objective if the Administrator determines that the veteran is in need of either such program in order to achieve a suitable occupational or vocational objective, or for pursuit of a program of secondary education. The assistance allowance paid for pursuit of a program of a program of secondary education would be the rate prescribed in section 1691(b)(2), the cost of tuition and fees or the full-time rate, whichever is the lesser. The Administrator would be required to provide, following completion of training, employment counseling in order to assist the veteran in obtaining appropriate employment. The Committees note that the Administrator would have the authority to delegate the responsibility for making determinations of need for the program in accordance with regulations required to be prescribed.

Veterans' Readjustment Appointments: Both the Senate amendment (section 8) and H.R. 3423 (section 301) as passed by the House on June 2 would amend section 2014 of title 38 to extend the authority (the Senate amendment for three years, until September 30, 1984, and the House bill for two years, until September 30, 1983) for Veterans' readjustment appointments under which eligible disabled and Vietnam-era veterans may receive non-competitive appointments in the Federal civil service.

The compromise agreement would extend the authority until September 30, 1984.

TITLE III—SMALL BUSINESS LOANS

Small Business Loan Program: H.R. 3423 (title II) as passed the House on June 2, but not the Senate amendment, would amend chapter 37 of title 38 to authorize a one-time appropriation of $25 million for the establishment of a program of small business loans for certain service-connected disabled and Vietnam-era veterans under which the Administrator could until September 30, 1991, offer loan guarantees and direct loan assistance to veterans' small business concerns in order to enable such concerns to acquire, expand, or start a small business.

The compromise agreement contains this provision with amendments, including amendments that would:

Provide that the Administrator's authority to offer small business loan guarantees or make direct small business loans would expire on September 30, 1986.

Authorize the Administrator, when it is determined to be in the best interest of the United States, to suspend the obligation for repayment of a direct loan or to assume the obligation to make payments on a guaranteed loan.

Require the Administrator to consult with the Administrator of the Small Business Administration (SBA) in determining the rate of interest applicable to direct and guaranteed loans.

Prohibit individuals who are receiving small business loan assistance from the SBA from participating in the program.

Specify that the Administrator may, in making direct or guaranteed loans to eligible veterans, take into account the creditworthiness of the veterans' small business concern and the individuals involved in such concern.

Require the Administrator, in carrying out the requirement to give preference to service-connected disabled veterans, to give first preference to veterans who have completed a vocational rehabilitation program for self-employment in a small business enterprise under chapter 31 (and make a conforming amendment to chapter 31 to reflect such a requirement).

Make a series of amendments clarifying the intent of the Committees with respect to the definition of an eligible veterans' small business concern and the applicability of existing provisions of chapter 37 to the small business loan program, and make other technical modifications.

TITLE IV—MISCELLANEOUS PROVISIONS

Expansion of the Scope of Agent Orange Study:

Both the House bill (in section 8) and the Senate amendment (in section 10) would amend section 307 of the Veterans Health Programs Extension and Improvement Act of 1979, Public Law 96-151, to authorize the expansion of both the epidemiological study and the literature review mandated by that section regarding veterans exposed to Agent Orange to include additional factors that might be related to the health problems being experienced by Vietnam veterans including exposure to other herbicides, chemicals, medications, or environmental hazards or conditions.

The compromise agreement contains this provision.

The Committees note that this provision merely authorizes an expansion of the epidemiological study or the literature review, or both, and does not mandate the expansion of either effort. As to any literature review expansion, since that review is about to be completed and submitted, the provision authorizes an expansion through supplementation of the completed report. The Committees recognize that there are legitimate concerns about the possible health hazards of Vietnam veterans' exposure to elements other than Agent Orange during their service that

would support expansion of the epidemiological study or literature review or both.

The Committees are also aware that concern has been raised by some who have studied the Agent Orange issue, including the scientific panel of the interagency work group on phenoxy herbicides, that it may not be possible to identify a population with a known exposure to Agent Orange so as to conduct a meaningful scientific study of the effects of such exposure.

At the same time, the Committees are aware of a very strong interest among many of those concerned with the Agent Orange issue that a concerted effort be made to resolve questions relating to Agent Orange and of the strong desire not to detract from this effort by focusing on exposure to other elements.

In light of this divergence of views, the Committees have agreed to provide discretionary authority to the Administrator to expand the mandated study or review or both as the Administrator deems appropriate.

The Senate amendment, but not the House bill, would specify that any study of the health effects of exposure to Agent Orange should include an evaluation of the genetic and psychological effects.

The compromise agreement does not contain this provision.

The Senate amendment, but not the House bill, would authorize the Administrator, as part of the mandated epidemiological study or the literature review or both, to expand either or both to include the means of detecting and treating the adverse health effects found through the study or review.

The compromise agreement contains this provision.

The Senate amendment, but not the House bill, would expressly provide the Administrator with authority to contract with non-VA entities for the design or the conduct of the study or both.

The compromise agreement does not contain this provision.

The Committee notes that the Administrator, under section 213 of title 38, has general authority to "enter into contracts or agreements with private or public agencies or persons . . . for such necessary services" as the Administrator deems practicable and the Committees recognize that, pursuant to this authority, the Administrator has full authority to enter into contracts with non-VA entities for the design or conduct of the study or both. (The Administrator has already exercised this authority for the literature review and for the design of the protocol for the epidemiological study.)

The Senate amendment, but not the House bill, would provide a framework, including specific steps and a timetable for such steps, within which the VA would be required to translate information obtained from the Agent Orange study—and other factors if the study is expanded—and information from other relevant studies or sources, into guidelines in published regulations for responding to the claims of Vietnam veterans that are based on exposure to such elements and to submit to the Congress any recommendations that the Administrator considers appropriate. The Administrator's compliance with this provision and the regulations established thereunder would expressly be made subject to judicial review.

The compromise agreement contains a substitute provision establishing a more general framework of accountability under which the Administrator would be required to publish in the Federal Register, for public review and comment, a specification of what actions, if any, the VA proposes to take with respect to VA programs in light of the results of the study and other available pertinent information.

Retirement Credit for Part-Time Employees: The Senate amendment (section 11), but not the House bill, would amend section 508 of the Veterans' Disability Compensation and Housing Benefits Amendments of 1980, Public Law 96-385, to repeal the provision in that section that made a technical amendment to section 114 of Public Law 96-330, the Veterans' Administration Health-Care Amendments of 1980, which had amended section 4109 of title 38.

The Public Law 96-330 amendment modified the way in which employees working on a less-than-full-time basis in the VA's Department of Medicine and Surgery (DM&S) receive credit for such employment in the computation of their civil service retirement annuities.

That provision, which was designed to result in annuities for part-time employees more closely related to their total periods of service, was to become effective with respect to individuals retiring on or after October 1, 1981. Based on a misunderstanding of the impact of the Public Law 96-330 provision, a technical amendment was included in Public Law 96-385 to make the changes in the annuity computation formula prospective only. Subsequently, it became clear that the Public Law 96-385 technical amendment had the unintended effects of postponing the proposed changes for many years and, in the interim, allowing part-time employees to qualify for disproportionately large annuities.

The compromise agreement contains a provision to postpone the effective date of the annuity computation change from October 1, 1981, to December 31, 1981, thereby allowing sufficient time for the new method to be implemented and publicized to DM&S employees who might be affected by it; to amend the relevant provision in section 4109 (instead of repealing the Public Law 96-385 provision); and to make other technical alterations to the annuity computation formula so as to specify the relationship of the new computation formula to other provisions in title 5 relating to annuity computations and remove an unintended impact on career part-time employees that had resulted from the original amendments to section 4109 in Public Law 96-330.

Under the provisions of section 4109 of title 38, as that section would be amended by provisions in the compromise agreement, the new annuity computation formula would not apply in the case of an otherwise covered individual who retires under section 8337 of title 5 because of a disability. Other provisions in section 4109 of title 38, as it would be amended, would specify that a survivor annuity under section 8341 of title 5 would, when the employee's annuity was or would be computed using the new formula, be based on the annuity as so computed and also that, if a reduction to a retiring employee's annuity is required pursuant to section 8339(i) of title 5 because of an unpaid deposit, that reduction shall be made to the annuity after it is computed according to the new formula.

With reference to the change in the annuity computation formula to remove an unintended impact on career part-time employees, under the amendment to section 4109 of title 38 made by Public Law 96-330, the annuity of an individual retiring after part-time service in DM&S would be computed using the individual's full rate of annual pay but before computing the annuity, the other factor in that computation, the individual's years of creditable service would be reduced by a factor equal to the percentage that such individual's service was of full-time service. Because of the sliding-scale for the rates that are applied to the early years of federal service in computing an annuity under section 8339(a) of title 5, the method of computing an annuity required by the Public Law 96-330 amendment would have the effect of reducing a career part-time employee's annuity on a more than proportional basis. (For example, an individual retiring after 30 years of service in DM&S all on a half-time basis with a high-three year average salary of $50,000 would have received an annuity of $14,062.50 before the enactment of Public Law 96-330 ($25,000 x .5625). Following the enactment of that law, the annuity would have been reduced to $13,125.00 ($50,000 x .2625).

Under the provisions in the compromise agreement, an individual's annuity is computed using the individual's full rate of annual pay and the full years of creditable service. The result obtained from the computation done in this manner would then be reduced by a factor equal to the percentage that such individual's service was of full-time service. Using this formula, the annuity in the example discussed above for the 30-year, half-time employee would be $14,062.50 ($50,000 x .5625 x ½), the same amount that the individual would have received under the law prior to the enactment of Public Law 96-330.

Increase in Maximum Amounts of Insurance:

Both the Senate amendment (section 12) and S. 917 (section 301) as passed by the House on September 21 would amend chapter 19 of title 38 to increase from $20,000 to $35,000 the maximum amount of Servicemen's Group Life Insurance that may be purchased.

The Committees note that this provision has been incorporated in the compromise agreement reached on S. 917 and, thus, is not incorporated in this compromise agreement.

CHANGES IN EXISTING LAW MADE BY COMPROMISE AGREEMENT

Changes in existing law made by the compromise agreement are shown as follows (existing law proposed to be omitted is enclosed in brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 38—UNITED STATES CODE

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PART II—GENERAL BENEFITS

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Chapter 17—HOSPITAL, NURSING HOME, DOMICILIARY, AND MEDICAL CARE

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Subchapter III—Miscellaneous Provisions Relating to Hospital and Nursing Home Care and Medical Treatment of Veterans

621. Power to make rules and regulations.
622. Evidence of inability to defray necessary expenses.
623. Furnishing of clothing.
624. Hospital care, medical services and nursing home care abroad.
626. Reimbursement for loss of personal effects by natural disaster.
627. Persons eligible under prior law.
628. Reimbursement of certain medical expenses.
629. Recovery by the United States of the cost of certain care and services.

Subchapter IV—Hospital *Care* and Medical [Care] *Treatment for* [Commonwealth of the Philippines Army] Veterans *in the Republic of the Philippines*

631. Assistance to the Republic of the Philippines.
632. Contracts and grants to provide [hospital care, medical services and nursing home care] *for the care and treatment of United States veterans by the Veterans Memorial Medical Center.*
633. Supervision of program by the President.
634. Hospital and nursing home care and medical services in the United States.
635. Definitions.

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Subchapter I—General

§ 601. Definitions

For the purposes of this chapter—

(1) The term "disability" means a disease, injury, or other physical or mental defect.

(2) The term "veteran of any war" includes any veteran of the Indian Wars, or any veteran awarded the Medal of Honor.

(3) The term "period of war" includes each of the Indian Wars.

(4) The term "Veterans' Administration facilities" means—

(A) facilities over which the Administrator has direct jurisdiction;

(B) Government facilities for which the Administrator contracts; and

(C) private facilities for which the Administrator contracts when facilities described in clause (A) or (B) of this paragraph are not capable of furnishing economical care because of geographical inaccessibility or of furnishing the care or services required in order to provide (i) hospital care or medical services to a veteran for the treatment of a service-connected disability or a disability for which a veteran was discharged or released from the active military, naval, or air service; (ii) medical services for the treatment of any disability of a veteran described in clause (1) (B) or (2) of the first sentence, or in the third sentence, of section 612(f) of this title or of a veteran described in section 612(g) of this title if the Administrator has determined, based on an examination by a physician employed by the Veterans' Administration (or, in areas where no such physician is available, by a physician carrying out such function under a contract or fee arrangement), that the medical condition of such veteran precludes appropriate treatment in facilities described in clauses (A) and (B) of this paragraph; (iii) hospital care or medical services for the treatment of medical emergencies which pose a serious threat to the life or health of a veteran receiving medical services in a facility described in clause (A) or (B) of this paragraph until such time as the veteran can be safely transferred to any such facility; (iv) hospital care for women veterans; (v) hospital care, or medical services that will obviate the need for hospital admission, for veterans in a State not contiguous to the forty-eight contiguous States, except that the annually determined hospital patient load and incidence of the provision of medical services to veterans hospitalized or treated at the expense of the Veterans' Administration in Government and private facilities in each such noncontiguous State shall be consistent with the patient load or incidence of the provision of medical services for veterans hospitalized or treated by the Veterans' Administration within the forty-eight contiguous States, but the authority of the Administrator under this subclause (except with respect to Alaska and Hawaii) shall expire on [December 31, 1981] *September 30, 1982*, and until such date the Administrator may, if necessary to prevent hardship, waive the applicability to the Commonwealth of Puerto Rico and to the Virgin Islands of the restrictions in this subclause with respect to hospital patient loads and incidence of provision of medical services; or (vi) diagnostic services necessary for determination of eligibility for, or of the appropriate course of treatment in connection with, the provision of medical services at independent Veterans' Administration outpatient clinics to obviate the need for hospital admission.

In the case of any veteran for whom the Administrator contracts to provide treatment in a private facility pursuant to the provisions of this paragraph, the Administrator shall periodically review the necessity for continuing such contractual arrangement pursuant to such provision.

* * * * *

Subchapter II—Hospital, Nursing Home or Domiciliary Care and Medical Treatment

§ 610. Eligibility for hospital nursing home and domiciliary care

(a) The Administrator, within the limits of Veterans' Administration facilities, may furnish hospital care or nursing home care which the Administrator determines is needed to—

(1)(A) any veteran for a service-connected disability; or (B) any veteran for a non-service-connected disability if such veteran is unable to defray the expenses of necessary hospital or nursing home care;

(2) a veteran whose discharge or release from the active military, naval, or air service was for a disability incurred or aggravated in line of duty;

(3) a person who is in receipt of, or but for the receipt of retirement pay would be entitled to, disability compensation;

(4) a veteran who is a former prisoner of war; [and]

(5) a veteran who meets the conditions of subsection (e) of this section; and

[(5)] *(6)* any veteran for a non-service-connected disability if such veteran is sixty-five years of age or older.

* * * * *

(e)(1)(A) Subject to paragraphs (2) and (3) of this subsection, a veteran—

(i) who served on active duty in the Republic of Vietnam during the Vietnam era, and

(ii) who the Administrator finds may have been exposed during such service to dioxin or was exposed during such service to a toxic substance found in a herbicide or defoliant used in connection with military purposes during such era,

may be furnished hospital care or nursing home care under subsection (a)(5) of this section for any disability, notwithstanding that there is insufficient medical evidence to conclude that such disability may be associated with such exposure.

(B) Subject to paragraphs (2) and (3) of this subsection, a veteran who the Administrator finds was exposed while serving on active duty to ionizing radiation from the detonation of a nuclear device in connection with such veteran's participation in the test of such a device or with the American occupation of Hiroshima and Nagasaki, Japan, during the period beginning on September 11, 1945, and ending on July 1, 1946, may be furnished hospital care or nursing home care under subsection (a)(5) of this section for any disability, notwithstanding that there is insufficient medical evidence to conclude that such disability may be associated with such exposure.

(2) Hospital and nursing home care may not be provided under subsection (a)(5) of this section with respect to a disability that is found, in accordance with guidelines issued by the Chief Medical Director, to have resulted from a cause other than an exposure described in subparagraph (A) or (B) of paragraph (1) of this subsection.

(3) Hospital and nursing home care and medical services may not be provided under or by virtue of subsection (a)(5) of this section after the end of the one-year period beginning on the date the Administrator submits to the appropriate committees of Congress the first report required by section 307(b)(2) of the Veterans Health Programs Extension and Improvement Act of 1979 (Public Law 96-151; 93 Stat. 1098).

* * * * *

§ 612. Eligibility for medical treatment

* * * * *

(b)(1) Outpatient dental services and treatment, and related dental appliances, shall be furnished under this section only for a dental condition or disability—

[(1)](A) which is service-connected and compensable in degree;

[(2) which is service-connected, but not compensable in degree, but only (A) if it is shown to have been in existence at time of discharge or release from active military, naval, or air service, (B) if the veteran had served not less than 180 days of active military, naval, or air service immediately before such discharge or release, (C) if application for treatment is made within 90 days after such discharge or release, except that if a disqualifying discharge or release has been corrected by competent authority, application may be made within [90 days] after the date of correction or date of enactment of this exception, whichever is later, and (D) if the veteran's certificate of discharge or release from active duty does not bear a certification that the veteran was provided, within the 90-day period immediately before the date of such discharge or release, a complete dental examination (including dental X-rays) and all appropriate dental services and treatment indicated by the examination to be needed;]

(B) which is service-connected, but not compensable in degree, but only if—

(i) the dental condition or disability is shown to have been in existence at time of discharge or release from active military, naval, or air service;

(ii) the veteran had served on active duty for a period of not less than 180 days immediately before such discharge or release;

(iii) application for treatment is made within 90 days after such discharge or release, except that (I) in the case of a veteran who reentered active military, naval, or air service within 90 days after the date of such veteran's prior discharge or release from such service, application may be made within 90 days from the date of such veteran's subsequent discharge or release from such service, and (II) if a disqualifying discharge or release has been corrected by competent authority, application may be made within 90 days after the date of correction; and

(iv) the veteran's certificate of discharge or release from active duty does not bear a certification that the veteran was provided, within the 90-day period immediately before the date of such discharge or release, a complete dental examination (including dental X-rays) and all appropriate dental services and treatment indicated by the examination to be needed;

[(3)] *(C)* which is a service-connected dental condition or disability due to combat wounds or other service trauma, or of a former prisoner of war;

[(4)] *(D)* which is associated with and is aggravating a disability resulting from some other disease or injury which was incurred in or aggravated by active military, naval, or air service;

[(5)] *(E)* which is a non-service-connected condition or disability of a veteran for which treatment was begun while such veteran was receiving hospital care under this chapter and such services and treatment are reasonably necessary to complete such treatment;

[(6)] *(F)* from which a veteran of the Spanish-American War or Indian Wars is suffering;

[(7)] *(G)* from which a veteran who is a former prisoner of war and who was detained or interned for a period of not less than six months is suffering; or

[(8)] *(H)* from which a veteran who has a service-connected disability rated as total is suffering.

(2) The Secretary concerned shall at the time a member of the Armed Forces is discharged or released from a period of active

military, naval, or air service of not less than 180 days provide to such member a written explanation of the provisions of [clause (2)] *clause (B) of paragraph (1)* of this subsection and enter in the service records of the member a statement signed by the member acknowledging receipt of such explanation (or, if the member refuses to sign such statement, a certification from an officer designated for such purpose by the Secretary concerned that the member was provided such explanation).

(3) The total amount which the Administrator may expend for furnishing, during any twelve-month period, outpatient dental services, treatment, or related dental appliances to a veteran under this section through private facilities for which the Administrator has contracted under clause (i), (ii), or (v) of section 601(4)(C) of this title may not exceed $500 unless the Administrator determines, prior to the furnishing of such services, treatment, or appliances and based on an examination of the veteran by a dentist employed by the Veterans' Administration (or, in an area where no such dentist is available, by a dentist conducting such examination under a contract or fee arrangement), that the furnishing of such services, treatment, or appliances at such cost is reasonably necessary.

(4) In any year in which the President's Budget for the fiscal year beginning October 1 of such year includes an amount for expenditures for contract dental care under the provisions of subsections (a) and (f) of this section and section 601(4)(C) of this title during such fiscal year in excess of the level of expenditures made for such purpose during fiscal year 1978, the Administrator shall, not later than February 15 of such year, submit a report to the appropriate committees of the Congress justifying the requested level of expenditures for contract dental care and explaining why the application of the criteria prescribed in section 601(4)(C) of this title for contracting with private facilities and in the second sentence of section 610(c) of this title for furnishing incidental dental care to hospitalized veterans will not preclude the need for expenditures for contract dental care in excess of the fiscal year 1978 level of expenditures for such purpose. In any case in which the amount included in the President's Budget for any fiscal year for expenditures for contract dental care under such provisions is not in excess of the level of expenditures made for such purpose during fiscal year 1978 and the Administrator determines after the date of submission of such budget and before the end of such fiscal year that the level of expenditures for such contract dental care during such fiscal year will exceed the fiscal year 1978 level of expenditures, the Administrator shall submit a report to the appropriate committees of the Congress containing both a justification (with respect to the projected level of expenditures for such fiscal year) and an explanation as required in the preceding sentence in the case of a report submitted pursuant to such sentence. Any report submitted pursuant to this [subsection] *paragraph* shall include a comment by the Administrator on the effect of the application of the criteria prescribed in the second sentence of section 610(c) of this title for furnishing incidental dental care to hospitalized veterans.

(c) Dental services and related appliances for a dental condition of disability described in [clause (2)] *paragraph (1)(B)* of subsection (b) of this section shall be furnished on a one-time completion basis, unless the services rendered on a one-time completion basis are found unacceptable within the limitations of good professional standards, in which event such additional services may be afforded as are required to complete professionally acceptable treatment.

* * * * *

(f) The Administrator, within the limits of Veterans' Administration facilities, may furnish medical services for any disability on an outpatient or ambulatory basis—

(1) to any veteran eligible for hospital care under section 610 of this title (A) where such services are reasonably necessary in preparation for, or (to the extent that the facilities are available) to obviate the need of, hospital admission, or (B) where such a veteran has been furnished hospital care and such medical services are reasonably necessary to complete treatment incident to such hospital care (for a period not in excess of twelve months after discharge from in-hospital treatment, except where the Administrator finds that a longer period is required by virtue of the disability being treated);

(2) to any veteran who has a service-connected disability rated at 50 per centum or more; and

(3) to any veteran who is a former prisoner of war.

The Administrator may also furnish to any such veteran such home health services as the Administrator determines to be necessary or appropriate for the effective and economical treatment of a disability of a veteran including only such improvements and structural alterations the cost of which does not exceed $600 (or reimbursement up to such amount) as are necessary to assure the continuation of treatment or provide access to the home or to essential lavatory and sanitary facilities. The Administrator may also furnish outpatient dental services and treatment, and related appliances, to any veteran described in *clause (G) of* subsection (b) [(7)] *(1)* of this section.

* * * * *

(i) Not later than ninety days after the effective date of this subsection, the Administrator shall prescribe regulations to ensure that special priority in furnishing medical services under this section and any other outpatient care with funds appropriated for the medical care of veterans shall be accorded in the following order, unless compelling medical reasons require that such care be provided more expeditiously:

(1) To any veteran for a service-connected disability.

(2) To any veteran described in subsection (f)(2) of this section.

(3) To any veteran with a disability rated as service-connected (including any veteran being examined to determine the existence or rating of a service-connected disability).

(4) To any veteran *(A)* who is a former prisoner of war, *or (B) who is eligible for care under section 610(a)(5) of this title.*

(5) To any veteran being furnished medical services under subsection (g) of this section.

* * * * *

§ 612A. Eligibility for readjustment counseling and related mental health services

(a) Upon the request of any veteran who served on active duty during the Vietnam era, the Administrator shall, within the limits of Veterans' Administration facilities, furnish counseling to such veteran to assist such veteran in readjusting to civilian life if such veteran requests such counseling within two years after the date of such veteran's discharge or release from active duty or [two years after the effective date of this section] *by September 30, 1984,* whichever is later. Such counseling shall include a general mental and psychological assessment to ascertain whether such veteran has mental or psychological problems associated with readjustment to civilian life.

* * * * *

(g)(1) During the twelve-month period ending on September 30, 1984 the Administrator shall take appropriate steps to ensure—

(A) the orderly transition, by October 1, 1984, of that part of the program established under this section for the provision of readjustment counseling services by Veterans' Administration personnel from a program providing such services primarily through centers located in facilities situated apart from the health-care facilities operated by the Veterans' Administration for the provision of other health-care services under other provisions of this chapter to a program providing readjustment counseling services primarily through such health-care facilities; and

(B) the continued availability after such date of readjustment counseling and related mental health services under this section to veterans eligible for the provision of such counseling and services who requested such counseling before such date.

(2) Not later than April 1, 1984, the Administrator shall submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a report on the plans made and actions taken to carry out this subsection.

* * * * *

§ 613. Medical care for survivors and dependents of certain veterans

(a) * * *

* * * * *

(b) In order to accomplish the purposes of subsection (a) of this section, the Administrator shall provide for medical care in the same or similar manner and subject to the same or similar limitations as medical care is furnished to certain dependents and survivors of active duty and retired members of the Armed Forces under chapter 55 of title 10 (CHAMPUS), by—

(1) entering into an agreement with the Secretary of Defense under which the Secretary shall include coverage for such medical care under the contract, or contracts, the Secretary enters into to carry out such chapter 55, and under which the Administrator shall fully reimburse the Secretary for all costs and expenditures made for the purposes of affording the medical care authorized pursuant to this section; or

(2) contracting in accordance with such regulations as the Administrator shall prescribe for such insurance, medical service, or health plans the Administrator deems appropriate.

In cases in which Veterans' Administration medical facilities are [particularly] equipped to provide the [most effective] care and treatment, the Administrator is also authorized to carry out such purposes through the use of such facilities not being utilized for the care of eligible veterans.

* * * * *

Subchapter III—Miscellaneous Provisions Relating to Hospital and Nursing Home Care and Medical Treatment of Veterans

* * * * *

§ 624. Hospital care, medical services and nursing home care abroad

(a) * * *

* * * * *

(d) The Administrator may furnish nursing home care, on the same terms and conditions set forth in section 620(a) of this title [and at the same rate as specified in section 632(a)(4) of this title] to any veteran who has been furnished hospital care in the Philippines pursuant to this section, but who requires a protracted period of nursing home care.

* * * * *

§ 629. Recovery by the United States of the cost of certain care and services

(a) In any case in which a veteran is furnished care and services under this chapter for a non-service-connected disability that was incurred—

(1) incident to the veteran's employment and the disability is covered under a workers'

compensation law or plan that provides reimbursement for or indemnification of the cost of health care and services provided to the veteran by reason of the disability,

(2) as the result of a motor vehicle accident to which applies a State law that requires the owners or operators of motor vehicles registered in that State to have in force automobile accident reparations insurance, or

(3) as the result of a crime of personal violence that occurred in a State, or a political subdivision of a State, in which a person injured as the result of such a crime is entitled to receive health care and services at such State's or subdivision's expense for personal injuries suffered as the result of such crime,

the United States has the right to recover the reasonable costs of such care and services from the State, or political subdivision of a State, employer, employer's insurance carrier, or automobile accident reparations insurance carrier, as appropriate, to the extent that the veteran, or the provider of care and services to the veteran, would be eligible to receive reimbursement or indemnification for such care and services if the care and services had not been furnished by a department or agency of the United States.

(b) The amount that may be recovered by the United States under subsection (a) of this section may not exceed the lesser of (1) an amount equal to the reasonable cost of the care and services furnished the veteran under this chapter, as determined by the Administrator, or (2) the maximum amount specified by the law of the State or political subdivision concerned or by any relevant contractual provision to which the veteran was a party or was subject. The Administrator shall prescribe regulations for the determination of the reasonable cost of care and services under clause (1) of the preceding sentence, and any determination of such reasonable value by the Administrator under such clause shall be made in accordance with such regulations. Regulations under the preceding sentence shall be prescribed only after notice and opportunity for public comment.

(c)(1) The United States shall, as to the right provided in subsection (a) of this section, be subrogated to any right or claim that the veteran or the veteran's personal representative, successor, dependents, or survivors may have against a State or political subdivision of a State, an employer, an employer's insurance carrier, or an automobile accident reparations insurance carrier.

(2)(A) In order to enforce any right or claim to which it is subrogated under paragraph (1) of this subsection, the United States may intervene or join in any action or proceeding brought by the veteran or the veteran's personal representative, successor, dependents, or survivors against a State or political subdivision of a State, an employer, an employer's insurance carrier, or an automobile accident reparations insurance carrier.

(B) If—

(i) no such action or proceeding has been commenced within one hundred and eighty days after the first day on which care and services for which recovery is sought were furnished to the veteran by the Veterans' Administration under this chapter, and

(ii) the United States has sent written notice by certified mail to the veteran at the veteran's last-known address (or to the veteran's personal representative or successor) of the intention of the United States to institute legal proceedings,

the United States may, sixty days after the mailing of such notice, institute and prosecute legal proceedings against the State, political subdivision, employer, employer's insurance carrier, or automobile accident reparations insurance carrier.

(d) A veteran eligible for care and services under this chapter may not be denied such care and services by reason of this section.

(e) No law of any State or of any political subdivision of a State, and no provision of any contract or agreement entered into, renewed, or modified under any State law, shall operate to prevent recovery by the United States (1) under subsection (a) of this section for care and services furnished under this chapter to any veteran for a non-service-connected disability, or (2) under section 611(b) of this title for care and services furnished under such section to an individual as a humanitarian service in an emergency case.

* * * * *

Subchapter IV—Hospital *Care* and Medical [Care] *Treatment* for [Commonwealth of the Philippines Army] Veterans *in the Republic of the Philippines*

§ 631. Assistance to the Republic of the Philippines

The President is authorized to assist the Republic of the Philippines *in fulfilling its responsibility* in providing medical care and treatment for Commonwealth Army veterans and new Philippine Scouts in need of such care and treatment for service-connected disabilities and non-service-connected disabilities under certain conditions.

§ 632. Contracts and grants to provide [hospital care, medical services and nursing home care] *for the care and treatment of United States veterans by the Veterans Memorial Medical Center*

(a) The President, with the concurrence of the Republic of the Philippines, may authorize the Administrator to enter into contracts with the Veterans Memorial Medical Center, with the approval of the appropriate department of the Government of the Republic of the Philippines, covering the period beginning on [July 1, 1973] *October 1, 1981*, and ending on September 30, [1981] *1986*, under which the United States—

[(1) will pay for hospital care in the Republic of the Philippines, or for medical services which shall be provided either in the Veterans Memorial Medical Center, or by contract, or otherwise by the Administrator in accordance with the conditions and limitations applicable generally to beneficiaries under section 612 of this title, for Commonwealth Army veterans and for new Philippine Scouts determined by the Administrator to be in need of such hospital care or medical services for service-connected disabilities;

[(2) will pay for hospital care at the Veterans Memorial Medical Center for Commonwealth Army veterans, and for new Philippine Scouts if they enlisted before July 4, 1946, determined by the Administrator to need such care for non-service-connected disabilities if they are unable to defray the expenses of necessary hospital care;

[(3) may provide for the payment of travel expenses pursuant to section 111 of this title for Commonwealth Army veterans and new Philippine Scouts in connection with hospital care or medical services furnished them;

[(4) may provide for payments for nursing home care, on the same terms and conditions as set forth in section 620(a) of this title, for any Commonwealth Army veteran or new Philippine Scout determined to need such care at a per diem rate not to exceed 50 per centum of the hospital per diem rate established pursuant to clause (6) of this subsection;

[(5) may provide that payments for hospital care and for medical services provided to Commonwealth Army veterans and new Philippine Scouts or to United States veterans may consist in whole or in part of available medicines, medical supplies, and equipment furnished by the Administrator to the Veterans Memorial Medical Center at valuations therefor as determined by the Administrator, who may furnish through the revolving supply fund, pursuant to section 5011 of this title, such medicines, medical supplies, and equipment as necessary for this purpose and to use therefor, as applicable, appropriations available for such payments;

[(6) will provide for payments for such hospital care at a per diem rate to be jointly determined for each fiscal year by the two Governments to be fair and reasonable; and

[(7) may stop payments under any such contract upon reasonable notice as stipulated by the contract if the Republic of the Philippines and the Veterans Memorial Medical Center fail to maintain such hospital in a well-equipped and effective operating condition, as determined by the Administrator.

[(b) The total of the payments authorized by subsection (a) of this section shall not exceed $2,000,000 for any one fiscal year ending before October 1, 1981, which shall include an amount not to exceed $250,000 for any one such fiscal year for the purposes of clause (4) of such subsection.

[(c) The contract authorized by subsection (a) of this section may provide for the use by the Republic of the Philippines of beds, equipment, and other facilities of the Veterans Memorial Medical Center at Manila, not required for hospital care of Commonwealth Army veterans or new Philippine Scouts for service-connected disabilities, for hospital care of other persons in the discretion of the Republic of the Philippines except that (1) priority of admission and retention in such hospital shall be accorded Commonwealth Army veterans and new Philippine Scouts needing hospital care for service-connected disabilities, and (2) such use shall not preclude the use of available facilities in such hospital on a contract basis for hospital care or medical services for persons eligible therefor from the Veterans' Administration.

[(d) To further assure the effective care and treatment of patients in the Veterans Memorial Medical Center, there is authorized to be appropriated for each fiscal year occurring during the period beginning July 1, 1973, and ending September 30, 1981—

(1) the sum of $50,000 to be used by the Administrator for making grants to the Veterans Memorial Medical Center for the purpose of education and training of health service personnel who are assigned to such hospital; and

(2) the sum of $50,000 to be used by the Administrator for making grants to the Veterans Memorial Medical Center for the purpose of assisting the Republic of the Philippines in the replacement and upgrading of equipment and in rehabilitating the physical plant and facilities of such hospital.

Such grants shall be made on such terms and conditions as prescribed by the Administrator, including approval by the Administrator of all education and training programs conducted by the hospital under such grants. Any appropriation made for carrying out the purposes of clause (2) of this subsection shall remain available until expended.]

(1) will provide for payments for hospital care and medical services (including nursing home care) in the Veterans Memorial Medical Center, as authorized by section 624 of this title and on the terms and conditions set forth in such section, to eligible United States veterans at a per diem rate to be jointly determined for each fiscal year by the two Governments to be fair and reasonable; and

(2) may provide that payments for such hospital care and medical services provided to eligible United States veterans may consist in whole or in part of available medi-

cines, medical supplies, and equipment furnished by the Administrator to the Veterans Memorial Medical Center at valuations therefor as determined by the Administrator, who may furnish such medicines, medical supplies, and equipment through the revolving supply fund pursuant to section 5021 of this title.

(b)(1) To further assure the effective care and treatment of United States veterans in the Veterans Memorial Medical Center, there is authorized to be appropriated for each fiscal year during the period beginning on October 1, 1981, and ending on September 30, 1986, the sum of $500,000 to be used by the Administrator for making grants to the Veterans Memorial Medical Center for the purpose of assisting the Republic of the Philippines in the replacement and upgrading of equipment and in rehabilitating the physical plant and facilities of such center.

(2) Grants under this subsection shall be made on such terms and conditions as prescribed by the Administrator. Such terms and conditions may include a requirement of prior approval by the Administrator of the uses of the funds provided by such grants.

(3) Funds for such grants may be provided only from appropriations made to the Veterans' Administration for the specific purpose of making such grants.

(c) The Administrator may stop payments under a contract or grant under this section upon reasonable notice as stipulated by the contract or grant if the Republic of the Philippines and the Veterans Memorial Medical Center do not maintain the medical center in a well-equipped and effective operating condition as determined by the Administrator.

(d)(1) The authority of the Administrator to enter into contracts and to make grants under this section is effective for any fiscal year only to the extent that appropriations are available for that purpose.

(2) Appropriations made for the purpose of this section shall remain available until expended.

* * * * *

PART III—READJUSTMENT AND RELATED BENEFITS

Chapter	Sec.
31. Training and Rehabilitation for Veterans with Service-Connected Disabilities	1500
32. Post-Vietnam Era Veterans' Educational Assistance	1601
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39. Automobiles and Adaptive Equipment for Certain Disabled Veterans and Members of the Armed Forces	1901
41. Job Counseling, Training, and Placement Service for Veterans	2001
42. Employment and Training of Disabled and Vietnam Era Veterans	2011
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Chapter 31—TRAINING AND REHABILITATION FOR VETERANS WITH SERVICE-CONNECTED DISABILITIES

* * * * *

§ 1517. Employment assistance

(a) * * *

* * * * *

(b)(1) In any case in which a veteran has completed a vocational rehabilitation program for self-employment in a small business enterprise under this chapter, the Administrator *shall assist such veteran in securing, as appropriate, a loan under subchapter IV of chapter 37 of this title and* shall cooperate with the Small Business Administration to assist such veteran to secure a loan for the purchase of equipment needed to establish such veteran's own business and to insure that such veteran receives the special consideration provided for in section 8 of the Small Business Act (15 U.S.C. 633(b)).

* * * * *

Chapter 34—VETERANS EDUCATIONAL ASSISTANCE

* * * * *

Subchapter II Eligibility and Entitlement

* * * * *

§ 1662. Time limitations for completing a program of education

Delimiting Period for Completion

(a)(1) * * *

* * * * *

(3)(A) Subject to subparagraph (C) of this paragraph and notwithstanding the provisions of paragraph (1) of this subsection, an eligible veteran who served on active duty during the Vietnam era shall be permitted to use any of such veteran's unused entitlement under section 1661 of this title for the purpose of pursuing—

(i) a program of apprenticeship or other on-job training;

(ii) a course with an approved vocational objective; or

(iii) a program of secondary education, if the veteran does not have a secondary school diploma (or an equivalency certificate).

(B) Upon completion of a program or course pursued by virtue of eligibility provided by this paragraph, the Administrator shall provide the veteran with such employment counseling as may be necessary to assist the veteran in obtaining employment consistent with the veteran's abilities, aptitudes, and interests.

(C)(i) Educational assistance may be provided a veteran for pursuit of a program or course described in clause (i) or (ii) of subparagraph (A) of this paragraph using eligibility provided by this paragraph only if the veteran has been determined by the Administrator to be in need of such a program or course in order to achieve a suitable occupational or vocational objective in accordance with regulations which the Administrator shall prescribe.

(ii) Educational assistance provided a veteran for pursuit of a program described in clause (iii) of subparagraph (A) of this paragraph using eligibility provided by this paragraph shall be provided at the rate determined under section 1691(b)(2) of this title.

(D) Educational assistance may not be provided by virtue of this paragraph after December 31, 1983.

* * * * *

Chapter 37—[HOME, CONDOMINIUM, AND MOBILE HOME] *HOUSING AND SMALL BUSINESS* LOANS

* * * * *

Subchapter IV—Small Business Loans

Sec.
1841. Definitions.
1842. Small business loan program.
1843. Liability on loans.
1844. Approval of loans by the Administrator.
1845. Interest on loans.
1846. Maturity of loans.
1847. Eligible financial institutions.
8148. Preference for disabled veterans.
1849. Revolving fund.
1850. Incorporation of other provisions by the Administrator.
1851. Termination of program.

Subchapter I—General

§ 1801. Definitions

(a) For the purpose of this chapter, the term "housing loan" means a loan for any of the purposes specified by sections 1810(a) and 1819(a)(1) of this title.

[(a)] *(b)* For the purposes of housing *loans under* this chapter—

* * * * *

[(b)] *(c)* Benefits shall not be afforded under this chapter to any individual on account of a service as a commissioned officer of the [Coast and Geodetic Survey] *National Oceanic and Atmospheric Administration (or predecessor entity)*, or of the Regular or Reserve Corps of the Public Health Service, unless such service would have qualified such individual for benefits under title III of the Servicemen's Readjustment Act of 1944.

§ 1802. Basic entitlement

(a) Each veteran who served on active duty at any time during World War II, the Korean conflict, or the Vietnam era and whose total service was for ninety days or more, or who was discharged or released from a period of active duty, any part of which occurred during World War II, the Korean conflict, or the Vietnam era, for a service-connected disability, shall be eligible for the *housing loan* benefits of this chapter. In the case of any veteran who served on active duty during two or more of the periods specified in the preceding sentence, or in section 1818 of this title, for which eligibility for the *housing loan* benefits under this chapter may be granted, entitlement derived from service during the most recent such period (1) shall cancel any unused entitlement derived from service during any earlier such period, and (2) shall be reduced by the amount by which entitlement from service during any earlier such period has been used to obtain a direct, guranteed, or insured *housing* loan—

(A) on real property which the veteran owns at the time of application; or

(B) as to which the Administrator has incurred actual liability or loss, unless in the event of loss or the incurrence and payment of such liability by the Administrator the resulting indebtedness of the veteran to the United States has been paid in full.

(b) In computing the aggregate amount of guaranty or insurance *housing loan* entitlement available to a veteran under this chapter, the Administrator may exclude the amount of guaranty or insurance *housing loan* entitlement used for any guaranteed, insured, or direct loan, if

* * * * *

(d) [Loans] *Housing loans* will be automatically guaranteed under this chapter only if made (1) by any Federal land bank, national bank, State bank, private bank, building and loan association, insurance company, that is subject to examination and supervision by an agency of the United States or of any State, (2) by any State, or (3) by any lender approved by the Administrator pursuant to standards established by the Administrator. Any *housing* loan proposed to be made to a veteran pursuant to this chapter by any lender not of a class specified in the preceding sentence may be guaranteed by the Administrator if the Administrator finds that it is in accord otherwise with the provisions of this chapter.

(e) The Administrator may at any time upon thirty days' notice require *housing* loans to be made by any lender or class of lenders to be submitted to the Administrator for prior approval. No guaranty or insurance liability shall exist with respect to any such loan unless evidence of guaranty or insurance is issued by the Administrator.

(f) Any *housing* loan at least 20 per centum of which is guaranteed under this chapter may be made by any national bank or Federal savings and loan association, or by any bank, trust company, building and loan association, or insurance company, organized or authorized to do business in the District of Columbia. Any such loan may be so made without regard to the limitations and restrictions of any other law relating to—

(1) ratio of amount of loan to the value of the property;
(2) maturity of loan;
(3) requirement for mortgage or other security;
(4) dignity of lien; or
(5) percentage of assets which may be invested in real estate loans.

* * * * *

§ 1803. Basic provisions relating to loan guaranty

(a)(1)* * *

(d)(1) The maturity of any *housing* loan shall not be more than thirty years and thirty-two days.

(2) Any loan for a term of more than five years shall be amortized in accordance with established procedure.

(3) Any real estate *housing* loan (other than for repairs, alterations, or improvements) shall be secured by a first lien on the realty. In determining whether a loan for the purchase or construction of a home is so secured, the Administrator may disregard a superior lien created by a duly recorded covenant running with the realty in favor of a private entity to secure an obligation to such entity for the homeowner's share of the costs of the management, operation, or maintenance of property, services or programs within and for the benefit of the development or community in which the veteran's realty is located, if the Administrator determines that the interests of the veteran borrower and of the Government will not be prejudiced by the operation of such covenant. In respect to any such superior lien to be created after the effective date of this amendment, the Administrator's determination must have been made prior to the recordation of the covenant.

* * * * *

§ 1807. Service after July 25, 1947, and prior to June 27, 1950

Each veteran whose only active duty service occurred after July 25, 1947, and prior to June 27, 1950, and who—

(1) served for a period of more than 180 days and was discharged or released therefrom under conditions other than dishonorable; or

(2) served for a period of 180 days or less and was discharged or released for a service-connected disability;

shall be eligible for *housing loan* benefits of this chapter.

Subchapter II—Loans

* * * * *

§ 1815. Insurance of loans

(a) Any *housing* loan which might be guaranteed under the provisions of this chapter, when made or purchased by any financial institution subject to examination and supervision by an agency of the United States or of any State may, in lieu of such guaranty, be insured by the Administrator under an agreement whereby the Administrator will reimburse any such institution for losses incurred on such loan up to 15 per centum of the aggregate of loans so made or purchased by it.

* * * * *

§ 1817. Release from liability under guaranty

(a) Whenever any veteran disposes of residential property securing a guaranteed, insured, or direct *housing* loan obtained by the veteran, the Administrator, upon application made by such veteran and by the transferee incident to such disposal, shall issue to such veteran in connection with such disposal a release relieving the veteran of all further liability to the Administrator on account of such loan (including liability for any loss resulting from any default of the transferee or any subsequent purchaser of such property) if the Administrator has determined, after such investigation as the Administrator may deem appropriate, that (1) the loan is current, and (2) the purchaser of such property from such veteran (A) is obligated by contract to purchase such property and to assume full liability for the repayment of the balance of the loan remaining unpaid, and has assumed by contract all of the obligations of the veteran under the terms of the instruments creating and securing the loan, and (B) qualifies from a credit standpoint, to the same extent as if the transferee were a veteran eligible under section 1810 of this title, for a guaranteed or insured or direct loan in an amount equal to the unpaid balance of the obligation for which the transferee has assumed liability.

(b) If any veteran disposes of residential property securing a guaranteed, insured, or direct *housing* loan obtained by the veteran under this chapter without receiving a release from liability with respect to such loan under subsection (a), and a default subsequently occurs which results in liability of the veteran to the Administrator on account of the loan, the Administrator may relieve the veteran of such liability if the Administrator determines, after such investigation as the Administrator deems appropriate, that the property was disposed of by the veteran in such a manner, and subject to such conditions, that the Administrator would have issued the veteran a release from liability under subsection (a) with respect to the loan if the veteran had made application therefor incident to such disposal. Failure of a transferee to assume by contract all the liabilities of the original veteran-borrower shall bar such release of liability only in cases in which no acceptable transferee, either immediate or remote, is legally liable to the Administrator for the indebtedness of the original veteran-borrower arising from termination of the loan. The failure of a veteran to qualify for release from liability under this subsection does not preclude relief from being granted under subsection 3102(b) of this title, if eligible thereunder.

§ 1818. Service after January 31, 1955, and prior to August 5, 1964, or after May 7, 1975

(a) Each veteran who served on active duty, any part of which occurred after January 31, 1955, and prior to August 5, 1964, or after May 7, 1975, and who—

(1) served for a period of more than 180 days and was discharged or released therefrom under conditions other than dishonorable;

(2) has served more than 180 days in active duty status and continues on active duty without a break therein; or

(3) was discharged or released from such active duty for a service-connected disability;

shall be eligible for the *housing loan* benefits of this chapter, subject to the provisions of section 1802(a) of this title and the provisions of this section.

* * * * *

§ 1819. Loans to purchase mobile homes and mobile home lots

(a)(1) Notwithstanding any other provision of this chapter, any loan to a veteran eligible for the *housing loan* benefits of this chapter, if made pursuant to the provisions of this section, may be guaranteed if such loan is for one of the following purposes:

(A) To purchase a lot on which to place a mobile home already owned by the veteran.

(B) To purchase a single-wide mobile home.

(C) To purchase a single-wide mobile home and a lot on which to place such home.

(D) To purchase a double-wide mobile home.

(E) To purchase a double-wide mobile home and a lot on which to place such home.

(F) To refinance in accordance with paragraph (4) of this subsection an existing loan guaranteed, insured, or made under this section.

* * * * *

(b)(1) * * *

* * * * *

(2) The Administrator shall restore entitlement to all [loan guaranty] *housing loan* benefits under this chapter for the veteran when the conditions prescribed in section 1802(b) of this title have been met.

* * * * *

§ 1824. Loan guaranty revolving fund

(a) * * *

* * * * *

(b) The Fund shall be available to the Administrator when so provided in appropriation Acts and within such limitations as may be included in such Acts, without fiscal year limiting, for all *housing* loan guaranty and insurance operations under this chapter, except administrative expenses.

(c) There shall be deposited in the Fund (1) by transfer from current and future appropriations for readjustment benefits such amounts as may be necessary to supplement the Fund in order to meet the requirements of the Fund, and (2) all amounts now held or hereafter received by the Administrator incident to *housing* loan guaranty and insurance operations under this chapter, including but not limited to all collections of principal and interest and the proceeds from the use of property held or the sale of property disposed of.

* * * * *

Subchapter IV—Small Business Loans

§ 1841. Definitions

For the purposes of this subchapter—

(1) The term "disabled veteran" means (A) a veteran who is entitled to compensation under laws administered by the Veterans' Administration for a disability rated at 30 percent or more, or (B) a veteran whose discharge or release from active duty was for a disability incurred or aggravated in line of duty.

(2) The term "veteran of the Vietnam era" means a person (A) who served on active duty for a period of more than one hundred and eighty days, any part of which occurred during the Vietnam era, and who was discharged or released therefrom with other than a dishonorable discharge, or (B) who was discharged or released from active duty for a service-connected disability if any part of such active duty was performed during the Vietnam era.

§ 1842. Small business loan program

(a)(1) Subject to subsection (b) of this section, the Administrator may provide financial assistance to veterans' small business concerns for the purpose of (A) financing plant construction, conversion, or expansion (including the acquisition of land), (B) financing the acquisition of equipment, facilities, machinery, supplies, or materials, or (C) supplying such concerns with working capital.

(2) Subject to paragraph (3)(A) of this subsection, financial assistance under this section may be provided in the form of (A) loan guaranties, or (B) direct loans.

(3) The Administrator shall specify in regulations the criteria to be met for a business concern to qualify as a veterans' small business concern for the purposes of this subchapter. Such regulations shall include requirements—

(A) that to qualify for a loan guaranty, at least 51 percent of a business concern must be owned by individuals who are veterans of the Vietnam era or disabled veterans and that to qualify for a direct loan, at least 51 percent of a business concern must be owned by disabled veterans; and

(B) that the management and daily busi-

ness operations of the concern must be directed by one or more of the veterans whose ownership interest is part of the majority ownership for the purposes of meeting the requirement in clause (A) of this paragraph.

(b) The availability of financial assistance under subsection (a) of this section is subject to the following limitations:

(1) The Administrator may not make a direct loan under this section unless the veterans' small business concern applying for the loan shows to the satisfaction of the Administrator that the concern is unable to obtain a loan guaranteed by the Veterans' Administration under this section or made or guaranteed by the Small Business Administration.

(2) The Administrator may not guarantee a loan under this section if the loan bears a rate of interest in excess of the maximum rate of interest prescribed under section 1845 of this title.

(3) The Administrator may not make or guarantee a loan under this section for an amount in excess of $200,000.

(4) The original liability of the Administrator on any loan guaranteed under this section may not exceed 90 percent of the amount of the loan, and such liability shall decrease or increase pro rata with any decrease or increase of the amount of the unpaid portion of the loan, but such liability may not exceed the amount of the original guaranty.

(c) Each loan made or guaranteed under this subchapter shall be of such sound value, taking into account the creditworthiness of the veterans' small business concern (and the individual owners) applying for such loan, or so secured as reasonably to assure payment.

(d)(1) Except as provided in paragraph (2) of this subsection, the Administrator may not make or guarantee a loan under this subchapter to a veterans' small business concern in which an ownership interest is held by a veteran who also has an ownership interest in another small business concern if such ownership interest was considered in qualifying that other concern for an outstanding loan made or guaranteed under this subchapter or the Small Business Act (15 U.S.C. 631 et seq.).

(2) Paragraph (1) of this subsection shall not apply if 51 percent or more of the business concern seeking a direct or guaranteed loan under this subchapter is owned by veterans of the Vietnam era or disabled veterans without including the ownership interest of the veteran whose ownership interest in another small business concern was previously considered in qualifying that other concern for an outstanding guaranteed or direct business loan under this subchapter or the Small Business Act (15 U.S.C. 631 et seq.).

(e)(1) In order to protect the interest of the United States, upon application by a veterans' small business concern which is the recipient of a loan guaranteed under this subchapter, the Administrator (subject to the provisions of this subsection) may undertake the veterans' small business concern's obligation to make payments under such loan or, if the loan was a direct loan made by the Administrator, may suspend such obligation. While such payments are being made by the Administrator pursuant to the undertaking of such obligation or while such obligation is suspended, no such payment with respect to the loan may be required from the concern.

(2) The Administrator may undertake or suspend a veterans' small business concern's obligation under this subsection only if—

(A) such undertaking or suspension of the obligation is in the judgment of the Administrator, necessary to protect the interest of the United States;

(B) with the undertaking or suspension of the obligation, the small business concerns would, in the judgment of the Administrator, become or remain a viable small business entity; and

(C) the small business concern executes an agreement in writing satisfactory to the Administrator as provided by paragraph (4) of this subsection.

(3) The period of time for which the Administrator undertakes or suspends the obligation on a loan under this subsection may not exceed five years. The Administrator may extend the maturity of any loan on which the Administrator undertakes or suspends the obligation under this subsection for a corresponding period of time.

(4)(A) Before the Administrator may undertake or suspend a veterans' small business concern's obligation under this subsection, the Administrator shall require the small business concern to execute an agreement to repay the aggregate amount of the payments which were required under the loan during the period for which the obligation was undertaken or suspended—

(i) by periodic payments not less in amount or less frequently falling due than those which were due under the loan during such period,

(ii) pursuant to a repayment schedule agreed upon by the Administrator and the small business concern, or

(iii) by a combination of the method of payments described in clauses (i) and (ii) of this subparagraph.

(B) In addition to requiring the small business concern to execute the agreement described in subparagraph (A) of this paragraph, the Administrator shall, before the undertaking or suspension of the obligation, take such action and require the small business concern to take such action as the Administrator considers appropriate in the circumstances, including the provision of such security as the Administrator considers necessary or appropriate, to assure that the rights and interests of the United States and any lender will be safeguarded adequately during and after the period in which such obligation is so undertaken or suspended.

§ 8143. Liability on loans

Each individual who has an ownership interest in a veterans' small business concern that is provided a direct loan under this subchapter, or that obtains a loan guaranteed under this subchapter, shall execute a note or other document evidencing the direct or guaranteed business loan, and such individuals shall be jointly and severally liable to the United States for the amount of such direct loan or, in the case of a guaranteed loan, for any amount paid by the Administrator on account of such loan.

§ 1844. Approval of loans by the Administrator

(a) Except as provided in subsection (b) of this section, a loan may not be guaranteed under this subchapter unless before the closing of the loan, it is submitted to the Administrator for approval and the Administrator grants approval.

(b) The Administrator may exempt any lender of a class of lenders listed in section 1802(d) of this title from the prior approval requirement in subsection (a) of this section if the Administrator determines that the experience of such lender or class of lenders warrants such exemption.

(c) The Administrator may at any time upon 30 days' notice require loans to be made by any lender or class of lenders under this subchapter to be submitted to the Administrator for prior approval. No guaranty shall exist with respect to any such loan unless evidence of the guaranty is issued by the Administrator.

§ 1845. Interest on loans

(a) Loans guaranteed under this subchapter shall bear interest not in excess of such rate as the Administrator may from time to time find the loan market demands. In establishing the rate of interest that shall be applicable to such loans, the Administrator shall consult with the Administrator of the Small Business Administration.

(b) The rate of interest on any direct loan made by the Administrator under this subchapter may not exceed the maximum rate in effect under subsection (a) of this section at the time the direct loan is made.

§ 1846. Maturity of loans

The maturity of a loan made or guaranteed under this subchapter that is used in whole or in part for the construction, conversion, or expansion of facilities or for acquisition of real property may not exceed twenty years plus such additional reasonable time as the Administrator may determine, at the time the loan is made, is required to complete the construction, acquisition, or expansion of such facilities. This maturity of any other loan made or guaranteed under this subchapter may not exceed ten years.

§ 1847. Eligible financial institutions

The Administrator may not guarantee under this subchapter a loan made by an entity not subject to examination and supervision by an agency of the United States or of a State.

§ 1848. Preference for disabled veterans

In the extension of financial assistance under this subchapter, the Administrator shall give preference, first, to veterans' small business concerns in which disabled veterans who have successfully completed a vocational rehabilitation program for self-employment in a small business enterprise under chapter 31 of this title have a significant ownership interest, and, second, to veterans' small business concerns in which other disabled veterans have a significant ownership interest.

§ 1849. Revolving fund

(a) There is established in the Treasury a revolving fund to be known as the "Veterans' Administration Small Business Loan Revolving Fund" (hereinafter in this section referred to as the "fund").

(b) Amounts in the fund shall be available to the Administrator without fiscal year limitation for all loan guaranty and direct loan operations under this subchapter other than administrative expenses and may not be used for any other purpose.

(c)(1) Effective for fiscal year 1982 and fiscal years thereafter, there is authorized to be appropriated to the fund a total of $25,000,000.

(2) There shall be deposited into the fund all amounts received by the Administrator derived from loan operations under this subchapter, including all collection of principal and interest and the proceeds from the use of property held or of property sold.

(d) The Administrator shall determine annually whether there has developed in the fund a surplus which, in the Administrator's judgment, is more than necessary to meet the needs of the fund. Any such surplus shall immediately be transferred into the general fund of the Treasury.

(e) Not later than two years after the termination of the authority of the Administrator to make new commitments for financial assistance under this subchapter, the Administrator shall transfer into the general fund of the Treasury all amounts in the fund except those that the Administrator determines may be required for the liquidation of obligations under this subchapter. All amounts received thereafter derived from loan operations under this subchapter, except so much thereof as the Administrator may determine to be necessary for liquidating outstanding obligations under this subchapter, shall also be so deposited.

§ 1850. Incorporation of other provisions by the Administrator

The Administrator may provide that the provisions of sections of other subchapters of this chapter that are not otherwise applicable to loans made or guaranteed under this subchapter shall be applicable to loans made or guaranteed under this subchapter. The Administrator shall exercise authority under the preceding sentence by regulations prescribed after publication in the Federal Register and a period of not less than 30 days for public comment.

§ 1851. Termination of program

The Administrator may not make commitments for financial assistance under this subchapter after September 30, 1986.

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Chapter 42—EMPLOYMENT AND TRAINING OF DISABLED AND VIETNAM ERA VETERANS

* * * * *

§ 2014. Employment within the Federal Government

(a) * * *

* * * * *

(b)(1) To further the policy stated in subsection (a) of this section, veterans of the Vietnam era shall be eligible, in accordance with regulations which the Office of Personnel Management shall prescribe, for veterans readjustment appointments, and for subsequent career-conditional appointments, under the terms and conditions specified in Executive Order Numbered 11521 (March 26, 1970), except that—

(A) such an appointment may be made up to and including the level GS–7 or its equivalent;

(B) a veteran of the Vietnam era shall be eligible for such an appointment without any time limitation with respect to eligibility for such an appointment; and

(C) a veteran of the Vietnam era who is entitled to disability compensation under the laws administered by the Veterans' Administration or whose discharge or release from active duty was for disability incurred or aggravated in line of duty shall be eligible for such an appointment without regard to the number of years of education completed by such veteran.

(2) No veterans readjustment appointment may be made under authority of this subsection after September 30, [1981] *1984*.

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PART V—BOARDS AND DEPARTMENTS

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Chapter 73—DEPARTMENT OF MEDICINE AND SURGERY

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Subchapter I—Organization; General

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§ 4109. Retirement rights

(a) Except as provided in subsection (b) of this section, persons appointed to the Department of Medicine and Surgery shall be subject to the provisions of and entitled to benefits under chapter 83 of title 5.

[(b) Notwithstanding any other provision of law, an individual retiring on or after October 1, 1981, who served at any time in a position in the Department of Medicine and Surgery to which such individual was appointed under this subchapter shall receive service credit for purposes of section 8339 of title 5 for any period of service after August 25, 1980, in such Department served on less than a full-time basis on a proportionate basis equal to the fraction that such service after such date bears to full-time service. In computing the annuity of any individual whose service is so credited, the full annual rate of basic pay shall be deemed to be the individual's rate of basic pay for the purpose of determining average pay, as defined by section 8331(4) of title 5.]

(b)(1) In computing the annuity under subchapter III of chapter 83 of title 5 of an individual who retires under such subchapter (other than under section 8337 of such subchapter) after December 31, 1981, and who served at any time on a less-than-full-time basis in a position in the Department of Medicine and Surgery to which such individual was appointed under this subchapter—

(A) for the purpose of determining such individual's average pay, as defined by section 8331(4) of title 5, the annual rate of basic pay for full-time service shall be deemed to be such individual's rate of basic pay; and

(B) the amount of such individual's annuity as computed under section 8339 of title 5 (before application of any reduction required by subsection (i) of such section) shall be multiplied by the fraction equal to the ratio that that individual's total full-time equivalent service bears to that individual's creditable service as determined under section 8332 of title 5.

(2) For the purposes of paragraph (1)(B) of this subsection, an individual's full-time equivalent service is the individual's creditable service as determined under section 8332 of title 5, except that any period of service of such individual served on a less-than full-time basis shall be prorated based on the fraction such service bears to full-time service. For the purposes of the preceding sentence, full-time service shall be considered to be eighty hours of service per bi-weekly pay period.

(3) A survivor annuity computed under section 8341 of title 5 based on the service of an individual described in paragraph (1) of this subsection shall be computed based upon such individual's annuity as determined in accordance with such paragraph.

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PART VI—ACQUISITION AND DISPOSITION OF PROPERTY

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Chapter 81—ACQUISITION AND OPERATION OF HOSPITAL AND DOMICILIARY FACILITIES; PROCUREMENT AND SUPPLY

§ 5010. Operation of medical facilities

(a)(1) [The Administrator, subject to the approval of the President, is authorized to establish and operate not less than one hundred and twenty-five thousand hospital beds in medical facilities over which the Administrator has direct jurisdiction for the care and treatment of eligible veterans.] *The Administrator shall establish the total number of hospital beds and nursing home beds in medical facilities over which the Administrator has direct jurisdiction for the care and treatment of eligible veterans at not more than 125,000 and not less than 100,000. The Administrator shall establish the total number of such beds so as to maintain a contingency capacity to assist the Department of Defense in time of war or national emergency to care for the casualties of such war or national emergency. Of the number of beds authorized pursuant to the preceding sentence, the Administrator shall operate and maintain a total of not less than 90,000 hospital beds and nursing home beds and shall maintain the availability of such additional beds and facilities in addition to the operating bed level as the Administrator considers necessary for such contingency purposes. The President shall include in the Budget transmitted to the Congress for each fiscal year pursuant to section 201(a) of the Budget and Accounting Act, 1921 (31 U.S.C. 11(a)), an amount for medical care and amounts for construction sufficient to enable the Veterans' Administration to operate and maintain a total of not less than 90,000 hospital and nursing home beds in accordance with this paragraph and to maintain the availability of the contingency capacity referred to in the second sentence of this paragraph.* The Administrator shall staff and maintain, in such a manner as to ensure the immediate acceptance and timely and complete care of patients, sufficient beds and other treatment capacities to accommodate, and provide such care to, eligible veterans applying for admission and found to be in need of hospital care or medical services.

(2) The Administrator shall maintain the bed and treatment capacities of all Veterans' Administration medical facilities so as to ensure the accessibility and availability of such beds and treatment capacities to eligible veterans in all States and to minimize delays in admissions and in the provision of hospital, nursing home, and domiciliary care, and of medical services furnished pursuant to section 612 of this title.

[(3) The Chief Medical Director shall periodically analyze agencywide admission policies and the records of those eligible veterans who apply for hospital care and medical services but are rejected or not immediately admitted or provided such care or services, and the Administrator shall annually advise each committee of the results of such analysis and the number of any additional beds and treatment capacities and the appropriate staffing and funds therefor found necessary to meet the needs of such veterans for such necessary care and services.]

(3)(A) The Chief Medical Director shall at the end of each fiscal year (i) analyze agencywide admission policies and the records of those eligible veterans who apply for hospital care, medical services, and nursing home care, but are rejected or not immediately admitted or provided such care or services, and (ii) review and make recommendations regarding the adequacy of the established operating bed levels, the geographic distribution of operating beds, the demographic characteristics of the veteran population and the associated need for medical care and nursing home facilities and services in each State, and the proportion of the total number of operating beds that are hospital beds and that are nursing home beds.

(B) After considering the analyses and recommendations of the Chief Medical Director pursuant to subparagraph (A) of this paragraph for any fiscal year, the Administrator shall report to the committees, on or before December 1 after the close of such fiscal year, on the results of the analysis of the Chief Medical Director and on the numbers of operating beds and level of treatment capacities required to enable the Veterans' Administration to carry out the primary function of the Department of Medicine and Surgery. The Administrator shall include in each such report recommendations for (i) the numbers of operating beds and the level of treatment capacities required for the health care of veterans and the maintenance of the contingency capacity referred to in paragraph (1) of this subsection, and (ii) the appropriate staffing and funds therefor.

* * * * *

[(b) The Administrator, subject to the approval of the President, is authorized to establish and operate not less than twelve thousand beds during fiscal year 1980, and during each fiscal year thereafter, for the furnishing of nursing home care to eligible veterans in facilities over which the Administrator has direct jurisdiction. The beds authorized by this subsection shall be in addition to the beds provided for in subsection (a) of this section.]

[(c)] (b) When the Administrator determines, in accordance with regulations which the Administrator shall prescribe, that a Veterans' Administration facility serves a substantial number of veterans with limited English-speaking ability, the Administrator

shall establish and implement procedures, upon the recommendation of the Chief Medical Director, to ensure the identification of sufficient numbers of individuals on such facility's staff who are fluent in both the language most appropriate to such veterans and in English and whose responsibilities shall include providing guidance to such veterans and to appropriate Veterans' Administration staff members with respect to cultural sensitivities and bridging linguistic and cultural differences.

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PUBLIC LAW 96-151

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AGENT ORANGE STUDY

SEC. 307. (a)(1)(*A*) The Administrator of Veterans' Affairs shall design a protocol for and conduct an epidemiological study of [persons who, while serving] *any long-term adverse health effects in humans of service* in the Armed Forces of the United States *in the Republic of Vietnam* during the period of the Vietnam conflict [, were exposed to any of the class of chemicals known as "the dioxins" produced during the manufacture of the various] *as such health effects may result from exposure to* phenoxy herbicides (including the herbicide known as ["Agent Orange") to determine if there may be long-term adverse health effects in such persons from such exposure.] *Agent Orange) and the class of chemicals known as the dioxins produced during the manufacture of such herbicides. In conducting such study, the Administrator may expand the scope of the study to include an evaluation of any long-term adverse health effects in humans of such service as such health effects may result from other factors involved in such service, including exposure to other herbicides, chemicals, medications, or environmental hazards or conditions. The Administrator may also include in the study an evaluation of the means of detecting and treating adverse health effects found through the study.*

(*B*) The Administrator shall also conduct a comprehensive review and scientific analysis of the literature covering other studies relating to whether there may be long-term adverse health effects in humans from exposure to [such dioxins or other dioxins.] *phenoxy herbicides (including the herbicide known as Agent Orange) and the class of chemicals known as the dioxins produced during the manufacture of such herbicides. In conducting such review and analysis, the Administrator may expand the scope of such review and analysis to include a review and analysis of the literature covering other studies relating to whether there may be long-term adverse health effects in humans from other factors involved in service in the Armed Forces of the United States in the Republic of Vietnam during the period of the Vietnam conflict or in other comparable situations involving one or more of the factors described in the second sentence of subparagraph (A). The Administrator may also include a review and analysis of the means of detecting and treating adverse health effects found through any study covered by either such review and analysis.*

* * * * *

(3) The study conducted pursuant to paragraph (1) shall be continued for as long after the submission of the *first* report under subsection (b)(2) as the Administrator may determine reasonable in light of the possibility of developing through such study significant new information on the long-term adverse health effects of exposure to dioxins.

* * * * *

(b)(1) Not later than twelve months after the date of the enactment of this Act, the Administrator shall submit to the appropriate committees of the Congress a report on the literature review and analysis conducted under subsection (a)(1).

(2) Not later than twenty-four months after the date of the approval of the protocol pursuant to subsection (a)(2)(A)(i) and annually thereafter, the Administrator shall submit to the appropriate committees of the Congress a report containing (A) a description of the results thus far obtained under the study conducted pursuant to such subsection, and (B) such comments and recommendations *for administrative or legislative action, or both,* as the Administrator considers appropriate in light of such results.

(3) Not later than ninety days after the submission of each report under paragraph (2), the Administrator shall, based on the results described in such report and the comments and recommendations thereon and any other available pertinent information, publish in the Federal Register, for public review and comment, a description of actions, if any, that the Administrator proposes to take with respect to programs administered by the Veterans' Administration. Each such description shall include a justification or rationale for any such action the Administrator proposes to take.

(4) The first report submitted under paragraph (2) shall include the Administrator's recommendation, and reasons therefor, with respect to whether the authority to provide care and services under and by virtue of section 610(a)(5) of title 38, United States Code, should be extended beyond the expiration period specified by section 610(e)(3) of such title.

● Mr. CRANSTON. Mr. President, as the ranking minority member of the Committee on Veterans' Affairs, I am very pleased to join with the committee chairman, my good friend from Wyoming (Mr. SIMPSON), in urging the Senate to concur in the House amendment to the Senate amendment to H.R. 3499, the House amendment being a compromise agreed to between the two Veterans' Affairs Committees after extensive discussion and negotiations. This is an extremely important measure that would provide for much-needed improvements in and extensions of existing Veterans' Administration programs and benefits for the benefit of Vietnam-era veterans as well as authorize one new VA program for Vietnam-era and disabled veterans.

Very briefly, this bill contains six major provisions designed to assist Vietnam-era veterans with their remaining problems: First, continued eligibility for 3 more years to request readjustment counseling; second, to help deal with the agent orange problem, new entitlement to health care for those who served in Vietnam unless the condition was clearly the result of some cause other than exposure to dioxin or another toxic substance found in a herbicide or defoliant to which the veteran was exposed in Vietnam; third, authorize the expansion of a mandated epidemiological study of veterans exposed to agent orange to focus on the health effects of exposure to other elements in Vietnam; fourth, extension of the authority for Federal agencies to make excepted appointments, under the VRA program, of certain Vietnam-era service-connected disabled and educationally disadvantaged veterans; fifth, extension for 2 years of expiring GI bill eligibility for secondary, vocational, or on-job training for certain Vietnam-era veterans; and sixth, authorization of a new VA small business loan program for Vietnam-era and certain service-connected disabled veterans.

BACKGROUND

Mr. President, H.R. 3499 was first passed by the House on June 2, 1981. On June 15, 1981, the Senate took up S. 921, the proposed "Veterans' Programs Extension and Improvement Act of 1981" as reported by the Committee on Veterans' Affairs on May 15. After considerable debate and the adoption of a number of amendments to S. 921 as reported, the Senate substituted the provisions of that measure, as so amended, in lieu of the provisions of H.R. 3499 as passed by the House and passed that measure on June 16, 1981, returning it to the House. On October 2, the House of Representatives amended the bill with a substitute which represents a compromise agreement reached by the two Veterans' Affairs Committees, after lengthy and detailed discussions and negotiations.

Mr. President, during the 95th and 96th Congresses, while I was privileged to chair the Veterans' Affairs Committee, we enjoyed a most constructive and productive relationship with our counterpart committee in the other body. Although we occasionally advocated different approaches to a particular issue, which resulted, for instance, in the development of different legislation on the same subject that then had to be reconciled, the two committees were united in the commitment to assuring that our Nation's veterans receive full measure of the benefits and services that are their due.

I am delighted to note that my successor as chairman of the Veterans' Affairs Committee, my good friend from Wyoming (Mr. SIMPSON) has done an excellent job in taking up the many challenges and responsibilities confronting the committee and continuing our excellent working relationship with the House committee. It is good news for all veterans that, despite the change in the majority party in the Senate and changes in the composition of both committees, the two new chairmen have worked hard to continue this tradition of close cooperation—not only on both sides of the aisle, but on both sides of the Congress. That this tradition has been continued is made manifest by the compromise agreement that is pending before the Senate today, just as it was by the compromise agreement on S. 917, the Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981, which the Senate passed October 1 and the House passed October 2.

Mr. President, as all compromises, the measure before the Senate today does not contain every provision that passed the Senate or that I personally would have liked to have seen in this legislation. Nevertheless, I believe that it represents an equitable resolution of the differences between the two Houses and fairly vindicates the basic position of the Senate on the various matters addressed by the legislation.

In addition, I am pleased that the compromise agreement includes many provisions that I proposed earlier in this Congress—provisions derived from S. 458, which I introduced on February 6, 1981, and S. 636, which I introduced on March 5, 1981—and two amendments that I of-

fered and one I joined in offering on the Senate floor during the Senate's consideration of S. 921 on June 15, 1981.

Mr. President, the provisions of the compromise agreement are fully described in the "Explanatory Statement" that the chairman of the committee (Mr. SIMPSON) has inserted in the RECORD as part of his remarks and which was inserted in the RECORD in identical form by the chairman of the House Veterans' Affairs Committee (Mr. MONTGOMERY) during the debate on the compromise agreement on the other body (CONGRESSIONAL RECORD page 22871, October 2, 1981). At this point, I would like to comment on the principal provisions in the compromise agreement.

READJUSTMENT COUNSELING ELIGIBILITY EXTENSION

Mr. President, I am extremely gratified that the compromise agreement provides for a 3-year extension, until September 30, 1984, of the period within which an otherwise eligible Vietnam-era veteran may request readjustment counseling from the VA. This is the length of the eligibility extension that I advocated during committee consideration of S. 921 and that was provided for in the amendment which I joined in offering with my good friend from Rhode Island (Mr. CHAFEE), which the Senate adopted by a 99-to-0 vote when this measure was before it earlier this year. Three years was also the length of the extension passed by the House on June 2, 1981.

I believe that the VA's readjustment counseling program—long overdue when the initial legislation I had authored and fought for for more than 8 years was finally enacted in June 1979—has proven to be of great value to those Vietnam-era veterans who have experienced long-term or delayed difficulties in readjusting to civilian life after their active-duty service. This is a unique program conducted through storefront-type vet centers—facilities operating separate from regular VA health-care facilities—and staffed by small teams that typically include mental health professionals and Vietnam and Vietnam-era veterans trained to provide conseling services and other needed assistance.

The readjustment counseling program, currently consisting of 93 vet centers with an expansion to a total of 123 centers and 10 satellite centers currently underway, has proven its ability to provide meaningful help to many Vietnam-era veterans whom the VA and other concerned agencies have been unable to reach through more conventional programs. Through September 30, 1981, the program has provided assistance to 83,-414 Vietnam-era veterans through 282,-156 visits to vet centers and has made 167,080 telephone contacts on behalf of Vietnam-era veterans.

Congressional approval of the 3-year extension of eligibility included in the compromise agreement constitutes a ringing endorsement of this program that needs to be understood and heeded by the administration, which advocated, as part of its original budget submission in March, that the program be totally eliminated at the end of fiscal year 1981.

Mr. President, I want to note one element in the extension of the eligibility period that I believe is very important and which should be understood by Vietnam-era veterans and others interested in the VA's readjustment counseling program. Under the provisions in the pending measure, the VA is to plan and, during the fiscal year ending September 30, 1984, take steps to carry out a transition so that, on October 1, 1984, the agency's readjustment counseling program will shift its focus from providing readjustment counseling primarily through vet centers to providing counseling primarily through regular VA health-care facilities. I believe that this provision is important for three reasons.

First, it indicates a clear congressional understanding that the date under the bill on which eligibility to request readjustment counseling would expire, September 30, 1984—for all Vietnam-era veterans, except for those who would at that point have been discharged from active duty for less than 2 years—is the point after which otherwise eligible veterans who had not by then requested VA readjustment counseling would no longer be eligible to receive it, not the date on which the VA program should cease to exist.

Second, I believe the requirement that the VA actively plan and initiate this transition process during the year ending September 30, 1984 should lead to an appropriate response to the agency's continuing obligation after October 1, 1984, to provide readjustment counseling for those who requested readjustment counseling services before that date.

Third, the transition provision by the use of the word "primarily" indicates that it would be perfectly appropriate for the store-front vet centers to be maintained after that date in certain communities where the demand on the vet center is expected to remain at a high level and the other VA health-care facilities in the immediate area would not be able to absorb readily a significant increase in demand for services.

Mr. President, I regret that the compromise agreement does not contain Senate-passed provisions, which I authored in S. 458, that would have tolled the readjustment counseling eligibility period for veterans who are unable to receive such counseling by virtue of a medical condition, including an alcohol or drug dependence or abuse disability, or incarceration in a Federal, State, or local jail or penal institution. I believed that it was important to establish, at this time, that veterans who are precluded in these ways from receiving readjustment counseling would have a further opportunity to request counseling once the barrier to their participation was removed. I worked hard to have these tolling provisions included in the bill as it passed the Senate and to retain them in the compromise agreement.

However, my colleagues in the House did not agree that providing for such a tolling at this time was necessary, particularly in light of the general 3-year extension of the eligibility period. Accordingly, although these provisions are not included in the compromise agreement, I am satisfied that our strong feelings about the need for such provisions to keep the eligibility period from running while the veteran is unable to participate in the program were recognized during our negotiations, and I am pleased that—as is indicated by the committees in the "Explanatory Statement" to which I earlier referred—the committees have agreed to "review the need for and appropriateness of such tolling provisions at a later time closer to the expiration of the eligibility period in 1984."

MEDICAL CARE FOR DISABILITIES THAT MAY BE RELATED TO EXPOSURE TO AGENT ORANGE AND CERTAIN OTHER HAZARDOUS SUBSTANCES IN VIETNAM

Mr. President, the compromise agreement contains what I believe is a very important provision that would expand eligibility for VA health care for Vietnam veterans who are suffering disabilities that might be related to exposure to certain hazards during their service—namely, to dioxin, the trace contaminant found in agent orange and some other herbicides used in Vietnam during the Vietnam war or to other toxic substances found in herbicides or defoliants used in Vietnam during that war. This provision in the compromise agreement is derived from an amendment, which I authored, that was adopted by the Senate during earlier debate on this measure, and from a provision in the House-passed bill. My amendment and the compromise provision also provide for health-care eligibility for certain veterans exposed to nuclear radiation, an aspect that I will address separately.

Mr. President, I believe expanding eligibility for health care for these veterans is a significant step, but it is important that what this step means—and does not mean—be understood by all concerned. The practical effect of the enactment of this provision would be to provide veterans who are currently suffering from disabilities that they believe may be linked to the exposure to dioxin or other toxic substances found in herbicides or defoliants used in Vietnam—but as to which there is insufficient medical evidence at the time they apply for care for such disabilities to establish this linkage—with eligibility to receive basic VA health-care services for those disabilities without having to establish that they are unable to defray the cost of the care needed.

The health-care services for which eligibility would be provided would include inpatient care in VA facilities for the disability in question and outpatient or ambulatory care in VA facilities for the disability on a pre- or posthospitalization basis or as necessary to obviate the need for such hospitalization. Providing this health-care eligibility, in addition to its direct value as a benefit, has important symbolic value in terms of the Government offering concrete assistance to these veterans who are suffering health problems that may eventually be found to be related to their service while the efforts to determine if the disabilities are actually or probably so related goes forward.

I want to stress, however, that by providing this eligibility for care the Congress is not passing judgment on

whether the disabilities in question are related to the veterans' service. At this time, with respect to the health effects of exposure to agent orange about which so little is known, permanent determinations as to service connection cannot properly be made.

Indeed, the provisions in the compromise agreement that provide eligibility for health care are worded in such a way as to indicate that the information needed finally to resolve questions of service connection is not and will not be available in many cases—"notwithstanding that there is insufficient medical evidence to conclude that such disability may be associated with such exposure."

Mr. President, there are many veterans who are currently suffering serious disabilities that they believe are related to exposure to agent orange or other toxic substances used in Vietnam, or to exposure to nuclear radiation. It is my belief that most of these veterans who have previously sought health care from the VA for these disabilities have been provided such care on the basis of their taking an oath regarding their inability to defray the cost of the care needed to treat their disabilities.

However, this result has not been uniform and, in light of recent VA activity to implement the provisions of section 401 of Public Law 96–330 removing the legal conclusiveness of that oath, I believe that it is important to establish a clear basis for eligibility for VA health care for veterans exposed to possibly hazardous environmental conditions during service.

Mr. President, another point that should be understood about this new health-care eligibility is that veterans who are found to have experienced one of the specified types of exposure would be eligible for VA health care "for any disability" except, as the legislation expressly provides, for disabilities that are determined to result from some cause other than the exposure in question. The compromise agreement requires the VA's Chief Medical Director to issue guidelines pursuant to which a disability may be found by an examining physician to have resulted from a cause other than the exposure in question.

The provision is written this way because the committees recognize that, in most instances, we do not have definitive scientific and medical information on which to base a determination on the service-connection of many diseases and disabilities that may result from exposure to certain hazards. However, I am satisfied that, as to some disabilities, such as traumatic injuries and infectious diseases—influenza, for example—valid medical judgments can be made that a particular disability is the result of a specific cause other than the exposure, and I would expect that the guidelines issued by the Chief Medical Director would combine elements of specificity and flexibility in such a way as to enable examining physicians to make such judgments.

Because of the difficult and often controversial nature of the issues involved in this area, the VA certainly should solicit public comment on the guidelines it develops—although it should put them into effect immediately so as not to delay the provision of the health care—in order to afford a full airing of the issues and to enhance public confidence in the agency's efforts to implement this new health-care eligibility.

Mr. President, with respect to the criterion regarding exposure to one of the specified hazards, I want to note as to exposure to dioxin that because of the current confused state of information on the actual usage patterns of agent orange and other herbicides in Vietnam, we have provided in the compromise agreement that a veteran seeking care under this new eligibility would need to show only service anywhere in Vietnam during the Vietnam era, not a specific instance of exposure. This policy represents a slight expansion of current VA policy regarding presuming exposure to dioxin in the case of all Vietnam veterans except those stationed in areas such as Saigon or Danang.

The committees believe that such exclusions are not warranted, especially in light of information that has recently received heightened public attention about instances in which aircraft involved in defoliant or other spraying missions had to dump their cargoes over or near U.S. installations because of enemy fire, engine failure, or other reason.

Mr. President, I want to note one final point about this new eligibility for VA health care. As passed by the Senate and now as in the compromise agreement, no veteran will be eligible for care under this new authority after the end of the period ending 1 year following the VA's first submission providing results on the epidemiological study regarding veterans exposed to agent orange that was mandated by Public Law 96–151. This report is due not later than 2 years after the protocol for the study is approved.

A draft protocol for this study is currently undergoing peer review by a number of entities—including a mandatory statutory review by the Office of Technology Assessment, which must under the law approve the study design before it can be carried out—and I hope that a protocol can be approved in the next few months. This "sunset" provision is yet another indication that the provision in the compromise agreement is intended to provide interim relief—while the Government continues to gather information necessary to make decisions about the service-connection of the disabilities in question—for these veterans who believe that they may be suffering from the effects of the specified exposures.

I am deeply committed, along with the other members of the two committees and of the Congress, to continuing to work toward gathering the data needed to make appropriate decisions. Certainly, if indicated by the sate of information at the time this new eligibility for health care expires, I will work to insure that this interim eligibility is continued for those veterans as to whom final decisions regarding service-connection cannot then appropriately be made.

AGENT ORANGE STUDY AMENDMENTS

Mr. President, I am pleased that the compromise agreement contains some of the provisions that I worked very hard to develop in the last Congress to amend the mandated VA study on agent orange that I have just referred to. The Senate passed such amendments twice before the 96th Congress adjourned sine die, but the House did not act on them. I again introduced them on March 5, 1981, as part of S. 636.

Under the amendments to the study mandate in the compromise agreement derived from these S. 636 provisions, the VA would be authorized to expend the scope of the study to include an evaluation of the health effects of exposure to hazards in Vietnam other than the dioxin in agent orange. I view this authority as a significant tool for the Administrator to use as the Government continues to seek answers regarding the health of Vietnam veterans. Certainly, a great deal of attention has been focused on the effects of exposure to agent orange, and the authority to expand the scope of the mandated study is not meant to detract from on-going or planned efforts to understand the health effects of exposure to dioxin.

However, concerns have been raised that there may be other factors related to service in Vietnam that may be responsible for some of the health problems being experienced by Vietnam veterans, and I believe that it would be very appropriate for the VA to investigate these other factors at the same time or in conjunction with the agency's agent orange efforts. The provisions in the compromise agreement would expressly authorize, although not mandate, such an expanded inquiry.

Mr. President, I regret that the compromise agreement does not contain in full other provisions that were passed by the Senate relating to very specific followup action regarding the mandated VA study. Instead, the compromise agreement would require the VA to take steps to publish in the Federal Register each time results of the study are reported to the Congress a description of actions that the agency proposes to take with respect to VA programs in light of the results of the study and other pertinent information. The provision passed by the Senate—not only as part of this legislation earlier this year, but twice last year—was developed, after a great deal of time and effort by the Senator from Pennsylvania (Mr. HEINZ) and me during the last Congress. It was quite specific in terms of timetables and particular activities designed to stimulate the VA to consider and take appropriate steps to translate the study results into action.

Although the provisions in the compromise agreement reflect the same, beneficial, underlying purpose regarding action following up on the results of the study with respect to VA benefits and services, I was disappointed that my colleagues in the House believed that the Senate provisions were too specific and would agree, instead, only to the more general requirement that is included in the compromise agreement.

I believe, in part, that the view of my House colleagues on this point was shaped by a belief—held by the VA itself I might add—that the VA would in fact take appropriate steps once information becomes available and that the proposals passed by the Senate might somehow interfere with the agency's actions in this regard by requiring specific actions that might not be appropriate at a particular time.

Obviously, I did not agree with this assessment, believing instead that the Senate-passed provisions would have allowed the agency sufficient flexibility while insuring the public that specified actions would be taken within certain timeframes. However, although my view in this regard did not prevail, I intend to monitor very closely the VA's actions under the provision in the compromise agreement and, if it appears that more specific legislative guidance is necessary, I will push for its adoption.

Mr. President, another Senate-passed provision that I regret that the compromise agreement does not contain on the mandated VA study was one that the Senator from South Dakota (Mr. PRESSLER) authored to amend the study mandate so as to insure that the study of health effects of exposure to agent orange or other toxic substances in Vietnam would include a study of the genetic and psychological effects of such exposure. My colleagues in the House were unwilling to accept this provision.

However, I would note that the term "health," which is used in the study mandate includes genetic and psychological health aspects, and it is certainly my clear understanding that the genetic and psychological aspects of Vietnam veterans' health will be explored in the study. On the other hand, the specific inclusion of these terms in the study mandate could have generated confusion about the need or desirability for study of other, nonspecified health effects of the particular exposures in question.

TARGETED DELIMITING DATE EXTENSION

Mr. President, the compromise agreement includes a major new provision that should provide significant assistance for many Vietnam-era veterans—those who are educationally disadvantaged, unskilled, or unemployed—particularly in conjunction with the readjustment counseling program. It would provide up to a 2-year extension of the 10-year period within which eligible veterans must use their GI bill benefits—the so-called "delimiting period"—for those Vietnam-era veterans who do not have high school diplomas and for those who could benefit from participation in apprenticeship or other on-job training programs or vocational objective training.

Under the provision in the compromise agreement, a Vietnam-era veteran would have an additional one-shot period of 2 years—from January 1, 1982, until December 31, 1983—in which to use his or her GI bill eligibility for apprenticeship or on-job training programs or a vocational objective program if the Administrator determines that the veteran is in need of such a program in order to achieve a suitable occupational or vocational objective; or for pursuit of a secondary education if the veteran does not have a high school diploma or the equivalent. Following the completion of training, the Administrator would be required to furnish appropriate employment counseling to the veteran.

Mr. President, I am very pleased that this provision, which is also derived from my bill, S. 458, is included in the compromise agreement. Indeed, it is particularly gratifying to me since the provision in S. 458 was drawn directly from a similar proposal I made last Congress that the Senate approved in S. 870 as a substitute amendment to H.R. 5288, but which the House rejected in the context of enactment of the Veterans' Rehabilitation and Education Amendments of 1980—Public Law 96-466. As with the VRA-authority extension that I will discuss next, this provision should be of particular benefit to those veterans seeking assistance from vet centers who have employment-related difficulties.

I believe that the approach adopted in the compromise agreement—a one-time opportunity for those Vietnam-era veterans who continue to have problems making a successful and complete transition to productive civilian lives—can be a very effective way to reach these Vietnam-era veterans, especially in conjunction with the readjustment counseling program.

EXTENSION OF THE VETERANS' READJUSTMENT APPOINTMENT AUTHORITY

Mr. President, I am very pleased that the compromise agreement contains a provision that would extend for 3 years the authority—set forth in section 2014 (b) of title 38—to provide excepted appointments in the Federal civil service to certain Vietnam-era veterans who are disabled or who are educationally disadvantaged. This provision is based on a provision in S. 458 that I authored earlier this year.

The use of this veterans' readjustment appointment—VRA—authority has been very successful, at no significant cost to the Federal Government, in placing in Federal jobs Vietnam-era veterans who are educationally disadvantaged or disabled. Since the program's inception in 1970, VRA's have provided employment opportunities for more than 150,000 Vietnam-era veterans.

Under the VRA program, eligible veterans may be given excepted—noncompetitive—appointments in the civil service with a view toward their being provided a program that combines education and training with the opportunity for a regular career appointment. The success of the program is evidenced, in part, by the high Government-wide retention rate. According to the Office of Personnel Management, almost 75 percent of veterans who were initially appointed under the VRA authority continued to be employed in the Federal Government after expiration of their VRA appointments.

Although I originally proposed a 2-year extension of the VRA authority in S. 458, during committee development of this legislation I urged an additional year's extension as a reflection of my view that the VRA authority can serve as a very valuable adjunct to the VA's readjustment counseling program, for which the eligibility period is also being extended 3 years by the compromise agreement. Many of the veterans seeking assistance through the vet centers are experiencing employment difficulties, and the continued availability of the VRA authority for the 3 years of the readjustment counseling eligibility extension period should provide a useful tool that vet center staff can use to assist many of the veterans coming to the centers with employment problems.

MEDICAL CARE FOR DISABILITIES THAT MAY BE RELATED TO EXPOSURE TO NUCLEAR RADIATION

Mr. President, the compromise agreement provides veterans who are suffering from disabilities that might be related to their exposure during active duty to nuclear radiation with the same expanded VA health-care eligibility as I have discussed with respect to Vietnam veterans with disabilities they believe are related to dioxin exposure.

Expanding eligibility for this group of veterans—those exposed to nuclear radiation, either during the testing of a nuclear device or in Hiroshima or Nagasaki during the occupation period following World War II—is equally as important an accomplishment in this legislation as the expansion of eligibility for Vietnam veterans. Approximately 250,000 active-duty Armed Forces personnel participated in the nuclear test program in the 1940's, 1950's, and 1960's and an estimated 25,000 others were stationed in Hiroshima or Nagasaki following World War II.

For many radiation-exposed individuals the continuing difficulty they and their survivors face in pursuing claims in connection with health problems they believe are related to radiation exposure is particularly frustrating in light of the extended period of time that has elapsed since the exposure occurred.

However, despite this time lapse and the great many studies on the effects of exposure to ionizing radiation—the General Accounting Office pointed out in its January 2, 1981, report entitled "Problems in Assessing the Cancer Risks of Low-Level Ionizing Radiation Exposure," EMD-81-1, that some 80,000 articles have been published internationally on this subject—there still are many questions that must be answered before the VA will be able to develop a uniform practice for resolving radiation-related claims that will be accepted as adequate and appropriate by veterans exposed to radiation during their service, survivors of those veterans, and others concerned with this issue.

In the interim, I believe it is fully appropriate, for many of the same reasons I described earlier with respect to veterans exposed to dioxin in Vietnam, to provide basic VA health care for disabilities that might be associated with exposure to radiation.

Mr. President, before concluding my remarks on this provision, I want to take a moment to reassure the Department of Defense that this provision is, as I have

described it, a limited, interim measure that does nothing more than provide eligibility for VA health care for certain veterans for disabilities they believe may be related to their exposure to radiation during their military service. Providing this eligibility does not establish that the disabilities in question are, in fact, service-connected disabilities.

Indeed, if such a finding could be made, there would be no need for a provision such as is included in the compromise agreement, and that is why the law itself expressly declares that eligibility is being provided "notwithstanding that there is insufficient medical evidence to conclude that such disability may be associated with such exposure." Rather, the support for this new eligibility is founded on the view that some of the disabilities for which care is being sought may, in time, be determined to be service-connected disabilities but, in the interim, veterans suffering current health problems should be provided access to VA health care without reference to whether they can afford the cost of the care—the criterion that they would have to meet under current law.

The practical effect of this provision is that these veterans whose disabilities have not been adjudicated to be service connected but who were exposed to nuclear radiation during their service—a hazard known to cause health problems in some instances—will be given priority over other veterans who are seeking VA health care for non-service-connected disabilities.

Mr. President, I make these points because in letters to the two committee chairmen (Mr. SIMPSON and Mr. MONTGOMERY), dated September 4—a copy of one of which I will ask be placed in the RECORD—the General Counsel of the Department of Defense suggested, officially on behalf of the administration, that the adoption by Congress of a provision providing eligibility for basic VA health care to veterans exposed to nuclear radiation has the potential "to be seriously damaging to every aspect of the Department of Defense's nuclear weapons and nuclear propulsion programs."

As if the specter of such consequences were not serious enough, the letter goes on in its extraordinary hyperbole to suggest that this provision—and I remind my colleagues that the provision provides access to VA health care for veterans exposed to nuclear radiation without reference to their ability to pay for the care, nothing more—if enacted could adversely affect our relations with our European allies, impact upon the civilian nuclear power industry, and raise questions regarding the use of radioactive substances in medical diagnosis and treatment.

Mr. President, as the author of the provision, I am simply astounded that such profound effects could be ascribed to so simple a provision as I have described. For the record, therefore, let me state clearly that these suggestions are, in my view, absurd.

Moreover, Mr. President, I want to be clear that I am not as sanguine as the General Counsel of the Department of Defense with reference to the actual long-term health effects for those veterans who were exposed to nuclear radiation during the testing program or the occupation of Hiroshima or Nagasaki following World War II. I respectfully disagree with the twin assumptions underlying his conclusions that "most exposures to Department of Defense personnel during the tests were quite low" and that "[a]ll [who have considered the health effects of exposure to low levels of ionizing radiation] agree that the increased risk associated with exposure to radiation at the levels experienced by the selected veterans is quite low."

In fact, it is my experience that these are precisely the sorts of questions that we need answers to—who was exposed to what amounts and kinds of radiation during the testing program or in Hiroshima or Nagasaki and what are the long-term health effects of that exposure? Indeed, just because we do not now have definitive answers to these and other questions is the reason that I believe, and the Congress has concluded, that it is appropriate to provide eligibility for VA health care on an interim basis for the treatment of the disabilities of these veterans that they believe might be related to their exposure to nuclear radiation.

Mr. President, the last point that I want to raise about the Department of Defense letter is a point that is nowhere mentioned in the letter—namely, the fact that the provision in the compromise agreement provides health care eligibility not only for veterans exposed to nuclear radiation but for those exposed to dioxin and other toxic substances during service in Vietnam. Since, in the Department of Defense's view, authorizing eligibility for health care for those veterans exposed to radiation would create "the unmistakeable [sic] impression" that exposure to radiation "is a significant health hazard," it would seem to follow that a similar impression would be created with regard to exposure to dioxin and the other toxic substances.

Since the Department of Defense letter is silent on this point, I am left to wonder whether the Department and the administration hold such a view or whether, in the haste to deal with nuclear radiation, the rest of the provision was overlooked.

In any event, I have exactly the same view with reference to dioxin and the other specified hazards as I do regarding exposure to nuclear radiation. At this time, we do not have sufficient scientific or medical information to answer the many questions relating to the health effects of exposure to the specified hazards and, as long as we do not, it is fully appropriate, I believe, to authorize eligibility for VA health care for those disabilities that cannot be determined to be unrelated to the exposure in question.

Mr. President, I ask that a copy of the September 4 letter from the General Counsel of the Department of Defense to the chairman of the Committees on Veterans' Affairs be inserted in the RECORD at this point.

The letter follows:

GENERAL COUNSEL OF THE
DEPARTMENT OF DEFENSE,
Washington, D.C., September 4, 1981.

Hon. ALAN K. SIMPSON,
Chairman, Veterans' Affairs Committee,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: The purpose of this letter is to provide the views of the Department of Defense on one aspect of H.R. 3499, 97th Congress, a bill "To amend title 38, United States Code, to extend the Vietnam-era veterans' readjustment counseling program, to provide medical care for Vietnam veterans exposed to herbicide defoliants (including Agent Orange), to recover the cost of certain health care provided by the Veterans' Administration, and for other purposes."

H.R. 3499 was passed by the House on June 2, 1981. As passed by the House, the bill did not include any reference to radiation. The Senate bill on this subject, S. 921, as reported out of committee, was similarly silent on this point. However, on passage of the legislation by the Senate (H.R. 3499, amended), provisions in section 3 relating to medical care for veterans who participated in the atmospheric nuclear weapons testing program hereinafter referred to as "selected veterans," were added as a result of a Senate floor amendment. Thus, this amendment has not had the benefit of hearings or the comments of interested agencies.

The Department of Defense has consistently attempted to assure that legislation relating to Department of Defense programs and personnel is fair and reasonable to both veterans and taxpayers. H.R. 3499, in its present form, is not.

Through programs administered by the Veterans' Administration, Congress has established a comprehensive, no fault system of disability compensation for veterans who suffer service connected disabilities. Medical care and treatment in Veterans' Administration facilities are provided as part of that compensation. Veterans who are unable to pay for necessary health care may, even though they suffer no service connected disability, also be eligible for medical care and treatment in Veterans' Administration facilities. We have every reason to believe that the Veterans' Administration administers both of these programs in a fair and even handed manner and that all veterans have an equal opportunity to establish their rights to benefits.

Legislation such as H.R. 3499 which singles out a group of selected veterans for special benefits above and beyond that available to all veterans should only be adopted when there is a credible medical or scientific basis for affording such treatment. In the case of the provisions of H.R. 3499 concerned with radiation exposure there is no such basis.

Since December 1977 the Department of Defense, acting through the Defense Nuclear Agency, has been engaged in an extensive research program designed, in part, to identify the Department of Defense participants in the atmospheric nuclear testing program and to determine the extent of radiation to which these individuals may have been exposed. This research has established that most exposures to Department of Defense personnel during the tests were quite low—averaging about half a rem. (A rem is a unit of radiation dose equivalent and reflects the radiation energy deposited within the body tissue and its capability of causing an effect.) Based upon research to date it appears that only a small number (less than one percent) received doses above today's allowable Federal guidelines.

The health effects of exposure to low levels of ionizing radiation have been considered by numerous national and international authorities. All agree that the increased risk associated with exposure to radiation at the levels experienced by the selected veterans is quite low—about .01 percent for each rem of

low level exposure. Applying established risk estimates to the known radiation environment during the atmospheric testing period, we would anticipate approximately 12 excess cancer fatalities among the 250,000 Department of Defense participants as a result of radiation exposure. This may be compared to the estimated 40,000 cancer fatalities in the same population which would not be associated with radiation exposure. In the face of these facts, we believe that there is no sound medical or scientific basis for according to these selected veterans needed benefits above those already available to them as veterans.

The extension of medical care to the selected veterans was characterized on the Senate floor as involving no additional cost because existing Veterans' Administration facilities could be used. However, it should be pointed out that this provision would extend medical care to an additional population of approximately 250,000 atmospheric test participants who would be replacing other veterans eligible for care.

We are more concerned, however, with the perceptions among both veterans and the general public which would result from enactment of H.R. 3499 as passed by the Senate. Section 3 of the Senate passed bill creates the unmistakeable impression that exposure to low-level ionizing radiation is a significant health hazard when available scientific and medical evidence simply does not support that contention. This mistaken impression has the potential to be seriously damaging to every aspect of the Department of Defense's nuclear weapons and nuclear propulsion programs. The legislation could adversely affect our relations with our European allies, impact upon the civilian nuclear power industry, and raise questions regarding the use of radioactive substances in medical diagnosis and treatment.

For the reasons stated above, the provisions section 3 of H.R. 3499 concerned with radiation exposure as passed by the Senate should be deleted from the bill.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee.

Sincerely,

WILLIAM H. TAFT, IV.

MINIMUM NUMBER OF HOSPITAL AND NURSING HOME BEDS IN MEDICAL FACILITIES OF THE VETERANS' ADMINISTRATION

Mr. CRANSTON. Mr. President, one provision of the compromise agreement would prescribe a minimum total number of hospital and nursing home beds in the VA medical centers and nursing home units. This provision, which is based on one included in H.R. 3499 as passed by the House on June 2, is intended to insure that the VA health-care system retains a sufficient number of beds to continue to operate as an integrated, nationwide health-care system. It is particularly important that the VA system continue in this fashion over the next few decades as the over 12 million surviving veterans of World War II reach an average age of 65 and beyond and have increasing need for both acute and extended health care.

Mr. President, the House-passed provision was adopted to halt the erosion in the total number of beds in the VA system that has seen a decrease of some 20,000 beds over the last 10 years. Some of this reduction in total beds has been justified as the VA has made changes in the agency's facilities to, for example, bring them into compliance with current safety and privacy standards and has reduced significantly the average length of a hospitalization episode.

However, there have also been arbitrary reductions, and an OMB policy memorandum previously made public in connection with the President's March 10 budget reductions—which includes the statement that "the existence of medical care capacity in many areas of the United States makes questionable the need for a separate VA medical system"—casts significant doubt on exactly what OMB intentions are for the future of the VA health-care system including, of course, the number of beds in that system.

Mr. President, when the committees were attempting to reconcile the two bills this past summer, we received information—in the form of an OMB staff paper, a copy of which I will ask be inserted in the RECORD at the conclusion of my remarks on this provision—that the Office of Management and Budget opposed the House-passed provision relating to minimum bed levels for the VA because the provision called for a minimum number of hospital beds—82,500—and a minimum number of nursing home beds—9,000—and that the administration believed that this degree of specificity would be an impediment to proper planning as the VA attempted to meet changing patterns of demand for health-care services in the years ahead.

I share some of the concerns that have been expressed by many individuals, both inside and outside of the VA, about OMB's future plans for the VA health-care system, but a compromise seemed justified on this particular point. Thus, the provision in the compromise agreement does not contain separate minimums for hospital beds and nursing home beds. Rather, the provision requires the Administrator to "operate and maintain" a total number—90,000—of hospital and nursing home beds. This approach will provide appropriate flexibility to the Administrator to establish the mix of beds needed in the future, and the total is over 10,000 total beds less than the level OMB is projecting for fiscal year 1987—100,400 total beds—according to the staff paper I mentioned earlier.

At the same time, of course, this provision does place a floor under the total number of beds that must be maintained and operated in the system, and I believe that this should serve to reassure many of those concerned about the future viability of the VA health-care system—reassurance badly needed, I believe, in light of conflicting signals from this administration such as the memorandum I noted earlier which questioned the need for a VA health-care system.

Mr. President, the other significant aspect of this minimum bed provision that I want to mention is the reference in it to what I have long viewed as an important mission of the VA health-care system; namely, to serve as the backup to the health-care resources of the Department of Defense in time of war or national emergency. It has been very clear for a number of years that, in the event of armed conflict, the Department of Defense would be unable to cope with more than a small percentage of the anticipated casualties.

In my view, the first-line backup to DOD in such a situation should be the VA health-care system, and I was very pleased that the Veterans' Affairs Committee went on record in this regard when the committee reported S. 266, the proposed Veterans' Administration and Department of Defense Health-Care Resources Sharing Act on September 29, with a substitute amendment that I authored with Senator SIMPSON. That reported bill, which should be before the Senate shortly, and a similar measure reported by the House Committee on Veterans' Affairs, H.R. 3502, on May 12, 1981, which is presently pending in the House Armed Services Committee, both address in detail the appropriate relationship between the VA and DOD in the event of armed conflict.

In anticipation of the enactment of this legislation, the provision in the compromise agreement requires the Administrator, in addition to operating and maintaining a total of 90,000 hospital and nursing home beds, to "maintain a contingency capacity to assist the Department of Defense in time of war or national emergency to care for the casualties of such war or national emergency" and to "maintain the availability of such additional beds and facilities" above that minimum level as are needed to meet the VA's contingency role.

Mr. President, I ask that the OMB staff paper I referred to earlier, which is entitled "Policy Basis for Objecting to Minimum Bed Provision of H.R. 3499," be inserted in the RECORD at this point.

The paper follows:

POLICY BASIS FOR OBJECTING TO MINIMUM BED PROVISION OF H.R. 3499

In June 1978, President Carter was briefed by VA's Chief Medical Director (Dr. Jack Chase) on changing patterns of demand for VA medical care and options for coping with it. The VA recommendation (through 1987), and the President's selection, was to continue to provide care to veterans under current authorities with emphasis on increasing ambulatory care, increasing extended and nursing home care, and reducing acute care beds. The number of veterans treated would increase despite the bed reduction because of shorter lengths of stay and emphasis on ambulatory care, both allowing much more efficient use of medical care resources. The Reagan Administration continued this policy in FY 1982, and will be reviewing it in detail in the 1983 budget process.

The following table identifies the bed levels, consistent with the recommendation and guidance given.

AVERAGE OPERATING BEDS

	Actual 1977	1982 [1]	1987 guidance
Total in VA facilities	109,900	99,206	100,400
Hospital total	92,400	81,500	79,500
Acute care	(81,700)	[2]	(64,500)
Extended care	(10,700)	[2]	(15,000)
Nursing home	7,600	9,406	13,100
Domiciliary	9,900	8,200	7,800

[1] From Mar. 10 budget with Gramm-Latta restorations. (Before restoration, total beds were 97,376, with 79,700 hospital beds).
[2] Not available.

H.R. 3499 provides an 82,500 statutory minimum number of hospital beds, and the present guidance calls for something less than that (81,500) in 1982. This provision would require construction of a minimum of 3,000 new beds by 1987 (82,500 vs. 79,500

planned) at annual costs of at least $85 million in 1982, growing to $175 million by 1984.

The ability of VA's Department of Medicine and Surgery to maximize the number of veterans treated depends upon achieving the appropriate mix of modalities of care. A statutorily mandated minimum number of beds severely restricts the agency's ability to achieve that mix. We believe that this Administration should be given an opportunity to review the present guidance and make those changes which would best meet the medical needs of veterans.

ELIGIBILITY EXTENSIONS FOR CERTAIN VIETNAM-ERA VETERANS

Mr. CRANSTON. Mr. President, I am deeply disappointed that the compromise agreement does not contain certain other provisions that I introduced in S. 458 and that were included in this legislation as it passed the Senate. These provisions would have provided for a tolling of a veteran's eligibility period for GI bill benefits to the extent that the veteran was prevented from using these benefits by an alcohol or drug dependence or abuse disability and the veteran had recovered from such a condition and, similarly, for a tolling of a veteran's eligibility period for the VA's program of vocational rehabilitation for service-connected disabled veterans when the veteran has been prevented by a drug or alcohol disability from participating in a program of vocational rehabilitation. Other provisions that were in the measure as passed by the Senate but that are not included in the compromise agreement would have provided for a similar tolling of eligibility for education benefits for certain veterans' survivors under chapter 35 of title 38 and for readjustment counseling.

Mr. President, I regret very much that we were unsuccessful in our efforts to get these provisions included in the compromise bill. In 1977 and 1980, the Congress adopted amendments I proposed providing for tolling of the general GI bill and vocational rehabilitation periods of eligibility when veterans had been prevented from using their entitlements by virtue of a mental or physical disability.

The Senator from Minnesota (Mr. BOSCHWITZ) and I have been very concerned that the VA's current practice of denying a GI bill delimiting-period extension to a veteran or other eligible person who has been unable to utilize VA educational benefits because of a drug or alcohol disability serves no legitimate purpose and is, in fact, counterproductive to the goal of helping that person achieve his or her rehabilitation goals and resume a fully productive life. GI bill benefits can be extremely important to the readjustment and rehabilitation of Vietnam-era veterans involved trying to recover and stay recovered from drug and alcohol dependence, and delimiting-period extensions for those who were prevented by such dependence from using those benefits would be fully consistent with the readjustment purposes of the program.

However, despite the Senate's action in passing these telling provisions—which were also passed by the Senate during the last Congress—and my best efforts, and the efforts of Senator BOSCHWITZ, personally, to persuade our colleagues in the House to include these provisions in the compromise agreement, we were unfortunately not successful.

I would note, however, that there is not as great cause for concern that an explicit tolling provision is not being included in this bill for the VA's program of rehabilitation for service-connected disabled veterans under chapter 31 of title 38, as revised in legislation enacted last year in Public Law 96-466. That chapter contains provisions, in present section 1503, for extending the veteran's delimiting period, which is a 12-year period under that chapter, when a "medical condition" has prevented the veteran from participating in a vocational rehabilitation program and for extending the delimiting period for a veteran who has a serious employment handicap when "an extension * * * is necessary to accomplish the purposes of a rehabilitation program for such veteran."

The legislative history of the "medical condition" extension provision does not, in my view, preclude the VA from generally providing extensions for those veterans whose alcoholism or addiction has temporarily precluded them from participating in vocational rehabilitation. Moreover, the availability of extensions under the special provision for those with serious employment handicaps is in no way restricted from including those whose need for the extension derives from alcohol or drug dependence.

Both of these rehabilitation program extension provisions derived from provisions that I authored in the Senate and were designed to enable the VA to provide, in a responsible way, all appropriate rehabilitation services needed by service-connected disabled veterans. Given the basic purposes of these extension provisions, the VA can very properly conclude that it is authorized to grant a chapter 31 delimiting period extension to restore an opportunity for rehabilitation that a disabled veteran has otherwise lost as a result of alcohol or drug problems.

CONCLUSION

Mr. President, as I noted earlier, although I deeply regret the staunch resistance of the other body to the provisions regarding drug and alcohol disabilities, I believe the compromise agreement represents a generally fair resolution of the differences between the two Houses. Thus, I commend this compromise agreement to the Senate today.

In closing, I would like to express my deep appreciation to the chairman (Mr. SIMPSON) for his hard work on this measure. He has taken a strong, personal role in concluding the compromise agreement. I also want to congratulate my good friends on the House committee, the chairman (Mr. MONTGOMERY) and ranking minority member (Mr. HAMMERSCHMIDT) for their fine work in developing this measure. It has been, as always, a pleasure to work with both of them.

Mr. President, I also want to express my appreciation to the staff members of the House committee, Mack Fleming, Rufus Wilson, Ralph Casteel, Jack McDonell, Richard Fuller, and Jill Cochran; to Robert Cover, assistant counsel, House Legislative Council's Office; and to members of our committee staff, Julie Susman, Ken Bergquist, and Ken's successor, Tom Harvey, who, although brand new in his position, played an important role in facilitating final agreement on this measure.

Particular thanks for the compromise agreement are owed to the members of the minority staff, especially Bill Brew, who worked on developing the legislation initially on behalf of the majority and minority as special counsel to the committee, and to Babette Polzer, as well as Ed Scott, Jon Steinberg, Katy Burdick, Molly Milligan before she left our staff in August, Ingrid Post, and Charlotte Hughes.

Mr. President, the compromise agreement now before the Senate offers valuable and needed assistance to many Vietnam and other veterans; it has my complete support.

I urge my colleagues to approve it unanimously.●

Mr. SIMPSON. Mr. President, at this time I wish to ask recognition for Senator DOMENICI, my good friend and colleague from New Mexico, the chairman of the Senate Budget Committee, who has some questions concerning H.R. 3499.

Mr. DOMENICI. I thank the distinguished Senator from Wyoming for his usual courtesy. There are several provisions in the bill before the Senate today which would benefit from clarification prior to final passage in the Senate. I know that my colleague, the capable chairman of the Senate Committee on Veterans' Affairs, wants to establish a clear record of legislative intent that can serve as a guide to the Administrator of the Veterans' Administration and to the Appropriations Committee which must decide funding levels for programs provided for in H.R. 3499. I am pleased to have the opportunity to contribute to the legislative history of this bill which is vital to the interests of veterans and should receive prompt passage by the Senate.

Mr. Chairman, does section 102 "Medical Care for Disabilities That May Be Related to Exposure to Agent Orange. Certain Other Hazardous Substances, or Nuclear Radiation" create an entitlement to health care for Vietnam veterans in VA hospitals and clinics?

Mr. SIMPSON. I am not aware that it has ever been definitely established by a court of law that the provisions in title 38 that are being amended or affected by section 102 of the bill provide any legal entitlement to VA health care, on either an inpatient or outpatient basis, for the types of conditions covered by this provision; that is, nonemergency care for disabilities not adjudicated to be service connected.

As a result, the level of care available under this new benefit is conditioned by future appropriations actions and the action of the Chief Medical Director in exercising discretion granted under this provision.

Mr. DOMENICI. What is the chairman's understanding of the kinds of diseases or disabilities which qualify a Vietnam veteran for treatment under this provision?

Mr. SIMPSON. As is pointed out in the explanatory statement, it is the intent of this committee and the House Veterans' Affairs Committee that under the provision in the compromise agreement, eligibility for the provision of basic healthcare services directly by the VA is granted for a veteran's disability if it is found that the veteran, during active duty, "may have been exposed" to dioxin or "was exposed" in Vietnam to any toxic substance in an herbicide or defoliants used in connection with military purposes there or to ionizing radiation from the detonation of a nuclear device in connection with the veteran's participation in the test of a nuclear device or with the American occupation of Hiroshima or Nagasaki, Japan, following World War II.

However, the new eligibility would not apply with respect to disabilities that are found, according to guidelines issued by the Chief Medical Director, to have resulted from a cause other than the specified exposure. The committees intend that the Chief Medical Director use this authority to exclude certain disabilities so as to provide a basis for examining physicians to reach a medical judgment that the cause of the claimed disability is clearly something other than the exposure in question, thereby precluding eligibility under this provision for care for that disability.

Mr. DOMENICI. In implementing this provision is it your understanding that the guidelines to be issued by the Chief Medical Director will be implemented carefully, using commonsense in a manner which utilizes the most current medical knowledge?

Mr. SIMPSON. Yes, that is correct.

Mr. DOMENICI. I know that my colleague shares my concerns about the rapid growth of entitlement programs and about the need to increase the controllability of the Federal budget. In the context of these concerns, am I correct in my understanding that the resources to implement this new eligibility for medical care are subject to annual appropriations?

Mr. SIMPSON. Yes, that is correct. Mr. President, we must balance our concerns for fiscal restraint with the undeniable claims of our Nation's veterans for medical care. It is the intent of both the House and the Senate Veterans' Affairs Committees to harmonize these objectives by making it clear that this new interim eligibility is not to be construed as prejudging or determining future eligibility in any way. I want to assure my colleagues that we will work closely with the VA as they implement this provision to ensure that the intent of the provision is carried out.

Mr. DOMENICI. What action does the chairman intend to take if there is significant delay in completing the study of the effect of agent orange and other chemical defoliants?

Mr. SIMPSON. Mr. Chairman, I wish to clarify the provision of H.R. 3499 which does allow certain veterans to receive VA health care. At my insistence, this provision was modified to cover a specified period of time—to fill the gap—until we begin to have more scientific information from the epidemiological study. The eligibility for health care provided for in H.R. 3499 will end no more than 1 year after the first report is submitted. This report is due not later than 2 years after the protocol is approved. The proposed protocol has been submitted and is currently in the peer review stage. So, as you can see, we are talking about a finite period of time, and it is not my expectation or intent to extend this interim program beyond its current authorized length. I appreciate and share your concern that the study get underway and be completed in an expeditious manner.

Mr. Chairman, I want to assure you that we intend to monitor closely the progress of the study. As you know, one of the requirements regarding the study is that a report be submitted to the Congress about any appropriate follow-up by the VA with respect to agent orange. Another important requirement is that recommendations be made, along with the study report, concerning health-care eligibility for veterans exposed to agent orange. So, Congress clearly intends for this process to move forward in an orderly way according to the timetables prescribed by law.

Mr. DOMENICI. With respect to section 108, what is your understanding of "minimum number of hospital and nursing home beds in medical facilities of the Veterans' Administration"?

Mr. SIMPSON. Mr. Chairman, this provision requires the VA to operate and maintain a total of 90,000 combined hospital and nursing home beds. I must also point out that this provision requires that the President request funds "sufficient" to operate the beds. The decision, then, on what level of funding support constitutes sufficient funding will be left up to the administration and to the Congress in the budget and appropriations processes.

Mr. DOMENICI. Finally, Mr. Chairman, with respect to title III, small business loans, is it the chairman's understanding that loans and loan guarantees made under this title are to be made only to the extent they are provided for in annual appropriations acts?

Mr. SIMPSON. Mr. Chairman, proposed new section 1849 of title 38 would provide for the establishment of a revolving fund to fund the new small business loan guarantee and direct-loan operations and would authorize the appropriation of $25 million to that fund. It is my understanding that no small business loans or loan guarantees could be made until such time as an appropriation is enacted for the revolving fund.

In addition, I am aware that section 203(c) of the first concurrent resolution on the budget for fiscal year 1982, House Concurrent Resolution 115, expresses the sense of the Congress that, through the appropriations process, total Federal Government lending and loan-guarantee commitments in fiscal year 1982 should be limited to certain specified levels. Thus, it could be expected that in a law making appropriations for the revolving fund, Congress could include language establishing specific levels of loan and guaranty activities.

Mr. DOMENICI. Thank you, Mr. Chairman, for clarifying these points.

Mr. CRANSTON. Mr. President, I wish to note that, with respect to my distinguished colleagues' (Mr. DOMENICI and Mr. SIMPSON) discussion of the benefit provided by section 102 of the bill, I do not concur with the categorical statement that the level of care available under that benefit is conditioned by future appropriations actions.

Mr. BAKER. Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate to H.R. 3499.

The motion was agreed to.

ORDERS FOR MONDAY, OCTOBER 19, 1981

ORDER FOR RECESS UNTIL MONDAY, OCTOBER 19, 1981

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until 12 noon on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF CERTAIN SENATORS

Mr. BAKER. Mr. President, I ask unanimous consent that after the recognition of the two leaders under the standing order, that the following Senators be recognized on special orders for not to exceed 15 minutes: the Senator from Tennessee (Mr. BAKER), the Senator from Alaska (Mr. STEVENS), the Senator from Alaska (Mr. MURKOWSKI), the Senator from Washington (Mr. JACKSON), and the Senator from Idaho (Mr. McCLURE).

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that after the recognition of the two leaders and the recognition of Senators on special orders as just provided there be a brief period for the transaction of routine morning business to extend not longer than 30 minutes in length in which Senators may speak for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PENDING MOTION—H.R. 4612

Mr. BAKER. Mr. President, I ask unanimous consent that after the expiration of time for routine morning business on Monday the Chair again lay before the Senate the pending motion to proceed to the consideration of H.R. 4612, calendar 291; that after the Chair has done so the Senator from Wisconsin (Mr. PROXMIRE) be recognized for the purpose of continuing debate on this motion; and that that debate not be counted as a second speech under the rules.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECORD OPEN UNTIL 4 P.M. TODAY

Mr. BAKER. Mr. President, this has been cleared with the minority, I believe. I ask unanimous consent that the RECORD remain open until 4 p.m. today for the introduction of bills, resolutions, RECORD inserts, and the filing of committee reports.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BAKER. Mr. President, on Monday the Senate will convene at 12 noon. After the recognition of the two leaders under the standing order and the recognition of certain Senators on special orders, there will be a brief period for the transaction of routine morning business.

At the conclusion of the time for the transaction of routine morning business, the Senate will resume consideration of the pending motion to proceed to the consideration of H.R. 4612, Calendar Order No. 291, an act to temporarily delay the October 1, 1981, increase in the price support level for milk, and for other purposes.

It is expected that in addition to debate on this matter and, perhaps, the disposition of this motion, the Senate will turn to other matters that can be cleared for action by unanimous consent or be dealt with in a fairly brief period of time.

It is the expectation of the leadership, Mr. President, that on Tuesday the Senate will be asked to turn to the consideration of the foreign assistance bill and to continue on that bill for a reasonable time with the hope that it can be finished on Tuesday or perhaps on Wednesday.

Mr. President, on Monday I hope to have a further announcement to make to the Senate in respect to further scheduling of activities that may come before us.

RECESS UNTIL MONDAY, OCTOBER 19, 1981

Mr. BAKER. Mr. President, I know of no further business to be transacted by the Senate, and I now move, in accordance with the order previously entered, that the Senate stand in recess until 12 noon on Monday.

The motion was agreed to and, at 3:02 p.m., the Senate recessed until Monday, October 19, 1981, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate October 16, 1981:

COMMUNICATIONS SATELLITE CORPORATION

Robert M. Garrick, of California, to be a Member of the Board of Directors of the Communications Satellite Corporation until the date of the annual meeting of the Corporation in 1984, vice George Meany.

NATIONAL LABOR RELATIONS BOARD

John R. Van de Water, of California, to be a Member of the National Labor Relations Board for the term of 5 years expiring August 27, 1986 (reappointment), to which position he was appointed during the last recess of the Senate.

DEPARTMENT OF STATE

Evan Griffith Galbraith, of Connecticut, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to France.

UNITED NATIONS

The following-named persons to be Representatives and Alternate Representatives of the United States of America to the 36th session of the General Assembly of the United Nations, to which offices they were appointed during the last recess of the Senate:

Representatives:
Kenneth L. Adelma, of Virginia.
John Sherman Copper, of Kentucky.
Benjamin A. Gilman, United States.

Representative from the State of New York Andy Ireland, United States Representative from the State of Florida.
Jeane J. Kirkpatrick, of Maryland.

Alternate Representatives:
Bruce F. Caputo, of New York.
George Christopher, of California.
Charles M. Lichenstein, of the District of Columbia.
William Courtney Sherman, of Virginia.
Jose S. Sorzano, of Virginia.

DEPARTMENT OF STATE

The following-named Career Members of the Senior Foreign Service for promotion in the Senior Foreign Service to the classes indicated:

Career Members of the Senior Foreign Service of the United States of America, class of Career Minister:
Diego C. Asencio, of Florida.
Herman J. Cohen, of New York.
William C. Harrop, of New Jersey.
Francis J. Meehan, of the District of Columbia.
Robert Hopkins Miller, of Washington.
Lawrence Anthony Pezzullo, of California.
Rozanne L. Ridgway, of the District of Columbia.

Career Members of the Senior Foreign Service of the United States of America, class of Minister-Counselor:
Dwight R. Ambach, of Maryland.
Robert South Barrett IV, of Florida.
John Edward Berry, M.D., of Illinois.
Gordon Robert Beyer, of Florida.
John Dale Blacken, of Washington.
L. Paul Bremer III, of Connecticut.
Harvey Alexander Buffalo, Jr., of Virginia.
James Richard Cheek, of Arkansas.
William Clark, Jr., of the District of Columbia.
Wat T. Cluverius IV, of Maryland.
Jane Abell Coon, of New Hampshire.
Edwin Gharst Corr, of Oklahoma.
Marion Creekmore, Jr., of Virginia.
Trusten Frank Crigler, of Arizona.
James M. Ealum, of Oklahoma.
William H. Edgar, of the District of Columbia.
John Pierce Ferriter, of Florida.
David C. Fields, of California.
Marvin L. Garrett, Jr., of Texas.
Bryce McGregor Gerlach, of Virginia.
Dirk Gleysteen, of New York.
Louis P. Goelz, of New Jersey.
Charles Hill, of New Jersey.
Edson W. Kempe, of Arizona.
Edward L. Killham, of Illinois.
Gerald P. Lamberty, of Florida.
David E. L'Heureux, of New Hampshire.
Charles Edward Marthinsen, of Florida.
Francis Terry McNamara, of Vermont.
Bert C. Moore, of Ohio.
Thomas Michael Tolliver Niles, of the District of Columbia.
Thomas J. O'Donnell, of Florida.
Robie Marcus Hooker Palmer, of Vermont.
Owen W. Roberts, of New Jersey.
J. Stapleton Roy, of Pennsylvania.
M. Virginia Schafer, of Washington.
Wayne Sanford Smith, of California.
James Stromayer, of Virginia.
Roscoe S. Suddarth, of Maryland.
Charles H. Thomas II, of New Hampshire.
George F. Twohie, of Virginia.
Arnold R. Weber, M.D., of California.
Henry Wilde, M.D., of Alaksa.
Frank George Wisner II, of the District of Columbia.

The following-named Foreign Service Officer of Class 2 for promotion to the class in the Senior Foreign Service indicated:

Career Member of the Senior Foreign Service of the United States of America, class of Minister-Counselor:
Harry Kopp, Virginia.

The following-named Career Members of the Foreign Service for promotion into the Senior Foreign Service, and Consular Officer and Secretary in the Diplomatic Service appointments, as indicated:

Career Members of the Senior Foreign Service of the United States of America, Class of Counselor:
Laurence Desaix Anderson, Jr., of Mississippi.
G. Norman Anderson, of New York.
Charles E. Angevine, of Florida.
Nicholas S. Baskey, Jr., of Ohio.
Stephen M. Block, of Connecticut.
Merwin Carl Blust, of the District of Columbia.
William D. Boggs, of West Virginia.
Richard W. Bogosian, of Massachusetts.
H. Eugene Bovis, of Florida.
Gordon S. Brown, of the District of Columbia.
Ronald B. Casagrande, of the District of Columbia.
Edward A. Casey, Jr., of New York.
Warren Clark, Jr., of New York.
Edward M. Cohen, of New York.
Thomas C. Colwell, of California.
Richard E. Combs, Jr., of California.
Richard E. Connors, of Washington.
Frances D. Cook, of Florida.
Thomas E. Cummings, of California.
Timothy E. Deal, of California.
Richard N. Dertadian, of California.
Peter Jon de Vos, of Florida.
Edward P. Djerejian, of Maryland.
Thomas P. H. Dunlop, of Virginia.
David J. Fischer, of Texas.
Myles René Frechette, of Washington.
Jean Gildea, of Pennsylvania.
Charles Higginson, of Massachusetts.
Karen D. King, of Virginia.
Arthur L. Kobler, of New Jersey.
Donald A. Kruse, of Pennsylvania.
Roland Karl Kuchel, of the District of Columbia.
Melvyn Levitsky, of Maryland.
Peter P. Lord, of Maine.
David L. Mack, of Oregon.
Gerald Eugene Manderscheid, of California.
John J. Maresca, of Connecticut.
John J. Marsh, of Pennsylvania.
Richard H. Melton, of Maryland.
Jack W. Mendelsohn, of Illinois.
Ralph R. Moore, of Massachusetts.
Byron B. Morton, Jr., of New Jersey.
Robert J. Montgomery, of Texas.
Peter J. Murphy, of Massachusetts.
David G. Newton, of Michigan.
Allan W. Otto, of Illinois.
Vernon D. Penner, Jr., of New York.
Anne Pinkney, of California.
Robert H. Pelletreau, Jr., of Connecticut.
Mark S. Pratt, of New Hampshire.
Datus C. Proper, of Pennsylvania.
Arnold L. Raphel, of New Jersey.
A. Irwin Rubenstein, of Florida.
Charles B. Salmon, Jr., of New York.
Louis Schwartz, Jr., of Florida.
Raymond G. H. Seitz, of Texas.

Andrew D. Sens, of the District of Columbia.
Thomas Solitario, of California.
Peter A. Sutherland, of New Hampshire.
Rush W. Taylor, Jr., of Texas.
Alan R. Thompson, of Alaska.
John B. Thompson, of Florida.
Victor L. Tomseth, of Oregon.
George A. Trail III, of Pennsylvania.
La Rue H. Velott, of California.
William Graham Walker, of California.
Herbert E. Wilgis, Jr., of Maryland.
M. James Wilkinson, of California.
Ronald E. Woods, of Florida.
Joseph R. Yodzis, of Pennsylvania.

Career Members of the Senior Foreign Service, class of Counselor, and Consular Officers and Secretaries in the Diplomatic Service of the United States of America:
Clarence H. Alspaugh, Jr., of Virginia.
William V. Callihan, of Virginia.
Michael E. Coughlin, of New York.
Edward V. Hickey, of California.
Ronald J. Kelly, of New York.
Theodore E. Lefton, of Florida.
John Frederick Perdew, of Virginia.
William F. Reid, of Virginia.
Robert C. Ribera, of Virginia.
Roger H. Robinson, of California.
Daniel P. Serwer, of Texas.

CONFIRMATION

Executive nomination confirmed by the Senate October 16, 1981:

DEPARTMENT OF STATE

Richard F. Staar, of California, for the rank of Ambassador during his tenure of service as Representative of the United States of America for Mutual and Balanced Force Reductions Negotiations.

The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

EXTENSIONS OF REMARKS

A TRIBUTE TO BROOKS HAYS

HON. BILL ALEXANDER
OF ARKANSAS
IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1981

● Mr. ALEXANDER. Mr. Speaker, it is with deep regret that I rise today to speak of the death of Brooks Hays, a great American who served our State of Arkansas in this House for 16 years and our Nation and people all his life.

Brooks Hays was a gentle, preaching man, whose moderate views on civil rights in the painful era of the 1950's, brought about his defeat by a write-in candidate in 1958.

His defeat at the polls did not defeat the man. Brooks Hays moved on to work as a director of the Tennessee Valley Authority, Assistant Secretary of State for Congressional Relations, and adviser to two Presidents, John F. Kennedy and Lyndon B. Johnson. Becoming a lay minister, he continued his service to his church, which had already resulted in his election to the presidency of the 8-million-member Southern Baptist Convention. He shared his knowledge of politics through lecturing at universities, was chairman of the North Carolina Human Relations Commission, and wrote books. His latest book, an autobiography titled "Politics Is My Parish" was published this summer by the Louisiana State University Press.

A raconteur almost without peer, he is remembered for his practice of making telling points in any debate through a witty use of his beloved Biblical and down-home stories.

I want to extend my deepest sympathy for their loss and the Nation's to Brooks Hays' wife of 59 years, Marian Prather Hays; his daughter, Betty Brooks Bell, of Bethesda; his son, Steele Hays, an associate justice of the Arkansas Supreme Court, and to his grandchildren and great grandchildren.●

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

SENATE—*Monday, October 19, 1981*

(Legislative day of Wednesday, October 14, 1981)

The Senate met at 12 noon, on the expiration of the recess, and was called to order by the Honorable WILLIAM S. COHEN, a Senator from the State of Maine.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Holy, Holy, Holy. Lord God Almighty. Heaven and Earth are full of Thee. Heaven and Earth are praising Thee, O Lord, most high.

Almighty God, in whom is all righteousness, Thy word declares:

Righteousness exalts a nation but sin is a reproach to any people.—Proverbs 14: 34.

History confirms that empires disintegrate in unrighteousness. We need a rebirth of righteousness, but we cannot expect it of the people if it is not true of public servants whom they elect to leadership. Let righteousness begin with us.

Enable us to turn from every thought and word and deed that violates righteousness. Help us to desire holiness and eschew evil. Help us to manifest righteousness in our private lives, our family lives, and our public lives.

Let integrity be the hallmark of our characters, individually and corporately. In the name of the Son of righteousness, we pray. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. THURMOND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., October 19, 1981.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable WILLIAM S. COHEN, a Senator from the State of Maine, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mr. COHEN thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the majority leader is recognized.

Mr. BAKER. I thank the Chair.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RESCHEDULING OF ORDERS FOR RECOGNITION OF SENATORS

Mr. BAKER. Mr. President, I am advised that there is a desire to rearrange the sequence and order for the presentation of speeches on special orders in the following way: first, Senator MCCLURE, then Senator JACKSON, Senator STEVENS, Senator MURKOWSKI, and Senator BAKER. I ask unanimous consent that the order for special orders be amended in that manner.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, is there an order for the transaction of routine morning business today?

The ACTING PRESIDENT pro tempore. There is an order for 30 minutes of morning business.

Mr. BAKER. To follow after the expiration of the time allocated for special order speeches?

The ACTING PRESIDENT pro tempore. That is correct.

Mr. BAKER. Mr. President, is there a further order for today for the resumption of the consideration of H.R. 4612, the dairy price support bill, following the period for the transaction of routine morning business?

The ACTING PRESIDENT pro tempore. The Senate will resume the motion to proceed when the Senator from Wisconsin is recognized.

Mr. BAKER. I thank the Chair. That is correct.

The debate, then, will be on the motion to proceed. The Senator from Wisconsin (Mr. PROXMIRE), under the order previously entered, will be recognized; and his recognition will be a resumption of his previous statement and will not be counted as a second speech under the rules. Is that correct?

The ACTING PRESIDENT pro tempore. That is correct.

Mr. BAKER. I thank the Chair.

Mr. President, I have no further need for my time under the standing order, and I am prepared to yield it to any Senator or to the control of the minority leader.

LEGISLATIVE PROGRAM

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader. I wonder if he would outline for all of us the program for the week and indicate, as best he can, what we might expect in the way of votes throughout the week.

Mr. BAKER. I thank the minority leader. I will be pleased to do that.

Mr. President, as we know, by virtue of the unanimous-consent order entered on Friday, after the transaction of routine morning business today, the Senate will resume debate on the motion to proceed to the consideration of the dairy price support bill. I expect that will consume most of this day.

I might say, by the way, that I hope—and I have some preliminary indications that the hope is not entirely in vain—that some method might be found to resolve that conflict and perhaps proceed to the consideration of the measure at hand and even dispose of it today. If there is such a possibility, I offer my efforts and assistance to the participants and principals, to try to bring that about, because this is a measure that should be dealt with if at all possible.

There are other matters on the calendar that may be dealt with by unanimous consent, and I will confer during the day with the minority leader on those matters.

There may be other matters that can be disposed of with minimum debate.

I do not expect the Senate to be in late today, certainly not past the regular hour of 6 p.m. for adjournment or recess, absent other requirements and extraordinary circumstances.

Tomorrow, it is the intention of the leadership to ask the Senate to proceed to consideration of the foreign assistance bill once more. I hope that bill can be completed on Tuesday. If it cannot, then we will continue the consideration of the foreign assistance bill on Wednesday.

There is a possibility that we will reach one of the appropriations bills on the calendar on Thursday or Friday of this week.

Mr. President, I hope to have a further announcement to make after 2 p.m. today with respect to the possibility of a unanimous-consent order for the scheduling of a vote on the resolution of disapproval of the proposed sale of AWACS aircraft and F-15 equipment to the Kingdom of Saudi Arabia. Due to the festivities in Yorktown, Va., today, it is not possible for me to have final clearance on that time, but I expect no difficulty with it. If things go as I expect, I will offer a unanimous-consent request for a time certain for debate and disposition of the resolution of disapproval on AWACS as a package. I expect that will be on the 28th of October.

As I said earlier, I expect that to be done in 1 day, since the statute provides a maximum of 10 hours of debate. A unanimous-consent request in that respect has been circulated on both sides of the aisle, I believe; and sometime in midafternoon I hope to be able to present that request to the Senate.

Mr. President, I know that the minority leader is concerned, as he should be, and as I am, about the progress of ap-

propriations bills. I hope we will be able to begin on that series sometime this week. I will consult and confer with him and with the chairman and ranking minority member of the Appropriations Committee as the opportunity presents itself today, to see how we can expedite those proceedings and move as rapidly as circumstances and time permits.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader for his outline of the program. He has indicated that it is expected that one of the appropriation bills on the calendar would be called up this Thursday. Is he in a position to state whether that would likely be the Interior appropriations bill?

Mr. BAKER. Mr. President, I will have a meeting with the chairman of the Appropriations Committee later today. After that meeting, I will have a further report to make.

Mr. ROBERT C. BYRD. I thank the majority leader.

Mr. BAKER. Would the minority leader like me to yield the remainder of my time to him?

Mr. ROBERT C. BYRD. I thank him.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the Democratic leader is recognized.

THE UNITED STATES SENATE

THE "ERA OF GOOD FEELINGS": 1817–1824

Mr. ROBERT C. BYRD. Mr. President, today, continuing my discussions on the history of the Senate, I would like to examine the period from 1817 to 1824, which encompassed the two administrations of James Monroe and the Fifteenth and Eighteenth Congresses.

In the fall of 1816, a caucus of Senate and House Republicans picked, as its presidential candidate, Secretary of State and former Virginia Senator James Monroe to succeed James Madison.

Grudgingly acknowledging that the party of John Adams and Alexander Hamilton had run its course, the Federalists made no serious attempt to organize a campaign. Their candidate was that party's long-time standard bearer, Senator Rufus King of New York. King was the only senator left in Congress who had been a framer of the Constitution, and he was respected even by his enemies. But he suffered under no illusions. King knew that he would not become president. Monroe, by an electoral vote of 183 to 34, would be the first senator and fourth Virginian to hold the office. Not that Monroe was a magnetic figure; on the contrary, he appeared amiable but colorless. As King later noted of his opponent, "He had the zealous support of nobody, and he was exempt from the hostility of everybody." [1]

Rufus King was the last Federalist presidential candidate. His half-hearted campaign marked the end of an era. Federalism would survive only locally and in the careers of a few men like King, who remained its most eloquent spokesman in the Senate for nine more years. Thenceforth, as King knew, Federalists would have to be content with supporting "the least wicked section of the Republicans." [2]

Shortly after his inauguration, Monroe made a goodwill tour through New England, offering reconciliation. Afterwards, the Federalist Boston *Columbian Centinel* reported:

> During the late Presidential Jubilee many persons have met at festive boards, in pleasant converse, whom party politics had long severed. We recur with pleasure to all the circumstances which attended the demonstration of good feelings.[3]

The article was entitled "Era of Good Feelings." While the editors probably did not intend to speak for more than Boston, the phrase grew in popularity until it became synonymous with the administrations of James Monroe. Feelings of one kind or another indeed ran high during this era, but beneath the happy surface, they were invariably not good.

In Congress, the era of Good Feelings got off to an unfriendly start. The House and Senate continued to meet in the Brick Capitol while repairs were being made to the Capitol. The Senate met on the first floor and the House on the second. When it came time to make preparations for the inauguration of Monroe, an irresolvable quarrel over whose chamber should be used broke out between the representatives and senators. Finally, as inauguration day drew near, a wooden platform was erected outside the hall. Fortunately, the day was mild when Monroe delivered his inaugural address to a crowd of eight thousand.

No sooner had the Fifteenth Congress gotten underway when the troublesome question of compensation for members came up again. As I mentioned in my last talk on the Senate from 1809 to 1816, during the Fourteenth Congress the Senate and House had voted themselves an annual salary of $1,500, about a 300 percent increase over the $6 per diem for days Congress was in session they had received up until then. The furor that erupted across the Nation over what many considered exorbitant remuneration had led to the defeat of several senators and representatives the previous autumn. Chastened and fearful for their own seats should the people's anger not abate over the next 2 years, the congressmen decided to try to rectify the situation.

During January, 1818, the Senate and House tried to decide on a just compensation. Many supported returning to a per diem salary, but with a per diem of $10 rather than $6. Though this would have meant a considerable reduction in pay from the $1,500 annual sum, many constituents were not appeased. One indignant reader of the popular *Niles' Weekly Register* of Baltimore took that journal to task for supporting the $10 figure.

> Can you seriously contend for ten dollars per diem to the members of Congress, as a reasonable compensation! It would appear from your remarks, that you think this necessary to induce a man of talents to attend, and enable him to live at "Washington as a [illegible]n." And! What a fascinating epithet! Is it not to be feared, that the efforts making to enable our members to live like gentlemen, will, in the end, destroy the morals, and ruin the republican institutions of our happy [illegible]. Ten dollars per day may be necessary to support a gambler, or a prodigal, but neither of them are even conterminous to a gentleman.

The letter-writer angrily went on:

> . . . in many parts of the United States six dollars a day was sufficient to produce great competitions for seats in Congress. . . . at the old allowance we shall never be at a loss to find members, and such as are best qualified to serve us. Your high minded, dashing, loquacious men are by no means the safest and surest representatives of a republican people.[4]

Efforts to gain a $10 per diem were defeated and the bill which the House passed on to the Senate provided for an $8 daily fee. Senators James Wilson and Mahlon Dickerson, both of New Jersey, sought to lower it still further to the old $6 rate, but they were defeated. Finally, on January 13, 1818, the Senate voted to return to the per diem system at a rate of $8 per day. So hot an issue was congressional pay that the rate remained unchanged for almost forty years! From 1818 until 1855, regardless of inflation and depression, boom and bust, senators and representatives received $8 each day Congress was in session.[5]

After his inauguration, Monroe and the House and Senate settled down to business. The confrontation between the president and Congress, with regard to their respective authority in the area of internal improvements, was instantly renewed. In his first annual address to Congress, Monroe made it clear that, while roads and canals were necessary, he agreed with his predecessor that Congress had no right to appropriate public money for such things. To enable Congress to do so, he believed, would require an amendment to the Constitution. That was a long and tedious process.

When it became bogged down in detail, the whole matter was dropped, but only temporarily. Monroe became preoccupied with foreign affairs, but the growing number of senators and representatives from the new western states would soon be heard from again.

Monroe's Secretary of State, John Quincy Adams, was trying to negotiate with Spain for the peaceful cession of Florida to the United States. Negotiations were proceeding nicely when extremely unsettling news began to reach Washington about the exploits of Andrew Jackson, the gangling young man from Tennessee who had served an undistinguished two-year term in the Senate two decades earlier. Jackson had

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made quite a name for himself in the intervening years. He had captured the nation's imagination and risen to fame as the supreme military hero of the War of 1812, the victor of the Battle of New Orleans.

In 1817, however, Jackson's excessive zeal as commander of the Southern Division was bringing the United States to the brink of war with Spain. He had been sent south to punish the Seminole Indians who had been marauding in Georgia. He had orders to pursue them into Spanish territory if necessary to break up their bands. The overly-enthusiastic general sent a secret letter to Monroe, offering to reduce the whole of Florida in sixty days if the president wished. Monroe, who was sick in bed, never read the letter. Taking silence for consent, Jackson proceeded to make good his offer. In the midst of its negotiations with Spain, the State Department was horrified to learn that Jackson was busily capturing town after town in the very territory for which the government was negotiating. Before Jackson could be stopped, he had seized the Fort of St. Mark's, hanged two Indian leaders, court-marshalled and hanged two British adventurers, bombarded the fort at Barrances, and taken the city of Pensacola.[6]

Not surprisingly, Spain, the President, the Secretary of State, and the Congress were furious. Monroe's chagrined report to Congress on Jackson's exploits was referred to agitated House and Senate committees. If Monroe, despite his protests to the contrary, had actually authorized Jackson's expedition, he had grossly usurped Congress' power. And, if Jackson had not been so authorized, then he had wronged Congress. The final House report on the issue, however, vindicated the general. In the Senate, the report condemned Jackson.[7]

The announcement of the unexpected success of Secretary of State Adams' diplomacy made the whole matter a dead issue. Adams had negotiated a treaty with Spain which transferred Florida to the United States in return for the relinquishment of a dubious American claim to Texas. The treaty was unanimously approved by the Senate.[8] The year before, the government had signed an agreement with England establishing the forty-ninth parallel as the boundary between the United States and Canada, and sanctioning the joint occupation of the Oregon country. The nation was expanding rapidly. And it was this expansion that precipitated the most bitterly fought crisis of the decade.

Since the War of 1812, four new states had joined the Union: Indiana in 1816, Mississippi in 1817, Illinois in 1818, and Alabama in 1819. The country to the east of the Mississippi River was filling up. Towns replaced forests in the North, and cotton fields were spreading out across the flatlands of the South. Men were moving beyond the Mississippi. Daniel Boone had been one of the first when he moved west in 1798 to escape civilized Kentucky, but now a host of hardy pioneers followed. Hitherto, by an unspoken agreement in Congress, northern and southern states had been admitted in pairs as was the case with Indiana and Mississippi, as well as Illinois and Alabama. By 1819, all the land east of the Mississippi River, with the exception of the Michigan Territory, was divided by the Potomac and Ohio Rivers into two equal groups of eleven slave and free states.

Which would be the first trans-Mississippi state to seek admission to the Union? Would it be slave or free? The answer to the first question came swiftly. Late in December 1818, Missouri made its bid for statehood. But the process of arriving at an answer to the second question would violently split apart the Senate, the House, and the nation, and leave a wound that refused to heal.

The enabling act for statehood was drawn up in the House and mentioned nothing about slavery. The issue was not raised until February 13, 1819, when Representative James Tallmadge of New York arose and offered amendments prohibiting the further introduction of slaves into Missouri and emancipating, at age 25, all slaves thereafter born in the state. Tallmadge's specific motives in offering his explosive amendment remain unknown, but its effect was immediate. The battle over slavery had begun. Though he would not live to see his grisly prophecy come true, Representative Thomas Cobb of Georgia was correct when he shouted at Tallmadge, "You have kindled a fire which all the waters of the ocean cannot put out, which seas of blood can only extinguish."[9]

Tallmadge's amendments made sense to anti-slavery northerners. The Northwest Ordinance banned slavery in any state created from the territory north of the Ohio River. Missouri, however, had been settled mainly by southerners, many of whom had brought their slaves with them. The slave holders argued that it was unconstitutional for Congress to place restrictions on the citizens of a state as a condition of admittance. The anti-slavery forces, however, had the votes in the House. The Tallmadge amendments were adopted by a strictly sectional vote on February 16, 1819, and the amended enabling bill was sent to the Senate. In the Senate, the southerners had the votes and, on February 27, by votes of 31 to 7 and 22 to 16, they struck out the amendments and returned the bill to the House in its original form.[10]

At that point, the Fifteenth Congress had only two days remaining. The House restored the anti-slavery amendments, and the bill returned to the Senate. Again, the Senate struck them out and sent the bill back to the House. The House refused to concur in the Senate's action; the Senate remained obdurate. And so, on March 4, 1819, at the close of the Fifteenth Congress, the Missouri Enabling Bill died.

While the Enabling Bill had been set aside, the awful paradox that slavery could have a legal existence in a land of free men was now fully open to inspection. In northern cities, citizens declared themselves astonished and horrified at the thought that the institution of slavery could travel westward across the Mississippi, though it had been doing so for many years. Southern pamphleteers were equally outraged at the suggestion that slavery could be prevented from ranging over the whole Louisiana Purchase.

During the framing of the Constitution, the Burr conspiracy, and the War of 1812, the tinder in the anomaly of slavery in a democratic republic had threatened to burst into flame. Now that it had flared up into the open, Americans were forced to ask themselves not whether the fire could be extinguished, but whether the fire could be banked.

As historian George Dangerfield notes in his informative book, *The Era of Good Feelings*, the Tallmadge amendments and the series of town meetings, pamphlets, editorials, and debates they excited, summoned the South into being. Prior to the Tallmadge amendments:

> "those who dwelt south of the Mason-Dixon line might have been said to have, perhaps, a kind of climatic fellowship. They had the same long hot summers, the violent storms and unpredictable droughts; their winters were always severe, their up-country rivers froze solid from bank to bank . . . Such weather raised their ceilings and proliferated their piazzas and balconies; encouraged the growing of staple crops, even while the rains and heat defertilized the soil; and it slowed down the pace of their life. But no generalization could absorb their differences at least, no generalization based upon climate. The southern states were a patchwork of political and social distinctions; distinctions between the old South and new Southwest, between small farmers and planters, between merchants and manufacturers. Valley warred with mountain, country with town, the Atlantic with the Gulf . . . Everywhere there were contradictions and incompatibilities . . . And yet all were loosely bound together—the Creole aristocrat of New Orleans, the liberal nationalist of South Carolina, the parvenu cotton-planter of Georgia, the hemp grower of Kentucky, the tobacco magnate of Virginia—all were bound together by the institution of slavery The Tallmadge Amendment, like a powerful spell, conjured this loose bondage into a tightness and coherence it was never afterwards to lose."[11]

Everyone knew that when Congress reconvened, the fight over Missouri would be renewed. But by the time the Sixteenth Congress met on Monday, December 6, 1819, compromise seemed possible. With the consent of Massachusetts, of which it was then a part, the state of Maine had been organized, and in the fall of 1819, it applied for admission to the Union. This offered an opportunity to revert to the old system of admitting free and slave states in pairs. The fire was further stoked, however, when another move was made, this time in the Senate by Jonathan Roberts of Pennsylvania, to forbid the importation of slaves into Missouri.

The Senate debate that followed raged for three weeks. It took place back in familiar territory. The Capitol, its scar-

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red freestone gleaming with fresh white paint, was habitable for the first time since the British had put it to the torch in 1814. The new galleries overflowed with spectators. Vice President Daniel Tompkins graciously permitted several ladies onto the Senate floor. Indignant House members, visiting the chamber, found the ladies' voluminous skirts billowing over the sofas and chairs usually reserved for them.

The Senate debates on the Missouri question began on January 13, 1820. The air was charged with acrimonious electricity. Senator James Barbour of Virginia announced that the subject under discussion was an ignited spark, which would produce an explosion that would shake the Union to its center. Senator Harrison Gray Otis of Massachusetts pointedly replied that the pine forests of Maine, if set afire, would burn with as fierce a flame as the grasslands of Missouri. These innuendos, followed by certain remarks regarding the dubious behavior of New Englanders during the War of 1812, were hardly calculated to restore harmony to the chamber. When Pennsylvania's Jonathan Roberts invoked the Declaration of Independence and urged his fellow senators not to admit Missouri "with her features marred as if the finger of Lucifer had been drawn across them," any chance of peaceful discussion seemed to have vanished forever.[12]

At first, the Southern forces were led by William Pinkney of Maryland, who, wearing elegant ruffled sleeves and tinted gloves, was the picture of leisure class ease. Rufus King, then sixty-five, led the Northern fight for Roberts' amendments. Debate initially focused on constitutional issues. Here the Southern senators were on stable ground. They seemed unusually adept at interpreting the Constitution and could do so in a dignified way. When Northerners began to argue that slavery was *morally* wrong, however, the Southerners were thrown off guard. Their attempts to refute this charge led them into sinister extravagances.

The new twist in Southern logic could first be detected in late January. Senator Nathaniel Macon of North Carolina was its chief spokesman. Macon praised Southern gentility and gradually began to paint a picture of bucolic plantation life. Macon lauded the South and its institutions and told his colleagues, "I wish that he (Senator James Burrill of Rhode Island, an anti-slavery senator) and the gentleman from Pennsylvania (Senator Roberts) would go home with me, or with some other Southern member, and witness the meeting between the slaves and the owner, and see the glad faces and the hearty shaking of hands." Macon declared that, "The old ones (slaves) are better taken care of than any poor in the world, and treated with decent respect by all their white acquaintances." He argued that "the owner can make more free in conversation with his slave, and be more easy in his company, than the rich man, where there is no slave, with the white hireling who drives his carriage." [13]

Here were the beginnings of a systematic defense of slavery, not as a necessary evil, but as a positive good. Macon's new theme was elaborately embroidered by other Southern senators. On January 26, Senator William Smith of South Carolina made a speech that was characterized by a horrified Senator Benjamin Ruggles of Ohio as "going farther than he had ever heard any gentleman go before." [14] Smith was a strict Jeffersonian, with a bitter and sarcastic tongue. His speech is a landmark in the history of the Senate because it was the first open and impassioned justification of slavery ever made in the chamber. In his long harangue, Smith set out to prove that slavery was a system blessed by the Lord. "This," said Smith referring to slavery, "was the law given by the God of Abraham, the God of Isaac, and the God of Jacob . . . Christ himself gave his sanction to slavery." [15] No other senators had ever gone so far. But now there would be no turning back.[16]

In February 1820, Rufus King replied to Smith in two speeches that were masterful but devoid of the fiery rhetoric the spectators in the galleries loved. Some Southern senators understood King to have said that he felt himself degraded at having to sit in the same chamber with men who owned slaves, and they hated him for it. What King had really said was that he felt inferior because "the citizens of the states where slavery prevails possess a greater portion of political power, then the citizens of states in which slavery is excluded," and that he did not wish to increase the humiliation by extending slavery.[17]

King's actual words hit as sensitive a nerve as his perceived words. What was at stake in the Missouri question was more than slavery. It was a question of political power. The Senate stood evenly balanced, eleven Northern states and eleven Southern states. If both Maine and Missouri were admitted as free states, the South and its "peculiar institution" would surely be overpowered. From the South's perspective, it was a fight for survival. Missouri must be a slave state.

The Southerners in the Senate were better organized, more learned, and more supple in debate than their Northern colleagues. Even Rufus King has to confess that the Northern senators "fight Militia against Regulars." [18] On February 17, the Thomas Amendment passed the Senate by a vote of 34 to 10 and, with an enormous sigh of relief, the proposed compromise was sent off to the House.[19]

The press had begun to call the deliberations on the Missouri question "the Misery Debate." After a week of bitter day and night sessions in the House, a conference committee worked out a two-part compromise that included the Thomas Amendment and admitted Missouri as a slave state and Maine as a free state. The measure passed both houses and received President Monroe's signature on March 3, 1820.

With the passing of the Missouri Compromise, many naively thought that the slavery question was settled forever. In fact, it remained settled only until the next session of Congress, when Missouri presented its new state constitution to the House and Senate for approval. The delegates to Missouri's constitutional convention had copied the constitution of the state of Kentucky almost verbatim. Almost, but not quite. There were two clauses unique to the Missouri constitution that outraged anti-slavery congressmen. One forbade the state legislature from interfering with slavery in any manner, and the other prevented "free negroes and mulattoes from coming to and settling in this state, under any pretext whatsoever." In view of the fact that there were several states in which blacks were free men and citizens, the latter clause seemed a gross violation of the federal Constitution's guarantee that "the citizens of each State shall be entitled to all the privileges and immunities of citizens of the several states."

The Senate avoided the difficult issues posed by the Missouri constitution by adding only one proviso and passing it on to the House. The proviso, offered by Senator John Eaton of Tennessee, stated, "That nothing herein contained shall be so construed as to give the assent of Congress to any provision in the Constitution of Missouri, if any such there be, which contravenes that clause in the Constitution of the United States which declares that 'the citizens of each State shall be entitled to all privileges and immunities of citizens of the several States.'" [20] Eaton's proviso was intentionally toothless. Basically, it allowed Congress to admit a state to the Union and at the same time withhold its assent from that state's constitution. It adroitly avoided the crucial question: Could the people of Missouri prohibit the citizens of another state—for example, Massachusetts—from crossing their borders? [21]

In the House, a Southern motion to accept the Missouri constitution was defeated, 79 to 93, on December 13, 1820, touching off six weeks of wild and angry debate.[22]

The Missouri question was still unsettled in February 1821, and it threw into pandemonium efforts to count the electorial ballots. During the fall of 1820, almost incidentally, a presidential election had been held. Monroe, who had managed to stay out of the Missouri controversy, was the only serious candidate. Monroe received the vote of every elector in the nation except that of former Senator William Plumer of New Hampshire, who thought that George Washington should be the only president honored by a unanimous election, and, thus, cast his vote for John Quincy Adams.[23]

On February 14, 1821, in the midst of the Missouri debates, the Senate proceeded to the House chamber for the formal counting of the electoral votes. All went quietly until the vote of Missouri, the statehood of which was still being contested. It was instantly challenged. Half a dozen representatives leaped to their feet; others joined in; soon the

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whole House was in an uproar. Amid the hubbub, a Senator was heard calling out that the Senate ought to withdraw. Vice President Tompkins quickly put the barely audible motion, declared it carried, and led the retreat of the Senate from the disgraceful scene. Later in the afternoon, after the candles in the chamber had been lit and the tumult had finally died down, the Senators returned. As soon as the Vice President started to announce the electoral result, a shouting match broke out again. The Speaker managed to keep order long enough for the Vice President to make the announcement of Monroe's victory in the prescribed form, after which the Senate again hastily withdrew.[24]

With two weeks left in the Sixteenth Congress to settle the Missouri question, Henry Clay, who had recently stepped down as Speaker, put together a special joint Senate and House committee of twenty-three members to try to work out a compromise. The committee reported out a recommendation almost identical to Eaton's earlier proviso. Missouri would be admitted under an obligation to respect "the right and privileges of all citizens of the United States." Most realized that this clause was not likely to be enforced to protect a single free black who should venture over Missouri's borders, but the recommendation was accepted nonetheless.

Missouri, with its offensive constitution had at last become a state. The nation breathed easier, once again believing that the issue of slavery had been put to rest for good. The aged Thomas Jefferson, home at Monticello, saw the Compromise for what it truly was, "a fire bell in the night." The Missouri Compromise bought the nation only a nine-year respite from the bitter, divisive contest over slavery before the bell would toll again.

After the stormy sessions of the Sixteenth Congress, the senators welcomed the quiet, routine sessions of the Seventeenth Congress. The years 1821 and 1822 were far from dull, but political maneuvering was more evident outside the chamber in the corridors of the Capitol and in private homes, where plots were laid over dinners and brandy.

With the final disappearance of the Federalists in 1820, when they failed to nominate a presidential candidate, many idealists thought they saw the end of the whole party system and the coming of a Utopia when leaders would be chosen purely on the basis of merit. Monroe happily predicted: "Surely our government may get on and prosper without the existence of parties." Thomas Jefferson, however, did not share his fellow Virginian's optimism. "You are told, indeed," he wrote to Albert Gallatin, then in France, "that there are no longer parties among us; that they are all now amalgamated; the lion and the lamb lie down together in peace. Do not believe a word of it." [25]

Events proved Jefferson correct. The collapse of the Federalists was the prelude to the breaking up of the Republican party into many factions that once had been tenuously united by opposition to a common foe. Monroe had barely been inaugurated a second time before each of these factions began to groom one of their own as his successor. By the time the Seventeenth Congress met in December 1821, each of the three leading cabinet members, Secretary of State John Quincy Adams, Secretary of Treasury William Crawford, and Secretary of War John C. Calhoun, as well as Henry Clay, temporarily retired from the Congress, had a group of ardent supporters working on his behalf. These four men, with Andrew Jackson as a possible dark horse, were open candidates three years before the next election! So much for the "Era of Good Feelings!"

The second session of the Seventeenth Congress was overshadowed by the pre-presidential cabals. The Crawford faction seemed to have a slight edge, but its hopes dimmed in the summer of 1822 when the nerve-wracking campaign took its toll. Crawford, tall, handsome, and only fifty-one years old, suffered a paralyzing stroke which left him nearly blind and only in partial possession of his mental faculties. Monroe kept Crawford on as Secretary of Treasury for the next year, but all Treasury documents bore a facsimile stamp of his signature, which his daughter helped him press to the papers. Meanwhile, Crawford's partisans minimized the seriousness of his condition, and zealously continued their campaign to make him president.[26]

Earlier in the spring of 1822, death carried off one of the Senate's most prominent orators and dandies, William Pinkney of Maryland, only fifty-eight. His last speech on the floor had been his masterful reply to Rufus King on the Missouri question. Fittingly, a new senator who would soon also win fame as a brilliant orator, Thomas Hart Benton of Missouri, offered a moving eulogy. Pinkney, who had died in Washington, away from his home and family, fell, said Benton, "like the warrior, in the plentitude of his strength, and on the field of his fame." [27]

William Pinkney was truly a remarkable man. At the age of thirteen, he was forced to drop out of school when his father's property was confiscated due to the latters' loyalist sentiments. According to legend, young Pinkney favored the colonists' cause and often eluded parental vigilance to mount guard with the Continental soldiers. After the Revolutionary War ended, Pinkney's oratorical skill came to the attention of Justice Samuel Chase who took him in hand and steered Pinkney to a career in law.

Pinkney spent the remainder of his life working to overcome the consequence of his interrupted education. While stationed in London as a United States Claims Commissioner, he deliberately attended parliamentary and court sessions in an effort to absorb the erudition displayed there. He studied Latin and Greek and developed a lifelong passion for reading dictionaries. The effort was not wasted. His skillful oratory and mental agility aided Pinkney's rapid rise to commissioner, Minister to Great Britain, and Attorney General in 1811.

Writing under the pseudonym "Publius", Pinkney vigorously supported the War of 1812, and, as a major in the Maryland militia, commanded a battalion of riflemen and was seriously wounded in the arm. Following the war, he served briefly in the House before his appointment as Minister to Russia. Pinkney returned from Russia in 1818 and entered the Senate in 1819. It was during his years in the Senate that Pinkney achieved his reputation as a major interpreter of the Constitution.

While he ably represented the Southern interests in the Missouri debates in the Senate chamber on the Capitol's second floor, it was in the Supreme Court chamber below that he performed his greatest work in arguing cases at the bar. He was counsel in seventy-two Supreme Court cases and acquired one of the most lucrative practices of his time. In both the Senate and the Court, Pinkney's years of self-improvement paid off handsomely. After one of his speeches, Justice Story wrote, "I never, in my whole life, heard a greater speech; it was worth a trip from Salem to hear it . . . his eloquence was overwhelming."

During these years in the Senate and before the Court, Pinkney's effected, extravgant rhetoric made him a vivid figure. Ladies crowded into the gallery to hear him speak. Excessively vain, he sought their approval as keenly as that of his colleagues. Though he toiled ceaselessly to polish his style and check his facts, Pinkney liked to create the impression that his wealth of knowledge was little but off-hand recollections. But woe to those who challenged him. Pinkney was insolent and arrogant and only narrowly escaped a duel with a lawyer he had openly insulted in court. For frequent discourtesies to Daniel Webster, the latter boasted of extorting an apology under threat of a beating.

Pinkney was as vain about his appearance as about his eloquence. He had square shoulders, erect carriage, and intense blue eyes, but most conspicuous were the deep furrows in his face and the heavy circles under his eyes which he sought to conceal with cosmetics. He worse corsets to diminish his bulk.

Pinkney's demise on February 25, 1822, was almost turned into a burlesque by the eccentric John Randolph, a representative and later senator from Virginia. Two years earlier, Randolph had made himself indecorously conspicuous at the funeral of Commodore Stephen Decatur, killed in a duel in Washington, by causing his horse to prance about the grave. By prematurely announcing Pinkney's death, Randolph led the House to declare a day of mourning for the senator while he was still alive.

Volumes of eulogy attested to Pinkney's fame, once he was actually dead. Chief Justice Marshall proclaimed him, "The greatest man I ever saw in a Court

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of Justice." Thirty years after Pinkney's death, Chief Justice Taney could still say, "I have heard almost all the great advocates of the United States, both of the past and present generation, but I have seen none equal to Pinkney." [29]

Being a senator in the early 1800's was hazardous duty. This eight-year-period under investigation, the Fifteenth to the Eighteenth Congresses, witnessed the deaths of six other senators besides Pinkney. Two were still in their thirties. Pinkney's predecessor, the aggressive Federalist editor, Alexander Hanson of Maryland, was only thirty-three when he died on April 23, 1819, after two years in the Senate. Ill-health prevented Hanson from taking an active part in the Senate's business. During the War of 1812, he had been badly beaten by a Baltimore mob, enraged at the anti-administration, pro-English stand of his newspaper, the *Federal Republican*. William Trimble of Ohio, who had distinguished himself for gallantry during the War of 1812, was only thirty-five when he died in 1821 after two years in the Senate.[29]

Like Trimble, James Burrill of Rhode Island died in Washington, far away from home and loved ones. Burrill, forty-eight, was given a memorable funeral in the old Senate Chamber down the hall. Nicholas Ware of Georgia had been in the Senate for three years when he died in 1824 at age fifty-five. Elijah Boardman of Connecticut had enlisted in the Revolutionary Army at age seventeen. He died in 1823, at age sixty-three during his second year in the Senate, while on a visit to Boardman, Ohio, a town he had founded.[30]

The oldest and most prominent senator who died in office during this period was John Taylor of Virginia, who was seventy years old when he passed away during the recess in the summer of 1824. He, like Senator Boardman, was one of the last of the handful of Revolutionary soldiers, having fought under Lafayette, still serving in the Senate. Taylor had just been returned to the Senate for the third time by the Virginia legislature after a long absence. His first term in the Senate had been during George Washington's first administration, in 1792, when he filled the post vacated by the illness of Richard Henry Lee. An early supporter of Jeffersonian Republicanism, through his writings Taylor became one of the foremost philosophers of agrarian liberalism.[31]

The opening of the Eighteenth Congress was a memorable one. On its second day, December 2, 1823, the senators and representatives received the most important presidential message in many years, in which President Monroe spelled out the farsighted priciples of the Monroe Doctrine. The Doctrine, largely the work of Secretary of State John Quincy Adams, was specifically aimed at Russia's expansionist designs on the Pacific Northwest and at threats by the Holy Alliance to appropriate Spanish possessions in Latin America. But, more generally, Monroe used the Doctrine to proclaim to all the world that, "the American continents, by the free and independent condition which they have assumed and maintain, are henceforth not to be considered as subjects for future colonization by any European powers" and that European intervention in the Western Hemisphere would be viewed as a "manifestation of an unfriendly disposition toward the United States." [32]

Among the new and able senators in the Eighteenth Congress was Robert Hayne of South Carolina, the magnificent orator destined to cross swords with Webster in one of the most memorable congressional debates of the century. Back in the Senate after long absences were John Taylor of Virginia who had left in disgust over the Sedition Acts, and John Lloyd of Massachusetts.

Also back in the Senate, but difficult to recognize as the backwoodsman of twenty-five years earlier, who had sat in the Senate when it still met in Philadelphia, was the Hero of New Orleans, Andrew Jackson. Let us look more closely at the route that led the lean, unsmiling Jackson to the Senate a second time and at his early experiences in Washington, for, in many ways, they are typical of the hardships and joys experienced by his colleagues.

Although Jackson had "retired" to his Tennessee estate with his beloved wife, Rachel, after his brilliant military maneuvers in New Orleans and Florida, the nation was alive with speculation that he would be the next president. His friends energetically fanned the fires of popular support while Jackson's enemies, and he had made many, worked equally hard to stamp them out.

The first test of Jackson's strength was whether or not he could unseat Tennessee's senior senator, John Williams, in 1823. Many of the General's supporters urged him not to attempt it, as a failure could be disastrous, but although Williams had a clear headstart, Jackson plunged ahead. When the state legislature convened on the morning of October 1, 1823, to choose a senator, Jackson's forces made a desperate attempt to obtain a two-day postponement to solidify their position. But the famed frontiersman, Davy Crockett, then a member of the state legislature and soon to become a representative, was a lifelong enemy of the General's and successfully fought the delay. Crockett's colleagues were confronted with the choice of reneging on their pledges to Williams, a power in eastern Tennessee, or repudiating the gray-haired hero. When the roll call ended, Jackson had triumphed over Williams, 35 to 25.[33]

After notification of his victory Jackson wrote a friend, "I have been elected senator, a circumstance which I regret more than any other in my life. To leave Mrs. Jackson fills me, as well as her, with much regret." Jackson was undoubtedly sorry to part from Rachel, but, as Marquis James notes in his biography, *The Life of Andrew Jackson*, Jackson was personally gratified by his victory and not loath to be the focus of the national limelight once again. He was, however, totally unprepared to leave home that November. It was cotton ginning time, a planter's busiest season, when expenses were greatest and debts heaviest. Jackson had to accept a loan from a friend to defray the cost of the journey.[34]

Jackson, fifty-six years old, set out on the 860-mile journey to Washington on horseback, accompanied by John Eaton, thirty-three, his good friend and Tennessee's other senator. Except for one day when a mailcoach afforded refuge from the rain, the two senators remained in the saddle all the way to Staunton, Virginia. At Fredericksburg, they boarded a steamboat which arrived in Washington just after dawn on December 3, 1823.

Like most of his colleagues in the Senate, Jackson was reluctant to subject his wife to the rigors of travel to the far-off capital. At each stop along the way to Washington, however, he wrote anxious letters back to Rachel. I would like to read to you just a few words from these letters from a senator to his wife because I think they show a tender side of the General, whose statue, in cold bronze here in the Capitol's rotunda down the hall, looks so strong and stern.

From Staunton, on November 28, 1823, Jackson wrote home:

My Love

I have been greeted by the people wherever I have halted . . . This through Virginia (a Crawford stronghold) I did not calculate on . . . Were you only with me I could be satisfied—But should providence once more permit us to meet, I am solemnly resolved, with the permission of heaven, never to separate, or be separated from you in this world.

The day he arrived in Washington, Jackson wrote Rachel:

My Love

I have not heard from you . . . and am anxious to receive a letter . . . I have been treated with marked attention . . . Altho this is gratifying . . . my heart is with you and fixed to Domestic Life . . . without you this will be a Tedious and unpleasant winter . . . write me often and believe me to be your affectionate husband.[35]

Like most other senators, General Jackson took up lodgings in one of Washington's many boarding houses. Along with Senator Eaton, he took modest rooms at the house run by Major William O'Neale. It was there that he met the Major's pretty daughter, Peggy, who, when she married Senator Eaton, would nearly wreck Jackson's first administration as cabinet members, urged on by their wives, took sides on the question of Peggy's virtue.

Though Jackson claimed he sought to live inconspicuously in Washington, he quickly became the most sought-after man in town. He complained to Rachel, "There is nothing done here but *visiting* and *carding*." Eaton had to help Jackson with his voluminous correspondence, even writing to Mrs. Jackson when the General was exteremely busy. Shortly after settling into their rooms, Eaton wrote her:

The general is in very fine health, and just as good spirits. . . . He is constantly in motion to some dinner party or other, and to-

Footnotes at end of article.

night stands engaged at a large dancing party at General Brown's.[36]

Despite his grumblings, Jackson always liked to have people around him and enjoyed the Washington social whirl. For evening wear, he even ordered a pair of fine black milled cashmere pantaloons and had his dress coat spruced up with new silk-covered buttons.[37] While he enjoyed the company of friends, Jackson was not oblivious to the fact that his social appearances did no harm to his cause as a candidate.

On the frontier, Andrew Jackson had made his reputation by methods that were uncompromising and direct. Now, as a senator, Old Hickory found himself on a stage which called for a more subtle skills of diplomacy and negotiation. In his younger days, Jackson had been involved in numerous duels. He still carried, buried deep in his shoulder, a bullet put there in 1813 at the climax of an argument with two brothers from the state of Missouri, one of whom was now his Senate colleague, Thomas Hart Benton. Benton was an enormous man. He was also vain, arrogant, and pugnacious, but he was an able senator, a spellbinding orator, and the West's most articulate spokesman.

Jackson took his seat on the Senate floor only to notice that the adjoining chair was occupied by his old enemy, Benton. Perceiving the situation, several senators offered to exchange places with either man, but both refused, just as they refused to recognize each other's existence. A few days later, Jackson was named chairman of the Committee on Military Affairs and Benton was named a member of the same committee. One day, as a meeting of the committee broke up, Benton exchanged civilities with the chairman, and asked about Mrs. Jackson's health. In the old days, Benton had been a favorite of Rachel Jackson's. Shortly thereafter, the two men found themselves face to face at the Executive Mansion. Benton bowed and Jackson held out his hand.[38]

From these signs, Speaker Henry Clay, also estranged from the General, concluded that Jackson had "resolved upon a general amnesty" and soon found that conciliation was held out to him, too. These events damaged the widely circulated stories of Jackson's bitter hatreds and frontier etiquette. "It will afford you great pleasure to know," Eaton wrote Mrs. Jackson, "that all his old quarrels have been settled . . . The General is in harmony and good understanding with everybody." A surprised Daniel Webster wrote his brother, "General Jackson's manners are more presidential than those of any of the candidates. He is grave, mild and reserved. My wife is decidedly for him." Senator Elijah Mills of Massachusetts, who had violently opposed Jackson on the Florida question, considering "him little advanced in civilization over the Indians with whom he made war," confessed to Mrs. Mills that "these opinions (were) unfounded . . . He is exactly the man with whom you would be delighted."[39]

Though busy cultivating his presidential prospects, Jackson did not neglect his Senate duties. No senator was more faithful in his attendance than he. He listened carefully but rarely spoke. In his first six months in the Senate, Jackson took the floor only four times and altogether spoke less than twenty minutes: once to recommend a New Orleans veteran for a pension; twice to urge construction of military roads; and once to support a bill to purchase armaments. While silent, until he resigned in October 1825, for financial reasons, Jackson voted on every important piece of legislation, consistently supporting internal improvement bills.[40]

Another senator of the Eighteenth Congress was the wily Martin Van Buren of New York who had been a "freshman" with Benton in 1821. Van Buren's fortunes would soon become intricately linked with those of the Hero of New Orleans. It would be difficult to imagine greater contrasts between a state's two senators than those between New York's senior senator, Rufus King, and Martin Van Buren. King was then sixty-eight-years-old; Van Buren was forty-one. King represented the last stand of the Federalist party. Van Buren, a Republican, would preside over the birth of the Democratic party that would propel him into the White House. Van Buren arrived in Washington well in control of his state's party apparatus. By judicious use of the spoils system, he had cunningly built an extremely powerful New York political machine to rival that of his enemy, Governor DeWitt Clinton. Van Buren's political dexterity had earned him the well-deserved nicknames of "the Red Fox of Kinderhook" (his home town), and "the Little Magician."[41]

As the members of the Eighteenth Congress sought to deal with the implications of the Monroe Doctrine and new tariff legislation, the frenetic presidential campaigning was foremost in their thought. All of the candidates were aware of a growing anticaucus sentiment in the nation. Instead of the congressional caucus method of selecting a presidential nominee, a larger and larger number of voters urged that the state legislatures or even the people themselves be permitted to instruct the electors.

In an effort to head off this popular movement, 66 of the 261 senators and representatives called a caucus on the evening of February 14, 1824, and nominated the enfeebled Crawford and Albert Gallatin as the regular Republican party candidates. The result was obviously useless, since a clear majority of the Congress supported other candidates. Indeed, the farcical caucus caused such an outcry that it was the last one held to nominate a presidential candidate.[42]

With the majority of the Congress and his own ill health against him, Crawford's chances for victory looked slim indeed. Hoping to insure his foe's defeat, Senator Ninian Edwards of Illinois, who had recently been appointed minister to Mexico, just before leaving to take his post, sent a letter to Speaker Clay accusing Crawford of malfeasance in office. Crawford's supporters took up the challenge and the House sergeant-at-arms was dispatched to bring Edwards, who was already on his way to Mexico, back to testify. Edwards' pursuer had to travel 1,500 miles before he overtook the former senator, but overtake him he did. Once back in Washington, however, Edwards failed miserably to substantiate his charges.[43]

Through the paralyzed Secretary of Treasury had the satisfaction of knowing that his reputation remained unblemished, when there was no sign of his recovery, the election tide continued to turn against him. Among his opponents, Adams controlled New England and, more tenuously, New York; Jackson had the support of Pennsylvania and parts of the South; Clay's following outside Kentucky was uncertain; Calhoun, foreseeing failure, withdrew, accepting the vice presidential position from both Adams and Jackson. The twenty-four states voted at various times during the fall of 1824. In eighteen states, the voters, rather than the legislatures, instructed the electors for which of the four nominees they were to vote.

Shortly after the second session of the Eighteenth Congress convened on December 6, 1824, it was clear that no candidate had a majority of votes. Jackson ran first with 99 electoral votes; Adams had 84; the ailing Crawford 42; and Clay 37. Instead of withdrawing in favor of Jackson, Adams decided to stay in the contest, and the election was thrown into the House as it had been in 1801.[44]

Henry Clay, if he could not be president, could now be president-maker by throwing his influence to either Jackson or Adams. All other business of Congress ground to a halt as bargaining and intrigue reached new heights. At last, Clay announced that he would support Adams. No sooner had he done so, however, when rumors began to fly that Clay had entered into an "unholy bargain" with Adams, who, in return for Clay's votes, had allegedly promised to name him Secretary of State. While the rumors were never substantiated, Adams, elected president on February 9, 1825, did little to allay them when he actually did name Clay to the post.[45] Jackson's supporters, rightly claiming that their candidate had been the choice of the people, kept the vicious innuendos alive and bided their time for the next four years.

The contested election overshadowed all other issues during the last days of the Eighteenth Congress. Whatever "good feelings" remained from the happy aura that enveloped the beginning of Monroe's administrations eight years earlier evaporated entirely in the new spirit of factionalism and acrimony.

Briefly, at the end of 1824, "Good Feelings" in the Congress, indeed in the entire nation, were at least temporarily revived by the return of General Lafayette, after an absence of forty years, visiting the young nation the liberty of which he had pledged his life to secure. Lafayette and his son, George Washington Lafayette, had arrived in America, at the government's invitation, in August. As Thomas Hart Benton described the General's triumphant journey:

He was received with unbounded honor, affection, and gratitude by the American people. To the survivors of the Revolution, it was the return of a brother; to the new generation, born since that time, it was the apparition of an historical character, familiar

Footnotes at end of article.

from the cradle; and combining all the titles to love, admiration, gratitude, enthusiasm, which could act upon the heart and the imagination of the young and the ardent. He visited every State in the Union, doubled in number since, as the friend and pupil of Washington, he had split his blood, and lavished his fortune, for their independence. His progress through the States was a triumphal procession, such as no Roman ever led up—a procession not through a city, but over a continent—followed, not by captives in chains of iron, but by a nation in the bonds of affection.[46]

The General's tour brought him to Washington in December 1824. On December 9, at one o'clock, an important precedent was set in the Senate. General Lafayette became the first distinguished foreign dignitary to be accorded the privileges of the floor.[47] In accordance with a prearranged plan, the General was escorted into the chamber by a special committee and introduced by Senator James Barbour of Virginia, the committee's chairman. The senators arose from their seats and remained standing until the General was seated in a chair to the right of Vice President Daniel Tompkins. Then the Senate adjourned by unanimous consent so that the senators might individually pay their respects to their honored visitor.[48]

Among those senators who stepped forward to greet Lafayette were four who felt a special bond, having served with him in the Revolutionary War. They were Senators Rufus King of New York, James DeWolf of Rhode Island, Samuel Smith of Maryland, and John Chandler of Maine, the latter two of whom had gone on to attain the rank of General.[49]

A few days later, while Lafayette continued his tour, the Senate took up the question of an appropriate gift from the nation to the General to show the love and gratitude of the American people. The special committee to examine the question, chaired by Senator Hayne, suggested that the sum of $200,000 and a township of land, 24,000 acres, would be a suitable gift.[50] Immediately, objections were raised. Senator Nathaniel Macon of South Carolina reluctantly rose to object, not to the amount but to the principle behind the gift. Macon said he yielded to no one in his love and admiration of Lafayette, but, he considered the General as having been, during the Revolution, "a son, adopted into the family, taken into the household, and placed, in every respect, on the same footing with the other sons of the same family . . . That General Lafayette made great sacrifices, and spent much of his money in the service of this country, I as firmly believe as I do any other thing under the sun . . . but this was equally the case with all the sons of the family. Many native Americans spent their all, made great sacrifices, and devoted their lives in the same cause."[51]

Descending to a crasser plane, Senators Ethan Brown of Ohio and James Noble of Indiana objected to the large sum of money involved. When put to a vote, the measure passed the Senate by a vote of 37 to 7, was sent to the House where it was passed, and sent back to the Senate. On December 23, led by Lafayette's old comrade in arms, Senator Smith, the bill unanimously passed this Senate and, before he sailed for France in September, Lafayette was presented with these tangible proofs of the nations thanks.[52]

Despite the lingering bitterness the election had engendered, the Eighteenth Congress ended on a visionary note. Monroe's last message to the Congress stressed the importance of America's Pacific Coast interests, in danger of being usurped by the British, and recommended the establishment of a fort at the mouth of the Columbia River. While the bill passed the House, in the Senate, it was turned to ridicule by Senator Mahlon Dickerson of New Jersey. Dickerson pointed out that Oregon could never conceivably become a state because its representatives, even if traveling twenty miles a day, would need 350 days to get to Washington and back. The territory was separated from the United States, Dickerson told his colleagues, by virtually impassable deserts and mountains. Its occupation was useless and impractical.

Not so, cried Thomas Hart Benton, the West's champion. "I answer, the advantages will be the securing of the fur trade of the Columbia, the Rocky Mountains, and the upper Mississippi; . . . preventing the Russians and British getting control of the Indians on the Columbia; . . . a naval station for us on the Pacific; . . . Mississippi and the Pacific; . . . and, communication between the valley of the chief of all, the exclusion of foreign powers from Oregon." Impractical and useless? Benton cried, Nonsense, he told his colleagues, and forecast, "Within a century from this day a population greater than that of the present United States will exist on the west side of the Rocky Mountains."[53]

At such wild talk, the other senators shook their heads. This Westerner must be mad. The station at the mouth of the Columbia was disapproved. Time, however, proved the prophetic Benton, rather than the scoffing Dickerson, accurate. Though neither Benton nor any other senator who listened to his forecast in the Senate chamber in 1825 lived to see it, his prediction came true right on schedule. The census of 1820 revealed a nation of 9,638,000 inhabitants. A century later, in 1920, as Benton foretold, the population of the Western states alone stood at 9,214,000. In the years that followed his defense of the fort on the Columbia, both Benton and the West would become forces to be reckoned with.[54]

NOTES TO "ERA OF GOOD FEELINGS"

[1] King to Jeremiah Mason, March (n.d.) 1818, cited on page 352 of Ernest, Robert. *Rufus King: American Federalist* (Chapel Hill: 1968).

[2] *Ibid.*

[3] *Columbian Centinel*, July 12, 1917, Boston, cited on page 95 of Dangerfield George. *The Era of Good Feelings* (New York: 1952).

[4] *Niles' Weekly Register*, Baltimore; January 19, 1818, page 313.

[5] *Annals of Congress*, 15th Congress, 1st sess., January 13, 1919, page 109.

[6] Bates, Ernest, *The Story of Congress* (New York: 1936), pages 104–106. For detailed discussion of Jackson's exploits and the famous "Rhea letter" see Dangerfield, chapters 3 and 4, and Curtis, James, *Andrew Jackson and the Search of Vindication* (New York: 1976), Chapter IV.

[7] *Senate Journal*, 15th Congress, 2nd sess., February 24, 1819, page 300.

[8] *Senate Executive Journal*, 15th Congress, 2nd sess., February 24, 1819, page 178.

[9] *Annals of Congress*, 15th Congress, 2nd sess., February 16, 1819, page 1204.

[10] *House Journal*, 15th Congress, 2nd sess., February 16, 1819, page 275; *Senate Journal*, 15th Congress, 2nd sess., February 27, 1819, pages 321–322.

[11] Dangerfield, pages 204–205.

[12] *Annals of Congress*, 16th Congress, 1st sess., pages 99–127.

[13] *Ibid.*, page 226.

[14] *Ibid.*, page 274.

[15] *Ibid.*, pages 269–70.

[16] Dangerfield, pages 218–221.

[17] Ernst, pages 369–371; Dangerfield, page 226.

Charles R. King, ed., (New York: 1894–1900), Charles R. King, ed., (New York: 1894X1900), VI, page 339.

[19] *Senate Journal*, 16th Congress, 1st sess., pages 160–161, 166.

[20] *Annals of Congress*, 16th Congress, 2nd sess., pages 43–44.

[21] Dangerfield, page 233.

[22] *Annals of Congress*, 16th Congress, 2nd sess., page 670.

[23] Josephy, Alvin, *History of the Congress of the United States* (New York: 1975), page 160.

[24] Bates, pages 109–10; *Annals of Congress*, 16th Congress, 2nd sess., pages 1147–66.

[25] Bates, page 111.

[26] Mooney, Chase C. *William H. Crawford* (Frankfort: 1974), page 247.

[27] Benton, Thomas Hart. *Thirty Years' View* (Boston: 1883), page 19.

[28] Biographical information from *Dictionary of American Biography* (New York: 1946), Volume XIII, pages 626–628; *The National Cycyopedia of American Biography* (New York: 1907), Volume V, pages 373–374; Bates, page 113.

[29] *Biographical Directory of the American Congress* (Washington: 1971); *Dictionary of American Biography* (New York: 1946), Volume VII–VIII, page 231.

[30] *Dictionary of American Biography* (New York: 1946), Volume III–IV, pages 325–326; *Biographical Directory of the American Congress; National Cyclopedia of American Biography* (New York: 1897), Volume 1V, page 153.

[31] *Dictionary of American Biography* (New York: 1946), Volume XVII, pages 331–333.

[32] *Annals of Congress*, 18th Congress, 1st sess., pages 22–24.

[33] James Marquis. *The Life of Andrew Jackson* (Indianapolis: 1933), Volume II, page 61.

[34] *Ibid.*, page 62.

[35] Andrew Jackson to Rachel Jackson, November 28, 1823, and December 3, 1823, quoted in James, page 62.

[36] John Eaton to Rachel, December 18, 1823, quoted in James, page 63.

[37] James, page 63.

[38] *Ibid.*, pages 65–66.

[39] Daniel Webster to Ezekiel Webster, February 2, 1824, and Elijah Mills to Mrs. Mills, January 2, 1824, quoted in James, page 66.

[40] James, page 78.

[41] Remini, Robert. *Martin Van Buren and the Making of the Democratic Party* (New York: 1959).

[42] Josephy, page 167.

[43] Bates, page 117.

[44] *Annals of Congress*, 18th Congress, 2nd sess., page 526.

[45] *Ibid.*, page 527.

[46] Benton, page 29.

[47] *Senate Miscellaneous Documents*, 52nd Congress, 2nd sess., Volume 7, No. 68, page 42.

[48] *Debates in Congress*, 18th Congress, 2nd sess., page 3.

[49] Sargent, Nathan. *Public Men and Events* (Philadelphia: 1875), pages 91–92.
[50] *Debates in Congress*, 18th Congress, 2nd sess., page 12.
[51] Benton, pages 30–31; *Debates in Congress*, 18th Congress, 2nd sess., pages 28–33.
[52] *Debates in Congress*, 18th Congress, 2nd sess., page 56.
[53] *Ibid.*, pages 669–95, 709–11.
[54] *Historical Statistics of the United States* (Washington: 1976), Volume I, pages 8, 22.

Mr. ROBERT C. BYRD. Mr. President, does any Senator wish to yield?

I am ready to yield back my time.

Mr. BAKER. I yield back my time.

If the Senator will yield to me, I yield back the remainder of my time remaining under the standing order.

Mr. ROBERT C. BYRD. Mr. President, I yield back the remainder of my time.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I understand that Senators seeking recognition on special orders are detained away from the Chamber.

I ask unanimous consent to reclaim my time under the standing order for the purpose of suggesting the absence of a quorum.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I suggest the absence of a quorum charged against my time.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RECOGNITION OF SENATOR McCLURE

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Idaho is recognized.

SENATE JOINT RESOLUTION 115—TO APPROVE THE PRESIDENT'S RECOMMENDATION FOR A WAIVER OF LAW PURSUANT TO THE ALASKA NATURAL GAS TRANSPORTATION ACT OF 1976

(Introduced by Mr. McCLURE, for himself, Mr. JACKSON, Mr. STEVENS, and Mr. MURKOWSKI.)

Mr. McCLURE. Mr. President, I am pleased to join with my colleagues Senator STEVENS, Senator MURKOWSKI, and Senator JACKSON to introduce the joint resolution of approval for the waiver of law proposed by President Reagan which is needed to expedite the construction and initial operation of the Alaska Natural Gas Transportation System. Approval of this waiver by the Senate and the House is a critical step in assuring the expeditious completion of this project by the private sector under private financing.

The rapid completion of this project is important not only for this Nation's economic well-being, but also for our national security.

The Prudhoe Bay field, located on the north slope of Alaska, contains proven recoverable reserves of natural gas which conservatively total 26 trillion cubic feet; this is equivalent to about 4.5 billion barrels of oil. This field is the largest single gas reservoir ever discovered on the North American continent and it contains about one-eighth of the United States known reserves of gas. This field alone is capable of providing gas markets located in the lower 48 States with more than 2 billion cubic feet of gas per day over a 25-year period.

In addition to the proven reserves of natural gas located in the Prudhoe Bay field, independent experts estimate that there are somewhere in the range of 200 trillion cubic feet of additional reserves of gas located elsewhere in Alaska yet to be discovered. Without the construction of the Alaska Natural Gas Transportation System, however, none of the natural gas located in Alaska will be able to be transported to, and used in the lower 48 States; instead it would be shut-in and lost forever.

The economic and national security consequences of a failure to complete this transportation system would be staggering. A brief review of our energy situation and the implications of our continued dependence on foreign petroleum is in order.

During the first 7 months of 1981, the United States relied on foreign sources for nearly 5.7 million barrels per day of oil. While this is a significant improvement over the nearly 9 million barrels per day of oil we imported during 1977, our current level of imports represents a more significant economic strain on our economy as well as an increased security threat to our Nation than we have ever encountered previously.

In 1973, this Nation imported slightly more than $8 billion of foreign energy, accounting for less than 12 percent of our total imports of merchandise. By 1977, we imported $45 billion worth of foreign energy, accounting for about 30 percent of our merchandise imports. During 1980, this Nation's imports of energy cost us nearly $83 billion, and accounted for 34 percent of our total imports of merchandise. And, it should be noted, these imports of energy were 3½ times larger than our entire 1980 balance of trade deficit of $24 billion. During the first 7 months of 1981, our energy imports totaled more than $49 billion, again about one-third of this Nation's total imports of goods, and edging toward four times our entire balance of trade deficit of nearly $14 billion.

It is only too evident that this Nation's imports of petroleum have played a significant part in our continuous adverse balance of payments which, in turn, has weakened the value of the dollar, increased the flow of imported goods, worsened our rate of inflation and significantly lessened the ability of our domestic companies to compete in the international market.

More importantly, however, these imports of foreign petroleum have increasingly been coming from unstable regions of the world. Just prior to the oil crisis of 1973, 27 percent of the crude oil that the United States imported came from the Middle East; in January of this year more than 39 percent came from this region. And in addition to the crude oil that we import directly from this region are the petroleum products we import from other countries which are refined from oil produced in the Middle East.

As was exemplified during the recent Iranian revolution and accompanying Iraq/Iran war, some of the foreign suppliers of the oil which we overly depend upon are both unstable and only too willing to use the oil weapon to further their political interests.

From even this cursory examination of the United States vulnerability to foreign petroleum supply interruptions—whether they be intentional or accidental—it is only too evident that this Nation's economic well-being and national security rests far too much in the hands of foreign interests. The completion of the Alaska Natural Gas Transportation System can do much to relieve this country from this intolerable situation.

The Alaska Natural Gas Transportation System will have an initial capacity of 2 billion cubic feet of gas per day, and can be expanded to move as much as 3.2 billion cubic feet per day. The movement of 2 billion cubic feet of Alaskan natural gas to the lower 48 will displace nearly 400,000 barrels per day of imported oil, a savings of somewhere in the range of $7 billion per year as well as a major reduction in our foreign petroleum dependence.

Ultimately when the system is expanded to transport 3.2 billion cubic feet of gas per day, as much as 600,000 barrels per day of foreign oil could be displaced thereby saving this Nation well in excess of $11 billion each year of operation and insulating us even further from the uncertainties of unstable foreign petroleum production.

It is without question then, that the completion of the Alaska Natural Gas Transportation System is in this Nation's economic and national security interests. Failure to build the system would expose the country to unacceptable economic consequences, it would increase our vulnerability to the uncertainties of foreign production, it would result in the loss of this enormous resource from our base of energy reserves, it would deny domestic markets access to domestic energy, and moreover, it would jeopardize the economic recovery of our economy.

It is for these reasons, Mr. President, that I urge the Members of the Senate to join with me and my colleagues to support the passage of the joint resolution of approval of the waiver package proposed by the President of the United States.

The introduction of this resolution culminates 6 months of active review, discussion, and negotiations among the four of us, with the pipeline sponsors, the financial community, and between ourselves and the administration and the leadership of our counterpart House committees. We jointly wrote to the

President on July 24 and again on September 14 urging him to consider and send to the Congress a waiver of laws necessary to enable private financing of the pipeline. Since spring, the administration has been engaged in a parallel dialog with the Canadian Government, including a number of direct discussions between the President and Prime Minister Trudeau.

The President on October 7 announced his decision to send to Congress a waiver package similar to the one we forwarded to him on July 24 and again on September 14. Last Thursday, October 15, Congress formally received the President's waiver package, thus triggering the 60-day congressional review and approval procedure under the Alaska Natural Gas Transportation Act of 1976.

The Senate joint resolution of approval we are introducing today must be enacted, with both Houses of Congress approving, prior to the expiration of the 60-day period. Three days of hearings in the Energy and Natural Resources Committee on the resolution will begin on Thursday. I believe all of the cosponsors here are confident that the resolution ultimately will be enacted, and hopefully enacted before the end of this session of Congress.

All of us are pleased, I am sure, that the President decided to send us this particular waiver package, which preserves intact our substantive recommendations to him. The Alaska gas pipeline will open access to proven gas reserves on the North Slope which equal 15 percent of domestic gas reserves and will deliver 5 percent of our current annual gas consumption to the lower 48 States for a period of 20 to 30 years.

Such access and delivery will make a major contribution to our national energy security, the economic growth of America, and certainly our national security. Also, as the President cabled to Prime Minister Trudeau and noted in his formal transmittal statement, the project is—

> A symbol of U.S.-Canadian ability to work together cooperatively in the energy area for the benefit of both countries and peoples (and) this same spirit can be very important in resolving the other problems we face in the energy area.

Perhaps what all of us believe is most important about this specific package is that it will provide a positive opportunity for private financing of the pipeline, rather than any Federal Government assistance. Legal barriers to gas producer participation in financing the project would be modified to allow such participation, while retaining appropriate safeguards, thus insuring needed equity financing for construction. Also, potential legal impediments to adequate debt financing are modified to increase the security of such investments in the billing arrangements and in needed regulatory predictability.

We are convinced that the combination of these several modifications, which the President found to be necessary under the law "to permit expeditious construction and operation" of the pipeline, will support the early negotiation of a viable financing plan with needed debt and equity for the pipeline.

I believe we are also convinced that these modifications, which will be implemented and enforced by the Federal Energy Regulatory Commission under strict regulatory procedures, carefully balances the very best interest of this Nation, including gas consumers, participating financial institutions, the participating pipelines, producers and sponsors, as well as internationally important Canadian interests.

On that basis, we will urge our colleagues in the Senate and the House of Representatives to review and consider most carefully this package and the pipeline. Having done so, we are confident that they will agree with us to approve the President's proposal by enacting our Senate joint resolution in the next 60 days.

Thank you.

Mr. JACKSON. Mr. President, I am pleased to join three of my colleagues today in introducing a joint resolution of approval for the President's recommendation of a waiver of law package for those laws that impede private financing of the Alaska Natural Gas Transportation System.

I do so for one simple reason: Unless we act to approve the waiver package, there is no other way to get the pipeline built.

Building a pipeline to transport this Nation's single largest reserve of natural gas from the North Slope of Alaska to markets in the lower 48 States has long been recognized to be in the national interest. We first said so in 1973, when we passed legislation authorizing construction of the trans-Alaska oil pipeline. That legislation paved the way for negotiatioins with Canada over the natural gas pipeline route. The result of those negotiations is embodied in the route of the pipeline under consideration today.

We said so again in 1976, when we passed the Alaska Natural Gas Transportation Act taking the selection of a pipeline route out of normal bureaucratic channels to expedite a final decision on the matter by having the President and the Congress make the route decision.

We said so again in 1977, when we approved the President's decision under the 1976 act selecting the Alcan proposal as the preferred transportation system.

We said so again in 1978, when we passed the Natural Gas Policy Act, which contained several provisions designed to encourage construction of the gas pipeline project.

We said so again in 1980, when we passed a concurrent resolution to reassure our neighbors to the north that we would see this project to completion.

Finally, we must say once again that the pipeline project is in the national interest and needs to be built. Unless we do so, all of our efforts to date to provide for a privately financed natural gas pipeline from Alaska will prove to be in vain.

The stakes involved in this decision go far beyond the 26 trillion cubic feet of recoverable natural gas reserves in Prudhoe Bay. The basic decision involved is whether we can find a way to enable construction of a privately financed natural gas pipeline to proceed. If we can, it will open up the entire northern part of the North American continent—in both the United States and Canada—to natural gas exploration and development. If we cannot, we will, in effect, be locking up not only the Prudhoe Bay reserves, but also an estimated 200 trillion cubic feet of undiscovered recoverable natural gas resources elsewhere in Alaska, and an equally great potential in northern Canada.

Last fall, the Canadian Federal Government relying on assurances from both the President and the Congress that we were still committed to completion of the entire Alaska Natural Gas Transportation System, authorized additional exports of natural gas. Some of that gas is already flowing through portions of the western leg of the system which were "prebuilt" to utilize the Canadian gas. The early construction phase of the eastern leg of the system is also underway. Over $2 billion of private capital have already been committed to the prebuild based upon our assurances that we remain committed to the project. Failure to meet this commitment would constitute a major breach of faith on the part of the United States and would have severe international repercussions.

I know that my colleagues will hear a great deal about this waiver package in the 8 weeks ahead. Committees of jurisdiction in both the Senate and the House have already scheduled hearings on the waiver proposal. We shall go into great detail in the coming weeks on the specifics of each aspect of the waiver proposal.

I do not propose to go into great detail about each provision in the waiver package today. However, I do want to comment on two aspects of the waiver proposal before a lot of erroneous information gets spread around and becomes conventional wisdom.

The financing mechanism contemplated by the package is likely to be the most controversial part of it. Indeed, it has already given me some pause. I personally would not have supported the proposal if there were any other means to get this tremendous undertaking underway.

The waiver would allow the Federal Energy Regulatory Commission to approve a tariff for the pipeline system that might result in consumers paying a small portion of the cost of the system in advance of gas deliveries. I use the word "might" on purpose, for I certainly hope that construction will proceed in the manner contemplated today by the engineers and that completion of all parts of the system will occur simultaneously.

The billing commencement date mechanism in the package would require the FERC to determine when it is most likely for the entire system to begin operation. If the entire system is not complete as of that date, purchasers of Alaska gas could be charged according to a minimum bill

tariff for the gas conditioning plan in Alaska or for the pipeline segment in Alaska. They could also be charged according to a full cost of service tariff for the pipeline in Canada. This latter treatment conforms to Canadian law and regulatory decisions to date.

First, I want to stress that Alaska natural gas purchasers would not be required to pay any return of, or on, the producers' or the pipeline companies' equity investment in the gas conditioning plant or the Alaska pipeline segment of the project until the entire system is complete. That equity investment will be completely at risk until the project is completed.

The banks told us categorically that they would be unable to raise the funds for the project without this mechanism. Frankly, they asked for even more generous treatment but I, for one, could not agree to support anything that goes any further.

Second, I want to stress that the waiver package does not mean that potential Alaska gas purchasers would be locked into paying the tariff forever if the project were not completed. It simply means that FERC could not act to change the minimum bill tariff in the manner that would impair payment of the debt, taxes, and operating expenses. I have no doubt that a future Congress would take appropriate action if it appeared likely that the project would not be completed. We are simply saying that Congress will judge what to do if the project should fail, rather than the bureaucrats. On a project of this size and importance, I believe that is perfectly appropriate.

Mr. President, this waiver package and this pipeline system must be looked at as part of the larger effort we must make to lessen our dependence on insecure foreign sources for our basic energy needs. It is in this larger context that I look at this proposal.

This proposal goes to developing our own energy resources so that, over the long haul, we can strengthen both our economy and our national security. In my view, we have no choice but to proceed and to act favorably on the President's recommendation. I hope that my colleagues will agree with me and that they will support the joint resolution we are introducing today.

The ACTING PRESIDENT pro tempore. The Senator from Alaska is recognized.

Mr. STEVENS. Mr. President, today I join Senators McCLURE, JACKSON, and MURKOWSKI in introducing this joint resolution to approve the President's waiver package submitted pursuant to the Alaska Natural Gas Transportation Act of 1976 (ANGTA). We are introducing this resolution in a bipartisan effort to insure that every opportunity is given to allow private financing for the Alaska Natural Gas Transportation System (ANGTS).

We have dealt with this project specially in Congress and at the executive level for two reasons. The first reason is that in 1968 the largest single discovery of oil and natural gas ever made on the continent of North America was made at Prudhoe Bay on the North Slope of Alaska.

Second, our experience with the immense financial and regulatory demands of the trans-Alaska oil pipeline indicated to Congress that special treatment had to be granted for any proposed natural gas pipeline. As Senator JACKSON has explained; the purpose of ANGTA was to provide a means for making a sound decision with respect to the selection of the Alaska gas transportation system. It was intended to expedite construction and initial operation by streamlining agency decisions, limiting judicial review and providing the mechanism by which the President and Congress could waive laws that pertain to the transportation system.

In 1977, the Federal Power Commission (FPC) recommended that the President select from two overline proposals which would carry Alaska natural gas across Canada to the lower 48 States.

On September 20, 1977, the United States and Canada signed an agreement on "Principals Applicable to a Northern Natural Gas Pipeline," which established the terms and conditions which would apply to ANGTS in Canada and the mechanisms by which the two countries would cooperate on this joint project. Two days later the President issued his decision selecting the Alaska northwest proposal as the best means to bring Alaska gas to the lower 48 States. Approximately 1 month later, Congress approved the Presidential decision. (J.J. RAS. 621, Public Law 95–58).

Finally in 1980, Congress passed the concurrent resolution (S. Con. Res. 104) expressing the "sense of the Congress that the system remains an essential part of securing this Nation's energy future and, as such, enjoys the highest level of Congressional support for its expeditious construction and completion by the end of 1985."

This project entails a 4,800 mile pipeline system stretching from Prudhoe Bay, across Canada to terminals in Illinois and California. With an estimated total of about $40 billion, it would be the largest privately financed project in the history of man. This pipeline will bring 26 trillion cubic feet of gas—13 percent of our Nation's total gas reserves to market in the lower 48 States.

We are well on the way to approval of this project. Conditional FERC certification, approval of design specifications, tariffs, operating agreements by the FERC and the right-of-way grant from the Department of Interior have already been obtained. The State of Alaska is acting expeditiously to process permitting requirements in the State. The design and engineering of this pipeline is essentially complete. What remains is financing.

The waiver of law sent to us by the President pursuant to section 8(g) of ANGTA is targeted on those specific provisions of law impeding the ability of the private capital market to finance this project. Congress can assist the President and our Nation by removing these obstacles through congressional approval of the waiver.

Some are questioning the need for this natural gas. I would point out to them that beginning in 1967, and continuing each succeeding year up to the present, U.S. natural gas consumption has exceeded additions to proven reserves. We currently have proven natural gas reserves (including Alaska) below 200 trillion cubic feet.

Current gas production is about 20 trillion cubic feet per year, giving the United States a reserve life of less than 10 years. Conventional lower 48 gas production is expected to decrease despite accelerated drilling activities and productivity. The amount of gas discovered and produced is on a continuing decline. We must provide supplementary sources of gas to maintain our current supply level. It is the resounding consensus of all facets of our Government that gas from Alaska will be needed to augment supplies produced in the lower 48 States.

This project will replace imported oil. This project will create jobs for American workers and orders for U.S. businesses. Construction of this project will require a work force of 13,000 workers. Additionally, the project will help Canada maintain needed supply through gas exports to the United States and will strengthen our relationship with that nation.

Although there have been some disagreements recently in energy policy, the United States and Canada are inextricably bound to one another in areas of mutual interest, such as energy resource development. We need to emphasize this pipeline as a basis for ongoing cooperation with Canada.

Alaska gas is not subject to OPEC prices or embargo. The gas is to be distributed to 45 States and will provide benefits to a wide variety of U.S. gas users. Moreover, construction will demonstrate to the rest of the world the deep commitment of the United States to discovering and developing secure domestic sources of energy. Estimates indicate we will produce a net national economic benefit of $40 to $90 billion through construction of this gas line.

I am particularly concerned that the failure to pass this waiver and the potential destruction of financing this pipeline might be regarding further exploration and development in the frontier areas of Alaska. We are all aware that the Department of the Interior has installed as one of the cornerstones of this country's energy policy—its Outer Continental Shelf development plan. Over the next 5 years, Interior plans 16 Outer Continental Shelf lease sales off Alaska. Approximately 70 percent of all the Outer Continental Shelf leases will be off Alaska. Obscure names to most Americans—such as Diapir, Beaufort, Chukchi, the Navarin basin, and the North Aleutian Shelf are targeted for development and represent some of the highest priority areas in this Nation for oil and gas exploration.

Furthermore, leasing is to commence in the high potential national petroleum reserve—Alaska, in December, with future leases to occur in numerous upland areas of the State over the next decade.

By most estimates, onshore and offshore Alaska will provide one barrel of oil for every barrel discovered in the rest of the United States. I ponder the question—what incentive is there to search for these hydrocarbons if there is no means of delivering the resources to market?

In a letter sent by Under Secretary of Interior, Donald Hodel, to Vice President GEORGE BUSH on July 24 of this year, the Department informs the Congress of the changes it felt were necessary in the Outer Continental Shelf leasing schedule:

> The location of sale areas with respect to regional and national energy markets has been considered. The Department of Energy (DOE) has advised us that the location of a supply region lacking existing transportation facilities should not be viewed as constraints to the outer continental shelf leasing process. Only with proven reserves can expenditure for new transportation facilities be made. History has shown that once significant discovery is made in an area without prior production, transportation networks will be designed to meet the requirements for expeditious production of the discovery.

We risk changing history through failure to act on this project. I submit to you that a discovery of 26 trillion cubic feet of proven natural gas reserves is greater than significant. It is the largest single natural gas reserve discovered on the North American Continent. It is proven and is ready to be brought to market. A consortium of producers and sponsor companies have spent nearly $1 billion in Alaska and Canada preparing to bring the product to market. Yet, we stand today at a juncture where construction of this project is in doubt. One thing is certain, failure to pass this joint resolution approving the President's waiver will send the signal loud and clear to our energy industry, financial markets, Canadian allies, gas consumers, and indeed the world that this country is not committed to the expeditious production or even discovery of essential energy resources. Moreover it will set this project back 10 to 15 years at a minimum.

There is little point in investing the vast amount of capital required to explore frontier areas in Alaska if our Government is not committed to take steps necessary to facilitate transportion of the resources once discovered. What motivation or incentive is there to drill in the Beaufort Sea, or the Navarin basin, or the national petroleum reserve of Alaska if there is substantial fear that we as a government are not wedded to the proposition that every effort must be made to provide a clear resource to areas of demand.

The challenge is being made that this project is not economic at this time. My answer to that is that this project can provide natural gas for the next 25 years in the lower 48 at costs ranging from $4.13 to $5.67 per million Btu's—in 1980 dollars. Although the initial cost of procuring Alaska natural gas may be higher than competing sources of supply, over that 25-year period, this project will provide the lowest cost natural gas in the country. An average estimate for the cost of oil over the same time is approximately $9 per million Btu's—in 1980 dollars—the Alaska Natural Gas Transportation System will be providing a relatively inexpensive source of energy to consumers.

This analysis does not even consider the potential 100 to 200 trillion cubic feet of estimated reserves remaining to be discovered in Alaska. The major portion of that potential is expected to be discovered on the North Slope and can conceivably be served by this transportation system. This is what we are really seeking to provide.

Regardless of future discoveries, the 26 trillion cubic feet of proven reserves that would certainly be served by ANGTS is sufficiently large to attract investment by the three principal North Slope gas producers—Arco, Exxon, and Sohio, of approximately $9 billion in total financing responsibility. That is; these companies are willing to participate if Congress passes this waiver permitting them to do so and financing can be obtained.

Congress is currently poised to make a decision with irreversible effects on the future development and exploration in frontier areas in Alaska. The President's waiver of law is designed to allow domestic and foreign institutions to provide financing for a $40 billion project. Due to the enormous scope of this project, project sponsors cannot obtain sufficient financing domestically and must seek the vast majority of debt capital abroad.

We are, therefore, in need of creating a legal and regulatory framework that would offer sufficient certainty to convince international lending institutions that this project is competitive in relation to other world class investment opportunities.

Significantly, the Soviet Union has constructed approximately 6,000 miles of 56-inch gas pipelines between 1976 and 1980. Furthermore, the Russians plan to lay roughly 10,000 miles of 56-inch pipe from fields in western Siberia to central and western areas of European Russia between 1981 and 1985. There is no doubt the Siberian pipeline and other Soviet pipeline projects will compete with the capital and supply markets in the industrialized world to accomplish the Russians' objectives. The question is the degree by which their efforts can be offset.

This waiver of law adopted by the President will remove barriers that currently prohibit private financing and will permit expeditious issuance of the final certificate authorizing the completion of ANGTS. This waiver will accomplish the essential objectives of permitting equity participation by North Slope producers in the pipeline project, allowing the Federal Energy Regulatory Commission to approve, at its discretion, a tariff allowing sufficient certainty to warrant the enormous sums needed for private financing, and enable the Federal Energy Regulatory Commission (FERC) to expedite the issuance of a final certificate of public necessity and convenience.

Although there are seven specific issues raised in this waiver, only two have seemed to draw substantial opposition from Members of Congress or private interest groups. The first controversial item is the issue of "regulatory certainty." This waiver is designed to assure lenders that authority of the Federal Energy Regulatory Commission to modify or rescind orders cannot be implemented such that the income which would serve as security for loans would be reduced below the level necessary to retire the principal of the loan and to pay the interest thereon.

There is a body of law that indicates the current authority of FERC to take such an action. It can hardly be expected that sums of the magnitude required by this pipeline project can be obtained if FERC is able to change the project tariff in a manner that would reduce revenues below the level necessary to service project debt. In fact, it is inconceivable that prudent lenders would take such a risk in the face of the broad discretion currently vested in FERC.

The most contentious element of the waiver is the issue of billing commencement. Under existing law, consumers cannot be billed until the entire pipeline is complete from the exit point of the conditioning plant through Alaska to Canada to the connecting point with the prebuilt sections at Calgary. This means, in effect, that consumers could be billed prior to gas actually flowing through the pipeline.

This is pursuant to the President's decision and report to Congress on the Alaska Natural Gas System in September 1977. This waiver incorporates the conditioning plant into the pipeline system and separates the system into three discrete segments. Billing upon completion of any one of the three segments can commence only after a date determined by FERC upon which the entire project, including the conditioning plant, can reasonably be completed. Consumers will not be responsible for any expense until that time.

At that date, consumers could be responsible for the full cost of service for the Canadian portion of the pipeline presuming the conditioning plant segment, the Alaska pipeline segment from the Canadian border to the conditioning plant, or both Alaska segments are not completed. The reason full cost is appropriate for the Canadian segment is the commitment of the prior administration to Canada to provide such a tariff as a means of securing financing for the Canadian portion of the project.

In contrast, the Alaska pipeline segment, which is constituted by pipeline from the Canadian border north to the conditioning plant at Prudhoe Bay, can upon completion after the date determined by FERC, receive what is known as minimum bill. Minimum bill permits recovery of the actual operation in maintenance expenses, current taxes, and amounts necessary to service debt, including interest and scheduled retirement of debt. This is assuming one of the other three segments is not completed.

The same analysis applies to the conditioning plant. It must be noted that no return on equity can commence until gas is flowing. Therefore, there is tremendous incentive upon the equity participants in

this project to expeditiously complete the project. This waiver does not grant the equity participants in the project 1 cent until they have fulfilled their obligation to provide gas to consumers in the lower 48.

The issue then is what amount of risk is the consumer really absorbing in this project? The answer is, the consumer is assuming a minimal portion of the risk of delay in this project. Not only is there an incentive against project delay built in by the failure of the waiver to provide any return of equity until completion of the entire system, but also there is the additional guarantee of completion provided by the requirement that the entire pipeline segment in Alaska from the border of Canada to the conditioning plant at Prudhoe Bay be completed prior to any precommencement billing.

The same requirement is placed upon the conditioning plant segment as a prerequisite for preconditioning billing. The consumer is therefore endowed with the dual protection of the minimum bill concept while being guaranteed that the most significant portion of this pipeline must be entirely complete prior to any billing. This concept falls far short of construction work in progress (CWIP), that has been sought by potential lenders for this project.

I wish to quote the President's synopsis accompanying his waiver package:

> It is critical to the energy security of this country that the Federal Government not obstruct development of energy resources on the North Slope of Alaska.

This project is a catalyst for future energy development and will help us meet our demand for gas in the 1980's, 1990's, and into the next century. Additionally, this project will offset foreign oil and enhance national security derived from a reduction from our dependence on foreign oil.

The Alaska Natural Gas Transportation System will create jobs for the U.S. workers and orders for U.S. businesses and in fact provide a net national economic benefit that has been estimated at $40 to $90 billion. Finally, the natural gas pipeline will benefit U.S. consumers by reducing the overall costs of their energy requirements, providing an energy resource of the cost that will decline over time, and at a rate less than that of foreign oil and perhaps other domestic oil and gas resources, and offers a reliable source of domestic energy to 45 States not subject to OPEC price increases or embargo.

I wholeheartedly join my colleagues in offering this resolution approving the President's waiver. We must lay aside the regulatory and legal obstacles clearly impeding private financing of this project. I am confident, concerning what is at stake, that the Congress will act expeditiously to do so.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Alaska (Mr. MURKOWSKI) is recognized for not to exceed 15 minutes.

Mr. MURKOWSKI. Mr. President, today it is my privilege to join Senators MCCLURE, JACKSON, and STEVENS in the introduction of the resolution of approval for the "waiver package" proposed by the President to facilitate the construction of the Alaska Natural Gas Transportation System.

Mr. President, in my mind, this is one of the most important pieces of legislation that will come before the 97th Congress. Swift action and approval of this resolution by the Congress will help insure the completion of a project that will bring an estimated 26 trillion cubic feet of natural gas from Alaska to the "lower-48."

I might mention, too, Mr. President, that this project is the choice of the environmental community over the other two proposed routes, namely, the Canadian Arctic gas route and the El Paso route which involved gas liquefaction.

Mr. President, I can think of no other project at this time that would have a more dramatic effect on the U.S. economy than the expenditure of $40 billion on this project, which will have such a vast effect on employment in our country, initiating some 16,000 jobs.

Mr. President, that is just the beginning. It is estimated that up to 10 times the amount of proven natural gas reserves, that is, 26 trillion cubic feet of proven reserves, can be made available through increased exploration and development in the Alaskan Arctic over the next 20 years.

Without a means to bring this tremendous resource to market, we deny ourselves the opportunity to displace expensive and unreliable sources of foreign oil.

I do not have to reiterate the painful lessons of past oil shortages and the energy-related political events that have shaped recent history. Senator MCCLURE, my good friend and chairman of the Energy Committee, has already spoken about the importance of this project to our goal of energy independence. Although the world presently has a so-called "energy glut," no responsible person—and certainly not the U.S. Government—can rely on this tenuous glut. It could very well disappear tomorrow, or next week, or next month. Our country, relying principally on private enterprise, must continue to develop aggressively new, domestic sources of energy to fuel our economy.

The contribution which this proposed gas pipeline can make to America's economic well-being and America's national security is truly significant. Completion of the project, therefore, is a matter of national importance. Congressional approval of President Reagan's "waiver package" by adoption of the resolution we introduce today will move the project toward completion.

Mr. President, much has changed since 1977 when President Carter presented his decision and report to Congress on the Alaska Natural Gas Transportation System. I believe Senator JACKSON will elaborate on the significance of that point and the subsequent need for a waiver package given today's circumstances. Inflation has pushed the project's cost estimates upward, and financing arrangements have and will continue to become increasingly complex due to the global monetary situation. This gas transportation system in its entirety will cost over $40 billion in "as spent" dollars if completed in 1986 as now projected. It will be the most extensive privately financed project in the history of the free world.

With these enormous capital costs, developing a sufficient and workable financing plan has been and will continue to be a great challenge. The sponsors, the gas producers, the pipeline companies, and a number of financial institutions have already had many discussions in this regard. Members of Congress who have been working on this "waiver package" have certainly become well aware of the unprecedented financial commitment it will take to compete the project.

The "waiver package" or terms of financing, includes several key provisions. First, it is now clear that the gas producers will need to have an equity or ownership interest in the project. Given the tremendous financial requirements of a project of this magnitude, equity participation by the energy industry is crucial. The current prohibition against producer equity participation is based on antitrust concerns which can be addressed at the time of final FERC certification of the project. Therefore, sufficient antitrust protection will be insured.

Other waivers address the question of regulatory certainty. The financial community requires some assurance that the income stream which serves as security for their loans will not be reduced below the level necessary to repay the debt. Essentially, this waiver simply precludes the Federal Energy Regulatory Commission from undercutting the security of the loan through future modification of the project tariffs in such a way as to seriously endanger debt servicing.

During the course of the lengthy discussions on the "waiver package," it also became clear that minimal assurances against the risk of noncompletion of this 4,800-mile pipeline system must be provided. The Canadian National Energy Board has already approved the tariff for the Canadian pipeline segment, which provides for the recovery of "full cost of service" upon completion and commission of that segment of the pipeline. This is in keeping with an agreement between President Carter and the Government of Canada which was reached prior to the prebuilding of some of the Canadian segments of the pipeline that have since been done. Additionally, financial experts who have studied the Alaskan segments of the project—the $6 billion gas conditioning plant and the $21 billion Alaska pipeline—have without exception indicated that some minimal assurance to investors for operating expenses, taxes, and debt service will be necessary if financing for this enormously expensive project is to be forthcoming.

After reviewing this situation carefully and considering the advice of financial experts, Senators working on this "waiver package" and the administration have included as proposed a procedure in the "waiver package" which will enable the Federal Energy Regulatory Commission under very limited circumstances and very specific terms to develop a tariff that will provide for an

assured minimal flow of revenues to investors prior to the completion of the entire system. The 1977 Presidential decision prohibited such a tariff.

The proposed "waiver package" would permit FERC to approve, in its discretion, a tariff permitting billing to commence for the gas conditioning plant, the Alaskan pipeline segment, and the Canadian segment of the pipeline system upon their individual and separate completion and commissioning but not before a target completion date established by FERC as the most likely date for the transportation system to begin operation.

FERC would be authorized to permit the U.S. sponsors to charge a minimum bill to recover actual operating and maintenance expenses, current taxes, and debt service, including interest and scheduled debt retirement after the target completion date set by FERC and upon completion and commissioning of each of the two individual segments—the gas conditioning plant and the Alaskan pipleline segment. FERC would also be authorized, consistent with the tariff already approved by the Canadian Energy Board, to permit Canadian sponsors to charge the full cost of service, including a return on equity, after the target completion date set by FERC and upon completion and commissioning of the system in Canada.

Contrary to certain statements about this part of the "waiver package," it would not reassign the risk of noncompletion of the entire pipeline project to consumers. Rather, the risk of noncompletion would be shared between investors and consumers. Investors would continue to assume the risk of noncompletion for their respective segments. If any segment were not completed, the investors in that segment would bear the loss associated with its noncompletion. Consumers would assume the responsibility for the repayment of debt only after the target completion date and completion of one or more segments. Equity would continue to remain at risk until service commences. That is some $6 billion worth of equity risk.

Mr. President, this very limited authority for FERC to approve billing before the entire system is completed is not an opportunity to place on consumers the entire risk of noncompletion of this transportation system. U.S. sponsors, at most, would be able to recover necessary operating expenses, taxes, and debt service—not return on equity—upon completion of one or the other of the two segments in Alaska and only after the target completion date set by FERC.

The financial community has made it as clear as it can be that without this limited FERC authority, the enormous capital which must be raised for this project will not be forthcoming. That is the bottom line, Mr. President.

I sincerely doubt—given the impetus which will develop to complete the project once it is underway—that billing prior to completion of the entire system will ever occur. However, in evaluating such a possibility, the risks of not having this vital project completed must also be considered. Not to build this project which will deliver nearly 26 trillion cubic feet of natural gas to meet our country's energy needs and reduce our dependence on foreign energy sources is truly unthinkable.

Moreover, if we fail to develop the means to bring 26 trillion cubic feet of known natural gas reserves to market, then all of our discussions of accelerated gas leasing in Alaska are purely academic. This applies to offshore wells in Alaska as well.

There is another consideration that demands we act quickly to pave the way for the pipeline's financing and construction. The Soviet Union is embarking on the construction of a 3,600-mile natural gas pipeline from Western Siberia into Western Europe. This pipeline is expected to cost the Soviets approximately $10 billion and the West European financial community will probably be supplying a significant portion of this financing.

It is unlikely that both the Soviet and Alaskan pipelines can be financed during the same time frame due to the immense capital requirements involved and the current global monetary and economic situation, in addition to the availability of pipe which would come from roughly the same sources. There is an additional important reason for us to adopt this "waiver package" and proceed with financing arrangements for the Alaskan pipeline now.

Moreover, Mr. President, I believe that it would be regrettably ironic if the Senate failed to approve this package and we failed to move ahead with the projects financing and construction. The Western Europeans who will receive the Soviet natural gas are clearly willing to rely upon an energy source which—in a political context—may be viewed as potentially unreliable. Nevertheless, the Western Europeans and the Soviets are moving ahead. We, on the other hand, have an opportunity to develop our own domestic, secure source of energy. It would be irresponsible for us to fail to do so.

America is fortunate to have the unparalleled technological capability to extract energy from seemingly inaccessible regions. If we fail to take advantage of our technological advantage by not completing the Alaskan pipeline, we shall fail to achieve a greater degree of energy independence while the Soviet Union strengthens its own position. This is a consequence I do not believe we can afford.

Finally, Mr. President, I want to reiterate the importance of this project to our relationship with Canada. We have made a substantial commitment to the Canadians, and we have repeatedly assured them in numerous legislative or executive actions that this pipeline would be built. Relying upon these assurances, the Canadian Government authorized additional natural gas exports and the sponsors in Canada undertook to prebuild portions of this system in anticipation of construction in Alaska. Expectations are high throughout the Canadian Government and private sector. Any perceived unwillingness by our Government to take reasonable steps to promote this project will certainly be interpreted as a breach of faith, if not a breach of international agreement. We may needlessly risk harm to our already delicate commercial relationship with Canada.

As President Reagan indicated in his October 6 telegram to Prime Minister Trudeau:

> This (Alaska Natural Gas Pipeline) project is important not only in terms of its contribution to the energy security of North America, it is also a symbol of U.S.-Canadian ability to work together cooperatively in the energy area for the benefit of both countries and peoples.

Mr. President, we are at a crucial juncture. Simply put, if we fail to act and approve this resolution, we are denying ourself the opportunity to achieve a greater degree of energy independence. That is not an alternative, Mr. President, that I can live with, and I am certain my Senate colleagues will share that conclusion and support this resolution.

ORDER OF BUSINESS

Mr. JACKSON. Mr President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SCHMITT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SCHMITT. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. SCHMITT. Is it necessary to get unanimous consent to proceed for 3 minutes?

The ACTING PRESIDENT pro tempore. At this point, it would be. The next order of business is for the majority leader to be recognized for 15 minutes.

Mr. SCHMITT. Mr. President, I ask unanimous consent that I may be permitted to proceed for 3 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(The remarks of Mr. SCHMITT at this point in connection with the introduction of legislation are printed under Introduction of Bills and Joint Resolutions.)

Mr. SCHMITT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. ANDREWS). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. The Chair will advise the Senator that under the previous order there will now be a period for the transaction of routine morning business for not to exceed 30 minutes

with statements therein limited to 5 minutes each.

Mr. PROXMIRE. Mr. President, I appreciate that. What I am going to do now is simply go ahead with some morning business, which I happen to have. I am waiting for Senator HELMS and Senator HUDDLESTON to come to the floor for a colloquy on the dairy issue, but until they come to the floor I will desist on that issue.

SENATOR HOWARD METZENBAUM: LEADER OF THE ANTI-INFLATION FIGHT THROUGH COMPETITION

Mr. PROXMIRE. Mr. President, the No. 1 economic problem facing this country is still inflation, and the best tool we have to fight inflation is vigorous competition. That is why Senator HOWARD METZENBAUM of Ohio is serving this country's economic interests so well. Senator METZENBAUM has been the chairman of the Senate Subcommittee on Antitrust, Monopoly, and Business Rights.

He has been an eminently successful businessman himself. He understands from solid and successful experience the vital importance of vigorous antitrust enforcement to competition and of competition to stable prices. Our best regulator by far is competition. It has served this country spectacularly through our long climb to become the dominant economic power on Earth.

Why have we won this preeminent economic position? Other countries have more people, more resources. But no country throughout its history has more consistently stressed competition and enacted laws to secure it more faithfully than the United States.

Senator METZENBAUM has written an article which appeared in yesterday's New York Times. He documents, in spades, the charge that the Reagan administration has turned its back on the enforcement of our antitrust laws by appointing as Chief of the Antitrust Division of the Justice Department William F. Baxter.

Mr. President, you have to read the Metzenbaum article to fully understand the devastating effect this appointment will have on competitive pricing in this country and how ironic, at a time when our No. 1 economic problem is inflation and when the best way to fight inflation is through competition, that this administration, while professing its belief in the free market, should virtually drop enforcement of our antitrust laws.

Mr. President, I hope every Senator will read this excellent article by Senator METZENBAUM. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Oct. 18, 1981]

MERGERS AND ACQUISITIONS: IS WILLIAM BAXTER ANTI-ANTITRUST?

(By Howard M. Metzenbaum)

The Reagan White House has a penchant for entrusting administration of our most important laws to those who believe they should not be enforced. Nowhere is this better illustrated than in the case of William F. Baxter, chief of the Justice Department's antitrust division.

In his first months in office, Mr. Baxter has announced that he will ignore what one of his top assistants conceded was "clear judicial precedent" from the Supreme Court that manufacturers cannot set the retailers' price. He has also said he will ignore equally clear Supreme Court rulings against mergers and other arrangements in the chain of production or distribution of a product.

Describing such precedents as "rubbish," "misguided," "not well enformed," he has sent signals to the business community that mergers heretofore considered beyond the pale are now permissible.

According to a partner at the investment banking firm of Dillon, Read & Company, this reversal by the nation's top antitrust official "should spark a 10 percent to 15 percent pickup in merger activity." And Mr. Baxter says he plans to intervene in private antitrust suits on the side of the defendants and to review old consent decrees to undo controls that he thinks his "misguided" and overly "activist" predecessors went too far in obtaining.

He has agreed to drop the landmark suit against the American Telephone and Telegraph Company, which he said he would "litigate to the eyeballs," in return for two conditions of the kind he had earlier indicated were totally inadequate. To date, he has filed no suits not already started by his predecessors, and has dropped two.

Mr. Baxter's views have also confused corporate counsel. At a meeting of the American Bar Association in August, attorneys, noting the differences between Mr. Baxter's view and Supreme Court precedents that have never been overturned or even questioned, asked how an attorney could sensibly advise a client.

All of this has been done without going to Congress. Is it any wonder, that true to the bipartisan tradition of antitrust, Republicans and Democrats alike have warned about a policy that, in the words of Senator Slade Gorton, Republican of Washington, amounts to "a signal to the business community that violations of current law will be tolerated?"

The Baxter policies are a single-minded application of University of Chicago style economics. Those policies look only to deductively inferred economic efficiencies in evaluating business arrangements, and disdain the entire political and social dimension of our antitrust laws. They assume that almost anything business does is rational and therefore right.

This economic philosophy has little basis in fact, and even less support in statute and case law. It is inconsistent with the entire antitrust tradition.

Consider mergers for example. Mr. Baxter finds nothing wrong with vertical and conglomerate mergers that have no substantial horizontal effect and finds nothing disturbing about merger trends or merger waves. He thinks that only inefficiently managed companies are taken over and that mergers usually result in a transfer of "assets . . . into the hands of those managers who employ them most efficiently."

"Rubbish," to use one of Mr. Baxter's favorite expressions. Many mergers—particularly of the conglomerate and vertical variety—are highly inefficient. The Mobil Corporation has lost hundreds of millions of dollars on its Montgomery Ward acquisition. The Exxon Corporation bought the Reliance Electric company for $1.3 billion in order to manufacture and market a new energy-saving motor device, only to conclude a year later that the device was a dud. One merger consultant recently concluded that seven out of 10 mergers are disappointing and as many as 30 percent are total failures.

Why? Because many corporate managers today have a short-run horizon. They are professional managers, financiers, and the like. They understand price-earnings ratios, leveraged buy-outs, and the world of finance. But they are not really production-oriented, which is hard and risky.

In an article in the Harvard Business Review, a European businessman said that American companies seemed "more interested in buying other companies than they are in selling products."

That's why, contrary to Mr. Baxter's notions that mergers come from acquired-company inefficiencies, acquisition-minded executives look for highly profitable companies.

Mr. Baxter's lack of concern for vertical mergers and distribution arrangements, except where there are obvious horizontal consequences, is just as unrealistic. Recent economic analysis shows clearly how vertical mergers can damage competition. The Baxter view also ignores defensive and contagious vertical integration that blocks entry and makes it hard for small competitors to survive.

Of even greater concern is Mr. Baxter's complete disdain for Congress' repeated emphasis on the social and political dimension of the antitrust laws. He purports to know nothing about how to measure corporate power and has suggested that if Congress is concerned about size and power, it ought to pass a law about that.

But Congress has already passed such a law. Not once but at least four times: The Sherman Antitrust Act of 1890, the Federal Trade Commission Act of 1914, and Clayton Acts of 1914 and 1950, which the Supreme Court has interpreted many times in the same way. And it is indisputable that every time the social aspects were crucial.

Mr. Baxter may think this is rubbish, but it's the law. One Republican Senator put it: "Any approach that amounts to a change in existing law must first come before Congress."

At root, Mr. Baxter's view is that whatever business does is right, what's good for General Motors must be good for the country. Our antitrust laws are premised on a different philosophy and Mr. Baxter should not be in charge of enforcing them.

GENOCIDE CONVENTION DOES NOT REQUIRE EXTRADITION

Mr. PROXMIRE. Mr. President, when I first began to make my daily speeches urging Senate ratification of the Genocide Convention, I did not imagine that 14 years later it would be necessary to refute the identical charges initially leveled against this worthy document.

For over 30 years the Senate has withheld approval from a convention which represents a noble and worthwhile principle. Although refuted on innumerable occasions, the objections to the treaty still persist. The latest attempt to refute the worthiness of the Genocide Convention comes from the "White Paper on the Genocide Convention," a document distributed by the liberty lobby.

Among the old criticisms which once again appear in this paper is the allegation that, if ratified, the Genocide Convention will allow the extradition of American citizens for trial by an international court. This, the article points out, would jeopardize the constitutional rights of any American who was actually extradited.

The simple fact is that there is no provision for extradition within the Genocide Convention. Ratification of the treaty would not affect existing extradition treaties to which the United States is

a party. As stated in the understanding accompanying the treaty:

Nothing in Article VI shall affect the right of any state to bring to trial before its own tribunals any of its nationals for acts committed outside the State.

No international tribunal capable of prosecuting any American or other individual exists at the present time. Any future international court would be created only as the result of a new treaty. Both the ratification of such a treaty, and American acceptance of its jurisdiction would require Senate consent. It is inconceivable that the U.S. Senate would approve of the creation of an institution which might jeopardize the rights of American citizens.

The objections to the Genocide Convention are not based on a true appraisal of the meaning of the document itself. Yet, for over 14 years, I have watched with increasing unhappiness as these same issues are constantly reinvoked. It is time to finally lay these criticisms to rest permanently, and to ratify the Genocide Convention.

The Genocide Convention is nothing more than an attempt to extend international protection of human rights in a more concrete and meaningful way. Over 80 nations have already ratified this convention. The United States is overdue in its ratification of this meaningful document.

Mr. President, I yield the floor.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

THE DEATH OF MOSHE DAYAN

Mr. BAKER. Mr. President, I was deeply saddened to hear Friday of the death of Gen. Moshe Dayan. With his loss, the world at large is a poorer place.

As a soldier and a statesman, Moshe Dayan captured the imaginations of people throughout the world. As an Israeli born in Galilee, he captured the hearts of his countrymen. For those of us who admired him and who respect the State he so ably defended, no one more personifies the indomitable spirit of Israel than Moshe Dayan.

Mr. President, I and a number of my colleagues had the opportunity to visit with General Dayan this past April in Jerusalem. Although he appeared frail, the animation and imagination that characterized Moshe Dayan had in no way diminished. The time that we spent with him in the King David Hotel was a truly memorable experience.

It occurred to me then that the soldiers who become truly great, who become leaders honored throughout the world, are the soldiers who, in the final analysis, were men of peace—men who yearn for peace perhaps more deeply than those who have never borne the calamity of war.

As a leader in a region that has known too often such calamity, and as a man for whom the defense of his Nation was paramount, Moshe Dayan was above all a man of peace. As he said to us in April:

We (the Arabs and the Jews) have to live with each other, not in conflict with each other.

Peace will come to the Middle East only when all its leaders can realize and acknowledge his greatness and his wisdom.

Mr. President, I yield the floor.

THE WAR ON CANCER

Mrs. HAWKINS. Mr. President, I am sure that everyone in this Chamber shares my concern over the articles on "The War On Cancer" currently being published in the Washington Post and in hundreds of other newspapers across the Nation. These reports of deaths and injuries related to the National Cancer Institute's anticancer drug development program are particularly disturbing to me as chairman of the Labor and Human Resources Committee's Investigations and General Oversight Subcommittee which has been investigating the NCI's anticancer drug development program for the past 7 months.

I wish to announce, Mr. President, that, on November 3, 1981, the Investigations and General Oversight Subcommittee will conduct another public hearing on these very same matters and more. The next hearing, originally scheduled for mid-October, was necessarily postponed until November 3. This new hearing is the logical next step after more intensive investigation by the subcommittee staff.

The subcommittee's investigation of the NCI's drug development program and the Food and Drug Administration's regulation of the program was accelerated in April of this year following an exchange of correspondence between Dr. J. Richard Crout, Director of the FDA's Bureau of Drugs, and Dr. Vincent T. DeVita, Jr., Director of the NCI.

In a letter to Dr. DeVita, dated April 6, 1981, Dr. Crout was sharply critical of NCI for having delayed the reporting to FDA and to the NCI-sponsored physician-investigators of cancer patient fatalities and injuries related to treatment with three anticancer drugs.

In addition, Dr. Crout questioned whether those patients who had participated in experiments with these drugs were sufficiently briefed on the hazards prior to giving their consent. In addition, he questioned the adequacy of the NCI's control over distribution of the experimental drugs. These matters were brought up during my subcommittee's first hearing on the national cancer program on May 21, 1981.

Therefore, I am particularly pleased that the Washington Post has subsequently followed up in depth on these issues raised in my subcommittee. During his testimony, in April, Dr. DeVita assured the subcommittee that there had been a "misunderstanding" between the NCI and the FDA and that the matter had been "resolved."

However, as the subcommittee's investigation progressed over the next several months, it became all too clear that there still were serious deficiencies, not only in the NCI's drug development program, but also in the FDA's regulation of the NCI's anticancer drugs.

Since the subcommittee will hold another hearing on November 3 to examine and clarify its new findings, I do not believe it is appropriate for me to comment at this time on the specifics. However, I will state that the most serious problem identified by the subcommittee's investigation is the lack of an adequate program for monitoring hundreds of NCI-sponsored human experiments involving 95 new anticancer drugs. Judging from the evidence gathered during the subcommittee's investigation, I wonder whether the automobile manufacturers of Detroit might have better monitoring systems for their products than does the NCI for its drug development program on human beings.

In July of this year, when program deficiencies at the NCI and the FDA began to surface, I informed DHHS Secretary Richard S. Schweiker of my fear of a potential threat to the health and safety of cancer patients who volunteer to participate in NCI-sponsored drug experiments. As a result, Dr. Edward N. Brandt, Assistant Secretary for Health at DHHS, appointed a special task force to review and evaluate the NCI's drug development program and the FDA's role as regulator. If I may, Mr. President, I would like the exchange of correspondence between Secretary Schweiker and Dr. Brandt and me and between Dr. DeVita and Dr. Crout to be made a part of the RECORD and ask unanimous consent to do so at this point.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., July 9, 1981.

Hon. RICHARD S. SCHWEIKER,
Secretary, Department of Health and Human Services, Washington, D.C.

DEAR MR. SECRETARY: As we agreed yesterday in our telephone conversation concerning my request for temporary assignment of a physician-scientist from the Department of Health and Human Services (DHHS) to the Subcommittee staff, I am writing to provide you with examples of such temporary assignments executed in the recent past by the DHHS. Enclosed is a listing of several examples.

I fully understand your concern for not wishing to set a precedent in such matters, as expertise in science and medicine is a premium in the Federal system. However, I am sure you can appreciate the necessity for such expertise in the Subcommittee's investigation of the National Cancer Institute's Investigational New Drug (IND) Program.

As you know, the Subcommittee several months ago initiated an inquiry into the policies, practices and procedures of the National Cancer Institute. Recent findings have prompted me to direct the Subcommittee staff to focus on the NCI's IND program.

In May of this year, the Subcommittee staff obtained copies of an exchange of correspondence between Dr. J. Richard Crout, Director of the Bureau of Drugs within the Food and Drug Administration (FDA), and Dr. Vincent T. DeVita, Jr., Director of the NCI. In a letter dated April 6, 1981, Dr. Crout brought to Dr. DeVita's attention a problem regarding the NCI's failure to report in a timely fashion to the FDA adverse drug reactions of cancer patients who had participated in NCI-sponsored clinical trials. Dr. Crout raised other concerns with the NCI's IND program, including delays in submission to the FDA of annual progress reports on clinical trials, the adequacy of patient informed consent, and control over the distribution of investigational drugs. Subsequent correspondence between Drs. DeVita and Crout

would appear to have resolved these issues. I am enclosing for your reference photocopies of the correspondence between Drs. Crout and DeVita.

Despite this latest understanding reached between the NCI and the FDA, recent events and discoveries pertaining to the NCI's IND program have given me cause for great concern over the integrity and efficiency of the program, which impacts on more than 35,000 cancer patients annually. The following are examples of incidents involving NCI-sponsored clinical trials and investigators:

1. On February 18, 1981, the NCI reported to the FDA that an adult patient had suffered renal failure following treatment with chlorozotocin, an investigational drug similar in chemical structure to methyl-CCNU, which also has been shown to cause renal failure.

2. The NCI reported to the FDA on March 25, 1981, that the use of methyl-CCNU may have caused acute leukemia in three patients.

3. A report from the NCI to the FDA, dated June 17, 1981, stated that four patients—three adults and one child—had developed congestive heart failure after receiving the drug dihydroxy-anthracenedione (DHAD). At least one of the three adults died of heart failure, and all three had been treated on a "protocol" not approved by the NCI.

4. On June 16, 1981, the NCI reported to the FDA the use of a radio labeled drug in four patients without an NCI-approved IND. The drug, which the NCI supplied to a pharmacologist, was to have been used for animal studies and not for clinical trial.

5. The NCI reported to the FDA on June 19, 1981, that a clinical trial, utilizing the drug deoxycoformycin (DCF), had been conducted without NCI approval.

6. Four adult patients died of liver failure after receiving the drug Indicine N-Oxide (INO), and at least two children died of liver failure possibly caused by the administration of INO.

My concerns are further buttressed by the contents of an internal NCI memorandum, which, in part, states that there is a "lack of compliance with FDA regulations in the misuse of NCI investigational agents." The memorandum contains several examples and states, "There are many others like this." The memorandum further states: ". . . I believe that I cannot ask our NCI staff to do the jobs of both meeting FDA regulations and of insuring the safe and coordinated development of our new agents while allowing this misuse of investigational agents to continue."

As Chairman of the Investigations and General Oversight Subcommittee, I am resolved to conducting a thorough and constructive inquiry into the NCI's IND program. But, again, I wish to emphasize that such an inquiry requires expertise in complex matters of biomedical research and the regulation thereof.

In light of the Subcommittee staff lacking in such expertise, it would be most helpful if you could arrange to have a suitably qualified employee of the FDA assigned on temporary duty, and at the expense of the FDA, to the Subcommittee staff for a period not to exceed 90 days. Specifically, I am requesting such temporary assignment of Dr. Michael Hensley of the Division of Scientific Investigations at the FDA. My reasons for requesting Dr. Hensley are: he is familiar with the NCI's IND program; he personally does not object to such a temporary assignment; and he and his work product are known to Subcommittee staff.

Further, I am requesting that the temporary assignment of Dr. Hensley to the Subcommittee staff be executed at your early convenience in response to the continuing potential threat to the health and safety of patients.

Should you wish to have further discussion on this matter, please do not hesitate to call me. Mr. James F. Michie of the Subcommittee staff may be reached by your staff at 244-8189.

Thank you for your cooperation.

Sincerely,

PAULA HAWKINS,
U.S. Senator.

INDIVIDUALS TEMPORARILY ASSIGNED

The following is a listing of individuals who were temporarily assigned from their positions with the DHHS to perform tasks for the U.S. Congress, and who remained on the DHHS payroll during such temporary assignment:

1. Dr. Robert Graham, a DHHS physician, was assigned to the staff of the Subcommittee on Health and Scientific Research for a period of more than one year during the 96th Congress.

2. Dr. George Hardy, a DHHS physician, was assigned to the staff of the House Subcommittee on Health and the Environment during the 96th Congress.

3. Dr. David Banta, a DHHS physician, served for a three-month period on the staff of the Office of Technology Assessment of the Congress in 1978.

4. Dr. Fred Bergmann, a DHHS scientists, was assigned to the Office of Technology Assessment of the Congress for a six-month period in 1979.

DEPARTMENT OF HEALTH
AND HUMAN SERVICES,
Washington, D.C., October 2, 1981.

Hon. PAULA HAWKINS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HAWKINS: Thank you for the opportunity to meet with you on September 23 and to discuss your concerns relative to the role of the Public Health Service in the development of new anti-cancer drugs. On the basis of our discussion last week, I have appointed a special task force to conduct a 90-day examination of National Cancer Institute (NCI) and Food and Drug Administration (FDA) policies and procedures for the monitoring of investigational new drugs (INDs). I have named Lowell Harmison, Ph.D., as Chair of the task force and have selected and appointed participants with the necessary breadth of management and scientific expertise to address the complex issues you have raised.

Dr. Harmison and other members of my staff met with Mr. Jim Mitchie, Ms. Terry Parker, and Mr. Tim Jenkins of your staff on September 29. Based on this and earlier discussions with Mr. Mitchie, the goals of the task force will be:

1. to assess NCI management systems for monitoring new INDs.

2. to assess FDA's review of NCI activities relative to these drugs, and

3. to develop recommendations for improvement that may stem from the findings of the task force.

Regrettably, the task force review cannot be completed prior to the Subcommittee hearings scheduled for later this month; nevertheless, we will respond to any inquiries of the Subcommittee as completely as possible. I know you share my interest in providing the task force with adequate time to thoroughly examine these issues and make appropriate and viable recommendations for improvement.

I will be meeting with Dr. Harmison on a bi-weekly basis during the course of this review and will be pleased to meet with you again to keep you informed of our progress. I solicit your continued interest and support in improving the quality and standards for the care of cancer patients.

Sincerely yours,

EDWARD N. BRANDT, Jr., M.D.,
Assistant Secretary for Health.

DEPARTMENT OF HEALTH
AND HUMAN SERVICES,
April 6, 1981.

Re: IND 7681/semustine-methyl CCNU.
IND 4595/lomustine-CeeNU.
IND 969/carmustine-BiCNU.

Dr. VINCENT T. DEVITA,
Director, National Cancer Institute, National Institutes of Health, Bethesda, Md.

DEAR DR. DEVITA: I am writing to draw your attention to a problem we have encountered regarding the reporting of adverse reactions to FDA and to the clinical investigators performing Phase I and II studies under the sponsorship of NCI. Our specific concern was precipitated by the finding that neither FDA nor clinical investigators were advised in a timely fashion of renal toxicity in human subjects receiving nitrosoureas. Such a toxicity might have been anticipated in view of the animal findings with BiCNU and Methyl CCNU. In addition we have other concerns about delays in incorporation of the nephrotoxicity in clinical protocols, delays in submission of annual progress reports to FDA, the adequacy of patient informed consent, the reporting of adverse reactions to the institutional review board (IRB) responsible for NCI's intramural studies, as well as continuing review of ongoing studies by the IRB, and control over distribution of investigational drugs.

As you know, representatives of FDA and NCI have met periodically over the past few years to discuss issues of mutual interest regarding the study of anticancer agents and to develop a working relationship between our respective staffs. These meetings led, in part, to publication in the Federal Register on May 1, 1979 of a Memorandum of Understanding Relative to Anticancer Drug Development. In this MOU the Division of Cancer Treatment (DCT) agreed to comply with all applicable laws and regulations pertaining to the sponsorship of investigational drugs for clinical trial. DCT also agreed to maintain with the Bureau of Drugs of the FDA a Master File which is to include DCT's plan for data reporting. DCT has filed such a plan with FDA. This plan includes a detailed flow chart on DCT's mechanism for dealing with adverse reactions when they are reported by investigators, describes the reporting responsibilities of investigators and also states that the Cancer Therapy Evaluation Program of the DCT is obligated to report any serious adverse reactions to FDA within 15 days.

Detailed below are areas where we feel that some of the commitments made in the MOU and described in the Master File have not been met in the case of the nitrosourea studies. Many of these observations were brought to the attention of Dr. Bono and Dr. Poster of NCI by Dr. Hensley of our Division of Scientific Investigations in a meeting on June 6, 1980 when they were shown pertinent documents and correspondence. We recognize that you may have taken corrective action already in many instances.

A. Requirement for prompt reporting of serious adverse reactions to FDA.

21 CFR 312.1(a)(6) requires that sponsors of investigational new drugs promptly investigate and report to the FDA and to all investigators any findings associated with the use of the drug that may suggest significant hazards, contraindications, side effects, and precautions pertinent to the safety of the drug.

On August 21, 1978 FDA received a complaint from a mother alleging that her child developed kidney failure following treatment of brain tumors with methyl CCNU. She also told us that on August 22, 1974 she signed a consent but was informed of two side effects only, nausea and aplastic anemia. IND 7681 records as of 1978 did not identify renal toxicity in humans as an adverse reaction.

In our follow-up of this complaint we

learned that the Investigational Drug Branch (IDB), DCT had been notified as early as November 1, 1977 and several times during 1978 regarding renal abnormalities observed following human use of nitrosoureas (methyl CCNU and BiCNU).

By letter dated November 1, 1977 Dr. H. B. Neustein of Children's Hospital, Los Angeles notified Dr. Andrew Turrisi of the IDB of renal toxicity in a patient treated with BiCNU.

By letter dated May 19, 1978, Dr. Abraham Lieberman of New York's Bellevue Hospital (Baldwin's group) notified Dr. Thomas Strike of the Brain Tumor Study Group (BTSG) of NC of renal toxicity in four patients treated with methyl CCNU and BiCNU. Dr. Lieberman stated that the purpose of this letter was to notify the BTSG and the FDA to the real dangers of long term chronic therapy with these nitrosoureas. This letter was acknowledged by Dr. Turrisi on June 15, 1978.

In a letter dated November 13, 1978 Dr. Jensen-Akula, IBD, reminded Dr. Richard Fisher, Senior NCI Investigator, Medicine Branch of a previous conversation regarding renal pathology in a patient treated with methyl CCNU at the Clinical Center. This letter also referred to "several reports of nitrosourea induced renal failure" (from Dr. William Harmon of Boston Children's Hospital, Dr. Hagelson of the Medical College of Virginia and Dr. Neustein).

FDA, however, was not officially notified of such an adverse effect until March 2, 1979 in a cover letter from Dr. John Penta, Head, Drug Regulatory Affairs Section, IDB, NCI, to our Division of Oncology and Radiopharmaceutical Drug Products.

B. Requirement for prompt reporting of serious adverse reactions to clinical investigators.

21 CFR 312.1(a)(6) not only requires reporting of adverse findings from IND studies to FDA, but to all investigators. There was a considerable delay in the reporting of the renal toxicity to both extramural and intramural investigators. As a result of various inspections conducted by FDA and a review of some IND files we have observed the following situations:

1. Intramural investigators.

Dr. Jensen-Akula in his November 13, 1978 letter to Dr. Richard Fisher stated, ". . . . it does appear that the nitrosoureas have the capacity to induce renal damage if given for a long enough period of time." Distribution of this letter shows a carbon copy directed to "Drug file Me CCNU adverse drug reaction." Thus this official notification to Dr. Fisher occurred about six months after Dr. Lieberman's letter to NCI.

It was not until May 29, 1979, that Dr. Richard Fisher, Medicine Branch, COP/DCT/NCI notified Staff, Medicine Branch, COP/DCT/NCI that ". . . to date we know that at least one patient treated at this institution has developed chronic renal failure in the absence of other known causes." In this memo, Dr. Fisher detailed specific measures to monitor renal function of study subjects and noted that the consent form for this study will be appropriately modified.

2. Extramural investigators.

Although the Brain Tumor Study Group investigators were apparently sent a copy of Dr. Lieberman's letter on June 7, 1978 it appears that it was not until early 1979 that all methyl CCNU investigators were informed of renal toxicity associated with its use. (A memo from Dr. Jensen-Akula dated February 23, 1979 informed all investigators).

C. Delay in revision of protocols.

There appears to have been a delay in incorporating the findings of renal toxicity into clinical protocols.

Dr. Richard I. Fisher was a principal investigator in clinical research project No. 76-C-151, "Therapy of Patients with Malignant Melanoma" conducted at NCI. The protocol for this continuing study, approved by the NCI Clinical Research Subpanel on November 27, 1978 mentions that no renal toxicity attributable to methyl CCNU had been observed in man. A status report for this project dated October 18, 1978 states that no new hazards or serious discomforts were experienced and that a literature search disclosed no new hazards relevant to the protocol. In addition, Protocol No. 2091 (May 2, 1980 revision in IND 4595/CeeNU) for a Northern California Oncology Group (NCOG) study states that renal toxicities have not been a problem of clinical significance in man.

In contrast, an undated Drug Master Sheet (appendix III, page 17) for Southwest Oncology Group study No. 7983 states that some cases of mild kidney damage have recently been observed in children, therefore kidney functions should be monitored.

D. Requirement for submittal of annual progress reports to the IND.

21 CFR 312.1(a)(5) requires that the sponsor of an IND submit to the FDA accurate progress reports of investigations and significant findings at reasonable intervals not exceeding one year.

A review of the IND files for numbers 4595 and 969 shows that there have been no annual progress reports since October 20, 1977.

Also, although NCI did not withdraw IND 969 until March 27, 1980, there were no reports of renal toxicity associated with BiCNU treatment in the record.

No progress reports for IND 7681 were filed between October 20, 1977 and March, 1979. A progress report was filed in March, 1979.

E. Informed Consent Requirements.

Section 505(i) of the Food, Drug & Cosmetic Act requires that the clinical investigator obtain the consent of the study subjects. "Consent" is defined in 21 CFR 310.102(h) to include, among other things, the hazards involved.

The consent forms for Dr. Fisher's project No. 76-C-151, "Therapy of Patients with Malignant Melanoma", approved November 27, 1978, made no reference to the potential risk of renal disease with nitrosourea treatment.

F. Requirement for continuing review of studies by IRB and for reporting of adverse reactions to IRBs.

Assurances that an IRB will conduct reviews at intervals appropriate to the degree of risk, but not exceeding one year, are required by 21 CFR 312.1(a)(2) item 10C. The regulation also requires that the clinical investigator report to the IRB any severe adverse reactions.

An FDA inspection of the NIH/NCI/Clinical Subpanel on November 20, 1980 revealed that adverse reactions were not always reported to the IRB but were reported to the Clinical Director of NCI. This inspection also noted that reviews of ongoing studies are performed by the Clinical Director of NCI, rather than by the IRB, as required by FDA regulations for studies involving investigational drugs.

G. Control over distribution of investigational drugs.

The NCI was apparently unaware that Dr. Jaffe, who was responsible for the treatment of the child whose mother issued the complaint that initiated FDA's review of renal toxicity with methyl CCNU, was using the drug in clinical trials. He had received the drug from an unknown source and apparently was performing a clinical trial outside of an approved protocol. We understand, however, that as of January 24, 1978 NCI has been following written guidelines for the sponsoring and monitoring of INDs which would decrease the likelihood of such a situation in the future.

On the basis of these findings we ask that DCT/NCI take the steps necessary to accomplish the following:

Review your mechanism for reporting of adverse reactions to all appropriate parties, agencies and clinical investigators to assure that it is functioning in a timely manner in accord with the plan described in NCI's Master File. We recommend that the system be audited periodically to assure that it is meeting its objectives. In addition steps should be taken to assure that new clinical protocols contain all serious adverse reactions previously identified.

Provide FDA with timely and accurate annual reports for all IND's.

Provide institutional review board (IRB) procedures which assure project reviews appropriate to the degree of risk, but not exceeding intervals of one year and assure that serious adverse reactions are reported to the IBR.

Please inform us within 30 days of receipt of this letter as to the actions you have already taken or plan to take to accomplish the above. My staff and I will be pleased to meet with you and your staff, should you desire it, to discuss our findings and your proposed actions.

Sincerely yours,

J. RICHARD CROUT, M.D.,
Director, Bureau of Drugs.

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
Bethesda, Md., May 8, 1981.

Dr. J. RICHARD CROUT,
Director, Bureau of Drugs, Food and Drug Administration, Rockville, Md.

DEAR DR. CROUT: I am writing in response to your letter of April 6, 1981, in which you raised a number of questions concerning the nephrotoxicity discovered with the drug, Methyl CCNU, as well as other points about NCI's sponsorship of drug trials and its reporting to the FDA. I will respond in order to each of the points in your letter.

A. Requirements for Prompt Reporting of Serious Adverse Reactions to FDA

As you noted in your letter, the NCI Drug Master Plan includes a detailed flow chart for dealing with potential adverse drug reactions. When possible adverse reactions are reported by an investigator, the NCI drug monitor is required to check the clinical information about the drug and to convene the inhouse Adverse Drug Reaction Committee which may then decide to classify the adverse drug reaction as "definite," "possible" or "not likely." In the case of the initial reports on Methyl CCNU brought to the attention of our staff, the extremely long time intervals between drug administration and renal lesions, as well as the existence of multiple other factors, raised serious questions concerning a direct relationship between the drug and the reaction. Because of these uncertainties, the NCI decided to classify the renal insufficiency as "possible but not definite drug reaction" and at the same time develop additional information before filing an Adverse Drug Report with the FDA. Nonetheless, the NCI notified members of the Brain Tumor Study Group and the major users of the drug. It was not until early in 1979 that definitive information, consisting of the written report from Dr. Harmon, led the NCI staff to conclude a clear relationship. At that point, about 1,100 investigators carrying out treatment with the drug were notified of the adverse reaction, and a formal Adverse Drug Reaction Report was filed with the FDA.

One might conclude that the time involved in carrying out this evaluation was greater than should have been the case, but I must point out that reactions occurring after such a long period of drug treatment in cancer patients are not at all easy to classify. Although animal toxicology studies with Methyl CCNU and the other nitrosoureas clearly showed evidence of acute renal toxicity, the lack of such effects in early clinical trials suggested that the animal toxicology

studies represented false-positive results. We believe we have been responsible in reporting adverse drug reactions when firm conclusions have been drawn concerning such possible reactions. Incidentally, I have been unable to find any reference to a specific 15-day reporting time in our Drug Master Plan.

We have reviewed our system of reporting of adverse drug reactions, and we believe it is functioning well at this time. This can be best described by detailing the steps we have taken with a recent Adverse Drug Reaction Report. During March of 1981, the NCI became aware of a number of cases of acute leukemia in patients previously treated with Methyl CCNU. The FDA was notified by telephone during the last week of March and more formally in writing within several days. At the same time, a letter was mailed to all investigators (approximately 1,000) utilizing Methyl CCNU, cautioning them that this complication had been observed. Simultaneously, we initiated a chart review of the major clinical studies employing this drug in adjuvant settings similar to that of the original cases. When this review is completed, it should be possible to determine the incidence of leukemia among several thousand patients treated with Methyl CCNU. A panel of hematopathologists is being convened to review the slides from these cases, following which it is anticipated that the results of this investigation will be presented for publication in a medical journal as well as through the Division of Cancer Treatment Bulletin. If it is determined that a positive association has been established, we will file a formal Adverse Drug Reaction Report. In addition, other steps will be taken, including: 1) any new protocols submitted utilizing this agent will be required to include this complication in the protocol text as well as in the informed consent, 2) the guidelines protocol for Group C distribution will similarly be modified, and 3) we will establish an ongoing surveillance of the existing protocols in which patients may be at risk for this complication. We believe this represents a maximum effort on the part of DCT to pursue a potential adverse drug reaction.

Furthermore, the NCI is now taking additional steps to assure that the oncologic community remains aware of the general procedures for reporting possible adverse drug reactions. A notice is currently being prepared for mailing to all NCI investigators detailing their responsibilities to report adverse drug reactions to NCI. In addition, the NCI has reminded the Chairmen of the clinical cooperative groups of their responsibilities in this area and has asked them to communicate this to their membership.

Finally, we intend to review these procedures annually for adverse drug reactions reporting in order to identify any problems. This would be done one to two months prior to updates of the Drug Master Plan. In summary, the NCI believes that this system is functioning to a manner appropriate to the purpose of informing investigators as well as protecting patients from unneeded harm.

B. Requirement for Prompt Reporting of Serious Adverse Reactions to Clinical Investigators

1. Intramural Investigators

As noted in Part A, we did not consider the adverse drug reaction of Methyl CCNU to be established until February 1979, even though Dr. Jensen-Akula's letter of November 13, 1978, suggested that it was a possibility. In attempting to review what occurred between February 1979 and May 1979, however, we find that there probably had been some lack of communications between our Cancer Therapy Evaluation Program and our Intramural Clinical Oncology Program. We cannot determine the exact cause of the problem, but we have taken steps to assure that it does not occur again. For instance, we will insure that without exception all intramural protocols are entered into the computer file in our Investigational Drug Branch, so that the intramural investigators will automatically receive any notices that are sent to extramural investigators. This apparently was the problem in the case under question.

2. Extramural Investigators

As you note, the Brain Tumor Study Investigators were notified in June 1978 of a possible adverse drug reaction. Other investigators were not notified because, as stated above, the relationship had not yet been firmly established. As also noted in Part A, once the relationships had been confirmed, all investigators were notified.

C. Delay in Revision of Protocols

With regard to the revision of the intramural protocol, the comments in Part B.1. are relevant. Thus, Dr. Fisher did not incorporate a change in his protocol until official notification of the adverse drug reaction had been received by the intramural Clinical Oncology Program, which apparently did not occur until May 1979. I have no specific explanation for the protocol from the Northern California Oncology Group, but we will insure through careful monitoring that changes in protocols are made as soon as information justifies such action.

D. Requirement for Submittal of Annual Progress Reports to the IND

We have recently reviewed all of the IND's under NCI sponsorship and did, indeed, find some for which annual reports were overdue. It is my understanding that all annual reports are currently up-to-date, and we will see to it that this situation persists.

E. Informed Consent Requirements

With regard to the intramural project, the comments in Parts B and C pertain.

F. Requirements for Continuing Review of Studies by IRB and for Reporting of Adverse Reactions to IRB's

A March 23, 1981, letter from Dr. Petricciani to Dr. Lipsett pointed out that not only NCI but all of NIH was apparently operating under procedures that were not consistent with FDA regulations. The NIH has now changed its rules so that we will be in compliance with FDA regulations in this regard.

G. Control Over Distribution of Investigational Drugs

As we have discussed on many previous occasions, the NCI procedures for controlling the distribution of investigational drugs during the early 1970's left much to be desired. This is one of the reasons that NCI and FDA developed the current distribution plan. As you noted in your letter, our present procedures provide much tighter control over drug distribution, and we believe the problems that were apparent during those early years will not occur in the future.

In summary, I believe that our investigation of the nephrotoxicity of Methyl CCNU was carried out in accordance with the spirit of our Master Plan, although there may be some differences of opinion concerning the speed at which that investigation proceeded. As noted above, we have made certain changes in our overall procedures that we believe will improve our monitoring of possible adverse reactions and our general oversight of investigational drug studies.

I would be happy to discuss these matters with you at your convenience.

Sincerely yours,

VINCENT T. DEVITA, Jr., M.D.,
Director, National Cancer Institute.

DEPARTMENT OF HEALTH
AND HUMAN SERVICES,
June 9, 1981.

VINCENT DEVITA, Jr., M.D.
Director, National Cancer Institute, Bethesda, Md.

DEAR DR. DEVITA: This replies to your letter of May 8, 1981, in which you described certain procedural changes you have made to improve the monitoring of investigational new drug studies, particularly the monitoring of possible adverse reactions. In addition you described the circumstances relating to the identification of the nephrotoxicity of Methyl CONU and the dissemination of information about this adverse effect.

We believe that, when the prospect of renal toxicity of Methyl CONU was first raised, NCI had an obligation under both FDA regulations and its own Drug Master Plan to report this possible reaction promptly to the FDA and to all clinical investigators, rather than awaiting more definitive data.

Section 312.1(a)(6) of FDA regulations states "The sponsor shall promptly investigate and report to the *The Food and Drug Administration and to all investigators* any findings associated with use of the drug that may suggest significant hazards, contraindications, side effects and precautions pertinent to the safety of the drug." (Underlining added) (See Attachment A)

You have said, "We have been responsible in reporting adverse drug reactions when firm conclusions have been drawn concerning such possible reactions." Such a statement overlooks one of the principal purposes of the investigational new drug regulations. These regulations require that adverse reaction reporting shall not await a time consuming evaluation and shall not exclude certain categories of investigators.

The adverse drug reaction (ADR) flow chart from the Drug Master File dated January 24, 1978 indicates that the ADR form is to be submitted to FDA as well as to all investigators receiving the drug, while the classification process is going on. (Attachment B) This is consistent with item 3i, page 20 of your Master File which states that the Cancer Center Director is to report to CTEP "any serious adverse drug reaction immediately upon its occurrence. CTEP is legally obligated to report to FDA within 15 days." (Attachment C) Incidentally, the 15 day rule applies to marketed drugs [310.300(b)(2)]; for investigational drugs the rule is "prompt" reporting (for alarming findings, "immediate" reporting) [312.1(a)(6)]. The memorandum of understanding between NCI and FDA effective February 5, 1979 also indicates that NCI will comply with all applicable laws and regulations pertaining to investigational drug sponsorship. (Attachment D)

In your letter of May 8, 1981 you noted the recent occurrence of acute leukemia in several patients treated with Methyl CONU and stated that you notified us and the clinical investigators promptly, with the inquiry into a possible relationship proceeding after the notification. We are pleased to hear this.

We note your commitments to timely submission of annual reports and to compliance with IRB regulations. We agree with you that in recent years there has been an improvement in NCI's control over the distribution of investigational drugs.

You have described in some detail the steps you have taken to improve the monitoring of adverse reactions and dissemination of information. To prevent any future misunderstanding with respect to reporting requirements for adverse reactions, however, I am requesting your written assurance (a) that the portion of NCI's Drug Master File shown in Attachment B to this letter reflects current and continuing NCI practice, (b) that NCI agrees to report adverse reactions to FDA under the conditions and time limits stated in FDA regulations, section 312.1(a)(6) for investigational drugs and section 310,300(b)(2) for marketed drugs, and (c) that page 20 of the NCI Drug Master File shown in Attachment C is amended to be in conformance with the above noted FDA regulation.

I do not consider a meeting on this issue

as necessary if such assurance is received, but I would of course be pleased to meet if you feel it would be helpful.

Sincerely yours,

J. RICHARD CROUT, M.D.,
Director, Bureau of Drugs.

ATTACHMENT A

PART 312—NEW DRUGS FOR INVESTIGATIONAL USE

Subpart A—Exemptions From Section 505(a)

Sec.

312.1 Conditions for exemption of new drugs for investigational use.

312.5 Confidentiality of data and information in an investigational new drug notice (IND).

312.9 New drugs for investigational use in laboratory research animals or in vitro tests.

Subpart B—Controlled Substances

312.10 Availability of records.

Subpart C—International Research

312.20 Clinical data generated outside the United States and not subject to a "Notice of Claimed Investigational Exemption for a New Drug."

AUTHORITY: Secs. 502, 503, 505, 701, 52 Stat. 1051, 1052, 1053, 1055, as amended (21 U.S.C. 352, 353, 355, 371) (5 U.S.C. 554) unless otherwise noted.

SOURCE: 39 FR 11712, Mar. 29, 1974, unless otherwise noted.

Subpart A—Exemptions From Section 505(a)

§ 312.1 Conditions for exemption of new drugs for investigational use.

(a) A shipment or other delivery of a new drug shall be exempt from section 505(a) of the act if all the following conditions are met:

(1) The label of such drug bears the statement "Caution: New drug—Limited by Federal (or United States) law to investigational use."

(2) The person claiming the exemption has filed with the Food and Drug Administration a completed and signed "Notice of Claimed Investigational Exemption for a New Drug" in triplicate, with the information shown below in Form FD–1571; and not less than 30 days have elapsed following the date of receipt of the notice by the Food and Drug Administration; and the Food and Drug Administration has not, prior to expiration of such 30-day interval, requested that the sponsor continue to withhold or to restrict use of the drug in human subjects. The 30-day delay requirement may be waived by the Food and Drug Administration upon a showing of good reason for such waiver.

Form FD–1571

Department of Health, Education, and Welfare, Food and Drug Administration

Notice of Claimed Investigational Exemption for a New Drug

Name of sponsor _____

Address _____

_____

Name of investigational drug _____

To the Secretary of Health, Education, and Welfare,

For the Commissioner of Food and Drugs,

5600 Fishers Lane,

Rockville, MD 20857.

Dear Sir:

The sponsor, _____

submits this notice of claimed investigational exemption for a new drug under the provisions of section 505(i) of the Federal Food, Drug, and Cosmetic Act and § 312.1 of Title 21 of the Code of Federal Regulations.

Attached hereto are:

1. The best available descriptive name of the drug, including to the extent known the chemical name and structure of any new drug substance, and a statement of how it is to be administered (if the drug has only a code name, enough information should be supplied to identify the drug.)

2. Complete list of components of the drug, including any reasonable alternates for inactive components.

3. Complete statement of quantitative composition of drug, including reasonable variations that may be expected during the investigational stage.

4. Description of source and preparation of any new drug substances used as components, including the name and address of each supplier or processor, other than the sponsor, of each new drug substance.

5. A statement of the methods, facilities, and controls used for the manufacturing, processing, and packing of the new drug to establish and maintain appropriate standards of identity, strength, quality, and purity as needed for safety and to give significance to clinical investigations made with the drug.

6. A statement covering all information available to the sponsor derived from preclinical investigations and any clinical studies and experience with the drugs as follows:

CHAPTER I—FOOD AND DRUG ADMINISTRATION

a. Adequate information about the preclinical investigations, including studies made on laboratory animals, on the basis of which the sponsor has concluded that it is reasonably safe to initiate clinical investigations with the drugs. Such information should include identification of the person who conducted each investigation; identification and qualifications of the individuals who evaluated the results and concluded that it is reasonably safe to initiate clinical investigations with the drug and a statement of where the investigations were conducted and where the records are available for inspection; and enough details about the investigations to permit scientific review. The preclinical investigations shall not be considered adequate to justify clinical testing unless they give proper attention to the conditions of the proposed clinical testing. When this information, the outline of the plan of clinical pharmacology, or any progress report on the clinical pharmacology, indicates a need for full review of the preclinical data before a clinical trial is undertaken, the Department will notify the sponsor to submit the complete preclinical data and to withhold clinical trials until the review is completed and the sponsor notified. The Food and Drug Administration will be prepared to confer with the sponsor concerning this action.

b. If the drug has been marketed commercially or investigated (e.g. outside the United States), complete information about such distribution or investigation shall be submitted, along with a complete bibliography of any publications about the drug.

c. If the drug is a combination of previously investigated or marketed drugs, an adequate summary of preexisting information from preclinical and clinical investigations and experience with its components, including all reports available to the sponsor suggesting side-effects, contraindications, and ineffectiveness in use of such components. Such summary should include an adequate bibliography of publications about the components and may incorporate by reference any information concerning such components previously submitted by the sponsor to the Food and Drug Administration. Include a statement of the expected pharmacological effects of the combinations.

d. If the drug is a radioactive drug, sufficient data must be available from animal studies or previous human studies to allow a reasonable calculation of radiation absorbed dose upon administration to a human being.

7. A copy (one in each of the three copies of the notice) of all informational material. Including label and labeling, which is to be supplied to each investigator. This shall include an accurate description of the prior investigations and experience and their results pertinent to the safety and possible usefulness of the drug under the conditions of the investigation. It shall not represent that the safety or usefulness of the drug has been established for the purposes to be investigated. It shall describe all relevant hazards, contraindications, side effects, and precautions suggested by prior investigations and experience with the drug under investigation and related drugs for the information of clinical investigators.

8. The scientific training and experience considered appropriate by the sponsor to qualify the investigators as suitable experts to investigate the safety of the drug, bearing in mind what is known about the pharmacological action of the drug and the phase of the investigational program that is to be undertaken.

9. The means and a summary of the training and experience of each investigator and of the individual charged with monitoring the progress of the investigation and evaluating the evidence of safety and effectiveness of the drug as it is received from the investigators, together with a statement that the sponsor has obtained from each investigator a completed and signed form, as provided in subparagraph (12) or (13) of this paragraph, and that the investigator is qualified by scientific training and experience as an appropriate expert to undertake the phase of the investigation outlined in section 10 of the "Notice of claimed investigational exemption for a new drug." (In crucial situations, phase 3 investigators may be added and this form supplemented by rapid communication methods, and the signed Form FD–1573 shall be obtained promptly thereafter.)

10. An outline of any phase or phases of the planned investigations and a description of the institutional review committee, as follows:

a. *Clinical pharmacology.* This is ordinarily divided into two phases: Phase 1 starts when the new drug is first introduced into man—only animal and in vitro data are available—with the purpose of determining human toxicity, metabolism, absorption, elimination, and other pharmacological action, preferred route of administration, and safe dosage range; phase 2 covers the initial trials on a limited number of patients for specific disease control or prophylaxis purposes. A general outline of these phases shall be submitted, identifying the investigator or investigators, the hospitals or research facilities where the clinical pharmacology will be undertaken, any expert committees or panels to be utilized, the maximum number of subjects to be involved and the estimated duration of these early phases of investigations. Modification of the experimental design on the basis of experience gained need be reported only in the progress reports on these early phases, or in the development of the plan for the clinical trial, phase 3. The first two phases may overlap and, when indicated, may require additional animal data before these phases can be completed or phase 3 can be undertaken. Such animal tests shall be designed to take into account the expected duration of administration of the drug to human beings, the age groups and physical status, as for example, infants, pregnant women, premenopausal women, of those human beings to whom the drug may be administered, unless this has already been done in the original animal studies. If a drug is a radioactive drug, the clinical pharmacology phase must include studies which will obtain sufficient data for dosimetry calculations. These studies should evaluate the excretion, whole body retention, and organ distribution of the radioactive material.

b. *Clinical trial.* This phase 3 provides the assessment of the drug's safety and effec-

tiveness and optimum dosage schedules in the diagnosis, treatment, or prophylaxis of groups of subjects involving a given disease or condition. A reasonable protocol is developed on the basis of the facts accumulated in the earlier phases, including completed and submitted animal studies. This phase is conducted by separate groups following the same protocol (with reasonable variations and alternatives permitted by the plan) to produce well-controlled clinical data. For this phase, the following data shall be submitted:

i. The names and addresses of the investigators. (Additional investigators may be added.)

ii. The specific nature of the investigations to be conducted, together with information or case report forms to show the scope and detail of the planned clinical observations and the clinical laboratory tests to be made and reported.

iii. The approximate number of subjects (a reasonable range of subjects is permissible and additions may be made), and criteria proposed for subject selection by age, sex, and condition.

iv. The estimated duration of the clinical trial and the intervals, not exceeding 1 year, at which progress reports showing the results of the investigations will be submitted to the Food and Drug Administration.

c. *Institutional review committee.* If the phases of clinical study as described under 10 a and b above are conducted on institutionalized subjects or are conducted by an individual affiliated with an institution which agrees to assume responsibility for the study, assurance must be given that an institutional review committee is responsible for initial and continuing review and approval of the proposed clinical study. The membership must be comprised of sufficient members of varying background, that is, lawyers, clergymen, or laymen as well as scientists, to assure complete and adequate review of the research project. The membership must possess not only broad competence to comprehend the nature of the project, but also other competencies necessary to judge the acceptability of the project or activity in terms of institutional regulation, relevant law, standards of professional practice, and community acceptance. Assurance must be presented that neither the sponsor nor the investigator has participated in selection of committee members; that the review committee does not allow participation in its review and conclusions by any individual involved in the conduct of the research activity under review (except to provide information to the committee); that the investigator will report to the committee for review any emergent problems, serious adverse reactions, or proposed procedural changes which may affect the status of the investigation and that no such change will be made without committee approval except where necessary to eliminate apparent immediate hazards; that reviews of the study will be conducted by the review committee at intervals appropriate to the degree of risk, but not exceeding 1 year, to assure that the research project is being conducted in compliance with the committee's understanding and recommendations; that the review committee is provided all the information on the research project necessary for its complete review of the project; and that the review committee maintains adequate documentation of its activities and develops adequate procedures for reporting its findings to the institution. The documents maintained by the committee are to include the names and qualifications of committee members, records of information provided to subjects in obtaining informed consent, committee discussion on substantive issues and their resolution, committee recommendations, and dated reports of successive reviews as they are performed. Copies of all documents are to be retained for a period of 3 years past the completion or discontinuance of the study and are to be made available upon request to duly authorized representatives of the Food and Drug Administration. (Favorable recommendations by the committee are subject to further appropriate review and rejection by institution officials. Unfavorable recommendations, restrictions, or conditions may not be overruled by the institution officials.) Procedures for the organization and operation of institutional review committees are contained in guidelines issued pursuant to Chapter 1–40 of the Grants Administration Manual of the U.S. Department of Health, Education, and Welfare, available from the U.S. Government Printing Office. It is recommended that these guidelines be followed in establishing educational review committees and that the committees function according to the procedures described therein. A signing of the Form FD–1571 will be regarded as providing the above necessary assurances. If the institution, however, has on file with the Department of Health, Education, and Welfare, Division of Research Grants, National Institutes of Health, an "accepted general assurance," and the same committee is to review the proposed study using the same procedures, this is acceptable in lieu of the above assurances and a statement to this effect should be provided with the signed FD–1571. (In addition to sponsor's continuing responsibility to monitor the study, the Food and Drug Administration will undertake investigations in institutions periodically to determine whether the committees are operating in accord with the assurances given by the sponsor.)

(The notice of claimed investigational exemption may be limited to any one or more phases, provided the outline of the additional phase or phases is submitted before such additional phases begin. This does not preclude continuing a subject on the drug from phase 2 to phase 3 without interruption while the plan for phase 3 is being developed.)

Ordinarily, a plan for clinical trial will not be regarded as reasonable unless, among other things, it provides for more than one independent competent investigator to maintain adequate case histories of an adequate number of subjects, designed to record observations and permit evaluation of any and all discernible effects attributable to the drug in each individual treated, and comparable records on any individuals employed as controls. These records shall be individual records for each subject maintained to include adequate information pertaining to each, including age, sex, conditions treated, dosage, frequency of administration of the drug, results of all relevant clinical observations and laboratory examinations made, adequate information concerning any other treatment given and a full statement of any adverse effects and useful results observed, together with an opinion as to whether such effects or results are attributable to the drug under investigation.

11. A statement that the sponsor will notify the Food and Drug Administration if the investigation is discontinued, and the reason therefor.

12. A statement that the sponsor will notify each investigator if a new drug application is approved, or if the investigation is discontinued.

13. If the drug is to be sold, a full explanation why sale is required and should not be regarded as the commercialization of a new drug for which an application is not approved.

14. A statement that the sponsor assures that clinical studies in humans will not be initiated prior to 30 days after the date of receipt of the notice by the Food and Drug Administration and that he will continue to withhold or to restrict clinical studies if requested to do so by the Food and Drug Administration prior to the expiration of such 30 days. If such request is made, the sponsor will be provided specific information as to the deficiencies and will be afforded a conference on request. The 30-day delay may be waived by the Food and Drug Administration upon a showing of good reason for such waiver; and for investigations subject to institutional review committee approval as described in item 10c, above, an additional statement assuring that the investigation will not be initiated prior to approval of the study by such committee.

Very truly yours.

_____

(Sponsor)

Per_____

_____

(Indicate authority)

15. When requested by the agency, an environmental impact analysis report pursuant to § 25.1 of this chapter.

16. A statement that all nonclinical laboratory studies have been, or will be, conducted in compliance with the good laboratory practice regulations set forth in Part 58 of this chapter, or, if such studies have not been conducted in compliance with such regulations, a statement that describes in detail all differences between the practices used in conducting the study and those required in the regulations.

(This notice may be amended or supplemented from time to time on the basis of the experience gained with the new drug. Progress reports may be used to update the notice.)

Provided, however, That where a new drug limited to investigational use is proposed for shipment to a foreign country for clinical investigation, in lieu of the filing of a "Notice of Claimed Investigational Exemption for a New Drug" (Form FD–1571), the Commissioner will authorize the shipment of the drug if he receives, through the Department of State, a formal request to allow such shipment, from the government of the country to which the drug is proposed to be shipped. This request shall specify that said government has adequate information about the drug and the proposed investigational use, and is satisfied that the drug may legally be used by the intended consignee in that country. This provision is applicable only where the drug is to be used for purposes of clinical investigation and does not apply where it is intended for commercial marketing or use in routine medical practice.

(3) Each shipment or delivery is made in accordance with the commitments in the "Notice of claimed investigational exemption for a new drug."

(4) The sponsor maintains adequate records showing the investigator to whom shipped, date, quantity, and batch or code mark of each such shipment and delivery, until 2 years after a new drug application is approved for the drug; or, if an application is not approved, until 2 years after shipment and delivery of the drug for investigational use is discontinued and the Food and Drug Administration has been so notified. Upon the request of a scientifically trained and properly authorized employee of the Department at reasonable times, the sponsor makes the records referred to in this subparagraph and in paragraph (a)(2) of this section available for inspection, and upon written requests submits such records or copies of them to the Food and Drug Administration. If the investigational drug is subject to the Comprehensive Drug Abuse Prevention and Control Act of 1970 adequate precautions are taken, including storage of the investiga-

tional drug in a securely locked, substantially constructed cabinet, or other securely locked, substantially constructed enclosure, access to which is limited, to prevent theft or diversion of the substance into illegal channels of distribution.

(5) The sponsor monitors the progress of the investigations and currently evaluates the evidence relating to the safety and effectiveness of the drug as it is obtained from the investigators. Accurate progress reports of the investigations and significant findings together with any significant changes in the informational material supplied to investigators, shall be submitted to the Food and Drug Administration at reasonable intervals, not exceeding 1 year. All reports of the investigation shall be retained until 2 years after a new drug application is approved for the drug; or, if an application is not approved, until 2 years after shipment and delivery of the drug for investigational use is discontinued and the Food and Drug Administration so notified. Upon request of a scientifically trained and properly authorized employee of the Department at reasonable times, these reports shall be made available for inspection, and on written request copies of these reports shall be submitted to the Food and Drug Administration.

(6) * * *

(7) If the investigations adduce facts showing that there is substantial doubt that they may be continued safely in relation to the drug's potential therapeutic effects, the sponsor shall promptly discontinue the investigation, notify all investigators and the Food and Drug Administration, recall all stocks of the drug outstanding, and furnish the Food and Drug Administration with a full report of the reason for discontinuing the investigation. The Food and Drug Administration will be prepared to confer with the sponsor on the need to discontinue the investigation.

(8) The sponsor shall discontinue shipments or deliveries of the new drug to any investigator who has repeatedly or deliberately failed to maintain or make available his records or reports of his investigations.

(9) The sponsor shall not unduly prolong distribution of the drug for investigational use but shall submit an application for the drug pursuant to section 505(b) of the act (or give reasons for not submitting such application, or a statement that the investigation has been discontinued and the reasons therefor):

(i) With reasonable promptness after finding that the results of such investigation appear to establish the safety and effectiveness of the drug; or

(ii) Within 60 days after receipt of a written request for such an application from the Commissioner.

(10) Neither the sponsor nor any person acting for or on behalf of the sponsor shall disseminate any promotional material representing that the drug being distributed interstate for investigational use is safe or useful for the purposes for which it is under investigation. This regulation is not intended to restrict the full exchange of scientific information concerning the drug, including dissemination of scientific findings in scientific or lay communications media; its sole intent is to restrict promotional claims of safety or effectiveness by the sponsor while the drug is under investigation to establish its safety or effectiveness.

(11) The sponsor shall not commercially distribute nor test-market the drug until a new-drug application is approved pursuant to section 505(b) of the act.

(12) The sponsor shall obtain from each investigator involved in clinical pharmacology a signed statement in the following form:

Form FD–1572

Department of Health, Education, and Welfare, Food and Drug Administration
Statement of Investigator (Clinical Pharmacology)

Name of investigator _____
Date _____
Name of drug _____
To supplier of the drug:
Name _____
Address _____

Dear Sir:

The undersigned, _____, submits this statement as required by section 505(i) of the Federal Food, Drug, and Cosmetic Act and § 312.1 of Title 21 of Code of Federal Regulations as a condition for receiving and conducting clinical pharmacology with a new drug limited by Federal (or United States) law to investigational use

1. A statement of the education and training that qualifies me for clinical pharmacology.

2. The name and address of the medical school, hospital, or other research facility where the clinical pharmacology will be conducted.

3. If the experimental project is to be conducted on institutionalized subjects or is conducted by an individual affiliated with an institution which agrees to assume responsibility for the study, assurance must be given that an institutional review committee is responsible for initial and continuing review and approval of the proposed clinical study. The membership must be comprised of sufficient members of varying background, that is, lawyers, clergymen, or laymen as well as scientists, to assure complete and adequate review of the research project. The membership must possess not only broad competence to comprehend the nature of the project, but also other competencies necessary to judge the acceptability of the project or activity in terms of institutional regulations, relevant law, standards of professional practice, and community acceptance. Assurance must be presented that the investigator has not participated in the selection of committee members; that the review committee does not allow participation in its review and conclusions by any individual involved in the conduct of the research activity under review (except to provide information to the committee); that the investigator will report to the committee for review any emergent problems, serious adverse reactions, or proposed procedural changes which may affect the status of the investigation and that no such change will be made without committee approval except where necessary to eliminate apparent immediate hazards; that reviews of the study will be conducted by the review committee at intervals appropriate to the degree of risk, but not exceeding 1 year, to assure that the research project is being conducted in compliance with the committee's understanding and recommendations; that the review committee is provided all the information on the research project necessary for its complete review of the project; and that the review committee maintains adequate documentation of its activities and develops adequate procedures for reporting its findings to the institution. The documents maintained by the committee are to include the names and qualifications of committee members, records of information provided to subjects in obtaining informed consent, committee discussion on substantive issues and their resolution, committee recommendations, and dated reports of successive reviews as they are performed. Copies of all documents are to be retained for a period of 3 years past the completion or discontinuance of the study and are to be made available upon request to duly authorized representatives of the Food and Drug Administration. (Favorable recommendations by the committee are subject to further * * *

* * * of the Phase I Working Group and on occasion to selected qualified investigators (e.g. peer-reviewed cooperative group members), who have a specific concern with the development of the drug. Interested investigators, after discussions with the Chief, IDB are invited to prepare Phase I protocols.

The Drug Monitor Team for these studies is a team composed of the Chief, IDB and a member of the staff of the IDB (see Appendix 1 for CV's of IDB Staff members).

The Drug Monitor Team is responsible for the direction and evaluation of clinical trials with the drug from their onset. As a rule, they will have been involved in the preparation of an investigator's brochure and have participated in deliberations prior to Decision Network III. Their responsibilities include actively analyzing information on drug studies, obtained by letter, telephone conferences, and travel if necessary. They review all protocol studies with the drug, assemble the report for Decision Network 4, maintain a file of drug information, drug protocols and reports, and prepare annual reports to the FDA.

If adverse drug reactions occur, individual patient records are submitted to IDB for analysis.

The analysis of adverse drug reactions in Phase I as well as other phases of investigation is carried out following a well structured flow mechanism. (Appendix 2).

Protocol studies in Phase I will be approved by the Chief of the IDB who is the project officer of the Phase I contractors and coordinator of the Phase I Working Group. This group is constituted by investigators with experience in both clinical oncology and pharmacology, as well as the preclinical drug development studies.

b. The Phase I Working Group.

1. Membership Criteria

Individuals may be considered for membership on the basis of the following qualifications: (a) Principal Investigators or Key Personnel of Phase I contracts, (b) Chiefs of the Clinical Branches of the DCT, and (c) other * * *

ATTACHMENT C

* * * of the number and characteristics of the patients entered, the number of courses, the type of responses seen, the duration of responses, the toxicity parameter results, conclusions and future plans. If an annual report is not submitted after a letter of warning, no further drug will be supplied for the study.

h. To assure the quality of the data is such that it may support an NDA and that patient report forms will be available on all study entries, for two years after either an NDA has been approved or the IND has been closed. They are to be supplied to NCI upon request.

i. To report to the investigational drug * * *.

1. Any serious adverse reaction immediately upon its occurrence. CTEP is legally obligated to report to FDA within 15 days.

2. Any alterations in the protocol design.

3. Termination of the study.

4. Responsibilities of the DCT, NCI;

a. To insure that approved protocols are limited to drugs in Group B.

b. To amend approved protocols to the IND, as they are received.

c. To insure that Investigator qualifications (Form FD–1573) are complete.

d. To send investigational drugs to the investigators in amounts consistent with protocol needs.

e. To integrate these annual reports into the NCI annual report to FDA.

f. To send clinical brochures, annual reports and other drug information to the Center Directors.

d. Independent Investigators (Discontinued) Prior to March 1, 1977 protocols from independent investigators were accepted for study. The large number of these protocols, the lack of staff to review and monitor them, and the lack of research value of most of them has lead the * * *

ATTACHMENT D

Anticancer Drug Development; Memorandum of Understanding with the National Institutes of Health.

Agency: Food and Drug Administration.

Action: Notice.

Summary: The Food and Drug Administration (FDA) has executed a memorandum of understanding with the National Institutes of Health (NIH). The purpose of the memorandum is to set forth cooperative working arrangements regarding anticancer drugs developed by NIH and regulated by FDA.

Date: The agreement became effective February 8, 1979.

For further information contact: Gary Dykstra. Compliance Coordination and Policy Staff (HFC-13). Food and Drug Administration, Department of Health, Education, and Welfare, 5600 Fishers Lane, Rockville, Md. 20057, 301–443–3470.

Supplementary Information: Pursuant to the notice pubished in the Federal Register of October 3, 1974 (39 FR 35697) stating that future memorandums of understanding and agreement between FDA and others would be published in the Federal Register, the agency is issuing the following memorandum of understanding.

Memorandum of Understanding Relative To Anticancer Drug Development.

The Division of Cancer Treatment, National Cancer Institute, as a result of its mission, has a substantial and continuing effort of anticancer drug development, the regulation of which comes under the purview of the Food and Drug Administration, primarily but not exclusively within the Bureau of Drugs. A substantial amount of the information available to the Division of Cancer Treatment and to the Bureau of Drugs, acquired by each in the pursuit of their missions, is of common interest to these organizations. In the past, both have been keenly aware of this community of interest and have had extensive informal and effective interchanges of views and of information on a wide variety of problems. Such informal interchanges should and will continue and both organizations encourage the members of their staff to provide the utmost assistance and cooperation in all appropriate areas. In addition, in order to aid in the maintenance of a harmonious, direct working relationship between these two sister organizations, both charged with responsibilities relating to public health, it is believed that a formal Memorandum of Understanding is desirable. The following specific agreements between the National Cancer Institute and the Food and Drug Administration are made to achieve these objectives.

Commitment of the National Cancer Institute:

1. The National Cancer Institute designates the Director, Division of Cancer Treatment as the primary contact on matters of policy relative to anticancer drug development. Members of his/her staff responsible for specific aspects of the Drug Development Program will carry on day-to-day contact with their counterparts at the Food and Drug Administration as appropriate.

2. As sponsor of investigational drugs for clinical trial, the Division of Cancer Treatment agrees to comply with all applicable laws, regulations, and any other legal requirements pertaining to such sponsorship.

3. The Division of Cancer Treatment will transmit to the Bureau of Drugs pertinent information generated by the activities of the Division of Cancer Treatment. This will include Cancer Treatment Reports and copies of the minutes of pertinent meetings, e.g. the New Drug Liaison Meetings and the Phase I Working Group Meetings. These minutes are not to be considered a substitute for the annual progress reports required for each IND.

4. The Division of Cancer Treatment will designate a member of its staff as a liaison to FDA's Oncology Advisory Committee and will send members of its staff to other Food and Drug Administration meetings, as appropriate, in order to aid communication between the two organizations.

5. The Division of Cancer Treatment will maintain with the Bureau of Drugs a Master File, which will include a detailed description of its overall plan of anticancer drug development, its system of clinical monitoring, its system of drug distribution and data reporting, pertinent information on Division of Cancer Treatment staff, and other background information normally included in individual Notices of Claimed Investigational Exemption for a New Drug (also known as Investigational New Drug Applications).

When any portion of the Master File is proposed to be revised in a significant manner, the Division of Cancer Treatment will, prior to such revision, provide a draft copy of the proposed alteration for the Bureau of Drugs' comment. Less substantive revisions will be provided to the Bureau of Drugs in finalized form and such revisions will be sent with reasonable promptness. The Division of Cancer Treatment agrees to maintain the Master File in a manner which keeps it current, to add information as it believes necessary, or as requested by the Bureau of Drugs, to delete items which are no longer pertinent or active, and to submit to the Bureau of Drugs on or about January 1 of each year a list of the documents it considers to be in the Master File and a certication of their currency and accuracy.

Commitment of the Food and Drug Administration—

1. The Food and Drug Administration designates the Associate Director for New Drug Evaluation, Bureau of Drugs, as its primary contact for matters of policy regarding anticancer drugs. Members of his/her staff will interact with appropriate Division of Cancer Treatment staff for day to day matters.

2. The Bureau of Drugs will designate appropriate members of its staff as liaison to the Decision Network, the Phase 1 Working Group, and the New Drug Liaison Meetings and other pertinent meetings of the Division of Cancer Treatment, to aid communication between the Bureau of Drugs and Division of Cancer Treatment.

3. In recognition of the position occupied by the Division of Cancer Treatment in antitumor drug development, and in view of the serious nature of the disease, the Bureau of Drugs agrees to cooperate with and assist the Division of Cancer Treatment in the furtherance of its objectives, to the degree permitted by regulation and law.

4. The Bureau of Drugs agrees to accept the Master File submission of the Division of Cancer Treatment as applicable to all anticancer investigational drugs sponsored by the Division of Cancer Treatment. Information in the Master File will thus be incorporated by reference into all Notices of Claimed Investigational Exemptions (IND's) for anticancer drugs sponsored by the Division of Cancer Treatment.

5. The Bureau of Drugs agrees to bring any deficiencies of problems with the Master File to the attention of the Division of Cancer Treatment as part of its review and approval of that Master File rather than as comments on specific IND's. If, after a reasonable period needed for correction of the Master File, such correction is not forthcoming the Bureau of Drugs shall inform the Division of Cancer Treatment which of its IND's may be adversely affected and subject to administrative action.

Commitment of both the National Cancer Institute and the Food and Drug Administration:

If the Director, Division of Cancer Treatment, National Cancer Institute and the Associate Director for New Drug Evaluation, Bureau of Drugs, cannot agree on the appropriate contents of the Master File, or the approvability of the Master File or of any application sponsored by the National Cancer Institute, or on any other matters related to the regulation by the Food and Drug Administration of drugs sponsored by the National Cancer Institute, the matter shall be brought to the attention of the Director of the National Cancer Institute and the Director of the Bureau of Drugs. These persons are then responsible for jointly resolving the matter, either directly or by consultation with, or referral to, the Director of the National Institutes of Health and the Commissioner of Food and Drugs. Absent such resolution, final resolution of the matter rests with the Commissioner of Food and Drugs.

Dated: January 12, 1979.

For the Food and Drug Administration.

Donald Kennedy, Commissioner, Food and Drug Administration.

Dated February 5, 1979.

For the National Institutes of Health.

Donald S. Frederickson, Director, National Institutes of Health.

Effective date. This Memorandum of Understanding became effective February 5, 1979.

Dated April 25, 1979.

OFFICE OF HUMAN DEVELOPMENT SERVICES

Regional Adoption Resource Centers Demonstration Program—Program Announcement No. 13652–791; Availability of Grant Funds.

Agency: Administration for Children, Youth and Families, Office of Human Development Services, DHEW.

Subject: Announcement of availability of grant funds for the Regional Adoption Resource Centers demonstration program.

Summary: The Administration for Children, Youth and Families (ACYF) announces that applications are being accepted for Regional Adoption Resource Center grants for Fiscal Year 1979. This program is authorized under Pub. L. 95–260, the Child Abuse Prevention and Treatment and Adoption Reform Act of 1978 (Title II, Adoption Opportunities, 42 U.S.C. 5113).

Dates: Closing date for receipt of applications is July 16, 1979.

Scope of this Announcement:

This program announcement is one of two which will be issued under Title II of Pub. L. 95–206 for Fiscal Year 1979. The second is Demonstration Grants for National Adoptive Parent Organizations to Expedite Adoption of Children with Special Needs which will be announced separately in the Federal Register.

Program Purpose:

The purpose of the Regional Adoption Resource Centers Demonstration Program is to develop a coherent, coordinated and comprehensive adoption resource information exchange system throughout the United States.

Program Goals and Objectives.

The goal of the demonstration program is to establish a Regional Adoption Resource Center in each of the ten (10) HEW Regions. The network of Regional Adoption Resource Centers is intended to be a major component of HEW's activities directed toward carrying out the provisions of Title II of Pub. L. 95–268.

Applications for projects should indicate that the proposed project will achieve or is capable of achieving all of the following program objectives.

Identify and assess the adoption resources and practices within the geographical

boundaries of the HEW Region in which it operates.

Establish a Regional adoption information clearinghouse in each of the HEW Regions.

Provide a regional resource to assist and facilitate the growth and development of a national adoption information exchange system.

Facilitate inter-State and intra-State communication and coordination of program innovations and adoption planning processes.

Establish and/or improve adoption and adoption related training programs in the States and other agencies and organizations in the Region with direct and indirect involvement in adoption services.

Assist States and local agencies and organizations within each Region to address Region-specific objectives for improving and expanding adoption services.

• • • between foster care and adoption services.

Provide support and financial assistance to parent groups in the planning, improving, developing and carrying out of programs and activities related to adoption. (Applicants will be responsible for conducting a competitive grant award process and awarding subgrants to parent groups.)

Performance Standards:

Within six months after the grant award for the Resource Centers, the Children's Bureau will develop performance standards based on the goals and objectives contained in this priority statement and in the approved applications. The Children's Bureau will also develop the necessary forms and procedures for reporting. The purpose of these standards and the reporting system is to provide program accountability to the government and the Congress for the $2.766 million which has been allocated to these grants.

The performance will seek to measure the efficiency of program planning, the type and quantity of services provided, the recipient feedback on the utility of services provided. The performance standards will be self-administered. The Steering Committee for each Regional Center will be responsible for the quality and timeliness of the assessment. The desiged Government Project Officer and the assigned Regional Office staff person will be responsible for validating assessment findings.

Eligible Applicants:

Public and private nonprofit organizations, including institutions of higher learning may apply for a grant under this announcement. The applicant must provide a written assurance that it has been physically located in this geographic region it proposes to serve for a minimum of one year prior to the time the application is submitted. Applications received without this assurance will be considered nonconforming and will not be reviewed. Applications for grants to serve in a HEW Region(s) other than the one from which the application is submitted will be considered ineligible.

Required Capabilities:

The applicant must demonstrate its interest and capability as an organization to continue to maintain and improve child welfare services. This grant will serve to enrich and augment the applicant's child welfare services. • • •

DEPARTMENT OF HEALTH
AND HUMAN SERVICES,
June 11, 1981.

Dr. J. RICHARD CROUT,
Director, Bureau of Drugs, Food and Drug Administration, Rockville, Md.

DEAR MR. CROUT: I am writing in response to your letter of June 9, 1981, regarding the reporting of the Methyl CCNU nephrotoxicity. As I have indicated previously, I believe our actions with regard to this occurrence were based on some misunderstandings as embodied in the Master File.

I wish to assure you that our current procedures involve prompt reporting to the FDA and all investigators using the drug of any potential adverse drug reactions, whether or not they can be identified as drug related. Investigations of the circumstances of the case will follow this report. We will modify relevant portions of our Master File to reflect clearly that this is indeed the procedure that is and will be followed. I believe the flow chart which you included as Attachment B is somewhat ambiguous, and we will modify that as well.

I am pleased that you agree with the efforts we have taken to provide for timely submission of annual reports and to comply in all ways with FDA regulations. Although a specific meeting to discuss the reporting of adverse drug reactions may not be necessary at this time, I still believe that frequent meetings between FDA and NCI staff to discuss relevant issues should be continued.

Sincerely yours,

VINCENT T. DEVITA, Jr., M.D.,
Director, National Cancer Institute.

Mrs. HAWKINS. This special DHHS task force initiated its investigation several weeks ago and will report ts findings to Secretary Schweiker and to the Investigations and General Oversight Subcommittee within 90 days or, at the latest, sometime in December. In the meantime, the subcommittee will continue to prepare for its hearing on November 3, and to monitor the progress of the NCI and the FDA in correcting deficiencies caused in their respective programs.

In a related topic, Mr. President, I can think of no other research program more vital to humanity than the search for the answers to cancer. We must continue to accelerate the war on cancer, but with new direction.

However, I am outraged when I read a quotation from a very prominent cancer researcher of many years, who stated that "We have been on a plateau for about 10 years. That has been the length of life of the war on cancer." "We have been inching ahead. It is almost like building a pyramid."

And to quote the director of the Mayo Clinic, "We have hit on some areas more or less by luck. We have accomplished a lot, but it has been like swatting at flies with a sledgehammer. It has been rather blind, I suppose, as far as end products are concerned. It has been a bust. But then so has the overall treatment of cancer." We have spent billions of dollars in the war on cancer. I say that this war must take new direction.

In addition, when mistakes are made and deficiencies come to light, especially those deficiencies that can lead to life-threatening situations, we must be sure that immediate corrective action is taken.

This, Mr. President, is the purpose of the subcommittee's next hearing. It is my hope that the subcommittee's hearing will do much to insure that research with anticancer drugs does not endanger the lives and well-being of cancer patients.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

POSTPONEMENT OF DAIRY PRICE SUPPORT ADJUSTMENT AND WHEAT REFERENDUM

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the pending motion to proceed to the consideration of H.R. 4612, which the clerk will report.

The bill clerk read as follows:

A motion to proceed to the consideration of H.R. 4612, a bill to temporarily delay the October 1, 1981, increase in the price support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

The Senate resumed consideration of the motion.

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin (Mr. PROXMIRE) is recognized.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, as I understand it, the pending measure is H.R. 4612, the milk price support legislation.

The PRESIDING OFFICER. The Senator is correct.

Mr. PROXMIRE. Mr. President, I am about to have a colloquy with my distinguished colleagues, Senator HELMS, the chairman of the Senate Committee on Agriculture, Nutrition, and Forestry, and Senator HUDDLESTON, the ranking minority member of that committee.

If this colloquy goes along as I expect it will, then I would like to make additional remarks of my own after the colloquy and then proceed to passage of H.R. 4612 on a voice vote.

Actually, Mr. President, I anticipate that the colloquy itself can be quite brief indeed. I would simply like to ask the Senator from North Carolina (Mr. HELMS) and the Senator from Kentucky (Mr. HUDDLESTON) this question:

In the conference on the 1981 farm bill, would they, as the leaders of the Senate conferees, be willing to explore with the other conferees the possibility of adopting, for the current marketing year, a continuation of a support level of not less than $13.49 per hundredweight?

That, of course, is the present law. Since October 1 of this year, the 1949 act has been in effect, and that is the present law.

As Senators know, of course, the Senate version of the 1981 farm bill has a dairy provision calling for a price support level of $13.10 per hundredweight for the current marketing year. The House, as we know, has adopted the so-called Bedell amendment, which also set the support price at $13.10 per hundredweight for 1982.

But since the Congress had not agreed on a new farm bill by October 1, the price support level automatically jumped to 75 percent of parity or $13.49 per hundredweight on that date.

In view of the $13.49 level now prevailing and because of the severe hardships facing dairy farmers if the Congress sticks with $13.10 in the new farm bill—and I will have more to say about this latter point in my remarks following the colloquy—I am asking my distinguished colleagues, Senator HELMS and Senator HUDDLESTON, the question I posed a moment ago.

As I said, Mr. President, if the chairman of the Agriculture Committee and ranking minority member can respond in the affirmative to this question, then I am prepared to see H.R. 4612 go to passage on a voice vote following additional remarks I would like to make after the colloquy.

The PRESIDING OFFICER. The Chair will state that the pending business before the Senate is not the consideration of H.R. 4612, but, rather, the motion to proceed to the consideration of H.R. 4612.

Mr. PROXMIRE. I appreciate that. The Chair is very correct. I did not phrase my statement correctly. I understood it to be the motion to take up the bill, but we can have a colloquy at this time.

The PRESIDING OFFICER. The Senator is correct.

The Senator from North Carolina.

Mr. HELMS. Mr. President, I thank the Chair.

I listened carefully to the inquiry by the able Senator from Wisconsin (Mr. PROXMIRE), who is my friend and with whom I have worked closely since I came to the Senate. I can certainly assure the Senator that when we go to conference on the 1981 farm bill, this Senator will keep an absolutely open mind on the problems that every Senator has. In the case of Senator PROXMIRE, that would especially be so because of my understanding of his particular problem with respect to the dairy price support provision.

I must level with him and all other Members of the Senate on this question, Mr. President. As I view the budgetary restraints, I cannot assure him that I am optimistic that a higher dairy support level can be achieved than the one approved in the State bill; but I tell him as my friend and my colleague that I am certainly willing to reexamine and evaluate the Senate position on the support level for the 1982 marketing year.

That evaluation should take into consideration all sorts of things, such as the trends in dairy production, projected parity levels, anticipated stock accumulations and more recent cost estimates from the Department of Agriculture and the Congressional Budget Office, all of which I know the Senator understands.

Mr. President, I have high regard for the Senator and commend him for his outstanding concern for America's dairy farmers. However, I hope that he will understand that the conferee's consideration will be somewhat constrained for the 1982 fiscal year. There are also formidable procedural obstacles to going to a support level above that in the Senate bill for 1982—a level now tentatively adopted by the House of Representatives.

Let me give the Senator this further assurance: I shall carefully monitor the dairy situation and, if milk production is reduced more than expected in future years, I shall certainly recommend appropriate adjustments to increase incentives for dairy production.

Mr. HUDDLESTON. Mr. President, I commend the distinguished Senator from Wisconsin for the dramatic manner in which he has called the attention of this body and the American people to the plight of the dairy farmer in the United States. I, too, certainly want to assure him that I shall explore with the other conferees the possibility of adopting a minimum support level of $13.49 for the current milk marketing year. The distinguished Senator from Wisconsin has highlighted a number of facts concerning the dairy farmer that merit the attention of Congress and, as the Senator has pointed out, the $13.49 figure represents 75 percent of parity.

Again, I shall have to say, as the distinguished Senator from North Carolina did, that it is impossible to give assurances that we shall accomplish that purpose or get the conference to agree to a substitute that will contain the level suggested by the Senator from Wisconsin. I might call the Senate's attention to the fact that in marking up the farm bill, the Committee on Agriculture, Nutrition, and Forestry tentatively agreed to a minimum price level of 75 percent of parity.

However, upon reconsideration, the committee—while leaving unchanged existing law which requires that milk be supported at a level between 75 and 90 percent of parity—authorized the Secretary of Agriculture to support the price of milk at not less than 70 percent of parity if the Secretary estimated for any fiscal year that net Government price support purchases of milk and dairy products would cost more than $500 million or exceed 3.52 billion pounds. Too, under the committee-reported bill, adjustment of the support price upward to 70 percent of parity on April 1 of each year would have been required if the support price had fallen below 70 percent of parity.

It proved impossible on the Senate floor to maintain the language of the committee-reported bill, and the administration's proposal of a $13.10 minimum was adopted.

Moreover, Mr. President, while the provisions of the Senate-passed bill and the tentative agreement reached by the House are different with respect to the level of price support for the 1983 through 1985 marketing years, the two Houses are in agreement with respect to the minimum level for the 1982 marketing year.

Thus, as the Senator from Wisconsin undoubtedly recognizes, there would be formidable procedural problems from the standpoint of the House in agreeing to a minimum level of price support in excess of $13.10.

However, no problem is insurmountable, and I certainly shall be willing to explore during the conference on the farm bill the possibility of agreeing to a higher level.

Mr. PROXMIRE. Mr. President, I thank, from the bottom of my heart, my two good friends, the Senator from North Carolina, the Chairman, and the ranking Member, the Senator from Kentucky. I appreciate very much what they have said. I know that they, too, recognize the plight of the dairy farmer. Too few Members of Congress and too few people among the public understand how devastating that will be if we do not make an adjustment here. I realize the formidable problems the two Senators have discussed. I realize they are formidable. I discussed those problems with people in the House and people on the staffs of the committees and they are very difficult indeed. But as the distinguished Senator from Kentucky said so well, they are not insurmountable and I very much appreciate the willingness of both Senators to give this consideration.

Mr. HELMS. Mr. President, will the Senator be willing to have the bill called up?

Mr. PROXMIRE. Yes; I am willing to have it called up by unanimous consent. I want to speak on it before we act on it, which I understand will be by voice vote.

The PRESIDING OFFICER. The question is on agreeing to the motion to proceed to consideration of the bill, H.R. 4612.

The motion was agreed to.

The PRESIDING OFFICER. The clerk will state the bill.

The bill clerk read as follows:

A bill (H.R. 4612) to temporarily delay the October 1, 1981, increase in the price support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

The Senate proceeded to consider the bill.

Mr. HUDDLESTON. Mr. President, H.R. 4612 temporarily will set the level of price support for milk at $13.10 per hundredweight for milk containing 3.67 percent butterfat, which is the level at which the price of milk was supported during the 1981 marketing year. This level will last until November 15, 1981.

MILK PRICE SUPPORT

Permanent law and the Omnibus Budget Reconciliation Act of 1981 require a minimum milk price support level beginning October 1 of 75 percent of parity. However, the conferees on the Budget Act recognized that "the support price for milk would need to be reconsidered along with the support price for other commodities during consideration of the farm bill in order to meet the budget targets in the concurrent budget resolution for the fiscal year ending September 30, 1982."

The minimum milk price support level for the 1982 through 1985 marketing years under the omnibus farm bill passed by the Senate on September 18 is $13.10 per hundredweight, the same as the 1981 marketing year level and that provided under H.R. 4612. The House of Representatives, in its deliberations on its version of the omnibus farm bill, has agreed to a minimum price support level of $13.10 for the 1982 marketing year.

However, it appears unlikely that Con-

gress will be able to complete action on the omnibus farm bill until sometime in November.

On October 1, the Secretary of Agriculture, acting under existing law, announced that the support level for milk was being set at 75 percent of parity—$13.49 per hundredweight—effective October 1.

The effect of H.R. 4612 if enacted, would require that the support level revert to $13.10.

The enactment of H.R. 4612 will not, in my view, affect in any way the ultimate resolution by Congress of the minimum level of price support for the 1983 through 1985 marketing years. While the provisions of the Senate-passed bill and the tentative agreement reached by the House are different with respect to the level of price support for the 1983 through 1985 marketing years, the two Houses are in agreement with respect to minimum level for the 1982 marketing year—which is $13.10 per hundredweight. As I stated earlier, in response to Senator PROXMIRE's question, I am willing to explore during the conference on the farm bill the possibility of agreeing to a higher level than $13.10.

However, I think that it would be misleading to our dairy farmers for Congress to permit the price support level for milk to remain at $13.49, and, within a few weeks, enact legislation that would mandate a decrease in the level of support. Therefore, I support the enactment of H.R. 4612.

ADJUSTMENT NEEDED IN MILK MANUFACTURING MARGINS

Mr. President, a matter of deep concern to me at a time when action is being taken to freeze the support level for milk is that the actual prices that dairy farmers receive for their milk may be below the required support price.

I am particularly concerned about the manufacturing margins used by the Commodity Credit Corporation in determining its purchase prices for dairy products. The CCC purchase price should cover the manufacturing margin, which is the annual average cost of manufacturing butter, nonfat dry milk, or cheese, as well as the cost of the milk used in manufacturing these products.

If actual manufacturing costs exceed the margin, a manufacturing plant selling to the Commodity Credit Corporation will not receive sufficient revenue both to cover its costs and pay to farmers a price for their milk that equals the support level.

There has not been an adjustment in manufacturing margins since October 1979, even though manufacturing costs have increased by over 30 percent for some products purchased by the Commodity Credit Corporation. The result has been an average U.S. manufacturing milk price well below the announced support level since April 1980.

The manufacturing margins, therefore, Mr. President, should be increased to enable plants to pay farmers the support price provided under the law. Further, the Secretary of Agriculture periodically should review and make adjustments in the manufacturing margins and other factors to assure that CCC purchases will continue to provide manufacturers revenues to enable them to pay farmers a price not less than the support price.

Mr. PROXMIRE. Mr. President, I want to take this opportunity to emphasize what the Senate, the press, and the general public simply do not understand: Dairy farmers in Wisconsin and elsewhere will suffer savage cuts in their net income in the Senate version of the 1981 farm bill, as few Senators appreciate.

Mr. President, a 4-year freeze on dairy prices—and that is what it is, as I am going to point out—will be a disaster for the Nation's dairy farmers. But this is exactly what will result if the farm bill supported by the administration and passed by the Senate becomes law.

What does the Senate version of the farm bill do to the Nation's dairy farmers? Mr. President, the farm bill that we passed not long ago means that, for the next 3 years, dairy prices would remain at the same level they achieved on October 1, 1980—over 1 year ago.

That is a 4-year freeze on dairy prices. Mr. President, let me say that again: The Senate has passed a farm bill that saddles our dairy farmers with a 4-year freeze on dairy prices.

Let us look at the effect this freeze is already having on our dairy farmers. Since the freeze began—over 1 year ago the Consumer Price Index has risen over 12 percent.

But the prices paid by dairy farmers have risen even more. Assuming that prices continue to rise during the next 3 years at 10 percent a year, Mr. President, that will mean a loss in net income to the average dairy farmer in this country of a disastrous 70 percent. And net income is what the dairy farmer must live on.

This could mark the beginning of the end for the family dairy farm in America. And it may well destroy the dairy price support system that has performed so well for the last 32 years.

Mr. President, are we fully aware of what we are doing to the dairy farmer? By freezing the price the dairy farmer can receive for his milk from October 1, 1980, until at least October 1, 1984, we are making the dairy farmer and his family the prime victims of economic injustice in this Nation.

I challenge anyone in this body or in the press, or anyone in this country, for that matter, to demonstrate to me that any other significant group in America faces anything like that kind of economic catastrophe.

We are strapping the dairy farmer with a 4-year price freeze for his product while—at the very same time—this Nation is undergoing the worst peacetime inflation in our history.

This will mean—according to an analysis prepared at the University of Wisconsin—that the average dairy farmer will endure a 70-percent cut in his net income.

Obviously, Mr. President, the living expense facing the dairy farmer will continue to increase as he tries to survive with this cruel slash in his net income.

I point out what this means to a typical dairy farm family. The dairy farmer and his family with $15,000 for living expenses last year will find that by 1984 they have less than $5,000, and that $5,000 in 1984 dollars will buy far less than $5,000 will buy today. Under the Senate bill, I calculate that the typical dairy farmer will sink far below—in fact, to about one-half—the poverty level.

Mr. President, dairy farmers are not unskilled, common laborers. These are not incompetent, inefficient producers. These dairy farmers work longer and harder than any other workers in our country today. Those cows have to be milked twice a day, 7 days a week, 52 weeks a year. The dairy farmer typically grows most of his own feed. So he has to plant and harvest his crops. He has to repair and maintain his equipment.

Last year, the University of Wisconsin made a study of the hours a typical dairy farmer and his wife and children worked in June of 1980. Their finding: 135 to 150 hours per week, in aggregate. That is not one person, of course, because there are only 160 hours in a week. The family together—the husband, wife, and children, in aggregate—worked those hours.

And even with 80 percent parity which they enjoyed at that time, their hourly income was 15 percent less than the minimum wage. Do they produce productively? Consider, Mr. President, that when the 1949 law—which in the absence of the enactment of the 1981 bill becomes the governing statute for dairy price supports—was passed 32 years ago, we had some 406,000 dairy farms in this country. Today, what do we have? Maybe 400,000, 300,000, 200,000? No; today, we have only 166,000 dairy farms. So most of them, almost two-thirds, have been weeded out.

The great majority of those farms are family farms, so labor, like the number of farms, has declined by more than 60 percent, and yet these 166,000 dairy farms last year produced 10 percent more milk than 406,000 dairy farms produced in 1949. That constitutes a proud record of increased productivity. It means that virtually every marginal inefficient dairy farmer has left the business. The dairy farmers working now have proven themselves the most efficient dairy farmers in the Nation, in the toughest kind of weeding out process. So they work hard and are extraordinarily efficient.

But that just begins to tell the story. In this capitalist country, to warrant a return we require two other elements: A capital investment and substantial risk. Mr. President, unlike the vast majority of Americans the dairy farmer must make an investment and a big one—several hundred thousand dollars—and he runs the kind of risk that would scare the pants off most businessmen. Weather, crop failure, a sickness in his herd can wipe out the most efficient and diligent farm family overnight. So there you have it, every possible ingredient that we require in our economic system of success. Hard work? Yes, hard, grinding, day after day, unremitting toil. Efficiency? Yes, an astonishing record of improvement in productivity, possibly unmatched by any substantial economic group in America. Investment? A big and growing investment requirement as the cost of

every kind of equipment farmers buy has continued to climb. And risk? Yes, indeed, a constant, painful, often heartbreaking risk, far beyond what most business endure. And their reward for all this? A meager income, barely enough to keep their head above water.

Now, what happens with this 1981 farm bill? Two-thirds of their meager income ripped away; forced to live on less than $5,000. In 1984 dollars, that will not even cover the income a welfare family will receive, and that will be the last of these, the hardest working, most efficient people in our Nation.

What I have not said is that that farm bill we have had in effect—the dairy price support system we have had in effect since 1949—has been good for the consumer. Dairy prices have risen less than the price of other food, have risen less than the Consumer Price Index, one-half as much as wages have risen. The consumer has been served. The cost to the taxpayer has been one-twentieth of 1 percent of the budget.

Mr. President, this is a modest program. It keeps the family farmer going. It provides the most vital and important food we have. During the time this law has been in effect, the percentage of income that the typical American family has spent for dairy products has dropped from 4 to 2 percent because of the efficiency and hard work of the dairy farmer, and this is the thanks he gets.

Mr. President, that is what the Senate farm bill imposes on the dairy farmer.

At this point, as we know, the House has acted on the dairy section of its version of the 1981 farm bill.

I spoke about the House farm bill dairy provisions a few days ago, and I will not repeat those remarks again here today. What the House has done represents a serious setback for the dairy farmer. What the Senate has done represents a catastrophe.

So once again, Mr. President, I plead, beg, request—whatever it takes—that our Senate conferees on the farm bill keep foremost in their minds how devastating the Senate version would be for dairy farmers.

My State happens to have 25 percent of all the dairy farms in the country—44,000 dairy farms. Those dairy farms provide the very heart of our rural Wisconsin. This will be disastrous not only for Wisconsin dairy farmers, if this goes into effect, but for all the rural towns in our State as well. It is ridiculous, because we have a law on the books that has served the consumer and the taxpayer well, and we should abide by it.

Based on any reasonable standard—and simply on fair play and a sense of justice and equity—the Senate conferees should accept the House dairy provisions as a base and try their best to move to $13.49 a hundredweight from that point forward.

On Monday, September 28, I delivered a 16-hour speech on the floor of the Senate. People ask me why I did it. Well, why did I? Mr. President, part of the answer lies in the plight of the Wisconsin dairy farmer. I spoke to protest sinking this country more than a trillion dollars into debt, and signaling continued inflationary and high interest rate policies. What does that have to do with the dairy farmer? Answer: Everything.

The dairy farmer's typical income will drop from $15,000 a year to $5,000 a year, under the 1981 farm bill. Why? Because of the terrible ravages of this inflation. If my amendment somehow had been adopted and we had limited the debt to $995 billion, we would have given the country the one clear, hard signal it needs to convince it that we meant business about fighting inflation: a balanced budget. And on that balanced budget we could develop the kind of stable pricing and wage policy that could slow and even stop inflation. Then the dairy farmer would not need a price support increase.

If next year and 1983 and 1984 bring no inflation, the dairy farmer could make it even with this 1981 farm bill. But we all know the cruel truth.

We have adopted inflationary policies that will guarantee a huge Federal deficit this year and next year and probably in 1984. We have no effective antitrust policy. We have no dedication to free trade that can help hold down prices. We have no incomes policy, that is, no policy of wage or price restraint. With these feeble economic policies, anyone with commonsense knows that prices will continue to rise and rise sharply during the next 3 years and with the freeze in dairy farm prices we have riveted into this farm bill that spells ruin for thousands of productive, efficient American dairy farms.

Mr. President, I have objected for some days now to any unanimous-consent action by resolution to permit the administration to put the terms of this farm bill into effect for dairy farmers before the bill becomes law, because I have hoped that my objections would strengthen the resolve of the House-Senate conferees to accept the House version and use the $13.49 base which is now the law and now in effect. Such a decision would mean that dairy farm prices would be frozen for 1 additional year at their present legal level not for 3 more years.

An additional 1-year freeze would be painful and cruel for dairy farmers, but it would not be disastrous. A 3-year freeze would be just that—disastrous. I hope and pray that message has gotten through. Let us fight inflation, yes. Let us hold down spending, yes indeed, but let us not load such a grossly, pathetically unfair burden of fighting inflation on a single group of producers, especially when those producers have already done so much to make this a productive and strong nation.

The PRESIDING OFFICER (Mr. GORTON). The Senator from North Carolina is recognized.

Mr. HELMS. Mr. President, H.R. 4612 will stabilize dairy supports at the current level of $13.10 until November 15, 1981—less than 30 days from now.

The intent of this measure is simply to preserve the status quo for an additional period of time, since it is taking longer than expected to enact a new farm bill. Once it is enacted, the new bill will set the support level for 1982 and future years.

In the farm bill already passed, the Senate has decided that the support level for 1982 should be $13.10.

The House has adopted—by a vote of 400 to 14—an amendment to their farm bill which would, among other things, likewise set the support level for 1982 at $13.10.

There were other dairy amendments offered on the House floor—some higher and some lower in the out-years than the level which was finally adopted. But in one respect, every amendment was alike. Each amendment would allow the support level for 1982 to remain at $13.10.

Those Members of the House of Representatives who have the highest concern for dairy farmers offered the amendments to increase the support level in future years, but even these Members concede that the support level for 1982 should remain at $13.10.

Why then is the actual support level today above $13.10?

The reason is that the House has not yet completed consideration of all parts of the new farm bill, although the dairy section has been voted on. In the meantime, a provision of 1949 law—which will be superseded by both the House and Senate bills once they are enacted—requires an increase.

The serious problems facing dairy farmers which the Senator from Wisconsin described will not be solved by a higher support level between now and November 15 of this year.

Both the House and Senate have gone on record that the support level for 1982 should be $13.10. A temporary increase above that will only create disorder and invite abuse of the marketing system.

Enactment of this measure will merely eliminate a needless, costly, temporary increase in supports which will have no real benefit to dairy farmers.

I urge its adoption.

Mr. President, I yield to the able junior Senator from Wisconsin.

Mr. KASTEN. I thank the Senator for yielding.

Mr. President, once again the administration has targeted our Nation's dairy farmer to receive the impact of cuts in the agriculture area.

Not only did the dairy industry and its thousands of farmers, 45,000 alone in my home State of Wisconsin, take the brunt of the initial cuts in any program—with the cut-off of the April 1 adjustment, it is now being singled out again to take a cut—the elimination of the October 1 adjustment.

It is now after October 1. The adjustment has gone into effect and now the administration wants to eliminate it. Why not wait until we have a farm bill enacted into a "farm law." Let the House of Representatives finish work on its farm bill, go to conference with the Senate, and then put the dairy program into effect. That is what is fair. If there are going to be adjustments in the farm programs, let them go into effect as a package—that was the argument used by proponents of the Senate farm bill when we debated it here on this floor. Do not single out the dairy farmer to take cuts. It is not fair, and I oppose such a move.

Back in March, when we debated the elimination of the April 1 price adjust-

ment, I stood here and stated that Wisconsin's dairy farmers were willing to take cuts, make sacrifices as it were, but that they were not willing to stand alone in those cuts. They wanted equity. Cuts in all programs, agriculture and nonagriculture, needed to be made. Fortunately, we are starting to get Government off the backs of our people. We have made positive steps toward a balanced budget and I am proud to have been part of that process.

We are now looking at additional cuts in the Appropriations Committee—12 percent across the board. Those are hard cuts; there will be difficult decisions made, but they will be made. But, those cuts are going to be made across the board. That is my point—do not single out any one individual or group of individuals.

Critics of the dairy industry complain about its high costs, and they are high, but let us take a look at the facts.

The fact is, dairy farmers in 1980 received an 8-percent increase in price—pretty reasonable I would say.

The fact is, costs to dairy farmers in 1980 of various commodities, interest, taxes and labor increased by 12 percent.

It does not take a skilled mathematician to figure out that there does not seem to be very much profit in that type of equation.

Retail sales of milk in the United States totaled approximately $16 billion in 1980; $3 billion went to Wisconsin. Think of the economic impact those sales make on local communities and States in terms of employment, taxes, and sales.

The dairy price support program provides stability for dairy farmers throughout the United States and a dependable, level supply of milk for our Nation.

The stability that I am talking about is especially critical for the young dairy farmer and those young farmers contemplating entry into the dairy industry. Without a good solid support level it is virtually impossible for a young farmer to obtain financing for the tremendously capital intensive dairy effort.

Dairy farms are on the decrease, in fact farming is on the decline, a situation we must not allow to continue. According to USDA figures the number of farm operations reporting with one or more milk cows—the smallest farm to the largest—has declined steadily between 1975 to 1980 (the most current figures available) from 443,610 farms to 335,270—a staggering decline of some 108,000 farms. I would wager to say, Mr. President, that this decline is not endemic to the dairy industry, but does in fact apply to other farmers growing other commodities.

But what we are talking about today is the dairy farmers and the Government's price support program.

There is nothing wrong with the program itself. Arguments can be made over this level of parity versus another level of parity for the program, but the dairy price support program works. The problem then, Mr. President, is not the dairy program, but rather the economy, especially high interest rates that are destroying so many of our farmers.

The Federal Government, in order to make purchases under the support program, has to go into the marketplace to borrow money at high interest rates, competing against other commercial and private borrowers for precious dollars. So the action of this body needs to be directed at reducing the Federal Government's demand for money; reducing inflation and high interest rates, and not at the dairy price support program.

Mr. President, I once again urge my colleagues to oppose the administration's attempts to eliminate the October price adjustments. Let us wait for the farm bill conference report and vote on the total farm package and not single out the dairy farmer for cuts in a program he needs and is working.

Mr. BOSCHWITZ. Mr. President, I wish to associate myself with the remarks of the distinguished junior Senator from Wisconsin and with the remarks of the distinguished senior Senator from Wisconsin and associate myself in the efforts that they are making to retain the $13.49 price level.

I agree with them on the number of farms as they decline, that the pressures are put upon dairy farmers, particularly those in our neck of the woods, which are small farms which are removed from the market and where the individual family farmer is really the basis of our economy. That is why we feel so strongly in this matter.

So I associate myself with the remarks of Senator KASTEN and Senator PROXMIRE in their efforts to retain the higher level of parity support.

Thank you, Mr. President. I yield the floor.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment. If there be no amendment to be offered, the question is on the third reading and passage of the bill.

The bill (H.R. 4612) was ordered to a third reading, was read the third time, and passed.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BOSCHWITZ. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNITED STATES-SOVIET RELATIONS: SECURITY BEGINS AT HOME

Mr. PELL. Mr. President, on this past Friday evening, I had the good fortune to hear Thomas J. Watson, former Ambassador to the Soviet Union, deliver a remarkably informed, prescient, and thoughtful Ogden lecture at Brown University. I believe particularly important was the point he made that, unless courses and policies are changed, nuclear war with the Soviet Union appears very likely. Because of the importance of his speech and the creative recommendation he made of setting up a nonpartisan high level Commission for National Security Policy to try to get a grip on the situation, I believe my colleagues would be interested in his ideas. For that reason, I ask unanimous consent that Ambassador Watson's speech may be entered in the RECORD at this point.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

UNITED STATES-SOVIET RELATIONS: SECURITY BEGINS AT HOME

I'm pleased to lead off this year's Ogden lecture series because it's devoted to the problems of U.S.-Soviet relations—the most important topic to Americans I can think of. This vital relationship embraces the possibility of the total destruction of American and Soviet societies simultaneously.

While the Soviet Union has been creating the capability to destroy our country, we have continued to spend vast resources to improve our ability to destroy them.

Long ago both nations passed the point of sufficiency—the capacity to inflict nearly total annihilation on the other, no matter who attacks first.

Neither country wants war. Yet both countries continue to build more and better weapons, and to maneuver for marginal advantages, as though World War III would be just another episode in mankind's history.

Common sense tells responsible leaders and ordinary citizens alike that the next World War will be the last war for centuries and a total global catastrophe. Why, then, do we not address the problem with the urgency and vision it demands? Why do we attempt quick fixes which come back to haunt us? Why do we pretend nuclear war can be won?

Americans certainly find all manner of fault with Soviet policies, most of it justified. I find the relationship difficult in the extreme. But that evades the issue. If the world goes up in flames, it will be no consolation that the few survivors, can put the blame for the disaster on the Russians.

Today, more than ever, national security begins at home. Americans must pull themselves together and create policies that will steer the rest of the world, friend and foe alike, willingly or unwillingly, out of the jungle and down the road towards peace and security.

For several decades now we have fallen short in our effort to do so. Tonight I want to discuss a few of our failures, to draw some conclusions from them, and to offer a proposal for modestly improving the process of establishing our national security policies and priorities.

Although I will focus on mistakes and shortcomings, let me make clear at the outset that I believe our country has also taken great strides forward since World War II. For instance the bipartisan consensus on such momentous issues as the Marshall Plan, aid to Greece and Turkey, resisting aggression in Korea, and the opening to China.

But the going has been getting tougher here at home. A consensus is hard to come by. Bipartisanship is a rare occurrence. U.S. policy, driven often by political considerations, has begun to wheel and circle, rather than leading the world on a straight path.

We need a means to develop a far-sighted vision of the most important national interests. We must find a way of bringing our

wisest and most judicious thinking to the life and death questions affecting the very survival of our country.

As we look backward in order to see more clearly how best to move into the future, let's begin at the end of the forties and the early fifties; in the depths of the Cold War.

Under both Presidents Truman and Eisenhower, domestic politics and demagoguery throttled intelligent debate on our China policy and threw the United States and China into a pattern of hostility which lasted two decades. For twenty years our China policy served Soviet interests and undermined our own.

Under President Eisenhower we made a different kind of mistake. In part as a result of the decision not to put up an earth satellite before the Soviets put up their Sputnik, national security policy became a political football. The Democrats warned that the Russians were coming, raised alarms about a missile gap, and urged vast increases in military spending to counter it. President Kennedy discovered after the election that the "missile gap" was imaginary. But the rhetoric sank into the consciousness of many Americans, and made it still more difficult to think coldly and unemotionally about the best way to deal with the Soviets.

Both Presidents Kennedy and Johnson may have suffered from a curious fact of American political life: Democrats are often more susceptible than Republicans to false charges of "softness" in dealing with Communist regimes.

President Kennedy, for example, seemed to feel it necessary to play it "tough" in dealing with Communists as reflected in his approval of the Bay of Pigs disaster. It was only after the catharsis of the Cuban missile crisis, in which Kennedy eye-balled the Soviets down, that he felt able to start moving toward a new era in U.S.-Soviet relations. It is a great tragedy that he didn't live to pursue the effort.

America's attention became riveted to Vietnam, especially under President Johnson. Although the Soviet Union was rapidly developing the capability of destroying us, as we had the capability to destroy it, and the Sino-Soviet split was opening new opportunities to deal with China, we did not put our best efforts into coping with those important problems. Instead, we concentrated on a noble but hopeless attempt to assist a third-rate country in an area of little intrinsic interest to us.

Our mistakes crippled our ability to act decisively in future crises, damaged the confidence of our youth in this country and its objectives, and presented to the world a picture of rebellion and helplessness. That unhappy chapter is behind us now, but it surely illustrates the need for more wisdom in our policy-making process.

President Nixon did not have a ready solution for Vietnam, and in fact added to the domestic conflict over the issue. He did, however, come to office with a coherent strategy for dealing with the Soviet Union and China. He also was determined to control the process, and shrewdly chose Henry Kissinger both to flesh out his policy and to implement it. His initial success in coming to terms with the Chinese, then using that success as leverage in coming to terms with the Soviets, illustrates that a well-thought-out foreign policy, implemented with style, consistency, and determination, can succeed in U.S. politics.

Nixon drew on a passive but deep public yearning to move away from dangerous confrontation. But his Administration also made mistakes. For example, in the first SALT negotiations we did not press for a ban on multiple warheads (MIRVs) on intercontinental missiles at a time when the U.S. had the capability but the Soviets did not. We missed the chance to prevent the Soviets from MIRVing their big missiles because we chose to preserve the short-term advantages we then possessed.

President Ford was in no position to salvage detente, despite his boldness in going to meet Brezhnev in Vladivostok and attempting to restart the stalled negotiations on the SALT II agreement. But domestic politics, compounded by Soviet intransigence in the SALT negotiations, posed a serious obstacle: Ford faced a tough struggle in his own party for the Presidential nomination, a struggle in which being tagged as pro-detente was a decided disadvantage.

I am proud to have served in President Carter's Administration. He made a monumental contribution to peace in the Middle East through his personal efforts on behalf of the Camp David accords. He brought with him to the Oval Office the most generous and humane of instincts. But on some key issues he failed to turn those good instincts into good policy.

He made excellent individual appointments in the defense and foreign policy fields, but his team seemed unable to pull together on the same path toward the same goal. Differences in basic philosophy went beyond the natural and healthy tensions stemming from institutional differences. Moreover, the National Security Council played a competitive rather than a guiding or coordinating role. Carter had neither a Kissinger, fully in tune with the boss and carrying out their jointly created policies, nor a Bundy or Scowcroft, skillfully bringing together the views of the bureaucracy to facilitate decisions.

A consistent and sensible national security policy is not necessarily well served by Presidential elections and the transition from one Administration to another. At the beginning of the Carter Administration the usual transition difficulties were complicated by the continuing SALT II negotiations and related weapons decisions.

When Secretary Vance went to Moscow in the spring of '77, he carried with him President Carter's unique proposal for deep cuts in strategic weapons. This was understandable in view of Carter's own inclinations as well as the strongly held views in Congress, but prudent advisers would have—in fact may have—counseled against too abrupt a change in the direction.

The Carter Administration's rough beginning need not have caused permanent difficulty if the overall thrust of U.S. policy had been to deal consistently with the Soviet Union as an equal even while fighting hard at the negotiating table. Unfortunately, the Administration chose to play the "China card" instead of keeping the card in its hand where it was a valuable asset. While normally diplomatic relations made good sense, it was counter-productive to develop military ties and start hinting about sales of military equipment. Playing our trump card engendered Soviet suspicion and animosity without benefitting the United States.

Eventually, the Soviets even came to doubt that the Carter Administration really supported ratification of the SALT II Treaty. Unfair perhaps, but the event often cited to me as the last straw was the crisis over the Soviet brigade in Cuba, which arose in the fall of 1979 during the final preparations for the SALT ratification fight in the Senate. The Soviets apparently concluded that the sudden surfacing of this issue—which involved the type of equipment in the hands of Soviet training troops stationed in Cuba since the early sixties—was a deliberate attempt to postpone or sabotage SALT ratification.

The real explanation is that a minor issue was inflated by domestic politics, particularly Frank Church's bitter campaign for reelection in Idaho, and the Administration's belief that a tough stand would better serve the ratification effort.

An example of a different problem in Presidential decisionmaking has carried over from the Carter Administration to the present: the MX decision. It became clear in 1977–78 that the Soviets had improved the accuracy of their big missiles, and that our Minuteman and Titan missiles therefore would soon be theoretically vulnerable.

The search for a solution to this U.S. vulnerability was thorough and employed the best technical expertise available. President Carter delved into the technical and strategic details, and finally settled on a plan. But the American people had grave doubts about the practicality of basing MX in the desert, while some strategists warned that the Soviets could simply build as many warheads as we build shelters and thereby nullify the plan. I believe President Carter could have benefited from common sense advice on this issue.

President Reagan has reacted with sound instincts against the desert basing plan for the MX. The presidential decision announced at the beginning of October confirmed that there is no new land-based survivable system in sight, that submarines are the best bet for survivability, and that submarine missiles can be acquired that will do whatever we formerly relied on land-based missiles to do.

It is too early to comment in detail on the Reagan Administration's foreign and defense policies and the way they are developed. But already there are indications that this Administration may have problems of consistency not unlike its predecessors. Despite its anti-Soviet position, domestic political considerations led it to lift the partial embargo on grain sales, without any apparent concessions in return. This action helped confirm the Soviets' belief that the Americans are not prepared to make sacrifices to back up their tough talk, particularly when domestic politics or commercial interests are involved.

This Administration, like some of its predecessors, shows the beginnings of tendencies to make security commitments first and trying to develop domestic support for them later. It's terribly important, as we continue to rebuild our country's confidence in the Government's leadership in national security and foreign policy, and as we try to strengthen our reputation for consistency and reliability abroad, to move carefully on this score. Any additional security guarantees or threats of military action in the Middle East, the Persian Gulf, or elsewhere should not only follow constitutional processes, but should also engage the attention of those parts of our society which will have to make sacrifices to implement the guarantees. I have in mind particularly the young people of our country.

In these few examples of policy problems over the past 35 years, you will have noted that domestic politics and bureaucratic infighting came up several times as obstacles to good policy. Yet these are both essential elements of our system.

By its very nature, our Executive Branch includes advocates who become adversaries. We want our defense people to recommend the weapons they think are needed, we want our arms controllers to try to slow down the arms race; both groups are trying to improve U.S. security. We want our diplomats to counter the Soviets around the world but also to recommend ways to make the U.S.-Soviet relationship less dangerous. We want the CIA's best intelligence assessments, not tailored to fit policy requirements.

We elect our President to listen to these diverse interests and their recommendations and to decide what course the country will follow. We expect him to take account not only of hard facts and cold calculations of national interest, but also competing domestic interests (guns versus butter) and the inclinations of U.S. public opinion. In

particular, he has to deal with the views and moods of Congress, and get Congressional approval of his actions. It is a superhuman task.

To sum up the problem, we Americans want to eat our national security cake and have it too. We value diversity of opinion and cultivate clashes of views, but we also want consistency, a policy based on facts rather than emotion, a policy which takes the long view of national interests. We may at times deplore the effect on sensible national security policy of both domestic politics and interagency differences, but we will not give up the political system which is the source of our strength.

Can we square the circle? Can we improve the process without damaging our democratic system?

A critic should keep quiet unless he can suggest a solution, so here's mine. We need a mechanism which helps our leaders and citizenry choose, out of a welter of conflicting views, a clear, consistent national security policy which takes account of complex technology and strategic calculations, meets our long-term national interests, but at the same time is understood and supported by our people. We want the Soviet Politburo's consistency and steadiness of basic philosophy and long-term purpose, but with the responsiveness to popular will possible only in a democracy.

What the President needs in order to make such policy decisions, and what Congress needs to judge his choices properly is informed and judicious advice:

Advice which takes account of but rises above the parochial concerns of those charged with specific aspects of our national security;

Advice which flows from broad concerns for the national good rather than from narrow personal views or private political ambitions;

Advice which looks to the long term rather than to domestic political pressures of the moment, yet reflects the deeper aspirations of Americans and thereby helps create a strong national consensus.

Others have suggested mechanisms for providing that advice. General Maxwell Taylor has long advocated a National Policy Council. Senator William Fulbright proposed that a body be created, somewhat like the Supreme Court but with advisory rather than legal authority, to give advice on U.S.-Soviet relations.

My own suggestion is to create a Commission for National Security Policy along the following lines:

First, its focus ought to be on national security policy broadly defined with principal attention to the Soviet Union as the main problem. It should embrace U.S. weapons procurement and the use of military force as well as political and economic problems. Plans regarding the Persian Gulf, the Middle East, NATO, Japan and China, to name just a few issues, would be examined when appropriate. But the Commission should focus only on those issues which constitute policy watersheds.

Second, the Commission would be large enough, say 10 persons, to provide a good mix without being unwieldy. Commissioners would be appointed for staggered ten-year terms, to assure continuity and independence. Nonrenewable appointments would be made by the President and confirmed by the Senate. The Commissioners should be individuals, Democrats and Republicans, of demonstrated ability and integrity, they should be familiar with national security issues and well attuned to main streams of American public opinion. They should drop any outside ties and thus should speak only for themselves. The Commission should be treated as a full-time activity, and Commissioners should have no future political ambitions. The Commission should have access to all information available within the Government.

Third, the Commission should have independent status established by legislation, perhaps along the lines of the Civil Rights Commission, and would not be subordinate to either the President or the Congress. Both the President and the Congress could seek the advice of the Commission on matters in its competence, and its recommendations could be issued in classified form if necessary. Split recommendations might emerge, with dissents spelled out if desired. The Commission should also be empowered to render advice even when not asked, if necessary by means of public hearings.

Could such a Commission have made a difference in the past? I believe it could.

It could have gained support for a China policy based on U.S. interests over the long haul.

It would have provided the continuity on the Bay of Pigs planning that might have given the new Kennedy Administration pause, and could have provided balanced backup for the President's task force during the Cuban missile crisis.

It might have added a voice of reason in Vietnam policy discussions.

It could have stood up for long-term concerns versus short-term advantages in the argument over banning MIRVs. It might have added balance on the side of caution during the headiest days of Nixon's detente, and Ford could have leaned on it for advice and support for a policy of sober detente.

It could have eased the Carter transition; helped President Carter cope with the conflict in views among his own advisers; helped to conclude that putting the MX in the desert may have looked good technically, but answered the wrong question.

It could also have given President Reagan a respected and private sounding board for his policy ideas. On one major issue—the AWACS sale to Saudi Arabia—it could have raised questions privately which are now being discussed publicly. And once the decision to go ahead with the sale was made the Commission could have helped develop a national consensus.

It could, in the future, help the whole country look carefully at military commitments that might lead to involvement of American troops abroad or to nuclear war, to make sure beforehand that the people and the leaders of our country agree on our national priorities, agree that a given issue or place is worth fighting for, even risking our country for. The Middle East, for example, offers both opportunities and dangers. The Administration and Congress should welcome calm, private advice on those issues from a Commission such as I propose.

Finally, some people take comfort from the fact that it has been 36 years since the first thermonuclear explosion, and during that period the bomb has never been used in a war. Unhappily, I can take no comfort from that whatsoever. I have worked with thermonuclear weapons part-time for two years, and recently have spent fifteen months in dealing with the Soviet Government in Moscow.

From this perspective, as I look back to that first explosion in July 1945, I am forced to say that we have constantly been moving closer and closer to the brink. In the present dangerous situation, every step we take in the national security field, and every public remark, should be carefully analyzed in advance. Until we are able to make the relationship more stable, our leaders need wise counsel and deep analysis of the plans presented for their consideration.

In short, we need a new, strong, and vital non-partisan approach to assuring that the wisest possible advice and the greatest common sense are used in deciding our national security policies. Such advice and counsel must be removed entirely from "politics as usual."

The time is late. My own feeling is that we will not avoid a thermonuclear holocaust if we do not develop some viable new approach for bringing wisdom and consistency into our foreign relations decisions. The dangers of today will not tolerate a continuation of the political practices of the past 35 years.

ARAB GULF PROGRAM

Mr. HAYAKAWA. Mr. President, we have read much about the impact of OPEC oil prices on the balance-of-payments problems of developing countries. We have also heard many stories of conspicuous consumption on the part of Arab sheiks in London, Paris, and the famous resorts of the West. Financial analysts also inform us that wealthy Arabs are buying up our finest buildings and farmlands.

While all this may be true, the negative image created is not the whole story, as I was happy to learn from a recent article in the October 5, 1981, issue of Newsweek. It tells the story of Prince Talal Bin Abdul Aziz Al-Saud, brother of King Khalid of Saudi Arabia. With an initial contribution of $60 million from the House of Saud, Prince Talal has founded the Arab Gulf program. Six other Arabian Gulf states—Bahrain, Qatar, Oman, Kuwait, Iraq, and the United Arab Emirates—are contributing the balance of the $200 million fund. The program will be administered by agencies of the United Nations, with priority attention being given to education, health, and the problems of women and children in the Third World.

Prince Talal, known as the "humanitarian prince," has long been involved in social causes in the Middle East. His work is totally apolitical and nonsectarian. While sensitive to charges that OPEC countries have not done enough to help less-developed countries, Prince Talal also feels the West should do more. Given the steadily declining Western aid levels, I would agree. Both OPEC nations and the West have the capacity to increase their foreign assistance—in their own self-interest and for the benefit of the poor majority of mankind. Meanwhile, at a time when the news from the Middle East is full of unrelenting violence, it is heartening to note the example of one crusader who is helping his fellow man.

I ask unanimous consent to place this account of Prince Talal and his Arab Gulf program in the RECORD.

Thank you, Mr. President.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A PRINCE FOR PAUPERS

Alexander Haig may believe that it is "simply unrealistic" for the poor nations of the troubled South to count on much more help from their richer neighbors to the North. But not everyone else does. In a private ceremony in the wood-paneled offices of U.N. Secretary-General Kurt Waldheim ten days ago, Prince Talal bin Abdul Aziz al-Saud, 51, brother of King Khalid of Saudi Arabia, handed Waldheim a pledge for $40 million. It was the down payment on the Arab Gulf Program, a modest $200 million effort by rich Arab states to help the Third World through the United Nations.

Sometimes called the "humanitarian prince," Talal decided last year to do something about the "morally unacceptable" gap between rich and poor countries. With an initial $60 million from the House of Saud, he persuaded six other Arabian Gulf states—Bahrain, Qatar, Oman, Kuwait, Iraq and the United Arab Emirates—to join him. President Saddam Hussein of Iraq simply handed him a blank check, and one Saudi family anonymously gave a private donation of $6 million. "I never mention money," says Talal. "I talk instead about poverty and hunger in the world." The funds will go to U.N. agencies, with Talal's special concern for children making UNICEF a prime beneficiary.

To those who know him, Talal's latest effort comes as no surprise. As a young prince in the 1950s, he fought to abolish slavery in Saudi Arabia and founded its first girls' school. In the decade since, Talal has funded several Saudi hospitals and schools, as well as backed UNICEF projects in the Third World. He promises a "totally apolitical" policy for his new program. "It does not matter if the needy are Christian, Muslim or Jewish," he says. "Politics makes such distinctions, humanitarianism does not."

Talal is sensitive to charges that the Third World has suffered from OPEC price hikes and that the Arabs have not done enough to help. But he thinks singling out the Arabs is "absolutely unfair"; the West, he says, "is not doing enough" either. When other states charged $41 a barrel for oil last year, Talal says, the Saudis sacrificed $15 billion by keeping theirs at $32. "The oil-producing nations could do much more," he concedes, "and we are trying to remedy that situation." The program's $200 million may not be much in relation to the enormous sums required for economic development, but Talal asks a fair hearing for the new effort: "The journey of 1,000 miles starts with the first day." The nations of the South can't do much with proverbs—but the petrodollars are sure to be welcome.

THE STRUGGLE AGAINST COMMUNISM

Mr. GORTON. Mr. President, I ask unanimous consent to have printed in the RECORD a statement issued by the Washington State Chapter of the Congress of Russian-Americans, Inc.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

CONGRESS OF RUSSIAN-AMERICANS, INC.,
Long Island City, N.Y.

On November 7th the rulers of the Soviet Union will celebrate the 64th anniversary of the "Great October Socialist Revolution". On this tragic anniversary of the Bolshevik takeover in Russia, the Congress of Russian Americans reiterates its continued concern for the condition and destiny of all people living under Communist rule. Sixty four years ago a tragedy occurred which scarred not only the Russian nation but also the entire free world: Lenin and his minority party overthrew the democratic Provincial Government of Russia. Two months later the Bolsheviks dissolved the freely elected Constituent Assembly, in which they had polled only 25 percent of the vote and renamed the nation the Union of Soviet Socialist Republics.

Despite the bitter struggle waged in the ensuing Civil War, which lasted more than three years and was followed by numerous peasant and worker uprisings against the Communist domination, Lenin and his successors were able to consolidate their iron hold over the people that make up the USSR. Moreover, since World War II, Communist leaders have added to their empire most of Eastern Europe. This tyranny has caused millions of deaths and untold suffering in the prisons and concentration camps of the Gulag Archipelago, and has kept life at a subsistence level for most of the population.

The Soviet build-up of armaments in conjunction with foreign policy aimed at spreading the Communist system wherever possible has caused the threat of world war to hang over the United States and the free world for several decades. Furthermore, unsolicited Soviet meddling in the affairs of the developing nations continues to cause serious foreign policy problems faced by the United States and its allies.

For sixty four years Russian immigrants have repeatedly warned the world of the dangers of Communism. Too often they have been not only misunderstood, but even mistaken for Communists. As a result, the word "Russian" has ironically become synonymous with the words "Soviet" and "Communist". Moreover, despite being the first and foremost victim of Communism, the Russian nation is not even included on the list of captive nations.

Thus, in light of the ever-increasing threat of Communist domination we appeal to all people of good will to join us in condemning the inhuman and evil nature of Communism, reminding ourselves of all the people deprived of their basic human rights, defending those persecuted for their religious beliefs, and praying for the souls of the millions of victims of Communist terror in all captive nations.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

PRESIDENTIAL APPROVALS

A message from the President of the United States reported that he had approved and signed the following acts and joint resolution:

On October 9, 1981:

S. 1033. An act granting the consent of Congress to the agreement between the States of North Carolina and South Carolina establishing their lateral seaward boundary.

S. 1181. An act to increase the pay and allowances of members of the Armed services, and for other purposes.

On October 14, 1981:

S. 1712. An act to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

S.J. Res. 98. Joint Resolution to authorize and request the President to issue a proclamation designating October 16, 1981, as "World Food Day".

On October 16, 1981:

S. 304. An act to amend the International Travel Act of 1961 to establish a national tourism policy, and for other purposes.

On October 17, 1981:

S. 917. An act to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans, to increase the rates of dependency and indemnity compensation for the surviving spouses and children of disabled veterans, to authorize the Administrator of Veterans' Affairs to guarantee home loans with provisions for graduated-payment plans, to increase the maximum amount payable under the Veterans' Administration automobile assistance and specially adapted housing assistance programs, to expand eligibility for memorial markers, to require advance notification to Congress regarding certain Veterans' Administration reorganizations, and to limit expenditures of medical appropriations in connection with contracting out studies; and for other purposes.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-502. A joint resolution adopted by the Legislature of the State of Oregon; to the Committee on Appropriations:

"SENATE JOINT MEMORIAL 9

"Whereas the State of Oregon has a claim recognized by a favorable decision in 1908 by the U.S. Court of Claims for substantial expenses incurred in furnishing troops and aiding the United States in maintaining the common defense of the Oregon Trail, miners and settlers during the Civil War period; and

"Whereas other states received reimbursement for Civil War related claims, totaling $44,725,072.38 by March 15, 1892; and

"Whereas the State of Oregon repeatedly submitted appropriate claims for reimbursement pursuant to several Acts of Congress each accompanied by supporting vouchers and affidavits; and

"Whereas the claims of the State of Oregon were approved by Robert Lincoln during his tenure as the U.S. Secretary of War and by the board of war claims examiners; and

"Whereas the United States Senate passed legislation three times before 1933 to authorize the payment of the claims of the State of Oregon; and

"Whereas the claims of the State of Oregon have never been paid and are now long owing; and

"Whereas the State of Oregon seeks only equivalent dollar values, which is estimated to be in excess of $1,300,000 (approximately); now, therefore,

"Be It Resolved by the Legislative Assembly of the State of Oregon:

"(1) The Congress of the United States is urged to enact legislation granting the equivalent dollar value which is estimated to be in excess of $1,300,000 which payment will be accepted as full satisfaction of all claims against the United States arising out of the situation described in the Preamble.

"(2) A copy of this memorial shall be transmitted to each member of the Oregon Congressional Delegation."

POM-503. A petition from a citizen of Akron, Ohio, urging Congressional cooperation in President Reagan's efforts to strengthen the National Defense; to the Committee on Armed Services.

POM-504. A joint resolution adopted by the Legislature of the State of Oregon; to the Committee on Commerce, Science, and Transportation:

"SENATE JOINT MEMORIAL 6

"Whereas the beaches of Lincoln County, Oregon, were used by at least 20,000 students for marine education programs in 1980; and

"Whereas the number of visitors using Lincoln County beaches is expected to greatly increase within the next decade; and

"Whereas Lincoln County has an increasing number of large commercial fishing ves-

sels, operating in inclement weather and increasing the risk of accident; and

"Whereas the North Lincoln Hospital has the nation's highest incidence of hypothermia caused by cold water exposure; and

"Whereas the nearest existing United States Coast Guard helicopter stations are in North Bend and Astoria requiring one hour to respond to an emergency in Lincoln County; and

"Whereas shorter response time could have saved at least three lives in Lincoln County in 1980 alone; now, therefore,

"Be It Resolved by the Legislative Assembly of the State of Oregon:

"(1) The Congress of the United States is memorialized to establish a fleet of United States Coast Guard helicopters in Lincoln County.

"(2) A copy of this memorial shall be sent to the President of the United States and to each member of the Oregon Congressional Delegation."

POM–505. A joint resolution adopted by the Legislature of the State of Oregon; to the Committee on Environment and Public Works:

"SENATE JOINT MEMORIAL 14

"Whereas the United States economy is dependent upon domestic and international trade; and

"Whereas waterborne commerce plays a dominant role in United States foreign trade: and

"Whereas the United States ports represent a definable industry which directly employs over one million persons; and

"Whereas the Federal Government collects over $6 billion annually in customs duties at United States seaports; and

"Whereas the Congress is presently discussing legislation involving shallow-draft and deep-draft user charges; and

"Whereas user charge legislation must be developed with far better knowledge about the impacts than is available now, including the results of the Section 205 study and additional studies of the impact of proposed legislation on the port system, on the communities which operate port facilities, on the overall transportation system of the United States and on the national economy; and

"Whereas the primary objective of any transportation or port development legislation should be to improve the nation's transportation system and to improve our position in world markets; now, therefore,

"Be It Resolved by the Legislative Assembly of the State of Oregon:

"(1) That the Congress of the United States is memorialized, if any legislation relating to maritime transportation or port development is enacted, to adopt legislation that shall:

"(a) Maintain a vigorous, competitive transportation system;

"(b) Maintain the existing maritime transportation as part of the federal waterways system with charges administered by the Federal Government;

"(c) Minimize inflation, economic dislocation and unnecessary increases in fuel consumption;

"(d) Minimize the impact on United States competitiveness in world markets;

"(e) Minimize shift of cargo to Canada or other foreign ports; and

"(f) Minimize disruption to the relative competitive position of ports.

"(2) That the Congress of the United States is further memorialized, in adopting any legislation authorizing user charges, to require that user charges:

"(a) Apply only to new construction beyond the existing system;

"(b) Be imposed on a partial cost recovery basis and that the level of partial recovery be determined by the results of the studies of the impact of user charges on the national economy;

"(c) Be assessed on a uniform basis;

"(d) Be phased in over a period of years; and

"(e) Be subject to further study with regard to need, desirability and alternatives."

POM–506. A resolution adopted by the House of Representatives of the Commonwealth of Massachusetts; to the Committee on Finance:

"RESOLUTIONS MEMORIALIZING THE CONGRESS OF THE UNITED STATES RELATIVE TO THE SOCIAL SECURITY SYSTEM AND BENEFITS THEREOF

"Whereas, since its inception the Social Security System has served as a basis of financial security for millions of American workers; and

"Whereas, the Social Security System has afforded American citizens the prospect of dignity and freedom from fear during their later years; and

"Whereas, nearly one million Massachusetts citizens currently derive earned benefits from said system; and

"Whereas, nearly 700,000 citizens in the Commonwealth are over 65 years of age; and

"Whereas, the President of the United States and others have indicated their commitment to preservation of benefits to current participants in said system; therefore be it

Resolved, that the Massachusetts House of Representatives urges the President of the United States and the Congress to make every effort to alleviate the fears of those millions of Americans who would be adversely affected by any reductions in said benefits and to maintain the levels of benefits promised to the Nation's elderly, disabled, widows, and children which are essential to the integrity of said system; and be it further

"Resolved, that copies of these resolutions be forwarded forthwith by the Clerk of the House of Representatives to the President of the United States, the Presiding Officer of each branch of Congress and to the Members thereof from the Commonwealth."

POM–507. A resolution adopted by the Common Council of the City of Syracuse, N.Y., relative to social security benefits; to the Committee on Finance.

POM–508. A joint resolution adopted by the Legislature of the State of Oregon; to the Committee on Foreign Relations:

"SENATE JOINT MEMORIAL 5

"Whereas the unleashing of nuclear weapons in warfare would cause untold death, suffering and destruction; and

"Whereas the continued development, testing and production of nuclear weaponry and related delivery systems increase distrust and apprehension among nations as well as the potential magnitude of any international conflict; and

"Whereas our nation's environment is threatened by the mere preparation for nuclear war because:

"(1) According to the Department of Energy, 98.8 percent by volume of all high-level radioactive wastes come from military nuclear programs; and

"(2) The proposed MX nuclear missile system will require 14 million acres of land, 12 percent of the total annual water run-off in that area, 10,000 miles of heavy duty roads, and twice the amount of cement required to build Hoover Dam; and

"Whereas governmental spending for nuclear weaponry and related delivery systems would be spent more wisely in peaceful pursuits; now, therefore,

"Be It Resolved by the Legislative Assembly of the State of Oregon:

"(1) That the Congress of the United States request the President of the United States:

"(a) To propose to the Soviet Union a mutual freeze on all further testing, production and deployment of nuclear weapons and of missiles and new aircraft designed primarily to deliver nuclear weapons; and

"(b) If such a freeze is mutually agreed upon, to transfer the funds that would have been used for those purposes to peaceful, nonnuclear use.

"(2) That a copy of this memorial be transmitted to each member of the Oregon Congressional Delegation."

POM–509. A resolution adopted by the House of Representatives of the Commonwealth of Massachusetts; to the Committee on Foreign Relations:

"RESOLUTIONS MEMORIALIZING THE PRESIDENT OF THE UNITED STATES AND THE CONGRESS TO PROVIDE AID TO THE PEOPLE OF POLAND

"Whereas, the People of Poland, already enduring great hardship and suffering as a result of their desire for freedom, face further deprivations of the staples of life as winter approaches, thus, grievously affecting the thirty-five million citizens of the brave, but tragic, nation; and

"Whereas, the United States of America shares a common bond of kinship with more than ten million Americans proudly claiming Polish ancestry, and with all Americans mindful of the aid which our Nation received in our hour of need from Polish patriots such as Pulaski and Kosciuszko during our own struggle for independence; and

"Whereas, the National Security Council, contrary to the recommendations of the Secretary of State and the National Security Advisor, has voted not to aid Poland as part of the administration's budget cutting efforts, thus placing the United States on a parallel course with the Soviet Union which has likewise refused aid to the Poles; and

"Whereas, the senior Senator from Massachusetts has initiated efforts to provide substantial aid to Poland; therefore be it

"Resolved, That the Massachusetts House of Representatives urges the President of the United States and Congress to endeavor to address the needs of the People of Poland through the provision of food, fuel and medical supplies delivered to the people in the most effective and expeditious manner possible; and be it further

"Resolved, That the United States seek the cooperation of the international community in this effort; and be it further

"Resolved, That copies of these resolutions be forwarded by the clerk of the House of Representatives to the President of the United States, the Presiding Officer of each branch of Congress and to the Members thereof from the commonwealth."

POM–510. A resolution adopted by the Committee on Labor and Economic Development of the House of Representatives of the State of Washington, relating to the AWACS sale and its effect on State jobs, income, and revenues; to the Committee on Foreign Relations.

POM–511. A joint resolution adopted by the Legislature of the State of Oregon; to the Select Committee on Indian Affairs:

"SENATE JOINT MEMORIAL 12

"Whereas the congressional decision in 1953 to terminate the Federal Government's responsibilities to those Indian tribes listed at 25 U.S.C. 564 et seq. and 691 et seq. has had significant, long-lasting and deleterious effects in Oregon; and

"Whereas the Federal Government since 1970 has substantially repudiated the policy of termination in as much as both the executive and legislative branches have increasingly recognized federal responsibilities to Indian tribes and have sought to

strengthen tribal abilities to respond to Indian needs; and

"Whereas Congress has never expressly renounced the termination philosophy embodied in House Concurrent Resolution 108; and

"Whereas the vestiges of this ill-advised action continue to plague 'terminated' Indian tribes and their members in Oregon and to thwart tribal efforts to improve social, political and economic development and self-sufficiency; and

"Whereas the disastrous effects of this policy are still evident in the relationships of Indian tribes and their members with state and local governments in Oregon; now, therefore,

"Be it Resolved by the Legislative Assembly of the State of Oregon:

"(1) The Congress of the United States is memorialized to repudiate formally the policy which resulted in the termination of the Federal Government's recognition of, and faithful execution of its trust obligations towards, certain Indian tribes.

"(2) The Congress of the United States is further memorialized to establish equitable procedures for the restoration as quickly as possible of recognition of those Indian tribes whose federal recognition has been terminated.

"(3) A copy of this memorial shall be transmitted to the President of the United States and to each member of the Oregon Congressional Delegation."

POM–512. A joint memorial adopted by the Legislature of the State of Oregon; to the Committee on the Judiciary:

"SENATE JOINT MEMORIAL 4

"Whereas millions of Americans are disabled by various kinds of handicaps; and

"Whereas the disabilities of handicapped persons substantially limit their life activities; and

"Whereas despite physical or mental limitations many handicapped persons have or have the ability to lead very productive lives; and

"Whereas many limitations upon the activities of handicapped persons are not because of physical or mental disabilities, but because of the limitations placed upon their lives due to discriminating practices; and

"Whereas discriminating practices against the handicapped can be changed through the legislative process thereby alleviating some limitations now existing in the lives of handicapped persons; now, therefore,

"Be It Resolved by the Legislative Assembly of the State of Oregon:

"(1) We urge the Congress of the United States to enact legislation that will result in an elimination of discriminating practices against handicapped persons. We specifically urge the Congress of the United States to amend Title 42, United States Code, section 2000, referred to as the Civil Rights Act of 1964, to effectively include handicapped persons within the protection of the Act.

"(2) A copy of this memorial shall be transmitted to the President of the United States and to each member of the Congressional Delegation."

POM–513. A petition from a citizen of San Antonio, Tex., relating to House Resolution 1454, the Gay Bill of Rights; to the Committee on the Judiciary.

POM–514. A resolution adopted by the City Council of Boston, Mass., relating to the Voting Rights Act of 1965; to the Committee on the Judiciary.

POM–515. A petition from a citizen of Marks, Miss., relating to support of S. 613, to take the first major step to end union violence in America; to the Committee on Labor and Human Resources.

POM–516. A joint resolution adopted by the Legislature of the State of Montana; to the Committee on Labor and Human Resources:

"JOINT RESOLUTION

"Whereas, the Legislature recognizes the ongoing importance of the mining industry to Montana, as well as to the entire nation; and

"Whereas, the existence of the small mine operator, who plays an important part in the mining industry, is endangered by the impact of the "Federal Mine Safety and Health Act of 1977" (P.L. 95–164); and

"Whereas, the act defines a mine as any area of land from which any minerals are extracted, both on the surface and underground, including the lands, excavations, and other facilities used in the work of extracting such minerals, which definition not only covers the commonly thought of mining activities such as coal, silver, and molybdenum operations but also includes activities such as sand and gravel excavation; and

"Whereas, the act has caused a further erosion of basic states' rights by excluding any participation by a state in the regulation and inspection of mines relating to safety and health standards; and

"Whereas, there are distinct differences in mining operations across the nation, which are best understood and regulated on a state level rather than the national level because national legislation is often inflexible or incompatible with state needs and conditions; and

"Whereas, the right of a state to develop its own regulatory program and to perform its own inspections of mines relating to safety and health standards should be preserved; and

"Whereas, mining industry accident statistics have shown significant improvement under cooperative programs with state agencies, private industry, and labor.

"Now, therefore, be it resolved by the Senate and the House of Representatives of the State of Montana:

"That the Congress of the United States is urged to enact amendatory legislation that would return to states the right to regulate or participate in the regulation of mines relating to mine safety and health standards.

"Be it further resolved, That copies of this resolution be sent by the Secretary of State to the President of the United States, to the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States, and to each member of Montana's Congressional Delegation."

POM–517. A joint memorial adopted by the Legislature of the State of Oregon; to the Committee on Labor and Human Resources:

"SENATE JOINT MEMORIAL 7

"Whereas the Legislative Assembly has declared it to be the public policy of the State of Oregon that dimethyl sulfoxide and its compounds and mixtures be available in Oregon for prescriptive use by licensed physicians; and

"Whereas the Legislative Assembly has enacted law that provides for the safe importation, manufacture, distribution, sale and use of dimethyl sulfoxide within the State of Oregon; and

"Whereas the Food, Drug and Cosmetic Act (15 U.S.C. 301) and the Fair Packaging and Labeling Act (15 U.S.C. 1451) prevent citizens of the State of Oregon from the full enjoyment of those rights granted by the government of this state; now, therefore,

"Be It Resolved by the Legislative Assembly of the State of Oregon:

"(1) The Congress of the United States and the United States Food and Drug Administration are memorialized to take appropriate action to remove any federal impediments to the full implementation of Oregon law governing dimethyl sulfoxide.

"(2) A copy of this memorial shall be sent to the President of the United States, and to each member of the Oregon Congressional Delegation.

POM–518. A petition from a citizen of Hill, New Hampshire, relating to ending union violence in America; to the Committee on Labor and Human Resources.

POM–519. A petition from a citizen of Sedro-Woolley, Washington, relating to union violence in America; to the Committee on Labor and Human Resources.

POM–520. A petition from a citizen of Liberal, Kansas, relative to outlawing monopoly bargaining in the Federal service; to the Committee on Labor and Human Resources.

POM–521. A petition from a citizen of Summit, New Jersey, relative to outlawing monopoly bargaining in the Federal service; to the Committee on Labor and Human Resources.

POM–522. A petition from a citizen of Haines, Arizona, relative to ending monopoly bargaining in the Federal service; to the Committee on Labor and Human Resources.

POM–523. A petition from a citizen of Colchester, Vermont, relative to ending monopoly bargaining in the Federal service; to the Committee on Labor and Human Resources.

POM–524. A joint memorial adopted by the Legislature of the State of Oregon; to the Committee on Veterans' Affairs:

"SENATE JOINT MEMORIAL 11

"Whereas civilian citizens of the United States were recently held hostage in Iran together with American military personnel; and

"Whereas this demonstrated again that in areas of conflict or in times of war certain civilians often share the same dangers and hardships as members of the Armed Forces of the United States; and

"Whereas in every war in which this nation has engaged there have been civilian citizens imprisoned or interned for extended periods of time; and

"Whereas such imprisonment or confinement constitutes deprivation suffered by reason of American citizenship and constitutes service in behalf of this nation; now, therefore,

"Be It Resolved by the Legislative Assembly of the State of Oregon:

"(1) The Congress of the United States is memorialized to adopt legislation that, for the purposes of all laws administered by the United States Veterans' Administration, will confer upon civilian citizens of the United States who were forcibly detained or interned by a foreign government or power for longer than one year during a period of war between that government or power and the United States the status of a person who served in the active military, naval or air service of the United States.

"(2) A copy of this memorial shall be sent to the President of the United States and to each member of the Oregon Congressional Delegation."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ROTH, from the Committee on Governmental Affairs:

Special report of the Permanent Subcommittee on Investigations entitled "Home Health Care Fraud and Abuse" (Rept. No. 97–210).

Mr. ROTH. Mr. President, on behalf of the Senate Committee on Governmental Affairs, I submit a report of its Permanent Subcommittee on Investigations entitled "Report on Home Health Care Fraud and Abuse."

This report reflects the extensive investigation performed by the Permanent Subcommittee on Investigations in the spring of 1981 under my chairmanship. In the report the subcommittee details problems in the home health care program as administered by the Health Care Finance Administration in the Department of Health and Human Services. Specifically, in the report the subcommittee finds that the current retrospective cost-reimbursement system, as it applies to not-for-profit agencies, lends itself to fraud, waste, and abuse. The report makes a variety of recommendations for improvements which are noted in a summary of the report which I ask unanimous consent to be included in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY OF REPORT: HOME HEALTH CARE FRAUD AND ABUSE

The Report of the Permanent Subcommittee on Investigations details problems in the home health care program as administered by the Health Care Financing Administration (HCFA). The central investigative focus of the Permanent Subcommittee on Investigations' inquiry dealt with the Chicago operation by Michael Morrisroe of five non-profit home health agencies and four profit-making subcontractors of those agencies. The PSI report details proof of the following:

(1) Morrisroe controlled the operation of all five home health agencies through a number of nominees who were used by Morrisroe to shield his true ownership from the HCFA (Health Care Finance Administration).

(2) Morrisroe's control over the five home health agencies enabled him to direct the agencies' use of the four profit-making subcontractors which he also controlled.

(3) Morrisroe's ability to avoid competition by directing business to the four subcontractors was complemented by his efforts to bill the federal government at inflated rates for the services of the subcontractors.

(4) Because of his dominant position, Morrisroe was able to divert the unlawful proceeds of this operation to his personal control. This involved the use of a nonexistent offshore tax shelter.

(5) The current retrospective cost reimbursement system utilized by HCFA offered no substantial deterrent to Morrisroe's efforts:

(a) There were no incentives which forced Morrisroe to require competition for subcontractor services.

(b) Hundreds of thousands of dollars were lost because HCFA could not recover overcharges from the profit-making subcontractors.

(c) HCFA failed to take the appropriate administrative action to exclude the Morrisroe agencies from participation in Medicare when it was determined that substantial overbilling abuses had occurred.

The major program findings of the PSI investigation into home health care abuses are:

(1) Alternatives to the current retrospective reimbursement system need to be considered in order to promote competition.

(2) Clearer guidelines and definitions need to be provided to reduce costs. For example, terms such as "cost related to patient care" and "reasonable costs" need to be carefully reviewed to provide maximum guidance to agencies and intermediaries.

(3) Audits by fiscal intermediaries must be maintained in order to identify unscrupulous or wasteful agencies and subcontractors.

(4) Home health patients need to have a greater knowledge not only of the services available to them through alternative agencies but also of the cost of such services.

(5) HCFA needs to pursue aggressively through administrative action (i.e. exclusion) those providers who engage in corrupt or excessive practices.

By Mr. PERCY, from the Committee on Foreign Relations, without amendment, and without recommendation:

S. 754. A bill to require that most-favored-nation treatment be granted only to the products of countries which have not expropriated U.S. citizens' property without compensation therefor (Rept. No. 97-211).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. PERCY, from the Committee on Foreign Relations, with understandings:

Additional Protocol I to the Treaty for the Prohibition of Nuclear Weapons in Latin America. also known as the Treaty of Tlatelolco, signed on behalf of the United States of America on May 26, 1977 (Ex. Rept. No. 97-23).

By Mr. HATCH, from the Committee on Labor and Human Resources:

Mr. HATCH. Mr. President, for the Committee on Labor and Human Resources, I report favorably a nomination list in the Public Health Service which has previously appeared in the CONGRESSIONAL RECORD and, to save the expense of printing them on the Executive Calendar, I ask unanimous consent that they lie on the Secretary's desk for the information of Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of January 5, 1981, at the end of the Senate proceedings.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mr. HEINZ (for himself and Mr. BENTSEN):

S. 1746. A bill to reduce the duty on the pesticide commonly known as Dicofol; to the Committee on Finance.

By Mr. SCHMITT:

S. 1747. A bill to amend section 4124 of title 18, United States Code, relating to the purchase of prison-made products by federal departments, to allow in certain cases, the purchases of similar products from small businesses; to the Committee on the Judiciary.

By Mr. HATCH (for himself and Mr. QUAYLE):

S. 1748. A bill to exempt certain fixed contribution multi-employer pension plans from title IV of the Employee Retirement Income Security Act of 1974; to the Committee on Labor and Human Resources.

By Mr. CHAFEE:

S. 1749. A bill to amend the Internal Revenue Code of 1954 with respect to the deductibility of certain payments to officials and employees of foreign governments; to the Committee on Finance.

By Mr. McCLURE (for himself, Mr. JACKSON, Mr. STEVENS, and Mr. MURKOWSKI):

S.J. Res. 115. Joint resolution to approve the President's recommendation for a waiver of law pursuant to the Alaska Natural Gas Transportation Act of 1976; to the Committee on Energy and Natural Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SCHMITT:

S. 1747. A bill to amend section 4124 of title 18, United States Code, relating to the purchase of prison-made products by Federal departments, to allow, in certain cases, purchases of similar products from small businesses; to the Committee on the Judiciary.

PURCHASES FROM PRISON INDUSTRIES AND SMALL BUSINESSES

Mr. SCHMITT. Mr. President, I am introducing today a bill designed to give the private sector and the public sector relief from the inefficiencies that sometimes result from old laws left untended too long.

On May 8, 1930, the Senate passed H.R. 7412. Among other things, this bill provided for the establishment of the Federal Prison Industries, Inc., otherwise known as the FPI. The purpose of the FPI was to give the Attorney General "authority to establish industries in the Federal correctional institutions so that he may provide useful and stimulating employment for every inmate and sell the products of their labors to some Government department or establishment." That is a quote from the House committee report.

Providing corrective and rehabilitative employment for inmates is very important. I do not believe many in this body, if any, will disagree with that.

However, the report makes one other point. Representative GRAHAM, at that time chairman of the House Judiciary Committee, received a letter from the Attorney General and parts of that letter were included in the House report. The Attorney General, with the concurrence of the House committee, wrote that the FPI should "alleviate the appalling amount of idleness among the inmates without competing either with outside labor or private business." The committee went on to make it mandatory for Federal agencies to sell the goods at current market prices.

In 1981, Mr. President, the intent of the law wrought by our predecessors is no longer being served. The FPI has a huge backlog of orders, the quality of materials delivered is poor, the cost of the FPI's products is high, and the cost to the taxpayer is high.

The reason for this is simple. The Federal prison system is not in the business in the same way that private industry is in business. It is in the business of rehabilitating convicted criminals, not in producing quality products in a timely manner. As it has a monopoly over the sale of some products to the Federal agencies, it has no incentive to produce timely, high quality, and cost competitive products. It is not the primary mission of the FPI to be efficient.

The bill that I introduce today addresses a solution to some of these problems.

For example, in my State of New Mexico, there is a small group of craftsmen

who operate a small business, Ojo Caliente Craftsmen. The Forest Service has from time to time waded through the mire of regulations and obtained a waiver; from the FPI which allowed the Ojo Caliente Craftsmen to produce signs for the Forest Service roads. The foresters tell me the signs were high quality, timely, and inexpensive. I have visited this small plant and agree totally with this assessment. They wished that they could deal with Ojo Caliente all of the time and throughout the Forest Service, rather than just in this isolated region.

It seems that this is the case elsewhere, especially in the Western States. Much of the developing forest land is in the West while most of FPI's capacity is in the East. This imposes very high delivery costs and long leadtimes on every order going to the FPI. The taxpayer pays all of these costs.

The bill that I introduce today solves these problems without stepping outside of the intent of the original framers of the law. My bill provides that for orders under $20,000, the agency in question may deal directly with a private contractor. This will allow the big orders to still go to the FPI and maintain their capacity while allowing the smaller orders to go to the business sector, especially the small business sector. The bill further provides that all orders must be shipped within 120 days of receipt of the orders. If the FPI cannot guarantee this timely manufacture date, the order must be given an automatic waiver and handed over to a private contractor; or if the FPI has an order outstanding to the particular agency office that has gone unfilled for 120 days, the office may again deal with a private contractor.

This bill will give the FPI the incentive to become more efficient and compete for orders on a timely basis. It will give small businesses more business and reduce the taxpayer's burden by removing any old inefficiency based on an old law.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

The PRESIDING OFFICER (Mr. RUDMAN). The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

S. 1747

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4124 of title 18, United States Code, is amended by—

(1) designating the first undesignated paragraph as subsection (a) and the second undesignated paragraph as subsection (b); and

(2) adding at the end thereof the following new subsection:

"(c) Nothing in this section shall prohibit the purchase of products from other sources when—

(1) the order is for items amounting to $20,000 or less; or

(2) a previous order is unfilled within 120 days; or

(3) the delivery of such products to a common carrier or other agent of transfer cannot be guaranteed by the Federal Prison Industries, Inc., within 120 days of the order.

If the conditions of the preceding sentence are met, it shall not be necessary to obtain prior clearance from the Federal Prison Industries, Inc.".

By Mr. HATCH (for himself and Mr. QUAYLE):

S. 1748. A bill to exempt certain fixed contribution multiemployer pension plans from title IV of the Employee Retirement Income Security Act of 1974; to the Committee on Labor and Human Resources.

MULTI-EMPLOYER PENSION PLAN STABILIZATION ACT OF 1981

Mr. HATCH. Mr. President, today, I am introducing a bill, the Multi-Employer Pension Plan Stabilization Act of 1981, to amend both the Multi-Employer Pension Plan Amendments Act of 1980 and the Employee Retirement Income Security Act of 1974. I am pleased that Senator QUAYLE is joining with me in cosponsoring this legislation.

In an effort to stabilize multiemployer pension plans, Congress passed the Multi-Employer Pension Plan Amendments Act of September 26, 1980, which requires an employer who wholly or partially withdraws from a pension plan—for example, sells his business or moves facilities from the jurisdiction of one pension plan to another—to pay his prorata share of unfunded vested liability to the plan. This payment, known as withdrawal liability, is not limited, and in fact, may exceed the company's net worth. For example, in the Johnson case in the U.S. District Court for the northern district of Illinois, Johnson's withdrawal liability to the Central States Pension Plan alone amounted to $16,658,936.94. The amount alone greatly exceeds Johnson's net worth of $6,821,714 as well as the new worth of its parent, Republic Industries, Inc., which, including Johnson is $7,544,399. In the Transport Motor Express case in the same Federal district court, the amount of claimed withdrawal liability of over $8 million exceeds by about $4.4 million the $3.6 million remaining from the liquidation of TMX. This is not fair.

The Amendments Act changed pension participation in two crucial ways for employer contributing to multiemployer plans. First, the 1980 Amendments Act makes a withdrawing employer liable for 100 percent of its net worth; prior to 1980, withdrawal liability, except in the remote event of a plan termination, was an unknown concept. Second, withdrawal liability is now triggered by whole or partial withdrawal from a plan; before, liability was imposed only in the event of plan termination, not employer withdrawal.

Numerous practical problems have emerged because of the 1980 Amendments Act.

First, the Amendments Act disrupts normal business practices. Because the employer's withdrawal liability is often so large—in some cases over $13,000 per employee—it effectively prevents unionized companies from going out of business or liquidating. Often, the cost of withdrawal liability exceeds a company's net worth. Obviously, a liability of this magnitude prevents the sale of a company's assets. It prevents companies in some cases from moving facilities from one jurisdiction to another. In short, it disrupts business operations.

Second, the Amendments Act restricts company growth. Unionized companies may accumulate partial withdrawal liabilities brought on by acquisitions, sale of assets, or relocation of facilities. Pension plan trustees can reach back to the corporate-controlled group to siphon off the assets of affiliated companies. In addition, the financial accounting standards board shortly will consider requiring union employers to footnote their potential pension liability on their financial statements. This could drastically reduce the ability of the company to borrow money. For many small businesses, the inability to borrow money could result in liquidation—which again triggers withdrawal liability.

Third, the Amendments Act will damage multiemployer pension plans. Obviously, to the extent that contributing companies are endangered financially the plans are endangered. Moreover, and contrary to its intention, the imposition of withdrawal liability as prescribed by the Amendments Act will damage multiemployer plans because the huge potential liability will discourage new employers from entering the plan. Without the normal replacement of employers and participants, multiemployer plans will face decline and ultimately insolvency. Finally, pension plans are not collecting withdrawal liability, for example, the Central States Pension Plan has made assessments against approximately 100 employers in an amount of $95,000,000. No collections have been made to date; only lawsuits have been filed.

Fourth, the Amendments Act changed pension plan rules in the middle of the game. Since the mid-1950's, most unionized employers only negotiated contributions in their collective bargaining agreements. The promise of benefit levels was never made in the bargaining agreement, that was made by the trustees of the plan. Moreover, in the trust agreements, the employers' liability was limited to their contributions. This was understood by the union as well as the employer.

In 1974, Congress redefined multiemployer plans as defined benefit plans. This action imposed a liability of up to 30 percent of the employer's net worth in the event of plan termination. No liability was imposed for employer withdrawals.

In the Amendments Act of 1980, Congress increased this liability to 100 percent of an employer's net worth, either in the event of an employer's withdrawal from the plan or the plan's termination. The result is to revoke the pension plan provisions of thousands of collective bargaining agreements and impose upon the employer a greater liability than both he and the union agreed to in their contract.

Finally, and perhaps most significantly, the Amendments Act will damage employees' retirement benefits. Probably, the major criticism of this bill is that it will uninsure the retirement benefits of 7 to 8 million employee participants in multiemployer plans. This is not true. Prior to the imposition of any

insurance of retirement benefits—either mandatory or discretionary—the incidence of benefit loss of retirees from multiemployer plans was less than one-hundredth of a percent.

This was confirmed in a Department of Labor study of multiemployer plans in 1973. Prior to availability of Government insurance, smaller plans about to become insolvent were merged into larger, more solvent pension plans. Presently, however, because of the great magnitude of withdrawal liability, employers are resisting union organization more strenuously. Moreover, employers who become organized, are refusing to contribute to multiemployer pension plans. Some employers are signing union contracts which do not provide for retirement benefits at all. Thus, the irony is that more employees will lose retirement benefits as a result of the Amendments Act.

For those reasons, I am introducing the Multi-Employer Pension Plan Stabilization Act of 1981. This bill will remove employers who have only negotiated contribution levels in their collective bargaining agreements prior to April 29, 1980, from the withdrawal and plan termination insurance provisions of title IV of ERISA. This will be accomplished by redefining such plans as fixed contribution multiemployer plans.

This action returns the responsibility of such plans to the freedom of the collective bargaining system. Some employers have negotiated benefit levels in their collective bargaining agreement. In this case, the provisions of title IV of the Amendments Act and ERISA would apply. Some employers only have negotiated contribution levels in their collective bargaining agreement. In this case, the provisions of title IV of the Amendments Act and ERISA would apply. Some employers only have negotiated contribution levels in their collective bargaining agreements. In this case, the provisions of title IV of the Amendments Act and ERISA would not apply. In both cases, employers would be responsible for what they agreed to in their bargaining agreements with the union.

In addition to holding employers responsible for precisely what they promised in their collective bargaining agreements, the Multi-Employer Pension Plan Stabilization Act of 1981 will restore normal business practices. Once again, employers will be able to sell or move facilities without triggering huge withdrawal liabilities. Without partial withdrawal liability, company growth will be unimpaired. An employer's liability to borrow also will be unimpaired.

With the removal of the huge withdrawal liability disincentive to join multiemployer plans, the lifeblood of new employers and participants will return to multiemployer plans. Thus, the likely damage to the retirement benefits of employee participants in multiemployer plans will be removed.

There would not be any benefit forfeitures under this proposal. Current benefit levels would be payable at the same levels as at present. As in the past, future plan terminations would be merged into other plans without the occurrence of benefit loss. Only the employer's liability would be limited to the employer's contribution levels.

What would happen is that the trustees would have to be more fiscally responsible in setting benefit levels. If this occurred, there would be a substantial increase in the financial security provided by these plans. In turn, this would make the Pension Benefit Guaranty Corporation's insurance guarantee under title IV unnecessary. Minimum funding requirements and vesting requirements in other sections of ERISA would remain intact.

It is evident that this is an important bill. I anticipate that the Committee on Labor and Human Resources will be holding hearings on this legislation in the near future.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1748

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Multiemployer Pension Plan Stabilization Act of 1981".

EXEMPTION OF CERTAIN FIXED CONTRIBUTION MULTIEMPLOYER PENSION PLANS FROM TITLE IV OF ERISA

SEC. 2. (a) Section 4001 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1301) is amended—

(1) by inserting "(other than a fixed contribution multiemployer plan)" after "means a plan" the first time it appears in paragraph (3) of subsection (a);

(2) by inserting "or a fixed contribution multiemployer plan" after "multiemployer plan" in paragraph (2) of subsection (c); and

(3) by adding at the end thereof the following new subsection:

"(d) For purposes of this title, 'fixed contribution multi-employer plan' means a plan—

"(A) to which two or more unaffiliated employers are required to contribute,

"(B) which is maintained pursuant to one or more collective bargaining agreements, and

"(C) with respect to which such collective bargaining agreements on April 29, 1980 or on the date of plan establishment if later—

"(i) fixed the rate of contributions to the plan, and

"(ii) did not fix any pension benefits under the plan."

SEC. 3. The effective date of this Act is April 29, 1980.

By Mr. CHAFEE:

S. 1749. A bill to amend the Internal Revenue Code of 1954 with respect to the deductibility of certain payments to officials and employees of foreign governments; to the Committee on Finance.

DEDUCTIBILITY OF CERTAIN PAYMENTS TO OFFICIALS AND EMPLOYEES OF FOREIGN GOVERNMENTS

● Mr. CHAFEE. Mr. President, today, I am introducing a bill which is an amendment to the Internal Revenue Code.

Mr. President, section 162(c) of the Internal Revenue Code provides that any payment by a U.S. taxpayer to a foreign official that would be illegal under U.S. law if it applies is not deductible. This provision applies to the payment regardless of whether U.S. law applies to the payment or the payment is legal in the country in which it is made.

The bill would amend section 162(c) to provide a payment to a foreign official would only be nondeductible if it violates the Foreign Corrupt Practices Act. This change harmonizes the Internal Revenue Code with the provisions of domestic law governing payments to foreign officials.

Mr. President, I ask unanimous consent to have a summary of the bill and a copy of the bill as introduced printed in the RECORD.

S. 1749

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (1) of section 162(c) of the Internal Revenue Code of 1954 (relating to illegal payments to government officials or employees) is amended—

(1) by striking out "the laws of the United States if such laws were applicable to such payment and to such official or employee" and inserting in lieu thereof "the Foreign Corrupt Practices Act of 1977", and

(2) by striking out "(or would be unlawful under the laws of the United States)" and inserting in lieu thereof "(or would be unlawful under the Foreign Corrupt Practices Act of 1977)".

SEC. 2. The amendments made by this Act shall apply to payments made after the date of the enactment of this Act.

SUMMARY AND EXPLANATION OF THE CHAFEE BILL

Paragraph (1) of Section 162(c) of the Internal Revenue Code of 1954 is amended by striking out "the laws of the United States if such laws were applicable to such payment and to such official or employee" and inserting in lieu thereof "the Foreign Corrupt Practices Act of 1977." ●

By Mr. McCLURE (for himself, Mr. JACKSON, Mr. STEVENS, and Mr. MURKOWSKI):

S.J. Res. 115. Joint resolution to approve the President's recommendation for a waiver of law pursuant to the Alaska Natural Gas Transportation Act of 1976; to the Committee on Energy and Natural Resources.

(The remarks of Mr. McCLURE, Mr. JACKSON, and Mr. STEVENS on this legislation appear earlier on today's proceedings.)

ADDITIONAL COSPONSORS

S. 1018

At the request of Mr. CHAFEE, the Senator from Arkansas (Mr. BUMPERS) and the Senator from Massachusetts (Mr. TSONGAS) were added as cosponsors of S. 1018, a bill to protect and preserve fish and wildlife resources, and for other purposes.

S. 1131

At the request of Mr. DANFORTH, the Senator from Vermont (Mr. STAFFORD) was added as a cosponsor of S. 1131, a bill to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes.

S. 1215

At the request of Mr. PROXMIRE, the Senator from New Mexico (Mr. Do-

MENICI) was added as a cosponsor of S. 1215, a bill to clarify the circumstances under which territorial provisions in licenses to distribute and sell trademark malt beverage products are lawful under the antitrust laws.

S. 1427

At the request of Mr. GARN, the Senator from Florida (Mrs. HAWKINS) was added as a cosponsor of S. 1427, a bill to reduce financing cost to cities, counties, and States by amended section 5136 of the revised statutes to permit national banks to underwrite and deal in revenue bonds issued by State and local governments, and for other purposes.

S. 1634

At the request of Mr. COCHRAN, the Senator from Mississippi (Mr. STENNIS), the Senator from New Mexico (Mr. SCHMITT), and the Senator from New Jersey (Mr. WILLIAMS) were added as cosponsors of S. 1634, a bill to incorporate the National Federation of Music Clubs.

S. 1635

At the request of Mr. WEICKER, the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of S. 1635, a bill to delay the application of revenue ruling 81–216 until January 1, 1983.

SENATE JOINT RESOLUTION 93

At the request of Mr. HAYAKAWA, the Senator from New Hampshire (Mr. RUDMAN) and the Senator from Minnesota (Mr. BOSCHWITZ) were added as cosponsors of Senate Joint Resolution 93, joint resolution to clarify that it is the basic policy of the Government of the United States to rely on the competitive private enterprise system to provide needed goods and services.

NOTICES OF HEARINGS

SUBCOMMITTEE ON FORESTRY, WATER RESOURCES, AND ENVIRONMENT

Mr. HAYAKAWA. Mr. President, I wish to announce that the Senate Agriculture Subcommittee on Forestry, Water Resources, and Environment will hold a hearing on S. 705 on Thursday, October 22, at 10 a.m. in room 324, Russell Building. S. 705 authorizes the Secretary of Agriculture to convey certain national forest lands when he determines it to be in the public interest.

Anyone wishing to testify should contact Denise Alexander or John Cozart of the Agriculture Committee staff at 224–2035.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON LABOR

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Labor of the Committee on Labor and Human Resources be authorized to hold a markup hearing on S. 1182, the Longshoremen and Harbor Worker's Compensation Act, during the session of the Senate at 10:30 a.m. on Wednesday. October 28.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Wednesday, October 21, to hold a business meeting on pending calendar business.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE OF AGRICULTURE CREDIT AND RURAL ELECTRIFICATION

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Agriculture Credit and Rural Electrification of the Committee on Agriculture, Nutrition, and Forestry be authorized to meet during the session of the Senate on Tuesday, October 20, at 9:30 a.m. to hold a hearing on bidding, purchasing, and election procedures of electrical cooperatives.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

THE NEED FOR CHANGES IN THE FOREIGN CORRUPT PRACTICES ACT

● Mr. HEINZ. Mr. President, the Foreign Corrupt Practices Act was recently addressed by Alexander W. Sierck, former Director of Trade Policy for the Antitrust Division of the U.S. Department of Justice, before a meeting of the world trade institution's program on antitrust compliance for the multinational company. Mr. Sierck's thoughtful analysis regarding the need for changes in the FCPA is most timely now that the Banking Committee has reported S. 708 and will shortly be bringing it to the floor. I submit Mr. Sierck's remarks to be printed in the RECORD.

The remarks referred to are as follows:

THE NEED FOR AND PROSPECTS OF CHANGE IN THE FOREIGN CORRUPT PRACTICES ACT

The FCPA has proven to be a major disincentive to U.S. firms seeking to increase exports, particularly in the Middle East and in developing countries. The FCPA has also proven to be a significant impediment to domestic operations of U.S. firms as a result of their being, as publicly owned companies, subject to costly and ambiguous accounting and recordkeeping requirements.

On March 12, 1981, Senator Chaffee introduced a bill, S. 708, to amend and clarify the Foreign Corrupt Practices Act (FCPA), enacted in 1977. There is a good prospect that the Congress will enact reform of FCPA in 1982. The Senate Banking Committee by a 11–4 vote on September 16th has already reported out of committee a bill that embodies many of the changes in the Chaffee bill. It is virtually certain that other amendments will be proposed on the floor of the Senate, many with a realistic prospect of adoption. Moreover, the House will begin Hearing of the Senate Committee on Finance. However, Rep. Timothy B. Wirth, Chairman of the House Banking Committee's Subcommittee on Finance, is urging a thorough study on the need for any change before considering current proposals to reform of FCPA.[1] In its July 8, 1981 international trade policy statement,[2] the Reagan Administration placed a high priority on reform of FCPA.

Thus it is timely for U.S. exporters now to consider how they can improve upon the current reform proposal and how they can best assure prompt passage of such legislation.

In reviewing current law and proposed legislation, I will first discuss the FCPA's accounting provisions and then its antibribery provisions. In doing so, I will also suggest some areas where further legislative change may be appropriate.

1. The Recordkeeping and Accounting Provisions of FCPA:

Section 102 of the FCPA requires all issuers of securities, i.e., publicly held companies, regardless of whether engaged in the export trade, to (1) make and keep books, records, and accounts which in "reasonable detail" accurately and fairly reflect transactions and dispositions of the firms assets, and (2) devise and maintain a system of internal controls sufficient to accomplish various statutory objectives, e.g., "to maintain accountability for assets." See § 13(b)(2) of the Securities Exchange Act of 1934, 15 U.S.C. § 78m(b)(2). The SEC is responsible for administering this section of FCPA.

Current law does not condition liability for violating these recordkeeping obligations on a requirement that the failure be a "material" one. Nor does current law condition liability on proof of a knowing violation. The Chafee bill would do so in both instances. With respect to the addition of a "materiality" proviso, it must be understood that, in other areas of securities law, e.g., in the context of disclosure obligations, the term has never been, and probably never can be, defined with precision; as a result, the applicability of the materiality standard in this context will be determined only on a case-by-case basis.

However, the version of the bill that the Senate Banking Committee reported out, largely under the leadership of Senator Heinz, incorporates the "knowing violation" provision but not the one as to a "materiality" limit. Instead, as a compromise, the Committee substitute a requirement that companies only keep a "system of internal accounting controls." This is a less exacting standard than FCPA now requires.

Critics of the materiality test fear that, if such test were incorporated, it would be quantitative test, thus removing from the Act's coverage even large payments by the biggest U.S. corporations. It is worth noting that some, particularly immediately after Watergate, contend that even small illegal payments can be material for they reflect on the judgment of management and can, in any event, place large amounts of business in jeopardy.[3]

The bill contains another ambiguity similar to one involving "materiality." It also requires that records, in essence, only be kept in "reasonable" detail. But the bill, either as proposed or as reported out of the Senate Committee, does not define what is reasonable in that context.

Current law imposes recordkeeping controls without regard to cost/benefit considerations. In commenting on the Chafee bill in June, SEC Chairman Shad recommended that firms not be required to change or improve their existing controls unless the firms determine that the economic benefits will "significantly" exceed the costs,[4] a limit that

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[1] *Wall Street Journal*, p. 8, col. 1, September 17, 1981.

[2] Attached to the opening statement of Ambassadors William E. Brock, U.S. Trade Representative, Before a Joint Oversight Hearing of the Senate Committee on Finance and the Senate Committee on Banking, Housing, and Urban Affairs on U.S. Trade Policy, July 8, 1981.

[3] *See e.g.* "Disclosure Rules and New Concerns," January 16, 1975 (Atlanta, Ga.) and "The Disclosure Philosophy," February 20, 1975 (New York, N.Y.), both speeches by former SEC Chairman Ray Garrett, Jr., and "Truth or Consequences," speech by former SEC Commissioner John R. Evans, May 15, 1975 (Denver, Colo.).

[4] Written statement accompanying the testimony of SEC Chairman John S. R. Shad, before joint hearings of the subcommittees on securities and on finance and monetary

neither the Chafee bill nor the Senate Banking Committee mark-up now contains.

2. The Antibribery Provisions of FCPA:

Widespread post-Watergate concerns about the payment by U.S. firms of bribes overseas were the impetus for passage of FCPA. Congress enacted FCPA with virtually no dissent from its members after the SEC uncovered large-scale foreign bribery involving the secret slush funds of more than 400 U.S. corporations. In 1975 and 1976, for example, Lockheed paid more than $106 million in so-called commissions to boost its exports of airplanes. Included was a large payment to Prince Bernhard of the Netherlands to influence his recommendation on Dutch fighter plane purchases.

Sections 103 and 104 of FCPA impose civil and criminal penalties for bribery of foreign government officials by U.S. citizens and U.S.-based businesses. See 15 U.S.C. § 78dd–1 and –2. Thus these provisions are applicable to all U.S. persons and firms, not just to firms otherwise subject to SEC jurisdiction as publicly traded companies. These provisions are administered by both the SEC and the Justice Department, with the latter having exclusive authority to bring criminal prosecutions. The two agencies, however, have periodically disagreed in their interpretations of important provisions of the FCPA.

A. Issues Relating to Intent:

Under current law intent to violate the antibribery provisions is not an element of proof. Further, current law imposes sanctions whenever a person has "reason to know" that an illegal payment is being made; the apparent rationale for this provision is to ensure that the U.S. person does not avoid the law simply by use of a so-called "independent" agent to make the bribe.

The Chafee bill, as well as the Senate Banking Committee's September 16 mark-up, removes the "reason to know" provision. This will make it easier for U.S. firms doing foreign business through agents, particularly those paid on a commission basis, to avoid exposure under FCPA so long as they use an objective set of rules, i.e., a checklist, to make sure that their agent is not securing business by bribery.

The Senate Banking Committee's September 16th mark-up replaced the reason to know standard with compromise language drafted by Senator Heinz that makes it unlawful to direct or authorize a "third party to make a payment, gift offer, or promise of something of value expressly or by a course of conduct." Heinz added language to be included in the committee report with the bill to indicate that the phrase "by a course of conduct" is intended to close the look-the-other-way loophole that the "reason to know" standard closed, but spells out situations that would not be covered, i.e., continued employment of one who has made illegal payments in the preceding five years. Other situations not covered include merely hiring a person with ties to a foreign government official or paying higher commissions than were customary.

The Chafee bill does not require proof of specific intent as an element necessary for civil or criminal liability under the antibribery provisions. Thus, Justice could, in its discretion, still bring a criminal as well as a civil suit against essentially negligent conduct; this might be particularly significant in the context of a U.S. person using foreign sales agents. Certainly, at least with respect to criminal prosecutions, the Justice Department should be required to prove specific intent.

B. Exempted Payments:

FCPA now contains an exception to the basic proscription against bribes of foreign government officials for so-called "grease payments," i.e., payments to those whose duties are essentially ministerial or clerical. An example would be a payment to a customs official to speed the processing of a customs document. Senator Chafee's bill would not end this exemption.

Section 6(b) of Senator Chafee's bill, as well as the September 16th mark-up, would, however, widen the scope of exemptions to the antibribery prohibition by also including as exempt:

[A]n item of value that constitutes, or is intended as no more than, an item given as a courtesy, a token of regard and esteem, or in return for hospitality, and does not include marketing activities or expenses related to the demonstration or explanation of products or operations of a domestic concern, including travel and lodging, if such marketing activities, demonstrations or explanations, or related expenses pertain to the business presentation associated with the selling or purchasing of goods or services."

It takes practical and detailed knowledge of selling overseas, particularly in developing countries, however, to determine whether this exmption will prove to be sufficiently broad and flexible to reflect commercial realities. There is some risk that Justice could read the "courtesy gift" provision narrowly. The difficult case is the $5,000 piece of jewelry that may appear necessary to give in some countries, particularly if a non-U.S. competitor has done so. What the bill in its current form at least would do is permit U.S. firms to pay the lodging and travel expenses of government officials as part of a marketing effort or in satisfying the terms of a contract relating to, e.g., inspection trips and the like.

The committee mark-up also preserves Section 6(b) of the bill, which provides that no payment is proscribed "which is lawful under the laws and regulations" of the country in which the foreign official who is the intended recipient serves. Of course, bribes are illegal in virtually all countries. The problem with this well-intentioned change is that in many developing countries the antibribery laws are either construed more narrowly than their language would suggest or are simply rarely enforced. Moreover, our major trading partners, e.g., France, Germany, do not have similar prohibitions against bribes made outside of their respective territories.

Under current law the defense of extortion is available to persons charged with paying bribes. The reason is that in the extortion context the requisite corrupt intent is lacking. Thus, an example where the defense would be available is a payment to a foreign official to keep an oil rig from being dynamited. However, under current law the extortion defense is only available when a payment is made to retain business. Moreover, enforcement officials maintain that under the current law the presence of mere "economic extortion," i.e., demands for payment not coupled with a threat of physical violence to persons or property, is not a defense to a bribery charge. The Chafee bill does not change current law in this regard, nor does the September 16th mark-up.

C. Administration of the Law:

Section 7 of Senator Chafee's bill would give the Justice Department exclusive enforcement authority over the amended antibribery provisions. Further, Section 8(b) of his bill requires the Justice Department to establish a business review procedure, and requires Justice to respond to requests for such opinions within 30 days. Section 8(b) also provides that:

"An opinion that certain prospective conduct does not involve a violation shall be final and binding on all parties, subject to the discovery of new evidence."

Section 10(a) of the Chafee bill recites that it is the "sense of the Congress" that an international accord on corrupt payments is necessary. There have been some international discussions on this subject in connection with the UNCTAD negotiations on codes of conduct; however, it is highly likely that at least the French will block any meaningful agreement in the near future. This is significant because some members of the business community are urging the complete suspension of U.S. antibribery provisions until an international accord is reached.

Significantly also, the Chafee bill would add new protections to preserve the confidentiality of business records disclosed to the Justice Department in the course of an investigation of a firm's FCPA practices. The SEC has proposed that the bill should similarly protect documents submitted to the SEC in the course of an investigation of a firm's recordkeeping practices. Such a safeguard will reduce the burden on the agencies, as well as the submitting firms, of opposing Freedom of Information Act requests seeking access to such records, particularly with respect to investigations where no enforcement action was taken.

Some thoughtful analysts of the Act, including former SEC Chairman Roderick Hills, argue that the entire antibribery section is redundant in view of the high standards of corporate governance by boards of directors; for example, the boards of directors of all New York Stock Exchange member companies must now have independent audit committees. They thus conclude that the Act's accounting and disclosure requirements are the government's most effective tool in discouraging corporate bribery abroad.[5]

RECOMMENDATION AS TO PROPOSALS IN CHARGE

Firms interested in supporting change of the Foreign Corrupt Practices Act should, if they have not done so already, begin to work now with the Administration, particularly the Commerce Department and the Office of the U.S. Trade Representative, to make their views known. As exporters with practical experience in overseas markets, they doubtlessly have a unique and useful perspective on the realities of export competition, particularly in the Third World. Moreover, such effort by the U.S. export community remains essential to passage of FCPA reform legislation, for, as noted, it cannot be assumed that the House will be as anxious for prompt consideration of such legislation as the Senate has been. To that end, they should help develop support for the bill in the House, for example by working with the House Export Caucus in this effort.●

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policy of the Senate Committee on Banking, Housing, and Urban Affairs Concerning S. 708, June 16, 1981.

[5] Statement of Roderick M. Hills before the House Committee on Energy and Commerce, Subcommittee on Telecommunications, Consumer Protection and Finance on Oversight Hearings on the Foreign Corrupt Practices Act, September 16, 1981.

RESIDENTIAL ENERGY TAX CREDITS

● Mr. HART. Mr. President, according to IRS figures, the residential energy tax credits have helped millions of Americans finance conservation and renewable energy investments. IRS statistics, compiled by the Energy Conservation Coalition and the Solar Lobby, indicate that nearly 11 million American taxpayers claimed the credits on their tax returns through 1979.

For too long, the United States has seriously underinvested in both conservation and renewable energy. In large part this resulted from the disproportionate amount of Federal support given to conventional fuels in comparison to alternative energy supplies. Conservative estimates indicate the energy

supply industries receive more than $6 billion in Federal subsidies each year—in liberalized depreciation, depletion allowances, low-interest loans, and other forms of Government support. By comparison, renewable energy sources and conservation have gotten short shrift. In 1982, for example, we will spend 19 times as much Federal money supporting nuclear power as we will on all renewable energy.

The residential energy tax credits provide a modest amount of support for conservation and renewable energy. The development of these energy sources should constitute the heart of our energy effort in the 1980's. For some time public opinion polls have suggested solar energy ranked No. 1 as the energy source the public wants to be developed "to meet our future energy needs." Conservation was ranked No. 2. Further, more than 250 Members of the House of Representatives and more than 30 Senators have declared their support for the residential energy tax credits by signing congressional resolutions endorsing their continuation.

By providing an important boost to conservation and renewable energy development, the residential energy tax credits are helping to control rising energy prices and to reduce our dependence on foreign oil. IRS figures show that they have been extremely popular and I ask that the following State-by-State breakdown of the use of the credits be printed in the RECORD.

The information follows:

FEDERAL ENERGY TAX CREDITS THROUGH 1979

State	Conservation		Renewables	
	Returns	Amount (thousands)	Returns	Amount (thousands)
Alabama	154,050	$12,950	622	$1,036
Alaska	19,941	1,779	242	77
Arizona	72,677	5,310	7,181	3,771
Arkansas	75,145	6,548	843	235
California	393,853	34,725	16,091	8,698
Colorado	179,176	16,880	2,195	1,176
Connecticut	136,400	21,527	2,900	1,151
Delaware	35,987	2,775	537	215
District of Columbia	31,076	4,039	200	25
Florida	153,793	13,740	3,855	984
Georgia	165,561	13,530	81	69
Hawaii	692	50	5,349	3,997
Idaho	39,578	3,234	448	161
Illinois	631,869	56,453	1,269	2,167
Indiana	271,323	24,083	86	115
Iowa	221,666	17,926	1,413	308
Kansas	124,893	9,409	136	127
Kentucky	149,336	11,579		
Louisiana	85,857	7,968	790	91
Maine	68,777	6,481	1,138	614
Maryland	280,496	30,923	951	549
Massachusetts	421,321	39,218	2,140	1,621
Michigan	592,251	54,623	812	282
Minnesota	372,221	33,425	2,658	1,698
Mississippi	55,845	5,179		
Missouri	271,674	20,717	7	6
Montana	41,179	3,293	368	192
Nebraska	89,370	$7,174	178	$180
Nevada	23,644	2,654	486	664
New Hampshire	62,531	6,584	513	240
New Jersey	548,097	55,961	1,168	621
New Mexico	44,116	3,896	1,949	1,227
New York	1,119,585	127,453	5,622	2,603
North Carolina	282,442	22,269	121	133
North Dakota	36,160	3,067	1,055	773
Ohio	639,562	58,530	1,970	757
Oklahoma	161,732	14,703	33	43
Oregon	110,530	11,371	1,642	561
Pennsylvania	664,012	71,850	4,455	4,106
Rhode Island	64,321	5,388	126	72
South Carolina	131,069	9,337	312	300
South Dakota	39,737	3,028	258	54
Tennessee	168,830	14,139	1	1
Texas	339,302	33,844	1,122	209
Utah	77,071	6,033	100	36
Vermont	29,230	2,935	326	161
Virginia	283,855	21,606	347	559
Washington	175,728	18,823	227	60
West Virginia	52,398	5,846		
Wisconsin	362,348	26,600	2,149	1,059
Wyoming	26,233	2,448	83	103
Other	3,980	723		
Total	10,682,520	994,626,000	76,555	43,834,000

Note: Figures reflect total Federal tax credits claimed through 1979. Conservation credits began Apr. 15, 1977. Renewable credits began in 1979.

Source: Compiled from Internal Revenue Service figures by the Solar Lobby and the Energy Conservation Coalition.●

ACTIONS TAKEN BY SECRETARY WATT

● Mr. ARMSTRONG. Mr. President, I wish to bring to the attention of my colleagues and others who read the RECORD a list of environmentally related actions taken by Interior Secretary Jim Watt. This list was pulled together by my staff from news clips and other information on departmental decisions made or implemented by Secretary Watt.

Those of us from the West who live in the public lands States are particularly sensitive to the need for balanced management of these important natural resources. In some circles, Secretary Watt has been criticized for trying to return to such a balanced policy after 4 years of policies characterized mostly by indecision and delay. As reflected in this list of actions, Secretary Watt has undertaken an energetic program to meet all of his responsibilities as chief steward of our Nation's public lands and resources.

In addition, Mr. President, I wish to bring to my colleagues' attention two articles concerning Secretary Watt. The first appeared in the Denver Post on September 16, and the second was printed in the Fargo Forum on September 14. I ask that these materials be printed in the RECORD.

The material follows:

ENVIRONMENTALLY RELATED ACTIONS OR ACCOMPLISHMENTS

1. Secretary Watt has announced he will seek wilderness status for Arizona's scenic Aravaipa Canyon, 22 miles northeast of Tucson.

2. Secretary Watt supported provisions on the Budget Reconciliation Act that phase out federally subsidized flood insurance for barrier islands, thereby discouraging development on the environmentally sensitive coastal barriers.

3. Secretary Watt approved the Bureau of Land Management's comprehensive multiple-use plan for the California Desert Conservation Area and a charter for BLM's new California Desert District Multiple-Use Advisory Council.

The CDCA plan provides for the use and protection of 12 million acres of public lands administered by BLM within the 25-million-acre California Desert Conservation Area, which includes about one-fourth of the State.

4. Secretary Watt unveiled a plan to provide greater protection to the endangered humpback whales in their summering ground in Glacier Bay.

5. Secretary Watt has announced that he will ask the Migratory Bird Conservation Commission to focus attention on continued funding for preserving wetland habitat for ducks, geese, and other migratory birds.

On October 7, the Commission, which is chaired by Secretary Watt, approved the acquisition of a new national wildlife refuge, Big Boggy, when funds become available. Big Boggy is located 20 miles south of Bay City, Texas.

6. Agents of the Fish and Wildlife Service, at the direction of Secretary Watt, have acted to uncover black market operations that deal in endangered and protected American reptiles. The agents established a "sting" operation in Atlanta and transacted business with 175 people, 27 of which have been arrested for violating Federal and State laws against collection, shipment, and interstate commerce in protected species of reptiles.

7. Secretary Watt has voiced opposition to the U.S. Army Corps of Engineers Dickey-Lincoln School Lakes Project in Maine. The Interior Department objected on the grounds that severe long-term adverse environmental impact will occur if the project is implemented as proposed.

8. In response to a General Accounting Office report citing $1.6 billion in safety and health hazards for park visitors, Secretary Watt directed the National Park Service to refocus its management activities to bring existing parks up to acceptable standards.

9. Secretary Watt proposed amending the Land and Water Conservation Fund to permit restoration of deteriorating park areas.

10. Secretary Watt announced trapping of California condors as the start of a "last ditch" captive breeding and research program designed to save endangered California condors.

11. The Department of the Interior awarded a $4.1 million contract for construction of recreation facilities on the Wayne N. Aspinall Storage Unit of the Colorado River Storage Project.

12. Secretary Watt pledged protection of the Cape Hatteras Lighthouse from erosion by waves.

13. Prepared an inventory of properties in the U.S. that may qualify for nomination to the World Heritage List.

14. Called for an inventory and orderly development of America's natural resources to avoid a crisis situation where resources might be developed without regard to environmental considerations.

15. Secretary Watt has prepared a list of 32 Wilderness areas to be sent to the President for consideration and transmittal to Congress.

16. Secretary Watt recommended to the President appointment of noted conserva-

tionist Tom Garrett to the post of U.S. Deputy Commissioner to the International Whaling Commission.

17. Secretary Watt announced the Golden Access Passport which will allow people who are physically disabled or blind to obtain free entry to national parks, monuments, historic sites, and recreation areas. They will also receive 50 percent discounts on fees for recreational activities such as camping and boat launching.

The new Golden Access Passport results from a 1980 amendment to the Land and Water Conservation Fund Act of 1965.

18. Conservation programs for endangered and threatened species in 38 States and Territories have been helped by $4 million in matching Federal grants for fiscal year 1981.

19. Preservation of historic American buildings has been boosted significantly by a 25 percent tax credit for historical rehabilitation provided in the New Economic Recovery Act.

Federal tax incentives for historic preservation have stimulated more than $1.2 billion in private investments since enacted in 1976; over 2,200 projects have qualified nationwide for the incentives, including historic hotels, office buildings, factories, and residential buildings. More than 12,000 new housing units have been created, more than 5,000 of them for low and moderate income families. The program is administered by the Department of the Interior's National Park Service and the Department of the Treasury.

The new investment tax credit will be available for projects beginning January 1, 1982; existsing historic preservation tax incentives will be in effect through December.

20. Agreeing with challenges by environmental groups, the State, and industry, Secretary Watts requested the Department of Justice to file a motion in the District Court of Utah seeking authority for the Department of the Interior to review a Carter Administration decision allowing coal surface mining in a major part of Utah's Alton Coal field.

21. Secretary Watt has reaffirmed the historic primacy of State water management in announcing the Department's repudiation of a controversial 1979 legal opinion that sought to established a so-called "Federal non-reserved water right."

22. Revised guidelines to select, classify, and manage rivers in the national wild and scenic rivers system have been proposed jointly by the Department of the Interior and the Department of Agriculture. The system provides Federal protection for the nation's outstanding rivers in order to preserve them for the use and enjoyment of present and future generations.

23. The Fish and Wildlife Service has proposed guidelines to identify scenic vistas on Wilderness areas within the National Wildlife Refugee System that merit special air quality protection under the Clean Air Act.

24. Secretary has designated five properties National Historic Landmarks. They are: The Old Stone Gate of the Chicago Union Stockyards; the John Jay House in Katonah, New York; the Old Waterworks in Bethlehem, Pennsylvania; the Folsom Powerhouse in Folsom, California; and, the Sloss Blast Furnaces in Birmingham, Alabama.

[From the Denver (Colo.) Post, Sept. 16, 1981]

JIM WATT'S WESTERN EXPOSURE

(By Bill Hornby)

As Secretary of the Interior Jim Watt treks around the West, he may be demonstrating to regional audiences that he is not the anti-Christ, but it is doubtful that he is improving his image in the Eastern press. He probably doesn't expect and won't receive any better treatment from the New York Times or the Washington Post when he gets back to Foggy Bottom than he has had so far.

Now as Watt's friends and even the man himself are ready to admit, some of his troubles stem from his own nature. He's a righteous man and one who comes on feisty. Watt would never be on the top of your list for a drinking buddy, an ambassador or maybe even a governor, assuming you think of such types as ones who should try to put on as many Band-Aids as they pick off scabs.

Watt is a true believer used to the advocacy and conflict of the legal process. His trademarks are honesty, candor and bluntness. If he has a dagger for you, it's on his desk, not up his sleeve. Little wonder that the professional Washington environmental lobbyists licked their lips at such a tempting target.

But their real war with Watt stems not from his politically vulnerable personality but from his basic philosophy, which is consistent with the philosophy of the administration which picked him as its lightning rod.

Reagan, Watt, their mutual supporter and confidante Joe Coors of Colorado, and the other Coloradans that Coors has helped to ease into Washington resources management—they all share some fundamental philosophic beliefs, which might be paraphrased as follows:

Private industry under minimal government regulation can be trusted as much as any other sector of the citizenry to do what good citizens should to protect the environment under the more enlightened standards of the 1980s.

The Western resource wealth of the country can be developed without permanently damaging the environment, and indeed our national interest will require that those resources be located and prudently developed over the short term of the next few decades.

Many aspects of resource management would be more economically and effectively handled if left to the risks and rewards of the free market system, that is to private enterprise, than they are now managed by a government system which does not hold its managers accountable as to economics or efficiency.

These beliefs are a direct challenge to almost a hundred years of conservation thinking in this country.

It was the thesis of Theodore Roosevelt, Gifford Pinchot and the other fathers of conservation that big business is inherently rapacious and incapable in the arts of good citizenship; that some natural areas are so precious that they can never be available to balanced development but must be sequestered for "future generations," and that a government bureaucracy is inherently more apt to act in the public interest than a market system seeking to maximize economic rewards.

Thus it's no surprise that the conservative establishment of the environmental-conservation movement recognized Watt's dangerous radicalism right from the start. The massive petition and public relations drives of the Sierra Club and the Wilderness Society, mounted when Watt was in office only a few days, dwarf any such protest on their part to past appointments. In Watt they see someone who has a fundamental threat to their beliefs, not just their programs. He has to be obliterated like Carthage.

Probably their vehement opposition has solidified Watt in office. The administration can hardly throw Watt out for saying what the administration thinks, and it can hardly ease him out because he's stage center in a spotlight his enemies have created. So the end result of his Western tour is likely to be that Watt goes back to Washington convinced that a goodly portion of the homefolks are behind him, and discovers that his opposition isn't impressed by that fact one bit.

But more important than the survival of Watt as an individual is the future of his ideas. There is a significant body of opinion in this country, witness the election, that believes that the private business can be a good environmental citizen, that all our resources should be developed, and that government is not by some gift of God the best and only manager of resources "in the public interest."

Watt's enemies might discover they can get rid of him but not his ideas. Their energy might be better spent coming to grips with the ideas than in castigating the individual.

[From the Fargo (N. Dak.) Forum, Sept. 14, 1981]

WATT'S POLICIES GREETED WARMLY BY WESTERN GOVERNORS

JACKSON, WYO.—Interior Secretary James Watt still the scourge of environmental groups, says most Americans are beginning to hear his message that conservation and development can coexist.

"I don't think they understand," he said of his most vocal opponents during a four-day swing through his native Wyoming, "but we're making progress."

"I'm tremendously encouraged by the support of Congress and by the support of the governors," he said near the conclusion of his trip.

Earlier, Watt told reporters in Casper he has helped draw public and congressional attention to changes he wants to make. "We've got the public's attention on managing resources, and that's critical to us."

Chanting, placard-carrying demonstrators greeted Watt on his trip, but some liked the Interior Secretary and his multiple use policy of managing the Nation's public lands.

In fund-raising appearances in Billings, Mont., and Gillette, Worland, Casper and Jackson in Wyoming, Watt drew large crowds of Republican Party faithful to share his pleasure at the Reagan administration's budget victories.

Aide Doug Baldwin said Watt is one of the most sought-after cabinet officers for speeches, in part because he is so controversial.

But the highlight of Watt's Wyoming trip was decidedly nonpartisan—his meeting with the 14-State Western Governors' Conference.

Governors of Western States, where most of the Nation's public land is located, have taken a wait-and-see attitude toward Watt, but he received a warm reception Friday after giving governors his "report card" and his attempts to satisfy concerns they voiced in February over land, water and energy issues.

Among Watt's major pronouncements:

A reversal of a highly unpopular federal claim on unappropriated water rights on federal lands.

A pledge to preserve and protect America's national parks with a $1 billion improvement program over the next five years.

A promise to continue the spirit of the "Sagebrush Rebellion" by giving states a greater voice in managing federal land.

The governors loved it. As Alaska's Jay Hammond put it, "The jury isn't in yet, but I sort of like you." The rest of the governors applauded.

"This is the most productive session I've ever seen," added Nevada Gov. Robert List, the conference chairman.

The Interior Secretary also found some private time to enjoy the beauties of Grand Teton National Park—his favorite, he confessed—and Yellowstone National Park, where he picnicked and rode a horse along the Firehold River.

However, Watt was given poorer grades by environmental groups, and they complained bitterly that he refused to talk directly about

proposed oil and mineral development in wilderness areas, including some close to Yellowstone and Grand Teton.

Protestors in Yellowstone claimed their First Amendment rights were abridged when they were confined to a parking lot far from Watt's walking tour of the Old Faithful area.

Many, however, joined the entourage of reporters, following Watt, and some resorted to wisecracks and catcalls.

Throughout it all, the 43-year-old, balding Watt wore a large smile.

"That's free speech, I guess," he said in Yellowstone.

He told reporters earlier, he has paid "a personal price" in taking the brunt of criticism of Reagan administration environmental policies and had seen his positions distorted by opponents: "I don't believe another Interior Secretary has been as well known as soon as I've been known," he said.

But Watt also said he is buoyed by polls showing his basic policies popular with the vast majority of Americans. And he delighted in noting that of 220 organized groups he deals with regularly, fewer than 10 have called for his removal.

"The pendulum of decisionmaking was way in left field," said Watt, and he had tried to swing it back to center.●

WE MUST DEAL NOW WITH ACID RAIN

● Mr. KENNEDY. Mr. President, I am pleased to join in sponsoring S. 1706, the Acid Deposition Control Act, and I commend Senator MITCHELL and the other supporters of this legislation for the action they have taken.

According to the old adage, "What goes up, must come down." But in the case of air pollution "What comes down is even worse than what goes up." When Congress considered the Clean Air Act in 1977, evidence concerning the impact of air pollution on rivers and lakes was not clear. Since then, a consensus has developed in the scientific community that a new phenomenon called "acid rain" is having a serious impact on waters throughout the Northeast United States and Canada.

Acid rain is a term used to describe snow, rain, or dust that contains more acid than normal rainfall.

It is produced when pollution from stationary sources such as powerplants or automobiles is emitted into the atmosphere. The most important of these pollutants is sulfur dioxide, which is principally emitted by coal-fired electricity-generating plants. In the atmosphere, sulfur dioxide is transformed into sulfuric acid and nitric acid.

Increasing air pollution has caused a tenfold increase in the acidity of rain each decade since World War II. Fish life is either killed directly by the ever-higher acidity in the rain which flows into the lakes and ponds, or dies indirectly because the sensitive food chain of millions of microorganisms is destroyed by the increasing acidity of the rain.

The acid rain that has fallen on the Northeast in the past several decades has killed the fish life in over 100 lakes. Acid rain is most severe in areas that do not have chemicals in the soil to neutralize the acidity. These natural chemicals, called buffers, generally are not present in the high altitude lakes of the Northeast and areas such as the southeastern part of Massachusetts, Cape Cod, and the areas around Springfield and Holyoke.

Most of the acid rain affecting the Northeastern United States appears to come from air pollution sources in the Midwest. Many of these existing pollution sources have not been cleaned up, in spite of the Clean Air Act. When the 1977 changes in the act were achieved, it was assumed that midwestern utilities would be required to clean up their facilities. However, through a series of delays and court suits, these utilities have managed to avoid reducing their overall emissions. In fact, some of the utilities have made the situation better in the Midwest, but worse in the Northeast, by installing tall smokestacks. These tall stacks reduce health problems close to the powerplant, but make the health and acid rain problems hundreds of miles away worse when the pollution finally reaches the ground.

We should move now to deal with acid rain. The severe dimensions of the problem are now sufficiently clear that we must act—not only to prevent future increases in pollution in our region, but to reduce existing levels.

We must do this in a manner sensitive to economic costs. I look forward to the study by the Joint Tax Committee analyzing financial assistance which can assist in the cleanup. Current cost estimates are only a very small percent of the cost of oil decontrol over a similar period. Yet, some of the most vociferous critics of this legislation are also among the most ardent proponents of oil decontrol. I believe that S. 1706 is an effective measure to deal with the critical problem we face, and I am proud to support it.●

ALTERNATIVES TO CURRENT ANTI-INFLATION POLICY

● Mr. HART. Mr. President, we are searching for policies to bring down inflation and interest rates, to bring us quickly out of our current recession, and to return the American economy to a path of sustained output and productivity growth. The current approach of loose fiscal policy and tight monetary policy is not the way to achieve these goals.

As I suggested last week, we should consider policies which act more directly on wage and price decisions, such as those discussed in the series of studies on wage/price policies commissioned by the Center for Democratic Policy. One that deserves particular attention is "Alternatives to Current Anti-Inflation Policy: A Look at Previous Suggestions and a Not-So-Modest Proposal," by Daniel Mitchell.

Mr. Mitchell favors institutional changes which would increase the sensitivity of wages and prices to monetary and fiscal restraint. Greater worker participation in management and profit sharing could help realine workers' interests in ways that contribute to greater wage and price flexibility.

Also, since profit sharing and similar plans have been supported by Congress in the past for other purposes, Mr. Mitchell proposes that practitioners and researchers should design such wage-sensitizing plans, using tax incentives to encourage their adoption. He also stresses the need for Government to avoid encouraging cost-plus pricing in product markets. Antitrust policy, he says, should be adapted to contribute to greater price flexibility.

One benefit for labor in greater wage flexibility, Mr. Mitchell argues, is that ailing industries can avoid massive layoffs by generally moderating wages instead. The payoff for America is lower inflation, higher economic growth, and the maintenance of our preeminent position in international markets. I ask that Mr. Mitchell's study be printed in the RECORD.

The study follows:

ALTERNATIVES TO CURRENT ANTI-INFLATION POLICY: A LOOK AT PREVIOUS SUGGESTIONS AND A NOT-SO-MODEST PROPOSAL

(By Daniel J. B. Mitchell)

The inflationary momentum built up in the 1970s remains a major issue. During the 1970s, it became commonplace for politicians and policy makers to declare that the rate of inflation was the number one economic problem and that (presumably) sacrifices should be made to reduce it. But the failure of government policy—despite the rhetoric—to reduce the rate of inflation produced a sense of pessimism among many economists. The optimism of the 1960s that the course of the economy easily could be controlled quickly faded. Not surprisingly, a variety of nostrums for America's economic difficulties began to be offered.

This paper reviews some characteristics of recent inflation, most notably its variability and its division into an underlying trend rate and volatile "shocks." The difficulty of controlling inflation through demand restraint (restrictive monetary and fiscal policy) is considered. Recent alternative suggestions for fighting inflation are described, ranging from controls and guidelines (including the newer "TIP" proposals) to the "supply side" approach. However, a skeptical view is expressed on the viability of any of these alternatives as centerpieces of a new approach to reducing inflation.

It is argued that the fundamental problem has been that the "signals" emanating from monetary and fiscal restraint are not sufficiently heeded by wage and price setters to produce the desired deflationary effect. What is needed is support for institutional changes which will increase sensitivity to the signals. This approach entails monitoring wage and price decisions—though not for the purpose of jawboning—and the pinpointing of the causes of unresponsiveness.

Finally, some suggestions are made for encouraging greater responsiveness. Where possible, cost-plus pricing and other limits on price responsiveness should be discouraged. In the labor market, there should be encouragement of collective-bargaining innovations and personnel management policies which make employee compensation more sensitive to the demand for labor. The current practice of making partial and total layoffs the main response to economic fluctuations—while wages remain aloof—needs to be altered. Recent interest in worker participation in management and worker participation in the economic fortunes of the employer can be harnessed as part of an anti-inflation program.

INFLATION VOLATILITY

Although the 1970s are perceived as a decade of inflation, the inflation rate during the

Footnotes at end of article.

1970s in fact was quite varied. Measured by the Consumer Price Index (CPI), the rate of inflation was declining from 1969–1972. It then accelerated markedly, reaching a rate of over 12 percent in 1974. Thereafter, inflation declined to less than 5 percent in 1976 and then began to accelerate, again crossing into double-digit levels by the end of the decade.[1] Thus, while the trend was up (the inflation rate at the end of the decade was higher than at the beginning), tucked within that trend is the fact that inflation rates can change markedly over comparatively short periods.

The apparent changeability of the inflation rate poses a problem in terms of public perceptions of alternative anti-inflation strategies. Much of the fluctuation of the inflation rate around its trend can be attributed to such phenomena as "shocks" to world oil prices, sudden changes in the value of the dollar, and movements in farm and are not closely related to monetary and fiscal commodity prices. These phenomena often are not closely related to monetary and fiscal policy. Yet their timing can serve to discredit current policy (even if sensible) or to give credence to faulty policies. (If President Ford had waited a year before issuing his "WIN" buttons, their appearance would have coincided with a marked decline in apparent inflation, perhaps enshrining button wearing as a permanent fixture of American economic policy!)

THE "UNDERLYING" RATE OF INFLATION AND REAL ECONOMIC DISTRESS

It was natural, given the volatile nature of exogenous inflation factors during the 1970s, that economic policy makers would seek to focus public attention during periods of accelerating inflation on the "underlying" rate concept. Stripped to its essentials, the underlying rate of inflation concept was advanced by officials of the Carter Administration in one of two ways. Either a widely-used price index such as the CPI was "adjusted" to remove the impact of the volatile price components such as food, energy, and interest rates, or a wage index was used. The latter was justified on the grounds that prices over long periods tend to behave as markups over unit labor costs—i.e., wages adjusted for productivity.[2]

Unfortunately, when the underlying inflation rate is below the actual rate, purchasing power may well be adversely affected. This adverse impact occurs precisely because wages do not respond immediately to volatile price increases. Thus, emphasis on the underlying concept—while defensible for policy-making purposes—created the public impression that government officials simply were ignoring real economic distress. In effect, Carter Administration officials were telling the public that it wasn't really cold in December because, on a seasonally-adjusted basis, the temperature in December was the same as in June!

Periods of divergence of the underlying and actual rates of inflation in the 1970s also created the public impression that inflation is inevitably synonymous with the loss of individual purchasing power. Yet the losses of purchasing power which occurred were largely the result of relative price changes rather than absolute increases in the general price level. For example, during 1973–75, the energy component of the CPI rose about 43 percent and the overall index rose about 21 percent. Wages (including fringes) rose by only 20 percent, producing a real wage loss of about 1 percent. If it somehow could have been arranged that non-energy prices in the CPI had fallen by 3–4 percent, and that nominal wages had been cut by 1 percent, the CPI would have shown no overall price increase, just an increase in energy prices offset by a fall in other prices. There would have been no aggregate inflation, but the same adverse real consequences that actully occurred would have been felt. The cause of the distress was the shift in income distribution to foreign and domestic energy producers, not inflation per se. Because our economic system is not conducive to cuts in nominal wages and general declines in all non-energy prices, the shift in income distribtuion was accompanied by inflation. But it was not inflation which produced the decline in purchasing power, rather it was the action of a foreign oil cartel.

CONVENTIONAL ANTI-INFLATION POLICIES, INFLATION MOMENTUM, AND RECESSION

Inflation has become associated in the public mind with forms of economic distress other than loss of purchasing power of the hourly wage. When inflation accelerates, pressures quickly rise on policy makers to contain or reverse the acceleration. The conventional response to such pressures is for government—including the Federal Reserve—to impose a demand restriction through monetary and fiscal policy. Pressures for such a demand restriction will be particularly strong if the root cause of the initial economic distress is a relative price and income shift which the public erroneously blames on inflation. In the case of the 1973–75 oil episode, the loss of domestic purchasing power due to rising energy prices was itself an automatic limitation on consumer demand. This limitation was further reinforced by a restrictive macroeconomic policy, producing a sharp recession.

The recession consequences of demand restriction flow from the short-run unresponsiveness of wages and many prices to falling demand. As will be discussed below, inflation can develop a considerable momentum. Even after the brakes are applied, wages will keep increasing despite rising unemployment, and prices will keep rising despite growing excess capacity. A restriction of nominal demand is thus translated into a real decline in output. To the initial economic distress which provoked the demand restriction, there is added the further distress of recession. These real consequences of conventional anti-inflation policy may ultimately produce public pressures to ease up and even to re-stimulate the economy. If the initial cause of the inflation acceleration was an exogenous shock, the shock may have ended or even reversed, making it appear that inflation is declining. However, the underlying inflation rate may have been little affected by the restriction in demand and re-stimulation may increase it.

OTHER PROPOSALS FOR FIGHTING INFLATION

There is a widespread view among economists that use of demand restraint for anti-inflation purposes is likely to be a prolonged and painful experience, although one which ultimately would be successful if not reversed by political pressures generated by economic slack. Econometric models based on past experience suggest that such slack does tend to slow the rate of price advance, although the effect predicted in any time period varies from model to model. To the extent, however, that conventional models produce pessimistic predictions about the length of time needed to reduce the rate of inflation to an "acceptable" level, it is natural that alternatives to traditional demand restraint are often debated.

LEARNING TO LIVE WITH INFLATION THROUGH INDEXATION

One possibility that has been discussed is to avoid the pains of demand restraint by adapting to inflation. In fact, many adaptations to inflation have occurred. Wages in many union contracts are adjusted automatically in response to movements in the CPI. Various government benefits, most notably Social Security, also are indexed. Interest rates tend to incorporate an inflation expectations component, thus providing compensation to lenders for the decline in the value of money. Variable rate loans, in addition, provide protection for lenders against unforseen changes in interest and inflation rates. Federal income tax rates are slated to be adjusted for "bracket creep," the increase in the real tax burden produced by the combination of progressive tax rates and inflationary income growth.

Because the public associates inflation with real economic distress, open advocacy of learning-to-live-with-inflation has not been politically appealing. In addition, many would argue that it is impossible fully to adapt to inflation. Universal indexing of wages, prices, assets, liabilities, and taxes is an appealing notion theoretically, but would be difficult to achieve in practice. Indexing brings a host of problems of its own. Groups which are not properly indexed could receive windfall losses and gains, depending on the errors in their formulas. The construction of the price index itself can become a controversial issue—as has already happened to the CPI—and in general, shifts in income distribution would become politicalized.

Widespread indexing could intensify inflation under two circumstances. First, to the extent that the current rate of inflation became more tolerable, resistance to further increases in inflation might be weakened. Second, exogenous inflation shocks—say, sudden upward boosts in OPEC oil prices—would be quickly transmitted into domestic wage and price setting. However, indexation is not necessarily inflationary; exogenous price shocks could be negative. For example, bumper harvests could cause declines in farm prices. In such cases, the deflationary impulse would be transmitted into wages and nonfarm prices. Moreover, the anti-inflationary pressures from restrictive monetary and fiscal policy—if maintained—could be more effective in the face of indexation.[3]

In short, while universal indexation is not achievable, the current forms of indexation that do exist are not inherently inflationary. Rather their impact on inflation depends on economic circumstances. If proposals to encourage indexation should not be viewed as a quick fix for inflation, neither should proposals to discourage the indexation that currently exists be so viewed.

EMPHASIZING THE "SUPPLY SIDE"

A relatively recent criticism of the demand-restraint approach to inflation is that increase in "supply" would have an anti-inflation effect without the painful side effects. Since "more" is more attractive than "less," the supply-side approach has proved appealing. However, the connection between the supply side and inflation is tenuous. If more supply meant less inflation, the rate of inflation since the industrial revolution should have generally been declining, since per-capita consumption and production ("supply") historically have risen.

Although precisely what is meant by the supply-side approach is often unclear, its most prominent recommendation is that taxes should be cut, rather than raised, in the face of inflation. Proponents argue that tax cuts will release a greater supply of labor and capital investment. There is some uncertainty about how this alleged supply increase is linked to reducing inflation. If the linkage is based on creating excess supply, then there is little difference between demand-restraint policy or supply-expansion policy in terms of any anti-inflation effect. However, there is an empirical issue of just how much supply can be increased through tax cuts. The connection between tax rates and labor supply at the aggregate level is dubious, particularly given the magnitude of tax cuts that might feasibly be considered. Capital investment can only come on line

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slowly. Thus, if the goal is to create excess supply, demand restraint is empirically a more powerful instrument for doing so.

An alternative interpretation of the supply-side approach—at least as far as capital investment is concerned—is that by stimulating investment, government can raise productivity growth. Higher productivity growth could result in lower unit labor cost increases given a fixed rate of wage increase, which could permit a slower rate of price inflation. This is clearly a long-run argument and one that could make only a modest contribution to lowering inflation quickly. It might be noted that most monetarists reject a unit labor cost approach to inflation; hence, the supply-side justification of the anti-inflation aspects of current policy conflicts with views held by many Reagan administration policy makers.

REDUCING THE SCOPE OF GOVERNMENT

There appears to be considerable public sentiment for the notion that excessive government involvement in economic life is a cause of inflation. Many legitimate objections can be raised concerning the desirability and effectiveness of the social and regulatory programs which the Reagan administration has sought to reduce. However, the linkage between such programs and inflation is tenuous. As a first approximation, government programs will be inflationary only if they induce inflationary monetary and fiscal policies.[4] For example, the inflation that accompanied the military buildup surrounding the war in Vietnam was not the byproduct of war per se. Rather it resulted from a failure of monetary and fiscal policy to prevent private and nonmilitary spending from competing with the scarce resources diverted to the war effort.

In the absence of an inflation problem, the Reagan administration would have been committed to a reduction in the role of government in economic regulation and income maintenance. Public concern with inflation, however, was harnessed to obtain the particular package of tax cuts and reductions in nonmilitary expenditures which Congress recently enacted. It should be said, however, that previous administrations also have sought to harness the inflation issue when it suited their purpose.

GUIDELINES AND CONTROLS

In the U.S. and in other industrialized countries, there have been periodic bouts of direct government intervention in wage and price setting. Sometimes the intervention takes the form of legally-mandated ceilings on wage and price adjustments as occurred during World War II, the Korean War, and under the Nixon Administration. Sometimes the intervention is based on "voluntary" appeals, jawboning, and moral suasion as during the Kennedy and Johnson Administrations' wage-price guideposts. Mostly recently, the Carter Administration mounted a guidelines program which combined both legal and voluntary elements. Although compliance with the wage and price standards was voluntary, government contractors risked loss of their contracts if they could not document adherence to the rules. Thus, for some firms, compliance was virtually mandatory.

Although the official justification for direct intervention has varied from episode to episode, beginning with the Kennedy/Johnson guideposts, such programs have tended to be viewed by proponents as complements to monetary and fiscal policy. It is noted that in the real world, wages and prices can and do rise despite significant economic slack. Classical economic theory suggests that in the face of slack (excess supply), wages and prices should fall absolutely. Hence, direct intervention programs are rationalized as attempts to make labor and product markets behave as if they were more classical than they are. (Economics is one of the few disciplines in which when facts don't fit theory, one can hope to mandate a set of better-behaved facts!)

A second rationale for direct wage-price intervention is that the program itself may influence private expectations of future inflation. It is widely held that inflationary expectations are themselves a source of inflationary behavior—i.e., the belief that inflation will continue in the future leads to wage and price decisions which perpetuate inflation. If so, anything that lowers such expectations would contribute to a lessening of inflation.

Direct intervention programs, however, are easier to propose than to design and operate. Thousands of wage and price decisions must be controlled or cajoled. The workload can easily overwhelm a small staff of civil servants and can entail significant administrative costs both for government and those who are regulated. Usually, attempts are made to reduce the workload on the basis of exemptions by size, industry, or other criteria, or through the proclamation of general rules which can be "self administered." The specifics of the exemptions and rules often have an ad hoc nature, since there is little in economic theory to provide guidance.

Programs of direct wage-price intervention tend to politicize what would otherwise be market or decentralized decisions. As such, obtaining cooperation from the public and from interest groups becomes a prominent consideration. Tripartite boards and advisory committees are generally established and considerable skill may be required to hold such boards and committees together. Generally, it becomes necessary to provide the program with sufficient "flexibility" to effect compromises and preserve a sense of "equity" and due process in wage and price adjudications. Mechanisms for exceptions, appeals, and reconsiderations must be incorporated into the program.

Direct intervention programs may lead to economic distortions The most prominent of these are shortages. Public tolerance for such shortages is quite limited. One need only recall the meat shortage of 1973 and the gasoline shortages of 1974 and 1979 to understand the political and economic damage that these inadvertent byproducts of direct intervention can produce.

Some markets and types of intervention are more prone to shortages and distortions than others. Nevertheless, if the direct intervention program does not quickly reduce the ongoing inflation rate, the probability of distortion will increase and the resulting public disenchantment may force an end to the effort. A truly massive program of the type imposed during World War II—a program which had an indefinite life (the duration of the war) and the ability to counter public disenchantment with appeals to patriotism—might well be able to quell inflation, although at considerable cost. But in the absence of a national emergency, direct intervention is at best a temporary instrument to be applied on a transitional basis to lower the inflation rate. So far, even that limited objective has proven elusive.

Although the programs mounted in the past two decades had an influence on wage and/or price inflation during portions of their lives, it would be difficult to argue that prices today are lower than they would otherwise have been in the absence of those programs. The lack of a recent permanent success with direct wage-price intervention suggests that it should not be viewed as a quick remedy for inflation. Further experimentation with direct intervention cannot be ruled out. However, any political leader who advocates such experiments ought to be aware of the potential costs and the difficulty in obtaining cooperation from wage and price setters. The courage to recognize a failed experiment and to withdraw it should also be a prerequisite. And the temptation to make such programs the central element in anti-inflation policy should be avoided.

TAX-BASED INCOME POLICIES

A variant of direct intervention is the so-called "tax-based incomes policy" or TIP. The essence of TIP proposals is that the tax system should be used to encourage noninflationary wage and/or price behavior. A wage or price setter who exhibited "good" behavior would either receive a monetary reward or avoid a tax penalty. In effect, a program of direct wage-price intervention would be inscribed in the federal tax code and administered by the Internal Revenue Service as a sideline.[5]

The appeal of the TIP proposal is that it seems to avoid the pitfalls of other direct intervention programs. Rather than worry about obtaining cooperation, policy makers can simply sit back and watch wage and price setters "voluntarily" cooperate as they seek to avoid a penalty or obtain a reward. Instead of designing elaborate exceptions mechanisms, policy makers can permit wage and price setters to decide privately whether to comply with the rules. If there is strong reason not to comply, compliance can be avoided by simply paying the penalty or foregoing the reward. The program appears to be self-regulating—always an idea of appeal to economists—and seems to avoid need for bureaucracy.

Unfortunately, it is easier to propose a TIP in the abstract than to design an operational model. Any TIP plan must be written in legal language appropriate to a tax code and be capable of being administered by the IRS. Thus, all the technical questions that arise in a controls program arise under a TIP. Precise definitions of wage and price measurement must be provided. Because the price side tends to be more complicated than the wage side, interest in TIPs tends to focus on the wage side. Yet even here, the complexities of fringe benefits, merit and promotion plans, escalator clauses, etc. are considerable. Since tax revenue or expenditure is involved, rules to deal with these complexities must be enacted by Congress. It is quite possible that TIP incentives could lead to behavior that would create economic distortions, just as a conventional direct intervention might do. However, only an act of Congress could alleviate the problem under TIP, whereas such corrections can generally be made by executive fiat under direct intervention programs.

The Carter Administration proposed a wage TIP known as "Real Wage Insurance" in 1978.[6] Under this plan workers in units which complied with the 7 percent wage increase guideline would have been eligible for an income tax rebate if the rate of price inflation exceeded 7 percent. Had it been enacted, the plan would have incorporated many anomalies into the tax code. Moreover, it would have added yet another "uncontrollable" to the federal budget. Congress shelved the real wage insurance plan—originally intended as the centerpiece of the guidelines program—after a few committee hearings.

There are lessons to be learned from the Carter Administration's TIP adventure. Because such plans are inherently complex in actual design, details of program design need to be seriously considered. It is difficult to prevent such plans from making on a Rube Goldberg aura. Moreover, it is necessary to involve Congress and those groups immediately affected at an early stage in preparing such proposals. Finally, it must be recognized that such plans do not eliminate the administrative and economic problems associated with other forms of direct wage-price intervention.

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MONETARY ANNOUNCEMENTS AND DEMONSTRATIONS

One of the rationales noted above for direct intervention is the possible effect on inflationary expectations. It is interesting to note that this approach is accepted by policy makers in the Reagan Administration—not as a rationale for direct intervention but as a justification for a consistently "tough" monetary policy. According to this view, the pessimism found in most econometric forecasting models concerning the effectiveness of monetary policy for inflation control is due to a mismanagement of monetary policy in the past. During the period over which the models were estimated, this argument goes, the Federal Reserve was unwilling to make reducing the rate of inflation its sole objective. Instead, it was also worried about high interest rates and unemployment. These other objectives prevented monetary policy from being "tight" enough for long enough. Wage and price setters came to learn that the Fed would "back down" before inflation truly had been brought under control and their resulting skepticism led them to expect continuing inflation and to act accordingly.

In order to undo the damage done by previous inconsistent policy—so the argument goes—the Fed must now prove its unflinching willingness to fight inflation regardless of the consequences for other economic goals. There must be an announcement of this new intent and, if that proves unconvincing, there must be a demonstration of Fed toughness. This demonstration is to be made by limiting the growth of the money supply to a consistently low target. Obviously, it would be a happy circumstance if the announcement itself was so convincing that inflationary expectations were quieted and inflation quickly subsided as a result. The early experience with monetary policy under the Reagan Administration, however, suggests that an announcement by itself is insufficient; long-term bond yields—which include an inflation expectations component—have remained stubbornly high, suggesting that the financial markets continue to expect an inflationary future. Thus, current Fed policy is now in the demonstration phase.

It is difficult to disprove a theory which proclaims that the cast is not prologue. Only an actual test will suffice. However, in viewing the current experiment, two important points must be noted. First, to the extent that a prolonged demonstration proves necessary, the new view becomes indistinguishable. The conventional forecasting models predict that a long period of economic slack will tend to reduce the rate of inflation. Second, it is the underlying rate of inflation which must be matched. The peculiarities introduced into the CPI by the inclusion of mortgage interest rates, the political winds in OPEC, and similar factors must be filtered out.

WHAT CAN BE DONE?

Like it or not, the American public will be subject to a test of the monetary announcement and demonstration approach. This is the central anti-inflation element of current economic policy, since fiscal policy is not being geared—despite some supplyside rhetoric—to anti-inflation purposes. If the administration backs off from its tough monetary policy before a substantial reduction in the underlying rate of inflation occurs, the doctrine will have been shown to have no real-world significance, whatever its theoretical appeal. Surely, no President has had a freer hand in trying such an experiment. If carrying out the experiment proves politically infeasible for this administration, no future President could reasonably be expected to try it again.

On the other hand, the formation of inflationary expectations is a process not well understood by economists. Perhaps expectations will change after a few more months of experimentation. Perhaps America will have sufficient good luck with the exogenous elements of its price level to change opinions about the future course of price changes. Should either of these events occur, the Reagan Administration would be in a position to re-stimulate the economy or—as its spokesperson would undoubtedly prefer to put it—to permit the natural strength of the economy to bring about a recovery. The political benefits that would accrue to the administration under such circumstances would be enormous and would permit the administration to pursue other elements of its economic and social policies which are not directly related to inflation. Such an outcome is by no means impossible. However, prudence and expectation suggest that formulation of an alternative anti-inflation program is desirable.

THE ROOT OF THE PROBLEM: UNRESPONSIVE WAGE AND PRICE BEHAVIOR

If monetary and fiscal policy were more effective in fighting inflation than they apparently are, the inflation issue would not arise. A slight slowing of economic growth and a slight expansion of economic slack would be sufficient to produce absolute declines in wages and prices, not just a slowing of the rate of increase. The textbook models of wage and price determination, with their intersecting demand and supply curves, suggest just such an impact. Yet the real world is not characterized by such markets. In the modern world, wages do not fall absolutely unless bankruptcy is imminent, and even then there is considerable resistance. Certain commodity prices do exhibit up and down flexibility. However, there is a large component of pricing based on cost markups which does not exhibit classical flexibility. Monetary and fiscal restraint thus have a major impact on the volume of output, but only a limited effect on its price.

Demand restraint is a "signal" for wage and price setters. The problem has been that the signal is not sufficiently heeded. Many of the suggestions for supplements to monetary and fiscal policy are really signal amplifiers. For example, through a guidelines program, the authorities publicize the signal—they make it louder in case anyone has not heard the message. The tough announcement approach is to follow policies which encourage listening to, and heeding of, the signal. Such an approach does not eliminate the primary need for the signal; if there is no message there can be no response. But it does emphasize strengthening the reaction to monetary and fiscal restraint, so that the exercise is less painful and quicker acting.

Below, a proposal will be made for increasing wage and price responsiveness to demand. However, it is important to note that any such proposal must have a symmetrical effect. Monetary and fiscal restraint would more quickly bring about inflation deceleration. But monetary and fiscal excess would lead to faster inflation acceleration. An important question is whether an increase in wage and price responsiveness to demand would reduce the rate of inflation over the long term, or simply increase its variability.

There is good reason to believe that increased responsiveness would have a long-term inflation-reducing impact. However, the basis for this belief is as much political as economic. Consider a period such as the early 1960s when prices were rising at rates below 2 percent per annum. Starting from such a period, it was possible to stimulate the economy, reduce unemployment, and yet—initially—experience only a mild increase in the rate of inflation. Engrained expectations of low inflation and the unresponsiveness of wages and prices to demand made these results possible.

Once the inflation acceleration set in, however, prolonged economic slack was required to bring the inflation rate back down. Given the understandable resistance to bearing the costs of such slack, an inflation ratchet-effect was the outcome. A sequence of "stop-go" episodes occurred, but after each episode the residual inflation rate was higher than it was before. Thus, after the 1970 recession, the inflation rate was higher than it had been in the early 1960s. After the 1974–75 recession, the inflation rate was higher than it had been in the early 1970s. Pressure is already building on the Reagan Administration to drop interest rates before inflation has decelerated to the levels of the mid 1970s.

Suppose the history of the 1960s and 1970s could be replayed, but with more demand-responsive wage and price setting. Inflation in the late 1960s would have accelerated faster than it did, as demand pressures rose. It is likely that policy makers, therefore, would have responded faster and more effectively than they actually did. Application of demand restraint would have had a greater anti-inflation effect than actually occurred, with a lesser rise in unemployment. Most probably, the episode would have brought inflation down to "acceptable" levels and the unemployment cost of doing so would have been substantially less than the cost of the partial correction of 1970.

The food-oil price shock of 1973–74, by itself, would not have produced a more rapid rate of inflation than actually occurred with greater wage-price responsiveness to demand. If anything, the sudden jump in commodity prices had a demand-reducing effect. Other demand pressures had arisen during 1972, and it is possible that greater price increases would have been experienced (ignoring the wage-price controls then in effect). However, the demand-reducing effect of food-oil price boosts on wages and prices might have slowed inflation outside the food-oil sector. And, in any case, the recission of 1974–75 could have been less deep and produced a greater anti-inflation impact.

In short, with greater wage-price responsiveness to demand, the most likely outcome would have been a lower current inflation rate and a lower average inflation rate over the past decade and a half. Policy makers would have felt the need to correct excess-demand situations more quickly than they actually did. And they would have found it less costly to do so.

MONITORING FOR UNRESPONSIVE WAGE-PRICE DECISIONS

Shortly after taking office, the Ford Administration created the Council on Wage and Price Stability (COWPS). A major function of COWPS was to "monitor" wage and price adjustments at a disaggregated level. The Carter Administration converted COWPS into the administering agency for its voluntary-mandatory guidelines program. Thus, when the Reagan Administration took office, its antipathy to direct intervention led to the quick dismantling of COWPS.

Unfortunately, disaggregate monitoring of wage and price decisions is a function not carried out by the old-line statistical agencies on which government and private economists rely. Newspaper accounts of union wage settlements are frequently a babble of confusing components of the agreement—often presented in ways designed to save face for one side or the other, or to promote ratification. Accurate measurement of the settlement is not generally available. Nonunion wage adjustments receive virtually no publicity. Price adjustments receive attention only in certain "visible" industries. Even when publicized, such background factors as cost trends and market conditions may not be known.

Monitoring by itself is simply information gathering. In the past, even in the absence of a formal guidelines program, there has

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been an attempt to use monitoring information publicly to embarrass wage or price setters whose behavior displeased the authorities. However, the basic function of monitoring is to pinpoint wage and price decision centers which seem chronically to ignore the signals of the marketplace, and—in particular—the signals entering the marketplace through monetary and fiscal policy. What government does with that information is another matter. Jawboning and publicity are not the only options. Presumably, the goal is to increase wage and price responsiveness, not to annoy or embarrass.

ANALYSIS OF UNRESPONSIVENESS

Monitoring can pinpoint areas of unresponsiveness to monetary and fiscal signals. However, an important question is why such unresponsiveness exists. The reasons may vary from sector to sector. One explanation by the late Arthur M. Okun is especially insightful.[7] Okun noted that buyers and sellers generally do not deal with each other in a faceless auction market. Although certain commodities and raw materials are sold through auction-type processes, in most markets—and especially in labor markets—there is a relationship between buyer and seller. According to Okun, both buyer and seller have a stake in maintaining their relationship and therefore engage in an implicit understanding governing their conduct. For example, employers often find turnover (quits) of employees to be costly because of the searching, screening, and training expenses entailed in hiring replacements. Workers face obvious costs if they lose their jobs. Their implicit understanding is established to cover the rules of fair treatment that may be expected by workers in the future.

Exactly what "fair" means in any given circumstance is unclear. However, in the labor market fair is likely to imply that wages will be adjusted according to some standard such as compensation received by "similar" groups of workers, movements in the cost of living, etc. Social norms favor protecting the incomes of senior workers. Hence, in the face of a recession, employers are unlikely to cut wages and they may not even alter their wage-determination formulas. Rather they simply lay off the most junior workers. A fall in demand is thus translated into a layoff rather than a change in wages. In the unionized portion of the labor market (roughly one-fourth of wage and salary employment), the implicit understandings are formalized in expliict contracts.

Product-market norms of fairness reduce to cost-based pricing. There may be reluctance to "exploit" sudden shortfalls of supply or demand. Rather, demand fluctuations are likely to be translated into lags in filling orders, the favoring of old customers with limited supplies during booms, and into the pile-up of unsold inventories during downturns. As in the labor market, changes in demand lead to quantity adjustments which substitute—at least in part—for price adjustments.

Okun, and others who have written along similar lines, emphasize that such behavior is not irrational from the viewpoint of individual transactors, even if it fails to square with textbook supply-and-demand models. However, it does build into the economic system a potential for wage-price spirals and an ongoing inflation momentum which is hard to halt. Business, labor, and the public generally complain about inflation. Yet for individually valid reasons they participate in its perpetuation.

A STRATEGY TO INCREASE WAGE AND PRICE RESPONSIVENESS

It sometimes has been proposed that wage and price unresponsiveness is due to a lack of competition. This observation follows from the assumption of "perfect competition" that is fundamental to textbook supply-and-demand analysis. In the textbook world, buyers and sellers are essentially atomized. In the real world, atomizing existing firms is not a possibility. Short of that, it is not at all clear that moving from current levels of competition to somewhat more competition would be a universal cure for price unresponsiveness. For example, suppose in the current automobile market General Motors were divided into two competing firms through an antitrust action. Even counting foreign competitors, the automobile market still would be far removed from the textbook model of hundreds of producers offering a homogeneous product. The pricing of automobiles might well not be much different from what is currently the practice.

There are also markets in which there are many buyers and sellers, yet where textbook competition in pricing does not prevail. Buyers and sellers of the services of real estate brokers are numerous, and the brokerage services offered are relatively homogeneous. Yet the persistence of the 6-percent commission during the 1970s, in the face of an explosion of housing prices and wide variations in the volume of house transactions, is remarkable. Another area where there are many buyers and sellers, but where textbook competition does not predominate in price setting, is the health-care sector.

In some markets it may be the case that more competition would increase price responsiveness. Price responsiveness to fluctuations in demand should be a criterion for antitrust decisions, providing there is good reason to believe that the proposed antitrust action would increase responsiveness. Simple-minded analysis of market shares or visceral aversion to bigness are not useful criteria.

Government actions may themselves contribute to price unresponsiveness. Cost-plus contracting and reimbursement guarantees unresponsiveness or even perverse behavior, since average costs tend to rise as volume decreases. While it is true that regulated utilities, health-care providers, and suppliers of products and services to government must make a "reasonable" profit over the long run to remain in business, it is not the case that they should be immune from loss in each and every subperiod.

Deregulation policy need not have much to do with inflation. The increased economic efficiency which is often asserted to accompany deregulation might lead to lower prices, but not necessarily more flexible prices. However, where regulation has been largely a cost-plus affair, it is quite possible that deregulation will enhance price responsiveness to demand. Certainly, the impact on price responsiveness of a proposed deregulatory action is a valid criterion for decision.

There undoubtedly are strong constraints on the degree to which pricing can be made more responsive to signals from monetary and fiscal policy. However, even if a large element of pricing is simply based on cost markups, an important element of total costs is wage compensation. Employee compensation accounted for 63 percent of the private gross national product in 1980 and 72 percent of private national income.[8] If greater responsiveness in wage determination could be induced, it is reasonable to expect some reflection of this in price behavior.

The image of wage responsiveness to economic slack conjures up dark memories of industrial strife between employers and employees. Famous labor disputes such as the Pullman strike of 1894 had their roots in resistance to wage cuts. Obviously, a return to the social upheavals of the late nineteenth and early twentieth centuries is not desirable, nor is it being advocated. But, if prices and wages were generally more responsive to economic slack, there need be no losses of real income. Indeed, periods of economic slack induced by deliberate monetary and fiscal policy could be less prolonged and less restrictive. On the other hand, if individual groups of workers are singled out for wage concessions, there will be relative wage slippage for those groups and the potential for resistance is increased. (This is why controls and guidelines have tended to rely on across-the-board wage norms for wage determination.)

Recently, there has been a rash of individual wage concessions in such diverse industries as automobiles, tires, construction, newspapers, and airlines. Where overt concessions have occurred, the threat of imminent bankruptcy and resultant job losses have been the motivating factor. If the only way to induce a reduction in wage inflation is to force major industries to near bankruptcy, then the Fed and the American worker are locked into a tragic game of economic chicken. It would be far better if adjustments could be made under less drastic circumstances.

It is common in the union sector for a component of the wage package to be contingent on external economic circumstances. However, in the vast majority of cases, the only economic circumstances considered is the increase in the Consumer Price Index. For major escalated union agreements expiring in 1981, almost one-third of the wage increase actually paid out resulted from operations of the cost-of-living clause.[9] For many contracts, the ratio was much higher.

There is no reason why contingencies other than inflation cannot be incorporated into union agreements or be made part of nonunion wage determinations. Profit sharing has been included in a small proportion of union contracts in the past.[10] In units where wage concessions have been made in recent years, however, some form of profit sharing often has been included. Profit sharing is apparently more common among nonunion employees, particularly management personnel.[11]

Any plan which gears a component of compensation to either the economic "health" of the firm or to the general economic health of the economy will automatically make wages more responsive to business-cycle pressures (both up and down) and therefore to signals from monetary and fiscal policy. Current discussions in the field of labor relations and personnel management could provide a vehicle to encourage such arrangements. Under the headings of "quality of working life" and "worker participation in management" have come ideas about employee participation in the economic returns of the firm. These ideas are not new—such discussions and experiments go back to the 1920s and before.[12] But their resurfacing at this time could assist in a re-evaluation of the nature of the collective bargaining relationship (in the union sector) and good personnel management (in the nonunion sector). There is a ready-made consitituency for encouraging the use of profit sharing and similar arrangements.

How might such plans operate? Many alternative arrangements could be adopted. For example, a component of the wage (say 80 percent) could be subject to normal collective bargaining for union workers or unilateral employer determination for nonunion workers. Thus, any wage adjustment negotiated or determined would apply to 80 percent of the base wage. The wage increase applicable to the remaining 20 percent could be determined by a formula geared to profits, volume of output or sales, a profit-to-sales ratio, or some other cyclically sensitive index. In a given year, a worker would receive an overall wage increase equal to a weighted average of the two components.

Consider a worker with a negotiated wage increase of, say, 10 percent. Suppose the worker's employer experienced a "poor" year and the formula for the 20 percent share

Footnotes at end of article.

yielded only a 2 percent increase. The worker would receive an overall increase of 8.4 percent [(10% × .8) + (2% × .2) = 8.4%]. On the other hand, if the employer had a "good" year and the formula for the 20 percent share indicated an 18 percent increase, the worker would receive an overall increase of 11.6 percent [10% × .8) + (18% × .2) = 11.6%].

Obviously, important questions need to be resolved about any such arrangement. Clearly, an element of income variability results from tying a portion of wage compensation to an index such as profitability. The variability of the formula could be checked by placing various limits on its operation, as is often done now with cost-of-living escalator clauses. There could be caps and floors on the increase determined by the formula. For example, in the case cited above, a floor of zero might be applied so that the worker could not receive less than 8 percent (10% × .8). It might be noted, however, that to the extent that employers substituted wage adjustments for hours adjustments, workers might be less exposed to the income variability now associated with layoffs. At the economy-wide level, to the extent that widespread use of such plans made monetary and fiscal policy more effective, the depth of recessions induced for anti-inflation purposes could be reduced. This effect would also alleviate a current source of worker income variability.[13]

Use of profit-sharing or similar arrangements which increase wage sensitivity to demand would not require manipulation of collective-bargaining contract durations. Indeed, the painful exercise of re-opening contracts in time of crisis to renegotiate concessions might be eliminated. The formula would make the concessions automatically. A suggestion which has sometimes surfaced—based on the observation that long-term union contracts show little wage sensitivity to demand—is that such contracts should be forbidden and discouraged. There would be a severe cost to such a shortening of union contracts since more frequent negotiations would probably increase the incidence of strikes. (It was primarily to avoid annual negotiations and strike risks that the modern long-term contract was formulated.) Moreover, it is unclear that if the cost were paid, substantial wage flexibility would result. Most nonunion workers are effectively on a one-year wage-determination cycles, but their wages have not been highly demand-responsive. And non-union workers make up about three-fourths of nonfarm wage earners. The long-term horizons in the union sector, moreover, would continue even in the absence of long-term contracts.[14]

One of the nice features about profit-sharing plans and similar arrangements is that Congress is already receptive to the idea of promoting worker participation in the economic health of the employer.[15] In contrast, there is little receptivity to TIP schemes, guidelines, or controls. The Congressional interest has stemmed primarily from concerns about productivity and the quality of working life. However, the argument that worker participation in the economic return of the firm is anti-inflationary can only add to the appeal of the proposal.

Congress could encourage programs that gear wage compensation to economic circumstances through tax incentives, just as it has encouraged other forms of fringe benefits. It could even mandate such arrangements, say for employers above a certain size limit. Ideally, a wide range of options should be available. The parties to collective-bargaining agreements or nonunion employers could then adopt arrangements suited to their own special situations.

At this point, it would be helpful to establish what the options should be. Should profits be used to index wages, or should other measures be used? Could industry or economy-wide indexes be made available? Should there be limits on the wage variability permitted? What has been the experience under profit-sharing and production-bonus plans now in existence? Would it be better to use tax incentives or mandatory requirements to encourage such plans? Can special arrangements be made for employees of nonprofit or government employers? [16]

Since there are both options and problems which need study, a useful step would be to convene conferences of practitioners, academics, and government representatives to consider the alternatives. Recommendations could be made to Congress on the programs most worthy of encouragement based on the views expressed and the experiences of the parties who have already experimented with profit sharing and similar arrangements. Possible examples of contract language could be developed and consultation offered to interested employers and unions in implementing flexible compensation plans. Rather than simply lament the inflation-perpetuation bias of existing institutions, it is time to explore significant institutional changes.

A TRULY ALTERNATIVE ANTI-INFLATION POLICY

There are two temptations in attempting to frame an alternative to existing anti-inflation policy. One is to endorse some variant of the Reagan Administration's program (essentially tight money and loose fiscal policy) on the grounds that the program is currently popular. Clearly, if the policy works, or if inflation recedes for other reasons, the pressure to frame an alternative policy would diminish. However, a "me-too" approach is ultimately not much of a platform and provides the public with no choice. The second temptation is to concoct a rehash of previous alternatives—guidelines, controls, etc.—with some "new" wrinkle such as the TIP proposal. However, given public skepticism about those alternatives and the gimmickry TIP plans inherently contain, the rehash "option" is also unattractive.

It is preferable to build an anti-inflation policy based on elements that have current appeal and thus will be given serious attention. Deregulation; use of market mechanisms; quality of working life and worker participation in management and in the economic returns of the enterprise; and innovations in collective bargaining are all topics being widely discussed at present, even apart from their implications for an anti-inflation policy. An approach which capitalizes on current interest in these topics has the potential for capturing the public's imagination. It avoids the heavy-handed interventionism of the past, which has lost its appeal.

The centerpiece of anti-inflation policy should be a combination of strategies to increase wage-and-price responsiveness to the signals emanating from monetary and fiscal policy. Some form of monitoring of wage-and-price decisions would be a useful adjunct to such a program. If guidelines are used at all, they should be couched in vague terms and used primarily as an educational vehicle rather than as a device to embarrass or threaten individual wage and price setters.

Improving the responsiveness to monetary and fiscal policy does not mean that demand restraint can be abandoned. Demand restraint is the signal to which wage and price setters should be responding. In the absence of a signal, there will be no response. And if the signal is inflationary, greater responsiveness would intensify the inflationary problem. However, there are alternative combinations of demand-restraining monetary and fiscal policies than the one presently in force. Many economists feel that greater emphasis on fiscal restraint and a lesser reliance on monetary policy would be a better mix.

FOOTNOTES

[1] The figures cited are on a December-to-December basis. Source: U.S. President, *Economic Report of the President, January 1981* (Washington: GPO, 1981), p. 293.

[2] U.S. Council on Wage and Price Stability, *Inflation Update*, press release dated June 12, 1980, pp. 24–29. For a critique of the specific measures used by COWPS in defining the underlying inflation rate, see U.S. General Accounting Office. *The Voluntary Pay and Price Standards' Have Had No Discernible Effect on Inflation* (Washington: GPO), pp. 39–45.

[3] An elaboration of this point can be found in Daniel J. B. Mitchell and Larry J. Kimbell, "Labor-Market Contracts and Inflation," paper presented at a Bookings Institution conference on Labor-Market Tightness and Inflation to appear in a forthcoming Brookings volume edited by Martin N. Baily.

[4] Some economists have argued that certain social programs have the effect of raising the unemployment rate by subsidizing job search. Examples are unemployment insurance and other forms of welfare benefits. To the extent that structural unemployment is increased, it might be further argued that public tolerance of additional unemployment induced by demand-restraint policy is decreased, thus reducing the effectiveness of such policy. Much depends on whether the alleged increment to structural unemployment is perceived differently by the public and policy makers from other forms of unemployment. A summary of empirical studies can be found in Finis Welch, "What Have We Learned from Empirical Studies of Unemployment Insurance?" *Industrial and Labor Relations Review*, vol. 30 (July 1977), pp. 451–461.

[5] Discussion of the TIP proposal can be found in Arthur M. Okun and George L. Perry, eds., *Curing Chronic Inflation* (Washington: Brookings Institution, 1978); and U.S. Senate, Committee on Banking, Housing, and Urban Affairs, *Anti-Inflation Proposals*, 95th Cong., 2nd Session (Washington: GPO, 1978). The outgoing Carter administration included a discussion of alternative TIP proposals in its final economic report. See U.S. President, *Economic Report of the President, op. cit.*, pp. 60–68.

[6] A jaundiced review of this proposal and its subsequent fate can be found in Daniel J. B. Mitchell, "The Rise and Fall of Real Wage Insurance," *Industrial Relations*, vol. 19 (Winter, 1980), pp. 64–73. See also U.S. House, Committee on Ways and Means, *Real Wage Insurance*, 96th Cong., 1st Session (Washington: GPO, 1979); and Robert J. Flanagan, "Real Wage Insurance as a Compliance Incentive," *Eastern Economic Journal*, vol. 5 (October 1979), pp. 367–377.

[7] Arthur M. Okun, *Prices and Quantities: A Macroeconomic Analysis* (Washington: Brookings Institution, 1981).

[8] *Survey of Current Business*, vol. 61 (June 1981), pp. 8–12.

[9] David Schlein, "Contracts in Six Key Industries Scheduled to Expire in 1981." *Monthly Labor Review*, vol. 103 (December 1980), p. 22. This proportion tends to understate the escalated component of the wage increase since the estimate was made excluding wage increases under escalator clauses during 1981.

[10] Less than two percent of the major private union contracts surveyed by the U.S. Bureau of Labor Statistics had profit sharing. See U.S. Bureau of Labor Statistics, *Characteristics of Major Collective Bargaining Agreements. January 1, 1980*, bulletin 2095 (Washington: GPO, 1981), p. 49.

[11] Bureau of National Affairs, Inc., *Wage and Salary Administration*. Personnel Policies Forum Survey No. 131 (Washington: BNA, 1981), pp. 16–17.

[12] For an account of such an early experiment, see Ben M. Selekman, *Sharing Management with the Workers: A Study of the Dutchess Bleachery, Wappingers Falls. New York* (New York: Russell Sage Foundation,

1924). The volume is one of a series on worker participation in management and profits.

[13] To the extent that substantial wage variability was permitted, it might be possible to provide public or private insurance to alleviate the variation. For example, insurance against income variation due to layoffs is currently provided by state unemployment insurance plans and private supplemental unemployment benefit funds.

[14] It is true that short-duration union contracts show more wage sensitivity to demands than long ones. However, this tendency results partly from the use of short contracts to deal with temporary disruptions in economic circumstances. Negotiators who were involuntarily forced to use short contracts would not necessarily exhibit the same sensitivity as those who voluntarily use them. On differences in wage sensitivity in union contracts, see Daniel J. B. Mitchell, *Unions, Wages, and Inflation* (Washington: Brookings Institution, 1980), chapter 4.

[15] Tax incentives for Employee Stock Ownership Plans have been provided by Congress. While stock ownership plans do give the worker an element of compensation geared to the economic welfare of the firm, they do not lead to a variation in marginal labor costs. It is this variation which needs encouragement.

[16] Wages at the local government level, for example, might be partially indexed to tax revenues. Wages in nonprofit institutions might be linked to receipts or revenues or—in some cases such as hospitals—to production.●

THE ATTACK ON THE CORPORATIONS

● Mr. EAST. Mr. President, for the last several years a growing apparatus of anti-capitalist ideologues has been mounting an attack on the free enterprise system, the American corporation, and the capitalist system. We are all generally aware of their activities, ideas, and goals, but in the attached paper, "The Attack on the Corporation," an institutional analysis published by the Heritage Foundation in September 1981, Mr. William T. Poole, senior policy analyst at the Heritage Foundation, details the political and economic thought and strategy of these corporation haters.

Mr. Poole has written a number of similar analyses of the American Left and was one of the first to study in detail the structure and operations of the now notorious Institute for Policy Studies, the far left radical think tank in Washington, D.C. He brings to his analysis a deep familiarity with the radical mentality and the activities of extremist movements in the United States.

His analysis shows many interesting things seldom noted by the established media. For one thing, he shows that these apologists for socialism have little use for the American free enterprise system or for our free constitutional government. They are seeking not merely to reform the system or to correct its abuses. They are obsessed with the false idea that the occasional abuses of capitalism are inherent in it and that to correct them a totally different economic and political system must be developed.

The tactic these anti-capitalist theoreticians have developed is essentially one of infiltration and subversion from within. They recognize that the average American is too satisfied with the astounding success of the free enterprise system to abandon it; therefore, the corporation haters must work within the two-party system and seek to influence and dominate both major parties. They must also seek to use government power to promote their socialist ideology, at the expense of the American taxpayer and of those who live on and profit from the capitalist system itself. Thus, the fact that the radicals are working within the system and not in the streets should not be allowed to disguise their revolutionary and subversive aims.

I commend Mr. Poole's paper and wish to have the executive summary, introduction and conclusion printed in the RECORD. The full text may be obtained from the Heritage Foundation, 513 C Street NE., Washington, D.C. 20002. (202) 546-4400.

The material follows:

THE ATTACK ON THE CORPORATION

(EXECUTIVE SUMMARY)

The American corporation today faces an attack mounted by a movement which believes that, in the words of Ralph Nader, Mark Green, and Joel Seligman, "the powers of giant corporations in the United States . . . erode the rule of law and ethical precepts" and that, as expressed by Richard J. Barnet, a founder of the Institute for Policy Studies, the nation's preeminent radical "think tank," the corporation's excessive power . . . over the political and economic life of the country has all but destroyed the system of checks and balances in our society."

Important components of this movement include organizations like the Interfaith Center on Corporate Responsibility and publication like The Corporate Examiner, both of which are maintained by the National Council of Churches; several, among them the North American Congress on Latin America and the Corporate Data Exchange, have been characterized by a pattern of interlocking relationships with certain programs maintained by IPS and IPS's international arm, the Transnational Institute.

An especially significant development has been the growth of the economic democracy movement, the best-known organizational expression of which is probably the California-based Campaign for Economic Democracy, led by radical activist Thomas E. Hayden and financed to a large degree with the aid of Hayden's wife, actress Jane Fonda.

CED's success has led one political analyst to observe that the economic democracy movement may possess the ability to exploit economic issues in much the same way the so-called New Right has been able to capitalize on popular concern with social issues; Hayden has recently demonstrated a strong desire to work through the machinery of the Democratic Party in California, and his CED managed, in April 1981, to gain political control of the city of Santa Monica, largely through skillful organizing around the issue of rent control.

The economic democracy movement is fundamentally at odds with free-enterprise capitalism and with the corporation as an institution within the system; indeed, one of its principal theoreticians has characterized economic democracy as, "in one respect, a euphemism for democratic socialism" that is "also a way of going beyond the usual idea of socialism to . . . workers' control and consumers on corporate boards."

CED has trumpeted its opposition to "this source of our ills" and "stink in our midst" that "is called Corporate Capitalism." To combat this allegedly all-pervasive corporate evil, economic democracy projects a program of fundamental "structural change" as the basis for a political movement aimed at achieving power at the national, state, and local levels.

This program would involve such specific reforms as a government holding company, a separate publicly-owned energy corporation, and a "fourth" network of "public" radio and television stations that is "free of any control by owners of capital." Greater "public" control of investment would be exerted through pension funds and government-owned banks and insurance companies; heavy emphasis would also be placed on the development of cooperative and "worker-owned and worker/community-owned enterprises."

At the heart of the program, of course, is the need to control the corporation through such devices as increased "worker-controlled production" and the addition of worker, consumer, and other "public members" to corporate boards of directors, as well as through greatly increased government involvement in economic and corporate planning.

The goal is nothing less than "dismantling, or at least restricting, the power of these corporations" through a strategy that will "transfer capital from the corporations to the public, so that the people who work and consume can collectively and democratically decide what to do with it."

A crucial role in the development of this movement has been played by the Institute for Policy Studies and a major IPS offshoot, the Conference on Alternative State and Local Policies, formed in 1975 as the National Conference on Alternative State and Local Public Policies and dedicated to developing "a politics of how to change to a democratic, decentralized, socialism from a corporate, monopolistic state."

Outgrowths of IPS-sponsored activity in this area have included the Humphrey-Hawkins full-employment legislation; the exploratory Project for Economic Alternatives, which conducted a study of possible community ownership of steel mills in Youngstown, Ohio, in 1977 with a grant of $300,000 from the Department of Housing and Urban Development; national organizations of radical economists and urban planners; and widely-read publications like Working Papers for a New Society.

Many of these have enjoyed considerable practical political impact; in the words of one movement treatise, all of them "are explicitly anticorporate" undertakings which "also have a common positive side that we have chosen to call economic democracy."

INTRODUCTION

The American corporation today faces an attack mounted by an agglomeration of organizations having as their common view a conception of the corporation as a root cause (and often as the root cause) of much that is presumed wrong in American society, both politically and economically. To these people, the corporation manipulates our foreign policy in its own selfish interests; it squanders our resources; and it exploits our people in its uncaring pursuit of profit. As expressed by Ralph Nader, Mark Green, and Joel Seligman in Taming the Giant Corporation, published in 1976 by W. W. Norton & Company, Inc., "the powers of giant corporations in the United States . . . erode the rule of law and ethical precepts." This is also the view held by Richard J. Barnet, a founder of the Institute for Policy Studies, as indicated in his 1975 IPS study The Crisis of the Corporation,* in which he wrote that "The modern giant corporation, operating now on a global scale, is transforming the world economy and, in the process is promoting a crisis of values." Barnet argues that the steady accretion of power by corporations "has weakened the power of the nation-state" as "The excessive power of large corporations over the political and economic life of the country has all but

destroyed the system of checks and balances in our society."

•This small volume is vital to an informed understanding of the movement's view of corporate power. Barnet's basic view is that there are several "myths which legitimize the role of the corporation in society ' and which constitute a "source of corporate power. They include the Myths of Free Enterprise, Efficiency, Equality, and Democracy." The "Myth of Free Enterprise" is seen as the "most powerful of the corporate myths" and is, in turn, "based on the exchange transaction," the instrument for effecting which "is the market." Such free exchange "is the essential legitimizing myth of free enterprise, which has put wealth acquired by commerce in a higher moral category than wealth acquired by conquest." Barnet argues that "The most important development" challenging this myth has been "concentration of economic power," which has led "to the Age of Oligopoly," an era in which the United States "operates a dual economy—free enterprise for small business, state welfare for big business." In "the Age of Oligopoly products are shaped not to the requirements of public need but to the requirements of corporate growth." This is also related to the "Myth of Efficiency," especially "in the consumption of resources. Under the system as it presently operates we reward extravagance and punish thrifts." Our dependence "on the corporate polluters" has risen while the "Throwaway Society—from disposable bottles to disposable cars—has been successfully marketed as the highest stage of capitalism." Perhaps most importantly, however, "The concentration of economic power in the hands of a few hundred corporate managers and stockholders is inevitably translated into political power" in direct contravention of the "Myth of Democracy." To Barnet, "it would be naive to think that democracy in America is invulnerable. Its survival depends critically on the way our society confronts the issue of concentrated political and economic power." Or, put another way, "The redistribution of economic and political power is the price of maintaining democracy in America."

As Herman Nickel has observed in "The Corporation Haters," published in the June 16, 1980, issue of *Fortune*. "Though the anti-corporate movement lacks centralized organization, it functions effectively as a loose coalition" in which "activists for one cause often help out campaigners for another." The National Council of Churches, for example, maintains the Interfaith Center on Corporate Responsibility and supports the operations of the Washington Office on Africa and the Washington Office on Latin America; another group, Clergy and Laity Concerned, formerly known as Clergy and Laymen Concerned About Vietnam, has progressed from active participation in the major Communist-dominated "peace" coalitions of the 1960s and early 1970s to working with "those who are angry and hate the corporate power which the U.S. presently represents." One of the movement's principal publications is *The Corporate Examiner*, a newsletter published under NCC–CCR auspices and self-described as "A publication examining actions and policies of major U.S. corporations in the areas of: consumerism, environment, foreign investment, government, labor and minorities, military production, corporate responsibility."

There are numerous other such entities, many of them more obviously leftist in character. The North American Congress on Latin America, as an example, was originally an offshoot of Students for a Democratic Society and has continued to produce primary movement research on corporate involvement in Latin America. Among NACLA's principal activists over the years have been such individuals as Michael Klare and Michael Locker, both of whom have also been prominently involved in certain programs of the Institute for Policy Studies, the preeminent intellectual center for the New Left,* and the Transnational Institute. described by IPS as "its international program" which, "with centers in London and Amsterdam, addresses the fundamental disparity between the rich and poor peoples and nations of the world, investigates its causes and develops alternatives for its remedy." In addition, Locker and other NACLA activists have played key roles in another primary movement group, the Corporate Data Exchange.

CDE has characterized itself as "an independent tax-exempt research organization formed in 1975 to investigate economic concentration and corporate control." Robert Borosage and Peter Weiss of IPS have written that CDE "has done contract work for the United Nations, the Industrial Union Department of the AFL–CIO, and the Senate Committee on Governmental Affairs (Subcommittee on Reports, Accounting and Management)" and that it "is an independent research group" which "has received modest funds from IPS and TNI in the past for different projects; it may do so in the future, for its work is of the highest quality" and "Michael Locker is a superb researcher." Given the prominence enjoyed by this "independent research group" within the anti-corporate movement, it is noteworthy that an enumeration of "Activities, Fellows, Associates" published by TNI in November 1975 included a section devoted to a TNI "Multinational Project" and that among the components listed were Counter Information Services, which describes itself as "an affiliate of the Transnational Institute," and the Corporate Data Exchange, whose contribution was characterized as "Corporate concentration and its impact on democratic process; compiling a stock directory—shareholders in 1,000 non-financial and financial corporations." A TNI activities summary also dated November 1975 included a 22-item "Political Economy" section which listed a "Project to compile a corporate stock directory of shareholders of 1,000 corporations; seminar on corporate power. (Michael Locker, Corporate Data Exchange)."

•The Institute for Policy Studies was characterized in the 1971 annual report of the House Committee on Internal Security as "the far-left radical 'think tank' in Washington, D.C.," for general background information on the creation, leadership, financing, and certain major activities and programs of IPS, see Heritage Foundation Institution Analysis No. 2, "Institute for Policy Studies," May 1977. A detailed review of the IPS network and certain of the Institute's apparent biases may be found in "The Institute for Policy Studies: "Empire on the Left," written by Rael Jean Isaac and published in the June/July 1980 issue of Midstream; an extended response by Robert Borosage and Peter Weiss, Executive Director and Chairman of the Board of Trustees of IPS, respectively, appears in the February 1981 issue of Midstream, as does Mrs. Isaac's rejoinder. Much valuable information is to be found in the coverage provided over the years in the pages of the biweekly Information Digest and in a succession of documented reports inserted into the Congressional Record by Representative Lawrence P. McDonald (D-Ga.); the nature of IPS and its relationship to the anti-intelligence complex have also been traced in Broken Seals, a study published in 1980 by the Western Goals Foundation. For a treatment of the Institute's ideological perspective that is at once both useful and concise, see Joshua Muravio's "The Think Tank of the Left" in the April 26, 1981, edition of The New York Times Magazine.

CONCLUSION

As Carnoy and Shearer recognize, the obvious question is, "Where do all these activities lead, and how do they fit together as parts of an integrated whole?" The answer they provide is, like the question, appropriate while, at the same time, it again makes clear the movement's view of the corporation as the very essence of what is wrong with free-enterprise capitalism in the United States (the logical corollary of which is, of course, that undermining the corporation as an institution is likely to be the surest means of undermining the system as a whole): "All of these political activities" conducted by the groups discussed in their book, among them organizations like CED and the various components of the IPS network with which it works, "are explicitly anticorporate. They also have a common positive side that we have chosen to call economic democracy."

WILLIAM T. POOLE,
Senior Policy Analyst.●

TRIBUTE BY WILLIAM VANDEN HEUVEL TO ROGER BALDWIN

● Mr. KENNEDY. Mr. President, Roger Baldwin's death last August deprived the Nation of one of the greatest champions of individual freedom and human rights in our history.

Last month, at a memorial service in the Community Church in New York City, Ambassador William Vanden Heuvel paid eloquent tribute to Roger Baldwin's extraordinary life. I believe that Ambassador Vanden Heuvel's remarks will be of interest to all of us who knew Roger Baldwin, who mourn his loss, and who celebrate his lifetime of remarkable achievement in the cause of human freedom. I ask that the tribute may be printed in the RECORD.

The tribute follows:

IN MEMORIAM—ROGER NASH BALDWIN

January 21, 1884–August 26, 1981

(As remembered by William vanden Heuvel The Community Church, September 24, 1981)

When we were last together just more than a month ago, Roger Baldwin waved aside any thought of a sad farewell. He laughed about old age being an incurable illness. He had avoided its ravages. He was not about to accept them now. For him, Robert Louis Stevenson had written what had to be said. In his strong and vibrant voice he repeated faultlessly from memory:

"Under the wide and starry sky
Dig the grave and let me lie.
Glad did I live and gladly die,
And I lay me down with a will.
This be the verse you grave for me:
Here he lies where he longed to be;
Home is the sailor, home from the sea,
And the hunter home from the hill."

The place "where he longed to be," that spot in the Ramapo hills where a hemlock and a sycamore are grown together, now belong to him. And there at last he will join in spirit his beloved Evie and Helen.

Roger Nash Baldwin's life on earth came quietly to an end in the early morning hours of August 26, 1981. He was in his 98th year. His life had spanned half of the presidential history of the United States. In reality though, it is with the Founding Fathers that he should be identified. He was one of them in the endless struggle for human liberty.

On January 16, 1981, more than three-quarters of a century after he attended Harvard University with Franklin Delano Roosevelt, a grateful nation recognized its debt to Roger Baldwin and bestowed upon him its highest civilian honor, the Medal of

Freedom. On that occasion, he stood at the lectern without text or notes and did what he loved to do—encourage the faltering, cajole the government and dream of the future. It could have been Jefferson or Thomas Paine or Samuel Adams speaking to their countrymen: "If America has a claim to glory among the nations, it is her service to human liberty. We cannot bear that America fail in justice." He expected our children's children to grow old in pursuit of that Holy Grail of Peace, Justice and Freedom. Like Parsifal, the responsibility of each of us was to keep the faith.

His mind sparkled to the very end, forgetting nothing that he had seen, remembering everything that he had learned. The corners of his eyes continued to crinkle in smile and easy laughter. This contradictory fellow with a simple purpose, as he once described himself, loved life, every moment of it. Roger Baldwin accepted its end with the same fearlessness that marked all of his years. The journey was over. He was very glad he had come.

What did we think? That he would be with us forever? Yes, I guess we did. And what is more, he will. Five generations have come together this evening to mourn. What better mark of his enduring spirit than that each generation should embrace Roger Baldwin as a contemporary. His simplicity and humor, the fundamental values which his life honored, and most of all that universal love that embraced each of us—and all of us, bound us to him.

He must have derived the discipline and balance that made his life so productive from his family and New England origins. The Boston where he grew up tolerated differences and encouraged his heretical bent. The Abolitionists and Thoreau and Emerson illuminated his path. "It is easy in the world to live after the world's opinions," said Emerson; "it is easy in solitude to live after our own; but the great man is he who in the midst of the crowd keeps with perfect sweetness the independence of solitude." Roger Baldwin was such a man. His opinions and judgments were his own—independent and carefully reached. He avoided absolutes except in his personal commitment against violence. Tolerance, common sense and a passion for justice were the qualities of his temperament.

"Go West," the great Brandeis had told him in 1905. He needed a break from family, establishment and Boston tradition. For ten years, he was teacher, Chief Probation officer and director of the progressive Civil League in St. Louis. He admired the democratic attitudes of the middle west and waged his first successful battles there to protect free speech.

There were two experiences in Missouri that always stayed with Roger Baldwin. One was meeting Emma Goldman, whose intelligence and maternal warmth stood in sharp contrast to her notoriety as an anarchist revolutionary. He was inspired by her resistance to arbitrary authority, unjust laws, and insistence on the supremacy of individual conscience. She introduced him to a larger world of thought and experience. Her personal integrity in the struggle against oppression would always be an important example for him.

The second experience was his introduction to those Missouri rivers. He would often say that his happiest days had been on rivers, his most contented, deeply spiritual moments of unity with the universe had been in a canoe, alone or with a silent companion. "Life and the river went by and I remained still, a point in time and space," he wrote. The canoe, the river and Bunkie remain inseparable as symbols of joy and strength.

The First World War was a major turning point. Its carnage, political insanity and human horror left no choice. He returned to New York to lead the fight against the growing tide of militarism. When the United States entered the war, it meant prison for Roger Baldwin as a conscientious objector. Out of the repressive environment of the war and its aftermath came the American Civil Liberties Union. He regarded his role in the creation of the ACLU as the major public accomplishment of his life. None of us will disagree.

A word about his imprisonment, however, is in order. It was another illustration of his belief that an individual can change the world whatever the time or place of his being. Anyone who hopes to reform criminal justice prays to have a prisoner like Roger Baldwin. While in jail, he organized a Prison Welfare League. He was a one-man Legal Aid Society, raising money from the wealthy prisoners (mostly gamblers) to hire lawyers to defend the poor awaiting trial. He established a prison library, learned to play the piano, lectured on the possibilities of democracy, and managed the prison garden. His challenging of the System never stopped.

When the Director of a prison reform association wrote in 1971 that "the present wave (of prison riots) has been formented, planned and led by a comparatively small group of avowed Black revolutionaries," Roger Baldwin expressed his shock at the unsupported assertion. "I am fairly familiar," he wrote, "with what you call Black revolutionaries, a misnomer for extremists who refuse to tolerate the injustices which poor Blacks are so constantly subject, in prison and out. I see nothing revolutionary in them. Violent resistance is not revolution. If they want to change society, it is only to achieve equality regardless of race." Strong words then. Unspoken words now. In the tradition of Thoreau, Gandhi and Martin Luther King, Roger Baldwin gave voice to those who would otherwise not be heard.

After the prison experience, he joined the Cooks and Waiters Union. If he was going to fight for the working people, he wanted to know the reality of their lives. His union membership made him a Wobblie which meant a free pass on the freight cars of America's railroads. He was impressed with the qualities of unity, nonviolence, courage, self-sacrifice and uncompromising purpose shown by the IWW workers. For almost a year, he lived off the wages of his manual labor in the steel mills and railroad yards. I can hear him now repeating the insight of Clarence Darrow: "Baldwin, I'd rather be the friend of the workingman than the workingman. It's a lot easier."

There was a compelling quality about his wit and humor. Quoting cynics was one of his pleasures. Like George Bernard Shaw: "Do not waste your time on social questions. What is the matter with the poor is poverty. What is the matter with the rich is uselessness." And his irresistible laugh would follow.

By his own description, the most exhilarating period of his life was the last 30 years. He was Chairman of the International League for Human Rights. The United Nations became his second home. All his life he had fought against racism, for the end of imperialism and the colonial era, for the equality of women, for a true league of nations, for universal peace and justice. He saw the United Nations as a powerful opportunity to secure those objectives. No one knew the faults and weaknesses of the United Nations better than he did. The bureaucratic quagmire of the organization, the stalemates engineered by the Superpowers, the destructive division into national blocs were painful for a visionary to witness.

He had hoped for an International Court of Justice to protect human rights everywhere in the world. Explaining the obstacles to progress at the United Nations, he would write "that few things in history happen at the right time." He thought it a miracle that the world organization had travelled so far. His was the long view. War must be avoided. Peace must be secured. Disarmament must begin. The United Nations had the possibility to achieve these purposes. There was no alternative. The boring, repetitious rhetoric of UN monologues would have to be endured. Meanwhile, he worked fervently in his own country and abroad to advance the cause of a just world through the only organization that brought all of mankind together.

The events and meaning of Roger Baldwin's life will be chronicled for years to come. The democracy of death cancels all differences among us. Only the impact of our character, the goodness of our deeds, the pervasiveness of our love permit memory to survive. By those measures, Roger Baldwin's memory is planted in eternity.

Grief for the loss of our beloved friend must, by his instruction, remain behind us in this church. We must now set out to meet him in a thousand different places.

He will be standing next to those who denounce a policy that says that in South Africa "it is not the task of the United States to choose between Black and White." Not our task, he would ask, to commit our political strength to help those in chains and servitude? Not our task to pull out apartheid and racism from the roots of human soil? Not our responsibility to help Namibia become independent? What scorn he would reserve for those who would lead us otherwise.

He will be applauding the President of Yale and Senator Goldwater and their successors as they fight for separation of Church and State, resisting those who threaten censorship, political retaliation and even violence in trying to impose their religious values on all the land. The defense of free thought, free speech, free religious choice was the banner of his life's struggle. Those who carry it from his still hands will always be his children.

No one who comes to do the work of the United Nations will be able to avoid his presence. Those who seek peace will be extending his labors. Those who convince the world of the imperatives of disarmament will echo his voice. Those who strive to bury the ancient divisions of Mankind, to build the institutions to bring the world together, to prevent the recurrence of Holocaust and war—they will have Roger Baldwin as their comrade.

Those who march against the exploitation of working people will have him in their ranks.

Those who struggle to preserve natural beauty, who resist the plundering of the earth's resources, the destruction of our wilderness, the disintegration of our parks, the defiling of our air and water—they will have Roger Baldwin as their lifetime colleague.

Those who languish in the prisons and gulags will have him as their cellmate.

Those who light a campfire, who hear the woodlark sing, or marvel at the bursting crocus on a forest walk, or slip a canoe silently into a river's water where space, time, fear, suffering no longer exist, where everything becomes simple, where the calm says there is something indestructible in us against which nothing shall prevail—Roger Baldwin will be at their side.

Tears blur our vision. We know autumn has come. The mighty tree upon which we leaned so heavily has cast its seed and shed its leaves. We walk to the river once more. The canoe is there. Always our guide, now our silent companion, Roger Baldwin waits for us to resume the journey.●

COMMITTEE'S INTERPRETATIVE RULINGS ON SENATE CODE OF OFFICIAL CONDUCT

● Mr. WALLOP. Mr. President, on behalf of the Select Committee on Ethics, I submit a number of the committee's interpretative rulings on the Senate Code of Official Conduct made pursuant to section 206 of Senate Resolution 110, 95th Congress. These 14 rulings answer questions raised by Members, officers, and employees of the Senate and the public regarding Senate rules 34–42, the franked mail statute and regulations, and other matters. They are presented chronologically by ruling number (beginning with No. 336) with reference to subject and reflect committee action between September 5, 1980 and October 5, 1981. The first 103 rulings were published in the CONGRESSIONAL RECORD on October 7, 1978. Rulings 104–150 were published November 9, 1978. Rulings 151–242 were published September 5, 1979. Rulings 243–272 were published February 27, 1980. Rulings 273–335 were published September 11, 1980.

The committee also responded by letter to 277 inquiries not submitted here for publication. These inquiries were either too specialized to be of general assistance or responses to inquiries duplicated interpretations presented here or previously published.

Interpretative rulings by the committee may be relied upon by an individual involved in a specific transaction or activity which is indistinguishable in all its material aspects from the facts on which a ruling has been made. The committee encourages written requests for rulings on specific situations not clearly covered by the code of conduct.

The committee will continue to respond to written requests for interpretations, treat such requests confidentially, and publish its rulings with appropriate deletions to protect the privacy of individuals who seek committee guidance.

The rulings of the select committee are as follows:

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INTERPRETATIVE RULING No. 336

Dated issued: September 5, 1980.

Applicable Rules: 34, 35, 37.

Question Considered: What is the applicability of the Code of Official Conduct to the spouse of a Member, officer, or employee of the Senate who has been offered a position on the board of directors of an American corporation?

Ruling: In this particular factual situation, the spouse is an attorney who has established an independent professional reputation over a period of years which appears to qualify this individual for any number of possible offers to serve on a corporate board of directors.

While paragraph 6 of Rule 37 prohibits a Member, officer, or employee of the Senate, who is compensated at a rate in excess of $25,000 per year and is employed for more than ninety days in a calendar year, from serving as an officer or director of any publicly held or publically regulated corporation, financial institution or business entity, this prohibition is not applicable to the spouse of a Member, officer or employee. However, the Select Committee recognized that while the activities of a member of a board of directors are generally confined to establishing matters of corporate policy, rather than directing the course of day-to-day corporate business, should a spouse's duties as a director include "lobbying" other Members, officers, or employees of the Senate, a question could arise about such activities which might reflect upon the Senate as an institution.

Additionally, the Committee pointed out that Rule 34, "Public Financial Disclosure", requires a reporting individual to disclose the source of any director's fees or other earned income in excess of $1,000 received by a spouse and that the prohibitions of Rule 35, "Gifts", are applicable not only to Members, officers, and employees but also to spouses and dependents as well.

INTERPRETATIVE RULING No. 337

Date issued: September 15, 1980.

Applicable Area: Franking.

Question considered: A Senator proposes to create a series of non-partisan, non-political "Citizen Advisory Committees" throughout his state. The Committees will have a limited number of members, who will represent a cross-section of their respective community, and their purpose will be to provide advice and suggestions to the Senator with respect to pending legislation and issues before the Congress. The Senator asks whether his franked mail privileges might be used to mail the letters of invitation to individuals chosen to become members of the "Committees".

Ruling: The use of the Senator's frank to mail the letters of invitation appears to be authorized by sections 3210(a)(1) and 3210(a)(3) of Title 2, U.S. Code, the franked mail statute. These sections provide authority to send mail as franked mail "in order to assist and expedite the conduct of the official business, activities and duties of the Congress . . . [which] shall include, but not be limited to, the conveying of information to the public and the requesting of the views of the public . . ."

As to the creation of "Citizen Advisory Committees", the Select Committee ruled that provided such "Committees" were nonpartisan and non-political, there appears to be nothing inherently wrong with the proposal. However, the Senator was reminded that it was his responsibility to insure that a distinction was maintained in the public's eye between individuals who were members of the "Citizen Advisory Committees" and individuals who were campaign workers. The distinction must be maintained in order to insure that the "Committees" limit their activities to providing advice and suggestions on matters before the Congress as opposed to advocating partisan, political positions on issues or candidates.

INTERPRETATIVE RULING No. 338

Date issued: September 23, 1980.

Applicable Rule: 37.

Question considered: Is a Senate employee who works part-time in a Member's office in violation of the prohibition in paragraph 5 of Senate Rule 37 on affiliating with a "firm, partnership, association, or corporation for the purposes of providing professional services for compensation" because of his continuing, full-time employment as a writer for an organization which lobbies the Congress?

Ruling: In defining the scope of the prohibition, the paragraph states, "[f]or purposes of this parargraph, 'professional services' shall include, but not be limited to, those which involve a fiduciary relationship." In the normal course of business, the Committee does not believe that performing work as a writer constitutes the kind of "professional services" contemplated by the definition provided in Rule 37, and believes that the individual's work for the non-Senate organization is not prohibited by paragraph 5. The Committee reminded the employing Senator that paragraph 3 of Rule 37 requires the supervising Senator of any Senate employee who engages in non-Senate employment "to take such action as he considers necessary for the avoidance of conflict of interest or interference with duties to the Senate." The Committee noted further that because of the employment relationship which will continue to exist between the part-time employee and that employee's other employer, a business lobbying organi-

zation, the supervising Senator will of course need to be especially vigilant and particularly sensitive to guard against a conflict of interest arising.

INTERPRETATIVE RULING No. 339

Date issued: September 25, 1980.

Applicable Rules: 35, 37.

Question considered: May a Senate employee accompany her husband who is a lobbyist on business trips, the expenses of which are paid for by the husband's employer, a corporation which is a prohibited source within the meaning of paragraph 1(b) of Rule 35 on Gifts?

Facts: While a part of the husband's corporate duties includes lobbying other Senate committees, the Senate committee which employs the wife has no jurisdiction over matters of interest to the corporate employer, and the Senate employee's duties are in no way related to the business interests of her husband's employer.

Additionally, the husband's corporate duties include travel for the purpose of attending certain corporate, business, and trade meetings on behalf of his employer. It is the corporation's practice both to encourage employee spouses to attend selected meetings and to pay the expenses of those spouses who attend.

Discussion: While paragraph 1(a) of Rule 35 would prohibit Members, officers, employees, their spouses and dependents from accepting gifts (as defined by paragraph 2(a) of Rule 35) aggregating over $100 during a calendar year from a prohibited source (as defined in paragraph 1(b) of Rule 35), unless a waiver is granted, the Committee finds that under the facts presented here, no gift was received by the Senate employee.

A search of the legislative history of Rule 35 contains no debate or conclusions on this particular situation. The Committee concludes, however, that the provisions of the Rule, and its legislative history, do suggest that, under certain circumstances, the payment by a spouse's employer of necessary travel expenses of wives or husbands incurred by them while accompanying their spouses on trips relating to the spouse's business duties is not a gift within the meaning of Rule 35.

The Committee notes that Rule 35 contains an exception to the definition of a gift for the necessary expenses of official travel. During debate on the "necessary expenses" provision of the Rule, it was stated that the necessary expenses incurred by the spouse of a Senator in accompanying the Senator to an appearance before the sponsoring organization paid by the sponsoring organization was not to be considered a gift under the Gift Rule. While the terms of the "necessary expenses" exception do not encompass travel for other than Senate related purposes, the thrust of the legislative policy articulated in that exception militates against a determination that the payment of necessary travel expenses in this case is a gift to the Senate employee-spouse.

Here the corporation defraying the expenses has a policy of encouraging the involvement of its employees' spouses in corporate sponsored or related activities. Thus, the company would not consider the payment of the Senate employee-spouse's travel expenses a gift, but rather, an ordinary and necessary expense of conducting its business. The company would have provided the same food, beverages, lodgings, entertainment and transportation to their employee's spouse whomever the spouse was—Senate employee or not—and there is no indication that she was treated any differently than other spouses. Finally, it was stated that no effort was made in this case to influence the employee in the present or future performance of her duties.

The Committee therefore finds that on these facts, the payment of such expenses should not be characterized as a gift to an employee for Rule 35 purposes, hence the practice and conduct in question are not impermissible.

A second question presented is whether the activities of the employee may raise a conflict of interest issue. Rule 37 (Conflict of Interest), paragraph 2 states:

"No Member, officer, or employee shall engage in any outside business or professional activity or employment for compensation which is inconsistent or in conflict with the conscientious performance of official duties."

The Committee has read the prohibition against outside business or professional activity or employment for compensation to include activities for which reimbursements for incurred expenses are received.

Pursuant to this Rule, Senate employees should be aware of the potential for the exertion of improper influence by those with whom they came in contact because of their spouse's employment. Additionally, in situations which raise the question of whether a particular activity might give rise to a conflict of interest, the Committee invokes paragraph 3 of Rule 37 which requires the employee to notify his or her supervisor of the proposed activity and which places on the employee's supervisor the initial responsibility to take appropriate steps to guard against the arising of a conflict of interest.

INTERPRETATIVE RULING No. 340

Date issued: November 26, 1980.

Applicable Rule: 38, and The Federal Election Campaign Act and Area.

Question considered: May a Member use excess campaign funds from his or her principal campaign committee to defray the costs of photographs of the Member, or photographs that otherwise relate to his official duties, that are furnished to the press, furnished to constituents in response to their requests, or used in publications (such as newspaper columns) prepared and distributed by the Member's office for informational purpose?

Ruling: The use of excess campaign funds is governed by both the Federal Election Campaign Act and Senate Rules. 2 U.S.C. Section 439a permits such funds to be used for any lawful purpose, including the ordinary and necessary expenses incurred in connection with one's duties as a holder of public office. In addition, Senate Rule 38 allows Members to defray office expenses from "funds derived from a political committee"; however, paragraph 2 of Rule 38 provides that no campaign contributions may be converted to the personal use of any Member. "Personal use," as that term is used in Rule 38, does not include reimbursement of "expenses incurred by a Member in connection with his official duties."

The Committee considers that, for the purposes of Rule 38, the costs of photographs of a Member, or photographs that otherwise relate to his official duties, that are furnished to the press, furnished to constituents upon request, or used in publications of the Member's office are the kinds of expenses which are incurred by a Member in connection with his or her official duties. Consequently, excess campaign funds from a Member's principal campaign committee may be used to pay these expenses, either directly or as reimbursements should the Member pay the expenses from personal funds.

INTERPRETATIVE RULING No. 341

Date issued: December 10, 1980.

Applicable Rule: 38.

Question considered: Does the Rule 38 requirement that "expenses incurred by a Member in connection with his official duties" be defrayed only from certain enumerated sources prohibit a committee staff from accepting without charge the services of an outside organization?

The staff of a Senate committee, in conjunction with the Congressional Research Service, was holding a series of seminars. A non-profit organization which sponsors management seminars for fee-paying participants offered to assist the staff, without charge, in conducting the seminars. The staff was holding one set of seminars for which it might invite speakers suggested by the organization; and it contemplated holding a second set of seminars in which the organization would take a more active role in helping organize and conduct the seminars, including scheduling speakers and providing written materials for seminar participants.

Ruling: The Committee held that Senate Rule 38—which prohibits the acceptance of funds (other than personal and campaign funds), and in-kind contributions of goods and services, from outside sources to defray expenses incurred by a Senator in connection with official duties—applies only to the official expenses of Senators in their individual capacities, and the prohibitions of the Rule do not apply to expenses incurred by committees or their staffs.

The Committee concluded that it was consistent with the Senate Code of Official Conduct for the committee staff to accept free of charge from the outside organization (i) recommendations concerning speakers for the first set of seminars, and (ii) the more active assistance in second set of seminars outlined above.

INTERPRETATIVE RULING No. 342

Date issued: December 10, 1980.

Applicable Rule: 37.

Question considered: May a Senator serve on the board of directors of a statewide community action agency which administers programs funded by subcommittees and committees on which the Senator serves?

The community action agency, a non-profit corporation in the Senator's home state, receives from 60 to 70 percent of its funds from the federal government, either directly or indirectly through the state. The Senator's position would be uncompensated and the Senator would be expected to attend board meetings in the state several times a year.

Ruling: Paragraph 6 of Rule 37 on Conflicts of Interest prohibits service by a Senator or Senate employee as an officer or member of the board of a publicly held or regulated organization, excluding, however, organizations exempt from taxation under section 501(c) of the Internal Revenue Code of 1954 if the service is performed without compensation. Since the community action agency is a 501(c) organization and the Senator would serve without compensation, the Senator may serve on the board without violating paragraph 6. The Nelson Committee Report, which accompanied Senate Resolution 110 (Senate Code of Official Conduct), makes it clear, however, that such service is still "subject to the general admonitions of paragraphs 1 and 2 of the rule and all Members . . . should exercise great care in avoiding all conflicts of interest or the appearance of a conflict of interest." S. Rept. 49, 95th Cong., 1st Sess. 44 (1977).

Paragraph 2 of Rule 37 states that "no Member, officer, or employee shall engage in any outside business or professional activity or employment for compensation which is inconsistent or in conflict with the conscientious performance of official duties." This Committee has previously found conflicts of interest where Senate employees take uncompensated positions on boards, commissions, or advisory councils of organizations that receive or seek federal funding from agencies with respect to which a committee on which

the supervising Senator sits has appropriation or oversight functions, or otherwise involves matters with which the committee is concerned." *

The Committee stated that, based on the facts presented, it believed that the Senator's acceptance of the invitation to serve on the board of directors of the community action agency could lead to a conflict of interest because subcommittees and committees on which the Senator serves have legislative and oversight functions relating to programs that are administered by the agency and substantially funded by the federal government. The Committee therefore recommended that the invitation not be accepted.

INTERPRETATIVE RULING No. 343

Date issued: February 4, 1981.

Applicable Area: Anti-Nepotism Statute.

Question considered: Does the term "relative" as used in the Federal Anti-Nepotism Statute, 5 U.S.C. 3110(a)(3) include the niece or nephew of a spouse of a Member of the Senate?

Ruling: This question has been addressed by the American Law Division of the Library of Congress in a memorandum dated April 28, 1978. In that memorandum, the American Law Division pointed out that the term "relative" is specifically defined in the statute, that the definition does not include the nephew or niece of a public official's spouse and that nothing in the legislative history of the statute provides any indication that the Congress intended the term "nephew," as used in the statute, to have any other meaning than that found in common legal usage, i.e., that the term encompasses only the son of one's brother or sister. In addition, the memorandum points out that this interpretation is consistent with the position taken by the Office of Personnel Management which, in the Federal Personnel Manual, at Chapter 310, subchapter 1, section 1-2(c), defines "nephew" as "the son of a public official's brother or sister".

The Select Committee agrees with this interpretation and has ruled that the son or daughter of a brother or sister of a Senator's spouse would not be a "nephew" for purposes of the anti-nepotism statute.

INTERPRETATIVE RULING No. 344

Date issued: February 16, 1981.

Applicable Rules: 34, 37.

Question considered: A newly-elected Senator who had withdrawn as a partner in a law firm prior to his swearing-in as a Member of the Senate, but who, despite his best efforts, had been unable to wind up his practice before taking office, asked whether, under Senate Rules, he could continue to serve as attorney for two clients involved in litigation begun before his election, and whether, as a sole practitioner, he could continue to represent his brother and that brother's wholly-owned corporation.

Ruling: Paragraphs 2 and 5 of Rule 37 of the Code provide respectively:

"No Member, officer, or employee shall engage in any outside business or professional activity or employment for compensation which is inconsistent or in conflict with the conscientious performance of official duties."

"No Member, officer, or employee . . . shall (a) affiliate with a firm, partnership, association, or corporation for the purpose of providing professional services for compensation; (b) permit that individual's name to be used by such a firm, partnership, association or corporation; . . . For the purpose of this paragraph, "professional services" shall include, but not be limited to, those which involve a fiduciary relationship."

The Senator was advised that while paragraphs 2 and 5 limit the performance of professional services by Members, the Rule's legislative history did not indicate that the Senate had contemplated the problems confronted by a newly-elected Member in winding up his business affairs. The Committee noted that an attorney has rather clearly defined obligations, as an officer of the court, to his clients and to his former firm, which limit the exercise of his discretion to withdraw from a pending court case. With these facts in mind, the Committee advised the Senator to conclude his responsibilities expeditiously and in conformity with the spirit and purpose of paragraphs 2 and 5 of Rule 37.

Since one of the cases in litigation involved an instrumentality of the federal government, and since the activities of that entity could be affected by the actions of a committee to which the Senator was assigned, the Senator was advised to consider whether this situation might lead to or give the appearance of a conflict of interest. With an understanding that if a conflict of interest should appear the Senator would take appropriate action, the Committee found that his continued participation would not necessarily raise any other question as to conflict of interest under Rule 37.

With respect to the continuing representation of his brother, the Committee concluded that since this would involve new matters arising after the commencement of Senate duties, paragraphs 2 and 5 of Rule 37 are applicable but would not preclude the Senator's providing legal services as a sole practitioner, provided the matters of concern to his brother and his brother's business did not raise questions of conflicts of interest with the public trust of his office or the conscientious performance of the Senator's official duties.

Finally, the Senator was reminded that Title I of the Ethics in Government Act of 1978 (Rule 34) requires Members to disclose the source and amount of all income received during the preceding calendar year aggregating $100 or more. Consequently, the Committee concluded that income earned from his law practice in 1980 may be disclosed by identifying the Senator's former law firm as the source along with the amount of income earned. Additionally, 1981 income aggregating $100 or more, earned after joining the Senate, but derived from clients he had represented prior to his joining the Senate and whom he continued to represent, may be disclosed by exact amount stating that the source of income is "law practice." New clients who provided $100 or more in income must be disclosed by exact amount and by name.

INTERPRETATIVE RULING No. 345

Date issued: February 23, 1981.

Applicable Rules: 34, 35.

Question considered: May a Senator-elect accept a wristwatch from a business group in his home State presented to him in the course of his appearance before the group in December, prior to swearing-in in January?

Ruling: Rule 35 of the Standing Rules of the Senate provides that Members, officers, and employees, and their spouses and dependents, may not accept any gift or gifts having an aggregate value exceeding $100 during a calendar year from any person, organization, or corporation having a direct interest in legislation before the Congress, or from any foreign national, as those sources are defined in the Rule.

Since the Senator-elect was not a Member at the time of the presentation, he was outside of the coverage of the Rule and its prohibition. In addition, section 102(g) of the Ethics in Government Act of 1978, as amended, provides that reporting individuals are not obligated to disclose the receipt of gifts which are received at a time prior to Senate service.

INTERPRETATIVE RULING No. 346

Date issued: March 6, 1981.

Applicable Rule: 40.

Question considered: May a Member use names and addresses from his mailing list maintained by the Senate Computer Center to invite individuals to a charitable fundraising event? The Member had received a number of letters in response to press accounts of a trip he had made to a foreign country, and the names of those who had written concerning the trip were entered on the Member's mailing list maintained by the Senate Computer Center. Photographs taken during the trip were to be offered for sale at a home State art gallery, and all money received from photograph sales was to be contributed to a charitable organization. The names and addresses from the Member's mailing list were not to be given to the art gallery or the charitable organization, all addressing work was to be done outside Senate offices by volunteers, and neither government stationery nor the mailing frank were to be used.

Ruling: Paragraph 5 of Senate Rule 40 provides, "(t)he Senate computer facilities shall not be used . . . (c) to produce mailing labels for mass mailings, or computer tapes and discs, for use other than in service facilities maintained and operated by the Senate or under contract to the Senate." The author of this provision stated during debate on the Rule that it was his intention that the provision " . . . just restates that in no case are Members of the Senate or Senate committees authorized to use Senate computer facilities for political or personal purposes." 123 Cong. Rec. S4755 (1977) (emphasis added).

The Committee concluded that the proposed use of a Member's mailing list for the benefit of the charitable organization would be for "personal purposes" and should therefore be avoided.

INTERPRETATIVE RULING No. 347

Date issued: March 6, 1981.

Applicable Rules: 34 and 35.

Question considered: An employee of the Senate, while on vacation, apprehended an individual who was accused and later convicted of stealing jewelry and coins from a department store. As a token of its appreciation, the operator of the jewelry department presented a valuable watch to the employee. May the watch be accepted by the employee and under what circumstances must receipt of the watch be disclosed?

Ruling: Rule 35 ("Gifts") of the Standing Rules of the Senate generally prohibits the acceptance of certain "gifts" from individuals, organizations, or corporations having a direct interest in legislation before Congress. However, paragraph 2(a)(3) of the rule specifically excludes from the definition of "gift" a "bona fide award presented in recognition of public service and available to the general public." The Select Committee ruled that acceptance of the watch, under the circumstances set forth above, would fall within the exception set forth in paragraph 2(a)(3) of Rule 35.

Rule 34 ("Public Financial Disclosure") which incorporates the provision of Title I of the Ethics in Government Act of 1978 (P.L. 95-521), amended, requires a reporting individual to disclose the identity of the source, a brief description, and the value of all gifts other than transportation, lodging, food, or entertainment aggregating $100 or more in value received from any source other than a relative during the preceding calendar year. The Select Committee pointed out that the definition of the term "gift", as used in the Act at section 107, does not exclude bona fide awards presented in recognition of public service. Therefore, the Select Committee ruled that if the individual were a reporting individual for purposes of Rule 34, he or she must disclose the acceptance of the watch if its value were in excess of $100.

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*See Interpretative Rulings Nos. 23, 227, 286, and 308.

INTERPRETATIVE RULING No. 348

Date issued: July 20, 1981.

Applicable Area: Franking.

Question considered: May a Senator send a letter under the franked mail privilege to high school principals asking them to recommend students and faculty to participate in a program promoting voluntarism to be sponsored by the Senator and a charitable organization?

Ruling: Section 3210(a)(3)(A) of Title 39, United States Code, authorizes the franking of mail matter "regarding programs, decisions and other related matters of public concern or public service, including any matter relating to actions of a past or current Congress." The Regulations Governing the Use of the Mailing Frank states with regard to this provision that "(t)hese matters must relate principally to the Federal Government. Matters of purely State or local concern are not frankable."

The Committee concluded that a program for high school students and faculty to promote voluntarism as an important service for home state communities was not a matter which "relate(s) principally to the Federal Government", and that material promoting the program was not frankable.

INTERPRETATIVE RULING No. 349

Date issued: October 5, 1981.

Applicable Rules: 37, 41.

Question considered: A Member has established his principal campaign committee as a nonprofit corporation under the laws of his home State. May the Member's Administrative Assistant, who has been designated to handle political funds under Senate Rule 41, serve as president of the corporation?

Ruling: The Committee has ruled* that other than the restrictions on political fundraising activity in Senate Rule 41, no rule expressly prohibits political activity by staff during off-duty hours or during established and reasonable annual leave time. If an employee intends to spend a substantial amount of time on campaign activities, however, the Committee has ruled that a Senator should use his or her best judgment in determining whether to remove the staff member from the Senate payroll or reduce his or her Senate salary commensurately. The Committee concluded that if the staff member's political activities conform to these guidelines, his political activity would not be prohibited.

Concerning the staff member's service as president of the incorporated entity, paragraph 6 of Senate Rule 37 provides:

"6. No Member, officer, or employee of the Senate compensated at a rate in excess of $25,000 per annum and employed for more than ninety days in a calendar year shall serve as an officer or member of the board of any publicly held or publicly regulated corporation, financial institution, or business entity. The preceding sentence shall not apply to service of a Member, officer or employee as—

"(a) an officer or member of the board of an organization which is exempt from taxation under section 501(c) of the Internal Revenue Code of 1954, if such service is performed without compensation."

As the committee is an incorporated political committee whose activities are regulated in some areas by the Federal Election Commission pursuant to the Federal Election Campaign Act of 1971, the question arises whether the staff person's services as president of the corporation is prohibited by paragraph 6 of Rule 37. While that paragraph provides, at sub(a), that a Senate employee may serve as an officer of an organization exempt from taxation under section 501(c) of the Internal Revenue Code of 1954, a political committee is exempt from tax under section 527 of the IRC, not 501(c).

The Report of the Special Committee which recommended the Code of Official Conduct stated, with respect to the limitations provided by paragraph 6, that service on corporate boards or in corporate offices "may entail an unavoidable conflict of interest or the appearance thereof." (S. Rept. 95-49 at 43). The Report cited a study by the Association of the Bar of the City of New York for the proposition that a director or officer "actually becomes a fiduciary for the corporation and for its stockholders charged with the duty to further their interest. He obviously will find it difficult to do this at times because he is also charged with the duty of furthering the public interest, and the two interests may well be in conflict." (Id., at 43–44).

The Committee went on to observe that service on the board or as an officer of a tax-exempt organization would not present the same kind of troubling issues, and that non-profit organizations have traditionally had less direct interest in the legislative process and the possibilities of conflict of interest are less marked.

In view of the absence of any indication that paragraph 6 was intended to apply to activity with a political committee, whether or not the committee is incorporated, and in view of the more specific limitations provided by Rule 41 (on political fund-raising) and by Committee Interpretative Rulings (concerning non-fundraising political activity), we do not believe that paragraph 6 of the Conflict of Interest Rule was intended to prohibit activity by Senate employees with a Member's principal campaign committee. Members should be aware, however, that paragraphs 2 and 3 of the Conflict of Interest Rule provide a general prohibition on non-Senate activity which is inconsistent or in conflict with the conscientious performance of official duties.●

*See IR No. 302, dated February 21, 1980.

H.R. 4327 HELD AT THE DESK

Mr. BAKER. I ask unanimous consent that the House message on H.R. 4327, the Immigration and Nationality Act amendments, be held at the desk pending further disposition.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDERS FOR TOMORROW

ORDER FOR RECESS UNTIL 10:30 A.M. TOMORROW

Mr. BAKER. Mr. President. I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 10:30 a.m. on tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF CERTAIN SENATORS

Mr. BAKER. Mr. President, I ask unanimous consent that after the recognition of the two leaders under the standing order, the following Senators be recognized for not more than 15 minutes each on special orders: the distinguished Senator from Connecticut (Mr. WEICKER) and the distinguished Senator from Wisconsin (Mr. PROXMIRE).

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that after the expiration of the time allocated to Senators on special orders that there be a brief period for the transaction of routine morning business not to extend longer than 15 minutes in which Senators may speak for not more than 2 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE CONSIDERATION OF S. 1196

Mr. BAKER. I ask unanimous consent that after the expiration of the time for the transaction of routine morning business that the Senate turn to the consideration of Calendar Order No. 108, S. 1196, a bill to amend the Foreign Assistance Act of 1961.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BAKER. Mr. President, on tomorrow the Senate will convene at 10:30 a.m. After the recognition of the two leaders under the standing order, the special orders in favor of two Senators for not more than 15 minutes each, and after the expiration of the time set aside on special orders for Senators, the Senate will have a brief period for the transaction of routine morning business.

At the conclusion of routine morning business, the Chair will lay before the Senate Calendar Order No. 108, S. 1196, the Foreign Assistance Act.

It is anticipated that rollcall votes will occur during the day on Tuesday. It is the hope of the leadership that the Foreign Assistance Act can be completed on Tuesday. If it is not completed then the Senate will resume consideration of the Foreign Assistance Act on Wednesday.

It is hoped, Mr. President, that on Thursday the Senate can turn to the consideration of the Treasury, Post Office appropriations bill. Other matters may come before the Senate on Wednesday and perhaps on Thursday depending on the progress made by the Senate in the interim.

RECESS UNTIL 10:30 A.M. TOMORROW

Mr. BAKER. Mr. President, I know of no further business to come before the Senate, and I move now, in accordance with the order previously entered, that the Senate stand in recess until the hour of 10:30 a.m. on tomorrow.

The motion was agreed to; and at 5:25 p.m. the Senate recessed until Tuesday, October 20, 1981, at 10:30 a.m.

NOMINATIONS

Executive nominations received by the Senate October 19, 1981:

THE JUDICIARY

Ronald P. Wertheim, of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia for the term of 15 years, vice James B. Belson, elevated.

FEDERAL TRADE COMMISSION

F. Keith Adkinson, of West Virginia, to be a Federal Trade Commissioner for the unexpired term of 7 years from September 26, 1975, vice Robert Pitofsky, resigned.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

Francis S. M. Hodsoll, of Virginia, to be Chairman of the National Endowment for the Arts for a term of 4 years, vice Livingston L. Biddle, Jr., term expiring.

HOUSE OF REPRESENTATIVES—*Monday, October 19, 1981*

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore (Mr. FOLEY).

DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, D.C.
October 19, 1981.

I hereby designate the Honorable THOMAS S. FOLEY to act as Speaker pro tempore on Monday, October 19, 1981.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Blessed are the peacemakers, for they shall be called sons of God.—Matthew 5: 9.

O God, we thank You for Your acts of love that have been manifest to people during the ages. Even as we celebrate Your supreme gift of life and our creation in Your image, we confess that wars and rumors of war threaten lives and give injury and pain to the afflicted. Encourage, O God, those committed to the making of peace and understanding in our world that we may live with compassion and reconciliation one with another, recognizing our common creation and Your purpose for our lives. In Your name, we pray. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4331. An act to amend the Omnibus Reconciliation Act of 1981 to restore minimum benefits under the Social Security Act.

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate to a bill of the House of the following title:

H.R. 3499. An act to amend title 38, United States Code, to extend the Vietnam-era veterans' readjustment counseling program, to provide medical care for Vietnam veterans exposed to herbicide defoliants (including agent orange), to recover the cost of certain health care provided by the Veterans' Administration, and for other purposes.

The message also announced that the Senate had passed a bill of the following titles, in which the concurrence of the House is requested:

S. 898. An act to amend the Communications Act of 1934 to provide for improved domestic telecommunications, and for other purposes.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
October 19, 1981.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the permission granted in the Rules of the House of Representatives, I have the honor to transmit a sealed envelope from The White House, received in the Clerk's Office at 12:55 p.m. on Friday, October 16, 1981 and said to contain a message from the President wherein he transmits the fiscal year 1980 annual report of the Railroad Retirement Board.

With kind regards, I am,

Sincerely,

EDMUND L. HENSHAW, Jr.,
Clerk, House of Representatives.

ANNUAL REPORT OF RAILROAD RETIREMENT BOARD FOR FISCAL YEAR 1980—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Energy and Commerce:

To the Congress of the United States:

I hereby transmit to the Congress the Annual Report of Railroad Retirement Board for fiscal year 1980, pursuant to provisions of Section 7(b)6 of the Railroad Retirement Act, enacted October 16, 1974, and Section 12(1) of the Railroad Unemployment Insurance Act, enacted June 25, 1938.

RONALD REAGAN.

THE WHITE HOUSE, *October 16, 1981.*

TITLE IX OF EDUCATION AMENDMENTS IS A LAW THAT HAS MADE A DIFFERENCE

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, in 1972, Congress passed title IX of the education amendments prohibiting sex discrimination in education programs. According to a report released by the National Advisory Council of Women's Education Programs, it is a law that has made a difference.

Not enough people know what title IX is or does. It does not just deal with girls being on boys' soccer teams. Title IX covers virtually all areas of student life: admissions; financial aid; academic programs; health services; extracurricular activities; testing; counseling; and differential rules and regulations. Schools at all levels are covered from preschools to graduate schools.

Title IX gives women equal access to the major route of economic well-being in our society—education. The National Advisory Council's report cites gains in the enrollment of women in professional and vocational schools. Women earned half of all the master's degrees awarded in 1980. These are gains that will help women fare better in the workplace.

The Reagan administration has been eyeing title IX as an area prime for regulatory pruning. I hope before they revamp title IX and attempt to narrow its scope, they take a long look at the National Advisory Council of Women's Education Programs report of the successes of title IX.

MOSHE DAYAN

(Mr. BROOMFIELD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROOMFIELD. Mr. Speaker, it was little more than a week ago that we were saddened by the loss of the great Middle East statesman, Anwar Sadat. Now, death has taken another Middle East figure—Moshe Dayan. Moshe Dayan's passing is a grievous loss for Israel and Israel's many friends throughout the world.

Moshe Dayan symbolized not just the qualities of superior military leadership, combined with civilian and political responsibility. He represented the best of a generation that endured hardship and sacrifice in order to establish the State of Israel. Dayan was

among the founding fathers of his country. He worked in the Haganah before independence, fought in Israel's War of Independence, and in every other war thereafter. While he was a warrior by profession and necessity, he was a peace seeker by choice. Dayan will, of course, be remembered for his role as military Chief of Staff and Minister of Defense. But of equally great significance were his efforts as Foreign Minister from 1977 to 1979, to achieve a lasting peace with his Arab neighbors.

Great leaders are a rare commodity in this world. Israel was truly fortunate to have had Moshe Dayan when darkness surrounded its small country. His vision pierced the darkness, and his courage rallied others to his side. In a country whose history is replete with individuals of greatness, Moshe Dayan can proudly take his own place next to such figures as David and Solomon.

H.R. 4407 CLARIFIES PROVISION OF TRADE ACT OF 1974

(Mr. SCHULZE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHULZE. Mr. Speaker, I recently introduced H.R. 4407 to clarify the scope of an important but underutilized provision of the Trade Act of 1974, authorizing the President to take all appropriate and feasible action within his power to respond to any practice or policy of a foreign country which is unjustifiable, unreasonable, or discriminatory and burdens or restricts U.S. commerce.

Under section 301 private industries can challenge foreign practices which deprive them of export markets. Companies petition our Government through the U.S. Trade Representative for protection in the form of a negotiated settlement or retaliation. Some observers note that the jurisdiction of the STR under section 301 includes only discriminatory trade practices and ignores discriminatory investment practices. My bill will clarify this point by recognizing trade and investment as merely different points on the continuum of international relations, both deserving of protection under U.S. trade law.

Over the next several sessions, I intend to acquaint my colleagues with the true dimensions of this problem and how critical section 301 is to solving it.

TEN "CANNOTS" BY ABRAHAM LINCOLN

(Mr. DAUB asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DAUB. Mr. Speaker, the greatest challenges confronted by any American President were surely those confronted by Abraham Lincoln. The leadership he executed in the Civil War and the standards he promoted in the Emancipation Proclamation stand as a lasting memorial to our 16th President.

Lincoln's courageous response to these great challenges, however, have overshadowed his philosophy of government—a philosophy that is embodied in what is referred to as the "Ten Cannots."

These 10 principles outline an approach to government that is perhaps more applicable today than they were in Lincoln's time, and I am privileged to share them with my colleagues:

TEN "CANNOTS" BY ABRAHAM LINCOLN

"You cannot bring about prosperity by discouraging thrift.

"You cannot help small men by tearing down big men.

"You cannot strengthen the weak by weakening the strong.

"You cannot lift the wage earner by pulling down the wage payer.

"You cannot help the poor man by destroying the rich.

"You cannot keep out of trouble by spending more than your income.

"You cannot further the brotherhood of man by inciting class hatred.

"You cannot establish security on borrowed money.

"You cannot build character and courage by taking away man's initiative and independence.

"You cannot help men permanently by doing for them what they could and should do for themselves."

INTERIOR SECRETARY JAMES WATT: RIGHT MAN IN RIGHT PLACE AT RIGHT TIME

(Mr. DANNEMEYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANNEMEYER. Mr. Speaker, Interior Secretary James Watt is on the grill again. This time the roast is being conducted by the Sierra Club which has allegedly gathered 1 million signatures calling for his removal.

One suspects that the preservationist Sierra Club seeks not only Watt's removal, but also the exclusion of most people from the benefits of our natural heritage.

Indeed, this petition puts into relief the debate between conservation and preservation. Conservation holds that nature is not an end in itself, but is a dynamic means for the spiritual and economic enrichment of all of our people. Preservation turns nature into a religion, and leaves man out of it. Preservationism is for a select few who have the money, the health, the organization and time for the pursuit of solitary wilderness. For those who do not abundantly have these things, this philosophy leaves little hope for the rational economic growth needed to provide a better life through responsible development of our natural resources.

We have not had an oil and gas lease issued onshore Alaska since the mid-1960's. Our national parks have fallen into disrepair while land acquisition has persisted. We have not had a major coal lease on Federal land since the early 1970's. A 1980 congressional report stresses the need to put mineral values of public lands on a priority at least equal to areas of critical environmental concern.

We need a balance in our environmental policies. We need a conservationist as Secretary of the Interior. Jim Watt is the right man, in the right place, at the right time.

PRESIDENT'S FIRST MESSAGE ON CRIME OMITS COMMITMENT OF RESOURCES TO WAR AGAINST CRIME

(Mr. HUGHES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUGHES. Mr. Speaker, as chairman of the Subcommittee on Crime, I was among those who awaited with special interest the President's first crime message. This was contained in a recent speech to the International Association of Chiefs of Police in New Orleans.

The six-point program outlined by the President contained some good ideas, many of which we are already working on in the Congress. These include changes in laws restricting military assistance in interdicting drug smugglers, bail reform, and stepped up international efforts to stem the flow of illegal drugs to this country. However, missing from the speech was a commitment of resources to the war against crime.

I note, for example, that the first point in his six point program was that he will use what he called the "bully pulpit" of the Presidency to remind the public of the seriousness of the crime problem. With all due respect Mr. Speaker, I believe the public already knows the seriousness of the problem. Actions speak louder than words, and the actions of the administration on crime are not encouraging. For 6 months we were told that the administration could take no position on law enforcement issues until the Attorney General's Task Force on Violent Crime completed its recommendations. Those recommendations are now in, and it is noteworthy that in all those areas where the task force recommended the expenditure of additional money for law enforcement, they have been totally ignored in the President's message.

It gets worse, however. Not only did he reject proposals for financial assistance for State and local criminal justice but OMB has proposed further drastic cuts in Federal law enforcement agencies. They amount to 6 percent for the FBI, 12 percent for the Coast Guard and DEA, and 20 percent for BATF.

Peter Bensinger, who served in the Ford and Carter administrations as head of DEA, and who was fired earlier this year because he did not support with sufficient enthusiasm earlier cuts in the DEA budget, deplored these new cuts in a recent column in the Washington Post. He noted that while the President has called for strong measures to combat crime, his OMB is sending out law enforcement with blank cartridges. Perhaps the President should first of all direct his "bully pulpit" to Mr. Stockman and OMB, to convince them to support his crime program.

MOSHE DAYAN

(Mr. AuCOIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. AuCOIN. Mr. Speaker, I am saddened by the death of Israel's heroic former Defense Minister and member of the Knesset, Moshe Dayan. A man of courage, strength and vision, Dayan saw Israel travel, as he put it, "the long road from the battlefield to the peace table." He guided his people in battle and diplomacy through Israel's 1948 War of Independance, the 1956 Sinai campaign, the 1967 6-day war, the 1973 Yom Kippur war and the Camp David accords.

Dayan described in the following passage his efforts and those of generations before him to defend the nation of Israel:

> The Jews had always faced a dual challenge, having to fight their oppressors and to fight for the preservation of their singular identity. We have traveled the long and weary road, paved with hardship, trekked by the Jewish nation, my nation, my people, dispersed, denigrated, oppressed, massacred, a people who had hung on desperately to life, almost with their fingernails, and survived.

Spirited and determined by his faith, Moshe Dayan faced that challenge and did indeed survive. I regret that his death comes at a time when the security of tiny Israel is again threatened by uncertainty. But I am hopeful that Dayan's life will serve as a reminder of our responsibility to support what he so bravely fought for and built—an Israel at peace.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, the Chair announces that he will postpone further proceedings today on the motion to suspend the rules if a recorded vote or the yeas and nays are ordered, or if the vote is objected to under clause 4, rule XV.

Such rollcall vote, if postponed, will be taken on Tuesday, October 20, 1981.

□ 1215

AIR TRAFFIC CONTROL EN ROUTE COMPUTER SYSTEM

Mr. GLICKMAN. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 202) expressing the sense of the House of Representatives that the Administrator of the Federal Aviation Administration should submit to the Committee on Science and Technology full research and development program planning documentation with respect to the modernization and replacement of the Federal Aviation Administration air traffic control en route computer system, as amended.

The Clerk read the resolution as follows:

H. RES. 202

Whereas through careful and consistent development of effective air traffic control systems, the United States has maintained a preeminent air safety record among the nations of the world;

Whereas air traffic in the United States has become increasingly congested over the last decade and projections indicate continued expansion of air travel in the United States;

Whereas safety in the transportation of passengers and cargo is of paramount importance to the continued use of air travel;

Whereas an orderly research and development program for replacement of the Federal Aviation Administration air traffic control en route computer system is essential to sustain a high level of air safety;

Whereas modernization and replacement of the Federal Aviation Administration air traffic control en route computers would be the largest, most complex, and most costly research and development program of its kind to date;

Whereas Congress must be kept fully informed to allow for appropriate consideration and oversight of the program; and

Whereas the House of Representatives is concerned that if the Federal Aviation Administration and the Department of Transportation do not proceed in an expeditious fashion towards completion of research and development activities for modernization and replacement of the en route computer system, aviation safety will be jeopardized: Now, therefore, be it

Resolved, That it is the sense of the House of Representatives—

(1) in pursuing research and development on the en route computer system, an orderly process shall be developed for input by the aviation user community, air traffic controllers, and system engineers;

(2) the Federal Aviation Administration should consult with the Committee on Science and Technology of the House of Representatives in developing the preliminary system and subsystem descriptions;

(3) the Administrator of the Federal Aviation Administration should submit to the Committee on Science and Technology of the House of Representatives, not later than December 15, 1981, a preliminary system description of the future air traffic control en route computer system; and

(4) the Administrator of the Federal Aviation Administration should submit to the Committee on Science and Technology of the House of Representatives, not later than June 15, 1982, a preliminary subsystem description of the future air traffic control en route computer system, and a five year projection of funding requirements.

The SPEAKER pro tempore. Is a second demanded?

Mr. DUNN. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Kansas (Mr. GLICKMAN) will be recognized for 20 minutes, and the gentleman from Michigan (Mr. DUNN) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Kansas (Mr. GLICKMAN).

GENERAL LEAVE

Mr. GLICKMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on House Resolution 202.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. GLICKMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, first of all I would like to commend my colleagues on the Committee on Science and Technology and particularly my colleague, the gentleman from Michigan (Mr. DUNN), who has shown great leadership in trying to get movement from the FAA in terms of the replacement of their computer systems, a very complicated expensive process, and our committee has been concerned for some time that the basic research and development which is within our committee jurisdiction is not being done at an expedited rate and it is particularly through the efforts of the gentleman from Michigan (Mr. DUNN) that we were able to move the FAA and to move interested parties to try to at least begin a program planning process to modernize the air traffic control system.

Mr. Speaker, the U.S. aviation industry enjoys an enviable safety record. Not only is travel by air safer than other means, but we in the United States have one of the safest airways, and this did not happen by chance. It came about as a result of continuous hard work and dedication by FAA people who have at their disposal some of the very best available automatic equipment.

But as we all know ours is an age of rapidly advancing technology. This is

particularly true in aviation. Virtually everything that was new 20 years ago is outmoded by today's standard. It is true of airplanes we fly and no less true of equipment, radars, computers, and communication gear that makes up the air traffic control system.

A particular case in point is the computers at the FAA en route center, of which there are 20 located at various places around the United States. These computers are absolutely essential. They aid controllers by tracking thousands of aircraft as they move about the country, and by deploying the information needed to keep the traffic moving safely, but they were installed in the sixties and are becoming quite old as computers go.

Spare parts are difficult to obtain at reasonable prices and maintenance is becoming a problem, but even more significant is the fact that they will not be able to handle expected future increases in air traffic.

Unless corrected, we may see a time when flights must be curtailed because of insufficient air traffic control computer capacity.

This, I submit, would be most unfortunate. Air commerce is vital to our national economy and it should be allowed to grow freely within the bounds of safety.

With this in mind, the Subcommittee on Transportation, Aviation, and Materials, which I chair, held a series of oversight hearings on the subject. We found widespread recognition of the problem by all the participants in the air traffic system, by the users, by the controllers, by the manufacturers, and widespread agreement that the system should be modernized without delay.

The FAA in fact has preliminary plans to do just that. In fact, it has had plans over the years to do that and I am convinced that the new Administrator, Mr. Helms, is fully committed to that task.

Nevertheless, this project could be the largest single computer system acquisition by any Federal agency outside the Defense Department, and the FAA has historically had great difficulty with its parent organization, the Department of Transportation, and particularly with the Office of Management and Budget in keeping on track with major capital acquisitions.

In overseeing the FAA R. & D. programs, we have seen numerous occasions where needed improvements have been delayed by bureaucratic foot dragging or budget cutting experienced at the DOT or Office of Management and Budget.

So, in an attempt to preclude a likely repeat with an extremely important project, the committee felt that seeking an early executive branch commitment in the form of complete planning documentation would galvanize the effort of everyone involved. It could in fact become a blueprint for action over the next decade until the new system is operational. It will also provide the Congress with the basis for making decisions about proper authorization and funding levels.

This resolution implements the committee recommendation in this regard. By expressing the sense of the House that such documentation in terms of program planning especially in the research and development area for this air traffic control replacement system be prepared and submitted. It has the support of the FAA. It was reported unanimously by the Committee on Science and Technology. It does not cost any additional money, nor does it commit the Government to any particular course of action with respect to modernizing the en route computers.

All it basically does is require that by December 15 of this year, the FAA shall send to the committee and to the Congress a preliminary system description of the future air traffic control en route computer system and by 6 months later, June 15, 1982, a preliminary subsystem description of what they want in terms of an en route computer system and a 5-year projection of funding requirements.

I think the bigger concern of the committee is the fact that all participants in the whole system of moving air traffic in America know that we need to make major modernization of our air traffic computer system and, at the same time, we have a very, very large trust fund balance, but some reason the Office of Management and Budget has precluded the expenditure of funds to even begin that process.

We know right now, just this morning, there has been an announcement that general aviation traffic has been significantly curtailed. That, of course, has largely been as a result of the air traffic controllers strike and this resolution has nothing to do with that, but the point is unless we get our computer system modernized and updated, this Nation's necessary present occupation of moving people and cargo by air will be dramatically jeopardized in the future.

So this nonbinding but important and significant sense of Congress resolution that the FAA move ahead with at least doing the programmatic research and development work on the computer replacement, I think, will be a necessary push to get the Government bureaucracy to move ahead on the replacement.

Mr. Speaker, the following information on the trust funds projections is included at this point in the RECORD:

TRUST FUND PROJECTIONS SUBMITTED BY REPRESENTATIVE NORMAN MINETA—JULY 1981

[In millions of dollars]

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Beginning uncommitted balance	3,803.0	2,877.9	2,953.9	3,005.7	2,696.7	2,320.3	1,450.8	709.9	−16.9	−709.2
Revenue from taxes	0	1,503.7	1,737.9	1,964.4	2,180.0	2,421.7	2,683.9	2,957.5	3,263.9	3,597.3
Trust fund:										
Airport program	450.0	600.0	600.0	957.0	1,053.0	1,158.0	1,274.0	140.0	1,541.0	1,695.0
Facility and equipment	350.0	325.0	425.0	550.0	605.0	1,194.0	1.032.0	1,032.0	1,032.0	1,032.0
Research and development	85.0	85.0	205.0	254.0	285.0	227.0	258.0	285.0	316.0	321.0
Operations	525.0	907.0	946.0	987.0	1.034.0	1,083.0	1,134.0	1,187.0	1,243.0	1,301.0
Total authorization	1,410.0	1,917.0	2,176.0	2,748.0	2,977.0	3,662.0	3,698.0	3,905.0	4,132.0	4,349.0
Subtotal	2,393.0	2,464.6	2,515.7	2,222.1	1,899.7	1,080.0	436.7	−237.6	−885.0	−1,460.9
Interest	484.9	489.2	490.0	474.6	420.6	370.8	273.2	220.7	175.8	139.6
End uncommitted balance	2,877.9	2,953.9	3,005.7	2,696.7	2,320.3	1,450.8	709.9	−16.9	−709.2	−1,321.3

Tax assumptions: Domestic ticket tax, 5 percent; freight way bill, 3 percent; international departure tax, $3; fuel taxes, 12 cents per gallon; tube and tire tax, 5 cents per pound and 10 cents per pound; and use tax (registration and weight), zero.

Mr. GONZALEZ. Mr. Speaker, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Texas.

Mr. GONZALEZ. I thank the distinguished subcommittee chairman and I deeply appreciate his yielding, mostly and primarily to raise some questions.

First, let me commend the gentleman and the committee for making this request, even though it is disappointing to know that an important administrative body, such as FAA, still maintains aloofness and such independence of the policymaking branch of the Government that we should have to pass a sense-of-Congress resolution requesting them to supply vital information, and since the only reason

I am involved here is that since I first came up in 1962 I find myself involved in matters affecting FAA and affecting my district with respect to the air route traffic control system, the particular center in San Antonio.

There had been considerable politics played at the time and I think that any idea of partisanship should be removed because I found myself tangling with the administration which was Democratic. It was John Kennedy's administration, and the Administrator was Najeeb Halaby, which developed into a 2-year fight.

I took the floor no less than 30 times in a 2-year span and I think the significance of this is not really impressed on the minds of our colleagues or the general public or the general aviation traveling public.

In 1962, the empire building of that Director, Mr. Najeeb Halaby, resulted in the removal of the air route traffic center in San Antonio, Tex., consolidated it about 190 miles away in Houston in the district of the then chairman of the Subcommittee on Appropriations, who happened to be a fellow Texan, Albert Thomas, a powerful man.

It was a very, very bitter fight and for a freshman it was kind of awesome because before 3 months were up, I was informed that I had better leave the issue alone or else.

Since my district then comprised the whole county, it was and continues to be particularly sensitive to Federal fiscal and budgetary policy and this powerful fellow Texan let it be known that he resented it.

However, the Administrator at that time never answered the pertinent questions and that is why I kept talking. I always have in my career, if my questions are not answered, I do not yield.

To this day, I feel that in fact, even though I respect the gentleman's statement, that this is unconnected with the strike, it very much is because at the basis of the strike and the difficulties of the air route traffic controllers is the fact they have been pleading for modernization.

We are playing, as the gentleman knows, Russian roulette in our skies and in San Antonio particularly we have had actual accidents and we have had near catastrophic misses just not more than 9 months ago due to this missing element of updating and keeping technology updated, the ability to control the traffic.

San Antonio is a very good illustration of a traffic pattern that calls for very sophisticated control. It has heavy military flight patterns. It has unusually heavy private airplane flight patterns and then, of course, your commerical.

Since I have a personal interest in this, I go back to the district every weekend, and in 20 years I have put in better than 6½ million air miles between here and San Antonio, and I have a good chance to witness. There is no question in my mind that our system, whether it is due directly to the strike or not, is really broken down at this point. I have prided myself that the United States has the number one air travel system of the world. There is no question about it, but it is under pressure.

I appeared before the subcommittee of the gentleman from California (Mr. JOHN L. BURTON) last year precisely on this point. In 1962, the then Administrator, in defending himself then, announced in the middle of our controversy that they had put out a $50 million contract with a firm out of New York. There were very heavy insinuations of a conflict of interest I had raised. He had come from the firm he had helped organize. With the $50 million they were supposed to develop a prototype computer. It never was developed, but the $50 million was expended.

My question at this point is, since it was obvious from the evidence of Administrator Bond last year that indeed and in fact the controllers had a point, our system is not updated, it is antiquated, given the pattern of activity in the air that we have in the United States, my question is: In asking for this information, is the agency working on a particular contract on modernization or the development of computer technology in addition to what it has now, or merely the acquisition of already developed technology that for budgetary reasons has not been utilized by the Government?

Mr. GLICKMAN. First of all, I want to thank the gentleman for his statement. I am well aware of the significant interest that the gentleman had in this issue over the last many years.

In fact, I think we have a commitment out of the Administrator that he was the gentleman who suggested there be deadlines of December 15 and June 15 for the submission of the system description and funding requirements that he thinks he is going to need.

□ 1230

I personally believe and the committee has pressed him, as has the Burton committee and others, that he is committed to a general replacement of the air traffic control system in America. As of the present time, he has told us that he has not decided how extensive the replacement will be and whether it will be completely new computers, whether it will be new software or new hardware or both; but he has made the representation to us that it will be a complete modernization of the system that will be enough to last us well into the next century. It will be large enough to significantly take care of the expanded air traffic.

Now, I am fully aware that the last Administrator, Mr. Bond, and other predecessors promised all sorts of things, as the gentleman said.

We have had billions of dollars in the airport-airways trust fund that were essentially used to do not only the research and development, which I am concerned about, because that is the front end money, but also to go ahead and build the system. It has either stayed there and earned interest or has been spent on other things.

I guess our concern is the same as the gentleman's, the safety of air passengers and the ability to handle enhanced traffic depends upon the replacement of the system. It has got to be done.

As a matter of fact, we heard testimony from controllers as well as from users and the manufacturers and the Air Transport Association that if it is not done in the next 5 or 6 years, this Nation's dominance in aviation will begin to fall dramatically.

So all we can say is this: We have something here that the FAA Administrator, Lynn Helms, says that he intends to comply with. Now, he fully recognizes, as we do, that Mr. Stockman and OMB may say, "Aha, you cannot spend the money later on." I think at a later point perhaps Congress may need to consider that. We may have to deal with that issue later on; but at least we have a timetable for him to bring back to the Congress a specific program replacement. It is a very complicated issue, as the gentleman well knows. It is the largest computer acquisition ever made by the Government, except for the Defense Department.

All we can do is try and that is the purpose of the resolution.

Mr. GONZALEZ. I thank the gentleman and I commend him for this work.

Just one additional thing. In view of the fact that because of what has happened on the human side, and it is estimated that it would take a billion dollars, unless something is done along the lines that I have recommended to the President.

Mr. Chairman, I ask unanimous consent that I may be able to include in the RECORD at this point my letter to the President with respect to the air route traffic control.

The SPEAKER pro tempore. (Mr. HOWARD). Is there objection to the request of the gentleman from Texas?

There was no objection.

The letter is as follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., October 5, 1981.

HON. RONALD REAGAN,
President of the United States,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I am writing to request that you reconsider your position re-

garding re-hiring of air traffic controllers who went on strike.

First, hiring and training replacement air traffic controllers will be expensive. Estimates I have heard from the Department of Transportation suggest that the cost of replacing the controllers will be on the order of one billion dollars. At a time when the Administration is looking for ways to save money, it makes eminent sense to avoid the needless cost of replacing the nation's air traffic controllers.

Second, re-hiring controllers would not alter the status of their union, which is likely to be decertified. If the Union is decertified, it would be pointless to pretend that re-hiring the controllers would mean accepting any of their union's demands. It would not mean that even in the unlikely event the union somehow remains certified.

Third, continuation of the blacklisting of the controllers will mean continuation of large scale cutbacks in air service. It will also mean extension of the present anticompetitive air traffic regulations, which, for example, prevent new carriers from entering any major market. It will mean continued delays at most major terminals, at most peak hours. There is no need to impose indefinitely these conditions on the traveling public, nor any need to continue regulations that discourage the competition that is the cornerstone of this nation's economic policy.

Fourth, the existing situation compromises safety. For example, controllers have been taken out of the tower at Stinson Field, a general aviation field in San Antonio. This was done despite the fact that there are busy fields on each side of San Antonio—the San Antonio Municipal Airport, Kelly Air Force Base, Randolph Air Force Base, and Stinson Field. This creates a complex local traffic pattern, and operation of Stinson without tower assistance frightens people who live in the area. The School Superintendent of the area affected has strongly objected to the threat posed by loss of tower assistance at Stinson Field. A copy of his letter is attached.

Fifth, I understand that lack of controller availability has required the Air Force to reduce training and logistics traffic in the San Antonio area. Military training flight time has been curtailed for several years as one means of reducing military costs—I do not think it should be subjected to additional curtailment, particularly at a time when readiness is the prime objective of the Department of Defense.

You could act now to ameliorate these and other effects of the lack of air traffic control staff. Continuation of the policy of blacklisting controllers who went out on strike gains nothing; it imposes substantial unnecessary costs on the government; and it needlessly extends the problems noted above. On the other hand, an offer to rehire controllers would avoid those problems and show clearly that a firm hand need not be vengeful.

I hope you will reconsider your position on this matter.

With best wishes, I am

Respectfully yours,

HENRY B. GONZALEZ,
Member of Congress.

Enclosure.

HARLANDALE INDEPENDENT
SCHOOL DISTRICT,
San Antonio, Tex., September 24, 1981.

Congressman HENRY B. GONZALEZ,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN GONZALEZ: The citizens of the Harlandale Community have approached the School Board with a concern which we would like to communicate to you.

As you are aware, all Stinson Field air controllers have been relocated to the San Antonio International Airport, leaving Stinson Field still handling air traffic, but with no air controllers on duty.

Since traffic patterns are over Kingsborough Middle School, Bellaire Elementary, Scheh Elementary, and Schulze Elementary Schools, there exists an increased possibility of an aircraft accident threatening the safety of students and citizens in the Harlandale and surrounding area.

Any measures which you may take to improve the existing situation will be greatly appreciated.

Thank you for your continuing support and aid to the public schools of our nation.

Sincerely,

C. N. BOGGESS,
Superintendent.

Mr. GONZALEZ. Mr. Speaker, I will just finish by saying that here again if we do not resolve the human factor, that is because they are trying to spend a billion dollars to renew the air route traffic controllers themselves, I do not see how the technological development will be worthwhile until we first resolve this.

Mr. GLICKMAN. I agree with the gentleman.

Mr. GONZALEZ. I thank the gentleman.

Mr. DUNN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the resolution.

Let me begin by saying that I would like to associate myself with the remarks of the honorable chairman, the gentleman from Kansas.

The chairman has done an excellent job of leading this truly bipartisan committee. Each and every one of us has had an opportunity to speak our minds. He has done a very thorough job of bringing this matter to the attention of the full House today.

We ought to talk a bit more about the background of these computers and why we are here. We talk in terms of hardware and software, and there is a difference. That difference mainly is that the hardware is midsixties technology.

While we have been updating the software, the programs that these computers run, this does not solve the basic problems of the older equipment. I think that is the No. 1 problem.

No. 2, we ought to talk about the Airport Trust Fund. General aviation, by its fuel tax, and the general public, when they pay airline tickets, have been contributing to this trust fund for a number of years. They deserve to have that money spent on new computers for increased safety in the future.

This computer, as the gentleman from Texas said, really does touch, to a certain extent, the air traffic controller's strike. Even though the press did not play it up, one of the principal complaints of the strikers has been that the equipment with which they must work is not the best possible.

I spent yesterday morning in a control tower. Those still on the job have the same complaint. Half their equipment on this Sunday morning was not working as it should be. This resolution attempts to seek solutions to those problems.

I feel very strongly about the dates established in this legislation. In the past the FAA, in dealing with our committee, has frankly said to us, "Sure, sure, sure, we will do it," but it has never been done. So we put those very specific dates in there.

If results indicate that this language is not strong enough, it is the intent of the committee to go through the legislative process again next spring, if necessary, to get them to follow through.

The gentleman from Kansas (Mr. GLICKMAN) and I have spoken with the FAA Administrator, Mr. Helms. I do believe there is one critical difference between him and past Administrators. He is not just looking at new computers simply for the sake of looking at new computers; he has started a complete system analysis and is going to have the report ready for us on December 15. He is saying, "Here is our system today. Here are our needs 5 years or 15 years from now. We will be designing computers that fit into the needs of that future time, rather than just purchasing computers because they happen to be available."

As I said before, the chairman has done an excellent job in bringing this matter before the House. I urge all Members to vote for the resolution.

Mr. Speaker, I yield 2 minutes to the gentleman for Illinois (Mr. CORCORAN).

Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I rise to express my support for House Resolution 202, introduced by the gentleman from Kansas (Mr. GLICKMAN) and reported by the Committee on Science and Technology. As the Congressman from the 15th District of Illinois, in which the Chicago air route traffic control facility is located, I have become all too familiar with the problems of the computer system currently being used by the Federal Aviation Administration.

I have been told repeatedly that the equipment simply is not reliable. Outages are all too common, although many go unreported because of the measurement techniques used by the FAA. For example, if there is only one

malfunction on a system used by more than one controller, no malfunction at all is counted. Partial error does not count, even if it could cost lives. In addition, it is my understanding that the FAA does not consider the amount of time equipment is actually available for use by either the controller or the pilot.

The computer equipment is definitely not state-of-the-art. I understand that some of it is so old that replacement parts are not being made anymore. The reporting system cannot readily detect system deterioration, and the backup computer has been out of commission for days at a time.

The safety of our air traffic system is of paramount importance, both from the perspective of the need to protect human life and from the point of view of facilitating commerce in our Nation. Unfortunately, the computer system on which this safety rests is about as solid as a slice of swiss cheese. I applaud the committee's efforts to mobilize the FAA to replace an aging and dangerous system, and I hope the FAA takes heed before an avoidable disaster occurs.

Mr. DUNN. Mr. Speaker, I have no further requests for time and yield back the balance of my time.

Mr. GLICKMAN. Mr. Speaker, I have no further requests for time and yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Kansas (Mr. GLICKMAN) that the House suspend the rules and agree to the resolution (H. Res. 202), as amended.

The question was taken (and two-thirds having voted in favor thereof), the rules were suspended and the resolution, as amended, was agreed to.

The title was amended so as to read: "Resolution expressing the sense of the House of Representatives that the Administrator of the Federal Aviation Administration should submit to the Committee on Science and Technology a preliminary system and subsystem description and a projection of funding requirements with respect to the modernization and replacement of the Federal Aviation Administration air traffic control en route computer system."

A motion to reconsider was laid on the table.

AUTHORIZATIONS FOR NONPERFORMING ARTS FUNCTIONS FOR THE KENNEDY CENTER

Mr. FARY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3377) authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. FARY).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 3377, with Mr. GLICKMAN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Illinois (Mr. FARY) will be recognized for 30 minutes, and the gentleman from Minnesota (Mr. STANGELAND) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Illinois (Mr. FARY).

Mr. FARY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, H.R. 3377 amends the John F. Kennedy Center Act to authorize appropriations in the amount of $4,544,000 to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the fiscal year ending September 30, 1982.

Section 6 of the John F. Kennedy Center Act, as amended, provides that—

> The Secretary of the Interior, acting through the National Park Service, shall provide maintenance, security, information, interpretation, janitorial, and all other services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts.

With the adoption of that language in 1972, the Congress recognized that the Kennedy Center functions both as a Performing Arts Center and as a Presidential memorial similar to the Lincoln Memorial and the Jefferson Memorial, and that those so-called nonperforming arts functions comparable to other Presidential memorials should be funded by appropriations to the Interior Department. Subsequent acts of the Congress have amended that subsection to provide funds through fiscal year 1981. H.R. 3377 would provide authorization through the fiscal year ending September 30, 1982, in the amount of $4,544,000, or for 1 additional year.

Mr. Chairman, in 10 years of operation, the Kennedy Center has gained international recognition as one of the most successful performing arts institutions in the world. Its record of artistic, educational, and public service programing documents how well the Center has succeeded as a living memorial to the late President Kennedy. The record set, thus far, by the Kennedy Center is indeed worthy of those words spoken by President Kennedy which are now carved into the river facade of the Center:

> I look forward to an America which will reward achievement in the Arts as we reward achievement in business or statecraft. I look forward to an America which will steadily raise the standard of artistic accomplishment and which will steadily enlarge cultural opportunities for all of our citizens. And I look forward to an America which commands respect throughout the world not only for its strength but for its civilization as well.

Since its opening, the Kennedy Center has focused on broad national participation in the performing arts. Its performances and attendance figures since 1971 total more than 9,000 performances, with audiences exceeding 14 million.

Mr. Chairman, under section 4 of its authorizing legislation, signed by President Eisenhower in 1958, the Kennedy Center is charged by Congress with wide-ranging responsibilities for performing arts, public service, and educational programing. During the past year, the Kennedy Center allocated more than $2 million raised from private sources to carry out programing mandated by Congress and to provide broad public access to the Center and its activities. Private funding contributed significantly to extensive programing for young audiences at the Center and around the country and made possible a calendar of free events throughout the year, including symposia, lectures, theater and musical performances, and exhibitions. During the past year, 478 free public service events were presented at the Kennedy Center. Audience attendance for these events totaled approximately 200,000.

Last, Mr. Chairman, as a memorial to the late President Kennedy, the Center has welcomed nearly 22 million visitors, and is now classified as one of the most popular tourist attractions in the Nation's Capital. Visitors' services provided by the Park Service include operation of two information booths, two slide projection shows, and rooftop tours. Additional visitors' services are provided by volunteers from the Friends of the Kennedy Center who are responsible for conducting the tours and operating the souvenir stands. The services provided by the Friends of the Kennedy Center are provided free of charge.

Mr. Chairman, the John F. Kennedy Center for the Performing Arts is the sole living memorial to the late President Kennedy. This legislation is clearly in the national interest; it will enable us to maintain the Center as a fitting memorial for millions of Americans and for visitors from all parts of the world. Last, the amount of $4,544,000 requested in this legislation is identical to that requested in Senate bill, S. 1209, which is at the Speaker's desk, and further, identical to those

funds requested by the administration in its budget request to the Congress.

In conclusion, I would like to commend the chairman of the Committee on Public Works and Transportation, the gentleman from New Jersey (Mr. HOWARD); and the ranking minority member of the full committee, the gentleman from California (Mr. CLAUSEN); and the ranking minority member of the Subcommittee on Public Buildings and Grounds, the gentleman from Minnesota (Mr. STANGELAND), for their time and effort spent in bringing this legislation to the floor.

□ 1245

Mr. Chairman, I yield such time as he may consume to the Chairman of the Committee on Public Works and Transportation, the gentleman from New Jersey (Mr. HOWARD).

Mr. HOWARD. Mr. Chairman, I want to commend the gentleman from Illinois (Mr. FARY), chairman of the Subcommittee on Public Buildings and Grounds, for his leadership in presenting this legislation to the House today. I also want to commend the gentleman from California (Mr. CLAUSEN), the ranking minority member on the full committee, and the gentleman from Minnesota (Mr. STANGELAND), the ranking minority member on the Subcommittee on Public Buildings and Grounds, for their support and hard work on this legislation.

Mr. Chairman, H.R. 3377, authorizing $4,544,000 to the Secretary of Interior to carry out nonperforming arts functions at the John F. Kennedy Center for the Performing Arts for the fiscal year ending September 30, 1982, is virtually identical to S. 1209, currently pending on the Speaker's desk. The funds contained in both measures are the same as those requested by the administration in their budget submission to the Congress. Further, such funds are minimal in order to keep this memorial to a former President operating at the same quality level as other monuments and memorials in the Nation's Capital.

The Kennedy Center functions as a Center for the Performing Arts, a memorial in honor of the late President Kennedy, and a facility for lectures, meetings, and civic activities. The first two functions are primary. The Center has become an important showcase for the performing arts in America and has added immeasurably to the life of Washington.

Mr. Chairman, the Kennedy Center is an integral part of the Washington scene. Tourists have made the Center one of the busiest sightseeing attractions in Washington, and over 20 million tourists have now visited and toured the Center. Visitation at the Center for 1980 was 4.5 million and is projected to reach 5.2 million in 1982. Visitors' services are provided by volunteers from the friends of the Kennedy Center who are responsible for conducting the tours and operating the souvenir stands.

It is apparent that President Kennedy's vision and interest in the arts are being shared by a growing number of citizens all over the Nation for the cultural activities which it provides. It is in the vital interest of us all to maintain the integrity of this magnificent living memorial.

I urge my colleagues to support H.R. 3377.

Mr. STANGELAND. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, as ranking Republican on the Public Buildings and Grounds Subcommittee, I rise in strong support of H.R. 3377, legislation authorizing appropriations for services necessary for the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts here in Washington, D.C.

This measure would authorize funding for essential, nonperforming arts functions for the Kennedy Center during this current fiscal year. In his remarks, the distinguished chairman of our subcommittee has eloquently pointed out that these services and functions, including normal maintenance, upkeep and security, must be performed to preserve this important National Arts Center and living memorial to the late President Kennedy.

The legislation we are now considering will provide for a very modest increase over fiscal year 1981 funding levels and is needed to cover escalating costs for these services due to the inflationary pressures we have experienced over the past year. Recognizing the importance of adequate maintenance for this National Arts Center and Presidential memorial, the House Public Works and Transportation Committee approved this bill with overwhelming bipartisan support. Additionally, the Office of Management and Budget has stated that this bill complies with President Reagan's budget.

I would like to emphasize that this legislation deals, specifically, with the issue of providing the National Park Service with the needed funding for regular janitorial services and upkeep, maintenance, security, and tourist information functions for the center. Other issues that have previously been associated with the Kennedy Center are not addressed in this legislation and should not be confused with the need to provide this essential funding.

I urge all Members to support H.R. 3377.

● Mr. CLAUSEN. Mr. Chairman, I would just like to echo the sentiments of my distinguished colleagues on the Public Works and Transportation Committee and urge all Members of the House to support this legislation authorizing funds for the nonperforming arts functions of the Kennedy Center. As has been previously mentioned, the Kennedy Center is one of the most visited tourist attractions here in our Nation's capital. Millions of people from around the world have come to Washington to see this spectacular, living memorial to the late President Kennedy. Since this is such a vital part of our national heritage, it is important that we do all in our power to maintain this memorial for future generations.

H.R. 3377 is a very straightforward authorization bill providing an estimated $4.5 million for the ongoing nonperforming arts functions of the Center, such as routine maintenance, upkeep and interpretative services. For the reasons I have mentioned, it is my hope that all of my colleagues lend their support to this legislation. By so doing, an important tribute to President John F. Kennedy will be preserved.●

Mr. STANGELAND. Mr. Chairman, I have no further requests for time, and yield back the balance of my time.

Mr. FARY. Mr. Chairman, I yield back the balance of my time.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. ALEXANDER) having assumed the chair, Mr. GLICKMAN, Chairman of the Committee of the Whole House on the State of the Union, reported that that committee, having had under consideration the bill (H.R. 3377), authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. FARY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

AUTHORIZING APPROPRIATIONS FOR THE NUCLEAR REGULATORY COMMISSION

Mr. UDALL. Mr. Speaker, pursuant to the provisions of House Resolution 217, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2330) to authorize appropriations to the Nuclear Regulatory Com-

mission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and section 305 of the Energy Reorganization Act of 1974, as amended, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Arizona (Mr. UDALL).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 2330, with Mr. GLICKMAN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

The gentleman from Arizona (Mr. UDALL) will be recognized for 15 minutes; the gentleman from New Mexico (Mr. LUJAN) will be recognized for 15 minutes; the gentleman from New York (Mr. OTTINGER) will be recognized for 15 minutes; and the gentleman from California (Mr. MOORHEAD) will be recognized for 15 minutes.

The Chair recognizes the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Chairman, I yield myself 6 minutes.

Mr. Chairman, I am pleased that today the House is giving consideration to a bill authorizing appropriations for the Nuclear Regulatory Commission for fiscal year 1982 and fiscal year 1983. The Udall-Dingell-Lujan-Broyhill substitute bill (H.R. 4255) is a fair and timely compromise that deserves prompt legislative action.

Deliberately, the substitute bill does not address many of the tough nuclear policy issues at hand; that is not the purpose of the authorization process. Separate nuclear policy legislation is progressing through the committees of jurisdiction, and provides a more appropriate context for debating nuclear waste issues, proliferation policy, and licensing reform.

I hope, therefore, that my colleagues will resist the temptation to offer amendments likely to impede the passage of this bill.

Mr. Chairman, before summarizing the key provisions in the substitute bill, let me briefly relate the history that led to this compromise agreement.

On April 10, 1981, the Interior Committee favorably reported its version of H.R. 2330. The Energy and Commerce Committee, after a sequential referral, reported a different version of the bill on June 9, 1981.

The differences between the two committees were, in fact, quite substantial. For example, the Energy and Commerce Committee approved several controversial changes in the licensing process for nuclear powerplants that had not been previously approved by the Interior Committee. Subsequent to the filing of their separate reports, the committees worked together to develop a mutually acceptable vehicle for orderly House action; and, we believe we have found such a vehicle in the substitute bill H.R. 4255.

The substitute includes a compromise agreement on all differences between the two committees, thereby precluding the need for any committee amendments during this floor debate. The bill enjoys the support of the nuclear industry. Major environmental and safe energy groups do not oppose the substitute and are not lobbying for changes in the licensing provisions.

Tracking the recommendations of the Interior Committee, H.R. 4255 authorizes a total appropriation for the NRC of $485,873,000 during fiscal year 1982 and $513,100,000 during fiscal year 1983. This is the first time that the NRC authorization has been placed on a 2-year cycle. The authorization levels in the substitute bill are approximately 3 percent less than the total amount requested by the Commission in the Reagan budget for fiscal year 1982, and approximately 3.3 percent less than the agency requested for fiscal year 1983. These percentages translate into budget cuts of $14,827,000 in fiscal year 1982 and a reduction of $16,900,000 in fiscal year 1983.

The proposed substitute places restrictions on the amounts and uses of funds available to the Commission for the nuclear data link program; and, limits the availability of funds during fiscal year 1982 for the continuation of tests at the LOFT facility.

Responding to the alleged possibility that, at various times during the next couple of years, a few nuclear plants may sit idle awaiting completion of their NRC licensing proceedings, the substitute bill will allow the issuance of full power temporary operating licenses (TOLS). Under the substitute, a temporary license would first be limited to no more than 5 percent of a reactor's rated full thermal power. Subsequently, and contingent upon utility application and Commission approval, the plant could be allowed to operate at levels up to and including full power.

The H.R. 4255 compromise also provides the Commission and the nuclear industry with some relief from the Court of Appeals' November 19, 1980, decision in the Sholly case (*Steven Sholly, et al.* v. *NRC, et al.*, U.S.C.A. D.C. Cir., No 80-1691). The substitute bill authorizes the Commission to issue license amendments, effective upon issuance, without holding a prior hearing, upon a determination that the amendment involves no significant hazards consideration.

Mr. Chairman, let me close with some observations about the current state of the Nuclear Regulatory Commission and the commercial nuclear industry.

There is no doubt that these are hard times for the nuclear industry. Electric utilities, among the Nation's most capital-intensive industries, are particularly vulnerable to today's high interest rates. The situation is even worse for those utilities in the midst of building nuclear plants due to the financing of these projects with their inherently large up-front capital costs.

Visible manifestations of the nuclear industry's financial straits abound: Some utilities are canceling nuclear projects already underway; new plant orders have not been placed for several years and are not likely in the foreseeable future; utilities are deciding to stretch out their reactor construction schedules; utility bonds are being downgraded; and, investor confidence in nuclear utilities is eroding, in part because a $1 billion accident resulted from a stuck open valve.

Another consequence of nuclear's economic woes is the tendency to blame the regulators for an inordinate share of the problem. While I am among the first to criticize the agency when it fails to do its job, I think it is a bum rap to say as the administration does that:

> The Federal government has created a regulatory environment that is forcing many utilities to rule out nuclear power as a source of new generating capacity, even when their consumers may face unnecessarily high electric rates as a result.

This attitude can only make it more difficult for the Commission and the NRC staff to fulfill its regulatory mission.

While it is unfair to blame NRC for the preponderance of problems facing the nuclear industry, the regulatory system is not working as it should. It seems to me that the agency to some degree may suffer from an identity crisis resulting from the many confused and conflicting signals being sent by its numerous critics.

The purpose of the authorization bill before us today, therefore, is to provide the Commission with some badly needed guidance and direction. The bill is an even handed compromise that will give the Commission and staff a clear congressional statement about the course that should be followed over the next 2 years; namely, get on with the job, but with great caution.

Mr. Chairman, that concludes my opening remarks. There are several points that I would like to develop in greater detail, so I ask unanimous consent to revise and extend my remarks.

TWO-YEAR AUTHORIZATION

For the first time, and building upon an Interior Committee initiative from the last Congress, H.R. 4255 is a 2-year authorization for both fiscal year 1982

and fiscal year 1983. The Interior Committee believes that inherent in this 2-year authorization is the potential for significant reduction in the congressional legislative workload without impairing the ability of Congress to exercise effectively its jurisdiction over the NRC and the regulation of the commercial nuclear industry. Also, the proposed substitute will promote more coherent fiscal planning and program and policy continuity at the NRC.

Mr. Chairman, let me assure my colleagues that the NRC authorization levels for fiscal year 1983 contained in the substitute bill are not the result of pulling numbers from a hat. In testimony before the Interior Committee, the Commission described the following internal budget process the agency went through in developing its authorization request:

This process included detailed office submissions for both fiscal years (that is fiscal year 1982 and fiscal year 1983) based on the guidance provided in the PPPG. All of the office submissions were subjected to successive reviews by the Office of the Controller, the Budget Review Group headed by the Deputy Director for Operations, the EDO and the Commission prior to submission to the Office of Management and Budget. At each review step, the office directors were encouraged to discuss their requirements and to advise the reviewers of any impacts that proposed changes on their fiscal year 1982 budget request might have on fiscal year 1983. Through the EDO level, equal attention was given to both budget year and the outyear estimates.

The Commission, having gone through the process of developing and reviewing a 2-year budget request, supports a 2-year authorization.

The Interior Committee recommended a 2-year authorization for the NRC with full understanding that there will always be greater uncertainty with regard to the funding requirements of the second year of the 2-year cycle vis-a-vis the first year of the cycle. With this in mind, a reprograming procedure is provided in the substitute bill that will enable the NRC and the Congress to work together to reallocate authorized funds in the event circumstances change during the authorization period. In addition, the option is always available to the Commission to request a supplemental authorization of appropriations; and the Congress can amend the authorizing legislation.

RECOMMENDED FUNDING LEVEL

Amidst current talk of the need for additional massive cuts in Federal spending, H.R. 4255 authorizes about 3 percent less each year than the amount recommended for NRC by President Reagan; I would have preferred the larger 5-percent reduction recommended by my Subcommittee on Energy and the Environment. I must note that it is unfortunate that at a time of fiscal belt-tightening imposed primarily upon those of our citizens least able to afford it, that the administration has seen fit to further subsidize the nuclear industry.

The Commission's budget could readily be reduced another $20 million were it not for their having to devote effort to licensing of the Clinch River breeder reactor. This expenditure would be bad enough if this technological dinosaur were actually going to be built and operated. But, President Reagan's nuclear policy notwithstanding, it is unlikely that Clinch River will ever exist and, therefore, requiring NRC staff to devote resources at this time to licensing this machine merely compounds the folly. The administration's unwise focus on Clinch River and reprocessing is but one of the many manifestations that the nuclear technology, whatever its potential, is beyond rational direction.

Clinch River and reprocessing are not relevant to our foreseeable needs. The best course of action is to place these technologies on the back burner while devoting primary emphasis to insuring the safety and reliability of the current generation of light water reactors. Similarly, the administration's recent proposals for nuclear plant licensing reform are unlikely to have significant effect on those reactors already online or in the licensing pipeline. I would hope the administration will recognize these realities as it develops more specific proposals.

Mr. Chairman, it seems to me—and I am reiterating a point I have made before—that for the next several years the most important and difficult tasks facing the Nuclear Regulatory Commission will be to assure the safety of operating reactors and to issue licenses for the reactors under construction in a manner that is efficient and takes the proper account of lessons of Three Mile Island, and other places.

The authorization levels and policy in H.R. 4255 provide a legislative framework for achieving this objective.

TEMPORARY OPERATING LICENSES

I have reluctantly supported the compromise provisions in H.R. 4255 which will allow issuance of a temporary operating license (TOL) for a nuclear powerplant prior to completion of hearings required by the Atomic Energy Act on the matter of whether the plant is in fact in compliance with the Commission's regulations. I have agreed to this measure because it builds upon section 192 of the Atomic Energy Act and contains safeguards in the form of several requirements for detailed Commission review before interim operation is allowed.

From the time NRC first requested authority to issue interim licenses, the underlying rationale has been that in the wake of the accident at Three Mile Island, the NRC staff had turned from licensing to questions raised by the accident. As a result, the licensing schedules purportedly fell behind construction schedules and we were faced with a situation where it was projected that plants would be ready to operate prior to the projected completion date of the OL hearing. I think that experience is now showing that plants have not been ready to operate on the anticipated dates, and that there is little foundation to the fear of plants lying idle prior to completion of established licensing procedures.

I simply am not as confident as the majority of my colleagues seem to be that the reactor safety situation is so well in hand that we can afford to shortcut the nuclear regulatory process. On the other hand, I am not in a position to say unnecessary licensing delays will never occur, and I consequently have worked with Chairman DINGELL, Mr. LUJAN, and Mr. BROYHILL to craft a compromise temporary operating license provision subject to the understanding that there will be thorough Commission review in every instance involving issuance of an OL prior to completion of hearings.

I hope that the Commission, in carrying out its responsibilities under this compromise will not succumb to what may appear to it to be irresistible political pressures. Nor should the Commission close its eyes to situations where safety is not as assured as the Commission believes it should be. The Commissioners and NRC staff should realize that in the event of an accident resulting in whole or in part from insufficient scrutiny by the NRC, the Commission will be called to account. In such circumstances, the Commission should expect little sympathy from Congress or the general public for excuses, irrespective of any person's current belief as to the wisdom of expediting the licensing process.

SHOLLY DECISION

Section 11 of H.R. 4255 provides NRC and the nuclear industry with relief from the court of appeals decision in Sholly against NRC. In this decision the court interpreted the Atomic Energy Act (section 189a) to require the NRC, upon request, to hold a hearing on every operating license amendment application, even when the Commission determines that the amendment entails no significant hazards consideration. The ruling reverses nearly 20 years of NRC administrative practice, and has the potential to get the Commission mired in insignificant regulatory matters.

An effect of the section 11 compromise is to allow the Commission to approve licensing amendments for nuclear power reactors, upon a determination by the Commission that the amendment involves no significant hazards consideration, in advance of public notice of that action.

In supporting this compromise provision, I subscribe to the view that NRC should exercise with great care the

new authority to issue immediately effective license amendments in advance of public notice. I urge NRC to employ as an operating presumption that whenever practicable public notice of the filing of an amendment will be given before the amendment is made effective. In my view, this presumption should be especially strong in the case of license amendments, such as the venting of krypton gas involved in the Sholly case, that are in practice irreversible, because in such cases failure to provide notice will effectively deny members of the public their right to any hearing.

The substitute bill directs NRC to promulgate standards for determining whether or not an amendment to a license involves no significant hazards consideration. In my view, the purpose of these standards is to define a threshold determination of the nature of the issues raised by the proposed amendment, rather than attempting to reach a conclusion on the merits of those issues. The latter conclusion should result from, rather than precede, the hearing process in those cases in which a hearing is requested.

NUCLEAR DATA LINK

Reiterating the strong position taken by the Interior Committee, the substitute bill (H.R. 4255) restricts Nuclear Data Link funding far below the levels requested by NRC. Broad-based criticism of the data link has been brought to my attention by members of the Advisory Committee on Reactor Safeguards, individual NRC Commissioners, and the nuclear industry. While I would be among the first to agree that NRC must have easy access to any technical data that is needed to fulfill its regulatory mission—particularly in emergencies—the need for the NDL, as currently envisioned by NRC staff, is poorly defined and ill-conceived. During this time of massive across-the-board Federal budget cuts, the $11.3 million requested for the data link is a prime area for belt-tightening at the NRC.

LOSS-OF-FLUID TEST FACILITY

Funds for the continuation of tests at the LOFT facility (loss-of-fluid test facility) are limited to $30 million during fiscal year 1982 by the substitute bill. This amount is about $15 million less than the amount requested by NRC for that test program. The LOFT provision in H.R. 4255 is identical to one reported by the Interior Committee in its version of H.R. 2330, and is based in large part on a recommendation from the Advisory Committee on Reactor Safeguards (ACRS). The ACRS wrote in its February 1981 report to the Congress on the NRC safety research program in fiscal year 1982:

> We recommend therefore that the NRC test program in LOFT be terminated by the end of fiscal year 1982, and that the budget for fiscal year 1982 not exceed $30.0 million. This budget will, in our opinion, allow an orderly termination of the program and will at the same time make possible completion of the significant tests under consideration. (From NUREG-0751, page 19).

In a July 1981 report to the NRC Commissioners, the ACRS reaffirmed the view expressed earlier in its report to Congress and added a strongly held view that there exists:

> An urgent need to transfer the funds thereby made available (that is, made available by the termination of the LOFT test program by the end of fiscal year 1982) to other safety research programs which would contribute much more effectively to reactor safety. (From NUREG-0795, page 17).

Just last month, another group of technically competent nuclear experts came to a conclusion about LOFT similar to that reached previously by the ACRS. This second group, known as the reactor safety research review group, was established to report to the President's Nuclear Safety Oversight Committee. The review group, chaired by Prof. Norman Rasmussen, made the following comments in its final report:

> The LOFT program has been a success in that it answered satisfactorily the major question of reactor safety for which it was designed, but it does not directly address the key safety problems that are apparent today. The review group is reluctant to suggest termination of a facility with such a capable staff and one that represents a large capital investment.
>
> But the expense of its operation leans to the conclusion that it is no longer a cost-effective facility. It is unlikely to uncover any major new safety issue. The review group has identified a number of high priority areas in which research results are badly needed, and for which the resources saved through phasing out LOFT should be applied. (Report of the Reactor Safety Research Review Group to the President's Nuclear Safety Oversight Committee, September 1981, page II-2).

The review group concluded that the LOFT program should be phased out in an orderly manner.

The substitute bill makes no statement with regard to LOFT expenditures in fiscal year 1983. The fact that H.R. 4255 is silent on the question of LOFT expenditures in fiscal year 1983 means neither that the Interior Committee, nor the sponsors of the substitute bill, have agreed that LOFT tests should be continued beyond fiscal year 1982.

For myself, I think the LOFT program has served a useful function during the nearly 20 years it has been in progress. But now, the time has come for phasing out the test series by the end of fiscal year 1982. Approximately 1,000 people are now working on LOFT at the Idaho national engineering lab; and I am aware of the concern that the termination of LOFT will lead to the breakup of this valuable human resource. While such a brain drain may occur, I suspect it can be avoided by creative personnel management from an administration committed to the revitalization and expansion of commercial nuclear power. In any event, there can be no sufficient justification for dragging out the duration of the LOFT test series at the expense of higher priority reactor safety research.

EMERGENCY PLANNING

The substitute bill authorizes NRC to issue reactor operating licenses, under certain conditions, in the absence of federally approved offsite emergency plans. This provision continues the emergency planning and preparedness policy established by section 109 of Public Law 96-295 (the fiscal year 1980 NRC Authorization Act), but extends the deadline for full compliance.

In the interest of keeping the legislative history intact, I remind my colleagues that Congress, spurred on by recommendations of the major inquiries into the TMI accident, enacted in Public Law 96-295 a provision requiring the existence of a federally approved State emergency plan as a condition for receiving a reactor operating license. At the time this licensing requirement was mandated, specific recognition was given the fact that a grace period should be provided to State and local governments to upgrade their existing plans. Also, additional time was needed for the Federal Government to get its house in order to the point where NRC and the Federal Emergency Management Agency could effectively coordinate their efforts to establish criteria for acceptable State and local plans, and then certify the adequacy of such plans. Nonetheless, the intent of Congress was, and remains, as clearly stated in the conference report accompanying Public Law 96-295 that—

> (U)ltimately every nuclear plant will have applicable to it a state emergency response plan that provides reasonable assurance that the public health and safety will not be endangered in the event of an emergency at such plant requiring protective action. (From the Conference Report No. 96-1070, p. 28).

RESIDENT INSPECTOR PROGRAM

Finally, let me say a few words about the NRC's resident inspector program which the Commission has called the heart of its nuclear reactor regulation efforts. This relatively new program is intended to place a full-time NRC inspector onsite at each plant under construction; two inspectors at each operating or preoperational site that has at least two units; and, at least one inspector at each operating or preoperational site with one reactor. I am impressed that resident inspectors significantly enhance the agency's ability to monitor licensee's compliance with the Commission's regulations on a day-to-day basis. I am pleased, therefore, that H.R. 4255 au-

thorizes in full the increase requested by NRC to cover personnel expenses due to expansion of the resident inspector program. Based on Interior Committee oversight of this program, I think there is merit to increasing to two or three the number of resident inspectors stationed at each site.

I must make clear, however, that the benefits of the resident inspector program do not compensate for my growing unease about the adequacy of quality assurance and control by NRC and its licensees over nuclear plant construction.

That concludes my remarks, Mr. Chairman. I urge my colleagues to approve the substitute bill without debilitating amendments.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. OTTINGER), and will protect the time of the gentleman from New Mexico (Mr. LUJAN).

Mr. OTTINGER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 2330, as amended by the substitute. I would like to commend my colleague, the chairman of the Committee on Interior and Insular Affairs, the minority member of my subcommittee, and the minority member of the full committee, for working out a successful compromise on what was a number of fairly controversial issues.

H.R. 2330 was originally introduced in the House on March 4 of this year by the distinguished chairman of the Committee on Interior and Insular Affairs, the gentleman from Arizona. As introduced, H.R. 2330 provided the Nuclear Regulatory Commission with an authorization of appropriations for fiscal years 1982-83. Although the bill was reported by the Committee on Interior and Insular Affairs with a substitute text, it remained, in essence, a simple 2-year authorization with an across-the-board reduction in authorizations, limitations on expenditures for the nuclear data link program and the loss of fluid test facility, a directive on the interim consolidation of the Commission headquarters staff in the District of Columbia, and a prohibition on the use of any funds authorized by the bill for the actual decontamination, cleanup, repair, or rehabilitation of the Three Mile Island unit 2, nuclear power reactor.

□ 1300

Under the rules of the House, H.R. 2330 was then sequentially referred to the Committee on Energy and Commerce on June 4, 1981. The bill was ordered by the Committee on Energy and Commerce with an amendment in the nature of a substitute. The reported bill restored the funds cut by the Committee on Interior and Insular Affairs, included a directive on the interim consolidation of the staff as well as a number of specific directives on the use of funds affecting such issues as the licensing process, emergency prepardness plans, the Commission's safety goal, and the Commission's relationship with the Department of Energy regarding the disposition of radioactive materials resulting from the cleanup of the damaged Three Mile Island Unit 2 nuclear reactor. Consequently, the differences in the bill as reported by each committee were numerous and substantial.

Despite the fundamental nature of the disagreements in the bill as reported by each committee, the House has before it today a compromise which has been agreed to by the chairmen and ranking minority members of the Committee on Interior and Insular Affairs and the Committee on Energy and Commerce and each committee's relevant subcommittee. This compromise, introduced into the House as H.R. 4255, resolves all issues in disagreement in the bill as reported by each committee and avoids the necessity of having each committee offer, as separate amendments, each item in disagreement, thus greatly facilitating floor consideration of this bill.

The compromise provides a total authorization of $485,873,000 for fiscal year 1982 and $513,100,000 for fiscal year 1983, which is approximately $15 million below the amount requested for fiscal year 1982 and approximately $17 million below the amount sought for fiscal year 1983. Most of this reduction is to be absorbed by a reduction in funding for the nuclear data link program, which is to be limited to a prototype system until the Congress has an opportunity to review the need for a full scale system. This, however is, in my opinion, a very promising system. The work on it ought to go forward expeditiously under the authorization that is provided. The bill also limits the funds available for the operation of the loss of fluid test facility. Funds are provided to the Commission for the purpose of consolidating the headquarters staff offices in the District of Columbia.

There are three provisions in the bill which deserve special consideration. Section 8 authorizes the Commission to use such funds as may be necessary to issue an operating license, including a temporary operating license, in the absence of a State or local emergency preparedness plan which has been approved by the Federal Emergency Management Agency, if it determines that there exists a State, local, or utility plan which provides reasonable assurance that public health and safety is not endangered by the operation of the nuclear power reactor in question.

The purpose of this section is to clarify certain legal ambiguities in the NRC's emergency planning regulations regarding the question of whether the Nuclear Regulatory Commission, in the absence of a Federal Emergency Management Agency approved State or local emergency preparedness plan, could issue an operating license if it determines that there exists such a plan which provides reasonable assurance that the public health and safety will not be endangered by the operation of the facility. This section restates the position contained in section 109 of Public Law 96-296 by clarifying that the Commission does have the authority to make an independent determination, in the absence of a plan approved by the Federal Emergency Management Agency, that there does exist a plan, proposed by either the affected State or local government or utility, which provides reasonable assurances that the public health and safety will not be endangered by the operation of the facility.

Section 11 of the bill authorizes the Commission to use such funds as may be necessary to issue and make immediately effective amendments to a license for a nuclear power reactor upon the determination by the Commission that the amendment involves no significant hazards consideration, and may do so in advance of the conduct and completion of any required hearing and after notice to the State in which the facility is located. The Commission is directed, when practicable, to consult with the State in which the affected facility is located before the issuance of an amendment, provided that such consultation does not delay the effective date of any such amendment, which, in all other respects, is to meet the requirements of the Atomic Energy Act of 1954. The Commission is directed to publish in the Federal Register periodically, but not less frequently than 30 days, notice of amendments issued, or proposed to be issued, which such notice is to include all amendments issued, or proposed to be issued, since the date of publication of the last periodic notice. The section also specifies that certain information is to be included in the Commission's notice.

Also added was a directive to the Commission to promulgate within 90 days from the effective date of the act, standards for determining whether a license amendment involves no significant hazards consideration. This section is a modification of a provision contained in the Committee on Energy and Commerce reported bill.

The question of the Commission's authority to issue and make immediately effective license amendments which involve no significant hazards consideration was raised as a result of a decision by the U.S. Court of Appeals for the District of Columbia Circuit, in Sholly against Nuclear Regulatory Commission, as my friend, the gentleman from Arizona (Mr. UDALL) has indicated. This decision held that

section 189(a) of the Atomic Energy Act requires that the Commission conduct a hearing on any amendment to a license, even if the Commission determines that the amendment involves no significant hazards consideration. It should be noted that the authority given the Commission to issue such amendments prior to a hearing by this provision does not dispense with the requirement that the hearing be held. In giving the authority to the Commission to issue and make immediately effective license amendments which involve no significant hazards consideration, for the period of this authorization, the sponsors of this proposal expect the Commission to construe this authority narrowly, not simply because it prejudges a decision under appeal but also because the suspension of the requirements for notice and especially public hearings prior to the issuance of a license or an amendment could be a major abridgment of the public's rights, and should be carefully limited in its use. The authority given the Commission under this provision is discretionary, and is granted with the expectation that it will only be used in exceptional cases, with notice and the opportunity for hearings, presumed to be the rule rather than the exception.

The same principle is expected to be applied with respect to the authority given to the Commission under subsection 11(b), in that the Commission should operate on the assumption that notice of the filing of an amendment should be given before the amendment is made effective, and the instances when notice is not given is to be the exception. This is particularly true in the case of license amendments, such as the venting of krypton gas raised in the Sholly case, where the result is irreversible and where the failure to provide advance notice effectively deprives the public of any right to object to or to appeal the decision. Moreover, the requirement that amendments be published in the Federal Register is to be the minimum notification requirement, for the Commission and the applicant are free to provide notice through additional mechanisms which serve the purpose of keeping the public fully informed.

In regard to the requirements in subsection 11(c), relating to the promulgation of standards for determining when an amendment involves no significant hazards consideration, it is expected that the Commission will remember that the function of such standard is to assist the Commission in deciding when an amendment will take effect prior to the conduct of the required hearing. Under the provision, the hearing is still required to be held, upon request, only in such cases the hearing will be held after the amendment has been issued. The purpose of the standard, therefore, is not to establish the criteria for deciding the issue raised by the amendment or to judge whether the amendment should be issued at all, but is instead to constitute a threshold determination regarding the nature of the issues raised by the proposed amendment. A decision of the merits of the issue is to result from, rather than precede, the hearing itself. Moreover, any finding by the staff regarding the question of whether a proposed amendment involves a significant hazards consideration or not should not carry any connotation on the merits of the amendment. As with subsection 11(b), this provision should be implemented in a manner which protects the right of the public to a hearing before the approval of any license amendment where the effects are irreversible.

Section 12 of the bill, as amended, gives the Commission the authority to issue temporary operating licenses in accordance with the provisions of section 192 of the Atomic Energy Act of 1954, except that such temporary operating license may be issued: First, in advance of the conduct of completion of any hearing required in section 192 or by section 189 of such act; and second, without regard to subsection (d) of section 192 and the findings required by subsection (b)(3) of section 192. Any hearing held in connection with the requirement of section 192 and the record of such hearing is to be treated as part of and consolidated with the hearing and record required under section 189 whenever the Commission determines that such consolidation will reduce duplication and expedite the resolution of the licensing proceeding. Any temporary license issued pursuant to this section may initially authorize fuel loading, testing and operation of the reactor at a power level which does not exceed 5 percent of its rated full thermal power. The applicant may thereafter request an amendment to the temporary operating license to operate at higher power levels, and the Commission is given the authority to review and approve such requests.

I would like to emphasize that before this authority may be exercised, there have to be full safety reviews and the environmental impact statement must be completed.

Section 12 of H.R. 4255 is based upon section 6 of H.R. 2330 as reported by the Committee on Energy and Commerce. As a part of the compromise, it was agreed that the Commission's authority to issue temporary operating licenses would be limited initially to authorizing only fuel loading, testing and power operation at no more than 5 percent of the reactor's rated full thermal power, and that any operation at greater power levels would require subsequent consideration and determination by the Commission, in accordance, with the procedures and requirements of subsection (a). And that is very important.

Section 12 of the amended bill is an extraordinary provision, and it is essential that its scope be fully understood. First, the authority to issue temporary operating licenses, even limited to only 5 percent of the reactor's rated power level, is discretionary. The Commission decides when the exercise of this authority is necessary, and, as one of the sponsors of this provision, I can state that I expect the authority granted by this provision will be used rarely, if at all, and only in situations in which delay would otherwise occur in the operation of a completed powerplant. This provision is in response to a temporary situation which resulted from the need to divert staff attention away from licensing activities in order to comprehend the lessons from the accident at the Three Mile Island Unit 2 nuclear power reactor, and to incorporate those lessons into the regulations governing the licensing and operation of nuclear power reactors.

The time required to accomplish this objective took longer than expected. While this review was being conducted, construction of planning nuclear powerplants continued, with the result that it appeared that some powerplants would be finished and ready to operate before the completion of the licensing process. While there is clearly a debate about the actual extent of the anticipated delays and of the resulting costs to stockholders and ratepayers from the carrying and financing charges accumulating while the reactor sits idle awaiting licensing, the potential of such an occurrence in a number of instances required action to avoid such consequences. It is now clear, however, from hearings held by the Government Operations Committee chaired by the gentleman from Connecticut (Mr. MOFFETT), that the extent of the problem was overstated, resulting from the Commission's reliance upon the applicants' projected date for the completion of construction rather than an independent determination by the Commission. It now appears that in fact no plants will be delayed. Nonetheless, delays in a few instances may become unavoidable, and it is only in these instances when it is expected that the Commission might exercise the authority provided under this section. Certainly, it is not expected that the Commission will use this authority in regard to any proceeding relating to the licensing of any reactor beyond the 11 identified in the Commission's report as expected to experience possible delays.

A second point which needs to be emphasized is that the criteria for issuing a temporary operating license is exactly the same as required for issuing a normal operating license. All of

the findings which must be made in regard to the granting of an operating license must still be made in regard to the issuance of a temporary operating license, and they must be made with the same degree of confidence. The Commission will still be held to the same standard and, if challenged, must be able to demonstrate in court, if necessary, that it made all the required findings in the balance of the conduct or completion of any required hearing. Thus, the standard to which the Commission is ultimately accountable is, in itself, a deterrent against the potential abuse of the authority provided in section 12.

A third point which should be noted is the fact that the compromise limits the initial temporary operating license to a power level of only 5 percent of its rated thermal capacity. Thus there will be a gradual phase-in of the reactor, and operating at a power level greater than 5 percent will require an amendment to the initial temporary operating licence, thus requiring a further Commission review. I should also note that, because of the extraordinary nature of this authority, only the Commissioners themselves are expected to exercise this authority and not the Commission staff. Moreover, it is expected that, before exercising this power, the Commissioners will make an independent estimate of the construction completion date to determine that, in the absence of action by the Commission under the authority provided by this section, there will be an actual delay in the initial operation of the plant. Such delay, in and of itself, does not constitute sufficient grounds for the exercise of this authority, for the Commission must be able to determine that all the requirements for the issuance of a normal operating license, including all the findings relating to the protection of the public health and safety and the environment and the resolution of all site specific safety issues have been met and that the facility is in compliance with all applicable regulations. It should be emphasized that issuance of a temporary operating license in advance of the conduct or completion of any hearing does not obviate the requirement that full hearings be promptly held and the application for a permanent operating license be pursued diligently.

Moreover, under the provisions of section 192, the Nuclear Regulatory Commission is directed to suspend any temporary operating license whenever it determines that the applicant is not pursuing the normal operating license with due diligence and vigor.

Mr. Chairman, H.R. 2330, as amended by the substitute, represents a reasonable compromise that respects the interests and the concerns of both the Committee on Interior and Insular Affairs and the Committee on Energy and Commerce, and I urge its passage.

I would like to thank the chairman of the Committee on Interior and Insular Affairs, the gentleman from Arizona (Mr. UDALL) and the ranking minority member of that committee, the gentleman from New Mexico (Mr. LUJAN) for their leadership and cooperation in obtaining this compromise. Additionally, I would like to thank the chairman of my own Committee on Energy and Commerce, the gentleman from Michigan (Mr. DINGELL) and the ranking minority member of the full committee, the gentleman from North Carolina, and the ranking minority member of the Subcommittee on Energy Conservation and Power, the gentleman from California (Mr. MOORHEAD) for their contribution and cooperation.

The CHAIRMAN. The time of the gentleman from New York (Mr. OTTINGER) has expired.

The Chair recognizes the gentleman from California (Mr. MOORHEAD) for 15 minutes.

Mr. MOORHEAD. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 2330 as amended by the language contained in H.R. 4255.

This legislation authorizing vital funding for activities undertaken by the Nuclear Regulatory Commission is a consensus bipartisan bill. H.R. 4255 can be considered as a significant first step in streamlining the licensing procedures of nuclear powerplants consistent with necessary safety considerations.

H.R. 4255 among other things provides for interim licenses subject to health and safety requirements. Interim licenses, where appropriate, will play a significant role in solving the serious backlog of the licensing process at the Nuclear Regulatory Commission. DOE and the utility industry calculates this provision will save electric consumers up to $2 billion in replacement power costs and over 200,000 barrels a day in oil-equivalent fuel consumption.

The NRC is authorized—but not required—to issue temporary operating licenses to delayed plants only where environmental and safety reviews have been completed, such as the staff safety evaluation report, environmental impact statement, and Advisory Committee on Reactor Safeguards report.

The temporary operating license may be issued in advance of the final operating license hearing, but not prior to completion of public participation on the enviromental impact statement. Under the Atomic Energy Act, the final operating license hearing is discretionary in uncontested cases and public hearings are held at the construction permit stage.

The temporary operating license must initially limit operation to fuel loading or 5 percent power levels, but may authorize step-by-step progression to higher power levels upon request to the Commission on a case-by-case basis, as under current procedures for final operating licenses.

Temporary operating licenses would be subject to such limits, durations, and conditions as NRC may impose.

NRC's temporary authority to issue such licenses expires September 30, 1983.

Eleven plants may request temporary licenses in order to avoid 63 months of delay and over $1 billion in higher replacement power costs to consumers by the end of 1983, according to utility estimates. Another 57 plants scheduled to be completed by the mid-1980's may be caught in NRC's "pancaked" licensing logjam unless the temporary licensing authority is granted.

Additional licensing reforms will remove non-safety-related technical roadblocks to more efficient Federal regulation of nuclear powerplants.

Another very important part of this legislation is contained in section 13 of H.R. 4255. Section 13 sets up an independent advisory panel representing the public, industry, and the States to study the licensing process with an emphasis on streamlining the licensing process. This panel is required to work with the NRC in order to submit conclusions and recommendations to the Congress. The French and the Japanese can license a nuclear powerplant in less than 7 years. It takes us about twice that time. Obviously there is room for improvement. We can do the job quicker without sacrificing safety and health concerns. Like many areas of regulatory reform, this legislation gives the Congress an opportunity to make necessary regulation much more efficient. The fruits of our labor will certainly be reduced power bills, reduced consumption of foreign oil, and a more rational and efficient use of scarce capital. I urge my colleagues to support H.R. 4255.

□ 1315

At this time, Mr. Chairman, I yield 2 minutes to the gentleman for Illinois (Mr. CORCORAN).

Mr. CORCORAN. Mr. Chairman, I rise in strong support of H.R. 2330, the fiscal years 1982 and 1983 authorization for the Nuclear Regulatory Commission. This 2-year authorization legislation authorizes approximately $1 billion and is slightly under the adminstration request. H.R. 2330 was reported by the Interior and Insular Affairs Committee on April 10 and by the Energy and Commerce Committee on June 9. Agreement on a compromise bill by the leadership of the two committees was indicated on July 23

with the introduction of H.R. 4255, which is essentially the language that the House now has under consideration.

More important than the funds authorized by this bill, H.R. 2330 incorporates several important policy initiatives, and I commend the two committees for the adoption of this bipartisan compromise. As a member of the Energy Conservation and Power Subcommittee and the Energy and Commerce Committee, I would especially like to urge the support of my colleagues for this bill because of two important provisions.

First, section 11 of H.R. 4255 would allow the NRC to grant routine license amendments without prior notice if it determines that such amendments involve no hazard to the public health and safety. This provision would overturn a decision last year by the U.S. Court of Appeals for the District of Columbia Circuit, Sholly against NRC, which held that a public hearing must be held prior to issuance of an amendment to an operating license even if the Commission determines that it would involve no hazard to the public. The NRC has recommended legislative relief along the lines of this bill to preclude the problems that would be created if Sholly were allowed to stand.

Second, section 12 of H.R. 4255 would permit the NRC to authorize temporary operation of a nuclear power plant, once all safety and environmental reviews are finished and all that remains outstanding is completion of the final public hearing at the end of the procedural process involved. It is important to note that NRC is not required to grant such interim operating licenses.

These two provisions taken together should go a long way in granting the NRC the authority to adopt a reasonable approach in its licensing procedures without eliminating public hearings and environmental reviews. At a time when French and Japanese require nuclear plant leadtimes of about 7 years as contrasted to the 12 to 15 years that seems to be required in the United States, these provisions are necessary and reasonable. I might also note that these provisions are in line with the President's October 8 nuclear power statement.

Mr. Chairman, I strongly urge the adoption of the language contained in H.R. 4255 as the House considers H.R. 2330.

The CHAIRMAN. What the Chair will do at this time, if it is satisfactory, is recognize the gentleman from California (Mr. CLAUSEN) for 15 minutes, representing the minority on the Interior and Insular Affairs Committee.

Mr. CLAUSEN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise to present a statement on behalf on myself and the ranking minority member, the gentleman from New Mexico (Mr. LUJAN), as well as the other minority members of the Interior and Insular Affairs Committee. I generally want to commend all of those that have been involved in both of the committees for the coordinated and comprehensive effort they have put forth to bring about what I think is a very satisfactory compromise.

Mr. Chairman, I rise today in support of H.R. 4255, the proposed authorization bill for the Nuclear Regulatory Commission for fiscal years 1982 and 1983. This bill is the result of a considerable amount of negotiation between members of the Interior Committee and the Energy and Commerce Committee. It includes key provisions on various matters which were addressed in the two different versions of the original bill, H.R. 2330, which these committees reported in April and June respectively.

H.R. 4255 contains a 3-percent reduction in funding below the amount requested in the administration's budget for both 1982 and 1983. It contains a $30 million limitation on the funding of tests at the loss of fluid test facility (LOFT) during fiscal year 1982. You will note that H.R. 4255 is silent on fiscal year 1983 funding. Various recommendations have been made by such groups as the Advisory Committee on Reactor Safeguards (ACRS) to terminate these tests. I think it would be more prudent to wait until that time draws closer to make a decision on termination. We have made a major investment in the LOFT tests and further testing may be necessary in the years ahead. I am amazed at the large number of personnel involved, but I am not ready to close down this important operation.

Funding for the proposed nuclear data link program has been reduced from $11.3 million to $200,000. I agree with this major reduction and urge the Commission to review its other expenditures to see where other cuts can be made to overfunded programs.

H.R. 4255 contains authority which will allow the Commission to issue a temporary operating license (TOL) to a nuclear powerplant prior to the completion of hearings on the question of whether or not that plant is in compliance with the Commission's regulations. NRC has requested this authority and we have been assured that it will not be employed unless absolutely necessary and unless all safety considerations have been taken into account.

Another provision in H.R. 4255 grants NRC the authority to approve an amendment to a nuclear power reactor license in advance of public hearings where that amendment involves no significant hazards consideration. This provision will relieve NRC of the unreasonable requirements imposed on it by the court of appeals decision last year in the case of Steven Sholly, et al. against NRC, et al. The court held that NRC must hold a hearing whenever requested, even when the Commission determines that the hearing involves no significant hazards consideration. H.R. 4255 also directs NRC to promulgate standards for determining whether or not an amendment involves no significant hazards consideration.

Thank you, Mr. Chairman. I urge the passage of H.R. 4255 and hope my colleagues will not attempt to load it up with extraneous amendments tomorrow.

Mr. UDALL. Mr. Chairman, I have no requests for time and I reserve the balance of my time.

Mr. MOORHEAD. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas (Mr. COLLINS).

Mr. COLLINS of Texas. Mr. Chairman, I rise in support of this Nuclear Regulatory Commission authorization legislation because it makes strong strides toward licensing and regulatory reforms that are essential. The U.S. domestic nuclear industry is moribund in large part because of our adversarial, legalistic, cumbersome, and acrimonious regulatory labyrinth. The proposals for change in H.R. 2330 should begin to remedy our current situation where 12 to 13 years are required to license a nuclear plant in the United States while only 7 to 8 are needed to do the same work in Europe and Japan.

Consumers have been burdened and inflation has been fueled by the interminable delays that the Federal nuclear regulatory structure fosters. It can cost a utility, and therefore consumers, up to $320,000 a day for as long as the company has to keep a completed plant out of operation because of bureaucratic and institutional delays. In Texas, the Comanche Peak unit 1 can expect a 10-month delay during 1981 and 1982. As a result of these kinds of delays, the electricity consuming public has had to bear $2.5 billion in costs directly related to licensing delays.

This NRC legislation seeks to deal with this licensing problem I am so concerned about in three important ways. First, it allows the NRC to issue interim operating licenses to plants even though the entire hearings process is incomplete. This is an improvement directed at eliminating delays caused by endless hearings even though all environmental and safety reviews have been finished.

Second, the authorization modifies the effects of Sholly against the Nuclear Regulatory Commission decided last year by the U.S. court of Appeals here in the District of Columbia. Sholly would have required the NRC to hold a hearing upon request on any

license amendment even though it does not involve a safety-related issue. When you consider that the NRC has allowed over 1,600 license amendments during the last 4 years where no safety issue was concerned, it becomes clear that unless Sholly is modified we will be in an acute delay quagmire that makes the present backlog look mild.

Third, the NRC will be required to conduct a study to determine how the time required for licensing can be cut in half. I normally look askance of studies because they are an excellent way to get nothing done. In this case, however, we need to make a concerted effort to streamline what is an admittedly cumbersome and almost unworkable system. Congress should monitor the progress and results of this study carefully and see to it that its constructive proposals are implemented.

Because I am so concerned about the reactor licensing delay problem, I would like to focus first on the magnitude of the problem and then briefly discuss in more detail some of the reasons for the malfunction of the nuclear regulatory structure.

There are 68 nuclear plants operating today that produce 12,000 megawatts, or 12 percent of the U.S. electrical output in 1980. Nuclear generation actually exceeded generation with oil this last summer. Eighty-nine more plants are now being build or possess low power licenses while 11 more are in preconstruction stages. The Department of Energy projects that 22 percent of the Nation's electricity will be nuclear-generated by 1990. Because of the energy resource that this nuclear capacity represents, we are behooved to strangle it with regulatory delays that serve no safety or environmental purpose. Another reason for getting rid of excessive delay is that each day a plant is kept out of service, we burn more foreign oil than we would otherwise have to. In 1979, we backed out 1.92 million barrels of oil per day that would have cost consumers $21.25 billion. By 1990, nuclear output will back out 3.7 million barrels of crude oil a day. There is wide consensus that electrical generation must move to baseloading with coal and uranium through the rest of this century. If we are, as it has been projected, to have 36 percent of new generation capacity be nuclear and 48 percent be coal, we must move ahead with licensing reforms such as these in H.R. 2330.

I want to share with my colleagues some of my impressions of the causes of licensing delays. Look first at the situation we now have. Because of NRC redirection of staff resources and other idiosyncrasies of our system, there is a licensing backlog that will delay the startup of 13 plants for as much as 90 months. This delay will cost consumers upwards toward $8 billion in replacement fuel and carrying costs. Another 11 plants which have sought construction licenses and will likely be delayed as well.

In a statement this year before Congress, scientists and engineers for secure energy made the statement that:

> It is essential that this country find means to more sensibly and prudently license commercial nuclear reactors.

We find ourselves trying to get out of this licensing mess because we have a system that provides incentives for delay. The licensing procedure consists of numerous appeals, tiers of authority, multitudes of hearings, many of which relate only peripherally to reactor design and safety, and public interventions. When this obfuscatory structure is combined with the high capital and interest cost associated with nuclear construction, an untenable circumstance is created.

The nuclear regulatory mechanism is composed of numerous different elements, none of which are necessarily coordinated with each other. The NRC, EPA, State utility commissions and environmental quality agencies—even zoning and transportation authorities at the local level share regulatory jurisdiction. The issues that are raised range from health protection to the regulation of utility companies. We thus have a fragmented, uncoordinated system.

At the Federal level, the NRC is an agency originally set up to deal with narrow technical issues when it took over from the Atomic Energy Commission. The irony is that the NRC is being asked to make social decisions. A good example of this is the responsibility the Commission has to establish criteria for what constitutes an adequate level of protection for the public from nuclear-related hazards, Congress has essentially left the establishment of these criteria to the NRC with the result being administrative trial and error. To further muddy the waters, decisions by the NRC are often reversed by Federal courts, with the result being messy regulation that discourages the nuclear option and costs consumers billions.

We need to separate political and technical issues in the licensing process. For example, generic issues of safety and construction criteria should be settled in separate forums from the case-by-case plant licensing hearings allowing for ongoing review. Technical questions should then be settled using that framework as a guide in the context of individual plant licensing. The current system is fraught with an uneven application of criteria for public safety associated with different energy technologies. A more workable approach would establish a uniform system of standards for all technologies. This would prevent the same generic questions from being tried over and over again in each licensing proceeding.

Another delay source has to do with the abuse of the regulatory system by intervenors. Although important issues have been raised by intervenors, their participation most often takes the form of opposition to regulatory decisions. This opposition is usually of the special interest, politically oriented variety. The vast majority of people who may be affected by nuclear power never really achieves input into the health protection criteria issue.

At the base of the public participation problem is the failure of the regulatory system to ferret out the political issues from the technical ones. The result is the use of the system by intervenors as a forum for political and social conflict. The public bears the cost, of the resulting delay as I mentioned before, of $2.5 billion which does not include the price of needlessly imported crude oil.

The reason for the frustration we have experienced with public participation should be clear. It was thought, upon setting up the system, that anti-nuclear activists' interests were beyond the scope of the licensing process. In fact, the intervenors use technical objections to try to influence broader goals one of which is to cause financial distress in the nuclear utility applying for an operating license. The result has been to chill the development of nuclear power because of the attending uncertainty.

We need to make more reforms than the current legislation allows, but this is a constructive step in the right direction of getting the licensing process back on track and effecting regulatory reforms that will be forthcoming in the future.

● Mr. MOFFETT. Mr. Chairman, when the House considers the Nuclear Regulatory Commission reauthorization later this week, I intend to offer an amendment to strike the provision in the bill which permits interim operation of new nuclear plants before the safety hearings are completed. Mr. MARKEY of Massachusetts will join me in that effort.

I believe many Members are familiar with the debate which lies behind this provision and our effort to remove it from the legislation. For nearly a year, the nuclear industry has waged an intensive campaign to convince the American people and the Members of this body that burdensome regulatory procedures at the NRC are preventing new nuclear plants from beginning operations. They have repeatedly insisted in statements to this body and to committees of the House that up to 13 plants are being delayed by the NRC licensing process—at a cost ranging up to $3 billion, according to the industry.

Those claims simply are not true. If the House endorses this interim oper-

ating authority, it will do so only because it is acceding to the wishes of an industry that has grossly exaggerated the delay caused by the licensing process and has seriously and repeatedly misled the Congress and the American people about the status of specific new nuclear powerplants. Endorsement of this provision by the House will in effect reward the industry for having misled the House. We would be fulfilling the industry's wish list without any regard for the facts with respect to the question of delays in nuclear powerplant operations.

I assure my colleagues that I am not making these strong statements based simply on my own observations. These conclusions are based on an extensive investigation conducted by the subcommittee which I chair and on a report of the full Government Operations Committee which resulted from that subcommittee investigation. That report concludes in no uncertain terms that the industry has grossly exaggerated the delay caused by NRC safety hearings and it concludes that the interim operating license proposal is a "remedy without a reason."

That full committee report was approved October 7 by a voice vote. I am proud that the report was passed without dissent and with the active support of several members of the minority, including ranking minority member FRANK HORTON and ranking subcommittee member JOEL DECKARD. That report is being filed and should be available in printed form prior to consideration of our amendment. I urge my colleagues to read that report prior to casting your votes on this amendment. If you keep an open mind about the facts and read this report, I believe you will conclude, as we have, that this interim operating power is an inappropriate device and should be removed from this bill. I will be saying more about our amendment as the week goes on, but I strongly urge careful consideration of the Goverment Operations Committee report entitled "Licensing Speedup, Safety Delay: NRC Oversight" and I ask for your support for our amendment to H.R. 2330.●

● Mr. DANNEMEYER. Mr. Chairman, I rise in support of H.R. 4255, the compromise substitute between the Energy and Interior Committee versions of H.R. 2330, the original bill to reauthorize the Nuclear Regulatory Commission. The most important policy-related changes incorporated in the measure before the House relate to the licensing process for nuclear powerplants. While I would have preferred the stronger provisions in the bill as reported from the Energy and Commerce Committee, the compromise nonetheless moves in the direction of addressing the problem posed by excessive delays in the regulatory process. Specifically—

The bill authorizes, but does not require, the NRC to grant interim operating licenses in advance of the completion of the hearing process, but only in carefully defined situations.

The bill overturns the Sholly Federal court case wherein a district court ruled that public hearings would be required even for routine, technical amendments to plant licenses of a non-safety-related nature.

Finally, the bill requires the NRC to report to Congress within 6 months of the date of enactment of the bill with a comprehensive study on improvements to the licensing process. Upon receipt of the study, the Congress must move expeditiously to enact major and substantive changes in the regulatory process to reduce the time it takes at present to bring a new nuclear powerplant on line.

I want to take this opportunity to relate to my colleagues the case histories of the Diablo Canyon and San Onofre nuclear facilities as examples of the problems of the present regulatory process. Both projects will provide substantial energy for my region of southern California. Nuclear-generated power is especially important to California because of the pollution problems of the Los Angeles Basin, which make fossil-fuel-fired generating plants environmentally unacceptable.

Pacific Gas & Electric Co. first received permission from State, local and Federal officials to move forward with Diablo Canyon over 14 years ago. The two-unit facility will generate more than 2 million kilowatts of electricity when fully operational, a 20-percent increase in the capacity of the present system. This level of power output is the equivalent of 55,000 barrels of oil per day, or 20 million barrels per year. This quantity of oil represents fully 1 percent of our daily consumption of imported petroleum. The financial savings from the power to be generated by Diablo Canyon on this basis total $640 million per year.

Despite the need for this facility, the Columbia Institute for Political Research reported in August of this year in a fact sheet on Diablo Canyon that an application for an operating license for the two reactors has been pending since 1973. Yet, the NRC does not project issuance of an operating license for unit 1 until at least January 1982, if not later. Even if the operating license is issued next year, it will have been 9 years since the first filing and 8 years after the hearing process first began. Unit 1 was completed in January of this year and unit 2 has been complete since June. The weight of the regulatory process is only partially conveyed by the fact that the hearing record transcript now spans over 100,000 pages. The Columbia Institute study points to several factors as contributing to unnecessary delay: NRC staff unpreparedness, failure to impose discipline on hearing boards, and inadequate control of activities not critical to the path of license issuance.

The study goes on to state:

> The cost of the delay to the consumers of California will be at least $500 million, and it could be much higher. These delays also could impair the reliability of the region's electrical generating capacity and affect the area's economic vitality.

The Department of Energy estimates that the cost of replacement power alone is $333 million due to these delays. The utility estimates that the costs of delay for both units 1 and 2, reach $83 million per month, or around $1 billion per year, when capital costs are included. All of this at a time when the residents of California are paying fully 30 percent more than the national average for our electrical needs. The report concludes that the extent of the delays cannot be justified on the grounds of safety or environmental concerns.

The story is the same for the San Onofre facility in my area.

On April 9, 1981, the Southern California Edison Co. testified before the Interior and Insular Affairs Subcommittee on Energy and the Environment in connection with that panel's hearings on NRC operating licenses. The utility identified specific problems with the regulatory process that parallel the problems and recommendations of the Columbia study on Diablo Canyon. The estimates are that delays at San Onofre for units 2 and 3 total $3 million in costs per day: $500,000 in carrying costs such as interest on borrowed funds, and $1 million per day for each unit in replacement costs for energy that could be generated by San Onofre. A Department of Energy report issued in July 1980 calculated that the energy savings from the two new units will be 77,100 barrels of imported oil per day—a $3 million per day savings for the consumers of southern California.

The testimony detailed a 25-month aggregate licensing delay. Within the past year alone, the San Onofre project has been rescheduled twice. Clearly, any delay due to unnecessary regulatory business delays the realization of the substantial energy and financial savings—not to mention environmental benefits—of these nuclear power facilities.

Accordingly, the modest regulatory reforms in the bill now before us must be adopted without further weakening changes through amendments. In fact, more comprehensive changes are in order, and are in fact, quite "doable."

Just last month, the dean of the John F. Kennedy School of Government at Harvard University submitted a report prepared under contract to the President's Nuclear Safety Over-

sight Committee entitled, "Governance of Nuclear Power." In it, the following statement appears in the concluding section:

In general, proposals to streamline the licensing process seem to be right and reasonable. By reducing unnecessary red tape and freeing regulatory resources to focus on unresolved issues, these efforts could cut a 12-year process by as much as one-third. (In France, the total elapsed time from decision to operation of a standard plant was 6 years for the reactors at the Tricastin plant—without evident sacrifice of safety.) Such a result could improve the cost and safety performance of the enterprise, now and in the future.

In conclusion, Mr. Chairman, I strongly believe that the action we will take with the passage of H.R. 4255 must be only the first step in the process of nuclear regulatory reform in the 97th Congress.●

□ 1330

Mr. MOORHEAD. Mr. Chairman, I have no further requests for time, and I reserve the balance of my time.

Mr. CLAUSEN. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. UDALL. Mr. Chairman, I yield back the balance of my time.

Mr. MOORHEAD. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time has expired.

Mr. UDALL. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. BINGHAM) having assumed the chair, Mr. GLICKMAN, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2330) to authorize appropriations to the Nuclear Regulatory Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and section 305 of the Energy Reorganization Act of 1974, as amended, and for other purposes, had come to no resolution thereon.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 3364

Mr. GLICKMAN. Mr. Speaker, I ask unanimous consent that my name be removed from the list of cosponsors of H.R. 3364.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

ISOLATE AN INTERNATIONAL OUTLAW

(Mr. WYDEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. WYDEN. Mr. Speaker, when I saw Libyan leader Muammar Qadhafi celebrating at the death of Egyptian President Anwar Sadat, I was sickened.

I was sickened even more when I contemplated that the United States has tolerated—even patronized—Colonel Qadhafi, despite international thuggery.

It occurred to me, as I believe it has to millions of Americans, that the time has come for the United States to do more than wring its hands. The time has come for us to move to isolate Qadhafi from the world community of responsible nations.

That he is an international outlaw is beyond question.

Qadhafi has sent hit squads of assassins to kill not only Libyan exiles—and potential rivals, but American diplomats and foreign heads of state.

Qadhafi maintains some 16 training camps to educate and nurture terrorism to export throughout the world. He has harbored some of the world's most notorious outlaws.

Qadhafi has interfered in the internal politics of neighboring nations, such as Chad and now the Sudan, for the sole purpose of fomenting instability and chaos.

And if no direct link between Qadhafi and President Sadat's assassination is uncovered, it is safe to say at least Qadhafi encouraged the assassination.

Before his death, President Sadat called Qadhafi a certified lunatic. Former President Jimmy Carter characterized him as subhuman.

Qadhafi has been condemned by liberals and conservatives alike in this country, and yet all we have done is to expel Libyan diplomats.

That is not enough.

That is why I am proposing two initiatives today to put muscle behind our rhetoric of outrage.

Our goal is to cut Libyan revenues, to deny Libya the U.S. technology to build up its terrorist machine and to send a clear signal that Libyan behavior is undesirable and dangerous.

First I am introducing legislation to stop the flow of petro dollars into Libya by creating disincentives, then an outright ban on the importation of Libyan crude oil into the United States.

A $10 per barrel tax on Libyan crude would be imposed immediately. Revenue from this tax would go for purchases in the U.S. strategic petroleum reserve. Beginning in 1983, all imports of Libyan crude would be halted.

Libyan crude oil amounts to 5 percent of U.S. imports, and about 2 percent of our aggregate consumption. But the most important fact is that the United States buys nearly half of all the oil that Libya exports.

I would much rather see U.S. dollars flow into bolstering American defenses through the strategic petroleum reserve than to slide into Qadhafi's hands so he can go on more Soviet weapon shopping sprees to continue his terrorism.

Second, I am also calling on President Reagan to stiffen foreign policy export controls under section 6 of the Export Administration Act of 1979. Under the criteria included in this act, there is clearly cause for cutting off all exports to Libya. It would add starch to the existing controls aimed at curbing terrorism.

I am drafting a letter to the President, and appropriate administration officials, asking them to further limit our exports to Libya.

Qadhafi's conduct is not acceptable international conduct. It is not responsible Arab or Islamic behavior. He is not a missionary of Islam—he is a thug hiding behind the Koran, using pious phrases to mask a mission of terror.

Just yesterday, it was reported that many Arab leaders do not understand how the United States can condemn Qadhafi on one hand, and finance his murdering antics on the other.

The time to end this hypocrisy is now, and I ask my colleagues to assist with my two initiatives. The bill referred to follows:

H.R. —

A bill to amend the Internal Revenue Code of 1954 to impose a tax on the importation of Libyan crude oil and refined petroleum products, to transfer the revenues from such tax to the Strategic Petroleum Reserve Trust Fund, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXCISE TAX ON CERTAIN IMPORTED CRUDE OIL.

(a) IN GENERAL.—Subtitle E of the Internal Revenue Code of 1954 (relating to alcohol, tobacco, and certain other excise taxes) is amended by adding at the end thereof the following new chapter:

"Chapter 54—CERTAIN IMPORTED CRUDE OIL AND PRODUCTS THEREOF

"Sec. 5881. Imposition of tax.
"Sec. 5882. Definitions.
"Sec. 5883. Registration.
"Sec. 5884. Procedures; returns; penalties.

"SEC. 5881. Imposition of Tax.

"(a) IMPOSITION OF TAX.—In addition to any other tax imposed under this title, an excise tax is hereby imposed on Libyan crude oil (and products thereof) which is sold in the United States.

"(b) RATE OF TAX.—The tax imposed by subsection (a) shall be imposed at the rate of $10 per barrel.

"(c) TAX PAID BY IMPORTER.—The tax imposed by this section shall be paid by the importer of the crude oil.

"(d) FRACTIONAL PARTS OF BARRELS.—In the case of a fraction of a barrel, the tax imposed by subsection (a) shall be the same fraction of the amount of such tax imposed on the whole barrel.

"(e) REFINED PRODUCTS.—

"(1) REFINING BEGUN BEFORE SALE.—If the manufacture or conversion of Libyan crude oil into refined products begins before such

oil is sold, the oil shall be treated as sold on the day on which such manufacture or conversion begins.

"(2) APPLICATION OF TAX TO REFINED PRODUCTS.—

"(A) IN GENERAL.—In the case of a refined product of Libyan crude oil, the tax imposed by subsection (a) shall be determined by multiplying the rate applicable under subsection (b) by the barrel-of-oil equivalent of the product attributable to Libyan crude oil.

"(B) BARREL-OF-OIL EQUIVALENT.—For purposes of subparagraph (A), the term 'barrel-of-oil equivalent' means 5.8 million Btu.

"(C) REFINED PRODUCT.—For purposes of subparagraph (A), the term 'refined product' means only refined oil, fuels, and chemical feedstocks.

"SEC. 5882. DEFINITIONS.

"For purposes of this chapter—

"(1) LIBYAN CRUDE OIL.—The term 'Libyan crude oil' means crude oil produced from an oil well located in Libya. For purposes of the preceding sentence, the term 'Libya' includes the seabed and subsoil of those submarine areas which are adjacent to the territorial waters of Libya and over which Libya has exclusive rights, in accordance with international law, with respect to the exploration and exploitation of natural resources.

"(2) BARREL.—The term 'barrel' means 42 United States gallons.

"SEC. 5883. REGISTRATION.

"Every person subject to tax under section 5881 shall, before incurring any liability for tax under such section, register with the Secretary.

"SEC. 5884. PROCEDURES; RETURNS; PENALTIES.

"For purposes of this title, any reference (other than in chapter 45 or section 6429) to the tax imposed by section 4986 shall be treated, except to the extent provided by the Secretary by regulation where such treatment would be inappropriate, as a reference to the tax imposed by section 5881."

(b) CLERICAL AMENDMENT.—The table of chapters for subtitle E is amended by adding at the end thereof the following new item:

"Chapter 54.—CERTAIN IMPORTED CRUDE OIL AND PRODUCTS THEREOF."

(c) DEDUCTIBILITY OF LIBYAN CRUDE OIL TAX.—The first sentence of section 164(a) (relating to deduction for taxes) is amended by inserting after paragraph (5) the following new paragraph:

"(6) The Libyan crude oil tax imposed by section 5881."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to sales of Libyan crude oil, or products thereof, made after the date of the enactment of this Act.

SEC. 2. TRANSFER OF REVENUES TO STRATEGIC PETROLEUM RESERVE TRUST FUND.

The Energy Policy and Conservation Act (42 U.S.C. 6201 et seq.) is amended by redesignating section 166 as section 167 and inserting after section 165 the following new section:

"STRATEGIC PETROLEUM RESERVE TRUST FUND

"SEC. 166. (a) There is established in the Treasury of the United States a trust fund to be known as the 'Strategic Petroleum Reserve Trust Fund' (hereinafter in this section referred to as the 'Trust Fund') consisting of such amounts as are transferred to the Trust Fund under subsection (b). The Trust Fund shall remain available without fiscal year limitation and the amounts in the Trust Fund may be used only for the acquisition and storage of petroleum products in the Strategic Petroleum Reserve.

"(b)(1) The Secretary of the Treasury shall transfer from the general fund of the Treasury to the Trust Fund all net revenues from the tax imposed by section 5881(a) of the Internal Revenue Code of 1954 during the fiscal year. Such revenues shall be so transferred at least quarterly on the basis of estimates made by the Secretary of the Treasury. Proper adjustments shall be made in any amounts subsequently transferred to the extent prior estimates were in excess of, or less than, the actual net revenues from such tax for preceding quarters.

"(2) For purposes of this subsection, the term 'net revenues from the tax imposed by section 5881 of the Internal Revenue Code of 1954 during the fiscal year' means the excess of—

"(A) the gross revenues from the tax imposed by such section during such fiscal year, over

"(B) the sum of—

"(i) the refunds of, and other adjustments to, such tax for such fiscal year, plus

"(ii) an estimate (made by the Secretary of the Treasury) of the total cost incurred by the Federal Government during such fiscal year in collecting such tax and in allocating the revenues of such tax under this section.

"(c)(1) The Secretary of the Treasury is authorized and directed to make available to the Secretary of Energy such sums held in the Trust Fund as the Secretary of Energy determines are necessary for the purpose of acquiring and storing petroleum products in the Strategic Petroleum Reserve.

"(2) Any amount available to the Secretary of Energy under this subsection shall be in addition to any appropriations made under section 167 for the purpose of acquiring or storing petroleum products in the Strategic Petroleum Reserve."

SEC. 3. PROHIBITION ON THE IMPORTATION OF CRUDE OIL FROM LIBYA.

(a) Notwithstanding any other provision of law, after December 31, 1982, no person subject to the jurisdiction of the United States may import, directly or indirectly, into the United States or its territories or possessions any crude oil produced from oil wells located in Libya.

(b) The Secretary of the Treasury may prescribe regulations to carry out the provisions of subsection (a).

(c) For purposes of subsection (a)—

(1) the term "person" includes any individual, partnership, corporation, or other form of association, or any government or agency.

(2) the term "person subject to the jurisdiction of the United States" includes any foreign subsidiary or affiliate of any corporation if nationals of the United States own, directly or indirectly, more than 50 percent of the outstanding capital stock or other beneficial interest in such legal entity.

(3) the term "Libya" includes the seabed and subsoil of those submarine areas which are adjacent to the territorial waters of Libya and over which Libya has exclusive rights, in accordance with international law, with respect to the exploration and exploitation of natural resources.

ECONOMIC RECOVERY PROGRAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 60 minutes.

Mr. GONZALEZ. Mr. Speaker, the President yesterday informed the Nation that he admits to a recession, that he hopes it will be mild and of a short duration. His economic advisers, some of whom have testified before the Subcommittee on Housing of the House of Representatives Committee on Banking, Finance and Urban Affairs, of which I happen to be chairman. Of course, their position is that they have, together with other economists and leaders in and out of the Congress, for some reason or another been refusing to admit that the emperor is naked, so to speak. However, we have been aware, those of us serving on a representative level, for some time antedating this administration; therefore, I wish to remove any lurking suspicions of partisanship in what I have to say.

In my particular case, since 1965 I have been corresponding and visiting, where we have had lucky and fortunate and agreeable relationships and accessible Presidents, such as Lyndon Johnson, whom I consider to be the most accessible public figure I have ever known in my life up to now. As a matter of fact, very few Americans realize how accessible that man was until he became President and then, as he said, often was surrounded by that wall that he had long explained to us had closed in on his predecessors, even though they had said they would not allow it. It also closed in on him. But up to that point, while he was the majority leader and later Vice President his phone at home was listed in the Washington telephone directory, and if you wanted to get hold of him all you had to do was look it up and phone, and if he was at home he himself would take the call. I have found that even some local justices of the peace are not that accessible and available.

In any event, with him in 1965 I raised the issue of the economy, the question of the inevitable pressures that were then beginning to be felt on what I call the soft underbelly of our economy. Unfortunately, he, like succeeding Presidents, for whatever reason, delegated those complicated matters. Actually, they are not that complicated. They are not that simplistic, either; but they are not that complicated. And I find that the average citizen back home has had a better idea of what has been happening than some of the experts we have had as Secretaries of the Treasury, Deputy Secretaries of the Treasury, and other highfalutin' witnesses we have had before the committee. So that for

some time now, those of us serving in a representative capacity have been well aware of what is happening insofar as that impacts the grassroots.

The one thing that I know I have been consistent with, ever since my assignment to the Banking and Currency Committee, as it was known then, when I took my oath of office on January 10, 1962, and the vice chairman, if you could call him that, or the ranking majority member, Wright Patman, who became chairman of the committee the following year in 1963, was what became known as the high enemy of high interest rates. Unfortunately, he was also interpreted to be an enemy of "banking," and, therefore, he had in every campaign for reelection the formidable forces of high money interests arrayed against him, trying to defeat him. I backed him up 100 percent, joined him almost singly on many occasions, and particularly with respect to what he said and what I have believed to this day and what, unfortunately, has turned out to be a very dreary and sad fact in our history of monetary and fiscal affairs in this country, and that is that interest rates are the mechanism by which the wealth in our Nation is distributed. Essentially that.

Also, per se, as a single economic force, interest and the payment thereof is the most inflationary force by definition in economics. This fact seems to be ignored or lost sight of or actually not admitted; at least I have not seen yet any of the big name economists talk that way. Today the country is ravaged. It is actually being pillaged, plundered. Businesses, particularly small ones, are going under, as I said the other week, as popcorn in a popper. And the Congress must respond. For many reasons not simple to define and enumerate in limited time, the Congress has not.

Now, the crisis that we confront has been exacerbated by the administration, the new administration's planned attack on what they called bad conditions that necessitated what I call ERP, or the so-called economic recovery program.

Now, a lot of allusion is made to such predecessor Presidents as President Franklin D. Roosevelt, and the absurdity of this has not been really discussed anywhere that I have seen on the national level.

The other day, during one of the series of hearings that the Subcommittee on Housing has been conducting, both here in Washington as well as out in the field—we have been into various sections of the country thus far, and we hope that before the end of the year we will have an opportunity to have visited every single geographic section or quarter of the country, as well as consistent and sustained hearings here in Washington.

Now, the other day during the hearings I asked this question of the representative of the President's economic advisers, a gentleman by the name of Mr. Jordan. I asked him what he meant and what did the administration mean and what did the Council of Economic Advisers mean when they talked about economic recovery plan. I just asked a simple question. "What is it you are trying to recover to? What is this all about? What do you mean when you say that you are working on an economic recovery plan? To what goal? Full employment?"

After all, that was a factor in last year's election, with our great industrial producing sector of the country sunk in depression, as it continues to be.

I asked: "If that is the case, how in the world can you reconcile what you are advocating as the mechanics of the ERP as leading to that? Now, are you talking about prosperity?"

Because that is what Franklin Roosevelt was talking about. That is what us Democrats have talked about when we talk recovery. We are talking about diminishing unemployment, like Jimmy Carter did. That was the big issue in the Presidential election of 1976—unemployment, the high rate thereof. There is no question in my mind that that pocketbook factor was one of the biggest factors in the election, in the close election of President Jimmy Carter over Gerald Ford. You had an unemployment rate of almost 9 percent, a true unemployment rate.

To the credit and glory of President Carter, in 1 year's time that rate was reduced to less than 7 percent and, in fact, at the time of his departure from office Mr. Carter had presided over probably the longest span of sustained activity in that respect in many years.

□ 1345

Now, at this point we have gone back. There are now about a million more unemployed today than there were when Mr. Reagan took his oath of office on January 20. But yet this economist never answered the question and nobody has bothered to ask the question and have it answered in public, as far as I know.

What is it other than a mandate that they interpret the election of 1980. They say a conservative mandate. Well, pray tell me, conservative in what way? Conserve what? Recovery toward what? And conservative for what purpose? What is it we seek to conserve?

If you are asking Chase Manhattan, we will see the results in the high usurious unconscionable rates that are simply racking this country, pillaging and plundering and actually it is a question not of whether this recession is going to last 3, 4, 5, 6 months or whether it is going to get worse or not. It is a question of race between time and disaster.

What we are witnessing in my opinion is not an ERP or economic recovery, but a giant national Jonesboro, economic Jonesboro. We are having a suicide led by charismatic Jones-like individuals in the financial field, in the economic endeavor.

I go back home. I go into the States of Virginia, Delaware, Maryland, Texas, Arizona and I have small businessmen, by national standards, out of business as of right now.

Now some say as this economist said at the hearings we had exactly a week ago tomorrow—that those probably were homebuilders and that they come and go and that when you had had your peaks and valleys in homebuilding, that this has happened. And I had to remind him that about 50 percent of those who were homebuilders that were reporting they were either out or going under, that those who have already gone under are men who have had this family business for more than three or four decades.

And I am amazed that the executive branch of the Government would be impervious, as reflected in the statements by the Secretary of Treasury, that what if some savings and loan institutions go under. Too bad. They do not believe Government should intervene at all. Maybe they do not deserve to live.

The point I am trying to make is that ever since June 19, 1969, when the prime interest rate was jacked up 1 percent, one whole percentage point overnight—something that had never happened in the history of our country—not even during the height of the Civil War—I then pressured Chairman Wright Patman, asked him to get the newly appointed Secretary of the Treasury, David Kennedy, to come before the committee, which he did, within a week's time.

Since I had only 5 minutes to ask questions, I asked him one question and that was: What, if anything, do you intend to do? And he said, "Nothing, because there is nothing we can do unless we want to change our form of government." This is in the private sector, there is nothing the Government can do.

So I had to remind him of what some Presidents who did care had done, Harry Truman, as well as Lyndon Johnson—and I reminded him that just 3, 4 years before the big Janissaries of the banking world in New York announced prematurely they intended to jack up the prime interest rates by one-half of 1 percent, Lyndon Johnson called them to the White House, that night.

When the President called these presidents of these banks, First City of New York, and the others, he twisted their arms obviously. The papers said

that he kept them there until past midnight. But the following day, just like in the case of Truman's period, they did not announce an increase in the interest rate.

Why not? I asked a question today of the economists and my fellow Congressmen, all of those who defended integrity of the dollar, in finance, and defend what I call the usurpation of this tremendous constitutional power by the banking interest of this country.

We seemingly are at the mercy of the banking interests of this country, with no control over them and no accountability from them to anybody.

Anyway, I asked them this question: Why at a time when over 46 percent of our gross national product was being utilized on the Federal level, during the war, was the Government under President Roosevelt and Secretary of the Treasury Morganthau never having to pay even more than 2 percent interest on its debt or any other servicing? Why not? Why is it the Government has to pay now in excess of 14 percent for long-term bills and notes?

If that is not the most fantastic thing in the history of any nation, I do not know what is.

Why is it that Harry Truman and his administration could finance a war and never have to pay over 2 percent interest? Is that happenstance? Of course not.

Everybody's answer I get from the chairman of the Federal Reserve or all of them since I have been here, four of them, or Secretaries of the Treasury, or experts in and out of the economist hierarchy, all seem to answer interest rates are an act of God, and of course, the citizen back home who know usury when he sees it, or is victimized by it, know better than that and we ought to know that. It is not an act of God. It is man made, and, therefore, it is susceptible to manmade solutions and this is what I have been advocating.

Exactly 3 years ago I wrote and sent a telegram to President Carter—in fact, that is what I was saying. I hope nobody interprets this as partisan, this has been a battle I have been conducting with Presidents since 1965—and on January 7 of this year, and I will place this letter of reply from the Office of Assistant Secretary of the Department of the Treasury, Mr. Gene Godley, signed by a Mr. Moss for him, in the RECORD. This is in answer to the message I had sent to the President in December, and this was when he was going out, and also the fact that I reminded him that I had communicated with President Carter, or I thought I had—I do not know if it ever got to him.

The letter follows:

DEPARTMENT OF THE TREASURY,
WASHINGTON, D.C.,
January 7, 1981.

Hon. HENRY B. GONZALEZ,
House of Representatives,
Washington, D.C.

DEAR MR. GONZALEZ: Thank you for sending us your thoughts on economic policy and your recommendation that programs continue to be geared toward achieving full production and employment. Your letter to the President has been forwarded to Treasury because of the Department's role in formulating and evaluating such policies.

We all share the desire to see a reduction in interest rates. It should be kept in mind, however, that their recent run-up largely reflected overall inflationary pressures within the economy. Those pressures, in turn, to a significant degree had their genesis in skyrocketing energy prices, largely mandated by agencies of foreign governments. Both the Federal Reserve and the Executive Branch are under a mandate to work independently toward the common goal of achieving a productive economy with acceptable rates of inflation. In 1979 and again in 1980, an overriding concern of both bodies was to keep the latest round of energy price increases from generating another ratcheting up of the overall wage-price structure, and yielding a much higher underlying rate of inflation.

The programs advocated by President Carter throughout his Administration have been ones aimed at assuring economic progress, while at the same time attempting to moderate inflation. As a result of such programs, the economy has been able to maintain a high level of activity, even with anti-inflationary policies in force. The President presided over the second longest expansion in the post-World War II era. (The longest was accompanied by the build-up in defense spending in the late 1960's.) Employment has increased by 8.7 million workers during the current Administration—a gain unprecedented over any previous four-year span. Over 58 percent of the civilian U.S. population is now employed—higher than in any period prior to the Carter Administration.

Actions taken by this Administration on the inflation front have been designed to ease upward price pressures, while still allowing room for economic growth. A special feature of the voluntary wage-price guidelines was to allow for flexibility, in order not to stifle the economy with a rigid price structure. In the first year-and-a-half, when the guidelines had the greatest impact, they were estimated to have held the underlying rate of inflation 1 to 1½ percentage points below the rate it would have reached without the program.

In March 1980 actions were taken specifically to reduce pressure on interest rates through credit controls, and were geared to shield areas of the economy that had already been hurt by the accelerating increase in these rates—the motor vehicle and consumer hard goods industries. The result of the March initiative was to cause a dramatic reduction in interest rates. In the short span from early April to late July the prime rate dropped from the 20 percent to the 11 percent range.

However, we have to recognize that the inflation in the U.S. economy is not susceptible over the long run to programs which, by their nature, can have only limited duration. Energy policies introduced during the Carter Administration were therefore developed to achieve a fundamental reduction in the demand for imported oil, helping to protect the economy from future inflationary shocks. In addition, the President's Economic Program for the Eighties was designed to expand both private and public investment in ways that will encourage higher levels of productivity in the future, thus paving the way for further progress against inflation. In the meantime, the program will help create jobs over the short-run by helping workers and communities affected by economic dislocation.

There are ample signs that overall economic activity remains remarkably firm. Clearly, however, inflationary trends are still a prime concern. The foundation laid by the Carter Administration should help in maintaining the pace of economic activity, while allowing for a winding down of inflation—the prime ingredient in reducing interest rates.

Sincerely yours,

GENE E. GODLEY,
Assistant Secretary (Legislative Affairs).

Exactly this month of October, 3 years ago, when for the first time again, that interest rate level rose to the fantastic level of 10¾ percent. Now that simply has never been countenanced. In fact I always thought it had been illegal to charge certain rates of interest. And here and now we are confronted with the Federal Reserve sanctioning and sanctifying and legalizing usury and countenancing and fostering and keeping rates as high as 20 and 20-plus percent just for prime rates, meaning that back home, after they pay points on the side and all, we have knocked the American people out of the line of credit.

Bankers are the most privileged class in this country—remember that our Constitution provides no privileges—there is only one, if you want to call it that, and that is reserved for Members of Congress, to be free from arrest in certain circumstances and with certain exceptions in going to or from sessions or meetings of the Congress.

This comes back from the English protection to the Members of Parliament from the arbitrary and tyrannical actions of a king. There is still need for that. That is about the only privilege I can find in the whole Constitution.

But we have created the most privileged class to exist in any country, and that is our banking class. As a matter of fact, we, the Congress, have delegated to them the manufacture of money, but above all in the Federal Reserve System, which has not been reviewed by the Congress since the Congress set it up in 1913. We have had the greatest takeover of power, which is now clearly evidenced in the fact that it has failed in its policies. Any nation that is victimized as we are and have been and will continue to be by these unconscionable, dishonest, predatory, usurious interest rates, is no free country. What America is facing is not only a reduction in its standard of living, it is facing the possibility of economic

slavery, nothing less, nothing more, and for the same reason that we have always jeopardized our liberty and that is for ignoring and turning our backs on our constitutional responsibilities.

I have submitted an impeachment resolution directed not only to the Chairman of the Federal Reserve Board, but to the members of the open market committee who act only because they act with the full Board—the open market committee, its abysmal record ever since its creation after the Depression of 1929 for very much the same reasons, that we are witnessing some of these financial institutions going under today.

So faced with this dilemma, I introduced such a resolution because I believe it is the only way that we can in an efficacious manner, if we could get just a hearing before the Judiciary Committee, it is my firm conviction, it can be the one big single thing that can turn this around as quickly as it can be under the circumstances.

But maybe perhaps not in sufficient time to avoid the catastrophe in going over the precipice.

The fact that the President announced and admitted there was a recession seems to have surprised his advisers and some of his followers who I say have been the most loath to admit that the emperor is naked.

My folks back home have known that for sometime, whether it is the business owner in the mountains here in Virginia, who told me as long ago as 1 year, "How come you guys in Congress can't do anything about high interest rates? How can I finance my floor plan, my inventory, if I have to pay 18-, 19-, 20-percent interest? There is no way. Look at my shop now."

And the same thing repeated in every hearing we have had thus far in the subcommittee because housing is inexorably tied in with finance. After all it is the savings and loan institutions that have been the peculiar institutions tied in with the home construction and the fixed-term mortgages that have made it possible to perform the miracle that the President now says reflects programs that have not worked for 30 years, and, of course, the record shows that the miracle of housing America was performed despite the Depression, despite wars, in 40 years, from 1940 to 1980, and I say that those of us in Congress have a responsibility to reaffirm our faith in our ability to do this and keep on doing it. We are facing a tremendous housing crisis.

□ 1400

I do not care what economic recovery plan anybody is talking about, the general economy of this country cannot be well off or even stabilized unless the construction, homebuilding, and related industry is also functioning and well off. At this point it is floundering. As of now we have had the lowest number of housing starts since the Depression. It looks as if it will not be any better in the near future.

We have had a record number of bankruptcies and failures in this business. There are now 1 million unemployed just in the home construction work force, and in the industrial work force from the level at the time of the election in November in 1980 which was in excess of 200,000, that has been enlarged by another 30,000.

So what are we talking about when we talk about an economic recovery plan? Recovery from whom and for what?

This, I think, is something that even we in the Congress have not been willing to ask and have definite answers. In fact, we have floundered and we have under the name of fiscal and budgetary crisis abandoned and impeached our own judgment on basic policies and programs that we have established and that the Congress has led in establishing for 30 years or more, such as the FHA which now the administration is recommending that we not only phase out, but kill off.

I say that this is poor vision. This is lack of faith in America and in its ability in what is inherent.

When I go back and see the builders that are going out and I see very eminent and able businessmen who through no fault of their own are out of business and have the potential to construct and build and erect and create, I say there is something wrong with us up here on this level.

I repeat, one of the things we can start off with is by having impeachment proceedings for these men who have not only usurped—I have not specified because I am going to wait until I go before the Judiciary Committee. I am not about to talk and let out the specifics until I have serious consideration, as I have asked seriously for, from the Judiciary Committee. When I do, I will have the specifics. I will show wherein we have been robbed and cheated and pillaged and plundered.

TRIBUTE TO J. DWIGHT O'DELL "THE CHAMPION FOR FORTUNA"

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. CLAUSEN) is recognized for 5 minutes.

Mr. CLAUSEN. Mr. Speaker, it is with great sadness that I come today to report the passing of a very close friend who was both a person of extraordinary vision and perspective. Dwight O'Dell has long been a courageous voice in northern California affairs and he was one of my most reliable community advisors. He has set an extraordinary record of public service in the area of journalism and will be remembered as one of the most prominent names in Humboldt County history. But, above all, Dwight O'Dell was a champion for causes he believed in—and this was particularly true of his hometown community of Fortuna—his hometown.

Dwight O'Dell first came to Humboldt County in 1933. He and his wife, Julia, purchased the Humboldt Beacon in 1948 which they owned and operated successfully until just last year when the newspaper was purchased by their son, Patrick, and his wife, Betty. Whether speaking personally or editorializing as the publisher of the Humboldt Beacon, he represented the very best in what a good newspaper publisher should be—inquisitive, informed, intelligent, articulate, and sensitive to the special needs of the area which he served. He knew the people of Humboldt County, individually and collectively, and fought hard for their best interests.

He served for 5 years on the North Coastal Water Quality Board and provided me with invaluable counsel and advice in areas of national water policy, flood control, harbor facilities, and navigational projects. He worked closely with the Corps of Engineers District Office to insure that they understood the magnitude and urgency of many of their tasks and more often than not, he was the catalyst in bringing local, State and Federal officials together with technical experts and representatives of local businesses and other outlets. Dwight O'Dell knew how to get things done, and get them done well.

Dwight O'Dell was also a patriot in the finest sense of the word. He served with distinction in the U.S. Navy during World War II and his deep commitment to a national strategy of peace through strength was reflected both in his words and his deeds. Dwight O'Dell was the kind of a patriot which every community needs. He was dedicated to his hometown, his county, his State, and his country. He was especially proud of the Fortuna Rodeo which he gave his full measure of support. Dwight was, first and foremost, his own man. He believed strongly in this great country and never failed to translate his strong belief into action. His guiding principle was, "To thine own self be true."

Mr. Speaker, no words can really express the emptiness we all feel and the void which he has left. My prayers go out to his lovely wife Julia and their family, son, Patrick O'Dell, daughter Janet Evenson and his sister Marjorie Morgan. We know what a loss they have suffered and pray that God will give them strength. It is often said that the world is not interested in the storms you have encountered but how well you brought the ship in.

Throughout his lifetime, Dwight has weathered many a storm and now that his ship has finally come to rest, it will remain a shining example of dedication and determination to all of us who loved and admired him. Today, we are laying to rest our good and genial friend, J. Dwight O'Dell of Fortuna, Humboldt County, Calif.

CODIFICATION OF TITLE 31, UNITED STATES CODE, "MONEY AND FINANCE"

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. RODINO) is recognized for 5 minutes.

● Mr. RODINO. Mr. Speaker, I am today introducing a bill to revise, codify, and enact without substantive change certain general and permanent laws, related to money and finance, as title 31, United States Code. This bill has been prepared by the Office of the Law Revision Counsel as a part of the program of the Office to prepare and submit to the Judiciary Committee of the House of Representatives, for enactment into positive law, all titles of the United States Code.

Anyone interested in obtaining a copy of this bill, and a copy of the draft report to accompany the bill, should contact: Edward F. Willett, Jr., Law Revision Counsel, House of Representatives, H2-304, House Annex No. 2, Washington, D.C. 20515.

Persons wishing to comment should submit those comments to the Office of the Law Revision Counsel not later than December 15, 1981.●

GENERAL LEAVE

Mr. GONZALEZ. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the bill, H.R. A2330, Nuclear Regulatory Commission authorizations.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. GONZALEZ, for 1 hour, today.

(The following Members (at the request of Mr. PETRI) to revise and extend their remarks and include extraneous material:)

Mr. BETHUNE, for 60 minutes, November 4, 1981.

Mr. CLAUSEN, for 5 minutes, today.

(The following Members (at the request of Mr. GONZALEZ) to revise and extend their remarks and include extraneous material:)

Mr. CROCKETT, for 5 minutes, today.

Mr. ANNUNZIO, for 15 minutes, today.

Mr. RODINO, for 5 minutes, today.

Mr. OBERSTAR, for 60 minutes, October 22, 1981.

(The following Member (at the request of Mr. CLAUSEN) to revise and extend his remarks and include extraneous material:)

Mr. CORCORAN, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. PETRI) and to include extraneous matter:)

Mr. NELLIGAN.

Mr. ROUSSELOT.

Mr. ARCHER.

Mr. GRADISON.

Mr. LEBOUTILLIER in two instances.

Mr. BENEDICT.

Mr. MICHEL.

Mr. DANNEMEYER.

Mr. CLAUSEN.

Mr. RITTER.

Mr. YOUNG of Alaska.

(The following Members (at the request of Mr. GONZALEZ) and to include extraneous matter:)

Mr. OTTINGER.

Mr. HALL of Ohio.

Mr. ANDREWS.

Mr. LANTOS.

Mr. STOKES in three instances.

Mr. KILDEE.

Mr. ANDERSON in 10 instances.

Mr. GONZALEZ in 10 instances.

Mr. BROWN of California in 10 instances.

Mr. ANNUNZIO in six instances.

Mr. JONES of Tennessee in 10 instances.

Mr. BONER of Tennessee in five instances.

Mr. BARNES.

Mr. BOLAND.

Mr. FAUNTROY.

Mr. LEHMAN.

Mr. FLORIO.

ADJOURNMENT

Mr. GONZALEZ. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 8 minutes p.m.), the house adjourned until tomorrow, Tuesday, October 20, 1981, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2355. A letter from the Secretary of Defense, transmitting four reports of violations of the Anti-Deficiency Act, pursuant to section 3679(i)(2) of the Revised Statutes, as amended; to the Committee on Appropriations.

2356. A letter from the Under Secretary of the Air Force, transmitting the decision to retain Goodfellow Air Force Base, San Angelo, Tex.; to the Committee on Armed Services.

2357. A letter from the Assistant Secretary of the Air Force (Manpower, Reserve Affairs and Installations), transmitting the Air Force's intention to withdraw support activities from the Duluth International Airport, pursuant to section 611(a) of Public Law 89-188; to the Committee on Armed Services.

2358. A letter from the Secretary, Interstate Commerce Commission, transmitting a report on extensions of statutory deadlines granted by the Commission in rail carrier proceedings, pursuant to 49 U.S.C. 10327(j); to the Committee on Energy and Commerce.

2359. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the proposed issuance of a license for the export of certain defense equipment sold commercially to Israel (Transmittal No. MC-21-81), pursuant to section 36(c) of the Arms Export Control Act; to the Committee on Foreign Affairs.

2360. A letter from the Acting Comptroller General of the United States, transmitting a report on the continued need of Federal agencies to develop greater computer audit capabilities (AFMD-82-7, October 16, 1981); to the Committee on Government Operations.

2361. A letter from the Acting Comptroller General of the United States, transmitting a report on two Navy ship contracts modified under authority of Public Law 85-804—status as of August 3, 1980 (PLRD-82-8, October 6, 1981); jointly to the Committees on Government Operations and Armed Services.

2362. A letter from the Acting Comptroller General of the United States, transmitting a report on the information resource management problems associated with the World Wide Military Command and Control Information System (MASAD-82-2, October 19, 1981); jointly to the Committees on Government Operations and Armed Services.

2363. A letter from the Acting Comptroller General of the United States, transmitting a report on the need for the Agency for International Development and United States universities to forge an effective partnership to combat world food problems as directed by law (ID-82-3, October 16, 1981); jointly to the Committees on Government Operations and Foreign Affairs.

2364. A letter from the Chairman, U.S. Civil Rights Commission, transmitting a report on police practices, pursuant to Public Law 85-315; to the Committee on the Judiciary.

2365. A letter from the Special Assistant, Office of the Secretary of Defense, transmitting a report on Defense Department procurement from small and other business firms for October 1980 through July 1981, pursuant to section 10(d) of the Small Business Act, as amended; to the Committee on Small Business.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the

Clerk for printing and reference to the proper calendar, as follows:

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 1638. A bill to provide for the control of illegally taken fish and wildlife, and for other purposes; with an amendment (Rept. No. 97-276). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GRADISON:

H.R. 4773. A bill to amend the Social Security Act to remove the social security trust funds from the unified budget; to the Committee on Ways and Means.

By Mr. RODINO:

H.R. 4774. A bill to revise, codify, and enact without substantive change certain general and permanent laws, related to money and finance, as title 31, United States Code, "Money and Finance"; to the Committee on the Judiciary.

By Mr. SEIBERLING:

H.R. 4775. A bill to amend title II of the Social Security Act to require that procedures be established for the expedited replacement of undelivered benefit checks, to require that decisions on benefit claims or entitlement be made within specified periods, and to require that payment of benefits on approved claims begin promptly; to the Committee on Ways and Means.

By Mr. SOLOMON:

H.R. 4776. A bill to require the Inspector General in the Department of Health and Human Services to conduct an annual audit matching the names of medicare patients who have died with the Social Security Administration's list of OASDI beneficiaries, in order to assure that any social security benefits payable to such beneficiaries were properly terminated upon their death; to the Committee on Ways and Means.

By Mr. UDALL (for himself and Mr. DINGELL) (by request):

H.J. Res. 341. Joint resolution providing for a waiver of law pursuant to the Alaskan Natural Gas Transportation Act; jointly, to the Committees on Energy and Commerce and Interior and Insular Affairs.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

212. By the SPEAKER: Memorial of the House of Representatives of the Commonwealth of Massachusetts, relative to State credit laws; to the Committee on Banking, Finance and Urban Affairs.

213. Also, memorial of the Legislature of the State of California, relative to public assistance programs; jointly, to the Committees on Agriculture, Education and Labor, Energy and Commerce, and Ways and Means.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 2488: Mr. BONIOR of Michigan, Mr. MOAKLEY, Mr. WHITTAKER, and Mr. GORE.

H.R. 4418: Mr. MARRIOTT.

H.R. 4467: Mr. EVANS of Indiana, Mr. HUBBARD, and Mr. LANTOS.

H.R. 4514: Mr. MCCLORY.

H.R. 4657: Mr. CONYERS and Mr. STUDDS.

H.R. 4673: Mr. LAFALCE, Mr. FISH, Mr. CORCORAN, Mr. WINN, Mrs. HOLT, Mr. HUGHES, Mr. LIVINGSTON, and Mr. KOGOVSEK.

H.R. 4734: Mr. SMITH of Pennsylvania and Mrs. HECKLER.

H. Con. Res. 151: Mr. JOHN L. BURTON and Mr. MCCLOSKEY.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 3364: Mr. GLICKMAN.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

243. By the SPEAKER: Petition of the town of Ramapo, Suffern, N.Y., relative to Federal revenue sharing; to the Committee on Government Operations.

244. Also, petition of the city commission, Sault Ste. Marie, Mich., relative to employment at Soo Locks; to the Committee on Public Works and Transportation.

245. Also, petition of the Alabama Peace Officers Association, Montgomery Ala., relative to the Bureau of Alcohol, Tobacco and Firearms; jointly, to the Committees on the Judiciary and Ways and Means.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3603

By Mrs. HOLT:

—Page 77, immediately after line 2, insert the following new section:

NONQUOTA CROP SUBJECT TO QUOTA

SEC. 1011. Section 320 of the Agricultural Adjustment Act of 1938 is amended by inserting in the first sentence after the words "nonquota tobacco" the following: "except Maryland Tobacco (Type 32) when it is a nonquota tobacco,".

H.R. 4503

By Mr. HALL of Ohio:

—Page 15, after line 5, add the following:

SEC. 22. The prohibitions and provisions for review and approval of activities in navigable waters as set forth in section 404 of the Federal Water Pollution Control Act, sections 9, 10, and 13 of the Act of March 3, 1899 (30 Stat. 1151), and the first section of the Act of June 13, 1902 (32 Stat. 371), shall not apply to any works or improvements constructed or maintained by the Miami Conservancy District in the Great Miami River, Ohio, and its tributaries above river mile 7.5.

EXTENSIONS OF REMARKS

RETHINKING THE UNTHINKABLE

HON. ROBERT H. MICHEL
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. MICHEL. Mr. Speaker, much of the current debate about national security has been concerned with budget questions. But questions of basic strategy are of even more importance because if we do not know what we want to do with our weapons no amount of budget increases—or cuts—will help us to do the right thing.

One question that has recently been addressed is the failure of the United States to convince our NATO allies to have enhanced radiation weapons (ERW) based in Europe. The theory of "flexible response" which is at the heart of NATO's defense posture would suggest that ERW's are absolutely necessary to the defense of West Germany and to the survival of American troops based there. Pershing missiles may not be the right weapons to have at certain points during an Eastern bloc attack on NATO because theoretically they are best used to expand and not stop a war in Europe.

Samuel T. Cohen recently wrote about this question in the pages of Policy Review, a publication of the Heritage Foundation. Cohen raises some important questions concerning the ERW and even suggests one nation where they would not only be useful, but welcome—South Korea.

At this point, I insert in the RECORD "Rethinking the Unthinkable" by Samuel T. Cohen, in Policy Review, Fall, 1981.

RETHINKING THE UNTHINKABLE

(Samuel T. Cohen)

Just two weeks after the Reagan administration came into office, a second neutron bomb debate suddenly erupted. Thus far, it has borne striking similarity to the debate which began in June 1977, and it has ended in essentially the same way—namely, another U.S. decision to postpone the deployment of enhanced radiation weapons (ERW) in Europe.

At first contemplation, the decision not to decide on deployment seems to be reasonable enough as well as politically expeditious. The neutron warheads would be produced and stockpiled in the U.S., and therefore, at least be available for incorporation in the missiles when the need arose. Were European governments, which are currently resisting ERW deployment (in particular West Germany) to relent at a later time, they could then be deployed. Or if a prolonged crisis arose, of sufficient severity to break down NATO European resistance, there would be ample time to fly the warheads over to the location of the delivery units. Or, if a war were to begin with a surprise nuclear attack on NATO's nuclear weapon facilities (the stated first-priority Soviet target system), a decision not to deploy the weapons during peacetime could prove to be perversely fortuitous. NATO's battlefield nuclear warheads are stored in only a limited number of stockpile sites (fewer than 100) which, in all probability, would be destroyed. In this case, the U.S. could have the dubious advantage of not having the neutron warheads destroyed along with the warheads stockpiled in Europe.

However, the case for storage of the components in the United States may be less convincing. For in yielding to European domestic political problems, the U.S. may also have yielded too far in not asserting what its commitment to NATO is all about—the military defense of Europe. The U.S. also may have yielded too far on another, more fundamental commitment—the security of its own combat forces in Europe.

Beginning in 1961, with the Kennedy administration, a new defense policy was established which, in effect, rules against achieving discriminate tactical nuclear capabilities, such as ERW for NATO. (The use of tactical nuclear weapons in other areas, e.g., Northeast Asia, effectively was rejected irrespective of weapon characteristics. For these areas, it was assumed that conventional defense was feasible and overwhelmingly preferable to nuclear defense.) In fact, in 1963, when a very successfully tested ER warhead was proposed for Army battlefield missiles, the Kennedy administration openly argued against such production. Although there have been changes in official rhetoric affecting ERW since that time, including Secretary of Defense Weinberger's positive remarks early this year, for all intents and purposes the U.S. policy attitude has persisted.

Moreover, because of NATO's basic policy governing the employment of nuclear weapons—the so-called Flexible Response policy—it has been extremely difficult to convince European political leaders that ERW should be incorporated into NATO's battlefield nuclear arsenal.

FLEXIBLE RESPONSE

There is no room here to debate the efficacy and credibility of NATO's Flexible Response policy, which conceptually is now more than twenty years old. It will be briefly summarized, however, as it relates to nuclear weapons policy and the role of ERW in this policy context will be examined. Flexible Response assumes, for planning purposes, a war scenario something like this:

1. After extensive preparation, giving NATO ample time to prepare its defenses, the Soviet/Warsaw Pact armies invade Western Europe with conventional forces. (No nuclear weapons are employed by the Soviets.) In this initial phase of the war, NATO will defend only by conventional means.

2. If NATO's conventional defenses fail and deep enemy penetrations into West Germany seem imminent and unavoidable, battlefield nuclear weapons now come into play to prevent such incursion and the overrunning of NATO forces. (It is assumed here that the Soviets still will not employ their own nuclear weapons.) This will involve some number of these weapons, ranging from tens to perhaps a couple of hundred, used against the forward enemy armored echelons to neutralize these forces and bring the attack to a halt. Whereupon, it is expected that the Soviets will choose to end hostilities and move to the conference table.

3. If this tactical nuclear gambit does not succeed in bringing hostilities to a halt and the Soviets persist, then, in accordance with its long-standing pledges, the U.S. will broaden the war to include nuclear attacks against the Soviet Union itself. The expectation is that such drastic reprisal will bring Soviet aggression to an end, if indeed the threat of such action hasn't already succeeded in this purpose.

It is in this second phase that ERW comes into the perspective of official thinking. The U.S. government has maintained that using ERW in this battlefield role—in the context of the Flexible Response scenario just described—will enable highly effective attacks to be made against forward enemy armored echelons, while at the same time significantly abating the danger to friendly defending troops and substantially reducing the extent of civil damage in West Germany. On this basis, ERW would seem distinctly preferable to the currently-stockpiled battlefield nuclear weapons. Former President Jimmy Carter made this preference very clear, when he argued for ERW in 1977:

It must be recognized that NATO is a defensive alliance which might have to fight on its own territory. An aggressor would be faced with uncertainty as to whether NATO would use nuclear weapons against its forward echelons. For these purposes, the capability for discrete application of force—which the ER weapons may provide—present (at least in this sense) an attractive option.[1] • • •

The ER weapons, then, would be designed to enchance deterrence, but if deterrence fails, to satisfy dual criteria:

First, to enchance NATO's capability to inflict significant military damage on the aggressor.

Second, to minimize damage and casualties to individuals not in the immediate target area, including friendly troops and civilians.[1]

Despite these advantages, NATO Europeans, most importantly the West Germans, have made it clear that they do not want these weapons deployed on their soil. No matter that the battlefield fission warheads they long have accepted (and will again accept with the new fission warheads—devoid of neutron components) will neutralize Pact armies through prompt nuclear radiation effects just as ERW do; for domestic political reasons—totally lacking in technical and military logic—ERW are rejected.

However, there is a U.S. side to this problem, with its own domestic political considerations, which complicates the issue. The

[1] Letter from President Jimmy Carter to Senator John Stennis, July 11, 1977.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

territory West Germany wants to spare from nuclear weapon employment also happens to be occupied by almost 200,000 troops that the United States has provided to help protect Europe.

The President may feel obliged by Treaty to help protect NATO Europe by keeping U.S. troops in Germany to honor Alliance commitments, and, for the sake of Alliance harmony, to cater to European political sensitivities. At the same time, however, he also is obliged to protect these American forces with the best possible military means to prevent their defeat and capture in the event of war. Thus, if ERW are perceived to represent a means of accomplishing this objective,[2] then from an American standpoint, in all due deference to European opinion, the President should want to have them deployed at least by U.S. forces in Germany.

EUROMISSILES

But a higher priority is apparently placed on installing so-called Euromissiles (ground launched cruise missiles and Pershing-II ballistic missiles) in Europe. It should be realized however, that in the context of NATO's preferred war scenario described above, the use of such weapons would have little direct military effect on stopping the Soviet/Warsaw Pact armored forces. It is possible that, by striking targets in eastern Europe and western Russia, they might have a beneficial effect in the event that the war were to be prolonged. But by themselves they would hardly represent a nuclear means to prevent NATO ground forces from being overrun on the battlefield. They represent rather an escalation toward general nuclear war in the event that battlefield nuclear weapons fail in their intended purpose.

These missiles properly belong to the third phase of Flexible Response in which the United States invoked its strategic nuclear pledges to NATO. In this respect, they represent an intra-war deterrent threat following a military disaster to U.S.-NATO ground forces. But the actual employment could bring disaster to the U.S. itself if the Soviets were to respond to Euromissiles by directly attacking the United States.

DEFENSE OF NATO EUROPE

At least symbolically, the current revival of the ERW issue represents a fundamental conflict of belief between Europe and America over Europe's defense. Is NATO Europe seriously willing to defend itself against ground invasion, or does it prefer to use the strategic nuclear guarantees of the United States as a reason (or rationalization, as many see it) to avoid establishing a credible ground defense? Will the Alliance choose to continue a defense policy (and its corresponding military capabilities) which is decreasing in credibility—as the Soviet conventional and nuclear forces continue to increase and exceed those of the West? Or will the Alliance change course toward a more realistic solution?

While the United States may continue to feel obliged to perpetuate the NATO Alliance, it also has fundamental obligations to itself. These may have been neglected for too long in a period when expanded Soviet ground and strategic threats have placed both U.S. forces in Europe and the U.S. itself in increasing jeopardy. From an American standpoint, the idea of bowing to European resistance to deployment of a weapon, whose use might save American ground forces from defeat, may not be too acceptable. More important, for the U.S. to have gained European acceptance for Euromissiles at the expense of a credible battlefield nuclear capability (whose employment might forestall or even prevent the escalation of war to strategic nuclear proportions) may be even less acceptable to Americans once it is fully understood.

Underlying this difficulty is the inherent difficulty of selecting a credible scenario for possible NATO/Warsaw Pact conflict. How such a conflict might begin and progress is almost anyone's guess (although some guesses are more logically founded than others.) But, whatever the unfolding scenario turns out to be, what is essential is that the United States take every measure during peacetime to ensure maximum military capabilities for its own forces in Europe should war come. If ERW represent the best nuclear weapons for battlefield defense, as the Defense Department has maintained, these weapons should enter the European inventory for U.S. use at least.

The principle of forward deployment of battlefield nuclear weapons long has been established by NATO—witness the thousands of such weapons now positioned in Europe. Yet, there has been a haggling over the alleged price that must be paid to gain European acceptance. The U.S. has apparently decided that the price is too high in terms of threatening Alliance solidarity. But in so doing, it may have paid another price: risking the security of its own forces in Europe and the survival of America itself.

ERW AND SOUTH KOREA

It is strange that, in both recent neutron bomb debates, the United States has argued with allies who plainly preferred not to see ERW deployed on their soil, while apparently paying no attention to allies who might have been greatly appreciative of such deployment and in need of weapons to keep their territory from being devastated by war. Why has the Reagan administration not moved toward discussions with South Korea on ERW deployment to this Asian ally? Considering the low ebb that U.S.-South Korean relations reached during the Carter administration, it is understandable that no such move was made. But one of the first foreign policy steps taken by the new administration was to reaffirm the U.S. commitment to South Korea. Why had ERW not been considered as part of this commitment?

Contrary to the claim made by the Carter administration that ERW were designed solely for European deployment, the truth of the matter is that the original neutron bomb concept was formulated in 1958 primarily with Asian limited war scenarios in mind. For the Korean War and all its frustrations was fresh in everyone's minds.

Today, moreover, there are good reasons for using ERW to defend South Korea:

First, the U.S. has sizable military forces in South Korea—about 40,000 troops. (Very recently, President Reagan pledged to keep these forces there.) If the U.S. has a requirement to best protect American troops in Europe the same surely holds true in Korea.

Second, contrary to European repugnance for ERW, the South Koreans would almost certainly welcome its deployment on their soil. Augmenting Korea's defense with ERW—the alleged battlefield "super weapons"—could substantially strengthen an alliance which has seen considerable tension and divisiveness in recent years.

Third, the introduction of these weapons by the U.S. would, without doubt, greatly enhance the deterrence of aggression by the North.

Fourth, should deterrence fail and, as happened in 1950, war occur, Seoul, which is only twenty-five miles below the DMZ and a vital economic and political artery for South Korea, may again become a major battleground. Were ERW available for Seoul's defense, the almost total devastation of the first Korean War could be avoided.

If, indeed, the issue of ERW deployment has not been broached to the South Koreans, then one might again ask: Why not? Surely, the U.S. ought to prefer to conduct its nuclear diplomacy with allies and friends who are more sympathetic to U.S. military objectives for their defense. Or is it that the U.S. still prefers to provide battlefield nuclear defense for allies who don't want it?●

[2] This seems to be the Administration's view: "When you look at the number of Russian tanks and the other items, the enhanced radiation warhead could do quite a lot to restore some kind of balance there." Caspar Weinberger, Interview, February 11, 1981.

ROSE AND AL POSTAL CELEBRATE THEIR 50TH WEDDING ANNIVERSARY

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. LEHMAN. Mr. Speaker, on October 10, Rose and Al Postal of North Miami Beach celebrated their 50th wedding anniversay with a gala dinner party at the Deauville Hotel.

The Postals came to Miami 3 years ago when Al retired as an orchestra leader and manager of Stephen Scott Music, a music and entertainment bureau.

Rose and Al live in Mar-Len Gardens and participate in their condominium's clubs and activities. Al, for example, recently staged and produced the Mar-Len Gardens Follies while Rose designed costumes and makeup. The Postals are dedicated people who are fulfilling their retirement years through service to their neighbors.

I congratulate Al and Rose on this joyous occasion and wish them many more happy years together.●

THE CONVENTION OF THE ANCIENT EGYPTIAN ARABIC ORDER NOBLES OF THE MYSTIC SHRINE

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. STOKES. Mr. Speaker, many of my colleagues were not in Washington during the August recess. Those that were away from the Nation's Capital during August really missed a treat. The traditional unbearably humid August weather in Washington seemingly bowed in salute to the convention of the Ancient Egyptian Arabic

Order Nobles of the Mystic Shrine and the women's auxiliary, the Daughters of Isis.

Mr. Speaker, not only did the Shriners bring a bit of color and festive flavor with them during their 7-day stay in Washington, but also a unique brotherhood. I am proud to be a member of this great organization and El Hasa Temple No. 28.

The estimates run as high as 35,000 people in attendance at the convention in Washington this summer. That translates into over $12 million for local businesses and the city of Washington as a result of the Shriners' convention.

Mr. Speaker, even though some people think that the Shriners are only a festive and fun-loving group of people, the brotherhood and goals of this organization go much deeper. The Shriners have a long history of community and civic involvement on both the local and the national levels.

The Shriners, Mr. Speaker, are major contributors to such worthy causes as the Howard University Sickle Cell Anemia Research Fund, cancer research, the United Negro College Fund, and the NAACP. During the convention in August, they honored one of the former Members of this body and my friend, the late Congressman Adam Clayton Powell.

Mr. Speaker, I would like to take this opportunity to share some of the respect that I have for my fellow nobles in the Shrine with my colleagues who were unfortunate enough to miss them during their convention here in August. At this time, I would like to insert in the RECORD an article which appeared in the Washington Post on the Shriners' convention.

HELLO, SHRINERS: 7,000 MEMBERS OF TOP MASONIC ORDER STRUT DOWN AVENUE

(By Athelia Knight)

When the 7,000 participants in the Prince Hall Shriners' parade strutted down Pennsylvania Avenue at midday yesterday, they were led by one of their newest members—D.C. Mayor Marion Barry. He had been "created," as they say, just a few days ago.

Surveying the array of marchers in their colorful robes and uniforms from the reviewing stand in front of the District Building, Barry said, "It's great to have the Shriners in town. They brought a lot of people and a lot of money."

Before they leave Saturday after their week-long convention, the 35,000 Shriners, their wives, girl-friends and family members will have spent more than $12 million, organizers estimate.

They call themselves the Nobles of the Ancient Egyptian Arabic Order Nobles Mystic Shrine of North and South America and Its Jurisdictions, Inc.

They give their leaders titles like imperial potentate. They belong to temples with such names as Sheik Temple No. 98 of Riverside, Calif., El Hasa Temple No. 28 of Cleveland, and Kadesia Temple No. 135 of Colorado Springs.

The men wear red fezzes, and some sport dangling earrings that look like shields. But these men with their secret handshakes and good-time-at-the-fraternity-house spirit also give to charities. They award scholarships. They contribute to hospitals and medical research.

The predominantly black organization counts among its 50,000 nationwide membership Supreme Court Justice Thurgood Marshall, Mayors Tom Bradley, Maynard Jackson and Coleman Young of Los Angeles, Atlanta and Detroit, and musicians Count Basie and Lionel Hampton. Founded in 1893, the black Shriners are not affiliated with the predominantly white Shriner groups in the country.

Their presence here this week marks the first time the Prince Hall Shriners have convened in Washington in 10 years, and yesterday was their day on Pennsylvania Avenue.

Simon Peter Burkes is the oldest Shriner here. He's 102. He joined the Prince Hall Masons in Bainbridge, Ga., 73 years ago after his father told him that the only organization worth belonging to was the Masons.

Being a Mason is the first step to becoming a Shriner. But before attaining Shrinerhood, you must be at least a 32nd degree Mason. Burkes is a 33rd degree Mason and is attending his 26th Shriners convention.

He calls the Shriners "the playhouse for the Masons and their families. It's where the boys just have fun."

Leaning on his cane and peering over his wire-rim glasses, Burkes is the wise man of the convention. He says he has never remarried since his wife died 40 years ago because "you only get another one like her in heaven." He credits his long life to "never eating too much and eating less meat."

Weldon Willis, a member of El Hasa Temple No. 28 in Cleveland, has been a Shriner for 15 years. His grandfather was a Mason. His father was a Shriner.

He plans his vacation every year for the third week in August so he can attend the annual convention. One year, he drove some 42,000 miles to participate in various activities of his Masonic brothers in various cities.

"It becomes very expensive," he said. "But, it's worth it. You become a member. You get very dedicated to the whole cause. Your vacation, everything is centered around the activities that are going on. Your really must be dedicated to do these kinds of things."

The public's view of the Shriners is limited to their charitable work. They refuse to discuss their secrets, like the secret handshakes, the secret code words and the secret initiation ceremony called "The Creation."

"We are an organization with secrets," said Archie Anderson, deputy imperial promotion director from Denver, Colo. "But we let you know who we are. We give to hospitals, cancer research, sickle cell research. Just yesterday we gave $30,000 to the NAACP."

Even the women's auxiliary of the Shriners, called the Daughters of Isis, is secretive. "I like the work of the Daughters of Isis," said Susie Elliott, past commandress of Al Zabir Court No. 141, Daughters of Isis, of Kalamazoo, Mich.

What is that work? She hesitated. "It's kind of a secret thing," she said. "However, we do a lot of charity work."

Washington businesses welcome the Shriners, who have booked rooms at 16 hotels in the city.

The Sheraton Washington hotel is headquarters for the convention. "It's a nice piece of business for the city and for us," said John Alden, Sheraton manager. "My typical image of the Shriner was a good time and drinking. But I found them to be very [well] behaved. We are very pleased to have them."

City officials estimated 40,000 people lined Pennsylvania Avenue yesterday to watch the Shriner parade.

"I haven't seen anything this colorful since the Madri Gras," said Nevers Jefferson, as he watched a drum-and-bugle corps adorned in red, yellow and green uniforms.

The parade disrupted traffic, which had to be rerouted. Cabbies were irked. Many bus riders complained that they had to wait nearly an hour for a bus.

"It's a mess," said one Northwest Washington woman who finally gave up waiting for a bus and took a cab home.

"It's an inconvenience, but it's our own fault," said James Gough, who had brought his family to town from Virginia to visit the Museum of Natural History, but ended up watching the parade instead. "We should have listened to the radio first. I think everyone has a right to parade. If you can't do that in the nation's capital, where can you do it?"●

ENERGY CONSERVATION DAYLIGHT SAVING ACT

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. OTTINGER. Mr. Speaker, later this week my bill, H.R. 4437, will be up for consideration on the floor of the House. The Energy Conservation Daylight Saving Time Act was reported out of the full Committee on Energy and Commerce by a bipartisan vote of 31 to 8, without amendment.

This energy-saving measure was originally introduced by Congressman CARLOS MOORHEAD and myself, and has since been cosponsored by 17 other Members. I would like to add that, due to the bill being reported out of full committee in such a timely fashion, the last seven cosponsor's names do not appear on the printed version. These cosponsors are: Representatives NORMAN MINETA, MARY ROSE OAKAR, JOHN PORTER, BILL HUGHES, STENY HOYER, DAVID DREIER, and MICHAEL BARNES.

H.R. 4437 is a way to save 100,000 barrels of oil per day, without Government regulation, expense, or danger to the public. It is my hope that my colleagues in the House will join us in passing this much needed legislation.●

UNITED STATES HAS PRACTICAL ALTERNATIVES TO SOVIET GAS

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. LEBOUTILLIER. Mr. Speaker, on June 24, I, along with Congressman NELLIGAN and Senator GARN sent a

letter—cosigned by nearly 50 Members of Congress—to President Reagan expressing concern that construction of the Soviet Yamal natural gas pipeline would pose a clear and present danger to Western security. It was our judgment that, by significantly increasing Europe's dependence on the Soviet bloc for natural gas and other sources of energy, the Yamal pipeline would clearly provide the U.S.S.R. with tremendous economic and political leverage over NATO, leading to the potential "energy blackmail" of Western Europe.

Just as significant, however, is the fact that the Yamal project presents the West with a tremedous opportunity to develop the vast energy resources of the free world, particularly in the United States, Mexico, and Canada.

For nearly a decade, the United States has "fiddled" to the marching tune of OPEC. Since the 1973 oil embargo, the United States has been unable to formulate an energy policy. Almost in spite of everything—gas lines and all—the United States has been content to "muddle through."

Nevertheless, should the United States establish a comprehensive energy policy—the 1980's equivalent of the space program—it could become the principal source of energy in the free world, with the following results:

The United States would have more energy available for domestic use at a more reasonable cost than is presently the case.

The United States would be able to supply energy abroad and satisfy West European need for diversifying sources.

The United States could break the OPEC energy cartel.

The impact on jobs in the United States would be tremendous, with new plants, railroads, harbors, ships, and so forth being required.

The price of energy would once again be on a supply-demand basis, with the United States being able to establish the balance.

The United States would be in a stronger position to conduct foreign policy.

There would be stimulus to emphasize new-technology energy.

The international balance of payments would become more favorable to the United States.

In short, the Yamal pipeline could be the turning point for the United States. If we fail to act, Europe could gradually become an unreliable ally and move closer to the Soviet orbit. But, if we accept the challenge, new broad vistas of opportunity could emerge.

It was with these objectives in mind that I and Congressman NELLIGAN introduced House Concurrent Resolution 159 on July 21. On October 7, Senator GARN introduced a companion resolution—Senate Concurrent Resolution 41.

Recently, I spoke on this subject at a seminar on the Soviet pipeline sponsored by the International Public Policy Foundation. This symposium brought together two dozen experts to discuss the "Geopolitical Ramifications of Soviet Energy Development and the Implications of the Siberian Pipeline." One of the discussants, Mr. Leonard Keller, president of the Methacoal Corp., reviewed the possibility of using methacoal technology as a practical alternative to Soviet gas. He argued that this technology could provide Europe with sufficient energy to substitute for Soviet natural gas within the next 3 to 5 years, before the Soviet pipeline could be constructed.

Moreover, should the United States respond to West European needs for energy diversification with methacoal, America's marine transportation industry, shipbuilding industry, lending industry, chemical processing equipment industry, heavy plant construction industry, and all associated industries would be revitalized.

I commend the following statement by Mr. Keller to my colleagues:

METHACOAL FOR WESTERN EUROPE: A PRACTICAL ALTERNATIVE TO SOVIET GAS

There is now a very practical and economical alternative available to Western European countries, so that they can avoid becoming committed to and dependent upon Soviet natural gas. Instead, they may receive their fossil fuels and their chemical and petrochemical feedstock materials from their Allies in North, Central and South America, Australia and New Zealand, and Africa.

The Soviet Union proposed and is firmly moving toward commitments in Western Europe for $10 billion in loans to purchase the equipment and materials for a 3,000 mile gas pipeline from Northern Siberia to the Bavarian border, and for commitments to purchase 1.4 trillion cubic feet of natural gas per year. Thus Western Europe would be paying at least $7 billion per year to the Soviets for gas, or whatever higher price they may demand.

This paper presents a practical and economical alternative for the West European countries, which may be of critical importance to the entire Free World, and particularly to Western Europe and the United States of America. That alternative is for Western Europe to purchase and import from their principal Allies and from third-world, (or developing), countries sufficient Methacoal to supply the energy and feedstock requirements which are proposed to be met by the Soviet natural gas imports.

The 1.4 trillion cubic feet of natural gas would provide 1.4 billion Mcf (thousand cubic feet) of natural gas, or 1.4 billion, MM BTU's (million BTU's). Sixty-five million tons of Methacoal, made from reasonably good grade coal, would provide the same heating value as the 1.4 trillion cubic feet of Soviet natural gas.

Methacoal is a fluid fuel which can be shipped in crude-oil type tankers or supertankers, or in barges, rail tank cars, trucks or pipelines.

Methacoal is made primarily from coal, with natural gas providing about one third of the BTU's used and with those being converted to a liquid carrier called Crude Methanol. The coal and crude methanol are used to produce Methacoal, a slurry, or suspensoid, of tiny coal particles, alcohols, and water.

Methacoal, therefore, converts both the coal and the natural gas into easily and economically transportable, storable and useable fluid form. The fluid may then be delivered great distances at very minimal cost. This, of course, would revitalize the marine transportation industry, the shipbuilding industry and the associated lending industries.

The chemical processing equipment industries and the heavy plant construction industries and all associated industries would be revitalized. Many new mines would be required as well as reopening many existing but shut down mines.

Fifteen new 5,000 ton per day crude methanol plants would be required, plus several relatively small and short natural gas pipelines to deliver natural gas to the alcohol plants at or near the coal sources and the Methacoal manufacturing plants.

Methacoal pipelines would be required to move the Methacoal to the seaport storage and shiploading facilities. Tankers or supertankers would deliver Methacoal to European seaports, where it could be transferred to barges for delivery to users.

The total capital cost for all of these plants, mines, pipelines, seaports, etc. will be much less than the capital cost to the Soviets for the pipeline system they propose. The capital investments can be predominantly in politically stable areas, and spread over several countries.

Where could the Methacoal be produced? The bulk of it could be produced in the Eastern U.S. coal fields, the Central U.S. coal fields and South Central Alaska. What about quantities? All of this Methacoal could be produced from proven gas and coal reserves in Alaska alone, for many decades. Producing in these three plus Canada, Colombia, Chile, Mexico, Venezuela, Australia, New Zealand, Nigeria, South Africa, etc. is recommended.

Initial production can begin in about three years or less in some areas, four or five years in others. There is virtually no limit, within reason, to the amount of Methacoal which could be produced in the noncommunist countries of the world. The fuel can be produced and delivered in less time than by long distance gas pipelines from Siberia to Western Europe.

Methacoal would cost about $4 to $5 per million BTU delivered to Europe from most of the areas suggested. The cost can be contracted for long term with reasonable escalation provisions.

Methacoal can be burned as received as a fluid replacement for fuel oils in modified oil-fired boilers, furnaces, kilns, etc. It can be separated to form a dry, powdered carbon fuel (called CHC Fuel) for burning in previously coal-fired facilities or for use in producing low-cost synthesis gas for use as chemical and petrochemical feedstock. The cost for such CHC Fuel would be less than for imported pulverized coal in most, or perhaps all, cases.

The condensate liquid fuels, (called CLF Fuels), recovered from producing CHC Fuels from Methacoal can be marketed for a number of uses. They can be burned, as is, as fuels for Otto cycle, Diesel cycle or Brayton cycle (gas turbine) engines. They can be

refined to produce anhydrous alcohol fuels and chemical byproducts. The anhydrous fuels can be used as gasoline or diesel fuel additives. A low grade of methyl alcohol can be produced from CLF Fuels if desired. A long list of chemicals and intermediates can be produced from CLF Fuels which are composed mostly of methyl alcohol.

To summarize, this West European situation presents an unique opportunity for broad industrial revitalization of the United States and Western Europe as well as a number of other countries of the Free World.

It seems most regrettable, indeed, that our Allies in Western Europe may become irrevocably committed to serious and increasing dependence, both economically and perhaps politically, on the Soviets, without realizing that they had another, much preferable option, of which they simply were not aware.●

THOMAS ALVA EDISON

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. RITTER. Mr. Speaker, 50 years ago yesterday, October 18, Thomas Alva Edison, America's pioneer of technology, died in West Orange, N.J. Although his death marked the end to a brilliant lifetime of technological accomplishments and advancements, his work lives with us and has become part of our daily lives.

When one considers all that was included among Edison's 1,093 patents, his genius and remarkable facility for the practical application of technology is even more overwhelming.

Edison's first invention was an electrical vote recorder that he demonstrated before a congressional committee in Washington, D.C. But his first commercial success was on Wall Street, with a stock ticker and high-speed printing telegraph. Fortunately, for the rest of the world, Edison's genius was not confined only to those in Washington or on Wall Street. This pioneer of technology found widespread commercial acceptance for his inventions.

In 1874, he invented the quadruplex telegraph which allowed four messages to be sent simultaneously over the same wire. In 1876, he set up his own laboratory in Menlo Park, N.J., and there he set to work upon improving Alexander Graham Bell's telephone. That year he markedly increased the telephone's audibility with the carbon transmitter. In 1877, he invented the phonograph which was considered a monumental achievement in the communications field. After having viewed an exhibition on candlepower arc lights in 1878, Edison announced he would invent a safe and inexpensive light to replace the gaslight. Many scientists were quite skeptical about Edison's chances of succeeding at this, but sure enough, in October 1879, Edison demonstrated his newest invention, the carbon filament lamp.

Edison's laboratory at Menlo Park was probably this Nation's first invention factory, and was imitated 20 years later by giant corporations in Europe and the United States. Edison promised that he would turn out a minor invention every 10 days and a "big trick" every 6 months. Before long he was making inventions to order and was applying for 400 patents a year.

In later years, Edison opened the first central power station on Pearl Street in New York City, and made many advancements with the phonograph and with motion pictures. His Edison General Electric Co. was merged into General Electric Co. in 1892. During World War I, America's inventive genius headed the Naval Consulting Board, directing torpedo mechanisms and antisubmarine devices. And it was Edison who took it upon himself to convince Congress of the need to establish a Naval Research Laboratory.

Thomas Alva Edison achieved greatness during America's industrial revolution. He was a product of an innovative and free society which encouraged creativity. Edison never stopped dreaming of what could be. He took advantage of the opportunities that exist in our country, profited from his labors, and in doing so he made life a lot easier for the rest of the world. His success, as he would say, came from "2 percent inspiration and 98 percent perspiration." All he needed was an idea—an inspiration—and once he had this, nothing was impossible.

Today, our Nation's productivity is lagging and people sense that we are losing our technological edge. We can reverse this trend if we follow the example of Thomas Edison. He is a symbol of the creativity and innovation that our Nation has had and of the advancements we can achieve if we put our minds to it. Edison showed us that by devoting our time and energy to an idea we can translate that idea into a reality.

Fifty years ago we lost a technological genius and a great American. But we must never lose his innovative spirit, his creative instincts, and his knack for making the impossible a reality. And we must never lose sense of his simple formula for success—that genius is 2 percent inspiration and 98 percent perspiration.●

PERSONAL EXPLANATION

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. BARNES. Mr. Speaker, last Wednesday, October 14, I was recorded as having voted against the Findley amendment to H.R. 3603, the Agriculture and Food Act of 1981. I had intended to vote for the Findley amendment, rollcall No. 258, since I have consistently supported efforts to cut back the dairy support program. During earlier action on H.R. 3603, I had voted for the Frank amendment, which was similar in purpose to the Findley amendment.●

MULTIEMPLOYER PENSION PLANS

HON. IKE ANDREWS

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. ANDREWS. Mr. Speaker, the ERISA Amendments Act of 1980 has caused significant problems for a number of industries who participate in multiemployer pension plans. Representatives of the American Trucking Associations, Inc., have brought to my attention two articles outlining the severity of the situation. It appears that the act is inadvertently discouraging participation in multiemployer pension plans.

Mr. Speaker, I am inserting in the RECORD an article by Jerry Geisel in the September issue of Business Insurance magazine. I commend it to the attention of the Members of the House:

NO CLEAR SOLUTION EXISTS TO SOLVE ILLS OF MULTIEMPLOYER PLANS

(By Jerry Geisel)

Washington.—Who should pay for the massive unfunded liabilities of multiemployer pension plans?

Employers, Congress answered last year when it passed the Multiemployer Pension Plan Amendments Act of 1980.

After years of debate and complex negotiations, Congress decided that an employer that withdrew from a multiemployer plan would have to pay a share of the plan's unfunded vested benefits.

That was a dramatic change from the previous law that allowed an employer to drop out of a multiemployer plan and escape paying liabilities if the plan did not collapse within five years of the company's withdrawal.

Employers now are finding out just how expensive withdrawal liability can be. When two trucking firms in North Carolina and Indiana withdrew from the Central States, Southeast and Southwest Areas Teamsters' pension fund, they were hit with withdrawal liability claims that were more than double their net worths.

Those firms, Johnson Motor Lines Inc. of Charlotte, N.C., and Transport Motor Express Inc. of Fort Wayne, Ind., are suing the Teamsters, charging, among other things, that the multiemployer law is unconstitutional because it allows the taking away of property without a trial.

Trade associations, too, are beginning to take the offensive against the new law. Several employer groups will meet in Washington this month to discuss how to work together to seek changes in the Multiemployer Amendments Act.

Those trade associations, who admit in some cases that they didn't understand the implications of the law when it was passed last year, are under mounting pressure from their members to lobby for changes in the law.

Employers, particularly trucking companies, are asking how Congress could pass a law that overnight made them responsible for enormous pension liabilities.

Congress passed the Multiemployer Amendments Act, with considerable support from big business groups, because it saw no alternative but to end the system that encouraged pension irresponsibility.

That system, in most cases, limited an employer's liability to a negotiated contribution to the plan. Multiemployer plan trustees, half of whom are appointed by employers and the other half by the union, set the benefit levels.

As a result, employers had an interest in keeping contribution levels low, while union representatives fought for high benefit levels.

The result was financial disaster.

Because employers' contributions failed to match the benefits promised, many of the multiemployer plans are badly underfunded; the Central States Teamsters' fund alone has $3.5 billion in unfunded vested liabilities.

Those unfunded liabilities caused few worries during the 1950s and 1960s, periods of great economic growth. Experts reasoned that an increasing flow of contributions from new employers joining the plans would pay for retirement benefits when the promises came due.

But that reasoning began to come apart in the 1970s. Entire industries began to die.

For example, people stopped wearing hats; with no new employers entering the field and existing ones dying off, the multiemployer plan for millinery workers suddenly found itself in dire financial straits. Multiemployer plans in other declining industries, such as hard coal, faced similar problems.

More recently, industry deregulation has posed new problems for multiemployer plans. Hundreds of trucking companies, for example, are expected to close their doors in the next few years, unable to survive in the new competitive environment created by deregulation.

As a result, employer contributions to the Teamsters' plan could trail off, posing new financial burdens for the plan.

Surviving employers have no interest in inheriting the pension liabilities of firms that leave the plans. They oppose a weakening of withdrawal liability penalties.

But the pressure on Congress to reduce withdrawal liability costs is bound to increase as more employers who leave multiemployer plans are hit with astronomical unfunded liability bills—the bitter fruit of previous pension irresponsibility.

All the choices confronting Congress are unpleasant. Keeping a company's withdrawal liability at the current stiff levels could further weaken multiemployer pension plans by causing new employers to shun them.

Easing withdrawal liability could mean a return to the old system of pension irresponsibility that caused the original problem of poorly funded multiemployer plans.

Reducing benefit guarantees would force retirees to bite the bullet. That would be unfair, some experts say, since retirees played no role in pension-funding decisions.

The Multiemployer Amendments Act may be, as one Washington attorney puts it, a very bad law—but no one has come up with a better one.●

RICK JAMES

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, October 9, 1981

● Mr. STOKES. Mr. Speaker, it is a great honor for me to introduce to my colleagues in the House a superstar—my second cousin Rick James. Mr. Speaker, I do not call him a superstar simply because I am a supportive family member.

The family has not crowned him a musical success. The fans and the record charts attest to his overwhelming success and popularity in the music business and make him unequivocally a superstar the likes of Stevie Wonder or Diana Ross. He has, as musicians frequently say, "paid his dues," on the way to the top of the music world.

Mr. Speaker, a few of my colleagues may not be readily familiar with Rick James by name. However, I can guarantee them that they have heard at least one of his songs on many occasions, whether it was from a car radio or from the rooms of one their children. He is a music idol with proven staying power.

Mr. Speaker, Rick James' staying power and superstardom is not limited to the often unpredictable music business. It is based on his solid family allegiance. Rick James personifies this allegiance during every interview and concert he gives.

Mr. Speaker, Rick James, an intelligent young man, is acutely aware of his roots and how he reached stardom. This family superstar quite openly notes that the brightest star in his life is his mother and my first cousin, Mrs. Betty Johnson.

Betty worked tirelessly to educate all of her children. Accordingly they all have done well in their respective fields. The success that they enjoy today is a lasting tribute to her diligence and the great job she did in raising them.

Mr. Speaker, the fact that superstar Rick James pays his mother, his shining star, a touching tribute every time he is interviewed is only one facet of the tight bond between them. He has seen to it that his mother will not have to toil anymore. Thus, all her years of hard work and sacrificing for her children have paid off.

Mr. Speaker, it is not only the extraordinary musical talents that make Rick James a superstar. He is a superstar at home as well as on stage. We are all extremely proud of him.

At this time, it is a pleasure for me to introduce my cousin, the superstar, Rick James to my colleagues in the House. Mr. Speaker, I insert in the RECORD an article which appeared in the Washington Post on Rick James:

PUNK'S FLASHY FUNKSTER—RICK JAMES: BRAIDED AND BRASSY SUPERSTAR FINDS ALL THAT GLITTERS TURNS TO PLATINUM

(By Richard Harrington)

Punk-funk superstar Rick James sat in his Capital Centre dressing room Saturday night, fingering his Masai warrior's braids. Every once in a while he would tug at them, as if to prove they were real. They are, and James is planning on doing some clipping of his own: He has filed a $450 million lawsuit against several concert promoters who attached his equipment at a Dallas concert in August.

James *minded* having to cancel the next night's concert, and he *minded* having to play the next night on borrowed equipment; but mostly James seemed to mind newspaper reports that had him ditching those trademark shoulder-length braids to escape sheriff's deputies who wouldn't be looking to serve papers on a "bald man."

"They seized my equipment—illegally—and then they defamated [sic] my character and professionalism saying I had a *bald head,*" James fumes, spitting out the last two words. "I'm not a criminal; I've never stolen anything. They were wrong and they're going to suffer for it. That tears down my character anybody says I got a *bald head.* There's people out there that believe that kind of s---. The braids are important, the whole group wears them. If I'm *bald,* then the whole group is *bald;* and if we're all *bald,* it means we're plastic people up there."

The only plastic in James' life right now is the round kind that goes under a needle. His current "Street Songs" album has held the No. 1 spot in the Black Album Charts since early summer and next week will tie the record for that position—20 weeks held by Stevie Wonder's "Songs in the Key of Life"—flitting around in the pop Top 10 for much of that time as well. James is the top black concert attraction in America; he drew more than 35,000 to two shows at the Capital Centre.

His message is simple—funk it up. It's a message delivered by a 13-piece band that, like James, looks as if it came to the stage directly from a Star Trek convention: silvery thigh-high boots, skin-tight lamé body suits, a generous dose of silver glitter on the braids. In the last three years, all that glitter has turned to platinum for James and company.

The 28-year-old superstar seems in cautious control of his success, his conversation sprinkled with stories of glitter gone dull through excesses.

"In my head I've always been a superstar, even when I was broke," James says matter-of-factly. "But I didn't make it until 1978, and I was able to watch Sly and Steve Stills fall, watch Jimi Hendrix and others die. Had I made it in the '60s, I might have been blown away, too. The music business is an unnatural business. You come off that stage believing that you're a god . . . It's unnatural."

The on-stage and offstage Jameses are as different as night and day, a conscious division that he has only recently started to talk about. The mythic, public James is a flashy funkster and party-giver. The real-life, private James lives quietly on a ranch in Upstate New York with his mother and his horses and has started trying to cool that hot image, even though it could affect his popularity.

"I don't care if it's dangerous or not. In all my years of following musicians—Jagger, the Beatles—they always managed to keep their image and art a separate thing. It's not completely not me, I'm not totally devoid of that stage image . . . it's about 50 percent offstage," James says tantalizingly.

James' references tend to be toward white rock musicians. Until he stepped into the realms of funk, his "roots were basically blues and folk, and of course R&B. What I played over the years as I struggled to live and eat was folk and rock."

In the '60s, the Buffalo native led a Canadian group, the Mynah Birds, that also featured Neil Young; there was also a jazz-rock group called White Cane that recorded a quickly forgotten album for MGM. There are tapes of the Birds, but James laughs at rumors of a group reunion with Young. "I see Neil. I think he'd like the tapes out. He sees them as nostalgia. I do, too."

James' entrance into the funk world after a decade on the peripheries of the record business was partly a reaction against what he saw as the silly sci-fi mindlessness of George Clinton and Bootsy Collins.

Clinton, the creative center of the intergalactic Parl.ament/Funkadelic empire, "didn't do anything that Sly didn't do. It's all been done, all been said, all been played before. The Beatles didn't do anything that the Isley Brothers didn't do, they just took it to a higher ground, the way I took George's stuff to a higher plateau. The babble that existed on top of their music was out of this orb. I just added sensible—and sexual—lyrics and entendres and innuendoes; it made more sense to me. The world is so promiscuous any * * * ing way that a lot of writers, like myself, just put it in there. If you don't get sexy, you might not sell a lot of records."

Ironically, now that he is selling so many records, James finds himself the object of white media attention, much of it choosing to accent his rock roots and crossover potential in a rock field that hasn't had a black superstar since Hendrix and Sly Stone.

"I'm already a rock 'n' roll star," James says testily. "When you get a top three pop album, you are a rock 'n' roll star. I have a lot of rock albums in me, but they wouldn't be accepted by black people * * * and that's my first allegiance, musically. They're the ones that made me. Having to go out there knowing that white and black crowds generally don't mix like they did in the Sly days makes a very strong impression on one.

"The Commodores got off into that," he says of the dangers of crossover. "They've gotten away from their black base on the record level. Then you have to come back when you have to go out there and work. If you're black and you don't have black people out there to see you, you're not going to sell any tickets."

Which isn't a problem for Rick James in 1981.

A few weeks ago thousands of young people jammed the Capital Centre for one final, funky fling before school bells sounded a descordant note. Friday night Rick James called recess.

James, the self-annointed high priest of funk-punk, presided over a sold-out celebration of outrageous party music. Outrageous may be too mild a word for it. James admitted on stage that his biggest thrill in life was "to hear a woman scream in ecstasy," and his whole show is designed to elicit the same reponse from a crowd. He seldom fails.

James moved from the raunchy to the tender and back again with blinding speed. One moment he was smelling a rose and whispering French; the next he was bumping and grinding away to "Bustin' Out" or stroking Teena Marie in a particularly suggestive duet. The Stone City Band provided some chunky dance rhythms, but it was James' blatant sexuality and preening that delighted the crowd most.

Also appearing was Carl Carlton. Shirtless, Carlton left no muscle unflexed.●

A TRIBUTE TO RABBI GERALD RAISKIN

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. LANTOS. Mr. Speaker, I rise to pay tribute to Rabbi Gerald Raiskin, the spiritual leader at Peninsula Temple Sholom for 25 years, who was honored by his congregation September 20 at a testimonial dinner. This man of God has given so much of himself to his temple that now is the time for the congregants to show their love and appreciation.

After serving as an infantryman with the 80th Division in the European Theater of Operations and earning two battle stars and the Combat Infantry Badge, Rabbi Raiskin graduated from Brooklyn College with a degree in psychology and sociology and was ordained at the Hebrew Union College of New York. Upon returning from a year in Israel, Rabbi Raiskin served as a director of the Chicago Federation of Temple Youth where he began his deep involvement with young people. He and his lovely and giving wife Helen, have both continued to place an emphasis on being with and teaching young people. Both Rabbi and Mrs. Raiskin have joy written all over their faces when the children's choir and the students of the religious school or the Hebrew School participate in the services. It is indeed a beautiful sight to see 40 to 60 children singing beautifully under the skillful direction of Mrs. Raiskin with the Rabbi happily singing too.

The love that Rabbi Raiskin has for his flock is shown on his smiling face upon entering the temple. Each person, who is a temple member, feels that "Jerry' is their own personal Rabbi and their good friend. The children of the Sunday school look forward to being greeted personally by the Rabbi as they start their day at the religious school. Rabbi Raiskin is never too busy to help a youth who might be having a difficult time learning Hebrew become more adapt in the beautiful language of the Torah. The growth of the temple from 40 families to almost 700 is mostly due to the warmth and affection given so freely by Rabbi Raiskin as he embraces each new member to his heart.●

DO NOT BE TRICKED BY THE SIERRA CLUB

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. YOUNG of Alaska. Mr. Speaker, the American people must not be fooled by the manipulative use of the mass media by foes of Interior Secretary James Watt. Yesterday's presentation of a million petitions demanding the immediate dismissal of President Reagan's Interior Secretary was a staged media hoax perpetrated by the Sierra Club. It is important, Mr. Speaker, that we not be tricked into believing, as the Sierra Club would have us believe, that most Americans favor removal of Interior Secretary Watt.

The Sierra Club's presentation of their petitions to Congress yesterday was not a spontaneous display of grassroots popular support favoring the ouster of James Watt. Instead, it was a highly organized and sophisticated media blitz organized by the Sierra Club. A confidential memorandum written by the leadership of the Sierra Club several weeks ago provides the proof for this claim. The confidential memo details the Sierra Club's master plan for maximizing media exposure in opposition to Secretary Watt.

This memo is further indication that the Sierra Club's tactics against the Secretary are only a symbol of the Sierra Club's efforts to expand its own membership and donations. The memo clearly states that one of the primary goals of yesterday's petition presentation was to enhance the credibility of the Sierra Club as a strong grassroots organization.

Mr. Speaker, I am inserting a recent article by the Sacramento Bee which describes the secret battle plan for this week's antilobby effort staged by the Sierra Club. I think this article highlights the true objectives of the Sierra Club.

[From the Sacramento Bee, Oct. 10, 1981]

SIERRA CLUB HAS A "SECRET"—DUMP WATT

(By Leo Rennert)

Acting in utmost secrecy, the Sierra Club has mapped a battle plan for a lobbying assault on the nation's capital that has all the trappings of an undercover KGB or CIA exercise.

The point of the maneuver is to dump on the steps of the House of Representatives Oct. 19 more than 1 million petitions calling for the firing of Interior Secretary James Watt.

The cloak and dagger preparations, however, may be more exciting than the event itself.

They involve careful orchestration to extract extensive media coverage and maximum political impact while the public gets the impression that it's witnessing a fairly spontaneous "grassroots" demonstration.

It is vital that this plan remain absolutely confidential, the national Sierra Club office in San Francisco advised its chapters a few weeks ago.

For maximum impact what we are planning must remain closely guarded until we are ready to launch it.

"If word of this plan and its timing gets out, it will be possible for Watt and his supporters to take counteraction which could seriously blunt the political and media impact we are seeking."

The "confidential" eight page master plan, of which the Bee has obtained a copy, was drafted by Sierra Club President Joe Fontaine and Federal Affairs Director Doug Scott after a July "retreat" of the board of directors.

It calls for chapters throughout the nation to send representatives to Washington for a weeklong anti-Watt demonstration with an eye on exploiting local and national coverage to the fullest.

The strategy includes carefully staged airport departure news conferences that should produce local headlines like "Sierra Club leader Jane Doe presents 1 zillion anti-Watt signatures."

At the Washington end, the simultaneous arrival of chapter representatives should trigger a second wave of publicity—"Mighty nationwide Sierra Club assembles volunteer leaders in Washington with 1 million plus petitions against Watt policies."

Timing is critical. Chapter officials were told that the payoff will be "big play in Saturday evening papers and on Saturday evening televisions . . . and in Sunday papers."

According to a cover letter, the hush hush plan was developed on the basis of "careful political soundings and inside advice from Capitol Hill."

Before leaving for Washington, delegates are supposed to meet privately with State Republican Party chairmen to show them the stacks of anti-Watt petitions.

"This would be an off-the-record visit to convey the message that we are a bipartisan group, but that there is very strong grassroots sentiment against Mr. Watt and the policies of the Reagan administration he symbolizes," the plan advises.

There also are supposed to be "courtesy calls" on governors that should get a "ripple-down political impact."

In line with the club's tactic to hold off advance public announcements until the last moment, press kits about the anti-Watt project will not be mailed until next week.

However, Larry Williams, an organizer in the Washington office, acknowledged the secrecy strategy is beginning to crumble. The White House has known about plans for the Washington rally for "at least a week," he said, and the event also has been reported in the Doonesbury comic strip this week.

Asked why club representatives had to be instructed in supersecret discipline, Williams replied, "You're dealing with lots of volunteers. You must take a hard-line approach; otherwise, they tend to run off in different directions."●

NEW JERSEY'S OUTSTANDING YOUNG FARMER

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. FLORIO. Mr. Speaker, a young man from my congressional district recently had the distinct honor of being named "New Jersey's Outstanding Young Farmer" by the New Jersey State Board of Agriculture. J. Wilson "Jay" Hughes, Jr., a 34-year-old resident of Aura, N.J., is the recipient of this commendable award.

A statement made by Mr. Hughes, "having new areas of challenge and the chance to overcome them is always welcome," is reflective of his can-do attitude. A third-generation fruit farmer, Mr. Hughes is vice president and assistant general manager of Broad Acres Farm, a family corporation.

In addition to his farming achievements, Mr. Hughes has contributed much time and effort to civic and farming organizations. He is a member of the Aura Volunteer Fire Company and Rescue Corps, and a member of the Elk Township School Board.

Mr. Hughes' selection for this honor was based on such factors as management, efficiency, and innovative farming practices.

His philosophy is to develop farming into "a profession, not an archaic vocation."

I would like to take this opportunity to commend Mr. Hughes on this outstanding accomplishment and entreat my colleagues to do likewise.●

ARTICLE HONORS CLAUDE PEPPER

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. FUQUA. Mr. Speaker, we all recently enjoyed the festivities surrounding the 81st birthday of our esteemed colleague, CLAUDE PEPPER.

I thought, however, that this article, which appeared in the Tallahassee Democrat recently, helps capture the history and color which has surrounded Mr. PEPPER's career and I happily share it with you today.

PEPPER AHEAD OF HIS TIME

(By Howard Jay Friedman)

He didn't know me and we hadn't met. But in 1946, Claude Pepper helped me get a job on The Democrat and on my way to 35 years of writing in and about Florida.

As a transplanted New Yorker, I knew all about him. He may have been the senator from the state of Florida, but Florida was the second state for thousands of New Yorkers who spent their winters here, and they considered him their senator, too.

He was a liberal. But, more important, he was an ally of President Franklin D. Roosevelt, helping to turn this nation around after its worst depression.

I've forgotten what the issue was, but a Democrat editorial in 1946 criticized him. I disagreed, and wrote a letter to the editor about it. The letter was published and I received a nice "thank-you" note from the senator, with an autographed picture, both of which, unfortunately, I can't find anywhere.

That letter led to other letters to the editor, which led to a daily column, which led to a job in the Department of Education—and which, in one of those twists of fate, has now led me right back to The Democrat!

I guess I saw Claude Pepper in person two or three times when he was senator. Al Block introduced me to him at a Rotary Club luncheon in the Floridan Hotel. The senator flattered me by remembering my name.

I saw him again one afternoon shopping at Christo's 5-and-10 cent store. Now, that may not mean much to many of you, but you can live all your lifetime in many states in this country and never see anyone in public office in person, much less a U.S. senator, in the dime store. He waved "hello" across the counter and I was impressed.

In 1950, George Smathers challenged him for his senate seat, in what became one of the bitterest campaigns in the state's history. It's unfortunate, but for some people Pepper will be remembered for losing that campaign, rather than for his contributions to government.

Yes, I was, and still am, upset about it. I think he got a raw deal from many of his former "friends." They called him "Red" Pepper and painted him nearly a traitor, although he was neither.

They distributed that infamous photograph of him standing alongside Paul Robeson, who was a great singer but an admitted communist. But Pepper's sin was not only that Robeson was red, but that he was black.

Folks who didn't like blacks, and there were lots of them, didn't like Pepper.

Pepper, you see, had supported President Harry Truman's Fair Employment Practices Commission, which was aimed at getting jobs for blacks in government and industry.

But I think doctors hated Pepper worst of all. Pepper had supported government help for the payment of medical bills. His opponents called it "socialized medicine" and succeeded for many years in turning that program into a dirty word.

That campaign, incidentally, gave me my first look at some of the ugliness of politics: a group of local Smathers' supporters, flushed with victory, driving their cars over the front lawn of the senator's home on Wilson Avenue, blowing their horns and shouting swear words.

But Claude Pepper lost like a winner.

He didn't return to Miami, his home town, with his tail between his legs, a beaten man. Nor did he do as others did before and after him, and move to Washington to lobby for the "fat cats." He went back to his first love, the law, practicing in Miami with Jack Orr, and here in Tallahassee with Earl Faircloth and, later, Lawrence Renfroe.

But he needed the stimulation of government. So in 1962 he returned to Washington as a newly elected freshman congressman from Dade County, one of only a handful of lawmakers who ever returned in a lesser capacity. He has been in Washington ever

since, re-elected by his Dade constituency over and over again by overwhelming majorities. He is now the recognized leader in the fight for the rights and needs of the elderly.

Pepper was ahead of his time. The two principal issues that led to his Senate defeat were his support of "socialized medicine," which we now know as Medicare, and his interest in fair employment practices, which became the issue of civil rights. He favored both too early.

History will mark him as a courageous and outstanding lawmaker. And, without being too bitter, I think he will be remembered a lot longer than his former friend who beat him out of his Senate seat and then didn't stay around long enough to do anything we can remember.

Claude Pepper, son of an Alabama sharecropper, a Tallahassee neighbor, will be 81 years old in just a few days, on Sept. 8. Happy birthday, friend. And thanks.●

THE AWACS DEBATE IN CONGRESS

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. DANNEMEYER. Mr. Speaker, the pending proposed sale of military equipment to Saudi Arabia is the most important foreign policy issue now facing Congress. Due to the serious nature of the issue, and the high level of public interest, I feel it incumbent upon me to place in the public record a statement outlining the reasons for my decision to vote for the sale and against House Concurrent Resolution 194, the resolution of disapproval adopted by the House on October 14.

Accordingly, at this point in the RECORD I insert the following column, which is to be distributed to my district later in the week.

The article follows:

THE AWACS DEBATE IN CONGRESS

Certainly the most controversial foreign policy issue of the 97th Congress to date continues to be the proposed sale of the AWACS (Airborne Warning and Control System Aircraft) and other military equipment to Saudi Arabia. President Reagan agreed to sell the Saudis a package of 5 AWACS, 101 sets of conformal fuel tanks to extend the range of the 60 F-15 fighters we sold the Saudis in 1978, 1,177 AIM-9L Sidewinder air-to-air missiles to give the Saudis an advantage in aerial battles because the Sidewinders can be fired head-on, and 6 KC-707 aerial refueling aircraft. The cost of the package, including training and spare parts, totals $8.5 billion. Under a law governing foreign military sales in excess of $25 million, Congress has until October 30 to disapprove the sale. While the House voted to do so on October 14, the vote in the Senate is considered too close to call.

The decision on AWACS is a difficult one because the United States has partially competing objectives to reconcile. On the one hand, we have a moral and political commitment to the security and survivability of Israel. I publicly stated when the debate on AWACS began earlier in the year that I would not support anything that would significantly impair Israel's ability to launch a preemptive strike to maintain its security. On the other hand, Saudi Arabia has very legitimate defense needs. Saudi Arabia has relatively few citizens (under 6 million) yet must protect a land area about the same size as that portion of our own country east of the Mississippi River. Within the country lies the strategically and economically important oil fields on the Persian Gulf. The Saudis are surrounded by potential adversaries. Libya, Ethiopia and South Yemen have banded together to threaten Saudi Arabia by moving through nearby North Yemen. Libya's terrorist leader, Colonel Qadhafi, has threatened to destroy the Saudi oil fields unless the Saudis support Libya's demands for higher OPEC oil prices. Certainly, Qadhafi's threats cannot be taken lightly, what with his bombing of the Sudan and his invasion of Chad.

The AWACS radar planes are designed to improve Saudi defenses by providing the Saudis with an advance warning of enemy attack. At its operating altitude of 30,000 feet, an AWACS can detect enemy aircraft within a range of about 200 miles—more or less—depending upon weather and terrain conditions. The advance warning would provide sufficient time to scramble the F-15's engage the enemy with AIM missiles, and defend the oil fields.

The two principal objections to the sale—but by no means the only concerns—are that the AWACS pose a threat to Israel, and that should the Saudi government fall from power, the equipment might fall into the wrong hands and compromise U.S. security. I sincerely and carefully weighed these considerations when studying the issue. From the written material I reviewed and the briefings I attended, I concluded the following:

In order to monitor Israeli airspace, the AWACS would have to operate in one of two small areas in the far northwest corner of Saudi Arabia, hundreds of miles from the oil fields. Thus, any shifting of the AWACS to those areas would leave the oil fields vulnerable because it will take 5 AWACS to provide around-the-clock protection of the Persian Gulf area. In addition, the concentration of air traffic over the dense Israeli air space would make it difficult for the AWACS to distinguish between routine and attack aircraft. Further, the AWACS cannot detect such things as troop or tank movements.

The second possible threat to Israel stems from the ability of the AWACS to serve as a control and command center to coordinate air battles. On this point, the Defense Department has provided assurances that all of the most sensitive gear for this function will not be included in the version sold to the Saudis. The Israeli Air Force will retain a decided superiority over the Saudis, or other nations in the region. The United States certainly retains the option of selling Israel such equipment as may be necessary to maintain this level of strength.

There is always the possibility that equipment will fall into the wrong hands whenever the U.S. transfers technology to other countries, regardless of the location. However, in this case the need for the equipment is so great, that we must manage any risks that present themselves rather than use these risks as reasons to block the sale entirely. I am convinced that the arrangements reached between the U.S. and Saudi Arabia are more than adequate for this purpose. Specifically, there will be complete data sharing with the U.S., there will be no sharing of information with other countries without our prior consent, there will be no operation of the planes outside of Saudi airspace, and extensive security measures will be taken in the selection of personnel and the storage of equipment. A further safeguard is provided by the fact that the planes would not be delivered until 1985–86, U.S. personnel will be involved in flight operations until training of Saudi crews is completed in 1990, and the need for spare parts and ground assistance will guarantee an American presence into the 1990's. Finally, the truly sensitive portion of the AWACS is the computer "software"—the programming—and not the "hardware" or actual physical equipment, which is actually widely known, and is what would fall into enemy hands in the unlikely event of any capture.

It is unfortunate that this important issue became embroiled in as much symbolism as substance. The sale does not represent a disabling threat to Israel, and for that reason I was able to support it. Although my position did not prevail in the House, this was largely due to the absence of any lobbying by the White House. This lack of effort was a mistake. At issue here is the ability of the President to shape foreign policy, the willingness of the U.S. to stand by its allies—both Israel and Saudi Arabia, and in the process help the process of peace in the Middle East.●

COMMEMORATION OF ACHIEVEMENTS OF CASIMIR PULASKI

HON. JAMES L. NELLIGAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. NELLIGAN. Mr. Speaker, we pay tribute this month to the great Polish patriot and leader, Gen. Casimir Pulaski, who bravely volunteered his services to the Continental Army during the American Revolution, helping the cause of freedom.

Casimir Pulaski was born in Lithuania, Poland, in 1748. His early efforts for the cause of independence in Poland proved unsuccessful. After his exile from his native land, he served in the Turkish revolutionary movement. He later met with Benjamin Franklin in France, and soon thereafter joined the American cause for freedom. Upon his arrival in America in 1777, he organized a corps of cavalry and light infantry at Valley Forge, which later became known as the Pulaski Legion. Successful reorganization of the Continental Army's cavalry led to his distinction as the "Father of the American Cavalry." Pulaski commanded the American and French legions at Savannah, where he was fatally wounded and died on October 11, 1779.

I think it is especially fitting to remember General Pulaski in this time of decision for the Polish nation. To a large degree, the ideals of General Pulaski fought for in America are now being debated in his native land. More

than 200 years after his death, the Polish Solidarity movement has raised some of the same basic issues of human freedom for which Pulaski sacrificed his life. They have bravely stood up against the forces of oppression, and laid claim to the heritage which Pulaski sought to create and preserve.

I join with Americans of Polish descent in the 11th Congressional District of Pennsylvania, which I am privileged to represent, in honoring Gen. Casimir Pulaski.●

TUBERCULOSIS: ACTION IS NEEDED

HON. WALTER E. FAUNTROY

OF DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. FAUNTROY. Mr. Speaker, I regret that during the consideration of H.R. 4560, the measure appropriating funds for the Department of Labor, Health and Human Services, and Education, it was not possible for me to be present on the floor. I particularly wanted to be present in order to rise in support of an amendment which was offered by my distinguished colleague from New York, Mr. WEISS, which would have increased the appropriation for the preventive health services program of the Centers for Disease Control by an additional $5 million, moneys which would have been earmarked for the treatment of tuberculosis.

I was sorry to learn that this body did not adopt the amendment, and do want to go on record as to why I believe it was necessary.

Tuberculosis, thought to largely be a disease of the 19 century, is regrettably once again on the rise in our Nation. In 1980 there was an actual increase in new cases. Statistics of the American Lung Association reveal that 27,983 cases were reported last year, a rise for the first time since 1963.

In the District of Columbia alone new cases totaled 361 in 1980 as opposed to 324 the year before. Particularly disturbing is the fact that a large number of these cases were diagnosed in children under the age of 14 which is an indicator that the infection is recent. It is well known that tuberculosis occurs more frequently in the nonwhite population of our country. Referring again to my district, over 90 percent of the newly reported cases were among blacks. The rate of incidence among blacks in the District of Columbia was five times higher than that of its white population.

Tuberculosis is a disease which can both be prevented and cured. But the drugs and other items necessary for treatment must be available on a certain basis and for the duration of time required to be successful. It is not unusual for a tubercular patient to require treatment for up to 1 year.

Tuberculosis preys upon those in our society who find themselves at the lower end of the national income scale. At a time when we are witnessing reductions in programs which serve the needy, and when combined with the crisis situation in housing where we are seeing individuals living in crowded conditions out of economic necessity, this dread disease can only be expected to increase.

Five million dollars would have been a very small additional amount to appropriate, particularly when weighed against the positive impact such an appropriation would have had on the health of our fellow citizens.

Again, I regret the action taken on the proposed amendment, and hope that when an appropriate opportunity presents itself, this body will reverse its decision.●

VOLUNTARISM IN AMERICA

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. ARCHER. Mr. Speaker, voluntarism has always been one of the great strengths of America. All of us have observed the enormous benefits to our communities and the country from voluntarism. Perhaps nowhere are the benefits more apparent than in our nonprofit hospital.

Voluntarism can take many forms, but I would now like to comment on two forms of voluntarism: the work performed by volunteers in hospitals and voluntary philanthropic gifts to assist hospitals in their good works.

I call to the attention of my colleagues the letter that appears below, sent to my attention by Mr. Joseph L. Kunec, president-elect of the National Association for Hospital Development, a professional organization of over 1,200 members, nearly all of whom are hospital administrative staff across the country charged with raising donated funds for not-for-profit hospitals. Mr. Kunec is a constituent of mine, and the hospitals and institute he serves as director of development—St. Luke's Episcopal Hospital, Texas Children's Hospital, and the Texas Heart Institute—in Houston, have been of exceptional service to my community and far beyond for many years.

He expresses his concern, and that of his association, about a regulation which was written some years ago setting for the administration regarding certain provisions of the Social Security Act. Mr. Kunec makes an excellent case that this regulation sets a trap for the "unwary donor" to a hospital, which effectively negates the voluntary nature and prime intent of his/her gift. The argument is complex, and I urge my colleagues to study the letter which appears below, and to urge with me that the administration change this regulation which is an unnecessary and counterproductive burden on those who desire to make gifts to the hospital of their choice.

I also call to your attention, Mr. Speaker, that the recently passed tax legislation benefited those who make voluntary contributions to all charitable institutions. It would have been useful to the hospitals and similar institutions of this Nation if a bill I cosponsored H.R. 768, would have been included in the tax legislation. It has been cosponsored by over 200 Members. Essentially, this bill would amend the Internal Revenue Code to provide that the standard mileage rate for use of a passenger automobile which may be used in computing the charitable contribution deduction, shall be the same as the standard mileage rate which may be used in computing the business expense deduction. Clearly, this would be of distinct value to the voluntary efforts for hospitals, and I urge my colleagues to work for that legislation also.

The letter of Mr. Kunec follows:

PAUL R. WILLGING, PH. D.,
Deputy Administrator, Health Care Financing Administration U.S. Department of Health and Human Services, Washington, D.C.

DEAR DOCTOR WILLGING: We are writing you on behalf of the National Association for Hospital Development (NAHD) to request the deletion of 42 C.F.R. §405.423(c)(2) from the Medicare regulations. NAHD is a professional organization of over twelve hundred members, principally consisting of hospital development officers, who are charged with raising donated funds for not-for-profit hospitals.

The prime reason for our request is that such a deletion would remove from the regulations a provison that acts as an unwarranted trap to the unwary charitable donor to non-profit hospitals and other medical care providers. The current provision is not mandated, and is inconsistent with the intent of the Social Security Act.

Section 405.423 provides that funds that are designated by their donor for covering hospital operating expenses will reduce the reasonable costs otherwise reimbursable to the provider. Thus, for enample, if a donor were to make a donation to a hospital to be used toward nurses' compensation, a portion of the donation—nationally averaging approximately 50 percent—would reduce Medicare cost reimbursement for nursing expenses.

The Medicare regulations provide their own internal rationale for the adoption of such a rule. They state:

"If such costs (reimbursable costs) are not reduced, the provider would secure reimbursement for the same expenses twice; it would be reimbursed through the donor-restricted contributions as well as from patients and third-party payers including the Title XVIII health insurance program."

The above result is not required by any provision of the Social Security Act. Indeed we believe a fair reading of the Act and its underlying intent would produce a contrary result. We also do not believe that this provision is in the interest of the nation's health care system.

The history of the health care in the United States is dominated by the commitment of not-for-profit hospitals to serve the sick. Prior to the Medicare program and other Government subsidized programs, not-for-profit hospitals bore virtually the entire financial responsiblity of caring for those that could not pay their medical bills. Charitable gifts helped defray some of these costs. Even after the enactment of the Medicare program, not-for-profit hospitals continued to serve the nation's elderly and poor at the hospitals' "costs" without increment for operating margin or other return on investment to allow providers to protect themselves from increases in costs due to inflation and increasing sophistication of medical care and equipment.

Private philanthropy is the primary source from which not-for-profit hospitals may accumulate equity funds to bridge the inflationary gap and make fully possible their "cutting edge" mission in health care. Taxing charitable donations by reducing Medicare reimbursement by the amount of a donation, which in essence is what is done in 42 C.F.R. § 405.423(c)(2), makes no sense and is counter-productive to the interests of the health care system.

There is nothing in the Social Security Act or in its legislative history that requires the result established in the regulations. Section 1814(b) of the Social Security Act requires that providers be reimbursed for the lesser of the reasonable cost of services performed on behalf of Medicare beneficiaries or the customary charges for such services. There is absolutely no indication in the statute that the Government, which has committed itself to pay all the reasonable costs of treating Medicare beneficiaries, should benefit from the unintended subsidy of donors.

Section 405.423(c)(2) of the regulations has been productive of one thing: the literature and teachings of hospital development officers invariably contain the caveat that proposed donations restricted for operating purposes should be discouraged. Thus, it is the usual practice for hospital development officers to explain to donors that any such proposed donation will reduce government reimbursement, and thus, will not bring as great a benefit to the hospital as other types of gifts. Donors are encouraged to change the gift designation to non-operating purposes, such as for capital or equipment, or to make their donation unrestricted altogether. It is not the donor's intent to subsidize the Medicare program; rather, he or she had intended to benefit the hospital and the provider's patient care services. In a recent survey conducted by NAHD of its members, few examples of gifts designated for operating purposes were revealed.

Yet, the fact that such mistakes are few does not make them any less regrettable. It is unfortunate, for example, for an unexpected gift by bequest to come to a hospital designated for operating purposes, because unlike the direct gift, made by a living person, there is no opportunity for the donor to be notified and the uninformed restriction removed. Moreover, even in the case of such a direct gift, uninformed designations can pass unnoticed. For example, in Provider Appeal Dec. No. 00-77-37, CCH Medicare and Medicaid Guide, Paragraph 28,845, a donor agreed to pay the telephone company charges associated with a hospital's coronary care unit's remote monitoring equipment for a period of two years. Presumably, upon subsequently learning that such a gift merely reduced the reimbursable costs of the hospital, the donor sought to revoke his or her designation retroactively and "de-restrict" the gift. The hearing officer concluded that the donor's efforts to de-restrict the gift were distinctly tardy and that the intermediary's decision to reduce the hospital's reimbursement by the amount of the gift was correct. While, as a matter of interpretation of current regulations (the limits of the hearing officer's authority) the decision was probably correct, it nevertheless underscores the very reason we are making this request for your consideration. The donor in the case had intended to benefit the provider and/or the provider's coronary care patients by providing a supplementary source of funds to use for additional health services to the community. Instead, the gift is partially used to reduce the amount Medicare would pay for services to its beneficiaries—thus reducing the benefits as originally intended by the donor.

If the donor in the above case had been properly knowledgeable about the intricacies of Medicare regulations, he or she could have made an unrestricted gift to the hospital in the same amount, the hospital could have used the donation for the same purpose, and Medicare would have paid the "reasonable costs" of providing this service; and the donation would have resulted—as was intended by the donor—as a source of supplementary funds for the hospital.

In other words, § 405.423 serves only as a trap for the unwary donor, who cannot be expected to be fully aware of the intricacies of Medicare regulations to carry out the intent of their donations. The provision serves no other logical purpose. The law should seek to protect such donors by deleting § 405.423(c)(2)—a provision that has come to be referred to by hospital development officers as the "unwary donor rule"—from Medicare regulations.

In 1980, included in Public Law 96-449, the Omnibus Reconciliation Act of 1980, was section 901, a provision strongly supported by NAHD, to assure that most charitable contributions would continue not to be detrimentally affected by Medicare reimbursement. Included in the House version of the bill was a provision which would have legislatively mandated the repeal of the "unwary donor rule." While the provision received broad bi-partisan support, it was ultimately deleted from the final provision because HHS identified a revenue cost of $67 million, and in the setting of budget cutting, such a cost was adjudged too high.

NAHD strongly questions the accuracy of this estimate. As mentioned previously, NAHD's recent survey of its membership showed only a negligible number of gifts designated for operating purposes. Accordingly, we suggest the Department of Health and Human Services develop revised cost estimates. However, even if this estimate is correct, we hardly believe that such an amount should impede the repeal of a regulatory rule that makes no sense. At this time of reduction of government funding of some health care programs, including the Medicaid program, the importance of encouraging private philanthropy is underscored. The Reagan Administration has stood for the enhancement of philanthropy. This worthwhile goal can be implemented in an important manner by the deletion of § 405.423(c)(2) from the regulations. Such a deletion would, in our view, be wholly consistent with the requirements of the Social Security Act.

Representatives of NAHD would be delighted to meet with you to further discuss this matter should you wish such a meeting, or to supply you with further information at your request.●

"CALL TO CONSCIENCE VIGIL, 1981"—THE PLIGHT OF THE PELAKHS

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. KILDEE. Mr. Speaker, I am pleased at this opportunity to participate in the "Call to Conscience Vigil, 1981." The vigil, sponsored by the Union of Councils for Soviet Jews on behalf of the Soviet Jewish families, gives me a chance to express my concern for Jews being detained in the Soviet Union as a result of that government's repressive emigration policies.

Since signing of the Helsinki Final Act of 1975, which provided for the pursuit of policies consistent with the basic principles of human rights, it has become increasingly apparent that the Soviet Union has disregarded the human rights provision. Included in the provision is the reunification of divided families whose members live in different countries, for humanitarian reasons, and free travel between countries.

The more liberal approach taken by the Soviet authorities throughout most of 1979 has given way to a renewed harassment of Jewish applicants for emigration. This is the case of the Pelakh family, which I bring to the attention of my colleagues in Congress. The Pelakhs first applied for an exit visa in May 1977. Viktor, Margarita, and their son, Boris, have been continually refused since then. No official pretext was given for their refusal.

Following the initial refusal for repatriation to Israel, both Viktor and Margarita were unable to continue their professional work as chemical and electronic engineers. Neither served in the armed forces nor did they have security clearance or engage in classified work. However, they have been denied an exit visa on the pretense that they know some secret information.

In 1978, the Pelakhs applied for another visa. They were informed their visas would be granted if they sat quietly. They were ordered to sign a promise to be silent, not to write protest letters, and not to appeal to any authorities, especially abroad. Their

request was refused. Again in 1979 they applied, only to be denied their exit visas. Unofficially, Viktor was told that the reason for refusal was because of the work of his brother living in Omsk, Siberia. Ironically, Viktor has not seen this brother in 20 years.

Meanwhile, the Pelakhs are trying to learn Hebrew in Kishinev and participate in seminars of Jewish culture. They await the day their visas will be granted, and they are able to join all of Margarita's family, who are already in Israel.

We must continue to speak out for human rights, for as long as there is injustice anywhere its presence threatens justice everywhere.●

A TRIBUTE TO ABE VICKTER

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. ROYBAL. Mr. Speaker, I rise today in honor of Mr. Abe Vickter. It is a great pleasure for me to pay tribute to this extraordinary individual. On November 25, the Gateways Hospital Men's Club will declare Abe Vickter the 1981 "Man of the Year," in recognition of his services and dedication to the community. There is no doubt that he richly deserves this award.

Abe is the epitome of a self-made man. A member of an impoverished family, he was raised in the slums of New York. The hardship and adversity he encountered, instead of breaking him down as it has so many others, made him all the more determined to succeed. Every obstacle he faced he conquered with ingenuity and perseverance. As a teenager he was forced to quit school to help support the seven children in his family, and that was the beginning of his remarkable career. He organized a retail produce business, and by the time Abe was 20, he employed 23 persons and had become a wholesale produce broker. This was a great accomplishment for a child of the slums, but Abe did not stop there. Moving West in 1949, he established the Giant Penny's Stores and the Giant Sales Co., distributors and marketers of variety gifts and sundries. He built these interests into an operation grossing in excess of $5 million annually, but Abe was still not finished. While a distributor, Abe has become interested in real estate construction, and decided to concentrate his remarkable energies in this area. In 1959 he sold the Giant companies. Since then he has constructed more than 400 homes, 15 apartment houses, and 4 shopping centers in the San Fernando Valley, and is currently involved in real estate finance, investments, and managements.

For all his success, however, Abe Vickter did not forget his roots. Perhaps because of his impoverished youth, Abe is keenly aware of the great range of human problems, the value of seeking solutions to these problems, and the enormous potential of each individual. Throughout his career, he has devoted a substantial portion of his time and energy to seeking ways to improve the human condition and tap this enormous potential. In addition to his membership in the Gateways Hospital Men's Club, Abe holds memberships and is a contributor to the Masonic Old Age Home, the Shrine Hospital for Crippled Children, ADL, the United Way, ORT, UJA, the Heart Foundation, Westwood Shrine Club, B'nai B'rith, and is a founding member of Temple Beth Jacob, in west Los Angeles. He has served on numerous committees for these and other religious and charitable organizations.

Mental illness is a condition of particular interest to Abe, who has devoted a great deal of time and effort to help assure that the mentally handicapped are afforded the opportunity to live normal lives. As he puts it:

Studies show that mental illness strikes one out of every four families in America. The problem is of vital importance and, under conditions in today's world, there is no more personal satisfaction than actively seeking to alleviate it.

This is by no means the first time this remarkable person's contributions have been recognized. In 1969, the President of the United States presented Abe Vickter with the Meritorious Achievement Award for his many services to his fellow man. I know that you will all join with me in saluting this "Man of the Year."●

SOCIAL SECURITY RIGHTS ACT

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. SEIBERLING. Mr. Speaker, I am today introducing legislation which would impose mandatory time limits on the processing of benefit claims for social security applicants, and expedite payment of benefits for approved claims.

The bill, which I have introduced in every Congress since the 94th Congress, would require initial and reconsideration decisions to be made within 90 days, and hearings and appeals decisions to be made within 120 days. The legislation would also give claimants the right to request and to receive emergency payments within 10 days, in an amount based on their earnings record, if they have not received notification of decisions on their claims within 120 days of filing an appeal with the Appeals Council, or if their claims have been approved but their benefit payments delayed. Such payments would not be subject to repayment provisions of the Social Security Act.

I am introducing this legislation to provide this Congress with a way to assure social security applicants timely notice on decisions concerning their benefit applications. Currently, the logjam of requests for hearings is at an alltime high. As of August, 128,551 requests for hearings were pending before the Hearings and Appeal Board, and the average application took 168 days for completion. This is a national average; in some areas of the country it takes even longer. The situation we are experiencing now in the social security hearings and appeals process is even worse than the crises which required emergency legislation in 1975, when 111,000 requests for hearings were pending.

The hearings and appeals process delays are particularly significant to the tens of thousands of individuals who resort to it since 60 percent of the applications for benefits which were originally denied are appoved at the hearings and appeals level. Most of the victims of the delays are applicants for social security disability benefits, who often use up all their savings and end up on welfare while they wait for final decisions on their claims. The frustration and confusion of these persons is understandable, since most of them have contributed to social security with every paycheck, and they deserve to have their cases considered in a timely manner.

Other social service programs, such as aid to dependent children and the food stamp program, already require decisions on applications for benefits to be made within a fixed period of time. Certainly social security applicants deserve similar treatment. Census Bureau statistics show that approximately 25 percent of families with incomes below the poverty level are social security recipients. The individuals who apply for these benefits generally do so because they need the benefits to help make ends meet, and the fact that so many people persist through the lengthy hearings and appeals process is an illustration of that need.

Now that Congress has imposed restrictions and limits on the amount of social security disability benefits which individuals and families may receive, I think it is time we also extended these people the right to timely decisions to their claims. Previous efforts to beef up the number of administrative law judges have simply failed to solve this problem; and the Social Security Administration has not succeeded in solving the problem by self-imposed deadlines which remain unrealized. We have waited long

enough—indeed too long. It is time to impose mandatory time limitations on processing these claims. That is what my legislation would do, and I hope it receives the support of the House.●

GYPSY MOTH

HON. CLEVE BENEDICT

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. BENEDICT. Mr. Speaker, I would like to take this opportunity to bring to the attention of my colleagues, a problem which affects not only the bulk of my constituents, but possibly many other individuals who reside in the other States on the eastern seaboard. The problem I refer to is created by the Gypsy Moth.

I would like to share with my colleagues an article written by the West Virginia Agriculture Commissioner, Gus Douglass, which serves to explain the problem caused by the invasion of these pests. With the anticipated deluge of Gypsy Moths in West Virginia, as well as Virginia, Maryland, and other nearby States, it would appear that it is about time that the USDA take the necessary action to control the caterpillars that have already caused so much damage to the woodland in the Northeastern States.

GYPSY MOTH

The Gypsy Moth, since its accidental release in Massachusetts in 1869, has overcome obstacle after obstacle in its relentless invasion of more and more acreage each year. Preliminary estimates indicate that this pest ate the leaves off of more than 10 million acres of trees in the northeastern states in 1981, and it increased its range more than in any other single year. Hundreds of the moths have been collected in the eastern counties of West Virginia this summer; so it's probably only a matter of time until it builds up and creates similar havoc here.

I'm very concerned. This insect's favorite food is oak leaves, and more than half of the trees in West Virginia are oaks. A recent investigation in another state shows that about 13 percent of the trees in the study area were killed by the caterpillars; but on poorer sites, such as the shaley soil of our eastern counties, the rate could be much higher.

Many years ago, actually 1967, it was pointed out that officials in then infested states were beginning to throw up their hands. In the next several years, the problem began to intensify; and officials from several states formed an Advisory Council to seek action. The problem was assessed, and the research establishment was asked for answers. The immediate need was said to be money for an accelerated research program; thus, the Council appointed a committee to lobby Congress. The money was provided, almost immediately, for a five-year (later extended) program; and we were presumably off to the races—but time has shown that we were not. I'm familiar with the situation because I had several staff members involved.

The program didn't work, in my opinion, because government researchers didn't develop a "sense of urgency"; because they resisted being told what to work on; and because a lot of the funding was diverted to existing studies instead of being used for new ones. This "nickel and diming," combined with universities' skimming up to 50 percent or more off of the top of grants for overhead, had quite an effect. Research was clearly secondary to personal and institutional feelings and benefit. Also, in-house politics involved other forest insects—the southern pine beetle and pine tussock moth—in the increased funding and thereby further diluted the effort.

I was amazed to read recently that USDA scientists cannot say with assurance why the Gypsy Moth did so well in 1981. "They think it may be the result of the mild winter weather, which may permit more eggs to survive until spring." Surely such an elementary question as the cold hardiness of the eggs was answered years ago, or, if not, should have been during the accelerated research program.

Perhaps the statement that makes me the saddest is by a USDA scientist who was actually involved in the accelerated research. He said, "There was a little spurt of activity. We went through the paces. Some good things came of it, and then it stopped. That's all I can say." Another quote cites only three major accomplishments for the program—finding new parasites, registering a Gypsy Moth virus with EPA and learning to synthesize an artificial attractant . . . all of which were ongoing and rather well-financed projects before the accelerated research program ever began.

There's little doubt in my mind that the Gypsy Moth will sweep the country and that the continuing annual damage will be in the billions of dollars. I'm more or less resigned to the fact that our woodland is going to be stripped naked time and time again in the coming years, that many thousands of our trees will ultimately die and that West Virginia citizens will have to tolerate millions upon millions of crawling caterpillars each year. We plan to continue surveying and to do everything we possibly can to inhibit the population buildup. I believe, however, that the insect will be a serious problem from now on; and I believe even more firmly that it just didn't have to be.●

SEPARATION OF SOCIAL SECURITY FROM THE BUDGET

HON. WILLIS D. GRADISON, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. GRADISON. Mr. Speaker, today I am introducing a bill to remove the social security trust funds from the unified budget. Enactment of this legislation would put to rest criticism that benefit cuts are being made to decrease the deficit, thereby aiding the drive to make the necessary reforms of the system. Separation would also help restore public confidence in the future vitality of the system by placing it back on a strong, independent foundation.

A financial crisis is likely to soon endanger the very existence of the social security system. Continued delay in confronting this threat will make the costs of reform increasingly high. Currently the legislative progress toward achieving that reform has been locked by avoidable political obstacles. In particular, the debate over social security has mixed together the two separate issues of making needed budget cuts and saving the social security system. Separation will help us hurdle those political entanglements and tackle one of the most important issues facing this or any Congress: restoration of the social security system to long-term financial soundness.●

AMERICA'S PAST WEAKNESS EXPLAINS QADHAFI'S PRESENT STRENGTH

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. LeBOUTILLIER. Mr. Speaker, who was responsible for the tragic death of Anwar Sadat?

Reports immediately following the assassination pointed to the Organization for the Liberation of Egypt, led by retired Lt. Gen. Saadeddin Shazli, chief of staff during the 1973 Yom Kippur war. According to informed sources, this organization has received $3 million from Libyan leader Muammar Qadhafi via Syria, and has received the backing of the anti-Sadat Steadfastness and Confrontation Pact. This pact—consisting of South Yemen, Algeria, the Palestine Liberation Organization, Syria, and Libya—was formed to overthrow the Sadat government and to block the Egyptian-Israeli peace process.

Since that time, the blame has shifted to Moslem extremists belonging to the secret organization known as Takfir wa Hijra (Repentant and Holy Flight), involved in earlier terrorist activities against the Sadat regime. One of the assassins was a member of this group.

Overlooked, however, is the responsibility past U.S. policies must bear for this tragedy.

For the past 15 years, the United States has acted irresponsibly, and has both encouraged and allowed the U.S.S.R. to develop its present position of global power. Vietnam, détente, Watergate, and SALT—all have made significant contributions to the present American weakness as a world power.

The Soviet Union, emboldened by a consistent and sustained deterioration of American will, took advantage of this situation and in 1975 launched a worldwide geopolitical offensive, focusing first on Angola.

What followed was a series of decisive Soviet actions: Soviet and Cuban support of Ethiopia against Somalia; the Soviet buildup in South Yemen;

the Shah's overthrow in Iran; the Vietnamese invasion of Cambodia and Laos; the destabilization of Rhodesia by Marxist forces; the derecognition of Taiwan; the giveaway of the Panama Canal; giving of assistance to a Cuban-inspired Marxist regime in Nicaragua; the Soviet invasion of Afghanistan; and continued intimidation of the freedom movement in Poland. This unfolding series of events—threatening the security of the free world—continues. Cuban troops range throughout 17 countries in Africa and every country in Central and South America. Moreover, reports indicate that Cuban troops are participating with the Soviet Union in the rape of Afghanistan.

Following Sadat's assassination, Henry Kissinger said:

If Libya had been taken care of two years ago, last year, this year, Sadat would probably be alive today.

This is true. The larger question, however, involves a decade-long U.S. unwillingness to care for its vital interests.

Having allowed the Soviet Union to achieve strategic and conventional superiority over the United States, America now finds itself confronted with a seemingly endless chain of proxy wars, terrorist attacks, and disinformation efforts. In short, the United States finds its interests under attack around the globe by small countries, terrorist organizations, and political operations, which operate freely and with impunity, and are protected all the while by a committed, determined, and hostile Soviet military machine.

Left to his own resources, Qadhafi means little in the large scale of events. It is America's "retreat from power" which has accorded him an impact upon international affairs immensely disproportional to his actual power. In short, Qadhafi's influence would not be significant were it not for a decade-long deterioration of American will and leadership.

In an editorial appearing in the October 8, 1981, Wall Street Journal, entitled "The Qadhafi Problem," the significance of American decline as a world power is discussed. As the editorial states, the trend must somehow be reversed.

To defend its own interests—and the causes of freedom and human rights—the United States has to learn to strike. We have to think seriously again about covert action in support of coups, about military force to aid the Sudan, about guarantees against Soviet retaliation if Egypt decides to move against Libya. If we cannot find a way to deal with the Qadhafi problem, Western interests and Western values are likely to suffer the death of a thousand cuts.

I commend the editorial as follows to my colleagues:

[From the Wall Street Journal, October 8, 1981]

THE QADHAFI PROBLEM

"If Libya had been taken care of two years ago, last year, this year, Sadat would probably be alive today."

Henry Kissinger's words in the wake of President Sadat's assassination take on an added poignancy because the role of the United States was to stop Sadat from taking care of Libya. The persistent report has been the U.S. twice blocked Egyptian plans, to invade Libya. The report that it happened at least once has now been attributed directly to President Carter by New York Times correspondent Leslie Gelb, who ought to know since he was himself a high official in the Carter State Department. In short, the United States restrained—effectively blocked—its ally from doing what he thought necessary to his own self-defense.

No such restraint was placed on Col. Muammar Qadhafi, the Soviet-backed madman who runs Libya. The Soviets have stuffed Qadhafi's Libya with several times the military equipment his army could possibly employ, and provided Russian pilots for his planes and East German bodyguards for his personal security. This has left him free to send assassination squads after Sadat, fund terrorism around the world, invade and conquer Chad, go on to attach the Sudan, shoot at American planes over the Mediterranean and—according to intelligence reports recently circulated within the U.S. government—issue specific assassination threats against President Reagan.

Now Sadat lies dead while Qadhafi continues to attack his neighbors. How can you escape the conclusion? As Mr. Kissinger put it, "It's too dangerous to be associated with the United States—that is the fundamental problem." Or as a Saudi Arabian official told our Karen Elliott House, "Being America's friend in the Middle East is fatal."

Now, we are quite aware that no direct link has been established between Qadhafi and President Sadat's assassins. The conventional wisdom, indeed, seems to be instantly accepting the Egyptian Defense Minister's preposterously premature denial of any such connection. We view his statement as the start of a familiar cycle that precludes serious investigation of international terrorism.

The notion of an outside connection is first denied for what are essentially domestic political reasons—to calm the nation, to smooth the transition, to proclaim the loyalty of the army, to defend the competency of internal security forces and so on. Then the tacit job of the investigators becomes confirming political reality. Then the bureaucracy acquires a vested interest in this confirmation, and spends its time inventing defenses of it and demanding impossible levels of proof whenever doubts are raised. Thus we have learned little about the international travels of the Pope's assassin, and are likely to learn nothing definitive about Sadat's assassins.

Yet as we understand what Mr. Kissinger was saying, it makes little diffrence who actually pulled the trigger. If Qadhafi had been overthrown, the whole pattern of events would have been dramatically altered. President Sadat would have been stronger with his own people. And the forces of terror and assassination would be everywhere less confident and weaker. Mr. Kissinger pointed out that Qadhafi runs a nation of only two million people, and observed that if we "cannot find a way to get such a rogue criminal under control, then we're living in a world in which all restraints have disappeared."

The difficulty is that this particular rogue enjoys the support and protection of the Soviet Union. Under the umbrella of nuclear deadlock, the Soviets have made huge strides through subversion and war by proxy. Despite the denials it becomes increasingly apparent that they have cultivated terrorism to destabilize our friends; the quarter of a billion dollars worth of weapons confiscated from terrorists in Turkey did not come from disaffected Armenians. We have been unable to compete in this kind of warfare, particularly since our decimation of the CIA. Worse, we have acquired a record of destabilizing our friends—sanctioning a coup against Diem in South Vietnam, hectoring the shah about human rights in Iran, stopping Sadat's invasion. It seems the only way to survive as an American ally is to be willing, like Menachem Begin, to bear American opprobrium for acting in your own interest.

To defend its own interests and the causes of freedom and human rights—against this kind of warfare, the U.S. has to learn how to strike back. We have to think seriously again about covert action in support of coups, about military force to aid the Sudan, about guarantees against Soviet retaliation if Egypt decides to move against Libya. If we cannot find a way to deal with the Qadhafi problem, Western interests and Western values are likely to suffer the death of a thousand cuts.●

HOUSE EXPORT TASK FORCE HEARS ASSISTANT SECRETARY OF COMMERCE DISCUSS THE NATIONAL COAL EXPORT POLICY

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, October 19, 1981

● Mr. BONKER. Mr. Speaker, on Wednesday, October 7, the House Export Task Force members and staff aides attended a meeting at which the Assistant Secretary of Commerce for Trade Development, William H. Morris, Jr., spoke on the national coal export policy. The meeting was organized by the Congressional Coal Caucus. Mr. Morris is Chairman of the Interagency Coal Export Task Force, established in the spring of 1980 to study the problems associated with the exportation of U.S. coal and to make appropriate recommendations.

Coal represents an enormous export potential for the United States. We have 457 billion tons of recoverable coal—the largest of any nation in the world. In addition to improving our balance of trade, coal exports will provide thousands of jobs for American citizens.

Coal exports will bring security to our allies who are solely dependent on oil imports. On a recent visit to Japan, for example, Ambassador Mansfield told me of the great interest the Japanese have in buying U.S. coal. Moreover, they are willing and interested to

make a financial investment in our coal industry.

Mr. Speaker, a number of issues need to be discussed and problems solved before we can actively begin exporting coal, including port development and expansion, user fees, encouragement of foreign and domestic investment in the U.S. coal industry, and convincing foreign buyers that the United States is a reliable supplier and that their purchases will not be subject to embargoes except in a national emergency. While many of these concerns were raised in our meeting with Mr. Morris, one that I find most disconcerting is the administration's proposal for full cost recovery waterway user taxes. The imposition of these taxes will be detrimental for a number of reasons: Inflation will be fueled as the price of domestic goods and imports transported by water will be pushed higher; products for exports will be easily diverted to Canadian ports which are free of taxes or fees; exports, especially bulk commodities, will be reduced because higher transportation costs make them less competitive in world markets and will thus adversely affect the U.S. balance of payments. There are but a few problems that would result from the proposed user fees; the broader negative effects are evident.

As chairman of the House Export Task Force, I have targeted coal as one of two resources that demand our immediate attention so that we may pursue an active and aggressive export program. I am keenly interested in coal exports, but hope that in formulating a policy to promote U.S. coal exports, we do not harm other industries, regional economies, or relations with our trading partners.

A number of hearings are taking place or will be scheduled in the near future that have a direct impact on our coal export policy. I urge my distinguished colleagues to take an active role at these hearings and in our coal export policy. It is in our national interest.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, October 20, 1981, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

OCTOBER 21

8:30 a.m.

Energy and Natural Resources
To hold hearings on S. 1674, modifying provisions of the Revised Organic Act of the Virgin Islands and providing certain other authorities affecting the territories and possessions of the United States.
3110 Dirksen Building

9:00 a.m.

Governmental Affairs
To hold hearings to examine the current acquisition process in the Department of Defense.
3302 Dirksen Building

Select on Intelligence
Closed briefing on intelligence matters.
S-407, Capitol

9:30 a.m.

Banking, Housing, and Urban Affairs
To continue hearings on S. 1686, S. 1703, S. 1720, and S. 1721, bills promoting competition among certain financial institutions, expanding their range of services, and protecting the depositors and creditors of such institutions.
5302 Dirksen Building

Commerce, Science, and Transportation
To hold hearings on the nomination of Clinton D. McKinnon, of California, to be a member of the Civil Aeronautics Board.
357 Russell Building

Governmental Affairs
Intergovernmental Relations Subcommittee
To hold oversight hearings on certain activities of the Advisory Commission on Intergovernmental Relations.
224 Russell Building

10:00 a.m.

*Agriculture, Nutrition, and Forestry
To hold hearings on the nominations of Susan M. Phillips, of Iowa, to be a Commissioner of the Commodity Futures Trading Commission, Everett G. Rank, Jr., of California, to be a member of the Board of Directors of the Commodity Credit Corporation, and on other pending calendar business.
324 Russell Building

Commerce, Science, and Transportation
Business, Trade, and Tourism Subcommittee
To continue hearings on S. 1233, establishing a service industries development program in the Department of Commerce.
235 Russell Building

Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

Environment and Public Works
Water Resources Subcommittee
Business meeting, to mark up S. 1692, providing for the operation, maintenance, and construction of deep-draft channels and harbors.
4200 Dirksen Building

Judiciary
To resume hearings on S. 326, prohibiting a refiner, other than an independent or small refiner, from operating a gas station in the United States, and making it unlawful for a supplier to practice price discrimination in the sale of motor fuel.
2228 Dirksen Building

Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings to examine the impact of marihuana on youth, focusing on the areas of health and education.
4232 Dirksen Building

Labor and Human Resources
Education Subcommittee and Employment and Productivity Subcommittee
To hold joint oversight hearings on the implementation of vocational education and youth employment programs.
1224 Dirksen Building

Rules and Administration
Business meeting, to consider Senate Resolution 222, authorizing supplemental expenditures for fiscal year 1981 by the Committee on the Judiciary; Senate Resolution 225, authorizing supplemental expenditures for fiscal year 1981 by the Select Committee on Intelligence for the procurement of consultants; and other legislative and administrative business.
301 Russell Building

Joint Economic
To hold hearings to examine whether the economy is in a recession, and to discuss a preliminary report on the Gross National Product for the third quarter.
2118 Rayburn Building

1:30 p.m.

Judiciary
Constitution Subcommittee
To resume hearings on S. 1554, proposed Bail Reform Act.
6226 Dirksen Building

2:00 p.m.

Environment and Public Works
Environmental Pollution Subcommittee
To hold hearings on S. 1018, authorizing funds through fiscal year 1986 for the protection and conservation of fish and wildlife resources along the coastal barriers of the Atlantic and gulf coasts.
4200 Dirksen Building

OCTOBER 22

9:30 a.m.

Banking, Housing, and Urban Affairs
To continue hearings on S. 1686, S. 1703, S. 1720, and S. 1721, bills promoting competition among certain financial institutions, expanding their range of services, and protecting the depositors and creditors of such institutions.
5302 Dirksen Building

Governmental Affairs
*Energy, Nuclear Proliferation, and Government Processes Subcommittee
To hold oversight hearings on certain activities of the Office of Surface

Mining Reclamation and Enforcement, Department of the Interior.
3302 Dirksen Building

*Judiciary
Immigration and Refugee Policy Subcommittee
To resume hearings on proposed revisions to the immigration and naturalization laws of the U.S., focusing on temporary worker programs of the Federal Government.
2228 Dirksen Building

Labor and Human Resources
To hold oversight hearings on activities relating to affirmative action of the Office of Federal Contract Compliance Programs, Department of Labor.
4232 Dirksen Building

Select on Intelligence
Closed business meeting.
Room S-407, Capitol

10:00 a.m.
Agriculture, Nutrition, and Forestry
Forestry, Water Resources, and Environment Subcommittee
To hold hearings on S. 705, authorizing the conveyance of certain National Forest System lands.
324 Russell Building

Energy and Natural Resources
To hold hearings on S.J. Res. 115, approving the President's recommended waiver of law for the Alaskan natural gas pipeline pursuant to the Alaska Natural Gas Transportation Act (Public Law 94-586).
3110 Dirksen Building

Judiciary
*Juvenile Justice Subcommittee
To hold hearings on the early detection of juvenile crime.
5110 Dirksen Building

Joint Economic
Economic Goals and Intergovernmental Policy Subcommittee
To resume hearings on the effects of defense spending on the economy.
2212 Rayburn Building

2:00 p.m.
Appropriations
Foreign Operations Subcommittee
Business meeting, to mark up proposed legislation appropriating funds for fiscal year 1982 for foreign assistance programs.
Room S-126, Capitol

Judiciary
To hold hearings on pending nominations.
5110 Dirksen Building

OCTOBER 23

9:30 a.m.
Finance
Energy and Agricultural Taxation Subcommittee
To hold hearings on miscellaneous tax proposals.
2221 Dirksen Building

10:00 a.m.
Energy and Natural Resources
To continue hearings on S.J. Res. 115, approving the President's recommended waiver of law for the Alaskan natural gas pipeline pursuant to the Alaska Natural Gas Transportation Act (Public Law 94-586).
3110 Dirksen Building

Judiciary
Criminal Law Subcommittee
To hold hearings to discuss the recent report of the violent crime task force of the Department of Justice.
2228 Dirksen Building

Judiciary
Separation of Powers Subcommittee
Business meeting, to mark up S. 1647, restricting the power of Federal courts in matters of court-ordered school busing.
5110 Dirksen Building

Labor and Human Resources
Education Subcommittee
To hold hearings on the proposed Pell Grant Family Contribution Schedule, providing assistance to college students from low income families.
4232 Dirksen Building

OCTOBER 26

9:30 a.m.
Banking, Housing, and Urban Affairs
To hold hearings on the use of Defense Production Act authorities to stimulate domestic production of cobalt.
5302 Dirksen Building

*Environment and Public Works
Nuclear Regulation Subcommittee
To hold hearings on S. 1662, establishing a Federal program for the interim storage and permanent disposal of high level nuclear waste from civilian powerplants.
4200 Dirksen Building

10:00 a.m.
Energy and Natural Resources
To resume hearings on S.J. Res. 115, approving the President's recommended waiver of law for the Alaskan natural gas pipeline pursuant to the Alaska Natural Gas Transportation Act (Public Law 94-586).
3110 Dirksen Building

*Judiciary
*Juvenile Justice Subcommittee
To hold hearings on S. 1688, proposed Career Criminal Life Sentence Act.
2228 Dirksen Building

1:00 p.m.
Finance
Estate and Gift Taxation Subcommittee
To hold hearings on S. 1695, repealing the generation skipping transfer tax, S. 649, amending current estate tax laws to ease the burden of inheritance taxes for the heirs of artists, and reversing the decline in donations of art to nonprofit institutions, S. 851 and S. 852, bills increasing the amount artists may deduct in taxes for their charitable contributions, and S. 1733, providing a procedure for determining the fair market value of certain assets for estate tax purposes, and providing for declaratory judgments relating to installment payment of estate tax.
2221 Dirksen Building

OCTOBER 27

9:00 a.m.
Governmental Affairs
To resume hearings to examine the acquisition process of the Department of Defense.
3302 Dirksen Building

9:30 a.m.
Banking, Housing, and Urban Affairs
To resume hearings on S. 1686, S. 1703, S. 1720, and S. 1721, bills promoting competition among certain financial institutions, expanding their range of services, and protecting the depositors and creditors of such institutions.
5302 Dirksen Building

Labor and Human Resources
To hold hearings on S. 1483, proposed Radiation Exposure Compensation Act.
4232 Dirksen Building

Small Business
To hold oversight hearings on implementation of the Small Business Administration's direct loan program.
424 Russell Building

10:00 a.m.
Commerce, Science, and Transportation
To hold hearings on the nominations of Sonia Landau, of New York, and R. Kenneth Towery, of Texas, each to be a member of the Corporation for Public Broadcasting.
235 Russell Building

Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold hearings on S. 1516, to expedite exploration and development of geothermal resources.
3110 Dirksen Building

Environment and Public Works
To hold hearings on the nominations of Robert A. Jantzen, of Arizona, to be Director of the U.S. Fish and Wildlife Service, Department of the Interior, and Carlos C. Campbell, of Virginia, to be Assistant Secretary of Commerce for Economic Development.
4200 Dirksen Building

Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building

2:00 p.m.
Judiciary
To hold oversight hearings on merger policy in the private sector.
2228 Dirksen Building

OCTOBER 28

9:30 a.m.
Banking, Housing, and Urban Affairs
To continue hearings on S. 1686, S. 1703, S. 1720, and S. 1721, bills promoting competition among certain financial institutions, expanding their range of services, and protecting the depositors and creditors of such institutions.
5302 Dirksen Building

Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings on alleged corruption in the International Longshoreman's Association's influence and control over the waterfront industry along the east and gulf coasts.
3302 Dirksen Building

*Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings on granting amnesty to certain illegal aliens.
2228 Dirksen Building

*Labor and Human Resources
Labor Subcommittee
Business meeting, to consider S. 1182, improving the administration of the Longshoremen's and Harbor Workers' Compensation Act by removing certain inequities, reducing incentives for fraud and abuse, and assuring immediate compensation benefits and compe-

tent medical treatment for injured employees.
4232 Dirksen Building

10:00 a.m.
Agriculture, Nutrition, and Forestry
To receive a briefing from Secretary of Agriculture John R. Block on the administration's soil conservation policy.
324 Russell Building
Commerce, Science, and Transportation
Consumer Subcommittee
To hold hearings on Senate Concurrent Resolution 33, disapproving the Federal Trade Commission Trade Regulation Rule relating to the sale of used motor vehicles.
235 Russell Building

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building
Governmental Affairs
To hold hearings on S. 864, to require each executive agency to submit an annual report to the President on the adequacy of its internal accounting and administrative control systems.
Room to be announced

OCTOBER 29

9:30 a.m.
Banking, Housing, and Urban Affairs
To continue hearings on S. 1686, S. 1703, S. 1720, and S. 1721, bills promoting competition among certain financial institutions, expanding their range of services, and protecting the depositors and creditors of such institutions.
5302 Dirksen Building
Commerce, Science, and Transportation
Business, Trade and Tourism Subcommittee
To hold hearings on S. 1256, to regulate interstate commerce by protecting the rights of consumers, dealers, and end users.
235 Russell Building
Governmental Affairs
Permanent Subcommittee on Investigations
To continue hearings on alleged corruption in the International Longshoremen's Association's influence and control over the waterfront industry along the east and gulf coasts.
224 Russell Building
Judiciary
Courts Subcommittee
To hold hearings on the future income of individuals claiming bankruptcy.
5110 Dirksen Building
Judiciary
Immigration and Refugee Policy Subcommittee
To continue hearings on granting amnesty to certain illegal aliens.
2228 Dirksen Building
Special on Aging
To hold hearings on the Federal role in promoting greater opportunities for older workers
6226 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Public Lands and Reserved Water Subcommittee
To hold hearings on S. 625, revising the boundary of Voyageurs National Park in the State of Minnesota.
3110 Dirksen Building
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building
Governmental Affairs
To resume oversight hearings on the congressional budget process.
3302 Dirksen Building

2:00 p.m.
Energy and Natural Resources
*Energy Regulation Subcommittee and Water and Power Subcommittee
To resume joint oversight hearings on hydroelectric development and related licensing procedures.
3110 Dirksen Building

OCTOBER 30

9:30 a.m.
Banking, Housing, and Urban Affairs
To continue hearings on S. 1686, S. 1703, S. 1720, and S. 1721, bills promoting competition among certain financial institutions, expanding their range of services, and protecting the depositors and creditors of such institutions.
5302 Dirksen Building

NOVEMBER 3

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

NOVEMBER 4

9:00 a.m.
Governmental Affairs
Intergovernmental Affairs Subcommittee
To resume oversight hearings on fiscal disparities within the Federal budget system.
357 Russell Building

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
2228 Dirksen Building
Labor and Human Resources
Labor Subcommittee
To hold hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building
Small Business
Advocacy and the Future of Small Business Subcommittee
To resume hearings to examine effects of government competition on small business.
424 Russell Building

NOVEMBER 5

9:00 a.m.
Commerce, Science, and Transportation
To hold hearings on S. 709, requiring a refund value for certain beverage containers, and prohibiting the sale of metal beverage containers with detachable openings.
235 Russell Building

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To continue hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building
Veterans' Affairs
To hold oversight hearings on the VA's Department of Medicine and Surgery's implementation of the Office of Management and Budget's circular A-76, providing for the contracting out of certain government services.
412 Russell Building

10:00 a.m.
*Energy and Natural Resources
To hold oversight hearings on the implementation of title I, establishing wellhead prices for natural gas, of the Natural Gas Policy Act (Public Law 95-621).
3110 Dirksen Building
Judiciary
Juvenile Justice Subcommittee
To hold hearings to examine the impact of media on juveniles.
6226 Dirksen Building

NOVEMBER 6

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
2228 Dirksen Building

10:00 a.m.
*Energy and Natural Resources
To continue oversight hearings on the implementation of title I, establishing wellhead prices for natural gas, of the Natural Gas Policy Act (Public Law 95-621).
3110 Dirksen Building

NOVEMBER 9

9:30 a.m.
Banking, Housing, and Urban Affairs
To hold hearings on the use of Defense Production Act authorities to stimulate domestic production of titanium.
5302 Dirksen Building

NOVEMBER 10

8:30 a.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold oversight hearings on America's role in the world coal export market.
3110 Dirksen Building

9:30 a.m.
Commerce, Science, and Transportation
Surface Transportation Subcommittee
To hold oversight hearings on the implementation and effects of the Staggers Rail Act of 1980 (Public Law 96-448), reducing ICC regulations of the railroad industries and providing opportunities for railroads to improve their financial viability.
1318 Dirksen Building
Labor and Human Resources
To resume hearings on S. 234, to encourage the establishment of home health

care programs and to provide expanded coverage of home health services under the medicare and medicaid programs.
4232 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

*Governmental Affairs
Energy, Nuclear Proliferation, and Government Processes Subcommittee
To holding hearings on S. 1226, establishing the National Nuclear Property Insurance Corporation, and providing supplemental insurance coverage for certain cleanup costs following damage to nuclear powerplants.
Room to be announced

NOVEMBER 11

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

NOVEMBER 12

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
2228 Dirksen Building

Labor and Human Resources
Labor Subcommittee
To continue hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

10:00 a.m.
Judiciary
Criminal Law Subcommittee
To resume hearings on S. 101 and S. 751, bills to eliminate or establish an alternative to the exclusionary rule in Federal criminal proceedings.
5110 Dirksen Building

2:00 p.m.
Judiciary
Criminal Law Subcommittee
To continue hearings on S. 101 and S. 751, bills to eliminate or establish an alternative to the exclusionary rule in Federal criminal proceedings.
5110 Dirksen Building

NOVEMBER 13

10:00 a.m.
Energy and Natural Resources
*Energy and Mineral Resources Subcommittee
To resume oversight hearings on America's role in the world coal export market.
3110 Dirksen Building

NOVEMBER 16

1:30 p.m.
Judiciary
Constitution Subcommittee
To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
2228 Dirksen Building

NOVEMBER 17

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

NOVEMBER 18

9:30 a.m.
*Veterans' Affairs
To hold oversight hearings on the effects of the use of Agent Orange.
412 Russell Building

10:00 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building

JANUARY 13, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To hold hearings to discuss the implementation of the Voting Rights Act of 1965, and on proposed legislation to extend for an additional 10 years the automatic application of the preclearance provision, and to extend certain other provisions for an additional 7 years.
2228 Dirksen Building

JANUARY 14, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To continue hearings to discuss the implementation of the Voting Rights Act of 1965, and on proposed legislation to extend for an additional 10 years the automatic application of the preclearance provision, and to extend certain other provisions for an additional 7 years.
2228 Dirksen Building

JANUARY 20, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings to discuss the implementation of the Voting Rights Act of 1965, and on proposed legislation to extend for an additional 10 years the automatic application of the preclearance provision, and to extend certain other provisions for an additional 7 years.
2228 Dirksen Building

JANUARY 28, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings to discuss the implementation of the Voting Rights Act of 1965, and on proposed legislation to extend for an additional 10 years the automatic application of the preclearance provision, and to extend certain other provisions for an additional 7 years.
2228 Dirksen Building

FEBRUARY 4, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings to discuss the implementation of the Voting Rights Act of 1965, and on proposed legislation to extend for an additional 10 years the automatic application of the preclearance provision, and to extend certain other provisions for an additional 7 years.
2228 Dirksen Building

FEBRUARY 11, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings to discuss the implementation of the Voting Rights Act of 1965, and on proposed legislation to extend for an additional 10 years the automatic application of the preclearance provision, and to extend certain other provisions for an additional 7 years.
2228 Dirksen Building

FEBRUARY 18, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings to discuss the implementation of the Voting Rights Act of 1965, and on proposed legislation to extend for an additional 10 years the automatic application of the preclearance provision, and to extend certain other provisions for an additional 7 years.
2228 Dirksen Building

FEBRUARY 25, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings to discuss the implementation of the Voting Rights Act of 1965, and on proposed legislation to extend for an additional 10 years the automatic application of the preclearance provision, and to extend certain other provisions for an additional 7 years.
2228 Dirksen Building

CANCELLATIONS

OCTOBER 22

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1554, S. 1253, S. 482, and S. 440, bills to amend the Federal Criminal Code with respect to the circumstances under which a person charged with or convicted of a

crime may be released on bail or personal recognizance.

Room to be announced

10:00 a.m.

Governmental Affairs

To resume oversight hearings on the congressional budget process.

3302 Dirksen Building

OCTOBER 26

9:30 a.m.

Judiciary

Courts Subcommittee

To hold hearings on S. 653, proposed Habeas Corpus Procedures Amendments Act.

2228 Dirksen Building

OCTOBER 30

10:00 a.m.

Judiciary

To resume oversight hearings on the implementation of the Copyright Act of 1976, focusing on section 101 relative to cable TV policy.

2228 Dirksen Building

HOUSE OF REPRESENTATIVES—*Tuesday, October 20, 1981*

The House met at 12 o'clock noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

The King will reply, "I tell you, whenever you did this for one of the least important of those brothers of mine, you did it for me!"—Matthew 25: 40.

Gracious Lord, Heavenly King, as You remind us of the needs of the whole world, so encourage us to reach out to the needy among us who are hungry, or thirsty, or naked, or in prison, or who are strangers and feel alone and without hope. May we remember that as we minister to the concerns of the poor and oppressed, we minister even to You. Remind us each day to keep those lost among us for, by so doing, we serve You and fulfill the commandment of love. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. SOLOMON. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. SOLOMON. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 363, nays 14, answered "present" 1, not voting 55, as follows:

[Roll No. 262]

YEAS—363

Addabbo	Bailey (PA)	Blanchard
Akaka	Barnard	Bliley
Albosta	Barnes	Boland
Alexander	Bedell	Bolling
Anderson	Beilenson	Boner
Andrews	Benedict	Bonior
Anthony	Benjamin	Bonker
Applegate	Bennett	Bouquard
Archer	Bereuter	Bowen
Ashbrook	Bethune	Breaux
AuCoin	Bevill	Brinkley
Bafalis	Biaggi	Brodhead
Bailey (MO)	Bingham	Brooks
Broomfield	Frost	Marriott
Brown (CA)	Fuqua	Martin (IL)
Brown (CO)	Garcia	Martin (NC)
Brown (OH)	Gaydos	Martin (NY)
Broyhill	Gephardt	Matsui
Burgener	Gibbons	Mazzoli
Burton, John	Gilman	McClory
Burton, Phillip	Gingrich	McCollum
Butler	Glickman	McCurdy
Byron	Goldwater	McDade
Campbell	Gonzalez	McDonald
Carman	Gore	McEwen
Chappell	Gradison	McGrath
Chappie	Gramm	McHugh
Cheney	Gray	McKinney
Clausen	Green	Mica
Clay	Gregg	Michel
Clinger	Grisham	Mikulski
Coats	Guarini	Miller (CA)
Coleman	Gunderson	Miller (OH)
Collins (IL)	Hagedorn	Minish
Collins (TX)	Hall (OH)	Mitchell (NY)
Conable	Hall, Ralph	Moakley
Conte	Hall, Sam	Moffett
Conyers	Hamilton	Molinari
Corcoran	Hammerschmidt	Montgomery
Coughlin	Hance	Moore
Courter	Hansen (ID)	Moorhead
Coyne, James	Hansen (UT)	Morrison
Coyne, William	Hatcher	Mottl
Crane, Daniel	Hawkins	Murphy
Crane, Philip	Heckler	Murtha
D'Amours	Hefner	Myers
Daniel, Dan	Heftel	Napier
Daniel, R. W.	Hendon	Natcher
Danielson	Hertel	Neal
Dannemeyer	Hightower	Nelligan
Daub	Hiler	Nelson
Davis	Hillis	Nowak
Deckard	Hollenbeck	O'Brien
Derwinski	Holt	Oberstar
Dicks	Hopkins	Oxley
Dixon	Horton	Panetta
Donnelly	Howard	Parris
Dorgan	Hubbard	Pashayan
Dornan	Huckaby	Patterson
Dougherty	Hughes	Paul
Dowdy	Hunter	Pease
Downey	Hutto	Perkins
Dreier	Hyde	Petri
Duncan	Jeffords	Peyser
Dunn	Jeffries	Pickle
Dwyer	Jenkins	Porter
Dymally	Jones (NC)	Price
Dyson	Jones (OK)	Pritchard
Early	Jones (TN)	Quillen
Eckart	Kazen	Rahall
Edgar	Kildee	Rangel
Edwards (AL)	Kindness	Ratchford
Edwards (CA)	Kogovsek	Regula
Edwards (OK)	Kramer	Reuss
Emerson	LaFalce	Richmond
Emery	Lagomarsino	Rinaldo
English	Lantos	Ritter
Erdahl	Latta	Roberts (KS)
Erlenborn	Leach	Robinson
Ertel	Leath	Rodino
Evans (DE)	LeBoutillier	Roe
Evans (IN)	Lee	Roemer
Fary	Lehman	Rogers
Fascell	Lent	Rose
Fazio	Levitas	Rosenthal
Fenwick	Lewis	Rostenkowski
Ferraro	Loeffler	Roth
Fiedler	Long (LA)	Roukema
Findley	Long (MD)	Rousselot
Fish	Lott	Roybal
Fithian	Lowery (CA)	Russo
Florio	Lowry (WA)	Sawyer
Foley	Lujan	Scheuer
Ford (MI)	Luken	Schneider
Fountain	Lungren	Schulze
Fowler	Madigan	Schumer
Frank	Markey	Seiberling
Frenzel	Marlenee	Sensenbrenner
Shamansky	Stanton	Weber (OH)
Shannon	Stark	Weiss
Sharp	Staton	White
Shaw	Stenholm	Whitehurst
Shelby	Stokes	Whitley
Shumway	Studds	Whittaker
Shuster	Stump	Whitten
Siljander	Swift	Williams (MT)
Simon	Synar	Wilson
Skeen	Tauke	Winn
Skelton	Tauzin	Wirth
Smith (AL)	Thomas	Wolf
Smith (IA)	Traxler	Wolpe
Smith (NE)	Trible	Wortley
Smith (NJ)	Udall	Wright
Smith (OR)	Vander Jagt	Wyden
Smith (PA)	Vento	Wylie
Snowe	Volkmer	Yates
Snyder	Walgren	Yatron
Solarz	Wampler	Young (AK)
Spence	Waxman	Young (FL)
St Germain	Weaver	Young (MO)
Stangeland	Weber (MN)	Zeferetti

NAYS—14

Aspin	Goodling	Marks
Evans (GA)	Harkin	Sabo
Evans (IA)	Jacobs	Schroeder
Forsythe	Johnston	Solomon
Gejdenson	Livingston	

ANSWERED "PRESENT"—1

Ottinger

NOT VOTING—55

Annunzio	Foglietta	Obey
Atkinson	Ford (TN)	Patman
Badham	Ginn	Pepper
Beard	Hartnett	Pursell
Boggs	Holland	Railsback
Carney	Hoyer	Rhodes
Chisholm	Ireland	Roberts (SD)
Coelho	Kastenmeier	Rudd
Craig	Kemp	Santini
Crockett	Leland	Savage
Daschle	Lundine	Stratton
de la Garza	Mattox	Taylor
Dellums	Mavroules	Walker
DeNardis	McCloskey	Washington
Derrick	Mineta	Watkins
Dickinson	Mitchell (MD)	Williams (OH)
Dingell	Mollohan	Zablocki
Fields	Nichols	
Flippo	Oakar	

□ 1215

Mr. HILER changed his vote from "nay" to "yea."

So the Journal was approved.

The result of the vote was announced as above recorded.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On September 25, 1981:

H.R. 2120. An act to facilitate the ability of product sellers to establish product liability risk retention groups, to facilitate the ability of such sellers to purchase product li-

ability insurance on a group basis, and for other purposes; and

H.R. 4416. An act to enable the Secretary of Agriculture to assist, on an emergency basis, in the eradication of plant pests and contagious or infectious animal and poultry diseases.

On September 30, 1981:

H.R. 2903. An act to extend by one year the expiration date of the Defense Production Act of 1950;

H.J. Res. 265. Joint resolution to provide for a temporary increase in the public debt limit; and

H.J. Res. 266. Joint resolution to provide for a temporary increase in the public debt limit.

On October 1, 1981:

H.J. Res. 325. Joint resolution making continuing appropriations for the fiscal year 1982, and for other purposes.

On October 6, 1981:

H.R. 618. An act to convey certain interests in public lands to the city of Angels, Calif.; and

H.R. 2218. An act to direct the Secretary of Agriculture to convey certain National Forest System lands in the State of Nevada, and for other purposes.

On October 9, 1981:

H.R. 4084. An act to improve the operation of the Marine Mammal Protection Act of 1972, and for other purposes; and

H.J. Res. 263. Joint resolution to designate May 6, 1982, as "National Recognition Day for Nurses."

On October 16, 1981:

H.R. 3136. An act to amend the Foreign Assistance Act of 1961 with respect to the activities of the Overseas Private Investment Corporation; and

H.R. 4048. An act granting the consent of Congress to the States of Kansas and Missouri establishing their mutual boundary in the vicinity of the French Bottoms near St. Joseph, Mo., and Elwood, Kans.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 4612. An act to temporarily delay the October 1, 1981, increase in the price support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

The message also announced that the Senate agrees to the amendments of the House with an amendment to a bill of the Senate of the following title:

S. 999. An act to authorize appropriations for the Federal Fire Prevention and Control Act of 1974, and for other purposes.

REQUEST TO CONVENE AT 11 A.M. TOMORROW

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that when the House convenes tomorrow, Wednesday, October 21, it convene at 11 a.m.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. LOTT. Mr. Speaker, reserving the right to object, could I inquire as to what we can anticipate the schedule will be today and tomorrow? I know we have several items on the agenda, some very important ones, including the hazardous materials bill and the farm bill.

Mr. WRIGHT. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the distinguished majority leader.

Mr. WRIGHT. In response to the question by the distinguished minority whip, we will begin debate today on the Hazardous Materials Transportation Act amendments. We already have a rule adopted. It is an open rule, with 1 hour of debate.

Upon completing that, we will take up a bill concerning the nonperforming arts functions of the Kennedy Center. The rule has been adopted and I think much of the general debate, if not all of the general debate, has been concluded. That should not take long.

Upon completion of that, we would resume consideration of the agriculture bill, probably not conclude that today, but carry it over until tomorrow.

That is the plan. We hope to complete it tomorrow or, at the very latest, the next day. That basically is the plan of action.

Mr. LOTT. Well, Mr. Speaker, if I could inquire of the gentleman, ordinarily we come in at 10 o'clock on Wednesday, and this farm bill still has obviously several amendments that will be offered.

I would think that we would want to go in at 10 o'clock, as we usually do on Wednesday, so we can return to the farm bill when the chairman returns from Texas.

Mr. WRIGHT. If the gentleman reserves his right to object, let me simply explain to the gentleman that what I request is a courtesy that we usually extend to one another across the aisle when the Republican Conference has a meeting that it anticipates might require some extra time. Those of us on the Democratic side always have been accommodating upon the request of any of our Republican leaders, and, upon that same spirit of comity, I would ask the gentleman's indulgence in that we have a Democratic Caucus that begins tomorrow. We would like to have the opportunity to come in at 11 o'clock tomorrow, which, of course, is 1 hour earlier than we ever came into session a few years ago.

Mr. LOTT. I might respond to that on my time. I know that when we have conferences we have to meet at 8 or 8:30 so we can complete our conferences before the House goes into session at 10 o'clock. I, for the life of me, cannot see what possibly the Caucus could have to do tomorrow that necessitates putting off legislative business of the important nature we have pending before the whole House.

Mr. WRIGHT. If the gentleman desires to object, that is his privilege. I am asking the gentleman for the same courtesy we have always extended to our Republican colleagues.

Mr. LOTT. I object, Mr. Speaker.

The SPEAKER. Objection is heard.

REQUEST FOR PERMISSION FOR COMMITTEE ON POST OFFICE AND CIVIL SERVICE TO SIT DURING 5-MINUTE RULE

Mr. FORD of Michigan. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be permitted to sit this afternoon during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. PORTER. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

Messrs. ROUSSELOT, LUNGREN, GOLDWATER, COLEMAN, LOTT, BADHAM, CLAUSEN, KINDNESS, PARRIS, and GINGRICH also objected.

The SPEAKER. A sufficient number has objected.

Objection is heard.

PERMISSION FOR COMMITTEE ON VETERANS' AFFAIRS TO SIT DURING 5-MINUTE RULE

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent that the Committee on Veterans' Affairs may sit today for hearings purposes only, while the House is proceeding under the 5-minute rule.

Mr. Speaker, there will be no votes, and no amendments offered. It is for the purpose of hearing only.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 4503, FEDERAL WATER POLLUTION CONTROL ACT AMENDMENTS OF 1981

Mr. MOAKLEY, from the Committee on Rules, submitted a privileged report (Rept. No. 97-281) on the bill (H.R. 4503) to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes, which was referred to the House Calendar and ordered to be printed.

PERMISSION FOR SUBCOMMITTEE ON ENERGY RESEARCH AND PRODUCTION OF COMMITTEE ON SCIENCE AND TECHNOLOGY TO SIT WEDNESDAY, OCTOBER 21, AND THURSDAY, OCTOBER 22, 1981, DURING 5-MINUTE RULE

Mr. YOUNG of Missouri. Mr. Speaker, I ask unanimous consent that the Subcommittee on Energy Research and Production of the Committee on Science and Technology be permitted to sit while the House is reading for amendments under the 5-minute rule on Wednesday, October 21, and Thursday, October 22, 1981.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. WINN. Reserving the right to object, Mr. Speaker, and I shall not object, although some on this side would like to. I would like the gentleman from Missouri (Mr. YOUNG), to clarify the intent of the subcommittee chaired by the gentlewoman from Tennessee (Mrs. BOUQUARD) to sit on Wednesday and Thursday.

Mr. YOUNG of Missouri. Mr. Speaker, will the gentleman yield?

Mr. WINN. I yield to the gentleman from Missouri.

Mr. YOUNG of Missouri. The subcommittee will be meeting to markup nuclear waste legislation on three different bills on Wednesday and Thursday.

Mr. WINN. It is my understanding, too, that the committee did meet in an attempt to mark this bill up last week and because of several problems that have arisen on some technical amendments that the same request was made for markup Wednesday and Thursday.

Mr. YOUNG of Missouri. I believe that is right.

Mr. WINN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Missouri (Mr. YOUNG)?

There was no objection.

□ 1230

PRIVATE CALENDAR

The SPEAKER. This is the day for the call of the Private Calendar. The Clerk will call the first bill on the Private Calendar.

REMEDIOS R. ALCUDIA

The Clerk called the bill (H.R. 1547) for the relief of Remedios R. Alcudia, Christopher, Ezra, Vermillion, and Peristello Alcudia.

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

LASZLO REVESZ

The Clerk called the bill (H.R. 1352) for the relief of Laszlo Revesz.

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. BOLAND. Mr. Speaker, I ask unanimous consent that further reading of the Private Calendar be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

THE WORLD SERIES—CONGRESS SHOULD START PLAYING BALL WITH EACH OTHER

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEYSER. Mr. Speaker, what has happened on the floor in the last couple minutes on some very unusual objections by the Republicans has changed what I was really going to talk about. I think we ought to talk about something that can really unify Republicans, Democrats, East, West, North, and South and all of us in one great American tradition that is going to get started today and that is the World Series.

This is something that rich and poor, conservative and liberal, can enjoy and get mutual satisfaction out of. As you know, tonight the Yankees take on the Dodgers in New York for their first victory, which will be followed by another one tomorrow night before they go to the west coast.

Now, I hope that we can translate an old expression, which might be a new one here in the House, for the next couple days and when they cry, "play ball," tonight in Yankee Stadium, maybe we can start playing ball with each other right here in the Congress.

DANGEROUS CUTS IN STUDENT AID

(Mr. RATCHFORD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RATCHFORD. Mr. Speaker, I hope middle-income Americans are listening. The administration is attacking the college student loan program again.

Three weeks after the new Reagan budget knocked 1 million students out of the program, Education Secretary Bell is talking of new and deeper cuts.

Speaking last week to a gathering of college presidents, Mr. Bell said he was looking for new ways to restrict the student aid program to comply with the President's latest 12 percent cutback.

He said he was considering an increase in new 5 percent loan origination fee—a higher interest rate for graduate students—a so-called needs test for all students that will only lengthen the odds for a loan to the average middle-income family.

The Secretary said these extra restrictions might be hard to swallow, but that they are necessary.

I dispute that, Mr. Speaker, any way you cut it, these cuts mean thousands more deserving middle-income students denied the loans they need to afford further schooling.

Whatever happened to the American dream that college education was a key to this country's future?

LUNACY ON THE WHITE HOUSE STAFF

(Mr. DOWNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOWNEY. Mr. Speaker, every defense analyst worthy of the name understands that our missile submarines are many times superior to their Soviet counterparts. We have more than twice as many ships at sea at any given time, our missiles have many times more warheads, and they are a good deal more reliable. Most importantly, we are completely successful at hiding our ships from their antisubmarine capabilities, while they are almost completely unsuccessful at hiding from us.

Our bomber advantage is nearly as great. We have more payload, more range, and we maintain a 30-percent alert at all times while the Soviets have zero alert.

Despite this, yesterday the Chief of the National Security Council Defense Group delivered a speech in which he described the Soviets as superior in all three legs of the triad, and in which he expressed his paranoid schizophrenia in other ways.

Apparently this speech was not authorized by the White House, and was described by a White House spokesman as "off the wall." Presumably this gentleman will now be reassigned and will be placed in command of all submarines in the Nebraska National Guard, from there to resign and work for the American Security Council.

Unfortunately, his rhetoric, which constitutes a blatant invitation to Soviet aggression, differs from official pronouncements in degree but not in kind. His bizarre misstatements should serve as a warning to all administration defense spokesmen of the tangled webs they leave when first they practice to deceive.

UNFAIR BURDEN ON WORKING MOTHERS AND CHILDREN

(Mr. WEISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEISS. Mr. Speaker, I rise to protest the unfair burden placed on working mothers and their children by the recent budget cuts in social services.

Today, more than 2 of every 5 children under 6, live in families where mothers work. Indeed, 1 out of every 10 of these women is also their family's sole support. Of all those children under 18 who live in female-headed households, 3 of 5 are subjected daily to the crippling effects of poverty.

Many of these women have made heroic attempts to overcome lack of education and experience, and become self-sufficient. Yet many cannot support their children on meager salaries and so rely on AFDC to supplement their income. In a misguided effort to save money by tightening income disregards, the Reagan program, makes it necessary for many mothers to relinquish their jobs and fall back on public assistance so that they can feed, house, clothe, and provide medical care for their children.

Children model their behavior on that of the adults around them. How much better to be exposed to an adult who contributes to society's function than one who must be dependent on it. Why does the President insist on punishing those who would help themselves?

UNREASONABLE RESTRAINTS HURTING U.S. INVESTORS

(Mr. SCHULZE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHULZE. Mr. Speaker, H.R. 4407 amends section 301 of the Trade Act to make it clear that investment is protected by the same powers that are available to protect international trade in goods and services.

This impacts on America's investment community—including millions of shareholders—as well as this country's balance of payments. While no single legislative action will work economic miracles, America's status in the world economy is too vast to miss any opportunity to assure its stability and growth.

The Department of Commerce estimates that the total U.S. investment abroad was $213.5 billion in 1980 or roughly 14 percent of our GNP. Approximately two-thirds of this investment is in the European Community and Canada, two areas where onerous restraints on U.S. investors have become particularly offensive. Unreasonable restraints in these countries are hurting U.S. investors.

In brief, H.R. 4407 allows private citizens to ferret out those unfair and discriminatory investment practices wherever they occur and call them to the attention of the President who will be authorized to act against them in the national interest.

UNION STATION

(Mr. BEREUTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEREUTER. Mr. Speaker, I would correct the gentleman from New York (Mr. DOWNEY). The Navy of the great State of Nebraska has no submarines. We have only admirals. We have thousands of them, and given the past direction of the Defense Department in recent years, it seems to me that the Navy of the United States may be headed in the same direction.

On another subject, Mr. Speaker, less than 1,000 yards from this spot is a building designed by the great American architect, Daniel Burnham, of Chicago. That building, Union Station, stands unsteadily today. Indeed, the transgressions, bureaucracies and Congresses past against this building and the American taxpayer are enormous in scope and Byzantine in character. Over $46 million has already been spent yet the building is crumbling and the parking garage has never been completed.

Now Secretary of Transportation Drew Lewis has presented a plan to move that building back to its original and primary function, a transportation center, and to retain this historic and architectural landmark, while converting it to a viable commercial center.

Apparently this plan has the support not only of the administration, of course, but also District of Columbia leaders and leaders in both Houses of this Congress.

I ask that the leadership of this body on both sides of the aisle, take a look at the editorial and the article in today's Washington Post and quickly bring this bill to the floor, as a separate issue, for expeditious action. It seems to this Member that the House would be willing to admit the errors of past action and adopt the workable solution now presented.

STAY OPENMINDED ON H.R. 4603

(Mr. WYLIE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WYLIE. Mr. Speaker, H.R. 4603 was scheduled for consideration today, but was wisely pulled when the Legislative Digest appeared, indicating administration opposition. Some of you have asked what the problem is, and I will be frank to say I do not know.

This bill or a similar bill has been around since Dr. Arthur Burns first suggested the approach in H.R. 4603 to avoid possible takeovers of failing financial institutions by nonbanks and foreign banks, to better assure the safety and soundness of the banking system, as he put it. Consideration of an earlier bill was held up until the gentleman from Ohio, BILL STANTON, and I could confer with administration officials as to their position. We thought their objections had been met. We did not expect that the administration would beat the drums for the bill, because the administration wants a more far-reaching bill, introduced in the other body; but I will say that the bill introduced in the other body has identical language to H.R. 4603, so I do not understand the objection.

The gentleman from Ohio, BILL STANTON, and I will be conferring with administration officials to resolve what appears to be a misunderstanding. Pending the outcome of those discussions, I ask you to at least remain openminded, which I think will lead you to support the bill.

□ 1245

HOME VIDEO RECORDING

(Mr. DUNCAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DUNCAN. Mr. Speaker, the Ninth U.S. Circuit Court of Appeals has ruled that nearly 3 million Americans are breaking the law when they record copyrighted movies and programs on their home televisions. This decision invades the sanctity of the home and serves only the interests of commercial parties without considering the individual.

I believe it is the intent of Congress that citizens have a right to record programs for their entertainment value, so long as these recordings are for their own private, noncommercial use.

I therefore have today introduced legislation which would exempt home recording of copyrighted works on home video recordings from copyright infringement.

To deny an individual the right to review a program from television is tantamount to telling someone you have to buy a book again to reread. Video recording has filled a void in the home entertainment industry which allows immediate and individual access to programs and movies. I believe Congress recognizes this and would not wish to take this pleasure away from these individuals.

OPPORTUNITY FOR UNITED STATES AT CANCUN

(Mr. EVANS of Delaware asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EVANS of Delaware. Mr. Speaker, with the upcoming conference of the nations of the North and South in Cancun, President Reagan has a remarkable opportunity for leadership in developing stability among the nations of the Third World. Although Russia and its Cuban or Libyan proxies have been doing their level best to exercise their brand of influence in these nations, they are not participating at Cancun.

The major problem facing the lesser developed countries of the world is their critical need for economic development. Without that economic opportunity, there is no hope for millions, and they become ripe for Soviet influence. The question for the United States is the nature of our role in promoting development and stability in these countries, so many of which are vitally important to our own economic and security interests. We must recognize that our role and the role of the multilateral development banks is essential if we are to strengthen the cause of peace in the increasingly smaller and interdependent world in which we all live.

DEMOCRATIC STUDY GROUP IN VIOLATION OF RULES

(Mr. BAILEY of Missouri asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BAILEY of Missouri. Mr. Speaker, legislative service organizations—our caucuses—have been in the news lately. On Wednesday, the House Administration Committee will consider rules on caucuses.

By letter to the committee, I wish to bring to their attention two types of violations unique to the Democratic Study Group. The first violation concerns paying the executive director of the DSG a higher salary than is allowed by law to any employee of Congress or the Senior Executive Service. In addition to the fact of overpayment, the way it was done is suspect. Dues were collected from members, then paid as salary to employees, supplementing clerk-hire funds. By House rules, the official expense allowance cannot be used for salary, a rule the DSG circumvents.

The second problem is the virtual identity of the DSG and its PAC, the DSG campaign fund. Both organizations have employed the same persons on their payrolls at the same time, have shared identical computer equipment, used the same Xerox, and the same telephone, using Government-furnished telephones for fundraising, and then reimbursing the DSG. As a simple but gross example, the DSG campaign fund used an official U.S. Congress envelope to mail its FEC reports.

I hope the House Administration Committee will address these two types of violations unique to the DSG.

HOME VIDEOTAPE RECORDERS IN VIOLATION OF FEDERAL COPYRIGHT LAWS

(Mr. PARRIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PARRIS. Mr. Speaker, yesterday, the Ninth U.S. Circuit Court of Appeals ruled that the use of home videotape recorders is in violation of Federal copyright laws. This is the latest example of idiocy in the Federal judiciary. This unreasonable decision means that about 3 million Americans who own video recorders are violating the law if they record TV programs because they do not have the permission of the program's producers.

In overturning a lower court decision, the appeals court has said that the sale and use of video recorders to record copyrighted television programs constitutes copyright infringement and declares that manufacturers, distributors, sellers, and advertising agencies involved in the sale of the recorders could be held liable for damages. If this decision is upheld, this could mean the end of a multibillion-dollar industry.

One factor which influenced the court's decision was that the Federal Copyright Act does not clearly define what constitutes the fair use of a copyrighted work. In an effort to halt this unnecessary and unwarranted intrusion by the Federal courts into American homes, I am introducing legislation to amend section 107 of the Copyright Act of 1976. My amendment will clarify the fair use definition and permit the continued sale and use of home video recorders. It is only reasonable to assert that recording programs broadcast over the airwaves do not constitute copyright infringement if the recordings are not used commercially by the home recorder owners.

All too often lately in Federal court decisions all across this country, the judiciary has taken liberties with the private lives of Americans that are clearly excessive. This latest ruling is certainly one more extreme example of the problems that can be caused by these unfair, unreasonable intrusions by the courts. I urge my colleagues to join in support of this amendment.

JOYFUL FAMILY REUNION

(Mr. CONTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONTE. Mr. Speaker, I am delighted to announce to my colleagues in the House that the son of Mr. and Mrs. Nguyen Luy, residents of West Stockbridge, Mass., has arrived in Bangkok in transit from Vietnam and will arrive shortly in the United States to be joyfully reunited with his parents and to live permanently in this country. The boy, Nguyen Lam, was unavoidably separated from his parents during the fall of Saigon in 1975, when he was 6 years old.

I wish to express my deepest appreciation to Secretary General Kurt Waldheim for his personal, humanitariam interest in the plight of Nguyen Lam. To the Nguyen Luy family, I send my warmest, heartfelt congratulations. This is indeed a joyful period in their lives. It is a privilege for me to share that joy with the family and with others in my district, such as Frederic Rutberg, who worked so hard to arrange for the emigration of Nguyen Lam from Vietnam.

NO HONOR TO HINCKLEY

(Mr. McEWEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McEWEN. Mr. Speaker, recently the Columbus Dispatch entitled an editorial "No Honor to Hinckley" in which it stated:

Government officials are bending over backward to protect the due process rights of John Hinckley, Jr., the man caught in the act of trying to assassinate President Reagan last March. The American public is showing great patience as the wheels of justice roll ever so slowly forward.

We're willing to endure the cost, care and time of this drama, but please spare us the drivel that is flowing from Hinckley's mind these days. Everyone knows Hinckley pulled the trigger. The whole episode was taped by television crews at the scene. Even Hinckley admits he was the attacker. The only thing left to decide is whether he was legally insane when he did it.

Yet we are being barraged by the opinions of this obviously suspect mind. In this week's Time and Newsweek magazines, we learn that Hinckley favors gun control, thinks that Reagan is the century's best president, and likens his relationship with actress Jodie Foster to that of Romeo and Juliet.

Who cares? Hinckley tried to murder the man who is this nation's most important figure. He struck at the heart of our stability, our government, our very democratic process. He's the antithesis of the American hero and giving him celebrity status can only encourage other unbalanced individuals to commit other acts of violence against public officials.

Let Hinckley reap the benefits of the system he attacked so gravely, permit him his rights, ensure his fair trial, but don't honor the man.

REGULATORY REFORM ACT OF 1981

(Mr. DANIELSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANIELSON. Mr. Speaker, I am pleased to inform the House that this morning the House Judiciary Committee commenced markup hearings on the Regulatory Reform Act of 1981 (H.R. 746). This is an item of legislation that has been long awaited, and it is in response to a public outcry for something to improve our regulatory process.

We hope through this bill to require all regulatory agencies to conduct a thoughtful analysis of the regulations which they propose to promulgate, and to give the public an ample opportunity to appear, to be heard, and to put their comments into the consideration by the agencies. It is going to be a very useful bill, and I am anticipating presenting it to the floor of the House before long. I will ask the support of all Members.

NATIONAL MOTHER-IN-LAW DAY

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 331) designating the fourth Sunday in October as "National Mother-in-Law Day," and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore (Mr. RANGEL). Is there objection to the request of the gentleman from New York?

Mr. DERWINSKI. Mr. Speaker, reserving the right to object, I do so only for the purpose of permitting our distinguished chairman to explain to the House the wonderful motivation and idea behind this proposal.

Mr. GARCIA. Mr. Speaker, if the gentleman will yield, I would be delighted to do so.

House Joint Resolution 331 designates the fourth Sunday in October, as I said before, Mr. Speaker, as "National Mother-in-Law Day," and it is interesting that mothers-in-law have long been the victim of cruel humor and the popular media have helped perpetuate unfair mother-in-law stereotypes, such as meddlesome, the battleax mother-in-law, and the domineering mother-in-law.

A concerted effort is now necessary to return mothers-in-law to their proper position of respect and honor. I might add that this bill has been supported, Mr. Speaker, by more than 218 Members of the House.

Mr. BINGHAM. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from New York.

Mr. BINGHAM. I thank the gentleman for yielding.

Mr. Speaker, I would like to thank the committee for their consideration of this measure, and to add to what the chairman of the subcommittee has said: That 24 States already have recognized Mother-in-Law Day, and some 20 major cities.

So I think it is a highly appropriate action for the Congress to take.

I want to thank particularly the gentleman from Illinois for his stalwart work in respect to this resolution.

Mr. SAM B. HALL, JR. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Texas.

Mr. SAM B. HALL, JR. Mr. Speaker, I hope when the time comes, the gentleman will ask for a rollcall vote, because I want to see how many married men will vote against this measure.

Mr. DERWINSKI. Mr. Speaker, as the fortunate son-in-law of a wonderful mother-in-law, I am the enthusiastic cosponsor of House Joint Resolution 331, to designate the fourth Sunday in October as National Mother-in-Law Day.

I believe mothers-in-law should be respected and honored and that passage of this resolution which would authorize the President to issue a proclamation for the observance of Mother-in-Law Day with appropriate ceremonies and activities would serve to call attention to the contribution mothers-in-law make to American families.

For too long mothers-in-law have been the victims of unfair jokes and ridicule, whereas they deserve our affection and respect. Designation of a national day in their honor would follow the lead set by 24 of our States which have already established Mother-in-Law Day.

Mr. Speaker, I urge the Members of the House to join me in supporting this effort to set aside a day to pay our respects to a long neglected member of the family—our mothers-in-law.

Mr. Speaker, I also wish to advise the House that my mother-in-law specifically asked me to thank the gentleman from New York (Mr. GARCIA) and the gentleman from New York (Mr. BINGHAM) and the gentleman from New Jersey (Mr. COURTER) for their leadership in this noble, long overdue effort.

I would remind all the Members of the House of the old line that "behind every successful man there stands a surprised mother-in-law."

Mr. COURTER. Mr. Speaker, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from New Jersey.

Mr. COURTER. I thank the gentleman for yielding.

I, too, would like to congratulate the gentleman from New York (Mr. GARCIA) for bringing this to the attention of the Members.

I know it was perhaps said in jest with regard to a recorded vote, but I think we all love our mothers-in-law as much as our mothers, and if someone does request a recorded vote, I will stand in order to get one.

Mr. DERWINSKI. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 331

Whereas the mother-in-law has long been the victim of often cruel humor; and

Whereas the popular media have helped perpetuate unfair mother-in-law stereotypes; and

Whereas these stereotypes, such as the meddlesome mother-in-law, the battle ax mother-in-law, the domineering mother-in-law, and the vicious mother-in-law, have served to make the term mother-in-law one of ridicule and opprobrium; and

Whereas mothers-in-law are, like other family members, deserving of the respect and affection of their families; and

Whereas strong families are the backbone of a strong healthy America; and

Whereas a concerted effort is now necessary to return mothers-in-law to their proper position of respect and honor; and

Whereas twenty-four States have already established Mother-in-Law Day: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the fourth Sunday in October is hereby designated "Mother-in-Law Day" and the President of the United States is authorized and requested to issue a proclamation for the observance of Mother-in-Law Day with appropriate ceremonies and activities.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the joint resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 305, nays 66, answered "present" 28, not voting 34, as follows:

[Roll No. 263]

YEAS—305

Addabbo	Evans (IN)	McHugh
Akaka	Fary	Mica
Albosta	Fascell	Mikulski
Alexander	Fazio	Miller (OH)
Anderson	Ferraro	Minish
Andrews	Fiedler	Mitchell (MD)
Annunzio	Findley	Mitchell (NY)
Anthony	Fish	Moakley
Applegate	Fithian	Moffett
Ashbrook	Florio	Mollohan
Aspin	Foley	Moore
AuCoin	Ford (MI)	Moorhead
Badham	Forsythe	Morrison
Bafalis	Fountain	Mottl
Bailey (MO)	Frank	Murtha
Bailey (PA)	Frenzel	Myers
Barnard	Frost	Napier
Barnes	Fuqua	Natcher
Beilenson	Garcia	Neal
Benedict	Gaydos	Nelson
Bennett	Gejdenson	Nichols
Bereuter	Gephardt	Nowak
Bevill	Gibbons	O'Brien
Biaggi	Gilman	Oberstar
Bingham	Gingrich	Oxley
Blanchard	Gonzalez	Panetta
Bliley	Gore	Pashayan
Boggs	Gradison	Patterson
Boner	Gray	Perkins
Bonior	Green	Petri
Bonker	Grisham	Peyser
Bowen	Guarini	Pickle
Breaux	Hagedorn	Price
Brooks	Hall, Ralph	Pritchard
Broomfield	Hall, Sam	Pursell
Brown (CA)	Hamilton	Quillen
Brown (OH)	Hance	Rahall
Burton, Phillip	Hansen (UT)	Railsback
Campbell	Hatcher	Rangel
Carman	Hawkins	Ratchford
Chappell	Heckler	Reuss
Chappie	Hefner	Rhodes
Cheney	Hertel	Richmond
Chisholm	Hightower	Rinaldo
Clausen	Hillis	Roberts (SD)
Clay	Holland	Robinson
Clinger	Hopkins	Rodino
Coelho	Howard	Roe
Coleman	Hoyer	Roemer
Collins (IL)	Hubbard	Rogers
Collins (TX)	Huckaby	Rose
Conte	Hughes	Rosenthal
Conyers	Hunter	Rostenkowski
Corcoran	Hutto	Roth
Coughlin	Jacobs	Roukema
Courter	Jeffords	Roybal
Coyne, William	Jenkins	Russo
Crane, Daniel	Jones (NC)	Sabo
Crane, Philip	Jones (TN)	Sawyer
D'Amours	Kastenmeier	Schneider
Daniel, Dan	Kazen	Schulze
Daniel, R. W.	Kemp	Schumer
Dannemeyer	Kildee	Shamansky
Daschle	Kramer	Shannon
Daub	LaFalce	Sharp
Deckard	Lagomarsino	Shaw
Dellums	Lantos	Shelby
DeNardis	Latta	Siljander
Derwinski	Leach	Simon
Dickinson	LeBoutillier	Skeen
Dicks	Lee	Smith (AL)
Dixon	Lent	Smith (NE)
Donnelly	Loeffler	Smith (NJ)
Dorgan	Long (LA)	Smith (PA)
Dornan	Long (MD)	Snowe
Dougherty	Lott	Snyder
Dowdy	Lowery (CA)	Solarz
Downey	Lujan	Solomon
Duncan	Lungren	Spence
Dunn	Madigan	Stangeland
Dwyer	Markey	Stanton
Dymally	Marks	Staton
Dyson	Marriott	Stenholm
Eckart	Martin (IL)	Stokes
Edgar	Martin (NC)	Tauzin
Edwards (AL)	Martin (NY)	Taylor
Edwards (CA)	Matsui	Thomas
Edwards (OK)	Mattox	Traxler
Emerson	Mavroules	Trible
Emery	Mazzoli	Udall
English	McClory	Vander Jagt
Ertel	McDade	Vento
Evans (GA)	McEwen	Volkmer
Walgren	Whittaker	Wyden
Wampler	Whitten	Wylie
Watkins	Williams (MT)	Yatron
Waxman	Winn	Young (AK)
Weber (OH)	Wirth	Young (FL)
Weiss	Wolf	Young (MO)
White	Wolpe	Zablocki
Whitehurst	Wortley	Zeferetti
Whitley	Wright	

NAYS—66

Archer	Gunderson	Miller (CA)
Bedell	Hall (OH)	Molinari
Benjamin	Hammerschmidt	Obey
Bethune	Hansen (ID)	Ottinger
Bolling	Harkin	Paul
Brinkley	Hartnett	Pease
Brodhead	Hendon	Santini
Broyhill	Hiler	Scheuer
Burgener	Hollenbeck	Sensenbrenner
Butler	Holt	Shumway
Carney	Hyde	Shuster
Coats	Jeffries	Smith (IA)
Conable	Johnston	Smith (OR)
Erdahl	Kogovsek	Stark
Erlenborn	Lehman	Studds
Evans (IA)	Levitas	Stump
Fowler	Lewis	Swift
Glickman	Luken	Tauke
Goldwater	Marlenee	Weaver
Goodling	McCollum	Weber (MN)
Gramm	McDonald	Wilson
Gregg	Michel	Yates

ANSWERED "PRESENT"—28

Bouquard	Jones (OK)	Regula
Brown (CO)	Leath	Ritter
Byron	Livingston	Roberts (KS)
Coyne, James	Lowry (WA)	Rousselot
Davis	McCurdy	Schroeder
Dreier	McGrath	Seiberling
Evans (DE)	Montgomery	St Germain
Fenwick	Parris	Synar
Heftel	Patman	
Ireland	Porter	

NOT VOTING—34

Atkinson	Flippo	Nelligan
Beard	Foglietta	Oakar
Boland	Ford (TN)	Pepper
Burton, John	Ginn	Rudd
Craig	Horton	Savage
Crockett	Kindness	Skelton
Danielson	Leland	Stratton
de la Garza	Lundine	Walker
Derrick	McCloskey	Washington
Dingell	McKinney	Williams (OH)
Early	Mineta	
Fields	Murphy	

□ 1315

Messrs. JAMES K. COYNE, ROUSSELOT, DREIER, RITTER, LIVINGSTON, and McCURDY, Mrs. BOUQUARD, Mr. LOWRY of Washington, and Mrs. FENWICK changed their votes from "yea" to "present."

Messrs. REGULA, EVANS of Delaware, SYNAR, and McGRATH, changed their votes from "nay" to "present."

So the joint resolution was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

NATIONAL FAMILY WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 4) to authorize the President to issue a proclamation designating the week beginning November 22, 1981, as "National Family Week," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. COURTER. Mr. Speaker, reserving the right to object, I am pleased to join with the distinguished gentleman from New York (Mr. GARCIA) and the distinguished gentleman from Utah (Mr. MARRIOTT) in support of House Joint Resolution 214, designating the week of November 22, 1981, which includes Thanksgiving Day, as "National Family Week." No other entity in America is more sacred or more important than the American family.

Mr. Speaker, the backbone and strength of our country or any free society is the family. In my opinion Thanksgiving week is the most appropriate time for us to honor family loyalties and ties. Thanksgiving is the traditional time in America when families are rejoined for the purpose of giving thanks to God for the blessings which have come to them.

National Family Week is a positive response in keeping with our great traditions.

National Family Week would serve as the focal point for millions of American parents to appreciate the wants and needs of their children and to encourage the children to better understand their duties and obligations to their parents; to perpetuate and strengthen the quality of the family unit.

I urge my colleagues to adopt this resolution.

Mr. MYERS. Mr. Speaker, will the gentleman yield?

Mr. COURTER. I yield to the gentleman from Indiana.

Mr. MYERS. Mr. Speaker, I thank my colleague for yielding, and I join him in supporting this resolution.

I know there are many on this floor who feel that we should not have any recognition for anyone for any specific time, whether it be 1 day or 1 week, but I know of no institution that is more deserving of this recognition than the traditional family in our country. We have seen a deterioration, we have seen a destruction of the family. Surely this Congress can recognize the institution of the American family, and it is most appropriate that we recognize it in this way.

Mr. Speaker, as the author of National Family Week when it was first introduced back in 1970, I urge my colleagues to approve House Joint Resolution 214. This resolution was introduced by the gentleman from Utah (Mr. MARRIOTT) and me, and it has been cosponsored by more than 249 Members of the House. A similar resolution was introduced in the other

body by Senator BURDICK and it passed on September 16.

The purpose of National Family Week is simple: It sets aside a specific time during the year to pay homage to the one institution which has given so much meaning to human life and provided a stable structure to our society. It recognizes the importance of the family as the foundation of American life and the fundamental role the family has played in securing those values upon which our Nation was founded.

National Family Week is appropriately observed during the week including Thanksgiving, a time when American families are reunited for the purpose of giving thanks for the blessings which have come to them. It is a time to recognize the contribution the family has made to the Nation's shared values of liberty, justice, equality, freedom, and compassion.

A wise philosopher observed thousands of years ago, "The root of the state is in its family." The pressures of our modern age make this a time of challenge for families in America, but we can take time this Thanksgiving and this National Family Week to offer our thanks for keeping families strong and united for the good of all mankind.

In the American family lie the seeds of greatness for tomorrow. If illiteracy is finally to be banished, it will be by families who fear ignorance. If poverty is truly abolished, it will be because families cared about others. If war is ever to become past history and peace see the light of day, the families of the world will have seen to it. If prosperity is ever to be a natural part of our daily living, it will emerge first from homes where the family flourishes and where materialism is of second importance. If harmony is to return to our land, it will come only because families have practiced tolerance, patience, understanding, and affection toward their own and others.

National Family Week has the support of a number of national services organizations. They include the American Family Society, American Home Economics Association, American Legion, National Red Cross, B'nai B'rith, Boy Scouts and Cub Scouts of American, National Exchange Club, Center for the Family, Community Group Health Foundation, Family Service Association of America, Future Homemakers of America, General Federation of Women's Clubs, Masonic Service Association, National Council of Catholic Women, National Congress of Parents and Teachers, National Society of Daughters of the American Revolution, Veterans of Foreign Wars, and American Association of Doctor's Nurses.

In addition, National Family Week has been recognized by the Governors of more than 40 States and territories of the United States. It has passed both Houses of Congress and been proclaimed by three different Presidents of both parties in 1972, 1976, 1977, 1978, 1979, and 1980.

I urge my colleagues to join me in honoring the family by celebrating National Family Week 1981 during the week of Thanksgiving, November 22 through 28.

Mr. DERWINSKI. Mr. Speaker, I rise in support of House Joint Resolution 214, designating the week of November 22, 1981 as "National Family Week."

The purpose of the resolution is to highlight the family in its rightful place in society by enlisting the millions of American parents and children in an effort to understand the significance of the family in the wholesome development of this Nation.

Thanksgiving Day, which coincides with National Family Week, is a time when American families traditionally unite and reflect on the meaning and importance of family life in America.

The designation of November 22 as "National Family Week" recognizes the family as a cornerstone of our society.

It is my hope that the designation and promotion of family week will serve to focus the thoughts and actions of Americans toward the importance of the family unit. It is also my hope that this focus will lead to sustained action on the part of Americans throughout the year. The passage of this bill is a most effective way of remembering our families as well as enhancing our family ties.

I urge my colleagues to join me in supporting this legislation.

● Mr. MARRIOTT. Mr. Speaker, over half of the Members of this body have cosponsored a bill Congressman JOHN MYERS and I have introduced to set aside the week of Thanksgiving as National Family Week 1981.

This is the fifth year that I have either sponsored or cosponsored a bill to authorize the President to set-aside a week for this very important observance.

The reason for my persistence in this area is simple—since our forefathers first braved the angry seas and sailed to America, the family has been a source of strength and support that saw them through the hard times.

The family unit was of such great importance to these people that often one member would indenture his or herself for many years to earn the passage of his loved ones.

That spirit of dedication continues today as families work together.

In the spirit of limited government involvement in our lives, which has become a keystone of the Reagan administration's program of economic recovery, the emphasis is back on the family. In many cases families which were once dependent on the Government must now turn to one another and become self sufficient.

The qualities of hard work and independence, inherited from our forefathers must now be utilized by each of us.

In recognition of this great American heritage—the backbone of our country—I urge all Members to support this resolution for National Family Week.●

Mr. COURTER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate joint resolution as follows:

S.J. RES. 4

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is hereby authorized and requested to issue a proclamation designating the week beginning November 22, 1981, as "National Family Week", and inviting the Governors of the several States, the chief officials of local governments, and the people of the United States to observe such day with appropriate ceremonies and activities.

The SPEAKER pro tempore. The question is on the third reading of the Senate joint resolution.

The Senate joint resolution was ordered to be read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the Senate joint resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. ROUSSELOT. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 405, noes 1, answered "present" 1, not voting 26, as follows:

[Roll No. 264]

AYES—405

Addabbo	Bevill	Campbell
Albosta	Biaggi	Carman
Alexander	Bingham	Carney
Anderson	Blanchard	Chappell
Andrews	Bliley	Chappie
Annunzio	Boggs	Cheney
Anthony	Boland	Chisholm
Applegate	Bolling	Clausen
Archer	Boner	Clay
Ashbrook	Bonior	Clinger
Aspin	Bonker	Coats
Atkinson	Bouquard	Coelho
AuCoin	Bowen	Coleman
Badham	Breaux	Collins (IL)
Bafalis	Brinkley	Collins (TX)
Bailey (MO)	Brodhead	Conable
Bailey (PA)	Brooks	Conte
Barnard	Broomfield	Conyers
Barnes	Brown (CA)	Corcoran
Bedell	Brown (CO)	Coughlin
Beilenson	Brown (OH)	Courter
Benedict	Broyhill	Coyne, James
Benjamin	Burgener	Coyne, William
Bennett	Burton, Phillip	Crane, Daniel
Bereuter	Butler	Crane, Philip
Bethune	Byron	D'Amours

Daniel, Dan	Heftel	Myers
Daniel, R. W.	Hendon	Napier
Danielson	Hertel	Natcher
Dannemeyer	Hightower	Neal
Daschle	Hiler	Nelligan
Daub	Hillis	Nelson
Davis	Holland	Nichols
Deckard	Hollenbeck	Nowak
Dellums	Hopkins	O'Brien
DeNardis	Horton	Oberstar
Derwinski	Howard	Obey
Dickinson	Hoyer	Oxley
Dicks	Hubbard	Panetta
Dixon	Huckaby	Parris
Donnelly	Hughes	Pashayan
Dorgan	Hunter	Patman
Dornan	Hutto	Patterson
Dougherty	Hyde	Paul
Dowdy	Ireland	Pease
Downey	Jacobs	Perkins
Dreier	Jeffords	Petri
Duncan	Jeffries	Peyser
Dunn	Jenkins	Pickle
Dwyer	Johnston	Porter
Dymally	Jones (NC)	Price
Dyson	Jones (OK)	Pritchard
Early	Jones (TN)	Pursell
Eckart	Kastenmeier	Quillen
Edgar	Kazen	Rahall
Edwards (AL)	Kemp	Railsback
Edwards (CA)	Kildee	Rangel
Edwards (OK)	Kindness	Ratchford
Emerson	Kogovsek	Regula
Emery	Kramer	Reuss
English	LaFalce	Rhodes
Erdahl	Lagomarsino	Richmond
Erlenborn	Lantos	Rinaldo
Ertel	Latta	Ritter
Evans (DE)	Leach	Roberts (KS)
Evans (GA)	Leath	Roberts (SD)
Evans (IA)	LeBoutillier	Robinson
Evans (IN)	Lee	Rodino
Fary	Lehman	Roe
Fascell	Lent	Roemer
Fazio	Levitas	Rogers
Fenwick	Lewis	Rose
Ferraro	Livingston	Rosenthal
Fiedler	Loeffler	Rostenkowski
Findley	Long (LA)	Roth
Fish	Long (MD)	Roukema
Fithian	Lott	Rousselot
Flippo	Lowery (CA)	Roybal
Florio	Lowry (WA)	Russo
Foley	Lujan	Sabo
Forsythe	Luken	Santini
Fountain	Lungren	Sawyer
Fowler	Madigan	Scheuer
Frank	Markey	Schneider
Frenzel	Marks	Schroeder
Frost	Marlenee	Schulze
Fuqua	Marriott	Schumer
Garcia	Martin (IL)	Sensenbrenner
Gaydos	Martin (NC)	Shamansky
Gejdenson	Martin (NY)	Shannon
Gephardt	Matsui	Sharp
Gibbons	Mattox	Shaw
Gilman	Mavroules	Shelby
Gingrich	Mazzoli	Shumway
Glickman	McClory	Shuster
Goldwater	McCollum	Siljander
Gonzalez	McCurdy	Simon
Goodling	McDade	Skeen
Gore	McDonald	Skelton
Gradison	McEwen	Smith (AL)
Gramm	McGrath	Smith (IA)
Gray	McHugh	Smith (NE)
Green	McKinney	Smith (NJ)
Gregg	Mica	Smith (OR)
Grisham	Michel	Smith (PA)
Guarini	Mikulski	Snowe
Gunderson	Miller (CA)	Snyder
Hagedorn	Miller (OH)	Solarz
Hall (OH)	Minish	Solomon
Hall, Ralph	Mitchell (MD)	Spence
Hall, Sam	Mitchell (NY)	St Germain
Hamilton	Moakley	Stangeland
Hammerschmidt	Moffett	Stanton
Hance	Molinari	Stark
Hansen (ID)	Mollohan	Staton
Hansen (UT)	Montgomery	Stenholm
Harkin	Moore	Stokes
Hartnett	Moorhead	Studds
Hatcher	Morrison	Stump
Hawkins	Mottl	Swift
Heckler	Murphy	Synar
Hefner	Murtha	Tauke
Tauzin	Weaver	Wolf
Taylor	Weber (MN)	Wolpe
Thomas	Weber (OH)	Wortley
Traxler	Weiss	Wright
Trible	White	Wyden
Udall	Whitehurst	Wylie
Vander Jagt	Whitley	Yates
Vento	Whittaker	Yatron
Volkmer	Whitten	Young (AK)
Walgren	Williams (MT)	Young (FL)
Wampler	Wilson	Young (MO)
Watkins	Winn	Zablocki
Waxman	Wirth	Zeferetti

NOES—1

Ottinger

ANSWERED "PRESENT"—1

Seiberling

NOT VOTING—26

Akaka	Foglietta	Oakar
Beard	Ford (MI)	Pepper
Burton, John	Ford (TN)	Rudd
Craig	Ginn	Savage
Crockett	Holt	Stratton
de la Garza	Leland	Walker
Derrick	Lundine	Washington
Dingell	McCloskey	Williams (OH)
Fields	Mineta	

□ 1315

So the Senate joint resolution was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

(Mr. DANIELSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANIELSON. Mr. Speaker, I was compelled to be absent from the floor at the time the vote was taken on rollcall No. 263, the Mother-in-Law Day resolution. Had I been present, I would have voted aye because I have the finest mother-in-law in the world.

PERSONAL EXPLANATION

(Mrs. FENWICK asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. FENWICK. Mr. Speaker, because of a visit by President Reagan to my congressional district last Thursday afternoon, I was unable to be present for part of the debate on the farm bill, H.R. 3603. During the time of my absence there was a recorded vote on the Peyser amendment to eliminate the new sugar provisions in the bill (rollcall No. 261). In my view the creation of a sugar support program when we are cutting back on a wide range of other programs is inconsistent. The sugar program would have raised prices in the supermarkets for the wide variety of foods with sugar in them. Had I been present for the recorded vote on Thursday, I would have voted for the Peyser amendment.

TWELFTH REPORT OF UNITED STATES SINAI SUPPORT MISSION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Foreign Affairs:

(For message, see proceedings of the Senate of Tuesday, October 20, 1981.)

PERMISSION FOR COMMITTEE ON MERCHANT MARINE AND FISHERIES TO SIT TODAY DURING 5-MINUTE RULE

Mr. BIAGGI. Mr. Speaker, I ask unanimous consent that the Committee on Merchant Marine and Fisheries be allowed to continue to sit while the House is in session under the 5-minute rule today to deliberate over the markup of H.R. 4627.

I have consulted with the minority member of that committee, the gentleman from Kentucky (Mr. SNYDER), and I do that in concert with his consent.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. PETRI. Mr. Speaker, reserving the right to object, what is the title of the bill to be considered under this unanimous-consent request?

Mr. BIAGGI. Mr. Speaker, will the gentleman yield?

Mr. PETRI. I yield to the gentleman from New York.

Mr. BIAGGI. The bill is H.R. 4627, the port development bill for markup.

Mr. PETRI. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, can the gentleman tell us is he aware that we have two critical bills before us and does he want to deny the Members of his subcommittee the opportunity to participate in this excellent debate?

Mr. BIAGGI. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from New York.

Mr. BIAGGI. I would tell the gentleman it is the full committee. All of the members of the committee are aware of the serious and grave nature of the bills that will be considered here and will be kept apprised of what is happening on a moment-to-moment basis. I have consulted with the gentleman from Kentucky (Mr. SNYDER) who agrees with me it is most serious, and with the gentleman's concern for the importance of this legislation. I assure the gentleman that proper observa-

tions will be made, serious consideration will be given, and in the end the proper action will be taken.

Mr. ROUSSELOT. Mr. Speaker, that is such an outstanding explanation that I just have to let it go and withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

HAZARDOUS MATERIALS TRANSPORTATION ACT AMENDMENTS

Mr. ANDERSON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3403) to amend the Hazardous Materials Transportation Act to authorize appropriations for fiscal years 1982 and 1983, to provide for the establishment of regional training centers to assist in improving the emergency response and enforcement capabilities of State and local personnel, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. ANDERSON).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. CAMPBELL. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device and there were—ayes 392, noes 5, answered "present" 1, not voting 35, as follows:

[Roll No. 265]

AYES—392

Addabbo	Boner	Coughlin
Akaka	Bonior	Courter
Albosta	Bonker	Coyne, James
Alexander	Bouquard	Coyne, William
Anderson	Bowen	Craig
Andrews	Breaux	Crane, Daniel
Annunzio	Brinkley	Crane, Philip
Anthony	Brodhead	D'Amours
Archer	Brooks	Daniel, Dan
Ashbrook	Broomfield	Daniel, R. W.
Aspin	Brown (CA)	Danielson
Atkinson	Brown (CO)	Dannemeyer
AuCoin	Brown (OH)	Daub
Badham	Broyhill	Davis
Bafalis	Burgener	Deckard
Bailey (MO)	Burton, Phillip	Dellums
Bailey (PA)	Byron	DeNardis
Barnard	Campbell	Derwinski
Barnes	Carman	Dickinson
Bedell	Carney	Dicks
Beilenson	Chappell	Dixon
Benedict	Chappie	Donnelly
Benjamin	Cheney	Dorgan
Bennett	Clausen	Dornan
Bereuter	Clinger	Dougherty
Bethune	Coats	Dowdy
Bevill	Coelho	Downey
Biaggi	Coleman	Dreier
Bingham	Collins (IL)	Duncan
Blanchard	Collins (TX)	Dunn
Bliley	Conable	Dwyer
Boggs	Conte	Dymally
Boland	Conyers	Dyson
Bolling	Corcoran	Early
Eckart	Kindness	Ritter
Edgar	Kogovsek	Roberts (KS)
Edwards (AL)	Kramer	Roberts (SD)
Edwards (CA)	LaFalce	Robinson
Edwards (OK)	Lagomarsino	Rodino
Emerson	Lantos	Roe
Emery	Latta	Roemer
English	Leach	Rogers
Erdahl	Leath	Rose
Erlenborn	LeBoutillier	Rosenthal
Ertel	Lee	Rostenkowski
Evans (DE)	Lehman	Roth
Evans (GA)	Lent	Roukema
Evans (IA)	Levitas	Rousselot
Evans (IN)	Lewis	Roybal
Fary	Livingston	Russo
Fascell	Loeffler	Sabo
Fazio	Long (LA)	Santini
Fenwick	Long (MD)	Sawyer
Ferraro	Lott	Scheuer
Fiedler	Lowery (CA)	Schneider
Findley	Lowry (WA)	Schroeder
Fish	Lujan	Schulze
Fithian	Luken	Schumer
Flippo	Lungren	Sensenbrenner
Florio	Madigan	Shamansky
Foglietta	Markey	Shannon
Foley	Marks	Sharp
Fountain	Marlenee	Shaw
Fowler	Marriott	Shelby
Frank	Martin (IL)	Shumway
Frenzel	Martin (NC)	Shuster
Frost	Martin (NY)	Siljander
Fuqua	Matsui	Simon
Garcia	Mattox	Skeen
Gaydos	Mavroules	Skelton
Gejdenson	Mazzoli	Smith (AL)
Gephardt	McClory	Smith (IA)
Gilman	McCollum	Smith (NE)
Gingrich	McCurdy	Smith (NJ)
Glickman	McEwen	Smith (OR)
Goldwater	McGrath	Smith (PA)
Gonzalez	McHugh	Snowe
Goodling	McKinney	Snyder
Gore	Mica	Solarz
Gradison	Michel	Solomon
Gramm	Mikulski	Spence
Gray	Miller (CA)	St Germain
Green	Miller (OH)	Stangeland
Gregg	Minish	Stanton
Grisham	Mitchell (NY)	Stark
Guarini	Moakley	Staton
Gunderson	Molinari	Stenholm
Hagedorn	Mollohan	Stokes
Hall (OH)	Montgomery	Stratton
Hall, Ralph	Moore	Studds
Hall, Sam	Moorhead	Stump
Hamilton	Morrison	Swift
Hance	Mottl	Synar
Hansen (ID)	Murphy	Tauke
Hansen (UT)	Murtha	Tauzin
Harkin	Myers	Taylor
Hartnett	Napier	Thomas
Hatcher	Natcher	Traxler
Hawkins	Neal	Trible
Heckler	Nelligan	Udall
Hefner	Nelson	Vander Jagt
Heftel	Nichols	Vento
Hendon	Nowak	Volkmer
Hertel	O'Brien	Walgren
Hightower	Oberstar	Wampler
Hiler	Obey	Watkins
Hillis	Oxley	Waxman
Holland	Panetta	Weaver
Hollenbeck	Parris	Weber (MN)
Hopkins	Pashayan	Weber (OH)
Horton	Patman	Weiss
Howard	Patterson	White
Hoyer	Paul	Whitley
Hubbard	Pease	Whittaker
Huckaby	Perkins	Whitten
Hughes	Petri	Wilson
Hunter	Peyser	Wirth
Hutto	Pickle	Wolf
Hyde	Porter	Wolpe
Ireland	Price	Wortley
Jacobs	Pritchard	Wright
Jeffords	Quillen	Wyden
Jeffries	Rahall	Wylie
Jenkins	Railsback	Yates
Jones (NC)	Rangel	Yatron
Jones (OK)	Ratchford	Young (AK)
Jones (TN)	Regula	Young (FL)
Kastenmeier	Reuss	Young (MO)
Kazen	Rhodes	Zablocki
Kemp	Richmond	Zeferetti
Kildee	Rinaldo	

NOES—5

Butler	Johnston	Mitchell (MD)
Clay	McDonald	

ANSWERED "PRESENT"—1

Ottinger

NOT VOTING—35

Applegate	Forsythe	Pepper
Beard	Gibbons	Pursell
Burton, John	Ginn	Rudd
Chisholm	Hammerschmidt	Savage
Crockett	Holt	Seiberling
Daschle	Leland	Walker
de la Garza	Lundine	Washington
Derrick	McCloskey	Whitehurst
Dingell	McDade	Williams (MT)
Fields	Mineta	Williams (OH)
Ford (MI)	Moffett	Winn
Ford (TN)	Oakar	

□ 1400

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 3403, with Mr. PANETTA in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from New Jersey (Mr. FLORIO) will be recognized for 15 minutes; the gentleman from New York (Mr. LENT) will be recognized for 15 minutes; the gentleman from California (Mr. ANDERSON) will be recognized for 15 minutes, and the gentleman from Pennsylvania (Mr. SHUSTER) will be recognized for 15 minutes.

The Chair recognizes the gentleman from California (Mr. ANDERSON).

Mr. ANDERSON. Mr. Chairman, I yield such time as he may consume to the distinguished chairman of the full committee, the gentleman from New Jersey (Mr. HOWARD).

Mr. HOWARD. Mr. Chairman, I rise in support of H.R. 3403, the Hazardous Materials Transportation Act Amendments of 1981. This bill was reported by both the Committee on Energy and Commerce and the Committee on Public Works and Transportation.

I would like to congratulate the Members on both sides of the aisle, of both committees, for the development of this legislation.

Mr. Chairman, H.R. 3403 authorizes $8,332,000 for each of the fiscal years 1982 and 1983 to carry out the provisions of the Hazardous Materials Transportation Act. Of those sums, the Secretary can spend up to $2 million annually to assist in the establishment of regional training centers. The bill also clearly sets forth the authority of the Secretary to help in establishing regional training centers and provides guidelines for the types of arrangements that can be entered into by the Secretary.

The bill also directs the Department to submit a report to the Congress within 1 year of enactment on the feasibility, cost, desirability, and problems of setting up a system to prenotify States of shipments of extremely hazardous materials through their jurisdictions.

The measure also authorizes the Department of Transportation to contract with private nonprofit entities to establish a central reporting system for hazardous materials transportation accidents.

Finally, the bill prohibits the shipment of large quantity radioactive materials by motor vehicle or railroad through any county having a population density of 15,000 per square mile or more.

Mr. Chairman, this has been one section of the bill that has developed some controversy and some opposition.

I would like to state that during the 5-minute rule I plan to offer an amendment to this section which I believe will clear up any opposition to this legislation.

Mr. Chairman, H.R. 3403 is an important measure which I believe should be acted favorably upon by the House.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. HOWARD. I yield to the gentleman from Illinois.

Mr. FINDLEY. I thank the gentleman for yielding.

I want to congratulate my colleague on his role in bringing this before us.

Mr. Chairman, the House of Representatives this week will consider two measures, the Hazardous Materials Transportation Act amendments and the Nuclear Regulatory Commission authorization, which are of vital concern to citizens of Illinois' 20th Congressional District. At issue is the safe transportation of hazardous radioactive materials through Quincy and the rural areas of Illinois.

Current NRC regulations require private shippers of nuclear wastes to hire armed escorts for high level radioactive shipments around cities of more than 100,000 citizens. The effect of this requirement was not to increase the safety of these dangerous shipments, but instead to cause shippers to send them over narrow two-lane country roads which skirted large cities.

A prime example of this is the use of Routes 36 and 24 in the western section of Illinois for shipment of hazardous wastes from San Onofre, Calif., to the General Electric storage facility at Morris, Ill. Radioactive wastes have come across the Mississippi River, down Quincy's main street, and then headed across country on a hilly, narrow, two-lane road, rough in many spots with nonexistent shoulders in many places. During wet or icy weather this road is particularly dangerous even for normal traffic; let alone nuclear shipments.

In my view, all shipments of nuclear or hazardous wastes should be made over interstate highways. Statistics show that accidents are much more likely to occur on roads like Routes 36 and 24 than on the major interstates with their dual lanes, restricted access, wide shoulders, and single-direction traffic.

Currently, the Department of Transportation is considering regulations which will require all future shipments to be made only on interstate routes. These regulations will go in effect February 1, 1982, and I applaud the substance and intention of these new regulations. Before that time, however, the NRC regulations still remain in effect. What this means for the State of Illinois, now that its ban on out-of-State spent fuel shipments has been overturned in the courts, is that these hazardous shipments may begin again over the same dangerous routes. It is not difficult to imagine that a rush of shipments may occur before the February 1982 regulations take effect. Out of this concern, I wrote the NRC in April of this year asking for assurance that they would not approve shipments of spent fuels over any noninterstate route, either before or after the new regulations take effect.

As of yet, I have received no response. This troubles me greatly as I fear for the safety not only of the citizens of my district who live along Routes 24 and 36, but for the safety of the spent fuel itself and for all citizens everywhere who may be affected by accidents involving such shipments.

Clearly it is time for the NRC to recognize what the Department of Transportation has already acknowledged: that shipment of spent fuel should be limited to the safe, reliable Interstate System and banned from hazardous, dangerous secondary routes. I am yet hopeful that I will have the assurances I have been seeking from NRC for the past 6 months and that I will not be forced to attempt a legislative solution to this problem when the NRC authorization reaches the floor on Thursday.

Mr. ANDERSON. Mr. Chairman, the Hazardous Materials Transportation Act amendments of 1981 was jointly considered by the Committee on Public Works and Transportation and the Committee on Energy and Commerce.

Each of the committees reported a bill that has identical provisions with respect to funding levels and clarification of certain authority of the Secretary. In certain other respects, the bills differ. Those differences are contained in sections 6 and 7 of the bill now under consideration. First, let me discuss those provisions upon which both committees have agreed and, insofar as I know, upon which there is no controversy.

Under the bill, the Secretary's authority to help to establish regional training centers for training purposes is clarified. Thus, the Secretary can participate in the creating of such centers in order to meet training requirements imposed upon him by the act. The training at these centers will enable State and local authorities to improve enforcement of regulations pertaining to the transportation of hazardous materials and to respond to accidents involving hazardous materials.

The bill establishes guidelines to the Secretary for the Department's participation in these regional centers and imposes caps on the extent of Federal financial involvement. The Secretary can spend no more than $2 million on an annual basis for the establishment of the centers.

The bill clarifies the Secretary's authority to contract with a private entity in order to fulfill his requirements for establishment of a central reporting system for accidents involving hazardous materials. Under this provision, the Secretary can contract with established entities for use of their data base in the component breakdown of certain hazardous materials, thus facilitating prompt and effective measures to counteract spills and accidents involving certain materials.

The bill establishes the same authorization levels for fiscal years 1982 and 1983. The level for each year is $8,332,000.

The bill reported by the Committee on Public Works and Transportation and under consideration today contains two additional provisions. Those provisions deal with two aspects of the transportation of hazardous materials; namely, prenotification and routing of large quantity radioactive materials.

In short, a prenotification system is where advance notice of the transportation of hazardous materials through a State is given to some State or local authority. Some States and localities have already enacted prenotification laws. The bill simply asks the Secretary for a report on the feasibility, cost, desirability, and problems of prenotification systems, taking into consideration the role of the States and locales in responding to accidents involving hazardous materials.

The last provision imposes a limited restriction on the transportation of large quantity radioactive materials through areas having a population density of more than 15,000 persons per square mile.

Mr. Chairman, this bill is a measure that will enhance the Secretary's ability to carry out his responsibilities with respect to the transportation of hazardous materials. Moreover, it should

result in a higher degree of safety in this area of transportation, which should benefit all of us. I, therefore, urge the House to act favorably on this legislation.

Mr. Chairman, I reserve the balance of my time.

Mr. FLORIO. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of this very important piece of legislation. This bill was considered by my subcommittee and has great support on both sides of the aisle. The ranking minority member of the subcommittee, the gentleman from New York (Mr. LENT), was particularly helpful to us in perfecting the legislation.

This bill authorizes funding for the continuation of the hazardous materials transportation program. It also contains two very important provisions which strengthen the role of State and local governments in guaranteeing the safe transportation of hazardous materials.

First, this bill provides for the establishment of regional training facilities for State and local police and fire personnel who have the primary responsibility for enforcing the laws governing the transportation of hazardous materials. Currently, there is only one national training facility located in Oklahoma City, Okla.

High travel costs and the inconvenience of being far away from home for a long period of time have made it impossible for most law enforcement personnel to use the resources of this facility. In addition, it is impossible for a single national facility to give adequate attention to the problems of transporting hazardous materials in a particular region or area of the country.

Mr. Chairman, the importance of training State and local law enforcement personnel to handle hazardous materials transportation problems becomes very clear when we consider just how few Federal officials are involved in enforcement. For the entire Nation, the Department of Transportation has a total of only 10 inspectors involved in enforcement of regulations pertaining to manufacturing and packaging. Likewise, there are only about 100 Department of Transportation employees nationwide involved in enforcement of hazardous materials regulations governing highway, air and rail carriers.

Everyone recognizes that the Federal Government cannot possibly enforce the law providing for the safe movement of hazardous materials with these limited resources. The enforcement responsibility, therefore, must fall on the shoulders of State and local police and fire personnel.

For this reason, there was a clear consensus among the witnesses at my subcommittee's hearings supporting not only a higher quality of training but also more training facilities. The U.S. General Accounting Office, the Congressional Research Service of the Library of Congress, the National Transportation Safety Board, and the Department of Transportation, in testimony and reports submitted to Congress, have all agreed on the need for improving the capability of State and local law enforcement personnel.

Both committees have addressed the training problem by reporting legislation that provides for the establishment of regional training facilities. Such facilities would be more accessible and better equipped to meet the needs of State and local law enforcement officials. From discussions with the Department of Transportation, it is my understanding that the Department would establish a training facility in each of the 10 Federal regions.

Section 3 of the bill provides a mechanism for the Secretary of the Department of Transportation to enter into agreements with an applicant for establishing a center.

Eligible participants in this program include State, local, and regional governments or private, nonprofit entities, or a combination thereof, who are able to fulfill these requirements.

In addition to improving the accessibility of training, regional training centers will be better able to take into account the unique and varying hazardous materials transportation factors within a region.

Mr. Chairman, I mentioned earlier that there were two ways in which this bill strengthens the enforcement role of State and local governments. The first is the provision for the establishment of regional training facilities. The second, however, is of equal importance.

What I am referring to here is the fact that both the Commerce Committee and the Public Works Committee consciously and deliberately have not included in this legislation anything that would change or strengthen the authority of Federal regulations to override State and local laws regulating the transportation of hazardous materials.

Our committees are in agreement that no compelling reasons exist for changing the present system. This bill, therefore, recognizes that preemption remains a highly controversial issue—especially in the context of major realinements of fiscal, regulatory, and enforcement responsibilities within the Federal system—and that it requires additional study before further action is taken.

Regrettably, in the other body there have been repeated suggestions that an amendment may be introduced which would nullify all State and local laws which pertain especially to the routing of hazardous materials.

In addition, initial drafts have contained other provisions that dramatically alter present law. I would like the record to show that the House bill is not neglectful in its failure to address the issues raised by the Senate. Rather, the House committees of jurisdiction, recognizing present circumstances, consider the broader preemption and other elements being proposed by the other body to be unnecessary and unwise. States require Federal cooperation, not obstructionism, in assuming greater responsibility for regulating hazardous materials transportation.

Section 4 of the bill authorizes the Secretary of the Department of Transportation to contract with private entities to fulfill the obligation under the act to establish a central reporting system in order to provide local and State law enforcement and firefighting personnel with technical information necessary for handling hazardous materials transportation emergencies.

Others before have made reference to the authorized appropriation levels contained in this bill and I will not repeat those numbers. Suffice it to say that the administration supports the authorization levels that are included in this bill.

In summary, Mr. Chairman, the Committees on Energy and Commerce and Public Works and Transportation have carefully reviewed the need for additional legislation concerning hazardous materials transportation. We have agreed with the administration on an appropriations level and have recommended an augmented regional training program. In hearings before our committees, no compelling evidence was presented for altering the existing provisions governing State/Federal relations. I commend the committee members for their achievement.

Thank you, and I urge my colleagues to support this important piece of legislation.

□ 1415

Mr. FRANK. Mr. Chairman, will the gentleman yield to me?

Mr. FLORIO. I would be happy to yield, yes.

Mr. FRANK. Mr. Chairman, I thank the gentleman from New Jersey for yielding to me. I want to express my support for H.R. 3403 and to join in the expressions of praise to members of both committees for dealing so well with a very difficult set of circumstances.

I would like to ask my colleagues, the gentleman from New Jersey who chairs the Subcommittee on Commerce, Transportation, and Tourism, to join with me in discussing a problem about hazardous materials.

The town of Framingham, in my district, is the site of a Conrail freight facility that handles shipments of vinyl chloride, which is a known carcinogen.

It is a health and safety hazard near the population center of the community. To protect the interests of its residents and out of concern with this regulation, the town has filed for a nonpreemption determination with the Department of Transportation.

Mr. FLORIO. As the representative of a State that has very serious problems similar to this, I am aware of the problem described by my colleagues and commend the gentleman for his outstanding work in this area on behalf of his constituents.

Mr. FRANK. I thank the gentleman. As the gentleman is aware, there are a number of exceptions to the regulation governing the storage of hazardous materials. As a result, the law does give appropriate State agencies the ability to obtain exemptions from Federal regulations based upon local conditions. Nonetheless, if an accident should occur in this particular year in Framingham, more than 8,000 people within the radius of the potential exposure would require evacuation.

The Department of Transportation is scheduled to hold a hearing next month in Massachusetts on the town's application for a determination that its local regulations will not be preempted by Federal law. It is very important to us that DOT address the concerns of the community that will be outlined at that meeting.

I would like to insert here in my remarks a letter from the Federal Railroad Administration outlining the agency's position regarding the storage of vinyl chloride. In that letter, he maintains that Conrail is not in violation of the applicable regulations; but he does say that the Railroad Administration will be in touch with us on the problem.

The letter is as follows:

FEDERAL RAILROAD ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR,
Washington, D.C., August 26, 1981.

Hon. BARNEY FRANK,
House of Representatives,
Washington, D.C.

DEAR MR. FRANK: Thank you for your recent letter concerning the storage of vinyl chloride at Conrail's yard in Framingham, Massachusetts. It is my understanding that most of the questions raised in your letter have been answered in conversations between Mrs. Dorothy Reichard of your office in Waltham, Massachusetts and Mr. Edward Hassel, FRA's Director of Railroad Safety for the Boston region.

The central issue is FRA's interpretation of 49 C.F.R. Sections 174.14 and 174.16. FRA believes the two sections must be read in conjunction with one another. Section 174.14 requires expeditious forwarding of a hazardous material shipment by the originating carrier and all subsequent carriers until it reaches the final railroad facility (agency station) along the route to its destination. When a shipment reaches the final agency station (the carrier's closest station to the consignee's place of business), section 174.16 becomes applicable. Under 174.16(b), the carrier must notify the consignee that the shipment has arrived at the agency station. If the consignee has not arranged for final delivery within 48 hours of such notification, the carrier is free to store the shipment on its property if it is "safe." If the carrier's property is not safe, the shipment may be stored "on other than the carrier's property." When fifteen days have elapsed from the notification of the consignee, the carrier is free to sell the shipment or to continue to store it.

Under this interpretation, Conrail is not in violation of either section 174.14 or 174.16 in the Framingham situation. For shipments bound ultimately to Leominster or Fitchburg, Framingham is the final agency station. (Conrail has no facilities at Leominster or Fitchburg, nor any facilities between those towns and Framingham.) Therefore, once Conrail has notified the consignee of the shipment's arrival, it is free to store the shipment at its Framingham yard under section 174.16(b), as long as that yard is safe. FRA considers that yard to be safe because it has been assured that railroad employees and railroad police are on duty there 24 hours a day, and that Conrail has voluntarily been providing the Framingham Fire Department with a daily listing showing the number, location, date of arrival and contents of each hazardous materials shipment in the yard.

FRA's determination that Conrail is not in violation of existing regulations as they relate to vinyl chloride shipments to Leominster and Fitchburg does not resolve Framingham's non-preemption application now pending before the Research and Special Programs Administration (RSPA). That is, RSPA is the element of the Department of Transportation charged with responsibility for deciding whether a state or local ordinance is preempted (see 49 C.F.R. Part 107). I am not aware of any disagreement that RSPA may have with FRA's interpretation of sections 174.14 and 174.16. Rather, RSPA has requested an explanation of the basis for FRA's interpretation, since FRA is the agency with enforcement responsibility for 49 C.F.R. Part 174 (hazardous materials regulations in the rail mode).

Please be assured that I share your concern about the transportation of hazardous materials by rail. Generally speaking, the rail industry performs very well in this area. FRA's regulations, however, provide a basis for monitoring performance, and FRA has not hesitated to take enforcement action where violations of applicable regulations have been revealed.

Sincerely,

ROBERT W. BLANCHETTE.

Last month, the fire chief of Framingham, John Hancock, wrote me outlining the inordinate length of time that many cars filled with vinyl chloride have been stored unprotected in the Framingham yard. I also would like to insert that letter, as follows:

FIRE DEPARTMENT HEADQUARTERS,
Framingham, Mass., September 8, 1981.

Re vinyl chloride railroad cars at Framingham, Mass.

JAMES M. DOLAN,
Assistant to Congressman Barney Frank, No. 1609 Longworth Building, Washington, D.C.

DEAR SIR: In reply to your request regarding vinyl chloride cars at the above railroad yard I will call your attention to what has taken place in the past three (3) months.

DOWX 8131: Arrived June 22, departed July 17; 23 days.

DOWX 4475: Arrived June 22, departed July 14; 20 days.

GADX 46875: Arrived July 4, departed July 25; 21 days.

DCLX 1019: Arrived July 19, departed August 9; 22 days.

UTLX 26011: Arrived August 6, departed August 30; 25 days.

UTLX 94428: Arrived August 6, departed August 28; 23 days.

UTLX 95789: Arrived August 6, departed August 28; 23 days.

GATX 25028: Arrived August 6, departed August 30; 25 days.

UTLX 94748: Arrived August 6, departed September 4; 29 days.

All of the above information is taken from the Conrail computer printout which are obtained each morning from the Pearl Street Office.

If I can be of any further assistance please feel free to call upon me.

Respectfully submitted.

JOHN J. HANCOCK, *Chief.*

Mr. FLORIO. Mr. Chairman, I would just express to my colleague that I agree with him on his interpretation as to what the existing law is and will work with the gentleman to achieve his goals.

Mr. LENT. Mr. Chairman, will the gentleman yield?

Mr. FLORIO. Yes, sir.

Mr. LENT. As the ranking minority member of the subcommittee, I want to join Chairman FLORIO in assuring our colleague that we support the expeditious resolution of this problem.

The act provides for hearing such as the one scheduled for next month and I would hope that DOT will cooperate fully in the effort to minimize any risks associated with the hazard.

Mr. FRANK. I very much appreciate the assurances of my colleagues, the gentleman from New York and the gentleman from New Jersey, who are experienced and knowledgeable in this field. I hope that with the support that has been expressed here the Railroad Administration and Conrail will, in fact, take the appropriate action so that we can remedy this safety problem.

Mr. FLORIO. The gentleman can count on the cooperation of the subcommittee in insuring that the appropriate process is followed.

Mr. FRANK. Mr. Chairman, I thank the gentleman.

Mr. FLORIO. Mr. Chairman, I reserve the balance of my time.

Mr. LENT. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. CLAUSEN).

Mr. CLAUSEN. Mr. Chairman, I do not believe I will have to take the 3 minutes; but I do rise in support of H.R. 3403, the Hazardous Materials Transportation Act Amendments of 1981.

H.R. 3403 amends the Hazardous Materials Transportation Act by providing authorizations in the amount of $8,332,000 for each of the fiscal years 1982 and 1983.

The bill also directs the Secretary of Transportation to establish regional training centers for the purpose of improving State and local enforcement and emergency response capability, as well as requiring a Department of Transportation study on the efficacy on some type of prenotification system in order that States would be aware of shipments of large quantities of extremely hazardous materials through their jurisdictions. Both the regional training centers and the prenotification systems represent fine-tuning of the authority given to the Secretary of Transportation to protect the Nation adequately against the risks of life and property which are inherent in the transportation of hazardous materials and commerce.

Both the DOT and the OMB support the authorization figures contained in this bill. The amounts authorized provide sufficient funding levels to insure that the very worthwhile activities of the Materials Transportation Bureau can be conducted during the next 2 years. The new authorization contained in this bill will permit an increase in the number of regional training centers which are intended to provide training for both State inspectors and enforcement personnel and members of the regulated community in how to use and comply with the Federal hazardous materials regulations.

H.R. 3403 also contains a technical provision which legitimizes the arrangement whereby the Secretary of Transportation has contracted with a private entity to fulfill the act's requirement that a central reporting system for hazardous materials transportation accidents be established. DOT has been relying on the chemtrec system operated by the Chemical Manufacturers Association. The chemtrec system was formally joined with the DOT response center in 1980. Section 4 of H.R. 3403 removes any question as to the propriety of that arrangement.

Mr. Chairman, it is becoming increasingly clear that the moneys spent in promoting safe transportation of hazardous materials have been one of our highest yielding investments. While the quantity of hazardous materials in commerce continues to mushroom, we have retained a transportation system with an enviable safety record. Our action today helps further that effort.

While I disagree with one provision in the bill, which I understand will be addressed by amendment during consideration here on the floor, in general I support H.R. 3403. I urge its passage by this body.

Mr. LENT. Mr. Chairman, I yield myself such time as I may use.

Mr. Chairman, I would like to start by expressing my general support for H.R. 3403 with one exception.

By way of summary, H.R. 3403 reauthorizes the Hazardous Materials Transportation Act in the amount of $8,332,000 each for fiscal years 1982 and 1983.

This bill also directs the Secretary of Transportation to establish regional training centers for purposes of improving the emergency response and enforcement capabilities of State and local personnel. Third, it clarifies the Secretary's authority to contract with private entities in order to fulfill the act's requirement to establish a central reporting system.

However, I must respectfully note my opposition to the provision authored by my colleague, Congresswoman FERRARO, and contained in the bill before us. This provision bans the transportation of large quantity radioactive materials in or through any county with a population density of more that 15,000 persons. It is my understanding that this provision will only apply to four boroughs in New York City: Brooklyn, Bronx, Queens, and Manhattan.

While I can appreciate Representative FERRARO's concern for the safety of those New York City inhabitants who are protected by this provision, I feel I must speak up on behalf of all other New York residents whose safety will be jeopardized by this same provision.

While her provision establishes a permanent ban on the transportation of radioactive materials in four New York City boroughs, it does so by utilizing population density exclusively. This approach ignores several other equally important factors which should be considered:

Radioactive materials have been safely shipped in casks through New York City from Brookhaven National Laboratories in Long Island without incident for more than 30 years. These casks are virtually impervious to any damage.

The ban contained in this bill will force circuitous routing of radioactive materials around the four boroughs, without any consideration given to: The accident rates of various highway routes; for example, the Interstate Highway System has about one-quarter the accident rate of other roads generally; the accident rates of other transportation modes such as railroads and barges; and the accident rates associated with the increased distances necessary to circumvent New York City. These considerations are essential to assure the safety of all New York residents.

This provision prematurely and arbitrarily rejects the DOT regulation HM-164, to be effective February 1, 1982, which seeks to balance national and local interests by providing a uniform national highway routing plan for radioactive materials. At the same time, it also allows State and local governments to participate in these routing decisions.

The Hazardous Materials Transportation Act was passed by the Congress to address these concerns. Specifically, it established a single uniform policy with respect to the transportation of hazardous materials. This provision section 7, is completely contrary to the act. As such, it constitutes a very troublesome precedent which will only invite similar amendments and ultimately undermine the act altogether.

The provision assumes that the transportation of radioactive materials by barge is safer than the transportation of such materials by motor vehicle or railroad. This assumption runs totally contrary to the limited testimony received to date on the subject.

I would also like to point out that the provision bans the transportation of radioactive materials by railroad in or through New York City. Such a ban was neither recommended by any of the witnesses at the Public Works and Transportation Committee hearing nor considered by the Energy and Commerce Committee who has jurisdiction over such transportation by railroad. I believe that such a ban deserves our careful consideration before any legislative action could be taken.

For all of these reasons, I must respectfully oppose section 7 of this bill.

The CHAIRMAN. Pursuant to the rule, the Chair will now recognize the gentleman from Pennsylvania (Mr. SHUSTER) for 15 minutes.

Mr. SHUSTER. Mr. Chairman, I rise today in support of H.R. 3403, the Hazardous Materials Transportation Act Amendments of 1981. This bill is generally good legislation setting a reasonable course for Federal policy in the area of transporting hazardous wastes in this country.

H.R. 3403 will provide, among other things, for the establishment of regional training centers that will promote better training for both State inspectors, enforcement personnel, and members of the regulated community in how to use and comply with the Federal safety regulations regarding the transportation of hazardous materials.

The Members of the House should also be aware that the Public Works and Transportation Committee strongly supports the study on the efficacy of some type of prenotification system in order that States would be aware of shipments of large quantities of extremely hazardous materials through their jurisdictions. These new provisions will help strengthen an already worthwhile program to insure that our Federal safety regulatory policy keeps current with the realities of the 1980's.

As much as I support the overall thrust of this bill, I strongly oppose the provision added by the gentlelady from New York regarding application

of routing regulations of large quantities of radioactive materials through New York City.

Section 7 of this legislation was added by a narrow vote in the full committee and in my judgment jumps the gun in superseding DOT rule HM-164 before it even goes into effect. This rule has been commented upon, studied, and debated since 1976 with 9 public hearings and over 2,000 pages of docket material. The rule is reasonable and deals with transporting hazardous materials as a national issue instead of separating out the parochial interests of New York City for special treatment.

I plan to support an amendment modifying section 7 and I urge my colleagues to support that effort.

□ 1430

Mr. SHUSTER. Mr. Chairman, I yield 2 minutes to the gentleman from Connecticut (Mr. MCKINNEY).

Mr. MCKINNEY. Mr. Chairman, I am delighted to see in the consideration of H.R. 3403, the Hazardous Materials Transportation Act, a material revision has been agreed to on the Ferraro amendment.

I felt that I would be accused of being somewhat parochial, representing Bridgeport, Conn., across Long Island Sound from Long Island, by standing up against this amendment. But I was really far more concerned, Mr. Chairman, by two points.

One, I think that individualized legislation on a point like this sets a very unacceptable precedent by exempting one State from a national, uniform policy mandated by the Congress of the United States.

Second, I felt it relied on only one criterion of safety, namely, population density, and I would suggest, Mr. Chairman, that in some areas high population density probably leads to safer roads and safer transportation requirements than does low population density.

I am pleased, therefore, to see that the committee appears to have arrived at an agreement. Again my interest was not one of particular parochialism, although I must say that the State of Connecticut, looking at New London, New Haven, and Bridgeport, did have some fair concern for the alternatives.

I also hope that an unknown, untried method of transportation, namely, barge transportation, will be studied, that States will be given the information, and that test cases will be taken care of so that we can know what we are dealing with. Barge transportation is an accepted method of transportation in Connecticut and on Long Island Sound; however, I think we are all probably aware from the national press that we have had a recent rather disastrous barge accident in Long Island in which four people were killed. There are great discussions about towing safety, weather conditions, navigability, control, and I think probably the Department of Transportation is far the best to study this and decide it.

Mr. SHUSTER. I reserve the balance of my time, Mr. Chairman.

Mr. FLORIO. Mr. Chairman, I yield such time as he may consume to the gentleman from Washington (Mr. SWIFT).

Mr. SWIFT. Mr. Chairman, I rise in wholehearted support of this bill.

Mr. Chairman, today the House is considering amendments to the Hazardous Materials Transportation Act. The amendments establish regional centers to provide State, local, and industry personnel with training in how to use and comply with Federal regulations and emergency response procedures in the event of an accident involving hazardous materials.

It is a worthwhile bill and I am pleased to support it. Hopefully, when accidents involving hazardous materials occur—and they will—local, State, and industry officials will be better prepared to respond and deal with dangerous substances. But this bill does not address the real problem at hand: The increasing frequency with which these accidents are occurring on our highways, railroads, sea, and air routes. Since 1979, the citizens of my district have faced three major accidents involving hazardous materials. The latest, in Marysville, Wash., required the evacuation of some 5,000 residents when 2 isobutane and 5 chlorine tank cars left the rails just 2 weeks ago.

The U.S. Department of Transportation lists some 1,600 hazardous materials and these substances are traveling through our urban and suburban areas on a daily basis. In 1979, 17,000 incidents involving these materials were reported. The potential for death and injury is clear and inevitable unless precautions are taken.

At a time when both this Nation and the Congress are calling for an end to useless Government regulation, we must be mindful of our obligation to protect the health and safety of our citizens. The first line of responsibility for safe transportation of hazardous materials lies with the manufacturers and transporters of those materials.

If they choose not to accept that responsibility and the rate of incidents involving dangerous materials continues at its present level, the Congress, State legislatures, and local government entities must respond quickly to insure that the public's health and safety is protected.

H.R. 3403 is a beginning, not an end, in insuring that protection. We must not hesitate to take whatever steps are necessary to reduce the potential of injury or death from these potential killers.

Mr. FLORIO. Mr. Chairman, I have no further requests for time.

Mr. LENT. Mr. Chairman, I yield 5 minutes to the distinguished ranking minority member of the full Committee on Energy and Commerce, the gentleman from North Carolina (Mr. BROYHILL).

Mr. BROYHILL. Mr. Chairman, I would like to start by stating my general support for H.R. 3403, a bill which reauthorizes the Hazardous Materials Transportation Act for fiscal years 1982-83. Under the provisions of this act, the Department of Transportation's Materials Transportation Bureau regulates the transportation of hazardous materials in interstate commerce.

In passing the Hazardous Materials Transportation Act, the Congress clearly recognized the critical importance of adequately protecting life and property against the risks of transportation of hazardous materials. This risk is ever present, particularly when you consider that tons of regulated hazardous materials are transported each year. Recognizing that these materials are an essential part of our economy, the Congress acted to minimize the risks associated with their transportation by establishing a uniform transportation policy. Such a policy seeks to assure the safety of all our citizens.

However, I must also express my opposition to a provision contained in the bill before us which was successfully offered by Representative FERRARO when the bill was considered by the Committee on Public Works and Transportation. That provision is section 7 of H.R. 3403 which bans the transportation of large quantity radioactive materials by motor vehicle or railroad in or through any county having a population density per square mile of more than 15,000 persons.

I am opposed to this amendment. Very simply, I perceive it as a precedent which is completely contrary to the congressional intent contained in the Hazardous Materials Transportation Act. Specifically, it exempts a single locality—New York City—from the Department of Transportation's uniform regulation—HM-164—of the transportation of radioactive materials. As such, it arbitrarily rejects the Department's exhaustive efforts to balance national and local interests in pursuant of overall safety.

It should also be noted that HM-164 provides New York City, or any other locality for that matter, with two mechanisms so as to modify or eliminate the transportation of radioactive materials through its jurisdiction. One mechanism would permit new or existing ferry routes to be designated by the State as preferred routes as long as the preferred route provides at least as great a level of safety as the Inter-

state System. The second mechanism would allow the Secretary of Transportation to make a nonpreemption determination under section 112(b) of the act if he finds that the State or local requirement affords an equal or greater level of protection and does not unreasonably burden commerce. The Ferraro language before us completely bypasses both of these mechanisms.

I am also concerned that the Ferraro language will expose the residents of other areas who are impacted by the ban to potentially greater risks. I would like to point out that a recent Sandia National Laboratories study shows that a ban such as this could actually increase overall public risks because of the proven higher accident rate on circuitous and less traveled roadways. This provision is directly opposite to that finding.

Furthermore, it should be noted that this language prohibits the transportation of radioactive materials through a densely populated area even if such a route is determined to be the safest one overall. As such, it discriminates against and jeopardizes the safety of smaller communities in favor of a select number of counties—specifically, four boroughs in New York City—Brooklyn, Bronx, Queens, and Manhattan. I believe that that is unconscionable.

Finally, such an amendment will only invite other similar amendments. This will ultimately defeat the congressional mandate of a uniform transportation policy for hazardous materials.

For these reasons, I strongly oppose section 7 of the bill and urge my colleagues to vote with Representative SHUSTER and me when we seek to amend this section.

It is my understanding that a substitute amendment offered by Chairman JIM HOWARD and Mr. SHUSTER, will provide for the development of methodology for analyzing the comparative risks and costs associated with the transporting of large quantities of radioactive materials. Since this requirement falls within the intent of required duties of the Secretary found in section 109 of the act, I have no objection to the substitute amendment.

Mr. ANDERSON. Mr. Chairman, we have no further requests for time.

Mr. LENT. Mr. Chairman, I yield back the balance of my time.

Mr. SHUSTER. Mr. Chairman, we have no further requests for time and I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the Clerk will read the amendment in the nature of a substitute recommended by the Committee on Public Works and Transportation now printed in the bill as an original bill for the purpose of amendment.

The Clerk read as follows:

H.R. 3403

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Hazardous Materials Transportation Act Amendments of 1981".

FINDINGS AND PURPOSES

SEC. 2. (a) FINDINGS.—Congress hereby finds and declares that—

(1) the transportation of hazardous materials, while essential to interstate commerce, may pose a threat to health, safety, and property;

(2) the safe transportation of hazardous materials is enhanced by shipper and carrier compliance with nationally consistent standards for the transportation of hazardous materials;

(3) State and local governments have primary responsibility for responding to hazardous materials transportation accidents;

(4) State and local governments also have the responsibility for enforcing State and local hazardous materials transportation requirements that are not inconsistent with Federal requirements;

(5) State and local hazardous materials transportation training programs must be strengthened and the number of training facilities must be increased in order to improve the emergency response and enforcement capabilities of State and local personnel;

(6) Federal assistance for State and local training programs will assist in the prevention of hazardous materials transportation accidents and promote the protection of health, safety, and property; and

(7) the establishment of regional training centers under agreements between the Secretary of Transportation and States, regional or local government agencies, or private nonprofit entities will (A) provide an effective and efficient means for improving State and local emergency response and enforcement capabilities, and (B) allow for training to reflect the particular needs of various regions of the Nation, taking into account factors such as the type and volume of hazardous materials and wastes generated, transported, and disposed of in the region and the proximity of population centers to the routes for the transportation of such hazardous materials and wastes.

(b) PURPOSE.—It is the purpose of the Congress in this Act to assist in improving the capability of State and local personnel to respond to hazardous materials transportation accidents and to enforce State and local hazardous materials transportation requirements not inconsistent with Federal requirements, through the establishment of regional training centers under agreements between the Secretary of Transportation and States, regional or local government agencies, or private nonprofit entities.

REGIONAL TRAINING CENTERS

SEC. 3. The Hazardous Materials Transportation Act (49 U.S.C. 1801 et seq.) is amended by redesignating sections 110 through 115 as sections 111 through 116, respectively, and by inserting immediately after section 109 the following new section:

"REGIONAL TRAINING CENTERS

"SEC. 110. (a) PURPOSE OF AGREEMENTS.—The Secretary shall enter into cooperative agreements or contracts under this section (hereinafter referred to as 'agreements') for the establishment of regional training centers for purposes of providing an effective and efficient means for training State and local personnel in order to improve the capability of such personnel (1) to respond to hazardous materials transportation accidents, and (2) to enforce State and local hazardous materials transportation requirements that are not inconsistent with this Act. Such training shall address all modes of transportation, inspection, emergency response, and compliance. Such training shall be provided primarily through programs conducted at the site of the regional training center, but shall also include the dissemination of teaching materials to and the conduct of training programs in the local communities to be served by such center.

"(b) APPLICATIONS.—(1) Any State, group of States, local or regional government agency, or private nonprofit entity, or any combination of the foregoing (hereinafter referred to as an 'applicant') may submit an application to the Secretary requesting that the Secretary enter into an agreement with the applicant under this section for the establishment of a regional training center.

"(2) An application to enter into an agreement under this subsection shall be submitted at such time and in such form as the Secretary may require, and shall contain—

"(A) a description of the hazardous materials transportation training program that the applicant proposes to provide in the regional training center to be established, including (i) an explanation of how such program will accomplish the purposes set forth in subsection (a) of this section, and (ii) an estimate of the cost of such program;

"(B) a statement that the applicant agrees to provide not less than 60 percent of the estimated cost of providing training in the first year of operation of the regional training center and not less than 75 percent of such cost in the second and third years;

"(C) a statement that the applicant will make available one or more physical facilities that are satisfactory for use as a site for the regional training center; and

"(D) such other information with respect to the applicant or the proposed training program as the Secretary may require.

"(c) ACTION ON APPLICATION.—(1) The Secretary shall select for approval those applications submitted under subsection (b) of this section which he determines in his discretion best promote the purposes of this section, taking into account the need for the establishment of regional training centers in different regions of the Nation. In making a selection, the Secretary shall consider whether—

"(A) the program that the applicant proposes to provide in the regional training center will accomplish the purposes set forth in subsection (a) of this section;

"(B) the applicant is capable of paying its share of the costs as described in subsection (b)(2)(B) of this section; and

"(C) the applicant is capable of making available one or more physical facilities that are satisfactory for use as a site for the regional training center.

"(2) The Secretary shall act to approve or deny an application under this subsection within 60 days after the date such application is submitted.

"(d) DURATION AND TERMINATION.—(1) An agreement entered into by the Secretary and an applicant under this section shall be for a term of three years.

"(2) The Secretary may terminate any agreement entered into under this section upon 30 days' notice if the Secretary finds that the program operated under such

agreement is not accomplishing the purposes set forth in subsection (a) of this section.

"(e) PHYSICAL FACILITIES.—Any cost of constructing a facility for use as a site for a regional training center shall be borne by the party to the agreement with the Secretary, and shall not be included as a cost of providing training for purposes of subsection (b)(2)(B) of this section.

"(f) PARTICIPANTS.—Training provided by a party to an agreement with the Secretary in a regional training center established under this section may be available to private industry personnel only if such personnel provide reimbursement or make contributions (either monetary or in kind) to such party at least equal to the full cost of such training.

"(g) ASSISTANCE BY THE SECRETARY.—The Secretary, upon the request of a party to an agreement under this section, shall provide such party with training materials and such other assistance as may appropriate to carry out the purposes of this section.

"(h) COORDINATION.—In developing training materials and conducting training pursuant to this section, a party to an agreement with the Secretary shall take into consideration the procedures and standards for responding to hazardous substance releases set forth in the national contingency plan required under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, at such time as such plan becomes effective.".

REPORTING SYSTEM AND DATA CENTER

SEC. 4. Section 109(d) of the Hazardous Materials Transportation Act (49 U.S.C. 1808(d)) is amended—

(1) by inserting "(1)" immediately before "The Secretary";

(2) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively; and

(3) by adding at the end thereof the following new paragraph;

"(2) Nothing in this subsection shall be construed to limit the authority of the Secretary to enter into a contract with a private entity for use of a supplemental reporting system and data center operated and maintained by such entity."

AUTHORIZATION OF APPROPRIATIONS

SEC. 5. Section 116 of the Hazardous Materials Transportation Act (49 U.S.C. 1812), as redesignating by section 3 of this Act, is amended—

(1) by striking out "and" immediately after "1978,"; and

(2) by inserting immediately before the period at the end thereof the following: ", not to exceed $8,332,000 for the fiscal year ending September 30, 1982, and not to exceed $8,332,000 for the fiscal year ending September 30, 1983. Of the amounts authorized to be appropriated for fiscal years 1982 and 1983, not more than $2,000,000 is authorized to be available each such fiscal year for purposes of entering into agreements for the establishment of regional training centers under section 110 of this title".

REPORT ON PRENOTIFICATION SYSTEMS

SEC. 6. (a) Within 365 days after the date of enactment of this Act, the Secretary of Transportation, under section 109(a) of the Hazardous Materials Transportation Act (49 U.S.C. 1808), shall prepare and submit to the Congress a report (including his recommendations) on the feasibility, cost, desirability, and the problems (including potential burdens on commerce) and benefit of implementing hazardous materials transportation prenotification systems for State and local governments, including systems which make available to State and local governments information concerning the timing, nature, and routing of shipments of hazardous materials through their respective jurisdictions and systems which utilize a supplemental reporting system and data center established by public or private entities.

(b) In preparing the report under this section, the Secretary of Transportation shall—

(1) consult with State, local, and regional governments and with appropriate Federal agencies;

(2) seek the advice of various groups interested in the safety of the transportation of hazardous materials, including shippers, carriers, and users of hazardous materials, manufacturers of bulk packages and containers used in the transportation of hazardous materials, organizations which represent employees engaged in the transportation of hazardous materials, citizens and environmental groups, and private organizations concerned with transportation safety or the provision of emergency services in response to major accidents involving the transportation of hazardous materials; and

(3) shall examine (A) the extent to which hazardous materials transportation prenotification systems would enhance the capabilities of State and local governments in enforcing applicable safety standards and responding to emergencies, and (B) the nature and effectiveness of existing prenotification systems.

(c) As used in this section, the term "commerce", "hazardous materials", "State", and "transportation" have the meaning such terms have under section 103 of the Hazardous Materials Transportation Act.

TRANSPORTATION THROUGH HIGH DENSITY AREAS

SEC. 7. (a) Section 105 of the Hazardous Materials Transportation Act (49 U.S.C. 1804) is amended by adding at the end thereof the following new subsection:

"(d) TRANSPORTATION OF RADIOACTIVE MATERIALS AROUND HIGH DENSITY AREAS.—(1) Except as provided in paragraph (2) of this subsection, no person shall transport in commerce radioactive materials by motor vehicle or railroad from one place to another place in or through any county having a population density per square mile of more than 15,000 persons.

"(2) Any person providing transportation in commerce of radioactive materials by motor vehicle from one place to another place may transport such radioactive materials by motor vehicle or railroad in or through a county having a population density per square mile of more than 15,000 persons—

"(A) if transportation by motor vehicle, railroad, or water from such place to such other place outside the boundaries of any such county is not available;

"(B) if the Secretary determines that the transportation of such radioactive materials from such place to such other place is a national emergency; or

"(C) if such radioactive materials are intended for use in, or incident to, medical diagnosis or treatment.

"(3) for purposes of this subsection, the Secretary shall determine the population density of a county taking into account the most recent data available from the Bureau of the Census under section 181 of title 13, United States Code.

"(4) As used in this section, the term 'radioactive materials' has the meaning the term 'large quantity radioactive materials' has under section 173.389(b) of title 49 of the Code of Federal Regulations, as in effect on May 19, 1981.".

(b)(1) The first sentence of subsection (a) of section 107 of the Hazardous Materials Transportation Act (49 U.S.C. 1806(a)) is amended by inserting "(other than subsection (d) of section 105)" after "an exemption from the provisions of this title".

(2) Subsection (d) of such section is amended by inserting "(other than subsection (d) of section 105)" before the period at the end of such subsection.

Mr. ANDERSON (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendment in the nature of a substitute be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

AMENDMENT OFFERED BY MR. ANDERSON

Mr. ANDERSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ANDERSON: On page 12, line 2, strike out "The" and insert in lieu thereof the following: "To such extent or in such amounts as are provided in appropriation Acts, the".

Mr. ANDERSON. Mr. Chairman, the technical amendment just offered proposes to bring H.R. 3403 into compliance with the procedural requirements of the Congressional Budget Act, specifically section 401(a).

Section 401(a) provides that it shall not be in order to consider any bill which provides new contract or new borrowing authority unless that bill also provides that such new spending authority is to be effective for any fiscal year only to such extent or in such amounts as are provided in advance in appropriation acts.

Section 3 or H.R. 3403 would authorize the Secretary of Transportation to enter into cooperative agreements or contracts for the establishment of various hazardous materials regional training centers. Since this section fails to limit specifically the availability of such contract authority, the bill could be subject to a point of order under section 401(a) of the Budget Act.

To avoid this, however, an agreement was reached when the bill was considered for a rule whereby a waiver of section 401(a) of the Budget Act was granted by the Rules Committee and supported by the Budget Committee in return for assurance by the Committee on Public Works and Transportation that a floor amendment would be offered during the violation.

The amendment now before the Committee is that amendment.

Offered in a bipartisan spirit, it is technical in nature; reflects the over-

all legislative intent of the Public Works Committee; and enjoys the support of both the Budget and Rules Committees.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON. I am happy to yield to the gentleman from Pennsylvania.

Mr. SHUSTER. I thank our chairman for yielding.

Mr. Chairman, the gentleman is absolutely correct when he says this has bipartisan support. It is simply technical in nature. We urge its adoption.

Mr. ANDERSON. I thank the gentleman very much.

Mr. FLORIO. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON. I yield to the gentleman from New Jersey.

Mr. FLORIO. Mr. Chairman, I would just express support for this amendment. The gentleman is correct, it is technical in nature.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. SOLOMON. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1445

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The pending business is the demand of the gentleman from New York (Mr. SOLOMON) for a recorded vote.

Does the gentleman from New York insist on a recorded vote?

Mr. SOLOMON. No, Mr. Chairman.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. HOWARD

Mr. HOWARD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOWARD: Page 18, strike out line 22 and all that follows through line 15 on page 20 and insert in lieu thereof the following:

COMPARISON OF ALTERNATIVE MODES OF TRANSPORTING OF SPENT NUCLEAR FUEL

SEC. 7. (a) To assist the Secretary of Transportation in making determinations under section 113(b) of the Hazardous Materials Transportation Act (as redesignated by section 3 of this Act), the Secretary of Transportation, in consultation with the Secretary of Energy and the Nuclear Regulatory Commission, shall develop a methodology for analyzing the comparative risks and costs associated with the transporting of large quantity radioactive materials by highway, railroad, and barge or vessel from any place where such materials are generated to any place where such materials may temporarily or permanently be stored or reprocessed. In developing the methodology, and at the request of any State, the Secretary of Transportation will perform one model demonstration of the methodology as it relates to the possible movement of large quantity radioactive materials from a site within such State to a storage, disposal, or reprocessing location.

(b) The Secretary shall give notice to interested parties of the intention to develop the methodology under subsection (a), including the criteria to be used in its development. The interested parties shall have 30 days after receipt of such notification to submit their comments.

(c) Within 365 days after the date of enactment of this Act, the Secretary shall deliver to the Congress the methodology developed in accordance with subsection (a) and the results of any model demonstration of the methodolgy.

(d) Nothing in this section shall be construed to invalidate, or modify, delay, or otherwise affect implementation on and after February 1, 1982, of the final rules entitled "Radioactive Materials; Routing and Driver Training Requirements" (46 Federal Register 5298, January 19, 1981) or affect or delay movement of any large quantity radioactive materials to or from any place under such rules.

(e) As used in this subsection, the term "large quantity radioactive materials" has the meaning such term has under section 173.389(b) of title 49 of the Code of Federal Regulations.

Mr. HOWARD (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. HOWARD. Mr. Chairman, my amendment is a substitute for section 7 of H.R. 3403. It is the product of a great deal of consideration and negotiation.

It directs the Secretary of Transportation to develop and document a methodology for analyzing the comparative risk and cost associated with the transportation of large quantities of spent nuclear fuel by highway, rail, barge or vessel from sites where such wastes are generated to permanent or temporary storage sites for those wastes. In testimony before the Committee, the Department testified that they had been called upon to evaluate the safety of transportation alternatives both in respect to the routes and in respect to the model choices. The amendment simply directs the Secretary to proceed to develop the methodology for model comparisons. The Secretary, upon request of a State, will conduct a model demonstration of the methodology as it relates to a possible movement of large quantity radioactive materials.

The Secretary has 1 year to furnish the Congress with a report on the methodology and the results of its application to any project to which he applies it.

The amendment also specifies that nothing in the amendment should delay implementation of the routing requirements promulgated by the Department which are scheduled to become effective next February.

The major thrust of the amendment is to accelerate an action that is already contemplated by the Department of Transportation and one that is contemplated by the Hazardous Materials Transportation Act.

The purpose is to expand further the knowledge on proper transportation methods for radioactive materials.

Mr. Chairman, I urge support for my amendment.

Mr. SHUSTER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as cosponsor of this amendment I rise to urge its adoption, but beyond that, to commend our colleague from New York, Congressman CARNEY, who indeed provided the leadership to bring to our attention the problems in the committee language which led to the effort to bring about a compromise which I believe most all of us can live with, which takes the shape and the form of the amendment offered by my friend from New Jersey.

Mr. HOWARD. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I will be happy to yield.

Mr. HOWARD. Mr. Chairman, I am very thankful for the gentleman yielding to me. I wish to thank him for his cooperation on this amendment as a cosponsor of the amendment, and as he very appropriately congratulates and thanks the gentleman from New York (Mr. CARNEY) for his cooperation, I would also like to thank the gentlewoman from New York (Ms. FERRARO) for her cooperation in this amendment.

Mr. SHUSTER. I would say to my friend that I would concur completely in the compliments which are being spread across this body.

If I might have the attention of my friend from New Jersey, I would like to engage in a colloquy with him at this point in time. I wish to get a clarification with regard to the amendment before us.

It is my understanding that this amendment is not intended in any way to jeopardize, delay, or to cast a shadow on the validity of, the Department of Transportation's final rule en-

titled "Radioactive Materials: Routing and Driver Training Requirements." Is that correct?

Mr. HOWARD. Mr. Chairman, if the gentleman will yield, that is correct.

Mr. SHUSTER. In fact, as stated in subsection (d) of the amendment, it is our express intent not to affect that rule in any way. To the contrary, we assume that the rule will go into effect as scheduled. At that time, by the effect of section 113(a) of the Hazardous Materials Transportation Act, State and local requirements that are inconsistent with that rule will be preempted unless and until the Secretary of Transportation makes a nonpreemption determination under section 113(b) of that act. Under that subsection, such a requirement is not preempted if the Secretary determines that the requirement: First, affords an equal or greater level of protection to the public than is afforded by the Federal requirements; and second, does not unreasonably burden commerce. As expressed in subsection (a) of the amendment, this amendment is intended to assist both affected State and local governments and the Secretary in this nonpreemption determination process by causing the development of a methodology for analyzing the relevant issues in the context of this rule.

The amendment requires the Secretary to consult with other Federal agencies and to solicit comments from other interested parties at an early stage in the development of the methodology to assure that the methodology incorporates all significant factors, and is therefore acceptable to all parties. It is anticipated that, once this methodology is developed, its application in specific nonpreemption determination cases will significantly simplify the processes and reduce the levels of controversy associated with them. Therefore, rather than jeopardize any action taken by the Department, this amendment is intended to complement the Department's efforts and to assist it in carrying out its responsibilities under the act.

□ 1500

Mr. Chairman, I would ask the distinguished committee chairman, does he agree with my assessment.

Mr. HOWARD. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I am happy to yield to the committee chairman.

Mr. HOWARD. Mr. Chairman, I thank the gentleman for yielding.

The answer to the gentleman's question is "Yes."

Mr. SHUSTER. Mr. Chairman, I thank the gentleman.

Mr. HOWARD. Mr. Chairman, I thank the gentleman from Pennsylvania (Mr. SHUSTER) for his cooperation in this matter.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from New York.

Mr. ADDABBO. Mr. Chairman, coming from the county of Queens, I must state that I would rather have the original provision that is in the bill we have under consideration on this matter before the Congress.

The gentlewoman from New York (Ms. FERRARO) has been trying to get some protection for the people of Queens who have to live with the transportation of hazardous materials, and I want to commend the gentleman from New Jersey (Mr. HOWARD) and the gentleman from Pennsylvania (Mr. SHUSTER) for working with her to effect this compromise. It provides some hope for the people who have to live with the dangers that accompany the movement of this hazardous material.

Mr. ANDERSON. Mr. Chairman, I move to strike the last word, and I rise in support of the amendment.

Mr. Chairman, this amendment directs the Secretary of Transportation to develop and document a methodology for analyzing the comparative risk and cost associated with the transportation of large qualities of spent nuclear fuel by highway, rail, and barge or vessel from sites where such wastes are generated to permanent or temporary storage sites for those wastes. In testimony before the committee, the Department testified that they had been called upon to evaluate the safety of transportation alternatives both in respect to the routes and in respect to the model choices. The amendment simply directs the Secretary to proceed to develop the techniques for model comparisons. I would hope the Secretary would begin by applying it to the movement of spent nuclear fuel from Brookhaven National Laboratories in Upton, Long Island, to the Savannah River Plant in South Carolina. The Secretary needs 1 year to develop the methodology and the result of its application to the situation mentioned earlier. Nothing in the amendment affects the implementation of the routing requirements for spent fuel issued by the Secretary and which would be effective February 1, 1982.

Mr. CARNEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to take this time to thank my colleagues, the committee chairman, the gentleman from New Jersey (Mr. HOWARD), the gentleman from Pennsylvania (Mr. SHUSTER), and particularly my colleague from Queens, the gentlewoman from New York (Ms. FERRARO), for the compromise that has been struck.

I think we certainly will now be able, through proper investigation, to develop the safest ways of transporting hazardous material. I think it is through this type of compromise and legislative activity that we can best serve our full constituency, the Nation.

Ms. FERRARO. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, this amendment is a compromise that is designed to provide a long-term solution to some of the nuclear waste transport problems we face and to specifically resolve the deadlock over the issue of radioactive materials routing in and around New York City. It is in fact a compromise that makes nobody completely happy but is the product of discussions among all the interested parties.

My own feeling is that the provision that is now in the bill, which was adopted by the full Committee on Public Works and Transportation by recorded vote of 24 to 18, and which this amendment perfects is a reasonable method of addressing the issue of shipping radioactive materials in the New York City area. And I want to address that briefly. What the current section 7 does is require that large quantity radioactive materials, such as spent fuel, be shipped off Long Island by water route rather than by highway. It is designed to keep these extremely dangerous materials out of the Nation's most densely populated city.

But it is not designed to shut down nuclear reactor operations in the New York City area. Water transport has been used successfully in the past by Brookhaven National Laboratory, which operates a Department of Energy research reactor on Long Island. The language in the bill now would require that the water option be employed in the future for shipments off Long Island.

While I believe the language that is now included in H.R. 3403 is a reasonable approach to this issue, I understand that many Members, particularly on the other side of the aisle, have serious reservations about it. The opposition of those Members caused me to assist in seeking a compromise that would meet their objections and still deal with New York's problems with radioactive materials routing.

This substitute amendment simply directs the Department of Transportation to conduct a study to develop a methodology for analyzing the comparative costs and risks associated with transporting spent nuclear fuel by highway, rail, or barge or vessel. The Secretary is directed to perform one model demonstration of the methodology as it relates to the movement of spent fuel.

I believe this amendment fills an important gap in DOT's handling of this vital public safety issue. By publishing its highway routing regulations and preempting State and local rules, the

DOT met only part of its responsibility.

DOT is responsible, under the Hazardous Materials Transportation Act, for protecting public safety and for the smooth flow of commerce. The Department's highway rules, however, meet only one of these responsibilities. They will make commerce easier, but by ignoring the possibility that there may be public safety benefits from barge or rail transport, they fail to seek out the fullest degree of safety.

DOT has, in effect, told the cities and States how they must deal with highway shipments of radioactive materials, without examining the comparative costs and risks of other modes.

The effect is to require local and State governments to assume a task they have neither the financial resources nor the technical expertise to perform.

This amendment will require DOT to develop, for the use of all States, the methodology for analyzing the comparative costs and risks of the various modes of transportation, and to perform one model demonstration of the methodology. It does not, however, impose on DOT responsibility for performing future applications of the methodology.

I should point out that having DOT develop the methodology will remove most of the burden for all interested States. Discussions with DOT and various experts in this field indicate that the development of the methodology, rather than its application to any specific route, is the costly part of the study.

DOT believes, however, that such a model demonstration is necessary for an effective presentation of the methodology, and I am hopeful that DOT will ultimately decide to perform the model demonstration on the New York to South Carolina route.

Mr. Chairman, I would like to point out that this amendment actually adopts a course of action that had been recommended by the minority members of the Public Works Committee in May when this bill was reported and that has been expected by the Department of Transportation.

The minority views filed by 16 members of the committee argued that additional information was needed before a recommendation to employ water transport could be justified, and called for committee hearings on the subject. Certainly the results of the study authorized by my amendment would be an ideal basis for such hearings.

As for DOT, Mr. Dugoff, in testimony before the committee on this bill, stated that in designing a system for the transport of spent fuel, DOT would "be called upon to evaluate the safety of the transport alternatives, both in respect to the routes and in respect to the modal choices."

So this amendment simply calls upon the Department to do what they said they would be called upon to do.

I would urge my colleagues that if they are concerned about the future of the nuclear power industry, or if they are concerned about the safety of their constituents who live along the potential routes by which these shipments will travel, they should support this amendment.

Finally, Mr. Chairman, I feel a little bit like I am giving an acceptance speech at the academy awards ceremony, but I would like to thank the chairmen and ranking members of the Committees on Public Works and Transportation and Energy and Commerce, as well as of the Subcommittees on Surface Transportation and Commerce, Transportation, and Tourism. Their efforts have been vital to achieving this compromise amendment.

Mr. FLORIO. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of this amendment.

Mr. Chairman, I would like to commend the gentleman from New Jersey (Mr. HOWARD) for his efforts to accommodate the objections of those who have opposed section 7 of this bill.

The amendment offered today, I believe, should satisfy those who have opposed this section in the past. In fact, this amendment specifically addresses the concerns of those who are concerned about the February 1982 implementation date of the HM-164 regulations entitled "Highway Routing of Radioactive Materials."

This amendment requires DOT to develop a methodology for evaluating the comparative risks of transportation of radioactive materials by highway, rail, and barge. This methodology would be applied to movements of large quantity radioactive materials to their ultimate disposal site.

Mr. Chairman, as a Representative for the State of New Jersey, I am particularly concerned about the use of our highway system for transporting large quantity radioactive materials. A recent report issued by the Environmental Policy Institute identified Interstate 95 running through New Jersey as one of several nuclear "waste funnels" that will be used for the transporting of radioactive spent fuel. This report states that annual truck shipments of the Nation's Interstate System would increase from a low of 312 shipments in 1986 to a high of 8,748 shipments in the year 2004. As many as 600 of these shipments could come through New Jersey annually. For this reason alone I think it is important to look into the possibility of transporting these radioactive materials by other modes.

Why anyone should object to an evaluation of the comparative risks of moving such shipments by the various modes is beyond me. In fact, the Department of Transportation in recent testimony said that such comparative risks analyses would be helpful in making routing decisions.

I urge my colleagues to support this amendment.

Thank you.

Mr. WEISS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, at the outset I want to express my support for the amendment and to commend the gentlewoman from New York (Ms. FERRARO) for her role in having crafted this compromise which has the virtue of being able to be adopted. I want to commend and compliment all those committee and subcommittee chairmen and ranking members who also played a role in arriving at this solution.

This amendment would direct the Department of Transportation to seriously examine possible alternatives to highway routing of radioactive materials through densely populated areas.

Although I believe that section 7 of the bill as reported is a more effective method of protecting the well-being of urban dwellers, this amendment is a reasonable compromise because it will pass. There has been some suggestion that HM-164 of the DOT regulations is a very well thought out regulation, because it has been under discussion for some 5 or 6 years and, therefore, there should be very little question about it. But, Mr. Chairman, it should be noted that HM-164, the Department of Transportation regulation, is opposed, among others, by the National League of Cities, the attorney general of the State of Ohio, the National Association of Counties, the National Conference on State Legislatures, the National Association of Attorneys General, the city of New York, and most public interest and environment groups. It is opposed because what the regulation does is to override the existing State and local regulations restricting or banning radioactive materials transport. It gives the States the authority to determine whether alternative routes should be considered on a case-by-case basis, and it also empowers them to conduct studies in such cases and develop alternative routes subject to approval by the DOT. Unless an alternative route is planned by the State, interstate highways are to be used for all shipments. It is very much of a problem-filled regulation, both because of its substance and because it removes the power to regulate from those who are best qualified to do so.

The fact is, Mr. Chairman, that this is indeed a very serious and critical problem. The amendment that is

about to be accepted, I believe, takes us at least one important step forward in providing for a significant study. Hopefully, on the basis of those studies, we will then have some alternative routes accepted which will make the transportation of these materials safer for the people in the surrounding areas.

Perhaps with some immodesty, I would suggest that H.R. 942 which I introduced both in the 96th and the 97th Congresses provides the clearest and best answer. That bill prohibits the shipment of radioactive materials through any area with a population density greater than 12,000 per square mile.

Mr. Chairman, I understand that DOT has agreed that its study will provide for a special focus on New York City. There is good cause for this. It was New York City's health code provision limiting radioactive shipments through the city's streets that prompted the Transportation Department to develop the regulations that are at the root of this debate. In 1976, the city responded to the tremendous and unnecessary risks posed by radioactive cargo being shipped through its densely populated streets by requiring shippers to submit formal applications before being permitted to bring radioactive substances into or through the city. Not a single application has been received by the city since this provision was put in place.

The Department of Transportation's response to this situation came at the urging of Brookhaven Laboratories, a Long Island-based firm which might have been affected by the city's requirements. DOT initiated a rulemaking proceeding, which concluded on January 19 of this year. The Department's rule, HM-164, preempted New York City's and approximately 100 other communities' regulations on radioactive shipments and placed the burden of routing on the States, which do not have the resources or the expertise to fully consider routing alternatives.

New York City further deserves special attention in the study called for in this amendment because it is the only city to date to have legally requested a waiver of implementation of the Department's regulation. This really is a case where New York City should be permitted to act in what it considers the interests of its citizens' safety and well-being.

Accidents involving hazardous materials carriers have forced the evacuations of entire communities, as my colleagues are aware. If an accident involving radioactive cargo were to occur in a densely populated area or in a community which was not prepared to respond to the emergency, the consequences could be devastating. Dr. Leonard Solon, director of New York City's Bureau for Radiation Control, estimates that an accident involving nuclear waste cargo in the city could cause as many as 10,000 immediate deaths and 1 million latent cancer fatalities. It is foolish and irresponsible to run such a large risk when viable alternatives seem to exist.

The amendment directs a specific study be done of the possible shipment of spent nuclear fuel by highway, rail, and barge. The Long Island Lighting Co., which operates nuclear generating facilities on Long Island, testified to a House subcommittee in 1980 that barge transportation of this sort would increase costs to its customers by only 4 cents per month on the average bill. An alternative such as this seems to come at a small cost, given the huge risks involved in highway routing.

I must say that my support for the amendments does not preclude my belief that the thrust of the Department's regulation is misdirected. The Department reasons in a reckless way that a direct trip by a radioactive materials carrier through a densely populated urban area is safer than an indirect route around population centers. This rationale has an "Alice in Wonderland" quality to it, and ignores the huge risks involved in bringing radioactive materials in close proximity to large numbers of people.

I believe that the Department's recently promulgated regulation should be overturned. In its place should be provisions which accurately reflect the real concerns of radioactive transport—carrier safety (which is addressed in part by the bill before us) and the risks of transporting through heavily populated areas. Section 7 of this bill as reported really is a reasonable way to address this problem. Section 7 would prohibit transport of radioactive materials through counties with population densities of greater than 15,000 people per square mile, with certain exceptions such as medical use of radioactive materials and national emergencies.

Nonetheless, I want to once again express my support for the amendment. This amendment is important to making H.R. 3403 a valuable safety measure.

Mr. Chairman, I also want to express my support for the improvements made in this legislation regarding enforcement of shipping regulations and emergency planning. The bill directs the Department to work with State, regional, and local government agencies and private organizations to establish regional training centers to help lessen the possible impacts of a hazardous materials transportation accident. These centers would train State, local, and volunteer personnel to enforce hazardous materials transportation laws and to respond to emergencies. Private organizations would be able to participate in these programs under the legislation by paying a fee which covers the cost of their involvement. These provisions will improve the safety of hazardous cargo shippers by tightening enforcement of shipping regulations. It will also better prepare communities to respond to the many kinds of dangerous accidents which could occur.

This bill is an important step forward, but it really is just one step we will have to take if we want to prepare ourselves adequately for the risks and dangers created by hazardous materials shipping. We still are far from a hazardous materials transport program that insures full protection for the health and well-being of our citizens and our environment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. HOWARD).

The amendment was agreed to.

Mr. STRATTON. Mr. Chairman, just about every year it seems that there is an attempt to add a provision to the Hazardous Materials Transportation Act prohibiting the movement of radioactive substances through areas of high-density population. In the 95th Congress, prohibition of movements under most circumstances would have applied to areas with more than 12,000 persons per square mile. In this year's bill as originally reported it was for areas with greater than 15,000 persons per square mile, which is specifically tuned for New York City.

Fortunately, Mr. Chairman, the amendment offered by the gentleman from New Jersey (Mr. HOWARD) eliminated that specific limitation, and instead has instructed the Secretary of Transportation to study the matter of the relative hazards involved in the shipment of radioactive waste, as well as the extra costs and added delays that such limitations would inevitably impose on our civilian nuclear industry, as well as on our national defense where nuclear weapons, and the nuclear propulsion of our naval vessels are importantly involved.

To assist the Secretary in carrying out this study, and to point up the burdens such limitations would create, I want to make a number of observations. I do this, Mr. Chairman, not only as the New York Congressman whose district includes the vital Knolls Atomic Energy Laboratory in Schenectady, which develops our naval nuclear power, but also as the chairman of the Procurement and Military Nuclear Systems Subcommittee of the House Armed Services Committee.

First of all, let me raise this point: If we limit shipment of radioactive materials in areas with population densities greater than 15,000 per square mile, why should we not also limit radioactive material transportation to areas with greater than 1,000 persons per

square mile? This limit would certainly preclude the shipment of radioactive materials in and through the Albany and Schenectady areas, in my own district. Such a limit would also quite effectively shut down the research and training facilities at the U.S. Navy's Knolls Atomic Power Laboratory and the Kesselring site where over 16,000 people have been trained for the Navy's nuclear propulsion program.

The Navy program has been in place about 30 years. The number of radioactive shipments in and out of the Knolls and Kesselring sites over the past 12 years is on the order of 300 to 500 shipments per year. The material shipped ranges from slightly contaminated laundry to reactor cores from the propulsion plant simulators. It is important to note that not one person has been injured or affected by these shipments.

Many years ago one of the greatest Americans of all time, President Franklin Delano Roosevelt, in his first inaugural address on March 4, 1933, during the darkest days of the depression, cautioned the American people that:

"The only thing we have to fear is fear itself." The American people listened and conquered their fears.

Fear, again, is dissipating the energies of the American people. This is primarily a fear associated with uses of the atom. And, most remarkably, this seems to be a fear that plagues not only Americans but also those nations not under Soviet domination. The Soviets have the world's greatest nuclear arsenal. The Soviets are building dual purpose reactors for electric power and plutonium production without a single group of marchers protesting. Are Soviet nuclear weapons and Soviet nuclear powerplants that much safer than those in the non-Soviet sphere of influence?

I am well aware that some Members from New York City are troubled by the thought of nuclear materials transiting their city. But the fact is that there are other activities that directly affect the health and well-being of New York City visitors and residents far more seriously. For instance, an article in the October 14, 1981, issue of the New York Post, on page 5, headlines "Underground Crime Wave: Violence Rising 3 Times Faster in Subway Than on the Street." An adjacent article states: "Thug Tosses Elderly Woman Down a Flight of Subway Steps Yesterday After She Refused To Give Up Her Handbag." The elderly woman was badly hurt. I cannot honestly believe that the people of New York City really fear the transportation of nuclear materials through their territory, but are fearful about crime in their subways and on their streets.

I am concerned with such freewheeling restrictions on the movement of nuclear materials, because of the serious repercussions they can have on our national security programs. If a population limit should be established as a criterion for nuclear materials shipments, it could be reduced each year.

A serious and immediate concern would be the resulting impairment of the Nation's ability to store, maintain, and deploy nuclear weapons. The Departments of Defense and Energy must periodically move nuclear weapons among storage locations, operational sites, and maintenance facilities for routine operational and maintenance procedures. In addition, nuclear weapons and radioactive nuclear weapon components must be received from and returned to the Department of Energy for stockpile upgrade and reliability testing. Many of these activities require movement of radioactive material through densely populated areas. Accordingly, enactment of such restrictions as originally proposed in section 7 would cause degradation of the existing U.S. nuclear weapons.

Of similar concern would be the detrimental effect on the operation of nuclear propelled naval ships. Shipyards that service these ships routinely handle radioactive materials in refueling and maintenance operations and, of necessity, shipments of such material must pass through populated areas. Therefore, passage of such restrictive legislation would seriously handicap operations of the nuclear propulsion element of the Navy, which represents approximately 40 percent of the Navy's major combatant ships, and would significantly degrade the U.S. national security posture.

While the damage to national security is our greatest concern, several other serious impacts should also be noted. Radioactive materials are used extensively within defense programs and by defense contractors for common industrial purposes, such as: Luminous dials on instruments; radiography of weldments; and instrument calibration. Moreover, many of the important radiological laboratories and research facilities supporting defense programs are located in or near densely populated areas. These uses of radioactive materials contribute significantly to our total defense posture. The limits originally proposed in section 7 of H.R. 3403 would have a negative impact on many nonnuclear defense programs.

Against these overwhelming disadvantages must be weighed the potential benefits which may accrue by restrictive nuclear material movements. Presumably the underlying purpose is to protect the public health and safety. However, the proposed population densities do not bear any reasonable relationship to known health risks. Experience has demonstrated that shipments of radioactive materials, under the provisions of the Hazardous Materials Transportation Act of 1974, have been accomplished with an excellent safety record. Transportation of radioactive materials has not been shown to be more dangerous than transportation of many other hazardous materials on the road, yet the original section 7 singled them out for special prohibitions. Enactment of that section would have actually increased hazards to the public by requiring shippers to use circuitous routing and secondary roads to avoid high population densities, thus increasing the likelihood of an accident. For the information of the Members, I would like to include at the end of my statement an article prepared by the U.S. Navy on the transportation of radioactive materials.

In that connection, let me comment for a moment on the exploitation of the nuclear power phobia in nations not under Soviet domination. R. Emmett Tyrrell, Jr., in the October 19, 1981, Washington Post, has an article on page A15 on "Spies Fit For Prime Time." It concerns a TV documentary, not available in the United States, on "The KGB Connections," and details how Soviet and Soviet-satellite spies go about their business of stealing secrets as well as causing dissention through misinformation, lies, and forgeries. Who is to say how much the fear of U.S. nuclear forces and nuclear energy was spread by these foreign agents and repeated by well-meaning but essentially uninformed Americans.

A constant stream of articles by antinuclear American groups and writers does little to present the truth, only more of the "Yes, but what if?" arguments. Dr. Robert L. DuPont, in the September 7, 1981, issue of Business Week, presented an article on "The Nuclear Power Phobia" in which he states that the "irrational fear of nuclear plants is based on a mistaken assessment of risks." Again I would ask, who is it that spreads the "what if" rumors instead of the "what is" facts?

I would conclude by stating that this Nation must reorder its priorities and again support productivity instead of strangling industry, commerce, and national security with unnecessary and unrealistic safeguards, security, and regulations. Bankruptcy and a perpetually inferior national security organization are the only benefits we can expect from restrictions such as those that were originally imposed by H.R. 3403. For that reason I trust that the Secretary of transportation will keep these vital concerns very much in mind in carrying out the study which H.R. 3403 now mandates under the Howard amendment.

Mr. Chairman, I include in the RECORD at this point the short articles already mentioned by Mr. Tyrrell and Dr. Dupont, as well as the Navy article on the transportation of nuclear materials:

[From the Washington Post, Oct. 19, 1981]

SPIES FIT FOR PRIME TIME

(By R. Emmett Tyrrell, Jr.)

There is a documentary film being privately shown in New York and Washington these days, and it is a pity you will not see it. It is called "The KGB Connections," and it illuminates the exciting work of the thugs from No. 2 Dzerzhinsky Square.

Dzerzhinsky, incidentally, was a Polish Bolshevik who founded the Cheka, the first of the KGB's three predecessors. Polish wags today call him the "Great Pole," explaining wryly that no other Pole has killed so many Russians. The joke is rooted in history; during the '20s, the '30s and the '40s, Dzerzhinsky's Cheka and its successors, the CGPU and AVN, killed about 30 million Russians. Uncle Joe Stalin slept easier if he knew that his upright internal security forces were dutifully slaughtering peasants, slothful workers, "parasites" and exaltés of the new order.

After the war, the boys at No. 2 Dzerzhinsky Square sensed that times had changed. There were precious few Russians left to kill, millions having been slaughtered by the Nazis and the Soviets themselves. It was time to look outward. Sensing the spirit of internationalism abroad in the world, the KGB went international, too. It became a gigantic multinational corporation, a huge beehive of bureaucracies, all devoted to bringing KGB products to the people of the world: disinformation for some, terrorism for others.

Today the KGB is larger and globally more far flung then ITT. Its work is infinitely more exciting and nefarious. There are fine books on it like John Barron's "KGB" and Claire Sterling's "The Terror Network," and there is this film, "The KGB Connections." The film has been seen on Canadian, English and Swedish television. The Swedes saw it twice. The French and Germans will see it soon. Produced for the Canadian Broadcasting Corp. with partial funding from both the CBC and our own ABC, it is a fascinating account of the KGB's activities in the United States and Canada. Yet ABC has decided against broadcasting it, presumably believing that Americans would find it boring.

Well, I believe that to see a documentary on the KGB most Americans would sit through a dozen toothpaste commercials, possibly two dozen. Americans find neither the Mafia nor the infamies of giant corporations boring. The KGB's activities show traces of both. Furthermore, KGB mischief is better documented. It has suffered a lot more defections than either the Mafia or the giant corporations. In "The KGB Connections," 20 defectors are allowed to tell their tales, sometimes before hidden cameras, sometimes with paper bags over their heads.

Their tales are engrossing. For instance, there is Arkady Shevchenko, a cheerful, well-fed man who tells viewers that, though he was a member of the supposedly non-political U.N bureaucracy, he had nine KGB agents on his staff. None did a lick of United Nations work, leaving it all for poor Shevchenko while they ran harum-scarum throughout New York, gathering intelligence, stirring up mischief and tasting the delights of the Big Apple. Shevchenko's testimony is supported by a former FBI official who believes that the United Nations is a "nest of spies," suggesting to me that if my friends in the American Civil Liberties Union were truly desirous of ending the surveillance of American citizens, they might join with the John Birch Society to "Get the U.S. out of the U.N. and the U.N. out of the U.S.," as the phrase has it.

Then, too, there is a series of interviews with the suave Ladislav Bittman, formerly a high-ranking Czech intelligence agent. Disinformation was his specialty. He once rekindled European animosity against Germany by dredging up bogus Nazi war documents from a Czech lake while Western television cameramen credulously filmed away. And there was the time he and his colleagues published "Who's Who in the CIA," a bogus collection, to be sure, but one that was sold in Western book stores and used as a source for network news stories on the CIA.

"The KGB Connections" is a mother lode of fascinating scenes: a KGB agent employed by the United Nations calls an American military man telling him where to drop pilfered defense secrets, unaware that his telephone is bugged and that the transaction is being recorded on hidden cameras. Another hidden camera records a series of shots exposing how American businessmen circumvented the law to sell high technology to the Russians. As a consequence of this swinish commerce, the Soviets perfected the accuracy of their missiles, thus necessitating our expensive MX program.

It is all exciting stuff, and there is no doubt that much of it is true. If American television—commercial or public—believes "The KGB Connections" is dull stuff, why not produce an American documentary on KGB activities? My guess is that it would sell a lot of toothpaste, even in Sweden.

[From Business Week: Sept. 7, 1981]

THE NUCLEAR POWER PHOBIA

(By Robert L. DuPont, M.D.)

The nuclear power industry has been virtually stopped in the U.S. because of fear. This is true despite the fact that for more than 20 years the commercial nuclear industry has operated under unprecedented public health scrutiny and that to date there have been no radiation-related injuries (let alone deaths) suffered by any member of the public. The accident at Three Mile Island was a financial disaster, but the health protections built into the plant worked. The independent Presidential commission established to investigate the accident concluded that the only negative health effect was "mental stress," or fear.

My interest in the curious paradox of widespread fear of nuclear power despite credible evidence of safety was stimulated in part by my frustrations from more than 13 years of trying to encourage people to fear using illegal drugs such as heroin and marijuana. It has been as puzzling to me that 500,000 people shoot heroin into their veins voluntarily and that 23 million otherwise reasonably rational people regularly suck marijuana smoke into their lungs as it has been that nearly half of all Americans fear nuclear power so much they would rather import oil or suffer the consequences of burning more coal to make electricity.

THE PARADOXES

My professional experience with unconscious motivations for human behavior has helped me begin to understand these paradoxes. Before getting to the explanation, however, let me extend the paradox a bit further.

How is it possible to explain that despite massive public education, 50 million American cigarette smokers have not been scared out of their habit, which takes the lives of more than 350,000 smokers a year? Or that more than 80 percent of Americans do not wear seat belts although 50,000 U.S. highway deaths, more than 500,000 crippling injuries, and nearly 30 million traffic accidents occur on our roads each year?

Similar paradoxes exist in the public's feelings toward driving a car vs. flying in an airplane. Nearly 30 million Americans are afraid to fly while few fear the automobile—even though automobile accidents are the leading cause of death for every age group from 1 to 40 in the U.S., and commercial air travel in America took only 13 lives in 1980. The answer is found in our attitudes toward risk, which are rooted in three simple psychological perceptions—all irrational—that govern risk assessment.

The first and most important consideration is whether the individual thinks he controls the risk. Many recreational activities are quite dangerous. Skydiving, skiing, and skateboarding are obvious examples. And it is far more dangerous to ride a bicycle around the block once a week than it is to live next to a nuclear power plant. As anyone who has ever had an automobile accident knows, the driver does not control his risk—or he would not be in the accident. But this risk is denied by the person who anticipates driving a car or skiing down a slope because he thinks he does control his risk. The same illusion often protects the cigarette smoker from fear: He has been manipulated by peer and commercial pressures and by the pharmacology of nicotine addiction, but he thinks he can stop or cut down if he needs to. Therefore he is not fearful. This particular factor—the location of control of the risk—is exaggerated further for some people when the "they" who control the risk are big, impersonal, and often mistrusted institutions. Thus, fear of nuclear power is exaggerated in part because the risk is perceived to be controlled by "big utilities" and by "remote bureaucracies" such as the Nuclear Regulatory Commission.

The second major variable in risk assessment involves the question of whether the hazard shows up as one big event—an airplane crash, for example—or whether it occurs in separate, individual events scattered over time and space, such as automobile accidents or cigarette-related deaths. Single, big events are feared excessively. Multiple, separate dangers are more easily denied. Here the role of the media is particularly important. Compare the news value of 130 people dying in an airplane crash once a year with the news value of the 130 automobile-related deaths that now occur every day in the U.S. Imagine the public fear if all 350,000 American cigarette smokers who die each year died together in one place at one time.

The third element in risk assessment is whether the risk is familiar or unfamiliar. Familiar dangers, almost no matter what the relative danger involved, are hard to fear, while unfamiliar threats are almost impossible not to fear. For many people, cars and cigarettes are hard to fear, while airplanes and nuclear power plants are hard not to fear. The siting of nuclear power plants far from urban centers ensures this

unfamiliarity, as do the regulations that restrict public visiting to nuclear installations.

When these three principles of risk assessment are put together, one realizes that the deck is stacked against nuclear power. The risk of nuclear power, as perceived in the public mind, is controlled by someone else; it is thought of as related to one massive accident, such as TMI; and it is unfamiliar.

"WHAT IS" VERSUS "WHAT IF"

It is not surprising, then, that many energy experts are paranoid about media coverage and political handling of nuclear power. By contrast, consider how those same three irrational psychological principles protect the alcohol, tobacco, and automobile industries from political and media outrage over the hundreds of thousands of preventable deaths caused each year by their products.

If these distortions in risk assessment were simply quirks of the public psyche, they would be interesting but hardly worthy of serious concern. But the facts are otherwise. These distortions are built into daily political and economic decisions, with far reaching implications for the nation's health and economy. Contrast the preoccupation with—and cost of—further improving the safety of nuclear power with the American inability either to require the wearing of seat belts or to develop mandatory passive restraints in cars. Or consider our unwillingness to discourage cigarette smoking in the light of our expensive and destructive preoccupation with nuclear waste management.

These same principles are affecting the national debate over many drugs and chemicals. Critics often point out that the risks involved have been identified in only a few cases and that an unknown danger of cancer and/or birth defects—the two most emotionally potent health fears of our generation—may be hanging over us.

There are several ways we can overcome our fears. The first is to separate the "what is" from the "what if." We need to recognize, for example, that we have more than 20 years of experience with nuclear power plants to study. Rather than being endlessly preoccupied with what could happen, let us talk about what has happened in terms of the public health effects of commercial nuclear power. We can also begin to think more clearly about what our overall health dangers are. We should indeed focus attention on cancer and birth defects, since with the information we have today many cases are preventable. The public should know that the U.S. has not experienced a rise in the rates of either cancer or birth defects in recent decades. Aside from the tragic rise in lung cancer rates (secondary to cigarette smoking), cancer rates are generally level or headed slightly downward. When cancer and birth defects are discussed, let us consider all preventable causes and put each in proper perspective. When we do that, we will find that many risks are the result of lifestyle decisions that individuals make every day, particularly decisions related to diet and use of alcohol, tobacco and illegal drugs.

LOOKING AT FACTS

We are likely to come to the uncomfortable conclusion, when we meet our health "enemies," that "they is us." This is not to say that industry should not have a role in improving health, but we need to put this into perspective. The number one cause of preventable cancer is not nuclear power; it is cigarette smoking.

Finally, it is vital that health agencies and the media reflect more clearly the full facts and not exploit, or simply reflect, the irrational fears of the public. This is particularly important when an industry (such as the nuclear industry or the chemical industry) is attacked as a health threat, since defenses from the involved industry tend to be dismissed as "biased" even when they are right. Public health agencies and the media have an affirmative responsibility to get the facts and educate the public about their fears.

Editors and reporters must become educated about what the dangers to public health really are, especially the dangers that are potentially controllable. If the media are to do more than reflect the common distortions in risk assessment, they will have to overcome their own limitations. Meanwhile, we should get off their backs. They do not cause nuclear fears; they are victims of the same irrationality as the rest of us.

Confronting necessity. During the last four years, I have extended my study of fear to my clinical practice of psychiatry: I direct the Phobia Program of Washington to help people over the ultimate irrational fears. I have learned that only by repeated exposure to the feared situation can the phobic person overcome his fear. When considering fear of nuclear power, this principle leads to the conclusion that far more people need to visit nuclear power plants, see them in operation, and talk with their operators. People, especially young people, need to be able to measure radiation and learn about its effects through hands-on use of radiation detection devices. The new requirements for all nuclear power plants to have documented emergency plans that include informing the public within 5 miles of the plants can be used to educate millions of people.

I have also learned that phobic people, like most of the rest of us, can overcome their fears when confronted with necessity. The phobic woman who cannot drive will do so when her child needs to get to the emergency room. The phobic man who cannot speak at a business meeting will speak if he concludes that his job depends on it. This helps explain why France, which lacks oil, gas, and coal, has done such a good job in overcoming public fear of nuclear power: Most Frenchmen know they have no choice if the lights are to go on when they pull the switches. This principle also explains courage: The courageous person acts out of what he considers necessity. ("I carried the child out of the burning building because I couldn't see anything else to do.") And when we tell a friend how courageous he or she is in facing a serious illness or operation, the most common response is, "What choice did I have?"

Maybe necessity will provide the route through which nuclear fear will subside in the U.S. When most Americans conclude that they need nuclear generation of electricity, they will face their fear and overcome it. But, as I have also learned, phobic people will seldom face their fears unless they feel they must. This leads to the opposite conclusion: If a nation thinks it can get by without nuclear power, it may try simply to avoid facing the fear, however irrational or expensive the fear may be.

[From Environmental Monitoring and Disposal of Radioactive Wastes From U.S. Naval Nuclear-Powered Ships and Their Support Facilities, 1980]

TRANSPORTATION OF RADIOACTIVE MATERIAL

Shipments of radioactive materials in the Naval nuclear propulsion program are required to be made in accordance with regulations of the U.S. Department of Transportation, U.S. Department of Energy, and U.S. Nuclear Regulatory Commission. The purpose of these regulations is to ensure that shipments of radioactive material are adequately controlled to protect the environment and the health and safety of the general public. These regulations are applicable to all radioactive material shipments including waste. The shipments discussed herein cover areas in addition to waste for completeness.

The above regulations provide requirements for the container design, certification, and identification as applicable for the specific quantity, type and form of radioactivity being shipped. Naval shipping container design requirements invoke shielding and integrity specifications and meet all regulatory requirements. They provide for testing of container designs, training and qualification of workers who construct containers, and quality control inspections during fabrication to ensure the containers will meet their design requirements.

In addition to imposing requirements of Federal transportation regulations, the Navy has issued standard instructions to further control shipments of radioactivity associated with U.S. Naval nuclear propulsion plants. These standard instructions result in a quality assurance program which includes inspections and assessments by independent organizations and senior management. Organizations making shipments are required to prepare local procedures which require use of compliance checklists and management review to ensure compliance with applicable Department of Transportation, Navy, and burial ground requirements. Only specially trained, designated people, knowledgeable in shipping regulations, are permitted to authorize shipments of radioactive material.

Protective transportation service such as signature security service or sealed shipping vehicles are required for these shipments to ensure point-to-point control and traceability of each shipment from shipper to receiver. A readily accessible log of all shipments in transit is maintained to enable prompt identification and provide the basis for advice on the nature of the shipment. Return receipts are required to be made in writing by receivers to ensure that radioactive material has not been lost in shipment. Receipt inspection of containers of radioactive material and accompanying documents are required promptly after receipt to monitor compliance. Even minor discrepancies from detailed shipping regulations are required to be reported to the shipper so that correction can be made in future shipments. This is done to ensure compliance with shipping regulations.

Radioactive materials shipped in the Naval nuclear propulsion program include anticontamination clothing for laundry, small sealed sources used for calibrating radiation monitoring instruments, tools and equipment used for radioactive work, low-level radioactive waste, radioactive compo-

nents and new and spent nuclear fuel. A total of approximately 1,000 shipments are made annually by Naval nuclear-powered ships and their support facilities, which is a small part of the approximately two million shipments of radioactive materials made annually in the United States.

Nearly all radioactive shipments in the Naval nuclear propulsion program contain only low-level radioactivity classified under Department of Transportation regulations as low specific activity or limited quantity shipments. The predominant radionuclide associated with these shipments is cobalt 60 in the form of insoluble metallic oxide corrosion products attached to surfaces of materials inside shipping containers. Most low-level shipments are made by truck. Air transport is used no more than a few times per year for the Naval nuclear propulsion program. These air shipments involve only very low-level radioactivity and are not shipped on passenger planes.

Nearly one-quarter of the low-level radioactivity shipments are minute quantities in sealed instrument calibration check sources. These sources contain insignificant quantities of radioactivity which are comparable to the radioactivity in typical ionization type smoke detectors. Approximately 65 percent of the shipments are anticontamination clothing, equipment and tools. The anticontamination laundry involves shipments of special outer clothing potentially contaminated with low-levels of radioactivity while worn in controlled work areas. This laundry is shipped by Nuclear Regulatory Commission licensed contractors to their facilities for cleaning. On the average, one shipment of low-level radioactive waste per three months is made from each facility listed in Table 3.

The remaining few shipments are new and spent nuclear fuel and radioactive components associated with spent nuclear fuel and are shipped by the U.S. Department of Energy. Such shipments are made infrequently since U.S. Naval nuclear-powered ships need refueling infrequently. Spent nuclear fuel shipments are made to Department of Energy facilities for disposition. Measures are carried out to assist in safeguarding these shipments and assuring they reach their destination. Each spent fuel shipment is escorted by U.S. Government representatives and each shipping container is specifically designed to withstand extreme accident impacts, fire, or water immersion, and to prevent release of the material to the environment in the event of an accident. The cargo in the nuclear fuel and radioactive component shipments is non-explosive and non-flammable and, in addition, the radioactive material in the radioactive components is in an insoluble form that should not be dispersed even in the event of an accident.

Estimates of radiation exposure to transportation crews and the general public from shipments of radioactive materials in the naval nuclear propulsion program have been made in a manner consistent with that employed by the U.S. Nuclear Regulatory Commission in reference 33. Based on comparisons of the types and numbers of radioactive shipments made, the total annual radiation exposure to all transportation crews for all shipments is estimated to be less than 3 man-rem. If one person were to receive all this exposure, he would not exceed the radiation exposure permitted for an individual worker by the U.S. Nuclear Regulatory Commission. The total estimated radiation exposure accumulated by the public along transportation routes is not more than a few times higher than the exposure to transportation workers. The maximum exposure to any individual member of the public would be far less than received from natural radiation.

Shipments of radioactive materials associated with Naval nuclear propulsion plants have not resulted in any measurable release of radioactivity to the environment. There have never been any significant accidents involving release of radioactive material during shipment since the Naval nuclear propulsion program began. In general, the few accidents that have occurred involved incidents such as broken truck axles or slight external damage to a shipping container with no release of radioactivity. In one incident a train collision resulted in minor denting of a new fuel shipping container with no loss of integrity of the container, no damage to the fuel and no release of radioactivity. In the only two instances that involved loss of contents, one quart containers holding samples were broken open in shipment. In one case this occurred when a cargo aircraft crashed. The other container was lost from a commercial ship. Both containers were recovered and there was no measurable radioactivity released since the original contents were less than one millionth of a curie, too small to be measurable in the environment.

The requirements of the Naval nuclear propulsion program specify that the carriers for all radioactive material shipments shall have accident plans which identify the actions to be taken in the event the transportation vehicle is involved in an accident. These plans provide for notification of civil authorities and the originating facility. The U.S. Navy would communicate with and cooperate fully with State radiological officials in the event of occurrences involving shipment of radioactive materials.

● Mrs. COLLINS of Illinois. Mr. Chairman, I rise in support of H.R. 3403, the Hazardous Materials Transportation Act of 1981.

Congress and the public have expressed serious and immediate concerns with regard to the risks associated with the transportation of hazardous materials through local communities. The number of accidents which have taken place to date, as well as the potential for catastrophic accidents have increased as more products and larger volumes of hazardous materials are transported, which only serves to intensify our concern.

As my colleagues are well aware, transporting hazardous materials will require continuous vigilance if the potential risks to the public are to be minimized. This attention is necessary because of the increased use of hazardous materials, declining railroad track conditions, and most importantly the lack of complete data on the volume of hazardous materials transported and the increasing number of accidents, deaths, and injuries.

The Department of Transportation administers the program to protect the public from risks involved in the transportation of over 250,000 shipments of hazardous materials each day. Last November, in a report to the Congress, GAO—by way of suggesting improvements needed to effectively carry out this program—stated:

> Improved coordination of emergency response efforts with local government organizations and industry associations and insure better dissemination of information to local emergency organizations.

I am pleased to note that H.R. 3403 directs DOT to establish such centers in order to train personnel to respond to emergencies.

Accordingly, I urge my colleagues to pass this legislation.●

The CHAIRMAN. Are there further amendments?

If not, the question is on the Committee amendment in the nature of a substitute, as amended.

The Committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. PANETTA, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3403) to amend the Hazardous Materials Transportation Act to authorize appropriations for fiscal years 1982 and 1983, to provide for the establishment of regional training centers to assist in improving the emergency response and enforcement capabilities of State and local personnel, and for other purposes, pursuant to House Resolution 240, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under a rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the Committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. HOWARD. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 410, nays 2, not voting 21, as follows:

[Roll No. 266]

YEAS—410

Addabbo	Dicks	Holland
Akaka	Dingell	Hollenbeck
Albosta	Dixon	Hopkins
Alexander	Donnelly	Horton
Anderson	Dorgan	Howard
Andrews	Dornan	Hoyer
Annunzio	Dougherty	Hubbard
Anthony	Dowdy	Huckaby
Applegate	Downey	Hughes
Archer	Dreier	Hunter
Ashbrook	Duncan	Hutto
Aspin	Dunn	Hyde
Atkinson	Dwyer	Ireland
AuCoin	Dymally	Jacobs
Badham	Dyson	Jeffords
Bafalis	Early	Jeffries
Bailey (MO)	Eckart	Jenkins
Bailey (PA)	Edgar	Johnston
Barnard	Edwards (AL)	Jones (NC)
Barnes	Edwards (CA)	Jones (OK)
Bedell	Edwards (OK)	Jones (TN)
Beilenson	Emerson	Kastenmeier
Benedict	Emery	Kazen
Benjamin	English	Kemp
Bennett	Erdahl	Kildee
Bereuter	Erlenborn	Kindness
Bethune	Ertel	Kogovsek
Bevill	Evans (DE)	Kramer
Biaggi	Evans (GA)	LaFalce
Bingham	Evans (IA)	Lagomarsino
Blanchard	Evans (IN)	Lantos
Bliley	Fary	Latta
Boggs	Fascell	Leach
Boland	Fazio	Leath
Bolling	Fenwick	LeBoutillier
Boner	Ferraro	Lee
Bonior	Fiedler	Lehman
Bonker	Findley	Lent
Bouquard	Fish	Levitas
Bowen	Fithian	Lewis
Breaux	Flippo	Livingston
Brinkley	Florio	Loeffler
Brodhead	Foglietta	Long (LA)
Brooks	Foley	Long (MD)
Broomfield	Ford (MI)	Lott
Brown (CA)	Ford (TN)	Lowery (CA)
Brown (CO)	Forsythe	Lowry (WA)
Brown (OH)	Fountain	Lujan
Broyhill	Fowler	Luken
Burgener	Frank	Lungren
Burton, John	Frenzel	Madigan
Burton, Phillip	Frost	Markey
Butler	Fuqua	Marks
Byron	Garcia	Marlenee
Campbell	Gaydos	Marriott
Carman	Gejdenson	Martin (IL)
Carney	Gephardt	Martin (NC)
Chappell	Gibbons	Martin (NY)
Chappie	Gilman	Matsui
Cheney	Gingrich	Mavroules
Chisholm	Glickman	Mazzoli
Clausen	Goldwater	McClory
Clay	Goodling	McCollum
Clinger	Gore	McCurdy
Coats	Gradison	McDade
Coelho	Gramm	McEwen
Coleman	Gray	McGrath
Collins (TX)	Green	McHugh
Conable	Gregg	McKinney
Conte	Grisham	Mica
Conyers	Guarini	Michel
Corcoran	Gunderson	Mikulski
Coughlin	Hagedorn	Miller (CA)
Courter	Hall (OH)	Miller (OH)
Coyne, William	Hall, Ralph	Minish
Craig	Hall, Sam	Mitchell (MD)
Crane, Daniel	Hamilton	Mitchell (NY)
Crane, Philip	Hammerschmidt	Moakley
Crockett	Hance	Moffett
D'Amours	Hansen (ID)	Molinari
Daniel, Dan	Hansen (UT)	Mollohan
Daniel, R. W.	Harkin	Montgomery
Danielson	Hartnett	Moore
Dannemeyer	Hatcher	Moorhead
Daschle	Hawkins	Morrison
Daub	Heckler	Mottl
Davis	Hefner	Murphy
de la Garza	Heftel	Murtha
Deckard	Hendon	Myers
Dellums	Hertel	Napier
DeNardis	Hightower	Natcher
Derwinski	Hiler	Neal
Dickinson	Hillis	Nelligan
Nelson	Roukema	Studds
Nichols	Rousselot	Stump
Nowak	Roybal	Swift
O'Brien	Russo	Synar
Oberstar	Sabo	Tauke
Obey	Santini	Tauzin
Ottinger	Savage	Taylor
Oxley	Sawyer	Thomas
Panetta	Scheuer	Trible
Parris	Schneider	Udall
Pashayan	Schroeder	Vander Jagt
Patman	Schulze	Vento
Patterson	Schumer	Volkmer
Pease	Seiberling	Walgren
Perkins	Sensenbrenner	Wampler
Petri	Shamansky	Watkins
Peyser	Shannon	Waxman
Pickle	Sharp	Weaver
Porter	Shaw	Weber (MN)
Price	Shelby	Weber (OH)
Pritchard	Shumway	Weiss
Pursell	Shuster	White
Quillen	Siljander	Whitehurst
Rahall	Simon	Whitley
Railsback	Skeen	Whittaker
Rangel	Smith (AL)	Whitten
Ratchford	Smith (IA)	Williams (MT)
Regula	Smith (NE)	Wilson
Reuss	Smith (NJ)	Winn
Rhodes	Smith (OR)	Wirth
Richmond	Smith (PA)	Wolf
Rinaldo	Snowe	Wolpe
Ritter	Snyder	Wortley
Roberts (KS)	Solarz	Wright
Roberts (SD)	Solomon	Wyden
Robinson	Spence	Wylie
Rodino	St Germain	Yates
Roe	Stangeland	Yatron
Roemer	Stanton	Young (AK)
Rogers	Stark	Young (FL)
Rose	Staton	Young (MO)
Rosenthal	Stenholm	Zablocki
Rostenkowski	Stokes	Zeferetti
Roth	Stratton	

NAYS—2

McDonald	Paul

NOT VOTING—21

Beard	Holt	Pepper
Collins (IL)	Leland	Rudd
Coyne, James	Lundine	Skelton
Derrick	Mattox	Traxler
Fields	McCloskey	Walker
Ginn	Mineta	Washington
Gonzalez	Oakar	Williams (OH)

□ 1530

The Clerk announced the following pairs:

Mr. Derrick with Mrs. Holt.

Mr. Ginn with Mr. Beard.

Mr. Mattox with Mr. Fields.

Mr. Skelton with Mr. Gonzalez.

Mr. Pepper with Mr. Rudd.

Mr. Leland with Mr. Washington.

Mr. Mineta with Mr. Williams of Ohio.

Ms. Oakar with Mr. McCloskey.

Mrs. Collins of Illinois with Mr. James K. Coyne.

Mr. Traxler with Mr. Lundine.

Mr. PAUL changed his vote from "yea" to "nay."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ANDERSON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

AUTHORIZATIONS FOR NONPERFORMING ARTS FUNCTIONS FOR THE KENNEDY CENTER

Mr. FARY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3377) authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Illinois (Mr. FARY).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3377, with Mr. GLICKMAN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on Monday, October 19, 1981, all time for general debate had expired.

The Clerk will read.

The Clerk read as follows:

H.R. 3377

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (e) of section 6 of the John F. Kennedy Center Act (Public Law 85-874, as amended; 20 U.S.C. 761) is amended by adding at the end thereof the following: "There is authorized to be appropriated to carry out this subsection not to exceed $4,544,000 for the fiscal year ending September 30, 1982.".

Mr. HOWARD (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The CHAIRMAN. Are there any amendments to the bill?

If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. DANIELSON) having assumed the chair, Mr. GLICKMAN, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3377) authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the

Performing Arts, and for other purposes, pursuant to House Resolution 225, he reported the bill back to the House.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. HOWARD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 288, nays 123, not voting 22, as follows:

[Roll No. 267]

YEAS—288

Addabbo	Danielson	Gregg
Akaka	Daschle	Guarini
Albosta	Davis	Gunderson
Alexander	de la Garza	Hagedorn
Anderson	Deckard	Hall (OH)
Andrews	Dellums	Harkin
Annunzio	DeNardis	Hatcher
Anthony	Dicks	Hawkins
Applegate	Dingell	Hefner
Atkinson	Dixon	Heftel
AuCoin	Donnelly	Hertel
Badham	Dorgan	Hightower
Bailey (PA)	Dornan	Hiler
Barnard	Dougherty	Hillis
Barnes	Downey	Holland
Bedell	Dunn	Hollenbeck
Beilenson	Dwyer	Horton
Benedict	Dymally	Howard
Benjamin	Dyson	Hoyer
Bennett	Early	Huckaby
Bereuter	Eckart	Hughes
Bevill	Edgar	Hunter
Biaggi	Edwards (AL)	Hutto
Bingham	Edwards (CA)	Ireland
Blanchard	Emery	Jacobs
Boggs	Erdahl	Jeffords
Boland	Erlenborn	Jones (OK)
Bolling	Ertel	Jones (TN)
Bonior	Evans (DE)	Kastenmeier
Bonker	Evans (GA)	Kemp
Bouquard	Evans (IN)	Kildee
Bowen	Fary	Kogovsek
Breaux	Fascell	LaFalce
Brinkley	Fazio	Lantos
Brodhead	Ferraro	Leach
Brooks	Fish	Lehman
Broomfield	Fithian	Levitas
Brown (CA)	Flippo	Livingston
Brown (OH)	Florio	Long (LA)
Burgener	Foglietta	Lowery (CA)
Burton, John	Foley	Lowry (WA)
Burton, Phillip	Ford (MI)	Luken
Byron	Ford (TN)	Markey
Campbell	Fountain	Marks
Carman	Fowler	Marriott
Chappell	Frank	Matsui
Chappie	Frenzel	Mattox
Chisholm	Frost	Mavroules
Clausen	Fuqua	Mazzoli
Clay	Garcia	McClory
Clinger	Gaydos	McCurdy
Coats	Gejdenson	McDade
Coelho	Gephardt	McEwen
Coleman	Gibbons	McHugh
Collins (IL)	Gilman	McKinney
Conte	Gingrich	Mica
Conyers	Glickman	Mikulski
Corcoran	Gonzalez	Miller (CA)
Coughlin	Goodling	Minish
Courter	Gore	Mitchell (NY)
Coyne, William	Gradison	Moakley
Crockett	Gray	Moffett
D'Amours	Green	Molinari
Mollohan	Rodino	Stratton
Morrison	Roe	Studds
Mottl	Rose	Swift
Murphy	Rosenthal	Synar
Murtha	Rostenkowski	Tauzin
Myers	Roth	Traxler
Natcher	Roybal	Udall
Neal	Russo	Vander Jagt
Nelligan	Sabo	Vento
Nelson	Savage	Volkmer
Nowak	Sawyer	Walgren
Oberstar	Scheuer	Wampler
Ottinger	Schneider	Waxman
Panetta	Schroeder	Weaver
Parris	Schumer	Weber (OH)
Pashayan	Seiberling	Weiss
Patman	Shamansky	White
Patterson	Shannon	Whitley
Pease	Sharp	Whitten
Perkins	Shelby	Williams (MT)
Peyser	Shuster	Wilson
Pickle	Simon	Wirth
Porter	Skeen	Wolf
Price	Smith (IA)	Wolpe
Pritchard	Smith (PA)	Wortley
Rahall	Snowe	Wright
Railsback	Solarz	Wyden
Ratchford	St Germain	Yates
Regula	Stangeland	Yatron
Reuss	Stanton	Young (AK)
Rhodes	Stark	Young (MO)
Richmond	Staton	Zablocki
Rinaldo	Stokes	Zeferetti

NAYS—123

Archer	Hance	O'Brien
Bafalis	Hansen (ID)	Obey
Bailey (MO)	Hansen (UT)	Oxley
Bethune	Hartnett	Paul
Billey	Heckler	Petri
Boner	Hendon	Pursell
Brown (CO)	Hopkins	Quillen
Broyhill	Hubbard	Ritter
Butler	Hyde	Roberts (KS)
Carney	Jeffries	Roberts (SD)
Cheney	Jenkins	Robinson
Collins (TX)	Johnston	Roemer
Conable	Joncs (NC)	Rogers
Coyne, James	Kazen	Roukema
Craig	Kindness	Rousselot
Crane, Daniel	Kramer	Santini
Crane, Philip	Lagomarsino	Schulze
Daniel, Dan	Latta	Sensenbrenner
Daniel, R. W.	Leath	Shaw
Dannemeyer	LeBoutillier	Shumway
Daub	Lee	Siljander
Derwinski	Lent	Smith (AL)
Dickinson	Lewis	Smith (NE)
Dowdy	Loeffler	Smith (NJ)
Dreier	Long (MD)	Smith (OR)
Duncan	Lott	Snyder
Edwards (OK)	Lujan	Solomon
Emerson	Lungren	Spence
English	Marlenee	Stenholm
Evans (IA)	Martin (IL)	Stump
Fenwick	Martin (NC)	Tauke
Fiedler	Martin (NY)	Taylor
Findley	McCollum	Thomas
Forsythe	McDonald	Trible
Goldwater	McGrath	Watkins
Gramm	Miller (OH)	Weber (MN)
Grisham	Montgomery	Whitehurst
Hall, Ralph	Moore	Whittaker
Hall, Sam	Moorhead	Winn
Hamilton	Napier	Wylie
Hammerschmidt	Nichols	Young (FL)

NOT VOTING—22

Ashbrook	Lundine	Rangel
Aspin	Madigan	Rudd
Beard	McCloskey	Skelton
Derrick	Michel	Walker
Fields	Mineta	Washington
Ginn	Mitchell (MD)	Williams (OH)
Holt	Oakar	
Leland	Pepper	

□ 1545

The Clerk announced the following pairs:

Mr. Derrick with Mr. Rudd.
Mr. Ginn with Mr. McCloskey.
Mr. Mineta with Mr. Madigan.
Mr. Pepper with Mr. Fields.
Mr. Skelton with Mr. Beard.
Mr. Rangel with Mrs. Holt.
Mr. Leland with Mr. Ashbrook.
Mr. Aspin with Mr. Williams of Ohio.
Ms. Oakar with Mr. Michel.
Mr. Washington with Mr. Mitchell of Maryland.
Mr. Lundine with Mr. Walker.

Messrs. SILJANDER, BUTLER, MOORE, and ENGLISH changed their votes from "aye" to "no."

Mr. GONZALEZ changed his vote from "no" to "aye."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. FARY. Mr. Speaker, pursuant to the provisions of House Resolution 225, I call up from the Speaker's table the Senate bill (S. 1209) authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes, and ask for its immediate consideration.

The Clerk read the Senate bill, as follows:

S. 1209

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (e) of section 6 of the John F. Kennedy Center Act (Public Law 85-874, as amended; 20 U.S.C. 761) is amended as follows: In the last sentence strike out the period and add in lieu thereof ", and not to exceed $4,544,000 for the fiscal year ending September 30, 1982.".

The Senate bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 3377) was laid on the table.

FOOD AND AGRICULTURE ACT OF 1981

Mr. DE LA GARZA. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3603) to provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. DE LA GARZA).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. VOLKMER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. The Chair will count. Two hundred and nineteen Members, a quorum.

Mr. VOLKMER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 384, nays 3, answered "present" 1, not voting 45, as follows:

[Roll No. 268]

YEAS—384

Addabbo	Deckard	Hansen (ID)
Akaka	DeNardis	Hansen (UT)
Albosta	Derwinski	Harkin
Alexander	Dickinson	Hatcher
Anderson	Dicks	Hawkins
Andrews	Dingell	Heckler
Annunzio	Dixon	Hefner
Anthony	Donnelly	Heftel
Archer	Dorgan	Hendon
Aspin	Dornan	Hertel
Atkinson	Dougherty	Hightower
AuCoin	Dowdy	Hiler
Badham	Downey	Hillis
Bafalis	Dreier	Holland
Bailey (MO)	Duncan	Hollenbeck
Bailey (PA)	Dunn	Hopkins
Barnes	Dwyer	Horton
Bedell	Dymally	Howard
Beilenson	Dyson	Hubbard
Benedict	Early	Huckaby
Benjamin	Eckart	Hughes
Bennett	Edgar	Hunter
Bereuter	Edwards (AL)	Hutto
Bethune	Edwards (CA)	Hyde
Bevill	Edwards (OK)	Ireland
Biaggi	Emerson	Jacobs
Bingham	Emery	Jeffords
Blanchard	English	Jeffries
Bliley	Erdahl	Jenkins
Boland	Erlenborn	Johnston
Boner	Ertel	Jones (NC)
Bonior	Evans (DE)	Jones (OK)
Bonker	Evans (GA)	Jones (TN)
Bouquard	Evans (IA)	Kastenmeier
Bowen	Evans (IN)	Kazen
Breaux	Fary	Kemp
Brinkley	Fascell	Kildee
Brodhead	Fazio	Kogovsek
Brooks	Fenwick	Kramer
Broomfield	Ferraro	LaFalce
Brown (CA)	Fiedler	Lagomarsino
Brown (CO)	Findley	Lantos
Brown (OH)	Fish	Latta
Broyhill	Fithian	Leach
Burgener	Flippo	Leath
Burton, John	Foglietta	LeBoutillier
Burton, Phillip	Foley	Lee
Butler	Ford (TN)	Lehman
Byron	Fountain	Levitas
Campbell	Fowler	Lewis
Carman	Frank	Livingston
Carney	Frenzel	Loeffler
Chappell	Fuqua	Long (LA)
Chappie	Garcia	Long (MD)
Cheney	Gaydos	Lott
Clausen	Gejdenson	Lowery (CA)
Clinger	Gephardt	Lowry (WA)
Coats	Gibbons	Lujan
Coelho	Gilman	Luken
Coleman	Gingrich	Lungren
Collins (IL)	Glickman	Madigan
Collins (TX)	Goldwater	Markey
Conable	Gonzalez	Marks
Conte	Gore	Marlenee
Corcoran	Gradison	Marriott
Coughlin	Gramm	Martin (NC)
Courter	Gray	Martin (NY)
Coyne, James	Green	Matsui
Coyne, William	Gregg	Mattox
Craig	Grisham	Mavroules
Crane, Daniel	Guarini	Mazzoli
Crane, Philip	Gunderson	McClory
Daniel, Dan	Hagedorn	McCollum
Daniel, R. W.	Hall (OH)	McCurdy
Dannemeyer	Hall, Ralph	McDade
Daschle	Hall, Sam	McDonald
Daub	Hamilton	McEwen
Davis	Hammerschmidt	McGrath
de la Garza	Hance	McHugh
McKinney	Richmond	Stanton
Mica	Rinaldo	Stark
Mikulski	Ritter	Staton
Miller (CA)	Roberts (KS)	Stenholm
Miller (OH)	Roberts (SD)	Stokes
Minish	Robinson	Stratton
Mitchell (NY)	Rodino	Studds
Moakley	Roe	Stump
Molinari	Rogers	Swift
Mollohan	Rose	Synar
Montgomery	Rosenthal	Tauke
Moore	Rostenkowski	Tauzin
Moorhead	Roth	Taylor
Morrison	Rousselot	Thomas
Mottl	Roybal	Traxler
Murphy	Russo	Trible
Murtha	Sabo	Udall
Myers	Santini	Vander Jagt
Napier	Sawyer	Vento
Natcher	Scheuer	Volkmer
Neal	Schneider	Walgren
Nelligan	Schroeder	Wampler
Nelson	Schulze	Watkins
Nichols	Schumer	Weaver
Nowak	Seiberling	Weber (MN)
O'Brien	Sensenbrenner	Weber (OH)
Oberstar	Shamansky	Weiss
Oxley	Shannon	White
Panetta	Sharp	Whitehurst
Parris	Shaw	Whitley
Pashayan	Shelby	Whittaker
Patman	Shumway	Whitten
Patterson	Shuster	Williams (MT)
Paul	Siljander	Wilson
Pease	Simon	Winn
Perkins	Skeen	Wirth
Petri	Smith (AL)	Wolf
Peyser	Smith (IA)	Wolpe
Pickle	Smith (NE)	Wortley
Porter	Smith (NJ)	Wright
Price	Smith (OR)	Wyden
Pritchard	Smith (PA)	Wylie
Pursell	Snowe	Yates
Quillen	Snyder	Yatron
Rahall	Solarz	Young (AK)
Ratchford	Solomon	Young (FL)
Regula	Spence	Young (MO)
Reuss	St Germain	Zablocki
Rhodes	Stangeland	Zeferetti

NAYS—3

Mitchell (MD)	Obey	Roemer

ANSWERED "PRESENT"—1

Ottinger

NOT VOTING—45

Applegate	Ford (MI)	Moffett
Ashbrook	Forsythe	Oakar
Barnard	Frost	Pepper
Beard	Ginn	Railsback
Boggs	Goodling	Rangel
Bolling	Hartnett	Roukema
Chisholm	Holt	Rudd
Clay	Hoyer	Savage
Conyers	Kindness	Skelton
Crockett	Leland	Walker
D'Amours	Lent	Washington
Danielson	Lundine	Waxman
Dellums	Martin (IL)	Williams (OH)
Derrick	McCloskey	
Fields	Michel	
Florio	Mineta	

□ 1610

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3603, with Mr. MCHUGH in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Thursday, October 15, 1981, title X was open to amendment at any point, and pending was an amendment offered by the gentleman from Oregon (Mr. WEAVER).

PARLIAMENTARY INQUIRY

Mr. FINDLEY. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FINDLEY. Mr. Chairman, is the Weaver amendment pending?

The CHAIRMAN. The gentleman is correct.

Mr. FINDLEY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I am troubled by this amendment. I understand it when the gentleman from Oregon says that this amendment does not require the Secretary of Agriculture to set minimum prices for grain exports. The language under subsection (c)(1) is clear in this regard.

However, I am concerned about the language under subsection (b). There is nothing discretionary about that language. It requires a significant expansion of our export sales reporting requirements.

Section 812 of Public Law 93-86 requires that all exporters of wheat and wheat flour, feed grains, oilseeds, cotton, and such other commodities as the Secretary of Agriculture sees fit, must file a weekly report with the Secretary informing him of the following items:

First, the type, class, and quantity of the commodity sought to be exported;

Second, the marketing year of shipment; and

Third, the destination, if known.

Further, this provision gives the Secretary authority to require immediate reporting if he deems it necessary. On September 12, 1974, the Secretary exercised this authority, requiring that sales of over 100,000 metric tons would have to be reported within 1 day. The commodities designated for this daily reporting were wheat, corn, grain sorghum, soybeans, and soybean meal. In the case of soybean oil, the reporting trigger was set at 20,000 metric tons.

Because of public interest and statutory mandates, this issue has been carefully examined in recent years. Probably the most comprehensive review was done by the Advisory Committee on Export Sales Reporting established by Secretary of Agriculture Bob Bergland. In its report, issued February 27, 1979, the Advisory Committee made the following recommendation:

Current commodity coverage for wheat, feed grains, oilseeds, rice, cotton, and products thereof should remain unchanged.

That brings us to subsection (b) of the amendment before us. That subsection would require exporters to provide to the Secretary, not only the information required by section 812, but also the following information:

First, the financial terms of the contract, and

Second, the identity of the buyer.

Nothing in the language protects that information from disclosure; hence, these requirements represent a substantial incursion into the area of proprietary information. Clearly, the requirements represent a change from current policy and, as such, are at odds with the recommendations of the Advisory Committee. Lest there be any doubt of whether the expanded export sales reporting requirements under subsection (b) are mandatory, I asked an attorney in USDA's Office of the General Counsel his opinion and he concluded that these requirements are, indeed, mandatory.

This leaves me confused, for I clearly heard the gentleman from Oregon last Thursday when he said, and I quote: "So if we vote for this amendment we are not mandating anything."

Mr. Chairman, the Subcommittee on Wheat, Soybeans, and Feed Grains of the Committee on Agriculture recently held hearings on a bill very similar to the amendment we have before us. A witness for the American Farm Bureau Federation called the bill a blueprint for State trading. He further testified:

> The actual trading of farm commodities—and the prices, terms, and conditions of such trade—should not be dependent on, or influenced by, political decisions of the government. * * * This legislation would, in effect, freely permit the government to restrict, or even embargo, exports for political reasons. * * *
>
> The incentives of the free enterprise system motivate exporters to aggressively seek new and expanded markets. Government lacks this important and essential motivation for markets expansion. We do not want export opportunities contingent upon government approval of prices or terms of trade. The interests of American farmers in world markets can best be served by private exporters, including farmer-owned cooperatives. These exporters have the expertise, the facilities, and the incentive to aggressively seek trade expansion.

Mr. Chairman, we do not need more Government involvement in agriculture, we need less Government involvement. If, as so many of my colleagues claim, the Secretary of Agriculture is subservient to the political whims of the President, what in the world makes them think that this tool would be used to bring food prices up? This amendment is not just a blueprint for State trading, it is a blueprint for trade embargoes and I must urge my colleagues to defeat it.

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Oregon.

Mr. WEAVER. I thank the gentleman for yielding.

Mr. Chairman, the present law, as the gentleman so aptly explained, requires that the exporter declare to the Customs Service the name of the recipient or consignee of the export, the destination, including intermediate and final destination; that is, all countries who do the buying for their commodities.

□ 1620

This is not different than in my amendment.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(At the request of Mr. WEAVER and by unanimous consent, Mr. FINDLEY was allowed to proceed for 2 additional minutes.)

Mr. WEAVER. Mr. Chairman, will the gentleman yield further?

Mr. FINDLEY. Yes.

Mr. WEAVER. The type and amount of commodity must be declared, and the export value must be declared. Now, this is existing law, as the gentleman has said. There is only one difference, and that is the actual financial terms of the contract must be disclosed. I think that is perfectly fair so long as we already require export value, the financial terms. That is the only difference. In other words, all the information is already required by law. But, I would like to say to the gentleman, you say less Government or more Government. The administration testified on this bill——

Mr. FINDLEY. If I may make a brief response to the gentleman, if it is already required by law and if it is not mandatory, why in the world has the gentleman suggested it? In my interpretation it is not now presently required by law to identify the buyer, or to disclose the financial terms of the contract. Customs regulation provide some latitude in reporting the ultimate destination of commodity shipments. Frequently, the destination must be guessed. This is because some buyers prefer secrecy. Further, the export value of a shipment is significantly different from the financial terms of the contract.

I think this amendment gives the Secretary too much authority. I have great respect for the gentleman and I know that he believes in this approach. He does believe in establishing an export grain board. He believes in using the authority of the Government to try to fix prices. He goes in the wrong direction.

Mr. WEAVER. Will the gentleman yield further?

Mr. FINDLEY. Yes.

Mr. WEAVER. The Customs Service does require—the Customs Service does require the name of the recipient or consignee; the destination, both intermediate and final; the export value; the type and amount of commodity; location and the time of departure, which is essentially what I require.

But I would like to ask the gentleman this: The administration testified the present system is the most successful marketing system in the history of the world. Why, then, are all our farmers going broke? Why are we in such a desperate plight?

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, whatever happened to our hardheaded Yankee business sense? We sell half of all the wheat and almost three-quarters of all the corn traded in the world but mostly we sell it at less than cost. Moreover, we sell it at these low prices to countries that can afford to pay more—Japan, the Soviet Union and the OPEC nations. As a matter of fact, Japan raises the price of imported American grain before reselling it at home. These are not very prudent business practices by the U.S. Department of Agriculture.

The administration announcement on October 1 that the Soviet Union had asked for and had been given permission to buy 23 million tons of American grain over the next year, was significant for several reasons. It meant another poor Soviet harvest for the third straight year—once again the Communist regime in the U.S.S.R. is unable to meet the basic food needs of its people. It meant also that the U.S. taxpayers are subsidizing the Soviet economic system.

Knowledgeable observers insist that our major overseas customers are willing and able to pay more for our grain. The other major world wheat exporters—Argentina, Australia and Canada—have been urging us, as the major producer, to raise our wheat prices in international trade. The Soviets, for their part, have nowhere else to go to satisfy their immense grain needs. They should pay for the economic shortcomings of their repressive system. Our taxpayers should not.

We in the United States are depleting our soil and spending increasingly higher prices for fuel, fertilizer, and insecticides in an energy-intensive industry producing the grain with which we feed ourselves and much of the world. When we sell American grain to the Soviets, however, at prices beneath the cost of production, we are subsidizing them. There is growing criticism across the country of selling cheap American grain to the Russians. We are buying dear and selling cheap, the opposite of good business practice.

World prices for grain are not established by the interaction of supply and demand. They are set administratively by governments. With the exception of the United States, every country in the world has a national grain agency. About half a dozen of these national agencies function as sellers; about a hundred buy. All of them are dedicated to getting the best deals for their countries' farmers and their national economies.

Approximately 80 percent of the grain consumed in the world is grown and sold at prices substantially above the so-called world market price, a price that covers only 14 percent of the grain moving in world trade and can hardly be called a true world market price. It has been more accurately described as a clearance sale price, the end-of-season price fixed after the bulk of demand has been met.

The Export Grain Bank amendment proposes a mechanism to rationalize our grain export prices. It provides for the United States to act as a trading entity, a practical approach to take advantage of our trading position, and would give the Secretary of Agriculture the discretionary authority to set export prices at higher levels.

It has been estimated that by bringing the export prices of grain to the cost of production, America's agricultural trade surplus, which was $23.2 billion in 1980, could reach $30 billion and put our overall trade balance in the black. When U.S. prices rise, the competing exporting countries follow the price upward. When the U.S. price falls, so does theirs.

An army travels on its stomach, as Napoleon once said. That is true of the Soviet Army today, in Afghanistan, for example. If we did not sell grain to the Soviets, they would have to work harder to take care of their own people and would have fewer resources for their imperialistic ventures. If we are going to help feed the Soviets with American grain, we should make them pay for it. Strategic considerations aside, it would be good business practice.

Under normal circumstances, Mr. Chairman, on agriculture matters I yield to my colleague from Illinois (Mr. FINDLEY), but this particular subject has intrigued me for a long time, and the gentleman from Oregon and I have discussed it on many occasions. Frankly, he has convinced me that this is worth a try at this time.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield briefly?

Mr. DERWINSKI. I yield to my colleague.

Mr. FINDLEY. I just want to assure the gentleman that I respect him as one of the great experts on foreign policy, not agriculture.

Mr. DERWINSKI. Well, except that in this area we are injecting agriculture policy into foreign policy. The point I would like to make is that it seems to me that the emphasis at the Department of Agriculture should be to see that we get the best possible price for our commodities when we unload them abroad. That has not been the case, and since we do not seem to have a mechanism for driving at better prices notwithstanding the subterfuge we have to go through, for example, selling butter to New Zealand with the understanding that New Zealand in turn will sell to the Soviets from their own stocks, it is really hurting foreign policy.

I also remind you of the fact that an army travels on its stomach. We are supposed to be concerned with the Soviet Army at the present time. I am not convinced that we should make these massive grain sales to the Soviet Union at a cost to our Treasury. So, given the absence of an available mechanism that works, I see no reason why we cannot at least test this proposal; or if it is faulty tell me what we could do that is more effective.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, I thank the gentleman for yielding. The problem with the approach of the gentleman from Oregon is that it establishes by a Government agency a system of administered prices, and there is no showing anywhere that the market price is not the best price obtainable at the time. If we set a minimum price that is above the world market price, we will be the last seller in the market, which means that we will have a different lineup of customers. We have had a successful system. We are now being asked to copy the most unsuccessful system. That is the one that our neighbor to the north uses, the country we always accuse of cutting prices, so why should we now follow that system?

Mr. DERWINSKI. The gentleman has answered his own question. We accuse our neighbor to the north of undercutting us because, frankly, they beat us to the market, and very often they negotiate a better price for their products than we later on for ours. The other is, I do not see how we could defend any system where we deliberately will acquire the commodities, knowing full well that down the road that we are going to sell them at far less than cost. Under this proposal, the very least I could see is a new effort on the part of the United States to use its massive surplus to influence the world market, hopefully for a better price for us.

Mr. FRENZEL. If the gentleman would yield further, it will make us a one-nation OPEC, in other words.

Mr. DERWINSKI. Well, a one-nation OPEC with honorable intentions is much better than a multioil OPEC with evil intentions.

Mr. FRENZEL. Well, look what happened to OPEC when it developed surpluses like we did. The prices dropped.

Mr. DERWINSKI. In that case the law of supply and demand takes over.

Mr. FRENZEL. Exactly.

Mr. MARLENEE. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Montana.

Mr. MARLENEE. Mr. Chairman, I, too, respect the gentleman from Illinois highly in all foreign policy affairs, and know that he is concerned about foreign policy and about feeding the enemy army. His remarks on the enemy army, I would like further clarification on that.

Does the gentleman feel that this bill would give a much higher degree of control of exports where we have a situation where, in a confrontation with another country, this could be utilized to control exports?

Mr. DERWINSKI. I am speaking now of the amendment. The gentleman said the bill.

Mr. MARLENEE. Yes, the amendment.

Mr. DERWINSKI. I believe this amendment would give us a much more effective mechanism worldwide to extract a better price for our grain surplus.

Mr. MARLENEE. And what about the control of that product in the event that we had an escalation or something like that?

Mr. DERWINSKI. I do not see it adversely affecting that.

Mr. FOLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the Weaver amendment. While I fully understand and share the gentleman's interest in improving the export prices of American agricultural commodities, I do not believe that the gentleman's export grain bank proposal meets that interest.

Mr. Chairman, as the gentleman from Oregon indicated, hearings were held on H.R. 2901, the Weaver grain export bank bill, September 29, by the House Agriculture Subcommittee on Wheat, Soybeans, and Feed Grains. Organizations submitting testimony in favor of the proposal included: The National Farmers Union and the American Agriculture Movement. Those opposing it were: The National Association of Wheat Growers, American Farm Bureau, National Grain Trade Council, National Grain and Feed Association, North American Export Grain Association, and the U.S. Department of Agriculture.

Under this proposal, the Secretary of Agriculture would be authorized to set a minimum export price for wheat, feed grains, rice, soybeans, and soybean meal. The resulting difference between the export and domestic price, if any, would accumulate in the Export Grain Bank to be distributed to producers of the commodity at a later date or to be used by the Secretary in the support of any other program administered by him.

Additionally, the amendment would require the Secretary of Agriculture to approve every sales contract involving wheat, feed grains, rice, soybeans, and

soybean meal before they could be exported. Anyone seeking approval of a contract for export purposes would be required to disclose to the Secretary beforehand the proposed financial terms of the contract, the amount to be exported, the buyer's identity, and the destination of the sale. Further, it would have to be determined that the designated export sales price had been agreed to. Only after all these conditions had been met would anyone be free to export without penalty. In short, the amendment would have the effect or replacing our market-oriented production and marketing mechanisms with a comprehensive system of governmentally determined and administered export prices and regulations covering export sales of commodities.

While I grant Mr. WEAVER the fact that he has somewhat tempered his original proposal by giving the Secretary discretionary authority in setting up the Export Grain Bank, I am troubled that he has seen fit to retain provisions requiring total Government regulation of the export sales.

Why do I oppose the granting of such authority to the Secretary of Agriculture? First, I do not think it would improve producer income in any way; in fact, it could have just the opposite effect. If the export price for grain, for example, were set at a level higher than warranted by market forces, U.S. grain would simply accumulate as surplus in this country while other nations continued to sell their production at a price just under that fixed by the United States. As a consequence, our grain would move into world markets only as supplies from other sources were depleted; and the United States would be left with a large capacity grain-producing system that was only partially utilized. This, in turn, would necessitate Government supply control mechanisms such as set-asides or substantial Government purchases of grain, and probably both.

While higher prices might be realized for that portion of the grain crop which did manage to find a market overseas, the overall volume of such sales would, in all likelihood, be greatly reduced, thereby causing an actual net reduction in producer returns and the permanent loss of a large share of the export market.

Setting a higher U.S. export price for soybeans would be equivalent to giving Brazil a billion dollar foreign aid grant to grow soybeans, to say nothing of what fixing a higher price for grain would do to increase market shares for Canada, Argentina, Australia, or our good friends in the European Community.

A second reason for opposing such a proposal is that I would not be the least bit comfortable providing any Secretary of Agriculture, past, present, or future, the authority and opportunity to manipulate export grain prices, either up or down, recognizing only the requirements of some vaguely based study.

Personally, I can think of no more effective embargo tool being placed in the hands of the executive branch than is provided by this authority.

Moreover, I object to it on the grounds that it would actually encourage the executive branch to use agricultural exports for political purposes, both foreign and domestic, a situation I feel most of us in the Congress oppose. Passing this legislation would make a mockery of our efforts at embargo protection.

Third, enactment of the proposal would also make a mockery of our efforts to expand our export opportunities through export-credit-revolving funds or export-enhancement programs. Why engage in programs earmarking billions of dollars for expanding overseas markets while at the same time supporting the conflicting concept of an export grain bank, the effect, though perhaps not the purpose, of which would be to limit export markets.

Finally, in the event we were able to realize higher export prices, I feel that the part of the gentleman's proposal giving the Secretary open ended authority to use funds in the export grain bank to support other programs rather than earmarking it exclusively for the domestic producers of the commodities involved runs contrary to his stated intention of enhancing producer income.

While it was pointed out in discussions last week that the gentleman's amendment is discretionary with respect to the establishment of the bank, itself that appears to be one of the few areas of discretion. Whether we had the bank or not would not alter mandatory language requiring the Secretary to approve every sale of wheat or feed grains abroad.

Mr. WEAVER. Mr. Chairman, will the gentleman yield on that point?

Mr. FOLEY. Yes.

Mr. WEAVER. I just want to clear up that one point.

The approval is mandatory for the export license if it meets the minimum price, so if he does not set the minimum price, therefore it is automatic—automatic. The approval of the license is automatic.

Mr. FOLEY. He has to issue an export license for every amount of grain.

Mr. WEAVER. It says the Secretary shall approve, period, if it meets the minimum price.

□ 1630

If the Secretary does not set a minimum price, it is absolutely automatic that the contract for the license be approved.

Mr. FOLEY. Mr. Chairman, if that is the case, it still remains, in my opinion, an amendment that goes further than any Secretary of Agriculture in modern times has requested, and an amendment that no Secretary of Agriculture in any administration would approve. There has never been a positive statement by any former Secretary of Agriculture for legislation of this kind. In addition to being an authority that has not been requested, the very notion runs deeply counter to our Nation's commitment to allowing free export of our agricultural commodities in the world market under competitive, world conditions. What the gentleman is suggesting is that we provide the Secretary authority which goes well beyond his desire and, I would add, against the overwhelming judgment of the major commodity and agricultural organizations of the United States.

It is interesting to note that in the decade of the 1970's the United States increased its market share of grain sales over every other country of the world by a factor of about 2 to 1. Indeed, we took three-fourths of all additional sales of grain in the world during that decade, and we did it with private marketing of grain abroad.

In countries such as Canada, where there is a semigovernment agency to export grain, there has been talk about emulating the United States. Yet, oddly enough, after our success in the 1970's, we now have people in our country suggesting that we emulate the policy of others.

Now, the gentleman says that we are subsidizing sales to the Soviet Union, arguing that our grain is sold at below the cost of production. Very frankly, I share the gentleman's strong desire to see all our grain prices to the farmers improve. I think they are too low both at home and abroad. However, the idea that we can selectively extract higher prices in a world market where 80 countries produce wheat and almost as many produce other grains is strangely inconsistent with our experience on the embargo.

We were told that, as the world's greatest exporter, the United States could effectively block the Soviet Union's acquisition of grains by imposing an embargo. Despite this the Soviet Union obtained almost as much in imports as it desired, proving that we could not stand in the way of a powerful importer with enough money to pay.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, I thank the gentleman for yielding.

I think the gentleman made an interesting point, because the only time I know of when anyone sold grain at a

higher price than we did was exactly when we embargoed and gave other nations a chance to charge higher prices to Russia because we refused to ship grains. During the embargo they developed a two-tier system where others could sell at a greater level than we had. So the only time they did get a better price was when we shot ourselves in the foot with that embargo.

The CHAIRMAN. The time of the gentleman from Washington (Mr. FOLEY) has expired.

(On request of Mr. FRENZEL, and by unanimous consent, Mr. FOLEY was allowed to proceed for 3 additional minutes.)

Mr. FOLEY. Mr. Chairman, I thank the gentleman from Minnesota (Mr. FRENZEL). I mean no disrespect to the gentleman but I think we may be about to carry that process a bit further by shooting ourselves in the other foot. This is a program that will, I think, bring about a price embargo.

A lot of us from rural areas, regardless of party, have said that President Nixon was wrong in 1973 to embargo soybeans, that President Ford was wrong in 1975 to embargo, and that President Carter was wrong in 1980 to embargo. Yet, interestingly enough, what we are flirting with here is a back door embargo. It is a price embargo because it will invite every competitor we have to cooperate in raising the price of grain—just short enough of the price set by the Secretary, so that they can undercut our markets.

Of course, Australia urges us to do this, and, of course, Canada would like us to do this also. They want to take a share of our market and raise their prices at the same time.

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Oregon.

Mr. WEAVER. Mr. Chairman, that is just like Saudi Arabia's sale at $2 and $5 below the price, is it not? That is just exactly the same way we turned down Saudi Arabia's oil, is it not?

Mr. FOLEY. Saudi Arabia is a country with so much money that we shouldn't even suggest we could shut off its grain imports. I have said a number of times that if Saudi Arabia wanted to, with 5 million people, it could import its grain in the form of croissant at the George V Hotel in Paris, ship it by Air France, and still give it free to its population.

We have no possibility at all of trying to force a full embargo against the oil-moneyed countries, and the gentleman does both farmers and the American taxpayers a disservice by suggesting that this provides even the remotest hope that we can come out with some kind of a cost-free balance to OPEC. If we are the only member, we can't make it stick.

Mr. HIGHTOWER. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Texas.

Mr. HIGHTOWER. Mr. Chairman, I appreciate the gentleman's yielding, and I appreciate his bringing up this matter of a price embargo.

But I wonder, too, if we should not also point out the fact that under the mechanism set up we may be more susceptible to political embargoes. Would the gentleman have that interpretation of the measure, that whereas we can talk about political embargoes, if we centralize the marketing and make it subject to a politically appointed board, are we not increasing the possibility of a political embargo?

Mr. FOLEY. Mr. Chairman, the gentleman is quite right.

If the gentleman will permit me to say this, I think one of the reasons most farmer groups have not supported this idea is that they believe a political body might not necessarily act in support of the farmer.

The CHAIRMAN. The time of the gentleman from Washington (Mr. FOLEY) has again expired.

(By unanimous consent, Mr. FOLEY was allowed to proceed for 3 additional minutes.)

Mr. FOLEY. Mr. Chairman, it is possible that a politically appointed body might decide to jack up the price to artificially high levels for the purpose of an effective direct price embargo.

Mr. HIGHTOWER. Mr. Chairman, if the gentleman will yield further, there would be nothing we could do about that on this level because we have turned the control of the marketing over to them as far as international trade is concerned; is that right?

Mr. FOLEY. Exactly. I just think it is specious to encourage American farmers to believe that we can somehow interrupt, an internal Japanese tax for example I do not like the fact that the Japanese Government, which buys the wheat jacks up the price by taxing it. But however the United States has no more claim to object to that practice than the Japanese have to object to the fact that we levy certain internal excise taxes.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, I thank the gentleman for yielding.

I wanted to ask the gentleman a question in response to what the gentleman from Minnesota said earlier about the Argentine experience a year ago.

When we had the grain embargo, it is true that the Argentines did ship a lot of grain to the Soviet Union, and it is also true that during that period of time they bought substantial amounts of grain from the United States. It is also a well known fact they sold that grain to the Soviet Union. I am sorry that I do not have the figures, but it seems to me that it was sold around 18 percent greater than what the price had been in this country.

What I am saying is that if Argentina could get that much more for the grain, what prevents us from doing so? Are we helpless? Is this just a hopeless situation?

Mr. FOLEY. Sometimes it works exactly that way. When we try to shut off all contact with the Soviet Union and all sales, all they have to do is bid up the price a little bit more and they can buy what they want from somebody else. If we try to bid the price up ourselves, all they have to do is buy it from other people at a little cheaper price.

The fact of the matter is that the gentleman's policy inevitably would leave us as the residual supplier of grain to the Soviet Union or any other importer. They will buy from every other source at a lower price. We provide the price umbrella and ceiling, and our competitors have free rein to raise their prices not quite as much as ours and sell all their grain. Then only as a last resort would they buy from us.

I do not want to see the United States becoming the residual supplier of grain in the final market after every competitor in the world has sold to its maximum. I think we have to realize that the market is not going to stay static if we offer a nice big price umbrella here. Our competitors are going to have an opportunity to sell under our umbrella.

The CHAIRMAN. The time of the gentleman from Washington (Mr. FOLEY) has expired.

Mr. SMITH of Iowa. Mr. Chairman, I ask unanimous consent that the gentleman from Washington may be allowed to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

Mr. WEAVER. Mr. Chairman, reserving the right to object, the debate has been very lopsided here, and, frankly, a lot of nonsense has been stated. Therefore, I would like this to be the last word so we can proceed with our facts.

Mr. FOLEY. Mr. Chairman, if the gentleman will yield, he would like to have the last word, and so would we.

□ 1640

Mr. WEAVER. Reserving the right to object, my dear and distinguished friend is one of the finest Members of this Congress and I love him. But he is not telling the story the way it really is.

The CHAIRMAN. Does the gentleman withdraw his objection?

Mr. WEAVER. I withdraw my objection.

The CHAIRMAN. Without objection, the gentleman from Washington (Mr. FOLEY) will be recognized for 3 additional minutes.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. I do not want us to become a residual supplier either. I am not in support of the amendment.

But I do want to point out what is happening here. My colleagues heard the gentleman from Illinois (Mr. DERWINSKI) get up. He is frustrated. Other Members are frustrated. Something is wrong, and what is wrong is that reporting system. They say you report the next day. The fact of the matter is they have 18 days in which to cover a fixed price sale. Canada hedges their stuff on our board of trade. Our farmers pay for it because it is 18 days later before they know that the demand has changed in the world market.

If we do not do something about this reporting system, we are going to have something like this adopted one of these days. So I say that the committee ought to take heed of what is going on here today. The gentleman from Illinois (Mr. DERWINSKI) served a purpose, a good purpose here, when he warned us that people know something is wrong and we ought to do something about it.

I have had a bill over in that committee, as my colleague knows, for the last 5 years. The committee has done nothing about it.

We ought not to ever let a foreign government or a foreign sale be made that our people do not know about for 18 days.

(By unanimous consent Mr. FOLEY was allowed to proceed for 2 additional minutes.)

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I will yield to the gentleman from Oregon (Mr. WEAVER).

Mr. WEAVER. I appreciate that. What the gentleman from Iowa (Mr. SMITH) said is exactly correct. Our farmers sell their produce, their life blood into the dark. They do not know who buys it. They do not know what price it goes for. I am talking about export sales. They do not know what Canada is doing. They do not know what the Soviet Union is doing.

This is the worst system imaginable, and that is why our agriculture is simply going bankrupt.

Under my amendment, if the Secretary used it properly, he would wait to find out how much the Soviet Union was growing, what the demand was going to be, what the Canadians were growing, what the demand for their product was going to be, before he set the price. The farmers would know who was buying their grain. They would know what the demand was in the world. That is the whole point. That is the point whole.

My God, do we not realize the system we have now is not the most successful? We produce billions and billions of bushels of grain and oil seeds, and we sell every single one of them at a loss to the Soviet Union, to the OPEC nations, to Japan, and our farmers get taken to the cleaners. When is it going to stop?

Mr. FOLEY. If I can just retain whatever time I have left to make a comment. I know the gentleman from Oregon and others who have spoken in favor of this amendment are motivated by a strong, proper, and justified concern over the price of grain. I share that fully.

Grain prices are too low. I repeat, again, they are too low at home as well as too low abroad, because the same arguments apply to our own domestic situation. Domestic consumers are buying grain below the cost of production.

What we have today is a massive amount of grain that goes for domestic purposes being sold at below almost all estimates of the cost of production.

We want to try to find a way around that. My only plea is that this is not the way. It will hurt farmers—not help them. It will cripple our trade, not expand it. It will aid our competitors, not compete against them. It will not be an answer to the problems the gentleman has well set out and which, in truth, are problems.

The CHAIRMAN. The time of the gentleman from Washington has again expired.

(At the request of Mr. FITHIAN and by unanimous consent Mr. FOLEY was allowed to proceed for 2 additional minutes.)

Mr. FITHIAN. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Indiana.

Mr. FITHIAN. I would just inquire, because the gentleman probably knows more about agricultural policy than anybody in this body, is it not unlikely that whatever the merits of the Weaver amendment, whatever the merits of the system, and I think it is close enough a call to say that the gentleman from Oregon has at least presented us with a novel idea, a new idea, a fresh idea, in an arena where we have not had very many fresh ideas for a long time, but if I am not misreading the amendment, it is left up to the discretion of the Secretary.

Mr. FOLEY. The gentleman is correct, except that the Secretary is required to approve grain sales. That is a precedent that I do not particularly want to see.

Mr. FITHIAN. My bottom line question of the gentleman from Washington is whether or not we are really kind of debating a tempest in a teapot here because at least from what I have been able to perceive from Secretaries of Agriculture of the last 7 years, there would be little or no prospect that given this kind of discretion that any Secretary of Agriculture that we have had in the last decade, the decade of the 1970's, would have made any use of the amendment.

Mr. FOLEY. Nor in the 1960's.

Mr. FITHIAN. Not the preliminaries, but would not make any use of the amendment to achieve what the gentleman wanted to achieve.

Mr. FOLEY. I do not think any Secretary that I have served with, Republican or Democrat, would implement this program if authorized.

Mr. ALBOSTA. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Michigan.

Mr. ALBOSTA. I understand, I think, the complexities of what the gentleman is talking about. Certainly, I want to recognize the gentleman as one of the outstanding authorities in terms of agricultural matters here in the House of Representatives. But I also want to state somehow, if I might, to the gentleman from Washington about the plight of the farmer himself.

I just feel like we have gone on, and on, and on, and this Government has taken the position it does not wish to do anything to bring any kind of a floor up on commodities anywhere near the cost of production. The farmers are supposed to subsidize the Russians.

I take the position that that is wrong. I do not think this Government should subsidize its enemies. I do not say the amendment of the gentleman from Oregon (Mr. WEAVER), is the proper mechanism that will bring about a way of stopping that subsidy. But let me point out that I think it is wrong, totally wrong, for us to subsidize a nation that supposedly is going to bury us and do it without firing a shot.

Mr. FOLEY. I do not recall that the gentleman supported the embargo.

Mr. ALBOSTA. I did not support the embargo.

Mr. FOLEY. A very effective way to express the gentleman's concern would be to support a permanent embargo against the Soviet Union. I do not think that is the gentleman's position, and is not the farmers' position.

This amendment, I submit, is not a good idea. The gentleman from Oregon has had good ideas, and has made some very positive contributions to agricultural policy. I will put one on the record right now. He was one of the principal authors and one of the principal supporters of the present grain reserve 4 years ago.

The CHAIRMAN. The time of the gentleman from Washington has again expired.

(At the request of Mr. ALBOSTA and by unanimous consent Mr. FOLEY was allowed to proceed for 2 additional minutes.)

Mr. FOLEY. That was a good idea, and that idea has proved itself by its application. I think that stands as one of the gentleman's very important contributions.

I happen to think that on this particular idea we have an honest and a very fundamental disagreement. That disagreement centers on whether or not we can by this kind of mechanism effectively change the market forces so we can control export prices, and thus assist the farmer. I believe the consequences would be exactly the opposite, harming the farmer and harming our export trade. I think the issues are sufficiently important not only to this debate, but to the economy as a whole to make this an enormously important issue.

This issue is not one on which we can be wrong without an extreme threat to our agricultural economy.

Mr. ALBOSTA. If the gentleman would yield to me further on the question of the embargo, I do not want it left that I was against the embargo.

Mr. FOLEY. I think the gentleman made it clear he was not. But if the gentleman is against trade with the Soviet Union on the present terms, then he must change his position because we are not selling to the Soviet Union under anything but normal conditions. We are selling to them for what we sell to Japan, what we sell to Europe, or what we sell to anybody.

Mr. ALBOSTA. What I was referring to was a system somehow so that we would put some kind of a floor so that the farmers would not be forced simply to sell their commodities regardless of what that price is.

I think personally the farmers are against the target prices. They do not want subsidies from the U.S. Government. They think their commodity is at least worth whatever the cost of production is.

Mr. FOLEY. The gentleman and I share the desire, along with everybody else from the agricultural areas. As well as many in our urban areas, to do justice to our farmers on price. We just disagree on the method.

Mr. ALBOSTA. If we could bring the loan price up, that would do the trick.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Illinois.

Mr. FINDLEY. This, I think reflects attitudes very prevalent in our own country. In my own district, for example, there is a very strong sentiment for Government price-fixing of exports.

I think it is without good reason, but it does exist.

□ 1650

And I would venture to suggest to the gentleman, as chairman of the subcommittee on which I serve also, that we might render a public service in providing a more appropriate forum in that subcommittee for a future discussion of these issues.

Mr. FOLEY. There is going to be an amendment offered by the gentleman from North Dakota (Mr. DORGAN) later in the day to H.R. 3603 which will ask the Secretary to submit some alternative marketing proposals. He might well decide to submit this plan. I think it is something that needs further study.

Mr. WEAVER. Mr. Chairman, I ask unanimous consent to proceed for 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. WEAVER. Mr. Chairman, I believe it would be a tragedy if now that the House I am sure was very close to accepting this amendment that will finally get us on a footing where we can start making money from our farm products for a change, if it now went down.

So let me, please, slowly and deliberately, answer each and every thing that has been said here today by my distinguished friend, the gentleman from Washington.

First of all, he says my amendment puts the Government into the picture.

Consider the only two alternatives to raising prices. There are only two. One is increasing the loan program, getting the loan price support up to $5 or $6. That would mean the Government would be buying enormous stocks of grain as the nonrecourse loans were forfeited. It would put the Government into a grain business enormously, enormously. It would be setting prices, with the loan support price, and getting the stocks and selling the grain themselves, the Government. Under my amendment the Government never touches the grain.

The second way to get the prices up would be to have set-aside programs. The Government would tell each and every farmer how much they could grow. You would really have the Government in the picture then.

Under my amendment, the Government stays out of everything. The farmer grows what he wants, he sells to whom he wants, the grain companies buy, ship, store and sell to whom they want. The Government does only one thing. It says, "Hey, let us get one simple thing across. We are no longer going to sell below the price of production. We set a minimum price." And that is all the Government does.

So this way the farmer can make a living, and the money does not come from our consumers in this country. It comes from the Soviet Union, who are now subsidizing. It comes from Japan. Let me tell the Members something. Japan puts a $5 charge on our wheat. We sell it to them for three and a half bucks, and the Government of Japan puts a $5 charge on top of that, pockets it, and then uses it to subsidize their own agriculture, and our farmers do not get a penny of it.

Let me talk about the embargo. My amendment says—and it mandates the Secretary, if he does put on the minimum price—that it must be the price that is reasonably obtainable in foreign markets.

So I mandate no embargo. I mandate that he must set a reasonable price and obtainable in foreign markets.

Will it work? The latest U.S. Department of Agriculture bulletin, published just in the last month or two, numbered 167, by Robert Bain, says:

> The management of a U.S. board would be far more omnipotent (than the other grain companies) and, therefore, its forecasting ability in marketing strategies would vitally affect grain trade and prices.

It goes on to say:

> It is possible to specify a theoretically optimal set of prices that would maximize total revenue.

So the USDA, even though they will not support it, says it works.

Now, as to the embargo, when we embargoed grain to the Soviet Union, any other country in the world could sell to them, and did. Now, they had to lose their customers. When Argentina sold to the Soviet Union, then the customers Argentina sold to previously came to us. So it was a wash, except Argentina got a higher price for their grain and we still sold at a cheap price.

My amendment is the only way we can deal with the Soviet Union, because it says we are going to sell to every single customer at a decent price. So the Soviet Union is going to have to pay that price; Japan is going to have to pay that price; the OPEC nations, which buy 25 percent of our export grain, by the way, have to pay the price.

Finally, my dear friend says they will go someplace else and buy. Now, think about that. We sell 85 percent of the soybeans in world markets; 85 percent. Brazil is touted. "Oh, they will get it from Brazil." Three counties in Illinois grow more soybeans than Brazil does. We sell 70 percent of the corn.

Now, I have always said when the OPEC countries raised the price of oil, fine, let them, we will go someplace else and buy our oil. Where?

Well, if we raise the price of our grain just to a reasonable obtainable price, where are they going to go to get the grain? They have to come to us. The Soviet Union must come to us for their 35 million or 22 million tons.

No other supplier. We grow six times the wheat that Canada does, eight times the wheat that Australia does. And that is just wheat.

Mr. HAGEDORN. Mr. Chairman, I move to strike the requisite number of words.

I think that all of us stand here and support and wish that this idea would work, and few of us think that it will. And every one of us would like to see higher and fairer farm prices go to America's producers. But, unfortunately, the former chairman of the committee outlined very well for this House what the effect would be, and that is the fact that it probably would not work by any sense of the word, unless we had shortages, and then you would not need it because the price would go up anyway. The last time we did have decent farm prices was about a year ago in January, and then some of the very same people who are now talking about holding the Soviets hostage and other countries to minimum prices were in the well praising the embargo when we embargoed $9 and $10 soybeans and $3.75 corn as a great move that has helped put us in the position we are in today. And the fact that this amendment has been presented before the House Agriculture Committee on any number of times, I do not think ever got more than five or six votes by the friendliest group of all, each of us who represent farm districts; and, therefore, so he has changed the amendment to provide for discretion. Discretion allows for demagoguery in the future. When we cannot design a decent program in the committee, where this ought to be debated and supported if there is any merit whatsoever, we bring it to the House, pass discretionary language so that in the future people can stand on the stump back in their political districts and rant and rave why the Secretary of Agriculture will not do this simple thing that will get high farm prices for America's farmers. And the former chairman of the committee, in his statesmanlike position and the high respect I have for him, I think exactly said it like it is, and that is that it will not work until we have shortages, and conditions are a lot different in the world as it relates to production and demand than we see at the current time.

Mr. FITHIAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am probably going to vote against the amendment offered by the gentleman from Oregon, but I do recognize this as the product of 5 or 6 years of work.

Mr. WEAVER. Mr. Chairman, will the gentleman yield?

Mr. FITHIAN. I yield to the gentleman from Oregon.

Mr. WEAVER. I thank the gentleman for yielding, because I would like to respond to my dear friend, the gentleman from Minnesota.

The gentleman said I did not get any votes on this in the Ag Committee. The gentleman said that we did not adopt it in the Ag Committee.

Does the gentleman support the farmer-held grain reserve?

Mr. HAGEDORN. If the gentleman will yield, I have supported the farmer-held reserve and have voted for it if the Government does not dump the grain on the market at cost of production like the last Secretary of Agriculture.

Mr. WEAVER. The gentleman supports the farmer-held grain reserve, which is considered to be one of the most popular programs adopted in the 1950's. Forgive me for saying this, but when I offered the farmer-held grain reserve in the Agriculture Committee, it only received 6 votes out of 44, and the gentleman from Minnesota was one of those opposing it. I brought it to the floor of the House because I could not get it through the Agriculture Committee, and here on the floor of the House, in a debate just like this, we adopted it. Now everybody says, "It is a wonderful program and, gosh, we should have had it in earlier." So the identical thing happened to the farmer-held grain reserve that the gentleman now supports and voted against in committee.

Mr. HAGEDORN. If the gentleman will yield further, the farmer-held reserve takes a small amount of the total annual production, isolates it from the market. I have never been supportive of it when the grain is called off of the farms when prices reach cost of production, like Secretary Bergland in his final days. And today much of that grain has not been marketed, and the price has plunged.

The feed grain reserve program, if the grain were held in reserve until decent farm prices occurred, would be a great program. It has not been administered that way in the past. I think you would have to agree it could be improved on significantly if it is really to accomplish the objectives that we originally thought it would.

□ 1700

Mr. FITHIAN. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon (Mr. WEAVER).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. WEAVER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 138, noes 270, not voting 25, as follows:

[Roll No. 269]

AYES—138

Addabbo	Fowler	Neal
Albosta	Frank	Nowak
Anderson	Garcia	Oberstar
Annunzio	Gejdenson	Obey
Anthony	Gonzalez	Ottinger
Benjamin	Gray	Patman
Bennett	Guarini	Patterson
Biaggi	Hall (OH)	Perkins
Blanchard	Hall, Ralph	Peyser
Bouquard	Hall, Sam	Rahall
Brinkley	Hance	Ratchford
Brodhead	Harkin	Richmond
Broomfield	Hatcher	Rinaldo
Brown (CA)	Hawkins	Ritter
Broyhill	Hefner	Roberts (SD)
Burton, Phillip	Heftel	Rodino
Carney	Hendon	Roe
Chisholm	Hollenbeck	Rose
Clay	Howard	Rosenthal
Collins (IL)	Huckaby	Roybal
Conte	Hughes	Russo
Coughlin	Jacobs	Sabo
Coyne, William	Jenkins	Savage
D'Amours	Johnston	Scheuer
Danielson	Jones (NC)	Schroeder
Daschle	Kastenmeier	Schulze
Deckard	Kildee	Schumer
Dellums	Kogovsek	Seiberling
DeNardis	Leath	Shannon
Derwinski	LeBoutillier	Smith (PA)
Dickinson	Lehman	Solarz
Donnelly	Lent	St Germain
Dorgan	Levitas	Stark
Downey	Long (MD)	Stenholm
Dwyer	Markey	Stokes
Dymally	Mattox	Stratton
Eckart	Mavroules	Traxler
Edgar	McGrath	Vento
Edwards (CA)	McHugh	Waxman
Ertel	Mikulski	Weaver
Evans (GA)	Miller (CA)	Weiss
Fary	Minish	White
Fascell	Mitchell (MD)	Whitley
Ferraro	Moffett	Wilson
Flippo	Mottl	Wolpe
Foglietta	Murphy	Zeferetti

NOES—270

Akaka	Coats	Fithian
Alexander	Coelho	Foley
Andrews	Coleman	Ford (MI)
Applegate	Collins (TX)	Ford (TN)
Archer	Conable	Forsythe
Aspin	Conyers	Fountain
Atkinson	Corcoran	Frenzel
AuCoin	Courter	Fuqua
Badham	Coyne, James	Gaydos
Bafalis	Craig	Gephardt
Bailey (MO)	Crane, Daniel	Gibbons
Bailey (PA)	Crane, Philip	Gilman
Barnard	Daniel, Dan	Gingrich
Barnes	Daniel, R. W.	Glickman
Beard	Dannemeyer	Goldwater
Bedell	Daub	Goodling
Beilenson	Davis	Gore
Benedict	de la Garza	Gradison
Bereuter	Dicks	Gramm
Bethune	Dingell	Green
Bevill	Dixon	Gregg
Bingham	Dornan	Grisham
Bliley	Dougherty	Gunderson
Boggs	Dowdy	Hagedorn
Boland	Dreier	Hamilton
Bolling	Duncan	Hammerschmidt
Boner	Dunn	Hansen (ID)
Bonior	Dyson	Hansen (UT)
Bonker	Early	Hartnett
Bowen	Edwards (AL)	Heckler
Breaux	Edwards (OK)	Hertel
Brooks	Emerson	Hightower
Brown (CO)	Emery	Hiler
Brown (OH)	English	Hillis
Burgener	Erdahl	Holt
Butler	Erlenborn	Hopkins
Byron	Evans (DE)	Horton
Campbell	Evans (IA)	Hoyer
Carman	Evans (IN)	Hubbard
Chappell	Fazio	Hunter
Chappie	Fenwick	Hutto
Cheney	Fiedler	Hyde
Clausen	Findley	Ireland
Clinger	Fish	Jeffords

Jeffries	Montgomery	Skelton
Jones (OK)	Moore	Smith (AL)
Jones (TN)	Moorhead	Smith (IA)
Kazen	Morrison	Smith (NE)
Kemp	Murtha	Smith (NJ)
Kindness	Myers	Smith (OR)
Kramer	Napier	Snowe
LaFalce	Natcher	Snyder
Lagomarsino	Nelligan	Solomon
Lantos	Nelson	Spence
Latta	Nichols	Stangeland
Leach	O'Brien	Stanton
Lee	Oxley	Staton
Lewis	Panetta	Studds
Livingston	Parris	Stump
Loeffler	Pashayan	Swift
Long (LA)	Pease	Synar
Lott	Petri	Tauke
Lowery (CA)	Pickle	Tauzin
Lowry (WA)	Porter	Taylor
Lujan	Price	Thomas
Luken	Pritchard	Trible
Lungren	Pursell	Udall
Madigan	Quillen	Vander Jagt
Marks	Railsback	Volkmer
Marlenee	Regula	Walgren
Marriott	Reuss	Wampler
Martin (IL)	Roberts (KS)	Watkins
Martin (NC)	Robinson	Weber (MN)
Martin (NY)	Rogers	Weber (OH)
Matsui	Rostenkowski	Whitehurst
Mazzoli	Roth	Whittaker
McClory	Rousselot	Whitten
McCollum	Santini	Winn
McCurdy	Sawyer	Wirth
McDade	Schneider	Wolf
McDonald	Sensenbrenner	Wortley
McEwen	Shamansky	Wright
McKinney	Sharp	Wyden
Mica	Shaw	Wylie
Michel	Shelby	Yates
Miller (OH)	Shumway	Yatron
Mitchell (NY)	Shuster	Young (AK)
Moakley	Siljander	Young (FL)
Molinari	Simon	Young (MO)
Mollohan	Skeen	Zablocki

NOT VOTING—25

Ashbrook	Leland	Roemer
Burton, John	Lundine	Roukema
Crockett	McCloskey	Rudd
Derrick	Mineta	Walker
Fields	Oakar	Washington
Florio	Paul	Williams (MT)
Frost	Pepper	Williams (OH)
Ginn	Rangel	
Holland	Rhodes	

□ 1710

The Clerk announced the following pairs:

On this vote:

Mr. Mineta for, with Mr. Ginn against.

Mr. Rangel for, with Mr. Roemer against.

Messrs. McKINNEY, FUQUA, VOLKMER, ANDREWS, and Mrs. HECKLER changed their vote from "aye" to "no."

Messrs. GRAY, LONG of Maryland, FARY, HANCE, RODINO, GONZALEZ, Mrs. BOUQUARD, Mr. HUGHES, and Mr. TRAXLER changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

□ 1720

AMENDMENT OFFERED BY MR. PANETTA

Mr. PANETTA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PANETTA: On page 77 after line 2, insert the following:

PERISHABLE AGRICULTURAL COMMODITIES

SEC. 1011(a) Paragraphs (6) and (7) of section 1 of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 449c (6) and (7), are amended by striking out "$200,000" and inserting in lieu thereof "$230,000".

(b) Section 3(b) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 490(b)), is amended by striking out "$150", "$50", and "$1,000", and inserting in lieu thereof "$300," "$150", and "$3,000," respectively.

(c) Sections 6(c) and 6(d) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499f (c) and (d), are amended by striking out "$3,000", wherever it appears, and inserting in lieu thereof "$15,000".

In the table of contents insert, in the appropriate place, the following:

"Sec. 1011. Perishable Agricultural Commodities".

Mr. PANETTA (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. PANETTA. Mr. Chairman, I am offering an amendment which was adopted by the Senate and which enjoys the support of the fresh fruit and vegetable industry throughout the United States. My amendment to the Perishable Agricultural Commodities Act—PACA—would simply increase the ceilings on license fees and increases the level of damages claimed which entitle a respondent to an opportunity for an oral hearing in a proceeding under the act.

PACA provides a mechanism for policing the fast-paced fresh fruit and vegetable brokerage industry. It provides a standard of business conduct to which merchants, dealers, and brokers are held. It provides a framework for resolving disputes including disciplinary actions and it enhances recovery of damages. This program is extremely valuable to the smooth and efficient functioning of the marketplace and enjoys the full support of industry.

In 1980 alone, $6 million was recovered by informal negotiations that would have otherwise been resolved in our crowded courts. In addition, counseling efforts involving contract responsibility reduced the number of complaints. The value of this recovery to industry is estimated at $71 million which is over 25 times the administrative cost of the program.

The entire PACA program is financed by licensing fees charged to merchants, dealers, and brokers. The fee ceiling, however, has not been increased in many years. Even though on January 1, 1981, the license fees were raised to the current ceilings, the cost of operating the program exceed income in fiscal year 1981 by approximately $300,000. That deficit will expand in fiscal year 1982 to an estimated $800,000 unless we act today to adopt my amendment.

My amendment will increase the fee ceiling from the current $150 to $300, the branch fee from $50 to $150, not to exceed $3,000. The amendment would retain the current exemption of up to nine branches from the branch fees. It would also increase the damage floor that triggers mandatory oral hearings from $3,000 to $15,000. Finally, the amendment would increase the level of purchases of fruits and vegetables by retailers and of frozen food brokers' sales from $200,000 to $230,000 before they fall under the licensing provisions of the act.

Mr. Chairman, my amendment enjoys the support of the committee. It will provide adequate revenues for the program through fiscal year 1986. It will allow the PACA program to continue as a user fee-funded program of the Department of Agriculture.

There are a number of other important issues in relation to PACA which must be addressed by the House Agriculture Committee and in particular the Subcommittee on Domestic Marketing Consumer Relations and Nutrition on which I serve with subcommittee chairman, FRED RICHMOND. These issues include the proper definition of misbranding violations under the act, appropriate requirements for bonding of foreign claimants or the assignees of nonresidents under the act, retailers' concerns about the license fee structure, the status of sellers, during bankruptcy proceedings, and duplicative licensing by wholly owned subsidiary retail corporations.

I am pleased to inform my colleagues that Subcommittee Chairman RICHMOND has indicated that he will hold hearings in the future on these matters and others items of concern regarding PACA.

In conclusion, I urge my colleagues to support this amendment. It is a reasonable and responsible measure that will benefit industry while insuring the Federal Government does not incur unnecessary expenses.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I will be pleased to yield to my chairman, the gentleman from Texas.

Mr. DE LA GARZA. Mr. Chairman, we have examined the gentleman's amendment and know of the work that he has done toward reaching consensus.

We have no objection on this side and would accept the gentleman's amendment.

Mr. PANETTA. I thank the chairman.

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Virginia.

Mr. WAMPLER. Mr. Chairman, the minority likewise has examined the gentleman's amendment. It seems to be wholly reasonable. There seems to be a consensus. I know of no objection to the gentleman's amendment. We are willing to accept the gentleman's amendment.

Mr. PANETTA. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California.

The amendment was agreed to.

AMENDMENT OFFERED BY MR. ENGLISH

Mr. ENGLISH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ENGLISH: On page 77, insert after line 2 the following:

AUTHORITY TO RELEASE BEE GERM PLASM

SEC. 1012. Section 103 of the Department of Agriculture Organic Act of 1944 (7 U.S.C. 283) is amended by adding immediately before the period "and may release bee germ plasm to the public".

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I would be happy to yield to the gentleman from Texas.

Mr. DE LA GARZA. Mr. Chairman, we have examined the gentleman's amendment and know of the consensus that he has been able to reach. We have no objection on this side and would accept the gentleman's amendment.

Mr. MARLENEE. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I yield to the gentleman from Montana.

Mr. MARLENEE. Mr. Chairman, I rise in support of the amendment and commend the gentleman from Oklahoma (Mr. ENGLISH) for his efforts in this area. As I understand the amendment, it would permit the USDA to supply our Nation's beekeepers an improved strain of queen bee. It is important to note that the industry not only contributed 20 million gallons of honey last year, but over 90 percent of all plant pollination is conducted by bees. The release of this new strain of bee would be a fitting cap to the long hours of hard work and dedication by the USDA employees. I strongly urge the adoption of this amendment.

Mr. ENGLISH. I thank the gentleman very much.

Mr. WAMPLER. Mr. Chairman, will the gentleman yield?

Mr. ENGLISH. I yield to the gentleman from Virginia.

Mr. WAMPLER. I thank the gentleman for yielding.

Mr. Chairman, we are willing to accept the gentleman's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma (Mr. ENGLISH).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. JEFFORDS

Mr. JEFFORDS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JEFFORDS: Page 77, after line 2, insert the following new section:

DISTRIBUTION OF SURPLUS COMMODITIES

SEC. 1012. (a) Notwithstanding any other provision of law, whenever Government stocks of commodities are acquired under the price support program, such commodities shall be made available without charge or credit to nutrition projects under the authority of the Older Americans Act of 1965 (42 U.S.C. 3001, et seq.), to child nutrition programs providing food service, and to food banks participating in the food bank program established under section 211 of the Agricultural Act of 1980. Such distribution may include bulk distribution to congregate nutrition sites and to providers of home delivered meals under the Older Americans Act. The Commodity Credit Corporation is authorized to use available funds to operate the program under this section and to further process products to facilitate bonus commodity use.

(b) Section 211(a) of the Agricultural Act of 1980 is amended—

(1) in the first sentence by striking out "carry out demonstration projects" and inserting in lieu thereof "establish a program";

(2) in paragraph (2)—

(A) by striking out "demonstration projects" and inserting in lieu thereof "program"; and

(B) by striking out "projects" each place it appears and inserting in lieu thereof "program".

(d) Section 211(c) of the Agricultural Act of 1980 is amended in the second sentence by striking out "projects" and inserting in lieu thereof "program".

(e) Section 211(d) of the Agricultural Act of 1980 is amended—

(1) by striking out ", 1982," and inserting in lieu thereof "of each year"; and

(2) by striking out "demonstration projects" and inserting in lieu thereof "program".

(f) Section 211(f) of the Agricultural Act of 1980 is amended by striking out "to carry out this section $356,000" and inserting in lieu thereof "such sums as may be necessary to carry out this section".

(g) Section 211 of the Agricultural Act of 1980 is amended—

(1) by redesignating subsection (f) as subsection (g); and

(2) by inserting after subsection (e) the following new subsection:

"(f) The Secretary shall minimize paperwork requirements placed on food banks which participate in the program established under this section and shall otherwise encourage food banks to participate in such program".

(h) The heading for section 211 of the Agricultural Act of 1980 is amended to read as follows:

"DISTRIBUTION OF EXCESS AGRICULTURAL COMMODITIES THROUGH COMMUNITY FOOD BANKS"

(i) Section 4(b) of the Food Stamp Act of 1977 shall not apply with respect to distribution of surplus commodities under this section.

Mr. JEFFORDS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. JEFFORDS. Mr. Chairman, I believe this amendment also will be accepted. It is not one that will raise any great controversy.

First of all, I would like to give credit to my colleague, the gentleman from Ohio (Mr. PEASE), for the development of this amendment along with me.

Mr. Chairman, the amendment which I am introducing, and which has been developed in cooperation with my colleague, Mr. PEASE, is a relatively simple amendment which does two things: First, it allows the Commodity Credit Corporation to decrease the costs that it incurs for storing commodities; and second, it provides more food to schoolchildren and the elderly at a time when other kinds of Federal nutritional assistance are being curtailed.

The amendment would require the Secretary of Agriculture to distribute, without charge, surplus government-held commodities to child nutritional programs that are operated on a not-for-profit basis, to elderly nutritional programs, and to food banks for distribution to the needy. This commodity distribution system would only be activated when a price-supported commodity is in clear surplus—when quantity held by the Government is clearly over and above what might be sold or otherwise made available for the food-for-peace program. When the Secretary determines that such a surplus is available, the only sensible thing is to put good food to good use as the product is already paid for and could deteriorate if not distributed in a timely fashion.

The Commodity Credit Corporation spent about $424 million to store all kinds of federally owned commodities during the 5-year period 1977–81. Transportation costs during this same period of time amounted to more than $213 million. These costs could be reduced significantly if surplus commodities are made available to schoolchildren and the elderly who are in need of nutritional assistance.

Mr. PEASE. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Ohio.

Mr. PEASE. I thank my colleague for yielding and for his cooperation in the development of this amendment.

Mr. Chairman. I rise today to offer this amendment with my distinguished colleague from Vermont (Mr. JEFFORDS). This amendment is particularly appropriate to the prevailing climate both in the administrative and legislative branches of the Government.

Our amendment, which provides for the distribution of surplus commodities to senior citizens meal sites, child nutrition programs and food banks, follows one of the basic principles of economics: The law of supply and demand.

A recent GAO study, which was done at my request, shows that current Government inventories include enough milk to feed 290 million people, enough butter to feed 126 million people, and enough cheese to feed 50 million people based on annual per capita consumption. In addition, in fiscal year 1980, 956,194 pounds of butter and over 18 million pounds of nonfat dry milk were sold off for animal feed—no longer fit for human consumption. These figures clearly indicate an abundant supply.

The other line of the economic graph is the demand curve. I am sure that I do not have to tell my colleagues about the poor and needy people in this country. To compound this, recent budget cuts have significantly worsened conditions for many. Thus, the demand is demonstrated.

Many worthy programs already benefit from the distribution of these surplus commodities—and they will not be adversely affected. This is a bonus commodity program, and our amendment clearly states "notwithstanding any other provision of the law."

Legislation similar to Mr. JEFFORDS' and my amendment is section 108 of the Senate bill. The only significant difference is that our amendment includes food banks in this distribution. But it is a significant difference—and I believe that there are a few million people out there who would agree with me. The inclusion of food banks is vital to the effectiveness of this amendment. Many people and programs not covered under traditional Federal programs benefit from food banks. For example, the Greater Cleveland Food Bank serves over 100 agencies and organizations which provide services for children, teens, halfway homes, retarded children and adults, the indigent, the needy elderly, recovering mental patients, and shelters for women, to name a few.

These people create a demand for products that the Federal Government has paid out over $424 million to store over the last 5 years. No one benefited from that $424 million—no one got anything to eat. This waste just cannot go on. This amendment provides the vehicle for the responsible disposal of surplus commodities—both fiscally and morally.

I urge my colleagues to support this amendment.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Texas.

Mr. DE LA GARZA. Mr. Chairman, we have examined the gentleman's amendment and know the work that he has done on it in reaching a consensus.

We have no objection and would accept the amendment on this side.

Mr. JEFFORDS. I thank the gentleman. I appreciate that.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, if I understand the gentleman's amendment, all commodities under section 416 are to be considered bonus commodities, and these bonus commodities are not to be counted against the 11 cents in commodity assistance that schools are now entitled to under section 6 of the National School Lunch Act; is that correct?

Mr. JEFFORDS. That is correct.

Let me explain briefly what the amendment does. It allows the Secretary of Agriculture to distribute excess commodities to various groups, one of which is schools, elderly, and other needy people, but not to be counted in the sense as the gentleman would like to say toward the allowable amount for expenditures under those programs, but purely as bonus.

That is correct.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, I would like to inquire if it is not going to be counted under the programs; where is the money going to come from—someplace else?

Mr. JEFFORDS. Under the bill, this is excess commodities.

Mrs. FENWICK. Yes; but I mean, where does the money come from to pay for them before you hand them out?

Mr. JEFFORDS. The purpose of this amendment is to prevent spoilage. When the Secretary determines that he has excess commodities such that he is unable to sell them and that, therefore, they would most likely spoil, he has the authority to give them away rather than to allow them to spoil. The commodity has already been paid for by purchase.

The question is right now, as the gentlewoman knows, we are having some commodities getting in the position of spoiling. The purpose of this is to prevent waste. The intent is to save money, not to provide for additional cost. The bill does provide some discretion in this area, but ordinarily what is happening now is that these excess commodities are being delivered to schools. This would expand the authority to other areas.

Hopefully, there would be no additional cost, although there would be some authority in the Secretary for distribution purposes, perhaps to add some additional cost, but that would be minimal relative to the waste which would occur if those commodities spoiled.

Mrs. FENWICK. Would this apply to butter for the elderly, which I think would be an excellent development? The Government has already bought the butter, so it does not require another appropriation. But it would mean they would not have to pay the storage on it or it will not go bad.

Mr. JEFFORDS. That is exactly correct. That is the purpose of the amendment.

Mr. WAMPLER. Mr. Chairman, would the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Virginia.

Mr. WAMPLER. I thank the gentleman for yielding.

Mr. Chairman, I think the amendment has great merit to it. We are happy to accept it on this side.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Texas.

Mr. DE LA GARZA. Mr. Chairman, just to clarify one point in the gentleman's amendment so that we may have the legislative history and be certain of what we do. The amendment fails to mention the distribution of these surplus commodities to other programs like Public Law 480 or resale under the CCC's unrestricted sale program.

Does this mean that these programs mentioned in the amendment have priority when excess commodities are distributed?

Mr. JEFFORDS. Mr. Chairman, we do not intend that any distribution channel would have priority. When excess Government-held price support commodities are available, we expect the Secretary will make these supplies available through all distribution channels for which he has authority. These include those programs specifically mentioned in this amendment, as well as those to which you refer.

Mr. DE LA GARZA. I thank the gentleman.

Mr. RICHMOND. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from New York.

Mr. RICHMOND. Mr. Chairman, I rise in support of the Pease-Jeffords amendment. It is an important amendment and I am proud to be listed as a cosponsor.

The national school lunch program is in trouble.

Since enactment of the Omnibus Reconciliation Act of 1981, approximately 400 schools throughout the country have terminated participation in the national school lunch program. The more than 100,000 students in those schools have no Federal guarantee of a nutritionally adequate meal. The students that cannot afford to

buy the a la carte, snack-type lunch provided in place of the national program, by and large go without any lunch at all.

In addition to school dropouts, student participation has dropped dramatically due to lunch price increases. The approximately 30-percent increase in the cost of a school lunch has forced several million children, conservatively, from the national program. Both the school dropouts as well as the lunch price increases are the direct result of the recent budget cuts.

Earlier this year, when the administration first proposed cuts in the school lunch budget, it also listed school lunch as one of the seven safety net programs. The Congress was assured by the administration that if their proposal were enacted, it would not result in any schools being forced from the program. The Congress did not go along with the cuts as proposed and greatly moderated the severity of the school lunch cuts. Nonetheless, even with the lessening of the cuts, schools are in fact leaving the program and poor children are falling through the safety net.

This year schools will receive 21.5 cents in Federal assistance toward each lunch served, 11 cents in USDA-donated commodities, and 10½ cents in cash. This 21.5 cents represents approximately a 40-percent cut in Federal general assistance.

The Pease-Jeffords amendment will greatly assist the 94,000 schools that participate in the national school lunch program in coping with the budget cuts enacted in the Omnibus Reconciliation Act. Under the amendment, surplus commodities acquired by the Department of Agriculture under section 416 of the Agriculture Act of 1949, and other agricultural support programs, will be donated to schools and other nutrition programs without charge or credit. In short, under the Pease-Jeffords amendment, USDA section 416 surplus commodities would become bonus commodities given to schools to supplement their 11 cents in USDA entitlement commodities.

I am told by the American School Food Service Association that the Pease-Jeffords amendment is vital to schools throughout the country and may well make the difference to some schools as to whether or not it would be forced from the program. It is an excellent amendment, and I urge its adoption by the House.

□ 1730

The CHAIRMAN. The question is on the amendment offered by the gentleman from Vermont (Mr. JEFFORDS).

The amendment was agreed to.

● Mr. OXLEY. Mr. Chairman, I support H.R. 3603, the Food and Agriculture Act of 1981. It is essential that we adopt this legislation, as the Food and Agriculture Act of 1977 expired with the end of the last fiscal year, making many of the farm programs we are now considering much more expensive to administer.

As a Member from a predominantly rural district I am acutely aware of the unique problems faced by the American farmer. Flooding or drought can destroy an entire crop, disease an entire herd. The measure we are today considering takes into account the interest of the consumer in holding food prices down, as well as the budgetary concerns of the administration, without sacrificing the need of the farmer for continued Government support in certain cases.

I support the bill because I believe it strikes the proper balance between excessive Government intervention—as has been the case in the past, resulting in unnecessary Government spending and increased costs to the consumer—and no Government support, which would spell disaster for many farmers, particularly the small farmer.

The measure will reauthorize many major farm programs. It will, among other things, extend basic Government price supports and target price and reserve programs for major commodities, in addition to providing income protection to farmers for certain events beyond their control, including agricultural embargoes.

The measure we are today considering is certainly not the best the American farmer could ask for. It does, however, provide more support for the farmer than the Senate-passed version of the same bill, while at the same time taking into consideration the administration's pledge to veto any budget-busting measures. I urge its passage.●

● Mr. WYDEN. Mr. Chairman, I would like to share a few words in support of the amendment offered by Congressman JEFFORDS and Congressman PEASE, which would provide for the distribution of surplus dairy products to senior-citizen mealsites, child nutrition programs, and food banks.

As cuts to our social services begin to take effect, we must look for creative solutions to pick up where these programs have left off.

The amendment offered by my colleagues is indeed a creative solution because it not only addresses the needs of our poor and elderly, but also saves the Federal Government money in the process due to reduced storage costs.

I represent 1 of the 38 congressional districts across the country that has a major food bank in operation. I have seen the great service this bank provides, but I have also seen the hardship under which its participants have worked. This amendment will provide much-needed assistance to the strained resources of this food bank and others across the country, as well as to other support organizations.

I urge my colleagues to join me in supporting this most creative and worthwhile amendment.●

Mr. DE LA GARZA. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MCHUGH, Chairman of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3603) to provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes, had come to no resolution thereon.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries.

PERMISSION FOR COMMITTEE ON MERCHANT MARINE AND FISHERIES TO MEET WEDNESDAY, OCTOBER 21, 1981, DURING 5-MINUTE RULE

The SPEAKER. The Chair welcomes back the gentleman from North Carolina (Mr. JONES).

Mr. JONES of North Carolina. I thank the Speaker. It is a pleasure to be back, even in a limited capacity. I think it is perfectly obvious to the Members why I am back. It is due to an amendment which will be on the House floor tomorrow.

Mr. Speaker, I ask unanimous consent that the Committee on Merchant Marine and Fisheries be allowed to meet tomorrow, Wednesday, October 21, 1981, while the House is reading for amendments under the 5-minute rule.

This will be on H.R. 4627, the port development bill. It is one that the committee needs to move out if at all possible.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

PERSONAL EXPLANATION

Mr. AKAKA. Mr. Speaker, I was unavoidably detained when the vote on Senate Joint Resolution 4 was taken today. Had I been present, I would have voted "aye."

DEFERRALS OF FISCAL YEAR 1982 FUNDS—MESSAGE OF THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 97-102)

The SPEAKER pro tempore (Mr. FARY) laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection referred to Committee on Appropriations:

(For message, see proceedings of the Senate of today, October 20, 1981.)

REFUGEE OFFER BY BELIZE

(Mr. SKELTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. SKELTON. Mr. Speaker, the October 15 edition of the Washington Post contained an item which revealed the news that the Government of Belize—a country wedged between Guatemala and Mexico's Yucatan Peninsula—had informed officials representing the United States in January that it would welcome 1,000 refugees from Haiti and 1,000 from Vietnam, as long as they are willing to farm. The article goes on to say that the Belizean officials are surprised that they have received no reply from Washington. Well, I am surprised too.

Refugees from Haiti have been streaming into the United States at a rate topping 1,000 per month and officials estimate that nearly 50,000 Haitians are now here illegally. Since 1975, more than half a million refugees have entered the United States from South East Asia. This past September alone, about 20,000 refugees from South East Asia entered the United States.

For several years, the United States has been stressing the importance of international participation in resolving the refugee crisis. Until this time, however, few nations have stepped forward to offer assistance. Mr. Speaker, this country has a serious refugee problem. We cannot afford to sit on creative solutions. Good faith efforts, such as that offered by Belize, should be encouraged and recognized by the State Department. Because of the urgency of this matter, I am writing Secretary of State Haig, urging his prompt consideration of this generous proposal from the Belize Government. I hope my colleagues will join me in encouraging the State Department to act promptly on this matter.

A copy of my letter is included herewith:

OCTOBER 20, 1981.

HON. ALEXANDER M. HAIG, JR.,
Secretary of State,
Washington, D.C.

DEAR MR. SECRETARY: It has come to our attention that the government of Belize informed officials representing the United States in January that it would welcome 1,000 refugees from Haiti and 1,000 from Vietnam, as long as they are willing to farm. It is also our understanding that, to date, the Belize government has not received a response to this generous offer.

Refugees from Haiti have been streaming into the U.S. at a rate topping 1,000 per month and it is estimated that nearly 50,000 Haitians are now here illegally. Since 1975, more than half a million refugees have entered the United States from South East Asia. This past September alone, about 20,000 refugees from South East Asia entered the U.S.

For several years, the United States has been stressing the importance of international participation in resolving the refugee crisis. Until this time, however, few nations have stepped forward to offer assistance. Good faith efforts, such as that offered by Belize, should be encouraged and recognized by the State Department.

Our country has a serious refugee problem. It is important, therefore, to act with expedience on all creative proposals. We hope you will give this matter your immediate attention.

With best regards,

Very truly yours,

IKE SKELTON,
Member of Congress.

SUPPORT THE HAZARDOUS MATERIALS TRANSPORTATION ACT, H.R. 3403

(Mr. MILLER of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. MILLER of California. Mr. Speaker, today the House will consider the Hazardous Materials Transportation Act, H.R. 3403, and I urge my colleagues to support the committee's bill.

The transportation of dangerous materials, including radioactive substances, through heavily populated, urban areas of our country, presents serious hazards to the health and safety of millions of Americans. Every public opinion survey in the recent past has indicated strong public approval for the regulation of these kinds of activities which pose unreasonable dangers to health and safety.

In my own district, spills of extremely dangerous chemicals and the possible transporting of radioactive materials have generated a great deal of concern among officeholders and the general public in recent months. Current safety precautions are simply inadequate. The California State Department of Health Services, which inspects vehicles which transport dangerous materials in my State, must oversee some 1,600 companies, and is years behind in its inspection schedule.

Recently, a major spill closed down an important highway through my district and raised public fears of severe health dangers. The truck carrying that material had not been inspected since its purchase in 1975.

Within the past year, an award-winning documentary was produced describing the alleged shipment of nuclear weapons and other radioactive materials through concentrated urban areas of my district. Local officials with whom I have spoken share the concerns of the film's producers that emergency evacuation procedures are inadequate to meet the possible dangers of a radioactive leak, and that there are insufficient plans to coordinate cleanup efforts with the Department of Defense.

We should not inflate unjustified public fears on this subject.

Neither should the Congress turn its back on thousands of mobile "Love Canals" weaving their way through our cities and countrysides, carrying their hazardous cargoes to poorly maintained dump sites. That is why it is crucial for the House to favorably act on H.R. 3403 today.

I would also like to share with my colleagues an editorial on this general problem from the Contra Costa Times of October 15, 1981:

CHEMICAL DANGERS MUST BE EASED

It would be easy these days to become frightened of what we're doing to the places we live with the Pandora's box of chemicals upon which so many of our economic advances are based. As with so many public policies, it's a question of whether the spreading unease will prompt solutions before we're forced by a large-scale disaster to act.

For instance, we were shaken the other day to find that a state study indicates cancer rates in northern Contra Costa County are one-third higher than the rate in the rest of the Bay Area. The study by Dr. Ronald Austin, director of the state Health Department's Resource for Cancer Epidemiology, confirmed the findings of a preliminary report released last May.

The study didn't pinpoint reasons for the high cancer rate, but the straits in the north county are lined with chemical and oil firms. The impact of the study is diluted by seemingly contadictory findings in a Kaiser Permanente study of some 30 percent of the area population in 1980, and by questions raised by industrial spokesmen concerning methodology.

But the suspicion that we're poisoning our very genes remains strong.

The worry grows when you realize the cancer study is only one of the disquieting bits of the environmental mosaic which has begun to take shape in the pages of the Times in recent weeks.

For instance, a former Johns-Mansville worker recently accepted a $500,000 settlement for the lung cancer allegedly caused by the asbestos he inhaled decades ago at the firm's Contra Costa plant—which still leaves several hundreds of workers and their families suing as a result of their cancers.

Coincidentally, Congressman George Miller claimed bad workmen's comepensation laws represent a subsidy for industries producing hazardous materials. Miller said the Social Security system is spending about $3 billion a year to pay for work-related disabilities—money which ought to come from workmen's compensation payments, he said.

Finally, the growing contents of hazardous waste disposal sites, like the one near Martinez, continue to concern environmentalists and planners. Poisonous wastes are trucked from all over the county to the Martinez dump, as we all learned when an acid-carrying truck sprang a leak on Interstate 680, forcing the evacuation of thousands of school children.

Some reports have recently indicated that scores of companies are treating and disposing of hazardous waste products with little or no state supervision. The state Department of Health Services is years behind in regulating some 1,600 companies, as evidenced by the fact the acid truck on I-680 had not been inspected since it was purchased in 1975. Federal Environmental Protection Agency records reportedly show that more than two million tons of hazardous wastes were not properly disposed of for at least two months at a time.

All this comes at a time when federal budget cuts have gutted EPA staffing, when completion of a national water quality policy has been postponed, when air pollution standards have been relaxed and when industry is making a strong case for less government regulation.

It is a subject almost too scary, and too complex, to think about.

That's why small bits of good news like the $90,000 federal grant which will help the association of Bay Area Government draw up a regional plan for coping with spills of hazardous materials are so encouraging. The regional association will bring many government agencies, industry and hazardous waste disposal experts together to coordinate the response to spills like the one which threatened residents of the San Ramon Valley.

In another bit of cheer, Gov. Jerry Brown announced this week that in 1983 the state will ban the land disposal of six kinds of hazardous wastes, thereby costing private industry an estimated $20 million to build five to 10 new waste treatment facilities.

But that's only a small part of the solution which we must find in the coming years.

Our society all too often reserves it vigorous response for full-fledged crises. But we're dealing with a different sort of emergency here. The mistakes are being made now—but the victims won't be heard from for years. Then we, and our children, will find the subtle, complex and ultimately fragile processes of our bodies going strangely wrong. By then, it will be too late to solve the problem—we'll just be trying desperately to minimize the damage.

ANWAR SADAT

(Mr. FASCELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks and to include extraneous matter.)

Mr. FASCELL. Mr. Speaker, one measure of a man is the number and range of seeming contradictions he can contain. By this measure, as by any other, Anwar Sadat was a giant among men.

Having been a soldier, he sought peace.

Devoutly religious, he respected the faiths of others.

At the political pinnacle of his country, he clung tenaciously to his roots.

Proud of Egypt's ancient civilization, he looked clearly and unafraid into the future, which he called "the most serious of battles."

Unrivaled in power, he defied the norms for those in such positions, and clearly designated a successor.

The causes for which he fought—peace and understanding among men—are of universal importance. But Anwar Sadat was first and foremost an Egyptian, a man who restored his country's pride, gave new meaning to its position of leadership, and through his policies spared the lives of countless thousands of his countrymen.

In the broad range of his reach and the global impact of his accomplishments, Anwar Sadat the statesman pushed out new boundaries, and his death leaves a great void. As a man, his moral, political, and physical courage, good sense, plain speech, and great spirit endeared him to us all. His place in history is assured, as is his place in our hearts. He will be missed; he will not be forgotten.

MOSHE DAYAN

Born in what was to be Israel, Moshe Dayan became one of its best-known figures, and he became as well a true representative of the nation he helped to build and shape.

Raised in Galilee, he was an early member of the effort which astonished the world by making the desert bloom. As soldier, military and defense leader, Moshe Dayan took an active part in some of his nation's proudest military moments; and in a variety of roles, he also negotiated and managed peace agreements and arrangements with his country's neighbors. Among these was, of course, the Camp David accords in which he was a crucial actor and which remain the region's best hope for peace.

Much has been made of Dayan's complexity: Poet, soldier, farmer, politician, archeologist, statesman, patriot who also spoke Arabic. He had his enemies, as anyone would who combined his flair and capacity for drama with his lengthy record of public life. His peaks of popularity reached the sky, but he also knew the bitter taste of defeat and rejection.

Now he is gone, and it falls to us to pay tribute to the talent, skill, energy, courage, and fierce devotion he brought to his many and varied tasks. He was larger than life; Israel and the Middle East are not the same without him.

CLOUDS OVER THE COSMOS

(Mr. AKAKA asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. AKAKA. Mr. Speaker, there is not a program in this country which is not suffering from severe budgetary constraints. While it is clear to me that we must tighten our belts and make some very difficult decisions, I am afraid that in many cases we will be forced to sacrifice intelligent and reasoned decisions on the altar of political expediency. And in some cases these sacrifices are simply wrong. In many cases these decisions are shortsighted and will do us great harm in the future.

Today I am particularly concerned with the impact of severe cuts on our Nation's space program. NASA's budget has already been reduced by 7.5 percent for fiscal year 1982. The White House is now asking for another $367 million in cutbacks, and there is talk of slashing another $1 billion in each of the next 2 fiscal years. At the very same time, the administration has refused to make any cuts in the $2.2 billion-a-year Space Shuttle program. This leaves NASA with just one option: More and drastic cuts in its budget for space science.

NASA has already given up on what was to be its collaborative effort with the Western Europeans—U.S. participation in the International Solar Polar Mission has been scrapped. The once-in-a-lifetime mission to intercept Halley's Comet has been scrapped. Project Galileo, a $500 million enterprise which would put an unmanned spacecraft in orbit around Jupiter is in serious danger of being canceled. NASA officials are even talking about shutting down the Jet Propulsion Laboratory in California and turning off our Deep Space Network—the network which has allowed us to track the Voyager 2 spacecraft so successfully.

There are those who claim that learning about the cosmos is a luxury these days. Some even say that the planets will always be around and it does not matter if we eliminate our program of planetary exploration so that we can prepare to make war now.

There are even those who claim that NASA's primary mission is one of "natural security" and that its second priority should be to place a manned military presence in space. While I do believe that it is critically important that Americans are not forced to speak Russian in space, I also believe that we cannot afford to stop our program of learning about the universe in which we live. To do so would be the peak of parochialism. We cannot and should not allow the spirit of rabid and frenzied budget-cutting to force us into making stupid and shortsighted decisions in this body. I call on my colleagues to give serious consideration to the missile-laden path down which this administration appears to be leading NASA. I call on my colleagues to hear the "music of the spheres" before our time runs out and we have given our stamp of congressional approval to the death of our planetary program. I

include an article from Time magazine in the RECORD immediately following my remarks:

CLOUDS OVER THE COSMOS

A luminous pink sunset on the planet Mars. The unexpected eruption of volcanoes on the tiny Jovian moon Io. Swirling storms on Jupiter. A continent-size landmass hidden under the thick, sulfurous clouds of Venus. The astonishingly beautiful and complex rings of Saturn.

These are only some of the spellbinding vistas opened up by the U.S. program of planetary exploration. In the past two decades, technologically gifted robots, acting as electronic eyes and ears, have flown by and inspected every planet known to the ancients, from sunbaked Mercury, the innermost planet, to distant Jupiter and Saturn.

Now, threatened by the Reagan Administration's budget cutters, this scientific assault on the cosmos may come to a halt. At a meeting in Pittsburgh last week, astronomers warned that the cuts will mean "extinction" for the planetary program. These words were echoed by Bruce Murray, director of Caltech's Jet Propulsion Laboratory, who asked: "Are we so obsessed with our present difficulties that we would give up investing in our future?"

Though the space agency's budget has already been reduced by 7.5% for fiscal 1982, the White House now is asking for another $367 million in cutbacks, melting down the total budget to $5.7 billion. To make matters worse, the Administration is talking of slashing an additional $1 billion in each of the next two fiscal years. At the same time, it is forbidding any major cuts in the $2.2 billion-a-year space shuttle program. That leaves NASA with one option: more cuts in space science.

The space agency has already canceled its half of a collaborative effort with the Western Europeans called the International Solar Polar Mission (ISPM). Two unmanned spacecraft were to be sent in great, looping orbits over the unexplored poles of the sun. Last week J.P.L. officials gloomily conceded that they had finally given up hope of launching a once-in-a-lifetime mission to intercept Halley's comet. This primordial chunk of matter, which returns to the sun's vicinity in early 1986 after an absence of 76 years, could provide invaluable clues to understanding our solar system's origins. Now it will be examined only by less sophisticated European, Soviet and Japanese probes.

More drastic still is the imminent dismantling of Project Galileo, a $500 million enterprise that would place an unmanned spacecraft in orbit around Jupiter and drop a probe directly into the giant planet's atmosphere. More than $200 million has already been spent, including several million dollars by the West Germans. Also seriously threatened: VOIR (for Venus Orbiting Imaging Radar), a scheme to place a radar-equipped robot in orbit around Venus and map its cloud-covered surface. NASA officials are even talking about mothballing the Deep Space Network, a globe-girdling array of antennas that acts as a vital communications "downlink" with all U.S. unmanned planetary spacecraft. One effect of such a move would be to silence the transmissions of the Voyager 2 spacecraft, which is scheduled to pass by Uranus in 1986.

Some space scientists hope that the Reagan Administration or Congress will be persuaded to reconsider. But Murray is taking no chances. In a message to J.P.L.'s 4,000 worried employees last week, he announced he would seek other contracts—mainly military and energy—to keep the world-famed facility in business.

NEGOTIATIONS SHOULD PROCEED IN EL SALVADOR

(Mr. GARCIA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GARCIA. Mr. Speaker, the recent dismissal by the administration of an appeal from the Salvadoran law group for negotiations to end civil strife in that country is most disturbing. The administration rejected the demands, saying they had nothing new to offer.

Last week the Salvadoran Government also rejected offers by the Democratic Revolutionary Front (FDR) and the Farabundo Marti National Liberation Front (FMLN) for negotiations. The real victims of these rejections are the Salvadoran people. Since the 1979 coup, an estimated 30,000 people have died. The people of El Salvador live in constant terror and confusion. If this kind of tension continues unabated, there will be no place for negotiations. Military victory will be the only solution.

A military victory by either side would not benefit the Salvadoran people. The bitterness brought on by the struggle would only be exacerbated by an unconditional surrender of either the left or the right.

If El Salvador is to build a democracy, then it must be made up of all legitimate political groupings. There are other real political forces in El Salvador. President Duarte seems to understand this. He has expressed a willingness to negotiate, but the military faction of the Salvadoran junta, as exemplified by last week's rejection, has prevailed, making certain there are no talks with the left. Yet, both the junta and the Reagan administration say El Salvador's problems would be solved if there were free elections. Free elections, however, cannot take place under present circumstances. Negotiations must precede elections. The country is split socially, economically, and politically. El Salvador has never had a democratic government. Right now, it does not have the institutional foundation for building a democracy. That is why the junta must sit down with the FDR and the FMLN and work out a program for bringing democracy to El Salvador.

One point of contention between the left and the right is the left's demand for a restructuring of the military. The recent statement of the French and Mexican Governments similarly called for a restructuring of the military as a precondition for negotiations.

I, too, believe that the military needs to be dismantled and reorganized for there to be legitimate elections in El Salvador. The evidence of military involvement in the terror of El Salvador is pervasive. Therefore, its participation in any negotiations or elections would be suspect. The restructuring of El Salvador's military would be a first, positive step for achieving stability in that country.

The Reagan administration cannot allow the present situation in El Salvador to continue. We exert an enormous amount of influence in that country; we should use that influence to encourage negotiations between all sides. As I mentioned earlier, the real victims of this deplorable situation are the El Salvadoran people. They must not be sacrificed for better negotiating terms.

EXCLUSIVE REPRESENTATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. CORCORAN) is recognized for 5 minutes.

● Mr. CORCORAN. Mr. Speaker, today, I am introducing legislation to rescind those sections of the law imposing "exclusive representation" on Federal employees. My bill is engineered to amend the labor-management relations provisions of title VII of the Civil Service Reform Act of 1978, by eliminating the exclusive representation provisions now woven through the fabric of the act. It achieves its purpose economically, making the smallest possible number of changes in the existing law, and leaving the scheme of the law, apart from exclusive representation, intact.

Once the bill is enacted into law, several unions will be able to operate within the same bargaining unit, each competing for the voluntary allegiance of workers. Bargaining representatives then would tend to specialize in order to meet the differing needs of various segments of the work force. Unfortunately, as the situation now stands, the interests of one group are traded off for the interests of another—for example, older versus younger workers. Abolition of Government-sheltered monopoly status would not only bring more personalized unions to the Federal employee, it would bring stable labor-management relations to the Federal work force. This goal can be realized. A prime example of unions operating successfully without exclusive representation provisions in the law is Western Europe.

There, where unions are unquestionably strong, labor-management relations are not favored by monopoly bargaining. In West Germany, for example, exclusive representation is not provided for by statute. Nevertheless, no one could credibly argue that labor relations in that country are chaotic. German unions effectively negotiate wages, benefits, and working conditions for their members, without any

obligation to nonmembers in the bargaining unit.

There is no reason why the experience of the advanced work force of Western Europe cannot be duplicated here. The United States is one of the few nations to require exclusive representation in collective bargaining. We, as lawmakers, need to be mindful of the fact that monopoly bargaining, with all its attendent injustice, is a recent phenomenon in the scheme of labor-management relations for the Federal work force. For most of our Nation's history, a harmonious climate was maintained in the Federal sector without resorting to that oppressive device. The concept of monopoly bargaining was first imposed on Federal employees less than 20 years ago, in 1962, by Executive Order 10988, issued by President John F. Kennedy. That unfortunate situation was perpetuated by Executive Order 11491 in 1969, and by the Civil Service Reform Act in 1978.

As lawmakers, we also need to remember the wishes of our constituents. The American people have established a long record of opposition to monopoly privileges. Not surprisingly, monopoly bargaining privileges offer no exception to the rule. In a 1980 nationwide survey, the Opinion Research Corp. found that fully 67.5 percent of Americans, including a 52.3-percent majority of union members, oppose exclusive representation.

Taking away a worker's right to negotiate for himself is wrong for workers in both the public and private sectors. Yet, monopoly bargaining packs an even more potent punch in the public sector. Due to the very nature of public sector employment—supplying essential services—public sector monopoly bargaining poses a direct threat to the general welfare and safety of citizens.

Public sector union officials are not above pressing the monopoly power of an illegal strike. They are keenly aware, that by derailing the supply of essential services for which there is no alternate source, elected legislators are caught between appeasing the union officials' wrath and stilling the shrill cry of a panic-stricken citizenry, clamoring for the restoration of essential services.

For this reason, I believe the problem Federal sector monopoly bargaining poses for the maintenance of the public good urgently needs to be addressed. Now is the time to contemplate the ill state of Federal employee-employer labor relation law—before other illegal strikes paralyze the entire Federal Government. We do have reason for concern.

The president of the largest Federal Government employees union, Kenneth Blaylock of the American Federation of Government Employees, openly announced a program of job actions against the Government in the Washington Star last March 25. "You are going to see more open confrontation," said Blaylock. "Militancy is increasing * * * what will happen will happen."

Last April 18, in the Wall Street Journal, President Robert Poli of the Professional Air Traffic Controllers Organization did not even bother masking his intentions in sly innuendo. He boldly declared, "The only illegal strike is an unsuccessful one."

I think it is time to take those words to heart. I believe we should rectify the situation with regard to Federal employees subject to the Civil Service Reform Act of 1978. Enactment of legislation to abolish Federal sector exclusive representation is a logical step toward forwarding the best interests of Federal employees and securing the public welfare.●

A TRIBUTE TO CATHERINE MAY BEDELL

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Massachusetts (Mrs. HECKLER) is recognized for 10 minutes.

● Mrs. HECKLER. Mr. Speaker, I rise today to pay tribute to one of the most distinguished women ever to serve in this Chamber—a woman now on the verge of concluding 23 years of exemplary service to the people of the United States—Catherine May Bedell.

For 12 years, then-Congresswoman May represented the people of Washington's Fourth District with skill, compassion, and integrity. Her intellect and eloquence as a member of the Committee on Agriculture were major factors in shaping legislation to spur American food production, provide for effective meat and poultry inspection, and establish the food stamp and other nutrition programs. An outspoken advocate of the rights of women in our society, she championed the elimination of unfair restrictions on women officers in the armed services, and lent her considerable prestige to the passage of the equal rights amendment.

Since leaving the House in 1971 she has served with high distinction on the International Trade Commission, where she has consistently worked to strengthen our Nation's economy through increased foreign trade. In 1971 she served as the first woman Chairman of the ITC—known then as the U.S. Tariff Commission—and again chaired the Commission in 1979. Throughout her service on the Commission she has shown the leadership and dedication that mark the highest form of public service.

Despite the demands of her public life, Catherine May Bedell has also shown beyond doubt that women in Government can indeed find the time to be loving and caring mothers. As one who knows well the challenges and rewards of combining motherhood with public service, I can look to her two fine children—James C. May and Melinda May Sullivan—and see in them the ultimate satisfaction of a successful life.

It is this devotion to her family, as well as to her public duties, that has made Catherine May Bedell such an extraordinary public servant.

As one who was privileged to serve alongside Catherine May Bedell in the 90th and 91st Congresses, I had many occasions to draw on her wealth of wisdom and experience. Always concerned—always informed in her judgment—always a leader—she epitomized the finest traditions of this House. Her record places her among the first rank—not simply of women Members—but of all Members of this distinguished body.

With her departure from the International Trade Commission next month, Commissioner Bedell will mark the end of 23 years of outstanding accomplishments in the name of her country. She will leave behind a record that will surely inspire countless more women to enter public service—at all levels—and to excel.

But even as she leaves public service, she is not really retiring. She and her devoted husband Don will, I know, remain interested and active in the public life they have known so well, and remain a part of the many private lives they have touched so deeply over the years.

As cochair of the Congresswomen's Caucus, I recognize the great debt that is owed Catherine May Bedell by all women in Government today—and those who will follow us.

As a Member of this Congress, I recognize the great debt that is owed her by all citizens of this Republic.

I take great pride in saluting this outstanding public servant today, and I ask all my colleagues in this House to join me in this tribute.●

BROADCASTING BILL

The SPEAKER. Under a previous order of the House, the gentleman from Texas (Mr. COLLINS) is recognized for 30 minutes.

Mr. COLLINS of Texas. Mr. Speaker, today, I am pleased to introduce a constructive proposal for the deregulation of this Nation's radio and television broadcasting industry. For more than 50 years, the broadcasting industry has faced a mounting Federal regulatory burden. In its infancy, when millions of Americans had access only to one or two broadcasting outlets, these regulations helped to insure that the public obtained quality service from their local broadcasters. Today, however, broadcasting is a mature industry with 9,087 radio stations and

1,035 television stations in operation that provide service to nearly every city and farm in the Nation. In fact, almost every American citizen has access now to several broadcasting outlets. In 1981, the need for massive Federal oversight of the broadcasting industry has ended, and elimination of needless Federal regulation should save the taxpayer millions of dollars.

Under the bill I am introducing today, significant regulatory burdens would be removed from the broadcasting industry. First, the so-called fairness doctrine would be amended. Under the fairness doctrine, broadcasters are required to allow persons to respond to controversial issues discussed on the station. If a controversial issue is discussed during a paid program, the broadcaster must give away air time free of charge to those desiring to respond. The requirement that broadcasters give away time discourages the broadcast of controversial programing. Broadcasters frequently simply refuse to air paid commercials and other sponsored programing rather than run the risk of being required to give away time to those desiring to respond. In today's competitive and diverse information services market, elimination of the requirement will have no demonstrable impact on the presentation of conflicting viewpoints.

Second, my bill would eliminate the equal-time rule under which broadcasters must permit all candidates for political office an equal opportunity to use the broadcasting station. The equal-time rule has proven to be counterproductive. To avoid the risk that the use of a station by one candidate will result in requests for air time from numerous candidates—many of them from fringe political parties—broadcasters often deny air time to all candidates. Repeal of the equal-time rule will permit the broadcaster to use his own judgment in deciding when and whether to air the programs of political candidates. In today's competitive information services market, I am convinced that all candidates will be able to find outlets on which to express their opinions.

My bill would delete other provisions in the existing law that are unnecessary in today's competitive information marketplace. Broadcasting licensees would be guaranteed renewal of their licenses if they comply with the FCC's regulations and the Communications Act. They would no longer have to conduct and submit to the FCC the results of formal interviews with community residents, nor would they be expected to broadcast any specified amount of information programing or keep the number of commercials that they air within specified limits.

In sum, the bill I introduced today would repeal Federal regulations imposed on the broadcasting industry which no longer serve a valid policy purpose. Moreover, repeal of these provisions will save taxpayer money and will relieve broadcasters from substantial Federal paperwork requirements. At this point I include a section-by-section analyses:

SECTION-BY-SECTION ANALYSIS OF BROADCAST BILL

SECTION 1: TITLE OF BILL

SECTION 2: AMEND SECTION 309 OF THE COMMUNICATIONS ACT

A. Establishes new procedures for resolving petitions to deny applications for renewal of licenses granted by the FCC. (Amendment will minimize paperwork burden on licenses and will insure that allegations raised in petitions to deny license renewal applications are resolved expeditiously.)

B. Requires FCC to renew radio and television station licenses unless the actions of the licensee "evidence such serious disregard for the provisions of the Act and the rules and policies of the Commission to justify denial of the application." (Amendment will put an end to license challenge by parties who allege that their application should be preferred for reasons that have nothing to do with the performance of the incumbent licensee.)

SECTION 3: AMEND SECTION 310(D) OF THE COMMUNICATIONS ACT

Gives licensees desiring to sell any facility licensed by the FCC authority to sell the facility at their own risk before receiving Commission approval. Licensees exercising this option must notify the Commission within 2 days after the sale, and the Commission may rescind the transaction. (Amendment will help expedite sales of FCC-licensed property without undermining the rights of any party desiring to challenge the sale.)

SECTION 4: REPEAL SECTIONS 313 AND 314 OF THE COMMUNICATIONS ACT

These Sections establish special antitrust laws for FCC licensees. The Commission has recommended that these provisions be repealed. The agency stated that it believes that antitrust laws of general applicability are adequate and that antitrust enforcement should be left to the Department of Justice and the Federal Trade Commission, the expert agencies in the antitrust field.

SECTION 5: AMEND SECTION 315(A) OF THE COMMUNICATIONS ACT

A. Repeal that portion of the "Fairness Doctrine" which requires that broadcasters make air-time available on the same "terms and conditions" to those who wish to respond to programming broadcast previously by the station. (Primary effect of the amendment would be to eliminate the present requirement that broadcasters make available free air-time to those desiring to respond to paid programming. The present requirement for free response time has a chilling effect on the broadcast of controversial programs. Because of the requirement that the broadcaster provide free response time, broadcasters often decline to accept the commercials and other programming even though a sponsor is willing to pay to air the program. In today's competitive and diverse information services market, elimination of the requirement for free response time will have no demonstrable negative impact on the presentation of conflicting viewpoints.)

B. Repeal the "Equal Time" rule which requires broadcasters to afford equal opportunities for the use of the station's broadcasting facilities to all candidates for political office. (Equal time requirement has had a limiting effect on free and open political debate. Many broadcasters deny air-time to all political candidates rather than run the risk that granting air-time to some candidates will lead to numerous requests for equal time from other candidates. Because of today's highly competitive and diverse information services market, elimination of the Equal Time requirement will have no demonstrable negative impact on the ability of candidates for political office to present their viewpoints.)

SECTION 6: ADD A NEW SECTION 331

This Section will prohibit the FCC from requiring broadcasters to broadcast specified amounts of news, public affairs, locally produced or any other programs. Moreover, it will prohibit the FCC from requiring broadcasters to adhere to a particular programming format, to ascertain the problems and interests of their service areas, and to restrict the amount, length, scheduling, or frequency of commercial announcements. (Statistics demonstrate that broadcasters already substantially exceed voluntarily the minimum guidelines that the FCC has specified in the above areas. Elimination of these guidelines would merely remove substantial paperwork burdens from broadcasters. The FCC has recently, on its own, removed these burdens from radio licensees. The proposed amendment would extend the ruling to cover television stations as well.)

□ 1740

MORE RICE FOR SCHOOL LUNCHES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas (Mr. ALEXANDER) is recognized for 15 minutes.

● Mr. ALEXANDER. Mr. Speaker, today I have introduced a bill to increase the use of rice in school lunch and other federally aided food service programs which I believe will be beneficial to American food consumers, rice growers, and American taxpayers, alike.

Rice is a nutritious, economical, easily prepared food that has been a staple in diets around the world for nearly 5,000 years. In the last 25 years annual per capita rice consumption in the United States has increased from 4.8 pounds in 1955 to 7.3 pounds in 1980. For decades rice has been a part of the menus of the food service programs of schools and other nonprofit residential and nonresidential institutions. It is already used to some extent in the U.S. Department of Agriculture administered food commodity distribution programs.

Although it is classified as a cereal grain, rice offers versatility to meal planners that is unsurpassed by any other food. As a basis for any meal it can be used with equal success in soups, salads, main dishes, entree accompaniments, or desserts.

The equivalent of one-half cup serving of enriched, cooked rice provides 5 percent of the U.S. recommended daily allowances (RDA) of thiamine and niacine, 3.75 percent of the RDA of iron and 5 percent of the RDA of riboflavin when that vitamin is supplemented. The protein content of rice is superior in amino acid structure to that provided by other grains. The presence of all eight of the essential amino acids in proper proportion enables the protein to be effectively utilized and when supplemented by milk or other proteins of animal origin, rice constitutes a valuable source of protein. Rice also has a protein-sharing action, enabling the body to make optimum use of small amounts of protein.

Rice contains only a trace of fat and is cholesterol-free. It is also gluten-free, low in sodium and nonallergenic, excellent for diets restrictive in these factors. Its fiber content makes rice 98-percent digestible. And, the equivalent of a half-cup serving of plain cooked rice supplies about 82 calories.

Under the proposal I have introduced the U.S. Secretary of Agriculture is directed to require that 1 percent of the value of food commodities distributed under the National School Lunch Act and the Child Nutrition Act be used for rice in any fiscal year in which USDA had issued, by October 31, a rice outlook and situation report for that rice marketing year estimating that the ending stocks of rice will exceed by 20 percent or more the average ending stocks of rice in the 5 preceding rice marketing years.

In order to avoid creating a shortage of rice in the private markets, I have provided that if the operation of the program would reduce the ending stocks below 90 percent of the average ending stocks for the previous 5-year period the Secretary could reduce the required purchases of rice to one-half of 1 percent of the total value of food commodities distributed under the National School Lunch Act and the Child Nutrition Act.

Also, my bill provides that the Secretary of Agriculture may modify the rice purchase requirement if the price situation would result in the acquisition, distribution, and use of rice in such quantities as to threaten the nutritional integrity of the federally assisted food service programs.

I am convinced that such a program as I am proposing can be effectively used to help stabilize the rice production income for American farmers. Such action would benefit American taxpayers by reducing the likelihood of American rice growers being forced into using the Commodity Credit Corporation nonrecourse loan program or the Federal Government's having to make deficiency payments to rice farmers. It would help American food consumers toward better knowledge of means of achieving economical, easily prepared, nutritious meals.

In fiscal year 1980 one-half of 1 percent of the value of the food commodities distributed under its child nutrition programs was by USDA for allocating 23,963,000 pounds of rice. If my proposal had been in operation at that time the poundage of distributed rice would have nearly doubled, Even so, food service programs benefiting from the food commodity distribution program and dispensing an averge of 500 meals per day, on a 5 day weekly basis, would have needed to serve rice only about once every 2 weeks in order to make efficient use of the supply made available.

Rice has been grown in the United States for nearly three centuries. It was introduced when, in 1694, a ship captain gave the Governor of the Colony of South Carolina a handful of grains of rice in gratitude for the help he and his crew had received after their vessel was blown off course on a trip between Madagascar and England. These grains were used by the colonists for seed and the U.S. rice industry was born.

The quality of our rice is probably the best in the world and our production methods are considered to be the world's most efficient.

Over the centuries American rice production has moved westward so that the rice growing is concentrated in Arkansas, Louisiana, Mississippi, Texas, and California. My home State of Arkansas harvests 40 percent of all rice produced in the Nation, more than any other State. In fact, Arkansas' First Congressional District, which I represent, plants more rice than any State. Rice is grown free of acreage restrictions and although our Nation is not the world's largest producer, we are the largest exporter of rice. Except for specialty rices we are self-sufficient and our rice production is a substantial factor in American agriculture's ability to fulfill a major role in strengthening the Nation's economy through export sales.

The bill follows:

H.R. 4777

A bill to amend the National School Lunch Act to provide that in certain years purchases of foodstuffs for commodity distribution must reflect a certain proportion of rice purchases

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6 of the National School Lunch Act (42 U.S.C. 1755) is amended by adding at the end thereof the following new subsection:

"(g)(1) Except as provided in paragraphs (2) and (3), if by October 31 of any fiscal year, the United States Department of Agriculture has issued a rice outlook and situation report for that rice marketing year estimating that the ending stocks for rice will exceed by 20 percent or more the average of the ending stocks for rice in the five preceding rice marketing years, then not less than one percent of the total value of agricultural commodities and other foods to be distributed under this Act and under the Child Nutrition Act of 1966 shall be expended for rice in such fiscal year.

"(2) If the Secretary makes a determination that the purchasing requirement under paragraph (1) would result in a reduction of the ending stocks of rice for that rice marketing year to below 90 percent of the average ending stocks of rice for the five preceding rice marketing years, then the Secretary may limit such purchases of rice to not less than one-half of one percent of the total value of agricultural commodities and other foods to be distributed under this Act and under the Child Nutrition Act of 1966.

"(3) If the Secretary makes a determination that the purchasing requirements under paragraphs (1) or (2) would endanger the nutritional integrity of meals served, then the Secretary may modify such purchasing requirement to ensure that meals served meet minimum nutritional requirements under this Act and the Child Nutrition Act of 1966.".●

HOW PRESIDENT REAGAN CAN END THE REAGAN RECESSION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 5 minutes.

● Mr. REUSS. Mr. Speaker, all now agree, including the President himself, that we have entered a recession. But the debate in this body has not yet turned to how we get out of the recession.

First, interest rates must come down, promptly and decisively. The demand for money is now falling more rapidly than the supply. Therefore, it is possible for interest to fall, without the monetary target-busting that all—except perhaps Treasury Secretary Regan—agree should be avoided. The President should announce the repeal of the strictures he imposed in his February 18 program for economic recovery on the Federal Reserve, namely that money growth over a 5-year period starting this year be made to fall to one-half its 1980 levels. In our March 1981, report, the Joint Economic Committee Democrats unanimously urged that this shrinkage be deferred for the present, in order to prevent disastrously high interest rates. As the course of interest rates leading to our present recession proves, our advice was timely. The President should now set things right.

Second, the recession puts an end to the budgetary minuet in which we have all been engaged for the past few months. According to the respected John Berry of the Washington Post, the recession is being said by some forecasters to boost the fiscal year 1982 deficit from the President's proposed level of $42 billion to as high as $97 billion. It would be folly to attempt to close this gap by further spending cuts or tax increases, as desirable as a rollback of the Reagan tax

giveaway to the wealthy may be on other grounds.

Instead, we should call on lower interest rates to reverse the recession. And we should adopt policies of wage, price, and speculative credit restraints that will permit such a reversal without re-igniting inflation.

President Reagan has gotten us into the recession. By revoking his supertight money policy, and ending his aversion to any sort of an incomes policy, he can get us out of it.●

INTERCIRCUIT TRIBUNAL OF THE U.S. COURTS OF APPEALS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. KASTENMEIER) is recognized for 15 minutes.

● Mr. KASTENMEIER. Mr. Speaker, on October 15, 1981, I introduced H.R. 4762, a bill to create an Intercircuit Tribunal of the U.S. Courts of Appeals. The proposed legislation will provide necessary help where it is needed most in the Federal judicial system: at the appellate level. I am pleased that the chairman of my committee, Mr. RODINO, and two minority members on my subcommittee, Mr. RAILSBACK and Mr. BUTLER, have joined in cosponsoring this proposal.

The Intercircuit Tribunal of the U.S. Courts of Appeals Act is a modest idea which uses, for the most part, existing judicial resources. The new panel also will rely on existing manpower in the U.S. Marshals Service. It therefore will be extremely low in cost. The tribunal will be composed of between 14 and 22 circuit judges who are in regular active service or who are senior judges. The judges are to be designated by the Chief Justice of the United States.

The tribunal is a patch that fits neatly in the larger tapestry of the Federal judiciary. The new name symbolizes this fit. Rather than creating a national court of appeals with transfer jurisdiction from the other courts of appeals—which actually suggests to some a lowered status for the existing ex-circuit courts—the tribunal will have reference jurisdiction from the Supreme Court of the United States. Thus, all petitions for review continue to be routed to the Supreme Court. Furthermore, after the rendering of a judgment by the intercircuit tribunal, a petition for certiorari may once again be filed in the Supreme Court. In the final analysis, therefore, any argument that this new court would act as a gatekeeper and reduce access to the Supreme Court must fail analysis. The Supreme Court will remain, in the words of Chief Justice Earl Warren, "the ultimate tribunal to which all citizens, poor or rich, may submit their claims."

Moreover, the proposed legislation dovetails neatly with the proposal to create a court of appeals for the Federal circuit: Which presently is moving through both the House and the Senate, and which hopefully will be enacted into law during the 97th Congress. Some commentators have argued that that bill is a national court of appeals in disguise. The legislation that I am introducing today is further evidence that that argument is specious.

The intercircuit tribunal will be a temporary entity since it is sunsetted after 5 years. Due to the court's experimental nature, there are report-back provisions so that Congress might determine whether the court has been a failure or a success.

Before discussing the reasons for the legislation, I briefly would like to delineate its background. In 1971, Chief Justice Warren Burger, acting in his capacity as Chairman of the Federal Judicial Center, appointed a seven-member study group on the caseload of the Supreme Court. The so-called Freund Group studied the myriad problems affecting the Supreme Court, and submitted recommendations for change in 1972.

In 1973 the Congress created a Commission on Revision of the Federal Court Appellate System, called the Hruska Commission after its chairman, to study the structure and internal procedures of the Federal circuit courts of appeal. In different forms, the Freund Group and the Hruska Commission both recommended the creation of a National Court of Appeals. Their recommendation was in response to a finding by both Commissions that serious caseload problems existed in the Federal appellate system, requiring the immediate attention of Congress.

Shortly thereafter, in 1977 my subcommittee—the Subcommittee on Courts, Civil Liberties and the Administration of Justice—held 7 days of oversight hearings on the "State of the Judiciary and Access to Justice." We received testimony from individuals who had participated in the foundation work on the Freund Group and the Hruska Commission. Testimony also was heard from the policymaking arm of the Federal judiciary: The Judicial Conference of the United States. Because of the serious nature of the questions considered by the subcommittee, the Chief Justice of the United States, Warren E. Burger, participated by submitting a written statement into the record.

The testimony and statements presented by the respected witnesses confirmed that the Federal judiciary was indeed suffering from endemic overload. As observed in a Department of Justice report submitted into the record by former Solicitor General Robert Bork:

> The Federal courts, however, now face a crisis of overload, a crisis so serious that it threatens the capacity of the Federal system to function as it should. This is not a crisis for the courts alone. It is a crisis for litigants who seek justice, for claims of human rights, for the rule of law, and it is therefore a crisis for the Nation.

As regards the appellate capacity of the Federal court system, this overload was described as having especially deleterious effects. One of the main functions of appellate courts is to insure uniformity and consistency in the law by resolving conflicts in decisions between or among trial courts or lower appellate courts. The Supreme Court—which of course sits at the apex of the Federal judicial system—can devote plenary consideration only to about 150 cases a year. Hundreds of other petitions from the circuit courts have to be left unsettled. Some of these appeals are of high national priority or identify serious splits among the circuits. Some concern individual rights guaranteed by the Constitution and some relate to the delicate balance of powers in our Federal Union.

Since my subcommittee's hearings, appellate court problems have actually worsened. Congress has had a hand in this. In moving to resolve court congestion, we have substantially broadened the base of the judicial pyramid. Perhaps because problems are easier to identify at the trial level, perhaps because they are more amenable to legislation solution, Congress acted several times during the 95th and 96th Congresses to confront problems at the trial level of the Federal judiciary. The U.S. magistrates system was reformed, a comprehensive bankruptcy act was passed, and an omnibus judgeship bill was enacted. These legislative initiatives—considered collectively—dramatically broadened the ground floor of the judicial pyramid. The net result has been dramatic statistical increases in the number of appeals being taken from the district courts to the circuit courts and ultimately to the Supreme Court. With the exception of the creation of a handful of circuit judges, circuit council reform, and the split of the fifth circuit, nothing has been legislatively enacted that would improve the functioning of the Federal appellate system. It is noteworthy, in this regard, that the modest appellate improvements mentioned above have assisted the courts of appeals, while actually placing more burdens on the Supreme Court.

In short, the workload of the Supreme Court—which in 1972 as being at the satuation point—is now assuming even more dangerous proportions. As a consequence, immediate remedial measures are called for. These measures should not dramatically alter the nature of the High Court. Rather, they should rely on its essential role in the American judicial system.

Several things can be done. First, diversity of citizenship jurisdiction

ought to be abolished. There is a high number of appeals in these cases; and therefore the elimination of diversity would actually improve the functioning of all elements—trial and appellate—in the Federal court system. I already have introduced legislation (see H.R. 2404, 97th Congress, 1st session (1981)) to accomplish this end.

Similarly, the mandatory jurisdiction of the Supreme Court should be eliminated. We rely on the Supreme Court to resolve cases on the merits; we certainly can rely on the Court to determine which cases it can hear. For my legislation to accomplish this end, see H.R. 2408, 97th Congress, 1st session (1981).

Last, as explained above, we should create an intercircuit tribunal—composed of sitting circuit judges to assist the Supreme Court in satisfying its enormous responsibilities. By deciding matters assigned to it by the Supreme Court, the tribunal would be of enormous assistance to the High Court, especially in the area of resolving circuit conflicts and insuring national uniformity of the laws. I believe that the ultimate beneficiaries would be all the people in this country.

Mr. Speaker, I encourage my colleagues to take a hard look at this legislation. Many of the members of the House and Judiciary Committees have informally considered this idea at the last of our Williamsburg meetings. Their initial support has encouraged me to work on this legislative proposal. I already have shared a draft with Chief Justice Warren Burger and Prof. Leo Levin, Director of the Federal Judicial Center. As individuals, they have expressed support for this modest proposal, have encouraged its introduction, and have asked for its careful consideration by all interested Members of Congress.

In closing, I urge your support for this bill. The text of the bill follows:

H.R. 4762

A bill to establish an Intercircuit Tribunal of the United States Courts of Appeals, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Intercircuit Tribunal of the United States Courts of Appeals Act".

ESTABLISHMENT OF TRIBUNAL

SEC. 2. (a) Part I of title 28, United States Code, is amended by inserting immediately after chapter 3 the following new chapter:

"Chapter 4—INTERCIRCUIT TRIBUNAL OF THE UNITED STATES COURTS OF APPEALS

"Sec.
"61. Establishment and composition of Intercircuit Tribunal; sitting panels.
"62. Principal office and terms.
"63. Seal.
"64. Sessions.

"§ 61. Establishment and composition of Intercircuit Tribunal; sitting panels

"(a)(1) There shall be an Intercircuit Tribunal of the United States Courts of Appeals which shall be composed of not less than 14 and not more than 22 circuit judges who are in regular active service or who are senior judges. The Chief Justice shall designate each judge to serve on the Tribunal for a period of not more than 5 years from the date of such designation. The Chief Justice shall designate one of the judges serving on the Tribunal as presiding judge of the Tribunal.

"(2) Cases and controversies shall be heard and determined by sitting panels, composed of seven judges on each panel, designated by rule of the court from among judges serving on the Intercircuit Tribunal, except that no two judges from the same circuit may be designated to serve on a sitting panel at the same time, and judges shall be designated to serve on sitting panels in such a manner that all of the judges on the Tribunal hear and determine cases that are representative of all types of cases reviewed by the Tribunal. When the presiding judge of the Tribunal is not a member of a sitting panel, the judge on the sitting panel who is senior in service shall preside over that panel.

"(b) Rules of procedure shall be promulgated and published by vote of a majority of the full membership of the Intercircuit Tribunal before any cases are heard.

"(c) In the event of the death, resignation, or disability of any judge designated under subsection (a), the Chief Justice shall, subject to the provisions of subsection (a), fill the vacancy for the remainder of the 5-year period for which such judge was designated to serve.

"§ 62. Principal office and terms

"The principal office of the Intercircuit Tribunal of the United States Courts of Appeals shall be in the District of Columbia, but the Tribunal may hold court at such times and places within the United States as the Tribunal may fix by rule.

"§ 63. Seal

"The Intercircuit Tribunal of the United States Courts of Appeals shall have a seal which shall be judicially noticed.

"§ 64. Sessions

"The time and place of the sessions of the Intercircuit Tribunal of the United States Courts of Appeals shall be prescribed by rule of the court.".

(b) The analysis of part I of title 28, United States Code, is amended by inserting immediately after the item relating to chapter 3 the following new item:

"4. Intercircuit Tribunal of the United States Courts of Appeals..... 61".

OFFICERS AND EMPLOYEES

SEC. 3. (a) Part III of title 28, United States Code, is amended by inserting immediately after chapter 47 the following new chapter:

"Chapter 48—INTERCIRCUIT TRIBUNAL OF THE UNITED STATES COURTS OF APPEALS

"Sec.
"731. Clerk and employees.
"732. Marshal and bailiffs.

"§ 731. Clerk and employees

"(a) The Intercircuit Tribunal of the United States Courts of Appeals may appoint a clerk who shall be subject to removal by the Tribunal. The Tribunal may appoint or authorize the appointment of such other officers and employees in such number as may be approved by the Director of the Administrative Office of the United States Courts.

"(b) The officers and employees of the Tribunal shall be subject by the Tribunal or, if the Tribunal so determines, shall, with the approval of the Tribunal, be subject to removal by the clerk or other officer who appointed them.

"(c) The clerk shall pay into the Treasury all fees, costs, and other moneys collected by the clerk and shall make returns thereof to the Director of the Administrative Office of the United States Courts under regulations prescribed by the Director.

"§ 732. Marshal and bailiffs

"The Intercircuit Tribunal of the United States Courts of Appeals may request the services of the marshal of the court of appeals in the judicial district in which the Tribunal is sitting. The marshal shall attend the Tribunal at its sessions, take charge of all property of the United States used by the Tribunal or its employees, and perform such other duties as the Tribunal may direct. The marshal, with the approval of the Tribunal, may request necessary bailiffs from the court of appeals which the marshal serves. Such bailiffs shall attend the Tribunal, preserve order, and perform such other necessary duties as the Tribunal or the marshal may direct.".

(b) The analysis of part III of title 28, United States Code, is amended by inserting immediately after the item relating to chapter 47 of such title the following new item:

"48. Intercircuit Tribunal of the United States Courts of Appeals..... 731".

JURISDICTION AND REVIEW

SEC. 4. (a) Chapter 81 of title 28, United States Code, is amended by adding at the end thereof the following new section:

"§1259. Referral to Intercircuit Tribunal of the United States Courts of Appeals

"(a) After granting or denying certiorari or noting probable jurisdiction of an appeal in any case before it, or while an application for review of a case by appeal or by writ of certiorari is pending in the Supreme Court, the Supreme Court may refer any such case to the Intercircuit Tribunal of the United States Courts of Appeals. The Supreme Court shall direct the Intercircuit Tribunal of the United States Courts of Appeals to decide any case so referred which is subject to review by appeal, and the Supreme Court may direct the Tribunal to decide any other case so referred.

"(b) Any judgment of the Intercircuit Tribunal of the United States Courts of Appeals, in any case referred to the Tribunal under subsection (a), may be reviewed by the Supreme Court by writ of certiorari granted upon the petition of any party to any such case before or after rendition of judgment or decree by the Tribunal.".

(b) Part IV title 28, United States Code, is amended by adding immediately after chapter 81 of such title the following new chapter:

"Chapter 82—INTERCIRCUIT TRIBUNAL OF THE UNITED STATES COURTS OF APPEALS

"Sec.
"1271. Jurisdiction.
"1272. Finality of decisions.

"§ 1271. Jurisdiction

"The Intercircuit Tribunal of the United States Courts of Appeals shall have jurisdiction of cases referred to the Tribunal by the Supreme Court.

"§ 1272. Finality of decisions

"(a) The Intercircuit Tribunal of the United States Courts of Appeals may deny review in any case referred to the Tribunal by the Supreme Court which is subject to review by writ of certiorari, unless the Tribunal is directed by the Supreme Court to decide the case.

"(b) Unless modified or overruled by the Supreme Court, decisions of the Intercircuit Tribunal of the United States Courts of Appeals shall be binding on all courts of the United States and, with respect to questions arising under the Constitution, laws, or treaties of the United States, on all other courts.".

(c)(1) The analysis of chapter 81 of title 28, United States Code, is amended by adding at the end thereof the following new item:

"1259. Referral to Intercircuit Tribunal of the United States Courts of Appeals.".

(2) The analysis of part IV of title 28, United States Code, is amended by inserting immediately after the item relating to chapter 81 of such title the following new item:

"82. Intercircuit Tribunal of the United States Courts of Appeals..... 1271".

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 5. (a) Section 1913 of title 28, United States Code, is amended to read as follows:

"§ 1913. Courts of appeals; Intercircuit Tribunal of the United States Courts of Appeals

"The fees and costs to be charged and collected in each court of appeals and in the Intercircuit Tribunal of the United States Courts of Appeals shall be prescribed from time to time by the Judicial Conference of the United States. Such fees and costs shall be reasonable and, in the case of the courts of appeals, shall be uniform for all the courts.

(b) The item relating to section 1913 of title 28, United States Code, in the analysis of chapter 123 of such title, is amended to read as follows:

"1913. Courts of appeals; Intercircuit Tribunal of the United States Courts of Appeals.".

(b) The first paragraph of section 2072 of title 28, United States Code, is amended by inserting after "courts of appeals of the United States" the following: "and of the Intercircuit Tribunal of the United States Courts of Appeals".

(c) Section 2106 of title 28, United States Code, is amended by inserting immediately after "Supreme Court" the following: ", the Intercircuit Tribunal of the United States Courts of Appeals,".

AUTHORIZATION OF APPROPRIATIONS

SEC. 6. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

EFFECTIVE DATE; REPORTS; TERMINATION OF INTERCIRCUIT TRIBUNAL

SEC. 7. (a) This Act, and the amendments made by this Act, shall take effect on October 1, 1982.

(b) Section 604(d) of title 28, United States Code, is amended—

(1) in paragraph (4) by striking out the period at the end thereof and inserting in lieu thereof "; and"; and

(2) by adding at the end thereof the following:

"(5) lay before Congress annually statistical tables and other information which will accurately reflect the business which has come before the Intercircuit Tribunal of the United States Courts of Appeals.".

(c) The Intercircuit Tribunal of the United States Courts of Appeals, in consultation with the Director of the Administrative Office of the United States Courts, shall submit to the Congress, not later than October 1, 1986, a comprehensive report on its activities from the effective date of this Act.

(d)(1) The Intercircuit Tribunal of the United States Courts of Appeals shall terminate on September 30, 1987.

(2) This Act, and the amendments made by this Act, shall cease to be effective on September 30, 1987.●

MR. SIDNEY ROSEN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. CROCKETT) is recognized for 5 minutes.

● Mr. CROCKETT. Mr. Speaker, as a member of the Select Committee on Aging and a senior citizen myself, I have been deeply concerned about the common business misconception that, upon reaching the arbitrary age of 65, or sometimes even younger, a worker's productive years are behind him, and he or she is forced to retire.

I am pleased to note that some movement has been made, however. In the Congress, our own great chairman, my distinguished colleague from Florida (Mr. PEPPER), has focused the attention of the Select Committee on Aging on this problem.

Additionally, an increasing number of States are taking it upon themselves to eliminate mandatory retirement altogether. To date, five States—California, Maine, New Hampshire, Utah, and Florida—have abolished mandatory retirement for State and local government employees and for all private sector workers. Connecticut has abolished it for private sector employees only. Three States—Kansas, Tennessee, and Massachusetts—allow State employees to work as long as they choose.

Mr. Speaker, in my district is a most illustrious example of the contributions a senior citizen can, and does, make to his community.

Mr. Sidney Rosen, who is 76, serves as an elected precinct delegate in the 13th District of Michigan, where he also serves as the senior citizens executive director.

Since Mr. Rosen came to Detroit he has been diligently and continuously involved in community service. He helped to organize the first union of insurance agents at the John Hancock Insurance Co. That union later grew into the United Office and Professional Workers Union of America. He helped to organize, and often served as financial secretary, for many events in our community, including: the 76th memorial birthday tribute to Paul Robeson; the trial of the Detroit 15; the Robert L. Millender Memorial Fund; the defense committee for Gleicher and Berkowitz; and the tribute to Ernest Goodman.

In the political arena, Mr. Rosen has been instrumental in the elections of Michigan Secretary of State Richard Austin; Detroit City Council President Erma Henderson; Detroit Mayor Coleman A. Young, and many others.

Since 1974, when he was appointed to the directorship of Detroit's senior citizens department, Mr. Rosen has continued to assist his city and the cause of senior citizens' rights.

This year, he serves as a delegate to the White House Conference on Aging.

Mr. Speaker, the accomplishments of Mr. Rosen are an outstanding example of the strength, vitality, and talents that lie untapped in our older men and women.

In each district represented in this body, there are thousands of senior citizens whose creativity, productivity and concern are going "untapped."

To Mr. Rosen and his wife Maxine, who have just celebrated their 50th wedding anniversary, I offer my congratulations and acknowledgment for their contributions to Detroit.

To my colleagues in the House, I urge you to recognize the rich resources of older Americans, and work to use those resources for the good of our Nation.●

ARCHBISHOP JOHN QUINN: INSTRUMENTS OF PEACE—WEAPONS OF WAR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. PHILLIP BURTON) is recognized for 5 minutes.

● Mr. PHILLIP BURTON. Mr. Speaker, I am pleased to bring to the attention of my colleagues a recent statement on the nuclear arms race made by the Most Reverend John R. Quinn, Archbishop of San Francisco. He spoke on October 4, the 800th anniversary of the Patron Saint of San Francisco, St. Francis of Assisi. Archbishop Quinn made compelling arguments for citizens to take constructive political and social action opposing the massive lethal buildup of nuclear weapons by the Soviet Union and the United States. The statement follows:

STATEMENT OF ARCHBISHOP JOHN R. QUINN

On October 4, 1981, we celebrate the 800th anniversary of an extraordinary man, the Patron Saint of our City, Saint Francis of Assisi.

His simple example of service, Gospel poverty, his spirit of prayer, and joyful love of God's creation gave life to the Church and the world of the Middle Ages. Reflecting on the life of Saint Francis may remind us of the value of life in the final few years of the Twentieth Century—and empower us to confront courageously whatever threatens to dehumanize or destroy God's gift of life and peace today.

Francis is the one saint whom all succeeding generations have agreed to canonize. A clear reflection of Christ, he represents for every age a life-giver and healer. He dedicat-

ed his life to visiting the hospitals and prisons, he served the sick and gave to the poor: his money, his clothes, himself. His life rooted in God, and at peace with God in his own heart, he was a maker of peace.

Francis preached by word and deed. He had a special devotion to Christ crucified and followed Christ's radical example of absolute poverty, purity, obedience to the Father's will, brotherly love and simplicity of life. He felt called to follow Christ without withdrawing from the world, and he continually called the world to holiness. The source of his own holiness was his prayer. Throughout his life Francis repeatedly interrupted his activity to retreat to a solitary hermitage to reflect and pray. A contemplative in the world, his relationship with his Creator was so close that he lucidly saw God in all creation and Christ in every human creature.

For the people of our consumer and nuclear age, Francis is again a prophet of poverty and peace. His Christian example reminds us of our critical need for a clear moral perspective on what is unquestionably one of the greatest life or death issues threatening us today: the weapons of nuclear war and our escalating race to produce them.

THE ISSUE

The continued existence of the human race is seriously endangered today by the threat of nuclear destruction. Pope John Paul II spoke to this crisis in his Address to the United Nations on October 2, 1979:

"The continual preparations for war demonstrated by the production of ever more numerous, powerful and sophisticated weapons in various countries show that there is a desire to be ready for war, and being ready means being able to start it. . . . It is therefore necessary to make a continuing and even more energetic effort to do away with the very possibility of provoking war. . . ." (nn. 10-11).

The famous German theologian, Romano Guardini, commented at the end of World War II that the preeminent human question for the last half of the 20th century would be whether we could develop the moral capacity to control the power we had created. The phrasing here is important: our dilemma arises from the fact that we have created a vast military technology without thinking through its moral implications.

This same dilemma was raised by Albert Einstein who, at the dawn of the nuclear age, recognized the enormous and terrible impact of nuclear bombs: "The splitting of the atom has changed everything save our modes of thinking, and thus we drift toward unparalleled catastrophe."

In considering a Christian response to the arms race, we must, as Einstein warns, change our very ways of thinking. Nuclear weapons are not simply conventional weapons on a larger scale. They are qualitatively of a whole different order of destructiveness. Their tremendous explosive force, as well as their enormous and terrible side effects, will irrevocably alter our ecological system, genetic structures for generations to come, and the fundamental fabric of our social systems. The neutron bomb, for example, even though it is being promoted as a "clean" bomb for use only as a "theater" or "tactical" weapon, is a deadly instrument of mass destruction, and its use could easily ignite a global nuclear conflagration. It contributes to the dangerous illusion that a "limited" nuclear war can be fought and won.

At the present time, the United States has a stockpile of nuclear weapons equivalent to 615,000 times the explosive force of the bomb dropped at Hiroshima. With that stockpile we can destroy every major Soviet city 40 times over. The Soviet Union, in its turn, can destroy every major American city 17 times over. The Soviet and U.S. stockpiles together contain the equivalent of 12 tons of TNT for every man, woman and child in the entire world.

At the end of the 1950's, both Russia and America had already amassed enough weapons to absorb a first strike and still destroy the other's society completely. Nevertheless, the U.S. continues to build 3 nuclear warheads every day. This madness has continued year after year, and it accounts for a large portion of the $1.6 trillion which has been budgeted for the Pentagon over the next five years. The military research and procurement budget for 1986 is set at just under $1 billion per day.

In human terms, excessive spending on arms production takes lives just as surely as if the weapons produced had actually been put to use. The extreme poverty that is endured by one-third of the human race is in large part a direct by-product of an arms race out of control. The billions of dollars presently being spent on arms each year throughout the world is surely an appalling form of theft in a world where so many persons die each day of starvation and privation.

The obsessive drive for security through nuclear weaponry has not brought security, either for the 6 nations which now have strategic nuclear capacity, or for the 40 other nations who will possess that capacity by 1985. Rather, by straining the world economy and diverting resources from urgent human needs, the arms race has intensified international instability and has itself become the major threat to security among nations.

The physical and social destruction which would result from a nuclear blast borders on the unthinkable. It is now clear to a growing segment of the medical community that no effective medical response can be conceived to deal with the human suffering and damage that would result. All efforts must therefore be directed toward prevention; healing after the fact will be beyond the physicians' art.

All of these facts constitute the context of Pope John Paul II's moving statement at his recent visit to Hiroshima: "To remember Hiroshima is to abhor nuclear war. To remember Hiroshima is to commit oneself to peace • • • Let us promise our fellow human beings that we will work untiringly for disarmament and the banishing of all nuclear weapons; let us replace violence and hate with confidence and caring."

THE TEACHING OF THE CHURCH

Where does the Church derive its moral teaching on questions of war and peace? The Gospels present the pattern that must be normative in all our reflections: "You shall not kill, and whoever kill shall be liable to judgment" (Mt. 5:21); "Put away your sword. Those who live by the sword will die by the sword" (Mt. 26:52); and "Love your enemies, do good to those who treat you badly" (Lk. 27:36).

The Gospel teaching does not rule out the right of nations to protect themselves against unprincipled and dangerous enemies. Modern Popes have recognized our right to responsible self-protection. For example, Pope Paul VI taught in his Address to the United Nations General Assembly: "As long as men and women remain those weak, changeable and wicked beings that they often show themselves to be, defensive arms will, unfortunately, be necessary" (4 October 1965)

The moral problem arises, however, when the effects of our defensive weapons are no longer fully predictable or within our control. As long ago as 1954, Pope Pius XII raised this problem and clearly taught that when warfare "involves such an extension of • • • evil that it entirely escapes from human control its use must be rejected as immoral • • • The pure and simple annihilation of all human life • • • is not permitted for any reason whatsoever". (Address to Delegates of the Eighth Congress of the World Medical Association, in Rome, 30 September 1954).

The teaching of the Church is clear: nuclear weapons and the arms race must be condemned as immoral.

A pivotal statement of this doctrine is found in the Second Vatican Council's Pastoral Constitution of the Church in the Modern World. There the Council warns:

"The horror and perversity of war are immensely magnified by the multiplication of scientific weapons. For acts of war involving these weapons can inflict massive and indiscriminate destruction far exceeding the bounds of legitimate defense • • • With these truths in mind, this most Holy Synod makes its own the condemnation of total war already pronounced by recent Popes, and issues the following declaration: Any act of war aimed indiscriminately at the destruction of entire cities or of extensive areas along with their population is a crime against God and humankind. It merits unequivocal and unhesitating condemnation." (n. 80)

Such a strong condemnation is inevitable when we; judge the realities of nuclear warfare in the light of the Church's traditional "just war" principles. Those classic moral principles clearly teach that for a war to be even reluctantly permitted, all of the following conditions must be met:

1. The decision for war must be made by a legitimate authority.
2. The war can be fought only to defend against unjust aggression.
3. War must be waged only as a last resort.
4. There must be a reasonable chance of achieving the objective for which the war is waged.
5. The good to be achieved by the war must outweigh the evil that will result from it. This is called the principle of proportionality. One cannot "destroy a city in order to save it".
6. The war must be waged according to the principles of natural and international law. For instance, indiscriminate mass destruction of civilian populations is never justified, for whatever reason.

If we apply each of these traditional principles to the current international arms race, we must conclude that a "just" nuclear war is a contradiction in terms. Even a brief comment on only the final two of these principles will serve to support that conclusion.

Strategic nuclear weapons are designed precisely and exclusively to destroy entire cities and their populations. It is hard to imagine a more lethal instrument of indiscriminate mass destruction of civilian noncombatant populations.

Furthermore, physicians, physicists and even military planners have described all too graphically the biological, environmental and genetic damage that will result for generations from the explosive and radioactive power of a single thermonuclear

weapon. What good could possibly be proportionate to such uncontrollable destruction and suffering? Is it likely that survivors of such a holocaust could describe themselves in any sense as victors?

OUR RESPONSE

My brothers and sisters, not only the peace of the world but the very survival of the human experiment is at stake. If we accept the inescapable conclusion that, as the Church clearly teaches, nuclear weapons and the arms race are essentially evil, what kind of response are we called upon to make?

None of us can answer that question for another; we must each answer for ourselves. Some may be called, like Francis 800 years ago, to a radically prophetic response. Open to the voice of the Spirit within us, we must find our own response to the deadly nuclear challenge as individuals, as families, and as a community of faith and hope. I would suggest three areas in which we might support one another in this common affirmation of life.

First, I invite all Catholics of the Archdiocese to join with me in setting aside one day every month as a day of prayer and fasting for an end to the arms race. This personal and communal penitential act will both witness to our total dependence on God and affirm our faith that it is ultimately only God's grace which can change our hearts in this critical time of need. I would suggest the First Friday or, in honor of St. Francis, the fourth day of each month.

Further, I recommend that broad-based educational programs on the teaching of the Church regarding nuclear weapons and the arms race be created in the parishes, schools, colleges and universities of the Archdiocese, and that peace and justice committees be established in every parish. The Archdiocesan Commission of Social Justice stands ready to be of every possible assistance in these efforts.

And finally, I urge you to find practical expression for your Christian concern in the political and social arenas. Three particular possibilities for action come immediately to mind.

First, there is a growing national campaign calling for a "Nuclear Arms Freeze", i.e., a halt right now to any further development or deployment of nuclear weapons by the United States or the Soviet Union. As a first realistic step toward a process of bilateral disarmament, I urge your active cooperation with other religious and community groups in this campaign.

Second, since many in the medical community are now convinced that it is dangerously deceptive to pretend there can be any effective medical response in the case of a thermonuclear attack, I urge the administrators and staff of Catholic Health Facilities to join all those who are vigorously opposing the intentions of the Department of Defense to establish a "Civilian-Military Contingency Hospital System" if this System is based on the illusion that there can be an effective medical response in the case of nuclear war.

Third, much greater support is needed for developing creative proposals for converting military weapons technology to civilian production uses. Such a restructuring of national priorities must begin at the local level and in a variety of industries. I urge you to become aware of the alternatives which are being explored in this important area, and to express your active interest and concern to legislative representatives at every level.

CONCLUSION

I call upon all the Catholic people of the Archdiocese of San Francisco, as well as all people who find in Saint Francis a prophet of peace and non-violence, to work for bilateral disarmament and the elimination of nuclear weapons. Let us replace violence and mistrust and hate with confidence and caring. Let us make our own the prayer of Saint Francis of Assisi:

Lord, make me an instrument of Your Peace.
Where there is hatred, let me sow love;
Where there is injury, pardon;
Where there is doubt, faith;
Where there is despair, hope;
Where there is darkness, light;
Where there is sadness, joy.
O Divine Master, grant that I may seek not so much to be consoled as to console;
To be understood as to understand;
To be loved as to love;
For it is in giving that we receive;
It is in pardoning that we are pardoned; and
It is in dying that we are born to Eternal Life.●

BENJAMIN BOGOMOLNY—THE CONGRESSIONAL VIGIL ON SOVIET JEWRY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. WEISS) is recognized for 5 minutes.

● Mr. WEISS. Mr. Speaker, as a member of the Congressional Vigil on Soviet Jewry, I want to call my colleagues' attention today to the case of Benjamin Bogomolny. Benjamin Bogomolny is a 35-year-old mathematician who was prevented from leaving the Soviet Union with his family in 1970 and subsequently has been harassed repeatedly.

Bogomolny first applied for an exit visa in 1966 along with his parents. When his parents and his three sisters received visas in 1970, Bogomolny was instead drafted into the Soviet Army. After his discharge in 1972, he reapplied for an exit visa but was refused under a Soviet law which prohibits emigration within 5 years of serving in the Army. Bogomolny now has been out of the army for 9 years but still is not permitted to be reunited with his family.

In these 9 years, his apartment has been ransacked and his possessions painted red, his books on Judaism have been confiscated, and his telephone service has been disconnected repeatedly. When Bogomolny helped organize a symposium on Jewish culture in 1976, he was searched by Soviet officials and all correspondence pertaining to the symposium was confiscated. This unjust treatment violates the Helsinki Final Act and I rise today to express my very deep concern for the basic rights and the well-being of Benjamin Bogomolny.

The case I have described today is evidence that mistreatment of Jews wishing to emigrate from the Soviet Union really is not limited to the better-known cases of Anatoly Scharansky, Viktor Brailovsky, and others. As the Congressional Vigil on Soviet Jewry helps document, this tragic problem is all too common.

I want to commend all of my colleagues who participate in this vigil and who have done so much to focus attention on the many abuses we hear of. Benjamin Bogomolny and all Soviet Jews deserve nothing less than justice and freedom.●

KING CRIME

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 15 minutes.

Mr. GONZALEZ. Mr. Speaker, the Jimmy Hoffa case is listed in the police files as missing person 75-3425, and that is about it. That crime remains as unsolved today as it did the day he disappeared in a suburb of Detroit.

Jimmy Hoffa was a man who had dealt with and traded with the criminal element and had accepted as a way of business dealing with the most organized of the organized criminal element that had begun or had for some time infiltrated and worked its way on the penumbra or the edges of organized labor in some regions of the country. And it has actually involved itself nationally in such unions as the Teamsters. The case of the Federal judge, John W. Wood, who was murdered on or about May 29, 1979, equally remains unsolved.

Prior to that, the crime of the attempted murder of the assistant district attorney for the Federal western district, James W. Kerr, still remains unsolved. In fact, it is not even being worked on.

Yet, as I have said repeatedly, these crimes, the murder of the judge and the attempted murder of the assistant district attorney, are the most disturbing crimes in the annals of the judicial system of our country. No such crime has ever been committed against a member of the judiciary in the history of the American judiciary. Yes, we have had the murder of a judge, but we have had nothing compared, on the scale of criminal value and its insidious reflection on our state of society in America at this time, with these crimes. We have had nothing before to compare with the murder of Judge Wood because it has in effect ended in the intimidation of this very important branch of our Government. No judge of the judicial branch has been murdered as an obvious direct consequence of his administration of a court by elements of the very sophisticated underworld dealing exclusively in crime and criminal behavior.

I have pointed out that this properly should be referred to as "King Crime" because it does reign supreme and un-

disturbed and unmitigated and unreduced in our country today. Crime has penetrated every single level of our social being in America, from the highest level to the lowest, including that part of our society we call our Government, again from the highest, the national, to the lowest, the municipal.

If we want to use that scale of values, in our book, in our democratic form of government, every single level of government is vital and important, and perhaps equally so.

When it comes to the circumstances surrounding the murder of this judge and the attempt on the life of James Kerr 6 months prior, I find it very hard to reconcile myself to the cycle of smugness and complacency that seems to overcome us. I have been speaking out consistently for more than 2½ years now. As a matter of fact, this month will mark an anniversary of 3 years, because that was the time, almost to a month, that the attempt was made on the life of James Kerr.

To sum up, at that time the attempt on the life of James Kerr in a suburb of San Antonio, in an area that is not now in my district but adjacent to it, had been predicted, not in its exact form naturally or on that level, but because of some occurrences in that area just a few months ago. It was a circumstance in which the newspapers had become involved, and they had called me because of my record of activity since 1970 with respect to trying to ascertain and expose and remedy the insidious infiltration of a criminal element of the most sophisticated kind, as I have said and repeat, in that part of the country, which was for the first time noticeable in 1970 because of the things that were happening on the Eastern and Canadian shores and borders. I am referring to the temporary closing of the so-called French Connection in the heroin drug traffic and then the initiation of what perhaps became and still is one of the most active of illicit drug activities on an international scale, the so-called brown heroin or the Mexican or the Latin American Connection, although today actually the greatest activity seems to be from South America through both Florida and across the Mexican border.

□ 1750

But in 1970 it was obvious and, because, as I have said on a prior occasion, ever since my days as a chief juvenile probation officer for Bexar County many years ago I have maintained a keen and active interest in that area of activity, not only having to do with juveniles but with some who have reached adulthood that we were not able to successfully deal with at that time, but with whom I have maintained some contact, either as adults or through their span of life. In some cases some are not even alive.

As a result also of my sustained interest in our penal system, both on the State and National level, where without being a member of the committee that has jurisdiction I have been just about as close to the legislative activities in regards to that as any man here.

Because of that and my continuing relationship with some of our citizens that have successfully extricated themselves from the clutches of criminal behavior, I have received information and continue to receive information. In 1970 it became obvious that the local law enforcement officials, who apparently would have jurisdiction of such things as the murders of individuals gang style were concerned, and obviously they were not aware and could not be aware of the dimensions of the patterns of crime that were beginning to be reflected in the series of murders that were reported, I went to the grand jury, the county grand jury, four times between 1970 and 1972. So I think that is a clear record of my sense of commitment and obligation and responsibility, even though it has nothing to do with my direct and primary duties as a Congressman.

But it has been obvious, and since I feel that I am charged with knowledge because of the privileges I have had to serve in these varying capacities in my community and in the State level and National level now, that it would be an abdication of a responsibility and a trust not to speak out. But I never dreamed, any more than I did the assassination of President Kennedy, that such a wanton, deliberate, and cruel and intimidating crime such as the murder of Judge Wood would take place without national alarm and concern and a priority for its solution immediately, not 2½ years or almost 3 years later.

I just cannot to this day imagine a worse situation in any country. No society can really boast its freedom as long as we in America suffer the continuation of the pattern of crime, its extent and depth, its penetration of every layer of our society. As long as we tolerate that and do not rise in literal arms, we cannot boast of having a free society because we really are not free.

The most insidious of all crimes, the murder of a Federal judge, I think almost everybody agrees, there is general consensus that there was a direct connection between his handling of cases that involved elements then in the very, very active international ring. I have brought out from time to time the extent of some of the aspects of that activity. I have put on the record the fact that the volume of business, and a business that has become very sophisticated, mostly because of the fact that the syndicate has moved in, and I established the date of that moving in as somewhere after 1972 in a real way, and that is the importation of the illegal drugs into the United States in great volumes and the transportation in exchange for drugs of stolen automobile vehicles and automobile parts, mostly through the Mexican border into Mexico, and where such a sophisticated market has been developed that a certain model and year of a car or a pickup—the pickups seem to be the most popular—bring a certain amount of drug in exchange, so many kilos of marihuana, so many kilos of heroin, so many kilos of cocaine, for a given type of car. It has become very sophisticated.

I attempted prior to the attempt on the assistant district attorney, James Kerr, to focus the attention and coordinate all of the levels of law enforcement, the local police, the State Department of Public Safety in Texas, and the national law enforcement agents, and discovered that they, in effect, had done some things on their own initiative with very limited authorization of appropriations and moneys, very limited personnel, and had, in fact, conducted some very, very interesting experiments and trials in which the extent and pattern of this criminal behavior was clearly established.

In pursuance of helping them I have introduced since then a bill that would permit the identification of some of these more important automobile parts that have the greatest number of trade value and volume, very much as we do automobile motors today, or engines. The bill still has not been passed. But I have learned that the legislative process—and I am an admirer of it—is likely the Fates. It grinds slowly, but it grinds exceedingly fine. In one or two instances bills I have introduced have taken as long as 10 years to come into fruition and reality.

So that in 1965, I introduced a bill to compensate survivors and dependents of law enforcement officers and firemen who died in the course of duty. It was not until the Congress before last that the bill was enacted into law and appropriations provided.

Earlier this year, I introduced for the second time a resolution stating that it is the sense of the House the President may authorize up to $3 million to the Justice Department as a reward for information leading to the arrest and conviction of those responsible for the murder of John W. Wood and the attempted murder of James W. Kerr.

□ 1800

ROY WILKINS: LEADER AND HERO

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. WILLIAM J. COYNE) is recognized for 5 minutes.

● Mr. WILLIAM J. COYNE. Mr. Speaker, the death of Roy Wilkins, activist in the cause of civil rights for over 50 years, marks the loss of a great leader for our Nation. Though his passing leaves us with sadness, it serves to remind us of those who devote their lives to the pursuit of social justice.

Mr. Wilkins led the National Association for the Advancement of Colored People in combating racial discrimination. In a time of emotional, often violent, uproar, Mr. Wilkins provided a voice of reason. He employed peaceful, political, and legal techniques in his fight for equality. Legislatures and courts were his chief weapons against unjust social systems of the era.

Mr. Wilkins sought to involve Presidents, Governors, and mayors in his efforts. He was a major force behind the 1954 Supreme Court decision that overturned the doctrine of "separate but equal" facilities in public schools. He helped President Lyndon Johnson secure approval of the 1964 Civil Rights Act and 1965 Voting Rights Act, and worked to influence Presidents Nixon and Ford on the busing issues. His method was to work within the system to achieve fair housing laws and better job opportunities that were long overdue for blacks.

The grandson of a Mississippi slave, Mr. Wilkins' interest in the fight for equal rights for blacks stemmed from his anger about the lynchings that were common during his youth. In the 1930's, lynchings occurred at the rate of about 35 a year. Under Mr. Wilkins, the NAACP lobbied strongly for Federal legislation to prohibit this horrible practice. Once lynchings subsided, Mr. Wilkins and his organization concentrated their efforts on eradicating discrimination in housing, education, and employment.

We live in a time of great scarcities, of which one of the most serious may be the scarcity of heroes and leaders. Roy Wilkins was both a hero and leader in this Nation. His life's devotion to equality and justice should serve as an inspiration to us. His use of peaceful means through the political process to bring about change should also remind us that institutional structures do exist to affect change in this country.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Illinois (Mrs. COLLINS) is recognized for 5 minutes.

● Mrs. COLLINS of Illinois. Mr. Speaker, I was unable to make the final passage vote on H.R. 3403. The Hazardous Materials Transportation Act of 1981 due to the fact that I was attending the Senate Labor and Human Resources Committee hearings on the administration of the CETA program.

Had I been able to make the vote, I would have vote "yea" for rollcall No. 266.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. WILLIAMS of Ohio (at the request of Mr. MICHEL), for today, on account of official business.

Mr. RUDD (at the request of Mr. MICHEL), on October 20 and 21, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. DENARDIS) to revise and extend their remarks and include extraneous material:)

Mr. CORCORAN, for 5 minutes, today.

Mrs. HECKLER, for 10 minutes, today.

Mr. COLLINS of Texas, for 30 minutes, today.

(The following Members (at the request of Mr. ECKART) to revise and extend their remarks and include extraneous material:)

Mr. ALEXANDER, for 15 minutes, today.

Mr. REUSS, for 5 minutes, today.

Mr. KASTENMEIER, for 15 minutes, today.

Mr. CROCKETT, for 5 minutes, today.

Mr. PHILLIP BURTON, for 5 minutes, today.

Mr. WEISS, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. WILLIAM J. COYNE, for 5 minutes, today.

Mrs. COLLINS of Illinois, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. STRATTON, and to include extraneous matter, prior to the vote on H.R. 3403, in the Committee of the Whole today.

(The following Members (at the request of Mr. DENARDIS) and to include extraneous matter:)

Mr. KEMP.

Mr. CHAPPIE.

Mr. BROWN of Ohio.

Mr. JEFFORDS.

Mr. BROYHILL.

Mr. ROUSSELOT.

Mr. LAGOMARSINO in two instances.

Mr. MCEWEN.

Mr. SHAW.

Mr. MICHEL in two instances.

Mr. COLLINS of Texas in three instances.

Mr. BEREUTER.

Ms. FIEDLER.

Mr. FINDLEY.

Mr. OXLEY in three instances.

Mr. RITTER.

Mr. BROOMFIELD in two instances.

Mr. CORCORAN.

Mr. CONTE.

(The following Members (at the request of Mr. ECKART) and to include extraneous matter:)

Mr. BEILENSON.

Mr. ROYBAL.

Mr. GUARINI.

Mr. ASPIN in two instances.

Mr. BOLAND.

Mr. STOKES in three instances.

Mr. DORGAN of North Dakota.

Mr. MINETA.

Mr. ZABLOCKI.

Mr. RANGEL.

Mr. OTTINGER.

Mr. WEISS in two instances.

Mr. JONES of Tennessee.

Mr. MCDONALD in three instances.

Mr. DWYER.

Mr. DOWNEY.

Mr. CLAY.

Mr. HOYER.

Mr. EVANS of Georgia in three instances.

Mr. RODINO.

Mr. GEPHARDT.

Mr. FAUNTROY.

Mr. MILLER of California.

Mr. BONKER.

Mr. ENGLISH.

Mr. WYDEN.

Mr. BARNES.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 898. An act to amend the Communications Act of 1934 to provide for improved domestic telecommunications, and for other purposes; to the Committee on Energy and Commerce.

ENROLLED BILL SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 4612. An act to temporarily delay the October 1, 1981, increase in the price support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat

for the marketing year beginning June 1, 1982.

BILL PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 4612. An act to temporarily delay the October 1, 1981, increase in the price support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

ADJOURNMENT

Mr. GONZALEZ. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock p.m.) the House adjourned until tomorrow, Wednesday, October 21, 1981, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2366. A letter from the Principal Deputy Assistant Secretary of Defense (Comptroller), transmitting an amendment to the list of contract award dates previously submitted for the period September 15 through December 15, 1981, pursuant to 10 U.S.C. 139(b); to the Committee on Armed Services.

2367. A letter from the Acting Comptroller General of the United States, transmitting a report on the status of two contracts for SSN-688 class attack submarines modified under the authority of Public Law 88-504, pursuant to section 821 of Public Law 95-485 (PLRD-82-2, October 20, 1981); to the Committee on Armed Services.

2368. A letter from the Director-designate, National Institute of Education Department of Education transmitting a report on vocational education programs, pursuant to section 523(b)(2) of Public Law 94-482; to the Committee on Education and Labor.

2369. A letter from the Supervisor of Benefits, Farm Credit Banks of Spokane; transmitting the annual reports of the district's retirement plans for calendar year 1980, pursuant to section 121(a)(2) of the Budget and Accounting Procedures Act of 1950, as amended; to the Committee on Government Operations.

2370. A letter from the Acting Secretary of the Air Force, transmitting a draft of proposed legislation to amend the Military Personnel and Civilian Employees' Claims Act of 1964 to increase from $15,000 to $25,000 the maximum amount that the United States may pay in settlement of a claim under that act; to the Committee on the Judiciary.

2371. A letter from the Assistant Secretary of Energy for Conservation and Renewable Energy, transmitting notice of a delay in submission of the annual report on the Federal geothermal program, required by section 302 of Public Law 93-410; to the Committee on Science and Technology.

2372. A letter from the Secretary of Health and Human Services, transmitting a report on methods of providing coverage for orthopedic shoes under part B of the medicare program, pursuant to section 958(e) of Public Law 96-499; jointly, to the Committees on Ways and Means and Energy and Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BROOKS: Committee on Government Operations. Report on licensing speedup, safety delay: NRC oversight (Rept. No. 97-277). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Report on the effect of inaccurate inflation projections on Department of Defense budget (Rept. No. 97-278). Referred to the Committee on the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Report on continued failure of departments and agencies to take effective action on audit findings (Rept. No. 97-279). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Report on outlook for multistate regional intelligence projects (Rept. No. 97-280). Referred to the Committee of the Whole House on the State of the Union.

Mr. MOAKLEY: Committee on Rules. House Resolution 247. Resolution providing for the consideration of H.R. 4503 to amend the Federal Water Pollution Control Act to authorize funds for fiscal year 1982, and for other purposes (Rept. No. 97-281). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ALEXANDER:

H.R. 4777. A bill to amend the National School Lunch Act to provide that in certain years purchases of foodstuffs for commodity distribution must reflect a certain proportion of rice purchases; to the Committee on Education and Labor.

By Mr. BARNES (for himself and Mr. HOYER):

H.R. 4778. A bill to amend title 5, United States Code, to provide that retired administrative law judges may be reappointed under regulations prescribed by the Office of Personnel and Management; to the Committee on Post Office and Civil Service.

By Mr. BEILENSON:

H.R. 4779. A bill to amend the National Traffic and Motor Vehicle Safety Act of 1966 to require manufacturers of new passenger cars to install high-mounted rear stoplamps in such passenger cars for purposes of reducing rear end collisions by providing a more effective brake warning to following drivers; to the Committee on Energy and Commerce.

By Mr. COLLINS of Texas:

H.R. 4780. A bill to amend the Communications Act of 1934 to modify requirements under the fairness doctrine applicable to broadcasters; to the Committee on Energy and Commerce.

H.R. 4781. A bill to amend the Communications Act of 1934 in order to establish new procedures for the renewal, assignment, and transfer of broadcast licenses, to repeal the equal time requirements applicable to candidates for public office, to modify requirements under the fairness doctrine, to provide certain deregulations of broadcast services, and for other purposes; to the Committee on Energy and Commerce.

By Mr. CORCORAN:

H.R. 4782. A bill to amend title VII of the Civil Service Reform Act of 1978 and to affirm the right of Federal employees subject to that act to be represented, for purposes of labor-management relations, by representatives of their own choosing; to the Committee on Post Office and Civil Service.

By Mr. DUNCAN:

H.R. 4783. A bill to amend title 17 of the United States Code to exempt the home recording of copyrighted works on home video recorders from copyright infringement; to the Committee on the Judiciary.

By Mr. DWYER:

H.R. 4784. A bill to amend the Internal Revenue Code of 1954 to provide that handicapped individuals will be eligible for the one-time exclusion of gain from the sale of a principal residence; to the Committee on Ways and Means.

By Mr. EDWARDS of Alabama:

H.R. 4785. A bill to amend the Internal Revenue Code of 1954 to clarify certain requirements which apply to mortgage subsidy bonds; to the Committee on Ways and Means.

By Mr. EVANS of Georgia (for himself, Mr. ARCHER, Mr. ASHBROOK, Mr. BARNARD, Mr. BEARD, Mr. BLILEY, Mr. BREAUX, Mr. BROYHILL, Mr. CAMPBELL, Mr. CARMAN, Mr. COELHO, Mr. COURTER, Mr. JAMES K. COYNE, Mr. DAN DANIEL, Mr. DAUB, Mr. DERRICK, Mr. DREIER, Mr. DYSON, Mr. EDWARDS of Alabama, Mr. EMERSON, Mr. EVANS of Indiana, Mr. EVANS of Delaware, Mr. GINN, Mr. GLICKMAN, Mr. SAM B. HALL, JR., Mr. HANSEN of Idaho, Mr. HUCKABY, Mr. HARTNETT, Mr. HEFNER, Mr. HENDON, Mr. HOLLAND, Mr. HOWARD, Mr. HUNTER, Mr. HYDE, Mr. KINDNESS, Mr. LEATH of Texas, Mr. LEWIS, Mr. LOTT, Mr. LOWERY of California, Mr. LOWRY of Washington, Mr. MCCOLLUM, Mr. MCGRATH, Mr. MCHUGH, Mr. MARTIN of North Carolina, Mr. MATTOX, Mr. MILLER of Ohio, Mr. MONTGOMERY, Mr. NAPIER, Mr. NEAL, Mr. OXLEY, Mr. PASHAYAN, Mr. RAHALL, Mr. RAILSBACK, Mr. SAWYER, Mr. SENSENBRENNER, Mr. SHUMWAY, Mr. SPENCE, Mr. STATON of West Virgina, Mr. STUMP, Mr. WEBER of Ohio, Mr. WHITLEY, Mr. WHITTAKER, Mr. WILSON, Mr. WOLF, Mr. WORTLEY, and Mr. WYLIE):

H.R. 4786. A bill to amend title 11, United States Code, to establish an improved basis for providing relief under chapter 7, and for other purposes; to the Committee on the Judiciary.

By Mr. GONZALEZ (by request):

H.R. 4787. A bill to establish a Federal Home Loan Mortgage Corporation Charter Act; to the Committee on Banking, Finance and Urban Affairs.

By Mr. JACOBS:

H.R. 4788. A bill to amend title 38, United States Code, to permit the next of kin of a deceased veteran to designate the style of flag to be furnished at the burial of such veteran; to the Committee on Veterans' Affairs.

By Mr. JEFFORDS (for himself, Mr. ALBOSTA, Mr. BEDELL, Mr. BEILENSON, Mr. D'AMOURS, Mr. EDGAR, Mr. FOGLIETTA, Mr. HUGHES, Mr. KOGOVSEK, Mr. MARRIOTT, Mr. MCEWEN, Mr. MINETA, Mr. NEAL, Mr. SEIBERLING, Mr. SMITH of New Jersey, and Mr. WOLPE):

H.R. 4789. A bill to amend the Internal Revenue Code of 1954 to encourage greater energy conservation by commercial businesses, and for other purposes; to the Committee on Ways and Means.

By Mr. LAGOMARSINO:

H.R. 4790. A bill to provide special local agency impact assistance; to the Committee on Armed Services.

By Mr. LUJAN:

H.R. 4791. A bill to amend the Internal Revenue Code of 1954 to provide an income tax credit for the purchase of a principal residence; to the Committee on Ways and Means.

By Mr. NICHOLS (for himself, Mr. MITCHELL of New York, Mr. MONTGOMERY, Mrs. HOLT, Mr. WON PAT, Mr. HILLIS, Mrs. BYRON, Mr. HOPKINS, Mr. SKELTON, Mr. HUNTER, Mr. BENNETT, Mr. HARTNETT, and Mr. WHITE):

H.R. 4792. A bill to amend title 10, United States Code, to improve the military justice system; to the Committee on Armed Services.

By Ms. OAKAR:

H.R. 4793. A bill to amend title 5, United States Code, to extend the Federal Physicians Comparability Allowance Act of 1978, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. PARRIS:

H.R. 4794. A bill to amend the copyright law to provide that the use of home video recorders are not infringements on the exclusive rights of copyright owners; to the Committee on the Judiciary.

By Mr. PASHAYAN:

H.R. 4795. A bill to amend the Immigration and Nationality Act, and for other purposes; to the Committee on the Judiciary.

By Mr. RUSSO:

H.R. 4796. A bill to amend the Internal Revenue Code of 1954 to exempt chromium and chromite used in production of ferrochrome from the Federal excise tax on certain chemicals; to the Committee on Ways and Means.

By Mr. WYDEN:

H.R. 4797. A bill to amend the Internal Revenue Code of 1954 to impose a tax on the importation of Libyan crude oil and refined petroleum products, to transfer the revenues from such tax to the strategic petroleum reserve trust fund, and for other purposes; jointly to the Committees on Ways and Means and Energy and Commerce.

By Mr. HERTEL (for himself, Mr. ALBOSTA, Mr. ATKINSON, Mr. BEARD, Mr. BONIOR of Michigan, Mr. BROOMFIELD, Mr. CORCORAN, Mr. CLINGER, Mr. CONYERS, Mr. DINGELL, Mr. DOWNEY, Mr. ERDAHL, Mr. FROST, Mr. HANCE, Mr. LOWRY of Washington, Mr. LOWERY of California, Mr. MCKINNEY, Mr. MARKEY, Mr. MAZZOLI, Ms. MIKULSKI, Mr. MITCHELL of Maryland, Mr. MITCHELL of New York, Mr. NEAL, Mr. PEPPER, Mr. PRICE, Mr. RAHALL, Mr. ROE, Mr. ROTH, Mrs. SCHROEDER, Mr. SHAW, Mr. TRAXLER, Mr. WINN, Mr. FOGLIETTA, Mr. MURPHY, Mr. VENTO, Mr. DWYER, Mr. BLANCHARD, Mr. JEFFORDS, Mr. GILMAN, Mr. SKEEN, and Mr. FAZIO):

H.J. Res. 342. Joint resolution establishing a Global Peace Award, and providing that first Global Peace Award shall be presented in memory of the late President Anwar el Sadat of Egypt for his contributions to world peace; to the Committee on Foreign Affairs.

By Mr. BARNARD:

H. Con. Res. 204. Concurrent resolution expressing the sense of Congress that to encourage educational programs in science and technology, a National Science Center for Communications and Electronics should be established; to the Committee on Science and Technology.

By Mr. DWYER (for himself, Mr. SMITH of New Jersey, Mr. ADDABBO, Mr. ANNUNZIO, Mr. BENJAMIN, Mrs. FENWICK, Mr. FLORIO, Mr. HORTON, Mr. HOWARD, Mr. LEE, Mr. MARKEY, Mr. MAVROULES, Mr. MITCHELL of New York, Mr. PEPPER, and Mr. RODINO):

H. Con. Res. 205. Concurrent resolution expressing the sense of the Congress with respect to violations of human rights by the Soviet Union in the Ukraine; to the Committee on Foreign Affairs.

By Mr. BETHUNE:

H. Res. 248. Resolution to prohibit the utilization by House caucuses of House office space, clerk-hire allowances, allowances for official expenses, and outside contributions; to the Committee on House Administration.

By Mr. JOHN L. BURTON:

H. Res. 249. Resolution calling for an international nuclear weapons ban; to the Committee on Foreign Affairs.

By Mr. DYSON:

H. Res. 250. Resolution expressing the sense of the House of Representatives with respect to the need to continue the entitlement payment to local governments as provided for in the general revenue sharing program; to the Committee on Government Operations.

MEMORIALS

Under clause 4 of rule XXII,

214. The SPEAKER presented a memorial of the Legislature of the State of Montana, requesting that Congress propose an amendment to the Constitution of the United States requiring, with certain exceptions, a balanced Federal budget; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DELLUMS:

H.R. 4798. A bill for the relief of Cathleen S. O'Regan; to the Committee on the Judiciary.

By Mr. DORNAN of California:

H.R. 4799. A bill for the relief of May Fortaleza Sayward; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 907: Mr. STUDDS.

H.R. 1918: Mr. SCHUMER and Mr. GUARINI.

H.R. 2439: Mr. YATES.

H.R. 2567: Mr. SIMON.

H.R. 3231: Mr. LEHMAN.

H.R. 3269: Mr. DORGAN of North Dakota, Mr. PANETTA, Mr. TAUZIN, Mr. MCGRATH, Mr. WOLF, Mr. FISH, Mr. HAWKINS, Mr. LUJAN, Mr. GIBBONS, Mr. DAUB, Mr. HALL of Ohio, Mr. CONTE, and Mr. MINETA.

H.R. 3496: Mr. BENNETT, Mr. BROWN of California, Mr. DORNAN of California, Mr. HARKIN, and Mr. MARRIOTT.

H.R. 3909: Mr. RAILSBACK.

H.R. 3958: Mr. YOUNG of Alaska, Mr. DANIEL B. CRANE, Mr. PHILIP M. CRANE, Mr. DWYER, Mr. ERDAHL, Mr. SIMON, Mr. DOUGHERTY, Mr. WON PAT, and Mr. STENHOLM.

H.R. 4170: Mr. VOLKMER.

H.R. 4313: Mr. HANSEN of Utah, Mr. GLICKMAN, Mr. MINETA, Mr. FITHIAN, Mr. LUNDINE, Mr. PANETTA, Mr. NEAL, Mr. ANDREWS, Mr. NAPIER, Mr. ROSE, Mr. BLANCHARD, Mr. WYDEN, Mr. SIMON, Mr. OBERSTAR, Mr. KASTENMEIER, and Mrs. BOUQUARD.

H.R. 4410: Mr. NAPIER, Mr. BURGENER, and Mrs. BOUQUARD.

H.R. 4460: Mr. CONYERS and Mr. YATRON.

H.R. 4496: Mr. WATKINS.

H.R. 4554: Mr. LUNGREN.

H.R. 4567: Mr. CONTE.

H.R. 4587: Mr. MARKEY, Mr. VENTO, Mr. MITCHELL of Maryland, Mr. BEDELL, Mr. RAHALL, Mr. DELLUMS, Mr. SEIBERLING, Mr. HUGHES, Mr. AUCOIN, Mr. SABO, Mr. FRANK, Mr. WYDEN, Mr. LONG of Maryland, Mr. BEILENSON, Mr. SWIFT, Mr. MURPHY, Mr. FOGLIETTA, and Mr. GORE.

H.R. 4645: Mr. YOUNG of Missouri, Mrs. HOLT, Mr. FORD of Michigan, and Mr. AUCOIN.

H.R. 4651: Mr. FORSYTHE.

H.R. 4667: Mr. DWYER.

H.R. 4673: Mr. BARNARD, Mr. BEREUTER, Mr. YATRON, Mr. MILLER of Ohio, Mr. KINDNESS, Mr. BEDELL, Mr. MARTIN of New York, and Mr. NELLIGAN.

H.R. 4674: Mrs. SCHNEIDER.

H.R. 4728: Mr. DUNCAN, Mr. STANGELAND, Mr. WALGREN, Mr. SMITH of Pennsylvania, Mr. SILJANDER, Mr. MCHUGH, Mr. LEE, Mr. FORSYTHE, Mr. WINN, and Mr. DWYER.

H.J. Res. 72: Mr. OTTINGER, Mr. DENARDIS, Mr. ROYBAL, Mr. HUGHES, Mr. DANNEMEYER, Mr. KAZEN, Mr. SMITH of Oregon, Mr. MCCURDY, and Mr. GRADISON.

H.J. Res. 293: Mr. GORE, Mr. SABO, Mr. BONER of Tennessee, Mr. GUARINI, Mr. CONABLE, Mr. CONYERS, Mr. LEE, Mr. HANSEN of Utah, Mr. HUGHES, Mr. ROBINSON, Mr. DINGELL, Mr. HEFTEL, and Mr. MINISH.

H.J. Res. 323: Mr. YOUNG of Missouri, Mr. BONIOR of Michigan, Mr. CORCORAN, Mr. CHENEY, Mr. ERTEL, Mr. DE LA GARZA, Mr. COELHO, Mr. BEDELL, and Mr. MADIGAN.

H.J. Res. 334: Mr. FAZIO, Mr. FRENZEL, Mr. JEFFORDS, Mr. KAZEN, Mr. MADIGAN, Ms. MIKULSKI, Mr. MONTGOMERY, Mr. RAHALL, and Mr. ROBINSON.

H. Con. Res. 178: Mr. NICHOLS, Mr. SAM B. HALL, JR., Mr. FRENZEL, Mr. DANNEMEYER, Mr. LEATH of Texas, Mr. MCCOLLUM, Mr. BENNETT, Mr. DREIER, and Mr. MILLER of Ohio.

H. Con. Res. 195: Mr. VOLKMER, Mr. ROEMER, Mr. AKAKA, Mr. LOWRY of Washington, Mr. TAUZIN, Mr. UDALL, Mrs. SCHROEDER, Mr. GORE, Mr. MCCURDY, Mr. BROOM-

FIELD, Mr. SUNIA, Mr. WYDEN, Mr. RAHALL, Mr. MORRISON, Mr. JEFFORDS, Mr. KOGOVSEK, Mr. FAZIO, and Mr. COATS.

H. Con. Res. 196: Mr. NEAL, Mr. DUNN, and Mr. GRISHAM.

H. Res. 239: Mr. LOWRY of Washington, Mrs. HOLT, Mr. STENHOLM, Mr. ROEMER, Mr. ANDREWS, Mr. WOLPE, Mr. STARK, Mr. NEAL, Mr. COELHO, Mr. GEJDENSON, Mr. KRAMER, Mr. AUCOIN, Mr. WHITEHURST, Mr. DINGELL, Mr. UDALL, Mr. KOGOVSEK, Mr. BEDELL, Mr. CROCKETT, and Mr. ENGLISH.

PETITIONS, ETC.

Under clause 1 of rule XXII,

246. The SPEAKER presented a petition of the City Council, Boston, Mass., relative to extension of the Voting Rights Act of 1965; which was referred to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2330

By Mr. MOFFETT:

(H.R. 4255—to be considered as original text for purposes of amendment of H.R. 2330.)

—Page 11, strike out line 11 and all that follows down through line 17 on page 12 and renumber the following sections accordingly.

H.R. 3603

By Mr. EVANS of Iowa:

—Page 69, after line 14, insert the following:

Section 1002 is amended by adding a new subsection (i) and redesignating the remaining subsection as (j).

"(i) When a producer samples, turns, moves or replaces grain or any other commodity which is security for a Commodity Credit Corporation producer loan or is held under a reserve program, and does so in violation of law or regulation, the county ASCS committee may forgive some or all of the penalties and requirements that would normally be imposed on the producer by reason of the violation, when in the judgment of the county ASCS committee the violation occurred inadvertently, by accident, because of lack of knowledge or understanding of the law or regulation, or because the producer or his agent acted to prevent spoilage of the commodity: *Provided*, That in the judgment of the county ASCS committee the violation did not result in harm or damage to the rights or interests of any party, and that this fact is certified to by a majority of the members of the county ASCS committee and a copy of the certificate is filed with the state ASCS committee.".

SENATE—*Tuesday, October 20, 1981*

(Legislative day of Wednesday, October 14, 1981)

The Senate met at 10:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Except the Lord build the house, they labour in vain who build.—(Psalms 127: 1)

Sovereign Lord of history, with those words, Benjamin Franklin called the members of the Constitutional Convention to prayer when they were hopelessly divided. "We indeed seem to feel our own want of political wisdom," he said; we are "groping in the dark to find political truth." Father of Light, as Thou didst grant political wisdom to our forebears to establish this unprecedented union of States, so grant to the Senators and their staffs in this present critical hour, wisdom which transcends their human best as they address imponderable issues.

Gracious God, this Nation was conceived in the minds and hearts of appointed leaders who acknowledged their need of Thee. May the leaders of today humble themselves before Thee, admit their need and submit to the guidance of the Holy Spirit. In the name of Him who is "the Way, the Truth and the Life." Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. Mr. President, I thank the Chair.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ESPECIALLY WHEN THE OCTOBER WIND

Mr. BAKER. Mr. President, this morning, as I arose, I did so with a sure certain knowledge that summer had passed and fall had begun. As I observed the temperature on my thermometer below the 30° mark, I realized that the cold weather had descended upon Washington; warm days would be this year's past. Dylan Thomas, in his poem entitled "Especially When the October Wind," illuminates this climatical passage, and I ask unanimous consent that the poem be printed in the RECORD.

There being no objection, the poem was ordered to be printed in the RECORD, as follows:

ESPECIALLY WHEN THE OCTOBER WIND

(By Dylan Thomas)

Especially when the October wind
With frosty fingers punishes my hair,
Caught by the crabbing sun I walk on fire
And cast a shadow crab upon the land,
By the sea's side, hearing the noise of birds,
Hearing the raven cough in winter sticks,
My busy heart who shudders as she talks
Sheds the syllabic blood and drains her words.

Shut, too, in a tower of words, I mark
On the horizon walking like the trees
The wordy shapes of women, and the rows
Of the star-gestured children in the park.
Some let me make you of the vowelled beaches,
Some of the oaken voices, from the roots
Of many a thorny shire tell you notes,
Some let me make you of the water's speeches.

Behind a pot of ferns the wagging clock
Tells me the hour's word, the neural meaning
Flies on the shafted disc, declaims the morning
And tells the windy weather in the cock.
Some let me make you of the meadow's signs;
The signal grass that tells me all I know
Breaks with the wormy winter through the eye.
Some let me tell you of the raven's sins.

Especially when the October wind
(Some let me make you of autumnal spells,
The spider-toungued, and the loud hill of Wales)
With first of turnips punishes the land,
Some let me make you of the heartless words.
The heart is drained that, spelling in the scurry
Of chemic blood, warned of the coming fury.
By the sea's side hear the dark-vowelled birds.

Mr. BAKER. Madam President, I must momentarily detain the Senate while I check on another matter. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mrs. KASSEBAUM). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROPOSED LEGISLATIVE SCHEDULE

Mr. BAKER. Madam President, for a number of days the minority leader and I have jousted verbally on the question of how the Senate might arrange its schedule to accommodate the appropriation bills that are now on the calendar and which hopefully may be soon received for the attention of the Senate and the House of Representatives.

For a number of days, it has been my obligation to advise the minority leader that I was not yet ready to announce a proposed schedule of the appropriation bills. I am prepared to do that now, however. What I am about to say, of course, represents the wishes of the leadership on this side in respect to a tentative scheduling of appropriation bills. I have gone over this list with the distinguished chairman of the Appropriations Committee, but in doing so I made it clear to him that the schedule was tentative but was for the purpose of planning and to give Senators as much advance notice as possible of the present intention of the leadership with respect to the appropriation measures.

It would appear, Madam President, that the first bill that we can reach will be the Interior appropriations bill on Friday. I had hoped to be able to reach that bill on Thursday. I am advised that, for a number of reasons—all of them good and valid reasons—it is not possible to do that.

I would expect then to go to other matters. On today, of course, we will be on the foreign assistance bill, as previously announced and provided for by unanimous consent. I do not anticipate that we can finish the foreign assistance bill today; but, if we can, I would be delighted to be in error.

If we do not finish, we will continue with the foreign assistance bill tomorrow and then turn to the consideration of the Emergency Petroleum Allocation Act, S. 1095.

Following that, Madam President, it would be the intention of the leadership on Thursday to attempt to address the Clean Water Act and perhaps the identities bill, S. 391, which has been reported from the Intelligence Committee. Although these matters have not been cleared, they are, however, suggested now for the attention of Senators who have special interests in these measures in order to provide them with the opportunity to contact the leadership on both sides to express their wishes concerning these matters.

On Friday, October 23, Madam President, I hope we can then proceed, as mentioned earlier, to the Interior appropriations bill, which is on the calendar and has been for some time.

Madam President, I would hope that on Monday, October 26, if we have finished with the Interior appropriations bill, we could then proceed to the consideration of the Agriculture appropriations bill. Some may note, of course, that the authorization bill has not cleared the Senate, let alone through conference. But I think we should not wait. I would urge that we attempt to deal with the Agriculture appropriations bill on the 26th.

On Wednesday, October 28, it is our intention to take up the resolution of disapproval to the proposed sale of AWACS aircraft and other weapons to Saudi Arabia. I expect to confer with the minority leader on a proposed unani-

mous-consent order to establish a time for consideration of the AWACS resolution in a moment.

In any event, I would anticipate that the AWACS resolution of disapproval would be disposed of in 1 day so that on Thursday, October 29, we could resume the appropriations process with the Treasury/Post Office appropriations bill. I hope that we can finish that bill in 1 day. There are certain controversial issues involved, including the FEC issue, which I hope can be resolved with a minimum of dispute. The abortion issue is perennially with us, but I urge Senators to consider that appropriation bills are poor vehicles to carry expressions of public policy on these volatile and sensitive public issues.

On Friday, October 30, I would propose that we consider the Transportation and D.C. appropriation bills. The D.C. appropriation bill will no doubt continue over until Monday, November 2.

Assuming that we can complete that bill at that time, I would hope that the leadership would be in a position to ask the Senate to proceed to the consideration of the energy and water appropriations, to continue on Wednesday, November 4, and to complete on that day, and turn then, perhaps, to the Labor, HHS, and Education appropriation bill. This bill would surely require more than 1 day, and I would expect us to continue on that bill on Friday, November 6, and on Monday, November 9.

On November 10, Madam President, I would anticipate that the Senate might turn its attention to the State, Justice, Commerce appropriations bill.

Wednesday, November 11, is Veterans Day and the Senate will not be in session.

The leadership would then hope that on Thursday, November 12, it would be possible to turn to the military construction appropriation bill.

This is an ambitious schedule, Madam President. I understand the difficulties involved in trying to keep to that schedule. But, for the purpose of giving all Senators as much advance notice as possible, and especially to accommodate the very real concerns of all Members, especially the minority leader, I wanted to give as much possible insight on the planning for the appropriations process.

One measure that I did not include, but which must be dealt with, is the defense appropriation bill. I would hope to be able to do that during the month of November as well.

Madam President, some of these measures have not yet reached the Senate and, of course, consideration depends then not only on the Appropriations Committee of the Senate dealing with these matters and reporting them in an appropriate time frame to permit their consideration, but also on the House expeditiously sending us these bills so we can address them in sequence as the Constitution requires.

Madam President, that is a tentative outline of the appropriations schedule, and much of the business of the Senate as I foresee it and am prepared to suggest at this time. Once again I reiterate, it is a tentative schedule. The only part that is firm is that I would propose to proceed to the Interior appropriations bill on Friday, October 23. Beyond that, I hope to be able to keep this schedule, but I am willing to consider whatever adjustments may be reasonably necessary to accommodate the convenience of Senators.

Mr. ROBERT C. BYRD. Madam President, will the distinguished majority leader yield?

Mr. BAKER. I yield.

Mr. ROBERT C. BYRD. Madam President, I thank the distinguished majority leader for his having stated the tentative schedule for debate on the various appropriation bills. I think he has indicated dates for all of the appropriation bills which appear on the calendar, the only other two being foreign assistance and the Department of Defense appropriation bills. They are not there by virtue of their not having come over from the House. I join the majority leader in hoping that action can be completed on these appropriation bills within the time frame stated.

Is the distinguished majority leader in a position at this moment, and I recognize the problems confronting him with regard to stating an answer, to indicate a tentative adjournment date sine die?

Mr. BAKER. Madam President, I am not, although I would like to do that. I have discussed the matter briefly and informally with the Speaker; I intend to try to contact the Speaker this week to discuss it further.

There are some matters, as the minority leader knows, that will require our attention, perhaps, that will not require the attention of the other body. That will have some bearing, will have some considerable bearing, on when the Congress can adjourn sine die. It would appear that it may be that the House of Representatives will complete its business well in advance of the time the Senate can complete its business and arrange for an adjournment sine die.

Madam President, I will report later on my conversations with the Speaker, and will, of course, confer with the minority leader before I attempt to join with the other body in making a decision on when we might reach an adjournment date.

Mr. ROBERT C. BYRD. Madam President, I thank the majority leader.

Madam President, I hope we can agree on a time for a final vote on the resolution regarding the sale of AWACS. I think on this side of the aisle we are seeking to establish a time such as, say, 5 p.m. on Thursday of next week, if that would be of any assistance to the majority leader. I want to correct that to 5 p.m. on Wednesday, the 28th.

Mr. BAKER. Madam President, I am pleased to tell the minority leader that I can agree on a time certain vote at 5 o'clock on Wednesday, the 28th. I guess the remaining question is whether or not we can establish a convening hour or a time certain to begin debate. I had previously suggested 9 a.m. on Wednesday, the 28th. That would mean, of course, that we would have a maximum of 8 hours for debate instead of the 10 hours required by statute. I wonder if the minority leader can respond to that suggestion.

Mr. ROBERT C. BYRD. As far as I am concerned, we could certainly do the debate within less than 10 hours, but I will have to contact my colleagues. I will certainly work with that in mind.

Mr. BAKER. Is the minority leader in a position now to establish 5 o'clock Wednesday as the time certain for disposition of this measure, leaving the balance of it open?

Mr. ROBERT C. BYRD. Not finally, but I think the situation is resolving itself in that direction. I should know shortly.

Mr. BAKER. I thank the minority leader.

Madam President, I will, of course, withhold any request in that respect, but I join the minority leader in hoping we can establish a time certain for the final disposition of this resolution of disapproval, for the hour of convening, and for the Senate to turn to the consideration of this matter under the statute.

Madam President, I have no further requirement for any time I have remaining under the standing order and I rather suspect I have used it all. I yield the floor.

ORDER TO REVERSE ORDERS FOR RECOGNITION OF SENATORS WEICKER AND PROXMIRE

Mr. BAKER. Madam President, will the distinguished minority leader yield to me?

Mr. ROBERT C. BYRD. I am happy to yield.

Mr. BAKER. Madam President, I am advised that the distinguished Senators from Wisconsin and Connecticut wish to reverse the order of their special orders this morning so the Senator from Wisconsin is first and the Senator from Connecticut is second. I ask unanimous consent that that occur.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. I thank the distinguished minority leader.

RECOGNITION OF SENATOR PROXMIRE

Mr. ROBERT C. BYRD. Madam President, I yield whatever time I have remaining to the distinguished Senator from Wisconsin (Mr. PROXMIRE) for his use.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. PROXMIRE. Madam President, I understand that under the regular order, I have 15 minutes plus the time that the distinguished minority leader yielded to me?

The PRESIDING OFFICER. The Senator is correct.

HOW TO BALANCE THE BUDGET: USE THE DEBT LIMIT

Mr. PROXMIRE. Madam President, I expect to continue to speak out in the

Senate frequently on the importance of limiting the Federal debt as the best and most effective instrument for balancing the budget and stopping net off-budget borrowing; 3 weeks ago, Congress raised the debt limit from $985 billion to a massive $1.079 trillion. For the first time in the history of our country, the Federal Government is about to sink more than a trillion dollars in debt.

The Secretary of the Treasury has been reported to expect to come back once or even twice next year to ask for a further increase in the debt. Lately, interest rates have come down moderately. Will they continue to fall? And will they stay down? The answer: Not without a tragic economic recession.

Doubt it? Consider the implications of the huge debt we have, the even more immense debt we will incur and the reported expectation of the administration's top economic official, the Secretary of the Treasury, that the country will sink even further in debt, beyond the present astronomical limit.

Within the next 12 months we can expect the Federal Government to push to the new limit that will be another $94 billion into debt on top of its $985 billion present obligation. Because of this and the fact that the average maturity of our Federal debt is less than a year, we can expect the Federal Government to dominate the credit markets next year as never before, borrowing far more than before and pushing interest rates ever higher.

THE TRAP

Of course, if the private sector continues to mosey along with housing starts at a pathetic 900,000 or less, with domestic auto sales at depression levels, with farmers unable to borrow to buy the equipment they need, with business large and small hunkering down and moving out of the credit markets, and consumers so concerned about the future they stop buying on credit, then interest rates may not shoot back up.

But if we have a business revival, private sector demand for credit will run smack into the huge share of credit the Federal Government will take. Result: We shall have a repeat performance of what happened earlier this year, with the prime once again exceeding 20 percent, and once again business revival aborted, slapped down by interest rates that choke off economic recovery.

Is this dismal scenario inevitable? No. The Federal Reserve could ease up on the availability of credit. It could pump enough new credit into the economy to accommodate both the Federal Government's huge needs and the demands of the private economy.

Why not? Again the answer should be obvious to all of us: Such an increase in the availabiilty of credit would push us once again on the booming inflation escalator. With enough funds available to finance new car purchases and new housing starts and to help farmers buy the new silos and tractors they need and give business the necessary credit to hire and train new workers and build more plants, prices would certainly rise more sharply.

So we appear to be in a trap. If we moderate inflationary pressures by limiting credit growth and keeping interest rates high, we stifle recovery, increase unemployment, and stunt our economic growth. Meanwhile, the condition of our Government worsens as interest on the national debt moves over $100 billion a year—think of that. We have to pay $100 billion a year interest on the national debt because we have driven interest rates so high.

Also, recession adds $25 billion in deficit for every 1 percent increase in unemployment. But if we try to escape from our trap by rushing to the door marked "Federal Reserve" and increase the supply of credit, we push prices up again.

OUR BEST WEAPON: THE DEBT LIMIT

So what can we do? We can take another exit. Let me warn that what I propose is painful and offers either or both of the politically least attractive actions that elected representatives can take: Cut spending or increase taxes or do both. Cutting spending provides the surest anti-inflationary path. After all, a tax increase may help reduce the credit demands of the Government, but since taxes constitute a cost of living—we pay them or we do not live free, at least—an increase in taxes is surely and directly inflationary. But reducing the deficit by a tax increase or a reduction of spending would certainly ease pressure on interest rates.

Whatever path we follow to a balanced budget, the time has come to do it. So why do we not? Why do we not decide right now that we will balance the budget in the coming fiscal year? We have virtually a full year—until October 1, 1982—to prepare for balancing the budget. The President earnestly wants us to move in that direction.

The overwhelming majority of our constituents support a balanced budget now. The urgent need to ease the pain of inflation and the excruciating agony of high interest rates should convince us the time has come. And for once, all America would be served by this policy: Jobs for the working man, profits for the businessman. A balanced budget would begin to bring interest rates down to stay.

That would permit the immense pent-up demand for housing to develop. With every housing start, we could expect 2 man-years of work. We need at least a million additional housing starts in the year beginning next October 1. That would put 2 million additional people to work.

We could easily produce an additional 2 million automobiles and, again, the pent-up demand simply awaits a permanent and assured reduction in interest rates. That would also increase employment in the automobile industry by several hundred thousand as well as production in the steel, machine tool, and myriad other industries that supply automobiles.

Why would not such a resurgence feed inflation? Because both the housing and auto industries have vast unused capacity and literally millions of workers ready, willing, and able to move back to work. The construction industry alone has more than 15 percent unemployment.

TODAY BUDGET BALANCE BENEFITS ALL

Madam President, we now have an economic situation in which we can reduce both inflation and unemployment by balancing the budget. Today, unlike the thirties or war periods, the mammoth deficits we have serve no American interest.

Our problem is, how do we overcome the immense opposition to the painful, unpopular steps we have to take to increase revenues or to cut spending or to do both?

The answer lies in a strict, stringent, absolute debt limit. If the President should announce right now—this week—that he intends to stick with the debt limit the Congress enacted, not exceed $1.079 trillion, we would have ample warning to live within the roughly $90 billion leeway that limit now gives us. Always, in the past, we have waited until the debt limit has come upon us, until the debt already has come within 1 or 2 percent or less of the limit, and obligations have been assumed so that a refusal to increase the debt limit would have required an extraordinary and immediate decision to live at once on a cash basis.

Frankly, I have appealed to my colleagues to do exactly that. That kind of action with a debt limit so close and time so limited appeared to many to be irresponsible.

But what is wrong with resolving right now—today—that we will not increase the debt limit again, unless we face an immediate and overwhelming military emergency, or unless we are moving into a depression? And even if we do seem to be moving into a depression, in the peculiar economic circumstances we now find ourselves, a fiscal policy that brought down interest rates in a credible and assured way with a clear and decisive, overt Government action like establishing a debt limit and living within it could have a salutary and expansive effect that could stimulate and expand the economy.

ONE YEAR NOTICE: NO DEBT LIMIT INCREASE

If we are to live within the present debt limit ceiling, and not find ourselves forced to increase it next year, we have to make some really painful decisions right now.

First, we should try to cut discretionary programs as deeply as we can.

Then we should reexamine our entitlement programs, and begin now to make some painful decisions.

Then we should develop a series of revenue-raising options and prepare to enact those unless we reduce spending enough to make the increase in taxes unnecessary.

We should reexamine every lending program—especially the off-budget lending programs that require no regular congressional scrutiny and have expanded at a much more rapid rate than the budget in the past 5 years. Every dollar of guaranteed loans contributes to inflationary pressure and every penny of Federal financing bank borrowing that we have permitted with very little knowl-

edge—let alone criticism—contributes as much to the national debt limit as any of our spending programs and, of course, also contributes dollar for dollar to the pressure on interest rates.

The loss of revenue through a tax incentive may serve a useful purpose, but it also increases the Federal Government's enormous appetite for credit by reducing revenues and deepening the deficit. We need to reexamine such incentives in light of the urgent need for getting the Federal Government out of the credit markets by increasing revenues and reducing the deficit.

A CREDIT BUDGET

For years we have talked about a credit budget. But we have never brought ourselves to require it. It is time we did exactly that. But meanwhile we should view every credit commitment—every direct loan, every guarantee—with the same critical eye we view appropriated funds. A credit budget would begin to give us some of that discipline and constantly remind us that Government loans displace farm loans and small business loans and housing loans, and that if we really mean business about fighting high interest rates, we get the Government out of the credit markets.

Madam President, Congress has tried all kinds of means to bring about a balanced budget. We passed the Budget and Accounting Act. We have set up a Budget Committee in both the House and the Senate. Those committees have done hard, tough, useful work. But they have not given us what we need, a fiscal policy to serve our obvious economic interest. The country has even gone to the length of electing as President of the United States a candidate who devoted much of his appeal to exactly what I have been talking about this morning: Stopping deficits and balancing the budget. In his inaugural speech, President Reagan devoted his principal emphasis to the importance of ending deficit spending and balancing the budget, and I am sure that the President wants to do exactly that.

Indeed, he has made that clear over and over again. I am sure he is completely sincere. But, somehow, with a President devoted to balancing the budget, with a budget and reform act designed to give Congress will control of our fiscal policy, with a country that in every poll has indicated its determination that the Government balance its budget, and in a country in which every family, every business—small or big—every city, and virtually every State, must and does balance its budget, we in the Federal Government cannot find a way to do it.

Madame President, there is a way. It is simple and clear. We draw a line with the debt limit and announce that is it. We do not increase it. Indeed, if we could enlist the President on our side in holding down the debt limit, this strategy could not fail. If the President should today announce that there will be no further increase in the debt limit unless we have a catastrophic economic or military emergency, we would do it. We simply would not have any other choice.

REWARD

Madam President, the rewards for such conduct would be both prompt and rich. We would provide the first and most difficult and important step in fighting inflation. If this Federal Government of ours were to balance the budget for 2 consecutive years in a row, our people would begin to believe that we mean business about fighting inflation. Interest rates would certainly fall. We would get back toward that magical world of 1950 when the mortgage rate was 4½ percent—what a happy thought—the prime rate 2.09 percent, the Treasury bill rate 1.2 percent.

Because of lower rates, we would save $50 billion a year in interest charges on the national debt. That year, 1950, inflation was—listen to this—1 percent, unemployment only 5½ percent, and growth more than 6½ percent. That is the kind of strong, healthy economy I am talking about. That is not some kind of a never-never-land utopia. That happens to be precisely the economic world in 1950. That was a time when we were balancing the budget, when the Federal Government was providing all the reforms of the New Deal, including social security, unemployment compensation, et cetera, a time when we had strong unions. In fact, union membership constituted a larger share of the work force than it does today. Yet, we had inflation and interest rates under control.

So the rewards for rediscovering fiscal sanity are great indeed. How do we do it? We draw the line with the present debt limit and announce this time: That is it; we will not go a dollar further; and then stick with it.

GENOCIDE CONVENTION IN THE CONTEXT OF INTERNATIONAL LAW

Mr. PROXMIRE. Madam President, over the years, much of my time in supporting the Genocide Convention has been spent in answering unsubstantiated allegations. However, today I would ask my colleagues to view the Genocide Convention in a larger perspective, as part of the body of international law. Ratification of the Genocide Treaty would undoubtedly strengthen the foundations of international law as a whole, and enhance its legitimacy.

The Genocide Treaty is clearly valuable for its own merits. In furthering the cause of human rights, and in creating an international law affirming the value of human life, the treaty is most worthy of ratification. As part of the fabric of international law, however, the treaty takes on an even more important role. One must only observe how the legitimacy of international laws has been promoted by the increasing number of measures passed by a large number of nations to understand the value of ratification of the Genocide Convention.

Examples of the importance of international laws abound. Efforts to curb the spread of nuclear weapons have been significantly aided by the passage and ratification of measures such as the Nonproliferation Treaty, the Partial Test-Ban Treaty, Seabed Treaty, Tlatleloco Nuclear Free Zone Agreement, and obviously the SALT I accords.

We must simply take note of international and domestic concern over the breakdown in the SALT talks to understand the importance of international agreements. Obviously, the Genocide Treaty alone will not legitimate the entire body of international law. However, ratification will provide impetus to continue international dialog and cooperation on this and other vital issues.

In withholding ratification of the Genocide Convention, the United States has clearly shirked its responsibility as a leading member of the community of nations. While the treaty is not a perfect document, its many advantages far outweigh any imperfections. This, combined with the value of the treaty as an integral part of international law, make ratification of the treaty imperative. Clearly, the United States must ratify the Genocide Convention.

Madam President, I yield back the remainder of my time, and I yield the floor.

I thank the distinguished minority leader for graciously yielding time.

Mr. ROBERT C. BYRD. My friend is welcome.

UNANIMOUS-CONSENT AGREEMENT—AWACS

Mr. BAKER. Madam President, I ask unanimous consent that I may proceed for 1 minute, without the time being charged against the time of the distinguished Senator from Connecticut.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Madam President, I inquire of the distinguished minority leader if he is now in a position to consider a unanimous-consent request in respect to the AWACS matter we discussed earlier.

Mr. ROBERT C. BYRD. I am.

Through the cloarkroom lines and through personal conversations, I have discussed this matter with Senators on our side and have brought it to tne attention of their offices. I find no objection to establishing a definite time for a vote at 5 p.m. on Wednesday next.

Mr. BAKER. I thank the minority leader. Let me put this request, then.

Madam President, I ask unanimous consent that no later than 9 a.m. on Wednesday, October 28, the Senate proceed to the consideration of House Concurrent Resolution 194, the resolution disapproving the proposed sales to Saudi Arabia of AWACS, conformal fuel tanks for F–15 aircraft, AIM–9L Sidewinder missiles, and Boeing 707 aerial refueling aircraft, and that a rollcall vote occur on final disposition at 5 p.m. on that day.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Madam President, I thank all Senators, and I especially thank the distinguished minority leader; the chairman of the Armed Services Committee; the ranking minority member, Mr. PELL; Senator PACKWOOD, who is the principal sponsor of the resolution. I thank all for agreeing so that we can attempt to accommodate the convenience of the greatest number of Senators.

ORDER OF PROCEDURE

Mr. BAKER. Madam President, while we await the attendance of the next Senator who is favored with a special order, I ask unanimous consent that I may suggest the absence of a quorum, without the time being charged against that special order.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WEICKER. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR WEICKER

The PRESIDING OFFICER. Under the previous order, the Senator from Connecticut (Mr. WEICKER) is recognized for not to exceed 15 minutes.

AIR TRAFFIC CONTROLLERS STRIKE

Mr. WEICKER. Madam President, more than 10 weeks have passed since some 12,000 air traffic controllers walked off their jobs and were summarily fired. If there is one thing these 10 weeks have taught us, it is this: The strike is exacting a far greater toll on the Nation than was contemplated by PATCO, the Professional Air Traffic Controllers Organization, or the President.

Yesterday, the Federal Aviation Administration imposed strict new regulations on private pilots and announced that commercial airline traffic will be further curtailed starting December 1. Commercial flights had already been cut back by 25 percent. Airline revenues are down as a result. Every day, according to the Department of Commerce, the air transport industry is losing $3 to $4 million because of the strike. Estimates by some industry representatives run to 10 times that much. Commercial and private aircraft builders are also starting to get nicked badly.

Consumers are not faring much better. Paradoxically, even though there are fewer flights, many airports are experiencing more delays. FAA spokesmen disclosed yesterday that as of last Thursday, delays of 30 minutes or more were up 600 percent. Winter weather will soon be upon us. The question is: Will our air traffic control system then have the capacity to operate without far greater inconvenience?

More importantly, will it be able to operate safely? James King, chairman of the National Transportation Safety Board, has his doubts. "We may be at the edge of risk," he said recently and I can understand why. When the controllers hit the bricks, they were complaining that 40-hour workweeks were too long considering the kind of stress they had to put up with. A special Government task force recently found that some of the remaining controllers are now working as many as 52 hours a week. Fifty-two hours of juggling airplanes on the ground and in the sky. Another heavy burden has fallen on their shoulders in the form of rookie colleagues to train. And these veteran controllers will have even more work on their hands when the new generation of raw recruits this administration is soliciting hits the control towers.

Recognizing the present and potential strains on our air traffic control system, the Federal Aviation Administration is acting to cut back the workload. But that will also mean more losses for the airlines and fewer flights for passengers to choose from.

And so I repeat, during the past 10 weeks we have watched the tale unfold and the moral is this: A strike by air traffic controllers is no zero-sum game. The airlines, their passengers, the controllers, the country, everybody comes up a loser.

Who is to blame? Clearly, many mistakes were made before and just after the walkout. Errors of judgment occurred on both sides. It may be that the bulk of the bad calls were made by the union. I am not here to decide on that, to pass judgment or apportion guilt. I do want to say that I do not believe things should go on like this much longer. At a time when the Government is trying to cut costs, it seems to me needlessly extravagant to spend more to train a new generation of controllers than it would cost to renegotiate a contract with those they would replace. Then there is the additional expense of adding many of the 12,000 controllers to the already crowded unemployment rolls and causing countless layoffs in associated industries. In these trying economic times, we cannot afford it. Neither can we afford to subject the airline industry to this trial by firing when it was already experiencing the worst financial times in its history.

The President has made his point. The air traffic controllers took an oath never to participate in a strike "while an employee of the Government of the United States or any agency thereof." The question which the President must now address is whether the controllers, as violators of Federal law, should be subject to the maximum penalty for such action. I believe that, to the extent that the law requires, they should be fined and forced to pay those fines.

But it is also true that 1 year ago today, on October 20, 1980, candidate Ronald Reagan made a pledge to PATCO President Robert Poli.

He wrote in a letter seeking the union's support:

> You can rest assured (that) I will take whatever steps are necessary to provide our air traffic controllers with the most modern equipment available and to adjust staff levels and work days so that they are commensurate with achieving a maximum degree of public safety.

A promise does not go away with an election. That letter contained a promise not just to the controllers but to the American people, too. Their safety was, and is, the bottom line.

Nobody knows better than this President that leadership is a two-sided coin. The ability to be firm is half the battle. Effective leadership also demands the ability to forgive when circumstances call for it. Surely, we need no more divisions in this Nation.

I hope, therefore, that the administration will not let another 10 weeks pass without taking the initiative and sending its negotiators back to the bargaining table. That is the place to put the pieces together and restore the authority of the President, the dignity of the controllers, and the economics of a nation.

I yield back the remainder of my time.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 15 minutes with statements therein limited to 2 minutes each.

Mr. WEICKER. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PERCY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. DANFORTH). Without objection, it is so ordered.

FLORIDA DAY

Mrs. HAWKINS. Mr. President, it is with great pleasure that I announce that today, October 20, is Florida Day in the U.S. Senate.

My State, the Sunshine State, is known throughout the world for its wide white beaches, wilderness everglades, vacation resorts, and entertainment centers. But Florida is much more than that—she is a kaleidoscope of history, achievement, and entertainment. Industry and agriculture thrive here midst unique cultural and geographic diversity.

No Southern State has changed more in the last generation than Florida. Her people have come from all parts of the Nation, all parts of the world, in search of sunshine and warmth, of year-round recreation, in a quest for opportunity.

Florida, with its 67 counties, now ranks sixth in the Nation in population. Per capita income increased nearly 145 percent from 1970 to 1980, and total statewide employment grew by almost 42 percent during the same period. Through Florida's airlanes, highways, rail lines, and busy ports, international trade approached $17 billion this past year.

Host to many of the world's greatest centers for family entertainment—Walt Disney World, Sea World, Busch Gardens, Circus World, Cypress Gardens, just to name a few—in 1980, we welcomed 36 million visitors spending $17 billion.

Much of the fruit, vegetables, beef, pork, poultry, and fish that grace America's tables and those of other countries throughout the world originated in the Sunshine State. The cans of orange juice alone squeezed each year would reach from the Earth to the Moon, or go around the Earth nine times.

An outstanding educational system has also always been a calling card for Florida. We have 37 renowned State and private universities and colleges and 28 community colleges. Florida also plays host to numerous important athletic events such as the Orange Bowl and the Gator Bowl.

Complementing our areas designed and developed to serve the professional, educational, and recreational needs of our citizens, the vast Everglades expanse sustains abundant wildlife and tropical plants, one of many examples of the State's scenic variety.

So, Mr. President, on this special Florida Day, I invite my fellow Senators to join me in celebrating the many resources that make my State such a magical place—stretching south from the Apalachicola River to the palm-lined shores of Key West. Every hour, 30 people make Florida their new home. There is a good reason for that—something exciting for every age, for ages to come.

IN APPRECIATION OF SENATOR EDWARD M. KENNEDY'S ADDRESS AT THE UNIVERSITY OF HAWAII

Mr. MATSUNAGA. Mr. President, earlier this month the distinguished Senator from Massachusetts (Mr. KENNEDY), traveled to my State to address the faculty and student body of the University of Hawaii Schools of Medicine and Public Health.

His remarks, which touch on a myriad of national and world issues, were particularly incisive and timely. In light of the contents of Senator KENNEDY's text, and in view of their pertinence to recent events both at home and abroad, I feel that it is only proper, and indeed, exceedingly appropriate to share with my colleagues and readers of the CONGRESSIONAL RECORD the thoughts that were delivered on that occasion by the senior Senator from Massachusetts.

I ask unanimous consent that Senator KENNEDY's address be included in the RECORD at this point.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS OF SENATOR EDWARD M. KENNEDY

It is an honor for me to visit the Manoa Campus and to be the guest of the students at the School of Medicine and the School of Public Health.

President Eliot of Harvard once said that the reason a university is such a valuable storehouse of learning is that each student brings a little knowledge in, and no graduate ever takes any knowledge out.

But that is obviously not true here, with your outstanding reputation for excellence in education, and your creative vision of the contemporary role of America toward Asia and the Pacific.

I have come here today to discuss that role But first, let me speak briefly about two other critical current issues.

A few hours ago, half a world away, they laid to rest the man whose dream of peace began a peaceful revolution in the Middle East.

The words of Shaw that my brothers loved are a fitting measure of this man—"Some men see things as they are and say why. I dream things that never were and say, why not?"

A giant of the earth has now returned to the earth. But we in America know—as the people of Egypt and of Israel know—that the dream of Anwar Sadat shall never die.

It is that same cause of peace which is at issue in our own foreign policy and the future of the Pacific Basin.

We must act with the same boldness and bravery Anwar Sadat brought to the crisis in the Middle East as we deal with the greatest issue of our time or any time in human history—the prevention of nuclear war.

Eight days ago, President Reagan announced a new policy on our strategic nuclear forces. Many of his recommendations deserve support. But I believe that some are dangerously unwarranted and decisively unwise.

The President has properly given high priority to protecting the Command, Control and Communications systems for our nuclear forces. The vulnerability of these systems is more serious than any present danger to our land-based missiles, and we must move immediately to reduce it. It makes no sense to spend billions of dollars on ever more complex nuclear missiles, while neglecting the command and control procedures that are even more essential to the credibility and reliability of our deterrent.

I also agree with the President's decision to move ahead with a strong-sea based strategic missile force, including the Trident II missile.

And I agree as well with the President's decision to develop the Stealth strategic bomber for the 1990's.

But I believe it is a serious mistake to revive the discredited, impractical and wasteful B-1 bomber. The issue here is priorities. B-52's fitted with cruise missiles are all we need until the Stealth bomber comes on line. At a time when we are already short-changing our conventional military forces—even to the point of cutting back on ammunition stockpiles in Western Europe—we should not embark on a thirty-billion dollar spending binge for a B-1 bomber that will not be able to penetrate Soviet air defenses.

Three years ago, the B-1 was cancelled because it will be obsolete the day it leaves the assembly line. Nothing has changed since then. It is still a gold-plated airborne Edsel—and it always will be.

Finally, on M-X the President and the Secretary of Defense deserve credit for rejecting the absurd race-track basing plan, because it offered no real additional protection for our land-based missiles against Soviet attack. The country has been spared a costly and unnecessary scheme that would have been highly destructive of large regions of the Western States. At a time of deep budget cuts in mass transit for cities, it makes no sense to spend billions of tax dollars on a glorified nuclear shell game that is nothing more than mass transit for missiles.

But the President's alternative on M-X has an equally grave strategic drawback. M-X missiles in fixed, hardened silos will be no less vulnerable to Soviet attack than the current Minuteman missiles in such silos. I support research and development on methods that offer genuine hope of protecting our land-based missile force. But I oppose the recent Reagan M-X plan. Until the question of vulnerability is answered. we should not spend vast amounts on a new type of land-based missile.

Above all, in this Administration, there is too much talk of nuclear war, and not enough action on nuclear arms control. The Achilles heel of the Reagan defense plan is the absence of any genuine commitment to arms limitation. The peril of our present policy is clear. Without controls on the number of nuclear weapons, there may well be no real way to protect our missiles. Our deterrent will be forever chasing its own tail. In the debate ahead, we need a maximum effort for arms control, not a mindless escalation of the arms race. We must follow the road to peace, not the road to humanity's final war.

Let me turn now to my principal topic here—American foreign policy and the future of the Pacific Basin. Few if any regions of the world can take greater pride in recent progress, or see greater promise for the future.

We have come a remarkable distance in remarkably few years. Only a decade ago, America was still at war in Indochina. China was still in the throes of diplomatic isolation and the Cultural Revolution. And Japan was still absorbing the twin shocks of our surprise economic controls and our surprise initiative on China.

Today, past frictions have been smoothed. Old confrontations have turned into new relationships of cooperation—not just in economics and technology, but even in politics and security. For the first time in this century, China, Japan and the United States enjoy friendly, not hostile, relations with each other. Although Communist and non-Communist military confrontations continue in Korea and elsewhere in the region, the major conflicts now are among the Communist states themselves—between China and the Soviet Union, and between China and Vietnam.

Through ASEAN, the nations of Southeast Asia have moved closer to each other and to Japan, China, and the United States. Better than any other region of the world, the countries of Asia have survived the assaults of OPEC and maintained or enhanced their economic growth and their energy security.

In the shorthand of Atlantic Ocean diplomacy, East-West relations mean U.S.-Soviet confrontation and escalation of the arms race. But in the Pacific Basin, East-West relations have the vastly different connotation of a prospering political partnership and accelerating economic growth. Last year, the United States exported $50 billion and imported $71 billion in trade with this new economic colossus. For the first time in our history, U.S. trade with Asia and the Pacific surpassed our trade with any other region.

But behind the glowing numbers lie statistics of a different sort. A recent book is titled "Japan As Number One," because, the author says, "Japan has dealt more successfully with more of the basic problems of post-industrial society than any other country."

A Japanese worker makes 45 cars a year—67 at Nissan's most modern factory—compared with 25 for an American. He makes 400 tons of steel a year, compared with 250 for an American—not because Japanese workers are more efficient, but because of better plants, better equipment, better techniques of planning and production, and better partnership between government, management, and labor.

I reject the view that American ingenuity has run out, or that we are nearing the end of the American Century, in which our economy can be at the forefront of world progress.

That is why, long before the Reagan Administration, I called for comprehensive incentives for innovation, investment, and productivity to achieve the reindustrialization of America. I believe that in the 1980's, there is no reason the American economy cannot do as well as, or better than, any other economy on earth.

To some extent, American business must share a portion of the blame for our present unsatisfactory position in the world economy. Often, U.S. firms have been slow to respond to obvious possibilities overseas. Golden opportunities have been lost, as new Asian markets flow to European and other foreign competitors.

But in other cases, American enterprises are shut out by unfair barriers erected by other economies to protect their domestic industries. This year, Japan's trade surplus with the United States will be $15 billion—

an unprecedented deficit that impairs the ties between our nations.

Free trade must be a two-way street. Developing countries deserve assistance, and their industries deserve a fair opportunity to reach maturity. But the fairness doctrine also means that American business deserves a fair chance to compete with Asian economic giants. Parity is a necessity—and in the present troubled state of our economy, I assure you that Congress will demand it.

And I shall do all I can in Congress to ensure that the magnificient environmental heritage we share with all people of the Pacific is not sacrificed on the altar of blind economic growth. In particular, I am proud to stand with you against the incredibly short-sighted schemes of those who would transform these beautiful waters into a blighted basin for the storage of nuclear waste.

Here in these islands, you know the endless promise of energy from the sun and the sea. Already, the "mini-OTEC" experiment at the East-West Center is proving the incredible potential of thermal power from the ocean. Before us lies the possibility of energy security for all time for all nations of the Pacific Basin. Nuclear power is an idea whose time has come and gone. The nuclear way is not the Pacific way.

We must also give greater priority on the Pacific agenda to fundamental issues of security, human rights and human needs.

Asia faces the spectre of growing Soviet military power by sea, air, and land. Despite world-wide condemnation, the Soviet Union continues to occupy Afghanistan. And conflict and turmoil still tear at Cambodia and Laos.

We must do more to meet this security challenge. We must strengthen the military capabilities of our allies in Asia through bilateral treaties and multilateral agreements.

We must press harder for a political settlement, under which the Vietnamese withdraw from Cambodia and the Soviets withdraw from Afghanistan.

Consistent with its post-war constitution and political tradition, Japan must bear a greater part of the burden of its own defense. It can share the costs of our military forces on its territory. It can contribute its innovative technological genius to our pressing security needs. And it can offer greater private and public assistance to speed the development of the poorer Asia nations.

On China, I approve the sale of limited defensive military equipment, such as radar and anti-tank and anti-aircraft weapons, to the Peoples Republic. But we must avoid a military alliance and supply relationship with Peking that could threaten our friends and increase the risks of war between China and the Soviet Union. It was an unnecessary blunder for the Reagan Administration to announce the arms sales without consulting Japan or our other allies.

And, as we improve relations with Peking, we must continue to support the security and well-being of the people on Taiwan.

The search for peace and security in Asia must also be pursued in the arena of human rights.

It was wrong for President Reagan to invite General Chun, the President of South Korea, to Washington and then neglect any mention of the destruction of democracy and the denial of human rights in Korea in the military coup and the subsequent military repression. Over thirty thousand American soldiers gave their lives in the 1950's for the freedom and independence of the people of South Korea. By standing up for human rights in South Korea in the 1980's, we can help ensure that they did not die in vain.

It was also wrong for the Vice President to travel to Manila and pay tribute to President Marcos for his "dedication to democratic principles and process." And it will be an even greater wrong for President Reagan to welcome President Marcos to the White House, without pressing our concern for human rights. The Administration knows full well the shameful scope of violations of human rights in the Philippines where elections are meaningless, and where hundreds of innocent men, women and children have been assassinated by the security forces and their murderous confederates.

To those who say that Asians do not believe in democracy or care about human rights, I reply: Tell that to the starving victims in the cruel new economic zones of Vietnam.

Tell it to the inmates of prison camps in China.

Tell it to Wei Jingsheng, imprisoned for 15 years in China. Tell it to Shih Ming-teh and Reverend C. M. Kao, imprisoned in Taiwan; or the family of Professor Chen, who died after being released from interrogation there.

Tell it to Kim Dae Jung, imprisoned for life in South Korea; or to the thousands like him held in North Korea.

They are the silent heroes of human rights, the courageous keepers of the conscience of our time. Together with their thousands of friends and supporters, they have kept the flame of hope alive. They are the true patriots of our century who have pledged their lives, their fortunes, and their sacred honor to the cause of human independence.

They deserve more from the government of the United States than a quiet diplomacy of silence and indifference. When human rights are endangered in Asia or any other region of the world, America must never look the other way.

Nor can we turn our backs on the hundreds of millions of our brothers and sisters in Asia who lack adequate food, shelter and health care. It is a sad irony that as bellies are most distended, disease is most deadly, and poverty is most pervasive in Indonesia, the Philippines, and Thailand, whose material resources should rank them among the richest nations of the world. Nations poorer in natural resources, like Japan, Singapore and Taiwan, have achieved much higher growth and much fairer distribution of their wealth.

The lesson is clear. More indispensable than any bounty that nature can provide are human and technological resources. That means decent health care and housing and education and the other things that make all the difference in the age-old struggle against ignorance and pestilence and poverty. Above all else, perhaps, it means integrity in leadership and unyielding resistance to corruption.

America can do more to seed and nourish these critical human qualities and resources. We need broader partnerships in many different areas between governments and universities and private enterprises. Within the nations of this region, we must make a greater effort to bring public and private interests together and to encourage more effective means of Pacific cooperation. America has profound political, social, economic and security interests in the Pacific Basin. What we seek is neither a grand military alliance nor an all-embracing economic bloc, but a partnership for peace and progress reflecting the realities of the region and the aspirations of its peoples.

Leaders of vision in Hawaii are pointing the way to a future of peace and progress in the Pacific for America and for all nations. Over the generations—from Truman and MacArthur to Johnson and Westmoreland—American national leaders have come to Honolulu to plot the course of war in the Pacific.

I look forward to the day when our leaders will come here, to these beautiful islands, to plan the course of peace in an ocean which bears the name of peace.

I look forward to the time when the Mainland will catch up with Hawaii—and all Americans will understand that the Pacific is truly the Ocean of the Future.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

INTERNATIONAL SECURITY AND DEVELOPMENT ACT OF 1981

Mr. PERCY. Mr. President, what is the pending business before the Senate?

The PRESIDING OFFICER. The Senate will resume the consideration of S. 1196, which will be stated by title.

The legislative clerk read as follows:

A bill (S. 1196) to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize appropriations for development and security assistance programs for the fiscal year 1982, to authorize appropriations for the Peace Corps for the fiscal year 1982, to provide authorities for the Overseas Private Investment Corporation, and for other purposes.

The Senate resumed the consideration of the bill.

Mr. PERCY. Mr. President, is it correct that the Zorinsky amendment, which calls for earmarking funds for Nicaragua, is the amendment pending before the Senate?

The PRESIDING OFFICER. There are two amendments pending. There is the second-degree Zorinsky amendment pending to the first-degree Zorinsky amendment.

Mr. PERCY. Senator ZORINSKY has been notified or has been on notice that that is the pending business before the Senate. He has not yet arrived in the Chamber. Until he arrives, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PERCY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, as has been previously stated by the Chair, the pending business before the Senate is the Zorinsky amendment on Nicaragua. It has been aptly said that Senators are expected to know something about everything and everything about something. We do rely, in the Committee on Foreign Relations, upon the expertise of many of our individual Members who have taken a deep interest in certain areas of the world. Senator DODD has made a major contribution to legislation affecting El Salvador. He has just been down there again this weekend. We await with interest consultation with him on the progress he was able to report publicly that might have been made with respect to bringing parties together for some negotiated settlement.

So, too, in Nicaragua, one of the most difficult and troubled areas in South America, Senator ZORINSKY has done tremendous service to the Senate by checking out particular troubled areas, spending a great deal of time on it, concentrating on it. And now, testimony to his resilience as a practical politician—

he has grappled with municipal problems, grappled with national problems—he has, I believe, worked out a basis for us to proceed.

From the standpoint of the majority floor manager, we can accept the basic concepts of the Senator's amendment, and perhaps Senator ZORINSKY would want to expand on his amendment.

The committee has authorized the amounts requested for Nicaragua by the President as part of this bill. Senator ZORINSKY's amendment would simply earmark these totals and make certain that those funds are used only to strengthen the private sector of Nicaragua. Using those funds for private sector support is consistent with the administration's intentions in Nicaragua.

Senator ZORINSKY is concerned that the administration may not use these economic support funds for the intended purpose and has thus added the language "notwithstanding any other provision of law" as part of the earmark. With this language added, the administration could not use the section 614 waiver of the Foreign Assistance Act to reprogram the funds.

Senator ZORINSKY has stated his concern that these funds not become a slush fund if they are not used for the Nicaraguan private sector. The majority floor manager shares Senator ZORINSKY's concern that the funds authorized for the Nicaraguan private sector not become a slush fund.

I do have concern with the precedent set by the "notwithstanding" language. If such language is added in this case, in the future we may see every committee earmarking containing a similar "notwithstanding" clause. This would provide no flexibility at all for the President in the administration of these programs. Senator ZORINSKY has been a chief executive officer, and he recognizes that we should not try to tie the President's hands—as he said the other day—to actually get in and run the day-by-day administration of foreign policy. We want to lay down basic policy guidelines. We want to see that we stay within those guideline. But we do not want to unnecessarily restrict the President.

I also agree with Senator ZORINSKY that Nicaragua is a special case. Therefore, if Senator ZORINSKY agrees to delete the "notwithstanding" phrase, I propose that the legislative history of the earmark, which would be maintained, would indicate that the earmark could not be waived by section 614 of the FAA and the funds earmarked for the Nicaraguan private sector could not be reprogramed unless: First, there is an unforeseen emergency situation in which the vital national security interests of the United States are threatened; and second, Senator ZORINSKY is consulted through a memorandum in advance of the official notice.

I think the administration should be amenable to such an arrangement. I believe that in this case, as in many other cases, Senator ZORINSKY's particular knowledge in the area should suffice. I believe the committee would accept his judgment if he were advised on this matter. The administration officials should agree that this would give them the flexibility they need in providing aid to the private sector in Nicaragua.

Senator ZORINSKY has my personal commitment that if the administration attempts to reprogram these funds without adhering to these two conditions, I will vigorously oppose it.

Finally, I also note that this committee receives notices of reprograming and has the right to object to such notices.

I believe the distinguished ranking minority member, who has been following this issue very closely and has been working closely with Senator ZORINSKY, would like to comment.

Mr. PELL. Mr. President, due to the administration's desire to provide aid to Nicaragua and to retain flexibility, I find the compromise described and outlined by our chairman as eminently satisfactory. This will be a very helpful initiative.

I agree, with the Senator from Nebraska that it is not the intent of Congress to establish slush funds in the foreign aid account. It is our intention to discourage the constant reprograming of funds.

If the Senator from Nebraska finds this compromise proposal to be acceptable, then I will join in urging the adoption of the amendment.

Mr. ZORINSKY. Mr. President, I thank the chairman of the Foreign Relations Committee and the ranking minority member, Senators PERCY and PELL.

I agree to delete the notwithstanding clause of my amendment, but only on the conditions stated by the floor managers—that section 614 of the Foreign Assistance Act could not be used to reprogram funds earmarked for the Nicaraguan private sector unless, first, there is an unforeseen emergency situation in which the vital national security interests of the United States are threatened and, second, that the sponsor of this amendment is consulted through a memorandum in advance of the official notice.

Under these circumstances, I am confident that the funds authorized by the committee for the Nicaraguan private sector will not be used as a slush fund but, rather, will be used, as intended, for the private sector in Nicaragua.

Let me say, further, that if the section 614 waiver is ever used too frivolously, the President may lose that waiver authority altogether. I believe that this amendment has the overwhelming support of the Senate. Further, I believe that the administration and the majority and minority floor managers should press the House to accept the Senate amendment, should the House not have comparable language.

Mr. President, I ask unanimous consent to modify my amendment (No. 571) and to substitute the perfecting amendment (No. 572) thereto, to reflect these agreements, requested by Senator PERCY after consultation with the administration.

Mr. PERCY. I know of no objection to the unanimous-consent request.

The PRESIDING OFFICER (Mr. KASTEN). Is there objection? The Chair hears none, and it is so ordered.

Will the Senator from Nebraska send the modification to the desk?

Mr. PERCY. Mr. President, I concur in the comments of Senator ZORINSKY. If the Senate agrees to the modification of his amendment, then, under the terms of the legislative history created by this colloquy, the floor manager can accept this amendment and will support it vigorously in conference with the House.

Mr. ZORINSKY. Mr. President, I ask unanimous consent that the order for the yeas and nays on the amendment be vitiated.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. PERCY. I thank my colleague.

The PRESIDING OFFICER. Will the Senator from Nebraska send his modification to the desk?

Mr. ZORINSKY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. PERCY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, while we have a few moments, it is my understanding that at the completion of the vote on the Zorinsky amendment, which will be a voice vote, the Senate will recess until approximately 2 p.m., in accordance with the request of the majority leader. We will then proceed immediately with the foreign assistance bill.

I should like to read the list of amendments, some dozen in number, that will be brought up, in accordance with the information supplied to the managers of the bill.

There is an amendment by Senator KASTEN—ESF contingency fund.

Another amendment by Senator KASTEN to delete all SFRC earmarks.

An amendment by Senator HELMS—El Salvador land reform.

Another amendment by Senator HELMS to repeal the Chile prohibitions.

Senator GLENN—mandatory aid cutoff for nonnuclear country detonating a nuclear device.

Senator GLENN—provide Symington waiver for Pakistan for 6 years only.

Senator GLENN—nonproliferation reporting requirement for Pakistan.

Senator HATFIELD—report and special envoy for El Salvador.

Senator TOWER—Armed Services control over SDAF.

Senator TOWER—Armed Services control over defense leasing.

Senator HATCH—rejoin ACTION and Peace Corps.

Senator ZORINSKY—conditions on aid to Guatemala.

Senator HART—Libya oil cutoff.

Senator DANFORTH—cargo preferences.

I respectfully ask Members of the Senate and the staff members of those Senators to indicate to the managers of the bill or their staffs at what point they would be prepared to call up their amendments. We have today set aside, but apparently it will not be a late evening. We will then go on this business tomorrow. But it is the desire of the floor managers to move forward expeditiously in an orderly way and, if at all possible,

to obtain time agreements and a sequence, so that Senators can more aptly plan their time, not be called out of committees, and so that we can move forward with this measure.

So I urge staff members on both sides of the aisle to contact Senators and to see if we can line up the 14 amendments we now have which will be pending. Otherwise, we will be on this measure much longer than we have advised the leadership.

At this time, I believe Senator ZORINSKY is ready to send forth the text of his amendment.

Mr. DANFORTH. Mr. President, will the Sentor yield?

Mr. PERCY. I yield.

Mr. DANFORTH. Mr. President, as the Senator from Illinois has pointed out, I do have an amendment. I would be prepared right now to enter into any agreement the Senator from Illinois would like. From my standpoint, my amendment would take about 15 minutes to debate. There may be other Senators who would like to participate in the debate. I estimate that 20 minutes or a half hour to a side would be ample, and I could fit it in at the pleasure of the Senator from Illinois.

Mr. PERCY The Senator from Illinois is strongly prepared to accept the amendment, though there may be objections to it. I know that Senator DIXON also would support the amendment. Because of the number of Senators who would wish to speak on the amendment, I believe we should have a half hour on each side.

Mr. PELL. Mr. President, I should mention, speaking for the minority side, that we are not authorized to enter into any time agreements at this time.

Mr. PERCY. Is it possible, though, to have this as the pending business at 2 o'clock, with everyone on notice that we are not entering into a time agreement? We hope to dispose of it within 1 hour.

Mr. PELL. Certainly.

Mr. PERCY. Mr. President, I ask unanimous consent that the Danforth amendment on cargo preferences be the pending business when the Senate recesses and that it be the pending business at 2 o'clock when we resume business.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. PERCY. I thank my distinguished colleague for his cooperation. I hope it will provide a striking example to our other colleagues to come forward and indicate when they will be prepared to move ahead. I believe it is a very important amendment.

AMENDMENT NO. 571 (AS MODIFIED)

Mr. ZORINSKY. Mr. President, I send to the desk a modification of my amendment.

The PRESIDING OFFICER. The modified amendment will be stated.

The legislative clerk proceeded to read the modified amendment.

Mr. ZORINSKY. Mr. President, I ask unanimous consent that reading of the modification be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The modified amendment is as follows:

On page 24, lines 2 and 3, insert the following new section 716 and renumber the subsequent section accordingly:

SEC. 716. Of the funds authorized to be appropriated to carry out this Act for the fiscal year 1982, $13,275,000 under part I and $20,000,000 under chapter 4 of part II of this Act shall be available only for Nicaragua under the following conditions:

(a) all of the funds made available to Nicaragua shall be furnished solely for assistance to the prviate sector in Nicaragua;

(b) the provisions of subsection (a) shall not apply when the President determines, and reports to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate, that Nicaragua is making substantial progress toward free and fair elections;

(c) for each 6-month period in which any funds are expended under this Act for Nicaragua, the President shall submit to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate a report accounting fully and in itemized detail for the amounts obligated and actually expended in Nicaragua.

Mr. ZORINSKY. Mr. President, if the chairman of the Foreign Relations Committee and the ranking minority member are ready, we can have a voice vote on the perfecting amendment.

Mr. PELL. From the viewpoint of the minority, I believe we should move ahead and vote.

Mr. PERCY. The floor manager for the majority has just been advised that there is objection by one Senator to the unanimous-consent request. We will have to consult with our colleague, who is a member of the Foreign Relations Committee. I suggest the absence of a quorum until we can get direct word from him.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. Presdent, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, could I inquire of the distinguished managers of the bill if it is possible to dispose of the pending amendment, the Zorinsky amendment? If it is, it would be my intention to ask the Senate to recess over until 2 o'clock.

Mr. PERCY. Yes. I see no reason why we cannot and should not recess until 2 o'clock. At that point, for the information of the majority leader, we have agreed to the fact that the pending business would be a Danforth amendment on cargo preference. The majority manager and the author of the bill have said that that could be disposed of within 1 hour. We were unable to reach a time agreement on it. We still think we can aim for that time frame, but it will be at least the pending business at 2 o'clock.

I think we are ready now for a voice vote, the yeas and nays having been vitiated.

Mr. ZORINSKY. Mr. President, I would like to point out, prior to the voice vote on this amendment, that it is not my proposal to allocate money in the next year's budget for Nicaragua. It is the administration's proposal, lest there be any confusion as to who proposed what for the budget. My amendment to the administration's proposal does not require that the money requested by the administration be spent. It does require that if funds are spent in Nicaragua that those funds be available solely for the private sector.

There are those who question the need for an amendment on Nicaragua because it is assumed that under the current strain in relations the administration is not planning to send any AID funds. I would answer that it is an assumption that should not be made. I am aware of reports in the press that indicate that discussions between the United States and Nicaraguan officials could very well result in resumed assistance to the Nicaraguan Government. My amendment would insure that funds will not go to the Government of Nicaragua unless the President certifies that the Government there is making substantial progress toward free and fair elections.

Furthermore, I realize that there are those who feel that AID has not been very efficient in disbursing funds in Nicaragua and insuring that 60 percent is getting to the private sector. I have taken a back seat to no one regarding this situation and that is one of the principal reasons for my amendment. The amendment would tighten the accountability procedures by requiring the President to report to the Congress every 6 months on just how the funds are used.

My colleagues would be interested to know that for the past 8 months, I have attempted to obtain from AID an accounting of funds expended thus far in Nicaragua. I wanted to make certain that 60 percent of U.S. aid had gone to the private sector as required by law.

In recent committee hearings, I put the request for an accounting directly to Secretary of State Haig and I now have his commitment for AID to produce such an accounting within a reasonable time. And in a recent meeting with officials from the AID mission in Nicaragua, Senate Foreign Relations Committee staff were assured that figures still being compiled will bring the amount of private sector assistance to the 60-percent level. My amendment will insure tighter control and supervision of any future expenditure of funds, and mandate in the law a full and detailed accounting every 6 months.

Mr. President, 2 years ago I recommended that the Senate adopt a requirement that 60 percent of all aid to Nicaragua go to the private sector. This requirement became the law. This year, the administration requested that the law be changed, deleting any requirement that aid go to the private sector in Nicaragua. Mr. President, I believe that sends the wrong signal to the Government of Nicaragua.

If U.S. aid is a means to an end, that end in Nicaragua ought to be the establishment of democracy. My amendment, by earmarking not 60 percent, but 100 percent of aid to the private sector is an attempt to keep that prospect of democracy alive.

With that having been said, I appreciate the voice vote on this amendment.

Mr. HELMS. Mr. President, I ask that I be recorded in the negative on this amendment.

Mr. President, while I applaud the intent of the distinguished Senator from Nebraska in earmarking the entire $30 million of U.S. economic aid for the private sector in that beleaguered country, I cannot support his amendment. In that connection, I would mention two points to illustrate why I deem it impossible to aid the private sector in Nicaragua through these channels without strengthening, even more, the hold of the Sandinistas over that country.

Mr. President, Jerry Wein, the AID mission director for Nicaragua, recently visited with members of the staff of the Senate Committee on Foreign Relations to explain the conduct of the AID programs in Nicaragua. In reviewing the points he made during his discussion with the committee's staff, Mr. Wein made me even more wary of any attempt to direct aid to the private sector in Nicaragua while the Sandinistas are in power.

First of all, I am troubled by the revelation that, in AID's judgment, any enterprise which is owned in part by the Sandinista government still qualifies as a "private sector" entity, even though the Sandinistas may own as much as 49 percent of the stock.

Second, Mr. President, I am troubled that of the $33 million of the aid earmarked for the private sector which was disbursed in June and October of 1980, only slightly more than $13 million can be accounted for to the satisfaction of our AID officials. That means that our AID officials are not satisfied that any of the other $20 million was spent on the private sector—as mandated by the Congress. So, what happened to the other $20 million? Where was it spent?

Mr. President, the truth is, our AID officials cannot insure that U.S. dollars will be spent as mandated by Congress. How can we be sure that the U.S. taxpayers' dollars will be aiding the Nicaraguan private sector throughout the nationalized banks controlled by the Sandinistas? If past performance is any guide, we cannot.

Finally, Mr. President, my good friend and colleague, the distinguished Senator from Nebraska, has assured us that the money which he has asked to be earmarked for aid to the Nicaraguan private sector was in the administration's budget—the figure, he emphasizes, did not originate with him. Mr. President, I am confident the able Senator realizes that, while the Reagan administration budget did contain such a line item, surely the administration had no intention of sending millions of the American taxpayers' dollars to the Sandinistas, with the compliments of the American taxpayer.

To the contrary, it is clear that the administration wanted to have this money available in the event that developments in Nicaragua might find the Sandinistas out of power, or renouncing its aggressive pro-Marxist program—either development being one which I and many other Americans, as well as many members of the Nicaraguan private sector, would welcome. The administration would then be able to proceed with aid to that country in such new circumstances.

Under present circumstances, Mr. President, I am concerned that any money going to Nicaragua, however well intentioned anyone may be in supplying it, will only serve to buy time, if not arms, for the Sandinistas. For that reason I must oppose the Zorinsky amendment, and I ask that the RECORD reflect my opposition to it.

PRIVATE SECTOR ASSISTANCE FOR NICARAGUA

● Mr. KENNEDY. Mr. President, 3 years ago we saw the nation of Nicaragua in Central America struggle through its last violent throes of revolution, to emerge at an important crossroads in its political and social development. Today, with an economy still in tatters, and a restive public increasingly aware of revolutionary promises yet unfulfilled, the internal difficulties shouldered by the Nicaraguans weigh heavily upon them.

It is with this in mind, and with an eye toward our Nation's long-term interests in Central America, that I welcome the amendment offered by Senator Zorinsky. This amendment would provide much-needed assistance to the vital private sector in Nicaragua, stimulating the long-idle machinery of private enterprise. This could prove the first step in bringing Nicaragua back to the road of peace and prosperity through private initiative and responsibility.

Nicaragua has experienced the lion's share of social and political injustice under two regimes—including first a corrupt tyrant of the right and now an authoritarian regime of the left. Revolutionary reforms include an impressive literacy campaign, but censorship of the press, repression of free labor union activity, and delaying tactics on early elections still mar the past record and future hopes of Nicaragua.

America must strongly oppose the abuse of basic human rights and denial of political plurality, whether from the right or the left. Nicaraguans have experienced severe hardship and deprivation for too long; and the truly just revolution can come only when basic political, social and economic freedoms are assured for all.

The amendment before us now is a necessary first step for the United States to take in expressing support for these freedoms in Nicaragua and so encouraging more to follow.●

Mr. EAGLETON. Mr. President, with the possible exception of the 1978 Middle East arms sale, no foreign aid proposal of the Carter administration has remained as controversial as the Nicaraguan aid bill of 1979. Only after 7 months of intensive lobbying and acceptance of a number of conditional limitations was former President Carter able to shepherd his $75 million economic aid package through the Congress. In April, President Reagan suspended transfer of $15 million of the package in the wake of the disclosure that Nicaraguan territory was being used for a massive airlift of weapons to Salvadoran guerrillas.

Evidence that the Sandinista regime is exporting its revolution is but one troubling aspect of post-Somoza politics in Nicaragua. This past summer, we witnessed the 2-day closing of the country's most popular newspaper, La Prensa, following nighly critical reporting of Sandinista policies. Likewise, there was a government-imposed, 4-day closing of Radio Cooperation, an independent and critical voice. Following expressions of concern over the influence of Marxists and Cubans in the country, the popular church leader, Archbishop Obando y Bravo, was prevented from broadcasting his weekly televised sermon. If this were not enough, Sandinista junta coordinator Daniel Ortega announced at the July 19 anniversary celebration of the Sandinista revolution that 13 companies were being nationalized because of the suspected criminal activity of their owners.

Let there be no mistake about it, the Sandinistas are moving swiftly to silence opposition to their rule and securely establish a one-party police state based on the Cuban model.

Since the Sandinista Liberator Front (FSLN) assumed power in July of 1979, the United States has sent $120 million to Nicaragua in an effort to strengthen moderate elements in the country, that is, the church, the private sector, the press, and the free labor unions. I only wish, in addressing this matter today, that I could say that our efforts have been somewhat successful; unfortunately, I do not believe this to be the case.

Only this past April, I headed a congressional delegation that visited Managua. After 2 days of discussion with Nicaragua's political, business, and church leaders, I left convinced that although the city remains the commercial and cultural capital of the country, Nicaragua's political capial is rapidly gravitating toward Havana. If there were any doubts at the outset about what political direction post-Somoza Nicaragua would take, there can be no doubt now that Sandinista failure to live up to its commitment to political pluralism is ample evidence that the Sandinistas do not intend to make good on their pledge to hold early, democratic elections. Contrary to the more optimistic expectations of the White House and State Department officials, the Sandinista regime is turning out to be Havana and Communist dominated.

Perhaps the most troubling aspect of the Sandinista rule has been Nicaragua's extraordinary military buildup. U.S. intelligence analysts estimate that Nicaragua now has some 20,000 regular troops, plus about 50,000 in a militia. At the height of his power, Somoza's troops numbered only 7,000. The Sandinistas have developed one of the largest military forces in Central America with the help of several hundred Cuban military advisers and military equipment supplied by Fidel Castro and his Soviet bloc colleagues.

In a recent statement, Assistant Secretary of State for Inter-American Affairs Thomas Enders charged that Nicaragua is turning into a "forward base of operations" for Cuba. Indications that Nicaragua is preparing to receive Soviet-made tanks via Cuba and improving airstrips in the east for possible use by mig-23's and military transports further supports Ender's conclusion.

Although the State Department has

backed off its assertions that Nicaragua is acting as a Cuban surrogate in providing aid to Salvadoran leftists, there is little doubt that there has been some Sandinista complicity. Now there are growing indications that arms shipments to Guatemalan guerrillas from Cuba by way of Nicaragua have begun. In a confidential evaluation made public last April, the Defense Intelligence Agency reported:

A tape recording recently captured in a skirmish with Guatemala guerrillas has provided convincing evidence of Cuba and Nicaraguan complicity in organizing, directing, and supporting the Guatemalan Revolutionary Movement.

Mr. President, the compromise reached today on the Zorinsky amendment concerning the future of aid payments to Nicaragua is a moderate measure; one that will hopefully aid the dwindling, free enterprise sector in Nicaragua. Although I would have liked to have seen the Zorinsky amendment passed intact, I appreciate that the compromise language will still express Senate concern over the future of our aid program.

For the reasons I have already stated, I do not support aid to the Sandinista government. I do not believe that the United States should spend 1 penny supporting the ruling junta. I can support and do support aid to the free enterprise sector as a last, slim hope that a modest degree of pluralism can survive in Sandinista Nicaragua. I am not at all sure that free enterprise can survive there. But I am willing to take the gamble. I look to the leadership displayed by Senator ZORINSKY in this matter to insure that our future dealings with the Sandinistas are more prudent then our past dealings.

Mr. President, as we consider the fiscal year 1982 foreign aid authorization bill, I believe it is imperative that we look closely at our policy toward all the nations of Central America. In my opinion, our efforts to date have done little to dissuade the Sandinista regime from positioning itself 99 percent within the Cuban sphere of influence. In my opinion, Guatemala is the next domino in what can only be termed a Soviet-assisted Cuban strategy to turn all of Central America into a Marxist enclave.

During the past several months, I have collected a score of editorials and articles discussing recent events in Nicaragua, Guatemala and what they portend. In closing, I ask unanimous consent that a selected sampling of these be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Times, Oct. 9, 1981]

NICARAGUA ON A TIGHTROPE

(By Flora Lewis)

MANAGUA, NICARAGUA.—The revolution here remains a peculiar combination of closed minds and open possibilities. The impact has already been intense throughout Central America, and it will take a sage U.S. policy to help the queasy region emerge with reasonable stability.

Two years after the Sandinists gained power, Managua looks depressingly familiar to anyone who has watched Communists consolidate or even try to establish a hold on other countries. Slogans, posters—the political idiom sounds much like Cuba, the Portuguese Communists before their 1975 coup failed, Eastern Europe in the early days, China at times.

Leaders insist their revolution has no model, that its doctrine and even its language are home-grown. Tomás Borge, 50-year-old Minister of Interior and only surviving founder of the Sandinist movement, seemed surprised to hear that it is very reminiscent.

Whether because of internal disagreements or waffling tactics, the tough line is turned off and on. The Government even corrected a printed brochure of an Aug. 25 speech by Defense Minister Humberto Ortega before official distribution, omitting declared allegiance to "Marxist-Leninist doctrine" and changing phrases like "Socialist camp" to "revolutionary and progressive forces," "capitalist camp" to the vaguer "reactionary countries."

Sergio Ramírez Mercado, a handsome, fluently literary member of the junta, said the first version was a "falsification" distributed by opponents.

But the import of the first and second texts is scarcely different, the changes are minor and the printing is exactly the same including all the typographical errors. The final version looks like an afterthought.

Both Mr. Ramírez and Mr. Borge said the Government had decided to "take the risk" of domestic and international outcries by suppressing the resolutely independent paper La Prensa if it continues to print damaging stories. They added, however, that then it would be replaced by another "right-wing paper" willing to observe limits of "constructive criticism." "We must put an end to the myth of La Prensa," Mr. Ramírez said.

The paper *is* a potent symbol. Its owner, Pedro Joaquín Chamorro, was murdered by the Somoza regime precisely because of the stubborn courage it showed. Killing it would kill much of Nicaragua's chance of reconciliation.

Its plight reflects the issue now. A coalition of forces, including much of the business community, threw out Somoza. Some wanted a democratic but conservative replacement, some wanted social democracy, and some really meant "the revolution," not just an upheaval to bring reform.

Still, despite their pro-Soviet training and support, the radicals are as Nicaraguan as the liberals. They have authentic roots, and if they consider the U.S. "the enemy," they can cite a lot of history to justify their suspicion.

Despite the harsh rhetoric, they don't sound all that convinced they can succeed in making their people better off and their country more independent, nor even that they really know how to go about it. They claim massive popular support, but they refuse to consider elections before 1985. They are acutely aware that the economy has deteriorated badly and is getting worse.

"The Soviet Union won't save us, that's been made clear," Mr. Ramírez said. It's probably true. It's also true that they are looking for help wherever they can get it, whether by additions to the $100 million cheap loan received from Libya, or by supporting neighboring revolutionaries in hopes they too will win power and become allies.

Even domestic opponents feel the point of no return has not been reached. They urge U.S. aid, with conditions that would strengthen their hand, though they haven't been able to develop a social program of their own that might offer an appealing alternative to the worried people.

The U.S. is now focusing on braking Nicaraguan help to Salvadoran guerrillas. Talks have started in which the U.S. seeks to cut arms traffic to the insurgents and urge restraint on Nicaragua's big military buildup, while the Sandinists seek assurances against U.S. intervention, which they seem really to fear. But they are also exploiting that fear, extravagantly, to mobilize their people.

Obviously, progress toward a Salvadoran settlement would help. But also needed is a better definition for both sides of how we expect to live together.

The Sandinists aren't doing well and they sound worried. Thoughtful Latin Americans elsewhere, including some conservatives, say the one thing that would push them definitely into the Soviet camp is isolation.

There should be no illusions. There is a risk that a pro-Soviet hard line will come to dominate anyway and produce another Cuba. But the risk can only be increased if the U.S. acts as though the gamble were already lost. We are reaping the harvest of gunboat diplomacy and right-wing dictatorship. Sowing the same crop again won't produce better results. Nicaragua is in for a rough time, but so are we if we try to push too hard.

[From the Washington Star, May 9, 1981]

THE CUBAN ROLE IN NICARAGUA

(By Cord Meyer)

Drawn to the spectacle of tragic violence between extreme left and right in El Salvador, the American media are overlooking more significant developments in Nicaragua that could transform that country into Castro's first armed beachhead on the mainland of the hemisphere.

Having decided to draw a line against Soviet-supported Cuban intervention in Salvador's civil war, the Reagan administration now realizes that it is in danger of being outflanked in Nicaragua but hesitates to ring the alarm bell because it has as yet no coherent strategy for dealing with the threat.

Contrary to the expectations of Jimmy Carter's more naive advisers, the Sandinista regime is turning out to be dominated by ideologically-committed communists. Castro's man in Managua, Sandinista Defense Minister Humberto Ortega, has boasted that he is reorganizing the ill-trained Sandinista guerrillas into a regular army of 50,000 backed up by an armed militia of 200,000 to make it by far the largest force in Central America.

With defiant disregard for President Reagan's warnings, the Cubans have prepositioned in Nicaragua stockpiles sufficient to equip this army with modern weaponry. It will take some time to whip the Sandinista guerrilla bands into disciplined shape but of the 5,000 Cuban advisers in Nicaragua 800 are military specialists working overtime. Many Cuban technicians are being integrated into this force to handle sophisticated weapons.

TANKS AND PLANES

More ominously, two Nicaraguan airfields are being extended to accommodate MiG–23s and Nicaraguan pilots are being trained in Bulgaria. Reliable intelligence reports predict the imminent arrival of Soviet heavy tanks which could be used to put down popular revolt in the towns.

The restraining leash of economic dependency that the Reagan administration had hoped to use in Nicaragua is being frayed to the breaking point by Soviet moves. When the administration announced the suspension of economic aid, it was careful to promise renewal of the aid if the Sandinistas kept their pledge not to continue shipping arms to the Salvadoran rebels.

As if to demonstrate the irrelevance of this inducement, the Sandinista regime promptly announced a gift from Moscow of 20,000 tons of grain, made available by the cancellation of the embargo. Just prior to his recent visit to Moscow, the Libyan strongman, Colonel Kadafi, insured a warm reception from Brezhnev by granting a $100 million loan to Nicaragua, which the Sandinistas hailed as proof of their immunity to "Yankee economic aggression."

Anxious to gain time to complete the construction of the Sandinista war machine, Castro discreetly redirected his flow of arms to the communist guerrillas in El Salvador,

when captured documents revealed the full extent of Nicaraguan involvement. Fearing possible American interdiction of these supply lines, Castro has used the local Communist Party and some collaborators within the Honduran army to open up safe trucking routes across Honduras for the smuggled arms.

The Soviet-assisted Cuban strategy for Central America should now be apparent to anyone prepared to put the various pieces of the puzzle together. While keeping the guerrilla resistance in El Salvador alive by clandestine arms deliveries and the continuous infiltration of new recruits trained in Cuba, Castro's main objective is to consolidate his foothold in Nicaragua until the Sandinistas are sufficiently organized to eliminate their domestic opposition.

THE CUBAN MODEL

Once the Nicaraguan base has been secured by the establishment of a one-party police state on the Cuban model, there will be time enough for a massive infusion of "volunteers" to turn the tide of the Salvadoran civil war and to open the way for a final guerrilla offensive into Guatemala, where a savagely-repressive right-wing government may be ripe for the plucking.

The Reagan administration is acutely aware of these dangerous possibilities but has been hampered in formulating a response by its own disorganization and by Sen. Jesse Helms' success in delaying Senate confirmation of a Latin American policy team. Now that an able career officer, Thomas Enders, is assured of appointment as assistant secretary of state for the region, there is hope that a coherent strategy will emerge.

Standing between Castro and his ambition to transform Central America into a Marxist enclave is the growing strength of the democratic opposition in Nicaragua. The Catholic Church, the unions, the private sector and the democratic parties are united in their determination to demand the elections that the Sandinistas promised to hold when Somoza fell.

If the Reagan administration working with our Latin allies cannot find ways to assist these genuinely democratic forces and to insist on long-delayed elections under Organization of American States (OAS) auspices, dominoes are likely to fall from the Panama Canal to the Mexican border, and Reagan's tough talk will be seen as blunder.

[From the Wall Street Journal, May 4, 1981]

SANDINISTAS TESTED IN NICARAGUA

(By Steve Frazier)

MANAGUA, NICARAGUA.—Amid the thick atmosphere of political crisis here, a people once united in the overthrow of Gen. Anastasio Somoza is choosing up sides for or against the former guerilla commanders who now rule the country.

Nicaraguans are still waiting for their Sandinist leaders either to select a radical, totalitarian model for their revolution or to work out a more moderate consensus with the business sector and other independent forces such as the Roman Catholic Church. Meanwhile, the revolution moves uncertainly between those two paths, and intertwined economic and political disorders are increasing.

"The Sandinistas' error has been to confuse unity for the removal of Samoza with unity of supoprt for them," says a Latin American diplomat here. "Society is divided into two blocs," he continues, warning that "when societies are divided in that way, there has to be a confrontation."

In an attempt to ease current tensions, the Sandinist leadership has initiated a new "dialogue" with opposition groups. The Sandinistas want their critics to tone down their attacks on the government and cooperate in reconstructing the nation. The busines sector, independent political parties and other non-Sandinist forces are calling for renewed proof that the Sandinistas will respect press freedom, political pluralism and private enterprise.

"There is a yearning for all the things we didn't have under Somoza that we still don't have under the Sandinistas," says an official of an opposition political party. And both sides realize that Nicaragua's economic health depends largely on settling their differences.

"A political confrontation now impedes reconstruction," says Sergio Ramirez Mercado, a member of the government junta. If the government and independent groups can't come to terms, he says, "we believe tension will increase."

AMERICAN AID CUT

Despite the general agreement that renewed unity would help rebuild the economy and encourage business investment, currently almost nonexistent, lasting cooperation will be difficult to achieve. Many analysts think the Sandiinstas reopened talks with the opposition mainly as show and don't intend to make the important policy switches necessary to please their opponents.

On their side, the independent forces seem to want free elections, which they are convinced would unmask the Sandinistas as an armed minority. But the Sandinistas have announced that such elections won't be held for several years, and then only to affirm their role as leaders of the revolution.

The Sandinistas' relations with the U.S. also have turned rocky, following the Reagan administration's decision early this month to cut $15 million in economic aid because of alleged Nicaraguan help in shipping arms to Salvadaroan guerillas. Official Nicaraguan reaction to the cut has been "vocal" but "subdued," in the words of the U.S. Ambassador, Lawrence Pezzullo. Mr. Pezzullo and others here believe the many Nicaraguan officials who say they want to stay on friendly terms with the U.S.

Besides the $15 million, Nicaragua could receive many millions of U.S. aid dollars over the next year, U.S. officials say. If the political climate improves and the current halt in arms shipments continues, U.S. officials would like to parcel out other aid packages before beginning the laborious process of certifying to Congress that the arms flow has ended once and for all. Such certification is necessary to renew the specific $15 million in aid that has attracted the most attention.

The cutoff was labeled an act of "economic aggression" by Nicaraguan officials. The pro-government press treated its readers to large photo features showing Nicaraguan exiles training in Florida for a supposed U.S.-backed invasion of Nicaragua. And moderates worried that any added instability would work against them. "It's quite clear to us that any suspension of aid may upset the creaky balance that we have," says a business-group official.

Few here think the $15 million cut itself will sink an already-floundering economy or "force" Nicaragua into the Soviet bloc. However, opposition leaders worry that the cutoff may give the Sandinistas something to blame their problems on, as one government official acknowledges. "The cutoff was a windfall to our government," he says. "It gives the Sandinistas moral strength."

The balance has been tipping against the non-Sandinist sectors of Nicaragua in a series of confrontations that peaked a month ago. Violent mobs, openly encouraged and organized by Sandinist officials, broke up an opposition political rally. In the course of blocking travel to the rally, the mobs blockaded roads and burned two non-Sandinist radio stations. An independent newspaper, La Prensa, didn't publish for two days after angry crowds gathered outside its offices in Managua.

Although the Sandinistas had been systematically cracking down on political dissidents, the touch of mob rule prompted an increase in the exodus from Nicaragua of solely needed technicians and professionals. "It was an ugly show of storm-trooper mentality," says a U.S. diplomat, noting that the Sandinistas had rarely resorted to such tactics before. Even Sandinist leaders were reportedly surprised by how quickly their mobs got out of control. Outside observers, who have long looked for cracks in the unified Sandinist leadership group, think a division may have opened due to the crude breakup of the opposition rally.

Publicly, however, the government explained the mob action as a natural reaction of the "masses" against the opposition rally's wealthy organizer, Alfonso Robelo. "If you attack the revolution," says Mr. Ramirez, the junta member, "you must count on the response of people who support the confrontation between the poor and the rich." Mr. Ramirez asserts that the Sandinistas have disappointed some of their supporters by failing to take stronger action against the rich. "It would be very easy to promote class warfare," he notes.

UNRAVELING ECONOMY

The continuing political turmoil is delaying the crucial reawakening of the Nicaraguan economy. The government's severe shortage of foreign exchange is crimping imports of industrial raw materials and of such critical agricultural needs as machinery, fertilizer and pesticides. Inflation, unemployment, external debt and the trade deficit are all expected to increase this year. In the marketplaces and on the streets, Nicaraguans' first response to questions about the revolution is that everything is more expensive. Government officials acknowledge that people are rankled at the slow progress of the revolution in improving their way of life.

More critical in the long run is the erosion of the nation's productive base if investment continues to lag. A recent study by an international financial institution concluded that, even if a political consensus on reconstruction is reached, per-capita output of goods and services will still take seven years to attain the level achieved before the 1978–79 civil war. Others are even more pessimistic, projecting that the economy will simply unravel as productive capacity declines. "Unless something major happens," says one economist, "we're talking about the long-term running down of Nicaragua's economy."

A LESSON FROM ORWELL

The brightest note is that so many of Nicaragua's troubles are out in the open. Despite restrictions on what newspapers can publish, the three dailies here are filled with the ongoing political debate, ranging from serious discussions of economic systems to trivial potshots at the other papers.

In the same week that the Sandinist paper published a cartoon showing a Nicaraguan businessman shopping for a swastika-emblazoned Ku Klux Klan robe in Miami, the independent La Prensa showed a drawing of a poor peasant family quizzically watching a Sandinist official whiz by in a shiny Mercedes-Benz marked "property of the people." La Prensa published another implicit comment on the revolution when it inserted in all its editions newsprint copies.

[From the Washington Star, Jan. 25, 1981]

SAYING NO TO NICARAGUA

Never mind that the Carter administration, so long under fire for its Latin American policies, was all but out of office before deciding to cut off financial aid to the government of Nicaragua. It was, and remains, a necessary decision in terms of the law authorizing $75 million in economic assistance to the country. At least as a stopgap measure, it should be in line with the policies to be expected of the Reagan administration.

The point is that it does not make sense to give economic support to the Sandinistas if we are serious about wanting to keep a

more or less moderate junta in power in El Salvador. There is too much evidence that Nicaragua has been actively helping the guerrillas who want to refashion Salvadorean society according to the Cuban-Soviet model.

The reports keep coming in. Julian Ignacio Otero, former logistics chief of the People's Liberation Front (FPL), who defected recently from the Salvadorean terrorist group, describes the training camps in Nicaragua where guerrillas are prepared to fight in El Salvador. According to him, every commander above the platoon level has been trained in either Cuba or Moscow.

Many sources report that about 100 fighting men of unknown national origin landed on the beach in eastern El Salvador around the middle of this month. American Ambassador Robert White concedes that there is strong evidence of seaborne reinforcements for the guerrillas coming into El Salvador.

From Costa Rica come reports of Soviet transports. In Washington, two weeks ago, more than a dozen correspondents heard members of a senator's staff describe more than a thousand Soviet military men in Nicaragua, some at work improving the port facilities and the airfields where their MIGs are stationed, some in combat gear. The American ambassador to Honduras confirms that there are Nicaraguans in El Salvador.

There are various ways to interpret these developments. Some Latin American experts in Washington believe the fighting in El Salvador is actually a ploy to divert attention from the buildup of Soviet military strength in Nicaragua. In Managua, the newspaper, Diario Las Americas, quotes the Soviet ambassador saying in a public speech that the United States is underwriting socialist revolution in Nicaragua.

There is too much convergence of evidence for there to be nothing to it. The Reagan administration will undoubtedly want to reappraise Latin American policy as a whole before adopting far-reaching strategies, and the benefits of financial aid to countries such as Nicaragua should figure in them.

Those benefits—to American interests and the hope of a pluralistic society in Nicaragua—are equally real. Most of the money has gone to the country's surprisingly vigorous private sector, which means that it represents a hope of holding back the totalitarian tendencies of the Sandinista government.

However, the developments of the moment call for stopgap measures if nothing more. A stepping up of military aid to El Salvador may be indicated—perhaps even lethal armaments. But the least we can do is to stop paying people who are trying to bring down the beleaguered government we are trying to shore up in San Salvador.

[From the New York Times, Aug. 1, 1981]

UNCERTAIN SIGNALS IN NICARAGUA

The foundation is beginning to crack in the halfway house that is Nicaragua. Three fissures seem particularly unsettling. The main opposition newspaper, La Prensa, was recently closed for two days, in what was clearly a warning *pour les autres*. By widening state control over exports and the private sector, the Sandinista-led junta is jeopardizing an alliance that has brought Nicaragua domestic tranquillity and foreign support. And there has occurred a Soviet-suppported military buildup, only partly justified by fears of an exile invasion from Honduras.

Yet, inspiritingly, democratic and free-market advocates in Nicaragua refuse to give up the fight. The battle for a free press, for elections and political pluralism continues as the revolutionary regime enters its third year. The persistent struggle is all the more remarkable since the Reagan Administration decided in April to suspend aid that had been expressly designed to bolster the private sector.

Libya then obliged with a $100 million loan. Yet despite its economic straits, Nicaragua invested heavily in an army of 40,000 and a militia of 200,000. Cuba has supplied more advisers and the Soviet Union is now providing weapons, including tanks, according to a junta spokesman. Even conceding security fears, there were less provocative sources for military supplies.

If this were the whole story, Nicaragua could now be labeled a Soviet-bloc dependency. But the label doesn't quite fit, as Administration officials acknowledge. The coalition that overthrew General Somoza produced no domineering figure, like Fidel Castro. Power in the three-member junta and nine-member Sandinista directorate is checked by continuous argument. Nicaragua's young leaders are intolerant but not yet ruthless. Critics are harassed but not wholly silenced or tortured, as was common in the Somoza era.

The relative civility of the revolution is among its vital assets. It has brought Nicaragua peace at home and moral credit abroad. Despite the strain with Washington, the Sandinista regime has been befriended by Venezuela and Mexico, and by European Socialists and Christian Democrats. This support would be jeopardized by a lurch to the Leninist left, as the junta in Managua is well aware.

But if political constraints are still accepted in practice, the revolution's theory lags suspiciously behind. No timetable exists for the promised elections; pluralism is suffered rather than assured. Lacking a solid charter of rights, Nicaragua can easily drift back into repression.

These are arguments that Americans can and should make. But Washington does not help its natural allies in Nicaragua when it uses aid as a bludgeon. Some $15 million was withheld in reprisal for the alleged smuggling of arms to Salvadoran guerrillas. The Reagan Administration acknowledged a good-faith effort to halt the traffic, but the aid was not reinstated, relations worsened and Nicaragua is again accused of running guns to El Salvador. Thus did it turn to Libya, whose Colonel Qadhafi, you may be sure, won't be asking inconvenient questions about human and political rights.

THE NICARAGUAN BALANCING ACT

(By Gerald F. Seib)

Nicaragua and the U.S., which can't agree on much of anything these days, are in accord on one point: Both concede that relations between them are sinking to a dangerous low.

The rhetoric flowing between Managua and Washington is growing increasingly harsh. From Washington, Thomas Enders, assistant secretary of state for inter-American affairs, recently charged that Nicaragua is turning into a forward base of operations" for Cuba. The Reagan administration continues to complain that weapons flow across Nicaragua to rebels in El Salvador. And U.S. officials contend that Nicaragua's leftist Sandinista government is squeezing out democratic elements and coming to resemble Cuba's totalitarian regime more every day.

The administration hopes its tough words will dissuade Nicaragua from sliding completely into the Cuban mold. But the strategy is risky. A combative U.S. stance could alienate Nicaragua and drive it toward the very nations the U.S. wants it to avoid. For instance, in the wake of a recent cutoff of some U.S. aid, Nicaragua, turned for assistance to the Soviet Union, Libya and East Germany.

If relations should break down, the administration could lose all hope of influencing events in Nicaragua, thereby thwarting its goal of cutting into Cuba's influence in Central America.

In short, the U.S. is at a delicate stage in a diplomatic balancing act. "Nicaraguans can do Castro's bidding if they choose, but they could do our bidding too," says one State Department official. "I felt for some time we needed to be harder with them. But you've got to mix that with being forthcoming."

The path Nicaragua takes has broad repercussions for U.S. interests in Central America. In many political and strategic respects, Nicaragua may be more important than El Salvador, which has stolen the headlines lately. Though much more sparsely populated, Nicaragua is roughly seven times as large as El Salvador. It borders Honduras and Costa Rica, two states friendly with the U.S. that are nervously watching the leftward drift in Nicaragua.

Also, Nicaragua is just a few miles down the Pacific coast from El Salvador. Looming large in the minds of administration officials is the worry that Nicaragua could—or already has—become an exporter of revolution to neighboring states.

"If Nicaragua does radicalize and does become a totalitarian state and is a surrogate of Cuba, we're going to have a fight on our hands in El Salvador," says one U.S. analyst. "It's hard to see how you could win in El Salvador."

To a large extent, the administration is agonizing over the same policy dilemma that has confounded the U.S. ever since the Sandinista revolution in Nicaragua in 1979. Both the White House and Congress have been trying to decide whether a policy of conciliation or one of confrontation would be more effective with Nicaragua's left-leaning government.

Initially, the U.S. settled on cooperation. The Carter administration maintained cordial relations and fought a bitter congressional battle to win aid for Nicaragua. The theory was that U.S. help would enhance Washington's influence, which could be used to protect Nicaragua's private sector and democratic institutions.

Thus far, the Reagan administration seems to have mixed the hard line and the soft. Earlier this year it cut off the final $15 million of a $75 million aid package for Nicaragua, charging that Nicaragua's government failed to stop, and perhaps assisted, the flow of arms to Salvadoran guerrillas. But the administration didn't demand repayment of an earlier $60 million in aid, as it could have under U.S. law. Disbursements of earlier U.S. aid parcels continue, and the administration has left open the possibility of resuming economic and food aid if the Salvadoran arms flow stops.

Lately, though, the criticism from Washington has grown harsher. There is little talk today of resuming aid, and administration officials say that Nicaragua isn't likely to be included in an emerging plan to beef up economic aid to Caribbean and Central American countries. Many in the administration think that the conciliatory strategy used by the Carter White House hasn't moderated Nicaragua's behavior and that the U.S. therefore must "take a harder line and expose them," one State Department official says.

The administration is particularly upset about a military buildup by Nicaragua. U.S. analysts assert that Nicaragua is assembling the largest army in Central America. They estimate that Nicaragua now has some 20,000 regular troops, plus about 50,000 in a militia. The government has said it would like an army of 50,000 regulars and a militia of 200,000—although many U.S. officials consider those numbers unrealistic.

By contrast, Gen. Anastasio Somoza, the U.S. ally overthrown by the Sandinista guerrillas, had a national guard of about 14,000 regulars when he lost power.

What's just as troublesome, U.S. intelligence officials claim that they see signs Nicaragua is preparing to receive tanks from Cuba. (Earlier reports that Nicaragua already had received Soviet-made tanks via Cuba were incorrect, officials say). Analysts also report signs that Nica-

ragua has improved airstrips in the east, possibly for military planes.

The administration fears that this military buildup may be used by Nicaragua's leaders to clamp down on internal political opposition, which so far has enjoyed relative freedom. Worse, however, the U.S. worries that the military buildup indicates Nicaragua may want to help Cuba spread trouble in the region.

But Nicaraguan leaders, and some U.S. analysts, say Nicaragua is girding to defend itself against potential attacks from its more conservative neighbors. Nicaragua has rocky relations with Honduras, Guatemala and El Salvador. Those countries, in turn, worry about Nicaragua and thus seek military aid from the U.S.; the administration already has said it is seeking to double military aid sent to Honduras, which has had border clashes with Nicaragua. Thus, tensions in the area threaten to precipitate an arms race.

COUNTER-REVOLUTION THREAT

Moreover, Nicaraguan officials say their defense buildup is necessary to guard against the threat of a counter-revolution launched by exiled supporters of the late Gen. Somoza. Some of these exiles have launched raids on Nicaragua from Honduras. Others are training openly in Florida.

Nicaragua maintains that, by failing to stop the Florida training, the administration is hinting that it would approve a counter-revolution launched by exile groups. Thus, Nicaragua compains, Washington policymakers are creating the need for the very military buildup they criticize. "It hurts our economic position because we have to be in a defensive military posture," says Arturo Cruz, Nicaragua's ambassador to the U.S. "Then we find it bewildering that we are accused of this military buildup." (U.S. officials respond that they discourage military training in Florida but can't legally stop it unless the participants break weapons laws.)

For now, Nicaragua and the U.S. appear locked in a faceoff. The U.S. says that Nicaragua should slow its military buildup and choke off the arms flow to El Salvador if it wants relations to improve. Nicaragua says the Reagan administration should shut down the training activities in Florida.

The bright side in this cloudy picture is that both sides at least profess a hope that they can improve relations. "It is essential that we close the existing gap, "Mr. Cruz says. "We want an improvement based on reciprocity."

But it isn't clear which side will make the first move to improve relations. "I'm personally concerned about the process we're in now because I don't see either side doing anything to change the trend," worries one State Department official.

[From the Washington Post, May 10, 1981]

INFLUENCING GUATEMALA

Frankly, when we suggested the other day that the United States consider resuming military aid to Guatemala in order to acquire influence with which to tame the government's repressions, we were quite aware that the idea is subject to abuse, but we did not know the administration was heading *so fast* toward potential abuse of it. A plan has since emerged. The United States evidently is to resume military aid to the Lucas Garcia dictatorship, but to do so on grounds that there are some 2,000 "Cuban-supported Marxist guerrillas" in Guatemala. The notion of using aid for leverage seems to have faded into the middle distance, where it can be held up as evidence of good intentions but not allowed to get in the way.

There are guerrillas in Guatemala. But though they are certainly in some sense Cuban-encouraged, they have been around for years and are pretty much sustained on their own. Some foreign observers have detected a guerrilla build up in the last year or so, but this is attributed to a very specific factor. It is a reaction to the almost unbelievable scale of violence conducted, not against guerrillas, but against civilians by the government's security forces and by death squads with official ties. Amnesty International suggests that perhaps 3,600 citizens have been killed or have "disappeared" in the last two years. The army claims to have lost only 62 men in 1980.

What these figures suggest to us is that any program of American military aid not tied tightly to specific measures on limiting official violence is unthinkable. The evidence is that the Lucas Garcia government, which is outside the pale even for some of Washington's most reflexive anti-communist combatants, is the chief source of the guerrilla movement. If the administration's aim is simply to fight the guerrillas, then no aid should be given. If its aim is to stop the killings in order to try to help make Guatemala a healthy society and an efficient anti-communist bulwark than it must tie aid to government performance. Whether this administration has the self-discipline to make that connection remains the relevant question.

Actually, administration self-discipline is already being tested in El Salvador. The situation is different there: Ronald Reagan inherited an American commitment, while in Guatemala he inherited a vacuum as far as current official American ties are concerned. Before trying his hand in Guatemala, it might be useful for him to show whether he can push the genie of official repression back into the bottle in El Salvador, even while aiding the local junta in a battle against guerrillas. His administration is trying, perhaps harder than some critics grant, but it has not yet met with success.

[From the Washington Post, Apr. 22, 1981]

A DIFFERENT DICTATORSHIP

Superficially, Guatemala looks like your typical Central American disaster area. It's a small blood-stained country run by a right-wing military dictatorship regarded now as the most repressive in Latin America. American intelligence quietly confirms Amnesty International's charge that the government runs an immense murder and torture campaign, involving thousands of victims, out of an annex of the National Palace. A Cuban-encouraged guerilla movement is evidently giving some ground.

All this is, in a sense, familiar. What makes Guatemala different is that the United States does not prop it up. For human rights reasons, Jimmy Carter cooled political relations and cut most military ties. In nationalistic response, President Romeo Lucas Garcia cut the rest. The bloodshed and uncertainty are thinning economic ties. That makes it difficult to blame the United States for President Lucas' atrocities. It also makes it difficult to apply pressure to make him change his ways.

The point is perhaps insufficiently appreciated. Guatemala called the American liberal bluff. It dared the United States to cut it off, and it seems to be surviving the cut. Georgia Anne Geyer has reported that Guatemala filled the military gap with supplies from elsewhere. Worse, she warns, from Argentina the local armed forces are receiving the sort of sustained assistance that may lift Guatemala out of the customary civilian-military cycle and leave it indefinitely in military hands. To the extent this is so, the United States, by cutting Guatemala off, has spared itself a certain taint but has done nothing to alleviate the country's agony or to relieve the political strain. It may even have made things worse.

At the moment the United States is treading water. The American Embassy in Guatemala lacks an ambassador and a purpose, no policy direction is coming out of the State Department, and those in the Reagan administration who might, on the basis of the tip sheets, favor cowing up to anti-communist military regimes—even this one—do not seem to have zeroed in on Guatemala. There is no burning crisis down there, only the kind that builds slowly and surely.

It is a good time, then, to mull over another approach. The time of the liberal squeeze is past. What about a conservative flier? Could the United States conceivably buy back influence in Guatemala by resuming military contacts? Could the Reagan administration manage to pull off such a gamble without simply becoming partners of Guatemala's guerillas in fighting real or imagined guerrillas? Is there a responsible alternative?

[From the Wall Street Journal, Sept. 15, 1981]

AFTER THE REVOLT—NICARAGUA IS PLUNGED INTO ECONOMIC CRISIS UNDER NEAR ANARCHY

(By Steve Frazier)

NIQUINIHOMO, NICARAGUA.—For Nicaraguans like Cesar Munoz who expected the 1979 ouster of the tyrannical Somoza regime to bring better times and a more democratic government the first two years of life under the victorious Sandinist guerrillas has been a bitter disappointment.

Mr. Munoz, a tailor whose brother was killed by Gen. Anastasio Somoza's national guard, says, "I can see this government isn't democratic. There is too much Somozaism in the regime we have now." His wife, Belia, who leaves their home most days at 2:30 a.m. to tend a market stall 20 miles away in Managua, complains shrilly that the Sandinist revolution has left her family poorer because of higher prices and new taxes "We are workers and fighters," she keeps repeating. "The revolution hasn't done much for people like us."

What hurts many of the 2.5 million citizens of this tropical country about the size of Michigan is an economic crisis so severe that Nicaragua doesn't have enough dollars to import the machinery and raw materials it needs to keep its largely agrarian society functioning. Many analysts think the economic problems will mean even lower standards of living for the generally impoverished population—a potentially explosive development for a young, almost anarchic government struggling with increasing political tension on the one hand and the frustrations of the masses on the other.

SERIES OF FIEFDOMS

"This isn't a government but a series of fiefdoms with a thin veneer covering the anarchy," says Lawrence Pezzullo, who recently ended a two-year stand as U.S. ambassador to Nicaragua. (A successor hasn't been named yet.) He contends the Sandinists haven't worked out among them a true policy for the future. "You may eventually end up in totalitarianism here because they don't have a plan," he worries.

The nation is run by nine commanders, representing three Sandinist factions, which form the national directorate of the Sandinist National Liberation Front. There also is a three-man junta that formally heads the government. Layers of bureaucracy; public "mass" organizations and other power bases support various commanders. One result is that from all over the government, wildly conflicting signals and programs emerge almost daily. For instance, local bureaucrats have indicated satisfaction with the independent operations of some businesses that were subsequently grabbed in a wave of confiscations announced by the junta in July.

Private economists assert that the confusion exacts a high price. Government programs are proliferating, and spending on them will increase 41% this year. But many poor people who have been barely touched by new health or social programs over the

past two years say a bigger change in their lives has been higher prices. Inflation in food prices was 37% last year, and general inflation could hit 50% this year. Unemployment, estimated by the U.S. embassy at 18% of Nicaragua's workers, also could worsen as the economy tumbles.

A more immediate crunch for the nation is a lack of hard currency. Although government officials say Nicaragua has money to import basic goods, businessmen report they can't get dollars from the central bank to buy even such crucial items as raw materials to manufacture pharmaceuticals. Agricultural producers say their implements are stalled because of a shortage of spare parts; ported out of commission for the same a third of the national fishing fleet is rereason.

With its back against the wall, the junta last week declared a state of emergency. It cut the national budget 5% to the equivalent of about $87 million; slashed subsidies for food, transportation and other items 10%; froze the government payroll, and imposed a 30% to 100% luxury imports levy. It also threatened jail terms for acts of "economic sabotage," said to include strikes, raising prices without permission and publishing false economic news. Although the measures are viewed as generally beneficial to business as a first step in dealing with the crisis, there is concern that the decree also might be used to silence economic criticism.

For the time being, the economy is projected to worsen. "The problem of our balance of payments is so great that we can't solve it even by doubling our exports," says Sergio Ramirez, a junta member. Export income suffers from low coffee, sugar and cotton prices—the products usually account for more than half of Nicaragua's export income—and from lack of investment to increase production. Even after receiving more than $310 million in foreign aid this year, mostly from Mexico, Venezuela and Libya, Alfredo Cesar, the head of the central bank, says he will need to obtain $110 million more to pay an imports bill that will be something less than last year's $800 million. For next year, some projections show Nicaragua needing as much as $750 million in outside help, far more than its expected export sales of $450 million to $500 million.

Meanwhile, the means to produce more dollar-earning exports is declining. Mr. Cesar says a World Bank study that concludes the nation needs 10 years to rebuild per-capita production to 1977's level is "within government estimates." He adds: "We are going to have to work harder and consume less for a while."

But even that prolonged reconstruction requires cooperation from private business that isn't yet taking place. The latest indicator of lack of confidence is word that the just-completed cotton plantings will reach only about 220,000 acres—far fewer than the government plan for 300,000 acres and fewer even than last year's plantings of 233,000 acres.

The divisiveness that plagues Nicaragua has evolved from an unprecedented unity about two years ago among Marxist-led guerrillas, upper-class businessmen and the Roman Catholic church. Their common goal was to overthrow Gen. Somoza. Now, however, "the situation is polarizing every day," says Miguel Obando y Bravo, the archbishop of Managua, who is revered for his opposition to the Somoza dictatorship and now for his public criticism of the Sandinists. "The revolution has brought some good things," he adds, "but it has filled the hearts of men with hate."

Many of the bad feelings arise from the Sandinists' conflicts with business owners, who are in the forefront of dissent to the Sandinist line. They have shown reluctance to invest in national reconstruction until they receive assurances of more political freedoms and protection of private property. The government retaliated by confiscating businesses for allegedly depleting capital instead of investing as the government wants them to. It has also urged workers to report on employers who are "decapitalizing."

Businessmen contend that the confiscations, although relatively insignificant, are a step backward in rebuilding the economy, which is still 50% to 60% in private hands. What is most disturbing to them is that the businesses involved range from the truly bankrupt to some that were well run and productive. "This has been a signal that any business can be taken over at any time," says a Nicaragua economist.

One of the confiscated enterprises, Jaboneria Prego S.A. in Granada, is the nation's oldest soap maker. Prego had money in the bank, rising production, a three-year supply of spare parts and a stockpile of imported raw materials. Constantina Lugo, whose family owned the company, says he hopes the government will soon change its direction. But he asks, "how can you feel secure working here if you can get confiscated?"

CLASS-STRUGGLE FEARS

One aside effect of the campaign against the country's largest businesses is that in this nation of thousands of small farmers and shopkeepers, even the humblest entrepreneurs are starting to fear that private enterprise could yield to a class struggle whipped up by the Sandinists' rhetoric.

"The Sandinists will have to take away from the people who have, to give to the people who don't have," says Manuel Gaitan, who farms 34 acres and runs a tiny store from a corner of his home in Catarina, which is a few miles from Niquinihomo. Mr. Gaitan has always considered himself a peasant, but now he worries he may be deemed too well-to-do by standards of his crumbling, muddy village. "We fought in the revolution to acquire a government that truly represents the people, "he says, "but this has become a war between the poor and the rich."

Government officials acknowledge the tense relations with their critics but promise they will come to terms with productive businessmen and protect their right to operate. Mr. Ramirez, the junta member, denies that the government wants to break the remaining political and economic influence of business, saying, "If we were really interested in destroying the private sector, we have the means and the power to destroy it."

DIRT IN THEIR EYES

But in the northern town of Matagalpa, officials of a 7,000-member coffee growers' cooperative attribute several recent killings and continuing threats to a Sandinist campaign to demolish their organization. "The government sees in the coffee growers an accumulation of economic power that could confront them some day," says Alfonso Escorsia, the director of the co-op, which was formed shortly after the 1979 war. "We are like dirt in their eyes."

When the Matagalpa co-op grew in influence and membership, efforts to coerce small coffee growers to join Sandinist-allied rural workers' groups also increased. Last fall, Sandinist security agents killed the cooperative's founder, Jorge Salazar, and accused him of counterrevolution plotting. This summer the new president, Frank Bedana, an American citizen, was deported.

Now another government-sponsored organization is trying to woo members away from the original cooperative. Mr. Escorsia says members of the Sandinist group travel through the mountains accompanied by armed men in military garb, telling coffee growers they won't get financing through the private-sector group because it is counterrevolutionary and will "disappear." Pascual Perez, a small grower who helps organize the Matagalpa co-op in his region, says two armed men left a message with his wife that he should quit the group. "I am defined by them as bourgeoisie because I belong to this association," he says, "even though I have nothing."

Over the past several months, half-a-dozen members of the co-op have been killed. Two of the victims were seen in the custody of Sandinist security men in July and later found dead, the co-op contends. The same month, on the second anniversary of Gen. Somoza's ouster, the government announced that all agricultural cooperatives must be registered with the government. The Matagalpa co-op was forced to remove the sign from outside its office and given two days to change its name to "association" from "cooperative." Mr. Escorsia says he has since been warned by the police that "if members are found in groups of five or more discussing the association, they are going to put us into jail immediately."

[From the New York Times, Oct. 2, 1981]

DESPAIR IN GUATEMALA

(By Flora Lewis)

GUATEMALA.—Nobody seems excited. Nobody sounds emotional. There is an eerie quiet in Guatemala.

Day after day the newspapers print items like one the day I came: "Unknowns killed 31 peasants in Rabinal," a small county. "Unknowns" has become a code for armed men on the Government side. The item also said that "none of the victims has been identified so far, since the residents who remained alive preferred to flee their [four different] villages and nobody knows where to find them."

Col. Jaime Rabanales Reyes, the army spokesman, said correctly that there was no crisis in Guatemala. "But I feel a crisis coming," he said.

So does practically everyone. A smiling taxi driver said, "Either there will be an arrangement after elections or things will get worse. We don't know what we want." A veteran Western diplomat shrugged and said, "It's hopeless, that's all." And a responsible American official said with tight lips, "I don't get embarrassed about things I can't do anything about."

The cynical atmosphere seems worse than the passions of conflict, but it is bound to burst aflame one day. People are killed by the hundreds each week, sometimes decapitated. Nobody knows how many. Often, nobody knows why.

Lawyers, teachers, moderate politicians are becoming in short supply. Those who remain live in a numb, almost thoughtless fear. Officials boast chillingly that there are no political prisoners in Guatemala. It seems to be too true. When there is an arrest, a trial, people are sure it's a common criminal because politicos are simply "disappeared" without further ado.

There is a sinister war going on between two cold-blooded groups seeking to dominate by terror. There are no white hats. The great bulk of people are caught between, and if they turn to one side for protection, they know they are marking themselves as targets for the other. Nonetheless the leftist guerrillas seem to be expanding, if only because they lack the capacity to kill as many bystanders as the official forces, and they concentrate on soldiers. So they offend ordinary people less.

The Government forces, often unable to retaliate directly against the hit-and-run guerrillas, take out their fury on the villagers left behind. It isn't hard to pick up firsthand stories, but the sense of outrage is dulled.

President Romeo Lucas Garcia refused to meet with a recent U.S. Congressional delegation, and publicly denounced its members as "Communists" when they left. It is hard to imagine room for anyone to the right of President Lucas, but it does exist in Guatemala.

Support comes from landowners and businessmen who are nevertheless disgusted by his modest raise in the very low minimum

wage and his token land reform. "They are like the people," said an American official, "who thought they could make use of Adolf Hitler to preserve their interests."

Their main candidate for the election next March is Mario Sandoval Alarcón, who has said that with power he will kill not hundreds but thousands of "Communists" a week and put an end to the 20-year-old guerrilla campaign. Mr. Sandoval goes often to the U.S., and then claims he was received by the Secretary of State and people close to President Reagan.

That doesn't check out at the State Department. But no matter, it impresses people here. Actually, U.S.-Guatemalan relations are very cold, but both sides make a public pretense of getting on nicely. The Administration theory that tough regimes will be more amenable if they aren't pressured out loud—as with South Africa—has been tried here.

Ex-deputy C.I.A. chief Vernon Walters was sent recently to say Washington would like to help against the real Communist insurgents but that Guatemala must help Washington with Congress and public opinion by showing some willingness to moderation. He was angrily rebuffed.

The establishment here hated President Carter without reserve. But it is no more prepared to indulge the Reagan Administration unless it is backed without question.

Nonetheless, the U.S. silence and a fair amount of American-supplied military equipment—trucks and jeeps—are seen by others here and by most in the rest of the world as a sign of support for the regime. Inevitably, the U.S. is coming to appear as an accomplice.

What can we do? At the moment, the answer must be that there is nothing positive. Guatemala has substantial resources for its widely spread seven million people. It has oil. The leaders seem prepared to withdraw into a kind of Fortress Guatemala, and they have established links outside the U.S. to maintain it.

There are close ties with Argentina and Chile. Israel has traditionally supplied arms, and now South Africa is helping build a weapons factory. Taiwan has the second-largest diplomatic mission and provides technical aid.

Seeds of the whirlwind are being sown. The best course for America to avoid reaping them would be to disassociate the U.S. as much as possible from this regime, persuade friends like Israel and Taiwan that they have little to gain from collaboration, and make clear we don't share Guatemala's outlook. We can't do anything to improve it, but it's a tar brush we don't need.

[From the New York Times, Oct. 2, 1981]

THE U.S. AND SALVADOR

(By Robert E. White)

WASHINGTON.—The Senate was at its best when on Sept. 24 it refused to drop an amendment proposed by Christopher J. Dodd, Connecticut Democrat, requiring President Reagan, in advance of any further United States assistance, to certify twice a year that El Salvador is working to put an end to the "indiscriminate torture and murder" practiced by its armed forces. This amendment points the way toward a common-sense resolution of the Salvadoran crisis.

Administration policies have completely undermined El Salvador's civilian leadership. President José Napoleón Duarte stands for reform, for negotiation, and for an end to the savagery of the armed forces. But the Administration's policy of rejecting negotiation has given final authority to the hardline military of El Salvador. Moderate civilian leaders in Central America fear that the Administration's insistence on military defeat of the Salvadoran insurgents could engulf the entire region in fratricidal war.

These fears have a solid base. The Honduran Army already cooperates with its Salvadoran counterpart in anti-insurgent operations. The Salvadoran military regularly violates Honduran territory and airspace in carrying out search-and-destroy missions. Now the Reagan Administration has approved the Pentagon plan known as operation Falcon's Eye, which will send 180 United States officers and troops to Honduras for joint military exercises early this month.

The Pentagon's success in gaining approval for these exercises implies that the Administration is ready to give the go-ahead to the revival of a new version of the notorious Central American Defense Council, which traditionally has run the exercises. The United States Southern Command, in Panama, is the founder and overlord of the council, whose mandate is to create a regional military strategy and a common intelligence service to counter "subversive Communist agents" who infiltrate Central America.

For a few flickering moments in the last days of the Carter Administration, there was some reason to hope that El Salvador might be saved from further bloodshed. An honest beginning on agrarian reform had been made. The Salvadoran Government publicly pleaded with the Revolutionary Democratic Front to come to the negotiating table. Pressure from the United States combined with threats by the Christian Democrats to bolt the Government unless human rights abuses were curbed resulted in small but real progress. The military published a code of conduct and transferred many hardline military officers out of positions of power. In January, the guerrilla forces' highly touted "final offensive" failed. The Salvadoran Government began plans to complete the second and third phases of the agrarian reform. The Front began to talk seriously of entering the negotiations. But within a few weeks, Reagan Administration policy undercut the Government's revolutionary program. Agrarian reform was slowed and the vital second stage of the reform, which decreed the redistribution of the rich coffee lands, was canceled.

The Administration's insistence on a military solution prevented the Christian Democrats from fulfilling its pledge to negotiate with the left. Thus, the Christian Democrats, who have much more in common with the moderate wing of the Democratic Revolutionary Front than they do with the oligarchy, were demoted to a subordinate role.

The Reagan policy has diminished to the vanishing point the influence of Mr. Duarte and the Christian Democrats, returned the oligarchy to its formerly dominant position, and associated the good name of the United States with death squads and the massacre of Salvadoran youth.

The Administration condemns as "straight terrorism" the dynamiting of power lines by insurgents, and remains silent while Salvadoran forces routinely practice torture and assassination.

United States policy in Central America has created a serious rift with our allies. Recently, France and Mexico correctly recognized the revolutionary movement as a "representative political force" that must be dealt with if a lasting peace is to be attained. This deft diplomatic initiative calls for the restructuring of the armed forces before the holding of elections. There exists adequate common ground here for the beginnings of a multinational diplomatic effort to bring peace and reconciliation to the Salvadoran family.

While there is still time, the United States should adopt the position that the only unacceptable outcome in El Salvador would be military victory for the insurgents. A negotiated solution to the conflict is the one certain way to prevent that military victory.

The PRESIDING OFFICER. The question is on agreeing to the amendment numbered 571, as modified, of the Senator from Nebraska (Mr. ZORINSKY).

The amendment (No. 571), as modified, was agreed to.

Mr. ZORINSKY. I move to reconsider the vote by which the amendment was agreed to.

Mr. PERCY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I will advise the Senate, as Members are already aware, that caucuses of an official nature are going on at this time concerning Senators on both sides of the aisle. I believe those caucuses may contribute in a substantial way to the further progress of the agenda of the Senate today and for the remainder of this week.

Therefore, I think it would expedite the proceedings of this body to recess and not interrupt those caucuses.

Mr. PERCY. Mr. President, if the Senator will yield, I would like to reiterate once again that the period between now and 2 o'clock will be used by the managers of the bill and the staff on the respective sides of the aisle to urge 13 Senators to come forward now who intend to offer amendments and to try to work out with us a time agreement and a schedule so we can proceed in an orderly fashion to finish this business.

The manager of the bill is prepared to go through the night and finish the bill. But, as I understand it, there are bipartisan considerations that would preclude that. As I understand it, the Senate will work a reasonably normal workday today and then this bill will be the pending business tomorrow morning. Is that correct?

Mr. BAKER. That is my understanding.

Mr. PERCY. I thank the majority leader.

RECESS UNTIL 2 P.M.

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now stand in recess until the hour of 2 p.m.

There being no objection, the Senate, at 12:37 p.m., recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. DURENBERGER).

UP AMENDMENT NO. 490

(Purpose: To exempt certain programs under Public Law 480 from the requirements of cargo preference laws)

The PRESIDING OFFICER. Under the previous order, the Senator from Missouri (Mr. DANFORTH) is recognized to call up an amendment.

Mr. DANFORTH. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Missouri (Mr. DANFORTH) proposes an unprinted amendment numbered 490.

Mr. DANFORTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 84, between lines 2 and 3, insert the following:

ELIMINATION OF CARGO PREFERENCE

SEC. 716. The Agriculture Trade Development and Assistance Act of 1954 (7 U.S.C.

1697 et seq.) is amended by adding at the end thereof the following:

"SEC. 414. Notwithstanding any other provision of law, the provisions of the cargo preference laws shall not apply to transportation of commodities financed under the authority of title I or made available under title II of this Act.".

On page 84, line 4, strike out "Sec. 716." and insert in lieu thereof "Sec. 717.".

Mr. DANFORTH. Mr. President, this amendment would eliminate the cargo preference requirements for food shipped under Public Law 480.

At present, the Merchant Marine Act provides for cargo preference for Public Law 480 food. The meaning of that is that, under the law, one-half of the food shipped abroad under Public Law 480 must be shipped in U.S. flag vessels. The practical meaning of that is that a portion of Public Law 480 funds must be used to pay the differential between the price of shipment of food on other vessels and the higher cost of the shipment of food on U.S. flag vessels. Therefore, we are subsidizing the differential in cost of shipment, and we are subsidizing that cost out of Public Law 480 funds.

Mr. President, the cost to the Public Law 480 program of the cargo preference requirement has been estimated by the Congressional Budget Office to be $75 million in 1982. That estimate is said by some to be too low a figure, and an informal estimate by the U.S. Department of Agriculture put it at about $95 million; others have said about $100 million. So somewhere in the neighborhood of $75 million to $100 million of Public Law 480 funds are now being used to finance the cargo preference requirements.

What can be done with this amount of money? Well, $75 million to $100 million, which is now used to pay the increased cost of shipment, could be used instead to buy food. It is estimated that that amount of money, that extra amount of money, could buy between 350,000 and 500,000 more metric tons of food in 1982. Three hundred fifty thousand to 500,000 metric tons of food is enough to feed an estimated 6 to 8 million children.

So, Mr. President, what we are talking about in this amendment is transferring a portion of Public Law 480 money which is now used for the purpose of subsidizing the merchant marine fleet and using it instead to buy food which is desperately needed by a hungry world.

Last week, on the floor of the Senate, we observed World Food Day, and a number of speeches were made on the floor on that occasion. It was pointed out that every day, 40,000 people, some 30,000 of them being children, die of hunger in various parts of the world. It is estimated that every minute, 28 human beings starve to death; that every 3 days, hunger claims as many lives as those lost in Hiroshima; and that each year, 20 million people starve to death in the world.

Public Law 480 is the basic program in the United States to get food, which we have in abundance in America—a bumper crop this year, for example—to get food in this country, to buy it, and to send it abroad. It is the basic program for getting our food into the hands of people who otherwise will die.

The point is made, on behalf of cargo preference, that our American merchant marine fleet is a disaster; that the merchant marine fleet in the United States is not competitive; that the merchant marine fleet in the United States is in a very bad competitive position with regard to the rest of the world, and that America needs a good, strong merchant marine fleet. I do not debate that point. It may be that the United States has to provide some sort of subsidy, some sort of bailout, for our merchant fleet. That can well be the case, and indeed we are providing that kind of bailout now.

I used to think that I did not like bailouts, as a matter of general economic principle. Yet, I have found myself voting for a variety of them since I have been in the Senate. But this is a bailout like none other; because this particular provision with respect to Public Law 480 is a bailout of the merchant marine industry, not just from the funds of the taxpayer, but, instead, is a bailout of the merchant marine industry out of food that otherwise would go to people who are starving.

So it is not the typical kind of subsidy that is involved here. Rather, it is quite directly a transfer of resources from food otherwise destined for people who are dying to the merchant marine industry.

So if we are going to subsidize our merchant marine fleet, let us do so openly and directly. Let us do so in so many words. Let us do so by facing up to that fact on its own merits, not by reducing what is otherwise available for Public Law 480.

Mr. President, we have already decided in the process of budget cutting to cut the Public Law 480 funds approximately $100 million less than what they were under President Carter's budget. If we go through with the next series of budget cuts the President has proposed that is another $140 million below President Carter's figure.

So at a time when starvation is rampant in the world, and when people are dying, we have already cut this program very substantially, and this amendment would simply say that we can mitigate that damage at least somewhat by not forcing a subsidy literally out of the mouths of children around this world into the merchant marine fleet.

Mr. LEAHY addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, I support the amendment by the distinguished Senator from Missouri, because I believe that every penny that goes for food aid should do just that. I firmly believe that the Public Law 480 program should be exempt from the cargo preference requirement so that what scarce resources we have for emergency relief and famine protection be put to their intended uses, not to an ancillary one.

Now, we have heard a great deal about the vital role of our merchant marine, the role it plays in our defense effort and the number of companies dependent on Government support for their very survival. I understand these arguments. And I would urge the administration to make good on its plans to draft a new maritime policy. I would urge the Commerce Committee to take a careful look at the cargo preference program. Maybe it makes more sense to have this program funded by the Department of Defense, since national security is so often used as the basis for the program's rationale and not the feeding of the world's hungry. Possibly the Commerce Department or the Department of Transportation would be the logical home for all cargo preference provisions.

But, Mr. President, I do not believe that the Agriculture Department in general, or the Public Law 480 program specifically, is the proper home for cargo preference.

The Public Law 480 program is the food for peace program. Ever since 1954 it has had four tasks. First, it has provided an outlet for our surplus farm commodities. Second, it has met certain foreign policy goals. Third, it has had overwhelming success in developing new export markets for our farm goods. Finally, it has provided vital food relief for needy countries around the world.

In a time of sharp budget constraints, every dollar spent on this program is precious. Public Law 480 has been cut, and will come in for more cuts. At the same time the costs of cargo preference keep going up and up. It is now calculated that around $100 million of Public Law 480 goes not for food but for the shipment of food. That means that 500,000 metric tons of food goes unpurchased. It means that people will go a little more hungry. And it means that in the long run, the world is a little more insecure, a little bit more desperate.

As a member of the Presidential Commission on World Hunger, I feel it is essential that the Senate take a clear stand on this issue and support a successful program that has positive benefits for this country. Our own fate as a free and secure nation is linked to the stability of the rest of the world. Our efforts through Public Law 480 contribute to this stability and should not be diluted.

Mr. President, this is not the first time this year that the Senate has considered this issue. The entire Agriculture Committee recommended this action as part of the budget reconciliation measure. There was merit in the proposal then, there is even more merit to the proposal now.

I urge my colleagues to support this amendment by the Senator from Missouri. I also urge the administration to take a cold, hard look at cargo preference itself—specifically, in light of last year's loss of the Public Law 480 transport ship the SS *Poet* which went down without a trace, taking with it all 33 members of its crew. Secretary of Commerce Drew Lewis had promised to personally review this country's grain-shipping system "to make certain that it does not have the effect of encouraging the use of any unsafe ships which risk the lives of American seamen."

Mr. President, our cargo preference programs play an important role in support of our merchant marine. It is clear to me that the whole program will benefit from careful review by both the relevant Senate committee and the administration. But whatever the outcome of this review, I see no need for the Public

Law 48 program, a vital component of our food aid efforts and our foreign policy itself, to be penalized.

Again, this $100 million translates into food—food for hungry children. I urge support for this amendment.

ELIMINATION OF CARGO PREFERENCE

Mr. DOLE. Mr. President, I would like to indicate my support for the amendment offered by the Senator from Missouri, and to express my opposition to the continuation of cargo preference in the Public Law 480 program.

I would hope that both Congress and the administration are beginning to recognize the fundamental unfairness of continued subsidization of an industrial special interest at the same time that we are cutting supports for agriculture and other sectors and increasing their reliance on the free market.

CUTTING BACK THE FOOD FOR PEACE PROGRAM

Mr. President, the economic recovery program outlined by the President and undertaken by Congress has required significant sacrifices in the food for peace program—some $100 million in commodity sales already, with another $140 million requested in the second round of budget cuts.

Frankly, I can make no commitment to support a further reduction in the Public Law 480 program at this time. The benefits of food for peace in providing humanitarian relief to less developed countries over the past 26 years have been the margin of survival for many of the world's poor.

In addition, Mr. President, Public Law 480 has contributed to our rural economy by insuring the export of a small but significant quantity of U.S. agricultural products.

If we are to reduce American assistance to both the world's hungry, and to U.S. farmers and ranchers, we should also be willing to scale down the overdependence of the maritime industry on Government cargo preference guarantees.

I am informed that the elimination of cargo preference proposed bv the Senator from Missouri would divert an estimated $100 million to the sale of farm products abroad. While this amount would not compensate for the budget reductions made or requested in the Public Law 480 program, it would restore a sizable share.

At current commodity prices. the United States would be able to sell an additional 350,000 to 500,000 metric tons of corn, wheat. soybeans, and other products with the same money—sales that would greatly benefit the depressed level of farm prices today.

CARGO PREFERENCE INCONSISTENT WITH FREE TRADE

Mr. President, Congress is now completing consideration of a new farm bill which will set commodity support provisions for the next 4 years.

The 1981 farm bill will provide some insurance for farmers against low prices, but will need to be complemented by a strong and aggressive policy on agricultural exports in order to restore prosperity to our farm sector.

We must explore every opportunity for expanding trade, for eliminating import barriers and unfair export practices which restrict U.S. exports, and for making our products competitive in the world marketplace.

One of the few tools currently in place for assuring at least a minor percentage of annual exports of agricultural products in today's highly restrictive market is the food for peace program.

If farm prices are to be raised, maintenance of a meaningful level of exports under Public Law 480 is an essential objective of our agricultural trade policy.

ADMINISTRATION POSITION ON CARGO PREFERENCE

To my knowledge, Mr. President, the administration has yet to take a position on whether cargo preference for Public Law 480 should be continued.

Transportation Secretary Lewis has twice indicated that there is an ongoing review of the subject within the overall context of a policy framework on the decline of the U.S. merchant marine.

I certainly will look forward to Secretary Lewis' conclusions on the subject. If there is any way to bring our shipping industry back to life without burdening the U.S. taxpayer, he will have my full support.

On the other hand, I see no reason to continue to burden the American farmer or the taxpayer with the rising cost of U.S. freight rates under cargo preference.

I know the condition of the farm economy in the countryside right now, and it is serious. Farmers need all the help they can get—not through Government subsidies but through greater exports and higher prices.

As a result, Mr. President, I would hope that the administration moves ahead quickly with its review of the maritime industry and makes its recommendations before we are asked to make further cuts in the commodities side of the Public Law 480 program.

Mr. President, I commend my colleague from Missouri for his forthright effort to correct a situation that simply does not make good economic sense for either the administration or the maritime industry.

We need a healthy shipping sector in this country just as we need a healthy agricultural sector. We will have neither if private initiative and enterprise are not allowed to determine profitability in the domestic and world economy.

I commend my distinguished colleague from Missouri for his initiative in this effort. It is one that is supported by the distinguished Senator from Vermont (Mr. LEAHY), and by nearly every member of the Senate Committee on Agriculture, and I hope the amendment will be adopted.

Mr. INOUYE. Mr. President, I speak in opposition to the amendment.

At the end of World War II our merchant marine controlled the seven seas. We were No. 1 in every category of shipping. Countries that wanted to do business with the United States had to ship their goods in American bottoms. For that matter, even if they wanted to ship their goods to another country, it was an American ship that carried them.

It may interest many of my colleagues to know that we no longer have the world's largest merchant fleet. In a short period of time, because of our generosity, our merchant fleet ranks 11th in the world in terms of the number of vessels. We carry only 4 percent of our foreign commerce on American ships. The Soviet Union, on the other hand, carries more than 50 percent of its foreign cargo on its ships, and its fleet ranks second in the world in size.

Public Law 480, Mr. President, is a fine program. The title itself is an excellent one, Food for Peace. It is an assistance program. It is one of the main programs in our foreign assistance program.

Public Law 480 cargo is produced by Americans, on American soil. I just wonder how starving people feel when they receive food under Public Law 480 which has been carried on Soviet bloc ships. This amendment will permit ships flying the hammer and sickle to be carrying our goods. We intend these goods to feed the hungry and, at the same time, carry a message that these are American goods.

Stevedores in some of these undeveloped countries, not being able to read or write, will see vessels flying the hammer and sickle, and will come to a conclusion that these goods represent the bounty of the Soviet Union, not of the United States.

Our laws are so generous and so liberal that it may surprise some of you to know that to this day our transoceanic mail is not being carried by American ships. Our mail in some cases is being carried by vessels of one of the Soviet bloc countries.

This present law says that at least 50 percent of our goods must be carried on American ships. We are not saying that all of it must be so carried. Now we are saying that all of it can be carried by anyone as long as they bid below us.

I think we should keep in mind that we are not dealing with apples and oranges. Our shipping companies are privately owned, and operate privately owned ships. They are not owned by the Government. There is a shipping company called FESCO, the Far East Steamship Co. Looking at the letterhead one would conclude that it must be some Chinese company. It is wholly owned by the Soviet Government. It has no trade unions; no board of directors; no stockholders. It can under bid the Americans vessels at every turn.

The Soviets long ago concluded that the merchant marine was part of their defense structure, that it was part of their navy. We won World War II because we had a merchant marine. Some have argued that we do not need a merchant marine because we can always rely upon our friends.

Just think back to Vietnam. We had a few problems down there. NATO ships refused to carry our cargo to Vietnam.

Let us go back, not too long ago, to the Yom Kippur War. At a time when the Israelis were almost on their knees, and were in need of military cargo, we looked

around for U.S. ships. All of our ships were on the high seas so we called upon Americans, Americans who owned ships under foreign registry, and asked them, "How about being good Americans and help carry our cargo to Israel?"

Well, the word got back to the OPEC countries, and they notified Panama and Liberia that any ship in their registry carrying this cargo would be considered doing an unfriendly act. So what was the outcome? Not a single American responded to our call; not a single American. So when the crunch is on, I think we can only count on our own ships.

I hope that my colleagues will look upon the sad plight of our merchant marine industry. To think that we carry only 4 percent of our foreign trade should be of major concern to us. Not too long ago we were concerned about the oil embargo. It was real. I can still see pictures of cars bumper to bumper lined up in front of gas stations waiting for their little quota of gasoline.

Imagine what would happen if there is a shipping embargo. It is not too far way. The Soviets who were No. 30 at the end of World War II are now No. 2 in the world. At the rate they are going, in about 3 years they will be No. 1. And the time may come when some Foreign Minister of the Soviet Union, sitting across from our Secretary of State, would say, "Mr. Secretary, I don't like your attitude and your country's attitude. I am ordering all of our ships to stay away from the United States." Then we will have problems.

And so this may seem like a very minor amendment, and I commend its author. But Mr. President, we should be concerned about the health and strength of our merchant marine and this amendment is not the way to do it. I hope the author will reconsider.

Mr. PERCY addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. PERCY. Mr. President, I have a great respect for my distinguished colleague from Hawaii and I, too, would like to see a strong merchant marine.

The problem is that, as we get into this area of regulation and doing it this way, we get all kinds of distortion. I would almost sooner see an appropriation come up and just vote on it. We do not try to subsidize the Navy, we do not try to subsidize the tank program for the Army, we just appropriate the money and say, "This is in the national interest and we are going to do this." To do it by the back door invites all sorts of distortion.

For instance, I would ask my distinguished colleague, what do we do in the Great Lakes, the fourth seacoast of the country? What do we do with 50 percent cargo preference when we only have one American bottom in all the Great Lakes? What do you do? What is the distortion of dollars there? What do our manufacturers do? What happens on any Government-paid cargo that is required to ship 50 percent of it? That penalizes everyone. You never know what the cost with the merchant marine is then.

I have presented this problem, and Senator SLADE GORTON, chairman of the Subcommittee on Commerce, has promised to hold hearings on this whole issue so that we can look at it as a whole and not piecemeal.

I want a strong merchant marine. But I have a problem doing it by the back door. You never know what the cost of a subsidy is, and that is, in principle and economic theory, a problem that we constantly face on this.

Now, with respect to the pending amendment, I would like to ask my distinguished colleague a question. Senator DANFORTH has distinguished himself for his deep concern about people, and not just people in the United States. He is concerned about our own citizens, his own constituents, and he is concerned about the people of the world because he recognizes that instability in the world creates instability for the United States. With 80 percent of our raw materials coming from outside the United States, with virtually all of our really growing dynamic markets abroad, instability anyplace creates conditions that undercut our own economy.

It is certainly symbolic from a humanitarian standpoint, that the Nobel Peace Prize went this year to the United Nations International Commission on Refugees. This was a statement that they did more to bring about peace by taking care of the millions of impoverished, starving people, and they moved in to meet a critical need. And our distinguished colleague from Missouri went out on his own months ago, half a year ago or more, to report back to the Senate what was happening there.

Now in this case, I would ask the question: With the additional costs of the 50-percent cargo preference—equalling the equivalent of 350,000 to 450,000 tons of grain—how many hundreds of thousands of people could be fed for a whole year with what is paid as transportation costs in this requirement, this regulation by Government? What are we talking about in the terms of human beings?

We place tremendous value on one life in this country. We will go to extraordinary means to save one life. Look what we spent trying to save the hostages in Iran, a country that for 444 days humiliated and plagued this Nation because those lives were at stake. How many lives are we talking about with this food subsidy that goes to pay the regulation of 50-percent cargo?

Mr. DANFORTH. Let me say to the Senator from Illinois that I think that his question is right on target. The Senator from Hawaii claims that this was an amendment designed to save money. It is not. I would love to think of an amendment to save money, but this particular amendment is not designed to save money; rather, what this amendment does is to save that portion of Public Law 480, spending, which is now being used to subsidize the merchant fleet, should instead be used to buy food to send abroad. and that if we want to subsidize the merchant fleet, let us do so directly, not through a back door method and not through a method which directly takes food out of the hands of those who are dying.

The answer to the Senator's question is that between 350,000 and 500,000 metric tons of food, which could be bought with this savings, would feed 6 to 8 million children for a year. So you are talking about millions of people—millions of people—whose lives can be saved if we simply use the Public Law 480 money for the purpose of Public Law 480. The purpose of Public Law 480 is to feed people—that is the purpose of the law—not to allow the money to be diverted to some other cause, however just that other cause might be.

So the answer to the Senator's question is somewhere in the neighborhood of 6 to 8 million people.

I would just like to add one other point in answer to his question and in response to part of the question.

The Senator from Illinois pointed out that last June during the consideration of the Budget Act, when the same issue was made on the floor of the Senate, it was said at that time, "Well, there will be hearings and we will hear the matter. We will discuss it. We will have further chances to hear witnesses and so forth, and that the administration would study it."

Well, since that time, almost 4 months have gone by and the only hearing that was held was a hearing by Senator BOSCHWITZ's subcommittee of the Agriculture Committee. And so hearings have been held. And I am told at that subcommittee hearing, the Department of Defense and the Department of Transportation did not even bother to testify.

We can go on and promise hearings forever. But let us bear in mind that every day that goes by more people are going to die. And I do not relish being so dramatic as to talk about people dying by the second, but, in fact, it is true, And for us to have "World Food Day", which we celebrated on the floor of the Senate just last week and our rhetoric is all polished up about what we are going to do to help the people who are hungry around the world, and then when we have a provision in the law where we knowingly divert funds available to get food into the stomachs of children and we divert that money for some other purpose, I think that it makes a mockery of what we were saying last week.

Mr. SARBANES. Will the Senator yield?

Mr. PERCY. I thank my distinguished colleague very much indeed. I will be happy to yield in just a moment.

But I would like to say that we hear a lot about right to life, and that is a controversial issue. But I know of no controversy over 8 million people—whether they are children already born, whether they are teenagers, youngsters, whether they are women, whether they are men—who are so impoverished, so weak that they cannot even till their own fields, they cannot even work for a living. And there is hardly a protest from them. Those of us who have seen the starving—we have all seen them—know that

there is no protest there. They are just too weak to protest.

In Kampuchea, we know that many faltered on the way. Because of lack of food, they could not carry on any longer, even though they knew the promised land, the opening of the door of Thailand to them, was there. And the same thing down in Afghanistan, where some were able to go into Pakistan, but some just did not make it.

In Africa, people just could not get to food.

We cannot find a way to justify taking away the source of nourishment and life for 8 million people when we could turn this around, hold our hearing, and face up to the issue. Then we could say, "A merchant marine is in the national security interest of the United States. We are going to have one. It is going to cost so much. We are not going to do it with backdoor methods, with indirect accounting so that we do not know what it really costs us. That is not the American way to do things. Face up to it. Cast a vote. Put us on the spot and let us determine that this is something we must have and we are going to have."

Mr. DANFORTH. I think the Senator from Illinois would also recognize that if a merchant fleet is in the security interests of the United States, then clearly in the Defense Department budget somewhere there is the $75 million to $100 million necessary to provide for what is allegedly a key portion of our national security. Clearly, we can get that funding somewhere.

But the problem with this particular program, the way it is operating now, is that money is taken directly from food purchases and put into the subsidy. That is what we believe is just a perversion of the purposes of Public Law 480.

Mr. PERCY. We will certainly want to hear from other Senators on the floor from the standpoint of the majority leader, the floor manager, and the minority floor manager. We would be prepared to have a voice vote, unless there is a request from someone else for a rollcall vote. I would be happy to yield the floor.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. I would like to ask the Senator from Missouri, how long has the provision he is seeking to repeal been in the law?

Mr. DANFORTH. Since 1954.

Mr. SARBANES. I think that is a very, very important fact. This program has embraced as one of its purposes, since 1954, 27 years ago, support for an American merchant marine. In other words, there is not a new provision in this legislation that for the first time is seeking to introduce into our law the concept of providing some support for our merchant marine. That provision has been in the law for 27 years. The amendment of the Senator from Missouri seeks to pull that longstanding provision out of the law.

We hear all this criticism about this way of supporting the American merchant marine; I think such support is a very important objective. I would point out that every other maritime nation in the world is providing support in one way or another, and that we are losing out in the process because we do not have a commitment to an American merchant marine and a fully developed program for achieving it.

We hear the assertions, "Well, if you are going to do it, it ought to be done differently. It should be in the Defense Department budget; or it ought to be done directly by appropriations."

But none of those alternatives are in the offing. They are not before us. Instead what is before us is an amendment which would take out a long-standing provision for supporting our merchant marine. This amendment will have a major impact on the little sustenance that we now provide for maintaining an American merchant marine. We have already allowed the merchant marine to deteriorate very badly, at a significant expense to the country. I believe that decline affects our national security position. It affects our international economic position. It carries with it very serious potential consequences in the future.

To come now with an amendment that would rip out of the law a provision that has been there for the last 27 years represents a complete reversal of policy. This cargo preference provision has been in the law since 1954. No one has analyzed carefully what the impact would be to pull it out of the law.

I sympathize with the objective of feeding more people. Provided a larger appropriation for the Public Law 480 program. You could feed more people by paying less for the food that you take into the Public Law 480 program. Would the Senator supporting this amendment want to take that approval? The entire program has been structured carefully and that structuring has prevailed for more than a quarter of a century. One of the objectives of the legislation for over a quarter of a century, I would say to the Senator from Missouri, is support for the American merchant marine, which is reflected in this requirement that at least a certain percentage of these shipments be made in American bottoms.

If we are going to start dropping such support off the side without substituting anything in its place in terms of continuing support for the merchant marine, then the bottom line is that the merchant marine will diminish even further with all of the costs and all of the repercussions that will bring in terms of important economic and security interests of this country.

Mr. President, I join the distinguished Senator from Hawaii in strong opposition to this amendment and hope it will be rejected by the Senate.

Mr. BOSCHWITZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, I rise in support of the amendment offered by my distinguished colleague from Missouri.

I agree with the comments he made regarding the humanitarian mission of the Public Law 480 program. In addition to the benefit this amendment will have overseas, it also has important consequences for U.S. agriculture.

Clearly, the total cost of the Public Law 480 cargo preference requirements for fiscal year 1982 will be much greater than the $70 million that was estimated only last summer. The differential between the rates charged by foreign flag carriers and U.S.-flag carriers has widened in the past few months due to rate increases by the domestic fleet. The new estimate for the cost of cargo preference is $90 million for title I and another $6 to $10 million for title II. That means we are now talking about a $100-million subsidy to the maritime industry that is counted as an expense in the agricultural portion of the budget. Note that this subsidy is not included in the budget of the Maritime Administration. Instead, it is hidden in the budget for agricultural programs. This gives the mistaken impression that the agricultural programs cost more than they actually do.

Mr. President, in order to fully appreciate the impact of cargo preference on the Public Law 480 program, it is necessary to understand the way the program is administered. I have no complaint with the way the program is run by USDA. They handle it this way in order to comply with the law. What bothers me is that they have to run the program at all.

These facts are clear. U.S.-flag vessels charge higher rates than foreign vessels. The differential payment averaged over $49 per metric ton in 1981 (equivalent to $1.32 per bushel on wheat). USDA has no control over the size of the differential it must pay. The Maritime Administration decides, based on Public Law 664 of 1954, whether the rates charged by U.S.-flag carriers are "fair and reasonable." I question whether a rate of $49 per metric ton on top of the rates charged by foreign carriers is either fair or reasonable. However, if MarAd decides that they are, then USDA must pay for the differential on the 50 percent of Public Law 480 shipments required to be shipped on domestic carriers. It is as simple as that.

In actual practice, the $100 million less that will be shipped if this amendment is not adopted will be spread among the various commodities. For sake of illustration, though, let us assume that all of it comes from reduced wheat shipments. This helps to point out the enormity of the problem. If we assume that wheat at export locations is worth $4.50 per bushel, the $100 million to be spent on cargo preference would buy 22 million bushels of wheat.

Mr. President, I believe that 22 million bushels is an awful lot of wheat. It amounts to nearly 16 percent of all the wheat grown in Minnesota this year. I am proud to say that Minnesota was the seventh ranking wheat producing State in 1981. Wheat is very important to the farmers of Minnesota and virtually all others States in the country. When we realize how much more wheat could be exported under the Public Law 480 program by eliminating the cargo preference requirement, it seems clear to me that this amendment is in the best interest of American agriculture.

I wish to clarify one point. It is my intention—and I am sure the intention of the other cosponsors—that the moneys freed up by this amendment be used for purchase of commodities and not be extracted from Public Law 480 as still another budget cut.

Mr. President, when we discussed this issue during the reconciliation process in June, those who wanted to eliminate cargo preference were criticized for not having held hearings. I am pleased to report that I have since held a hearing under the auspices of the Foreign Agricultural Policy Subcommittee, which I chair. The hearing was held on July 10 with representatives of the maritime industry, organized labor, the administration, and other interested parties invited We learned several interesting things. One thing is that the administration is not overly interested in the issue of cargo preference as it applies to Public Law 480. We invited representatives from the Department of Commerce (old home of MarAd), The Department of Transportation (new home of MarAd), and the Department of Defense to appear and present testimony. All three of these Departments declined to send representatives.

Another point that was brought out is that cargo preference benefits only eight or nine companies which charter bulk vessels to carry title I commodity shipments. The total number of vessels which are generally offered to carry these cargoes is less than 25. A little arithmetic shows us that the $100 million subsidy divided by 25 ships comes out to around $4 million per ship per year.

Still another interesting fact is that most of the ships are quite old. Only three of them were built in the 1970's. One was built in the 1960's. One was built in the 1950's. All the rest were built in the 1940's. This means much of the fleet is over 35 years old. Most of the vessels are not efficient compared to more modern craft. Many are not really designed to handle the bulk grain cargoes.

In fact, it was pointed out that Sri Lanka announced a Public Law 480 wheat tender under protest. Sri Lanka has a modern high-speed pneumatic unloading system that works efficiently only with large bulk carriers. Unloading vessels with small, awkwardly located compartments not only slows the whole operation and increases costs, but greatly increases the potential for damaging the equipment.

This situation wears heavily on the good will that has been established with Sri Lanka as an agricultural trading partner. As that country develops and becomes more of a commercial grain customer and less of a Public Law 480 customer, will they turn to the United States to meet their needs? More likely, a negative experience with our country will induce them to buy more heavily from other countries. This Sri Lankan problem results directly from the cargo preference requirement.

Some people are concerned that many jobs could be lost if cargo preference would be ended. On the contrary, we found that this would not be the case. Even if the entire fleet currently carrying bulk chartered Public Law 480 cargoes was retired—which we do not expect—the impact would be limited. If each of the 25 vessels has a crew of 40, there would be a total of 1,000 jobs that could be lost. Keep in mind, though, that the average cargo preference subsidy for each of those jobs would be $100,000 ($100 million divided by 1,000 jobs equals $100,000 per job). If the $100 million was used to ship more commodities, the net impact on the domestic economy would be to create far more jobs than could possibly be lost by adopting this amendment.

Mr. President, in our hearing we found no evidence whatsoever that these 25 ships add to our country's military security. They may well have done so during World War II when so many of them were built, but now most are simply too old, too slow, too small, and too unreliable to be of any significant military benefit in a time of national crisis.

I would like to conclude my statement by telling of an incident involving a ship carrying a Public Law 480 cargo that just came to my attention yesterday. I do not wish to reveal the name of the ship or the company involved because I am advised that USDA may be initiating legal action against the owner.

The ship involved is an old tanker which was chartered to carry a Public Law 480 cargo of soybean oil to Asia. At the time it was chartered, it was the only U.S.-flag carrier available. The freight differential was in line with Mar Ad regulations. After the oil had been loaded and the ship was ready to sail, the owner announced his intention to scrap the vessel after completing the voyage.,

This was a convenient decision for the owner since one of the largest ship scrapyards in the world is located in Singapore. The ship did deliver its cargo of soybean oil to Karachi, Pakistan, and Chittagong, Bangladesh. Even as I speak that ship is heading toward Singapore or has just recently arrived.

What we have is a situation where the taxpayers of the United States through Public Law 480 have paid the owner more in freight differential payments to deliver the soybean oil and return the ship to the United States than it cost for the entire trip to Pakistan, Bangladesh, and Singapore. The same thing has happened before. USDA hopes to recover some of this loss through the courts.

The issue is clear, though. If the program is being abused in this manner, why should we continue to support it? Are these rusty old tubs actually doing us any good, or is the program merely providing a subsidy for a few companies in the ocean shipping business? I feel clearly that the program has outlived its usefulness and should be scrapped like the ship I have just talked about.

Mr. President, I urge my colleagues to join me in supporting this amendment.

Mr. President, in the Agriculture Committee we have held some hearings on this subject. Of course, the whole business of Public Law 480 falls under the jurisdiction of the Agriculture Committee.

We found that if the objective that the distinguished Senator from Maryland was citing were being achieved, it would be one thing. But that objective is not being achieved. The problem with the merchant marine in this country is not related to the presence or absence of cargo preference on Public Law 480 shipments. Of course, the merchant marine is supported by hundreds and hundreds of millions of dollars in other forms. In the case of Public Law 480, the cost is approximately $70 million. I understand that cost has now gone up to $90 million, the cost of using American bottoms instead of going out into the open market.

But the most compelling aspect of the argument, in my judgment, is the kind of vessels being offered for the Public Law 480 shipments, for the title I goods that we give and sell at preferred rates to other countries. As I look at that list of vessels, I note that of the 13 vessels, 10 of them were built in 1945 or earlier. Pardon me, one was built in 1948. Ten of them were built during the 1940's. Most of them saw service in the Second World War, apparently. One was built in 1961 and two, indeed, were built very recently, in 1978.

Of the dry bulk vessels, of the 13 of them which are normally offered and that have been offered in the last year for title I cargoes, 10 of them were built in the 1940's, and only two of them were built recently, within the last 3 years. Only two of them were built within the last 20 years.

Of the tanker vessels that are offered for title I goods, I note that 9 of the 11 were built in the 1940's, 1, the *Banner*, was built in 1956, and 1 tanker vessel was built in 1973.

There are other U.S.-flag vessels, of course, that are liners, Mr. President, but the above vessels are those that are offered on title I cargo.

If we are to achieve the very desirable end of having an active, usable, and progressive fleet of ships in our merchant marine, and if, indeed, the cargo preference requirement was helping such an objective, that would be one thing. But from the hearings that we have held it does not seem to be achieving that objective.

For those reasons, Mr. President, I join in the amendment of my distinguished colleague from Missouri, ask to be made a cosponsor, if I am not already a cosponsor, and hope that it will be agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PELL. Mr. President, I have listened to the arguments on both sides. They are succinct and well presented. I come down on the side of those who oppose this amendment for the following reasons:

First, we obviously need a strong American merchant marine.

Second, the elimination of the cargo preference requirement for Public Law 480 would be the start of an erosive process in the present all-too-small subsidy program we have for the merchant marine.

The thought of the Senator from Hawaii, that we ought to use Ameri-

can carriers to carry American food aid, is a very important one because it enables us to stress that these gifts are from the United States, not from some other country that otherwise transported them across the ocean.

I agree wholeheartedly with the Senator from Missouri in his idea that we should have more food for the hungry. The best way to do that would be to increase the authorization for our Public Law 480 program.

I was struck with his statistic that $100 million would feed—how many children for how long, did the Senator say?

Mr. DANFORTH. About 8 million for a year.

Mr. PELL. Eight million children for 1 year, Mr. President. That is a startling statistic and a very important one. What concerns me is that if this amendment is passed, we would find that its benefits would quickly be gobbled up by OMB and Mr. Stockman. We have no assurance that the savings would in fact be used to feed the hungry. The administration has already reduced the food for peace program by exactly $100 million, from $1.26 billion to $1.16 billion. If my friend, the Senator from Missouri, is correct, one can hold that the administration is responsible for starving, over a period of a year, 6 to 8 million children; statistically, that would be a correct statement.

I have long supported efforts aimed at the alleviation of world hunger, and I am in sympathy with the intent of this amendment, but my own view is that we should add to the Public Law 480 authorization. I would support any amendment to add to our food aid program, because that would continue to provide a modest subsidy to the merchant marine—while also feeding more hungry children. In my view, we can accomplish both goals.

Finally, we have President Reagan's most recently revised budget proposal with an additional cut of $140 million in the food for peace program. This additional cut is more than the projected savings which would accrue if this amendment is adopted. Statistically, President Reagan will be responsible for the starving for a year and a half of another 6 to 8 million children. According to the Senator from Missouri, that is the result of a further cut of $140 million.

Mr. President, I think the important thing here is to be honest with ourselves, recognize that we do have a subsidy for the merchant marine. It is not hidden. It is perfectly open and fully justifiable. I urge my colleagues to continue this subsidy, fight the projected reduction of $140 million the administration is proposing for Public Law 480, and fight to increase the total amount of funds made available for the world's hungry children. For me, that is the proper course of action.

Mr. GORTON and Mr. BOSCHWITZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, if I may have another minute just to expand on the point I was making regarding the age of the ships, I should like to conclude my statement by telling of an incident that is actually happening just now. That is that a ship carrying a Public Law 480 cargo of soybean oil that is going to Asia, at the time it was chartered, was the only U.S.-flag carrier available. The freight differential was in line with the regulations. After the oil had been loaded and the ship was ready to sail, the owner announced his intention to scrap the vessel after completing the voyage. This was a convenient decision for the owner, since one of the largest ship scrapyards in the world is located in Singapore.

So the ship delivered its cargo of soybean oil to Karachi, Pakistan, and should have gone to Bangladesh. As I speak here, Mr. President, that ship is heading toward Singapore or has just recently arrived.

Mr. President, again, I state that we do want to maintain a merchant marine, but we want to maintain a merchant marine that, in this day and age, is a useful one and not a bunch of old tubs that are not going to serve us in the event of difficulties, inasmuch as the whole purpose of the cargo preference is to maintain our merchant marine.

I note that the distinguished proponent of the amendment had a note handed to him about the U.S.S. *Poet*. This is an often discussed ship. In this case, it was carrying food, principally wheat, to Egypt approximately a year ago and was simply lost and never heard from, just swallowed up by the sea, together with its crew. It was never heard from again.

Another case was a mid-1940's ship that we were preserving for our great merchant marine through the cargo preference amendment. It was carrying, of course, a load of wheat under the Public Law 480 program.

In conclusion, Mr. President, I agree with those who argue that we should have a formidable merchant marine. We are simply going about it in the wrong way or we are not accomplishing the objective by the cargo preference program and we are not adding to the strength of our merchant marine.

Instead, as the distinguished Senator from Rhode Island said, and as I know my colleague from Missouri has pointed out, we are reducing the amount of food that is available for the world's hungry. So I am fervidly in support of this amendment.

I thank the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, the fundamental disagreement over the desirability of this amendment is at least partially disguised by agreement among all Members who have spoken on this issue on at least two propositions. The first of those propositions is that the Public Law 480 program, the food for peace program, is important. It is important to those who receive and are able to use that food to improve their own lives; in some cases, to keep starvation away. It is important also to the agricultural community of the United States, as it helps us rid this country of certain kinds of agricultural surpluses which would otherwise cost money to store and have an adverse effect on prices which our agricultural community receives for its products.

The second area of substantial agreement among all of those who have spoken on this issue is at least lip service to the importance of preserving and enhancing some American merchant marine. I have not heard any of the proponents of this amendment say that we should simply allow that portion of the American merchant marine which works in foreign commerce to disappear entirely. Instead, they say, this is simply not the way in which to provide for the American merchant marine; there must be some other, there must be some better way; if there is to be a subsidy, the subsidy should be direct; why do we not have a proposal to that effect?

Yet, so far this year, in connection with direct proposals for aid to the American merchant marine, we have taken just two actions. First, we have made no appropriation whatsoever to that portion of our merchant marine philosophy which calls for a subsidy for the construction cost differentials between American yards and foreign yards, so that, except for a little bit left over from last year, there will be no subsidy, which will further, to a certain extent, harm American yards and promote those in other countries.

Second, there is a relatively modest program of subsidy for operating differentials, reflecting the difference in costs between running an American merchant marine on a day-to-day basis in foreign commerce and that of the balance of our foreign competitors.

That area of our budget has not been increased at all this year and limps along at a relatively slow rate. Since I took office in this body in January and was assigned the chairmanship of the Subcommittee on Merchant Marine, that subcommittee has been quite busy at attempting to provide for the better way to help the American merchant marine.

We have had extensive hearings on and are close to the time for markup of a proposal, a deregulatory proposal which will reduce the redtape of the regulatory activity of various Federal agencies in the hope that the American merchant marine will be somewhat better able to compete with foreign merchant marines, many of which are very heavily subsidized, many of which are, in fact, owned by the foreign governments whose flags they fly.

We do not think it possible, and I am not sure that we think it desirable, in that subcommittee, substantially to increase the amount of money which goes directly into such subsidy programs. But I must say that without these reforms, without the modest subsidies represented both by direct appropriations today and by those included in Public Law 480, and a number of other similar programs, we simply will not have an American merchant marine.

To adopt this amendment in the absence of substituting something of tangible merit and value for it is simply another element in a sentence of death to that American merchant marine. All the

fine words about the desirability of retaining some such capability, both for its own sake and for its contribution to national defense, will be nothing but the most hollow form of rhetoric.

The distinguished Senator from Maryland (Mr. SARBANES), in his remarks just a few moments ago, pointed out that this subsidy is 27 years of age; that it was a part of the creation of Public Law 480 when it first became a part of the law of the land.

I believe we should speak bluntly about this entire program. It is all a subsidy. Public Law 480 is a subsidy. It plays, we hope, a constructive role in our foreign relations. It certainly is an act of charity and nobility on the part of the people of the United States, but it is a subsidy. It is a very significant subsidy to the agricultural part of the economy of the United States. It came into being as a result of a coalition—a coalition between agricultural interests, a coalition which involved foreign policy interests, a coalition which involved charitable interests, and a coalition which involved merchant marine interests in the United States.

It involves somewhere between 4 and 5 percent of the amount of money appropriated for Public Law 480. That is a significant amount of money. It may be close to $100 million; it may be somewhat closer to $70 million.

I am delighted to hear, incidentally, from the Senator from Missouri that that that amounts to food for 8 million children for a year. That may be true. That means that we feed a child in some foreign country for $12.50 in American commodities, which is a remarkable program, a remarkable statistic, if it is correct.

But we do so partly because people who are interested in our merchant marine were willing to appropriate the taxpayers' money in order to do so.

The Foreign Relations Committee, in adopting the proposal which is before us right now, knew that Public Law 480 included this cargo preference. If it had felt that more money was necessary for the food which actually goes to foreign recipients, it presumably would have made a recommendation at an appropriate level. But here we simply have a request that the subsidy for one element in our society be increased by wiping out entirely the subsidy for another element of our economy which is important to our national security and which is important to the balance which our economy needs.

I am authorized to say, as the result of a recent phone call, that the administration opposes this amendment. The Secretary of Transportation believes that it would have a very negative effect on our merchant marine and on any kind of balanced transportation system whatsoever.

We have, of course, a number of other subsidies, direct or indirect, for the merchant marine, many preferences of this nature—the Jones Act itself, which requires cargoes going between American ports to be carried by American merchant ships. If we were to repeal that subsidy, transportation costs, at least in the short run, would be less expensive, again at the expense of wiping out entirely an American merchant marine.

It is not appropriate, it seems to me, that we will subsidize one element of our economy but will simply wipe out any kind of help whatsoever for another.

When the Commerce Committee brings to the floor a proposal for the reform of the merchant marine and when the Appropriations Committee brings to the floor appropriations for present programs, I suppose it would be quite welcomed by many who support it that the Senators who support this amendment suggest increased direct appropriations in order that they may wipe out indirect subsidies such as Public Law 480.

Bluntly, that has not happened to this point on this issue or on any other, and I suspect that if it did, what would be more likely to happen would be a cut in the appropriation of the authorization with which we are dealing now. This, it seems to me, is inappropriate.

Public Law 480 always has involved the proposition that Americans should benefit from it, that American farmers should benefit, that American transportation systems internal to the United States should benefit, and that the American merchant marine should benefit in a modest fashion, to the extent of 4 or 5 percent or so, from these appropriations. The appropriations or the authorizations include that as a part of the policy. They are a fair division. They are helpful to the security of the United States.

The argument that we could feed more people if more money went into the program applies more directly to the committee itself and to the recommendation it has made to us than it does to deprive the American merchant marine of its fair share of cargo.

Mr. President, this is the second time this year that we have come to the Senate floor to debate whether federally generated agricultural exports under Public Law 480 should be exempted from the cargo preference laws embodied in section 901 of the Merchant Marine Act of 1936.

The Agriculture Committee in June proposed an identical measure on the omnibus budget reconciliation bill and the Senate adopted my amendment to eliminate that measure. My amendment was offered with 26 cosponsors and, after debate, was passed by unanimous consent.

At that time, my colleagues and I argued in essence that:

Elimination of cargo preference would jeopardize the economic viability of several American-flag shipping companies and further corrode our already seriously impaired sealift capacity; and

No hearings have been held on the defense and economic implications of this major shift in Federal maritime policy.

We stated then that our subcommittee intends fully to examine this issue as well as others affecting our merchant marine. I wish to emphatically reaffirm our commitment to fully review our cargo preference requirements.

I want there to be no impression that we are ignoring this issue or stalling on hearings. I am aware that Senator BOSCHWITZ held a morning of hearings before his Agriculture Subcommittee on Foreign Agricultural Policy during which he addressed the issue of which agency should fund the cost of cargo preference. Commerce Committee staff attended and reported to me after that hearing. But the issue is complex in its dramatic negative impact on our merchant vessel fleet and it is complex in its impact on various ports. During consideration of the earlier attempt to exempt Public Law 480 from cargo preference, I agreed with Senators PERCY and DIXON that we would pay special attention to the unusual effects of cargo preference requirements on Great Lakes ports.

Mr. President, Congress has been very busy these past 4 months. The Commerce Committee and the Merchant Marine Subcommittee also have been busy and productive. We have not yet, however, had the chance to review and evaluate the grave impact on the merchant marine or on the Great Lakes of such a change in longstanding law. There will be several Senators attending a conference this Saturday, October 24, in Chicago to discuss Great Lakes maritime issues; we will be very interested in their opinions on this issue.

To the Merchant Marine Subcommittee, this issue relates to many other issues and programs we are now reevaluating that have been conducted to support our merchant fleet to be prepared for national defense. In 1979, the revenues to U.S.-flag operators from carriage of Public Law 480 cargoes was $253 million. Of this, $181 million in revenues went to U.S.-flag liner operators and $72 million went to U.S.-flag bulk vessel operators. The most serious impact of loss of Public Law 480 preference cargoes would be felt by about 15 U.S.-flag bulk ship participants, whose business depends entirely on this trade and who could be expected to go out of business if the trade were eliminated. The liner operators would also be severely affected.

Carriage of Public Law 480 cargoes generated about 5 percent, $181 million, of those operators' revenues, whereas their net profit from shipping operations amounted to 4 percent of total revenues. Loss of the Public Law 480 revenue would thus change the industry profit picture from positive to negative.

At a time when we have just eliminated construction subsidies, placed limits on loan guarantees, and called into question other programs upon which the maritime industry has unfortunately become dependent, we cannot now so abruptly pull another rug out from under them.

We must be sure we know the impact; we must be mindful of our national defense needs; we must protect massive private investment; and more importantly, we must make changes in a manner that will not debilitate our maritime objectives and efforts.

Mr. DANFORTH. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER (Mr. HUMPHREY). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MATHIAS. Mr. President, I associate myself with the remarks of the dis-

tinguished Senator from Washington. He has given a very comprehensive review of the problems that would be involved if the Senate were to adopt this amendment. He has analyzed very carefully, and with great accuracy, the situation.

At the beginning of this century, Admiral Mahon wrote a book which changed the course of history. He wrote a book on seapower. In that book, he made it very clear that one of the elements of seapower was a merchant marine; that you could not have a great Navy and exercise power at sea without the concomitant of a merchant marine.

Here we are in a period in which we are worried about our capacity to defend ourselves and our interests around the world and to do our share in the defense of our allies. We are worried, of course, because of the existence of a very large arsenal of strategic weapons in other hands. But we also are worried because of the relative strengths of conventional arms in the world, and that includes navies.

It seems to me to be utterly ridiculous to talk about beefing up the Navy or building more ships when at the same time we are talking about dismantling the merchant marine. Go back to the books. Go back to Admiral Mahon, who makes it clear that without a merchant marine, there cannot be significant naval power. In fact, we do not even have to go back as far as Admiral Mahon. Go back to our attempt to conduct the war in Vietnam with chartered boats, other people's ships—a great problem.

So, Mr. President, although I believe we should, where we can, avoid either the appearance or the fact of subsidies, in this case we are in a situation in which the survival of the merchant marine requires this particular program. We need to expand the merchant marine, not to contract it, and I am afraid that that would be the effect of the amendment. So I shall oppose the amendment.

Mr. PACKWOOD. Mr. President, I associate myself with the remarks of the Senator from Washington (Mr. GORTON), who is the chairman of the Merchant Marine Subcommittee of the Commerce Committee.

When he became chairman of that subcommittee, I asked him to prepare and to hold extensive hearings on cargo preference, on the Jones Act, on all the issues being debated here today. He has indicated that he will hold those hearings, and he is as good as his word. He will attend a conference in Chicago this weekend on the particular problems of the act as it affects the Great Lakes merchant marine.

I urge the Senate to withhold approval of the Danforth amendment until the Senator from Washington has had a chance to hold hearings. He is as fair as any other Member of the Senate. He is as impartial as any other Member of the Senate, and I know that the Senator from Missouri and the others will have an opportunity to make their case at that hearing. If their case is just, they will convince the Senator from Washington.

Secretary of Transportation Lewis has called, indicating that the administration does oppose this amendment at this time. They, too, plan to testify when we have the hearings. They have asked that the amendment not be adopted on the Senate floor at this time.

Therefore, I encourage Senators to vote against it.

Mr. STEVENS. Mr. President, I want to join those who have spoken in opposition to the amendment offered by the distinguished Senator from Missouri. I opposed a similar provision included in the Agriculture Committee's portion of the first concurrent budget resolution earlier this year.

I want to say to my good friend from Missouri that I am not one who opposes this amendment on the basis that sufficient hearings have not been held. I oppose the amendment in principle. I come from a State that is heavily dependent on shipping, a State whose future depends upon international maritime trade. As my good friend from Washington knows, we recently held a hearing on the issue of maritime trade and subsidized shipping. During the course of the hearing we examined the question of whether or not it would be proper to allow subsidized shipping to stop, for example, at Dutch Harbor, Alaska. The matter of subsidized shipping is critical because in many instances, there is not enough service available to meet the needs of domestic trade.

As chairman of the Defense Appropriations Subcommittee I have received repeated requests for additional naval capacity. As the distinguished Senator from Maryland stated, it makes little sense to have this tremendous emphasis on increasing our naval capacity and increasing our ability to be involved in the oceans of the world on the basis of being a military power, without having a viable merchant marine to go along with it.

Perhaps if the Senate and the Congress were to adopt the position of the Senator from Missouri, I would predict that we would be in position of then being asked to build, with military dollars, the type of capacity we are now able to keep going through the subsidized shipping which is the subject of this amendment.

I support the existing practices of the existing law in earmarking through cargo preference, and I oppose taking them out.

I think my friend understands my position in this regard. It seems to me we should be doing more, not less, to stimulate the rebirth of our own merchant marine so that we will have our vessels available to assist our Navy in the event of difficulty.

Mr. DANFORTH. Mr. President, I ask unanimous consent that Senators PERCY, DOLE, BOSCHWITZ, and LEAHY be included as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DANFORTH. Mr. President, I think the arguments have been pretty well made on both sides. The principal argument against the amendment is that the merchant marine needs a subsidy. The principal argument for the amendment is that while that may well be, there are direct ways to subsidize, and the most direct way to subsidize is to simply give them the money.

But what this way of operating under Public Law 480 does is to divert funds that are available for buying food and shipping it and feeding people. It is to divert funds that would be used to get food into the stomachs of dying people, and it is to put those funds into the merchant marine.

I do not doubt, do not argue, that maybe some funds are necessary for the merchant marine. The Senator from Washington and I have debated in a very leisurely fashion over the past 9 or 10 months various kinds of bailouts for various kinds of dying industries, and I do not oppose him on the philosophy of that. If we want to bail out the shipping industry—although as the Senator from Minnesota pointed out it has not done very much good in the past, because we have got instead of new ships, we have got some tubs, very few ships have been built in the last decade or even two decades. These are 1940 ships that are limping along.

But, be that as it may, if we want to get money for them to them, fine. Let us decide that issue.

But this question is not that question. This question has to do with whether it is necessary and whether it is sound policy to take money away from food and put it into the merchant marine. That is the tradeoff.

Again, Mr. President, it is not as though the people of the world are well fed. They are not. They are dying. When 20 million people starve to death each year in this world, we have a serious situation.

The United States has a job to do. The United States has a role to play, and we are not doing well enough in playing that role right now. But to divert these funds from food to the merchant marine is truly perverse.

Mr. President, I also ask unanimous consent that the Senator from South Carolina (Mr. THURMOND) be added as a cosponsor.

I had previously misstated, Mr. President, when I added cosponsors. I understand that the Senator from Illinois is not a cosponsor of this amendment, although he supports it.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DANFORTH. Mr. President, I ask unanimous consent that Senator DURENBERGER be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GORTON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PERCY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, I do not know at what point we will be ready. We have been delaying a little bit a rollcall vote on the Danforth amendment because I know that some Senators are down at the White House. Senator INOUYE is down there and he would want to be recorded "no" on the Danforth amendment. If it is possible to accommodate those Senators we certainly will, but I do not think we have had any specific request to hold off the vote.

It is the understanding of the Senator from Illinois that the Senator from Hawaii (Mr. INOUYE) does wish to have his vote recorded on this, and he, as I understand it, will be leaving the White House at approximately 3:30.

Mr. GORTON. He said he would be here a quarter of 4.

Mr. PERCY. He will be here at a quarter of 4 and we would, therefore, not want to begin the vote until 3:30.

Mr. President, in view of the fact that some of our colleagues, including Senator INOUYE and Senator STEVENS, I know, have commitments, and we want to protect them on this particular vote, I ask unanimous consent that the pending amendment be temporarily laid aside and that it be the pending business as soon as Senators have returned to the Senate.

Mr. President, I ask unanimous consent that we temporarily set aside the Danforth amendment and open the floor for any amendments that can be brought up, with the understanding that we shall return to the Danforth amendment just as quickly as possible. As I understand it, the yeas and nays have been ordered on that amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The yeas and nays have been ordered.

Mr. PERCY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CRANSTON. I announce that the Senator from New Jersey (Mr. BRADLEY) and the Senator from Missouri (Mr. EAGLETON) are necessarily absent.

The PRESIDING OFFICER (Mr. ABDNOR). Are there any other Senators in the Chamber who desire to vote?

Mr. PERCY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, we understand that Senators are now on their way back from the White House. There being no further discussion on the Danforth amendment, I suggest that we proceed directly to a vote. The yeas and nays have been ordered.

The PRESIDING OFFICER. Does the Senator ask unanimous consent to resume consideration of the Danforth amendment?

Mr. PERCY. Yes.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Missouri. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

The result was announced—yeas 28, nays 70, as follows:

[Rollcall Vote No. 316 Leg.]

YEAS—28

Abdnor	Grassley	Percy
Armstrong	Hatch	Proxmire
Baker	Hayakawa	Pryor
Boschwitz	Humphrey	Quayle
Bumpers	Jepsen	Roth
Danforth	Kassebaum	Simpson
Dole	Leahy	Symms
Domenici	Lugar	Thurmond
Durenberger	McClure	
Exon	Nickles	

NAYS—70

Andrews	Goldwater	Moynihan
Baucus	Gorton	Murkowski
Bentsen	Hart	Nunn
Biden	Hatfield	Packwood
Boren	Hawkins	Pell
Burdick	Heflin	Pressler
Byrd, Harry F., Jr.	Heinz	Randolph
	Helms	Riegle
Byrd, Robert C.	Hollings	Rudman
Cannon	Huddleston	Sarbanes
Chafee	Inouye	Sasser
Chiles	Jackson	Schmitt
Cochran	Johnston	Specter
Cohen	Kasten	Stafford
Cranston	Kennedy	Stennis
D'Amato	Lavalt	Stevens
DeConcini	Levin	Tower
Denton	Long	Tsongas
Dixon	Mathias	Wallop
Dodd	Matsunaga	Warner
East	Mattingly	Weicker
Ford	Melcher	Williams
Garn	Metzenbaum	Zorinsky
Glenn	Mitchell	

NOT VOTING—2

Bradley	Eagleton

So Mr. DANFORTH's amendment (UP No. 490) was rejected.

Mr. INOUYE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PREVENTING THE SPREAD OF NUCLEAR WEAPONS AROUND THE WORLD

Mr. GLENN. Mr. President, I have three amendments which I will submit at the appropriate time, but I have a statement I would like to make first.

The PRESIDING OFFICER. The Senate will be in order.

Mr. GLENN. May we have order, please, Mr. President?

The PRESIDING OFFICER. The Senate will please be in order. Will Senators take their seats.

Mr. GLENN. It appears that every year about this time, I am, unfortunately faced with the prospect of coming up before the Senate to try to prevent whatever administration is in power from making a decision to provide some form of assistance to a country on the South Asian subcontinent that would have the effect of seriously compromising our attempts to prevent the spread of nuclear weapons.

May we have order, Mr. President?

The PRESIDING OFFICER. The Senator is correct. The Senate will please be in order.

Mr. GLENN. Last year it was the Carter administration that did everything it could to induce the Senate to send uranium to India despite the sorry history of that country's nuclear program.

I fought very hard against the President of my own party at that time, and I lost as a result of a very heavy and successful lobbying effort that included the President himself. I am sure the Members of this body will remember that battle. I lost on the Senate floor 48 to 46.

Considering what we have learned since that time about India, I wonder how many people in the body today feel the decision that the Senate took last year was the appropriate one; India has once again stated its inclination to go its own way no matter regardless of the views of the United States.

I also note that despite the fact that the vote last year authorized the shipment of two loads of uranium for India, only one shipment thus far has been sent, and that the lobbying effort to send the other shipment has died from all quarters except from India itself.

Mr. President, I believe it is important to point out that a common principle applies both in the case we discussed last year and in connection with the aid package that is being proposed in the foreign assistance bill. That principle is that in the U.S. pursuit of nuclear nonproliferation, we must draw a line regarding the nuclear behavior of other countries which, if stepped across will produce an immediate, unequivocal, and substantive negative response by the United States.

I would go so far as to say, Mr. President, that the chief ingredient that has been missing thus far from the international nonproliferation regime is a consensus on the application of sanctions whenever there is a violation of international safeguards or the detonation of a nuclear device by a nonweapons state.

The fact that we have been unable to reach an international consensus does not mean that the United States should not take a clear leadership position on this issue and show, by example, that it really means business.

Mr. President, what we have been trying to do is say that while we are trying to negotiate SALT II or III or START, or whatever it is we are going to call it these days, that we are asking, in turn, is that other nonweapons states hold in abeyance any desire for nuclear weapons while we try and get the superpowers' weapons stockpiles under control; for that forbearance, for that holding in abeyance any movement toward nuclear weapons, we will cooperate with those nations in the peaceful development of nuclear energy.

Present U.S. law incorporates the principle that I mentioned before. The Nuclear Nonproliferation Act provides for a cutoff of nuclear supplies for countries that do not accept full-scope IAEA safeguards, or which violate these safeguards, or detonate a nuclear explosion. The Symington and Glenn amendments to the Foreign Assistance Act of 1961 provide for economic and military assistance cutoffs to countries that engage in transfers of dangerous nuclear equip-

ment, materials, and technology that cannot be effectively safeguarded by the international safeguard system.

Under the Symington amendment, in particular, Pakistan has already been cut off from U.S. economic and military assistance, except for humanitarian aid under Public Law 480, since 1979, because of its activities in clandestinely obtaining the technology and equipment for building a nuclear enrichment plant that will give Pakistan a weapons-making capability in a few years, if not sooner.

Now, the administration proposes to lift that cutoff and provide military sales of F–16's to Pakistan, plus a $3.2 billion package of economic and military assistance over the next 6 years. Under Secretary James Buckley has stated that the purpose of the program is to allow Pakistan's military forces to "enhance Pakistan's ability to deter attacks across the Afghan border."

Mr. President, I am just as anxious as anyone else in this body to see that we contain that Soviet threat, whether it comes from Afghanistan or anywhere else; but in our desire to react to Soviet aggressive moves, we must not completely lose sight of all other aspects of foreign policy.

The administration has tried to make the case that this aid program for Pakistan is of such transcending importance that we can afford to look the other way in terms of Pakistani nuclear activities that might be detrimental to the achievement of our nonproliferation objectives. I think it behooves us to take a careful look at what Pakistan has been doing in the nuclear area so that we have a clear understanding of exactly why we ought to be concerned about such activities. We also need to understand what Pakistan's activities might mean in terms of Indian responses and the extent to which the economic and military aid program might end up shoring up an unpopular regime, possibly creating another Iran-type situation.

Let me give some facts on Pakistan's nuclear program.

It is important to recognize at the outset that Pakistan has no nuclear power program to speak of. It has a 5-megawatt research reactor located at Pinstech, the Pakistani Institute of Technology, and a 137-megawatt nuclear powerplant called Kanupp located near Karachi. These plants are under safeguards, although there have been serious problems over a period of time with the application of safeguards at the larger plant. I will say more about that later. Despite their minuscule program the Pakistanis have worked very hard to obtain advanced nuclear technology and equipment—technology and equipment that would be most useful in obtaining weapons-usable materials for use in a nuclear explosion.

In fact, there can be no other reason for the types of equipment that they have been purchasing except the desire for nuclear weapons development. For example, in 1961 Pakistan entered into an agreement with Belgo-Nucleaire to set up a hot-cell reprocessing unit at Pinstech. Pakistan has also set up a pilot plant for uranium enrichment. Larger scale enrichment and reprocessing facilities are under construction.

In case anyone has forgotten, those are the two methods by which one can obtain nuclear weapons material. First in, either one can irradiate nuclear fuel in a reactor and then put the spent fuel through a reprocessing facility to extract the plutonium or one can enrich uranium to make it into weapons grade material. So when we say they have large-scale reprocessing enrichment and facilities under construction, there can be little doubt as to what the purpose may be.

The reprocessing facility will be capable of producing 10–20 kilograms of plutonium annually—approximately 5–10 kilograms of plutonium is enough for a Nagasaki-type bomb. In 1975 Pakistan signed a contract with France for a commercial-scale reprocessing facility that would have had the capacity to produce tons of plutonium per year. As a result of American intervention, the deal did not go through entirely, although the technology in the form of blueprints was transferred by the French. But it is in the area of Pakistani activities in building enrichment capacity that is perhaps the most disturbing story of all. A Pakistani national, Dr. A. Q. Khan, managed to obtain a position in 1974 with the European consortium called URENCO that constructs and operates gas centrifuge enrichment facilities.

The consortium consists of Britain, Holland and Germany and Khan worked for the main contractor located in the Netherlands. Over a 3-year period Dr. Khan was able to procure probably all the important information and documents including blueprints of the URENCO gas centrifuge enrichment plant. He also procured the list of subcontractors in Europe who could provide the required equipment and materials. Through a series of dummy corporations and with the active assistance of Western nuclear business firms who were more concerned about money than about nuclear weapons Pakistan was able to procure much of the items on its shopping list.

It was not until 1978 when questions were raised in the British Parliament about the supply of inverters by Emerson Electric that intelligence agencies throughout the world were alerted to the fact that Pakistan was engaged in a worldwide effort to obtain nuclear enrichment equipment and technology that would give it a substantial weapons-making capability.

Among the materials which the Pakistanis have managed to acquire are 6,500 tubes of a special hard-type steel used for gas centrifuges obtained from a firm in Holland; vacuum valves to regulate streams of uranium hexafluoride gas into and out of the centrifuge system from a company in Switzerland; inverters from companies in Great Britain, West Germany, and the United States; electronic equipment used for centrifuges from firms in the United States by way of Canada and Turkey; a gas-feed system for the centrifuge from Kora Engineering of Switzerland; a metal finishing plant from Great Britain; rotors from Holland; rotor parts from West Germany; measuring equipment from Holland; aluminum parts from West Germany; vacuum equipment from West Germany; vessels and tanks for the reprocessing plant from an Italian company; precision equipment for the reprocessing plant from Switzerland.

According to press reports, the materials which Pakistan has imported for uranium enrichment could build a plant large enough to produce sufficient enriched uranium for six weapons per year.

Now, one thing this activity suggests is that the nuclear supply guidelines that were adopted with such fanfare in 1978, have turned out to be a sham in practice. Most of the companies that were engaged in this activity must have known or suspected that the products that they were delivering either directly to Pakistan or to phony trading companies, were going to end up in a sensitive nuclear installation, and yet with only one or two exceptions, they did nothing except collect the money. But it's not my intention to belabor this point. To some extent we dealt with it when we passed Senate Resolution 179 on July 17 of this year. I am concerned at the moment only with the intentions of Pakistan in building these clandestine facilities.

Under Secretary Buckley says that he has received assurances from President Zia that the Pakistani program is peaceful and that Pakistan has no intention of building nuclear weapons. Zia has given the Under Secretary no assurances as to whether Pakistan would mount nuclear explosions, however. It is the U.S. position that there is no difference between nuclear weapons and nuclear explosive devices and as a result, the President has been unable to use the waiver provided for in the Symington amendment to allow economic and military assistance to go to Pakistan, for to use the waiver, he would have to certify in writing to the Congress that he has received reliable assurance that Pakistan will not acquire or develop nuclear weapons or assist other nations in doing so. It is evident that these assurances have not been given by the President of the United States.

I would be remiss in my duty Mr. President, if I did not point out that there has been some difference apparently, between the administration's public statements about Pakistan and its private statements. For example, on June 24, of this year, testifying before the Senate Subcommittee on Energy, Nuclear Proliferation, and Government Processes, Under Secretary Buckley said that he was assured by President Zia that it was not the intention of the Pakistani government to develop nuclear weapons. But he could not certify that Pakistan has no intentions as to peaceful explosions.

Of course, there is no difference between such an explosion used as a bomb or as a peaceful demonstration.

However, a week before that, according to Barry Schweid, a reporter for the Associated Press, a secret State Department cable was sent to the American Embassy in Ankara that declared, "we have strong reason to believe the Paki-

stan is seeking to develop a nuclear explosives capability," and that a "covert purchasing organization" of Turkish companies known to the American, Turkish, and Pakistani Governments, was purchasing American-made electrical equipment and diverting it to Pakistan's nuclear weapons program. The cable which Mr. Schweid had gotten hold of also said "that Pakistan is conducting a program for the design and development of triggering package for nuclear explosive devices." To put the icing on the cake, Mr. Agha Shahi, Foreign Minister of Pakistan, in a speech delivered on June 30, 1981, in a seminar on Pakistan's foreign policy, organized by the Council of Pakistani newspaper editors, declared,

We told Buckley that our program is only for peaceful purposes * * * an we are fully aware of the concern of the United States over our atomic energy program which we think to be baseless, unwarranted, unjustified. But we understand and we have taken note of this concern. So if we decide to carry out an explosion then we would be prepared to forgo this U.S. aid program. That is a matter for our judgment, but we have given no undertaking to Mr. Buckley about explosions.

Is this the basis on which to contemplate a possible Presidential waiver if they explode a device or to give an unrestricted waiver of the Symington amendment? Hardly.

Let me go further. On more than one occasion, Pakistan has declared that there is no difference between nuclear weapons and so-called peaceful nuclear devices. That is, Pakistan in the past has taken the same position that the United States has taken for more than a decade. They recognize there is no difference between a nuclear weapon and a peaceful nuclear explosion and we recognize it. Secretary Buckley, in his testimony before the House Foreign Affairs Committee said "the Pakistan Government can be in no doubt about our concerns on this issue and the serious consequences which would inevitably flow from a Pakistani nuclear explosion."

I do not know what Mr. Buckley referred to as serious consequences, but to my way of thinking that can only be interpreted as an implied threat of a cutoff.

All I am asking is that we ratify that position in law by calling for a cutoff without any possibility of a waiver if Pakistan were to detonate a nuclear explosive device. Obviously, the same consideration should apply to India.

Finally, Mr. President we have most recently received news of an ominous development in Pakistan regarding the safeguards situation at the Kanupp reactor. In essence, the director general of the IAEA has told the board of governors of that organization that it will no longer be possible for the IAEA to give assurances that diversions are not occurring within countries containing onload continuously fueled reactors with other facilities that are not under safeguards. Both Pakistan and India fall under this category.

Indeed, as Senator CRANSTON has pointed out, there is some concern that a diversion may even have occurred in Pakistan, although the evidence to date is not definitive. It is of interest, Mr. President, to consider what the response of Pakistan has been to the director general's report. It is my understanding that at the conclusion of the report, the Pakistani representative to the board of governors of the IAEA stated that it was a violation of Pakistan's sovereignty for the IAEA to suggest an upgrading of safeguards and that Pakistan would not agree to any additional safeguards beyond those which were negotiated 15 years ago, that was before Pakistan built its present unsafeguarded fuel fabrication plant, and before it engaged in its worldwide clandestine activities in obtaining the materials for constructing a nuclear enrichment and nuclear reprocessing plant.

Are these the appropriate conditions under which we should sacrifice the Symington amendment? Should we shrink back from stating under these circumstances that it is our policy to discontinue economic and military assistance in the event of a nuclear detonation?

Last July 18, only a couple of months ago, this body voted 88 to 0 on a resolution that I introduced calling the President to urge all the nuclear suppliers and recipient countries alike to agree on a system of predetermined sanctions for countries that violate safeguards commitments. Are we now, 3 months later, going to say that we were not serious in the resolution that we passed in July?

The Washington Post reported last week that the administration is considering proposals now which, in my view, would gut the Nuclear Nonproliferation Act—proposals that would effectively cripple the central parts of our nonproliferation policy. To me, this is not a partisan issue. It is not a Republican issue, it is not a Democratic issue. I opposed the President of my own party last year on this and I hope there are Members on the other side of this aisle who will stand up and say—"The administration is wrong in some of their specific nonproliferation proposals and that one place to start correcting them is right here in the Foreign Assistance Act."

(Mr. EAST assumed the chair.)

Mr. GLENN. Mr. President, I have spoken so far today almost entirely about the Pakistani nuclear program. I have said very little about the aid package. I think it behooves me to say something about the latter.

As I have said already a number of times in my remarks today, I am in favor of sending assistance to Pakistan. That does not mean, however, that even under the best of circumstances, I can be totally sanguine about the results which may be obtained through the present package. Although President Zia has been in his position for some 4 years, which may be longer than many people might have predicted when he first came in, there seems to be some continuing doubt or continuing comment in the international press, at least, regarding what the internal situation actually is in Pakistan. It seems to me we have gone down that road in the past too many times. The last example for us was disastrous, not only for us but for many other people as well, including the people of Iran. So there are many other considerations which need to be taken into account in considering this package.

Mr. President, the ostensible purpose of this package is to provide Pakistan with the ability to withstand Soviet or Soviet-backed aggression. But what is the Pakistani view of their security situation? In the speech by Foreign Minister Agho Shahi that I mentioned earlier, he says:

There should be no constraint on the pursuit of an independent foreign policy as we have been pursuing in the past. Whether in regard to Jerusalem or Palestine or support to the Iranian revolution or wanting to bring out a transformation of the whole Persian Gulf region into a nonaligned area free of the military presence of the super-powers, free of the presence of the American rapid deployment force and withdrawal of Soviet forces from Afghanistan.

Mr. Shahi continued:

We have epsoused the cause of Palestinians for 35 years. We stand for the liberation of Jerusalem, we support the Islamic Revolution of Iran. We are totally against military super-power presence in the Gulf.

Mr. Shahi also stated:

The Soviet Union has assured that we pose no danger to you. We have to take the Soviet Union at her word. Again here, if I were speaking to you off the record, I could tell you something more, but I shall have to confine myself on this issue by saying that an attack by a super-power on another country in the region will not remain confined to the aggressor and the victim . . . and therefore this fear in your mind about the danger of an attack by the Soviet Union should be allayed. And the Soviets have categorically assured us, and this has been stated by President Brezhnev a number of times that we should not take into account this possibility. Any other attack, well this is precisely the reason why we want to get the arms quickly. We should be able to defend ourselves against an attack from any quarter.

I add, Mr. President, that if you look at a map of the alinement of Pakistan's military forces today, you will find the overwhelming preponderance of those forces over along the Indian border—not transferred over onto the Afghan border. That seems to be an area that we are more concerned about, apparently, than is Pakistan.

Finally, Mr. Shahi states in his speech:

We will pursue, in spite of this agreement, normalization with India, but on the basis of sovereignty, equality, we will never accept the Indian hegemony or its predominant position.

Mr. President, these statements can only be interpreted as suggesting that the Pakistanis are as much concerned about their security, vis-a-vis India, as they are vis-a-vis the Soviet Union. As I said, indeed, I have looked into the deployment of Pakistani military manpower and equipment and I can tell you that since the Soviet invasion of Afghanistan, there has been very little movement of troops and material toward the border with Afghanistan. Two-thirds of the Pakistani Army, and its associated equipment are arrayed on or near the Pakistani-Indian border. The Indians are naturally upset

at the prospect of a large-scale arms shipment to Pakistan, including the delivery of F-16s, which at some future date could have the capability of being nuclear weapons' carriers. I am tempted to say to the Indians that their own billion-dollar deal with the Soviet Union for arms, as well as their own nuclear program, has not exactly been designed to inspire confidence on the part of their neighbors. On the other hand, we must be realistic about what the impact of an arms shipment to Pakistan might be. If the result is to spark an arms race on the South Asian subcontinent we will have contributed to insecurity and instability rather than the converse.

Moreover, there has been significant comment among high level Indian leaders that a continuation of the Pakistani nuclear program toward a nuclear weapons capability will drive the Indian program still further in the same direction. For that reason, Mr. President, it is important that we keep close tabs on the political consequences of this arms and economic aid package, that we take an evenhanded view of our relationships with the Indians and the Pakistanis, that we not build up the security of one side at the expense of the other and that we not find ourselves in another Iran-type situation somewhere down the road. For that reason, I believe it is important to examine this program year by year to note what our long-term intent is but not to make commitments that will put us in a situation from which we shall find ourselves unable to extricate ourselves later on.

With that caveat, Mr. President, I shall be happy to support the first step of the administration's program as long as our nonproliferation efforts are kept intact. With the passage of my amendments, I believe they will be.

Mr. President, I inquire as to the parliamentary situation. Was an agreement entered into that there would be no votes beyond 5:15 p.m.?

The PRESIDING OFFICER. The Chair is aware of no such agreement.

Mr. GLENN. I suppose it was not done formally. I suppose it was an informal agreement.

Mr. PELL. The Senator is correct. It was an understanding, not a formal agreement.

Mr. GLENN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GLENN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. Mr. President, I will call up these three amendments this evening, and I doubt whether we can get to a vote on them. It will take me a little while to describe the amendments specifically.

As I understand it, there will be no votes after 5:15 p.m., today. Although it is not up to me to set forth the procedure, I assume that these votes will come in the morning.

UP AMENDMENT NO. 491

(Purpose: To require the President to transmit a classified report regarding the nuclear program of Pakistan)

Mr. GLENN. Mr. President, I send to the desk three amendments, and I will describe them.

The PRESIDING OFFICER. Is the Senator asking that they be considered en bloc?

Mr. GLENN. I ask that they be considered separately, whenever they are considered.

The PRESIDING OFFICER. The first amendment will be stated.

The legislative clerk read as follows:

The Senator from Ohio (Mr. GLENN) proposes an unprinted amendment numbered 491:

On page 83, between lines 10 and 11, insert the following:

"(d) Beginning with the fiscal year 1983 and during each fiscal year thereafter during which the waiver contained in subsection (b) is in effect, the President shall prepare and transmit to the Congress, as part of the presentation materials for foreign assistance programs proposed for each fiscal year, a classified report describing the nuclear program and related activities of Pakistan, including an assessment of (i) the extent and effectiveness of IAEA safeguards at Pakistan's nuclear facilities; and (ii) the capability, actions, and intentions of the Government of Pakistan with respect to the manufacture or acquisition of a nuclear explosive device.". Nothing in this act relieves the Executive Branch from the reporting requirements of applicable law.

On page 83, line 11, strike out "(d)" and insert in lieu thereof "(e)".

Mr. GLENN. Mr. President, I ask unanimous consent that it be in order for the other two amendments to be brought up in order, after the first amendment.

The PRESIDING OFFICER. Is there any objection? The Chair hears none, and it is so ordered.

Mr. GLENN. Mr. President, on the first amendment, it is important to note at the outset that Congress will have to authorize funds annually for this aid package even if it passes S. 1196 in its present form.

Therefore, I am offering this amendment which will require the President to deliver to Congress, prior to consideration of his authorization request, a yearly classified report on Pakistani nuclear-related activities whose content should be accorded great weight in determining whether or to what extent to authorize appropriations or set levels of program activity for each fiscal year under the Foreign Assistance Act of 1961 or the Arms Export Control Act with respect to Pakistan.

This amendment also requires the President to provide an assessment of the extent and effectiveness of IAEA safeguards at Pakistan's nuclear facilities. Most recently, information came to myself and to Senator CRANSTON regarding problems which the IAEA was having in safeguarding Pakistan's nuclear reactor near Karachi. That reactor is the only nuclear installation in Pakistan that is safeguarded by the IAEA. For a period of time the Agency has been attempting to get safeguards upgraded at the facility because the reactor is a CANDU reactor which means that it is loaded while still operating on a continuous basis.

Such a reactor, which operates on natural uranium rather than enriched uranium, poses special safeguards problems since you need continuous inspection in order to be sure that fuel rods which are not under safeguards are not being inserted and removed from the reactor. Within the past year Pakistan has established its own fuel fabrication facility, which is not under safeguards, and, therefore, Pakistan has the capability of placing fuel rods into the reactor without being detected by the IAEA.

A recent article in the New York Times reported that some anomalies had been detected at the reactor site, leaving some suspicion that there may have been a possible diversion at the CANDU reactor. I do not know whether a diversion has taken place, but I do know, as I indicated earlier, that the Agency has not received full cooperation from the Government of Pakistan in upgrading safeguards. The intent of the reporting amendment is, therefore, to put the Government of Pakistan on notice that if safeguards are not improved and if they continue to go down the path toward a weapons option, then the Congress will consider these actions very seriously in determining whether to authorize the aid package in fiscal year 1983 and beyond.

Mr. President, it is my understanding that the distinguished floor manager of the bill, who is not in the Chamber at this time but who will be here when we take up this matter later, may be prepared to accept this amendment on behalf of the committee.

Mr. President, I ask that the second amendment be stated.

The PRESIDING OFFICER. Does the Senator wish to set aside the first amendment by unanimous consent?

Mr. GLENN. What I was trying to do was to save time for tomorrow by discussing these amendments at this time and having them on record. I will be happy to forgo that if we have to take up this amendment first. We could set aside the vote on this amendment until all three amendments have been discussed.

Mr. President, we already have permission to consider the amendments seriatim. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. GLENN. Rather than calling up the first amendment or having the clerk read it, I will discuss it on my own, without calling it up. I will discuss the second and third amendments, and we can take them up in a more official way tomorrow.

Mr. President, the one that I will bring up tomorrow but which is not officially called up at this time since I have an amendment still pending will be one in favor of limiting the lifting of the Symington waiver.

Mr. President, it is being argued by the administration and its supporters that if we are going to establish a long-term relationship with Pakistan, of which the present proposal program

would be the initial step, we need to establish an atmosphere of trust and to do so we need to give an open-ended waiver of the prohibitions under the Symington amendment. Now let us not kid ourselves about what this means. Pakistan is one of the most visible examples, if not the most visible example, of a country moving down the road toward a nuclear weapons capability in opposition to every principle upon which the entire nonproliferation effort worldwide, is based.

If we give Pakistan an open-ended exemption, who is it who will be denied in the future? Brazil? Argentina? Did we not learn anything in the wake of the decision that was made regarding India last year, in which the authorization of uranium fuel did not prevent Mrs. Gandhi from going ahead and ordering activities which, according to press reports, look very suspiciously like preparations for another Indian test? I reiterate we should pay attention to Pakistan's security needs, and I am supportive of Pakistan's security needs, but we also need to show that we are desirous of establishing a long-term, friendly relationship; we want to have Pakistani assistance in resisting Soviet or Soviet-backed moves toward the Persian Gulf. But we should not buy this assistance at the expense of our nonproliferation effort, particularly so in light of the comments by Agha Shahi, the Foreign Minister, that I read just a moment ago regarding the Soviet Union and the lack of concern about their expansion into that area.

We have received no assurances from the Pakistanis regarding the future direction of their nuclear program. They are insisting that whether they set off nuclear explosions or not will be entirely their concern. I submit that under these circumstances it makes no sense for us to give them carte blanche to continue to build up their nuclear explosives capability, even if they do not test a device within the next 6 years. If we give them an open-ended waiver without receiving any assurances in return, then we are essentially telling the Pakistanis, "Go ahead and continue to build your enrichment plant, go ahead and continue to build your reprocessing plant, go ahead and find some source of spent fuel from which to obtain plutonium or some source of uranium which can be enriched to weapons-grade material, and go ahead and even manufacture some weapons, and as long as you do not test them we will continue to be your friend and we will continue to provide you with economic and military assistance."

Mr. President, I bow to no one in my desire to stop Soviet expansionism. But the Soviet Union is not the only possible threat to future national security of the United States. It is conceivable that in 25 years from now, there may be Senators standing here who will argue that policymakers in this day and age paid too much attention to the Soviet threat and insufficient attention to the forthcoming threat to American national security arising from the spread of nuclear weapons to many nations around the world.

I need not remind anyone that the damage caused by a megaton weapon dropped on New York City is independent of whether the markings on the delivery vehicle are Soviet or Libyan or otherwise. For pragmatic reasons, because we are dealing with an immediate threat to both United States and Pakistani security, it may make sense to apply a temporary waiver of the prohibitions of the Symington amendment to Pakistan. The administration is proposing a 6-year program of assistance and we can, therefore, contemplate a 6-year waiver although the language in my amendment is structured so that if the President wishes, he can alter the length of the waiver within that period.

At the same time, Mr. President, we should be putting Pakistan on notice that we do not approve of the direction in which their nuclear program is moving and that if they have expectations that we will be faithful in carrying through our part of the process of constructing a long-term relationship, we should have every expectation that they will carry through their part as well.

It should be made clear that their part includes desisting from constructing a nuclear explosive capability. Six years will give us plenty of time in which to see whether, as the administration believes, the Pakistanis can be deterred from moving in this direction with their nuclear program as a result of this new security relationship with the United States. That is fine. There is nothing to prevent the U.S. Congress from extending the waiver as the time approaches and as we see how the two parties have kept up their end of the bargain. At the same time, we shall be able to monitor the reports which the executive branch will be providing to Congress on the Pakistani nuclear program and on their nuclear-related activities so that we can make a judgment, even on a year-by-year basis, as to whether authorization of the aid should continue.

We have an opportunity, Mr. President, to show that we can be flexible in our approach to nonproliferation without making radical changes in our goals or in our laws. An open-ended waiver on the Symington amendment would, in my view, be a radical change—a radical change that should be resisted. I urge the support of the Senate for a cap on the waiver.

I add, Mr. President, that what the committee has done is to grant a waiver of the Symington amendment for Pakistan into the indefinite future while the Symington amendment still applies to every other nonnuclear weapon nation in the world. This hardly seems fair. We have a 6-year military aid program and what my amendment does is say that at the end of that 6-year military aid program we then will reinstate the Symington amendment so that we do not give excessively favorable treatment to the Pakistanis over every other nation in the world.

I do not believe that was the intent of the committee and that is what my amendment would attempt to correct.

The other amendment that will come up for a vote tomorrow, Mr. President, is an amendment that is very simple. It provides for a cutoff of assistance in the event of a nuclear detonation. It changes one word in S. 1196. It changes the word "should" in one subsection of the foreign assistance bill to the word "shall." But in that simple change there is a mountain of difference.

In 1976 Congress adopted an amendment that I had introduced to the Foreign Assistance Act providing for a cutoff of economic and military assistance to any country that imports or exports reprocessing equipment, materials, or technology, or in the case of a nonweapon state, detonates a nuclear device.

It also allows for Presidential waiver of the cutoff provisions if our nonproliferation objectives, or the common defense and security would be best served by continuing assistance.

The present version of the foreign assistance bill says that the President "should not" use the waiver provided in the 1976 Glenn amendment if either Pakistan or India detonates a nuclear device.

Mr. President, I submit that the nuclear records of both Pakistan and India are so replete with a disregard for the strengthening of international nonproliferation efforts that even to contemplate the possibility of a Presidential waiver to allow continued economic aid and military assistance to those countries after they detonate a nuclear device is to do grave damage to our public commitment to the longstanding goal of nonproliferation, a commitment to which we have rededicated ourselves time and time again.

The administration claims that President Zia and Prime Minister Gandhi should be "under no illusion" as to what the response of the United States would be in the event of either of them detonating a nuclear device.

If you will forgive me, Mr. President, I have heard that line before. The Indians were supposed to be under no illusions that the United States would seriously enforce the full-scope safeguard criterion in determining whether to ship fuel to Tarapur. Well, the Carter administration, when the crunch came, decided to overturn the NRC decision not to send the fuel, and we had a battle royal on this floor, which I lost unfortunately.

Now the Reagan administration, according to the Washington Post, is considering the possibility of cutting back the full-scope safeguard criterion; I repeat, considering the possibility of cutting back the full-scope safeguard criterion in the Nuclear Nonproliferation Act so that we can send fuel not only to India but nuclear materials also to South Africa, Brazil, Argentina, perhaps all of those without requiring full-scope safeguards.

I am not here today to argue that particular case or those cases. I will do that when the appropriate time comes. We are not talking about nuclear export criteria today. We are talking about nuclear explosions, and we are talking about whether the United States is prepared to

give the impression that we would still provide economic and military assistance to nonweapons states that actually set off such explosions.

The administration is worried about President's Zia's sensitivities on this issue. They do not want any conditions attached to this economic and miltary aid package. They want any conditions to be implicit rather than explicit, and I can understand that. But I think there are a lot of other countries around the world whose sensitivities we must also pay attention to. We have the sensitivities, for example, of the 112 nonweapons states that signed the Nonproliferation Treaty. Neither Pakistan nor India has signed that Nonproliferation Treaty, and we have 112 nonweapons states which have signed. Are we going to say to those 112 nations that the United States can contemplate the possibility of going right ahead and sending economic, sending military assistance to Pakistan and India after they have actually exploded nuclear devices?

Mr. MATHIAS. Mr. President, will the Senator yield at that point?

Mr. GLENN. I will.

Mr. MATHIAS. I think the Senator makes a very interesting point, but I want to be sure in my own mind that we are on the same track.

The amendment of the committee was, provided, that the President should not use the waiver provided in section 670 of the act if such country detonates a nuclear device.

As I understand the Senator's one-word amendment, it is to substitute "shall" for "should"?

Mr. GLENN. That is correct.

Mr. MATHIAS. But is the Senator presenting that language as if it was to say that if such country hereafter detonates such a device? Of course, in the case of India there has been some detonation.

Mr. GLENN. It would be hereafter, it is prospective not retrospective.

Mr. MATHIAS. The language, as the Senator interprets it, has no retrospective aspect?

Mr. GLENN. This would not cut off aid to India because of its 1974 explosion.

Mr. MATHIAS. What we are really doing is to say to the world that this is notice that if any nation which has a relationship with us within the purview of this act hereafter detonates a nuclear device, that that will be a mandatory cutoff?

Mr. GLENN. That would be correct; that is correct.

Mr. MATHIAS. That was what I thought was in the Senator's mind, but I though it would be useful to have that explicit in the RECORD.

Mr. GLENN. One correction. This would not change existing law with respect to any nation. This bill and my amendment deal specifically with Pakistan and India.

Mr. MATHIAS. That is true. But any other nation would be covered by the other provisions of law.

Mr. GLENN. By the existing Symington amendment; that is correct.

Mr. MATHIAS. That is correct.

Mr. GLENN. Mr. President, let us contemplate the status of these 112 other nations, for a moment. They have trusted us to cooperate with them and have given up any desire they might have to develop nuclear weapons. Are we to tell them that we are just going to put bombs up for sale irrespective of the nuclear activities of recipient countries; that we are going to be a reliable supplier of weapons no matter what? That would be one fundamental approach to it.

Are we incapable of drawing the line and cutting off military assistance even when a country detonates a nuclear device?

If we are, then we are incapable of ever drawing a line anywhere. So when this amendment is brought up I would urge the Senate to support this amendment. It will simply put the President in the position of having to carry out what the administration has implied would be carried out in the event the Pakistanis or the Indians detonated nuclear devices.

The international nonproliferation regime is best served in this case by an explicit statement by the U.S. Congress rather than by implicit understandings that may or may not be viewed as credible based upon the past performance of this Government.

Mr. President, I would add only one other very short remark before closing, and that would be along this line: Let me reiterate once again what the overall objectives are of the NPT and of our relationship with those nations that are parties to it.

It is true, as Prime Minister Desai told us in a meeting we had in the Foreign Relations Committee room, which I believe the distinguished floor manager of the bill attended back some years ago, we want to push Third World nations to give up the nuclear option, but at the same time we will put renewed efforts into our own efforts to get control of the superpowers nuclear weapons stockpiles.

We wish we could go back to the days of Baruch and Lilienthal, and others, in those earlier days of the nuclear era when the proposals were made to put all things nuclear under some sort of international control. But we cannot unring the bell; we have taken another path much as we would like to go back to that particular time period and call that signal back. We find ourselves trying to make the best of a very poor situation, where there are large nuclear weapons stockpiles. To attempt to control these we have such things as SALT or START, as the administration now prefers to term it; we have had SALT I, SALT II, and I hope we can get back to those SALT II discussions as soon as possible because I think it is futile to go ahead with weapons buildups without having some of those talks already underway.

But while we are trying to get SALT talks underway, what we are asking the nonweapons states to do is just to forgo this nuclear weapons option. It is a dual track, in other words, we are embarked on. One is to get control of the problems of additional nations getting weapons, asking others to sign the NPT, cooperate with the IAEA, and not go the weapons option route, while we try to get control of the bigger problem of the superpowers' nuclear arsenals.

Nearly 112 nations have agreed to forgo nuclear weapons under the NPT. Now, in effect, by some of the things we are doing with India and now with Pakistan, we are saying "It makes no difference whether you signed NPT or not, we will cooperate with you anyway. We will send assistance, we will do all sorts of things so far as military equipment, economic assistance." Those who are the 112 signers get no particular benefit except through their knowledge, I guess, that they went ahead and did not help spawn nuclear proliferation in further areas of the world.

Mr. President, at the appropriate time I will call for votes. It is my understanding that my amendment will be the pending amendment when we do have votes tomorrow.

Let me just clarify that the second and third amendments I have been discussing are my printed amendments 559 and 560 dealing specifically with the 6-year time limit on the waiver to the Symington amendment, and with the mandatory termination of assistance to Pakistan and India in the event of a nuclear test.

I ask unanimous consent that amendments Nos. 559 and 560 be reprinted in the RECORD at this time.

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

AMENDMENT No. 559

(Purpose: To limit the period during which the President may waive a prohibition on furnishing assistance to Pakistan, and for other purposes)

On page 82, line 25, insert "at any time during the period beginning on the date of enactment of this section and ending on September 30, 1987," after "Act".

AMENDMENT No. 560

(Purpose: To require a prohibition on furnishing assistance to India or Pakistan if such country detonates a nuclear device)

On page 83, line 14, strike out "should" and insert in lieu thereof "shall".

Mr. GLENN. I thank the Chair.

Mr. McCLURE. Mr. President, the remarks I am about to make are not confined to this single pending amendment of the Senator from Ohio which he has offered, but to each of the three and the cumulative effect of the three and, perhaps, most pointedly, toward the third of the three.

I do it in this manner because I do understand that each of the three has different effects upon our nonproliferation policy and upon the stance of our nonproliferation efforts and that because of that there may be differing action with respect to both the committee view of the amendments and the Senate response to those amendments.

Mr. President, the fundamental interest of the United States in stability in Southwest Asia and in the independence and territorial integrity of all states in the region are being challenged by the Soviet invasion of Afghanistan. Certainly it is also being challenged by the turbulent course of events in Iran. Friendly

countries in the region are looking to the United States for evidence that we will support them if they stand firm against strong Soviet pressure to acquiesce in the Soviet occupation, and to accommodate to the radically altered politico-military situation resulting from that occupation.

Pakistan—notwithstanding a long border with Afghanistan, not so subtle direct and indirect Soviet political pressure, and overflights of its territory—has been a leader in the Moslem states' resistance to that fateful event.

Pakistan needs and deserves our support in this effort, not just for themselves, certainly, but also for our security interests in that region. And I do not think there is any debate or question on the floor with respect to that fact.

Unlike Saudi Arabia and several other countries in the region, Pakistan is not an oil exporter, capable of financing its defense needs while at the same time sustaining its economic development. Pakistan is implementing needed economic reforms under a 1980 3-year stabilization agreement with the IMF, but its economy is being buffeted by the additional security burdens and the continuing influx of refugees from Afghanistan. It is not sufficient simply to sell arms for cash to Pakistan; we must provide economic assistance and foreign military sales financing as an integral part of our evolving relationship with Pakistan, which in turn is part of our efforts to shore up all of our friends in Southwest Asia.

I do not want to get into the question of detailing the past, sometimes stormy, sometimes unsatisfactory relationships with Pakistan or some of the things that have happened in the past. I am dealing with realities of the present circumstances and the likelihood of the evolution toward the future.

Accordingly, I strongly support section 714 of the bill as reported by the committee which provides the President with an effective waiver authority to the Symington amendment to permit the United States to furnish badly needed assistance to Pakistan.

At the same time, I share the concerns of my colleagues about the ultimate purpose of Pakistan's nuclear program. Detonation of a nuclear device by Pakistan, or another detonation by India, would heighten tensions on the subcontinent, with grave implications for regional stability and nuclear nonproliferation objectives. The committee bill sends a strong signal to both countries that U.S. assistance should be terminated in the event of a detonation, and that there would be grave damage to our bilateral relations in that instance.

The amendment of the distinguished Senator from Ohio, however, would go further—and I refer to the third amendment—and mandate termination of U.S. assistance to the country detonating a device. While I have no doubt that termination of assistance would, and barring unforeseen circumstances should, be the U.S. response, I must strongly oppose the Senator's amendment which would tie our hands now, and provide no flexibility for the President to respond based on an evaluation of all pertinent facts and an assessment of the totality of U.S. interests.

It is difficult now to foresee a specific set of circumstances in which we would not want to terminate assistance, but we must not forget that Southwest Asia is a volatile area and one in which two Presidents have publicly stated that the United States has vital interests. We must not legally handcuff ourselves so that we are unable to counter those external forces who might take advantage of a future situation to the detriment of Pakistan or our broader interests in the region.

More specifically, Mr. President, I believe the committee language better serves overall U.S. policy interests and the bilateral relationship we are attempting to build with Pakistan. The language in this amendment offered by the Senator from Ohio will limit the discretion and flexibility of the President unnecessarily. A confrontational approach such as that proposed in this amendment has been tried with Pakistan in the past and has failed. I would hope that the United States will be able to build a new relationship of confidence with Pakistan which we believe would give us a better chance to insure that Pakistan's nuclear program follows a peaceful path. Adoption of this language change would undermine this new relationship.

Mr. President, I believe that the distinguished Under Secretary of State, our former distinguished colleague from New York, Mr. Buckley, has worked tirelessly with the Pakistanis to make progress on these issues. He has reported to the committee and the Congress regarding those continuing discussions with the Pakistanis. It is my strong belief that this President, Secretary Haig and Under Secretary Buckley should be given every opportunity and the type of discretion in the reported bill to fashion a realistic and viable nonproliferation arrangement with Pakistan which will harmonize all of these national security interests. Nuclear nonproliferation, regional peace and security, and our mutual security interests in Southwest Asia can be successfully accommodated by this administration with Pakistan if, and I emphasize if, the Congress will refrain from legally tieing the President's hands, and his negotiating options in fashioning such an arrangement.

We cannot allow this one specific consideration, albeit very important, to override the other policy considerations. We have had sad experience in that regard in the past administration and under the more restrictive provisions of the Nuclear Nonproliferation Act.

I believe the existing language in the committee bill, which gives the President some discretion in the use of the waiver authority in current law, should be retained. The existing committee language sends a strong signal to Pakistan and the administration that foreign assistance should be terminated if Pakistan were to explode a nuclear device. However, this would not require the President to take such action irrespective of the situation and our overall interests in Pakistan and international stability in that region of the world.

SIX-YEAR LIMIT

I am opposed to the 6-year limit on the waiver of the Symington amendment. We are seeking to establish a long-term security relationship with Pakistan. A 6-year limit would send a false signal in that it could be interpreted by the Pakistanis as an indication that we are thinking of a security tie only during the next 6-year period.

Congress, through its authorization and appropriation process, will examine on an annual basis our Pakistan policy. This, in our view, already provides congressional control over our policy. The best way to defuse the temptation to go nuclear is to address Pakistan's legitimate security needs by creating an enduring conventional assistance relationship. The 6-year limit totally undermines the credibility of an enduring security assistance relationship and this vitiates the entire thrust of our nonproliferation effort.

Pakistan needs the assurance of a dependable long-term U.S. security assistance relationship and the Senate needs to defeat the 6-year limit on the waiver so that we can provide it.

REPORTING REQUIREMENT

I also oppose the amendment requiring the President to report annually on Pakistani nuclear activities. The President is already required to file an annual nonproliferation report to the Congress under section 60(a) of the Nuclear Nonproliferation Act of 1948. The Department of State, ACDA, and other concerned agencies are further required under section 601(c) of that law to keep the Congress "fully and currently informed" about activities of other nations which are of significance from the nonproliferation standpoint. Finally, the administration's policy of periodically providing classified briefings to the Congress is the best vehicle for a discussion of the Pakistani nuclear issue. This restricted channel affords both branches of Government adequate safeguards for the protection of sensitive information while meeting congressional requirements for information. Therefore, this proposal for an additional country-specifics nonproliferation report is redundant of other provisions of law.

Also, during the annual authorization and appropriations process, the administration will be asked to, and I am sure will be happy to, provide the Congress with an update on Pakistan's nuclear program. I do not believe, however, that this requires an amendment to the Senate foreign relations amendment on Symington, which the administration strongly supports.

Mr. President, I think it is important for us to note, and I do not mean to be unduly troublesome in raising the issue, that we are here singling out a specific country for special treatment as a condition for the kind of bilateral aid that we extend on other occasions to other countries around the world without this requirement.

We do not require this kind of specific action with every other country that has

not signed the Nuclear Nonproliferation Act. We do not require this kind of action with respect to every country that has, or is suspected of having, a nuclear capability or who is attempting to obtain such a nuclear capability.

There is an ongoing effort by this administration, as there was by the last administration, strongly supported by the Congress, to encourage every nation that has not signed the Nuclear Nonproliferation Act to do so, and, with strong congressional concern about the proliferation of weapons, a very careful scrutiny of what is done by other countries that are not, and, as a matter of fact, other countries that are, signatories to the Nuclear Nonproliferation Act.

It is not because I disagree with the thrust of the amendments or the concern of the Senator from Ohio with respect to nuclear nonproliferation that I oppose the amendments, but I feel constrained to do so in order to strengthen the ability of this administration to do so.

Mr. President, I thank the Chair and I thank the Senator from Illinois for having stepped aside temporarily that I might present these remarks at this time.

Mr. PERCY addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. PERCY. Mr. President, I thank Senator McCLURE very much for the contribution he continues to make in this very important field. We do not always agree, but his deep interest and the close way in which he follows these matters has been of importance.

I have looked at the various amendments that our distinguished colleague, a member of the Foreign Relations Committee, the distinguished Senator from Ohio, Senator GLENN, has proposed to offer today. I would like to put into context those amendments.

The question of nuclear nonproliferation has really accelerated in importance throughout the world ever since we began working on this matter in the Governmental Affairs Committee, work which ultimately led to a joint piece of legislation that is now the law of the land dealing with U.S. policy on nonproliferation. There is a movement sweeping this country.

Dr. Goldberger, who has been so active as the president of the California Institute of Technology, told me as recently as last night in Pasadena that a small movement of universities, which began with just a dozen universities to address themselves, the student body, the faculty, the scientists, to this problem, has now grown to 110 universities engaged in an intensive study. He, as chairman of the delegation that went to the Soviet Union to talk to their counterparts, the scientists in the Soviet Union, talked about this problem.

Scientists around the world are concerned with the trends which are moving us closer and closer to the day when there may be some nuclear explosion, not under test conditions and not for so-called peaceful nuclear purposes but actually detonated for the purpose of destruction.

I attended the Pugwash conference this year in Calgary, Canada. I was there on a personal holiday but took 2 days off to just stop by and speak on behalf of the American delegation from one point of view. Paul Warnke spoke from another point of view.

I was deeply impressed with the fact that 1,000 people assembled on a Sunday afternoon, with 500 of them being scientists from 80 different countries, to talk about the nuclear problems of the world. They really operated under an organization created and financed originally by Cyrus Eaton, and Mrs. Cyrus Eaton was there. It grew from a spirit of a challenging set of remarks and resolutions introduced by Albert Einstein and Bertram Russell, an eminent scientist and an eminent philosopher with the admonition to the world that we have to do something about this problem.

I deeply respect my colleague from Ohio, Senator GLENN, for the interest he has taken, and that other members of our committee have taken. Our ranking minority member, Senator PELL, has addressed himself to this problem without cessation. Senator CRANSTON has offered leadership in forming a luncheon group, where many of us, regardless of political ideology, have met together with outstanding experts in this field.

Many of us worked together a decade ago on the ABM. We defeated the ABM. Thank heavens in retrospect we did. Where would we be today if we had gone ahead with that project? We would have been $70 billion more in debt, plus the cumulative compounded cost of $12 to $15 billion a year just to maintain a system that probably would be obsolete by now, as obsolete as the Dew Line covered with ice and snow. Yet here it is, and you would have to maintain it.

What would the response have been? Our adversaries would have been trying to build more offensive weapons to penetrate it and we would have had to expand our ABM missile. We would have been spreading it not just to protect our missiles and Washington, D.C., as we were allowed to do—thank heavens we have never gone ahead with those projects—but we would have been expanding it to, so-called, protect other cities, and we would have had no further security but, in fact, less.

By standing together on these issues, we have made, I think, considerable progress.

Mr. President, I should like to comment on a letter from Secretary Haig to me as chairman of the committee, in which he comments upon these matters. Secretary Haig said:

> The Reagan Administration fully shares the deep Congressional and public concerns regarding nuclear proliferation. We understand the motivations which led to the enactment of Section 669 of the Foreign Assistance Act. At the same time, we must recognize that application of Section 669 to Pakistan has not had the intended effect on that country's nuclear efforts. I believe that by providing Pakistan with conventional military equipment in the framework of a bilateral relationship of confidence and mutual understanding, the United States will be in a better position to influence the shape and direction of Pakistan's nuclear program in the future. This is, in our view, the most effective way to pursue the nonproliferation goals we all share.
>
> We strongly support the change in Section 669 proposed by your Committee since it provides the President with an effective national interest waiver in order to permit assistance to Pakistan. Amendments which would substantially alter this provision and limit Presidential flexibility would from the start undermine the basis of the new relationship so carefully negotiated with the Government of Pakistan. The Committee has taken a responsible approach to this issue by proposing legislative language which clearly expresses a deep sense of concern on the vital nuclear question. We welcome and accept this initiative. No purpose would be served in resorting to further mandatory legislation on this issue which would unnecessarily restrict the United States Government's ability to react responsibly in future circumstances that we cannot now predict.
>
> I appreciate your Committee's thoughtful action in relation to Pakistan and your personal leadership in guiding the Committee proposals through the Senate. I want you to know that we consider positive Senate action on the bill as reported out of Committee to be a matter of vital national interest.

Mr. President, I always deeply appreciate letters of support from the administration, but I am constantly reminded that we are a separate body and we have a separate responsibility to think through these matters and to arrive at our own conclusion, hopefully regardless of the administration, or with the support of the administration but, unhappily, sometimes, we do come up with differences. We may have a case here where we do not see eye-to-eye on every single aspect of it.

With respect to the pending amendment that has been introduced by the distinguished Senator from Ohio, I think that from the standpoint of the majority manager of the bill, and I do believe, the standpoint of the minority manager of the bill (Mr. PELL), the committee can accept the first amendment introduced by Senator GLENN.

It is an amendment which clearly provides that there shall be a reporting requirement to be provided annually on the nuclear program of Pakistan. This amendment would provide for a report from the President as to the extent and effectiveness of IAEA safeguards of Pakistan's nuclear facility. That is a basic requirement.

The amendment would have the President judge the capability, actions, and intentions of the Government of Pakistan with respect to manufacture or acquisition of a nuclear explosive device.

It is no secret to Pakistan, certainly, Mr. President, that we are opposed in this regard to proliferation in the volatile Middle East of nuclear weapon capability. We have done so in an even-handed way. We oppose it in India, have vigorously opposed it. We oppose it in Pakistan and have vigorously opposed it. We think it would be a disaster for both countries to have that hanging over their heads.

We have tried to work out a constructive program with Pakistan to give them the assurance that, after the Soviet invasion of Afghanistan, we will provide a package of conventional weaponry that will provide for their defense—not the

offensive capability—but for the defense of Pakistan against its adversaries. I know in conversations I have seen wisely undertaken between the Governments of Pakistan and India, the emphasis is not placed upon pitting themselves against each other. That is not the point. There are known problems that Pakistan has with neighboring countries and certainly, backed by Iran, the question of oil storage facilities is evidence of concern.

The very fact that there are over 2 million Afghan refugees in Pakistan today indicates the danger to that country. But maybe the U.S. assistance package will then make it unnecessary and undesirable for Pakistan to move ahead with nuclear weapon capability. We hope so.

Mr. President, we think the President should report periodically to Congress on these two vital issues. So, without further ado, I say on behalf of the managers of the bill, we are prepared to accept the pending amendment and I hear no request for a rollcall vote on it. We are prepared to have a voice vote on it at this time.

Mr. GLENN. Mr. President, I would be prepared to have a voice vote and I appreciate the consideration of the distinguished chairman of our committee in this regard and his remarks. I think this requirement for reporting it will go a long way toward keeping us informed on these most important matters. The chairman has taken the lead in these matters, as he has mentioned, as we have worked together through the years here. I appreciate his consideration. I am prepared to move a voice vote at this time and I so move, Mr. President.

Mr. CRANSTON. Mr. President, I urge my colleagues to support the Glenn amendment.

The Senate is being called upon today to take the momentous step of waiving important nuclear nonproliferation restrictions on aid in order to facilitate a $3.2-billion package of military and economic assistance to Pakistan.

The simple fact that this is a time of severe budgetary restrictions, when basic domestic programs are being cut to the bone, is sufficient to warrant careful scrutiny of this request. But equally important are the policy implications of the administration's proposed action.

Without a single Senate hearing on this request, we are being asked to weaken our nonproliferation standards in the hope that by building a new security relationship with Pakistan, the administration will succeed in halting that nation's nuclear weapons development program. And yet there is strong evidence to the contrary.

Since the initiation of new aid discussions between the Carter administration officials and Pakistan, Pakistan has continued deliberate progress on completion of its clandestine enrichment and reprocessing plants. Since submission of the Reagan administration request to waive nonproliferation restrictions last spring, reports have circulated about a nuclear bomb test site being prepared in Pakistan. And since the Senate Foreign Relations Committee was briefed on this issue last May, new information has come to light regarding possible Pakistani diversion of spent fuel after use of domestically fabricated fuel rods used in their Kanupp reactor. Thus it should be clear to all that Pakistan has not halted its methodical progress toward attainment of a nuclear weapons capability.

Mr. President, I believe it is our duty here in the Senate to ask: "What are U.S. taxpayer dollars to be used for?" We would approve today the tip of a $3.2 billion iceberg, a package of military and economic aid which will go for what—to shore up the repressive and unpopular regime of General Zia? To buy conventional weapons so that he can use this American subsidy to continue his costly and perilous nuclear development program?

I am deeply concerned by the precedents we could set were we to approve this money without setting further conditions today as the Glenn amendment would do. We have had no hearings on this; we have not been briefed on the latest intelligence information on the Pakistani nuclear program, information which the administration is obligated by law to share with the Congress in a timely manner. News reports about this information make clear that Pakistan continues its relentless pursuit of all avenues toward achieving a nuclear bomb making capability, that International Atomic Energy Agency inspections are completely insufficient to prevent such developments, and that any U.S. leverage gained by the administration's proposal of $3.2 billion in aid is useless if the aid is made unconditional.

I will submit for the RECORD at the end of my remarks an excellent article by Judith Miller of the New York Times, which details many of these recent developments.

Mr. President, the Reagan administration is offering unconditional aid to Pakistan because U.S. officials perceive the Soviet threat as paramount in that region. But Pakistan is more likely to use military aid in a confrontation with India, with whom Pakistan has fought three wars in the last 34 years. Already we see a nuclear arms race unfolding between these two terribly poor nations. Now, with the proposed sale of F–16 aircraft and the offer of lavish U.S. military aid to Pakistan, it appears the United States could encourage a renewed conventional arms race between these two countries as well.

I welcome the effort by Senator GLENN to attach more stringent conditions regarding nonproliferation on U.S. aid to Pakistan. I believe continued efforts to link U.S. aid to nonproliferation conditions are essential if our national security interests are to be advanced.

The article follows:

U.S. AIDES STUDYING PAKISTANI REACTOR

(By Judith Miller)

WASHINGTON, September 29.—Administration arms control and intelligence officials and international atomic energy inspectors are investigating what they describe as "suspicious" activities at Pakistan's nuclear reactor, which is capable of producing plutonium for atomic weapons.

Administration and Congressional officials said that the International Atomic Energy Agency, which monitors nuclear installations, had been pressing Pakistan for permission to improve the safeguards at its 135-megawatt reactor near Karachi. The reason, Congressional aides said, is that over the past several months, "anomalies" and "irregularities" have been detected at the site, among them a high rate of failure of surveillance equipment and problems in accounting for used or spent nuclear fuel.

As a result, some Administration and International Atomic Energy Agency officials have expressed suspicion that fuel might have been diverted from the civilian reactor for nonpeaceful purposes.

Administration officials stressed, however, that there was no proof that a diversion had occurred. Nevertheless, the officials said, the Pakistani developments have raised questions about the integrity of the international monitoring system designed to stop the spread of nuclear weapons.

Pakistan has not signed the Nuclear Nonproliferation Treaty of 1968, but its reactor, which was supplied by Canada, comes under the safeguards of the International Atomic Energy Agency because of Canadian-imposed conditions for the sale.

Congressional officials said that Pakistan had refused the request for improved safeguards, contending that the improvements constituted a virtual renegotiation of the original agreement it had signed with the agency in 1971.

The agency's report on the Pakistan situation has led American intelligence and arms control officials to redouble efforts through various intelligence channels to determine what accounts for the "irregularities" at the Karachi plant.

Officials here said that, because the Reagan Administration has placed emphasis on the role of international safeguards, the Pakistan case could jeopardize President Reagan's goal of stopping the spread of nuclear weapons while continuing to promote American nuclear exports for peaceful purposes.

President Mohammad Zia ul-Haq of Pakistan has said his country would not develop nuclear weapons, but he has refused to rule out developing a peaceful nuclear device, a distinction not accepted by the Reagan Administration.

Senator Alan Cranston of California, the assistant Democratic leader, disclosed last Friday that the international agency had privately expressed concern in a board meeting two weeks ago that the use of domestically produced nuclear fuel in Pakistan's reactor, and in a similar reactor in India, would make effective surveillance "impossible."

According to Congressional and arms control officials, the international agency's latest concern about Pakistan's program stems from that country's ability to produce its own nuclear fuel and from the nature of its so-called Candu reactor, an acronym for Canadian Deuterium Uranium reactor.

In this type of reactor, which the United States does not sell, fuel rods are continually loaded into and extracted from the reactor, without a shutdown of the plant and without the presence of inspectors.

As a result, officials said, the possibility exists that additional so-called undeclared fuel could be introduced into the reactor without alerting inspectors.

The agency's inspectors monitored the installation of the first 75 bundles of domestically produced fuel rods into the reactor, which holds about 2,000 rods. But they became concerned that as Pakistan's fuel production capability increased, more cameras and surveillance equipment would be needed to insure that fuel was not being secretly inserted, processed and diverted from the reactor and its cooling ponds.

The monitoring problems led Sigvard Eklund, the Swedish physicist who is director general of the international agency, to press

Pakistan to permit the agency to improve safeguards by installing such equipment at two additional locations, according to Congressional officials.

The agency has been negotiating for similar improvements in other countries, including India, that have similar reactors. One arms control official said that India had seemed somewhat receptive to the request.

As a result of Pakistan's refusal, Mr. Eklund expressed concern two weeks ago about the Pakistan program and the adequacy of safeguards in a special meeting with his board. He promised another report on the situation in two months.

Last week, the Nuclear Regulatory Commission was informed of the situation in Pakistan, officials said, as was Senator Charles H. Percy, the Illinois Republican who is chairman of the Foreign Relations Committee.

In general, however, the Administration has attempted to keep details of the dispute from being disclosed, concerned that a disclosure might jeopardize both the Administration's nonproliferation policy and President Reagan's effort to solidify a new security relationship with Pakistan.

The Administration has proposed a six-year, $3.2 billion aid program for Pakistan, and the sale of 40 F-16 fighter planes on a stepped-up schedule to help that country withstand Soviet pressures from neighboring Afghanistan. Mr. Reagan has asked Congress to exempt Pakistan from the law that bars military aid to countries that pursue nuclear weapons program.

In 1979, Congress suspended aid to Pakistan in the wake of evidence that Pakistan had established a worldwide network of purchasing agents, including phony companies and intelligence operatives, to obtain components for a uranium centrifuge enrichment plant that could be used to fabricate fuel for weapons.

Since that time, what Congressional officials describe as Pakistan's "crash" program to develop a nuclear weapons option has been in full swing.

Nevertheless, the Senate Foreign Relations Committee, concerned about Soviet incursions in southwest Asia, voted 10 to 7 last May to grant the exemption sought by the Administration. A sharp debate is expected when the Senate considers the issue, possibly tomorrow.●

Mr. PELL. Mr. President, I wish to add my voice in support for the amendment of the Senator from Ohio and his other amendments, too. I think they are excellent. I am delighted to join in supporting them.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 491) was agreed to.

Mr. GLENN. I move to reconsider the vote. Mr. President.

Mr. PERCY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 559

(Purpose: To limit the period during which the President may waive a prohibition on furnishing assistance to Pakistan, and for other purposes)

Mr. GLENN. Mr. President. I shall have to call up my next amendment, I believe. That is amendment No. 559.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Ohio (Mr. GLENN) proposes an amendment numbered 559:

On page 82, line 25, insert "at any time during the period beginning on the date of enactment of this section and ending on September 30, 1987," after "Act".

Mr. GLENN. Mr. President, we had discussion of this amendment earlier. I do not believe I need to repeat all of that. I believe the distinguished floor manager of the bill is familiar with the cap that this would propose and I yield for any comments he wishes to make.

Mr. PERCY. Mr. President, I have listened with considerable interest to the explanation of my colleague from Ohio (Mr. GLENN) on this amendment. After consultation with my distinguished colleague Mr. PELL, the ranking minority manager of the bill, we think well of this amendment. There are some explanations, however, that must at this time be offered and some comments on it.

The amendment introduced by Senator GLENN, this second amendment, provides that the waiver of the Symington amendment for Pakistan will be extended for only 6 years. The President's $3.2 billion aid package to Pakistan would be provided over a 6-year period. Thus, this amendment is consistent with the President s aid request for Pakistan. It is critical, however, that prior to accepting this amendment, the committee has Senator GLENN's pledge that in conference, he will accept no less than this 6-year cutoff. If this 6 years were to be reduced to 3 or 4 years, it would undermine the administration's entire strategy on Pakistan.

Mr. President, this is a subject that Senator GLENN and I discussed on the telephone on Sunday, prior to my going out to California. He is thoroughly familiar with my concern. He is also familiar with the fact that when we agree to stand together, we really stand together. We have never flinched one bit. We have never been talked out of position once we have agreed that we are going to go forward.

Mr. President, I feel that our colleagues in the House will respect the fact that we have worked out here an amendment that I believe is in the national security interest of the United States of America.

Although it is an amendment which is not supported by the administration, I believe, to use the terminology they have used previously, they could live with it. I ask, then, does the committee have Senator GLENN's support in conference to keep this cap at 6 years and not let it drop to less than that?

Mr. GLENN. Mr. President, I am glad to agree with the chairman.

My purpose in submitting this amendment was not to shorten it to less than the 6-year period, although I wish for no waiver at all, obviously. My concern was that although we were making an arms arrangement for deliveries over a 6-year period the wording in S. 1196 establishes an open-ended waiver of the Symington amendment that would extend well beyond the 6-year period for delivery of the conventional arms. If that arms deal is not extended beyond the 6-year period, S. 1196 would still have the effect of giving Pakistan a waiver for nuclear matters, a waiver from the Symington amendment, that no other nation has.

That is what we are trying to correct in this amendment. I was not trying to shorten the Symington waiver further. I was trying to make certain that Pakistan did not have a nuclear waiver that went beyond the 6-year period.

Mr. PERCY. Just to be certain that the Senator from Illinois understands, does that mean that, on the record, the Senator from Ohio has assured the floor managers of the bill that he will stand firm on this 6-year cap?

Mr. GLENN. Yes. I said that when I began. Perhaps the chairman knows something about what is going to happen in conference that I do not know.

I just explained that my purpose is not to try to shorten this. As in any conference, I support the will of the Senate. If it is the will of the Senate that we put this in for a 6-year period, I will not advocate a lesser period. I do not want to have an ad infinitum waiver of the Symington amendment applied to Pakistan, as it is now worded.

Mr. PERCY. Before bringing this issue to a vote—unless Senator PELL wishes to comment—I believe that, unhappily, we have come to the end of the period where we have unanimity. From now on, we do have some difference of opinion.

The hour is 6:03—not traditionally late by Senate standards; on the other hand, several bipartisan functions are being carried on tonight. I would be perfectly willing to stay and continue discussion of the third amendment, but I know that Senator GLENN has already made some comments. Starting in the morning, I could take 5 or 10 minutes to comment briefly on the amendment, have some dialog back and forth, and then be ready to have a vote on that amendment, depending on how soon the leadership would want to have the first vote.

We may ask the leadership to clarify what time we will be coming and when we will be ready for the first vote. So far as I am concerned, if the Senate comes in at 9 o'clock—whatever the leadership decides—or 9:30 and we go on the bill at 10, we should be ready to go, and the managers of the bill will be ready to vote just as soon as we finish our discussion.

Mr. GLENN. I would be prepared to do that. I will have some remarks to make in the morning. Attendance in the Chamber this afternoon was rather sparse during our discussion, and I would want to repeat some select remarks tomorrow morning. I would not want to agree to a time certain.

What time do we come in tomorrow?

Mr. PERCY. Nine-thirty, and apparently we will go on the bill at 10 o'clock, as I understand it.

Mr. GLENN. I am sure that we will wind up before noon on this.

Mr. PERCY. I thank my colleague for his usual gracious cooperation.

Mr. President, I know of no further discussion on amendment 559, which is the pending business. Both floor managers are prepared to accept it, with a voice vote.

The PRESIDING OFFICER (Mr. ARM-

STRONG). The question is on agreeing to the amendment.

The amendment (No. 559) was agreed to.

Mr. GLENN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PERCY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the previous order, the Senator from Ohio is to be recognized at this time for the purpose of calling up an amendment.

AMENDMENT NO. 560

(Purpose: To require a prohibition on furnishing assistance to India or Pakistan if such country detonates a nuclear device)

Mr. GLENN. Mr. President, I call up my third amendment which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Ohio (Mr. GLENN) proposes an amendment numbered 560:

On page 83, line 14, strike out "should" and insert in lieu thereof "shall".

Mr. GLENN. Mr. President, there will be no discussion on this amendment this evening. We will take it up in the morning.

● Mr. CHILES. Mr. President, as the Senate moves toward final passage of S. 1196, the International Security and Development Cooperation Act of 1981, I want to take note of one provision in the legislation that I believe will prove of great importance in our effort to cut off the flow of illicit narcotics into this country. The Chiles amendment, adopted by the Committee on Foreign Relations, will repeal the existing prohibition on the use of U.S. funds to support the spraying of marihuana with paraquat and other herbicides, while continuing needed safe guards to insure that no health risk is posed for U.S. citizens.

A renewed and aggressive drug law enforcement effort is urgently needed if we are to turn the tide on the narcotics trade. We should be under no illusion, however, that winning this battle will be anything but a long and difficult task. There is no simple solution. There is no single step we can take that will rid our Nation of this menace. Rather the point is we should be taking every step possible that promises to improve our capacity to thwart the drug flow.

As the Congress and Federal law enforcement agencies grapple with programs and strategies to combat the narcotics flow, there is one inescapable conclusion: The most effective means to stop drugs is at the source. Any enforcement strategy that does not include an effort to cut off the drug supplies in producing countries, such as Colombia, is doomed to failure. As long as marihuana and opium are produced in bumper crops in foreign nations, a good portion of these drugs will end up on our shores.

In an effort to foster an effective narcotics control program in the Republic of Columbia, $16 million in foreign assistance funds were made available for the purchase of aircraft, patrol vessels, communications equipment and for the training of personnel to interdict drug traffic. This was a positive step. U.S. Ambassador to Colombia, Thomas Boyatt, reported to me in May on an aggressive effort by the Colombian National Police Force to seek out and destroy drug raw materials. However, due to the prohibition contained in section 4 of the International Securities Assistance Act of 1978, these funds are not and cannot be used for the most effective narcotics control mechanism, namely, an herbicide eradication program. It is a case of doing battle without our best weapon.

The effectiveness of an herbicide spraying program has been clearly demonstrated by our experience in Mexico. In the year 1976, according to Drug Enforcement Administration figures, seizures of marihuana by all sources in Mexico totaled only 900,000 kilos while 7.2 million kilos were eradicated from the air. At that time Mexico was the primary pot supplier to the United States. A paraquat spraying program over a 2-year period ended that nation's role as a major source of marihuana.

The amendment passed by Congress in 1978 which resulted in the spraying prohibition was adopted by the Congress with limited debate and I believe without a full appreciation of its potential consequences. It was adopted in the wake of a concern that a great many Americans might suffer serious health problems as a result of smoking contaminated marihuana. A concern that I believe was unwarranted. In looking at the situation today, with what we know about the effects of marihuana smoking and as we examine our failure to stop drug trafficking, a different conclusion is in order. The case is decisive for lifting the restriction and resuming U.S. assistance to destroy drug raw materials.

WRONG SIGNAL TO THE INTERNATIONAL COMMUNITY

A troubling difficulty that is experienced in our efforts internationally to control drug production is convincing foreign governments that we are truly serious. If we encourage these governments to crack down, provide them financial assistance and yet turn around and prohibit the use of the most effective eradication tool, it is no wonder there is skepticism.

I know from personal conversations with President Turbay of Colombia, who is attempting to end the narcotics industry in his country, that questions exist about our resolve to really wipe out the drug trade. The prohibition on paraquat spraying feeds that type of questioning and I cannot think of a worse signal to be sending to the international community.

MARIHUANA IS A DANGEROUS SUBSTANCE

In the concern over the potential health risk of paraquat-sprayed marihuana there is an implied assumption that marihuana smoking itself is not posing a health risk of any consequence. That assumption is far from correct. It is becoming increasingly evident that marihuana is a dangerous substance and it is being used by more young people and at a younger age.

The potency of marihuana has increased sharply over the past 10 years. Latest reports indicate that it may affect the reproductive functions of men and women and may adversely affect the unborn child. Extended use of marihuana over a period of years may eventually be shown to cause cancer in humans.

Equally disturbing are findings that the percentage of students beginning marihuana use in the ninth grade or earlier has nearly doubled over the past 4 years.

The serious nature of the problem is perhaps best summed up by Dr. William Pollin, Director, National Institute on Drug Abuse, who concludes:

If widespread marihuana use, especially among young people, is not curtailed, our society may pay a large price in health consequences and medical costs. * * * Many young people want to view marihuana as a simple herb with the power to enhance their lives. In fact, research is showing it as a complex drug which can negatively affect learning and motor coordination, and may eventually lead to serious health problems.

USE OF PARAQUAT DOES NOT POSE SIGNIFICANT HEALTH RISK

In marked contrast to the negative health consequences of marihuana use, the potential health consequences to the American public from paraquat-sprayed marihuana present much less cause for concern.

The current statute requires an assessment of the health risk to persons who smoke marihuana contaminated by an herbicide. To accomplish this, consideration must be given to factors such as the amount of paraquat an individual must inhale to suffer fibrosis; the amount of paraquat-contaminated marihuana in the U.S. market; the concentration of paraquat; and the smoking and purchasing habits of American marihuana users.

Obviously, a large part of such an assessment will be speculative in nature, depending upon statistical projections and extrapolations from animal test data.

The findings by HEW, which resulted in the paraquat ban, represent a structuring of those factors to provide a worst case estimate. Even in a worst case analysis the HEW study indicated that only between 50 to 100 marihuana smokers could be exposed to significant amounts of paraquat-contaminated marihuana.

This represents an extremely small fraction of all American marihuana smokers. With the exception of individuals who may make one very large buy per year of contaminated marihuana, the computer simulation data projected a population approaching zero that might risk exposure to 500 micrograms of paraquat, a dosage considered potentially harmful.

Further, the Department of Agriculture raised serious questions about the validity of even this worst case analysis by HEW. USDA comments:

Technical evidence presented in your letter dated June 20, 1979, is based on computer simulation studies which largely indicated that marihuana smokers in this country are not subjected to exposure levels of paraquat that are judged by health authorities to be harmful. The simulation

study based on one large "buy" per year in which an upper limit of 60 persons would be exposed to 500 micrograms of paraquat is based on exposure assumptions we question.

The United Nations Narcotics Laboratory study group confirms this view in its analysis of paraquat, findings that:

Residues of sprayed formulations on cannabis would not be sufficient to cause toxic effects to the marihuana user.

PARAQUAT NECESSARY FOR AN EFFECTIVE ERADICATION PROGRAM

At the time Congress passed the herbicide amendment, there was a prevalent expectation that an equally effective eradication mechanism could be quickly developed. This has not proven to be the case. survey of the scientific inquiry into eradication alternatives points to the unique properties of paraquat for destroying drug raw materials.

The United Nations Study Group on Methods for the Eradication of Illicit Narcotics Crops evaluated the various ways of eradicating narcotics plants and concluded that: "Chemical attack at the present time offers the best overall opportunities to successfully destroy narcotics crops."

Of the chemicals tested, paraquat produced the most rapid response.

The Mitre Corp., in a study for the Bureau for International Narcotics Matters, Department of State, concluded, on the basis of testing 140 herbicides marketed in the United States, that paraquat is the only herbicide environmentally acceptable for the eradication of opium poppy and marijuana.

The Science and Education Administration of the U.S. Department of Agriculture maintains that: "Paraquat is currently the most effective herbicide and method for rapidly killing marijuana."

It provides a quicker kill than any other herbicide available and there is no single alternative herbicide that can do an equal satisfactory job. For the immediate future at least, paraquat is the only effective tool we have for accomplishing large-scale destruction of marijuana crops.

TIME TO CHANGE THE LAW

In light of the seriousness of the marijuana problem and the urgent need for an effective crop eradication program, I think it is definitely time for the United States to again assist foreign nations with herbicide programs to destroy drug raw materials where they are grown. Such assistance has been demonstrated to be a successful tool in controlling the flow of narcotics. With the ever increasing traffic in marijuana from abroad, it is a tool we can no longer afford to forgo.●

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business to extend not past the hour of 6:40 p.m. in which Senators may speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

CRISIS IN HOUSING

Mr. MITCHELL. Mr. President, according to the President, the United States is in a recession.

That may come as a surprise to some people.

But it will come as no surprise to those involved in the American housing industry.

That industry is now and has for many months been in a depression.

Housing production is the lowest since 1946. The seasonally adjusted annual rate of housing starts was only 937,000 starts in August, compared to 1.4 million a year ago.

Unemployment in the industry is at 16.3 percent—more than double the overall national unemployment rate this year of 7.5 percent.

Construction firms going out of business this year are up 41 percent.

Subcontractors going out of business are up 127 percent.

The average mortgage rate nationally is now 18.28 percent, compared to 13.6 percent 1 year ago.

In Maine, the average mortgage rate in August was 17 percent.

Between 90 and 95 percent of American families have been priced out of the housing market.

The housing industry comprises an astonishing 23 percent of our national economy. Hundreds of thousands of individuals make up its work force—carpenters, plumbers, electricians, masons, real estate brokers and agents, and many others. We cannot remain indifferent to their plight, nor to the plight of the many individuals and families who want to buy a home and are being squeezed by high interest rates, by mounting rental costs, and, in many cities, by condominium conversions.

When Congress passed the National Housing Act of 1949, it declared as a national goal the provision of "a decent home and a suitable living environment for every American family."

That goal is now more distant than ever.

In this time of crisis in the housing industry, what has been the administration's response? Unfortunately, indeed tragically it has denied that a problem exists. In a report recently submitted to Congress, the administration said that "there is no current nationwide shortage in the rental housing market" and that, with limited exceptions, the private market is successfully addressing the need for rental housing. This statement ignores the facts—which show that the vacancy rate is as low as 1 percent in some cities and that construction of new rental units is near record lows.

And, incredibly enough, the administration is advancing proposals which will add to the devastation in the housing industry.

The Office of Management and Budget has recommended that the Federal Government end some housing insurance and loan guaranty programs.

The Treasury Department has proposed regulations to permit nationally chartered banks to preempt State laws guaranteeing sellers the right to pass on their existing mortgages to prospective buyers without increases in the interest rate. The rule would essentially validate due-on-sale clauses, sometimes known as acceleration clauses, that give lenders the right to call all money due upon the sale of a home, and thus prohibit loan assumption.

The administration has suggested asking for the termination of all State tax-exempt bond financed housing programs.

The President's Commission on Housing has voted to recommend a Federal voucher system to replace the public housing program.

The administration's failure to develop a coherent policy to deal with our housing crisis has led the National Association of Home Builders and the National Association of Realtors to reconsider their support for the President's economic program. These groups, like many others which earlier urged unswerving support, now oppose important parts of that program.

In the absence of meaningful action by the administration, the Congress must act. Not only is the housing industry important to our national economy, it is critical here in Maine. As the most heavily forested State in the Union, with wood resources as the main element in its economy, Maine is especially hard hit by the crisis in the housing industry. To help meet this crisis Congress should enact legislation to remove some of the restrictions imposed last year on the sale of tax-exempt single-family housing bonds. The law can be tightened in some respects to prevent abuse. But the industry needs this source of mortgage credit to serve those who cannot afford to borrow in the conventional mortgage market. Legislation is now pending in the Senate Finance Committee which would accomplish this end. I support its prompt passage.

Second, Congress should reject any administration proposal to abruptly eliminate Federal housing insurance and guarantee programs. In capital poor States such as Maine, individuals and home builders have come to rely heavily on Federal assistance programs as one of the few methods of building and rehabilitating homes. While private mortgage companies may in the long run assume a greater share of the burden now carried by the Federal Government, Federal programs should not be eliminated abruptly especially if the private sector is not ready to absorb a greater share of the market. And there may be a continuing need for Federal assistance to low- and moderate-income families who, even in the best of times, have trouble affording suitable housing.

Third, the budget deficit must be held down. The largest portion of the budget, to remain uncut, is defense. While I strongly believe in the need to maintain our defense capability, I am not persuaded that a $1.5 trillion program over a 5-year period does not allow any room for reductions. Clearly, there are cuts that can be made in the Defense Department's budget. As one small example, the Department is the largest producer of films in the world—larger than all of the

film-making industry in Hollywood. A 10-percent reduction in its film-making capacity would save money without harming our national security.

Fourth, the revenue side of the Federal budget must be bolstered. The Economic Recovery Tax Act of 1981 gave the oil industry one-third of the total depreciation tax break even though that industry already earned over one-third of all corporate profits in this country, on top of all that, the $12 billion in special tax relief over the next 5 years which was included for the oil industry in the tax act was nothing more than a giveaway, a break without economic or moral justification.

The surge in oil prices since 1973 has caused a massive transfer of income from the oil-consuming States to the oil-producing States. Rural States like Maine, with a relatively small population and low per-capita income, have seen wages and corporate earnings drained to pay for higher fuel costs.

Repeal of this unwarranted tax break for the oil industry would help reduce the size of the Federal deficit by $12 billion.

If the administration moves to immediate deregulation of natural gas, as the President has said many times he will do, a windfall profit tax similar to the one on oil should be imposed. It would generate Federal revenues of $20 billion annually and would go a long way to closing the budget deficit.

The Federal tax system is often used as a means of achieving desirable national goals. Frequently, as in the tax act just passed by Congress this summer, it is used to stimulate economic growth and productive investment.

One of the driving forces of inflation has been the wage-price spiral that has gone unabated for a number of years. Attempts to impose direct controls on wages and prices have, in the past, proved futile. We should use the tax system to encourage anti-inflationary behavior, to provide incentives for moderation in wage demands by labor and rewards to business and industry for cutting back on the level of price increases they might otherwise command.

Reliance on a tough monetary policy alone, especially in the face of an expansionary fiscal policy, will not solve our economic problems.

If we act boldly to increase Federal revenues, to further reduce spending, and to provide incentives for action contrary to the traditional inflationary cycle, we will be taking an encouraging step forward. Such action would permit the easing of monetary policy which will bring down the high interest rates that have been so devastating to the housing industry and other segments of the economy—without fueling the fires of inflation.

We can no longer expect builders, realtors, and housing industry workers, most of them in small businesses, to shoulder an undue share of our economic burden. Their survival is at stake. We cannot ignore their plight.

EXPORT OF ALASKAN NORTH SLOPE OIL TO JAPAN

Mr. D'AMATO. Mr. President, I rise to express my deep concern over recent press reports that the Carter administration's ill-considered and soundly defeated proposal to export Alaska North Slope oil to Japan is being considered once again by the Cabinet Council on Natural Resources and the Environment.

To increase by that move this country's dependence on imported oil—at a time when events in the Middle East remind us once again of how fragile our principal petroleum lifeline really is—would be sheer folly. As pointed out in a recent report of the Office of Technology Assessment, this country will continue during the next two decades to be dangerously dependent on foreign supplies of crude oil and those foreign sources will continue to be dangerously subject to disruption and limitation.

Will the American people understand why billions of tax dollars must be spent on foreign oil to fill our strategic reserve when we are sending our own crude oil abroad? Will they understand the national need to drill for more oil on the Outer Continental Shelf if we do not keep at home all the oil we are producing now?

Congress has never relaxed the restrictions on exporting Alaskan crude oil and, if my soundings are correct, it never will. Alaskan North Slope oil was pledged in the original pipeline law to be an asset for all States and regions in this country, including the east coast which is most dependent on imports and most vulnerable to a new embargo or other disruption. If the export of Alaskan oil to Japan were ever permitted, the east coast would never see any of that oil again.

Both our national security and our economic stability require an assured energy resource base. No base is more secure than our own domestic production. No so-called "swap" for Japanese rights to some other country's oil can give us the same assurance. No foreign supply, no matter how friendly and stable that source may be today, can be counted on for the future in the same way that we can count on our own production. Remember when Congress was urged to send Alaskan oil to Japan in exchange for more rights to Iranian oil? Does anyone think, once such an export flow started, that we could or would cut off the Japanese in the midst of an emergency; or that, if we did, we would have the necessary tankers, pipelines, and refineries geared to this type of oil?

Bureaucratic theories about all the benefits of "increased marketing efficiency" resulting from sending Alaskan oil to Japan are all nonsense.

There would be no balance-of-payments to selling our oil abroad, then purchasing an equal amount abroad, and cutting our merchant marine out of both transactions.

There would be no real improvement in our balance of trade with the Japanese, once our oil exports make the statistics look better and enable the Japanese to still refuse to let in the goods we have been trying for years to export to them.

There would be no benefit to our national defense in the decimation of our tanker fleet, whose availability is a key part of our military contingency planning.

There would be no benefit to our consumers, only increased danger of longer gasoline lines during the next emergency.

There would be no benefit to our environment, only the prospect of more foreign tankers in our ports and waters without all the environmental safeguards that apply to domestic tankers.

There would be no benefit to our economy, only a loss of thousands of jobs in the maritime industry, the loss of a substantial part of our tanker fleet, the default of federally insured tanker mortgages, and a loss of prospective revenue by ship owners, independent refiners, pipeline investors and the governments that would otherwise tax those revenues.

But these issues all pale beside the primary issue of our energy independence and security. We must continue to strengthen it. Exporting Alaskan oil would weaken it. I am certain that President Reagan will never make that mistake.

CANCER IN THE WORKPLACE

Mr. GORTON. Mr. President, as chairman of the Subcommittee on Toxic Substances and Environmental Oversight of the Environment and Public Works Committee, I have a very real interest in workingplace hazards caused by various chemicals spawned by our complex and technologically advanced society.

Mr. President, there was a fascinating and thoughtful article on that subject and on possible solutions by one Devra Lee Davis, entitled "Cancer in the Workplace, the Case for Prevention" from the July–August edition of "Environment," a magaine published here in Washington.

Mr. President, I ask unanimous consent that that article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CANCER IN THE WORKPLACE, THE CASE FOR PREVENTION

(By Devra Lee Davis)

The history of public health suggests that successful disease prevention strategies may be devised before the basic mechanisms of diseases are fully understood. It is now generally conceded that during the last half of the 19th century, mortality from bacterial diseases was reduced in the developing world almost ten-fold by such public health measures as improved sanitation and nutrition, better working conditions, and housing improvements.[1] If we had waited for full scientific confirmation of the merits of such preventive policies, we might only now be recovering from epidemics of typhus, diptheria, whooping cough and tuberculosis. These improvements in public health constituted a far more significant advance than the introduction and widespread use of immunization and antibiotics.

Footnotes at end of article.

Some striking similarities can be detected between the puzzling nature of today's leading causes of death and disease and those of the 19th century. Until the turn of this century, infectious diseases caused most sickness and death. Then, as now, although some of the most common factors in sickness and death had been identified, the role of predisposing conditions remained in question. Today chronic degenerative diseases, such as cardiovascular disease and cancer, with irreverible and often slowly debilitating effects, together with accidents, constitute the most common causes of death, and years of life lost.[2]

While the basic mechanisms by which environmental factors affected life and health were not well understood in the latter part of the 19th century, some rather simple, gross observations had been made about the relationship between the environment and disease. Eric Eckholm suggests that the campfires of prehistoric people probably produced noticeable pollution. The smoke-filled air inside caves, tents, or homes undoubedly irritated eyes and encouraged lung and heart disorders. But given the serious threats posed by wild animals and weather, the health toll of this prehistoric air pollution would have paled in importance.[3]

TABLE 1.—YEARS OF POTENTIAL LIFE LOST

[Total population ages 1 to 64, United States, 1975]

Cause	Total years lost	Percent total years
Cancer	1,802,820	17.5
Heart disease	1,769,180	17.2
Motor vehicle accidents	1,424,823	13.8
All other accidents	1,166,793	11.3
Homicide	621,846	6.0
Suicide	583,751	5.7
Cerebrovascular disease	352,524	3.4
Cirrhosis of liver	320,457	3.4
Influenza and pneumonia	206,673	2.0
Diabetes	118,119	1.4

Source: Ten Leading Causes of Death in the United States, 1975. U.S. Department of Health, Education, and Welfare, Washington, D.C., 1978.

Shakespeare gave literary expression to concern about the air, in *Hamlet:* "This most excellent canopy, the air. . . . Why it appears no other thing to me than a foul and pestilent congregation of vapours." Twelve years after *Hamlet's* first production, John Evelyn in 1616 attempted to relate chronic respiratory disease to air pollution. In his essay, "Smoake of London," he wrote about "the hellish and dismal cloud of 'sea coale' impure and thick mist accompanied with a fuligious and filthy vapor . . . corrupting the lungs."[4] Much later, the English socialists and ministers noted that clean and well-fed people were more healthy,[5] and in 1848 Fredrich Engels provided a more detailed analysis of the links between certain occupations and certain diseases.[6]

Despite all these observations, some of which were quite meticulous natural histories of occupational and environmental disease, no unifying view of the etiology, or origin, of these diseases emerged until the late 19th century. By this time, substantial improvements in public health had already been achieved.

To the extent that today's leading mortality and morbidity problems are also well studied clinically, although not well understood in terms of their origin, an analogous situation exists. However, while adequate knowledge about the basic mechanism may not be at hand, effective preventive policies for some occupationally and environmentally based diseases can nonetheless be devised.

Footnotes at end of article.

THE NEED FOR PREVENTION

Although it has become commonplace to note the change in the leading causes of mortality from infectious diseases at the turn of this century to chronic degenerative diseases and accidents today, what is less commonly recognized is that two very different sets of health problems emerge, given these changes: (1) how best to manage (or, when possible, cure) those who now have degenerative chronic diseases, and (2) how best to prevent these diseases from developing in others. Any effective national health policy must combine both curative and preventive strategies.

For several years now, federal reports have noted the significance of the environment for public health. In 1977 the Second Task Force for Research Planning in Environmental Health Science identified three related characteristics of contemporary public health problems:

(1) Further investments in medical treatments and interventions will not yield significant reductions in mortality or morbidity.

(2) Prevention of illness and premature death will yield the greatest benefits to society.

(3) Therefore, the identification, evaluation, and subsequent modification of the role of environmental factors in causing illness and premature death promise to be critical strategies for the prevention of disease and the promotion of health.

The Task Force concluded that decisions on environmental control significantly affect the quality of our lives and the time and manner of our deaths. To the extent that specific components of the environment which cause, contribute to, or ameliorate human disease can be identified and altered, preventive strategies for intervention and control can then be planned. In a society that has been moving steadily toward ever more costly therapeutic technologies, preventive approaches would seem to be dictated on economic grounds alone. An even more persuasive argument for primary prevention is the possibility of eliminating or delaying disease and suffering.[7]

Similar sentiments are contained in the First Annual Report to Congress of the Task Force on Environmental Cancer, Heart and Lung Disease.[8] They reported that the risk and occurrence of cancer and of heart and lung disease increase with environmental pollution and, moreover, that current preventive measures are inadequate. The Cancer, Heart and Lung Disease Task Force called for the generation of preventive strategies in order to reduce the health risks of these diseases.

PROBLEMS OF RISK ASSESSMENT

Much of the information presented here on the causes of chronic diseases pertains directly to workplace exposures and worker cancer mortalities. Such an emphasis on cancer understates the problem of other chronic worker diseases and environmental diseases of the general population. However, since many of the agents that permeate the workplace are also present in lower concentrations in the air and water of heavily industrialized areas, worker mortality trends can be viewed as indicators of more general public health problems. And, since methods can be developed for reducing exposures to some confirmed carcinogens, the assessment of worker cancer risks should provide important clues for effective public health prevention strategies.

Although this article focuses on available cancer mortality data for workers, two needs are recognized: that data be developed on other causes of chronic disease and death for workers and the general population,[9] and that such data be used to generate effective disease prevention strategies. As the British scientists Richard Doll and Richard Peto have recently remarked, it is astonishing that a country with such an interest in health collects so little systematic data on the subject.[10] The National Death Index, some ten years in the making, which allows the linkage of some occupational information with cause of death, is seriously underfunded. Until more such information is routinely available, discussions of environmental and other causes of death will remain speculative.

Assessing human health risks on the basis of the best available evidence in order to restrict or prevent exposures to hazardous substances constitutes a primary preventive policy, akin in its potential public health impact to improved sanitation and nutrition. These strategies will, of course, be improved when the basic mechanisms of disease are better understood, but such strategies need not await these improvements. Given the recent exponential increase in exposures to manufactured chemicals, most of which have not have been evaluated as to health risk, the need to improve our capacity to perform human risk assessment becomes a pressing public health problem.[11]

Any effort to evaluate what proportion of the current disease burden may be linked to environmental and occupational pollutants is itself fraught with risks. Students of environmental health have been confounded for years by the scientific requirement that likely casual links be established between specific environmental pollutants and particular health effects. This demand has had the effect of forcing reliance on laboratory animal studies of single pollutants under highly controlled conditions.

Importance of animal tests

A recent Heritage Foundation Report which appears to guide some of this Administration's policies suggests a move away from reliance on studies of human populations. The report further suggests that "the assumption underlining TOSCA [sic], that industrial chemicals pose a substantial health threat to humans and the environment . . . has not been substantiated. An epidemiological study to determine true incidence would aid [EPA] in directing resources to their most effective use. The Agency should determine 'substantial' and 'unreasonable' risk based on adequate analyses in the 'real world' environment where many factors not considered in laboratory testing cause different results."[12]

As this article makes clear, the complexity of epidemiological studies greatly exceeds that of toxicological studies. Moreover, there is no realistic prospect that any single epidemiological study could determine the true incidence of human health risks of industrial chemicals for reasons elaborated below. Further, making studies of humans pivotal for regulation treats exposed persons as experimental subjects. While the real world differs importantly from the laboratory, solid scientific evidence is rarely obtained in the former. The administrators of EPA and OSHA will always confront the necessity of making decisions in the face of scientific uncertainties. Science remains an evolving institution which can never prove hypotheses, but only refute them.

TABLE 2.—*Thirty-six chemicals or industrial processes associated with cancer induction in humans*

Chemical or process
Acrylonitrile.
Aflatoxins.
4-Aminobiphenyl.
Amitrole (aminotriazole).
Arsenic and certain arsenic compounds.
Asbestos.
Auramine.

Manufacture of auramine.
Benzene.
Benzidine.
Beryllium and certain beryllium compounds.
N, N-Bis (2-chloroethyl)—2-naphthylamine (chlornaphazine).
Bis (chloromethyl ether and technical grade chloromethyl methyl ether.
Cadmium and certain cadmium compounds.
Carbon tetrachloride.
Chlorambucil.
Chromium and certain chromium compounds.
Cyclophosphamide.
Diethylstilboestrol.
Dimethylcarbamoyl chloride.
Dimethyl sulphate.
Ethylene oxide.
Underground haematite mining.
Iron dextran.
Manufacture of isopropyl alcohol (strong acid process).
Melphalan.
Mustard gas.
2-Naphthylamine.
Nickel and certain nickel compounds.
Nickel refining.
Oxymetholone.
Phenacetin.
Polychlorinated biphenyls.
Soots, tars and mineral oils.
Tris (1-aziridinyl) phosphine sulphide (thiotepal).
Vinyl chloride.

SOURCE: International Agency for Research on Cancer, Chemicals and Industrial Processes Associated with Cancer in Humans, Supplement to vols. 1–20, Lyon, France, 1979.

Epidemiological studies have identified more than 36 substances as carcinogenic to humans (see Table 2). Scientific and technical consensus reviews by the International Association for Research on Cancer (IARC) indicated evidence of carcinogenicity in animals for 142 substances reviewed as of 1979.[13] Virtually every substance known to cause cancer in humans also causes cancer in animals. The majority of these agents can be found in the workplace, but only a small number of them have been regulated as carcinogens. In addition, there are many chemicals to which people are exposed that are suspected to be hazardous to human health but for which little or no scientific data are available.

At a recent Conference at Banbury Center, Cold Spring Harbor, on occupational carcinogens, Karstadt presented important evidence on the difficulties of studying the human health effects of exposure to 60 percent of the known animal carcinogens now in commerce.[14]

In many of these cases the numbers of workers exposed are small, and those exposed are exposed to multiple hazards, making identification of the single cause of a single disease highly unlikely. For these substances, waiting for human confirmation of carcinogenesis becomes "waiting for Godot."[15] As a matter of public policy, IARC recommends that "in the absence of adequate data in humans, it is reasonable, for practical purposes, to regard chemicals for which there is sufficient evidence of carcinogenicity . . . in animals as if they presented a carcinogenic risk for humans."[16] This consideration also guided the U.S. Regulatory Council when it announced a cancer policy for more than 20 federal agencies in 1979.

Problems of scale

Resource and logistic problems associated with toxicological studies of laboratory animals pose perplexing problems. For instance, manageable sample populations do not reveal increases in toxic events of less than 5 to 10 percent. For some health effects, such as mutagenesis and teratogenesis, incidences in a human population of 3 per 1,000 or 3 per 10,000 are significant. Obviously, these health effects cannot now be well studied in whole-body mammalian assays, where only the strongest of such effects can be observed. The magnitude of this problem is illustrated by the fact that in assays for environmental toxicants using 1,000 animals, each animal is a surrogate for 200,000 people.[17]

Problems of scale occur in epidemiological studies as well. Mack et al.[18] note that in order to detect the doubling of a cancer risk in 10 percent of the members of a population, one would need to study at least 570 exposed people. To put this in perspective, the researchers note that only 1,000 new cases of squamous cell carcinoma of the lung occur annually among the entire white male population of Los Angeles County (over 3 million people).

In fact, researchers rarely survey countries where as many as 10 percent of all people are employed in and exposed to a particular industry. Thus, a 7 percent increase in lung cancer within a population, if actually due to occupational exposures of the 1 to 2 percent of that population employed in that industry, would indicate a risk to workers of four to eight times that of the general population.[19] County increases of only one or two cases of particular disease per 100,000 can be quite significant, given the small proportion of workers that may be involved.

Problems of design

As Lalonde[20] and others have documented, public health now reflects a complex interaction between environment, lifestyle, and genetic factors. Toxicological studies of single pollutants necessarily exclude such confounding factors. Epidemiological studies of human populations can include some of these multiple factors, but it is rarely possible to devise an epidemiological study which can clearly confirm that exposure to substance X causes Y diseases. under Z conditions.

As Lave and Seskin note, genetic factors are at present difficult to measure conceptually, while data on life-style factors such as smoking and nutrition do not generally exist or are poorly measured.[21] Figure 1 provides a model of what an ideal air-pollution/mortality-rate study would entail. The arrows indicate the theorized causal links. This "path analysis" shows that simple correlations between air pollution and mortality reflect numerous influences, including occupation, life-style, and genetics. While independent replications of Lave and Seskin's air pollution findings (see "Measuring and Managing Pollutants," Environment, June 1981, p. 29) under somewhat different conditions would strengthen their hypothesized link between air pollution and mortality, the complex interactions which an ideal study would include are not thereby eliminated.

Problems of causality

Lave and Seskin suggest that causality may not be a useful concept in investigating the prevention and cure of chronic diseases. Reduced pulmonary function might arise from a vast number of causes, ranging from acute lung disease, developmental immaturity, or inadequate nutrition to the inhalation of some toxic compound. Whatever the initial cause, the failure of the body to repair the damage may be due to a set of independent factors. Furthermore, the lung damage may become progressive through a third and even larger set of contributing factors, including viral infection, occupational exposure, smoking, air pollution, or even one's genetic disposition. What, for example, is the cause of severe dyspnea in a sixty-year-old asbestos worker who smokes, lives in a large city, comes from an impoverished family, and has never received proper nutrition.[22]

Rall comments on this issue in his review of differences between laboratory animals and humans. "The human population is different. . . . The mouse doesn't smoke or breathe hydrocarbons or sulfur oxides from fossil fuels, doesn't drink, doesn't take medicine, doesn't eat bacon or smoked salmon," and doesn't have to make the mortgage payments in times of double-digit inflation.[23]

Causality cannot be empirically proven, as philosophers of science have often observed. Imputing simple causation entails an artificial isolation or singling out of factors, as though only *X* explains *Y*.[24] Isolation is a simplifying hypothesis that scientists make in order to render complex interacting systems explicable.

CANCER—A PREVENTION PRIORITY

Although, obviously, cancer is not the only health problem with which we should be concerned, it has become a key target for preventive actions because data shows that some cancers can be linked to patterns of industrial activity and lifestyle practices. Cancer is also a dread disease which may include much mental and physical pain. It is the second largest cause of death of Americans (as it has been since the 1930s) and can strike anyone, regardless of age. It is also the leading cause of lost years of productive life prior to age 65 (see Table 1).

In 1978, the Occupational Safety and Health Administration (OSHA) held extensive hearings on its proposal to identify and regulate workplace carcinogens generically, that is, as a class of substances. The General Accounting Office noted in 1977 that at the prevailing rate of regulation, OSHA would require one hundred years to regulate known occupational hazards on a substance-by-substance basis.[25] For hearings on this OSHA proposal, scientists from the Department of Health, Education and Welfare (HEW) considered how to estimate the proportion of future cancer deaths associated with past occupational exposures to six workplace carcinogens. Their study made a "worst-case" analysis and suggested that, based on available estimates of exposures to these six carcinogens, at least 20 percent of future cancer deaths in this country might be the result of past occupational exposures to industrial carcinogens.[26]

Footnotes at end of article.

TABLE 3.—RISK FACTORS ASSOCIATED WITH WORKPLACE EXPOSURES TO 5 HIGH-VOLUME HUMAN CARCINOGENS [1]

Chemical	Sites of primary cancers [1]	Other chronic health effects	Occupations at risk	Latency period for cancer (years)	Risk ratios for cancer	1977 NOHS estimated numbers of workers exposed full and part time	1981 NIOSH estimated numbers of workers exposed [2]	
							Full+ part time	Full time
Arsenic	Skin, lung, liver, lymphatic system.	Gastrointestinal disturbances, hyperpigmentation, peripheral neuropathy, hemolytic anemia, dermatitis, bronchitis, nasal system ulceration.	Miners, smelters, insecticide makers and sprayers, chemical workers, oil refiners, vintners.	10+	3–8	1,500,000	255,277 [3] 432,017	5,926 596

Chemical	Sites of primary cancers [1]	Other chronic health effects	Occupations at risk	Latency period for cancer (years)	Risk ratios for cancer	1977 NOHS estimated numbers of workers exposed full and part time	1981 NIOSH estimated numbers of workers exposed [2] Full+ part time	Full time
Asbestos	Lung, pleural and peritoneal mesothelioma, gastrointestinal tract.	Asbestosis (pulmonary fibrosis, pleural plaques, and pleural calcification), anorexia, weight loss.	Miners, millers, textile, insulation and shipyard workers.	4–40	1.5–12	1,600,000 2,522,000	1,280,202	449,960
Benzene	Bone marrow (leukemia)	Central nervous system and gastrointestinal effects, blood abnormalities (anemia, leukopenia, and thrombocytopenia).	Explosives, benzene and rubber cement workers, distillers, dye users, printers, shoemakers.	6–14	2–3	2,000,000 1,900,000	1,495,706	147,604
Chromium	Nasal cavity and sinuses, lung, larynx.	Dermatitis, skin ulceration, nasal system ulceration, bronchitis, bronchopneumonia, inflammation of the larynx and liver.	Producers, processors, and users of Cr: acetylene and aniline workers; bleachers; glass, pottery, and linoleum workers; battery makers.	5–15	3–4	[4] 1,500,000 [6] 175,000	[4] 1,451,631	59,946
Nickel	Nasal cavity and sinuses, lung.	Dermatitis	Nickel smelters, mixers, and roasters, electrolysis workers.	3–30	[7] 5–10 [8] 100+	[4] 1,400,000 [9] 25,000	[4] 1,369,279	51,840

[1] D. L. Davis and D. P. Rall "Risk Assessment for Disease Prevention" in L. K. Y. Ng and D. L. Davis eds. Strategies for Public Health, Van Nostrand Reinhold, New York, 1981.
[2] National Institute for Occupational Safety and Health, Interim Estimate, 1981.
[3] Arsenic oxides.
[4] Chromium oxides.
[5] Oxides.
[6] Chromium II.
[7] Lung.
[8] Nasal sinuses.
[9] Inorganic nickel.

TABLE 4.—RISK FACTORS ASSOCIATED WITH WORKPLACE EXPOSURES TO 6 HIGH-VOLUME HUMAN CARCINOGENS

Chemical	Sites of primary cancers [1 2]	Other chronic health effects [3 4]	Occupations at risk [1]	Latency period for cancer (years) [1]	Risk ratios [1 5]	1981 NIOSH estimated numbers of workers exposed: Full + part time [6]	Full time [6]
Acrylonitrile	Colon, lung	Eye and nose irritant, gastrointestinal effects, jaundice, mild anemia.	Chemical workers and plastics workers.	20+	4–6	374,345	55,706
Carbon tetrachloride	Liver	Cirrhosis and liver disease, kidney and gastrointestinal effects, dermatitis, jaundice.	Drycleaning, machinists			1,380,232	64,023
Ethylene oxide	Leukemia, gastric cancer (suggested).	Mutagenic, respiratory irritant	Hospital workers, laboratory workers, fumigators.			144,152	107,455
Beryllium	Lung	Dermatitis, bronchitis, respiratory effects.	Beryllium workers, defense and aerospace industry, nuclear industry.	15+	1.5–2	855,189	632
Cadmium	Prostate, respiratory tract, renal	Renal disease, respiratory effects	Electrical workers, painters, battery plant and alloy workers.		2.5	1,376,871	38,433
Vinyl chloride	Angiosarcoma—lung, brain, haematolymphopoietic.	Reproductive and central nervous system, Reynaud's syndrome, acroosteolysis.	Plastics industry	20+		239,375	29,838

[1] Cole, P., and Goldman, M., in Fraumeni, J. (Ed.), Persons at High Risk of Cancer, New York: Academic Press, 1975.
[2] Occupational Diseases, Washington, D.C.: U.S. Department of Health, Education, and Welfare, 1977.
[3] Casarett, I., and Doull, J. (Eds.), Toxicology, New York: Macmillan, 1975.
[4] Waldbott, G., Health Effects of Environmental Pollutants, Saint Louis: C.V. Mosby, 1978.
[5] International Agency for Research on Cancer, Chemicals and Industrial Processes Associated With Cancer in Humans, supplement to vols. 1-20, Lyon, 1979.
[6] National Institute for Occupational Safety and Health, Interim Estimate, 1981.

The HEW testimony became the subject of heated controversy,[27] in part because it failed to take into account the fact that many workplaces were now much cleaner than they had been. But, the chief reason that the HEW study overestimated the contribution of industrial exposures to the overall cancer rate was that it overestimated the extent of human contact with such substances. Exposure data was then, and still is, incomplete and uneven.

The HEW study noted the risks for workers previously exposed to higher levels of carcinogens. It then multiplied these risk rates by the number of workers then estimated to be exposed at the time of the study to these same substances. Based on this number for the six substances studied in detail, the study projected that about 20 percent of future cancers could be the result of past occupational exposures. The paper relied on the only evidence of such exposures available at the time, the National Occupational Health Survey (NOHS).[28] NOHS indicated that 12,622,000 workers were exposed full- or part-time to five industrial carcinogens.

Table 3 shows risk factors and latency periods then known to be associated with these substances, other noncancer health effects, and occupations at risk of exposure, along with the NOHS estimates of full- or part-time exposure. The last two columns of Table 3 contain more recent provisional estimates from the National Institute for Occupational Safety and Health (NIOSH), which differentiate between full- and part-time exposures.[29] These later figures suggest that 6,284,111 workers are currently exposed full- or part-time to these five industrial carcinogens. But only 715,872 workers may be exposed full-time to these same substances, or only 5.6 percent of the 1977 estimate of full- and part-time exposure.

Recent findings

While the contribution to the overall cancer rate for these five substances is definitely substantially less than the HEW paper originally estimated, since the time of that study new research has revealed additional workplace exposures that cause cancer, as Tables 4 and 5 indicate. Recent NIOSH estimates indicate that 1,111,959 workers are now exposed full-time to eleven substances identified by IARC as human carcinogens; 10,654,275 are exposed full- or part-time. While there is evidence that many workplaces are cleaner today, they also contain more new hazardous substances. Moreover, for some substances, such as some polychlorinated biphenyls, protective clothing does not protect.[30] Figure 2 indicates the relatively recent surge in the production of synthetic organic chemicals, with exponential growth in the 1960s. Similar patterns are evident for some of the substances in Table 4 that are known to cause cancer in humans, including ethylene oxide, carbon tetrachloride, acrylonitrile, and vinyl chloride.

Obviously the 1978 study was flawed by its reliance on inflated exposure data. Yet its conclusions and methods of analysis may well be correct. Several points made in that paper bear repeating.

Rather few potential carcinogenic processes have been identified to date; and only infrequently are workers studied from time of exposure until their deaths. Thus, if an exposed worker is only studied while working, the cancer which develops from this exposure one year before death at age 62 (a post-retirement age) will not be registered as an occupationally related death. In addition, as Rall,[31] Davis,[32] and others have observed, people are never exposed to single carcinogens but to a multitude of potential carcinogens and other toxins. There is an important additional component of risk involving a heightened susceptibility to cancer induction by a variety of agents which individually might be relatively harmless.

The HEW report stressed that no firm quantification of the risks associated with carcinogens in the workplace can be made, given the state of the art of extrapolating from animals to humans. The report added, however, that there is no evidence that these risks are substantially less than the risks resulting from exposures in the recent past, given the increased variety of chemicals being produced.

It should also be noted that the report did not include deaths due to noncancer, chronic diseases; nor did the report give any general consideration to morbidity effects associated with cancer or other diseases; nor did it include any occupational or medicinal exposures to low-level ionizing radiation, nor take account of likely synergies with naturally occurring hazardous substances. Most importantly, given the average 20-year latency period for many cancers, and the relative recency of production for many human carcinogens, present cancer rates cannot be expected

Footnotes at end of article.

to reflect recent increases in industrial production.[33] Future rates, however, bear watching.

In its first four years of activity, the Interagency Testing Committee (established under the authority of the Toxic Substances Control Act to advise the Administrator of EPA) identified 45 individual chemicals or classes of chemicals (each of which includes a number of individual substances) to which thousands of workers have been exposed, but for which little toxicological information is available. Many of these same substances were also listed by the Interagency Regulatory Liaison Group in its recent compilation of plans to regulate hazardous materials. In some cases the production of these substances has been steadily rising since the early 1960s, but exposures are too recent to have caused any noticeable epidemiological effects.

TABLE 5.—AMOUNTS OF CONFIRMED HUMAN CARCINOGENS POTENTIALLY AVAILABLE FOR HUMAN EXPOSURE, 1940–79

Substance, measure, and unit	Time period			
	1940–49	1950–59	1960–69	1970–79
Asbestos (U.S. apparent consumption, thousands of short tons)	4,637	7,419	7,561	6,875
Benzene (U.S. production, thousands of pounds)	1,284,931	6,663,481	49,362,521	94,203,110
Chromite (U.S. apparent consumption, thousands of short tons)	7,992	13,377	13,316	11,580
Chloroform (U.S. production, millions of pounds)		387	1,396	2,820
Ethylene oxide (U.S. production, millions of pounds)		6,670	21,268	43,465

Source: The International Trade Commission and the Bureau of Mines.

Until adequate exposure assessment methodologies are developed, some surrogate measures will be required, lest the absence of hard numbers lead to a tendency to minimize the significance of exposure problems. One possible surrogate measure for human exposure is data on production and consumption of toxic chemicals (see box at left). Table 5 summarizes the amounts of confirmed human carcinogens potentially available for human exposure to asbestos, benzene, chromite, and nickel. (Data on arsenic are subject to proprietary restrictions, since it has been produced domestically since 1961 by only a single company.) Particularly striking is the recent exponential rise in the production of these four substances. During the past decade, the production of benzene, ethylene oxide, carbon tetrachloride, and a number of other carcinogens virtually doubled, although the amount of asbestos and chromite consumed fell.

As to reported changes in workplace exposure, DOW Chemical Company reports that its workers are now exposed to 1 ppm of benzene, the standard which OSHA unsuccessfully recommended for workers.[34] Yet such data are generally not available from other companies. While exposure to any single known workplace carcinogen is certainly less today, more synthetic organic chemicals are now used in the workplace.

Laws protecting public health and the environment from hazardous chemicals, such as the Toxic Substances Control Act and the Resource Conservation and Recovery Act of 1976, still await full implementation. Intended to cover the entire chemical life cycle from production, transport and use, through disposal or recycling, these laws have created a sense that environmental and workplace protection are being provided. Yet, only a handful of workplace and environmental hazards have in fact been controlled under this legislation, and these only after protracted and costly litigation. The bulk of chemicals produced since the 1960s remains largely uncontrolled in any effective fashion.

TABLE 6.—NEW STUDIES SUGGESTING A RELATIONSHIP BETWEEN WORKPLACE AND CANCER

Type of cancer	Occupation/industry/exposure	Reference
Prostate	Rubber and tire workers	Goldsmith, D. F., Smith, A. H., and A. J. McMichael, 1980, A case-control study of prostate cancer within a cohort of rubber and tire workers, J. Occ. Med. 22: 533–541.
Lymphatic leukemia	Rubber workers	Wolf, P. H., Andjelkovich, D., Smith, A. and H. Tyroler, 1981, A case-control study of leukemia in the U.S. rubber industry, J. Occ. Med. 23: 103–108.
Bowel and rectum	Paint and coatings manufacturing	Morgan, R. W., Kaplan, S. D., and W. R. Gaffey, 1981, A general mortality study of production workers in the paint and coatings manufacturing industry: a preliminary report, J. Occ. Med. 23: 13–21.
Stomach, brain, leukemia, and multiple myeloma	Petroleum refining and petrochemical plants	Thomas T. L., Decoufle, P., and R. Moure-Eraso, 1980, Mortality among workers employed in petroleum refining and petrochemical plants. J. Occ. Med. 2: 97–103.
Respiratory system	Welders, shipfitters and metal-trades workers	Beaumont, J. J., and N. S. Weiss, 1980, Mortality of welders, shipfitters and other metal trades workers in Boilermaker's Local No. 104, AFL-CIO, Am J. Epidemiol. 112: 775–786.
Buccal and pharyngeal	Newsprint pressroom workers	Nicholson et al., 1981, Buccal and Pharyngeal Cancer in Newsprint Pressroom Workers, in press.
Soft-tissue sarcomas	Phenoxyacetic acids and chlorophenols, farmworkers	Hardell, L., and A. Sandstrom, 1979, Case-control study: soft-tissue sarcomas and exposure to phenoxyacetic acids or chlorophenols, Brit. J. Cancer 39: 711–717.
Stomach cancer and leukemia	Ethylene oxide, ethylene dichloride, hospital and laboratory workers.	Hogstedt, C., Malinqvist, N., and Wadman, B., 1979, Leukemia in workers exposed to ethylene oxide, JAMA 241: 1132–1133.
Malignant lymphoma, lung cancer, and pancreas	Aluminum reduction plant workers	Milham, S., 1979, Mortality in aluminum reduction plant workers, J. Occ. Med. 21: 275–480.
Lung bronchus, esophagus, and lymphatic/hemapoietic.	Plumbers and pipefitters	Kaminski, R., Geissert, K. S., and E. Dacey, 1980, Mortality analysis of plumbers and pipefitters, J. Occ. Med. 22: 183–189.
Brain cancer	Petrochemical workers	Alexander, V., Leffingwell, S. S., Lloyd, J. W., Waxweiler, R. J., and A. L. Miller, 1981, Brain cancer in petrochemical workers: a case series report, Am. J. Ind. Med. 1: 115–123.
Choroidal malignant melanoma	Chemical workers	Albert, D. M., et al., 1980, Increased incidence of choiroidal malignant melanoma occurring in a single population of chemical workers. Am. J. Ophthal. 89: 323–337.
Kidney and genitals	Laundry and dry cleaning workers	Katz, R. M. and D. Jowett, 1981, Female laundry and drycleaning workers in Wisconsin: a mortality analysis, AJPH 71: 305–307.
Lung and uterine cervical cancers	Laundry and dry cleaning workers	Blair, A., Decoufle, P., and D. Grauman, 1979. Causes of death among laundry and drycleaning workers, AJPH 69: 508–511.
Bladder cancer	Leather and leather products manufacturing	Decoufle, P., 1979, Cancer risks associated with employment in the leather and leather products industry, Arch. Environ. Health 34: 33–37.
Lung cancer	Spray painters, zinc chromatic primer-paints	Dalager, N. A., Mason, T. J., Fraumeni, J. R., Hoover, R., and W. W. Payne, 1980, Cancer mortality among workers exposed to zinc chromate paints, J. Occ. Med. 22: 25–29.
Digestive organs and lungs	Smelter and battery plant workers, lead	Kang, H. K., Infante, P. F., and J. S. Carra, 1980, Occupational lead exposure and cancer, Science 207: 935–936.
Respiratory cancer	Arsenic-exposed workers	Pinto, S., Henderson, V., and P. Enterline, 1978, Mortality experience of arsenic-exposed workers, Arch. Environ. Health Nov./Dec., 325–331.
Lung cancer	Beryllium workers	Cole, P., and F. Merletti, 1980, Chemical agents and occupational exposures, J. Envir Pathol. Toxicol. 3: 399–417.
Prostate, kidney, and lung	Cadmium workers	Cole and Merletti, 1980.
Lung cancer	Automobile manufacture (casting and plating)	Silverstein, M., Mirer, F., Kotelchuch, D., Silverstein, B., and M. Bennett, 1981, Mortality. among workers in a die casting and electroplating plant, Scand. J. Work Environmental Health, in press.

Further, workers and their physicians rarely know what substances they may be exposed to. Labeling of hazardous substances is inconstant in both the workplace and the home. Unsuspecting consumers may purchase paint with lead, baby shampoo and cosmetics with formaldehyde, anti-dandruff rinses with pesticides, spot cleaner with perchlorcethylene or benzene, and carpet cleaner with antifreeze.[35]

Footnotes at end of article.

Such toxic pollutants in the home and those in the neighborhood can be expected to have some health effects, although detection will prove difficult for the reasons elaborated earlier Despite these methodological problems, Shear et al. determined that residents of Louisiana neighborhoods within 1.2 km of three or more industries had 3.2 times as much lung cancer as did residents of other non-industrialized neighborhoods.[36] The ubiquity of environmental pollutants such as pentaclorophenol, a wood preservative and pesticide component which is present in the blood of most Americans, makes such assessments of environmental risk a matter of special concern.

Of special relevance to future cancer risks of workers are those studies published in the last three years and summarized in Table 6, which implicate 18 different industrial processes as cancer-causing in some manner. While these studies should be replicated with other cohorts, their recency and the fact that more than 20 different primary tumor sites

are involved are reasons for concern. Moreover, to the extent that these processes affect their surrounding communities, neighborhoods may also be at risk. Tables 5 and 6 suggest there is reason to expect some increase in future cancer rates associated with both workplace and environmental exposures to these carcinogens.

The suggestion has been made that, since cigarette smoking is the single most important cause of many cancers, it is folly to control less important causes. However, while present-day cancer rates and trends are not dominated by occupational carcinogens, such exposures are important. If only five percent of current cancers are associated with occupational exposures, then 20,000 excess cancer deaths a year occur among exposed workers. For these workers, the risks are great indeed. If these carcinogens are not appropriately controlled, then future rates may well reflect such exposures.[37] Schneiderman suggests that those cancer sites that may be associated with occupational exposures have increased at approximately 4 percent annually during the 1970s, while those not occupationally exposed have been increasing at only one percent.[38]

While the precision of the estimates in the 1978 HEW report can be faulted and the methodologies for confirming them can be questioned, the overall conclusion of the report stands. Cancer today and in the near future will be substantially influenced by past occupational exposures.

Possibilities for effective preventive policies are clear, even though the mechanisms of the disease are not. If we fail to implement these policies now, we will pay the price tomorrow.

FOOTNOTES

[1] J. Cairns, Cancer: Science and Society. W. H. Freeman and Co., San Francisco, 1978, p. 151.

[2] S. Mushkin, "Cost of Disease and Illness in the United States in the Year 2000," Public Health Reports 93 (1978): 495–588.

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[4] J. P. Wyatt, "Chronic Lung Disease in Adults," in D. H. K. Lee (ed.), Environmental Factors in Respiratory Disease, Academic Press, New York, 1972, pp. 120–139.

[5] G. Rosen, "Economic and Social Policy in the Development of Public Health," Journal of the History of Medicine, 1953; reprinted in Rosen, From Medical Police to Social Medicine, Science History Publications, New York, 1974, pp. 156–200. (Rosen notes that, in the 17th century, it was believed to be in the interest of the state to create the largest possible number of healthy and productive subjects. Quantitative studies of public health were developed largely to provide better information on the value of people, especially of those occupational groups regarded as most productive.)

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[9] Personal communication, 1979, Sergio Fabro, Director, Maternal Fetal Medicine Division, Department of Obstetrics and Gynecology, the George Washington University Hospital, Senior Consultant Investigator, National Institute of Environmental Health Sciences, Toxicology Branch, Research Triangle Park, North Carolina. (One of the most promising areas for development in this regard is that which will provide for the assessment of reproductive effects. A data base indicating subtle behavioral teratological effects, such as mental retardation, and some short-term human effects, such as fetal wastage, reduced fertility rates, and other reproductive problems, may prove far less expensive to develop and far easier to use in setting public health priorities than the more costly data now available on carcinogenesis.)

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[16] IARC, note 13 above.

[17] Weinhouse, note 11 above.

[18] T. M. Mack, M. C. Pike, and J. T. Casagrande, "Epidemiologic Methods for Human Risk Assessment," in Hiatt, Watson, and Winsten, note 11 above, pp. 1749–1764.

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[25] General Accounting Office, Delays in Setting Workplace Standards for Cancer-Causing and Other Dangerous Substances, Govt. Prtg. Off., Washington, D.C. 1977.

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[27] See for example, P. H. Abelson, "New Directions in Toxicology," Fd. Cosmet. Toxicol. 8 (1980): 303–306; P. Cole and F. Merletti, "Chemical agents and occupational exposures," J. Envir. Pathol. Toxicol. 3 (1980): 399–417; S. S. Epstein and J. B. Swartz, "Fallacies of Lifestyle Cancer Theories," Nature 289 (1931): 127–130; J. Higginson, "Multiplicity of Factors Involved in Cancer Patterns and Trends," J. Envir. Pathol. Toxicol. 3, 4 (1980): 113–125; J. Higginson and C. S. Muir, "Environmental Carcinogenesis: Misconceptions and Limitations to Cancer Control," U.S. J. Natl. Cancer Inst., 63 (1979): 1291–1298; T. H. Maugh, "Cancer and Environment: Higginson Speaks Out," Science 205 (1979): 1363–1366; W. K. C. Morgan, "Industrial Carcinogens: The Extent of the Risk," Thorax 34 (1979): 431–433; R. Peto, "Distorting the Epidemiology of Cancer: The Need for a More Balanced Overview," Nature 284 (1980): 297–300; R. A. Stallones and T. Downs, A Critical Review of Estimates of the Fraction of Cancer in the United States Related to Occupational Factors, 1978.

[28] National Occupational Hazard Survey III, National Institute for Occupational Safety and Health, Cincinnati, 1977.

[29] NIOSH, Interim Estimate, 1981.

[30] NIOSH, Permeation of Protective Garment Material by Liquid Halogenated Ethanes and a Polychlorinated Biphenyl, DHHS (NIOSH) Cincinnati, pp. 81–110, 1981.

[31] Rall, note 23 above.

[32] D. L. Davis, "Multiple Risk Assessment as a Preventive Strategy for Public Health," in J. Staffa (ed.), FDA Symposium on Risk/Benefit Decisions and the Public Health, 1979.

[33] Doll and Peto, note 10 above.

[34] Fred Hoerger, "Indicator of Exposure Trends," Banbury Report 9, forthcoming.

[35] Center for Science in the Public Interest, The Household Pollutants Guide, Anchor Books, Garden City, New York, 1979.

[36] C. L. Shear, D. B. Seale, and M. S. Gottlieb, "Evidence for Space-Time Clustering of Lung Cancer Deaths," Archives of Environmental Health 35 (November/December 1980): 335–342.

[37] Doll and Peto, note 10 above.

[38] Marvin Schneiderman, "The Relationship Between Diet, Occupation, The Environment, and Cancer," Proceedings of the U.S./Egyptian Symposium on the Biomedical Impact of Technology Transfer, Cairo, in press. See also Norton Nelson, "Cancer Prevention," Cancer 47 (1981): 1065–1070.

WAR TALK

Mr. CRANSTON. Mr. President, among the most important duties of the President and his top assistants is to speak with a clear and calm voice about the security of our Nation. It falls to the executive branch uniquely to speak with one voice on matters of national security, to soberly assess our Nation's strengths and weaknesses and to speak with realism about the prospects for the future.

I was therefore appalled by the irresponsible statements made yesterday by the top military official in the White House's National Security Council. This presentation, made by Army Maj. Gen. Robert L. Schweitzer, head of the NSC defense issues team, was full of bombast, sensational rhetoric, and military assessments which are completely alien to the mainstream of American defense policy.

As reported in this morning's Washington Post, in a front page article which I am submitting for the RECORD, General Schweitzer cited "a drift toward war" and concluded that the United States is "in the greatest danger that the republic has ever faced since its founding days." Such war talk bears the danger of becoming a self-fulfilling prophecy

when mouthed carelessly by top Presidential assistants.

Mr. President, less than 12 months ago the leading military and executive branch officials in this country were firm in their conviction that a situation of "rough parity" existed in United States and Soviet strategic forces. Granted, this was under a different Presidential administration. But I believe it is extremely serious that the top military official in the White House could possibly declare, as did General Schweitzer yesterday, that the United States is now inferior to the Soviet Union in each of the three legs of the strategic triad.

Such reckless charges can only fuel an unjustified sense of insecurity on the part of Americans. These statements reduce Americans' confidence in the credibility of military officials and cause deep concern that at least one White House official is apparently at odds with military officials and policymakers of the preceding and current administration.

I think the Reagan administration has the duty either to explain and defend Schweitzer's reckless charges or to dissociate the President from such extreme views. According to the Post report, there is concern in the White House about Schweitzer's extremism; a "White House spokesman" is quoted in this morning's report as conceding that Schweitzer's speech was "off the wall."

I hope therefore that the President will separate himself from such statements and that this will be the last we hear of unwarranted nuclear war talk.

Mr. President, I ask unanimous consent to have printed in the RECORD the article to which I referred.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NSC AIDE SEES "A DRIFT TOWARD WAR"

(By Michael Getler)

The top military officer on the staff of the White House National Security Council claimed yesterday that the "Soviets are on the move, they are going to strike," and said the United States is "in the greatest danger that the republic has ever faced since its founding days."

In a speech that appeared to go beyond even the hard line the administration has taken, Army Maj. Gen. Robert L. Schweitzer also declared that Moscow now has nuclear superiority in all three legs of the strategic triad—meaning land-based and submarine-based missiles and long-range bombers—and spoke of "a drift toward war."

Schweitzer, who heads the defense group on the NSC staff, said evidence continues to mount that the Soviets have in mind invading Poland, that Moscow continues practicing maneuvers aimed at taking over Persian Gulf oil fields, that U.S. church leaders have not been helpful in combating the Soviet presence in Latin America and that a backlash involving Israel could occur here if the sale of AWACS planes to Saudi Arabia is thwarted by Congress.

A White House spokesman, describing Schweitzer's speech as "off the wall," said, "We want to knock this one hard." He said of the speech, "It's much more pessimistic than the president's own views."

Schweitzer provided his grim assessment in a speech before several hundred Army officers and others at the annual meeting here of the Association of the United States Army. His speech marked one of the rare times that someone on the NSC staff, other than its director, presidential adviser Richard V. Allen, has been allowed to speak publicly. Allen has also told NSC staff members they may not talk to reporters.

Another White House spokesman said Schweitzer "was giving his own personal views and not speaking for the administration." If Schweitzer had submitted his speech for White House approval, it would not have been approved, the spokesman said.

Schweitzer told the audience that his speech probably would not have been approved if he had submitted an advance text. He said he told his bosses generally what he was going to say and they expressed the "hope" he would not cause trouble.

"Well, I think we are going to have to get ourselves in trouble and our principals [apparently meaning our allies] in order to lay out the threat, because the threat is believed not to exist," Schweitzer said. "That's the feeling in [Western] Europe. They think it's automatic, another 30 years of peace. That's wrong. The Soviets are on the move. They are going to strike. They've got every incentive and the capability."

Schweitzer also said:

On Poland: "A possible, certainly threatened, Soviet invasion" is the leading challenge to the western alliance. While scholars and analysts may debate the timing or strength, "the evidence continues to mount that the Soviet Union very much has this in mind."

On the Caribbean: The region "is in flames. There is no other way to describe it." There is some level of active, organized communist insurgency in every country throughout South America, he said, while in the Caribbean and Latin America there is, in addition, endemic economic and sociological revolutions. "The last administration minimized the communist threat and maximized human rights. In so doing, they confused a goal with a policy."

On pacificism: "The seed of pacificism and neutralism is sweeping over Europe, and we're not immune to it in this country, where bishops and churchmen have been extremely unhelpful in trying to deal with the realities of the [communist] threat down in Latin America."

On the Middle East: If the AWACS deal is vetoed, the United States faces an $8.5 billion loss of sales and tax revenues and the Saudis would buy Nimrod warning planes and Mirage fighters from Britain and France. Then Israel would ask U.S. help to meet this new threat. The Israelis will say, "Here is our list, and we want it on the same terms . . . and 50 percent grant aid that you've always given us in the past.

"I wonder if there isn't going to be some backlash in the U.S.," Schweitzer said, when it is considered that the United States diminished Israeli security and now is making demands on U.S. taxpayers "to buy them [the Israelis] out of a threat that really will be created with our own hands."

On Soviet superiority: "The Soviet Union knows that for the first time they have superiority in every leg of the triad," and thus "they may be tempted to use nuclear or nonnuclear forces." This was "a very bad trend—the drift toward war." No administration figure has made such a sweeping claim of Soviet supremacy, U.S. submarines and bombers still are judged superior.

On the press: "The press gets fed a steady diet . . . and if they didn't get this, they'd get sick. So sometimes they make it up, or extend and expand on it." Those remarks brought the most applause.

MOSHE DAYAN

Mr. MATHIAS. Mr. President, Moshe Dayan had the special talent of being able to combine hindsight with foresight. His passion for archeology and history matched his flair for contemporary politics and both were projected by his courage and independent judgment.

His is the second voice of moderation lost to the Mideast this month, and so it is especially important to remember his thoughtful approach to the solution of the problems of that dangerous part of the world.

Both Mrs. Mathias and I were privileged to know General Dayan and to enjoy his company on many occasions. We join his friends around the world in extending sympathy to Mrs. Dayan and their family.

COLLECTION OF DEBTS BY THE FEDERAL GOVERNMENT

Mr. PERCY. Mr. President, in today's RECORD under routine morning business there is printed my statement relating to a resolution that I submitted on reducing the national debt by selling surplus properties.

Another area that we have looked at very carefully, as we have been looking for money, is that we have been finding ways to bring added revenue in by reducing expenditures; just not spending the money. And we have cut back materially.

But another way to bring additional revenue in, particularly at a time when we are cutting taxes, is to just collect debts owed the Government. The Federal Government is the largest creditor in the world. We have dozens of agencies whose purpose is to loan money—loan money to students, loan money to small business people, loan money to large business enterprises, loan money for the purpose of expanding our exports, loan money to go through school, whatever it may be. We are a big lender.

In fact, we have outstanding $147 billion of debt owed today to the Federal Government, over $25 billion of which is in arrears right today. So that the Governmental Affairs Committee reported out a bill called the debt collection bill of 1981.

I had authored a similar bill several years ago and tried to interest the then Carter administration in it. They must have been busy with an awful lot of things and maybe did not have time to focus in on a little item like $25 billion in arrears.

But we did really start this year with a good deal of interest. One of our former colleagues put his bifocals on, those great, big oversized spectacles and took a look at $147 billion owed us and $25 billion in arrears, and he took a look at the figures we showed him of the Department of Education student loans, 81 percent of those billions of dollars outstanding were in arrears. He took a look at the fact that thousands of Federal employees, who, if they worked for a private organization, would have their wages garnisheed, would have a report made to the local collection agency, they would have a bill collector after them, a credit bureau would be told about them and other people would not have loaned them money and that pressure would have caused them to pay their bills. None of that was possible because of the strange

and weird way we worked things. The Federal Government prohibited notifying a collection agency, hiring a collection agency, notifying the credit bureau, or garnisheeing Federal wages. We continued to pay some employees over $50,000 a year and they had never paid the loan that gave them the master's degree, the Ph. D.'s that enabled them to get the jobs in Government at those very large salaries.

So, Mr. President, we have begun work on the debt collection bill with earnest. It is not only supported by the Reagan administration and by OMB, but has been considerably strengthened by them. Treasury has worked with them and Director Stockman has worked personally on it. Ed Harper, his able Director, has worked on it. They have testified and asked that it be given the highest priority by consideration of the Senate and the House, because every single day that goes by we are losing money. That money should be brought into the Federal Treasury. We should be earning at least 13 or 14 percent interest on it.

I find it just appalling that we have let so much time go by with such sloppy procedures, which I think cause utter disdain by the American public for its Government. Students do not have the respect for Government when they send, finally, the third notice and they know if they ignore the third notice they are not going to get the fourth because the computer just shuts them right off.

I think a government should take into account that any individual that goes to their local bank is asked for a social security number so they can keep finding him if he moves, and yet the Government itself is prohibited from asking for a social security number so they can find someone who owes them money. It is just foolish and we have to do something about that.

So I place the matter on a very high priority and have been assured by the leadership that we will deal with the debt collection bill of 1981 this year.

This measure, in putting businesslike procedures and fiscal responsibility in the way of Federal Government to manage its assets in connection with very large assets that we have, is just another step in the direction of making some waves and moving toward businesslike procedures in running the business of the United States.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

TWELFTH REPORT OF THE U.S. SINAI SUPPORT MISSION—MESSAGE FROM THE PRESIDENT—PM 84

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report which was referred to the Committee on Foreign Relations:

To the Congress of the United States:

I am pleased to transmit herewith the Twelfth Report of the United States Sinai Support Mission. It covers the Mission's activities during the six-month period ending October 1, 1981. This report is provided in accordance with Section 4 of Public Law 94–110 of October 13, 1975.

The Sinai Support Mission and its overseas arm, the Sinai Field Mission, have since 1976 made unique contributions to the peace process in that part of the Middle East, first by establishing and operating the tactical early warning system that made possible the second disengagement agreement between Egypt and Israel, and when that mission was successfully completed in January 1980, by undertaking during the interim withdrawal period the verification of Egyptian and Israeli adherence to the military limitations called for in their 1979 Peace Treaty.

This second peacekeeping role will end on April 25, 1982, the date established under the Treaty for the completion of Israeli withdrawal from the Sinai. At that time, the Sinai Field Mission will relinquish its verification responsibilities to the new Multinational Force and Observers being established to supervise implementation of the Treaty's security arrangements after Israel's withdrawal.

Funding for the Sinai Support Mission for Fiscal Year 1981 was authorized at $16 million. Only $10 million is being requested for Fiscal Year 1982, a level that will fund the Mission's operations during its final months and the projected costs of its phase out after April 25, 1982.

The role of the Sinai Support and Field Missions has been a concrete example of the United States commitment to the achievement of a just and lasting peace in the Middle East. Our participation in the Multinational Force and Observers will be the next crucial step in the further promotion of that peace. I am counting on the continuing support of the Congress for our role in the peace process.

RONALD REAGAN.

THE WHITE HOUSE, *October 20, 1981.*

DEFERRALS OF CERTAIN BUDGET AUTHORITY—MESSAGE FROM THE PRESIDENT—PM 85

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers; which, pursuant to the order of January 5, 1975, was referred jointly to the Committee on Appropriations, the Committee on the Budget, the Committee on Environment and Public Works, the Committee on Governmental Affairs, the Committee on Labor and Human Resources, the Committee on Finance, the Committee on Agriculture, Nutrition, and Forestry, the Committee on Armed Services, the Committee on Banking, Housing, and Urban Affairs, the Committee on Commerce, Science, and Transportation, and the Committee on Energy and Natural Resources:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report 59 deferrals of fiscal year 1982 funds totaling $147.0 million.

Fifty-six of the deferrals, totaling $95.1 million, constitute the first group of deferrals of fiscal year 1982 funds made available for the period through November 20, 1981, by the Continuing Resolution, P.L. 97–51. These deferrals are intended to preserve Congressional options to act favorably on the proposals for reductions in FY 1982 budget authority that I announced on September 24, 1981, and subsequently transmitted to the Congress. These deferrals recognize the intent of Congress, reaffirmed during House and Senate action on the Continuing Resolution, that amounts provided in Continuing Resolutions are ceilings, not mandatory spending levels.

Accordingly, where the Continuing Resolution provides amounts in excess of my requests for the period of the resolution, deferrals are being proposed to restrain spending to levels in my requests until action on regular appropriations is complete. However, exceptions have been made in this general policy to avoid major administrative or personnel problems or to avoid serious disruption of an agency's missions.

Deferrals under the Continuing Resolution are included in this special message for the Executive Office of the President and twenty-two departments and agencies. Additional deferrals under the Continuing Resolution will be transmitted during the next week.

Three other deferrals, totaling $51.9 million, included in this special message report on amounts routinely carried forward from fiscal year 1981 in the Department of Health and Human Services that cannot be used immediately or are withheld pending completion of a review.

The details of each deferral are contained in the attached reports.

RONALD REAGAN.

THE WHITE HOUSE, *October 20, 1981.*

MESSAGES FROM THE HOUSE

ENROLLED BILL SIGNED

At 12:36 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

H.R. 4612. An act to temporarily delay the October 1, 1981, increase in the price support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

The enrolled bill was subsequently signed by the Vice President.

At 3:54 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the House has passed the following joint resolution, without amendment:

S.J. Res. 4. Joint resolution to authorize the President to issue a proclamation designating the week beginning November 22, 1981, as "National Family Week".

The message also announced that the House has passed the following joint resolution, in which it requests the concurrence of the Senate:

H.J. Res. 331. Joint resolution designating the fourth Sunday in October as "National Mother-in-Law Day".

HOUSE JOINT RESOLUTION REFERRED

The following resolution was read twice by unanimous consent, and referred as indicated:

H.J. Res. 331. Joint resolution designating the fourth Sunday in October as "National Mother-in-Law Day"; to the Committee on the Judiciary.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated.

EC–2078. A communication from the Secretary of Agriculture transmitting, pursuant to law, the fiscal year 1981 report on food and needs and availabilities; to the Committee on Agricutlure, Nutrition, and Forestry.

EC–2079. A communication from the Certifying Officer of the terminated Pacific Northwest River Basins Commission transmitting, pursuant to law, a report on a violation of law created by an overobligation of funds for Columbia River Estuary Data Development Programs; to the Committee on Appropriations.

EC–2080. A communication from the Secretary of Defense transmitting, pursuant to law, reports on four violations of law regarding overobligation of appropriated funds; to the Committee on Appropriations.

EC–2081. A communication from the Secretary of the Air Force transmitting a draft of proposed legislation to authorize the Secretary of Defense to enter into cooperative military airlift agreements with allied countries; to the Committee on Armed Services.

EC–2082. A communication from the Principal Deputy Assistant Secretary of the Air Force for Manpower, Reserve Affairs, and Installations transmitting, pursuant to law, notice of the Air Force's decision to withdraw certain support activities from Duluth International Airport, Minnesota; to the Committee on Armed Services.

EC–2083. A communication from the Acting Comptroller General of the United States transmitting, pursuant to law, a report entitled "Two Navy Ship Contracts Modified Under Authority of P.L. 85–804—Status as of August 3, 1980"; to the Committee on Armed Services.

EC–2084. A communication from the Secretary of the Interstate Commerce Commission transmitting, pursuant to law, a proposal for an extension of time to December 29, 1981 in the matter of Tennessee Valley Authority v. Louisville and Nashville Railroad Company; to the Committee on Commerce, Science, and Transportation.

EC–2085. A communication from the Assistant Secretary of Energy for Conservation and Renewable Energy transmitting, pursuant to law, notice of a delay in submission of the Department's fiscal year 1980 report on the Federal Geothermal Program; to the Committee on Energy and Natural Resources.

EC–2086. A communication from the Secretary of Health and Human Services transmitting, pursuant to law, a report on methods for providing coverage for orthopedic shoes under Medicare; to the Committee on Finance.

EC–2087. A communication from the Acting Comptroller General of the United States transmitting, pursuant to law, a report entitled "AID and Universities Have Yet to Forge an Effective Partnership to Combat World Food Problems"; to the Committee on Foreign Relations.

EC–2088. A communication from the U.S. Postal Rate Commission transmitting its opinion and recommended decision approving stipulation and agreement in Docket No. MC81–4, Express Mail Insurance; to the Committee on Governmental Affairs.

EC–2089. A communication from the Acting Comptroller General of the United States transmitting, pursuant to law, a report entitled "Federal Agencies Still Need to Develop Greater Computer Audit Capabilities"; to the Committee on Governmental Affairs.

EC–2090. A communication from the Chairman of the U.S. Commission on Civil Rights transmitting, pursuant to law, a report entitled "Who is Guarding the Guardians"; to the Committee on the Judiciary.

EC–2091. A communication from the Special Assistant to the Secretary of Defense transmitting, pursuant to law, the report on Small Business Participation in Department of Defense Procurement for the period October 1980–July 1981; to the Committee on Small Business.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–525. A resolution adopted by the House of Representatives of the Commonwealth of Massachusetts; to the Committee on Banking, Housing, and Urban Affairs:

"RESOLUTIONS MEMORIALIZING THE CONGRESS TO REJECT LEGISLATION THAT WOULD PREEMPT STATE CREDIT LAWS

"Whereas, legislation is pending before Congress which would preempt all State usury ceilings, thereby legalizing interest rates at loan shark levels for all consumer credit; and

"Whereas, title V of the Depository institutions deregulation and monetary control act of 1980 (Public Law 96–221 as amended) preempted State laws limiting rates and charges on certain consumer credit transactions; and

"Whereas, the laws of the various States have been more responsive to the needs of the citizens of those States, making such Federal preemption in this area undesirable and unnecessary; and

"Whereas, the Massachusetts General Court has often enacted landmark statutes, such as truth-in-lending, to protect consumers in credit transactions; and

"Whereas, Massachusetts has recently amended several credit laws to liberalize their restrictions in response to the current economic conditions, thereby demonstrating an ability to act when necessary in order to assure an adequate supply of consumer credit; and

"Whereas, Massachusetts has reaffirmed its desire to retain control of its interest rate statutes by overriding title V of said Public Law 96–221; and

"Whereas, legislation (H.R. 2501 and S. 1406) is now being considered in Congress which would among other things preempt State laws expressly limiting the nature, rate, amount of, or manner in which, interest finance charges or other fees may be charged; and

"Whereas, the legislation may not include authority for States to override such a Federal preemption; therefore be it

"*Resolved*, That the Massachusetts House of Representatives urges the United States Congress to reject any legislation that would preempt any part of the State credit laws; and be it further

"*Resolved*, That copies of these resolutions be forwarded by the clerk of the House of Representatives to the congressional delegation of this commonwealth and appropriate congressional committees."

POM–526. A resolution adopted by the National Advisory Council on Indian Education, relating to Federal Trust responsibility for Indian Education; to the Select Committee on Indian Affairs.

POM–527. A joint resolution adopted by the Legislature of the State of Montana; to the Committee on the Judiciary:

"JOINT RESOLUTION

"Whereas, with each passing year this nation becomes more deeply in debt as its expenditures grossly and repeatedly exceed available revenues; and

"Whereas, convinced that fiscal irresponsibility at the federal level, with the inflation that results from this policy, is the greatest threat that faces our nation, the Legislature firmly believes that constitutional restraint is vital to bring the fiscal discipline needed to restore financial responsibility; and

"Whereas, under Article V of the Constitution of the United States, amendments to the federal Constitution may be proposed by the Congress whenever two-thirds of both houses consider it necessary.

"*Now, therefore, be it resolved by the Senate and the House of Representatives of the State of Montana:*

"(1) That the Congress of the United States is requested to propose and submit to the states an amendment to the Constitution of the United States requiring that, in the absence of a national emergency, the federal budget be balanced each fiscal year within 4 years after the amendment is ratified by the various states.

"(2) That as this resolution is the exercise of a fundamental power of the sovereign states under the Constitution of the United States, it is requested that receipt of this resolution by the Senate and the House of Representatives of the Congress of the United States be officially noted and entered upon their respective records and that the full text of this resolution be published in the official publication of both the Senate and the House of Representatives of the Congress.

"(3) That copies of this resolution be sent by the Secretary of State of Montana to the Secretary of State and presiding officers of both houses of the legislatures of each state in the Union, the Speaker and the Clerk of the United States House fo Representatives, the President and the Secretary of the United States Senate, and to each member of the Montana congressional delegation."

POM–528. A petition from a citizen of Arvada, Colorado, relating to compulsory unionism and outlaw monopoly bargaining in the federal service; to the Committee on Labor and Human Resources.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary, favorably without amendment:

S. 175: A bill for the relief of Puangpaka Vertrees and Puangtip Vertrees (Rept. No. 97-212).

S. 235: A bill for the relief of Hyong Cha Kim Kay (Rept. No. 97-213).

S. 278: A bill for the relief of Hun Sik Sanderson (Rept. No. 97-214).

S. 555: A bill for the relief of Michael Whitlock (Rept. No. 97-215).

S. 593: A bill for the relief of Rosita N. Pacto (Rept. No. 97-216).

By Mr. THURMOND, from the Committee on the Judiciary, favorably with an amendment and an amendment to the title:

S. 174: A bill for the relief of Walter Prey (Rept. No. 97-217).

By Mr. THURMOND, from the Committee on the Judiciary, favorably with an amendment in the nature of a substitute:

S. 1143: A bill for the relief of Sang Sun Russo (Rept. No. 97-218).

S. 1144: A bill for the relief of Maxine Ann Fricioni (Rept. No. 97-219).

By Mr. THURMOND, from the Committee on the Judiciary, favorably with amendments:

S. 167: A bill for the relief of Juan Esteban Ramirez (Rept. No. 97-220).

By Mr. THURMOND, from the Committee on the Judiciary, favorably with an amendment and an amendment to the title:

S. 220: A bill for the relief of Duk Chan Byun, his wife Yung Ja Byun, and his children Hye Ja Byun, Hye Sun Byun, Hye Ryung Byun, and Yung Eun Byun (Rept. No. 97-224).

By Mr. THURMOND, from the Committee on the Judiciary, favorably with amendments and an amendment to the title:

S. 367: A bill for the relief of Kuan Sheng Fong a/k/a Pete K. S. Fong; and Shyr Yuh-Yu Fong a/k/a Nancy Fong, his wife; and Suen Wei Fong, a/k/a Sylvia Fong, his daughter, and I. Chun Fong a/k/a Victor Fong, his son (Rept. No. 97-221).

By Mr. THURMOND, from the Committee on the Judiciary, favorably with amendments:

S. 1093: A bill for the relief of Sandra Reyes Pellecer (Rept. No. 97-222).

By Mr. THURMOND, from the Committee on the Judiciary, favorably with an amendment in the nature of a substitute and an amendment to the title:

S. 215: A bill for the relief of Inocencio Eder and Lourie Ann Eder (Rept. No. 97-223).

By Mr. THURMOND, from the Committee on the Judiciary, favorably with an amendment:

S. 244: A bill for the relief of Doctor Joselito Sison Almario, and his wife, Leticia Almario (Rept. No. 97-225).

S. 280: A bill for the relief of Yaeko Howell (Rept. No. 97-226).

S. 340. A bill for the relief of Doctor Herman Sardjono and his wife, Erlanda Sardjono (Rept. No. 97-227).

By Mr. THURMOND, from the Committee on the Judiciary, favorably with amendments:

S. 191: A bill for the relief of Tessie and Enrique Marfori (Rept. No. 97-228).

S. 236: A bill for the relief of Peter Chi Hung Kwok, doctor of medicine, and Ping Chi Chau Kwok, husband and wife (Rept. No. 97-229).

By Mr. THURMOND, from the Committee on the Judiciary, favorably without amendment:

H. R. 661: A bill for the relief of Blanca Rosa Luna de Frei (Rept. No. 97-230).

H. R. 688: A bill for the relief of Junior Edmund Moncrieffe (Rept. No. 97-231).

H. R. 783: A bill for the relief of Roland Karl Heinz Vogel (Rept. No. 97-232).

H. R. 1459: A bill for the relief of Madeleine Mesnager (Rept. No. 97-233).

H. R. 1480: A bill for the relief of Omar Marachi (Rept. No. 97-234).

H. R. 1550: A bill for the relief of Aurora Isidra Rullan Diaz (Rept. No. 97-235).

H. R. 1785: A bill for the relief of Gladys Belleville Schultz (Rept. No. 97-236).

H. R. 2010: A bill for the relief of Kai-Mee Chen (Rept. No. 97-237).

H. R. 2185: A bill for the relief of Hanife Frantz (Rept. No. 97-238).

H. R. 2573: A bill for the relief of Moses Bank (Rept. No. 97-239).

H. R. 2975: A bill for the relief of Yuk Lee Li (Rept. No. 97-240).

By Mr. THURMOND, from the Committee on the Judiciary, favorably without amendment and with a preamble:

H.J. Res. 268: Joint resolution to designate October 23, 1981, as "Hungarian Freedom Fighters Day".

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary:

William L. Garwood, of Texas, to be U.S. circuit judge for the fifth circuit;

Hayden Wilson Head, Jr., of Texas, to be U.S. district judge for the southern district of Texas;

James R. Nowlin, of Texas, to be U.S. district judge for the western district of Texas;

H. Franklin Waters, of Arkansas, to be U.S. district judge for the western district of Arkansas;

Dan K. Webb, of Illinois, to be U.S. attorney for the northern district of Illinois for the term of 4 years;

Ronald E. Meredith, of Kentucky, to be U.S. attorney for the western district of Kentucky for the term of 4 years;

Stanford O. Bardwell, Jr., of Louisiana, to be U.S. attorney for the middle district of Louisiana for the term of 4 years;

Joe D. Whitley, of Georgia, to be U.S. attorney for the middle district of Georgia for the term of 4 years;

P. A. Mangini, of Connecticut, to be U.S. marshal for the district of Connecticut for the term of 4 years;

Ralph L. Boling, of Kentucky, to be U.S. marshal for the western district of Kentucky for the term of 4 years;

Robert W. Foster, of Ohio, to be U.S. marshal for the southern district of Ohio for the term of 4 years;

Donald James Quigg, of Oklahoma, to be Deputy Commissioner of Patents and Trademarks.

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs:

Edgar F. Callahan, of Illinois, to be a Member of the National Credit Union Administration Board for the term expiring August 2, 1987.

By Mr. HATCH, from the Committee on Labor and Human Resources:

John F. Cogan, of California, to be an Assistant Secretary of Labor; and

Lenora Cole-Alexander, of the District of Columbia, to be Director of the Women's Bureau, Department of Labor.

(The above nominations were reported from the Committee on Labor and Human Resources with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. PERCY, from the Committee on Foreign Relations:

Alan M. Hardy, of Virginia, a Foreign Service Officer of class one, to be Ambassador Extraordinary and Plenipotentiary of the United States to the Republic of Equatorial Guinea:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Alan M. Hardy.

Post: Ambassador to Equatorial Guinea.

Contributions, amount, date, donee:

1. Self, none.

2. Spouse, Suzanne B. Hardy, none.

3. Children and spouses names: David Hardy, $5.00, Oct. 1980, Democratic Party; Catherine Keberly Hardy, none. Robert, Joan, James, and Allan Dickson (step-children), none.

4. Parents names: deceased.

5. Grandparents names: deceased.

6. Brothers and spouses names: Steven B. Hardy and Pat Hardy, none.

David Charles Miller, Jr., of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States to the United Republic of Tanzania:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: David Charles Miller, Jr.

Post: Ambassador to Tanzania.

Contributions, amount, date, donee:

1. Self and spouse:

David and Mollie Miller.

1981—None.

1980—July 21, 1980, Republican Pres-Unity Comm., $50; September 24, 1980, Pauken for Congress, $50.

1979—May 3, 1979, Westinghouse Employees Political Participation Plan (WEPPP), $50; July 16, 1979, WEPPP, $50.

1978—May 2, 1978, Wirth for Congress, $20; July 10, 1978, Wirth for Congress, $50; September 1, 1978, WEPPP, $200.

1977—August 9, 1977, Gardner for Council, $30.

(One donation—to Charles Ravenel for Senate—in the $50 range will be documented as soon as records are available.)

2. Children and Spouses—None.

3. Parents: David C. and Patricia A. Miller, Jr., my parents:

1977—May 30, 1977, Americans Against Union Control of Government, $2.

1978—February 1, 1978, National Republican Committee to the Senate, $10.

1979—October 30, 1979, Committee for Cleveland Heights Progress, $15.

1980—March 18, 1980, Cleveland Heights Republican Club, $5; Cleveland Heights Republican Club, $6; September 20, 1980, Cuyahoga Republican Organization, $20; October 20, 1980, G.O.P. Victory Fund, $50; October 20, 1980, Nahra for Congress, $30.

1981—January 6, 1981, Nahra for Congress, $25; April 5, 1981, Cleveland Heights Republican Club, $5; April 24, 1981, G.O.P. Victory Fund, $25.

Thornton and Helen Lake, wife's parents:

1977—August 20, 1977, Senator J. Helms, $5.

1978—None.

1979—September 11, 1979, Voinovich for Mayor, $15; October 28, 1979, Reagan for President, $50.

1980—August 4, 1980, Ohio Fair Taxation, $10; August 8, 1980, Republican National Comm., $10; September 18, 1980, Ohio Republican Comm., $15; September 22, 1980, Republican National Comm., $15.

1981—June 18, 1981, Ashbrook for Senate, $100.

Helen Lake:

1980—September 22, 1980, Ohio State Republican Comm., $100; October 29, 1980, Victory '80 Campaign (GOP), $100.

1981—April 29, 1981, Ohio Republican Party, $150.

4. Grandparents—None.

5. Brothers and spouses—None.

6. Sisters and spouses—None.

Thomas R. Pickering, of New Jersey, a Foreign Service Officer of the Class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States to the Federal Republic of Nigeria:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Thomas R. Pickering.

Post: Lagos, Nigeria.

Contributions, amount, date, donee.

1. Self, none.

2. Spouse, none.

3. Children and spouses: Margaret S. Pickering, Timothy R. and Mary Ann Pickering, none.

4. Parents: Hamilton R. and Sarah C. Pickering, none.

5. Grandparents, none.

6. Brothers and spouses, none.

7. Sisters and spouses, Marcia and Bruce Hunt, none.

(The above nominations were reported from the Committee on Foreign Relations with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. THURMOND:

S. 1750. A bill to amend section 8914 of title 10, United States Code, to authorize the retention in the Air Force Reserve of certain regular enlisted members retired under that section until such members' total service equals 40 years or until such members attain the age of 60 years, whichever occurs earlier; to the Committee on Armed Services.

By Mr. HATCH (by request):

S. 1751. A bill to amend the Freedom of Information Act, and for other purposes; to the Committee on the Judiciary.

By Mr. HEINZ (for himself and Mr. TSONGAS):

S. 1752. A bill to amend the Home Owner's Loan Act to increase the lending, investment and operating authority of Federal mutual savings banks; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. MATSUNAGA:

S. 1753. A bill for the relief of Clayton Timothy Boyle and Clayton Louis Boyle, son and father; to the Committee on the Judiciary.

By Mr. HEINZ (for himself, Mr. PACKWOOD, Mr. BRADLEY, Mrs. KASSEBAUM, Mr. PERCY, Mr. COHEN, Mr. PRYOR, Mr. MELCHER, and Mr. BURDICK):

S. 1754. A bill to amend title XVIII of the Social Security Act to remove the 3-day prior hospitalization requirement for coverage of extended care services; to the Committee on Finance.

By Mrs. HAWKINS (for herself and Mr. CHILES):

S. 1755. A bill to amend chapter 207 of title 18 of the United States Code to provide explicitly for consideration of the sources of bail money and the risk to the safety of the public and other persons in proceedings for the consideration of release of criminal defendants in drug related cases before trial under that chapter; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. THURMOND:

S. 1750. A bill to amend section 8914 of title 10, United States Code, to authorize the retention in the Air Force Reserve of certain regular enlisted members retired under that section until such members' total service equals 40 years or until such members attain the age of 60 years, whichever occurs earlier; to the Committee on Armed Services.

RETENTION OF CERTAIN MEMBERS IN THE AIR FORCE RESERVE

Mr. THURMOND. Mr. President, I rise to introduce a bill to relieve a critical shortage of highly skilled personnel in the Air Force Reserve, such as loadmasters and flight engineers.

Title 10, United States Code, sections 269(d) and 8914, is the governing law which is utilized when necessary in the recall of retired loadmasters and flight engineers in the Air Force Reserve. This law provides the Secretary of the Air Force with the authority to place members of the Retired Reserve who are entitled to retired pay in the Ready Reserve. The Secretary of the Air Force must determine in each specific case that such reservists are indispensable in the Ready Reserve.

Mr. President, the Air Force has used this provision since 1969 to recall flight engineers, and since 1974 to recall loadmasters. There is a restriction placed on the number of personnel which the Secretary is authorized to recall in these skilled categories. Only 25 percent of the total personnel authorized in each Air Force wing in these two special skills can be recalled. Also, the total service, Active and Reserve, of the reservist involved cannot exceed 30 years of military service.

The Air Force Ready Reserve plays a vital role alongside the Active Force in combat readiness training with specific unit missions in the strategic airlift. The reservists serve with Active Force aircraft.

Retirement eligible Ready Reservists are retained in the Ready Reserve only when their critical skills are required in the unit to insure that the unit will remain in an operationally combat-ready status. Each case is individually determined by the Secretary of the Air Force.

Mr. President, my bill would expand the authority of the Secretary of the Air Force to allow indispensable retired individuals to continue in the Ready Reserve as required, until they reach 40 years of combined military service, or 60 years of age, whichever comes first.

However, the 25 percent restriction on retired reservists being retained in this Ready Reserve category will remain in effect under this bill. The authority granted the Secretary of the Air Force under this measure only extends the mandatory retirement date.

This change will save $2.5 million in the next 5 years in training costs, and it will assist in maintaining the combat readiness of the Air Force Reserve. At the present time, this measure, if approved, will allow the Air Force to retain 34 critically needed loadmasters and flight engineers who will otherwise be mandatorily retired in March 1982.

I urge my distinguished colleagues to grant the Secretary of the Air Force this important authority to help maintain the combat readiness of the Air Force.

Mr. President, I ask unanimous consent that this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1750

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8914 of title 10, United States Code, relating to the retirement of enlisted members of the Air Force who have at least 20 years but less than 30 years of service, is amended—

(1) by inserting "(a)" before "Under" at the beginning of such section;

(2) by striking out "A" at the beginning of the third sentence and inserting in lieu thereof "Except as provided in subsection (b), a"; and

(3) by adding at the end a new subsection as follows:

"(b) A regular enlisted member who has been retired and has become a member of the Air Force Reserve under this section and has been placed in the Ready Reserve pursuant to the authority contained in the second sentence of section 269(d) of this title may be retained in the Air Force Reserve until such member's service computed under section 8925 of this title, plus his inactive service as a member of the Air Force Reserve, equals 40 years or until such member attains 60 years of age, whichever occurs first.".

By Mr. HATCH (by request):

S. 1751. A bill to amend the Freedom of Information Act, and for other purposes; to the Committee on the Judiciary.

FREEDOM OF INFORMATION ACT IMPROVEMENTS ACT OF 1981

● Mr. HATCH. Mr. President, I am honored today to introduce on behalf of Attorney General William Smith and Assistant Attorney General Jonathan Rose, the Reagan administration's proposed amendments to the Freedom of Information Act. This proposal is a part of the Department of Justice's legislative program for the 97th Congress.

The letter and spirit of the act require all agencies to respond promptly and fully to requests for information from the general public, except where this would compromise other important governmental functions. These vital functions which might be impaired by indiscriminate disclosures are protected by several exemptions in the act.

Extensive hearings before the Constitution Subcommittee have revealed that in some instances the Freedom of Information Act (FOIA) has been misused in ways that are inconsistent with the goals Congress had in mind when it enacted FOIA in 1966.

Some requirements of the act have impeded proper law enforcement activities and jeopardized national security

functions. In addition, the act has cost hundreds of times more than Congress contemplated even as recently as 1974, when the Government-wide expense of FOIA was estimated at $40,000 to $100,000.

Even the Federal courts have acknowledged the increasing burdens imposed by the act on some vital governmental functions. A very recent example concerns requests for intelligence files by Mr. Philip Agee, a private citizen who has announced a campaign to expose the Central Intelligence Agency officers wherever they are operating. Responding to Mr. Agee's requests has cost the American public nearly $500,000. A respected Federal district court judge who heard the which arose over the requests stated that:

[I]t is amazing that a rational society tolerates the expense, the waste of resources, the potential injury to its own security which this process necessarily entails." *Agee v. Central Intelligence Agency*, 517 F. Supp. 1335, 1341–42 n.5 (D.D.C. 1981).

Another recent opinion by the U.S. Court of Appeals for the Third Circuit stated:

What concerns us particularly is that a law enforcement agency, the FBI, is being required to expend sorely needed resources, not to deal with the burgeoning problems of crime which seriously besets all our citizens, but to devote a large number of hours of exacting labor sorting our affidavits that were collected to apprehend crimes and prosecute offenders. Moreover, informants, once aware that copies of affidavits submitted to law enforcement agencies can be made public, might be inhibited from future cooperation.

A further concern is that the use of the FOIA, in the fashion employed here, will impose an additional burden on the trial courts that are already overworked. It will make it necessary for them to review large numbers of records, such as had been requested here, in camera. And the fact that this procedure will be placed in an adversarial context will further prolong the process and add to its vexatious nature.

Perhaps when Congress is made aware of the problems spawned by the use of the Act which we have identified here and on which Judge Adams has commented in a slightly different context in *Ferri v. Bell*, 645 F. 2d 1213, 1226 n.17 (3d Cir. 1981), it will attempt to accommodate the concerns which we have expressed. *Lame v. United States Department of Justice*, 654 F.2d 917, 929 (1981).

To remedy these and other shortcomings in the current act. the administration offers a series of amendments to the Freedom of Information Act to improve procedures for the disclosure of information and to give broader protection to certain types of information. The changes proposed by the amendments are as follows:

The amendments would clarify several of the act's exemptions and procedures to strengthen the protection given to information where disclosure would result in an unwarranted invasion of personal privacy, harm the public interest in law enforcement, injure the legitimate commercial interests of private parties who have submitted proprietary information to the Government, or impede the effective collection of intelligence.

The amendments would preclude the use of the Freedom of Information Act as a means to circumvent discovery rules by parties in litigation.

The amendments would provide for expedited processing of requests from the media and others seeking information for broad public dissemination while establishing realistic time requirements for agencies to respond to requests and decide appeals.

The amendments would establish procedures enabling submitters of confidential commercial or financial information to object to the Government's release of such information.

The amendments would permit the Government to charge requesters fees that more closely reflect the actual costs of the Government's search and review of documents.

The amendments would add two new exemptions from the act for records generated in legal settlements and records containing technical information the export of which is controlled by law.

This administration bill will be considered in conjunction with S. 1730—see CONGRESSIONAL RECORD, October 7, 1981, page 23658—as the Subcommittee on the Constitution holds another hearing and then proceeds to mark up on this subject.

Mr. President, I ask unanimous consent that the text of the bill and the section-by-section analysis prepared by the Justice Department be printed in the RECORD.

There being no objection, the bill and section-by-section analysis were ordered to be printed in the RECORD, as follows:

S. 1751

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Freedom of Information Improvements Act of 1981".

AMENDMENTS RELATING TO THE OBLIGATION TO MAKE RECORDS AVAILABLE

SEC. 2. Section 552(a) of title 5, United States Code, is amended—

(a) in paragraph (2)—

(1) by adding in subparagraph (A) ", if the final opinions or orders are cited, used, or relied on as precedent by the agency" after "cases"; and

(2) by striking out "a clearly unwarranted" in the second sentence and inserting in lieu thereof "an unwarranted";

(b) by amending paragraph (3) to read as follows:

"(3)(A) Except with respect to the records made available under paragraphs (1) and (2) of this subsection, each agency, upon any request by any United States person for records which (i) reasonably describes such records and (ii) is made in accordance with published rules stating the time, place, fees and procedures to be followed, shall make the records promptly available to the requester.

"(B) A requester shall not make or maintain a request under this paragraph for records relating to the subject matter of any ongoing judicial or adjudicatory administrative proceeding (civil or criminal) to which the requester, or any person upon whose behalf the requester acts in making the request, is a party.

"(C) An agency may require by regulation that each request for records under this section include declarations by the requester that the requester, or any person upon whose behalf the requester acts in making the request, is

"(i) a United States person as defined in this section, and

"(ii) not barred by subsection (a)(3)(B) from making the request.

A request that does not comply with any such regulation requirement is not a proper request under this section."; and

(c) by adding the following new paragraphs at the end thereof:

"(7) An agency is not required to disclose any material requested under this subsection which consists of newspaper clippings, magazine articles, court records, publications available from the Government Printing Office, or any similar items which are in the public record or otherwise publicly available, but the agency shall inform the requester of the nature of such public source materials.

"(8) Nothing in this section shall be deemed applicable in any way to the informant records maintained by a law enforcement agency under an informant's name or personal identifier, whenever access to such records is sought by a third party according to the informant's name or personal identifier.".

AMENDMENTS RELATING TO FEES

SEC. 3. Paragraph (4)(A) of section 552(a) of title 5, United States Code, is amended—

(a) by striking out the second sentence and inserting in lieu thereof the following: "The schedule may provide for the payment of all costs reasonably attributable to responding to the request, including the costs of searching for, reviewing, and duplicating requested records. If the requested records contain commercially valuable technological or reference information, generated or acquired by the government at substantial cost to the public, fees may be charged which reflect the fair market value or royalties or both, in addition to or in lieu of any processing fees otherwise chargeable, taking into account such factors as the estimated commercial value of the information, its cost to the government, and any public interest served by its disclosure."; and

(b) by adding after the word "determines" in the last sentence ", in the exercise of its discretion,".

AMENDMENTS RELATING TO THE ADMINISTRATIVE RIGHTS OF SUBMITTERS OF INFORMATION

SEC. 4. Paragraph (4) of section 552(a) of title 5, United States Code, is amended—

(a) by redesignating subparagraph (B) as subparagraph (E), and by redesignating subparagraphs (C) through (G) as subparagraphs (J) through (N), respectively; and

(b) by adding after subparagraph (A) the following new subparagraphs:

"(B) Each agency shall promulgate regulations, pursuant to notice and receipt of public comment, specifying procedures by which—

"(i) a submitter may be required to designate, at the time of submission, any information consisting of trade secrets, commercial or financial information, or other commercially valuable information, which is exempt from disclosure under subsection (b)(4);

"(ii) the agency shall notify the submitter that a request has been made for information provided by the submitter within a reasonable time prior to a decision to release any such information;

"(iii) the submitter may, within ten working days of the forwarding of such notification, submit to the agency written objection to such disclosure specifying all grounds upon which it is contended that the information should not be disclosed; and

"(iv) the agency shall notify the submitter of any final decision to release such information.

"(C) An agency is not required to notify a submitter pursuant to subparagraph (B) if—

"(i) the information requested is not designated by the submitter as exempt from disclosure in accordance with agency regulations promulgated pursuant to paragraph

(4)(B)(i), if such designation is required by the agency;

"(ii) the agency determines, prior to giving such notice, that the request should be denied;

"(iii) the disclosure is required by law (other than this section); or

"(iv) the information lawfully has been published or otherwise made available to the public.

"(D) If a submitter has objected, pursuant to subparagraph (B)(iii), to disclosure of information that the agency determines to be exempt from disclosure under subsection (b)(4), the agency shall not release such information unless the agency determines in writing that the failure to disclose the records would injure an overriding public interest and disclosure is not otherwise prohibited by law.".

AMENDMENTS RELATING TO JUDICIAL REVIEW

SEC. 5. Paragraph (4) of section 552(a) of title 5, United States Code, is amended—

(a) by amending redesignated subparagraph (E) to read as follows:

"(E) On complaint filed by a requester within 90 days from the date of final agency action or by a submitter prior to the release of submitted information, the district court of the United States in the district in which the complainant resides, or has his principal place of business, or in which the agency records are situated, or in the District of Columbia, has jurisdiction—

"(i) to enjoin the agency from withholding agency records and to order the production of any agency records improperly withheld from the requester; or

"(ii) to enjoin the agency from any disclosure of records which was objected to by a submitter under subparagraph (B)(iii) or which would have been objected to had notice been given as required by subparagraph (B)(ii).";

(b) by adding after subparagraph (E) the following new subparagraphs:

"(F) In an action based on a complaint—

"(i) by a requester, the court shall have jurisdiction over any submitter of information contained in the requested records, and any such submitter may intervene as of right in the action; and

"(ii) by a submitter, the court shall have jurisdiction over any requester of records containing information which the submitter seeks to have withheld, and any such requester may intervene as of right in the action.

"(G) The agency that is the subject of the complaint shall promptly, upon service of a complaint—

"(i) seeking the production of records, notify each submitter of information contained in the requested records that the complaint was filed; and

"(ii) seeking the withholding of records, notify each requester of the records that the complaint was filed.

"(H) In any action in which a requester is an intervenor or is joined the court shall on timely motion of the requester transfer the action to a district court which would have had jurisdiction had the action been brought by the requester, unless the court otherwise directs for good cause shown.

"(I) In a case in which a record is withheld under subsection (b)(1), the court shall not enjoin the agency from withholding such record unless the agency's action is found to be arbitrary or capricious. In all other cases, the court shall determine the matter de novo. The court may examine the contents of requested agency records in camera to determine whether such records or any part thereof shall be withheld under any of the exemptions set forth in subsection (b) of this section. The burden is on the agency to sustain its action to withhold information and the burden is on any submitter seeking the withholding of information. The court shall maintain under seal any affidavit or record submitted in camera to the court in support of the applicability of any exemption, and shall stay any order requiring the release of records pending final judicial resolution of any appeal from such order."; and

(c) in redesignated subparagraph (L)—

(1) by adding "or any submitter who is a party to the litigation" after "United States"; and

(2) by striking out "complainant" and inserting in lieu thereof "requester".

AMENDMENTS RELATING TO THE TIME FOR AGENCY RESPONSE

SEC. 6. Paragraph (6) of section 552(a) of title 5, United States Code, is amended—

(a) in subparagraph (A)—

(1) by striking out "for records made under paragraph (1), (2), or (3) of this subsection" and inserting in lieu thereof "made under paragraph (1), (2), or (3) of this subsection for records which are sufficiently identified and limited that no more than eight working hours of search and review time are required to respond to the request, and which do not contain trade secrets, commercial or financial information, or other commercially valuable information provided by a submitter";

(2) in clause (i), by striking out "ten days (excepting Saturdays, Sundays, and legal public holidays)" and inserting in lieu thereof "ten working days"; and

(3) in clause (ii), by striking out "twenty days (excepting Saturdays, Sundays, and legal public holidays)" and inserting in lieu thereof "twenty working days";

(b) by amending subparagraph (B) to read as follows:

"(B) Except as provided in subparagraph (A), each agency, upon any request for records made under paragraph (1), (2), or (3) of this subsection, shall—

"(i) within thirty working days after the receipt of the request—

"(a) determine whether to comply with such request, in whole or in part, and immediately notify the requester of such determination and the reasons therefor, and of the requester's right to appeal to the head of the agency any adverse determination; or

"(b) notify the requester of the estimated time period required for such determination, and the reasons therefor, such time period to be established in accordance with agency regulations promulgated thereunder but not to exceed one year; and

"(ii) within thirty working days after the receipt of an appeal—

"(a) make a determination of the appeal; or

"(b) notify the requester of the estimated time period required for such determination, and the reasons therefor, such time period to be established in accordance with agency regulations promulgated hereunder but not to exceed six months.

If on appeal the denial of the request for records is in whole or in part upheld, the agency shall notify the requester of the provisions for judicial review of that determination under paragraph (4) of this subsection.";

(c) by redesignating subparagraph (C) as subparagraph (E);

(d) by adding the following new subparagraphs after subparagraph (B):

"(C) Each agency shall promulgate regulations pursuant to notice and receipt of public comment, specifying the time periods under subparagraph (B). Such regulations shall provide for the shortest practicable time periods and shall take into account all relevant factors, including but not limited to—

"(i) the volume of requests and appeals received by the agency;

"(ii) the resources available to the agency for the processing of such requests and appeals;

"(iii) the volume of records required to be searched to locate all records responsive to the request or appeal;

"(iv) the volume of responsive records required to be reviewed for release pursuant to the request or appeal;

"(v) the need to search for or review records maintained in field facilities or other establishments that are separate from the agency office processing the request or appeal;

"(vi) the character of the records requested;

"(vii) the need for consultation, which shall be conducted with all practicable speed, with another agency or among two or more components of the agency having substantial subject matter interest therein; and

"(viii) the need for notification of submitters of information and for consideration of any objections to disclosure made by such submitters.

"(D) Each agency shall promulgate regulations, pursuant to notice and receipt of public comment, by which a requester who demonstrates a compelling need for expedited access to records and whose request for information will primarily benefit the general public may, as a matter of the agency's discretion, be given processing priority over other requesters."; and

(e) in redesignated subparagraph (E)—

(1) by striikng out "person making a request to any agency for records under paragraph (1), (2), or (3) of this subsection" and inserting in lieu thereof "requester";

(2) by adding after the first sentence the following new sentence: "If a requester files a complaint under paragraph (4)(E), the administrative remedies of a submitter of information contained in the records which are the subject of the request shall be deemed to have been exhausted."; and

(3) in the next to last sentence, by striking out "such person making such request" and inserting in lieu thereof "the requester, except that if the disclosure of records is objected to by a submitter pursuant to paragraph (4)(B)(iii), the agency shall not disclose the records for fifteen working days after notice of the final decision to release the requested information has been forwarded to the submitter.".

AMENDMENTS RELATING TO EXEMPTIONS

SEC. 7. Section 552(b) of title 5, United States Code, is amended as follows:

(a) Paragraph (2) is amended by adding ", including such materials as (A) manuals and instructions to investigators, inspectors, auditors, and negotiators, and (B) examination material used solely to determine individual qualifications for employment, promotion, and licensing" after "agency".

(b) Paragraph (4) is amended to read as follows:

"(4) trade secrets, and commercial or financial information or other commercially valuable information obtained from any person if the information is privileged or if its release may impair either the legitimate competitive, financial, or business interests of any person or the government's ability to obtain such information in the future;".

(c) Paragraph (6) is amended to read as follows:

"(6) records or information concerning individuals the release of which would constitute an unwarranted invasion of personal privacy, including compilations of lists of names and addresses that could be used for solicitation purposes;".

(d) Paragraph (7) is amended—

(1) in the introductory language—

(A) by striking out "investigatory records" and inserting in lieu thereof "records or information"; and

(B) by adding "or information" after "such records";

(2) by amending subparagraph (A) to read as follows:

"(A) reveal investigatory information relating to an ongoing investigation or enforcement proceeding,";

(3) by amending subpargraphs (D), (E), and (F) to read as follows:

"(D) tend to disclose the identity of a confidential source, including any foreign, state, or other public agency or authority or any private institution that furnished information on a confidential basis, and, in the case of a record or information compiled by a criminal law enforcement authority in the course of a criminal investigation, or by an agency conducting a lawful national security intelligence investigation, information furnished by a confidential source, (E) disclose techniques, procedures, guidelines, or priorities for law enforcement investigations or prosecutions, (F) endanger the life or physical safety of any natural person, or"; and

(4) by adding the following new subpargraph at the end thereof:

"(G) disclose information relating to such categories of investigations of terrorism, organized crime, or foreign counterintelligence as are defined by the Attorney General by regulation or order;".

(e) Paragraph (8) is amended by striking out "or" at the end thereof.

(f) Paragraph (9) is amended by striking out the period at the end thereof and inserting in lieu thereof a semicolon.

(g) Subsection (b) is amended by adding the following new paragraphs after paragraph (9):

"(10) records generated by the United States or any party in connection with the settlement of a legal action in which the United States is a party or has an interest; or

"(11) technical data that may not be exported lawfully outside the United States without an approval, authorization, or a license from an agency, unless the requester has obtained the appropriate approval, authorization, or license.".

AMENDMENTS RELATING TO REPORTING REQUIREMENTS

Sec. 8. Section 552(d) of title 5, United States Code, is amended—

(a) by striking out "calendar" the second and fourth places it appears and inserting in lieu thereof "fiscal";

(b) in paragraph (4), by striking out "subsection (a)(4)(F)" and inserting in lieu thereof "subsection (a)(4)(M)"; and

(c) in the next to the last sentence, by striking out "subsections (a)(4)(E), (F), and (G)" and inserting in lieu thereof "subsections (a)(4)(L), (M), and (N)".

AMENDMENTS RELATING TO DEFINITIONS

SEC. 9. Section 552(e) of title 5, United States Code, is amended to read as follows:

"(e) For purposes of this section—

"(1) 'agency' as defined in section 551(1) of this title includes any executive department, military department, Government corporation, Government controlled corporation, or other establishment in the executive branch of the Government (including the Executive Office of the President), or any independent regulatory agency;

"(2) 'submitter' means any person who has submitted to an agency (other than an intelligence agency) trade secrets, commercial or financial information (other than personal financial information), or other commercially valuable information, in which the person has a commercial or proprietary interest;

"(3) 'requester' means any person who makes or causes to be made, or on whose behalf is made, a proper request for disclosure of records under subsection (a);

"(4) 'United States person' means a citizen of the United States or an alien lawfully admitted for permanent residence (as defined in section 101(a)(20) of the Immigration and Nationality Act, 8 U.S.C. 1101(a)(20)), an unincorporated association a substantial number of members of which are citizens of the United States or aliens lawfully admitted for permanent residence, or a corporation which is incorporated in the United States, but does not include a corporation or an association that is a foreign power, as defined in section 101(a) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801(a));

"(5) 'working days' means every day excluding Saturdays, Sundays, and Federal legal holidays;

"(6) 'record' means existing documentation of information in any form, including computer tapes and discs, but does not include system software in any form or documentation created for the personal convenience of any government employee or official.".

SECTION-BY-SECTION ANALYSIS

I. INTRODUCTION

The bill proposes amendments to the Freedom of Information Act, 5 U.S.C. § 552, in order to improve the administration of the Act, remedy unforeseen problems that have arisen under the Act, correct judicial constructions of the Act which do not comport with the original intent of Congress, and generally balance the public interest in disclosure of government information with the public interest in effective government. The proposed amendments would improve the Act in several respects:

First, they would clarify several of the Act's exemptions and procedures in order to strengthen the protection given to information where disclosure would result in an unwarranted invasion of privacy, harm to the public interest in effective law enforcement, or harm to the legitimate commercial interests of private parties who have submitted information to the government, or where the threat of disclosure would harm the public interest in the effective collection of intelligence.

Second, the amendments would preclude the use of the Freedom of Information Act as a means to circumvent discovery rules by parties in litigation.

Third, the amendments would establish realistic time requirements for agencies to respond to requests and decide appeals, while assuring prompt responses to limited requests and requests which primarily benefit the general public.

Fourth, the amendments would establish procedures enabling submitters of confidential commercial or financial information to object to the government's release of such information.

Fifth, the amendments would permit the government to charge requesters fees that more closely reflect the actual costs of the government's search for and review of documents.

Sixth, the amendments would add two new exemptions relating to records generated in legal settlements and technical information the export of which is controlled by law.

In general, the bill sets forth the proposed amendments to the Freedom of Information Act, by topic, in the order in which the affected provisions of the Act appear in current law. This section by section analysis describes the proposed amendments in the same order.

II. SECTION 1 OF THE BILL—POPULAR NAME

Section 1 of the bill states that the Act may be cited as the "Freedom of Information Improvements Act of 1981".

III. SECTION 2 OF THE BILL—PROPOSED AMENDMENTS TO 5 U.S.C. § 552(a) RELATING TO THE OBLIGATION TO MAKE RECORDS AVAILABLE

Section 2 of the bill would change the government's obligations under paragraphs (2) and (3) of section 552(a) in five ways: (1) it would relax the requirement that agencies index opinions and orders where those opinions and orders have no precedential value; (2) it would limit the right to make requests under the Act for disclosure of government records to "United States persons"; (3) it would restrict the use of the Act to supplement or circumvent discovery limitations; (4) it would free agencies from having to disclose information that is already publicly available; and (5) it would render the Act inapplicable to law enforcement informant records whenever such records are specifically requested by third parties.

A. Final Opinions and Orders of an Agency:

Section 2(a) of the bill contains two proposed amendments to subsection (a)(2) of 5 U.S.C. § 552.

First, paragraph (1) of section 2(a) of the bill would amend subsection (a)(2)(A) of the Act to relieve an agency from the requirement that it make available for public inspection and copying all of its final opinions and orders if those opinions and orders have no precedential value. Under current law, an agency is required to index and make available for public inspection and copying all final opinions and orders whether or not the opinions and orders are ever used as precedent or have any value to the public.

This requirement can impose very exepnsive indexing burdens on agencies that provide little or no public benefit. For example, in *National Prison Project* v. *Sigler*, 390 F. Supp. 789 (D.D.C. 1975), the court held that the decisions denying federal prisoners' applications for parole are subject to the requirements of subsection (a)(2). As a result, some 200,000 of these one-page form letters —which at most contain only routine data relating to the prisoner, his offense and sentence, but no further explanation of the government's reasoning in denying the application—were collected, edited to delete the prisoners' names, placed in a public reading room, and indexed, although they had no direct precedential value and could not be meaningfully indexed. See 390 F. Supp. at 791 n.1, 793–94. The proposed amendment would eliminate the burdensome and costly requirement that decisions and orders without precedential value be indexed and made available.[1] The few persons who might be interested in such decisions still could obtain them by filing requests pursuant to subsection (a)(3), rather than subsection (a)(2), of the Act. An agency is precluded from relying on, using, or citing as precedent any final opinion or order which is not indexed and made available under subsection (a)(2).

Second, paragraph (2) of section 2(a) of the bill would amend subsection (a)(2) of 5 U.S.C. § 552 to permit an agency to delete identifying details in published or otherwise publicly available opinions, statements of policy, interpretations, or staff manuals or instructions in order to prevent "an unwarranted invasion of personal privacy." Under current law, such a deletion is permitted only to prevent a "clearly unwarranted" invasion of privacy. The proposed amendment would permit the agency to decide more readily than under current law to delete identifying details, consistent with the current language of subsection (b)(7)(C) and the proposed amendments to subsection (b)(6) of 5 U.S.C. § 552 in section 7(c) of the bill.

B. Requests for Agency Records:

Section 2(b) of the bill redesignates existing paragraph (3) of 5 U.S.C. § 552(a) as paragraph (3)(A), makes several amendments in that provision, and adds new subparagraphs (B) and (C) to paragraph (3).

1. Requests Limited to "United States Persons":

Under current law, an agency is required to comply with any request for records covered by 5 U.S.C. § 552(a)(3) made by "any person." The proposed amendment in section 2(b) of the bill would require the agency to make information available only to a re-

Footnotes at end of article.

quester who is a "United States person". Section 9 of the bill would add a definition of the term "United States person" in a new subsection (e)(4) of 5 U.S.C. § 552, to include a United States citizen, an alien lawfully admitted for permanent residence, and certain corporations and unincorporated associations. The definition of "United States person" follows the definition set forth in section 101(i) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. § 1801(i)), with certain exceptions. Restricting the right to make requests to United States persons would reverse the present rule that "any person," including foreign nationals and governments, can use the Freedom of Information Act to secure information.[2] This proposed amendment is consistent with the purpose of the Freedom of Information Act to inform the American public of government actions. It would also prevent the use of the Freedom of Information Act by foreign nationals and governments for purposes which may be contrary to the national interest.

2. Freedom of Information Act Not a Discovery Device:

Section 2(b) of the bill would also enact a new subsection (a)(3)(B) of 5 U.S.C. § 552 to prohibit a party to a judicial or adjudicatory administrative proceeding, or any requester acting for such a party, from using the Freedom of Information Act as a discovery device in connection with the proceeding. Most government agencies report significant numbers of such requests, whose purpose is to avoid applicable rules of discovery and sometimes, where the government is a party, to harass and burden government agencies. The prohibition would apply in either civil or criminal proceedings, whether or not the United States is a party to the proceeding, whenever a party files or maintains a request relating to the subject matter of that proceeding.

The Supreme Court has recognized that the "FOIA was *not* intended to function as a private discovery tool." *NLRB* v. *Robbins Tire & Rubber Co.*, 437 U.S. 214, 242 (1978). Notwithstanding the fact that the Freedom of Information Act was not intended as a discovery device, a requester's rights under present law "are neither increased nor decreased" because of his status as a litigant. *NLRB* v. *Sears, Roebuck & Co.*, 421 U.S. 132, 143 n.10 (1975). As a result, the Freedom of Information Act has been widely used to discover government documents for use in both administrative and judicial proceedings.

In civil cases, parties openly use the Freedom of Information Act to circumvent the judicial discovery requirements that they show a need for the requested information, that the information is relevant to the case, and that compliance with the request would not be unreasonably harassing, oppressive or burdensome. *See* Fed. R. Civ. P. 26. Government attorneys working on a case are forced to divert their attention from preparing the case to complying with a Freedom of Information Act request filed by a party opponent. The resulting diversion of resources to respond to such requests substantially impairs the government's capacity to prepare and successfully carry forward to a conclusion many of its cases.

Similarly, in criminal cases a defendent seeking discovery information must ordinarily demonstrate not only the relevance of the information sought, but also that the request is "reasonable" and within the scope of criminal discovery. *See* Fed R. Crim. P. 16(a). In addition, a criminal defendant's request for discovery may trigger a government right to reciprocal discovery. Fed. R. Crim. P. 16(b). Criminal defendants have, in practice, however, made frequent use of Freedom of Information Act requests, often close to scheduled trial dates, to disrupt the prosecutor's case preparation or delay the trial while disputes over the Freedom of Information Act request are resolved by the court. Most courts have ruled that the use of the Freedom of Information Act to supplant ordinary criminal discovery is improper.[3] However, some courts have ruled that related Freedom of Information Act requests are acceptable during a criminal trial and that the district court should resolve issues respecting such requests in the pending criminal action.[4] This ability to make requests before and during criminal trials disrupts trial proceedings and upsets the discovery scheme established under the Federal Rules of Criminal Procedure. This proposed provision seeks to limit such abuses of the Freedom of Information Act.

3. Statement of Eligibility of Requester:

To implement these proposed amendments, section 2(b) of the bill would also add subsection (a)(3)(C) to 5 U.S.C. § 552, to permit an agency to require by regulation that each request for records under the Freedom of Information Act include declarations that the requester, or any person upon whose behalf the requester acts, is a United States person and is not barred from making a request because he is a party to a related civil or criminal proceeding. A request that does not comply with any such regulation requirement would not be deemed a proper request under the Act.

C. New Provisions to 5 U.S.C. § 552(a):

Section 2(c) of the bill would add two new paragraphs at the end of 5 U.S.C. § 552(a). The first new paragraph, paragraph (7), would provide that an agency would not have to produce requested material that consists of newspaper clippings, magazine articles, court records, publications available from the Government Printing Office, or any similar items that are in the public record or otherwise publicly available. If the agency chose not to produce such public source information, it would be required to inform the requester of the availability of the information. This provision would make processing of requests more efficient and avoid unnecessary fees to requesters,[5] without limiting public access to information.

The second new paragraph, paragraph (8), would provide that § 552 shall not apply to informant records maintained by a law enforcement agency under an informant's name or personal identifier, whenever access to such records is sought according to the informant's name or personal identifier by a third party. This provision would address a serious problem that has arisen for some law enforcement agencies, particularly for the Federal Bureau of Investigation, when requests have been received for the files of named individuals who are or have been confidential sources. Under current law, criminal organizations can use the Act to attempt to uncover suspected informants in their midst, simply by asking for the records of individuals whom they suspect of being informants. In such a case, it is not sufficient that the Federal Bureau of Investigation could respond that it is withholding the informant's file under exemption (b)(7)(D), since specifying an exemption or even acklowledging the existence of records relating to the informant could compromise the source. New paragraph (8) would resolve this problem by excluding the informant files of law enforcement agencies from the ambit of the Act when those records are requested by name or personal identifier by a third party. In this way, the agency could limit its response to any collateral records or, if no such other records existed, properly respond that it has found no records within the scope of the Act.

IV. SECTION 3 OF THE BILL—PROPOSED AMENDMENTS TO 5 U.S.C. § 552(a) RELATING TO FEES

Section 3(a) of the bill would make two important changes in subsection (a)(4)(A) of 5 U.S.C. § 552 relating to the fees charged to requesters of information for the costs of searching, reviewing, and duplicating requested records. Section 3(b) of the bill would codify the rule developed by the majority of courts for judicial review of cases where an agency denies a waiver of reduction of fees.

A. Recovery of Full Processing Costs:

Section 3(a) of the bill would provide that the schedule of fees charged by an agency for responding to a request may "provide for the payment of all costs reasonably attributable to responding to the request, including the costs of searching for, reviewing, and duplicating requested records." Under current law, the agency may not charge for any costs other than the direct costs of search and duplication.

Clearly one of the unexpected developments from the 1974 amendments to the Act has been the great volume of requests and the expense of processing those requests, particularly requests which serve only commercial or private interests rather than the interests of the public.

In contrast to Congress' estimate that the 1974 amendments to the Act would cost no more than $40,000 to $100,000 annually to implement, the direct cost of compliance with the Act by all agencies rose to at least $57 million by 1980 (of which only 3% or 4% was recovered from requesters). Many hundreds of federal employees—over 300 at the FBI alone—devote all their work time to complying with Freedom of Information Act requests. Countless others spend part of their time reviewing files in response to requests concerning projects they are working on.

Frequently, the cost to the government of search and review bears little correlation to the public interest in disclosure. It appears that a majority of all Freedom of Information Act requests are filed by or made on behalf of corporations for purely private commercial reasons. In some instances, individuals too have made excessive use of the Act, at public expense, for reasons that are purely personal, serve no public interest, and may in some cases even be contrary to the public interest. In one case, a single Freedom of Information Act request for voluminous Central Intelligence Agency documents by an ex-agent, Mr. Philip Agee, cost the public more than $400,000 to process. *Agee* v. *Central Intelligence Agency*, 517 F. Supp. 1335, 1342 n.5 (D.D.C. 1981). The bill is intended to end public financing of the processing of requests which do not benefit the general public

Accordingly, the bill would allow each agency to promulgate a standard schedule of fees for the recovery of the full costs involved in searching for, reviewing, redacting, and duplicating requested records. This would bring the Act much closer to the general government policy established in 31 U.S.C. § 483a, which requires that all agencies providing "publications, reports, documents" or other privileges of value to private parties should charge fees therefor so as to operate on a self-sustaining basis. This would insure that those who would take advantage of the Freedom of Information Act mechanism for purely personal or commercial purposes are not subsidized at taxpayer expense, and would encourage all requesters to make reasonable efforts to narrow excessively broad requests.

The bill would retain the provision in current law that requires an agency to waive or reduce the fee whenever a request serves the public interest. Such waivers are intended to assure that requesters, such as representatives of the media and public interest groups, whose work would primarily benefit the general public, would have ready, inexpensive access to government records. In addition, many agencies routinely waive all fees below a specified minimum. The bill would have no effect upon such practices.

Footnotes at end of article.

B. Fees For Valuable Government Information:

Section 3(a) of the bill also would add a new provision to 5 U.S.C. § 552(a)(4) to permit an agency to charge additional or alternative fees for technological or reference information that has a commercial market value and that was generated or acquired by the government at substantial cost to the public. These fees would reflect the fair market value of the information or impose royalties for its use by the requester, and would be determined by the agency after taking into account such factors as the estimated commercial value of the information, the cost to the government of acquiring the information, and any public interest served by its disclosure to the requester. The present Act does not take into account the fact that such valuable information must now be turned over to private parties for fees that reflect little more than the cost of copying.[6] Consistent with existing federal law, such as 31 U.S.C. § 483a, this provision would permit the government to recover the costs of developing or acquiring commercially valuable information.

C. Review of Agency Determinations:

Section 3(b) of the bill would clarify the standard of review of agency determinations on applications for a waiver or reduction of fees. At present, almost all courts follow the rule that an agency's denial of such applications is an exercise of administrative discretion that may be reversed only when the agency action is arbitrary or capricious.[7] However, at least one court has determined to review such agency action on a *de novo* basis.[8] The bill would amend subsection (a)(4)(A) to codify the majority rule permitting an agency to waive or reduce fees "in the exercise of its discretion."

V. SECTION 4 OF THE BILL—PROPOSED AMENDMENTS TO 5 U.S.C. § 552(a) RELATING TO THE ADMINISTRATIVE RIGHTS OF SUBMITTERS OF INFORMATION

Section 4(a) of the bill would redesignate existing subparagraph (B) of 5 U.S.C. § 552(a)(4) as subparagraph (E), and would redesignate subparagraphs (C) through (G) as subparagraphs (J) through (N), respectively. Section 4(b) of the bill would add new paragraphs (B), (C), and (D), which establish procedures creating administrative rights for submitters of proprietary information.

A. Notice to Submitters:

Proposed subparagraph (B) would require agencies to promulgate regulations implementing the procedures that would be established by clauses (i) through (iv) of that subparagraph. Clause (i) would allow an agency to require submitters to designate at the time of submission information which they claimed consisted of trade secrets, commercial or financial information, or other commercially valuable information which is exempt from disclosure under subsection (b)(4). The proposed provision would allow each agency to determine, in accordance with its own practices and the types of information it receives, whether to require such a designation, the manner in which this designation would be made, and the degree of specificity that would be required.

Clause (ii) of this subparagraph would provide that, within a reasonable time before the agency made a final decision regarding the release of information consisting of trade secrets, commercial or financial information (other than personal financial information), or other commercially valuable information, the agency would be required to give notice to the submitter that a request for such information had been received.

Under clause (iii), the submitter would be allowed to submit written objections to the agency, within ten working days from the date of the forwarding of notification, stating all the grounds upon which the submitter contended that the information should not be released. Under clause (iv), the agency would be required to notify the submitter of any final decision to release materials provided by the submitter.

Under new subparagraph (C), an agency need not notify the submitter that a request has been made for information provided by the submitter or that the agency has made a final decision to release such information, if the information is not designated as exempt under subsection (b)(4) and such designation is required by agency regulations.

Notice to the submitter would also not be required if the agency decided to deny the request for disclosure, if a law other than the Freedom of Information Act required disclosure, or if the information had already been lawfully made available to the public.

These amendments would assure that submitters of trade secrets, commercial or financial information (other than personal financial information), or other commercially valuable information would be notified of a request for disclosure of the information. They are intended to relieve the widespread fear among business submitters that the Freedom of Information Act may be used by their competitors to acquire commercially valuable information which they have given the government. Moreover, these provisions would permit a submitter, who is frequently more aware of the commercial value of information than is the government, to inform the government why the submitter believes the information should not be released. For these reasons, these proposed provisions would be beneficial not only to the submitter, but also to the government.

B. Restrictions on Agency Disclosure:

Under proposed subsection (a)(4)(D), an agency could not disclose information exempt from disclosure pursuant to subsection (b)(4) of the Act over the objection of a submitter unless "the failure to disclose the records would injure an overriding public interest and disclosure is not otherwise prohibited by law." The exemption now provided under subsection (b)(4) of the Act does not itself limit an agency's discretion to disclose information. *See Chrysler Corp.* v. *Brown*, 441 U.S. 281, 292–94 (1979). Proposed subsection (a)(4)(D) would impose an affirmative limitation on discretionary releases of information exempted under subsection (b)(4). A decision to release information under this provision would be subject to judicial review under the provisions of proposed subsection (a)(4)(E).

Proposed subsection (a)(4)(D) would not, however, provide requesters a cause of action to seek disclosure of exempted information on the ground of "overriding public interest." Nor would this provision authorize disclosure where it is otherwise forbidden by law.

VI. SECTION 5 OF THE BILL—PROPOSED AMENDMENTS TO 5 U.S.C. § 552(a)(4) RELATING TO JUDICIAL REVIEW

Section 5 of the bill would make several procedural and substantive revisions to the judicial review provisions of 5 U.S.C. § 552(a)(4). Section 5(a) of the bill would amend redesignated subsection (a)(4)(E) (currently subsection (a)(4)B)) to include a statute of limitations. Section 5(a) of the bill would also provide for jurisdiction in the district courts for suits by submitters of information to enjoin an agency's disclosure of information.

Section 5(b) would add a series of procedural provisions, subparagraphs (F), (G) and (H), to subsection (a)(4), relating to suits by submitters and by requesters. Section 5(b) would also add a new subsection (a)(4)(I) that would make several substantive and procedural revisions in the Act's standards for judicial review, which are presently contained in the second sentence of subsection (a)(4)(B) of the Act. Finally, section 5(c) of the draft bill would amend the attorney fees provision of redesignated subsection (a)(4)(L) (currently subsection (a)(4)(E)) to allow requesters who substantially prevail to recover attorney fees from a submitter participating in the litigation. The following paragraphs discuss these proposed changes by topic.

A. Statute of Limitations:

The present Act contains no time limit for a requester to initiate a judicial action after an agency's final denial of a request. The bill would amend redesignated subsection (a)(4)(E) of the Act (currently subsection (a)(4)(B)) to require that suits by requesters must be brought within 90 days of the agency's final administrative action.

The bill would not set a specific limitations period for actions by submitters. However, it would establish, as a prerequisite to district court jurisdiction under proposed subsections (a)(4)(E) through (a)(4)(I), that the submitter must file a complaint before the disclosure of the information.

B. Subject Matter Jurisdiction:

The bill would amend redesignated subsection (a)(4)(E) of the Act (currently subsection (a)(4)(B)) to vest the district courts with jurisdiction to enjoin an agency from any disclosure of trade secrets, commercial or financial information, or other commercially valuable information which was objected to by a submitter under subsection (a)(4)(B)(iii) (or which would have been objected to had the submitter received the required notice from the agency pursuant to subsection (a)(4)(B)(ii)). Under the amended provision, the submitter may file a complaint at any time prior to the disclosure of the information by the agency.

This provision would create a right of action for submitters within the structure of the Freedom of Information Act. Under present law, submitters have no such right of action under the Freedom of Information Act, but must resort to section 10 of the Administrative Procedure Act, 5 U.S.C. § 706, in order to safeguard confidential business information from disclosure by the government in possible violation of the Trade Secrets Act, 18 U.S.C. § 1905. *Chrysler Corp.* v. *Brown*, 441 U.S. 281, 285, 317–18 (1979). The rights of submitters as outlined by the Supreme Court in *Chrysler* are inadequate to protect against the disclosure of material which should properly be kept confidential. For that reason, this bill would establish procedural rights in the Freedom of Information Act itself.

C. Personal Jurisdiction:

Proposed subsection (a)(4)(F) would provide the district courts with personal jurisdiction, in any suit filed under the Act, over all requesters and submitters of particular information. If a requester filed a complaint to compel disclosure of particular information, the district court in which the complaint was filed on its own motion would have jurisdiction over any submitter of the information. Similarly, in a suit by a submitter, the court would have jurisdiction over any requester of the information. These proposed provisions would assure that an adverse party receives notice of the complaint, has the right to intervene, and will be bound by the court's decision.

D. Notice of Litigation:

Proposed subsection (a)(4)(G) would require agencies to notify requesters and submitters whenever a suit is brought concerning trade secrets, commercial or financial information (other than personal financial information), or other commercially valuable information filed a complaint to compel disclosure, the agency would be required to notify each submitter of that information that the complaint had been filed. Similarly, if a submitter filed a complaint to enjoin

Footnotes at end of article.

disclosure of such information, the agency would be required to notify each requester.

E. Venue:

Proposed subsection (a)(4)(H) would provide that a requester who intervenes or is joined in an action under the Act may move to transfer the action to a district court that would have had jurisdiction had the action been brought by the requester. The court should not deny such a motion except for good cause shown.

F. Standard for Judicial Review of Exemptions Under 5 U.S.C. § 552(b)(1):

The bill would relocate the second sentence in the existing subsection (a)(4)(B) of the Act, which sets forth the standards for judicial review of agency denials of requests under the Act, into new subsection (a)(4)(I). Subsection (a)(4)(I) would modify the current standard of *de novo* review where the requested information is withheld by an agency pursuant to exemption (b)(1). In such cases, the court could order disclosure of such classified information only if it finds that the agency decision to withhold the material was arbitrary or capricious. With respect to all other exemptions, however, the bill would not affect the *de novo* standard of review.

This recommendation change in the applicable standard of judicial review in cases where an agency withholds information pursuant to exemption (b)(1) reflects the particularly sensitive nature of documents relating to national security and foreign policy and the need to give substantial deference to an agency's classification decisions. In the Conference Report on the 1974 amendments to the Act, Congress made clear that even with a *de novo* standard of review, the court should give "substantial weight" to an agency's explanation of its classification actions.[10] In construing the Act's present provisions for *de novo* review of national security exemptions under exemption (b)(1), the United States Court of Appeals for the District of Columbia Circuit has noted that "[f]ew judges have the skill or experience to weigh the repercussions of disclosure of intelligence information,"[11] and that "this is precisely the sort of situation where Congress intended the reviewing courts to respect the expertise of an agency."[12]

Indeed, that same court has determined that summary judgment on the basis of the agency's affidavit alone should be granted in cases involving classified information where the affidavit shows merely the "plausibility" of the alleged harm of disclosure in a "reasonably detailed manner."[13] While the Act provides that a reviewing court may, in cases where it is necessary and appropriate, review such documents *in camera* to evaluate the agency's classification decision, the court should not be called upon, in effect, to make the initial classification decision. A change to the traditional Administrative Procedure Act standard of review for arbitrary or capricious action from the present *de novo* standard would be more consistent with the courts' need to give "substantial weight" to an agency's "expertise".

G. Burden of Proof Upon Submitters:

Proposed subsection (a)(4)(I) of the Act would also provide that in judicial proceedings seeking to prevent the agency from disclosing information, the submitter bears the burden of demonstrating that such information should not be disclosed.

H. Additional Procedural Changes in Suits Under the Freedom of Information Act:

Section 5(b) of the bill would also provide, in proposed subsection (a)(4)(I) of the Act, two procedural rules for litigation under the Act.

First, this revision would contain new language to clarify the requirement that the court maintain under seal the records and affidavits submitted *in camera* to the court in support of an exemption from disclosure.

In camera review of confidential documents or explanatory affidavits may be appropriate in particular cases where the court determines that it cannot discharge its reviewing function based on information in the public record.[14] However, because *in camera* affidavits explain the significance of the disputed documents and put them into a broader context, the affidavits submitted by agencies are frequently as sensitive or even more sensitive than the records themselves. Without the assurance that such affidavits will not be disclosed, the agency may be faced with a serious dilemma in attempting to justify a withholding. The agency may risk summary judgment against it if it does not provide the court with confidential information justifying its position, yet risk greater disclosure of confidential information in the course of providing the court with an explanation justifying the withholding. Although almost all courts have respected the confidentiality of materials submitted *in camera*, there have been a few instances when this has not been done.[15] This amendment would provide that all materials submitted *in camera* would be maintained under seal.

Second, proposed subsection (a)(4)(I) would require the court to stay any order to release records pursuant to the Freedom of Information Act pending final determination of any appeal. Because disclosure of disputed documents prior to the decision on appeal would effectively moot the government's position, a provision that would provide for the stay of such disclosure orders is essential to preserve the Government's rights of appeal. *See Providence Journal Co. v. Federal Bureau of Investigation*, 595 F.2d 889 (1st Cir. 1979).[16] The amended provision would make the stay mandatory, not discretionary as under present law.

I. Attorney Fees:

Under present law, subsection (a)(4)(E) authorizes a court, in its discretion, to allow attorney fees and other litigation costs in favor of a requester who "substantially prevails" in litigation with the government. Section 5(c) of the bill would change the language of subsection (a)(4)(E) (which is redesignated as subsection (a)(4)(L) by section 4(a) of the bill) to provide for the award of attorney fees against submitters. The current Act only allows the assessment of attorney fees against the United States. However, in actions where both a submitter and a requester are parties, the government might be a relatively disinterested stakeholder involved in the litigation only because the disputed information is in its possession. In such cases, this provision would allow the court to charge the costs and attorney fees of a requester who substantially prevails against a submitter rather than against the United States. As under present law, the provision would authorize the award of attorney fees only in favor of requesters who substantially prevail, and even then the award would be discretionary.

VII. SECTION 6 OF THE BILL—PROPOSED AMENDMENTS TO 5 U.S.C. § 552(a)(6) RELATING TO THE TIME FOR AGENCY RESPONSE TO REQUESTS

Section 6 of the bill would revise the provisions of section 552(a)(6) of the Act that relate to time limits to make time limits more realistic and to provide for prompt response in those cases where expedited processing is necessary to serve the public interest.

A. Existing Time Limits for Agency Response to Requests:

The Act currently provides that within ten working days an agency must make an initial determination whether to disclose the requested documents and, if the decision is made not to disclose the requested documents, to notify the requester of the reasons why documents are exempt. The agency thereafter has twenty working days to determine a requester's appeal of an adverse decision.

Upon notice to a requester, an agency may extend these time limits for ten days in "unusual circumstances", such as where there is a need for additional time to search for and collect the documents from distant offices, to examine a voluminous amount of records, or to consult other agencies on the records. If an agency fails to comply with these deadlines, the requester is deemed to have exhausted his administrative remedies and may file a suit in district court to compel disclosure. Section 552(a)(6)(C), nevertheless, permits the court to allow, in "exceptional circumstances", additional time for agency processing, provided that the agency is exercising "due diligence".

The complexity and sheer volume of the requests received by many agencies often render compliance with the current time limits impossible. Recognizing the inherent inability of many agencies to process requests within the specified time limits, many courts have freed agencies of the need to comply with time limits by resorting to use of the "exceptional circumstances" and "due diligence" provisions in section 552(a)(6)(C). In the leading case, *Open America v. Watergate Special Prosecution Force*, 547 F. 2d 605, 616 (1976), the United States Court of Appeals for the District of Columbia Circuit ruled that—

"'Exceptional circumstances exist' when an agency, like the FBI here, is deluged with a volume of requests for information vastly in excess of that anticipated by Congress, when the existing resources are inadequate to deal with the volume of such requests within the time limits of subsection (6)(A), and when the agency can show that it 'is exercising due diligence' in processing the requests."[17]

Accordingly, the court ruled that, under those circumstances, the Act's time limits "become not mandatory but directory." *Id.* It is then sufficient for the agency to process all requests on a first-in, first-out basis, unless the requester can demonstrate to a court "exceptional need or urgency" for preferential treatment. *Id.*

The time limits in their present form cause serious problems both for the agencies and for the requesters. Agencies are frequently pressed to engage in hasty processing, which increases the likelihood of premature denials, unnecessary litigation, and serious errors. For requesters, the inability of many agencies to meet the rigid deadlines of the Act may often lead to a general dissatisfaction with the Act's operation as well as needless litigation. Moreover, the present "first-in, first-out" system prevents agencies that have a backlog of requests from responding promptly even to small Freedom of Information Act requests when their processing is congested, unless the requester can demonstrate "exceptional need or urgency." Members of the public and the news media are often unable to get timely responses from agencies that receive a large volume of requests.

B. Proposed New Time Limits for Agency Response to Requests:

Section 6 of the bill would amend subsection (a)(6) of the Act to create a more flexible system that would permit each agency to consider the amount of work required by a request.

1. *Limited Requests:* Proposed subsection (a)(6)(A) would facilitate prompt processing of limited requests. The existing ten and twenty-day time limits would continue to apply to all requests "which are sufficiently identified and limited" so that no more than eight working hours of search and review time are required to respond to a request, and which do not request disclosure of records that contain trade secrets,

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commercial or financial information, or other commercially valuable information provided by a submitter. The latter limitation on expedited processing is necessary to give the agency time to provide the notice to the submitter required under proposed section 552(a)(4)(B)(ii) and to receive any objections to disclosure the submitter may have.

Section 6(a) of the bill would also make a technical change in subsection (a)(6)(A) to conform to the new definition of "working days" in amended subsection (e)(5). No change in the manner of calculating the time periods is intended.

2. *Other Requests:* Section 6(b) of the bill would make important revisions to the time limits and the scope of existing 5 U.S.C. § 552 (a)(6)(B). Under existing law, subsection (a)(6)(B) allows an agency an additional ten days beyond the mandated ten-day limit for responses only where there are specified "unusual circumstances" relating to the volume of records searched, the need to acquire records from field offices, and the need to consult with other agencies or components of the same agency. Under the proposed revision to subsection (a)(6)(B), each agency would be allowed up to 30 working days to determine whether to comply with requests for records that would require more than eight hours to process or which seek trade secrets, commercial or financial information, or other commercially valuable information. If the agency were unable to complete the processing within 30 days, it would have to notify the requester of the length of time it would take to process the request. Similarly, the agency would, in such cases, have 30 days in which to determine appeals or notify a requester how long it would take to determine the appeal. An agency's deadlines for compliance must be as short as practicable, but in no event longer than one year for processing a request or six months for determining an appeal.

Section 6(c) of the bill would redesignate existing subsection (a)(6)(C) as subsection (a)(6)(E). New paragraph (6)(C) of section 552(a), added by section 6(d) of the bill, would direct each agency to promulgate regulations, after notice and opportunity for public comment, setting forth time periods for processing requests and appeals. Proposed paragraph (6)(C) lists a number of factors to be considered, including those contained in existing subsection (a)(6)(B) as well as those suggested by the court in *Open America* v. *Watergate Special Prosecution Force*, 547 F.2d 605, 616 (D.C. Cir. 1976). The agency would consider, among other factors, the volume of requests and appeals received by the agency, the resources available to the agency for processing the requests and appeals, the volume of records required to be searched, the nature of the records requested, and, where appropriate, the need to give submitters an opportunity to object.

C. Expedited Access to Records:

Section 6(d) of the bill would also add subsection (a)(6)(D) to the Act. This new provision would require each agency to promulgate regulations whereby a requester who can demonstrate a compelling need for expedited processing and whose request will primarily benefit the general public may be given processing priority over other requesters.

Because of the lengthy periods of time often required to respond to requests, the Act is sometimes virtually useless to certain requesters, such as the current event media, who require a timely response. Existing law does not permit an expedited response to requesters unless they can satisfy the "exceptional urgency" test established in *Open America, supra*. This provision would allow an agency to give requesters such as the current events media processing priority in order to make the Act a more useful device for the dissemination of information to the public.

D. Other Amendments Relating to the Time for Agency Response to Requests:

Section 6(e) of the bill would make three procedural amendments to the redesignated subsection (a)(6)(E) (currently subsection (a)(6)(C)).

Section 6(e)(1) of the bill would make a technical change to conform the language of the paragraph to the new definition of "requester" in new subsection (e)(3), as added by section 9 of the bill. This is not a substantive change.

Section 6(a)(2) of the bill would add a sentence to redesignated subsection (a)(6)(E) of the Act to make clear that a submitter of information is deemed to have exhausted his administrative remedies if the requester files a complaint in the district court pursuant to redesignated subsection (a)(4)(E) of the Act. The submitter would be able to intervene in the requester's civil action pursuant to the provisions of proposed 5 U.S.C. § 552(a)(4)(F)(i) (section 5(b) of the bill) without awaiting further agency action, even if the agency had not yet made a final decision to release the submitter's information.

Section 6(e)(3) of the bill would amend the next to last sentence of redesignated subsection (a)(6)(E), which requires the agency to make records available to a requester promptly upon a determination to comply with his request. Section 6(e)(3) of the bill would provide an exception to this requirement if a submitter made an objection pursuant to proposed subsection (a)(4)(B)(iii), as added by the bill. If such an objection is made, the agency would have to delay disclosure of the records for fifteen working days in order to allow the submitter to seek injunctive relief against disclosure pursuant to proposed subsection (a)(4)(E).

VIII. SECTION 7 OF THE BILL—PROPOSED AMENDMENTS TO 5 U.S.C. § 552(b) RELATING TO EXEMPTIONS

Section 7 of the bill would make a number of important revisions and additions to the exemption provisions of 5 U.S.C. § 552(b).

A. Internal Agency Rules and Practices:

Section 7(a) of the bill would add two new subparagraphs to 5 U.S.C. § 552(b)(2). Proposed subparagraph (A) of exemption (b)(2) would make clear that materials whose confidentiality is necessary to effective law enforcement and other vital government functions are exempt from disclosure. Such materials include manuals and instructions to investigators, inspectors, auditors and negotiators. Although materials of this nature are arguably protected under present law, the confusion engendered by judicial attempts to reconcile purported inconsistencies in the legislative history make the extent of the protection afforded by exemption (b)(2) uncertain.[18]

The legislative history of exemption (b)(2) has proved confusing to the courts that have been called upon to interpret it. The Senate committee report on the exemption stated that it related only to internal personnel rules and practices of an agency, such as the agency's rules about its employees' use of parking facilities or its policies concerning sick leave.[19] The House committee report, on the other hand, indicated that the exemption should protect from disclosure the operating rules, guidelines and manuals of procedure for government investigators or examiners.[20] Adding to this confusion is the fact that the legislative history of a related provision of the Act, subsection (a)(2)(C) (which requires an agency to make available to the public "administrative" staff manuals and instructions to staff that affect a member of the public) indicates that Congress intended only for staff manuals of a purely routine, administrative nature to be disclosed. Both the Senate and the House committee reports on the Freedom of Information Act stated that manuals containing instructions to law enforcement personnel or setting forth guidelines for auditing and inspection procedures should not be disclosed.[21]

The difficulty courts have encountered in reconciling this conflicting legislative history has produced a body of conflicting case law concerning the scope and meaning of the present exemption (b)(2) for law enforcement manuals.[22] Similarly, courts are divided concerning the protection exemption (b)(2) presently affords guidelines for audits and investigations.[23]

The proposed amendment would expressly protect confidential information in manuals and instructions to investigators, inspectors, auditors, and negotiators from disclosure. This change would also complement the amendment to section (b)(7)(E) relating to guidelines or priorities for law enforcement investigations or prosecutions.

Negotiators are included in this list in recognition of the fact that the government has a legitimate need to maintain the confidentiality of its instructions to staff in contexts other than law enforcement. Thus, the term "negotiators" is not limited to law enforcement personnel who are called upon to negotiate the settlement of pending and impending litigation, but applies as well to agency staff who conduct negotiations for the procurement of goods and services, the acquisition of lands, the resolution of labor-management disputes, the release of hostages, or any other negotiations conducted in the course of carrying out a legitimate government function where the release of such instructions or manuals may jeopardize the success of the negotiations.

Proposed subparagraph (B) is added to exemption (b)(2) to exempt testing or examination materials used to determine individual qualifications for employment, promotion, and licensing. This amendment is intended to protect from disclosure material that would compromise the objectivity of fairness of the testing, examination or licensing process within various agencies. Such a provision exists now in the Privacy Act of 1974, 5 U.S.C. § 552a(k)(6), and inclusion of this paragraph in the Freedom of Information Act would promote consistency between the two statutes.

B. Commercially Valuable Information:

Section 7(b) of the bill would revise exemption (b)(4) of the Freedom of Information Act, which currently exempts from disclosure "trade secrets and commercial or financial information obtained from a person and privileged or confidential."

The prevailing interpretation of the scope and meaning of exemption (b)(4) was stated by the court in *National Parks and Conservation Association* v. *Morton*, 498 F.2d 765, 770 (D.C. Cir. 1974), which held that commercial or financial information is considered "confidential" and is exempt only if (1) its release is likely to "impair the Government's ability to obtain necessary information in the future," or (2) its disclosure is likely to "cause substantial harm to the competitive position of the person from whom the information was obtained." The National Parks test has been widely accepted, although it appears to narrow significantly the scope of subsection (b)(4) originally intended by Congress.[24] The proposed amendment to exemption (b)(4) would substitute for the term "confidential" criteria defining this term formulated in National Parks, but would cast these criteria in somewhat broader terms in order to conform the exemption more closely to the original intent of Congress. The amendment would exempt all trade secrets, and would exempt other information obtained from a person if it is privileged or if release "may impair either

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the legitimate competitive, financial, or business interests of any person or the government's ability to obtain such information in the future."

This revised standard does not protect all business submissions, but would greatly alleviate the widespread fear among business submitters that the government cannot maintain the confidentiality of sensitive business information. It would require a determination only that release may impair the legitimate commercial or financial interests of a person, rather than a finding that disclosure is likely to cause "substantial competitive harm" to the submitter, as required under the National Parks test. This amendment would make processing of requests simpler by providing a broader and more easily administered standard. It would also greatly relieve the overwhelming burden imposed on the government information system by commercial requesters who believe that the Act can, under present standards, be successfully used as a means of obtaining valuable information about competitors.

Section 7(b) of the bill would also amend exemption (b)(4) to provide expressly that the exemption applies to "any person" and that "financial" interests as well as "competitive" and "business" interests, are protected by the exemption. This proposed amendment would also extend the protection of exemption (b)(4) which is enjoyed by profit-making firms to non-profit submitters, such as universities, hospitals, and scientific researchers. It would overturn the decision in *Washington Research Project, Inc.* v. *Department of Health, Education & Welfare*, 366 F. Supp. 929 (D.D.C. 1973), *aff'd in part and rev'd in part*, 504 F.2d 239 (D.C. Cir. 1974), *cert. denied*, 421 U.S. 963 (1975), which held that the exemption currently does not protect valuable information submitted by a non-profit organization.

The bill, in addition, would add "other commercially valuable information" to the categories of information encompassed by the exemption. This amendment would assure the protection of any information that is commercially valuable, whether or not it consists of trade secrets or commercial or financial information concerning the submitter. Thus, for instance, copyrighted materials submitted to the government would be protected from disclosure where this may impair the financial interests of the submitter, regardless of its subject matter. Under current law such materials may not be protected.[25]

These revisions to exemption (b)(4), together with the procedural rights for submitters allowed in the proposed amendments to 5 U.S.C. § 552(a)(4), would considerably strengthen the protection against disclosure of commercially valuable, information and procurement activities.

C. Personal Information:

Section 7(c) of the bill would significantly revise 5 U.S.C. § 552(b)(6), which currently protects from disclosure "personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy." First, the amendment would eliminate the threshold requirement that the information be of the type contained in "personnel and medical files and similar files" and apply the exemption to the broader category of "records or information concerning individuals." Second, the proposed amendment would broaden the "clearly unwarranted invasion of personal privacy" standard by eliminating the modifier "clearly." Third, the proposed amendment would protect from disclosure lists of names that could be used for commercial solicitation.

The proposed amendment of the threshold language, which would apply the exemption to all "records of information concerning individuals," is intended to overrule decisions that have construed with excessive narrowness the term "similar files." Until recently, the courts construed the term "similar files" broadly to protect all legitimate privacy interests regardless of the nature of the record.[26] Certain recent decisions have, however, determined that the current exemption in subsection (b)(6) is not applicable, even where disclosure would cause a "clearly unwarranted invasion of privacy," unless the information is also "similar" to medical or personnel files because it is "as highly personal or as intimate in nature—as that at stake in personnel and medical records."[27] Under this construction of the exemption, a court would not even consider the fundamental question of whether disclosure would cause a clearly unwarranted invasion of privacy unless it first determines that the information is of a type "similar" to medical or personnel files.

This narrow interpretation has resulted in decisions to disclose information concerning individuals that could cause substantial harm to these individuals and whose dissemination clearly violates legitimate privacy interests. *See, eg., Simpson* v. *Vance*, 648 F.2d 10 (D.C. Cir. 1980) (requiring disclosure of names and biographies of foreign service personnel); *Washington Post Co.* v. *Department of State*, 647 F.2d 197 (D.C. Cir. 1981) (*per curiam*), *petition for cert. filed*, No. 81-535 (Sept. 15, 1981) (requiring disclosure of information concerning the suspected United States citizenship of Iranian nationals residing in Iran). The proposed amendment would enable the protection of all personal privacy interests, regardless of the nature of the record at issue.

The proposal would also amend the substantive standard of (b)(6) to allow exemption when disclosure would cause, simply, "an unwarranted invasion of privacy," rather than "a clearly unwarranted invasion of privacy" as provided by present law. To determine whether disclosure causes an "unwarranted" invasion of privacy under the current exemption, the court must weigh the invasion of privacy interests against the public interests in disclosure. The word "clearly" has been construed as an instruction to the court to "tilt the balance in favor of disclosure." *Getman* v. *NLRB*, 450 F.2d 670, 674 (D.C. Cir. 1971). Indeed, the word "clearly" in this exemption has been construed at times as "an imposing barrier to nondisclosure" and as evidence that Congress has weighted the balance "heavily in favor of disclosure." *Kurzon* v. *Department of Health & Human Services*, 649 F.2d 65, 67 (1st Cir. 1981).

Deletion of the word "clearly" would enable a more even-handed balancing and a more effective protection of privacy interests. This would conform exemption (b)(6) to exemption (b)(7)(C), which provides "a somewhat broader shield against disclosure than Exemption 6." *Congressional News Syndicate* v. *Department of Justice*, 438 F. Supp. 538, 541 (D.D.C. 1977); *see Department of Air Force* v. *Rose*, 425 U.S. 352, 379 n.16 (1976). This change is necessary also to assure the protection of privacy which Congress sought to achieve through the Privacy Act of 1974, 5 U.S.C. § 552a. Absent clear and broad protection of privacy in the Freedom of Information Act, the extensive and well-considered protection of personal information which Congress sought to achieve through the Privacy Act is rendered wholly ineffective.

The amendment would, in addition, specifically exempt "compilations of lists of names and addresses that could be used for solicitation purposes." The government currently receives many thousands of requests every year for mailing lists for commercial solicitation purposes. Some decisions have found that such mailing lists may not be withheld under current exemption (b)(6). *See, e.g., National Western Insurance Co.* v. *United States*, 512 F. Supp. 454 (N.D. Tex. 1980); *Disabled Officers Association* v. *Rumsfeld*, 428 F. Supp. 454 (D.D.C. 1977). The amendment would make the disclosure of solicitation mailing lists *per se* an unwarranted invasion of privacy. As the court found in *Wine Hobby USA, Inc.* v. *Internal Revenue Service*, 502 F.2d 133, 137 (3rd Cir. 1974), there is no public interest in the disclosure of names for commercial solicitation—such disclosure is "wholly unrelated to the purposes behind the Freedom of Information Act and was never contemplated by Congress in enacting the Act."

Exemption of such lists is also fully consistent with 5 U.S.C. § 552a(n) of the Privacy Act and necessary to make that provision fully effective. Congress expressly mandated in that provision that "[a]n individual's name and address may not be sold or rented by an agency unless such action is specifically authorized by law." The Senate Committee Report on the Privacy Act stated that the disclosure of mailing lists by the Federal Government is "totally inconsistent with the purposes of the bill."[28]

D. Law Enforcement Information:

Section 7(d) of the bill would make a series of amendments to exemption (b)(7) of the Freedom of Information Act which, under certain circumstances, exempts investigatory records compiled for law enforcement purposes. The proposed amendments are designed to address three major concerns that have arisen from the present language of exemption (b)(7): (1) the fear among informants and other confidential sources that their identities will be revealed through Freedom of Information Act disclosures, and the resulting difficulties that law enforcement authorities have encountered in enlisting and using confidential sources; (2) the concern that sensitive law enforcement information will be disclosed to law enforcement suspects by Freedom of Information Act disclosures, thereby hampering law enforcement activities; and (3) the concern that Freedom of Information Act disclosures will reveal law enforcement guidelines and priorities to law enforcement suspects.

1. General Scope of Exemption:

Under present law, records are eligible for exemption from the Act under subsection (b)(7) only if they are "investigatory records compiled for law enforcement purposes.' Some courts have read this threshold requirement strictly, holding that law enforcement records are not within the scope of exemption (b)(7) if they are not "investigatory" in nature.[29] Section 7(d)(1) of the bill would broaden the scope of exemption (b)(7) by eliminating the requirement that records must be "investigatory" and apply exemption (b)(7) generally to all "records or information" compiled for law enforcement purposes. This language would make additional categories of documents besides "investigatory records" eligible for exemption under (b)(7), such as various types of background information, law enforcement manuals, procedures and guidelines, and statements of law enforcement priorities. This more general threshold language also would properly focus the inquiry not on the nature of the records but on the substantive law enforcement interests which exemption (b)(7) was intended to protect.

2. Interference With Law Enforcement:

Section 7(d)(2)(A) of the bill would amend subparagraph (A) of exemption (b)(7) to provide a clear rule that investigatory information relating to ongoing investigations or enforcement proceedings is exempt. At present, subsection (b)(7)(A) protects records from disclosure where disclosure would "interfere with enforcement proceedings." This language was adopted by Congress in 1974 to overrule a series of cases that had held that law enforcement records enjoyed virtually blanket protection from disclosure, even after the termination of the underlying investigation or enforcement proceeding. *See NLRB* v. *Robbins Tire & Rubber Co.*, 437 U.S.

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214, 228–30 (1978). Nevertheless, Congress did not intend at the time of the 1974 Amendments to the Freedom of Information Act to permit premature disclosure of investigative information or to allow the targets of law enforcement investigations to use the Act to harass and obstruct an investigation. *Id.* at 236.

At present, however, subsection (b)(7)(A) does not clearly protect all information pertaining to pending investigations. The present standard has engendered some uncertainty by apparently requiring agencies and courts alike to speculate whether or not disclosure would "interfere with" a pending proceeding. Responding to requests under the current (7)(A) exemption can result in severe disruption of enforcement proceedings, since agencies have frequently been required to create lengthy and detailed affidavits (required under the rule of *Vaughn* v. *Rosen*, 484 F.2d 820 (D.C. Cir. 1973)) to justify the determination that disclosure would "interfere with" an ongoing investigation or proceeding.[30]

The bill would address these concerns by eliminating the requirement that disclosure must "interfere with" a pending investigation or proceeding and by imposing, in its place, a standard that would permit an agency to withhold records from disclosure whenever disclosure would "reveal investigatory information relating to an ongoing investigation or enforcement proceeding."

As amended, subsection (b)(7)(A) would provide clear protection for sensitive law enforcement investigatory information by simply exempting such information from disclosure while an investigation or enforcement proceeding was ongoing. This new standard would be consistent with recent judicial construction of the current exemption (7)(A)—"[l]ower courts have consistently held that the government can meet its burden by demonstrating pendency of an ongoing investigation and that the withheld information was clearly related to it." *Campbell* v. *Department of Health & Human Services*, 518 F. Supp. 1114, 1115 (D.D.C. 1981).[31] While the proposed amendment of exemption (7)(A) would not, in light of such case law, significantly modify the availability of investigative records, it would make clear that the government could meet its burden of proof through generic Vaughn affidavits. This would greatly alleviate the administrative burdens that can currently be imposed on agencies by requests for information concerning ongoing investigations. Consistent with the intent of Congress in enacting the 1974 amendments to exemption (b)(7), investigatory material would not, however, be exempted under the proposed subsection (b)(7)(A) after the investigation or enforcement proceeding is concluded.

3. Confidential Source Information:

Section 7(d)(3) of the bill would make a series of important changes to subparagraph (D) of exemption (b)(7). These proposed changes are intended to clarify and strengthen existing exemptions to make clear that the Act does not require the disclosure of information that would compromise a confidential source that provided information or assistance to agencies or law enforcement authorities.

Exemption (b)(7)(D) presently protects information from disclosure that "would . . . disclose the identity of a confidential source." The proposed amendment would broaden this exemption to include information that would "tend to" disclose the identity of a source. This broadening of the provision is necessary because the release of information that does not itself identify an informant can, in some circumstances, result in such identification. When viewed in context with other information known to a requester, pieces of information obtained through the Act that do not appear revealing on their face may enable a requester to surmise the identity of an informant.

Exemption of information not only where disclosure "would" identify an informant, but also where it would "tend to" do so is generally consistent with the construction of the exemption suggested in the current case law.[32] Moreover, this change would conform the terms of the exemption more closely to the original intent of Congress. The author of the exemption, Senator Hart, stated plainly that: "[t]he amendment protects without exception and without limitation the identity of the informers. It protects both the identity of the informer and information which might reasonably be found to lead to such disclosure." 120 Cong. Rec. 17,034 (1974).

Section 7(d)(3) of the bill would also amend the language of subparagraph (D) to identify more clearly the range of entities that may be considered "confidential sources." Under present law, there has been uncertainty whether foreign governments and state and local governments or agencies can properly be deemed "sources".[33] Similarly, questions have been raised concerning the applicability of the term "confidential sources" to businesses and other private institutions.[34] The majority of courts, nonetheless, have held that foreign, state, and local governments and agencies, as well as private businesses, may be "confidential sources" within the meaning of subparagraph (D) of exemption (b)(7).[35] The bill's amendments to subparagraph (D) would confirm this majority rule and would provide a clear statement on the face of the statute that institutional informants are included among the confidential sources protected by the Act, thereby alleviating the concern among some of these institutions that law enforcement information they provide the federal government may be subject to release.

Finally, section 7(d)(3) of the bill would grant greater protection to the information furnished to criminal law enforcement authorities by confidential sources. Currently, subparagraph (D) permits the government to withhold from disclosure "confidential information" furnished "only by a confidential source" in the course of a criminal investigation. These changes would make it clear that all information provided by a confidential source is exempt, by eliminating qualifying terms that create confusion and ambiguity with respect to the scope of the exemption. The present terms of the Act would appear, if read literally, to suggest that "non-confidential" information provided by an informant is not exempt. This is, however, contrary to the apparent intent of Congress.[36] Indeed, any attempt to segregate "confidential" from non-confidential information received from an informant would be impossible since informants could be identified from even very circumstantial information that might appear on its face to be non-confidential.

The apparent requirement that information must be furnished "only" by a confidential source to be exempt would also be eliminated by the bill to prevent the confusion which can result from a restrictive reading of the current exemption. For instance, the lower court in *Radowich* v. *United States Attorney*, 501 F. Supp. 284, 288 (D. Md. 1980), determined that the exemption was not applicable unless the information was available "only" from a confidential source and not available from another source. This was properly reversed by the court of appeals, which found no such congressional intent to restrict the exemption. *Radowich* v. *United States Attorney*, No. 81–1068 (4th Cir. Sept. 4, 1931). The proposed amendment would make clear that all information provided by a confidential source is exempt, regardless of whether it might also have been obtained from another source.

4. Disclosure of Law Enforcement Techniques:

Section 7(d)(3) of the bill would also amend subsection (b)(7)(E) to grant broader protection from disclosure to records containing law enforcement guidelines and priorities. At present, subparagraph (E) protects from disclosure only those records that would disclose "investigative techniques and procedures." This language has proven insufficient to protect a broad range of sensitive law enforcement materials from disclosure.[37]

The bill would expand exemption (b)(7)(E) to protect expressly "guidelines, or priorities for law enforcement investigations or prosecutions," in addition to "techniques" and "procedures". This change, together with the new threshold language for subsection (b)(7) (which eliminates the requirement that exemption (b)(7) applies only to "investigatory records"), would expand the scope of subparagraph (E) to apply to any information revealing techniques, procedures, guidelines or priorities for law enforcement purposes, and not simply to such records disclosing techniques and procedures compiled in the course of an investigation.[38] It should be noted that the revision of subsection (b)(7)(E) is complemented by the proposed amendments to exemption (b)(2), which would exempt all "manuals and instructions" to investigators and others from disclosure.

5. Endangerment of Life or Physical Safety:

Section 7(d)(3) of the bill also would expand subparagraph (F) of exemption (b)(7). Paragraph (F) now authorizes the withholding of records where disclosure would endanger the life or physical safety of law enforcement personnel. The bill would replace the words "law enforcement personnel" with the words "natural person", thus extending exemption (b)(7)(F) to include such persons as witnesses and potential witnesses whose personal safety is of central importance to the law enforcement process.

6. Disclosure of Information Relating to Terrorism, Organized Crime, or Foreign Counterintelligence Investigations:

Section 7(d)(4) of the bill would add a new subparagraph (G) to exemption (b)(7) that would enable the Attorney General to exempt by regulation or order information relating to investigations of terrorism, organized crime or foreign counterintelligence. A number of law enforcement agencies have found that organized criminal elements, hostile foreign government intelligence agencies, and extremist political groups have attempted to use the Freedom of Information Act to uncover government informants in their midst or to discover information concerning government investigations. Such organizations have the incentive and the resources to use the Act systematically to gather, analyze, and piece together segregated pieces of information obtained from government files. The current application of the Act to such files necessarily presents a significant risk of inadvertant or unknowing disclosure of extremely harmful information. Indeed, acknowledgement of the very existence or non-existence of records relating to particular investigatory activities or designated individuals can provide valuable information to criminal organizations and harm law enforcement and national security interests. The bill would permit the Attorney General to exempt from the Act investigations of organized crime, foreign counterintelligence and terrorism.

Those categories of organized crime, foreign counterintelligence and terroism investigations to be exempted and the periods of time for which they would be exempted would be defined by regulations or orders promulgated by the Attorney General. This procedure would allow the Attorney General

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to continue to permit access to such files, for example those of a historical nature, where disclosure would not endanger personal safety or impair law enforcement. The Attorney General's authority to exempt such records would extend not only to the law enforcement components of the Department of Justice, but also to other government law enforcement agencies.

E. New exemptions in 5 U.S.C. § 552(b):

Sections 7(e) through (g) of the bill would add two new exemptions to 5 U.S.C. § 552(b). Sections 7(e) and (f) are technical in nature. Section 7(g) would add the new exemptions, which relate to information generated in connection with the settlement of a legal action and to technical data the export of which is controlled by the federal government.

1. Information Relating to Legal Settlements:

Proposed exemption (b)(10) would exempt from disclosure records generated in connection with settlement in a legal action in which the United States is a party or has an interest. Under current law, the United States is at a serious disadvantage in attempting to settle lawsuits. Private parties involved in sensitive settlement negotiations can, and normally will, enter into an agreement with an opponent that information disclosed during settlement negotiations will be kept confidential. Documents generated under such an agreement by private parties in connection with settlement negotiations thus would not generally be obtainable by a third party without judicial order and would be subject to all the protections offered in such court proceedings by the Federal Rules of Evidence and the Federal Rules of Civil and Criminal Procedure.[39] The United States, however, cannot assure confidential treatment of settlement information because it may be forced to reveal the information in response to a Freedom of Information Act request.[40]

The proposed exemption would place the United States on an equal footing with private parties in settlement negotiations by enabling it to promise that information disclosed during those negotiations will not normally be revealed to third parties. This will serve to encourage settlement of lawsuits and to protect the integrity of the settlement process, both important public policies.

2. Critical Technology:

New exemption (b)(11), set forth in section 7(g) of the bill, would exempt from disclosure technical data that cannot be exported from the United States without approval, authority or a license from an agency, except that the exemptions would not apply if the requester obtained the appropriate approval, authorization or license.

Congress has sought to limit the export of critical technology which might be used for purposes contrary to American interests in the Arms Export Control Act, 22 U.S.C. § 2751, *et seq.*, and the Export Administration Act of 1979, 50 U.S.C. App. § 2404. These laws impose controls on the export of technology which may be used for military purposes.

The proposed new exemption would insure that Congress' intent to control the export of sensitive technoolgy could not be frustrated by a Freedom of Information Act request for information regarding or comprising critical technology subject to export control under these statutes. It would make clear that agencies such as the Department of Defense have the authority to refuse to disclose such information in response to a Freedom of Information Act request when the technology itself is subject to export restrictions. This change would help effect Congress' desire to limit and control the dissemination and export of critical technology.

IX. SECTION 8 OF THE BILL—PROPOSED AMENDMENTS RELATING TO REPORTING REQUIREMENTS

Under current 5 U.S.C. § 552(d), each agency is required to submit to the Congress by March 1 of each year a report on its Freedom of Information Act activities during the preceding calendar year. Section 8(a) of the bill would amend the reporting requirement to provide that the report would cover the preceding fiscal, rather than calendar, year. Most agencies maintain their records on a fiscal year basis and must convert them to an annual year basis in order to comply with existing law. The amendment would remedy this problem by conforming the reporting requirement to data collection practices.

Sections 8(b) and (c) of the bill conform citations in 5 U.S.C. § 552(d) to provisions of the Freedom of Information Act that would be redesignated by provisions of the bill.

X. SECTION 9 OF THE BILL—PROPOSED AMENDMENTS RELATING TO DEFINITIONS

A. Definition of "Agency":

Section 9 of the bill retains the definition of "agency" set forth in current 5 U.S.C. § 552(e). The definition is carried forward as 5 U.S.C. § 552(e)(1).

B. Definition of "Submitter":

New 5 U.S.C. § 552(e)(2), contained in section 9 of the bill, defines the term "submitter" as "any person who has submitted to an agency (other than an intelligence agency) trade secrets, commercial or financial information (other than personal financial information), or other commercially valuable information in which the person has a commercial or proprietary interest." This subsection provides a standard definition for the group of persons affected by sections 4 and 5 of the bill, relating to the administrative and judicial rights of submitters of commercial information. The provision generally tracks the language of the bill's revision to exemption (b)(4).

The definition does not, however, include persons who have provided only personal financial information to the government. Some agencies (such as, for instance, the Veterans Administration) routinely receive financial information of a purely personal nature from large numbers of individuals. If all such persons were included in the definition of submitters, the administrative burden of simply providing notice of a request (as required in section 4 of the bill) could, in some circumstances, be enormous. Moreover, this expense would seem entirely unnecessary to protect either the financial or the privacy interests of such individuals, since personally identifiable financial information is exempt from disclosure pursuant to exemption (b)(6). This definition also does not include persons who submit information in which they have no "commercial or proprietary interest", such as informants who submit information to a law enforcement agency concerning another person.

C. Definition of "Requester":

New 5 U.S.C. § 522(e)(3), contained in section 9 of the bill, defines the term "requester" as "a person who makes or causes to be made, or on whose behalf is made, a proper request for disclosure of records under subsection (a)."

In part, this definition is intended as a mere drafting change in substitution for cumbersome phrases in the present Act, such as "Any person making a request to any agency for records under paragraph (1), (2), or (3) of this subsection" and "such person making such request" (subsection (a)(4)(C)). However, this definition includes not only the person who makes the request but also any person who causes a request to be made or on whose behalf a request is made.

D. Definition of "United States Person":

New 5 U.S.C. § 552(e)(4), contained in section 9 of the bill, defines the term "United States person". That definition is discussed in connection with the analysis of 5 U.S.C. § 552(a)(3)(A).

E. Definition of "Working Days":

New 5 U.S.C. § 552(e)(5), contained in section 9 of the bill, defines the term "working days" to mean "every day excluding Saturdays, Sundays, and federal legal holidays." This definition is essentially the same as the language of the present Act, and is intended to place conveniently in one provision of the Act the standard rule for calculating time periods under the Act. This definition is not intended to be a substantive change.

F. Definition of "Record":

New 5 U.S.C. § 552(e)(6), contained in section 9 of the bill, defines the term "record" to make clear that the Act applies to existing documentation in any form, including computer tapes and discs. The limitation to "existing documentation" is intended to make clear that an agency's obligation to disclose information extends only to existing information, and that an agency is not required to create new documents or records in response to a request under the Act.

Although the definition of record includes information stored on computer tapes or discs, it specifically excludes system software. This exclusion is intended to protect the security of agency computer systems. It does not limit the availability of substantive information held in computer form.

The definition of record also makes clear that it is not intended to include those documents created for the personal convenience of any government employee or official.[41] Agency employees and officials often create documents and other materials, like diaries, journals, telephone logs, desk calendars, or personal or research notes, that are not of a public character. Such materials are often nothing more than an extension of an individual's own memory. No purpose of the Freedom of Information Act would be served by their disclosure. Their release would not only threaten a serious incursion on the privacy of the individuals who created them, but would also chill their practices of committing to writing their personal views or ideas even for their own use. In a related context, Congress recognized that such private materials, when not prepared or used for, or circulated or communicated in, the course of transacting government business, are entitled to be kept confidential. *See* Presidential Records Act, 44 U.S.C. § 2201(3)(A).

This definition does not attempt a comprehensive analysis of what constitutes an "agency record" for purposes of the Act. Neither section 552 nor the definitions section of the Administrative Procedure Act, 5 U.S.C. § 551, provide a definition of what constitutes an "agency record" in this context, and so the courts have undertaken to give content to the term. The bill does not address the maner in which the courts have applied the term, for example, to documents that originate in the Congress or the courts.●

FOOTNOTES

[1] This practice has a well-established analogue in the courts. In order to improve judicial administration, virtually every United States Court of Appeals has adopted a rule providing for the disposition without opinion of cases that do not involve any new points of law, do not create or resolve conflicts within the circuit or with other circuits, and are of no general precedential or jurisprudential value. *See* D.C. Circuit Rule 13; First Circuit Rule 14; Second Circuit Rule 0.23; Fourth Circuit Rule 18; Fifth Circuit Rule 21; Sixth Circuit Rule 11; Seventh Circuit Rule 35; Eighth Circuit Rule 14; Ninth Circuit Rule 21; Tenth Circuit Rule 17.

[2] *E.g., Stone v. Export-Import Bank of the States*, 552 F.2d 132, 136–37 (5th Cir. 1977), *cert. denied*, 434 U.S. 1012 (1978); *Neal-Cooper Grain Co. v. Kissinger*, 385 F. Supp. 769, 776 (D.D.C. 1974).

[3] *See United States v. Murdock*, 548 F.2d 599 (5th Cir. 1977); *Murphy v. Federal Bureau of Investigation*, 490 F. Supp. 1138, 1143

(D.D.C. 1980); *see also United States v. Layton*, No. CR 80-0416 (N.D. Cal. August 6, 1981).

[4] *See United States v. Brown*, 562 F.2d 1144 (9th Cir. 1978); *United States v. Wahlin*, 384 F. Supp. 43, 47 (W.D. Wis. 1974).

[5] For example, in the 1974 Hearings on the Freedom of Information Act, *The New York Times* complained of paying fees for copying documents that turned out to be newspaper clippings. *See* Joint Committee Print, Senate Committee on the Judiciary and House Committee on Government Operations, Freedom of Information Act and Amendments of 1974 (P.L. 93-502), 94th Cong., 1st Sess. 163 (1975).

[6] For example, the Defense Department recently prepared an extensive course of instruction, part of which it sold overseas for $180,000, yet a requester under the Freedom of Information Act was able to obtain it for merely the cost of duplication.

[7] *See, e.g., Sneed* v. *Bresson*, 1 Gov't Disclosure (P-H) ¶ 79,143 (W.D.N.C. 1979), *aff'd*, No. 79-1800 (4th Cir. Aug. 4, 1980); *Eudey* v *.Central Intelligence Agency*, 478 F. Supp. 1175 (D.D.C. 1979); *Lybarger* v. *Cardwell*, 438 F. Supp. 1075 (D. Mass. 1977), *aff'd*, 577 F. 2d 764 (1st Cir. 1978); *Burke* v. *Department of Justice*, 432 F. Supp. 251 (D. Kan. 1976), *aff'd*, 559 F. 2d 1182 (10th Cir. 1977).

[8] *Rizzo* v. *Tyler*, 438 F. Supp. 895 (S.D.N.Y. 1977).

[9] Such "nationwide" jurisdiction and service of process of a district court by the court itself is already provided for by statute in other contexts. *See, e.g.*, Interpleader Procedure Statute, 28 U.S.C. § 2361; Sherman Antitrust Act, section 5, 15 U.S.C. §5.

[10] Joint Committee Print, Senate Judiciary Committee and House Government Operations Committee, Freedom of Information Act and Amendments of 1974 (P.L. 93-502), 94th Cong., 1st Sess. 229 (1975).

[11] *Weissman* v. *Central Intelligence Agency*, 565 F.2d 692, 697 (D.C. Cir. 1977).

[12] *Hayden* v. *National Security Agency*, 608 F.2d 1381, 1388 (D.C. Cir. 1979), *cert. denied*, 446 U.S. 937 (1980).

[13] *Halpern* v. *Central Intelligence Agency*, 629 F.2d 144, 148 (D.C. Cir. 1980).

[14] *See, e.g., Hayden* v. *National Security Agency*, 608 F.2d 1381, 1384 (D.C. Cir. 1979).

[15] In a still-pending case, the district court ordered disclosure of an *in camera* affidavit but, after a petition for rehearing by the agency, that disclosure order was vacated. *Baez* v. *National Security Agency*, Civ. No. 76-1921 (D.D.C. Nov. 2, 1978; July 17, 1980). *See also Jaffe* v. *Central Intelligence Agency*, 516 F. Supp. 576 (D.D.C. 1981) (publicly quoting from portions of classified documents and affidavits).

[16] In one case, for example, the district court initially ordered disclosure of classified information but, after reversal by the court of appeals, ultimately determined the information to be exempt. Had the district court not stayed the disclosure order, the government would have been foreclosed from pursuing its ultimately successful appeal. *Weberman* v. *National Security Agency*, 490 F. Supp. 9 (S.D.N.Y. 1980) (ordering disclosure), *rev'd*, No. 80-6155 (2d Cir. Dec. 18, 1980) (unpublished), *on remand*, No. 77 Civ. 5058 (CLB) (S.D.N.Y. June 5, 1981) (denying disclosure); *see* also 507 F. Supp. 117 (S.D.N.Y. 1981) (on remand).

[17] *See also Exner* v. *Federal Bureau of Investigation*, 542 F.2d 1121, 1123 (9th Cir. 1976).

[18] *See, e.g., Department of Air Force* v. *Rose*, 425 U.S. 352, 362-67 (1976); *Sladek* v. *Bensinger*, 605 F.2d 899, 901-02 (5th Cir. 1979); *Jordan* v. *Department of Justice*, 591 F.2d 753, 767-71 (D.C. Cir. 1978) (*en banc*); *Ginsburg, Feldman & Bress* v. *Federal Energy Administration*, 591 F.2d 717, 721-31 (D.C. Cir.); *vacated and reheard en banc*, 591 F.2d 752 (D.C. Cir. 1978) (*per curiam*), *aff'g by an equally divided court* Civ. No. 76-27 (D.D.C. June 18, 1976), *cert. denied*, 441 U.S. 906 (1979).

[19] Senate Committee on the Judiciary, Clarifying & Protecting the Right of the Public to Information and for Other Purposes, S. Rep. No. 813, 89th Cong., 1st Sess. 8 (1965).

[20] House Committee on Government Operations, Clarifying & Protecting the Right of the Public to Information, H.R. Rep. No. 1497, 89th Cong., 2d Sess. 10 (1966). Courts are divided in the relative weight to be given to the two committee reports. *See, e.g., Ginsburg, Feldman & Bress* v. *Federal Energy Administration*, 591 F.2d 717, 723-26 (D.C. Cir.), *vacated and reheard en banc*, 591 F.2d 752 (D.C. Cir. 1978) (*per curiam*), *aff'g by an equally divided court* No. 76-27 (D.D.C. June 18, 1976), *cert. denied*, 441 U.S. 906 (1979) (court followed House committee report); *Tietze* v. *Richardson*, 342 F. Supp. 610, 614-15 (S.D. Tex. 1972) (same); *Jordan* v. *Department of Justice*, 591 F.2d 753, 767-69 (D.C. Cir. 1978) (court follows Senate committee report); *Vaughn* v. *Rosen*, 523 F.2d 1136, 1142 (D.C. Cir. 1975) (same).

[21] S. Rep. No. 813, *supra*, at 2; H.R. Rep. No. 1497, *supra*, at 7-8. *See City of Concord* v. *Ambrose*, 333 F. Supp. 958, 959 (N.D. Cal. 1971).

[22] One court granted a *pro se* Freedom of Information Act litigant access to all portions of the Drug Enforcement Administration Agents Manual other than those pertaining solely to internal housekeeping matters, *Cox* v. *Department of Justice*, 576 F.2d 1302 (8th Cir. 1978), only later to deny to that same *pro se* litigant the portions of the Federal Bureau of Investigation's Manual of Instruction relating to investigative techniques and procedures. *Cox* v. *Levi*, 592 F. 2d 460 (8th Cir. 1979). *See also Cox* v. *Department of Justice*, 601 F.2d 1 (D.C. Cir 1979) (same *pro se* litigant denied access to portions of United States Marshals Service Manual describing procedures for transporting prisoners in custody); *Sladek* v. *Bensinger*, 605 F. 2d 899 (5th Cir. 1979) (portions of Drug Enforcement Administration Agents Manual concerning DEA's handling of confidential informants and search warrant procedures ordered disclosed); *Caplan* v. *Bureau of Alcohol, Tobacco & Firearms*, 587 F.2d 544 (2d Cir. 1978) (entire BATF pamphlet concerning raids and searches withheld from disclosure).

[23] *Compare Hawkes* v. *Internal Revenue Service*, 507 F.2d 481 (6th Cir. 1974) (Internal Revenue Service audit guidelines ordered disclosed) *with Ginsburg, Feldman & Bress* v. *Federal Energy Administration*, 591 F. 2d 717 (D.C. Cir), *vacated and reheard en banc*, 591 F. 2d 752 (D.C. Cir. 1978) (*per curiam*), *aff'g by an equally divided court* Civ. No. 76-27 (D.D.C. June 18, 1976), *cert. denied*, 441 U.S. 906 (1979) (Federal Energy Administration guidelines for audits of refiners' reports withheld from disclosure).

[24] *See* House Committee on Government Operations, Freedom of Information Act Requests for Business Data and Reverse-FOIA Lawsuits, H. R. Rep. No. 95-1382, 95th Cong., 2d Sess. 16-19, 21 (1978).

[25] *See Weisberg* v. *Department of Justice*, Civ. No. 75-1996 (D.D.C. Feb. 9, 1978), *aff'd in part, vacated in part on other grounds*, 631 F.2d 824 (D.C. Cir. 1980) (lower court ordered disclosure of valuable news photographs copyrighted by a submitter).

[26] *See, e.g., Pacific Molasses Co.* v. *NLRB*, 577 F.2d 1172, 1178-81 (5th Cir. 1978); *Rural Housing Alliance* v. *Department of Agriculture*, 498 F.2d 73, 77 (D.C. Cir. 1974).

[27] *Chicago Board of Trade* v. *Commodity Futures Trading Commission*, 627 F.2d 392, 397-98 (D.C. Cir. 1980); *see also Kurzon* v. *Department of Health & Human Services*, 649 F.2d 65 (1st Cir. 1981); *Ferri* v. *Bell*, 645 F.2d 1213 (3d Cir. 1981).

[28] Senate Committee on Government Operations, Protecting Individual Privacy in Federal Gathering, Use and Disclosure of Information, S. Rep. No. 93-1183, 93d Cong., 2d Sess. 31 (1974).

[29] *Cox* v. *Department of Justice*, 576 F.2d 1302, 1310 (8th Cir. 1978); *National Mutual Insurance Co.* v. *Friedman*, 451 F. Supp. 736, 746 (D. Md. 1978).

[30] In fact, in one case, the Internal Revenue Service was required to file a 13,000 page affidavit. *Kanter* v. *Internal Revenue Service*, 433 F. Supp. 812 (N.D. Ill. 1977), *dismissed*, 478 F. Supp. 552 (N.D. Ill. 1979).

[31] *See also Grabinski* v. *Internal Revenue Service*, 478 F. Supp. 486 (E.D. Mo. 1979); *Steinberg* v. *Internal Revenue Service*, 463 F. Supp. 1272 (S.D. Fla. 1979).

[32] *See e.g., Nix* v. *United States*, 572 F.2d 998, 1004 (4th Cir. 1978); *Church of Scientology* v. *Department of Justice*, 410 F. Supp. 1297, 1302 (C.D. Cal. 1976), aff'd, 612 F.2d 417 (9th Cir. 1979).

[33] *See, e.g., Church of Scientology* v. *Department of Justice*, 612 F.2d 417, 428-31 (9th Cir. 1979) (Wallace, J., dissenting); *Founding Church of Scientology* v. *Miller*, 490 F. Supp. 144, 148-49 (D.D.C. 1980).

[34] *See, e.g., Ferguson* v. *Kelly*, 455 F. Supp. 324, 326-27 (N.D. Ill. 1978).

[35] *See, e.g., Lesar* v. *Department of Justice*, 636 F.2d 472, 4899 (D.C. Cir. 1980); *Church of Scientology* v. *Department of Justice*, 612 F.2d 417, 420 (9th Cir. 1979); *Nix* v. *United States*, 572 F.2d 998, 1005 (4th Cir. 1978).

[36] Senator Hart explained that under his amendment an agency "can provide blanket protection for any information supplied by a confidential source" and that "all the FBI has to do is state that the information was furnished by a confidential source and it is exempt." Joint Committee Print, Senate Committee on the Judiciary and House Committee on Government Operations, Freedom of Information Act and Amendments of 1974 (P.L. 93-502), 94th Cong. 1st Sess. 451 (1975).

[37] *See Jordan* v. *Department of Justice*, 591 F.2d 753 (D.C. Cir. 1978) (*en banc*) (internal guidelines and criteria to be considered in the prosecution of certain offenses); *Hawkes* v. *Internal Revenue Service*, 507 F.2d 481 (6th Cir. 1974) ("nternal Revenue Service audit guidelines); *Firestone Tire & Rubber Co.* v. *Coleman*, 432 F. Supp. 1359, 1365-66 (N.D. Ohio 1976) (guidelines for bringing tire safety investigations).

[38] *See Sladek* v. *Bensinger*, 605 F.2d 899, 903 (5th Cir. 1979); *Cox* v. *Department of Justice*, 576 F.2d 1302, 1310 (8th Cir. 1978).

[39] *See, e.g.*, Fed. R. Evid. 408 and Fed. R. Civ. P. 26(c).

[40] *See County of Madison* v. *Department of Justice*, 641 F.2d 1036 (1st Cir. 1981).

[41] *See Porter County Chapter of Izaak Walton League of America, Inc.* v. *Atomic Energy Commission*, 380 F. Supp. 630 (N.D. Ind. 1974).

By Mr. HEINZ (for himself and Mr. TSONGAS):

S. 1752. A bill to amend the Home Owners' Loan Act to increase the lending, investment and operating authority of Federal mutual savings banks; to the Committee on Banking, Housing, and Urban Affairs.

SAVINGS BANK ACT OF 1981

● Mr. HEINZ. Mr. President, on behalf of Mr. TSONGAS and myself, I am today introducing S. 1752, "the Savings Bank Act of 1981," a bill to expand the lending, investment and operating authority of Federal mutual savings banks.

Mr. President, the current plight of the thrift industry has been well documented in the press and in extensive testimony before various committees of

the Congress. In the past year, thrift institutions have experienced one of the worst periods in their history in terms of profitability. The figures are startling. Former FDIC Chairman Irvine Sprague testified that the 79 largest savings banks representing three-fourths of the industry's deposits recorded net losses for the first 5 months of 1981 in excess of $400 million, portending the worst losses ever for the industry.

Numerous proposals have been advanced to address the industry's current problems, in particular the so-called "Regulators Bill" and the "All Savers Act." Whatever the merit of these proposals, none of them addresses the fundamental issue of the continued long-term viability of the thrift industry. Moreover, the combination of Federal budgetary constraint and unrelenting market forces leads inevitably to the conclusion that the only meaningful tool available to the thrift industry over the long run is self-help—the means to be independently viable in a continually changing financial and economic environment. That is precisely what this bill is designed to accomplish for savings banks.

Under the Deregulation Act of last year, it is now public policy that regulation Q limitations on rates on consumer savings deposits are to be phased out. Under the auspices of the Depository Institutions Deregulation Committee, that process is well underway. On August 1, 1981, rate limitations on certificates of deposit of 4 years or more were eliminated. In succeeding years, certificates of deposit with progressively shorter maturities can be offered at unregulated rates. Moreover, the quarter-percent rate differential available to thrift institutions on most certificates of deposit is scheduled to expire in just 2 years.

For years regulation Q was a cornerstone of U.S. housing policy. Under that regulation the existence of institutions devoted to the creation of housing was fostered by the existence of the quarter-percent rate differential which was tied to limitations on the use of the institutions. Like regulation Q, the All Savers Act seeks to direct flows of funds into the residential mortgage market. But unlike regulation Q, the All Savers Act does not differentiate between commercial banks and thrift institutions. The All Savers Act is designed to assure a flow of lower cost funds into housing through banks and thrift institutions alike.

To the extent that Congress adopts programs encouraging flows of funds into housing, with commercial banks and thrift institutions given equal opportunities to participate, a policy restricting thrift instituton investments can no longer be justified.

Treasury Secretary Donald T. Regan told the Senate Banking Committee on April 28, 1981:

> It seems that at some point all the institutions must have the same powers to perform the same types of business. The current problems facing thrift institutions are largely the result of prior government attempts to structure an industry by statute in ways that are not economically feasible. We believe all depository institutions should have equal powers and should be free to choose whatever specialization they wish based on their individual competitive skills and goals. The ultimate beneficiary of this flexibility would be the consumer.

Commercial banks with their shorter term, rate sensitive asset structure, are much better able to adjust to changing conditions than are thrift institutions with their long-term investments in the Nation's housing. The solution is not to abandon the principle of intelligent deregulation. Savers deserve and need a fair, market rate of return. Otherwise, depositors will not be protected from inflation and thrift institutions will continue to lose funds if the Government simply dictates the payment of rates noncompetitive with alternative market opportunities.

As the Deregulation Committee itself acknowledges, market events do not permit ignoring the process of deregulation. Yet, unless thrift institutions can begin making a broader range of profitable, interest-sensitive loans, these institutions will be unable to survive the consequences of deregulation of the cost of their funds. The solution is to dismantle barriers counterproductively restricting thrift access to commercial markets.

Mr. President, this bill brings the asset powers of mutual savings banks close to those of commercial banks. Unlimited commercial loan authority is essential if savings banks are to adjust their portfolios sufficiently quickly and profitably over future rate cycles.

I recognize the concerns expressed regarding the impact of this bill on the traditional commitment of savings banks to housing finance. If one fundamental lesson has been learned in the past few years it is that confining thrift institutions to residential mortgage investments in periods of rising interest rates jeopardizes their very existence and thereby does not assure an adequate supply of mortgage financing.

Housing does remain an important national priority and assuring an adequate flow of funds for housing is an objective that all Members of the Congress share. But I am convinced that basically confining thrift institutions to housing by statute is not a part of the solution to the problems of housing.

It would be unrealistic to anticipate that under this bill the savings bank industry's deep-rooted expertise in this area will be substantially diverted. Indeed, one of the principal thrusts of this bill is to enable thrift institutions to pursue their housing orientation viably.

The level of continued specialization must be determined by each individual institution's realistic evaluation of economic opportunities. The failure or elimination of substantial numbers of thrift institutions through the failure to grant them flexibility would seriously undermine the competitive balance of the depository industry as a whole. We dare not starve the thrift industry to save it.

This bill addresses only the statutory powers of Federal mutual savings banks. For the reasons I have already stated, I generally support the concept of broadened earnings powers for all thrift institutions. I intend to work closely with the sponsors of similar legislation. The bill I am introducing today, however duplicative in some respects, underscores the degree of urgency with which I view its enactment. It is my hope that the Senate Banking Committee will move quickly to consider this legislation.

An explanation and a section-by-section analysis of the legislation follows:

Section 101 expands the investment of Federal mutual savings banks. Present law provides that a State-chartered savings bank converting to a Federal charter may only carry on activities it was engaged in on a specified date—December 31, 1977. Such an institution is also authorized to retain or make any investments of a type it held on that date, except that its equity, corporate bond, and consumer loan investments may not exceed the average ratio of such investments to total assets for the 5-year period immediately preceding the filing of an application for conversion.

The December 31, 1977 cutoff date is obsolete given the dynamic changes in financial services, investments and technology affecting all types of institutions. There is no reason to hold a Federal savings bank organized now or in the future years to the particular activities and investments which it happened to engage in as of December 31, 1977.

Similarly, the limitation on equity, corporate bond and consumer loan investments looks backward rather than forward, and may have little relationship to investment opportunities and borrower demands in future years.

Both restrictions are inconsistent with the thrust of the 1980 Deregulation Act which mandates the phaseout of deposit interest rate ceilings in an environment of liberalized investment authority. Thrift institutions need increased asset flexibility if they are to be able to pay market rates to savers. In keeping with a basic safeguard of the Federal savings bank provision, the investment powers of these institutions will continue to be exercised only to the extent authorized by the chartering agency, the Federal Home Loan Bank Board.

Mr. President, let me take a moment to discuss the sections of this bill one at a time.

Section 101 removes the prohibition against conversion from mutual-to-stock form of organization for savings banks converting from a State to a Federal charter. Here again, it is my understanding that the legislation submitted by the Federal Home Loan Bank Board addresses the question of corporate structure and, in fact, permits mutual-to-stock conversions on an unrestricted basis in both the savings bank and savings and loan industries. These issues should be addressed and fully studied, including the issues of chartering de novo stock Federal savings banks and the conversion of mutual savings and loan associations into stock savings banks.

Section 102 amends the commercial loan authority of Federal mutual savings banks in light of the experience gained since the enactment of the Deregulation Act. Current law restricts commercial loans to 5 percent of the institution's assets. It also requires that such loans be

made only within the State where the bank is located or within 75 miles of the bank's home office.

If this is not changed, when institutions bump up against the 5-percent limit they will be forced to curtail future commercial loan activity. Other institutions are inhibited from entering the commercial loan market because the presently permitted volume of lending may be economically insufficient to absorb the additional salary and other costs necessarily involved in undertaking a new activity of this type. Furthermore, the geographic limitation needlessly restricts commercial lending opportunities and is contrary to long-standing public policy which encourages the free flow of credit to areas of greatest need. The Community Reinvestment Act and FHLBB supervision will continue to act as safeguards to insure that local credit needs are met.

In order to make the commercial loan authority a practical reality, the amendment eliminates the 5 percent and geographic limitations. This authority, like any other authority granted Federal mutual savings banks in this act, would be subject to regulation by the Federal Home Loan Bank Board. At the same time, the amendment would add a provision, identical to that of national banks, that commercial loans to any single borrower may not exceed 10 percent of the net worth of a Federal savings banks.

Section 103 would authorize Federal mutual savings banks to accept demand deposits from any source, rather than in connection with a commercial, corporate or business loan relationship. This change would permit all Federal savings banks to accept personal and business checking deposits. This is clearly consistent with the recent action of the Congress in authorizing NOW accounts for all types of depository institutions. Consumers will now have the opportunity to obtain the same transfer of funds services from Federal savings banks that are available from commercial banks. Federal savings banks will also be able to compete for business and government demand deposits on the same terms as commercial banks. Such competition would clearly be beneficial to all users of demand deposits.

Section 104 would increase the investment authority for savings and loan associations and mutual savings banks in service corporations from 1 percent to 10 percent of an institution's assets. Furthermore, it would increase, from 1 percent to 1 percent of assets, the amount of investment above which one-half of any further investment would be required to be used for community and inner-city development purposes. As a result, the authority to invest in service corporations would be increased to more economically feasible levels.

Section 105 will clarify the obligation of the FDIC to indemnify the FSLIC on the occasion of a conversion to a Federal mutual savings bank. The effect would be to reduce a barrier to the conversion of an FDIC-insured State mutual savings bank to a Federal mutual savings bank which under the act must be insured by FSLIC. Without this change, the possibility arises that the conversion authority provided by the Congress may be unintentionally undermined in practice.

Mr. President, I ask unanimous consent that the bill and a brief section-by-section analysis be printed at this point.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

S. 1752

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Savings Bank Act of 1981".

CHARTERING

SEC. 101. Section 5(a)(1) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(a)(1)) is amended to read as follows:

"(a)(1) In order to provide local mutual thrift institutions in which people may invest their funds and in order to provide for the financing of homes, the Board is authorized, under such rules and regulations as it may prescribe, to provide for the organization, incorporation, examination, operation, and regulation of associations to be known as 'Federal Savings and Loan Associations', or 'Federal mutual savings banks' (but only in the case of institutions which, prior to conversion, were State mutual savings banks located in States which authorize the chartering of State mutual savings banks, provided each conversion is not in contravention of State law), and to issue charters therefor, giving primary consideration to the best practices of local mutual thrift and home-financing institutions in the United States.

An association which was formerly organized as a savings bank under State law may, to the extent authorized by the Board, continue to carry on any activities it was engaged in immediately prior to conversion and to retain or make any investments of a type it held on that date, and such an association which was formerly organized as a savings bank under State law shall only be permitted to establish branch offices and other facilities in accordance with the limitations imposed by State law controlling applications of a savings bank organized under such State law, provided that such an association: (A) shall be exempt from any numerical limitations of State law on the establishment of branch offices and other facilities, and (B) may, in any case, subject to the approval of the Board, establish branch offices and other facilities in its own standard metropolitan statistical area, its own county, or within thirty-five miles of its home office, but only in its State of domicile. An association which was formerly organized as a savings bank under State law shall be subject to the requirements of State law (including any regulations promulgated thereunder and any sanction for the violation of any such law or regulation) in effect at the time of conversion, in the State of its original charter—

"(i) pertaining to discrimination in the extension of home mortgage loans or adjustment in the terms of mortgage instruments based on neighborhood or geographical area, and

"(ii) pertaining to requirements imposed under the Consumer Credit Protection Act, if the Board determines that State law and regulations impose more stringent requirements than Federal law and regulations.".

COMMERCIAL LENDING

SEC. 102. Section 5(a)(2) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(a)(2)) is amended to read as follows:

"(2) A Federal mutual savings bank may make commercial, corporate, and business loans. The total obligations to any Federal mutual savings bank of any person, copartnership, association, or corporation shall at no time exceed 10 per centum of the net worth of such Federal mutual savings bank. The term 'obligations' means the direct liability of the maker or acceptor of paper discounted with or sold to such Federal mutual savings bank and the liability of the endorser, drawer, or guarantor who obtains a loan from or discounts paper with or sells paper under his guaranty to such Federal mutual savings bank and shall include in the case of obligations of a copartnership or association the obligations of the several members thereof and shall include in the case of obligations of a corporation all obligations of all subsidiaries thereof in which such corporation owns or controls a majority interest. Such limitation of 10 per centum shall be subject to such exceptions as the Board shall by regulation prescribe from among those exceptions provided for national banks in section 5200 of the Revised Statutes or elsewhere.".

DEMAND DEPOSITS

SEC. 103. Section 5(a)(3) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(a)(3)) is amended to read as follows:

"(3) Federal mutual savings banks may accept demand deposits from any source whatever.".

SERVICE CORPORATIONS

SEC. 104. Section 5(c)(4)(B) of the Home Owners' Loan Act of 1933 (12 U.S.C. 1464(c)(4)(B)) is amended to read as follows:

"(B) SERVICE CORPORATIONS.—Investments in the capital stock, obligations, or other securities of any corporation organized under the laws of the State in which the home office of the association is located, if the entire capital stock of such corporation is available for purchase only by savings and loan associations or mutual savings banks of such State and by Federal associations having their home offices in such State, but no association may make any investment under this subparagraph if its aggregate outstanding investment under this subparagraph would exceed 10 per centum of the assets of the association, except that not less than one-half of the investment permitted under this subparagraph which exceeds 1 per centum of assets shall be used primarily for community, inner-city, and community development purposes.".

CONVERSION INDEMNIFICATION

SEC. 105. Section 26 of the Federal Deposit Insurance Act (12 U.S.C. 1831c) is amended by designating the first paragraph "(a)" and adding the following new paragraph at the end thereof:

"(b) In implementing the indemnification agreement specified in subsection (a), the Corporation and the Federal Savings and Loan Insurance Corporation shall include, but not be limited to, those losses resulting from a decline in the market value of assets due to interest rate fluctuations."

SECTION-BY-SECTION ANALYSIS OF THE "SAVINGS BANK ACT OF 1981"

Sec. 101. Increased investment authority: This provision would delete the present limitation on the equity, bond, and consumer loan investment authority of Federal Mutual savings banks, which restrict the investment to the five-year average immediately preceding conversion. The provision also removes the prohibition against mutual-to-stock conversion for savings banks converting from a state to Federal charter.

Sec. 102. Increased commercial lending authority: This provision would delete the present 5 percent of assets and home state-or-75 miles limitations on commercial lending by Federal mutual savings banks and would substitute a single provision derived from—and similar to—the 10 percent (of

capital stock and surplus) loan limitation to any one borrower imposed on national banks by 12 U.S.C. 84.

Sec. 103. Increased demand deposit authority: This provision would delete the present requirement that a Federal mutual savings bank only accept business demand deposits "in connection with a commercial, corporate, or business loan relationship." The provision would substitute general authority to accept demand deposits from "any source whatever." This would authorize personal as well as business demand deposits. This grant of authority would, like any other authority granted Federal mutual savings banks in the Act, be subject to regulation by the FHLBB.

Sec. 104. Increased investment in service corporations: This provision would increase the authority to invest in service corporations to corporations jointly owned by mutual savings banks as well as by savings and loan associations. It would also increase investment authority from 3 percent of assets to 10 percent of assets.

Sec. 105. FDIC-FSLIC indemnification: This provision would clarify the FDIC obligation to indemnify the FSLIC on the occasion of a conversion to a Federal mutual savings bank.●

● Mr. TSONGAS. Mr. President, today I join with Senator HEINZ to introduce the Savings Bank Act of 1981. This legislation to expand the powers of mutual savings banks is urgently needed. These institutions, which are the predominant type of thrift in New England, must have new powers to stop the hemorrhaging of red link. We must give them the capacity to compete in today's volatile economy.

During the first quarter of 1981, thrift institutions overall lost nearly $900 million. In June, Chairman Richard Pratt of the Federal Home Loan Bank Board testified that a full one-third of America's thrifts are no longer viable under current conditions. Our largest 79 savings banks—representing 75 percent of the industry—lost $400 million during the first 5 months of 1981. Savings and loans are in the same boat. Chairman Pratt has estimated that nearly three-fourths of them will lose money in 1981.

Why do the current high, volatile rates of interest make new powers for thrifts essential. Quite simply, it is because money market funds and money market certificates have made regulation Q a moot point. Thrifts must reward savers at competitive rates if they expect to keep and attract funds. Money market funds have been paying interest at rates in the high teens—and most financial analysts expect these rates to remain high.

Thrifts must offer market certificates in order to compete. In a time of sky-high interest rates, they must have flexibility on their asset side to have any hope of long term survival. This bill makes the asset powers of savings banks closer to those of commercial banks. Expanding commercial loan authority is essential for savings banks to build portfolios that can survive the business cycle.

THRIFTS AND HOUSING

I know that some people in the housing industry—and some of my colleagues—sincerely believe that housing will suffer unless thrifts are required to make fixed rate mortgage loans. This view is plausible at first glance. But a hard look at the history of these lenders indicates the contrary. The very inflexibility of their investments has hurt earning and crippled thrifts in bidding for money against nonfinancial entities such as the money market funds. This has literally dried up mortgage credit in some areas for months at a time.

Savings banks and savings and loan associations are our specialists in housing finance. They know the business. I am not afraid that, given the broader powers, they will turn away from housing. Mortgages will still be a dominant part of their portfolio. But future home lending will be tied to more interest-sensitive mortgage notes And the ability to make other interest-sensitive loans to consumers and businesses will make a crucial difference in their capacity to compete and endure. It will let them moderate the dramatic declines in mortgage credit availability that occur now during periods of tight money.

THE URGENCY OF ACTION

Mr. President, the time to act is now. On many occasions, Chairman Pratt has voiced his support for a so-called super-thrift, one with the expanded powers vital to meet today's competition. I understand that the Bank Board has prepared legislation on new powers for thrifts, and I appreciate that leadership. However, savings banks generally are not under the Bank Board's regulation. It is essential that savings banks be included in the final plans to make the thrift industry more competitive.

Mr. President, this is the second time in this session that I have introduced legislation concerned with powers for mutual savings banks. In June, I introduced S. 1413, a bill to expand their powers and to provide flexibility for regulators who oversees thrifts. I am happy to join with Senator HEINZ today because the situation is so critical. We must act now to give thrift institutions the powers to survive, compete, and continue to provide their vital services.●

By Mr. HEINZ (for himself, Mr. PACKWOOD, Mr. BRADLEY, Mrs. KASSEBAUM, Mr. PERCY, Mr. COHEN, Mr. PRYOR, Mr. MELCHER, and Mr. BURDICK):

S. 1754. A bill to amend title XVIII of the Social Security Act to remove the 3-day prior hospitalization requirement for coverage of extended care services; to the Committee on Finance.

COVERAGE OF EXTENDED CARE SERVICES

● Mr. HEINZ. Mr. President, I am introducing today a bill to amend the Social Security Act to stop forcing older Americans to shuttle between nursing homes and hospitals just to meet costly paperwork requirements. My colleagues joining me in cosponsoring this legislation are Senators PACKWOOD, BRADLEY, KASSEBAUM, PERCY, COHEN, PRYOR, MELCHER, and BURDICK.

This amendment will eliminate the current requirement that a medicare beneficiary spend 3 days as a hospital inpatient before eligibility for a skilled nursing facility can be established. Deleting this requirement will reduce unnecessary hospitalization, put an end to the traumatic transferring between hospitals and nurssing homes that the current requirement entails.

The original requirement was intended as a gatekeeping mechanism, but a recent HHS study conducted in Massachusetts and Oregon reveals that it may actually increase costs. The study found that some patients, such as the terminally ill or those needing to be upgraded from intermediate to skilled care, must be inappropriately placed in a hospital to obtain medicare coverage. Since hospital costs are three to five times that of skilled nursing facilities, elimination of this requirement would provide savings that would be applied to less expensive SNF stays. The study concluded that eliminating the 3-day prior hospitalization requirement would be unlikely to increase utilization beyond the present hospital/SNF stays since current skilled requirements would still be in place.

This amendment provides one of the rare occasions in our present system where we can expand benefit flexibility without a reciprocal expansion of program costs. Furthermore, it eliminates a burdensome requirement impeding appropriate placement of medicare beneficiaries and medical decisionmaking. Therefore, I urge my colleagues to join me in supporting this legislation which will provide a much needed benefit to medicare beneficiaries.

I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1754

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1811 of the Social Security Act is amended by striking out "related post-hospital" and inserting in lieu thereof "extended care".

(b) Subsections (a)(2), (b)(2), and (e) of section 1812 of such Act are each amended by striking out "post-hospital".

(c) Subsections (a)(3) and (b)(2) of section 1813 of such Act are each amended by striking out "post-hospital" each place it appears.

(d) Section 1814(a) of such Act is amended—

(1) by striking out "post-hospital" each place it appears in paragraphs (2)(C), (6), and (7); and

(2) by striking out ", for any of the conditions" and all that follows in paragraph (2)(C) and inserting in lieu thereof a semicolon.

(e)(1) Subsection (e) of section 1861 of such Act is amended—

(A) by striking out ", and subsection (d) of this section" in the matter before paragraph (1); and

(B) by striking out ", section 1814(f)(2), and subsection (i) of this section," in the third sentence and inserting in lieu thereof "and section 1814(f)(2)".

(2) Subsection (i) of such section is repealed.

(3) Paragraphs (1)(G), (2)(A), and (3) of subsection (v) of such section are each amended by striking out "post-hospital" each place it appears.

(4) Subsection (y) of such section is amended by striking out "Post-Hospital" in the heading and by striking out paragraph (4).

(f) Subsections (b) and (d) of section 1866 of such Act are each amended by strik-

ing out "post-hospital" each place it appears.

(g) Subsections (d) and (f) of section 1883 of such Act are each amended by striking out "post-hospital" each place it appears.

(h) Section 226(c) of such Act is amended by striking out "post-hospital extended care services" and inserting in lieu thereof "extended care services" and by striking out "except that" in paragraph (1) and all that follows through the end of such paragraph and inserting in lieu thereof "; and".

(i) Section 7(d)(1) of the Railroad Retirement Act of 1974 is amended by striking out "posthospital extended care services" and inserting in lieu thereof "extended care services".

SEC. 2. The amendments made by this Act shall be effective with respect to services provided on or after the date of the enactment of this Act.●

By Mrs. HAWKINS (for herself and Mr. CHILES):

S. 1755. A bill to amend chapter 207 of title 18, United States Code, to provide explicitly for consideration of the sources of bail money and the risk to safety of the public and other persons in proceedings for the consideration of release of criminal defendants in drug-related cases before trial under that chapter; to the Committee on the Judiciary.

RELEASE OF CRIMINAL DEFENDANTS IN DRUG-RELATED CASES

● Mrs. HAWKINS. Mr. President, today I am introducing, along with Senator CHILES, companion legislation to H.R. 4705 by Representative SHAW that will help keep drug smugglers off our streets by stiffening bail provisions. This bill has been endorsed by the entire Florida delegation. Federal bail procedures for drug smugglers must be reformed if we are to curb the ever-increasing amount of illegal drug trafficking in our country. Currently, drug smugglers post bail just like others charged with a crime. However, drug smugglers are not just like other defendants. The difference is that drug smugglers are often worth $30 or $40 million and even $1 million in forfeited bail is just another business expense to them. Therefore, accused drug smugglers must be treated differently because conventional procedures do not insure that these defendants will be tried in a court of law. Instead, drug smugglers skip town and continue unhindered in their illegal and highly profitable business elsewhere.

The bill I am introducing today changes current bail procedures in two ways. First, this bill requires judges, when determining the amount of bail or if it should be granted at all, to consider whether a defendant will harm the community if released pending trial. This change will permit judges to refuse bail to repeat offenders of our drug-smuggling laws and to raise bail amounts should they decide to release them.

Second, judges are required to hold a hearing before a defendant charged with drug smuggling is released to determine that source of funds used to post bail. If the judge determines that the source of funds is an illegal one, then he will deny a request for bail. The purpose of this change is to insure that funds put up for bail come from a source unrelated to drug smuggling. That way, bond money will not be forfeited simply as a cost of doing business. And it will cost someone dearly if these defendants do disappear.

Mr. President, I represent a State with a very special problem. Because of Florida's unique location, we must deal with an incredibly high volume of drug smuggling. And as long as Federal bail procedures remain lenient, Florida will have a serious crime problem. The Federal Bureau of Investigation's 1980 crime report showed that of the 10 cities in the country with the highest crime rates, 6 of those cities are in Florida. A primary cause of these high rates of violent crime is directly related to illegal drug dealing.

Recently, the New York Times highlighted the problem associated with setting bond for drug smugglers in an article entitled "Violence and Rot Spread in Florida With Its Vast Flow of Drugs." The article quoted Capt. Marshall Frank, chief of the homicide section of the public safety department in Dade County. He stated:

Drug dealers outman us, they have unlimited budgets. There's hardly any bond they can't make, and if they make it, they're gone. Why should they go to prison in the United States?

The article also quoted Jim Simmons, the inspector in charge of the fugitive squad for the U.S. Marshals Office in south Florida as saying that as of last March he was looking for 365 persons who had jumped bond. Of these, 350 were involved with drugs. Mr. President, I ask unanimous consent that the bill, along with a copy of this New York Times article be printed in the RECORD.

There being no objection, the bill and article were ordered to be printed in the RECORD, as follows:

S. 1755

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (a) of section 3146 of title 18 of the United States Code is amended by inserting "and that the person, if the offenses charged involves possession or transfer of a controlled substance (as such term is defined for the purposes of the Controlled Substances Act), will not pose a danger to any other person or to the community" after "assure the appearance of the person for trial".

SEC. 2. Subsection (b) of section 3146 of title 18 of the United States Code is amended—

(1) by striking out "will reasonably assure appearance" and inserting in lieu thereof "will give the required assurance"; and

(2) by adding at the end the following: "If the accused is charged with an offense involving possession or transfer of a controlled substance (as such term is defined for the purpose of the Controlled Substances Act) the judicial officer shall hold hearings and accept testimony to determine that the resources of sureties or the cash used for deposit has been obtained by noncriminal means and will reasonably assure the appearance of the person charged.".

VIOLENCE AND ROT SPREAD IN FLORIDA WITH ITS VAST FLOW OF DRUGS

(By Jo Thomas)

MIAMI, March 3.—Through this city of sunlight and excess, where now and then a child will turn up at a corner store with a $100 bill, demanding candy bars and change, there flows a river of narcotics bringing with it so much opulence and violence, so much money and corruption, that public officials look back at Prohibition for comparisons, and even those fail.

The staggering volume of Florida's drug trade cannot readily be seen: 70 percent of the nation's cocaine, 80 percent of its marijuana, 90 percent of the counterfeit Quaaludes go into the pipeline here. The local trade is conservatively estimated at $7 billion, "the biggest retail business in our state," as Jim Smith, the Florida Attorney General, describes it.

But the effects of this commerce can be seen and felt everywhere, in the glittering shops where one can buy a $5,000 hat, in the private clubs where one can buy a $600 bottle of wine, in middle-class neighborhoods where houses are leased for cash, paid five or six months in advance in $20 bills, no questions asked, and in the hospital intensive care ward where Josephine Williams, 25 years old, has been waiting 40 days and 40 nights for her little boy to wake up.

SHOT FIRED BY 15-YEAR-OLD

The child, Donnell Robinson, 6 years old, was shot in the head while walking home from school with his mother, who wanted to make sure he would be safe. The bullet came from a gun fired by a 15-year-old having a quarrel with a friend over marijuana. Donnell and his mother were on the wrong corner in Liberty City at the wrong time.

"Drugs are probably the biggest reason for the upsurge in homicides," said Capt. Marshall Frank, chief of the homicide section of the Public Safety Department in Dade County, which encircles Miami. So far this year, homicides are running 49 percent ahead of last year's record number, 567.

On the wall of Captain Frank's office is a framed bar graph of homicides in recent years, with red columns for homicides and shorter blue columns for cases that have been cleared. For 1980, the red column climbs up out of the graph, over the wooden frame and onto the wall.

Twenty-four percent of the homicides, Captain Frank said, are drug-related, but "that doesn't include robberies or domestic killings in which drugs figure."

"Realistically," he said, "I'd say 50 percent of homicides directly or indirectly are a result of drug use or drug traffic."

"The average law-abiding citizen or tourist has a low risk factor of being victimized by violent crime," Captain Frank contends. "Most homicides occur in ghetto areas or among participants in crime."

The murder last week of Adolfo Ibarra, 23, a Colombian, is typical of what Captain Frank is up against. Mr. Ibarra stopped his car in a residential neighborhood popular with what are called "cocaine cowboys." Four men surrounded his car, machine-gunned him, got back in their car and drove off. Mr. Ibarra represented the county's 100th homicide this year.

"In many cases," Captain Frank said, "we're investigating Colombian homicides that happen to occur on United States soil. They have no roots in the community. We can't identify the victims. The suspects have false names."

Jack Sullivan, a Miami police spokesman, discussed the case of Jorge Marrero, 26, who was shot once in the stomach while walking to his car shortly after midnight Friday and survived. But Mr. Sullivan said, "He just wouldn't say anything."

Mr. Marrero was believed to have been involved in a drug-related quarrel. Today, shortly after midnight, someone went to the Mercy Hospital room where Mr. Marrero lay sleeping and shot him again, this time in the head at close range. He did not survive.

"Drug dealers outman us," said Captain Frank. "They have unlimited budgets. There's hardly any bond they can't make, and if they make it, they're gone. Why should they go to prison in the United States?"

According to Jim Simmons, the inspector

in charge of the fugitive squad for the United States Marshal's office in South Florida, as of last March he was looking for 365 persons who had jumped bond. Of these, he said, 350 were involved with drugs.

BOND LOWERED TO $1 MILLION

One of Miami's most notable fugitives is Alfredo Gutiérrez, 44 years old, a Bolivian indicted in an operation in which he was allegedly to handle a $9 million down payment for $200 million in cocaine. His bond, originally set at $3 million, was lowered to $1 million, which Mr. Gutiérrez paid. He then failed to appear for trial.

Drug Enforcement agents arrested Isaac Kattan, described by the Federal authorities as the main figure involved in the concealing and transferring, or laundering, of profits for the major narcotics traffic from South America. On Friday, Mr. Kattan's bond was set at $10 million. His records, according to Atlee Wampler, 3d, the United States Attorney, showed transactions of hundreds of millions of dollars.

Yesterday Mr. Kattan's bond was reduced to $2 million over the objections of Charles Blau, the assistant United States Attorney handling the case.

In the last year, according to records of the Drug Enforcement Administration, Federal agents seized 4,887 pounds of cocaine in Florida, 847,733 pounds of marijuana, and 15.2 million doses of counterfeit Quaaludes. They also confiscated $42 million in cash, automobiles, boats, planes and other assets.

So much marijuana has been seized, in fact, that storing it has become a problem.

A WAIT FOR INCINERATOR TIME

"The round-the-clock guards are killing me," said Sheriff William A. Freeman of Key West. "By the time we get rid of a batch, there is another batch coming in. We have four or million dollars worth of it outside my office window right now." Sheriff Freeman can burn his marijuana at a United States Department of Agriculture incinerator on Fleming Key, but he has to wait for incinerator time: Hay-burning comes first.

Marijuana is still arriving in giant loads—the Coast Guard seized 100 tons yesterday from the Panamanian freighter Alaskan I—but a newer trend for Colombian marijuana seems to be shipments of 1,000 pounds each stowed under false decks on small boats. In October, 57 boats were seized. Marijuana from Jamaica, on the other hand, has been arriving in containerized freight.

According to Jim Dingfelder, a Customs spokesman, more than half the cocaine arrives by air cargo. The rest is shared by air passengers and by private planes.

"They're the pitcher, and we're the catcher," said Don Meyer, regional director of the Drug Enforcement Administration. "How do we catch what they're pitching?" Two things the drug smuggler has, he noted, are plenty of time to plan and plenty of money.

Last July a Cuban whom the authorities believed to be a marijuana dealer was found murdered here. With him were duffel bags and paper sacks full of money, $5, $10, $20 and $50 bills, $841,000 in all.

There is so much money in Miami, much of it also from tourism and from Latin American investment, that the Federal Reserve Bank here has a $4 billion annual surplus. Most other Federal Reserve banks have currency shortages.

10 BANKS REPORTED UNDER INQUIRY

With this much money comes the possibility of corruption. According to sources at the Department of Justice, at least 10 Florida banks are now under a Federal grand jury investigation, part of Operation Greenback, a joint venture of the Justice Department, the Federal Bureau of Investigation, the Internal Revenue Service, the Customs Service and the Drug Enforcement Administration to cut off drug dealers' ability to move and launder money.

Last month an officer of the Landmark First National Bank in Fort Lauderdale was among three persons arrested in a scheme to launder $70 million in profits from the sale of cocaine and marijuana.

Investigations also involve the police. Six officers in Captain Frank's homicide section have been suspended from the force and nine have been transferred out of the section pending an F.B.I. investigation of charges that some of the detectives accepted expensive gifts from a man identified by Federal agents as a major cocaine dealer.

Most of those trying to stop the drug trade point out that the traffic is enormous because the market for drugs is huge.

"Cocaine," said Captain Frank, "is not a slum drug. It's the drug of the elite. The profits wouldn't be here if people weren't using it."

The killings and the corruption occur where the drugs and money meet and change hands, in Southwest Dade County or in Liberty City, in places the beautiful people are not likely to see. "There is no way, they can know what it's like," Captain Frank said.●

ADDITIONAL COSPONSORS

S. 46

At the request of Mr. THURMOND, the Senator from Arizona (Mr. DECONCINI) was added as a cosponsor of S. 46, a bill to amend title 5 of the United States Code to permit present and former civilian employees of the Government to receive civil service annuity credit for retirement purposes for periods of military service to the United States as was covered by social security, regardless of eligibility for social security benefits.

S. 603

At the request of Mr. ZORINSKY, the Senator from Wisconsin (Mr. KASTEN) was added as a cosponsor of S. 603, a bill to amend title 17 of the United States Code to exempt nonprofit veterans' organizations and nonprofit fraternal organizations from the requirement that certain performance royalties be paid to copyright holders.

S. 604

At the request of Mr. MATHIAS, the Senator from South Dakota (Mr. PRESSLER) was added as a cosponsor of S. 604, a bill to amend the Communications Act of 1934 to provide that telephone receivers may not be sold in interstate commerce unless they are manufactured in a manner which permits their use by persons with hearing impairments.

S. 895

At the request of Mr. MATHIAS, the Senator from Vermont (Mr. LEAHY) was added as a cosponsor of S. 895, a bill to amend the Voting Rights Act of 1965 to extend certain provisions for an additional 10 years, to extend certain other provisions for an additional 7 years, and for other purposes.

S. 1081

At the request of Mr. MATHIAS, the Senator from Texas (Mr. BENTSEN) was added as a cosponsor of S. 1081, a bill to amend the Internal Revenue Code of 1954 to provide for a deduction for certain amounts paid into a reserve for service liability losses and expenses of design professionals and for other purposes.

S. 1106

At the request of Mr. ZORINSKY, the Senator from Iowa (Mr. JEPSEN) was added as a cosponsor of S. 1106, a bill to reform the insanity defense.

S. 1276

At the request of Mr. DURENBERGER, the Senator from North Dakota (Mr. BURDICK) was added as a cosponsor of S. 1276, a bill to amend the Internal Revenue Code of 1954 to permit small businesses to reduce the value of excess inventory.

S. 1610

At the request of Mr. DANFORTH, the Senator from Utah (Mr. GARN) and the Senator from Oregon (Mr. HATFIELD) were added as cosponsors of S. 1610, a bill to increase the excise tax on cigarettes and to transfer the revenues from such tax to the Federal hospital insurance trust fund.

S. 1631

At the request of Mr. SPECTER, the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 1631, a bill to establish a Presidential Commission on the Bicentennial of the U.S. Constitution.

S. 1637

At the request of Mr. D'AMATO, the Senator from Florida (Mrs. HAWKINS) was added as a cosponsor of S. 1637, a bill to establish a Federal annuity program to compensate participants in private pension plans which terminated before July 1, 1974, for nonforfeitable pensions benefits which were lost by reason of the termination, and for other purposes.

S. 1645

At the request of Mr. MOYNIHAN, the Senator from Texas (Mr. BENTSEN) was added as a cosponsor of S. 1645, a bill to let funds in individual retirement accounts be used to purchase collectibles.

S. 1706

At the request of Mr. MITCHELL, the Senator from Massachusetts (Mr. KENNEDY), the Senator from Rhode Island (Mr. PELL), and the Senator from Connecticut (Mr. WEICKER) were added as cosponsors of S. 1706, a bill to amend the Clean Air Act to better protect against interstate transport of pollutants, to control existing and new sources of acid deposition, and for other purposes.

SENATE JOINT RESOLUTION 62

At the request of Mr. DOLE, the Senator from Pennsylvania (Mr. HEINZ) was added as a cosponsor of Senate Joint Resolution 62, a joint resolution to authorize and request the President to designate the week of September 20 through 26, 1981 as "National Cystic Fibrosis Week."

SENATE JOINT RESOLUTION 97

At the request of Mr. MITCHELL, the Senator from Michigan (Mr. RIEGLE) was added as a cosponsor of Senate Joint Resolution 97, a joint resolution to designate the second full week in October as "National Legal Secretaries' Court Observance Week."

SENATE JOINT RESOLUTION 114

At the request of Mr. DODD, the Senator from California (Mr. HAYAKAWA), the

Senator from New Hampshire (Mr. HUMPHREY), the Senator from Michigan (Mr. RIEGLE), the Senator from South Carolina (Mr. THURMOND), and the Senator from North Dakota (Mr. ANDREWS) were added as cosponsors of Senate Joint Resolution 114, a joint resolution to authorize and request the President to designate October 23, 1981, as "Hungarian Freedom Day."

SENATE CONCURRENT RESOLUTION 21

At the request of Mr. THURMOND, the Senator from California (Mr. HAYAKAWA) was added as a cosponsor of Senate Concurrent Resolution 21, a concurrent resolution expressing the sense of the Congress on the Baltic States question.

SENATE RESOLUTION 211

At the request of Mr. BENTSEN, the Senator from Arkansas (Mr. BUMPERS), and the Senator from Kentucky (Mr. HUDDLESTON) were added as cosponsors of Senate Resolution 211, a resolution calling on the Governors of the Federal Reserve System to encourage banks to make loans available for productive uses while eliminating loans for speculative and unproductive uses.

SENATE RESOLUTION 231—RESOLUTION RELATING TO MANAGEMENT OF U.S. ASSETS

Mr. PERCY submitted the following resolution; which was referred to the Committee on Governmental Affairs:

S. RES. 231

Whereas the debt of the United States now exceeds one trillion dollars;

Whereas the acquisition cost of the assets owned by the United States also exceeds one trillion dollars;

Whereas many Federal properties have appreciated significantly since they were acquired, so that the true value of the tangible assets of the United States may be substantially more than one trillion dollars;

Whereas the federal government has no idea what its assets are currently worth;

Whereas the federal government currently has surplus property with an acquisition cost of $1,323,387,000 and may have property worth many times this amount that is not needed by the federal government, but has not been declared surplus;

Whereas most properties declared to be surplus to the needs of the federal government, of which many are quite valuable, have been given away;

Whereas the proceeds from those few federal properties sold at market value have been used, not to restrain or reduce the national debt, but to acquire more government property;

Whereas federal assets are the property of the American people, but they have not heretofore been managed to the maximum benefit of the people;

Whereas without an up-to-date inventory of federal assets, there is no way to distinguish between those which are needed and those which are not; without knowledge of the approximate market value of such assets, there is no way to set priorities for liquidation; and without improved procedures the government may be unable to liquidate unneeded assets at their market value;

Whereas many federal properties could be liquidated without damage to the public welfare, and often without changing the present public use of such properties;

Whereas the federal government can continue to increase the national debt only at the risk of serious damage to the economy of the United States and other national economies throughout the world;

Whereas the liquidation of carefully selected federal properties could contribute to restraining and ultimately reducing the national debt of the United States;

Resolved, that it is the sense of the Senate that (1) the government of the United States must manage its assets in a manner more prudent and beneficial to the interests of the American people; (2) the President should immediately direct the heads of all Executive Branch agencies to inventory their assets (except for national parks, monuments, historic sites and other holdings for which an inventory would serve no purpose), to estimate the approximate value of each asset, and to identify the uses to which each asset is put; (3) the President should then identify which assets are surplus to federal needs and should be candidates for liquidation; (4) the President should submit recommendations to the Congress of the United States on any legislative and administrative revisions that may be needed to carry out such a program of liquidation in an orderly manner; (5) the receipts of this program should be used only to restrain and ultimately reduce the national debt of the United States; and (6) the Comptroller General should investigate and recommend to the Congress and each agency improved processes for managing federal assets, estimating their value, and liquidating those which are unneeded.

Mr. PERCY. Mr. President, today I am calling for measures that will bring business-like discipline and fiscal responsibility to the way the Federal Government manages its assets. The resolution I am introducing today calls on the President to inventory the assets of the United States, estimate their market value, identify which are unneeded and can be sold, and recommend legislative and administrative action to streamline the liquidation process.

I am not suggesting that this be done as an alternative to cutting the budget. However, I do believe that this housecleaning would contribute significantly to our long-range goals of a more efficient Government, reduced inflation, and relief from high interest rates and, above all, our need to restrain and ultimately reduce the national debt.

I might say this has been one of a series of many things that I, and others who are somewhat aghast at the way the Government runs, have tried to bring into the business of Government those business like procedures which are adaptable. We recognize that you do not run the Federal Government as a profit-making enterprise. We certainly are a long, long way from that with a $1 trillion debt, and going up to astronomical figures.

But there are certain aspects which have been developed in the world of business that are universally applicable. A good university should run itself in accordance with these principles; a good nonprofit organization should run itself in accordance with these principles.

For instance, on budgetary control, in the first 190 years of Congress we never really had any kind of budgetary control. We did not have a Budget Committee.

We did not have deadline dates before we did things. We always worked in the area of appropriations and authorizations, looking at the President's budget, but generally paying not too much attention to it, coming up at the end of the fiscal or beginning of a fiscal year, running late night sessions, putting bill after bill in, all of which we call Christmas tree bills, adding things, adding things, adding things, adding billions of dollars to the deficit which, for many months, we never even knew what the total actually was.

And so the Governmental Affairs Committee began work on the Budget Reform Act of 1974. And, in lead with my distinguished colleague, the chairman of the committee, Senator Sam Irvin, and, as ranking minority member, I also worked bipartisanly with Ed Muskie, we developed a system, invented the word "reconciliation," a word that was not well known, but certainly is well known now, because it enabled $36 billion to be cut out of the budget. It has somewhat delayed the process, but what it has done is it has given us the biggest budget cut in the history of the Congress of the United States. And I do not think we would reverse that.

We are now just a few days away from a milestone in American history—the day our national debt reaches the $1 trillion mark. Every year, the debt keeps rising, and every year the Congress approves lifting the debt ceiling to yet another record level. If we do not learn how to stop this dangerous trend by the mid-1980's, we could easily push our economy past the breaking point. The trillion dollar milestone should be a signal to us in Congress that now is the time to get serious about finally doing something about this.

We have already begun to cut back on sprawling, unmanageable Government programs to help put the Federal establishment back on a leaner, more manageable footing. We have made remarkable progress in a short time, cutting the Federal budget, cutting Federal income taxes, and cutting back on the inflationary impact of Government regulations. But, Mr. President, I believe there remains an extremely significant opportunity where far too little has been done. Until today, we have had little or no discussion about finding out what the Government owns—its assets—and cutting back on those assets which are simply not needed.

Mr. President, according to the most recent Federal reports, the Federal Government's total assets amount to just over $1 trillion. About $434 billion of this is property, buildings, equipment and various materials, with $130 billion classified as real property assets. But these figures I know seriously underestimate current market values since they reflect only the cost of acquisition. And the cost of acquisition of anything in the past is substantially less than the cost of acquisition today.

For example, the Federal Government's assessment of 47 million acres of Federal land in California breaks down to only $21 per acre. Nevada land is valued at 65 cents per acre and Illinois land at $300 per acre. In contrast to that, some of the rich farmland of Illinois that I have seen traded lately is trading

for well over $4,000 an acre. The District of Columbia land is valued at $12,500 and all of these are less than 10 percent of their probable market value.

The same point could be made about improvements made on the property since it was acquired; that is, missile silos, parking lots, et cetera. The multibillion Naval Petroleum Reserve is valued at just—and get this—$11 million. Based on preliminary research, we believe the true value of U.S. real property assets is likely to be much, much more than a trillion dollars; $7 trillion, at least, in my judgment.

The Government has virtually no idea of the true value of what it owns. As a former businessman, I can tell you that a company's top management has to know enough about the company's assets to know what they are actually worth. If any company's board of directors ever discovered that management had no idea about the value of the firm's assets, they would simply not stand for it.

Right now, the General Services Administration is holding 546 excess or surplus Federal properties with a total acquired cost value of $1.3 billion. But in terms of current value, many of these parcels are grossly underestimated. GSA does not even make an estimation of the fair market value for surplus property until after the determination is made on how to dispose of it. And before an excess or surplus property is sold, the Federal Government typically struggles through outrageous bureaucratic delays—10 years or more in some cases.

If Members get outraged at something like that, things will get much worse than that. When we are holding on to property that we no longer need, where there is no earthly use for it, it is like someone deciding for sentimental reasons, "I will sell my house and buy another one. I will not sell it but hang on to the old homestead and buy another house and hang on to the two of them, buy another and hang on to the three of them." You would examine their sanity if they did things like that. But that is what the Federal Government does.

All over, with military and with civilians, we are hanging onto something we do not need. We are not getting back something we can use. It is costing us money to operate this surplus property that we have no earthly use for whatsoever. Then, of course, we go through the procedure of, "If we declare it surplus, what do we do? We offer it first to States and then local communities." They probably did not need it in the first place, but if it is a gift, if it comes to them for $1, why not take it? All of a sudden they are taking on an operating expense. We simply have too many examples of the Federal Government not running business in a very prudent-like way.

To give you some examples of what the Government is holding onto, there are 109 acres of surplus land in Fairfax, Va., which have been sitting unused and unsold for 9 years. In Beltsville, Md., there are 5.5 acres of unneeded Federal property which has been unused since 1937. Mr. President, I do not know how much these parcels are worth—nobody has bothered to appraise them—but I am sure they are worth a lot of money. It is almost certain that, if sold, these properties would be put to more effective productive use in the private sector. But because the Federal Government keeps hanging onto them, we lose the financial benefits which result from their sale, and the State and local governments receive no taxes from their private use.

Furthermore, it appears that tremendous amounts of unneeded property, much of it in the Defense Department, is never reported excess. While it is difficult to obtain a comprehensive list, we are discovering examples of valuable land that should probably be sold—especially in view of our current economic situation. For example, the Defense Department owns prime beachfront property right in the middle of Waikiki Beach in Hawaii, on which sits a 416-room luxury hotel, used exclusively by vacationing military personnel—for super-bargain rates, I should add.

Finally, the proceeds from those few Federal properties sold at market value have been used, not to relieve pressure on the national debt, but to acquire more Government property. Proceeds from the relatively small sales, only $84 million last year, go entirely to the Land and Water Conservation Fund, which is used primarily to acquire new lands. But GSA sales are only a drop in the bucket in terms of LWCF assets: The Fund has a surplus of approximately $3 billion from offshore oil lease sales. Thus, the Government is unable to liquidate assets for the financial benefit of the taxpayers it either gives the land away or sells it, with proceeds going elsewhere.

Mr. President, I want to make it clear from the outset that I am not proposing that we should add up the value of national parks, historic monuments or other priceless national treasures. I am proposing, however, that we inventory and appraise acquired properties bought for agency missions, especially those which may no longer be needed to fulfill those missions. We should at least inventory, appraise, and reevaluate all property for which it makes sense to do so.

Federal assets are the property of the American people, but they have not been managed to the maximum benefit of the people. Instead, they are managed in a way that benefits first, the parochial interests of each Federal agency and department; second, individual State and local governments and nonprofit organizations which receive free lands; and third, the Land and Water Conservation Fund. National interests are simply not considered.

Mr. President, it is a plain fact that the Government may have at its disposal—right now—the resources it needs to bolster Federal revenues in coming years. We must recognize this fact, and act on it immediately. My resolution calls on the President to immediately begin making an inventory of what the Government owns. The head of every executive branch agency would conduct such an inventory and estimate the current market value of agency-owned assets, and identify assets he considers surplus to Federal needs as candidates for potential liquidation. The resolution calls upon the President to submit recommendations to the Congress on any legislative and administrative revisions necessary to carry out an orderly liquidation. It also calls on the Comptroller General to give top priority to investigating and recommending improved processes for the management of Federal assets.

If we begin today with these steps, we could, by the middle of the 1980's, have mechanisms in place that would allow the Federal Government to track its assets in an orderly fashion and dispose of those which are no longer needed to carry out legitimate missions of government.

A few years ago, this proposal would have been regarded as unrealistic, unworkable, and politically impossible. Today, things have changed. We have a new beginning. The American people are demanding a return to principles of sound management and commonsense. They want a leaner, more responsive Federal Government. Action is long overdue, it is badly needed, and it is needed now. I sincerely hope my colleagues will join in this important effort.

AMENDMENTS SUBMITTED FOR PRINTING

TREASURY, POST OFFICE APPROPRIATIONS, 1982

AMENDMENT NO. 591

(Ordered to be printed and to lie on the table.)

Mr. D'AMATO (for himself, Mr. WEICKER, Mr. STEVENS, and Mr. DIXON) submitted an amendment intended to be proposed by them to the bill (H.R. 4121) making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies for the fiscal year ending September 30, 1982.

TAX-EXEMPT INDUSTRIAL DEVELOPMENT BONDS

● Mr. D'AMATO. Mr. President, during the past decade the tax-exempt, small-issue industrial development bond (IDB) program has been a valuable tool for local economic development. Without IDB financing, thousands of small businesses would have been unable to secure the necessary capital for expansion and the generation of new jobs. With today's continued high interest rates, small entrepreneurs cannot compete, or even survive, without the affordable financing provided by IDB's.

In 1980, according to the Congressional Budget Office, over $8 billion of IDB's were issued in accordance with section 103(b)(6) of the Internal Revenue Code. Eighty-four percent of this capital was used by small- and medium-sized businesses—those smaller than the companies listed in the Fortune 1,000 enumeration. IDB's are now issued in 47 States.

Admittedly, there are abuses in the IDB program. Some restrictions should, and undoubtedly will, be placed upon their use. However, restructuring this program to deal with these abuses is a legislative, not an administrative, matter. Moreover, any new restrictions placed upon the use of IDB's should be directed

specifically at these abuses, but should not cripple the underlying program itself.

Thus, while we hope that the Finance Committee will hold hearings on the IDB program in the near future and will report out legislation to correct the abuses, we take exception to arbitrary regulatory actions taken by the Treasury Department in the interim which have a decidedly harmful effect on this truly useful program.

Specifically, we deplore Revenue Ruling 81-216 which prohibits the pooling of multiple lots of small issue IDBs into a single bond issue. We are also disappointed by the fact that this important ruling was imposed on August 24 without prior notice and was made effective immediately. In our opinion, Ruling 81-216 and any other subsequent regulations which would have an adverse effect on the IDB program should be held in abeyance until the Congress has enacted further legislation in this area.

Thus, our amendment serves two purposes. It restores the state of affairs vis-a-vis IDBs to as they were on August 23, 1981, prior to the issuance of Revenue Ruling 81-216. In addition, this amendment makes it clear that the Congress has supremacy in restructuring the IDB program.

It is our sincere hope that the Finance Committee will take this opportunity to eliminate the abuses from the IDB program. However, it is also our intention that the small businessmen who depend upon this low cost financing shall not be precluded from obtaining affordable capital.

Mr. President, we ask unanimous consent that this amendment to H.R. 4121, the Treasury, Postal Service, and General Government fiscal year 1982 appropriations bill, be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

At the appropriate place in the bill add the following:

None of the funds appropriated by this Act may be used to prepare, promulgate or enforce any regulations or Revenue Rulings on or after August 24, 1981, which have the effect of limiting the issuance of tax-exempt industrial development bonds under Section 103(b)(6) of the Internal Revenue Code of 1954, as amended, until such time as the Congress enacts further legislation affecting this section of the Code.●

NOTICE OF HEARINGS

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

Mr. DURENBERGER. Mr. President, I would like to announce that the Subcommittee on Intergovernmental Relations of the Governmental Affairs Committee has scheduled an oversight hearing of the Advisory Commission on Intergovernmental Relations (ACIR). The ACIR has been established for 20 years now and every 5 years the subcommittee has conducted a sunset review of the Commission.

The hearing will be held in room 224 of the Russell Senate Office Building, Wednesday, October 21, 1981, beginning at 9:30 a.m. Those wishing to submit written statements to be included in the printed record of the hearing should send five copies to Ruth M. Doerflein, clerk, Subcommittee on Intergovernmental Relations, room 507, Carroll Arms Building, Washington, D.C. 20510.

For further information on the hearing, you may contact Jimmie Powell, staff director of the subcommittee, at 224-4718.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON THE JUDICIARY

Mr. TOWER. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Thursday, October 22, to hold confirmation hearings on the following nominations:

Richard Caradome of New York to be a U.S. circuit judge for the second circuit;

Paul Magnuson to be a U.S. district judge for the district of Minnesota; and

Robert Potter to be a U.S. district judge for the western district of North Carolina.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. TOWER. Mr. President, I ask unanimous consent that the Agriculture Committee be authorized to meet during the session of the Senate tomorrow, Wednesday, October 21, to hold hearings on the nominations of Susan Phillips to be Commissioner of the Commodity Futures Trading Commission and Everett Rank to be a member of the board of directors of the Commodity Credit Corporation.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. TOWER. Mr. President, I ask unanimous consent that the Governmental Affairs Committee be authorized to hold a hearing tomorrow, October 21, at 9:00 a.m. on the acquisition process at the Department of Defense.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

WATT-ISM

● Mr. CRANSTON. Mr. President, yesterday the Sierra Club brought to the Capitol petitions from all over the country calling for the replacement of James Watt as Secretary of the Interior. These petitions, bearing the signatures of over 1 million Americans, are a tangible sign of the public opposition to Mr. Watt and this administration's attack on the environment.

Californian Joe Fontaine, president of the Sierra Club, spoke for the volunteer membership organization on the Capitol steps about this assault on environmental protection and conservation which he terms "WATT-ism." Because the Sierra Club has members in virtually every State, I would like to share his remarks with my colleagues.

Mr. President, I ask that the statement of Mr. Fontaine be printed at this point in the RECORD.

The statement follows:

SIERRA CLUB DECLARES WAR ON "WATT-ISM"

(By Joseph Fontaine)

Six months ago, we launched a nationwide petition drive seeking to demonstrate unmistakably that the American people are opposed to the anti-environmental, anti-conservation policies of the Reagan Administration. President Reagan's assault on the American environment is personified by his Secretary of the Interior, James Watt.

The Sierra Club and Friends of the Earth have now collected more than a million signatures on our petition urging Congress to overturn the policies of James Watt—and to work for his removal from public office.

With me today are 70 volunteer leaders of Sierra Club chapters from virtually all 50 states. We have come to bring these petitions and this message to each member of Congress.

1,100,000 SIGNATURES SO FAR

When we began this petition drive, our goal was to obtain one million signatures. Today, we have petitions bearing more than 1,100,000 signatures. To our knowledge—and to the best knowledge of the Library of Congress—this is the largest citizens' petition ever presented to the Congress.

And this "Replace Watt" petition will continue to grow. Each week some 50,000 additional signatures pour into our San Francisco headquarters.

In bringing these 1,100,000 signatures to the Congress, we have accomplished our goal: these petitions bear the evidence that the American people will not tolerate the tide of anti-conservation policies being pursued by the Reagan Administration. It is apparent that millions more Americans share this concern—this is reflected on editorial pages across the nation, in every major public opinion poll—and even in comic strips.

REAGAN-WATT PROGRAM OUT OF STEP

We and millions of Americans believe Secretary Watt and his programs are radically out of step with what the people want as our national policy toward natural resources and environmental protection. Here are 1,100,000 petition signatures to prove it.

We and millions of Americans believe this nation should strengthen our basic fabric of environmental protection laws and step up their enforcement—not weaken them and stop enforcement, as Watt and those around him are trying to do in every way they can. Here are 1,100,000 petition signatures to prove it.

We and millions of Americans believe we have a moral obligation to future generations to carefully conserve our resources and to preserve the quality of the land, the air and the water we will leave our children. Here are 1,100,000 petition signatures to prove it.

The Reagan Administration's spokesmen are fond of talking about their great mandate." President Reagan did receive a narrow majority in the election last year, but not one vote was cast for James G. Watt to be Secretary of the Interior. Not one vote was cast for Anne Gorsuch to cripple the health-protection functions of the Environmental Protection Agency. Not a single vote was cast for their radical assault on this nation's carefully constructed laws and programs for environmental protection and conservation.

So, we have come from across the nation to tell our lawmakers that this Reagan/Watt attack on America's resources and environment is out of step with the wishes of the people.

And here is our mandate!

REAGAN'S ASSAULT ON THE ENVIRONMENT

These petitions single out James Watt. But our fight is not against one man. James Watt may have become the symbol—but the problem is broader.

Watt and like-minded Reagan appointees are engaged in a carefully calculated, single-minded, zealous assault on every aspect of our nation's environmental protection and natural resource conservation programs.

It is this broader threat we are resisting. It is not just Watt whom we and these 1,100,000 signers oppose, but the entire Reagan anti-environmental assault. It can have no better name than WATT-ism.

CALL IT "WATT-ISM"

WATT-ism views our public lands, forests and other resources not as a legacy for the future, but as a bank balance to be drawn down as quickly as possible in the name of immediate development and a fast buck.

WATT-ism seeks to dismantle the laws that protect clean air and water and to cripple the enforcement machinery that forces polluters to clean up—just because these essential public health programs reduce the profits of big corporations and big Reagan campaign contributors.

WATT-ism may be new in its audacious scale and speed, but at the heart of this assault are old, old enemies the Sierra Club has been fighting for almost a century: self interest, ignorance, short-sightedness, and greed.

Reagan's people say they are for "multiple use" of public lands, for easing "unnecessary regulatory burdens," and for "cost-benefit" justification of any restraint on big industry. But the American people are not so easily fooled. They can tell who will benefit—and who will pay the costs—of these anti-environmental policies:

Anne Gorsuch and President Reagan proclaim their belief that "the nation should continue its steady progress toward cleaner air"—but their proposals for changing the Clean Air Act would double the amount of air pollution. They are out to cut in half the vital health-protection work and enforcement machinery of the E.P.A.

James Watt proclaims he is a "mainstream conservationist" just trying to restore "balance"—but his idea of balance means oil and gas rigs in our wilderness areas, huge polluting power plants at the very edges of our national parks, mining in our national wildlife refuges, and oil development along every shoreline.

John Crowell, who oversees our national forests, says he is a conservationist, too. But his idea of conservation is to cut down our public forests faster than they can regrow—a practice long advocated by his former employers in the timber industry.

James Harris, who runs the Office of Surface Mining, says he just wants to streamline the stripmine reclamation program—but his idea of streamlining is to gut the regulations and cut in half the number of inspectors.

President Reagan, OMB Director David Stockman, and Energy Secretary James Edwards proclaim their unceasing devotion to the free market, then want to add to the already massive government subsidies for the nuclear industry—even as they work to kill off every program encouraging solar energy and energy conservation.

WATT'S CONSERVATION TOKENISM

We need to add a word here about tokenism. Mr. Watt is a clever man. He will make, from time to time, some symbolic conservation effort to support his claim that he is a real conservationist.

He is about to propose with great fanfare that several rather small areas of public land be designated as wilderness, including the beautiful Arivaipa Canyon of Arizona. No great political courage or leadership there.

But watch what the other hand will be doing: moving to rapidly terminate any further protection for millions of acres of other wilderness study areas, including several million acres in the California desert.

Mr. Watt will be posing this week as the great savior of our East Coast and Gulf Coast barrier islands, supporting a bill that others created and have moved. He's just about the last one to get aboard that bandwagon.

We welcome these occasional gestures, but they should not fool us, nor the Congress, nor the American people. Mr. Watt's conservationist pose rings false.

Americans care more for their land than Secretary Watt knows. They care more about green forests and abundant wildlife than John Crowell will admit. They care far more about their family's health than Anne Gorsuch can begin to appreciate. In their commitment to environmental protection and resource conservation, Americans seem to care more about future generations than does President Reagan.

That is why we are here. That is why these 70 other Sierra Club volunteer leaders and I will begin today to take these petitions and our message to every senator, and to every congressman and congresswoman.

OUR WAR ON WATT-ISM

In the face of the Reagan assault, the Sierra Club is redoubling its commitment to defend America's resources, our parks and wilderness areas, our wildlife, and the air we all breathe and the water we all drink.

Where we see WATT-ism being pushed by federal agencies, we will resist every step of the way in the courts. (The courts have already turned back Watt's plans to override state decisions and rush ahead with massive offshore oil leasing.)

Where we see WATT-ism emerging in reckless legislation or short-sighted budget proposals, we will fight every step of the way in Congress. (The Congress has already ordered Watt not to lease key wilderness areas for oil exploration, and has overridden Watt and Stockman to insist that we continue acquiring key national parklands and to maintain important energy conservation programs.)

And today, the Sierra Club is throwing down the challenge to WATT-ism in a new arena. James Watt will not be on the ballot in 1982—but we are going to see to it that WATT-ism is!

TAKING WATT-ISM TO THE POLLS IN THE 1982 CONGRESSIONAL ELECTIONS

We intend to make WATT-ism a central issue in congressional elections in 1982 all across the United States.

More than 1,100,000 Americans have already "voted" against WATT-ism through our petition, a year before the elections. We believe that these citizens and millions more will want to cast their vote in 1982 in a way that registers their opposition to the Reagan Administration's assault on the environment—in a way Ronald Reagan can understand—even if James Watt can't. We are launching a major effort to convince Americans to vote against WATT-ism in 1982.

This anti-WATT-ism campaign will be bipartisan. The new anti-environmental radicals Reagan has brought temporarily into public office betray the proud conservation tradition of the Republican Party—the party of Teddy Roosevelt, of Rogers Morton, of John Saylor. They embarrass good Republican conservationists holding office today. As they stand up to WATT-ism, we are going to stand up for them.

This will be a grassroots political effort, carried out at the state and congressional district level. Working through our own Sierra Club political action committee and cooperating with national, state, and local environmental campaign organizations, we are going to enlist the full volunteer strength of the grassroots conservation movement to defeat WATT-ism at the polls and to permanently discredit it as a political philosophy.

We intend to turn out workers to support incumbents who have decent conservation voting records. We are going to work for candidates who want to challenge WATT-ism. Our volunteers will go to work in these campaigns—to help raise the campaign money, to help canvass neighborhoods, to mobilize telephone banks, and to turn out the environmental vote.

To provide a national focus for this grassroots effort, the Sierra Club will question every candidate, in detail, about their positions on environmental, conservation and energy issues. We will test where candidates stand on the policies being embraced by WATT-ism. And we will announce, incumbent-by-incumbent and challenger-by-challenger, an individual WATT-ism INDEX—a measure of the degree to which that incumbent or challenger opposes or supports the central tenets of WATT-ism.

We are going to be asking candidates specific, pointed questions as we grade them on support or opposition to WATT-ism:

Do they really support clean air—or would they allow the Clean Air Act to be weakened through major changes in pollution standards and enforcement?

Do they really support the preservation of our public lands—or would they give corporate America unrestricted access to these national treasurelands?

Do they support solar energy and energy conservation—or are they willing to see the programs launched over the past few years gutted?

Do they really want to reduce the grave dangers posed to public health through toxic dumps and spills—or will it be back to business-as-usual, Reagan-style?

Do they want to see America's wildlife protected—or are they willing to watch as the Endangered Species program is stripped of its power, and as our wildlife refuges are turned over to development?

Do they want to achieve a sound energy system—or are they willing to provide massive subsidies to the dying nuclear industry?

Are they willing to continue U.S. efforts to help the less developed countries protect their environment—or would they cut off funding for the U.N. Environment Programme and kill a decent Law of the Sea Treaty?

These are real and important concerns of the American people. It is because of these concerns that more than one million of our fellow citizens have already signed the "Replace Watt" petition.

Americans have not lost sight of the fact that the resources of this nation—our public lands, our air, our water—belong to all Americans, not just of our generation, but to countless future generations, too.

We cannot—we must not—let short-sighted, greedy officials destroy our resources for a quick buck nor diminish the quality of life for our children.

Some 70 years ago, the Sierra Club's founder and first President, John Muir, said:

"These temple destroyers, devotees of ravaging commercialism seem to have a perfect contempt for Nature, and instead of lifting their eyes to the God of the Mountains, lift them to the Almighty Dollar."

Today, new money changers are in the temple. We must all help to rout them out!

Mr. CRANSTON. Mr. President, the American people's concern about pollution and the environment reaches far beyond those individuals who signed the Sierra Club petitions. A recent Louis Harris survey on air pollution indicates

that Americans support for environmental protection is widespread. The vast majority of the public nationwide does not want to cut back or relax existing Federal regulations to protect the environment, like air pollution standards.

Mr. President, I ask that the Harris survey on air pollution be printed at this point in the RECORD.

The survey follows:

THE HARRIS SURVEY

Between September 19th and 24th, the Harris Survey asked a cross section of 1,249 adults nationwide by telephone:

"Congress will soon consider the Clean Air Act, which is now ten years old. Given the costs involved in cleaning up the environment, do you think Congress should make the Clean Air Act stricter than it is now, keep it about the same, or make it less strict?"

STRICTNESS OF CLEAN AIR ACT

[In percent]

	Make it stricter	Keep about the same	Make it less strict	Not sure
September 1981	29	51	17	3
May	38	48	12	2
February	36	46	12	6
September Demographics				
East	35	45	18	2
Midwest	25	55	16	4
South	25	54	17	4
West	33	47	17	3
Cities	34	49	14	3
Suburbs	32	48	19	1
Towns	31	49	16	4
Rural	21	56	19	4
Age:				
18 to 29	40	50	10	----
30 to 49	26	52	19	3
50 to 64	25	48	22	5
65 and over	21	52	19	8
8th grade	20	48	20	12
High school	30	50	17	3
College	30	51	17	2
Men	24	53	22	1
Women	34	48	13	5
White	27	53	17	3
Black	36	40	17	7
$7,500 or less	35	45	17	3
$7,501 to $15,000	31	50	16	3
$15,001 to 25,000	33	52	13	2
$25,001 to $35,000	22	53	24	1
$35,001 and over	21	56	21	2
Professional	28	55	15	2
Executive	36	44	20	----
Proprietor	35	46	18	1
Skilled labor	25	54	21	----
White collar	30	52	16	2
White Protestant	24	54	19	3
White Catholic	32	51	15	2
Jewish	29	67	4	----
Union member	32	50	16	2
Voted Reagan 1980	24	52	22	2
Voted Carter 1980	29	50	17	4
Republican	23	52	22	3
Democrat	33	51	13	3
Independent	28	49	21	2
Conservative	25	51	21	3
Middle of road	29	54	16	1
Liberal	37	45	15	3

"Now I'm going to ask you about some specific changes that are being considered in the Clean Air Act. For each, tell me whether you favor or oppose the change."

CHANGES IN CLEAN AIR ACT

[In percent]

	Favor	Oppose	Not sure
Postpone the current deadlines for auto companies meeting auto pollution standards	42	54	4
Relax current auto pollution standards	38	58	4
Postpone current deadlines for electric companies meeting powerplant pollution standards	37	57	6
Relax regulations that protect national park and wilderness areas from air pollution	36	61	3
Relax national air quality standards	34	61	5
Relax pollution standards to allow powerplants to burn higher sulfur content oil and coal	29	66	5

"The Clean Air Act does not permit the consideration of costs when setting standards for the protection of human health. The Reagan Administration is considering asking Congress to require that pollution standards designed to protect human health be relaxed if the costs are too high. Do you favor or oppose relaxing pollution standards affecting human health if the costs are too high?"

RELAX POLLUTION STANDARDS PROTECTING HUMAN HEALTH IF COSTS TOO HIGH?

[In percent]

	Favor relaxing standards	Oppose relaxing standards	Not sure
Total nationwide	32	65	3
East	33	66	1
Midwest	35	61	4
South	33	63	4
West	26	72	2
Cities	29	68	3
Suburbs	31	66	3
Towns	33	65	2
Rural	37	58	5
Age:			
18 to 29	27	72	1
30 to 49	35	62	3
50 to 64	36	62	3
65 and over	34	59	7
8th grade education	30	64	6
High school	31	65	4
College	34	64	2
Men	39	58	3
Women	26	70	4
White	33	64	3
Black	31	67	2
$7,500 or less	28	69	3
$7,501 to $15,000	30	68	2
$15,001 to $25,000	28	70	2
$25,001 to $35,000	37	61	2
$35,001 and over	41	55	4
Professional	32	64	4
Executive	43	55	2
Proprietor	43	52	5
Skilled labor	30	69	1
White collar	31	69	(1)
White Protestant	37	59	4
White Catholic	26	72	2
Jewish	23	75	2
Union member	31	67	2
Voted Reagan in 1980	41	56	3
Voted Carter in 1980	25	72	3
Republican	42	56	2
Democrat	26	71	3
Independent	33	65	2
Conservative	41	56	3
Middle of the road	31	67	2
Liberal	22	76	2

[1] No response.

METHODOLOGY

This Harris Survey was conducted by telephone with a representative cross section of adults 18 and over at 1,249 different sampling points within the United States between September 19th and 24th. Figures for age, sex and race were weighted where necessary to bring them into line with their actual proportions in the population.

In a sample of this size, one can say with 95 percent certainty that the results are within plus or minus three percentage points of what they would be if the entire adult population had been polled.

This statement conforms to the principles of disclosure of the National Council on Public Polls.●

RESCINDING THE OCTOBER 1 MILK PRICE INCREASE

● Mr. DOLE. Mr. President, I commend the Senator from Wisconsin, Mr. PROXMIRE, on his decision yesterday to withdraw his opposition to a vote on reversing the increase in the dairy support price, which went into effect on October 1.

In the intervening period, the higher support price of $13.49 per hundredweight cost U.S. taxpayers an additional $1,278,000 for the dairy program, or about $160,000 per business day.

Mr. President, I submit for the RECORD a letter from the Department of Agriculture attesting to this cost increase.

The letter follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., October 20, 1981.

Hon. ROBERT J. DOLE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR DOLE: As requested we are providing you with purchases of dairy products that have occurred since the October price support increase of $13.49 per hundredweight went into effect.

Purchases of dairy products for the period from October 7 through October 19 were as follows:

	Butter	Nonfat dry milk	Cheese	Total
Quantity purchased (million pounds)	10.5	25.6	5.8	41.9
Increase in purchase price (cents per pound)	4.0	2.5	3.75	----
Increased costs (thousands)	$420	$640	$218	$1,278

The first purchases in the new marketing year began on October 5 but represented September production at the old lower prices. The initial purchase of October production at the new higher prices began October 7 for butter, October 8 for nonfat dry milk and October 13 for cheese. Thus, the table shows only six days of purchases for butter, five days for nonfat dry milk, and four days of purchases for cheese.

Sincerely,

WILLIAM G. LESHER,
Assistant Secretary for Economics.

UNDERSTANDING AGRICULTURE'S PROBLEMS

Mr. DOLE. Mr. President, I share the Senator from Wisconsin's deep concern for the grave problems faced by U.S. farmers and ranchers today.

We must continue to work to expand understanding of how low prices, high inflation, and double-digit interest rates are endangering the Nation's family farm structure among other sectors of the economy.

Unfortunately, for many urban interests whose exposure to farm problems is limited, the temporary increase in the milk price only added to the misconception that farmers want to improve their incomes at the taxpayer's expense. The Senator from Wisconsin and some others in the Senate know that nothing could be farther from the truth.

For this reason, and particularly in view of the spending restraint exercised by the Senate in passing omnibus farm legislation on September 18, I am pleased that the Senator from Wisconsin chose to abandon his costly objection to paring the dairy support price back to its previous level.●

THE FEDERAL RESERVE BOARD

● Mr. METZENBAUM. Mr. President, recently I joined with my distinguished colleague from Florida, Senator HAWKINS, in cosponsoring legislation which would reconstitute the Federal Reserve Board in order to make it more responsive to the needs of our present economic conditions.

I ask that my full statement on this important legislation be printed in the RECORD.

The statement follows:

STATEMENT OF SENATOR METZENBAUM

Mr. President, eighteen months ago on February 25, 1980 I wrote to Chairman Volcker of the Federal Reserve a letter in which I expressed my reservations about the Fed's pursuit of a tight money-high interest rate policy. In that letter, I questioned the effectiveness of interest rates as a weapon against inflation and pointed to the devastating implications of this policy for the housing industry, for the short term credit market and for the debt service costs of Federal, State and local governments.

The letter concluded with an appeal to Chairman Volcker "to undertake an immediate policy review in light of what I believe to be persuasive evidence that high interest rates contribute to, rather than reduce, inflation."

Mr. President, I ask unanimous consent that the text of my letter to Chairman Volcker and the accompanying chart be inserted in the Record at this point in my remarks.

COMMITTEE ON THE BUDGET,
Washington, D.C., February 25, 1980.

Hon. PAUL A. VOLCKER,
Chairman, Board of Governors, Federal Reserve System, Washington, D.C.

DEAR CHAIRMAN VOLCKER: In your recent testimony before the House Banking Committee, you made clear your intent to continue indefinitely the tight money policy that you announced on October 6, 1979, after your return from the Belgrade meeting of the International Monetary Fund.

I share your sense of urgency about the compelling need for tough and effective anti-inflation measures. But I am concerned because the high interest rates produced by the Fed's actions have had no apparent success to date in bringing down the inflation rate. It is time that the policy be re-evaluated.

As the accompanying chart demonstrates, our recent history gives little reason to believe that interest rates have had much effect on controlling inflation.

There is no dispute about the fact that a high interest rate policy contributes in the short run to the very inflation that it is designed to counter. Last year, for example, soaring home mortgage rates contributed a staggering 2.4 percentage points to the overall increase in the Consumer Price Index. And it is clear that mortgage rates represent just one part of the inflationary impact of rising interest rates. Ultimately, the interest costs of doing business in every sector of the economy show up in the prices paid by consumers.

In theory, higher interest rates should reduce demand and thereby reverse the upward pressure on prices. In housing, an industry highly responsive to interest rates, starts are, in fact, approaching record lows and savings and loan institutions report a thirty percent drop since last September in the volume of their lending.

But high prices and interest rates have not suppressed the demand for housing. Rather, slower growth in new housing has sharply increased prices for existing homes and has encouraged the nationwide trend to conversion of rental units to condominiums. And bankers report that purchasers remain willing to pay thirteen and fourteen percent mortgage interest rates in the expectation that future appreciation in property values will more than offset today's high interest costs.

These inflationary expectations may or may not prove justified, but it is a fact that continued strong demand for housing is based on more than the willingness of some purchasers to speculate. Housing demand is strong and will remain strong for no other reason than the movement into the market of millions of Americans born during the post-World War II baby boom. Their demand is such that instead of contracting, housing should at this time be a vigorously expanding industry.

It has also been argued that higher interest rates will dampen demand for goods and services outside the housing sector. But that hasn't happened. Retail sales in January increased on a seasonally adjusted basis by 2.8 percent over the December level and according to the Congressional Budget Office, this translates to an extraordinary compound annual rate of increase of 30.8 percent as compared to an increase of 10.5 percent in 1977–78 and 10.6 percent in 1978–79. Clearly, people are buying in anticipation of higher prices in the future, a judgment that is confirmed by January's 4.3 percent increase in orders for durable goods.

Another argument that has been made is that we can slow down business expansion and capital investment by raising the prime rate. But that hasn't happened. Business and industry have not been at a loss for loan funds—the pattern has been to "pay the rate" and pass the added costs on to consumers. Furthermore, Henry Kaufman of Salomon Brothers has said that the disorderly behavior of the bond market is likely to produce new corporate borrowers in the short-term credit market.

I need not tell you that one of the most challenging problems facing the Congress is the need to balance the Federal budget. But higher interest rates have made that task all the more difficult. According to the Congressional Budget Office, each one percent increase in the interest rate on Federal instruments in calendar year 1980 will add $1 billion to debt service outlays in FY 1980, $2 billion in FY 1981 and $1.1 billion in FY 1982. And just last week, the Dow Jones average of twenty municipal bonds crossed the eight percent mark for the first time since the New York City crisis, thereby ensuring higher debt service outlays in the future for state and local units of government, which already face serious problems in balancing their budgets.

In conclusion, Mr. Chairman, I urge you once again to undertake an immediate policy review in the light of what I believe to be persuasive evidence that high interest rates contribute to, rather than reduce, inflation.

Sincerely,

HOWARD M. METZENBAUM,
U.S. Senator.

[In percent]

	Prime interest rate	CPI annual rate of increase
1977:		
January	6.25	8.0
May	6.5	5.0
June	6.75	5.0
September	7.25	5.0
December	7.75	7.0
1978:		
January	8.0	8.0
May	8.5	9.5
June	8.75	9.5
July	9.0	9.5
September	9.0	8.5
October	10.0	9.0
December	11.75	11.0
1979:		
January	11.75	11.0
May	11.75	13.0
June	11.5	13.0
September	13.0	13.0
October	14.5	13.0
December	15.25	13.4

Mr. President, my purpose here today is not to say "I told you so." If anything, my predictions of eighteen months ago were too conservative and the impact of excessively tight monetary policy has been even worse than I anticipated.

Last year, for example, twelve thousand businesses closed their doors—the highest figure in more than a decade. And last month, the rate of business failure rose by a shocking 42 percent.

The Commerce Department has just reported that in June, the number of housing permits issued dropped by 16.4 percent from last year's already sluggish level. All of this at a time when literally millions of growing American families want urgently to buy their own homes. Farmers, many or whom depend on short term loans to cover planting cost and livestock feed are facing financial disaster. And like countless businessmen, farmers are having to defer the purchase of essential equipment. Inevitably, this will lead to lower productivity.

Business owners who deal in durable goods—automobiles for instance, today have to pay more than twenty percent on the money they borrow to purchase inventory.

For some, that has meant bankruptcy. For others it has meant smaller inventories, and smaller inventories contribute to unemployment in our basic industries. Across the board, Mr. President, whether we're talking about cars or home appliances or farm equipment, these crushing interest rates have a killing combination of lower profit margins for business, fewer orders for industry, and higher prices for consumers.

And the disastrous, consequences of the Fed's misguided policies are by no means confined to the businesses and consumers of this country. Interest costs to government at every level threaten our ability to eliminate deficit spending.

Debt service today accounts for ten percent of the Federal budget and it has been estimated that higher-than-expected interest rates on Federal instruments will add at least 6 billion to Federal outlays in this year alone. And that same upward pressure is at work on State and local budgets in every corner of this country.

This policy cannot and must not continue. It is inhibiting the productive investments our economy so urgently needs. And by eliminating the gains in productivity, we would get from such investments, the policy is projecting inflation far into the future.

This policy creates and sustains unemployment in our basic industries. And by keeping the price of money high, it raises business costs at every stage of production, distribution and marketing.

In the end, all of this translates into higher prices for the consumers of this country.

I would not argue that the policies of the Federal Reserve are the only cause of high interest rates, inflation and economic stagnation. There is no "magic bullet" or easy fix for this Nation's economic problems, but the fact remains that as last week's edition of Business Week observed, "If the Fed does not give way soon, you can bet that the economy will."

Mr. President, Congress has delegated the power to regulate the supply of money to the Federal Reserve, reserving only the authority to approve Presidential appointments and requiring the Federal Reserve to report to Congress on a regular basis, but it is nowhere carved in stone that this delegation of authority need be permanent.

In fact ample precedent exists for the reassertion of congressional prerogative vis-a-vis the Federal Reserve System. In the 1920's and 1930's for example, Congress has considered numerous amendments to direct the FRB to stabilize prices.

Furthermore, the Congress in 1922 increased the number of Presidential appointees on the board from five of the seven members to six. In 1935, Congress removed ex-officio members—until then, the Secretary of the Treasury and the Comptroller of the Currency—and provided for seven appointive members with overlapping fourteen year terms. And as recently as 1961, the Commis-

sion on Money and Credit recommended amending the Federal Reserve Act to set goals of low unemployment, an adequate rate of economic growth, and reasonable price stability.

I believe that the time has come for the Congress once again to re-examine the composition of the Federal Reserve Board. The direct conflict we have today between the administration's program for economic expansion and the Fed's massive pressure for contraction and even recession demonstrates our urgent need to make consistent the economic policy objectives of the Fed and those of the rest of the government.

There's only one effective way out of that conflict, Mr. President, and that's to clean house at the Federal Reserve.

First, the bill I have cosponsored with Senator Hawkins will permit the President to immediately reconstitute the membership of the Federal Reserve Board, and total membership will expand from seven to nine. The new Board would be constituted after nominations have been confirmed by the Senate. Secondly, the terms of office will be reduced from fourteen to five years.

Mr. President, I believe that the Federal Reserve Board requires a degree of independence from this or any other administration. But I do not believe that Board should be in a position to directly frustrate economic policy. And I believe also that the administration's economic program deserves a fair chance to work.

I am happy to join my colleague from Florida, Senator Hawkins, as an original cosponsor of this legislation, and I urge the Banking Committee to schedule hearings on this issue in the near future.●

VA'S OUTSTANDING HANDICAPPED EMPLOYEE—1981, STEVEN TICE

● Mr. LAXALT. Mr. President, I am proud and delighted that a fellow Nevadan, Steven Tice, has been honored as 1 of 10 winners of the Annual Outstanding Handicapped Federal Employees of the Year Awards.

Mr. Tice is a Vietnam war veteran. In 1969 he was hit by a rocket grenade which resulted in the loss of his right arm and shoulder and other serious external and internal injuries.

Steven did not let these tragic disabilities discourage him, though. He adjusted courageously to everyday life, both physically and mentally. He recently completed requirements for his master's degree in U.S. Social History from the University of Nevada and competes in Las Vegas area sports.

Mr. Tice's dedication to his fellow Vietnam veterans is quite commendable. He works in the Las Vegas VA's special outreach project, counseling the men who have returned with him from the conflict. His commitment to those less fortunate than him is remarkable when considering what he has been through. I ask that an article about Mr. Tice in VAnguard, the VA employee publication, be printed at this point in the RECORD.

The article follows:

VA'S OUTSTANDING HANDICAPPED EMPLOYEE—1981, STEVEN TICE

For some men and women who served their country in Vietnam, the battle goes on—a battle to fully readjust their lives. I would like to bring to your attention the case of one veteran who won that battle in a rather dramatic fashion, and who now is helping others with readjustment problems.

Steven N. Tice has been named one of the 10 Outstanding Handicapped Federal Employees of 1981. Mr. Tice is a counselor in the Veterans Administration's Vietnam veteran outreach program in Las Vegas.

The story of this young man's achievements actually begins in 1969, in the heavy combat area of "I" Corps, South Vietnam. The record states simply: "North Vietnamese rocket grenade scored direct hit, infantryman Tice, Steven N." Beyond this official statement lies the terrible reality of massive injuries. Nearly two years in military hospitals followed—recuperating from the loss of his right arm and shoulder, multiple head and body wounds, loss of part of his stomach, right lung, intestines and damage to his right eye.

Dealing with his disabilities and the resulting chronic health problems in a courageous fashion, Mr. Tice soon demonstrated a remarkable determination to become involved in productive activities. Having lost his dominant arm, he learned to write and do everyday tasks with his left hand—but everyday tasks were not enough for this young man. He remains active in sports, playing basketball and pitching softball in local leagues.

Mr Tice pursued his professional studies in the same determined manner. He obtained his bachelor of science degree from the University of Nevada where he recently completed requirements for a masters degree in United States Scoial History. He has taught on both the high school and college level. Married, he is the father of two children.

In the 14 months Mr. Tice has worked in the VA's special outreach project, he has displayed an unusual capacity to counsel Vietnam veterans. He presently co-leads two group counseling programs and he is part of the faculty for training outreach project counselors in dealing with veterans with disabilities. His ability to encourage Vietnam veterans through his own example of independence, and his attitude of personal concern for their well being give him special stature in his client's eyes.

In his professional counseling activities, in making frequent home visits to veterans with particular problems, in serving in many capacities in community programs fostering awareness of the needs and capabilities of disabled persons, Mr. Tice has demonstrated a deeply felt commitment to Vietnam veterans and his fellow man. I am proud that this Nevada veteran was selected as an outstanding handicapped Federal employee.●

POLICY CHOICES FOR CONTROLLING INFLATION

● Mr. HART. Mr. President, in our quest for alternative solutions to our present unsatisfactory economic conditions, we ought to give careful consideration to the suggestions of Mr. Barry Bosworth in his study on wage/price policies commissioned by the Center for Democratic Policy. He outlines in "Policy Choices for Controlling Inflation" the failures of economic policy over the last two decades, concluding that the insensitivity of wages and prices to variations in demand means that trying to squeeze out inflation exclusively by demand restraint will lead to a prolonged recession.

Mr. Bosworth's prescription is to impose short-term wage and price controls to buy time for longer term anti-inflation remedies. He would add the force of restrictive monetary and fiscal policies, along with a number of drastic steps with respect to collective bargaining and strong governmental measures elsewhere. He would ban multi-year wage contracts and fundamentally alter arbitration procedures. COLA's (cost-of-living increases) would be banned.

Mr. Bosworth further argues that, where domestic industry is impacted by international competition, the Government should require as a prerequisite that the industry take some actions, such as a freeze on wage increases and suspension of dividend payments as a means of helping itself before government extends protection. Mr. Bosworth also urges the Government to evaluate many of its own agriculture and other support programs.

I ask unanimous consent that Mr. Bosworth's study be printed in the RECORD.

POLICY CHOICES FOR CONTROLLING INFLATION

(By Barry Bosworth)

The ineffectiveness of efforts to control inflation has been the central problem of economic policy for over a decade. The emergence of "stagflation"—the simultaneous existence of high levels of unemployment and continuing inflation—was a surprise to a traditional interpretation of inflation as the consequence of excess aggregate demand and it served to destroy much of the optimism that surrounded economic policy in the 1960s.

Today, the design of an effective anti-inflation policy is made even more difficult by the emergence of additional problems—failing productivity growth and high unemployment—whose remedies encounter serious conflicts with the traditional means of fighting inflation. The inability to achieve a coordinated policy to meet these three problems has given rise to repeated reversals of direction (as government fluctuates between a concern for unemployment versus inflation), an economy that alternates between boom and bust, and the worst of all worlds—rising inflation and unemployment, and falling real incomes.

THE EMERGING PROBLEMS

The dominant issue for economic policy in the early 1960s was the issue of unemployment and the need to accelerate the growth of demand, production, and job opportunities.

Unemployment was above 6 percent and inflation was essentially zero. The policies were largely Keynesian; they emphasized that government could control the level of aggregate demand through the rational manipulation of fiscal and monetary policy. Of critical importance to this policy was the idea that by controlling demand—avoiding the extremes of excess demand and recession—government also would achieve an unemployment. The notion of a stable trade-off between inflation and unemployment was perhaps most clearly enunciated in the empirical formulation of the "Philips Curve." The interpretation of the inflation process that underlay this relationship always smelled just a little of "ad hockery" and seemed to lack a solid theoretical basis, but this was not generally admitted. Still, some of the doubts about whether demand management alone would be enough were evident in the development of wage-price guideposts and in the almost perpetual government jawboning of private wage-price decisions.

The demand-management program began to unravel in the mid-1960s, initially because the President's economic advisors were misled about the magnitude of the defense buildup in Vietnam and later because they were unable to convince the President of a need for a tax increase to finance the war. The President, for his part, doubted that a tax increase would be approved by Congress and further was concerned that higher taxes would erode public support for the war and derail his new social programs. The result: several years of excessive demand stimulus

and the re-emergence of a serious inflation problem.

The post-1965 period also witnessed a breakdown in the coordination of fiscal and monetary policy. In the earlier period fiscal policy had been the more active element; monetary policy tended to follow in an essentially accommodative path. The failure to offset the fiscal stimulus of the defense surge in 1966 led to an effort to restrain the expansion of demand with monetary policy. The resulting restraint was very uneven: most of the output reduction was in homebuilding, and severe strains were placed on U.S. financial institutions. A coordinated policy of fiscal and monetary restraint was in fact not achieved until 1969; by that time, the inflation had developed a strong self-sustaining momentum.

The fundamental breakdown of demand management policies and the collapse of a policy consensus, however, occurred principally in the aftermath of the 1969 recession. While the combination of fiscal and monetary restraint did slow the rate of demand growth, it failed to slow inflation. Demand restraint translated, instead, into a reduced output and a rise of unemployment from 3.5 to 6 percent of the labor force. Economists at first viewed the problem as one of lags in the response of prices and wage rates; they recommended patience and a continuation of restrictive policies. By the beginning of 1971, however, wage rate increases had actually accelerated slightly despite the high unemployment; and, once excess inventories had been disposed of, the rate of price increases also picked up. Demand restraint was abandoned in 1971; the government shifted to a policy of fiscal-monetary stimulus combined with wage and price controls. That program also broke down under the onslaught of excessively expansionary fiscal and monetary policies, a world crop failure, and a fourfold increase in petroleum prices. Since that time the government has reverted to demand management policies—yet, despite two subsequent recessions and sustained high unemployment, inflation has continued to worsen.

The difficulty of controlling inflation is further complicated by the emergence of another problem, the decline in productivity growth. In the period between the end of World War II and the late 1960s, labor productivity (output per man-hour) expanded at a relatively steady rate of about 3 percent annually. In the early 1970s, that growth rate fell off to about 2 percent annually; in the last half of the 1970s it averaged less than 1 percent; and in recent years productivity actually has declined, and with it real incomes.

A pattern of little or no growth in productivity and general living standards is likely to have major implications for a heterogeneous population like that of the United States. In the past, a portion of each year's productivity dividend generally was used to improve social security programs, expand private health and retirement benefits, and raise the relative income of the most disadvantaged; yet, there remained a residual amount sufficient to allow for a significant general increase in real incomes. Mediation among conflicting groups was accomplished by promising more to some without actually reducing the incomes of others. Thus, a slow productivity growth would seem to be an almost certain prescription for increased social conflict. In addition, it certainly will complicate the effort to reduce inflation. It is not easy to obtain restraint on nominal wage demands when the average worker notes that prices are in fact rising faster than his or her wages. While this problem of falling real wages cannot be solved in the aggregate by an acceleration of nominal wages, which simply pass through into higher inflation, many individuals and groups are certain to try—and indeed they must if others do just to keep pace.

THE POLICY DEBATE

Throughout the 1970s the efforts to develop an effective anti-inflation policy were frustrated by continued disagreement about the nature and causes of the inflation process.

The traditional view of inflation, and thus of the appropriate remedies, interprets the economy as an aggregation of individual markets that are "competitive." Within these markets, changes in individual prices and wage rates are highly flexible in adjusting to changing demand and supply.

In such an economy inflation can be constrained by aggregate demand policies alone. The adjustment of relative prices can occur within a constant average price level as long as the growth in money balances (adjusted for secular trends in velocity) does not exceed the growth in real output. In fact, inflation can be viewed strictly as a monetary phenomenon since any tendency of the overall price level to rise can be offset by a refusal of the monetary authorities to accommodate the increased demand for money balances, with a consequent rise in interest rates, reduction in total demand, and increased supply of idle capital and labor. Increased competition for jobs and sales forces restraint in wages and prices. By controlling the size of the pool of the unemployed, government can control inflation. Most importantly, prices and wages fall with lower demand, while employment and output are not much affected.

The difficulties of anti-inflation policy, however, emerge from the application of this model to the real world. In many markets, prices and wages appear to be highly insensitive to variations in demand for reasons that extend beyond expectations of policy alone. Instead, the major effect of a reduction in demand is a decline in production and employment without the expected larger effect on prices and wages. Thus, by emphasizing monetary restraint the economist appears to have presented the politician with a cure. But it is a cure that does not work unless it is pushed to the point that the unemployment and output costs are greater than society is or should be willing to pay. The average experience of recent recessions, for example, suggests that a sustained reduction in the inflation rate by a single percentage point requires an increase in unemployment of at least a million people for at least a two-year period. To continue to label inflation as a monetary (political) phenomenon simply ignores the severe social dilemma that lies behind the cure of monetary restraint.

Alternatively, the policy issues can be highlighted by characterizing the inflation process in terms of two distinct components: (1) an underlying rate of domestic inflation that reflects a repetitive cycle of wage and price increases in the industrial sector of the economy, and (2) a set of largely external forces that initiate a new inflation or exacerbate an ongoing one.

The underlying inflation rate is reflected in the tendency of wage and price increases within the industrial sector to feed on one another and persist even in the face of sustained periods of economic slack. Wage increases are fueled by expectations that the process will continue, but also by a desire to match past price increases and the wages of others. Similarly, on the price side, business firms see their own actions as reflecting a pass-through of past cost increases. This cycle of wage and price increases is only loosely related to overall demand conditions, persisting despite long recessions as momentum and expectations perpetuate inflation. While most of the participants recognize that they do not gain from the process, no one dares to restrain his own actions because of fears that others will not.

The shocks or disturbances that exacerbate this inflation momentum come from a variety of sources. At times, such as the mid-1960s, excess aggregate demand has been an important factor. Again, in 1972–1973, a sharp worldwide economic expansion created strong demand pressures in many basic material markets. But, in addition, the increased exposure of the U.S. to a more integrated world economy leaves it more vulnerable to events such as world crop failures or a disruption of petroleum supplies. Finally, there has been a great growth in the involvement of government in individual markets, and it is often the case that its actions initiate upward pressures on prices or wages.

These disruptions in major individual markets can have a dramatic direct effect on the average inflation rate. But a secondary and longer-lasting impact results from the fact that a surge of inflation that originates with sharp price increases in a few markets rapidly spreads throughout the economy as other participants accelerate their own wage and price increases in an effort to catch up. The result is an upward ratcheting of the underlying inflation rate in the industrial sector and a carry-over of inflation into future periods.

The major change in the inflation process during the 1970s was the increased frequency and magnitude of the shocks. But there also was too little appreciation of the role of catch-up efforts by others and the strength of the momentum process. Thus unless governments were prepared to accept very large increases in unemployment, a relative price increase in one market translated into a higher overall price level and a continuing impact on inflation in future periods.

POLICY OPTIONS

From the above perspective, the immediate task for anti-inflation policy is two-fold: to break the momentum of an underlying wage-price cycle that has been allowed to build up for over a decade and has become deeply embedded in the structure of the economy; and second, to avoid or dampen the potential future shocks that threaten to exacerbate the process. In addition, such policies must be integrated with the need to promote an improved productivity performance as the most effective means of raising standards-of-living. Finally, however, there are the longer-term considerations of changes in the structure of the economy, and the conduct of policy that will make it possible to pursue a sustained high-employment policy without a renewed outbreak of inflation.

WAGE-PRICE CYCLE

Effective measures to break the momentum of an ongoing cycle of wage and price increases is the most difficult aspect of anti-inflation policy. When the competitive fear of lost jobs or lost sales is not an efficient constraining influence on wage and price demands, reliance on fiscal or monetary policy restraint forces governments into an unsatisfactory choice between inflation and unemployment. The loose relationship between the momentum aspects of inflation and aggregate demand conditions suggests a role for a voluntary incomes policy or mandatory wage-price controls. The historical record suggests that these collective efforts can have some effect; but any such program is very difficult to sustain in the face of changing economic circumstances, and continued restraint is in the individual's own interest only as long as he is convinced that others will do the same.

Fiscal-Monetary Restraint. Much of the recent discussion of anti-inflation policy has emphasized a gradualist approach, whereby a high but not extreme level of unemployment and slow growth is tolerated over a period of several years. Even the most optimistic estimates, however, suggest that such a policy would require nearly a decade of very slow growth in aggregate demand and unem-

ployment rates in excess of 7 percent annually to have an appreciable effect on the inflation rate. There are doubts that the political process could stand the strain and the gradualist approach may set in motion strong pressures by individual interest groups to achieve changes in the rules and institutions (e.g., trade protection and minimum price and wage laws) to protect themselves against the consequences of such a policy—thus intensifying the basic problem.

The alternative of extreme fiscal and monetary restraint offers the opportunity for greater immediate gains against inflation, but the pressures for a reversal of the policies in the face of sharply higher unemployment would be strong. In effect this is the current policy being pursued in Great Britain where the government has followed a policy of severe restraint combined with repeated emphasis that it will not back down in its refusal to accommodate continued inflation. While the outcome of that policy remains in doubt, the risks of the policy—both political and economic—are substantial since it tends to intensify the conflicts between social groups whose view of the appropriateness of the policy is dominated by their evaluation of their own probability of being included in the pool of the unemployed. In addition, such a policy faces the risks that the magnitude of stimulus required in the subsequent phase to restore employment to more normal levels will cause substantial new inflation pressures.

Incomes Policies. On the other hand, there are major problems with other anti-inflation policies that do not emphasize demand restraint. The failure to contain inflation in 1979–80 has done much to destroy the credibility of voluntary restraint programs. The difficulty of 1973–74, on the other hand, has convinced many economists and policymakers that mandatory wage and price controls are ineffective. Finally, some economists have advocated the use of tax-based incentive policies (TIPs) to encourage adherence to wage-price guidelines. That is, individual workers would be rewarded directly for exercising restraint in wage increases rather than relying on a belief that others will do the same. Those who limited their wage/price increases to less than a guideline number would receive a tax credit while those who exceeded it would be charged a tax penalty. It is difficult to believe, however, that the tax benefit to the individual could be made sufficient to overcome the risks of loss if others do not go along.

Coordinated Policies. There is no easy, costless means of breaking an ongoing cycle of wage-price inflation. Restrictive fiscal and monetary policies can contain inflation in competitive, flexible-price markets where demand and supply are the principal determinants of prices. But they are frustrated by the sluggishness of response in fixed-price markets where the participants have some discretion in setting wages and prices. On the other hand, income policies can moderate inflation in the fixed-price markets, but they break down in the face of supply-demand disruptions in the flexible-price markets. Yet the above criticism of the individual policy alternatives may be unduly pessimistic because it ignores the potential benefits of a policy that combines the measures in a coordinated fashion. In that context, past experience does provide some lessons for the future.

First, a restrictive fiscal-monetary policy is an important prerequisite for any anti-inflation policy. No incomes policy can deal effectively with shortages unless the government is willing to resort to costly and complex rationing systems as an alternative to price increases. Yet, the historical record indicates a strong temptation to view the programs as substitutes for one another. In 1972, for example, the government assumed that the controls program would solve the inflation problem, while it would be free to follow expansionary fiscal and monetary policies to reduce unemployment in preparation for the upcoming election. The result was significant shortages and upward pressures on prices in many markets for industrial raw materials. Income policies should most properly be viewed as a supplement to other policies: as a means of shortening the lags and moderating the magnitude of the unemployment costs involved in making the transition to a lower inflation path.

Income policies also cannot be expected to be an effective response to supply disruptions in major materials markets, such as food and energy, where prices are responsive to demand and supply fluctuations. The collapse of the wage-price controls in 1973–1974 was due in large measure to mounting problems in these markets where the government was not prepared to deal with disruption. Problems in these markets require policies that address the fundamental supply or demand problems.

Third, in evaluating past programs we should remember that one reason for the modest effects was that the programs did not aim to achieve significant gains. The pay-rate target of 6.2 percent in 1972, for example, simply ratified the pattern of wage increases that existed at the program's inception. Similarly, in 1979, the pay-rate target, in excess of 7 percent, was only modestly below the prevailing trend. In both periods the standard for prices was one of a pass-through of costs. Typically, past programs have established boards or commissions, dominated by the major private-sector interest groups, that push for rules or standards that allow them to continue as before. In effect, special interest is over-represented and the general interest is forgotten. Since government also feels threatened by evidence of non-compliance, the standards tend to be pushed up until there is no longer any such danger. After being introduced with much fanfare, the modest targets do not generate a sufficient change from the prior pattern of inflation to sustain public support and the inevitable distortions and irritations of the administrative process leads to a buildup of disenchantment.

Fourth, no formal incomes policy is likely to be sustainable for very long because of the complexity of the private market situations that must be dealt with and because the participants will learn to adapt to any set of regulations and find ways of avoiding their intent. Thus, the administrative process gets increasingly complex over time. It is perhaps best to think in terms of a severe program that aims to achieve its objectives in a short period of transition, and not to envision anything but the most informal program as a viable option for the longer run.

Finally, while some of the above problems can be solved by better coordination with other policies, any incomes policy still encounters severe difficulties of defining and measuring price and wage changes. On the price side it is reflected in the change in quality that may accompany or substitute for price changes. On the wage side it is difficult to distinguish between wage increases and promotions at the level of the individual worker. Yet, if prices or wages are measured in terms of averages for broad categories of products or workers, shifts of mix within the category become increasingly important sources of distortion in the measurement of compliance. Thus, an effective program usually requires measurement at the level of small, relatively uniform groups. This, in turn, implies a rather large administrative structure.

The choice of a specific incomes policy must come from the three major options of a voluntary program, mandatory controls, or a tax-incentive program (TIP).

For the near future, a voluntary program is unlikely to be a viable option because the historical experience has sharply undermined the public's confidence that government can assure the compliance of others. Such programs are dependent upon the prestige and active involvement of the President. As such they become heavily entangled in the political pressures surrounding the Presidency. In addition, voluntary programs cannot influence existing contracts and are forced to approve new long term contracts on the basis of anticipated future events. Unforeseen changes in economic conditions can quickly embroil the program in very difficult equity issues, as occurred on the wage side of the program in 1979, whereby workers in similar circumstances receive sharply different wage increases. The result is a rapid proliferation of exceptions criteria.

A tax-based incomes program (TIP) also may be too weak to achieve the objective of sharply reducing the existing rate of inflation. It offers a temporary tax reduction in return for a permanently lower nominal wage rate. An effort to give a tax credit equal to the foregone wage increase would represent an excessive drain on tax revenues. Thus, as with other incomes programs, it can only be made attractive to the individual if he is convinced that others will go along. Assurances of such compliance are likely to be credible only for pay-rate targets close to the prevailing rate of wage increases.

The revenue costs of the program might be balanced by enacting tax penalties for increases in excess of the pay-rate target, but in such an instance the program requires the same administrative machinery as that of a mandatory program since both require a firm legal basis for judging compliance. It also is possible that a tax penalty would exacerbate the price increases in some industries as the private parties seek to push the tax cost forward onto consumers. In addition, it is difficult to design a comparable program for prices because a continuous change of relative prices is more important for the allocation of resources among markets.

I would conclude that a voluntary program is too weak and that a TIP program offers insufficient assurances of substantial gains to be worth the budgetary and administrative problems.

Under current circumstances only a mandatory program offers a substantial enough impact to break the momentum of the wage-price cycle.

A controls program is a difficult and costly undertaking; yet, it is less so than the alternative of a go-it-alone approach of fiscal-monetary restraint. Such a program should not last for more than a few years because of the administrative costs and accumulating problems of distortions that it will cause. Thus, the wage and price standards should aim at a sharp reduction in the inflation rate rather than the gradualism implicit in past programs.

I would envision a program of about three years' duration, with a first-year limitation on pay and price increases of half their prior rate of increase.

The program should abrogate existing contracts or it will become embroiled in equity disputes where some individuals, under old contracts, receive income increases far in excess of others. It should apply the standards to relatively small homogeneous groups of employees and products so as to avoid distortions from shifts in the mix while leaving some flexibility for some differences of individual increases with the group. Products that are traded in formal auction markets should be excluded from the controls because they are more responsive to specific microeconomic policies that attract the demand/supply problems directly—that is, they are

not ignored, but the appropriate policy action is different. At the same time, the tendency to shift control of the program to boards or commissions, controlled by the private interest groups, should be avoided.

It is critical to realize the limitations of a controls program and the need to combine it with a restrictive fiscal-monetary policy on total demand and specific programs for those commodity markets where price changes are dominated by sharp shifts in demand and supply. It is this lack of coordination with other policies that stands out historically as the major source of failure in past incomes programs.

The need for policies that promote a higher growth of productivity introduces a further complication because it argues for a mix of fiscal-monetary policy sharply different from that which has been followed in recent years. Although the causes of the slowdown in productivity growth in the 1970s are not fully understood, efforts by government to reverse it must concentrate on raising the proportion of current output that is devoted to capital formation. In general monetary policy tends to have the greatest impact on capital investment, whereas fiscal policy (variations in the budget balance) impacts more directly on consumption. Thus, the past emphasis in the policy mix on a relatively easy fiscal policy has favored consumption.

The policy of the current administration stresses the need for monetary restraint. Meanwhile, the enactment of large tax cuts has opened up the potential for large budget deficits that will be virtually impossible to close with expenditure reductions. The resulting collision between fiscal and monetary policy implies that high interest rates will continue for many years. This is not a policy that promotes an increase in total capital formation. The enactment of business tax cuts may offset the higher borrowing costs for that sector, but its investment gains will come at the expense of investment by household, government, and small business. Even higher levels of saving, if they are absorbed by government deficit financing, will not increase the volume of resources available for private capital investment.

An emphasis in the policy mix on fiscal restraint, on the other hand, would lead directly to a larger flow of savings into capital investment, relieve the pressure on monetary policy, and contribute to a lower level of interest rates. In addition, however, it is difficult to stimulate new investment in a world of restraint on demand and slow economic growth. The inclusion of a controls program would reduce the required magnitude and duration of the demand restraint policies, thus reducing their depressive influence on capital formation.

An increase in total capital formation would also contribute to the battle against inflation by expanding industrial capacity in future years. Certainly, the United States has not been faced with a shortage of labor in the 1970s. But the explosion of labor force growth has not been matched by a similar expansion of the capital stock. Thus, efforts to achieve reasonable levels of unemployment quickly run up against shortages and sharp price increases in the basic materials industries.

MICRO-ECONOMIC POLICIES

It is unreasonable to emphasize wage restraint unless government is willing to act against the sharp increase in the price of goods, such as food and energy, that are critical determinants of basic living standards. The sharp explosion of food and energy prices in 1972–74 and again in 1979 is the most striking new element in the inflation. These individual market price increases cause difficulties for anti-inflation policy not only because of their direct effects on the average price level, but also because they upset perceptions of the fairness of the relative price structure and initiate demands in other sectors to catch up and recover losses of real income.

In addition, government has aggravated the inflation in ways that are not reflected in fiscal or monetary policy. In the last few years, the government has increased the minimum wage; sharply boosted social security and unemployment taxes; restricted agricultural production; raised price supports for sugar, dairy, and other agricultural interests; and extended trade protection to several domestic industries. At the same time, the expansion of social regulations has added approximately one-half of a percentage point to the annual inflation rate by reducing productivity growth. In many areas, complex licensing requirements and delays sharply lengthen the lag of the economy's adjustment to changing market conditions. These actions were often desirable and provided important benefits to some; but a thorough evaluation of the costs and benefits was often absent.

The increased potential for disruption in individual markets and the growing involvement of government at the level of individual industries suggest the need for a microeconomic policy framework that would supplement the existing emphasis on macroeconomic policy. Government must become more sensitive to the inflation potential of its own actions if it expects to exert restraint on others. At present, government lacks the ability to assess conditions in individual markets and to avoid or dampen the inflation impact of sudden changes in demand or supply. At the same time, it cannot evaluate or coordinate the regulatory and administrative actions of a large number of individual agencies. Yet, it is these events as well as aggregate demand policies that are responsible for the worsening of inflation since 1975.

In the case of major materials markets, the policies seem obvious. Government cannot expect private market participants to hold reserves sufficient to offset the costs to society of major disruptions in the supplies of these commodities. Programs of government grain reserves were effective prior to their abandonment in the early 1970s. The extension of such a program to petroleum would also seem to be the only effective response for the threat of disruption in the world oil market.

INSTITUTIONAL CHANGES FOR THE LONG-TERM

Even if the U.S. should be successful in combatting the current inflation episode, it faces the longer-term problem, in common with all the industrial democracies, that a stable inflation rate is not compatible with socially acceptable levels of unemployment. We can learn from past mistakes of fiscal and monetary policy, and improved microeconomic policies can reduce the threat of future commodity market disruptions. But not all mistakes of policy can be eliminated and we should anticipate that in an integrated world economy, events, similar in magnitude to the energy and food market disruptions of the 1970s, will occur in the future. At the same time, wage-price controls and similar efforts are not a viable approach to the long-run solution—they will be buried under the weight of their own administrative procedures. Sustained resolution of the conflict between the goals for low inflation and unemployment will require changes in the institutional structure of the economy. In the past, there has been only very limited consideration of the potential for such changes as we have struggled to believe that the goals of price stability and high employment could be resolved within our present institutions. In future years, the development of such an agenda should have higher priority. These changes need not be dramatic because it is also evident that the U.S. economy is not strongly biased toward a rapid acceleration of inflation and much can be done to improve the operation of existing policies. What follows is only a partial list of potential future institutional changes.

Annual Wage Contracts. One of the major lessons of the 1970s is that there is far more inertia in the inflation process than previously anticipated. In part, this is the result of reliance on long-term labor contracts where wage rates are indexed to economic indicators, such as the consumer price index, that are extraneous to the specific industry's competitive position. As a result, wages and prices do not respond to changing market conditions during the period of the contract. Even economic conditions at the time of negotiation are discounted because they are not expected to continue over the life of the contract. The disparate timing of multi-year contracts among industries also contributes to greater resistance to current developments because of pressures to match the pattern of wage increases established in other industries in earlier periods. In addition, unforeseen changes in inflation and other economic conditions in the presence of long-term contracts have also caused major shifts in the distribution of relative wages within the U.S. in ways that have little relationship to relative economic needs.

One means of solving these problems would be to ban the use of multi-year wage contracts.

The major effect of annual contracting would be to force the attention of the private parties toward their own current situation and make possible a faster response to unforeseen changes in economic conditions and a quicker adjustment of wages and prices to adjustments in fiscal policy—moderating the required range of fluctuations in unemployment. Even though multi-year contracts affect a minority of the workforce directly, they set a pattern for wage decisions that distracts the attention of other industries from the needs of their own specific situation.

Annual contracting also would eliminate the need for cost of living agreements (COLAs) that index wage changes to changes in the consumer price index. The increased uncertainty surrounding future inflation trends increases the risks to firms of offering such guarantees. Yet, workers cannot be expected to sign extended agreements without COLAs. In effect, the formal indexation of wages to prices can be removed only by eliminating long-term contracts.

The shift to an annual round of negotiations also should provide an opportunity for an exchange of views among business, labor, and government at the beginning of each cycle. The government would have an opportunity to outline its intentions with respect to economic policy and the implications for the overall performance of the economy under different potential patterns of wage and price increases. It is also desirable to provide such a structure in order for the government to hear the suggestions of business and labor leaders and their analyses of potential problems. Yet, such a program would not interfere with the current practice of decentralized bargaining through which individual industries can reach agreement within the context of their own economic situation.

Strikes. Annual bargaining may raise the potential for more frequent strikes. That was not the experience of prior decades however, when many multi-year agreements allowed for annual wage reopeners. In any case, we might question the desirability of the strike threat as a means of solving disputes in today's economy. When the major costs of a strike or lockout were borne by the specific workers and firms involved in negotiation, such a tool may have been the most effective means of achieving settlement. On the other hand, in today's inte-

grated economy much of the costs fall on other workers and firms whose production is disrupted. The costs to third parties place heavy pressure on government to intervene to settle the dispute. Knowledge that such intervention may occur also disrupts normal bargaining since each party knows that such intervention brings with it heavy pressure to resolve the dispute by averaging their remaining differences. Thus, each party may adhere to its initial, most extreme position in anticipation of future arbitration.

An alternative system may be required to resolve strikes that extend beyond a reasonable period and where a strike would impose significant costs on third parties.

One suggestion is to require arbitration as a substitute for the strike at the stage in the negotiations when the parties declare an impasse, but with the proviso that the arbitrator cannot average. He must accept, in toto, the last offer of one of the two parties. In this case responsible negotiation is encouraged because the extreme position will be rejected, and a desire to avoid the arbitrariness of the arbitrator is likely to lead to private settlement in the preponderance of situations. In an era of increased foreign competition, American industries will be forced to move away from a framework of confrontation between labor and business to a greater emphasis on their common interests of expanding their competitive position in world markets.

Trade Policy. On the price side, the strengthening of competition is an often-repeated recommendation for reducing inflation pressures. Certainly, technological changes have made much of the former regulation of transportation, communications, and the financial industry unnecessary. Recently, deregulations has been used as a means of strengthening competition in such situations. On the other hand, many of the previous standards of domestic antitrust policy have become outmoded because of increased foreign competition. Yet, the U.S. fails to realize the potential anti-inflation benefits of that competition. Too often management and the union have joined in descending upon Washington to complain about unfair foreign competition (where unfair is defined as a price below their own), and they succeed in obtaining trade restrictions. So long as they believe such political efforts represent a more effective response to their competitive difficulties, they will avoid the more difficult tasks of cutting costs and improving efficiency.

Perhaps it is unrealistic to believe that government can refuse to temporarily extend trade protection to major industries when they are in severe difficulties. But, at a minimum, it can require as a prerequisite that the industry take some actions, such as a freeze on wage increases and suspension of dividend payments, as a means of helping itself.

CONCLUSION

Inflation in the United States has not been for many years primarily an excess demand problem. It reflects, instead, a sustained buildup over a long period of a cycle of wage-price increases in which everyone sees his own actions as a defensive response to the inflationary actions of others. Anti-inflation policy should distinguish between the strong measures that may be needed to break the momentum of the current process, measures to reduce the economy's exposure to future inflation shocks, and the long-term need to alter institutions so that a compatible balance between price stability and high employment is a feasible achievement.

Wage and price controls are a major and controversial step in anti-inflation policy. Yet, a review of the historical record does show a common failing of underestimating the magnitude of the problem, of advancing policies that are too weak, only to find their consequent collapse leads to reduced confidence in government and intensification of the problem.

Monetary restraint alone can stop inflation, but the costs for some segments of the population will be very high. As long as the limitations of controls and the need for coordination with other policies are recognized, they offer a chance to reduce the unemployment costs during the transition to a lower inflation path. Measures that stop short of controls seem too weak a response to the strength of the inflation momentum that has developed over the last decade. In that sense, the short-run choice is one of choosing between severe demand restraint and controls.

Over the longer run, we have to consider changes in the institutional structure within which wage and price decisions are made if a compatible combination of inflation and unemployment is to be achieved.●

PRAISE FOR SECRETARY WATT

● Mr. GOLDWATER. Mr. President, this week more than 1 million signatures were presented to the Democrat leadership by the Sierra Club and the Friends of the Earth urging the firing of Interior Secretary James Watt. All I have to say is, who cares?

Secretary Watt is doing a tremendous job as the leading manager of our public lands. He understands the importance of our natural resources and intends to provide the balance in our environmental policies that has been lacking under previous administrations, especially the Carter administration.

We have all heard the ludicrous and unsubstantiated statements suggesting that he intends to mine minerals in our national parks, strip mine wherever possible and bulldoze wilderness areas, thus ruining the public lands for future generations, but not one of these statements is true. These statements are solely the rhetoric of liberal environmental organizations whose desire is not directed toward the well-being of this Nation. Instead, they wish only to see their selfish, protectionist policies perpetuated to benefit a minority of the American people—namely, themselves.

Secretary Watt, on the other hand, desires to see our public lands operated under "multiple-use" policies which seek to benefit everyone by increasing domestic supplies of energy and improving our recreational lands. He is a man that has grown up with the land and his personal experience in the West has provided him with the knowledge necessary to be a great Secretary of the Interior.

The Sierra Club came to Washington under a cloud of deception. On the outside, it appears they are truly concerned about our environment, but it does not take long to see through the mist of falsehoods and innuendos to realize the real goal of this scheme of name gathering from people allegedly opposed to Secretary Watt is to raise money and increase membership by creating panic. By spreading misinformation, thousands of Americans have been duped into signing this worthless petition believing with all their hearts that Secretary Watt was some monster on the loose waiting to gobble up all our public lands, including the parks. I truly feel sorry for those individuals who signed the petition sincerely, only to find out that they were mislead by uninformed and uncaring environmental extremists.

More than anything else, it frustrates me to read or listen to these environmental know-it-alls who claim that Secretary Watt must be stopped so that future generations will be able to enjoy the environment as we do today. They are worried that their children will be robbed of America and its splendor if we explore and produce energy or strategic minerals on public lands. Furthermore, they imply that the Secretary is against parks and recreation because he believes the 768 million acres currently owned by the public, which the Government is not able to manage efficiently, is enough. It does not matter that public lands now equal the land areas totaling one-third of the Nation, 7½ times the size of California, 2¼ times the State of Texas, or more than 18 times the size of the 6 New England States.

I believe in the future of America, and it is my hope that future generations of Americans will be able to continue enjoying the natural resources that have been bestowed upon us, but I also understand that if we expect future generations to partake in this dream, we must take action to balance our environmental policies as Secretary Watt has proposed. Otherwise, those individuals who have yet to be born may not have an opportunity to know the freedoms we enjoy today.

Only by laying the foundation for the future of America through expanded use of our natural resources and reduced dependence on unstable world suppliers will we be able to encourage peace and freedom in the world, for generations to come.

In their presentation of the petitions on Monday, the Sierra Club and the Friends of the Earth declared war on "Wattism," but that is not really the case. In actuality, they have declared war on everyone who believes in the American dream by attacking our ability or right to use public lands for the benefit of everyone. In my opinion, this warped belief of environmental protectionism has gone too far, and Secretary Watt is just the man to turn the tide for the good of the Nation. I am a Watt supporter and proud of it.●

STUDENTS DEMANDING MORE COURSES IN ENTREPRENEURSHIP

● Mr. ARMSTRONG. Mr. President, there is one exciting trend now sweeping America that I predict will do more to restore American economic vitality than any single act of Congress. American high school and college students are demanding that their schools offer more courses in economics and entrepreneurship.

Incredible though it may seem, less than a dozen schools in the entire United States offered courses on entrepreneurship in 1968. Today more than 130 schools are offering such courses, and more schools are adding such courses each year. It has grown to the point now where there is insufficient research

and student materials to meet the demand.

Mr. President, I encourage my colleagues to read the report I ask to be printed in the RECORD after my remarks. It was prepared by the National Federation of Independent Business Research and Education Foundation. Those who do will learn that "many students feel that entrepreneurship allows them more opportunity to use their creativity and enthusiasm in their work than does employment in large corporations."

The report follows:

STUDENTS DEMAND MORE COURSES IN ECONOMICS AND ENTREPRENEURSHIP

With the current concern for the well-being of the American economy, it is perhaps not surprising that business and economics are increasingly popular subjects with students. The teaching of some form of economics is now required in 29 states, reports the Joint Council on Economic Education. A recently released survey paid for by Phillips Petroleum shows that economics is offered in an estimated 87 percent of the high schools and junior high schools.

Courses with an emphasis in entrepreneurship are also in greater demand. Karl H. Vesper, an expert in entrepreneurial education, found that the number of schools with separate courses in entrepreneurship grew from about a dozen in 1968 to over 130 in 1980. Many students feel that entrepreneurship allows them more opportunity to use their creativity and enthusiasm in their work than does employment in large corporations.

Although the interest in entrepreneurship is apparent, research and student materials on the subjects are still limited. Recent efforts of NFIB's Education Department in conjunction with the NFIB Research and Education Foundation therefore have been concentrated in this area and appreciatively received.

CONFERENCE ON ENTREPRENEURIAL TEACHING DRAWS EDUCATORS WORLDWIDE

In June, the NFIB Research and Education Foundation, along with the International Council for Small Business and Baylor University, sponsored a two-day conference on entrepreneurial education. The conference was held at Baylor's Center for Private Enterprise and Entrepreneurship in Waco, Texas. Baylor is one of two universities in the United States offering degrees in entrepreneurship at both the graduate and undergraduate levels. Its Center for Private Enterprise and Entrepreneurship was established in 1978 and has already received national recognition for its achievements. The conference was attended by more than 100 educators who are already active in entrepreneurial education.

The educators addressed topics such as the importance of entrepreneurship in the private-enterprise economy and in academia. Panels also discussed the characteristics of small-business owners, curriculum development for entrepreneurship, methods of integrating small-business courses into liberal arts and junior college programs, and intrepreneurial education in other countries. Herman W. Lay, recently retired chairman of the PepsiCo Executive Committee, gave his perspective on the needs and directions for entrepreneurial education.

This conference was the second such event hosted by Baylor. A conference was held last year exclusively for the experts in entrepreneurial research and education. The proceedings from that conference are being published with the aid of a grant from the NFIB Research and Education Foundation. This unique sourcebook, entitled the Encyclopedia of Entrepreneurship, will be available later this year.

TEACHERS EAGER FOR NEW ESSAYS ON ENTREPRENEURSHIP

During the 1980–81 school term, two new essays joined the Public Policy Discussion Series. On the topics of entrepreneurship and small business, these essays had wide distribution and generated a favorable response from educators.

In "Entrepreneurship: Starting a New Business," Prof. Arnold C. Cooper examines the characteristics of typical entrepreneurs, ways in which new businesses are launched, and factors that determine their successes and failures. A sheet of actual case studies accompanies the essay to stimulate classroom discussion of entrepreneurship.

This essay was initially sent to 20,000 educators, who requested more than 125,000 additional copies for classroom use. Teachers commented that it is a concise, digestible (as well as interesting) article which encourages potential entrepreneurs to prepare themselves for "the real world." One teacher suggested that perhaps its cautions could reduce the 66 percent business failure rate.

In an essay published in February, coauthors Kenneth Chilton and Murray Weidenbaum (chairman of President Reagan's Council of Economic Advisers), explain how governmental agency regulations impact small businesses negatively. Selected cartoons from the Broom Hilda series were used to illustrate these burdens on small-business owners.

Educators' reactions to this article were immediate and favorable. Teachers found the article "delightful, educational, informative, and sadly true." Serving a special and vital purpose in consumer education classes, the article gives the students "the other side" of the discussion about regulations "protecting" the consumer.●

THE DANGERS OF INDEXING TAXES TO INFLATION

● Mr. MATHIAS. Mr. President, on July 16, the Senate voted 57 to 40 to include a provision in the tax cut bill, not among the President's original proposals, to adjust the Federal individual tax brackets to the annual rate of inflation. I opposed the indexing amendment and was deeply concerned when it was accepted into the final package.

While I am aware of the problem of bracket-creep and am as eager as anyone to weed it out of our tax system, I would prefer to place my confidence in the positive measures contained in the tax cut bill—those that will encourage greater savings and investment and will help increase productivity. I think there is a serious prospect that indexing the income tax rates will actually work at cross-purposes to these important new incentives. It may institutionalize inflation in our economy by making it more bearable to the American taxpayer.

Critics of inflation can point to the unhappy example of certain foreign countries that have tried the indexing experiment, such as Israel, Brazil, and Canada. But we do not have to look beyond our own national borders for similar case studies.

An article by Neal R. Pierce printed in the Journal of Commerce on August 18 outlines the experience of several of our States that have adopted income tax indexing, and it provides a good illustration of the dangers I see in our decision to implement this policy at the Federal level. I ask that the article, entitled "Minnesota's Bad Omen for Tax Indexing," be printed in the RECORD.

The article follows:

MINNESOTA'S BAD OMEN FOR TAX INDEXING

(By Neal R. Peirce)

ST. PAUL, MINN.—Before Congress rushed to protect federal taxpayers from inflationary rate increases by "indexing" income taxes starting in 1985, it would have done well to take a hard look at the miseries Minnesota bought itself by indexing its state income tax two years ago.

The parallel isn't precise. Other factors, such as the Midwest's severe economic downturn, have added to Minnesota's revenue problems. But the similarities to what's now happening in Washington are disturbingly close:

A Republican chief executive is elected. The conservative tide rises and even normally liberal legislators agree to tax indexing. Then—in the Minnesota model—hard times come. Indexing slashes into state revenues. The Republican governor—Al Quie—won't countenance raising taxes. Acrimonious partisan bickering with the legislature ensues. Finally, both severe spending cuts and new taxes have to be voted. And even then, angry state workers walk off the job in a prolonged strike.

The consequences haven't been quite as serious, but some of the same budgetary problems have hit not just Minnesota but three other states—Wisconsin, Iowa and California—with full-fledged indexing of income-tax brackets, deductions and exemptions. Some of the same headaches may yet be encountered in the five other states (Arizona, Colorado, Montana, Oregon and South Carolina) that recently joined the indexing camp. Canada, which went to indexing five years ago, is starting to experience severe deficits as a result.

All of this is not to say that Congress or a state legislature, aware of indexing's difficulties, might not go ahead anyway. Especially in a conservative political climate, there's an almost irresistible attraction to protecting taxpayers from the "bracket creep" that pushes their tax rates up only because of inflation.

And what better way to discourage future growth of government? "If you're pro-taxpayer, if you're anti-Pentagon and anti-social welfare spending, then you have to be for indexing," says John Shannon, assistant director of the Advisory Commission on Intergovernmental Relations and a leading national advocate of indexing. Deprive legislators of their annual unlegislated tax increase through inflation and they "have to raise taxes out in the open" if they want more government spending, Shannon insists. Elected officials "should not be allowed to reap a tax windfall while hiding in the inflationary weeds."

Experiments with indexing illustrate another form of political hypocrisy: the suggestion that there can be dramatic tax relief without a day of reckoning. "It's a pipe dream to think you can index taxes and then not, from time to time, have to raise tax rates—even when it seems politically suicidal to do so," says director Curtis Johnson of the Twin Cities Citizens League.

And unless the entire Reagan economic recovery plan works to perfection, Minnesota's present pain will be writ large by 1985. That's the year federal indexing goes into effect—costing the Treasury, by some Capitol Hill estimates, $49 billion in the first two years. And several other features of the tax legislation, with the most dramatic negative impacts on federal revenues, won't be phased in fully until 1985.

"We may be all right through 1984, but all hell is going to break loose after that," one high ranking House Republican tax expert recently told the Baltimore Sun's Stephen

Nordlinger. Starting in 1985, all individual income tax brackets, the zero bracket amount (formerly the standard deduction) and the personal exemption will be adjusted annually to offset the effects of inflation.

If Washington is then forced to increase tax rates, it will be a novel experience for most congressmen. For years, the lack of indexing has saved them that terribly difficult experience, so familiar to most state and local legislators.

Might indexing then be revoked, or modified substantially? The precedents here are not good: Once such a fundamental "right" is granted, politicians find it difficult to revoke. For evidence, one need only look to the other kind of indexing that became so popular in recent years: the wages of a lucky minority among local government workers (mostly firemen and policemen) and postal workers, the retirement pay of millions of local, state and federal workers and the military, and most expensive of all, Social Security. The use of the Consumer Price Index to drive up these wages and benefits inflates the national economy by billions of dollars annually. It is one reason Social Security, the supposed bedrock of financial security for millions of Americans, is now in trouble.

Any legislator can tell you that the very idea of trifling with pay and benefit indexing arouses a hornet's nest of opposition. Now the same is sure to apply to tax-bracket indexing. Yet the worst of all possible worlds is to have both: to continue pay and benefit indexing, with its huge inflationary pressures on government budgets, yet to index—and thus sharply restrain—the growth of the taxes necessary to pay the benefits.

Some of the cities that have come the closest to bankruptcy—New York, Detroit, Boston and San Francisco for example—are precisely those that have granted indexed wages or retirement benefits while lacking a growing, progressive income tax base with which to pay the bill.

Only those people willing to plunge the national government into fiscal distress akin to one of those desperately strapped cities will applaud the indexing of both benefits and taxes.

The basic problem with indexing is that it's a political cop-out—an attempt to substitute Rube Goldberg-like statistical measures (like the imperfect Consumer Price Index) for the hard, sweaty, difficult process of forming public policy and getting majority support for it. Whether the issue is taxes or benefits, we're better off with tough open debate about who gets how much and who pays. The society that tries to avoid decisions by putting itself on automatic pilot will find itself headed toward a crash.●

CONTROLLING THE CAUSES OF ACID RAIN—S. 1709

● Mr. MOYNIHAN. Mr. President, on October 6 I introduced an amendment (S. 1709) to the Clean Air Act providing for the inclusion of a program to control the causes of acid rain. The action we take to control acid rain must be sensible, it must be reasonable, and it must be cost effective. I believe my bill meets these goals.

S. 1709 calls for a reduction of 6 million tons in annual sulfur dioxide emissions, the principal cause of acid rain, in a region composed of the 31 States bordering on or east of the Mississippi River. Under the terms of my legislation, such a reduction would have to occur in addition to the 2- to 3-million ton reduction in annual sulfur dioxide emissions that will result from compliance with existing provisions of the Clean Air Act.

Within the region, States would be required to accomplish reductions equal to an 85-percent decrease in actual sulfur dioxide emissions from the largest powerplants within the States. Emission reductions would have to be achieved by December 31, 1991.

States would be given the right to amend their own air pollution control implementation plans, now required by the Clean Air Act, to meet their emissions reduction requirement. Moreover, States would be allowed to trade emissions offsets with other States so that a regional strategy for controlling acid rain could emerge.

If States fail, however, to meet their emissions reduction requirements, then the Administrator of the U.S. Environmental Protection Agency would be instructed to develop and enforce an appropriate plan to obtain the necessary reductions.

Mr. President I would like to call to the attention of my colleagues an editorial in last Friday's Washington Post entitled "Dropping Acid." It concludes by saying:

Enough is known about acid rain to put an end to debates over whether the phenomenon is real, man-made and damaging. It is all three. The important area for discussion now is how best to go about reducing sulfur and nitrogen oxide emissions, and how fast.

Mr. President, my bill offers what I believe to be a valid approach to achieving a substantial reduction in emissions over a 10-year period.

I ask that the full text of the Washington Post editorial be printed in the RECORD.

The editorial follows:

DROPPING ACID

The problem is not merely acid rain; it is acid rain, sleet, fog, snow, mist, dew and particulates. The question is whether enough is known about the various effects of all this to warrant action now to reduce its incidence—as environmentalists, the Canadian government and the National Academy of Science believe. Or are years more of study required first—as the Reagan administration, the coal companies and the utilities argue? The choice is one of the more important ones Congress will make in its reauthorization of the Clean Air Act.

The dispute is likely to be profoundly affected by a recent report of the Committee on the Biological Consequences of Fossil Fuel Combustion of the National Academy of Sciences. The study found that acid rain does come from man-made sources, largely power plants; that the acidity is causing well-documented "widespread damage to aquatic ecosystems," increased levels of a number of poisonous metals in ground water supplies, and the "elimination" of "several important species of fish and invertebrates over substantial parts of their natural ranges." Other effects include damage to human health, to forest and food crops and, over the long run, leaching of vital nutrients from soil.

In uncharacteristically blunt terms, the academy's report concludes that continued emissions at current rates "in the face of clear evidence of serious hazard to human health and to the biosphere, will be extremely risky from a long-term economic standpoint as well as from the standpoint of biosphere protection." The committee believes the situation "is disturbing enough to merit prompt tightening," by as much as 50 percent in badly affected areas, of allowed emissions standards, particularly for power plants.

The scientists' sense of urgency was recently seconded by Canadian officials in an unusual appearance by foreign representatives before a congressional committee. After 10 years of research, the Canadian government believes that indisputable evidence of acid rain damage warrants prompt action by the United States, which is the source, it believes, of more than half of its acid rain. Acid rain has become the hottest issue on the U.S.-Canadian agenda, and a growing source of conflict.

In the face of all this, claims by coal and utility companies, such as that made by a spokesman for Consolidation Coal Co., that "there is no good data or evidence linking sulfur emissions to alleged increases in acidity of rainfall," begin to sound more and more like the claims of tobacco company spokesmen on the subject of the causal relationship between smoking and cancer.

Enough is known about acid rain to put an end to debates over whether the phenomenon is real, man-made and damaging. It is all three. The important area for discussion now is how best to go about reducing sulfur and nitrogen oxide emissions, and how fast.●

BARRIERS TO U.S. EXPORTS

● Mr. HEINZ. Mr. President, as congressional efforts to improve America's export picture mount, increased attention will be focused on barriers to our exports erected by other nations. The breadth and creativity of those barriers clearly demonstrate that the danger to world free trade comes not from protectionist forces within this country but from the actions of governments in other countries.

As the leading free trade nation in the world, the United States is the major victim of other countries' protectionist devices, but it is fair to say that all would benefit, including the offending countries, if such barriers could be removed.

Recently, two publications commented on this problem in some detail. An article in the October 5 issue of Fortune provides details on the difficulties of penetrating the Japanese market and includes examples of deliberate Japanese tactics to keep foreign products off their shelves and out of their factories. A second article, in the October 5 Wall Street Journal discusses barriers to services. Mr. President, I ask that both articles be printed at this point in the RECORD.

The articles follow:

[From Fortune, Oct. 5, 1981]

INSIDE JAPAN'S "OPEN" MARKET

(By Louis Kraar)

That vexed question of Japanese barriers to American products is heating up again. The usually modest Japanese have taken to boasting that they have become one of the world's most open markets, and a certain amount of evidence partly supports them. Businessmen and officials in Tokyo point to the array of American merchandise in their markets—from McDonald's hamburgers and Coca-Cola to IBM computers and U.S. auto parts. As a result of the Tokyo round of trade negotiations that began in the early 1970s, Japan is cutting tariffs on industrial products to bring them below American levels by 1987; controls on foreign investment have already been eased. Such facts have aroused Prime Minister Zenko Suzuki to proclaim

that Japanese protectionism is "a myth" and that U.S. companies are now welcomed with "open arms."

To American businessmen, however, this picture is extravagantly self-flattering; they see quite a different Japan—a still toughly resistant customer. The Reagan Administration agrees. Last month in Tokyo, U.S. Trade Representative William Brock warned that America's trade deficit with Japan will rise almost 50% to a record $14 billion or more this year. The imbalance, he says, makes it imperative that Japan "open its markets much wider." As Brock put it, Japan must overcome "the widespread perception in America that it does not play fairly." Similarly, Lionel Olmer, Under Secretary of Commerce and a former Motorola executive, says, "You have to be naive to the extreme to think that Japan is really open now." Olmer learned the frustrations firsthand when he tried introducing Motorola's products into the Japanese telecommunications market, sealed off till this year by a policy of spurning foreign suppliers.

An American executive even more knowledgeable about Japan comes to an even more ominous conclusion. Mark Zimmerman, manager of Winthrop Laboratories in Japan and president of the American Chamber of Commerce there, deplores what he terms Japan's "ingrained antipathy to anything from outside." In a new book addressed to Japanese managers and officials in their own language, he warns that their country is on a collision course. The only way for Japan to avoid disaster, Zimmerman says, is "to end decisively the mounting impatience of her most important trading partners."

How can the Japanese and American perceptions be so radically at odds? A large part of the answer lies in the fact that both sides shade their views by focusing on different sets of economic—and social—facts.

An on-the-spot look at Japan's market by Fortune reveals—to begin with—that a few vestiges of the old protectionism do remain, including some blatantly discriminatory practices. Many middle-aged bureaucrats and company officials, for example, feel that buying foreign products is downright unpatriotic. This overt resistance is most tenacious, moreover, in fields where American companies command the most competitive strength and where the influence of Japan's government is most potent. These fields include pharmaceuticals, financial services, high-technology equipment, and cigarettes.

Alongside these barriers there also arise subtle informal obstacles that confront all challengers to established patterns—even including Japanese companies trying to get into new markets. The nation's tightly knit business system operates on long-term personal relations—a kind of cult inhospitable to all outsiders. To break into the distribution system, a maze of middlemen that works like an exclusive club, is an especially discouraging ordeal. As a senior official at the Ministry of International Trade and Industry advises: "To really get access to this market, you've got to learn the language and drink sake in nightclubs for three or four years. Can you find many American executives delighted to do that? We send 100,000 businessmen to the U.S., and you have only 8,000 here."

But even if American business sent in an army of sake drinkers, they would find that the Japanese culture raises an almost invisible—yet often unscalable—wall against all gaijin, foreigners. Thus Brock was essentially right when he said in Tokyo last month that "powerful social and cultural forces . . . make trade liberalization an excruciating process for Japan."

FOREIGNERS AT ARM'S LENGTH

The cultural barriers are heightened by the pride the Japanese take in them. Government officials and businessmen keep insisting that foreigners can never understand Japan. Precisely such an attitude tends to keep foreigners at arm's length—or out of Japan. As Ezra Vogel, a Harvard University authority on the country, remarks: "Japan is not a closed market, but is almost a closed society." An American banker who has worked many years in Tokyo says bluntly: "The resistance is not to our products, but to us."

Without doubt, Japanese have sometimes encountered such resistance in this country. Without doubt, too, these cultural barriers will always make Japan a difficult market to crack. But some companies have proved that it can be done, and the Reagan Administration plans to keep up constant pressure against the more tangible obstacles to U.S. products.

These obstacles aren't hard to find. Japan maintains tight quotas, for instance, on citrus fruits, beef, and other agricultural items that U.S. farms produce with great efficiency. As a result, Japanese food costs are grossly inflated. Olmer remarks with obvious irritation, "There's no doubt in my mind that a U.S. honeydew melon is at least the equivalent of a Japanese melon that costs $35 in Tokyo."

Where quotas do not apply, American companies often confront government standards that make economic life difficult for anything not made and tested in Japan. The widespread lack of reciprocal treatment for U.S. products is most dramatically evident with autos, where Japan certainly has comparative advantage. Japanese exports to the U.S. need only a manufacturer's label certifying that the cars meet American safety standards—Washington accepts the assurance. But before an American car can be sold in Japan, its government requires six volumes of documents on standards for each model, plus local testing of nearly every vehicle—all of which adds as much as $500 to the retail price.

A parallel example is cited by Zimmerman of Winthrop Labs: "We can't get our health products into this market fast enough because every test has to be repeated here." Japan even rejects foreign laboratory tests on animals. "To say that a Japanese rat is any different from an American or British rat is absolute tommyrot," Zimmerman fumes.

Tokyo raises some of its biggest stumbling blocks in the field of high technology. U.S. computer-time-sharing firms got into Japan recently, for instance, only after making a government-required pledge to use Japanese equipment and to promote Japanese computer exports. Then the American companies had to operate for several years while fighting off arbitrary technical restrictions that Control Data figures would have blocked 90 percent of its potential services in Japan. Those problems faded once Washington quietly threatened to bar Japanese computer services from the U.S. market.

A major symbolic test of Japan's accessibility is now beginning to loom in its $3.3-billion annual telecommunications market—a traditional bastion of protectionism. Nippon Telephone & Telegraph, a semi-government monopoly, has habitually made most of its deals behind closed doors with four Japanese suppliers. NTT's standard advice to American manufacturers was to license their products to its "family" of suppliers—Hitachi, Nippon Electric, Fujitsu, and Oki.

SHARING WITH THE "FAMILY"

After three years of stormy international negotiations, Japan has granted a concession of sorts: NTT is accepting bids from U.S. companies. The Japanese telephone giant, however, is not required to accept the lowest bidders for its most expensive and sophisticated equipment. Those suppliers must negotiate joint research and development contracts with NTT. Hisashi Shinto, 71, a former shipbuilder installed this year as NTT's president, say: "My job is to handle the American and Japanese manufacturers on an equal basis. How much I buy from the U.S. depends on competitive conditions." Shinto is also attempting to arrange a complete swapping of technology with both IBM and American Telephone & Telegraph. "I'd like the three of us to work together on research," he says. But some U.S. companies fear that proprietary information, including their production costs, may be shared with the NTT "family"—their entrenched Japanese rivals.

Motorola has had another sort of problem with NTT. Having stormed the Japanese company's fortress before the gates were officially down, Olmer reports, "They don't just want the product. They want to see how you build it, and they want to test it at every stage." Olmer helped find an opening for Motorola's lightweight Pocket Bell paging device, which summons users to waiting phone messages. Motorola redesigned the pager for Japanese frequencies, making it more reliable than standard Japanese models. Last October, NTT bought 150 Pocket Bells for testing that seems interminable.

Ichio Kata, senior manager of NTT's procurement and supply bureau, says: "If it's good enough for the rest of the world, why are we testing it for so long? We're not being lazy or trying to delay things, but even small equipment has to be compatible with our system." NTT, in fact, is testing every component of the pager, which Kata says he hopes will result "in a very substantial order" from Motorola.

Other U.S. companies are making strong sales efforts, though it may take them years to determine whether NTT's market is genuinely open. Robert Gressens, president of GTE International, says: "If the Japanese are sincere, we can be successful with our full product line. If they are not, we'll be selling them screwdrivers, line poles, and novelty equipment."

Japan's trading honor is also on the line in its big cigarette market, where the Japanese government has promised to ease restrictions that have limited imported brands to 1 percent of the $10-billion-a-year retail sales. As an R. J. Reynolds executive says, "We haven't yet won the battle to sell freely, but only a skirmish." The new opening, in fact, puts American brands into the hands of just 20,000 retailers—less than 10 percent of the tobacco dealers.

Under the revised selling rules, U.S. tobacco manufacturers believe they could increase exports eightfold to more than $300 million annually. But any such expansion is proving to be an exasperatingly tough marketing challenge. In Tokyo the Reynolds executive explains, "This could be the second most important outlet in the world, so it's worth a lot of our time. But we have to deal through a government monopoly that actively supports Japanese tobacco farmers."

The Japan Tobacco & Salt Corp. is both the sole distributor of cigarettes and the principal competitor of imports. Its 37 factories make all the Japanese brands. The monopoly controls retail prices and sells its own brands for 45 cents a pack less than the $1.25 price of American cigarettes.

Japanese smokers plainly like American brands—and haul back so many from overseas trips that the customs counter at Tokyo's airport looks like a supermarket—but moving U.S. brands through the monopoly's channels and into the hands of consumers is a tortuous journey. Salesmen of JTS, the tobacco monopoly, conveniently forget to deliver popular U.S. brands to some retailers. Ordinarily, imports are distributed to retailers once a month, while Japanese brands are delivered weekly. Some JTS men in the field have mounted personal campaigns against foreign cigarettes, ripping down point-of-sale signs.

To introduce new brands, the American companies must rely on test outlets run by their language competitor, JTS. So far, both

Lark Mild and More Mild have sold, within a six-month period, the required 250,000 packs to qualify for general distribution. But their national debut has been delayed by the tobacco monopoly for what it terms "administrative reasons." Judging from past practice, JTS may be preparing similar Japanese brands to introduce alongside the American ones next year. No wonder U.S. Trade Representative Brock says: "We've got to keep the pressure on."

P&G TAKES THE LONG VIEW

Do all these snares, hazards, and vicissitudes mean that American pursuit of Japanese markets is a near-hopeless chase? Perhaps surprisingly, the answer is no. The race can be run—but only by American corporations capable of great tenacity, patience, and drive. The few U.S. companies that wedged in years ago and stayed have, in fact, done very well. Some 400 American manufacturing investments there have averaged an 18.5 percent return. But the struggle toward such reward can require taking big losses for five years or more.

Just such a struggle has been waged by Proctor & Gamble, which has made impressive inroads with its products by adopting a long-term, Japanese-style view of profits. In the past eight years, P&G has gained some 20 percent of the detergent market and made Pampers a household word among Japanese mothers. Fred H. Kruse, chairman of P&G's subsidiary in Osaka, explains: "It takes a major commitment at the top level—and for a considerable period."

The company's cumulative losses in Japan—which P&G won't specify—are estimated to be as high as $100 million. Whatever the figure, P&G views it as the entry cost to an affluent consumer market of 117 million, second in size to the U.S. As one P&G strategist says, "Getting and holding onto a piece of this market takes a lot of money up front. The payout may be longer, but you can eventually make a mint in this country."

P&G got its foothold in Japan's distribution system by buying into and later absorbing a Japanese soap company, Nippon Sunhome. One of the acquisition's assets is a Japanese sales force that already had established the essential personal relations with wholesalers. To inject American promotional zip along with such products as Cheer, P&G brought in some 30 international managers. Kruse says, "The basic things that need to be done to succeed with Japanese consumers are the same as anywhere else in the world." Initially, P&G's hard-selling style in television commercials jolted most Japanese viewers, accustomed to more subtle approaches. Now the ads are being imitated by Japanese competitors.

To introduce Pampers, P&G invested several million dollars in giving away free boxes to half the potential customers—probably the largest sampling campaign ever conducted in Japan. Pampers sold there have the same Western infant on the box as in the U.S., but the light perfume in them had to be removed to satisfy finicky Japanese health regulations. The promotion drive persuaded stores to find room for Pampers on their shelves.

Ultimately, P&G expanded the use of disposable diapers in Japan from less than 2 percent to perhaps 10 percent of the market. Japanese rivals jumped in with similar products to challenge Pampers, which have been supplied from the U.S. To maintain its position, P&G is building a plant on a 31-acre site in Futami, Japan. As Kruse warns: "If you only put a small toe into Japan, the competition will bite it off."

Other successful American operations in Japan have also taken much time before making respectable profits. In 1969, Nippon Vicks, a subsidiary of Richardson-Vicks, almost gave up its long efforts to sell cough drops and other imported health products. Brian Taylor, administration manager of the subsidiary, says, "We were floundering around like a lot of foreign companies here, getting no place fast." The search for ways to suit Japan has dramatically changed Nippon Vicks, which did a profitable $43 million in sales last year. Essentially, the company concentrates on a few products adapted to Japanese tastes and made in its Suzuka plant. Colac, for example, became the country's leading laxative—but only after intensive market research got to the bottom of Japanese attitudes about constipation.

Levi Strauss waded in red ink for six years until devising a winning marketing formula in 1977. Its jeans initially were little known compared with Big John—a Japanese brand purveyed as an American-style product—and Levi's relative obscurity made it difficult to get wide distribution. The company broke through with a barrage of Japanese TV advertising—including film clips of old John Wayne movies—that established Levi's as the authentic U.S. jeans. They have now become a prestige symbol among Japanese youths, who pay $30 a pair—40 percent more than for local brands. Those authentic Levi's, however, are designed and mostly made in Japan, where buyers like a tighter fit than do Americans.

John E. Frechette, manager of Levi Strauss, Japan, says: "We target everything to pull the purchase through the distribution system and hope the retailers will support us." Bypassing wholesalers in major cities, the company deals directly with stores. Levi Strauss shuns the accepted Japanese practice of allowing the stores to return unsold merchandise. Instead, the company delivers to outlets weekly and offers store managers free training in running their businesses more efficiently. As Frechette says, "You have to establish unique strategies for Japan."

AMEX SPEAKS JAPANESE

Tokyo officials boast of "liberalizing" the country's financial sector, a partial opening that U.S. firms can exploit if they are both inventive and aggressive. American Express International's special gold credit card, denominated in yen and tailored for an elite Japanese clientele, has taken off much faster than the company anticipated. Jackson N. Huddleston, a senior vice president and general manager for Japan, says: "Since opening in May last year, we signed up 42,000 members—more than in any other country during a similar start-up period. The Japanese members are the highest spenders per capita of any in the world."

To succeed in Japan, Huddleston adds, "you've got to be willing to knock over some hurdles." He flung some aside to gain access to the Japanese banking system, which is essential for clearing payments of credit-cards. (The Japanese don't use checks, but pay by authorizing withdrawals from their bank accounts.)

American Express has braced for an onslaught of Japanese competitors by offering services they cannot readily duplicate. Its gold-card members, for example, can get personal assistance in the Japanese language in many cities around the world. Even so, American Express is not expecting a quick return on its multi-million-dollar investment in Japan.

THE DANGERS OF STAYING HOME

For all the difficulties, most P.S. companies cannot ultimately afford to shun a market as vast and potentially lucrative as Japan. Only by straining to understand and surmount its barriers can U.S. business hope for profits there. Washington must help by banging on the sticky door of Japanese resistance. But the rest depends on American entrepreneurs—their sensitivity, shrewdness, and stamina.

The stakes are enormously high—in more than one arena. Japanese corporations left virtually unchallenged on their home turf can there gather strength to move into world markets. That free ride can be more expensive to U.S. companies than investing in Japan. As William Hall, vice president of ASI Market Research-Japan, warns: "Unless you can compete here, the Japanese are going to come into your home market and beat the (expletive deleted) out of you."

[From Fortune, Oct. 5, 1981]

LEARNING HOW TO PLEASE THE BAFFLING JAPANESE

Many otherwise savvy U.S. corporations have stumbled in Japan because they didn't take the trouble to learn enough about the distinctive habits of Japanese consumers. Purveyors of soup, for example, can't get very far unless they know that the Japanese drink it mainly for breakfast. Johnson & Johnson fretted about the relatively low demand for baby powder until it did some more research on how the Japanese live. In their small homes, mothers fear that powder will fly around and get into their spotlessly clean kitchens. The company had to settle for selling its product in flat boxes with powder puffs so the mothers can apply it sparingly. Adults won't use it at all. They wash and rinse themselves before soaking in hot baths—after which powder makes them feel dirty again.

Lending a hand over those cultural barriers has become a thriving business for ASI Market Research, a small firm in Tokyo. ASI's guidance to such clients as Nestlé, Levi Strauss, and Procter & Gamble has doubled its own sales to $5 million in just three years. George Fields, 53, its president, says: "Japanese attitudes and testes differ widely from those in the West. A lot of differences are invisible."

His "classic case" is a Betty Crocker cake mix. Because few Japanese homes have ovens, General Mills designed a mix to be prepared in electric rice cookers. After the product's costly flop, Fields was engaged for the postmortem. His finding: "The Japanese take pride in the purity of their rice, which they thought would be contaminated by cake flavors. It was like asking an English housewife to make coffee in her teapot."

Fields is the offspring of a Japanese father and an Australian mother, but he is more than a cross-cultural guru. After high school in Japan, he studied economics at the University of Sydney and worked as a marketing manager for Unilever. In 1965, he established ASI as the Tokyo branch of Audience Studies Inc., a U.S. company that tested reactions to commercials. Finding that many Western commercials failed to excit Japanese, Fields began probing their attitudes through "focus groups" of consumers. In 1979, he and his colleagues bought the firm from its U.S. parent. ASI-Japan now has 45 full-time employees, including nine Westerners completely fluent in Japanese.

JAMES DEAN LIVES

Says William Hall, 35, an Australian and vice president: "We not only gather primary data, but suggest what a company can do with it here." Examples:

Levi Strauss effectively plugged its jeans with TV commercials featuring a pair of deceased American film stars—unlikely promoters of U.S. products nowadays. Based on 30 ASI group discussions among young consumers, Fields concludes: "Only during school days can Japanese youths be themselves and wear jeans. To them, James Dean and Marilyn Monroe are symbols of being free and outside the social system—a frequent Japanese fantasy."

Before launching Colac laxative in Japan, Richardson-Vicks got ASI to explore what Hall terms "the psychological dimensions of constipation in Japan." The reticent Japanese are willing to discuss such delicate

subjects once they realize they are members of a group with a common problem, but no Westerners are present at the meetings. The research showed that Japanese were dissatisfied with slow-acting herbal medicines, but wary that a Western laxative might be too strong. Thus Colac presents itself as two little pink pills with natural qualities. As one Japanese ad says, "Three things to consider for stubborn constipation—salad, beauty exercise, and Colac before bedtime."

When Burley men's toiletries ran TV commercials featuring Muhammad Ali, its sales dropped. Hall says, "It bombed because the Japanese are extremely prejudiced. They'll accept a black as a sports figure, but not as a male idol."

One candy company had all but decided to launch a new peanut-packed chocolate bar in Japan aimed at giving teenagers quick energy during their cramming season for exams. "Then we found out about the Japanese old wives' tale that eating chocolate with peanuts can give you nosebleed," Hall says. "That was the end of the product."

To survey markets for industrial and medical products, Hall sometimes deploys "Japanese Charlie's Angels"—a team of attractive, nonthreatening interviewers who are warmly received by male physicians and corporate managers. ASI also has learned that the best salesmen for industrial chemicals must be what the Japanese characterize as "wet"—very traditional and willing to spend hours cultivating personal relations. But high-technology products are best handled by "dry" salesmen with a direct, businesslike approach. Hall explains: "The buyers are young Japanese with advanced degrees, and they don't have time for all that tea drinking."

[From the Wall Street Journal, Oct. 5, 1981]

GLOBAL TRADE SKIRMISH LOOMS AS RESTRICTIONS ON SERVICES MULTIPLY

(By Laura Wallace)

LONDON.—Battle lines are taking shape for another international trade conflict, this time over services.

U.S. officials have compiled a 210-page list of more than 2,000 instances of barriers to the free flow of services among nations, and the restrictions are multiplying almost daily. Examples of discrimination are diverse and widespread:

Australia won't let foreign banks open branches or subsidiaries.

Sweden bars local offices of foreign companies from processing payrolls abroad.

Argentina requires car importers to insure shipments with local insurance companies.

Japanese airliners get cargo cleared more quickly in Tokyo than do foreign carriers.

And, if a U.S. company wants to use American models for an advertisement in a West German magazine, it has to hire the models through a German agency—even if the ad is being photographed in Manhattan.

"If we have restrictive protectionist tendencies in services," says Geza Feketekuty, a U.S. assistant trade representative, "It's bound to spill over to goods, and it would become increasingly difficult to maintain the open trading system."

BUSINESS ANXIETY

The trend deeply concerns the U.S. government and many of America's largest companies, such as American Express Co., American Insurance Group Inc. and Pan American World Airways. The service area—banking, insurance, transportation, communications, construction, accounting and the like—is one in which U.S. companies are best able to compete. They see other nations seeking to protect and promote their own fast-growing service industries during the generally low economic growth expected for the coming decade.

If other nations don't move quickly to replace existing obstacles and take steps to prevent the erection of future ones, Mr. Feketuky warns, some relatively open American service sectors, such as insurance and data processing, may throw up a host of obstacles themselves. Moreover, he observes, there's a growing link between trade in goods and trade in services, especially in high-technology areas where productivity has surged. Sales of computers, for example, often go hand in hand not only with software sales but also with servicing contracts.

Services already account for about one-fourth of the value of all international trade. Furthermore, their growth rate is accelerating far faster than that for trade in goods. The London-based Committee on Invisible Exports, a nonprofit institution, estimates that world-wide trade in these "invisibles" jumped 24.2 percent in 1979—the latest year for which figures are available—against 21.7 percent for goods. That's a turnaround from 1978, when visible goods grew faster: 12 percent, against 8.9 percent for invisibles.

Pulling in the biggest part of the invisibles trade in 1979 was the U.S. (20.8 percent), followed by the United Kingdom (9.2 percent) and France (8.9 percent). The U.S. trade representative's office estimates that services, excluding return on investment, make up 23 percent of all U.S. exports, which totaled $220.6 billion last year.

TWO TO TANGO

U.S. Trade Representative William Brock took the first big political step toward doing something about service barriers when he persuaded a June meeting of the 24-nation Organization for Economic Cooperation and Development to endorse the importance of establishing some general rules in this broad area. The U.S. hopes to obtain a political commitment for multilateral talks on services—perhaps in the late 1980s—when a General Agreement on Trade and Tariffs meeting late next year brings officials together from all over the world. "We realize we can't just say, hey man, this is what should be done," a senior U.S. trade official observes. "It takes two to tango."

But it took more than 20 years and two big negotiating rounds under GATT, the Geneva-based international trade watchdog, to knock down tariffs, quotas and other restrictions on trade in "tangible" products. Trade experts warn that restrictions in the service sector pose a far knottier problem.

Many governments seek—or at least say they seek—to develop domestic service industries for national-security purposes or to help carry out particular social programs. Thus it's hard to distinguish the intricate web of regulations they spin for these goals from regulations that are purely economic protectionism. Hugh Corbett, the director of the nonprofit Trade Policy Research Center in London, notes that "a restriction for a legitimate noneconomic purpose could nevertheless be used to protect a domestic supplier." And that, he emphasizes, "could never be proved."

Some businessmen have become almost punch-drunk from the discriminatory beating they have taken. When David Taylor, the executive vice president and treasurer of Continental Illinois National Bank & Trust Co. of Chicago, was recently in London, a reporter asked whether he felt hampered by foreign banking rules. It took him a minute to think of even one obstacle. But then the problems poured out in a stream: Singapore makes it tough for foreign banks to get licenses; Japan makes it tough for foreign banks to acquire local currency deposits, and on and on.

"We tend to get so used to them, we tend to forget how restricted we are," he said. "The more I think about it, the angrier I get."

The problem with opening up trade in services is exactly the same as with trade in goods. Nations that believe they're competitively ahead want restrictions removed. But countries that sense they are behind want to protect their industries or foster infant ones, and so they doggedly resist moves to end curbs.

Some Western European nations have built up substantial international service networks in banking, insurance, shipping, engineering and other types of consulting, yet still worry about their ability to compete with America. One senior U.S. trade official sums up what he finds to be a common European attitude: "Why are the Americans pushing this so hard? They must really stand to gain and we don't."

Unlike with trade in goods, however, there's a lack of detailed information on the flow of invisibles, and some nations are merely jumping to the conclusion that if the U.S. or some other country thinks it is going to be a winner, they themselves are likely to be losers. France, Italy and several smaller European nations, in particular, argue that it's too soon for them to figure out what's in it for them.

On the other hand, West Germany and Switzerland are making vaguely supportive sounds, and in recent months, Japan has begun to show interest.

To date, however, Britain is the only government whose trade officials have really backed the U.S. push, and only a handful of non-American corporations, such as Lloyd's of London, have lined up with the Americans.

Cecil Parkinson, recently named by Prime Minister Margaret Thatcher to head the Conservative Party, said during his just-completed stint as U.K. trade minister: "I think we should sit down and start negotiating. . . . If our markets should be open to their cars, their markets should be open to our insurance companies and our banks."

The difficulties involved in reaching any broad accord on removing service barriers are illustrated by the poblems within just the Common Market—supposedly an integrated economic unit. The Common Market has never got far in creating free internal movement for services compared with its customs union for goods. For years, for instance, France, West Germany and Italy have successfully blocked a directive standardizing insurance rules—to Britain's considerable irritation.

This sort of conflict between national interests, the need for more data on the flow of services and normal problems of bureaucratic lethargy led Germany's deputy director for foreign trade policy, Gerhard Abel, to uge the U.S. to move cautiously. "We have to be realistic," he warns. "Otherwise we'll spoil something that is promising."

But even in the U.S., officials note, support for a major offensive against service barriers isn't spread throughout the entire business community, however loudly a number of powerful companies may clamor for action. A few major insurance companies started lobbying back in the mid-1970s, and American Express and others joined in later, worried about nations' growing tendency to regulate data flows. But for many corporations, the issue still seems too remote. "In a way, we're fighting the future war," says Joan Spero, the American Express vice president who works on this problem.

When Mr. Brock became trade representative early this year, he promptly took up the service cause. Services, he has said, are "the frontier for the expansion of export sales."

Does Europe's lack of enthusiasm for action upset him? "It's like anything else in politics," the undaunted Mr. Brock replies. "You have to build a constituency." That's a big order, for the constitutency-building has to take place not only within the U.S. but also in other countries. What's needed, says

Lloyd's Common Market adviser Liliana Archibald, is for the U.S. "to get everybody else's politicians walking down this road." ●

SBA LOANS: FAST TRACK TO FAILURE

● Mr. DANFORTH. Mr. President, recently the St. Louis Globe-Democrat published a series of articles concerning the Small Business Administration's direct loan program. The Globe-Democrat's report followed a nationwide investigation in which reporters Tom Amberg and Mike Montgomery visited 15 States, interviewing scores of SBA officials and hundreds of loan recipients. Over 18,500 records were analyzed with the assistance of Comshare, Inc., an international computer analysis and consulting firm.

The results of the Globe-Democrat investigation are very disturbing: 42 percent of loans made between 1970 and 1978 were found in default, at a cost to the taxpayers of $157 million. In the drive to make as many loans as possible, SBA officials reportedly paid little heed to agency procedures for making or monitoring loans.

Loans were made to businesses sight unseen and to persons with no training or ability to manage the businesses for which the loans were intended. Minority-owned businesses were particularly hard-hit.

The cost to the taxpayers resulting from the SBA's mismanagement of the direct loan program is compounded by the cost to the persons who were victimized by the program, many of whom—in reliance on bad or indifferent advice from the SBA—invested thousands of dollars of their own money, even their life savings in businesses that were doomed to failure.

Repeatedly, people who had received loans told the reporters they would have been far better off if they had never heard of the SBA.

Mr. President, it would be easy to simply write off the SBA's direct loan program as a failure and forget about the whole thing. But that would be a serious mistake. Even if the direct loan program does not merit saving—and I make no judgment on that score at this time—it is important to study the program's failures so that mistakes are not repeated. With this goal in mind, and in the hope that the Globe-Democrat's investigation sparks further study and thought, I ask that the report be printed at this point in the RECORD.

The report follows:

[From the St. Louis Globe-Democrat, Aug. 31–Sept. 9, 1981]

MILLIONS LOST IN SBA LOANS: 42 PERCENT OF BORROWERS END UP IN DEFAULT AND OUT OF BUSINESS

More than $571 million in taxpayers' dollars has been lost as more than two of every five loans have ended in default in the federal government's primary program to help the underprivileged enter the mainstream of American business.

Rather than help the disadvantaged, as the program was designed to do, recipients often become its victims. The program often ends up putting people out of work, draining life savings and leaving a trail of closed shops and broke lives, hundreds of interviews have revealed.

The high failure rate results in part from a pattern of making significantly smaller loans to borrowers in minority urban areas than elsewhere and a history of giving loans to totally unqualified people.

After a long, intensive nationwide investigation, The Globe-Democrat found that lax policies and sloppy procedures in the Small Business Administration's direct business loan program from 1970 through 1978 have cost the federal Treasury $571,228,200—a figure that could reach $900 million if losses in 1979 are consistent with previous years.

Across the country, many SBA officials interviewed said the program should either be scrapped or completely overhauled. The officials interviewed agreed the program has serious problems.

Loan recipients whose businesses failed were more outspoken. "I wish they'd never lent me the money; I'd have been better off," said one man. His comment was repeated time and time again by other borrowers across the nation.

"It's as if the money were soap and we're supposed to peddle it," said Bernard Lump, chief liquidation officer in the SBA's San Francisco district office. "It's not just a feeling I have; it's a fact. There is no respect for money in this agency. I'm appalled at this stuff. We're not helping these people."

That feeling was echoed by Clyde Cromwell, an official in the Dallas district office. "I've gone back to a loan officer on occasion and said, 'What in heaven's name are you doing making this loan?' and he's said, 'Got to get the money out, man. You get no brownie points for declining a loan.' "

Added Denver District Director Chester B. Leedom, "We don't do a man any favors by putting him in business with an artificially low interest rate and without proper management ability."

In fact, the actual default rate within the program is masked by a widespread policy of granting deferments to loan recipients who have missed payments, artificially understating the losses. The purpose in granting the deferments is often to make a loan officer or district field office "look good," SBA insiders said. Lump, who has served in SBA offices in New York, Los Angeles and now San Francisco, said, "I would say that, at any time, 10 to 25 percent of the direct loan portfolio would be in deferment status, which means we just stopped collecting money on those loans."

Lump explained that by deferring loan payments, loan officers are able to transfer the loan from delinquent status to a "current" status, thus making their portfolio appear to contain a greater percentage of good loans. That can mean more money and faster promotions for the loan officers because the agency has had an incentive program targeted largely on such things as high percentages of current loans, he said.

"I was part of the 'we' that did it," Lump declared. "I know. We were the No. 1 office in New York, and when I was in LA it was the same, but it was all a charade. It's just a way to hide the actual default and delinquency rates. People do it to protect themselves and get ahead."

When The Globe-Democrat informed SBA Administrator Michael Cardenas that it had found a 42 percent default rate, Cardenas expressed no surprise, admitting that the program has been poorly handled for years. He said he intends to change the direction of the program but offered no specifics.

Asked what he felt was an ideal or reasonable default rate, he replied, "I'd like to see it no higher than 10 percent."

The direct loan program, set up in 1953, was expanded in 1964 and again in 1969 as a response to urban riots in the late 1960s. While there are several types of direct loans, the overall purpose is to enable marginally qualified borrowers to enter the free enterprise system by owning and operating their own businesses. The threshold requirement for receiving an SBA direct loan is to be turned down for the loan by at least two banks and not to qualify for even a 90-percent SBA-guaranteed loan.

The SBA generally requires a person (there is no formal policy) to put into the business whatever private money he has. The program is intended for anyone going into or expanding a business who is unable to obtain the money from conventional lending sources.

The Globe-Democrat investigation, which involved two years of litigation by the newspaper under the Freedom of Information Act, entailed the examination of more than 14,000 loans, thousands of other documents, hundreds of interviews and a computer-assisted study of loans and default records. It was based on an analysis of nine years of direct loans made in 16 SBA offices.

Analysis of the SBA loan data was accomplished by utilizing the specialized computer system and consultation services of Comshare Inc., an international computer services firm.

Among the findings:

Of the 14,261 SBA loans made in the 16 district offices from 1970 through 1978, 5,948—or 42 percent—have ended in default.

In terms of actual dollars lost, $157,535,380—or 33.3 percent of the $473,079,234 loaned during the period in the 16 offices—was never repaid.

SBA attempts to collect on collateral or force payment from loan recipients through the courts are minimal at best, with the agency collecting about 18 cents on the dollar once a loan has been placed in liquidation, the first step in writing off the loan.

Loans have been concentrated in small geographical areas marked by high unemployment and economic depression, yet within those areas the size of the loans made was significantly less than average overall. That pattern of relative undercapitalization gives weight to charges by dozens of minority loan recipients who told reporters they felt that heavily black areas were being given many of the loans to show "commitment" to the area, but that the loans were too small to allow a business to survive.

The SBA has consistently understated its loss rate, never admitting in any year between 1970–78 more than a 10.8 percent loss rate to Congress. Congress' watchdog, the General Accounting Office, has accepted as true and repeated with virtually no serious investigation the misleading loss rates.

SBA officials repeatedly increased the risk by making loans to people unqualified to run the type of business for which they have received the loan. Examples found by reporters include a barber who received a loan for a grocery store, a potato chip salesman who received a loan to run a liquor store, a clothing store salesman who received a loan to run a restaurant and a karate instructor who received a loan to set up an Oriental food store.

There has been a substantial hardship for those who received loans but soon discovered they were in well over their heads. Not only were life savings often lost as would-be entrepreneurs tried to keep their businesses afloat, but in a number of cases, reporters found people whose family life have been thrown into confusion and disarray due to the strain of debts, bankruptcy or loss of credit.

SBA officials failed to follow their own standard operating procedures—in making and monitoring loans and minimizing losses stemming from defaults—"in a push to get the money on the streets."

The high volume of loans and low rate of

success within minority communities are exactly what the agency's regulations say should not happen. "From a socioeconomic viewpoint, the indiscriminate approval of loans at a high volume and low rate of success can do nothing but impair our relationship with the small business concerns and communities that we are attempting to help," the SBA's own procedures manual says.

Elsewhere in the manual, another major point is stressed: "Many loans are in liquidation solely because working capital requirements were not given adequate consideration."

So disorganized and troublesome is the program, in fact, that 11 of 16 districts and branch-directors interviewed in the 16 offices, said privately that the entire program should be either scrapped or significantly overhauled.

"If we got a telegram tomorrow from Washington saying the direct loan program was being stopped, everyone in this office would stand up and cheer," said one Western district director.

Because of the large and representative sample size—the 14,261 loans examined are 26.8 percent of the loans made by the SBA through 1970 through 1978—the figures can be translated with statistical accuracy to reflect the national loss rate during the period, according to statistical experts.

In terms of dollars lost, the SBA default rate for the direct loan program is 33.3 percent, which means an actual loss of more than $571 million from 1970 through 1978. In terms of numbers of loans, the default rate is 42 percent.

Later years were not included in the study because there has been insufficient time for the businesses to show a pattern of either success or failure.

THE STORY BEHIND THE SMALL BUSINESS ADMINISTRATION SERIES

Billions of dollars have been spent through the Small Business Administration's direct loan program since 1953, but the agency refused Globe-Democrat requests for information on how many of those loans defaulted, leaving taxpayers holding the bag.

Concluding that the public's need for a meaningful evaluation of the program was not possible given the SBA's refusal to provide default information. The Globe-Democrat filed suit in 1979 under the federal Freedom of Information Act.

The newspaper eventually prevailed, and the first detailed data on SBA stewardship of taxpayer money was turned over to Globe-Democrat reporters Thomas L. Amberg and Michael R. Montgomery in June and July of this year.

More than 18,500 records—reflecting 26.8 percent of the SBA loans made nationwide from 1970 through 1978—were statistically analyzed with the assistance of Michael Jones of Comshare Inc., an international computer analysis and consulting firm.

The records obtained from the SBA contained raw data with regard to the loans. and The Globe-Democrat was able to analyze the data down to types of businesses within individual ZIP codes throughout the country, average loan sizes, disparities in loan amounts between areas, and many other calculations. A number of sophisticated analytical techniques were applied to the records to obtain a detailed breakdown of the entire program.

Amberg and Montgomery then traveled more than 17,500 miles, interviewing more than 80 SBA officials and hundreds of loan recipients in 15 states to get a complete picture of the direct loan program.

Amberg, a prize-winning investigative reporter who has worked for The Globe-Democrat for 10 years, has a bachelor's degree in political science and earned a master's degree in business administration while working for the newspaper. Montgomery, who has a bachelor of science degree in administration, has reported extensively on local affairs.

LOOSE PRACTICES LEAD TO SBA'S HIGH FAILURE RATE: LOANS OFTEN MADE TO BUSINESSES SIGHT UNSEEN

(By Thomas L. Amberg and Michael R. Montgomery)

Through its loose lending practices and servicing procedures, the Small Business Administration virtually assures that its direct business loan program will have a staggering default rate, said dozens of field officials throughout the nation interviewed by The Globe-Democrat.

"It's not hard to see why there's such a horrendous failure rate for these businesses. It starts with a mentality that has no respect for the money it deals with," one official said.

That official, San Francisco chief of liquidation Bernard Lump, recalled instructions given him by a former chief of finance in the New York City office. "He said, 'Don't look at it as money. Look at it as numbers on a computer run. We call them loans, but they're really just grants'."

Asked why the default rate is as high as it is—42 percent of the direct loans made from 1970 through 1978 failed—and what can be done about it, SBA field officers who were interviewed raised these major points:

There is insufficient screening of applicants. "We lend money to whatever walks in the door," Lump said. "We should try to target our money to certain industries the way banks do."

Thomas Trimboli, district director in Phoenix, Ariz., said, "I'd like to see a more creative use of our direct loan money. Why not take most of the money and target it to the types of businesses that the state or city or area needs to ensure that it generates economic development?"

Such targeting is not possible because the agency's rules require taking loan applicants in chronological order on a first-come—first-served basis, Trimboli said.

Loan recipients' lack of business experience is cited as "the greatest single reason" for loan failure by most SBA personnel interviewed.

Loans are made routinely without the loan officer or other SBA personnel even seeing the applicants' proposed or present place of business.

"Field visits are a MUST," Buffalo, N.Y., Branch Director Franklin J. Sciortino said. "You can't make a rational decision on a loan without a field visit. A picture's worth a thousand words, as the saying goes, and it's just amazing how much you can tell about a business in just a five-minute visit."

And yet, in every other office visited by reporters, officials conceded that field visits were not always made, and, in many cases, rarely made, because of a lack of personnel.

SBA's internal regulations require that field visits be made in all cases of direct loans to start a new business unless specifically waived by a loan officer's superior. The shortage of personnel to handle the crush of applicants—waiting lists extend up to 2½ years—makes waivers the rule and field visits the exception.

SBA has for years marched out of step with the rest of the financial world. Its loans are made throughout the year regardless of financial conditions. "Lending is a cyclical business, and we should treat it that way," said Lump, of the San Francisco SBA office.

"When interest rates are high, we should be putting people into servicing loans, not making them, and when interest rates are low, the reverse should be true.

"But what happens is that SBA acts oblivious to the wishes of the Federal Reserve. When the Fed is trying to get banks and lending institutions to cut down on lending, the old SBA is right out there pumping more loans into its $15 billion portfolio. It doesn't make the least shred of sense," he said.

A major problem raised by several SBA field officials is the lack of specific requirements for the borrower to put his own money into the business. Although the SBA policy manual states that an "applicant must have a reasonable amount at stake in the business," there is no specific figure for private investment. The lack of a specific requirement for private equity by the applicant gives him little incentive to keep the business solvent, field officials said.

The chief financial officer in the Newark, N.J., district office advocated returning to the dollar-for-dollar matching concept used by the agency until the mid-1960s.

"You'd eliminate the type of situation where a couple of guys stand on a street corner one night and decide to go into business," he said.

Charles R. Hertzberg, director of the SBA's Office of Business Loans in the central office in Washington, said, "There was a weakening of the 7(a) loans (the major part of the direct loan program) to coincide with the EOLs (Economic Opportunity Loans, which are intended to help minorities and have never required a certain amount of private equity from the applicant.)"

A sample of 534 loan files from 16 selected SBA offices showed that 33 percent of the loans were made in part or in whole to pay off amounts owed by the businesses to private or public creditors and to pay local, state or federal taxes.

In those cases, an average of 46.4 percent of the loan was used to pay creditors. Many times, the entire loan was used, with SBA approval, to pay off a series of private creditors.

In one case, for instance, the Dallas district office loaned $100,000 to a business that had failed six months previously. The loan went entirely to satisfy accounts payable, notes payable and a bank. The business (the Canton & Edgewood Concrete Co.) subsequently went out of business for a second and last time 3½ years later, with SBA losing about $55,000.

SBA regulations, however, dictate that loan proceeds may not be used to "bail out" any "creditors who are in a position to sustain a loss."

From the same sample of 534 loans, The Globe-Democrat found 52, or 9.7 percent, that went in part to pay off other SBA direct loans. By doing so, the agency understated the actual number of defaulted loans.

Once a loan is approved, eventual failure and loss to SBA is often assured through policies that, in general, fail to protect the loan, investigation showed.

Those policies—or sometimes lack of policies—include:

A shortage of personnel to service loans. Servicing personnel are theoretically supposed to handle a host of administrative problems, such as any changes in accounts, as well as be available to make calls on businesses in need of special help and attention.

Because the direct loan program is by its nature made up of higher-risk individuals, those businesses generally require substantial attention. However, the average caseload in the 16 offices surveyed by Globe-Democrat reporters is 510 loan recipients per loan officer.

In contrast, loan servicing officers at commercial lending institutions generally have a caseload of 10 to 100 cases, according to banking officials.

A recent study by Robert Morris Associates, the national association of bank loan and credit officers, found the majority of loan officers at commercial institutions handled no more than 99 loans. The average caseload was 103 loans per officer, according to the study.

Phoenix District Director Thomas Trim-

boli, discussing the high caseload, said, "The servicing people are not engaged in preventive management assistance; they're engaged in reactive management assistance."

Trimboli and other SBA field personnel complained that the lack of staffing makes it impossible for a servicing officer to do anything other than react to a crisis, not prevent one.

"Once the thing is failing, there's really nothing a government person or banker can do for it," said Lump, of the San Francisco office. "The bad decision was made in making the loan in the first place.

"Putting many of these people into business in the first place is like putting them in the ring with Muhammad Ali. Once they start to take a beating, there's not much we could do if we crawl in the ring with them," he said.

Another SBA official said, "It's pretty unrealistic to think a servicing officer can provide much real help when he has hnudreds of firms to deal with."

SBA fails to protect its collateral position in many cases. When a loan is made, the agency accepts certain collateral that is supposed to secure the loan. Often, the agency will later take a second position on the same collateral, thus allowing a commercial lender that comes along later to have first rights to the residence or business property and giving SBA whatever, if anything, is left over from a sale of that property.

"We don't protect our position," Lump said. "It's common. A guy starts going bad and wants more money, and if the agency won't give it to him, he goes out and gets it from a trust deed company. That company usually charges interest at prime (rate) plus five points, plus another 10 to 24 points (a point is 1 percent of the loan amount) on top of that for what's called loan origination fees.

"To make the loan, SBA has to agree to subordinate its position, and we do it as a matter of course. Absolutely. We do about two a day in San Francisco, and twice that in Los Angeles. It's rampant all over the country," Lump said.

Subordinating the loan position means that when the trust deed company forecloses (which almost always happens, according to Lump), SBA is left with no collateral return. "Millions go down the drain in that way," Lump said.

How SBA Loan Cooked Up Restaurant Failure

(By Thomas L. Amberg and Michael R. Montgomery)

Merrill L. Moss, a self-described amateur cook with no experience in operating a restaurant, opened a posh eating establishment in St. Louis with $150,000 of taxpayers' money and flopped less than six months later.

With all but $5,996 lost, Moss closed the gourmet dining establishment at Fourth and Olive streets called Chez Jean Pierre, which had offered main meals from Coquelet Albufera at $15 to Carre d'Agneau eu Croute, the house specialty, for $37.

Moss told The Globe-Democrat that from the beginning in 1978 he had no experience in the business "whatsoever" to back up his "glamorous" venture.

"You and all other taxpayers paid for my failure," he said.

Moss' experience is one example of how the Small Business Administration—through poor procedures for making loans, monitoring them, and minimizing taxpayer losses when default occurs—has lost one-third of the $2 billion it spent during the decade ending in 1979, a Globe-Democrat investigation has revealed.

The performance record of the St. Louis SBA office serving eastern Missouri is one of the worst in the nation, reflecting the failures of a program whose cost is much greater than the hundreds of millions of dollars lost through defaults, The Globe-Democrat investigation showed.

A rush to "get the money on the street," as one SBA official described it, has resulted in St. Louis officials making loans almost haphazardly to people who, by their own admission, were totally unqualified and inexperienced to run the businesses being financed at taxpayers' expense. As a result, almost six of every 10 loans of the 1,041 loans made here from 1970 through 1978 have ended in default.

Although the SBA's policy and procedures manual stresses that the management ability of the prospective borrower is a prime factor in considering an application, SBA officials have often given loans to people who were making major career changes without benefit of prior experience.

And, in many cases, the businesses were so short-lived or did so poorly that because of accruing interest and lack of payments, the SBA is owed more money than it loaned.

The loan failure rate here not only raises questions about the qualifications of the borrowers but the qualifications and procedures of SBA personnel as well.

The ill-fated venture of Chez Jean Pierre is one of many examples.

On May 15, 1978, the SBA approved the $150,000 loan to Moss to set up Chez Jean Pierre—despite the fact that, as Moss said, "I had no experience whatsoever. Nothing. I'm an amateur cook, and it seemed like a sort of glamorous concept."

A former advertising writer, Moss recalled the whole venture as a nightmare, with the bottom line being that he opened in November 1978 and closed less than six months later on May 1, 1979.

With SBA's blessing, he said, he had selected a "terrible location," had accepted a financing proposal that left him woefully short on working capital and got into a business he knew nothing about.

The cost to the SBA, and ultimately the taxpayers, was $144,004 in principal and interest that the SBA has had to charge off. Moss filed for bankruptcy, and the debts were discharged by court order.

Today, living in Barnbridge Island, Wash., Moss said, "They would have done me a huge favor if they had turned down my loan and told me to go get some experience before I try it on my own."

Examples of SBA failures—in which 33.3 percent of the $2 billion spent on the program from 1970–78 ended in default—are legion.

From February 1970 to April 1971, the SBA the next for $25,000 and the third for $65,000—to Luther Boykins, a barber, to open Luther's Market, a grocery store at 4135 Shreve Ave. Six months after the final $65,000 loan, the grocery shut down. Boykins went back to being a barber, and the SBA was left with $79,183 still owed in principal and interest. That amount was subsequently charged off.

Boykins said he is bitter that the SBA even gave him the loan in the first place, because besides losing his life savings, he incurred a debt he said he will never be able to pay off.

"I was going to be a failure no matter what," he said. "The combination of a lack of experience and a lack of working capital doomed me."

The SBA did not inspect the stock or equipment, provided no advice on taxes, management or bookkeeping and offered no aid from SCORE (Service Corps of Retired Executives) volunteers, he complained.

He maintained that the SBA's direct loan program amounts to no more than "pacifying and satisfying" the black population, and is, in fact, "designed for black people to fail" because it sets them up in business without the proper experience or enough financing.

When William J. Herbster applied for an $8,000 SBA loan on May 2, 1972, he was a potato chip salesman on a truck route. Nine days later, when his loan was approved, he was the new owner of the Driveway Liquor store at 4114 Jennings Road, Jennings. Five months later, he was out of business, leaving the SBA with $8,463 in principal and interest to charge off as another bad debt.

Herbster remembered that he "went down to see the man at SBA (to ask for a loan), and it was all real quick. They gave me the money right away," despite, he said, his lack of experience.

In another case, M. C. Skinner, with a background of 20 years in retail clothing sales, was given $32,400 in loans to turn a deserted gas station on the city's North Side into a diner.

Although SBA officials suggested Skinner might look into the idea of his own clothing shop, he insisted it was "a dying business," he said, and remained set on the idea of his own diner.

Skinner received a $29,400 loan from the SBA in December 1978 and another $3,000 loan in September 1979.

After 14 months of delays, occasioned in part by misinformation from SBA officials, Skinner said, he finally opened his restaurant at 2914 Parnell Ave. in February 1980. But the business went bust in September 1980, leaving Skinner with no diner, no credit rating and the loss of at least $2,500 of his own money.

The SBA, and taxpayers, were out a total of $34,566 in principal and interest.

One West End restaurant at 5897 Delmar Blvd. with the catchy name of Tak-It-An-Gitt received a loan in 1971 for $10,500. Today, the SBA has long since written off the loan, with Tak-It-An-Gitt still owing $10,471.88 in principal and interest. The interest stopped accruing in 1976 when the loan was written off. Globe-Democrat efforts to reach the owners were unsuccessful.

When auto mechanic Franklin Williams "was looking around for something to do" in Philadelphia in 1971, he and his cousin, Dillard Mosley, a salesman for Sears Roebuck and Co., thought opening a hardware store would be a good idea. He told The Globe-Democrat that he and his cousin put together some projections ("we didn't exactly know what we were doing") and presented them to the SBA.

SBA thought the idea was a good one, and without changing anything in the projections, gave William $50,000 to buy Feldman's Hardware Store.

"The projections were way, way off," Williams said. "We knew we were in trouble within a year. The store lasted 3½ years." He said he is again working as a truck mechanic and his cousin is "somewhere out West."

Ye Mo Ahn was a karate teacher in 1975 when she decided that "the karate wasn't going so good." Some friends told her that they thought "an Oriental food store would go good, so I tried it." With no managerial experience, she could only keep the store afloat 1½ years on the $30,000 SBA loan before "too much competition killed the business," she said.

Similar versions of one phrase—"getting the money on the street"—cropped up again and again in Globe-Democrat interviews with SBA officials in 16 offices nationwide.

The phrase represents what many—including SBA officials—regard as a bureaucratic distortion of the program's original intent of helping individual entrepreneurs become successful businessmen, but has come to be viewed in terms of how many billions of taxpayers' dollars have been doled out.

Defaults Here Among Highest

The St. Louis Small Business Administration's office has one of the highest default rates in the country in its direct loans to aspiring businessmen.

From 1970 through 1978, the local office made 1,041 loans, and 582—or 55.9 percent—ended in default and out of business.

Of the 16 SBA offices selected in The Globe-Democrat's investigation of the agency's direct loan program, only Cleveland had a higher default rate—56.46 percent of the 859 direct loans made during the same period ended in default.

In St. Louis, the direct loans during the same period totaled $22,850,945. More than 52 percent of that amount went to the 582 firms that ended in default and out of business. Subsequently, the SBA, and taxpayers, took a loss on 82 percent of the money loaned to those firms. A total of $9,765,739 was charged off as a loss by the SBA here, and another $561,711 in interest owed on the loans was also written off as a loss.

The Globe-Democrat investigation chose the years 1970 through 1978 because of the high volume of loans and dollars in the program during that period. Most of the SBA loans are for a 10-year period.

For the period chosen, business failure rates were high for the first few years and then declined in the more current years. The default rate here reached 69 percent in 1971; more recently it has been as low as 26 percent. The rate declines in more recent years not because SBA policies or procedures have improved, but because the businesses have not been in the program long enough to determine their ultimate success or failure.

The failure rate in St. Louis by year is: 1970, 56 percent; 1971, 69 percent; 1972, 68 percent; 1973, 65 percent; 1974, 48 percent; 1975, 51 percent; 1976, 38 percent; 1977, 41 percent; and 1978, 26 percent.

Analysis of the SBA loan data for the 16 SBA offices was accomplished by using the specialized computer systems and consultation services of Comshare Inc., an international computer services firm.

TALES OF RUINED BUSINESSES—AND LIVES

(By Thomas L. Amberg and Michael R. Montgomery)

"I cant tell you how it would have helped my life so much if they had never given me the damn money. All it did was ruin my life."

The price of failure was high for Elizabeth Taylor, who started a midtown St. Louis restaurant with a Small Business Administration loan and then watched it close.

An SBA-commissioned consultant had advised against the loan, citing a poor location, insufficient capital and her lack of business experience in concluding that the venture would be "perilous."

A top official at the SBA office here agreed, saying the $86,900 loan was "not adequate."

But less than three weeks later, the SBA granted Mrs. Taylor a loan for $36,700—less than half the original request. A bailout loan of $32,000 followed the next year in 1975, but the money was not enough—Mrs. Taylor closed her business last year.

She now lives on a small medical disability payment and food stamps.

Mrs. Taylor is one example of the failures of the SBA's direct loan program, in which tax money—an estimated $571 million was lost to defaulted loans from 1970–78—is not the only cost, and taxpayers are not the only victims.

People who applied for loans came to the SBA office here with ideas that represented their lives' ambitions—a chance to run their own businesses, to be independent to stand on their own feet and to be their own bosses.

But in many cases, often when SBA officials did not even follow their own rules and regulations, people who were successful in obtaining the loans not only lost their businesses, but their life savings, their homes and their credit ratings. In one case a man even lost his family.

When Willie Smith walked into the St. Louis SBA office to apply for a loan to run a small grocery store, he was justly proud of himself. He was, he said proudly, one of the first blacks to be hired as a meatcutter by a St. Louis grocery chain, and he had worked steadily at the trade for 12 years, adequately supporting his wife and four children. Now he was ready to go to work for himself, running a meat and grocery store.

But at the SBA, no one seemed to know anything about setting up a grocery, and the $28,000 loan he received proved totally inadequate, he said.

"By the time we bought stock and paid regular monthly bills, there was nothing left to operate on. We (Smith and a partner) had chosen a bad location, but we didn't know any better. We did about $3,500 in sales each week, but a feasibility study done a year after we opened said we'd have to pull in $15,000 a week in sales to survive. We never got over $5,000," he said.

Smith's operation, the Specialty Meat Co. at 4261 Maffit Ave., soon raced downhill. A move to a second location, 1424 Dielman Road, Overland, proved no more successful because of the lack of adequate working capital, he said.

"We were always in debt, never able to restock properly and always living hand to mouth," he said. "There was never money to make any payments to the SBA."

"It's the blind leading the blind," Smith said bitterly. "If they (SBA officials) don't know any more than I do, they're not much help. It's nice they gave me the loan, but it's no help if they can't help me succeed."

Smith's business went further and further into the red, despite Smith's working more and more hours. Debts and frustrations began to take their toll in pressure on the family, he said.

"My wife couldn't take the pressure of the debts, and we ended up separating. The whole thing created a lot of hardship for the family. It really tore us up," he added.

Smith's business, started in late 1974, folded in mid-1976. Smith now does "odd jobs" and cuts meat when extra help is needed. He said he takes most of his pay in groceries and then takes them to his estranged wife and children.

"I tried to get a loan to do better in my life, but I got a loan and ended up a lot worse. I guess I've learned a lot," he said.

The price also was high for Mrs. Taylor, a St. Louisan who for years before receiving an direct loan had run a small but successful catering business out of her North Side home.

"When I applied for that first loan in 1974, my world was going pretty good. I had about $35,000 of my own money, a home with a mortgage that I had paid down from $21,000 to $9,000, a car and good health," she said.

"But afterward, after getting the loan and all that followed, I had lost my money, my home, my business and my health. The emotional strain of fighting through this horrible thing has just torn my family apart emotionally. My oldest son got so upset over the business failure that he had a breakdown," she said.

"I can't tell you how it would have helped my life so much if they had never given me the damn money. All it did was ruin my life," she said.

In fact, the SBA turned down Mrs. Taylor's original request for an $86,900 loan, in part based on the findings of a feasibility study commissioned by the SBA to look into Mrs. Taylor's idea of a restaurant and catering service at 3536 Washington Ave.

That study, obtained by The Globe-Democrat, stated, "This total concept appears unrealistic for this area of St. Louis at the present time due to the fact that it is a transitional area and the fact that Mrs. Elizabeth Taylor has little management and business experience for such a large operation."

The report called Mrs. Taylor's proposed venture "perilous" and "high risk" because of the location and her lack of business experience.

And, in declining her request for $86,900, S. C. Slaughter, then chief of SBA's financing division, wrote that the loan could not be approved because, "Working capital of $23,900 after the loan is not adequate to sustain the operation during its development stages."

So what did the SBA do for Mrs. Taylor? Less than three weeks after Slaughter's letter, Mrs. Taylor received a loan for $36,700 for essentially the same operation she envisioned in the $86,900 loan. The $36,700 loan left Mrs. Taylor with only $3,700 for working capital, according to SBA records.

A second loan the next year for $32,000 ended up being used largely to bail Mrs. Taylor out of debts rapidly incurred from the small capitalization in the first loan, records show. The loans were put in liquidation status within two years after they were made, and the business sputtered along for five years before closing in August 1980.

In fact, even though the loans went into liquidation on May 25, 1976, the SBA made no attempt to collect on its loss. The loans were officially charged off on Feb. 23, 1978, records show, again with SBA making no attempt to collect anything. For more than two years after being "charged off" SBA continued to ignore the debt.

By the time the agency finally moved to collect anything on its loan, the business had little left of value, and SBA collected absolutely nothing from the sale of business chattels, giving the sum to the auctioneers instead.

In the case of Lionel E. Lefler, an American Indian who wanted to open a health club, it was a similar story.

Lefler had been and still is a high school physical education teacher. He thought he would have no trouble running a health club in the Oakville Shopping Center in South St. Louis County.

Once he got his $61,000 loan, he had no problems with the SBA and very little contact with the agency, either, he added.

But problems began even before the club opened, Lefler said, when the landlord of the shopping center placed the club in the rear of the complex, not in the front as Lefler had been led to believe.

"It was a poor location, but I didn't realize how bad it was at the time. Maybe if the SBA had given me some management training, I might not have let this happen," he said.

But, Lefler said, he was offered no such courses or help despite the SBA mandates that all borrowers without management experience, such as Lefler, receive management assistance training.

In fact, Lefler said, he wanted to wait until he could get a better location because his application for the loan had been predicated in part on a choice site for the club. But because the loan had already been approved, he said, an SBA official told him not to wait but to take the money and work with the less desirable location.

Lefler's health club opened in early 1978 and lasted a little less than three years. During that time, he received only one visit from SBA officials—"and they were in an obvious hurry to leave," he said.

Although Lefler twice requested and received a moratorium on his loan payments, no SBA official contacted him about his business problems.

He said he once called the Service Corps of Retired Executives, a group of retired businessmen that offers management help to SBA borrowers, but was told no one there knew the physical fitness business and "then they told me to call back in a few months if things didn't get better."

When the business folded in 1980, the SBA had put in a total of $63,000 and Lefler had lost $20,000 of his own money, including a house he had owned.

When he thinks back on the venture, Lefler is not bitter and he does not put all the blame on the SBA. Nonetheless, he would change the past if he could.

"I'd have been a lot better off financially if they'd have told me no—hell no."

DECK STACKED AGAINST MINORITY AREAS

(By Thomas L. Amberg and Michael R. Montgomery)

The Small Business Administration has given smaller loans to borrowers in depressed minority areas than to aspiring businessmen in surrounding regions, stacking the deck against the survival of enterprises in the minority areas, a nationwide Globe-Democrat investigation shows.

Businesses in predominantly nonminority areas are given loans averaging 41.1 percent more than businesses in depressed, minority areas under the Small Business Administration's direct loan program.

And yet minority businessmen argue their needs are at least as great as their white counterparts' because of higher insurance costs, higher security costs and renovation and leasehold improvement costs.

The pattern of granting smaller loans makes economic survival more difficult for the type of businesses that the SBA's multi-billion-dollar direct loan program is designed to foster, the investigation shows.

The smaller loans to minority businesses correspond closely with the higher default rate in minority areas. The Globe-Democrat's investigation revealed that 48 percent of all direct loans in minority areas fail, compared with only 35 percent of the direct loans in predominantly white areas.

The underfinancing in minority areas was disclosed by a computer analysis of 14,261 loans representing 26.8 percent of the more than 51,000 direct loans granted nationwide from 1970 through 1978. Estimates of nationwide performance were based on that sample, representing all defaults in 16 cities in that period.

In analyzing the data, The Globe-Democrat used the specialized computer systems and consultation services of Comshare Inc., an international computer services firm.

In analyzing disparities between minority and non-minority areas, loans were grouped by ZIP code. ZIP codes representing predominantly minority areas were identified through interviews with law enforcement, newspaper and SBA employees in 16 cities.

The average loan amount nationally in predominantly black or Hispanic areas was $25,031—but the average in all other areas was $35,324. The difference of $10,293 represents a 41.1 percent disparity.

The Globe-Democrat examined the direct loans made from 1970 through 1978 in 16 district offices throughout the country: St. Louis; Phoenix, Ariz.; Detroit; San Francisco; Portland, Ore.; Atlanta; Miami; Minneapolis; Dallas; Cleveland; Philadelphia; Buffalo, N.Y.; Denver; Newark, N.J.; New Orleans; and Washington. The disparity in some district offices, which generally cover either all or a major portion of a state, was particularly acute.

In Dallas, for instance, the average SBA loan made in predominantly black and Hispanic areas was $16,117, but the average loan in all other areas of Dallas was $31,163—or 93 percent more.

In Philadelphia, the average loan in black areas of the city was $29,463, but the average loan in all other areas was $47,346—or 61 percent more. The situation was the same in the 16 offices. In each case, areas of high minority concentration received less than predominantly white areas.

Not only has the SBA given smaller loans to minority businesses, it has compounded the problem by concentrating high-risk types of businesses in the depressed areas. In fact, the agency's direct lending portfolio has been heavily concentrated in six types of businesses: bars, restaurants, food stores, cleaning shops, clothing stores, and truck hauling firms.

Those six types of businesses accounted for 41.6 percent of the 14,261 loans reviewed by The Globe-Democrat, with more than 350 other types of businesses accounting for the remaining 59.5 percent of SBA direct loans.

Leading the list in terms of numbers of SBA direct loans were restaurants, which received 1,385, or almost one in every 10 loans. Next were bars, which received 1,121 loans, and food stores, with 1,071 loans.

In St. Louis, for instance, although the SBA office made loans to 231 different types of businesses during the period 1970 through 1978, 48 percent of all defaults during that period occurred in those six types of businesses, records show.

The SBA office here and other offices around the nation are seemingly oblivious to the high risk and low need for these types of businesses, but nonetheless continue to finance new bars, restaurants, grocery stores, cleaning shops, clothing stores, and truck hauling firms—and each year more of these same businesses end in failure.

SBA loans for new businesses have been concentrated in a small portion of North St. Louis, Wellston and Kinloch.

This concentration has led to a higher SBA loss ratio (defaults as a percentage of disbursements), pumping hundreds of new businesses into areas where it is difficult to support them economically. The result is a higher loss rate for the SBA and financial hardships for those people receiving the loans in the depressed areas.

Of 582 loans that ended in default during the period 1970 to 1979, slightly more than 50 percent—293 loans—were from a two-square mile area in the northern metropolitan area of St. Louis representing only eight ZIP codes. The St. Louis SBA district office makes loans throughout Eastern Missouri.

In comparison, the rest of the St. Louis metropolitan area—representing 44 ZIP codes—accounted for only 38 percent of loan defaults.

The computer analysis by Comshare Inc. confirms what dozens of loan recipients from the northern St. Louis metropolitan area told Globe-Democrat reporters during interviews: Loans within the predominantly black areas were significantly smaller in comparison with loans made in surrounding predominantly white areas.

The average loan amount in the predominantly black areas selected was $17,871, while the average loan in the rest of the St. Louis metropolitan area was $23,496—or more than 31 percent greater. Computer analysis by Comshare shows no statistically significant difference in the types of businesses in both areas.

That means that while the same types of businesses received loans in both areas, those in predominantly black areas received less capital for their companies than fellow entrepreneurs in surrounding areas.

For example, of 67 defaulted loans to restaurants in the St. Louis area, 38 were in the northern portion of the city, and 29 in the entire rest of the metropolitan area. While the average loan amount to restaurants in minority areas was $16,989, restaurants in the rest of the metropolitan area received an average loan of $27,991—or 65 percent more—and suffered a smaller default rate.

The same pattern is true with food stores, where the average loan made to the 41 stores that defaulted in the northern portion of the metropolitan area was $21,400, while the average loan made to the 15 defaulted stores in the rest of the metropolitan area was $27,498—or 28 percent more.

"From a socioeconomic viewpoint," says the agency's procedures manual, "the indiscriminate approval of loans at a high volume and low rate of success can do nothing but impair our relationship with the small business concerns and communities that we are attempting to help."

The manual also stresses that "many loans are in liquidation solely because working capital requirements were not given adequate consideration."

SBA officials throughout the nation acknowledge the concentration of loans into the few types of businesses, but argue that because of the agency's policy of accepting loans in chronological order they have little or no control over which businesses get loans.

Additionally, they say, the six categories cited are "entry" type businesses that are common for people starting a business. Many SBA officials add, however, that they would prefer a system that would enable them to select loans for businesses based on the needs of the community and on the quality of the applicant, not just on a first-come, first-served basis, as required by their procedures manual.

More than $74 million was loaned into minority areas while nearly $400 million went into all other areas, according to documents from the 16 SBA offices. More than 2,900 loans were made in minority areas, and more than 11,000 went into other areas.

SBA GETS PENNIES FROM DOLLARS IT IS OWED

(By Thomas L. Amberg and Michael R. Montgomery)

The Small Business Administration collects just pennies on every dollar it is owed in direct loans from businesses that close down, despite regulations requiring "maximum recovery."

Collateral—land, buildings, or anything else pledged by a borrower to secure the loan—is often grossly overstated, and, in some instances, is actually non-existent, records show. Collection efforts proceed slowly, and large sums are routinely written off without filing suit against the debtor.

Nationally, a survey of 534 files from 16 SBA offices throughout the nation shows that SBA collects just 18 cents on every dollar it is owed at the time a loan is placed in liquidation status. In some offices, the rate of collection is even lower. The SBA offices selected serve not only their metropolitan areas but all or major portions of their states.

In Detroit, for instance, records show that the agency collects just 6½ cents on each dollar it is owed at the time a loan is put into liquidation. In St. Louis, 10.4 cents per dollar owed is collected; in Buffalo, N.Y., the figure is 14.6 cents per dollar owed; and in Philadelphia, 15.1 cents per dollar is collected.

Two major causes for the poor collection have surfaced in discussions between reporters and SBA field personnel in the 16 offices; the widespread practice of deferring loan payments for borrowers who fall behind in their payments; and the easy willingness of the agency to allow other and later creditors to take a higher priority in their right to collect in the event of a default.

The practice of deferring loan payments, called "gaming" by some SBA officials, often is done to make an SBA office's loan portfolio appear to be more "current" (that is, to have fewer loans in a delinquent status). The deferred loans often are to businesses that are clearly failing, according to field personnel interviewed.

By allowing a recipient to defer payments to the SBA, there is often simply a reduction in cashable assets over the period of deferment rather than a saving of the business enterprise—with SBA ending up with little or nothing left in a business to collect on.

The second major cause of poor collections is the willingness to subordinate the agency's lien position on real property, those interviewed said. This puts the SBA in a poorer legal position to collect than other, later creditors.

The result, once a business fails, often leaves the agency with no meaningful col-

lection rights. But the new lender, charging high interest rates, makes thousands of dollars for five or six months of participation as a result of its better collection position.

In some cases, the reasons for lack of collection are unclear. What is clear, however, is the small return to SBA.

Some examples:

On July 31, 1972, the SBA approved a $350,000 loan to the Martin Luther King Jr. Plaza Corp., in Cleveland. That loan, for a shopping center, was secured by a first mortgage on the land and buildings owned by the borrower, assignment of rights, title and interest in a lease agreement, and guaranties of lease payments of $10,000 a year for 10 years to SBA.

On April 26, 1973, another $21,600 was loaned to the Plaza Corp. Less than a month later, another $93,600 was loaned to the corporation. Four days later, another $45,630 was loaned, and one week later, another $108,000 was loaned to the Martin Luther King Jr. Plaza Corp.

That, however, did not end the federal largesse to the corporation. On Sept. 24, 1973, the agency loaned it another $52,817, and followed it up in May 1975 with a seventh and final loan of $93,630. In all, the Martin Luther King Jr. Plaza Corp. received $765,277 from the SBA.

Slowly, but surely, however, each loan went into default, and the borrowers repaid the SBA a total of only $4,818 of the $765,277 loaned. The agency was left holding the bag for another $100,244 in interest, which was written off with the principal for a total of $860,673.

What has the SBA collected on its business property collateral, its lease agreements and its guaranties from Plaza? $0.

The SBA made no attempt to collect, but still holds the mortgage paper, which officials now describe as virtually worthless.

On April 5, 1973, the Dallas office of the SBA approved a loan of $100,000 to the Meridian Industrial Foundation Inc., as a partial financing of a $280,000 motel and restaurant project.

To secure its investment of $100,000, however, the SBA accepted a second lien on the land and buildings of the 24-unit motel and restaurant, a second security interest on the machinery, equipment and furniture, and rights to a portion of equity in a lease purchase agreement.

But when the loan ended up in liquidation, the first lien holder collected. SBA collected nothing.

On Dec. 3, 1976, the Newark, N.J., office of the SBA loaned $76,000 to the Strickland Corp. to operate an automotive repair shop.

The loan was secured with a first security interest in the machinery, equipment, fixtures, furniture and inventory, as well as a first mortgage on the business real estate.

Yet when the business closed down four years later, SBA liquidation officers collected a grand total of only $187.50 and were forced to charge off $77,642 in principal and minimal liquidation charges.

On Nov. 15, 1972, the Miami SBA office approved a loan of $31,000 to the Bryant Trucking Co., with the collateral to include a first lien on unimproved lots in Palatka, Fla., and a first lien on two new Chevrolet dump trucks. The dump trucks were bought for more than $31,000, according to SBA records.

But just 21 months later, when the loan went into liquidation, the SBA allowed the borrower to sell one of the trucks, and the agency sold the second one at a public sale. The total netted by the agency for the 21-month-old dump truck was just $2,524, records show. The SBA did not try to collect anything from the land.

Literally hundreds of cases reviewed contained similar failures to collect on collateral or failure to require a lien position better than second or third position on collateral, which in most cases prove worthless to the agency in recovery attempts.

The highest collection rate of any of the 16 offices surveyed was in San Francisco, but even there only 28.7 cents was collected on each dollar owed at the time of liquidation.

The Globe-Democrat's examination did find a regional disparity in collection rates, with the Western offices collecting more per dollar than offices in the rest of the nation.

Western SBA officials say this is a result of using deed of trust foreclosure proceedings on real property. The procedure allows a lender to bypass the necessity of going to court and allows it to obtain a summary foreclousre using a deed of trust The result is faster and easier collection on real property, which is usually the bulk of collateral.

In the East, on the other hand, collections are complicated by a general lack of deed of trust laws to allow the same summary foreclosures used in the West. And there is a lower per capita rate of home ownership in the East than in the West, some SBA personnel say. With more apartment dwellers, the average loan is secured by less real property.

In the central state offices, there is a mixture of collection rates brought about, apparently, SBA personnel say, by differences in work ethic.

"I really think there is a regional ethic," Denver District Director Chester B. Leedom says. "It has to do with the type of people, and geography has to do with high recovery rates in liquidation. It starts to break down when you get into the large urban areas. The rural states are far better," he says.

Statistically, at least, Leedom's comments are borne out in The Globe-Democrat survey. The Minneapolis district office's collection rate is 26 cents on the dollar, while other, generally urban, states in the central area average far less. Detroit collects 6.5 cents on the dollar; Cleveland collects 17.3 cents per dollar; and St. Louis collects 10.4 cents per dollar. The more rural Western states also have a higher collection rate, as does the rural South, while the industrial East and Central offices lag behind.

But SBA field officials say the basic cause of collection failures gets back to the failure to adequately secure the loan in the first place, and the lack of enough staff members to monitor the loans.

SBA Figures Mislead Congress on Rate of Defaults

(By Thomas L. Amberg and Michael R. Montgomery)

The U.S. Congress was given reports containing misleading and out-of-date loss rates on direct loans by the Small Business Administration throughout the 1970s, a Globe-Democrat investigation showed.

While the agency was losing one dollar of every three it loaned to businessmen in the direct loan program from 1970 through 1978—totaling an estimated $571 million—it never admitted in reports to Congress a loss rate greater than 10.8 percent.

Those misleading and understated SBA figures on default rates were accepted without question by the General Accounting Office, Congress' investigative arm, and passed on as fact.

As a result, elected officials have never been given a true and up-to-date picture of loss rates for the quickly deteriorating program, and there has been little concern over loans that have failed far more often than believed. Indeed, misinformed about the magnitude of the losses Congress has repeatedly increased financing for the program.

SBA reports to Congress from 1970 through 1978 consistently understated loss rates by presenting financial data in such a way as to minimize losses from the $2 billion put into the program during the 1970s, a Globe-Democrat investigation showed.

SBA officials were able to paint an optimistic picture of the direct loan program losses every year by using cumulative default figures for the life of the program, extending back to the Eisenhower era. This obscured high losses for the last decade by merging the loss rate for any given year into the average loss rates for the early years.

SBA reporting practices made it virtually impossible to assess the performance of the SBA during any given year.

When the rates are averaged together, the low dollar loss rates for the earlier years serve to hide the serious deterioration of the program during the 1970s. As a result, the SBA has been telling Congress that the program's dollar default rate was 10.8 percent when, in fact, it was more than three times that high—33.3 percent—as revealed by The Globe-Democrat's investigation.

In terms of numbers of loans defaulted, the default rate was even higher—42 percent.

Not only has SBA's loss rate reporting technique kept Congress in the dark, it has kept SBA from knowing what has been happening.

When reporters asked SBA officials about the loss rate during the 1970s, they were told that the agency did not know what it was and that the agency was unable to check what happened to loans made in any given year.

Reporting only cumulative figures blurs the impact of sharply higher default rates and thereby creates little accountability for the effect of specific policies.

Charles R. Hertzberg, director of SBA's Office of Business Loans, acknowledged that point to The Globe-Democrat, saying "Admittedly, your method (The Globe-Democrat method of tabulating loss rates by year) would give us a better reflective picture of the effect of our various loan policies."

SBA also failed, and still fails, to report the default rate in terms of numbers of loans—a more significant figure in a program that is designed to help individuals.

The newspaper obtained SBA loan data and files on 14,261 cases throughout the nation under the Freedom of Information Act. The data was analyzed by using the specialized computer systems and consultation services of Comshare, Inc., an international computer services firm.

Congress expects to be informed of the progress and problems of the Small Business Administration by the General Accounting Office. But when reporters turned to GAO reports for statistics on loan loss rates, the figures they found turned out to be those passed on from the SBA without confirmation or checking by the GAO.

For instance, a GAO report on Aug. 21, 1979, into the 7(a) direct loan program (one of four business loan categories that make up the direct loan program) carried figures for loss rates for 1975 through 1978 after noting that "SBA's loss-rate figure, for all district offices, for fiscal years 1975–1978 follow . . ."

What came next was a listing of years and loss rates, with 1975 listed as having a loss rate of 6.42 percent; 1976, 6.51 percent; 1977, 6.50 percent; and 1978, 6.61 percent.

What the GAO report failed to mention was that the loss rates were not in fact loss rates for each year, but were cumulative totals for all years up to the year cited, and that the figures were not the result of its own study, but were supplied by SBA.

Henry Eschwege, director of GAO's Community and Economic Department Division, which supervises GAO reports, acknowledged to The Globe-Democrat, "We do often have to rely on data from the agencies, but when we find discrepancies, we'll use our own figures."

Although Eschwege said GAO routinely

runs "reliability studies" on figures given it by various agencies before including the figures in its reports, an assistant, John Landicho, said that no such studies were undertaken on the SBA default figures, which passed directly from the SBA into GAO reports without questions.

When Globe-Democrat reporters asked GAO Acting Comptroller Milton J. Sokolar about the validity of the figures, he said, "In the final analysis, nobody can absolutely guarantee the accuracy of any figures, but I'd give a lot of weight to GAO figures."

Could figures in GAO's reports for 1970 through 1978 be off the mark? Sokolar replied with questions of his own: "Is it conceivable? Yes. Is it likely? No."

One top SBA official in a Western state, who asked not to be identified, called SBA's reporting system "simply invalid. What possible good does it do to have some cumulative default rate? What matters is to know what's happened to the loans made in a given year.

"Then we'd have some reasonable idea of the effect of our loaning policies for those years. The way it is now, the only purpose really being served is to conceal what's happening from Congress," he said.

Another top SBA official in a Midwestern state, who also asked not to be identified, said the figures were "not representative of the true picture" but added that there were "obvious reasons" for the SBA's method of reporting the loss rate.

"We've been told to push these great programs, but for every person (who gets a loan) at the end of the pipeline, there are 9,999 who don't like government giveaways." Hence, the figures "are masked for the best possible picture," he said.

SUCCESS STORIES TELL HOW SBA SHOULD WORK

(By Thomas L. Amberg and Michael R. Montgomery)

Successes in the Small Business Administration's direct loan program have come when SBA granted loans to applicants who had experience in the business and general management, and who invested something of value of their own in the enterprise.

Those success stories point clearly to why 42 percent of the loans end in failure and default.

The agency's lax procedures in the last decade have allowed many without experience or managerial ability and with little personal financial stake in the business to avail themselves of huge amounts of federal money at the taxpayers' expense.

The Globe-Democrat asked SBA district offices throughout the country to submit a list of borrowers who had gotten direct loans and done well in business, either paying the loan off entirely or continuing to make regular payments.

After interviewing these "successes," reporters found that, in all but a handful of cases, the reasons for success boiled down to: experience in the business, some general managerial experience, and investment of personal money or equity by the borrower.

The successful firms reviewed by The Globe-Democrat tend to be those that received loans "by the book," that is, with SBA closely following its regulations calling for loans only to those with experience in the business they are seeking to enter, with managerial experience, with "a reasonable amount (of personal equity) at stake in the business" and with an assurance of repayment ability.

The investigation shows those with little business or general managerial experience tend to be the ones who end up in default.

Some examples of the successful businesses:

In 1971, Seymour Beneroff was running a small, "hole in the wall," corrugated package company in Brooklyn, N.Y., when the city forced him out of his building to make room for a building project. Beneroff turned to the SBA for a loan to allow him to buy his own building in Linden, N.J., and the agency complied, making him a loan for $202,500.

Since then, business has boomed and Beneroff has about 75 employees, he says. "Without the SBA's help, I don't think we would have gotten anywhere," he says.

Beneroff had several things going for him, as well. He had spent 18 years in the corrugated package business, spending much of that time as a sales manager and general manager, before founding his own firm, Squire Corrugated Container Corp., in 1967.

Beneroff has his own ideas about what works at SBA and what does not. "When they try to make it a social program, seeking out special groups to help, it seems to fail. But when they stick to helping young businesses, that's when it really works."

Nunzio J. Incremona was operating a small garden and florist shop in a Philadelphia mart in 1979 and had been doing a brisk business for several years when an SBA loan official happened to take note of the business and asked Incremona whether he would be interested in expanding.

With a $30,000 loan from SBA and $12,000 of his own money, Incremona set up Incremona's West End Florist and Garden Center in Lansdale, Pa., a Philadelphia suburb. Business has increased 150 percent in the last year alone, and he had expanded into a full-scale nursery and greenhouse, he says.

St. Louisan Herschell Clark says his SBA direct loan six years ago "really helped me out." At that time, his fledgling firm was undercapitalized and badly in need of money to help it expand, he says. When banks turned him down he turned to the SBA, which gave him $20,000.

Clark had about eight years experience in tire operations, including managerial experience, before receiving his SBA loan and opening the Clark Tire Co.

Since then, business has "just about doubled every year," and sales this year will exceed $2 million, he says. Whereas he had been renting the building where the firm is located, at 10520 Big Bend Blvd., he has since bought the entire block, opened a second store and is considering a third.

In making the loan, SBA did something it now rarely does—it went out and looked at the business location and did thorough cash flow projections. Clark put up two houses and two cars as collateral.

In addition, SBA did something else it rarely does now—a servicing officer visited Clark every three months or so to check on the business and offer advice. Clark's loan will be paid off in about a year, he says.

Having been a branch manager for the Wurlitzer Co. in Boston for five years, Gene B. Hale Jr. earned a master's degree in business and then ventured into business. Turned down by banks, he won the approval of the SBA for a $66,500 loan in 1977 and set up Hale Piano & Organ Co. in a regional mall store in Madison, N.J.

Since then, the SBA has given him another $88,500 for a second store, and business has been so successful he has been able to open a total of four stores. Sales have more than quadrupled in less than four years, and he has a good relationship with a local bank, enabling him to move out from under the federal government's wing, he says.

Tyree W. Hale has a long history of experience in the mortuary business in St. Louis having graduated from mortuary school in 1947 and worked in the business ever since. He built Hale Funeral Home in 1962 at 1238 N. Kingshighway Blvd., and got his first SBA loan, for $1,600, in 1964.

Since then, SBA has given him three more loans, totaling $36,000, enabling him to expand his business, and has sent SCORE (Service Corps of Retired Executives) representatives to help him with specific business problems.

He credits SBA with giving him the chance to expand his business, but adds, "SBA isn't in business to put people in a successful business. They're there to help you, but you've got to be able to make it go yourself."

He advises younger people wanting to get a start in business "to get some working knowledge of the business they want to go into" before they seek a loan.

"I spent a year and a half working in insurance just to find out what kind of insurance problems I'd run into in the funeral business," he says.

In virtually every case examined by reporters, successes in the direct loan program involved people entering a business in which they had had past experience, with at least a modest background of management in some type of business, and with a certain amount of their own equity involved.

SBA'S MISSION CLOUDED BY CONFUSION

(By Thomas L. Amberg and Michael R. Montgomery)

At the core of the problem with the Small Business Administration's direct loan program is a lack of definition about what really is the program's—and, indeed, the agency's—true mission.

This is the public and private assessment of top SBA administrators in Washington and field personnel in 16 district offices contacted by the Globe-Democrat. Most agreed that there has been confusion over whether the program was to be administered as a social or an economic program. Indeed, the agency's manuals refer to the program as both.

So varied is the implementation and administration of the program that while some district directors swear by it, others swear at it.

"Unless loan officers were deaf, dumb and blind, the thing that guided them in the last decade was numbers, not quality," said Earl Chambers, SBA's director of portfolio management. Now, the task is to reorient loan officers into thinking about quality loans, not the quantity of loans, he said.

But to do that, said Charles R. Hertzberg, director of SBA's Office of Business Loans, "there has to be a stated policy, either from Congress or from the administrator (SBA Administrator Michael Cardenas)."

And "once the policy is clearly stated, then there has to be a period of retraining," Hertzberg said. "If someone grows up in this system and only knows what's gone on for the last 10 years, then there's some serious retraining necessary."

SBA officers quickly pass the blame for a massive default rate in the program to Congress, complaining that Congress ordered them in legislation to use the loan program to aid various social groups—and in effect make the direct loan program a social program rather than a financial lending program.

"We're the tools of Congress," said New Orleans District Director Joseph M. Conrad Jr. "Congress should decide what is an acceptable loss rate (in the program)."

What is clear, as The Globe-Democrat has revealed in its long investigation of the SBA, is that the SBA has indeed turned the direct loan program into a social welfare program, but in doing so has mismanaged and distorted it, with the result that:

More than two of every five direct loans made end in default and failure—and this loss rate is itself understated by the agency's willingness to grant "deferments," largely to make an individual office's loan portfolio "look better."

More than $571 million was lost in the program from 1970 through 1978, largely through lax procedures and loose policies, and that figure can be expected to reach $900 million if defaults from 1979 and 1980 are consistent with previous years.

But, Hertzberg said, "If we reimposed

prudent lending policies in regards to direct loans, such as matching dollars for private investment, we would make fewer loans to disadvantaged people. Whether that is right or wrong to do is up to Congress."

Totally inexperienced and unqualified people often end up receiving loans from the agency, with many soon joining the ranks of failure.

The very people the program is designed to help often become its victims, as inexperienced recipients who end in failure often lose their life savings, credit ratings, jobs, and in at least some cases, their families as a result of debt and frustration.

Contributing heavily to the high default rate, the inconsistency in the experience of the loan recipients, and the seeming inability of the agency to screen out exceptionally high risk loans, is an agency procedures manual that is loose and ill-defined—leading to a program that has the same characteristics.

For instance, while the manual (called Standard Operating Procedure manual) calls for direct loans to have "reasonable assurance of repayment," it never defines exactly what that assurance is. Similarly, the manual requires recipients to have demonstrated managerial ability, but does not define it in any way.

When an applicant has no management ability or experience, he is encouraged to attend a one-day workshop to learn to be a businessman.

The SOPs are equally unclear in terms of guiding a loan officer in how to distribute money within a loan—that is, how to allocate money among equipment, leasehold improvements, working capital or other needs. While the manual indicates that money should not be used to "bail out" a private creditor of the applicant, the language is lax enough to provide virtually any interpretation by a loan officer.

And that, the Globe-Democrat investigation found, is exactly what has happened.

An analysis of a sample of SBA loans showed that a third of the direct loans made by SBA went in part or in whole to pay a borrower's pre-existing business debt. Many of those loans were large loans granted for the sole purpose of paying off past debt.

Other major points in The Globe-Democrat's investigation included:

The SBA has consistently understated its loss rate to congress, never admitting in any given year a loss rate more than 10.8 percent—although The Globe-Democrat determined the actual dollar loss rate was 33.3 percent and discovered that Congress's watchdog, the Government Accounting Office, has simply passed along SBA's figure with virtually no scrutiny.

Loans made to business in predominantly non-minority areas are 41.1 percent larger than loans made in depressed, minority areas.

The agency's portfolio has been largely concentrated in only six types of businesses—bars, restaurants, food stores, clothing stores, laundry and dry cleaning shops, and truck hauling firms—recognized by commercial lending experts as exceptionally high-risk ventures.

A severe shortage of servicing personnel makes it wholly unrealistic for the agency to give adequate attention to loans, increasing the chances of failure and diminishing the agency's chances of recovering collateral.

The agency collects just 18 cents on each dollar it is owed once a loan goes into liquidation, the last step before a loan is charged off as a loss.

There is also wide disagreement over how much help the direct loan program actually gives a new businessman by loaning him money directly—that is, without bank involvement—and at a rate well below commercial lending rates.

Washington, D.C., District Director Freddie Collins said the program is necessary because it gets people into business who cannot get any help from banks. "My personal feeling is that the program is not large enough. The demand for the program is so much greater than the supply of money," he said.

But, San Francisco's chief of portfolio management, Russell Stoddard, said, "The direct loan program never gets that borrower into the mainstream of the business community and dealing with a banker. If we cannot reach the small-business man effectively through the banking system, there is no justification for this program. In my judgment, it's not worth continuing."

Denver District Director Chester Leedom said, "One of the fallacies of the direct loan program is the subsidized interest rate. It doesn't do the borrower any good to get an artificially low rate. He just has to face the real world at some point."

And, said Cleveland District Director S. Charles Hemming, "With the amount of demand and the artificial interest rate, I wouldn't try to put Band-Aids on the program. I would eliminate it; it hasn't done that much good. The good that comes out of it would have eventually been there anyway."

SENATOR DIXON CALLS FOR HEARINGS ON SBA DIRECT LOANS

(By Thomas L. Amberg and Michael R. Montgomery)

Citing disclosures in a series of Globe-Democrat articles, U.S. Sen. Alan J. Dixon has called for congressional hearings into the Small Business Administration's direct loan program.

The Illinois Democrat, a member of the Senate Small Business Committee, said Thursday he would ask the committee chairman, Sen. Lowell P. Weicker, R-Conn., to convene hearings "as soon as possible" to "deal with the findings contained in The Globe-Democrat's series."

He said hearings could begin as early as October.

"If The Globe-Democrat's findings are correct, then we've got a program that is in very serious trouble, indeed," Dixon said. "Hearings will enable us to get the answers and perhaps to chart a new path for this program."

Dixon said that while The Globe-Democrat investigation revealed "what seems to be a very high default rate, more importantly, the newspaper has raised the larger questions of what has this program accomplished and where is it going."

Calling the newspaper's series "very constructive," Dixon said he believes Senate hearings will improve the SBA program. "Our goal is not to hurt, but to help," he said.

"It's also important that we recognize the programs which have been successful, not just those which failed," he added. "But when a program develops problems, it's critical to see that those problems are corrected.

"It's not only essential—it's mandatory—that the Small Business Administration be administered in an impartial and competent way," he said. "The Globe-Democrat has performed a commendable public service by bringing abuses and mismanagement within the direct loan program to light."

After a lengthy and intensive investigation, involving the review of more than 14,261 loans from 16 district offices throughout the nation, The Globe-Democrat disclosed that:

More than two of every five direct loans end up in default and failure—and the actual loss rate is masked and significantly understated by the agency's willingness to grant "deferments" to borrowers, largely to make an individual office's loan portfolio "look better."

More than $571 million was lost in the program from 1970 through 1978, largely through lax procedures and loose policies, and that figure can be expected to reach $900 million in defaults if figures for 1979 and 1930 are consistent with previous years.

Totally inexperienced and unqualified people often end up receiving loans from the agency as loan officers rush to "get the money on the street." Quality has been sacrificed for quantity, top SBA officials say.

While the program is meant largely to help the disadvantaged and minorities enter the mainstream of the American free enterprise system, the lax practices of the last decade have resulted in many of these disadvantaged people becoming victims of the program, as inexperienced recipients who fail often lost their life savings, credit ratings and jobs as a result of debt and frustration.

For no apparent reason, the SBA has given an average of 41.1 percent more to businesses in predominantly white areas than to businesses in heavily minority areas—matched by a larger default rate among minority businesses.

Black businessmen interviewed claimed the lower level of financing meant almost "guaranteed failure."

The SBA collects just 18 cents on each dollar it is owed after a loan has gone into default.

About one-third of all direct loans made by the SBA went in part or in whole to pay off a borrower's existing business debts—in apparent violation of SBA regulations.●

MILLBROOK'S 50TH ANNIVERSARY AND FEDERAL AID TO EDUCATION

● Mr. MOYNIHAN. Mr. President, the prestigious Millbrook School in Dutchess County, N.Y., recently had happy occasion to celebrate its 50th anniversary and I was pleased to be among those present for the grand celebration.

Unfortunately, a crisp autumn day gave way to a rather frigid evening and as the many celebrants were gathered in a large outdoor tent, it seemed wise to all present to keep the length of speeches at a minimum.

It had occurred to me that such an auspicious event might be an opportunity for me to remark on the commencement of a new debate in Washington on Federal aid to education—a debate which is just beginning or, at least ought to be beginning. As there seemed to be some interest in my prepared remarks, I offered to enter them in the RECORD so that those present might read what the weather argued they should not hear.

Mr. President, perhaps our colleagues in the Senate might also find the address of interest, so I ask that the text of my address on occasion of the 50th anniversary of Millbrook School be printed at this point in the RECORD.

The address follows:

FEDERAL AID TO EDUCATION: A ZERO-SUM GAME?

As many of us learned in the Sunday New York Times Magazine of October 4, 1981, William F. Buckley, Jr., graduated from Millbrook School, in Dutchess County, in the Class of 1943. That is the year I graduated from Benjamin Franklin High School in East Harlem. Although these places were apart in a number of senses, I was struck, on reading Mr. Buckley's sensitive and insightful memoir, by the similarity of our experiences.

Each of us received a fine education. Each at an institution which was the creation (at about the same time, 1931 and 1934) of an extraordinary man. In the case of Millbrook, Edward Pulling, a first generation American who had come from England. In the case of Benjamin Franklin, Leonard Covello, a first generation American of Italian extraction. (I call attention to this: the experience of migration has much to do with the peculiar American approach to education as a process of preserving older traditions while acquiring newer ones.)

It will be remarked that these schools were surely different, in that one was public and the other private. I would reply that there is no more unifying tradition in American education than this diversity.

It is these several concerns, then, that I would address myself on this grand occasion of Millbrook's Fiftieth Anniversary.

A certain serendipity, which one gathers has ever attended your affairs, brings your anniversary in a year when a great new debate on education is beginning in our nation—or, as I shall argue, ought to be beginning.

In Washington, Secretary of Education Terrel H. Bell has proposed to the White House that his Department be downgraded to a sub-cabinet level foundation. Furthermore, he proposes that there be a fundamental realignment of the federal role in American education. Specifically, Secretary Bell's report, as obtained by Education Week, asserts that "the Federal Government does not have responsibility for education."[1]

It is proposed not merely to reduce funding, but in many areas to abolish it; to strip the federal government of virtually all activities save such as the collection of statistics and an odd bit of research support. It is said that the Tenth Amendment forbids, or at very least frowns upon the developments in which:

". . . we have seen special-interest groups successfully shifting power, in the decade of the 1970s, away from teacher, parent, and school board, and toward organized lobby, civil servant, committed elected officials, and convinced judges. . . ."[2]

Lest anyone suppose that this is little more than good conservative fun—épater les fonctionnaires—the Washington Post of October 10 reports that Title I outlays, the basic program of "federal aid to education," will be cut by a quarter (23 percent) if the Administration has its way.[3] That report, though denied the following day by an unnamed "official" in the New York Times,[4] ought to cause some concern.

To repeat, a large debate is about to begin, or at least ought to begin. Allow me at the outset two remarks sure to distress, impartially, both sides of the impending dispute.

First, having read the long extract from the document sent by the Education Secretary to the White House, I must report that the passages purporting to reflect American history and constitutional doctrine are mostly nonsense. I have remarked of some of the cadres recently come to power in Washington that they are to conservatives much as anarchists are to liberals. (George Will, a genuine conservative, has been moved to the observation that some of them seem to fear their own government more than the government of the Soviet Union.[5])

Certainly the group that prepared the education report seems to have been obsessed with the fear of the national government. From this I conclude that there is something wanting, individually or collectively, in their education. (Someone should look into this.)

Ours is the oldest republic on earth (save possibly Iceland), the longest enduring democracy in the race, the most stable nation of its size ever to exist. It is our national government, as created by our Constitution, that has made this possible. If you think otherwise, if you think it is the supervisors of the town of Washington—where Millbrook School is located, and not the President and Congress in the District of Columbia—if you think that they are behind it all, well . . . then there is something lacking in your schooling.

How else to account for the proposition that "the Federal government does not have responsibility for education"? The statement implies a universal, plenipotentiary obligation. Not "some responsibility," or "any responsibility," or "primary responsibility." But "responsibility" period.

Which is to say "all responsibility." In that, to my knowledge no serious person has ever suggested anything of the sort, it signifies nothing that the proposition is set up and then knocked down. I gather Mr. Pulling taught English when young Buckley was at Millbrook. I doubt he would have accepted any such meretricious argument. I know that Mr. Gotlieb who taught English at Benjamin Franklin would not have.

Nor would Mr. Bernstein, who taught us history. Perhaps the most important act of the Continental Congress was the Northwest Ordinance which provided a direct federal subsidy for education. Almost the first act of the Congress established by the present Constitution was to reaffirm this grant. A plaque on the Sub-Treasury on Wall Street commemorates both actions. This does not invalidate the view that the federal government ought not to exercise any responsibility, but it does make nonsense of the view that the Constitution—presumedly because it does not mention the subject—somehow bars such an exercise.

As for those who hold that the federal government should exercise large responsibility for education, and has yet fully to meet that responsibility—it appears to me that a measure of imprudence on their part has endangered the purposes they so ardently and genuinely seek to advance. They have of late been seeking too much of the federal government. Elementary and secondary education in America, as well as being diverse has always, in our nation, been first of all local. This is very different, for example, from much European experience. But it was rather to the European model that American educators turned when they acquired their enthusiasm for the creation of a Department of Education.

It is tedious to go over the argument yet again, but more important than ever to do so. For this time around there might be a greater willingness—no, let me not say that—a greater capacity to listen than there was several years ago. (Experience also teaches!)

The Department of Education was created in 1979, the fulfillment of a promise made by President Carter during the 1976 campaign. It was thus an openly political act. Its explicit purpose was to give greater saliency to education in the federal government, and to use that leverage to bring about a greater allocation of resources to education. It was the most direct possible challenge to the views of those now responsible for education in the federal government.

Twenty-two members of the Senate voted against the bill.[6] I cannot speak for the others, but I know that I voted against the bill because I felt that the outcome would just as likely be the opposite of what its sponsors intended; that by gathering all, or almost all of education together in one place, it would become possible for the opponents of a federal role in education to do away with it at one blow.

David Riesman, who for a generation now has been our nation's foremost student of education, was much of this view. As the debate progressed he sent me a long and thoughtful letter on the subject, portions of which I read to the Senate. I read them now to you as an example of the capacity of a trained intelligence not only to understand events but to foresee them:

"Education, contrary to people who speak of it as an 'establishment,' is a weak power, subject to whims and fashions in the country at large, and these show up in the attitudes of individual members of Congress and their aides, assistants and others. Therefore education is best served by being part of a much more powerful coalition in which it is joined with the rest of HEW with its labor union and medical and other affiliations. Furthermore, education is because of its weakness, vulnerable to attack because something done in one of the 3,000 accredited post-secondary institutions by somebody may offend somebody or get in the papers."

"It therefore needs to have any diverse sources of support, combined with a certain precious obscurity. Once it is separate, its target quality and actual weakness will be visible and this a weakness not only vis-a-vis potential critics by potential lobbyists—captors—in the country. Education is best served by decentralization, not only in this huge and diverse country but also within the federal government and its many agencies."[7]

Riesman argued that diffuseness is valuable for defense, but also that diversity is desirable in its own right. Monoculture, be it in agriculture, education or whatever, is inherently instable. Obviously this argues for many levels of government—including the federal—to share responsibility for education, and also for modes of education that are not government-sponsored at all.

Here, interestingly, the present Administration tends rather to share Riesman's outlook. Specifically, the President has committed himself to providing tax credits to the parents of children in nonpublic schools. It is not new for persons aspiring to the Presidency to propose such aid. George S. McGovern did, Hubert H. Humphrey did. But President Reagan is the first such person to do so in office, a very different thing. Moreover, this advocacy comes at a time when a major study of nonpublic secondary schools by a group headed by James S. Coleman has concluded they are quite good schools indeed, and that:

"The factual premises of underlying policies that would facilitate use of private schools are much better supported on the whole than those underlying policies that would constrain their use."[8]

To be sure, Coleman's findings have been disputed; but I would caution the disputants. The findings of his 1966 report Equality of Educational Opportunity were just as hotly contested. In 1966 and 1967 Professor Thomas F. Pettigrew and I conducted a faculty seminar at Harvard University to reexamine the data. Subsequently Professor Frederick Mosteller and I published a great thick volume of results.[9] Coleman had got it right. I expect he has got it right this time, too. Indeed the findings are complementary. After a point, it is not the number of books in a library that count in student achievement so much as the number of hours students spend reading them. Critical variables in school achievement turn out to be such things as the level of attendance in classes and the amount of homework done. It is amazing what modern social science can teach us!

The problem with the Administration's advocacy of aid to nonpublic schools is that of late it is proposed to provide it, at the expense of public schools. This is implicit in proposals such as those Secretary Bell appears to be making: to eliminate, or drastically reduce, present elementary and secondary education programs. It has come near to being made explicit in recent testi-

Footnotes at end of article.

mony by Assistant Secretary of the Treasury, John Chapoton. I believe the Education Times accurately summarized this testimony in its headline: "Administration Says Tuition Tax Credits Would Cut Other Education Funding." [10]

What an ironic, even bitter development in the troubled history of relations between public and private schooling in America.

In this, as in much now, I go back some distance. The proposal for federal aid arose in the years following World War II as the "baby boom" of that period near to overwhelmed the capacity of local and state governments to carry on their traditional roles.

There was in any event a growing movement, which political scientists have not failed to record, to take social issues upwards on the federal scale, in the expectation that the reception at the national level would be more "liberal." But the movement was stalemated.

Specifically, it was divided between those who wanted federal aid only for public schools, and those who wanted nonpublic schools included as well. So long as these forces were divided, those who wished no federal aid of any kind prevailed. It was not until the assassination of John F. Kennedy that the two groups which favored federal aid came together.

And together they prevailed. I know this history. I was present. I wrote the plank in the 1964 Democratic National Platform which constituted the agreement, which led some eight months later to the Elementary and Secondary Education Act of 1965. It was as simple as that. Once the two groups joined in common purpose, legislation stalemated for a generation was enacted in a matter of months.[11]

Things did not work out as they ought to have. Nonpublic schools did not receive anything like the proportionate share of federal assistance they had a right to expect under the compact of 1964. There arose, in consequence, a movement to provide aid through tax credits. This is at best a substitute approach, but it would serve its purpose. And at a time when federal aid to public education was ample, it seemed both practical and equitable.

Now however, tax credits are proposed in an atmosphere in which federal aid to public education is declining. A zero sum game is proposed. What one set of schools wins, another loses.

It appears to me that there can be no successful outcome to any such confrontation. In a sense we are reproducing the stalemate that preceded the compromise of 1964.

It is entirely possible that we will shortly see a significant cutback in federal aid to education. This need not, per se, be a calamity. A number of innovative governors, such as Bruce Babbitt of Arizona, and Lamar Alexander of Tennessee have proposed that the federal government take over all income maintenance programs in exchange for the states assuming full responsibility for elementary and secondary education. Such a case can be made, I expect, however, that the real choice is between a sharp cut in all forms of federal aid, or the preservation of existing levels of aid with the addition of some form of aid to nonpublic schools and a public-private coalition able to defend the resulting program.

If this is to happen, ought not proponents of aid to nonpublic schools state right away that equal means equal; that they will not accept aid for nonpublic schools at the expense of the public systems, and further, that if there is to be no federal aid to public schools, then there should be none to nonpublic schools?

Similarly, ought school boards and other groups involved in public schools devoutly ask themselves whether they ought not now to join forces—once again—with their opposites in the private sector? At the risk of giving offense—a risk worth taking, for something like social peace is at stake—ought not the champions of the public schools, which must and do come first in all our concerns, ask themselves, whether they have tried to reach out to their private counterparts, to regroup the coalition of 1964?

And both groups surely should rise as one on this occasion to assert that whatever else happens, the Federal government must not back away from its responsibilities to ensure that civil rights standards are observed and, if need be, enforced throughout our many and varied school systems. That is a federal responsibility. Period.

One would hope, finally, for discourse. Debate if you like. Large issues are at stake here. They ought not be disposed of as secondary consequences of a budget squeeze or a campaign promise.

I say to my fellow teachers that a kind of denial is taking place down in Washington. Those who represent public education are for the most part hoping that somehow the Congress will come to their rescue or the Administration will come to its senses. Those who advocate aid to nonpublic education cannot sit by silently as a confrontation develops between their schools and the public schools—a confrontation they are fated to lose. If the respective groups will not cooperate, can they not at least talk with one another?

FOOTNOTES

[1] *Education Week*, September 7, 1981, p. 1.
[2] Ibid, p. 10.
[3] *Washington Post*, October 10, 1981, p. 1.
[4] *New York Times*, October 11, 1981, p. 1.
[5] *Washington Post*, March 26, 1981.
[6] Conference Report on H.R. 5192, September 24, 1979.
[7] *Congressional Record*, April 26, 1979. p. S4764.
[8] James Coleman, Thomas Hoffer & Sally Kilgore, *Public and Private Schools*, A Report to the National Center for Education Statistics, Draft, March 1981, p. xxix.
[9] Frederick Mosteller and Daniel P. Moynihan, eds. *On Equality of Educational Opportunity*. New York: Random House, 1972.
[10] September 22, 1981, Testimony of John Chopoton before House Subcommittee on Elementary, Secondary and Vocational Education of the Committee on Education and Labor. See also *Education Times:* "Administration Says Tuition Tax Credits Would Cut Other Education Funding," September 28, 1981.
[11] Daniel Patrick Moynihan, *"A Matter of Justice,"* Address before Walsh Foundation Awards Banquet, Olean, N.Y., May 2, 1981.

Mr. MOYNIHAN. Mr. President, I should note, too, that one of Millbrook's most gifted graduates, William F. Buckley, Jr., offered us a most worthy memoir of Millbrook's founder, Edward Pulling, in a recent issue of the New York Times Magazine, and I also ask that his article be printed in the RECORD.

The article follows:

[From the New York Times Magazine, Oct. 4, 1981]

GOD AND BOYS AT MILLBROOK

(By William F. Buckley, Jr.)

One does not know at exactly what moment in the 1930's my father resolved that his children should ship out to orthodox boarding schools, because one never questioned him on that, or other, grave matters. He had settled his 10 children in northwestern Connecticut, in the town of Sharon, in a large house he had bought during the 1920's in the expectation that eventually his family would live somewhere other than in Latin America, Paris or London. My oldest brother, John, was 14, suffering from creeping unmanageability and an exuberant gregariousness which absolutely required that he be detached from the informal tutor system, to which the younger of us were subjected, and go off to school. But go off where?

Just north of Sharon, six miles up, lay the Hotchkiss School, a venerable institution even then, with its ivied, brick walls, and private golf course. But there presided over the Hotchkiss School a formidable gentleman named George Van Santvoord, whose views on all subjects were highly pronounced, as were my father's. It would not have been easy, I dare say, for any stranger in the room to decide on that spring day in 1934 who was interviewing whom. Nor is it exactly known why my father walked away with a negative impression of Mr. Van Santvoord, a man of immense skill and cultivation; but probably it had to do with Mr. Van Santvoords' amazed reaction at learning from the father of four boys that the father wished to maintain residual control over his sons' schedule, and that he assumed that Hotchkiss would be agreeable in such a matter. To have suggested such a thing to Mr. Van Santvoord would not have been different from suggesting that my father, would take the liberty, now and then, of changing the school's architecture, as required.

In any event, the next we heard was that my father had traveled 15 miles west, to interview the headmaster of another boys' school. Millbrook School was then all of three years old, and had 30 boys enrolled in it. My father's exchange with Mr. Edward Pulling was evidently satisfactory to both parties, because it gradually transpired within the household that in the fall my brother John would go to Millbrook. And, over the ensuing six years my brother Jim, then I, then my younger brother, Reid. Moreover, my father had worked out arrangements with Mr. Pulling as follows: The boys would be his until noon on Saturday, after which they would return for one and one-half days at home. This proved a singular, though not a unique, privilege. Probably now that Millbrook is 50 years old such latitudinarianism does not exist. But my father liked very much about Mr. Pulling that anything existed that he elected to have exist. Including Millbrook School.

It is a quite splendid site. Just a month or so ago the Hollywood people moved out, in time for the kids to move back in for the fall semester. They had spent several weeks in residence there to film "The World According to Garp," which readers will recall focused on the childhood of the protagonist and his energetic mother, who served the school as chief nurse. All that "Garp" evoked in a boys' school—tradition, civility, a great beauty of surrounding natural circumstances—is there. If you drive from Poughkeepsie, past the town of Millbrook, where Timothy Leary ran a kind of anti-Millbrook School for drug users until the elders finally ran him out (and he himself saw the light of day—"Now that I've tuned out/Why is life so dreary, weary/Tell me, Timothy Leary, deary"), toward Armenia, and you look out over the north, you can spot it there, in the rolling dairy country, well over 500 acres, with a dozen buildings, a church spire, a quadrangle, a few weathered buildings for the masters, the covered hockey rink. Only the old barn and the house across the way were there when the emphatic young man from England, married to Lucy Leffingwell, daughter of the senior partner of J. P. Morgan & Company, resolved that nothing would do but that he must start his own school.

Why? Edward Pulling is one of the most articulate men in the history of American education, but he cannot really give you an answer to that, short of the answer he would not give you, which is: manifest destiny. Some people were born to discover transistors; others, strange lands; now and then there comes along someone whose personality is so overwhelming he cannot satisfy

himself with anything less than an entire institution to absorb it. Edward Pulling had gone to schools in England and served as a young midshipman in the Royal Navy in World War I, then had attended Princeton, gone on to teach at the Gilman School in Baltimore, and then to Groton under Endicott Peabody, who would influence him mightily, if it can be said of an Original Man that anyone influenced him. But here he was, in a huge country, in his early 30's, in the middle of the Depression, and he suddenly discovered that he must start his own school. At age 83, next weekend, he will gather there with close to a thousand alumni and their families, and they will celebrate one of the few institutions that can carry the imprint of a single personality on, often, through generations. They can say many things about Millbrook, never that it could have been the creature of any other man than Edward Pulling.

I had myself experienced only a single headmaster, and then only briefly. He was a Jesuit, at St. John's, the preparatory school for Beaumont College in Old Windsor, on Runnymede, a few miles from Eton, where my father had sent me, and my sisters to a nearby convent, at the age of 12—because he mentioned to my mother after dinner in the presence of his spirited, amused, but cautious brood, who never quite knew when my father's hyperboles would become the active agents of family policy—because, he said, as he reflected on it, at least five years had gone by since he had understood a single word uttered by any of his 10 children. ("Oh, Father!" the groan went up. There he went again, on one of his crotchets, about people who speak indistinctly.) But the next thing we knew, five of us were on shipboard to Great Britain, an educational experiment cut short by a world war. Father Sharkey had been a small man, of considerable temper, affectionate, strict but understanding, with a highly developed sense of humor. When, eight months later, I left him, I had made a lifelong friend.

Then, for another year, we went back to the status quo ante, a house with tutors and visiting musicians, and voice teachers. Half the year in Sharon, the other half in Camden, S.C. During that year, my thoughts were mostly on sailing, horseback riding, and on the piano, my festering inability to master which probably compounded that natural unruliness of a 14-year-old. And so the word went out that the following fall I would enter Millbrook School. This meant that I would be interviewed by Edward Pulling, as my older brothers had been. There cannot have been a more imposing figure in any educational state. I am aware of that enormous literature describing a grown man's disillusioned meeting with the mincing figure of a headmaster he once feared and stood in awe of. I last saw Mr. Pulling during this summer, and he is no less august or imposing than when I first saw him, as a 14-year-old, in all his massive, angular, self-assured, commanding completeness. He was 6 feet 4, weighed, say, 200 pounds; his light blue eyes penetrated you, and incidentally, the room; his questions were kindly composed, and patient, but there was an instant no-nonsense that prevented you, say, from suggesting impulsively that you both go out together to buy a Popsicle. Anyone interviewed by Mr. Pulling was, so to speak, permanently interviewed by him.

But both my brothers, who had graduated, were most enthusiastic about the school, though with that guarded sense that one expects from the truly urbane teen-agers. British tradition—was heavy on sports, and Millbrook—much influenced by the British tradition—was heavy on sports, which were prescribed for everybody every afternoon (oh, those endless afternoons). My brother Jim was interested primarily in nature, and he had discovered in Millbrook a man named Frank Trevor, whose insatiable interest in the animal and vegetable worlds greatly exceeded any interest in any other subject, save possibly the necessity that the United States go to war against Hitler.

Now, Mr. Trevor, R.I.P., also left his mark on the school. It is only fair to say that later in life he developed nervous difficulties, if that's what you call it when you arrive at a faculty conference with a demand to make, and a loaded pistol in front of you. In any event, Mr. Trevor had a genius for evangelizing his love of nature and animals. To the horror of the younger members of the family, my father announced on the summer before my matriculation that he, my mother and the three oldest members of the family would be spending the summer in Europe, and he had invited Mr. and Mrs. Frank Trevor to preside over the household (seven children, a governess two nurses, two music teachers, seven servants) during their absence. Mr. Trevor would teach us about nature. . . .

My father returned to find—somewhat to his chagrin, we were pleased to note—that our property now harbored probably the largest zoo this side of the Bronx. The entire summer had been given over to making leaf impressions in white clay, building pens, feeding snakes. And dinner conversation was usually on some such theme as how horses were actually responsible for more deaths than snakes, the poor little, misunderstood creatures. It was not until much later, when I sat opposite him in class at Millbrook, disemboweling a pig, that it occurred to me that, unlike horses, no one attempted to ride snakes; and I like to think that Mr. Trevor more than any other man developed polemical instincts in those of his students who, unlike my adoring brother Jim, believed that somehow our Maker managed, in creating man, to transcend nature.

Sports, nature. What else?

Community Service. A sacred conception for The Boss, as Ed Pulling was (is) universally known. *Non sibi, sed cunctis* was the school motto: Not just for oneself, but for the good of all. As I reflect on this, I find a latent inclination for collectivization there (Mr. Pulling is a liberal); but, really, it was not that. Mr. Pulling believed that, by and large, boys who went to boarding schools were a privileged lot, and that the priviledged people must know about the needs of the community.

The war was soon on us, and that meant that perforce we would need to perform such duties as the first generation of Millbrook students hadn't done—make up our own beds, clean the halls, serve the tables (there was no longer any unemployment, in that area, or anywhere). And the war brought on such a scarcity of manual farm labor that we were asked to volunteer to pick apples in a neighboring orchard, at 35 cents an hour.

It was a desperate decision for me every time, because I loathed picking apples, but I loved to smoke cigarettes, and in the isolation of a neighboring orchard one could do this with impunity. (Sixth formers could smoke at designated times, twice a week. Boys caught smoking at other times were usually expelled.)

A dreadful ritual every Saturday morning, after a prayer and a singing of the morning hymn, came when the headmaster made the daily announcements. He would read out the names of the boys who were to report in the late afternoon to the Jug, as we called it.

The miscreant spent their time picking up stones from one pasture, and bringing them together where a stone fence would eventually spring up. The distinctive horror for me of landing in the Jug is that it postponed, and even entirely threatened, my precious weekend at home.

I remember, though, Mr. Pulling's quandary when it was brought to his attention that the removal of stones as a form of punishment interfered with his concept of Community Service (one or more afternoons per week), during which other chores of public benefit were undertaken—e.g., Athletic Records, Biology Assistants, Bird Banding, Blackout Committee, Commons Room Committee, Confiscation Lockers, Electrician, Exhibits Manager, Fire Department, Flag Officer, Greenhouse, Meteorology, Receptionists, School House, Stable Assistants, Squash Court, Store Committee. He thought about it, and in due course revealed his transformation of the Jug. So as not to contaminate the noble idea of Community Service, the Jug henceforward would be held not in the late afternoon gathering stones for a new wall; but in the early evening, copying out the encyclopedia—during the hour the weekly movie was shown. I missed "Casablanca" on that one.

But it was the academic part of Millbrook in which Edward Pulling took the greatest pride. Up until the time I left (1943), no one who graduated from Millbrook failed to be accepted by the college of his first choice (my brother John's class: two to Harvard; five to Princeton; one, Yale; one, Rutgers; one, University of Arizona). Granted, now and then a boy would be encouraged not to apply to too exalted a college. And it was only after reading the charming autobiography of Schuyler Chapin that I discovered that the diploma ceremoniously presented to him on Commencement Day at Millbrook was merely a certificate of attendance.

But Mr. Pulling was deadly serious in the matter of academic excellence. Teaching senior English, he gave out his first A in 1942. He took lascivious pleasure from any academic accomplishments by his students. I desired to pursue the study of Spanish, but since the language was spoken at home I was advanced. Never mind: Mr. Pulling directed his Spanish teacher to conduct a special class—for a single student. Under Nathaniel Abbott (father of the present headmaster), music was seriously pursued, through a student orchestra, a glee club, visiting teachers, trips to hear artists (I was driving back from a concert by Rachmaninoff when the radio reported the attack on Pearl Harbor).

Although Mr. Pulling did not himself easily manage this, retaining a residual aloofness proper to his station and harmonious with his personality, he encouraged close relationships between the masters and the boys, like Mr. Trevor's with my brother Jim, John McGiffert's with my brother Reid (McGiffert would read aloud Reid's short stories to his guests), my own with Mr. Abbott (who took me for several days to Tanglewood to hear Koussevitzky rehearse the Boston Symphony).

By nature an authoritative man, Mr. Pulling nevertheless assembled a collection of young masters to whom he gave full rein. The wife of the teacher of Latin and football taught two of us (or attempted to do so) musical harmony. The gentle assistant headmaster, beloved of all the students, was incongruously the chief disciplinarian.

He taught American history, and by emulation he taught the virtues of Quakerism, and left to become headmaster of the Gilman School my senior year (his son is now the headmaster of Hotchkiss). Mr. Prum, from Belgium, taught the physical sciences and cultivated a kind of exaggerated, narcissistic authoritarianism.

("Sir, do you know the answer to Problem Five?" "I know zee answer to oll zee problems.") Mr. Hargrave Joyous Bishop, my dorm master as a fourth former, was an avid francophile. I remember in conversations with my roommates guessing at his age. We rounded it off at 65.

He was in fact 35, a recent graduate of

Princeton. His ecstasy came when French diplomats or artists would come to Millbrook to speak (Mr. Pulling had a way of drawing people to his school to perform). Preferably if they could speak only in French (to advanced French students), so that he could utter "Tiens!" every moment or two, signifying that he understood everything. The patrician Arthur Tuttle, whose brother was master of Davenport College at Yale, taught math.

A genuine highbrow, with the reputation of having a considerable private fortune; tough, but with a soft streak. Frederick Knutson (Latin football) was so carried away by the military spirit of the World War that he marched his athletes to the playing field in accents so martial they could not be heard this side of West Point.

My roommate Alistair Horne once, in a yelp of enthusiasm, leaned out from our third floor suite and in a perfect imitation of the Führer's (his underground nickname) accents, ordered, "Reverse, Hartch!" and half the undergraduate body reversed its line of march, all but managling the Führer, who conducted a feverish rectangle-wide investigation, but never found the voice of the imposter. Alistair Horne would in due course seriously study the martial ways of the Germans and the French.

Then he was also studious, but always with the spontaneous outburst of fun or trenchancy. It was his turn to wait on table, one day, and his fate to be assigned the Boss's table. As he put down the large platter of chow mein he managed accidentally to drip it right down the length of the headmaster's tweeded sleeve. The 10 boys (10 to a table, one master) watched with horror at this slow-motion profanation. It was only after he had set down the platter that Alistair recognized the enormity of the offense. So he turned and said, "That's all right, sir. It won't hurt you externally." He smiled nervously, and went off to fetch a rag. Mr. Pulling's reaction to student insolence was not easy to predict, because there were insufficient statistics. But he let this one go by.

Millbrook encouraged a civility among its students. There was practically no bullying, and when an instance of it was uncovered Mr. Pulling dramatically announced at the morning prayer session that he would close down the doors of the school rather than tolerate such stuff. The initiation ceremonies for new boys were dramatic enough to bring on a certain tension, but were absolutely painless. The Boss understood the need for traditions in a brand-new school, and egged some on, some more successfully than others.

For instance, he would read the whole of "A Christmas Carol" to the entire school at the Christmas ceremony, to the graduated dismay of all who had heard the story once, or twice, or three times (there were six forms then). But, ho, ho, ho, he would persevere. His devotion to the war effort was such as to sponsor student vigils where, at night, we would strain to catch traces of German bombers, that we might report them to the military. The airplane-identification training was turned over to Mr. Trevor, who proceeded in his most obnoxious way to require us to distinguish between miniature wooden Heinkel 111's and Messerschmitt 110's, in order to guarantee the security of Dutchess County. I took pleasure in informing him, after I had failed my third airplane-identification test, of the lady who had won the prize in Great Britain, identifying the very first of the fabled Messerschmitt 262's—to the surprise of the community, given her opacity at airplane-identification class.

But the R.A.F. had risen, shot down the coveted fighter, and the mayor had given the lady a banquet, and a huge cup. He asked her what it was about the airplane that had distinguished it in her eyes. "Why," she replied, "at the identification class, the Messerschmitt 262 was the only airplane with a pilot in it!" Mr. Trevor was unamused.

Alistair was one of four English boys who had come to America to escape the blitz. The youngest of these was positively the most insufferable brat ever exported by the United Kingdom. Lord Primrose was about 12, and I bear today on my right leg the scars from the kicking he gave me in the ice rink when I was ordered to fetch him in, he having decided to ignore the hockey master. Alistair Horne was from London, and we were drawn together as roommates in our sixth-form year. Neither of us was apparently judged by Mr. Pulling as naturally authoritative in manner because we found ourselves, in our third-floor eyrie, in charge of only three younger boys, one and a half boy each, as we delighted in putting it.

Alistair made me a bootlegged radio (these were forbidden), and read widely. I am the godfather of his oldest girl. He is among Britain's top historians. Between us, we have published 38 books.

Mr. Pulling contrived an agony I think altogether unique. Once a year, beginning in the winter term, every boy in the school had to deliver a five-minute speech to the entire school. This was done either at lunch, after the announcements, or in the morning, after the hymn and announcements. Some boys would be physically sick before their turn came. Some would freeze, for agonizing moments, while schoolboys and masters stared at their fingernails. But the Boss was determined that any graduate of his school should know how to address a large group on the subject of one's choice (typical: "The History of the Ford Motor Company"). I think it fair to say that the system seemed to work. That is, after three or four years of it a student accepted the ordeal as that, to be sure: but as an ordeal related to the coming of age, which came to me, and my 12 classmates, nine of whom survive, probably faster as the result of Millbrook, plus a world war, than otherwise.

And, of course, Millbrook came of age. It was 16 years ago that Mr. Pulling retired, taking with him the spirited, enchanting, amusing Mrs. Pulling, whose loss was an equal deprivation to the community. There followed, as so often is the case (see "The Rector of Justin") the unsuccessful dauphin; then a second successor; finally the third, with whom the entire community is entirely comfortable. Girls were admitted in the early 1970's, but the trustees kept down the size of the school, to under 200. It prospers, and contends now against the best of the less-well-known schools. For those who grew up with Millbrook—indeed, are even older than it, it conjures up, as schools tend to do, a special image. Always there is the Northeastern fall, and winter, and spring; the cider, the ice, the vernal spring torpor. Weekend dances with Ethel Walker students, hours of football practice earning one's first income by typing other student's papers ($1 per paper; grammar corrected, $1.25 per paper)—until the Boss discovered this, outlawed it as a "pernicious" habit, causing me to consult the dictionary, and to puzzle over the exotic use of the word; but, at Millbrook, we always knew that for better or for worse, if Mr. Pulling had said it, it was, de facto, so.●

INTERIOR SECRETARY JAMES WATT

● Mr. SIMPSON. Mr. President, I have noted with the greatest of interest—and sometimes amusement—the current full-bore, last ditch attempt to apparently force the removal of James Watt from the position of Secretary of the Interior.

The Sierra Club, which characterizes Mr. Watt as "underhanded, outrageous, reckless and dangerous" has launched this final, last gasp, all-out effort to force his resignation or dismissal.

The club seems to see this battle over Mr. Watt not only as a battle over environmental policies, but as a personality clash, and in a confidential memo to its members it laid the groundwork for the current effort to oust Jim Watt the Interior Secretary and bring ridicule upon Jim Watt, the human being.

The Sierra Club sees Jim Watt as manipulative. They should know. Allow me to quote from the club's confidential memo of last August:

> It is vital that this plan remain absolutely confidential. If word of this plan and its timing gets out, it will be possible for Watt and his supporters to take counteraction which could seriously blunt the political and media impact we are seeking.

The memo called for an "ambitious and large-scale plan" and suggested the club could add 40,000 to 50,000 signatures per week to its petition calling for the removal of Watt—the reckless, dangerous Secretary of Interior.

The report also suggests use of "deep background/off the record" meetings with members of the news media, and said a "large-scale airport rally" should be held in conjunction with the send-off of the local chapter's petitions to Washington. The memo says:

> It should be a highly photographable rally (placards, balloons, etc.) with a nice big throng of club folks and others to cheer at every anti-Watt statement . . . In most states this will be a very big story. Your airport rally can comprise several actual events, but can be staged to assure maximum coverage—especially for television cameras.
>
> Our purpose in having all the chapter representatives come to Washington simultaneously—but with individual press conferences at home as they leave—is to gain maximum press coverage, both on a local basis (hometown folks send petition to Washington) and, then, on a national basis (mighty nationwide Sierra Club assembles volunteer leaders in Washington with 1 million-plus petitions against Watt policies).

You might also take a gander at a most recent letter to the general public addressed "Dear Friend". There are charged phrases in it like "surely we will see the destruction of lands—the invasion of our irreplaceable wilderness lands, the demise of habitat."

Then the phrase "his (Watt's) behavior is simply outrageous." But then we finally get to the nub of things which states:

> We can make our collective voice heard effectively against James Watt if you will help, and you can help even more by deciding to join as a member of the Sierra Club at this critical time.

The media is the message—or is it the message is the media Either one, anyone can understand that pitch for support of the organization—while they use Jim Watt as the bait to get the troops all juiced up. Interesting organization. I would think one would want to learn more about them and how they really work.

The Sierra Club memo is dotted with

language designed to incite its members into action that will "gain maximum press coverage" for the Washington rally—and then it plans for a Washington potluck dinner and square dance "just for fun." It appears to me that the only real fun the club leadership intends to have is directed at generating an unfair and lopsided public image of Jim Watt as being the single worst destroyer of national environmental values in our Nation's history. The Sierra Club, through this confidential memo which details plans to manipulate the media, has demonstrated its consistent unwillingness to seek reason, compromise, or understanding.

There has been a lot of high old hysteria about Jim Watt. Many persons have a real sense of glee as they hurl their harpoons into him. It is ironic that various organizations in America which characterize themselves as "sensitive and gentle" who banded together years ago to "preserve, protect, and nurture" really do like to get the gloves off and get into some pretty vile characterizations.

Those organizations are having a "hay-day" at the present time. It is interesting to see them rubbing their hands with glee as they contemplate tacking Jim Watt's pelt on a wall of their redwood paneled dens. They really are quite the hunters, even though they would like to give one the impression of hunting "only with binoculars or cameras" as they tramp through the woods searching for the furbish lousewort and various species of the crested titmouse. But as I have stated before, I conclude they know more about the jugular vein of adversarial combat than many a hunter I have ever known out in the high country of Wyoming.

I have known Jim Watt for over 20 years. He is no zealot, no nut, no lightweight. He is doing things that fit into this administration's agenda and he will be doing those things in a manner which will be protective of the environment. Yes, that just could be so. But there is a dedicated band out to nail him to the cross. They are so dedicated and so bizarrely zealous and so off tilt that he now has Secret Service coverage with him around the clock. Few in this administration are confronted with the type of abuse and threats that he receives. Someone incites that.

I ask that the environmental accomplishments of Jim Watt be printed at this point in the RECORD.

The material follows:

ENVIRONMENTAL ACCOMPLISHMENTS

1. Secretary Watt directed the National Park Service to meet "The challenge to the Service in the 1980s" by refocusing its management activities to bring existing parks up to acceptable standards, in response to a GAO report citing $1.6 billion in safety and heatlh hazards for park visitors.

2. Secretary Watt approved the Bureau of Land Management's comprehensive multiple-use plan for the California Desert Conservation Area and a charter for BLM's new California Desert District Multiple-Use Advisory Council.

The CDCA plan provides for the use and protection of 12 million acres of public lands administered by BLM within the 25-million-acre California Desert Conservation Area, which includes about one-fourth of the State. It permits development where appropriate while, at the same time, protects unique public values. The uses and values include mining, energy minerals, livestock grazing, biological, cultural, educational, recreational, scenic and scientific resources.

3. Secretary Watt announced the Golden Access Passport which will allow people who are physically disabled or blind to obtain free entry to national parks, monuments, historic sites, and recreation areas. They will also receive 50 percent discounts on fees for recreational activities such as camping and boat launching.

The new Golden Access Passport results from a 1980 amendment to the Land and Water Conservation Fund Act of 1965.

4. Conservation programs for endangered and threatened species in 38 States and Territories have been helped by $4 million in matching Federal grants for fiscal year 1981.

5. Preservation of historic American buildings has been boosted significantly by a 25 percent tax credit for historical rehabilitation provided in the New Economic Recovery Act.

Federal tax incentives for historic preservation have stimulated more than $1.2 billion in private investment since enacted in 1976; over 2,200 projects have qualified nationwide for the incentives, including historic hotels, office buildings, factories, and residential buildings. More than 12,000 new housing units have been created, more than 5,000 of them for low and moderate income families. The program is administered by the Department of the Interior's National Park Service and the Department of the Treasury.

The new investment tax credit will be available for projects beginning January 1, 1982; existing historic preservation tax incentives will be in effect through December.

6. Secretary Watt unveiled a plan to provide greater protection to the endangered humpback whales in their summering ground in Glacier Bay.

7. Secretary Watt has announced that he will ask the Migratory Bird Conservation Commission to focus attention on continued funding for preserving wetland habitat for ducks, geese, and other migratory birds.

On October 7, the Commission, which is chaired by Secretary Watt, approved the acquisition of a new national wildlife refuge, Big Boggy, when funds become available. Big Boggy is located 20 miles south of Bay City, Texas.

8. Agents of the Fish and Wildlife Service, at the direction of Secretary Watt, have acted to uncover black market operations that deal in endangered and protected American reptiles. The agents established a "sting" operation in Atlanta and transacted business with 175 people, 27 of which have been arrested for violating Federal and State laws against collection, shipment, and interstate commerce in protected species of reptiles.

9. Secretary Watt has voiced opposition to the U.S. Army Corps of Engineers Dickey-Lincoln School Lakes Project in Maine.

10. Secretary Watt has announced he will seek wilderness status for Arizona's scenic Aravaipa Canyon, 22 miles northeast of Tucson.

11. Agreeing with challenges by environmental groups, the State, and industry, Secretary Watt requested the Department of Justice, to file a motion in the District Court of Utah seeking authority for the Department of the Interior to review a Carter Administration decision allowing coal surface mining in a major part of Utah's Alton Coal Field.

12. Secretary Watt has reaffirmed the historic primacy of State water management in announcing the Department's repudiation of a controversial 1979 legal opinion that sought to establish a so-called "Federal non-reserved water right."

13. Revised guidelines to select, classify, and manage rivers in the national wild and scenic rivers system have been proposed jointly by the Department of the Interior and the Department of Agriculture. The system provides Federal protection for the nation's outstanding rivers in order to preserve them for the use and enjoyment of present and future generations.

14. The Fish and Wildlife Service has proposed guidelines to identify scenic vistas on Wilderness areas within the National Wildlife Refuge System that merit special air quality protection under the Clean Air Act.

15. Secretary Watt has designated five properties National Historic Landmarks. They are: The Old Stone Gate of the Chicago Union Stockyards; the John Jay House in Katonah, New York; the Old Waterworks in Bethlehem, Pennsylvania; the Folsom Powerhouse in Folsom, California; and, the Sloss Blast Furnaces in Birmingham, Alabama.

16. Secretary Watt proposed amending the Land and Water Conservation Fund to permit restoration of deteriorating park areas.

17. Secretary Watt announced trapping of California condors as the start of a "last ditch" captive breeding and research program designed to save endangered California condors.

18. Secretary Watt pledged the National Park Lands would be protected from mineral exploration and development.

19. The Department of the Interior awarded a $4.1 million contract for construction of recreation facilities on the Wayne N. Aspinall Storage Unit of the Colorado River Storage Project.

20. The Department of the Interior has requested assurances from Virginia Governor John B. Dalton that noise from the planned Dulles Toll Road will not disturb performances at Wolf Trap Farm Park.

21. Secretary Watt pledged protection of the Cape Hatteras Lighthouse from erosion by waves.

22. Prepared an inventory of properties in the U.S. that may qualify for nomination to the World Heritage List.

23. Called for an inventory and orderly development of America's natural resources to avoid a crisis situation where resources might be developed without regard to environmental considerations.

24. Secretary Watt has prepared a list of 32 Wilderness areas to be sent to the President for consideration and transmittal to Congress.

25. Secretary Watt recommended to the President appointment of noted conservationist Tom Garrett to the post of U.S. Deputy Commissioner to the International Whaling Commission.

26. Secretary Watt supported provisions on the Reconciliation Act of 1980 that phase out federally subsidized flood insurance for barrier islands, thereby discouraging development on the environmentally sensitive coastal barriers.

27. Issued new regulations designed to reduce wildfires on public lands to protect users.

Mr. SIMPSON. Mr. President, do those actions sound like the inane ramblings of a man who is bent on destruction of the environment? I think not. They demonstrate an ability to compromise and reason. They demonstrate an ability and willingness to seek a sensible environmental course for our Nation—a course, not just incidentally, that is fully supported by the President of the United States.

Jim Watt's major problem is that some environmentalists have targeted him as the individual responsible for every single environmental situation or decision that they happen to find offensive. And

many of those persons can see absolutely no value in a Secretary of the Interior who does not totally share their values and standards. If that person who serves as Secretary of the Interior does not agree with the opinions of those persons 100 percent of the time, then he is seen as being totally against their positions. Think of that a moment and then please advise me as to who is being "irresponsible, outrageous, reckless and dangerous."

Some of those persons who have targeted Jim Watt as their enemy, those persons who have demonstrated the complete inability to yield to any reasonable compromise, those persons who have become the most radical and irresponsible in their avowed hatred of Jim Watt the Interior Secretary, and Jim Watt the man—many of those persons are those who only seek to pursue "causes," and others know little about the true mission of the Department of the Interior, and who seek surcease and release for their pent-up frustrations in hammering away at "someone" or "something." Jim is it.

The current attack on Jim Watt appears to be the "Gettysburg" in the current war to force his removal. This is the "high water mark." All the stops are being pulled and every effort being made to attract sympathetic media coverage.

I trust that this Nation of intelligent persons will view what is happening in Washington this week and then apply their own sense of reason and commonsense to the situation. I trust they will see through "the hype" and "the hoorah" and will observe that Secretary Watt is not the heinous and irresponsible person that the club depicts him to be—that he is truly a man seeking reasonable balances—a man who has the complete support of the President—and that they will see a man who wishes to restore the sensitive balance between preserving our fragile environment and promoting economic development and energy self-security—a balance that has been undeniably manipulated and nearly vanguished over the past two decades.●

BICENTENNIAL EMBLEM DAY

● Mr. MITCHELL. Mr. President, I ask to have printed in the RECORD a resolution adopted by the Maine State Aerie, proposing the establishment of Bicentennial Emblem Day.

The resolution follows:

EAGLE EMBLEM BICENTENNIAL

Whereas, On June 20th, 1782, the Continental Congress adopted the Great Seal of the United States, with the American bald eagle as its central figure, and

Whereas, The American bald or white-crested eagle symbolizes the ideals of freedom and independence of our Republic, and

Whereas, June 20th, 1982, will be the bicentennial year, the 200th anniversary of the selection of the North American bald eagle as our national emblem, NOW THEREFORE, be it

Resolved, That we respectfully petition the Congress of the United States to request the President of the United States to proclaim June 20th, 1982, as Bicentennial Emblem Day, calling upon public agencies to fly the flag of the United States on all Government buildings that day, and calling upon local communities and voluntary organizations to observe the day with appropriate ceremonies.●

CBO COST ESTIMATES ON S. 1119 AND S. 794

● Mr. McCLURE. Mr. President, the Committee on Energy and Natural Resources reported S. 1119 and S. 794 on October 7, 1981. The reports which accompanied S. 1119 and S. 794 are 97–205 and 97–208 respectively.

The committee stated in the reports that the Congressional Budget Office estimate of the costs of these measures were not available at the time the reports were filed. The committee has received the reports and wishes to inform the Senate of the contents of these reports. I ask that the two reports from CBO be printed in the RECORD following these remarks.

The reports follow:

CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., October 7, 1981.

Hon. JAMES A. MCCLURE,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has reviewed S. 794, a bill to amend the National Trails System Act to designate the General Crook Trail in Arizona and New Mexico for study to determine the feasibility and desirability of its designation as a national historic trail, and for other purposes, as ordered reported by the Senate Committee on Energy and Natural Resources, September 30, 1981.

Because part of the General Crook Trail has previously been designated as a national recreational trail, the Forest Service has already conducted the required environmental analysis verifying that that portion of the trail meets construction, maintenance, and safety standards. Based on information from the U.S. Forest Service, the remaining study is estimated to cost approximately $140,000. Assuming an appropriation effective by December 1, 1981, this study will cost the government roughly $25,000 in both fiscal years 1982 and 1983 and $90,000 in fiscal year 1984.

S. 794 also authorizes the Secretary of the Interior and the Secretary of Agriculture, in cooperation with the State of Arizona, to provide interpretive markers at appropriate locations to identify and commemorate the Beale Wagon Road in the State of Arizona. This activity is not expected to result in any significant cost to the government.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

RAYMOND C. SCHEPPACH
(For Alice M. Rivlin, Director.

CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., October 7, 1981.

Hon. JAMES A. MCCLURE,
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has reviewed S. 1119, a bill to correct the boundary of Crater Lake National Park in the State of Oregon, and for other purposes, as ordered reported by the Senate Committee on Energy and Natural Resources, September 30, 1981.

Based on this review, it is expected that no significant additional cost to the government would be incurred as a result of enactment of this legislation.

Sincerely,

JAMES BLUM
(For Alice M. Rivlin, Director).●

MINIMUM BENEFIT RESTORATION (H.R. 4331)

● Mr. HUDDLESTON. Mr. President, I was pleased to support legislation which restored the social security minimum benefit to some 3 million beneficiaries nationwide. It is a benefit which never should have been repealed in the first place, and I am pleased that this body finally gave the serious consideration due to a proposal to reinstate it. The House has already voted to do so, and I believe that we in the Senate had the responsibility to do the same.

The American people support the concept of reduced Federal spending, and on the whole, judging from the countless people I have heard from in Kentucky, would support some rational cuts in the social security system if need be. It is the irrational cuts, particularly that of the minimum benefit, that they were not willing to stand by and support.

The present economic crisis has prompted changes in practically every social program established in post-Depression times. I do not believe that the social security system should be totally devoid of bearing this burden. But I do not believe that it should carry the primary burden either.

The financing of the Old Age and Survivor's Insurance Trust Fund does need to be strengthened; no present or future statistics dispute this. What is more, anticipated problems may surface much sooner than we would like to believe. All this depends on the ability of the economy to rebound and respond to what we all hope will be the successful effects of the administration's economic policy on this country.

At issue, however, is not whether changes should be made, but how. I believe and have consistently stated that this can and should be achieved without severe reductions in benefits to those now receiving them and without reducing promised protection for those now contributing to the program. The massive and piecemeal cuts proposed by the administration to solve the problems facing the social security system have done just the opposite; they have been examples of using a meat ax instead of a scalpel to perform necessary surgery.

In the President's televised message to the Nation on September 24, we finally had a glimpse of what the administration has meant all these months in its referral to the "truly needy." In fact, the main impact of the proposal to repeal the minimum benefit would fall on somewhere around 1.3 million elderly poor beneficiaries who would be forced to find other sources of assistance, most probably SSI or some form of State welfare.

It did not seem to me to be good, sound policy to deny benefits to elderly people who have been living for years on benefits we have pledged them and who have no ability to otherwise compensate for

the loss of income proposed. And forcing them onto welfare or State public relief rolls was not the answer either.

There are other ways to bring the social system out of immediate threat of insolvency than to drastically cut benefits to individuals who were paying into a system that claimed it would aid them in their retirement. I believe that the interfund borrowing mechanism endorsed by the Senate Finance Committee, and more recently, by the President, is one which will allow us to take a serious and in-depth look at the long-term financing of the system without placing the bulk of the responsibility of these problems on those least able to bear it.

I believe, too, that the 15-member task force proposed by the President will now have the time and resources which are integral to the formation of reasonable and workable answers to the future of social security.

Mr. President, the American people, by electing us to represent their interests in Washington, placed a trust in us. They have every right to expect us to uphold that trust, and in fact, to insist upon it. They have already experienced a violation of that trust in an administration that promised no changes in social security and then proposed benefit reductions which would collectively constitute the most severe cuts in the history of the system.

The implications for such a blatant violation of that trust are very serious. Should the American people get used to this game of chance where the tables can turn on them in the matter of seconds? I believe not. I am pleased that my colleagues joined in this effort to restore the minimum benefit, and in so doing, some of the lost confidence and trust of the American people in their elected representatives.●

ORDERS FOR WEDNESDAY

Mr. BAKER. Mr. President, I have a list of requests that relate to the session of the Senate on tomorrow and the further management of the bill under consideration.

ORDER FOR RECESS UNTIL 9:15 A.M.

Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 9:15 a.m. on Wednesday, October 21.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF SENATOR ROBERT C. BYRD AND SENATOR BENTSEN

Mr. BAKER. Mr. President, I ask unanimous consent that after the recognition of the two leaders under the standing order, the distinguished minority leader be recognized on special order for not to exceed 15 minutes to be followed by a special order of not to exceed 15 minutes in favor of the distinguished Senator from Texas (Mr. BENTSEN).

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR A PERIOD FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that after the recognition of the Senators just identified on special orders there be a period for the transaction of routine morning business to extend not past the hour of 10 a.m. with statements therein limited to not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER TO RESUME CONSIDERATION OF S. 1196

Mr. BAKER. Mr. President, I ask unanimous consent that at 10 a.m. tomorrow the Senate resume consideration of the foreign assistance bill, S. 1196, at which time the Glenn amendment on Pakistan will be the pending amendment No. 560.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONSIDERATION OF HART AMENDMENT TO FOLLOW DISPOSITION OF GLENN AMENDMENT NO. 560

Mr. TOWER. Mr. President, I ask unanimous consent that following the disposition of the Glenn amendment No. 560 to S. 1196 on tomorrow the Senate proceed to the Hart amendment dealing with Libyan oil.

The PRESIDING OFFICER. Without objection, it is so ordered.

DESIGNATION OF OCTOBER 23, 1981, AS "HUNGARIAN FREEDOM FIGHTERS DAY"

Mr. TOWER. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of House Joint Resolution 268, a resolution to designate October 23, 1981, as "Hungarian Freedom Fighters Day."

The PRESIDING OFFICER. Is there objection to the request? The Chair hears none, and it is so ordered. The clerk will state the joint resolution by title.

The legislative clerk read as follows:

A joint resolution (H.J. Res. 268) to designate October 23, 1981, as "Hungarian Freedom Fighters Day."

The Senate proceeded to consider the joint resolution.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. Mr. President, first of all, I ask that the following Members of the Senate be included as additional cosponsors of my joint resolution, Senate Joint Resolution 114: Senators ANDREWS, HAYAKAWA, HUMPHREY, RIEGLE, and THURMOND.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DODD. Mr. President, I was of the impressionable age of 12 at the time of the Hungarian revolution of 1956. I still remember what a powerful influence it had on me at the time. I knew, of course, of our great revolution and of many others from my parents, teachers, and from books. But here, the first time in my life I could actually follow a great revolution at the time it was unfolding. It was an outstanding lesson in modern history for many members of my generation. We were bitterly disappointed that even the sacrifice of tens of thousands of lives could not bring freedom for the Hungarian people. I could not understand why we had not done more to help them liberate themselves from the Soviet yoke.

I have never forgotten that lesson since, the example of a freedom-loving people to rise up and fight courageously against the overpowering strength of the Soviet colonial army. I intended to pay respect to those who sacrificed their lives in that struggle when I asked my colleagues to join me in introducing a resolution to this effect. I want to thank the 30 gentlemen who responded favorably to my request.

In the meantime, I learned that a similar resolution with different language had passed the House last Wednesday and, Mr. President, we all agree that the speedy passage of this resolution is what is most important and, therefore, I support the passage of the House version in place of the text I have submitted.

Mr. President, another source of inspiration for my resolution came from the friends I have among former Hungarian freedomfighters and from those members of Connecticut's Hungarian community who had to flee their former homeland, after the Soviet invasion crushed the revolution. These former refugees enriched my State immensely with their talent and industry.

Finally, let me mention that I am very proud of two letters I received from two friends the other day, in support of my resolution. One came from former General Bela Kiraly, commander-in-chief of the freedom-fighter forces in the 1956 revolution. He is now a distinguished professor of history in New York City and generations of young Americans can benefit from his experience and scholarship. Instead of writing about his own deeds his letter stresses the importance of not forgetting "those who gave their lives for the freedom and independence of the Hungarians and also for human rights, freedom and justice everywhere in the world."

A former college professor of mine and a dear friend, Janos Decsy of Bolton, Conn., sent the other letter. He was also a top military leader of the revolution, chief of staff of General Kiraly. His body bears the marks of numerous Soviet bullets. I am fortunate to have been his student and proud being his friend. His inspiring letter draws a perfect parallel between our Declaration of Independence and the list of demands the heroes of Hungary fought for, the inalienable rights to life, liberty, and the pursuit of happiness.

Mr. President, in the spirit of paying tributes to the heroes who sacrificed their lives for the universal cause of freedom and honoring those who, after their escape from Hungary became such a great asset to our country I urge my colleagues to adopt this resolution.

Mr. President, I yield the floor.

(By request of Mr. ROBERT C. BYRD, the following statement was ordered to be printed in the RECORD:)

● Mr. MOYNIHAN. Mr. President, the 23d of October will mark the 25th anniversary of the dawn of the Hungarian Revolution of 1956. It is altogether fitting and proper, therefore, that we in the Senate take this time to reflect upon, and reassert our abiding commitment to, the love for liberty which inspired the Hungarian people in 1956.

Against odds which were sure to overwhelm, as indeed they did in a matter of a very few days, Hungarian freedom fighters struck back at the Soviet army of occupation which had for more than a decade attempted to crush the intellectual, political, and economic life of the Hungarian people. Tens of thousands of Hungarians risked, and lost, their very lives because they wanted to live free of Soviet tyranny—a tyranny which has now darkened the lives of most of the proud peoples of Eastern Europe for more than a quarter of a century.

To the continuing advantage of our own Nation, hundreds of thousands of Hungarians fled to the West in 1956, and many of them settled here. They are as valued and vital a part of the American people as we have.

Americans too young to remember the events of 1956 tend, I think, to take too much for granted the liberties which we all enjoy, and which have allowed this country to prosper during its 205 years of independence. Recalling Hungary's heroic fight for freedom—a fight which I believe continues even today, which will continue until Hungary is finally free—will remind the people of the United States just what it is that distinguishes this country.

And it will help us all to be continually aware of the central struggle of our time: The battle between the forces of totalitarianism and the states guided according to democratic ideals. We must not forget the people of Hungary. We cannot forget the revolution of 1956, an effort by a proud people to establish a democratic society such as our own. We shall not ignore their fate, though the years pass without immediate improvement. Their fate is inextricably linked to our own. We honor Hungary's heroes as our own. That is why we should adopt the resolution now before us, of which I am proud to be a cosponsor.●

Mr. LEVIN. Mr. President, I would like to take this opportunity to speak in support of the resolution to authorize October 23, 1981, as "Hungarian Freedom Day."

A quarter of a century ago, on October 23, 1956, Hungarian students, workers, intellectuals, and peasants joined in a demonstration to express their views on national policy. They used this occasion to publish demands for independence free elections, and the end of Soviet political and military control and exploitation. The demonstration which had started peacefully was soon ignited by the Hungarian police and Soviet troops causing it to explode into a violent revolution.

The revolutionaries picked up arms for their cause and became known forever as the Hungarian Freedom Fighters. The freedom fighters' unflagging efforts were fueled by their desire to discard the yolk of Soviet despotism and emerge an independent nation.

By October 30, the revolution had succeeded (at least temporarily) and many demands were met. However, on November 1, Soviet military units rolled in to put an end to the new regime. Within days, the Russians crushed the rebellion. Tens of thousands of courageous Hungarians died in the valiant struggle for freedom. Hundreds of thousands were forced to flee.

Their courage and valour has been recognized worldwide. In 1957, Time magazine named the Hungarian Freedom Fighter as "Man of the Year." Time told us that:

> The Man of the Year had many faces, but he was faceless; he had many names but he was not nameless. History would know him by the face, intense, relentless, desperate and determined, that he had worn on the evening of October 23 in the streets of Budapest; history would know him by the name he had chosen for himself during his dauntless contest with Soviet tanks: the Hungarian Freedom Fighters.

In 1956, the Freedom Fighters fought for independence in their native Hungary. But the significance of their struggle is not bounded by time or space—it is man's eternal, universal struggle. The last two lines of a famous Hungarian revoutionary song poetically relates their cry, essentially the same cry heard from all people seeking freedom throughout time. "Long live Hungarian freedom. Long live our homeland."

I commend my friend from Connecticut for his extraordinary leadership in this matter.

The PRESIDING OFFICER. The question is on the third reading of the joint resolution.

The joint resolution was ordered to be read a third time, was read the third time, and passed.

The preamble was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

JOINT REFERRAL OF S. 807

Mr. TOWER. Mr. President, I ask unanimous consent that Calendar No. 170, S. 807, be referred to the Committee on Rules and Administration with instructions that the committee shall restrict its examination to subsections (c) through (f) of 1005 of title I of the bill, and that the committee shall have 20 calendar days in which to report the bill or be discharged from further consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. TOWER. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the nomination reported out of the Judiciary Committee today of Stanford O. Bardwell, Jr., of Louisiana, to be U.S. attorney for the middle district of Louisiana for the term of 4 years.

The PRESIDING OFFICER. Is there objection to the Senator's request? Hearing none, it is so ordered.

DEPARTMENT OF JUSTICE

The legislative clerk read the nomination of Stanford O. Bardwell, Jr., of Louisiana, to be U.S. attorney for the middle district of Louisiana for the term of 4 years.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

Mr. TOWER. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. TOWER. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 9:15 A.M. TOMORROW

Mr. TOWER. Mr. President, there being no further business to come before the Senate, I ask unanimous consent that the Senate stand in recess pursuant to the previous order until 9:15 a.m. tomorrow.

There being no objection, the Senate, at 6:28 p.m., recessed until Wednesday, October 21, 1981, at 9:15 a.m.

NOMINATIONS

Executive nominations received by the Senate October 20, 1981:

THE JUDICIARY

Jesse E. Eschbach, of Indiana, to be U.S. circuit judge for the seventh circuit vice Luther M. Swygert, retired.

John Bailey Jones, of South Dakota, to be U.S. district judge for the district of South Dakota vice Fred J. Nichol, retired.

James C. Cacheris, of Virginia, to be U.S. district judge for the eastern district of Virginia vice a new position created by Public Law 95-486 approved, October 20, 1978.

DEPARTMENT OF JUSTICE

Denny L. Sampson, of Nevada, to be U.S. Marshal for the district of Nevada for the term of 4 years vice Richard J. Dunn, term expired.

IN THE AIR FORCE

The following-named officers for permanent promotion in the U.S. Air Force, in accordance with section 601, title VI, Transition Provisions, Defense Officer Personnel Management Act of 1980, with dates of rank to be determined by the Secretary of the Air Force.

LINE OF THE AIR FORCE

To be major general

Abrahamson, James A., [redacted]
Acker, William P., [redacted]
Ahmann, James H., [redacted]
Armstrong, Spence M., [redacted]
Baginski, James I., [redacted]
Baxter, Walter H., III, [redacted]
Beck, Stanley O., [redacted]
Bedke, Ernest A., [redacted]
Bennett, Donald W., [redacted]
Boverie, Richard T., [redacted]
Bowling, Melvin G., [redacted]
Broadwater, Theodore D., [redacted]
Brown, Bill V., [redacted]
Brown, James L., [redacted]

Brown, James R., xxx-xx-xxxx
Brown, Norma T., xxx-xx-xxxx
Buck, John T., xxx-xx-xxxx
Buckman, Louis C., xxx-xx-xxxx
Burns, Kenneth D., xxx-xx-xxxx
Burpee, Richard A., xxx-xx-xxxx
Campbell, William J., xxx-xx-xxxx
Cathey, Carl H., Jr., xxx-xx-xxxx
Chain, John T., Jr., xxx-xx-xxxx
Chubb, Melvin F., Jr., xxx-xx-xxxx
Eddins, Neil L., xxx-xx-xxxx
Edwards, George A., Jr., xxx-xx-xxxx
Edwards, Jay T., III, xxx-xx-xxxx
Enney, James C., xxx-xx-xxxx
Evans, Donald L., xxx-xx-xxxx
Fulcher, Martin C., xxx-xx-xxxx
Garrison, Lawrence D., xxx-xx-xxxx
Goodall, Harry A., xxx-xx-xxxx
Graham, Irwin P., xxx-xx-xxxx
Gray, David L., xxx-xx-xxxx
Gregory, Jack I., xxx-xx-xxxx
Haeffner, Fred A., xxx-xx-xxxx
Hall, Titus C., xxx-xx-xxxx
Halloran, Patrick J., xxx-xx-xxxx
Hecker, Guy L., Jr., xxx-xx-xxxx
Hendricks, Gerald K., xxx-xx-xxxx
Hoover, William W., xxx-xx-xxxx
Kelley, Robert E., xxx-xx-xxxx
Larson, Doyle E., xxx-xx-xxxx
Light, James E., Jr., xxx-xx-xxxx
Lynch, George C., xxx-xx-xxxx
MacLaren, William G., Jr., xxx-xx-xxxx
Marks, John B., Jr., xxx-xx-xxxx
Marquez, Leo, xxx-xx-xxxx
Marshall, James H., xxx-xx-xxxx
Masterson, William E., xxx-xx-xxxx
Maxson, William B., xxx-xx-xxxx
McCarthy, Robert F., xxx-xx-xxxx
McCartney, Forrest S., xxx-xx-xxxx
McCartney, Keith D., xxx-xx-xxxx
Mohney, Russell E., xxx-xx-xxxx
Morris, Harry A., xxx-xx-xxxx
Nugteren, Cornelius, xxx-xx-xxxx
Palmerton, Leighton R., xxx-xx-xxxx
Patton, Marvin C., xxx-xx-xxxx
Paulk, John R., xxx-xx-xxxx
Payne, Don H., xxx-xx-xxxx
Peek, Kenneth L., Jr., xxx-xx-xxxx
Peterson, Milton R., xxx-xx-xxxx
Pfautz, James C., xxx-xx-xxxx
Pickitt, John L., xxx-xx-xxxx
Piotrowski, John L., xxx-xx-xxxx
Powers, Winston D., xxx-xx-xxxx
Randerson, John T., xxx-xx-xxxx
Reynolds, Marc C., xxx-xx-xxxx
Rider, Graham W., xxx-xx-xxxx
Rogers, Albert G., xxx-xx-xxxx
Rohr, Davis C., xxx-xx-xxxx
Russ, Robert D., xxx-xx-xxxx
Saxer, Richard K., xxx-xx-xxxx
Schrupp, Walter C., xxx-xx-xxxx
Secord, Richard V., xxx-xx-xxxx
Sherman, Stuart H., Jr., xxx-xx-xxxx
Smith, Carl R., xxx-xx-xxxx
Smith, Perry M., xxx-xx-xxxx
Smothermon, James P., xxx-xx-xxxx
Spangrud, Casper T., xxx-xx-xxxx
Taylor, Robert C., xxx-xx-xxxx
Usher, William R., xxx-xx-xxxx
Vojvodich, Mele, Jr., xxx-xx-xxxx
Watkins, Jack L., xxx-xx-xxxx
Whitlatch, Wayne E., xxx-xx-xxxx
Woods, Charles E., xxx-xx-xxxx

CHAPLAIN

Carr, Richard, xxx-xx-xxxx

DENTAL CORPS

Kolodny, Stanley C., xxx-xx-xxxx

MEDICAL CORPS

Bralliar, Max B., xxx-xx-xxxx
Chesney, Murphy A., xxx-xx-xxxx
Ord, John W., xxx-xx-xxxx
Unger, Howard R., xxx-xx-xxxx

LINE OF THE AIR FORCE

To be brigadier general

Abel, Richard F., xxx-xx-xxxx
Aldridge, Donald O., xxx-xx-xxxx
Alexander, Michael H., xxx-xx-xxxx
Alkire, Melvin G., xxx-xx-xxxx
Autery, Clarence R., xxx-xx-xxxx
Babcock, Leon W., Jr., xxx-xx-xxxx
Barnes, Jerome R., Jr., xxx-xx-xxxx
Beckel, Robert D., xxx-xx-xxxx
Beer, Carl N., xxx-xx-xxxx
Bell, Kenneth H., xxx-xx-xxxx
Bishop, Charles E., xxx-xx-xxxx
Boddie, James T., Jr., xxx-xx-xxxx
Bowden, William P., xxx-xx-xxxx
Brandt, Thomas C., xxx-xx-xxxx
Breckner, William J., Jr., xxx-xx-xxxx
Brooks, Elmer T., xxx-xx-xxxx
Brown, Donald D., xxx-xx-xxxx
Brown, Stanford E., xxx-xx-xxxx
Bruno, America P., xxx-xx-xxxx
Budner, John R., xxx-xx-xxxx
Buhrow, Robert E., xxx-xx-xxxx
Buzard, Lyman E., xxx-xx-xxxx
Callaghan, James T., xxx-xx-xxxx
Campbell, Duncan W., xxx-xx-xxxx
Carns, Michael P. C., xxx-xx-xxxx
Casey, Aloysius G., xxx-xx-xxxx
Cassidy, Duane H., xxx-xx-xxxx
Caudry, Robert D., xxx-xx-xxxx
Charles, William M., Jr., xxx-xx-xxxx
Connolly, Joseph H., xxx-xx-xxxx
Constantine, William M., xxx-xx-xxxx
Cooney, Wilson C., xxx-xx-xxxx
Craig, Thomas L., xxx-xx-xxxx
Cunningham, Charles J., Jr., xxx-xx-xxxx
Curtis, Lewis G., xxx-xx-xxxx
Darling, Thomas G., xxx-xx-xxxx
Davis, Milford E., xxx-xx-xxxx
Dever, James C., Jr., xxx-xx-xxxx
Divich, Chris O., xxx-xx-xxxx
Doran, John J., Jr., xxx-xx-xxxx
Doyle, William L., Jr., xxx-xx-xxxx
Dreyer, Christian F., Jr., xxx-xx-xxxx
Dugan, Michael J., xxx-xx-xxxx
Dunwoody, Richard H., xxx-xx-xxxx
Durham, Archer L., xxx-xx-xxxx
Dyer, Pintard M., III, xxx-xx-xxxx
Erickson, Duane H., xxx-xx-xxxx
Ferguson, Alonzo L., xxx-xx-xxxx
Forgan, David W., xxx-xx-xxxx
Geran, Daniel B., xxx-xx-xxxx
Giddings, Edward N., xxx-xx-xxxx
Goodman, Donald W., xxx-xx-xxxx
Gorton, William A., xxx-xx-xxxx
Granger, James I., xxx-xx-xxxx
Griffith, John E., xxx-xx-xxxx
Hamm, Charles R., xxx-xx-xxxx
Hansen, Alfred G., xxx-xx-xxxx
Harbour, Elbert E., xxx-xx-xxxx
Harpe, Winfield S., xxx-xx-xxxx
Hatch, Monroe W., Jr., xxx-xx-xxxx
Heinz, Edward J., xxx-xx-xxxx
Hickey, Thomas J., xxx-xx-xxxx
Hocker, Jesse S., xxx-xx-xxxx
Hodges, Paul H., xxx-xx-xxxx
Hughes, Harley A., xxx-xx-xxxx
Hyde, John P., xxx-xx-xxxx
Ingram, Richard A., xxx-xx-xxxx
Jacobs, Delbert H., xxx-xx-xxxx
Jacobson, Ralph H., xxx-xx-xxxx
Johnson, Hansford T., xxx-xx-xxxx
Jones, James G., xxx-xx-xxxx
Kaehn, Albert J., Jr., xxx-xx-xxxx
Karns, Robert C., xxx-xx-xxxx
Kimsey, Melbourne, xxx-xx-xxxx
Kirk, William L., xxx-xx-xxxx
Lamberson, Donald L., xxx-xx-xxxx
Larson, Gerald D., xxx-xx-xxxx
Lary, Buford D., xxx-xx-xxxx
Lasater, John R., xxx-xx-xxxx
Lenski, Albert J., xxx-xx-xxxx
Litke, Donald P., xxx-xx-xxxx
Lueker, Rano E., xxx-xx-xxxx
Lukens, Leland K., xxx-xx-xxxx
Lustig, Sheldon J., xxx-xx-xxxx
Mall, William J., Jr., xxx-xx-xxxx
Masterson, Gordon P., xxx-xx-xxxx
McCann, Robert I., xxx-xx-xxxx
McCarthy, James P., xxx-xx-xxxx
McCausland, Charles, xxx-xx-xxxx
McInerney, Thomas G., xxx-xx-xxxx
McPeak, Merrill A., xxx-xx-xxxx
Meyer, Richard L., xxx-xx-xxxx
Monahan, George L., Jr., xxx-xx-xxxx
Moore, Joseph D., xxx-xx-xxxx
Morgan, Joe P., xxx-xx-xxxx
Nelson, Michael A., xxx-xx-xxxx
Nichols, David L., xxx-xx-xxxx
Oaks, Robert C., xxx-xx-xxxx
Odgers, Peter W., xxx-xx-xxxx
Overacker, William E., xxx-xx-xxxx
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Perroots, Leonard H., xxx-xx-xxxx
Petty, Robert O., xxx-xx-xxxx
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Collins, John A., xxx-xx-xxxx

JUDGE ADVOCATES

Ginsburg, Gordon A., xxx-xx-xxxx
Lowry, Joseph R., xxx-xx-xxxx
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Doppelt, Fredric F., xxx-xx-xxxx
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Vandenbos, Kermit Q., xxx-xx-xxxx

MEDICAL SERVICE CORPS

Wagner, Donald B., xxx-xx-xxxx

NURSE CORPS

Wells, Sarah P., xxx-xx-xxxx

CONFIRMATION

Executive nomination confirmed by the Senate October 19, 1981:

DEPARTMENT OF JUSTICE

Standford O. Bardwell, Jr., of Louisiana, to be U.S. attorney for the middle district of Louisiana for the term of 4 years.

EXTENSION OF REMARKS

FARMLAND OR WASTELAND: A TIME TO CHOOSE

HON. ED JONES

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. JONES of Tennessee. Mr. Speaker, I take this opportunity today to call the attention of my colleagues to a recent accomplishment by my good friend, Mr. R. Neil Sampson, vice president of the National Association of Conservation Districts. Neil is well-known among those of us who are involved in soil and water conservation legislation and programs, and he no doubt will soon gain nationwide attention with the publication of his new book, "Farmland or Wasteland: A Time To Choose."

Neil's book comes at a very opportune time, as the House is currently considering the Food and Agriculture Act of 1981, which includes a comprehensive package of soil and water conservation initiatives aimed at helping to alleviate many of our major natural resource problems. In his book, Neil has done a remarkable job of researching the serious issues that confront America's agricultural base, and as the title suggests, he has raised the relevant and timely questions of the day.

I recently sponsored a reception to honor Neil and his achievement, and many of you joined us that day and were presented with an autographed copy of "Farmland or Wasteland." Without reservation, I recommend Neil's work to all of you who have an interest in the future of our Nation and its land.

Following is an excellent review of "Farmland or Wasteland" which was authored by Ms. Helene C. Monberg, Washington news correspondent for the Western Resources Wrap-Up:

"Protecting America's farmlands is likely to be the most important land-use issue of the 1980's, from county courthouses all over America to the halls of Congress."—R. Neil Sampson, "Farmland or Wasteland," 9-81.

Our next crisis: loss of good farmland to "buckshot urbanization" and other housing developments, to new water and power projects, strip mining and other developments at a mind-boggling rate.

This is coupled with sheet and rill soil erosion which came to 4 billion tons of displaced soil a year in 1977, according to the Soil Conservation Service (SCS) of the U.S. Department of Agriculture (USDA). "With that kind of (soil) loss each year it would only take 100 years to wash away every single acre of cropland now being farmed in the United States," according to R. Neil Sampson, a professional soil conservationist, in his new book, "Farmland or Wasteland," published by Rodale Books of Emmaus, Pa. It forecasts an emerging crisis in loss of farmland.

"Every hour, about 320 acres of U.S. agricultural land are converted to non-farm uses. Not all of that land is cropland, but about 100 acres are, and another 100-120 acres have the physical capability of being used for cropland. Losing 220 acres of existing and potential cropland an hour means losing over 5,000 acres every day—the equivalent of 23 average Missouri farms. It means an area the size of the average Missouri county every 2.5 months, and the equivalent of the whole state by the year 2000. It means paving over a one-mile-wide strip from New York to California every year," Sampson states in "Farmland or Wasteland."

"Each year we lose the capacity to produce about 2 million tons of corn, worth some $220 million" at the price of $3 a bushel. "This year's losses must be added to last year's losses, and next year's losses will add to both, until the total economic impact from our wasteful land use practices over a few years adds up to an appalling economic toll.

"Cropland is not the only agricultural land that is affected, either, and there are other important agricultural values being lost each day. Nearly 1,500 acres of pastureland and rangeland are converted on an average day, which would, if kept in agricultural use, continue to provide meat, milk, wool and leather. Conservative estimates of the amount of meat production lost from each year's land loss would add up to some 8 million pounds. The future supply of lumber and paper products is likewise diminished, by the conversion of 2,250 acres of forestland each day," Sampson observes in "Farmland or Wasteland."

BUCKSHOT URBANIZATION

In the old days, people moved from farms to towns and cities. Today the trend is the reverse, with many people who aren't farmers moving to rural areas—a trend that Sampson calls "buckshot urbanization," a term originally coined, he says, by Charles E. Little of the American Land Forum. "In the typical (buckshot urbanization) pattern, small spots of growth, many only a few houses in size, grow up in a random pattern thruout the farming region, until the map looks like someone stood back and shot at it with a shotgun. There is little logic to the shape of the growth, except that it will almost always be defined by the system of farm-to-market roads," according to Sampson in "Farmland or Wasteland."

In areas where new residential developments have sprung up, they tend to displace farming entirely, he points out. Research done by the American Land Forum found, for example, "In the Medford Valley in Oregon, a fruit-growing and specialty-crop industry is being threatened by new residential development. In the valleys of New Mexico, irrigated cropland provides not only the resource base for agriculture; it is also the only place for new housing. Most of the surrounding land is in public ownership and not available for purchase. This irrigated land—only 1.3 percent of the land in Santa Fe County, for instance—is going out of agriculture rapidly, and with it, the traditional way of life of the Hispanic community, which is based, in part, on agricultural self-sufficiency."

But under "buckshot urbanization," the displacement of farming takes longer and is more painful, Sampson elaborates in "Farmland or Wasteland." The reason, he explains, is that, without zoning, a conflict develops between the farmers and their new non-farm rural neighbors, who object to noisy farm machinery, the odors from farm barns, feedlots or silage pits, ditch maintenance programs, brush-killing agents on forestland and the like. He cites the concern of foresters in Southern Oregon, where some buckshot urbanization has taken place. "The scattering of homes and other development into remote forest areas has been accompanied by an increase in forest fires. In addition, the influx of new residents and the views they bring as to how the natural resources of the region should be used are affecting the management of the public lands" in Southern Oregon. "Forest Service rangers/must begin to plan timber sales and other resource uses with the desires—and political power—of the new residents, as well as those of the cattlemen and lumber industry in mind" in addition to farmers. "In every instance, no matter who appears the aggrieved party, industry ends up the loser," Sampson states.

Finally, farmers get tired of the hassles and despair about the future of farming in such settings, and productivity of their land starts to suffer, he observes. "There is little incentive to maintain soils, soil conservation practices and structures, barns, drainage and fencing if a farmer is going to sell his land to a land speculator or developer in the near future. . . . With a disproportionate amount of the nation's highest quality cropland lying in proximity to urban areas, the impact of diminished productivity due to a lower level of soil care in these regions is increased. . . . When farmers begin to doubt that farming has a strong economic future in their area, it may not have any future at all," Sampson concludes in "Farmland or Wasteland."

RESERVOIRS, POWER PROJECTS, STRIP MINING

A study carried out by USDA on potential cropland in 1975 indicated about 2.9 million acres of agricultural land each year were being converted to non-farm uses during the period 1967-75. "Nationally, the Soil Conservation Service estimates that about 200,000 acres are being lost to reservoirs each year. Between 1967 and 1975, it was estimated that some 1.5 million acres of prime farmland were lost to reservoir development," Sampson says. Hydro sites are often 25,000 acres in size.

Surface mining, largely for coal, is another user of good farmland, according to Sampson, in "Farmland or Wasteland." "Before 1965, about 3.2 million acres had been surface-mined for all minerals in the United States. Since that time, disturbed land has increased to 4 million acres in 1972, 4.4 million acres in 1974, and 5.7 million acres in 1977. SCS estimates that the current rate of land disturbance due to surface mining now averages about 400,000 acres per year," he says. Much mining does not

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

take place, of course, on land until recently under cultivation, but a fair amount has, particularly in coal-rich Illinois and North Dakota, which also contain prime farmland, he observes. Furthermore, he adds, mining tends to cause a lot of other land disturbance, with the construction of new haul roads, storage areas and other activities which "use half again as much land as is actually mined." Finally, Sampson, a native of the Palouse country in the Panhandle of Idaho also famed for its lead and silver mines, just plain doesn't believe those ads about the high productivity of reclaimed strip-mined land to farming. He doubts man can restore top soil made by nature. "There is far too little experience to know when, and under what conditions, that can be reliably done," he says.

Sampson dwells on power in several aspects in "Farmland or Wasteland." One aspect is on how the energy crunch has run up farmers' costs. Another is how electrical generation and transmission use up land. He cites set-asides for the Antelope Valley generating station in North Dakota, "which needs 600 acres of farmland for its site and will also entail the strip-mining of another 2,000 acres of North Dakota farmland for its fuel," and that's a relatively small operation. He quotes estimates from several sources that it will take another 1.5–2 million acres to site new coal and nuclear power plants, and another 1.5–3 million additional acres to move the energy to consumers via right-of-way set-asides for electrical transmission before year 2000.

Among the states which are facing major losses of their farmland base, by year 2000, according to a USDA 1977 study, were New Mexico, 50 percent, and Utah, 35 percent, Sampson observes. The largest losses are centered in the Northeast and Florida, but the losses in these Western states are particularly serious because of their small private farm base.

TRENDS

Other trends are largely negative insofar as keeping good farmland in the production of present crops and other types of food, according to Sampson. There is much discussion these days about using land to grow crops for energy—such as corn for ethanol to make gasohol—rubber, plastics, plastic additives, coatings and printing inks, adhesives, lubricants, detergents, newsprint and paper, synthetic and natural fibers and waxes. The products listed above have to be imported. If it became a national goal to grow the materials which are the base of such products domestically, SCS estimates it would take about 55 million acres of land, according to Sampson. Much, but not all, of the acreage for these non-food crops would have to idle present food production, Sampson says in "Farmland or Wasteland." Guayule, used in making rubber, and jojoba, used in making lubricants and waxes, can both be grown in deserts, and might be grown in the Southwest, he speculates.

For many reasons, Sampson, with deep roots in farming with irrigation in Northern Idaho, does not see much new acreage being put into irrigation in this country. He sees this as a definite minus to our farmland base, as "irrigated agriculture produced 27 percent of the value of farm crops harvested in 1980 on only 12 percent of the harvested acres." Some additional acreage will go into irrigation, but some presently irrigated land will be idled due to salinity, lowered groundwater tables, and sharp increases in the cost of water and energy to irrigators, Sampson observes. Irrigation water can't compete in price with other uses.

He sees our rural non-federal lands planted in crops dropping by 35 million acres in the period from 1958–77, with 413 million acres currently feeding our people and providing all-important exports. There has been a levelling-off of higher productivity per acre due to the use of fertilizers, pesticides and other chemicals in recent years, he notes. Soil conservation practices work, but all too often laws do not encourage farmers to use them, and a reorganization that cut research away from SCS has hindered its effectiveness, according to Sampson.

Unless we adopt a land ethic and start protecting our farmland base, our food surpluses in this country will turn into scarcities, he warns in "Farmland or Wasteland."●

CAPITAL GAINS EXCLUSION FOR HANDICAPPED ON SALE OF HOME

HON. BERNARD J. DWYER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. DWYER. Mr. Speaker, when the Congress passed the Revenue Act of 1978, it included a provision to grant a one-time exclusion from taxation of up to $100,000 in capital gains taxes to homeowners 55 years of age and older upon the sale of their principal residence. However, there was one important segment of our population not considered for inclusion under this provision—the severely disabled homeowner.

During Senate consideration of the Tax Act of 1981, an amendment was adopted which would have allowed the handicapped the same benefit. However, the provision was later dropped from the bill during the subsequent conference. In my opinion, it was terribly wrong to deny these citizens this small amount of assistance. Just a short time ago, this House passed a bill with tax cuts of over $700 billion during the next 6 years. In it, we saw fit to assist Americans working abroad, we saw fit to help royalty owners against the windfall profit tax, we gave generous increases in the amounts of exemption allowed under the estate and gift tax laws. Recognizing what inflation has done to housing prices, we even raised the $100,000 ceiling on tax exempt capital gains for the sale of a home by the elderly to $125,000. But, somehow, the handicapped did not have a strong enough voice to insure that their interests were kept intact through the conference.

The problems of the handicapped can never truly be known to those of us who have been spared this hardship. It would have cost relatively little to do a great deal of good but we did not take the opportunity when it was available to us. It is for this reason that I have today introduced legislation which would extend the same coverage given the elderly to the handicapped. Perhaps we will have a second chance to correct this omission.●

REPRESENTATIVE SHAW DEPLORES PROPOSAL TO CUT COAST GUARD BUDGET

HON. CLAY E. SHAW, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. SHAW. Mr. Speaker, I rise today in defense of the important needs of our U.S. Coast Guard, a law enforcement agency which might very well be crippled by the Reagan administration's second round of budget cuts. I share the anger and dismay of my constituents in the 12th Congressional District of Florida, who are upset with the administration's proposal to cut $168 million from the Coast Guard budget. They are also upset with a recent vote in this body which rejected the Coast Guard's request for a modest budget increase simply to keep pace with inflation.

The citizens of Florida have been victimized too long by the disgusting effects and consequences of drug smuggling, an underground economy directly responsible for the recent increases in crime in our State. They are fed up.

As it is, the woefully underfunded Coast Guard can only intercept a small fraction—estimated to be 15 percent—of the illegal drugs that pass through the Caribbean. In my opinion, that statistic alone is a solid justification for increasing the budget of the Coast Guard. Instead, we will be considering further reductions. I say this is unacceptable.

When the President announced to the Nation that the Coast Guard would be authorized by the Department of Justice and the White House to begin the interdiction of refugees traveling illegally from Haiti to our shores, he was applauded for his action. Yet, he made no provision for an increase in the Coast Guard resources necessary to accomplish this task.

In times of war, the Coast Guard has played an historic role in defending our shores in national defense. Other branches of the armed services have been granting whopping increases. In addition, the Coast Guard is as crucial to our law enforcement efforts as are the other law enforcement agencies, which were not subjected to the full 12-percent cut. I consider the shabby treatment of our Coast Guard to be an outrage.

Adm. John Hayes, the Commandant of the Coast Guard, testified last week that if the cuts are put into effect, the

Coast Guard will be unable to maintain their vigilant efforts to enforce drug laws. Were this to happen, it would be a tragedy for Florida and a disaster for our Nation. We must not allow the Coast Guard budget to be cut.●

FINDLAY JAYCEES NO. 1 VOLUNTEERS IN OHIO

HON. MICHAEL G. OXLEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. OXLEY. Mr. Speaker, recently, the Findlay, Ohio, chapter of the U.S. Jaycees were rated the No. 1 chapter in the State of Ohio. Since we, in Washington, are now trying to emphasize a "return to voluntarism," I think it is important to recognize groups, such as the Findlay Jaycees, who have always been committed to voluntarism. The 90 members have been generous with their time in developing many programs for youths and victims of cystic fibrosis and muscular dystrophy. They have accomplished results that no Government program could ever hope to achieve.

These short remarks cannot accurately describe their contributions, but I think we can all agree that their generosity—and the generosity of all American volunteers—deserves our sincere commendation and full support.●

RECOGNITION OF CONGRESSMAN FLORIO'S FIGHT FOR EASTERN BLOC FREEDOM

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. GUARINI. Mr. Speaker, the human fight for dignity and freedom in foreign lands is of interest to every freedom-loving American. Our response to oppression and brutality in foreign lands shows our willingness to promote American cherished values.

While I have been in Congress, I have been proud of my association with the Committee for the Absorption of Soviet Emigrees, and my fellow colleague from New Jersey, JAMES J. FLORIO. Congressman FLORIO has been in the forefront of the delegation on the issue of freedom efforts in Eastern Europe. His commitment and efforts in freeing Eastern bloc political prisoners, gaining freedom to emigrate for individuals, and publicizing the plight of those in Communist countries have put him in a leadership role in Congress on this important issue.

In recognition of his outstanding efforts on behalf of Eastern bloc people seeking freedom, the Committee for the Absorption of Soviet Emigrees has appointed Congressman FLORIO as an honorary board member of the C.A.S.E. Museum of Unofficial Art.

The Committee for the Absorption of Soviet Emigrees is based in my district at 80 Grand Street in Jersey City. Its own outstanding contribution to the resettlement of Soviet emigrees and other efforts on their behalf should go recognized. The appointment of Congressman FLORIO to this esteemed organization's board is a direct example of the effectiveness of his efforts.

Included below is the proclamation of Arthur A. Goldberg, chairman of C.A.S.E., accepting Mr. FLORIO's appointment.

COMMITTEE FOR THE ABSORPTION OF SOVIET EMIGREES

Whereas, Congressman James J. Florio has requested membership on the Honorary Board of the C.A.S.E. Museum of Soviet Unofficial Art and in so doing recognizes, as did the Washington Star, that "the most striking aspect of this Museum is what its contents reveal about the infinity of ways there are to portray oppression and inner resistance to oppression"; and,

Whereas, Congressman Florio has a long history of involvement in Eastern European freedom efforts, including his previous service as a member of the "Alexander Ginzburg Defense Committee"—helping secure Mr. Ginzburg's ultimate release from Soviet imprisonment; and,

Whereas, Mr. Ginzburg is now Co-Chairman of C.A.S.E. and as such has proposed the addition of Congressman James J. Florio to the Museum Honorary Board of Directors; and,

Whereas, By accepting such designation, Congressman Florio acknowledges that this Museum represents an artistic tribute to the staying power of the human spirit under pressure.

Now, Therefore, be it known that I, Arthur Abba Goldberg, Chairman of C.A.S.E. and its Museum of Soviet Unofficial Art, am authorized to accept Congressman Florio as an Honorary Board member of the C.A.S.E. Museum of Soviet Unofficial Art.●

GEORGE MEASER INSTALLED AS PRESIDENT OF NATIONAL NEWSPAPER ASSOCIATION

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. KEMP. Mr. Speaker, Thomas Jefferson once said that the newspaper is "the best instrument for enlightening the mind of man and improving him as a rational, moral, and social being." I take great pleasure in reporting that this great American institution has just announced a worthy new leader: On October 2, 1981, the National Newspaper Association installed a good friend of mine, George J. Measer, as its president.

As publisher of Bee Publications in Amherst, N.Y., George has compiled an extraordinary record of community service and professional excellence. The Amherst Bee, one of six weekly papers he publishes, has consistently earned prizes for its outstanding editorials and reporting. George himself is a recipient of numerous awards for his contribution to western New York and to the Nation as a whole, and in 1980 served as a representative to the White House Conference on Small Business.

I am thrilled to see George elevated to the presidency of the National Newspaper Association, and I know he will serve with great distinction. I recommend the following article from the Depew Herald to my colleagues so they can learn more about the impressive achievement of George Measer:

[From the Depew Herald, Oct 1, 1981]

NATIONAL NEWSPAPER ASSOCIATION WILL INSTALL MEASER AS PRESIDENT

George J. Measer, publisher of Bee Publications and a resident of Williamsville, will be installed president of the National Newspaper Association (NNA) Friday evening, Oct. 2, during the organization's convention and trade show in the Sheraton Hotel, Boston, Mass.

To be president of the NNA is the highest honor that can be bestowed upon a weekly newspaper publisher. The NNA represents about 6,000 small daily and weekly newspapers throughout the United States. It maintains offices in Washington, D.C. Its main purpose is legislative with particular emphasis on postal laws as they pertain to the newspaper industry.

Being elevated to the office of president climaxes many years of service to NNA by Mr. Measer. He has been a director for eight years and chairman of numerous national committees.

As publisher of six weekly newspapers, Mr. Measer is one of the most influential newspapermen in New York State. Bee Publications consists of the highly respected Amherst Bee, which is in its 102nd year of continuous publication, The Clarence Bee, The Lancaster Enterprise, The Depew Herald, The Cheektowaga Bee and the newest Bee newspaper, The West Seneca Bee, which has grown to a circulation of 3,700 in less than a year.

The Amherst Bee was judged best newspaper in New York State, appropriately in 1979—its 100th anniversary year. The Amherst newspaper also has been a consistent winner of New York Press Association awards.

And, also in its 100th year, The Bee was judged second place winner for having the best editorial page among newspapers of more than 8,000 circulation. The Bee also won the top award for best reporting on local government.

Bee Publications also publishes The Suburban Bee, free distribution tabloid shopper, which reaches every home in the Town of Amherst. Bee Publications is a commercial printer producing quality printing for a variety of business and commercial organizations throughout the area.

Mr. Measer will be taking over the reigns of the NNA well qualified for the position. He is a member of the Suburban Newspapers of America, past president of the New York Press Association, past president of the Western New York Publishers Associa-

tion, and past director of Sigma Delta Chi, Greater Buffalo Chapter.

He has been a National Newspaper Foundation lecturer and is a graduate of the American Press Institute. He was, in 1980, Rep. Jack Kemp's representative to the White House Conference on Small Business.

He is a former member of the Council of the State University of New York at Buffalo, Citizens Advisory Council, SUNYAB; trustee, Daemen College and Journalism Council, St. Bonaventure University.

Mr. Measer has won many awards, among them the Amherst Senior Citizens Brotherhood Award, Amherst Chamber of Commerce VIP Award, Daemen College's President's Award, Williamsville Village Board's Distinguished Service Award and the University of Buffalo Alumni Association Walter P. Cooke Award presented to a nonalumnus for Distinguished Service to the State University of New York at Buffalo.●

A CONGRESSIONAL MEDAL FOR LOUIS L'AMOUR

HON. BYRON L. DORGAN

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. DORGAN of North Dakota. Mr. Speaker, I rise in support of H.R. 4647, a resolution to honor an American who has labored for decades to keep the pioneer flame burning for millions across our land and around the world—writer and storyteller Louis L'Amour.

Louis L'Amour has lived the tradition of the wandering minstrel, telling not of the great and powerful who swashbuckle through our Nation's past, but of the men and women who struggled unknown and who left America better than they found it.

He left his home in the heart of North Dakota at 15 to explore the world. He traveled in the Orient and Tibet, sailed in the Indian Ocean; he worked at everything from lumberjacking to cowpunching to handling elephants in a circus, eventually returning to this country to box professionally. No doubt the North Dakota pioneer spirit, the defiance of adversity, still burned within him, as he won 51 of 55 light heavyweight bouts.

He served his country with distinction in the Second World War, emerging with the rank of first lieutenant, and a reputation for keeping his troops' spirits high with his tales and yarns. After the war, at the urging of a fellow soldier, he began to put those stories in writing.

From his days of travel and adventure, Louis L'Amour came to admire the lone cowboy who helped settle the West. Today, others can share that discovery, through the 110 million copies of nearly 80 books that are available in over a dozen languages.

Louis L'Amour's novels are set in a time when decisions were less complex than today. The Western pioneers struggled not against unseen demons like inflation and interest rates, but live, tangible ones. In L'Amour's own words, it was a struggle between "them that come to build, and them that come to get rich and get out." The battles were against the marauding bandits, ruthless cattle barons, the violent storms that blew up out of nowhere to devastate crops and the months of labor the people had put into the land.

His hero is the one who appears from nowhere to help the farmer replant, the town rebuild, and then moves on. Who is he? Not a masked man with silver bullets, no rhinestones, or sidekicks for comic relief. Just a man, who lives by his wits and his duty to nature and his fellow pioneers. He is a man who gives more than he takes. His legacy is a code of honor and a love for the land and its people.

The hero moves on, his work is done, but his spirit lives on in the builders and forgers of a new town in the wilderness, of the promise of a better life.

In these days in which greed and self-seeking frequently are glorified as good, in which cost-benefit analysis sometimes becomes a god, we need more of the selflessness and generosity of spirit which Louis L'Amour's characters portray.

He is acclaimed for his attention to detail, giving the reader the sights and sounds and colors of the West exactly as it was. From his library of over 8,000 volumes of diaries, letters, maps, and family histories, he extracts everything he can to bring these stories to the world. He says:

> I feel like a midwife to a thousand stories that have to be told and never would be unless I told them . . . not the lives of generals and public men, but all those people buried in anonymous graves who suffered to build the country. I hope someday people will look at me and realize what I did.

We cannot present congressional medals to the valiant Americans who lie buried forgotten and unknown. Therefore I urge Congress to do the next best thing: Grant one to the man who tells their story. The man who keeps alive the pioneer spirit of strength and selflessness, courage and love, who celebrates what is best in ourselves. Louis L'Amour.●

TRIBUTE TO ROBERT B. SHANKS

HON. BOB McEWEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. McEWEN. Mr. Speaker, one of the outstanding residents of the Sixth Congressional District of Ohio recently retired from his positions as organization director of the Highland County Farm Bureau and as advertising and promotion manager for Highland Landmark, Inc. I would not want this occasion to pass without expressing my admiration for and my appreciation of Robert B. Shanks of Hillsboro, Ohio.

Mr. Shanks is well known for his knowledge of agricultural matters and his expertise in developing programs and leadership. During his career he has held various positions in both staff and management capacities and for the past 36 years has served as senior organization director of the Ohio Farm Bureau.

Mr. Speaker, in addition to his contributions to agriculture, Mr. Shanks has also been extremely active in religious and civic affairs. He has served as chairman of the finance committee of Leesburg Friends Church, has been an active member of many civic organizations, including the Rotary Club, the Century Club, the Masons, and the American Cancer Society, and has served as an officer of a number of other organizations dedicated to improving the community and providing needed services and assistance to its residents.

Mr. Shanks is one of the most respected and highly regarded residents of Highland County, and I would like to take this opportunity to express the appreciation of the people of the area for his many contributions to the community over the years and to wish him continued success and happiness in his retirement years.●

SADAT: A MAN OF VISION: SOL LINOWITZ'S REFLECTIONS

HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. ZABLOCKI. Mr. Speaker, despite the tragedy that brought us together for hours of airplane flight several weeks ago, it was indeed a privilege for me to travel to the funeral of President Anwar Sadat in the company of three former Presidents of the United States: Richard M. Nixon, Gerald R. Ford, and Jimmy Carter. Their coming together at this sad moment in history was in itself an historic event and I was honored to be a part of it.

Also accompanying the U.S. delegation that traveled to Cairo was the Honorable Sol Linowitz. Ambassador Linowitz, appreciated for his own dedicated service on behalf of peace in the Middle East, added to the distinguished observance that President Sadat's death deserved.

In the course of Ambassador Linowitz's intense negotiations on the autonomy issue relating to the Camp David accords, he was afforded many opportunities to learn of President Sadat in his more quiet and contem-

plative moments. For this reason, his recent reflections in the Los Angeles Times deserve our attention. I therefore ask unanimous consent that Ambassador Linowitz's remarks be included in the RECORD at this point.

MEMORIES: A MAN OF VISION

(By Sol M. Linowitz)

Anwar Sadat was the irreplaceable man of our time. He was a man of deep faith and unshakable commitment to peace. To be with Sadat was to be with a man who always seemed serene and at ease with himself—confident of his intuitive judgment and bolstered by his religious commitment.

I remember my first visit with Sadat at his home outside Cairo. He greeted me warmly and took me into his study. Relaxed and apparently without any sense of schedule, he talked with me for several hours. I knew that an important foreign delegation was awaiting him in the anteroom, but he never gave any indication that he was aware of another appointment.

I noted with interest that, six minutes after he and I began talking, he was calling me "Sol." Thereafter, in our subsequent conversations and in his meetings with the press, he aways referred to me as "my dear friend Sol." And I always felt that he meant it—that his friendship was real.

Friendship was for Sadat a very important quality. I was with him a day or two after the shah had arrived in Egypt, and I said to him: "It must have been a very difficult decision for you to make—to decide to invite the shah, knowing that it might cause some real repercussions." Sadat stopped and said to me, with indignation, "Difficult? Why should it be difficult to decide how to treat a friend? For me there was no difficulty."

Above all, Sadat showed himself as a leader in the effort to find peace in the Middle East. Committed to Camp David, he was determined to move forward resolutely to carry out the provisions of the accords, often deriding those raising questions about his leadership. He was supremely confident that, in due course, other Arab leaders would join him in supporting Camp David.

Sadat was truly committed to help the Palestinians achieve full autonomy, and seemed confident that one day this would be accomplished. He had a feeling of respect and real liking for Prime Minister Menachem Begin of Israel, but he also became impatient and sometimes deeply annoyed at what he regarded as Begin's unwillingness to take steps that might move them closer to an agreement.

He did, however, understand Begin's problems. On one occasion, when I was discussing my forthcoming visit to see Begin in Israel, Sadat suggested that I talk to him about Jerusalem, and then he added: "But approach it very carefully, because with him it is a very, very sensitive subject."

Anwar Sadat towered over the Egyptian landscape, but he knew that not everyone in his government was in agreement with him on his policies. As a realist, he also knew that he lived in a world in which one force must be balanced against another, and he had the politician's sure instinct for the act or word that might create the effect he wanted. He played his role on the world stage with consummate skill, knowing that, when he was center stage, his country would also be a focal point of attention and of world concern.

Sadat was a man of vision whose reactions seemed to be instinctive and visceral rather than the result of long contemplation. He walked sure-footedly to the beat of his own drummer. Once I cautiously asked him if he would be willing to approve a statement I had prepared to be issued by him and Begin. After I read it, he immediately said, "I'll do it." I was taken aback, because I thought an argument would be necessary, and I told him so. He said, "There is nothing to argue about. Everyone else in my government will disagree with me, but I believe it is right, and we will do it."

That, more than anything else, characterized the Anwar Sadat I knew.●

PARE LORENTZ—MASTER DOCUMENTARY FILMMAKER

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. OTTINGER. Mr. Speaker, I rise to bring to the attention of my colleagues a great honor that was bestowed upon one of my most distinguished constituents, Mr. Pare Lorentz, by the Academy of Motion Picture Arts and Sciences. Mr. Lorentz, a master documentary filmmaker, was the subject of a special salute by the Academy earlier this month.

In the depths of the Great Depression, the U.S. Government decided to produce a series of films about the severe problems facing our Nation. Mr. Lorentz, a young film critic from New York, was selected to head this project with a miniscule initial budget of $6,000. His first film, "The Plow That Broke the Plains," a moving account of the Dust Bowl, is considered as a milestone in the development of the American documentary.

Mr. Lorentz followed his first film with "The River," the history of the Mississippi River basin and the effect of the Tennessee Valley Authority on the area. This film also received great public and critical acclaim.

As a result of the success of these films, and due to Mr. Lorentz' remarkable talents, President Franklin D. Roosevelt established the U.S. Film Service in 1938 under Mr. Lorentz' direction.

Mr. Lorentz established new film techniques and set new standards in his documentaries. He is today considered one of the greatest pioneers of the documentary film. Clearly, Mr. Lorentz has demonstrated that the documentary can be a powerful tool in achieving social change and has had an everlasting impact on the genre of documentary film.

Mr. Speaker, I might add that Mr. Lorentz' talents are not confined solely to filmmaking. He has spent 10 years, from 1947 to 1957, working on a chronicle of the life of President Roosevelt—a magnificent manuscript reflecting Mr. Lorentz talents and devotion as a historian. Indeed, it has been my pleasure to work closely with Mr. Lorentz with respect to the passage of House Joint Resolution 221, providing for the commemoration of the 100th anniversary of the birth of President Roosevelt. I would like to take this opportunity to urge my colleagues to join me in supporting this important resolution, so that we may have a fitting commemoration of the birth of one of our greatest Presidents.●

THE ECONOMIC DELUSIONS OF FOREIGN AID

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. MICHEL. Mr. Speaker, for many years now we have been subjected to the harangues of self-proclaimed "foreign-aid experts," telling us that the United States and the Western World is guilty because the Third World has economic problems. We have also heard that overpopulation results in poverty and starvation. We have also heard that what the Third World needs is more foreign aid and more economic planning.

The only problem with all of their advice is that it has absolutely no connection to reality. In a recent book review published in the New York Times Book Review, the distinguished economist Thomas Sowell shows how two new books annihilate the myths that have grown concerning poverty and the Third World.

At this point I insert in the RECORD, "Man and Capital" by Thomas Sowell, a review of "Equality, The Third World and Economic Delusion," by P. T. Bauer, and "Investing in People," by Theodore W. Schultz, published in the New York Times Book Review, Sunday, October 18, 1981.

MAN AND CAPITAL

(By Thomas Sowell)

It is an embarrassing commentary on the state of economics that two internationally renowned economists from leading institutions of the world should have to write books on the very basics of economics—and that these books should be controversial.

Prof. P. T. Bauer of the London School of Economics presents a lengthy, learned and feisty demolition of the fashionable alarms and arbitrary presuppositions that constitute much of what is called "development economics" as applied to the third world. Prof. Theodore W. Schultz, Nobel laureate from the University of Chicago, writes in a briefer, more low-key manner about investing in human capital—health, education, skills and business abilities. Much of Mr. Schultz's small book also deals with the poor countries of the world, and he too finds it necessary to dispel many economic myths propagated for years by so-called development agencies such as the World Bank. Both books are written in language readily understandable by laymen—a rarity among economists.

These books challenge—indeed, annihilate—the overpopulation hysteria and

expose the intellectual emptiness and practical disasters of the "foreign aid" establishment. Mr. Bauer speaks of studies by the World Bank "which are riddled with simple violations of commonsense, fact and logic," and he demonstrates these lapses in detail. Mr. Schultz points out that "falsified bad news" serves to win financial support for international aid agencies. He too cites chapter and verse.

Mr. Bauer and Mr. Schultz both see the difference between their conclusions and those they attack as stemming from fundamentally different visions of man and the world. This is an important insight that applies much more broadly to economic and political differences in general. Unfortunately, many of those on the other side see themselves as fighting for justice against the forces of evil.

In the popular vision behind much discussion of the third world, differences in income between poor and rich nations result from differences in nature's bounty or because the poor have been victims of the rich in one way or another. In either case, third-world peoples are seen as passive victims who must be rescued. The various processes for rescuing them typically involve channeling vast sums of money through the hands of those who propagate this vision—notably the foreign aid institutions and "experts" associated with them, who thus acquire power, affluence, visibility and apparent importance. They, in turn, are drawn to their counterparts in the third world, westernized intellectuals and politicians who share the same vision and the same drive to mold their own peoples to some grand design.

Neither Mr. Bauer nor Mr. Schultz accepts the presuppositions underlying this vision. They see large differences in economic performance as no more surprising than large differences in language customs, or history. Moreover, both economist have a fundamental appreciation of the extremely narrow choices open to many third-world peoples, and they share a respect for the intelligence of these people in choosing as they do and in making advances that enlarge the options available to them and their children. Neither outside "experts" nor domestic messiahs play a large role—except as impediments to progress and threats to freedom.

Mr. Schultz points out that nearly half the wheat being grown in the third world today is a high-yield variety introduced in the past 20 years. Although planting this new grain involved risks and changes in farming techniques, great numbers of third-world peasants have successfully made the changes. For Mr. Schultz this is evidence of the "ability of farmers in low-income countries to perceive, interpret, and respond to new events." He rejects the stereotype of third-world farmers as mere creatures of habit who have to be directed by government planners or foreign "experts." On the contrary, he sees many of the problems of third-world agriculture as resulting from excessive and misguided interference by people who are often under the influence of international aid agencies.

Perhaps the greatest bugaboo in discussions of third-world poverty is the "overpopulation" theory (or hysteria). Despite the pervasiveness of this theory, there is no credible evidence to support it, and much evidence against it. Statistics dating back to the time of Malthus have generally shown the food supply increasing faster than the population. Rhetoric going back to Malthus has generally said the opposite. It is regrettable that neither Mr. Bauer nor Mr. Schultz presents much of this data, for the hard facts devastate the rhetoric, extrapolations and insinuations that largely make up the "overpopulation" literature. Mr. Bauer does point out that famines have little to do with the world food supply, but much to do with localized and episodic disruptions of food production and distribution channels. He notes also that "famines and food shortages occur mostly in sparsely populated subsistence economies with abundant land." Such densely populated places as Japan and Taiwan have no famines.

Prosperous Japan has more people per square mile than poverty-stricken India. So does much of western Europe. If you count only arable land, Japan is at even more of a disadvantage compared to India. There are about the same number of Americans per square mile as there are Ethiopians, even though the former are largely overweight and the latter are starving. Some of the poorest parts of South America and Southeast Asia contain vast areas of uncultivated land that are fertile enough to support dense jungles.

There are very serious economic and social problems in the third world, including sporadic famines. But they are not going to be solved by misstating the causes or by promoting the institutional interests of aid agencies. Human capital is the key to economic development, and to both international and domestic differences in material prosperity. This is the theme evident from the title of "Investing in People," and it is also a major part of the message of "Equality, the Third World, and Economic Delusion." Both books recognize that there is great human capital in the poor countries. But both also see that the application of the existing human capital in the third world is severely impeded in many ways by political policies.

For example, political persecutions of high entrepreneurial minorities—the Chinese in Southeast Asia, the East Indians in Africa, the Ibos in Nigeria—deprive many poor nations of desperately needed economic talents. Contempt for peasants and paranoia about multinational corporations cut off other sources of human capital. Counterproductive policies such as these are often central to despotic, corrupt, or incompetent governments, some of them propped up by foreign aid.

The problems are compounded by grandiose "planning" schemes that seldom work. Mr. Schultz points out the projects of international aid agencies in Africa have an almost unbroken record of economic failure. But foreign aid is a great political success in the West, in the sense that any criticism of it brands you as a moral leper, "insensitive" to the suffering of the poor. By sheer repetition, it has become axiomatic that this is the best—or only—way to advance third-world peoples. However, Hong Kong and Singapore have grown rapidly and have achieved the highest standards of living in Southeastern Asia, without aid, without grand designs of economic planning, without natural resources, and with population densities far in excess of those of India, not to mention such sparsely populated and desperately poor countries as those in sub-Saharan Africa.

Each of these books is a rich mine of information, and must be read by anyone who wants to think seriously about poverty and progress, domestically or internationally.●

THE COMMERCIAL BUSINESS ENERGY TAX CREDIT ACT

HON. JAMES M. JEFFORDS

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. JEFFORDS. Mr. Speaker, today I am introducing the Commercial Business Energy Tax Credit Act. Senator DURENBERGER has introduced a similar bill in the other body. This tax credit legislation would equalize some of the imbalances in tax credits created by regulations promulgated under the Windfall Profit Tax Act and would make energy tax credits available to a much wider group of businesses.

The two primary problems with the energy conservation tax credit portions of the Windfall Profit Tax Act are that the language used only specifies tax credit properties characteristic of heavy industry and it leaves the definition of "commercial" open to interpretation. The properties which are now eligible for tax credits are those used almost exclusively by manufacturers. Further, in enforcing current regulations, the Treasury Department has interpreted "commercial" to mean "manufacturer." Thus, energy tax credits for business presently apply only to manufacturers and not to other groups such as retailers and other commercial outlets. Existing law neglects the fact that retailers and others are extremely important to the economies of many States like Vermont which do not have a great amount of heavy industry.

Because of the deficiencies in current business energy tax credits, many retailers are unable to make needed improvements on their buildings which would greatly enhance conservation efforts. The Commercial Business Energy Tax Credit Act of 1981 is intended to rectify this imbalance. It both specifies additional properties available for tax credits in the commercial sector, including many used by retailers, and it redefines "commercial" to include "retail."

Such a change in current tax credit regulation would transform an imbalanced tax credit policy into a device which would encourage conservation among more businesses. Experience in Vermont and the rest of New England has shown that conservation is an immediate and effective source of energy. Tax credits have gone a long way in helping individuals with conservation improvements. With the proposed changes in energy tax credit policy, retailers and others would have more incentive to conserve energy, reducing further our dependence on oil.

At a time when we are giving enormous tax breaks to oil companies, it is foolish not to give breaks for conserva-

tion efforts, a source of energy which is immediate.●

TOTAL CORPORATE RESPONSIBILITY IN THE 1980'S

HON. JAMES T. BROYHILL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. BROYHILL. Mr. Speaker, the following address was given at the University of North Carolinia at Charlotte by Mr. Willard C. Butcher, chairman of the Chase Manhattan Bank. Entitled "Total Corporate Responsibility in the 80's," the remarks clearly point out that corporations do have specific responsibilities and duties in society.

I trust my colleagues will find the following comments by Mr. Butcher to be of interest:

TOTAL CORPORATE RESPONSIBILITY IN THE 80'S

Good afternoon. I was delighted to receive your invitation to participate in the "Alumni Distinguished Lecture Series." But I accepted so quickly, I forgot to ask whether the alumni audience or the lecture is supposed to be distinguished. I'm relieved, as I look out over this illustrious gathering, that it's the audience you meant. Since, therefore, my lecture need not be distinguished, I would like to give you a straight-from-the-shoulder talk, which I have titled "Total Corporate Responsibility."

The title means simply that the full obligations of corporate citizenship—like individual citizenship—cannot be discharged merely by presenting a fat check to someone's favorite philanthropy. Responsible citizenship is more demanding and far-reaching than that.

All rights carry corresponding duties, and there are no benefits without obligations. That includes the benefits of citizenship. It's a legal fact that a corporation has a "personality and existence distinct from its individual members." That means a company not only has rights and privileges like an individual person, but also responsibilities and duties. Any person who claims his rights but shuns his responsibilities fails to contribute to the betterment of mankind and therefore, has no claim on the respect of mankind. I believe the same holds true for corporations.

And while there are some who still argue that a corporation should not concern itself with the needs of society and should, in fact, be prevented from contributing to help meet those needs—I am not one of them.

I believe, corporations do, indeed, have obligations. And today I'd like to focus on what I think those obligations are. Specifically, I'll cover three things: (1) how I believe a company should conduct itself in responsibly running its business, (2) how it can apply its special expertise in a programmatic way to aid its community and (3) how it can contribute philanthropically to the betterment of society.

Let me start, however, by clearing away some recent confusion about one obligation that corporations do not have.

We do not, in my opinion, have a major role to play in saving all the broad social support programs that are jeopardized by the Administration's budget cuts. Clearly, there are some programs that deserve more corporate support, and I'll have more to say on these later. But I want to make it clear that pie-in-the-sky proposals about a massive corporate rescue mission are raising a lot of false hopes.

The whole rationale for reducing Federal spending and easing the tax burden is to redirect more of our national wealth from immediate consumption into investment that will increase future production. If business were to redistribute its limited investment funds back into social programs for consumption again, nothing would be gained.

Those who are ready to bury the Administration's economic recovery program—after all of two weeks in operation—should be reminded that the problems President Reagan is attacking resulted from a legislative bias that has accumulated over the last 50 years—and accelerated in the form of "Great Society" entitlement programs about 15 years ago. These broad-based, open-ended, public expenditures ballooned so fast that they brought our government into fiscal disrepute which, unless reversed, could lead to financial embarrassment and, I would contend, moral bankruptcy.

The damage done to our free enterprise system by the accumulation of broad, socialistic benefit programs is an adequate reason for business to examine very carefully any that seek our support. But there also is a more pointed reason—namely, that many of these benefit programs have been of doubtful benefit to the recipients.

If you don't believe that you might consider the plight of several species of birds that have been dying off in our country. Carolina wrens, Illinois mockingbirds, and Midwest Downy Woodpeckers are three that come to mind. Why are they dying? Because so many people put out birdseed in the fall, that the birds feel no need to go through a long, strenuous migration to get food. They get hooked on handouts, until the feeders are empty or a harsh winter kills them off. Once a bird thinks that it's found a steady source of free sustenance, it quits trying to provide for itself.

Now, I'm not implying here that all of our social programs are "for the birds," but I do think we must prove ourselves smarter than our feathered friends and seize this moment to figure out what's gone wrong with our social programs over the years.

While every civilized society is obligated to provide for those unable to provide for themselves—no society, in my view, is justified in deliberately creating a benefit—dependent class. . . Perpetuating it from generation to generation . . . and then encouraging its bloat, by means both legitimate and illegitimate. Yet, that is exactly what has happened in America.

Instead of a safety net to catch Americans who fall through the cracks and need a helping hand to get back on their feet, we have created a tightly woven security blanket of support and assistance that helps destroy personal initiative.

According to the Commerce Department, Federal transfer payments grew by an unconscionable 419 percent between 1968 and 1980! Yet the official poverty class remained constant at around 25 million Americans. Since cash income was counted in determining who was entitled to most benefits, there was no real incentive for beneficiaries to improve their cash income. And dependence on these benefits increased.

I don't believe that the government—much less the private sector—should support any program that encourages dependence and discourages initiative.

There is no "philanthropy" in such programs. In my view, it is not an expression of goodwill toward one's fellow men to deprive them of the motivation to strive for financial independence and self-respect. On the other hand, it is genuine philanthropy to provide opportunities, tools and encouragement to those who are willing to make the effort.

Now, having explained what business cannot and I think should not do, let me turn to the ways in which corporations can and should contribute to the betterment of mankind.

Here, I am talking about what has become known generally as "corporate responsibility" or, put another way, the responsible management of corporate resources. And the bottom line of responsible management is to run a business properly and profitably. Indeed, if a business is not profitable . . . if a company squanders its corporate assets or wastes its resources . . . then it will never possess the ability to contribute meaningfully to society's improvement. As Winston Churchill once put it. "Profits aren't obscene—losses are." And the first obligation of any management intent on running a responsible corporation is to earn an adequate profit.

By the same token, management also has an obligation to provide a needed product or service at a fair price and to deliver it—as promised. By that I mean producing the very best quality product we can. So that when we advertise it forthrightly and sell it at a fair price—we end up with a satisfied customer.

This doesn't mean management should be considered immune from making mistakes. Even the best management will. Occasionally, make an error. But when it does, it will move quickly and decisively to correct itself. Such was the case recently when Proctor & Gamble removed its Rely tampon from the market, when the product was linked to toxic shock syndrome. P&G's action was the responsible thing to do and, in the long run, should augur well for the corporation's enhanced reputation and increased profitability.

Companies also have a front-line responsibility to their own employees. They must assure workers of equal opportunities to advance based solely on merit, maintain a safe and healthy workplace, and avoid infringing on rights to personal privacy and free expression. A company must also offer workers the opportunity to increase their real rewards through the vehicle of increased productivity. Indeed, to increase wages without increased productivity is the height of irresponsibility in that it only helps fuel inflation.

Corporate responsibility to the immediate community and to the general society is another clear obligation of the corporation.

Here, I believe companies must apply what I call a "programmatic approach" to community involvement. This goes deeper than digging into one's corporate pocketbook and coming up with cash. It means offering corporate time and talent—both full and part-time support—in a programmatic way to areas like municipal financing, school boards, pollution control, public recreation and the like.

A dollar is a dollar—from whatever source. But when companies provide direct, in-kind support, they have an opportunity to draw on their special skills and resources and beam their assistance to add an extra di-

mension to the group supported. For example, as a bank, we might provide financial counseling to a minority business or a community development project. But for guidance in a drug abuse clinic, a chemical or pharmaceutical firm could be more useful. This is what I mean by a more "programmatic approach" to corporate giving. And there has never been a greater need or a greater opportunity for business to customize and gear up this kind of support to a higher level.

I've reserved till last my specific comments on what is traditionally called "corporate philanthropy"—direct financial gifts, grants and contributions to non-profit agencies. There are some 300,000 such agencies in the U.S. today. They face a kind of Darwinian thinning-out process, as a result of Federal budget cuts. The fittest will survive. Those that are redundant, mismanaged, balkanized. or hopelessly unrealistic will have a harder time of it. They are undergoing a kind of market discipline that we in the business sector have always understood and dealth with. This will no doubt be a painful process but I think, in the end, will be a healthy thing.

The responsibility of business in this process is not to save the programs that perpetuate dependence, but again to support those that help build the future potential of our people and the future quality of life of our society.

Worthwhile agencies that promote culture, education, training, retraining, rehabilitation. economic revitalization of neighborhoods and urban communities deserve all the support we can muster; for their good and ours.

And it is in this area of corporate philanthropy that I think, frankly, we in American industry have not been doing enough and simply must do more.

The low level of overall corporate giving is frankly, appalling. Fewer than 30 percent of all corporations in America today make any charitable contributions at all. And only 6 percent give more than $500 a year. That means 94 percent of the nation's corporations cannot even dig up a dollar and a half a day for charity in their own self-interest. Unless we in business do a good deal better than that, we will have no right to complain when our critics regain the upper hand . . . when the chickens come home to roost.

Every corporation is free, of course, to set its own level of contributions and pick the best time and most appropriate recipients for them. At Chase, our board recently approved a three-step increase in the percentage of after-tax earnings that we can give, which will bring us to a 2 percent level in 1983—well above the average contributed by all corporations.

We currently contribute almost $7 million a year—which ranks us with the top 100 U.S. foundations. We divide the monies into eight major categories, including education, culture, employment and youth groups, economic development, and public policy research. This year, we've funded groups ranging from The Boy's Choir of Harlem to the New York Public Library . . . from the American Enterprise Institute to the American Women's Economic Development Corporation.

To ensure the efficacy of our system, philanthropic monies are managed by a Corporate Responsibility Committee made up of 20 officers, including the most senior in the bank. Next month, the Committee will meet to consider the percentage of funds each philanthropic category should receive in 1982.

I would fervently hope that many other companies step up to this particular challenge—of stepping up as well the level of their philanthropic giving. This is especially critical . . . especially visible . . . in these days of refocused fiscal austerity in our nation.

These, then, are several major areas in which I think corporations have obligations to society. I would only add that most of these obligations demand the direct involvement and personal attention of the Chief Executive Officer. CEO involvement sends the right signals to the organization, to the community, and to the public-at-large that corporate responsibility is real, substantial, and of sincere concern to corporate management.

I can tell you from my own involvements that the educational value flows both ways. It's a broadening experience to get out of the board room and take the virtues and vitality of free enterprise into the community—(and sometimes even into the classroom).

One of my own involvements is raising money for Lincoln Center. I'm sometimes asked how a hard-line free-enterpriser got sidetracked into supporting the arts. Well, aside from a lifelong addiction to good music and the performing arts, I have no trouble with twisting a few arms for this particular cause. I simply ask people to consider the total economic benefit generated for the city by the concert halls, theaters, restaurants, hotels and other businesses that have sprung up and flourished around the Lincoln Center complex.

You may have heard the saying, popular some years ago, that the trouble with a corporation is that it has no heart to be touched and no rear end to be kicked. Times though have changed. (In fact, I'm sure many businessmen and women think they've been kicked around pretty good lately!) In any case, I do believe that a fair-minded survey of everything that companies are doing today to meet their total corporate responsibilities, would indicate that many do have a heart—and a head—and are using both effectively to discharge their obligations as citizens which, in the final analysis, will help sustain their legitimacy and ensure their rightful place in American society.

Thank you.●

AEGIS SHIPBUILDING EXCELLENCE AWARD PRESENTED TO WARREN PUMPS DIVISION OF HOUDAILLE INDUSTRIES, INC.

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. BOLAND. Mr. Speaker, on Wednesday, October 14, 1981, the U.S. Navy presented its Aegis Shipbuilding Excellence Award to the Warren Pumps Division of Houdaille Industries, Inc. Warren Pumps is a subcontractor on the Navy's *Ticonderoga* class guided missile cruiser (CG-47) which is equipped with the Aegis ship combat system. This mighty vessel will serve the Navy through the 1980's and beyond as protection against antiship warfare. The CG-47 will be an essential component of the battle group surrounding our aircraft carriers, insuring the Navy's ability to fight in the most hostile of antiship environments.

Warren Pumps, and especially its dedicated employees, are being recognized by the Navy for delivering ship components at low cost, with high quality, and with strict adherence to the contract schedule.

On Wednesday, October 14, 1981, Rear Adm. Wayne Meyer, the Navy's Aegis Shipbuilding Project Manager presented the Aegis Shipbuilding Excellence Flag to Warren Pumps and its employees. This award is a special tribute to the men and women who work at the Warren Pumps Division. Because of their craftsmanship, dedication, and productivity, the Navy has been able to equip the new *Ticonderoga* class guided missile cruiser with superior equipment at low cost.

The outstanding performance of the Warren Pumps Division and its employees is of particular significance in these times of inflation. In achieving this standard of excellence, Warren Pumps and its employees have demonstrated that inflationary pressures can be reduced by initiatives within industry.

I am proud, and I know all the people of America are proud of the fine contributions made to the national defense by companies like the Warren Pumps Division of Houdaille Industries, Inc.●

RESIGNATION OF CATHERINE MAY BEDELL, COMMISSIONER OF THE U.S. INTERNATIONAL TRADE COMMISSION

HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. BROWN of Ohio. Mr. Speaker, it is with deep regret that I note the resignation of Catherine May Bedell as Commissioner of the U.S. International Trade Commission. She has worked hard in her 10 years on the Commission and has had a significant impact on its direction.

Her retirement is well deserved, although I know that a woman of Catherine's achievements never really retires, but continues to be an active and vital part of everything that surrounds her.

With regret tempered by congratulations on her retirement and well wishes for future endeavors, I note that we will miss our former colleague in Congress.

I am entering into the RECORD the following release regarding Mrs. Bedell's resignation:

CATHERINE MAY BEDELL RESIGNS AS U.S. INTERNATIONAL TRADE COMMISSIONER

Catherine May Bedell, Commissioner and former Chairman of the United States International Trade Commission, today announced her resignation, effective November 30, 1981. Her departure from the Commission will conclude 29 years of public service that included 12 years in the U.S. House of Representatives and 6 years in the Washington State Legislature, as well as Presidential appointments to the Board of Incorporators of AMTRAK and to the United States International Trade Commission as its first woman chairman.

In announcing her resignation, Commissioner Bedell said, "I am grateful that my span of service came at one of the most productive periods in the Commission's history. In those 10 years we went through a complete reorganization of our functions, participated in the Multilateral Trade Negotiations, and handled a wide variety of investigations affecting vital sectors of our economy such as steel, automobiles, color televisions, and footwear. In this decade I saw the world of trade change and I saw the USITC change and grow and get better at its job. It was a great experience."

During her term of office Commissioner Bedell was a strong advocate for having the Commission develop an "Early Warning System" to monitor shifts in trade patterns. She also continuously stressed the need to keep the Commission strong and independent and free from political pressure, saying, "One of the most effective safeguards against unwarranted protectionism in trade decisions is the Commission's enforcement of the rules of fair trade and its objective advice on import competition to the President and the Congress."

Mrs. Bedell is a member of the Advisory Board of the Republican Women's Federal Forum, the Advisory Council of the National Federation of Republican Women, and the Board of Former Members of Congress. She represented the U.S. International Trade Commission on the Interdepartmental Task Force on Women and was Chairman of Executive Women in Government, an organization of women who serve in policymaking positions in the Federal Government.

Commissioner Bedell was born in Yakima, Washington, and graduated from the University of Washington. Before entering public service she was a teacher in Washington State and a radio broadcaster and legislative news commentator there and in New York City.

She has two children—James C. May, who resides with his wife, Bonnie, in Alexandria, Virginia, and Melinda May Sullivan, who resides with her husband, Thomas, in Alameda, California.

After November 30, 1981, Mrs. Bedell will be joining her husband, Donald W. Bedell, in California, where he has reopened his management consultant's office in Los Angeles. Their residence will be in Palm Desert, California.●

A SIMPLE ADDITIONAL BRAKE LIGHT COULD DRAMATICALLY REDUCE REAR-END AUTO COLLISIONS

HON. ANTHONY C. BEILENSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. BEILENSON. Mr. Speaker, I am introducing today a bill which could help cut in half rear-end automobile collisions at very little cost to the industry or the consumer.

The bill would require all car manufacturers to add a high-mounted rear brake light [stoplamp] on the centerline of each new car beginning with the 1984 model year. Studies conducted for the National Highway Traffic Safety Administration (NHTSA) have demonstrated that such a light could cut rear-end collisions by about 50 percent. This would prevent billions of dollars in property damage and thousands of deaths and whiplash injuries each year, at a minimal cost estimated at $5 to $15 per car.

NHTSA conducted field tests of a single, high-mounted stoplamp, using taxicabs in some studies and telephone company passenger cars in another. The results in reduced accident rates were so impressive that the telephone company has decided voluntarily to add the brake light to all its cars. The dramatic reduction in rear-end collisions seems to result from the unambiguous nature of the highly visible signal, which is widely separated from turn signals and existing taillights.

NHTSA has proposed a change in Federal Motor Vehicle Safety Standard No. 108 to require the additional stoplamp and plans to issue the final regulation by next spring. This bill would not interfere with the existing rulemaking proceeding; it would merely insure that the proceeding is completed in a timely fashion. I urge my colleagues to join with me in supporting this simple, yet potentially lifesaving, measure.●

CASEIN IMPORTS

HON. MICHAEL G. OXLEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. OXLEY. Mr. Speaker, we are fortunate that a point of order was sustained last Wednesday against an amendment expressing the sense of Congress that a quota be put on casein imports.

Import restrictions on casein would not serve to stem Government purchases of milk from the commercial market under the dairy price support program. This fact was borne out by an investigation conducted in 1979 by the International Trade Commission, which determined that there was no relationship between the amount of casein imported and the purchase of nonfat dry milk under the price support program. One need only look at the statistics from the past 10 years to see that this is true. During the period, Government milk purchases have fluctuated dramatically, while imports of casein have remained stable. Restricting casein imports would not serve in any noticeable manner to put more nonfat dry milk on the commercial market.

Even if there were a relationship between these two items, one is not a viable substitute for the other in the production of many food products—including cheese substitutes, for which efforts to use nonfat dry milk in place of casein have been unsuccessful.

Casein usage is minimal when compared with that of other milk products. The 1980 total importation of casein and casein derivatives was equivalent to only about 4 percent of 1980 U.S. nonfat milk solid production.

Beyond these factors, the cost in human terms of restricting casein imports is simply not worth any anticipated benefits. There is no domestic production of casein. As a result, industries which use casein to make their products must rely totally on imports. Import restrictions would result in casein becoming both more scarce and more expensive and would, therefore, effectively stifle such companies' ability to compete in the marketplace. Loss of such industries could result in economic disaster for communities which rely on those industries for both the products they make and the jobs they provide. Such a result is not warranted without proof that casein importation in any way harms domestic dairy production.

The ITC, at the President's request, will begin an investigation, on November 9 of this year, to determine whether casein imports should be restricted. It would be premature to impose restrictions before that investigation is concluded, and I am thankful that this body was not put in a position to do so.●

ALTERNATIVES TO ANIMAL CRUELTY IN LABORATORIES

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. WEISS. Mr. Speaker, countless incidents of animal cruelty and suffering are occurring in laboratories every day. Much of this suffering is due to inadequate veterinary care and unnecessary duplication of experimentation on live animals. While many of the uses for animals in laboratories seem

like horror tales, most of the alternatives to the use of animals are simple, efficient, less costly, and very humane.

Each year, an estimated 65 million animals are sacrificed for the sake of scientific research in this country. Many of these animals experience needless cruelty and suffering in laboratories because researchers are often not aware of, or do not have access to, the alternative methods to the use of live animals in their work.

Until recently the majority of the public has been spared the agonizing saga of abuses inflicted upon animals in many laboratories. The exposé of the Maryland medical research center's treatment of monkeys shocked and horrified Americans as the hellish tale unraveled in the Nation's newspapers. Hopefully, because of growing public concern, these innocent victims will be spared further harm through enforcement of State animal cruelty laws.

Unfortunately, the Maryland story is only the tip of the iceberg of mistreatment of animals in scientific endeavors. Hidden behind images of humane treatment often are cruel tests which include electric shock, burning, radiation, starvation, and exposure to acute toxicity. The highly publicized Draize eye test and LD/50 test exemplify the tragedy of repeatedly exposing defenseless animals to caustic chemicals during experimentation.

The problems associated with using live animals in research labs go beyond the frequent mistreatment of the subject. Many scientists have come to recognize that animals are often not the best research vehicles, particularly in light of the development of new, more precise experimental methods.

In fact, many experiments reveal that tests using animals are often unreliable and yield inconclusive results. This was found to be the case in a study conducted on the Draize rabbit eye test. Lab induced stress and fear in animals often results in confused and inconsistent data. Moreover, many tests fail to establish definitive parallels between humans and animals. A case in point is the investigation into the safety of thalidomide, a drug which turned out to be devastating to humans, despite its harmless effects on laboratory animals. Other drawbacks in experimenting with animals involve high costs, scarce veterinary skills, and vast expenditures of time and energy required on the part of research facilities.

The suffering of animals in research labs certainly offers compelling reasons for curtailing their use in scientific experiments. However, we cannot unequivocally disregard, as the medical community points out, the importance of animal subjects in the pursuit of biomedical research. Animals have been utilized for hundreds of years in successful efforts to find cures for and identify causes in human illness and defects. In all likelihood, there will continue to be a critical need for animal subjects in certain kinds of medical experimentation. For those animals, the most humane conditions must be provided both prior, during, and after the experiment. But in all other instances, the harsh reality of animal suffering should motivate a compassionate society to actively use and seek alternative methods of research.

Presently, there are several research methods which can effectively replace the use of live animals in certain testing procedures. One such method is that of growing artificial brain tumor cells in a tissue culture. The brain tumor cells produce a substance which allows researchers to diagnose brain cancer from blood tests. Another method involves using skin from human volunteers which can be placed in solution to analyze the effect of poison, rather than subjecting animals to research which tests the penetrability of poison through the skin. Mathematical modeling is another available alternative to the use of live animals in certain experiments. Computers can be used to store information about known cancer-causing agents and detect the likelihood of other chemicals containing cancer-causing agents. The use of quantum chemical analysis can also be used for detecting whether a chemical is likely to cause cancer. By mathematically constructing a blueprint of a molecule under study, researchers can compare this molecular blueprint to the molecular structure of known carcinogens.

Even though some of these methods of research may not provide all of the information necessary to determine the effectiveness and safety of certain chemicals on people and the environment, these research procedures help set priorities for deciding which substances require further testing. In experiments where it is deemed absolutely necessary to use animals, some of the above-mentioned research methods would be useful for avoiding unnecessary duplication of these experiments.

As stated previously, animals have been the subject of inhumane research methods, unnecessary duplication of experiments, and have suffered in laboratory research and testing. Alternative methods of research need to be fully investigated in order to maintain the effectiveness of laboratory research without perpetrating the use of animals when it is not required.

There are several legislative proposals, now pending, which are designed to protect animals in research. Although no one piece of legislation can resolve this complex issue, I believe that the bill I have introduced provides a framework for examining and addressing this problem. My bill, H.R. 930, the Protection of Animals in Research Act, would establish a commission to study and recommend alternatives to current research procedures which utilize live animals. The commission would investigate ways to prevent the duplication of tests that use live animals. Inherent in these responsibilities would be the commission's duties to investigate and evaluate the availability of adequate substitutes to live animals in laboratory research.

I am also cosponsoring several other proposals designed to protect animals from cruel and unnecessary experimentation. H. Con. Res. 27 would require any Federal agency utilizing the Draize rabbit eye irritancy test to develop an alternative testing procedure which will not require the use of animals. H.R. 220 and H.R. 2110, identical bills referred to as the Humane Methods of Research Act, promote the development of methods of research, experimentation, and testing that minimize the use of live animals. I believe that these proposals would successfully supplement each other in achieving their common goal of protecting animals from the pain and suffering of research experimentation.

Clearly, the issue of the use of animals for laboratory testing is one of great complexity; it involves questions of scientific and ethical responsibility to the welfare and health of both animal subjects and human beneficiaries. It is my hope that Congress will pass legislation that will protect the welfare of animals while taking the needs of the biomedical research field into considcration.●

JOE JURKANIN: JERSEYVILLE'S ALL-STAR COACH

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. FINDLEY. Mr. Speaker, at the high school in Jerseyville in my district, a high school football coach has compiled a record which would be the envy of any coach at any level—be it high school, college, or the pros. In 12 years of coaching football at Jerseyville, Joe Jurkanin compiled a record of 11 winning seasons. From 1952 through 1963, his young teams won 75, lost 29, and tied 5.

In 17 years of coaching high school football, Mr. Jurkanin's record stands at 101 wins, 46 losses, and 7 ties.

In 1967, Joe Jurkanin was picked to coach the Illinois High School All-Stars. Earlier this year, he was inducted into the Illinois Football Coaches Hall of Fame by the Illinois High School Football Coaches' Association.

On October 31, Mr. Jurkanin will be honored by the people of Jerseyville

at a banquet and I think it is also appropriate that his accomplishments be noted before this body.●

SILENT SAWS

HON. GENE CHAPPIE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. CHAPPIE. Mr. Speaker, before the California wilderness bill is considered by the Senate, or any other wilderness measure for that matter, I would like to bring the following article to the attention of my colleagues in both Houses of Congress. This story appeared on the front page of the October 15 Los Angeles Times and really brings home the ramifications of locking up large portions of harvestable public lands as wilderness. Mr. Martinez, the author, concentrates on the human effect of locked-up land in northern California. However, I am certain the same scenario can be found in any other area where timber is logged. The California wilderness bill, H.R. 4083, if agreed to in its present form, would double the existing amount of wilderness in California and, therefore, double the problems discussed in this article. I am hopeful that my colleagues will take note of this well-written article. It is time we got our priorities straight; unlike the livelihoods that are in jeopardy, timber is a renewable resource.

LOGGERS BITTER: SILENT SAWS—TRIUMPH OF THE TREES

(By Al Martinez)

They call themselves Timberbeasts, and once they prowled in abundance through the proud forest lands of the north coast.

They are rough, thick-armed men who logged the California redwoods—climbers and choppers and skinners and fallers—artisans of a dishonored craft in an environmental age.

For more than a century, the sounds of their saws and their engines rang through the mossy-damp woods that edge the sea, winding through trees older than the American Republic.

There is a silence now. It began three years ago when the federal government took 28,000 acres of timberland to preserve in perpetuity as part of the Redwood National Forest.

6,000 OUT OF WORK

It closed the forest to three giant logging companies, put 6,000 men out of work and made the Timberbeast, as one has said, "as useful as the dinosaur."

About half the 6,000 have drawn benefits through a federal job-protection plan, but the $40 million program is already 10% over budget with three years left to go—and no one is betting it will make it.

The plan pays full salary to those who lost their jobs because of the forest closure: generally, employees of the three logging companies and certain satellite industries.

But at least 3,000 did not qualify for benefits, and the park has become a symbol of economic disaster.

Three years later, many are still looking for work—any kind of work—in an area where unemployment is figured at 40%.

Others have left Humboldt and Del Norte counties, abandoning the outdoor lives they love for jobs in the big cities they hate.

WORKING AT BURGER STANDS

A few, bowing to the ultimate humiliation, have taken employment in hamburger stands or department stores at $3.75 an hour; or they mow lawns or run errands or sit around, one wife says sadly, "growing old."

"These are men with 150% pride," observes a union business agent who lost his local when the big companies began shutting down their mills. "You can cut that in half now."

"The redwoods have been saved and I'm for that," adds a 20-year logger too old to find another job. "But who's gonna save us?"

Cotton Guffie is not the kind of man to waste a lot of hate on old enemies. But ask him about the "park people"—a vague army of hippies and bureaucrats who changed his life—and his eyes grow blue-cold hard.

"They just flat-out put me on my ass," he says. "That's all."

Cotton hunches over his third bottle of Coors in a bar called Dorsey's Lumberjack, 40 miles north of Eureka.

A jukebox plays "Boogie Oogie Oogie" for about the fourth time, and in between cursing the music, Cotton curses the government.

"I worked my whole life to buy a Cat an' five years ago I finally got so's I could log on my own. Then (they) took it all!"

The Cat is his Caterpillar tractor, and it cost Cotton $250,000. He was a gypo-logger, an independent, and when the forest lands were shut down to logging, he was shut out.

The gypos did not qualify for special benefits, not even for unemployment insurance, because they were self-employed, and Cotton found himself out of work and out of income for two years.

He has been back working only for the last few weeks. He took a job in Crescent City Cat-skinning for $11 an hour, working for somebody else. His own Cat sits idle.

"I slaved dawn to dusk seven days a week to buy that tractor," he says, a Carolina accent blowing sweet and cold through his anger.

"I got it paid off in two years 'cause I knew this damned park was coming. I could've made a million dollars—10 times more'n I'm making now.

"But they took our jobs the way Russia takes over countries. I'da shot their asses, but I'm still too young to die . . ."

Cotton is 55. He was born in a logging camp and has been felling timber since he was a boy in the forests of Dixie. His father was a logger and his mother a camp cook.

He is only 5 feet 5 inches tall, 240 pounds, and his arms like pistons—a big-bellied, solid angry bull in a world of long-legged Timberbeasts.

"You know how I survived those two years outa work?" he asks, shouting to be heard over "Boogie Oogie Oogie."

"I gambled. This boy's the world's best damned poker player evah! I bought hogs and raised some spuds an' beans. I'll nevah starve, son." A hard swig of beer, a pause. "But I'll nevah forgive those (park people) either."

Forgiveness is important in the woods. You forgive a man who knocks you down in bar for grabbin' at his woman and you forgive God for the cold, wet seasons that shut down logging in the winters of the year.

But you don't forgive the government for caring more about trees than men. It will never be right for Cotton.

"They ruint me!" he says, pulling at his fourth Coors, blurry with beer and rage. "They came in an' destroyed me and nobody gives a damn."

More money in the jukebox. Glen Campbell sings "Southern Nights." Cotton stares straight ahead at the mirror behind the bar, but he doesn't see himself.

Jack Roby stands somber-faced before the padlocked gates of the Simpson Timber Co.'s Mad River plywood plant, an off-ramp north of Eureka.

By economic measure, he has not suffered the last 24 months he has been out of work. He gets his regular salary, plus fringe benefits. The loggers call it "being on the park."

"It isn't right," he says, gazing at the emptiness of the plant where he had worked for 20 years. It closed just after the park bill was signed into law.

"I don't wanna sit around. I've worked all my life. Sometimes I held two jobs at a time. Now . . . nothing."

At 43, Roby is a soft-spoken man with flecks of gray in his dark curly hair. He carries himself straight-backed and square-shouldered.

"There ain't no place in town where I haven't tried to find a job, but so have hundreds of others.

"Stores are so sick o' seein' us they put signs in their windows, 'No Applications Taken.' They don't even wanna talk to us. Do you blame them? I know building contractors that get a hundred calls a day. That's got to drive them crazy."

Mostly he stays home now and does "woman's work." His wife got a job as a hedge against the bleak future. He hates it.

"I've done hard, outdoor work all my life and suddenly I'm vacuuming and cooking and doing the dishes!"

He shakes his head. On one hand, Roby acknowledges he has not suffered economically. But life, he points out, is composed of more than economics.

"This thing takes your pride," he says quietly, listening to the wind blow through the silent lumber mill. There is a snap of autumn in the air.

"A friend of mine just got divorced. My own family—we've always been close. But for a while, I didn't know if he was goin' to make it or not. I'm trying to get over a lot of feelings of resentment. I don't like the role I'm playing."

Roby bristles at those who say he is getting a free ride and ought to shut up and take the money until it is not coming anymore. That could be soon, he fears.

"They can take their handout and shove it!" he says, suddenly angry. "They treat us like somethin' that just crawled in off the street! I don't want a handout! I want a job!"

The outburst passes. Roby touched the padlock on the plant gate. It is a symbol of better times . . . ended.

"You're going to talk to people who say why don't they move? Why don't they get out an' find jobs someplace else? Man, this is our home! My wife was born half a block away. We raised three kids here.

"It's not easy to just pack up and leave your whole life behind like nothin' ever counted." He asks the question almost to himself: "Where do we go?"

Lowell Bliven, a skinny big-eared man, has a two-day job moving furniture for $5 an hour in Eureka. It's a Godsend. Bliven is desperate.

He "severed-out" of the park program a year ago, taking a lump sum $21,000 because he could not stand the belittling hassle it took to get his weekly benefits.

The federal plan is administered by the state Department of Economic Development.

"I went four months once without a check," he says, perched like a scrawny water bird on a footstool, the furniture just about all moved.

"I had no work, no money and no check comin' in. I had to get cash somewhere to pay the bills, so I severed."

Stories of men who had lost everything, including their homes, abound in the redwood country; families living in cars or mud huts or on the beach.

Bliven, 47, didn't want to be one of them. Now he fears he might be. The severance money lasted a year. Last July, it all ran out.

"God," he says with a shudder, "it's cold out here."

He drove a front-end loader for 10 years at the Louisiana Pacific's stud mill across Humboldt Bay before the roof fell in. He loved the job.

The land acquired to expand the Redwood National Park into 76,000 acres was owned by Louisiana Pacific, Simpson Timber Co. and Arcata National Corp. It was their prime source of timber.

"It took a long time for me to accept that it was all over." Bliven says. "Then I went lookin' for work at places like Happy Camp and Hayfork and Reno. The missus cleans houses for $100 a week. That ain't good enough."

He has put in his application at about 200 places and has attended state-sponsored job-search classes. Two sons-in-law also lost their jobs when the park was expanded.

"Hell, yes, I'm bitter about the government takin' our jobs," he says, standing. He is 6-3 and hunches slightly. "We've got enough parks to fill San Francisco!

"You can't eat park! We need work! Who in the hell is goin' to take care of that?"

Louise Kyle runs the North Coast Displaced Workers Center out of a trailer office in the parking lot of a Eureka church. It is funded through the state.

Each day she deals with the problems of a dozen or so men and women out of work because of the park, referring them for counseling on traumas ranging from financial to emotional.

"It gets pretty depressing sometimes," she says between telephone calls. She is a heavyset woman, brimming with energy and caring.

"This is a town full of people without hope. Everyone was doing just fine, and then suddenly the world was turned upside down."

Kyle has reason beyond her center duties to be concerned with the plight of the timber industry's unemployed." Her husband is one of them.

Wesley Kyle, 60, worked for Louisiana Pacific for 29 years. In almost three decades of loyalty to the company, he missed only two days. They fired him in 1979.

"Without a strong marriage, we'd be divorced today," his wife says. "This has been a terrible strain. Wes lost his job and his dignity at the same time."

She worries that sitting around brooding will kill her husband within three years.

"He's applied for janitorial work, and if he gets it, watch his world turn around. He'll be a man again!"

Deer season had just opened and Kyle was in the woods. "Why not?" his wife asks. "It's better than just sitting around waiting to die. I want that man to live!"

In Klamath, 62-year-old Don Waldon, a Cat-skinner, and 39-year-old Tom Langford, a timberfaller, drink coffee in Crivelli's Restaurant on a damp and misty morning.

Both are out of work and bitter.

Langford works at cutting whenever he can. He has to. He gets no benefits and no unemployment insurance.

"The only people hurtin' are the little people," he says. He's a barrel-chested broad-shouldered man "Not the government, not the big companies and not the environmentalists. Just us."

"It's gonna get worse," Waldon says, staring glumly into his cup. He worked for a gypo-logger and receives no park benefits. His unemployment runs out next month.

"They want more land for parks already. That'll be the end of logging in Northern California."

Sixty miles south in Eureka, Pete Carrasco spends the days listlessly trying to find something to do. He lost his job last January after 22 years with Louisiana Pacific. The layoffs go on.

"I was getting park money and applied to sever-out and all of a sudden I'm told I'm not eligible for nothin'," he says.

He is not sure why. He is trying to find out. He has had no income since last July. His wife baby-sits to feed the family.

"I look for work all the time, but when you're crazy, you know?"

Born in Fresno, Carrasco went to Eureka because that is where the work was.

"Now," he says with a faint and ironic smile, "it's where the work isn't."

He heads off down Hodgson Street, immaculate in slacks, starched shirt and polished shoes. All dressed up and no place to go.●

HONORING CHIEF DUKE—A MAN FOR ALL SEASONS

HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. PATTERSON. Mr. Speaker, it is with great pleasure that I invite my colleagues to join me in recognizing an outstanding public servant, Police Chief Oubrey L. Duke, of the city of Cypress. Chief Duke has served as a police officer in three Orange County cities over the years and has held the position of Chief of Police in Cypress for the past seven. On October 31, 1981, Chief Duke will retire after 27 years of devoted service in law enforcement.

Chief Duke is an officer whose involvement in the Cypress community has extended far beyond the call of duty. Among the many organizations and committees to which Oubrey has belonged are The International Association of Chiefs of Police, The California Police Chief's Association, The California Peace Officer's Association, and the Orange County Chiefs of Police and Sheriffs Association. He has chaired the board of the West Anaheim Community Hospital Advisory Council, and has been president of the Orange County Chief of Police and Sheriff's Association. He has served as president of Kiwanis International for two terms, as well.

Chief Duke's civic activities reflect a particular interest in young people. He has instructed students at both Rio Hondo and Fullerton Colleges. He has chaired the Police Academy, the Fullerton College Advisory Council, and the Central Sector Southern Pacific AAU Swim Committee. Oubrey has worked diligently with the Boy Scouts of America, serving as president for area 44-45, and chairperson/member of the board of directors for the Boy Scout Explorers. In 1974, Chief Duke was invited to accompany the Kennedy High School Band and Drill Team on their trip to Ireland, one indication that young people are as fond of Oubrey as he is of them. The group of youngsters that marched in the St. Patrick's Day Parade won high honors.

Oubrey has been married to Alta E. Duke for 29 years and they have two lovely daughters, Cheri and Kim. The girls are both married and each have made Alta and Oubrey proud grandparents.

Oubrey, the people of Cypress will miss you as their police chief, yet they know that you will continue to show your high integrity and leadership capability in whatever future endeavors you choose, just as you have provided throughout the years. My colleagues and I wish to salute you in acknowledging the 27 years of dedicated service you have given to your community. Congratulations on your retirement, best wishes for the future and thanks.●

UNION STATION: ON THE RIGHT TRACK

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. BEREUTER. Mr. Speaker, the attached editorial and news story from the October 20, 1981, edition of the Washington Post regarding the Union Station in Washington, D.C., are particularly commended to my colleagues. They are offered as further information and emphasis for the 1-minute speech delivered by this Member earlier this day. Furthermore, it is offered to supplement and further explain a bill under consideration in the other body.

UNION STATION: ON THE RIGHT TRACK

Hold your applause for now, but we may soon hear the final trumpet of that great white elephant we once knew and loved as Union Station. Without going into the depressing and outlandishly expensive details of how this once-grand train terminal was trampled to near-rubble by a herd of mis-

chievous bureaucrats, we are pleased to note that a financially and structurally sound Union Station may live again, thanks to a bipartisan effort that is due for its first congressional consideration today.

Coming up for action by a Senate committee is a bill worked out and supported by Transportation Secretary Drew Lewis and key congressional leaders from both sides of the Hill as well as its aisles. The basic idea is to (1) stop an insane financial drain on all U.S. taxpayers; (2) restore the building as quickly and as economically as possible, and (3) return the facility to its primary function as a lively and commercially successful transportation hub, instead of a broken-down and boarded-up "visitor center."

While the Interior Department would continue its open-pit surgery—fixing the roof and shoring things up—the bill being considered today would transfer jurisdiction to the Transportation Department, where it belongs. Studies—not the open-ended, made-for-distraction kind—would be completed within a year to determine what permanent structural work is necessary, what to do with office space in the facility and how commercial space might be used in and around the station. Recommendations would include consideration of other transportation facilities, such as a heliport and a terminal for various bus services.

The legislation is not—repeat not—simply another formula for pouring good money after bad. That's already happening, with taxpayers forking out $3.5 million a year for a lease on the place; this bill is a modest attempt to stop the waste and turn a financial sinkhole into the commercially successful and historically important landmark it once was.

RAIL STATION PLAN GETS REAGAN NOD

(By John Burgess)

After long months of negotiation, the Reagan administration has agreed to a Senate plan to revitalize Union Station. The plan would complete roof repairs already under way and finish the parking garage begun several years ago. If feasible, structural repairs would be made and contracts signed with private firms to develop a commercial complex in and around the monumental Beaux Arts-style station.

A Senate committee is scheduled to mark up a bill today outlining the plan, which also would move control of Union Station to the Transportation Department from Interior. Yesterday, during a lunch at The Washington Post, Transportation Secretary Drew Lewis indicated that he supports the bill's basic elements.

The new plan is the latest in a series of costly and unsuccessful federal efforts to rescue the 74-year-old station, once among the world's grandest rail gateways but today a crumbling white elephant with corroded plumbing and a leaky roof.

On July 4, 1976, the Interior Department opened Union Station as a National Visitor Center, moving trains to a smaller, modern structure to the rear. Despite $46 million spent on the conversion, the station never caught on in this role and it continued to deteriorate structurally. In February it was closed after rainwater seeped through the roof, dislodging huge chunks of plaster from the ceiling and flooding carpeted floors.

Committee sources predicted yesterday that the bill will be approved by the Senate Environment and Public Works Committee and has a good chance to make it through the full Senate. After that it would to to the House, where the outcome appears less certain. There is no equivalent legislation in the House.

As now worded, the bill calls for Interior to complete $8 million of already funded roof repairs and to turn the building's management over to the Transportation Department. The bill also authorizes the District of Columbia to trade in $40 million in federal highway funds for a like sum to complete a large parking garage last worked on in 1976.

The garage money represented a concession on Lewis' part. In testimony before Congress last July, he opposed allowing the city to shift its funding that way.

In addition, the Senate bill would authorize $1 million for two major studies of Union Station. One would survey the building's structural problems and determine what repairs are needed and how much they would cost. The other would explore the feasibility of entering into joint development of the station and surrounding property with private developers.

Congressional concern over the station was revived last February following the station's closure. The bill now under consideration is being shepherded through Environment and Public Works by Sen. Slade Gorton (R-Wash.).

Earlier versions of the bill proposed that large sums be diverted to Union Station from ongoing capital programs and to modernize rail lines along the Northeastern corridor. Lewis strongly opposed such diversions.

Both sides, however, agreed that action was needed to save a national monument like Union Station. In negotiations between Senate and Transportation Department staff members, alternative wording was worked out that would take only $1 million from the Northeast Corridor funding to pay for the two studies. The department would be free to finance certain other spending as it chose.

The development study would explore running transportation to area airports from the station, and constructing a helicopter pad. Lewis would have to report back to Congress within a year with a specific plan for revitalization, assuming that it was found to be economically feasible.

The bill would authorize the department to buy the station over a six-year period (it currently is leased from private railroad interests). The department also could make further repairs to the building, buy surrounding property and contract with private companies for development, under the plan.

The bill specifies that the old building must again become a rail station, with ticketing, baggage handling and other such fuctions. However, only a fraction of the mammoth station would be needed for this, with remaining space occupied by retail stores and restaurants.

Senate sources said that though the bill contains no specific requirement, its intent is to remove the new station behind the old one where rail passengers now board their trains.●

IMMIGRATION AND NATIONALITY AMENDMENTS

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. ROYBAL. Mr. Speaker, the House has agreed by voice vote to the passage of H.R. 4327, the Immigration and Nationality Act Amendments of 1981.

These amendments represent an initial step toward improving efficiency at the Immigration Service and reducing the level of private legislation. However, they barely scratch the surface of our immigration problems, and I am sure the drafters of H.R. 4327 share my view that more comprehensive immigration reforms are urgently needed.

One major issue that should be addressed in a comprehensive bill is an amnesty for undocumented aliens. H.R. 4327 touches on this issue, but offers amnesty only to what might be called "elite" categories of aliens. Specifically, the bill would legalize the status of certain foreign medical graduates and aliens with American investments of at least $40,000 who have been waiting in the United States for more than 4 years to obtain immigrant visas. The Judiciary Committee report accompanying H.R. 4327 has this to say about doctors and investors: "The committee feels that both categories of individuals have contributed to the national welfare and the private bills which have been considered reveal their unique contribution."

It was the committee's conclusion that special consideration should be given to foreign medical graduates because they have filled a serious void in our health care delivery system, and to alien investors because they have made significant financial contributions to this country. However, equally deserving of consideration are thousands of persons who may not possess academic degrees and wealth, but who have become active members of communities across the United States. In this category fall Asians and Latin Americans who were compelled to come to this country illegally to join their relatives because of the otherwise lengthy wait for visas. During their years of residence here, these individuals have contributed millions of hard-earned dollars to our tax base while helping to produce the many goods and services that we enjoy.

I realize that the Judiciary Committee is currently holding hearings on major immigration reforms recommended by the Reagan administration that would include an amnesty for many of the aliens I am talking about. I believe, however, that the amnesty recommended by the administration is far too restrictive to be fair. It requires at least 10 years' residency in the United States and proof of competency in English, neither of which is being expected of doctors and investors under H.R. 4327. I would urge the members of the Judiciary Committee to consider this fact as they move ahead to draft comprehensive immigration reforms. In reporting a com-

prehensive bill to the full House, I would also urge the committee to insure that existing inequities in our immigration laws are not perpetuated by the proposal of an amnesty that distinguishes between aliens on the basis of occupation or financial standing in the community.●

DEFENSE SPENDING CREATES RISE IN UNEMPLOYMENT LEVEL

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. CLAY. Mr. Speaker, in the 97th Congress, much of our debate has focused on methods of reducing the Federal budget. I did not support President Reagan's budget plan for many reasons. One of my strong objections to the administration's budget is its emphasis on defense spending as a means of stimulating economic growth and reducing the high level of unemployment in our Nation. Recent economic analysis shows that defense spending is reducing employment and spurring a higher level of unemployment. The following article was taken from the St. Louis Post Dispatch. I recommend it to my colleagues and urge Congress to cautiously monitor this administration's efforts to increase our defense budget:

DEFENSE SPENDING FANS JOBLESSNESS, STUDY SAYS

WASHINGTON (UPI)—Defense spending fans unemployment instead of generating jobs as many contend, an economic research firm contends in a study titled "The Empty Pork Barrel."

Employment Research Association, based in Lansing, Mich., said its study found that for every $1 billion spent on defense, the nation loses 10,000 jobs.

If people are paying high taxes, a substantial part of which goes to defense, their buying power is decreased, the firm said in the study, made public Sunday.

The study said: "This means that they build fewer houses, buy fewer cars, take fewer vacations and vote lower taxes for their state and local governments."

In turn, that trend must reduce services that reduce state and local jobs, it said.

The study said 29 states, led by New York, Illinois, Michigan and Ohio, lost employment because of the negative effect of military spending during 1977 and 1978.

Marion Anderson, the report's author, said Ohio stands to lose about 132,000 jobs next year.

As the military budget goes up, it means lower consumer purchasing power nationwide, she said. The basic industries in Ohio and certain other states suffer.

The jobs generated through military industry will not make up the difference, she said.

The report said 21 states, led by Virginia, Hawaii and North and South Carolina, were net winners, with more jobs created than lost through military spending.

Mrs. Anderson said: "During the years included in this study, every time the military budget went up $1 billion, 10,000 jobs disappeared in the United States.

"That meant that during 1977 and 1978, there was an annual net loss of 1,015,000 jobs when the military budget averaged $101 billion."

The report was based on pre-Reagan administration figures, but Mrs. Anderson said the Reagan proposals underscored the study's finding.

"Raising the military budget at a time when unemployment is growing and inflation is high directly undermines the stated goals of the administration," she said.

"The Wall Street reaction is a strong indication that the investment community understands this, and Main Street will continue to suffer if the military budget goes up."

Using Bureau of Labor Statistic figures, the study said $1 billion spent in the civilian-industrial sector would create 27,000 jobs, but only 18,000 jobs in the military-industrial sector.

If the same $1 billion was spent to hire government personnel, such as teachers, policemen and firefighters, 72,000 jobs would be created. If it was used to hire military personnel, only 37,000 jobs would be created, it said.

For every $1 billion dollars spent on the proposed MX missile system, the study said, 17,000 people would be hired. The same $1 billion would hire 48,000 hospital personnel or 65,000 people in the retail trades.

Because military production has become technically complex, less of the money spent on weaponry goes toward hiring people and more goes toward high-priced equipment than when the money is spent on civilian purchases.●

REPORT OF NATIONAL ADVISORY COUNCIL ON ECONOMIC OPPORTUNITY

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. WEISS. Mr. Speaker, October 1, 1981, will be remembered as the day America abandoned its poor, its sick, its elderly, and its disabled. It will be remembered as the day when Government reneged on its decades-old commitment to help the less fortunate; it will be remembered as a day of disgrace.

The recently issued report of the National Advisory Council on Economic Opportunity describes October 1 as a day that marks the worst massacre of social and human service programs in American history. This federally mandated report counsels the Reagan administration to pause and reflect—ill-considered policies cannot be allowed to drive whole segments of the citizenry to hopelessness and despair.

The report establishes that the anti-poverty programs have noteworthy successes. It examines the connection between women and poverty, and how the poor are the citizens most victimized by inflation and high unemployment.

Although Federal programs have helped to lift 11 million Americans out of the depths of poverty, 55 million Americans still live in poverty or are near poor. The United States is also experiencing, the report continues, the feminization of poverty, where two of three poor persons are women.

The National Advisory Council rejects the current supply-side economics, and recommends instead the immediate imposition of across-the-board wage, price, and profit controls. As a longtime advocate of controls, and as the author of legislation to provide the President with the authority to implement them, I am particularly heartened by this recommendation.

Optimistic about the Federal Government's role in public policy, the Council says that Government "can provide political, economic, social, and moral leadership" which would aid in the rediscovery of the spirit "of idealism and enthusiasm" which fostered the growth of Federal programs to aid the most needy.

Although I will place the introduction to this report in the CONGRESSIONAL RECORD, I urge every Member to obtain and read the entire document. It provides an important blueprint for the role of the Federal Government in the economic and social recovery of this Nation.

INTRODUCTION

As the Council was preparing this draft of the Thirteenth Report, a battle over the 1982 budget was being fought in Congress. The issue was how much to cut social programs and how much to increase military spending. During the budget fight, numerous experts in the fields of health care, housing, education, nutrition, energy and employment pointed out how the poor would be forced to sustain an inordinate burden of these cuts. In addition, representatives of nationally recognized organizations representing the poor, the elderly, women, minorities and youth have warned of the serious consequences of these cuts for their constituencies. The language used was very plain and blunt, and ran from "idiotic" to "suicidal."

That Council is fully aware that it is not charged with the responsibility for advising the President and the Congress on either military strategy or overall economic policy. But we are convinced that the connection between national priorities and the terrible potential for human suffering—as well as the bitterness over economic grievances in low-income communities—is real, direct and not an isolated phenomenon. And we cannot remain silent. Particularly when we believe that the social stability of our nation is at stake.

We do have the responsibility to tell our government what we believe to be the truth about poverty in America: that unless this nation changes the direction in which it is heading, unless it makes a new commitment to invest public and private resources in jobs and incomes and housing and health care for the millions of poor and unemployed Americans crowded into the cities and isolated in decaying rural areas, then there is little hope for alleviating the condition of poverty in America. And if that effort is lost, there is no level of defense spending that can make us a secure nation.

This *Report* details how the backing away from antipoverty efforts that pervades the present political discussion will result in a substantial increase in the number of poor, as those who hover just above the poverty level will sink into utter hopelessness. The results are predictable—more crime, physical and psychological illness, broken families, racial division and the potential for violence.

The Council condemns violence in all of its forms, and does not believe that it is ever justified—even as a solution to economic injustice. But we must point out that in a country as rich as America, the continued condition of poverty, while less dramatic than an attack on the streets, is also an act of violence.

In our political and economic system, our nation's most critical social problems often are overshadowed by the crisis of the moment. The Council is concerned that the focus of attention on planning to solve pervasive and critical social, human and "people" problems seems to fade into the background each time we react to a new temporary emergency. These emergencies can take varied forms and often result in different reactions, such as an international crisis—which results in demands for increased military spending; or a domestic "crisis" such as the passage of California's Proposition 13—which spurs demands for cuts in spending for social programs.

These crises distract national attention from poverty, unemployment, poor housing, inadequate health care, decaying urban centers, a faltering education system, unfair tax structures and other social and economic ills of our society. Currently, as a direct result of the first of these crises—in El Salvador and Poland this year, in Iran and Afghanistan last year—the country's spending priorities turn toward increased military hardware, while the plight of millions who lack social and economic opportunity recedes into the background.

One syndicated columnist, citing this syndrome, wrote:

"It's happy times again in the defense industry. There's nothing like an international crisis—Iran, Afghanistan, what-have-you—to overcome, not to say crush, opposition to spending on weaponry.

"The Value Line Investment Survey, which serves people trying to make a buck in the stock market, reports: "Increased defense spending is on the way. . . . Most aerospace companies should do well despite the recession." *Business Week*, which serves people trying to get ahead in the business world, reports: "Congress goes wild on defense spending."[1]

We assert that there is another deep, unreported, unheralded crisis going on in America today. It is the crisis in the desperate lives of 55 million poor and near-poor citizens who go to bed each night not knowing whether they will have a job tomorrow, be able to pay the rent or the doctor's bill, or feed the kids. There seem to be no "happy times" ahead for these people.

The Council believes that our nation's defense must and should be a top priority. But we are also troubled with a process of policy discussion in which the choice between alternatives is distored by the public relations and lobbying practices of the Pentagon and many industries and corporations which are dependent upon defense contracts. The poor are unevenly matched in the adversary politics of the Federal budget. They have few advocates and those they have are without the influence that money and power bring, particularly in the mass media. For example, waste in CETA and other social service programs, even when minimal, has been the butt of much public criticism and facile journalism. Yet waste in military spending, even when well documented, seems to be far more acceptable and less reportable.

The annual budget fight in Congress is largely determined by public opinion polls, which have in turn been influenced by the news media's selection and presentation of events and by the intensive lobbying of powerful special interest groups. Thus, the Council is concerned that critical public policy issues are being affected by private pressures that are not always consistent with our overall national purpose and national priorities.

It has also become fashionable to promote the notion that Federal spending for social programs is inflationary. This Council is on record as having concluded that public spending is not a major cause of inflation. But even if it were, military spending would be no less inflationary than civilian public spending, for military spending creates far fewer jobs per dollar spent. One recent study that contrasted military spending with spending on domestic social and economic needs found that the latter creates at least 10,000 more jobs per billion dollars spent. Thus, it would appear that every additional billion dollars deployed for the military deprives the economy of thousands of jobs and deprives millions of people in need of important goods and services. This issue becomes especially important when we consider that the increase for military spending for the next fiscal year is the largest single peacetime military expenditure in our history. And it is projected that the defense budget will double over the next four years.

In the course of researching how the issue of guns-or-butter is treated by the media—and offered to the public—it became quite obvious that both television and print news often, and uncritically, rely on press releases from the Defense Department, the Pentagon and defense industries for their stories.

Yet there are exceptions to the rule. One business and financial reporter for the The New York Times provided some cogent and thoughtful insights into this very issue in an article for the Business and Finance Section. The article, "Guns Over Butter Equals Inflation," stated:

"Virtually all economists agree, for example, that military spending tends to be inflationary. This is because it puts money into the hands of workers without expanding the supply of goods they can buy—the consumer market for missiles and the like being somewhat limited—thereby driving up the prices of goods like autos and refrigerators and machine tools.* * *

"Less widely recognized is the fact that spending on weapons generally produces fewer jobs than many other kinds of Government expenditure. During the economic slowdown in the 1970's, politicians scrambled to lure defense contracts into their districts, despite evidence that a number of public spending alternatives, including many of the kinds of social programs the Administration has decided to curb, would produce more work.

"An analysis by Chase Econometrics Associates, examining the potential economic impact of the B-1 bomber, found that both a tax cut and a housing program of equivalent amounts would create more national employment over a 10-year period than would production of the plane. * * * Defense expenditures are concentrated in capital-intensive industries, with relatively few jobs created per unit of output, while social expenditures benefit such labor-intensive industries as construction, wholesale and retail trade, financial services and the medical and teaching professions."[2]

In reviewing the 1981 budget, other analysts have pointed out that the $1.5 billion research and development budget requested by the Pentagon for the MX missile program is more than the combined research and development budgets for the Department of Labor, the Department of Education, the Community Services Administration, the Department of Transportation, the Environmental Protection Agency, the Federal Drug Administration and the Center for Disease Control.[3]

In the immediate future—as well as in the long run—our national priorities must take into account the millions of Americans who, through no fault of their own, cannot find jobs and who are in desperate need of basic social services. Attempts to balance the budget—at the expense of social programs—and efforts to deliberately shift the economy into a recession—with its concomitant hardships for those who are least able to withstand its effects—will not only fail to make significant inroads towards reducing inflation, but will aggravate our economic problems as well. Moreover, they may also make it even more difficult to balance the budget if the result is sharply increased unemployment. It is estimated that each one percent increase in unemployment will cost the Federal Government, and the nation as a whole, approximately $29 billion as a combination of lost revenue and increased transfer payments. Thus, such policies may bring the budget more rather than less out of balance

The Council realizes that there are no easy solutions; but it is clear that a reordering of priorities in favor of human service programs, rather than more military weapons, can benefit the nation as a whole as well as the poor. In focusing attention on our priorities, the Council is reminded of the farewell addresses of both Presidents George Washington and Dwight D. Eisenhower. Washington, who was concerned with domestic responsibilities, in his famous farewell letter cautioned against obsessive hostility toward foreign nations that could lead our nation "astray from its duty and its interest." And President Eisenhower, in a very thoughtful and vigorous statement, warned us against the power and excesses of the "military-industrial complex," and pointed out the real and potential dangers of our larger national interests.

Such a reordering of priorities will not be easy. The economic and political system is filled with powerful special interests who prefer our priorities just as they are. Moreover, those who stand to benefit from, and who most stridently favor higher defense budgets, have a fearsome advantage in presenting their case. It is like the match between David and Goliath. And all too often their case is masked behind technical jargon that—whether by intent or not—tends to

[1] Milton Moskowitz, "Money Tree," San Francisco Chronicle, April 25, 1980.

[2] Ann Crittenden, "Guns Over Butter Equals Inflation," The New York Times, November 19, 1978, 3(Business and Finance), at 1F.

[3] Moskowitz, op. cit., and Special Analyses, Budget of the United States Government, Fiscal Year 1981, pp. 303-333.

confuse the American public, while at the same time they employ jingoism designed to silence opposition by inducing guilt and passivity.

But the task must be undertaken. Issues must be confronted and new ideas introduced, even at the risk of making some of our fellow citizens uncomfortable or embarrassed. Last year the Council attempted to break new ground by asking the question, "What are the conditions needed to create a political climate which would, in fact, help reorder our national priorities so that they are directed toward compassion and more equality and more dignity for all Americans?" And we suggested that the answer might be found by expanding the basic ideal of our nation—more democracy. A year later the meaning is even more relevant. We therefore have repeated and strengthened it.

But time is getting short. And the burned-out neighborhoods in Miami—like Detroit, Watts and Cleveland from earlier years—may well foreshadow the awful possibilities that lie before us if we continue to make the dignity of human life a secondary public concern. In this regard we recall the words of Dr. Martin Luther King, Jr., who, while organizing the "Poor People's March" stated, "Only a tragic death wish can prevent our nation from reordering its priorities."●

SIERRA MADRE SEARCH AND RESCUE TEAM

HON. JOHN H. ROUSSELOT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. ROUSSELOT. Mr. Speaker—

Strong is the soul, and wise, and beautiful:
The seeds of godlike power are in us still:
Gods are we, bards, saints, heroes, if we will.
Matthew Arnold.

There are the seeds of godlike power in us, as Matthew Arnold wrote, but not everyone seeks them out in himself.

Sierra Madre, a peaceful little city in my district, is fortunate to be the home base for a group of men and women who have nurtured and cared for a very special power in themselves—the power to save lives.

I would like my colleagues to join me in recognizing these people who comprise the Sierra Madre Search and Rescue Team on its 30th birthday.

Although they do not call themselves such, these people are heroes. Members of the Sierra Madre Search and Rescue Team have spent tens of thousands of hours on rescue and educational missions in southern California. Over the last 30 years the team has been on alert every minute of every day.

Members of the team have saved more than 1,800 stranded, injured, or lost hikers, and never has a rescue team member been seriously injured. Anyone who joins the team must go through rigorous training for 1 year and then pass tests before being able to accept responsibility for the lives of others.

The team has helped out the U.S. Park Service, the U.S. Forest Service and the Los Angeles Fire Department during forest fires and other emergencies in southern California and all around the world. Through the team's educational services, men, women, and children have been taught to love, respect, and understand the wilderness through the team's educational services.

The team's slogan, "We will go anywhere someone in the wilderness needs help," has been a comfort to the many people who have depended on the efforts of the Sierra Madre Rescue Team throughout the years.

There are many great things members of the team have done, but one of the greatest is the fact that they have performed these tasks at no direct cost to taxpayers or to victims needing rescue, and team members have worked as volunteers, accepting no pecuniary benefits for their services.

The people who are involved with the rescue team get something more important than money, though. They are rewarded with the inward, warm feeling of having done something good and very special for mankind.

In 1920 William James wrote a letter in which he described the same kind of feeling a rescue team member might experience while involved in the intensity of his chosen duty:

I have often thought that the best way to define a man's character would be to seek out the particular mental or moral attitude in which, when it came upon him, he felt himself most deeply and intensely active and alive. At such moments there is a voice inside which speaks and says: "This is the real me!"

Happy birthday, Sierra Madre Search and Rescue Team, and thank you for all the services rendered to your fellow man.●

SUPPLY-SIDE ECONOMICS—PART I

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. McDONALD. Mr. Speaker, since the Presidency of Franklin D. Roosevelt, America has been saddled with the economic malady known by the title: Keynesian Economics.

Spurred on by various congressional leaders, a sympathetic new President, and such writers as George Gilder and economists as Professor Laffer, there has been an increasing rejection of Keynes. The current interest has been for what is termed, Supply-Side Economics.

Supply-Side is a great improvement over Keynes. At the same time there is a strong belief that the supply-side concept is only a halfway house and that by itself will not bring full economic health any more than Keynes and his demand side economics did.

Noted Austrian School economist, Percy Greaves spoke recently in New York City on the assets and liabilities of the supply siders. The occasion was the quarterly meeting of the National Council of The John Birch Society and the first part follows:

SUPPLY-SIDE ECONOMICS

(By Percy L. Greaves, Jr.)

It is indeed an honor to address this distinguished group, Mr. Welch, and I thank you for inviting me. Members of the Council and friends.

September 29th will be the hundredth birthday of my late, great teacher, Ludwig von Mises, the grand master of free market economics. I trust his writings will be better understood as time passes, because it is only his contributions that can save us.

Reaganomics, or "supply-side economics" as it is more frequently called, is a half-way house. It is perhaps the upper half of a house without a theoretical foundation or first story. The advocates of "supply-side economics" do not recognize many of our problems and their solution for all of them is reducing income taxes across the board. The basic problem of our century is inflation. Mises wrote his first book directed at this problem as early as 1912. He wrote and spoke on its causes and disastrous effects all his life. He understood it as very few do.

Our Reaganomics, or supply-side, people think that there is good inflation and bad inflation. They are basically anti-Keynes, as there is a certain agreement among them that many of our past economic policies have been wrong. They emphasize "supply" and want government to favor it, as Keynesians asked government to intervene for "demand." They think Lord Keynes was wrong in his idea that prosperity could be created by just giving people government created money to "demand" overpriced goods and services. This they admit has led to inflation.

The supply-siders go off on the other side. They want government to come to the aid of the supply side. Like the Keynesians, they are macro-economists and political interventionists, rather than micro-free-market economists. Both groups deal with totals or aggregates, rather than with individuals. In real life all action is by individuals—not by society as a whole. Aggregates and averages bury the important facts of individual actions.

While supply-siders are basically anti-Keynes, they do not understand the supply side or the advantages of a truly free market. They want to increase supply—and nobody's against increasing supply—except they do not seem to care particularly what kinds of supply are increased. They pay no attention to that.

Actually, one of the major decisions that businessmen have to make is what kinds of supplies they should increase. They seek to increase the supplies of only those goods and services for which there will be a demand. So that the two, supply and demand, have to come together. And it's the demand side that comes first. If there is no demand for a particular good, the supply of it has no value. So it is important to increase the supply of only those things for which there is, or will be, a demand. This means dealing in the micro and not the macro. However, supply-siders do not seem

to be interested in the contents of the "supply," merely in the total "supply."

Supply-siders are, of course, faddists. We have had economic faddists many times before. Like many faddists, there is a certain amount of incest among them. They praise each other's books and other's statements. Like other faddists, their ideas will flit across the stage and fade with the passage of time.

Many of their statements are inconsistent, such as their statements pro and con on inflation. While they make a good case for cutting down some of the highest tax rates, they do not make any kind of a case for their plan to cut income taxes across the board in times of large budget deficits and double digit inflation.

One of the oddest things about supply siders is their idea that government is productive. This idea seems to be spreading as fast as marijuana in the schools. The supply-siders believe not only that government is productive, but that it could and should be made more productive.

Our situation today is very serious. We have now had inflation for a good many years. Our inflation is simply the government's program of creating more dollars. The new dollars are used by our politicians to buy votes, grant privileges and hinder our most productive private enterprises. This has now been going on for many years. The government's deficits do not seem to bother the supply-siders or Reaganomics advocates. They make no mention of the carte blanche government has given to labor unions to blackmail businesses and governments, that is the consumers and taxpayers. They pay no attention to the mass unemployment that results largely from labor union privileges and the minimum wage laws which keep people from working. Subsidies for the resulting unemployed are responsible for much of our inflation, as well as for higher prices and higher taxes.

High taxes are, of course, something that should be brought down. Nobody denies this. While the supply-siders want to bring down high taxes, they light out after those who want to balance the budget. They state that balancing the budget is a wrong objective and then they tell us the only way to balance the budget is to cut tax rates.

My own position on taxes is contained in the plank which I wrote for the American Party last year. It reads:

Government which taxes some of the citizens in order to win elections by subsidizing favored factions of the electorate is incompatible with freedom and prosperity. It encourages fraud, sloth and disrespect for the law, and at the same time discourages potential employers, savers and investors. All taxes should be direct, highly visible and proportional in order that everyone have an equal interest in keeping them minimal. They should be levied and collected solely for the payment of the Constitutional functions of government.

We would accomplish this by phasing out the Marxist progressive feature of the federal income tax by gradually reducing the rates on the higher bracket incomes and, by steps, eliminating exemptions. Everyone would then bear their fair share of government expenditures and there would no longer be a built-in inducement for any group to seek special favors at the expense of the taxpayers.

To encourage people to save and invest, we would remove double taxation on dividends and further reduce taxes on capital gains * * *. There is more on what we would do about the IRS, but I would not go into that at this time.

The supply-siders want to reduce income taxes across the board. What do they offer as the chief argument for this? That it will increase government revenues! They seem to think that is a wonderful thing to do—increase government revenues! Of course, that is the last thing we need to do. Our problems is to reduce government revenues to what is necessary for the defense of our people, property and borders. But they want to increase government revenues.

They point to the examples of Secretary of the Treasury Andrew Mellon in the 1920s and President Kennedy in the 1960s. These examples are not as helpful as they think. In the Mellon case, we had a balanced budget all the time he was reducing tax rates. Some of his tax reductions were very beneficial, but they took place during a period of inflation—the inflation that burst in 1929. Of course, this idea works best when there is inflation, because with inflation there is a built-in tendency for government revenues to increase. The success of the Reaganomics program in raising government revenues is based on a continuation of inflation. They expect this as can be seen by their acceptance of the law tying future income taxes to the cost of living index.

The same thing happened with Kennedy. He reduced all of the tax rates. We also had inflation at that time and our economic conditions continued to get worse as time went on. Government revenues did increase, which the supply-siders think is wonderful. They would like us to go back to the tax ratios of the Kennedy era. Supply-siders consider the reduction of taxes across the board to be a remedy for all economic problems. They show little concern for the continued unbalanced budget.

Supply-siders do not realize that part of our problem is that many of our recent Presidents have bragged about taking millions of people off the income tax roles. When you take people off the tax roles, they tend to believe that, since they do not pay income taxes, they do not have to worry about government expenditures. They thus endorse spending measures, which they think can only help them. They do not realize they still have to pay for them in the form of higher prices. Our goal should be to put everyone on the tax roles so that everybody bears his proportion of government's expenses and has an interest in keeping them at a minimum.

What the supply-siders say about the reduction of taxes on capital gains is, of course, true. The same reasoning would apply also to removing the double tax on dividends, which they rarely mention. But trying to raise government revenues is certainly not the answer to our present problems.

Now for the history of this development—I do not know all of it and I do not want to take too much of your time on this. It started with the Laffer Curve, so-called. Arthur Laffer made the "wonderful discovery" that if the government taxed 100% of earnings, it wouldn't get anything. He believes there is some magical point, which he thinks is much lower than present tax rates, at which the government could get more revenue. The aim of the supply-siders is to find this point at which the government will maximize its revenue.

One of the first of our politicians to latch onto this was Congressman Kemp. Kemp, when he was a good quarterback for the Buffalo football team, was twice enrolled to come to the FEE [Foundation for Economic Education] seminars at which I was then lecturing. If he had come, he would have heard five of my lectures. That might have changed the course of events. But he cancelled out both times at the last minute. So he never had to listen to me and I'm afraid he has never read "Understanding the Dollar Crisis." Basically, he's a good politician. He has one of the largest steel workers unions in his district and he wants their votes. His sales spiel for the supply-sider tax reduction plan is based on the idea that with increased revenues it will not be necessary to cut government expenditures. He sincerely believes with Laffer that by reducing income tax rates the government will have more revenues, so he can promise the voters that they can still have their unemployment insurance and other welfare programs. He thus appeals to all those who want lower taxes as well as those who want to maintain present government programs and expenditures. This argument has undoubtedly helped to keep Kemp popular in his district and perhaps to lead him on to wider fields. But the selling point is that we can have our welfare state programs and lower taxes.

There have been a number of popular books on this new panacea. The first one was by a fellow by the name of Jude Wanniski, "The Way the World Works." While I haven't read it all, I have read several reviews of it as well as some interviews with the author, one of the founders of supply-side economics. He advocates most of the good things in Reaganomics, as well as some of their dreams. I will say he is for a gold standard, although he doesn't fully understand it. Two later books that have received much more publicity and gained much greater popularity are "Wealth and Poverty" by George Gilder and more recently "Reaganomics" by Bruce Bartlett—two different gentlemen with two different approaches. They take different paths, but they come pretty much to the same conclusions. To me, one is a bright spot and the other one is a kind of dark spot.

First, Gilder's "Wealth and Poverty." To understand Gilder, you should know something about his background. The wonderful thing about Gilder is how he has risen above it. There are many good things in his book, as well as some bad things. Before George Gilder's father went off to World War II, he asked his close friend, David Rockefeller, to take care of his son if he did not come back. When George Gilder's father was killed, David Rockefeller came through and provided his friend's son a good education, as he thought, sending him to all the best schools. So Gilder is a Rockefeller protege. When he got out of Harvard, he went to the Kennedy Institute of Government and learned about the things taught there. Then he participated in two Nelson Rockefeller campaigns and held a job as editor for the Ripon Society before he became an employee of those left-of-center Republican Senators, Charles Mathias and Jacob Javits.

Now, given that background, it was really a startling step forward that he has learned so many good things. Another part of his background I have not yet mentioned is the two years he spent living among the poor in the inner cities of several cities in this country, north and south. From this experience he really learned many good things. He probably started this period with leftish do-good leanings. But he did learn from close observation that the welfare state was ruin-

ing the poor, particularly the Black poor. This was a first step forward. He also learned that Keynesian economics does not work. Gilder came out of this experience with a new-born faith in capitalism. To him, capitalism is a "religion." While he has very little knowledge or understanding of it, he has a faith in what he considers capitalism.

Gilder now holds that too much welfare has halted in its tracks any improvement of the poor, particularly that of the Blacks. He believes it has given them too easy a way out. Welfare payments makes wives and children economically independent of husbands and fathers. They can get more on welfare than many a working husband can earn. So husbands and fathers are no longer needed as family breadwinners. As a result, family life among the poor has been ruined. The children are put out on the streets where they cannot be controlled by the poor mothers who become the heads of families. He discovered the hard way that welfare is corrupting and hurting all of the poor people far more than anything else could do.

Gilder has also come up with a startling fact, one I had not considered, that the marginal tax rate for the average American family—by marginal rate supply-siders mean the top tax rate that a person pays out of any additional earnings—is now close to 50%. We have known this was true for a good many workers and investors, but he makes it very clear that this is also true for people on welfare. If they start to earn anything, they are immediately in the upper marginal brackets. What they lose in welfare, plus withheld taxes, leaves them little if anything above what they receive on welfare. He also points out the social security cases of those between ages 65 and 72. In my own case, my marginal tax rate was over 90% during those years. When I wrote an article or gave a talk, the government got 50 percent of my social security check, plus the regular federal, state and self-employed social security taxes. So for seven years I was able to keep only about 5 percent of what I was paid for speaking and writing. This was not a great incentive.

So Gilder has learned many good things. Unfortunately he continues to believe many things should be done by government. He considers government productive. However, he thinks that the answer to most of our poverty problems is to lower income tax rates, thus permitting the rich to invest more. For him, the answer is investment, which will increase the supply side. In his view, government tax policies are the villain. He does realize that the only serious war on poverty is that waged by entrepreneurs. "The ideal," he states, "that all wealth is acquired by stealing is popular in prisons and Harvard." He tells us that a major cause of poverty is the erroneous belief that wealth causes poverty.

He speaks a good deal about the "moral hazards" of our present system. As with the case of arson, so it is with relief. Both insurance and welfare payments create situations which make it advantageous for people to do the very thing society is trying to prevent. People get sick, burn down their property and stop working to collect the available benefits. He makes a great deal of this "moral hazard" and says that with changes in programs and benefits families quickly adjust their actions to qualify for "what is their best available opportunity." Too often this means qualifying for welfare with its leisure, medical benefits, food stamps and part-time jobs off-the-books. He states that a 1979 family of four on welfare got close to $18,000 while the median income of the country was only $16,500. He thus finds welfare is often worth more to families than husbands. He is also against the housing subsidies.

He places great emphasis on the growing size of the "underground economy" as our present high marginal tax rates encourage more and more people to earn more and more of their income off-the-books. Like all the other supply-siders and advocates of Reaganomics, he seems to believe that now the jinni of off-the-book will return to the bottle and all private transactions will go back on-the-books.

Gilder says very little about labor unions. He does say they back up the large companies, which they have organized, in seeking government privileges. However, he states very wisely that, "No industry (or city) can successfully negotiate with its unions if the workers believe that the firm has ultimate access to the federal treasury."●

PRESIDENT'S EXPORT COUNCIL ENDORSES TRADING COMPANY LEGISLATION

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. BONKER. Mr. Speaker, I wanted to report to the House on the first meeting of the President's Export Council. I am privileged to serve on this body along with my colleagues DAN ROSTENKOWSKI and BILL ALEXANDER.

The President's Export Council (PEC) advises the President on export expansion activities and promotes export awareness and assistance. Three Members of the House and Senate serve on the body, along with 26 members from the private sector, including the CEO's of many of our major exporting corporations. PEC Chairman is Mr. J. Paul Lyet, chairman and chief executive officer of the Sperry Corp.; Anna C. Chennault, president of TAC International, Washington, D.C., is vice chairman.

The Council provides a forum on current and emerging problems and issues in the field of export expansion; encourages the business, industrial, and agricultural communities to enter new foreign markets and to expand existing export programs; and provides advice on Federal plans and actions that affect export expansion.

The PEC also surveys and evaluates the export expansion activities of the United States. It identifies specific problems that business, industrial, and agricultural practices may cause for export trade and makes recommendations to solve these problems.

Mr. Speaker, on October 15, the first official act of the PEC was to pass a strongly worded resolution endorsing and urging expeditious passage of legislation to create and foster export trading companies.

This bill is the singlemost important piece of export-related legislation before the Congress this year. The bill would permit bank equity participation in export trading companies and would eliminate the uncertainty of the antitrust laws by exempting strictly specified activities from the application of these laws.

I want to inform my colleagues that on October 27, the House Foreign Affairs Subcommittee on International Economic Policy and Trade, ably chaired by Mr. JONATHAN BINGHAM, will hold a markup on H.R. 1799, the trading company bill. As prime sponsor of H.R. 1799, I am pleased to report that the House is moving now to consider this important measure.

It has been recognized by the PEC that a relatively small number of multinational corporations supply the vast majority of U.S. exports. Export trading companies could help the thousands of manufacturing firms that lack expertise in exporting or the resources to engage in foreign trade. Their development would be linked to the needs of individual firms to pool capital and distribute risk in engaging in more costly and less certain foreign markets.

I hope that this subcommittee markup will be the first step in bringing this legislation to the floor of the House.●

GAO REPORT UPDATED

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. LAGOMARSINO. Mr. Speaker, the General Accounting Office has released a report (AFMD-82-1) entitled "Actions to Improve Timeliness of Bill Paying by the Federal Government Could Save Hundreds of Millions of Dollars."

This report is an update of a study undertaken by the GAO in 1978 and is the direct outgrowth of hearings held last May in the Senate on legislation requiring Federal agencies to pay interest on overdue accounts held by private business. This legislation is embodied in H.R. 2036, which I introduced in this House in February and in S. 1131, introduced in the other House by Senator DANFORTH.

In its latest report, the GAO notes that despite the fact that it had made recommendations for improving the situation over 3 years ago, little has been done to remedy the problem of nontimely payments. The report notes conversely that the situation has been made more critical by high interest rates in the private sector, and concludes:

If the situation is the same today as at the time of our previous review, we estimate—

applying an interest rate of 12 percent and assuming annual Federal procurements of $100 billion—that contractors are possibly losing at least $150 million annually on late payments. The loss could be as high as $375 million. Delays in making payments also cost companies and the Government money in terms of additional time and effort spent tracking down unpaid bills and in resolving disputes over when payment is due* * *.

Mr. Speaker, the GAO report makes clear that efforts to resolve the slow pay issue administratively or by regulation have been a dismal failure. It points out that beginning in 1979, Federal fiscal regulations required agencies to report to the Treasury at least annually on their cash management practices and late payment of bills. However, 2 years later the Treasury had received only 18 reports, although 86 agencies were subject to the regulation. The GAO said the reports that were made either did not address bill payment at all, made only broad statements such as the agency was doing a good job, or simply promised further actions. It is clear, Mr. Speaker, that the time has come for legislative action. Not only is it immoral for the Federal Government to withhold payment of valid bills, it is also bad business. Uncle Sam is getting a bad credit reputation with business suppliers, and as a result, is having to pay more for goods and services.

I am pleased to advise this House that H.R. 2036 now has 111 cosponsors, and that earlier this month, Chairman JACK BROOKS introduced a version of the bill with Messrs. ENGLISH and HORTON, as H.R. 4709. I hope that public hearings will soon be held on these and similar proposals. When taxpayers refuse to pay the Government what they owe, the Government imposes financial penalties. The least the Government can do in turn is to pay its own bills on time—or failing that, bear the penalty of paying interest on the overdue account.

U.S. GENERAL ACCOUNTING OFFICE,
Washington, D.C., October 8, 1981.

Hon. DAVID A. STOCKMAN,
Director, Office of Management and Budget,
Hon. DONALD T. REGAN,
The Secretary of the Treasury.

This report discusses the results of a followup survey on our 1978 report, "The Federal Government's Bill Payment Performance is Good But Should Be Better" (FGMSD-78-16). Although we made specific recommendations more than 3 years ago for bill payment monitoring and changes in procurement regulations, little has been done in these areas. We noted continued ineffective monitoring of Federal bill payment practices and failure to provide appropriate guidance to Federal agencies on bill paying requirements.

Contractors continue to complain that the Government is not paying its debts when due—a situation that has been made more critical by high interest rates. Furthermore, we saw indications that Government agencies, while paying some bills late, are still paying others too early—a serious problem also identified in our prior review. Both late payments and early payments are costly. Together, late payments cost contractors and early payments cost the Government possibly hundreds of millions of dollars annually.

OBJECTIVES, SCOPE, AND METHODOLOGY

We performed this followup work in response to a request from the Chairman of the Subcommittee on Federal Expenditures, Research, and Rules, Senate Committee on Governmental Affairs to assess proposed legislation (S. 1131) which would require that Federal agencies pay interest on overdue payments made to private contractors. On May 13, 1981, we testified before the chairman on this legislation.

The objectives of our survey were to assess the potential impact on the Government of requiring Federal agencies to pay interest on late payments and determine if our previous recommendations for monitoring the Government's bill payment performance, for developing payment due date standards, and for including specific payment terms in contracts and purchase orders have been implemented.

We reviewed Federal cash management regulations issued by the Treasury in May 1978 and revised in June 1980, and various other payment guidelines for Federal agencies issued by the Office of Management and Budget (OMB) and the Treasury. We examined and evaluated Federal agency cash management reports submitted to the Treasury. We discussed with a responsible Treasury official the Treasury's monitoring of Federal agencies' cash management practices and performance as provided for in its regulations.

Payment performance monitoring procedures and practices were also discussed with senior officials at the Departments of Agriculture, Defense, and Energy; the General Services Administration; and the National Aeronautics and Space Administration. Current agency payment statistics were analyzed when available. We selected these agencies because each had annual contract actions of over $1 billion, with the Defense Department contracts constituting over 70 percent of the total contract actions Government-wide.

In addition, we discussed Federal procurement policies related to timely payment of bills with responsible officials at OMB, the Department of Defense, and the General Services Administration. We reviewed various statements made by private contractors and their representatives addressing the extent of late payments by the Federal Government and the problems such late payments cause.

GAO PREVIOUSLY REVIEWED GOVERNMENT BILL PAYMENT PERFORMANCE

More than 3 years ago we reviewed the Federal Government's bill payment performance. Companies had complained that Federal agencies were slow in paying their bills.

To determine how well the Government was doing as a bill payer and to identify any changes in policies or procedures that might be needed to improve the timeliness of payments, we analyzed a sample of contractor invoices, selected to be statistically representative of Government-wide performance. We also analyzed responses from 950 contractors to our questionnaire on payment performance in Federal agencies. In February 1978 we reported our findings: "The Federal Government's Bill Payment Performance Is Good But Should Be Better" (FGMSD-78-16). As part of our review, we testified in June 1977 before the Senate Select Committee on Small Business on the problems of late payments by Federal agencies.

We found that although the Government's bill payment performance was more often good than bad, lengthy delays did occur and many contractors believed they were not paid soon enough. We also found that early bill payment was a problem that was costing the Government unnecessary interest and causing some contractors to stop offering discounts.

The reason for payment delays could usually be traced to lapses in agency receiving and acceptance procedures, although contractors contributed to the problem by not always providing a correct invoice promptly to the right payment center. However, an overall problem was a lack of Federal standards establishing when payment was due. Government procurement regulations and standard contract payment clauses did not specify due dates and, when contractor invoices included payment terms, Federal procurement and fiscal regulations were silent on whether agencies were required to abide by those terms.

We concluded that improving Federal payment performance would require changes in agency payment procedures and in Federal procurement policy. We made a series of recommendations for corrective actions in both areas. For example, we recommended that agencies speed up the payment process by simplifying procedures for certifying and paying invoices for recurring service, and by making wider use of fast payment procedures whenever possible. To ensure that agencies were adopting procedures to pay bills on time and to evaluate the need for further improvements, we recommended continued monitoring of Federal Government payment performance.

To improve Federal procurement policies, we recommended development of payment due date standards for the major types of goods and services for use by Federal agencies. We also recommended that agencies, when it is practical, include specific payment due date terms in each contract and purchase order.

ADEQUATE CORRECTIVE ACTIONS WERE NOT TAKEN

Although we made specific recommendations for continued bill payment monitoring and for changes in procurement regulations more than 3 years ago, adequate corrective actions have not yet been taken. The Treasury's monitoring of Federal Government bill payment practices has been ineffective, and responsible agency headquarters offices apparently do little payment performance monitoring themselves. Payment due date standards for the major types of goods and services have not yet been developed and contract documents generally still do not include specific payment due dates, although we have shown good reasons for doing both.

As a result, OMB and Treasury do not know how good the Government's current bill payment performance is, or if agencies have implemented recommended actions to improve payment procedures. Responsible agency headquarters offices apparently are also generally unaware of whether their agency is paying its bills when due and agency financial managers continue to have problems with nonspecific payment terms in contract documents.

As we have pointed out, it is costly to both the Government and private contractors when Federal agencies do not pay their bills when due. Costs to the Government for

early payments and costs to contractors for late payments can possibly total hundreds of millions of dollars annually.

MONITORING OF GOVERNMENT BILL PAYING PERFORMANCE SHOULD BE MORE EFFECTIVE

Following our 1978 report, the Department of the Treasury in May 1978 issued cash management regulations requiring Federal agencies to make payments when due. The regulations also provide for monitoring of cash management, including agency bill paying, by both the agencies and the Treasury. However, almost 3 years later, little effective payment performance monitoring has been done by either the Treasury or the agencies. Thus, payment statistics, which could be used to identify the magnitude of the Government's current payment problems and to determine whether agencies have implemented effective corrective actions, are not readily available. In addition, Treasury is denied the opportunity to facilitate, as part of the monitoring effort, the exchange of information between agencies on payment procedures and techniques.

Beginning in 1979, Federal fiscal regulations required agencies to report to the Treasury at least annually on their cash management practices and include information on late payment of bills. However, 2 years later the Treasury had received only 18 reports, although 86 agencies were subject to reporting. In addition, the reports received were inadequate for monitoring the agencies' bill payment performance. They either did not address bill payment at all, made only broad statements such as the agency was doing a "good job," or simply promised further actions. A responsible Treasury official agreed that the reports were of little value, saying that staff shortages have prevented the Department from pursuing its monitoring efforts diligently.

To compound the problem, responsible headquarters offices of Federal agencies apparently do little effective payment performance monitoring themselves. Of the five agencies we contacted, only two made regular reports of some payment statistics to headquarters offices. The Department of Agriculture statistics showed the number and amounts of annual payments broken out by type of bill (such as purchase orders or utilities) and indicated how soon after receipt the bill was paid. In contrast, the General Services Administration statistics, developed as part of a work measurement report, indicated only how close the agency's payment centers came to an established goal of paying 90 percent of their invoices by the due date. The statistics did not show the number, amounts, or types of payments involved, or when payments were made.

Neither the Department of Defense nor any of the military services regularly reported payment performance statistics to responsible headquarters financial managers. The same was true for the National Aeronautics and Space Administration and the Department of Energy. Officials we spoke to generally felt that early rather than late payment was the greater problem, but could not readily document this assertion. Nor could they document that their agencies had taken recommended actions to improve payment performance, although they indicated a belief that some corrective actions had been taken or were planned.

In reviewing agency reports submitted to the Treasury and in contacts with some agencies, we found that one reason for the poor results of payment monitoring by the Treasury was the absence of clear and specific Treasury guidelines on what agencies were required to do in the way of monitoring and reporting. For example, the Treasury was asked by the Department of Transportation to comment on the adequacy of a report it was submitting because Transportation considered the Treasury regulation too vague. A Department of Agriculture official said that one reason his agency had so far failed to submit the required annual report was the absence of a clear statement on what was required. Other agency financial managers we contacted generally echoed this view.

In commenting on the regulation when it was in draft form, we advised the Treasury that more specific guidance should be included for agency monitoring and reporting. We still hold to this view. As a minimum, agencies should monitor and report on actions completed, underway, or planned to strengthen bill payment procedures; the number and dollar total of (1) bills paid on time, (2) bills paid late, and (3) bills paid early; the range of time for payments made early and late; and reasons for early and late payments.

This information would enable the Treasury to first, measure the extent of the problem Government-wide, second, identify the agencies with the best and worst payment performance, and third, facilitate exchange of information between agencies on efficient and effective payment procedures and techniques.

As interest rates remain high, companies continue to complain about the high cost of funds they must borrow to cover their operations while waiting for the Government to pay its bills. On the other hand, paying bills too early costs the Government money. It also must borrow funds and, in addition, earns interest on its operating accounts—tax and loan accounts—maintained at commercial banks throughout the country. If the situation is the same today as at the time of our previous review, we estimate—applying an interest rate of 12 percent and assuming annual Federal procurements of $100 billion—that contractors are possibly losing at least $150 million annually on late payments. The loss could be as high as $375 million. Delays in making payments also cost companies and the Government money in terms of additional time and effort spent tracking down unpaid bills and in resolving disputes over when payment is due. Applying the same analysis to early payments as we did to late payments, we estimate that the Government could save at least $900 million and possibly as much as $3.8 billion annually if all the early payments are made on the due date.

THE GOVERNMENT NEEDS DUE DATE STANDARDS AND SPECIFIC PAYMENT TERMS IN CONTRACTS

Payment due date standards for the major types of Government purchases have not yet been developed and purchase documents generally still do not include specific dates when payment is to be made. We recommended these changes to Federal procurement regulations in our 1978 report because one rule—payment within 30 days of a vendor's invoice date—is not adequate. Our recent discussions with Federal financial managers responsible for paying the Government's bills confirm this belief.

The variety of goods and services being purchased by Federal agencies is so wide and the arrangements for making payments are so varied that it is difficult to establish a single payment standard that could be equitably applied in each case. Specific deviations from the generally accepted rule need to be worked out. Exception categories to be considered include advance payments, recurring payments that have a fixed due date, and payments for goods and services whose testing and acceptance are essential to protect the Government's interest.

Serious problems which significantly impact on the Government's bill paying performance continue because specific due date standards have not been established and specific payment terms are not included in contracts and purchase orders. Defense and General Services Administration officials told us that time-consuming disputes over when payment is due continue between Federal payment center personnel and contractors despite the fact that Treasury fiscal regulations call for inclusion of specific due dates in contract documents or payment on the 30th day from receipt of a valid bill, and Treasury and OMB have asked agency heads to abide by these rules. According to the officals, procurement and not fiscal regulations are applied, and because procurement regulations have not been amended, contracts still do not include specific due dates. Instead, standard contract clauses call for "prompt" or "timely" payments and contractors often argue that payment in 30 days in neither prompt nor timely.

Defense officials echoed our view that the remedy to this problem is the inclusion of a payment due date in each contract and purchase order. They said that this is generally not being done because the Defense Acquisition Regulation, currently applicable to the military departments, does not call for due dates. Supported by a Defense consultant study on standard Defense payment clauses, Defense financial managers have repeatedly, but in vain, called for the necessary promised revisions to the military procurement regulations. A top Defense official, in a September 1980 memorandum to the Deputy Undersecretary of Defense responsible for procurement policy, stated that by allowing nonspecific payment due dates the procurement regulations are undermining efforts to improve cash management at Defense.

Officials of civil agencies we contacted generally voiced the same concerns about the Federal Procurement Regulations, published by the General Services Administration and currently applicable to the civil agencies. According to the Director of the General Services Administration's Office of Procurement Regulations, his office is in the process of developing payment standards for some types of goods and services the Government is procuring. These will be included in the Federal Procurement Regulations.

OMB has recognized that clear and practical payment standards and the inclusion of specific payment terms in Government contracts and purchase orders would facilitate timely payment of bills. Its Office of Federal procurement Policy, responsible for administrative review of all Federal procurement policy since 1976, is developing a Federal Acquisition Regulation which will consolidate and replace existing military and civil procurement regulations. This is expected to be implemented in December 1981. In a July 1978 memorandum to heads of executive departments and agencies, OMB said that the consolidated Federal Acquisition Regulation would include the necessary guidelines. However, an official of the Office of Federal Procurement Policy told us that although the consolidated regulation will provide for the inclusion of payment due dates in Government contracts and purchase orders, it probably would not

include payment due date standards for the major types of goods and services the Government purchases. As discussed in our 1978 report, we strongly believe that such standards are needed to guide agencies in setting consistent, specific payment terms to be included in Government contracts and purchase orders.

CONCLUSIONS

Oversight is one of the keys to ultimate improvement of Federal bill paying performance. The Treasury, by including in Federal cash management regulations the requirement for monitoring of cash management practices by Federal agencies and the Treasury, has taken a first step. However, the Treasury and OMB need to follow through and take the lead in effectively monitoring the Government's payment performance.

Also, specific payment due date standards for the major types of goods and services need to be developed and included, whenever practical, in each contract and purchase order. Nonspecific payment terms continue to cause problems for Federal agency financial managers trying to improve their payment procedures, and continue to cause disputes over payments between Federal payment center personnel and private contractors. OMB's Office of Federal Procurement Policy must ensure that all needed provisions on payment due date standards are developed and included in the Federal Acquisition Regulation now being developed.

RECOMMENDATIONS TO THE SECRETARY OF THE TREASURY

We recommend that the Secretary of the Treasury:

Revise cash management regulations to require each agency to submit, as part of the already mandated annual report on cash management practices, information on actions completed, underway, or planned to strengthen bill payment procedures; the number and dollar total of (1) bills paid on time, (2) bills paid late, and (3) bills paid early; the range of time for payments made early and late; and reasons for early and late payments.

Establish and implement monitoring and evaluating procedures to insure that agencies comply with the above annual reporting; and agencies not paying bills when due are identified continually.

As part of its monitoring effort, the Treasury should facilitate the exchange of information among Federal payment centers to promote efficient payment procedures and techniques.

RECOMMENDATIONS TO THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

We recommend that the Director, Office of Management and Budget direct the Administrator of the Office of Federal Procurement Policy to develop payment due date standards for the major types of goods and services procured by Federal agencies; incorporate these payment due date standards in the Federal Acquisition Regulation that is currently being developed; and include in the Federal Acquisition Regulation a provision requiring agencies to specify, when possible, in each contract and purchase order the date when payment is due.

If implementation of the Federal Acquisition Regulation, currently estimated for December 1981, is delayed, the Director, Office of Management and Budget should ensure that in the interim the Defense Acquisition Regulation, applicable to the military departments, and the Federal Procurement Regulations, applicable to the civil agencies, are revised accordingly.

Since the issues discussed in this report were addressed in our February 1978 report and our May 1981 testimony on the Government's bill payment performance, we did not obtain official comments from OMB or the Treasury. We did, however, discuss the contents of this report with officials of both organizations and we have considered their comments and made changes where appropriate. In this regard, after our May 1981 testimony, Treasury requested in a June 30, 1981, letter that agencies provide information on, first, what efforts they have taken to ensure that payments are made on time, second, the total number and dollar value of late payments, third, the reasons for late payments, and fourth, their efforts to monitor their payment performance. We had recommended in our testimony that Treasury secure this and other information regularly, and we are reiterating the recommendations in this report.

As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations. You must send the statement to the House Committee on Government Operations and the Senate Committee on Governmental Affairs within 60 days of the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made over 60 days after the date of the report.

We are sending copies of this report to the committees mentioned above, the Senate Select Committee on Small Business, and the Subcommittee on Federal Expenditures, Research, and Rules of the Senate Committee on Governmental Affairs. In addition, copies are being sent to the agencies mentioned in this report and other interested parties.

We wish to express our appreciation for the cooperation received during this review.

W. D. CAMPBELL,
Acting Director.●

"ME" GENERATION SAVES LIVES IN MISSOURI

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. GEPHARDT. Mr. Speaker, we read and hear almost daily that our Nation's future is suspect because the youth of today prefer the pursuit of selfish pleasure and profit instead of the sacrifice associated with attending to the welfare of their fellow citizens. We are told that modern youth lack compassion, or that they shrink from commitments, or that they will expend great energy to avoid personal involvement. In contrast to these sweeping and, in my judgment, unfair accusations, I would like to bring to the attention of my colleagues an episode of exceptional heroism which occurred in my district on September 13, 1981.

Two college seniors, Ted Tahan, Jr., and Paul Spezia, saved the lives of two men whose car burst into flames after hitting a concrete median on a St. Louis expressway. Mr. Tahan and Mr. Spezia were driving along the same highway when the accident took place. These young men, almost impulsively, moved their car to the side of the road and approached the burning car where both victims lay unconscious. Ignoring the threat of great harm themselves, Mr. Tahan and Mr. Spezia overcame the obstacles of the wrecked vehicle and carefully freed the passengers. Within moments after moving the victims to safety, the car exploded into a ball of fire that most certainly would have killed the entrapped persons.

The bravery and courage demonstrated by Ted Tahan, Jr., and Paul Spezia speak well of our younger generation. I salute them for reminding us all that concern for our neighbor and personal sacrifice remain prominent qualities in the American character.●

TRIBUTE TO BILL FOLEY

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. RODINO. Mr. Speaker, it is with a deep personal sadness that I inform my colleagues of the death of William R. Foley, former general counsel of the Committee on the Judiciary, on September 30, 1981. Bill Foley, a Brooklyn boy, leaves a legacy of significant legislative accomplishments, as well as warm personal friendships developed over some 20 years of dedicated service to the committee.

Bill Foley, an alumnus of Notre Dame University and Brooklyn Law School, joined the Judiciary Committee staff as counsel in 1959. Prior to his joining the committe, he served 4 years in the U.S. Army during World War II in counterintelligence work and later as assistant district attorney of King's County, N.Y. He retired from the committee as general counsel in 1968.

His wise counsel, profound understanding of the law, and exceptional ability in his relationships with Members of Congress produced landmark legislative accomplishments.

For three Congresses he worked on the submerged land legislation which culminated in the enactment of Public Law 31 in the 83d Congress.

He was one of the early participants in the Law of the Sea Conferences seeking to achieve international agreement on this important issue.

In the 1950's, Bill Foley worked assiduously on civil rights legislation—a time many of us remember filled with controversy, compromise and success. In 1965, his wise and forthright counsel contributed heavily to the enact-

ment of the landmark voting rights law which we are seeking to extend.

His important contribution in connection with antitrust legislation before the committee and his work relating to the U.S. courts brought him recognition as an expert in these fields of law.

Bill Foley was sorely missed when he left the committee, but with his passing, we experience a deeper, more sorrowful void.

On behalf of my colleagues, I extend our heartfelt sympathy to his wife, Aileen and his two sons, Kevin Curran and William.●

FORGOTTEN "TRABAJADORES" (WORKERS)

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. RITTER. Mr. Speaker, I would like to point out an editorial from the Wall Street Journal, Monday, October 19, 1981, to the attention of my colleagues. It expresses very clearly the nature of the struggle going on in Nicaragua and discusses the visit of four Salvadoran union leaders, traveling under AFL-CIO auspices to New York last week. They came seeking help and understanding and would happily share their perception of what has really happened, and what is happening, in Nicaragua.

It is interesting to note that once again free labor unions stand as one of the strongest and sometimes only bulwark against tyranny from the left. Indeed, the tradition of George Meany still lives in the hearts of trabajadores everywhere.

The article follows:

[From the Wall Street Journal, Oct. 19, 1981]

FORGOTTEN TRABAJADORES

Thanks to a disturbingly effective left-wing propaganda campaign, the Reagan administration has been largely stalled in its efforts to gather public support for a U.S. counterattack against the Soviet-Cuban conquest of Central America. But it is far too early to give up the fight. The propaganda lies are by now so transparent that even the most liberal Congressmen, newspaper editors and churchmen surely cannot avoid recognizing them.

For example, can anyone still doubt that Nicaragua has been a victim of a Communist takeover? The Cuban-style "neighborhood committees" are in place, the secret police are being trained, La Prensa has been told it will be closed if it continued to speak up, Archibishop Obando y Bravo is being suppressed and a spectacular military build-up is under way. The Sandinistas are creating an army and militia of over 250,000, equivalent to a full one-tenth of the population, even though the country can't feed itself or pays its debts. Heavy equipment, including 30 T-55 tanks, has been pouring in from the Soviet bloc. The combined forces of Nicaragua and Cuba soon will dwarf any army south of the Rio Grande and drive a Soviet strategic wedge between North and South America.

Little Costa Rica, once a model democracy, has been destabilized and intimidated by the Nicaraguan buildup and internal subversion. The territory of Honduras is being used with impunity to funnel arms from Nicaragua to the Communist guerrilla army in El Salvador. An active terrorism campaign is under way in Guatemala, drawing the usual counter-terror from the right with its predictable additional contributions to destabilization.

In Panama, where domestic politics were thrown into disarray last summer by the air crash death of strongman Omar Torrijos, Castro's guerrillas are operating in the bush. The big prize, if they succeed, will be the Panama Canal.

The biggest current military and propaganda effort, of course, centers on El Salvador. The fighting is in the hands of the Cuban- and Soviet-supported Farabundo Marti Liberation Front (FMLN). The propaganda is being orchestrated by something called the Democratic Revolutionary Front (FDR), which has been given the undivided attention lately of communist propaganda outposts throughout the world, including some of the groups in this country that once helped break down U.S. resistance to the Soviet conquest of Southeast Asia. The techniques—marches, demonstrations and blown-up photographs of maimed bodies (all of them naturally victims of the other side)—are the same ones propagandists have used for decades. Their effectiveness was demonstrated a few weeks ago when some brainwashed reporters and Congressmen came very close to publicly insulting the visiting Napoleon Duarte, Salvador's populist president, because of the sins the FDR has alleged against him.

But the Salvadoran government is proving harder to vanquish on the ground than in the North American press. We received a clue to why last week when four Salvadoran union leaders, including the secretary general of the equivalent to the AFL-CIO, and the head of the campesino or peasants union, visited New York. All are under daily threat of death and in fact have all succeeded men who were murdered. They were traveling under the auspices of the AFL-CIO but at the expense of their own unions.

Their message: The war in El Salvador did not result from an indigenous worker and peasant uprising, as Communist propaganda insists. "The war involves 10 percent of the people, with 90 percent in the middle," declared Jose Luis Grande Preza, the labor federation leader. It is true that the Salvadoran army has committed brutalities and the group would like U.S. military aid to be accompanied by greater U.S. efforts to train Salvadoran troops in combating guerrillas, so as to avoid civilian casualties. But the five had no doubt that the origin of the killing was the campaign of destruction and terror conducted by the FMLN. The FMLN and FDR, so romantic sounding to the cocktail liberals of Washington, are not loved by the trabajadores (workers) and campesinos of El Salvador who must brave their bombs and bullets each day. "They have the guns but they don't have the people," says the country director in El Salvador for the AFL-CIO's American Institute for Free Labor Development, which attempts to encourage formation of free labor unions.

There is a bitter irony in all this. The American government is not taking a more forceful role in Central America in part because so many Americans have been convinced that this would be making war on the common man. But representatives of the common man are pleading for help in driving out what they know full well is a foreign-backed army that will enslave them if it wins. As we said at the outset, the Reagan administration has an obligation to all Americans, North, Central and South, to not be so easily deflected. What's happening in Central America is by now so obvious that only knaves or fools can pretend not to understand it.●

NAVY BAND HONORS QUEEN ISABELLA

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. DASCHLE. Mr. Speaker, on August 28 of this year the U.S. Naval Academy Band played the world premier performance of the "Queen Isabella March," a musical composition by Prof. Charles T. Gabriele, the band's composer-in-residence. The performance was at a summer series concert in Annapolis, Md.

The music is a tribute to Queen Isabella of Spain, who provided Christopher Columbus financial aid when every other monarch had turned him down. On July 20, 1500, Queen Isabella issued an edict stating that all newly discovered Indians were to have the same equal rights as her other subjects.

Mr. Speaker, it is indeed fortunate that the medium of music will help perpetuate the greatness of this illustrious queen whose feelings, compassion, and respect for human dignity coincide with those of the United States.

Thank you.●

REAGAN ADMINISTRATION'S NUCLEAR POWER POLICY

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. BROWN of California. Mr. Speaker, on frequent occasions, this body has had to vote on aspects of nuclear power policy for the United States, both at home and abroad. There is a considerable body of law governing these matters now in place, and on the whole, it is a fairly moderate position that has the Government both supportive of nuclear energy development, and concerned about the negative aspects of uncontrolled, or poorly planned, development in the areas of nuclear safety, nuclear waste disposal, and nuclear proliferation.

There are some inconsistencies in U.S. policy, however, with the chief

example being the proposed Clinch River breeder reactor. Now the Reagan administration has decided to declare its own nuclear energy policy covering all aspects of nuclear power. What amazes me about their declared policy is how little it seems to recognize the years of careful, bipartisan work which went into developing our present nuclear energy policies. While I have little fear that the Congress will repeal the current laws which developed from years of work, I am surprised at the stark contrast between what is now U.S. policy, and what the Reagan administration would like it to be.

Perhaps the most surprising aspect of the administration's proposed policy is the complete inconsistency between the "free market" rhetoric of most administration spokesmen, and the nuclear subsidy and bailout provisions of their nuclear power policy.

Mr. Speaker, this is a strange policy which is likely to go nowhere. The reasons, beyond those of foreign policy and concerns for environmental health and safety, are economic. The following editorial from the Los Angeles Times, a pronuclear newspaper, makes this point better than I can.

I commend this article to my colleagues:

(From the Los Angeles Times, Oct. 14, 1981)

NUKING THE MARKETPLACE

The Reagan Administration came into office with the expressed conviction that in energy development, as in other fields, market forces would achieve better results than would government subsidies or regulation.

In most respects, President Reagan has carried through on that premise. Deregulation of oil prices was accelerated. Federal spending was substantially reduced both for programs to encourage energy conservation and for the development of alternative energy sources.

As was dramatically illustrated in the past few days, however, the nuclear industry is peculiarly exempt from the President's doctrine of allowing energy development to be guided by market forces. His nuclear policy, if accepted, will require the taxpayers to spend billions of dollars to subsidize nuclear power development.

In a statement issued last week, Reagan announced his intention to proceed with the Clinch River breeder reactor and to remove the ban on the commercial processing of spent nuclear fuel.

Uranium-fueled nuclear power plants produce plutonium as a byproduct. The plutonium, if separated in a reprocessing plant, can be reused as nuclear fuel—or to make atomic weapons.

There is an obvious danger that plutonium, ostensibly separated from spent fuel elements to be reused in reactors, may instead be diverted to weapons production. President Carter, as part of his nuclear weapons nonproliferation effort, banned the commercial reprocessing of spent fuel elements and sought to block completion of the Clinch River breeder reactor, which would both burn and produce plutonium.

By moving to reverse policy on both counts, Reagan is dealing a serious blow to what remains of the U.S. campaign to prevent weapons proliferation around the world. He is also ignoring economic reality.

When the Clinch River project was first authorized in 1970, it was justified mainly on the grounds that uranium supplies would fail to keep pace with reactor construction, and that breeders would be needed to stretch the uranium supply.

In fact, however, vast new reserves of uranium have been discovered, electric power projections are being scaled back, construction of new reactors is running drastically behind earlier forecasts, and safety problems have raised fundamental questions as to the future of nuclear power. It is now clear that breeder reactors will not be economically feasible until far into the 21st Century, if then.

Yet Reagan is essentially asking the American people to pour at least another $2 billion into the Clinch River drain. If the nuclear lobby has its way, the government will spend additional billions of dollars to subsidize the reprocessing of spent fuel elements at a plant in South Carolina.

It makes no sense.

Presumably the President is trying to keep on the good side of Senate Republican leader Howard H. Baker Jr. of Tennessee, whose support he needs on other issues. That hardly excuses a boondoggle of this magnitude.

Interestingly enough, 25 members of Congress—most of them Republicans—asked Baker last week to withdraw his own crucial support for the Clinch River project in order to help Congress meet Reagan's request for a new round of budget cuts.

Let's hope that he heeds their advice. But if he doesn't and if the Clinch River boondoggle proceeds, the President is going to sound awfully silly if he makes any more of those speeches about his profound faith in the workings of the marketplace.●

A TRIBUTE TO THREE MEMBERS OF THE ITALIAN AMERICAN COMMUNITY

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. MINETA. Mr. Speaker, it gives me great pleasure to rise today to honor three outstanding men in the Italian American community of Santa Clara County, Mr. John De Vincenzi, Mr. A. R. "Gus" Calvelli, and Mr. Victor Corsiglia, Sr. These three have made countless contributions, both to the entire county and especially within the Italian American community.

John De Vincenzi was born in San Jose in 1921. He obtained a bachelor's degree in art in 1949 from San Jose State college and a master's degree from Stanford in 1950. His whole life has been devoted to the arts, as a professor, consultant, assessor, and promoter.

John has worked unceasingly on the creation of a fine arts center for the city of San Jose; his posts have included chair of the Gallery Development Committee—which ultimately became the San Jose Museum of Art—member of the Fine Arts Commission for the city of San Jose, and cofounder of a museum association in which he was instrumental in compiling the works of 40 artists that are now part of the permanent collection. He has also been a member of the San Jose Art League since 1948, serving as its president twice.

John has received many awards and accolades for his work but among the list are some special ones. In 1978, he received a knighthood from the Republic of Italy for professional, academic, and community work and for furthering the merits of Italian heritage. In 1981, he received the San Jose mayor's commendation and has also received commendations from the music and arts foundation. He has been elected to membership in the Phi Kappa Phi Honor Society.

Mr. A. R. "Gus" Calvelli was born in Italy at the start of the century, and immigrated to this country when he was 5 years old. He has been a resident of Santa Clara County since 1906.

Gus is currently a member of the San Jose Elks lodge, the Knights of Columbus, Sacred Heart Church, and St. Martin's Church. In every organization to which he has belonged, Gus has given extensively of himself. He and his wife Irma are honorary lifetime members of the Italian American Heritage Foundation for the work that they have accomplished on behalf of the Italian American community.

They have been the major benefactors of the Christian National Evangelist Commission. Their major—monetary—contribution has helped make possible the location of the national headquarters in San Jose. As a result of his tremendous work on behalf of the commission, the organization has been able to build many schools in various Third World nations. Through Gus' and Irma's efforts, thousands of children have had the opportunity to obtain an education and improve their lives.

Gus' generosity has also made it possible for the Italian American Heritage Foundation to attain one of its major goals—the establishment of a cultural center in San Jose.

Gus has also assisted the county of Santa Clara with its building programs, bringing benefit to the entire community.

The third person being honored is Victor Corsiglia, Sr. Vic is the son of Italian immigrants and a resident of San Jose since 1906. During World War I, he served in the U.S. Army from which he was honorably discharged in 1919. While in the Army, he distinguished himself and received numerous commendations for his devotion to cooking for the troops and top dignitaries of the U.S. Govern-

ment who were visiting field operations in France.

In 1921, Vic purchased a partnership in the San Jose Scavenger Co. and the following year became the president and general manager. During the years 1921–45, San Jose Scavenger Co. kept pace with the growing city of San Jose, expending from 13 employees to 40.

In 1953, at the request of the city manager, he founded the Garden City Disposal Co. to better serve the needs of a growing city. He continued to manage the company until its merger in 1972 with Browning & Ferris. He still serves as a consultant.

Vic has been a member of the San Jose Elks Club for 53 years and is an original founder of the Italian American Heritage Foundation. He is also the president of the San Jose Eagles, a member of many veterans organizations, past director of the San Jose Rotary Club, the Santa Clara County Water Board, and founder of the Italian Civic Club of San Jose. He is the 1981 recipient of the National Jewish Hospital Award for outstanding contributions.

In addition, he has been appointed as an honorary alumnus of the University of Santa Clara and of San Jose State University. He is a member of a group known as The Society of Seven which founded the Bronco Football Bench, a service that organizes two barbecues a year for the football team and supporters. One of the ways Vic Corsiglia shows his care and concern for all people is through his cooking skill. He uses his cooking to convey his happy and warm feelings of brotherhood. Indeed, he is known by many as the Barbecue King.

Mr. Speaker, I ask you and all my colleagues in the House of Representatives to join with me in thanking John De Vincenzi, A.R. "Gus" Calvelli, and Victor Corsiglia, Sr., for their many contributions to the Santa Clara Valley and wish them the best as they are honored at the Italian American Heritage Foundation annual dinner on October 24, 1981.●

TRIBUTE TO ALEXANDER YOSMAN

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. GREEN. Mr. Speaker, I would like a moment to express my deep sadness and sense of loss at the October 5 death of Alexander Yosman, past president of the New York State Association of Renewal and Housing Officials.

Mr. Yosman was considered to be the true backbone of the NYSARHO in the 1950's and 1960's, and his years with the Kingston Housing Authority were marked by a rare dedication and enthusiasm.

He served as adviser under four mayors on matters of housing, urban renewal, and community development, as well as serving as legislative resource representative for the New York State Association of Renewal and Housing Officials.

Mr. Yosman's concern, dedication, and energy were endless, for in addition to his work with the housing authority he was the founder and coordinator of the Senior Citizen Advisory Council in Ulster County.

The invaluable contributions made by Mr. Yosman were recognized by the New York State Legislature which adopted a resolution congratulating him on his dedicated and productive career of public service. These contributions will continue to serve as a tribute to the life, work, and commitment of a very special man.

Alexander Yosman and I worked together when I was a Regional Administrator at HUD. He was a man of competence and grace. He was my personal friend and I join his family in mourning his passing.●

MOSHE DAYAN, 1915–81

HON. BOBBI FIEDLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Ms. FIEDLER. Mr. Speaker, the death of Moshe Dayan leaves the world a smaller place. Flamboyant, colorful, Dayan's life covered the whole drama of the birth and maturity of Israel. For most of his life, he was a soldier on the battlefield, but perhaps his greatest triumph was won in the savage wars of peace when, as Foreign Minister of Israel, he was instrumental in achieving the Camp David accords that remain the best hope for bringing justice and stability to the Middle East.

Dayan's reputation as a military leader stands secure. His victories in 1956 and 1967 are already textbook examples of planning and execution. He started his military career as a young farmer defending his home and fields; he ended it as chief of a force armed with sophisticated weaponry and with a record of victory on the field of battle that has few equals in history. Not a little of this is due to the work of Moshe Dayan. His skills contributed greatly to the force of arms that made Israel a reality.

Moshe Dayan's achievements were not limited to war. He served his country also as Minister of Agriculture. He was an accomplished and respected archeologist. But it was as Foreign Minister that he doubtlessly made his greatest contribution to his country and, indeed, to the peace of the Middle East. His negotiations, leading to the Camp David accords, secured what he had helped win on the battlefield in earlier years. He was instrumental in bringing both sides together to Camp David, and in doing so gained the respect of those members of the U.S. Government who, like him, were working for peace in the Middle East.

Coming so soon after the death of Anwar Sadat, another military man who had the courage to take risks for peace, to put aside old hatreds, to trust yesterday's enemy as today's friend, the death of Moshe Dayan is a blow not only to the State of Israel and its friend, but to all who wish to see reason take the place of conflict in the Middle East. We, in the U.S. Congress, can do no more to honor Moshe Dayan than to keep this goal ever before us as we deal with the difficult issues upon which the life and happiness of so much of the world depends.●

INCREASING THE DEFENSE BUDGET

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. ASPIN. Mr. Speaker, the Reagan defense buildup would have the United States spending more in 1985 on the military, even after accounting for inflation, than in the peak years of the Korean and Vietnam wars.

The President says we have had depressed defense budgets for several years and have to make up for it. But, in truth, the post-Vietnam defense budgets were the same size as the pre-Vietnam ones and the Reagan proposals would have us spending in peacetime as if we were in the middle of a war. I am not talking about inflated dollars. Everybody knows we spend more dollars on defense today than 20 years ago. But most people think that after accounting for inflation we spend far less today than we did before Vietnam. That is not so.

In the dozen years between Korea and Vietnam, fiscal years 1954 through 1965, we spent an average of $168.1 billion a year on defense. That is in today's dollars. In the same dollars, we have averaged $167.2 billion a year in the post-Vietnam years—from 1971 through 1980. And if we just look at the Carter years, 1977 through 1980, we have averaged $168.8 billion a year on defense.

Are these figures funny numbers? Maybe they are, but they are not my numbers. I got them from the Defense Department, which recalculated all the defense budgets back to World

War II and put them in terms of fiscal year 1982 dollars.

This stands in stark contrast with Ronald Reagan's statement to reporters on September 13, when he said: "We have been cutting a (nondefense) budget that has been overgrown and extravagant over the years while, in the same years, defense has been a poor relative." If the President would look at his own Defense Department's figures, I think he would see that the poor relative has been pretty flush.

The most stunning thing is to compare Reagan's budget proposals with defense spending over the last third of a century, as shown in the table. The Reagan plan calls for us to spend $272 billion in 1985. Again, that number is depressed to be stated in terms of current dollars. That compares with the $262 billion we devoted to defense in 1952, the peak year of the Korean war, and the $222 billion we spent in 1968, the peak year for Vietnam. But Reagan would not stop at $272 billion in 1985. He would raise that to $292 billion in 1986, which is the last year for which future budget plans are stated.

This means the President would have us spending 12 percent more on defense than we did in the peak year of Korea and 32 percent more than in the peak year of Vietnam.

Department of Defense Budgets Total Obligational Authority Fiscal Year 1982 Constant Dollars

Fiscal year:	*Total*
1945	$540,156
1946	264,945
1947	92,226
1948	72,042
1949	77,142
1950	77,234
1951	203,122
1952	260,719
1953	206,232
1954	151,497
1955	158,294
1956	166,477
1957	170,482
1958	168,009
1959	166,637
1960	157,118
1961	169,258
1962	181,393
1963	181,842
1964	175,633
1965	170,547
1966	207,509
1967	221,093
1968	221,996
1969	219,607
1970	199,539
1971	179,964
1972	174,526
1973	166,710
1974	159,351
1975	155,513
1976	160,536
1977	167,797
1978	167,510
1979	167,272
1980	172,566
1981	193,930
1982	222,201
1983	238,400
1984	255,100
1985	272,900
1986	292,000

Source: Department of Defense Comptroller.

Reagan's 1986 defense budget plan is 72 percent greater than the largest defense budget under Dwight Eisenhower, who served through the height of the cold war and was never accused of being soft on defense. I am not suggesting that we should be locked into budgets of the magnitude of those under Eisenhower. Obviously, there are other considerations. And some of those considerations do point in the direction of higher defense spending.

For example, first, the Soviets haven't folded up their tents. They have pursued a steady buildup of their forces. That points to a need for increases on our side.

Second, we are now worried about problems in the Indian Ocean and Persian Gulf area that did not exist two decades ago. That is a new threat that indicates a response.

On the other hand, there are other considerations that point in the direction of lower defense spending.

First, China is no longer a Soviet ally. Much of what we spent at the height of the cold war was intended to counter our visions of hordes of Chinese divisions. We then had a 2½-war strategy—we budgeted to face a full-scale war in Europe against Russia and a full-scale war in Asia against China plus a smaller scale "half-war" somewhere else in the world. Now, our policy is to budget for 1½ wars—a full-scale war in Europe plus a smaller-scale war in the Third World. And, China is now, for all practical purposes, our ally; that not only decreases the threat against us, but discounts much of the Soviet threat because so much of their military is now tied down on the Chinese border and no longer free to threaten us.

Second, an obvious argument against a wartime-scale budget is that we are not at war. A Reagan budget the same scale as during Vietnam actually buys far, far more than what we got during Vietnam. That's because in wartime a huge part of your budget must go to (a) consumables, that is, the ammunition you are shooting away everyday, (b) replacements, that is, planes and other equipment that don't add to your strength but simply replace that which the enemy has destroyed, and (c) hundreds of thousands of extra people to do the actual fighting. Those wartime expenditures are not present in the Reagan budgets, which means his budgets would buy one heck of a lot more of a standing force—in fact, more than we have had since 1945.

A serious problem with dealing with the Reagan budgets for the mid-1980's is that they are little more than dollar numbers. The administration has no planned force structure to go with its numbers. It has simply tacked on an additional 7 percent each year to respond to its perception that we were spending virtually nothing on defense during the Carter years.

I frankly don't think the Reagan administration understands the import of the defense budgets it is proposing. What force structure is it planning that will go with dollar amounts of this size?

I suggest the administration go back to square one.●

FAUNTROY APPLAUDS JAMES J. KILPATRICK

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. FAUNTROY. Mr. Speaker, I do not often agree with columnist James J. Kilpatrick: however, I was deeply moved by his commentary in the Washington Post on Monday, October 19, 1981.

The commentary is thought provoking, and I hope my colleagues will take a few minutes to read it.

WHEN HYPOCRISY TRAMPLED PRINCIPLE

(By James J. Kilpatrick)

Late on the afternoon of Oct. 1, an angry and resentful House voted 281-119 to nullify an ordinance that had been adopted in July by the District of Columbia. The vote set off a roaring hullabaloo in the press here, but the story attracted little attention elsewhere.

In common with most of the stories from our town, the House debate involved questions of law and politics. The story also involved hypocrisy, of which we have more than our fair per capita share, and it provided an example of Victor Hugo's truism in reverse. It may be true that no army can stop an idea whose time has come, but neither can an army impose an idea whose time has not come.

As an ordinance governing sexual conduct in the capital of our nation, the time for Ordinance 4-69 plainly had not come. So the House killed it.

Curiously, the long and contentious debate scarcely touched upon the paramount law in this matter. This is the provision toward the end of Article I, Section 8, of the Constitution, by which Congress is vested with the specific power "to exercise exclusive legislation in all cases whatsoever over such district as may become the seat of government of the United States." It is among the most interesting clauses in the Constitution for this reason: it is the most absolutely unequivocal clause in our basic law. Nowhere else does one find such a phrase as "all cases whatsoever." By the Home Rule Act of 1973, Congress delegated much local authority to the D.C. council, but Congress could not possibly surrender the power and responsibility that constitutionally it holds.

There is thus no question, it seems to me, that Congress had the power to revoke the D.C. ordinance. Was the power wisely exercised?

The ordinance in question was not radically different from the sex codes that have been adopted in recent years by almost half the states. Without attempting a line-by-line analysis, it may suffice to say that the

ordinance was intended to decriminalize most sexual conduct between consenting adults. Had the ordinance stopped there, the hullabaloo might not have developed, but the ordinance went further in reducing maximum penalties for forcible rape and in repealing certain criminal sanctions against sexual activity on the part of persons as young as 16. Moreover, the ordinance could be read—as opponents loudly read it—as approving homosexual sodomy and tolerating public lewdness.

All this was too much for many conservatives, loosely identified with the Moral Majority, on both sides of the aisle. Here was an opportunity to stand up for virtue and to vote against sin. The opportunity was not to be lost. Virtue triumphed, but hypocrisy trampled principle underfoot.

In principle, most of the members profess dedication to democracy and majority rule. In principle, both liberals and conservatives subscribe to the view that the state should not intrude into the sexual lives of adults. These are good principles, but here they could not prevail. Politics rose above them.

The Constitution treats residents of the District of Columbia as its bastard children, whose civil rights gained nothing from their ancestors and offer nothing to posterity. To deny D.C. residents the power to govern themselves in matters of local criminal law is to deny fundamental principle. And when the House collectively rolls its eyes and deplores the repeal of a statute making adultery and fornication criminal offenses, honest men must hold their noses.

For my own part, I think the D.C. ordinance was an unfortunate act on the city council's part. It went further than national mores will now permit. But in surrendering so abjectly to the moral mob, the House fell short of statesmanship. This was not its finest hour.●

INVESTING IN PEOPLE

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. RANGEL. Mr. Speaker, the Reagan administration, in its rush to reduce domestic spending in order to increase the size of the military budget and finance tax cuts for the wealthy, has abandoned the development of our most important resource, our people. What distinguishes the United States from other nations that are endowed with physical resources is our commitment to giving our citizens the tools with which to better themselves, and our Nation. Through cutting funds to education, for health care, for job training, and numerous other programs that advance the capabilities and potential of our citizens, we are thoughtlessly mortgaging our future. A fellow New Yorker, Mr. Howard Samuels, has written a thoughtful and intelligent article on this subject. I would like to share his thoughts with this body.

INVESTING IN PEOPLE

(By Howard J. Samuels)

The Reagan Administration's drastic reduction of funds for education, job training, day care, student loans and a host of seemingly expendable social services are the worst sorts of false economies.

What we are slashing is financing for the development of what economists call "human capital." In doing so, we have somehow lost sight of an essential fact, described by Adam Smith. "The skill, dexterity and knowledge of a nation's people is the most powerful engine of its economic growth." Or, as stated by Nobel Laureate economist Theodore Schultz, "The rate of return on education has tended over time to exceed the rates of return on physical capital."

In short, while there is a consensus on the need to invest more in machinery and research, we have forgotten the value of investing in people's health, education and earning capacities. The need to upgrade America's human capacities is ever more evident as our economy shifts toward service professions and higher technology.

We are approaching a critical shortage of highly skilled people. More and more of the graduates of our nation's school system cannot read and write. Young people who cannot fill out a job application or read a page of classified ads have literally no productive future in our economy.

Not only will they be unproductive, but our increasing cost of welfare and crime is becoming a national scandal. However much we deplore it, there is no sense at all in denying that lack of education and training is a direct cause of crime, drug addiction and despair. The main response to rising crime seems to be a willingness to spend lavishly on new prisons, not on programs that might stop crime.

Russia, our political competitor, and Japan, our economic competitor, are spending billions to capitalize on their youth's potential. Both are engaged in hugely ambitious educational and technical development programs. Ninety-eight percent of all Soviet children now complete the mandatory 10-year primary and secondary school program. Only 75 percent of American children make it through high school.

More importantly, virtually every student receives 10 years of mathematics, five years of physics, four years of chemistry, five and a half years of biology, five years of geography, three years of mechanical drawing and 10 years of workshop training for both boys and girls.

Meanwhile, the Japanese are pursuing a similarly intensive scientific training program and achieving astounding results. Japan now graduates as many engineers every year as the United States, and Japanese students score the highest in the non-Communist world in math and science.

The economic implications for the future productivity of America's work force are glaring enough, but the "skill gap" may be a greater threat to our national security than shortages of sophisticated weapons. Buttons and video screens do not wage wars—people do. A recent survey of 23,000 recruits at the San Diego Naval Base showed that 37 percent of them could not read at the 10th-grade level.

It is easy to understand why Americans have become disillusioned about spending on human services. Education, child care and health are investments paid from the pockets of today's taxpayers, with a return that may not show up for 20 years.

Obviously, money alone is not enough. We must reform our ways of delivering human services to make them more cost-effective. Our inner-city schools are highly bureaucratized and ineffective. Our health-care programs are laden with waste. It will take leaders with courage and foresight to explain to the American people that there will be no easy fix by simply slashing funds.

Most of all, we need to realize that spending on programs that improve health, literacy and skills of our people are investments in the future of the nation, not just debits on the budget.

This is a bipartisan issue, for the common good of the country. I am a Democrat, but let me quote A.W. Clausen, a no-nonsense Republican and former president of the Bank of America and now president of the World Bank: "The United States can't neglect its resources of brain power any more than it can neglect energy, capital, or other factors of production. Employment, productivity, and, ultimately, our humanity hangs in the balance." I could not agree with him more.●

AMERICAN DEFENDER "SPIKED" AGAIN

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. McDONALD. Mr. Speaker, on October 14, Carl Gershman, the distinguished counseler to the U.S. Ambassador to the United Nations, spoke on behalf of our country in the Third Committee of the U.N. Mr. Gershman, a scholar and writer with whom on many other issues I have often disagreed, delivered a concise, but brilliant reply to a concerted attack on the United States by the Soviet Bloc countries.

Mr. Gershman's reply puts to rest the often repeated Communist phraseology of "self-determination," "free elections," "peaceful coexistence," ad infinitum, for what it really is: lies and propaganda which aim solely to "hide the true face of an oppressive system".

As with Ambassador Kirkpatrick's statement on the true situation in Ethiopia, which I placed in this record on October 5, 1981, Mr. Gershman's statement was also ignored by the major media in this country. Once again, the "spike" was exercised on a statement critical of the Soviet Union and its surrogates. In this case, Mr. Gershman's reply included a summary of the experiences of a former Black Panther, Tony Bryant, who hijacked a plane in order to carry a message from the Black Panthers to Fidel Castro's "utopia." Bryant soon found out what "self-determination" really meant; the reality was and remains far from the utopia claimed by its supporters—and ignored by the press in this country.

The speech, which I strongly commend to my colleagues, follows:

STATEMENT BY CARL GERSHMAN

It is not possible in the short time I have to answer the entire Soviet bloc. A few comments will suffice. I listened with a sense of awe and amazement to the comments about self-determination by the delegates from Af-

ghanistan, Hungary, and Czechoslovakia, all of whom have been the victims of a Soviet invasion. Afghanistan speaks of the Soviet Union as a "friendly neighbor." No one should be blessed with such a "friendly neighbor," Mr. Chairman, especially one that, as Andrei Sakharov has said, "is armed to the teeth." The Hungarian delegate speaks of self-determination for peoples. We remember what happened to the people of his country when they sought to exercise that right in 1956. I welcome his declaration in favor of free elections; we only regret that there are no free elections in Hungary. To have the delegate of the Ukraine speak about the absence of self-determination in Puerto Rico and Micronesia, where self-determination has been achieved, is nothing short of obscene. Ukrainians comprise only 20 percent of the population of the Soviet Union; but 50 percent of Soviet political prisoners are Ukrainian. The Ukrainian Catholic church has been brutally suppressed and Ukrainian synagogues have been decimated, and priests imprisoned and their churches changed into museums for atheism. For attempting to exercise their legal rights, members of the Ukrainian monitoring group of the Helsinki Final Act have been imprisoned or confined in psychiatric hospitals.

I would like to conclude my remarks simply by telling a story that I think provides a useful commentary on the remarks of the Cuban delegate, as well as the remarks of other Communist delegates, about oppression. Mr. Chairman, you will remember that last October, in a move that most observers interpreted as an attempt to influence the American elections, Castro released 33 Americans who had been imprisoned in Cuba. One of them was a man named Tony Bryant, a black from San Francisco who joined the Black Panthers during the late 1960's. In 1969, he hijacked an airliner to Cuba, claiming that his purpose was to carry a message from the Black Panthers to Fidel Castro's personal secretary. He also thought that he was going to a utopia.

His experiences in Cuba are instructive—and, I might add, by no means unique. He was arrested on his sixth day in Cuba and sentenced to two years in prison. Once in prison he found to his surprise that 60 to 80 percent of the prisoners were black, despite the fact that blacks comprise only about 20 percent of the Cuban population. He was not allowed to write or to receive any letters or to have any contact with non-Cubans. He was also not released after two years. Eventually, along with two other prisoners, he tried to escape. One of them escaped, one was killed, and Bryant was captured. Back in prison, he was crammed into a cart with 60 other prisoners and sent off to the sugar fields to cut cane. If conditions had been bad in prison, they were far worse in the cane fields. Prisoners were forced to rise at 4 A.M., began cutting cane at dawn, and returned to the camp only after sunset. There were frequent beatings of prisoners. Immediately upon arrival in the camp, for example, a prisoner who was discovered carrying a five-peso note in a bar of soap, was stripped naked, beaten, and thrown into a small cell and doused with ice water—a common form of punishment.

Bryant fought back with a hunger strike. When he was finally allowed a visit from the Swiss Embassy, which handled United States affairs in Havana, he told the officials that even if he knew he would be electrocuted tomorrow if he returned to the United States, "he would go back to the United States today."

The longer he stayed in prison, the more convinced he became that the Communist system in Cuba was thoroughly repressive. He met political prisoners, had discussions with them, and began writing poems of political protest in Spanish. In 1974, one of the Americans with whom he was imprisoned was dragged from his cell and returned later with the back of his head swollen with lumps. The next morning he was taken to the prison hospital where he died on the operating table. Bryant organized a protesting group of 12 prisoners and demanded to see an official from Havana. The protest was broken up and the prisoners were beaten and slashed with machetes. One of them, a black hijacker from Milwaukee, had an eye gouged out. Bryant was carried away on a stretcher.

After that he was locked in chains for 24 hours a day for 17 days, and was thrown into solitary confinement for 14 months. But he continued to resist, joining the political prisoners in frequent hunger strikes, one of them lasting 19 days.

After Bryant was finally released last year, he said that he thought his experience in Cuba was necessary "to make me see a little clearer." He observed that the searching that he and other black radicals went through in the late 1960's was futile because, and I quote, "the answers could only be found in hell. Somebody had to really go to hell and back to find out what was really taking place there. And that's what I did."

Upon his arrival in Miami, as he headed to a van that was to take him to a federal prison, he said: "I'm deliriously happy. The United States is the greatest country in the world." The next day in court, he denounced Communism in words that I will choose not to repeat here for fear of offending the delicate sensibilities of some of the delegates. His words were far less elegant than those chosen by Arthur Koestler, Stephen Spender, Richard Wright and other members of an earlier generation of Western radicals who went through their own experience with "The God That Failed." Yet the experience is basically the same. It is the experience of profound disillusionment, indeed revulsion, once the reality of Communism is discovered for what it is. It is unfortunate that many people cannot understand this reality until they have experienced it first hand. But that experience is instructive, for it cuts through the kind of lies and propaganda we have heard in this Committee, the only purpose of which is to hide the true face of an oppressive system.●

BANKRUPTCY IMPROVEMENTS ACT

HON. BILLY LEE EVANS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. EVANS of Georgia. Mr. Speaker, I am today introducing legislation which is aimed at preventing the discharge under chapter 7 bankruptcy of affordable debt, creating standards for repayment under chapter 13 of the Bankruptcy Code, and removing inefficiency in bankruptcy proceedings.

I recognize that landmark bankruptcy reform was achieved by the Congress in 1978. Many desirable protections were accorded consumers, but in doing so Congress left a somewhat imbalanced Code based on pre-20th century economic sanctions. Lending used to be based principally on assets; if you did not pay, you surrendered the assets. Today, virtually all credit is extended upon a consumer's ability to repay, not through liquidation of assets, but out of future income. Yet, while the creditor looks to income, the Bankruptcy Code looks only to assets. It has developed that virtually no assets are available for distribution to creditors in consumer cases; generous property exemptions and security interests in the consumer's most valuable assets—homes and automobiles—come first.

The Nation has been experiencing an enormous increase in personal bankruptcies. This year 228,549 people filed for bankruptcy in the first two quarters alone, almost exactly the number that filed for the entire year of 1979. It is anticipated that for the full calendar year of 1981, there will be upward of 475,000 individual filings with associated losses exceeding $6 billion.

A recent study by the Purdue University Credit Research Center indicates that almost 50 percent of the bankruptcies filed are pure hardship cases, involving persons who are greatly in need of the protections which the Bankruptcy Reform Act of 1978 provides. As distressing as this percentage is, we can justifiably be proud of our landmark reform of 1978 which resulted in greatly increased protections for these consumers.

At the same time I am deeply troubled by what I, and many others, perceive to be a growing tendency of a substantial number of debtors to take advantage of the bankruptcy process. Today it is fashionable for these debtors to take straight bankruptcy, not as a matter of need but a matter of convenience, and I seek your support in correcting this.

The Purdue study also shows that about one in four debtors filing for straight bankruptcy in 1981 could have paid their debts in full and without undue hardship had they chosen to do so under a repayment plan in chapter 13. Even more debtors could have paid a substantial amount of their indebtedness through such a plan. While some may call for further examination of this study, including its competency and general applicability, I am personally satisfied that it establishes a basis for congressional inquiry.

There is an alternative to the straight chapter 7 bankruptcy called chapter 13, which enables a person with regular income to pay all or a portion of his debts over an extended period, generally 3 years. This is a voluntary arrangement and should remain so. It is another matter, how-

ever, to open wide the processes of straight bankruptcy to all regardless of need.

My bill is designed to correct possible abuse. It will give the court the power to dismiss a chapter 7 proceeding where the debtor has the ability to pay a reasonable portion of his debts out of anticipated future income. The bill also contains provisions to reduce inefficiency occurring under the new code and will introduce standards for repayment in chapter 13 which will remove weaknesses presently contained in that chapter.

In all, I believe my legislation will enhance the code's acceptance as an equitable, socially desirable form of debtor relief. It does not and cannot do away with the problem of bankruptcy where people simply cannot pay, but we owe it to the consuming public to protect them against those who would abuse the code for their own selfish purposes. It is the responsibility of Congress at this time to make improvements to the Bankruptcy Code and thereby complete the process of reform which began, but was not finished, in 1978.

I am pleased to note that more than 50 of my distinguished colleagues have joined me in sponsoring this important legislation, and I would like to take this opportunity to express my appreciation for their support.●

ATTORNEY GENERAL'S REPORT ON ASBESTOS IN SCHOOLS: ANOTHER COVERUP?

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. MILLER of California. Mr. Speaker, the Attorney General of the United States has just sent to the Congress his "Asbestos Liability Report" as mandated by Public Law 96-270, the Asbestos School Hazard Detection and Control Act.

As the author of that law, I want to bring this report to the attention of the American people and this Congress, and especially to the notice of the attorneys general and chief State school officers of the States. It is particularly important that I play this role since the Department of Justice, which produced this thorough study, has unfortunately wrapped it in a veritable veil of secrecy.

Only two copies were sent to Congress, one to the chairman of each authorizing committee, but none to the Speaker or the President pro tem, I have been informed. Not even a standard press release was issued by the Justice Department although this report addresses a severe health hazard which. could affect millions of schoolchildren and employees throughout this Nation.

Lastly, my office has received numerous inquiries and complaints from members of the press who have been unable to acquire copies of the report from the Justice Department.

This is a very important report. Not only does it document the potential legal remedies of school districts and States, which have spent millions of dollars repairing asbestos hazards, but also it notes the growing judicial opinions that asbestos manufacturers knew of the health dangers resulting from exposure to their product several decades before warning their employees or their customers. The report notes that, in one case studied, the school district was not even informed that its buildings contained asbestos materials.

It is tragic that tens of thousands, perhaps millions of workers and their families, were exposed to carcinogenic asbestos although the manfacturers knew of the hazards for decades before telling their employees. This report cites a recent case where the courts ruled that the industry's behavior since the 1930's was one of "indifferent silence" to the widespread health danger. It would be a tragedy of similar proportions if the Federal Government were to attempt to perpetuate the coverup by giving only minimal publicity to the conclusions of this congressionally mandated study which raises critical questions about the safety of our public schools, the health of millions of children and employees, and the potential liability of asbestos manufacturers for the hazards in our schools and other public buildings.

I am placing in the RECORD today the summary and recommendations of the asbestos liability report. In addition, I am continuing to investigate this entire subject personally, and will report further to the Congress on the extent of the health dangers and the efforts of the administration to notify potentially affected people of those hazards.

ASBESTOS LIABILITY REPORT

SUMMARY AND RECOMMENDATIONS

As a result of occupational health problems associated with inhalation of asbestos fibers, people have become concerned that asbestos products in schools may pose a hazard to the future health of children now in school. Accordingly, on June 14, 1980, the Asbestos School Hazard Detection and Control Act of 1980 was enacted.[1] The purpose of the Act is to assist states and local educational agencies to ascertain the extent of the danger to the health of school children and employees from asbestos products in schools; and to provide grants assisting the identification of asbestos hazards and loans for the mitigation of asbestos hazards.

Section 8(b) of the Act directed the Attorney General to: "conduct an investigation to determine whether, by using all available means, the United States should or could recover, from any person determined by the Attorney General to be liable for such costs, the amounts expended by the United States to carry out this Act [federal grants and loans to detect, remove and contain friable asbestos in the schools]. Within one year after the effective date of this Act, the Attorney General shall submit to the Congress a report containing the results of the study, together with any appropriate recommendations."[2]

A detailed report setting forth the results of our factual investigation and legal research is attached. Our summary, and recommendations, are as follows:

Asbestos is a term for a group of naturally occurring materials that separate into fibers. Asbestos is a valuable product with many uses, including noise and heat insulation and use as a binder.

However, tiny asbestos fibers, if released into the air and then inhaled into the lungs, can cause death from mesothelioma, and death or disablement from asbestosis and lung cancer. General Background, Section III, infra.

At least one court has concluded that knowledge of the dangers of airborne asbestos fibers can be attributed to the asbestos manufacturing industry as early as the mid-1930's and "conduct throughout the industry despite the danger has been summarized as one of indifferent silence." *Hardy* v. *Johns-Manville Sales Corp.*, 509 F. Supp. 1353, 1355 (E.D. Tex. 1981).

As many as 10,000 cases have been filed by people, usually workers, alleging death or injury resulting from asbestos fibers since the landmark decision of *Borel* v. *Fibreboard Paper Products Corp.*, 493 F.2d 1076 (5th Cir. 1973), cert. denied, 419 U.S. 869 (1974), which allowed recovery by an asbestosis and mesothelioma victim under the tort theory of strict liability, predicated on "failure to warn" and "failure to test."

Despite the danger, the industry was "silent with respect to the dangerous relationship between asbestos and cancer." *Hardy* v. *Johns-Manville Sales Corp.*, supra, 509 F. Supp. at 1355. Further, a convincing case can be made based upon industry documents produced in litigation, that certain industry officials actively sought to obscure data linking asbestos and fatal diseases. General Background, Section IV, *infra.*

Mesothelioma, like asbestos, has a long latency period. The latency period—35 to 40 years[3]—is so long that it is not yet possible to correlate mesothelioma deaths with the use of sprayed asbestos in the schools, which occurred primarily between 1946 and 1972. Unlike asbestosis, which generally requires exposures over a long period of time, mesothelioma, "extraordinarily painful and always fatal . . . may result from one exposure to asbestos dust or fibers." *Hardy* v. *Johns-Manville Sales Corp.*, supra, 509 F. Supp. at 1355.

Congress has determined that "medical science has not established any minimum level of exposure to asbestos fibers which is considered to be safe to individuals exposed to fibers" and "the presence in school buildings of friable or easily damaged asbestos creates an unwarranted hazard to the health of the school children and school employees who are exposed to such materials." 20 U.S.C. 3601(a)(3), (6).

[1] Public Law 96-270, June 14, 1980, 94 Stat. 495, 20 U.S.C. 3601 et seq.

[2] 20 U.S.C. 3607(b).

[3] Selikoff, Hammond and Seidman, "Latency of Asbestos Disease Among Insulation Workers in the United States and Canada," vol. 46, No. 12, Cancer (Dec. 15, 1980).

Not all uses of asbestos are dangerous. If the fibers are encased in a hard product such as tile, there should ordinarily be no danger, although if hard materials are damaged, fibers may be released. Accordingly, the Act is concerned with "friable or easily damaged asbestos." 20 U.S.C. 3601(a)(6). The most common use with which we are concerned is sprayed-on, "friable asbestos—most often used on classroom, corridor, shop, gym, music room, boiler room, or storage room ceilings, in a noise insulation or decorative product. "Friable means that the substance, which has a spongy, irregular, or textured appearance, can be crumbled by hand. Asbestos may constitute from two to fifty percent or more of the sprayed product.

Spraying for fireproofing and insulation purposes of materials containing more than one percent asbestos was banned by the Environmental Protection Agency in 1973 (and in 1978 for virtually all purposes), because of the hazard posed by release of fibers into the air during the spraying. The application of asbestos products by trowel, however, has not been banned.

Asbestos fibers are microscopic and submicroscopic is size so that once disturbed they remain airborne for extended periods of time. Even after settling to the ground, the fibers will again become airborne if disturbed by walking or sweeping—normal activities in classrooms and corridors.

Friable asbestos will release fibers into schoolroom air if disturbed by vibrations from operation of machinery, maintenance activities, ventilation systems, product deterioration, intentional or accidental student contact, and water damage. In New Jersey, experts visited a sample of 48 asbestos-containing schools, "and 33 of these were found to have visible evidence of damage to asbestos contents."[4] The preparers of this Report have personally observed in schools visited, evidence of fiber release including: places where large sections of friable asbestos have simply fallen away as a result of deterioration, loss of bonding, or water damage; gouge marks presumably made by long-handled objects in shop classrooms; holes made by thrown objects including an embedded pencil; and the recollections of two teachers regarding the falling away of pieces of asbestos for many years from ceilings in their classrooms.

Fortunately, it appears that most of the nation's schools do not contain any friable asbestos. However, in the schools that do contain friable asbestos—and these schools range geographically from Massachusetts to California—the square footage of coverage and therefore the cost of removal or containment, can be quite extensive. The Cinnaminson Township Board of Education, Burlington County, New Jersey, alleges that it has expended over one million dollars to deal with the asbestos problem in three schools. As an example of the extent of the problem, approximately 20 percent of New York City public schools and 10 percent of New Jersey schools have been found to contain asbestos materials in student use areas.[5]

Abatement of school asbestos hazards currently rests in the hands of local and state governments, since Congress has not appropriated any funds under the Act to make federal grants and loans. Also, the Environmental Protection Agency has cancelled plans to promulgate a rule under the Toxic Substances Control Act requiring school authorities to take corrective action—it "has concluded that identifying hazards will provide local school districts with enough information to take corrective action on their own."[6]

FINDINGS AND RECOMMENDATIONS

1. The parties most likely liable are the asbestos processors and manufacturers, and manufacturers of the asbestos spray-on products. It will be necessary to establish that the known danger to asbestos workers should have caused these parties to: (1) test to determine whether friable asbestos could be hazardous as a result of indoor environmental exposures; and (2) warn that asbestos fibers had caused deaths and injuries in occupational settings, and if released from asbestos products, could prove harmful as a result of indoor environmental exposures. General Background, Section III, IV, infra. In the case study we examined in the greatest detail, the school district was not even informed that the products applied in its schools contained asbestos. However, to establish liability, it will also be necessary to prove either as a matter of law or by trial of a factual issue, that friable asbestos is hazardous. The desirability of including as defendants other parties in addition to asbestos and asbestos spray-on manufacturers, such as distributors, installers, architects, and contractors, would best be determined on a case-by-case basis.

2. It is often possible through investigation, architect or contractor recollection, plans and specifications, or state archives, to ascertain the identity of the manufacturer of the asbestos product used in a particular school. General Background, Section VI, infra.

3. Despite the potential liability of the asbestos and asbestos spray-on manufacturers, the United States should not attempt to recover for the elementary reason that no funds have been appropriated to make federal grants and loans under the Act. (Moreover, there are no indications that funds will be appropriated in the future).

4. Even if funds were to be appropriated, this recommendation would remain unchanged for the following reasons:

(a) The fiscal impact of providing federal aid to school authorities to remedy the asbestos problem should be understood in advance. While recovery may be obtained through litigation in some situations, it is by no means certain. The Act as currently enacted offers what may be an illusory hope of reducing federal expenditures through litigation. Thus, if federal funds are provided, the burden should be understood to fall on the federal taxpayer, unless liability is imposed on the asbestos manufacturer by statute similar to the Superfund and Black Lung programs, and similar to a provision in the Asbestos School Hazard Detection and Control Act deleted prior to enactment.[7]

(b) Even though most schools apparently do not contain friable asbestos, there are still a large number of situations of potential liability across the nation. Case-by-case litigation brought by the United States under state law, is a comparatively inefficient means of addressing the problem. If Congress is convinced that liability should be federally imposed on the manufacturers, other options should be reconsidered, including imposing liability or creation of a federal cause of action with a special statute of limitation. Also, appropriate federal agencies could review their authorities under such statutes as the Toxic Substances Control Act and the Consumer Products Safety Act to determine whether the school asbestos problem should be addressed by administrative action.

(c) Remedies can be more efficiently sought by local and state authorities, because the outcome of litigation will depend on distinct state laws and varying factual situations.

5. Although this Report recommends that the United States should not sue, the government could recover if suit were brought to recover federal funds ultimately expended. The viable theories of recovery include: (a) equitable restitution, *Restatement of Restitution*, § 115; (b) strict liability, *Restatement of Torts*, § 402A; (c) negligence; and (d) breach of implied warranties of merchantability and fitness for a particular purpose.

The basis for the restitution claim is the contention that the asbestos manufacturers have a duty to abate the asbestos hazard in the schools, and that public authorities performing that duty have a right to restitution from the manufacturers.

The strict liability and negligence claims are predicated on the manufactures' failure to warn of the dangerous propensities of asbestos fibers, and failure to test to determine if friable asbestos could be hazardous. The implied warranty claims are based on the unsuitability of the product for its intended use.

6. The primary obstacles to successful litigation are:

(a) A majority of American decisions have have held that "economic loss" is not recoverable in tort. However, the presence of a hazardous product creates a situation in which it may be persuasively contended that tort recovery is appropriate against a manufacturer that sold asbestos products used in schools in the absence of warnings or tests.

(b) Because of the time elapsed since installation of the asbestos, usually at least nine years, statutes of limitation constitute potential obstacles to recovery. However, the asbestos manufacturers continue to contend that friable asbestos in schools is not dangerous. The manufacturers are faced with the dilemma of on the one hand arguing that the danger was obvious so as to commence the running of a "discovery" or "manifestation" statute of limitation, while on the other hand denying, even today, that the product is dangerous.

7. School authorities faced with substantial expenditures in removing or containing friable asbestos should, as a matter of the utmost urgency, consult with qualified counsel to determine whether they should file litigation on their own, as at least three school districts already have done. Urgency is necessary because of statutes of limitation. Litigation on the theories set forth in recommendation 5, supra, may prove to be a desirable method of reducing fiscal burdens on taxpayers. School districts contemplating litigation should consult with counsel to insure that adequate tests and other measures are performed and retained to support the proof requirements of litigation. Finally, we note that in the three cases we know

[4] S. Rept. 96-710, 96th Cong., 2d sess. 7 (1980).
[5] Id.
[6] 46 Federal Register 23,726 (Apr. 27, 1981).
[7] The present section 8 mandating this Report was substituted for the industry detection fund provision in the House Committee on Education and Labor mark-up of H.R. 1524 on May 1, 1979, which bill was then substituted into H.R. 3282 and reported out the same day. See generally, *Usery* v. *Turner-Elkhorn Mining Co.*, 428 U.S. 1 (1976) (upholding imposition on mining operators of burden of providing benefits to Black Lung victims).

of filed by school districts to date, each district retained qualified products liability counsel.

8. Though the problem of friable asbestos in the schools is in one sense a national one, the absence of a federal law assigning liability suggests that the better solution is at the local or state level. The primary goal is to remedy hazadous situations as quickly as possible. Illusory hopes of federal assistance can obstruct rather than aid attainment of this goal.

At the same time, it is clearly in the national interest that those school districts facing substantial abatement expenditures be able to recover from those who manufactured and sold asbestos products without warning of the dangers of breathing asbestos fibers. School districts should keep the Department of Justice informed about such litigation so that the Department can determine whether assistance in the litigation is appropriate. The Department contact for counsel representing state or local authorities is: Policy, Legislation and Special Litigation Section, Land and Natural Resources Division, Room 2615 Main Justice Building, Washington, D.C. 20530, (202) 633-2847.

CONCLUSION

Litigation, but by school authorities rather than the federal government, should be quickly investigated by school authorities and their counsel as one potential means of reducing the fiscal impact on taxpayers of abating asbestos hazards in the schools. The federal government should support local school authorities in such litigation, but should not bring such actions on its own.●

ENGLISH AMENDMENT ON MEAT IMPORTS

HON. GLENN ENGLISH

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. ENGLISH. Mr. Speaker, I would like to share with my colleagues the following letter regarding the amendment I intend to offer to the farm bill which would prohibit the importation of meat that is produced using chemicals which have been banned in this country for health or safety reasons. I hope this will clarify some of the questions regarding this important matter.

COMMUNITY NUTRITION INSTITUTE,
Washington, D.C., October 19, 1981.

Hon. GLENN ENGLISH,
U.S. House of Representatives, Cannon House Office Building, Washington, D.C.

DEAR REPRESENTATIVES ENGLISH: The consumer organizations signed below, representing a broad spectrum of consumers across the country, are writing to express our strong support for your amendment to H.R. 3603, the Food and Agriculture Act of 1981, which would ensure that American consumers would no longer be exposed to imported meat that was produced using agricultural chemicals or animal drugs that have been prohibited in the United States.

Under existing law, meat which has been produced in a foreign country using chemicals or drugs which are banned in the U.S. can be exported to this country, and will be consumed by the American public, unless residues are detected at the port of entry by U.S. meat inspectors. Yet since residue analysis is conducted on only a tiny fraction of the total volume of imported meat, most meat containing such potentially harmful residues will enter the U.S. food supply totally unobstructed. In addition, the residue analysis procedures themselves are often not designed to detect residues of hazardous chemicals used abroad but not in the U.S. Finally, since residue analysis customarily takes as much as several weeks to complete, the original violative meat that is detected will unavoidably enter the U.S. food supply (while future shipments from the meat exporter in question will be monitored more closely). Without any doubt, the existing consumer safeguards against hazardous chemicals in imported meat are inadequate; the English Amendment would greatly strengthen these consumer safeguards and significantly increase the integrity of the meat supply.

A case in point is the chemical hexachloroethane which, for some years, was applied to meat animals in the U.S. to kill certain parasites. After a National Cancer Institute Study determined that hexachloroethane was a carcinogen, the Food and Drug Administration withdrew the regulatory approval for its use, effectively banning the chemical. Yet hexachloroethane is reported to be used in certain foreign countries, including some who export significant amounts of meat to the U.S. Thus it is likely that American consumers are routinely being exposed to this carcinogenic chemical.

The Administration and others have alleged that the English Amendment would constitute a barrier to international trade, but, as the above example makes clear, the only trade which conceivably could be affected would be that of meat which was produced using drugs or chemicals positively determined by our health authorities to be hazardous. Clearly, this is trade that the American public can do without. In addition, the English Amendment includes a provision which permits the foreign users of such hazardous chemicals up to one year to either find an alternative or to stop using the chemicals altogether, thus blunting any trade disruption the amendment could possibly cause.

As representatives of the consumer interest, we are clearly mindful of the economic as well as the health and safety aspects of any legislative proposal concerning the trade of food commodities. In this particular case, however, we feel very strongly that any negative economic repecussions from the English Amendment would, because of the one-year time lag provision, be either very small or non-existent and, more importantly, come only from calling an appropriate halt to the importation of meat which has been produced through the deliberate use of chemicals that the U.S. considers to be hazardous.

Once again, we wish to express our strong support for the English Amendment to H.R. 3603. Please contact us if we can provide you with any additional information on the subject.

Sincerely,

ELLEN HAAS,
Director, Consumer Division, Community Nutrition Institute.
CAROLYN BRICKEY,
Congress Watch.
STEVEN BROBECK,
Executive Director, Consumer Federation of America.●

EARLY WARNING PACKAGE

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. ASPIN. Mr. Speaker, today at the request of the Budget Committee I am inserting this week's early warning package into the CONGRESSIONAL RECORD. This week the House of Representatives is not scheduled to consider any new spending bills. However, the early warning package does include brief summaries of the authorization—nonspending—bills that are scheduled. These materials factually compare the total amount of spending authorized by these bills with the assumptions for such spending that resulted from congressional approval of the first budget resolution for fiscal year 1982 and the amounts actually in appropriation bills, where appropriate. The committee intends to insert into the CONGRESSIONAL RECORD these staff analyses, and analyses of all other appropriations, entitlement, or revenue bills as they are scheduled for floor action. We hope to provide these early warnings to interested Members every Monday. I believe that it is very important for the House to have information that compares such bills to the budget resolution—achievement of the resolution spending targets is not likely to occur unless the Members are clearly aware of the budget impact of their votes. At this point I include the following:

SUMMARY OF AUTHORIZATIONS

H.RES. 202—AIR TRAFFIC CONTROL COMPUTER SYSTEM

This is a House Resolution which is not binding and has no budget impact. The Resolution would require the Federal Aviation Administration (FAA) to make two reports, a preliminary December 15 report and a follow-up June 15 report, which would detail the plans for total replacement of the existing national air traffic control computer systems. The Resolution does relate to future FAA spending and user charge budget decisions which are estimated to cost on an overall basis as much as $10 billion through 1990. The issues ultimately involve the Science and Technology, Public Works, Government Operations and Ways and Means Committees.

H.R. 3377—NON-PERFORMING ARTS, KENNEDY CENTER

This bill would authorize appropriations of $4.544 million for fiscal year 1982 to the Secretary of the Interior for administering non-performing arts functions at the Kennedy Center. Those services include tourist information, maintenance and janitorial services, all provided by the National Park Service. Budget authority for fiscal year 1982 is $4.544 million and outlays are estimated at $4.090 million. These funds are in the President's request and the First Budget Resolution. The Interior Appropriations bill includes $4.315 million for this activity.

H.R. 2330—NUCLEAR REGULATORY COMMISSION (NRC) AUTHORIZATION

This is the bill that authorizes programs run by the Nuclear Regulatory Commission. The text of H.R. 4255 will be introduced as a substitute to H.R. 2330 for floor consideration. H.R. 4255 includes compromises between the House Interior and Energy and Commerce Committees which share jurisdiction over the NRC. The authorization level totals are within those sought by the administration for NRC appropriations.

H.R. 4603—TO PROVIDE FLEXIBILITY FOR FEDERAL FINANCIAL SUPERVISORY AGENCIES

This bill is designed to improve the flexibility of the Federal Deposit Insurance Corporation (FDIC), the Federal Savings and Loan Insurance Corporations (FSLIC), and other financial regulatory agencies to deal with federally insured financial institutions experiencing problems. The main changes would be to allow the insurance agencies to arrange mergers of problem institutions across state lines or mergers between institutions insured separately by the FDIC and FSLIC. The bill creates no direct spending; but if it should be successful in enhancing the flexibility of and, consequently, reducing the net costs of the Federal financial supervisory agencies, it could reduce net outlays of these agencies.

H.R. 3403—HAZARDOUS MATERIALS TRANSPORTATION ACT AMENDMENTS OF 1981

This bill authorizes appropriations of $8,332,000 for fiscal years 1982 and 1983 to provide for operation of the Materials Transportation Bureau and the establishment of new Regional Training centers to improve State and local enforcement and emergency response capability. This authorization is consistent with the President's March budget request and the First Budget Resolution assumptions. The main issue with the bill will likely be section 7, which provides for more stringent regulation of the transportation of radioactive materials and was the subject of an opposing minority view signed by 12 members of the Public Works Committee. Jurisdiction is shared with the Energy and Commerce Committee. The House Transportation Appropriations bill provided the President's $8.3 million request.

H.R. 4503—FEDERAL WATER POLLUTION CONTROL ACT AMENDMENTS OF 1981

This bill authorizes the appropriation of $2.4 billion for the Environmental Protection Agency's municipal wastewater treatment construction grants program for fiscal year 1982. The bill also contains numerous changes in the financing and use of funds for the grants program. The CBO estimate of outlays resulting from fully funding this bill are $20 million in fiscal year 1982, $300 million in fiscal year 1983, $660 million in fiscal year 1984, $620 million in fiscal year 1985 and $400 million in fiscal year 1986.

The First Budget Resolution and the President's March and September budgets assumed no funding for the program in fiscal year 1982 unless legislation reforming the program were enacted. It is expected that the President will request $2.4 billion for the program following enactment of such legislation. The Reconciliation Act reduced the authorization from $5 billion to zero unless reform legislation were enacted, in which case $2.4 billion would be provided. The HUD-Independent Agencies Appropriations bill conference report did not provide any funding for this program nor did the Continuing Resolution. The Senate Environment and Public Works Committee has also reported a new authorization for the program which would also provide $2.4 billion in fiscal year 1982.

H.R. 4437—ENERGY CONSERVATION DAYLIGHT SAVING ACT

The bill amends the Uniform Time Act so that daylight savings time is observed for eight months instead of six months—from the First Sunday in March to the last Sunday in October. The Federal Communications would be authorized to adjust its hours for broadcasting stations. The Congressional Budget Office has estimated the cost of rulemaking and processing of requests for exemptions to be $70,000. However, this cost would be completely offset by decreasing utility costs to the government.

H.R. 2979—NATIONAL HISTORICAL PUBLICATIONS AND RECORDS COMMISSION

This bill would extend the authorization of the National Historical Publications and Records Commission. It would authorize appropriations of $3 million for each of fiscal year 1982 and 1983.

These funds were not requested by the President and were not assumed in the First Budget Resolution. The House-passed Treasury-Postal Appropriations bill includes $3 million for this Commission.

H.R. 3275—CIVIL RIGHTS COMMISSION

This bill amends the Civil Rights Act of 1957 to authorize appropriations for the Civil Rights Commission. $14 million would be authorized for fiscal year 1982 with outlays (including those previously obligated) estimated at $14 million. The authorization is $2 million above the President's request and the level assumed in the First Budget Resolution. The House-passed Commerce-State-Justice Appropriations bill includes $12,318,000 for the Commission.●

ERA WOULD MEAN WOMEN IN COMBAT ROLE, DEVASTATION OF OUR FIGHTING FORCES

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. McDONALD. Mr. Speaker, unfortunately, in the view of many persons, the Reagan administration is continuing the same policy of its predecessors in placing women soldiers in so-called combat-support formations. And, as everyone knows, who has had any military experience, the dividing line between combat-support units and front-line units is very thin indeed in modern warfare. Brig. Gen. Andrew J. Gatsis, USA (retired), one of our Nation's most decorated infantry officers, recently analyzed this problem in Conservative Digest magazine, October 1981. His article points out how military priorities have become confused with the ERA movement and objectives to the detriment of our Nation's military readiness. I commend this article to the attention of my colleagues:

ERA WOULD MEAN WOMEN IN COMBAT ROLE, DEVASTATION OF OUR FIGHTING FORCES

(Note.—Brigadier General Gatsis entered the U.S. Army in 1939 as a private from Birmingham, Ala., and served his country as a professional combat infantryman for 36 years. He was an enlisted man for three years and is a graduate of West Point. He served with two airborne divisions as a paratrooper and commanded an infantry rifle company in combat during the Korean war, where he personally led a counterattack on Christmas morning, 1952, ejecting two Communist battalions from a strategic stronghold known as Luke's Castle. He later served as regimental intelligence officer in that war.

(Brig. Gen. Gatsis was an instructor in military science at La Salle Military Academy, New York, before being assigned to the Pentagon as a logistics staff officer. He became manager of plans and policy for all European and Middle Eastern country military assistance programs. He then served two years as an infantry battalion and brigade commander in Vietnam, where his brigade in Long An Province earned a reputation as one of the most effective units in Vietnam for eliminating the enemy. Later he became the senior adviser to the South Vietnamese 25th Division and, as the first American soldier to cross over into Cambodia with the South Vietnamese army, accompanied the incursion there.

(Brig. Gen. Gatsis became chief of the department of tactics at the Infantry School at Fort Benning, Ga. He then proceeded to Hawaii, where he became deputy assistant chief of staff for plans in the highest military headquarters in the Pacific area. Thereafter, he became assistant division commander to the 25th U.S. Infantry Division and commander of the U.S. Army Support Command, Hawaii, in charge of all army installations in Hawaii.

(Among many schools Brig. Gen. Gatsis attended and completed, the most significant are the Counterintelligence School, Command and General Staff College, Armed Forces Staff College and the Air War College.

(He is one of the most decorated officers in the armed forces. He has been awarded the nation's second highest decoration for valor (Distinguished Service Cross) and the nation's highest decoration for meritorious service (Distinguished Service Medal). In addition, he was awarded two Silver Stars, four Legions of Merit, two Distinguished Flying Crosses, three Bronze Stars, 27 Air Medals, two Army Commendation Medals, two Purple Hearts, the South Vietnamese Army Distinguished Order and three Gallantry Crosses with Gold, Silver and Bronze Star.

(Brigadier General and Mrs. Gatsis currently reside in Rocky Mount, N.C., with two of their four children.)

There is an attempt today to liberalize the armed forces and unisex the society through the women's movement.

If you have been lulled into satisfaction by the refusal of Congress to vote for registration of women in the armed forces at this point and the Supreme Court's ruling against drafting women, you should take another look. Should the Equal Rights Amendment (ERA) be ratified, drafting of women into the military will once again become a real probability. With the meaning of the Constitution changed to make sex the sole basis for prohibiting discrimination, it logically follows that if men are drafted and put in combat, women must be treated likewise.

Through my work in defending the nation's security, I have found that one of the prime objectives of the proposed ERA is to establish a legal equality which will force our women into the armed forces and sub-

ject them to combat. For, if they can be equalized with men in the most alien environment known to womanhood, no better example can be used to convince society that women can do anything men can do and that there is little difference between the sexes.

Make no mistake: ERA is definitely connected to our national security. The Pentagon, during the Carter administration, gave ERA goals high priority in the formulation of defense policy. Former Secretary of Defense Harold Brown pronounced in July 1980 that ERA is a defense issue. To date, under the present administration, I have seen no change in the Pentagon's policies with respect to this matter.

There are some women, certainly in the minority, who like the military, like to live and work with men, who have given an excellent performance in the past in certain noncombat positions such as clerks, telephone operators, computer technicians, supply supervisors, nurses and the like. World War II is ample proof of this. However, these roles do not satisfy the objective of the women's liberation movement—to gain total equality with men in all sectors of military activity, regardless of the damaging effect it has on our defense structure.

In the armed forces, this absolute equality disrupts every aspect of good morale and the high state of discipline needed to maintain unit cohesiveness. After seven years of shaping our military structure to conform with feminist goals, the result has been a weakened combat efficiency and a reduced redeployment capability.

The army has been forced to recognize this problem, as evidenced by its request last January to Reagan defense officials to scrap the fiscal 1986 goals (an increase from 69,000 to 87,500 women) set by the Carter administration.

In spite of President Reagan's assertions that he is against ERA, he supports its military goals by such actions as his appointing as Secretary of Defense Caspar Weinberger, who is known to be liberal on social issues and who enthusiastically promotes the same feminist objectives as the Carter administration. The Defense Department has ignored the army's request to put these abnormally large female quotas aside and continues to work fervently toward increasing the size of the woman contingent in our military forces from 8 percent to 12 percent, a strength figure initiated by the Carter administration and unequaled by any other country in the world. On June 22, 1981, Secretary Weinberger stated in one of his speeches, "We hope to use more women in combat jobs."

The current drive to recruit large numbers of women into the military services stems from: 1) a shortage of volunteer male recruits, and 2) the intent to use the AVF as a mechanism for enhancing the goals of the women's movement. The first can be solved by drafting men. The second is harmful to the military and is not needed.

If ERA is passed and women are drafted, they will be subject to combat, whether such service is legally authorized or not. There are no more segregated women's units, as in the past. Women today are colocated with men throughout the armed forces, including positions within the combat support units. These units, situated as they are in the combat zone, are required to fight. In the event of a draft, women could not avoid these positions. The military structure demands it.

There is no such thing as separating combat from noncombat in the combat support units. Truck drivers, for example, in combat support units carrying supplies to the fighting elements must run the roads. Many will be ambushed by enemy breakthrough patrols. Supply points in the rear will be attacked by artillery, infiltrators and airborne forces. Women in these units will have to fight and will become casualties.

This is alarming enough, but even worse is that many women will be brought into the close combat units (fighting elements) to replace quickly the casualties of units which have been decimated or nearly destroyed. In such situations, replacements are needed immediately, and the quickest way to get them is from the nearby combat support units—which are now sexually integrated. This is a common occurrence in combat, for the replacement pipeline is slow and so complex that it never flows evenly or provides the replacements needed soon enough in an emergency. Anyone with real combat experience knows this. Normandy, the Battle of the Bulge, and the Chosen Reservoir are excellent examples of using combat support units to reinforce combat elements.

To achieve the kind of equality the women's movement seeks in the armed forces requires women soldiers to perform tasks they cannot do in many of the military occupational specialties to which they are now assigned. Two reorganizational changes have caused this problem: 1) sexually integrating the army, rather than segregating male and female as in the past, and 2) assigning women to roles that were formerly nontraditional for female soldiers, such as line pole climbers. From this situation has evolved the exact opposite of equal pay for equal work: What exists is equal pay for unequal work.

The imbalance of work performance resulting from the policy of total sexual equality stems from at least six conditions: physiological differences between the sexes, sexual abuse, large numbers of pregnancies, sole parenthood, sexual fraternization among the ranks, which creates permissiveness, and female inability to cope with psychological stress as well as men.

Women generally are physically weaker than men, particularly in upper body strength—the kind of muscle needed to do most of the heavy manual tasks required by the military services in combat support units. Female soldiers assigned to these units find that they cannot discharge many of the duties required of them, and most of those they can do they accomplish at a slower rate than men. The result is less work.

In an army that authorizes 95 percent of its job categories for assignment to women, and in which 40 percent of the women are filling traditionally all male positions, such as mechanics, truck drivers, explosive demolition technicians and the like, this physical strength deficiency has a bad effect on job efficiency and is becoming alarmingly worse as the military increases female enlistment. A recent training and doctrine command army study shows that efficiency goes down proportionally as the ratio of women soldiers to that of males increases in military units. In the combat area, it takes upper body strength to dig a foxhole quickly in hard ground, cut a path through the thick jungle all day with a machete, fight an enemy soldier with a rifle butt and a bayonet, cut, lift and carry heavy logs for constructing defensive bunkers or pull a man out of a crashed burning helicopter.

Even in the noncombat skills required in the combat support units (that is, nontraditional roles) women find that they cannot do many of the tasks required, and those they can do, they accomplish at a slower rate. This obviously results in less work and reduced operational efficiency. As a general rule, female soldiers have trouble with or cannot lift heavy equipment such as ammunition, mechanics' tool sets, sandbags, food crates or large camouflage nets. They cannot move field range stoves, teletype machines, heavy generators or big field desks. During field exercises, they have great trouble changing heavy truck tires, hitching trailers to the trucks and carrying people on medical litters. They cannot brake, steer and drive trucks in rough terrain, cannot put up cumbersome antennas, erect large bulky tents, construct ammunition bunkers, dig adequate latrines or handle lifting tackle off recovery vehicles. These kinds of tasks are only samples of what is required in the combat support category—not to mention a great many more difficult military skills needed for women to defend themselves.

When her physical limitations are coupled with her living and working environment, where she is frequently subject to sexual abuse, the woman soldier becomes an even greater liability. For example, a woman soldier is not normally allowed to perform guard duty at night alone. Most frequently, she is excused from this duty entirely. In most tactical units, women are not allowed to drive over 10 hours or late at night. In a military field exercise named "Reforger," held several years ago, women soldiers refused to service generators in the dark for fear of being attacked.

Another hard fact that the army can no longer afford to ignore is that at any given time in the year, 10 percent of the army's women are pregnant and cannot redeploy overseas. This amounts to 6,900 out of a 69,000-woman contingent who cannot be shipped out in the event of mobilization. For obvious reasons, there are substantial periods of time during the pregnancy and immediately after it (approximately 105 days) when the female soldier is unable to perform her duties. Someone else must take on these additional jobs. Imagine what a 10 percent nondeployment rate, applied to a 6-million drafted woman contingent, would do to combat readiness; 600,000 women could not be used in case of an emergency.

Another pressing problem confronting the army today is that sex integration and changing societal standards have created a large number of unmarried one-parent families in the service. These unmarried parents have no spouses to help them take care of their children and cannot devote full time to their jobs throughout the year. Frequent absences from duty are caused by such problems as sick children. Who will take care of the child when mama must go off to war? The Department of Defense has not been able to solve that one yet in computerized war games exercises.

Combine the elements I have discussed, and they are bound to have a debilitating effect on our army's ability to fight. The Russians and Israelis found this out the hard way in combat. As evidence, women make up less than 1 percent of the Soviet armed forces and 3 percent of the Israeli military. All serve in noncombat traditional roles. Compare this with an 8-percent woman contingent in the U.S. Army, projected for 12 percent, and it suggests that ourleaders have lost their sense of proportion.

I only wish those who push for drafting and placing women in combat could see it as I have. Are they ready to see their daughters and wives exposed to the wrath of the enemy because they could not dig into the hard ground in time for protection? Do they desire to have them subjected to the stench of bloated and ripened bodies left in the sun several days, where fumigation is required by aircraft daily to minimize nausea? Do they want their daughters out on recovery patrols to shovel up decomposed human flesh into rubber sacks for evidence identification? Should they have to hear the screams of burning human torches trapped in the entanglements of barbed wire after napalm cans are exploded? Are they ready to see our women horribly mangled in a trapped mine field which no one can penetrate? Have the ERA proponents thought about what our women would suffer from the dregs of our own army alone, not to speak of what the enemy would do to them as POWS (such as a soldier attempting to have sex with a dead old Vietnamese woman)? How can we reconcile our moral perceptions of women with these immoralities of war?

No one who has seen real combat could believe that our congressmen, state legislators and governmental leaders would talk about legislation that would subject our women to these horrors of war.

We must understand what is at stake. One does not send in the second team when our national survival is in jeopardy, just to satisfy the whims of a disgruntled group of women liberationists. No matter how hard the feminists try to achieve total equality in the armed forces, the most they can hope to become is second-class men.

I hope that the new administration and Congress will recognize that a strong defense is more than an increased budget, additional weapons systems, advanced technology and more people. The most essential ingredients are esprit de corps, male-to-male bonding, high morale, strong discipline and the ability for people to redeploy and perform efficiently on the job. These are the basic elements that make a fighting unit. Without them, you lose. And these are the components the women's movement tends to destroy.●

THE PRESIDENT'S NUCLEAR ENERGY POLICY STATEMENT IS AN EXCELLENT BEGINNING

HON. TOM CORCORAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. CORCORAN. Mr. Speaker, I applaud the President for moving toward fulfilling yet another of his campaign promises: encouraging the development of nuclear energy. During Ronald Reagan's convention acceptance speech, he stated that—

* * * nuclear energy * * * could supply electricity for thousands of industries and millions of jobs and homes. It must not be thwarted by a tiny minority opposed to economic growth which often finds friendly ears in regulatory agencies for its obstructionist campaigns.

In the spirit of fulfilling his pledge, President Reagan on October 8 announced his administration's nuclear energy policy.

The statement is directed toward eliminating the impediments and regulatory roadblocks which stymie commercial nuclear development. The Reagan policy proposes to reverse most of the retrogressive nuclear policies of the Carter administration which were crippling the nuclear industry. The Reagan nuclear policy elevates nuclear power from an energy resource of last resort to an essential energy technology worthy of expansion.

The new policy addresses some of the unnecessary regulations that delay the licensing and construction of nuclear plants. The Reagan policy calls for the streamlining of the nuclear reactor licensing process in an effort to reduce the exorbitant leadtimes, now averaging between 12 and 15 years—as contrasted to less than 7 years in France and Japan—that dominate the nuclear industry. This policy parallels the provisions incorporated in the fiscal years 1982-83 Nuclear Regulatory Commission authorization bill, H.R. 2330, which is being considered by the full House this week. I was actively involved in subcommittee and committee in promoting such a policy, and am pleased that the Energy and Commerce Committee on June 9 reported legislation that adopts this approach. The comprehensive construction and licensing reforms and streamlining should help revitalize the lagging nuclear industry.

The Reagan nuclear statement also proposes to lift the April 7, 1977, Carter administration ban on commercial reprocessing of spent reactor fuel and proceeds with development of the fast breeder reactor. The new administration position reflects the realistic viewpoint that the United States can best contribute to nuclear weapons nonproliferation by remaining an active participant in the worldwide development and application of nuclear technology.

The Reagan position further addresses what is perhaps the most critical nuclear energy issue: High-level nuclear waste disposal. The nuclear policy correctly recognizes that the safe and secure permanent disposal of radioactive waste is primarily a political problem, not a technological problem. The policy emphasizes the importance of permanent disposal as opposed to interim storage. The 96th Congress, in its last days, sensibly addressed the problem of low-level waste with the enactment of the Low-Level Radioactive Waste Policy Act. The issue of high-level radioactive waste remains unresolved, and I am confident that the 97th Congress, working with the Reagan administration, will finally enact appropriate legislation to address this most difficult issue. Already this year, the two Senate committees of jurisdiction have held joint hearings and are beginning markups. Hearings and markups are underway by two of the three House committees of jurisdiction.

The emphasis of the new nuclear policy is the restoration of the financial viability of the nuclear industry and investor-owned utilities. The financial strength and popular support of nuclear energy has been eroded during the 4 years of the Carter administration. The Reagan policy, recognizing the importance of this indigenous energy source, again instills a sense of confidence in nuclear power.

This nuclear policy is further evidence that the administration is committed to reversing the past regulatory excesses that have threatened the extinction of nuclear power in this country. The Reagan policy provides a more favorable climate for efficient nuclear energy production and thus allows nuclear power to compete fairly in the marketplace with other energy sources. This position merits our support.●

COMMEMORATING WORLD HUNGER DAY

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. CONTE. Mr. Speaker, Friday, October 16, was World Hunger Day. Special events took place throughout the world to alert public opinion to the gravity of the world hunger problem and to instill the belief that food is a basic human right.

On that day—in those 24 short hours—41,000 human beings died from hunger and malnutrition—more than the number of Americans killed in the Korean war. This is a tragedy which repeats itself day in and day out. In the past 5 years, hunger has taken the lives of more people than all the wars, revolutions, and murders combined during the past 150 years.

Why is this tragedy occurring? Enough food exists to feed everyone in the world adequately. We have the technological know-how to distribute this food and to grow much more in those developing countries where the hunger problem is most severe.

What is needed now are, first, the widespread recognition that hunger is the major scourge of modern mankind, and, second, far greater attention—attention commensurate with the gravity of the problem—on the various solutions which exist.

Hunger can be ended. It has virtually been eliminated in some 32 countries with over 40 percent of the world's population since World War II. We possess the agricultural and technological resources to do the job

throughout the rest of the world. The Presidential Commission on World Hunger concluded last year that—

> Each major cause of hunger could be averted or overcome if the human community were to act cooperatively and decisively * * * the persistence of hunger reflects a lack of sufficient political will to eliminate its causes.

We must dedicate ourselves today to the elimination of hunger and malnutrition on this planet by the end of this century.●

AMERICAN LEGION'S BOYS' AND GIRLS' STATE PROGRAM

HON. WM S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. BROOMFIELD. Mr. Speaker, the Nation has derived great benefits from the American Legion's Boys' and Girls' State program. This program takes outstanding high school students in every State and provides them with a weeklong, living experience in the operation of government.

From that experience, the students meet new friends, get a deeper understanding of government, and sharpen their leadership skills. High schools, communities, and the Nation gain the benefits of a more aware citizenry.

The success of these programs, however, depends upon the selfless, dedicated work of many adult volunteers who put in countless hours and donate their talents.

One of these often unsung volunteers, Mrs. Frank Polasek, of Auburn Heights, Mich., will retire on October 27 after 10 years of dedicated service as chairman of the American Legion's Auburn Heights post's Girls' State program.

Mrs. Polasek led about 80 young women through the Girls' State program during her 10 years as chairman. Beyond her hard work with this excellent program, Mrs. Polasek has been active in the American Legion Auxiliary for over 40 years, and she is known for her extensive community service and the promotion of American ideals in local schools. She has been an inspiration to all who have had the privilege of knowing her.

Mr. Speaker, volunteerism has been an important part of this country's great heritage. It is this spirit of neighbor helping neighbor that Mrs. Polasek has carried on for these many years. Her dedication to community service is a challenge to all, both young and old, whose lives she has touched.

On her retirement, I wish to extend to Mrs. Frank Polasek my heartiest congratulations and heartfelt gratitude.●

REMARKS SUPPORTING RESOLUTION PROHIBITING CERTAIN HOUSE CAUCUSES

HON. ED BETHUNE

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. BETHUNE. Mr. Speaker, when I first became a Member of Congress I joined a couple of caucuses. Then, I began to ask myself whether or not the proliferation of such single interest groups was a good thing. After some soul-searching, I decided to discontinue my memberships, but many aspects of the caucus movement continue to trouble me.

Recent news stories and the formation of an ad hoc subcommittee by House Administration to evaluate the regulations currently applicable for caucuses rekindled my long-festering concern. The resolution I introduce today is the result of my deep concern about the configuration of House caucuses, coalitions, and legislative support groups.

First, I should like to emphasize that this legislation would not affect informal caucuses—those in which Members of the House meet informally and those that do not receive House clerk hire allowances, allowances for official expenses, or are assigned office space or receive outside contributions. Nor would my resolution affect the support groups affiliated with the two political parties here in Congress. However, the bill would not allow other legislative support organizations caucuses or groups to be assigned House office space, equipment, receive clerk hire allowances, allowances for official expenses, or receive outside contributions or in kind outside contributions.

Mr. Speaker, caucuses are an indispensable part of the political process; it is the nature of politicians to caucus. One of my first memories as a Congressman was when I sat down to talk with my colleague JOHN PAUL HAMMERSCHMIDT, and two senior Members walked by and said, "the Arkansas delegation is caucusing." For nearly 200 years Members of Congress have caucused; this is very healthy and I would not want to stop the exchange. However, I believe a problem arises when caucuses are formalized and become a full blown apparatus with well-developed ties to the Government. Particularly when these ties are financial they tend to place the special interest of the caucus in an advantageous or favored position, relative to others.

The natural tendency is for other groups to also seek a favored status and ties within the Congress, and the recent growth in the number of groups certainly attests to this. I believe this tendency runs afoul of several important principles of fundamental fairness, including equal protection of the law, taxation without representation and one man, one vote. As Congress splits into these factions or caucuses, questions arise: First, are we permitting, as a government, particular interests to have a favored position—complete with Federal financial remuneration and benefits, and second, does this not raise questions of equal protection, equal representation for taxpayers who are not similarly represented.

Many people would argue that there is a need for highly structured caucusing here in the Congress because for one reason or another the group is underrepresented in the makeup of the Congress. However, this line of thought runs against, and undermines many cherished elements of our democracy which have developed now for 200 years. Federal election laws, rules on apportionment, voting rights protections—to name a few—all insure that our Government represents all of the various interests in the country.

Unless we can devise a caucus system where every interest attains equal footing within the structure of the Congress—where, for example, the staff numbers are weighted according to the population represented by the caucus—it is best to disentangle caucuses from official House structure which provides reimbursement for caucus expenses, designated office space, allowances for staff, as well as outside contributions.

My resolution deals with the problem directly, but it would not interfere with the ability of Members to meet and exchange ideas and work together, nor would it alter the services traditionally rendered by the Democratic and Republican parties to this body through their structures.●

NO ORDINARY SCHOOLBUS

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. HOYER. Mr. Speaker, the beginning of the school year in September saw a new bus pull up to the doors of the Maryland School for the Blind in Baltimore. This was no ordinary schoolbus, however, but one specially designed for five wheelchairs, a lift and special safety features for children with handicaps—a bus that cost the school $22,000.

As we know, in these times of tight budgets at every level, and with school systems especially hard hit, buses, particularly those equipped for the handicapped, are not easy to come by.

But in the time-honored tradition of volunteerism, a group of families, led by Mr. and Mrs. Joseph Moore of New Carrollton, Md., worked together for 5

years to raise the funds for this necessity. Each year they organized a dinner dance, the proceeds of which went toward the bus purchase. From a small affair to this year's huge success with more than 400 people attending, the fundraising effort has become an integral part of the school's life.

The Maryland School for the Blind is a private school that gets most of its funding from the State. It accepts children from all over the State of Maryland and has a number of students from Prince Georges and Montgomery Counties. All of the children are visually impaired, but many of them have additional handicaps as well. The children attend the school tuition free, and are referred by local education agencies in each of the counties.

Because the school did not have a bus with wheelchair facilities, number of students could not fully participate in the school's educational programs. Rather than go to the State for funding for a bus, a number of families involved with the school took it upon themselves to raise the needed funds.

These families worked diligently toward the goal of helping the visually impaired children at this school. Mr. and Mrs. Moore were joined by several other key organizers, including Mr. and Mrs. Calvin Caldwell, Mr. and Mrs. Frank Briggs, Mr. and Mrs. Ned Benton, Mrs. Phyllis Gordon, Mrs. Judy Gordon, and Kevin Moore.

Mr. Speaker, the President's budget package cut deeply into programs that normally offer assistance to the needy, to the handicapped, to the young and old. Thus, volunteer efforts are becoming more critical than ever to groups struggling to serve these needs.

I am pleased to honor these people today who have given so freely of their time. They are truly charitable people, and we can only hope they will inspire more to join them in their philanthropic efforts.●

MARY THERESA WILKERSON HONORED

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. ANDERSON. Mr. Speaker, on October 22, the San Pedro Business and Professional Women's Club will honor Mary Wilkerson as their "Woman of the Year."

Mary Wilkerson has had a deep and abiding personal involvement in South Bay education, both as an administrator and as a teacher, for nearly 20 years. Her teaching career began in 1962 in Michigan. The following year she moved to California, and continued her profession at St. John of God in Norwalk. She taught in a preschool at the Dahlquist Nursery School; the Sesame Street program of the YWCA; and at the Peck Park Recreation Center, all in San Pedro. After this, Mary Wilkerson was a teacher at Wilmington's Hawaiian Avenue Day Care Center in 1973 and at the Edmondson Elementary School in 1974.

In 1974, Mary also received her B.A. in sociology from Cal State Dominquez Hills. Five years later, in 1979, she was granted her M.A. in education from the same institution.

After receiving her B.A., Mary began working at the Creative Frontier's Day School, in San Pedro, where she is at present director and principal. In addition to her administrative responsibilities at Creative Frontier's, Mary has taught preschool, kindergarten and first grade at this school.

Mrs. Wilkerson has also been an active member of the community. She is editor of the local newspaper, the Rolling Hills Highlander, as well as a reporter. In recognition of the extensive amount of her time that she has freely given to many worthy causes, Mary has been chosen as "Volunteer of the Year" by the YWCA. She is a past president of the Peck's Park Auxiliary. Mary has sponsored the uniforms for the Peck's Park teams, and has been a team mother of the park's boys teams. Mary is a member of the following organizations: The South Bay Historical Society, the Welcome Wagon, Delta Phi Epsilon, and the Christmas parade committee on which she serves as cochairman.

My wife, Lee, joins me in wishing the very best to Mary Wilkerson, her husband, Gary, and their sons, Gary and Barry in the years ahead.●

FOOD STAMP BLOCK GRANT PROGRAM FOR PUERTO RICO

HON. JIM MATTOX

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. MATTOX. Mr. Speaker, I rise in opposition to proposals to create a separate and unequal food stamp program for the residents of Puerto Rico. The proposal being considered would, instead of applying standard national criteria for the needy of Puerto Rico, simply establish an arbitrarily determined lump sum to send to the government of the Commonwealth of Puerto Rico for this purpose as a block grant.

It is critical that we keep the moneys allocated to the Puerto Rico nutritional assistance program within the controls of the Food Stamp Authority.

We are asking the Commonwealth of Puerto Rico to take on responsibilities that we have not faced. The block grant provisions of the Omnibus Farm bill of 1981 requires Puerto Rico to come up with a new method of adequately providing for the food needs of its poor.

This is a tremendous burden on the resources of any government. What if, with the block grant, local administrators simply decide to send one monthly check for the amount of the food stamp eligibility and be done with it.

How would Congress react to that type of plan? I can hear the screams now from some of the advocates of this block grant that this nutritional assistance program had become just another uncontrollable handout. And that could happen unless a more thought out, reasoned plan is prepared before presenting any block grant program proposal.

Moreover, why should the residents of Puerto Rico be treated any differently from any other U.S. citizens. These U.S. citizens should be provided equal treatment with citizens in the States. Their needs and their levels of government assistance should be determined by the same standards as any one else. No justification has been offered for different and discriminatory treatment for these citizens.

Thank you.●

OPPOSITION TO DIRECTIVES OF THE OFFICE OF MANAGEMENT AND BUDGET

HON. HENRY B. GONZALEZ

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. GONZALEZ. Mr. Speaker, earlier today I had the privilege of appearing before the Committee on Veterans' Affairs to stress my opposition to directives of the Office of Management and Budget to place certain Veterans' Administration operations on a contract basis.

It would be a mistake and a disservice to contract out operations of Veterans' Administration hopitals. For the Office of Management and Budget even to consider this possibility is a clear indication that Mr. Stockman not only misunderstands the mission of these hospitals, he has no regard for the operation of the VA health care system itself. He would just as soon put veterans into charity wards as provide them the medical care they were promised and have earned.

Fortunately, there is already legislation on the books that will keep OMB from enforcing its contracting edicts, at least for the time being. What is needed now is permanent legislation intended to keep VA personnel serving the veterans that they serve today. I hope that the Veterans' Affairs Committee will come forward with that kind of legislation, so that we can be assured that VA hospitals are staffed

with VA personnel. It would be a shameful blot if any part of these hospital operations were to be farmed out on a contract basis, as I stressed in my testimony today. I am taking the liberty of placing my statement in the RECORD at this point.

STATEMENT OF MR. HENRY B. GONZALEZ BEFORE THE COMMITTEE ON VETERANS' AFFAIRS, U.S. HOUSE OF REPRESENTATIVES

I am Henry B. Gonzalez, and it is my privilege to represent the 20th Congressional District of Texas.

My area is served by the Audie Murphy Veterans Administration Hospital, and it is the newest, finest such hospital in Texas. I want to stress to the Committee that construction of this hospital was among my very first priorities when I was elected to Congress. I appealed to President Kennedy to plan for the hospital, I fought for its authorization, and worked for its construction. It was my suggestion that the hospital be named in honor of Audie Murphy, a fellow Texan and authentic American hero.

The Audie Murphy Hospital is an installation I am proud of; from the beginning of my Congressional service, it has been a high priority with me. First of all, there is a bigger concentration of veterans in South Texas than almost anywhere else in the country. Having the Audie Murphy Hospital in San Antonio brings fine medical care close to home for those veterans—and they deserve that. Second, San Antonio has built a first class medical center, of which Audie Murphy is a part, and I might add, a critically important part. No veteran population in America has better medical care, closer to home, than our South Texas veterans.

Caring about that hospital as I do, caring about veterans as I do, anything that threatens the quality of Audie Murphy's medical service is a great concern of mine. That is why I am here today. I do not believe that contracting out the so-called commercial and industrial functions at Audie Murphy—or any other VA hospital—is in the interest of veterans or the maintenance of first class medical care.

I am aware that many hospitals do contract for many services. I am also aware that in such hospitals the care is increasingly less personal, and that there are genuine problems of creating, or keeping up, the team concept of medical care when some personnel are on one team and others on another team. The ideal kind of hospital care is care organized around personnel who see themselves as part of one unit—and that simply cannot happen when some people work for the hospital and others work for contractors. From the point of view of patient care, I do not believe contracting out is in the interest of VA, and certainly not in the interests of veterans who look to VA for specialized, compassionate care—care for which they have paid more than a full price.

The Office of Management and Budget argues that the government can save money by contracting. I doubt that this is true, but if it is true, any such savings have to come out of lower employee pay and benefits, or must come out of a lower level of service. Chances are that whatever savings are realized would come about only by reduced levels of service and care, and lower employee pay and benefits.

I hope that the Committee will look carefully at both these so-called potentials for saving.

It would be unacceptable and catastrophic to save money at the expense of quality patient care and service. Hospitalized veterans deserve—and have earned—the finest medical care we can provide. We would break faith with them if in the guise of some dubious savings, we degraded them by degrading their care. We would dishonor ourselves by accepting any such scheme.

Second, considering the question of savings through reduction of pay and benefits to employees, I don't think this is acceptable. If pay and benefits are too generous, let the Administration come and argue that point. But don't accept a backdoor approach to cutting pay and benefits to employees who for the most part are veterans themselves—employees who are skilled and dedicated, and who have long and honorable service.

Generally speaking, contracted government work under the A-76 Circular affects labor-intensive types of work—the lowest jobs the government has to offer. And from my experience, what happens when a job is contracted is that the affected employees simply end up doing the same jobs in the same place, but for much less pay and for much lower benefits. They lose retirement credit; they lose health benefits; they lose leave policies; they lose sick leave—and having lost all that, you can imagine how good their morale is. No employee, no matter how dedicated, can go through that kind of degradation and still have the same morale and desire to serve that he had before. Yet, that is exactly what we invite by the working of the contracting procedure.

The whole idea of the A-76 contracting procedure is to skin government employees. It is to subvert the whole range of pay and benefits that the Federal government itself has deemed reasonable and desirable—pay and benefits that we in the Congress have approved. That is why I say, if the argument is to cut employee cost, then let the Administration be straightforward and come up here to tell us just where they think Federal pay policy is wrong and ill-advised. Let them tell us why employees should lose their retirement credits. Let them tell us why employees should be expected to perform well after having been dumped, duped and demeaned. Let them tell us how it is that patient care is going to be enhanced by that kind of procedure.

The Committee should be aware that whenever any contractor is so unwise as to start paying his employees a little more than the bare minimum, he most likely will lose out when contract time comes up again. The A-76 procedure creates a treadmill, guaranteeing that those employees who are on the bottom of the heap, stay on the bottom of the heap. It creates a system whereby all incentives—as far as the bulk of employees are concerned—simply vanish.

Year after year, I have seen the argument that contracting out is a good thing. Year after year, I have seen the hard evidence that it is not. It would be a mistake to contract VA hospital services, and I urge the Committee to oppose this current attack—which is not merely an assault on government employees—but in reality an attack on the whole concept of government-provided medical care for veterans. Mr. Stockman is not a veteran; he does not care. But millions of Americans are veterans, and they do care.

The Committee cannot let this challenge to the VA medical care system go unchallenged.●

HIS HONOR THE MAYOR

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. ANDERSON. Mr. Speaker, all too frequently we are moved to make tributes on the floor of the House to those leaders who have died, have retired, or who have moved on to some other endeavor. But, all too infrequently do we recognize someone who is currently performing a job in an outstanding manner for the benefit of his community, and who intends to keep on doing so.

One such man is James R. Armstrong, the mayor of Torrance, Calif. Jim Armstrong is one of the most dynamic, effective, and thoroughly capable public officials I have had the privilege to come in contact with. And on top of that, I consider he and his wife, Anne our close personal friends.

I am not alone in holding Jim in such high esteem. He was elected to the Torrance City Council in 1972 with the largest plurality ever afforded a council candidate. He was reelected in 1976, and in 1978 he was elected to the office of mayor. So I think this shows that Jim Armstrong is not only doing something right but that he is appreciated by the people he represents.

A native Californian and a veteran of the U.S. Navy, he received his B.A. degree from Pepperdine University, did graduate study in history and political science at UCLA, and then earned a master of science degree from USC. Since 1954, he has worked in the field of education with the Torrance Unified School District, where he is now senior teacher in American Government. And, reviewing a list of the many official and voluntary organizations he has participarted in, I know that he brings to his students a great wealth of personal experience in the community and the various organizations that serve it.

Probably based upon his experience in the Navy, Jim runs a "tight ship." He seldom contacts me for assistance in Federal matters, but when he does he has all of his facts assembled and his case fully supported. He does not battle the Federal bureaucracy just for the sake of battling them or for garnering newspaper headlines (which he generally avoids). He battles them when he thinks that the bureaucrats are committing an injustice to the people he is elected to represent. And, Mr. Speaker, in my own opinion, this has proven to be true in the cases Jim has brought to my attention.

As I said at the beginning, not too many of us recognize an incumbent in the local government level. But Jim Armstrong is a man who deserves such

recognition, and I am indeed pleased to give him this recognition. My wife, Lee, joins me in wishing Jim and his wife, Anne, and their two children, Julie and Jeff, all the best in the way of happiness and success in the years ahead. And, for the good of the people of Torrance, I hope that Jim will keep on serving them as he has done so faithfully and loyally in the years past.●

LATIN AMERICAN CRISIS

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. PHILIP M. CRANE. Mr. Speaker, the column "Review and Outlook" in the Wall Street Journal, Monday, October 19, 1981, and the Evans and Novak column in the Washington Post on that same day demonstrate beyond any reasonable doubt there is a massive international Communist campaign to topple the pro-Western Government of El Salvador and that it has direct and pervasive Cuban support. Based upon the disclosures of El Salvador's top union leaders speaking in our country last week, and the loss of the most important bridge over the Lempa River, 26 days after 500 to 600 quick-strike troops from Cuba arrived at Managua's Sandino Airfield in Nicaragua, President Reagan does face what Evans and Novak describe as an acute emergency. In light of these facts no effort should be spared on our part to support the President in his attempts to stem the spread of Marxist terrorist insurgency in Latin America. I commend the articles to the attention of my colleagues:

[From the Wall Street Journal, Oct. 19, 1981]

FORGOTTEN TRABAJADORES

Thanks to a disturbingly effective left-wing propaganda campaign, the Reagan administration has been largely stalled in its efforts to gather public support for a U.S. counterattack against the Soviet-Cuban conquest of Central America. But it is far too early to give up the fight. The propaganda lies are by now so transparent that even the most liberal Congressmen, newspaper editors and churchmen surely cannot avoid recognizing them.

For example, can anyone still doubt that Nicaragua has been a victim of a Communist takeover? The Cuban-style "neighborhood committees" are in place, the secret police are being trained, La Prensa has been told it will be closed if it continues to speak up, Archbishop Obando y Bravo is being suppressed and a spectacular military buildup is under way. The Sandinistas are creating an army and militia of over 250,000, equivalent to a full one-tenth of the population, even though the country can't feed itself or pay its debts. Heavy equipment, including 30 T-55 tanks, has been pouring in from the Soviet bloc. The combined forces of Nicaragua and Cuba soon will dwarf any army south of the Rio-Grande and drive a Soviet strategic wedge between North and South America.

Little Costa Rica, once a model democracy, has been destabilized and intimidated by the Nicaraguan buildup and internal subversion. The territory of Honduras is being used with impunity to funnel arms from Nicaragua to the Communist guerrilla army in El Salvador. An active terrorism campaign is under way in Guatemala, drawing the usual counter-terror from the right with its predictable additional contributions to destabilization.

In Panama, where domestic politics were thrown into disarray last summer by the air crash death of strongman Omar Torrijos, Castro's guerrillas are operating in the bush. The big prize, if they succeed, will be the Panama Canal.

The biggest current military and propaganda effort, of course, centers on El Salvador. The fighting is in the hands of the Cuban- and Soviet-supported Farabundo Marti Liberation Front (FMLN). The propaganda is being orchestrated by something called the Democratic Revolutionary Front (FDR), which has been given the undivided attention lately of communist propaganda outposts throughout the world, including some of the groups in this country that once helped break down U.S. resistance to the Soviet conquest of Southeast Asia. The techniques—marchers, demonstrations and blown-up photographs of maimed bodies (all of them naturally victims of the other side)—are the same ones propagandists have used for decades. Their effectiveness was demonstrated a few weeks ago when some brainwashed reporters and Congressmen came very close to publicly insulting the visiting Napoleon Duarte, Salvador's populist president, because of the sins the FDR has alleged against him.

But the Salvadoran government is proving harder to vanquish on the ground than in the North American press. We received a clue to why last week when four Salvadoran union leaders, including the secretary general of the equivalent to the AFL-CIO, and the head of the campesino or peasants union, visited New York. All are under daily threat of death and in fact have all succeeded men who were murdered. They were traveling under the auspices of the AFL-CIO but at the expense of their own unions.

Their message: The war in El Salvador did not result from an indigenous worker and peasant uprising, as Communist propaganda insists. "The war involves 10% of the people, with 90% in the middle," declared Jose Luis Grande Preza, the labor federation leader. It is true that the Salvadoran army has committed brutalities and the group would like U.S. military aid to be accompanied by greater U.S. efforts to train Salvadoran troops in combating guerrillas, so as to avoid civilian casualties. But the five had no doubt that the origin of the killing was the campaign of destruction and terror conducted by the FMLN. The FMLN and FDR, so romantic sounding to the cocktail liberals of Washington, are not loved by the trabajadores (workers) and campesinos of El Salvador who must brave their bombs and bullets each day. "They have the guns but they don't have the people," says the country director in El Salvador for the AFL-CIO's American Institute for Free Labor Development, which attempts to encourage formation of free labor unions.

There is a bitter irony in all this. The American government is not taking a more forceful role in Central America in part because so many Americans have been convinced that this would be making war on the common man. But representatives of the common man are pleading for help in driving out what they know full well is a foreign-backed army that will enslave them if it wins. As we said at the outset, the Reagan administration has an obligation to all Americans, North, Central and South, to not be so easily deflected. What's happening in Central America is by now so obvious that only knaves or fools can pretend not to understand it.

[From the Washington Post, Oct. 19, 1981]

BRIDGE OVER THE RIVER LEMPA

(By Rowland Evans and Robert Novak)

Between 500 and 600 troops of Cuba's "quick strike" special forces flew surreptitiously to Nicaragua last month—with Cuba's ambassador to Nicaragua aboard the last flight—in a move that may be aimed at setting up a revolutionary Marxist government in eastern El Salvador.

Fidel Castro's gall and self-confidence in transporting a concealed strike force, under the control of Cuba's minister of the interior, for combat in beleaguered El Salvador has shocked the highest officials in the Reagan administration.

But beyond shock, the movement of these forces from Havana's Jose Marti airport on Sept. 16, 17, 18 and 19 to Managua's Sandino airport poses a critical choice for the Reagan administration: to tell the world the truth about the advanced stage of Castro's Soviet-backed plan to seize control of El Salvador and meet it head-on; or to continue fudging the issue in hope that some miracle will make it go away.

The bare facts of what amounts to another Cuban foreign intervention, made available to us from unimpeachable Latin American sources, are as follows: the four Cuban transport planes, known as 1462's, were ostensibly filled with everyday tourists; their arms, loaded by special cargo handlers, were concealed in what looked like tourist trunks and other commonplace luggage.

When the Sept. 19 flight arrived at Managua's Sandino airfield, the "quick strike" troops, trained for special operations, were whisked into waiting helicopters, which disappeared over the Nicaraguan jungles. Julian Lopez, Cuba's ambassador to Nicaragua, was aboard.

Exactly 26 days later, in the pre-dawn morning of Oct. 15, the most important bridge over the Lempa River that cuts El Salvador in two was blown up. That supposedly well-defended bridge connects the lightly populated eastern third of El Salvador, facing Nicaragua, from the rest of the embattled country and its capital, San Salvador.

Castro's scheme may have classic simplicity: use the 500- to 600-man special force now in Nicaragua to occupy, without possibility of military resistance, the eastern third of El Salvador, establish a Soviet-backed communist government and use it to rally world support for the so-called Democratic Revolutionary Front.

Destruction of the Puente del Oro, one of only two spans over the mile-wide Lempa, betrayed a made-in-Cuba professionalism. If the second bridge is also blown, the eastern third of El Salvador will be beyond rescue by the Salvadoran army, creating ideal conditions for infiltrating Cubans to consolidate control by the insurgents.

Given this ominous event, President Reagan faces not some vague future crisis in

the deteriorating Caribbean. He confronts an acute emergency demanding quick decision by an administration that has not shown much sophistication in handling more than one crisis at a time.

Last spring and summer the White House ignored the threatening Mideast crisis while it tackled the budget and tax cuts. It paid heavily when the AWACS crisis, escalating almost out of control, sponged up all the president's attention and that of his chief national security advisers the past month.

If a subterranean Cuban invasion of El Salvador is in the offing—or perhaps started with destruction of the bridge—U.S. countermeasures far beyond the dispatch of a mere 50 Army advisers confined to San Salvador are essential. But despite tough talk ever since Reagan took office, the administration is far short of agreement on what those countermeasures should be.

Last spring a top national security official returned from a trip to El Salvador with this somber report: a Cuban force composed of one tank company—comprising 20 to 30 tanks—and one infantry company in trucks or armored personnel carriers could race unimpeded from Nicaragua up the Pan American Highway through a corner of Honduras and secure eastern El Salvador "in 36 hours."

No predictions are being heard here of any such overt, blatant Cuban invasion, but under the heavy cloud cover of the current rainy season it is not ruled out. More likely is slow, steady infiltration, sabotage and the isolation of the eastern third of El Salvador, an intervention that makes a mockery of the mere 50 U.S. military advisers Reagan sent to San Salvador despite angry reproaches from the U.S. Congress to keep hands off.●

SPECIAL IMPACT ASSISTANCE TO LOCAL AGENCIES

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. LAGOMARSINO. Mr. Speaker, I am today introducing a bill, H.R. 4790, to authorize a program of special impact assistance to local agencies affected by large-scale Department of Defense activities or projects.

This legislation was drafted by the Intergovernmental/Interagency Task Force on Community Assistance of the President's Economic Adjustment Committee, in accordance with the provisions of section 803 of the fiscal year 1981 Military Construction Authorization Act (Public Law 96-418).

It is one of two bills proposed by the task force. The first bill was adopted by the House on June 27 as an amendment to the defense authorization bill, and provides for planning grants to States and local communities affected by large-scale expansions, realinements or program cancellations at military installations. It is an important provision and will add immeasurably to our defense readiness.

The second bill is the one I am introducing today and is the equally important followthrough to the planning impact legislation.

This bill authorizes the Secretary of Defense to provide impact assistance in the form of direct grant assistance to States or local governments, and also by guaranteeing State or municipal indebtedness, or by subsidizing interest payments on obligations. Such assistance would be available only where the Secretary has determined that the Defense activities impose a requirement on the local community for public facilities and services in excess of the benefit accruing to the area from the activities, and that such requirements would impose an unfair and excessive financial burden on the community based on equitable local and State taxing efforts.

Local communities would be required to submit a multiyear facilities program to the Secretary and the grants would be made to a duly designated fiscal agent. The Secretary would make an annual report to Congress detailing each project approved.

Mr. Chairman, with the increasingly sophisticated growth of large weapons defense systems and installations, such as the Trident, the MX missile, military uses of the Space Shuttle, and others, local communities will be asked to bear an increasing impact in terms of their public facilities and services.

The largely rural area of northern Santa Barbara County in my district, for example, will be required to absorb approximately 7,700 new direct and secondary employees at Vandenberg AFB as a result of the planned development of the base as the west coast launch site for the Space Shuttle and as the test site for the MX missile. This translates to an estimated 12,300 new residents. Studies show that the nearest town, Lompoc, will need to increase its housing stock by 43 percent to handle the impact of Federal programs in the area over the next few years. The other nearby community, Santa Maria, will face similar strains. Along with housing will be the need to put into place an infrastructure of public facilities and services such as roads, sewers, and water lines, fire, police, hospital, and recreation services.

It is not too much to ask that the Federal Government bear part of the cost of these needed facilities, which will also contribute to the overall defense effort. Recent difficulties in hiring enough qualified people to work on the Space Shuttle program at Vandenberg—difficulties at least partially related to the lack of adequate housing and public facilities in the area—demonstrate the critical problem which can arise in the absence of such a program as this bill proposes to authorize.

I hope we can remedy that situation through the speedy adoption of this bill.●

SOUTH BAY BAR ASSOCIATION HONORS JUDGE HUEY SHEPARD

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. ANDERSON. Mr. Speaker, I would like to take this opportunity to pay tribute to Judge Huey P. Shepard, who is being honored this Thursday night at a dinner hosted by the South Bay (California) Bar Association. Judge Shepard is retiring from his position on the Los Angeles Superior Court after 15 years of dedicated service as a judge.

Judge Shepard was born in Jefferson, Tex., in 1936 and moved to Long Beach, Calif., at the age of 12. He attended Long Beach Polytechnic School and then received a bachelor of arts degree from California State University at Long Beach. He went on to receive his law degree from the University of California at Los Angeles and soon began to practice law in Long Beach. In 1965 he became a referee in the Juvenile court of Los Angeles County Superior Court. Three years later he became commissioner of the same court. In April of 1971, Gov. Ronald Reagan nominated him to the Compton Municipal Court, where he served for 4 years. Then, in October of 1975, Governor Brown nominated Judge Shepard to the superior court.

Judge Shepard has been known as a judge who has always regretted that there is too little done to catch potential criminal offenders at a very early age, before they become hardened criminals, and convincing them to stay on the right side of the law. I know that my district, my State, and the rest of the country could use a lot more judges with that attitude.

My wife, Lee, and I offer a heartfelt thanks to Judge Shepard, his wife, Elaine, and children, Dawn and Huey, Jr.●

AUTHORIZING APPROPRIATIONS FOR THE NUCLEAR REGULATORY COMMISSION

SPEECH OF

HON. ANTHONY TOBY MOFFETT

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 20, 1981

● Mr. MOFFETT. Mr. Chairman, it is my intention to offer an amendment to H.R. 2330, the bill reauthorizing the Nuclear Regulatory Commission, which would eliminate the interim operating authority now in the bill to be considered on the House floor.

That amendment, to strike section 12 of the substitute, H.R. 4255, will also be offered by my colleague from

Massachusetts, Mr. MARKEY. Before my colleagues make their decisions on this amendment, I urge them to take into consideration the very important findings of the Government Operations Committee on this issue. On October 7, the full Government Operations approved, by voice vote, an oversight report entitled "Licensing Speedup, Safety Delay: NRC Oversight."

That report received strong bipartisan support. It was filed earlier today and will be available in printed form tomorrow morning. In order to make sure that Members of the House have an opportunity to read and consider the highly significant findings and conclusions of that report before debate on H.R. 2330, however, I am including in these Extensions of Remarks the chapter setting forth the findings and conclusions of that report.

I certainly hope the Members will read the report in its entirety in order to fully understand the results of the investigation conducted by the subcommitee which I chair. But I ask you to at least review these crucial findings and conclusions prior to voting on my amendment to H.R. 2330:

IV. FINDINGS AND CONCLUSIONS

Based on the subcommittee oversight investigation and its review of the record, the committee finds and concludes that:

1. The delay likely to be experienced by utilities in obtaining operating licenses for physically completed nuclear powerplants has been substantially exaggerated. Consequently, the purported cost to electricity consumers of this delay also has been overstated by hundreds of millions of dollars.

Few plants will even arguably be delayed by the Nuclear Regulatory Commission licensing process. Instead of the 13 delayed plants projected by the industry and the NRC earlier this year, no more than six plants are even projected to be delayed now. Further slippage in construction completion likely will reduce that number. Likewise, the magnitude of the overall delay is dramatically less than repeatedly claimed by the industry. Rather than some 90 to 104 reactor-months of licensing delay, no more than 23 and probably fewer than 23 reactor-months of delay will be experienced for an all NRC-related reasons. The maximum cost projected in the August NRC report for licensing delay at all plants besides Diablo Canyon would be some $181.5 million, instead of the $2 to $3 billion cost originally suggested by the industry.

Even that period of delay is largely composed of the 15 months of delay anticipated to have been borne by the two reactors at the Diablo Canyon site in California. The Committee has found that the principal reason for the prolongation of NRC proceedings at that site has been the resolution of the vital safety questions related to the seismic threat at the Diablo site. The Committee rejects any suggestion that the resolution of the vital safety questions related to the seismic issue constitutes delay. Utilities that wish to avoid lengthy NRC analyses of seismic conditions would be well-advised to avoid siting reactors near significant earthquake faults.

There are only four other cases where modest delay may be occasioned by the completion of NRC licensing proceedings—San Onofre, Susquehanna, Summer and Waterford. The total delay for those plants will be eight months or less.

The Committee has found that significant safety questions remain outstanding at a number of supposedly delayed plants. As detailed in this report, there are significant construction deficiences at Zimmer that are just now being verified by the NRC, with remedial action by the utility far from complete; construction problems also have plagued the Comanche Peak Site; emergency planning and seismic questions remain at Diablo Canyon and at San Onofre; questions about the strength of the containment building at McGuire necessitated the hearing about which that utility publicly complained and led to the NRC requirement for further study; doubts that emergency evacuation is feasible for the Shoreham plant on Long Island have not been laid to rest. All of those problems are at the plants which the industry has touted as "delayed" and obstructed from operation by the NRC.

In addition, the Committee has found that the utilities themselves in some cases bear the responsibility for having delayed those very proceedings about which they complain. As NRC officials have had several occasions to warn industry officials, delays by the utilities themselves in resolving outstanding safety questions and the industry tendency to misstate construction completion schedules, as documented in this report, delay the NRC licensing proceeding.

Finally, the Committee has found that the magnitude of whatever delay can be attributed to the NRC—even including the time taken to resolve significant safety issues such as seismic threat and emergency planning—is a small fraction of the delay caused by utility errors, management problems and marketplace realities such as capital acquisition.

These facts suggest that the nuclear industry has attempted to blame the NRC for problems that lie within the industry and the energy marketplace. It is apparent that the nuclear industry has financial problems today. It is also apparent that many fossil-experienced utilities venturing into the nuclear arena have been troubled by the unexpected complexity and novelty of nuclear technology. It is demonstrable that nuclear plants are taking longer to build and get on line than anticipated by the utilities. What has not been demonstrated in any substantive way by the industry is that those extended schedules are the fault of the NRC, its processes, or citizens who raise safety questions as legal intervenors.

2. The NRC response to the alleged problem of licensing delay has been misguided. Its actions and proposals may be detrimental to safety over the long term, and they risk undermining public confidence in the Commission and the licensing process.

The myriad NRC steps to deal with the purported problems of delay chiefly include three proposals: a return to permitting reactors to begin operation without the Commissioners' direct approval, a practice abandoned after the TMI accident; efforts to trim the hearing process by restricting the rights of intervenors and the hearing boards; and a legislative proposal for interim operating license authority.

The first proposal directly reverses a major recommendation that emerged from the Three Mile Island accident by removing the five NRC commissioners themselves from the ultimate responsibility for deciding that a reactor and a utility are safe and ready for operation before that reactor is placed into operation. After-the-fact review, as some Commissioners have conceded, laoks public credibility. And as one Commissioner told the subcommittee, that and related actions risk turning the NRC into the kind of "licensing sweatshop" it was before TMI.

The second set of proposals, to trim time from the licensing hearings involving intervenors, is misdirected. The NRC has made no factual demonstration that it has been or is now the role of intervenors that is at fault for the delay now projected for new reactor licenses. Its near-reflexive assault on intervenors appears to be its own effort to find a scapegoat for the purported problem of licensing delay. Again, the Committee is compelled to reject the notion that the resolution of such important safety-related questions as seismic issues, "hydrogen burn" problems, construction quality, equipment adequacy and emergency planning constitute unwarranted delay. Resolution of those questions instead lies at the heart of the NRC's statutory mission. And the record before the Committee shows conclusively that the role of intervenors has been important in raising, analyzing and resolving those vital safety questions.

The NRC proposal for interim operating license authority appears to be a remedy without a reason. At this juncture, it appears highly unlikely that there are any plants which will be in a licensing/construction posture to benefit from any such interim authority. Not only is that authority not useful, it is also detrimental to public confidence in the NRC and the long-term safety of the industry. Allowing a reactor to be operated while citizens continue to litigate the question of whether the reactor is safe enough to be operated cannot possibly add to the public conviction that the licensing process is a fair one. The understandable public conclusion from such a procedure will be that the NRC licensing process is a pre-determined sham.

3. Safety-related NRC programs and the inspection of operating nuclear reactors—the true mission of the NRC—have remained behind schedule at the same time the NRC's attention has been devoted to the supposed problem of licensing delay. The problem of slippage in safety-related programs clearly antedates the recent debate over licensing delays, going back in some cases for years.

Many of the delayed safety actions spring from the lessons of the Three Mile Island accident. The record before the Committee suggests that the NRC and the utilities' commitment to learn from that severe accident has waned as the memory of the accident fades. That tendency has been exacerbated by the excessive and unfounded diversion of NRC attention and energy to the question of licensing delay.

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4. The conduct of the industry and the NRC in the matter of alleged licensing delay have not been in the best interests of either the public or the industry.

As this Committee has been obliged to observe too often in the past, the Nuclear Regulatory Commission's statutory mandate is the protection of public health and safety and safeguarding the environment. Its statutory mandate does not entail promotion of

the nuclear industry unless that is demonstrably consistent with the public health and safety and environmental preservation.

The series of events arising from the industry's public campaign regarding the licensing delay has not reflected well on the NRC's grasp of its mission. The NRC should not be apologetic about the need to resolve important safety questions. The NRC should not begrudge citizens their desire to speak and to be heard on questions of safety affecting their lives, homes and families.

Those observations are not in any way diminished by reference to economic arguments. It is apparent that the principal justification used by both the industry and the NRC for urging expedited licensing of new reactors has been financial. The possible incremental cost to consumers of "delay" has been repeatedly cited and exaggerated as a basis for expeditng licensing. Yet the facts before the Committee suggest that genuine economic analysis supports caution and exhaustive study prior to licensing, not rushed or truncated proceedings.

The simple fact is that a single major accident such as the TMI accident costs consumers and taxpayers many times the cost legitimately attributable to NRC licensing hearings and citizen contentions about safety problems.

The record before the Committee suggests that intervenors and the NRC licensing process have contributed to the resolution of a number of safety problems. If any one of those had been left unresolved by an expedited process and resulted in a major accident, the economic folly of such expedition would be painfully manifest.

At the time of this report the owners of TMI and the utility industry are seeking financial assistance from the Federal government to pay over one billion dollars in costs arising from just one accident at a nuclear plant. It is therefore particularly ill-advised now to advocate any steps which increase the possibility that a potential cause of an accident could be overlooked prior to licensing.

Moreover, as the record plainly reflects, it is equally ill-timed to devote resources to rushing more plants on line at a time when basic safety programs and the inspection of reactors already operating are not being fully implemented. If the next major accident can be shown to be a result of any of these slippages by the NRC, both the NRC and the industry will bear a significant economic responsibility to consumers and taxpayers for their misdirected efforts of recent months.

Going beyond cost, the Committee again must observe that the long-term viability of the nuclear power generation industry depends on achieving the necessary level of public acceptance and confidence in its safety. Few in the industry today are content with current public attitudes toward nuclear power. Improvement of citizen confidence in nuclear power ought to be a major agenda item for the industry.

The actions of the industry over the past few months have not advanced that goal, as these examples illustrate: Utilities have failed to correct significant and longstanding construction deficiencies. Utilities have failed to implement warning systems and evacuation plans as clearly required by the NRC in light of the Three Mile Island experience. Six and a half years after the Browns' Ferry fire, not all utilities have fully implemented the new fire protection actions required by the lessons of that major accident.

Yet despite these and other safety-related deficiencies in the industry, nuclear proponents have loudly and inaccurately complained because additional plants are not being rushed into operation. In the Committee view, this is not the way to convince the public of the industry's commitment to safety. As many in the industry well know, the next major accident could be the last. Public acceptance of the industry likely would not survive another TMI. Prevention of that next major accident should therefore be the principal aim of all in the industry and in the NRC.●